UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS
FIRST SESSION

VOLUME 121—PART 6

MARCH 14, 1975 TO MARCH 20, 1975
(PAGES 6675 TO 7920)

3 1 1977 MAY

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, 1975

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PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES—*Friday, March 14, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

You shall walk in all the ways which the Lord your God has commanded you, that you may live and that it may be well with you.—Deuteronomy 5: 33.

Almighty God, our Heavenly Father, who art the same yesterday, today, and forever unchanging in Thy laws and Thy love, may we so respond to Thee that our faith may be lifted, our sympathies broadened, our ideals deepened, our visions heightened, and our outlook brightened. Thus may we grow in mind and in spirit as we seek to be the best that we can be and do the best that we can do.

Grant that our Nation may be great not only in the possession of material things but in the power of the princely principles of righteousness, justice, and good will.

May we come to feel that the noblest contributions we can make to the life of our Nation and the welfare of mankind is to give ourselves faithfully and fully to the task of establishing on this planet the kingdom of peace and brotherhood.

In the spirit of the Prince of Peace we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 331. An act to redesignate November 11, of each year as Veterans Day and to make such day a legal public holiday.

The message also announced that the Senate had passed resolutions of the following titles:

S. RES. 23

Resolved, That the Senate disapproves the proposed deferral of budget authority to carry out the comprehensive planning grants program under section 701 of the Housing Act of 1954 (numbered D 75–107), set forth in the special message transmitted by the President to the Congress on November 26, 1974, under section 1013 of the Impoundment Control Act of 1974.

S. RES. 61

Resolved, That the Senate disapproves the proposed deferral of budget authority to carry out the homeownership assistance program under section 235 of the National Housing Act (numbered D 75–48), set forth in the special message transmitted by the President to the Congress on October 4, 1974, under section 1013 of the Impoundment Control Act of 1974.

The message also announced that the Vice President, pursuant to Public Law 91–452, appointed Mr. HUGH SCOTT as a member, on the part of the Senate, of the Commission on the Review of the National Policy Toward Gambling.

PERMISSION FOR COMMITTEE ON EDUCATION AND LABOR TO FILE REPORT ON H.R. 3922, OLDER AMERICANS ACT OF 1965 AMENDMENTS

Mr. BRADEMAS. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor may have until midnight tonight to file a report on H.R. 3922, to amend the Older Americans Act of 1965, to extend the authorizations of appropriations contained in such act, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PROVIDING FOR THE ELECTION OF MEMBERS TO THE JOINT COMMITTEE ON PRINTING AND THE JOINT COMMITTEE ON THE LIBRARY

Mr. HAYS of Ohio. Mr. Speaker, I ask unanimous consent for the immediate consideration of a resolution (H. Res. 311) providing for the election of Members to the Joint Committee on Printing and the Joint Committee on the Library.

The Clerk read the resolution as follows:

H. RES. 311

Resolved, That the following named Members be, and they are hereby, elected members of the following joint committees of Congress:

Joint Committee on Printing: Mr. Hays, of Ohio; Mr. Brademas, of Indiana; Mr. Dickinson, of Alabama.

Joint Committee on the Library: Mr. Hays, of Ohio; Mr. Nedzi, of Michigan; Mr. Brademas, of Indiana; Mr. Devine, of Ohio; Mr. Moore, of Louisiana.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON BANKING, CURRENCY AND HOUSING TO FILE REPORTS ON H.R. 2783, NATIONAL INSURANCE DEVELOPMENT ACT OF 1975, AND H.R. 4485, EMERGENCY MIDDLE INCOME HOUSING ACT OF 1975

Mr. REUSS. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Currency and Housing may have until midnight tonight to file reports to accompany the bills, H.R. 2783, the National Insurance Development Act of 1975, and H.R. 4485, the Emergency Middle Income Housing Act of 1975.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

RETIREMENT OF NEWSMAN FRANK BLAIR

(Mr. DAVIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DAVIS. Mr. Speaker, I would like to praise today a man who will soon become a full-time constituent of mine in Hilton Head, S.C. Perhaps you watched the retirement this morning of one of NBC's most notable newsmen, Mr. Frank Blair. A most sad occasion, because many people in America grew up watching Mr. Blair's morning delivery.

He was with the New York-based "Today Show" since its inception. He got there by way of Charleston, S.C., then Washington, D.C., from his hometown of Yemasse, S.C. He went to school at the College of Charleston and worked for a couple of local radio stations before making his move to the bigtime. Frank Blair was a journalist who never lost his objectivity. He will leave a void which will be hard to fill. I want to wish him well in all his future doings. And we in the State of South Carolina and especially the First Congressional District welcome a great son home and thank him for his contribution to making this a greater, more informed America.

1973 ANNUAL REPORT OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94–20)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Banking, Currency and Housing and ordered to be printed with illustrations:

To the Congress of the United States:

The 1973 Annual Report of the Department of Housing and Urban Development is herewith transmitted to you.

GERALD R. FORD.

THE WHITE HOUSE, *March 14, 1975.*

CALL OF THE HOUSE

Mr. BAUMAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ANNUNZIO. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 50]

Abdnor
Abzug
Addabbo
Ambro
Anderson, Ill.
Ashley
Badillo
Bafalis
Barrett
Beard, Tenn.
Biaggi
Bingham
Boggs
Boland
Bowen
Brodhead
Brooks
Brown, Ohio
Burton, John
Carney
Chisholm
Clancy
Cleveland
Cochran
Collins, Ill.
Conable
Conyers
Corman
Coughlin
D'Amours
Daniels, Dominick V.
Delaney
Dellums
Dent
Derrick
Devine
Diggs
Dingell
Dodd
Early
Edwards, Ala.
Edwards, Calif.
Eilberg
Esch
Eshleman
Evans, Ind.
Fithian
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frey
Fulton
Ginn
Goldwater
Hammerschmidt
Harrington
Harsha
Hawkins
Hayes, Ind.
Hébert
Hefner
Helstoski
Henderson
Horton
Howard
Hungate
Jones, Ala.
Jones, Tenn.
Karth
Kindness
Koch
Landrum
Lent
Litton
Lloyd, Calif.
Long, Md.
Lott
Lujan
McClory
McCormack
McKay
Macdonald
Mathis
Matsunaga
Meeds
Metcalfe
Meyner
Mikva
Mills
Minish
Moakley
Moorhead, Pa.
Moss
Mottl
Murphy, N.Y.
Neal
Nix
Nolan
O'Brien
O'Hara
O'Neill
Pattison, N.Y.
Peyser
Pickle
Pritchard
Railsback
Rangel
Rhodes
Riegle
Rodino
Rosenthal
Runnels
Ruppe
Scheuer
Schneebeli
Schulze
Sebelius
Smith, Nebr.
Snyder
Staggers
Steelman
Steiger, Wis.
Stuckey
Symington
Talcott
Teague
Thompson
Waxman
Wiggins
Wilson, Bob
Wydler
Wylie
Young, Ga.

The SPEAKER. On this rollcall 296 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 304 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 304

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interior and Insular Affairs now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendments in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from California is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA) pending which I yield myself such time as I may consume.

Mr. Speaker, the reading of House Resolution 304 makes it amply clear that this provides for an open rule with 2 hours of general debate on H.R. 25, a bill to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations and the acquisition and reclamation of abandoned mines.

House Resolution 304 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interior and Insular Affairs now printed in the bill as an original bill for the purpose of amendment.

H.R. 25 is very similar to the conference report that the House adopted last December by a voice vote. The conference report was pocket-vetoed and that is the reason we are here with the new bill.

H.R. 25 provides for the reclamation of previously mined areas. It establishes a reclamation fund for this purpose. H.R. 25 also grants the Secretary of the Interior the authority necessary to promulgate regulations covering the full surface mining and reclamation control programs established in the act.

Mr. Speaker, I urge the adoption of House Resolution 304 in order that we may discuss and debate H.R. 25.

Mr. Speaker, at this point I yield 5 minutes to the distinguished chairman of the Committee on Interior and Insular Affairs, the gentleman from Florida (Mr. HALEY).

Mr. HALEY. Mr. Speaker, for the fourth time in less than a year, the House will have an opportunity to pass judgment on whether or not we are to have a balanced, effective regulation of surface coal mining in America.

Three times, a majority of our Members have said "Yes." And three times the Senate has agreed with us.

But the President has withheld his approval, and so we once again must consider this bill on its merits. I have little doubt as to what the outcome will be. I predict once again the House will overwhelmingly approve this measure.

That was the action of the Committee on Interior and Insular Affairs earlier this month in reporting the bill to you for floor action. Since we had spent over 60 days in perfecting the language last year, we retained the bill in full committee this year and asked the executive branch to give us their views. We were presented with what is supposed to be, and I trust is indeed, a unified position on the part of the administration. We were given a list of eight crucial issues to reconsider. This we did in three markup sessions that followed.

Four of the eight points were modified along the lines recommended by the administration. Four of them were not modified, because we believed our judgment as to relevant factors remained superior to that of administration witnesses.

Thus, in good faith, we present this bill to you again today and ask for your support.

I urge you to adopt the rule swiftly and to turn your attention to the merits, so that debate can be completed—so we can adopt our version of the legislation this week if possible—and then turn to the Senate bill which passed only Wednesday and is similar to the bill that is before us here.

Then the President will know the mood of the 94th Congress—and I trust it will be a belief so strongly expressed that he will not attempt a veto again.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I favor a sensible strip mine bill to reclaim our land but not one which will add unnecessary costs to coal users and cause further increases in electric rates. I, therefore, must oppose this rule and this bill. I have long advocated a change in our rules on the introduction of bills so that we will designate bills by number only rather than by title; but in view of the fact that we have not seen fit to change our rules in this manner, it seems to me that this bill under consideration today should be known as the 1975 act to increase electric rates in America as it will do exactly that and more.

I think it would be well for Members from the cities—where they consume plently of electricity—to take another look at this legislation, rather than say, "I am going to vote for it and get a good environmental vote from some lobbying group." You cannot reason that you will not be affected because you do not have strip mines in your district. Three-fourths of all strip-mined coal is used to generate electricity—so you are affected and your constituents will be affected.

I might say in my district, within the last couple of weeks, we have had meeting after meeting by people who have had increases in their electric rates based solely on the increased cost of coal. In Ohio, and in many, many other States, the electric companies do not even have to go back to the Public Utilities Commission to get permission to increase rates to consumers when the price of coal goes up. Every electric consumer getting those notices of increased rates every month knows exactly what I am talking about. So if you vote for this bill do not go back home and say, "I did not vote to increase electric rates," because you will be doing exactly that if you vote "aye".

To attempt to maintain that this bill is only putting a tax of 35 cents a ton on surface mined coal and will be passing it along only as a small increase is ridiculous. In fact, it is ludicrous. There are many other costs involved here and they will be passed along to the coal consumers and electric users.

I remember when this matter was before the Rules Committee and I discussed the matter of fees to be collected from an acre of coal with the ranking minority member, Mr. SKUBITZ, and I was surprised by the amount a vein of coal 1 foot thick would yield.

In some of the Western States they have strips of coal that are 40 and 45 inches thick. The fees to be derived from such veins would be difficult to imagine.

Mr. SKUBITZ. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Speaker, in appearing before the gentleman's Committee on Rules, I tried to point out that, for example, in the State of Kansas the coal vein is approximately 3 feet thick. Now, 1 acre-foot of coal will produce 1,800 tons of coal, and if you multiply 1,800 tons times 3 feet times the reclamation fee of 35 cents a ton, you will know that the producer will have to pay into this fund $1,980.

It does not take that kind of money to reclaim an acre of that land. The expenditure of $250 will do it.

Now, when we take the State of Montana, where the coal vein runs 40 feet to 80 feet in thickness, the reclamation fee on a 40-foot vein will reach $25,200 an acre—land worth less. Yet it does not cost anywhere near that amount of money to actually reclaim the land.

Where is the additional money going? If you will read this bill, you will see that it is going for "socioeconomic purposes" such as building public buildings, schools, highways, sewers, and water systems.

Mr. LATTA. Mr. Speaker, I thank the gentleman for his contribution.

I might also point out that he mentioned that 32 States already have adequate strip mining laws on the books, including the State of Ohio.

Mr. SKUBITZ. Mr. Speaker, if the gentleman will yield further, let me state that the gentleman is correct.

In addition, I stated also that in this bill the fee to be charged here for reclaiming those lands is to be used for schools and roads, and so forth, and that would be in addition to the charges made in those 32 States to take care of land that is being mined today.

Mr. LATTA. Mr. Speaker, let me add something else.

We are not only doing that, but we are putting money into every State for a new purpose. If a State does not have a college or university teaching a course on mining, the users of coal and electricity are going to give them one, at costs up to $400,000 a year per State.

The administration suggested only a 10 cents per ton fee, and also advocated many other changes in the bill we have before us today which is practically the same as the one previously vetoed. As a matter of fact, the President sent down to the Speaker—and I am sure every Member of the House received a copy—a statement dated February 6 pointing to various changes needed in this legislation, changes necessary to avoid a possible veto.

Mr. Speaker, for the record I am inserting at this point, the President's list of 8 critical changes and 19 other important changes, which he suggested to improve the bill and reduce its cost to consumers. The bill before us today, H.R. 25, does not include most of these required changes:

CRITICAL CHANGES

1. *Citizen suits*. S. 425 would allow citizen suits against any person for a "violation of the provisions of this Act." This could undermine the integrity of the bill's permit mechanism and could lead to mine-by-mine litigation of virtually every ambiguous aspect of the bill even if an operation is in full compliance with existing regulations, standards and permits. This is unnecessary and could lead to production delays or curtailments. Citizen suits are retained in the Administration bill but are modified (consistent with other environmental legislation) to provide for suits against (1) the regulatory agency to enforce the act, and (2) mine operators where violations of regulations or permits are alleged.

2. *Stream siltation*. S. 425 would prohibit increased stream siltation—a requirement which would be extremely difficult or impossible to meet and thus could preclude mining activities. In the Administration's bill, this prohibition is modified to require the maximum practicable limitation on siltation.

3. *Hydrologic disturbances*. S. 425 would establish absolute requirements to preserve the hydrologic integrity of alluvial valley floors—and prevent offsite hydrologic disturbances. Both requirements would be impossible to meet, are unnecessary for reasonable environmental protection and could preclude most mining activities. In the Administration's bill, this provision is modified to require that any such disturbances be prevented to the maximum extent practicable so that there will be a balance between environmental protection and the need for coal production.

4. *Ambiguous terms*. In the case of S. 425, there is great potential for court interpretations of ambiguous provisions which could lead to unnecessary or unanticipated adverse production impact. The Administration's bill provides explicit authority for the Secretary to define ambiguous terms so as to clarify the regulatory process and minimize delays due to litigation.

5. *Abandoned land reclamation fund*. S. 425 would establish a tax of 35¢ per ton for underground mined coal and 25¢ per ton for surface mined coal to create a fund for reclaiming previously mined lands that have been abandoned without being reclaimed, and for other purposes. This tax is unnecessarily high to finance needed reclamation. The Administration bill would set the tax at 10¢ per ton for all coal, providing over $1 billion over ten years which should be ample to reclaim that abandoned coal mined land in need of reclamation.

Under S. 425 funds accrued from the tax on coal could be used by the Federal government (1) for financing construction of roads, utilities, and public buildings on reclaimed mined lands, and (2) for distribution to States to finance roads, utilities and public buildings in any area where coal mining activity is expanding. This provision needlessly duplicates other Federal, State and local programs, and establishes eligibility for Federal grant funding in a situation where facilities are normally financed by local or State borrowing. The need for such funding including the new grant program, has not been established. The Administration bill does not provide authority for funding facilities.

6. *Impoundments*. S. 425 could prohibit or unduly restrict the use of most new or existing impoundments, even though constructed to adequate safety standards. In the Administration's bill, the provisions on location of impoundments have been modified to permit their use where safety standards are met.

7. *National forests*. S. 425 would prohibit mining in the national forests—a prohibition which is inconsistent with multiple use principles and which could unnecessarily lock up 7 billion tons of coal reserves (approximately 30% of the uncommitted Federal surface-minable coal in the contiguous States). In the Administration bill, this provision is modified to permit the Agriculture Secretary to waive the restriction in specific areas when multiple resource analysis indicates that such mining would be in the public interest.

8. *Special unemployment provisions*. The unemployment provision of S. 425 (1) would cause unfair discrimination among classes of unemployed persons, (2) would be difficult to administer, and (3) would set unacceptable precedents including unlimited benefit terms, and weak labor force attachment requirements. This provision of S. 425 is inconsistent with P.L. 93-567 and P.L. 93-572 which were signed into law on December 31, 1974, and which significantly broaden and lengthen general unemployment assistance. The Administration's bill does not include a special unemployment provision.

Other Important Changes. In addition to the critical changes from S. 425, listed above, there are a number of provisions which should be modified to reduce adverse production impact, establish a more workable reclamation and enforcement program, eliminate uncertainties, avoid unnecessary Federal expenditures and Federal displacement of State enforcement activity and solve selected other problems.

1. *Antidegradation*. S. 425 contains a provision which if literally interpreted by the courts, could lead to a nondegradation standard (similar to that experienced with the Clean Air Act) far beyond the environmental and reclamation requirements of the bill. This could lead to production delays and disruption. Changes are included in the Administration bill to overcome this problem.

2. *Reclamation fund*. S. 425 would authorize the use of funds to assist private landowners in reclaiming their lands mined in past years. Such a program would result in windfall gains to the private landowners who would maintain title to their lands while having them reclaimed at Federal expense. The Administration bill deletes this provision.

3. *Interim program timing*. Under S. 425, mining operations could be forced to close down simply because the regulatory authority had not completed action on a mining permit, through no fault of the operator. The Administration bill modifies the timing requirements of the interim program to min-

imize unnecessary delays and production losses.

4. *Federal preemption.* The Federal interim program role provided in S. 425 could (1) lead to unnecessary Federal preemption, displacement or duplication of State regulatory activities and (2) discourage States from assuming an active permanent regulatory role, thus leaving such functions to the Federal government. During the past few years nearly all major coal mining States have improved their surface mining laws, regulations and enforcement activities. In the Administration bill this requirement is revised to limit the Federal enforcement role during the interim program to situations where a violation creates an imminent danger to public health and safety or significant environmental harm.

5. *Surface owner consent.* The requirement in S. 425 for surface owner's consent would substantially modify existing law by transferring to the surface owner coal rights that presently reside with the Federal government. S. 425 would give the surface owner the right to "veto" the mining of Federally owned coal or possibly enable him to realize a substantial windfall. In addition, S. 425 leaves unclear the rights of prospectors under existing law. The Administration is opposed to any provision which could (1) result in a lock up of coal reserves through surface owner veto or (2) lead to windfalls. In the Administration's bill surface owner and prospector rights would continue as provided in exising law.

6. *Federal lands.* S. 425 would set an undesirable precedent by providing for State control over mining of Federally owned coal on Federal lands. In the Administration's bill, Federal regulations governing such activities would not be preempted by State regulations.

7. *Research centers.* S. 425 would provide additional funding authorization for mining research centers through a formula grant program for existing schools of mining. This provision establishes an unnecessary new spending program, duplicates existing authorities for conduct of research, and could fragment existing research efforts already supported by the Federal government. The provision is deleted in the Administration bill.

8. *Prohibition on mining in alluvial valley floors.* S. 425 would extend the prohibition on surface mining involving alluvial valley floors to areas that have the potential for farming or ranching. This is an unnecessary prohibition which could close some existing mines and which would lock up significant coal reserves. In the Administration's bill reclamation of such areas would be required, making the prohibition unnecessary.

9. *Potential moratorium on issuing permits.* S. 425 provides for (1) a ban on the mining of lands under study for designation as unsuitable for coal mining, and (2) an automatic ban whenever such a study is requested by anyone. The Administration's bill modifies these provisions to insure expeditious consideration of proposals for designating lands unsuitable for surface coal mining and to insure that the requirement for review of Federal lands will not trigger such a ban.

10. *Hydrologic data.* Under S. 425, an applicant would have to provide hydrologic data even where the data are already available—a potentially serious and unnecessary workload for small miners. The Administration's bill authorizes the regulatory authority to waive the requirement, in whole or in part, when the data are already available.

11. *Variances.* S. 425 would not give the regulatory authority adequate flexibility to grant variances from the lengthy and detailed performance specifications. The Administration's bill would allow limited variances—with strict environmental safeguards—to achieve specific post-mining land uses and to accommodate equipment shortages during the interim program.

12. *Permit fee.* The requirement in S. 425 for payment of the mining fee before operations begin could impose a large "front end" cost which could unnecessarily prevent some mine openings or force some operators out of business. In the Administration's bill, the regulatory authority would have the authority to extend the fee over several years.

13. *Preferential contracting.* S. 425 would require that special preference be given in reclamation contracts to operators who lose their jobs because of the bill. Such hiring should be based solely on an operator's reclamation capability. The provision does not appear in the Administration's bill.

14. *Any class of buyer,* S. 425 would require that lessees of Federal coal not refuse to sell coal to any class of buyer. This could interfere unnecessarily with both planned and existing coal mining operations, particularly in integrated facilities. This provision is not included in the Administration's bill.

15. *Contract authority.* S. 425 would provide contract authority rather than authorizing appropriations for Federal costs in administering the legislation. This is unnecessary and inconsistent with the thrust of the Congressional Budget Reform and Impoundment Control Act. In the Administration's bill, such costs would be financed through appropriations.

16. *Indian lands.* S. 425 could be construed to require the Secretary of the Interior to regulate coal mining on non-Federal Indian lands. In the Administration bill the definition of Indian lands is modified to eliminate this possibility.

17. *Interest charge.* S. 425 would not provide a reasonable level of interest charged on unpaid penalties. The Administration's bill provides for an interest charge based on Treasury rates so as to assure a sufficient incentive for prompt payment of penalties.

18. *Prohibition on mining within 500 feet of an active mine.* This prohibition in S. 425 would unnecessarily restrict recovery of substantial coal resources even when mining of the areas would be the best possible use of the areas involved. Under the Administration's bill, mining would be allowed in such areas as long as it can be done safely.

19. *Haul roads.* Requirements of S. 425 could preclude some mine operators from moving their coal to market by preventing the connection of haul roads to public roads. The Administration's bill would modify this provision.

Now, Mr. Speaker, I think we should have gotten the President's message pretty clearly, but the bill we have before us has only two significant changes from the bill that the President vetoed. Let me mention these changes: The dropping of the unemployment compensation provisions and the lowering of the reclamation tax on underground-mined coal of 25 cents a ton to 10 cents per ton. But the surface-mined coal tax remains at 35 cents a ton and, as I mentioned earlier, three-fourths of the coal is used to generate electricity.

I would think since the President made a pretty good case when he vetoed the previous bill, we should heed some of his suggestions in order to avoid another veto. I think the American people welcomed his first veto and I think they will welcome a second veto unless some changes are made in the bill now before us.

The Department of Interior has estimated that passage of this bill would—

Cut coal production by between 48 and 141 million tons, or 8 to 23 percent of all coal production;

Cause the loss of nearly 50,000 jobs; and

Require the daily import of an additional 1.3 million barrels of foreign oil at a balance of payments cost of $5.4 billion, and causing a $2.1 billion loss of purchasing power in the gross national product.

Mr. Speaker, hopefully, during the 5-minute rule, some of these changes the administration would like to see in this legislation will be approved.

I know that all too frequently the Members are away from the floor during the 5-minute rule, and the will of committee usually prevails. Hopefully, Members will stay on the floor and support the administration's amendments when they are proposed to reduce the costs of this bill.

Mr. Speaker, I hope that appropriate changes will be made.

Mr. SISK. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Speaker, I want to congratulate my good friend, the gentleman from California (Mr. SISK), and the members of the Committee on Rules for acting on this very important matter so expeditiously, and particularly for the adoption of the Moakley amendment that will allow us to consider this legislation on a section-by-section basis.

I think that the gentleman from Arizona (Mr. UDALL) and the gentlewoman from Hawaii (Mrs. MINK) have done a splendid job in getting this legislation before the House of Representatives and in doing it promptly. It is legislation very badly wanted throughout the country. It was passed overwhelmingly in the past. It would be the law of the land now were it not for the action of the President in vetoing it. But the legislation, as it was passed in the last Congress, represented a very much watered-down compromise.

With the increased environmental interest that is represented in this body, with the great number of new Members on both sides of the aisle who were elected to this House largely on environmental platforms, I think the opportunity to strengthen this legislation is very considerable. There is an opportunity to put back some of the things in this bill which were in the original version of it when my friend, the gentleman from Arizona (Mr. UDALL) originally introduced the legislation several years ago. This rule, as amended by the gentleman from Massachusetts (Mr. MOAKLEY), will permit us on a section-by-section basis to have the opportunity to try to put some of these strengthening provisions into it.

I am very optimistic, in view of the new environmental majority that we do have and in view of the very great opportunity that we have, that we will produce even more meaningful legislation. I would like to congratulate my good friend, neighbor, and colleague, the gentleman from West Virginia (Mr. HECHLER), for his splendid leadership in bringing about stronger legislation.

Unfortunately, the Committee on Interior only set aside two days of hearings for this important legislation, and it gave no opportunity whatsoever to the people who sought to testify before the Committee on Interior with respect to strengthening amendments. They did not have an opportunity to be heard at all. As I understand it, the only witnesses who were heard were administration witnesses in support of the bill. And I understand that only one day of the hearings was used. Despite the fact that an additional day was set aside for this purpose, that extra day was not used to permit witnesses who wanted to strengthen this legislation to come before the committee.

I ask the Members of this body whether any of the people who are going to be affected by this legislation were given an opportunity to be heard? They did not get the chance to be heard, and they were not heard. Yet, a great many people's lives and their homes are going to be very directly affected by the degree of protection that we afford them.

I will be offering during consideration of this legislation an amendment which will permit the people who own surface and rights an opportunity for protection under this legislation, which at the present time is only offered property land surface owners where the coal rights on their property are owned by the Federal Government.

I think surface property owners ought to be protected, regardless who owns the mining rights under their home. The property owners who will be affected did not have an opportunity to be heard.

There is very severe concern in this legislation that surface mining on very steep slopes that is particularly devastating, that causes landslides, is not prohibited in this legislation. A new Member of this body who has played a very constructive role and who is the vice chairman of our New Members' Group, the gentlelady from Maryland (Mrs. Spellman), will offer an amendment to prohibit that, to stop cutting off mountaintops and surface mining on very steep areas resulting in mud slides that, in the past, have wiped out communities, have divided communities, and have cut off their access to roads.

As I recall, there was one community, and we saw some moving pictures of it, a number of years back, that was cut off entirely from all road traffic and communications. The community was cut off by landslides resulting from strip mining, and its people could not get through even with trucks. The roads were entirely lost due to the landslide. I think situations such as these should have been considered by the committee. We will have the opportunity to consider such cases in this legislation, thanks to the action of the Committee on Rules.

I hope the rule will be adopted and that the important legislation for which it provides will be passed overwhelming.

Mr. LATTA. Mr. Speaker, I yield myself 1 minute, and I take this time in order to ask the chairman of the committee, the gentleman from Arizona (Mr. Udall), whether this legislation affects in any way the rights of an owner of mineral rights situated below land owned by the Federal Government.

Mr. UDALL. Mr. Speaker, will the gentleman yield?

Mr. LATTA. Yes; I would be happy to yield to the gentleman.

Mr. UDALL. Mr. Speaker, we have in title VII of the bill an extensive provision that was the result of a compromise worked out in last year's conference committee which protects bona fide surface owners where there is Federal coal underneath the land; they have to give their consent before surface mining will occur.

Mr. LATTA. That takes care of the Federal Government when it owns the mineral rights, but I have reference to the opposite situation where the surface is owned by the Federal Government, but the mineral rights have been retained by a private owner.

Mr. UDALL. We did not deal with that problem. I do not know of any instance in which it would arise or be affected.

Mr. LATTA. It is not covered by this bill.

Mr. OTTINGER. Mr. Speaker, if the gentleman would yield, why would not the rights of a surface owner be protected where the mineral rights were not owned by the Federal Government, but were owned privately?

Mr. UDALL. The problem we dealt with was the situation in the instance where private interests owned the surface but the Federal Government owned the coal.

The SPEAKER. The time of the gentleman has expired.

Mr. LATTA. Mr. Speaker, I yield myself 1 additional minute.

Mr. OTTINGER. If the gentleman will yield further, I think there are situations where private owners own both the surface and the coal, and there is no protection provided.

Mr. UDALL. In that case the whole thrust of the bill is to regulate how to mine coal, whatever the ownership is.

Mr. HECHLER of West Virginia. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. I would like to direct another question to the gentleman from Arizona.

We have a situation down in West Virginia which I planned to present to the Committee on Interior and Insular Affairs, this week, but, of course, I did not have an opportunity to do so, where a number of people own their own homes on land where, many, many years ago the coal companies or land companies had bought up the land.

We now have the situation where these coal companies are coming in and evicting these people from their houses that the people own themselves, and in which they have put permanent improvements, and so forth, and they are not being compensated by the coal company that now, all of a sudden, says "We are going to throw you out of these $8,000 or $10,000 homes because we want to take the coal out from underneath your home."

I am wondering whether the gentleman or his committee would be agreeable to an amendment that would take care of the rights of homeowners on land where coal is discovered now and where the coal company wants to get in and mine.

Mr. UDALL. I would be glad to look at the gentleman's amendment. We did have some testimony and controversy about the problem of the so-called broad-form deed, but a decision was made by the conferees last year, and it was not changed in this year's bill, that this is largely a matter of State property law and State constitutions. There was a serious question about the ability of the Federal Government to move into this situation.

The SPEAKER. The time of the gentleman has expired.

Mr. LATTA. Mr. Speaker, I yield myself 1 additional minute.

Mr. Speaker, if the chairman of the committee would yield further for a question for clarification, if I understood what you said, this bill does not deal with the situation propounded in my question, meaning where a private citizen has sold the surface to the Federal Government and has retained the mineral rights. This bill would not in any way affect the mineral rights of that private citizen?

Mr. UDALL. This is a bill that deals with how one mines coal in that situation and every other situation, but we do not attempt to change property rights in the situation the gentleman talks about and thus the mineral rights are not affected.

Mr. LATTA. I appreciate the gentleman's answer.

Mr. Speaker, I do not have any further requests for time.

Mr. SISK. Mr. Speaker, I yield 5 minutes to the gentleman from West Virginia (Mr. Hechler).

Mr. HECHLER of West Virginia. Mr. Speaker, I believe I will support this rule so that we may proceed with the general debate on H.R. 25 and the subsequent amendments for the strengthening of the pending legislation.

I would like to direct a question to the gentleman from California who is handling the rule. As I understand the action of the Committee on Rules, as described by the gentleman, this bill will be read section by section under the 5-minute rule; is that correct?

Mr. SISK. Would the gentleman yield?

Mr. HECHLER of West Virginia. I will gladly yield to the gentleman from California.

Mr. SISK. The gentleman is exactly correct. The rule makes it very clear, and it was duly requested at the time that the various Members appeared before the committee to so provide. It is provided, and it will be read section by section.

Mr. HECHLER of West Virginia. I appreciate the advice of the gentleman. I simply would like to add my commendation to the gentleman from Massachusetts (Mr. Moakley) who made that motion in the Committee on Rules to allow this bill to be read section by section.

As I commented in my testimony before the Committee on Rules, Mr. Speaker, I think it is very unfortunate, however, that the Committee on Interior and

Insular Affairs should have shut off and gagged all the Members from testifying at any hearings in 1975. There was no opportunity whatsoever for outside witnesses to testify on the legislation this year. H.R. 25 comes to this House with 91 new Members of this House who were not here last year. Over 20 percent of the membership were not Members of the 93d Congress which debated this bill last year. I believe there are 14 new members of the House Committee on Interior and Insular Affairs who have not previously heard testimony on this piece of legislation.

The American Mining Congress, the National Coal Association, and groups both favoring and opposing this bill have strenuously protested the fact that the Committee on Interior and Insular Affairs did not give an opportunity for either those who wanted to testify on behalf of industry or those who wanted to testify on behalf of strengthening this bill to appear before the committee to present their points of view.

Mr. Speaker, I fully realize the necessity for moving forward on this legislation, but there is absolutely no reason why 1 day could not be set aside—just 1 day—for those Members on both sides, and Members with any points of view different from the committee, to give their recommendations or up-to-date information concerning what the situation is with respect to strip mining.

Let me point out just one little example of information which I doubt the committee even today understands is happening. In the State of West Virginia in the year 1974, 1 year after our previous hearings were held before the Interior Committee, there were 402 applications for permits for strip mining within the State of West Virginia. Of those, only four were denied—less than 1 percent of the permits applied for.

It would seem to me incumbent upon the Interior Committee to review this process, because this piece of legislation puts primary authority on the States to administer the law. It is very difficult in a State such as West Virginia or even in Kentucky, where the coal industry's economic and political pressures are so heavy, to get a strip mining law that is going to be enforced strictly and in the public interest.

I think this is a very questionable ruling on the part of the Committee on Interior and Insular Affairs, but it was even more questionable when it was discovered the administration only used one of its 2 days for its own testimony. It could have been easily possible for that additional day to have been set aside for the other witnesses and it is for this reason that I directed this letter to the chairman of the Committee on Interior and Insular Affairs:

DEAR MR. CHAIRMAN: It is my understanding that the House Interior Committee plans to bring the surface mining bill to the floor after hearing only Administration witnesses. By this procedure, only those interested in weakening the bill are being heard.

Representing the Congressional District with the largest number of coal miners, and the largest tonnage of underground mining in the United States (as well as a considerable tonnage of strip mining), I am deeply concerned with the effects of strip mining now and in the future. Considerable data has been developed since I testified before your Committee in 1973, plus a large amount of evidence on state administration of the West Virginia law, and the future effects of the legislation now being considered.

I respectfully request the opportunity to testify before your committee prior to the mark-up of the surface mining bill, in order to insure that your committee receives balanced testimony from those who favor strengthening the legislation as well as those who favor weakening the legislation. Also, I feel that the committee should have in hand 1975 data on the meaning and effects of this legislation, rather than relying on out-of-date data.

In response, the chairman of the committee wrote to me on March 10 as follows:

WASHINGTON, D.C.,
March 10, 1975.

Hon. KEN HECHLER,
Cannon Office Building,
Washington, D.C.

DEAR KEN: As you know, the Committee on Interior and Insular Affairs has reported the Coal Surface Mining legislation to the House.

Early this session, there was some discussion concerning this matter to determine whether or not it would be desirable for the Committee or its Subcommittees to conduct further hearings before taking any action. It was concluded that it was in the best interest of the Nation to pursue the legislation at the earliest opportunity. To this end, the Committee approved a resolution which provided that the bill would be reported after hearing only spokesmen for the Administration on the questions raised by the presidential veto.

While I do not know what the final outcome will be with respect to this matter, I am hopeful that the legislation can be passed by the House and approved in reasonably comparable form by the Senate so that a bill can be presented to the President in the near future. In the event that it is impossible to reach a reasonable compromise, we may have to go back to the drawing boards again. If that occurs, you will undoubtedly have an opportunity to address this issue before the Committee takes any further action.

In any case, I expect you will have an opportunity to make your case to the Members of the House on the Floor.

With kindest regards, I am,
Sincerely yours,
JAMES A. HALEY,
Chairman.

Mr. Speaker. I would simply like to observe that I fail to understand what the Committee on Interior and Insular Affairs had to fear from my testimony.

Mr. KETCHUM. Mr. Speaker, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Speaker, I thank the gentleman from West Virginia for yielding.

I certainly hope that while the gentleman is inserting those letters into the RECORD—and I can assure the gentleman I have no fear and I would have loved to have him there—the gentleman might also insert in the RECORD the vote that was taken on that question.

Mr. HECHLER of West Virginia. I believe the record vote was 29 to 15, if my memory serves me correctly. The record vote was 29 to 15, I believe, on the legislation. But nowhere in this committee report, which is about 225 pages in length, nowhere is the point of view expressed by those who wanted to strengthen this legislation. There are majority views, there are minority views, there are committee views, there are views of those who support or want to weaken this legislation; but nowhere in this report has the opportunity been given to include the opinions of those affected by the strip mining or those who want to strengthen H.R. 25.

Mr. HALEY. Mr. Speaker, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Florida, the chairman of the Committee on Interior and Insular Affairs.

Mr. HALEY. The gentleman from West Virginia appears to be very critical of the chairman of the committee, which happens to be myself. Does the gentleman also know that this resolution reports the bill under certain conditions and holding hearings was in the resolution adopted by the Committee on Interior and Insular Affairs and, of course, the Chair presided and we had to follow those instructions. I hope the gentleman will make that plain.

Mr. HECHLER of West Virginia. Yes. I certainly appreciate the elaboration the gentleman made. I did not mean my remarks to be interpreted as any reflection on the chairman. This is an action of the entire committee. The committee took what I have termed questionable action and I must say that privately a number of members have told me they regretted that this action was taken to deprive members of the opportunity to testify.

The SPEAKER. The time of the gentleman from West Virginia has expired.

Mr. SISK. Mr. Speaker, I yield the gentleman from West Virginia 2 additional minutes.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, did I understand the gentleman to say even though there were hearings held on this last year, we do have a number of new committee members and no committee hearings were held this year?

Mr. HECHLER of West Virginia. I will say to the gentleman from California, hearings were held by the Committee on Interior and Insular Affairs in 1973, 2 years ago. Those were the last hearings held up until the time the committee held only 1 day of hearings this year, and only the administration testified. So all the new members, both the new members of the Committee on Interior and Insular Affairs and the 91 new Members of the House, had no opportunity to consider this legislation before it was rushed here to the floor.

Mr. SKUBITZ. Mr. Speaker, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Was that part of the reform movement?

Mr. HECHLER of West Virginia. Mr. Speaker, I cannot interpret the reasons for the action. I am grateful to the Committee on Rules for making available this time so that we may read this bill section by section. I think a responsible development of the legislative process is to hear the legislation in the committee, and to give Members of the House an opportunity to testify. Limit the Members, if you will, to 5 or 10 minutes in the committee; but at least give them an opportunity to testify before that committee or submit documentary material for the record.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Ohio.

Mr. LATTA. Would not also the rules apply to give the general public an opportunity to be heard? After all, the people of this great Nation are the ones that are going to be affected by this legislation or any other legislation, not only the Members of Congress.

I have not served on that legislative committee for a number of years, but when I was serving on the Committee on Agriculture, for example, we always gave the general public an opportunity to be heard for or against the legislation. Now, has that been changed?

Mr. HECHLER of West Virginia. The gentleman is absolutely right; not only members of the public, but consumers and others who are affected by the price of coal, people in the areas affected by strip mining, all these people should have been heard by the committee and the committee did not choose to follow that policy.

Mr. WAMPLER. Mr. Speaker, I rise in opposition to House Resolution 304. Normally, I support open rules which make in order legislative consideration of bills which have been subjected to normal and orderly committee hearing procedure.

H.R. 25, the so-called Surface Mining Control and Reclamation Act of 1975, was not the subject of legislative hearings before the Committee on Interior and Insular Affairs during the 94th Congress.

Mr. Speaker, many citizens of Virginia, who will be adversely affected by this legislation, wanted an opportunity to be heard so they could save their jobs and their small businesses. I think they could have offered a number of changes to H.R. 25 which would have considerably improved the bill. This opportunity was denied to them.

Mr. Speaker, I include as a part of my remarks the reply of the Committee on Interior and Insular Affairs of February 12, 1975, to my request to allow certain citizens of the Ninth Congressional District of Virginia to testify on this bill:

COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
Washington, D.C., February 12, 1975.

Hon. WILLIAM C. WAMPLER,
Rayburn Building,
Washington, D.C.

DEAR COLLEAGUE: I have your letter and the enclosures indicating that certain constituents of yours would like to have an opportunity to testify on the surface coal mining legislation.

At the February 3 meeting of the Committee on Interior and Insular Affairs a resolution was approved which indicated that it was the sense of the Committee that adequate hearings had been conducted on this matter in recent years and that the Committee contemplates consideration of the various points which the President took into consideration in his veto of the legislation approved by the Congress last year. The Committee concluded that no further public hearings would be needed; consequently, only Administration spokesmen are being asked to come before the Committee. We expect to hold meetings on February 18 and 20 and we anticipate final action on the measure no later than February 27.

I appreciate your interest in this matter and I hope that you understand that the Committee desires to get this legislation before the House as soon as possible.

Sincerely yours,
JAMES A. HALEY,
Chairman.

Mr. Speaker, I urge the defeat of this resolution. Let us have hearings and legislate on the basis of current data and testimony.

Mr. SISK. Mr. Speaker, may I inquire, does the gentleman from Ohio desire to yield further time?

Mr. LATTA. Mr. Speaker, I have no further requests for time.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BRINKLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 274, nays 36, answered "present" 1, not voting 121, as follows:

[Roll No. 51]

YEAS—274

Adams
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Aspin
AuCoin
Badillo
Baldus
Baucus
Bauman
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Biester
Blanchard
Blouin
Bolling
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Byron
Carr
Carter
Cederberg
Chappell
Chisholm
Clausen, Don H.
Clay
Cohen
Collins, Ill.
Conlan
Conte
Cornell
Crane
Daniel, Dan
Danielson
de la Garza
Dellums
Derwinski
Dingell
Downey
Downing
Drinan
Duncan, Oreg.
du Pont
Eckhardt
Edgar
Emery
English
Erlenborn
Evans, Colo.
Evins, Tenn.
Fascell
Findley
Fish
Fisher
Flood
Florio
Flowers
Foley
Forsythe
Frenzel
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Goodling
Gradison
Grassley
Green
Gude
Hagedorn
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harris
Hastings
Hayes, Ind.
Hays, Ohio
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Holtzman
Howe
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jordan
Kasten
Kastenmeier
Kemp
Keys
Krebs
Krueger
LaFalce
Lagomarsino
Leggett
Lehman
Levitas
Lloyd, Tenn.
Long, La.
Long, Md.
McCloskey
McCormack
McDade
McEwen
McFall
McHugh
McKinney
Madden
Maguire
Mahon
Mann
Martin
Matsunaga
Mazzoli
Melcher
Mezvinsky
Michel
Milford
Miller, Calif.
Miller, Ohio
Mineta
Mink
Mitchell, Md.
Mitchell, N.Y.
Moffett
Mollohan
Moore
Moorhead, Calif.
Morgan
Mosher
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Nedzi
Nichols
Nolan
Nowak
Oberstar
Obey
Ottinger
Passman
Patten
Patterson, Calif.
Pepper
Perkins
Pike
Pressler
Preyer
Price
Quie
Randall
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Roe
Rogers
Roncalio
Rooney
Rose
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
St Germain
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Skubitz
Slack
Smith, Iowa
Solarz
Spellman
Stanton, James V.
Stark
Steed
Stokes
Stratton
Studds
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wirth
Wolff
Wright
Yates
Yatron
Young, Fla.
Zablocki
Zeferetti

NAYS—36

Ashbrook
Bevill
Burleson, Tex.
Butler
Casey
Clawson, Del
Collins, Tex.
Daniel, Robert W., Jr.
Davis
Dickinson
Gonzalez
Guyer
Hansen
Jenrette
Kazen
Kelly
Ketchum
Latta
McCollister
McDonald
Montgomery
Patman
Poage
Quillen
Roberts
Robinson
Rousselot
Satterfield
Steiger, Ariz.
Stephens
Symms
Taylor, Mo.
Waggonner
Wampler
Young, Alaska
Young, Tex.

ANSWERED "PRESENT"—1

Madigan

NOT VOTING—121

Abdnor
Abzug
Addabbo
Ashley
Bafalis
Barrett
Beard, Tenn.
Biaggi
Bingham
Boggs
Boland
Bonker
Bowen
Brooks
Burton, John
Carney
Clancy
Cleveland
Cochran
Conable
Conyers
Corman
Cotter
Coughlin
D'Amours
Daniels, Dominick V.
Delaney
Dent
Derrick
Devine
Diggs
Dodd
Duncan, Tenn.
Early
Edwards, Ala.

Edwards, Calif.
Eilberg
Esch
Eshleman
Evans, Ind.
Fenwick
Fithian
Flynt
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frey
Fulton
Ginn
Goldwater
Hammerschmidt
Harrington
Harsha
Hawkins
Hefner
Helstoski
Henderson
Horton
Howard
Hungate
Jones, Ala.
Jones, Tenn.
Karth
Kindness
Koch
Landrum
Lent
Litton
Lloyd, Calif.
Lott
Lujan
McClory
McKay
Macdonald
Mathis
Meeds
Metcalfe
Meyner
Mikva
Mills
Minish
Moakley
Moorhead, Pa.
Mottl
Murphy, N.Y.
Neal
Nix
O'Brien
O'Hara
O'Neill
Pattison, N.Y.
Peyser
Pickle
Pritchard
Railsback
Rangel
Rhodes
Rodino
Rosenthal
Runnels
Santini
Schneebeli
Schulze
Sebelius
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Steelman
Steiger, Wis.
Stuckey
Sullivan
Symington
Talcott
Thompson
Waxman
Wydler
Wylie
Young, Ga.

So the resolution was agreed to.

The Clerk announced the following pairs:

Mrs. Boggs with Mr. Boland.

Mr. Dominick V. Daniels with Mr. Frey.

Mr. Dent with Mr. O'Brien.

Mr. Barrett with Mr. Harsha.

Mr. Addabbo with Mr. Cochran.

Mr. Diggs with Mr. McClory.

Mr. Henderson with Mr. Devine.

Ms. Abzug with Mr. Kindness.

Mr. Rodino with Mrs. Smith of Nebraska.

Mr. Dodd with Mr. Abdnor.

Mr. O'Neill with Mr. Wydler.

Mr. Brooks with Mr. Horton.

Mrs. Sullivan with Mr. Clancy.

Mr. Staggers with Mr. Talcott.

Mr. Thompson with Mr. Duncan of Tennessee.

Mr. Jones of Tennessee with Mr. Wylie.

Mr. Cotter with Mr. Beard of Tennessee.

Mr. Carney with Mr. Steiger of Wisconsin.

Mr. Bingham with Mr. Peyser.

Mr. Flynt with Mr. Coughlin.

Mr. Fulton with Mr. Snyder.

Mr. Hawkins with Mr. Lujan.

Mr. Howard with Mr. Cleveland.

Mr. Delaney with Mr. Spence.

Mr. Early with Mrs. Fenwick.

Mr. Eilberg with Mr. J. William Stanton.

Mr. Evans of Indiana with Mr. Conable.

Mr. Murphy of New York with Mr. Lent.

Mr. Nix with Mr. Edwards of Alabama.

Mr. Moorhead of Pennsylvania with Mr. Lott.

Mr. Biaggi with Mr. Hammerschmidt.

Mr. Bonker with Mr. Esch.

Mr. Edwards of California with Mr. Goldwater.

Mr. Fountain with Mr. Schneebeli.

Mr. Helstoski with Mr. Eshleman.

Mr. Jones of Alabama with Mr. Sebelius.

Mr. Rosenthal with Mr. O'Hara.

Mr. Rangel with Mr. Ashley.

Mr. John L. Burton with Mr. Moakley.

Mr. Corman with Mr. Hungate.

Mr. D'Amours with Mr. Landrum.

Mr. Derrick with Mr. Macdonald of Massachusetts.

Mr. Bowen with Mr. Mathis.

Mr. Bafalis with Mr. Minish.

Mr. Ford of Michigan with Mr. Mikva.

Mr. Fraser with Mr. Harrington.

Mr. Ginn with Mr. Karth.

Mr. Hefner with Mr. Pritchard.

Mr. Koch with Mr. Steelman.

Mr. Litton with Mr. Stuckey.

Mr. Runnels with Mr. McKay.

Mr. Young of Georgia with Mr. Schulze.

Mr. Conyers with Mr. Symington.

Mr. Fithian with Mr. Ford of Tennessee.

Mr. Lloyd of California with Mr. Meeds.

Mr. Metcalfe with Mr. Rhodes.

Mr. Santini with Mr. Pattison of New York.

Mr. Mottl with Mr. Neal.

Mrs. Meyner with Mr. Pickle.

Mr. Waxman with Mr. Railsback.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. UDALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Arizona (Mr. UDALL).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 25, with Mr. SMITH of Iowa in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Arizona (Mr. UDALL) will be recognized for 1 hour, and the gentleman from Arizona (Mr. STEIGER) will be recognized for 1 hour.

The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, it has been 3 years 6 months and 12 days since the Subcommittee on Mines and Mining of the House Interior Committee of the 92d Congress opened hearings on legislation to regulate strip mining. Since that day, in 1971, strip mining has been an almost constant topic of legislative activity in either committee, the House, or in conference, and yet we are still without a law.

Of course, the price of coal has skyrocketed during this period—not because of production costs or inflation, but because the price of oil has simply made Btu's more valuable and more profitable—and a lot of land has been stripped and inadequately reclaimed.

As the committee report on H.R. 25 demonstrates, the need for a sound Federal reclamation law has increased, not decreased, and the proposition of inadequately expanded production is totally unacceptable.

But we are still hearing the same old cry that the strip mining bill is too rigid—too tilted toward environmental values. To the contrary, as the Members of this body well know, H.R. 25 is, with a few modifications, the same bill that the House and Senate passed, but the President vetoed last December.

Every word, sentence, and paragraph of H.R. 25 is the result of careful compromise. With the passage of time, it is easy for the bill's critics to continue to obfuscate the facts, but it is important to put the issue in perspective and look back to the major compromises that have already been made in the legislation:

First. Environmentalists and many citizens of the Appalachian region argued forcefully that strip mining should be banned—the committee chose, instead, to write a regulatory bill.

Second. Environmentalists maintain that given the dismal history of State regulation, the Federal Government should have primary regulatory authority in implementing the bill. Indeed, the House passed such a bill in the 92d Congress—the committee chose, instead, to vest primary regulatory authority in the States with Federal backup.

Third. Environmentalists maintained that there should be an immediate implementation of all environmental performance standards which would result in a de facto moratorium on new starts—the House rejected this motion and adopted interim standards and a phase-in of the new program.

Fourth. Environmentalists supported placing the agency responsibility in the Environmental Protection Agency—the committee chose to follow the advice of the administration and industry, and placed that responsibility in the Department of the Interior.

Fifth. The environmental performance standards also reflect compromise:

First. The approximate original contour concept is flexible in that it allows mining where there is too little or too much overburden.

Second. There are appropriate variances to the regrading standards to allow mountain-top removal.

Third. Topsoil must be replaced unless other strata are more suitable.

Fourth. Native revegetation must be used unless introduced species are just as good, et cetera.

But having obtained these compromises, the administration and the industry are apparently unsatisfied. With its insatiable appetite for further weakening provisions, the administration now comes to the Congress with lists of "critical" amendments, including such allegedly important provisions as—

Giving the Secretary authority to define "ambiguous terms"—authority which he has anyway, through his power to issue regulations, and

Weakening of a citizen suit provision that is somehow unacceptable in the strip mining bill, although a substantively identical section was approved by the President in the deepwater ports bill the day after he vetoed the strip mining bill.

Of the other eight critical amendments the committee accepted one and adopted modifications or substitutes which addressed the underlying concerns reflected by three others. Specifically, the committee—

Dropped the special unemployment provisions of the act;

Reduced the deep mine reclamation fee from 25 to 10 cents per ton;

Substituted a provision giving the Corps of Engineers supervisory authority over the construction of waste impoundments for the performance standard of H.R. 25; and

Modified the siltation control standard to specify that the best "technology currently available" should be used to reduce siltation.

Moreover, the committee—

Accepted the administration's proposal that some troublesome language in the purposes section should be dropped to avoid overly stringent court interpretation;

Accepted the administration amendment to avoid any possible de facto moratorium on new starts;

Approved an administration amendment to clarify the designation of lands unsuitable for mining mechanism; and

Adopted a number of other amendments that the administration had labeled as "Important Changes."

As Members of this body also know, H.R. 25 was the product of 2 years of extensive debate. Barely 2 months had passed from the last conference committee meeting when the committee quite properly voted to limit full committee markup after inviting representatives of the administration to present their views.

The industry has been particularly vocal in its outrage over the Interior Committee's vote to proceed to markup without taking additional testimony.

The American Mining Congress has, in fact, called for the return of H.R. 25 to committee for the purpose of holding hearings. In so doing, it stated that,

> We seek no subtle technical delay.

The Mining Congress' assertion will not be readily accepted by those of us who have suffered through the cynical strategy of delay hatched by industry lobbyists that so effectively prevented the 93d Congress from working its will in a timely manner. Through parliamentary maneuver and interminable amendment, the President had the opportunity to pocket veto the bill.

In the 93d Congress the system broke down and it is up to the 94th Congress to set things right.

We owe no apology to the industry or the administration—their views are well known, their amendments have been considered and some have been adopted. No doubt, some of their amendments will be adopted in these proceedings.

The only apology due will be due to the American people if we are not capable of acting quickly and decisively on this bill.

Thus I shall not take time to rehash the committee position on the major issues presented by this legislation, I have spoken thoroughly to these points during debate on the adoption of the conference report last December.

I will simply urge this body to once again exercise its wisdom and again attempt to give the Nation this badly needed legislation.

Mr. Chairman, In the printing of the Interior Committee report on H.R. 25 (Rept. 94-45) several paragraphs with respect to citizen participation and citizen suits were inadvertently deleted during the printing process. The paragraphs deleted were contained in last year's report under the same section, and even though the legislative history from the last Congress is incorporated in this year's consideration of the bill, I would like to take the opportunity at this time to insert in the Record a corrected section on citizen participation for the committee report on H.R. 25 (pages 83-84):

Citizen Participation

The success or failure of a national coal surface mining regulation program will depend, to a significant extent, on the role played by citizens in the regulatory process. The State or Department of Interior can employ only so many inspectors, only a limited number of inspections can be made on a regular basis and only a limited amount of information can be required in a permit or bond release application or elicited at a hearing. Moreover, a number of decisions to be made by the regulatory authority in the designation and variance processes under the Act are contingent on the outcome of land use issues which require an analysis of various local and regional considerations. While citizen participation is not, and cannot be, a substitute for governmental authority, citizen involvement in all phases of the regulatory scheme will help insure that the decisions and actions of the regulatory authority are grounded upon complete and full information. In addition, providing citizen access to administrative appellate procedures and the courts is a practical and legitimate method of assuring the regulatory authority's compliance with the requirements of the Act. Thus in imposing several provisions which contemplate active citizen involvement, the Committee is carrying out its conviction that the participation of private citizens is a vital factor in the regulatory program as established by the Act.

H.R. 25's major citizen participation provisions are as follows:

REGULATORY PROGRAMS

(a) Regulations—180 days following enactment, the Secretary is to promulgate regulations for the Act's permanent program after holding at least one public hearing. (Sec. 501)

(b) Approval of State plan—Prior to the approval or disapproval of a State program, or approval or disapproval of a State's resubmitted program, the Secretary must hold at least one public hearing in the State. (Section 503)

PERMIT PROCESS

(a) Permit Approval or Denial—Prior to submitting an application for a mining permit, the applicant must give notice of intention to submit such application through newspaper advertisements and a hearing on the application shall be granted upon the filing of objections to the application. (Section 513)

(b) Exceptions from general environmental performance standards—H.R. 25 provides for exceptions to specific environmental performance standings relating to spoil placement, backfiling, and other specific standards. Notice and a public hearing are required before such exceptions may be granted. (Section 55(c))

(c) Bond Release—After notice through newspaper advertisement, an operator may apply for a full or partial release of his permit bond. Upon the filing of objections to such release by any person with a valid legal interest, the regulatory authority must hold a public hearing on the matter. (Section 519)

ENFORCEMENT

(a) During the interim program, the Secretary is directed to implement a program of Federal inspections to enforce the Federal interim standards. Upon the receipt of any information which may be furnished by any person, and which gives rise to a reasonable belief that the interim standards are being violated, the Secretary is to order the immediate inspection of the alleged offending operation. The person who provides the Secretary with the information is to be notified as to the time of the inspection and may accompany the inspector during the inspection. (Section 502(f))

(b) A provision similar to that described immediately above is operative after the interim period. (Section 521)

The Committee is aware of the concern of some that a relatively open administrative and judicial procedure will allow the participation of individuals with little or no real interest in the issues involved in such proceedings. On the other hand, limiting access to those who have purely economic, or proprietary interests would certainly frustrate the Committee's desire that surface coal mining and regulatory processes be responsive to local citizens and other individuals or groups who have a legitimate stake in the outcome of these governmental actions. The history of coal surface mining is replete with examples of significant environmental and social costs being borne by those who neither profited from the mining activities nor had full access to the institutions of government to correct this unfair distribution of the impact of such mining.

The Committee bill adopts a broad test of standing to participate in such critical decisions as the issuance of a permit, designation of areas unsuitable for surface coal mining and bond release. It is the intent of the Committee that the phrases "any person with a valid legal interest" or "any person having a right which is or may be adversely affected "shall be construed to be coterminous with the broadest standing requirements enunciated by the United States Supreme Court. The Committee is of the belief that the implementation of these principles shall suffice to protect the administrative processes of the Act from possible abuse by individuals whose interest in the questions at issue do not justify granting them the right to invoke the Act's procedures.

The bill also provides for the establishment of the rights of citizens to bring an action against any person, including the appropriate regulatory authority, for the enforcement of the Act as well as actions for damages resulting from the failure of any operator to comply with the provisions of the Act.

The Committee is also aware of the concern expressed by some that the citizen suit provision will encourage the commencement of frivolous suits brought by those who oppose all strip mining. Obviously, judges are quite capable of dismissing frivolous suits early in the proceedings and further protection is available as the judge may require the filing of a bond or equivalent security if a temporary restraining order or preliminary injunction is granted.

Mr. Chairman, one of the most effective and able Members of this legislative body is the distinguished gentlewoman from Hawaii (Mrs. Mink), who chairs the Subcommittee on Mines and Mining of the full Committee on Interior and Insular Affairs. With the gentlewoman from Hawaii I have had the responsibility over the last 2 years of developing surface mining legislation. It has been a great source of pride and satisfaction to me to have this association, and I yield such time as she may consume to the gentlewoman from Hawaii (Mrs. Mink).

Mrs. MINK. Mr. Chairman, I want to commend my colleague, the gentleman from Arizona (Mr. Udall) for his leadership in developing this legislation. It has been my great pleasure to have been serving, also, as chairman of the Subcommittee on Mines and Mining as the gentleman has noted.

Mr. Chairman, the House has labored for many years to perfect the Surface Mining Control and Reclamation Act of 1975. I believe we have finally succeeded despite many delays in hammering out a piece of legislation whose passage would be a real credit to this Congress.

Before proceeding to consideration of this bill, it might be well to recapitulate the long and tortuous legislative course it has followed. Surface mining has been a matter of concern to Congress for many years. The first hearings were held in the 90th Congress. No bills were reported during the 90th and 91st Congresses. The House of Representatives passed a bill (H.R. 6482) in October 1972, but the 92d Congress adjourned before the Senate had completed consideration of the House bill or of its own bill, S. 630.

In the 93d Congress, the House Interior and Insular Affairs Committee devoted a major portion of its attention to a large number of surface mining bills. There were 6 days of hearings in 1973, and on May 14, 1974, the committee reported out H.R. 11500. Floor debate began on the companion bill—passed by the Senate on October 9, 1973—and continued for 6 days prior to passage on July 24, 1974. A protracted series of 18 conference meetings resulted in eventual agreement on December 3, 1974.

The House then failed to pass the conference report under suspension. On December 13, 1974, the bill passed the House on a voice vote, the Senate following suit on December 16. After the adjournment of Congress, President Ford "pocket-vetoed" the bill on December 30, 1974, citing various adverse economic impacts which he judged the bill would cause.

Shortly after the advent of the 94th Congress, the President submitted a list of some eight "critical" and 19 noncritical amendments which he cited as necessary for improvement of the bill. H.R. 25 had been submitted in nearly identical form to the bill he had vetoed. The Interior and Insular Affairs Committee, believing that in light of extensive consideration which had been given to S. 425 in the last Congress, needless delay would result from following the normal routine of subcommittee referral, hearings and full committee markup in addition to subcommittee markup sessions, adopted a resolution dispensing with formal hearings and subcommittee consideration. Instead, the committee received benefit of a presentation by the Secretary of Interior and the Administrator of the Federal Energy Administration, who had been invited to submit their recommendations and amendments. Also invited to appear before the committee were the Secretary of the Treasury, Secretary of Commerce, Chairman of the Council on Environmental Quality, and the Administrator of the Environmental Protection Agency and the Director of the Office of Management and Budget. However, none of these officials chose to accept the invitation.

Three days of markup sessions were held following these presentations, at the conclusion of which the committee voted 29 to 11 to report H.R. 25 to the House as amended.

Mr. Chairman, H.R. 25, contrary to claims made by the President and others, is not a bill which will throttle the coal industry. It has been carefully, even painfully, designed to prevent any undue slowing down of coal production. The estimates of coal production losses which have been bandied about—and no doubt will be repeated on the floor today—have little substance. Although Mr. Zarb, during his appearance before the committee, was questioned closely about the methodology which was employed in deriving the figures which had been quoted by the President, he was unable to produce any reliable basis for those estimates. All we have to go by is wildly fluctuating guesses as to how many operations might be affected adversely by a given provision of the bill. There is absolutely no hard evidence behind these conjectures.

Nevertheless, the administration has conjured up the specter of hundreds of citizen suits tying up thousands of coal mining operations. Where is the indication of this happening? There is none. In Ohio, which has citizen suit provisions comparable to those in the bill, there has been no rush to the courts. Similarly, the bill's performance standards for steep slopes are said to be prohibitive—they would ban mining on slopes over 20 degrees. In fact, there are strip mine operators in West Virginia and in Pennsylvania right now who are keeping their spoil on the bench, are covering their highwalls and are complying with other important provisions of these standards. There is every reason to believe that strip mine operators, with proper planning and foresight, can comply with these requirements and in many cases reduce their costs into the bargain.

Far from putting a crimp in coal production, this bill will stimulate the industry by removing the cloud of uncertainty and conflict which has prevented its progress toward the President's goal of doubling production by 1980. H.R. 25 will establish the ground rules for rapid and orderly development of our vast coal resources. It will assure that coal costs which have been imposed upon the people of coal-producing regions will be equitably distributed among those who benefit most directly from the production and use of coal: All this, we must all agree, is only just.

There is no question that the industry today can bear its fair share of those costs. The profits of the coal industry have skyrocketed in the past few months, with no apparent relationship to the far slower increase in costs of production. A recent study was issued by the American Public Power Association and is quoted on pages 71 and 72 of the committee report. It depicts graphically how coal profits have broken free of the usual supply-demand factors and have soared into the stratisphere under the impetus of monopolistic forces. It is therefore no longer credible for the coal industry to claim that reclamation costs will be insupportable.

Neither is there any justification for the passing along of these reclamation costs, which are estimated to amount to around 85 cents per ton at most to the utilities and the users of electricity. Coal profits can and should absorb such costs as a normal part of production. If other States will follow the recent example of West Virginia, whose legislature has just enacted a law requiring public hearings and full disclosure of all the relevant facts, perhaps we shall see an end to the unconscionable passthrough of exorbitant coal prices by means of the automatic fuel adjustment clauses. It is this automatic passthrough allowed by State law, which has encouraged the rapid escalation of electricity rates across the country, and contributed to the unprecedented rise in coal profits.

Mr. Chairman, H.R. 25 contains strong provisions for Federal enforcement, environmental protection, citizen suits, and public access to information concerning surface mine operations. I am pleased to report that despite the vicissitudes, these vitally important provisions have been retained almost in their entirety. These aspects of the bill are important, because the past record of State regulation of surface coal mining has been lamentably deficient in enforcement, environmental protection, and citizen participation. This bill will open up the process of decisionmaking to the scrutiny of those whose lives and properties will be most adversely affected by the coal operations, giving them the opportunity to monitor and if necessary, challenge the adequacy of regulation.

At the same time, the bill will assure ample opportunity to every State to establish its own regulatory system, so long as the minimum Federal performance standards are enforced. The bill sets up a uniform and equitable procedure for the extraction of coal now so essential to the security and the well-being of our citizens. In so doing, the bill would prevent the imposition of unconscionable costs upon individuals and upon regions who historically have been the victims of strip mining. In my opinion, Mr. Chairman we have achieved this objective.

Allow me to review very briefly the major provisions of the bill as amended by the Interior Committee, incorporating four of the President's eight critical changes along with several others which he deemed less essential:

First. Implementation: H.R. 25 allows the States 18 months within which to submit regulatory programs for approval by the Secretary of Interior. During the interim period, all coal surface mines would comply with the provisions of a special program. Interim environmental standards would relate primarily to spoil placement, approximate original contour and hydrology. Except for operators who have failed to receive a decision on their application for a permit due to administrative delay, all operators must obtain a permit in full compliance with the approved State or Federal program within 40 months after enactment of the act.

Most important, the Secretary is given

full inspection and enforcement powers during the interim period, pending the approval of State promulgation of Federal programs.

Second. Variances: The bill provisions allowing mountaintop removal operations with specific reshaping and internal drainage requirement and imposing qualifications concerning the industrial, commercial, residential, or public facility developments for the postmining land use. Offsite spoil placement with strong stabilization requirements has been allowed. Also, recognizing that wherever there is either too much or too little spoil to return the site to its approximate original contour, some alternative spoil placement provisions are allowed, but the mined area must be blended into the surrounding terrain, and conform to the drainage pattern.

Third. Enforcement: H.R. 25 makes available to the Secretary the full range of sanctions against operators who are in violation of interim environmental standards, providing the kind of tough no-nonsense enforcement of the minimum Federal standards which citizens can and should expect from the Federal Government in implementing this act.

Fourth. Designation of areas unsuitable for coal surface mining: Certain areas are inherently unsuitable for surface coal mining. Among these areas, the bill listed the national park system, the national wilderness preservation system, and the national forests, and alluvial valley floors. Only where the regulatory authority finds that an alluvial valley floor is significant for present or potential farming or ranching operations due to its subirrigation effect, would such a ban apply.

States would establish a process for designating other areas as unsuitable for coal surface mining by responding to petition in making a review of specific areas. Such designations would be mandatory wherever reclamation pursuant to the act is not feasible. Thus the regulatory authority would be given considerable latitude in determining unsuitability.

Fifth. Noncoal mining unsuitability designation: The Secretary is authorized to review Federal areas upon the request of the Governor of any State or upon petition of a citizen presenting allegations of fact. He could designate an area unsuitable for noncoal mining where the land use is predominantly urban or suburban in nature and where possible damage would result to important historic or environmental values.

Sixth. Special bituminous coal mines: We freely acknowledge that some of the act's environmental standards might be impossible to enforce in cases where there is an open pit configuration, without closing the mine.

H.R. 25 includes a provision requiring that these "special bituminous coal mines" would not be exempt but would be subject to variation from the spoil handling, regrading and drainage requirements of the act, at the Secretary's discretion.

Such mines are defined so as to limit eligibility. The special environmental controls which the Secretary would be authorized to impose for such mines would apply only to existing mine pits which have been producing coal in commercial quantities since January 1, 1972.

Seventh. Anthracite coal mines: In a comparable case of considering special geological and operating conditions, the bill contains an exemption for anthracite coal mines. State regulation for anthracite mines are allowable in lieu of the act's interim performance standards, permanent performance standards, and bond limits and liabilities. However, all other provisions of the act would apply.

It is understood that the exemption will apply effectively only to Pennsylvania, where unique problems relating to the environmental protection provisions of the act have been documented. Furthermore, it was understood that the Secretary would be empowered to enforce special regulations and the other provisions of the act should the State fail to do so. The requirement upon the Secretary to report biennially to Congress concerning the effectiveness of the State regulatory program, beginning on December 31, 1975, was incorporated to assure that the purposes of the act will not be circumvented.

Eighth. Alaska study: Coal surface mining in Alaska has been viewed as another peculiar regional situation justifying special treatment in the House bill. The Secretary of Interior, in concert with the National Academy of Sciences-National Academy of Engineering, would conduct a study to result in proposed regulations appropriate to the physicial and climatic conditions in which surface mines in Alaska operate. During the study, provisions of the act would not apply.

Mr. Chairman, it is evident, as in the instance of exemptions applying to Alaska mines, to special bituminous coal mines, and to anthracite coal mines, that the committee has striven to achieve language in the bill which will place responsibility on the Secretary to insure environmental protection in special situations where the arbitrary shutting down of long-established surface coal mines might result in the loss of significant coal production and miners' jobs. I draw attention to these cases to emphasize the care taken in formulating this bill, that the National's coal needs would not be jeopardized thereby.

Ninth. Indian lands: In the matter of Indian lands, the bill calls for a study of regulating surface coal mining on Indian lands. The Secretary would enforce provisions at least as stringent as those of the environmental protection standards of the act, according to the same time frame as that applying to the States, with all operations on Indan lands in full compliance within 30 months of enactment.

Tenth. Mining and mineral resource research institutes: Of great significance in the matter of improving the quality of mining technology and manpower, Mr. Chairman, was the adoption of title III, a provision which would establish State mining and minerals resources research institutes. The bill calls for a two-tier funding system, and schools of mines are to be included in the categories of institutions which would be eligible for funding as institutes.

In the approved version, each participating State will receive $200,000 for fiscal year 1975, $300,000 for fiscal year 1976, and $400,000 for each fiscal year thereafter for 5 years, as in the House bill. The Secretary is also authorized to expend $15 million in fiscal year 1975, that sum to be increased by $2 million each fiscal year thereafter for 6 years to be used for specific mineral and demonstration projects and industrywide application and other projects carried out by the institutes.

The main purpose of the program is the training of mineral engineers and scientists. Contrary to the claims of the administration, there is no comparable training program at the Federal level. Some 35 States are estimated to be in line for qualification under this title.

Eleventh. Abandoned mines reclamation programs: The committee, cognizant of the enormous environmental and social damage left by past surface and underground coal mining, provided programs for the reclamation of previously mined lands, to be conducted by the Secretary of the Interior and the Secretary of Agriculture. Funded by a fee of 35 cents per ton for surface mined coal and 10 cents per ton for underground mined coal or 10 percent of the value of the coal at the mine—whichever is lesser—50 percent of the revenues derived in any one State or Indian reservation are to be expended by the Secretary of the Interior in that State or Indian reservation for the purpose set forth in the title.

This program, Mr. Chairman, will place the responsibility for funding a long-overdue program where it belongs—on the shouldlers of the coal industry. As I have already remarked, with the astronomical rise in coal prices which we have seen in the past few months, that should prove to be no great burden. Pass-through costs to users of electricity will be minimal. Without such long-range funding, it is very doubtful whether any truly effective reclamation program can be launched.

Twelfth. Unemployment compensation: In order to cushion any regional or community impacts in high density mining areas such as rural Appalachia, the bill originally contained provisions allowing extended unemployment assistance and relief for individuals who lost their jobs through administration and enforcement of the act. Due to objections from the President concerning the possible inflationary effects of this program, the committee deleted this provision.

Thirteen. Surface owner protection: Lastly, Mr. Chairman, the peculiar legal ramifications of coal deposits where title has been retained by the United States and the surface rights were held privately was nearly the undoing of the conference committee in the 93d Congress. A great deal of this coal must be extracted by surface mining methods. The consequent disruption and dislocation of ranchers and farmers in the Western States pose complex questions of equity and social justice. Coal belonging to the people of the United States should not be locked up, nor should those owning the surface above that coal reap outrageous profits for giving their consent to surface mine the coal, nor should the surface owner be deprived of a compensation truly commensurate with his losses, in exchange for his consent.

The surface owner's consent has been legitimized, but in so doing, the bill delimits those qualifying as surface owners in terms of residence, income and means of livelihood, so as to extend protection to ranchers and farmers, and exclude the speculatory. In order to encourage the qualified surface owner to give his consent—without which the Secretary may not lease the coal under his land—a generous formula for compensation was devised. It is based on fair market value of the surface, costs of dislocations, loss of income, damages, and an additional bonus of not more than $100 per acre.

The Secretary, who alone may negotiate with the surface owner for his consent, is made subject to a moratorium on the leasing of any split-fee Federal coal, extending from date of enactment until February 1, 1976. This is to allow Congress a period of time in which to reconsider and if advisable, modify these provisions. The Secretary is to report back to Congress at the end of 2 years following enactment, as to acreage and other factors affecting these provisions, and give his views concerning the impact of availability of Federal coal and the receipt of fair market value.

A penalty clause is incorporated to discourage any side deals between the surface owner and the operator attempting to circumvent the statutory limitation on compensation to the surface owner. Section 716 also imposes upon the Secretary the requirement that he shall "in his discretion by to the maximum extent practicable" refrain from leasing Federal coal underlying lands held by surface owners, as defined.

Mr. Chairman, the task of arriving at a compromise on the protection of the surface owner is indicative of the difficulties which the committee and the conference committee before it faced in striking a proper balance. The bill recognizes our national interest in surface mining Federal coal; it recognizes the just demand of the rancher and the farmer for protection from the destruction of food-producing land; it also recognizes, through the mandatory competitive bidding procedure, the right of the public to be adequately compensated.

I am confident that the bill before us today is sound legislation, a balance of the economic, social, industrial, environmental, and national security factors which have been brought to bear during the past years when Congress has actively considered this legislation. This is an eminently fair bill, Mr. Chairman. I am proud to be associated with H.R. 25, for I believe it will accomplish what all of us ardently desire—the extraction of coal without the subjugation of people whose environment is unavoidably disrupted.

I respectfully urge the passage of this bill, Mr. Chairman.

Mr. SKUBITZ. Mr. Chairman, although I support this legislation, I do so with reservation. It is not a perfect bill, it could be considerably improved. I hope the House will adopt a number of the amendments now pending at the desk.

The President sent us a letter at the beginning of this Congress outlining specific objections to H.R. 25. I listed 8 constructive changes and 19 important changes to make the bill acceptable in view of our current energy shortage. I hope we can concentrate on the adoption of most of those changes.

We certainly do not want a bill that will stop or hinder the production of coal, this Nation's most abundant natural resource. Many are of the view that this bill, as reported, will do just that. I do have specific objections which I hope can be cured through amendment.

First, I do not feel the reclamation fee of 35 cents per ton on stripped coal and 10 cents per ton on deep mined coal is fair. I believe this fee is much too high and will raise far more revenues than are needed to reclaim abandoned lands. I would like to see the fee dropped to 15 cents on strip mined coal. I believe this amendment will be sufficient to reclaim only abandoned stripped lands.

The reason for the higher fee, the committee thought it wise to bring in sufficient moneys to pay for socioeconomic benefits. This included construction of highways, schools, public facilities, and even housing rehabilitation for affected miners. Now I ask you, why are we meddling in areas totally unrelated to the mining of coal.

These higher fees as suggested in the committee bill will be passed on to the consumer. As a result the users of electricity in your State will be paying for the construction of roads and public facilities in a State like Montana where we might reasonably be expected to obtain our coal. This should not be, it is not the case now and I do not believe we should establish the precedent here. Let us lower the reclamation fee to 15 cents across the board.

Mr. Chairman, I am also very much concerned that the citizens suits section of H.R. 25 creates the possibility of damaging individual rights where such a result is not needed to properly enforce the bill. As reported, H.R. 25 permits citizen suits against mine operators even though the operator is in full compliance with a permit issued by the regulatory authority pursuant to the act. The result is liability without fault.

Such a result is not necessary. The act can be fully enforced through actions against the regulatory authority. The defense of sovereign immunity is not permitted the regulatory authority in these actions. Thus, a citizen who feels the act is being violated even though the mine operator is in compliance with his permit, must charge the regulatory agency for an improperly issued permit. The liability springs from the fault.

The language suggested by the administration eliminates the potential for liability without fault. It does not shield the mine operator from actions properly arising from a violation of his permit. It allows for the proper enforcement of the act without disruption of the limitations on personal liability. I hope the language is adopted on the floor.

These are only two of the changes I believe are necessary to make this a workable piece of legislation. If the amendments now pending at the desk on citizen suits and changing the reclamation fee are adopted, we will have a much better bill. I urge my colleagues to consider them fairly and in an atmosphere of negotiation and understanding. I do not want to believe, as rumor may have it, that the decisions on whether to accept or reject amendments have already been made prior to their debate here.

The CHAIRMAN. Does the gentleman from Arizona wish to yield time?

Mr. STEIGER of Arizona. Mr. Chairman, the gentleman from Michigan (Mr. RUPPE), the ranking minority member of the subcommittee will have control of the time and will be the leadoff spokesman for this side.

Mr. RUPPE. Mr. Chairman, I yield to the gentleman from California (Mr. LAGOMARSINO) such time as he may consume.

Mr. LAGOMARSINO. Mr. Chairman, I thank the gentleman from Michigan for yielding.

I will not at this time take the opportunity to speak on the bill but I would like to take the opportunity to announce to our colleagues in the House that our colleague, the gentleman from California (Mr. BARRY GOLDWATER, Jr.), has just become the father of a baby boy. I know our colleagues will want to join in congratulating him and his wife, Susan. Incidentally, his wife Susan and the baby are both doing well.

Mr. RUPPE. Mr. Chairman, I yield to the gentleman from California (Mr. DON H. CLAUSEN) such time as he may consume.

Mr. DON H. CLAUSEN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I strongly support passage of this legislation. In my opinion, there is a definite need for it. A number of areas need perfecting, but I am confident that this will be accomplished through the amending process.

As the ranking minority member of the Flood Control Subcommittee, I was called upon to visit the disaster area in Buffalo Creek, W. Va. This made a lasting impression on me as it was clear to me that the disaster occurred as a result of inadequate State regulation over the coal mining operations in that area. It resulted in a number of lives lost and in my view it was truly an unforgiveable situation.

This legislation will establish very strong environmental standards. As I have stated in the past and as my colleagues have stated today, the basic criteria is that we must insist on the full and complete reclamation of mined lands. At the same time, we must prevent the mining of those lands which, for one reason or another, cannot be reclaimed.

In addition, the bill requires that lands be returned to the approximate original contour and requires they be covered by vegetation. The land must come as close to resembling its premining appearance as possible. It is important to point out that this requirement is not intended to require restoration of mined lands to their original elevation, but to a similar configuration.

In all candor, I regret the fact that this legislation is necessary at all. Had the States moved forward and adopted their own surface mining legislation, the Federal Government would not have had to involve itself in this legislative effort.

Even so, the States under this legislation still have the opportunity to develop their own plan—one that they can live with. The Federal Government will only intervene when the basic minimum standards of this legislation are not adhered to.

Essentially, it is directed toward protecting against landscape devastation by an irresponsible operator.

I would like to commend my colleague (Mr. RUPPE) on his leadership in providing a section of the bill dealing with research, training, and skill development programs in the mining industry.

It is generally understood that the basic reasoning behind this legislation at this time is to have these surface mining standards established in advance of the upcoming accelerated effort that is going to be required in order to permit coal production to give us the badly needed alternative energy source.

The expanded use of coal is a key immediate energy source needed to avoid the problems of the threatened oil embargo and to move us toward energy self-sufficiency.

One of the provisions of the bill which I feel strongly needs amending is the 35-cent-per-ton reclamation fee. Based on very careful research, it appears to me that a fair fee structure would be a 10- or 15-cent-per-ton fee.

Many people are concerned about increasing costs of energy. Some estimates are that passage of this bill in its present form might increase the cost of electricity in those areas utilizing coal by as much as 15 percent.

For this reason, I am making a strong plea to all Members to seek a ways and means through the amending process where we can pare down any possible increase to the consumer. If we reduce the 35-cent-per-ton fee to 10 cents per ton, it would have an appreciable effect on the ultimate cost to the consumer.

In conclusion, I recommend enactment of this legislation. As I have said, there are a number of areas which we can perfect by way of amendments but the approach taken by this bill is sound and equitable. I urge my colleagues to support it.

Mr. RUPPE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of H.R. 25 and I wish to compliment all those on the committee and the subcommittee who worked so hard to bring this legislation to the floor today, it is essentially good legislation and on balance, I strongly support it.

I might say at the present time the bill the House has before it was essentially the conference report of the 93d Congress. There have been some changes over last year's version but the bill remains essentially a strong compromise that will alter mining practices in the Eastern mountains where decades of abuse have left hundreds of thousands of acres useless and will protect the West, but it will not stop the spread of responsible coal mining in either of these two settings.

There are some who would wish to stop strip mining altogether but the fact is that this country cannot afford to take that course of action. I would not go so far as to say it would be a question of suicide in terms of pressure on our energy resources, but certainly it would be debilitating to say the least to take that course of action. Others would have us do little to alter the current practices of mining on mountain sides and even less to assure that surface mining will not harm our Western States. Most of us have seen either personally or by way of photographs the devastation which has been left by irresponsible and uncontrolled strip mining. If nothing else it was these sights that provided the impetus for legislation such as H.R. 25. We simply cannot allow these practices to continue.

In my judgment H.R. 25 strikes a balance. It allows strip mining but only if the land will have been reclaimed and the eyesores of the past are not perpetuated or repeated and only if we can insure that the mined land can continue to serve man in a useful and beneficial way.

We have tried to protect our precious environment but in a way which will not hinder either the immediate requirements for energy needs or the requirements in the not too distant future.

Granted, we are consistently and constantly seeking new forms of energy. In my opinion, one of the most important pieces of legislation which the Congress passed during the past session was the Energy Research and Development Act, the very title of which implies that we recognize that we must search for alternative sources of energy. We cannot assume the scientists will be able to invent or perfect new energy techniques tomorrow or even in the next decade but we must adequately meet our requirements. Therefore we must assume we will need the coal we have in the East and in the West as well.

I would like now to address two points of contention. One is raised by those who would have us not regulate the practice or at the most on a minimum basis.

Some have said that it is impossible to reclaim land after it is stripped. Oh, they say you can throw some topsoil on it, plant some grass, but it is never going to resemble the same configuration or serve a useful purpose. From my view, that is simply not a true statement. During some of my field trips to Ohio and Pennsylvania the Interior Committee saw reclaimed lands—lands that had contour, that were green, that looked like they belonged.

I personally remember talking to a farmer, I believe it was in Ohio, who stated his farm was more productive after reclamation and after mining than prior to strip mining. For example, he indicated the water draining was far superior. We must also remember that reclamation techniques are constantly being improved, so if what we have now can do the job. reclamation will be even better in a few years. I personally reject arguments to the contrary as pure scare tactics.

I also reject as scare tactics that enactment of this legislation will result in substantial losses in terms of coal mined.

At this point, I will insert in the RECORD a short chart I have prepared illustrating the effects of the Ohio and Pennsylvania laws regulating strip mining:

COAL PRODUCTION

State and year	Number of operators	Surface coal production (in million tons)
Ohio:		
1971	267	38.5
1972[1]	271	34.6
1973	207	29.6
1974	377	30.6
Pennsylvania:		
1971	584	28.5
1972[2]	677	26.5
1973	830	30.2
1974	846	42.0

[1] The law took effect in April 1972. 1972 figures affected by a 1-month strike in January.

[2] The law took effect in January 1972. 1972 figures affected by a 1-month-long strike in January.

These figures show that, indeed, there is an initial lapse in production. However, it should be pointed out that neither of these States' statutes provided for an interim period, as does H.R. 25, with relatively relaxed environmental standards and administrative procedures, so that the full implementation could be eased into. These figures do indicate that production began to rise again after the first year. If the 1972 figures seem too low, perhaps it should be emphasized that in that year there was a month-long strike in the coal industry.

The figures also show an increase in the number of coal operators. In Pennsylvania, the year before enactment, there were 583 operators. However, in 1973, the year after enactment, there were 830 operators, or almost a 50 percent increase. My interpretation of these figures is that coal surface mining laws would not significantly hurt production—that once the industry knows the regulations and starts to work in accordance with them, production will definitely and absolutely rise. By the very fact that there has been a substantial increase in the number of operators, goes to show that the industry can live with the regulations and still make a profit.

I can assure this House that these new operators did not go into the business because they had nothing better to do. I am sure the profit motive was very much in their minds.

Also, in terms of coal production, I would think that the present uncertainty of the situation must have some effects on present operations or those which are scheduled to begin in the immediate future. I cannot help but think that the industry would be hesitant to initiate openings in anticipation of this legislation. They know they are going to be regulated. They just do not know exactly how.

I would caution that I do not expect coal production to take a dramatic leap immediately after enactment. While the uncertainties of the present situation would be clarified, this is but one fact influencing production. Others having a great impact would seem to be the question of the allowance of the use of high sulfur coal, the problems of transporting mined coal, the availability of trained mining personnel, and this country's economic situation in general.

I would now like to switch directions. One of the most personally frustrating aspects of my prolonged relationship with this, and prior, strip mining legislation has been that those of us who have tried to strike a balance—who have insisted that strip mining could be done in a responsible manner—have always had to be on the defensive. We have been damned from all sides. We constantly heard that we had gone too far there or not far enough in another place. I think we can probably pat ourselves on the back because the criticism is coming from both ends of the spectrum. I think this indicates that we have struck the balance we were after all along. But, I, for one, am tired of defending. The supporters have spent most of their time answering the charges of those in opposition. Maybe this is only natural because it is a controversial matter. But, I would like to reverse that now, if just for a moment, and talk about what is good about H.R. 25.

The most obvious "good" point is that we have written some tough environmental standards into this legislation. The prime example is that if land cannot be reclaimed, it cannot be mined. That is a pure and simple statement of fact that is explicit in this legislation. Also, we insist on elimination of high walls. We prohibit the placement of spoil on the downslope. We insist on vegetative cover.

However, we plainly realize that the lands which will be mined vary in terms of their physical characteristics, and as a result we have provided rational flexibility. We do not mandate that the mined land be returned to exactly the same shape as it was prior to mining. What the committee has obliged operators to do is to return the land to its "approximate original contour." It should be emphasized here once again, as I have attempted to do many times in the past, that "approximate original contour" does not mean that the land must be returned to original elevation. This would be patently ridiculous in the case of a thick seam of coal covered by a relatively thin stratum of overburden. When this coal is mined, it will create a depression that could not be returned to the original elevation without hauling an enormous amount of materials from some other location, there by creating a similar depression elsewhere. Therefore, the committee bill requires that the coal operator regrade the mined area inside and around the perimeter of the mined area so that the depression blends into the surrounding terrain, and that within the mined area, the surface of the land "closely resembles" its premining configuration.

This is a rational, reasonable, but, frankly, a tough standard that does not require the impossible.

A second good point of this legislation is that it is a State-lead bill. Each State which has, or expects to have, coal surface mining operations is provided 18 months after enactment to submit a State program to the Secretary of the Interior for approval. This is not the Federal Government dictating to the States what they must or must not do. It is only when the State fails to submit a program, or when it has failed to be approved, or when the plan, or portion thereof, is not enforced or implemented by the States, that the Federal Government may step in with its plans and regulations.

Another significant part of this legislation is that we allow citizen input throughout the process. I personally feel that one aspect of the citizen suit provision goes substantially too far, and I will offer an amendment at the appropriate time to limit this course of action in one instance. We recognize that citizen involvement in the administrative procedures can be a very important check on governmental agencies and will insure that decisions are not made capriciously and that actions are taken with full and complete information.

The committee also recognized the difficulty of imposing our strict standards on the States and on the operators immediately upon enactment of this legislation. On the other hand, we were not going to allow an extended period after enactment in which irresponsible operators could strip free of all regulation. Therefore, we wrote in a very sensible interim program that will give all concerned a period of time to accustom themselves with the new law and regulations but insist in the meantime on a few specific environmental standards.

The final good point which I will address at this point is the recognition by the committee that it is important for us to foster research and training in the fields of mining and minerals. This country has a critical need today for technical personnel in these areas. Michigan Technological University, situated in Houghton, Mich., in my congressional district, is known as one of the leading institutions in the country in the fields of mining and metalurgical engineering. However, at the present time, Michigan Tech is only graduating approximately 40 students per year in these fields, and does not even begin to meet the industry's needs. This country must respond to the urgent needs of resource development, and, therefore, in H.R. 25 we have established mining and mineral research institutes to train the manpower to meet our future requirements.

Grants will be provided on a matching basis to a school, division, or department which conducts a program of substantial institution and research in mining or minerals extraction. We have placed primary importance on the training of mineral engineers and scientists. We authorize an initial sum of $15 million in fiscal 1975, and increase this figure annually by $2 million—for 6 years. These grants will benefit the mining industry, the environment, and society in general. Aside from our environmental standards, I personally consider this one of the most important, long-range aspects of this legislation.

I would conclude by saying that the coal industry stands at the brink of an era in which it can, must, and will make significant contributions to the Nation's energy supply picture—more now, I would say, than ever before. But at the same time, we are in an age of environmental awareness and respect. These two facets of our present-day circumstances are at times at odds with each other. We, the Congress, must step in and provide the machanism whereby cooperation is mandated. We must set the environmental ground rules for the coal industry's expansion. These ground rules should assure that the natural environment is protected to the greatest extent feasible without cramping unnecessarily the necessary operations.

I think H.R. 25 accomplishes this. I do not pretend or do not believe that H.R. 25 is perfect legislation.

In fact, I would like to take just a moment to talk about the surface mining fee, and I would like to take a minute to indicate in my opinion that this 35-cent fee on surface mined coal is a completely unwarranted burden on the taxpayers of this country at a time when coal prices are as high as they are today. I think that we in the Congress should be cognizant of every penny we impose upon the taxpayers and consumers of this country. I think that we have to be absolutely sure that any charge levied upon them is indeed warranted. If reclamation of the land does mean a little higher price for coal, in my opinion it is necessary and should be paid. But the fee of 35 cents on surface mined coal per ton is outrageous because these funds can be used for purposes other than reclamation orphaned lands. It has been stated in the past that these moneys could be used for housing construction. This is not true, as there is a flat prohibition against this type of use in the bill. They can be used for the construction of public facilities and other improvements, such as sewer and water extensions. No matter how you slice it, in my opinion, this is a type of pork barrel provision. I think a 10-cent across-the-board fee is adequate to reclaim the abandoned lands. If it is not, we can increase it in subsequent sessions of this Congress.

But I think the American people at this time cannot afford to have us expend great sums of their money unless it is absolutely proven to be necessary.

Mr. Chairman, I would like to state, in conclusion, that I will be supporting certain modifications of this legislation which I feel we need and which are necessary to be made. However, because it is workable legislation, I intend to support this legislation on the floor when it comes to final passage.

I would like to say again it is not, as some would indicate, an industry bill, nor, as some would allege, the product of environmental extremism, but it is the best effort of the Committee on Interior and Insular Affairs to bring us legislation on an extremely complex issue.

Mr. Chairman, I believe that the members of the subcommittee, the members of the full committee, my colleague, the gentleman from Arizona, and my colleague, the gentleman from Hawaii, have done an excellent job in preparing this legislation and in bringing it to the membership of this House.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from California.

Mr. KETCHUM. Mr. Chairman, I thank the gentleman for yielding.

I was most interested in the gentleman's statements, because, as he recalls, I toured the coal mining areas with the gentleman in the well last year.

The gentleman mentioned a farmer in Ohio, I believe it was, and he pointed out the fact that this farmer had indicated that his crops were even better on this reclaimed land.

Would the gentleman indicate for the RECORD that this man was farming under a State law, that there had been no Federal regulations and it seemed to be working extremely well?

Mr. RUPPE. Mr. Chairman, I certainly want to indicate that this man came from Ohio. There should be no question about this fact and it should be brought to the attention of the Members of this House that he was operating under a State law.

In fact, I think Ohio and Pennsylvania are both exemplary instances of the type of legislation which, if enacted throughout the country, would have precluded the necessity for our being on the floor here today. I regret to say that there is a wide number of States that have not done as good a job as either Ohio or Pennsylvania have succeeded in achieving.

I certainly would say to the people of those States and indeed to their legislatures that they have done a superb job in developing, in both instances, State legislation which is completely on target and which does a very fine job of protecting environmental standards and values in those States.

Mr. Chairman, I thank the gentleman from California for his comments.

Mr. UDALL. Mr. Chairman, I yield 5 minutes to the gentleman from Montana (Mr. MELCHER).

Mr. MELCHER. Mr. Chairman, there is a time to sow and a time to reap.

The Creator caused the formation of the coal in rich deposits in the West and particularly in my State of Montana. There are 106 billion tons—42 billion is strippable. The highest of any of the 50 States.

If now is the time to reap the rich harvest of coal in the West and to do so by stripping the land from the veins of coal 20 to 70 feet thick, westerners must insist that the full force of Federal law require these minimums:

First. No strip mining where reclamation cannot be guaranteed to bring the land back to as good or better condition and production as it was before mining—absolute enforcement to bring the land back to complete reclamation;

Second. Water, whether it is on the surface or underground cannot be diminished, diverted or in any way altered that is detrimental to those of us in the West, to those of us who depend on it as if it were our lifeblood;

Third. The rights of the landowner to which the mineral estate has been retained by the Federal Government must be recognized and guarded. The landowner must have the prerogative to say "no" to the mining of the federally owned coal, and if on the other hand the landowner agrees to the mining, he must be compensated adequately for his losses;

Fourth. There is a Federal responsibility for social impacts and social needs for schools, roads and health care for people in sparsely settled areas where there is rapid population growth due to energy development; and

Fifth. Indian tribes must be given the opportunity to evaluate proposed coal strip mining operations on their reservations and assured the rights of stronger provisions of their own determination in reclamation on their own reservation lands.

This bill meets these five minimum requirements and in none of these areas can we of the West stand to have the requirements lowered. We must say, "Hands off" to weakening amendments.

Mr. UDALL. Mr. Chairman, I yield 1 minute to the gentleman from Wisconsin (Mr. BALDUS).

Mr. BALDUS. Mr. Chairman, I would like to give vigorous support to the amendment by Mr. MAZZOLI to allow colleges and universities with substantial mining and research curriculums to qualify for coal research funds.

It seems grossly unfair to have the qualification for these funds rest on the number of faculty persons employed and the title of the institution. The distinction should be made rather on the scope and quality of the institution's program. This, I submit, can be determined by curriculum offerings, research contributions and historical contributions of alumni.

The fact that a university does not have "a school of mines, division, or department" and that it employs one, two, three, or four full-time faculty persons rather than five or more should not be the determining factor.

The University of Wisconsin at Platteville has been a respected institution in the area of mining instruction and research for many years. Under the current wording of the bill, this university would not qualify for research funds because it employs only three full-time faculty members in its mining area.

Mr. Chairman, it is my hope that the amendment will be adopted.

Mr. RUPPE. Mr. Chairman, I yield 5 minutes to the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Chairman, I thank the gentleman for yielding.

I certainly support the legislation. Protection for our environment and protection for the surface holders is there.

I would hope that we can make some amendments to the legislation, however; and I intend to offer that type of amendment to bring about needed equity in the reclamation fee provisions of the act. The present provisions of this legislation call for a straight 35-cent a ton tax or 10 percent of the coal's value, whichever is less.

This type of tax discriminates directly against lignite coal, which has less than one-half the Btu content of bituminous and anthracite coal.

Let me give the Members the figures. For example, the average Btu rank of coal is as follows: Anthracite has about 14,000 Btu per pound; bituminous is 13,100; subbituminous is 9,500; and lignite is 6,100 Btu per pound.

Therefore, the Members can see that on $35 a ton coal, which is the price of a lot of coal, we have a 1-percent severance tax. On $17.50 coal we have a 2-percent severance tax. Yet, in the case of lignite coal, which is valued at about $2.50 a ton because of transportation, water content, and low Btu content, we have a tax that comes close, in this case, to the 10-percent level. Yet with lignite coal which would be taxed at 10 percent of value rather than 1 or 2 percent, it takes more than twice the amount of lignite and far more tax to achieve the same heat content.

This will result in a higher rate of tax on the consumers who use lignite coal for energy, whether it be in the form of electricity, steam, or whatever. It is the Btu heat content of the coal that is important to the consumer, and the lower the Btu value of the coal, the greater the tax, and the greater the amount of coal that must be burned to produce a certain amount of heat.

It is not the coal companies who pay this extra tax; it is the consumer, and I am not talking about the private power companies. I am talking about the rural electric cooperatives owned by those they serve because they are the chief users of this lignite coal.

Mr. Chairman, I have in my hand a letter from the manager of Basin Electric Power Cooperative whose board of directors includes people from Minnesota, Nebraska, Montana, South Dakota, and Iowa as well as North Dakota and who say that they wholeheartedly support the concept of my amendment because they feel it is simple equity to relieve lignite users from having to pay the lion's share of rehabilitating strip mined land that was ravaged 50 years ago." He also points out that the disproportionate tax could have serious consequences on our agricultural economy.

Mr. MELCHER. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Montana.

Mr. MELCHER. Will the gentleman's amendment specify lignite?

Mr. ANDREWS of North Dakota. The gentleman's amendment does specify lignite, yes.

Mr. MELCHER. The gentleman is speaking of an amendment that would reduce the 10 percent figures to 5 percent at a point where the language refers to all kinds of coal, but if the gentleman's amendment is only with respect to lignite, it would be more appropriate to do what the gentleman is describing by including in his amendment a specific reference to lignite only—not all coal.

Mr. ANDREWS of North Dakota. If I can get the support of the gentleman from Montana by putting in the word "lignite," all right. I have an amendment published in the Record that exempts lignite from the tax. I have another one that goes from 10 percent to 5 percent. I have been told by the gentleman on the committee that the 5 percent would only apply to lignite because of the unique character of that fuel. I would like to point that out to the gentleman. But certainly specifying "lignite" will not change my amendment's purpose in any way.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Arizona.

Mr. UDALL. The gentleman from Montana tells me privately that there are contracts in his State and elsewhere that run in the range of $2 or $2.50 and that are not lignite. The amendment proposed by the gentleman from North Dakota would be much more acceptable to me if he would redraft it to apply only to lignite.

Mr. ANDREWS of North Dakota. This amendment will be redrafted to specify lignite coal because this is specifically what we have in mind.

Actually, we ought to realize that this has a great deal of bearing on the energy crisis, too. The reports tell us that for every ton of lignite we utilize for electricity, we will save 90 gallons of fuel oil.

North Dakota lignite comes from an area of the country where the winter temperatures are often 40 below zero, and we believe that if we can produce electric heat from lignite coal we can save a lot of fuel oil and natural gas which can be better used for other purposes in other parts of our country, but if we indirectly encourage increased use of heating oil by excessively taxing lignite, then we will have detrimental ramifications.

So I would hope that in the interest not only of our area but in the interest of the energy needs of the entire country that this House will support the amendment that I will offer.

Mr. UDALL. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina (Mr. Taylor).

Mr. TAYLOR of North Carolina. Mr. Chairman, H.R. 25 is a product of protracted debate at all levels of congressional consideration—in subcommittee, committee, here on the floor of the House of Representatives, in the Senate and in conference. It is also being considered at the White House.

Few measures brought before the House have been given as much attention as this legislation. During the last Congress it was studied in detail by the members of both the Subcommittee on Mines and Mining and the Subcommittee on the Environment. Field trips to inspect some of the Nation's principal surface mining areas and extensive public hearings were conducted.

Last year the Committee on Interior and Insular Affairs met 23 times to consider this bill. I attended every meeting and I felt that most of the time was used in a constructive effort to develop a sound, reasonable bill to present to this House. This year additional hearings were held and amendments were debated by the full Interior Committee.

I congratulate my colleagues, Mrs. Mink and Mr. Udall, in their diligence, perseverance, and leadership in carrying this legislation to its present stage.

I agree with the objectives of the bill: maintaining our essential stewardship to the land—to leave for future generations a resource base that has at least the same range of uses and potential as the land we inherited. The devastation of large areas of our landscape from past practices of surface coal mining is unconscionable. It has left behind a legacy which has stained both the land and its people.

I agree with the underlying principles in H.R. 25—

That the role of Federal legislation is one of providing a minimum standard of general guidelines to assure a common denominator among the States;

That the principal lead in regulating surface mining activities is to be vested with the States since most regulatory decisions can be made best at State and local levels.

In the next few days we will have the opportunity to review again some major decisions which have gone into this legislation. In this review we must assure ourselves that the approach reached during the last Congress will achieve the objective of proper stewardship to the land and its people—

Without imposing untenable costs of transition in mining practices on society, costs which might be greater than the benefits gained in the interim transition period; and

Without worsening the national economy, nor increasing the burden of unemployment, inflation, and triggering unnecessary increases in energy costs.

In the committee I voted for many amendments, designed to make the bill less objectionable to businesses, industries, and people in need of coal. I tried to help find some reasonable compromises providing for the restoration of mined-over land to productive use in an environmentally sound manner without contributing unnecessarily to the further inflation of coal prices or to the energy shortage. Ours is the difficult job of finding a proper balance between protecting the environment and meeting the energy needs of our people.

I am ready, once again, to listen and participate in the debate over the several features of this legislation—not to defeat the bill or frustrate its purpose—but to assess independently the balance which has been struck and determine if it can be improved by some additional amendments on the floor.

I supported this legislation throughout the last Congress—and I anticipate that I will be able to vote again for its final passage. The time for final action on this legislation has come; its need is clear.

Great growth is expected in the coal industry during the next decade and it is important that this legislation be passed without delay so that the industry will know what guidelines and regulations will be required in the future.

Mr. Chairman, I urge this body to face this important national issue, to debate it—to modify it if it wishes—and finally, to approve a sound course of action. That much we owe to the people, to this generation, and to the generations that will follow.

Mr. UDALL. Mr. Chairman, I yield 3 minutes to the gentleman from Wyoming (Mr. Roncalio).

Mr. RONCALIO. Mr. Chairman, I do not think that the debate segment of our proceedings today would be complete without an appearance on my part.

First of all, I would like to compliment the leadership of the committee for the second Congress in a row in bringing before the House this bill. I would also like to associate myself with the remarks made by the chairman of the Subcommittee on National Parks, the gentleman from North Carolina (Mr. Taylor), who just spoke to the Members, and who is an outstanding and excellent leader of this body, and who has displayed resourcefulness in the preservation of our national lands so that other generations may enjoy our natural resources and still permit surface mining adjoining our forests and parks, but not within the foundations of either.

This all began for me in January 1971, with the chairman of the subcommittee, the gentleman from Oklahoma (Mr. Edmondson), with a bill which was mild in all sections compared to what we will be enacting here today. The worst requirement from the company standpoint was the fact that any slope 20 degrees or more should not be mined. We have since modified that provision so that in this legislation slopes 20 degrees or more can be mined if there is no dumping overburdening of the downslope.

In the preceding Congress that just concluded perhaps a year and a half of constant committee work went into S. 425; leadership and sustained devotion by the gentleman from Arizona (Mr. Udall) and the gentlewoman from Hawaii (Mrs. Mink) gave us a good bill.

All the confusion and distortion and obfuscation that can be foisted upon the parliamentary process with or without Robert's Rules of Order were put upon this committee by certain sundry friends of mine in the other party, and some here and some gone. I have seen no precedent to equal these delaying tactics in my 30 years of familiarity with House proceedings.

Here we are again. This bill is a good bill. It lets coal companies live. It preserves the land. It requires reclamation. It is the result of the patience of hundreds of lawmakers in both Houses of Congress over many, many months. I commend Members of good will who strive to accomplish a reasonable piece of legislation.

I was asked by the members of the Missouri delegation last fall, specifically Mr. Ichord and his colleagues, "Why do we need a Federal strip mining bill when all the States have a good strip mining bill?"

The reason we need it in Wyoming is it just happens that 55 percent of the surface of Wyoming is federally owned, and some 75 or 80 percent of the coal deposits that are stripable in Wyoming happen to lie under both Federal surface and non-Federal surface, so that if we are to have jurisdiction to mine the coal we need, we must have Federal legislation to blend with the State law in bringing out the best possible procedures for surface mining.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. RONCALIO. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. I thank the gentleman for yielding.

Mr. Chairman, I want to commend the gentleman from Wyoming, who so ably represents a beautiful State, where I visited not so long ago. I commend him for his efforts in connection with this legislation. The gentleman from Wyoming made a very interesting suggestion recently on the floor that there should be a ratio between the underground and strip mining which any company undertakes. I would like to express interest in and support of that concept. As we are escalating the amount of strip mining to over 50 percent, if we continue to escalate at this rate, the amount of strippable coal reserves will be exhausted before the end of the century; am I not correct?

The CHAIRMAN. The time of the gentleman has expired.

Mr. UDALL. I yield 2 additional minutes to the gentleman from Wyoming.

Mr. RONCALIO. I thank the gentleman for yielding.

Let me say to my good friend, the gentleman from West Virginia, whose opinions I respect and whose vote I regret very much I cannot seem to entice for this legislation, that I would like to amend many segments of this bill, but we have now been three years trying to get an act. I am convinced we must now put an act on the statute books. Then let us be about the business of amending over the next year or two, and making the modifications and the adjustments that are necessary.

Then I would very much like to see every company mining coal in Wyoming be required to deep mine 10,000 tons for every 1,000,000 tons they strip mine.

Mr. HECHLER of West Virginia. If the gentleman will yield, I would certainly accept one ton of strip mined coal for 1 million tons of underground coal.

Mr. RONCALIO. That is the usual spirit of compromise that the gentleman from West Virginia gives to this business of surface mining coal.

I would also much rather go back to the original amendment offered by the gentleman from Montana (Mr. Melcher) but let us enact what we have now, so that we can enact a law and that we know can survive a veto. I would like to see some other adjustments made, but I am willing to go along with a bill that makes me reasonably unhappy.

There are others reasonably unhappy without a good law.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. RONCALIO. I yield to the gentleman from Arizona.

Mr. UDALL. I thank the gentleman for yielding.

I want to say the gentleman in the well has been under enormous pressure these last 3 years on this legislation. His State is in the middle of being asked by the other States of this Nation to supply great quantities of energy. I know the terrible kinds of pressure he has been under, and he has kept the faith. He has been courageous and intelligent and tried to strike a balance between the protection of the land he loves and the needs of the country. I think he well deserves our commendation.

Mr. RONCALIO. Mr. Chairman, let me say to the excellent chairman of the committee that flattery will get him everywhere, but we do not have any Presidential vote yet.

Mr. UDALL. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. Lehman).

Mr. LEHMAN. Mr. Chairman, I thank the gentleman for yielding, and I commend the gentleman from Arizona for bringing this bill to the floor.

In Dade County, Fla., we do not have a great deal of coal but we have a serious safe water problem which the gentleman from Arizona knows because he has visited our area. In this bill there is a provision for the study of the effects of strip mining. Though we mine no coal we do have phosphates, rock and other raw materials in south and central Florida. So, I would like to put the question to the gentleman from Arizona as to whether this study would include the effects of open pit mining for rock phosphate and various minerals in south and central Florida, and the effect of this kind of open pit mining on the aquifer that supplies water to the metropolitan areas of south Florida, water which is so essential to our growth and well-being.

I might bring to the attention of the gentleman the statement of Russell Train, former Chairman of the Council on Environmental Quality on the additional potential damages of strip mining.

> An additional damage can occur from strip mining—devastated wildlife habitat, landslides, silt and acid choked streams and a blighted landscape. In particularly rich farmland, area strip mining can adversely effect future fertility as it can the opportunities for revegetation.

Mr. UDALL. Mr. Chairman, if the gentleman will yield, I am keenly aware of the problems in Florida and I would like to say this bill will cover the kinds of problems the gentleman has in his area. I hope out of that study will come to some means to deal with those problems.

Mr. LEHMAN. I thank the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I yield 3 minutes to the objecting gentleman from California (Mr. Ketchum).

Mr. KETCHUM. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, here we are again, not quite a year later, with the same packed House. Somebody would probably tell the Members that is because this is Friday, but let me tell the Members that we debated this bill for 6 days last year and the attendance was about as good, which really indicates how important this bill is.

We are going to hear during the course of the debate how the coal companies simply cannot operate until we get this bill passed because they are confused and they do not know what they can do. I have been listening to that argument for almost 2½ years on this legislation, and if one is to believe that great metropolitan daily, the Washington Post, and if one read the editorial in this morning's paper, one would see it said there was something in the nature of 1,000 acres a day being mined—and this without Federal legislation—so I do not think they are as confused as some would have us believe.

We are going to be told that this bill really is not going to cost anything and that it is going to double the production of coal. I am telling the Members that nothing could be further from the truth because there is not any Federal legislation we pass that does not have a price tag and this one has a "biggie." It is going to increase the price of coal to our consumers. We are all hearing from our constituents right now about the high cost of electricity. Well, "You ain't heard nothing yet."

The cost to the consumers is going to be considerable, and that by the way is why the Governors of a couple of the States that have strip mining legislation in their States today are backing this bill to the hilt. The legislation has increased the price of their coal to such an extent that it is no longer competitive with the other States. That is why the Governors want the bill.

This bill is going to create unemployment, and we heard much testimony along these lines. The Members will find that feature has been removed from the bill this year, but it was put in there originally because we know it is going to create unemployment, and the Members will find it in the Senate version of the bill if my information is correct.

Now, as to my good friend, the gentleman from West Virginia (Mr. HECHLER's) comments here in the debate when he was complaining about the fact that we had 3 days of "hearings," I would remind the Members of this body that we have something in the neighborhood of 90 or 91 new Members of Congress this year; about half of the members of the Committee on Interior and Insular Affairs are new to the committee. Those of us that were new to the committee last year listened to this bill in the subcommittee for almost a year and debated the various provisions back and forth, so that we were thoroughly familiar with the contents of this bill. That simply is not true today.

The Members of this House, none of the Members, particularly the newer members of the Committee on Interior and Insular Affairs are aware that they could not possibly read all the committee reports that would probably fill this well to find out what we found out.

Now, bear in mind that we do have the responsibility for the regulation of mining on Federal lands. That is our job.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. RUPPE. Mr. Chairman, I yield the gentleman from California 2 additional minutes.

Mr. KETCHUM. Mr. Chairman, that is our job, and let me tell this body that the Secretary of the Interior has already promulgated regulations and when I asked him in committee why must we have this bill, he said:

> I don't know. Maybe my promulgating of these regulations is unconstitutional.

Well, I think he clearly has the responsibility and authority to do just that.

We pass law after law around here and then we spend the next 2 or 3 or 5 or 10 years undoing the damage we have done. Let me give one classic example of what I am talking about. About 6 years ago, we spent, and I am sure this House spent, I know I did in a State legislative body, spent an entire year arguing about the merits of removing lead from gasoline, because we were going to have this great new catalytic converter that was going to take all these noxious things out of the atmosphere. During that year of debate we brought to the people and told them that the catalytic converter would spew forth sulfuric acid fumes. Nevertheless, we have the catalytic converter at a cost, I am told, of billions of dollars to our constituents and to the taxpayers that are footing the bill for all this phoney baloney.

Now, the EPA has just recently announced that, lo and behold, that the catalytic converter spews forth sulfuric acid. Therefore, we had better change our thinking on the catalytic converter.

Well, that is what we are doing with this bill. That is what we are doing to the consumer and we are going to answer for it. I am very proud of the position I took on this bill this year and last year, and if the good Lord is willing and the creek does not rise, I will take it again.

Mr. UDALL. Mr. Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, the gentleman from California made a rather sweeping statement about the supposed effect of this bill on the price of coal to the consumer.

I invite everybody to turn to pages 72, 73, and 74 of the committee report. Starting on page 72 is a very interesting chart which shows that before 1967 the coal price was fairly stable. Since then the spot price of coal has shot up until by the end of 1974 it was three times what it was in 1967. During that period of time wages went up 50 percent and production hardly went up at all.

Now, if we turn to page 73 and the report that is quoted there in the first paragraph we read:

> A review of the available data on profits of coal companies and coal operating companies reveal tremendous increases in profits. Thus, price increases have been translated into profits. The fact that the price of coal is likely to remain unrelated to the cost of production is further supported in the Coal Supply Potential Task Group Report, prepared by the Federal Energy Administration. This report states that at least for the near term, (1975–1978) the ". . . equilibrium price of coal may be set by competitive forces of competing fuels and most particularly oil, rather than by the cost of production and normal competition within the coal industry."
>
> It therefore appears that the ability of the industry to absorb any increased costs of reclamation consistent with the standards of the Act is no longer in doubt.

If anyone still have any doubt, turn to the next page and look at the price of coal, as shown in table 14, versus other hydrocarbon energy resources and compare the maximum reclamation cost per ton of coal as shown in table 14 with the most recent prices shown in table 15.

Now hopefully we have competition in the coal industry, a competitive structure, although there is some doubt that we do. But assuming we do, then the marketplace is going to determine the price of coal to the consumer and not whether we add a few cents per ton by requiring coal companies to restore the land.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman.

Mr. RUPPE. Mr. Chairman, I think we have to understand we should not throw a lot of cost inputs into this legislation simply because the present price of coal can support those energy costs.

It seems to me what we ought to be doing here is to be looking toward the day when prices of coal will come down. The price of coal is far too high. It is not necessarily too high because of the policies of the coal companies. It is, partially, high priced today because of the past policies of this Government.

For years, we encouraged industries and utilities to get out of the utilization of coal. We said that coal is a bad energy source. We did everything at the time in this country to discourage the production and consumption of coal. The fact that there is a high price attached to coal today is largely because of the Federal Government failing to realize we would face a Near Eastern energy or oil shortage and failing to realize what an important place and role coal had in the energy development of this country.

Mr. SEIBERLING. I agree with the gentleman that we do not want to add unnecessarily to the cost of coal. I think the gentleman agrees with me that this bill does not add unnecessarily to the cost of coal. But I would also like to point out that there are some people—and the study cited in our report makes the point—who say that it is not the Government and it is not the Federal clean air standards that have raised the cost of coal. The fantastic increase in coal prices appears to result from a lack of effective competition in the coal industry itself, for if the coal industry were fully competitive, then as the price went up, production would go up, and yet we all know production has remained practically the same.

Secretary Morton, when he testified at the hearing before the committee 2 weeks ago, said that the production was not limited but that the demand was limited, and if the demand is limited and the industry was capable of producing more than the demand, the prices should not have gone up as they did if the coal industry were a competitive industry.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Arizona.

Mr. UDALL. On that point, Secretary Morton said the industry was capable right now, had the capacity right now, of producing in the area of 60 million tons of coal additionally, without putting on new capacity or additional opening up of new mines.

Mr. SEIBERLING. Secretary Morton said one other thing. He said this bill will not reduce employment in the coal industry; it will increase employment. Look at the record.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. Yes; I yield to the gentleman.

Mr. KETCHUM. Mr. Chairman, I thank the gentleman for yielding. The gentleman and I sit on the same subcommittee, and we listened to the same witnesses, and the gentleman know that is not a fact.

Mr. SEIBERLING. I ask the distinguished chairman of the subcommittee, did not Secretary Morton say that? Were those not his exact words?

Mr. UDALL. That was my clear understanding.

Mr. SEIBERLING. I challenge the gentleman from California to look at the record.

Mr. RUPPE. Mr. Chairman, I yield 5 minutes to my distinguished colleague, the gentleman from West Virginia (Mr. HECHLER).

Mr. UDALL. Mr. Chairman, I yield another 10 minutes to the distinguished patriot, the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Mr. Chairman, I have a "Udall for President" button in my pocket. I do not know whether I should, after that comment, put it on or not.

Mr. UDALL. Mr. Chairman, if the gentleman will yield briefly, I would hope we would have a nonpolitical debate.

Mr. HECHLER of West Virginia. Mr. Chairman, I appreciate the time that I have received from both sides.

Mr. Chairman, H.R. 25 is really an LCD bill. It is really a "lowest common denominator" bill, and it is the product of a lot of pressures by very powerful interests.

The gentlewoman from Hawaii (Mrs. MINK) indicated that she and the members of her subcommittee and the members of the full committee had decided not to have "prolonged" hearings. No Member of this House desired prolonged hearings. I very much appreciate the tremendous contribution which was made by all members of this committee, and particularly the gentlewoman from Hawaii (Mrs. MINK). Time after time, on issue after issue, she stood up and she fought for the rights of the people and for the protection of the land, both in committee and during many extended meetings of the conference.

In this Congress she has always been on the right side on every issue, the side of human beings.

Mr. Chairman, it was a very moving experience for me some 10 years ago in my home town of Huntington, W. Va., when Representative MINK came down to give the graduation address at the Women's Job Corps. She established an immediate rapport with those young women by describing her own efforts in the State of Hawaii, coming from a large family, to get an education, to struggle at the University of Chicago for a law degree, and to be elected to the high honor of membership in the House of Representatives.

It is for this reason that I found it especially puzzling that she and other members of the committee have cut us off in terms of testimony.

Mr. Chairman, strip mining is a ripoff. It is a ripoff of people whose water supplies are polluted, whose property is degraded, and whose very lives are threatened by the blasting of boulders, and by floods and erosion.

Day before yesterday five very wonderful people from a strip mined area in West Virginia visited me: Mrs. Chester Workman, from Abraham, W. Va., the wife of a deep miner; Clifford Plumley, and his son, Bobby Plumley, who live in the Richmond district of Raleigh County, W. Va., and whose families have lived in that self-same area since the Revolutionary War; Miss Kittye Cornette, a student at Park Junior High School in Beckley, W. Va., who was so incensed at what was happening to the land and water supplies that she went out and got several hundred students at the junior high school to submit a petition to the Congress to try and stop the devastation of strip mining; and Mrs. Eleanor Bennett, who lives in an area where they are starting to strip mine around her home.

In essence, their visit is the story of what is wrong with the way this legislation has been developed. These fine people got up at 2 a.m. day before yesterday to drive all night here in order to tell their story and to hope at least that someone in Congress would listen or somebody would listen to them.

They came here to tell personally of the irreparable damage that results when the laws of Sir Isaac Newton take over on these steep slopes and the soil and the spoil cascades down the hillsides into the streams.

Yet when I asked them if they could please stay another day because we are going to take this legislation up today, Mrs. Workman indicated she had to get back to take care of her sheep.

Mr. Chairman, contrast these five people with the people who can come here every day, many of whom represent some of the most powerful interests in this Nation. They are representatives of organizations which have around-the-clock lobbyists here at the Capitol, organizations which can afford to keep people here day after day and night after night seeking to drive loopholes into this legislation, trying to assure that this legislation enables them to keep on with the same ripoff, which we call strip mining.

Mr. Chairman, the gentleman from Montana (Mr. MELCHER) started off his remarks by saying, "There is a time to sow, and there is a time to reap."

I would ask him if he did not mean to spell that word "r-a-p-e" instead of "r-e-a-p."

Mr. Chairman, the legislation that we have before us is the product of compromise. Sure, compromise is the essence of the legislative process. Maybe I just cannot get used to compromise when the very way of life, the property, the homes, and welfare of the people in my area who are affected by this legislation are involved.

I asked the Library of Congress recently to give me a list of the leading congressional districts in the Nation, ranked according to how many coal miners they have and how much tonnage of coal they mine. The Fourth Congressional District of West Virginia, which I have the honor to represent, came out on top of the list in terms of number of miners, amount of coal mined underground, and is one of the top three congressional districts in deep and strip coal production.

A lot of people asked me, including Representatives serving their first term here in Congress, how can I represent a district that has so much strip mining, so much deep mining, and more miners than any other district and take the position that I take against strip mining.

A telephone call came in to the office of one Congressman warning that Congressman not to introduce a particular strenthening amendment because that Congressman might be in trouble back home and not be reelected if that amendment were sponsored.

Mr. Chairman, I would just like to present a few facts and figures here to my fellow Members, all of whom practice politics. In 1972, after the reapportionment when West Virginia lost one seat, the State legislature, where the coal interests of West Virginia are prominent, decided that they wanted to get rid of me. Therefore, they redistricted me in with another Congressman, a fellow Democrat, against whom I had to run in the primary. There was one clear-cut issue in that primary: I was for abolishing strip mining; he was in favor of strip mining. In any event, the vote came out 2 to 1—50,872 to 25,004—and I am still here.

In that same election I ran for delegate to the national convention. I was the first Congressman in this Nation to come out and urge the nomination of GEORGE MCGOVERN for President. I say that because I want my fellow Members to understand that GEORGE MCGOVERN did not do well in 1972 in West Virginia. Nevertheless, he is doing better and better as the days go on. In that election for delegate to the national convention, I urged a plank in the national platform to abolish strip mining. Another colleague from the House of Representatives from West Virginia also ran and he took a position in favor of strip mining.

My vote was 107,542, his vote was 78,885. We were both elected, but nevertheless it shows the reaction. By the way, he was not for Senator MCGOVERN for President, which some people say may have not hurt the size of his own vote.

I would like to point out also to any Members who are afraid of taking a strong position on strip mining that we had a vote on the 18th of July 1974, on an amendment that I offered to abolish strip mining. Sixty-nine Members voted for that amendment. Sixty-four of them are still here in the House. Ninety-three percent of them are still here. On the other hand, of all of those 365 who voted against that amendment or did not vote, only 73 percent are still here.

Therefore, if the Members want to measure the politics of this and if they are afraid to take that position, they need not be afraid.

I would say also that all those who are going to be running for President in 1976 in the primary in West Virginia can be assured that I can furnish them an example of one who ran in 1972 and came out first in the State on a platform of abolition of strip mining.

Mr. Chairman, I would gladly yield to any candidate for President who would care to comment.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Arizona.

Mr. UDALL. Did the gentleman indicate that the candidate he supported in West Virginia and who was later nominated was beaten by a larger margin than any candidate for President was ever beaten by in the history of the United States?

Mr. HECHLER of West Virginia. Mr. Chairman, I would observe to the gentleman from Arizona that if that candidate ran today with the knowledge of what has happened since 1972 his plus margin would be overwhelming. I would also remind the gentleman from Arizona if he could listen to the tapes of some of the speeches GEORGE MCGOVERN made in 1972 he would see that they come out pretty darn good in 1975. That differs from some other tapes.

Mr. UDALL. I agree with the gentleman from West Virginia. I supported GEORGE MCGOVERN in November of 1972. In a like vein I would suggest, in light of the outcome of GEORGE MCGOVERN's campaign, that maybe the gentleman from West Virginia would want to attack me this time rather than support me, although I welcome the gentleman's support.

Mr. HECHLER of West Virginia. I thank the gentleman from Arizona for his well-reasoned contribution to this debate.

There will be a number of opportunities that we will have during the 5-minute rule to amend this legislation. The most important one of those amendments, of course, is the Spellman amendment to the 20-degree slope. Then there is another very important amendment which will be offered by the gentleman from Michigan (Mr. DINGEL) which will transfer jurisdiction from the Department of the Interior to the Environmental Protection Agency.

The General Accounting Office in a study which was made in 1972 pointed out in a devastating fashion the way the Department of the Interior had failed to enforce its own strip mining regulations by the Bureau of Land Management on Federal land and by the Bureau of Indian Affairs on Indian lands.

The Department of the Interior is not in favor of this legislation, either. They were up here 2 weeks ago testifying in support of changes to the legislation.

One of the real basic defects in this legislation which I do not think even an amendment could cure is that it is based upon the principle of control by the States.

I would also like to commend the gentlewoman from Hawaii (Mrs. MINK) who took the lead in trying to insure that Federal control would be retained in this legislation rather than State control. I would ask any of the Members who have studied the history of this Nation to consider the history of legislation that has marked the progress of our Nation. Take, for example, civil rights. Many Members of our body would like to see civil rights protected by the States, but I think the overwhelming majority of the Members of this body and the people of this Nation understand and appreciate that these basic human rights need Federal protection. There are basic human rights and economic rights that are being imposed upon and denied by strip mining that need Federal protection.

It is said, of course, that the situation is different in every State. Coal mining is different; take the mining of lignite in North Dakota, as our friend, the gentleman from North Dakota (Mr. ANDREWS) pointed out in his remarks. Western coal is different, there is the difference in the soil and the difference in the rainfall.

Why not have each State make its own regulations? The same cry came up when we considered the Federal coal mine health and safety legislation. The history of this country in its development has been that every industry that is regulated in behalf of the public interests, first demands State regulation, because it knows that it can control the State legislatures, and the administration of the State easier than the Federal Government.

Why, this legislation that you are offering here in H.R. 25, this LCD—Lowest Common Denominator—bill, is not even as strong as the State laws in Montana, Ohio, and Pennsylvania.

The CHAIRMAN. The time of the gentleman has expired.

Mr. UDALL. Mr. Chairman, I yield 2 additional minutes to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Chairman, I thank the gentleman for yielding me this additional time.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Arizona.

Mr. UDALL. I thank the gentleman for yielding.

I just want to say to my friend, the gentleman from West Virginia, that we have had differences on how far to go in this area, but I have never had any doubt of the very deep conviction of the gentleman from West Virginia and his love for the land. I have been in his State, and I have seen what the old practices have done. I want to say to him that he has provided a rallying point for literally millions of citizens in America who are deeply concerned about the ravages that have occurred. I want to compliment him on the tenacious fight. The bill we have today before us is a much tougher bill than it would have been without the efforts of the gentleman from West Virginia.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

I would like to express the same sentiments as those expressed by the gentleman from Arizona on the tremendous contribution the gentleman from West Virginia has made to making the Nation aware of the terrible ravages of strip mining and the necessity for doing something drastic about it.

As the gentleman knows, I share his views that the ideal solution would be to phase out strip mining. If I had my "druthers," that is what I would do. One of the reasons I would do it is because I have no faith that regulatory agencies can remain independent enough, particularly at a State level, not to end up being captured by the very industry that they are supposed to regulate. As a matter of fact, that has happened in the State of Ohio. The State agency is not going to do the job of enforcement because the industry has packed it with its supporters.

One of the reasons we need this bill is to try to have someone else keep an eye on the State agencies to make sure they are doing their job. I am willing to give it a try, because reclamation is possible. The question is whether it will be done and done right. I think that we have done about the best possible job of writing law at least to see that it will be done.

Whether it is implemented remains to be seen.

Mr. HECHLER of West Virginia. I thank the gentleman from Ohio, who has done a magnificent job on the committee in educating this country on this issue.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from California.

Mr. KETCHUM. I thank the gentleman for yielding.

I, of course, do not share his great enthusiasm for regulatory agencies at the Federal level. I would commend to him for his thought the great job the ICC has done with the Penn Central.

Mr. HECHLER of West Virginia. I thank the gentleman. I would point out that in the field of food and drug legislation, certainly no one here wants to turn back entirely to the States. Certainly the fight for fair labor standards legislation, which started at the State level and subsequently was taken up by the Federal Government——

The CHAIRMAN. The time of the gentleman has expired.

Mr. UDALL. I yield 1 additional minute to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. I thank the gentleman for yielding.

Before this packed House, will not the Members allow me to make my peroration?

Mr. Chairman, the issue we face today is whether the Congress of the United States has the right to condemn one area of the Nation to be exploited for the private profit and advantage of the other areas. Throughout the Appalachian Mountains instant millionaires are being made over night in the strip mining industry. Over two-thirds of our land surface in many counties is owned by out-of-State corporations, and the people of this area are being treated as subjects in a colonial empire while the wealth of the land is rapidly being siphoned off.

Mr. Chairman, the Appalachian area refuses to be a national sacrifice area. I ask my colleagues on this committee to vote to strengthen this bill, because if this bill is not strengthened, I plan to vote against this bill. Do not Appalachianize the rest of the Nation. I hope those of my colleagues who have not had the opportunity to learn what is happening in West Virginia and throughout the areas which are being strip mined can come down and see for themselves what the effect is on the people, their water supply, their land, and their soil.

The CHAIRMAN. The time of the gentleman has expired.

Mr. RUPPE. Mr. Chairman, I yield so much time as he desires to my distinguished colleague, the gentleman from Arizona (Mr. STEIGER).

Mr. STEIGER of Arizona. Mr. Chairman, for the few hardy souls who have not yet had a chance to speak, I take up their time now because I feel this record must reflect at least one or two notes of sanity amidst all the frivolity and gaiety that we have endured here this afternoon.

We have heard the self-congratulations of the experts. We have heard the self-congratulatory experts on this bill who have labored long and hard, and as they indicated, they are going to load the record up. Somebody somewhere ought to point out that the king has no clothes. Not only is this piece of legislation not necessary, not only is it counter-productive, but also it has been mauled over and massaged by people with absolutely no practical idea not only of the rudiments of coal mining but also now clearly without any recognition of their constituencies' concern about the rising cost of living currently best epitomized by their utility bill.

And now: "Ralph Nader, where are you when we need you?" While Mr. Nader's constituency roams the streets desperately looking for an issue, here lies one begging to be picked up and nurtured.

This bill is going to add up to an estimated 15 percent to every utility bill in the country. It will do that even in New Jersey, where I understand they only use coal oil and much of that because of the high cost of their utility bills. Yet we have Members, responsible Members of Congress prattling about saving the Earth's surface. We heard the gentlewoman from Hawaii make the most remarkable statement I believe I ever heard her make on this floor, and I have heard some dandies. She said and I quote:

> The American public is crying out to bear the costs of curing the surface mining cancer.

She did not say it that well, but she said that kind of thing.

Now the fact is she and I and all of us know that the American public is crying out, yea, crying out but not to bear any more cost of anything. And what we are doing here is imposing an arbitrary cost on the American public the extent of which we do not know. We just know that it is going to cost them more.

The proponents of the bill tell us this is not going to result in reduced production of coal, that it is going to increase coal production, yea, double it. Is this so?

Well, it is done by a little tortured reasoning, but really there are many people waiting with these plans and many are ready to leap into the production gap as soon as we resolve the uncertainty. There is an alternative, a simple straightforward alternative, which of course is not in keeping with the mood of the House, but it is simple and straightforward. If we kill this bill we also remove the uncertainty and allow these people to go forward under the existing State laws, not one of which has been proven to be unsound.

Yes, the people in the various States are crying out, and we hear the gentleman who has claimed to be an expert and he claims he was the first to endorse GEORGE MCGOVERN—which is a great recommendation, I agree—and then he tells us that his people are crying out, and he tells us that he was elected over some fellow who was not crying out.

Mr. Chairman, I see the gentleman on his feet but I am sorry, I will not let the gentleman respond to my biting bark.

Only because of my basic venality do I deny the gentleman the opportunity to respond. The record may reflect, however, that my friend, the gentleman from West Virginia (Mr. HECHLER) tried to respond and I refused to let him.

I would like to point out that we have not had one single empirical bit of evidence that the States are faulty in their administration or the implementation of their laws, not one. We have had lots of testimony from people who are concerned in very broad terms about the destruction of the Earth, and if I have heard once, I have heard virtually every day that the committee met for a year and a half, that even as we sat here desperately locked in legislative combat, a thousand acres were being devoured by whatever monster was currently devouring a thousand acres.

The fact is that if we mined by reckless abandon, if we ignored all State laws, if we turned the monster machines loose and mined every bit of reserve coal that we can mine by surface mining, we would have destroyed and it would destroy eight-tenths of 1 percent of the surface of this land.

Now, I am not advocating the destruction of it, but I am telling this House that the equation that says if we do not pass this bill, the land will be destroyed, is a phoney equation.

Now, here is my empirical evidence for this, aside from my faulty gift of rhetoric. It lies within the bill itself, for within this bill itself is a section that exempts—yes, gentlemen, exempts—one area of this country from the obligations of this bill. It is known as the anthracite exemption, one that should bring a glow of pride to every member of the committee on this side of the aisle—and let the record reflect that the gentleman in the well pointed to the Democrat side—here is, indeed, a great and visionary stroke of legislative construction. Backed by a staff and cast of thousands, we rushed into print an exemption that said the great State of Pennsylvania will not have to bear the burden of anthracite legislation, because clearly, as everybody knows, that is much too great a burden to bear, and besides, the State laws in Pennsylvania are adequate to handle the situation.

Now, that is not what we said. What we said in the bill is that anthracite is exempt from any Federal regulations in this act which, of course, meant it was exempt from the act.

Why was it exempt from the act? I cannot tell you, but I am going to presume in a moment. I cannot tell exactly, because we did not have 1 minute's hearing, not even 30 seconds—would we believe 10 seconds? We never once discussed this in hearings. We never heard why, indeed, anthracite could not bear the onerous burden of Federal regulations. They are right, but neither can lignite, neither can bituminous coal. In fact, no section of the coal industry can bear the onerous burden of Federal regulation. Why is it that anthracite is so blessed?

Today in the mail I learned why and I am happy to share it with all of us on the record. I got a letter from at least if not the best informed, the best dressed Member of the House, the gentleman from Pennsylvania (Mr. DAN FLOOD). The gentleman from Pennsylvania (Mr. DAN FLOOD) tells us in this letter, and we do not have to pay too close attention, because I know we all have gotten this letter and we have all read it. Several of us have made notes and I suspect by what the gentleman from Pennsylvania (Mr. DAN FLOOD) explains, the fact is that nearly 45 percent of the people in his district use coal to heat their homes, this particular coal that is mined there. Therefore, of course, they should not be required to comply with this ridiculous law, and the gentleman is right, they should not be.

Of course, the fact that 67 percent of the coal mined in this country is used by electric utilities to furnish us our electricity, that is all right for them to be burdened, but not in "good old DAN'S" district.

He says:

> Vital to the continued production of anthracite—

And I am sorry the gentleman from Pennsylvania (Mr. FLOOD) is not here, but I am sure we will hear from the gentleman on Monday, because this amendment will be up on Monday, I know, because I am going to offer it—

> Vital to the continued production of anthracite is the section of H.R. 25 which recognizes the unique—

And hear this—

> geographical and geographic differences between bituminous and anthracite coal.

I will explain now what this unique difference is.

Anthracite, as the gentleman from Pennsylvania (Mr. DAN FLOOD)—and the rest of us just have to get along without it, because absent the gentleman from Pennsylvania (Mr. DAN FLOOD), if we all had the skill and cunning of the gentleman from Pennsylvania (Mr. DAN FLOOD) and the backing of the United Mine Workers and the skullduggery of Bethlehem Steel, then there would be no coal in this bill, because if this bill is too onerous for anthracite, it is too onerous for any other type of surface mined coal, and it is.

Now, the historical facts, and how this anthracite amendment got in absent any hearings, it appeared full blown one day and we were told that it is all right, because the Pennsylvania delegation wants it. Well, that is a simple reason. They are a cohesive organization.

It was adopted in the conference report; and, lo and behold, not 3 days later Bethlehem Steel acquired three properties in Pennsylvania that, between them, produced some 600,000 tons of anthracite a year. They were known as the Greenwood properties.

Clearly, it would be patently unfair to say that the timing and acceptance by the conference committee of the anthracite exemptions and the timing of the Bethlehem purchase was anything but coincidental.

However, I am a person not famous for his kindness, so I will tell the Members that, in my view, the one had a direct bearing on the other, and I suspect—I do not know this, but I suspect—that, upon analysis, if the Federal regulations in this bill were to be imposed on the anthracite mining, that it would not have a profitable property.

Therefore, Bethlehem Steel, it was perfectly appropriate for them that they would not consummate the purchase until this amendment had been accepted by the conference committee. Then, what did Bethlehem Steel do—that giant of free enterprise?

They were the only industry, that I know of, that went to the President of the United States and said, "Don't veto this wonderful bill, because while it may be onerous for the rest of the country, it is not bad for Bethlehem." As everybody knows, what is good for Bethlehem Steel has to be good for the country, at least the part of the country from which the gentleman from Pennsylvania (Mr. Flood) comes. That you can count on.

I want to tell my friends why this bill is onerous—and it is onerous. We are creating a bureaucracy in the Department of the Interior that we need like we need another navel. We create legions of inspectors, application forms and quantity orders. We are told by the coal industry that this will cost 140 million tons a year in production. We do not know that. That is assuming that the citizens suits, which this bill now permits never functions, that nobody brings in litigation on production of an ongoing surface mine and that nobody decides they are going to delay by litigation a new surface mine.

I know my friend from Wyoming will be glad when this is all over, because the facts and his emotions kept colliding. Fortunately, he was able to resolve it by depending upon his emotions, and he was able to support the bill.

And my good friend from Arizona and my good friend from Hawaii—they may not view me kindly, but I have the greatest respect for them—I am convinced that they have conned themselves into believing that what the environmental activists and what the environmental extremists want must be done, because they do understand this bill. Of all the people in this room, the gentleman from Arizona (Mr. Udall) and the gentlewoman from Hawaii (Mrs. Mink) do understand this bill. They have somehow been able to convince themselves that what they are doing is appropriate. I will tell the Members that, in this instance, they are simply wrong. What they are doing is not only disastrous, but it is only the beginning of the disaster.

That is what the gentleman from West Virginia desires, because, if we are going to be rational, it will result in banning strip mining in the rest of the country; that will come as a direct result of the passage of this bill.

If the citizens who are concerned about this throughout the country, the citizens who will file litigation without ever knowing anything about surface mining of coal, succeed in delaying significantly the production of coal and succeed in raising significantly the cost of electrical energy to the consumers, these people will be responsible for the outlawing of the surface mining of coal. If that is what they want, I say, "Let us do it head on."

That is why I respect the gentleman from West Virginia (Mr. Hechler) more than I do the proponents of this bill. This bill is going to do it by slow death, not by the direct method which the gentleman from West Virginia prefers.

Mr. Chairman, I will point out to the Members that, with the track record of the Federal Government in any of the regulatory agencies, we ought to be tearing down regulatory agencies, not building new ones. It is absurd for this body, which understands the problems inherent in regulatory agencies, which knows the results of arbitrary regulations built in the law, to do what we have done in this bill.

We talk about a 20° slope. I have the greatest respect to the gentlewoman from Maryland (Mrs. Spellman), but I will guarantee that she would not know a 20° slope if she fell downhill over it.

Mr. Chairman, perhaps I should apologize. I will admit that she would know a 20° slope if she fell down over it.

The point is, Mr. Chairman, we are writing into law arbitrary standards that we know nothing about. I plead with the Members to allow some sense of recognition of the facts of life.

Let us not be romanced by the overblooming and distorted view of the countryside being swallowed up by bulldozers. Let us recognize that the States have, indeed, confronted what was a problem.

I will stipulate at the outset that some of the States are not going to do a very good job, but I will insist and we must recognize that, based on our own experience, the Federal Government will do the poorest job of all. What it will do will be arbitrary and capricious, and what it will do will result in increased costs and unfair shutdowns.

Who agrees with me on this? The big coal companies? Sure, they do. However, I want my friend, the gentleman from Arizona (Mr. Udall), to hear this, because perhaps he may be agreeing with me, on the outside chance that the gentleman's Presidential parade will founder somewhere between New Hampshire and wherever it is they assemble in July. Let me read this:

> Honorable Congressman: It would be appreciated if House Bill H.R. 25 would be referred to the Interior Committee for amendment.
>
> Sincerely,
>
> Bernard E. Young,
> *Business Manager, IBEW.*

That is a Tucson local.

Mr. Chairman, I point that out for the benefit of my friend, the gentleman from Arizona, I say, on the unlikely chance that he might have to run for this demeaning job again.

I will also point out that the Phoenix Building & Construction Trades Council of the AFL–CIO is concerned, because they feel there are 3,000 jobs that are in jeopardy if this bill passes. That is not an idle concern. I did not advise the gentleman of that, because we do not consult too regularly, I must confess.

The Central Arizona Labor Council, another friend of the folks, says that if this bill passes, the constituency, the workingman, will not only suffer by a lack of jobs but will suffer by an increased cost for his utilities.

Who is for this bill? In fairness, I want to read all of the wires I received. This is from Arnold Miller, president of the UMW. He devotes a whole paragraph of a very expensive wire, paid for by the eminent budget of the United Mine Workers, a very limited budget set aside for this purpose, to his statement in which he extolls the virtues of that section which exempts anthracite. I thought that was interesting. This is interesting, especially because anthracite is left out and my folks cannot afford to mine anthracite under this bill.

The fact is, Mr. Chairman, this is bad legislation. If we must have a simplified solution, I will offer the Members a simplistic solution as to what they can tell their environmentalist friends concerning why they voted against this bill. Members can say, "I voted against this bill because I did not want to raise the utility bills for you constituents by 15 percent at this point in time."

They will understand that. I suspect that even some of us can understand that.

With that, Mr. Chairman, I yield back the balance of my time.

Mr. UDALL. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama (Mr. Bevill).

Mr. BEVILL. Mr. Chairman, the people of the State of Alabama have responded to the need to ease the national energy shortage by mining more coal. This fiscal year, Alabama surface miners—the group that accounts for 60 percent of the coal production in my State—plan to increase production 10 to 15 percent.

The need for 8 billion barrels of imported oil at a cost of nearly $100 million in foreign exchange will thus be prevented this year.

Unfortunately, this new production—and most of our existing production as well—would be quickly lost with the passage of H.R. 25.

According to a recent industry survey, the passage of H.R. 25 would lead to the loss of 12 million tons a year of coal production in the State of Alabama. Some $160 million would be lost to Alabama's economy, 27 currently planned mines would not open, and 86 mines would be closed. The direct losses of 2,400 jobs and $35 million a year payroll would be felt deeply throughout the mining regions of my State.

On a national basis, 49,980 jobs would vanish and as much as 141 million tons of annual production would be lost.

The direct losses that would flow from the enactment of H.R. 25 are by themselves a powerful argument against the bill's passage. Yet they are dwarfed by the indirect effects that will ripple through our economy.

As we are all well aware, the soaring

cost of electricity is a vital concern to every citizen. Later this month, for example, the Alabama State Legislature will go into special session. The sole purpose of this session is to study ways to bring utility rates under control. Similar sessions will no doubt be held across the Nation.

In Alabama, as elsewhere, the impetus behind soaring utility rates comes from the rising cost of fuel, which unlike equipment or labor costs, is immediately passed through to the consumer.

In light of the fact that there now are homeowners across the Nation paying more for their utility bills than their mortgages because of the soaring cost of fuel, legislation that increases utility bills by 10 to 16 percent is unconscionable. And that, I suspect, will be the feature of H.R. 25 most widely felt and remembered by the Nation's electric rate-payers.

At this particular juncture, we cannot forget the impact this bill would have on our economy. Replacing the coal lost to H.R. 25 will require 1.7 million barrels of foreign oil a day at a cost of $2.75 billion a year. The total economic costs to the U.S. economy will be over $6 billion.

These are staggering numbers, but there is no way the human misery incurred due to the loss of a job or way of life can be reflected in statistical terms. And make no mistake about it, that is one of the chief effects the bill will have in the coal producing regions of Appalachia.

The bill's overly rigid strictures and enforcement procedures will lead to far higher expenses and administrative burden.

No doublt, large, well-financed producers will meet the act's requirements in large parts of the Nation. But smaller operators faced with the expense of legal and engineering costs that may well mount to more than $100,000 just to secure a permit will have little choice but to close down, leaving their market share to the larger producers. Something important to the functioning of our entire economic system will thus be lost.

The framers of this bill contend, and I quote:

> The overwhelming percentage of the nation's coal reserves can only be extracted by underground mining methods.

The Bureau of Mines says that slightly more than two-thirds of the Nation's reserve base is mineable by underground means and the remainder is mineable only by surface methods. But the reserve base is not the same thing as reserves—when you take into account the far higher recovery rate of surface mining as compared to underground mining you find that 40 percent of the Nation's coal reserves are mineable only by surface methods.

Not too long ago—when the Nation's economy was growing at a 7 or 8 percent rate, unemployment was down to 4 percent, and oil still cost $2.80 a barrel—we could afford to believe in the need for the universal deep mining of coal and other environmental fantasies. But that era is gone.

Certainly we can still afford to protect the land and the streams and the air, but only in a carefully conceived and executed manner. That is why I submit now that the era of rip-and-run mining is over and meaningful reclamation is required in every State where significant coal production takes place.

While I would insist on the protection of the environment, I do not feel that regulations such as returning the terrain to its approximate original contour is necessary to achieve this objective.

Better uses can often be made of the mined land, especially in Appalachia, where mountain surfaces are leveled off and thus suitable for uses such as forestry and grazing.

We do not need this bill in its present form, and it should not be made law.

Mr. UDALL. Mr. Chairman, I yield 3 minutes to the gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, I want to congratulate my friend, the gentleman from Arizona (Mr. UDALL) again, as well as the gentlewoman from Hawaii (Mrs. MINK), for their very important work in getting this legislation before the House today. Also, I would like to congratulate my close friend and colleague, the gentleman from West Virginia (Mr. HECHLER) for his valiant efforts to strengthen this legislation.

Mr. Chairman, in my opinion this is one of the most important pieces of legislation to come before this body, to provide meaningful protection for our natural resources without causing the tremendous expense and delay in getting these necessary resources as the opposition has indicated might be the case.

I think we are going to witness over the course of the next couple of years a tremendous effort to just do away with all of our protective environmental measures in the name of solving the energy crisis or in the name of resolving the economic crisis, whether or not it is a fact that those energy and economic threats are really affected.

The facts are that there are far more coal resources and energy resources subject to deep mining and available from deep mining than there are from surface mining. I also understand there is more low-sulfur coal available from deep than from surface mining.

On the picture that was raised of having soaring utility bills as a result of this legislation through just seeing to it that the land is put back together and strip mining is not continued in places where it will cause tremendous damage to the environment. I think this is clearly false. I do not think we ought to be fooled by it. This is a situation where I think we can have our cake and eat it, too. We have the coal resources that are essential to keep us in business in this country and keep our economy going, the coal resources necessary to keep the electricity flowing and energy going, and you do not have to rape the land in order to use it.

I think if the people who are so concerned about these costs would only join us in seeing to it that there was a little free enterprise restored to the energy business, if we could require the separation of the coal companies from the major oil companies and the gas companies, and if we could see the vertical and horizontal integration of the oil companies eliminated, we would get meaningful energy price decreases.

The evidence that has been presented and spoken to so ably by my friend, the gentleman from Ohio (Mr. SEIBERLING), indicates that the price differential of coal from deep mining, as opposed to strip mining, is accounted for almost entirely by the huge profits that are being piled up by the monopolistic oil companies that control the coal.

I hope the House will pass this legislation in the strongest form we can.

Mr. UDALL. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa (Mr BLOUIN).

Mr. BLOUIN. Mr. Chairman, I would like very briefly to touch on a subject that I do not believe has been mentioned, at least, not to my ears, today.

I support this measure, as weak as I think it is, and in no sense primarily to maintain environmental quality, although I think that is terribly important, or primarily to put some sense into what I consider to be a stampede toward a partially created energy crisis, brought on by a huge, complicated international problem that we have yet to even begin to come to grips with, but primarily from a very self-centered viewpoint of trying to protect and preserve the agricultural productivity of this Nation.

I have heard a tremendous amount of concern expressed by many of the Members who today have opposed any kind of regulation in the area of strip mining, at different times this year and in past years, about the need to keep the cost of food down, about the need to be able to continue to feed ourselves and the world, and meet our requirements in that regard. Yet I have heard very little expression of concern for trying to protect the agricultural land that holds a very large amount, at least in acreage, of strip mineable land in this country.

I come from a State that has a tremendous amount of acreage filled with very shallow strip mineable type of coal reserves, and that has very little if any regulations surrounding it, and that has dozens of oil and coal companies and combinations thereof literally drooling over the thought of being able to paw through there without any conscious thought at all.

We need control very desparately, and we need it as quickly as we can get to it.

Realizing even the inadequacies of this legislation and the obvious loopholes that exist in the areas that I am concerned about, and at the same time realizing the efforts that we are going to make to try to fill those loopholes, I am, nonetheless, going to support this measure, and I intend to fight as hard as I can in the next couple of days to toughen it up and strengthen it.

Mr. RUPPE. Mr. Chairman, I yield 5 minutes to my distinguished colleague, the gentleman from Virginia (Mr. WAMPLER).

Mr. WAMPLER. Mr. Chairman, the bill we are considering today will do grievous harm to many of the good people I have the honor to serve in the Congress. Coal is the lifeblood of much of southwestern Virginia. Over 100 coal surface mining companies and suppliers operate in Virginia; 2,000 surface miners are employed; 5,000 to 7,500 workers are employed in related jobs; and $125 million circulates in Virginia's economy each year because of coal surface mining. In addition, much of the underground coal mining industry in Virginia exists only because its high-sulfur underground coal can be blended with Virginia's low-sulfur, surface-mined coal to meet stringent sulfur emission standards in our environmental laws.

Section 515, the section of this bill that concerns itself with "environmental protection performance standards" and specifically, section 515(d) thereof, the section that pertains to steep-slope surface coal mining in this bill, radically affects all coal surface mining and large amounts of the underground coal mining in the Commonwealth of Virginia. This occurs, Mr. Chairman, because section 515(d)(4) of this bill defines "steep slope" as any slope above 20 degrees.

This is the crux of this bill, Mr. Chairman, as far as the State of Virginia is concerned. The economic and social future of southwestern Virginia lies in this definition of "steep slope." Of the six counties which produce commercial quantities of surface-mined coal in Virginia, all of these counties have average surface-mine slopes of 20 degrees or more. Coal surface-mining operations range from approximately 20 degrees in Wise County to slightly over 29 degrees in Buchanan County. So in effect, Mr. Chairman, these steep-slope restrictions in this bill would essentially abolish the coal surface-mining industry in Virginia and bring economic chaos to an area of Virginia, in the heart of Appalachia, where the citizens for years have been fighting to exist. Coal mining has been their salvation, the lack of it will be poverty for far too many of these God-fearing, hard-working Americans.

These are the areas that I find faulty in this bill:

First, I feel that the term "steep slope" should be redefined as any slope above 30 degrees, not as the bill defines the term at 20 degrees. I think the implications of not redefining this term have already been spelled out. In this regard, I should think the bill as further modified would allow Virginians to continue the mining of our coal resources.

Second, I also feel that terracing should be permitted on slopes between 20 and 30 degrees and that in this area the land surface mined not be returned to its approximate original contour when the land owner plans to develop industrial, commercial—including commercial agricultural—residential, or public facility—including recreational facilities—development for post-mining use of the affected land. It is important, Mr. Chairman, that we consider this terracing proposition, especially when this method of conservation, long practiced on steep slopes in China and other foreign countries, has increased the amount of land available for agricultural purposes. Also, it should be borne out that the average highwall in Virginia surface mining operations is 53 feet, whereas highway cuts have created highwalls as high as 260 feet in Virginia. I dare say that there are conditions far exceeding Virginia's average in many highway projects all across this land. The point I make, Mr. Chairman, is that we should not let these same experts who engineered the theories against the Alaska pipeline and sold us the catalytic converter, get us into another disastrous condition with respect to the coal situation. The stakes are just too high. We should be considering the best possible use of this land and not get ourselves hung up on the esthetics. The best possible use for this land is agricultural, either grazing or forestry, and anyone who insists on this original contour idea for slopes above 20 degrees has surely not ridden farm machinery across the face of a slope greater than 20 degrees. The fact is that if this bill would permit it, the mining and reclamation process could be a means of adding to our total acreage of tillable or grazing land and increase our food and fibre production. By insisting on a return to original contour instead of allowing more useful land forms, the bill is not only canceling this potential benefit, but it is probably also making the mining of coal impossible on these steep slopes where original contour makes it impossible to protect the land from erosion, siltation, slides, and water pollution.

Third, I also believe that as a process of reclaiming the land we should make allowances for surface water, from above the original cut to runoff without disturbing the backfill. The view is also advanced that the bill should be modified to allow a haul and/or access road on the disturbed lands in order to maintain vegetation and backfill stabilization.

Fourth, I am also of the opinion that this bill is too restrictive as to the disposition of the spoil in surface mining operations and believe that this language should be modified to allow permanent storage of the spoil below the cut, especially in terracing operations, if the operator can provide suitable safeguards to prevent slides, significant erosion, siltation damage, or other adverse environmental conditions.

Mr. Chairman, the above changes are necessary to prevent poverty in the surface mining industry of Virginia. They are necessary if Virginia's coal resources and its trained force of hard working miners are going to be used to provide cheap abundant energy for our industry and the consumers of America. At the appropriate time I shall put these thoughts to this body as amendments, to make this bill workable.

Mr. UDALL. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Chairman, I thank the chairman of the committee.

As the Members know, mining in the State of Colorado has a long history. Coal mining has been going on in that State for approximately 75 years. I find myself in an interesting situation with a long and somewhat ironic personal family history related to coal mining in Colorado, because my grandfather opened a number of coal mining camps in northwestern Colorado and southern Wyoming during the teens and the twenties. Most of these mines are now closed down, but the small towns are left and that area of the country, the region I come from, is sprinkled with a whole series of small and somewhat fragile communities which are now being severely threatened by the potential incursion of strip mining in that area of the country.

I am particularly concerned as we examine strip mining and as we examine the need for more and more coal and as we examine the potential for many coal gasification plants coming into that region of the country, that as we examine all the different possibilities we also keep in mind not only the significant environmental problems which can be caused in that area, but also the social impact that strip mining and coal gasification plants may have in the area; I am particularly concerned about the effect that many people coming into the region may have on those communities.

I am concerned, as we examine the bill brought in by the gentleman from Arizona (Mr. UDALL), and that we take into account the social fabric and social impact of strip mining in that area.

I would hope that as we consider this bill we could take into account, for example, what happens to those small towns when large highways are going through, when the trucks are splitting up that town, what it does to the fabric of those communities.

I would hope that as we consider this bill, we keep in mind what happens to the school systems, the health systems and the total fabric of these communities. I believe we must keep that in mind and I will do so during the process of this debate.

Mr. UDALL. Mr. Chairman, I have no further requests for time.

Mr. RUPPE. Mr. Chairman, I would like to yield myself 1 minute and ask the gentleman from Arizona if in this legislation there is any question as to whether State law at any time takes precedence over Federal law, as far as Federal land is concerned in the various States.

Mr. UDALL. Mr. Chairman, it is my understanding and my interpretation of the bill that if Federal lands are to be taken out of production and set aside for strip mining, this would be under the designation section by the Federal Government under its own program and we would not delegate to the States the rights to make these determinations on Federal land.

Mr. RUPPE. Mr. Chairman, I yield 2 minutes to the gentleman from Colorado (Mr. JOHNSON).

Mr. JOHNSON of Colorado. Mr. Chairman, if I could have the attention of the gentleman from Arizona (Mr. UDALL), in response to a question by the gentleman from Florida, it is my understanding it was indicated the reclamation features of this bill would extend beyond coal mining activities; is that the response of the gentleman?

Mr. UDALL. No. If the gentleman will yield, there is a study section in title VII. We had an original decision to make: Should we regulate coal and only coal or other minerals? The committee decided the bill should regulate only coal; but, because there was surface damage from other minerals, we provide for a study by the Interior Department as to the feasibility of regulating surface mining of other minerals.

I said to the gentleman from Florida that that study would cover the problem in Florida, just as it would for minerals in other States.

Mr. JOHNSON of Colorado. I thank the gentleman for that. As the gentleman knows, we have the Blue River Valley and other sections that have been dredged in skiing areas, one area that was dredged where they took mile after mile and left land piled up by the side of the road. That seems to be an area for study. Will that kind of problem be included in that section of the bill?

Mr. UDALL. Mr. Chairman, let me draw a distinction, if I can. There are two problems. One, should the Federal Government impose standards on minerals other than the mining of coal?

The second problem is the one the gentleman raises, should we have a fund or some machinery to go back and restore the land damaged in the production of gold or silver or lead or other minerals?

The study will focus on the first problem, but not on the second.

Conceivably, if there were legislation arising out of that study, we could have some sort of land program or reclamation program for lands damaged by mining of minerals other than coal; but that would be something that would have to be taken care of in later legislation.

Mr. RUPPE. Mr. Chairman, I have no further requests for time.

Mr. UDALL. Mr. Chairman, I yield 1 minute to the gentlewoman from Maryland (Mrs. SPELLMAN).

Mrs. SPELLMAN. Mr. Chairman, I just want to take a moment to advise the House that during the amendment process I plan to introduce an amendment which would ban strip mining on slopes of 20 degrees or more.

I was very interested to hear the gentleman from Arizona earlier say that the gentlewoman from Maryland would not know a slope of 30 degrees if she fell off it and then later decide, that indeed, she would know one if she fell off it. I thank the gentleman for his newly found confidence in my abilities. But the gentleman need not be concerned. I have no expectation of ever being a "fallen woman."

However, I assure the gentleman that I do know a 20-degree slope. I have slid down such slopes. I have slid down them in the rain and anyone who lives in my county right across the D.C. line would understand what we mean by slopes and understand what we mean by strip mining, would understand what we mean by desecrating the land, would understand what we mean by talking about mining land of 20 degrees or more, would understand what devastation is caused by mining with this method and would understand that it is time that we began to save our land. We in our county took steps to end, in our 476 square miles, the destruction of our Earth and the destruction of our environment and we feel it is long past time that our Nation's leaders embarked on a program which will provide assurance to the people of our Nation that they will leave to their children and their children's children a country which will truly be America, the beautiful.

So, Mr. Chairman, I will be offering my amendment in behalf of the people of the State of Maryland, and the people of this Nation.

Mr. KASTENMEIER. Mr. Chairman, for the third time in three successive Congresses, the House has an opportunity to endorse a piece of legislation which will begin a national policy to deal with one of the most insidious and exploitive practices that this Nation has faced. The congressional battle against strip mining has been a long one. During the 92d Congress, the House passed a responsible regulatory measure. However, the Senate was not able to act and the bill died with the Congress. In the 93d Congress, a good bill regulating surface mining of coal passed both Houses, but it was pocket vetoed by the President after the Congress had adjourned.

Now, due to the efforts of our colleagues, Mrs. MINK and Mr. UDALL, who have labored long and hard on behalf of a regulatory bill for strip mining, we are considering H.R. 25 which I have cosponsored and which I support. While this measure is not a perfect bill, and while some of its environmental provisions should be strengthened, H.R. 25 does represent a good solid beginning to deal with the strip mining problem which has been crying out for Federal policy direction for decades. By pasing H.R. 25, we can begin to put a halt to the present practice of allowing coal operators to reap the profits of strippable coal at the expense of the integrity of the land, the quality of the waters, and the health of the people of the Nation.

H.R. 25 establishes a national policy for the regulation of strip mining and demonstrates a commitment to an environmentally acceptable method of mining surface coal deposits. Under its provisions, the Nation will be able to use its vast coal reserves to meet our energy needs without raping the land in the process.

Mr. Chairman, we have spent enough time over the past few years debating whether or not we should pass legislation curbing strip mining. We should realize that we must act affirmatively on this issue. The scars on the mountain sides and the prairies will not disappear. The soured streams and washed out hollows wil not be repaired. The ruined lives and homes will not be remade. But, there is in this bill a hope that the future will not be a repeat of the past. H.R. 25 contains some measure of justice for the land, the waters, and the people who have been so abused by the evils of strip mining. I urge its overwhelming passage by the House.

Mr. FRENZEL. Mr. Chairman, today we are beginning consideration of H.R. 25, the Strip Mining Control and Reclamation Act of 1975. This is a lengthy and complex bill but it is one that the Members should be familiar with. Our history of serious consideration goes back to the 92d Congress where we passed a relatively simple bill which later died in the other body. Last session, after 6 days of heated floor debate and more than 50 committee markup sessions we finally passed a bill. Then, following 3 stormy months of conference meetings, the bill was finally sent to the President where it was pocket vetoed on December 30. Early in this session we received a request to make several modifications in bill as finally passed. The committee has accommodated many of these requests and has eliminated the particularly odious Senate provision for special unemployment financing.

The need to devise a regulatory framework for surface mining as well as the surface effects of underground mining is clear. Coal production will be a major weapon in our battle to control our energy situation and build a domestic base of usable power sources. Without definite and coordinated regulations to work from we cannot expect the coal industry to do the job that we are expecting from them. Last year we produced 590 million tons of coal in the United States. This is an enormous figure but there are almost 32 billion tons of strippable coal left in our Western regions alone. As it has been in recent years, almost 70 percent goes into electrical generation. We have an obvious responsibility to lay out a clear and navigable course. The industry needs to know the rules. In the Energy Research and Development Act which we passed last year we indicated a sincere Federal commitment to continued coal production and development. In that bill we allocated over $387 million for basic research, survey needs, and gasification and liquefaction development. Without a reasonable bill this session we will have effectively canceled out those efforts.

Not only must strip mining be regulated but it must be done on a Federal basis. Some 29 States now have regulations but many of them differ considerably from neighboring areas. This, along with frequent lack of sufficient staffing and underfinancing, is a major problem. Those States which have made the greatest efforts in preventing further destruction are often economically punished for their acts. Mining firms, with easily transportable stripping equipment, and a vast number of comparable sites, have simply crossed State lines into less strictly enforced regions and continued business as usual. This indirect penalty system is unfair and is one of the many problems which the Congress is obligated to clear up.

I will not review the individual provisions of the bill because that has been done by several other Members, but I do want to comment on several specific provisions.

One of the most controversial sections of the bill would require mine operators to restore strip mined areas to their approximate original contour. This would include the cleanup of all high walls, waste piles, and depressions unless insufficient waste remained to do the job.

While this may be a sound idea it does effectively prohibit alternative postmining, recreational, and agricultural uses of the land as well as frequently being economically prohibitive. "Original contour" is not necessary. Environmental compatibility is necessary, and that should be the goal here today.

The reclamation fees of 35 cents for stripped coal and 10 cents for underground mined material are too high. I will be interested in hearing further debate on this factor, but I am primarily concerned with their relation to the economic facts. Although the cost of advanced reclamation techniques, according to the President's Council on Environmental Quality are very small compared to the market value of the coal, these techniques, at committee cost levels, according to the committee report submitted, may raise the average bill to the consumer by as much as 3 percent. This is, for many, a significant rise in total billing and should be thoroughly considered.

The requirements for public participation contained in the bill have received many criticisms. They are not perfect I agree but, with the exception of citizens suits, they should be treated gently in any proposed amendments. In considering the suit question we should remember that the Interior Department will be responsible for the approval of State regulatory programs which must meet or exceed Federal requirements. Following approval of the plan then valid permits can be issued for mining purposes. With this system in effect I cannot agree with the committee that citizens should be allowed to bring suit against an individual operator for abuses under the act when a valid permit for his operations has been issued by the granting agency. The suit should be brought against the agency not the operator.

I am also concerned about the transition period regulations which would be in effect following the enactment of this bill. I fear that it may impose impossible burdens upon the individual States as well as have a devastating effect upon our short-term coal requirements.

We can all agree that we need to pass a strip mining bill. With over a million acres of American soil lying desecrated in various regions of the country and over 80 percent of the known Western coal reserves owned by the Federal Government the need is clear. However, our problem here today is to pass a bill which will allow the continued production of coal without further destroying the environment which we all have to live in. There will be several amendments proposed which are extensions of an abolitionist philosophy—these must be defeated. But we must also keep in mind the probable actions of the other body in strengthening this proposal beyond reasonable limits.

Let us pass a bill that will provide the concrete structure necessary to supply energy to this country.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I rise in support of H.R. 25, the Surface Mining Control and Reclamation Act of 1975.

Anyone who doubts the necessity of this legislation has not seen the scarred and ravaged lands where uncontrolled strip mining operations have taken place. Nor have they spoken with those whose lives have been touched by the tragedy of landslides, mudslides, and flooding that has followed in the wake of uncontrolled strip mining.

The environmental and human costs of strip mining have been overlooked in the computation of the price of this supposedly cheap energy source. In actuality, strip-mined coal has not been cheap at all—it has cost this Nation human life, precious soil and water resources, wildlife, and irreplaceable forest and farmland. Gentle rolling hills that could have been cultivated to produce food have been transformed into barren wasteland that resembles a lunar landscape. Mountains of rubble stand in mute testimony to man's insensitivity and avarice.

For the benefit of my colleagues who may have never seen a strip mine operation, I will provide a brief description.

After a coal seam is discovered, bulldozers and land movers cut a huge swath through the timber to get to the seam.

The seam itself is covered by a network of trees, rocks, soil and plants. These are referred to as the "overburden". It is blasted loose and bulldozed into huge piles, called spoil banks. Without the network of vegetation and their associated deep root systems, the spoil bank begins to erode. It may move slowly, inch by inch, like a great gray glacier, inexorably destroying everything in its path. Or it may erupt in the form of a sudden, catastrophic avalanche, burying homes and farms under its rubble.

When the overburden has been removed, giant augurs bore hundreds of feet into the seam and spiral out the coal. Alternatively, a huge monster-type steamshovel, 10 stories high and as wide as an 8-lane highway, plunges giant jaws into the earth and scoops out 6,000 cubic feet with each bite. All the land around is utterly ravaged, and it may be years before it will again yield vegetation.

The destruction does not stop here. In Appalachia, the extensively strip mined lands receive about 45 inches of heavy rainfall throughout the year. When it rains, the 20,000 miles of strip mine benches in nine mountain States become chemical factories. The exposed rock and soil are rich in iron, manganese, and sulfates, which combine readily with water to form corrosive compounds and acids that sterilize streams and poison wells.

The tragic irony with which we are confronted is that strip mining appears to be our only hope of temporarily closing our energy gap. The total coal recoverable by strip mining is about 128 billion tons, or about 8 percent of our total coal reserves. Because strip mining is considered to be relatively cheap and yields coal quickly, it is the route we may be compelled to take.

But these coalfields will be exhausted within two decades. And in its wake, strip mining could leave 71,000 square miles of desecrated land. This is equal to the total land area of Pennsylvania and West Virginia. Surface mining in the United States has already affected 3.2 million acres of land. Of this total, 2 million acres need varying degrees of treatment to alleviate a range of environmental damage. About 20,000 active operations are disturbing the land at a rate estimated in excess of 150,000 acres annually.

Mr. Chairman, some damage from surface mining is inevitable even with the best mining and land restoration methods. But we can take positive steps to prevent further needless damage and to reclaim mined lands. We can do this by approving the legislation that is before us today. This legislation will enable us to add to the efforts that are already being made by responsible individuals and mining companies and those States that have already enacted laws to regulate surface mining. Despite their good faith efforts, only about one-third of the land being mined is being reclaimed. This waste, this desecration should offend the senses of all responsible people. We are simply not talking about aesthetics—we are talking about economic logic. Land and water are precious resources on which it is almost impossible to put a meaningful price tag.

Mr. Chairman, our need to expand our energy deployment capability should not overshadow our sense of responsibility as stewards of these precious resources. The strident voices of opposition have beleaguered us with the same tired excuses for over 30 years. The time has come to weigh the cost of neglect against the benefits of responsibility. In my view, the scale is tipped in favor of wise resource management. This is why I was proud to add my name as a cosponsor of this significant legislation, and it is the reason that compels me to urge my colleagues to join with me in supporting H.R. 25.

Mr. FLOWERS. Mr. Chairman, I am going to support this bill, but I do so with strong reservations on possible consequences. I believe the language in H.R. 25 pertaining to the requirements for steep slopes is a good example of disregard for the plight of the small operator and his employees as well as for the ability of state regulatory agencies to exercise good judgment.

In 1973, 289.5 million tons of surface mined coal was produced in the United States. Of that total, 140 million tons—48.4 percent—came from the Appalachia states. Of the Appalachian production, 93.5 million tons—66.8 percent—came from mines with a slope angle of 15 degrees or more, and 69.3 million tons—49.5 percent—of Appalachian surface production came from mines of 20 degrees or more. For the Appalachian region, the larger total, 93.5 million tons, is in jeopardy because of the provisions in section 515 (d) (1).

It may be that the full 93 million tons will not be lost, but certainly a substantial portion could and will be lost. The proponents of the bill will tell you operators will merely move to areas where mining can be practiced, and I will tell you that even if that is true, the first coal produced will take 3 to 5 years. In these times of severe energy problems, the potential lost tonnage is sufficient reason enough to consider the effects of this bill, but added to that must be the serious result of substantial, additional unemployment.

Let us examine another situation. Section 515(c) allows procedures to permit variances from the requirement to return the lands to their approximate original contour. This variance applies only with respect to operations when the post-mining land use is deemed to constitute an equal or better economic or public use of the affected land, but this variance applies only to mountain top mining. Now, since all other mining and reclamation performance standards must be met, if the land can be returned to equal or better uses, why should we not provide regulatory authorities with this kind of flexibility? Why should not this same variance apply to my area where steep slope mining takes place. If this inconsistent treatment is not corrected, mountain top mining will have a substantial economic advantage over my State and other States which principally mine on steep slopes.

Nationwide, this bill will cause certain problems and dislocations, particularly for the short run. It should be made to strike an appropriate balance between energy and environmental values.

Approximately 24 million tons of high quality coal moves from southern Appalachian coal fields to electric utilities each year. The reliability of these utility systems is based upon the continued ability of these coal fields to continue to produce and strip coal. If this source is seriously affected, as I think it could be under this bill, not only will this worsen the current energy imbalance, it could well result in brownouts and blackouts in the Eastern United States. Not to mention the substantial increases in electric rates which will result as these coal supplies are lost.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute printed in the reported bill as an original bill for the purpose of amendment.

Mr. HECHLER of West Virginia. Mr. Chairman, in view of the fact we are proceeding to the consideration of the committee amendments, I think it would be advisable to make the point of order that a quorum is not present.

Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The committee will resume its business.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Surface Mining Control and Reclamation Act of 1975".

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TITLE I—STATEMENT OF FINDINGS AND POLICY

FINDINGS

SEC. 101. The Congress finds and declares that—

(a) extraction of coal and other minerals from the earth can be accomplished by various methods of mining, including surface mining;

(b) coal mining operations presently contribute significantly to the Nation's energy requirements; surface coal mining constitutes one method of extraction of the resource; the overwhelming percentage of the Nation's coal reserves can only be extracted by underground mining methods, and it is, therefore, essential to the national interest to insure the existence of an expanding and economically healthy underground coal mining industry;

(c) many surface mining operations result in disturbances of surface areas that burden and adversely affect commerce and the public welfare by destroying or diminishing the utility of land for commercial, industrial, residential, recreational, agricultural, and forestry purposes, by causing erosion and landslides, by contributing to floods, by polluting the water, by destroying fish and wildlife habitats, by impairing natural beauty, by damaging the property of citizens, by creating hazards dangerous to life and property, by degrading the quality of life in local communities, and by counteracting governmental programs and efforts to conserve soil, water, and other natural resources;

(d) surface mining and reclamation technology are now developed so that effective and reasonable regulation of surface coal mining operations by the States and by the Federal Government in accordance with the requirements of this Act is an appropriate and necessary means to minimize so far as practicable the adverse social, economic, and environmental effects of such mining operations;

(e) because of the diversity in terrain, climate, biologic, chemical, and other physical conditions in areas subject to mining operations, the primary governmental responsibility for developing, authorizing, issuing, and enforcing regulations for surface mining and reclamation operations subject to this Act should rest with the States;

(f) while there is a need to regulate surface mining operations for minerals other than coal, more data and analyses are needed to serve as a basis for effective and reasonable regulation of such operations;

(g) surface and underground coal mining operations affect interstate commerce, contribute to the economic well-being, security, and general welfare of the Nation and should be conducted in an environmentally sound manner; and

(h) the cooperative effort established by this Act is necessary to prevent or mitigate adverse environmental effects of present and future surface coal mining operations.

PURPOSES

SEC. 102. It is the purpose of this Act to—

(a) establish a nationwide program to protect society and the environment from the adverse effects of surface coal mining operations and surface impacts of underground coal mining operations;

(b) assure that the rights of surface landowners and other persons with a legal interest in the land or appurtenances thereto are fully protected from such operations;

(c) assure that surface coal mining operations are not conducted where reclamation as required by this Act is not feasible;

(d) assure that surface coal mining operations are so conducted as to protect the environment;

(e) assure that adequate procedures are undertaken to reclaim surface areas as contemporaneously as possible with the surface coal mining operations;

(f) assure that the coal supply essential to the Nation's energy requirements, and to its economic and social well-being is provided and strike a balance between protection of the environment and the Nation's need for coal as an essential source of energy;

(g) assist the States in developing and implementing a program to achieve the purposes of this Act;

(h) promote the reclamation of mined areas left without adequate reclamation prior to the enactment of this Act and which continue, in their unreclaimed condition, to substantially degrade the quality of the environment, prevent or damage the beneficial use of land or water resources, or endanger the health or safety of the public;

(i) assure that appropriate procedures are provided for the public participation in the development, revision, and enforcement of regulations, standards, reclamation plans, or programs established by the Secretary or any State under this Act;

(j) encourage the full utilization of coal resources through the development and application of underground extraction technologies;

(k) provide a means for development of the data and analyses necessary to establish effective and reasonable regulation of surface mining operations for other minerals;

(l) stimulate, sponsor, provide for and/or supplement present programs for the conduct of research investigations, experiments, and demonstrations, in the exploration, extraction, processing, development, and production of minerals and the training of mineral engineers and scientists in the fields of mining, minerals resources, and technology, and the establishment of an appropriate research and training center in various States; and

(m) wherever necessary, exercise the full reach of Federal constitutional powers to insure the protection of the public interest through effective control of surface coal mining operations.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that title I be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia:

Page 173, line 14, strike out all of subsection (d) and insert therein the following:

"(d) while responsibility for regulation of coal surface mining rests with the States, the absence of effective regulatory laws and effective enforcement in many States may require that the Federal Government assume responsibility;

"(e) effective regulation of surface coal mining operations by the States and by the Federal Government in accordance with the requirements of this Act is an appropriate and necessary means to prevent the adverse social, economic, and environmental effects of such mining operations."

Redesignate the following paragraphs accordingly.

Mr. HECHLER of West Virginia. Mr. Chairman, this amendment makes two very simple changes in the findings section of the bill, section 101. I would call the attention of the Committee to the language of the present bill, H.R. 25, on page 173, for example, line 19, which contains the first of several rather weasel-worded phrases, namely: "to minimize so far as practicable."

Mr. Chairman, it seems to me that this is one of the major general difficulties with this bill, that it contains such loopholes and weasel-worded phrases as "to minimize so far as practicable."

So, essentially what my amendment does is first to underline the need for a stronger Federal backup enforcement which is capable of taking over should an individual State fail to enforce this act. It seems to me that we must recognize, as we do in the language of this act, that the failure of State regulations in strip mining, particularly in Appalachia, was one of the major motivating factors for bringing this legislation here for action by the Congress.

Mr. Chairman, I think very properly the Committee on Interior and Insular Affairs called attention to the need for a Federal readiness to take over where States failed to come up with plans and programs under the timetable and requirements of the act. I commend the committee for doing that.

Unfortunately, some of this language was amended out of the bill during floor debate last summer in the House with respect to the precise wording in the findings.

The second part of my amendment would delete the words which I described as being a rather broad loophole "minimize so far as practicable" and replace this with a more positive word "prevent."

The purpose of this bill, after all, is to prevent the adverse social, economic, and environmental effect of strip mining, and this should be set forth very clearly in the findings of the bill. I think it is ridiculous if we start right off in the findings and the preamble of the bill to include language which does not indicate very clearly what the bill intends to do.

For that reason I urge support of this clarifying amendment which calls attention to the need for stating the findings a little more positively.

Mr. UDALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment should be defeated for two reasons. It would strike out one of the major policy sections in the bill and then rewrite it. The policy section now in the bill on page 173 is a carefully balanced provision that the committee chewed over at some length, which puts the emphasis on State regulation and only Federal regulation as a backup.

The gentleman's amendment would undo that careful compromise.

Second, we tried to be careful in committee against using absolutes like "prevent adverse consequences." It is clear that if we are going to strip mine, there will be some economic and some social consequences, but the bill says we are going to limit and circumscribe those to a considerable degree. So we use the word "minimize."

The gentleman's amendment uses the word "prevent" and I would ask that the committee be supported on this.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. I thank the gentleman for yielding.

This is not a result of an intracommittee compromise. I would like to ask the gentleman, Is it not true that this language was put in in the Hosmer amendment which was adopted on the floor last year rather than being language that was put in in the committee?

Mr. UDALL. This was an attempt, I would say to my friend, the gentleman from West Virginia, to meet some of the objections that we were dealing in absolutes and impossibiles, and we tried to state it carefully and in a balanced way, and I think the committee did this.

Mr. RUPPE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think the passing of the amendment would well lead to a prohibition against strip mining in this country. I recognize that the gentleman has a very strong feeling on the matter, and, from his point of view, I am sure, some very solid reasons as to why strip mining should be eliminated. The fact of the matter is that we desparately need more mining of surface coal in this country at the present time, and we need to mine it in a balanced way in conformity with this legislation.

I think the use of the word "prevent" could lead to a prohibition. The fact of the matter is one cannot say that when the excavation for this building was initiated there was not some environmental damage to the land under the building. When the addition to the Library of Congress is concluded, I am sure there will be some environmental damage. There will not be any absolute guarantee of absolute prevention of any damage to the land under that foundation. The word "prevent", again the use of an absolute, could lead some court to believe or to render an opinion that would lead to the elimination of strip mining. That is not the direction that this legislation should take. That is not the direction that I believe the committee nor the Congress would want to take. For this reason I do oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. HECHLER).

The amendment was rejected.

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia: Page 174, line 4, insert the following new subsection:

"(f) there are a substantial number of acres of land throughout major regions of the United States disturbed by surface and underground coal mining, on which little or no reclamation was conducted, and the impacts from these unreclaimed lands impose social and economic costs on residents in nearby and adjoining areas as well as continuing to impair environmental quality;"

Redesignate the following paragraphs accordingly.

Mr. HECHLER of West Virginia. Mr. Chairman, I certainly am complimented by the remarks of the gentleman from Michigan indicating that my prior amendment would lead toward abolition of strip mining. My amendment merely stated the findings and the purpose of the legislation, so I do not see how it possibly might have led to the abolition of surface mining, but if it did I am very complimented that it went in that direction.

I would say with respect to my amendment, which is merely a statement of fact, that I do not believe it runs the danger my last amendment did, which excited so much opposition of both sides of the aisle.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentlewoman from Hawaii.

Mrs. MINK. Mr. Chairman, I believe this new paragraph added to the findings merely states what is one of the matters under consideration in the entire bill and I see no objection to its being accepted, and if there is no opposition on the other side I would urge that this amendment be agreed to.

Mr. STEIGER of Arizona. Mr. Chairman, I want to rise in support of the amendment but with the possibility of imposing a mild condition.

I wonder if the gentleman from West Virginia would engage me in a little colloquy here.

Mr. HECHLER of West Virginia. Gladly.

Mr. STEIGER of Arizona. Mr. Chairman, I wonder if the gentleman from West Virginia would care to exchange my invaluable support for this amendment in exchange for his abandonment of several of his other amendments? Could we work something out right here in front of everybody and on the record. If the gentleman from West Virginia will abandon the one amendment in title II, I will trade him this one.

Mr. HECHLER of West Virginia. Is the gentleman announcing his support for all my amendments?

Mr. STEIGER of Arizona. I was afraid the gentleman misunderstood me. His forehead glistened. But I will try it again very slowly. What I am trying to do is to trade my support for this amendment offered by the gentleman for the gentleman's abandonment of the next amendment he will offer in title II. Does that interest the gentleman?

Mr. HECHLER of West Virginia. That idea interests me but this happens to be the situation: the next amendment very directly affects my congressional district.

Mr. STEIGER of Arizona. Oh, in that case I withdraw my suggestion and I support the gentleman's amendment anyway.

Mr. HECHLER of West Virginia. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. HECHLER).

The amendment was agreed to.

The CHAIRMAN. If there are no further amendments to this title, the Clerk will read title II.

The Clerk read as follows:

TITLE II—OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

CREATION OF THE OFFICE

SEC. 201. (a) There is established in the Department of the Interior, the Office of Surface Mining Reclamation and Enforcement (hereinafter referred to as the "Office").

(b) The Office shall have a Director who shall be appointed by the President, by and with the advice and consent of the Senate, and shall be compensated at the rate provided for level V of the Executive Schedule under section 5315 of title 5 of the United States Code, and such other employees as may be required. The Director shall have the responsibilities provided under subsection (c) of this section and those duties and responsibilities relating to the functions of the office which the Secretary may assign, consistent with this Act. Employees of the Office shall be recruited on the basis of their professional competence and capacity to administer the provisions of this Act. No legal authority, program, or function in any Federal agency which has as its purpose promoting the development or use of coal or other mineral resources, shall be transferred to the Office.

(c) The Secretary, acting through the Office, shall—

(1) administer the programs for controlling surface coal mining operations which are required by this Act; review and approve or disapprove State programs for controlling surface coal mining operations; make those investigations and inspections necessary to insure compliance with this Act; conduct hearings, administer oaths, issue subpenas, and compel the attendance of witnesses and production of written or printed material as provided for in this Act; issue cease-and-desist orders; review and vacate or modify or approve orders and decisions; and order the suspension, revocation, or withholding of any permit for failure to comply with any of the provisions of this Act or any rules and regulations adopted pursuant thereto;

(2) publish and promulgate such rules and regulations as may be necessary to carry out the purposes and provisions of this Act;

(3) administer the State grant-in-aid program for the development of State programs for surface coal mining and reclamation operations provided for in title V of this Act;

(4) administer the program for the purchase and reclamation of abandoned and unreclaimed mined areas pursuant to title IV of this Act;

(5) administer the surface mining and reclamation research and demonstration project authority provided for in this Act;

(6) consult with other agencies of the Federal Government having expertise in the control and reclamation of surface mining operations and assist States, local governments, and other eligible agencies in the coordination of such programs;

(7) maintain a continuing study of surface mining and reclamation operations in the United States;

(8) develop and maintain an Information and Data Center on Surface Coal Mining, Reclamation, and Surface Impacts of Underground Mining, which will make such data available to the public and to Federal, regional, State, and local agencies conducting or concerned with land use planning and agencies concerned with surface and underground mining and reclamation operations;

(9) assist the States in the development of State programs for surface coal mining and reclamation operations which meet the requirements of this Act and, at the same time, reflect local requirements and local environmental conditions;

(10 assist the States in developing objective scientific criteria and appropriate procedures and institutions for determining those areas of a State to be designated unsuitable for all or certain types of surface coal mining pursuant to section 522;

(11) monitor all Federal and State research programs dealing with coal extraction and use and recommend to Congress the research and demonstration projects and necessary changes in public policy which are designated to (A) improve feasibility of underground coal mining, and (B) improve surface mining and reclamation techniques directed at eliminating adverse environmental and social impacts; and

(12) perform such other duties as may be provided by law and relate to the purposes of this Act.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that title II be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. DINGELL. Mr. Chairman, reserving the right to object, I will not object, but I do so just for purposes of engaging in a colloquy with my friend, the gentleman from Arizona. I am sure he will see to it that all Members who have an amendment to offer will get an opportunity to do so.

Mr. UDALL. Mr. Chairman, the only purpose of my request is to expedite and not to cut off discussion.

Mr. DINGELL. I thank the gentleman.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. Mr. Chairman, I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. I ask the gentleman to yield for the purpose of engaging the gentleman from Arizona in a colloquy. This bill, I would advise my friend, as my friend is aware, apparently has confused some of the Members of the other body into believing the bill as it is now written would allow the States to impose regulations on Federal lands.

Mr. UDALL. No, as I discussed earlier today in the colloquy with the gentleman from Michigan this problem. The understanding I have with the bill is that if Federal lands are to be put outside the bounds of surface mining, it be done under Federal act under the designations section and not by delegating authority to do that in the States.

Mr. DINGELL. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Are there amendments to title II?

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Dingell: On page 177, lines 4 and 5 strike "in the Department of the Interior," and insert therein "in the Environmental Protection Agency,".

On page 177, strike all on line 22 and insert therein the following: "(c) Except as specifically provided elsewhere in this Act. the Director shall—".

Mr. DINGELL. Mr. Chairman, I have amendments to section 201 of title II and sections 701 and 712 of title VII of H.R. 25 which were printed in the Record of March 13, 1975, beginning on page 6631 as required by rule XXIII, clause 6.

Mr. Chairman, my amendment would transfer some, but not all, of the functions prescribed by this bill to the Environmental Protection Agency.

The Interior Department is essentially a land management and research and development oriented agency. It also has regulatory responsibilities. But in this area, Interior has been quite ineffective, and constantly under fire for showing too much favoritism toward the energy industries.

Indeed, for several years it has had regulations governing surface mining on Federal lands. But the regulations are weak, and the General Accounting Office was critical of Interior's even weaker enforcement of them.

The GAO has also been highly critical of Interior's weak enforcement of the 1969 coal mine health and safety law and oil and gas operations on the Outer Continental Shelf, as has the House Committee on Government Operations and my own Small Business Subcommittee.

I think it wrong to place another energy regulatory burden on Interior.

My amendment would transfer the regulatory functions of the bill to EPA, while carefully separating within EPA the functions so that the new Office of Surface Mining Reclamation and Enforcement will not act as policeman, prosecutor, and judge.

I urge the adoption of my amendment.

Under the proposed amendment, administration of H.R. 522 will be divided as follows:

To the Secretary of the Interior:

First. All of title III concerning State mining and mineral resources and research institutes;

Second. All of title IV concerning the reclamation of abandoned mines;

Third. All of title VI concerning the designation of lands unsuitable for noncoal mining;

Fourth. Section 522(b), which provides for a review of Federal lands to determine which areas are unsuitable for surface coal mining;

Fifth. Section 523 (b) through (e), which relates to Federal mineral leases, permits, or contracts involving surface mining which are now administered by Interior;

Sixth. Section 701(10) and 710 concerning Indian lands;

Seventh. Section 713, research and demonstration;

Eighth. Section 714, surface owner protection are federally owned mineral rights; and

Ninth. Section 702(b), Federal lands.

To the Environmental Protection Agency and the Director of the new Office of Surface Mining Reclamation and Enforcement:

First. Section 201, which places the new office in EPA.

Second. Title V, all of the regulatory functions of title V; namely, sections 501 through 504, 506, 516, 517, 518, 521, 523 (a) and (c) through (e), 525, 526, 529.

Third. Section 703, employee protection functions.

Fourth. Section 705, grants to the States.

Fifth. Section 708, Alaskan surface coal mine study oversight responsibility.

Mr. UDALL. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, this is a balanced compromise bill. It is assaulted by one side, by the environmentalists, who say it is weak and you cannot stop the excesses. It is assaulted by the industry, who says it will stop the production of coal.

This amendment will upset a series of four or five major compromises. The question arose very early on that if we are going to have a new strip mining law, who would enforce it? The environmentalists argue that the Environmental Protection Agency should enforce it. The compromise was that the Department of the Interior would enforce it. But some of the concerns expressed by the gentleman from Michigan are concerns that I agree with. The Department of the Interior has been too cozy with the coal industry over the years. So as part of the compromise, we set up a new office in the Department of the Interior to be separate and apart from those divisions of the Department of the Interior that promote coal production and have been identified with the industry previously.

The gentleman's amendment upsets that compromise, takes the enforcement out, puts it in the EPA, and I think this would be unwise. I think this new office can do the job, and we have safeguards in the bill to see that this is done.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. UDALL. Yes, I yield to the gentleman.

Mr. DINGELL. Mr. Chairman, I suspect the gentleman wants a strong bill and is not totally satisfied with what we have before us. I think the gentleman has already indicated to us his personal preference what kind of action should lie in EPA. I am sure the gentleman would support the compromise. I support his compromise.

Mr. UDALL. I would have supported that view of it originally. But we made a compromise, and I am going to stick with it. We insisted that this be a brandnew office of Interior.

Mr. DINGELL. Mr. Chairman, will the gentleman yield further?

Mr. UDALL. Yes.

Mr. DINGELL. Mr. Chairman, the gentleman is probably doing what he should, and I am well satisfied. But the hard fact of the matter is that the Department of the Interior has a miserable track record in these kinds of matters, as I am sure the gentleman will agree.

Mr. UDALL. We are going to keep their feet to the fire, and I think they will enforce the spirit of this law.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. I would just like to join in opposition to the amendment and perhaps give sort of a laboratory sample of why this bill is indeed a compromise. I am in hysterical opposition, I want to tell my friend, because the one single thing that would make this bill even more intolerable—and it is intolerable—would be to have the EPA, an advocate of pristine atmospheric, hypogenic values and the public be damned, that kind of an attitude, administering these kinds of ambiguous regulations would guarantee the destruction not only of this great resource but of this land itself, and would fall like an overripe fruit in the hands of the waiting Communist hordes.

Mr. UDALL. The gentleman moves me very much with his oratory.

Another practical reason I oppose this amendment is that I suspect we will be back in this Chamber trying to override a veto.

Mr. OTTINGER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the very good amendment offered by the gentleman from Michigan (Mr. Dingell).

I think that the "overripe fruit" that is likely to drop is the efficacy of this legislation if the amendment is not adopted. Our experience with the Interior Department is that it is so completely dominated by the interests that it is supposed to regulate in the public interest, that the legislation would be rendered virtually meaningless if it were given the responsibility for enforcement.

I think that if we are serious about getting some protection for our environmental concerns and not having the land raped, we must make sure that we have meaningful enforcement. If we pass legislation, we want to see to it that it is carried out. The EPA will do it. Interior would not.

It happens all too frequently that we pass legislation in this body and then sit by idly and see that legislation frustrated through lack of enforcement and through conflicts of interest that do exist within the executive body.

I think this is important legislation. We ought to see that it is carried out. With all due respect, to both my friends from Arizona, Mr. Udall and Mr. Steiger, the compromise is a bad one.

Mr. Chairman, I strongly urge the adoption of this amendment.

Mr. RONCALIO. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I wanted to abstain from speaking. But since my good friend and colleague from the 89th District, the gentleman from New York, Dick Ottinger, spoke for the amendment, I rise in the hope that I might hold a few freshmen votes in support of the committee version.

This is a finely honed compromise. I do wish to defend the attitude of the Department of the Interior on some environmental problems in the last several years. I think there has been no more conscientious spokesman for environmental protection than the brother of the gentleman from Arizona (Mr. UDALL), the former Secretary of the Interior, Stewart Udall, in the years he was in that post. He did much to correct the abuses of the past decades which have caused so much of the criticism of the Interior Department.

So, Mr. Chairman, I will ask the Members to please stay with the committee bill. I urge a vote against the amendment. We will take care of this change next year if it proves warranted and we should support the committee now if we are going to get a law on the statute books now, concerning surface mining.

Mr. RUPPE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think we have a very tough and a very rigorous bill before this Committee. We have a piece of legislation that is 166 pages in length. It covers every facet of mining reclamation and the problems of the environment, and I believe it is a measure worthy of support by the majority of this House.

I would like also to point out that in the lobbying that has gone on both last year and this year within the administration, the Interior Department has time and time again come out in favor of the tougher way of regulating strip mining. It has come out time and time again for very rigorous legislation, and of all the agencies in Government, the Department of the Interior has time and time again fought for this legislation. It has fought for the most rigorous and the toughest portions of this legislation, and within the administration it certainly has been a very forceful voice, not only in support of the legislation, but in support of strip mining control and in support of regulations that would protect the environment.

Mr. Chairman, let me just point out one thing that this legislation contains. There are 10 different instances, for example, when we can have citizen participation. There are 10 different instances of that. So this, to my way of thinking, shows that the legislation basically is tough, and the fact that the Interior Department and Rogers Morton have time and time again lobbied for the legislation is a very strong indication to me that they mean business, and that they will do a very forceful and a very good job of managing the legislation after it passes the Congress.

Mr. HECHLER of West Virginia. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Dingell amendment.

Mr. Chairman, this is one of the most important strengthening amendments to come before the Committee of the Whole and I hope that the Committee will support it.

There is a group of individuals who cannot vote to override the veto that the President expects to make of this bill, and if we do not strengthen it sufficiently, it will not be worth overriding the veto.

I will simply observe in substantive argument in support of the Dingell amendment that the Department of the Interior is basically a management agency. It manages land and resources. On the other hand, the Environmental Protection Agency is an agency which is occupied primarily with setting standards and regulations, such as the control of air and water pollution and the control of pesticides.

Many of the problems that are associated with the strip mining of coal relate to air and water pollution. Therefore, I think it is quite logical, with the experience and expertise under the management and regulatory staff that the Environmental Protection Agency has developed over the years, that this function should be placed in EPA.

The gentleman from Arizona once again remarked that this bill was a compromise. I think we ought to do something right, right at the start instead of coming in with a piece of legislation which is a very loose series of bandaids on a very serious cancer like strip mining. The issue is, whether this overripe fruit that my very good friend, the gentleman from Arizona, referred to may not turn out to be a great moonscape as a result of all the strip mining that is devastating the land.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I gladly yield to the gentleman from New York.

Mr. OTTINGER. Is it not a fact, with all due deference to my friend, the gentleman from Michigan (Mr. RUPPE), that when the Interior Department came up and testified on this legislation a couple of years ago, it supported the most important of and the great majority of the weakening amendments, rather than the strengthening amendments?

Mr. HECHLER of West Virginia. It is not only a fact that the Department of the Interior testified for weakening the legislation in 1973, also, the Department of the Interior testified as recently as last month when they were given an opportunity to meet with the committee that they had weakening amendments they desired. There was constant pressure for weakening the effect of this legislation.

Mr. OTTINGER. If the gentleman will yield further, as I recall, the Interior Department came out against having a strong Federal role in this legislation.

Mr. HECHLER of West Virginia. That is correct; from the very start, the Department of the Interior has attempted to weaken the bill and lessen the Federal role.

Mr. OTTINGER. They came out against having strong provisions for citizens' suits to enforce the legislation.

Mr. HECHLER of West Virginia. The gentleman is correct.

Mr. OTTINGER. From their attitude, one would assume that they really are not for strong legislation at all and would not enforce it well.

Mr. HECHLER of West Virginia. As a matter of fact, the gentleman from Arizona (Mr. UDALL) remarked during the last session of Congress when we were debating this bill that the only contribution made by the administration was in weakening the bill.

Since I mentioned the gentleman's name, perhaps I should yield to him on that point.

Mr. OTTINGER. If the gentleman will yield a little further, I would like to find out about this compromise.

Between whom is this compromise? It cannot be between the two gentlemen from Arizona. I take it that the gentleman from Arizona (Mr. STEIGER) is not going to support this legislation.

Can we be informed with respect to the nature of who is involved in the compromise?

Mr. UDALL. Mr. Chairman, if the gentleman will yield, what I said was that the bill is a compromise. The compromising was done in two places, one in the Committee on Interior of the House over a period of months and months during the markup, and second, the compromise occurred in the Committee on Ways and Means, which was between God and the taxpayers and influenced by the parties of one of the first conference committees in the history of the Congress that was open.

Mr. HECHLER of West Virginia. To continue, is there any reason whatsoever that this House of Representatives, acting through the Committee of the Whole, has to take whole hog a piece of legislation simply because it comes to us with some delicate compromises that are the result of pressure on the part of the coal industry?

Mr. OTTINGER. If the gentleman will yield further, I think that we are going to have the votes to pass strong legislation and to pass it with enough of a majority to indicate that we can override a veto, and I do not think there is any need to compromise on the very critical question of whether this legislation is going to be enforced effectively.

Mr. HECHLER of West Virginia. Mr. Chairman, I urge strong support for the Dingell amendment.

Mr. ANDREWS of North Dakota. Mr. Chairman, I move to strike the requisite number of words. I rise in opposition to the amendment, and I yield to the gentleman from Michigan (Mr. RUPPE).

Mr. RUPPE. Mr. Chairman, I thank the gentleman for yielding.

I just want to point out that much of the opposition voiced by the Interior Department to the legislation as it has been written is their opposition to some of the absolute words in the legislation like "prohibit" and "prevent."

I do not think, frankly, that when we mine coal throughout the United States we can prohibit or prevent any environmental or social degradation. Frankly, if those words in the legislation are not deleted, there will be untold litigation in the months and years ahead. It is going to retard, if not prevent, mining; and I think the Interior Department has every reason to get those absolute words out of the legislation.

I think we ought to ask ourselves also whether, indeed, there is any agency, other than EPA, that can do a job like this.

Let me say that even these four woebegone States at times have done an excellent job. Ohio and Pennsylvania have done a superb job in regulating surface mining of coal in those two States; and I think if the rest of the States of the United States passed legislation similar to what Pennsylvania and Ohio have, we would have no need for the legislation that is before us here today.

So often people think that EPA is some magic word for perfection, that somehow it will manage the environment and protect against degradation of land values better than any other agency. But even the EPA can make a mistake a time or two.

I recall the other day that EPA was given a good deal of credit or discredit for coming up with the catalytic converter to solve the problem of automobile emissions as far as hydrocarbons and carbon monoxide are concerned. Yet it turned out that the catalytic converter is spewing out sulfuric acid in the atmosphere in uncontrolled amounts.

So I question whether it is absolutely imperative that we give EPA the control and regulatory authority for the legislation that passes this House.

The Department of the Interior and Secretary Rogers Morton are committed to the legislation before us, and they will certainly do a good job in providing the proper regulatory framework. I believe the amendment should be defeated.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Chairman, I wonder if I may direct a question to the gentleman from Michigan?

Is the Secretary of the Interior going to advise the President to sign this legislation? I would assume that was what the gentleman from Michigan is saying.

Mr. RUPPE. Mr. Chairman, I cannot of course speak for the Secretary of the Interior, but let me say that within the agency there are different degrees of support and this is not any secret on either side of the aisle—the Secretary of the Interior has been an advocate of a strong piece of legislation, and within the debate inside the administration he has certainly been the voice of support for the bill. So I believe he would urge the President to sign the bill, albeit it is not exactly a secret, either, that the Interior's voice is not the only voice heard by the President when he makes a final determination for supporting or withholding his support for the bill.

Mr. HECHLER of West Virginia. Mr. Chairman, if the gentleman will yield still further, can the gentleman from Michigan name me one amendment, one piece of testimony, or anything that the Secretary of the Interior has done, which would urge strengthening of this bill in any respect during the course of the year, or during the course of the discussion with regard to this legislation?

Mr. RUPPE. We have to remember that when the bill came out early last year the bill provided almost a prohibition on surface mining of coal. It was a bill under which, at that time, there could have been, mind you, no surface mining of coal. It is a little difficult to take a bill which would have essentially abolished the surface mining of coal and toughen it any further.

Mr. BROWN of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Michigan. I recognize the need for a realistic compromise in passing this legislation. I am sure that the distinguished subcommittee chairman, the gentleman from Arizona, has carefully crafted a piece of legislation which he does not wish to have disturbed. I am cognizant of the words of the other gentleman from Arizona (Mr. STEIGER) about the dire effects of having EPA involved in the regulation of certain environmental aspects of this bill. I want to assure the gentleman that he should not have that much fear.

The EPA has proved quite realistic in its attitude toward environmental matters, as its recent action in connection with automobile exhaust emissions has indicated.

Frankly, I will support this amendment not because I feel that EPA is going to be such a great improvement over the Depatrment of the Interior in the rigor with which it enforces this bill, but because I think it is better qualified by virtue of its personnel, and the kind of actions which it is accustomed to taking to perform the kind of actions that are required by the environmental regulations that are contained in this bill. It is a logical place in which to put this responsibility. I think it would be as realistic in looking at the problems of the coal industry as it has been in looking at the problems of the automobile industry. Frankly, I do not think it has to be that realistic, and I would wish that it were not, but it will be under the present administration. I would support the amendment, therefor, on the ground that EPA is better qualified to accomplish the task, do it more effectively, and possibly more economically than can the personnel of the Department of the Interior.

It is for that reason that I am supporting the amendment to give the EPA this responsibility rather than any strong feeling on my part that they are going to actually engage in the kind of rigorous enforcement which some of the opponents of the amendment seem to fear.

Mrs. MINK. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

I think that we are all very much interested in having effective enforcement and a comprehensive approach toward the promulgation of regulations in conformity with the legislation that we are considering. But it seems to me that we have to take at least two points in considering the gentleman's amendment. One is the past experience that the Department of the Interior has had over the coal mining industry in various aspects, not only in research but the actual day-to-day aspects of inspecting the coal mines with respect to the safety and health of the miners. In connection with that, most of the reserves we are dealing with are Federal coal reserves. When we talk about the development of the West, we are basically dealing with Federal coal.

In conjunction with that, the Department of the Interior has promulgated regulations in late December or January to help begin the process of regulating our own coal development and production. So in that light it seems to me that if we were now to carve out of this bill the responsibilities for promulgating regulations and for enforcing them to a new agency that does not have the experience in this area, we will simply be delaying the whole operation and effectiveness of this very, very complex piece of legislation.

Second, I think it must be pointed out that EPA has a very definite role in the bill. We have given at least in two instances in the bill that come to my attention specific veto to the EPA. We require written concurrence with not only the promulgation of the regulations in the first part, but also the issuance of the permit, so with respect to the clean air-water concepts with which EPA has prime responsibility, we have very carefully written into this piece of legislation their important role, and we have recognized their responsibility in this respect.

So it seems to me that instead of changing the whole course of implementing this legislation at this late date, what we should do is give the Department of the Interior the responsibilities as written in the bill, and if down the road we find that they have been ineffective and nonresponsive to the environmental concerns of this country, then perhaps at that time it would be appropriate to take another look at this section and perhaps put their feet to the fire and change the administration to another agency.

Mr. SEIBERLING. Mr. Chairman, will the gentlewoman yield?

Mrs. MINK. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentlewoman for yielding.

I agree with everything the gentlewoman has said but I am going to vote for this amendment. The reason why I am going to vote for it is that it will give us an opportunity in conference to rewrite this bill so that we will make sure that the Office of Enforcement in the Department of the Interior is in an independent status and not put under MESA, which would, in effect, make it a weak body.

Mrs. MINK. I would simply like to conclude by saying that most of us on the committee are very much aware of the many deficiencies in the Department of the Interior, and we are working with them on a day-to-day basis in our oversight responsibilities. But it seems to me in this one area in the development of our coal resources that the Department of the Interior should be given the opportunity to move ahead. It is Federal coal we are dealing with by and large, and they have already promulgated regulations at least initially that seek to implement some of the provisions of this law. So I would urge the House to defeat this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. DINGELL).

The question was taken; and on a division (demanded by Mr. HECHLER of West Virginia) there were—ayes 20, noes 36.

Mr. HECHLER of West Virginia. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. Are there further amendments to title II?

Mr. ROUSSELOT. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Eighty Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. 101 Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to the provisions of clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Are there further amendment to title II?

AMENDMENT OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SEIBERLING: Page 177, line 6, strike the period and add "under the Assistant Secretary for Land and Water Resources."

Page 177, line 10, strike "V" and insert "IV."

Mr. SEIBERLING. Mr. Chairman, this is a very simple amendment. It is one which I think will solve the problem we have been wrestling with by making it clear that the individual who is in charge of the Office of Surface Mining Reclamation and Enforcement will report to the Assistant Secretary who has to do with land and water resources rather than the one who has to do with coal mine safety and enforcement. This will put him at a level equal to the Administrator of MESA.

Mr. Chairman, that is all there is to it.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I will ask the gentleman, is there a copy of the gentleman's amendment available anywhere?

Mr. SEIBERLING. No. The Clerk has a copy. I wrote it out in longhand.

Mr. STEIGER of Arizona. Does the Clerk intend to vote on the amendment?

Mr. SEIBERLING. That is up to him.

Mr. STEIGER of Arizona. Mr. Chairman, perhaps there are some of us who would vote for it if we could see what it says.

I now have a copy of the amendment, and I see that the handwriting is terrible.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, this amendment goes a small way toward meeting the objections raised by the gentleman from Michigan (Mr. DINGELL). I think the amendment strengthens the bill, and I support it.

Mr. SEIBERLING. Mr. Chairman, I thank the gentleman for his remarks.

Mr. STEIGER of Arizona. Mr. Chairman, I rise in opposition to the amendment.

I realize that no Member here knows what is in this bill, but this is ridiculous. There is not a single Member here who understands what we are doing by striking something and adding "under the Assistant Secretary for Land and Water Resources."

I would suggest to my colleagues that whatever this remedies cannot possibly be worthy of support, for it means further destruction in an already totally destructive process.

Mr. Chairman, I will ask my friend, the gentleman from Ohio, to either withdraw this amendment or to explain it further. I suggest that if he takes the time to explain it, it clearly is not going to be listened to. And even if every Member in this room at this moment understood it, that would still be less than one-quarter of the Congress.

Mr. Chairman, it just seems to me that my friend, the gentleman from Ohio, is asking us to take an awful lot on good faith. If it is not a measured, substantial amendment, it should not be handled in this way, and if it is, it certainly should not be handled like this in this type of legislation.

Mr. UDALL. Mr. Chairman, if the gentleman will yield, the amendment is very simple.

Mr. STEIGER of Arizona. They always are.

Mr. UDALL. Mr. Chairman, I think my friend, the gentleman from Arizona, can understand it. I believe this is so simple that the people in the Interior Department, even the Members over there, can understand it.

Mr. STEIGER of Arizona. Mr. Chairman, I was hoping he would not make it so plain that the RECORD would understand it.

Mr. UDALL. Mr. Chairman, there are several Assistant Secretaries of the Interior.

Mr. STEIGER of Arizona. I thank the gentleman for pointing that out.

Mr. UDALL. Mr. Chairman, some of them deal with production of resources and the management of public lands; others are more concerned with conservation and parks.

What the gentleman's amendment says is this: "Let us put this new Office of Surface Mining Reclamation and Control under that Assistant Secretary who deals with land and water resources and not under one of the other Assistant Secretaries."

Mr. STEIGER of Arizona. Mr. Chairman, I will ask the gentleman from Ohio this: What is the gentleman's rationale? Does he know something about the character and makeup of the Assistant Secretary of Land and Water Resources that we do not know about the character of some of the others? Is this a reflection on the character of the other legion of Assistant Secretaries? Why does the gentleman make this differentiation?

Mr. SEIBERLING. Mr. Chairman, if the gentleman from Arizona will yield, the gentleman happened to testify before my subcommittee today, so I can safely say he is a gentleman of fine character. But that has nothing to do with the case.

Mr. STEIGER of Arizona. The gentleman likes the present Assistant Secretary for Land and Water Resources?

Mr. SEIBERLING. I really have no opinion.

Mr. STEIGER of Arizona. The gentleman knows nothing about him?

Mr. SEIBERLING. I have no opinion.

Mr. STEIGER of Arizona. The gentleman has no opinion about him at all, and yet he wants us to take this blanket amendment and translate it into the statute.

Mr. SEIBERLING. Mr. Chairman, I have not——

Mr. STEIGER of Arizona. Mr. Chairman, I will ask my friend, the gentleman from Ohio, is that not so?

Mr. SEIBERLING. This is not an ad hominem amendment.

Mr. STEIGER of Arizona. I will not yield any further. I tell the distinguished gentleman this: I believe the phrase is: "Nice guys finish last." I will not yield any further.

I want to tell my friend, the gentleman from Ohio (Mr. SEIBERLING), that I do not think he ought to put this new bureau under that sort of person.

Mr. Chairman, I suggest that we vote this amendment down and press on.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. SEIBERLING).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. STEIGER of Arizona. Mr. Chairman, on that I demand a recorded vote and make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Mr. STEIGER of Arizona. I am told Mr. Chairman, that you are not honoring my point of order that a quorum is not present.

The CHAIRMAN. The Chair has counted 21 Members to this point.

Mr. STEIGER of Arizona. Mr. Chairman——

The CHAIRMAN. The Members will be seated. The Chair is counting for a quorum.

Mr. STEIGER of Arizona. Mr. Chairman, another point of order. I do not want to confuse anyone here. I would ask the Chair this: Is it true that if 21 Members are standing, that is a sufficient number on which to base a rollcall vote and we would then avoid the necessity of demanding a quorum? It obviously is not here anyway.

The CHAIRMAN. Is the gentleman from Arizona withdrawing his point of no quorum?

Mr. STEIGER of Arizona. No. I am just asking, if there are 21 Members who responded to my demand for a rollcall, which I coupled very cleverly with a point of order that a quorum was not present, that is sufficient if 20 were standing, but the Chair announced that 21 were standing.

The CHAIRMAN. The point of no quorum must be disposed of first.

Mr. STEIGER of Arizona. Even though the demand preceded the point of order?

The CHAIRMAN. Yes.

Mr. STEIGER of Arizona. This is very interesting. I want all the Members to remember that.

Mr. UDALL. Mr. Chairman, if the gentleman will yield, I ask him to withdraw it and I will support his request for a vote and we will thereby save time.

Mr. STEIGER of Arizona. All right. I think it is going to work out.

The CHAIRMAN. Sixty-eight Members are present, evidently not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and two Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The pending business is a demand for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 145, noes 100, not voting, 187, as follows:

[Roll No. 52]

AYES—145

Alexander
Ambro
Anderson, Calif.
Ashley
AuCoin
Baldus
Baucus
Bennett
Bergland
Bingham
Blanchard
Blouin
Bolling
Bonker
Breckinridge
Brinkley
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Carr
Chisholm
Clay
Collins, Ill.
Cornell
Danielson
Derrick
Dingell
Downey
Drinan
du Pont
Eckhardt
Emery
English
Evans, Colo.
Fascell
Fenwick
Fish
Fisher
Flood
Foley
Forsythe
Giaimo
Gibbons
Green
Gude
Haley
Hall
Hamilton
Hannaford
Harkin
Harris
Hayes, Ind.
Hechler, W. Va.
Holland
Holtzman
Hubbard
Hughes
Jacobs
Jeffords
Jenrette
Jones, N.C.
Jones, Okla.
Kastenmeier
Keys
Krebs
Krueger
LaFalce
Leggett
Lehman
Long, La.
Long, Md.
McFall
McHugh
Macdonald
Madden
Maguire
Mann
Matsunaga
Mazzoli
Melcher
Mezvinsky
Miller, Calif.
Mineta
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Morgan
Moss
Natcher
Nolan
Nowak
Oberstar
Obey
Ottinger
Passman
Patman
Patterson, Calif.
Perkins
Preyer
Price
Rees
Regula
Richmond
Riegle
Roncalio
Rooney
Roush
Roybal
Russo
Ryan
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Slack
Smith, Iowa
Solarz
Spellman
Stanton, J. William
Stanton, James V.
Stark
Steed
Stokes
Studds
Sullivan
Thornton
Traxler
Tsongas
Udall
Van Deerlin
Vander Veen
Vanik
Vigorito
Weaver
Whalen
Wilson, Charles, Tex.
Wirth
Yatron
Zablocki

NOES—100

Andrews, N. Dak.
Annunzio
Armstrong
Bauman
Bevill
Biester
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Byron
Carter
Clausen, Don H.
Clawson, Del
Cohen
Daniel, Dan
Daniel, Robert W., Jr.
de la Garza
Dickinson
Duncan, Oreg.
Erlenborn
Findley
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Hansen
Hastings
Hicks
Hightower
Hillis
Hinshaw
Holt
Howe
Hyde
Ichord
Johnson, Colo.
Johnson, Pa.
Kasten
Kazen
Kemp
Lagomarsino
Latta
Lloyd, Tenn.
McCloskey
McCollister
McDade
McDonald
Madigan
Mahon
Martin
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Pa.
Nichols
Poage
Pressler
Quie
Randall
Risenhoover
Roberts
Robinson
Rogers
Rose
Rousselot
Ruppe
Sarasin
Satterfield
Schneebeli
Shriver
Shuster
Sikes
Skubitz
Steiger, Ariz.
Stephens
Symms
Taylor, N.C.
Teague
Thone
Treen
Waggonner
Walsh
Wampler
White
Whitten
Wiggins
Wilson, Bob
Winn
Wright
Young, Alaska
Young, Fla.
Young, Tex.

NOT VOTING—187

Abdnor
Abzug
Adams
Addabbo
Anderson, Ill.
Andrews, N.C.
Archer
Ashbrook
Aspin
Badillo
Bafalis
Barrett
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Biaggi
Boggs
Boland
Bowen
Brademas
Breaux
Brooks
Broomfield
Burton, John
Butler
Carney
Casey
Cederberg
Chappell
Clancy
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
D'Amours
Daniels, Dominick V.
Davis
Delaney
Dellums
Dent
Derwinski
Devine
Diggs
Dodd
Downing
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Fithian
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gilman
Ginn
Goldwater
Hammerschmidt
Hanley
Harrington
Harsha
Hawkins
Hays, Ohio
Hébert
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Horton
Howard
Hungate
Hutchinson
Jarman
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Kelly
Ketchum
Kindness
Koch
Landrum
Lent
Levitas
Litton
Lloyd, Calif.
Lott
Lujan
McClory
McCormack
McEwen
McKay
McKinney
Mathis
Meeds
Metcalfe
Meyner
Michel
Mikva
Milford
Mills
Minish
Mitchell, N.Y.
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Neal
Nedzi
Nix
O'Brien
O'Hara
O'Neill
Patten
Pattison, N.Y.
Pepper
Peyser
Pickle
Pike
Pritchard
Quillen
Railsback
Rangel
Reuss
Rhodes
Rinaldo
Rodino
Roe
Rosenthal
Rostenkowski
Runnels
St Germain
Santini
Schulze
Sebelius
Shipley
Simon
Sisk
Smith, Nebr.
Snyder
Spence
Staggers
Steelman
Steiger, Wis.
Stratton
Stuckey
Symington
Talcott
Taylor, Mo.
Thompson
Ullman
Vander Jagt
Waxman
Whitehurst
Wilson, Charles H., Calif.
Wolff
Wydler
Wylie
Yates
Young, Ga.
Zeferetti

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. OTTINGER

Mr. OTTINGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OTTINGER: Page 177, lines 3 to 6, strike out all after "SEC. 201(a)" and insert the following: "There is established in the Environmental Protection Agency, which is to act in consultation with the Department of Interior with respect to this Act, the Office of Surface Mining Reclamation and Enforcement (hereinafter referred to as the "Office").

On page 177, strike all on line 55 and insert:

"(c) Except as specifically provided elsewhere in this Act, the Director, in consultation with the Secretary of the Interior, shall—"

Mr. OTTINGER. Mr. Chairman, the purpose of this amendment is to accomplish the substance——

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. OTTINGER. I will yield after I have finished my statement.

Mr. STEIGER of Arizona. Mr. Chairman, may we have a copy of the amendment? That is all I want. We do not have a copy of the amendment.

Mr. OTTINGER. There is a copy of the amendment at the desk.

Mr. Chairman, what this amendment does, if the gentleman from Arizona will listen for 1 minute, is identically——

PARLIAMENTARY INQUIRY

Mr. STEIGER of Arizona. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. STEIGER of Arizona. Mr. Chairman, without a copy of the amendment, we cannot understand the purpose of the amendment.

I thought that under the new rules we are under some sort of obligation to provide some sort of amendment in written form so that those Members who wish to go to the extra effort might read and understand what is going on.

Am I correct or incorrect, Mr. Chairman?

The CHAIRMAN. It does not stop the consideration of an amendment, although that is supposed to be the custom.

Mr. STEIGER of Arizona. Mr. Chairman, the rule is simply a matter of courtesy rather than one of mandate?

The CHAIRMAN. The gentleman is correct.

Mr. STEIGER of Arizona. I thank the Chair.

Mr. OTTINGER. Mr. Chairman, if the gentleman from Arizona will pay attention, I will tell him what the amendment is all about.

This amendment would put the responsibility for enforcement of this Act in the Environmental Protection Agency, with the additional requirement that the Environmental Protection Agency consult with the Department of the Interior. It gives the Director of the Environmental Protection Agency the responsibility for taking the actions under this Act in consultation with the Secretary of the Interior. The substance of this amendment, with the exception of the consultation provisions, was provided in the Dingell amendment. We did not get the opportunity for a record vote on that amendment, and I think we should have that opportunity.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. OTTINGER. I yield to the gentleman from Michigan.

Mr. RUPPE. Mr. Chairman, does this put the responsibility for the legislation in the hands of the EPA entirely, or does the Secretary of the Interior still retain a portion of that responsibility?

Mr. OTTINGER. The Secretary must be consulted by the EPA.

Mr. RUPPE. The responsibility for the legislation and that propagation of the administration of the bill would be transferred to the EPA?

Mr. OTTINGER. The EPA would act in consultation with the Secretary of the Interior.

Mr. STEIGER of Arizona. Mr. Chairman, I rise in support of the gentleman's amendment.

I would like to urge those people who are concerned about the future of the country and the electric bills of their constituents to support this amendment. I assure the Members that if this amendment is to succeed—and I assume we are gonig to have a record vote—this will be the one way we can guarantee a veto, and that is probably the only way to save the consumers of this country.

So, for those Members who wish honestly to sink this bill, I hope they join with me in that desire. The best way to guarantee a veto is to support the amendment offered by the gentleman from New York (Mr. OTTINGER).

That is on the level, Mr. Chairman.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Chairman, I would not expect support from the gentleman from Arizona (Mr. STEIGER) on any basis ordinarily. For the moment, I was slightly worried about that.

Mrs. MINK. Mr. Chairman, I move to strike the requisite number of words, and I rise again in opposition to this amendment.

This is the identical amendment to the Dingell amendment which we have already earlier defeated. I believe that is perhaps down the road, because, after we have had experience under this legislation, we may want to consider a transfer of the enforcement responsibilities to another agency.

However, at this onset we are simply developing the regulations. It seems to me we ought to leave this responsibility in the Department of the Interior.

The bill as now constructed, as I said earlier, does give the responsibility to EPA. It gives a veto responsibility over the promulgation of regulations insofar as clean air and clean water and the issuance of permits are concerned.

So, Mr. Chairman, I ask my colleagues to please vote down this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. OTTINGER).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. OTTINGER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 67, noes 174, not voting 191, as follows:

[Roll No. 53]

AYES—67

Ambro
Baucus
Biester
Blouin
Brodhead
Brown, Calif.
Burke, Calif.
Burton, Phillip
Carr
Chisholm
Clay
Collins, Ill.
Cornell
Dingell
Downey
Drinan
Emery
Fish
Fisher
Green
Gude
Hall
Hannaford
Harkin
Harris
Hechler, W. Va.
Heckler, Mass.
Holtzman
Jacobs
Kastenmeier
Krebs
Lehman
McCloskey
McHugh
Madden
Maguire
Mezvinsky
Miller, Calif.
Mitchell, Md.
Moakley
Moffett
Mosher
Moss
Nedzi
Nolan
Nowak
Ottinger
Rees
Richmond
Riegle
Rooney
Sarbanes
Scheuer
Schroeder
Sharp
Solarz
Spellman
Steiger, Ariz.
Stokes
Studds
Traxler
Vander Veen
Vanik
Weaver
Whalen
Wirth
Young, Alaska

NOES—174

Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashley
AuCoin
Bauman
Bennett
Bevill
Bingham
Blanchard
Bolling
Bonker
Breckinridge
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Byron
Carter
Clausen, Don H.
Clawson, Del
Cohen
Daniel, Dan
Daniel, Robert W., Jr.
Danielson
de la Garza
Derrick
Dickinson
Duncan, Oreg.
du Pont
Eckhardt
English
Erlenborn
Evans, Colo.
Fenwick
Findley
Flood
Foley
Forsythe
Giaimo
Gibbons
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hansen
Hastings
Hayes, Ind.
Hébert
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Howe
Hyde
Ichord
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Kasten
Kazen
Kemp
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lloyd, Tenn.
Long, La.
Long, Md.
McCollister
McDade
McDonald
McFall
Macdonald
Mahon
Mann
Martin
Matsunaga
Mazzoli
Melcher
Milford
Miller, Ohio
Mineta
Mink
Montgomery
Moore
Moorhead, Calif.
Morgan
Myers, Pa.
Natcher
Nichols
Oberstar
Obey
Passman
Patman
Patterson, Calif.
Perkins
Poage
Pressler
Preyer
Price
Quie
Randall
Regula
Risenhoover
Roberts
Robinson
Rogers
Roncalio
Rose
Roush
Rousselot
Roybal
Ruppe
Russo
Ryan
Santini
Sarasin
Satterfield
Schneebeli
Seiberling
Shriver
Sikes
Slack
Smith, Iowa
Stanton, J. William
Stanton, James V.
Stark
Steed
Stephens
Sullivan
Symington
Symms
Taylor, N.C.
Teague
Thone
Thornton
Treen
Tsongas
Van Deerlin
Vander Jagt
Vigorito
Waggonner
Walsh
Wampler
White
Whitten
Wiggins
Wilson, Bob
Wilson, Charles, Tex.
Winn
Wright
Yatron
Young, Fla.
Young, Tex.
Zablocki

NOT VOTING—191

Abdnor
Abzug
Adams
Addabbo
Andrews, N.C.
Ashbrook
Aspin
Badillo
Bafalis
Baldus
Barrett
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bergland
Biaggi
Boggs
Boland
Bowen
Brademas
Breaux
Brinkley
Brooks
Broomfield
Burke, Fla.
Burton, John
Butler
Carney
Casey
Cederberg
Chappell
Clancy
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
D'Amours
Daniels, Dominick V.
Davis
Delaney
Dellums
Dent
Derwinski
Devine
Diggs
Dodd
Downing
Duncan, Tenn.
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Esch
Eshleman
Evans, Ind.
Evins, Tenn.
Fascell
Fithian
Florio
Flowers
Flynt
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frenzel
Frey
Fulton
Fuqua
Gaydos
Gilman
Ginn
Goldwater
Hammerschmidt
Hanley
Harrington
Harsha
Hawkins
Hays, Ohio
Hefner
Heinz
Helstoski
Henderson
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Jarman
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Kelly
Ketchum
Keys
Kindness
Koch
Landrum
Lent
Levitas
Litton
Lloyd, Calif.
Lott
Lujan
McClory
McCormack
McEwen
McKay
McKinney
Madigan
Mathis
Meeds
Metcalfe
Meyner
Michel
Mikva
Mills
Minish
Mitchell, N.Y.
Mollohan
Moorhead, Pa.
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Neal
Nix
O'Brien
O'Hara
O'Neill
Patten
Pattison, N.Y.
Pepper
Peyser
Pickle
Pike
Pritchard
Quillen
Railsback
Rangel
Reuss
Rhodes
Rinaldo
Rodino
Roe
Rosenthal
Rostenkowski
Runnels
St Germain
Schulze
Sebelius
Shipley
Shuster
Simon
Sisk
Skubitz
Smith, Nebr.
Snyder
Spence
Staggers
Steelman
Steiger, Wis.
Stratton
Stuckey
Talcott
Taylor, Mo.
Thompson
Udall
Ullman
Waxman
Whitehurst
Wilson, Charles H., Calif.
Wolff
Wydler
Wylie
Yates
Young, Ga.
Zeferetti

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mrs. MINK. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and, the Speaker having resumed the chair, Mr. SMITH of Iowa, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mrs. MINK. Mr. Speaker, I ask unanimous consent that all Members may revise and extend their remarks in connection with the debate on H.R. 25.

The SPEAKER. Is there objection to the request of the gentlewoman from Hawaii?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. ANDERSON of Illinois asked and was given permission to address the House for 1 minute.)

Mr. ANDERSON of Illinois. Mr. Speaker, I take this time to inquire of the distinguished majority whip if he can inform the House of the program for the following week, and I yield to the gentleman from California (Mr. McFall) for that purpose.

Mr. McFALL. Mr. Speaker, I will be happy to respond to the inquiry of the distinguished minority leader.

Mr. Speaker, there is no further legislative business for today and upon the announcement of the program for next week I will ask unanimous consent to go over until Monday.

The program for the House of Representatives for next week is as follows:

On Monday, Tuesday, and Wednesday we will have the Consent Calendar and then H.R. 25, the Surface Mining Control and Reclamation Act on which we will expect to conclude consideration.

Under suspensions there are three bills:

H.R. 2783, National Insurance Development Act;

H.R. 4221, college work-study; and

House Joint Resolution 258, Earth Day.

Then we will have the Private Calendar on Tuesday and the following bills:

H.R. 4296, Agriculture and Consumer Protection Act amendments, under an open rule with 2 hours of debate;

House Resolution 163, Change Foreign Affairs Committee to International Relations Committee; and

H.R. 4485, Emergency Middle Income Housing Act, subject to a rule being granted.

On Thursday and Friday we will have:

H.R. 3922, Older Americans Act amendments, subject to a rule being granted;

H.R. 2931, NASA authorization, subject to a rule being granted;

H.R. 4108, National Science Foundation authorization, subject to a rule being granted; and

H.R. 37, Standard Reference Data Act, subject to a rule being granted.

Conference reports may be brought up at any time.

Any further program will be announced later.

ADJOURNMENT TO MONDAY, MARCH 17, 1975

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday of next week.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON SCIENCE AND TECHNOLOGY TO HAVE UNTIL MIDNIGHT TO FILE REPORTS ON H.R. 4723 AND H.R. 37

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Committee on Science and Technology have until midnight tonight to file reports on H.R. 4723 and H.R. 37.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

STATEMENT BY CONGRESSMAN TENO RONCALIO ON DEATH OF PROF. K. M. SIEGEL

(Mr. RONCALIO asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. RONCALIO. Mr. Speaker, it is with deepest regret that I announce the untimely passing of Prof. Keeve M. (Kip) Siegel, chairman and chief executive officer of KMS Industries of Ann Arbor, Mich., who was stricken on March 13, 1975, while testifying before the Joint Committee on Atomic Energy.

Professor Siegel was dedicated to improving the quality of life in America. His latest endeavor, to alleviate our pressing energy shortage now and in the future, consumed his full effort. Professor Siegel was discussing his plans to generate methane by a novel process invented by scientists working for KMS when he was stricken.

Professor Siegel will be deeply missed by his family, his friends, and his associates.

I include his statement for the committee at this point in the Record:

Statement of Keeve M. Siegel

Mr. Chairman and Members: My name is Keeve M. Siegel and I am Chairman and Chief Executive Officer of KMS Industries, Inc., and its subsidiary, KMS Fusion, Inc.

It is a great pleasure to address you today. KMS Fusion is firmly convinced by the work we have done and are doing for our own account, and work we have done and are doing for the Texas Gas Transmission Corporation, that methane, the equivalent of high quality natural gas can be produced at $1.50 a thousand cubic feet in today's dollars to go into the pipeline in the time frame of 1984–1986. This is based on a pilot plant being built and in operation for the production of hydrogen and methane about the end of 1979.

All projects we know of, associated with the gasification of coal, are expected to come out at least to $3.50 to $4.00 per thousand cubic feet. In other words, we expect the Texas Gas Transmission method to be priced in today's dollars at the equivalent of $9.00/barrel for oil or less, as compared to gas from coal gasification at the equivalent of $21/barrel or more for oil.

I am here to describe a laser-fusion energy research and applications program initiated outside of government. However, it is impossible for us to pursue the development of this vital new energy option at the necessary accelerated pace without significant government financial assistance.

Our company felt in 1969 that it could come up with what would eventually be an economically feasible fusion reactor. To date, we have invested over $20 million in laser-fusion. We have cannibalized KMS Industries by selling off divisions in order to obtain funds to conduct our fusion program. We have not been able to raise all the money we needed to go as fast as our original schedule would have taken us. Nevertheless, at the recent meeting of the International Atomic Energy Agency, an official representative of the U.S.S.R. conceded that our company was ahead of their laser-fusion effort in the amount of compression we have obtained and in our production of compression neutrons. More important than that, he recognized the fact that the laser-fusion reactor has now become a hopeful candidate to be the coming fusion reactor.

Gentlemen, it is NOT important that we are receiving international credibility. It is NOT important that our work may be competitive with that of the ERDA laboratories. What is important is that the people of the United States know that its government and industries are following every realistic possibility of solving the energy crisis and creating a convenient and economical source of energy, whether it be electricity, gas or liquid. Economical energy is the essential element to our country's prosperity. Therefore, it is important that our government fund all viable candidates for a solution. We believe our company is working on one of the viable solutions to produce a convenient source of energy at a price people can afford. The whole automotive industry would probably not survive major increases in the price of energy, that is, energy only for the rich. In fact that industry and its suppliers is based on the fact that almost everyone can afford energy to run an automobile.

The Texas Gas Transmission Corporation, through the ordinary processes of the free enterprise system has funded the hydrogen/methane activity in our corporation. If this process proves correct, I repeat, it will allow the beginning of the supply of synthetic natural gas in 1985 and offsetting part of the shortfall in natural gas existing at the time, all at a reasonable price.

I would like to quote from a letter from Wm. M. Elmer, Chairman of the Board of Texas Gas Transmission Corporation, written January 21, 1975 to Dr. Robert C. Seamans:

"Texas Gas has funded all research and experimental work conducted for it by KMSF in connection with this hydrogen research program. So long as the experiments continue to produce positive results, both in the KMS Fusion basic laser fusion program and in our hydrogen research program, we intend to continue funding the hydrogen program and believe that our company has the financial capability of doing so. Texas Gas has not, however, funded KMS basic research in laser fusion and, although we are aware of the many benefits our nation can derive from the success of this basic research, we do not have the financial resources to fund that effort. KMS estimates that, if everything goes according to present schedule, the first pilot plant for the production of hydrogen and methane associated with laser fusion should be in operation in 1979 to 1980. They are presently estimating that the cost of such plant will be some $80 million, of which approximately one-half would be applicable to the hydrogen and methane operation. We feel that, as long as the experiments continue successful and as they reach the point where a pilot plant should be built, which we are very hopeful will be the case, our company should be able to take care of the funding of the hydrogen portion of the project. This is presently our intent."

There is no evidence available to us that any other laboratory in the world has discovered our method of producing hydrogen. When one looks at the overall process, our method is much more efficient, much less expensive and much less capital intensive than any other method.

We have already made certain engineering tests at what will be the full-scale temperature and pressures of the pilot plant. We have shown that the efficiencies stand up under such conditions. We have costed out as carefully as we could, all the processes associated with proving out these concepts. We have a great deal of faith in these analyses.

With respect to the fusion reaction necessary to produce neutrons to obtain hydrogen our past accomplishments speak for themselves. We lead the world in compression and compression neutrons. We are happy to announce today that we have shown volumetric compression of ordinary pellets of over 1,000 and on pellets with dilute gasses, of over 2,400. It's not only that those numbers are really important or that they lead the rest of the world by a factor of ten and that we probably lead the world in the generation of compression neutrons by a factor of 1,000: even more important is that so far as we know we are the only laboratory in the world that has the basic knowledge on how to go from the direct output of the pellet laser-fusion reaction to the production of hydrogen. We know our time scale is optimistic. On the other hand we feel that these goals are achievable.

We are asking the Government to help us since private sector support is unobtainable for the research essential for the progress of our work. Without the support we request, our program will not continue and the people of this country will be deprived of the opportunity to pursue development of the energy option which promises a major payoff in the mid-1980's. Our situation is a fundamental example of the conditions foreseen by the Congress in enacting the Federal Non-Nuclear Energy Act of 1974, with respect to Federal support of industry energy research and development efforts.

Competition in ideas and cooperation in work among industrial and government laboratories in the development of the fusion source is probably the most assured way of achieving success. If the laboratories can produce more energetic neutrons for a price better than we can, we would be happy to use their techniques as a source of energy to be used in the production of hydrogen and methane. But we think our having an independent program, and each making known his research accomplishments to the other, is the best way to solve the problem as quickly as possible.

In order to have the pilot plant in operation, we need $114.5 million, based on today's dollars. I have asked ERDA over the next three years to fund the research part of our program which is applicable to all laser-fusion activities, in the the amount of $59.5 million which can be committed in phases. When you add that amount of money to Texas Gas Transmission's intent, as expressed above, and our own company's intent to furnish $15 million through the sale of an interest in KMS Fusion, that will in fact give us the money we need for the pilot plant.

We fully recognize that money does not exist in the present budget for ERDA to fund the $59.5 million portion of the $114.5 million we need, or even a reasonable portion of that. As a result we have suggested to ERDA the following, in my letter to Dr. Seamans of February 25th, and I quote:

"If you feel that it is impossible for you to fund our present proposal by reprogramming an amount of $4.7 million for this fiscal year, consider this letter as our company's official request to switch our proposal from a paid contract by ERDA, to a $60 million loan by the U.S. Government.

What we are requesting is as contemplated by Sec. 7(a), paragraph (5) of *Forms of Federal Assistance* of the Act:

'Federal loans to non-Federal entities conducting demonstrations of new technologies'."

We are proud to go ahead under ERDA's banner [see the enclosed article from the March 7th issue of SCIENCE Magazine]. We feel ERDA has made and is making an excellent start on pulling energy research together and generating the concepts allowed through the Act to meet the country's crushing needs. We believe we offer through ERDA and to ERDA, a unique opportunity under Dr. Seamans' direction, to run together with the ERDA laboratories.

Every year the country is delayed in solving the energy problem is costing the American people $26 billion in import payments which makes the U.S. more dependent on other countries, and allows more of our country to be owned by others.

The cost to the Government and our people for the support of this program is insignificant in terms of current national expenditures and our energy import costs. On the other hand, the potential benefits are inestimably high in terms of our standard of living, energy independence and lastly, national security.

[From Science magazine, Mar. 7, 1975]

ERDA AWARDS A $350,000 LASER FUSION CONTRACT TO KMS

Making what appears to be a U-turn in policy, the government awarded a sizable research contract to a small Michigan company which does extensive study of laser fusion but was previously excluded from the national research program.

The new Energy Research and Development Administration (ERDA), which took over the federal laser fusion program after the Atomic Energy Commission (AEC) expired, has granted a $350,000 contract to KMS Fusion, Inc. for a series of 42 laser shots at different sized targets. Laser radiation hitting a tiny spherical shell filled with reactive isotopes of hydrogen can produce a small fusion reaction, and the enthusiasts of laser fusion hope that one day it will be used to generate power. The new contract will provide ERDA scientists with detailed data for 14 different sets of conditions. After completion of the initial work, ERDA expects to arrange for further experiments, probably in June, for an additional $150,000.

KMS has recently shown that it has unusual expertise for producing and studying microexplosions induced by a laser (*Science*, 24 December 1974), and undoubtedly researchers in the ERDA laboratories wanted data from the KMS experiments to check their computer predictions. The contract is effectively a recognition that KMS has a unique facility at the present time. In fact, ERDA administrators accelerated the normal contracting procedure so that experiments could begin before the end of February, when KMS intended to shut down its laser for improvements. In announcing the contract, ERDA had words of praise for the company that the AEC had often fought, some would say bitterly. "In its laboratories at Ann Arbor, Michigan, the company has an advanced laser system, together with facilities for producing fuel pellets in a wide variety of dimensions," said the ERDA statement. "KMS Fusion has reached an important milestone—generation of neutrons by using laser beams to compress fuel pellets."

The announcement appears to be a vindication for KMS Industries, the parent company to KMS Fusion, which was founded by and named after Keeve M. (Kip) Siegel, an ex-professor of electrical engineering at the University of Michigan who turned entrepreneur and made at least $4 million from his venture, which was Conductron Corporation. Many companies have been spun off of government research efforts, but usually they concentrate on some specialized line of technology. In late 1969, Siegel proposed nothing short of competing head-on with the government's entire laser fusion effort, and furthermore had the brashness to promise that KMS would produce net energy from its experiments within 2½ years, which is only an eye blink in the history of fusion efforts. Such audacity by a small modestly funded mid-western company might have gone unnoticed by the multibillion dollar Atomic Energy Commission except for two factors: the chief scientist of KMS, Keith A. Brueckner, had for many years been an AEC consultant, and beginning 1969 he filed applications for no less than 24 patents on laser fusion processes. Many factors have contributed to the strained relations between KMS and the AEC, including accusations of scientific incompetence on both sides, but according to one veteran who has followed the story closely, nothing angered several members of the Joint Committee on Atomic Energy so much as the fact that KMS wanted to claim title to the basic idea of laser fusion—the implosion process—which the AEC thought belonged to it alone. Each of the 24 patent claims is still being contested by the government.

Brueckner, at age 50, is widely acknowledged to be an outstanding theoretical physicist who has received many professional awards, including election to the National Academy of Sciences. After taking leave for 3 years to be executive vice-president and chief scientist for KMS Fusion, he has recently returned to the University of California, San Diego. He was one of the founders of Jason, the group of fast-rising young physical scientists organized to pass judgment on the feasibility of the Pentagon's most ambitious weapons systems. For one year in 1961, Brueckner was the director of research for the Institute of Defense Analysis, and he served the AEC as a consultant from 1953 through the decade of the 1960's. In filing the 24 patents for KMS, Brueckner contended that he conceived of the implosion idea for laser fusion independently, without assistance from classified information. But several AEC scientists had worked on implosion schemes on and off since the late 1950's. His claim to independent arrival at a laser fusion scheme similar in many ways to the AEC laser fusion plans was met with particular skepticism in Washington because he had been a consultant to the magnetic confinement fusion program of the AEC and had apparently been called on to evaluate some fusion plans involving lasers.

At first the AEC insisted that KMS must stop its laser fusion research altogether, directing Brueckner not to talk to anyone about his idea or even do calculations, except in his head, because the ideas were part of weapons research and therefore classified. In February 1971, the AEC relaxed its restrictions to the point that KMS could perform laser fusion research under a contract that provided for government control, but without government funding or access to government research.

At one point, the AEC also exercised power to veto prospective KMS employees who had worked in the federal laser or nuclear weapons programs. For a time this restriction made it quite difficult for KMS to acquire experienced personnel, but it has now been eased considerably. Another problem for KMS was that classifications that rigidly prohibited researchers from releasing their data on laser-induced implosions were in effect until last October, so the company could not adequately explain its research progress in public. KMS Industries has been almost continually strapped for money since its $19 million fusion effort began. The AEC did give secret clearances to technical specialists from two companies which subsequently gave financial backing to KMS so they could evaluate the progress of the laser effort, but company officials nevertheless think that the AEC classification policy hindered their ability to raise capital. The company took a particularly bad beating from the news media during the last half year of strict classification, and no doubt feel they could have defended themselves better under a different policy.

Now that KMS is an official government research contractor, it seems that a new era of peacemaking may succeed the old era of contention. The AEC would probably not have granted KMS such a fine contract (the KMS facility can produce eight laser shots per day, so only a few weeks work may be involved), but with the coming of ERDA, the official attitude of the atomic establishment seems to have softened significantly, and laser fusion administrators have apparently decided that it is in the national interest to join forces with KMS.

According to the head of the ERDA laser office, James McNally, the new contract is part of a trend toward greater participation in laser fusion research. The coming years, he says, may see the level of funding for industrial and university centers rise from 10 to 15 percent of the federal program.—W.D.M.

ENDORSING THE SPELLMAN AMENDMENT TO BAN STRIP MINING ON SLOPES OF MORE THAN 20 DEGREES IN STEEPNESS

(Mr. HECHLER of West Virginia asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HECHLER of West Virginia. Mr. Speaker, the Washington Post included an editorial in this morning's edition, with much of which I agree.

The editorial indicated that some positive action must be taken by this Congress in the area of strip mining and in particular, the editorial underlined the necessity for action in those steep-slope areas of over 20 degrees, where the most devastating damage occurs from strip mining.

Certainly the experience throughout Appalachia is one of the major reasons why the issue of strip mining comes to Congress. Once again this afternoon the Congress is finally coming to grips with this legislation.

I certainly hope that when the time occurs, strong support from both sides of the aisle will come for the Spellman amendment which will be offered by our colleague the gentlewoman from Maryland (Mrs. Gladys Spellman) to ban strip mining on those slopes more than 20 degrees in steepness.

Mr. Speaker, I include with my remarks the editorial of this morning's Washington Post.

The editorial referred to follows:

A New Effort Against Strip Mining

Although efforts have been made for four years to pass federal legislation against strip mining, it appears now that the Congress has finally realized the need for controls. On Wednesday, the Senate gave strong approval—84 to 13—to a bill that has a number of strengths. A major breakthrough is the provision that protects from strip mining certain essential agricultural lands in vital areas of the West. Individual ranchers and farmers have been raising their voices for years on this issue, making the case that using the land for the long-term production of food is more important than the one-shot use of the land for energy. Sen. Lee Metcalf (D-Mont.), the bill's floor manager, deserves credit for proposing to prevent the strip miners from ravaging crop-lands and hay-lands in the vital valleys in the Western states.

In the House, which is scheduled to take up debate today and vote Monday, several opportunities exist to strengthen the legislation. It is important, for example, that no new permits be given for strip mining on slopes above 20 degrees. The people living among the hills and mountains of central Appalachia have already been sufficiently victimized by strip mining operations, and deserve protection from future assaults. As for money to restore land that strippers left for rubble once the coal was extracted, the House bill now asks for 35 cents a ton of strip mined coal. Efforts will be made to raise this to 50 cents; the argument is that with a larger reclamation fund, not only will jobs be opened up but the land itself will recover its potential for agricultural, industrial and recreational uses. Because the nation has never had a federal strip mine bill, questions are being raised about the suitability of the Interior Department to enforce the regulations; a strong case is being made that EPA should be given the responsibility, on the ground that Interior is too tied to a philosophy of coal development.

In the push for new sources of energy, no one is advocating that coal be ignored. In fact, Russell E. Train, administrator of the Environmental Protection Agency, has said that because the nation's total coal supply is overwhelmingly in deep mines it makes sense, both economically and environmentally, to expand underground mining. Sen. Mike Mansfield (D-Mont.), noting the rush to strip mine the Western coalfields, has asked: "What is going to happen to the vast quantities of mineable coal in the Eastern part of the United States?" Mr. Train and Sen. Mansfield go to the essence of the issue.

It is disappointing that four years have passed with no decisive action on a federal strip mine bill. During that time the strip miners have not been idle. As the land is torn up an average of 1,000 acres a week, the public waits for Congress to offer some long overdue controls.

THE LIVESTOCK DEPRESSION

The SPEAKER pro tempore (Mr. Krebs). Under a previous order of the House, the gentleman from Wyoming (Mr. Roncalio) is recognized for 60 minutes.

Mr. RONCALIO. Mr. Speaker, I recognize that one way to attract a large number of colleagues is to have a special order coming up for consideration at 15 minutes to 6 on a Friday afternoon. It was not intended that way when the special order was requested.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. RONCALIO. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. Mr. Speaker, I will say that for no one else would I be here this late, but I have to be here to respond to the wise words of the gentleman from Wyoming in calling the Nation's attention to this problem and I want to join the gentleman in his cause.

Mr. RONCALIO. Mr. Speaker, I respect the gentleman from Iowa, a member of the Committee on Appropriations and a Member who is also concerned with this economic depression in the livestock industry.

I also think it is a sad commentary on our Nation to find that just a few minutes ago there were 50 or 60 Members of the press and radio media in their gallery above us. Now there is not a single soul, male, female, or otherwise, represented in the press gallery. This shows the lack of concern of representatives of the media of the dilemma of the livestock industry—I beg pardon. I see one member and I congratulate him. We salute him, especially the millions depending on livestock for a living.

I have requested this time to shed some light on the continuing crisis facing the livestock industry.

Mr. Speaker, today, the beef cattle industry is in a drastic financial predicament. The American National Cattlemen's Association estimates that during the past year, the entire industry sustained operating losses of approximately $5 billion. Due to the depressed cattle prices, the value of the Nation's cattle inventory, as reported by the USDA, dropped from $41 billion on January 1, 1974, to $21 billion on January 1, 1975. This is a decline of 48 percent in a single year. Operators have borrowed all they can on their security, they can not sell because their animals will not bring as much as they are mortgaged for, and banks are generally reluctant to advance any more operating expenses.

CAUSES

The causes of the problem are many. The industry has been moving in recent years toward the present cyclical oversupply problem. Today there are simply too many cattle. In January 1974, there were 127.6 million head of cattle worth $321 per head, in this country. On January 1, 1975, there were 131.8 million head of cattle worth only $127 per head. The price per head is now 40 percent of that of 1 year ago. This cycle will most likely not peak for another 2 years.

The oversupply problem was compounded last year by a large rise in feed grain costs. For years, a policy of subsidized, cheap grain encouraged expansion of livestock production. Then, suddenly, changed world demand and export situations—in addition to an unexpectedly short crop due to drought conditions last summer throughout much of the Midwest, contributed to a devastating runup in feed costs.

CONSUMERS INVOLVED

There is also a consumer concern. Cattlemen have lost $100 to $200 on each animal sent off to the slaughterhouse and yet consumers continue to pay higher prices for their meat. In connection with this there have been charges of price-fixing levied against large food chain stores, as the price spread between what producers are paid for their cattle, and what the consumer pays, continues to widen.

Until a few decades ago, a few big meat packers dominated beef purchasing, and the primary retail outlets were the thousands of independent stores. But this structure has changed until today, there are some 2,000 packing houses and but a few independent food stores.

Today meat prices are determined largely by the centralized buying by the largest food chains. Although they purchase only 20 percent of the some 20 billion pounds of beef purchased every year, they set the scale for the other 80 percent which is purchased by the uncoordinated sectors of the market such as independent grocers, Government agencies, and hotels and restaurants.

In a recent California civil suit against a food chain store, a group of western cattlemen won a jury verdict holding that the Great Atlantic and Pacific Tea Co.—A. & P.—had conspired to eliminate competition in meat buying. The jury fixed damages at $32.7 million, calculated on the finding that over a 4-year period the group of producers received up to 20 cents a pound less than would have been the case in a so-called competitive market. I am pleased that two cattlemen from my home State of Wyoming, Mr. Courtenay C. Davis and Mr. Paul Etchepare, were instrumental in having this case brought to trial.

SIZE OF PROBLEM

The magnitude of the problems facing producers today can only be understood in terms of how a crisis in this industry affects the overall economy. The beef cattle industry is the largest segment of American agriculture. Cattle sales in 1973 totaled $22.1 billion, or more than one-fourth of all cash receipts from farm marketing. This level becomes more understandable when it is compared with the steel mills, and their annual sales of $35.2 billion, or motor vehicles, and sales of $77.2 billion.

There are 1.9 million full- and part-time beef cattle operators across the country. Farmers and ranchers buy 5 percent of the Nations steel output, and they purchase 25 percent of the trucks. Every dollar of cattle sales directly generates an additional $5 to $6 of business activity in the farm supply and food business. For every job on the farm, there are three jobs in related supply and processing businesses.

Foods including beef and milk provide more than half of our total protein. Food of animal origin supplies one-fourth of our energy, four-fifths of our calcium, two-thirds of our phosphorus, and significant amounts of other essential vitamins and minerals.

This Congress has already taken some steps to aid beef producers. We have met several times in the last 2 months with representatives of the industry. There is legislation pending before the Agriculture Committee in the House to reduce inventories by providing $1 to $2 billion to purchase meat animals and processed meat for distribution to domestic and foreign relief programs. Legislation has been introduced to place a 1-year embargo on meat imports and there is legislation pending to provide long-term, low-interest loans to operators to provide them with operating expenses until they are able to recover.

And yet the current situation continues to threaten the very existence of the industry itself. We must act now to come to grips with the severity of the problem. We must push for investigation of claims of injustice, coordinate efforts and consider alternatives. Perhaps it is time to look at a subsidy for the industry—temporary in nature—until such time as beef numbers are reduced and prices are allowed to come back to a point where the cattleman can make some money. But whatever our steps, we must act now.

Mr. HECHLER of West Virginia. Mr. Speaker, will the gentleman yield?

Mr. RONCALIO. I yield to my colleague from West Virginia.

Mr. HECHLER of West Virginia. Mr. Speaker, having visited the gentleman's State and having seen the problem of the cattle industry, I commend his efforts on behalf of the cattle industry, and I would like to pose the question of whether the extension and expansion of strip mining, taking land away from grazing which is utilized by cattle, is not a matter of great concern in some areas of the gentleman's State?

Mr. RONCALIO. I would say that it is a matter of concern in those areas where we know strip mining is inevitable; but I do believe that the disruption, the temporary removal of those specific 200,000 acres now under lease in Wyoming, makes a rather small, indeed, negligible, contribution to the overall problem or the pricing policy of today. They may make a contribution to the total production in the years to come, and I have addressed this problem with amendments, as the gentleman knows, in the strip mining bill which we are going to work on again Monday.

But I do know that the problem today deals in a basic kind of way in excess of just the strip mining matter. It is a phenomena dealing with the oversupply, with pricing, with marketing policy, with the general purchasing policy, and the fact that for decades this industry has resisted price subsidies and the oversupply problem.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. RONCALIO. I will be happy to yield to the gentleman.

Mr. SMITH of Iowa. The gentleman mentioned the rise in feed grain costs, which is a result of a bad crop. What happens is, there is a plan for a crop of 6.7 billion bushels, and it turns out to be 4.7 billion bushels. Of that 2 billion bushel reduction, about 1.2 billion bushels would have been consumed by cattle. In view of the fact that the corn is not available, then the price mechanism springs into action to determine the ratio of corn among those that have had the cattle and decide who will get it.

But regardless of who gets it, the fact of the matter is there is not as much corn as had been contemplated. Since there is not that much, then some 500,000 calves would have to go to market that otherwise would have had to go to the lot. That compounds the problem, because there are already too many canners and cutters on the market.

So the consumer, who does not understand this and has not been exposed to those things, says, "Isn't this great? We are going to get some cheap beef."

It is true, Mr. Speaker, that the old saying is "What goes up must come down," but what goes down in the beef industry comes back up, and somehow the consumer never benefits from this. If it goes up, it stays up and never comes back down quite to its original price in the grocery store.

So the consumer does not really get any benefit out of this. It is a serious problem, and what we are talking about is this: somehow we must have more stable prices.

More stable prices of cattle means more stable supplies of grain. They work together. It is a very serious problem.

Mr. Speaker, I thank the gentleman for bringing this matter to our attention.

Mr. RONCALIO. Mr. Speaker, I thank the gentleman. I welcome his contributions and I thank him for his statements concerning the problem which faces us.

Mr. JOHNSON of Colorado. Mr. Speaker, will the gentleman yield?

Mr. RONCALIO. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Speaker, I appreciate the fact that the gentleman is taking this time to bring this matter to our attention.

We have been studying this problem in the Subcommittee on Livestock and Grains of the Committee on Agriculture, and I think the gentleman is aware of our efforts.

The problem is one which I think should be pointed out. Today we have 130 million head of cattle, and we have an extra 6 million heifers and cows that produce calves every year; we need only 30 million of them. The problem is: How do we get rid of that 6 million-cow herd which constitutes the surplus factor and which continues to produce more calves than we actually need in this country? There have been various suggestions which have been made. There is one suggestion by the gentleman from Montana which is being considered, and that is to buy $2 billion worth of beef from the farmers. I think the gentleman is probably aware of that.

That raises certain questions, because we do not know how much that will actually reduce the ultimate supply and we do not know the impact it will have on the consumer or whether we would actually get rid of the extra cow herd.

Mr. Speaker, there has been an overproduction of beef for the last several years, and we now have to eat our way through this evidently. There does not seem to be anything in the offing that will provide for any kind of solution unless we are willing to have the Federal Government make a vast expenditure or unless we are willing to have the Federal Government get involved in the beef industry.

My question to the gentleman is this: The gentleman's district across the border in Wyoming adjoins my district, so I will ask this: Is there any impetus or impact from the gentleman's people in Wyoming or on the part of the beef industry in Wyoming that they want to have the Federal Government involved in any way other than perhaps encouraging and approving a loan program?

Mr. RONCALIO. Mr. Speaker, I will be happy to answer the gentleman's question.

I am not sure that they want to see the Government involved to that extent. I have not received any communication in that regard from the Wyoming Livestock Association. The fact is, I have not been privy to a very warm relationship with that organization. We are becoming friendlier every day, however.

I will say to the gentleman that recently the Sheridan Press carried an editorial saying that the cattle industry must get out of this with some new procedure. This is something not heretofore practiced, something that up to this time has been rejected.

They then suggest a price subsidy. They call it a temporary price subsidy, and they think that the U.S. Government would do well to consider low-interest loans for cattlemen for the duration of the depressed price situation, and they suggest other possibilities for the price subsidy.

Mr. Speaker, at this point I include the editorial I have just referred to:

[From the Sheridan (Wyo.) Press, Feb. 26, 1975]

Cattlemen Ought To Have a Temporary Price Subsidy

The cattle industry, a highly important segment of the Sheridan County economy, is presently living through a depression. It is a real depression.

Cattlemen, if they sell now, can only give away their animals because the current price per pound is around 23 cents. They need around 70 cents per pound to make any money.

What happened?

Although some disagree, most of the cattlemen feel the low prices are the result of oversupply. It came about a year ago when cattle prices were high and when everyone got into the commercial cattle business. Housewives struck, claiming prices were too high and the government moved in and controlled prices. Cattlemen reacted and refused to sell their cattle. Thus there is an oversupply of beef.

The price dropped drastically.

Area cattlemen kept commercial cattle, or they got them to a feed lot where they had to buy the feed, or they found some place to have cattle custom-fed.

Very few are being sold.

Yet all the things that cattlemen buy to raise beef have gone up in price—have gone up drastically.

Few see any improvement in price this spring or by next fall.

Thus another long year may be in the offing for the county's cattlemen. It may be too long for some and the small ones may just close up shop.

The terrible part of the entire situation is the cattleman has to live with it or perish. In order to do this he must eliminate as many expenses as possible.

Thus he buys as little grain as possible. Thus he does not purchase a badly needed storage building. Thus he does not take vacations and he cuts to a minimum his trips into towns. Thus he does not purchase a piece of equipment he needs for ranching purposes. He might also buy fewer groceries. If the situation is bad enough for him, he may sell off a piece of land to a real estate developer.

He'll have to continue borrowing money, but he may look in places other than banks for cheaper interest rates.

Thus grain sales go down and feed companies feel a pinch. Thus storage buildings are not sold and firms selling them feel the pinch. Farm equipment sales drop and equipment companies feel the pinch.

Some say cattlemen have talked themselves into their own little depression, but it isn't true. Too many cattle are the reason for today's low beef prices.

We think the U.S. government would do well to consider low interest loans for cattlemen for the duration of the depressed price situation.

But most of all we think the U.S. government should provide a temporary subsidy until such time as beef numbers are reduced and prices allowed to come back to a point where the cattleman can make some money.

Mr. JOHNSON of Colorado. Mr. Speaker, if the gentleman will yield further, will the gentleman repeat where that editorial appeared?

Mr. RONCALIO. That editorial appeared in the Sheridan, Wyo., Press published in Sheridan, Wyo., on Wednesday, February 26, 1975.

Mr. JOHNSON of Colorado. Mr. Speaker, let me ask the gentleman another question.

What has been the experience in Wyoming with the emergency loan program during the past year?

There have only been 1,800 of those loans which have been approved that I know of, and we approved the $2 billion loan program, and loans of less than $200 million have been made.

Has the gentleman received any reports in Wyoming on that?

Mr. RONCALIO. Mr. Chairman, I would be happy to respond to the gentleman.

We found in Wyoming the usual problems that attend the requests for bank loans when the financial statement or the condition of the loan case or the price of money then make it unattractive to grant the request of the applicant.

In Wyoming very few ranchers obtained loans, but many said that the result of the legislation benefited bankers more than the cattle ranchers.

The rates were abominably high.

Mr. JOHNSON of Colorado. I point out to the gentleman that in terms of the legislation, the FHA cannot make any loans unless it has a security of 100 percent, and it cannot make a loan unless the local banker can make a loan. But the local banker, if he had the 100 percent, could make the loan.

This is one of the fallacies of the loan program.

What would be the gentleman's reaction if we came out of the subcommittee with the idea of reducing the security that would be required on these loans? In other words, the Federal Government would actually be taking the risk.

Mr. RONCALIO. I believe it would be beneficial, I am cosponsoring a bill to do that very thing, and I believe it would be in accordance with the historic tradition of the role the Federal Government has always played, to assure and guarantee bank loans, as was done in the agricultural program in the late forties and into the fifties. I see no reason it should not be done again.

Mr. JOHNSON of Colorado. Would the gentleman think that this is a better method or would he engage in any other form of subsidized program?

Mr. RONCALIO. This presents a delicate question, and it is one of the reasons for our special order tonight.

I would like to think that we could find new solutions that would avoid everybody's having to cut down and avoid a shortage. We recognize that there are millions of undernourished human beings even in this country, let alone hundreds of millions of undernourished human beings in other countries. To me it presents a question of morality for society to be winding down production of beef when millions of people today need good beef. Therefore, I should like to think that in this Congress there might be a few minds which could think up solutions to these problems.

Mr. JOHNSON of Colorado. I agree with the gentleman on the need for something like that, but I was trying to explore the area of the possible now.

I thought, from the limited experience I had overseas, that one of the obvious needs people have is good beef, whether it is overseas or not. However, when one examines into the possibility of trying to put beef overseas, live beef, establishing herds some place else, it becomes almost a physical impossibility. Therefore, that is something that cannot be done with our present facilities.

Mr. RONCALIO. May I respond to the gentleman?

Mr. JOHNSON of Colorado. Yes.

Mr. RONCALIO. I respond by citing a memorandum with respect to the importing of cattle from overseas. I quote:

> The situation is quite sensitive as Australia, New Zealand, Mexico, and several Central American countries are involved and their exporting of beef to the U.S. is a substantial part of their economy.

I think we would be doing a disservice to those countries who are now required to import beef, much to the consternation of our domestic growers.

Mr. Speaker, I would like at this point to insert in my remarks a memorandum dated March 13, 1975, regarding meat imports, prepared by my staff.

I think we should have a moratorium on imports in order to control the prices.

The memorandum follows:

Memorandum Regarding Meat Imports

March 13, 1975.

Under the Meat Import Act of 1964, (P.L. 88-482) the President must impose import quotas on meat if imports exceed 1,181 million lbs. An estimate is compiled quarterly by the Secy of Agriculture, and if the estimate indicates imports will exceed the 1,180 figure then the President must impose quotas at a level of 1,076 million lbs. for the year.

From 1968 to mid-1972 voluntary quotas were negotiated with importing countries at a level below 1,180 to prevent imposition of the quotas at the lower figure as required by law. These quotas were suspended in mid-1972 due to high meat prices in the supermarkets. The suspension was continued for 1973 and 1974.

When cattle prices began to drop in 1974, and it was forecast that they would continue to do so for 1975, the President asked the State Department to begin discussions with importing countries to set a level for voluntary quotas at 1,150 million lbs. This figure is below the 1,181 figure which triggers the automatic quotas. If concluded successfully this would prevent the President from having to invoke quotas at 1,074 million pounds as required by the 1964 law. These discussions are still on-going.

The situation is quite sensitive as Australia, New Zealand, Mexico, and several Central American countries are involved and their exporting of meat to the U.S. is a substantial part of their economy. This is especially true with Australia in which 40–50% of their economy revolves around meat exports. Also U.S. relations with many of the Central American countries fluctuates from time to time from poor to worse.

Many feel the quotas as provided by the law are the same as no quotas, because the figure is so high and claim it provides no protection for domestic producers at all.

Mr. JOHNSON of Colorado. The amount of imported beef has not made that big difference. I understand, as a matter of fact, that we are below the import quota which was set in 1964. Is that not true?

Mr. RONCALIO. I believe that is correct.

Mr. JOHNSON of Colorado. Does the gentleman believe that we ought to abandon the quota system and stop all imports for a limited period of time?

Mr. RONCALIO. I believe that a moratorium on imports would be in order and could be executed without a shock to the balance of our economy, to the requirements of our country, or to the economic balance of other countries.

Mr. JOHNSON of Colorado. To return to what the gentleman was talking about, the starving masses around the world, and that we ought to be able to feed them beef, the problem is not too simple. It is cheaper to provide them with wheat and a soy blend. We can do that for about 11 or 12 cents a pound but we cannot send canned beef abroad for less than 70 or 80 cents a pound. Therefore, we run into that situation where we have this surplus in the country, and if we are going to spend the money to feed people abroad, it is more effective to do it in another fashion, which leads us back to the specter of overproduction.

Mr. RONCALIO. I was going to say this brings us back to the very problem.

I want to thank the gentleman very much for his splendid contribution. I am hopeful that his committee will work on this and make some effort to become of some help to the thousands who need it right now in our respective districts and to the millions in this Nation and others who need beef.

Mr. JOHNSON of Colorado. I want to thank the gentleman from Wyoming again for taking this time to try to bring this problem to the attention of the Members of the House and to the public in general. I do not think many people realize how serious it is, and yet, in spite of this, most of these cattlemen have a good sense of humor. For instance, I was having breakfast one morning in Colorado with a cattleman and a friend of his came in and said, "I just had the most unfortunate experience in my life last night."

My friend said, "Oh, yes, what was that?"

He responded, "I had two calves born and both of them lived and now I have to feed them all winter long."

That is certainly a sorry situation.

Another man said, "I will last twice as long this year because I am only losing $100 a day and last year it was $200."

That is the kind of situation we face all over the West. I think if we can only bring this to the attention of the Congress and to the public then I think we will have done our constituents and the country a service.

Mr. RONCALIO. Mr. Speaker, I thank the gentleman from Colorado for his remarks.

Mr. Speaker, at this point I insert portions of an article from the Washington Post of March 9, 1975, entitled "The Meat Price Explosion and Chain Store."

It pays tribute to Mr. Courtney C. Davis, of Cheyenne, Wyo., whose testimony was instrumental in making the position of the beef producers known, including many from Wyoming and Colorado, and to enable a very responsible judgment of millions of dollars against the A. & P. stores for collusion in their purchasing practices, in the general distribution practices and price fixing practices of the chain stores of America. Indeed, four other chains settled out of court in this legislation.

I think this article has a direct bearing upon our problem, and that is the near total absence of competition in the marketplace in the purchase and resale of carcass beef.

The article referred to follows:

[From the Washington Post, Mar. 9, 1975]

THE MEAT PRICE EXPLOSION AND CHAIN STORES

(By James Risser and George Anthan)

In the mid-1960's, officials of the nation's largest supermarkets gathered quietly at confidential "meat clinics" sponsored by their trade organization, the National Association of Food Chains (NAFC).

Each participant was guaranteed anonymity. Neither his name nor his company affiliation appeared on any list. Officially, he was known to his colleagues only by a color-coded badge on his lapel. If he spoke out during clinic sessions, he could be identified only as a member of, for instance, "the red-striped badge group."

The system was developed, one NAFC official explained later, "for the purpose of encouraging people to speak out and not hold back" as the executives discussed complexities of buying and marketing meat at a profit. And, somewhat to their chagrin today, participants did speak freely.

One color-coded supermarket man declared that "it is about time we stopped passing along the savings in distribution costs to the customers. I think we ought to keep some of it for ourselves."

"The group seemed in general agreement with this thought," notes of the meeting said.

Last summer, those words and others uttered at the meat clinics came back to haunt the supermarket industry as a federal court jury in San Francisco handed six cattlemen a stunning $32.7-million verdict against the Great Atlantic & Pacific Tea Co. (A&P) in a lawsuit charging that major retail grocery chains had conspired to fix the price of beef.

During the trial, the chief meat buyer for A&P had denied he ever met with his competitors. But then the jury of four women and two men was shown a photograph of him meeting with other supermarket officials at an NAFC clinic. The impact on the jurors was powerful.

Their verdict was upheld 10 days ago by Chief U.S. District Judge Oliver Carter, who denied A&P's plea for a new trial. Judge Carter ruled the jury had received "sufficient evidence" to support its finding that A&P had plotted with other supermarkets to set the prices they pay for beef at a low level and the prices they charge customers in their retail stores at a high level. The jurors were justified in believing that, at the "various secret meetings," supermarket executives and meat buyers "met, not only to discuss prices of meat, but to forge agreement concerning fixing of those prices," said the judge.

A&P has termed the verdict "monstrous" and plans an appeal to the U.S. Circuit Court of Appeals. The decision has sent tremors through the multi-billion-dollar supermarket industry as cattlemen in other states have moved quickly to file similar suits. While the San Francisco case covers a period which began almost a decade ago, some cattlemen contend the alleged practices have continued.

Backed by some farm-state congressmen, the cattle raisers say large supermarket chains wield undue influence on wholesale and retail prices of meat. Rep. Neal Smith (D-Iowa) charges the chain grocers have replaced meat packers as the largest single force in the nation's food industry, saying they exert "tremendous leverage" over meat prices and can, in effect, dictate prices meat packers pay the cattleman for his live animals.

Smith is pushing legislation to limit the chains' involvement in production of meat, and some veteran industry regulators at the U.S. Agriculture Department agree privately that tough new laws are needed.

The farmers complain that low prices they are paid for cattle are not adequately reflected at the stores' meat counters. This has become one of the most curious aspects of the high food-price situation of recent months. How can it be that U.S. cattlemen have lost $100 to $200 on each animal sent off to the slaughterhouse, and yet consumers have had to pay higher prices for their steaks and hamburgers?

Agriculture Department economists and statistical experts agree that if there is an economic villain, it's someone called the "middleman"—the meat packer, the processor, the packager, the shipper, the retail grocer. All have been getting an increasingly large piece of the action as beef makes its way from an Iowa farm or a Texas feedlot to the American dinner plate.

Agriculture Department figures show that in 1971 middlemen, including the retail supermarkets, added an average of 36.5 cents to each pound of choice beef they handled. This increased to 52.7 cents a pound in 1974.

A special department task force reported last August that meat price margins—costs added by middlemen—"exploded" late in 1973 and early in 1974 "while market prices for cattle and hogs dropped sharply and losses mounted for livestock feeders." General inflation, restrictive labor union practices, government regulations and market distortions caused by earlier federal price controls were factors in this "explosion" but not enough to "explain the surge," the task force stated.

Cattlemen's suits patterned after the California case are on file in Nebraska and Texas, and the filing of others is under consideration. A $1.4-billion antitrust action filed in Cedar Rapids, Iowa, by cattlemen there was dismissed recently, but strong efforts are being made to revive it.

An examination of the voluminous record in the six-week A&P trial in San Francisco shows that cattlemen's attorney Joseph M. Alioto (an antitrust specialist and son of San Francisco Mayor Joseph L. Alioto) was able to produce little clear or startling proof of an overt conspiracy. There was no document actually showing high grocery chain officials agreeing on price-fixing schemes. But there was massive testimony and statistical evidence that, at a time when beef demand was high, cattlemen were being paid low prices while supermarket profit margins were rising. And the jury apparently was convinced that the NAFC meat clinics were a cover for supermarket efforts to get together on pricing.

TWO CHAINS SETTLE

The case, filed in 1968, originally named as defendants A&P, Safeway Stores, Inc. and Kroger Co. The three firms had conspired to pay low prices for the beef they bought and to fix high prices for the beef they sold to customers, the petition asserted. The large supermarket chains, the cattlemen alleged, had divided geographical territories among themselves to reduce competition. They also had eliminated competition among themselves in purchasing meat products, and even among different stores of the same chain. Also, it was charged, they had exchanged information on prices, sales, margins and profit through their trade associations.

Safeway and Kroger eventually elected to avoid a trial and settled out of court by paying the cattlemen $90,000 for attorney's fees, though the two chains strongly denied the charges against them. A&P, however, decided to fight the case to the end.

After a six-week trial, the jury returned its verdict, finding that a price-fixing conspiracy had cost the six cattlemen 20 cents a pound on all the beef they sold from 1964 through 1967. As a result, they had lost a total of more than $10 million and, under federal antitrust law, were entitled to triple damages.

The plaintiffs produced witnesses to buttress their claim that the big supermarket chains had agreed, perhaps only through an informal "understanding," to pay packers uniform, arbitrary, non-competitive and artificially low prices for fresh meat and meat products.

Cattlemen told the jury they sold cattle for less than it cost to raise them, and that they were able to stay in business only with bank loans and by raising crops. Also, a former independent packer testified that he had been forced to pay cattlemen low prices because of "great pressure" from major food chains he dealt with.

THE "YELLOW SHEET"

In addition to the NAFC meat clinics, evidence of some contact among competing food stores came in testimony of A. D. Davis, an official of Winn-Dixie stores. He said he had given his private telephone number to officials of some other firms to save them from making more expensive person-to-person calls when they wanted to speak to him.

The calls often related to handling of "excess supply" of beef, said Davis, who acknowledged that he may have told a competitor that Winn-Dixie was planning to "feature" beef.

Supermarket officials said that the NAFC often issued notices to its members telling them of the existence of excess meat supplies, and asking them to conduct beef sales. But A&P lawyers said such sales had the effect of removing excess supplies and actually benefitted cattlemen.

The cattlemen who testified in San Francisco made it clear they don't feel that way. Courtenay C. Davis, who operates a 75,000-acre ranch at Horse Creek, Wyo., told the court that many cattlemen have been losing money since 1952. At about that time, he said, "a powerful new force emerged in the form of the concentrated buying power of fewer and fewer big chain store buyers, operating without restraint in the carcass beef market."

Supermarket officials testified that the four largest chains together were accounting for less than 20 per cent of carcass meat sales in the nation, but they acknowledged that much of the other 80 per cent represented "fragmented" purchases by locally oriented grocery, hotel, restaurant and institutional operations.

And in conclusion I offer a letter from H. E. Stuckenhoff, a physician/livestockman, and one of the outstanding citizens of Wyoming. It is an account of the tragedy facing the livestockman today, and he comes up with truly original thinking on abolishing the futures market, for example, abolishing the practice that allows speculation on commodities, and a return to the ever-normal granary, a concept that I think is an idea whose time I believe has come.

His letter ends with an old saying that the luxury of today is the necessity of tomorrow. He says that this may well be reversed in coming years to the necessity of today may well be the luxury of tomorrow, at least in the cattle business. Unfortunately, he says we are an idealistic nation in a world of realism, and that it is time that we become realistic, if we want to restore the price of cattle in America.

The material referred to follows:

B. B. Brooks Co.,
Casper, Wyo.

Hon. Teno Roncalio,
House Office Building,
Washington, D.C.

Dear Teno: The situation that exists in the cattle business is nothing less than chaotic. My family has owned the Brooks Company, a livestock producing company, for 28 years and never have I witnessed anything like the prices we must accept today! Cows sold at Torrington last Thursday for 3¢ to 15¢ a pound. Many cows going for $35.00 to $90.00 a head. I understand that Van had a string of these cows in, selling for 9¢ a pound.

Feeders are not as anxious to buy as they have been in the past. The real culprit is the high price of feed grains, particularly corn.

A similar situation existed in the late teens and twenties when the grain pits, large elevator companies, controlled the price of grain. The biggest gambling today is in the grain pits. Las Vegas doesn't hold a candle to this type gambling. With rumors of foreign sales, shortages, drought, famine, the farmer is encouraged to hold his corn instead of orderly marketing. Further the market on grains goes up and down like a yo-yo which indicates manipulation rather than a true market.

Former President Roosevelt, as you will remember, with the aid of Congress did away with grain futures and established the ever normal grainery rescuing the farmer from the fluctuation grain prices existent at that time. The large grain companies would operate but not at big profits because of the controls extended which did not allow wide fluctuation.

If the present situation is allowed to continue the feeder will sit on his hands and not buy. The corn farmer will hold, hoping for higher prices and someone will get hurt. I well remember in the spring of 1921 when corn dropped from $2.45 a bushel to 45c in a period of one month. There is now a complete loss of confidence in the cattle producing area. I talked to James Miles last evening and he told me they will lose $140,000 this year. They are a well established outfit owing very little on their holdings. I haven't gotten a complete rundown on our outfit but I can tell you that this will probably be the blackest year in the history of this company. I have the records since 1901.

The Democratic Congress, I believe, has a mandate from the people to put forth definite constructive legislation that will put a stop to some of the manipulative efforts in this and other fields which all contribute to inflation. Fine tuning won't do it. Experience thus far should tell you that.

In my mind it is time for drastic moves and some toes will be stepped on.

(1) Discontinue all futures markets in grain and livestock.

(2) All commodity market transactions could be covered by cash or cash equivalent.

(3) Pass legislation to override G.A.T.T. (General Agreements Tariffs and Trade) and deal with each country, country by country.

(4) Do away with Law 480 (Agricultural Trade and Development Act of 1954) whose purpose has been long outlived and force all countries to pay cash for all grains. If we wish to contribute food to starving nations let's do it above board. Let's not use the subterfuge of Law 480.

The public will accept gasoline rationing if handled properly and limit the imports of petroleum to fit our bare needs. People recognize this is the only way to force the Arabs' hand which would happen in the course of about 12 months. No oil, no food, no supplies.

(1) Tax all overseas corporate branches of the U.S. corporation as you do U.S. corporations solely operating within the U.S. borders.

(2) Remove all financial guarantees on corporate expansion overseas by any branch of the U.S. Government such as noted in the expropriation of ITT properties in Chile for which they were awarded $70,000,000.

(3) Wage and Price controls if properly administered are not unacceptable with the rollback of prices.

(4) Regulation W as used during World War II would reduce the galloping total debt which has increased from 1 trillion 500 billion to 2 trillion 500 billion dollars in less than 10 years.

Johnson's great error of "guns and butter" at the same time, and so admitted by Heller at a meeting in Casper last year, has to be the greatest financial mistake of the century having catapulted us into the worst inflation in the history of our country.

We are faced with buying fertilizer next year at 2 or 3 times the price we formerly paid for this commodity. This is true of everything we buy and I'm sure if the present situation continues it will break a lot of cattlemen and their independence won't save them this time.

There are many areas of semi-monopolistic corporate operations in which the unbridled escalation of prices needs to be curbed if we are to have all areas of our economy survive. The examples are numerous and exist all around us.

The law of supply and demand is an overused and outdated method of control of prices when all the stable article manufacturer has to do is cut back production. The only place it really works is in the livestock business and with the expansion of the super markets it begins to lose its significance.

Teno, people expect positive, constructive action so that all areas of our economy can survive and not one profit at the expense of the other.

Ford's only constructive effort so far has been the limiting of meat imports from Canada.

The situation today is not too unlike the Hoover Administration and if Congress does not take positive, constructive efforts and pass legislation to override the President, in case of vetoes, we may end up with a situation similar to the thirties.

Sincerely,

H. E. Stuckenhoff.

P.S. There is an old saying . . . the luxury of today is the necessity of tomorrow. This may well be reversed in coming years to . . . the necessity of today may well be the luxury of tomorrow. At least in the cattle business.

Unfortunately we are an idealistic nation in a world of realism and it's damn time we are becoming realistic.

Mr. MONTGOMERY. Mr. Speaker, I commend the gentleman from Wyoming for taking this time today in order that we might devote attention to the very pressing problems in our Nation's cattle industry. Of course, we should note that the economic squeeze facing our livestock producers affects more than just them. Unless we are able to provide a measure of relief for the current depressed market, the consumers of America will soon feel the effects of higher meat prices.

It is astounding to note that the selling price for beef on the hoof has dropped by 60 percent in just a year. This is even more astounding when you realize that production costs for cattlemen has risen significantly in this same period of time. The cattle industry finds itself in the very difficult position of not being able to afford to continue feeding their stock, nor can they really afford to sell it at this time because of the depressed market.

Mr. Speaker, the one question uppermost in everyone's mind is how in the world can the selling price of livestock on the hoof be so low when the cost of meat at the retail level is remaining at or near record high levels? This is one question I hope the appropriate committees of Congress, as well as the FTC, will address in the not too distant future.

However, we must turn our attention today to steps that must be taken in order to prevent any additional cattlemen from being forced out of business because of the cost-price squeeze. Among some of the steps I urge our Government to take would be the buying of additional meat products for the school lunchroom program and encouraging the military services to increase the amount of meat in their daily menus. We must also take action to increase the amount of canned meats in our food assistance programs to other nations.

One step that has been taken by the Department of Agriculture, and I commend them for their action, will hopefully result in a decrease of production costs to cattlemen. I, of course, refer to changes in the grading system of meat that will mean leaner meat. This will result in a decreased amount of feed necessary to "finish out" livestock.

Mr. Speaker, what we must not forget is that any steps we take to solve the problems of the cattle industry are steps for the benefit of the consumer. This is a point which I am afraid many of my urban colleagues have overlooked to the detriment of their own constituents.

Mr. NOLAN. Mr. Speaker, the old saying "so goes agriculture, so goes the Nation" has never proved so true as today. As dairy and cattle producers are forced by the thousands to give up their family operations and move to cities, employment lines grow longer and the recession intensifies daily.

Unfortunately, the State Department is negotiating with the world's major meat producers to increase meat shipments into this country by more than 100 million pounds in 1975.

This action is an incredible affront to American livestock producers, who are experiencing their worst depression of the century. Department of Agriculture figures show the value of all cattle and calves dropped during 1974 by some $20 billion, or over 50 percent.

Correspondingly, the Farmers Home Administration reports delinquency in farm and ranch loans increasing dramatically over the last year. On January 1, 1975, 45 percent of FHA loans to farmers and ranchers were delinquent—compared to an already alarming 29 percent the year before. From October 1974 to January 1975, over 72 percent of farm and ranch loans went to livestock producers.

The situation is hardly surprising. Our Government is once again implementing a plan guaranteed to produce depressed prices for those who should be getting help.

In the past, there was little concern that high-grade, grain-fed American beef could be put on a competitive quality market with grass-fed foreign beef. But high grain prices have forced livestock producers to begin marketing grass-fed animals. More imported beef will force American farmers into a cutthroat competitive situation.

The present quota system is based upon domestic livestock production. As domestic production increases, import quotas increase. At the same time increased production is causing prices to fall. Thus, import quotas increase at the worst possible time.

Every other country in the world except Canada has an embargo against beef imports. Canada has an embargo which allows a limited amount of beef imports.

The effect of increasing beef imports now would be totally devastating. How long will American farmers have to struggle with their own Government against bankruptcy and oblivion?

Mr. HIGHTOWER. Mr. Speaker, I thank the gentleman from Wyoming for yielding.

I am a consumer. And just like my 432 colleagues in the House of Representatives, I represent approximately 470,000 other consumers, with the numbers varying slightly in each district. So I can easily agree that this is a consumer-oriented Congress, which is just another way of saying this is a constituent-oriented Congress.

However, I am a member of a somewhat unique minority in this Congress. This minority consists of Congressmen who represent those districts that produce the food we consumers consume.

The 13th district of Texas and the adjoining 19th district, so ably represented by Chairman George Mahon, produce one-eighth of all cattle sent to market from feedyards in the United States. This area, known as the Panhandle of Texas, produces 75 percent of all the cattle sent to market from Texas feedyards.

The number of cattle on feed in the seven major cattle-feeding States March 1, 1975 was down 41 percent from a year ago. In Texas, the number of cattle on feed was down 53 percent March 1, 1975 from a year ago. The average occupancy of the Panhandle feedyards is now at 35 percent. The normal breakeven is 60 to 80 percent.

The loss on animals marketed just last week averaged $47.67 per head. Total losses on feed cattle in the last 18 months, since the price freeze was lifted in September 1973, are approximately $458 million in Texas and approximately $2.75 billion in the United States. Some losses have exceeded $200 per head.

You might properly ask, How can cattle feeders stay in business? They cannot under current market conditions. Seven feedyards have closed in the Texas Panhandle. Approximately 53 percent of the work force in Panhandle feedyards were laid off during the past year—1,240 from feedyards and an additional 800 in allied industries. In my district Wheatheart, Inc., Perryton, declared bankruptcy earlier this year. The largest beef packing plant in the world, American Beef Packers, located in my district at Cactus, in the northern Panhandle, suspended operations and declared bankruptcy in January .

These facts and figures affect each of us, Mr. Speaker, each consumer, each constituent. They affect the supply of food we eat. They affect the supply that will be available this fall and next year and the year after that. Each of us listens carefully to what the housewives tell us. She does not buy a dress every day. She does not buy an automobile every day. But she is reminded every day of how much she is paying for food. If this Congress does not take immediate action to improve market conditions for cattle producers, we are going to hear from her a lot more. We may not like to hear what she is saying now, but this is mild to what we will hear when the inevitable shortages result and the consequent price increases that will most certainly follow. Our concern should be addressed to the problem of priority for an adequate price to the producer who will then continue to supply an adequate market for the consumer.

GENERAL LEAVE

Mr. RONCALIO. Mr. Speaker, I ask unanimous consent that all Members desiring to do so may revise and extend their remarks and include extraneous material on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

THE ARAB BOYCOTT—AN INTOLERABLE FORM OF BLACKMAIL

The SPEAKER pro tempore (Mr. Krebs). Under a previous order of the House, the gentleman from New York (Mr. Fish) is recognized for 25 minutes.

Mr. FISH. Mr. Speaker, recent revelations of the efforts of Arab nations to enforce an economic boycott shed light on the manner in which the Arabs are going to use their new-found financial power.

Newspaper accounts relate that a Kuwaiti investment firm withdrew from two lending syndicates headed by Merrill Lynch because of the inclusion in the syndicates of Lazard Frères, a firm on the boycott list. In addition, reports of attempts to exclude the banking concerns of Rothschild and S. G. Warburg from potential transactions indicate that the Arabs are not just boycotting Israeli interests, but rather engaging in an attempt to generate anti-Semitism in

Western economic practices. The Anti-Defamation League of B'nai B'rith has also made public the names of major U.S. companies and two Federal agencies which have submitted, at least in part, to the Arab anti-Jewish campaign.

The Army Corps of Engineers has admitted that while overseeing construction work in Saudi Arabia, it will not use Jewish personnel on the job in compliance with their demands. Is this not a violation by the Federal Government of title VII of the Civil Rights Act of 1964? In addition, the Overseas Private Investment Corporation, responsible for stimulating American investments abroad, has allegedly succumbed to Arab demands concerning Jewish personnel in the Middle East.

Mr. Speaker, I feel it is important to differentiate between what the Arabs are doing and U.S. policy with respect to Cuba and China. The Arab boycott, which only recently has received notoriety, actually originated before the state of Israel was founded and was aimed at prohibiting the establishment of the Jewish state. Today, the oil producing nations are using petrodollars to exert financial pressure on those doing business not only with Israel but with all Jews in an attempt to economically destroy Israel.

United States trade restrictions have been imposed against certain countries such as Cuba and China which were deemed to be hostile at the time of imposition. Our restrictions however, apply only to U.S. citizens and U.S. businesses and products. The Arabs restrict not only themselves but third parties all over the world.

Mr. Speaker, this boycott is blackmail—no more, no less. Any participation by U.S. businesses or public agencies in the Arab boycott strikes at basic constitutional guarantees and raises questions as to whether violations of the 1964 Civil Rights Act have occurred or are presently occurring. I am encouraged by President Ford's public statements on this issue that his administration will not tolerate official or private discrimination against Jewish businesses and individuals. In addition, I have signed a letter along with many of my colleagues from both sides of the aisle, to Attorney General Levi requesting the Justice Department investigate any and all allegations of official and private U.S. participation in discrimination against Jews in response to Arab demands.

We should make it clear to Arab nations and the entire world that any attempts to do business in a discriminatory manner will not be sanctioned by this country. Furthermore, any nation that has as its stated purpose a discriminatory practice against American citizens on racial or religious grounds should not be allowed to control or purchase American companies to implement its illegal and immoral goals.

Mr. Speaker, I am calling for an immediate review of existing legislation to determine if adequate safeguards now exist to deter further Arab attempts to bludgeon American companies into committing acts of anti-Semitism. I am pleased that the House Subcommittee on International Trade and Commerce has begun hearings on this issue. In addition, I would like to call my colleagues' attention to Senator Williams' legislation, now pending before the Senate Commerce Committee, which would empower the President to bar individual foreign investments under certain circumstances. I have sponsored similar legislation in the House (H.R. 411) which would create a National Commission on Foreign Investments to oversee foreign investment in this country. The Export Control Act presently calls for notification by American companies to the Department of Commerce of any requests for discriminatory action by foreign countries against friendly nations. Mr. Speaker, this act should be amended to provide for penalties for complying with demands for discrimination.

Only by our affirmative action will the Arab nations realize that the exercise of their economic power to foster anti-Semitism will not be tolerated by this Nation.

THE CONSTANT NEED TO ELIMINATE WASTEFUL SPENDING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. EDWARDS) is recognized for 10 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, as representatives of the people and as watchdogs of the National Treasury, we must ever be mindful of the urgent and constant need to eliminate wasteful spending.

In these days of inflation and recession when we, as leaders, are asking the American people to tighten their financial belts; we must set the example by first looking at the Federal Government and eliminating the fat, the frivolous, and the unnecessary.

What I am talking about is going on right here in Congress and in the various Federal agencies; and we have not done one thing to stop it. It is reported that carpets are scrapped by high-level officials because the color happens not to be appealing to new tenants when the office changes hands; chauffeur-driven limousines are provided for far too many Federal officials; $150,000 was spent on a dining room for the Secretary of Agriculture; and the list goes on and on. It is high time that Government officials stop feathering their own nests at the taxpayers' expense.

Several of my constituents have brought to my attention an article written by Paul Harvey, entitled "Taxpayers Hit on Odd Programs." I want to share portions of this article with you. The article states that Congress has appropriated money which has been spent for the following: $375,000 to study the frisbee; $124,000 to find out why people say "ain't"; $37,134 for a potato chip machine for the Moroccans; $117,250 in wages for the Board of Tea Tasters; $85,000 to learn about the cultural, economic, and social impact of rural road construction in Poland; $20,000 to investigate the German cockroach. The people in my district in the State of Alabama just do not understand this type expenditure and I cannot for the life of me see how many of these expenditures can be justified.

How can we expect Americans to make personal day-to-day living sacrifices while there are questionable and unneeded government projects and programs reaching into the paycheck of the working men and women who have to struggle daily to put food on the table and clothes on their backs.

It is more important now than ever before to hold the line on the present budget and any new spending programs. Excessive Government spending by Congress is an evil for which we all are paying dearly at this time.

President Ford's 1-year moratorium on the start of any new spending programs has merit. We also need to consider tax reform, impose a windfall profits tax on oil companies and examine existing government programs microscopically. As a member of the House Appropriations Committee, I plan to do just that, and I hope my colleagues will do likewise.

The Federal Government is complex and there are many individual projects included in every massive departmental request for funding. The truth is, we do not normally see such items in the budget. They crop up later in a research grant, but it is up to Members of the Congress to examine these requests and search out and eliminate those projects not worthy of taxpayer funding and to cut down on worthy projects and programs that can withstand reduction.

On another front, the House Administration Committee continues to grind out little plums for the Members of Congress under an ill-conceived bill of a few years ago which relieved the full House of having to vote on such issues. I will always be proud that I voted against this procedure.

As leaders, if we expect others to follow, we must also look here in our own backyard to eliminate abuse and hold down expenses. Congressmen and Senators should not play "King of the Hill" when there are Americans suffering and sacrificing, muchly due to actions collectively enacted by their elected representatives.

MEDICAL MALPRACTICE INSURANCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. ASHBROOK) is recognized for 10 minutes.

Mr. ASHBROOK. Mr. Speaker, a crisis is developing in the area of medical malpractice insurance. Many doctors in Ohio and across the Nation are considering early retirement or giving up practice altogether because of insurance cancellations and exorbitant rates. When this happens, it is the communities served by these doctors that suffer.

One company working for a solution to the problem is Shelby Mutual Insurance Co. of Shelby, Ohio. Oliver C. Griffith, who is president of the company, has developed some special insight into this matter. Mr. Griffith offered his recommendations in a speech delivered in Tampa, Fla., in January of this year.

I believe his ideas merit the serious attention of my colleagues. Therefore, I am including excerpts of his speech in the RECORD:

TAMPA, FLORIDA, *January 28, 1975.*

THE PROFESSIONAL LIABILITY UNDERWRITER: HIS CURRENT PROBLEMS AND SOME SUGGESTIONS FOR THE FUTURE

Good morning ladies and gentlemen. I am pleased to be with you in this important national seminar.

Hopefully, the following may contribute to a better overall perspective. Possibly, some of the ideas emerging in my remarks as well as in the following discussion could even start the ball rolling toward real improvement in professional medical liability in the United States. Such improvement is seriously needed.

The medical professional crisis has been brewing for years. The fact that 1974 was the roughest possible year on property and casualty business is not at all beneficial. Conditions toward a crisis were, however, forming in the mid-1960's.

When my own company began to write this line, in 1952, it was a comparatively rare thing for a patient to sue a doctor, alleging a malpractice incident, and make any successful recovery. My own father practiced medicine as an M.D. for over 43 years and no recovery of any kind was ever rendered against him.

Only three times was he called upon to respond to "therapeutic misadventures." Never in my working lifetime have I seen such rapid and drastic deterioration of a supposedly viable line of insurance. It seems clear to me that the beginning of the current problem dates approximately from the onset of medicare, which in itself started to heighten the sensitivity of the consuming public not only to the needs and costs for medical treatment, but to some of the fallibilitites of such services, however well-motivated the health-care provider.

We are not blaming the concept of medicare for anything. Likewise, our approach in these comments is not an assessment of blame on any segment of our society. Instead, our purposes are to highlight the trouble spots, to give some frank evaluations of conditions as they seem factually to be, and to try to suggest where the emphasis might be placed in a direction of positive improvement.

In the early 1960's there was the supposed goal of the great society, which was to be a society showing compassion for the so-called "little man". This little man was to be raised from his lowly station in life by a generous and discerning government, somehow able to do all of these things without any burdensome costs falling on the recipient.

In the course of providing all these services, including medicare, and medicaid, our little man was going to be able to upgrade not only his housing, his clothing, and his feeding. He was going to be able to do at least two other things. One was to drastically improve his whole pattern of security, confidence, and well-being. The other was also partly psychological, the idea being that now our little man was going to be able to question any institution, and to proceed aggressively against any source, whatsoever, of irritation, embarrassment, real or imaginary harassment, and real or imaginary injury of any sort. The quality of life would soar.

All of these patterns of supposedly improved status became a matrix of rights, rather than mere privileges. Considering the nature of the human condition, there should have been little wonder that all of this did not quite work out. Our little man found out that there was no free lunch. He is not to be individually blamed too much, especially when the entire country thought it could blithely proceed on the basis of very large amounts of borrowed money. The stage was set for the mammoth medical cost dilemma in which we find ourselves. Inflation became a way of life. It began to seriously erode the insurance transaction.

The little man's costs of going to the doctor escalated. Hospital costs per-day elevated. The paper work related to being ill exacerbated. And the physician-patient relationship deteriorated.

The medical professional crisis, crudely called the malpractice situation, is with us now and with a vengeance.

Almost every major segment of society has a stake in this situation. Insurance regulators are concerned about rate levels, and of course, availability. Insurance companies are realizing that, under present aggregate conditions, it is well-nigh impossible to continue to afford this type of insurance coverage. Medical costs are skyrocketing. Hospital costs are almost unaffordable. Doctors blame lawyers for greedily pushing unwarranted actions, and also for sharing too heavily in the spoils via contingent fees. Individual State medical societies are vigorously studying the problem and proposing a variety of solutions. Lawyers are blaming doctors for sloppy and negligent treatment. Undoubtedly a certain small percentage of lawyers, located particularly in States wherein automobile no-fault laws have come about, have switched over into these other avenues of activity.

The result is that we come now to a realization of the hard facts of life on this line. No insurance mechanism can continue to operate when the aggregate of losses is eventually two, three, or four times the gross aggregate of premiums. Certain regulatory authorities have persisted in looking at the line on the "pay-out" basis, seemingly refusing to realize that the standard body of coverage applies to treatment rendered during the policy period, with losses out of that particular period then trickling in for probably ten years or even up to a quarter of a century. Insurance companies fell down completely in their predictive role as respects these rates. Severities are up, and frequencies are up, and as yet juries do not seem to realize that they are doling out the assets of the people in these outlandish verdicts. These funds must be secured from the doctors. The doctors have no alternative but the one of passing these costs back to the public in the form of higher and higher fees for services rendered.

It is no wonder that insurers are leaving or have left the line, because there is no real way under present conditions to underwrite the risk. When inflation is considered, the "long tail" of losses makes proper rating almost impossible. Underwriting is tremendously handicapped because it is extremely difficult to judge the skills of the practitioner. The G.P. as well as the specialist may find himself in court. There are too few doctors for the number of patients, and yet the Federal Government is seriously proposing a national health program which will add further tremendous strain into the picture. I therefore submit a key point, namely, that national health insurance is an impossible myth, without a prior satisfactory solution to the medical malpractice situation. But, instead of dwelling on the adversities of the problem, something new and innovative must be proposed.

Conscientious insurers have suggested a drastic revision in the body of protection. I refer here to the "claims made" concept. Insurers generally, including my own company, may finally be mandated into that type of revised contract, possibly on some kind of a pooling basis. One reason that we do not, however, find ourselves with any marked enthusiasm for it is that this concept falls short of affording the practitioner the *ultimate* protection needed. Down the road there must be some further payment, right at the time when the doctor would be retiring. The premium load would then fall on him the hardest. That technique deprives the doctor of one of the benefits of insurance, namely the immortality, hopefully, of the insurer. The cost of the "long tail" of losses would mar the financial outlook of many doctors, and even force early retirement for some.

When one of these fantastically high verdicts comes through, there are comparatively few doctors (compared to other homogenous units of exposure in other lines) over which to spread the cost. Consequently, it is not impossible to envision in the future premiums per-year per-doctor of $25,000 to $35,000 if present conditions persist, even assuming a continuation of the present standard body of protection.

In any event, it seems necessary now to narrow the issues and strive for some sort of effective and reasonable action. For good reasons, it seems to me we must rule out partial solutions which only nibble at the real problem. In this category I place increased deductibles, forms of no-fault, special court arrangements devoted solely to malpractice, and arbitration.

Of a certainty, though, State insurance regulators must understand the foundational rating concepts properly applicable, and should be permitting rate levels which much more closely reflect long-run demonstrable costs. This leeway will involve trend factors for the long tail in the magnitude of probably a minimum of 5% per year.

Changes must most definitely be made in the insurance environment surrounding the rendering of medical care. Since adequate rating is so difficult to come by, medical professional premiums should be carved out from company taxation, as should the investment income on those same premiums. This is to propose that medical malpractice premiums should definitely be put in a special exempt category, along with the related investment earnings. That category should be one of exemption from present tax and this should be enacted on the basis of allowance for carryback of loss for at least the years 1974, 1973, and 1972. That arrangement should apply for a minimum period of fifteen years from enactment (such as from 1975 through 1990), in order to permit time for two developments.

One development would hopefully be some dampening of inflation. The other would relate to the installation of a careful statistical analysis, beginning with calendar year 1974, in order to demonstrate the developing real costs of the "long tail" of losses. Only because of the long-time aspect injected is there any justification for this mixture of operating results and investment results, but it will serve the purpose of allowing the premiums paid by the doctors to be as fully enhanced as possible by the time of application to inflation-swollen losses. The above should be applicable across the board to every company voluntarily or involuntarily involved with malpractice insurance; mutual, stock, and reinsurer.

With the entire population asserting the right to individual quality medical care, there must be the practical realization that medicine today is an art and not a science. There are no guaranteed cures, but in the last three years especially, people have been acting as though the failure of a cure, as conceived by the patient, constituted the equivalent of doctor-negligence. It is impossible and impractical for this to continue. Action patterns within the states should be immediately addressed to the reasonable limitation on the recovery of any one patient, for any one illness, irrespective of either a multiplicity of simultaneous ailments, or a plurality of doctors being involved in the treatment.

In the comparatively recent history of this country, there was an arbitrary amount of life insurance, such as $10,000, assigned as to what society should pay for death in war. It is true that under the standard current body of coverage, the doctor must agree in writing with the concept of any settlement, but it is not inequitable to also recognize that the doctor can respond only up to a point, dollarwise. Beyond a certain figure, the financial aftermath must fall back on the individual patient, or, in extremely unique cases, on some other source. It would not be unreasonable to have recoveries, by patients, except in intentionally fraudulent treatments, be limited to a maximum of $50,000.

Insurers, if they are to be drawn somehow as a group into this vortex of problems, should have the benefit of some limitation to responding for the events of a particular policy year of treatment. Of course this brings up the sticky problem of the statutes of limitation, but it would not be unreasonable for a company to be required to respond only to losses which actually surface within four years of the end of a particular policy period. Claims arising thereafter would be dealt with by some new mechanism which would nevertheless be internalized within the health-care-cost area.

If, on an emergency basis, States are going to attempt to deal with this crisis via forms of mandatory pooling, two things appear true. The basic one is that there can be no delay in *first* changing the legal environment in material fashion, and in fact changing it as a condition precedent. The other is that the health care delivery system must be viewed as a totality of which the malpractice problem is presently a sorry part. There is no significant relationship between the losses arising out of considered and intentional treatment, and other *general liability* lines involving accidents. It follows, then, that losses, in the event of arriving at mandatory pooling solutions, must fall on premiums for accident and sickness, health, Blue Cross and Blue Shield arrangements, medical payments on automobile, the medical cost portion of Workmen's Compensation, and all other health-connected revenues wherever found.

Notice, though, that a lot of the conversation has dealt with the problem of the malpractice loss, and coping with it, but *after* the so-called therapeutic misadventure has already taken place. Consequently, let's move aggressively into an area which has had only a comparatively small amount of attention.

I refer here, of course, to the doctor-patient relationship, the drastic improvement of which might hold nothing short of tremendous possibilities. Certainly it is to the health care deliveries that we must look for the improvement of medical care.

It is quite apparent that either there are certain flaws in the overall pattern of delivered care, or else that somehow the expectations of our average patient have become totally unreasonable. Where there is so much smoke there must be some fire, and it therefore seems obvious that doctors must agree to start to put the microscope on their techniques, medical, psychological, and communicative, and also that they must actively work on scaling down the otherwise unwarranted anticipations of the patient. If it were not for the triggering events producing adversarial actions by the treated patients against members of the medical community, insurance carriers would not be defending or recording all of these incidents which are proving so terribly costly. Doctors must bring themselves around to a realization of the aggregate impact of their care. Without delay the medical community should assume the responsibility for doing for themselves what no other source can do for them. That is, reverse the irritative aspects of their services, and erect some kind of moral barrier to patient hostility.

I therefore propose that a specialized committee of the American Medical Association immediately address itself to the solution, or at least the partial solution, of this problem within their scope of responsibility. One facet could be a national project to develop a letter of intent whereby doctors on an essentially unified and national basis would indicate a renewed willingness to alter some of their habits and strive for the implementation of an understanding of the rights of patients. In return for this professional conciliatory shift, patients would be offered and asked to sign a document, as a moral rather than a legal instrument, at the time of entry into any form of medical treatment, with the exception of emergency care, and also not in the cases of treating minors or incompetents.

For want of a better specific characterization, this document might be called a PDQ-card. This would stand for Patient-Doctor-Questionnaire. On the back of that card could be the succinct new letter-of-intent and bill-of-rights being offered the patient by the medical community. On the front of that card could be certain simple affirmative questions being asked of the patient. If the patient was unwilling to even consider the PDQ-card, and assuming the patient in reasonable control of his own health situation at the time, this would give the doctor a positive clue as to the reasonableness of assuming responsibility for treatment. If the patient was amenable to considering the message of the PDQ-card, but was not willing to answer all questions affirmatively, that would not necessarily mean that treatment would be refused. If all questions were answered affirmatively, that patient would have qualified for charges by any doctor which would be only 75% of the costs levied on other patients not affirmatively replying to the full questionnaire.

The PDQ-card technique would, in itself, be a basis for a good conversational exchange between the doctor and the patient. If the patient assented to and signed the PDQ-card, that would stand in the files of the county medical society, embracing the home address of the patient, until the agreement was revoked by the patient. The assenting-and-signing patient would be given a numbered card evidencing the arrangement and the entry by that patient into a revitalized and somewhat more clearly defined relationship with the medical community.

As respects the "bill-of-rights letter-of-intent" back portion of the PDQ-card, the committee of doctors would determine the content. The message on the back of the PDQ-card could be a real boil-down of the many things that doctors today wish to say to the public, couched in sincere and friendly dialogue. It seems to me that there would therein have to be a bona fide recognition and agreement by the mass of doctors that there is in fact something systemically substandard about the present status of the doctor-patient relationship, and that the purpose of the card was not only informative but remedial. Somewhere on this reverse portion of the PDQ-card doctors might want to set the record straight as to the general relationship they maintain with other doctors and nurses involved in any one case.

One possible inclusion in that material could be the stated willingness of the doctor to upgrade his own knowledge and competence at every reasonable opportunity. Another could be his willingness to cooperate fully with the development of injury-prevention programs at any health care institution with which he is connected. Another could be the factual assertion that over time all liability costs are borne by the doctors themselves and that these costs do not ultimately fall on any outside magical source of assets. With respect to the matter of the suggested 25% discount, applicable to the fully affirmative signer-patient, there would have to be equally honest and wholehearted handling. Gone are the days when a doctor can charge on the basis of "what the traffic can bear". Our former little man is tired of being talked down to and he is now a full-fledged consumer. He should certainly pay his own way, but the basis of charges should be reasonably ascertainable in advance, fairly uniform in the locality, and related to the procedure involved rather than to the status of the recipient. Of course, allowance has to be granted for the amount of time invested by the doctor on the individual case, but the promised discount must be real and not finagled. That is, the doctor should not go into the arrangement on the basis of overcharging so as to be able to allow an "artificial" discount.

As respects the content of the front (questionnaire) portion of the PDQ-card, the adopted questions should be reasonable and equally conciliatory. The lead question could be as to whether the patient had read and understood the statements on the reverse of the PDQ-card. An additional question might contain the meat of the following: "Since the human body and mind are extremely complicated mechanisms, cures of which are never subject to guarantee, do you as a patient attach significant value, in the process of accepting treatment, to the maintenance of an unshatterable relationship of mutual confidence and trust between doctor and patient?" A final question might be along the line of "are you as a patient willing to do your full share in such an arrangement and to this end are you willing to agree to specifically and immeditaely bring first to the attention of the doctor treating you under any circumstances questions, observations, or complaints relating in any way to the applied health care?"

Consideration of this proposal probably brings to mind two questions, at least. One would have to do with the foundation for the discount. The other would have to do with the possibility that the PDQ-card technique would itself generate a horde of new claimants.

Adoption of the PDQ-card, or some improved equivalent, will, in my opinion, set the stage for much less defensive medicine. A cooperative patient, with confidence and a good attitude toward his doctor, can make a world of difference in the level of charge. Acceptance of the discount, by the patient, will in an important percentage of cases discourage adversarial action.

My feeling that adoption of this technique would not materially increase the number of potential or actual claimants is grounded on my belief that the doctor-patient relationship is already scraping rock bottom. There have always been, and always will be, a very sizable percentage of the total universe of patients who would not and will not sue their doctor except under the grossest conditions imaginable. But all patients are now reasonably knowledgeable about their legal rights and the vulnerable position the doctor occupies. The advancement of this idea is from the viewpoint that the ultimate result would not only be the better practice of medicine but also an actual reduction of alleged incidents of malpractice.

Should doctors flatly refuse to recognize the need for improvement in their relationship with patients, liability protection for doctors will almost inevitably move into the government sector.

These comments represent our own ideas and do not necessarily reflect agreed thinking with others. This malpractice situation has gotten far out of hand and cries out at this point for some kind of dramatic improvement.

Thanks indeed for your considerate attention.

O. C. GRIFFITH, *President,*
The Shelby Mutual Insurance Company of Shelby, Ohio.

YOUNG LEGISLATION TO PROTECT SOCIAL SECURITY RECIPIENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. YOUNG) is recognized for 5 minutes.

Mr. YOUNG of Florida. Mr. Speaker, I have today introduced legislation to correct an inequity in the Social Security Act which now requires social security benefits to be returned to the Government for the month in which a recipient dies.

Under present law, for example, if a husband receiving social security should die on the 20th of March, the widow is now required to return the entire check for the month of March, rather than being able to keep the portion for the 19 days in which the husband was alive.

There is more than enough mourning, grief, and financial suffering among family members following the death of a relative without the Federal Government adding to it. My legislation will allow the widow, widower, or other beneficiary of a social security recipient to keep the pro rata share of a social security check for the portion of the month in which the recipient was alive. Contrary to present practice, the survivor will not have to send the entire check back to the Government under my bill.

It is clear that the provisions of existing law all too frequently place the family members of a social security beneficiary in very serious financial straits—although it is hard to see how those who must rely primarily on social security income could be much worse off than they already are in these economic times.

Mr. Speaker, I urge prompt enactment of my bill to allow prorated benefits to social security beneficiaries' survivors, in order to ease the lot of the families and dependents of the more than 200,000 social security recipients in my own home district of Pinellas County, and countless others throughout the United States.

A BILL TO EXTEND THE LIFE OF THE JOINT STATE-FEDERAL LAND USE PLANNING COMMISSION FOR ALASKA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 5 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, today I am introducing a bill to extend the life of the Joint State-Federal Land Use Planning Commission for Alaska until June 31, 1979. This Commission, which was established by the Alaska Native Claims Settlement Act of 1971—ANSCA—has provided invaluable assistance to State and Federal officials, Members of Congress, Native corporations, and private landowners in the State of Alaska.

The Commission is charged with broad responsibilities in matters pertaining to the ownership, management and use of Alaskan lands. Its accomplishments to date are extensive; it would be impossible without spending a great deal of time to detail even the most significant of them. Included are extensive studies on Alaskan resources, the submission to the Secretary of the Interior of several options relating to land selections under section 17(d)(2) of ANSCA, detailed studies and recommendations concerning Native village eligibility under that act, identification of public easements, formulation of suggested rules to be applicable to various land selections, protection of mining claims, and numerous other reports, studies, and recommendations germane to the implementation of ANSCA.

In addition the Commission has published several important studies. The "Alaska Resources Inventory" incorporates in a 91-volume set the extensive data collected by the Commission in its study of Alaska land and resources. The Commission has published a widely distributed summary of this information, "Resources of Alaska, a Regional Summary," which has proved most useful to persons concerned with preparing legislation dealing with Alaskan land and with mineral and other resources within the State. A six-volume "Regional Profiles" study has been initiated in cooperation with the Governor of Alaska. Problems relating to the use of Alaska's valuable oil, gas, and other natural resources are being dealt with in great detail.

Congress has until December of 1978 to act upon recommendations respecting the classification and use of lands covered by ANSCA. Subsequently it will be necessary to detail regulations specific to these Alaskan lands. Many questions require further study. It is clear that the expertise of the Commission has become a valuable resource for everyone who deals with the problems involved in implementing ANSCA. Our task would be made immeasurably more difficult without the Commission's ongoing assistance. The objectivity and depth with which the Commission can deal with such varied problems as transportation, environmental control, and resource development is, perhaps, unique.

For these reasons I am asking that the Commission be authorized for an additional 2 years and 6 months. I hope that the committee will act favorably on this measure which could play such a large part in leading to the development of policies of rational use and preservation of Alaskan land and resources.

The text of the bill is as follows:

H.R. 4987

A bill to amend the Alaska Native Claims Settlement Act to continue the authority of the Joint Federal-State Land Use Planning Commission for Alaska until June 30, 1979

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 17(a)(10) of the Alaska Native Claims Settlement Act (85 Stat. 688) is amended by striking out "its final" in the first sentence thereof and substituting "a" and by striking out the last sentence thereof and substituting the following: "The Commission shall continue its activities and make such additional reports and recommendations as may be appropriate after May 30, 1976, but the Commission shall cease to exist effective June 31, 1979."

SAN ANTONIO—A CITY REDEEMED—V

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 15 minutes.

Mr. GONZALEZ. Mr. Speaker, San Antonio today faces the curious and painful prospect of deciding how it should stand on a request of the Lo-Vaca Gathering Co. for an increase in its rates. Right now, the company gets to pass through all its fuel costs, plus a 5 cent per thousand cubic foot fee. It is the only pipeline system in Texas that has an arrangement of this kind. It is also the only pipeline system that was so mismanaged by its administration to need such a special deal. And it is the only pipeline system in the State to have been placed under a protective management, with an independent court supervisor, having the task of straightening out the mess.

Lo-Vaca is not making money. It is losing money, at the present rate of about $6 million a year. But stock market touts think that 1974 is going to be the last losing year for Lo-Vaca, and that the company will henceforth be no financial drag on its parent company, Coastal States. They believe that the Railroad Commission will act to make Lo-Vaca a money maker, by increasing its "management" fee.

Coastal says that if the Railroad Commission will allow Lo-Vaca a 100-percent passthrough on fuel costs, plus a 10 cents per thousand cubic feet fee, the result will be a Lo-Vaca that would be attractive for somebody to buy. And, good old trustworthy Coastal says that they are willing to sell.

I believe that San Antonio needs to get a divorce from Coastal States gas. That means severing Lo-Vaca from Coastal once and for all.

One way of encouraging this divorce would be for the city to oppose any further rate increase for Lo-Vaca, unless that rate increase is made effective only upon the date the company is separated from Coastal. Further, if Lo-Vaca needs more financial help than it is getting today, I think that the Railroad Commission should make Coastal provide it. After all, Coastal is said to have earned a net income of $38 million in 1973, and is likely to make $51 million this year. Coastal's gas operations are not in terrible shape; they operated at only a 2-percent loss last year. On the other hand, Coastal makes a rich profit on its oil and refining operations, and it should not be too hard on the company to provide a little more support to Lo-Vaca, until that unfortunate stepchild can be found a better home. Coastal's profits are supposed to be up 30 percent or so for 1974. From that kitty, the Railroad Commission should be able to extract a little financial help for Lo-Vaca.

Coastal pleads poverty, but that is a little hard to believe, in light of the reports of Standard & Poor, which last November allowed as how Coastal's—

> Earnings improvement indicated for 1974 should be extended in 1975, aided by larger refined product output, better chemical prics and rate increases benefitting the gas systems.

Standard & Poor are supposed to know what they are talking about. So the question is, does Coastal want a rate increase for Lo-Vaca in order to keep itself afloat, or to make Lo-Vaca a better bride for someone? Knowing Oscar Wyatt's track record for telling the truth, I suspect that neither one is true; chances are that Wyatt wants to keep Lo-Vaca, if the Railroad Commission makes the firm a moneymaker for him. And, it would be impossible for the company not to make money, if it gets the kind of rate that is being asked for.

The Railroad Commission staff has recommended a modest rate structure that would let Lo-Vaca net about 7½ percent profit—a nice amount, but not unconscionable.

But I think that the best bet for Lo-Vaca's customers is to insist on a completed divorce for Lo-Vaca before any kind of increase is given, and that the company be given financial relief from the handsomely lined Coastal treasury, until the divorce is completed.

And the terms of that divorce need to be set firmly. Lo-Vaca has been sadly misused, and is entitled to a nice settlement from Coastal.

For example, whether Lo-Vaca is sold or spun off, there should be an absolute guarantee that Oscar Wyatt is out of the company once and for all time.

Coastal should be made to provide Lo-Vaca with adequate gas reserves, so that the company will be left with sufficient properties to make it viable. Coastal should provide the company with some financial support; and Lo-Vaca ought to get a good part of its debts paid off by Coastal.

If the people in San Antonio are going to have a company they can believe in, it had better be one free from Coastal, and one that has a reasonable chance of doing well.

The Railroad Commission can help assure that this happens—by insisting that any rate increase be effective only after Lo-Vaca is independent, only if that independence results in a company of good quality, and only if it has sufficient resources to enable a recovery from Coastal's mismanagement. And in the meanwhile, Coastal should be made to provide additional financial help to Lo-Vaca. They have plenty of money on the balance sheets; they should also have a little laying around to help Lo-Vaca.

MATSUNAGA INTRODUCES BILL TO PERMIT RATIONAL ENVIRONMENTAL PROTECTION FOR COMMUNITIES WITH MUNICIPAL DISCHARGES INTO THE OCEAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Hawaii (Mr. MATSUNAGA) is recognized for 20 minutes.

Mr. MATSUNAGA. Mr. Speaker, I consider myself to have been one of the strongest supporters of the legislation which became Public Law 92–500, the Federal Water Pollution Control Act Amendments of 1972.

Among other things, this landmark legislation required that municipal waste treatment plants meet, by July 1, 1977, a minimum standard of secondary treatment. This is a necessary requirement in its application to the vast majority of municipalities.

As it sometimes happens, however, requiring secondary treatment in some cases makes no sense either environmentally or economically.

That is why I am introducing today legislation to permit the Administrator of the Environmental Protection Agency, on a case-by-case basis, to extend the 1977 deadline for municipal ocean discharges for a maximum of 5 years, if he determines that compliance is inappropriate, taking into account both relative costs and relative environmental effects.

Secondary treatment involves the elimination of biodegradable wastes, usually by the use of certain microorganisms. EPA definitions have included the addition of certain disinfecting chemicals in the process. With regard to secondary treatment of sewage discharges into the ocean, the situation has become increasingly confused during the last few years.

There is one clear case in Hawaii where secondary treatment for the effluent from the waste treatment plant makes no sense whatsoever; yet, under the present law provision for such treatment is required. The case involves a plant located on Sand Island in Honolulu, where the secondary treatment requirement would add about $9 million to the already staggering cost of the plant. For that money, Honolulu and the State of Hawaii with substantial assistance from the Federal Treasury—would be buying a system that produces an effluent less environmentally desirable than that achieved with only primary treatment.

If the micro-organisms, these oxygen-demanding pollutants known as BOD, were permitted to be pumped into the depths of the ocean through outfalls that carried them far from shore, sea life in that area would flourish by gaining much-needed nutrients. This has been predicted and confirmed by the Environmental Center at the University of Hawaii, the State Environmental Center at the University of Hawaii, the State Environmental Quality Control Center, and major local environmental groups. The Sand Island plant, however, must meet the 1977 deadline fixed by existing law.

If my amendment is adopted, Mr. Speaker, it will do more than give Honolulu an extra year or two in which to install secondary treatment facilities, although that may be its main effect elsewhere. The extension of time would permit Hawaii to demonstrate conclusively the major benefits to be derived from advanced primary, rather than secondary, treatment. This in turn may eventually lead to a modification of the requirement as applied to certain ocean discharges.

I do not propose such a modification at this time, because research on the subject may still be inadequate in relation to many of the different ocean environments around the country. Moreover, it is my strong conviction the 1977 deadline is a reasonable one for the overwhelming majority of cases, and I wish at all costs to avoid even the appearance of creating some sort of environmentally hazardous "loophole" in the law.

In the context of the entire Water Pollution Control Act my amendment deals with only a very minor aspect, but to the jurisdictions affected it would make this important law operate in a more rational manner. I trust that the House Public Works Committee, which has been following this issue very closely over the past months, will act favorably and expeditiously on my proposal.

I include at this point the text of my bill:

H.R. 4954

A bill to amend the Federal Water Pollution Control Act relating to the discharge of pollutants into ocean waters

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 301 of the Federal Water Pollution Control Act (33 U.S.C. 1311) is amended by adding at the end thereof the following new subsection:

"(g) (1) The Administrator may modify the time requirements of subsections (b) (1) (B) and (C) of this section for any publicly owned treatment works discharging into ocean waters upon application and proof satisfactory to the Administrator that compliance with such time requirements is inappropriate. In determining whether to grant a time modification, the Administrator shall consider the cost involved in achieving secondary and alternative treatment and the effects such secondary and alternative treatment will have on public health and water quality, including the effect on aquatic life, the propagation of fish, and recreation. No time modification granted by the Administrator under this subsection shall extend beyond July 1, 1982.

"(2) For purposes of this subsection, the term 'ocean waters' means the territorial Sea, the contiguous zone, or the ocean."

ESSLEY B. BURDINE, NATIONAL COMMANDER AMVETS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. BRINKLEY) is recognized for 30 minutes.

Mr. BRINKLEY. Mr. Speaker, I am glad that I serve in the Congress on the Veterans' Affairs Committee. During the 94th Congress there is much that needs our attention in this important area. There is much sentiment that needs to be translated into deeds when that special brand of American is considered. Of course, I speak of the men and women who have served in the Armed Forces of our country in time of need.

Yesterday it was my high honor and personal privilege to introduce Essley B. Burdine, National Commander, Amvets, to the committee for a statement highlighting the Amvets 1975 legislative program. Of particular significance to me was the part dealing with veterans' housing. As incoming subcommittee chairman on Housing, I pledge careful consideration of the points which were made.

The Amvet program began with a congressional breakfast at which Secretary of the Army Callaway spoke. In attendance was Chairman Ray Roberts, Undersecretary of Agriculture Phil Campbell and many other Members of Congress. The audience was filled with friendly yet purposeful Amvets, their wives and youth organization officers who participated in the program.

During the Pledge of Allegiance, without faltering, the words, "One Nation Under God," were said without pause, as they are supposed to be said. Time was fleeting, and Commander Burdine himself gave the benediction in a manner which showed him to be no stranger to this becoming responsibility.

It reminded me of the evening before when I attended a large gathering of another veteran group and saw Commander Burdine very much in attendance. He is a builder.

Once President Lincoln was visited by a committee whose case consisted of a lot of "supposings." The President listened attentively and finally asked the question:

> If you called the tail of a sheep a leg, how many legs would it have?

The committee answer, five. The President answered,

> No, it would only have four. You don't change anything by calling it something else!

I tell this story to make a point about the national commander. He talks straight. He calls a spade a spade. He calls things by their real name. And he does not have to suppose. He is on a 1-year sabbatical from an active law practice and has traveled over 175,000 miles during his tenure of service.

Mr. Speaker, I ask permission at this point to include for the RECORD my introduction of Dr. Essley B. Burdine, who has the distinction of having had a brother, Dr. Winston Burdine, precede him in this national place of responsibility.

In addition, Mr. Speaker, I include the summary of the Amvet legislative program, which I submit herewith:

INTRODUCTION OF ESSLEY B. BURDINE, NATIONAL COMMANDER, AMVETS

If our speaker this morning were a member of the Congress, he would be eminently qualified to serve on the Committee on Veterans' Affairs, for he has been active in that field for nearly 30 years. Of course, he must realize that if he decided today to run for Congress, he would probably have 60 years of experience in veterans affairs before he actually became chairman!

But Essley B. Burdine has genuinely distinguished himself as a leader in veterans' activities. I am proud that he is a fellow Georgian, a fellow member of the legal profession, and one who shares my abiding concern for the welfare of that special group of Americans which our veterans comprise.

Essley was born in Pickens County, Georgia, October 13, 1922. He attended the University of Georgia prior to World War II, and as closely as I can tell, the only serious mistake he has ever made was transferring to Mercer University after the war. He received his Juris Doctor degree at Mercer in 1950.

During World War II, he served in the U.S. Army Signal Corps from December 27, 1942, to December 5, 1945, and has been active in AMVETS and other veterans' affairs since then, having risen through the ranks to become National Commander of AMVETS.

Essley is a member of the State Bar of Georgia, the Georgia Bar Association, the Atlanta Bar Association, and the Blue Ridge Bar Association. He has served as a Director on the Georgia Workmen's Compensation Board. Other affiliations include Eastern Star, the Atlanta Chamber of Commerce and the Old War Horse Lawyers' Club. He is also a Mason and a Shriner.

Essley and Doris have their home in Decatur, just outside Atlanta, and they have four children. They belong to the Methodist Church and are active members.

It is a genuine privilege for me to introduce and welcome Essley B. Burdine, National Commander of AMVETS and a leader in the field of veterans' affairs.

STATEMENT OF ESSLEY B. BURDINE, AMVETS NATIONAL COMMANDER

VETERANS ADMINISTRATION HOSPITAL SYSTEM AND MEDICAL PROGRAMS

AMVETS supports comprehensive review of all aspects of the Veterans' Administration's hospital and medical programs and appropriate Congressional action:

1. To provide separate evaluation and pay scale standards systems and incentives for retaining qualified professional medical personnel in the Veterans Administration's medical facilities.

2. To amend and broaden recently enacted malpractice protection legislation to cover all Veterans' Administration physicians performing medical duties in regional offices health care units, who are not covered by the language of the law as enacted, which covers only professional medical personnel employed by the V.A. Department of Medicine and Surgery.

3. To provide additional protective legislation to prevent the merger, transfer, phaseout, or take-over of any Veterans' Administration activities or facilities, without prior review and approval by this committee and the Congress and to insure the continuance of the Veterans' Administration as a distinct, separate, independent agency serving the Nation's veterans and their dependents.

VETERANS' ADMINISTRATION 1976 BUDGETARY CONSIDERATIONS

AMVETS opposes proposed budgetary fund and personnel reductions for fiscal year 1976, particularly for the Department of Veterans Benefits of a proposed cut of 595 positions in average annual employment totals. We urge Congress to provide the funds necessary to insure the full manpower necessary for the V.A. to effectively carry out its responsibilities and mission.

VETERANS' HOUSING

AMVETS urges full use by the Veterans' Administration of its existing direct loan authority for housing loans to Veterans, and to use, with proper safeguards, for loan guaranty purposes for such direct loans, insurance program trust funds. AMVETS supports any legislation which may be required to authorize the Veterans' Administration to use the insurance trust funds for this purpose.

AMVETS supports the objectives of H.R. 3312 to authorize the Veterans' Administration to provide certain veterans with service-connected disabilities which preclude their obtaining commercial insurance which will provide mortgage protection life insurance, with such insurance on a self-sustaining basis.

EDUCATIONAL BENEFITS

AMVETS requests the committee's consideration and action to:

1. Amend the recent law extending educational eligibility from 36 to 45 months, to eliminate the limitation to the attainment of a "standard college degree" and to permit pursuit of courses of study for the securing of Masters or Doctoral degrees.

2. For W.W. II Veterans who have never been able to use their educational G.I. entitlement, provide on a one time basis, a 12 month educational eligibility period, to allow them to pursue V.A. approved courses of retraining and education in skills presently pertinent to and needed by business and industry.

3. For Korean conflict veterans who have never been able to use their educational G.I. entitlement, to provide legislation which will permit them to claim on their Federal Income Tax return, a net tax credit, from the tax owed, which will make funds available to them to meet the rising costs for college education of their children, or in the alternative educational funds for their own retraining to acquire skills pertinent to today's job market.

VETERANS' EMPLOYMENT

AMVETS urges the committee to support legislation to:

1. Authorize the Veterans' Administration to pre-pay on a quarterly basis, compensation to those veterans presently on the compensation payment rolls, who are presently rated 10 and 20 percent for service-connected disabilities.

2. To support legislation to curb employment of illegal aliens, by requiring and authorizing employers, before hiring an employee, to secure from such employee, an affidavit that such person is a United States citizen or is in the country as a legal permanent alien resident.

3. To opposes the President's proposed 5 percent cost of living increase for Federal civilian and military employees formula limitation and the proposed freeze on cost of living increases for civilian and military retirees through mid 1976.

THE NATIONAL CEMETERY SYSTEM

AMVETS urges the committee to monitor the progress of the National Cemetery System to insure its early full establishment and to press for adequate funding essential to meeting the scheduled opening of the cemeteries planned for 1976 and following years.

VETERANS' PREFERENCE

AMVETS strongly supports continuation of all existing laws requiring consideration of veterans preference in all Federal employment. We vigorously oppose any measures which would reduce or destroy the need to observe the requirement of special status the law presently affords veterans in hiring, promotion and retention in career Civil Service Federal employment.

AMVETS urges congressional reconsideration and legislation to rescind the ill-advised provision added as a rider to P.L. 93-647, the Social Services Amendments of 1974, which for the first time in history, permits garnishment of Federal salaries, payments, or reimbursements of Federal civilian and military employees and retirees and social security payees, among others.

VETERANS' PENSIONS

AMVETS opposes any action to transfer, merge, or phase-out of the jurisdiction, responsibility or control of the Veterans' Administration for any of the veterans and dependents pension programs it now administers to any other agency or outside private or semi-private agency.

AMVETS supports development of legislation which will permanently prevent the recurring loss or reduction of pension by Veterans' Administration pension recipients as a result of periodic increases in social security benefit payments which they may also be receiving.

CABINET RANK FOR THE VETERANS' ADMINISTRATION ADMINISTRATOR

AMVETS continues to urge this committee to support by every appropriate means, the elevation to full cabinet rank and status of the V.A. Administrator, as befitting the importance of the agency's mission, which is national in scope, and also because of the agency's size and the variety of its operations, and their direct impact upon the lives of the Nation's 29 million veterans and their dependents. The role of the Veterans' Administration is central and vital in its contribution to the Nation's social and economic stability and welfare. It should be represented in the highest councils of our country, the Cabinet.

THE 20TH CENTURY FUND REPORT, "THOSE WHO SERVED"

AMVETS vigorously opposes most of the conclusions and recommendations proposed in this task force report. We urge this committee give this report its most searching scrutiny and intensive independent investigation. We hope the full scope and dire implications of its recommendations upon the delivery of services "to care for him who shall have borne the battle and for his widow, and his orphan", will be carefully considered by the committee and that AMVETS will have an opportunity to present detailed refutation to the committee at an appropriate future time.

THE U.S. POSTAL SERVICE: THE MORE THINGS CHANGE, THE MORE THEY REMAIN THE SAME

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio, (Mr. VANIK) is recognized for 15 mniutes.

Mr. VANIK. Mr. Speaker, among the complaints which my office receives both in my Cleveland community and my Washington office, those relating to the decline of postal service exceed all others. For the past month, I have been endeavoring to assist dozens of families who live along a very busy State highway, Route 306, in Russell Township in my district who must dash across this highway in order to retrieve their daily mail.

This daily dash with death is necessitated because the U.S. Postal Service, through its regional postmaster in Chicago, and high authorities in Washington, continue to reiterate their insensitive policy which precludes allowing postal boxes on both sides of a highway such as the one in question. Instead, patrons must risk their lives to perform the simple task of retrieval of their daily mail by dashing across such highways 6 days a week, week in and week out. Last year over 60 mail boxes were mowed down by heavy automobile traffic in this area.

This postal problem could be resolved by permitting mail boxes on each side of the road. There is no statute which directs their location on one side of the highway. Urban area residents get mail service at their front door. There is no basis for compelling some citizens to risk their lives in order to receive their mail.

The Postal Service is very rapidly becoming the enemy of the people in its callous disregard of the public and the consumer interest. If the Postal Corporation persists in this course of action it will exceed the tolerance of the American people for a monopoly of indifference and poor service.

I wish to insert the text of the petition which was sent to the Postal Service in Cleveland in addition to the comprehensive traffic study completed by the dozens of families who suffer daily from the hazards of collecting their mail. In addition, I have included, for the RECORD, the reply from the Cleveland Postmaster which states the policy by which no changes in placement of postal boxes are to be allowed. I am sending this whole case file to the Committee on Post Office and Civil Service in the House and will ask to testify in person when hearings begin on problems of postal service. The letter to Chairman HENDERSON is also included for the RECORD.

I wish to thank and commend Mrs. Mary Elizabeth Hansen and her neighbors for pursuing this vital problem and pledge my continued support in their effort.

The inserts referred to above are as follows:

NOVELTY, OHIO, *January 28, 1975*.

Hon. CHARLES A. VANIK,
House Office Building,
Washington, D.C.

DEAR SIR: Enclosed is a copy of a petition and fact sheet which we have sent to the Main Office of the United States Postal Service in Cleveland, Ohio.

We thought you would be interested to see what this small group of your constituents are attempting to accomplish. Any service which you could render in our cause would be greatly appreciated.

We look forward to your speedy reply.

Sincerely,

MARY ELIZABETH HANSEN.

NOVELTY, OHIO, *January 28, 1975*.

Mr. ALBERT ZOLOTY,
Delivery Services,
Main Post Office,
Cleveland, Ohio

DEAR SIR: We are residents of the western section of Geauga County and we feel our identity has been lost in the vastness of the United States Postal System. We are in dire need of your assistance; please help us.

Our problem is one of safety. We live on State Route 306 and are served by the Novelty Post Office. On our small section (1.2 miles) of 306, both east and west side residents' mail boxes are placed on the west side of the road. Residents of the east side of the road must be Olympic Sprint Stars to retrieve their mail. The problem is compounded by a small hill, over which it is impossible to see approaching vehicles until they have crested the hill. Each of us can tell our own personal horror stories of being trapped by oncoming traffic.

We who must cross this busy highway six or more times each week to get our mail, risk our lives each time we do so. We pay our taxes and postal fees to support our share of postal service and are in effect told that our lives are not as important as our money.

From forty-five east side residents contacted, we received forty-three signatures, which is a 95.6% consensus that the current mail box placement needs to be changed. The other twenty signatures are west side residents who are concerned enough for their neighbors' safety to sign a petition to that effect.

What happens to our inalienable right to life, liberty, and the pursuit of happiness on the tragic day there is a funeral service caused in part by the postal service?

We would appreciate your careful consideration of our fact sheet. Before someone is killed or mained for life, please make this small change we request.

Very truly yours,

MARY ELIZABETH HANSEN.

FACTSHEET CONCERNING CURRENT MAIL BOX PLACEMENT AND DANGER TO PERSONS USING SAID MAIL BOXES

1. The latest Ohio Department of Transportation Density Study shows that in 1971 an average 5,890 vehicles traveled Route 306 between Music Street and State Route 87 in a twenty-four hour period. Using the department's statistics and their method of projecting yearly traffic increases at five per cent per year, an estimated 7,000 plus vehicles would travel said section of Route 306 in 1974 and 1975, in a twenty-four hour period.

2. Russell Township Police accident reports show an average of five vehicular accidents per month for the first three months of 1974 along 306 through Russell Township. Frequently a mail box is grazed or knocked over in these accidents.

3. All rural delivery boxes on said section of 306 are currently placed on the west side of the road between the outside edge of the berm and the drainage ditch. East side residents must cross this busy road, stand within three fieet of the edge of the south bound lane, both to use their mail boxes and to wait for traffic to clear to cross the road again to get home. West side residents can lessen danger by retreating quickly down their private driveways. East side residents must possess the agility to jump over a three or four foot drainage ditch into a neighbor's yard or field to escape an out-of-control moving vehicle.

4. Getting one's mail is often a terrifying experience for a normal, healthy adult. There are elderly, children, and physically handicapped people who must use these mail boxes too. They cannot run nor jump to safety.

Again we ask you to permit mail delivery on *both* sides of this short (1.2 miles) but busy section of State Route 306. Other residents on this road to the north and to the south of us have delivery on both sides. The residents on the west side of the road would maintain their present boxes. The residents on the east side of the road would move their boxes to the east side near their private driveways. This would minimize the time a person would have to spend at roadside and thus reduce the danger to pedestrians and drivers.

A well marked mail delivery car, with a large postal delivery sign and flashing yellow lights, proceeding on its route at non-peak traffic times would afford the mail carrier a warning device, identification, and protection not afforded a resident who must stand unmarked and unprotected in busy traffic.

We, the undersigned, hereby petition and request that rural mail delivery be made to both the east and west sides of State Route 306 between the intersections of Music Street and State Route 87 in Russell Township, Novelty Post Office, Geauga County, State of Ohio.

A real and present danger exists to all residents who must cross this busy thoroughfare to post or to receive mail.

Please see the attached fact sheet which outlines specific dangers.

U.S. POSTAL SERVICE,
Cleveland, Ohio, February 27, 1975.

CHARLES A. VANIK,
U.S. Court House,
Cleveland, Ohio

DEAR CONGRESSMAN VANIK: This is in reply to your letter of February 7, 1975 regarding Mrs. Mary E. Hansen's request for the possible transfer of some rural mail boxes presently on the West side of Route 306.

Attached is a copy of our letter of explanation to Mrs. Hansen.

I hope the explanation clarifies our position to Mrs. Hansen.

Sincerely,

EARL R. CLARK,
Postmaster/District Manager.

FEBRUARY 26, 1975.

Mrs. MARY E. HANSEN,
15245 Chillicothe Road,
Novelty, Ohio

DEAR MRS. HANSEN: Your request concerning the possible transfer of some rural mail boxes presently located on the West side of Route 306 to the East side of the road has received careful consideration.

Our policy requires that delivery be restricted to one side of the road, and that *retraces* by carriers are to be avoided, with the exception of itineraries which necessitate *retrace* by carriers to reach another section of their routes.

Instances where rural carriers are servicing both sides of the road are coincidental to the route itinerary being followed.

The safety hazards that you mention in your letter are common to many roads being serviced by rural delivery and the conversion you suggest cannot be solely contingent on this one facet.

Sincerely,

EARL R. CLARK,
District Manager.

MARCH 14, 1975.

Hon. DAVID HENDERSON,
Chairman, Post Office and Civil Service Committee, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am enclosing the complete case file relating to severe problems dozens of my constituents have been having in my Congressional District relative to having Postal Service allow them to move their postal boxes to their own side of a very busy, narrow, State road. There appears to be no basis in statute for this Postal Service policy.

As you can see from this record, each of these postal patrons must literally risk their lives crossing to the West side of the road to retrieve their mail. I have also enclosed the response from the local Postmaster which states clearly that the Post Office policy which precludes their postal boxes from being moved to the other side of the road. Precious little attention is paid, as you can see, to the question of personal safety of the postal patron. This policy was reinforced to my office today, by the Regional Postmaster, Mr. Clarence Gels, in Chicago.

It is my sincere hope that you will make this terrible record of non-feasance by the Post Office a part of the record of any hearings which you contemplate in the near future. In addition, I would like to be notified of such hearings, so that I may testify in problem among many others relating to the decline in postal service in my District and the nation.

Sincerely yours,

CHARLES A. VANIK,
Member of Congress.

LET US COMPEL PUBLICATION OF TRANSCRIPTS OF FED'S OPEN MARKET COMMITTEE ON THE DAY OF THE MEETING, THEREBY STOPPING SECRECY IN FED AND PREVENT CONDITIONS LIKE WE ENDURED IN THE EARLY THIRTIES BECAUSE OF ANDREW MELLON AND THAT WE ARE IN TODAY BECAUSE OF DR. ARTHUR BURNS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. PATMAN) is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, while there are many matters upon which this House divides, I would like to think that there is not one Member present who does not agree with me that this Congress is entitled to receive from the Board of Governors of the Federal Reserve System uncensored transcripts of the meetings of its Open Market Committee on the day the committee meets. What that committee does, or does not do, brings this country good or hard times.

At the present time we receive an enigmatic summary 90 days after the committee meets—not even Dr. Einstein could understand that summary. At the end of 5 years we receive a censored transcript. Sometime this year we will receive the 1970 transcript.

Certainly, you can all agree with me that this is wrong as to the meetings of the Open Market Committee from 1970 through 1974. Dr. Arthur F. Burns became Chairman of the Fed in 1970. There is agreement by everyone that in the 1971–73 period the Open Market Committee, under Dr. Burns' direction, increased the money supply when the economic indicators said the economy should be held steady.

This is not a personal prejudice of mine. Economists from Friedman to Samuelson, newspapers from the New York Times to the Wall Street Journal, magazines from Fortune to Playboy, all say this is true. Moreover, Sanford Rose, writing in the July 1974 issue of Fortune specifically charges that Dr. Arthur F. Burns forced the inflationary policy on a reluctant Open Market Committee by threatening to bring the White House down upon them.

Let us not forget that former President Nixon believes that a downturn in the economy cost him the election of 1960. Burns warned Nixon in March 1960 that an "economic dip" was just around the corner and would reach its lowest point in October, just before the election. He advises that two steps be taken immediately to head off the slump—a loosening of credit, and increased spending for national security.

At Nixon's insistence, Eisenhower referred the matter to his Cabinet, and the Federal Reserve, both of which declined to act on Burns' recommendation. In "Six Crises" Nixon says:

> Unfortunately, Arthur Burns turned out to be a good prophet. The bottom of the 1960 dip did come in October and the economy started to move up again in November—after it was too late to affect the election returns. In October, usually a month of rising employment, the jobless rolls increased by 452,000. All the speeches, television broadcasts, and precinct work could not counteract that one hard fact.

Thereafter, the economy was No. 1 on Nixon's "enemies list," Sherman J. Maisel, a member of the Federal Reserve Board from 1965–1972, states in his recent book, "Managing the Dollar," that the Director of the Office of Management and Budget, George Shultz, informed the Board in 1971 that—

> If an election were to be won the Federal Reserve would have to increase the money supply at far more than the 4.2 percent average of 1969–70.

Granted that Mr. Dooley is right and that there are lies, damn lies, and then statistics, still it is very interesting to compare the discount rate, the prime rate, and the growth of the money supply under Dr. Burns with previous Chairmen:

Year	Money supply percent change	Federal discount rate		Prime		Federal funds rate	
		Low	High	Low	High	Low	High
1959	1.6	2½	4	4½	5	(1)	
1960	.6	3	4	4½	4½		
1961	3.1	3	3	4½	4½		
1962	1.5	3	3	4½	4½	2.68	2.68
1963	3.7	3	3½	4½	4½	3.38	3.38
1964	4.6	3½	4	4½	4½	3.42	4.00
1965	4.6	4	4½	5	5	3.57	4.63
1966	2.4	4½	4½	5½	6	3.86	5.96
1967	6.6	4	4½	5½	6	3.50	5.39
1968	7.9	4½	5½	6	6¾	4.54	6.25
1969	3.5	5½	6	7	8½	5.95	9.68
1970	6.1	5½	6	6¾	8	4.84	9.39
1971	6.3	4½	5½	5¼	6	3.59	5.73
1972	8.7	4½	4½	4½	6	3.18	5.38
1973	6.1	5	7½	6	10	5.61	10.84
1974	4.7	7¾	8	8½	12¼	8.45	13.55

[1] Federal funds rate was not available prior to 1962. Years 1970 to 1974 denote Dr. Burns chairmanship.

Exactly what do these dry statistics show? In 1972 when Nixon was running for President the Fed held the discount rate to 4½ percent, the prime rate to under 6 percent, increasing the money supply to 8.7 percent. After election it raised the discount rate to 8, the prime rate to 12¼, and decreased the growth of the money supply to 4.7 percent.

You can judge how much this upset our economy by the changes in the prime rate. From 1929 to 1969 there were 38 changes, never more than five changes in a single year. With Dr. Burns at the helm from 1971 to 1974 there were 151 changes, over 37 a year, and in 1974—61.

Is it any wonder that on November 25, 1974 the Wall Street Journal was forced to say editorially:

> bank capital ratios was fundamentally caused by the inflational policies pursued by Chairman Burns.

> The money supply . . . grew far too rapidly in 1971–1973. In blunt words the erosion of

While it is unreasonable to expect that the Fed will never make mistakes, it is not unreasonable to require that its mistakes be based on poor business—not poor political—judgment. It was never intended that the Fed play "step-and-fetch it" for an incumbent Presidential candidate, and Congress should not tolerate a situation in which it cannot satisfy itself that this has not occurred.

As I recently stated in the February issue of the American Bar Association Journal, a copy of which I include in the RECORD, Dr. Arthur F. Burns has used his position as Chairman of the Board of Governors of the Federal Reserve System to flood the country with money to elect Richard Nixon. This was a dishonest thing to do when the economic indicators indicated he should have left the economy alone.

Worse, the election over, he caused the Open Market Committee to put the brakes on the economy too sharply, allowing unemployment to increase—liquidating the real estate industry—emptying the savings banks, taxing the little fellow, and transforming recession into depression.

Under these circumstances, do you not agree that the Congress is entitled to see uncensored transcripts of the Open Market Committee meetings the day the committee meets?

Keeping the transcripts of this critical 1971–73 period from the people amounts to a coverup comparable with Watergate. We need to see an uncensored transcript of what was said by the Open Market Committee members.

Lest you have reservations about our rights to receive daily transcripts, let me remind you that another election is coming in 1976. Is there any reason to suppose that Dr. Burns will not act then at the Open Market Committee meetings as he wanted to in 1960, and as he did in 1972?

As you all know since I was elected to this House in 1928, I have been a voice crying in the wilderness for the accountability of the Federal Reserve System to both the President and the Congress.

As all economists will tell you, it was not the stock market, but the stupid refusal of the Federal Reserve System under Andrew Mellon to increase the money supply that brought on the depression of 1929–33. Here we are again in 1975 with an unnecessary depression facing us because of the bad policies of the Board of Governors of the Federal Reserve System under Dr. Arthur F. Burns.

The time has come to bring Dr. Burns and his Board to book. At least, let us require disclosure to the Congress and the people of the proceedings of the Open Market Committee on the day the Committee meets.

Former Board member Maisel tells us that the proceedings of the Open Market Committee are kept secret out of "fear of political attack and public criticism." As he says, this is fundamentally wrong, because the more you publish about monetary policy at the time you make it, the better that policy is likely to be.

Moreover, the doings of the Open Market Committee are well known to those who have the most to gain—the bankers. It is only the Congress and the people who are kept in ignorance.

Let us compel publication of uncensored transcripts of the Open Market Committee on the day of the meeting so that our country will never again be in the situation we were in during the thirties because of Andrew Mellon, and the condition we are in today because of Dr. Burns.

[From the American Bar Association Journal, February 1975]

What's Wrong With the Federal Reserve and What To Do About It

(By Wright Patman)

(Note.—The Federal Reserve System got off on the wrong track when private banks were permitted to own stock in the district Fed banks, letting the tail wag the dog. Now the Fed's Open Market Committee has control of the banking system but operates in secrecy, while the Fed itself operates cavalierly, even with private auditors. It's time to curb the abuses of the Fed and reform the system.)

As Chief Justice Charles Evans Hughes so well said, the Constitution means what the Supreme Court of the United States says it means. In our economy, how we fare depends crucially on what the Open Market Committee of the Federal Reserve System says. We have as much or as little money to spend as that committee dictates. Banks have an abundance or scarcity of reserves to lend depending on what it decides. The committee determines the volume of bank reserves and the nation's money supply, primarily by instructing the New York Federal Reserve Bank to buy or sell securities in the open market. When the New York bank buys, it adds to reserves and increases the money supply. When it sells, reserves and money supply fall.

The Federal Reserve also affects how much money banks can lend by fixing reserve requirements, specifying what fraction of deposits banks must keep in reserve. Lowering the requirement increases reserves available for loans. Raising it decreases availability of reserves.

In the exercise of these awesome powers the Fed has made serious mistakes, and the time has come for basic changes.

In 1912 a commission, headed by Nelson Rockefeller's maternal grandfather, Sen. Nelson Aldrich of Rhode Island, proposed a central bank controlled by the private banks, but Woodrow Wilson would have none of it. Putting on his best frock coat and breaking precedent by appearing in person before a joint session of Congress, President Wilson, along with Carter Glass and Robert L. Owen, then chairmen of the House and Senate banking committees, proposed a presidentially appointed Federal Reserve Board. Under this board there were to be independent regional banks, but bank lobbying forced him to compromise and allow private banks to hold the stock of the twelve district banks in the Federal Reserve System and to elect six of the nine directors of each.

To this day these bank-elected directors select the executive heads of each Federal Reserve district bank formerly called "governors" but since 1935 "presidents," the title "governors" being reserved today for members of the Federal Reserve Board.

Although board members receive $40,000 and the chairman $42,500, these banker directors, without consulting with the president or the Congress, pay the president of the New York bank $90,000, Chicago $76,000, San Francisco $75,000, Kansas City $65,000, Saint Louis $64,000, Boston $60,250, Atlanta $60,000, Dallas $59,000, Cleveland $58,650, Minneapolis $56,500, Philadelphia $55,000, and Richmond $50,000. Paying these district bankers at the bottom of the system more than board members at the top has made board membership less attractive and, worse, robbed it of prestige.

Believing that the open market operations were for "bankers," not "politicians," Benjamin Strong, then "governor" of the New York bank, created the Open Market Committee in 1915 exclusively from the then district governors and persuaded them to allow the New York bank to buy and sell for all the banks. This ended Woodrow Wilson's dream of twelve independent regional banks. Ever since, the New York bankers have dominated Federal Reserve policy—a case of the tail wagging the dog.

Marriner S. Eccles, chairman of the Fed from 1934 to 1948 and himself a banker, blames Federal Reserve inaction during the depression in 1929–32 on "a narrow banking rather than a broad social point of view."

By statute in 1935, President Roosevelt and Eccles were able to put the seven board members on the Open Market Committee and compel it to meet in Washington, but they had to make the New York bank a permanent voting member, allow the presidents of all twelve banks to attend, and give them five votes.

In his recent book, *Managing the Dollar*, Sherman J. Maisel, professor of business administration at the University of California at Berkeley and a former board member, states that these district bank presidents, "twice removed from the democratic process" are "not strictly government officials." While they know bank operations, they are not qualified to pass on monetary policy, increase the size of committee meetings by twelve, delay board action for their arrival, or postpone it because of an early departure.

CONFLICT OF INTEREST OUTWEIGHS VALUE

Professor Maisel says that giving area member banks a stock interest in Federal Reserve district banks "makes no sense" and is "a vestigial and sentimental remnant of the system's beginning." In his opinion, whatever value the bank presidents have on the Open Market Committee is "more than outweighed by their conflict of interest." Because district bank presidents depend for the jobs and salaries on the commercial bankers of their areas, their presence on the committee violates the spirit, if not the letter, of 18 U.S.C. § 208. As Chief Justice Warren said so eloquently in the Dixon-Yates case, *United States* v. *Mississippi Valley Generating Company*, 364 U.S. 520 (1961), a conflict of interest arises "by the logic of circumstances" when a person must serve two masters.

The time has come to redeem the stock area banks own in the Federal Reserve district banks and allow the Federal Reserve Board, appointed by the president of the United States with the advice and consent of the Senate, to manage the nation's money.

While the Federal Reserve promptly announces changes in the discount rate and reserve requirements, it keeps secret the discussions as to why the Open Market Committee makes or does not make monetary changes and the orders it issues to sell or buy to the manager of the Federal Reserve's securities portfolio, who is an employee of the New York Reserve Bank.

Ninety days after a meeting the Fed publishes an enigmatic summary of its instructions, and five years later the minutes. Both come at a time when they are not much good to anybody. It is just now publishing the 1969 minutes. What we need is immediate release of the instructions and a transcript of the discussions telling us the reasons for and against the policy instruction.

In short, the procedure is all wrong. Bankers and bond dealers who have the most to gain find out from analysis of the buy and sell orders. It is only the public and the Congress who are kept in the dark.

Federal Reserve officials know that secrecy serves insiders. Governor Sheehan told Robert Weintraub, staff economist of the House Banking and Currency Committee, that "It's very difficult to find out really what the Fed is doing if you're not on the inside."

President Mayo of the Chicago district bank put it this way:

". . . the market indeed does have a fairly full understanding as to what the factors are in monetary policy that are going to lead to specific steps by the Federal Reserve. This happens to be a product, in part, of the fact that many of these people who are in the market, and in the position of making markets, have at one time either worked in the Treasury or in the Federal Reserve. Indeed, there is also cross-fertilization the other way. So it is no great secret as to how you interpret what the Fed is doing and indeed is trying to do. A number of the leading writers in New York—the Lehman Letter, Lanston's Letter and so forth—are written by former Treasury, former Federal Reserve people, and they're very good in interpreting these things."

Professor Maisel states that the Fed pursues a policy of secrecy from "fear of political attack and public criticism." It is fundamentally wrong, he adds, because the more you publish about monetary policy at the time you make it, the better that policy is likely to be.

Over the years the Federal Reserve Open Market Committee has been buying United States bonds with currency it asks the Bureau of Engraving and Printing to print. It now holds more than $82 billions' worth of these bonds. It collects the interest, deducts its expenses, and gives the balance to the Treasury.

Down to the first Eisenhower administration these purchases only totaled about $26 billion, but purchases between December 31, 1952, and August 7, 1974, came to $56,481,660,000. During the chairmanship of Arthur F. Burns and from January 1, 1970, to August 7, 1974, the Open Market Committee bought $24,620,660,000.

The real vice is that as a result of its ownership of government bonds the Fed can spend as much as it pleases. If these bonds were cancelled, as they should be, it would have to bring its budget to the president and the Congress as every other agency does.

From the little information available to the congressional banking committees, I have come to believe that the Federal Reserve annually spends hundreds of thousands of dollars in a questionable way. This is one of the reasons why the House Banking and Currency Committee voted during the Ninety-third Congress when I was chairman of the committee to subject the Federal Reserve System to a limited audit by the comptroller general and the General Accounting Office.

Whether the purchase is table tennis balls for the Dallas district bank or an annex to its building in Washington, the Fed spends lavishly. Washington's new Mormon Temple cost $15 million, but the William McChesney Martin Building for six hundred employees not only wastes thousands of square feet but to date has cost more than $46 million. Compare its cost with the Dirksen and Rayburn buildings, which thousands use:

	Square foot	*Cubic foot*
Martin	$57.67	$4.52
Dirksen	36.06	2.52
Rayburn	36.56	2.45

What Federal Reserve did was to build, at taxpayers' expense, a marble monument to a former chairman who does not deserve the honor.

With this kind of extravagance you can appreciate why the Fed hires Touche Ross and Company as its private auditor and opposes an audit by the General Accounting Office. Yet, the need for audit is there. The board itself spends more than $25 million a year, the twelve regional banks more than $400 million, and Professor Maisel says open market foreign exchange transactions go into billions and sometimes result in large losses. The comptroller general audits much more sensitive matters at the Atomic Energy Commission and the Department of Defense, but no one has suggested that either of these should use a private auditor.

NONPOLITICAL FED MANIPULATES POWER

The ultimate irony is that the alleged nonpolitical Fed is one of the most astute manipulators of political power in Washington. Nowhere was this more evident than during the debate on the audit bill. Although Dr. Burns personally lobbied against it among members of Congress and Manhattan bankers, the House of Representatives approved the bill by a vote of 290 to 58. But the Senate, sad to say, did not act on the bill.

The American people cannot afford to allow an agency so important to our economy to operate in the dark as it pleases. The time has come to allow the comptroller general to audit all Federal Reserve operations.

In 1933, when the banks closed, we attributed their troubles primarily to their having security affiliates that were selling stock. When the financial history of recent times is written, the ills that now afflict banks will be attributed in no small measure to our allowing banks to be owned by holding companies.

The late Winthrop Aldrich wrote to me in 1969 that he was "horrified" that banks were becoming "conglomerates" and holding "completely unrelated" businesses. He saw it as a return to the evils of 1933. Then the only danger was that banking affiliates did not sell securities they bought; today the banks hold entire big businesses, many abroad, all requiring high-priced, competent personnel and millions in capital.

As in the 1920s, the banks today have become too deeply involved in businesses other than commercial banking. Worse, particularly overseas, they are making speculative long-term loans that only investment bankers should make.

In October of 1974 at the convention of the American Bankers Association in Hawaii, Dr. Burns pointed out that the Federal Reserve System "regulates all bank holding companies." What he does not say is that though this is the way the legislation reads, there has been no regulation of any consequence. Until recently the Fed has approved routinely the creation of bank holding companies and their applications for mergers or acquisitions. Lately a few have been disapproved. There has been no regulation worthy of the name.

The problems with bank holding companies are many and serious.

Theoretically, a bank holding company is a separate corporation, and the holding company's failure should not affect the bank. But, alas, for theory. When the holding company fails, as was the case with the Beverely Hills National Bank, there is a run on the bank that ends with its sale. This is for good reason. The management is the same, so that a lack of confidence in the holding company causes a lack of confidence in the bank.

Some owe as much as twenty dollars debt for every dollar of capital. This is not all ordinary debt but commercial paper running into millions of dollars, sometimes with an average maturity of thirty days. The best holding company is in serious trouble the day it cannot roll over this debt.

There is also a great temptation for bank holding companies to go into the banking business by buying from their banks high interest loans, many of which are made abroad in countries as unstable and militaristic as Peru. Likewise, when they need to borrow money, there is a temptation for bank holding companies to sell their commercial paper to a bank owned by another bank holding company.

The difficulty is that the bank holding company is not a bank, and there are few restrictions on what it can borrow or lend and to whom. It does banking business without regulations or safeguards. Take a decision as to payment of dividends. While a bank holding company needs dividends from its banks to show a profit, it is sometimes cheaper to leave the dividends with the bank to loan out at high interest even though it obliges the bank holding company to borrow to pay its own dividends. The legality of that is open to question, but the Fed has not forbidden bank holding companies from paying dividends when not earned. It has simply done nothing about their regulation.

The tendency of bank holding companies is to think of themselves as corporate conglomerates, which they are not. And it is dangerous and misleading to consolidate the bank's balance sheet with that of the holding company. Worse, the directors, officers, attorneys, and accountants who act for both the holding company and the bank usually are the same. Yet there is a fundamental conflict of interest between the two that makes every transaction between them suspect. Because banks hold and invest other people's monies, their officers, directors, attorneys, and accountants should be independent.

RETURN COMMERCIAL BANKS TO COMMERCIAL BANKING

When Congress passed legislation regulating bank holding companies, these serious problems were not brought to its attention. Perhaps the time has come again to limit all commercial banking institutions, regardless of corporate form, to traditional commercial banking services. The truth is that we have not thought these problems through. In any event, the time has come to return commercial banks to banking and divorce them completely from holding companies.

Unfortunately, this is not simply a holding company problem. As Dr. Burns told the bankers in Hawaii, "some carelessness" has "also crept into our banking system." The good doctor is a master of understatement. Presumably he had in mind "the two largest bank failures in the nation's history"—the United States National at San Diego and the Franklin National in New York.

What is most disturbing in the failure of the United States National is that the Federal Deposit Insurance Corporation in an action against bank directors charges that more than $400 million of loans were made in contravention of sound, safe, and prudent banking practices; that loan officers were not supervised; that the records were inaccurate; and that the directors had no audit committee and illegally distributed dividends when there were no profits.

In an attempt to save Franklin, it now appears the Fed advanced $1,750 billion of the peoples' monies at 8 per cent interest against collateral of doubtful value. Some creditors of Franklin were paid who would not have been otherwise; for instance, banks which had advanced federal funds to Franklin in amounts upwards of $500 million, and some six thousand of its six hundred and twenty thousand depositors whose deposits were not insured by the Federal Deposit Insurance Corporation.

By what right, without consultation with the president and the Congress, do Dr. Burns and the Fed secretly dispense $1,750 billion of the people's money?

In sharp contrast, when in June of 1974 the largest private bank in Germany, Bankhaus I.D. Herstatt, of Cologne, has foreign exchange losses and failed, the West Germans let it happen, causing the *Wall Street Journal* to remark editorially:

"The Bundesbank . . . believes that the public will have confidence in banks when banking is sound, and that banking diverges from "soundness" when those who run banks know there is a net under them. . . . The banking community here and abroad would now be in a more promising condition if the Fed had followed the lead of those West German Socialists. The Franklin National

Bank should have been permitted to sink, victim of its excesses in "unauthorized currency trading." Its loan portfolio would have been peddled and its depositors paid off, and if there were anything left over, the shareholders would have divided that up."

The very morning this editorial appeared (August 8, 1974), Dr. Burns was testifying before the House Banking and Currency Committee, and in response to a question regarding the editorial from Rep. John H. Rousselot of California, said:

"In the case of Herstatt, the Germans had an insolvent bank; in the case of Franklin National, we had a solvent bank faced with a serious liquidity problem. That distinction is not made by the *Wall Street Journal* in its *editorial*. It is a very basic distinction."

Dr. Burns was mistaken. The comptroller of the currency, on whom he relied, also was mistaken. When the Fed, acting in secret on its own, decides to advance $1,750 billion, is it too much to ask that it be sure that the bank is solvent?

The Federal Reserve Board, led by Dr. Burns, once acted on its own to bail out banks that held Penn Central commercial paper. Now the newspapers tell us that the Fed is pressuring hundreds of banks to pick up a $600 million debt of W. T. Grant Company and a $130 million debt of Pan Am—acting again in secret without consultation with the president or the Congress.

As *Barron's* said editorially on December 9, this is "easy to credit" because "of the Fed's unbridled interventionism" but there are "issues of principle involved" because by "becoming Grant's partner" the banks "are diverting scarce credit from worthier borrowers." The editor, Robert M. Bleiberg, found it "extravagant" to claim that W. T. Grant Company as a going concern "is vital to the nation's commerce and the national interest."

While *Barron's* doesn't want to see Grant's flashy skyscraper at One Astor Place in Manhattan "turn into Grant's Tomb," it suggests that "a lasting monument to failure" there "would be worse." Its point is that, "Keeping Grant open may force competitors which are more efficient—but less visible, hence with less political or financial clout—to shut their doors." Mr. Bleiberg adds that this is "no way to run a candy store, let alone a country." I could not agree more.

There is more at stake here than meets the eye. It is an assertion of a right of complete independence from political accountability by Dr. Burns and the Fed to use the people's money in any way they see fit. It is arrogance we must not tolerate. No one man or institution should have this unbridled power. The people did not elect Dr. Burns, and he is not our king.

It is clear that Dr. Burns did not exaggerate when he told the bankers in Hawaii that "some carelessness" has "crept into our banking system." As he points out, the comptroller has jurisdiction over national banks and the F.D.I.C. over state-chartered banks that are not members of Federal Reserve. This leaves the Fed with jurisdiction over state-chartered member banks, holding companies, and so-called federally chartered Edge Act corporations that are supposed to do only an international business.

Dr. Burns sees these "overlapping regulatory powers" as "a jurisdictional tangle that boggles the mind" and fosters a "competition in laxity," allowing bankers to play one agency off against another.

I am sure that Dr. Burns wants to centralize all banking powers in the Fed. This he must not be allowed to do. As the *Wall Street Journal* said editorially last November 25: "If regulatory authority is centralized, it had better be centralized somewhere else than in the Fed. Combining the money creation power with regulatory authority creates a conflict of interest."

Granted something must be done, my suggestion of long standing is the creation of a single National Banking Commission combining existing regulatory authority over all banking institutions in one agency. Then, at least, we will have one agency in charge of examination of banks, Edge Act corporations, and holding companies. A single agency will be more competent than the comptroller, the Fed, and the F.D.I.C. have been in the United States National and Franklin bank failures. It could not do worse.

In Honolulu Dr. Burns said that during the last three years "the assets of foreign branches and subsidiaries of American banks nearly tripled, reaching $117 billion" and accounting "for more than one fifth of the growth in total assets of the U.S. commercial banking system." We also know that in 1973 the American banks listed below received the following percentages of their operating income from abroad:

Bankers Trust Company (New York)	80.0
First National City Bank (New York)	61.0
Bank of America (San Francisco)	56.5
Chase Manhattan Bank, N.A. (New York)	43.0
Morgan Guaranty Trust (New York)	32.0
First National Bank of Chicago	21.0
Continental Illinois (Chicago)	18.0

We also know from former Governor Maisel that while he devoted 20 percent of his time to international matters, neither Chairman Martin nor Chairman Burns brought important international matters to the board for resolution, although these chairmen were more in accord with administration policy than the board. This is a serious indictment, because Professor Maisel says that in August, 1971, the Federal Reserve System "was in debt for $3 billion" on foreign currency "swaps" and lost close to $400 million.

EDGE ACT CIRCUMSTANCES HAVE CHANGED

In 1919 Sen. Walter E. Edge of New Jersey proposed that member banks of the Fed be allowed to organize federal corporations to engage in international banking and other foreign financial operations.

When his act was passed, the United States was a creditor nation, and Europe was broke. Senator Edge proposed that these corporations be set up to finance European imports from the United States by buying European bills, rolling them over, and redeeming them as the economies of Europe began recovering. When the Glass-Steagall Act was passed in 1933, Congress forgot about providing that Edge Act banks be confined to commercial banking. Perhaps this was because Edge Act banks were then so few in number.

Now, more than twenty banks or bank organizations are operating more than thirty Edge Act corporations in states other than their home state. For instance, Bank of America National Trust and Savings Association has Edge Act corporations not only at its head office in San Francisco but also in New York, Chicago, and Miami.

Although the Fed assures us that these domestic Edge Act corporations only do business incidental to the banks' foreign business, we see advertisements in the *Wall Street Journal*, *Business Week*, and *Fortune* describing how throughout the United States they finance off-shore drilling, a grain deal, a London sterling market problem, international medium-term financing, international leasing, and an Export-Import Bank project.

When we do not permit interstate banking, and the Edge Act specifically provides that no Edge Act corporation can "carry on any part of its business in the United States" except as "incidental to its international or foreign business" (12 U.S.C. § 616), I question the right of the Federal Reserve Board to allow any of these Edge Act corporations to exist within the continental United States in any state than the head office of the parent bank. As has happened so frequently, the board has read into the phrase "incidental to its international or foreign business" a power to authorize the Edge Act corporations of large banks to do an interstate banking business, soliciting customers who do business abroad, something Congress never intended.

In addition, the banks make questionable high-risk foreign loans at home but by subterfuge execute them abroad through their Edge Act corporations so as to avoid Securities and Exchange Commission regulation. They are marketed without the protection of adequate disclosure on which the S.E.C. insists for domestic securities. At the least, the S.E.C. should require registration of these loans before they are sold.

In briefing the Federal Reserve Open Market Committee on the state of the economy, the board's staff in nineteen consecutive meetings from November, 1971, to June, 1973, stressed that the economy was expanding at a rapid rate of growth. There was, therefore, no reason to increase the money supply rapidly at that time. Nonetheless, it was done. The result was reaccelerated inflation.

HOW TO WIN AN ELECTION . . .

In the course of warning against giving the Fed too much power, on November 25, 1974, the *Wall Street Journal* editorially stated that, "The money supply . . . grew far too rapidly in 1971–1973. In blunt words, the erosion of bank capital ratios was fundamentally caused by the inflational policies pursued by Chairman Burns." Professor Maisel, who was then a member of the board, states that George Schultz, then director of the Office of Management and Budget, in 1971 passed the word to the board that, "If an election were to be won, the Federal Reserve would have to increase the money supply at far more than the 4.2 per cent average of 1969–70."

The fact is that the Fed increased the money supply beyond what the economic indicators required, and President Nixon was re-elected. In no small measure, Dr. Burns is personally responsible for our inflation.

It is not so much that Dr. Burns as chairman of the Federal Reserve Board in 1971–72 used his position to flood the country with money, it is that the regulation of banks and bank holding companies by the Fed under his chairmanship has been poor.

In his Hawaii speech Dr. Burns said there are five things wrong with our banks: (1) an "attenuation of the banking system's base of equity capital"; (2) "reliance on funds of a potentially volatile character"; (3) "heavy loan commitments in relation to resources"; (4) "deterioration in the quality of assets"; and (5) "increased exposure of the larger banks to risks entailed in foreign exchange transactions and other foreign operations." Translated, this means that under Dr. Burns's stewardship at the Fed the banks are in a mess.

As in previous Congresses, I intend to reintroduce in the Ninety-fourth Congress a bill for a comprehensive reform of the Federal Reserve System.

Whatever the doubts about the wisdom of this reform or that, the time has come to effect at least these:

1. Have the United States redeem the stock held by member banks in the twelve Federal Reserve district banks, removing bank presidents with their conflicts of interest from the Open Market Committee and allowing the Federal Reserve Board to operate the system as Woodrow Wilson intended.

2. Compel the Fed's Open Market Committee to publish a transcript of its proceedings on the day it meets, thereby disclosing to the people and the Congress what the country's monetary policy is that day, not five years ago.

3. Except to the extent necessary to operate the open market account, cancel the $82

billion of bonds held by the Fed, thereby preventing it from building any more marble palaces to departed chairmen and requiring it to opearte on appropriated funds.

4. Subject the Fed to audit by the comptroller general in the same way he audits other agencies.

5. Regardless of their corporate form, limit all commercial banking institutions to traditional banking services, divorce commercial banks from bank holding companies, insist that commercial bank officers, directors, attorneys, and accountants be independent, and to the extent they are allowed to exist, subject bank holding companies to the same regulation as commercial banks.

6. Forbid the Fed from continuing to bail out banks and large corporations secretly without the permission of the president and Congress.

7. Vest one federal agency with all the federal bank examination powers now held by the Fed, the F.D.I.C., and the comptroller.

8. To ensure that the Federal Reserve Board and its chairman are accountable to the president of the United States and the Congress, as duly elected representatives of the people, reduce the present staggered fourteen-year terms of board members to five years and make the four-year term of the chairman coterminus with that of the president of the United States.

. . . AND CREATE A DEPRESSION

The high interest policy of the Fed under Dr. Burns bears a marked resemblance to what Andrew Mellon did in the depression of the thirties. Both have inflicted hardships on the lower and middle classes. The Burns policies at the Fed have increased unemployment, liquidated the real estate industry, emptied the savings banks, taxed the little fellow, proved ruinous to the housing industry and thrift institutions, and brought on depression. This is power that no one man or no one agency of government should have. There is no need for me to recall the evils of Watergate, except to point out that they came from individuals operating in secret with excessive governmental power.

The Fed's claim of independence masquerades its desire to use the people's money secretly in any way it chooses. Before its wrong policies bankrupt this nation, the Fed should be made to account to the elected representatives of the people—the president and the Congress.

GOOD NEWS: FEDERAL RESERVE NOW EASING MONETARY POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 10 minutes.

Mr. REUSS. Mr. Speaker, I am pleased to report that the Federal Reserve has begun to ease monetary policy. This is in the spirit of House Concurrent Resolution 133, passed on March 4, 1975, by an overwhelming vote of 367 to 55. This House action followed the introduction of the basic legislation, H.R. 212, on January 14, 1975.

House Concurrent Resolution 133 and its accompanying report requested the Federal Reserve to "lower long-term interest rates"—thereby stimulating homebuilding and productive capital investment, and reducing unemployment—through either of two methods:

First. Pursue a vigorous expansion of money and credit aggregates. After expanding the money supply, M_1—currency and demand deposits—by a frequently excessive figure during 1972 and 1973, the Federal Reserve abruptly reversed course in the middle of 1974, bringing money supply growth practically to a halt, and thus contributing to today's severe recession.

In the report on House Concurrent Resolution 133, we pointed out that rapid economic recovery would require a money supply growth of no less than 6 percent at an annual rate during the first half of 1975, and that many prominent economists, businessmen and labor leaders were calling for an 8 to 10 percent money growth, including former Federal Reserve Board Governor Andrew Brimmer, former Council of Economic Advisers Chairmen Paul McCracken and Gardner Ackley, and First Pennsylvania Bank Chairman John R. Bunting.

The need for stepped-up money growth was pressed on the Federal Reserve during the February 4 to 6 Domestic Monetary Policy Subcommittee hearings on H.R. 212, the precursor of House Concurrent Resolution 133, and the February 19 full Banking Committee hearing with Federal Reserve Board Chairman Arthur Burns.

During the month February 5 to March 5, 1975, for which figures have just become available, the Federal Reserve expanded the money supply—M_1—by 14 percent at an annual rate, up from the zero growth rate existing between October 1974, and January 1975. M_2—the broader money supply measure, including M_1 plus time deposits at commercial banks—rose 13.8 percent at an annual rate, compared with 5.2 percent between October 1974, and January 1975. This is excellent progress. Of course, 14 percent is too expansive a growth rate, but the Fed is obviously trying to recoup for earlier excessive tightness.

Second. Purchase long-term Treasury securities and obligations of Federal credit agencies, such as the Federal National Mortgage Association, for the Federal open market account.

In the report on House Concurrent Resolution 133, we pointed out that the Federal Reserve has failed to use purchases of long-term securities to directly lower long-term interest rates. Of the Fed's current $87 billion portfolio, over 85 percent are short term, maturing in less than 5 years, while less than 1 percent are long-term, maturing in more than 20 years. This composition of the Fed's portfolio is badly distorted in the wrong direction.

During the month February 5 to March 5, 1975, the Fed modestly improved the composition of its securities portfolio by increasing its holdings of longer terms by $243 million and selling $1.258 billion short terms. More is needed, but this is at least a start.

So far, however, we have only seen a significant reduction in short-term interest rates, with the rate on 90-day Treasury bills, for example, falling from 8.7 percent in August 1974, to 5.3 percent today. Long-term interest rates remain uncomfortably close to last year's record highs, with the yield on FHA-insured mortgages falling only from 10.3 percent to 9 percent during the same period.

By continuing to follow House Concurrent Resolution 133 and to try to lower long-term interest rates, the Federal Reserve will take a major step toward putting the Nation's economy back on the road to economic recovery. Until long-term rates move downward, there will be continued economic deterioration in the Nation.

Mr. Speaker, I shall continue to report on the Federal Reserve's performance.

The latest Federal Reserve money supply tables are attached:

TABLE 1.—MONEY STOCK MEASURES

[In billions of dollars; seasonally adjusted]

Date	M_1 Currency plus demand deposits	M_2 M_1 plus time deposits at commercial banks other than large CD's	M_3 M_2 plus deposits at nonbank thrift institutions
1974:			
January	270.9	575.5	900.4
February	273.1	580.9	907.5
March	275.2	585.5	914.6
April	276.6	589.4	920.2
May	277.6	591.6	922.8
June	280.0	597.1	929.6
July	280.5	599.7	933.4
August	280.7	602.2	936.4
September	281.1	603.8	938.8
October	282.2	608.1	944.4
November	283.8	613.0	951.1
December	284.3	614.3	955.0
1975:			
January	282.2	[2] 616.0	[2] 959.6
February [1]	283.9	621.1	
Week ending:			
1975:			
Jan. 1	284.3	615.1	
Jan. 8	282.2	614.5	
Jan. 15	282.2	616.3	
Jan. 22	282.4	616.3	
Jan. 29	281.4	616.0	
Feb. 5	281.8	[2] 616.8	
Feb. 12 [1]	[2] 284.2	621.2	
Feb. 19	[2] 283.6	[2] 620.0	
Feb. 26 [1]	[2] 284.7	[2] 623.4	
Mar. 5 [1]	285.1	623.9	

[1] Preliminary.
[2] Revised.

TABLE 2.—MONEY STOCK MEASURES

[Percent change at seasonally adjusted annual rates]

Period	M_1 Currency plus demand deposits [1]	M_2 M_1 plus time deposits at commercial banks other than large CD's [2]	M_3 M_2 plus deposits at nonbank thrift institutions [3]
January from:			
October 1974 (3 mo previous)	0	5.2	6.4
July 1974 (6 mo previous)	1.2	5.4	5.6
January 1974 (12 mo previous)	4.2	7.0	6.6
4 weeks ending: Feb. 26, 1975, from 4 weeks ending:			
Nov. 27, 1974 (13 weeks previous)	0	5.2	
Aug. 28, 1974 (26 weeks previous)	1.9	6.0	
Feb. 27, 1974 (52 weeks previous)	3.9	6.9	

[1] Includes (1) demand deposits at all commercial banks other than those due to domestic commercial banks and the U.S. Government, less cash items in the process of collection and F.R. float; (2) foreign demand balances at F.R. banks; and (3) currency outside the Treasury, F.R. banks and vaults of all commercial banks.

[2] Includes, in addition to currency and demand deposits, savings deposits, time deposits open account, and time certificates of deposits other than negotiable time certificates of deposit issued in denominations of $100,000 or more by large weekly reporting commercial banks.

[3] Includes M_2 plus the average of the beginning and end of month deposits of mutual savings banks and savings and loan shares.

Note: All rates of change are based on daily average data; rates of change are not compounded.

INDIANA DUNES

(Mr. ROUSH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ROUSH. Mr. Speaker, yesterday I reintroduced the bill that I sponsored last year to expand the Indiana Dunes National Lakeshore by some 5,328 acres.

Since the early 1960's I have been working to provide the people of Indiana, the Midwest and all Americans with a park on the shores of Lake Michigan where the irreplaceable and beautiful dunes stand. In 1966, we had our first success when the Congress passed a bill establishing the Indiana Dunes National Lakeshore.

The bill, however, left out some important areas which I have attempted to add, along with some other sections that have special recreational and ecological significance. Since 1971 I have been sponsoring legislation to achieve this goal.

In the 93d Congress my bill, H.R. 3571, enjoyed the support of many of my colleagues here in the House, not just those from the Midwest but from all over the United States. Last fall the Parks and Recreation Subcommittee of the House Interior Committee endorsed in full the expansion proposed by this legislation. A great deal of thought, study and work went into the hearings that preceded their deliberations and the deliberations that resulted in their approval of the expansion proposal.

The legislative process which must take place should start without further delay. So I reintroduced this bill today intact in spite of the fact that there remain some areas in contention. I realize there are areas of conflict and this bothers me, particularly where there is pressure to exclude certain land which adjoins the present industrial complex. These are not impossible of solution or resolution, but are extremely difficult to accede to. I shall ask for and press for early hearings.

Back in 1963 I participated in the intense negotiations that resulted in Indiana having both a port and park in this prime scenic-recreational area. I believe that if we could resolve the issues in conflict then, certainly we can resolve them now.

I shall continue to work with Congressman Fithian, who represents a large part of the area involved, with the Governor's office, and with all interested persons and parties, so that we may arrive at a consensus position.

BINARY CHEMICAL WEAPONS—A HAZARDOUS AND WASTEFUL EXPENSE

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, I am introducing today a bill which prohibits the use of any appropriations for the procurement of any munition delivery system or production facility for any binary chemical warfare agent.

The binary chemical weapon is a relatively new concept of designing a chemical munition in such a way that the toxic agent is not produced until the munition has actually been fired. The munition is loaded with one of two chemical ingredients. The second ingredient is loaded into the munition only when the munition is actually to be fired. Firing of the munition causes the two ingredients to be mixed in flight to the target, so that when the munition explodes over the target area the toxic chemical agent is released. The toxic agents which can be produced in a binary system are exactly the same nerve agents which are currently in our stockpiles—code named GB and VX. These nerve agents are extremely lethal, and will cause paralysis and convulsions leading to death in a matter of moments after exposure. Less than one drop of the chemicals will cause death.

If the United States is really serious about its commitment to arms control, as recently signed by the President in the form of the Geneva Protocol on both chemical and biological weapons, and the UN Convention on Biological Weapons, then it logically must follow that we are also committed to successful culmination of the current negotiations on chemical weapons arms control at Geneva. If we can assume that the best interests of this country will be served by exerting every reasonable effort to avoid proliferation of chemical weapons, then it is necessary that we avoid any actions which would subvert these objectives. I believe that the bill I am introducing today which prohibits the Department of Defense from using any appropriations for procurement of delivery systems for any binary chemical weapon should be adopted by the House.

Even the Chairman of the Joint Chiefs of Staff has indicated that the binary chemical weapon is not an absolutely essential expenditure at this time. For example, General Brown said in his report on the U.S. military posture for fiscal year 1976:

> Modernization of the chemical warfare deterrent/retaliatory stockpile can be accomplished by either upgrading the present stockpile within the limits of agents available or by converting the stockpile to binary munitions.

Thus, there is an alternative to upsetting the status quo at this time, which would occur if we initiate the procurement of the binary chemical weapon. I have assumed that the General was remarking upon the fact that we already have in stock large quantities of bulk nerve agent, both GB and VX, which could, as originally planned, be loaded in standard chemical munitions to replace any deteriorating stocks and to maintain the chemical capability the military seems to feel is the only acceptable deterrent to the use of chemical weapons by other nations.

While the general refers in his statement to "modest modernization" programs, I am certain that the modest binary chemical program will very rapidly develop into a complete replacement of all chemical munitions and stockpiles of bulk nerve agent. The figures I have seen which estimate the cost of such a replacement with binary weapons are in the neighborhood of $500 million to perhaps as much as $1 billion. No one really seems to know, since the precise estimates of the impact of complete conversion to the binary system have not been made, or if made, have not been presented to the Congress.

We are already seeing an indication that the military proposals have progressed beyond the "modest" plans for an $8.8 million facility at Pine Bluff Arsenal to prepare for the assembly of the 155 mm binary artillery shell. In General Brown's statement, he also indicated that the Navy was going to resurrect a binary bomb program. The R.D.T. & E. budget will include an additional $2 million for completion of engineering development and test of this weapon.

Thus, we can identify at least three munitions already which will go into production in the near future if this binary concept of modernization is accepted by the Congress—the 155 mm artillery shell, the 8-inch shell, and now an Army/Air Force binary bomb. Certainly, it should come as no surprise for us to find also in the future, if the binary concept is approved for production, that binary rockets, missiles, spray tanks, land mines, and other chemical munitions would soon be going into production.

I know that this is a very complex issue. For example, the entire concept of the essential need for chemical weapons as the only real deterrent to the use of chemical weapons needs further examination. The Army has been criticized for its failure to provide adequate defense equipment to our Armed Forces; any attempt to highlight a so-called superior threat by the Soviet forces at this time simply reemphasizes the neglect of this issue for the past 20 years. I do not wish to take this time to discuss the more detailed pros and cons of the various issues peripheral to this proposal to procure the binary chemical weapon.

At the request of several Members, Dr. James M. McCullough of the Science Policy Research Division, Congressional Research Service, prepared a summary report entitled "Chemical and Biological Warfare: Issues and Developments During 1974," CRS Report UG 447; 75-13 SP, dated January 2, 1975. As noted in this report, the 93d Congress devoted a great deal of time to the issue of the binary chemical weapon, and decided to deny the military the funds requested in the fiscal year 1975 budget to begin the production of the Pine Bluff Arsenal facilities. I have a number of copies of this report in my office, or interested Members may obtain copies direct from the Congressional Research Service.

A major point to keep in mind is that a request for $8.8 million is back in the DOD fiscal year 1976 budget for these binary facilities at Pine Bluff, along with $3.5 million for R.D.T. & E. on other binary munitions and an additional $2 million for the development of the Navy/Air Force binary bomb.

The deletion of the funds for production facilities for the binary chemical bomb last year probably occurred too late to be an effective political action in support of arms control negotiations at Geneva. If the House supports the bill I am introducing today, we will be giving a strong signal to the representatives at this conference that the United States is indeed steadfast in its intentions to prevent the proliferation of chemical weapons. The Director of our Arms Control and Disarmament Agency has indicated that this action would support the negotiations on this problem.

The text of the bill is as follows:

H.R. 4955

A bill to prohibit the production and procurement by any agency of the United States of any delivery system designed to disseminate any binary-type chemical warfare agent

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no funds authorized or appropriated by any Act making authorizations or appropriations for fiscal year 1976 or for any fiscal year thereafter to the Department of Defense for military functions administered by that Department may be used by any department, agency, or instrumentality of the United States to—

(1) procure any delivery system, or any part or component of any delivery system, which is designed to disseminate any binary-type chemical warfare agent, or

(2) establish (by construction or otherwise) or operate any facility for the production of any such system, part, or component.

NUCLEAR POWERPLANT CONSTRUCTION BAN

(Mr. FISH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FISH. Mr. Speaker, today, with my colleague from New York, Mr. PATTISON, I am introducing the Nuclear Energy Reappraisal Act of 1975 which directs the Nuclear Regulatory Commission—formerly the Atomic Energy Commission—to suspend the granting of construction licenses for new nuclear powerplants pending a 5-year independent study of the entire nuclear fuel cycle by the Office of Technology Assessment.

Enactment of the Nuclear Energy Reappraisal Act would give our Nation time to decide whether we truly want to develop nuclear fission powerplants as a major energy source. Each of the large nuclear plants now being built produce during each year of operation, the radioactive equivalent of about 1,000 Hiroshima-size atomic weapons. Coupled with industry predictions of 1,000 nuclear plants by the turn of the century, we would be producing every year the radioactive equivalent of 1 million Hiroshima atom bombs in this country alone. Failure to contain 99.999 percent of this radioactive poison for the next 100,000 years or more could result in irreversible poisoning of our entire planet.

I think we ought to evaluate very carefully whether we wish to make this kind of commitment for present and future generations. Now is the time before any more plants are built, for once a greatly expanded nuclear fission program is operational there is no turning back.

Radioactive wastes are a problem forever. Perhaps the most dangerous of these wastes is plutonium, about 400 pounds of which are produced each year by each of the currently operating large reactors. It takes 24,400 years for just half the plutonium to decay, another 24,400 years for three-quarters to decay, another 24,400 years for seven-eighths to decay, and so forth. Yet just 1 pound—or about three tablespoons—of plutonium represents enough poison to give 9 billion people lung cancer. A plutonium economy could wipe out instantly all the advances made in the field of human health in the last quarter century.

Plutonium is also the material from which atomic bombs can be made. Experts agree that just 20 pounds of plutonium in the hands of the wrong people is all that is needed to produce a private atomic weapon. A college student might well have the capability of producing such a weapon since all the information needed can be obtained from popular encyclopedias and textbooks. By 1985 it is estimated that 100,000 pounds of plutonium might be in commercial circulation in America. Attempts to prevent the theft of just one five thousandth—20 pounds—of that much plutonium presents an enormous security problem.

Mr. Speaker, I would like to make clear to my colleagues the rationale for and the importance of a cessation in new plant licensing while the 5-year study is carried out. The rationale of this moratorium is that until we can determine whether or not the problems of reactor safety, waste disposal, and safeguards for special nuclear material can be solved, the most prudent course is to stop the licensing of nuclear fission plants. To argue as nuclear proponents do that we should build the plants and then hope we can solve these serious and perhaps unsolvable problems, is to put the cart before the horse. It is also important to emphasize that 5 years is necessary to make a full assessment of the implications of a commitment to expand our nuclear plant program. The Rasmussen study of reactor safety, inadequate in the eyes of many commentators, considered only safety issues and took 3 years to complete.

The study proposed in this bill goes far beyond the Rasmussen study of reactor safety. Not only must reactor safety be considered before further nuclear plants are licensed, we must also know whether or not the problems of waste disposable can be solved; we must know whether a breeder reactor can be built so that it will operate safely; we must know whether it is possible to prevent the plutonium produced by and for nuclear fission powerplants from falling into the hands of terrorists; we must have a comprehensive assessment of the costs of nuclear powerplants which takes into account all of the hidden subsidies for nuclear power development.

In addition to these subjects the bill that I am introducing this afternoon lists other important subjects that must be studied before we make further commitments to nuclear power. In summary, it is clear that at least 5 years are necessary for a study of the hazards of nuclear fission plants. But the purpose of this bill is not just to provide time for an adequate study of the safety and environmental consequences of nuclear power. The purpose of this 5-year cessation to licensing of nuclear plants is to give the citizens of the United States an opportunity and impetus to engage in a national debate about the wisdom of continuing the development of nuclear fission powerplants. As Albert Einstein once said:

> The future of nuclear power must be decided in the town square of America.

Thus there must be time not only for independent technical assessment of nuclear power, there must also be time for a public debate on the wisdom and morality of a nuclear powerplant program. As the results of the independent assessment of nuclear power become available, there must be time for all interested parties to evaluate results and their implications for our present energy policies.

Mr. Speaker, I wish to make one last point. Many people worry that a 5-year halt in nuclear licensing will add to our employment problems. They need not worry because some kinds of powerplants are going to be built, no matter what. As many people are needed to build and operate nonnuclear powerplants as are needed to build and operate nuclear plants. Workers in addition may work under conditions that would not expose them constantly to the inherent radiation hazards of operating nuclear plants. My 5-year ban certainly need not conflict with the interests of labor, and may even assist in efforts to reduce workers' exposure to industrial hazards.

Mr. Speaker, there follows the text of the Nuclear Energy Reappraisal Act of 1975.

H.R. 4971

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Nuclear Energy Reappraisal Act".

STATEMENT OF FINDINGS AND PURPOSES

SEC. 2. (a) The Congress finds that there is serious division in the general citizenry and in the scientific community about the wisdom of a commitment to a further expansion of nuclear fission power because of: unresolved questions about the safety of nuclear plants; the potential danger to society from the use of special nuclear materials, such as plutonium, which if diverted from their intended uses, may be used as weapons of terror; the unresolved problem of the storage of nuclear waste materials for 250,000 years; and because the economic feasibility and reliability of nuclear plants continues to be in question.

(b) The Congress therefore declares that—

(1) the further deployment of civilian nuclear fission plants is inconsistent with the national security and public safety as required by section 3(d) of the Atomic Energy Act of 1954;

(2) the serious safety and environmental problems associated with nuclear fission power should be resolved before a further commitment to nuclear power is made by the United States Government; and

(3) the Office of Technology Assessment should undertake a comprehensive review of the safety, environmental, and economic consequences of the proliferation of nuclear fission plants in the United States and abroad in a completely independent manner.

CESSATION OF LICENSING OF NUCLEAR PLANTS

SEC. 3. (a) The Nuclear Regulatory Commission is directed to cease, beginning on the first day after the date of the enactment of this Act, the granting of licenses or limited work authorization for the construction of nuclear fission powerplants and the granting of licenses for the export of nuclear fission powerplants.

(b) This termination shall continue until the Congress, after having adequate time to study the results of the investigation described in section 4, shall make a determination that—

(1) the effectiveness of all safety systems, including but not limited to the emergency core cooling system, of any nuclear fission powerplant operating or to be operated in the United States is demonstrated by comprehensive testing, in actual operation, substantially similar physical systems, to the satisfaction of the Congress;

(2) the radioactive wastes from such a plant can be stored or disposed of, with no reasonable chance, of intentional or unintentional escape of such wastes or radioactivity into the natural environment to immediately or eventually adversely affect the land or the people of the United States, whether due to imperfect storage technologies, earthquakes or other acts of God, theft, stabotage, acts of war, governmental or social instabilities, or whatever other sources the Congress may deem to be reasonably possible;

(3) the effectiveness of security systems throughout the fuel cycle is demonstrated to the satisfaction of the Congress; and

(4) after analysis of all the safety, environmental, and economic consequences enumerated in section 5, nuclear fission plants are clearly superior to other energy sources, including renewable energy sources.

(c) This termination shall continue until the Congress, after having adequate time to study the results of the investigation described in section 4, shall provide by law—

(1) for resumption of the licensing of nuclear fission powerplants and the development of criteria and standards for the licensing of such plants; or

(2) that resumption of such licensing be permitted but only under limited conditions specified in that law.

(d) Beginning five years and 180 days after the date of the enactment of this Act, if the Congress has not determined, under section 3(b), that the licensing of fission plants may continue, each existing nuclear fission powerplant and each such plant under construction shall not be operated at any time at more than sixty percent of the licensed core power level of such plant and shall thereafter be derated at a rate of ten percent per year of the licensed core power level of such plant, and shall not be operated at any time in excess of such reduced core power level.

(e) The provisions of section 3 shall not apply to small-scale nuclear fission reactors used exclusively for medical or experimental purposes.

OFFICE OF TECHNOLOGY ASSESSMENT STUDY

SEC. 4. (a) The Office of Technology Assessment is directed to undertake a comprehensive study and investigation of the entire fuel cycle from mining through fuel reprocessing and waste management and, as described in section 5, to determine the safety and environmental hazards of this cycle.

(b) The Office of Technology Assessment shall conduct this study independently. The Office in conducting the study shall request, receive and consider the comments and opinions of independent scientists, engineers, consumer, and environmental representatives. The Office shall hold informal public hearings on each major area of inquiry to permit interested persons to present information orally, to conduct or have conducted cross examination of such persons as the Office determines appropriate for a full airing of the issues and to present rebuttal arguments. A verbatim transcript shall be taken of any oral presentation in cross examintaion and shall be published by the Office. The Office shall have the power to enter into contracts with individuals or corporations for the purposes of conducting the study, but shall not enter into contracts with or rely primarily on the expertise of any industry or company which provides materials, management capabilities, research, or consultant services for nuclear fission powerplants or which otherwise in the judgment of the Office might have an interest in perpetuating the nuclear industry.

(c) All Government agencies shall cooperate to the fullest extent with the Office and shall provide access to their personnel and data. At the request of the Office, any Government agency shall furnish any information which the Office deems appropriate for the purpose of conducting the study. The Office is further empowered to compel the delivery of any information in the possession of the Nuclear Regulatory Commission, National Laboratories, or any person, corporation, or association which the Office deems necessary for conducting the study.

OFFICE OF TECHNOLOGY ASSESSMENT REPORTS

SEC. 5. (a) Five years after the date of the enactment of this Act, the Office of Technology Assessment shall submit a final report to the Congress and the public concerning the safety and environmental hazard of nuclear fission powerplants and the nuclear fuel cycle.

(b) The Office will provide an annual report to the Congress and the public on the progress of the study, and provide the opportunity for an annual public hearing concerning the progress of the study. In each annual report the Office shall inform the Congress of the actions it has taken to fulfill the requirements of the Act, whether it has found any evidence that any persons have violated the laws and regulations relating to safety in the development or use of nuclear power or special nuclear materials, whether it has any evidence that the agencies of the Federal Government, present or past, which have the responsibility for insuring the safety of the nuclear fission power have not faithfully or effectively exercised their responsibilities, the extent to which other Federal agencies have cooperated with the Office, whether all information requests of the Office under section 4(c) have been complied with, whether and to what extent the Office has made provision to insure that all viewpoints have been adequately considered. The Office, in its annual report, shall also make available to Congress and the public, any information relating to the safety of the nuclear fuel cycle which has heretofore not been public information either because it was not publicly available, it was not compelted in an analytical form, or for other reasons.

(c) The final report shall include recommendations as to whether a resumption of the licensing of nuclear fission power plants should be allowed, and if so, the conditions under which licenses should be granted. The report shall consider the following issues:

(1) The safety and environmental hazards associated with the entire nuclear fuel cycle, including, but not limited to the significance of frequent malfunctions in components of emergency core cooling systems as evidenced by the 166 abnormal occurrences reported by the Atomic Energy Commission in 1973, the six failures of emergency core cooling systems in semi-scale tests, and the significance of the British government's rejection of the light water reactor because of the danger of pressure vessel rupture.

(2) The short-term and long-term genetic effects of low level radiation.

(3) The economic implications of a commitment to nuclear fission powerplants, particularly in relation to:

(A) the long-term cost and availability of raw materials in light of the existence of a foreign uranium cartel;

(B) the cost implications of the frequent shut-down of nuclear plants including the costs of shut-down and start-up, inspections, the cost to consumers of purchase of alternative power during shut-down, unemployment benefits and other costs of unemployment that result from shut-downs;

(C) the economic wisdom of a commitment to an energy technology in which prudent safety management requires that all plants of similar design be shut-down when a serious safety problem arises at one plant, or sabotage of one plant is threatened; and the costs of necessary safeguards, including the costs of the design of the components of a nuclear transportation system, the costs, both public and private, for personnel, equipment and property to protect the projected 1,000 nuclear plants, reprocessing facilities and the thousands of components of the nuclear transportation system and the costs of decommissioning existing nuclear fission powerplants; and

(D) the total savings to nuclear plant operators arising from the subsidiaries to nuclear power by the Federal Government since the inception of the civilian nuclear power program including research costs, for programs such as the liquid metal fast breeder reactor, waste storage costs, regulatory costs, promotional costs, enrichment costs, safeguard costs, insurance subsidies through the Act commonly called Price-Anderson Act and any other costs associated with the development of civilian nuclear power.

(4) The storage of high level radioactive wastes which may remain dangerous for 250,000 years.

(5) The central question of proliferation, nationally or internationally, of nuclear fission powerplants in relation to possibly safer and cheaper alternatives, especially renewable energy sources.

(6) An assessment of whether utilities, as institutions, are financially and technically capable of operating nuclear plants safely in light of the high costs of safety measures and the 861 AEC documented abnormal events in utility operated nuclear plants in 1973.

(7) An assessment of the licensing processes of the Atomic Energy Commission (and its successor the Nuclear Regulatory Commission) which have permitted nuclear plants to be built over geologic faults and in other unsafe locations and which have allowed the continuation of license for utilities which have shown gross negligence in the operation and construction of nuclear plants.

PUBLIC INFORMATION

SEC. 6. (a) The Office of Technology Assessment shall be subject to section 552 of title 5, United States Code. The provisions of paragraphs (4) and (5) of section 552 of title 5, United States Code, shall not be construed to apply to any records of the Office which relate to the development, operation, or efficacy of the safety systems throughout the entire nuclear fuel cycle, except that provisions of paragraph (4) of such section may be construed to apply to such records in any case where the Office, after notice and opportunity for an agency hearing on the record, determines that such disclosure would result in irreparable injury to the competitive position of the person from whom the information was obtained. Such determination shall be subject to judicial review pursuant to section 552 of title 5, United States Code.

(b) As used in subsection (a)—

(1) the term "records of the Office" includes any application, document, study, report, correspondence, or other material or information or any part thereof received by or originated by the Office in connection with its duties under this Act; and

(2) the term "Office" means the Office of Technology Assessment, or any entity therein.

COMPENSATION FOR PUBLIC

SEC. 7. The Office of Technology Assessment shall, pursuant to rules promulgated by it, provide compensation for travel costs, per diem expenses, and experts' fees, and other costs in consulting with the Office, pursuant to the Office's responsibility under section 3(b), to any person who—

(1) has or represents an interest (A) which would not otherwise be adequately represented in such consultation, and (B) whose views are necessary for a full assessment of nuclear power and alternatives pursuant to this Act; and

(2) who is unable to participate effectively in such assessment because such person cannot afford to pay the cost of travel, per diem expenses and expert witnesses.

AUTHORIZATION

SEC. 8. There is authorized to be appropriated for the study under section 4 the sum of $15,000,000 for each of the first five fiscal years beginning after the date of the enactment of this Act.

STATEMENT BY COMMISSIONER OF RECLAMATION GILBERT G. STAMM BEFORE THE HOUSE SUBCOMMITTEE ON WATER AND POWER RESOURCES

(Mr. JOHNSON of California asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. JOHNSON of California. Mr. Speaker, the Subcommittee on Water and Power Resources, of the Committee on Interior and Insular Affairs, had an orientation meeting on Friday, March 14, 1975, with officials who are in charge of administering the Federal reclamation program.

The principal spokesman for the Department of the Interior was Commissioner of Reclamation, Mr. Gilbert G. Stamm, a career employee who has risen through the ranks to head his agency.

In all the years that I have served on this subcommittee I have seen literally hundreds of witness statements and other presentations by reclamation representatives. The statement given us by Commissioner Stamm on this occasion is an outstanding effort from the standpoint of its scope, propriety, and clarity of expression. It points out, in a minimum number of words, the public values which have been gained and which are yet to be realized through enlightened utilization of our natural resources.

So that all of my colleagues in the House, regardless of their previous beliefs concerning this program, may have the advantage of Commissioner Stamm's remarks I include them in the RECORD at this point:

STATEMENT BY COMMISSIONER OF RECLAMATION GILBERT G. STAMM BEFORE THE HOUSE SUBCOMMITTEE ON WATER AND POWER RESOURCES

Mr. Chairman, it is a pleasure to meet with the Subcommittee on Water and Power Resources at the start of the 94th Congress. I add my welcome to the new members of the committee and look forward to developing a mutual understanding through which our day-to-day working relationships will be enhanced.

My presentation will focus primarily on providing the new members with information for use in their decision-making processes. I am prepared to enlarge upon any topic which the chairman or members of the committee may desire.

The Federal Reclamation program has operated for 73 years to assist in the development of the West. The basic mission is to assist the States, local governments, and other Federal agencies to stabilize and stimulate local and regional economies, enhance and protect the environment, and improve the quality of life through development and management of water and related land resources. Our general authorities extend to the 17 contiguous Western States and Hawaii, however, by specific authority and use of funding other than from the Reclamation fund, we can and do provide assistance elsewhere in the Nation and the world.

We provide technical assistance overseas on a reimbursable basis through the Agency for International Development and through international organizations such as United Nations, World Bank, Organization of American States, and by direct governmental advances.

Reclamation projects, through a multiple-purpose concept, provide for some or all of the following purposes: (1) municipal and industrial water service, (2) hydroelectric power generation and transmission, (3) irrigation water service, (4) water quality improvement, (5) fish and wildlife enhancement, (6) outdoor recreation, (7) flood control, (8) navigation, (9) river regulation and control, and (10) related uses. Major program objectives include: (1) investigate and develop plans for the regulation, conservation, management, and utilization of water and related resources, including basin-wide water studies and new sources of fresh water supplies, power capacity, and energy, (2) design and construct authorized projects, repair and rehabilitate existing projects, and administer loans and grants under the loan program, (3) operate and maintain Bureau constructed facilities which are not transferred to local organizations, review the operation and maintenance of all Bureau-built facilities, and administer water and power marketing contracts, and (4) conduct mission oriented research programs to maximize use of resources including weather modification.

Unlike other public works programs, the Reclamation program has from the very beginning, been based on the principle of repayment by direct beneficiaries (water users organizations, conservancy districts, municipalities, power customers, and other agencies). Repayment of the public investment is designed to recover all statutorially reimbursable costs which constitute over 86 percent of the total investment. As provided by law, some or all costs assigned to specific functions such as flood control, recreation, and fish and wildlife enhancement are nonreimbursable. Repayment of costs is greater in Reclamation than in any other Federal-resource development program.

Direct economic impacts of the Reclamation program are derived from project construction, project operation and maintenance, and the various project functions. Other related economic impacts stem from increased business activity in the purchase of materials and equipment for construction, agricultural processing industries, livestock feeding operations, water and power using industries, and service oriented businesses. This increase in business activity in turn generates a substantial flow of additional taxes to the U.S. Treasury. These increased revenues, though substantial and significant, receive little public attention, and are not included in our analyses to determine the ratio of benefits to costs.

This subcommittee plays a major role in establishing the authorities, policies, accomplishments, and success of the Bureau of Reclamation program. Usually initial project studies are of an appraisal or reconnaissance nature and are intended to reveal whether more detailed investigations are warranted to establish feasibility.

On the basis of appraisal studies we may recommend congressional action, for authority to proceed with feasibility level investigations. Feasibility investigations are not undertaken unless authorized by the Congress. Feasibility studies are performed using the established principles and standards for planning water and related land resources. Contingent upon the findings of the feasibility study, a proposal may be submitted to the Congress for approval and authorization of construction. Legislation to authorize a project is handled by the Interior and Insular Affairs Committees of the Congress, while requests for appropriation go through the Public Works Subcommittees on Appropriations.

OPERATION AND MAINTENANCE

The Bureau of Reclamation operates and maintains, on a permanent basis, only power projects and reserved water works on multipurpose projects. These facilities must be operated and maintained in a manner to protect the Federal investment and assure that they continue to serve their intended purposes safely and efficiently. When possible, completed water service facilities are turned over to water users organizations as rapidly as practical. During the construction period or until operating agreements are executed, all systems are operated by the Bureau with appropriated or user advanced funds.

PLANNING

The primary objective of planning is to formulate plans which will be responsive to national needs and goals, environmental quality and which will maximize regional economic goals and social well-being relative to development of the resources. Plans of development provide for the allocation of water developed to achieve a wholesome and balanced growth in the areas influenced.

Rapidly changing shifts in national priorities have resulted in several unresolved questions:

1. To what extent will there be an increased demand for natural fibers as a result of the reduced availability of synthetic petroleum base fibers?

2. Will there be a growing international requirement for American food products in the long range perspective?

3. Is there any reason why it is not in the national interest to utilize our renewable agricultural production potential as an economic and social tool?

4. Is there reason to believe that an ample and reasonably priced food supply for all Americans is not a worthy national goal?

5. Can water resource development through public works projects be responsive enough to become an effective means of achieving current national goals?

6. To what extent will existing or new water supplies be required for the production of energy; for cooling in nuclear and other power plants; and for development of the West's oil shale and coal for gasification and liquefaction?

These and other related questions require prompt attention. We in the Bureau are making adjustments in our planning program, where possible to reflect the latest priorities for development. Our programs will give special attention to improving existing water resource management.

RESEARCH

Reclamation's research program is mission oriented and is directed to solving immediate problems and developing new technologies associated with the conservation, development, and use of the water and related land resources of the West. Research is a valuable tool which provides the technology for achieving greater conservation of water, more efficient distribution and use of available supplies, and greater economy in planning, designing, constructing, and operating water resource projects.

Laboratory and field research efforts are focused on improved irrigation efficiency, water conservation, and water quality improvement. Emphasis also is given to improved power generation-transmission efficiency and reliability.

A major research thrust in atmospheric water resources management has yielded promising information which could be used to overcome the relative inefficiency of nature in producing precipitation at the times and places where it can be better utilized for man's benefit. The ecological impacts of water development are being analyzed to evaluate the effects of water projects and water management operations on local areas and river basins, and to develop improved techniques for environmental enhancement. One of Reclamation's newest research efforts involves the energy research and development program, including geothermal and pumped-storage research. This program is an integral part of the national effort to achieve a capability for energy self-sufficiency.

CONSTRUCTION

Since its establishment in 1902, over 160 water resource development projects or units of projects have been constructed by Reclamation for a national investment of about $6 billion. Our fiscal year 1975 construction program gives high priority to projects with early completion dates whose major purposes are power, municipal and industrial water, drainage works, and system protection.

During fiscal year 1975, construction activities continues on 75 projects or major units of projects located throughout the 17 Western States. About 70 percent of the total Reclamation appropriations in fiscal year 1975 was for construction.

Projects with major construction programs underway include the Columbia Basin Project, Washington; Central Valley Project, California; Central Arizona Project, Arizona-New Mexico; Colorado River Basin Salinity Control Project, Arizona-California; Fryingpan-Arkansas Project, Colorado; Teton Basin Project, Idaho; and the Garrison Diversion Unit, Pick-Sloan Missouri Basin Program, North Dakota.

In this time of concern about our Nation's energy, we are pleased to report that construction is proceeding well on the Columbia Basin Third Powerplant at Grand Coulee Dam on the Columbia River. The first of six units of unprecedented size is scheduled to begin generating power in August 1975. The Third Powerplant is an addition to the existing facilities, and will add 3.9 million kilowatts to the 18 units presently operating which have a capacity of 2.3 million kilowatts.

In addition to the power producing capabilities of the Columbia Basin Project, approximately 1,000,000 acres of land has the potential for irrigation development. Over one-half of these lands have been developed and are producing needed food for the Nation and the World.

Expansion of the Central Valley Project in California, is continuing. The project consists of an integrated system for water storage, regulation, conveyance, and distribution. The project will provide full irrigation to 258,000 acres, supplemental water to 2,289,000 acres, deliver nearly 354 billion gallons annually for municipal and industrial use, and generate about 1.6 billion kilowatts of hydroelectric power. Flood control, recreation, navigation, and fish and wildlife protection are also important functions of the project. More than 200 different commercial crops are grown on the project, including cereal, field, forage, nursery, seed and truck crops, nuts, vines, and deciduous and citrus fruits.

Construction continues on major elements of the Central Valley Project, including the Westlands Irrigation Distribution System, the Tehama-Colusa Canal, the Pleasant Oaks Distribution System, and the Auburn Dam. The excavation and foundation treatment is underway for the Auburn Dam, a major structure located on the American River in the east-central part of the Sacramento-San Joaquin Valley. Also construction will be started on the San Felipe Division during fiscal year 1975.

The Columbia Basin and Central Valley Projects are but two of the larger on-going projects in our construction program. The remaining 73 are of varying size and scattered throughout the 17 Western States.

Reclamation construction activity provides for increased utilization of manpower from minority groups under the provisions of the Federal equal employment opportunity program. Fifteen members of the Navajo Tribe are employed by Reclamation on the Navajo Indian Irrigation Project and from 20 to 50 Navajo are employed by contractors, depending on the volume of construction activity underway at any given time.

FOREIGN ACTIVITIES

The international reputation of Reclamation in the field of water resource development has resulted in numerous requests for technical assistance to other nations both directly and through such agencies as the Agency for International Development (AID) Department of State, World Bank, and the United Nations. Assistance includes sending individuals or teams abroad on various engineering or resource advisory assignments, or training foreign visitors in pertinent water resources development techniques and procedures. Financing is provided by the requesting organization or the recipient country.

ENVIRONMENTAL ENHANCEMENT

Water resource development projects have many positive environmental effects. When water management practices regulate and augment low flows of rivers and streams, decrease erosion, prevent flood, eliminate waste of water, and in many instances change deserts into gardens where man can comfortably live and prosper, the result is betterment of environmental conditions.

ACCOMPLISHMENTS

The accomplishments of the Reclamation program are many and varied, reflecting the diversified nature of Reclamation projects. Our accomplishments stress a primary goal of balancing water supply with water requirements to provide for the needs of people.

The United States continues to serve as the "breadbasket of the world" feeding not only its own people in a manner unprecedented in human history but helping to satisfy the food needs of much of the rest of mankind as well. The crop production occasioned by national investment in the Reclamation program would satisfy the annual needs of over 32 million people. The wide variety of high-quality, high value crops produced on Reclamation served lands provides many of the specialty crops that characterize a well-balanced diet.

These crops were produced on 9.2 million acres of irrigated land. The gross crop value, in 1973, was $3.9 billion. The cumulative gross value of all crops produced on Reclamation projects over 67 crop reporting years totals about $40.9 billion. This cumulative value is over seven times the total plant-in service investment of $5.8 billion.

The Bureau of Reclamation in 1973 marketed nearly 50 billion kilowatt-hours of electric energy from its hydroelectric plants which neither consume nor pollute the water passing through the turbines.

The electric energy produced at Reclamation operated hydroelectric plants only, is sufficient to supply the needs of about 5 million residential customers. Assuming three people per residential family, this would be equivalent to the residential requirements of the cities of San Francisco, Chicago, Dallas, Washington, D.C., and New York.

Production of an equivalent amount of energy from alternative fossil fuels resources would have required some 66 million barrels of oil, 17 million tons of coal, or 400 billion cubic feet of natural gas.

Supplying water for municipal and industrial use continued to be an important function of the Reclamation program as population, business, and industry continues to expand in the West. In 1973, Reclamation project facilities delivered over 600 billion gallons of water for municipalities and industries, providing most of the water needs of a population of about 15 million. In addition, water conveyed for other non-agricultural uses totaled over 100 billion gallons.

Recreational use at our recreation areas totaled over 56 million visitor days, with 251 reservoirs or recreation areas being provided for this use. People are enchanted by viewing the breath-taking scenery of beautiful lakes; participating in such sports as fishing, sailing, powerboating, and water skiing; watching wildlife in its native habitat; or seeing the sun set serenely behind the tree-lined horizon of a placid lake. The desire for tranquility and a change of pace has resulted in increasing numbers of visitors at reservoirs, lakes, and canals created by Bureau of Reclamation facilities.

Probably the least-heralded feature of many multipurpose dams and reservoirs on Bureau of Reclamation projects is their ability to control flood waters. Virtually all regulating facilities on Bureau of Reclamation projects provide some flood protection even though they may not have been initially authorized nor designed for flood control. Significant, flood control benefits continue to be realized from our operations in the 17 Western States, totaling almost $176 million in 1974.

In conclusion, I would like to reiterate that the Reclamation program is involved with all sources of water (surface, ground, atmospheric, and sea water) and to emphasize that through appropriate development and management of water for all functions throughout the 17 contiguous Western States, the Reclamation program is bolstering, stabilizing, and expanding local, regional, and national economies; is enhancing and protecting the environment; is improving social and cultural benefits; and in total is improving the quality of life for mankind.

Thank you, Mr. Chairman.

OF PHYSICIANS, PATIENTS, AND PROFESSIONAL LIABILITY: A LEGISLATOR LOOKS AT THE MEDICAL MALPRACTICE CONTROVERSY

(Mr. ROGERS asked and was given permission to extend his remarks at this point in the RECORD and to include a speech by HENRY A. WAXMAN.)

Mr. ROGERS. Mr. Speaker, my colleague on the Public Health and Environment Subcommittee of Interstate and Foreign Commerce, Mr. WAXMAN of California, was previously chairman of the California Assembly Select Committee on Medical Malpractice. He has recently delivered an address on the present crisis in medical malpractice insurance, which I would like to insert in the RECORD and share with the other Members of the House of Representatives.

Recent months have been marked by a greater public awareness of the present crisis in health care resulting from the dramatic increase in the number of medical malpractice claims and in the cost of malpractice insurance, as well as the unavailability of insurance coverage in some parts of the country.

The time has come for the Congress to effectively assess the problem and to address ourselves to legislative solutions that will serve the interests of health providers, consumers, and the general public.

It is my honor, Mr. Speaker, to insert at this point in the Record Mr. Waxman's recent remarks to the meeting of the Southern California Society of Oral Surgeons in Scottsdale, Ariz.

The remarks follow:

Of Physicians, Patients, and Professional Liability: A Legislator Looks at the Medical Malpractice Controversy

(By Henry A. Waxman[*])

I. INTRODUCTION: THE CURRENT CRISIS IN MEDICAL MALPRACTICE

The Los Angeles Times of January 7, 1975, carried a front page article bearing the caption "Medical Crisis: Doctors Finding Insurance Scarce." Readers of this article learned that about 2,000 Los Angeles physicians began the New Year by scurrying for new malpractice insurance coverage because two insurers—Pacific Indemnity and Star Insurance Company—unexpectedly announced they were pulling out of the medical malpractice field. This presently leaves only three insurance carriers in California who extend coverage for professional liability to physicians; and one of these, Argonaut, which insures doctors in Northern California, has informed some that as of May 1, it will either raise malpractice insurance premium rates by as much as 200% or quit the field.

These events were not wholly unanticipated by those knowledgable about developments in professional liability for physicians. In November, 1974, for instance, I chaired a hearing of the Assembly Select Committee on Medical Malpractice. Expert witnesses at this hearing testified that the entire casualty insurance field was faced with severe financial difficulties due to inflation, the loss of reserves in the stock market decline of the past year and a half, and the frequency of claim losses. It was emphasized that these financial difficulties are exacerbated when the casualty coverage is not particularly profitable, the market involved is small, and claims are an administrative nuisance to handle—all features that insurers and brokers swear apply to medical malpractice insurance.

Assuming the veracity of this diagnosis of the casualty insurance field, particularly medical malpractice, we can infer that to avert the impending crisis we must come to grips with the general state of the economy, the stock market, and medical malpractice claim losses. Moreover, elected officials are expected to tackle this problem, "in the public interest." This means, according to Walter Lippmann, that we must do "what men would choose if they saw clearly, thought rationally, acted disinterestedly and benevolently." (Lippmann, "The Public Interest," in The Public Philosophy 42 W. Lippmann ed. 1955)

Faced with this challenge, I am certain that you will appreciate my confession that I address you on this topic with some trepidation. Nonetheless, I accept the challenge, or at least a part of it, leaving the general state of the economy and the vagaries of the stock market for another time when, hopefully, I will have something to contribute besides the confusion that already surrounds these topics.

II. THE RISE IN MALPRACTICE CLAIMS

That malpractice claims have increased in recent years cannot be denied. The Preliminary Report of the Assembly Select Committee on Medical Malpractice found, for example, that:

The number of malpractice claims filed in California has increased from 13.5 per 100 physicians in 1965 to more than 18 per 100 physicians today—an increase of approximately 40%.

This particular finding was made in June of 1974. By November of the same year, we learned that actuaries had projected that by the end of 1974, 35 out of every 100 doctors in Los Angeles County would be named as defendants in malpractice claims.

Not only have the claims increased, but the dollar size of awards (verdicts and settlements) has gone beyond actuarial predictions. Those awards considered extremely large—$300,000 and over—have risen at an almost geometric progression:

In 1969 there were three, in 1971, nine, in 1972, thirteen, and in 1973, twenty-four. It is easy to visualize these figures on a graph, and the slope of the curve is extraordinary. Professional Liability Newsletter, Vol. 6, No. 1, March, 1974, p. 4 (Quoted in Preliminary Report of the Assembly Selected Committee on Medical Malpractice at p. 15 (June, 1974)).

It is not surprising that malpractice insurance premiums for doctors and hospitals have followed a similar "extraordinary" curve. In 1969, the average closing cost of a professional medical liability claim was $4,500 in Northern California, and $5,800 in Southern California. Today, it is estimated that average closing costs for both areas are between $7,000 and $8,000. And, according to the Los Angeles Times, "it is not uncommon for doctors who have had recent claims against them to pay $12,000 to $20,000 a year in premiums." (January 7, 1975, p. 13, Col. 3).

These spiraling costs make the provision of health care one of the most expensively spiraling services in our already inflationary economy. It is, of course, no answer to say that these costs are absorbed by passage onto health care consumers, for that is simply another way of saying that those who become ill, and who are generally the least able to bear economic hardship, must bear the heaviest cost burden. Moreover, a significant segment of the patients who must assume these additional costs are Medicare and Medicaid (Medi-Cal) beneficiaries; so it is ultimately the already overstrapped taxpayer who must pick up the tab for a runaway system of professional liability compensation. Yet both the federal Administration and the new state administration have made it clear that government spending is to be limited and, on the federal level, future price controls may even be implemented. So we cannot be too sanguine in an inflationary economy about the government paying for additional health care costs caused by more and larger medical malpractice awards.

What, then, do we do? To do nothing is to invite disaster. If the present developments continue unabated, either doctors will be forced out of practice due to the inability to obtain coverage or patients will be priced out of the health care market.

The only acceptable alternative is that we act responsibly to harness the learned behavior of a professional liability compensation system that has, under the present circumstances, outlived its usefulness.

III. WHY HAVE MEDICAL MALPRACTICE CLAIMS INCREASED?

To be sure, we cannot come to grips with the "malpractice crisis" unless we know its causes. Even then, we must recognize that understanding the reasons for this current crisis, while necessary for any solution, is not sufficient in itself to guarantee a solution. Fortunately, as the Assembly Select Committee on Medical Malpractice found, there is at least general agreement as to the principal causes for the present malpractice crisis.

Few contend, for example, that the general quality of health care we receive has declined in the past few years. Hence the paradoxical question: Why have more malpractice claims been filed when the quality of health care is better now than ever before? We know of several reasons explaining this phenomenon, though the relative weight or importance to be afforded each of these is unclear.

The changing doctor-patient relationship

There is a myth about the doctor-patient relationship which is nurtured in our folklore and popularized by the electronic media. Those who have watched "Marcus Welby" or "Medical Center" on television can perhaps appreciate this popular mythology. Is it any wonder that patients who have been fed a steady diet of these programs over the years should be disappointed when their physician does not take the time to discuss with them their intimate family and personal problems, does not greet them on a first-name basis and socialize with them as an equal? Yet specialization, urbanization, the shortage of physicians, and an increased consumer demand have all made the doctor-patient relationship, like most other relationships between professionals and those they serve, highly technical and depersonalized. Accordingly, when the medical results are not what a patient anticipates, or even hopes for, the doctor is more easily blamed by that patient and a malpractice claim more likely to be filed than if the patient and the doctor related to each other the way Marcus Welby and his patients do.

Impact of the media

The media does more than to promote false expectations in patients about the relationships they have with their doctors. It also reports, often in fairly dramatic terms, discoveries in medical technology. Consequently, health care consumers have high expectations concerning the near-miraculous powers of modern medicine. They are also made aware of malpractice litigation, especially of the huge sums claimed, and on occasions, awarded to litigant. Thus, when a patient's expectations are not fulfilled, regardless of the real reason, it is understandable that filing a malpractice claim against the doctor or health care provider would cross the patient's mind.

The legal rights explosion

Ours has become an increasingly litigious society.

Legal commentators have noted what is aptly termed the "legal rights explosion," a phenomenon due to a growing feeling among the citizenry that they not only have newly perceived rights, but that these rights can and should be enforced by litigation if necessary. This is borne out by the surprising statistic that the rise in civil actions in general in California courts has quite surprisingly exceeded the rise in malpractice claims filed for the same period. This willingness of the citizens to go to court to obtain redress is also obviously related to the frequently noted feeling of alienation and powerlessness amongst people, a feeling that there is no likely redress unless one gets his own "hired gun" in the form of a lawyer and challenges the offending party to a duel in court.

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[*] Congressman, Twenty-Fourth Congressional District, California; former Chairman of the Assembly Health Committee (1973–74), and the Assembly Select Committee on Medical Malpractice (1973–74), California State Legislature. The views expressed herein are my own, but much of the information and analysis which helped form these views came from many long conversations with two personal friends and colleagues who also share my intense interest in professional liability: Assemblyman Howard L. Berman, Chairman of the Assembly Select Committee on Medical Malpractice, California State Legislature, and Fred J. Hiestand, Consultant to the Select Committee and author of the Committee's Preliminary Report on Medical Malpractice (June, 1974).

Sophistication of trial lawyers

A larger number of trial lawyers are becoming more proficient in recognizing and litigating malpractice claims. The prospect of sizeable contingency fees—generally between 25% to 40% of the award or settlement—has probably enhanced this interest and expertise. So, perhaps has the push for no-fault auto insurance and the general glut of jobless attorneys in the marketplace. Lawyers are well aware that the once-existing "conspiracy of silence" has now been unzipped; and that with sufficient capital and expertise all one has to do is establish a reputation to attract injured patients and make a modest fortune.

Changing legal doctrines

Conceptual expansion, primarily by the judiciary, of certain legal doctrines has widened the scope of malpractice liability. Indeed, in some ways the practice of medicine almost approaches the strict liability standards imposed on other activities by the law. Medical malpractice, however, still pays lipservice to the negligence standard, perhaps because an unabashed embrace of a no-fault strict liability compensation scheme, while it would conform to our evolving notions of decency that injured people should be compensated and cared for, would also pick our already thin pockets clean. To illustrate this contradiction between a purported negligence standard and an often-sought strict liability result, one only has to cite the changes in the evolution of the locality rules, the doctrine of res ipso loquitor, informed consent, and the collateral source rule.

IV. WHERE DO WE GO FROM HERE?

These, then are the major reasons for the rise in malpractice claims. Any proposals to reduce the frequency of claims must, if they are to be effective, take these reasons into account. Legislation is, of course, one means perhaps the most effective, to deal with the malpractice problem; but, though I intend to discuss legislative proposals with you, it is important not to lose sight of the voluntary actions that could help achieve the same goal.

A. Voluntary reform

An obvious voluntary reform that would, for instance, have far-reaching impact on the volume of malpractice litigation to be filed would be for physicians to get to know their patients better as people instead of simply patients. This is not a criticism directed only at doctors; it applies equally to lawyers, social workers, health care professionals and even legislators. Nor is it a suggestion easily followed, or even morally right were it to be followed. Is it better for a doctor to spend more time with fewer patients than to competently attend to a larger number of patients desiring and in need of medical care? The only sure answer to this question is that it is probably better for a doctor to spend more time with fewer patients if he wants to minimize or prevent malpractice claims being filed against him.

Physicians should, of course, continue and strengthen their excellent efforts at peer review and continuing education. We know from scores of witnesses who testified before the Select Committee that the Board of Medical Examiners simply cannot police those few doctors who may fall behind in current medical knowledge and techniques. In fact, the Board of Medical Examiners, as it presently operates, has practically defaulted to the profession when it comes to detecting and correcting doctors whose professional standards of practice are no longer what they should be.

Another voluntary action that reduces malpractice liability is for physicians to generously avail themselves of professional consultants. The desire to "go it alone" is not, of course, peculiar to doctors. Yet the consequences of making a mistake while "going it alone" are qualitatively different for doctors than for most other professionals.

The HEW Commission Report on Medical Malpractice made a recommendation that would significantly contribute to the reduction or arrest of malpractice claims: that insurance carriers cooperate with medical societies in presenting programs for injury prevention. Insurance companies have the claims profiles; they know the kind of problems that are most common and, when this information is shared with physicians, seminars can be arranged to educate medical practitioners and prevent recurring mistakes.

B. Legislative reform

As a Member of the House Commerce and Health Committee I, will, of course, work actively to obviate the malpractice crisis. It is now clear that the problems with which you are so familiar, and which I have outlined, do not confine themselves to California; Congressional action is needed. Nonetheless, for the immediate short run, we will have to look to state legislators for relief; so I will confine my remarks to what has happened, and what may be expected to happen, in the California Legislature with respect to medical malpractice.

1. The 1973–74 California Legislative Session

This past year I authored a number of bills intended to stem the tide of rising malpractice claims. Several of these are now law.

AB 4467, for example, requires that when a medical malpractice lawsuit is filed, no stated amount of damages is to be included in the prayer for relief. (Cal. C.C.P. § 425.10) This will hopefully minimize the sensational headlines that appear when a lawsuit for malpractice is filed claiming damages in astronomical sums. The Assembly Select Committee found that in the vast majority of these cases, the doctor was found innocent of negligence or the damages eventually awarded the injured patient were much smaller than claimed. But the media rarely gives equal attention to such anti-climactic end results, and the sued doctor's patients and colleagues still remember him for the initial bad publicity.

AB 4469 gives clearer authority to the Board of Medical examiners to discipline physicians of proven "incompetence." The earlier law restricted the Board to disciplining doctors for "gross incompetence," which in practice meant that the Board was quite impotent and consumer complaints that might have been handled on the administrative level instead ended in litigation.

Finally, AB 4474 eliminates the ridiculous, at least as it was interpreted by some, requirement that an attorney must state his intention to file an action against a doctor before the doctor turns over to him medical records concerning the patient-client.

Other bills I introduced last year, which may be reintroduced this Session by other members of the Select Committee on Medical Malpractice, would provide for a consumer complaint center in hospitals, an arbitration mechanism for malpractice claims under $10,000 (one friend of the medical profession half-jokingly suggested that if this one becomes law, we add a technical amendment the following year—a zero to the dollar figure), and the restructuring of the Board of Medical Examiners so that licensing and disciplinary functions are split between two independent boards, both with full-time paid members.

2. The 1975 California Legislative Session

What the Legislature did last year to alleviate the problems associated with medical malpractice, while helpful, was too little, too late. I can say that clearly now because of the present crisis and the benefit of hindsight; it was not that clear to any of us last year. Now we must forge a legislative program that will avert the catastrophe that is looming and further the public interest.

I cannot give you a blueprint for that legislative program, but I can share with you the proposals that are now under intense discussion.

a. Establishment of a statutory screening mechanism for malpractice cases

At the November 8, 1974, hearing of the Assembly Select Committee on Medical Malpractice we were urged by the California Attorney General to establish a screening panel for medical malpractice claims. The panel is to be comprised of a judge, a doctor and a lawyer. All malpractice suits filed in Superior Court would first go to the panel where an informal hearing, without a record, is held.

No statement or expression of opinion made in the course of the hearing is to be admitted as evidence in any trial of the action, either as an admission or otherwise. If a disposition is agreed upon following presentation and discussion between the panel and counsel, an appropriate order may be entered by the judge on the panel. A 1971 pilot study in Manhattan of just such a program resulted in successful disposition of some 30% of all cases brought before it. The Select Committee on Medical Malpractice, is now carefully considering the introduction of a bill that would incorporate these same features.

b. Arbitration

So long as medical services, current or future, are secured by private contract, the bargain may of course include a clause which calls for arbitration of controversies arising from the relationship. California has an arbitration statute and the Ross-Loos Medical Group of Los Angeles, several hospitals in the California Hospital Association, and the Kaiser Foundation Health Plan all include binding arbitration clauses in their contracts to render medical and hospital services to patients. I understand that these plans have worked quite well, but am surprised that the medical profession has not given more encouragement to its members to enter into binding arbitration agreements with their patients. The procedure is informal, comparatively private, and economical in terms of time and money. The scope of appeal is sharply limited. Textbook evidence is permitted. All of these features would seem to commend arbitration to the medical profession and patients, and suggest that the Legislature should seriously consider requiring all medical malpractice claims to be submitted to arbitration. Thus, public policy would imply an obligatory arbitration clause in every contract of admission to a hospital and every contract between a doctor and patient for the rendition of medical services. To be sure, there are concerns about the wisdom and viability of arbitration; many of these were raised by the concurring views of Assemblyman Howard L. Berman in The Preliminary Report of the Assembly Select Committee on Medical Malpractice. On balance, however, the advantages of arbitration, particularly in the context of present circumstances, appear to me to outweigh the risks.

3. No-Fault Insurance

The popularity of no-fault automobile accident insurance has its correlative support in professional liability. Some proposed schemes for no-fault in medical malpractice are, unfortunately, not true no-fault systems at all, but rather non-compensation schemes disguised by a label. This is especially true of those proposals conditioning payment to the injured on proof of gross negligence, the absence of informed consent and medical intervention not within the accepted risk of procedure.

On the other hand, the HEW Commission Report on Medical Malpractice concluded that the feasibility of a true no-fault system be studied further by both the federal government and the states as there appear to be two significant problems to the implementation of such a system.

First, it is difficult to determine what would constitute a "compensable event" under a no-fault system—i.e., the point at which medical intervention causing the injury occurs. To illustrate, assume a patient has a heart condition which is difficult to diagnose. Under a no-fault system, would the patient be compensated if (a) he went to a hospital, suffered a cardiac arrest and died while being treated; or (b) he went to a hospital, was given a complete physical, and then sent home where he died the same night; or (c) he never went to the hospital but suffered a cardiac arrest and died? If the answer is all of these, then we're simply talking about comprehensive national or state health insurance for the citizenry. Certainly the enactment of such legislation, along perhaps with abolition of the collateral source rule of damages, would eliminate the problems associated with our present compensation scheme for medical malpractice. Yet national health insurance is still opposed by organized medicine, would be exorbitantly costly, and is not likely to be enacted in time to avert the present crisis.

If compensation under a proposed no-fault system is to apply only where there is medical intervention that causes the injury to the patient, then determining that point involves a process not so different from determining if there was negligence. So we are thrown back to choosing the procedural mechanism to be employed for showing the point of "medical intervention." See Rubsamen, "No-Fault Liability for Adverse Medical Results: Is It a Reasonable Alternative to the Present Tort System," 117 California Medicine 78 (July 1972).

4. Enactment of a Professional Liability Compensation Appeals Board

This approach is modeled on the present Workmen's Compensation Appeals Board experience. It has already been introduced in Indiana, though has not been enacted in any state to cover professional liability claims. An administrative board is appointed to hear claims of medical malpractice and, if negligence is proven, make awards based upon a schedule of damages for various injuries. Hearings are more informal than in court. This Board is theoretically to consist of experts in medicine and law, not lay juries. There is a right of appeal of court if a party is dissatisfied with the Board's judgment, but the "substantial evidence" test applies so that few appeals will result in reversals. Attorneys fees are also governed by a sliding schedule—the greater the award in damages, the smaller percentage of that award constitutes the attorney's fee. The California medical profession is showing keen interest in this approach, and we can expect the Legislature to seriously consider it.

V. CONCLUSION

These proposals illustrate, but do not exhaust, the many reforms now being considered by the California Legislature, particularly the Assembly Select Committee on Medical Malpractice. Less sweeping reforms—such as an assigned risk professional liability insurance law, the establishment of a sliding contingency fee schedule for attorneys as has been adopted by New Jersey, and funding for economic loss and damages as well as medical expenses for the injured patient—will also be carefully examined by the Legislature. All proposals have potential and, of necessity, problems. Some are in conflict with others. None are panaceas and we have no guarantees that any will better serve the public interest than the present non-system which has brought us to the brink of disaster. In short, we know we're in trouble, and understand why, but are not certain how to bail ourselves out. Your support and understanding are crucial to whether we succeed, for only with that support will the Legislature retain the flexibility to try different solutions and thereby, hopefully, discover the ones that work best.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. Bafalis (at the request of Mr. Michel), for today, on account of official business.

Mr. Burke of Florida (at the request of Mr. Anderson of Illinois), for Monday, March 17, 1975, on account of official business.

Mr. Corman (at his own request), for today, on account of official business.

Mr. Helstoski (at the request of Mr. O'Neill), for today, on account of official business.

Mr. McKay (at the request of Mr. O'Neill), for today, on account of a death in the family.

Mr. Skubitz (at the request of Mr. Michel), from 5 p.m. today through April 7, on account of official business.

Mr. Thompson (at the request of Mr. O'Neill), for today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Nolan, for 5 minutes, today, to revise and extend his remarks and include extraneous material.

(The following Members (at the request of Mr. Burgener) to revise and extend their remarks and include extraneous material:)

Mr. Miller of Ohio, for 5 minutes, today.

Mr. Edwards of Alabama, for 10 minutes, today.

Mr. Ashbrook, for 15 minutes, today.

Mr. Young of Florida, for 5 minutes, today.

Mr. Young of Alaska, for 5 minutes, today.

(The following Members (at the request of Mr. Brodhead) to revise and extend their remarks and include extraneous matter:)

Mr. Gonzalez, for 15 minutes, today.

Mr. Matsunaga, for 30 minutes, today.

Mr. Brinkley, for 30 minutes, today.

Mr. Vanik, for 15 minutes, today.

Mr. Patman, for 30 minutes, today.

Mr. Reuss, for 10 minutes, today.

Mr. Reuss, for 5 minutes, on March 17.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Wampler, and to revise and extend his remarks during debate on House Resolution 304 today.

Mr. Skubitz, and to revise and extend his remarks following the remarks of Mrs. Mink during general debate in the Committee of the Whole today.

(The following Members (at the request of Mr. Burgener) and to include extraneous matter:)

Mr. Frey.

Mr. Peyser in two instances.

Mr. McCloskey in two instances.

Mr. Derwinski in two instances.

Mr. Whitehurst.

Mr. Ketchum in two instances.

Mr. Biester in two instances.

Mr. Robert W. Daniel, Jr.

Mr. Lagomarsino.

Mr. Armstrong in two instances.

Mr. Findley in five instances.

Mr. Bauman in 10 instances.

Mr. Gilman.

Mr. Sarasin.

Mr. Ruppe.

Mr. Young of Florida.

Mr. Martin.

Mr. Shriver.

Mr. Fish.

Mr. Buchanan.

Mr. Carter.

(The following Members (at the request of Mr. Brodhead), and to include extraneous matter:)

Mr. Miller of California.

Mr. Chappell in five instances.

Mr. Hicks.

Mr. McDonald of Georgia in 10 instances.

Mr. Bolling.

Mr. Seiberling in 10 instances.

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. Hamilton.

Mr. Zeferetti in 10 instances.

Mr. Rangel in three instances.

Mr. Hubbard.

Mr. Dingell.

Mrs. Burke of California in two instances.

Mr. Aspin.

Mr. English.

Mr. Obey in two instances.

Mr. Hightower.

Mr. Gaydos.

Mrs. Schroeder.

Mr. Rees.

Mrs. Keys.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 331. An act to redesignate November 11 of each year as Veterans Day and to make such day a legal public holiday; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. RONCALIO. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 5 minutes p.m.), under its previous order, the House adjourned until Monday, March 17, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

569. A letter from the Secretary of the Navy transmitting a report on the progress of the Naval Reserve Officers Training Corps flight training program for fiscal year 1974, pursuant to 10 U.S.C. 2110(b); to the Committee on Armed Services.

570. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing); transmitting a report on the design and construction supervision, inspection, and overhead fees charged by the construction agents for the military construction projects of the military departments and defense agencies during fiscal year 1973, pursuant to section 604 of Public Law 93–166; to the Committee on Armed Services.

571. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting notice of the location, nature, and estimated cost of various construction projects proposed to be undertaken for the Army Reserve, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

572. A letter from the Deputy Assistant Secretary of Defense (Installations and Housing); transmitting notice of the location, nature, and estimated cost of various construction projects proposed to be undertaken for the Naval and Marine Corps Reserve, pursuant to 10 U.S.C. 2233a(1); to the Committee on Armed Services.

573. A letter from the Chairman, Council of the District of Columbia, transmitting copies of two acts adopted by the Council, No. 1–2, the "Zoning Commission and Board of Zoning Adjustment Compensation Act," and No. 1–3, an act "To amend the District of Columbia Unemployment Compensation Act," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

574. A letter from the Comptroller Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army to offer to sell certain defense articles to Iran, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on Foreign Affairs.

575. A letter from the Attorney General, transmitting a draft of proposed legislation to remove the limitation on payments for consultant services in the Community Relations Service; to the Committee on the Judiciary.

576. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in cases in which the authority contained in section 212(d)(3) of the Immigration and Nationality Act was exercised in behalf of certain aliens, together with a list of the persons involved, pursuant in section 212(d)(6) of the act [8 U.S.C. 1182(d)(6)]; to the Committee on the Judiciary.

Received From the Comptroller General

577. A letter from the Comptroller General of the United States, transmitting a list of reports issued or released by the General Accounting Office during February 1975, pursuant to section 234 of Public Law 91–510; to the Committee on Government Operations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FOLEY: Committee on Agriculture. A supplemental report on H.R. 4296. A bill to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 85 percent of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes. (Rept. No. 94–54). Referred to the Committee of the Whole House on the State of the Union.

Mr. REUSS: Committee on Banking, Currency and Housing. H.R. 2783. A bill to continue the national insurance development program by extending the present termination date of the program to April 30, 1980, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1983; with amendment (Rept. No. 94–60). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. A report on the oversight plans of the standing committees of the House of Representatives (Rept. No. 94–61). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE: Committee on Science and Technology. H.R. 37. A bill to authorize appropriations to carry out the Standard References Data Act (Rept. No. 94–62). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE: Committee on Science and Technology. H.R. 4700. A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes (Rept. No. 94–63). Referred to the Committee on the Whole House on the State of the Union.

Mr. REUSS. Committee on Banking, Currency and Housing. H.R. 4485. A bill to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources; with amendment (Rept. No. 94–64). Referred to the Committee of the Whole House on the State of the Union.

Mr. STAGGERS: Committee on Interstate and Foreign Commerce. H.R. 4035. A bill to provide for more effective congressional review of administrative actions which exempt petroleum products from the Emergency Petroleum Allocation Act of 1973, or which result in a major increase in the price of domestic crude oil; and to provide for an interim extension of certain expiring energy authorities; with amendment (Rept. No. 94–65). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE: Committee on Science and Technology. H.R. 4723. A bill authorizing appropriations to the National Science Foundation for fiscal year 1976 (Rept. No. 94–66). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee on Education and Labor. H.R. 3922. A bill to amend the Older Americans Act of 1965 to extend the authorizations of appropriations contained in such act, and for other purposes; with amendment (Rept. No. 94–67). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARCHER (for himself, Mr. Buchanan, Mr. Blanchard, and Ms. Schroeder):

H.R. 4943. A bill to amend title 44, United States Code, to strengthen the authority of the Administrator of General Services with respect to records management by Federal agencies, and for other purposes; to the Committee on Government Operations.

By Mr. ARCHER (for himself, Mr. Thone, Mr. McCollister, and Mr. Cleveland):

H.R. 4944. A bill to amend the Internal Revenue Code of 1954 to increase the corporate surtax exemption; to the Committee on Ways and Means.

By Mr. ASPIN (for himself, Ms. Abzug, Mr. Badillo, Mr. Edgar, Mr. Edwards of California, Mr. Fascell, Mr. Fish, Mr. Hannaford, Mr. Harrington, Mr. Hawkins, Mr. Hechler, of West Virginia, Ms. Holtzman, Mr. Hubbard, Mr. Koch, Mr. Moakley, Mr. Moorhead of Pennsylvania, Mr. Mottl, Mr. Neal, Mr. Ottinger, and Mr. Pattison of New York):

H.R. 4945. A bill to prohibit the licensing of certain activities regarding plutonium until expressly authorized by Congress, and to provide for a comprehensive study of plutonium recycling; to the Joint Committee on Atomic Energy.

By Mr. ASPIN (for himself, Mr. Rosenthal, Mr. Roybal, Mr. Sarbanes, Mrs. Schroeder, Mr. Seiberling, Mr. Solarz, Mr. Stark, Mr. Tsongas, Mr. Vander Veen, and Mr. Waxman):

H.R. 4946. A bill to prohibit the licensing of certain activities regarding plutonium until expressly authorized by Congress, and to provide for a comprehensive study of plutonium recycling; to the Joint Committee on Atomic Energy.

By Mr. PHILLIP BURTON:

H.R. 4947. A bill to provide Federal programs of educational, employment, and other assistance to areas with heavy concentrations of foreign-born persons; to the Committee on Education and Labor.

By Mr. CHAPPELL (for himself, Mrs. Schroder, and Mr. Lehman):

H.R. 4948. A bill to amend title 13 of the United States Code to require the compilation of current data on total population between censuses and to require the use of such current data in the administration of Federal laws in which population is a factor; to the Committee on Post Office and Civil Service.

By Mr. COHEN (for himself, Mr. Burke of Massachusetts, Mr. McKinney, Mr. Moore, and Mr. Charles H. Wilson of California):

H.R. 4949. A bill to provide income tax incentives for the modification of certain facilities so as to remove architectural and transportational barriers to the elderly and handicapped; to the Committee on Ways and Means.

By Mr. COHEN (for himself, Mr. McKinney, Mr. Wolff, Mr. Biester, and Mr. Bingham):

H.R. 4950. A bill to amend the Social Security Act to direct the Secretary of Health, Education, and Welfare to develop standards relating to the rights of patients in certain medical facilities; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. CRANE (for himself, Mr. Hyde, Mrs. Holt, Mr. Broomfield, Mr. Mitchell of Maryland, Mr. Charles Wilson of Texas, Mr. Edgar, Mr. Moorhead of California, Mr. Kemp and Mr. McDonald of Georgia):

H.R. 4951. A bill to amend title 39, United States Code, to eliminate certain provisions relating to private carriage of letters, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. EVANS of Colorado:

H.R. 4952. A bill to amend the Federal Environmental Pesticide Control Act of 1972, and for other purposes; to the Committee on Agriculture.

By Mr. JOHNSON of Pennsylvania:

H.R. 4953. A bill to amend the Internal Revenue Code of 1954 to increase the exemption for purposes of the Federal estate tax, to increase the estate tax marital deduction, and to provide an alternate method of valuing certain real property for estate tax purposes; to the Committee on Ways and Means.

By Mr. MATSUNAGA:

H.R. 4954. A bill to amend the Federal Water Pollution Control Act relating to the discharge of pollutants into ocean waters; to the Committee on Public Works and Transportation.

By Mr. OTTINGER:

H.R. 4955. A bill to prohibit the production and procurement by any agency of the United States of any delivery system designed to diseminate any binary-type chemical warfare agent; to the Committee on Armed Services.

By Mr. OTTINGER (for himself, Mr. Mitchell of Maryland, Mr. Lloyd of California, Mr. St Germain, and Mr. Diggs):

H.R. 4956. A bill to amend title II of the Social Security Act to provide that any fully insured individual may qualify for disability insurance benefits and the disability freeze if he has 40 quarters of coverage, regardless of when such quarters were earned, even if he does not have 20 quarters of coverage during the 40-quarter period immediately preceding his disability; to the Committee on Ways and Means.

By Mr. MOLLOHAN (for himself, Mr. Baucus, Mr Breaux, Mr. Brown of California, Mr. Brown of Michigan, Mr. Fuqua, Mr. Gilman, Mr. Hannaford, Mr. Melcher, Mr. Nix, Mr. Pattison of New York, Mr. Sisk, and Mr. Won Pat):

H.R. 4957. A bill to amend the Comprehensive Employment and Training Act of 1973 to provide that a unit of general local government having a population of 50,000 or more shall be eligible to be a prime sponsor; to the Committee on Education and Labor.

By Mr. PERKINS:

H.R. 4958. A bill to impose a tax on the severance of oil, gas, and coal, and to return the proceeds of such tax to the counties from which such oil, gas, or coal was taken; to the Committee on Ways and Means.

By Mr. RANGEL:

H.R. 4959. A bill to amend the Social Security Act to make certain that recipients of aid or assistance under the various Federal-State public assistance and medicaid programs (and recipients of assistance under the veterans' pension and compensation programs or any other Federal or federally assisted program) will not have the amount of such aid or assistance reduced because of increases in monthly social security benefits; to the Committee on Ways and Means.

H.R. 4960. A bill to amend titles I, X, XIV and XVI of the Social Security Act so as to permit Federal reimbursement to States for two-party payments under the programs of aid or assistance for the aged, the blind, and the disabled in the same way as is presently permitted under the program of aid to families with dependent children; to the Committee on Ways and Means.

By Mr. SKUBITZ:

H.R. 4961. A bill to change the name of the Big Hill Lake, Kans., to the Clyde M. Reed Lake; to the Committee on Public Works and Transportation.

H.R. 4962. A bill to change the name of the Elk City Lake, Kans., to the Meyer-George Lake; to the Committee on Public Works and Transportation.

H.R. 4963. A bill to change the name of the Cheney Reservoir, Kans., to the Shoeppel-Rees Lake; to the Committee on Public Works and Transportation.

By Mrs. SULLIVAN (for herself, Mr. Dingell, Mr. Downing, Mr. Robert W. Daniels, Jr., Mr. Murphy of New York, Mr. Jones of North Carolina, Mr. Anderson of California, Mr. de la Garza, Mr. Metcalfe, Mr. Breaux, Mr. Rooney, Mr. Studds, Mr. Bowen, Mr. Eilberg, Mr. de Lugo, Mr. Zeferetti, Mr. Oberstar, Mr. AuCoin, and Mr. Forsythe):

H.R. 4964. A bill to amend the Merchant Marine Act, 1920, to establish a grant program to enable public ports to comply with certain Federal standards, to direct the Secretary of Commerce to undertake a comprehensive study of the present and future needs of public ports in the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. WON PAT:

H.R. 4965. A bill for the amendment of the Copyright Law, title 17 of the United States Code; to the Committee on the Judiciary.

By Mr. YOUNG of Florida:

H.R. 4966. A bill to amend title II of the Social Security Act to provide that a beneficiary shall (if otherwise qualified) be entitled to a prorated benefit for the month in which he (or the insured individual) dies; to the Committee on Ways and Means.

By Mr. BINGHAM (for himself, Mr. Bonker, Mr. Fraser, Mr. Taylor of North Carolina, and Mr. Whalen):

H.R. 4967. A bill to amend the Export Administration Act of 1969; to the Committee on Foreign Affairs.

By Mr. BURKE of Massachusetts (for himself, Mrs. Chisholm, Mr. Clay, Mr. D'Amours, Mr. Danielson, Mr. Dent, Mr. Diggs, Mr. Downey, Mr. Edgar, Mr. Evans of Indiana, Mr. Flood, Mr. Ford of Michigan, Mr. Green, Mr. Hannaford, Mr. Howard, Miss Jordan, Mrs. Keys, Mr. Lloyd of California, Mr. Metcalfe, Mr. Scheuer, Mr. Traxler, Mr. Udall, Mr. Wirth, Mr. Wolff, and Mr. Won Pat):

H.R. 4968. A bill to amend the Social Security Act and the Internal Revenue Code of 1954 to provide for Federal participation in the costs of the social security program, with a substantial increase in the contribution and benefit base and with appropriate reductions in social security taxes to reflect the Federal Government's participation in such costs; to the Committee on Ways and Means.

By Mr. DOWNING:

H.R. 4969. A bill to amend title 5, United States Code, to correct inequities in the determination of rates of basic pay in conversions to the General Schedule of employees and positions subject to prevailing rate pay schedules; to the Committee on Post Office and Civil Service.

By Mr. FINDLEY (for himself and Mr. O'Brien):

H.R. 4970. A bill to amend the Agriculture and Consumer Protection Act of 1973, as amended, for the purpose of terminating the requirements for the prior approval of the export sales of agricultural commodities; to the Committee on Agriculture.

By Mr. FISH (for himself and Mr. Pattison of New York):

H.R. 4971. A bill to terminate the granting of construction licenses of nuclear fission powerplants in the United States pending action by the Congress following a comprehensive 5-year study of the nuclear fuel cycle, with particular reference to its safety and environmental hazards, to be conducted by the Office of Technology Assessment, and for other purposes; to the Joint Committee on Atomic Energy.

Mr. HANSEN (for himself and Mr. Symms):

H.R. 4972. A bill to exempt range sheep industry mobile housing from regulations affecting permanent housing for agricultural workers; to the Committee on Education and Labor.

By Mr. MANN:

H.R. 4973. A bill to amend the Wild and Scenic Rivers Act by designating the Chauga River in the State of South Carolina for potential addition to the National Wild and Scenic Rivers System; to the Committee on Interior and Insular Affairs.

By Mr. ROE:

H.R. 4974. A bill to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children, the special supplemental food program, and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs; to the Committee on Education and Labor.

By ROONEY (for himself, Mr. Florio, Mr. Skubitz, and Mr. Hastings):

H.R. 4975. A bill to amend the Rail Passenger Service Act to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. RUPPE:

H.R. 4976. A bill to amend the Internal Revenue Code of 1954 to repeal the excise tax on trucks, buses, and tractors and parts and accessories for such vehicles; to the Committee on Ways and Means.

By Mrs. SCHROEDER:

H.R. 4977. A bill to amend the Clean Air Act to provide for more effective motor vehicle emissions controls at high altitudes, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STAGGERS:

H.R. 4978. A bill to amend the Federal Trade Commission Act to provide that under certain circumstances exclusive territorial arrangements shall not be deemed per se unlawful; to the Committee on Interstate and Foreign Commerce.

By Mr. STEED:

H.R. 4979. A bill to establish the Chickasaw National Recreation Area in the State of Oklahoma, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SYMINGTON (for himself, Mr. Conte, Mr. Dominick V. Daniels, Mr. Hawkins, Mrs. Heckler of Massachusetts, and Mr. Solarz):

H.R. 4980. A bill to designate the birthday of Susan B. Anthony, as a legal public holiday; to the Committee on Post Office and Civil Service.

By Mr. THOMPSON:

H.R. 4981. A bill to amend part D of title IV of the Higher Education Act of 1965 to provide employment positions for students in cooperative education programs under such part in offices of the Congress; to the Committee on Education and Labor.

By Mr. VANDER JAGT:

H.R. 4982. A bill for the establishment of the Commission on Organization of the Executive Office of the President; to the Committee on Government Operations.

H.R. 4983. A bill to amend the Public Health Service Act to direct the Secretary of Health, Education, and Welfare to study the feasibility of broadening the purposes of the Uniformed Services University of the Health Sciences to train civilian physicians to serve in medically underserved areas; to the Committee on Interstate and Foreign Commerce.

H.R. 4984. A bill to direct the National Academy of Sciences to conduct a study to determine if the requirements of the Federal Food, Drug, and Cosmetic Act respecting residues in meat and other foods may safely be revised because of technological advances in the measurement of such residues is meat or other food; to the Committee on Interstate and Foreign Commerce.

H.R. 4985. A bill to establish a contiguous fishery zone (200-mile limit) beyond the territorial sea of the United States; to the Committee on Merchant Marine and Fisheries.

By Mr. WHITE:

H.R. 4986. A bill to amend title 5, United States Code, with respect to the retirement of customs and immigration inspectors, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. YOUNG of Alaska:

H.R. 4987. A bill to amend the Alaska Native Claims Settlement Act to continue the authority of the Joint Federal-State Land Use Planning Commission for Alaska until June 30, 1979; to the Committee on Interior and Insular Affairs.

H.R. 4988. A bill to revise retirement benefits for certain employees of the Bureau of Indian Affairs and the Indian Health Service not entitled to Indian preference, provide greater opportunity for advancement and employment of Indians, and for other purposes; to the Committee on Post Office and Civil Service.

By Mrs. BURKE of California:

H.R. 4989. A bill to establish a Federal Office of Construction to provide liaison and coordination between the Federal Government and the various components of the construction industry for the purpose of insuring the maintenance, enhancement, growth, and support of an economically viable U.S. construction industry; to the Committee on Government Operations.

By Mrs. COLLINS of Illinois:

H.R. 4990. A bill to amend the Truth in Lending Act to require lenders to post current interest rates charged for various categories of loans to consumers; to the Committee on Banking, Currency and Housing.

H.R. 4991. A bill to amend the Public Works and Economic Development Act of 1965, as amended, to establish an emergency Federal economic assistance program, to authorize the President to declare communities of the Nation which meet certain economic and employment criteria to be economic disaster communities, and for other purposes; jointly to the Committees on Public Works and Transportation, and Banking, Currency and Housing.

By Mr. ASPIN:

H.J. Res. 323. Joint resolution to create a select joint committee to conduct an investigation and study into methods of significantly simplifying Federal income tax return forms; to the Committee on Rules.

By Mr. GILMAN:

H.J. Res. 324. Joint resolution calling for peace in Northern Ireland and the establishment of a United Ireland; to the Committee on Foreign Affairs.

By Mr. VANDER JAGT:

H.J. Res. 325. Joint resolution proposing an amendment to the Constitution of the United States relating to the election of the President and Vice President; to the Committee on the Judiciary.

H.J. Res. 326. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. BOB WILSON:

H.J. Res. 327. Joint resolution designating the second Sunday in June of each year as National Pet Memorial Day; to the Committee on Post Office and Civil Service.

By Mr. KETCHUM:

H. Res. 312. Resolution creating a select committee to conduct an investigation and study of the fate of the missing in action and prisoners of war in Vietnam and to make recommendations to the President and Congress of means to obtain an honorable resolution as soon as possible of the missing-in-action and prisoners-of-war problem; to the Committee on Rules.

By Mr. STARK (for himself, Mr. Baucus, Mr. Bell, Mr. Brown of California, Mr. Burgener, Mr. Corman, Mr. Eckhardt, Mr. Eshleman, Mr. Goldwater, Mr. Hannaford, Mr. Hinshaw, Mr. Mineta, Mr. Moss, Mr. Roybal, Mr. Sisk, Mr. Waxman, and Mr. Charles H. Wilson of California):

H. Res. 313. Resolution directing the President to provide to the House of Representatives information which the executive branch possesses with respect to the experiences of certain citizens of the United States of America while in the United States of Mexico; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRODHEAD:

H.R. 4992. A bill for the relief of Bogdan Bereznicki; to the Committee on the Judiciary.

By Mr. DUNCAN of Tennessee:

H.R. 4993. A bill for the relief of Raymond L. Wells; to the Committee on the Judiciary.

By Mrs. MINK:

H.R. 4994. A bill to provide for the free entry of a pipe organ for the Lutheran Church, Honolulu, Hawaii; to the Committee on Ways and Means.

By Mr. REES:

H.R. 4995. A bill for the relief of Byong Hi Pak; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 25

By Mr. BAUCUS:

(Section 508(a)).

Page 232, line 22, a new paragraph "(5)" as follows and renumber all subsequent paragraphs:

"(5) a detailed description of the proposed revegetation plan, including the identification of plant species and appropriate assurances that viable seeds will be available in sufficient quantities to ensure that the proposed revegetation plan will be achieved in compliance with the proposed timetable for reclamation;"

By Mr. EVANS of Colorado:

Beginning on page 238, strike out line 25 and all that follows down through line 6 on page 239 and insert in lieu thereof:

"(A) not adversely affect, or be located within, alluvial valley floors, underlain by unconsolidated stream-laid deposits where farming or ranching can be practiced on irrigated or naturally subirrigated haymeadows, pasturelands, or croplands; or".

"PROTECTION OF WATER RIGHTS

"Sec. 717. (a) In those instances in which it is determined that a proposed surface coal mining operation is likely to adversely affect the hydrologic balance of water on or off site, or diminish the supply or quality of such water, the application for a permit shall include either—

"(1) the written consent of all owners of water rights reasonably anticipated to be affected; or

"(2) evidence of the capability and willingness to provide substitute water supply at least equal in quality, quantity, and duration to the affected water rights of such owners.

"(b)(1) An owner of water rights adversely affected may file a complaint detailing the loss in quantity or quality of his water with the regulatory authority.

"(2) Upon receipt of such complaint the regulatory authority shall—

"(A) investigate such complaint using all available information including the monitoring data gathered pursuant to section 517;

"(B) within 90 days issue a specific written finding as to the cause of the water loss in quantity or quality, if any;

"(C) order the mining operator to replace the water within a reasonable time in like quality, quantity, and duration if the loss is caused by the surface coal mining operations, and require the mining operator to compensate the owner of the water right for any damages he has sustained by reason of said loss; and

"(D) order the suspension of the operator's permit if the operator fails to comply with any order issued pursuant to subparagraph (C)."

By Mr. HECHLER of West Virginia:

Page 210, line 6, strike out "515(b)(19), and 515(d) of this Act," and insert in lieu thereof "and 515(b)(19) of this Act. No such permit shall be issued on or after such date of enactment for surface coal mining operations on a steep slope (as defined in section 515(d)(4)) or on any mountain, ridge, hill, or other geographical configuration which contains such a steep slope."

Page 288, between lines 8 and 9, insert the following:

"(4) the proposed surface coal mining operation does not include mining on any steep slope (as defined in section 515(d)(4)) or on any mountain, ridge, hill, or other geographical configuration which contains such a steep slope."

And redesignate the following paragraphs accordingly.

Page 266, after line 3, insert the following new subsection:

"(4) with respect to underground mines opened after the date of enactment of this Act, to the maximum extent physically and technologically possible and consistent with the safety of miners, incorporate practices of backstowing or returning to mine voids, all mine wastes and coal processing plant tailings;"

And redesignate the following paragraphs accordingly.

Page 256, line 11, after the period, insert the following:

"No coal mine wastes such as coal fines and slimes shall be used as constituent materials in the construction of any coal mine waste dam or impoundment."

Page 267, line 2, after the period, insert the following:

"No coal mine wastes such as coal fines and slimes shall be used as constituent materials in the construction of any coal mine waste dam or impoundment."

Page 336, line 8, insert the following new section:

"Sec. 713. (a) In those instances in which the surface owner is not the owner of the mineral estate, the application for a permit face coal mining operations and the Federal Government is not the owner of said mineral estate, the application for a permit shall include the written consent by the owner or owners of the surface lands involved and any person who holds an interest in such surface including but not limited to the lessees of said surface.

"(b) In those instances where the mineral estate proposed to be mined by the surface mining operations and the surface is owned by the same person and there exists an interest in the surface in the form of lease or permit, the application for a permit shall include the written consent of the permittee or lessee of the surface lands involved to enter and commence surface coal mining operations on such land.

"(c) No owner shall evict a lessee for the purpose of authorizing surface mining without a minimum of one year's notice and without providing just compensation for any improvements of said lessees. If the owner and said lessees are unable to reach just agreement on just compensation, the district court in which the said surface area is located shall have jurisdiction without regard to the amount in controversy or diversity of citizenship to consider and decide any action filed by lessees to determine such compensation."

Page 263, line 15, after the word "cut", strike all through the word "mat" on line 23, inclusive.

Page 294, line 21, strike the words "boundaries of any national forest" and insert the following: "the National Forest System".

Page 258, line 12, strike subsection (14) inclusive, and insert in lieu thereof the following subsection;

"(14) segregate all acid-forming materials, toxic materials, and materials constituting a fire hazard and promptly bury, cover, compact, and isolate such materials during the mining and reclamation process to prevent contact with ground water systems and to prevent leaching and pollution of surface or subsurface waters."

Page 173, line 14, strike all of subsection (d) and insert therein the following:

"(d) while responsibility for regulation of coal surface mining rests with the States, the absence of effective regulatory laws and effective enforcement in many States may require that the Federal Government assume responsibility;

"(e) effective regulation of surface coal mining operations by the States and by the Federal Government in accordance with the requirements of this Act is an appropriate and necessary means to prevent the adverse social, economic, and environmental effects of such mining operations;"

Redesignate the following paragraphs accordingly.

Page 174, line 4, insert the following new subsection:

"(f) there are a substantial number of acres of land throughout major regions of the United States disturbed by surface and underground mining, on which little or no reclamation was conducted, and the impacts from these unreclaimed lands impose social and economic costs on residents in nearby and adjoining areas as well as continuing to impair environmental quality;"

Redesignate the following paragraphs accordingly.

On page 180, between lines 8 and 9, insert the following new subsection:

"(d) the Director shall not use either permanently or temporarily any person charged with responsibility of inspecting coal mines under the Federal Coal Mine Health and Safety Act of 1969, unless he finds, and publishes such finding in the Federal Register, that such person or persons are not needed for such inspections under the 1969 Act."

Page 213, between lines 16 and 17, insert the following sentence:

"No funds shall be appropriated for Titles III and IV of this Act until the Secretary publishes in the Federal Register the actions he has taken to fully implement the Federal enforcement program required by this subsection."

By Mr. RUPPE:

Page 194, line 11, after the word "of", strike out the words "thirty-five" and insert the word "ten". On line 12, place a period after the word "produced" and strike the remainder of the sentence through the period on line 15.

Page 194, line 22, strike the word "unless" and all of lines 23, 24, and 25 on page 194. Strike lines one and two on page 195.

Page 223, line 2, strike the period, and insert a comma in lieu thereof, and add the following phrase "*provided*, That with respect to coal to be mined for use in a synthetic fuel facility, the permittee shall be deemed to have commenced surface mining operations at such time as the construction of the synthetic fuel facility is initiated."

Page 238, line 22, strike out all of line 22 through line 24, and on page 239, strike out all of lines 1 through 21, and insert the following:

"(5) the proposed surface coal mining operation, if located west of the one hundredth meridian west longitude, would not have a substantial adverse effect on croplands or haylands overlying alluvial valley floors where such croplands or haylands are significant to the practice of farming or ranching operations."

Page 256, strike lines 1 through 11 and substitute the following:

"(13) With respect to the use of existing or new impoundments for the disposal of coal mine wastes, coal processing wastes, or other liquid or solid wastes, incorporate the best engineering practices for the design, location and construction of water retention facilities and construct or reconstruct such facilities to insure that the construction will be so designed to achieve necessary stability with an adequate margin of safety to protect the health and safety of the public; that leachate will not pollute surface or ground water, and that no mine waste such as coal funes and slimes determined as unsuitable for construction constitutents by sound engineering methods and design practices are used in the construction of water impoundments, water retention facilities, dams, or settling ponds; provided that the Secretary shall consult with the Corps of Engineers and the Secretary of Agriculture with respect to standards developed under this paragraph."

(Conforming Amendment): Page 266, strike lines 16 through Page 267, line 2, and substitute the following:

"(5) With respect to the use of existing or new impoundments for the disposal of coal mine wastes, coal processing wastes, or other liquid or solid wastes, incorporate the best engineering practices for the design, location and construction of water retention facilities and construct or reconstruct such facilities to insure that the construction will be so designed to achieve necessary stability with an adequate margin of safety to protect the health and safety of the public; that leachate will not pollute surface or ground water, and that no mine waste such as coal funes and slimes determined as unsuitable for construction constituents by sound engineering methods and design practices are used in the construction of water impoundments, water retention facilities, dams, or settling ponds; provided that the Secretary shall consult with the Corps of Engineers and the Secretary of Agriculture with respect to standards developed under this paragraph."

Page 281, line 17, after the word "Constitution", add the word "and" and strike the remainder of line 17 and all of lines 18, 19, and 20, and add the following new subsection:

"(C) Any other person who is alleged to be in violation of any rule, regulation, order or permit issued pursuant to this Act; or".

(Conforming amendments):

On page 282, strike all of line 9 except the semicolon and the word "or".

On page 282, line 13, strike the words "or the" and strike line 14 through the word "order" and add the following: "or any rule, regulation, or permit issued pursuant to this Act"

On page 284, line 1, strike the words "the provisions of this Act, or of" and after the word "any" add the word "rule," and insert the word "or" after the word "order".

On page 284, line 2, strike the words "or plan of reclamation issued by the Secretary" and add the words, "issued pursuant to this Act,".

Page 311, line 21, after the word "any" insert the word "Federal".

By Mrs. SPELLMAN:

Page 210, line 6, strike out "515(b)(19), and 515(d) of this Act." and insert in lieu thereof "and 515(b)(19) of this Act. No such permit shall be issued on or after such date of enactment for surface coal mining operations on a steep slope (as defined in section 515(d)(4)) or on any mountain, ridge, hill, or other geographical configuration which contains such a steep slope."

Page 238, between lines 8 and 9, insert the following:

(4) the proposed surface coal mining operation does not include mining on any steep slope (as defined in section 515(d)(4)) or on any mountain, ridge, hill or other geographical configuration which contains such a steep slope.

And redesignate the following paragraphs accordingly.

By Mr. STEIGER of Arizona:

Page 209, line 19, strike out all of line 19 through line 24, and on page 210, strike out all of lines 1 through 17, and insert the following:

"SEC. 502(a) On and after ninety days from the date of enactment of this Act, no person shall open or develop any new or previously mined or abandoned site for surface coal mining operations on land on which such operations are regulated by a State regulatory authority unless such person has obtained a permit from such regulatory authority. All such permits shall contain terms requiring compliance with the mining and reclamation performance standards set forth in subsections 515(b)(2), 515(b)(3), 515(b)(5), 515(b)(10), 515(b)(13), 515(b)(19), and 515(d) of this Act. The regulatory authority shall act upon all applications for such permits within forty-five days from the receipt thereof.

"(b) Within Sixty days from the date of enactment of this Act, the State regulatory shall review and amend all existing permits in order to incorporate in them the mining and reclamation performance standards specified in subsection 502(a). On or before one hundred and twenty days from the date of issuance of such amended permit, all surface coal mining operations existing at the date of enactment of this Act on lands on which such operations are regulated by a State regulatory authority shall comply with such mining and reclamation performance standards with respect to lands from which the overburden and the coal seam being mined has not been removed."

Redesignate the subsections accordingly.

Page 211, line 12, strike out all of line 12, page 211, thru line 22 on page 213 and insert the following:

"(f) The Secretary shall issue regulations, to be effective one hundred and twenty days from the date of enactment of this Act, establishing an interim Federal evaluation and enforcement program. Such program shall remain in effect in each State in which there are surface coal mining operations regulated by a State regulatory authority until the State program has been approved and implemented pursuant to section 503 of this Act or until a Federal program has been prepared and implemented pursuant to section 504 of this Act. The evaluation and enforcement program shall—

"(1) include inspections of surface coal mining operations on a random basis without advance notice to the mine operator, for the purpose of evaluating State administration of, and ascertaining compliance with the mining and reclamation performance standards specified in subsection 502 (a). Except as provided in section 521(a)(2), the Secretary shall request the appropriate State regulatory authority to take such enforcement action as may be necessary to correct violations identified during inspections. If the State regulatory authority fails to act within ten days from the date of such request, the Secretary may order any necessary enforcement action pursuant to section 521 and shall order any necessary enforcement action pursuant to section 521 (a)(2).

"(2) provide that upon receipt of inspection report indicating that any surface coal mining operation has been found in violation of the mining and reclamation performance standards specified in section 502 (a) during not less than two consecutive State inspections or upon receipt by the Secretary of information which would give rise to reasonable belief that such standards are being violated by any surface coal mining operation, the Secretary shall order the immediate inspection of such operation by Federal inspectors and the necessary enforcement actions, if any, to be implemented pursuant to the Federal enforcement provisions of this title. When the Federal inspection results from information provided to the Secretary by any person, the Secretary shall notify such persons when the Federal inspection is proposed to be carried out and such person shall be allowed to accompany the inspector during the inspection;

"(3) for purposes of this section, the term "Federal inspector" means personnel of the Office of Surface Mining Reclamation and Enforcement and such additional personnel of the United States Geological Survey, Bureau of Land Management, or of the Mining Enforcement and Safety Administration so designated by the Secretary, or such other personnel of the Forest Service, Soil Conservation Service, or the Agricultural Stabilization and Conservation Service as arranged by appropriate agreement with the Secretary on a reimbursable or other basis;

"(4) provide that the State regulatory agency file with the Secretary and with a designated Federal office centrally located in the county or area in which the inspected surface coal mine is located copies of inspection reports made; and

"(5) provide that moneys authorized by section 712 shall be available to the Secretary prior to the approval of a State program pursuant to this Act to reimburse the States for conducting those inspections in which the standards of this Act are enforced and for the administration of this section.

"(g) The provisions of this section shall be applicable to surface coal mining and reclamation operations on lands on which such operations are regulated by a State regulatory authority until a State program is approved in accordance with the provisions of section 503 of this Act or until a Federal program is promulgated in accordance with the requirements of section 504 of this Act."

(Conforming amendment): Title V, page 286, Section 521(a)(4), line 24, strike the words "section 502 or"

Page 238, line 7, after the word "designed" insert the phrase: "to the maximum extent practicable."

(Conforming amendment): Page 254, line 22, after the word "preserving" insert the phrase: "to the maximum extent practicable".

Page 259, line 17, page 259, strike line 17 through page 263, line 2 and substitute the following:

"(c)(1) Each State program may and each Federal program shall include procedures pursuant to which the regulatory authority may permit variances for the purposes set forth in this subsection.

"(2) In cases where an industrial, commercial (including commercial agricultural), residential, or public facility (including recreational facilities) development is proposed for the postmining use of the affected land, the regulatory authority may grant a variance to the requirements for regrading, backfilling, and spoil placement as set forth in subsection 415(b)(3) or 415 (d)(2) where—

"(A) after consultation with the appropriate land use planning agencies, if any, the proposed development is deemed to constitute an equal or better economic or public use of the affected land, as compared with the premining use;

"(B) the granting of such proposed variance is essential to obtaining the equal or better economic or public use;

"(C) the applicant presents specific plans for the proposed postmining land use and appropriate assurances that such use will be—

"(i) compatible with adjacent land uses;

"(ii) obtainable according to data regarding expected need and market;

"(iii) assured of investment in necessary public facilities;

"(iv) supported by commitments from public agencies where appropriate;

"(v) practicable with respect to private financial capability for completion of the proposed development;

"(vi) planned pursuant to a schedule attached to the reclamation plan so as to integrate the mining operation and reclamation with the postmining land use; and

"(vii) designed by a registered engineer in conformance with professional standards established to assure the stability, drainage, and configuration necessary for the intended use of the site;

"(D) the proposed use would be consistent with adjacent land uses, and existing State and local land use plans and programs;

"(E) the regulatory authority provides the governing body of the unit of general purpose government in which the land is located and any State or Federal agency which the regulatory agency, in its discretion, determines to have an interest in the proposed use, an opportunity of not more than forty-five days to review and comment on the proposed use;

"(F) a public hearing, if requested after appropriate notice, is held in the locality of the proposed surface coal mining operation prior to the grant of any permit including a variance; and

"(G) all other requirements of this Act will be met.

"(3) In granting any variance pursuant to this subsection the regulatory authority shall require that—

"(A) the reclaimed area is stable;

"(B) no damage will be done to natural watercourses; and

"(C) all other requirements of this Act will be met.

"(4) The regulatory authority shall promulgate specific regulations to govern the granting of variances in accord with the provisions of this subsection, and may impose such additional requirements as it deems to be necessary.

"(5) All variances granted under the provisions of this subsection shall be reviewed not more than three years from the date of issuance of the permit, unless the applicant affirmatively demonstrates that the proposed development is proceeding in accordance with the terms of the approved schedule and reclamation plan."

Page 294, line 21, strike out all of lines 21 thru 23 and substitute the following:

"(2) on any Federal lands within the boundaries of any national forest: *Provided*, That such prohibition shall not be applicable to surface operations and impacts incident to an underground coal mine: *Provided further*, That the Secretary of Agriculture may set aside the prohibition on surface coal mining operations for a specific area or areas if after due consideration of the existing and potential multiple resource uses and values he determines such action to be in the public interest. Surface coal mining on any such areas shall be subject to the provisions applicable to other Federal lands as contained in section 523;"

(Conforming amendment): line 19, page 296 after "pursuant to the Act," add the following: "With respect to National Forest System lands, the Secretary shall include in permits, leases, and contracts those conditions and requirements deemed necessary by the Secretary of Agriculture. The Secretary of Agriculture shall administer the provisions of such permits, leases, or contracts relating to reclamation and surface use, and is authorized to enforce such provisions."

Page 305, line 1, strike all of Section 529, consisting of lines 1 through 24, and lines 1 through 3 on page 306.

Page 315, line 17, after line 17, add the following new subsection and reletter accordingly:

"(b) In order to provide greater certainty in implementing and administering this Act, the Secretary is authorized to define, pursuant to his general rulemaking authority, such other terms used in this Act as may be susceptible to more than one reasonable interpretation, provided that such definitions are not inconsistent with specific provisions of the Act."

Page 328, line 15, strike all of Section 714 through line 4, page 335 and add the following new section:

"Sec. 714. Nothing in this Act shall be construed as increasing or diminishing any property rights held by the United States or by any other land owner."

(Conforming amendments): Strike Section 102(b), page 174, line 23 through line 2, page 175.

Strike Section 512(b)(8), page 243, lines 7 through 9.

On page 307, line 24, strike the comma, insert a period, and strike the remainder of the sentence.

March 14, 1975.

By Mr. WIRTH:

Page 294, Line 21, strike the words: "boundaries of any national forest" and insert the following: "the National Forest System."

H.R. 4296

By Mr. KREBS:

Page 2, line 2, strike the figure "48 cents" and insert in lieu thereof the figure "45 cents".

Page 2, line 6, strike the figure "40 cents" and insert in lieu thereof the figure "38 cents".

EXTENSIONS OF REMARKS

DAIRY FARM SITUATION

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. OBEY. Mr. Speaker, some urban Members of Congress are under the misguided impression that they can do the consumers a favor by opposing the dairy portion of the farm bill scheduled for consideration next week.

I am inserting four articles from the Wall Street Journal, the Wisconsin Rapids Daily Tribune, the Milwaukee Journal and the Milwaukee Sentinel, which vividly portray the disastrous situation which exists on dairy farms today.

Some urban legislators have remarked to me that they cannot believe that the dairy farm situation is as serious as claimed because they see no decline in supermarket prices for dairy products. That irritates farmers as much as anyone else.

Let me suggest that if urban Members of Congress want to do more than posture about the growing gap between the price farmers receive and the prices housewives pay in the grocery store, they will support the dairy section of the farm bill and join me in supporting dramatic and even radical increases in funds for the Justice Department and the Federal Trade Commission to enable those two agencies to expand their investigation into and control of monopolistic and anticonsumer market practices.

The articles follow:

[From the Wall Street Journal, Nov. 4, 1974]

U.S. Dairy Farmers Find Selves Squeezed Between Soaring Costs, Sagging Prices

(By Robert L. Simison)

Sulphur Springs, Tex.—Ray Musgrave, a big-boned Texan with hands thrust deep in the pockets of his faded dungarees, kicks dejectedly at the red bricks of the town square with the toe of his boot and says, "It kind of makes you want to sit down and cry."

As a dairyman in this lush, East Texas dairy region, Mr. Musgrave would seem to have good reason. For despite such desperate efforts to cut costs as selling off part of his herd, killing his bull calves and giving away heifer calves, he faces the prospect of losing his 318-acre farm outside nearby Mount Pleasant from his inability to meet his expenses.

And he has lots of company among the nation's 300,000 dairymen, who say they're being squeezed as never before between soaring feed costs and weak wholesale milk prices. "I expect to see as many dairymen go out of business between now and Christmas as I've seen in the last two years," says Alpheus Ruth, a Fleetwood, Pa., dairyman. Clifford H. Burton, dairy economist at Oklahoma State University says: "In the 21 years I have worked with milk producers, they have never, even for a short time, experienced the financial crisis they have faced since June 1, 1974."

For consumers, the dairymen's woes almost certainly will mean even higher prices because of reduced production, although no one can safely predict how high retail milk prices will go. And some dairy experts predict temporary, local shortages and price distortions by late summer next year. In the longer term, dairy economists believe current conditions could endanger domestic milk capacity for the six to seven years it would take to rebuild herds allowed to dwindle now.

Cyclical hard times are nothing new to the dairy industry. But the current crunch comes at a time when the industry appeared to be stabilizing after suffering heavy attrition during a similar price-cost squeeze in the middle and late 1960s. Total U.S. milk production declined steadily from 1965 through 1969, but production was picking up this year in response to high milk prices last winter.

Hard times have returned with alarming impact. The Minnesota Agriculture Department is calling it a "disaster situation." "I've never seen so many auction bills in 10 years," a spokesman says. In Pennsylvania, dairy spokesmen claim as many as a quarter of the state's 16,500 dairymen could be forced under by spring. And even in Wisconsin, the nation's biggest dairy state, Agriculture Secretary Donald E. Wilkinson says the state could lose 2,000 of its 53,000 dairy herds, well above the average annual loss for the last decade.

"We've never faced such circumstances as we're facing now," says Samuel F. Howe, associate general manager of the nation's largest dairy cooperative, Associated Milk Producers Inc. "Every dairyman is losing money on a daily basis now."

Sharply rising feed costs are the main reason. The 41-year-old Mr. Musgrave, for example, has seen milo prices climb to $6.50 a hundred pounds from $4.40 since June and soybean supplement prices reach $7.51 a hundred pounds from $5.61. That leaves him with feed costs for his 132-cow herd of about $4,000 a month, up from about $3,500 in June.

Elsewhere, the situation is much the same. "I was astounded when my feed costs went over $100 a ton last year," says dairyman Charles Anken of Holland Patent, N.Y., "and now they're approaching $200 a ton." And Bill Oswalt, a Kalamazoo, Mich., dairyman, says hay prices have gone to $120 a ton from $45 in a matter of weeks. Nationally, feed costs, which normally constitute about half the operating costs of dairying jumped 20% from July to August.

But milk prices haven't kept pace. In Mr. Musgrave's case, sluggish milk prices combined with a normal seasonal decline in milk output to leave his September milk check at $6,500, down from $8,900 in June. The net price he receives for each hundred pounds of milk increased to $8.06 from $8 in that time.

The wholesale milk prices paid to farmers normally dip during the summer as production increases seasonally, but this year prices came crashing down an extraordinary 15% between March and July. Consumer resistance to high retail prices was diverting milk into such lower-paying uses as the manufacture of cheese, butter and evaporated milk, where the market was glutted from increased imports of dairy products. Since then, continued declines in consumer demand and production gains sparked by last winter's high prices have delayed seasonal increases and kept them smaller than usual.

The combination of rising feed costs and sluggish milk prices has left dairymen struggling to pay their other operating costs. "You get only two things for free in farming," figures dairyman Charles Miller of Hackettstown, N.J. "Air and water." Among Mr. Miller's other operating requirements, the cost of fertilizer for his corn has reached $185 a ton from $75 a year ago.

And Mr. Musgrave, who faces debt payments of $3,200 a month on loans of $50,000 for land, cattle and the sophisticated equipment of modern dairying, says his costs for raising and baling his own hay have risen to $1.06 a bale from 56 cents a year ago. He expects to have a personal loss of about $9,000 this year, contrasted with personal net income of $14,000 last year.

Ironically, low cattle prices may force many dairymen who otherwise would sell out to stay in business. Mr. Musgrave, who trimmed his herd this year, to 132 cows from 178, says cows that brought $650 a head a year ago sold for $180 to $200 this year.

Meanwhile, dairymen feel politically stymied by the taint of scandal surrounding donation of funds to public officials by some dairy groups. "If any official tries to help us now," says Mrs. Vera Harrington, who with her husband operates three dairy farms near Sulphur Springs, "they'll holler, 'How much is he being paid?'" The Agriculture Department is considering proposals made at recent hearings to adjust the federal milk marketing formula by setting a temporary minimum for the price of milk for fluid use, but only minor relief is expected.

All in all, dairymen generally are facing the future with the heaviest gloom in years. "The frustrating part of it," says Norman Alger, a Mantua, Ohio, dairyman, "is that we can't produce milk at a price people want to pay for it."

[From the Wisconsin Rapids Daily Tribune, Nov. 26, 1974]

Farmers Getting Same Share of Food Dollar as They Did Year Ago

Washington.—Government figures show farmers are getting about the same share from what consumers spend for food as they did a year ago, while middlemen who process and distribute it to retail shoppers have increased their portion by nearly one-fifth.

Last month, the Agriculture Department said Monday, the retail cost of a market basket of farm-produced food cost a record $1,779 on an annual basis. That was up $4 from September and included a farm value of $734 and a middleman portion of $1,045.

The farm share was up $7 from September, according to the USDA figures, but middlemen trimmed their share $3 mainly because of reduced margins for beef, pork, poultry, fresh fruits and vegetables.

But department records show the modest cutback on middleman food price markups was only the third this year, meaning that in seven out of 10 months those increased.

Compared with October 1973 when the retail cost of a market basket was $1,620 on an annual basis, middleman charges for moving food from the farm to consumer shopping carts have risen 17.3 per cent while farmers in October got six-tenths of 1 per cent more as their share.

Put another way, last month's USDA market basket cost consumers $159 more than it did at its annual rate in October, 1973. Of the increase, middleman charges accounted for $156 and farmers got $3.

Since last January—when farm prices for many commodities were going up—the relationship between producer and middleman shares of consumer food spending has been even more lopsided.

In January, USDA says, the market basket rate was $1,680 a year or $99 less than it was last month. But then the farm share was $777 and the middleman share $903.

Thus, a simple comparison between the two months shows that while the farm value of market basket food declined $43 from January to October the middleman portion rose $142 a year.

In the case of farmers—using the USDA basket figures—their share of what consumers paid for food in October was 5.5 per cent less than it was last January. And the middleman portion was up 15.7 per cent.

[From the Milwaukee (Wis.) Sentinel, Nov. 30, 1974]

Farmers' Costs Rise While Income Drops

Washington, D.C.—Farm markets reversed themselves in the first two weeks in November while costs rose, bringing farmers a lower return than the previous month, the US Agriculture Department reported Friday.

Farm markets slid back 1.5% in the month ending Nov. 15, following a 4% gain the previous month, the department said.

The report said an index of farm expenses was up 1% in mid-November to a level 17% above a year earlier. With average farm prices down and costs up for the month, officials said farm returns in mid-November dropped to 76% of the "fair earning power" parity standard compared with 78% in October and 89% a year earlier.

The department's monthly farm price report said the November decline was due mainly to lower prices for beef cattle, soybeans, oranges, upland cotton and corn, which retreated from the record it reached in October.

Milk and tomato prices increased, and the average of all raw farm product prices remained five-tenths of 1% more than a year earlier, the report showed.

In spite of the November decline at the farm level, government officials are predicting that retail food prices will continue to rise next year following a 14 or 15% increase this year.

Average retail food prices rose last month to another new record and data in the farm price report Friday indicated there may be another increase when government retail price surveys for November are reported in a few weeks. The farm report showed that as of Nov. 15, retail prices paid by farm families for food and tobacco were 3% above mid-

October, with sugar based foods leading the advance.

[From the Milwaukee (Wis.) Journal, March, 1, 1975]

FARM PRICES PLUNGE 4 PERCENT IN ONE MONTH

WASHINGTON, D.C.—Farmers saw prices for the things they produce plummet 4% between Jan. 15 and Feb. 15—the sharpest of four consecutive monthly declines that began last fall.

Last month the price index for commodities at the farm was 17% below Feb. 15, 1974, the Agriculture Department said Friday. Meanwhile, the prices farmers pay to meet expenses were 12% over a year earlier, though they held steady between Jan. 15 and Feb. 15 this year.

Consumers are paying higher food prices, and those prices are expected to continue climbing to some degree at least through mid-1975 because of higher middleman charges, according to department economists.

The number of Americans who receive food stamp aid has increased 20% during the past year of recession, the Agriculture Department estimates.

It said 18.1 million were receiving food aid in January—a record 17.9 million in the food stamp program and 200,000 receiving direct donations of food.

The new total was 700,000 more than the revised December estimate and 3 million more than combined enrollment in the two food programs a year earlier.

There was some good news for the consumer Friday. It was announced that the maximum interest that can be charged on a new federally insured home mortgage will decrease from 8½% to 8% on Monday. The new ceiling applies to both Federal Housing Administration insured loans and to Veterans Administration guaranteed loans.

"This is the third reduction of the FHA rate in four months, and we are hopeful it will contribute to the rapid recovery of the housing industry," said Undersecretary James Mitchell of the Department of Housing and Urban Development.

The Shell Oil Co., criticizing a federal regulation aimed at equalizing crude oil costs among refiners, has boosted its gasoline prices by two cents a gallon. Prices of kerosene, premium diesel, furnace oil and diesel fuel were increased 2.5 cents Friday. Aviation jet fuel was increased one cent.

DEPRESSION HINTED

For the first time, a respected economist has used the ugly word "depression" to describe where he thinks the economy is headed.

Arthur M. Okun, who served as chairman of the Council of Economic Advisers under President Lyndon Johnson, told Congress Friday that the administration's predictions of an economic upturn this summer are wrong.

"It becomes ever more likely that the history books will record this episode as a depression rather than a recession," he told Congress' Joint Economic Committee—though he hastened to add that it would not match the deep depression of the 1930s.

He chided Congress for taking so long to cut taxes to stimulate recovery.

Okun, a senior fellow at the Brookings Institution, said "it would take a miracle to stop unemployment below 9%, and it is close to an even bet that it will reach 10%." Ten percent unemployment is some economists' definition of depression.

LEE HAMILTON'S FEBRUARY 19 WASHINGTON REPORT: WHAT'S WRONG WITH OUR FEDERAL REGULATORY AGENCIES?

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. HAMILTON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following: My February 19, 1975, Washington Report entitled, "What's Wrong With Our Federal Regulatory Agencies?":

WHAT'S WRONG WITH OUR FEDERAL REGULATORY AGENCIES?

Federal regulatory agencies, which set policies and prices for a long list of U.S. industries, need more intensive public and congressional scrutiny.

The basic question being raised is whether the benefits derived from the 50 federal regulatory agencies are greater than the costs. President Ford has charged that regulatory rules should be changed in many instances because their economic justification is outdated and because they merely serve to raise consumer prices, and the Chairman of the Federal Trade Commission has made the startling statement that "our complex system of hidden regulatory subsidies makes welfare fraud look like petty larceny."

Since the first regulatory commission, the Interstate Commerce Commission, was established in 1887 to control the abuses of the railroads, a number of regulatory agencies have been created to monitor and regulate such diverse industries as communications, food, securities, utilities, and many more which have a significant impact on nearly every American. Originally intended to curb abuses of economic power, regulatory agencies are being criticized for stifling competition, raising prices unnecessarily, protecting inefficient businesses, and bowing to industry rather than public interests.

The President has called for the creation of a national commission on regulatory reform to identify and eliminate regulatory problem areas as a key to eliminating built-in inflationary forces from the economy. Not all of the regulatory agencies are performing poorly, and many have a difficult job to do with inadequate resources. Nevertheless, too many agencies share a number of common problems:

The inflationary impact of regulation is a key concern. Government sanctioned rate-setting in regulated industries can result in artificially high taxes and prices to the consumer. The President's Council of Economic Advisors estimates that the total cost to the economy of federal regulatory practices that result in waste inefficiency, and ineffective competition may be as high as 1% of GNP, or about $66 per person per year. In the transportation industry alone, regulatory policies increase total costs by as much as $16 billion a year.

Another problem is that agencies have not been responsive to consumers in many cases, and consumer interests are inadequately represented by public interest groups that have too little time, money, and expertise to battle corporate interests in the complex regulatory arena.

Conflicts of interest also plague many federal regulatory agencies. Too often, an agency is engaged in both promoting and regulating industries. Agencies decide routes and set rates; they save sick industries and expand viable ones. Those appointed to sit on regulatory agency boards are often products of the very industries they are supposed to regulate, and they may be chosen for political reasons and not for regulatory ability.

Critics also point to the vagueness of congressional mandates for regulatory agencies and the murky lines of jurisdiction that lead to an overlap of functions. The legislative charters for the agencies often contain imprecise standards, and the regulatory job that needs to be done may have changed since a given regulatory agency was created.

A lack of effective congressional oversight is one of the chief reasons that these problems have gone unchecked. Congress has not made full use of appropriations, investigation, and confirmation of appointments powers to keep an eye on and control regulatory agencies. Since 1950, the Senate has confirmed all but one of the presidential regulatory agency nominees.

It will be no easy task to reform the federal regulatory agencies, and a number of basic questions must be raised about regulatory agencies before effective remedies can be found. What should a regulatory agency accomplish, to whose benefit, and at what cost? How and to whom should regulatory agencies be accountable for their actions? Who should be appointed to regulatory agencies and who should not? How can federal regulatory agencies remain responsive to changing conditions and needs?

The debate on regulatory agency reform is an important one, and it should continue so that the country can take a much needed look at this hidden, but far-reaching, portion of governmental control of the economy. The goal should be to insure that regulated industries remain economically healthy and continue to provide goods and services at reasonable costs without abusing their potential power to control the free market.

EAST HARLEM FOOD COOPERATIVES

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. RANGEL. Mr. Speaker, in many parts of New York City, including East Harlem in the 19th Congressional District, food cooperatives are springing up in response to the growing cost of food and the worsening economic situation. The cooperative spirit in which members work together to reduce the cost of groceries also serves to increase community involvement and community concern.

I am pleased to include in the CONGRESSIONAL RECORD an article from the New York Post on food co-ops in East Harlem:

WHERE SHOPPERS ARE GROCERS

(By J. B. Alexander)

Over the last six months, Thursdays have become something special to Elizabeth Hernandez and her four children.

"It's like Christmas, the children particularly look forward to my bringing the cheese home. They've come to expect it," Mrs. Hernandez said.

While she spoke, the 34-year-old East Harlem resident carefully stapled yellow check-off lists to brown paperbags filled with fruit, vegetables and dairy products.

ORGANIZED CHAOS

And around the yellow and brown walled room (normally a children's recreation area), other members of the Union Settlement Food Buying Club, 237 E. 104th St., one of several closely-tied food cooperatives in the city, were at work—uncrating, weighing and bagging fresh tomatoes, onions, potatoes, lettuce, green peppers, apples, oranges and other fresh goodies. It was a Thursday, the club's delivery day.

"It's organized chaos," one man said, as he struggled to pry open a crate of oranges, "but it's worth it. We're saving a lot of money."

According to Dan Flavin, coordinator of the club (they prefer the term to cooperative), members (mostly low-income) save as much as $4 out of every $10.

"We buy at the current wholesale price and we give the immediate wholesale price to the members," the bearded, energetic Flavin said. "All the work—packaging the products, handling the money—is done by our members, which include about 125 families now.

"As you probably know," Flavin added, "the quality of food in East Harlem isn't that great, neither are the prices. Even the sale items in the stores around here are lousy. Our members are making a great savings on their pocketbooks and their health."

VISITORS FROM THE BRONX

In the last three years, food cooperatives have sprouted up all over the city. No one knows exactly how many there are, but the city's Consumer Affairs Dept. has identified 47 (most other studies estimate between 40 and 50).

"Our list is in no way complete," cautioned Kenneth Winikoff, a spokesman for Consumer Affairs. "It's really hard to take measure of these things because they're all done independently."

Despite their independent beginnings, neighborhood cooperatives, like the one at Union Settlement, often give one another a hand.

REAL ECONOMIC POWER

"With a small operation like they've got, 30, 35 families, it doesn't really pay," Flavin said later. "But working with us, they'll have real economic power."

Flavin, who organized his first food cooperative while doing missionary work in Peru several years ago, believes strongly in cooperatives working together. Two years ago, together with a black actor and a white priest, he organized 11 city cooperatives into a federation.

The East Harlem Food Buying Federation, as it's called, involves 600 families in 11 clubs. Three of those clubs are in East Harlem, one in The Bronx and the others are spread throughout the Upper West Side.

Most active in the federation's development was Jim Anderson, a former juvenile delinquent, dock worker, Golden Gloves boxer and actor. A native of Harlem, the 48-year-old Anderson left the U. S. several years ago to tour Europe and South America with the controversial Living Theater, a politically-oriented group of New York actors.

"While I was down there," Anderson recalled, "I noticed there was quite a bit of difference between the prices for produce there, compared to here.

"A friend had taken me to see how a cooperative worked before I left New York and I had been very impressed. After I had seen the Southern prices I knew that when I got back to New York I was going to organize a cooperative, just like the one I'd seen."

He did. In fact, he eventually organized more than 20.

"Some died," Anderson said. "I just had to let them go. I couldn't service everything."

Twice a week now, usually around 3 a.m., Anderson and a couple of friends scoot out of their beds and climb into an old, pale blue pickup and drive to the Hunts Point Market in The Bronx, where they purchase goods for federation members.

"People make out their orders and we pick up the money beforehand," says Anderson. "I try to look around for a good buy at the market. I don't just shop one place.

In an average week, Anderson will purchase more than $2000 in groceries (the average weekly order is around $6)—hundreds of pounds of fruit, vegetables and dairy products. By buying in bulk, Anderson says, his clients save substantially.

25 PERCENT UNEMPLOYED

"I'd say that what we bring back, for what we spend, represents about $1000 in savings.

Anderson backed this up by pointing to a recent Federation weekly price list: five pounds of potatoes for 26c; five pounds of plantans, 16c; Spanish onions, 13c a head bananas, 15c a pound.

But despite these reasonable prices, cooperatives in the Federation are having their problems.

"Stealing used to be pretty bad around here," said Dan Flavin. "We'd usually lose about $30 or $40 in produce a week." [Flavin added that most of the stealing was done by club members.]

"When you have a tremendous amount of unemployment in an area, and there's more than 25 per cent unemployment in East Harlem, then you're going to have stealing. We had to develop this bag tagging system in order to curb the stealing."

According to Father John Dougherty, the third figure instrumental in organizing the Federation, a recent survey he had taken among the cooperative members at his church, St. Stephen of Hungary, 414 E. 82d St., uncovered complaints about food quality.

"In the long run the food is good, but sometimes the bananas and other fruits are overripe," Father Dougherty said.

He also expressed concern that not enough members of his parish (mostly middle income) had become interested in the operation and made it worthwhile.

"I got involved in this," Father Dougherty says, "because I felt it would be a good way to spread communication in the parish. We have only 30 families that place weekly orders, and not many of them are from the parish. Something like this necessitates people becoming close to one another, working side by side, and I guess some people just don't want to get involved."

"It's a matter of people helping themselves and their neighbors at the same time," added Jim Anderson. "I'm not completely satisfied with the support we're getting either. We hope that cooperative thinking can help to change the prevalent community values. Instead of people bickering about how much more money their neighbor is making, they should be going out trying to find out who their neighbors are, to help one another.

"That's what this is about, it's all for the community."

CONGRESSIONAL PAY REFORM

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. ARMSTRONG. Mr. Speaker, several months ago I introduced legislation to require that all future pay increases for Member of Congress be submitted to an open vote by the entire membership of the House of Representatives. Other Members have offered similar proposals. But no action has been taken by the committee to which these are assigned.

I am sure the public did not realize what was happening in 1967 when Congress enacted the present back-door pay increase system, a procedure under which the President recommends salary increase for judges, high-level executives, and Members of Congress, and the raises go into effect automatically unless vetoed by the House or Senate. This means Members of Congress can avoid voting on their own pay increases.

What a cynical procedure.

Personally, I think this is the wrong time for a pay increase; most of our constituents are suffering real hardship from the Nation's economic problems. Members of Congress should set an example of restraint and holding down unnecessary spending. The last thing we should do is raise our own pay.

But it is not just the money that concerns me.

There is an issue of principle involved that is more important than cost—whether Congress will be forthright enough to require a vote on Members' pay increases instead of waiting for an opportunity to let an increase go into effect without a vote. I think it is time—indeed, long past time—to reestablish procedures which require Members to vote on salary issues and put an end to back-door raises. The same principle should apply to those allowances, such as the stationery account, which are really a form of salary to Members. These should be increased only after a vote by the full House.

I can not see why we should fear such a procedure. If and when the time comes that Members' salaries or allowances should be raised, I will not hesitate to vote to do so. And I am confident the people of my district will support such a decision if it is justified.

But they will not support continuation of the present back-door method of increasing pay and allowances. Nor do I. That is why I have joined in sponsoring legislation to require a vote by all Members of the House.

I hope this bill will soon be enacted.

THE GEORGIA POWER PROJECT: A STRATEGY FOR SOCIALISM—PART III

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the Georgia Power Project is one of many radical U.S. groups calling for socialism—total Government control—as a "pie-in-the-sky" panacea for the energy shortage.

In their hatred for the free enterprise system, the Marxists oppose Government deregulation which would give private industry the incentive to develop new sources and new resources of energy.

For the enlightenment of my colleagues, I am providing brief characterizations of some of the organizations either whose members are actively involved in the GPP activities or who have worked with the GPP at the GPP's 1973 Atlanta conference on the energy crisis of the 1974 citizens energy conference and whose positions give direct or parallel support to GPP policies.

Among these are:

American Civil Liberties Union

The American Civil Liberties Union (ACLU) was developed in 1920 by several groups of militant radical pacifists who were active in opposition to U.S. participation in World War I. With national headquarters in New York, ACLU now has over 46 state and city affiliates, more than 130,000 members and annual income exceeding $1.2 million.

The ACLU was characterized by Communist Party general secretary Earl Browder in 1939 as a "transmission belt" for communist programs and positions, rather than as a directly controlled Party front. Although for a time the ACLU prohibited admitted Communist Party members from serving as ACLU officials and expelled the two members of the Communist Party National (central) Committee which sat on its board, ACLU made no attempt to expel non-leadership communists or to find hidden communists among its members and leaders.

ACLU has numerous active members who also hold membership or executive positions in identified Communist Party fronts such as the National Lawyers Guild, the National Emergency Civil Liberties Committee, etc. One such example is seen in the activities of Reber Boult who after resigning as director of the Georgia ACLU, went to the Far East to head one of the National Lawyers Guild's Southeast Asia Military Law Project offices. Military authorities changed the NLG project with creating dissension and disloyalty among U.S. servicemen. Boult is the estranged husband of NLG and Power Project activist Ginny Boult.

Boult's successor as director of the Georgia ACLU is Gene Guerrero, also a GPP activist. Gene and Nancy Guerrero were members of the board of directors of the Southern Conference Educational Fund (SCEF) in 1969. SCEF was the successor of the Southern Conference for Human Welfare, cited by the House Committee on Un-American Activities as a Communist-front organization "which seeks to attract southern liberals on the basis of its seeming interest in the problems of the South."

Center for Community Change

The Center for Community Change was founded in 1968 "to focus national attention on issues related to poverty" and to "press for government programs and practices responsive to the needs of the poor." The recipient of a $3.5 million grant from the Ford Foundation, CCC was formed by the merger of three ultra-liberal, activist organizations: the Citizens Crusade Against Poverty, a project started by the United Auto Workers; the Social Development Program then headed by Jack Conway, a former president of Americans for Democratic Action and AFL–CIO official who later became a leading figure of the Rockefeller dominated Common Cause group; and the Citizens Advocate Center created by NLG activities Edgar and Jean Camper Cahn, the founders of OEO Legal Services.

CCC's founding directors included Jack Conway; Judian Bond, a onetime sponsor of the SDS Radical Education Project; Frank Mankiewicz, former press secretary to Robert Kennedy and campaign manager for Senator McGovern; UAW president Walter Reuther; and Paul Ylvisaker, a former Ford Foundation official.

The CCC organized the February, 1974, Citizens Energy Conference, described by the liberal Washington Post as "the first time the radic-libs have had a chance to talk to each other since the national light changed and the sky darkened for Nixon."

Among the better known radical and liberal groups attending the conference as sponsors were Americans for Democratic Action (ADA), American Federation of State, County and Municipal Employees (AFSCME), Amalgamated Meatcutters and Butcher Workmen's Union; Clergy and Laity Concerned; Common Cause; the Council on Economic Priorities; Georgia Power Project; the Grey Panthers; Institute for Policy Studies (IPS); Medical Committee for Human Rights (MCHR); Movement for Economic Justice; National Council of Churches; National Lawyers Guild (NLG); National Student Association (NSA); Oil, Chemical and Atomic Workers (OCAW); United Farm Workers Union; United Mineworkers of America (UNWA); War Tax Resistance; Women's International League for Peace and Freedom (WILPF) and the Communist Party's youth group, the Young Workers Liberation League.

Additional delegations attended representing the Communist Party, U.S.A., which gave the conference considerable publicity in the *Daily World;* the Trotskyist communist Socialist Workers Party front, the U.S. Committee for Justice to Latin American Political Prisoners (USLA); the Workers World Party; New American Movement; the National Tenants Organization (NTO); the Sierra Club; Environmental Action Foundation; the Media Access Project; Urban League, and many more.

Communist Party, U.S.A.

Members of the Communist Party, U.S.A. (CPUSA) including Barry Cohen, secretary of the CPUSA National Commission; its youth organization, the Young Workers Liberation League (YWLL); CPUSA dominated and influenced unions including the United Electrical Workers (UE) and the Amalgamated Meatcutters; and controlled organizations such as the National Lawyers Guild and the People's Coalition for Peace and Justice (PCPJ) took active roles in the February, 1974, Citizens Energy Conference with members of the Georgia Power Project.

As set forth in other sections of this report, the members of the GPP have records of affiliation with various CPUSA controlled organizations including the Southern Conference Educational Fund and the NLG.

The 1947 House Committee on Un-American Activities characterization of the CPUSA remains accurate:

"[The CPUSA is] an organization operating under centralized discipline subordinated to the Communist Party of the Soviet Union * * * whose basic aim, whether open or concealed, is the abolition of our present economic system and democratic form of government and the establishment of a Soviet dictatorship in its place. * * * An organization resorting to deception, evasion, illegal methods, violence, and civil war, methods implicit in its revolutionary purpose."

In a lengthy report to the CPUSA National Council in December, 1973, Gus Hall, CPUSA general secretary, charged the major energy companies with a "conspiracy of extortion" with "energy the hostage." He said:

"The crime of extortion is serious. Therefore, the solutions must fit the scope of the crime. This is a moment to initiate a campaign to nationalize the whole energy sector of the economy. The nation cannot afford to have its life and death resources in the hands of irresponsible, cold-blooded gangsters without a social conscience. Public utilities must belong to the public.

"There is a need for a totally new energy structure. There is a need for a * * * National Energy Council—a Council of People's Power; a council that will own and operate all energy related businesses from the oil, coal and gas fields to the refineries, to their distribution, including all power plants and nuclear plants. * * * In the process of campaigning for it we can expose the criminal nature of monopoly capital. * * *

"* * * But only by taking over the energy complex from start to finish can there be a rational plan for the use and production of energy, * * *.

"* * * This campaign must involve the hundreds of millions who are victims of the energy crisis. Because of the scope of this problem, it can be a key link that will move millions into the struggle against monopoly."

A mere two months after these guidelines were given to America's disloyal opposition, the Citizens Energy Conference was convened in Washington, D.C. At the meeting of the "radical/liberals," many speakers, workshop leaders and newly emerged, self-styled citizens groups parroted Hall's demands. It may reasonably be presumed that once again the CPUSA was demonstrating its skill in employing subterfuge and deceit to further its revolutionary goals.

The Highlander Center

For the past 43 years, the Highlander Center has served as a research and education center for radicals. Founded and still led by Myles Horton, 70, the Center is now located in Knoxville, Tennessee.

During the 1950's, the Highlander Center, then the Highlander Folk School, was characterized in testimony before a U.S. Senate Sub-Committee as "a school operated at Monteagle, Tennessee, ostensibly as an independent labor school but actually working in close cooperation with the Communist Party."

In 1963, in hearings before the Joint Legislative Committee on Un-American Activities of the State of Louisiana, the Highlander Center was further identified as being deeply involved with the Communist Party, U.S.A.

At the GPP's Atlanta Conference on the Energy Crisis, panelist Jim Branscombe of the Highlander Center discussed the "people's" use of violence and sabotage against coal companies at some length and provided some specific examples of its use as a method of "resistance." An experienced public speaker, Branscombe avoided direct advocacy of violence at that time.

OUR MILITARY DEFENSE BUDGET

HON. JAMES G. MARTIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. MARTIN. Mr. Speaker, the entire country should be concerned about our military defense budget. Some like to focus on its size, others focus on whether it is adequate. I submit for the RECORD the following editorial from the Charlotte, N.C. Observer:

[From the Charlotte (N.C.) Observer, Feb. 21, 1975]

Our Military Budget and Britain's

Britain is not exactly a bantamweight when it comes to military strength. Its worldwide military outposts have shrunk in number and size in recent years, but it remains a great military power.

And so it is interesting to consider this comparison:

Defense Secretary Schlesinger has proposed a new defense budget of $92.8 billion through the Defense Department and $1.8 billion for the Energy Research and Development Agency for nuclear materials for weapons and for reactor fuel.

That would mean an increase of $8 billion over the current year.

And that increase is very close to the sum that Britain annually devotes to its entire military budget.

Mr. Speaker, although I realize the commentary was somewhat "tongue-in-cheek," I was moved to reply as follows:

EDITOR,
The Charlotte Observer,
Charlotte, N.C.

DEAR SIR: The Observer editorial of February 21st compares the military budgets of Great Britain and the United States. You observed that the $8 billion increase proposed for our defense budget is almost the total that they spend on defense. In the light of your earlier editorials, that seems to imply that we should copy them.

Let me add a couple of observations. First, Great Britain is spending roughly the same percentage of her Gross National Product as we are. In recent years British military expenditures have risen faster than inflation. Ours have not.

While we should commend them for being willing to carry their share of the burden for our mutual defense, we must not shirk our share by deep cuts at this time.

Adjusted to allow for the declining purchasing power of the dollar, the $92.8 billion request for our Department of Defense is less than was requested for last year and less than was approved in any year since the Korean War.

With the current make-up of the Congress, it can be predicted that the Defense request will be cut again to less than a 5% increase over last year, while social spending will continue to grow at a 14% rate. Meanwhile, Soviet military manpower and spending are growing faster in nearly all categories. In the last three years they produced six times as many tanks, seven times the artillery, more than three times the ships, and almost twice as many planes. We edged ahead in helicopters. Furthermore, their military manpower has grown to just over 4 million while ours has declined to just over 2 million, with Russia holding the same 2:1 edge in Europe. Reducing our forces has not tempted them to reduce theirs.

It would please me to continue a dialogue of published opinions with you regarding the decisions that are coming on our military budget. We both want an adequate defense. What is adequate can best be judged on the basis of what the Soviet Union is up to, not on what our valiant ally Great Britain can do.

Sincerely,

JAMES G. MARTIN,
Member of Congress.

POSTAL SERVICE SLAP AT PRESIDENT

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. YOUNG of Florida. Mr. Speaker, I rise to draw my colleagues' attention to a move by the U.S. Postal Service to downgrade the Presidency of the United States.

A UPI wire report of March 4 states that postal regulations have been changed to prohibit pictures of incumbent or former Presidents from display in post office lobbies or in areas such as elevators or corridors. The regulations also forbid such photos from being requisitioned or purchased with public funds.

This move by the Postal Service is symptomatic of the general effort in certain quarters to make the office of the President of the United States one of no importance, and I find it deeply troubling that this trend has appeared in a Federal agency. There are some who would have us believe that Americans no longer respect the highest office in the land, and that the President of the United States is not an individual of paramount importance in our lives.

We must speak out against these efforts to downgrade the Presidency and make its occupant a "nonperson." The vast majority of Americans still strongly support our constitutional system and the office of President of the United States, and believe that public recognition of him in public buildings is proper.

The President's fiscal 1976 budget requests a payment to the Postal Service of $1.49 billion. Ignoring his efforts on their behalf, Postal Service officials wish to "economize" by refusing to purchase or display any pictures of the President. While I commend the USPS for its efforts at economy, I respectfully suggest that the cost of the new dining table in the Postmaster General's suite would alone cover the purchase of enough pictures of the President for every post office in the Nation. I further suggest that so long as the Postal Service is a part of the Federal Government and subsidized with taxpayer dollars, it should pay due respect to the leader of our Nation by public display of his picture.

THE GREATEST JUDGE

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. BOLLING. Mr. Speaker, the following article about a wise man appeared in the Washington Post of Wednesday, March 12, 1975:

THE GREATEST JUDGE

(By Carroll Kilpatrick)

Forty years ago this month, two young Washington lawyers sat in a house on Eye Street and watched an old man, whose life spanned almost half the lifetime of this republic and who was three times wounded in the Civil War, die of pneumonia.

"We think we are the beginning of the universe," the old man once commented to Thomas G. Corcoran, one of the young men with him at the end. "But we are less than 200 years old in a civilization that goes back at least 6000 years."

"He was the greatest judge, greater than John Marshall," James H. Rowe, the other young lawyer and now Corcoran's partner, said the other day. They were reminiscing about Oliver Wendell Holmes Jr., who died on March 6, 1935, two days before his 94th birthday.

Last week at the Harvard Law School, there was a memorial for Holmes, and Prof. Paul A. Freund said that Holmes' "skepticism was saved from aridity by a strong Puritan sense of duty, and from cynicism by a romantic faith in striving."

In other words, Holmes' Puritan conscience kept his pessimism about mankind from defeating his purpose, and his sense of duty—together with his conviction that one must constantly strive to improve one's mind—kept him alert and striving to the end. As he once put it himself, "the rule of joy and the rule of duty seem to me all one."

In his speech last week, Freund said that Holmes had "a creative playfulness of spirit" that manifested itself in his writing and talk, "and it provided justification for his skeptical mind to champion the utmost freedom of expression in our constitutional order.

"Within the chambers of the court he carried off his labors with a jauntiness of spirit that disguised the meticulous care of his note-taking on the bench and his analysis of the issues."

When Holmes developed pneumonia, his doctor put him under an oxygen tent. To try to cheer the patient, and recalling the enormous impact the Civil War had on him, Rowe said: "Every soldier to his tent."

The old justice pulled his right hand from beneath the cover and thumbed his nose at the upstart law clerk.

Once when Corcoran, who also had been a clerk to Holmes, was talking to him, the Justice said "there were two guys on the court in your memory, boy, who knew what they were doing."

"You, of course," Corcoran commented.

"Of course," Holmes replied. When Corcoran couldn't guess the other, Holmes said:

"It was White (Chief Justice Edward Douglass White of Louisiana). Because White had been in the war on one side and I had been in the war on the other side, it was our business to see that there was never a civil war in the United States again.

"Now, one of the ways to prevent that is when you handle the hot social issues you never dramatize them. You handle them in such a way that you decide the particular case before you on as narrow ground as possible. You make no big talk about how this great right is being protected.

"White and I had a technique. He wrote opinions so long no one could understand, except the result; I wrote opinions so short no one could understand, except the result. But we edged the law along. No more Dred Scott decisions."

Both Rowe and Corcoran, in attempting to explain the Holmes mind and its great strength, agreed that the four years of battle had a profound effect on him. "He fought almost every day for four years, and most of his classmates were killed," Rowe said. "I think the Civil War was the making of him. And then his prodigious scholarship."

Holmes once said "there is nothing so salutary as commanding men under fire," Corcoran recalled. "You never are sure you are right," the justice went on. "But you have to act."

"The war made him understand that in the world of action you have to make decisions on insufficient information, but you make them hard," Corcoran said. "With all his grace, all his challenge—and he was a man of great humor—he had the old Puritan ethic and sense of duty."

Corcoran was present on the famous occasion in 1933 when the new President, Franklin D. Roosevelt, called on Holmes at the house on Eye Street. When the President asked him why he was reading a difficult book he saw on the table, the justice replied: "To improve my mind, Mr. President."

When the President left, Corcoran asked Holmes what he thought, and the justice replied: "Son, he's an exact copy of his Cousin Theodore. Remember, Theodore said to me when I wouldn't decide the Northern Securities' case the way he wanted it that he could carve a justice with more backbone out of a banana.

"He's like Theodore—a second class intellect but a first class temperament, and what this country needs now is the Roosevelt temperament."

In addition to sitting on the Massachusetts

Supreme Court for 20 years and the Supreme Court here for 29 years and writing hundreds of decisions, Holmes wrote countless letters as well as books and a few speeches. They contain some of the wisest words in the English language: "Life is action, the use of one's powers. And to use them to their height is our joy and duty, so it is the one end that justifies itself . . . Life is a roar of bargain and battle; but in the very heart of it there rises a mystic spiritual tone that gives meaning to the whole, and transmutes the dull details into romance." Or "the minute a phrase becomes current it becomes an apology for not thinking accurately to the end of the sentence."

Most famous of all: "The life of the law has not been logic; it has been experience."

A few days before Holmes died, he began looking for a commonplace book he had kept about his family and in which he listed all the books he had read, with notes on many of them. He thought it was too personal and that it should be destroyed. Corcoran hid the book, then pretended to help Holmes look for it.

"When he died, the first thing I did was take that book," Corcoran said. "The next day I sent it to the Harvard Law Library, where it is to this day. If you did nothing else for the next 10 years but read the books listed in it you couldn't begin to go through them all."

"Dean Acheson said that Holmes and Gen. George Marshall were the greatest men he ever knew," Rowe said. "I can't think of anyone who came near him intellectually."

In a Memorial Day address in 1884, Holmes, the son of a poet, grew eloquent: "Our dead brothers still live for us, and bid us think of life, not death—of life to which in their youth they lent the passion and glory of spring. As I listen, the great chorus of life and joy begins again, and amid the awful orchestra of seen and unseen powers and destinies of good and evil our trumpets sound once more a note of daring, hope and will."

ENERGY CRISIS AND NATIONWIDE UNEMPLOYMENT

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. CARTER. Mr. Speaker, I would like to share with my colleagues an interesting letter I have received from Mr. Elmer E. Poland, of Tompkinsville, Ky., which is particularly relevant to our deliberations here in Congress on the energy crisis and the rise in unemployment nationwide.

Abraham Lincoln once said:

> The people are always much nearer the truth than politicians suppose.

I believe that Mr. Poland's remarks about the right kind of leadership needed today especially bear out the wisdom of Lincoln's maxim:

REMARKS BY ELMER E. POLAND

DEAR SIR: I believe that almost everyone has already cut their gasoline consumption to what they consider their basic needs, some of it may be used for pleasure but everyone needs a certain amount of this. I think there are only two sure ways to save a certain amount of oil and that is rationing or allocation but I had rather see something else tried first. The damage to the country that either of these might cause could be hard to correct and either of these could be put in effect in a matter of days in case of another embargo.

I think that the need for gasoline and other oil products should be decreased in several different ways, some of them could save huge amounts a day and others a smaller amount but taken altogether they could make a savings of more than a million barrels a day.

The things I am about to suggest as a start are only a theory as everything that has been mentioned so far except rationing or allocation but I believe it will work.

Other than the gasoline consumed by food stamp recipients as I have already mentioned and I still believe there is some way to conserve some of that gasoline, I think the government should use some of the jobs they are creating to establish at least one person in every town of any size that is any distance from the nearest unemployment office to handle the bi-weekly claims that have to be filed. I do not know if every State is like Kentucky but the people here have to drive sixty miles every two weeks to refile their claim. This could be eliminated, saving people money, trouble and conserve approximately two million gallons of gasoline a day if every State is like Kentucky, besides giving out a few more useful jobs. I believe a lot of the jobs could be of the oil and energy saving type.

Another thing I would like to suggest is that as the government has some control over the school system that they have each school in the United States to reduce their ball schedules by ten per cent. As every school has a lot of extra games they play that do not count in their league or conference play, they could drop one or two of them without much effect on them, no effect on the economy and I would guess a saving of another million gallons of gas a day unless it is taken higher than the high school level. Even at the college level I don't think it would harm the schools or the economy.

As I said this is only a savings in theory but I think the people will save most of this as what they consider the need is taken away. I believe that with the knowledge of how this country is run that you can take these suggestions and find several more ways to do away with the need to use oil products without affecting the economy in an adverse way.

I have never known of any battle or any team game being won without the right kind of leadership, one that will suffer along with the rest and not put any extra burdens on one particular person or segment of the country. If the leadership will not say "do as I say, not as I do" then I think the people will regain some of their trust in their government and then anything can be accomplished.

I think that everyone has jumped in with both feet to try and settle the oil problem in a short time without much thought to the economy or the people. It has taken several years to create this problem and I think that if the Congress and the President will take their time and use my suggestions or something similar to them they can reach a solution without many ill effects and will be acceptable to nearly everyone. I also think there should be an energy impact report before any new program is begun.

Respectfully yours,

ELMER E. POLAND.

BERNARD BARUCH ON INFLATION

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. FISH. Mr. Speaker, in 1946, when our country was again waging a fight against inflation, the Honorable Bernard Baruch wrote a memorandum for President Truman outlining the causes and effects of the economic instability our Nation was experiencing. My father, former Congressman Hamilton Fish, in a letter to the editor of the Wall Street Journal on December 20, 1974, cited this memorandum and its relevance to our own situation today. I am inserting the full text of this letter to the editor which I believe my colleagues will find of interest:

RECALLING THE PAST

Editor, The Wall Street Journal:

Bernard Baruch held many important nonpolitical positions in the federal government and rendered outstanding service in all of them. Perhaps his greatest service was his clear-cut vision of the danger of inflation.

He wrote a memorandum for President Truman on February 13, 1946 which is even more needed now. He said, "If inflation is not controlled, the dollar will buy less; not alone day by day, but hour by hour and minute by minute. This prophecy has proved accurate enough. Since the end of the war, consistently inflationary policies have pyramided the national debt to astronomical proportions, slashed the value of the dollar, dislocated the economy, increased the burden of taxes, eroded savings, injured most of those people least able to afford it, the pensioners, savers and white collar workers. Inflation has unbalanced the budgets not only of individuals and governments, but of hospitals, schools, colleges, and institutions of every kind. . . . Some believe that they could keep inflation under control or that they could escape the consequences. This is one of the supreme fallacies of our time. Once inflation gets under way, no one can escape the harmful effects . . . I tried to impress this on President Truman."

Bernard Baruch was not only a successful financier, philanthropist, counsellor to four Presidents for 40 years, but he was one of the most outspoken, best informed and sagacious leaders regarding the dangers and evils of inflation.

I was a member of Congress in 1933 when President Franklin D. Roosevelt took over the presidency and initiated shortly afterwards the vast spending program of tax, spend and elect, that lasted for eight years until our entrance into World War II.

The origin of our inflation began in peacetime, continued under Truman and to a lesser degree under Eisenhower but increased under Kennedy, and escalated under Johnson. Of the 40 years of inflationary policies most of them were under Democratic administrations.

Democrats and Republicans today in Congress would be well advised to quote the wise and sound lines written by Bernard Baruch on inflation, almost 30 years ago under the Truman administration. This shows that inflation was a serious problem then and had its origin under F.D.R.'s New Deal administration.

HAMILTON FISH.

NEW YORK, *December 20, 1974.*

BRIGHT FUTURE FOR THE DOMESTIC STEEL INDUSTRY

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. GAYDOS. Mr. Speaker, amidst all the pessimistic reports concerning the plight of the economy, an article in the McKeesport Daily News of March 12, 1975, indicates a need for a substantial increase in domestic steel-producing capacity.

In a way, it is most unfortunate, particularly in view of the current very serious balance-of-payments deficit, that this need for expansion is dramatized by a steel trade deficit of almost $500 million for January 1975. According to the American Iron and Steel Institute—

> Imports in January were the highest ever for any January by a wide margin. They were 420,000 tons higher than the previous record for the month—1,381,000 tons set in 1973. The 1,801,000 tons imported in January 1975 were also nearly one million tons higher than the steel import total for January 1974. Industry experts concede that domestic steel-producing capacity lags well behind the anticipated demands of a prime economy and that only present economic hard times have prevented a critical shortage.

Accordingly, revival of both the automobile and housing industries could well mean even more foreign imports unless our domestic industry expands its capacity.

Expansion of our domestic steel producing capacity will generate new jobs for American workers, reduce our dependence on foreign sources, and contribute to a reduction in our balance-of-payments deficit. All three of these are indispensable to the revival of the American economy. The challenge to the American steel industry is abundantly clear. Their response can only be "full speed ahead on plant expansion."

The article from the McKeesport Daily News follows:

Steel Trade Deficit High

Washington.—The United States had a steel trade deficit of almost $500 million in the first month of 1975—the result of record January steel imports—reports the American Iron and Steel Institute.

According to government data, 1,801,000 tons of foreign steel entered this country during the month. The value of January steel imports exceeded the value of U.S. exports of steel by $495,326,000.

In the four-month period from the beginning of October to the end of January, 7,736,000 tons of foreign steel arrived in the U.S. This is equivalent to more than 23,200,000 tons on an annual basis.

The total trade deficit in steel mill products during this period exceeded $1.8 billion, running at an annual rate of about $5.5 billion, according to AISI. Imports in January were the highest ever for any January by a wide margin. They were 420,000 tons imported in January 1975 and also nearly one million tons higher than the steel import total for January 1974.

As this year began, foreign specialty steels continued to arrive in this country at a record rate. Stainless imports, for example, were nearly double those for January 1974, while imports of tool steel were up 6 percent.

THE AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS SPEAKS OUT AGAINST ADDITIONAL AID TO SOUTH VIETNAM

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. RANGEL. Mr. Speaker, once again the Congress is being asked to give aid to the corrupt Thieu regime in South Vietnam. President Ford's latest request for $300 million in additional aid during a time of economic crisis, is intolerable.

After 50,000 lives have been sacrificed and $150 billion spent, one would think that the United States would have learned that it cannot support an unpopular government. Obviously, this is not the case.

The American Association of University Professors joins me in opposing this request for additional aid. I would like to share with my colleagues this statement by its general secretary, Joseph Duffey:

American Association of
University Professors,
Washington, D.C., January 10, 1975.

Statement Issued by Joseph Duffey

Reports that the President is seriously considering requesting from Congress supplemental foreign aid funds for South Vietnam and Cambodia are extremely discouraging. We believe that the President should not make such a request and that if he does, Congress should overwhelmingly reject it. The recent history of the national controversy over aid to Southeast Asia should guide both the President and Congress in determining how the American people view the situation in Indochina. America's interests are not served by further intervention, whether it be with money or personnel. The signing of the cease-fire and the withdrawal of American troops brought to an end the divisive internal strife in America over this issue. It would be terribly unfortunate if this highly emotional issue were revived at a time when Americans are confronted with a grave economic crisis at home.

Placed in the context of current national priorities, the suggestion of appropriating additional funds for Indochina would be a direct affront to the American people who believe that more pressing current issues require resolution. The Administration's belated recognition of the gravity of the recession and its impact upon lower- and middle-income groups should lead the Administration to conclude that an additional $300 million could be spent more profitably on human resources at home rather than on war materials shipped to Indochina. The American people have been exceptionally tolerant of previous errors of judgment on Southeast Asia, but their tolerance of continued misguided policy and ill-spent funds will surely wear out in a period of grave economic crisis.

In the list of federal spending priorities, it may be significant to point out that an additional $300 million applied to the federal program for postsecondary education would permit over 600,000 students enrolled in postsecondary education institutions to participate in the College Work-Study program authorized by Congress and over 400,000 students to receive Basic Educational Opportunity Grants. For most of these students, the grants and work-study payments permit them to go to college and to receive training in specialized programs necessary to both our society and economy. This investment in human resources would be significantly more productive at the present time than $300 million worth of war materials shipped to Indochina for further destruction of that ravaged area.

VIEWS FROM DOWN HOME

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. HUBBARD. Mr. Speaker, I do not want to belabor a subject but my office, and I am sure the offices of many of us, continues to be bombarded with mail from constituents who cannot understand how Congress can be considering a recess at the end of March when many of the Nation's problems remain unsolved.

I would offer an excerpt from the Tribune-Courier, a Benton, Ky., newspaper sent to me by Gene Schnell of Benton, to wit:

> We have four hundred thirty five representatives and one hundred senators on our payroll in Washington, supposedly serving you and me.
>
> It has been estimated by researchers that each of all 535 costs you and me about $600,000 per year including salary, high paid staffs, allowable expenses, free trips all over the world, holidays and who-knows-what-else.
>
> Any fool, including myself, can multiply $600,000 by 535 and quickly determine that our bill for Washington hanky-panky-ing comes to $321,000,000 (that's $321 million) per year.
>
> In addition to that: Congress enjoyed an 11-day Lincoln's birthday vacation. Soon there'll be a 17-day Easter celebration and following that a 13-day layoff for Memorial Day.
>
> A 10-day respite for the Fourth of July so's they can rest up for the annual 34-day summer vacation in August and September.
>
> There's a 10-day recess in October and in November (Thanksgiving) and they really give us a break by taking just one day for Veterans Day.
>
> After that they return to Washington's merriment and gaiety while they make plans for Christmas and New Year's revelry before they hurry back to Washington to prepare speeches for Lincoln's birthday in the coming election year!

SOVIET REVISIONISM—BIGGEST INTERNATIONAL EXPLOITER

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. DERWINSKI. Mr. Speaker, in the event that the Members have not had the opportunity to see the following press release, I would like to insert into the Record this statement issued by the People's Republic of China Mission to the United Nations which discusses the subject of Soviet revisionism.

It is quite interesting to find the People's Republic U.N. Mission deliberately raising the issue of Soviet colonialism. While their motives are certainly not pure, they properly point out the Soviet imperialism control over Eastern European governments:

Soviet Revisionism—Biggest International Exploiter

Peking, February 13, 1975 (Hsinhua).—The People's Daily carried a signed article yesterday entitled "Soviet Revisionism Is One of the Biggest International Exploiters of Today". Excerpts from the article read:

Flaunting the "socialism" signboard, the Soviet revisionist social imperialists have created the myth in recent years that they are the "natural ally" of the Third World and styled themselves as the saviour of the oppressed people and nations. However, innumerable facts prove that they not only enslave and plunder the Third World countries and people but also bully and exploit a number of the Second World nations. They have become one of the biggest international exploiters of today.

Under the rule of the Soviet revisionist renegade clique, capitalism has been fully restored in the Soviet Union. Acts of the Soviet revisionist ruling clique are likewise governed by the law of imperialism. Soviet revisionist social-imperialism is frantically pushing new colonialism and great power hegemonism in the broad Third World.

Under the pretext of "selfless aid" and "mutually beneficial economic cooperation", the Soviet revisionists export capital in a big scale, control the economic lifeline of the Third World countries, dump on them outdated machines and equipment, and plunder their raw materials so as to reap superprofits. According to incomplete statistics, from 1954 to 1972, they exported over 13,000 million U.S. dollars of capital to the Third World and squeezed themselves into about 1,000 industrial enterprises and other units. Through capital export, they have gained control over key industrial departments in a number of developing countries in Asia, Africa and Latin America and sold them goods of sluggish sales. From 1955 to 1973 they sold over 16,000 million U.S. dollars of industrial products to the Third World at high prices and reaped thousands of millions of dollars of superprofit. Through capital export, the Soviet revisionists have looted more than 19,000 million dollars of primary products from the Third World.

Another form of neo-colonialist plunder by the Soviet revisionists is to set up and invest in many "joint-stock enterprises" and "united companies" in the Third World countries; these are imitations of U.S. "transnational companies". Enterprises jointly run by the Soviet revisionists and the developing countries have been set up in many key economic departments including exploring and mining industry, processing industry, trade and transport. Through these enterprises the Soviet revisionists have reaped colossal profits and plundered these countries of cheap labour power and resources while finding markets for Soviet-made industrial products.

Unequal exchange is another major means with which the Soviet revisionists exploit the countries and people of the Third World. They make fabulous profits by making use of international market prices based on unequal exchange, and also exploit the Third World people through such means as providing "assistance" and "cooperation", pressing for payment of debts, selling industrial products at high monopolistic prices and buying foodstuff, agricultural and mineral raw materials at low prices. According to incomplete data, in the 17 years beginning 1955, the Soviet revisionists exploited the Third World to the sum of 11,300 million U.S. dollars through unequal exchange.

The Soviet revisionists are shameless international speculators. Taking advantage of the oil shortage in the west not long ago, they bought oil from Arab countries at low prices and resold it at high prices. In addition, they extort money and make high profits through arms deals.

Lenin had pointed out that "the characteristic feature of imperialism is precisely that it strives to annex not only agrarian territories, but even most highly industrialized regions." The European region of the Second World is a key strategic area contended for by Soviet revisionism and the United States, an important objective the Soviet revisionists try their utmost to control and invade.

The Soviet-controlled "Council for Mutual Economic Assistance" is a Soviet revisionist tool for pushing neocolonialism. In this so-called "big family," the Soviet revisionists, making use of their economic monopoly position, have imposed on its members "international division of labour" and "economic integration," exercised direct control over the economic lifeline of a number of Eastern European countries and carried out undisguised neocolonialist exploitation.

Through "assistance," loans and direct investments, Soviet revisionist social-imperialism exports huge amounts of capital to "CMEA" members. From 1954 to early 1974, capital exported by Soviet revisionism to the "CMEA" members in the form of economic "assistance" exceeded 10,000 million U.S. dollars. It boasted of participation in the construction of over 1,300 big enterprises and other projects. By controlling heavy industry production and monopolizing the supply of important raw materials for industry of some "CMEA" members, the Soviet revisionists have pushed aside their competitors and cornered the market for their industrial products. From 1955 to 1973, the Soviet Union exported to Bulgaria, Hungary, the German Democratic Republic, Czechoslovakia and Poland finished industrial products to the value of over 35,000 million U.S. dollars (among which the value of machinery and equipment exceeded 15,000 million dollars), and made nearly 84,000 million dollars of high profits. In foreign trade, they exploited these countries ruthlessly by manipulating prices, controlling exports and imports and selling dear and buying cheap through so-called "long-term trade agreements." It is estimated that from 1955 to 1973, the losses suffered by the above-mentioned five countries in unequal exchange amounted to 19,000 million dollars. The G.D.R., the number one trade partner of the Soviet Union, suffered the heaviest losses of 6,400 million dollars. They wantonly pillaged these countries of their rare metals and important strategic raw materials. Through various forms of economic, scientific and technical "cooperation," they drive scientists of some "CMEA" members to serve them and force these countries to spend huge sums of money to develop Soviet economy and technology.

The Soviet revisionists have all along glared hostilely at West Europe, trying their utmost to infiltrate into and gain control over it. In an attempt to conquer them one by one, they try to sow discord between West Europe and the United States and among "Common Market" countries by currying favour with some countries or luring them with benefit. Under the signboard of "all-Europe economic cooperation," they broaden their trade with West Europe so as to realize expansion there. Taking the advantage of the West European countries' thirst for oil and other raw materials in recent years, the Soviet revisionists resold oil to them at high prices so as to extort profits from them.

The economic plunder and exploitation carried out by the Soviet revisionists everywhere have completely unmasked the "mutual benefit" trade and "cooperation" advertized by the Soviet revisionists and revealed their true features as social-imperialists. It has enabled more and more countries and people to see the hideous features of the Soviet revisionists as the biggest international exploiter of today.

FIFTY-SEVEN YEARS WITH THE U.S. GEOLOGICAL SURVEY

HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. RUPPE. Mr. Speaker, I am inserting in the Record today a tribute to a very special person, based on an article which recently appeared in the Interior Department Recreation Association newsletter.

This individual, Miss Jule Andre, is a Publications Specialist at the Department of the Interior. Many Members of Congress and their staffs who have requested information and maps from the Interior Department may have had the pleasure of speaking by telephone with this capable, knowledgable, and warmhearted woman. Few are probably aware of the incredible fact that the U.S. Geological Survey, Members of Congress, and the public have benefited from her dedication and hard work for over 57 years.

Mr. Speaker, I bring this tribute to the attention of my colleagues, because Miss Andre is a truly unique and wonderful person who deserves recognition. Indeed, she represents the very best of the working men and women of the U.S. Civil Service whose devoted service to the public often goes unnoticed and unappreciated:

Fifty-seven Years With the U.S. Geological Survey

Miss Jule Andre, who will celebrate her 78th birthday in October, last week celebrated her 57th year of employment with the U.S. Geological Survey.

Miss Andre, a special assistant for publications, began her career as a legal typist in a D.C. law firm, at a salary of $9.00 per week. In 1918, she took a Civil Service test and the law firm offered her $12.00 a week to stay; however, she chose to start work as a Voucher Clerk in the Map Distribution Division of Geological Survey beginning at $17.31 a week. She rapidly developed the expertise which enabled the Survey to be highly responsive to mounting requests for Survey maps, bulletins, reports, and other products that provide information about the Nation's resources and the environment. She later became Chief of the Division of Distribution.

At the time she started to work at Interior, President Woodrow Wilson was in office and Secretary Franklin K. Lane headed the Department. Serving as secretary to the Director of Geological Survey, during part of the term of George Otis Smith, and in 1967 receiving the Department's highest honor, the "Distinguished Service Award," are two of the important highlights of her career.

Miss Andre also served as a special assistant to the Director's staff, providing outstanding services to the public, universities, industry, scientific societies, and officials of Federal, State, and local governments. "Hardly a week goes by," said Dr. McKelvey, the Survey's Director, "that I do not receive a letter from someone expressing appreciation for Jule's efficiency and her interest in satisfying his request for help on a publication problem. Most people try to say thanks for good help, but when busy people take time to write a letter about it, you know they have been impressed with unusually good work—and that's the only kind she does!"

The Survey moved to Reston this year, and Miss Andre bid a fond farewell to her office in the GSA Building in which she worked for more than half a century. She remained on the job as a Publications Specialist in the Main Interior Building. One of her most responsible duties is filling requests for information and maps from the Members of Congress.

A native of Washington, D.C., Miss Andre makes her home in Arlington, Virginia. When asked if she had any hobbies, she replied, "My work is my hobby—I just love it!" Upon being questioned about her views on Women's Lib, she advised that she was too busy to have any serious thoughts on that subject.

INTEGRATING ENERGY POLICY WITH SOUND ECONOMIC POLICY

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. BROWN of California. Mr. Speaker, as we continue to discuss elements of a national energy policy, and try to figure out why our economic policy is not working, I believe we should take some time to consider the views of those who predicted the current crisis. One of those thinkers is Nicholas Georgescu-Roegen, a distinguished economist who for years has been telling us that classical economics needs to integrate biology to be relevant to today's problems.

Frankly, I think Dr. Georgescu-Roegen is on the right track, and his theories deserve more attention than they have received to date.

I include an article from the March 24 issue of Business Week, on this subject for the RECORD:

GEORGESCU: A PROPHET OF ENERGY ECONOMICS

Webster's Third International Dictionary: "Entropy: The ultimate state reached in the degradation of the matter and energy of the universe."

New Republic, July 28, 1947: "Entropy is the general trend of the universe toward death and disorder."

Entropy used to be an almost philosophic concept that momentarily baffled freshman science students before slipping into their storehouse of trivia. But suddenly, with an energy crisis helping to degrade a number of the Western world's once-thriving economies, entropy is taking on new meaning to experts in search of solutions. And interestingly enough, the man who is inspiring this new look at entropy and its significance to energy policy is not a scientist, nor really an energy expert, but a gadfly economist from Vanderbilt University, named Nicholas Georgescu-Roegen.

Georgescu, long a respected critic of the analytical methods of his profession, has been telling his colleagues that their much-touted econometric models are based on a theory of physics that physicists themselves outgrew 100 years ago: Newtonian mechanics. He says man's production-consumption activities are not subject to the laws of mechanics, which hold that everything is reversible, but to the laws of thermodynamics, which hold that energy, once used, is lost. And Georgescu and his supporters claim his ideas are just what the nation's policymakers need as they begin to shape plans to cope with the energy squeeze.

"Economists are fond of saying that we cannot get something for nothing," says Georgescu in his animated Rumanian accent. "But in entropy terms, the cost of any biological or economic enterprise is always far harsher than that—any such activity actually results in a deficit." Adds Stanford Research Institute cyberneticist John J. Ford: "What Georgescu is talking about is a whole new context for viewing the world. Energy policy people know that resources are exhaustible, of course. But if you look around, is there anything you see in human behavior that leads you to realize that people know this? We still act as though all processes are reversible."

CONSERVATION

The ramifications of entropy have never been easy to get across to the layman, and applying entropy to economics complicates the concept even more. But in its widest context, entropy says that the energy of the universe is always running down. Once you consume energy, it cannot be used again—it is not recyclable. Thus, as ecologists have been arguing for years, man must learn to value his terrestrial resources more highly, because what he squanders now is gone forever. And the faster he uses what he has, the more waste he creates that has to be cleaned up. That, in turn, takes energy, and entropy, and so on.

If policymakers understood this vicious spiral, says Georgescu, their plans for the future would look a lot different. A sample of his thinking:

On Project Independence: "The trouble with that program is that in the end it doesn't matter. It means we will tap our own resources earlier and speed up the day when we will be totally dependent on the rest of the world."

On labor-saving devices: "We should cure ourselves of the 'circumdrome' of the shaving machine, which is to shave oneself faster so as to have time to work on a machine that shaves faster."

On the military-industrial complex: "Production of all instruments of war—not just war itself—should be prohibited. This will release tremendous productive forces for international aid without lowering the standard of living in the developed countries."

Georgescu's thinking rings with such Utopian ideals, but he also sounds a more down-to-earth tocsin: Theoreticians must begin now to incorporate these concepts into their theories, otherwise the world will burn itself out before it has a chance to correct the problems once it finally starts witnessing the symptoms. "If you think in terms of extended priods of time," he says, "these things do matter. We must not ignore what happens to our grandchildren or our great-grandchildren if we have any concern for the human species."

His thoughts are laid out in detail in his book, *The Entropy Law and the Economic Process;* first published in 1972 by Harvard Press and now out in paperback. In it he takes the reader across a thickly patterned tapestry of physics, biology, economic history, and thermodynamics to make his case for a new field of "bioeconomics," a discipline that takes fuller account of man's use of energy in economic activities.

THE GREEN REVOLUTION

He points out, for example, that the new high-yield varieties of crops, which earned Norman Borlaug the Nobel prize, are also "anti-economical." For the same amount of food, he says, these superstrains require a much greater amount of energy, because they need more fertilizer and greater mechanization. Georgescu is not suggesting a sudden halt to the so-called green revolution. But he does say that, long-range, mankind will have to lower the population to a level that can be fed only by organic agriculture, and farming will have to become less rather than more capital-intensive. "Results such as these would have come to light long ago if my colleagues had not clung as tenaciously as they have to their mechanistic dogma," muses the 69-year-old economist.

Only time will tell, of course, whether Georgescu's rigorous application of entropy to economics will emerge as the next encompassing theory that his colleagues have been searching for. But his reputation in economics is already rock-solid, and this has helped air his abstruse theories. Carl H. Madden, chief economist at the U.S. Chamber of Commerce, for example, has made a careful study of Georgescu's ideas and has become a convert. "What the man has done," says Madden, "has been to demand the introduction of biology into classical economic theory with a precision of thought that goes beyond even Schumpeter." Joseph Schumpeter, a towering figure in the Harvard Economics Dept. during the 1930s and 1940s—and an associate of Georgescu's—used certain biological analogies to spearhead a theory of the life cycle of companies and industries.

"Georgescu is a remarkable man," says his friend and fellow economist Paul Samuelson, a Nobel prize winner who shares with Georgescu credit for certain refinements in the theory of production. "Like vintage burgundy, he's appreciated by economic connoisseurs all over the world. Coming from Georgescu, a riposte is deadly."

And Georgescu's book is indeed a sharp thrust at the jugular of classical economics. Understandably, it has been parried with skepticism—and some outright ridicule—from experts as distinguished as his supporters. One skeptic: Mancur Olson, of the University of Maryland, whose field of expertise is energy economics. "Other constraints, like population, may hit before entropy limitations do," Olson says. University of Colorado economist Kenneth Boulding, himself a critic of his profession, says that the foundation of a new economics should be the evolution of knowledge, not entropy. Nevertheless, in a review of Georgescu's book, Boulding wrote that if the right 500 people read it, "science and economics perhaps would never be the same again."

ATTACK

Not all Georgescu's critics have been so gracious. The sharpest attacks have come from John Andelin, a physicist and aide to Representative Mike McCormack (D-Wash.), chairman of the House subcommittee on energy. "Entropy and economics just are not related," blasts Andelin. "Georgescu's book is rife with mysticism and big words. The time scales he uses are just not long enough. I'd be stunned if within the next 100 years that book has any influence on anything.

Others in government echo Andelin's complaint that Georgescu's book is of little use to the pragmatist. John Hill, assistant director for economics, science, and energy at the Office of Management & Budget—and a candidate for the post of deputy director of the Federal Energy Administration—says he regards the book as removed from relevance in the policymaking process. "I certainly have a lot of problems with economists," he concedes. "But the kind of integration job that Georgescu implies simply boggles the mind."

But most of Georgescu's colleagues think he is at least onto something. Harvard Nobelist Kenneth Arrow, who is trying to apply the entropy analogy to information processes, says that borrowing from other disciplines is common enough in economics. "It all depends on how well you do it," says Arrow. "Economics deals with the production and transformation of goods from one form to another, and that is a physical and chemical process that has direct application to entropy."

NEW INTEREST

Economist Milton Sarell of the Electric Power Research Institute, the new research and development arm of the electric utility industry, points out that economists in all fields are beginning to take greater and greater interest in the engineering sciences. "A lot of us are trying to learn more about thermodynamics," he says. "And by the same token, I'm finding more and more physicists who are taking up economics."

As for charges that Georgescu's innovations have little value to the real world, Madden of the Chamber of Commerce argues that such statements are too sweeping. "Who's to say that you cannot make those analogies?" he asks. "It's like a mathematician saying to Von Neuman [a pioneer in the binary logic used in computers]: 'You can't use a base of two in your numbering system.'"

Madden also dismisses charges that Georgescu's ideas are a threat to business. "The old form of wealth that has been courted by the industrial age," he says, "has blocked the kind Georgescu proposes—a type of wealth wherein there is no tyranny of quantity. You can't tell me there is no industrial profit in an economics of quality."

Georgescu, meanwhile, remains largely aloof from the debate that is beginning to swirl around him. He stresses that he is not suggesting that economists drop their concentional tools of analysis. "But if they understood the implications of entropy," he asserts, "they would take into account the channels by which energy could move more efficiently."

SMALL BUSINESS RELOCATION ASSISTANCE

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 13, 1975

Mr. ZEFERETTI. Mr. Speaker, even in the best of economic times, the average small business has a difficult time. In the 15th Congressional District, there are still many such small enterprises, often run by families, who have few resources backing them up in case of emergencies or setbacks of one kind or another. Huge enterprises, backed by chain management and profits, can sustain virtually any damage and stay in business. Small, independent operators, such as still proliferate in Brooklyn, live in dread of the unexpected.

One of the most devastating blows to any small business is property condemnation as a result of Federal action or programs. In thousands of now familiar instances, a Federal program or even just a federally assisted undertaking will suddenly loom over an established neighborhood. Suddenly, Government officials appear in the area, visit the small businessmen and women in the immediate vicinity, and what they say spells the doom of their long-established way of life. Many of these neighborhoods have been viable entities for generations, surviving and enjoying the strength lent them by small enterprise. To the neighborhood, a major project is at least a shock. To the "Ma and Pa" store, it can be a commercial death sentence.

How do you close down decades of living and doing business with hundreds of people you have come to know and respect? What do you tell them? Where will you go? How will you move? Will the business survive the move, even if you manage to make it successfully? What happens to the people who depend on these stores for essential goods, services, and even social life? Too often these human elements in the equation do not enter into the calculations of the local and Federal planners. Too often, businesses have been snuffed out for good, even in the name of progress and despite the best of intentions. And only in recent years have these people and their unique problems commanded any significant attention. However, now their voices are at last being heard, and some impact is being made on Federal plans.

One way to guarantee their survival is to write into Federal law some protective elements and guarantees for their viability. One bill to do this has been introduced, and I have joined in sponsorship and support of its provisions. It will provide financial assistance to small businesses displaced by Federal and federally assisted programs. As a Member of the House Committee on Small Business, I am delighted to say that the legislation has been referred to that committee and early hearings and action may be possible.

The bill authorizes the payment of grants or loans of up to $4,000 to enable displaced small businesses to lease or rent a suitable space for business for a period not to exceed 4 years, or payments of up to $4,000 with equal matching of amounts over $2,000 to make a down payment of some kind on purchase of another suitable place of business. These amendments to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 extends to small businesses benefits now available under that act to residential tenants displaced by Federal or federally assisted projects.

This legislation follows the recommendations of an Inter-Agency Task Force for Relocation Business Assistance appointed last year by Abe Beame, mayor of New York City, which has devoted significant efforts to this problem. Various New York City, State, and Federal agency representatives served on that task force.

Such an undertaking makes unique sense. Every time a major project wipes out small businesses which cannot start up again, our tax base is eroded and our tax revenues accordingly drop still lower. In New York City, this is a very advanced and serious problem.

The special hardships besetting individuals and businesses forced to relocate due to condemnation of their property as the result of Federal action have been recognized only partially under existing law. We are now in a period of quasi-depression. Hundreds of thousands of people are losing their jobs every week. It is senseless to allow Federal programs, which can only grow in size and effect, to continue to contribute to job destruction, tax base erosion, and revenue lowering. H.R. 2961 is an intelligent, reasonable approach to aiding small businesses to help themselves. The relatively modest amounts of aid allowed under the bill can make the difference for many between a successful relocation and another small business out of business; for good.

LINCOLN QUOTATIONS?

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. WHITEHURST. Mr. Speaker, on February 25, I inserted in the RECORD what I believed to be a series of quotations from Lincoln that were authentic. These were sent to me by a constituent who provided them from the Emancipator, published by the Lincoln National Life Insurance Co. This week I received a letter from Dr. Arthur Schlesinger, who advised me that the quotations are properly attributed to a Pennsylvania clergyman named William J. H. Boetcker, who wrote them in 1916, over half a century after Lincoln's death. Dr. Schlesinger has cited other sources to reinforce his case, and in order to set the record straight, I ask that this be printed in the CONGRESSIONAL RECORD. Certainly the words actually uttered or written by Abraham Lincoln are sufficiently memorable without quotations from other sources, no matter what their intent.

H.R. 4481 WILL WORSEN INFLATION

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. KETCHUM. Mr. Speaker, when the House passed H.R. 4481, the Emergency Employment Appropriations Act, it took an irresponsible step that can only make our economic mess worse. I do not quarrel with the stated intent of this bill—to create jobs, stimulate the economy and eventually produce more revenue to balance a bloated Federal budget. The problem is that this bill will produce none of these salutary goals, but rather will worsen inflation, further depress the construction business, reduce the amount of capital available to businesses, and create an intolerable amount of deficit in the Treasury.

It is plainly false to believe that this bill will cure unemployment. In the first place, if the wildest dreams of its sponsors come true, only 1 percent of those now jobless will be employed. Secondly, we are not giving anyone meaningful, full-time jobs. Take a look at the kind of jobs created—improving picnic grounds, patching up fish hatcheries, repairing duck nests, constructing outhouses—do these represent long-term solutions to unemployment? Third, public service jobs are ridiculously expensive: the price tag for these 900,000 jobs is over $6 billion. Fourth, up to 65 percent of all municipal public service jobs are recalls—that is, local employees who are terminated and then put back on the Federal payroll in these leaf-raking jobs. I can share with my colleagues a recent example of this from my own district. At the China Lake Naval Weapons Center a reduction in force program seeks to terminate 36 employees at the same time that a local public service program is creating 28 jobs with Federal funds. This is a lunatic way to solve unemployment!

The bill is literally a Christmas tree filled with programs for which no need has been established. For instance, we are asked to spend $443 million to purchase 120,000 motor vehicles for the Federal Government. This doubles the number of cars that the General Services Administration now has. Does anyone sincerely believe we need all these cars? I get scores of letters from my constituents complaining about the already exorbitant numbers of Government-owned cars and trucks, using up gallons and gallons of gasoline. At a time when we are encouraging conservation of fuel and adding import taxes that drive up gasoline prices, Congress turns around and doubles the size of its motor car fleet, proving once again that Government never applies any of its controls on itself.

There are less glaring, but still important other flaws in this bill. It extends the minimum wage down to teenagers. What this means is that thousands of jobs will be lost to youths since many who would hire young people to mow lawns, rake leaves, or work around the house simply cannot afford to pay the minimum wage for this. I also want to point out that although this bill is labeled an emergency measure, many of the jobs it pretends to create will not be brought on line for many months to come. Massive VA construction, Corps of Engineer projects and reclamation efforts have a leadtime of months.

But the real damage done by this bill is its enormous impact on inflation. We are adding $6 billion to the Nation's deficit, a deficit that is approaching $80 billion a year in 1976. Where is this money to come from? Surely not from taxes, since the Congress just slashed those. We are going to have to borrow it in the private money market. In doing that, we are going to drive interest rates back up again, and we are going to drain off even more funds available to private industry for capital formation. Last year 62 percent of all available capital went to finance the Government's debt—next year it may rise to 80 percent. Anyone who sincerely wants to know why there are no new business enterprises, why there are so few housing starts, why private industry is not hiring, need only look at where the money to finance these programs is going—right to Washington.

By adding to our massive deficit, this bill is only going to worsen the condition of private business. So we are then going to be asked for another emergency jobs bill and so on down the pike until everyone will work for the Government and this country's economy will be in ruins.

We have simply got to stop this idiocy of curing results instead of causes. We must return to a balanced budget. We must encourage capital formation by private industry which will create permanent, meaningful jobs. That is the program we need—not fanciful bills that pretend to solve the problem by making things worse.

SUN OIL CO. REINVESTS IT ALL

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. COLLINS of Texas. Mr. Speaker, Sun Oil Co. exemplifies business leadership with its exploration policy. I just reviewed Sun's 1974 statement and found they invested over twice as much for drilling last year as they earned. Sun Oil spent $834,149,000 for capital expenditures and intangible development costs. Their total income of $377,727,000 provided only half the funds that Sun Oil was putting into this extensive exploration.

Sun Oil Co. is working night and day to find more oil and gas reserves. It is beyond comprehension why Congress is trying to handicap the oil industry. Congress spends and spends on boondoggles. Then, we put heavy taxes on the oil industry when oil companies are going all out to meet our Nation's energy crisis.

What we should be doing is providing additional incentives for the oil industry. Sun is investing more than twice their earnings in building up our country's energy reserves. We are all proud 1974 was a profitable year for Sun Oil, because they put all their profits and in addition more than doubled this amount in exploration investment.

Sun Oil Co. is a pacesetter and Congress should encourage them to maintain this leadership.

CONTROLLING PLUTONIUM—II

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. ASPIN. Mr. Speaker, today I am reintroducing, with 29 cosponsors, legislation to control the threat of plutonium diversion and illicit bomb making. This bill would forbid the Nuclear Regulatory Commission to proceed with its plans to license the commercial reprocessing and reuse as fuel of plutonium from spent reactor fuel pending a study of the associated dangers and costs by the Office of Technology Assessment and a congressional decision whether to proceed with this extremely hazardous technology.

Legislation identical in effect is today being introduced in the Senate.

The extent of the risk involved was emphasized recently when the "Nova" series of the Public Broadcasting System discovered that an undergraduate with an engineering background but no special training could design a very plausible nuclear weapon in 5 weeks.

Following are the texts of a news article by David Burnham of the New York Times, including an account of the "Nova" broadcast, and an editorial from the Boston Globe:

[From the New York Times, Feb. 27, 1975]

BILL ASKS CURB ON PLUTONIUM USE TO PREVENT BUILDING OF HOMEMADE BOMB

(By David Burnham)

WASHINGTON, Feb. 26.—Citing plutonium as a potential source of homemade nuclear bombs, a Wisconsin Representative has introduced legislation that would prohibit the commercial use of the material pending a major new scientific assessment of its risk.

"We could do the terrorists and criminals of this world no greater favor than to make this element [plutonium] an article of commerce transported across the country in quantities measured in tons," Representative Les Aspin, Democrat of Wisconsin, said in a statement as he introduced a bill that would prohibit the nuclear regulatory commission from licensing the widespread use of plutonium as a reactor fuel until expressly authorized by Congress.

Because of possible future shortages of uranium, the commission and its predecessor agency, the Atomic Energy Commission, have proposed the gradual adoption of plutonium as a fuel for the present generation of reactors and a new kind of reactor still under development called the liquid metal fast breeder reactor.

DANGER OF SEIZURE

But a small group of experts, including Dr. Theodore Taylor, a former A.E.C. scientist, have argued that the planned conversion to plutonium as the basic fuel of the atomic age is highly dangerous because persons with little or no training could fashion homemade weapons if they were successful in seizing small amounts of plutonium.

Last fall, a 20-year-old undergraduate student at Massachusetts Institute of Technology was asked to test Dr. Taylor's thesis: without talking to any experts and using only publicly available reference works he was to design a nuclear bomb in his spare time.

The assignment was given by John Angier, a Boston-based producer of a television documentary on the dangers of plutonium that is scheduled to be broadcast on public television stations across the country on March 9.

The program, one of the respected series of scientific programs called Nova, will be viewed by Senate staff members this Friday at a special screening arranged by the Senate Government Operations Committee.

A "FAIR CHANCE"

A few weeks after Mr. Angier gave the student his assignment, a nuclear scientist on the staff of the Swedish Minister of Defense and several of his colleagues reviewed the resulting Yplan and concluded there was a "fair chance" it could produce an explosion ranging from 100,000 to 2 million pounds of T.N.T.

"I have come to feel that designing and building a bomb—assuming you had the plutonium—would not be much harder than building a motorcycle," the slender bearded student said during a recent interview.

The dangers of plutonium, a waste product of nuclear reactors, have forced the government to adopt scores of tough new regulations aimed at greatly tightening the control over its production and transportation. Despite the stringency of these controls, however, some scientists maintain that Government and privately owned factories already are unable to account for thousands of pounds of what are known as "special nuclear materials."

The Atomic Energy Commission, now divided into two agencies, the Nuclear Regulatory Commission and the Energy Research and Development Administration, insists that such reports are exaggerated.

But the Government for more than two months has declined to answer a series of detailed questions from The New York Times concerning exactly how much plutonium cannot be accounted for. Noting that the questions have been referred to the National Security Council, the Government also has not answered inquiries by Senator Abraham A. Ribicoff about how much plutonium is missing. Senator Ribicoff, a Democrat of Connecticut, is chairman of the Government Operations Committee, which is responsible for the legislation reorganizing the A.E.C. into two agencies.

The student who designed the bomb for the documentary, comes from the Boston area. He went to a public high school, is majoring in chemistry, does not plan on doing graduate studies, gets "some good marks and bad ones" and insists upon remaining anonymous.

"I don't want to be identified because I'm frankly worried that some nut might get the idea of kidnapping me—not that I really have any special knowledge," he said.

During an interview in Boston last week, the student estimated that, starting from scratch and with the assistance of three or four persons, he could build the device in a couple of months.

"To be absolutely sure it would go off and not taking any risks during the fabrication, I guess it might take a year," he added.

He said that all the bomb parts except the plutonium could be obtained from available commercial suppliers and that "if you had $30,000 you could do it very easily; if you had $10,000, you would be skimping but you could do it."

The weapon described in the student's report, which he believes he could improve, required 222 hours to design. He said it would be about the size of a large desk and would weigh between 550 and 1,000 pounds. The weight and dimensions mean that it could easily fit in a small pickup van. The student said it would require "more than 10 pounds but less than 20 pounds of plutonium."

To test the student's plan, the producer of the documentary, Mr. Angier, called on Dr. John Prawitz, a nuclear physicist who is the assistant for disarmament of the Swedish Minister of Defense.

After consulting with a number of colleagues, Dr. Prawitz said in a filmed interview, "I think it is a very interesting report. It is a shocking report."

Noting there was a fair chance it would not explode, Dr. Prawitz added, "There is also a fair chance that it will go off but then the yield, the explosive yield, would probably be rather low, less than a kiloton and probably less than .1 kilotons."

A kiloton is equal to one thousand tons or 2 million pounds of TNT.

The nuclear bomb that exploded over Hiroshima just 30 years ago during World War II weighed 9,000 pounds and had a yield equal to 20,000 tons of TNT. As pointed out in the TV documentary, however, the 1947 destruction of Texas City, Tex., was the result of the explosion of a shipload of ammonium nitrate equal to about one thousand tons of TNT.

A spokesman for the nuclear Regulatory Commission, to whom the student's report was sent, said the commission would not comment on the design itself.

"NOT AN EASY JOB"

"Obviously plutonium is a material that we don't want to fall into the hands of the wrong people," he said. "That's why we have all the protective systems in place; that's why the systems are constantly being expanded. But in our view it would not be an easy job to design or fabricate an explosive device."

The assurances, however, appeared to be contradicted by the design by the student and a never announced experiment by the Atomic Energy Commission when two young inexperienced physicists named David Dobson and Robert Selden were asked to design a nuclear weapon.

Though a spokesman for the Energy research and development Administration said the results of the study were classified, Senator Ribicoff once stated in Senate debate that the estimated yield of the bomb designed by the two young men, just out of graduate school, was within 10 per cent of what they had projected it would be.

[From The Boston Evening Globe, Feb. 25, 1975]

RECYCLING TROUBLE

It is paradoxical that because plutonium, the stuff used in nuclear weapons, is comparatively safe to handle, it is the most dangerous of nuclear materials. While the waste material that comes out of a reactor that burns uranium is so "hot" that it must be manipulated by remote controls and buried deep in the ground, plutonium can be safely packed in a box and trundled away in a wheelbarrow.

But 10 pounds of plutonium can poison a city or blow up a good piece of it without resort to especially elaborate equipment. It is obvious, therefore, that every precaution possible must be taken to keep this material out of the hands of those who might want to use it against us for blackmail or other sinister purposes. And yet the Atomic Energy Commission is paving the way so that plutonium can be recycled from reactor fuel in commercial plants and then fed to reactors again.

Economically, it would make sense to use reactor wastes in this fashion. However, the more plutonium there is around and the more frequently it is transported from one place to another, the greater likelihood that some of it will be hijacked. For this reason Rep. Les Aspin (D-Wis.) has introduced legislation which would prohibit commercial processing of plutonium until the Office of Technology Assessment has reported to Congress on the problem.

A number of proposals for making the production of plutonium safer are now under consideration. One involves limiting production to "nuclear parks" in which the recycling process is confined to one area or building so that there is no chance of losing it on the road. Another concerns the methods of accounting for materials.

Nuclear plants now consider a one-half percent accounting error acceptable. That sounds like a reasonable margin until, as Rep. Aspin has pointed out, you remember that one-half of one percent of a ton of plutonium is enough to make one bomb and hundreds of tons of it would be produced in one year.

It would do little harm to wait until the OTA review is made and new safety methods devised and installed. On the other hand, to plunge ahead now without proper precautions would be a blatant invitation to trouble.

SECRETARIES WEEK

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. WOLFF. Mr. Speaker, I would like to alert my colleagues to the fact that the last week of next month will honor those who play an intricate role in our day-to-day lives. These people are the secretaries of business, industry, government, education, and the professions.

This year, the week of April 20 through 26 will be designated as "Secretaries Week," with April 23 being "Secretaries Day." This occasion has been celebrated annually since its inception in 1952.

As it has become custom, all secretaries participate in the observance of this week. Through their participation, all secretaries reaffirm their professional standards and responsibility to their profession.

During this week, in keeping with the ideals of the National Secretaries Association, chapters of NSA sponsor special educational activities such as workshops, seminars, and educational forums which are available to all secretaries. These educational activities are not only for the benefit of NSA members, but also for the benefit of civic, educational, and professional groups before which NSA members make appearances.

I feel that this is an excellent time for all those concerned to pay tribute to a most deserving group of people—their secretaries. I hope that all my colleagues will join with me next month in observance of "Secretaries Week" and in showing them we acknowledge their importance in the smooth running of our Nation's business.

MOUNTING OPPOSITION TO AGRICULTURE BILL

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. PEYSER. Mr. Speaker, the controversy over H.R. 4296, the "emergency" agriculture bill, continues to mount. I enclose statements of opposition from The New York Times and the National Consumers Congress for the benefit of my colleagues.

[From the New York Times, Mar. 13, 1975]

FARM FOLLIES

For more than four decades, the Federal Government by one procedure or another has guaranteed a minimum price for many of the basic farm products. But unless taxpayers and consumers were willing to assume astronomical financial burdens, this guarantee could not legitimately be construed as an all-purpose insurance policy for farmers against any economic losses. Yet now that farm prices are coming down from the stratospheric levels of a year ago, farmers are naturally bringing all their political influence to bear in an effort to push them up again by legislative action.

The House Agriculture Committee has reported a bill that would raise guaranteed Government prices for wheat and corn by approximately 50 per cent—from $2.05 to $3.10 a bushel for wheat and from $1.38 to $2.25 a bushel for corn. Cotton prices would also be raised substantially. The actual market prices for these major commodities are now at or above the proposed higher levels. If market prices fall below these so-called "target" prices, however, the Government would be required to make up the difference with direct payments to farmers.

The bill would also increase the price support for milk products to 85 per cent of parity from 80 per cent. According to Agriculture Department Economists, such an increase would raise the price of milk by eight cents a gallon, of cheese by ten cents a pound, and of butter by twenty cents a pound.

With the cost of living continuing to rise despite the worsening recession, increases of this magnitude in staple foods would be a shocking blow to millions of moderate-income families. At the same time, by encouraging a jump in production, the change in the guaranteed price level runs the risk of putting the Government back into the futile, uneconomic game of storing surplus butter.

This bill, pushed by one of the strongest lobbies in Congress, has strong support in both parties. But, as Representative Peyser, Republican of Westchester, has pointed out, urban Congressmen will find it exceedingly difficult to explain their support for such a steep increase to their own constituents. Secretary of Agriculture Butz has warned that if the bill passes in its present form, he will strongly recommend a Presidential veto. The wholly unacceptable cost of this measure in direct payments by the Treasury and in higher prices paid by consumers would certainly justify such a veto.

POSITION OF THE NATIONAL CONSUMERS CONGRESS ON THE EMERGENCY FARM ACT, H.R. 4296

The National Consumers Congress is strongly opposed to H.R. 4296 because of its inflationary impact. Increasing the target prices to the proposed level for wheat and corn could perpetuate artificially high farm and retail prices. In the case of cotton and milk there are more than adequate supplies on hand; the proposed legislation would generate significantly higher prices resulting in decreased consumption and decreased farm income, coupled with enormous surpluses for which the taxpayer must bear the burden through increased government purchases. The National Consumers Congress has prepared the following analytical evaluation of the Emergency Farm Act (H.R. 4296) for members of Congress and consumers.

WHEAT AND CORN

There has been genuine concern that this bill will encourage government intervention at the target price level. Since such intervention would result in high retail prices, the low and middle income consumer would bear a disproportionate burden for the cost of food production.

We strongly recommend government intervention at the loan level since this would provide for the appropriate farm subsidy through the progressive tax structure.

The proposed target and loan prices for wheat @ $3.10 and $2.50 respectively, and the target and loan prices for corn @ $2.25 and $1.87 respectively are too high. Since it is essential to bring these prices in line with supply and demand and the cost of production we strongly urge that the 1976 escalator clause be placed into effect for the 1975 crop. This would prevent the establishment of a new basis for grain price supports.

If this clause is allowed to operate the target and loan prices for wheat would be $2.50 and $2.05 respectively and for corn $1.68 and $1.38 respectively.

Furthermore, the one year duration of this bill is being used to camouflage the real pitfall that increased target and loan rates in 1975 will serve as an inflationary base for follow-up legislation next year.

COTTON

The proposal for cotton target prices should be deleted from the bill since the target price is substantially higher than the current market price. Thus, if enacted, cotton farmers would be encouraged to plant only for government consumption.

Enough cotton—6 million bales—is now in reserve to supply all domestic needs for 1975, and another million bales likely will be added to this supply this year at current prices. Many Western growers are in fact opposed to this bill because of the excess supplies it would create.

Furthermore, declining demand has been widened by the 35% reduction in U.S. cotton consumption between January 1974 and January 1975. Confirmation of this diminishing demand is highlighted by the decision of cotton farmers to reduce this year's planting by some 9.5 million acres, or 32%.

H.R. 4296 is expected to add $45 million to retail cotton costs. (This figure is based upon a 9¢ per pound increase paid for raw cotton multiplied by the 4,988 million pounds of current production)

Finally, an increase in loan supports and target prices would undoubtedly weaken the already endangered competitive status of U.S cotton in world markets.

DAIRY

We find the proposed increase in the support price of milk to 85% of parity with quarterly adjustments to be economically unsound. Commercial stocks of manufactured dairy products are at an all-time high (up 21% over last year). Government purchases of dairy products, to maintain the January rise in the support price, are four times greater than they were last year. In short, the market is glutted, and an artificial price increase will only make the situation worse.

Raising the support price will adversely affect dairy farmers in the long run by decreasing the demand for their product. The 16% rise in retail prices in 1974 resulted in a 6.5% drop in per capita consumption of milk and 2% drop in consumption of dairy products. The USDA estimates that consumption of milk and milk products will decrease by one billion pounds if this bill is passed.

The rationale that dairy farmer's costs have risen dramatically is also questionable. The USDA's January price support increase was based largely on feed costs which peaked in October and November but which have since dropped 30%.

On the retail level, this action would result in an increase of 8¢ per gallon for milk, 10¢ per pound for cheese, and 20¢ per pound for butter. This would mean a cost of $953 million to consumers for three main dairy products, which does not take into account an additional $162 million that would be spent in direct government purchases. For consumers, the total cost of this legislation would be 1.15 billion dollars.

There has been considerable talk about the decline last year in the federally announced price for milk to be paid farmers. However, the Congress should know that as the federal price declined, premium prices over the federal price demanded by giant dairy co-ops (over-order premiums) increased in such a way that the actual pay price to farmers and cost of milk to consumers remained constant.

Furthermore, an increase in the support price to 80% of parity with quarterly adjustments, is also unacceptable since it would result in unacceptably high retail prices and surplus.

LITHUANIAN INDEPENDENCE

HON. EDWARD G. BIESTER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 13, 1975

Mr. BIESTER. On February 16, 1975, Americans of Lithuanian origin and descent commemorated the 57th anniversary of Lithuanian independence. As Americans approach the 200th anniversary of our own hard-won independence, it is appropriate to recall the people of Lithuania, and to commend their determined dedication to freedom.

Mr. Speaker, I wish to join with many other distinguished Members of this body in extending my very best wishes to the people of Lithuania and to all Americans of Lithuanian descent.

The people of Lithuania have struggled long and hard—in the face of overwhelming obstacles—to maintain their sense of cultural integrity and independence. Americans at large have much to learn from the proud people of Lithuania and from those Americans who cherish and preserve their rich Lithuanian heritage. Few peoples have so long and so consistently demonstrated their uncompromising dedication to the ideals of human liberty. All Americans rightly join in saluting the people of Lithuania on this occasion.

CONGRESSWOMAN YVONNE BRATHWAITE BURKE: A TIMES WOMAN OF THE YEAR

HON. CHARLES H. WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. CHARLES H. WILSON of California. Mr. Speaker, on Monday, March 10, the Los Angeles Times honored 10 women of the year. Among those who were singled out for outstanding achievement in various fields was my esteemed colleague, Congresswoman YVONNE BRATHWAITE BURKE. The first black woman from California ever elected to the House of Representatives, Mrs. BURKE has proved herself an extremely able legislator who is an effective advocate for all the people and a fine example for women in particular.

A native Angeleno, Congresswoman BURKE distinguished herself as a lawyer and a member of the California State Assembly before coming to national attention because of her forceful and intelligent performance as cochairman of the 1972 Democratic National Convention. She has continued to gain the admiration of her colleagues and her constituents because of her abiding commitment to the cause of human rights.

This year's "Woman of the Year Awards" ceremony was highlighted by Mrs. BURKE's keynote speech. In her address to the 500 distinguished women gathering at the Times Mirror Building, she eloquently cited the many past accomplishments of women and spoke of the changing role of women in the future. So that my colleagues may also be inspired by Congresswoman BURKE's speech which has the theme that women are our "largest reservoir of unused capacity," I should like to insert her remarks in the RECORD:

ADDRESS BY CONGRESSWOMAN YVONNE B. BURKE

Mr. Otis Chandler, Mrs. Dorothy Chandler, Members of the Los Angeles Times, and distinguished guests, "The full and complete development of the world and the cause of peace require the maximum participation of women as well as men in all fields."

This statement, from the Preamble of the United Nations Declaration of the Elimination of Discrimination Against Women in 1967, established a goal and an ideal that have gathered force. This year, 1975, is proclaimed by the United Nations as International Women's Year. Throughout the world a conscious effort is underway to bring women into a full participating role in social, economic and political leadership.

The acceptance of women in new fields is a recent phenomenon. Today the media acknowledges women as the "big story", and politics is no exception.

For example, when the national TV networks aired their usual election night extravaganzas last November, for the first time NBC and CBS had special commentators assigned to report exclusively throughout the evening on the way women were faring at the polls. Leslie Stahl reported for CBS and Barbara Walters for NBC.

The Los Angeles Times, however, was a bit ahead of NBC, CBS, and others. In 1950 Dorothy Chandler recognized the importance and significance of the contributions of women; and she initiated the Women of the Year Awards. Today's ceremony marks a quarter century of this recognition.

There are difficult and taxing problems facing us at this moment. The industrial advances of the world community are rapidly devouring the supply of natural resources. Items that we have long taken for granted, have suddenly become critically scarce.

But in the first confusion of awakening to an unsure future of limitation and scarcity, we have overlooked a plentiful resource: human talent.

It is a tragic irony that we despair over deprivations about to be suffered, while seven-one-half-million able and creative Americans sit idle, their collective energy languishing.

We must come to realize that we are in another difficult period in our history when economic realignments and institutional changes must be undertaken.

With ingenuity and toil, coupled with the American Spirit, we will draw upon the abundant energy in our populace to advance the well-being of all our citizens.

And women will be called upon as never before. As a group they possess the largest reservoir of unused capacity, for they have been unemployed and under-employed more than the rest.

This is *not* because women have less education or aptitude. In fact, the record shows just the opposite. Women 18 years of age and over in the labor force have slightly more schooling than the general population.

This is a paradoxical time. Women offer the most because society has advanced them the least.

At times of great stress societies have frequently set aside their previous prejudices and looked for leadership in uncommon places; Golda Meir and Indira Gandhi both were called to lead their countries in hours of crisis; and Franklin Roosevelt chose Francis Perkins in 1933 to be the first woman cabinet member: Secretary of Labor—the focal point of New Deal reform.

Last week Carla Anderson Hills became Secretary of Housing and Urban Development, the third woman cabinet member . . . In the coming days more women will be called upon to lead.

In state legislatures across the country women made modest gains in 1974, increasing their representation from five to eight percent. Several states deserve special mention: in New Hampshire there are 104 women legislators out of 424. In Arizona there are 18 women out of 90, and in Colorado 16 out of 100.

Women also made gains in 1947 in getting elected statewide offices. Connecticut now has a woman governor, New York has a woman Lt. Governor and California and Minnesota have women Secretaries of State. All told, 45 women hold statewide offices out of a total of 582.

I think we are starting to make significant progress. Consider this encouraging sign: in 1965 the Gallup Poll found the women most admired by Americans to be Mrs. John F. Kennedy, Mrs. Lyndon B. Johnson, Queen Elizabeth, and Mrs. Dwight D. Eisenhower. Three of the four obviously won their place on the list by virtue of their marriages to famous men. The fourth was there by birth right.

But nine years later the 1974 Gallup Poll reveals a much different type of women that Americans admire the most; Golda Meir, Rose Kennedy, Shirley Chisholm, Indira Gandhi, and Pat Nixon. These women earned the admiration of Americans because of their own accomplishments. (Some may claim that Pat Nixon is an exception, but since she won this Times award in 1953 I don't think the subject is open to debate.)

The Gallup Poll also made an interesting finding on a national survey in 1970: 84% of the electorate said they would vote for a qualified woman for Congress.

In the U.S. Congress today, 18 Congresswomen hold elected places beside 417 male Representatives. All represent varying view points and all are quite different, from Barbara Jordan to Bella Abzug—or from Pat Schroeder, a 32 year old lawyer, to Millicent Fenwick, a former Vogue editor and author of the Vogue Book of Etiquett who at 64 is a freshman Member.

And more will be coming to Congress as women win their way into local and state offices, become visible as effective public leaders, and move into Federal elected ranks.

At this unique point in history the aspirations of women are in march step with the needs of the Nation. We offer new leadership in an uninspired time, a new supply of energy in the void of scarcity, and the power of our collective spirit in a time of apathy.

The aspirations of women will not go unrequited! They are best expressed in a popular song by Francis Dana Gage, sung at women's suffrage meetings one hundred years ago. The song is called "One Hundred Years Hence", and it appropriately expresses the aspirations of women for the 1970's:

"One hundred years hence, what a change will be made,
In Politics, morals, religion and trade,
In statesmen who wrangle or ride on the fence,
These things will be altered a hundred years hence.

"Then woman, man's partner, man's equal shall stand
While beauty and harmony govern the land.
To think for oneself will be no offense,
The world will be thinking a hundred years hence.

"Instead of speech-making to satisfy wrong,
All will join the glad chorus to sing Freedom's song
And if the millennium is not a pretense
We'll all be good brothers a hundred years hence."

RAILROAD HOMEWORK FOR THE NATION

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. DINGELL. Mr. Speaker, the railroads of the Nation must remain a viable part of the U.S. economy. The Congress acted in 1973 to begin reorganization of certain rails with the enactment of the Regional Rail Reorganization Act. The Act's provisions were specifically geared to assist the public, the Government, and the industry to face the problem of pending failure of rail service in the Midwest and Northeast regions.

A preliminary system plan for the reorganization of those regional rail lines has been presented by the U.S. Railway Association, a Government agency established by the 1973 act to prepare the preliminary reorganization plan.

The plan wil undergo further extensive regional public hearings prior to the issuance of a final system plan this summer to be subject to congressional action.

I believe the Washington Post editorial of March 3, 1975, which discusses the new regional plan and the U.S.R.A. recommendations, merits extensive review by our colleagues and the public. I would urge each local and State official to give the preliminary system plan careful study as it may affect rail service in his or her area.

The article follows:

The Railroad Plan and the Country

The proposals made public last week for restructuring the railroads of the Northeast should force this country to face a series of hard questions it has avoided in the past. These concern not only railroads but the relationship of government to private industry; not only transportation but the system of hiding the costs of social policies in prices rather than paying for them out of taxes; not only the planning of a railroad network but the changing of the economic structure of a major part of the nation. The questions and problems raised by the railroad crisis are so hard, and their prospective answers so far-reaching, that the last thing the country needs now is for politicians to brush aside as impractical—or to embrace as inevitable—the proposals made last week.

These problems arise partly because of the economic condition in which the country now finds itself and partly because of the critical condition of the railroads. The American economy cannot continue to operate as it does now without a viable railroad network in the Northeast. Nor can it afford to continue the aimless course of public policy that has contributed to the bankruptcy of this vast railroad network. The "easy" solutions—pouring in billions in federal tax dollars to preserve the status quo or nationalizing the existing system with all its faults—will be far more expensive in the long run. And they will be misleading to the public which should be presented with the hard questions now.

One part of the U.S. Railway Association's preliminary plan demonstrates the scope of those questions. That is its proposal to cut the rail network in the Northeast by almost 30 per cent through the elimination of freight service over 6200 miles of track. On much of this track, freight operations have been uneconomical for years. They have been continued because someone—government or industry—decided the social costs of eliminating those operations were too high. The result is that these operations are being (and have been) subsidized by the railroads, and the subsidy has been paid for either through higher than necessary freight rates on other segments of track or out of the profits of the railroads. This system of subsidization did not cause much grief as long as the railroads were profitable; the railroads complained but no one listened. But when general railroad profitability dropped, these inherently unprofitable lines made bankruptcy inevitable.

In economic terms, the obvious thing to do now is what the Railway Association proposes: drop those lines (perhaps drop even more than it proposes) and put the new railroad system on a firm financial base. But what happens then to those companies, individuals and communities that lose rail freight service? Some, perhaps most, can shift successfully to other modes of transportation. But there will be those which cannot, and *that* means some factories will close, some jobs will be lost, and some communities be made substantially poorer. There are two ways of looking at this problem. One is to consider it solely in terms of the present—in which those companies and individuals are entitled to some kind of help. The other is to acknowledge its relation to the past—a past in which the railroads, and the users of railroads, have been providing that "help" or subsidy all along. The tendency now will be to look only at the present situation and to devise remedies for it. But that is too narrow a perspective, for it attacks only the results of a disease, not its underlying causes.

By dwelling on the problem of uneconomic railroad lines, we do not intend to suggest that they are the sole, or even the principal, reason for the decline of the railroads. Government-imposed rate structures, government-financed highways and waterways, inefficient management, resistance to innovation and excessive labor costs, among other things, have also played a part. Our point is simply that in the area of service on lightly used lines, as in other areas, a combination of government policies and private decisions have produced an economic structure with a huge amount of excess costs built in.

This, unfortunately, is also true in industries other than railroading. Part of the current problem in the airline industry has the same origins, as do problems in other industries which are required as a matter of public policy to provide services or products to particular places or people at less than cost. These, too, will come back to haunt the country someday unless public officials begin to look seriously at costs as well as benefits.

It is the size, of course, of the new railroad reorganization proposals that may begin to drive this lesson home. The Railway Association is talking about $9.3 billion in federal tax funds over the next 15 years to rehabilitate the sharply reduced railroad network and clear the Penn Central's Washington to New York track for passenger service. Not included in that figure are the costs of either helping the communities and individuals disrupted by the plan or of maintaining the existing rail network Frankly, we suspect the proposal will cost more than $9.3 billion but that prospect must be weighted against the alternatives and against what governments have been spending on other kinds of transportation which compete with the railroads. The Railway Association says governments spend about twice that much on highways each year and has spent at least half that much improving in-land waterways (which now carry 16 per cent of the nation's freight) since World War II.

There is too much at stake in this reorganization plan for it to be taken with anything less than utmost seriousness. The quality of life and the costs of everyday living in the Northeast for years to come will be determined, in part, by what comes out of this plan. So will the relationship between industry and government in fields other than railroading. While there are many specific of the plan which need close scrutiny, the most important aspect is the opportunity it provides—indeed, imposes—for serious thought, about where public policy is taking us and whether that is where we want to go.

A TRIBUTE TO MARIO GENERALI

HON. RONALD A. SARASIN

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. SARASIN. Mr. Speaker, boys clubs throughout the Nation provide our young men with the opportunity to enjoy life: To play basketball and baseball, to swim, to work with arts and crafts, to play games and to share quiet moments of companionship and learning. I would like to take this opportunity to honor all the men and women that make this organization a reality and offer my best wishes for a successful National Boys Club Week and up-coming year. I am inserting an article which appeared in The Sunday Republican Magazine in Waterbury, Conn., on January 19, 1975 that notes the contribution that Mr. Mario Generali has made to the boys at the East End Recreation Center. Mr. Generali has been involved in Boys Club work since 1931 and many of the boys and families of Waterbury owe him their thanks for the tremendous job that he has done.

The article follows:

MARIO GENERALI—THE BOYS' CLUB "BIG DADDY"

(By Don DeCesare)

Neatly attired in a plaid sports jacket, yellow dress shirt, colorful striped tie and shoes sparkling from a fresh shine, the man strode along like an athlete who had just retired.

Mario Generali was on his way back to his office at the Boys' Club, East Main St.

The father of seven, Generali is "big daddy" not only to his two sons and five daughters, but he's also the "foster father" to hundreds of kids at the active East End Recreation Center.

Generali has endeared himself to throngs of young people since he started in Boys' Club work in 1931 when the old club was on Cottage Place in downtown Waterbury.

Born in Providence, R.I., the son of Peter and Mary Generali, Mario was one of six Generali children—five boys and a sister. Mario's father, moving to Waterbury, found work in the building trades. Mario attended Russell and Maloney Schools and later attended Leavenworth High.

"I enjoyed school and sports," Mario remembers, "but I loved to go to the Boys' Club mostly because there were no playgrounds where we lived."

A solid athlete, Mario swam and played basketball at the club and the experience helped make him a regular center on the Leavenworth quintet. He graduated in 1942.

"I'll never forget my high school experiences but it was my time in the Boys' Club that was most enjoyable," he said. In those days Mario sold penny candy and membership cards. While still in high school he was named membership secretary by Boys' Club officials.

"In those days Bill Johnson was the executive director of the club," Mario recalled. "Little did I know then that I would succeed Mr. Johnson," he said.

Generali became a full-time staff member in 1943 but shortly thereafter was drafted into the U.S. Army Air Corps. He served in Wichita Falls, Texas, Kessler Air Force Base in Mississippi and Chanute Air Force Base in Illinois.

"I was a trained mechanic then," Mario said, "and I worked mostly on P-80 fighter planes."

Discharged in 1944, Mario returned to the Boys' Club.

"It's hard to explain the feelings I experienced when I returned to the Boys' Club," Mario said. Mario married the former Marie Calo in 1947.

The Generalis have seven children—five daughters and two sons.

"They're all great kids," Generali testifies. "All are good students and they're handy around the house, too." Edmund, 23, a graduate of Sacred Heart High School and University of Connecticut is now his father's right hand man at the Boys' Club where he serves as program director.

"Dad keeps me on the ball," Eddie admits, "but he's got so much work of his own he lets me do it my way."

Generali wears many hats but the one he is proudest of is the one he wears at the Boys' Club summer camp in Middlebury.

"I really enjoy seeing the kids having so much fun in the fresh air and sunshine," Mario said.

Supervisor of the entire Boys' Club building, Mario is in charge of planning with the aid of the Board of Directors. He not only assists the board with the budget, but is involved in fund-raising and financing. Generali reports monthly to the board. He is responsible for staff selection, with the approval of the personnel committee.

Out of the Boys' Club office, Mario is involved fraternally and socially. Certified by the Boys' Club of America as a professional worker, he serves as vice-president of the Olympian Club; is a member of the steering committee of New England Boys' Club Group, and a member of Favale Generali Italian-American veterans.

PANAMA TREATY

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. CRANE. Mr. Speaker, one of the most disturbing developments on the foreign affairs front in the last year has been the news that the United States and the Republic of Panama are in the process of negotiating a treaty that would surrender, to Panama, U.S. sovereignty over the Canal Zone. For the last 60 years, the Panama Canal has been a vital link in the military and economic lifeline of the United States. Moreover, in contrast to its Suez counterpart, the Panama Canal has remained open not just to U.S. ships but to the ships of many nations. Credit for that must go to efficient U.S. manageent and operation of the Canal and to the fact that the Canal has not been permitted to become an international political football.

Contrary to what many people would have us believe, the Panamanians have no claim, legal or otherwise, over the Canal or the Canal Zone. Our sovereign rights "in perpetuity" are clearly spelled out in the Hay-Bunau-Varilla and the Thompson-Urrutia Treaties, our money and know-how were responsible for the Canal being built, and the annual payment we make to Panama is not "rent" on the Canal Zone as so many people believe, but is an annuity payment. Moreover, in buying the rights to the Canal Zone from the Panamanians, the French, the Colombians and all individual landowners we have paid out more money—over $166 million—than we have for all other U.S. territorial extensions put together. In addition, since 1903, we have poured almost $7 billion into construction, operation, and defense of the Canal Zone.

Not surprisingly, the benefits to Panamanians have been considerable: 30 percent of their foreign exchange earnings and 13 percent of their total GNP may be directly or indirectly attributed to the existence of the canal. About one-third of Panama's population lives near the Canal Zone, many work in the zone, and they would be the biggest losers if the Canal Zone were to be closed as a result of either a national or international power struggle.

If U.S. sovereignty were surrendered, is either a likely possibility? Unfortunately, the answer, based on the historical record, is clearly yes. Not only has the present ruler of Panama, Gen. Omar Torrijos, indicated his interest in having closer ties with Cuban Communist dictator Fidel Castro, but one cannot even be sure how long he will be around.

As my colleague Congressman WILLIAM DICKINSON has pointed out, there have been 13 changes of government in Panama since World War II and 5 of them were of a violent nature. In fact, Torrijos himself came to power as a result of a coup d'etat staged just a few weeks after an elected President took office.

Furthermore, the Soviet Union has been actively working to expand its military influence in the Caribbean area. Not only does it have a satellite in Castro's Cuba, but it has been using that satellite to make possible air and sea ventures into an area vital to American security. At least a dozen deployments of Soviet vessels have visited Cuba and environs in recent years, a submarine base has been built at Cienfuegos and Soviet reconnaissance aircraft have operated out of Havana. Nothing would please the Soviets more than the prospect of the canal coming under the control of a regime with which they could hope to do business.

Mr. Speaker, there are many of us in Congress who feel that retention of sovereignty over the Panama Canal is a matter of vital importance to the United States. This is not somebody else's canal or territory we are discussing, this is our canal and our property, bought, built, and operated with our money in accordance with treaties that make our right to ownership very clear. To surrender our sovereignty in my opinion would be an alienation of our own territory and a matter of great concern to all Americans.

Fortunately, Congress is not unaware of the dangers involved in surrendering the Canal Zone to Panama. Resolutions concerning the matter have been introduced into both the House and Senate, and, for the edification of those who may not have followed their progress, I would like to introduce into the RECORD a recent Washington Star article by Jeremiah O'Leary that sums up the situation well.

[From the Washington Star, Mar. 5, 1975]

PANAMA TREATY HITS SNAG

(By Jeremiah O'Leary)

The administration's plan for a new treaty with Panama that would concede sovereignty over the Canal Zone and grant other major concessions to the Isthmian republic has suffered a severe and possibly fatal setback in the Senate.

The roadblock in the path of a new treaty arose when Sens. Strom Thurmond, R-S.C., and John McClellan, D-Ark., submitted a resolution to the Senate accompanied by the signatures of 37 cosponsors calling on the federal government not to transfer any of its rights over the waterway and the Canal Zone to Panama.

Under Senate rules, 67 votes are required for ratification of a treaty. The resolution exceeded by three names the 34 votes necessary to block any treaty. Further, some of the signatories are among the most powerful members of the Senate.

A similar resolution offered in the House recently by Reps. Lenore Sullivan, D-Mo., and Dan Flood, D-Pa., was accompanied by 111 signatures.

Normally, the House has no voice in treaties with foreign nations, but the House must approve any transfer of property acquired with taxpayers' money, as was the case with the Panama Canal and all its installations. In the House, a bare majority is sufficient to defeat such a transfer.

The Thurmond-McClellan resolution declared that the government should maintain and protect its sovereign rights and jurisdiction over the canal and the zone and should "in no way cede, dilute, negotiate or transfer any of the sovereign rights, powers, authority, jurisdiction or property" there.

If the signatures on both resolutions are counted in terms of reaction to the treaty now being worked out by the administration with Panamanian negotiators, ratification appears doomed from the outset.

Ambassador-at-Large Ellsworth Bunker and Panama Foreign Minister Juan Tack have been at work for more than a year on terms of the new treaty. Indications are they can produce a treaty acceptable to President Ford and Secretary of State Henry A. Kissinger, as well as to the Panamanian strongman, Brig. Gen. Omar Torrijos, within the next few months. Congressional approval is required before a treaty would go into effect.

Asst. Secretary of State for Inter-American Affairs William D. Rogers recently testified before the Senate Foreign Relations Committee that the United States is prepared to shed the nonessential activities it conducts in Panama.

He said the American stance is to recognize Panama's full sovereignty over all its territory, including the 10-mile-wide Canal Zone, while the United States would retain effective control over operation of the canal and its defense for a reasonably protracted period.

Rogers said the negotiators still must address the major problems of duration of the new treaty and the question of an American option to expand the canal.

The existence of 37 signatures to the Thurmond-McClellan resolution in the Senate came as a surprise because traditionally the House has been the hotbed of resistance to any concessions to Panama. While the treaty cannot be pronounced dead on the basis of the resolution, the administration is put on notice that it will have to launch an intensive lobbying campaign to get even a narrow margin of approval when the time comes for ratification.

The canal issue is one of explosive nationalistic potential in Panama. It led to rioting and shooting between U.S. Army units and Panamanian citizens in 1964. Officials concede that the two congressional resolutions might hamstring the Bunker-Tack negotiations or even push Panama into breaking off the talks.

PEACE FOR NORTHERN IRELAND

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. GILMAN. Mr. Speaker, today I am introducing a resolution calling for peace in Northern Ireland and for the establishment of a United Ireland.

For all too many of our citizens, Northern Ireland is just another place where people kill each other; we see these places on the news every night. Daily, we read the news accounts of violence in Ireland and we see photographs of children carrying guns and elders carrying children to their graves.

But the continuing strife and tragic violence in Northern Ireland is different, for we have it in our power to take a significant step toward ending it. The Irish civil war has been going in for many years and has its roots deep in the centuries. The Irish people are tired of bloodshed, tired of death.

The British soldiers stationed in Northern Ireland masquerade under the title of "peacekeeping forces." But rather than keep the peace, their presence has exacerbated the tense situation. They have become an antagonist in the struggle. Their very presence incites resentment and anger which leads, in this volatile situation, to inevitable violence.

Mr. Speaker, let us not shrug our shoulders, saying this is none of our concern, because these British soldiers are trained with our assistance for their duty in Northern Ireland. They fire our bullets from our guns. Our Nation has provided the weaponry they need to continue the suppression of the minority in Northern Ireland, and this unpleasant fact is highly objectionable to many of our citizens.

This resolution calls upon our Nation to end this aid by embargoing the exportation of all weapons and ammunition to Great Britain which are related to the suppression of the minority in Northern Ireland. It also calls on our Nation to Great Britain which are related seek, as a high priority, the unification of Ireland, making certain that all the people of Ireland have an equal opportunity to express their will and resolve this crucial question democratically.

Our Nation cannot, as a practical matter, be a first party to a settlement in Northern Ireland. But we are a first party to the continuation of bloodshed. Let us do everything in our power to end this violence and bitterness, before yet another generation of Irish children grows up in a world of terror and bloodshed.

I respectfully invite my colleagues to join in supporting this resolution, and I include the full text of this resolution in the RECORD, as follows:

H.J. RES. 324

Joint resolution calling for peace in Northern Ireland and the establishment of a United Ireland

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

Whereas the continuing strife in Northern Ireland is a cause of deep concern to Americans of all faiths and political persuasions; and

Whereas the nation of Ireland has been partitioned against the wishes of the majority of the Irish people; and

Whereas the Governments of the United Kingdom and of Northern Ireland have failed to end the bloodshed and have failed to establish measures to meet the legitimate grievances of the minority in Northern Ireland; and

Whereas our Nation's relationship with the Government of the United Kingdom of Great Britain has been supportive; and

Whereas reports have indicated that the United Kingdom of Great Britain has been purchasing military supplies and equipment from the United States for use in Northern Ireland, and

Whereas after hundreds of years of bitter confrontation, hopes for a lasting peace in Northern Ireland remain dim: Now, therefore, be it

Resolved, That the House of Representatives and the Senate of the United States of America in Congress assembled, urge the President of the United States to direct the representative of the United States to the United Nations to call upon that body to request full respect for the civil rights of all the people of Northern Ireland, the termination of all political, social, economic and religious discrimination, the settlement of the question of the unification of Ireland and that the people of Northern Ireland have a free opportunity to express their will for union and that this be attained by an election of the people of all Ireland, north and south, under the auspices of a United Nations Commission for Ireland, to be designated by the General Assembly pursuant to articles 11 and 35 of the charter, which shall establish the terms and conditions of such election.

Further it be resolved, by the House of Representatives and the Senate assembled that the United States of America shall discontinue all military aid and training programs with the United Kingdom of Great Britain which are related to the suppression of the minority in Northern Ireland and which are not directly related to North Atlantic Treaty Organization commitments and that the United States of America shall embargo the exportation of all weapons and ammunition to the United Kingdom of Great Britain which are related to the suppression of the minority in Northern Ireland and which are not exclusively reserved for North Atlantic Treaty Organization usage.

NATIONAL BROTHERHOOD AWARD

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. EILBERG. Mr. Speaker, AFL–CIO President George Meany, in accepting the National Brotherhood Award for the year 1974, at the Washington, D.C. dinner of the National Conference of Christians and Jews, presented a particularly cogent and timely statement to the American Nation on the subject of human rights.

I would like to share with my colleagues and with the American people the AFL–CIO and Mr. Meany's insight on this subject at a time when many believe the position of the United States both at home and abroad may have become incoherent, vague or ambiguous.

Following is the text of President Meany's award acceptance address:

SPEECH BY GEORGE MEANY

I am delighted to be here and, of course, deeply honored to receive the annual Brotherhood Award of the National Conference of Christians and Jews.

I'm particularly honored to be introduced and presented here tonight by the Vice President of the United States, who I have known for many, many years. I have been reading about him lately. I see where he is trying to bring the United States Senate into the 20th Century. And I would say, if he was scarred a little bit in the attempt, not to worry about it. They are very honorable scars.

I take this Award—not for myself—but in behalf of the organization I have the honor to head, the AFL–CIO—in behalf, really of the American labor movement which, I believe, perhaps immodestly, is the most effective human rights movement in this country.

You know—in the final analysis—human rights rest on human dignity—on a common recognition of the worth of the human personality.

If we lose that sense of self-worth—of dignity, we become careless of the rights of others and we fail to claim our own rights as well. Before we know it, we have passively acquiesced in our own enslavement.

It is not surprising, therefore, that totalitarian governments must rob their citizens of dignity.

The business of dictatorship is to dictate—to control all the way—including the thought processes of its victims. In carrying on its business, it destroys the dignity of all those under its control by telling them that they are not whole human beings in themselves—that they are fulfilled as persons only through service to the State—or only through subservience to an ideology or doctrine. Their own humanity is not sufficient—they need Big Brother—be he named Adolph, Josef or Leonid.

But dictatorship is not the only enemy of human dignity. Poverty, hunger, disease, unemployment—these are also things that demean the human personality. These are also the things that make people feel less than whole.

That is why a man who is out of work—a man who can not properly feed or clothe or shelter his family does not feel like a whole man—and the same goes for women who bear like responsibilities.

And, I believe, the labor movement has done more than any other single force in American life to enhance the economic security of the great mass of America's working people. I also believe it has done more than any other segment of our society to build the broad base of dignity that supports the human rights we often take for granted.

In this sense, the labor movement is a human rights movement—no less than the National Conference of Christians and Jews or the NAACP.

And yet, much of what we do in the field of human rights does not carry a human rights label. It is a natural by-product of our day-to-day role in the world of work.

For example, we do not recruit to the ranks of organized labor on the basis of race, creed, sex or ethnic background. We do not have quotas in the labor movement.

We don't ask a man where he comes from or what his political views are before he joins a union. All we want to know is—does he work here and what kind of work does he do and—if he works for a living, we feel he belongs in the union.

And, despite all of the anti-union propaganda that has been beamed into the black community, the latest studies show that black workers are more prone to join a union than are white workers.

And, no wonder—the earnings of unionized black workers are, on the average, substantially higher than among their non-union counterparts.

I contend that when you substantially raise a man's earnings—especially if he is a poor man—you don't just put more meat on his table—you help him hold his head a little higher.

And that is what the labor movement is in the business of doing—helping people hold their heads a little higher. Helping people become more human in the highest sense—and therefore more conscious of their human rights.

But, these days—we must admit—our job is getting more difficult each day—and you all know the reason.

It is not because we have stopped trying. It is because the policies of the Administration that has been in power in Washington since January, 1969 have thrown this nation into an economic crisis worse than anything we have known since the Great Depression of the 1930s.

Unemployment is feeding on unemployment. 8.2 percent of our workforce is jobless—according to the official figures, which very much understate the problem.

But, while the official overall rate is 8.2 percent, it was 13.4 percent for blacks in mid-January. It was 14.3 for the unskilled and 13.1 for the semi-skilled. It was 20.8 for teenagers and 41.1 for black teenagers.

Now, I submit—contrary to what Arthur Burns may think—that these are not just statistics. This is a human tragedy. Millions of disadvantaged Americans who began to make real progress in the 1960s are now being thrust back to where they were ten or fifteen years ago.

I believe that we are sitting on social dynamite. As the recession deepens—and all signs point in that direction—racial and social tensions are bound to rise, posing a threat to the real accomplishments of organizations like the National Conference of Christians and Jews and so many others that have labored so hard to eradicate bigotry and prejudice from the land.

I did not come here to present the AFL-CIO's program to deal with the economic crisis—although I do want you to be aware that we have one. We think it is a better one than the President has offered—and, certainly, it is more comprehensive than what the Democrats have offered.

The point I want to make is that all us who are deeply concerned about human rights and human relations must turn our attention to the economy—because if it continues to go downhill—it can become the breeding ground of ugly social impulses and emotions—among them the ancient curse of anti-Semitism.

I am not an alarmist but I do read history—and we know from history, that anti-Semitism seems to intensify in times of severe economic and social stress.

Today, we have an additional danger. Not only does our deteriorating domestic economy provide an all-too-rich soil for scapegoating and demagoguery but, we are faced—on the international scene—with powerful waves of anti-Semitism emanating from the Middle East.

And, make no mistake about it—the Arab fanatics are not just anti-Israel or anti-Zionist. They are anti-Jewish. They are plain, old-fashioned anti-Semites in the spirit of Adolph Hitler.

But, the most outrageous thing is that the venom with which they have poisoned their own societies they now seek to inject into our society.

I think President Ford is to be commended for speaking out so clearly against the Arab blacklist. The idea that any foreign investors would discriminate against Americans who are Jewish or who do business with Israel is a monstrous abomination.

But, what is worse is the fact that there are American Governmental agencies that cooperate in this despicable practice.

Imagine! The Army Corps of Engineers admits that it goes along with the demands of the Arab States that no Jews be sent into their countries.

And, then we learn that our Department of Agriculture—you know Earl Butz' Department of Agriculture—you know Earl Butz—holds a 6.5 percent interest in the Intra Investment Company of Beirut, Lebanon—a company that boycotts banks that give economic assistance to the Israelis.

I think we have to go farther than the President's statement. I think we have to let the whole world know that in the United States of America, that in our country, human rights still take priority over the dollar.

I think we should tell the Arabs that any would-be investors from any country who subscribes to the blacklist are henceforth barred from doing business in the United States.

There is some business we don't need.

Throughout the world today there is great confusion about what the United States of America stands for—or whether we stand for anything at all.

In the American Congress, a very strange discussion is taking place. It has to do with whether we should give South Vietnam the remaining $300 million of the $1 billion originally authorized for military assistance. In other words, should we keep our commitment. According to many experts, the survival of the country may be at stake.

Many voices are raised against further aid. The Thieu regime is too repressive, they say. It is also too corrupt. It is intolerant to press criticism. It manhandles demonstrators. It even sometimes arrests union leaders and Buddhists. Its elections are not nearly as democratic as ours.

I can understand these criticisms—although I don't agree with the conclusions some people come to. But, what I can't understand is how the same people who want to cut off aid to South Vietnam because its government is too repressive—turn around and argue for 6 percent U.S. credits for the Soviet Union—where there are No demonstrations, No unions, No elections—and the most degrading form of corruption—the complete monopoly of all power—political, economic and military—by a single ruling clique over the lives of every single person within the Soviet Union.

Incidentally, on the issue of governmental corruption in high places, we here in the United States should guard against any feeling of excessive self-righteousness.

We should give some thought and contemplation to our own recent experience with corruption at the very highest level.

If the stupid Watergate break-in had not accidentally come to light—how far would the Fascist mentality that prevailed in the White House have carried us down the road to repression of individual human rights—to harassment and control of the press—to the manhandling of demonstrators and all the rest of those evils of dictatorial regimes which we so readily deplore?

How much of a step would it have been from the promulgation of an enemies list to the complete monopoly of power over the social, economic and political life of our nation?

The air has been filled recently with talk of detente. That's a lovely word. I couldn't find it in the American dictionary, but, it's in the French dictionary. Detente not only with the Soviet Union and China but with the East European puppet regimes. Trade with these countries from the United States is aid to them. Yet, which of these governments comes anywhere near being as democratic as South Vietnam?

So, as you look at our policies in Southeast Asia—where the first bitter fruits of a false detente can be tasted—and as you look at our policies toward the Soviet Union—where our guiding moral principle—and "moral" has to be in quotes—is no interference in their internal affairs," not even in defense of human rights—and then as you look at our policies in the Middle East—where we are supplying various Arab governments with fancy aircraft, nuclear reactors—and God knows what else—what other goodies Henry hands out—at the same time those Governments remain pledged to destroy Israel, the only democratic state in the Middle East—as you look over all these policies, is it any wonder that nobody knows anymore what this country believes in—or what it stands for?

It used to be thought that we had a clear commitment—a vested interest—in the growth and expansion of democratic societies throughout the world. It used to be thought that this commitment was not just a matter of sentimental idealism but was based on a recognition that totalitarianism—whether of the left or the right—posed an ever-present threat to our own way of life.

One doesn't hear much of this kind of talk any more. It is buried under mountains of propaganda about detente and peaceful coexistence. And, in this climate, talk about democracy and human rights becomes an embarrassment. It makes people feel uncomfortable. It makes them feel awkward.

Frankly, I think that this is a terrible thing. We have come to a sorry pass in the history of this great experiment in democratic self-government whose 200th anniversary we shall soon celebrate.

There is no doubt in my mind but that this world-wide confusion about the credibility, the commitment and the cardinal purposes of the United States in world affairs today is a major factor contributing to the financial and political instability that has shaken so much of the Western world and threatens to alter the international balance of power with frightful consequences.

But, while the immediate future looks glum, in the long run, I am not a pessimist. Increasingly, thoughtful Americans are beginning to realize that the pendulum has swung too far in the direction of wistful delusion.

A new realism is bound to set in—and with it—a new set of policies. The greatest enemies of genuine detente will prove to be—not the so-called Cold Warriors like George Meany, but the inability of the Soviet Union—given the system by which it is governed—to renounce its fundamental ambitions and values.

Those ambitions and values may be temporarily accommodated by some of our businessmen who are at home wherever there is a buck to be made—whether in Texas or Siberia—but we, in the labor movement, can not make that cozy accommodation.

We can not survive as a trade union movement except where there is democracy. Human rights are the very life blood of our movement.

Take away the freedom to speak, the freedom to associate, the freedom to assemble, the freedom to criticize the government, if you please, the freedom to strike—take these away and you can perhaps still run a corporation but you can't run an institution such as a trade union dedicated to the welfare of the ordinary citizen who works for wages—No Way! Come to think of it, when and where workers lose these freedoms, somehow all the other segments of society are likewise adversely affected.

This is why—no matter what Administration is in power, or who the Secretary of State may be—the Trade Union movement has—and must have—a continuing and consistent commitment to human rights and democratic values.

Ten years ago on the 7th of this month, an event took place in Selma, Alabama, which will not soon be forgotten.

On that "Bloody Sunday," hundreds of people who were peacefully demonstrating for voting rights were set upon by Alabama Highway patrolmen and brutally beaten.

That was a horrible day in our history. But, six months later—on August 6, 1965, President Lyndon Johnson signed the Voting Rights Act into law.

Many people sacrificed life, limb and security on behalf of the cause of civil rights in the 1960s. But the point is, their sacrifice was not in vain. They actually won. And, because of their victory, Selma seems far off today—a long, long time away.

The American labor movement was part of that struggle—as you would expect. Not enough people know, however, that labor's influence on Capitol Hill was probably the most important single factor in winning the passage of that 1965 Voting Rights Act.

So, when you hear people talking about "powerful big labor"—yes, we have power—but we like to think that we use our "labor power" on behalf of human rights.

And, we say—flat out: What we want for ourselves as American workers, we want for all the people of this world—the entire human family.

All peoples—not just Americans—should have the rights that were won in Selma, Alabama—ten years ago—the rights we are still fighting to protect and expand.

All people should have these rights—and, if saying that is interfering in the internal affairs of other countries then I would take my stand with Aleksandr Solzhenitsyn, who said:

". . . All Internal Affairs have ceased to exist on our crowded Earth! The salvation of mankind lies only in making everything the concern of all."

In this spirit of brotherhood, I thank you again for your annual award, which I am proud to accept on behalf of the AFL–CIO.

THE FUTURE OF U.S. FOREIGN ASSISTANCE

HON. EDWARD G. BIESTER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. BIESTER. Mr. Speaker, yesterday, by a mere 11 votes the House passed a foreign assistance appropriations bill which substantially reduced funding for several very important and very pragmatic aspects of our Nation's development assistance. While I am relieved that we have finally passed an appropriations bill, I believe that the drastic reductions in such areas as food and nutrition, international organizations, and international population planning and health were a serious mistake.

Today's New York Times contains an editorial which expresses one important reaction to yesterday's action. Among other things, the editorial effectively points out that the United States is being left out of several very important international development schemes, carried out under the auspices of the International Monetary Fund and the World Bank.

I believe that for the United States to fail to play an active and constructive role in world development is to do long-range injury to our national well-being. Our relations with the less developed states of Africa, Asia, and Latin America are vital to our future political, economic, and strategic security.

The New York Times makes its point briefly but tellingly. Mr. Speaker, I insert the text of the editorial at this point in the RECORD:

[From the New York Times, March 14, 1975]

THE AID DISGRACE

The increasing difficulty in obtaining Congressional appropriations for foreign aid—with fiscal 1975 funds finally voted by the House yesterday in the ninth month of the year—is leading other wealthy nations to bypass the United States in getting vital projects under way.

Thus, the International Monetary Fund's special $6 billion "oil facility" is set up on a basis designed to permit the program to go ahead whether or not the United States contributes its share. The plan provides for a voluntary system of contributions by industrial and oil-producing nations. The money will subsidize interest payments on seven-year loans to enable about thirty of the poorest countries to pay their steeply increased bills for essential oil, food and fertilizer.

Now the World Bank, for the first time, is drawing up plans for $1 billion a year in long-term development loans at subsidized interest rates to fifty poor countries, subsidies that again would not be dependent on American participation. This so-called "third window" for loans would be on terms roughly midway between the normal "hard" or market-level loans of the World Bank at 8.5 per cent interest and the zero interest on "soft loans" from the Bank's so-called "second window," operated by the International Development Association (I.D.A.).

The ingenious "third window" approach would not require governments to appropriate tax-funds for the whole $1 billion-a-year of loan money. Rather, the World Bank would borrow in capital markets, as it does funds for hard loans, and governments would have to pledge only a fifth of the total, or $200 million, to subsidize thirty years of interest payments at say 4.5 per cent.

On that basis, the initial American share might be well under $20 million, now that the oil-producing countries have joined the donor nations. Yet confidence in American willingness to carry even this small burden—out of a national budget of $350 billion—has fallen so low that the plan is designed to go forward regardless of American delays.

In contrast, Europe's nine Common Market countries are not only supporting this plan but are otherwise now contributing a much higher percentage of their national incomes to foreign aid than the United States. Apart from national programs, the nine together have just signed a five-year treaty that envisages more than $4 billion in aid for 46 developing countries in Africa, the Caribbean and the Pacific that were formerly their colonies.

The United States certainly can claim an honorable early record in foreign aid; but that record is long past. And the poor are always with us. The United States, despite the recession, remains the world's richest country. The Congress, through its sluggishness, and the Administration, through its weakness, combine to downgrade the nation by this continuing default.

AMERICA, WE LOVE YOU

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. LAGOMARSINO. Mr. Speaker, I commend to the Members of this body the following patriotic poem written by my constituent, Miss Alice L. Shiver of Oxnard, Calif.:

AMERICA, WE LOVE YOU

Bind up your bleeding wounds.
It is not your fault, but ours,
That blows have fallen to cause you shame.
There is no land better than you.
Your idealism still holds hope for us.
Your wounds will heal.
We, your people, will learn.
Hold your head high, America.
You are the land of the brave.
Your scars will make your freedom bells more mellow
And to ring louder and clearer for all.
America, we, your people love you.

THE GOP—THE NEED FOR A REMEDY FOR AN OVERDOSE OF ME-TOOISM

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. BAUMAN. Mr. Speaker, a recent editorial in the Indianapolis Star makes some interesting comments on the current state of the Republican Party and its internal affairs. The Star correctly concludes that what is needed in America is not a new third party, but rather "a vigorous second party." I might add that this editorial assessment of the state of my party is one of the best I have seen and is far more realistic than the views expressed by some Republican "leaders" who apparently are willing to "broaden" the party right out of existence. I include the editorial at this point in my remarks:

[From the Indianapolis Star, Mar. 5, 1975]

TRYING TO TURN THE GOP

Mounting calls of some conservatives for a third political party in the United States may well have triggered two recent moves by groups of other conservatives to try to turn the Republican Party to more conservative leadership.

The latter is the wiser course.

Last weekend a group of 28 conservative members of Congress, governors and party officials met in Washington and served notice on President Ford that their support cannot be taken for granted, that they want to see more evidence of conservative influence in GOP leadership. The President is, of course, the titular head of the party. Senator James L. Buckley (R-N.Y.), elected as a conservative, called the group together.

Earlier the Republican Study Committee of the U.S. House of Representatives, a group of about 70 conservatives, issued a statement that it intended to work "to insure that conservative alternatives are given full and fair hearing boh on he floor of the House and in the councils of the administration." It said the group will continue to work closely with House Republican leadership.

Conservative indictment of the GOP is hardheaded, realistic and biting. Its main point: the party is near death from an overdose of me-too-ism. It has aped and echoed the liberals so long that it is no longer itself.

Its gravest sin, one that could cost the GOP its life, is that it fails to represent its constituency. Whatever the reason, it does not fight vigorously as it should, and sometimes it does not fight at all, for the rights and principles and even the governmental policies essential to the survival of the middle class—"Middle America."

That is only a thumbnail sketch. But it is enough to explain why the GOP appears to some to be headed for the place where elephants go to die.

So drastic changes appear to be in order. Is a third party the answer? Some say yes, pointing to the rise of the young Republican Party from the ashes of the Whig Party in 1856. But the circumstances then were unique. The nation was breaking apart. The new party was the party of the Union, soon the war party. Moreover, it absorbed much of the Whig leadership, talent and following, which gave it lasting strength.

Most U.S. third party adventures have been heady and romantic but disastrous; like the Charge of the Light Brigade, splitting the vote and either helping or leading to the victory of the opposition—as did the spectacular Bull Moose bolt of 1912. Judging from experience, the outlook for a new third party would not be bright.

Yet there are countless signs from throughout America of a powerful grassroots yearning for a fighting party with new blood, a political force with a leadership that is articulate, vigorous and aggressive.

The constituency that sprang the 1972 landslide is looking for a party that can define gut issues, state cases powerfully and clearly, draw crowds, galvanize voters, win elections, defend middle class rights and interests, put down crime, widen the domain of liberty, turn the tide against totalitarianism at home and abroad, and pull this nation out of a collectivist mire and get it moving again.

This is a mighty task and challenge. Leadership bold, shrewd and strong enough to meet it should be able to take command of a party organization that whatever its weaknesses and flaws is nationwide and still breathing, and build it into an invincible force.

The nation doesn't need a third party What it needs is a vigorous second party.

THE CLASS OF 1975

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. ZEFERETTI. Mr. Speaker, it is now early March, and in little more than 3½ months, another class will leave America's high schools and college campuses. Only this class seems fated to encounter a stone wall of joblessness and lack of economic opportunity. At least one million young men and women will leave college and at least twice that number will graduate from high school.

Any indepth look around the job market leaves any careful observer with the dismaying feeling that economic catastrophe is about to be compounded. Summer jobs are virtually nonexistent. Hundreds of applicants appear for any meaningful post that opens up. With the exception of a few openings in fields like engineering and accounting, few opportunities exist. Few families will have the financial resources to send college graduates to graduate school if they cannot find work. Many families will not be able to send promising young people to college at all. Even the armed services, often able to absorb several hundred thousand young graduates are virtually full to bursting and will be relatively unable to absorb many more recruits.

What is most disturbing about all this is that the administration seems to be just sitting there, awaiting some event or shove to get moving on some meaningful program or series of programs that will grapple with the quasi-depression we now must live with. New York City now has an unemployment rate, for example, of more than 10 percent, the highest in the Nation next to Detroit. This is intolerable now. Think for a moment what it means when we add the impending graduating class to the total.

No one at all seems to be thinking in terms of any organized effort to meet this impending addition to the unemployment problem. As people sink deeper into the frustration, deprivation, and hopelessness of a major depression, for such is what I believe we confront, they look to Washington and so far there has been no initiative by the Government. Such proposals as have emerged are half baked, inadequate in concept and scope, and have not so far been urged to fruition with concerted effort and real vigor. No sense of urgency seems to pervade our National Establishment.

I realize that I am but one very junior Member of this House. I have no power to command Congress or the Government to initiate action. However, I do feel that I must, in all conscience, call attention to this situation in the hope that the leadership in the Congress and the administration will join hands and work with a sense of urgency.

Supplementing depleted State unemployment funds is fine. Talking about public service work is excellent. But what we need is implementation of the latter. It should take the form of a massive rebirth of the CCC camps and the WPA. I am speaking now of at least some 5 million to 7 million individuals being affected by these programs. Another half a million people filed last week for unemployment benefits for the first time, and some cheered that because it was lower than in previous months. I cannot share the optimism over that. We have a major responsibility to act, especially here in the Congress, seeing as the President's responses are at best half measures.

TRIBUTE TO GIRL SCOUTS OF AMERICA

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. WOLFF. Mr. Speaker, I would like to ask all my colleagues to join with me and pay tribute to the largest volunteer organization for girls—the Girl Scouts of America. On March 12 this group will celebrate the 63d anniversary of its founding.

The Girl Scouts were founded in 1912 by a woman with great insight, Juliette Gordon Law, of Savannah, Ga. The group began with a total of 18 girls and today has grown in number to a group over 9 million strong. In these 63 years, over 27 million girls and 7 million adults have belonged to Girl Scouting. The Girl Scouts of today are a partnership between girls and volunteer adults from all segments of the population.

Girl Scouts have grown to be part of our American heritage. For our Bicentennial, the Girl Scouts have launched a 3-year Bicentennial project to discover and honor America's women, past and present, who have contributed to their communities and country. With 1975 being International Women's Year, it is even more appropriate for the Girl Scouts to honor these deserving women.

With their growth, the Girl Scouts have become very cosmopolitan in character. Their movement is now a worldwide one. Girls from more than 90 countries now participate in Scouting. Their worldwide total is over 6 million.

We all know Girl Scouts for their cookie sales, which, incidentally, help local girls participate in national and international Girl Scout events. This is not all they do. Girl Scouting encourages girls to prepare themselves for careers in many fields, such as medicine, aviation, the sciences, architecture, and many other vocations. Leadership potential is developed to the fullest in the Girl Scouts. The theme of Girl Scouting is for its members to develop a positive self-image. This theme is as relevant now as it was when it all started 63 years ago.

PUBLIC SERVICE JOBS

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. PEYSER. Mr. Speaker, we are all acutely aware of the economic crisis our country is facing today. Just yesterday, the administration indicated that unemployment may rise to around 9 percent. Some economists say that it may go higher than that.

The solution to our economic problems must be multifaceted. However, one potent weapon that we have against the growing unemployment problem is the public service jobs program. This can be an effective way to put people back to work, and to provide many needed services to our local communities.

I am enclosing for my colleagues an analysis of the public service job program made by Albert Shanker, president of the American Federation of Teachers. This article should be read by anyone who is concerned about the program.

Of particular interest to those concerned with the plight of our public schools is Mr. Shanker's analysis of the need to make local education agencies eligible for prime sponsorship.

The text of the article follows:

After more than five years of White House assurances that better days were just around the corner, the current occupant of the House has come around to acknowledging that our economy is indeed in trouble, that our big problem is unemployment, and that federal measures to alleviate the unemployment problem are the first order of the day.

Most of the economic proposals under consideration by the Congress and the President—tax reductions, business incentives, release of impounded construction funds—are aimed at reducing unemployment. There is general agreement, in particular, on the need to provide public service employment on a large scale. But the $2 billion proposed last week by President Ford for public service jobs is entirely inadequate. It would not increase the number of such jobs now available; it would merely keep alive the 300,000 jobs already created. The AFL–CIO has called for the creation of a million new public service jobs—at a cost closer to $10 billion than to the 2 billion the President has proposed.

Closely related to the question of how many public service jobs should be provided is the problem of lay-offs of regular public employees, including teachers and other personnel of school systems. The problem must be given serious consideration in any new job-creating legislation. The legislation now on the books was enacted to create new jobs for the unemployed in the private sector. This was done at a time when little thought was given to the possibility that there would also be lay-offs, cutbacks, and unemployment among public employees.

In light of the new realities, the law should be changed. There is obviously an injustice when a law requires local governments to hire new employees with federal funds at a time when they are laying off regular employees. The Wall Street Journal, in a January 27 editorial, argued that this practice was not only unjust but in no way guaranteed essential public services. "The federal money," said the Journal, "has to go for new jobs, not for preventing cutbacks in our city's public services. Consequently, on January 31, New York City is firing 260 policemen and 150 firemen and hiring 400 other people as ward assistants and so forth in the Department of Mental Hygiene. The laid-off city personnel may be eligible for the federal program after a 15-day wait, but they cannot be re-hired to fill the jobs they just left vacant. . . . City-dwellers have the right to expect basic services in return for their city, state and federal tax money."

But, the editorial goes on to say, government concern that state and local governments would use federal money to reduce their own commitment "has led the Congress to foster unemployment precisely among the civil servants trained to provide such essentials as police and fire protection and trash collection. As more and more cities and states turn to hiring freezes and layoffs, it may well come to pass that the temporary benefits of the public service jobs program have been cancelled out by the new phenomenon of civil service unemployment." We agree. The law must be changed so that federal moneys can be used to prevent lay-offs among public employees.

Still another problem stems from the fact that the law unwisely places a restrictive ceiling of $10,000 on the salaries of persons hired under the program. While it is true that states and local governments can boost these salaries with their own funds, it is unlikely that they will do so, given the financial straits in which they currently find themselves. The $10,000 restriction means that teachers, policemen, firemen, sanitation workers and many others cannot be employed under the program because their salary schedules run higher. How justify a $10,000 ceiling when the original 1971 law had a $12,000 ceiling? In 1971, the average teacher salary was $9,600; today it is $11,500. The new law should take into account the inflation since 1971 and set the ceiling higher than the $12,000 allowed in 1971. The Congress might profit from a glance at the Bureau of Labor Statistics estimate for a "modest but adequate" budget for an urban family of 4: about $14,500. Unless the $10,000 ceiling is raised, the unemployment problem will not be mitigated. State and local governments will be forced to continue hiring one group of employees while laying off another group.

Another needed change in the legislation is one that would make local education agencies—Boards of Education—eligible for prime sponsorship under the jobs program. At present these job programs are sponsored by state and local governments, not by local education agencies. As a result, school systems have been denied their fair share of funds under the public job programs. Consider Los Angeles, for example. Its city government employs 48,720 full- and part-time employees.

Its school system employs 77,759 full- and part-time employees, of whom 25,000 are teachers (the others are custodial personnel, carpenters, electricians, laborers, school administrators, etc.) The City of Los Angeles received $42,000,000 in public job money while the school system received only $7,000,000. Thus, the schools, which have 61.5% of the public employees in Los Angeles, *received only 16.5% of the job funds.* The same was true in other California cities. In Long Beach the schools employ 52.5% of the public employees but received only 1.4% of the job funds. In San Diego the schools employ 60% of the public employees but received only 21.9% of the funds. In Oakland, 61.3% of the employees, 29.8% of the funds.

In other states, the figures are similarly disproportionate. Memphis: 41% of the city employees, 1.6% of the job funds; Milwaukee; 40% of the employees, 14.7% of the funds; Buffalo: 51% of the employees, 1.3% of the funds; Minneapolis: 50% of the employees, 13.2% of the funds; Chicago: 47% of the employees, 10.6% of the funds; Dade (Miami): 43% of the employees, 17.6% of the funds. In Houston, Texas, where school employees comprise 49% of the city employees, not a dollar was given the school system under the job program.

These figures tell quite a story. Although many city school systems are larger employers than their city governments, their share of the funds has been extremely low. There can be no justification for this. Public schools are suffering badly from lay-offs and unemployment; the job funds should aid them as well as other public agencies.

In the weeks to come we will need large scale public support for expansion of the job program. Putting one million people back to work won't by itself end the depression, but it will take us part of the way. But unless changes are made in the law, we will merely be shifting the burden from one group of unemployed to another. This must not happen.

LITHUANIA'S DECLARATION OF INDEPENDENCE: 57TH ANNIVERSARY

HON. FLOYD V. HICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 13, 1975

Mr. HICKS. Mr. Speaker, February 16, 1975, marked the 57th anniversary of Lithuania's Declaration of Independence. I ask that my colleagues in the House pause with me in paying tribute to a nation whose courage in the face of great adversity continues to be an inspiration to freedom-loving people throughout the world. It is important to reflect not only upon the cruel yoke of oppression worn by captive people everywhere, but also upon the priceless liberties enjoyed here in the United States.

From its founding in the 12th century, Lithuania has struggled for the basic freedoms that we Americans all too frequently take for granted. For over 600 years her people repeatedly were compelled to fight in defense of their national sovereignty. Finally, in 1795, Lithuania fell captive to invading armies from czarist Russia.

During the 123 years of Russian domination, the Lithuanian people revolted against their oppressors on five separate occasions. Although each unsuccessful attempt brought in return only brutal reprisals, the Lithuanian people pursued with increased determination their drive toward freedom and national independence.

With the outbreak of World War I, the mighty German armies lost little time in overrunning Lithuania. The Germans occupied Lithuania until the war came to its end in 1918. Lithuania's official proclamation of independence was issued on February 16, 1918, and unanimously adopted by the Lithuanian Council. However, soon after the German troops were evacuated from Lithuanian soil, Russian troops once again threatened menacingly at her borders. With lightening-like precision, the Red armies subdued Vilna, the capital city of Lithuania. As in the past, Lithuanian patriots organized to expel the invaders, and after a series of impressive military victories, freedom was regained. By peace treaty in 1919, the Soviet Government recognized the sovereign rights of Lithuania over the territory and people.

Lithuania was admitted to the League of Nations on September 22, 1921, thus being formally recognized as a nation with international status. Few countries made greater progress as a free and independent nation in so short a time as did Lithuania during the years separating World War I and World War II. The Lithuanian Government instituted land reforms, reestablished vital industries, organized transportation facilities, enacted social legislation, and greatly expanded its educational institutions.

On August 3, 1940, a "day of infamy" for the Lithuanian people, Lithuania was declared under Russian coercion to be a constituent Communist Republic of the Union of Soviet Socialist Republics. Lithuania gallantly resisted the overwhelming hordes of Russian and Nazi invaders. During the first Soviet occupation, Lithuania suffered the loss of about 45,000 of its people in fierce resistance to its Soviet captors. Some 30,000 Lithuanians were deported to Siberia on the night of June 14, 1941, and 5,000 Lithuanian political prisoners were executed when the Soviet forces hastily retreated under Nazi attack. Repeating the history of the First World War, German occupation again replaced Russian occupation.

During the tyranny of the Nazi occupation, thousands of loyal Lithuanians were executed, including virtually all Lithuania's Jewish population. When the tide of war turned against Adolf Hitler, the beleaguered Lithuanian people returned not to their former independence but once again tragically to Soviet tyranny and domination. It is a tribute to their courage and indomitable spirit that Communist victory in Lithuania came neither easily or readily.

In the year 1975, at a time when Communist oppression still hangs over a proud nation, it is fitting that all Americans join the many Americans of Lithuanian extraction in commemorating the anniversary of a nation and a people who in the agony of oppression truly know the value and meaning of the word "freedom." Let us join with free people around the world in the hope that Lithuania soon will be truly free.

ARE DOCTORS TO BLAME?

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. ASHBROOK. Mr. Speaker, the medical profession has recently come under heavy attack. Much of the criticism, however, is unjustified. Despite what some critics may say, the doctor is not always the villian he is made out to be.

One area that I would like to bring to the attention of my colleagues is treatment under the Government's medicare program. Medicare regulations can place the doctor in a difficult position.

The doctor wants to give the best treatment to the patient. Yet medicare rules and regulations put constant pressure on the doctor to discharge a patient as soon as possible. When a patient is given an early discharge, however, it is the doctor and the hospital that are blamed. It is the medical profession that receives a bad name.

Ed DeGraw has discussed this problem in "Everybody's Column." Following is the text of his column which appeared in the Dover-New Philadelphia, Ohio, Times-Reporter on October 9, 1974:

EVERYBODY'S COLUMN

(By Ed DeGraw)

Big Brother, the all powerful government of George Orwell's "1984," is doing little for the already much criticized medical profession.

During my recent stay in Union Hospital, a senior citizen occupied the bed next to mine. The man underwent surgery from which he recovered, but he also was suffering from emphysema, currently defined as an incurable lung disease.

While recovering from surgery, he was taking daily treatments with an oxygen machine which comforted him greatly.

He and I had the same surgeon and one day the doctor walked in, sat down by the man's bed and made what I knew was a distasteful pronouncement.

"I am sorry, Mr. Jones, but I am going to have to send you home," he said. "I have already received three written communications and three telephone calls from the Medicare people asking why you have been in the hospital so long. Really, your surgery has come along fine and I have no more excuse to keep you."

Of course the man wanted to go home. What patient doesn't who has had an extended hospital stay?

Mr. Jones (not his correct name) wondered how he would fare at home without the daily oxygen machine treatments and other care.

Mr. Jones may not have been able to be cured, but his breathing condition was improved and he was more comfortable in the hospital.

The emphysema developed after a lifetime in the coal mines.

After talking with and comforting Mr. Jones as much as he could, the surgeon approached my bed.

"I hated to do that," he said. "I delayed it all I could, apparently. There is no doubt Mr. Jones would benefit here from more oxygen treatments, but the government will not pay anymore for his stay. The bureaucrats say Mr. Jones is incurable. He is a statistic, not an individual.

"Big Brother gives the American people all this propaganda about Medicare and how concerned he is about the common man. Big Brother says to the aged and their families to bring their sick to hospitals and payment will be made for treatment. Then after admission, constant pressure is put on the doctor and the hospital to have them discharged as soon as possible.

"Who is the villain? Certainly not Big Brother! Who will Mr. Jones and his family blame for his early discharge? They will blame me and the hospital. And the medical profession receives another black eye."

Mrs. Dorothy Spring, in charge of medical services at Union Hospital, agrees that many times the local physician is placed "right in the middle" of Medicare cases, but along with Big Brother, she blames a lack of understanding on the part of the American public as to just what type of a program Medicare includes.

She is perfectly willing to acknowledge that part of the reason for the misunderstanding could be lack of proper communication from Big Brother.

Medicare will pay only for patients who must be under "acute medical supervision." In other words, a hospital cannot be a rest home for the elderly. But Medicare will pay for a period of skilled nursing facility (formerly called extended care) and services which can be provided for a certain time by local public health facilities.

Mrs. Spring, as well as local physicians, are sometimes placed "right in the middle."

She cites the case of a 75-year-old mother and her 50-year-old son, who is a family provider and must make arrangements for care of his mother upon discharge.

"Please, could you keep her in the hospital for a few more days until I can make the necessary arrangements?" is his sincere and logical request.

Union hospital's case review board, established under the rules and regulations of Medicare, reviews the case and says "no" because that is what the book of rules says. Immediately the local physicians and hospital become the unfeeling villain.

"But we know that Medicare will not pay for simple custodial care under any circumstances," Mrs. Spring said. 'If we sent medical records and a special request to Baltimore (Medicare's office under the Department of Health, Education and Welfare) it might be six months before we received an answer. The answer would be no and no matter what the answer, we could not charge for the use of the hospital.

"In the case of your Mr. Jones (all Medicare records eventually end up in Baltimore) Medicare and the local review board were forced to rule that additional treatment could be just as well given at another facility outside the hospital and thus we were forced to discharge him."

Mrs. Spring refused to comment on the "fairness" of all of Medicare's regulations, but repeated that many times the physicians are placed in the middle.

"I think it is only fair to say that some mistakes have been made and will be made," she said. "When Medicare first started in the state of Florida, all physicians were allowed to provide vitamin B-12 as an appetite aid to senior citizens at no cost.

"Soon it was discovered that everyone in the state of Florida over 65 was being given vitamin B-12. Medicare then came out with a ruling that no senior citizen in the state of Florida could be given vitamin B-12 free of charge. I am sure some senior citizens could have benefitted from this vitamin, but the system was abused."

Because of possible abuse, hard and fast rules have been set by Big Brother, who also removed the word "compassion" from his vocabulary.

UNEMPLOYMENT

HON. ROBERT W. DANIEL, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. ROBERT W. DANIEL, JR. Mr. Speaker, this week the House passed H.R. 4481, a bill providing nearly $6 billion of new spending beyond already budgeted levels for the creation of public service jobs and the acceleration of job-related public works projects.

I understand and sympathize with the motives behind this legislation. Unemployment officially stands at 8.2 percent of the work force—some 7,500,000 American workers are out of jobs. In the Fourth Congressional District of Virginia some 1,700 General Electric employees are out of work, out of a total work force of 5,000.

Unfortunately, this legislation will not buy any significant relief for the unemployed. It is far more likely to stand as yet another example of unkept promises made by the Federal Government and paid for by the taxpayers.

Too much of the funding in this bill does not reach the main target—the full-time adult worker. Over a million summer and part-time jobs will be created for college students and other youth, but only 200,000 full-time adult jobs will be funded.

Too little of the funding is targeted on the employment sectors and geographical areas with the highest unemployment.

Too many of the jobs—repairing fish hatcheries, cleaning up National cemeteries, and wild horse management—will be of no significant benefit to the worker or to the national welfare.

Too much time—as long as a year—may be required to get the funds involved translated into actual job openings. Congress has already appropriated $2.5 billion for public employment jobs in fiscal 1975 and many of these jobs are still not filled. The bill's public works projects will take months to gear up. As a measure for immediate job creation and employment, this bill offers very little.

Finally, this costly legislation does nothing to deal with the underlying economic causes of unemployment, and it may well prove to accelerate them.

To pay for these expensive programs, the Government has had to borrow funds in competition with private industry, which badly needs the capital for expansion and job creation. Right now the Government at all levels is soaking up 80% of all the lendable funds in the country—which of course pushes interest rates up and makes money hard to get for consumer loans, home mortgages and business expansion.

The most effective long-term solution to our economic and unemployment problem is to encourage a substantial infusion of capital into the expansion of industry. Keeping workers dependent on tax-supported public jobs does nothing to increase productivity or business recovery.

The liberals in the House should keep their campaign promises and address the underlying causes of unemployment and recession rather than treating the economic symptoms with "job bills" such as H.R. 4481 which in reality only aggravates the disease.

NUCLEAR STAKES IN SOUTHEAST ASIA

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. CHAPPELL. Mr. Speaker, this body will soon be considering the question of whether we should grant the President's request for additional aid to Cambodia and Vietnam.

The issues involved are far larger than the immediate question of $522 million in aid for South Vietnam and Cambodia. The American people, I believe, when apprised of the true facts, will support material assistance for these allies in Southeast Asia. The critical fact remains, either we are going to keep an effective input into how this Earth is organized or the Communists are going to organize it for all of us. Every time the Communists occupy an area and gain control of a nation it means one less opportunity for us to influence the certainty of our freedom. Our actions now will determine whether our children will be free men or whether they will fall to the ravages of communism. This material assistance—not troops or bases—affects not only South Vietnam and Cambodia but more importantly it is critically vital to all of Southeast Asia. Thailand, Indonesia, Malaysia are among those concerned to know whether the United States will keep its word to South Vietnam—whether the United States is going to allow South Vietnam and Cambodia to fall and thus permit communism to threaten their own freedom.

Mr. Speaker, I would strongly urge my colleagues to review carefully Mr. Walt W. Rostow's article printed in the Washington Star News on February 16, 1975 which raises some thought provoking questions.

I can only hope the Congress and the American people will recognize that a free South Vietnam is of vital importance to our own national interest. Allowing a Communist nation to overrun a free people will only hasten the time when we have to expend our lives and our wealth in a desperate effort to recover what we in the free world have lost.

I hope we will stand tall and strong to do the hard "right" as opposed to the easy "wrong."

The article follows:

NUCLEAR STAKES IN SOUTHEAST ASIA

(By Walt W. Rostow)

From all accounts, a majority in the Congress appears seized of the idea that we should limit our military assistance to Cambodia and South Vietnam in the face of the military offensives they confront, despite the judgment of the executive branch that this may well lead to Communist victory in the area.

Those supporting this limitation are in the position of arguing that it would be better for the people of Southeast Asia to have peace than war, even if peace brings Communist control. They also say that the American people have had enough of Southeast Asia, and a majority of our citizens supports a cut-off of aid to the area.

It is understandable after all that has transpired over the last 30 years that the American political process should generate moods like these; but, as George Kennan wrote in another context: "History does not forgive us our national mistakes because they are explicable in terms of our domestic politics." What if the destruction of independent non-Communist states in Southeast Asia should irreversibly lead not to "peace" but to greater instability and conflict in the world than we already know?

Specifically, members of Congress ought to consider these four points before casting their votes.

Whatever moral judgments or domestic political imperatives may move individual members of Congress, the United States will appear to the rest of the world to have knifed in the back an embattled ally. And we will have done so after that ally had successfully held his own over the more than five years since American troop withdrawals began, accepting increased casualties, despite an American-negotiated truce settlement that has not been honored by Hanoi and on whose enforcement Washington has not insisted once our prisoners were home.

A part of that settlement was the understanding that we would supply the South Vietnamese with arms to match those mounted against them. There is no North Vietnamese weapon that does not come from its allies in Moscow and Peking. It is inevitable that an American cut-off of military supplies to Southeast Asia shakes our alliances in every part of the world. Our allies may differ in the weight they attach to events in Southeast Asia; but they are all vitally affected by the record of American reliability in honoring its treaty commitments and other promises.

A loss of confidence in American reliability could lead to further nuclear proliferation. A good many countries have moved close to the threshhold of nuclear weapons production. One barrier that has thus far prevented their taking this fateful step is the greater advantage of explicit or implicit security ties with the United States than the development of independent nuclear capabilities can provide. An American foreign policy dominated by moods of a Congress prepared to alter unilaterally treaty relations as well as agreements made by the executive branch, is not likely to commend itself as the foundation for national security to a number of important nations in a world they perceive as still potentially dangerous. By several routes, nuclear proliferation increases the chances of nuclear war.

In Southeast Asia itself, the action of Congress may well lead to a larger war rather than to peace. That action will signal to other powers a definitive American abandonment of interest in Southeast Asia and set off a scramble for power to fill the vacuum.

The situation in the region differs in a number of ways from that in 1965. Thailand and Indonesia, for example, are stronger now, and perhaps some of the other states as well. On the other hand, the long line of the Mekong still renders Thailand vulnerable to a Communist conquest of Indochina; and the fate of Burma runs with that of Thailand, as both parties have long recognized. Since independence, the Indian foreign policy has systematically regarded the independence of Burma (and Malaysia, too) as a direct vital interest. Thus, a congressional cut-off of military aid could set in motion a confrontation between India and China, as well as a Chinese-Russian confrontation. Both confrontations now carry the potentiality of nuclear war.

Finally, the resources of Southeast Asia, until recently a factor of negligible interest, have increased in importance to Japan and Western Europe as well as to the United States; that is, the oil of Indonesia and the potential deposits of the South China Sea. In a world enmeshed in a long-term energy crisis, the sea routes which Indochina dominates assume increased importance.

This is not the first time in our history that the Congress has exercised intimate control over foreign policy. The first time it happened, in the 1780s, it yielded such dangers to the republic that the nation reluctantly accepted the Constitution under which we have lived successfully for almost 190 years. The last time it happened, between 1918 and 1940, the policy of the United States contributed substantially to the coming of the Second World War.

The voices now dominant in the Congress, echoing their isolationist predecessors, are once again seeking to impose their vision of how the world ought to be, as opposed to the way the world really is. Those who know better are mainly silent; cowed by the media, tired from a long enervating struggle, unwilling to say what they believe after the bruising battle of the past generation. But history is without pity—even for the United States. To quote Kennan again: "A nation which excuses its own failures by the sacred untouchableness of its own habits can excuse itself into complete disaster."

And this time the disaster could be nuclear war.

TORRANCE SCHOOL DISTRICT RECOGNITION BANQUET

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. ANDERSON of California. Mr. Speaker, our educational system represents one of the most important factors in America today. No other segment of our society has such a direct bearing on our hopes for the future, since it deals with the preparation of our youth to face the challenges the future represents.

The men and women who serve in our educational institutions are more than mere employees. Administrators, secretaries, teachers, custodians—these people are the very heart of the schools they serve. Without them, there would be no education for the leaders of tomorrow.

On April 10, 1975, the Torrance Unified School District of California will hold a banquet in honor of 25 outstanding employees who are retiring after many years of dedicated service.

Buildings, classrooms, books—these are not the important aspects of a school system. It is the men and women who use them, along with the student, who turn our educational institutions into living, vibrant centers of human experience.

Those who work in our schools are not drawn to them by visions of personal wealth or dreams of renown. Instead, they are faced with the purpose of teaching our children the knowledge they will need when they are ready to assume their responsibilities as the next generation of leaders.

The goal of an educator is not simply to get students to memorize facts and figures. Knowledge and wisdom go far beyond that. It is necessary that our educators do so in order to prepare today's youth for the challenges ahead. Not only must they be able to live within a society, today's youth must have the desire, incentive, and ability to make this world a better place in which to live.

Mr. Speaker, this is why those of us in government, as well as the public, owe so much to educational personnel. Those 25 persons who are retiring in my district personify the qualities that have made our educational system so outstanding. Their true reward is not only in the future; their reward is the future.

When we think of schools, we usually think of teachers. Certainly, the instructors in our classrooms perform a vital function. They deserve our highest praise and gratitude.

However, we often forget the administrators who keep the schools running. We forget the custodial and maintenance staffs who see to the upkeep and development of the buildings and facilities. The secretaries and assistants who work in almost all aspects of education rarely receive mention. Yet their jobs are also important to education. They too, along with the instructors, deserve our gratitude and recognition.

I would like to offer a word of thanks to these men and women, who have given so much of themselves to set our children on the paths they must take in the future.

Those retiring are: Mrs. Clarine G. Hamilton, Mrs. Pearl D. Hebert, Mrs. Kathryn N. Widney, Dr. Harold S. Widney, Mrs. Rose Franklin, Mrs. June K. Allen, Mr. Patrick K. McManus, Mr. Joseph M. Stuart, Mr. Clyde A. Perdiew, Mrs. Ada Belle D. Myers, Mr. Howard C. Shoen, and Mrs. Lorene D. Shoup.

Also retiring are: Mr. Virgil U. Bauguess, Mr. Ray R. Arnett, Mr. Edmund F. Curtis, Mrs. Bernice J. Lee, Mr. Salvatore F. Grasso, Mr. Cecil H. Butts, Mr. Erwin B. Jarrett, Mr. Edward W. Ford, Mrs. Beulah Latham, Mr. Merlin M. Trepp, Mr. Courtney R. Munsey, Mr. Charles A. Newville, and Mr. Leonard L. Powell.

Mr. Speaker, the influence of these men and women will never stop; it will continue to be felt in future generations.

The philosophical tenets of the Torrance Unified School District state that—

> Education is a dynamic, evolving relationship with subject matter the means, man the product, and society the result.

Because of the dedication of these individuals to that philosophy, we can look to the future with great optimism and hope.

For this our entire community, and the Nation, is eternally grateful.

A TAXPAYER'S PLEA

HON. JOHN BUCHANAN

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. BUCHANAN. Mr. Speaker, recently I received a letter from one of my constituents who is a part of that usually silent majority of taxpayers who provide the funds we so generously expend at the Federal as well as other levels of government. People like this good man comprise a substantial part of the strength and hope of this Republic. I am deeply proud to represent such citizens as the Duryeas, and commend his thoughtful comments to my colleagues. The text of his letter follows:

BIRMINGHAM, ALA., *January 29, 1975.*

Hon. JOHN H. BUCHANAN,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BUCHANAN: This is a protest—admittedly one in my personal self interest. I don't claim to be representing anybody in this letter other than my wife and myself; however, I feel that many others share my views. I am writing to you because you are one of the few people who can perhaps help.

What I wish to protest, in brief, is the increasing tendency in this country for the government to put the financial screws more and more on those of us with "above average" incomes, the tendency to sock it to the minority of us who earn over $25,000 per year, the tendency to view our above average incomes as undeserved, unneeded, and unreasonable, and, therefore, as fair game for all types of taxation.

How do I happen to be in a position of receiving a somewhat above average income? Like many others, by spending many years in preparation and hard work. Like many others, I worked my way through six years of college, barely surviving economically through those years but happy to do so because I felt sure that there would later be a return on my investment of time, money, and hard work.

After college, I found that for several years I was earning no more than many blue collar employees, who had gone to work right out of high school. Still, I felt I had more future, more chance for advancement than they because of my preparation. So I continued to work the 60–70 hour weeks, continued to pull up roots and move about the country (at considerable expense) as the needs of my jobs and opportunity dictated. Now, in my mid-40's, I finally have reached the point where my income is above average—but my financial resources are limited. After helping to finance three children through various schools and with one more child yet to go, my wife and I see a need in our remaining work years to invest and save substantial amounts for retirement—to build up the resources we couldn't build in the past because we were too busy preparing for the future. So we both work, and together we receive pre-tax earnings in the mid-30's.

We will never get rich on our mid-30's income, but we could get by very well and could put aside enough to provide for retirement years. But every time we turn around we find that our income is being tapped for an extra tax. Presently much of the talk in Congress about tax reform, tax rebates, tax reductions, Social Security tax changes, etc., centers around ways of helping the low income citizens—at our expense. Most proposals I have heard would siphon off more and more dollars from us and, in one way or another, transfer the funds to people with reported incomes below a figure of about $15,000.

I don't know what the outcome will be of continued tax policies which aim increasingly at the redistribution of income from those who earn above average to those who earn lesser amounts. At times I am tempted to say "to hell with it", plan early retirement at some reduced income level, and join the millions of others who get government aid or welfare in one form or another—to withdraw from the income group that is being taken and join the ones who are being kept. But I won't do that. My wife and I are not made that way. Undoubtedly we will continue to work our tails off to do the best we can.

But the present tax procedures, and especially many of the ones that are being contemplated, are grossly unfair. I feel that my wife and I—and many others like us—are being discriminatorily penalized with unfair taxation policies, policies that make us pay far more than our share. Because we have worked harder than most and have spent more years in preparing ourselves than most, we are required to pay far more taxes than most. That doesn't seem right.

I have no hope of this situation getting better, but we do urge you to help keep it from getting worse.

Sincerely,

LADD DURYEA.

THE MEAT PRICE EXPLOSION AND CHAIN STORES

HON. GLENN ENGLISH

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. ENGLISH. Mr. Speaker, the cattle industry has been one of the hardest hit segments of our economy during the last few years. While our cattlemen are continuing to take severe losses on their sales, the price of beef at the marketplace has continued to rise sharply.

The following article published in the Washington Post Sunday, March 9 sheds some much needed light on beef price-fixing practiced by some of the largest food chain stores in the United States. The shocking statistics provided in this article I am sure will be of great interest to this distinguished body—especially those from urban areas.

I ask unanimous consent that this article be printed in the RECORD.

THE MEAT PRICE EXPLOSION AND CHAIN STORES

(By James Risser and George Anthan)

In the mid-1960s, officials of the nation's largest supermarkets gathered quietly at confidential "meat clinics" sponsored by their trade organization, the National Association of Food Chains (NAFC).

Each participant was guaranteed anonymity. Neither his name nor his company affiliation appeared on any list. Officially, he was known to his colleagues only by a color-coded badge on his lapel. If he spoke out during clinic sessions, he could be identified only as a member of, for instance, "the red-striped badge group."

The system was developed, one NAFC official explained later, "for the purpose of encouraging people to speak out and not hold back" as the executives discussed complexities of buying and marketing meat at a profit. And, somewhat to their chagrin today, participants did speak freely.

One color-coded supermarket man declared that "it is about time we stopped passing along the savings in distribution costs to the customer. I think we ought to keep some of it for ourselves."

"The group seemed-in general agreement with this thought," notes of the meeting said.

Last summer, those words and others uttered at the meat clinics came back to haunt the supermarket industry as a federal court jury in San Francisco handed six cattlemen a stunning $32.7-million verdict against the Great Atlantic & Pacific Tea Co. (A&P) in a lawsuit charging that major retail grocery chains had conspired to fix the price of beef.

During the trial, the chief meat buyer for A&P had denied he ever met with his competitors. But then the jury of four women and two men was shown a photograph of him meeting with other supermarket officials at an NAFC clinic. The impact on the jurors was powerful.

Their verdict was upheld 10 days ago by Chief U.S. District Judge Oliver Carter, who denied A&P's plea for a new trial. Judge Carter ruled the jury had received "sufficient evidence" to support its finding that A&P had plotted with other supermarkets to set the prices they pay for beef at a low level and the prices they charge customers in their retail stores at a high level. The jurors were justified in believing that, at the "various secret meetings," supermarket executives and meat buyers "met, not only to discuss prices of meat, but to forge agreement concerning fixing of those prices," said the judge.

A&P has termed the verdict "monstrous" and plans an appeal to the U.S. Circuit Court of Appeals. The decision has sent tremors through the multi-billion-dollar supermarket industry as cattlemen in other states have moved quickly to file similar suits. While the San Francisco case covers a period which began almost a decade ago, some cattlemen contend the alleged practices have continued.

Backed by some farm-state congressmen, the cattle raisers say large supermarket chains wield undue influence on wholesale and retail prices of meat. Rep. Neal Smith (D-Iowa) charges the chain grocers have replaced meat packers as the largest single force in the nation's food industry, saying they exert "tremendous leverage" over meat prices and can, in effect, dictate prices meat packers pay the cattleman for his live animals.

Smith is pushing legislation to limit the chains' involvement in production of meat, and some veteran industry regulators at the U.S. Agriculture Department agree privately that tough new laws are needed.

The farmers complain that low prices they are paid for cattle are not adequately reflected at the stores' meat counters. This has become one of the most curious aspects of the high food-price situation of recent months. How can it be that U.S. cattlemen have lost $100 to $200 on each animal sent off to the slaughterhouse, and yet consumers have had to pay higher prices for their steaks and hamburger?

Agriculture Department economists and statistical experts agree that if there is an economic villain, it's someone called the "middleman"—the meat packer, the processor, the packager, the shipper, the retail grocer. All have been getting an increasingly large piece of the action as beef makes its way from an Iowa farm or a Texas feedlot to the American dinner plate.

Agriculture Department figures show that in 1971 middlemen, including the retail supermarkets, added an average of 36.5 cents to each pound of choice beef they handled. This increased to 52.7 cents a pound in 1974.

A special department task force reported last August that meat price margins—costs added by middlemen—"exploded" late in 1973 and early in 1974 "while market prices for cattle and hogs dropped sharply and losses mounted for livestock feeders." General inflation, restrictive labor union practices, government regulations and market distortions caused by earlier federal price controls were factors in this "explosion" but not enough to "explain the surge," the task force stated.

Meat marketers, the unit's report said, had significantly increased their profits, partly to recoup earlier losses. "It appears that the recent increase in meat price spreads was caused partially by food retailers changing their pricing policies to increase profits in their meat departments," it said.

A series of recent hearings by the Congressional Joint Economic Committee also dealt a blow to the supermarkets' public image. First, the committee staff accused the chain stores of issuing "intentionally misleading" financial figures in order to "cover up" high profits. Then, several supermarket chains refused to testify before the committee unless forced to do so by subpoena.

Cattlemen's suits patterned after the California case are on file in Nebraska and Texas, and the filing of others is under consideration. A $1.4-billion anti-trust action filed in Cedar Rapids, Iowa, by cattlemen there was dismissed recently, but strong efforts are being made to revive it.

An examination of the voluminous record in the six-week A&P trial in San Francisco shows that cattlemen's attorney Joseph M. Alioto (an antitrust specialist and son of San Francisco Mayor Joseph L. Alioto) was able to produce little clear or startling proof of an overt conspiracy. There was no document actually showing high grocery chain officials agreeing an price-fixing schemes. But there was massive testimony and statistical evidence that, at a time when beef demand was high, cattlemen were being paid low prices while supermarket profit margins were rising. And the jury apparently was convinced that the NAFC meat clinics were a cover for supermarket efforts to get together on pricing.

TWO CHAINS SETTLE

The case, filed in 1968, originally named as defendants A&P, Safeway Stores, Inc., and Kroger. The three firms had conspired to pay low prices for the beef they bought and to fix high prices for the beef they sold to customers, the petition asserted. The large supermarket chains, the cattlemen alleged, had divided geographical territories among themselves to reduce competition. They also had eliminated competition among themselves in purchasing meat products, and even among different stores of the same chain. Also, it was charged, they had exchanged information on prices, sales, margins and profit through their trade associations.

Safeway and Kroger eventually elected to avoid a trial and settled out of court by paying the cattlemen $90,000 for attorney's fees, though the two chains strongly denied the charges against them. A&P, however, decided to fight the case to the end.

After a six-week trial, the jury returned its verdict, finding that a price-fixing conspiracy had cost the six cattlemen 20 cents a pound on all the beef they sold from 1964 through 1967. As a result, they had lost a total of more than $10 million and, under federal antitrust law, were entitled to triple damages.

The plaintiffs produced witnesses to buttress their claim that the big supermarket chains had agreed, perhaps only through an informal "understanding," to pay packers uniform, arbitrary, non-competitive and artificially low prices for fresh meat and meat products.

Cattlemen told the jury they sold cattle for less than it cost to raise them, and that they were able to stay in business only with bank loans and by raising crops. Also, a former independent packer testified that he had been forced to pay cattlemen low prices because of "great pressure" from major food chains he dealt with.

Testimony showed that A&P followed a policy of buying 20 million pounds of meat a week—90 per cent of its total requirements—out of a single office in Chicago. Company officials acknowledged that such large buying power could not help but have a significant market impact, but they insisted "we do not determine prices."

But, in his closing argument to the jury, Alioto claimed: "It's more likely than not that they (the competing supermarket executives) got together, either by an understanding or an agreement or an invitation to some and an acceptance by others, to control the market. They talked about prices. The evidence is they talked about methods and procedures. . ."

Referring particularly to the photograph of A&P meat buyer Robert Carpenter meeting with his competitors, Alioto commented: "First, several of them deny meeting each other, and then we have to show that and prove that in documents . . . Next, they say, 'Well, I didn't sit with him; I might have met him, but I didn't sit with him.' And then we have to get a picture . . . And then they say, 'Well, we didn't talk about prices or supply or anything like that,' and then it's all over these documents."

Arguing unsuccessfully that the jury verdict should be set aside, A&P contended that the NAFC sessions involved "wholly theoretical and legitimate discussions about retail marketing practices and consumer buying habits, but were not an attempt to fix prices or coordinate buying.

"Accusations of retail price-fixing before a jury of consumers in a period of high inflation were obviously highly prejudicial," A&P complained.

THE "YELLOW SHEET"

In addition to the NAFC meat clinics, evidence of some contact among competing food stores came in testimony of A. D. Davis, an official of Winn-Dixie stores. He said he had given his private telephone number to officials of some other firms to save them from making more expensive person-to-person calls when they wanted to speak to him.

The calls often related to handling of "excess supply" of beef, said Davis, who acknowledged that he may have told a competitior that Winn-Dixie was planning to "feature" beef.

Supermarket officials said that the NAFC often issued notices to its members, telling them of the existence of excess meat supplies, and asking them to conduct beef sales. But A&P lawyers said such sales had the effect of removing excess supplies and actually benefitted cattlemen.

The cattlemen who testified in San Francisco made it clear they don't feel that way. Courtenay C. Davis, who operates a 75,000-acre ranch at Horse Creek, Wyo., told the court that many cattlemen have been losing money since 1952. At about that time, he said, "a powerful new force emerged in the form of the concentrated buying power of fewer and fewer big chain store buyers, operating without restraint in the carcass beef market."

Supermarket officials testified that the four largest chains together were accounting for less than 20 per cent of carcass meat sales in the nation, but they acknowledged that much of the other 80 per cent represented "fragmented" purchases by locally oriented grocery, hotel, restaurant and institutional operations.

While noting that most of its 3,500 stores get most of their meat through a centralized buying office in Chicago, A&P strongly denied it sets prices it will pay to packers by relying on the so-called "Yellow Sheet." That publication, officially called The National Provisioner, is a daily compilation of wholesale prices in the meat industry. It bases its quotations on actual sales, but there have been allegations in the press and before Congress that the Yellow Sheet's figures sometimes are manipulated.

Also, during the California trial, the cattlemen contended that a Safeway decision to sell its New York City stores, A&P's decision to leave the Los Angeles market and a Kroger decision to abandon Washington were tied to efforts to lessen competition among the three in the purchase of meat.

C. W. McManamy, an official of the Omaha, Neb., Livestock Foundation and a longtime observer of midwestern markets, sees evidence large supermarket chains have been able to force some significant drops in prices farmers receive for their cattle.

One clue to this, he said, is a uniform price decline on the same day at widely scattered markets. "When I look at a radical depature from normal patterns," he said, "then I have to look at market muscle as a possibility. I see six to eight major retail outlets. Against this, I see 3,500 packing plants, and producers market through all these plants. When I look at this picture, I can't escape the conviction that concentration in retailing would provide substance for suspecting that prices can be dictated where the power lies. Packers to a large degree don't sell meat to retailers anymore; the retailers order meat from the packers."

Testifying before the Joint Economic Committee last December, Irvin Bray, one of the plaintiffs in the California suit, said he had been unsuccessful in trying to sell cattle to packers early in the week because the packers have to wait until Wednesday to find out what Safeway, the dominant chain in his area, is willing to pay.

Safeway's buyers wait until then so they can determine through the Yellow Sheet what A&P has paid the previous day, he claimed. Bray said that in recent years there has been very little relationship between the prices paid to cattlemen and the retail beef prices charged to consumers.

Testifying later, Safeway denied the charge. Company lawyer Richard W. Odgers said Safeway does not utilize centralized buying, but purchases its beef through competitive "offer and acceptance" in which packers' offers are received and accepted separately through more than 15 meat-buying offices.

W. S. Mitchell, Safeway's president, was grilled before the committee by Sens. William Proxmire (D-Wis.) and Hubert Humphrey (D-Minn.) about the increasing concentration of economic power in a few of the big chains. Proxmire said he has "serious doubts about the competitiveness of the industry" and Humphrey asserted that the supermarket chains "went out for a killing" after food price controls were removed.

But Mitchell told the committee that "all those stories about price-gouging profiteering, ripoffs, price-fixing and monopoly are just not so." He strenuously resisted suggestions that Safeway, with its 2,200 stores and annual sales of some $6 billion, is able to drive out competition and keep its prices high. Net profits of most major chains have averaged around 1 per cent of total sales, Mitchell said.

"A DEVASTATING CASE"

Later, the committee staff issued a report calling such figures "irrelevant." Profit figures based on rate of return on sales have been "purposefully" used to "cloud the issues and obscure the industry's true performance," the report said. A more reliable measure of supermarket profits, it contended, is "return on equity" (earnings compared to the value of the stock owned by the companies' stockholders) because this shows how much money the supermarkets are making in comparison to their total worth. For the supermarket chains, return on equity is "strikingly higher" than return on sales, the report said.

Safeway's rates of return on equity, for example, was 11.2 per cent in September, 1973, and rose to 19.5 per cent in September, 1974, an increase of 74 per cent, the report said. Winn-Dixie's rate of return rose from 13.1 per cent to 21.4 per cent. Kroger Co. went from 6.1 per cent to 10.4, and A&P from a loss of 2.2 per cent to a profit of 3.2 per cent.

The figures, on the average, are "neither spectacular nor poor," but they refute the retail food stores' claims that they are doing poorly, the committee report said.

The NAFC continues to argue, nevertheless, that supermarkets make so little profit that, if their earnings were entirely wiped out, the average family's food bill would drop by only eight cents a week.

"Lowering food prices by reducing supermarket profits is like trying to pump water from a dry well," says NAFC president Clarence Adamy. As for meat specifically, the supermarkets generally have been unable or unwilling to provide figures, although A&P has acknowledged that its average markup on fresh meat nearly doubled between 1968 and 1973. Safeway says its gross profit on meat is lower than on other grocery products, and Jewell Companies, Inc., officials say the company lost $5 million on meat sales during the first half of 1974.

Proxmire said in December that his committee staff's field investigations showed that where a small number of supermarket firms dominate the grocery business in a particular city, as in Washington, food prices tend to be higher and often are identical in the various competing stores in that city. A sampling of 4,000 items in Safeway and A&P stores in Kansas City, Mo., turned up identical prices on 3,000 items, he said. The Wisconsin senator described the finding as "the kind of conduct you'd expect out of a price-fixing conspiracy."

Three weeks later, Proxmire announced that A&P, Kroger, Winn-Dixie and Grand Union Co. had refused to appear before the committee unless subpoenaed.

Proxmire said company records obtained from the 17 largest chains had been analyzed and "we believe that a devastating case has been made against the industry—especially that retail prices rose while farm prices fell and that actual price competition, as such, did not exist in about 60 per cent of the items sold in the food chains."

Proxmire has since yielded the chairmanship of the Joint Economic Committee to Humphrey and the future status of the investigation is in doubt, as is the question of public release of the reportedly revealing company financial records.

The Federal Trade Commisison has announced a probe of the food industry, but a congressional source who has followed the FTC effort says it is "in bad shape, partly because of lack of staff." The Senate Select Committee on Nutrition and Human Needs also has plans to investigate the food industry, including price fixing and other anticompetitive activity, later this year.

THE UNITED STATES IN SPACE—AN OVERVIEW

HON. LOUIS FREY, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. FREY. Mr. Speaker, within the next few days, my colleagues in the House will be considering the NASA authorization bill for fiscal year 1976 and the subsequent 3-month transition period. In generating this legislation, the Science and Technology Committee has carefully considered the testimony and recommendations of many experts from private industry and academia as well as from the NASA organization.

The authorization requested for the 12 months of fiscal year 1976 plus the 3-month transition period to the new fiscal year is $4.498 billion. This corresponds to an increase of only $10 million or 0.2 percent over the NASA request. Although compelling justification was provided for a number of major increases within the budget request, the committee was ever mindful of the massive budget deficits now being run by the Federal Government and felt constrained to hold the budget within the guideline submitted by the administration.

What must be recognized however is the severity of the financial guidelines within which NASA must operate.

The fiscal year 1976 budget is the fourth annual budget submitted by NASA since the adoption of the long-range program known as the "constant budget" approach. Back in fiscal year 1971, the NASA budget stood at approximately $3.4 billion having been cut nearly in half from the $6 billion peak in the late 1960's. In recognition of the dire consequences of this cut plus the realization that subsequent new programs would require large budget increases in future years, NASA recommended a revised program plan under which total NASA expenditures would not exceed the level of $3.4 billion, as measured in 1973 dollars, with the appropriate allowance made for inflation.

The constant budget concept was adopted so as to permit a more predictable and stable pattern of growth albeit within a less ambitious overall program. The value of the concept was that it permitted NASA to conduct its program with some assurance of a future commitment at a fixed level.

Since fiscal year 1973, the Congress has approved the NASA budget at a budget level substantially similar to that submitted; however, the budget submitted was reduced below even the 3.4 billion level, as measured in equivalent dollars. The reduced submissions were reflective of the governmentwide fiscal restraints imposed upon Federal spending. The point to emphasize is that the fiscal year 1976 request corresponds to only $2.8 million in equivalent 1973 dollars.

Thus, the NASA program had been reduced substantially from the level of effort of past years—a cutback which has adversely impacted every single program and every single person within the entire organization.

As evidence of this, the fiscal year 1976 budget program incorporates no new program starts—this is in response to the Presidential policy of no new programs with the exception of those pertaining to the energy field. The budget before the Congress is therefore directed to no more than the continuing effort of previously approved programs.

I would also emphasize that even within the reduced fiscal year 1975 budget, $72 million was deferred by the President which resulted in a slowed work pace and the possibility of a number of applications programs suffering delayed launch schedules. This deferral was a part of the overall administration program to reduce fiscal year 1975 spending.

In spite of the positive aspect of the fiscal year 1976 budget—the total budget was increased approximately $300 million above fiscal year 1975—$200 million of this increase will be channeled to ongoing program commitments presented to the Congress last year which means that the effective increase will be only $100 million or 3 percent. This increase is therefore much less than the current rate of inflation. Needless to say, NASA has had to make many program adjustments in order to stay within the proposed budget, because of the inflation rates we are now experiencing not the least of the adjustments which will be a reduction in civil service employment by 300 people between now and the beginning of fiscal year 1976.

Most assuredly there are positive notes. The space shuttle is proceeding on schedule without the need for further disruptive slips as were necessitated under fiscal year 1974 and fiscal year 1975 budgets; the Landsat-C Earth resources satellite is continuing on its schedule for a launch in the fall of fiscal year 1977; aircraft research programs aimed at reducing fuel requirements of commercial jet aircraft will continue as a principle focus of aeronautics work; space shuttle mission payload planning will continue in the science, applications, and aeronautics areas; and finally, a number of NASA, commercial communications and other domestic, foreign, and international satellite programs will reach launch dates within the coming fiscal year—the key launch being the Apollo-Soyuz test project coming in July, NASA's only manned spaceflight before the first orbital flight of the shuttle in 1979.

In the next few days, between now and the formal consideration of the NASA authorization bill on the floor, I will be discussing the various aspects of the NASA program in greater detail. I, for one, cannot overemphasize the shortsightedness in the continuing reduction of our space activity. The NASA space program which has provided untold direct and indirect benefits, economic growth, jobs, and so many other positive returns is being threatened as a viable ongoing enterprise. Clearly, the space program is an essential part of our total Federal effort and must be permitted to develop and expand to its fullest potential.

I, therefore, look forward to discussing the challenge and promise of the NASA effort in order to provide my collegues with a clear understanding of the importance of our space effort. My hope is to instill in them my appreciation for the priority of our work in space in order to reverse this dangerous trend of cutback after cutback.

Mr. Speaker, I look forward to presenting the various aspects of NASA's work during the next few days. I hope that the thoughtful study I provide will result in this year's NASA authorization being offered the enthusiastic congressional support the program fully merits.

OIL DEPLETION ALLOWANCE

HON. JACK HIGHTOWER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. HIGHTOWER. Mr. Speaker, the proposed repeal of the depletion allowance is the wrong solution at the wrong time. In November of 1973 the Arab oil producing nations abruptly declared an oil embargo against the United States and most consuming nations in Western Europe. We are still feeling the shock waves. We were then importing about 35 percent of the petroleum we consumed domestically, and of that about one-half came from producing countries in the Middle East. That was the beginning of what was very quickly headlined as the "Energy Crisis": long lines at filling stations, shortages of home heating oil, and complaints of a shortage of fertilizer.

The price of foreign oil increased fourfold and prompted us to talk of a program which we hoped would make us independent in energy production. We talked about doing it in 10 years. Despite the fact that the Arab embargo has long since ended, we are still experiencing severe economic dislocations. Apparently there is and will continue to be an energy crisis in most of the industrialized world. In the United States today, for example, we have the highest unemployment rate since the days of the depression. We are experiencing double-digit inflation coupled with the severest general economic recession since World War II. If we have learned anything in the past year it ought to be how important it is to have a ready supply of domestically produced energy at our disposal and how dangerous it is to rely on those who would use both oil and oil prices against us.

It therefore should not be surprising that many of us view with great alarm anything that would remove production incentives from the domestic petroleum industry. If we are to reduce our dependence on outside sources of energy, it is essential that Congress now do everything in its power to provide all the stimulation necessary to insure that domestic exploration will expand. That is why it is so distressing to hear so many Members of this body advocate eliminating the depletion allowance, the one provision in the present law that would accomplish what we need. It is difficult to believe that they are fully cognizant of the tragic effect that this will have on the domestic oil industry in the United States.

It is the independent producers—or wildcatters—who will be most drastically affected by the removal of the depletion allowance. We know that such independents are now drilling about 85 percent of the wells and are responsible for finding about 70 percent of the new oil that is being discovered onshore in the United States today. Oil exploration is an extremely risky business. For every producing well an independent discovers, at a minimum he drills over 10 dry holes on which he realizes no return. It is these independents that need encouragement in the years ahead if this country is to have enough gasoline to run automobiles, enough industrial fuel to power factories, and enough commercial fertilizer to grow crops. We will have to continue to rely on fossil fuel for a long time to come. We need to rely on competitive private enterprise to produce that fuel.

For the most part these wildcatters are not men of great wealth. They depend on outside investors to put up the capital they need to finance drilling operations. This has become especially true as inflation has caused exploration costs to skyrocket in the past 3 years. Without the depletion allowance, the independent is going to find it very difficult to attract the capital he must have. At best the investor shares the gamble. He can only hope for a substantial return on his investment if the venture should happen to be successful. Eliminating the depletion allowance will just about eliminate the independent producer as well at the very time that the country needs more, rather than fewer, people engaged in exploration.

Finally, I would like to say that it is deplorable that so many people appear suddenly to have developed a punitive attitude toward the oil business. There seems to be a belief that if we punish the oil producer by removing the depletion allowance our situation will somehow be made better. Nothing could be further from the truth. This is no time to be looking for scapegoats. For over 30 years the oil industry brought this Nation the lowest petroleum prices of any nation in the industrialized world. So long as the market was relatively free the cost to the American consumer was very low. Now, unfortunately, prices are controlled by OPEC—by Arabs, Nigerians, and Venezuelans. Traditionally all producers in this country have plowed back about 75 percent of their earnings into developing new sources of oil and gas to replace what was being consumed. If earnings are lower, then less will be expended in exploration. If we really want to achieve independence, then keeping the depletion allowance is the best way to achieve it. If we do otherwise without substituting some other form of incentives to attract capital, we are courting disaster.

VIETNAM: A QUESTION OF AMERICAN HONOR

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. CRANE. Mr. Speaker, after the signing of the 1973 Paris Peace Agreement, President Nixon assured the Government of South Vietnam that—

> The Republic of Vietnam will find us a steady friend . . . We will provide replacement military assistance . . . We will also contribute generously to South Vietnam's economic rehabilitation.

Now, it appears that many in the Congress want to violate that commitment and leave our South Vietnamese allies defenseless before the aggressive onslaught of North Vietnamese and Vietcong forces which have been equipped and supplied by the Soviet Union and Communist China.

At the present time, the South Vietnamese do not have sufficient ammunition, fuel, and other supplies with which to defend themselves. They are not lacking in the will to fight, and they have not asked for American troops to assist them. They only want us to fulfill our commitment. Many in the Congress, however, want to turn their backs upon that commitment. They seem not to understand that what is at stake, in the long run, is not only the future of Vietnam but, in addition, the reliability of America's word in the world.

At the present time, 224 aircraft, roughly a third of Saigon's combat air units, have been grounded for a lack of money. Only 15 of the C–130 cargo planes, described by Defense Department officials as the country's "lifeline," are operating. A program to replace 71 F–5A fighters with faster F–5Es has had to be delayed indefinitely for lack of funds. Presidents Kennedy and Johnson committed hundreds of thousands of American soldiers to defend South Vietnam. Many in the Congress today seem prepared to make a mockery of that determination to stop aggression. The members of the Democratic Caucus seem not to remember that it was their own party which initially made the U.S. commitment in Vietnam. While the Communists persist, they now seem to be bored with that commitment. They should not forget, however, that the world is watching very carefully what we do.

Discussing the need to fulfill our commitment to South Vietnam and Cambodia, New York Times Columnist William Safire writes that—

> The defenders of Phnom Penh may offend some of us by having the temerity to die all over our television screens, but we must not be the first generation of Americans to force the surrender of a beleaguered people in a fog of bloodless phrases.

A decision to provide aid to Cambodia, writes Washington Star Columnist Ernest Furgurson, "would demonstrate to the world that this country still does not turn away from its allies just because they are surrounded and outnumbered."

I wish to share with my colleagues the column, "Euphemism for Surrender," by William Safire which appeared in the March 13, 1975, issue of the New York Times, and the column, "Weighing Debts of Honor," by Ernest B. Furgurson, which appeared in the Washington Star of March 12, 1975, and insert them into the RECORD at this time:

[From the New York Times, Mar. 13, 1975]

EUPHEMISM FOR SURRENDER

(By William Safire)

WASHINGTON.—When South Vietnamese troops moved in 1970 to destroy Vietcong supply bases in Cambodia, the necessary and useful attack was called an "incursion." Infuriated doves in the United States insisted the foray against bases used by North Vietnamese in a neutral country should have been termed an "invasion."

It turned out to be an incursion; the South Vietnamese forces ended the use of much neutral Cambodian territory as a Communist resupply and staging area, and returned within a few months. "Incursion" was not a euphemism after all.

Now, however, we are being treated to a tender phrase to hide a very harsh recommendation. As if by unwitting orchestration, on a single day this week, the delicate wording appeared in three places:

A dispatch from Phnom Penh to a Washington newspaper quoted an unnamed diplomat as saying: "It might not be fair, but the only logical outcome now is a *transfer of power* to the other side."

A story coming out of a television interview with Hubert Humphrey quoted that potential candidate as demanding we cut off military assistance and "try to arrange for *a transfer of power*."

And in an Op-Ed column of The New York Times, a colleague of mine suggested that the choice of pivotal figures in Congress is "to help in the orderly *transfer of power*." (All italics mine.)

To Americans, the orderly "transfer of power" is that marvel that takes place in our democracy when a member of one party is elected to succeed a member of the other party. A President-elect pays a courtesy call on the lame-duck President; the aides of both confer; and the process called "the transfer of power" takes place.

But that is not the process Senator Humphrey and the others are talking about. The word that they are so laboriously straining to avoid is "surrender." In plain words, they want to force the Cambodian Government (which they now call a "regime") to run up a white flag and throw itself on the mercy of those Communists who are now deliberately firing rockets into schoolyards.

That is properly called "surrender," not a "transfer of power." Changing the name does not add bravery to the advice. But the very reluctance of the euphemizers to use the harsh word, "surrender," is tacit admission of shame—at suggesting we cravenly force such an action, or at the shame Americans would feel at denying supplies to an ally that is willing to fight.

But wait, say the power-transferrers: Our aid only prolongs the agony. Since the non-Communist forces are doomed, why try to help a loser?

Perhaps surrender will turn out to be the Cambodians' only choice, but the decision to fight on or give up should be theirs, not ours. Many of those here who now wish to speed up the "transfer" were absolutely certain that South Vietnam's "corrupt, dictatorial regime" would collapse as soon as the last American troops pulled out. That was over two years ago.

Those defeatists do not like to be reminded how wrong they were about the ability of the South Vietnamese to defend themselves, using our weapons against Soviet weapons. Incredibly, our allies are blamed for breaking peace agreements, despite the plain evidence of tens of thousands of North Vietnamese troops steadily moving down across the border to launch a new offensive.

News reports from besieged Phnom Penh continually stress how unhappy the people are with their Government; how hard it is to enlist soldiers; how palindromic Lon Nol has not taken Thomas Jefferson as his model. Thus victims become villains; where are the reports of the courage of the defenders or denunciations of the sustained brutality of the Communist attackers?

No; that would hardly serve to speed the "transfer of power" or to assuage our consciences for refusing to supply any more bullets to people trying to defend themselves against well-supplied Communists.

You see, we are supposed to believe that the war in Cambodia is our fault; that we corrupted those peaceful Cambodians. But were the Khmer Rouge troops, now slaughtering children, indoctrinated by our Green Berets? Hardly, they are local Communists bent on seizing control, using rockets supplied by Hanoi, Peking and Moscow to kill their Cambodia countrymen.

Our visiting Congressmen, who felt the cold fear of the people surrounded in Phnom Penh, are less inclined than Hubert Humphrey and Hugh Scott to demand surrender. A sensible idea has been put forth to "index" aid—that is, to key continued American support to the level of support other outside powers provide local Communists.

Indexed aid to help people fight for their survival against Communist takeover is more in our foreign policy tradition than adoption of the old "better Red than dead" line.

The defenders of Phnom Penh may offend some of us by having the temerity to die all over our television screens, but we must not be the first generation of Amercians to force the surrender of a beleaguered people in a fog of bloodless phrases.

[From the Washington Star, Mar. 12, 1975]

WEIGHING DEBTS OF HONOR

(By Ernest B. Furgurson)

The President is doing his duty. It is reasonable to expect Congress to do the same. If it does not, it will mean the nation has defaulted on a serious commitment, and the long-range results will not be a pleasure to Americans who dislike war.

No less than five separate times in his last press conference, Ford said he did not think it would be appropriate or wise for him to comment on specific questions of legitimate public interest. But when the subject was Cambodia, his response was more solid than the questions.

He restated a concept that has been fundamental to United States foreign policy for most of our history, and he did it as well as anyone has done lately. But he left some things unsaid, too.

Although Washington has tried repeatedly to encourage a negotiated settlement of the war in Cambodia, Ford said, the other side has shown no interest. "The aggressor believes that it can win its objectives on the battlefield. This belief will be encouraged if we cut off assistance to our friends."

Urging Congress to approve extended humanitarian and military aid to Cambodia, he said that "if we abandon our allies we will be saying to all the world that war pays. Aggression will not stop, rather it will increase. . . . We will have been false to ourselves, to our word and to our friends. No one should think for a moment that we can walk away from that without a deep sense of shame."

God, how hopelessly old-fashioned. How Eagle Scoutish, how redolent of the Lafayette Escadrille, Lend Lease, Bundles for Britain, the Berlin Airlift, the Pusan Perimeter, the Ia Drang Valley.

And how true—

True, at least, for Americans who can see back beyond 1968 and forward beyond 1975. For the many others today, there is a long list from which to choose a reason why commitments, debts of honor, no longer weigh on the scale of relations between nations.

The most popular this week is that Phnom Penh is falling anyway, may even be gone before a bill for continued aid can be passed.

If the situation is beyond redemption, it is argued, why bother to spend money on it? Of course, if the situation were hopeful, that would be more than reason enough to let the Cambodians go it without rice or shells paid for by us. Heads the other side wins, tails the Cambodians lose.

So we arrive at what the President left unsaid. If his expressed belief that quick supplementary aid would let the Cambodian government survive till the monsoons this summer is in fact just a public posture—if the fall can be postponed only briefly, whatever we sent—there still is solid justification for sending it.

For it might give the government just enough leverage to reach that humane and orderly surrender, rather than lying helpless before whatever retaliatory massacre the invaders wish to inflict.

It clearly would demonstrate to the world that this country still does not turn away from its allies just because they are surrounded and outnumbeerd. And it would assure that when Cambodia does go, it cannot be said that it went because the United States reneged on its commitment. The divisive potential of an argument over that in domestic politics as well as abroad is too depressing to explore today.

COUNCIL OF FOREIGN RELATIONS RECRUITS MORE CONGRESSMEN

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. McDONALD of Georgia. Mr. Speaker, in recent years a highly influential private organization, the Council on Foreign Relations, has adopted a policy of recruiting new members operating in fields which are useful to its ends. Many of these new initiates are Members of Congress.

The Council on Foreign Relations is the organization which has not only originated Dr. Kissinger's "New World Order," but which has effectively committed the United States to its creation—this without consulting the Congress of the United States in any way.

I would like to offer particular "congratulations" to that noted "conservative," William F. Buckley of National Review, who has finally achieved respectability within the liberal establishment.

The list of Council members follows:

The men and women who became Council members during 1973–74 are:

A. Robert Abboud, Barbara Ann Anderson,* Manuel R. Angulo, Charles W. Bailey, Howard H. Baker, Jr.† Malcolm Baldrige, Robert E. Baldwin, Joseph W. Bartlett, Lucius D. Battle, Atherton Bean, Henry S. Bienen, James H. Binger, Donald L. M. Blackmer, Landrum R. Bolling, William H. Branson, Mitchell Brock, Charles N. Brower, Seyom Brown, William F. Buckley, Jr., John C. Bullitt.

John R. Bunting, Jr., Josiah Bunting, George L. Bustin,* Samuel C. Butler, William D. Carmichael, Barry E. Carter, Edward William Carter, Patricia Hewitt Christensen,* Howard L. Clark, Wesley K. Clark,* Sydney M. Cone III, Joan Ganz Cooney, Lloyd N. Cutler, Richard A. Debs, Rimmer DeVries, William H. Donaldson, Edward S. Donnell, Robert R. Douglass, William Drayton, Jr.,* John C. Duncan, Lawrence S. Eagleburder, Gerald M. Edelman, Bernard T. Feld, Susan Fraker.*

Francine R. Frankel,† Orville L. Freeman, Murray J. Gart, Murray Gell-Mann, David Ginsburg, Ruth Bader Ginsburg, Susan A. Goldberg,* Robert C. Good, Paul F. Gorman, Victor Gotbaum, Sanford D. Greenberg, Joseph N. Greene, Jr., Meg Greenfield, Peter B. Grose, Paul Hallingby, Jr., Thomas A. Halsted, Arthur A. Hartman, Harold H. Healy, Jr.

John M. Hennessy, Anne L. Hollick, Bradley C. Hosmer, Robert E. Hunter, Robert S. Ingersol, John R. Jackson, Harold Kaplan, Stanley Karnow, Spurgeon M. Keeny, Jr., Roger G. Kennedy, Melvin R. Laid, Lewis E. Lehrman, James F. Leonard, Victor H. Li, Abraham F. Lowenthal, Elmer W. Lower, Alonzo L. McDonald, George S. McGovern, Fritz Machlup, Murrey Marder, Jonathan B. Marks.*

C. William Maynes, Jr., Dennis L. Meadows, Donella H. Meadows, Paul L. Miller, William G. Miller, Parker G. Montgomery, John Norton Moore, Jonathan Moore, Theodore H. Moran, Steven C. Nelson,* Eugene H. Nickerson, William A. Nierenberg, Philip A. Odeen, William S. Ogden, Arthur M. Okun, Wolfgang

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*Indicates Term Member.

†Invited in 1972–73.

K. H. Panofsky, Maynard M. Parker, Hugh T. Patrick, Robert L. Pfaltzgraff, Jr., Nelson W. Polsby, Lewis T. Preston, Michael M. Reisman, Abraham A. Ribicoff, Ruth Amende Roosa, Daniel Rose, Henry Rosovsky.

Timothy S. Rothermel,* Richard H. Rovere, Donald Rumsfeld, Vernon W. Ruttan, Mildred D. Sage, Richard E. Salomon, John C. Sawhill, John H. Schafer, Orville H. Schell, Jr., Charles L. Schultze, Brent Scowcroft, John W. Seigle, George M. Shapiro, Irving S. Shapiro, George P. Shultz, William E. Simon, Thomas E. Skidmore, Edson W. Spencer, Joan E. Spero,* Charles B. Stauffacher, Ernest Stern, Adlai E. Stevenson III, Robert B. Stobaugh.

Brandon W. Sweitzer, Maurice Tempelsman, Charles C. Tillinghast, Jr., Lyman M. Tondel, Jr., Gregory F. Treverton,* Robert W. Tucker, William Watts, Murray L. Weidenbaum, Steven Weinberg, Jasper A. Welch, Jr., Richard W. Wheeler, Christina B. Whitman,* W. Bradford Wiley, Fay Willey, Paul D. Wolfowitz,* Robert C. Wood, Chen Ning Yang, Herbert F. York, Donna Ecton Young,* Richard Young.

The 141 men and women who became members of the Council during 1972–73 are:

David M. Abshire, George H. Aldrich, Joe L. Allbritton, John B. Anderson, Les Aspin, M. Genevieve Atwood*, Josiah Lee Auspitz, Perry O. Barber, Jr., David O. Beim, Lloyd M. Bentsen, Jr., Bernard R. Berelson, Marilyn Berger, Suzanne Berger, Eugene A. Birnbaum, Andrew H. Blauvelt*, Frederick M. Bohen, John Brademas.

Lewis M. Branscomb, Alfred Brittain III, Edward W. Brooke, José A. Cabranes, Joseph A. Califano, Jr., John Carey, Charles W. Carson, Jr., Frank T. Cary, William J. Casey, Henry E. Catto, Jr., John Chancellor, George A. Chandler, Robert G. Chollar, Warren Christopher, Ray S. Cline, Barber B. Conable, Jr., Joseph F. Condon, John T. Connor, Jr., John C. Culver.

William M. Dietel, Stephen H. DuBrul, Jr., Freeman J. Dyson, Jessica P. Einhorn*, Robert J. Einhorn, Donald H. Elliott, Dante B. Fascell, Clarence Clyde Ferguson, Jr., Frances FitzGerald, Murray H. Finley, Donald T. Fox, Donald M. Fraser, Alton Frye, Paul M. Fye, Leslie H. Gelb, Patrick A. Gerschel*, Henry R. Geyelin.

Philip L. Geyelin, Eli Goldston, Alexander M. Haig, Jr., David R. Halperin*, Robert L. Heilbroner, Richard M. Helms, John A. Herfort*, Frank W. Hoch, Jerome H. Holland, Graham Hovey, John Hughes, Fred C. Iklé, Norman Jacobs, Robbin S. Johnson*, W. Thomas Johnson, Jr., Willard R. Johnson, Marvin L. Kalb, Alfred Orr Kelly, William J. Kilberg*.

Lane Kirkland, Curtis M. Klaerner, John H. Knowles, Edward A. Kolodziej, Lawrence B. Krause, Kermit I. Lansner, Ivo J. Lederer, Monroe Leigh, Hillel Levine*, Charles Edwin Lord, Winston Lord, James T. Lynn, Laurence E. Lynn, Jr., Harry C. McPherson, Jr., William B. Macomber, Jr., Walter F. Mondale, Richard M. Moose.

Thomas E. Morgan, Edward L. Morse, Kenneth P. Morse*, Edmund S. Muskie, Andre W. G. Newburg, John Newhouse, Matthew Nimetz, Michel Oksenberg, James J. O'Leary, Kathryn C. Pelgrift*, Lionel I. Pincus, Walter H. Pincus, Myer Rashish, Donald T. Regan, Nicholas Rey, John B. Rhinelander, John B. Rhodes, Jr., Emmett Rice, Richard W. Richardson.

Chalmers M. Roberts, Charles W. Robinson, James D. Robinson III, David E. Rogers, Frederick P. Rose, William V. Roth, Jr., Nadav Safran, John A. Scali, Jan Schneider*, Robert C. Seamans, Jr., Eli Shapiro, Herbert M. Shayne, Eleanor Bernet Sheldon, George L. Sherry, Leonard S. Silk, Ann B. Sloane.

Walter B. Slocombe, Gaddis Smith, Louis B. Sohn, Robert Solomon, Charles R. Stevens, Seth P. Tillman, Russell E. Train, H. Anton Tucher, Edward Halam Tuck, Stansfield Turner, Charles H. Weaver, Nils Y. Wessell, Marina von Neumann Whitman, Leonard Woodcock, Jurry Wurf, Daniel Yergin*, Stephen B. Young*.

PTEXAS PTEROSAUR

HON. HENRY B. GONZALEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. GONZALEZ. Mr. Speaker, yesterday's Washington Post tells of the discovery of the fossil remains of a flying creature of stupendous size—twice as great as the biggest previously known flying lizard, nearly as big as a modern fighter-bomber, and many times as big as Big Bird himself. Naturally enough, this creature was found in Texas.

Nobody knows what happened to this creature to cause its disappearance. Maybe it ran out of dinosaurs to eat. Maybe some prehistoric Congress killed its depletion allowance. Whatever happened, it was a creature worthy of Texas, and I am glad to know that the Texas—or Ptexas—Pterosaur will soon find its place in the museums of the University of Ptexas. The article follows:

[From the Washington Post, Mar. 13, 1975]

Winged Reptile Had 51-Foot Span

(By Brian Sulivan)

Skeletal remains of an immense leathery-winged reptile, with a long neck suggesting it fed on dead dinosaurs, have been found in West Texas.

Dubbed the Texas pterosaur, it is the largest flying creature now known.

The fossil remains indicate the creature, which lived more than 60 million years ago, had a wingspan of 51 feet, larger than the 38-foot wingspan of an F-4 jet fighter-bomber and about double that of the largest creature known up to now.

This enormous jump in size suggests that still other creatures of intermediate size may also have evolved and remain to be found.

Three partial skeletons were found over the past three years in the Big Bend National Park in Brewster County, Texas, and are being called Texas pterosaur, from the Greek pteron, wing, and sauros, lizard, or by the more general name, pterodactyl, winged finger.

The fossils were found by Douglas A. Lawson, a graduate student at the University of California at Berkeley. He began his fossil hunt while a student at the University of Texas at Austin.

The plans for now are to place the fossils on display at the Texas Memorial Museum at the university at Austin, according to Dr. Wann Langston Jr., director of the Vertebrate Paleontology Laboratory.

A report of the discovery was contained in the current issue of the journal Science, a publication of the American Association for the Advance of Science.

"This is very exciting from the standpoint of science," Langston said yesterday. "It is a considerable jump from the largest known previously."

In his report, Lawson concluded: "The most distinctive feature of this Big Bend pterosaur is its immense size, for it is without doubt the largest flying creature presently known."

The condor, with a wingspan of about nine feet, is the largest flying creature alive today.

Lawson reported he had found among the three partial skeletons the remains of four wings, a neck, the hind legs and jaws. The jaws were toothless.

Because the remains were found some 200 miles from seashores of the era, Lawson wrote, it may be that the pterodactyl was not fisheating, but a carrion-eater.

"The soaring capacity of large pterosaurs was probably similar to that of vultures, and the pterosaur had a neck long enough to probe a dinosaur carcass," Lawson reported.

Langston said it may not be possible to resolve a debate over whether flying reptiles actually flew like birds, flapping their immense wings, or whether they launched themselves from high points to ride the air currents like gliders.

PENTAGON BUDGET TOPS $100 BILLION

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mrs. SCHROEDER. Mr. Speaker, with our present economic difficulties, it is essential that Congress objectively evaluate and reduce military spending requests where possible. In its March 1, 1975, legislative newsletter, Americans for Democratic Action has produced an excellent analysis of the new $104.7 billion Pentagon budget and has highlighted areas where economies could be made in military spending and I am taking this opportunity to share it with my colleagues.

The article follows:

Pentagon Budget Tops $100 Billion

When Defense Secretary James Schlesinger testified on February 26 in defense of his new budget, House Appropriations Chairman George Mahon (D-Texas) wryly remarked that he would go down in the *Guiness Book of Records* as the first Defense Secretary to seek over $100 billion. In fact, DOD is requesting in fiscal 1976 $104.7 billion in Total Obligational Authority (TAO)—a tremendous $15.7 billion increase from fiscal 1975.

When he first presented the budget, Schlesinger said "we offer no apologies" for the huge budget request. While claiming that a large part of the increase was due to inflation, the Secretary also admitted that $8.2 billion of the increase represented real growth. Thus, the Pentagon seeks a large increase both to cover inflation *and* to provide a real hike in its spending power. Furthermore, if—as expected—Congress refuses to agree to the Administration's attempt to hold pay raises and retirees' benefits to a five percent raise this year, the $104.7 billion TOA figure probably will climb an additional $1.8 billion to $106.5 billion.

This analysis will deal primarily with *TOA*, which is the amount of money requested from or appropriated by Congress in a given fiscal year, plus carry-over authority from previous years. *Budget outlays* refers to actual or estimated disbursements in a given fiscal year. While Defense Department TOA is $104.7 billion in fiscal 1976, some of this money will be spent in later years; actual fiscal 1976 outlays will total $92.8 billion. *Budget authority* is similar to TOA, but also includes military sales trust funds.

THE STARK FIGURES

Military spending for the Defense Department looks like this:

	Total obligational authority	Outlays
Fiscal year 1976 request (billion)	$104.7	$92.8
Fiscal year 1975 estimate (billion)	$89.0	$84.8
Dollar increase 1975–76 (billion)	$15.7	$8.0
Percentage increase 1975–76 (percent)	17.6	9.4

Sometimes the President's figures on defense spending differ from those of the Defense Department. This can be confusing, but for the most part reflects the President's more inclusive definition of what constitutes "defense spending." The figures above were those presented to Congress by Defense Secretary Schlesinger.

Schlesinger also provided five-year projections of military spending which contemplate a 41 percent rise in TOA for the Pentagon in fiscal 1980:

Five-year projection—TOA

[In billions]

Fiscal year 1976	$104.7
Fiscal year 1977	117.0
Fiscal year 1978	128.0
Fiscal year 1979	138.0
Fiscal year 1980	148.0

(Schlesinger Posture Statement, fiscal year 1976, and fiscal year 1977, page I–26)

Secretary Schlesinger, in making presentations to Congress, is a master of the chart and graph. He is quick with tables of figures and colorful graphic representations of trends to flash onto a screen. His retinue of aides is always ready to pull just the right graph to prove that military spending is not as large as it appears to be in terms of Gross National Product, its share of the budget, historical terms or anything else which seems to support his case. Schlesinger is very adept in choosing statistics which put his arguments in a favorable light.

He ignores or downplays the significance of other statistics which might reflect less favorably on military spending. For instance, while non-military spending is up, much of this increase is due to trust fund spending, such as Social Security, over which Congress exercises little control. According to the President's budget presentation (pp. 354–355), almost 70 percent of the outlays which Congress can control fall into the category of defense spending.

Another chart in the President's budget shows that the proportion of overall budget authority slated for "national defense" is projected to rise from 23.1 percent of the budget in FY 1975 to 27.9 percent of the budget in FY 1976 (p. 322). A third chart (p. 324) demonstrates that the chunk of total federal government budget authority available to the Defense Department though current action by Congress will jump from 33.6 percent in fiscal 1975 to 41.7 percent in fiscal 1976. In short, one can find a multitude of statistics to prove that the Pentagon is taking a rising portion of the money that Congress most directly deals with.

THE BUDGET IN REAL TERMS

Schlesinger's playing with statistics actually obscures the most important questions. One should ask not how much of the GNP goes toward military spending, but whether the military should have any claim to a specific proportion of the GNP. The proportion of the federal budget going to the military does not show whether too much, or too little, or an appropriate amount is being spent on national security.

It is far more important to ask whether spending for any particular weapons program or personnel level contributes to U.S. security and is cost effective. The B–1 bomber may fly faster, but is it worth a $20 billion plus price tag in terms of the added security it will provide? The Trident nuclear-powered submarines have certain advantages over the present submarine force, but do they justify a price tag of $1.5 billion per boat or could the program be deferred without any real loss in U.S. defenses?

Do U.S. foreign policy interests require the construction of two new overseas bases in the Pacific and Indian Oceans, or does this construction reflect merely a desire of the Pentagon? Are U.S. force commitments to such varied countries as Thailand, South Korea, the Philippines, Taiwan and many other countries in Asia and in the rest of the world vital to the defense of the U.S., or are they military commitments which grew up in different situations which are never adequately reviewed?

At a time when so many domestic programs are being cut back or forced to swallow inflationary increases, should not some less important military programs be terminated to free money for domestic needs?

And how much defense spending is enough? Now that the U.S. has over 8,000 nuclear warheads providing 36 nuclear weapons to target on each of the Soviet Union's 219 major urban areas, is it necessary to construct a large number of new nuclear warheads? Sen. John Sparkman (D-Ala.), the new Chairman of the Senate Foreign Relations Committee, recently called for a fresh look at some of these questions: "For a start we can simply recognize that overkill is overkill, that superfluous weapons are indeed superfluous, and that many of the new systems being developed, though technologically fascinating, are redundant and unnecessary."

THE BALANCE BETWEEN THE UNITED STATES AND THE U.S.S.R.

Schlesinger and other Pentagon officials tend to stress the advantages of the Soviet Union in the military balance between our two countries. As usual, they manage to do this by carefully selecting their statistics. The U.S.S.R. does have more nuclear launchers than the U.S., but the U.S. has three times as many nuclear weapons. The U.S.S.R. has greater throwweight, but the U.S. is far ahead of the Soviets in the technology and reliability of nuclear weapons.

Other examples of U.S. strength abound:

The Soviets finally are deploying MIRVs; the U.S. has been MIRVing for many years.

The U.S. retirement of many ships has made Soviet ships more numerous; but the U.S. has over twice the tonnage of the Soviet Navy in major surface combatants, and three times the tonnage when Allied ships are included.

The Soviets have no attack aircraft carriers; the U.S. now has 15.

The Warsaw Pact countries have a larger number of combat aircraft in Europe; NATO aircraft have greater firepower, greater range, greater staying power, more experienced pilots, and are more oriented to offense than the Soviet craft.

The U.S. has 2.1 million people in its armed forces; the Soviet Union has 4.0 million, but its borders in need of protection—borders Europe, China and Eastern Europe—are far more extensive.

The Soviet Union has 160 intercontinental bombers; the U.S. has 498.

In sum, despite the cries of inferiority from the Pentagon, it is clear that U.S. military capability equals or surpasses that of the Soviet Union. Furthermore, relative strength involves more than just military might. As the Center for Defense Information points out: "Industrially, technologically, agriculturally, and militarily the U.S. is without doubt the strongest power in the world."

HOW CONGRESS CAN CUT BACK MILITARY SPENDING

Last year a group of 21 former Defense, State, NSC, and CIA officials headed by Paul Warnke found that some $14.9 billion could be saved from military budget authority in FY 1975. That amount could be increased to $25 billion in fiscal 1976 and beyond by reducing excess military and civilian manpower, eliminating unnecessary weapons systems, cutting down military assistance to Indochina and elsewhere, streamlining our force structure, and by other economy moves. Resources saved here could be shifted to more urgent domestic priorities, such as housing and job programs. A brief examination of some of the controversial programs which will come in for special congressional attention this year follows.

B–1 BOMBER

With costs now approaching $100 million per plane, this year we can expect the B–1 long-range strategic bomber to be the subject of a major congressional debate. The present cost estimate for 244 B–1s has climbed over $20 billion over the life of the program, with each plane costing about $84 million. This year the Pentagon is requesting $749.2 million, which includes $77 million as the first downpayment on production for a plane which remains in the research and development stage. An oft-postponed final decision on whether to produce the planes is now scheduled for November 1976.

COST OF CONTROVERSIAL FISCAL YEAR 1976 MILITARY PROGRAMS AT A GLANCE (TOA)

Program	Kind of weapon	Fiscal year 1976 request[1]	Estimated total cost from R. & D. to finish[2]
Trident	Nuclear ballistic missile submarine.	$2,142,000,000	$15,446,400,000
B–1	Long-range bomber	749,000,000	20,496,000,000
AWACS (E–3A)	Airborne warning and control system.	690,000,000	3,038,400,000
SAM–D	Army surface-to-air missile.	130,000,000	6,745,400,000
DD–963	Naval destroyer	781,000,000	3,599,800,000
F–14 (with Phoenix missile)	Navy fighter	721,000,000	7,462,500,000
F–15	Air force fighter	1,683,000,000	10,941,300,000
A–10	Close air support plane	460,000,000	3,087,000,000
Minuteman III	Upgrading, MIRVing	780,000,000	6,977,700,000
Cruise missiles	New Bomber- and sub-launched missile.	153,000,000	Uncertain
Site defense	ABM system to protect ICBM's.	140,000,000	Uncertain
XM–1	New main battle tank	52,000,000	6,186,600,000
Major nonweapons programs:			
Military aid to South Vietnam.		$1,293,000,000	
Additional southeast Asia war costs.		124,000,000	
Shipbuilding cost increases.		2,300,000,000	
Production support for foreign military sales.		300,000,000	
Civilian personnel payroll.		[3] 15,400,000,000	
Military basic pay, personnel expenses and family housing.		[3] 27,000,000,000	
Military retired pay		[3] 6,900,000,000	

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[1] Statistics in this column from Defense Secretary James Schlesinger's Annual Defense Dept. Report (posture statement), fiscal year 1976 and fiscal year 197T.

[2] Statistics in this column from SAR program acquisition cost summary, Sept. 30, 1974 (except B–1 bomber cost).

[3] Outlay figures from "Manpower requirements report" for fiscal year 1976, DOD, February 1975, p. A–2.

There is serious doubt in congressional quarters that the U.S. can afford such an expensive program for a plane which is of marginal use in today's age of the missile. The B-1 will require eight hours to travel 5,000 miles from base to target, arriving long after the ICBMs, which require 30 minutes of travel time, and sea-based missiles, which require 15 minutes. Alternatives to the expensive B-1 program include continued reliance on modernized B-52 bombers, building more FB-111s, development of a cheaper bomber or relying on our underwater deterent. In February, Sen. Stennis requested evaluations of these alternatives.

THREE NEW ARMY COMBAT DIVISIONS

By changing support forces into combat units, the Army plans to increase its number of combat divisions from 13 to 16. To use Pentagonese jargon, this change will turn military "fat" into "swords" or "tail" into "teeth." Expenditures for the changeover will begin in FY 1976.

The decision to increase the number of Army combat divisions, announced last year, was made in response to criticism concerning the excessive numbers of support troops. These troops add an excessively long logistical tail to the main body of Army combat troops. The Army plans to turn about 45,000 of these support troops and headquarters units into three combat divisions. It justifies its decision in terms of the need to "bribe" or provide "incentives" to the armed forces to get rid of their excess fat. In testimony before the Senate Budget Committee February 20, Assistant Defense Secretary Leonard Sullivan of Program Analysis and Evaluation put it bluntly: ". . . if you really want to find out where the fat is, you have to provide the incentives to the military departments."

Barry Blechman, a Brookings military expert, pointed out at the same hearing that, if the Army's program is approved, the Air Force may try to turn 30,000 support positions into three new air wings. Blechman suggested an alternative—demobilizing about 45,000 support troops in the Army and 30,000 in the Air Force. He pointed out that a decision to reduce to 13 divisions was made early in the Nixon Administration to reflect a major doctrinal change of preparing to fight one and one-half wars simultaneously (one major war and a smaller contingency) rather than two and one-half wars. Sen. Frank Moss (D-Utah) questioned what new threat has arisen to justify re-establishment of these three combat divisions.

INDOCHINA MILITARY AID

The fight over aid to Indochina will be among the first congressional battles this year. Recently, this has been the fight which the Pentagon has lost most consistently. The DOD FY 1976 budget includes a request for $1.293 billion for military aid to Vietnam. (Economic aid to Vietnam and all forms of aid to Cambodia and Laos are included in other bills.) Accompanying this request is a supplemental request for $300 million for military aid to Vietnam and $222 million for military aid to Cambodia. There is an additional $124 million request for other Indochina war costs.

Last August, the House voted overwhelmingly to slash DOD's request for aid to Vietnam to $700 million.

In December, as part of the foreign aid authorization bill, the House imposed what is in effect a $275 million ceiling on military assistance to Cambodia. A battle is expected over the extra money for Cambodia, which is likely to be tacked onto the fiscal 1975 foreign aid appropriation bill due on the House floor in early March.

TRIDENT NUCLEAR-POWERED SUBMARINE

In terms of requested appropriations for fiscal 1976, the most costly Pentagon program is the Trident nuclear ballistic submarine. The Pentagon is asking $2.142 billion for this program in the next year.

The Trident program is tremendously controversial. The Tridents are designed to replace the present Polaris/Poseidon submarines. Each submarine will cost a staggering $1.5 billion. With present plans calling for eventual construction of ten submarines, the total program cost will be $15.5 billion.

Two years ago, Sen. Thomas McIntyre (D-N.H.) led to a hard fight against accelerated development of the program, losing on a close 49-47 vote. The pace of the program actually has been somewhat slowed.

Why we should rush forward with the Trident program is a question which the Pentagon has yet to answer. The Polaris fleet presently is invulnerable. Of the 41 Polaris submarines, the oldest is only 15 years old; the newest is eight. With a life span of 30 years, these subs are serviceable until the 1990's.

Moreover, the Pentagon has undertaken several programs to provide these submarines with additional firepower. An expensive conversion effort to put 10-14 MIRVs on each of 16 Poseidon missiles in 31 of the 41 submarines has been underway since 1970 and will be completed in 1977. The Pentagon is requesting $91 million for this conversion in fiscal 1976. The present fleet carries 656 missiles with about 4,000 nuclear weapons. Plans are underway to place Trident I missiles in ten of the Poseidon submarines, thus increasing their firing range to 4,000 nautical miles. In view of all this, the Center for Defense Information and others suggest that we should slow development of the Trident program or suspend development of the actual submarine while concentrating on development of the Trident I missile. (See the excellent "Guidelines for the New Defense Budget" in the January 1975 *Defense Monitor*.)

AWACS

This year, Sen. Thomas Eagleton's (D-Mo.) long fought battle to kill the Airborne Warning and Control System (AWACS) may culminate in victory. Now slated to cost $111 million for each of 34 airplanes, this Air Force program would produce the most expensive planes ever built. Boeing 707s loaded with radar, communications equipment and computers, these planes are designed to serve as airborne control posts, directing NATO jets in combat against Soviet forces in Europe and warning of attacks on Western forces.

Last year Congress authorized only six of a requested 12 planes and required Schlesinger to certify the plane as cost effective and capable of meeting its mission requirements. Although Schlesinger provided the certification in February 1975, a General Accounting Office (GAO) report released February 23 questioned the plane's utility. Armed Services Chairman Melvin Price (D-Ill.) and Senate Tactical Airpower Subcommittee Chairman Howard Cannon (D-Nev.) both have requested a delay in awarding a production contract until their committees review the program.

Criticism of the plane is based primarily on the grounds of its skyrocketing cost, its vulnerability to inexpensive jamming equipment or Soviet interceptors, its lack of appeal to our European allies, and DOD's frequent changes in its assigned mission. Originally designed to protect the U.S. from Soviet bomber attack, the plane has been assigned changing missions over Europe.

U.S. FORCES OVERSEAS

For several years, there have been major fights in both the Senate and House to reduce the number of U.S. forces stationed overseas. There are still abroad about 512,000 U.S. military personnel and about 175,000 civilians. Those forces are accompanied by large mumbers of dependents. The U.S. now maintains 222 major military bases outside the U.S. In addition, there are plans for a new base at Tinian in Micronesia and a vast expansion of a small facility at Diego Garcia in the Indian Ocean. U.S. overseas forces, including both forward deployments and U.S. forces stationed at home for overseas contingencies, cost huge amounts of money. They also increase the likelihood of U.S. involvement in undesired wars.

Critics argue that it is time to reduce our overseas deployments to the number required to maintain U.S. security. The 66,000 military personnel in Thailand and South Korea are two obvious tragets for cutbacks. Sen. Sam Nunn (D-Ga.) recently returned from a trip to Asia recommending the withdrawal of most U.S. forces in Thailand. The Center for Defense Information estimates that withdrawal of those 66,000 personnel could save $1 billion. Close votes are anticipated in both houses on overseas troop deployments.

COUNTERFORCE

About a year ago, Defense Secretary Schlesinger announced his intention to develop a counterforce program, which among other things would increase the accuracy of our Minuteman III missiles, double the yield of their warheads, and develop a terminally guided MARV (manuverable reentry vehicle) which would give our missiles pinpoint accuracy. Sen. McIntyre and Rep. Bella Abzug (D-N.Y.) last year vigorously opposed these new strategic initiatives aimed at the Soviet land-based missile deterrent.

McIntyre stressed the danger of developing weapons which might jeopardize the confidence of the U.S. or the U.S.S.R. in the survivability of its own retaliatory force following an all out attack. Development of a first-strike capacity by either country, he said, could seriously undermine present nuclear stability. In an especially complicated debate, last year Sen. McIntyre managed to convince 39 of his Senate colleagues; Rep. Abzug, however, managed to win only 69 votes in the House.

A $2.3 BILLION COST OVERRUN

This year, the Pentagon has made a bold request for an unprecedented $2.3 billion to cover cost overruns and inflation on ship building authorized in previous budgets. As Terence McClary, Assistant Secretary of Defense (Comptroller), admitted in his February 1, 1975 budget briefing: "This will give us no new ships, none at all." In short, the Pentagon is asking for $2.3 billion to pay for ships which Congress thought it had already paid for.

A large part of this huge cost overrun undoubtedly will go to the trouble-plagued DD-963 naval destroyer. DOD is asking $781.4 million for this program in fiscal 1976; all but $9.7 million will go for cost overruns and inflation. Other ship programs face similar spiraling costs.

Sen. John McClellan (D-Ark.), Chairman of the Senate Appropriations Committee, listed this $2.3 billion cost overrun package as one of seven "significant areas of concern." Congressional critics, who believe that any Navy deficits should be made up for by reductions in spending in other parts of the Navy's budget, may call for a thorough review of the Navy's shipbuilding program.

CIVILIAN PERSONNEL

DOD civilian personnel costs comprise one of the largest segments of the Pentagon budget, yet only recently has this segment begun to be scrutinized. The Pentagon is slating a huge $15.4 billion for a civil service payroll and plans to employ 985,000 direct hire civilians for DOD military functions (a drop of about 9,000 civilians from the planned fiscal 1975 end strength). This year, Congress—for only the second time—will authorize a specific manpower level for DOD civilian personnel, whose costs take 16.6 percent of planned FY 1976 expenditures.

Currently, the Pentagon employs almost one civilian for every two persons in uniform. It employs as many civilian employees as all other federal government agencies combined (excluding the quasi-federal Postal Service). The supposedly overstaffed Department of Health, Education and Welfare actually employs less than one-seventh as many employees as the Pentagon. While there have been considerable reductions in civilian personnel levels since the height of U.S. involvement in the Vietnam war, proportionally, these reductions have not been as great as reductions in the number of uniformed personnel.

OTHER CONTROVERSIAL PROGRAMS

Binary nerve gas—The Pentagon suffered a rare floor defeat when a coalition led by Rep. Floyd Hicks (D-Wash.) and Pat Schroeder (D-Colo.) knocked out money for production of binary nerve gas projectiles. Now the Pentagon is back asking for $8.8 million for a new production effort.

SAM–D—DOD is asking for $130 million for continued research and development of the controversial SAM–D surface-to-air missile system. Sen. Bayh (D-Ind.) has worked to kill this expensive system, which has an estimated program cost of $6.4 billion.

Production support for foreign military sales—A somewhat vague program is being set up at a cost of $300 million to begin advance production of equipment expected to be sold overseas. The plan is to have weapons and ammunition on hand before requests are made by foreign countries to buy them.

SALT II and strategic levels—The guidelines drawn up from the tentative SALT II agreement would set a ceiling for the U.S. and U.S.S.R. of 2,400 strategic nuclear delivery systems. As many SALT critics feared, Ford and Schlesinger are planning to build right up to this limit.

AN ANALYSIS OF THE IMPACT OF REVENUE SHARING

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. RANGEL. Mr. Speaker, any proposals for economic recovery must take into account the needs of the jobless and disadvantaged. Unemployment has recently risen to over 8 percent. The Nation's economic problems are swelling the ranks of the poor. Legislation must be enacted to provide resources, jobs, and money to the growing numbers of unemployed men and women.

The President's recommendations of continuing support of the existing Federal revenue sharing programs fails to recognize the duty of the Federal Government to provide the leadership in these crisis times. I am including in the RECORD for my colleagues a letter submitted to the President by the Leadership Conference on Civil Rights in which they persuasively delineate the reasons why the program must be amended quite drastically if it is to provide the urgently needed relief. I urge you to take a careful look at this analysis so that when the question comes to the House, the discussion which will take place will be productive in making the needed adjustments.

LEADERSHIP CONFERENCE ON
CIVIL RIGHTS,
Washington, D.C., Jan. 20, 1975.

Hon. GERALD FORD,
President of the United States, The White House, Washington, D.C.

DEAR PRESIDENT FORD: Like all Americans, we are following closely your efforts to deal with our nation's current economic problems. You have said in your State of the Union message and elsewhere that measures for economic recovery must take into account the specific needs of the poorest and most disadvantaged among us—those who feel most acutely the greatest impacts of simultaneous inflation and recession.

We write to express our sincere hope that your support of general revenue sharing will reflect this viewpoint—that is, that any commitment of federal resources on the scale of revenue sharing be carried out under a policy of responsiveness to need.

We understand that you are considering recommendations from a joint Office of Management and Budget and Treasury Department Task Force for renewal of the current program; the cost of extending it is estimated at $40 billion. In addition, your States of the Union message indicated your intention to use general revenue sharing as a vehicle for distributing to state and local governments an additional $2 billion derived from proposed oil and gas taxes. These changes would mean an increase of approximately 30 per cent over existing general revenue sharing disbursements.

The views of several of our groups on this and other changes in the general revenue sharing program were initially solicited by your Task Force when they were beginning their review, and again have been requested as part of informal briefing meetings on the Task Force's proposals that now are being scheduled on their invitation. Because general revenue sharing issues are of major importance and urgency to our groups and their constituents, we are taking this opportunity to underscore the views we are presenting to your Task Force by communicating them as well to you directly.

Our analysis of the Task Force proposals submitted to you indicates they are cosmetic at best, in that they fail to deal adequately with serious problems implicit in the current revenue sharing program, and to fulfill your expressed concern that economic burdens should not fall hardest on those least able to bear them. Extensive grassroots investigations, conducted by reputable academic, civic, community and religious organizations, have brought to light serious deficiencies in how well the program serves the needs of minorities, women and the poor. There is strong evidence that revenue sharing funds are being used in ways that perpetuate discrimination against minorities and women, and exclude the general public from effective participation in local spending decisions.

Among our major reservations with the proposals now before you that are described in the attached analysis are the following:

1. The rights of citizens to participate in decisions on spending revenue sharing funds would not be clearly delineated, but would be left to the discretion of state and local officials, many of whom have been unresponsive to this need.

2. Placing revenue sharing on a long-term appropriation, removed from annual budget reviews by the Congress or the Executive Branch, would impede oversight of the program's effectiveness, and insulate it more than other domestic assistance from being considered in light of the nation's changing economic conditions.

3. Minimal changes proposed in the formula for distribution of funds would scarcely address the needs of cities in fiscal crisis; nor would it assure that the size of allocations is geared to the functional responsibilities and resource levels of recipient jurisdictions.

4. The need for greater accountability in the use of these federal resources would be ignored. Expenditures would continue to be virtually unrestricted, and ineffective reporting requirements would not be improved.

5. No attention would be given to the use of unrestricted revenue sharing funds by more wealthy suburban jurisdictions in ways that maintain racial and economic barriers and ignore basic social issues shared in common with their urban neighbors.

6. Existing compliance standards involving discriminatory use of federal funds would be significantly undercut, if not repealed. Furthermore, there would be no attention to the problems of half-hearted or inadequate civil rights enforcement at the federal level, as well as in states and localities.

Of all the questions raised about revenue sharing, the issue of civil rights ranks among the highest. Because the format of general revenue sharing gives considerable flexibility to state and local governments in the use of funds and reduces federal monitoring responsibilities, many of our groups have been concerned that federal civil rights policies and standards are not being enforced adequately. Although the revenue sharing statute and frequent statements by federal officials confirm a strong commitment to assure equal opportunity under the program, in fact there has been a notable absence of effective civil rights oversight and enforcement by the Office of Revenue Sharing, even in cases such as Chicago, Illinois, and Montclair, New Jersey, where substantial evidence of discrimination was on the record. Nor has there been a meaningful effort by the Office of Revenue Sharing to share compliance responsibilities with other federal agencies such as the Department of Justice and the Equal Employment Opportunity Commission whose enforcement responsibilities cover areas affected by revenue sharing. These and other major deficiencies are not addressed by the very limited civil rights amendment proposed by the Task Force which actually would undercut existing authority by the federal government to temporarily defer funding in many cases of noncompliance.

You have already made the decision to use general revenue sharing as an element in your total energy strategy, by making rebates to state and local governments to account for their anticipated higher fuel costs. This would set an important precedent, namely, that revenue sharing can and should reflect the impact of national policies and needs. It is not inconsistent, therefore, to shape this program so that it better recognizes the fundamental national priority that equity be served by providing resources to poor, unemployed and otherwise disadvantaged persons. Their needs far outweigh those caused by higher fuel costs for states and localities, particularly when the nation's economic problems are swelling the ranks of the poor.

We look forward to your decisions on the future of the general revenue sharing program in the hope that our reservations about the adequacy of the program can be resolved, particularly since many of the issues we have identified involve more effective implementation of existing statutory requirements, and many of the necessary reforms we propose, including those involving civil rights and public involvement, would not require legislative action.

This statement and the attached analysis is endorsed by the following organizations:

Leon Shull, National Director, Americans for Democratic Action, 1424 16th Street, N.W. Washington, D.C.

Barbara W. Moffett, Secretary, Community Relations Division, American Friends Service Committee.

Woodrow Ginsburg, Director of Research, Center for Community Change, 1000 Wisconsin Avenue, N.W. Washington, D.C.

William L. Taylor, Director and Morton H. Sklar, Revenue Sharing Project Director, Center for National Policy Review, Catholic University of United States, Washington, D.C.

Jane Chapman, Co-Director, Center for Women Policy Studies, 2000 P Street, N.W. Washington, D.C.

Lawrence Parachini, Director, Communities in Action Together, 1717 Massachusetts Avenue, N.W. Washington, D.C.

Shijeki J. Sugiyama, National President, Japanese American Citizens League, 1730 Rhode Island Avenue, N.W. Washington, D.C.

Eddie Williams, President, Joint Center for Political Studies, 1426 H Street, N.W. Washington, D.C.

Harold C. Fleming, Chairman, Federal Programs Task Force, Leadership Conference on Civil Rights, 2027 Massachusetts Avenue, N.W. Washington, D.C.

Ruth C. Clusen, President, League of Women Voters of United States, 1730 M Street N.W. Washington, D.C.

Bert De Leeuw, Coordinator, Movement For Economic Justice, 1609 Connecticut Avenue, N.W. Washington, D.C.

William R. Morris, Director of Housing Programs and J. Francis Pohlhaus, Counsel, Washington Bureau National Association for Advancement of Colored People, 733 15th Street, N.W. Washington, D.C.

Pearl Campbell, Acting Director, National Association for Community Development, 1424 16th Street, N.W. Washington, D.C.

Glenn Allison, Director of Public Affairs, National Association of Social Workers, 1425 H Street, N.W., Washington, D.C.

Edward L. Holmgren, Executive Director, National Committee Against Discrimination in Housing, 1425 H Street, N.W., Washington, D.C.

Reverend Msg. Lawrence J. Corcoran, Executive Director, National Conference of Catholic Charities, 1346 Connecticut Avenue, N.W., Washington, D.C.

Mary Jo Binder, National Coordinator, Poverty and Women Task Force, National Coordinator, Poverty and Women Task Force, National Organization for Women, 529 14th Street, N.W., Washington, D.C.

Cushing Dolbeare, Executive Secretary, National Rural Housing Coalition, 1346 Connecticut Avenue, N.W., Washington, D.C.

Sarah S. Austin, Vice President for Field Operations, National Urban Coalition, 2100 M Street, N.W., Washington, D.C.

Ronald H. Brown, Director, Washington Bureau, National Urban League, 425 13th Street, N.W., Washington, D.C.

Joe Tom Easley, Director, Southern Governmental Monitoring Project and George H. Esser, Jr. Executive Director, Southern Regional Council, 52 Fairlee, N.W., Atlanta, Georgia.

Joyce V. Hamlin, Women's Division, Board of Global Ministeries, United Methodist Church, 475 Riverside Drive, New York, New York.

CONGRESSIONAL SALARIES, BENEFITS, ALLOWANCES, EXPENSES

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. ARMSTRONG. Mr. Speaker, a few days ago, a constituent asked me for facts and figures on the operation of my office. His inquiry prompts me to think other persons also might be interested in such information.

Although Members of Congress should not be preoccupied with administrative considerations—certainly it would be false economy to pinch pennies at the expense of properly serving our constituents—I believe each of us has a duty to operate our offices efficiently and frugally.

For this reason, I have prepared the following information and commentary about congressional salaries, benefits, and allowances generally, and some specific details on the operation of my own office. I plan to make this report available to residents of the Fifth Congressional District who express interest.

SALARIES AND BENEFITS

Members of Congress are paid an annual salary of $42,500. Group life insurance coverage is automatically provided—monthly payroll deduction of $26.82—unless declined. Members are eligible to participate in the civil service retirement system—payroll deduction of 8 percent. Limited medical services are provided without cost in the Capitol while health insurance coverage is available on a voluntary basis. I participate in group life and retirement coverage, decline health insurance.

FACILITIES

Each Member is furnished space—usually three rooms—in one of the House office buildings in Washington and is entitled to one or more offices in his home district. I maintain two such offices: one in Aurora, the other in Colorado Springs. Office furnishings, decorations, plants, and various services—research, maintenance, folding, radio-TV studio, et cetera—are also provided. Parking facilities are furnished for each Member and some staff.

In Washington, each office is permitted to have no more than $5,500—depreciated value—of electrical and mechanical equipment such as typewriters, dictating equipment, et cetera. Members are also authorized to use leased equipment up to $650 per month; provided, however, that up to $250 per month of clerk hire—staff—funds may also be used for lease equipment. Each district office is entitled to lesser amounts of equipment.

STAFF ALLOWANCE

Each Member of Congress is allowed up to $204,720 per year to employ staff. During 1973 staff in my office was paid $118,285.36; in 1974, $133,303.66.

MAILING

Members of Congress are permitted to mail under frank—that is, under their own signature—and, in addition, are supplied up to $1,140 in postage stamps per regular session. As of December 31, 1974, my office had been furnished with $910 in postage for the second regular session, the balance being unclaimed.

TELEPHONE

Each office is permitted to use up to 200,000 units of long distance telephone service—each minute of long distance service equals 4 units—per Congress. During 1973–74, my office used 43,711 units. Each office is also given access to a Federal Telecommunications System line, without charge against the unit allowance, for long-distance telephoning before 9 a.m. and after 5 p.m. on weekdays and Government holidays. District office telephone service consists of full-time FTS service and commercial telephone which is reimbursed up to $600 per quarter.

TRAVEL

Members of Congress receive reimbursement for one round trip between the Member's home district and Washington at the beginning of each session. During each Congress, Members are permitted reimbursement for up to 36 additional round trips. Each office is also allowed a maximum of 6 round trips for staff travel.

During the 93d Congress, I was reimbursed for 35 round trips—$8,572.87—and members of my staff were reimbursed for a total of 3.5 such trips—$859.

OTHER ALLOWANCES

Each Member is given $6,500 per regular session to cover the cost of stationery and office supplies and $500 per quarter for district office expenses. These allowances are taxable income but Members are permitted to deduct the actual cost of expenses incurred whether more or less than the allowances.

The following is a summary of these allowances and expenses in my office during the period just ended:

	1973	1974	Total
Allowances:			
Travel	$4,297.56	$5,741.17	$10,038.73
Stationery	4,250.00	6,500.00	10.750.00
District office	1,400.00	2,000.00	3,400.00
Telephone	1,444.38	1,875.61	3,319.99
Miscellaneous reimbursements		1,702.53	1,702.53
Total, allowances	11,391.94	17,819.31	29,211.25
Expenses:			
Travel	4,120.26	5,171.94	9,292.20
Office supplies	3,948.64	4,596.05	8,544.69
Dues, subscriptions	772.59	1,151.25	1,923.84
District office	694.11	163.55	857.66
Telephone	1,622.47	1,875.61	3,498.08
Entertainment, etc	881.04	305.67	1,186.71
Miscellaneous expenses	1,902.68	1,749.88	3,652.56
Total, expenses	13,941.79	15,013.95	28,955.74
Total	[2,549.85]	2,805.36	255.51

CONCLUSIONS

All in all, the taxpayers are providing generous salary, benefits, facilities, and allowances to Members of Congress. Whether each of us is giving our district a commensurate degree of service is up to voters in each of our districts to decide.

However, at least one aspect of congressional costs poses a national policy issue—the way these salaries and benefits are established and raised by backdoor methods. I disapprove of this technique and I, therefore, am renewing my call for an open public vote on salaries and allowances. Only then will the public, our constituents, have a basis for judging whether we are properly fulfilling our trust in this matter.

REPORT, VIETNAM FACTFINDING TRIP, FEBRUARY 24 TO MARCH 3, 1975—THE NORTH VIETNAM-SOUTH VIETNAM CONFRONTATION

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. McCLOSKEY. Mr. Speaker, North Vietnam and South Vietnam have almost equal populations, roughly 20 million each. South Vietnam's population has been increasing at the rate of 2.6 percent per year as against a 2.9-percent increase in the North. In 12 years of war, since 1963, nearly 1 million North Vietnamese soldiers have been killed as opposed to approximately one-quarter of a million South Vietnamese soldiers killed during the same period.

1. COMPARISON OF POPULATION, LAND AREA AND ECONOMIC STATUS

The two countries are likewise nearly equal in geographical area. South Vietnam has 60,000 square miles of which about 25 percent is arable, including the fertile delta area of the Mekong River south of Saigon. North Vietnam has 66,000 square miles of which only 15 percent is arable.

South Vietnam has a GNP of $3.5 billion, as against the North's $2.0 billion. The average per capita annual income in South Vietnam is roughly $154, while North Vietnam's per capita annual income averages just less than $100.

While South Vietnam has suffered an inflation rate of 60 percent in 1973 and 40 percent in 1974, our Ambassador stated:

> With respect to the North, they are far worse off up there economically than the South Vietnamese are down here.

During the last 6 months of 1974, the inflation rate in South Vietnam has been reduced to a rate between 8 and 10 percent.

2. MILITARY AND ECONOMIC ASSISTANCE

Since 1973, our military and economic assistance to South Vietnam has been as follows (in billions of U.S. dollars):

	Military	Economic
Fiscal year:		
1973	2.27	.57
1974	1.01	.62
1975	.70	.40
Total	3.98	1.59

Note: Total aid to South Vietnam during past 3 fiscal years $5,570,000,000.

For North Vietnam, the total estimates of Chinese and Russian aid are as follows (in billions of U.S. dollars and on a calendar year basis):

	Military	Economic
1973	.75	.47
1974	.33	.67
1975	.40	1.29
Total	1.48	2.43

Note: Total aid to North Vietnam during past 3 calendar years $3,910,000,000.

In dollar value, it will be noted that U.S. military aid to South Vietnam in the past 3 years has been over twice that the North Vietnamese have received from the Soviets and Chinese combined; and Soviet and Chinese economic aid to North Vietnam has been steadily increasing, while U.S. aid to South Vietnam has been decreasing.

The U.S. Ambassador to South Vietnam told us that he felt South Vietnam needed $4.3 billion military assistance and $2.2 billion economic assistance over the next 3 years in order to become self-sufficient by 1979. He recommends $2.5 billion in 1976, $2.25 billion in 1977, and $1.95 billion in 1978. In effect, he asks almost 2½ times the military assistance in 1976 that Congress voted in 1975, and exactly twice the economic assistance.

The breakdown of the Ambassador's recommendations are as follows:

[In billions]

	Military	Economic
Fiscal year:		
1976	1.7	.80
1977	1.5	.75
1978	1.1	.65
Total	4.3	2.2

Note: Total aid to South Vietnam recommended by U.S. Ambassador in order to get the United States out in 3 yrs. $6,500,000,000.

The Defense Department, however, has asked for only $1.293 billion in military assistance to South Vietnam in fiscal year 1976, plus the $300 million supplemental now pending for fiscal year 1975.

3. COMPARISON OF CASUALTY FIGURES

During the last 10 years of warfare, both sides have suffered heavy casualties, both military and civilian, but the North has suffered far more seriously. U.S. Defense Department estimates of those killed in action in South Vietnam are as follows:

	North	South	United States	3rd country (primarily Korea)
1963	20,575	5,665	78	
1964	16,785	7,457	147	1
1965	35,436	11,243	1,369	31
1966	55,524	11,953	5,008	566
1967	88,104	12,716	9,377	1,105
1968	181,149	27,915	14,589	979
1969	156,954	21,833	9,414	866
1970	103,638	23,346	4,221	704
1971	98,049	22,738	1,381	526
1972	131,949	39,587	300	443
1973	38,941	25,473	237	4
1974	60,976	29,925	207	
Total	988,125	239,851	46,328	5,225

Since the cease-fire, South Vietnamese intelligence estimates, accepted by the United States, indicate a total of 156,222 NVA/VC have been killed in action, permanently disabled or died of wounds. Taken with the increasing numbers of North Vietnamese infiltrating south—15,000 per month in early 1975—these figures indicate a clear and continuing commitment to the reunification of Vietnam, by force if necessary.

Only after American troops and firepower were withdrawn, do past casualty figures provide a basis for future estimates. The 1974 and 1975 figures—which are not contested by our own defense intelligence people—indicate that the South Vietnamese have been inflicting casualties at a rate of almost two to one in the series of battles that have been fought throughout Vietnam during 1974 and early 1975.

During our visits to various South Vietnamese units in the four military regions, some sample battle casualty figures were provided, as follows:

An RVNAF army regiment operating in one of the richest rice-growing provinces in the Mekong Delta, has an authorized strength of 2,822 men. It is presently reduced in number to approximately 66 percent strength, or 1,850 men on active duty. During 1973, the regiment suffered 233 killed in action (KIA) and 1,456 wounded in action (WIA) with approximately half of the wounded returning to duty within a year. The regiment claimed 1,415 enemy KIA's and took 26 prisoners during 1973. In 1974, the regiment suffered 217 KIA and 838 WIA, but claimed 2,286 enemy KIA and took 34 prisoners.

An RVNAF army regiment presently serving in Quang Nam Province, south of Danang, in its most recent battle during the period 6–18 February, suffered 66 KIA, 62 WIA and had 87 men missing. Enemy casualties were 180 killed in action and 7 prisoners taken.

The army division operating in the provinces of Binh Dinh and Phu Yen in South Vietnam's central coastal area, confronts the NVA Third Division. During 1974, the division suffered 1,162 KIA, 3,327 wounded in action and 215 missing in action, but inflicted enemy casualties of 7,718 KIA, 51 prisoners and 10 who voluntarily surrendered.

One of that division's regiments in recent operations near Bong Son between January 2 and January 8, suffered 29 KIA and 93 WIA as against 317 enemy KIA and 1 POW. In a second battle a few days later, the regiment suffered 14 KIA and 15 WIA but inflicted 117 enemy KIA.

While the South Vietnamese Armed Forces (RVNAF) have suffered their share of defeats, we found the casualty figures claimed throughout the four military regions as against the North Vietnamese-Viet Cong (NVA/VC) generally supportive of the 2-to-1 ratio claimed for 1974.

4. ORDER OF BATTLE

As of January 1975, according to figures made available by DOD, the total military personnel presently in South Vietnam reflect an approximate 3-to-1 advantage on the part of the South.

The NVA/VC forces in South Vietnam, including combat troops, administrative service troops and guerrilla forces, are as follows:

NVA/VC (estimated)	303,000 to 356,000
RVNAF forces	980,857

In addition to the major divisions confronting one another, there are a number of independent brigades, groups, regiments, and battalions on both sides. The total numbers, and major units, broken down into the four military regions, are approximately as follows:

REGION I

NVA/VC: 122,000–138,000 men, including 4 Infantry divisions and 1 Antiaircraft division.

RVNAF: 158,000 men, including 5 Infantry divisions.

REGION II

NVA/VC: 59,000–75,000 men, including 3 Infantry divisions.

RVNAF: 181,000 men, including 2 Infantry divisions.

REGION III

NVA/VC: 74,000–85,000 men, including 4 Infantry divisions or sapper commands.

RVNAF: 418,000 men, including 3 Infantry divisions.

REGION IV

NVA/VC: 48,000–58,000 men, including two-thirds of one infantry division.

RVNAF: 223,000 men, including 3 Infantry divisions.

In combat infantry units, the NVA/VC-South Vietnamese regular army numbers are approximately the same.

The Regional Forces/Popular Force units bring the ratio up to nearly 3 to 1 in favor of the South Vietnamese, but the potential use of seven reserve divisions—70,000 men—still in North Vietnam, backed by an additional 230,000 administrative and support personnel, closes the gap somewhat.

In armored units, the NVA are estimated to have 665 tanks or armored vehicles in South Vietnam confronting 499 RVNAF tanks and 874 armored personnel carriers actually assigned to RVNAF units.

In artillery, the NVA/VC are estimated to have 350 to 490 guns of 85/122/130 mm. caliber against the RVNAF's 1,003 guns of 105/155/175 mm. caliber actually assigned to RVNAF units.

5. BATTLE PERFORMANCE

From our own evaluation of various battles fought during 1974 and early 1975, we accept the Ambassador's evaluation of the Vietnamese Armed Forces (RVNAF's) performance in January, 1975:

> RVNAF can stand up to the NVA/VC, has been doing so countrywide . . . acquitting itself well.

There are two disturbing problems, however—the generally defensive posture of the RVNAF and their desertion rates.

South Vietnamese forces have assumed a defensive posture with respect to their populated areas, and have allowed the North to choose the location of the battlegrounds. When the NVA/VC have attacked a specific area, as was the case in Phuoc Long Province in late 1974, the South Vietnamese have thus far been reluctant to commit equal numbers of troops stationed in nearby provinces. In Phuoc Long, for example, where total RVNAF forces in military region III outnumbered the NVA/VC forces by a 5-to-1 margin, the RVNAF allowed 5,000 men to be overwhelmed in the province capital, Phuoc Binh by an estimated 8,000 NVA/VC, although Phuoc Binh is only 75 miles from Saigon. No effort has thus far been made to retake the province, although the border of Phuoc Long Province is within 50 miles of Saigon and over 350 land miles from the nearest portion of North Vietnam.

Also, about 20 percent of the RVNAF ground forces desert each year. Desertion criteria since 1974 has required 15 days absence from duty or overstaying of leave.

During the first 11 months of 1974, the RVNAF recorded 193,000 cases of desertion from forces totaling somewhat less than 1 million.

U.S. sources are unable to confirm how many deserters return to their units or enlist in other units but believe that a significant number do so. The South Vietnamese General Staff estimates that three-fourths of those deserting are ultimately returned to duty by administrative action or through reenlistment in other units.

The figures provided us for the month of November, 1974, a month of increasing NVA-VC pressure were as follows:

	Strengths	Desertions	Annual percentage rate
Army	382,492	8,330	26.2
Air Force	60,909	124	2.4
Navy	39,467	62	2.0
Marine Corps	14,606	174	14.3
Regional Forces	289,867	6,621	27.4
Popular Forces	193,516	2,867	17.7
Total	980,857	18,178	

From the four ground unit forces, the overall desertion rate is presently 20 percent per year at a time of increasing enemy pressure.

6. AMMUNITION EXPENDITURES

The estimated ground ammunition stock for the sides, on hand, as of January, 1975, were:

	Short tons
NVA/VC	66,000
RVNAF	125,100

In addition, RVNAF had on hand 46,000 tons of aircraft ammunition and 5,000 tons of naval ammunition.

During early 1975, the RVNAF has been using roughly 650 tons of ground ammunition each day (20,000 tons per month) and 118 tons of aircraft ammunition. The RVNAF's monthly average for 1974 was 310 tons per month, a ratio of approximately 56 to 1 in tonnage and 12 to 1 in rounds fired.

During the recent fighting in Military Region III, according to the RVNAF Commanding General in MR III, the rounds of artillery and rocket ammunition expended by the respective sides were as follows:

	RVNAF	NVA/VC
November	37,392	2,809
December	120,526	15,445
January	108,609	13,651
February	51,656	4,129
Totals (rounds)	318,183	36,034

This is an overall ratio of 9–to–1 in artillery fire, and does not include the aircraft bombardment which now constitutes an average of 15 percent of the total RVNAF ammunition expenditure.

While the NVA/VC can mass artillery at any given point, and did so in the heaviest recent battle of the war, the taking of Phuoc Long Province during the December 25-February 7 period, the RVNAF still outfired the NVA/VC artillery by over 4-to-1 during this period in the overall MR III Region of which Phuoc Long Province is a part.

With NVA/VC ammunition stockpiles in South Vietnam now estimated at 66,000 tons, U.S. intelligence estimates that NVA/VC expenditure in any new general offensive could reach 6,000 tons per month.

The U.S. Defense Attaché in Saigon is urging that RVNAF should be able to respond with 54,000 tons per month, continuing the 9-to-1 firepower superiority ratio.

It is this concept of ammunition expenditure which furnishes nearly two-thirds of the basis—$198 million out of $300 million—for the proposed supplemental appropriation. DOD estimates that current supplies, diminished by 24,000 tons per month during the last 5 months of fiscal year 1975, will reach the level of 57,000 tons as of July 1, well below the 135,000 tons of ground ammunition in-country which DOD considers as the safe minimum to provide in event of an enemy general offensive.

The minimum time required to move ammunition into South Vietnam from outside the country is 60 days, so there is good reason for DOD's concern unless RVNAF sharply reduces its rates of expenditure of ammunition.

7. CONTROL OF THE COUNTRYSIDE

For Vietnam's 12,000 villages and hamlets, first the United States, and since 1973, the South Vietnamese have maintained Hamlet Evaluation Survey—HES—statistics for some years. Hamlets under varying degrees of government control are rated "A," "B" or "C"; contested hamlets are rated "D" or "E" and NVA/VC-controlled hamlets are rated "V."

As of the January 27, 1973, cease-fire, the South Vietnamese "controlled" 75 to 80 percent of the land area of South Vietnam and 92 percent of the population. This included all A, B, and C hamlets under the HES system as of February 1, 1973.

Commencing shortly after the cease-fire, the South Vietnamese began to try to expand their areas of control. They were successful by January 1974, in increasing their control to 94 percent of the population—an additional 200,000 people. In February 1974, Admiral Moorer testified to the House Appropriations Subcommittee:

"However, on balance, the SVN have, in fact gained control of more population and more territory . . . I do not see any military turbulence in the months ahead." (Vol. 1, page 503, hearing record)

The North Vietnamese, however, reacted by stepping up a countereffort in 1974. Captured documents reveal that they felt they had been naive and idealistic in hoping for compliance with the Paris Accords by the South Vietnamese and the United States. Their recent documents indicate an intent to continue an increasing pressure during 1975 and a possible general offensive in 1976. Their actions have matched these intentions, and it is possible that the new offensive against Ban Me Thuot—March 11, 1975—signals perhaps an even-greater military effort than originally contemplated.

By December 1975, the NVA/VC had reduced government control over the population by 7 percent, from 94 percent to 87 percent. They have thus far taken eleven district capitals and one whole province, Phuoc Long. There is a major battle in progress for Ban Me Thuot in Darlac Province, and the NVA/VC are threatening Tay Ninh City as well. They already control much of Tay Ninh Province and most of Binh Long Province. Some U.S. officials estimate that the three most southeasterly provinces, An Xuyen, Bac Lieu and Ba Xuyen, could fall to NVA/VC control within the year.

In the northern half of the country, should the North Vietnamese choose to commit two or three of their seven reserve divisions now in North Vietnam, several South Vietnamese officials concede, and U.S. officers concur, that all or most of Quang Tri, Quang Tin and Quang Ngai provinces in Military Region I could pass to NVA/VC control, leaving the cities of Danang and Hue as RVNAF enclaves under increasing NVA/VC pressure.

Alternatively, should the NVA/VC reserve divisions be committed to Military Region II, it is conceded that many of the thirteen provinces of that region could be lost, thus leaving a great portion of the northern half of the country under North Vietnamese control.

In the South, recent NVA/VC pressures concentrating on military regions III and IV, have resulted in a steady deterioration of Government control of the population in the delta and around Saigon itself.

The figures for the month of December 1974, reflect the following:

In MR's III and IV, during December 1974, 532 hamlets and 566,676 people were transformed into the "V" category. The total population in "AB" hamlets dropped 4.5 percent to a total of 72 percent, the greatest monthly regression since the cease-fire. Such population decreased 5.5 percent in MR III and 8.9 percent in MR IV.

Of MR IV's 16 provinces, 9 reported at least 10 percent of their hamlets as Communist-controlled.

As a result of the December attacks, "V" population more than doubled, an increase in 1 month from 350,602 people in "V" hamlets to 917,675 people, most of it in military regions III and IV.

Thus, by the end of 1974, and before the January attacks, 21 percent of the hamlets in MR IV had fallen into the "DEV" category, even though the RVNAF military forces outnumbered their NVA/VC opponents by 222,397 to 48,000–58,000 in that region and although NVA/VC KIA's were more than double those of RVNAF.

Should this deterioration continue, the rice harvest upon which South Vietnam's economy depends, could be materially diminished.

CONCLUSION

It is probable that North Vietnamese and Vietcong forces will overcome the South within 3 years should U.S. economic and military aid continue to be reduced at the rate of the past 3 years—$2.8 to 1.73 billion from 1973 to 1974; $1.73 to 1.1 billion in 1975. Even should U.S. aid be increased to the levels recommended by the U.S. Ambassador, it is highly possible that the same result will occur.

DISCUSSION

The South Vietnamese military forces outnumber those committed by the North; they are inflicting casualties on the North at a 2-to-1 ratio; they are outshooting the North on a 7-to-1 ratio in artillery ammunition. In addition, they are employing a small but effective air force while the North is not.

Nevertheless, the North continues to move to infiltrate men south, and continues to acquire additional territory although outgunned, outnumbered, and suffering at least double the casualties of the South.

There can be only one answer for this situation: The aggressiveness, will, and sense of purpose of the North, its leaders, and its soldiers, presently far exceed the aggressiveness, will, and sense of purpose of the bulk of their South Vietnamese counterparts.

The fact of the matter is that we have built an American-style armed force, based on expensive mobility and firepower, to fight in a terrain which is far more suited to an Asian army of more limited resources. The difficulty lies in the fact that the South Vietnamese economy cannot support such a military concept, nor, probably can the present U.S. economy of 1975, given the problems of predicted Federal budget deficits and the attitudes of the American people toward aid to Southeast Asia as expressed in the recent Gallup poll.

Take one simple statistic, the comparative ammunition expenditures of the two sides. DOD's $300 million supplemental appropriation request is based on its estimate that the South Vietnamese will require nine times as much artillery ammunition as the North in the event of a new general offensive such as that of 1972. Most of the supplemental appropriation is predicated on having a supply on hand which will permit the South Vietnamese to fire 54,000 tons of ammunition per month as against a maximum of 6,000 tons per month potentially to be used by the North.

As the military pressures tighten, it seems clear that the South Vietnamese could lose all or most of at least six provinces in the south and all or most of the northern half of the country. The decision rests solely with the North Vietnamese and the question of how many of their seven reserve divisions they choose to commit and where. As territory is lost, the base for further North Vietnamese operations is increased and the potential for a rice-exporting economy on the part of the South Vietnamese is correspondingly decreased. The fall of Cambodia to the Khmer Rouge should further benefit the NVA/VC efforts against the southern half of South Vietnam. It is my estimate therefore that within 3 years there could arise a situation very similar to that of Cambodia today with perhaps 80 percent of the land and one-third of the population under Communist control, and a Communist takeover almost inevitable.

There is no indication of a slackening of the North Vietnamese will to reunite Vietnam, nor of a lack of patience on their part as to the time required to ultimately prevail. While there are increasing signs of discontent in the North over the hardships of their military commitment in the South, there is no indication that their governmental system is unable to absorb the complaints and problems involved.

Over 155,000 North Vietnamese have been killed, disabled, or have died of wounds since the January 1973 cease-fire. Nevertheless, they continue to exert ever-stronger military pressures. Since the January 1973 cease-fire they have infiltrated an average of at least 10,000 new men per month but in February 1975, this was increased to 18,000 men. Past experience has seen February infiltration figures increased substantially during the 3 remaining months of the dry season and thus, if the North Vietnamese current effort continues through the dry season, over 100,000 new troops will arrive in the south by the end of May. For example, in 1968 and 1972, as compared with 1975, the infiltration figures are as follows:

	1968	1972	1975
November	7,100		2,200
December	3,300	5,300	3,600
January	24,400	8,600	8,300
February	14,000	14,400	21,600
March	33,300	18,900	[1] 21,600
April	25,800	20,100	[1] 21,600
May	30,200	16,300	[1] 21,600
Total	[2] 138,000	[2] 83,000	[2] 100,000

[1] Possible.

[2] Plus.

The North Vietnamese have expanded their command structure to create whole new units of division and regimental strength, and they have strengthened their road network and logistics support operations to support a 1972-type general offensive. Their young men travel 600 miles to die in the south. No comparable sense of purpose has yet been found in the South Vietnamese people although many of their combat units fight with superb skill, and it is probable that 95 percent of the South Vietnamese people prefer not to live under a Communist government.

It is thus my conclusion that the tough, rigidly disciplined Communist cadres of the North Vietnamese and Khmer Rouge will eventually prevail over the type of semi-democratic governments we have tried to support in South Vietnam and Cambodia. Our whole Southeast Asian venture is thus likely to result in a Communist domination of Vietnam, as well as Laos and Cambodia, within the relatively near future. There is one possible chance for a contrary result. The South Vietnamese are both resilient and pragmatic. They can conceivably adjust to a lowered rate of U.S. military and economic assistance and manage some sort of transformation of their military struggle with the North into a political struggle.

This might be more likely if Thieu chooses not to run in the August 1975 elections, and if the presently fragmented political opposition can be fused into a new government which unites the South Vietnamese people into a more effective opposition to communism. I think this is remotely possible, but not probable.

Even should a coalition or "third force" government be negotiated, however, we should be under no illusion that communist doctrine considers a coalition government as anything more than a temporary stop on the road to elimination of all non-Communist elements and the establishment of complete communist control.

EXECUTIVE-CONGRESSIONAL FACT-FINDING AND THE NEED FOR HARD INTELLIGENCE

There is an additional problem, however, which should be considered.

The advice the President is getting from his carreer Defense Department and State Department people may very well be distorted because of the fact that so many of them have spent so many years attempting to build the new nation of South Vietnam. Since 1960, many of our best military, State Department and AID personnel have been engaged in the challenging and exhilarating work of "nation building." Understandably, they are reluctant to see their work-product collapse or be destroyed.

Likewise, it is understandable, that when Members of Congress make inquiry as to the factual situation, they are presented by executive branch employees with the most optimistic and supportive facts available to buttress the hopes that: first, our long commitment and effort will not be in vain; and second, our past and present policies have been well thought out and sound. This was certainly the case in the recent congressional delegation's visit to Southeast Asia.

It therefore seems particularly important that there be an independent source of hard intelligence information which remains completely free of political influence, and upon which the Congress can count for unbiased reporting. As the Congress continues to assume new responsibilities in the foreign policy formulation process, our need for dispassionate intelligence is identical to the need of the policymakres within the executive branch. The U.S. intelligence community, and the Central Intelligence Agency in particular, have been structured by law to be insulated from those who have policy responsibility. In my experience and judgment, the CIA has generally done a highly competent job of reporting and analyzing intelligence.

I think it imperative, therefore, that current concern over occasional excesses of zeal on the part of some individuals in the CIA, as well as the proper national debate on covert nonintelligence missions assigned to the CIA by the National Security Council, not obscure the fact that we need, today more perhaps than at any time in our history, the superb professional intelligence-gathering and evaluation service which the CIA has provided.

The orientation of career State and Defense Department leaders, unlike intelligence personnel, is toward protecting American credibility and prestige in order to preserve a stable situation with our allies. Thus, they argue, we must continue to support the Lon Nol and Thieu regimes, so that other nations will have confidence that we will not turn our back on them as well. This doctrine has been appropriate since World War II, but it cannot be the cornerstone of our foreign policy in the future unless the American people are willing to support both the expenditures and the policies involved. Thus, our diplomats are going to have to understand the reality of domestic concerns and political attitudes as they weigh the commitments they ask—and need—the American people to support in future years.

In Cambodia and in Vietnam, the State and Defense Departments are now experiencing the ultimate check and balance of a participatory democracy—the judgment of the American people themselves, reflected, rather than led, by their elected representatives in Congress.

TAX REDUCTION ACT

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. KETCHUM. Mr. Speaker, due to an unavoidable schedule conflict, I was not present when the House voted on H.R. 2166, the so-called Tax Reduction Act. I had a long-standing commitment to deliver an important address in my district, and the last-minute decision of the Democratic Caucus to schedule this bill and add the elimination of the depletion allowance to it was a complete surprise.

Had I been present, I would have voted against this bill. I would have voted against it even if the ruinous depletion allowance repeal were not included.

I believe that the American people are paying too much in taxes. I think it is a disgrace that Federal, State, and local taxes take up 42 percent of the private income in this country, and I do not see how any free society can exist for long on such a course. But the only sane way that we can reduce income tax is to reduce expenditures. If this bill provided a $20-billion tax cut and a $20-billion cut in Government spending, it might make some sense. But as it stands, it is just going to make matters worse.

There is no way on Earth that any of our economic problems are going to be solved until inflation is brought under control. That has got to be our first priority. Nearly everyone now agrees that you cannot do this without reducing the size of the Federal deficit, and bringing the budget into balance.

The budget deficit in 1976, originally planned for $52 billion, will probably be closer to $80 billion. That is a deficit calculated without thought of a substantial drop in revenue. So we are now going to cut taxes and reduce our income by an additional $20 billion, reflecting the idiotic idea that the way to balance the budget is to increase expenditures and decrease income.

The worst part of the bill passed by the House may be that it does not help the people it should at all—middle class. The people who pay this country's bills and receive almost no benefits from the welfare state get very few breaks in this package. Over 42 percent of the middle-income taxpayers itemize their deductions, and they get no rebates under this bill. On the other hand, the bill provides a negative income tax—the so-called earned-income credit—of $3 billion for people who pay no taxes. These are folks who are going to get rebates in spite of the fact that they do not earn enough to pay taxes.

The bill also includes the elimination of the oil depletion allowance, a matter which does not belong in a tax-cut bill, and was added at the last minute by the liberal majority in the all-powerful House Democratic Caucus. Just as a tax cut without a corresponding reduction of spending will worsen inflation, so this elimination of the depletion allowance will reduce domestic petroleum exploration and production and make us more dependent upon foreign oil.

Anyone with the vaguest knowledge of the petroleum business is aware that without the depletion allowance most independent producers will be forced to terminate their operations and sell out to the major companies. If we force this action, we are in effect, decreasing the number of new oil wells drilled, and making a mockery of attempts at energy self-sufficiency. Last year, the independents drilled 1,766 new major depth wells, the majors drilled 110. As far as successful wells are concerned, 60 percent were drilled by independents.

A great many people voted for elimination of the depletion allowance for emotional reasons, thinking they were harming the big oil companies and somehow causing increased production. Actually, they were nailing in the coffin of the small independent drillers and crippling our domestic petroleum production.

For all these reasons, Mr. Speaker, I would have voted against the Tax Reduction Act. I am convinced that its net result will be more inflation and a worsening recession. The United States is the only corporation in the world that issues dividends when it is going bankrupt. The only way that economic health is going to be restored is by a massive reduction in Federal spending. Only then will it make sense to give the American people their much deserved tax cut.

OPPOSITION TO AGRICULTURE BILL GROWS

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. PEYSER. Mr. Speaker, attached are statements from farmers and consumer representatives indicating their opposition to passage of H.R. 4296, the bill recently voted out of the Agriculture Committee. I urge you to give them your careful consideration.

COTTON TARGET PRICE INCREASE

The president of the Arizona Cotton Growers Association said today that legislation now under consideration in Washington could have a "devastating effect" on the cotton industry, should it be enacted.

J. S. Francis, Jr., a Peoria cotton ginner and president of the State's association of cotton producers, said the bill would increase the target price to 48 cents per pound in 1975, and the national average loan level to 40 cents per pound.

"On the surface, the measure sounds good to cotton producers," Francis said. "But it clearly is not in the industry's long-term best interest."

The House Agriculture Sub-Committee voted Thursday to refer the bill to the full Agriculture Committee. Similar bills are being considered in the Senate.

Francis said the market-oriented farm

program now in effect has proven cotton producers can earn a profitable income without "handouts" from the Federal Government.

"Cotton production has been allowed, in recent years, to shift to the most efficient production areas as a matter of farmer choice.

"Freed from legislative production restriction, farmers have been quick to alter their production patterns," he said. "After all, the cotton producer understands what farming adjustments will most effectively minimize his costs and maximize his efficiency, much better than some far-removed bureaucrats."

The Congressional concern and the proposed bills are aimed at helping the cotton industry, Francis acknowledged, but he called the actions mis-guided and ill-conceived.

"Cotton producers have indicated they are planning to reduce upland cotton planting in 1975 by about one-third, to nine and a half million acres. This is in direct response to a weak demand for cotton this past year, and producers are shifting to alternative crops which afford prospects for a better profit. This is the proper corrective step for the cotton industry . . . the change will benefit cotton producers by enabling excess stocks to be brought into better balance and price prospects for future years will improve if the supply adjustments are made this year," he said.

Increasing the target price from its present level of 38 cents to 48 cents will stimulate the planting of cotton for 1975, according to Francis. The target price guarantees the farmer a stipulated price for his cotton; if the national average selling price of cotton during the year falls below the target price, the federal government makes a payment to all cotton producers, bringing their price per pound up to the target price level.

Enactment of such legislation, according to Francis, could stimulate the planting of another one and a half million acres of cotton. "That's one and a half million acres which will be taken away from needed food production," Francis said.

"These additional bales of cotton will be in excess of need, and excess production will only further weaken the cotton market prices. The weaker prices would, in time, make Government payments necessary, making the cotton producer again dependent on the Treasury, instead of on the supply and demand market.

"An increase in the loan price to 40 cents per pound (from 34.25) would immediately interfere with the competitiveness of U.S. cotton in World markets. With loan prices that high, we also would lose competitiveness with the polyester market. The final result could well be that the United States once again becomes a residual supplier of cotton," he said.

Francis said that even if the bill is passed and cotton production is increased by the projected one and a half million acres, there will be little benefit to Arizona's cotton producers.

"Only about a five percent increase could be expected here in the west, against about a 60 percent increase in the southeastern states," he said.

"There are several reasons for this: a greater lead time is required for irrigated farming; Western growers have already made their decisions to go to other crops and in many cases have contracted them ahead of time; and we plant earlier here in Arizona than anywhere else, except the lower Rio Grande area of Texas."

Francis is urging cotton producers in Arizona to immediately contact their legislators and assist in opposing the bill.

THE VIEWS OF THE DEPARTMENT OF AGRICULTURE

The Department of Agriculture opposes the enactment of H.R. 4296 for the reasons set forth in the following report:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C.

Hon. THOMAS S. FOLEY,
Chairman, Committee on Agriculture,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: The purpose of this letter is to convey the Department's views on H.R. 4296, a bill to adjust target prices, loan and purchase levels of the 1975 crops of upland cotton, corn, wheat and soybeans, to provide price support for milk at 85 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

The Department opposes enactment of this bill.

If the bill became effective the established price for the 1975 crops of upland cotton, corn and wheat would be set at 48 cents per pound, $2.25 per bushel and $3.10 per bushel respectively. Furthermore, the Secretary would be required to make available to producers loans and purchases on the 1975 crops at 40 cents per pound for cotton, $1.87 per bushel for corn and $2.50 per bushel for wheat. Given the levels of support provided for in H.R. 4296, we do not anticipate any additional deficiency payments or loan costs for the feed grain and wheat programs for 1975. For cotton, however, the Department estimates that H.R. 4296 would increase the cost of the 1975 cotton program by $554 million, excluding possible disaster payments.

If the bill became effective next April 1, the beginning of the 1975–76 milk marketing year, it would require a support price estimated at $7.90 per hundredweight, an increase of 66 cents per hundredweight over the present support. Furthermore, it would require additional increases every three months thereafter until, by the end of the year, the support would be an estimated $8.19, or 95 cents above the $7.24 support already announced for next year. This is equivalent to increases of over 8 cents per gallon of milk, 10 cents per pound of cheese, and 20 cents per pound of butter. Such a large increase in the support price is not necessary to assure an adequate supply of milk and dairy products. In fact, we believe this high level of support would not only be costly to consumers and lower consumption, it would result in large purchases of dairy products under the support program and very large and expensive government inventories. This would be disastrous to producers and the dairy industry. The purchase cost to CCC under this proposal would be an estimated $162 million higher than the $250 million projected under the present level of support.

The Department estimates the cost associated with H.R. 4296 for 1975 to be $882 million, including additional disaster payments. No cost estimate can be provided for succeeding years because the bill, as written applies to 1975 only. The Department would like to point out, however, that if the prices provided for in this bill are escalated in 1976 and 1977 as provided for in the Agricultural Act of 1973, the cost could exceed $5.0 billion by 1977.

Farm exports have increased in value from $8 billion in 1972 to $21.3 billion in 1974, and we are estimating exports valued at more than $22 billion in fiscal year 1975. The high guaranteed prices established by H.R. 4296 would allow foreign competition to undercut our prices and force the U.S. into the position of a residual supplier. We certainly do not want to return to the 1960's type farm programs where export subsidies were necessary to make certain U.S. crops competitive in world markets.

H.R. 4296 would deny farmers the incentive to produce commodities needed in the marketplace, causing them instead, to produce for Government payments. It could force cropland out of production and drain the Federal treasury of billions of dollars in program payments, for these reasons, enactment of H.R. 4296 would be a painful step backward for both farmers and consumers, and this Department is very vigorously opposed to its passage.

The Office of Management and Budget advises that enactment of this piece of legislation would not be in accord with the objectives of the Administration's program.

Sincerely,

EARL L. BUTZ, *Secretary.*

POSITION OF THE NATIONAL CONSUMERS CONGRESS ON THE EMERGENCY FARM ACT, H.R. 4296

The National Consumers Congress is strongly opposed to H.R. 4296 because of its inflationary impact. Increasing the target prices to the proposed level for wheat and corn could perpetuate artificially high farm and retail prices. In the case of cotton and milk there are more than adequate supplies on hand; the proposed legislation would generate significantly higher prices resulting in decreased consumption and decreased farm income, coupled with enormous surpluses for which the taxpayer must bear the burden through increased government purchases. The National Consumers Congress has prepared the following analytical evaluation of the Emergency Farm Act (H.R. 4296) for members of Congress and consumers.

WHEAT AND CORN

There has been genuine concern that this bill will encourage government intervention at the target price level. Since such intervention would result in high retail prices, the low and middle income consumer would bear a disproportionate burden for the cost of food production.

We strongly recommend government intervention at the loan level since this would provide for the appropriate farm subsidy through the progressive tax structure.

The proposed target and loan prices for wheat at $3.10 and $2.50 respectively and the target and loan prices for corn at $2.25 and $1.87 respectively are too high. Since it is essential to bring these prices in line with supply and demand and the cost of production we strongly urge that the 1976 escalator clause be placed into effect for the 1975 crop. This would prevent the establishment of a new basis for grain price supports.

If this clause is allowed to operate the target and loan prices for wheat would be $2.50 and $2.05 respectively and for corn $1.68 and $1.38 respectively.

Furthermore, the one year duration of this bill is being used to camouflage the real pitfall that increased target and loan rates in 1975 will serve as an inflationary base for follow-up legislation next year.

COTTON

The proposal for cotton target prices should be deleted from the bill since the target price is substantially higher than the current market price. Thus, if enacted, cotton farmers would be encouraged to plant only for government consumption.

Enough cotton—6 million bales—is now in reserve to supply all domestic needs for 1975, and another million bales likely will be added to this supply this year at current prices. Many Western growers are in fact opposed to this bill because of the excess supplies it would create.

Furthermore, declining demand has been widened by the 35 percent reduction in U.S. cotton consumption between January 1974 and January 1975. Confirmation of this diminishing demand is highlighted by the decision of cotton farmers to reduce this year's planting by some 9.5 million acres, or 32 percent.

H.R. 4296 is expected to add $45 million to retail cotton costs. (This figure is based upon a 9 cents per pound increase paid for raw cotton multiplied by the 4,988 million pounds of current production.)

Finally, an increase in loan supports and target prices would undoubtedly weaken the already endangered competitive status of U.S. cotton in world markets.

DAIRY

We find the proposed increase in the support price of milk to 85 percent of parity with quarterly adjustments to be economically unsound. Commercial stocks of manufactured dairy products are at an all-time high (up 21 percent over last year). Government purchases of dairy products, to maintain the January rise in the support price, are four times greater than they were last year. In short, the market is glutted, and an artificial price increase will only make the situation worse.

Raising the support price will adversely affect dairy farmers in the long run by decreasing the demand for their product. The 16 percent rise in retail prices in 1974 resulted in a 6.5 percent drop in per capita consumption of milk and a 2 percent drop in consumption of dairy products. The USDA estimates that consumption of milk and milk products will decrease by one billion pounds if this bill is passed.

The rationale that dairy farmer's costs have risen dramatically is also questionable. The USDA's January price support increase was based largely on feed costs which peeked in October and November but which have since dropped 30 percent.

On the retail level, this action would result in an increase of 8 cents per gallon for milk, 10 cents per pound for cheese, and 20 cents per pound for butter. This would mean a cost of $953 million to consumers for three main dairy products, which does not take into account an additional $162 million that would be spent in direct government purchases. For consumers, the total cost of this legislation would be 1.15 billion dollars.

There has been considerable talk about the decline last year in the federally announced price for milk to be paid farmers. However, the Congress should know that as the federal price declined, premium prices over the federal price demanded by giant dairy co-ops (over-order premiums) increased in such a way that the actual pay price to farmers and cost of milk to consumers remained constant.

Furthermore, an increase in the support price to 80 percent of parity with quarterly adjustments, is also unacceptable since it would result in unacceptably high retail prices and surplus.

SENATOR GAYLORD NELSON MAKES SENSE IN DAIRY PRICES

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. OBEY. Mr. Speaker, before Members make up their minds on the farm bill, I hope they will read the following statement from Senator GAYLORD NELSON.

Wisconsin is a state of 4½ million people, but there are only 50,000 farms in the State. In my own district of 500,000 people, I represent only 12,000 dairy farmers, so my consumers far outnumber my farmers, but I want to share with you some good, solid, proconsumer reasons for supporting the dairy provision of the agriculture bill we will be voting on next week.

The following statement of Senator NELSON's is the best statement on dairy problems I have seen. It is a statement from a man who, like I, has not supported the interests of rural America, but has supported mass transit, minimum wage, OSHA, legal services, land use, and consumer protection legislation.

I have received a Dear Colleague letter suggesting, in part, that the dairy section should be opposed because it will increase prices somewhat. Let me point out to you that minimum wage legislation, OSHA legislation, and environmental legislation all have increased costs somewhat but we have voted for them because they are in the national interest and because we recognize that in the workplace and in the environment the situation is similar to agriculture—there is no free lunch.

I hope Members will read the following and then agree with me that it is in the consumers' interest to support the dairy section of that farm bill.

Senator NELSON's statement follows:

U.S. SENATE,
Washington, D.C.

The important question that faces our nation in terms of the dairy price support proposals now before the House is simply this: Can we continue government policies that appear almost certain to result in this nation's losing self-sufficiency in what represents 25 percent of its food supply?

The importance of that question prompts me to impose upon your good graces to set forth the dimensions of the crisis facing America's dairy farmers and the importance, therefore, of passing the proposed legislation.

The American dairy farmer is faced with an economic crisis that is bankrupting him, and unless that crisis is resolved, our grandchildren, as one expert put it, may have to take their children to zoos to see dairy cows.

That is not an exaggeration. Since 1951, 60.3 percent of the nation's dairy farmers have quit. In the 1969 to 1973 period, 56 percent quit. In Wisconsin alone, the number of dairy herds decreased from 132,000 in 1951 to just over 53,000 at the end of 1974.

The number of milk cows in the United States has decreased by almost 10 percent since 1969. Most distressing, our national milk production is declining at a rate that indicates, according to a University of Illinois study, that we will no longer be self-sufficient in the production of dairy products as early as 1980.

The American consumer must be made to understand that unless we institute a constructive policy for our dairy farmers that does away with boom and bust by putting a floor under their income, consumers will one day, and soon, be faced either with massive dairy shortages or exhorbitant prices for those dairy products that are available.

As the expert who predicted the zoo situation added, "The nation will take another notch in its belt because the source of 25 percent of the food supply will have vanished."

For too long all of us have taken for granted the abundance of food at low prices that American farmers have provided us. We have not realized that the miracle of production was made possible not only through the productive genius of our farmers, but by their willingness to subsidize the rest of us in the process.

That is right—the American dairy farmer has been subsidizing the American consumer. He has done that by working longer hours than the rest of us, by accepting a lower return on his investment than any other continuing segment of American business, and by pressing himself and his family into a labor team that is the lowest paid in the nation.

Several facts dramatize this situation all too well:

The dairy farmer does not control the price he receives for his product. While inflation has continually and insidiously raised his cost of production, government policy in recent years has almost never set a price support level for milk that will insure him a profit.

In 1973, for example, it cost the average Wisconsin dairy farmer with a herd of less than 50 cows, $7.75 to produce a hundredweight of milk for which he received $6.78 under the federal support program. While his income improved some during early 1974, it has been on the decline ever since, and in my state in January, 1975, average price received was back down to $6.80 a hundredweight.

Needless to say, the cost factors that totaled $7.75 in 1973 have continued to spiral since then, so that the Wisconsin dairy farmer is losing more money now than ever. As a result, thousands of them are attempting to sell off their herds and get out of the dairy business.

In January of this year, after the President vetoed a bill passed overwhelmingly by the Congress that would have increased price supports to 85 percent, the Department of Agriculture did readjust the figure set April, 1974, to once again represent 80 percent of parity in Jannary, 1975.

But the Department also announced then that it would not make another price support adjustment until April 1, 1976.

Even now the 80 percent January adjustment is delivering very little help to the hard-pressed Wisconsin dairy farmer. It should mean that he will receive $7.10 a hundredweight for about 75 percent of the milk produced in the state. In actuality, in January he received less than that.

The question naturally arises then, why and how do dairy farmers stay in business. The answer is two-fold: thousands of them are not—they are getting out as fast as they can, at a rate that has farm auctioneers in Wisconsin booked for months ahead; and those who are remaining in business do so by asking their families to make sacrifices that would be unheard of in other industries.

That is how the farmer subsidizes the consumer.

Other countries have recognized this problem and have acted to assure themselves of viable dairy industries with their farmers assured of a liveable income. Canada, for example, from October of last year set price supports at $9.41 a hundredweight and has just now increased that to $10.12. The Common Market, which adjusts the rate from nation to nation, has had an average support level of $8.10 per cwt., increased that to $8.59 on February 1, and announced a further increase to $8.99 for September 16, 1975.

American dairy farmers' wage earnings are a scandal. If the farmers went on strike and properly told their story, their cause would have the enthusiastic support of organized labor, the nation's clergy, and even substantial portions of the nation's press.

Certainly at the present support level, the average dairy farm will be forced to quit production. Not all of his cows will go out of production, but the rate at which farmers are quitting and cows are leaving production, it is apparent that consumers are in for trouble. We can lose self-sufficiency, we can destroy the productive capacity for 25 percent of the nation's food.

Other than the critical loss of 25 percent of our food, the general public would suffer otherwise if our dairy industry is destroyed. Our dairy farms earn $1.3 billion each year, which in turn generates an additional $47 billion in the gross national product. Everyone of the 490,000 dairy farms in the nation generates an additional five jobs in related industries, a total of 2½ million jobs throughout the country that could be jeopardized.

There are encouraging signs that American consumers and their representatives in Congress are beginning to understand their own personal stake in these matters. The huge majority in the Congress that supported the 85 percent parity bill late last year points to this. Renewed interest of urban representatives to serve on the congressional committees on agriculture give additional testimony.

That is promising, but time is of the essence. If we do not stabilize our dairy industry by providing an income floor, our dairy farmers will be forced to quit. That would be an outright disaster for them personally. It would be an absolute catastrophe for the American consumer.

GAYLORD NELSON,
U.S. Senator.

TO SAVE 1 MILLION BARRELS OF OIL A DAY

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, March 14, 1975

Mr. McCLOSKEY. Mr. Speaker, I think we politicians forget sometimes that the strength and wisdom of America is quite often found not here in Washington, but in the quiet commonsense of ordinary citizens who see a national problem, and set themselves to try to solve a small portion of it in their own daily lives.

I am privileged to have a quiet, humble patriot in my hometown. He has succeeded in developing various land and business ventures, and as the energy crisis became apparent, he took some personal steps with respect to his own business operations which if conducted nationally, might well save the 1 million barrels of oil a day that we have accepted as a new national goal. I am placing his description of these steps in the RECORD at this point, hoping it will serve others the same renewed faith and hope that his actions have given me:

[Excerpted from House & Home, October 1974]

SUBURBAN OFFICE BUILDINGS

If you're thinking of moving into commercial development . . . the healthiest market in your area may be suburban office buildings. And right now, leasing up well-designed and well-located suburban offices may be a lot easier than selling houses.

The demand is there. People who live in the suburbs prefer to work in the suburbs, much to the detriment of office buildings downtown. Says one long-time apartment builder, recently turned suburban-office builder. "Give people a great-looking and convenient place to work close to home, and you can't help but make it in this market."

HOUSE & HOME visited several new suburban office complexes, talked to their developers, and found some interesting things happening. In particular, the office park is becoming a real community, with amenities—including recreation—that would put to shame some of the best-designed residential projects.

Here, then, is a close look at the business of building suburban offices and how it might work for you.

WHY SUBURBAN OFFICES DO WELL: THEY ATTRACT AND HOLD EMPLOYEES

The attraction stems from a combination of convenience and environment that just isn't available in center-city offices. Specifically:

Employees can work close to home. The average distance from home to office is just eight miles for the 700 persons who work at 3000 Sand Hill Road, a five-building office park with 60 tenants located 30 minutes south of San Francisco in Menlo Park.

And for some, home is right next door. The center is ringed by some 200 townhouses, and it is part of a prestigious residential suburb to which some executives have moved after signing long-term leases for office space in the park.

Driving and parking are easier. Besides the convenience of shorter distances to work and the absence of heavy city traffic, suburban office workers can park right next to their office doors, and they can park free.

Suburban offices tend to be near airports. Woodruff Construction Co.'s new 105,000-sq.-ft. office building in Burlingame, Calif. (see p. 105), is so close to the San Francisco airport that tenants and their visitors can ride to planes in five minutes on the courtesy buses that serve surrounding hotels. Says general manager Dan Ross: "The airport is one of our strongest drawing cards."

Employees can work in more attractive surroundings. "Get away from the noise and congestion of the inner city" is the sales pitch of the suburban office developer, and it can be a very effective one. Densities are lower in the suburbs; site coverage of less than 50% is not uncommon. In fact, Max Kaplan's 65-acre Park Ten office park (see p. 103) is planned to offer 79% open space.

Suburban office design is less institutional-looking than downtown buildings, leaning more and more toward residential design. Inexpensive tilt-up concrete and tarred-roof construction is giving way to brick and stained-wood exteriors, woodshake roofs with deep overhangs, private patios and balconies, conversation pits and wood-burning fireplaces.

Landscaping is played to the hilt both outside and inside, in paved plazas with pools and fountains, in sodded lawns with mature transplanted shade trees, in rustic embellishments like railroad ties for defining planters and parking areas, and particularly in enclosed skylighted atriums.

Suburban offices also attract tenants because, for the moment, rents are lower than in downtown buildings. In some areas the difference is substantial. For example, Koger Properties offices in the Jacksonville, Fla., suburbs rent for $6 to $6.25 a sq.-ft. annually, compared with $8 to $8.50 for new offices in downtown Jacksonville.

But in other areas older downtown office space costs no more than new suburban space, particularly in cities like Los Angeles and Dallas where downtown vacancy rates run 15% and higher. So convenience and environment, rather than lower rents, are often the basic reasons for office moves to the suburbs.

To achieve more of this self-sufficiency, most suburban office developers lean towards the multi-building center.

OFFICE PARKS HAVE A BIG EDGE OVER INDIVIDUAL BUILDINGS

Suburban office developers know that developing parks is more rewarding than doing single buildings. A park provides the security of a long-term development program, plus the opportunity to create an attractive environment on a large scale.

Developer Tom Ford phased the five-building Sand Hill park, his first office venture, to coincide with the construction of the surrounding townhouse development.

"I did one building at a time to see how they would go," says Ford. "As each one proved successful, I'd start another."

Before planning his first office park, Ford had built 30 tilt-up-slab industrial buildings on individual lots for tenants needing a combination of office, research and assembly facilities. All were heavily landscaped and several won prizes for environmental design in communities that rarely make such awards for industrial construction.

Regardless of the scope of an office developer's program, chances are he'll have to face the question of whether to include recreational facilities.

RECREATION: ARE TENNIS BALLS AND ADDING MACHINES A VIABLE MIX?

At first glance the idea of providing rec facilities in office buildings makes good sense. An in-house health club saves time for suburban executives who might otherwise travel to a country club at lunch time. And it gives other office personnel an amenity that normally they would have neither the time nor funds for. So office recreation facilities should help hold down employee turnover.

But what to install is still largely a guessing game for most developers.

Dan Ross sums up the dilemma: "You can't create a party atmosphere or you'll destroy the working environment. Yet you want enough recreation to attract people. How far do you go?"

Ross's Burlingame center contains a sauna and gym which are used mainly by female clerical workers at lunch time. Says Ross: "Prospective tenants are intrigued."

Tom Ford's Sand Hill Road complex offers a single rec amenity: a sand volleyball court, which grew out of need demonstrated by the office workers. During the project's early stages, younger employees would set up a volleyball net in an empty parking area and play a few games at lunchtime. As buildings were completed and filled, the makeshift volleyball court became increasingly hazardous to other employees and their cars, so Ford finally installed a sand court on the perimeter of the project. Sand Hill also overlooks an 18-hole, country-club golf course, which executives with the means and a membership can use. But Ford doesn't attach great importance to rec amenities.

"They're probably a factor in attracting tenants," he says, "but I'm not sure of their effect in reducing tenant turnover."

However, other developers are making recreational amenities a key feature in new office complexes. Quincy Lee's Conroy Square, for example, is built around two tennis courts. The complex also includes a whirlpool bath, gymnasiums and saunas.

Kaplan & Associates plans to convert a 15,000-sq.-ft. mansion to a tennis club and restaurant for the office tenants of 65-acre Park Ten. The old mansion sits on a hill at the edge of the park site.

Some prospective tenants voice mixed feelings about such elaborate recreational attractions. Says one early tenant at Conroy Square: "I wondered how much work some of my executives, including myself, could get done with short-skirted tennis players performing outside the window. But the basic idea of combining work with play has merit, so we decided to give it a try."

Suburban office developers still have a choice when it comes to recreation. But eating facilities are another matter.

MOST OFFICE CAFETERIAS LOSE MONEY, BUT YOU MAY NEED ONE ANYWAY

Tom Ford's restaurant—in a separate building at the center of his park—was not even included in the original site plan. His four office buildings were supposed to overlook some landscape feature like a fountain or garden.

But prospective tenants complained about the lack of restaurants in the vicinity. So

Ford had to consider building one and eventually was forced to guarantee it.

Even though two of Ford's larger tenants provide lunchrooms for their own employees, the restaurant has become a key service for Sand Hill office workers—and a management headache for Ford. Initially, he ran the restaurant with his own staff; then he tried two concessionaires. The first failed financially in a few months because it served meals that were too fancy for the clientele, and the second eventually quit the office-restaurant business. So now the job is back in Ford's lap. This time, however, he has hired a full-time restaurant manager.

One Park Ten and the Burlingame center each have cafeteria/coffee shops leased to mom-and-pop-type operators. They pay only space rental to the owner.

In Burlingame a cafeteria was needed not because nearby restaurants are lacking but because they are too expensive.

"Clerical people and even some of the executives couldn't afford to eat in those places every day," says Dan Ross. "We had to provide a low-cost eating place of our own."

Complexes with less than 100,000 sq.-ft. can't support a hot-lunch cafeteria. And even in large centers, the cafeteria business is so marginal that the operators often don't make money enough to pay full rent.

LEASING UP: DO IT YOURSELF, AND DON'T SPARE THE SHOE LEATHER

Office developers generally agree that real estate brokers aren't much help in leasing new suburban buildings.

Woodruff Construction's Dan Ross regularly solicits the help of brokers but finds they account for only a small percentage of his tenants.

Park Ten's Jim Millikan, an office-leasing and management specialist, has had even less success with brokers in San Antonio. He explains: "Until recently, there hasn't been enough office development in San Antonio to support brokers who specialize in office leasing. Our local brokers are knowledgeable only in residential and land sales. The office specialists stick to larger cities like Dallas and Houston."

Quincy Lee's Tom Perkins adds: "Brokers are only helpful if they happen to have connections."

And of 2,100 Koger Properties leases, only 13 are commissionable to brokers.

So, the experts agree, there's just one effective way to lease new office space: knocking on doors.

Developer Tom Ford, formerly active as a real estate broker, has spent 15 years in helping companies relocate to new offices. He encouraged other brokers to help him lease the 180,000 sq.-ft. in his new Sand Hill center—even paying their commissions the day each deal was closed. Nevertheless, his first tenant was his next door neighbor, and his second was an old friend.

Preleasing campaigns are important for lining up national tenants, particularly when the leasing agent can show his company's track record and a portfolio of its buildings. But for the average local tenant in the 1,500-sq.-ft. range, preleasing shouldn't be started too early.

Says Dan Ross: "Local tenants often can't visualize what a building will look like from plans the way a national tenant can. So we don't start a preleasing program for them until the building is under roof and they can actually walk through it."

Current monthly rentals—including carpet, drapes, lights, heating/cooling, security and five-day janitorial service—vary from 55c a sq.-ft. at One Park Ten in the San Antonio suburbs to more than 70c at 3000 Sand Hill Road in suburban Menlo Park. Koger Properties rents are lower, ranging from 50c to slightly over 54c a sq.-ft. annually throughout the company's 17 markets.

Standard lease lengths are three to five years. And most leases written these days contain escalation clauses to pass future rises in operating costs along to tenants.

Current tenants are also prime sources of referrals. But referrals—and for that matter, repeat business—depend heavily on the quality of building management.

MANAGEMENT: DO IT YOURSELF IF YOU WANT REFERRALS AND RENEWALS

All developer/owners agree: Continued success in the suburban office business takes in-house management, with emphasis on fast service and faultless maintenance.

"Two jobs I don't delegate," say Tom Ford, "are supervision of landscape maintenance and tenant service." Ford's permanent offices are in his Sand Hill center, where he can respond quickly to air-conditioner breakdowns, stopped-up plumbing and the like. He keeps an eye on landscaping maintenance because the main appeal of his complex is its environment.

"My referrals come from two sources," says Ford. "From existing tenants who are happy with the service and from visitors who are impressed with the landscaping."

Tom Perkins tried managing offices with The Quincy Lee Co.'s apartment management staff, which handles several thousand multifamily units in Houston, Austin, Corpus Christi and San Antonio. But, he says, "it didn't work. We needed better control of our relationships with tenants than the apartment people are accustomed to having with theirs. So we set up a separate management staff for the office buildings."

Dan Ross and Jim Millikan concur. Says Millikan: "You have to keep management in-house not only to respond fast to tenants' complaints but to assure the tenant that he has close contact with the owner:" Both Ross and Millikan function as leasing-, maintenance- and tenant-service directors during the leaseup period and then install a full-time manager on the premises.

"Conscientious service is the only way to generate repeat business, referrals and lease renewals from your present tenants," says Ford, "and no one but the owner has the strong desire it takes to work that hard."—H. CLARKE WELLS.

ENERGY CONSERVATION PROGRAM—MENLO PARK, CALIF.

(By T. W. Ford)

Description: 16 acre office park.

Developer: Ford Land Company.

Total project square footage: 180,000.

Daytime population: 700 persons.

Number of buildings: Four office buildings and restaurant.

Number of tenants: 55.

Principal tenants:

Envirotech Corporation, Corporate Headquarters.

Allstate Insurance Company, Pacific Zone Office.

Oroweat Foods Company, Corporate Headquarters.

Sunmaid Raisin Growers, Marketing Offices.

U.S. Natural Resources, Corporate Headquarters.

I. REDUCTION IN LIGHTING

Since it is estimated that for each watt of lighting, an additional one-half watt is required for air conditioning to cool the heat generated by the lights, there is actually a 150% benefit from each light removed.

a. *Public Space* (corridors and lobbies)—

1. Reduced light levels.

2. Converted incandescent lights to more efficient fluorescent lights.

3. Reset time clocks to reduce hours of operation.

b. *Ford Land Company Offices*. We started in late 1973 and reduced the light level in our own offices by 40%, first as an experiment in adjusting to greatly reduced light levels and secondly to set an example. We bought a light meter so we could be sure that proper light levels (minimum of 60 to 70 foot candles) are maintained over desks and other work stations.

c. *Tenant Offices*. We started checking tenant spaces and found many instances of light levels above 150 foot candles. We learned to approach the highest level person in each office suite and review our program and enlist support for lower light levels. We reduced light levels in all general office spaces and corridors. If desks are temporarily unoccupied, we reduce the lighting with an agreement to reinstall lamps when the desks are occupied. Our program with respect to light levels is a continuing one as we find more and more areas where we can reduce lighting as we all adjust to lower light levels and more attention is focused on energy conservation as a national policy. Except for rare instances, cooperation has been excellent. If you can get lights lowered in the president's office, you've got it made. If the president resists or is not energy conscious, it becomes very difficult to get cooperation. Incidentally, one of our most cooperative tenants was General Electric, whose business is selling lights.

d. *Security*. We have not reduced interior or exterior security lighting in any way. We added a new duty for our night-time guard which is to patrol all buildings and make sure lights are turned out when tenants leave. Our prior guard service did not take these duties seriously, and we replaced them with another guard service that is fully cooperative.

e. *Results*. Our efforts to lower light levels resulted in a reduction in electrical usage by more than 25% in 1974 in comparison to 1973.

II. REDUCTION IN AIR CONDITIONING

a. *Time Clocks*. First of all, we removed our air conditioning time clocks from the attic mechanical rooms to a convenient first floor location. This made it more feasible to shut off and reactivate the air conditioning system for full or partial holidays.

b. *Economizer*. In January 1975 we installed an economizer on our air conditioning system in Building 2 on an experimental basis. This enables us to cool the building with natural outside air when outside temperatures are below 60°. At outside air temperatures between 60° and 70° we continue to use outside air for cooling with the air conditioning equipment operating at reduced load because it is easier to cool 60° to 70° outside air than 70° plus recirculated air. Initial experience with the economizer indicates winter-time energy savings of more than 20% and estimated year around savings of more than 12%. It is a thrill to see the air conditioning compressors idle with mother nature cooling the building. Why wasn't the system designed to use outside air in the first place? It requires more sophisticated controls and therefore greater initial cost and our buildings were construed during a period when energy availability and cost were unimportant compared to initial cost of construction.

c. *Precooling*. In summertime we will experiment with precooling. At the end of each summer day, there is a significant heat buildup in the buildings. Since our air conditioning systems are usually turned off between 5:30 and 6:00 p.m. the heat continues to build up as the late summer sun strikes the buildings. By circulating cool outside air through the buildings in the early morning, we may be able to remove the heat buildup from the prior day without using the air conditioning equipment.

III. ADVANTAGES OF OUR ENERGY CONSERVATION PROGRAM

a. An aggressive energy conservation program will reduce operating expenses for the owner and eventually for the tenant whose rent must cover these costs.

b. It focuses attention on a national problem and makes everyone more energy conscious.

c. It is a tiny step in the direction of energy self-sufficiency for the United States which, if followed throughout the country, will enable us to achieve our goals for energy self-sufficiency at a much earlier date than would otherwise be possible.

d. In terms of actual dollars and cents, our energy costs were higher in 1974 than in 1973 despite our major reduction in usage, reflecting that our average cost per kilowatt hour for electricity increased from 1.6¢ to 2.1¢. Nevertheless, had we not done anything, we would have spent an additional $18,000 in 1974 for electricity which amounts to 10¢ per square foot of our gross floor area. Our savings become even more significant in view of projected increases in energy costs in the future. Energy conservation efforts are not without initial cost in terms of management time, scheduling for lamp removal, material cost in replacing incandescent lamps with fluorescents, and labor in undertaking the actual work. Obviously, the long-term benefits make the program very worthwhile.

e. In terms of kilowatt hours, our light reduction program alone has resulted in saving of more than 3000 kilowatt hours per day.

January 28, 1975.

HOUSE OF REPRESENTATIVES—*Monday, March 17, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

The Lord is good to all; and His tender mercies are over all His works.—Psalms 45: 9.

O God, our Father, who opens the gates of the morning and calls us to the work of a new day, we commit our lives and our work unto Thee in the glad assurance that Thou art with us always and all the way seeking to bring to a happy fruition Thy purposes for our Nation and for all mankind.

In these troubled times which try our souls as we endeavor to solve the problems that confront us, give us the courage and the confidence which will make us worthy of the positions we hold and the work we have to do to keep our Nation great in goodness and good in greatness.

There are those who are delighted to wear the green on this St. Patrick's Day. May we also take delight in wearing the red, white, and blue every day of our lives. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on March 14, 1975, the President approved and signed a joint resolution of the House of the following title:

H.J. Res. 219. Joint resolution making further continuing appropriations for the fiscal year 1975, and for other purposes.

CALL OF THE HOUSE

Mr. BAUMAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present. Without objection a call of the House is ordered.

There was no objection.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 54]

Abdnor
Addabbo
Alexander
Andrews, N.C.
Ashley
Beard, R.I.
Bell
Bergland
Biaggi
Boland
Brademas
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Byron
Casey
Chisholm
Collins, Ill.
Conyers
Cotter
Derwinski
Diggs
Dodd
Eckhardt
Edwards, Ala.
Esch
Evans, Ind.
Flowers
Flynt
Ford, Tenn.
Fraser
Gibbons
Gilman
Goldwater
Goodling
Harkin
Harrington
Hastings
Hébert
Hungate
Jarman
Kasten
LaFalce
Landrum
Lujan
McClory
McKinney
Macdonald
Madigan
Mathis
Matsunaga
Metcalfe
Mills
Moorhead, Pa.
Nowak
O'Brien
Pattison, N.Y.
Peyser
Railsback
Rangel
Riegle
Roncalio
Rosenthal
Runnels
Ruppe
Russo
Scheuer
Sisk
Skubitz
Stanton, James V.
Steiger, Wis.
Stokes
Talcott
Traxler
Ullman
Waggonner
Waxman
Weaver
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Young, Ga.
Zeferetti

The SPEAKER. On this rollcall 348 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MR. KISSINGER IS NEEDED ELSEWHERE

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, how long must Mr. Kissinger devote the major part of his talents to the attempt to settle the affairs in the Middle East? Certainly there are pressing problems elsewhere, particularly in Indochina. Even in the State Department, many will agree there is a sad need for direction, motivation, and accomplishment, which it is hoped Mr. Kissinger can improve when he has the opportunity to spend time on State Department problems.

Possibly the distinguished and able Secretary should leave the Middle East time to think on its lack of realistic negotiations. Israel appears to feel secure in the knowledge that there will be U.S. backing, come what may. The Arabs realize this also, despite the power and the threat of an oil embargo. But they have ample access to Russian weapons. There is a stalemate, but it is doubtful that either side will start a war.

On the other hand, things are going from bad to worse in Indochina. Congress will not give meaningful help to Cambodia or South Vietnam. Millions of people and their great productive capacity are drifting into the Communist orbit.

Negotiations there may offer only a small measure of hope. Mr. Kissinger may be reluctant to become involved again in Indochina's affairs. He well remembers the shambles which came from the cease-fire. It was obtained from the Communists after long years of difficult bargaining. The agreement has not been kept by the Communists. There is no real reason to trust them now. He is apprehensive that if he moves away from the Middle East, Russia will move in. This will not be to the advantage of either Israel or the United States. It is a difficult choice; but it may be the only hope for Cambodia or even for South Vietnam. That in itself should be a compelling reason for Mr. Kissinger to return to the maze of Indochina.

PERMISSION FOR COMMITTEE ON ARMED SERVICES AND ITS SUBCOMMITTEES TO PROCEED WITH HEARINGS DURING 5-MINUTE RULE TODAY

Mr. STRATTON. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services and its subcommittees be permitted to proceed this afternoon with their hearings on H.R. 3689, the fiscal year 1976 Department of Defense appropriation authorization request, during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PERMISSION FOR COMMITTEE ON HOUSE ADMINISTRATION TO FILE PRIVILEGED REPORTS

Mr. THOMPSON. Mr. Speaker, I ask unanimous consent that the Committee on House Administration may have until midnight tonight to file several privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

PERMISSION TO RECOMMIT H.R. 4723 TO COMMITTEE ON SCIENCE AND TECHNOLOGY

Mr. TEAGUE. Mr. Speaker, I ask unanimous consent that the National Science Foundation authorization bill, H.R. 4723, be recommitted to the Committee on Science and Technology.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISTRIBUTION OF SPECIAL NUCLEAR MATERIAL TO ATOMIC ENERGY COMMISSION

Mr. PRICE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate concurrent resolution (S. Con. Res. 13) and to lay the Senate concurrent resolution on the table.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DISTRIBUTION OF ADDITIONAL SPECIAL NUCLEAR MATERIAL TO ATOMIC ENERGY COMMUNITY

Mr. PRICE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the Senate concurrent resolution (S. Con. Res. 14) and to lay the Senate concurrent resolution on the table.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DISTRIBUTION OF SPECIAL NUCLEAR MATERIAL TO ATOMIC ENERGY COMMISSION

Mr. PRICE. Mr. Speaker, I ask unanimous consent to take from the Union Calendar the concurrent resolution (H. Con. Res. 115) and to lay the concurrent resolution on the table.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DISTRIBUTION OF ADDITIONAL SPECIAL NUCLEAR MATERIAL TO ATOMIC ENERGY COMMUNITY

Mr. PRICE. Mr. Speaker, I ask unanimouse consent to take from the Union Calendar the concurrent resolution (H. Con Res. 116) and to lay the concurrent resolution on the table.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMPREHENSIVE LEGISLATIVE PROGRAM TO RESTRUCTURE EXISTING FEDERAL AIRPORT AND AIRWAY DEVELOPMENT PROGRAMS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94–81)

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Public Works and Transportation and the Committee on Ways and Means, and ordered to be printed:

To the Congress of the United States:

In my fiscal year 1976 Budget Message, I stated that my Administration would transmit legislation to restructure existing Federal airport and airway development programs. Following extensive consultations with members of the Congress, State and local governments, aviation groups, and others, I am today sending a comprehensive legislative program to the Congress.

To help ensure continued improvement in the safety and efficiency of the Nation's excellent air transportation system, this program will extend for five years the 1970 Airport and Airway Development Act to provide funding authorizations for fiscal years 1976–80.

As an additional step to enable State and local officials to plan and to manage Federal airport assistance effectively, this bill would establish a multi-year, predictable formula to allocate the bulk of the aviation grants funds directly to States and local airport sponsors. This formula approach, coupled with other features of this bill which provide more flexibility in the use of Federal assistance, will enable State and local officials to address *their* highest priority airport needs while reducing burdensome Federal red tape. I am also proposing removal of Federal restrictions which currently prevent State and local governments from imposing certain airport taxes.

One of my principal goals is the establishment of strong partnerships among Federal, State and local governments in the execution of national domestic programs. Consistent with this goal, this legislation provides for gradually increasing the responsibility of the States in the general aviation program. With many States using new general aviation facilities to stimulate community development, this is an appropriate step at this time.

The legislation I am proposing today also includes a separate measure to adjust the revenues accruing to the Airport and Airway Trust Fund. These adjustments are designed to generate financial contributions from the users of the aviation system which more equitably match the system benefits they receive. In this connection, I am requesting that user revenues also finance the direct costs of maintaining air navigation facilities.

I commend the Congress for initiating hearings on this important problem and for its prompt attention to the extension of the airport and airway development program. I have asked Secretary Coleman to work closely with the Congress to insure speedy enactment of the aviation program I have proposed to meet the challenges of a growing America.

GERALD R. FORD.

THE WHITE HOUSE, *March 17, 1975.*

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975

Mr. UDALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Arizona.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 25, with Mr. SMITH of Iowa in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Before the Committee rose on Friday, March 14, 1975, it had agreed that title II of the committee amendment in the nature of a substitute, ending at line 8 on page 180, would be considered as read and open for amendment at any point.

Are there further amendments to title II?

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia:

On page 180, between lines 8 and 9, insert the following new subsection:

"(d) the Director shall not use either permanently or temporarily any person charged with responsibility of inspecting coal mines under the Federal Coal Mine Health and Safety Act of 1969, unless he finds, and publishes such finding in the Federal Register, that such person or persons are not needed for such inspections under the 1969 Act."

PARLIAMENTARY INQUIRY

Mr. DINGELL. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. DINGELL. Mr. Chairman, I did not hear what the Clerk read. Is the amendment which was just offered to title II, or is it to title III of the bill?

The CHAIRMAN. The Chair will state that the amendment is to title II.

The Chair recognizes the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Mr. Chairman, at a time when we are expanding the production of coal in this Nation and at a time when the Mining Enforcement and Safety Administration has asked for additional inspectors, I think it would be dangerous to divert these mine safety inspectors for the purpose of inspecting surface mines under the legislation we are considering.

As a matter of fact, I have in my hand a contract to retrain mine safety inspectors as strip mine inspectors. It would seem to me very unfortunate if we utilized those trained personnel, who are trained to protect the lives and safety of coal miners, for the purpose of inspecting strip mines.

I have a release from the Department of the Interior, dated March 3, 1975, stating "The Interior Department's Mining Enforcement and Safety Administration is proposing a substantial increase in enforcement, education, and technical activities during the coming fiscal year." MESA is seeking additional inspectors for mine safety purposes. In addition, MESA is seeking additional funds of $600,000 to increase the assessments staff by 30 to collect more fines from coal operators for violations of the Federal Coal Mine Health and Safety Act of 1969. A cutback in personnel of MESA at a time when coal production is being stepped up would be disastrous. We cannot compromise the safety of coal miners.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I have inspected the amendment, and its purpose, which is to make sure that there is not a draining off of the employees now inspecting underground mines, is an admirable objective. It seems to me there is sufficient flexibility in the amendment that it would strengthen the bill.

Therefore, I am prepared to support the amendment.

Mr. HECHLER of West Virginia. Mr. Chairman, I thank the gentleman from Arizona.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. Hechler).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Dingell: On page 180, between lines 8 and 9 insert the following new subsections:

"(d) The Office shall be considered an independent Federal regulatory agency for the purposes of sections 3502 and 3512 of title 44 of the United States Code.

"(e) No employee of the Office or any other Federal employee performing any function or duty under this Act shall have a direct or indirect financial interest in underground or surface coal mining operations, except that an employee may own a total of not more than 100 shares of stock of companies which have a direct or indirect interest in such operations and which are listed on any securities exchange registered with the Securities and Exchange Commission pursuant to section 6 of the Act of June 6, 1934 (48 Stat. 885: 15 U.S.C. 78f): *Provided,* That such employee shall file with the Director a written statement concerning such ownership which shall be available to the public. Whoever knowingly violates the provisions of the above sentence shall, upon conviction, be punished by a fine of not more than $2,500, or by imprisonment for not more than one year, or both. The Director shall (1) within sixty days after enactment of this Act publish regulations, in accordance with 5 U.S.C. 553, to establish the methods by which the provisions of this subsection will be monitored and enforced, including appropriate provisions for the filing by such employees and the review of statements and supplements thereto concerning their financial interests which may be affected by this subsection, and (2) report to the Congress on March 1 of each calendar year on the actions taken and not taken during the preceding calendar year under this subsection."

Mr. DINGELL (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DINGELL. Mr. Chairman, my amendment to section 201 of H.R. 25 is printed in the Record of March 13, 1975, pursuant to rule XXIII, clause 6.

The amendment would add two new subsections:

The first subsection is in the nature of a technical change to insure that the new Office of Surface Mining Reclamation and Enforcement will have its forms and questionnaires approved by the General Accounting Office, rather than the Office of Management and Budget. The GAO is now doing this for a number of regulatory agencies—for example, the FPC, ICC, FTC, et cetera—pursuant to provisions we adopted in the 1973 Alaska pipeline legislation.

The second subsection concerns the holding of any financial interests in coal mines by Federal employees administering this act.

In 1879, Congress enacted 43 U.S.C. 31, which states:

> The Director and members of the Geological Survey [of the Interior Department] shall have no personal or private interests in the lands or mineral wealth of the region under survey, and shall execute no surveys or examinations for private parties or corporations.

According to a March 3, 1975, report by the Comptroller General (FPCD–75–131) entitled "Effectiveness of the Financial Disclosure System For Employees of the U.S. Geological Survey," the Geological Survey has uniformly interpreted the above statute to mean that:

> No USGS employee may own an interest in oil or mining enterprises.

Despite this interpretation the GAO found on March 3, 1975 (p. 5):

> A supervisory mining engineer has owned stock since 1968 in seven mining companies (four operating in the United States and three in foreign countries).
>
> A supervisory petroleum engineer in New Mexico has owned oil and gas interests in New Mexico and Texas since 1971.
>
> An Administrative geologist owned stock in 12 companies with oil or mining interests.
>
> A supervisory petroleum engineer, empowered to suspend oil company operations on leased lands if operations were not properly conducted, has owned stock in Mobil Oil Company, Standard Oil of California, and Standard Oil of New Jersey since 1971.

In essence, the GAO found that the Interior Department is not effectively enforcing the 1879 law or the President's 1965 Executive Order 11222 on financial disclosure by Government employees, in part, because the law and Executive order have no teeth.

I note from a March 10, 1975, letter to Senator Henry M. Jackson, that the Geological Survey has belatedly taken administrative steps to enforce the 1879 law, but I stress it has no teeth.

Incidentally, Congress has applied the 1879 law to the Bureau of Land Management (43 U.S.C. 31) and adopted a similar law (30 U.S.C. 6) for the Bureau of Mines.

My amendment will prohibit employees administering this bill from having a financial interest in coal mining operations, with one limited exception. My amendment would let an employee hold up to a total of 100 shares of stock in companies having interests, direct or indirect, in coal mining operations if such companies' stock is listed on a securities exchange registered with the Securities and Exchange Commission and if such employee files a statement showing such holdings, which such statement will be available to the public. The amendment would require that the Director of the new Office of Surface Mining Reclamation and Enforcement enforce this requirement and file an annual report to Congress on such enforcement. My amendment would also provide a penalty, upon conviction, for knowing violations of this prohibition.

The amendment applies to all such employees, because many Interior employees at such levels as GS–5 and GS–7 and GS–9 currently have enforcement duties in the energy area—for example, coal mine inspectors and trainees. Also the Geological Survey, in its March 10, 1975, letter said, that it now applies the 1879 law to all its employees, at all levels and positions.

If the Congress in 1879 believed such a prohibition essential then, imagine what it would believe today in the light of recent scandals.

I want to prevent future scandals. Federal employees administering this law will be able to have financial interests, and so forth, in many corporations, but not those with coal mining interests. I think this is appropriate.

I urge adoption of my amendment.

I include the following:

Geological Survey,
Reston, Va., March 10, 1975.

Hon. Henry M. Jackson,
Chairman, Committee on Interior, and Insular Affairs, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: The following actions have been taken to resolve the issues raised by the GAO report of March 3, 1975, on the Effectiveness of the Financial Disclosure System for Employees of the U.S. Geological Survey:

On January 24, I directed the Personnel Officer to inform any employee who has reported financial holdings in oil or mining enterprises anywhere in the Nation to divest themselves of these holdings within 90 days. All such employees have been notified.

By memorandum of January 27, addressed to the Departmental Counselor, I requested clarification from the Solicitor on five questionable areas relating to the interpretation of the Survey's Organic Act.

I issued a Survey Administrative Digest, dated March 5, 1975, to all employees, setting forth the provisions of the Survey's Organic Act and our interpretation of the Act which states that no Survey employee, spouse, minor child, or other relative living in his immediate household, shall own any interest in oil or mining enterprises.

I have approved a memorandum to be sent to each employee of the Survey, requiring him or her to certify that they do not have holdings in violation of our regulations.

I have asked the Departmental Counselor to have the Solicitor review each case that was identified in the GAO report for a determination of conflict of interest.

I am requesting authority from the Civil Service Commission to require employees in certain key positions below the GS-13 level to submit a Confidential Statement of Employment and Financial Interest (Form DI-212).

We are exploring the possibility of an outside expert or a panel of experts on conflict of interest to make a broad study of the Survey's Organic Act, responsibilities, and regulations in light of present-day concerns, to determine if changes in the Survey's conflict of interest regulations are required.

We will rewrite the procedures for the Survey's Financial Disclosure System to provide more specific guidelines and higher level review.

We are considering a system to record oral communications between Survey officials and outside persons, similar to the one used by the Federal Energy Administration.

Copies of the documents which affected the first five actions are enclosed.

Additionally, the Secretary of the Interior has directed an immediate, independent, Department-wide review to verify that all cases of apparent or real conflict of interest or violations of Organic Act restrictions have been identified and promptly corrected. This will include verification of the actions taken by the Survey as a result of disclosures in the GAO report. The Secretary has also directed that the Department's guidelines and procedures relating to conflict of interest be improved and republished.

I will be pleased to discuss these matters with you at your convenience.

Sincerely yours,

V. E. McKELVEY,
Director.

GEOLOGICAL SURVEY,
Reston, Va., March 10, 1975.

MEMORANDUM

To: All employees.
From: Director.
Subject: Conflict of interest.

Your attention is invited to the following provisions of Survey Manual Chapter 5, Part 370.735.3, Saturday Restrictions on Survey employees:

"The Organic Act of March 3, 1879, (43 USC 31) which established the Geological Survey, imposes the following restriction on Survey employees: 'The Director and members of the Geological Survey shall have no personal or private interests in the lands or mineral wealth of the region under survey, and shall execute no surveys or examinations for private parties or corporations.'

"The Survey considers this prohibition to be applicable to all employees and to be nationwide in its coverage. No Survey employee shall own interest in oil or mining enterprises. However, he is not precluded from ownership of stock in companies with principal interest in fields other than the mining or production of materials generally classed as mineral resources."

Considering the sensitivity of the Geological Survey's involvement in matters related to the mineral industries, and the recent widespread publicity resulting from a General Accounting Office investigation, I consider it essential that we reaffirm the Survey's long-standing policy of prohibiting *all* members of the Geological Survey from owning *any* interest in oil or mining enterprises or land with mineral wealth. It is equally imperative that there not be the slightest hint of our employees' having such interest.

You must, therefore, review your financial interests to insure that they are not now in violation of the Survey regulations cited above. Some holdings, not prohibited at the time of purchase, may have undergone changes that now cause them to be subject to the prohibitions. Upon completion of your review, you should sign the attached certification and return it within 90 days through your supervisor to your Division or Office Chief. Division and Office Chiefs will forward all certifications to the Bureau Personnel Officer.

If your spouse, minor child, or other relative, resident in your household, has financial holdings that are in conflict with the Survey regulations, the prohibitions apply equally to them. You must dispose of all such holdings, whether held by you or by them, within 90 days from the date of receipt of this memorandum.

If there are mitigating circumstances that make it difficult for you to dispose of property within 90 days, you may submit a request for an extension of time, citing the justification.

Thank you for your cooperation in this matter.

V. E. McKELVEY,
Director.

[U.S. Department of the Interior, Geological Survey]

CERTIFICATE

I have read the prohibitions (Survey Manual Chapter 5, Part 370.753.3) against Geological Survey employees owning or obtaining interest or holdings in oil or mining enterprises or land with mineral wealth. I understand that these prohibitions apply to me, my spouse, minor children, and any relative who may reside in my household. I certify that to the best of my knowledge I am not in violation of these prohibitions.

Signature.
Named typed or printed.
Branch or office.
Location.
Date.

MARCH 7, 1975.

MEMORANDUM

To: Department counselor.
From: Director.
Subject: Conflict of interest.

Transmitted herewith are copies of the handwritten notes provided to us by the GAO Auditor listing the names and financial holdings in violation of the Organic Act or possible conflict with official duties and the reasons therefore. Listed separately are employees receiving retirement income or pension plans from oil companies, foreign holdings which are considered in violation of the Organic Act because of our EROS Program, and those owning land with oil and mineral rights. A separate list of consultants was also provided.

It is requested that each violation be reviewed individually by the Solicitor's Office for a final determination of conflict under the provisions of the Organic Act.

W. A. RADLINSKI,
Acting Director.

GEOLOGICAL SURVEY,
March 5, 1975.

CONFLICT OF INTEREST

Continuing a policy unchanged for many decades, Part 370.735, Chapter 5.3 of the Geological Survey Manual states:

"The Organic Act of March 3, 1879, (43 USC 31) which established the Geological Survey imposes the following restriction on Survey employees: 'The Director and members of the Geological Survey shall have no personal or private interests in the lands or mineral wealth of the region under survey, and shall execute no surveys or examinations for private parties or corporations."

"The Survey considers this prohibition to be applicable to all employees and to be nationwide in its coverage. No Survey employee shall own interests in oil or mining enterprises. However, he is not precluded from ownership of stock in companies with principal interests in fields other than the mining or production of materials generally classed as mineral resources."

In view of the Geological Survey's involvement in matters related to the mineral industries, it is essential that we maintain our long standing policy prohibiting any member of the Geological Survey from owning any interest in oil or mining enterprises anywhere in the nation. Section 20.735-43 of the Departmental Regulations Governing Responsibilities and Conduct of Employees states that: "The interest of a spouse, minor child, or other member of an employee's immediate household is considered to be an interest of the employee."

V. E. McKELVEY,
Director.

GEOLOGICAL SURVEY,
Washington, D.C., January 27, 1975.

MEMORANDUM

To: Personnel Officer, Geological Survey.
Through: Assistant Director for Administration.
From: Director, Geological Survey.
Subject: Employee financial interests.

Continuing a policy unchanged for many decades, Part 370.735, Chapter 5.3, of the Geological Survey Manual states:

"The Organic Act of March 3, 1879, (43 USC 31) which established the Geological Survey imposes the following restriction on Survey employees: 'The Director and members of the Geological Survey shall have no personal or private interests in the lands or mineral wealth of the region under survey, and shall execute no surveys or examinations for private parties or corporations.'

"The Survey considers this prohibition to be applicable to all employees and to be nationwide in its coverage. No Survey employee shall own interests in oil or mining enterprises. However, he is not precluded from ownership of stock in companies with principal interests in fields other than the mining or production of materials gėnerally classed as mineral resources."

I understand from your January 21 memorandum to the Assistant Director for Administration that in applying this policy both the Solicitor's Office and the Office of Audit and Investigation have interpreted the Organic Act to allow for consideration of the individual's position, the extent of his holdings, and the possibility of substantial conflict. This conforms with what appears to be the intent of the Departmental Regulations Governing Responsibilities and Conduct of Employees (Sec. 20.735-14) which says in part that, "(a) An employee shall not: (1) Have a direct or indirect financial interest that conflicts substantially, or appears to conflict substantially, with his Government duties and responsibilities;"

Considering, however, the sensitivity (in fact and in appearance) of the Geological Survey's involvement in matters related to the mineral industries, I consider it essential to maintain the Survey's longstanding policy prohibiting any member of the Geological Survey from owning any interest in oil or mining enterprises anywhere in the nation.

Please, therefore, advise any employee known to you to hold any such interest to divest himeslf (or to place it in a blind trust) within a period of 90 days and to furnish you with a revised statement of his financial interests.

Please also prepare for the next issue of the Administrative Digest a reiteration of Survey regulations governing responsibilities and conduct of employees as renewed instructions to all members of the Survey.

V. E. McKELVEY,
Director.

GEOLOGICAL SURVEY,
Washington, D.C., January 27, 1975.

MEMORANDUM

To: Departmental Counselor.
From: Director, Geological Survey.
Subject: Employee financial interests.

In response to your January 24 memorandum, be assured that forms DI–212 and DI–213 will be accessible to GAO auditors.

Via the memorandum attached, I have asked that the Survey's longstanding policy prohibitiing any member from owning any interest in oil or mining enterprises anywhere in the nation be maintained. In reviewing previous statements of this policy, the proscription in our Organic Act on which the policy is based (i.e. "The Director and members of the Geological Survey shall have no personal or private interests in the lands or mineral wealth of the region under survey . . . ."), and the pertinent Departmental regulations (Sec. 20.735–14), I find some uncertainties that I ask you to clarify or to seek clarification from the Solicitor:

1. How is the word "lands" in the Organic Act of be interpreted?

2. How is the word "indirect" in Sec. 20.735–14 to be interpreted?

3. While "oil and mining enterprises," along with "mineral wealth," may be interpreted broadly to include water resources and geothermal energy, do these resources need to be specifically identified as part of the United States mineral wealth of which ownership is prohibited?

4. The Survey's policy states that employees are "not precluded from ownership of stock in companies with principal interests in fields other than the mining or production of materials generally classed as mineral resources." How is "principal" to be interpreted?

5. Are there additional fields of financial interest other than mineral wealth that should be prohibited areas of investment for specific groups of our employees—certain instrument and equipment enterprises for employees involved in procurement?

V. E. McKELVEY,
Director.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I am inclined to support this amendment, but I would like to get a couple or three things clarified, if I can, regarding its intention.

Mr. DINGELL. I will be happy to reply.

Mr. UDALL. In the first place, I take it that the gentleman is trying to strengthen the conflict-of-interest laws and not trying to weaken or amend or change existing laws against conflict of interest on the part of Federal employees?

Mr. DINGELL. The gentleman is absolutely correct in that statement. I want to insure that they can and will be enforced, without being unduly harsh.

Mr. UDALL. Second, the reference to 100 shares of stock seems to suggest that it would be 100 shares total in any coal or energy companies.

Mr. DINGELL. The gentleman is absolutely correct on that point. It is 100 shares total for all such companies.

Mr. UDALL. My third question would be that the coverage of the language is intended to go to the coal conversion industries and to the gasification and liquefaction companies as well as companies which are simply mining coal; is that correct?

Mr. DINGELL. The gentleman is entirely correct on that point.

Mr. UDALL. With that understanding, Mr. Chairman, I am going to support the amendment.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Michigan.

Mr. RUPPE. Mr. Chairman, I ask this of the gentleman: First of all, what exactly would be defined as direct financing?

Mr. DINGELL. Interests in leases, beneficial interests in stock which are held in trust, beneficial interests in bonds and debts and family ownership in a mining concern, interests which are of benefit to the individual but do not necessarily appear as a matter of record and which do not involve necessarily direct ownership. It would, for example, include interests in mining firms that an oil or nonenergy company may have through various means.

Mr. RUPPE. If the gentleman will yield further, he indicates that under certain circumstances a 100-share limitation might be waived. Perhaps he could give us an indication of those circumstances, as indicated in his amendment, if he would.

Mr. DINGELL. The amendment here indicates that the Director could, as I understand it, under certain circumstances permit the individual—no, I apologize to the gentleman. I was in error on that point. I was in error. The Director of the new office cannot waive this statutory limitation. Only Congress can do that by another law.

Mr. RUPPE. If the gentleman will yield further, in other words, anyone who has a 100-share interest, whether that be the equivalent of $1,000 or $10,000 or whatever it may be, anyone who has any type of direct or indirect interest could not serve in the office or in any office performing a function under this act?

Mr. DINGELL. The gentleman is correct on that.

As I previously noted, the General Accounting Office reviewed enforcement by the Geological Survey of an 1879 law which is similar to the one I here propose, and the GAO found, for example, on page 4 of the GAO report, that 35 employees owned 97 securities which either violated the 1879 law of the Department of the Interior or which represented potential conflicts.

Then on the following page, on page 5, some further examples of serious questions of conflict of interest are cited, such as:

A supervisory mining engineer has owned stock since 1968 in seven mining companies;

A supervisory petroleum engineer in New Mexico has owned oil and gas interests in New Mexico and Texas since 1971; and

A petroleum engineer was receiving retirement income from and owned stock in a major oil company.

It is this investigation and a previous investigation by my subcommittee that prompted me to offer this amendment.

The CHAIRMAN. The time of the gentleman from Michigan (Mr. DINGELL) has expired.

(By unanimous consent, Mr. DINGELL was allowed to proceed for 3 additional minutes.)

Mr. RUPPE. Mr. Chairman, if the gentleman will yield still further, the other question I would have would be this:

Is it possible that many advisory agents within the Department of Interior could have from time to time a function or duty under the legislation? What I am getting at is how far within the Department of the Interior would the gentleman's amendment reach?

Quite frankly, because you have the primary responsibility certainly covered, that I wonder, first of all, whether there may be individuals within the Department of the Interior who would have a very indirect relationship to the acts, who might perform from time to time some advisory or information mission under the legislation, or responsibility, and whether, for that reason, it might not be extremely embracive and perhaps unfair, to bring an individual who might have only a cursory contact within the act, come within the gentleman's amendment?

Mr. DINGELL. There is always that possibility.

I would point out to my good friend that, if such a situation arose and if there would possibly be need for relief of some kind, then I would suspect that the Secretary would come forward to the Congress for the necessary statutory relief.

I might point out to the gentleman that the 1879 law currently applicable to the Geological Survey is applicable to all GS employees, regardless of grade or rank. Frankly, I doubt that there are any persons in Interior who will have a function under this bill that should be exempted from this requirement. It is just good sense to avoid possible conflicts.

Mr. RUPPE. Do we have any conflict of interest laws on the books today that would cover the Geological Survey situation?

Mr. DINGELL. There are statutes on the books at this time which relate to the Geological Survey employees, which unfortunately have not been properly enforced by the Geological Survey, as I have pointed out in the GAO audit, which is highly critical of the gross disregard by the Geological Survey of this law. Part of this lack of enforcement is the lack of any penalty for nonobservance of the law.

Mr. RUPPE. I thank the gentleman.

The CHAIRMAN. The question is on

the amendment offered by the gentleman from Michigan (Mr. DINGELL).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. RONCALIO

Mr. RONCALIO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RONCALIO: Page 179, line 18, insert before the word "conditions" the following "and agriculture".

Mr. RONCALIO. Mr. Chairman, I have two similar amendments that do exactly the same thing, merely insert the word "agriculture," and I would ask unanimous consent that all three of the amendments may be considered en bloc.

The CHAIRMAN. The Clerk will report the remaining amendments.

The Clerk read as follows:

Amendments offered by Mr. RONCALIO: Page 175, line 13, strike after the word "provided" the following: "and strike a balance between of the environment" and insert in lieu thereof the following: "while protecting the environment and agricultural productivity,".

Page 197, line 5, strike after the word "wildlife" the following: "and".

Page 197, line 6, insert after the word "resources," the following: "and agricultural productivity".

The CHAIRMAN. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

Mr. RONCALIO. Mr. Chairman, all that these amendments do, I would like to say to my colleagues, is add the word "agriculture" or the words "agricultural productivity" to the general goals of the legislation so as to protect that particular segment of our society.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. RONCALIO. I am happy to yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, the proposed amendments certainly improve the bill, and I am agreeable to them.

Mr. RONCALIO. Mr. Chairman, I am grateful to the gentleman from Arizona. I yield back the balance of my time.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Wyoming (Mr. RONCALIO).

The amendments were agreed to.

The CHAIRMAN. Are there any further amendments to title II? If not, the Clerk will read.

The Clerk read as follows:

TITLE III—STATE MINING AND MINERAL RESOURCES AND RESEARCH INSTITUTE

AUTHORIZATION OF STATE ALLOTMENTS TO INSTITUTES

SEC. 301. (a) There are authorized to be appropriated to the Secretary of the Interior sums adequate to provide for each participating State $200,000 for fiscal year 1975, $300,000 for fiscal year 1976, and $400,000 for each fiscal year thereafter for five years, to assist the States in carrying on the work of a competent and qualified mining and mineral resources research institute, or center (hereinafter referred to as "institute") at one public college or university in the State, which has in existence at the time of enactment of this title a school of mines, or division, or department conducting a program of substantial instruction and research in mining or minerals extraction or which establishes such a school of mines, or division, or department subsequent to the enactment of this title and which school of mines, or division or department shall have been in existence for at least two years. The Advisory Committee on Mining and Minerals Resources Research as created by this title shall determine a college or university to have an eligible school of mines, or division, or department conducting a program of substantial instruction and research in mining or minerals extraction wherein education and research in the minerals engineering fields are being carried out and wherein at least five fulltime permanent faculty members are employed: *Provided*, That—

(1) such moneys when appropriated shall be made available to match, on a dollar-for-dollar basis, non-Federal funds which shall be at least equal to the Federal share to support the institute;

(2) if there is more than one such eligible college or university in a State, funds under this title shall, in the absence of a designation to the contrary by act of the legislature of the State, be paid to one such college or university designated by the Governor of the State; and

(3) where a State does not have a public college or university with an eligible school of mines, or division, or department conducting a program of substantial instruction and research in mining or minerals extraction, said advisory committees may allocate the State's allotment to one private college or university which it determines to have an eligible school of mines, or division, or department as provided herein.

(b) It shall be the duty of each such institute to plan and conduct and/or arrange for a component or components of the college or university with which it is affiliated to conduct competent research, investigations, demonstrations, and experiments of either a basic or practical nature, or both, in relation to mining and mineral resources and to provide for the training of mineral engineers and scientists through such research, investigations, demonstrations, and experiments, and training may include, without being limited to exploration; extraction; processing; development; production of mineral resources mining and mineral technology; supply and demand for minerals; conservation and best use of available supplies of minerals; the economic, legal, social, engineering, recreational, biological, geographic, ecological, and other aspects of mining, mineral resources, and mineral reclamation, having due regard to the interrelation on the natural environment, the varying conditions and needs of the respective States, to mining and mineral resources research projects being conducted by agencies of the Federal and State governments, and other, and to avoid any undue displacement of mineral engineers and scientists elsewhere engaged in mining and mineral resources research.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that further reading of title III be dispensed with, that it be considered as read, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. SYMMS. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk continued reading title III.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that section 301 be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

AMENDMENT OFFERED BY MR. MAZZOLI

Mr. MAZZOLI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MAZZOLI: Page 181, line 9, change the word "five" to "four".

Mr. MAZZOLI. Mr. Chairman, my amendment is a very simple amendment. I had earlier decided, and I have, of course, changed that decision now, to submit a more extensive amendment changing the criteria by which the schools and institutions would be allowed to qualify for money for coal and mining research.

But, after some conversations I have had, I have decided to make only one simple change, I would change the word "five" to "four", meaning that now schools would be qualified to apply for the money providing for mining research if they had four full-time faculty members. Otherwise section 301 remains exactly the same.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. MAZZOLI. I yield to the gentlewoman from Hawaii.

Mrs. MINK. I thank the gentleman for yielding.

I should like to agree with the amendment. There was no intent on the part of the committee to discriminate against an institution that did have a program of substantial instruction if they have only four faculty members, so I have no objection to this change. I accept the amendment.

Mr. MAZZOLI. I thank the gentlewoman.

I should like to indicate that the University of Kentucky, which has had since 1901 a program of education in mining and coal research, would under the present terms of the law not be qualified to even apply. My change does not, of course, guarantee UK or any other school any more of the research money. It simply puts them into the pot enabling UK to make an application and, of course, on a matching dollar-for-dollar basis.

I would like to extend further remarks with the gentlewoman from Hawaii. As I understand the University of Kentucky's particular situation, in the Department of Civil Engineering, which is part of the College of Engineering of the University of Kentucky, they have had for many years a program of mining research and engineering with four full-time faculty members.

Would the gentlewoman's feeling be that a department of civil engineering in a college of engineering wherein there were four full-time persons involved in teaching mining, would qualify under the terms of the criteria of section 301?

Mrs. MINK. If the gentleman will yield further, I would respond to the gentleman's inquiry, yes, very definitely. It would meet the criteria of a program of substantial instruction.

When the bill was originally drafted, it specified a school of mines, and the committee members felt that that was too restrictive. Many colleges did not call their programs by that name, so we specifically wrote in, a division or department offering a program of substantial instruction, with the proviso that the Advisory Council would make the determination based upon the evidence. So my answer would be in the affirmative.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. MAZZOLI. I yield to the gentleman from Michigan.

Mr. RUPPE. I thank the gentleman for yielding.

I should like to ask the gentlewoman who just spoke if we include approved schools of civil engineering, we get the record straight. On that subject every engineering school in the country gets a part of the action, then. Every school that deals with science has some sort of civil engineering department. It is the most common engineering course of study in the country. So the language, then, of the title which, in my opinion, restricts those institutions to those having a school of mines, or division, or department conducting a program of substantial instruction and research in mining or minerals extraction is vacated.

Mr. MAZZOLI. Mr. Chairman, the gentleman is on my time and I would like to answer. We still have the Advisory Committee on Mining and Minerals Resources Research which still has to make the final adjudication as to whether or not UK or any other school does have a substantial program. So, whether or not the applicant is a grab bag or an engineering school which is genuinely qualified is a determination that the Advisory Committee on Mining and Mineral Resources Research must make.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mr. MAZZOLI. I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, I concur in the gentleman's remarks and I endorse the amendment because I think there are many schools that have longstanding programs in this particular field and also the gentlewoman has said this is broadening the base.

Mr. MAZZOLI. I deeply appreciate the endorsement of the gentleman from Pennsylvania.

Mr. BRECKINRIDGE. Mr. Chairman, will the gentleman yield?

Mr. MAZZOLI. I yield to the gentleman from Kentucky (Mr. BRECKINRIDGE).

Mr. BRECKINRIDGE. Mr. Chairman, I thank the gentleman for offering his amendment and I join with him in it and associate myself with his remarks.

Mr. MAZZOLI. Mr. Chairman, I thank the gentleman from Kentucky.

Mr. Chairman, I would like to conclude my remarks by saying that the State of Kentucky, for good or for bad, is the Nation's No. 1 coal producer and it seems to me it would be the irony of ironies if the State University of the No. 1 coal-producing State of the Union could not qualify for this money. I urge all members of the committee to vote for the amendment. It does substantial equity.

Mr. RUPPE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would be happy to have the language of the bill stand on its own feet later on, but if there is any question later as to the meaning of the language in the bill or the meaning of the colloquy on the floor, I would say it is my personal opinion that the language in the bill does not provide financial assistance to every civil engineering school in the United States.

I want this to be completely and absolutely understood as my own personal opinion, because I would like to have the Members listen to the language on page 181 where it states:

> The Advisory Committee on Mining and Minerals Resources Research as created by this title shall determine a college or university to have an eligible school of mines, or division, or department conducting a program of substantial instruction and research in mining or minerals extraction wherein education and research in minerals engineering fields are being carried out . . .

So I might say there is only a certain amount of latitude given to that Advisory Committee. If we are to say that every engineering school in the country that has a large program in metals or engineering or mining would fill the requirement, then we would be simply writing language into the bill on the floor today that would give the Advisory Committee no course whatsoever but in effect to give certification to every civil engineering school in the United States. In my opinion that was not the desire of the Committee on the Interior at the time we undertook this legislation.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentlewoman from Hawaii.

Mrs. MINK. Mr. Chairman, it certainly is not my intention to make it possible for every school of civil engineering to qualify under this language. In response to the inquiry of the gentleman from Kentucky I simply said a college of engineering designated as such would have to have a program of substantial instruction in mining and minerals and engineering, for research to be conducted by that college or university they could qualify, but not that just a civil engineering school would be a way of meeting that qualification. They would still have to demonstrate a substantial instructional course.

The gentleman's point for having this criteria changed was because they have only four faculty members engaged in substantial instruction in this field and it was in that context that I accepted his amendment. Instead of five there will be four full-time faculty, but this in no way is diminishing the requirement for substantial instruction in mining and research.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. MAZZOLI).

The amendment was agreed to.

AMENDMENT OFFERED BY MRS. FENWICK

Mrs. FENWICK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mrs. FENWICK: Page 180, line 9 through page 193, line 5, strike title III in its entirety.

Mrs. FENWICK. Mr. Chairman, the purpose of title III of this bill is most laudable and I think nearly everyone in this Chamber supports its goals. Certainly I do. We all want to be sure that the United States has an adequate research base, the technological capability, and qualified manpower to avoid crises of energy supply, such as we experienced in 1973. We do, indeed, need to build up a qualified human resource of educated scientists and engineers. With a $23 billion deficit in 1974 from our imports of minerals and mineral fuels, it is imperative that we act to end our dependence on foreign sources of energy.

Although these goals are laudable, I question the wisdom of adding still another agency to those which are already engaged in the same work in the same field.

Sections 301, 302, and 306 authorize a total of $23 million in fiscal year 1975 for the State mining and mineral resources research institutes. This level is increased to $28.5 million in fiscal year 1976 and climbs quickly to $42 milion by 1981. This is a total authorization of $241.5 million just for the research institutes.

I do not believe that this is wise or necessary. There is already Federal funding for the support of mineral engineering. The National Science Foundation annually offers $10 million for graduate fellowships in mineral engineering. Those interested need only apply. No one has applied this year.

The National Science Foundation also has an energy-related graduate traineeship program—the program had 172 trainees in 1974—funded at $2 million annually. The trainees conduct research at universities and institutes, with Federal support.

The Department of Health, Education, and Welfare also has a graduate fellowship program in domestic mining to the tune of $1.5 million a year.

Mining research is supported by the Federal Government through various agencies. The fiscal year 1976 budget for the Bureau of Mines, for example, is $40 million. Last year's ERDA budget was $387 million and this year it will be $311 million, according to the figures we have been given. Neary $283 million of the ERDA budget will go for coal liquefication and gasification and advanced research and demonstration projects. Why do we need an additional $35 million under section 713(c) of this bill for the same thing?

We should note that the private sector is investing $80 million a year on mining research also.

Mr. Chairman, I do not contend that we do not need a greater effort in our mining technology capability. I agree with the proponents of title III on this count.

I do not believe, however, that an elaborate system of federally funded research institutes and a multimillion research and development program on alternate coal mining technology is necessary.

Neither do I think that we can continue to go against the principles enunciated in every single study of Congress and the Government. We cannot have a new agency, each one with some little part in doing research in the same field.

Now, I know that the legislation clearly says that this is not to overlap, that they are to undertake only research that is not being done elsewhere; but I would ask this House, with the Bureau of Mines having $46,200,000 in the 1974 budget for improved coal mining technology, why not add to that budget, if necessary, and have one coordinated place which is doing coal mining technology in all its aspects, instead of having another agency to disburse another $40 million fund.

This is the problem that we have constantly. If the National Science Foundation is already funding institutes to train research scientists and engineers, why not add to that, so that we have one dispensing place for all this research and work. This is what I think is a bad move, much as I support this bill and believe in working for it.

Mrs. MINK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the committee report, beginning on page 81, for Members who are interested, makes a very strong argument for the establishment of these mineral institutes. We have a very, very serious deficiency in our total minerals instruction program in this country.

Much of this difficulty stems from the inability of our schools and institutions to produce the technicians and the engineers and the scientists necessary for this program. Our country embarked in a major thrust in the scientific area with the challenge of Sputnik, and we put in billions of dollars in the training of scientists in that area of endeavor, forgetting the problems with regard to energy and the energy shortages which we are going to experience in this decade.

It seems to me that if we are going to pay attention to what this country is now so prominently concerned with, which is the energy deficiency, we have got to make sure that we have on board in private industry and in Government and in our research centers an adequate number of trained scientists, engineers, and technicians. This is the major thrust of title III.

We have research funds in title III because this is the way we attract students to these institutes, to these colleges. We are only going to be able to get these kinds of students into these programs if they have some research to undertake. We were quite aware of the problem of duplicating and have specifically cautioned against it four or five times in the bill. We are directing the colleges, directing the Secretary of the Interior, to make amply sure that these funds are not used to duplicate ongoing programs that are going to be undertaken by other departments of Government, by other agencies, and by private industry.

These funds are being very, very carefully directed into the universities. We have been extremely modest in this country in doing something about coal research, about the necessity to go into deep mining, and to find the technology to bring out this coal for the benefit of this country instead of stripping the surface of the Earth. We should accept this title, which is a very modest step forward.

Mr. McKAY. Mr. Chairman, will the gentlewoman yield?

Mrs. MINK. Mr. Chairman, I yield to the gentleman from Utah.

Mr. McKAY. Mr. Chairman, the gentlewoman is absolutely correct. In testimony before the Appropriations Interior Committee last year, it was noted that we were putting out about one-fifth of the metallurgical engineers this country needed. We are turning out thousands of civil engineers, but metallurgical engineers who know about mining and mining problems at a time when we need to be concerned about our environment as well as energy, we are not turning them out.

To assume that students will normally go where there is need does not always occur, and they are not doing it. The graduate schools are having to go out and bid and entice people to come to these schools, to go into these fields.

There are only about 13 metallurgical schools in this country worthy of the name. To expand beyond that, I think, would be excessive. In fact, if we go one per State is beyond what is really needed to be done, but we need to put something into those schools for our need now.

Mrs. FENWICK. Mr. Chairman, will the gentlewoman yield?

Mrs. MINK. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I think I have perhaps not stated my case very clearly. I do not object to the fact that we do need metallurgical and other mining engineers; it is the establishment of another agency, in addition to the ERDA, in addition to the National Science Foundation, and in addition to the Bureau of Mines.

Mrs. MINK. Mr. Chairman, in response to the gentlewoman's criticism, if, in fact, our commission to the National Science Foundation and all these other agencies in the past had been in fact followed, we would not be in this predicament today, without the trained personnel to meet this crisis. They should have been able to fulfill the needs of this country and this decade and provide the training funds necessary to take care of this; but they have failed miserably.

The vice president of Consolidated Coal projected that next year he needed 1,075 engineering experts in his one company alone, and there were only 300 graduates throughout the whole country.

Mrs. FENWICK. I understand that, but we have $46 million for coal mining technology in ERDA alone and $10 million for scholarships in NSF. Why not add to that?

Mr. MYERS of Pennsylvania. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. The point I am trying to make is not that we do not need money. The point is that if we have the Bureau of Mines doing coal mining technology, I think it would be wiser to put whatever money we need and insist that it be used to develop those fields by the Bureau of Mines, which have not been developed, instead of having one group doing some technology and two other groups doing other parts. That is what I am arguing for.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentlewoman yield?

Mrs. FENWICK. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. Mr. Chairman, I would like to ask the gentlewoman from Hawaii whether the committee has considered the fact that other committees in this House are accelerating or have accelerated the rates of expenditures in this field of subsidizing engineering and technical schools. Did the gentlewoman get the figures from these other committees?

Mrs. MINK. Which rates?

Mr. MYERS of Pennsylvania. The rates at which we are accelerating the funding for these expansions of the educational programs in other House committees.

Mrs. MINK. My knowledge is that there is no current funding whatsoever. We have a letter here, which we have received this morning from the Deputy Assistant Administrator for Energy Research, and he writes that there is no mining research funds in fiscal year 1976, none requested for fiscal year 1975, and none requested for the 1976 budget. So we are not talking about any major efforts being made by a new agency in this one area which is so critical. It seems to me that if we are going to really turn to coal, as everybody is saying, this is the way we must go. We are going to need the trained personnel and the skills required to do this job.

Mr. MYERS of Pennsylvania. In other words, the gentlewoman is saying that her committee completely ignored any other funds from any other sources?

Mrs. MINK. No.

Mr. MYERS of Pennsylvania. If there are funds to be authorized and appropriated from other sources, should they offset any authority to spend through this bill?

Mrs. MINK. No, I am not saying that we ignored the other areas. We are quite cognizant of the fact that now we finally realize we are in an energy predicament. Everybody is trying to come up with a program overnight, and so we very carefully wrote in title III that, in spending these funds for research that are being given to the institutions, very careful attention be paid to avoid duplication of research activities by other agencies of Government.

If the gentleman will yield further, research funds are essential if the concept of the institutions is going to succeed.

Mr. MYERS of Pennsylvania. The point which the gentlewoman from New Jersey (Mrs. FENWICK) is making is that we somehow in this Congress have to be able to centralize the authority and the knowledge of what is being spent. That is the point, the point of reducing the number of distribution points through the Federal budget to eliminate the condition which exists more often than not in this body of not knowing what is being spent in total by the Federal Government. I think this is a clear example right here of the problem, when the committee comes out with a bill and makes a statement from the report that no funds are being spent under any other committee, when, in fact, there are millions of dollars being spent for the same purpose by other House committees.

I am asking the gentlewoman now if there is an indication that she will support an administration rescission bill rescinding funds when duplication of expenditures with other committees' efforts?

Hearing no response, I will yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I thank the gentleman for yielding. I would like to explain to the gentlewoman from New Jersey the real purpose of this section of the bill. The purpose of this section in the bill is what we call a "goodie." That is a term of legislative art. This bill is so bad that it will need a lot of these goodies in order to attract support of those of us whose districts are affected.

I hope the gentlewoman will view the whole bill with the same critical air as she did this section. I wish the gentlewoman would do that for the rest of the bill.

I thank the gentleman for yielding.

Mr. UDALL. Mr. Chairman, I move to strike the last word.

The gentlewoman from New Jersey (Mrs. FENWICK) is sincere, and she is right. There ought to be centralized coordination of research. We ought to avoid duplication.

However, I think she misses the essential thrust of this bill. They do not have a student body at ERDA; they do not have a student body at the National Science Foundation. The whole point of this title is to start cranking out some mining and metallurgical graduates and develop new technologies at our universities so we will have the mining and mineral processing capability to do what we need to do in the field of research and development.

The Director of the Bureau of Mines says this Nation is now graduating something like 300 undergraduates a year in mining engineering, and that the need in this country is four or five times that many.

So, Mr. Chairman, when we talk about duplication in a research program, we must realize we have got to have graduate engineers to man that research project, whether it is in ERDA or whether it is in the National Science Foundation.

This amendment has very broad support from universities all across this country. These universities want to beef up their courses to produce engineering students, and it has nothing to do with the fact there might be duplication of research projects in other agencies.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. UDALL. Yes; I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, in many respects the gentleman is absolutely right. We have been speaking of the considerable research that needs to be done when in fact the issue was money for the Institutes.

If the gentleman will remember perhaps, I spoke earlier of the fact that there is $10 million of scholarships for students in the field of one program of the National Science Foundation alone.

Now that I have my papers, I see here that the National Science Foundation offers $10 million in national fellowships in mineral engineering. One only has to apply, and not one person applied.

They also have a graduate program with 172 trainees.

Let us be sure that the National Science Foundation provides the money not just for the graduate students, but for all students. That is how we would get this done if we are going to hand out the money.

Mr. UDALL. Mr. Chairman, we are trying to accelerate the education of these new engineers we need, and we do not do much in that respect, after all. For instance, if the Nevada School of Mines is trying to get some money for scholarships, this bill provides the funds for the training of engineers and fills that need.

Mrs. FENWICK. Mr. Chairman, in addition, the Department of Health, Education, and Welfare also has a million dollars and a half.

All I am saying is that maybe the money can be properly used. All I am saying is that it should be centralized so that there is one group that decides what the appropriate course is or what the curriculum should be. One group should decide the qualifications of students.

Mr. UDALL. Mr. Chairman, this title is geared to the idea that this be turned loose to a large number of our universities and that we give them the money to establish broad-based engineering curriculums and staffs so we can produce the engineers and do a lot of valuable research in the process.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. Mr. Chairman, I would like to ask a question.

If this bill takes care of training sufficient engineers and technological people, is the gentleman telling me that when the Committee on Science and Technology considers a bill authorizing funds for these purposes it should be voted against because we have already authorized sufficient funds?

Mr. UDALL. Mr. Chairman, I am not familiar with the details of that program, but I would not take it into account. If we take into account what other Institutes are doing, yes, perhaps the gentleman should vote against it.

Mr. MYERS of Pennsylvania. Mr. Chairman, what suprises me, is that this bill comes out on the floor and ignores what we have been authorizing in the Committee on Science and Technology for these same purposes. I have been trying to pay attention in that committee as to where we are committing large sums and I know we have committed many millions of dollars for these same purposes.

Mr. RUPPE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have the greatest admiration for the author of this amendment, and I believe there is no Member on the floor today or last Friday who followed the legislation more closely or more carefully than she did.

Unfortunately, this particular instance I do have to oppose the amendment she has offered.

I think the facts really speak for themselves, regardless of the moneys available for the National Science Foundation and regardless of whether they have or have not tried to funnel these moneys into the mineral institutions of our country. The fact remains that we are turning out fewer and fewer mining and metallurgical graduates. The fact remains that the number of schools offering courses in these various areas and specialties has declined rapidly through the years, and it is absolutely necessary, if we are going to double the production of coal in the next 10 years, if we are going to make ourselves independent of foreign sources of supply of other minerals, not only coal, but copper and iron ore, that we simply have to have the graduates and the attendent research effort.

We have to produce the mining graduates and encourage young men to undertake that type of education. We have to develop a broader outlook within our universities, and this will require larger graduate student enrollments.

In terms of focusing on graduates and focusing on production and bringing into being new mining technologies we are behind the times.

For all of these reasons, I think we need a vastly strengthened effort within our mining institutions and mining schools.

I think the legislation we have brought out of the committee is absolutely essential if we are to reach these goals.

Mr. WYDLER. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I will yield to the gentleman from New York.

Mr. WYDLER. Mr. Chairman, what I do not understand is this: Does the gentleman have any facts to indicate that there was anyone who wanted to be a mining engineer and study mining engineering last year who did not do so because there was not available the services of something such as will be supplied by this institute that is now being created?

Mr. RUPPE. I would only say that the number of schools offering mining degrees has very sharply dropped in the last years. It has inevitably led to a reduced number of students that can be provided with mining degrees.

I think also that the fact that there has not been research provided within the various schools has discouraged not only undergraduates but graduate students who would be furthering their education in the mining area. If the schools are not there, if the graduate research is not available, certainly that is a very discouraging factor when it comes to the young men of this country making up their minds as to where to go in the advancement of their future careers.

Mr. WYDLER. If the gentleman will yield further, it is likely to be the fact that as the country continues to develop its energy resources and starts to put more emphasis into energy development, this field will open up, and people will want to become mining engineers. They will see it as a good, growing profession, and they will seek to get into it, I think, if we allow the law of supply and demand to operate in the educational field. Then I think we would find that the number of people going into mining engineering would probably increase, with or without the institute.

Mr. RUPPE. I think the number of students will increase, but I think we have to recognize that in the area of coal production alone, we have ignored the field, and perhaps we have actually discouraged and brought about a reduction in the amount of coal production in recent years. I think I am correct in saying that certainly there has been on the part of many young people a feeling that the mining industry has no future, a feeling on the part of many young people that somehow the mining industry is very bad and is a poor industry for a career.

For all of these reasons and because of public and governmental neglect of the industry, I do think that they need an extra amount of support now that would not have been necessary had that industry been permitted and encouraged to grow in the past decade or two.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, at a time when we are facing a worldwide scarcity of minerals it seems that this may put education moneys directly into a channel where they can be available to the people who realize the problem—namely mining schools and the Bureau of Mines.

I oppose this amendment because this may well be the only part of this bill which may in the long run help solve the energy and mineral crisis we are in.

With so many creditable universities and colleges around the country putting in courses in horoscope reading and doing away with courses in hard science I would say this is a section of the bill which I can support—even though on final passage I will vote against the bill.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from Pennsylvania (Mr. MYERS).

Mr. MYERS of Pennsylvania. Mr. Chairman, I would like to say to the gentleman that my concern is the same as that of the gentlewoman from New Jersey (Mrs. FENWICK), in that we are not opposed to the infusion of money to educate people. What I am concerned about is the fact that I think the Committee on Interior has ignored the fact that somebody else might be attacking this same problem. What we have to do is go into the fact that Congress has ignored the problem in the past, and now we all want to get a piece of the pie. I think the concern has to be that we do not overreact, that we do not have several committees throwing in several millions of dollars and duplicating the effort.

I would like to see a commitment from the committee that if there is duplication proved and the administration comes back and says that these funds are no longer needed, they, in fact, will support a rescission. However, I have not seen anything in the past action in this body that convinces me that once funds are appropriated or authorized, anybody is willing to stand up with enough guts to say that we will not spend the money because it is no longer needed.

Mr. RUPPE. The gentleman did mention a rescission bill. If at any time I felt that another type of program or another effort would do the job, I would certainly support a rescission bill. I am not tied to this type of financing, but I do know and realize what has been going on in the past with respect to enrollments. The drive has to be undertaken, and I think it is very laudable that the Committee on Interior took up the cudgel.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentlewoman from New Jersey (Mrs. FENWICK).

The question was taken; and on a division (demanded by Mr. FRENZEL) there were—ayes 18; noes 52.

So the amendment was rejected.

The CHAIRMAN. Are there further amendments to section 301? If not, the Clerk will read.

The Clerk read as follows:

RESEARCH FUNDS TO INSTITUTES

SEC. 302. (a) There is authorized to be appropriated annually for seven years to the Secretary of the Interior the sum of $15,000,000 in fiscal year 1975, said sum increased by $2,000,000 each fiscal year thereafter for six years, which shall remain available until expended. Such moneys when appropriated shall be made available to institutes to meet the necessary expenses for purposes of:

(1) specific mineral research and demonstration projects of industrywide application, which could not otherwise be undertaken, including the expenses of planning and coordinating regional mining and mineral resources research projects by two or more institutes, and

(2) research into any aspects of mining and mineral resources problems related to the mission of the Department of the Interior, which may be deemed desirable and are not otherwise being studied.

(b) Each application for a grant pursuant to subsection (a) of this section shall, among other things, state the nature of the project to be undertaken, the period during which it will be pursued, the qualifications of the personnel who will direct and conduct it, the estimated costs, the importance of the project to the Nation, region, or State concerned, and its relation to other known research projects theretofore pursued or being pursued, and the extent to which it will provide opportunity for the training of mining and mineral engineers and scientists, and the extent of participation by nongovernmental sources in the project.

(c) The Secretary shall insofar as it is practicable, utilize the facilities of institutes designated in section 301 of this title to perform such special research, authorized by this section, and shall select the institutes for the performance of such special research on the basis of the qualifications without regard to race or sex of the personnel who will conduct and direct it, and on the basis of the facilities available in relation to the particular needs of the research project, special geographic, geologic, or climatic conditions within the immediate vicinity of the institute in relation to any special requirements of the research project, and the extent to which it will provide opportunity for training individuals as mineral engineers and scientists. The Secretary may designate and utilize such portions of the funds authorized to be appropriated by this section as he deems appropriate for the purpose of providing scholarships, graduate fellowships, and postdoctoral fellowships.

(d) No grant shall be made under subsection (a) of this section except for a project approved by the Secretary of the Interior and all grants shall be made upon the basis of merit of the project, the need for the knowledge which it is expected to produce when completed, and the opportunity it provides for the training of individuals as mineral engineers and scientists.

(e) No portion of any grant under this section shall be applied to the acquisition by purchase or lease of any land or interests therein or the rental, purchase, construction, preservation, or repair of any building.

FUNDING CRITERIA

SEC. 303. (a) Sums available to institutes under the terms of sections 301 and 302 of this title shall be paid at such times and in such amounts during each fiscal year as determined by the Secretary, and upon vouchers approved by him. Each institute shall set forth its plan to provide for the training of individuals as mineral engineers and scientists under a curriculum appropriate to the field of mineral resources and mineral engineering and related fields; set forth policies and procedures which assure that Federal funds made available under this title for any fiscal year will supplement and, to the extent practicable increase the level of funds that would, in the absence of such Federal funds, be made available for purposes of this title, and in no case supplant such funds; have an officer appointed by its governing authority who shall receive and account for all funds paid under the provisions of this title and shall make an annual report to the Secretary on or before the first day of September of each year, on work accomplished and the status of projects underway, together with a detailed statement of the amounts received under any provisions of this title during the preceding fiscal year, and of its disbursement on schedules prescribed by the Secretary. If any of the moneys received by the authorized receiving officer of an institute under the provisions of this title shall by any action or contingency be found by the Secretary to have been improperly diminished, lost, or misapplied, it shall be replaced by the State concerned and until so replaced no subsequent appropriation shall be allotted or paid to any institute of such State.

(b) Moneys appropriated pursuant to this title shall be available for expenses for research, investigations, experiments, and training conducted under authority of this title. The institutes are hereby authorized and encouraged to plan and conduct programs under this title in cooperation with each other and with such other agencies and individuals as may contribute to the solution of the mining and mineral resources problems involved, and moneys appropriated pursuant to this title shall be available for paying the necessary expenses of planning, coordinating, and conducting such cooperative research.

DUTIES OF THE SECRETARY

SEC. 304. (a) The Secretary of the Interior is hereby charged with the responsibility for the proper administration of this title and, after full consultation with other interested Federal agencies, shall prescribe such rules and regulations as may be necessary to carry out its provisions. The Secretary shall furnish such advice and assistance as will best promote the purposes of this title, participate in coordinating research initiated under this title by the institutes, indicate to them such lines of inquiry as to him seem most important, and encourage and assist in the establishment and maintenance of cooperation by and between the institutes and between them and other research organizations, the United States Department of the Interior, and other Federal establishments.

(b) On or before the 1st day of July in each year after the passage of this title, the Secretary shall ascertain whether the requirements of section 303(a) have been met as to each institute and State.

(c) The Secretary shall make an annual report to the Congress of the receipts, expenditures, and work of the institutes in all States under the provisions of this title. The Secretary's report shall indicate whether any portion of an appropriation available for allotment to any State has been withheld and, if so, the reasons therefor.

AUTONOMY

SEC. 305. Nothing in this title shall be constructed to impair or modify the legal relationship existing between any of the colleges or universities under whose direction an institute is established and the government of the State in which it is located, and nothing in this title shall in any way be construed to authorize Federal control or direction of education at any college or university.

MISCELLANEOUS PROVISIONS

SEC. 306. (a) The Secretary of the Interior shall obtain the continuing advice and cooperation of all agencies of the Federal Government concerned with mining and mineral resources of State and local governments, and of private institutions and individuals to assure that the programs authorized in this title will supplement and not duplicate established mining and minerals research programs, to stimulate research in otherwise neglected areas, and to contribute to a comprehensive nationwide program of mining and minerals research, having due regard for the protection and conservation of the environment. The Secretary shall make generally available information and reports on projects completed, in progress, or planned under the provisions of this title, in addition to any direct publication of information by the institutes themselves.

(b) Nothing in this title is intended to give or shall be construed as giving the Secretary of the Interior any authority over mining and mineral resources research conducted by any other agency of the Federal Government, or as repealing, superseding, or diminishing existing authorities or responsibilities of any agency of the Federal Government to plan and conduct, contract for, or assist in research in its area of responsibility and concern with mining and mineral resources.

(c) Contracts or other arrangements for mining and mineral resources research work authorized under this title with an institute, educational institution, or nonprofit organization may be undertaken without regard to the provisions of section 3684 of the Revised Statutes (31 U.S.C. 529) when, in the judgment of the Secretary of the Interior, advance payments of initial expense are necessary to facilitate such work.

(d) No research, demonstration, or experiment shall be carried out under this Act by an institute financed by grants under this Act unless all uses, products, processes, patents, and other developments resulting therefrom with such exception or limitation, if any, as the Secretary may find necessary in the public interest, be available promptly to the general public. Nothing contained in this section shall deprive the owner of any background patent relating to any such activities of any rights which that owner may have under that patent. There are authorized to be appropriated such sums as are necessary for the printing and publishing of the results of activities carried out by institutes under the provisions of this Act and for administrative planning and direction, but such appropriations shall not exceed $1,000,000 in any fiscal year.

CENTER FOR CATALOGING

SEC. 307. The Secretary shall establish a center for cataloging current and projected scientific research in all fields of mining and mineral resources. Each Federal agency doing mining and mineral resources research shall cooperate by providing the cataloging center with information on work underway or scheduled by it. The cataloging center shall classify and maintain for public use a catalog of mining and mineral resources research and investigation projects in progress or scheduled by all Federal agencies and by such non-Federal agencies of Government, colleges, universities, private institutions, firms and individuals as may make such information available.

INTERAGENCY COOPERATION

SEC. 308. The President shall, by such means as he deems appropriate, clarify agency responsibility for Federal mining and mineral resources research and provide for interagency coordination of such research, including the research authorized by this title. Such coordination shall include—

(a) continuing review of the adequacy of the Government-wide program in mining and mineral resources research.

(b) identification and elimination of duplication and overlap between two or more agency programs;

(c) identification of technical needs in various mining and mineral resources research categories;

(d) recommendations with respect to allocation of technical effort among the Federal agencies;

(e) review of technical manpower needs and findings concerning management policies to improve the quality of the Government-wide research effort; and

(f) actions to facilitate interagency communication at management levels.

ADVISORY COMMITTEE

SEC. 309. (a) The Secretary of the Interior shall appoint an Advisory Committee on Mining and Mineral Research composed of—

(1) the Director, Bureau of Mines, or his delegate, with his consent;

(2) the Director of the National Science Foundation, or his delegate, with his consent;

(3) the President, National Academy of Sciences, or his delegate, with his consent;

(4) the President, National Academy of Engineering, or his delegate, with his consent;

(5) the Director, United States Geological Survey, or his delegate, with his consent; and

(6) not more than four other persons who are knowledgeable in the fields of mining and mineral resources research, at least one of whom shall be a representative of working coal miners.

(b) The Secretary shall designate the Chairman of the Advisory Committee. The Advisory Committee shall consult with, and make recommendations to, the Secretary of the Interior on all matters involving or relating to mining and mineral resources research and such determinations as provided in this title. The Secretary of the Interior shall consult with, and consider recommendations of, such Committee in the conduct of mining and mineral resources research and the making of any grant under this title.

(c) Advisory Committee members, other than officers or employees of Federal, State, or local governments, shall be, for each day (including traveltime) during which they are performing committee business, entitled to receive compensation at a rate fixed by the Secretary, but not in excess of the maximum rate of pay for grade GS-18 as provided in the General Schedule under section 5332 of title 5 of the United States Code, and shall, notwithstanding the limitations of sections 5703 and 5704 of title 5 of the United States Code, be fully reimbursed for travel, subsistence, and related expenses.

Mr. UDALL (during the reading). Mr. Chairman, I am unaware of any other proposed amendments to title III. I would ask unanimous consent that the remainder of title III be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Are there further amendments to title III? If not, the Clerk will read.

The Clerk read as follows:

TITLE IV—ABANDONED MINE RECLAMATION

ABANDONED COAL MINE RECLAMATION FUND

SEC. 401. (a) There is created on the books of the Treasury of the United States a trust fund to be known as the Abandoned Mine Reclamation Fund (hereinafter referred to as the "fund") which shall be administered by the Secretary of the Interior.

(b) The fund shall consist of amounts deposited in the fund, from time to time, derived from—

(1) the sale, lease, or rental of land reclaimed pursuant to this title;

(2) any user charge imposed on or for land reclaimed pursuant to this title, after expenditures for maintenance have been deducted; and

(3) the reclamation fees levied under subsection (d) of this section.

(c) Amounts covered into the fund shall be available for the acquisition and reclamation of land under section 405, administration of the fund and enforcement and collection of the fee as specified in subsection (d), acquisition and filling of voids and sealing of tunnels, shafts, and entryways under section 406, and for use under section 404, by the Secretary of Agriculture, of up to one-fifth of the money deposited in the fund annually and transferred by the Secretary of the Interior to the Secretary of Agriculture for such purposes. Such amounts shall be available for such purposes only when appropriated therefor; and such appropriations may be made without fiscal year limitation.

(d) All operators of coal mining operations subject to the provisions of this Act shall pay to the Secretary of the Interior, for deposit in the fund, a reclamation fee of thirty-five cents per ton of coal produced by surface coal mining and 10 cents per ton of coal produced by underground mining, or 10 per centum of the value of the coal at the mine, as determined by the Secretary, whichever is less. Such fee, with respect to coal produced after the date of enactment of this Act and before January 1, 1976, shall be paid not later than the end of the first calendar quarter of 1976, and thereafter shall be paid not later than the end of the calendar quarter following the calendar quarter in which the coal was produced in the period beginning January 1, 1976, and ending ten years after the date of enactment of this Act unless extended by an Act of Congress. At the end of each three-year period following the date of enactment of this Act, the Secretary shall adjust the fee to reflect any change in the cost of living index since the beginning of such three-year period.

(e) The geographic allocation of expenditures from the fund shall reflect both the area from which the revenue was derived as well as the program needs for the funds. Fifty per centum of the funds collected annually in any State or Indian reservation shall be expended in that State or Indian reservation by the Secretary to accomplish the purposes of this title: *Provided, however,* That if such funds have not been expended within three years after being paid into the fund, they shall be available for expenditure in any area. The balance of funds collected on an annual basis may be expended in any area at the discretion of the Secretary in order to meet the purposes of this title.

OBJECTIVES OF FUND

SEC. 402. Objectives for the obligation of funds for the reclamation of previously mined areas shall reflect the following priorities in the order stated:

(a) the protection of health or safety of the public;

(b) protection of the environment from continued degradation and the conservation of land and water resources;

(c) the protection, construction, or enhancement of public facilities such as utilities, roads, recreation, and conversation facilities and their use;

(d) the improvement of lands and water to a suitable condition useful in the economic and social development of the area affected: and

(e) research and demonstration projects relating to the development of surface mining reclamation and water quality program methods and techniques in all areas of the United States.

ELIGIBLE LANDS

SEC. 403. The only lands eligible for reclamation expenditures under this title are those which were mined for coal or which were affected by such mining, wastebanks, coal processing, or other coal mining processes, and abandonment or left in an inadequate reclamation status prior to the date of enactment of this Act, and for which there is no continuing reclamation responsibility under State or other Federal laws.

RECLAMATION OF RURAL LANDS

SEC. 404. (a) In order to provide for the control and prevention of erosion and sediment damages from unreclaimed mined lands, and to promote the conservation and development of soil and water resources of unreclaimed lands and lands affected by mining, the Secretary of Agriculture is authorized to enter into agreements, of not more than ten years with landowners (including owners of water rights) residents and tenants, and individually or collectively, determined by him to have control for the period of the agreement of lands in question therein, providing for land stabilization, erosion, and sediment control, and reclamation through conservation treatment, including measures for the conservation and development of soil, water (excluding stream channelization), woodland, wildlife, and recreation reseources, of such lands. Such agreements shall be made by the Secretary with the owners, including owners of water rights, residents, or tenants (collectively or individually) of the lands in question.

(b) The landowner, including the owner of water rights, resident, or tenant shall furnish to the Secretary of Agriculture a conservation and development plan setting forth the proposed land uses and conservation treatment which shall be mutually agreed by the Secretary of Agriculture and the landowner, including owner of water rights, resident, or tenant to be needed on the lands for which the plan was prepared. In those instances where it is determined that the water rights or water supply of a tenant, landowner, including owner of water rights, residents, or tenant have been adversely affected by a surface or underground coal mine operation which has removed or disturbed a stratum so as to significantly affect the hydrologic balance, such plan may include proposed measures to enhance water quality or quantity by means of joint action with other affected landowners, including owner of water rights, residents, or tenants in consultation with appropriate State and Federal agencies.

(c) Such plan shall be incorporated in an agreement under which the landowner, including owner of water rights, resident, or tenant shall agree with the Secretary of Agriculture to effect the land uses and conservation treatment provided for in such plan on the lands described in the agreement in accordance with the terms and conditions thereof.

(d) In return for such agreement by the landowner, including owner of water rights, resident, or tenant the Secretary of Agriculture is authorized to furnish financial and other assistance to such landowner, including owner of water rights, resident, or tenant in such amounts and subject to such conditions as the Secretary of Agriculture determines are appropriate and in the public interest for carrying out the land use and conservation treatment set forth in the agreement. Grants made under this section depending on the income-producing potential of the land after reclaiming shall provide up to 80 per centum of the cost of carrying out such land uses and conservation treatment on not more than 160 acres of land occupied by such owner including water rights owners, resident or tenant, or on not more than 160 acres of land which has been purchased jointly by such landowners including water rights owners, residents, or tenants under an agreement for the enhancement of water quality or quantity or on land which has been acquired by an appropriate State or local agency for the purpose of implementing such agreement.

(e) The Secretary of Agriculture may terminate any agreement with a landowner including water rights owners, operator, or occupier by mutual agreement if the Secretary of Agriculture determines that such termination would be in the public interest, and may agree to such modification of agreements previously entered into hereunder as he deems desirable to carry out the purposes of this section or to facilitate the practical administration of the program authorized herein.

(f) Notwithstanding any other provision of law, the Secretary of Agriculture, to the extent he deems it desirable to carry out the purposes of this section, may provide in any agreement hereunder for (1) preservation for a period not to exceed the period covered by the agreement and an equal period thereafter of the cropland, crop acreage, and allotment history applicable to land covered by the agreement for the purpose of any Federal program under which such history is used as a basis for an allotment or other limitation on the production of such crop; or (2) surrender of any such history and allotments.

(g) The Secretary of Agriculture shall be authorized to issue such rules and regulations as he determines are necessary to carry out the provisions of this section.

(h) In carrying out the provisions of this section, the Secretary of Agriculture shall utilize the services of the Soil Conservation Service.

(i) Funds shall be made available to the Secretary of Agriculture for the purposes of this section, as provided in section 401(c).

ACQUISITION AND RECLAMATION OF ABANDONED AND UNRECLAIMED MINED LANDS

SEC. 405. (a) (1) The Congress hereby declares that the acquisition of any interest in land or mineral rights in order to eliminate hazards to the environment or to the health or safety of the public from mined lands, or to construct, operate, or manage reclamation facilities and projects constitutes acquisition for a public use or purpose, notwithstanding that the Secretary plans to hold the interest in land or mineral rights so acquired as an open space or for recreation, or to resell the land following completion of the reclamation facility or project.

(2) The Secretary may acquire by purchase, donation, or otherwise, land or any interest therein, including reclamation easements, which has been affected by surface mining and has not been reclaimed to its approximate original condition. Prior to making any acquisition of land under this section, the Secretary shall make a thorough study with respect to those tracts of land which are available for acquisition under this section and based upon those findings he shall select lands for purchase according to the priorities established in section 402. Title to all lands or interests therein acquired shall be taken in the name of the United States. The price paid for land under this section shall take into account the unrestored condition of the land. Prior to any individual acquisition under this section, the Secretary shall specifically determine the cost of such acquisition and reclamation and the benefits to the public to be gained therefrom.

(3) For the purposes of this section, when the Secretary seeks to acquire an interest in land or mineral rights, and cannot negotiate an agreement with the owner of such interest or right he shall request the Attorney General to file a condemnation suit and take interest or right, following a tender or just compensation awarded by a jury to such person. When the Secretary determines that time is of the essence because of the likelihood of continuing or increasingly harmful effects upon the environment which would substantially increase the cost or magnitude of reclamation or of continuing or increasingly serious threats to life, safety, or health, or to property, the Secretary may take such interest or rights immediately upon payment by the United States either to such person or into a court of competent jurisdiction of such amount as the Secretary shall estimate to be the fair market value of such interest or rights; except that the Secretary shall also pay to such person any further amount that may be subsequently awarded by a jury, with interest from the date of the taking.

(4) For the purposes of this section, when the Secretary takes action to acquire an interest in land and cannot determine which person or persons hold title to such interest or rights, the Secretary shall request the Attorney General to file a condemnation suit, and give notice, and may take such interest or rights immediately upon payment into court of such amount as the Secretary shall estimate to be the fair market value of such interest or rights. If a person or persons establishes title to such interest or rights within six years from the time of their taking, the court shall transfer the payment to such person or persons and the Secretary shall pay any further amount that may be agreed to pursuant to negotiations or

awarded by a jury subsequent to the time of taking. If no person or persons establish title to the interest or rights within six years from the time of such taking, the payment shall revert to the Secretary and be deposited in the fund.

(5) States are encouraged to acquire abandoned and unreclaimed mined lands within their boundaries and to transfer such lands to the Secretary to be reclaimed under appropriate Federal regulations. The Secretary is authorized to make grants on a matching basis to States in such amounts as he deems appropriate for the purpose of carrying out the provisions of this title but in no event shall any grant exceed 90 per centum of the cost of acquisition of the lands for which the grant is made. When a State has made any such land available to the Federal Government under this title, such State shall have a preference right to purchase such lands after reclamation at fair market value less the State portion of the original acquisition price. Notwithstanding the provisions of paragraph (1) of this subsection, reclaimed land may be sold to the State or local government in which it is located at a price less than fair market value, which in no case shall be less than the cost to the United States of the purchase and reclamation of the land, as negotiated by the Secretary, to be used for a valid public purpose. If any land sold to a State or local government under this paragraph is not used for a valid public purpose as specified by the Secretary in the terms of the sales agreement then all right, title, and interest in such land shall revert to the United States. Money received from such sale shall be deposited in the fund.

(6) The Secretary shall prepare specifications for the reclamation of lands acquired under this section. In preparing these specifications, the Secretary shall utilize the specialized knowledge or experience of any Federal department or agency which can assist him in the development or implementation of the reclamation program required under this title.

(7) In selecting lands to be acquired pursuant to this section and in formulating regulations for the making of grants to the States to acquire lands pursuant to this title, the Secretary shall give priority to lands in their unreclaimed state which will meet the objectives as stated in section 402 above when reclaimed. For those lands which are reclaimed for public recreational use, the revenue derived from such lands shall be used first to assure proper maintenance of such funds and facilities thereon and any remaining moneys shall be deposited in the funds.

(8) Where land reclaimed pursuant to this section is deemed to be suitable for industrial, commercial, residential, or private recreational development, the Secretary may sell such land by public sale under a system of competitive bidding, at not less than fair market value and under such other regulations as he may promulgate to insure that such lands are put to proper use, as determined by the Secretary. If any such land sold is not put to the use specified by the Secretary in the terms of the sales agreement, then all right, title, and interest in such land shall revert to the United States. Money received from such sale shall be deposited in the fund.

(9) The Secretary shall hold a public hearing with the appropriate notice, in the county or counties or the appropriate subdivisions of the State in which lands acquired to be reclaimed pursuant to this title are located. The hearings shall be held at a time which shall afford local citizens and governments the maximum opportunity to participate in the decision concerning the use of the lands once reclaimed.

(b)(1) The Secretary is authorized to use money in the fund to acquire, reclaim, develop, and transfer land to any State, or any department, agency, or instrumentality of a State or of a political subdivision thereof, or to any person, firm, association, or corporation if he determines that such is an integral and necessary element of an economically feasible plan for a project to construct or rehabilitate housing for persons employed in mines or work incidental thereto, persons disabled as the result of such employment, persons displaced by governmental action, or persons dislocated as the result of natural disasters or catastrophic failure from any cause. Such activities shall be accomplished under such terms and conditions as the Secretary shall require, which may include transfers of land with or without monetary consideration: *Provided*, That to the extent that the consideration is below the fair market value of the land transferred, no portion of the difference between the fair market value and the consideration shall accrue as a profit to such person, firm, association, or corporation. Land development may include the construction of public facilities or other improvements including reasonable site work and offsite improvements such as sewer and water extensions which the Secretary determines necessary or appropriate to the economic feasibility of a project. No part of the funds provided under this title may be used to pay the actual construction costs of housing.

(2) The Secretary may carry out the purposes of this subsection directly or he may make grants and commitments for grants, and may advance money under such terms and conditions as he may require to any State, or any department, agency, or instrumentality of a State, or any public body or nonprofit organization designated by a State.

(3) The Secretary may provide, or contract with public and private organizations to provide information, advice, and technical assistance, including demonstrations, in furtherance of this subsection.

(4) The Secretary may make expenditures to carry out the purposes of this subsection, without regard to the provisions of section 403, in any area experiencing a rapid development of its coal resources which the Secretary has determined does not have adequate housing facilities.

FILLING VOIDS AND SEALING TUNNELS

SEC. 406. (a) The Congress declares that voids and open and abandoned tunnels, shafts, and entryways resulting from mining constitute a hazard to the public health or safety. The Secretary, at the request of the Governor of any State, is authorized to fill such voids and seal such abandoned tunnels, shafts, and entryways which the Secretary determines could endanger life and property or constitute a hazard to the public health or safety.

(b) In those instances where mine waste piles are being reworked for coal conservation purposes, the incremental costs of disposing of the wastes from such operations by filling voids and sealing tunnels may be eligible for funding providing that the disposal of these wastes meet the purposes of this section.

(c) The Secretary may acquire by purchase, donation, or otherwise such interest in land as he determines necessary to carry out the provisions of this section.

FUND REPORT

SEC. 407. Not later than January 1, 1976, and annually thereafter, the Secretary shall report to the Congress on operations under the fund together with his recommendations as to future uses of the fund.

TRANSFER OF FUNDS

SEC. 408. The Secretary of the Interior may transfer funds to other appropriate Federal agencies, in order to carry out the reclamation activities authorized by this title.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that title IV be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. BAUMAN. Mr. Chairman, reserving the right to object, I wonder if the gentleman from Arizona would withhold his unanimous consent request. I do not know how many amendments are pending to the bill. I have heard there are a great many amendments pending.

Mr. UDALL. Mr. Chairman, if the gentleman will yield, title IV is a kind of a complicated title. I know of half a dozen amendments that relate to the title, and I believe it would be much more orderly if we could consider title IV as open. There is no disposition on this side to limit debate, or anything.

Mr. BAUMAN. Mr. Chairman, with that assurance, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

AMENDMENT OFFERED BY MR. MELCHER

Mr. MELCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MELCHER: Amend section 405(b)(4), page 207, line 1, by changing the word "coal" to "energy".

Mr. MELCHER. Mr. Chairman and Members of the Committee, I shall not take the full 5 minutes unless there are questions to be asked on this amendment.

What we intended in the original bill and what we intended in the conference, in the final bill that was passed last year, and what we still intend, is that in this subsection we are also referring to conversion facilities. So it is more appropriate in that regard to refer to "energy" rather than simply to "coal."

I would hope that the committee could accept this simple amendment.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I will be delighted to yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I think this is a good amendment. The problems relating to oil shale and to lignite and other energy materials are just as severe as they are with coal and other resources in the bill.

Mr. RUPPE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to ask the author of the amendment, if I could, just how broadly this would be used in reclamation funding.

Mr. MELCHER. If the gentleman will yield, this subsection would provide in impact areas with rapidly developing populations the opportunity to benefit from the funds for public facility purposes.

At the time we passed the bill in the House, and all during the conference, we were referring to conversion facilities of a much broader range than just mining coal. As the gentleman from Arizona has mentioned, this also applies to oil shale and applies to lignite. It does broaden it, but I think it only goes as far as the House intended.

Mr. RUPPE. I should like to ask the gentleman further, are we suggesting that the moneys raised from the Coal Reclamation Fund can be used anywhere in the United States in any area that is experiencing a rapid growth from the development of its energy resources? Could we take the coal reclamation moneys and perhaps use them down in Texas or along the gulf coast of Texas or Louisiana because of the explosive growth there of their natural gas and oil extraction industries?

Mr. MELCHER. If the gentleman will yield further, the gentleman has, I think, broadened it much, much beyond what the Secretary of the Interior would possibly consider, because the Secretary, who must administer these funds, if asked to agree to any proposal for the use of such funds, I am sure would not take such a broad view and would not relate it to oil or gas development. But the bill with this amendment would mean coal, also shale, assuredly lignite, but would not just limit it in terms of where the mining would occur, but would also look at the conversion facilities as far as steam generating plants in relation to the coal or lignite mining, or coal gasification plants. That is truly what the intent of this subsection has been, because in many cases that has caused a rapid expansion of population and impact from rapid population expansion requires additional funds.

Mr. RUPPE. Would not the language or the word "coal" apply to lignite or apply to shale? Would not the term in the legislation now cover all of the particular instances that the gentleman has just indicated?

Mr. MELCHER. I do not think shale without my amendment that the bill answers oil. We are in another amendment in the bill treating lignite differently than we are treating coal. I would advise that in every instance I think simply by using the term energy, we do give the Secretary broadness or the scope to use the funds correctly, as we envisioned it, but would not turn him loose to use it for such a broad purpose as the gentleman from Michigan has suggested concerning oil and gas production.

Mr. RUPPE. My particular concern lies with section (b)(1) on page 205, which would indicate that the moneys can be used for almost any particular purpose that deals with the reclamation, development, or transfer of land. My concern with the gentleman's amendment is not only can he use it for any particular purpose, but with that amendment he can use it almost anywhere in the country, unless the language is defined further.

Mr. MELCHER. I must remind the gentleman from Michigan that the subsection deals only with public facilities.

Mr. RUPPE. It deals with public facilities in total, but that also could be almost anything dealing with housing; is that not correct?

Mr. MELCHER. As is defined in public facilities, yes.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. MELCHER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ANDREWS OF NORTH DAKOTA

Mr. ANDREWS of North Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ANDREWS of North Dakota: Page 194, line 15, after the word "less" on line 15, strike out the period and insert a comma and add the following words: "except that this reclamation fee for lignite coal shall be at a rate of 5 percentum of the value of the coal at the mine, or 35 cents, whichever is less."

Mr. ANDREWS of North Dakota. Mr. Chairman, as we discussed in the general debate on this bill, the severance tax in this bill is to restore previously-mined land. It is set at 35 cents, or 10 percent of the value, whichever is less. In the case of coal costing $35 a ton, it is a 1-percent tax; in the case of coal costing $17.50 per ton, it is a 2-percent tax, down to $7.00 coal, where it is a 5-percent tax.

In my State and in two other Western States there is a fuel called lignite, so-called coal.

It has less than one-half the Btu's that coal has. All we have is this lignite fuel. It is low in Btu's but it is our only energy source.

In my amendment we change the "10 percent" to "5 percent" and put it in effect more on a par with the other fuel taxes across this country levied by this legislation.

I appreciate the comments made by my colleague, the gentleman from Arizona (Mr. UDALL) and my colleague, the gentleman from Montana (Mr. MELCHER), on Friday.

This amendment as changed to go along with their suggestion now is specific to lignite and provides simple equity since our people should not have to pay two to three times as much per kilowatt hour for the purposes of this bill, as people in other parts of the country. We are in favor of the bill and we support the bill but we think this change should be made to provide fair play for our people.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I appreciate the gentleman's long and strong support for the purposes of this legislation.

I have been persuaded since the committee reported out this bill that it is basically wrong to charge the same for the high Btu coal as for the coal which is in the gentleman's State which is called lignite. It seems to me if we change the formula to 5 percent or 35 cents, whichever is less, we will have arrived at an equitable result.

So, Mr. Chairman, I favor the amendment offered by the gentleman from North Dakota.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Chairman, I support the amendment offered by the gentleman from North Dakota.

As one of the original sponsors of the strip mining legislation here I think certainly it is inequitable to charge 35 cents a ton for a product which is selling for $2.33 a ton and still charge 35 cents for a product which is selling for as high as $35 a ton. I think the gentleman's formula is certainly fair and equitable and I support his amendment.

Mr. ANDREWS of North Dakota. I thank my colleague, the gentleman from Ohio.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Michigan.

Mr. RUPPE. Mr. Chairman, has the gentleman been able to develop any determination as to what the 5-percent figure would result in? What would be the value of the lignite and the total of the tax?

Mr. ANDREWS of North Dakota. The value of the lignite at the present time is $2 to $2.50 per ton at the mine site. At the 5-percent level this would result in a 10 cents to 12 cents tax per ton. Actually this would equate out in terms of cost per kilowatt hour the same as a 35-cent tax on coal that has three times the Btu's and does not need the long transmission lines.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I had the staff check it out. One of the concerns I had was the integrity of the size of the fund. Because the production of lignite is such a small proportion of the overall energy coal production we are told the total impact on the fund would be minimal and would be around $1 million and we are dealing with a fund that we hope will produce $135 million per year, so I do not think we are hurting the fund.

Mr. ANDREWS of North Dakota. That is absolutely correct. As the chairman has pointed out, there are only three States in which lignite is located, the States of Texas and North Dakota, and one-quarter or one-fifth share of the coal mined in Montana.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I congratulate the gentleman for his amendment and I rise in support of it.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I support the amendment offered by the gentleman but with an amendment which I would like to offer as a substitute as soon as I can get recognized for that purpose. It does not affect the gentleman's amendment but affects the rate of the fee on strip mined coal. It would increase it from 35 to 50 cents per ton.

AMENDMENT OFFERED BY MR. SEIBERLING AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. ANDREWS OF NORTH DAKOTA

Mr. SEIBERLING. Mr. Chairman, I offer an amendment as a substitute for the amendment offered by the gentleman from North Dakota (Mr. ANDREWS).

The Clerk read as follows:

Amendment offered by Mr. SEIBERLING as a substitute for the amendment offered by Mr. ANDREWS of North Dakota: page 194, line 9, adopt the sentence starting on line 9, but change "35" to "50".

Mr. SEIBERLING. Mr. Chairman, the effect of my substitute is simply to adopt the language presently appearing on line 9 in the sentence beginning in that line on page 194 with the change offered by the gentleman from North Dakota but with an additional change.

I would simply change the rate that appears on line 11 from 35 cents per ton to 50 cents per ton.

POINT OF ORDER

Mr. STEIGER of Arizona. Mr. Chairman, I raise a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. STEIGER of Arizona. Mr. Chairman, I am afraid that the gentleman from Ohio has made a parliamentary error. His intention is not compatible with the substitution of his amendment for that of the gentleman from North Dakota.

The CHAIRMAN. The gentleman's point of order comes too late.

Mr. STEIGER of Arizona. I would point out to the gentleman from Ohio that what he is doing is not what he says he is doing.

Mr. SEIBERLING. Mr. Chairman, will the gentleman from Arizona kindly explain why it is not what I say I am doing?

Mr. STEIGER of Arizona. Because if the amendment of the gentleman from Ohio carries, the amendment of the gentleman from North Dakota will be abandoned and there is no reference in the amendment of the gentleman from Ohio to the language of the gentleman from North Dakota.

Mr. SEIBERLING. I believe there is.

The CHAIRMAN. The Clerk will reread the amendment.

The Clerk read as follows:

Page 194, line 9, adopt the sentence starting on line 9, but change "35" to "50".

Mr. SEIBERLING. Mr. Chairman, I do not know if the Clerk dropped out a word. Maybe the Clerk could not read my writing.

My writing says.

Page 194, line 9, adopt the sentence starting on line 9, but change "35" to "50".

PARLIAMENTARY INQUIRY

Mr. ANDREWS of North Dakota. A parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ANDREWS of North Dakota. My amendment is on page 194, line 15.

I would point out that the amendment of the gentleman from Ohio would probably be better standing on its own, since it affects strip mining all over the country and my amendment affects strip mining only in two or three States.

The CHAIRMAN. The Chair will state that the amendment of the gentleman from North Dakota beginning on page 194, line 15, while it might have been subject to a point of order earlier, it is not subject to a point of order at the present time.

Mr. SEIBERLING. Mr. Chairman, I would like to make this point. If we are going to start watering down this fund, just water it down to the point we have cut $45 million out of it in committee to the point where it will be decreased, as I have indicated, it will take some 50 years to completely restore all the abandoned lands that have already been destroyed by strip mining; so it seems to me the very least we can do if we are going to cut some more money out of it in one place, that we add some money to it in another place.

Mr. ANDREWS of North Dakota. Mr. Chairman, if my colleague, the gentleman from Ohio will yield, my amendment is not designed to water down the fund. My amendment is designed to get equity for those people that have to depend on this type of lignite fuel, so they are not paying three times as much per kilowatt hour for fuel than others do who use a coal which has three times as much Btu. All we are trying to do is recognize that it will be more equitable at the 5-percent level, which it is for almost all coal, and not at the 10-percent level, which would grossly discriminate against those people depending on lignite for their electricity. I am not trying to water it down.

Mr. MYERS of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. Yes. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. I understand that we are proposing charging 35 cents to 50 cents additional per ton for the problem of reclaiming previously destroyed land by strip mining. Is that the impression of the gentleman? The essential effect of the amendment of the gentleman from Ohio would be to accelerate that rate. I do not question the feasibility or the reasoning for reclamation, in fact I strongly support a reclamation commitment. I do question whether or not we want to accelerate the rate of committed funds at this time, because energy costs have been accelerated already in the private sector.

I am only asking, why do we not address that problem from this standpoint? As we get further into a coal commitment and coal gets to be a broader base of our energy, then let us reconsider the tax for reclamation again.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent Mr. SEIBERLING was allowed to proceed for an additional 2 minutes.)

Mr. MYERS of Pennsylvania. Keeping this tax at 35 cents may, in fact, allow a smooth transition into a reclamation program on a more efficient program than the cost we are now determining. Again I state that 2 years or 3 years from now, if data indicates a need for an additional 15 cents, we then can change the legislation at that time.

Mr. SEIBERLING. Of course that is true, but the fact is the cost of coal is presently not determined by the cost of producing. The price of coal has risen fantastically in the last couple of years. In fact, in the last 5 years it has tripled.

The reason is that somehow the coal industry has managed to take advantage of the increased cost of other competing forms of fuel, if we had an additional factor greater than the small amount we are talking about, it is not necessarily going to have any effect on the price, which is what we are talking about.

I agree with the gentleman from North Dakota that his amendment is fair and equitable, and I support it provided we also make a reasonable adjustment upward in the fee on strip mining coal. There is another good reason for doing that. Ninety-seven percent of all the coal reserves of this country can only be obtained by deep mining. If we talk about easy access reserves, the ratio is 8 to 1, so we want to encourage deep mine coal and discourage to some extent strip mine coal where it cannot afford to pay the amount.

Mr. UDALL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, there is an amendment offered by the gentleman from North Dakota (Mr. ANDREWS), which I support. There is a substitute amendment offered by the gentleman from Ohio (Mr. SEIBERLING), which increases the overall fee for surface mining from 35 cents to 50 cents. The 35-cent figure is a compromise the committee reached. We should hold to it in good conscience.

Mr. Chairman, I would hope the committee would adopt the Andrews amendment and defeat the Seiberling substitute amendment.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, do I understand the gentleman is not opposing increasing the fee from 35 cents to 50 cents?

Mr. UDALL. No, I would have to stick with the committee. I would like a much bigger fund than we are going to have, but the compromise we had in committee is 35 cents and 10 cents, and is one I think we ought to stick to.

AMENDMENT OFFERED BY MR. RUPPE TO THE SUBSTITUTE AMENDMENT OFFERED BY MR. SEIBERLING

Mr. RUPPE. Mr. Chairman, I offer an amendment to the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. RUPPE to the substitute amendment offered by Mr. SEIBERLING: On page 194, line 11, amend the substitute by striking "50" and inserting the word "ten."

POINT OF ORDER

Mr. SEIBERLING. Mr. Chairman, a point or order.

The CHAIRMAN. The gentleman will state it.

Mr. SEIBERLING. Mr. Chairman, I believe that is an amendment of the third degree, and therefore is out of order.

The CHAIRMAN. The gentleman from Ohio offered a substitute. An amendment to that substitute is not in the third degree at this point.

Mr. RUPPE. Mr. Chairman, I offer this amendment so that we can determine right now, and once and for all, just the type and the amount of reclamation fee we should have in the legislation before us. The gentleman who offered the substitute has suggested that the reclamation fee is too low. I would suggest in turn, and strongly believe, that the reclamation fee is too high. Not only do I believe the fee is too high, but I believe the fee in the bill we have before us, 35 cents a ton for surface mined coal, would simply increase the cost of coal, the cost of electricity and the cost of energy in every one of the congressional districts represented in this room today.

I think we ought to take a moment and just know exactly what the reclamation fund is to be used for. I believe it should be used for the reclamation and rebuilding of orphan lands.

The Department of the Interior has suggested and the Bureau of Mines has reported there are about a million acres of orphan lands in the United States that have been mined over and damaged. But, the report by the Department of the Interior also indicates that about half of those have been stabilized. They have at the present time a timber and vegetative cover.

Of the remaining half million acres, I believe many of them will be put back into first-class condition under this legislation because many of the areas in Appalachia will be mined again, and those areas mined again, or remined, will be under the control of this legislation and will be put back into first-class, usable condition.

So, I would believe that the 10 cents per ton figure I have suggested for surface mining, as well as for underground mining, is totally adequate to do the paramount and prime job called for under this legislation, which is the reclamation of orphan lands. I think the very fact that we have section (b) (1) on page 205 of the bill is a very strong indication that there is a lot more money in the reclamation fund than has to be utilized for the rebuilding of orphan lands.

On page 205 of the bill, the Secretary would authorize the use of this money for any type of housing program that would help people, as an example, that are affected by catastrophic failure.

I would like to be able to define for the Members of this House just exactly what is catastrophic failure. Yet the Secretary can use the moneys of the reclamation fund for anything that supports housing, as long as it can provide a remedy for catastrophic failure from any cause.

I would like to suggest that for that reason the Secretary can use the money for highway construction or roadway acquisition, land acquisition, sewer and water financing, in these areas where he deems that people have been affected by catastrophic failure.

So I suggest that the language that we have in this bill is wide open for abuse. There are tens of millions of pork barrel dollars in this legislation, and each one of us, each district in this room, is going to have to pay; consumers are going to have to pay for the pork barrel funding in this legislation.

Ten cents a ton reclamation fee would be entirely enough funding to provide for rehabilitation of orphaned lands. Anything above 10 cents a ton reclamation fee will simply result in pork barrel expenditures, not only today, but obviously to a much greater degree as the fund builds up and coal production is increased in the United States.

So if we want to strike one blow in this legislation for the American consumer, if we want to make one effort in this legislation to stabilize the utility rates in the years ahead, we can do so by the passage of the amendment I have offered here, while at the same time knowing that the reclamation effort to improve abandoned or orphaned lands can be undertaken and the lands rehabilitated.

Mr. HAYS of Ohio. Mr. Chairman, I rise in opposition to the gentleman's amendment.

Mr. SEIBERLING. Mr. Chairman, I ask unanimous consent to withdraw my amendment in the nature of a substitute.

The CHAIRMAN. The gentleman from Ohio (Mr. HAYS) has been recognized.

Mr. SEIBERLING. Excuse me.

Mr. HAYS of Ohio. Mr. Chairman, I yield to the gentleman.

Mr. SEIBERLING. I thank the gentleman for yielding.

Mr. Chairman, the Chair informs me that the manner in which my amendment was offered would, in effect, wipe out Mr. ANDREWS' amendment, and that was not my intention.

I am perfectly willing to debate the issues of what the fee should be with the gentleman from Michigan by offering a separate amendment.

Therefore, I would ask unanimous consent to withdraw my substitute amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio (Mr. SEIBERLING)?

There was no objection.

The CHAIRMAN. The substitute of the gentleman from Ohio (Mr. SEIBERLING) is withdrawn, and the amendment offered by the gentleman from Michigan (Mr. RUPPE) to the substitute is therefore withdrawn.

Mr. HAYS of Ohio. Mr. Chairman, I had risen to oppose the gentleman's amendment which is now withdrawn. I presume he will offer it at a later time. While I am here and have the time, I just want to say that I do not agree with the argument at all that this bill creates a pork barrel fund. The gentleman talks about how wide open it is. Let me tell the Members one little example of what happened in the little town I have lived in for the last 35 years. Their water supply, as far as being fit for human consumption, was totally destroyed by strip mining. There are several different sulfates now in the water which were not there before, and one of them is up to 140 parts per million, when the permissible is four parts. Because the coal company made money out of stripping that area where the wells were and caused the ground to be disturbed and all of the slate, and so on, to be torn up and thrown back and the water seeps down through it, is that to say that this fund should not be used to help that little village of 1,200 people rectify what has happened to their water supply?

Mr. Chairman, I do not think 35 cents a ton is unreasonable.

Let me tell the Members something about passing this on to the consumer. We all know what the coal companies have done since the oil shortage. They have gone from $6 a ton to $30 a ton, and every dime of that has been passed on to the consumer.

We are not talking about a 500-percent increase, not at all. We are talking about not even a 2-percent increase; we are talking about something like a 1-percent increase. The average cost to the average consumer is going to be about a half a cent a month or a cent a month, something like that, maybe 3 cents at the most, on his electric bill.

Well, perhaps you may say that is not true. The figures I had, when they were talking about $1.50, was 15 cents a month. I do not know, but whatever it is, it will not be that much.

All right, we will say a penny a day, if that will make us happier. That is 30 cents a month.

I do not think anybody is going to object to a penny a day on the electric bill if that is going to cause these 1 million acres of land to be put back into useful production.

Many of the Members have been out to my area, and we have seen some of these 80-foot and 100-foot-high walls that these companies have walked off and left. No one is going to put them back into any useful production. I suppose we could say, to use our terminology, that it has been stabilized, but it is stabilized about like the Gobi Desert has been stabilized, and it is just about as valuable.

What we are talking about is putting it back into productive use, and that has not been done in a good many cases.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Michigan.

Mr. RUPPE. Mr. Chairman, I thank the gentleman for yielding.

I will say that in the gentleman's district we have probably seen some of the best and some of the worst types of coal mining in the United States. I have no argument with the gentleman's comment that in those areas that have been affected by coal mining or the ravages of coal mining these water and sewer systems and other public necessities should be supported by the legislation.

What I am really getting at is the very broad-based national legislation which suggests communities can be assisted if they can show they have been affected by a natural disaster or catastrophic failure from any cause. What I am getting at is that when we talk about a "catastrophic failure" for any cause, we are going far beyond coal mining and are saying we will help a community for any reason.

Mr. HAYS of Ohio. Mr. Chairman, I appreciate the gentleman's point of view, but he is attacking the wrong thing.

If the gentleman does not think that language should be there and he offers an amendment to take out that language, and if he makes out a good case, I would probably be open-minded on that. But I am not going to be open-minded on reducing the amount of money it is going to take from strip operators who walked off and left this damage to restore it.

If we look down the road 10 years from now, we might be amazed about how little will be restored, because the amount of money is not sufficient, even at 35 cents. But if we see the job has been done in 5 years or in 20 years, or whenever, the Congress may come back to remove that language totally if they restore the land as they go.

Mr. Chairman, we have some land in Ohio that has been totally restored. I can show the Members 25 acres next to my farm. They came in and took off the topsoil, took out the subsoil, and then they put the topsoil back on, and they have planted it in alfalfa. That land grows as good a crop of alfalfa as I do on my farm, which is next to it and which has not been disturbed at all. But they did not do that until we had a strip mine law in Ohio that forced them to do it.

There are literally tens of thousands of acres in Appalachia that have been torn up and that will never be restored unless it is done from this fund.

Mr. CHAIRMAN. The time of the gentleman from Ohio (Mr. HAYS) has expired.

(On request of Mr. UDALL and by unanimous consent, Mr. HAYS of Ohio was allowed to proceed for 2 additional minutes.)

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I think the gentleman has made a very important statement. I want to concur with everything he said. I wish to underline this point about the abandoned reclamation mine fund. It deals not just with the restoration of land, it deals with the restoration of water resources.

The gentleman from Ohio made the point that many of these surface mine operations disturb the water supply and poison streams, and this fund can be used to restore those streams and restore those water supplies.

What happened in the bill 2 years ago? We had $200 million a year in it. The committee made a cutback to $35 million a year. The gentleman from Michigan wants to cut it back to $60 million a year. The Department in its own report estimates there is $6 billion worth of damage that must be restored and estimates it would take 100 years to do the job.

Mr. Chairman, it would be a disaster to cut this fee down to 10 cents.

Mr. HAYS of Ohio. Mr. Chairman, I agree with the gentleman. I call tell the Members there are creeks in my district that have been destroyed by abandoned deep mines and that need a lot of work done on them. If you drink that water, it will kill you. The water is no good. Fish cannot live in it; not even crayfish can live in it. It is absolutely poisonous.

Mr. DENT. Mr. Chairman, will the gentleman yield to permit me to ask a question of the sponsor.

Mr. HAYS of Ohio. Yes, I yield to the gentleman from Pennsylvania.

Mr. DENT. Will this particular section of the bill take care and provide for mine sealing operations?

Mr. UDALL. If the gentleman will yield, this is a very wide purpose fund. One can seal abandoned mines, stop fires, restore the quality of the water. One can do the things that the gentleman from Ohio is talking about. One can correct subsidence and can restore land. There is a broad cash fund to do what society needs to do.

Mr. DENT. Does it also do what the gentleman complains of, take care of catastrophes and other conditions that arise because of something other than mining, in other words, say, a flood?

Mr. UDALL. No, no.

Mr. DENT. It would not?

Mr. UDALL. No. It has nothing to do with that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Dakota (Mr. ANDREWS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SEIBERLING: Page 194, line 11, strike out "thirty-five" and insert "fifty".

Mr. SEIBERLING. Mr. Chairman, I think we should have a little further discussion on the subject that the gentleman from Ohio (Mr. HAYS) and the gentleman from Michigan (Mr. RUPPE) have already covered.

The Bureau of Mines and the Army engineers have estimated that to restore the over 2 million acres of abandoned lands that have been strip mined in this country will require $9 billion at 1973 costs. Obviously, it will take more money than that at present costs. Yet, the fund that is contained in the bill provides for $130 million per year starting this coming year. That will obviously go up as the coal mining increases. Nevertheless, it is an extremely small amount of money to do a very important job.

We have a food shortage in this world. We have a lumber shortage. We need every acre of productive land that we can find or restore in this country if we are going to meet the needs of the future. I submit that, purely from a business standpoint, restoring these abandoned lands, 2 million acres, is a desirable thing to do. Who should pay the costs of this restoration? The costs should be factored into the costs of mining coal, since it was mining coal that caused the destruction in the first place.

A lot of people say, "Why should we charge future mining operations for the depredations of past coal mining practices? The answer is: What better place to charge this cost?

It has been said the severance fee will raise the cost of energy to the consumer. The facts indicate otherwise. On page 72 of the committee report there is a chart prepared by the American Public Power Association which shows that, from 1967—which is the year prior to which there was very little increase in the cost of coal—to the end of 1974, the spot prices of bituminous coal have tripled. In the same period wages in the coal industry have gone up 50 percent, while the volume of production has gone up hardly at all.

Further, on page 73, the report brings out that this increase in price has produced a tremendous escalation in the profits of the coal companies.

The marketplace—or what passes for a marketplace in this age of high oil prices—not the cost of production, is obviously setting the price of coal. So that if we add a few cents to the price of coal or the cost of coal in terms of production at the mine, we are not really adding anything to the price in the marketplace.

It seems to me that the very least we can do, if we are going to take off 15 cents, which is what the committee did, from the fee on deep-mined coal, that we ought to add that 15 cents to the fee for strip mined coal. That is exactly what my amendment does. That will bring out about the same amount of money as the bill that passed the House last December.

Therefore I urge the adoption of my amendment.

AMENDMENT OFFERED BY MR. RUPPE AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. SEIBERLING

Mr. RUPPE. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. RUPPE as a substitute for the amendment offered by Mr. SEIBERLING: on page 194, line 11 after the word "of", strike out the word "fifty" and insert the word "ten". On line 12, place a period after the word "produced" and strike the remainder of the sentence through the period on line 15.

And on page 194, line 22 strike the word "unless" and all of lines 23, 24 and 25 on page 194. Strike lines 1 and 2 on page 195.

Mr. RUPPE. Mr. Chairman, I will not take the whole of the 5 minutes since we have debated this amendment at the time the substitute was withdrawn a few moments ago.

Let me say in response to the comments of the gentleman from Ohio, I think the gentleman made a very good point concerning what has happened to the land in the past because of prior mining operations.

It was also pointed out that the money should be available for not just reclamation of orphan lands, but perhaps for other uses associated with bar mining practices that have gone on in prior years.

The fact of the matter is as long as

we have language in the legislation which says the money can be used for virtually every purpose as long as the purpose can be called or identified with a "natural disaster", the expenditure of the money thereof is wide open to abuses. Anything in the gentleman's district or my district can be labeled or identified a natural disaster. The fact of the matter is that tens of millions of dollars now and the many more tens of millions of dollars in the future will be misused or wasted because of the fact that almost anything can be identified as a natural disaster, and the Secretary can spend the money as he chooses once that particular project is labeled.

I have no objection to the spending of money for reclamation of orphan lands, from the 25-cent fee if all the monkeys are going to be spend for purposes of reclamation of orphan lands in the United States, in Ohio and in other areas affected. But only half of these moneys will be paid out for the rehabilitation of orphan lands and the other half to provide a pork barrel in a number of States. And, let me say that I am not against a little pork barrel once in a while, but I do not believe that this is the time or this is the day when the utilities and the users, the consumers of the United States, should be called upon to pay another pork barrel allocation.

For the purpose of reclamation of orphan lands, this I gree with wholeheartedly; but the idea of putting in additional money in this legislation, and I believe we are talking about the addition of 25 cents a ton on strip mine coal for purely political pork barrel purposes, is unfair to the taxpayers of our country.

Mr. SEIBERLING. Mr. Chairman, if the gentleman will yield, the way the bill is written Congress has to appropriate the money even though this fund is accumulated. Not one dime can be spent for the reclamation provided in this bill unless Congress appropriates the money, and the funds are limited to certain usages, mainly reclamation, which means based on the experience of where men have abandoned coal mines. I do not see what the gentleman is talking about here.

Mr. RUPPE. Let me say that the consumers in my district, the people who are paying the utility bills, would be perfectly happy to pay their own money and create their own jobs. I do not really think that job creation by higher utility bills paid by my consumers is the way to bring around this economy.

Mr. SEIBERLING. For the reasons I outlined, I do not think this is going to add anything in this bill.

Mr. RUPPE. If it adds jobs in the United States, paid for by the utility users in my own district, I have a feeling that it is an expenditure by the Government not in line with the present intention of American consumers.

Mr. MELCHER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

We have been all around this issue during the last year. The gentleman from Michigan has been in the thick of it at every stage in the committee and in conference both, and, of course, on the House floor. What we have finally come down to in this House version of the bill is that for underground mining only 10 cents a ton will go into the fund, but for strip mining 35 cents a ton will be put in the fund.

The gentleman from Michigan is absolutely correct—half of that, 17½ cents a ton, will remain in the area where it is mined, but the gentleman is wrong when he states it is used for pork barrel.

We in the West who are not really going to touch this fund very strenuously, hardly at all, for reclamation of abandoned lands. We in the West where strip mining is moving will contribute to the fund from our quota of 35 cents a ton on all coal strip mined in our States. But we are asking, and it is so provided in the bill and was provided last year and was provided in the final version of the conference, that half of that, or 17½ cents a ton will stay in the area and State where the mining is being done, or on the Indian Reservation where the mining is being done, to meet the needs, the social impact needs, that go along with the expansion of mining or the expansion of the development of power. I do not think that is too much to ask, and I think it should be used for roads if roads are needed; I think it should be used for schools if schools are needed, or hospitals, or other health care, or for housing facilities if they are needed, in a very sparsely settled area which is contributing to meet the energy needs in this country and mining and energy development does cause social impact in making those contributions to meet the country's energy demands.

I have no quarrel with expending the sum to 50 cents per ton as the gentleman from Ohio is requesting in his amendment. If that is what the House decides, I will be glad to have the additional funds for the dual purpose of meeting the social impacts where the mining is occurring, and for reclaiming the abandoned lands. But I object strenuously to the proposal by the gentleman from Michigan to reduce the funding. I think he is asking too much of us as we go forward with our part in the West in meeting the energy demands in this country.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Michigan.

Mr. RUPPE. I thank the gentleman for yielding.

I appreciate the gentleman's comments. I would say no one has worked harder to make this a useful piece of legislation than the gentleman in the well. But I do refer once again to the language on page 205. If anything can be labeled a natural disaster or catastrophic failure, one that can come about from any cause—and that is what the language says—a disaster coming from any cause, pay out the money, and that means the people in my district pay.

Mr. MELCHER. I think the gentleman is well aware that that section does not refer to the first 17½ cents a ton that does go to the States or Indian reservation where the strip mining occurs. But what he is talking about is a provision that would allow for the repair of such as the Buffalo Creek disaster, and I think that is entirely appropriate.

I must remind again the members of the committee that this fund is not just turned loose. Each application must prove its need, must go to the Secretary of the Interior, and then the Secretary allows it within the framework and the guidance we have given him.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Arizona.

Mr. UDALL. I just want to commend the gentleman for his statement. He is exactly right. The Ruppe amendment would be a disaster. It cuts $75 million a year out of this fund and reduces it to the point where none of the States which are now going to get substantial benefits would get enough to get anything done. The people in those States which would be relying heavily on this coal would suffer and the least we can do is to help those States do the kinds of things the gentleman from Ohio (Mr. Hays) was talking about.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I would like to inquire what kind of bill we are dealing with. I thought this was to do with strip mining and the devastation that kind of mining has wrought. On page 205 we find this is not on strip mining alone but it is a socioeconomic bill which is going to take a great deal of money and which has to do with a variety of purposes which have nothing to do with strip mining. This has to do with the acquisition and reclamation of abandoned unreclaimed mined land. What we are going to do here has to do with persons displaced by Government action and that could be persons displaced by Government action in a field other than mining.

Mr. MELCHER. I thank the gentlewoman for her remarks. The bill has many facets and it is attempting to satisfy the needs of the country which have to do with mining and energy development.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. Dent).

Mr. DENT. Mr. Chairman, I would like to warn the House that one of these days, very shortly, I am going to bring to the floor a piece of legislation which will have a great deal to do with this particular piece of legislation we are working on today. A few years ago this House voted on a bill that I sponsored for about 7 years to pay black lung disease compensation. I promised the House that at the right time when we have achieved a certain goal in that particular planning, I would come before the House with legislation to put the cost of the black lung compensation onto the coal mining industry.

I have succeeded, as a result of talking with the industry and I have gotten the help of other Members in talking to the mining fraternity, and we now have an agreement between all the large strip miners and the independent miners and the mine operators of America to accept that burden.

The western miners are going to be paying into that fund the same as the eastern miners. The western miners will have little or no obligation for the black lung compensation. I do not like to see us get into a position here of putting such a burden on that that the mining people would have enough argument against our putting onto the coal miners the cost of the black lung program. We have paid out of the Treasury some $3 billion to take care of a problem they could not handle because we could not trace the black lung, so I ask that we keep the rates somewhere near what the committee has brought out and which the miners accepted and agreed to when they knew what was in the bill. If we go out of line now they may not agree to that.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. MYERS).

Mr. MYERS of Pennsylvania. Mr. Chairman, the gentleman from Ohio indicates that coal companies have enjoyed extremely large increases in profit recently, I can agree with that. I think we all agree in criticizing the rapid increases in cost of coal and the profits which are being reaped only because the price of oil increased. But we have to recognize that the objective in the near future is to expand the production of coal, and if that happens the price of coal is going to be coming down because the supply will be going up. What pushed the coal price up and pushed the operators profits down for extracting this coal was the limited supply of coal. As supplies increase and the prices decrease the effect of this tax is going to increase. Even if initially this tax is absorbed by the coal companies the tendency to pass it on to the customers will increase with these falling coal prices.

For that reason I would ask we exercise some reservations about increasing this tax above the level the Committee has suggested. It stands to reason they have done some work here. I do not agree with all the Committee has presented but we cannot lose sight of the fact that what we are doing in the Congress is hopefully going to have a significant effect of increasing the availability of coal and that will increase the probability of greater and greater costs to the consumer.

(By unanimous consent Mr. SYMMS yielded his time to Mr. STEIGER of Arizona.)

Mr. STEIGER of Arizona. Mr. Chairman, on this very important debate with regard to how much we are going to assess surface miners in order to repair the sins of the past, I think we ought to recognize one small voice of reason or note of reason that ought to be included among the rhetoric. I doubt if it will be considered very carefully and certainly it will not be read by anybody; but at least we will have the satisfaction of knowing that at one time the facts were displayed before us for our consideration.

The gentleman from Michigan (Mr. RUPPE) has made an eminently rational suggestion. He said that we really do not have any idea of what rate we will need to repair these orphan lands. I agree, we should repair them, and he said, and this is of interest to the people back home, that this bill is going to place an onerous burden on the people as it is. Let us make that burden as light as the need demands.

It seems to me we cannot in any good conscience oppose the amendment of the gentleman from Michigan, because it is moderation personified. Had I been given the opportunity the gentleman was given, I would have struck the reclamation fund entirely, because I am convinced that, as pointed out by the gentlelady from New Jersey (Mrs. FENWICK) and several others, especially the gentleman from Michigan (Mr. RUPPE), that this is not basically a reclamation fund. This is a bucketful of goodies for everybody who has not been included in some heretofore glorious enterprise associated with this bill.

This will not only permit natural disaster repairs in States other than surface mining, this will permit the expenditure for the rehabilitation of alcoholics, that alcoholism brought on by the stress of having new industry in the area.

I think we will all agree that is a very worthy situation, but one that the electrical consumers across this country can hardly bear. So it seems to me we do a great disservice to our constituency if we do not support the amendment of the gentleman from Michigan; but more important than that, we do more harm to the concept, because the concept has been destroyed by the addition of the boatload of goodies we have already included in it.

If there is a delay in the reclamation of the orphan lands that the gentleman from Ohio (Mr. HAYS) referred to so dramatically, the 80-foot-high walls left in this area, if there is a delay in the repair of that, it is not because this fund is not being contributed to at a fast enough rate, it is because there are so many other goodies chewing away at the fund that it is impossible to accomplish the original mission.

So do not be persuaded by the very excellent rhetoric that would repair damage that 99 percent of us have not seen or heard of. Do recall that we all have to defend our constituents that are concerned about their electric bills.

The CHAIRMAN. The time of the gentleman from Arizona has expired.

(By unanimous consent Mr. RUPPE yielded his time to Mr. STEIGER of Arizona.)

Mr. STEIGER of Arizona. I thank the Chair and I would hope that we recognize that it is a perfectly responsible position to tell both those that are talking about reclaiming abandoned land, orphan lands and destroyed lands, as well as the constituent who is concerned about his electric utility bill. We can serve both those unlikely masters at the same time by supporting the amendment of the gentleman from Michigan.

In the faint hope that this is understood by all those here who represent but a fraction of those who are voting, we at least here have the satisfaction of having opted for both these very attractive options.

I, in turn, would like to return the unused portion of the gentleman's time.

Mr. RUPPE. Mr. Chairman, I want to compliment the gentleman in the well for his statement, and point out that the language in the legislation suggests that we can use the moneys to fight any natural disasters around the United States.

I would simply like to point out that I do not believe the individual consumer in my district, when he goes at the end of the month to pay his utility bill, would like to know that we are giving a portion of that bill to combating natural disasters of unknown nature in some other part of the United States.

Mr. UDALL. Mr. Chairman, I want to get some legislative history very clear. This language on page 205 which my friend from Michigan refers to about natural disasters or catastrophic failure was written in there because of the Buffalo Creek incident. Here was a mine tailings impoundment which broke and where miners and other people were lost.

In this fund we are simply trying to provide limited assistance to effect natural disasters which impact the coal mine industry, and not disasters that have no relation to the industry. I think the language says that. If it does not, I want to make it very clear that it does. That is the intent and purpose of it.

Let me make it clear that the committee has been up and down the lot. We had at one time $2.50 and finally ended up with 35 cents on surface and 10 cents underground. The gentleman from Ohio (Mr. SEIBERLING) wants to change the 35 cents to 50 cents. The gentleman from Michigan wants to cut the 35 cents to 10 cents. Both of them ought to be defeated.

We will have a good, adequate abandoned mines fund if we take the committee's position of 35 cents, which is three and a half times on the surface mined coal what we are putting on underground mined coal. This will give us some $130 million a year. We can do both reclamation on abandoned lands and cleaning up water in the East and take care of the impact in Montana and some of those other areas.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, if the gentleman from Michigan had some abandoned lands in this State and if he were closer geographically to the terrible desert areas that have been created by bad mining practices, he might feel differently about this.

I think it is good that we are debating this on St. Patrick's Day, because what we are talking about is the re-greening of great areas of America.

I just want to talk about the cost. In 1967, the average price of bituminous coal, as shown on page 75 of the committee report, was $4.62 per ton. In 1974, it was $15 per ton. That is a price increase of more than three times. Yet the cost of coal production did not go up anywhere near that much. So, I submit that if we add 50 cents per ton to the cost of mining coal, we are unlikely to affect at all the price of coal to the consumer. There is that much cushion in the coal price.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. RUPPE), as a substitute for the amendment offered by the gentleman from Ohio (Mr. SEIBERLING).

The amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. SEIBERLING).

The question was taken; and on a division (demanded by Mr. SEIBERLING) there there—ayes 19; noes 44.

Mr. SEIBERLING. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. M'DADE

Mr. McDADE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McDADE: Section 401 of the Committee amendment in the nature of a substitute is amended as follows:

Page 193, strike out lines 20 through 21 and insert in lieu thereof the following:

"(3) appropriations made to the fund, or amounts credited to the fund, under subsection (d)."

Page 193, beginning on line 24, strike out "and enforcement and collection of the fee as specified in subsection (d)."

Page 194, strike out line 9 and all that follows down through and including line 2 on page 195 and insert in lieu thereof the following:

"(d) (1) In addition to the amounts deposited in the fund as specified in paragraphs (1) and (2) of subsection (b) there are authorized to be appropriated annually to the fund out of any money in the Treasury not otherwise appropriated, such amounts as are necessary to make the income of the fund not less than $200,000,000 for the fiscal year ending June 30, 1975, and for each fiscal year thereafter.

"(2) To the extent that any such sums so appropriated are not sufficient to make the total annual income of the fund amount to $200,000,000 for each of such fiscal years, as provided in paragraph (1), an amount sufficient to cover the remainder thereof shall be credited to the fund from revenues due and payable to the United States for deposit in the Treasury as miscellaneous receipts under the Outer Continental Shelf Lands Act. Moneys covered into the fund under this paragraph shall remain in the fund until appropriated by the Congress to carry out the purposes of this title."

Mr. McDADE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. McDADE. Mr. Chairman, this is an amendment which I offered when this bill was before the House last summer, and the House adopted it. I am asking the Members to do the same thing today.

The Members have heard before us today discussions about the level of taxes that ought to be imposed, upon the use of coal in this country, taxes which I submit to the Members will end up one place, on your consumers, on the consumers of this Nation. Sixty percent of the electric power in this Nation is generated by coal, and in many districts in this Nation there are those who still use coal to home heat, to space heat. They are among the lowest income groups in this Nation. Many live exclusively on fixed income.

If the Members let this tax that is in this bill go through, you are going to tax that group not once but twice, once when they buy their electricity and again when they heat their homes. You are going to impose a consumer tax on a class of people, not all of the people, but a class of people in this great Nation of ours.

That, to me, is fundamentally unjust, especially when there is a viable alternative around.

And what is that alternative? The words "energy crisis" have been used here many times today. As a result of that energy crisis, our Nation finds itself exploring for oil in the public lands owned by the people of this Nation, auctioning, if you will, the right to drill for oil on publicly owned lands in the Gulf of Mexico and, indeed, in other places. That single activity generates to the Treasury of the United States in this fiscal year almost $7 billion—$7 billion—and all I want the Members to do in this bill is to say "No" on a tax on consumers, not to put a double tax on some consumers. Let us simply earmark part of those OCS funds, a small part, my colleagues, representing about 2 percent of total receipts.

As I mentioned to the Members, the flow to the Treasury is $7 billion. All I am asking the Members to do is to earmark $200 million.

You have already heard the reclamation fund described by many as not adequate, as being scaled back, as a retreat from the funding level of last year's bill.

Let us make it adequate, let us make it $200 million a year and get on with the task of doing it.

Some will argue to us, "Don't worry about it. You won't really feel this tax. Your consumers won't hear about it. It is a small tax on electricity and coal, and they won't really know it is there."

Mr. Chairman, I will ask the Members to read the committee report, because the amount of dollars that is being committed under this bill and under this tax approximates $10 billion taken from that narrow class of consumers and, I submit to my colleagues, that they are already heavily overburdened by energy costs in this country.

This is a chance to do something to stop the increase in prices of energy to our consumers and do it in a way that will let us treat it as a national obligation of the people of this country.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. McDADE. I yield to my friend, the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, I thank the gentleman for yielding.

I appreciate the gentleman's efforts in bringing up this amendment this year. I supported him last year, and I shall support him this year.

I think the amendment makes all kinds of sense from two standpoints: No. 1, it is my impression—and in this I share the opinion of the gentleman in the well, the gentleman from Pennsylvania—that this amendment would probably increase the size of the fund we are talking about.

Mr. McDADE. Mr. Chairman, I will say to my colleague that it will put this fund at $200 million per year. The fund that has been spoken of now has been scaled back by the committee, and there are arguments about how much of a tax to put on the consumer. It is a difficult question.

In this way we do not put that tax on, but we put this fund at $200 million a year and get it operating at that level.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield further?

Mr. McDADE. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, one additional reason I support the gentleman's amendment is, not only for the reasons he argued, but also for the reason that it provides a definite sum available that can be counted on. We do not know how big the fund is going to be under the bill.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. McDADE) has expired.

(On request of Mr. EVANS of Colorado and by unanimous consent, Mr. McDADE was allowed to proceed for 2 additional minutes.)

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield further?

Mr. McDADE. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. So Mr. Chairman, I am glad the gentleman has proposed this amendment. It gets away from the taxing of the people such as is contained in the bill and as described.

Mr. McDADE. Mr. Chairman, I thank my colleague for his remarks.

I wish to point out to my colleagues in the House that we have precedents for this. My colleague, the gentleman from Colorado, and I sit on the Appropriations Committee for the Department of the Interior now, and we administer the only lien that exists in the Federal Government against that $7 billion that goes into the Treasury as a miscellaneous receipt. That is the Land and Water Fund.

My colleague, the gentleman from

Colorado, and I have seen it work effectively. We all know of it. It is one of the fine programs this Congress has enacted. It works, and it has a stable fund. It is reliable, because we know that the funds will be there.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. McDADE. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I wish to associate myself with the gentleman's remarks, and I support the gentleman's amendment.

Most important of all, I am glad there is some Member in this body who recognizes that the consumer has a great deal at stake here. The gentleman has addressed that in a most positive fashion.

Furthermore, we recall that he said to the gentleman, with the shadow of a smile, that: Every single utility company is able to pass through the cost of fuels, that cost that occurs in the generation of electrical energy.

Mr. McDADE. Mr. Chairman, almost every utility in the country has a direct passthrough clause. We have seen those rates climbing and climbing.

We, the people of this country, are getting an energy dividend because we are now using the public lands for the production of oil. This is $7 billion in miscellaneous receipts to the country. It is used for any purpose that the Executive sees fit, without any real control.

If we earmark $200 million, if we establish a stable, reliable fund that avoids increasing costs to any consumer, which avoids putting on taxes and avoids, if you will, any tax injustice by hitting one class of consumers and them alone, we can get this job done properly.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. McDADE) has expired.

(On request of Mr. BUCHANAN and by unanimous consent, Mr. McDADE was allowed to proceed for 1 additional minute.)

Mr. BUCHANAN. Mr. Chairman, will the gentleman yield?

Mr. McDADE. I yield to the gentleman from Alabama.

Mr. BUCHANAN. Mr. Chairman, I just want to say to the distinguished gentleman from Pennsylvania that his eloquence has persuaded me, and I shall vote for the amendment.

Mr. McDADE. Mr. Chairman, I thank my colleague most sincerely for his support.

I hope that when it comes time to vote, my colleagues from the 33 States in this Nation which get virtually all their electric power from coal sources will take a look at this and see if there is an alternative to going back home and saying, "Yes, we took 9 billion from you when we have got money coming in the Treasury now under miscellaneous receipts that we can apply to this problem." Let us remove this pox on some of our consumers. Let us earmark a small percentage of the $7 billion now flowing into our Treasury as a miscellaneous receipt. Let us not constantly draw up the cost of energy to the American people.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

The gentleman from Arizona (Mr. STEIGER) was complaining about the rhetoric. Apparently it depends on who is putting out the rhetoric, because we have had mostly rhetoric on this amendment, and I would like to put a few facts in the RECORD.

The facts are, first of all, that there will never be a fuel adjustment clause passthrough unless the price of coal to the electric companies goes up. As I have already stated, the price of coal has risen from $4.62 a ton on an average in 1967 to $15 a ton in 1974.

But let us take a look at the profits of the coal companies. On page 75 of the committee report there are some selected profits from coal companies for the third quarter of 1973 versus the third quarter of 1974. Here the percentage changes.

Pittston had a percentage increase of 787 percent; Westmoreland Coal Co. had a 1,242 percent increase; Consolidation Coal Co. had a 7,860 percent increase; and Island Creek Coal Co. had a 3,690 percent increase.

Unless there is a conspiracy to restrain trade in the coal industry, adding the small additional cost of the reclamation fee to the cost of producing coal, will not increase the price. It will simply take a little slice out of the profits of the coal companies.

Therefore, we are not necessarily adding one dime to the cost to the consumer. We are merely producing a slight windfall profits tax against these astronomical profit increases that the coal companies are experiencing now.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Pennsylvania.

Mr. McDADE. Mr. Chairman, I point out to my colleague, the gentleman from Ohio (Mr. SEIBERLING), that last year he proposed a $2.50 tax, did he not?

Mr. SEIBERLING. I did propose a gross reclamation fee of $2.50 per ton.

Mr. McDADE. That means nothing to the gentleman?

Mr. SEIBERLING. Let me point out that in addition to reclamation of orphan lands, the proposal allowed as a credit against the fee the cost to the coal operator of coal-mine safety, the cost of reclamation, the cost of severance taxes, so that the actual cost to the coal mining company was far, far below $2.50 per ton. It was an effort to help the deep-mining industry in the gentleman's State and elsewhere, by avoiding the competitive imbalance against deep coal mining that was imposed by the present coal-mine safety laws.

Mr. McDADE. I think the way to do it is to let it function in a way that does not add increased costs to the consumer. If the gentleman wants to try to tamper with the market forces between surface and deep-mining in this bill, that is his prerogative, but I do not choose to join in it. What I would do is regulate the industry, and establish a reclamation fund that will protect the consumer and that will avoid the $9 billion costs under these figures.

If the gentleman had his way, the coal tax probably would be $3 or $4 a ton.

Mr. SEIBERLING. If the gentleman will wait a moment, I will reply to that. I simply would like to point out that all he does is take the cost away from the coal industry and sock the taxpayers for it. If one takes $200 million out of the offshore oil revenues, he will be simply taking that much revenue away from the Federal Government which must be made up either by taxes or deficit financing.

Mr. MELCHER. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Montana.

Mr. MELCHER. Mr. Chairman, I would like to say that again we are getting to a proposition that says that there will not be any funds for impact in the West as we strip the coal out in our States.

The gentleman from Pennsylvania offers us a formula to arrive at some funds for reclaiming abandoned and orphaned land, but in doing so, he knocked out the basis that is carefully worked out in the bill to allow one-half of the 35-cent-a-ton fee collected by strip mining to remain in the area where it is mined—for a State or an Indian reservation—to meet the social impacts and to remain in those areas for needs such as roads, schools, and health care and any other facilities that are necessary for promoting the public good.

I therefore have to very vigorously oppose the gentleman's amendment. Mr. Chairman, I urge that the House defeat the amendment.

Mr. UDALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous-consent request was made will be recognized for 1 minute each.

The Chair recognizes the gentleman from Utah (Mr. McKAY).

(By unanimous consent, Mr. McKAY yielded his time to Mr. UDALL.)

The CHAIRMAN. The Chair recognizes the gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Chairman, I think it is important to point out that the amendment offered by our colleague, the gentleman from Pennsylvania, is a consumer-oriented amendment. At the same time, it is totally cognizant of the need for conservation in this country.

It provides funds for reclaiming old, abandoned strip mined lands, but it does not do it at the expense of the consumer who is already too heavily overburdened, and it does not do it at the expense of urging people to use more coal, which is an abundant energy source in this country, and away from using the oil and the natural gas that we do not have in abundance.

Why, at a time of crisis when the Congress is beginning to move itself to solve the energy shortage, and we are telling people to burn more of the fuel that we have, do we want to tax that fuel and, in effect, by the taxing vehicle dissuade people from burning the coal which is our main source of energy?

Because it helps resolve the shift from foreign oil, this is a consumer oriented amendment, and I hope the House will support the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey (Mr. Hughes).

Mr. HUGHES. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Pennsylvania (Mr. McDade).

Mr. Chairman, I did not expect to get into a discussion about drilling on the Outer Continental Shelf, but since my colleague, Mr. McDade, has opened the subject up to debate, I would make the following points.

The Supreme Court today ruled in favor of the Federal Government on the question of ownership of mineral rights on the Outer Continental Shelf—the Maine against United States case.

To coastal States and, more particularly, to districts such as New Jersey's Second—which receive billions of dollars a year in tourist trade—the Supreme Court ruling has a clear meaning.

It is that we are going to have to accelerate plans for onshore contingencies to consider adverse onshore economic and environmental impact.

That is why I and other representatives of coastal States have been arguing for a coastal zone impact fund as well as an offshore oil pollution settlements fund to compensate those injured by offshore exploration.

And where are these millions of dollars to come from? From the same tax that the gentleman, with good intentions, wants to divert to reclaim areas damaged by strip mining.

Let us treat these questions one at a time. If we are going to talk about strip mining, let us keep to the subject. If we are prepared to shift the focus to plans for developing the Outer Continental Shelf, I am willing to discuss that. But let us not talk about slapping a tax on future Outer Continental Shelf leasing to pay for strip mine reclamation.

Oil and gas prices are high enough, Mr. Chairman, without further encouraging an additional increase which the passage of this amendment would insure. It is especially difficult to justify in light of the 800-percent profits some coal companies enjoy.

I am sure that my colleagues from neighboring Pennsylvania and I will agree on future bills and amendments. But not this one. Mr. Chairman, I ask that the amendment be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Ketchum).

Mr. KETCHUM. Mr. Chairman, it has been interesting to listen to the debate on this amendment. Let me inform the gentleman that I also will be as parochial as everybody else has been. I watched the parochialism as far as the mining of coal is concerned, and I also watched the parochialism of Montana as far as the economic field is concerned, and also the parochialism from the Dakotas.

So I would ask the gentleman from Pennsylvania (Mr. McDade), why does the gentleman think that we should take these funds from the offshore leasing of oil when we have not offered one penny to any State that has oil lying offshore that is being drilled, for the damage that has been brought on by the offshore drilling?

When we are prepared to do that, then I will be prepared to go along with such an amendment. I think that we should be honest about the damage that has been brought about by strip mining, and that is that this damage was brought about for the benefit of all the people. I think we ought to be honest about it, and that we should take the money out of the general fund, and set up a fixed amount for doing this. But there is absolutely no way that such an amendment would pass.

The CHAIRMAN. The Chair recognizes the gentleman from Colorado (Mr. Evans).

Mr. EVANS of Colorado. Mr. Chairman, due to an oversight, I believe that if the amendment were to pass it would destroy the provision that is already in the bill to hold half of the funds for the beneficial use of all of those areas impacted by the development of various coal deposits. Therefore, with regret, I withdraw my support for the amendment.

PREFERENTIAL MOTION OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

> Mr. Conte moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken.

The CHAIRMAN. The gentleman from Massachusetts is recognized for 5 minutes in support of his preferential motion.

Mr. CONTE. Mr. Chairman, I rise to support the amendment offered by the the gentleman for Pennsylvania.

We do not need a tax on coal. We must reclaim our lands that have been ravaged. But in reclaiming these lands, we should look upon them as an investment. This is why the use of revenues from the sales of offshore lease sales is important.

I say "investing" because we have embarked upon a national commitment to develop our national energy supplies, and coal—our most abundant fossil fuel—is a key to such a comment.

The bill before the House today establishes procedures for the production of coal is an environmentally sound manner. But while we proceed to develop new energy sources, we must not ignore the 1 million acres of abandonded, mine-damaged lands which still scar our country.

While no one disputes the need to make a commitment to reclaim abandoned mine lands, the question is how to fund it. I want to move away from the taxing concept found in H.R. 25. We rejected that concept last year. We said then: "No tax on coal." But here the coal tax is back with us again.

Any tax approach does two things, neither of which we want. First, a tax directly increases the cost of coal to the consumer. Under tax approaches, these consumers are asked to shoulder the burden of 100 years of mining waste. This is not reasonable.

Second, any user charge imposed on, centive. If the House has recognized the expanding need for coal as an energy source, and I believe it has, how can it turn around and slap a disincentive on its production? We do not need such inconsistencies.

The approach of the McDade amendment is simple. It takes the resource dividends we are gaining now through our Outer Continental Shelf lands and returns a small amount of these funds to reclaim the damage done in gaining another energy resource, coal.

The McDade amendment provides for funding the abandonded mine reclamation fund from three sources:

First, the sale, lease, or rental of lands reclaimed pursuant to title IV of the committee bill;

Second, and user charge imposed on, or for, land reclaimed pursuant to title IV of the committee bill, after expenditures for maintance are deducted; and

Third, from up to $200 million appropriated annually from the Outer Continental Shelf receipts.

At the present time, large revenues are accruing to the Federal Treasury from bonus bids and royalties stemming from Outer Contental Shelf lands. These increasing revenues represent our national effort to bring the oil reserves offshore into production.

These funds are plentiful and available. In fiscal year 1974, $6.8 billion was paid into the Federal Treasury. For this year, the revenues may reach $7 billion.

These are resource dollars, and they are general revenues. A small share of these funds is earmarked for the land water conservation fund. We should earmark another small percentage for reclamation of coal lands.

Mr. Chairman, a basic problem with our national energy policy has been a lack of coordination. To pull the Nation out of the energy hole, we must look at the total problem.

Coal cannot and should not be developed independently from other energy efforts.

This amendment is a meaningful step forward in a national strategy to invest our mineral receipts wisely in a program of land reclamation. The concept of an abandoned mine reclamation fund is vital to this bill.

I urge my colleagues to support this amendment.

Mr. UDALL. Mr. Chairman, I rise in opposition to the preferential motion offered by the gentleman from Massachusetts (Mr. Conte).

Mr. Chairman, I am not going to take my 5 minutes. I think we are about ready for a vote on the McDade amendment. I want a bill which will end the assault on our land by coal strip mining and make those practices responsible. I also want an abandoned mines fund, and if the price of getting a strip mining bill is the McDade formula for financing the fund, I would support it, as I did last year.

The hard, cold, practical fact is that we have to go to conference on this bill, and we are not going to get a bill this year, this spring, as I want, if we load it down with this kind of financing that I supported in the bill we had in the last Congress. The Senate made a number of objections, and they are going to be there again. We are going to have to meet them.

One is that these outer continental shelf revenues are not manna from heaven that drops down at the rate of $900 million a year that go into the Federal fund. If they are expended for specific purposes, they are not there for the deficit or to use for other purposes. There is competition for these OCS funds. Right now we drain $400 million a year for the Land and Water Conservation Fund, and I support that, and to the extent we are adding $200 million more, we are competing. And beyond this, and more importantly, the Coastal States are very bitter about this, and it has been already expressed here this afternoon. They say here they have these tremendous impacts from offshore drilling, tremendous impacts on their roads, on their highways, on their schools, and support services, yet they are getting nothing out of these revenues.

Here we are from the coal-production States, coming in and putting a tax on the revenues from offshore oil production in order to repair some of the ravages in the coal-mining States.

And so they are simply not going to be receptive.

The committee did the responsible thing and did the necessary thing by cutting back the fund. We have cut it back from $200 million to about $130 million. The financing is not burdensome and it is not going to drive up the utility costs, or it is not going to cause inflation or do any of the things that have been talked about.

I think the sensible way for the people who want a strip mining bill and who want a good bill that will do something in the next 40 or 50 years about abandoned land is to support the bill and vote down the preferential motion.

The CHAIRMAN. The question is on the preferential motion offered by the gentleman from Massachusetts (Mr. Conte).

The preferential motion was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. Michel).

Mr. MICHEL. Mr. Chairman, legislation such as this Surface Mining Control and Reclamation Act forces us, as policymakers, to make choices, and to come face to face with the fact that we cannot ever hope to achieve all goals which we may feel are desirable.

We would all like to beautify the environment, and there can be no doubt that the existence of strip mines runs counter to that goal. But the use of low-sulfur coal is also in the best interest of a clean environment, and much of that coal comes from strip mines. Is it then in the best interest of the environment to encourage or discourage strip mining? The choice is difficult.

We also have economic and energy goals. We simply must make a better utilization of our coal resources if we are to reduce our dependence on petroleum as an energy source. How does this affect the equation?

And in these difficult economic times, we must be ever watchful of the effects of our actions on employment. In that regard, we must be careful not to cause undue problems for our industries, problems which would tend to further exacerbate their current difficulties, and lead to greater unemployment.

In that regard, I was interested to meet last week with a delegation of officials from the Caterpillar Tractor Co., the largest employer in my district, and a company which has been working diligently to meet its environmental responsibilities. They have prepared a study of the effects of the Clean Air Act of 1970 on their operations, and as much of it bears on our discussion today, I should like to have it appear at the conclusion of my remarks addressed specifically to this amendment.

Mr. Chairman, I support the McDade amendment to abolish the proposed reclamation fee of 35 cents a ton on surfaced-mined coal and 10 cents a ton on deep-mined coal, and to finance the Abandoned Mine Reclamation Fund with $200 million per year from Outer Continental Shelf leasing revenues.

ARGUMENTS IN SUPPORT OF AMENDMENT

First, at a time when we are passing tax reduction legislation in an effort to stimulate the economy, it seems highly inconsistent that we should be talking here about tax increases.

Second, both bodies of Congress passed legislation seeking to prohibit the President's oil import tax, obstensibly because of its inflationary impact, yet the committee now proposes a similar tax on coal.

Third, it is even further incongruous that at the same time Congress rejected a tax on the fuel we are trying to curtail—oil—it is being urged to accept a tax on the one fuel we have in abundance—coal.

Fourth, at a time when many Americans are becoming financially pinched by higher and higher electric bills, it does not make sense to further add to utility bills regardless of what the addition amounts to. If anything, we need movement in the opposite direction.

Fifth, Mo Udall on the floor last year called the McDade amendment a "very innovative proposal" and he added that by this approach, "we do not have to fight the howl of the utility companies and their customers who say they will have to pay for past sins, and we do not have to fight the fight of east against west, and we do not have to fight the fight of deep mines against surface mines."

Sixth, if we need reclamation in the case of abandoned mines, and this is declared as a national policy, which I think it should be, the cost should most properly be borne by the Nation as a whole rather than one particular segment.

Seventh, the committee reports points to the urgency of the problem and cites the total cost of rehabilitation as being in the neighborhood of $10 billion. In this regard, it is important to note that the McDade amendment would provide $200 million a year, compared with only $125 million throughout the committee's proposed fee.

The material referred to follows:

CLEAN AIR ACT OF 1970

BACKGROUND

Prior to 1970, a variety of legislation, both federal and state, sought to clean up the nation's air. Voluntary response was anticipated by most of these laws. By 1970, even though some improvement had been accomplished, government and its agencies had labelled progress as unsatisfactory; industry had moved too slowly. It was about this time, too, that public sentiment, undoubtedly influenced by the social programs of the Johnson Administration, strongly supported stricter regulation of pollution sources. Simultaneously, other developed nations around the world began reassessing the environmental impact of an industrialized society. In some cases; e.g., Japanese waters, it was realized that polluting by one industry could have deleterious effects on another when exceedingly high mercury levels forced curtailment of the country's fishing industry. In general, however, the appeal was for "quality of life" rather than for economic benefit, and a prosperous world economy made prospective costs seem reasonable to legislators. Environmental control became the watchword of the public as long as someone else, mostly "industry," was paying the bill. The fact that the public would ultimately bear the cost was not widely understood.

In 1970, "Clean Air Act" amendments were passed as a response to this pressure. This law requires the Environmental Protection Agency (EPA) to establish national ambient air quality standards specifying the maximum permissible atmospheric levels of specified pollutants. "Primary" standards set an air quality level designed to prevent damage to human health. "Secondary" standards are aimed at protecting the public welfare. (The EPA was formed by combining agencies and units from 15 existing government departments, only four weeks before the Clean Air Act was signed into law. EPA is an independent agency whose head reports directly to the President.)

Major responsibility for enforcing these clean air standards has been assigned to the states. Under the 1970 act, each state was required to develop a federal EPA-approved plan calculated to achieve the primary ambient air quality standards by mid-1975. (The actual date varies slightly from state to state, depending upon when EPA approved the respective plans.) Under each state's plan, limits must be set on emissions of pollutants . . . so that EPA-defined national air quality standards may be achieved. In addition, national (rather than state) emission standards govern twelve categories of *new* stationary sources, and all sources of certain hazardous pollutants (vis., asbestos, beryllium and mercury), motor vehicles and fuels.

Since the Clean Air Act became law, Congress and the EPA have shown at least some flexibility in changing and interpreting the law and regulations to confront altered circumstances. For example, as noted by the Council on Environmental Quality, events of the 1973–74 winter made it clear that "energy policy and air pollution policy are inseparably related." Recognizing this relationship, in late 1973 . . . just five days before the Arab oil embargo . . . EPA instituted a short-term variance procedure for certain states heavily dependent on imported oil for the generation of electricity.

The agency also identified power plants that could convert to coal with less environmental risk. Later the Congress passed the "Energy Supply and Environmental Coordination Act of 1974" . . . also in response to the energy crisis. This act encourages the use of coal and the development of coal mines and prohibits some industrial use of natural gas or petroleum products for generation of power. In addition, it requires the EPA to review all state emission regulations to determine if they are stricter than necessary, as compared to the ambient air standards.

Environmental concerns over the burning of coal is caused in part by the sulfur dioxide (SO_2) emissions. A recently completed study by the Department of Health, Education and Welfare, as reported by the National Institute of Environmental Health Sciences, emphasized that SO_2 alone is of relatively low toxicity. The study suggested that danger to health arises when SO_2 is converted into sulfates or sulfuric acid . . . and that this conversion is caused by sunlight, photochemical oxidants, or the catalytic effect of certain particulates in the air. The study concluded by stating "that since these processes are not fully understood, and since epidemiological studies of health effects are still incomplete, that further scientific information will be required to either validate the present standards or justify alteration in these standards."

CURRENT PROBLEMS

As the mid-1975 deadline for emission standards nears, it has become apparent that numerous sources around the country will be unable to comply with EPA standards. Two factors are the key elements here: a shortage of clean fuel and non-availability in merchantable quantities of flue gas desulfurization systems (commonly labelled "scrubbers").

Termed the "clean fuel deficit," authorities proclaim that there is an insufficient supply of low sulfur coal for all sources to meet 1975 standards without use of scrubbers, intermittent control systems, or other forms of direct control of atmospheric SO_2 levels. The clean fuel deficit is estimated by EPA and others at 200 to 250 million tons this year alone . . . or roughly the same amount as the supply of "clean" coal presently being mined.

At the same time, energy self-sufficiency, an avowed national goal, dictates that coal production will have to be increased markedly in the next few years. The National Coal Association estimates that over 250 additional mines will be needed . . . with 125,000 new miners, four new 1,000-mile slurry pipelines, 8,000 new locomotives and 150,000 new gondola, hopper cars and many miles of track rebuilding. Obviously, coal from these new mines, in many cases being located in isolated parts of the country, is going to be more expensive than much of that presently being used.

Even if the Congress and the Administration were today to resolve their differences over regulation of stripmining of government-owned lands in the West, mines could not be developed to meet the national requirements in time. And no one who has witnessed the fiasco that large-scale grain movements made of our national transport system in the last few years seriously believes that we are logistically prepared to move the low sulfur coal once it is mined.

The "clean fuel deficit" could be considerably eased, although possibly not eliminated, by the use of scrubbers. Major coal burners (primarily electric utilities) contend that scrubbers are not technologically advanced enough to do the job. Putting aside this contention, however, the fact remains that even if the technology exists, there simply aren't enough scrubbers to go around. The Council on Environmental Quality, in its *Fifth Annual Report*, has pointed out "the impossibility of having stack gas cleaning technology fully operational in more than a few of the powerplants requiring major SO_2 reduction" until after the deadlines imposed by the Clean Air Act have passed. There is also concern over disposal of the sludge created by current scrubber chemical processes.

A more basic solution would be to effect controls only where needed. The designation by EPA of many areas of the country as having sulfur dioxide and particulate levels above primary standard levels was on the basis of information of debatable value. Adequate monitored data was not available. Substantial amounts of reliable data have been accumulated since the original EPA rulings. Where it can be irrefutably shown that controls are not required, the implementation rules should be amended. Should this occur, relaxation could be more widespread than might be expected.

Acknowledging the conflict between energy conservation objectives (use more coal) and Clean Air Act mid-1975 deadline, President Ford, in his State of the Union message, and the more detailed January 30, 1975 amendatory proposal to Congress, called for allowing use of intermittent controls and other methods up to 1985 for limited sources . . . in order to allow time to achieve technological development that would result in energy-self-sufficiency and a wholesome environment. His proposal, however, left the bulk of sulfur dioxide and particulate sources without a solution to this compliance problem.

President Ford has also asked the Congress for an amendment to clear up a second major problem of the Clean Air Act: the "non-degradation" and "significant deterioration" issue. Briefly stated, courts have interpreted the law to mean that states having regions with air cleaner than secondary ambient air quality standards may not allow significant deterioration of the air. Court battles continue over the issue of definition. It is easy to see that literal interpretation of the act could render whole states unavailable for significant industrial development. If the present rules and regulations promulgated by the EPA as a result of the court order to assure non-degradation remain in force, then the Clean Air Act may determine where plants are built, where highways are built, and even where parking lots are built . . . and how large they will be. Lack of resolution of this issue will certainly affect delay investment decisions. Congress has—perhaps inadvertently—created a national land-use bill.

Caterpillar products are also affected. As a builder of diesel truck engines, we are required to obtain certification of engines for sale in new, heavy duty motor vehicles. At first the EPA regulations covered smoke only. Since January 1, 1974, regulations have also included gaseous emissions.

Besides obtaining and keeping valid certificates to cover the engine families sold, a manufacturer has to practice and keep records of his quality control measures to convince the EPA that engines shipped remain in all material respects the same as the prototypes tested. Further, there is a useful life requirement that an engine comply with the regulations for 100,000 miles, 5 years, or 3000 hours, whichever first occurs, providing that the engine receives the manufacturer's recommended maintenance.

As time goes on there is an increase in complexity and cost of certification.

EPA is also considering the classification of reciprocating engines used in stationary applications as a source requiring air pollution control . . . even though preliminary evidence shows the total emissions of various oxides of nitrogen to be only about 1½% of the U.S, total. If adopted, it will require the application of "best emission control technology available" to millions of engines. Under consideration are very small gasoline engines, such as those powering lawn mowers, on up to large power plant size Caterpillar diesels.

Once EPA has decided that engines of this sort constitute a stationary source pollution category, no consideration will be given to their geographic location or to their impact on local air quality.

The regulations will affect the user directly, but since he has no way of demonstrating compliance, it is anticipated that the burden will fall on the manufacturer. Costs cannot be accurately predicted without knowing what emission limits will be applied and what procedures will be required for demonstrating compliance. However, the costs are expected to far outweigh the emission reduction benefits.

ECONOMIC IMPACT

Complicating all of these factors is the heavy, "non-productive," investment required to comply with EPA guidelines. Senator Proxmire recently called attention to estimates of 1972–1981 pollution control expenditures of $274 billion. The Council on Environmental Quality estimate for the 1973–1982 period is $325 billion . . . of which $142 billion, or 44 percent, is accounted for by capital investment and operation/maintenance of air pollution abatement. But the environmentalists argue that the costs of *not* controlling air pollution are also high. EPA, for example, argues that over $6 billion a year is incurred in sickness, lost time, medical bills and premature death . . . all as a result of air pollution. Adding in an estimated $0.1 billion annual impact on crops and vegetation, and $10 billion annually for damage to materials and residential property, results in an estimated cost of not abating polluted air at just over $16 billion annually. In addition, EPA argues that environmental investment is "productive" in that thousands of new jobs will be created to resolve our problems. Many authoritative analysis regard the EPA arguments as oversimplified. They point to a recent EPA-commissioned analysis (by Chase Econometrics) which forecasts a reduced annual investment in productive plant and equipment of almost forty cents for every dollar spent on pollution control.

IMPACT ON CATERPILLAR

Caterpillar operates several coal-burning heating plants. Illinois plants burn local coal . . . which has a moderately high sulfur content (2.5–3.5%). A prototype flue gas desulfurization system (scrubber) was recently placed in operation at Joliet, and installation of another system is under way at Mossville. Also, scrubbers require large crews to operate around the clock, use great quantities of chemicals and produce tons of sludge each day.

These systems have not been fully tested nor are units of this type available in merchantable quantities to meet the present market demand. Unless the act is amended to clarify the state's right to **grant vari-**

ances beyond the mid-1975 deadline, three Caterpillar Illinois plans will be among those whose continued operation will be in question. This problem is complicated by the fact that it takes nearly three years to design, construct and place SO_2 removal systems in service once the criteria for design has been established.

CATERPILLAR POSITION

Caterpillar has long supported efforts to improve and protect the environment in which we live and work. Prototype scrubbers at Joliet and Mossville are among the first in the nation, but it remains to be determined whether they will be effective and the best system for removal of SO_2. Caterpillar, being among the first scrubber users, will install them at our other plants which utilize high sulfur coal, or alternatively use the preferred method (if other than scrubbers) as soon as such determination is made.

Due to the problems with this legislation as it is now written (inflexible mid-1975 deadline, lack of recognition of control methods . . . other than scrubbers, and the nondegradation issue) Caterpillar believes the only realistic alternative is amendment of the Clear Air Act. We generally support the principles set forth in President Ford's proposals. We favor an amendment that would permit each state to grant variances — with variances requiring a source-by-source commitment to an "affirmative action" type compliance plan, with attainment of emission control standards by the earliest possible date . . . with a mid-1985 absolute deadline. Under present law we have reluctantly adopted the scrubber concept in the absence of any other acceptable control methods for our application. We will seek flexibility in the law to allow whatever type of control system is best suited (on a case-by-case basis) to satisfy the primary and secondary ambient air quality standards. We also believe that any requirement of air quality more stringent than primary and secondary standards (except for a few pristine areas that have nationally recognized public value) is indefensible, and that the "significant deterioration" issue should be resolved by so amending the Act.

Caterpillar is working with state and federal government in order to bring about these necessary changes . . . and in a way that will most practically contribute to achievement of our national environmental objectives.—**Public Affairs Department.**

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, we have heard some more rhetoric about how this is going to add to the costs of the consumers. I will simply cite the facts in the committee report which I have already alluded to, to show that the tremendous escalation of the price in coal in the last few years is such that if we do have a free market in coal—and I must say there is some doubt whether we do—then this is not going to add to the cost to the consumers. This will be in the form of a reduction of the windfall profits that the coal companies are presently earning.

The CHAIRMAN. The Chair recognizes the gentleman from Montana (Mr. MELCHER).

Mr. MELCHER. Mr. Chairman, I would remind the Committee that we have worked out a bill which says half the funds collected from the 35-cents-per-ton fee on strip mined coal are to be returned to the States and Indian reservations for the social impact and to meet the needs of the people who are involved in the mining and energy development. It is very necessary that we have that. The McDade amendment unfortunately would eliminate that provision from the bill, so I must vigorously oppose the amendment.

Mr. EILBERG. Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from Pennsylvania (Mr. McDADE).

This amendment is predicated on a belief that the public at large rather than the coal industry should be responsible for meeting the cost of restoring land which has been despoiled by strip mining. First of all, I do not believe that this is a valid proposition, and second, there is no logical reason why OCS revenues should be used for this purpose.

In addition, I should bring to my colleagues' attention the fact that there are several conflicting views as to the proper recipients of revenues derived from the development of the Outer Continental Shelf.

For example, some have suggested that OCS revenues be reserved for the environmental impacts caused by the accelerated leasing program recently announced by the administration. Others have recommended that OCS revenues be shared with adjacent coastal States which are most seriously and directly affected by OCS development. In addition, my Subcommittee on Immigration, Citizenship, and International Law has pending before it H.R. 4920 and H.R. 376, which would share a portion of OCS revenues with adjacent coastal States while the remaining revenues would be placed into a Marine Resources Conservation and Development Funds.

Finally, our Government during the current negotiations on the law of the sea has proposed that the United States would share certain revenues derived from oil and gas production on the shelf with the international community. It is, therefore, possible that approval of this amendment today could have an undesirable effect on our current LOS negotiations and may somewhat limit our ability to achieve an acceptable international agreement in Geneva.

All of these competing claims must be considered in detail prior to determining the purposes for which OCS revenues will be used.

Consequently, I believed this amendment is premature in nature, especially since my subcommittee, which has exclusive jurisdiction over the distribution of OCS revenues, intends to hold extensive hearings to resolve these complex issues.

I should also note that the administration is opposed to earmarking OCS revenues for particular purposes and believes that they should continue to be placed in the General Treasury. For example, in commenting on H.R. 9132, the Department of the Interior stated—

> The practice of earmarking budget receipts for certain expenditures is not consistent with sound budgetary practice, since it introduces unnecessary inflexibility into the budget process.

For these reasons I urge my colleagues to defeat the amendment offered by the gentleman from Pennsylvania (Mr. McDADE).

The CHAIRMAN. The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. McDADE).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. McDADE. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 140, noes 250, not voting 42, as follows:

[Roll No. 55]

AYES—140

Abdnor
Andrews, N. Dak.
Ashbrook
Barrett
Bauman
Beard, Tenn.
Bennett
Bevill
Biester
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Butler
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Conable
Conte
Coughlin
Crane
Daniel, Robert W., Jr.
Dent
Derrick
Devine
Dickinson
Downing
Duncan, Tenn.
Early
Erlenborn
Esch
Eshleman
Findley
Fish
Flood
Flowers
Flynt
Forsythe
Gaydos
Ginn
Goldwater
Goodling
Grassley
Guyer
Hagedorn
Hammerschmidt
Hansen
Harsha
Hastings
Heckler, Mass.
Hillis
Hinshaw
Holt
Horton
Hutchinson
Hyde
Ichord
Jeffords
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Kasten
Latta
Lent
McClory
McCloskey
McDade
McDonald
McEwen
McKinney
Madigan
Martin
Mathis
Michel
Miller, Ohio
Mitchell, N.Y.
Mollohan
Montgomery
Moorhead, Calif.
Morgan
Mosher
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Nichols
Nix
Ottinger
Perkins
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Robinson
Rooney
Rousselot
Ruppe
Santini
Satterfield
Schneebeli
Schulze
Shriver
Shuster
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Steiger, Ariz.
Stephens
Stratton
Stuckey
Symms
Talcott
Taylor, Mo.
Thornton
Treen
Vander Jagt
Walsh
Wampler
Whalen
Whitehurst
Whitten
Wilson, Bob
Winn
Wydler
Yatron
Young, Alaska

NOES—250

Abzug
Adams
Ambro
Anderson, Calif.
Anderson, Ill.
Annunzio
Archer
Armstrong
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bowen
Breaux
Breckinridge
Brodhead
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Chisholm
Clay
Cohen
Collins, Tex.
Conlan
Conyers
Corman
Cornell
Cotter
D'Amours
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis

de la Garza
Delaney
Dellums
Diggs
Dingell
Downey
Drinan
Duncan, Oreg.
du Pont
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
English
Evans, Colo.
Evins, Tenn.
Fascell
Fenwick
Fisher
Fithian
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frenzel
Frey
Fulton
Fuqua
Giaimo
Gibbons
Gonzalez
Gradison
Green
Gude
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harris
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heinz
Helstoski
Henderson
Hicks
Hightower
Holland
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Jacobs
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lott
McCollister
McCormack
McFall
McHugh
McKay
Macdonald
Madden
Maguire
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Moore
Moss
Mottl
Murphy, Ill.
Myers, Pa.
Neal
Nedzi
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Passman
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Pickle
Pike
Poage
Pressler
Preyer
Price
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Roberts
Rodino
Roe
Rogers
Roncalio
Rostenkowski
Roush
Roybal
Runnels
Russo
Ryan
St Germain
Sarasin
Scheuer
Schroeder
Sebelius
Seiberling
Sharp
Shipley
Sikes
Simon
Sisk
Solarz
Spellman
Stark
Steed
Steelman
Stokes
Studds
Sullivan
Symington
Taylor, N.C.
Teague
Thone
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Weaver
White
Wiggins
Wirth
Wright
Wylie
Yates
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—42

Addabbo
Alexander
Andrews, N.C.
Bell
Bergland
Biaggi
Bonker
Brademas
Burgener
Burke, Fla.
Casey
Collins, Ill.
Derwinski
Dodd
Edwards, Ala.
Evans, Ind.
Gilman
Harrington
Hébert
Hefner
Jarman
Landrum
Long, La.
Lujan
Mills
Moorhead, Pa.
O'Brien
Peyser
Risenhoover
Rose
Rosenthal
Sarbanes
Skubitz
Stanton, James V.
Steiger, Wis.
Thompson
Waggonner
Waxman
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Young, Ga.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. REGULA

Mr. REGULA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. REGULA: At page 195, line 2, strike the period at the end of the sentence and add: "; *Provided, however*, That any operator of a coal mining operation who is liable under any law of the United States for payments to any Federal fund for the reclamation of coal-mined land may take as a credit against the amount of such payment due in any year the amount of any reclamation fee or severance tax for abandoned mined lands paid to the State during that year. Such credits shall not exceed one-half of the amount payable to the United States in any year.

"(1) The term 'reclamation fee' includes any fee, license, permit, or other charge for the purpose of reclaiming, rehabilitating, revegetating, reforesting, or otherwise repairing lands eligible under section 403.

"(2) The term 'severance tax' includes any tax, fee, or levy charged for or applied to the extraction or severance of coal from the ground for purposes in section 403.

"(3) Funds credited pursuant to this section shall be considered as part of the funds to be spent in that State by the Secretary as provided in subsection 3(e).

Mr. REGULA. Mr. Chairman, the thrust of this amendment is to achieve what this bill has been billed as, and that is a "State lead bill." The legislation before this body is designed to encourage the States to develop good reclamation practices and if the States fail to do so, the Federal role in reclamation would be expanded.

My amendment proposes to give the States an incentive to accomplish reclamation of orphaned lands on their own.

The basic objective of this amendment is that if a State develops a program of reclamation for orphaned lands, the funds levied by a State in the form of a severance tax or a reclamation fee for that purpose would be deducted from any moneys owed by the mining operators to the Federal Government for the fees provided in this bill.

The objective of my amendment is to encourage the States to levy a modest fee, either by way of a severance tax and/or a reclamation fee, to be used solely for the reclaiming of orphaned lands existing in that State. To insure that the Federal fund would not be fully eroded by this provision, I limit the amount that the operator could charge off for a State tax to not more than one-half of that amount owed under the Federal fee, as provided in this bill.

This gives the State an incentive to do the job of reclamation with a State program. The States should know what would be the best way to reclaim lands within their borders. Certainly it fits in with the concept of land-use planning on the part of the States by encouraging them to develop reclamation programs that fit their particular land-use needs, both in terms of the State and/or the local community.

This amendment would provide a very strong incentive to the States to develop a program in cooperation with the local community for reclaiming orphaned lands and putting the reclaimed lands to a use for the people who live in the locality involved. Absent any program on the part of the State, there would then be a continuing reclamation program by the Federal Government.

I urge the Members to give the States an opportunity, through this amendment, to meet their own reclamation requirements for orphaned lands and to take the lead in these programs.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I would like to ask the gentleman whether there is any guarantee in this amendment that the reclamation fee or severance tax, which would be a credit, will, in fact, be spent within the State for the purposes set forth in this bill; namely, reclamation?

Mr. REGULA. Yes. I worked out the language with the gentleman from Arizona (Mr. UDALL) to insure that any moneys levied by the State would have to be used for reclamation, by putting limiting language, in the amendment. The amendent language says "For purposes in section 403," in essence. If the gentleman will look at section 403 in the bill you will find that this section relates to reclaiming of lands only.

Mr. SEIBERLING. If I understand it, the gentleman's amendment says that it will be credited against the amount of any reclamation fee or severance tax for abandoned mine lands paid to the State during the year.

I would think it ought to say, at least for reclamation of abandoned mine lands "In accordance with the purposes set forth in this title."

Mr. REGULA. In my judgment, the language is limiting enough to assure that any funds that are acquired by a State will be used for the reclamation of orphaned lands. The goal of this amendment is to give them an incentive to take the lead in reclamation of orphaned lands.

Mr. SEIBERLING. Mr. Chairman, I thank the gentleman.

Mr. MELCHER. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from Montana.

Mr. MELCHER. Mr. Chairman, is it the gentleman's intent that since half of the fund collected would remain in the State or Indian reservation to meet social impacts, if a State such as Montana enacts a law on its own to help meet those social impacts, that additional State tax would be used as a credit against the fund?

Mr. REGULA. No. My understanding is that if the State levies a tax for the reclamation of orphaned land, that only would be a credit against the Federal fees provided in the bill.

Mr. MELCHER. Mr. Chairman, I move to strike the requisite number of words.

I just wanted to conclude my thoughts that in reading the language and noting the intent of the gentleman from Ohio, I have no problem in particular with the amendment. However, I would want to state very clearly that if it in any way diluted the amount of the fund that would be available for social impact in areas that are undergoing strip mining or energy development, I would want to have the conference committee address that problem and correct it in conference.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I would be delighted to yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I have spoken to the gentleman from Ohio, and I am inclined to accept his amendment with the understanding that it do exactly what it is intended to do, to bring the States into a larger role, and permitting them to do the reclamation. However, if this amendment has a detrimental impact on the gentleman's State for the purposes provided in title IV, then I would want to correct that in the conference, and I can assure the gentleman from Montana on that.

Mr. MELCHER. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. Regula).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. VIGORITO

Mr. VIGORITO. Mr. Chairman, I offer two amendments, and ask unanimous consent that they be considered en bloc.

The Clerk read as follows:

Amendments offered by Mr. Vigorito: Title IV, section 401(e) page 195, line 9, after the word "titles:" insert: 'after receiving and considering the recommendation of the Governor of that State or head of the governing body of that tribe having jurisdiction over that reservation, as the case may be:".

Title IV, section 405(a) (6), page 204, line 1, insert after the word "Federal," the words, "or State".

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. VIGORITO. Mr. Chairman, the amendments I am offering merely give the Governors of the various States some input into the program of expenditures of the reclamation fund. In the legislation now before us the Secretary of the Interior has authority to spend these funds with 50 percent being spent in the State of origin.

The critical words in this amendment are "receiving" and "considering", which simply insures that the Governors shall submit recommendations and the Secretary will receive and consider these recommendations prior to determining in what manner the funds are to be spent.

Surely reclamation funds must be spent within the guidelines that are already established within the act. Under the amendment, presently under discussion, it will simply give the Governors additional input. The Secretary will retain the final authority as to which project shall be approved.

It is my belief that this amendment is acceptable to the managers of the bill on both sides of the aisle. As a result, I think that this section will contribute to the beneficial and effective use of the reclamation fund.

I have a letter here which I wish to include, from the National Governors' Conference:

Dear Representative Vigorito: The National Governors' Conference supports your amendment to the Surface Mining Control and Reclamation Act of 1975 which would require the Secretary of Interior to consider the recommendations of Governors in the expenditure of revenues in their States from the proposed abandoned coal mine reclamation fund.

It is extremely important that the views of affected Governors be considered to promote the most efficient and effective use of these funds to implement the policies of Congress.

Sincerely,

James L. Martin,
Director, State-Federal Affairs.

Further on the first amendment, as read by the Clerk, the amendment that I am offering would broaden the scope of expertise the Secretary can utilize in preparing specifications for the reclamation of lands. In the legislation under consideration the Secretary is authorized to use the specialized knowledge or expertise of any Federal department or agency, and I think this is fine. It would simply expand the Secretary's sources of information to be utilized when he is preparing specifications for the reclamation of lands. I should emphasize that it is still the Secretary's choice to seek the expertise from whom he wishes.

I should emphasize that it is still the Secretary's choice to seek the expertise from whom he wishes. I believe that the amendment is acceptable to the managers of the bill. The additional source of information about abandoned mine reclamation will be extremely beneficial to a successful reclamation program.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. VIGORITO. I yield to the gentleman from Arizona.

Mr. UDALL. I thank the gentleman for yielding.

Mr. Chairman, we have examined these amendments, and they strengthen the role of the States in the land reclamation process and utilize the input from the Governor and State officials. I think they are good amendments, and I am prepared to support them.

Mr. VIGORITO. I thank the gentleman.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Pennsylvania (Mr. Vigorito).

The amendments were agreed to.

The CHAIRMAN. Are there further amendments to title IV? If not, the Clerk will read.

The Clerk read as follows:

TITLE V—CONTROL OF THE ENVIRONMENTAL IMPACTS OF SURFACE COAL MINING

ENVIRONMENTAL PROTECTION STANDARDS

Sec. 501. Not later than the end of the one-hundred-and-eighty-day period immediately following the date of enactment of this Act, the Secretary shall promulgate and publish in the Federal Register regulations covering a permanent regulatory procedure for surface coal mining and reclamation operations setting mining and reclamation performance standards based on and incorporating the provisions of title V and establishing procedures and requirements for preparation, submission, and approval of State programs and development and implementation of Federal programs under this title. Such regulations shall not be promulgated and published by the Secretary until he has—

(A) published proposed regulations in the Federal Register and afforded interested persons and State and local governments a period of not less than forty-five days after such publication to submit written comments thereon;

(B) obtained the written concurrence of the Administrator of the Environmental Protection Agency with respect to those regulations promulgated under this section which relate to air or water quality standards promulgated under the authority of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1151–1175), and the Clean Air Act, as amended (42 U.S.C. 1857); and

(C) held at least one public hearing on the proposed regulations.

The date, time, and place of any hearing held on the proposed regulations shall be set out in the publication of the proposed regulations. The Secretary shall consider all comments and relevant data presented at such hearing before final promulgation and publication of the regulations.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that title V be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. ROUSSELOT. Mr. Chairman, I object.

Mr. UDALL. Mr. Chairman, I ask unanimous consent that section 501 be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Are there amendments to section 501? If not, the Clerk will read.

The Clerk read as follows:

INITIAL REGULATORY PROCEDURES

Sec. 502. (a) No person shall open or develop any new or previously mined or abandoned site for surface coal mining operations on lands on which such operations are regulated by a State unless such person has obtained a permit from the State regulatory authority.

(b) All surface coal mining operations on lands on which such operations are regulated by the State which commence operations pursuant to a permit issued on or after the date of enactment of this Act shall comply, and such permits shall contain terms requiring compliance with the provisions of subsections 515(b)(2), 515(b)(3), 515(b)(5), 515(b)(10), 515(b)(13), 515(b)(19), and 515(d) of this Act.

(c) On and after one hundred and thirty-five days from the date of enactment of this Act, all surface coal mining operations on lands on which such operations are regulated by a State which are in operation pursuant to a permit issued before the date of enactment of this Act shall comply with the provisions of subsections 515(b)(2), 515(b)(3), 515(b)(5), 515(b)(10), 515(b)(13), 515(b)(19), and 515(d) of this Act, with respect to lands from which overburden and the coal seam being mined have not been removed.

(d) Upon the request of the permit applicant or permittee subsequent to a written finding by the regulatory authority and under the conditions and procedures set forth in subsection 515(c), the regulatory authority may grant variances from the requirement to restore to approximate original contour set forth in subsection 515(b)(3) and 515(d).

(e) Not later than twenty months from the date of enactment of this Act, all operators of surface coal mines in expectation of operating such mines after the date of approval of a State program, or the implementation of a Federal program, shall file an application for a permit with the regulatory authority, such application to cover those lands to be mined after the date of approval of the State program. The regulatory authority shall process such applications and grant or deny a permit within six months after the date of approval of the State program, but in no case later than thirty months from the date of enactment of this Act.

(f) No later than one hundred and thirty-five days from the date of enactment of this Act, the Secretary shall implement a Federal enforcement program which shall remain in effect in each State in which there is surface coal mining until the State program has been approved pursuant to this Act or until a Federal program has been implemented pursuant to this Act. The enforcement program shall—

(1) include inspections of surface coal mine sites which shall be made on a random basis (but at least one inspection for every site every three months), without advance notice to the mine operator and for the purpose of ascertaining compliance with the standards of subsection (b) above. The Secretary shall order any necessary enforcement action to be implemented pursuant to the Federal enforcement provision of this title to correct violations identified at the inspections;

(2) provide that upon receipt of inspection reports indicating that any surface coal mining operation has been found in violation of section (b) above, during not less than two consecutive State inspections or upon receipt by the Secretary of information which would give rise to reasonable belief that such standards are being violated by any surface coal mining operation, the Secretary shall order the immediate inspection of such operation by Federal inspectors and the necessary enforcement actions, if any, to be implemented pursuant to the Federal enforcement provisions of this title. When the Federal inspection results from information provided to the Secretary by any person, the Secretary shall notify such persons when the Federal inspection is proposed to be carried out and such person shall be allowed to accompany the inspector during the inspection;

(3) for purposes of this section, the term "Federal inspector" means personnel of the Office of Surface Mining Reclamation and Enforcement and such additional personnel of the United States Geological Survey, Bureau of Land Management, or of the Mining Enforcement and Safety Administration so designated by the Secretary, or such other personnel of the Forest Service, Soil Conservation Service, or the Agricultural Stabilization and Conservation Service as arranged by appropriate agreement with the Secretary on a reimbursable or other basis;

(4) provide that the State regulatory agency file with the Secretary and with a designated Federal office centrally located in the country or area in which the inspected surface coal mine is located copies of inspection reports made;

(5) provide that moneys authorized by section 714 shall be available to the Secretary prior to the approval of a State program pursuant to this Act to reimburse the States for conducting those inspections in which the standards of this Act are enforced and for the administration of this section.

(g) Following the final disapproval of a State program, and prior to promulgation of a Federal program or a Federal lands program pursuant to this Act, including judicial review of such a program, existing surface coal mining operations may continue surface mining operations pursuant to the provisions of section 502 of this Act.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that section 502 be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Are there amendments to section 502?

AMENDMENT OFFERED BY MRS. SPELLMAN

Mrs. SPELLMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SPELLMAN: Page 210, line 6, strike out "515(b)(19) and 515(d) of this Act." and insert in lieu thereof "and 515(b)(19) of this Act. No such permit shall be issued on or after such date of enactment for surface coal mining operations on a steep slope (as defined in section 515(d)(4)) or on and mountain, ridge, hill or other geographical configuration which contains such a steep slope."

Mr. HECHLER of West Virginia. Mr. Chairman, in view of the importance of this amendment, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. One hundred twenty-one Members are present, a quorum.

The gentlewoman from Maryland is recognized.

Mrs. SPELLMAN. Mr. Chairman, I have an amendment to section 502 at the table which would prevent the granting of any new permits for steep slope operations.

I am offering this amendment on behalf of the people in the State of Maryland and in other mining areas which suffer the disruption caused by surface mining on slopes of 20 degrees or more. My amendment would provide for a 30-month phaseout of surface mining on such steep slopes.

If all the social and environmental costs of steep slope mining were expressed in terms of dollars, the costs would be prohibitive. Successful reclamation of mined land is expensive, if not impossible, far more so than the present bill recognizes. It is no wonder that past reclamation efforts in the United States have been unsuccessful. And being unsuccessful, they leave the open and ugly scars we have come to recognize and associate with strip mining. They tear down the trees, destroy the vegetation and eat up the land. Then they reclaim it by loosely packing back the earth and hoping that something will grow on it. However, where the most strip mining now occurs, in Appalachia, the average annual rainfall is excessive. There is nothing on the reclaimed land to hold the water long enough for it to soak in. The result? Flooding, mud slides, landslides, water pollution, sedimentation, acid drainage. Environmentally, it is a disaster.

Strip mining on slopes over 20 degrees The Stanford Research Institute, in a study done for the West Virginia Legislature, emphasized that when the slope is is considered the most damaging of all. 20 degrees and over, 3 to 5 acres are severely disturbed for every acre mined. When it rains on the steep slopes, the environmental disaster is multiplied. Experience throughout Appalachia has certified that the steep slopes, when disturbed by strip mine activities, are for years subject to sheet erosion, slope failure, and acid drainage from the ground water system.

What many of us tend to forget is that this environmental disaster means human suffering, too. What is it like to live in an area subject to such landslides and water pollution? What is it like to wake up one morning to find that a strip mine has been set up on the hill above your house with no warning? What is it like to find your windows broken, your house shaking and your doors flying open from the shock waves of the blasting that goes on overhead without warning? What is it like to see the vegetation destroyed? What is it like to find your once-clear stream muddied and polluted; unfit to drink? What is it like to invest good money in a water system only to have it sunk by the blasting of the strip mines? People from West Virginia, Virginia, and from my own State of Maryland have told me what it is like. They have described nights of terror when they did not dare sleep during rainstorms because "you never knew when the mud would slide down the mountain at you." They have described their frustration when they tried, with no avail, to get the West Virginia Department of Natural Resources to enforce the reclamation laws already on the books. They have described the anger they feel when they see what strip mining has done to their once-beautiful land.

These lands were once the world's finest hardwood timber producers. Strip mining, even after reclamation, leaves the land in a state unsuitable for timber ground.

In the State of Maryland, the best use of western Maryland land is to support tourism and light industry. Coal mining, per se, does not necessarily threaten those two industries, but coal mining on steep slopes does. Firms are reluctant to locate new plants in steep slope surface-mined areas because of the serious dangers of flooding, the high level of outmigration and the devastated landscape which offers few appealing homesites to workers. Estimates are that the tourist industry is 4 times as large an employer as the strip mine industry, and that recreation value of lands is three times as great as that of the coal that would be stripped.

It is time we stopped this environmental and economic devastation. Since the most damage comes from steep slope mining, let us start there. I am not asking that steep slope mining be stopped overnight. My amendment provides a 30 month phaseout period, time for deep mines to start to take up the slack.

My State of Maryland is now in the process of responding to this economic and environmental devastation. This year there are bills in both the Maryland Senate and House to phase out strip mining of slopes over 20 degrees.

These bills have the support of the Governor and the Maryland Department of Natural Resources. Let me read you part of the recommendations of the Department of Natural Resources as they testified on Maryland House bill 452:

> As of 1973, there were approximately 27 million tons of strippable coal in Maryland; an amount equivalent to one-tenth of the annual national strip mining total . . . . At the present time, the greatest preponderance of strip mining in Maryland is accomplished on slopes having a slope more gentle than 20 degrees. Mining has been permitted in areas where slopes are greater than 20 degrees and have been subject to regulation under Department regulation 8.06.01.11. This regulation requires utilization of the modified block cut method with respect to strip mining on slopes greater than 20 degrees, and only when it has been approved by the Land Reclamation Committee . . . .
>
> The Department has adopted these very strenuous precautions in order to ensure that during the strip mining operations, disturbed areas would be restricted to an absolute minimum. These measures are non-foolproof, and during any storm and various other episodes, both sediment and mining drainage can reach and damage an area of state interest. In weighing the benefits to be gained against the loss of restricting strip mining to a very limited area, we believe the preservation of our limited natural and scenic resources far outweigh our economic losses . . .

What would happen without the steep slope ban? Strip mining on those slopes would continue, and within 15 years all Appalachian Mountain strippable reserves would be exhausted. At that time, a shift to deep mining would be necessary—when the deep mining industry would be very near to the end of its rope. In the past 5 years, over 50 percent of the deep mining operations in existence have closed down; put out of business by the more profitable stripping. If we do not start encouraging deep mines now, will there be enough when we really need them to fill our energy needs 15 years from now? Even the Department of the Interior concluded that an overdependence on strip mining could cause irreparable damages to the underground mining industry.

Massive strip mining is a short term operation, and steep slope stripping is even more so. Eventually the deep mines must be opened and expanded and the deep mine labor force rebuilt and extended. In the final analysis, when one looks at all the figures, one has to recognize the need to guarantee the continued existence of deep mining. The eastern part of the Nation desperately needs the 67.6-billion-ton reserve of deep minable coal in Appalachia, but the recovery of those vast reserves is seriously jeopardized by a rush to strip mining in that region of the country. Not only is it going to spell the economic death of the deep mine industry, but the blasting and other activity on the surface will make deep coal seams technically impossible to mine.

I think it is important to note that the Committee itself quoted the 1973 Senate study entitled "Factors Affecting the Use of Coal in Present and Future Energy Markets," as follows:

> Bench width limits are largely disregarded if the operator finds that the economic limit of mining permits additional cuts. These practices have resulted in continued landslides which occur during mining as well as many years after. A sample study of 190 landslides resulting from strip mines in eastern Kentucky revealed that 86% of the landslides were on slopes of 20 degrees or more, with 54% of the slides being on slopes of 25 degrees or more.

The study goes on to note that Kentucky then experimented with pushing the overburden downslope to prevent landslides.

> Such methods, however, are subject to massive sheet and gully erosion and slumping, especially in the high rainfall regions such as the Appalachian region, and in effect reduce neither the amount of environmental damage nor the number of operator violations.

Even with a model State surface mining statute, Kentucky has found significant violations to State law and regulations by strip mining operators. I include in the RECORD the table printed in the Committee Report that clearly evidences the fact that over 40 percent of the inspections found violations directly affecting steep slopes. These inspections, by the way, are made on a biweekly basis, and include all strip mining operations.

The report concludes:

> The significance . . . is further emphasized when it is recognized that most damages from such violations cannot be remedied . . . This evidence reinforces the concept that certain surface mining practices cannot be regulated satisfactorily, and in these instances the best answer is to prohibit those specific practices.

Mr. Speaker, I believe that the environmental damage and the human suffering caused by steep slope mining mandates a prohibition of such mining. I am proud that Maryland has taken a step in this direction by considering Maryland House bill 452. Since reclamation is such a failure, since we cannot repair the damages done by such contour mining, we must ban it. Again, I point out that any ban should be phased, as my amendment provides, in order to continue some short-term production of coal to meet our energy needs. There is ample deep minable coal and there are sufficient numbers of miners to gradually phase in deep mining as the contour mining is phased out. In the huge western coal fields and the Appalachian area, the amount of low-sulfur coal which is deep minable exceeds surface minable coal by over 7 to 1. Encouraging deep mining now, before it has become economically strangled by strip mining, would insure more adequate supplies of this vital coal resource in the future. Since deep mining requires three times as many miners, we would be spurring employment at a time when so many Americans are unemployed. And, last, such a ban would mean less inspection is required at sites of the mines.

Mr. Speaker, the evidence strongly favors a phase out of strip mining on 20° slopes. I strongly urge the adoption of my amendment.

Mr. TAYLOR of North Carolina. Mr. Chairman, I rise in opposition to the amendment offered by the gentlewoman from Maryland.

Mr. TAYLOR of North Carolina. Mr. Chairman, I rise in opposition to this amendment. I believe the bill includes a regulatory procedure and sufficiently stringent environmental protection standards so that the problems which past and present strip mining have caused in the Appalachian Mountains will be precluded from occurring in the future.

Specifically this bill:

First. Prohibits the dumping of spoil on the downslope. This provision would eliminate landslide problems occurring in the past;

Second. Prohibits leaving high walls; requires complete backfilling from the outside edge of the bench to the top of the high wall. This will eliminate the scars which have resulted from much of the past contour mining;

Third. Imposes strict water and filtration control requirements, thus virtually eliminating the erosion and sedimentation problems; and

Fourth. Provides a procedure to designate areas unsuitable for all or certain types of mining.

In early 1973 the President's Council on Environmental Quality prepared a report which concluded that a ban on steep slope surface mining would result in a reduction in total U.S. coal production by as much as 80 million tons per year, all in the Appalachian area. This 80 million tons is approximately 40 percent of the total production in district 7 and 8, which is the Appalachian area, and is about 13.5 percent of the total 600 million tons produced in the United States during 1974.

This is desirable coal, because most of it is low-sulfur coal. Passage of this amendment will greatly reduce the Nation's supply of low-sulfur coal and will require the substitution of coal of high-sulfur content which will severely increase air pollution problems. I am sure that this is not what the gentlelady from Maryland wants.

In the fall of 1974, with the prospects of a miners' strike and fierce competition among coal buyers, we saw the price of coal soar to $46 a ton. Today prices have eased back to about $19.50 per ton.

The above drastic price fluctuations demonstrate coal's extreme sensitivity to supply reductions in the face of constant demand.

It is quite apparent that a 20-degree slope prohibition would severely restrict the production of coal, especially in Eastern America, and would bring about another round of inflation in coal prices and in consumer electric bills.

Many, perhaps most of the individuals and operators in the coal mining industry are reconciled to the fact that a regulatory bill is coming—a bill which provides meaningful standards. They are anxious to have this issue resolved. If you adopt this amendment to ban mountain mining, it will stir up another wave of opposition against the bill. It will make the bill more objectionable to businesses, industry, and people in need of coal. It could mean the difference in whether or not this bill becomes law this year.

It is important that this legislation be passed without delay so that the industry will know the guidelines and regulations which they will have to meet.

I urge the defeat of this amendment.

Mr. STEIGER of Arizona. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think we have here an excellent example of probably why "Shoemakers, stick to your lasts" is a valid admonition. We have a very attractive and articulate young lady who comes in here, not having had the benefit of committee experience, having been romanced by the environmentalists, apparently, to an extent that the gentlewoman is not even aware of.

Now, the gentlewoman told us that this would only affect 1 percent of the coal mined in the country. Now, that is simply a total obfuscation. As a matter of fact, the gentleman from North Carolina, a member of the committee, pointed out that it is much nearer to 14 percent—and I will give the gentlewoman a chance in a moment, do not worry—what is even more important, it will affect 29 percent of the mines and an untold number of individual workers, as well as individual owner of the small mines.

The real problem is the arbitrariness of the designation. What is really quite offensive to me is that the gentlewoman honestly has no concept of what 20 degrees is, and I am going to demonstrate that to the House.

The gentlewoman is standing on a slope. Would she tell me—and I would be happy to yield to her—that slope here, and let the RECORD show that I point to the ramp leading to the well, would the gentlewoman say that slope was greater or less than 20 degrees? I will yield to the gentlewoman for purposes of answering that question.

Mrs. SPELLMAN. The gentlewoman will answer that if the gentleman——

Mr. STEIGER of Arizona. The gentlewoman has confessed that she does not know.

Mrs. SPELLMAN. The gentlewoman confesses no such thing.

Mr. STEIGER of Arizona. Mr. Chairman, I will give the gentlewoman one more opportunity. Would she advise this body whether the slope she is standing on is greater—and no fudging and no looking around—greater or less than 20 degrees?

Mrs. SPELLMAN. If the gentleman from Arizona would like to know whether or not the gentlewoman from Maryland knows what she is talking about, I refer him to one of the best laws on surface mining which exists in this country. That came about——

Mr. STEIGER of Arizona. I am going to have to interrupt the gentlewoman. It is evident she does not know whether the slope is 20 degrees or not.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. The gentleman will not.

Mr. HAYS of Ohio. I know the answer.

Mrs. SPELLMAN. I, too, know the answer. Anybody in this room knows the slope is not 20 degrees.

Mr. STEIGER of Arizona. I ask, is it greater or less?

Mrs. SPELLMAN. It is less than 20 degrees.

Mr. STEIGER of Arizona. The gentlewoman is willing to stake her reputation on that?

Mrs. SPELLMAN. My reputation is at stake, yes.

Mr. STEIGER of Arizona. The fact is, it is less than 20 degrees, and the fact is that the gentlewoman's hesitancy is exactly the point I am trying to make.

Mrs. SPELLMAN. I have no hesitation in replying to any of the gentleman's statements. The problem is the gentleman refuses to hear the facts.

Mr. STEIGER of Arizona. I am not going to yield any further at this point.

The fact is, as a matter of fact, I think it is 21 degrees, but the fact is a decrease, an arbitrary decrease by legislation is offensive enough, but when it has been discussed and evaluated in committee and rejected, and then brought forth to the floor by someone whose experience really does not justify that bringing forth, that annuls the entire legislative process.

That is exactly my complaint about, not only this amendment, but this bill. The fact is that what the Members should remember, aside from the colloquy we just had—and I hope they will remember it—is that this amendment would wipe out 29 percent of the existing mines, most of them in Appalachia; 51 percent of the Appalachian surface production and 14 percent of the surface mining in this country. It is not the 1 percent the gentlewoman mentioned.

Now, again she is not at fault in that. She accepted somebody else's figures for that. The fact is that surface mined coal accounts for 44 percent of all of the coal that is burned by electric utilities. Sixty-seven percent of the surface-mined coal in this country is used by electric utilities. This arbitrary and unknowing amendment threatens again the consumers' utility bills. Regardless of the fate of it—and frankly, if this amendment were to pass, it would kill the bill, as the gentleman from North Carolina pointed out, because of a veto ——

The CHAIRMAN. The time of the gentleman from Arizona has expired.

Mr. STEIGER of Arizona. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Ms. HOLTZMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. SYMMS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I yield to the gentleman from Arizona (Mr. STEIGER).

Mr. STEIGER of Arizona. Mr. Chairman, I thank the gentleman for yielding to me. I will not take all of his time.

I would advise that this indeed—in spite of my apparent facade of cheerfulness—this is a very serious amendment and would have the opposite results to what the gentlewoman has no intention of doing, to decrease the availability of low sulfur coal, absolutely; and add a tremendous burden on the consumer, absolutely. It would absolutely require a veto. All of these things, I am sure, she is not aware of. They ought to be taken into account.

As a matter of fact, as some Members may have suspected, I am opposed to this bill. I would do virtually anything to see that this bill is not passed, but not this, because this is so destructive of logic and reason and so destructive of what the committee did and what the committee endured, that I would hope without any further ado the committee would reject this amendment, since this is now the multiple eighth time it has been before us; either the subcommittee, the full committee, on the floor or in conference.

So, again the House should understand that the gentlewoman's information is incorrect.

Her basis for her assumption has been given to her by somebody else, and the net result of her amendment would be very different from that than she believes.

I thank the gentleman from Idaho for yielding.

Mr. SYMMS. Mr. Chairman, I would like to say that I associate myself with the remarks of the gentleman from Arizona. After having endured many, many hours of debate by previous speakers, I heard all the way from 26 percent, 33 percent, up to 49 percent of the slopes that it would take to only stop stripping of 1 percent of the Nation's coal.

I do believe the gentlewoman is just in error. I do not impugn her motives by offering the amendment. I think it is a very serious error, and I think the amendment should be voted down.

Mr. WIRTH. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment offered by the gentlewoman from Maryland.

Mr. Chairman, I yield to the gentlewoman.

Mrs. SPELLMAN. Mr. Chairman, I find it interesting that the gentleman from Arizona misunderstood what I was saying. I am speaking of 1 percent of the coal reserves—note the word "reserves"—are in those slopes 20 degrees or more. That is a fact, and I can present the facts for the record.

I might also point out that the 20-degree figure was not dreamed up by me. Note page 264 of the bill, section (4), which reads: "For the purposes of this section, the term 'step slope' is any slope above 20 degrees."

So the committee itself recognized that 20 degrees was the important figure.

I might also point out—and again I need to call attention to the fact—that, for this 1 percent of the reserves, we are disturbing and making it impossible in many cases to mine the deep coal. Rich deposits of coal may never be mined because of the damage that is being caused by blasting.

In my own county, where a great deal of surface mining took place, we spent 3 years bringing about a proper grading ordinance, and so this is one of the areas that I do know something about.

What many of us tend to overlook is the damage that is being caused to people. People suffer. What is it like to live in an area that is subject to those landslides and water pollution? What is it like to wake up in the morning and find a strip mine has been set up on the hill above you with no warning? What is it like to have your windows broken? What is it like to have your house shaking and the doors flying open from the shock waves from the blasting that goes on without warning? What is it like to see the vegetation destroyed? What is it like to find once clear streams now muddy and polluted and unfit to drink? What is it like to invest good money in a water supply, only to have it sunk by the blasting of the strip mines?

People from West Virginia and from Virginia, and some in my own State of Maryland, have told me what it is like. They do not dare sleep during rainstorms because, they said, "You never know when the mud will slide down the mountain at you." They described their frustrations when they tried, with no avail, to get enforcement of reclamation laws that were on the State books. They described the anger they feel when they see what strip mining has done to their once beautiful land.

There is one woman, Alice Fugate, of Virginia, who did not come to talk to me about this. She did not come to talk to me about this because she was killed in one of these landslides. And so we are talking about human misery.

Mr. SEIBERLING. Mr. Chairman, will the gentlewoman yield?

Mrs. SPELLMAN. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I think the gentlewoman has made a distinct contribution to the discussion here today, and she is absolutely right about the terrible damage done by mining on steep slopes. I personally think that the committee bill, if it is enforced, takes care of most of the problems.

But there is one problem it does not take care of, and I intend to offer an appropriate amendment at the right time. It does not prevent the mining of coal seams which can only be worked by deep mining methods. It does not prevent strip mining in such a way as to crack or fracture the rock and thereby make it impossible to get out the deep lying coal.

If we do not do something about that, no matter what we do about steep slopes, we are mortgaging our ability to get out the deep lying coal in the future. That is where most of our coal is.

Mr. Chairman, I commend the gentlewoman for bringing that fact out. Whether or not her amendment succeeds, she has made a valuable contribution in pointing out a serious defect in the bill.

Mrs. SPELLMAN. Mr. Chairman, I am grateful to the gentleman for his comments.

May I point out one other thing about these slopes which I think is enormously important? I heard the gentleman say earlier that these areas can be worked properly and that we can control erosion. Let me tell the Members what the Department of Natural Resources in the State of Maryland has to say about that. They point out that they are using a block cut method with respect to strip mining on slopes which are greater than 20 degrees and this is allowed only when it has been approved by the Land Reclamation Committee. The department has adopted these very strenuous precautions in order to insure that during strip mining operations disrupted areas should be restricted to an area or a slope of less than 20 degrees. But even with such controls, they experience failures.

The CHAIRMAN. The time of the gentlewoman from Maryland (Mrs. SPELLMAN) has expired.

Mr. UDALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. UDALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. BAUMAN. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

MOTION OFFERED BY MR. UDALL

Mr. UDALL. Mr. Chairman, I move that all debate on the pending amendment and all amendments thereto close at 4 o'clock.

The motion was agreed to.

The CHAIRMAN. Members standing at the time the motion was made will be recognized for approximately 50 seconds each.

(By unanimous consent, Messrs. RONCALIO and MIKVA yielded their time to Mrs. SPELLMAN.)

The CHAIRMAN. The Chair recognizes the gentlewoman from Maryland (Mrs. SPELLMAN).

Mrs. SPELLMAN. Mr. Chairman, I was pointing out that the State of Maryland uses every possible precaution, and yet they say this, and I quote:

> These measures are nonfoolproof, and during any storm and various other episodes, both sediment and mining drainage can reach and damage an area of State interest. In weighing the benefits to be gained against the loss of restricting strip mining to a very limited area, we believe the preservation of our limited natural and scenic resources far outweigh our economic losses.

Mr. Chairman, I wish again at this time to call attention to the fact that there is no relationship between the cost of coal and the charges. Profits go up to and have increased over 800 percent for some of these companies in a 1-year period of time.

(By unanimous consent, Mrs. SPELLMAN yielded her time to Mr. SCHEUER.)

The CHAIRMAN. The Chair recognizes the gentleman from New York (Mr. SCHEUER).

(By unanimous consent, Mr. MCKAY yielded his time to Mr. UDALL.)

Mr. SCHEUER. Mr. Chairman, the evidence is perfectly clear that strip mining does add to the hazard of floods, the seriousness of floods and the danger of loss of lives.

A survey done by the U.S. Geological Survey indicated 30,000 tons of silt per square mile discharged from an area that had been strip mined, as against less than 30 tons, one-thousandth as much, per square mile, where no strip mining had taken place.

A University of Tennessee study indicated that we can expect double the flooding in strip mined areas as in non-strip mined areas, and the Geological Service has a third study indicating a factor of three to five as the increase in flooding after strip mining.

It is perfectly clear, Mr. Chairman, that people living in strip mined areas can expect more floods, greater damage, and less time to escape and save their lives.

Mr. Chairman, I note that this amendment is opposed by the National Coal Association. They tell us the defeat of this amendment is essential for the prosperity and well-being of this Nation. To my mind, that is proof positive that this amendment is probably the best thing that could happen, not only to our country, but also to the coal industry itself. We have example after example of industries that not only do not know what is good for the country, but do not know what is good for them.

I remember, Mr. Chairman, when the securities industry in the 1930's fought the Securities Exchange Act and the concept of full disclosure which today provides the very public credibility and acceptance upon which the securities industry relies. I remember when the banking industry opposed the Federal deposit insurance program which they now advertise on the radio daily as a highly desirable consumer protection, which it is now, and was then—when they fought it. Remember when the manufacturing industries bitterly fought the very minimum wage standards nationally that produced a nation of workers across the country able to buy the product of our mass-production, mass-consumption economy. The examples of industry myopia go on and on.

So let it not concern any of us that this amendment is opposed by industry representatives. If history is any judge—that may be the best augery that this legislation is not only in the Nation's best interests, but also is in the best long-term interests of the coal industry itself.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. WAMPLER).

(By unanimous consent, Mr. QUILLEN and Mr. YOUNG of Alaska yielded their time to Mr. WAMPLER.)

Mr. WAMPLER. Mr. Chairman, I rise in opposition to the amendment offered by the gentlewoman from Maryland.

Mr. Chairman, I am certain that the gentlewoman's amendment is designed to improve the environment by removing the so-called ugly scars to our landscape which have been associated with surface mining by the news media and well-meaning environmentalist groups.

Unfortunately, Mr. Chairman, the gentlewoman's amendment would cause more devastating scars on our people than she would cure.

For example, in Virginia alone, her amendment would knock out in one fell swoop more than 100 coal surface mining companies and suppliers, most of them small business operations. The gentlewoman's amendment would also put 2,000 surface miners on the unemployed rolls. Additionally, her amendment would also put 5,000 to 7,500 job-related workers on the public dole. Moreover, and ironically, the gentlewoman's antisurface mining amendment would strip $125 million from Virginia's economy, which feeds directly from the coal surface mining industry.

Mr. Chairman, what the gentlewoman apparently has not taken into consideration is the fact that her amendment knocks Virginia and my congressional district out of the coal surface mining business and also a significant amount of the deep mining. As I explained to the committee on last Friday, of the six counties which produce commercial quantities of surface mined coal in Virginia, all of these counties have average surface mined slopes of 20 degrees or more. Coal surface mining operations range from approximately 20 degrees in Wise County to slightly over 29 degrees in Buchanan County. So in effect, Mr. Chairman, the Spellman amendment's restriction to ban coal surface mining on slopes greater than 20 degrees abolishes the coal surface mining industry in Virginia. The effect would be to bring economic chaos to southwestern Virginia.

I would also like to inform the committee that not only would this amendment abolish coal surface mining in Virginia, but also much of its underground mining would be seriously affected. Much of the underground coal mine industry in Virginia exists only because its high sulfur underground coal can be blended with Virginia's low sulfur, surface-mined coal to meet the stringent sulfur emission standards in our environmental laws. Thus, not only would her amendment create chaotic unemployment problems in Virginia's surface mining industry, but, it would also create a serious unemployment problem in the underground mining industry of Virginia.

Mr. Chairman, this amendment is wrong economically and it is also wrong environmentally.

Surface mining of coal is environmentally feasible at slopes above 20° as the committee bill indicates, with certain environmental restrictions, as long as these standards are met. Moreover, surface mining in Virginia is under strict State legal environmental standards, as it is in many other States.

Mr. Chairman, the Public Works Committee and this Congress have approved legislation for years to build interstate highways all across our Nation. Construction has occurred on cuts and fills way above slopes of 45° and these slopes are commonly seeded and reforested with little or no effect on our environment.

Mr. Chairman, this amendment is another case of environmental overkill—not too much different from the years of delay these same groups caused our country during the Alaskan pipeline debates.

Mr. Chairman, I urge an overwhelming defeat of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Mr. Chairman, first of all I would like to point out that the remarks of the gentleman from Virginia (Mr. WAMPLER) were completely meaningless because the Spellman amendment does not knock out any production in the State of Virginia, or anywhere; it only applies to new permits from now on. It has absolutely nothing to do with the tonnage of present production that the gentleman is talking about.

There are two very clear points on which I am sure everyone would unanimously agree. No. 1: There is more damage on steep slopes from erosion, landslides, instability of the soil, and damage to the people and their property; and, No. 2, the steeper the slope the more expensive it is to patch it up once you strip mine a steep slope.

The whole issue is whether we can take the risk in damage.

Prof. William H. Miernyk, director of the Regional Research Institute at West Virginia University, stated:

> In practice, the law of gravity takes over, and when initial cuts are made on the sides of steeply sloped mountains, the overburden inevitably goes crashing down slope . . . Damage in Appalachia as a result of prior steep-slope surface mining is already expensive. If further stripping on these steep slopes is not banned in a very short time much of central Appalachia will become virtually uninhabitable, and this region will not be able to support other kinds of energy activity.

It is for this reason, Mr. Chairman, that I think the amendment of the gentlewoman from Maryland is reasonable, it is sound, and deserves the support of both sides of the aisle.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland (Mr. BAUMAN).

(By unanimous consent, Messrs. SYMMS and ROUSSELOT yielded their time to Mr. BAUMAN.)

Mr. BAUMAN. Mr. Chairman, I fully understand the concerns which prompt the introduction of this amendment by my colleague, the gentlelady from Maryland. I also know that she feels she has some very impressive backing for this stand as evidenced by the various groups who have endorsed her position. But some of these same people have taken some extreme stands on environmental issues, positions which would seriously harm the consumers of America. This amendment must fall squarely into the category of such extremism.

The concept embodied in this amendment was carefully considered in the committee, of which I am a member, and it was rejected as unrealistic and impractical, as I am sure even the gentleman from Arizona (Mr. UDALL) will agree.

But there is an even more serious problem presented here. If this amendment were accepted by the House, it would affect 19 percent of all the coal produced in this Nation. The resulting decrease in production would lead directly to higher coal prices and a consequent increase in the cost of electricity for every household in America, including those in Maryland. How anyone can support such a boost in electric costs at a time of such high inflation is beyond this Member.

The sponsor of this amendment in the other body was the senior Senator from my State, who also shares a great many views espoused by the gentlewoman from Maryland. The other body rejected this same amendment overwhelmingly by a vote of 28 to 64. This cause has already been lost in the other body. There is no reason why we should add this burden to this legislation today.

The other day when the gentlelady said that she was not a fallen woman in response to the gentleman from Arizona (Mr. STEIGER) who suggested that she would not know a 20-degree slope if she fell down one. That may be so but she has fallen for this amendment, and the rest of us should avoid the same trap.

I hope that the Members will reject the amendment.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I would just like the RECORD to reflect, unfortunately an inaccuracy in the statement of fact of the gentleman from West Virginia in which he says existing mines would not be affected. As the gentleman knows, as the House knows, existing mines will have to come into uniformity and, therefore, they will not be exempt. The gentleman from Virginia who indicated that there would be lost production was correct.

I thank the gentleman for yielding.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Michigan (Mr. RUPPE).

Mr. RUPPE. Mr. Chairman, it seems to me that we are caught up on the question of degrees. I do not think personally it is important whether the slope would be 25 degrees or 15 degrees, or 5 degrees. If we can mine the area and restore the land to its original contour, if we can remove any of the environmental damages that have been associated with strip mining in the past, then it seems to me we should permit mining. If the land cannot be restored, we should preclude the mining of that land, regardless of whether the degrees are 20 or 5.

Many of us think in terms of slides, erosion, and flooding without realizing that in this legislation we have a very definite prohibition against spoil on the downslope, against the placing of any overburden on the downslope side after mining.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I find myself a little uncomfortable in the company of my friends over here, but I really have to oppose this amendment. I oppose it because it violates the central compromise in this bill. The compromise has two sides. One side says, "We are not going to do it the way we used to do it." We are not going to mine coal unless we can reclaim the land and put it back. The other side says, "If we can put the land back, we are going to surface-mine coal."

The bill is tough, but it is tough wherever it is applied. We say on a slope of 20 degrees in addition to all of these tough standards, we have got to meet four more tougher standards relating to spoil on the downslope, to siltation of streams, to high walls, and we can also go in, too, and have a designation made that this area is unsuitable for surface mining.

What we have tried to do in this bill is avoid arbitrary standards. I have seen slopes in Pennsylvania of 30 degrees where they have mined and put the land back, and where trees and shrubbery are growing now. So why have an arbitrary standard, pick 20 degrees and say, "Under no conditions in no part of this country can we mine where we fix this arbitrary standards?"

The final reason I oppose this amendment is I want a bill. The key vote is going to come about a month from now when we try to override a veto. If we add this kind of arbitrary standard here where we say no one can mine above 20 degrees, we are going to have a problem getting a bill.

While I greatly respect this fine legislator who has offered this amendment, I must oppose it.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentlewoman from Maryland.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mrs. SPELLMAN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 136, noes 262, not voting 34, as follows:

[Roll No. 56]

AYES—136

Abzug
Adams
Ambro
Anderson, Calif.
Aspin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Blanchard
Blouin
Boggs
Brodhead
Brown, Calif.
Burke, Calif.
Burton, John
Burton, Phillip
Carr
Chisholm
Clay
Cohen
Conte
Conyers
Cornell
D'Amours
Dellums
Derrick
Diggs
Dingell
Downey
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Emery
Evans, Ind.
Fish
Fisher
Fithian
Florio
Flynt
Ford, Mich.
Ford, Tenn.
Fraser
Green
Gude
Hall
Hannaford
Harkin
Hawkins
Hechler, W. Va.
Heckler, Mass.
Hightower
Holland
Holtzman
Horton
Howard
Howe
Jacobs
Jeffords
Jenrette
Jordan
Kasten
Kastenmeier
Keys
Koch
Krebs
Lehman
Levitas
McCloskey
McHugh
Macdonald
Madden
Maguire
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Mitchell, Md.
Moakley
Moffett
Mosher
Moss
Mottl
Nix
Nolan
Nowak
Obey
O'Neill
Ottinger
Patman
Patten
Patterson, Calif
Pattison, N.Y.
Peyser
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Roe
Rogers
Rosenthal
Roush
Roybal
Ryan
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Solarz
Spellman
Stark
Stokes
Studds
Symington
Thompson
Thornton
Tsongas
Van Deerlin
Vander Veen
Vanik
Vigorito
Weaver
Whalen
Wirth
Yates

NOES—262

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
AuCoin
Barrett
Bauman
Beard, Tenn.
Bennett
Bevill
Biester
Bingham
Bolling
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Corman
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis
de la Garza
Delaney
Dent
Devine
Dickinson
Downing
Duncan, Oreg.
Duncan, Tenn.
du Pont
Eilberg
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Fascell
Fenwick
Findley
Flowers
Foley
Forsythe
Fountain
Frenzel
Frey
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hanley
Hansen
Harris
Harsha
Hastings
Hayes, Ind.
Hays, Ohio
Hefner
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holt
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Karth
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Lent
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McKay
McKinney
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Michel
Milford
Miller, Ohio
Minish
Mink
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Oberstar
O'Brien
O'Hara
Passman
Pepper
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rodino
Roncalio
Rooney
Rostenkowski
Rousselot
Runnels
Ruppe
Russo
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Staggers
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Stephens
Stratton
Stuckey
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Traxler
Treen
Udall
Ullman
Vander Jagt
Walsh
Wampler
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—34

Addabbo
Alexander
Andrews, N.C.
Bell
Bergland
Biaggi
Boland
Brademas
Brooks
Burgener
Burke, Fla.
Casey
Collins, Ill.
Derwinski
Dodd
Edwards, Ala.
Evins, Tenn.
Flood
Harrington
Hébert
Jarman
Landrum
Madigan
Mills
Rose
Skubitz
Stanton, James V.
Steiger, Wis.
Waggonner
Waxman
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wolff
Young, Ga.

So the amendment was rejected.

The Clerk announced the following pairs:

Mrs. Collins of Illinois for, with Mr. Hébert against.

Mr. Harrington for, with Mr. Waggonner against.

Mr. Addabbo for, with Mr. Brademas against.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there further amendments to section 502?

If not, the Clerk will read.

The Clerk read as follows:

STATE PROGRAMS

SEC. 503. (a) Each State in which there is or may be conducted surface coal mining operations, and which wishes to assume exclusive jurisdiction over the regulation of surface coal mining and reclamation operations, except as provided in section 521 and title IV of this Act shall submit to the Secretary, by the end of the eighteen-month period beginning on the date of enactment of this Act, a State program which demonstrates that such State has the capability of carrying out the provisions of this Act and meeting its purposes through—

(1) a State law which provides for the regulation of surface coal mining and reclamation operations in accordance with the requirements of this Act and the regulations issued by the Secretary pursuant to this Act;

(2) a State law which provides sanctions for violations of State laws, regulations, or conditions of permits concerning surface coal mining and reclamation operations, which sanctions shall meet the minimum requirements of this Act, including civil and criminal actions, forfeiture of bonds, suspension, revocation, and withholding of permits, and the issuance of cease-and-desist orders by the State regulatory authority or its inspectors;

(3) a State regulatory authority with sufficient administrative and technical personnel, and sufficient funding to enable the State to regulate surface coal mining and reclamation operations in accordance with the requirements of this Act;

(4) a State law which provides for the effective implementation, maintenance, and enforcement of a permit system, meeting the requirements of this title for the regulation of surface coal mining and reclamation operations for coal on lands within the State;

(5) establishment of a process for the designation of areas as unsuitable for surface coal mining in accordance with section 522;

(6) establishment, for the purposes of avoiding duplication, of a process for coordinating the review and issuance of permits for surface coal mining and reclamation operations with any other Federal or State per-

mit process applicable to the proposed operations.

(b) The Secretary shall not approve any State program submitted under this section until he has—

(1) solicited and publicly disclosed the views of the Administrator of the Environmental Protection Agency, the Secretary of Agriculture, and the heads of other Federal agencies concerned with or having special expertise pertinent to the proposed State program;

(2) obtained the written concurrence of the Administrator of the Environmental Protection Agency with respect to those aspects of a State program which relate to air or water quality standards promulgated under the authority of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1151–1175), and the Clean Air Act, as amended (42 U.S.C. 1857);

(3) held at least one public hearing on the State program within the State; and

(4) found that the State has the legal authority and qualified personnel necessary for the enforcement of the environmental protection standards.

The Secretary shall approve or disapprove a State program, in whole or in part, within six full calendar months after the date such State program was submitted to him.

(c) If the Secretary disapproves any proposed State program in whole or in part, he shall notify the State in writing of his decision and set forth in detail the reasons therefor. The State shall have sixty days in which to resubmit a revised State program, or portion thereof. The Secretary shall approve or disapprove the resubmitted State program or portion thereof within sixty days from the date of resubmission.

(d) For the purposes of this section and section 504, the inability of a State to take any action the purpose of which is to prepare, submit, or enforce a State program, or any portion thereof, because the action is enjoined by the issuance of an injunction by any court of competent jurisdiction shall not result in a loss of eligibility for financial assistance under titles IV and VII of this Act or in the imposition of a Federal program. Regulation of the surface coal mining and reclamation operations covered or to be covered by the State program subject to the injunction shall be conducted by the State pursuant to section 502 of this Act, until such time as the injunction terminates or for one year, whichever is shorter, at which time the requirements of section 503 and 504 shall again be fully applicable.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that section 503 be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Are there any amendments to section 503?

If not, the Clerk will read.

The Clerk read as follows:

FEDERAL PROGRAMS

Sec. 504. (a) The Secretary shall prepare and, subject to the provisions of this section, promulgate and implement a Federal program for a State if such State—

(1) fails to submit a State program covering surface coal mining and reclamation operations by the end of the eighteen-month period beginning on the date of enactment of this Act;

(2) fails to resubmit an acceptable State program within sixty days of disapproval of a proposed State program: *Provided*, That the Secretary shall not implement a Federal program prior to the expiration of the initial period allowed for submission of a State program as provided for in clause (1) of this subsection; or

(3) fails to implement, enforce, or maintain its approved State program as provided for in this Act

If State compliance with clause (1) of this subsection requires an act of the State legislature the Secretary may extend the period for submission of a State program up to an additional six months. Promulgation and implementation of a Federal program vests the Secretary with exclusive jurisdiction for the regulation and control of surface coal mining and reclamation operations taking place on lands within any State not in compliance with this Act. After promulgation and implementation of a Federal program the Secretary shall be the regulatory authority. In promulgating and implementing a Federal program for a particular State the Secretary shall take into consideration the nature of that State's terrain, climate, biological, chemical, and other relevant physical conditions.

(b) In the event that a State has a State program for surface coal mining, and is not enforcing any part of such program, the Secretary may provide for the Federal enforcement, under the provisions of section 521, of that part of the State program not being enforced by such State.

(c) Prior to promulgation and implementation of any proposed Federal program, the Secretary shall give adequate public notice and hold a public hearing in the affected State.

(d) Permits issued pursuant to an approved State program shall be valid but reviewable under a Federal program. Immediately following promulgation of a Federal program, the Secretary shall undertake to review such permits to determine that the requirements of this Act are not violated. If the Secretary determines any permit to have been granted contrary to the requirements of this Act, he shall so advise the permittee and provide him a reasonable opportunity for submission of a new application and reasonable time to conform on-going surface mining and reclamation operations to the requirements of the Federal program.

(e) A State which has failed to obtain the approval of a State program prior to implementation of a Federal program may submit a State program at any time after such implementation. Upon the submission of such a program, the Secretary shall follow the procedures set forth in section 503(b) and shall approve or disapprove the State program within six months after its submittal. Approval of a State program shall be based on the determination that the State has the capability of carrying out the provisions of this Act and meeting its purposes through the criteria set forth in section 503(a) (1) through (6). Until a State program is approved as provided under this section, the Federal program shall remain in effect and all actions taken by the Secretary pursuant to such Federal program, including the terms and conditions of any permit issued thereunder, shall remain in effect.

(f) Permits issued pursuant to the Federal program shall be valid but reviewable under the approved State program. The State regulatory authority may review such permits to determine that the requirements of this Act and the approved State program are not violated. If the State regulatory authority determines any permit to have been granted contrary to the requirements of this Act or the approved State program, he shall so advise the permittee and provide him a reasonable opportunity for submission of a new application and reasonable time to conform ongoing surface mining and reclamation operations to the requirements of this Act or approved State program.

(g) Whenever a Federal program is promulgated for a State pursuant to this Act, any statutes or regulations of such State which are in effect to regulate surface mining and reclamation operations subject to this Act shall, insofar as they interfere with the achievement of the purposes and the requirements of this Act and the Federal program, be preempted and superseded by the Federal program.

(h) Any Federal program shall include a process for coordinating the review and issuance of permits for surface mining and reclamation operations with any other Federal or State permit process applicable to the proposed operation.

STATE LAWS

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that further reading of section 504 be disposed with, that it be printed in the Record and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Are there any amendments to section 504?

If not, the Clerk will read.

The Clerk read as follows:

Sec. 505. (a) No State law or regulation in effect on the date of enactment of this Act, or which may become effective thereafter, shall be superseded by any provision of this Act or any regulation issued pursuant thereto, except insofar as such State law or regulation is inconsistent with the provisions of this Act.

(b) Any provision of any State law or regulation in effect upon the date of enactment of this Act, or which may become effective thereafter, which provides for more stringent land use and environmental controls and regulations of surface coal mining and reclamation operations than do the provisions of this Act or any regulation issued pursuant thereto shall not be construed to be inconsistent with this Act. Any provision of any State law or regulation in effect on the date of enactment of this Act, or which may become effective thereafter, which provides for the control and regulation of surface mining and reclamation operations for which no provision is contained in this Act shall not be construed to be inconsistent with this Act.

(c) Nothing in this Act shall be construed as affecting in any way the right of any person to enforce or protect, under applicable State law, his interest in water resources affected by a surface coal mining operation.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that further reading of section 505 be dispensed with, that it be printed in the Record and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Are there any amendments to Section 505?

AMENDMENT OFFERED BY MR. RISENHOOVER

Mr. RISENHOOVER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Risenhoover: Page 221, Line 11, after "Act." insert "Nothing in this Act shall be applicable to the States of Kentucky, Indiana, Maryland, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, and West Virginia, which have heretofore joined together in the Interstate Mining Compact or any other state who join the Interstate Mining Compact as long as such States have in force and effect a "Mining Lands Reclamation Act."

Mr. RISENHOOVER. Mr. Chairman, when this Nation was pondering the nature and content of its Constitution, James Madison asked a question which remains timely today: "Is the aggregate power of the general government greater than ought to have been vested in it?"

I hope my amendment before this House will be considered in that context.

Most simply, I propose that States—which are meeting the challenges of reclamation—be allowed a choice in whether to be governed by the provisions of this act or by State laws.

The Oklahoma Legislature passed a concurrent resolution seeking exemption from Federal mining and reclamation laws for Oklahoma and other members of the Interstate Mining Compact who have their own reclamation acts.

Many of these States are far ahead of the Federal Government in effecting sound reclamation. Oklahoma has its own, good working reclamation and mining laws.

Therefore, I say to this House, that in considering H.R. 25—the Surface Mining Control and Reclamation Act—you must answer the Madison line of question: We must admit that we are increasing the aggregate power of the general government greater than ought to be vested in it.

In presenting this amendment both during markup in the committee and again on this floor today, I am attempting to keep important public decisions close to the people. I am committed to government nearest the people.

The various legislatures need to come to grips with their own State's environments, their local ecology, and make allowances for local problems. When there is a local failure, then higher levels of government should become concerned.

I admit that the history of strip mining is not pretty. In my own district, there are ugly reminders of irresponsible mining.

But, that was a long time ago. The Oklahoma Legislature, for many years, has been tightening the laws of mining and reclamation. I would believe that the people of the various States now should have the choice of living with State laws—or with Federal laws. After all, it is their landscape or eyesore—and the choice should also be theirs.

H.R. 25 seems to me to be very simply a matter of "who gets the mine—and who gets the shaft."

Mr. UDALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment would essentially gut the entire bill. It provides that the member States of the interstate mining compact, which is an obscure group, would be exempted from the provisions of this bill. We would turn over, in other words, to a small organization, with almost no staff, the whole national question of whether we are going to have tough, enforceable strip mining regulations.

The interstate mining compact has no authority whatever to implement or enforce any of the provisions of the program or of the law for its members.

It is interesting to note that two States in the compact, Pennsylvania and Maryland, are opposed to this amendment.

Mr. Chairman, I think it is an unwise amendment.

Mr. STEIGER of Arizona. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

I will not use 5 minutes. I would just like to make one point clear for the record.

What the gentleman from Oklahoma has done is to actually synthesize into one amendment what we have heard for 4 years concerning what this bill is. This bill was alleged to be a State-led bill, a bill in which the States could determine their own fate within guidelines approved by the Federal Government.

The interstate mining compact does that without the frills and the "goodies" and the expense. If we really are interested only in seeing to it that nobody can mine coal by a surface method unless they reclaim the land, we should accept the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma (Mr. RISENHOOVER).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. RISENHOOVER. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

The CHAIRMAN. Are there further amendments to section 505?

If not, the Clerk will read.

The Clerk read as follows:

PERMITS

SEC. 506. (a) On and after six months from the date on which a State program is approved by the Secretary, pursuant to section 503 of this Act, or on and after six months from the date on which the Secretary has promulgated a Federal program for a State not having a State program pursuant to section 504 of this Act, no person shall engage in or carry out on lands within a State any surface coal mining operations unless such person has first obtained a permit issued by such State pursuant to an approved State program or by the Secretary pursuant to a Federal program; except a person conducting surface coal mining operations under a permit from the State regulatory authority, issued in accordance with the provisions of section 502 of this Act, may conduct such operations beyond such period if an application for a permit has been filed in accordance with the provisions of this Act, but the initial administrative decision has not been rendered.

(b) All permits issued pursuant to the requirements of this Act shall be issued for a term not to exceed five years and shall be nontransferable: *Provided*, That a successor in interest to a permittee who applies for a new permit within thirty days of succeeding to such interest and who is able to obtain the bond coverage of the original permittee may continue surface coal mining and reclamation operations according to the approved mining and reclamation plan of the original permittee until such successor's application is granted or denied.

(c) A permit shall terminate if the permittee has not commenced the surface coal mining and reclamation operations covered by such permit within three years of the issuance of the permit.

(d)(1) Any valid permit issued pursuant to this Act shall carry with it the right of successive renewal upon expiration with respect to areas within the boundaries of the existing permit. The holder of the permit may apply for renewal and such renewal shall be issued, subsequent to public hearing upon the following requirements and written finding by the regulatory authority that—

(A) the terms and conditions of the existing permit are being satisfactorily met;

(B) the present surface coal mining and reclamation operation is in full compliance with the environmental protection standards of this Act and the approved State plan pursuant to this Act;

(C) the renewal requested does not jeopardize the operator's continuing responsibility on existing permit areas;

(D) the operator has provided evidence that the performance bond in effect for said operation will continue in full force and effect for any renewal requested in such application as well as any additional bond the regulatory authority might require pursuant to section 509; and

(E) any additional revised or updated information required by the regulatory authority has been provided. Prior to the approval of any extension of permit the regulatory authority shall provide notice to the appropriate public authorities.

(2) If an application for renewal of a valid permit includes a proposal to extend the mining operation beyond the boundaries authorized in the existing permit, the portion of the application for revision of a valid permit which addresses any new land areas shall be subject to the full standards applicable to new applications under this Act.

(3) Any permit renewal shall be for a term not to exceed the period of the original permit established by this Act. Application for permit renewal shall be made at least one hundred and twenty days prior to the expiration of the valid permit.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that section 506 be considered as read, printed in the RECORD and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, section 1114, title 18, United States Code now provides for protection of officers and employees of the United States and provides that any person who kills any of the identified officers or employees of the United States while engaged in the performance of his official duties, or on account of the performance of his official duties, shall be punished by death or life imprisonment in the case of first degree murder, and for any term of years or for life in the case of second degree murder, or shall be fined not more than $1,000 or imprisonment for not more than 3 years or both in the case of involuntary manslaughter or imprisonment for not more than 10 years in the case of voluntary manslaughter.

Section 704 adds officers or employees of the Department of the Interior assigned to perform investigative, inspection, or law enforcement functions to the present list of officers and employees in the Department of Health, Education, and Welfare, the Department of Labor, and so forth. The employees engaged in the administration of this act, as well as other Interior employees deserve the same protection as employees of these other agencies.

I have been informed by Mr. Clyde Webber, national president of the American Federation of Government Employees which represents many of these mine inspectors, that they fully support this provision of the act.

AMENDMENT OFFERED BY MR. RUPPE

Mr. RUPPE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RUPPE: page 223, line 2, strike the period, and insert a comma in lieu thereof, and add the following phrase "provided that with respect to coal to be mined for use in a synthetic fuel facility, the permittee shall be deemed to have commenced surface mining operations at such time as the construction of the synthetic fuel facility is initiated."

Mr. RUPPE. Mr. Chairman, the language in the legislation as it is presently written requires that a corporation or mining organization either begin to utilize the mine under the permit within 3 years of issuance of that permit or relinquish the permit. Generally speaking, I think that is a very wise proposal, in view of the fact that in too many instances in the past companies have secured a surface-mining permit but have simply failed to exercise that permit over a period of a few years and the coal has not been produced and the coal resource has been sat upon to the benefit of the mining company but not necessarily to the benefit of the American public.

However, we do have a particular problem that has arisen, particularly in the case of coal gasification systems and in the case of synthetic fuels.

For example, it is my understanding that a coal gasification project would take a great deal of time beyond the original 3-year period to actually come into production. In some instances, the cost of such a synthetic or coal gasification project would be in excess of $1 billion. It would require a very long leadtime, 5 or 6 years. It would require Federal Power Commission approval of the related pipeline facilities. It would require other Federal and State approvals with regard to water and sewer.

So actually all the permits and all the financing and all the Federal Power Commission approval simply could not be secured within a 3-year period.

Mr. Chairman, the amendment I have offered would give us in these instances of the synthetic fuels the regulatory authority to extend beyond 3 years the time frame under which the company in question would have to begin mining operations.

Let me say that it is not possible to even begin mining operations and store the fuel, at least not in the case of lignite.

It is my understanding that lignite does not store very well. Second, if one does try to store ignite, it is susceptible of spontaneous combustion. For that reason, obviously, they cannot begin to mine and hold the product.

Therefore, I think we have to get, as my amendment would suggest, some latitude, some leeway, for the regulatory authority to go beyond the initial 3-year period under which operations would have to be initiated. I think this amendment does not go beyond the letter or beyond the spirit of the bill, and I do believe that it would be a very valuable addition to bring gasification systems into being.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, the very large coal facilities do pose some special problems, and it is obvious that the mining might not be started in 3 years, even though one had committed himself legally and financially to construction and had actually begun construction of the plant facilities.

I believe that this is a similar problem presented by the "grandfathering" of existing mines in other sections of the bill, the committee included those mines for which there were "substantial legal and financial commitments." We viewed such commitments as being demonstrated where there is actual construction of a synthetic fuel or powerplant facility, so I believe the gentleman's amendment is consistent with this concept.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. RUPPE).

The amendment was agreed to.

The CHAIRMAN. Are there any further amendments to section 506?

If not, the Clerk will read.

The Clerk read as follows:

APPLICATION REQUIREMENTS

SEC. 507. (a) Each application for a surface coal mining and reclamation permit pursuant to an approved State program or a Federal program under the provisions of this Act shall be accompanied by a fee or portion thereof as determined by the regulatory authority. Such fee shall be based as nearly as possible upon the actual or anticipated cost of reviewing, administering, and enforcing such permit issued pursuant to a State or Federal program. The regulatory authority may develop procedures so as to enable the cost of the fee to be paid over the term of the permit.

(b) The permit application shall be submitted in a manner satisfactory to the regulatory authority and shall contain, among other things—

(1) the name and address of (A) the permit applicant; (B) every legal owner of record of the property (surface and mineral) to be mined; (C) the holders of record of any leasehold interest in the property; (D) any purchaser of record of the property under a real estate contract; (E) the operator if he is a person different from the applicant; and (F) if any of these are business entities other than a single proprietor, the names and addresses of the principals, officers, and resident agent;

(2) the names and addresses of the owners of record of all surface and subsurface areas within five hundred feet of any part of the permit area;

(3) a statement of any current or previous surface coal mining permits in the United States held by the applicant and the permit identification;

(4) if the applicant is a partnership, corporation, association, or other business entity, the following where applicable: the names and addresses of every officer, partner, director, or person performing a function similar to a director, of the applicant, together with the name and address of any person owning, of record or beneficially either alone or with associates, 10 per centum or more of any class of stock of the applicant and a list of all names under which the applicant, partner, or principal shareholder previously operated a surface mining operation within the United States;

(5) a statement of whether the applicant, any subsidiary, affiliate, or persons controlled by or under common control with the applicant, has ever held a Federal or State mining permit which subsequent to 1960 has been suspended or revoked or has had a mining bond or similar security deposited in lieu of bond forfeited and, if so, a brief explanation of the facts involved;

(6) a copy of the applicant's advertisement to be published in a newspaper of general circulation in the locality of the proposed site at least once a week for four successive weeks, and which includes the ownership, a description of the exact location and boundaries of the proposed site sufficient so that the proposed operation is readily locatable by local residents, and the location of where the application is available for public inspection;

(7) a description of the type and method of coal mining operation that exists or is proposed, the engineering techniques proposed or used, and the equipment used or proposed to be used;

(8) the anticipated or actual starting and termination dates of each phase of the mining operation and number of acres of land to be affected;

(9) evidence of the applicant's legal right to enter and commence surface mining operations on the area affected;

(10) the name of the watershed and location of the surface stream or tributary into which surface and pit drainage will be discharged;

(11) a determination of the hydrologic consequences of the mining and reclamation operations, both on and off the mine site, with respect to the hydrologic regime, quantity and quality of water in surface and ground water systems including the dissolved and suspended solids under seasonal flow conditions and the collection of sufficient data for the mine site and surrounding area so that an assessment can be made of the probable cumulative impacts of all anticipated mining in the area upon the hydrology of the area and particularly upon water availability.

(12) when requested by the regulatory authority, the climatological factors that are peculiar to the locality of the land to be affected, including the average seasonal precipitation, the average direction and velocity of prevailing winds, and the seasonal temperature ranges;

(13) an accurate map or plan to an appropriate scale clearly showing (A) the land to be affected as of the date of application and (B) all types of information set forth on topographical maps of the United States Geological Survey of a scale of 1:24,000 or larger, including all manmade features and significant known archeological sites existing on the date of application. Such a map or plan shall among other things specified by the regulatory authority show all boundaries of the land to be affected, the boundary lines and names of present owners of record of all surface areas abutting the permit area, and the location of all buildings within one thousand feet of the permit area;

(14) cross-section maps or plans of the land to be affected including the actual area to be mined, prepared by or under the direction of and certified by a registered professional engineer, or registered land surveyor and a professional geologist (when specific subsurface information is deemed essential and requested by the regulatory authority), showing pertinent elevation and location of test borings or core samplings and depicting the following information: the nature and depth of the various strata of overburden; the location of subsurface water, if encountered, and its quality; the nature and thickness of any coal or rider seam above the coal seam to be mined; the nature of the stratum immediately beneath the coal seam to be mined; all mineral crop lines and the strike and dip of the coal to be mined within the area of land to be affected;

existing or previous surface mining limits; the location and extent of known workings or any underground mines, including mine openings to the surface; the location of aquifers; the estimated elevation of the water table; the location of spoil, waste, or refuse areas and topsoil preservation areas; the location of all impoundments for waste or erosion control; any settling or water treatment facilities; constructed or natural drainways and the location of any discharges to any suface body of water on the area of land to be affected or adjacent thereto; and profiles at appropriate cross sections of the anticipated final surface configuration that will be achieved pursuant to the operator's proposed reclamation plan;

(15) a statement of the results of test borings or core samplings from the permit area, including logs of the drill holes; the thicknes of the coal seam found, an analysis of the chemical properties of such coal; the sulfur content of any coal seam; chemical analysis of potentially acid or toxic forming sections of the overburden; and chemical analysis of the stratum lying immediately underneath the coal to be mined; and

(16) information pertaining to coal seams, test borings, or core samplings as required by this section shall be made available to any person with an interest which is or may be adversely affected: *Provided*, That information which pertains only to the analysis of the chemical and physical properties of the coal (excepting information regarding such mineral or elemental content which is potentially toxic in the environment) shall be kept confidential and not made a matter of public record.

(c) Each applicant for a permit shall be required to submit to the regulatory authority as part of the permit application a certificate issued by an insurance company authorized to do business in the United States certifying that the applicant has a public liability insurance policy in force for the surface mining and reclamation operations for which such permit is sought, or evidence that the applicant has satisfied other State or Federal self-insurance requirements. Such policy shall provide for personal injury and property damage protection in an amount adequate to compensate any persons damaged as a result of surface coal mining and reclamation operations and entitled to compensation under the applicable provisions of State law. Such policy shall be maintained in full force and effect during the terms of the permit or any renewal, including the length of all reclamation operations.

(d) Each applicant for a permit shall be required to submit to the regulatory authority as part of the permit application a reclamation plan which shall meet the requirements of this Act.

(e) Each applicant for a surface coal mining and reclamation permit shall file a copy of his application for public inspection with the recorder at the courthouse of the county or an appropriate official approved by the regulatory authority where the mining is proposed to occur, except for that information pertaining to the coal seam itself.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that section 507 be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

AMENDMENT OFFERED BY MR. HARKIN

Mr. HARKIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Harkin: Page 228, line 23, after "authority," insert the following: "or other qualified personnel at State universities,".

Mr. HARKIN. Mr. Chairman, this amendment is just a technical amendment. I believe it is non-controversial.

It recognizes that in many State universities there are professional faculty members in engineering geology and plant sciences who are capable of preparing the detailed plans that this section calls for. However, it appears that under the wording of this section, they might be precluded from doing so unless it is amended.

Coal deposits in Iowa are very small deposits, and all that my amendment seeks to do is to encourage the planned use of these energy resources and small pockets to allow competent personnel in our State universities to draw up these plans. The purpose of the section is to assure that competent people prepare these plans, and my amendment assists in accomplishing that purpose.

Mr. Chairman, I urge the adoption of the amendment.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Arizona.

Mr. UDALL. I have gone over the amendment with the gentleman and with the distinguished gentleman from Iowa (Mr. Smith), and it seems to me that the amendment makes sense.

The basic provision in the bill was not meant to preclude qualified persons from preparing mining applications—in fact it was directed towards assuring that such is the case.

The use of "State employees" such as University personnel in preparing mining and reclamation plans does not relieve the operator of the responsibility of "affirmatively demonstrating" that the reclamation requirements of H.R. 25 will be met. This requirement also is not intended to involve public employees who may be involved with the regulation of surface coal mining and reclamation activities as provided for in H.R. 25 in the preparation of mining plans and thus place them in a difficult or conflicting position.

Therefore, Mr. Chairman, I support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. Harkin).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to section 507?

If not, the Clerk will read.

The Clerk read as follows:

RECLAMATION PLAN REQUIREMENTS

Sec. 508. (a) Each reclamation plan submitted as part of a permit application pursuant to any approved State program or a Federal program under the provisions of this Act shall include, in the degree of detail necessary to demonstrate that reclamation required by the State or Federal program can be accomplished, a statement of:

(1) the identification of the entire area to be mined and affected over the estimated life of the mining operation and the size, sequence, and timing of the subareas for which it is anticipated that individual permits for mining will be sought;

(2) the condition of the land to be covered by the permit prior to any mining including:

(A) the uses existing at the time of the application, and if the land has a history of previous mining, the uses which preceded any mining; and

(B) the capability of the land prior to any mining to support a variety of uses giving consideration to soil and foundation characteristics, topography, and vegetative cover;

(3) the use which is proposed to be made of the land following reclamation, including a discussion of the utility and capacity of the reclaimed land to support a variety of alternative uses and the relationship of such use to existing land use policies and plans, and the comments of any State and local governments or agencies thereof which would have to approve or authorize the proposed use of the land following reclamation;

(4) a detailed description of how the proposed post-mining land use is to be achieved and the necessary support activities which may be needed to achieve the proposed land use;

(5) the engineering techniques proposed to be used in mining and reclamation and a description of the major equipment; a plan for the control of surface water drainage and of water accumulation; a plan, where appropriate, for backfilling, soil stabilization, and compacting, grading, and appropriate revegetation (where vegetation existed immediately prior to mining); an estimate of the cost per acre of the reclamation, including a statement as to how the permittee plans to comply with each of the requirements set out in section 515;

(6) the steps to be taken to comply with applicable air and water quality laws and regulations and any applicable health and safety standards;

(7) the consideration which has been given to developing the reclamation plan in a manner consistent with local, physical environmental, and climatological conditions and current mining and reclamation technologies;

(8) the consideration which has been given to insuring the maximum practicable recovery of the mineral resource;

(9) a detailed estimated timetable for the accomplishment of each major step in the reclamation plan;

(10) the consideration which has been given to making the surface mining and reclamation operations consistent with applicable State and local land use plans and programs;

(11) all lands, interests in lands, or options on such interests held by the applicant or pending bids on interests in lands by the applicant, which lands are contiguous to the area to be covered by the permit;

(12) the results of test borings which the applicant has made at the area to be covered by the permit, including the location of subsurface water, and an analysis of the chemical properties including acid forming properties of the mineral and overburden: *Provided*, That information about the mineral shall be withheld by the regulatory authority if the applicant so requests;

(13) a detailed description of the measures to be taken during the mining and reclamation process to assure the protection of (A) the quantity and quality of surface and ground water systems, both on- and off-site, from adverse effects of the mining and reclamation process, and (B) the rights of present users to such water; and

(14) such other requirements as the regulatory authority shall prescribe by regulation.

(b) Any information required by this section which is not on public file pursuant to State law shall be held in confidence by the regulatory authority.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that section 508 be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

AMENDMENT OFFERED BY MR. MELCHER

Mr. MELCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MELCHER: Amend section 508(a)(5) by deleting on page 233, lines 2 and 3: "(where vegetation existed immediately prior to mining);".

Mr. MELCHER. Mr. Chairman, the reason I am offering this amendment is to restore some sense to the language that is involved in these two lines.

If the Members will refer to page 233 and the section I am amending, they will see that it requires "appropriate revegetation," and then the words in parentheses, "(where vegetation existed immediately prior to mining);" are to be deleted.

Some had thought, during debate on the bill in committee during some of our hariest seasons when amendments were being offered to amendments, that this would somehow take care of a desert situation where there is very sparse vegetation.

I would respectfully submit to the members of the committee that the words "appropriate revegetation" very adequately take care of a desert situation because "appropriate revegetation" there in the eyes of the regulatory agency would be returning the land to a condition where if rain fell on the desert it would develop its normal sparse vegetation. But what about reforestation? Clearly that would be revegetation.

If it is a case where a forest was cut down before mining commenced, trees were cut down and then mining occurred, and they want to put it back into a reforested condition, that is taken care of appropriately in revegetation. Where those conditions happen, then this is covered in that sense. In the case of land in Montana or other points in the West where some farmers practice summer fallow, it might be the case that, immediately prior to the mining, the land had been summer fallowed and to require that the land be returned to the same condition, would not serve any good purpose. Permitting land to be left only in a plowed-up condition should not be permitted in the bill and, indeed, in other sections of the bill, would not be permitted, but it would be suggested in this very unuseful and unnecessary phrase, that that might be the situation. The bill intends that the soil be capable of supporting appropriate revegetation and the deleted language is confusing and misleading.

It is for that purpose that I recommend to the committee this amendment.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I am happy to yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, this is a good amendment, and it ought to be adopted, and I support the amendment.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Michigan.

Mr. RUPPE. What would be the appropriate revegetation in those instances where it is in a desert condition, and there had been no prior vegetation whatsoever?

Mr. MELCHER. I would point out to the gentleman from Michigan that even in the desert areas there is some type of vegetation some time during the year when it rains, and the bill after my amendment, of course, means returning the land to the condition that would be receptive, or the soil would be receptive, when it rains, to produce the vegetation, which would be "appropriate revegetation" as stated in the bill. It does in no sense change the status that the regulatory agency would enforce and would accept in desert areas.

Mr. RUPPE. The gentleman is not suggesting, then, that the land would be required to provide for vegetation after mining where no vegetation had in effect been in existence prior to that?

Mr. MELCHER. No; I would say to the gentleman from Michigan, that I would not want to suggest that. In other parts of the bill we have stated very clearly that revegetation on the land to the condition at least as good as it was before is satisfactory revegetation.

Mr. RUPPE. Nothing had been there before, and nothing was good enough afterward; is that right?

Mr. MELCHER. Well, I would not want to say "nothing," because even in desert areas sometimes the rains come and are capable of providing vegetation, when there is a rainfall, and that is appropriate revegetation.

Mr. STEIGER of Arizona. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would just like to call the attention of the committee to the Congress position in which the gentleman from Montana had put us. The gentleman says on the one hand that we can trust the judgment of the appropriate authority to interpret "appropriate revegetation," in other words, with regard to the desert areas, but we cannot trust the authority to exercise good judgment in the way of forested areas.

This is a serious kind of sophistry.

I agree it probably does not matter whether this language is in or out, but it simply weakens an already weak bill, but taking it out serves no purpose. It certainly makes some potential mining somewhere subject to challenge by litigation because it is practically impossible to revegetate an area in which there was no vegetation, which is the purpose of this qualified language in parentheses that we are striking. That is the only purpose the striking of this language will serve—to provide a base for litigation if somebody wants to attack a desert surface mine operation in the future. It is a very unfortunate use, whatever the gentleman's concerns are.

Mr. MELCHER. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from Montana.

Mr. MELCHER. I thank the gentleman for yielding.

I would like to make it clear that in no way would the amendment affect reforestation. I would just like to bring it to the Committee's attention that revegetation—that phrase by itself—will take care of reforestation if that is selected as a type of revegetation by the regulatory authority.

Mr. STEIGER of Arizona. That is my understanding, also. That, of course, makes the striking of the words even more meaningless, and the presence of the words does no harm. The striking of them, as the gentleman suggests, does sufficient potential harm.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. MELCHER).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments?

AMENDMENT OFFERED BY MR. BAUCUS

Mr. BAUCUS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BAUCUS: Page 232, line 22, insert a new paragraph "(5)" as follows and renumber all subsequent paragraphs:

"(5) a detailed description of the proposed revegetation plan, including the identification of plant species and appropriate assurances that viable seeds will be available in sufficient quantities to ensure that the proposed revegetation plan will be achieved in compliance with the proposed timetable for reclamation;".

Mr. BAUCUS. Mr. Chairman, this is a very simple amendment, but equally important, I believe. Very simply, what this amendment does is provide when a coal company submits its reclamation plan that the plan includes a statement of what types of species of seeds and revegetation the company intends to use in revegetating the stripped, reclaimed land; and, second, that the reclamation plan includes a statement that there is a sufficient availability of viable seeds pursuant to a reclamation plan.

The reasons for the amendment are very obvious. Different species of revegetation are important in significant areas of reclaimed land. Some adapt very well to highlands, others to lowlands; some are adaptable for sheep, others are adaptable for cattle; some prosper in arid regions, others in more humid areas. I think it is a very important amendment, and I urge its adoption.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. BAUCUS. I yield to the gentleman from Arizona.

Mr. UDALL. I thank the gentleman for yielding.

I think this amendment relates to a problem the committee did not fully take into consideration. The amendment makes it explicit and is the type of detail we need. I support the amendment.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. BAUCUS. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. I thank the gentleman for yielding.

I would be fascinated to know where the gentleman came up with the problem which this amendment contemplates. Did the gentleman run into some nonviable seed? Is that the purpose—to make sure that there is no seed that is not capable of regermination as a plot on the part of an evil demon?

Mr. BAUCUS. No, the purpose is more to the availability of the seeds, not so such to the viability. It relates more to the supply of seeds.

Mr. STEIGER of Arizona. If the gentleman will yield further, in other words, if a coal company announced that it was going to seed crested wheat, and they looked around and there was no crested wheat available, in that way they would duck their obligation?

Mr. BAUCUS. No, there has to be a statement that there is an availability of the supply of seeds.

Mr. STEIGER of Arizona. If the gentleman will yield further, of course, the gentleman realizes he is just burdening this thing with more administrative effort. While I realize there is some slight prestige in having one's name on an amendment, the net result is going to mean that there is going to have to be another document filed which has nothing to do with reclamation. Surely the gentleman does not suggest that this is going to eliminate the potential shortage of seeds or some such thing. Is the gentleman attacking the problem? I am being very serious.

Mr. BAUCUS. Yes.

Mr. STEIGER of Arizona. If the gentleman will yield further, what is the problem the gentleman is attacking?

Mr. BAUCUS. The problem is really twofold. With respect to the point the gentleman is making, the problem is adequate availability. At the present time there is some question as to the availability of some seeds.

Mr. STEIGER of Arizona. If the gentleman will yield further, is he suggesting that this legislation would improve that situation as to the availability of seed? Somehow this is going to make seed more available?

Mr. BAUCUS. I think it will help, because this is only in the reclamation plan. The plan does not apply for another 2 years, roughly.

By that time we will be certain that there will be a sufficient supply of seeds. This will help to make that condition more certain.

Mr. STEIGER of Arizona. The legislation will anticipate the seed availability in 2 years?

Mr. BAUCUS. I think the thrust of this will help us to assure that there is a supply available. That is right.

Mr. STEIGER of Arizona. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. Baucus).

The question was taken; and on a division (demanded by Mr. Steiger of Arizona) there were—ayes 38; noes 14.

Mr. SYMMS. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was agreed to.

Mr. UDALL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time to advise my colleagues that through an arrangement with the leadership we have agreed the Committee will rise at 5 o'clock tonight and we will try to complete consideration tomorrow. According to whispers and rumors current in the Chamber now, it appears that I might get by with a unanimous-consent request at this time, so I ask unanimous consent that the remainder of title V—not the bill but just the remainder of title V—be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. HECHLER of West Virginia. Mr. Chairman, reserving the right to object, I have additional amendments I wish to offer to title V.

Mr. UDALL. If the gentleman will yield, it would not be our intention, mine or the gentlewoman from Hawaii (Mrs. Mink), to cut off the offering of additional amendments. We might ask unanimous consent to limit debate on the amendments after they have been heard, but there would be no attempt to cut off the offering of additional amendments.

Mr. HECHLER of West Virginia. Mr. Chairman, I withdraw my reservation of objection.

Mr. STEIGER of Arizona. Mr. Chairman, reserving the right to object, if at the time 5 o'clock arrives we are in the process of considering one amendment or another, is it the intention of the gentleman to try to continue with that amendment and conclude it, or rise and continue tomorrow with that same amendment?

Mr. UDALL. We will try to finish as close to 5 o'clock as possible, and if there is a contentious amendment before us for consideration at 5 o'clock, we will ask to rise and we will continue consideration of that amendment tomorrow.

Mr. STEIGER of Arizona. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The remainder of title V is as follows:

PERFORMANCE BONDS

Sec. 509. (a) After a surface coal mining and reclamation permit application has been approved but before such a permit is issued, the applicant shall file with the regulatory authority, on a form prescribed and furnished by the regulatory authority, a bond for performance payable, as appropriate, to the United States or to the State, and conditional upon faithful performance of all the requirements of this Act and the permit. The bond shall cover that area of land within the permit area upon which the operator will initiate and conduct surface coal mining and reclamation operations within the initial term of the permit. As succeeding increments of surface coal mining and reclamation operations are to be initiated and conducted within the permit area, the permittee shall file with the regulatory authority an additional bond or bonds to cover such increments in accordance with this section. The amount of the bond required for each bonded area shall depend upon the reclamation requirements of the approved permit and shall be determined by the regulatory authority on the basis of at least two independent estimates. The amount of the bond shall be sufficient to assure the completion of the reclamation plan if the work had to be performed by a third party in the event of forfeiture and in no case shall the bond be less than $10,000.

(b) Liability under the bond shall be for the duration of the surface coal mining and reclamation operation and for a period coincident with operator's responsibility for vegetation requirements in section 515. The bond shall be executed by the operator and a corporate surety licensed to do business in the State where such operation is located, except that the operator may elect to deposit cash, negotiable bonds of the United States Government or such State, or negotiable certificates of deposit of any bank organized or transacting business in the United States. The cash deposit or market value of such securities shall be equal to or greater than the amount of the bond required for the bonded area.

(c) The regulatory authority may accept the bond of the applicant itself without separate surety when the applicant demonstrates to the satisfaction of the regulatory authority the existence of a suitable agent to receive service of process and a history of financial solvency and continuous operation sufficient for authorizaton to self-insure or bond such amount.

(d) Cash or securities so deposited shall be deposited upon the same terms as the terms upon which surety bonds may be deposited. Such securities shall be security for the repayment of such negotiable certificate of deposit.

(e) The amount of the bond or deposit required and the terms of each acceptance of the applicant's bond shall be adjusted by the regulatory authority from time to time as affected land acreages are increased or decreased or where the cost of future reclamation obviously changes.

PERMIT APPROVAL OR DENIAL

Sec. 510. (a) Upon the basis of a complete mining application and reclamation plan or a revision or renewal thereof, as required by this Act and pursuant to an approved State program or Federal program under the provisions of this Act, including public notification and an opportunity for a public hearing as required by section 513, the regulatory authority shall grant or deny the application for a permit and notify the applicant in writing. Within ten days after the granting of a permit, the regulatory authority shall notify the State and the local official who has the duty of collecting real estate taxes in the local political subdivision in which the area of land to be affected is located that a permit has been issued and shall describe the location of the land.

(b) No permit, revision, or renewal application shall be approved unless the application affirmatively demonstrates and the regulatory authority finds in writing on the basis of the information set forth in the application or from information otherwise available which will be documented in the approval, and made available to the applicant, that—

(1) all the requirements of this Act and the State or Federal program have been complied with;

(2) the applicant has demonstrated that reclamation as required by this Act and the State or Federal program can be accomplished under the reclamation plan contained in the permit application;

(3) the assessment of the probable cumulative impact of all anticipated mining in the area on the hydrologic balance specified in section 507(b) has been made and the proposed operation thereof has been designed to prevent irreparable offsite impacts to hydrologic balance;

(4) the area proposed to be mined is not included within an area designated unsuitable for surface coal mining pursuant to section 522 of this Act or is not within an area under study for such designation in an administrative proceeding commenced pursuant to section 522(a)(4)(D) or section 522(c) (unless in such an area as to which an administrative proceeding has commenced pursuant to section 522(a)(4)(D) of this Act, the operator making the permit application

demonstrates that, prior to the date of enactment of this Act, he has made substantial legal and financial commitments in relation to the operation for which he is applying for a permit); and

(5) The proposed surface coal mining operation, if located west of the one hundredth meridian west longitude, would—

(A) not have a substantial adverse affect on valley floors, underlain by unconsolidated streamland deposits where farming can be practiced on irrigated or naturally subirrigated haymeadows or other croplands (excluding undeveloped range lands), where such valley floors are significant to present or potential farming or ranching operations;

(B) not adversely affect the quantity or quality of water in surface or underground water systems that supply these valley floors in (A) of subsection (b)(5); or

(C) not alter the channel of a significant watercourse which is identified as a stream fed by (1) a spring, other ground-water discharge, or surface flow that flows an average of two hundred and fifty gallons per minute or more during one hundred and twenty days or more per year; and (2) a drainage area which encompasses ten thousand acres or more when measured above the lowest point of impact on the watercourse by the proposed surface coal mining operation, as documented by the State or Federal regulatory authority.

(c) The applicant shall file with his permit application a schedule listing any and all notices of violations of this Act and any law, rule, or regulation of the United States or of any department or agency in the United States pertaining to air or water environmental protection incurred by the applicant in connection with any surface coal mining operation during the one-year period prior to the date of application. The schedule shall also indicate the final resolution of any such notice of violation. Where the schedule or other information available to the regulatory authority indicates that any surface coal mining operation owned or controlled by the applicant is currently in violation of this Act or such other laws referred to in this subsection, the permit shall not be issued until the applicant submits proof that such violation has been corrected or is in the process of being corrected to the satisfaction of the regulatory authority, department, or agency which has jurisdiction over such violation.

REVISION OF PERMITS

SEC. 511. (a)(1) During the term of the permit the permittee may submit an application, together with a revised reclamation plan, to the regulatory authority for a revision of the permit.

(2) An application for a revision of a permit shall not be approved unless the regulatory authority finds that reclamation as required by this Act and the State or Federal program can be accomplished under the revised Reclamation Plan. The revision shall be approved or disapproved within a period of time established by the State or Federal program. The regulatory authority shall establish guidelines for a determination of the scale or extent of a revision request for which all permit application information requirements and procedures, including notice and hearings, shall apply: *Provided*, That any revisions which propose a substantial change in the intended future use of the land or significant alterations in the Reclamation Plan shall, at a minimum, be subject to notice and hearing requirements.

(3) Any extensions to the area covered by the permit except incidental boundary revisions must be made by application for another permit.

(b) No transfer, assignment, or sale of the rights granted under any permit issued pursuant to this Act shall be made without the written approval of the regulatory authority.

(c) The regulatory authority may require reasonable revision or modification of the permit provisions during the term of such permit: *Provided*, That such revision or modification shall be subject to notice and hearing requirements established by the State or Federal program.

COAL EXPLORATION PERMITS

SEC. 512. (a) Each State program or Federal program shall include a requirement that coal exploration operations which substantially disturb the natural land surface be conducted under a permit issued by the regulatory authority.

(b) Each application for a coal exploration permit pursuant to an approved State or Federal program under the provisions of this Act shall be accompanied by a fee established by the regulatory authority. Such fee shall be based, as nearly as possible, upon the actual or anticipated cost of reviewing, administering, and enforcing such permit issued pursuant to a State or Federal program. The application and supporting technical data shall be submitted in a manner satisfactory to the regulatory authority and shall include a description of the purpose of the proposed exploration project. The supporting technical data shall include, among other things:

(1) a general description of the existing environment;

(2) the location of the area of exploration by either metes or bounds, lot, tract, range, or section, whichever is most applicable, including a copy of the pertinent United States Geological Survey topographical map or maps with the area to be explored delineated thereon;

(3) a description of existing roads, railroads, utilities, and rights-of-way, if not shown on the topographical map;

(4) the location of all surface bodies of water, if not shown on the topographical map;

(5) the planned approximate location of any access roads, cuts, drill holes, and necessary facilities that may be constructed in the course of exploration, all of which shall be plotted on the topographical map;

(6) the estimated time of exploration;

(7) the ownership of the surface land to be explored;

(8) the written permission of all surface landowners of any exploration activities, except where the applicant owns such exploration rights;

(9) provisions for reclamation of all land disturbed in exploration, including excavations, roads, drill holes, and the removal of necessary facilities and equipment; and

(10) such other information as the regulatory authority may require.

(c) Specifically identified information submitted by the applicant in the application and supporting technical data as confidential concerning trade secrets or privileged commercial or financial information which relates to the competitive rights of the applicant shall not be available for public examination.

(d) If an applicant is denied a coal exploration permit under this Act, or if the regulatory authority fails to act within a reasonable time, then the applicant may seek relief under the appropriate administrative procedures.

(e) Any person who conducts any coal exploration activities in connection with surface coal mining operations under this Act without first having obtained a permit to explore from the appropriate regulatory authority or shall fail to conduct such exploration activities in a manner consistent with his approved coal exploration permit, shall be subject to the provisions of section 518.

PUBLIC NOTICE AND PUBLIC HEARINGS

SEC. 513. (a) At the time of submission of an application for a surface coal mining and reclamation permit, or revision of an existing permit, pursuant to the provisions of this Act or an approved State program, the applicant shall submit to the regulatory authority a copy of his advertisement of the ownership, precise location, and boundaries of the land to be affected. At the time of submission such advertisement shall be placed in a local newspaper of general circulation in the locality of the proposed surface mine at least once a week for four consecutive weeks. The regulatory authority shall notify various local governmental bodies, planning agencies, and sewage and water treatment authorities, or water companies in the locality in which the proposed surface mining will take place, notifying them of the operator's intention to surface mine a particularly described tract of land and indicating the application's permit number and where a copy of the proposed mining and reclamation plan may be inspected. These local bodies, agencies, authorities, or companies have obligation to submit written comments within thirty days on the mining applications with respect to the effect of the proposed operation on the environment which are within their area of responsibility. Such comments shall be made available to the public at the same locations as are the mining applications.

(b) Any person with a valid legal interest or the officer or head of any Federal, State or local governmental agency or authority shall have the right to file written objections to the proposed initial or revised application for a permit for surface coal mining and reclamation operation with the regulatory authority within thirty days after the last publication of the above notice. If written objections are filed and a hearing requested, the regulatory authority shall then hold a public hearing in the locality of the proposed mining within a reasonable time of the receipt of such objections. The date, time, and location of such public hearing shall be advertised by the regulatory authority in a newspaper of general circulation in the locality at least once a week for three consecutive weeks prior to the scheduled hearing date. The regulatory authority may arrange with the applicant upon request by any party to the administrative proceeding access to the proposed mining area for the purpose of gathering information relevant to the proceeding. At this public hearing, the applicant for a permit shall have the burden of establishing that his application is in compliance with the applicable State and Federal laws. Not less than ten days prior to any proposed hearing, the regulatory authority shall respond to the written objections in writing. Such response shall include the regulatory authority's preliminary proposals as to the terms and conditions, and amount of bond of a possible permit for the area in question and answers to material factual questions presented in the written objections. The regulatory authority's responsibility under this subsection shall in any event be to make publicly available its estimate as to any other conditions of mining or reclamation which may be required or contained in the preliminary proposal. In the event all parties requesting the hearing stipulate agreement prior to the requested hearings, and withdraw their request, such hearings need not be held.

(c) For the purpose of such hearing, the regulatory authority may administer oaths, subpena witnesses, or written or printed materials, compel attendance of the witnesses, or production of the materials, and take evidence including but not limited to site inspections of the land to be affected and other surface coal mining operations carried on by the applicant in the general vicinity of the proposed operation. A verbatim transcript and complete record of each public hearing shall be ordered by the regulatory authority.

DECISIONS OF REGULATORY AUTHORITY AND APPEALS

SEC. 514. (a) If a public hearing has been held pursuant to section 513(b), the regulatory authority shall issue and furnish the applicant for a permit and persons who are parties to the administrative proceedings with the written finding of the regulatory authority, granting or denying the permit in whole or in part and stating the reason therefor, within thirty days of said hearings.

(b) If there has been no public hearing held pursuant to section 513(b), the regulatory authority shall notify the applicant for a permit within a reasonable time, taking into account the time needed for proper investigation of the site, the complexity of the permit application and whether or not written objection to the application has been filed, whether the application has been approved or disapproved. If the application is approved, the permit shall be issued. If the application is disapproved, specific reasons therefor must be set forth in the notification. Within thirty days after the applicant is notified that the permit or any portion thereof has been denied, the applicant may request a hearing on the reasons for the said disapproval. The regulatory authority shall hold a hearing within thirty days of such request and provide notification to all interested parties at the time that the applicant is so notified. Within thirty days after the hearing the regulatory authority shall issue and furnish the applicant, and all persons who participated in the hearing, with the written decision of the regulatory authority granting or denying the permit in whole or in part and stating the reasons therefor.

(c) Any applicant or any person who has participated in the administrative proceedings as an objector, and who is aggrieved by the decision of the regulatory authority, or if the regulatory authority fails to act within a reasonable period of time, shall have the right of appeal for review by a court of competent jurisdiction in accordance with State or Federal law.

ENVIRONMENTAL PROTECTION PERFORMANCE STANDARDS

Sec. 515. (a) Any permit issued under any approved State or Federal program pursuant to this Act to conduct surface coal mining operations shall require that such surface coal mining operations will meet all applicable performance standards of this Act, and such other requirements as the regulatory authority shall promulgate.

(b) General performance standards shall be applicable to all surface coal mining and reclamation operations and shall require the operator as a minimum to—

(1) conduct surface coal mining operations so as to maximize the utilization and conservation of the solid fuel resource being recovered so that reaffecting the land in the future through surface coal mining can be minimized;

(2) restore the land affected to a condition at least fully capable of supporting the uses which it was capable of supporting prior to any mining, or higher or better uses of which there is a reasonable likelihood, so long as such use or uses do not present any actual or probable hazard to public health or safety or pose any actual or probable threat of water diminution or pollution, and the permit applicants' declared proposed land use following reclamation is not deemed to be impractical or unreasonable, inconsistent with applicable land use polices and plans, involves unreasonable delay in implementation, or is violative of Federal, State, or local law;

(3) with respect to all surface coal mining operations backfill, compact (where advisable to insure stability or to prevent leaching of toxic materials), and grade in order to restore the approximate original contour of the land with all highways, spoil piles and depressions eliminated (unless small depressions are needed in order to retain moisture to assist revegetation or as otherwise authoried pursuant to this Act): *Provided, however*, That in surface coal mining which is carried out at the same location over a substantial period of time where the operation transects the coal deposit, and the thickness of the coal deposits relative to the volume of overburden is large and where the operator demonstrates that the overburden and other spoil and waste materials at a particular point in the permit area or otherwise available from the entire permit area is insuffiicent, giving due consideration to volumetric expansion, to restore the approximate original contour, the operator, at a minimum, shall backfill, grade, and compact (where advisable) using all available overburden and other spoil and waste material to attain the lowest practicable grade but not more than the angle of repose, to provide adequate drainage and to cover all acid-forming and other toxic materials, in order to achieve an ecologically sound land use compatible with the surrounding region: And *provided further*, That in surface coal mining where the volume of overburden is large relative to the thickness of the coal deposit and where the operator demonstrates that due to volumetric expansion the amount of overburden and other spoil and waste materials removed in the course of the mining operation is more than sufficient to restore the approximate original contour, the operator shall after restoring the approximate contour, backfill, grade, and compact (where advisable) the excess overburden and other spoil and waste materials to attain the lowest grade but not more than the angle of repose, and to cover all acid-forming and other toxic materials, in order to achieve an ecologically sound land use compatible with the surrounding region and that such overburden or spoil shall be shaped and graded in such a way as to prevent slides, erosion, and water pollution and is revegetated in accordance with the requirements of this Act;

(4) stabilize and protect all surface areas including spoil piles affected by the surface coal mining and reclamation operation to effectively control erosion and attendant air and water pollution;

(5) remove the topsoil from the land in a separate layer, replace it on the backfill area, or if not utilized immediately, segregate it in a separate pile from other spoil and when the topsoil is not replaced on a backfill area within a time short enough to avoid deterioration of the topsoil, maintain a successful cover by quick growing plant or other means thereafter so that the topsoil is preserved from wind and water erosion, remains free of any contamination by other acid or toxic material, and is in a usable condition for sustaining vegetation when restored during reclamation, except if topsoil is of insufficient quantity or of poor quality for sustaining vegetation, or if other strata can be shown to be more suitable for vegetation requirements, then the operator shall remove, segregate, and preserve in a like manner such other strata which is best able to support vegetation;

(6) restore the topsoil or the best available subsoil which has been segregated and preserved;

(7) protect offsite areas from slides or damage occurring during the surface coal mining and reclamation operations, and not deposit spoil material or locate any part of the operations or waste accumulations outside the permit area;

(8) create, if authorized in the approved mining and reclamation plan and permit, permanent impoundments of water on mining sites as part of reclamation activities only when it is adequately demonstrated that—

(A) the size of the impoundment is adequate for its intended purposes;

(B) the impoundment dam construction will be so designed as to achieve necessary stability with an adequate margin of safety compatible with that of structures constructed under Public Law 83–566 (16 U.S.C. 1006);

(C) the quality of impounded water will be suitable on a permanent basis for its intended use and that discharges from the impoundment will not degrade the water quality in the receiving stream;

(D) the level of water will be reasonably stable;

(E) final grading will provide adequate safety and access for proposed water users; and

(F) such water impoundments will not result in the diminution of the quality or quantity of water utilized by adjacent or surrounding landowners for agricultural, industrial, recreational, or domestic uses;

(9) fill all auger holes with an impervious and noncombustible material in order to prevent drainage;

(10) minimize the disturbances to the prevailing hydrologic balance of the mine-site and in associated offsite areas and to the quality and quantity of water in surface and ground water systems both during and after surface coal mining operations and during reclamation by—

(A) avoiding acid or other toxic mine drainage by such measures as, but not limited to—

(i) preventing or removing water from contact with toxic producing deposits;

(ii) treating drainage to reduce toxic content which adversely affects downstream water upon being released to water courses;

(iii) casing, sealing, or otherwise managing boreholes, shafts, and wells to keep acid or other toxic drainage from entering ground and surface waters;

(B) conducting surface coal mining operations so as to prevent, to the extent possible using the best technology currently available, additional contributions of suspended solids to streamflow or runoff outside the permit area above natural levels under seasonal flow conditions as measured prior to any mining, and avoiding channel deepening or enlargement in operations requiring the discharge of water from mines;

(C) removing temporary or large siltation structures from drainways after disturbed areas are revegetated and stabilized;

(D) restoring recharge capacity of the aquifer at the mine site to approximate premining conditions;

(E) preserving throughout the mining and reclamation process the hydrologic integrity of alluvial valley floors in the arid and semiarid areas of the country; and

(F) such other actions as the regulatory authority may prescribe;

(11) with respect to surface disposal of mine wastes, tailings, coal processing wastes, and other wastes in areas other than the mine working or excavations, stabilize all waste piles in designated areas through construction in compacted layers including the use of incombustible and impervious materials if necessary and assure the final contour of the waste pile will be compatible with natural surroundings and that the site can and will be stabilized and revegetated to the provisions of this Act;

(12) refrain from surface coal mining within five hundred feet from active and abandoned underground mines in order to prevent break-throughs and to protect health or safety of miners: *Provided*, That the regulatory authority shall permit an operator to mine closer to an abandoned underground mine: *Provided*, That this does not create hazards to the health and safety of miners; or shall permit an operator to mine near, through or partially through an abandoned underground mine working where such mining through will achieve improved resource recovery, abatement of water pollution or elimination of public hazards and such mining shall be consistent with the provisions of the Act;

(13) with respect to the surface disposal of mine wastes, tailings, coal processing wastes, or other liquid and solid wastes, the United States Army Corps of Engineers is to supervise the design, location, construction, opera-

tion, maintenance, and abandonment of all existing and new coal mine waste embankments, dams, and refuse piles used for the disposal of all such mine wastes, in accordance with the same standards used in the design, location, construction, operation, maintenance, and abandonment of flood control dams and other such structures in their public works program.

(14) insure that all debris, acid forming materials, toxic materials, or materials constituting a fire hazard are treated or disposed of in a manner designed to prevent contamination of ground or surface waters or sustained combustion;

(15) insure that explosives are used only in accordance with existing State and Federal law and the regulations promulgated by the regulatory authority, which shall include provisions to—

(A) provide adequate advance written notice by publication and/or posting of the planned blasting schedule to local governments and to residents who might be affected by the use of such explosives and maintain for a period of at least two years a log of the magnitudes and times of blasts; and

(B) limit the type of explosives and detonating equipment, the size, the timing and frequency of blasts based upon the physical conditions of the site so as to prevent (i) injury to persons, (ii) damage to public and private property outside the permit area, (iii) adverse impacts on any underground mine, and (iv) change in the course, channel, or availability of ground or surface water outside the permit area;

(16) insure that all reclamation efforts proceed in an environmentally sound manner and as contemporaneously as practicable with the surface coal mining operations;

(17) insure that the construction maintenance, and postmining conditions of access roads into and across the site of operations will control or prevent erosion and siltation, pollution of water, damage to fish or wildlife or their habitat, or public or private property: *Provided*, That the regulatory authority may permit the retention after mining of certain access roads where consistent with State and local land use plans and programs and where necessary may permit a limited exception to the restoration of approximate original contour for that purpose;

(18) refrain from the construction of roads or other access ways up a stream bed or drainage channel or in such proximity to such channel so as to seriously alter the normal flow of water;

(19) establish on the regraded areas, and all other lands affected, a diverse, effective and permanent vegetative cover native to the area of land to be affected and capable of self-regeneration and plant succession at least equal in extent of cover to the natural vegetation of the area; except, that introduced species may be used in the revegetation process where desirable and necessary to achieve the approved postmining land use plan;

(20) assume the responsibility for successful revegetation, as required by paragraph (19) above, for a period of five full years after the last year of augmented seeding, fertilizing, irrigation, or other work in order to assure compliance with paragraph (19) above, except in those areas or regions of the country where the annual average precipitation is twenty-six inches or less, then the operator's assumption of responsibility and liability will extend for a period of ten full years after the last year of augmented seeding, fertilizing, irrigation, or other work: *Provided*, That when the regulatory authority approves a long-term intensive agricultural postmining land use, the applicable five- or ten-year period of responsibility for revegetation shall commence at the date of initial planting for such long-term intensive agricultural postmining land use: *Provided further*, That when the regulatory authority issues a written finding approving a long-term, intensive, agricultural postmining land use as part of the mining and reclamation plan, the authority may grant exception to the provisions of paragraph (19) above; and

(21) meet such other criteria as are necessary to achieve reclamation in accordance with the purposes of this Act, taking into consideration the physical, climatological, and other characteristics of the site, and to insure the maximum practicable recovery of the mineral resources.

(c) (1) Each State program may and each Federal program shall include procedures pursuant to which the regulatory authority may permit variances for the purposes set forth in paragraph (3) of this subsection.

(2) Where an applicant meets the requirements of paragraphs (3) and (4) of this subsection a variance from the requirement to restore to approximate original contour set forth in subsection 515(b) (3) or 515(d) of this section may be granted for the surface mining of coal where the mining operation will remove an entire coal seam or seams running through the upper fraction of a mountain, ridge, or hill (except as provided in subsection (c) (4) (A) hereof) by removing all of the overburden and creating a level plateau or a gently rolling contour with no highwalls remaining, and capable of supporting postmining uses in accord with the requirements of this subsection.

(3) In cases where an industrial, commercial (including commercial agricultural), residential or public facility (including recreational facilities) development is proposed for the postmining use of the affected land, the regulatory authority may grant a variance for a surface mining operation of the nature described in subsection (c) (2) where—

(A) after consultation with the appropriate land use planning agencies, if any, the proposed development is deemed to constitute an equal or better economic or public use of the affected land, as compared with the premining use;

(B) the equal or better economic or public use can be obtained only if one or more exceptions to the requirements of section 515(b) (3) are granted;

(C) the applicant presents specific plans for the proposed postmining land use and appropriate assurances that such use will be—

(i) compatible with adjacent land uses;

(ii) obtainable according to data regarding expected need and market;

(iii) assured of investment in necessary public facilities;

(iv) supported by commitments from public agencies where appropriate;

(v) practicable with respect to private financial capability for completion of the proposed development;

(vi) planned pursuant to a schedule attached to the reclamation plan so as to integrate the mining operation and reclamation with the postmining land use; and

(vii) designed by a registered engineer in conformance with professional standards established to assure the stability, drainage, and configuration necessary for the intended use of the site;

(D) the proposed use would be consistent with adjacent land uses, and existing State and local land use plans and programs;

(E) the regulatory authority provides the governing body of the unit of general-purpose government in which the land is located and any State or Federal agency which the regulatory agency, in its discretion, determines to have an interest in the proposed use, an opportunity of not more than sixty days to review and coment on the proposed use;

(F) a public hearing is held in the locality of the proposed surface coal mining operation prior to the grant of any permit including a variance: and

(G) all other requirements of this Act will be met.

(4) In granting any variance pursuant to this subsection the regulatory authority shall require that—

(A) the toe of the lowest coal seam mined and the overburden associated with it are retained in place as a barrier to slides and erosion;

(B) the reclaimed area is stable;

(C) the resulting plateau or rolling contour drains inward from the outslopes except at specified points;

(D) no damage will be done to natural water courses;

(E) all other requirements of this Act will be met.

(5) The regulatory authority shall promulgate specific regulations to govern the granting of variances in accord with the provisions of this subsection, and may impose such additional requirements as he deems to be necessary.

(6) All exceptions granted under the provisions of this subsection shall be reviewed not more than three years from the date of issuance of the permit, unless the applicant affirmatively demonstrates that the proposed development is proceeding in accordance with the terms of the approved schedule and reclamation plan.

(d) The following performance standards shall be applicable to steep slope surface coal mining and shall be in addition to those general performance standards required by this section: *Provided, however*, That the provisions of this subsection (d) shall not apply to those situations in which an operator is mining on flat or gently rolling terrain, on which an occasional steep slope is encountered through which the mining operation is to proceed, leaving a plain or predominantly flat area:

(1) Insure that when performing surface coal mining on steep slopes, no debris, abandoned or disabled equipment, soil, spoil material, or waste mineral matter be placed on the downslope below the bench or mining cut, except that where necessary soil or spoil material from the initial block or short linear cut of earth necessary to obtain initial access to the coal seam in a new surface coal mining operation can be placed temporarily on a limited and specified area of the downslope below the initial cut if the permittee demonstrates that such soil or spoil material will not slide and that the other requirements of this subsection can still be met: *Prvided*. That spoil material in excess of that required for the reconstruction of the approximate original contour under the provisions of paragraphs 515(b) (3) or 515(d) (2) or excess spoil from a surface coal mining operation granted a variance under subsection 515(c) may be permanently stored at such offsite spoil storage areas as the regulatory authority shall designate and for the purposes of his Act such areas shall be deemed in all respects to be part of the lands affected by surface coal mining operations. Such offsite spoil storage areas shall be designed by a registered engineer in conformance with professional standards established to assure the stability, drainage, and configuration necessary for the intended use of the site.

(2) Complete backfilling with spoil material shall be required to cover completely the highwall and return the site to the approximate original contour, which material will maintain stability following mining and reclamation.

(3) The operator may not disturb land above the top of the highwall unless the regulatory authority finds that such disturbance will facilitate compliance with the environmental protection standards of this section: *Provided, however*, That the land disturbed above the highwall shall be limited to that amount necessary to facilitate said compliance.

(4) For the purposes of this section, the term "steepslope" is any slope above twenty degrees or such lesser slope as may be defined by the regulatory authority after consideration of soil, climate, and other characteristics of a region or State.

SURFACE EFFECTS OF UNDERGROUND COAL MINING OPERATIONS

SEC. 516. (a) The Secretary shall promulgate rules and regulations directed toward the surface effects of underground coal mining operations, embodying the following requirements and in accordance with the procedures established under section 501 of this Act.

(b) Each permit issued under any approved State or Federal program pursuant to this Act and relating to underground coal mining shall require the operator to—

(1) adopt measures consistent with known technology in order to prevent subsidence to the extent technologically and economically feasible, maximize mine stability, and maintain the value and use of such surface lands, except in those instances where the mining technology used requires planned subsidence in a predictable and controlled manner: *Provided*, That nothing in this subsection shall be construed to prohibit the standard method of room and pillar continuous mining;

(2) seal all portals, entryways, drifts, shafts, or other openings between the surface and underground mine workings when no longer needed for the conduct of the mining operations;

(3) fill or seal exploratory holes no longer necessary for mining, maximizing to the extent practicable return of mine and processing waste, tailings, and any other waste incident to the mining operation, to the mine workings or excavations;

(4) with respect to surface disposal of mine wastes, tailings, coal processing wastes, and other wastes in areas other than the mine working or excavations, stabilize all waste piles created by the permittee from current operations through construction in compacted layers including the use of incombustible and impervious materials if necessary and assure that the leachate will not pollute surface or ground waters and that the final contour of the waste accumulation will be compatible with natural surroundings and that the site is stabilized and revegetated according to the provisions of this section;

(5) with respect to the surface disposal of mine wastes, tailings, coal processing wastes, or other liquid and solid wastes, the United States Army Corps of Engineers is to supervise the design, location, construction, operation, maintenance, and abandonment of all existing and new coal mine waste embankments, dams, and refuse piles used for the disposal of all such mine wastes, in accordance with the same standards used in the design, location, construction, operation, maintenance, and abandonment of flood control dams and other such structures in their public works program.

(6) establish on regraded areas and all other lands affected, a diverse and permanent vegetative cover capable of self-regeneration and plant succession and at least equal in extent of cover to the natural vegetation of the area;

(7) protect offsite areas from damages which may result from such mining operations;

(8) eliminate fire hazards and otherwise eliminate conditions which constitute a hazard to health and safety of the public;

(9) minimize the disturbances to the prevailing hydrologic balance at the mine-site and in associated offsite areas and to the quality and quantity of water in surface ground water systems both during and after coal mining operations and during reclamation by—

(A) avoiding acid or other toxic mine drainage by such measures as, but not limited to—

(i) preventing or removing water from contact with toxic producing deposits;

(ii) treating drainage to reduce toxic content which adversely affects downstream water upon being released to water courses;

(iii) casing, sealing, or otherwise managing boreholes, shafts, and wells to keep acid or other toxic drainage from entering ground and surface waters; and

(B) conducting surface coal mining operations so as to prevent, to the extent possible using the best technology currently available, additional contributions of suspended solids to streamflow or runoff outside the permit area above natural levels under seasonal flow conditions as measured prior to any mining, and avoiding channel deepening or enlargement in operations requiring the discharge of water from mines.

(10) with respect to other surface impacts not specified in this subsection including the construction of new roads or the improvement or use of existing roads to gain access to the size of such activities and for haulage, repair areas, storage areas, processing areas, shipping areas and other areas upon which are sited structures, facilities, or other property or materials on the surface, resulting from or incident to such activities, operate in accordance with the standards established under section 515 of this title for such effects which result from surface coal mining operations: Provided, That the Secretary may make such modifications in the requirements imposed by this subparagraph as are deemed necessary by the Secretary due to the differences between surface and underground coal mining.

(c) In order to protect the stability of the land, the regulatory authority shall suspend underground coal mining under urbanized areas, cities, towns, and communities and adjacent to industrial or commercial buildings, major impoundments, or permanent streams if he finds imminent danger to inhabitants of the urbanized areas, cities, towns, and communities.

(d) The provisions of title V of this Act relating to State and Federal programs, permits, bonds, inspections and enforcement, public review, and administrative and judicial review shall be applicable to surface coal mining and reclamation operations incident to underground coal mining with such modifications to the permits application requirements, permit approval or denial procedures, and bond requirements as are deemed necessary by the Secretary due to the differences between surface and underground coal mining. The Secretary shall promulgate such modifications in accordance with the rulemaking procedure established in section 501 of this Act.

INSPECTIONS AND MONITORING

SEC. 517. (a) The Secretary shall cause to be made such inspections of any surface coal mining and reclamation operations as are necessary to evaluate the administration of approved State programs, or to develop or enforce any Federal program, and for such purposes authorized representatives of the Secretary shall have a right of entry to, upon, or through any surface coal mining and reclamation operations.

(b) For the purpose of developing or assisting in the development, administration, and enforcement of any approved State or Federal program under this Act or in the administration and enforcement of any permit under this Act, or of determining whether any person is in violation of any requirement of any such State or Federal program or any other requirement of this Act—

(1) the regulatory authority shall require any permittee to (A) establish and maintain appropriate records, (B) make monthly reports to the regulatory authority, (C) install, use, and maintain any necessary monitoring equipment or methods, (D) evaluate results in accordance with such methods, at such locations, intervals, and in such manner as a regulatory authority shall prescribe, and (E) provide such other information relative to surface coal mining and reclamation operations as the regulatory authority deems reasonable and necessary;

(2) for those surface coal mining and reclamation operations which remove or disturb strata that serve as aquifers which significantly insure the hydrologic balance of water use either on or off the mining site, the regulatory authority shall specify those—

(A) monitoring sites to record the quantity and quality of surface drainage above and below the minesite as well as in the potential zone of influence;

(B) monitoring sites to record level, amount, and samples of ground water and aquifers potentially affected by the mining and also directly below the lowermost (deepest) coal seam to be mined;

(C) records of well logs and borehole data to be maintained; and

(D) monitoring sites to record precipitation. The monitoring, data collection, and analysis required by this section shall be conducted according to standards and procedures set forth by the regulatory authority in order to assure their reliability and validity; and

(3) the authorized representatives of the regulatory authority, without advance notice and upon presentation of appropriate credentials (A) shall have the right of entry to, upon, or through any surface coal mining and reclamation operations or any premises in which any records required to be maintained under paragraph (1) of this subsection are located; and (B) may at reasonable times, and without delay, have access to and copy any records, inspect any monitoring equipment or method of operation required under this Act.

(c) The inspections by the regulatory authority shall (1) occur on an irregular basis averaging not less than one inspection per month for the surface coal mining and reclamation operations for coal covered by each permit; (2) occur without prior notice to the permittee or his agents or employees; and (3) include the filing of inspection reports adequate to enforce the requirements of and to carry out the terms and purposes of this Act and the regulatory authority shall make copies of such inspection reports immediately and freely available to the public at a central location in the pertinent geographic area of mining. The Secretary or regulatory authority shall establish a system of continual rotation of inspectors so that the same inspector does not consistently visit the same operations.

(d) Each permittee shall conspicuously maintain at the entrances to the surface coal mining and reclamation operations a clearly visible sign which sets forth the name, business address, and phone number of the permittee and the permit number of the surface coal mining and reclamation operations.

(e) Each inspector, upon detection of each violation of any requirement of any State or Federal program or of this Act, shall forthwith inform the operator in writing, and shall report in writing any such violation to the regulatory authority.

(f) Copies of any records, reports, inspection materials, or information obtained under this title by the regulatory authority shall be made immediately available to the public at central and sufficient locations in the county, multicounty, and State area of mining so that they are conveniently available to residents in the areas of mining.

PENALTIES

SEC. 518. (a) In the enforcement of a Federal program or Federal lands program, or during Federal enforcement pursuant to section 502 or during Federal enforcement of a State program pursuant to section 521 of this Act, any permittee who violates any permit condition or who violates any other provision of this title, may be assessed a civil penalty by the Secretary, except that if such violation leads to the issuance of a cessation order under section 520 or section 521, the civil penalty shall be assessed. Such penalty shall not exceed $5,000 for each violation. Each day of a continuing violation may be deemed a separate violation for purposes of penalty assessments. In determining the amount of the penalty, consideration shall be given to the permittee's history of previous violations at the particular surface coal mining operation; the appropriateness of such penalty to the size of the business of the permittee charged; the seriousness of the violation, including any irreparable harm to the environment and any hazard to the health or safety of the public; whether the permittee was negligent; and the demonstrated good faith of the permittee charged in attempting to achieve rapid compliance after notification of the violation.

(b) A civil penalty shall be assessed by the Secretary only after the person charged with a violation described under subsection (a) of this section has been given an opportunity for a public hearing. Where such a public hearing has been held, the Secretary shall make findings of fact, and he shall issue a written decision as to the occurrence of the violation and the amount of the penalty which is warranted, incorporating, when appropriate, an order therein requiring that the penalty be paid. When appropriate, the Secretary shall consolidate such hearings with other proceedings under section 521 of this Act. Any hearing under this section shall be of record and shall be subject to section 554 of title 5 of the United States Code. Where the person charged with such a violation fails to avail himself of the opportunity for a public hearing, a civil penalty shall be assessed by the Secretary after the Secretary has determined that a violation did occur, and the amount of the penalty which is warranted, and has issued an order requiring that the penalty be paid.

(c) If no complaint, as provided in this section, is filed within thirty days from the date of the final order or decision issued by the Secretary under subsection (b) of this section, such order and decision shall be conclusive.

(d) Interest at the rate of 6 per centum per annum or at the prevailing Department of the Treasury borrowing rate, whichever, is greater, shall be charged against a person on any unpaid civil penalty assessed against him pursuant to the final order of the Secretary, said interest to be computed from the thirty-first day after issuance of such final assessment order.

(e) Civil penalties owned under this Act, either pursuant to subsection (c) of this section or pursuant to an enforcement order entered under section 526 of this Act, may be recovered in a civil action brought by the Attorney General at the request of the Secretary in any appropirate district court of the United States.

(f) Any person who willfully and knowingly violates a condition of a permit issued pursuant to a Federal program, a Federal lands program or Federal enforcement pursuant to section 502 or during Federal enforcement of a State program pursuant to section 521 of this Act or fails or refuses to comply with any order issued under section 520, section 525 or section 526 of this Act, or any order incorporated in a final decision issued by the Secretary under this Act, except an order incorporated in a decision issued under subsection (b) of this section or section 703 of this Act, shall, upon conviction, be punished by a fine of not more than $10,000, or by imprisonment for not more than one year or both.

(g) Whenever a corporate permittee violates a condition of a permit issued pursuant to a Federal program, a Federal lands program or Federal enforcement pursuant to section 502 or Federal enforcement of a State program pursuant to section 521 of this Act or fails or refuses to comply with any order issued under section 520, section 525 or section 526 of this Act, or any order incorporated in a final decision issued by the Secretary under this Act except an order incorporated in a decision issued under subsection (b) of this section or section 703 of this Act, any director, officer, or agent of such corporation who willfully and knowingly authorized, ordered, or carried out such violation, failure, or refusal shall be subject to the same civil penalties, fines, and imprisonment that may be imposed upon a person under subsections (a) and (f) of this section.

(h) Whoever knowingly makes any false statement, representation, or certification, or knowingly fails to make any statement, representation, or certification in any application, record, report, plan, or other document filed or required to be maintained pursuant to a Federal program or a Federal lands program or any order or decision issued by the Secretary under this Act, shall, upon conviction be punished by a fine of not more than $10,000, or by imprisonment for not more than one year or both.

(i) As a condition of approval of any State program submitted pursuant to section 503 of this Act, the civil and criminal penalty provisions thereof shall, at a minimum, incorporate penalties no less stringent than those set forth in this section, and shall contain the same or similar procedural requirements relating thereto.

RELEASE OF PERFORMANCE BONDS OR DEPOSITS

SEC. 519. (a) The permittee may file a request with the regulatory authority for the release of all or part of a performance bond or deposit. Within thirty days after any application for bond or deposit release has been filed with the regulatory authority, the operator shall submit a copy of an advertisement placed on five successive days in a newspaper of general circulation in the locality of the surface coal mining operation. Such advertisement shall be considered part of any bond release application and shall contain a notification of the precise location of the land affected, the number of acres, the permit number and the date approved, the amount of the bond filed and the portion sought to be released, and the type and the approximate dates of reclamation work performed, and the description of the results achieved as they relate to the operator's approved reclamation plan. In addition, as part of any bond release application, the applicant shall submit copies of letters which he has sent to adjoining property owners, local governmental bodies, planning agencies, and sewage and water treatment authorities, or water companies in the locality in which the surface coal mining and reclamation activities took place, notifying them of his intention to seek release from the bond.

(b) Upon receipt of the notification and request, the regulatory authority shall within a reasonable time conduct an inspection and evaluation of the reclamation work involved. Such evaluation shall consider, among other things, the degree of difficulty to complete any remaining reclamation, whether pollution of surface and subsurface water is occurring, the probability of continuance of future occurrence of such pollution, and the estimated cost of abating such pollution.

(c) The regulatory authority may release in whole or in part said bond or deposit if the authority is satisfied that reclamation covered by the bond or deposit or portion thereof has been accomplished as required by this Act according to the following schedule:

(1) When the operator completes the backfilling, regrading, and drainage control of a bonded area in accordance with his approved reclamation plan, the release of 60 per centum of the bond or collateral for the applicable permit area;

(2) After revegetation has been established on the regraded mined lands in accordance with the approved reclamation plan. When determining the amount of bond to be released after successful revegetation has been established, the regulatory authority shall retain that amount of bond for the revegetated area which would be sufficient for a third party to cover the cost of reestablishing revegetation and for the period specified for operator responsibility in section 515 of reestablishing revegetation. No part of the bond or deposit shall be released under this paragraph (2) so long as the lands to which the release would be applicable are contributing suspended solids to streamflow or runoff outside the permit area above natural levels and seasonal flow conditions as measured prior to any mining:

(3) When the operator has completed successfully all surface coal mining and reclamation activities, but not before the expiration of the period specified for operator responsibility in section 515:

Provided, however, That no bond shall be fully released until all reclamation requirements of this Act are fully met.

(d) If the regulatory authority disapproves the application for release of the bond or portion thereof, the authority shall notify the permittee, in writing, stating the reasons for disapproval and recommending corrective actions necessary to secure said release.

(e) With any application for total or partial bond release filed with the regulatory authority, the regulatory authority shall notify the municipality in which a surface coal mining operation is located by certified mail at least thirty days prior to the release of all or a portion of the bond.

(f) Any person with a valid legal interest or the officer or head of any Federal, State, or local governmental agency shall have the right to file written objections to the proposed release from bond to the regulatory authority within thirty days after the last publication of the above notice. If written objections are filed, and a hearing requested, the regulatory authority shall inform all the interested parties, of the time and place of the hearing, and hold a public hearing in the locality of the surface coal mining operation proposed for bond release within thirty days of the request for such hearing. The date, time, and location of such public hearings shall be advertised by the regulatory authority in a newspaper of general circulation in the locality twice a week for two consecutive weeks.

(g) For the purpose of such hearing the regulatory authority shall have the authority and is hereby empowered to administer oaths, subpena witnesses, or written or printed materials, compel the attendance of witnesses, or production of the materials, and take evidence including but not limited to inspections of the land affected and other surface coal mining operations carried on by the applicant in the general vicinity. A verbatim transcript and a complete record of each public hearing shall be ordered by the regulatory authority.

CITIZEN SUITS

SEC. 520. (a) Except as provided in subsection (b) of this section, any person having an interest which is or may be adversely affected may commence a civil action on his own behalf—

(1) against any person including—

(A) the United States, and

(B) any other governmental instrumentality or agency to the extent permitted by the eleventh amendment to the Constitution who is alleged to be in violation of the provisions of this Act or the regulation promulgated thereunder, or order issued by the regulatory authority; or

(2) against the Secretary or the appropriate State regulatory authority to the extent permitted by the eleventh amendment to the Constitution where there is alleged a failure of the Secretary or the appropriate State regulatory authority to perform any act or duty under this Act which is not discretionary with the Secretary or with the appropriate State regulatory authority.

(b) No action may be commenced—

(1) under subsection (a)(1) of this section—

(A) prior to sixty days after the plaintiff has given notice in writing under oath of the violation (i) to the Secretary, (ii) to the State in which the violation occurs, and (iii) to any alleged violator of the provisions, regulations, or order; or

(B) if the Secretary or the State has commenced and is diligently prosecuting a civil action in a court of the United States or a State to require compliance with the provisions of this Act or the regulations thereunder, or the order, but in any such action in a court of the United States any person may intervene as a matter of right; or

(2) under subsection (a)(2) of this section prior to sixty days after the plaintiff has given notice in writing under oath of such action to the Secretary, in such manner as the Secretary shall by regulation prescribe, or to the appropriate State regulatory authority, except that such action may be brought immediately after such notification in the case where the violation or order or lack of order complained of constitutes an imminent threat to the health or safety of the plaintiff or would immediately affect a legal interest of the plaintiff.

(c)(1) Any action respecting a violation of this Act or the regulations thereunder may be brought only in the judicial district in which the surface coal mining operation complained of is located.

(2) In such action under this section, the Secretary, or the State regulatory authority, if not a party, may intervene as a matter of right.

(d) The court, in issuing any final order in any action brought pursuant to subsection (a) of this section, may award costs of litigation to any party, whenever the court determines such award is appropriate. The court may, if a temporary restraining order or preliminary injunction is sought, require the filing of a bond or equivalent security in accordance with the Federal Rules of Civil Procedure.

(e) Nothing in this section shall restrict any right which any person (or class of persons) may have under this or any statute or common law to seek enforcement of any of the provisions of this Act and the regulations thereunder, or to seek any other relief (including relief against the Secretary or the appropriate State regulatory authority).

(f) Any resident of the United States who is injured in any manner through the failure of any operator to comply with the provisions of this Act, or of any regulation, order, permit, or plan of reclamation issued by the Secretary, may bring an action for damage (including attorney fees) in an appropriate United States district court.

ENFORCEMENT

SEC. 521. (a)(1) Whenever, on the basis of any information available to him, including receipt of information from any person, the Secretary has reason to believe that any person is in violation of any requirement of this Act or any permit condition required by this Act, the Secretary shall notify the State regulatory authority, if one exists, in the State in which such violation exists. If no such State authority exists or the State regulatory authority fails within ten days after notification to take appropriate action to cause said violation to be corrected or to show good cause for such failure and transmit notification of its action to the Secretary, the Secretary shall immediately order Federal inspection of the surface coal mining operation at which the alleged violation is occurring unless the information available to the Secretary is a result of a previous Federal inspection of such surface coal mining operation. When the Federal inspection results from information provided to the Secretary by any person, the Secretary shall notify such person when the Federal inspection is proposed to be carried out and such person shall be allowed to accompany the inspector during the inspection.

(2) When, on the basis of any Federal inspection, the Secretary or his authorized representative determines that any condition or practices exist, or thta any permittee is in violation of any requirement of this Act or any permit condition required by this Act, which condition, practice, or violation also creates an imminent danger to the health or safety of the public, or is causing, or can reasonably be expected to cause significant, imminent, irreparable environmental harm to land, air, or water resources, the Secretary or his authorized representative shall immediately order a cessation of surface coal mining and reclamation operations or the portion thereof relevant to the condition, practice, or violation. Such cessation order shall remain in effect until the Secretary or his authorized representative determines that the condition, practice, or violation has been abated, or until modified, vacated, or terminated by the Secretary or his authorized representative pursuant to subparagraph (a)(5) of this section.

(3) When, on the basis of a Federal inspection which is carried out during the enforcement of a Federal program or a Federal lands program, Federal inspection pursuant to section 502, or section 504(b) or during Federal enforcement of a State program in accordance with subsection (b) of this section, the Secretary or his authorized representative determines that any permittee is in violation of any requirement of this Act or any permit condition required by this Act, but such violation does not create an imminent danger to the health or safety of the public, or cause or can be reasonably expected to cause significant, imminent irreparable environmental harm to land, air, or water resources, the Secretary or authorized representative shall issue a notice to the permittee or his agent fixing a reasonable time but not more than ninety days for the abatement of the violation. If, upon expiration of the period of time as originally fixed or subsequently extended, for good cause shown and upon the written finding of the Secretary or his authorized representative, the Secretary or his authorized representative finds that the violation has not been abated, he shall immediately order a cessation of surface coal mining and reclamation operations or the portion thereof relevant to the violation. Such cessation order shall remain in effect until the Secretary or his authorized representative determines that the violation has been abated, or until modified, vacated, or terminated by the Secretary or his authorized representative pursuant to subparagraph (a)(5) of this section.

(4) When, on the basis of a Federal inspection which is carried out during the enforcement of a Federal program or a Federal lands program, Federal inspection pursuant to section 502 or section 504(b) or during Federal enforcement of a State program in accordance with subsection (b) of this section, the Secretary or his authorized representative determines that a pattern of violations of any requirements of this Act or any permit conditions required by this Act exists or has existed, and if the Secretary or his authorized representative also find that such violations are caused by the unwarranted failure of the permittee to comply with any requirements of this Act or any permit conditions, or that such violations are willfully caused by the permittee, the Secretary or his authorized representative shall forthwith issue an order to the permittee to show cause as to why the permit should not be suspended or revoked. Upon the permittee's failure to show cause as to why the permit should not be suspended or revoked, the Secretary or his authorized representative shall forthwith suspend or revoke the perpermit.

(5) Notices and orders issued pursuant to this section shall set forth with reasonable specificity the nature of the violation and the remedial action required, the period of time established for abatement, and a reasonable description of the portion of the surface coal mining and reclamation operation to which the notice or order applies. Each notice or order issued under this section shall be given promptly to the permittee or his agent by the Secretary or his authorized representative who issues such notice or order, and all such notices and orders shall be in writing and shall be signed by such authorized representatives. Any notice or order issued pursuant to this section may be modified, vacated, or terminated by the Secretary or his authorized representative. A copy of any such order or notice shall be sent to the State regulatory authority in the State in which the violation occurs.

(b) Whenever the Secretary finds that violations of any approved State program appear to result from a failure of the State to enforce such State program effectively, he shall so notify the State. If the Secretary finds that such failures extends beyond thirty days after such notice, he shall give public notice of such finding. During the period beginning with such public notice and ending when such State satisfies the Secretary that it will enforce this Act, the Secretary shall enforce any permit condition required under this Act, shall issue new or revised permits in accordance with requirements of this Act, and may issue such notices and orders as are necessary for compliance therewith.

(c) The Secretary may request the Attorney General to institute a civil action for relief, including a permanent or temporary injunction, restraining order, or any other appropriate order in the district court of the United States for the district in which the surface coal mining and reclamation operation is located or in which the permittee thereof has his principal office, whenever such permittee or his agent (A) violates or fails or refuses to comply with any order or decision issued by the Secretary under this Act, or (B) interferes with, hinders, or delays the Secretary or his authorized representatives in carrying out the provisions of this Act, or (C) refuses to admit such authorized representative to the mine, or (D) refuses to permit inspection of the mine by such authorized representative, or (E) refuses to furnish any information or report requested by the Secretary in furtherance of the provisions of this Act, or (F) refuses to permit access to, and copying of such records as the Secretary determines necessary in carrying out the provisions of this Act. Such court shall have jurisdiction to provide such relief as may be appropriate. Temporary restraining orders shall be issued in accordance with rule 65 of the Federal Rules of Civil Procedure, as amended. Any relief granted by the court to enforce an order under clause (A) of this section shall continue in effect until the completion or final termination of all proceedings for review of such order under this title, unless, prior thereto, the district court granting such relief sets it aside or modifies it.

(d) As a condition of approval of any State program submitted pursuant to section 503 of this Act, the enforcement provisions thereof shall, at a minimum, incorporate sanctions no less stringent than those set forth in this section, and shall contain the same or similar procedural requirements relating thereto.

DESIGNATING AREAS UNSUITABLE FOR SURFACE COAL MINING

SEC. 522. (a) (1) To be eligible to assume primary regulatory authority pursuant to section 503, each State shall establish a planning process enabling objective decisions based upon competent and scientifically sound data and information as to which, if any, land areas of a State are unsuitable for all or certain types of surface coal mining operations pursuant to the standards set forth in paragraphs (2) and (3) of this subsection but such designation shall not prevent the mineral exploration pursuant to the Act of any area so designated.

(2) Upon petition pursuant to subsection (c) of this section, the State regulatory authority shall designate an area as unsuitable for all or certain types of surface coal mining operations if the State regulatory authority determines that reclamation pursuant to the requirements of this Act is not feasible.

(3) Upon petition pursuant to subsection (c) of this section, a surface area may be designated unsuitable for certain types of surface coal mining operations if such operations will—

(A) be incompatible with existing land use plans or programs; or

(B) affect fragile or historic lands in which such operations could result in significant damage to important historic, cultural, scientific, and esthetic values and natural systems; or

(C) affect renewable resource lands in which such operations could result in a substantial loss or reduction of long-range productivity of water supply or of food or fiber products, and such lands to include aquifers and aquifer recharge areas; or

(D) affect natural hazard lands in which such operations could substantially endanger life and property, such lands to include areas subject to frequent flooding and areas of unstable geology.

(4) To comply with this section, a State must demonstrate it has developed or is developing a process which includes—

(A) a State agency responsible for surface coal mining lands review;

(B) a data base and an inventory system which will permit proper evaluation of the capacity of different land areas of the State to support and permit reclamation of surface coal mining operations;

(C) a method or methods for implementing land use planning decisions concerning surface coal mining operations; and

(D) proper notice, opportunities for public participation, including a public hearing prior to making any designation or redesignation, pursuant to this section, and measures to protect the legal interests of affected individuals in all aspects of the State planning process.

(5) Determinations of the unsuitability of land for surface coal mining, as provided for in this section, shall be integrated as closely as possible with present and future land use planning and regulation processes at the Federal, State, and local levels.

(6) The requirements of this section shall not apply to lands on which surface coal mining operations are being conducted on the date of enactment of this Act or under a permit issued pursuant to this Act, or where substantial legal and financial commitments in such operations are in existence prior to September 1, 1974.

(b) The Secretary shall conduct a review of the Federal lands to determine, pursuant to the standards set forth in paragraphs (2) and (3) of subsection (a) of this section, whether there are areas on Federal lands which are unsuitable for all or certain types of surface coal mining operations. When the Secretary determines an area on Federal lands to be unsuitable for all or certain types of surface coal mining operations, he shall withdraw such area or condition any mineral leasing or mineral entries in a manner so as to limit surface coal mining operations on such area. Where a Federal program has been implemented in a State pursuant to section 504, the Secretary shall implement a process for designation of areas unsuitable for surface coal mining for non-Federal lands within such State and such process shall incorporate the standards and procedures of this section.

(c) Any person having an interest which is or may be adversely affected shall have the right to petition the regulatory authority to have an area designated as unsuitable for surface coal mining operations, or to have such a designation terminated. Such a petition shall contain allegations of facts with supporting evidence which would tend to establish the allegations. As soon as practicable after receipt of the petition the regulatory authority shall hold a public hearing in the locality of the affected area, after appropriate notice and publication of the date, time, and location of such hearing. After a person having an interest which is or may be adversely affected has filed a petition and before the hearing, as required by this subsection, any person may intervene by filing allegations of facts with supporting evidence which would tend to establish the allegations. Within sixty days after such hearing, the regulatory authority shall issue and furnish to the petitioner and any other party to the hearing, a written decision regarding the petition, and the reasons therefor. In the event that all the petitioners stipulate agreement prior to the requested hearing, and withdraw their request, such hearing need not be held.

(d) Prior to designating any land areas as unsuitable for surface coal mining operations, the regulatory authority shall prepare a detailed statement on (i) the potential coal resource of the area, (ii) the demand for coal resources, and (iii) the impact of such designation on the environment, the economy, and the supply of coal.

(e) Subject to valid existing rights no surface coal mining operations except those which exist on the date of enactment of this Act shall be permitted—

(1) on any lands within the boundaries of units of the National Park System, the National Wildlife Refuge Systems, the National System of Trails, the National Wilderness Preservation System, the Wild and Scenic Rivers System, including study rivers designated under section 5(a) of the Wild and Scenic Rivers Act and National Recreation Areas designated by Act of Congress;

(2) on any Federal lands within the boundaries of any national forest except surface operations and impacts incident to an underground coal mine;

(3) which will adversely affect any publicly owned park or places included in the National Register of Historic Sites unless approved jointly by the regulatory authority and the Federal, State, or local agency with jurisdiction over the park or the historic site;

(4) within one hundred feet of the outside right-of-way line of any public road, except where mine access or haulage roads join such right-of-way line and except that the regulatory authority may permit such roads to be relocated or the area affected to lie within one hundred feet of such road, if after public notice and opportunity for public hearing in the locality a written finding is made that the interests of the public and the landowners affected thereby will be protected; or

(5) within three hundred feet from any occupied dwelling, unless waived by the owner thereof, nor within three hundred feet of any public building, school, church, community, or institutional building, public park, or within one hundred feet of a cemetery.

FEDERAL LANDS

SEC. 523. (a) No later than six months after the date of enactment of this Act, the Secretary shall promulgate and implement a Federal lands program which shall be applicable to all surface coal mining and reclamation operations taking place pursuant to any Federal law on any Federal lands: *Provided*, That except as provided in section 712 the provisions of this Act shall not be applicable to Indian lands. The Federal lands program shall, at a minimum, incorporate all of the requirements of this Act and shall take into consideration the diverse physical, climatological, and other unique characteristics of the Federal lands in question. Where Federal lands in a State with an approved State program are involved, the Federal lands program shall, at a minimum, include the requirements of the approved State program.

(b) The requirements of this Act and the Federal lands program shall be incorporated by reference or otherwise in any Federal mineral lease, permit, or contract issued by the Secretary which may involve surface coal mining and reclamation operations. Incorporation of such requirements shall not, however, limit in any way the authority of the Secretary to subsequently issue new regulations, revise the Federal lands program to deal with changing conditions or changed technology, and to require any surface mining and reclamation operations to conform with the requirements of this Act and the regulations issued pursuant to this Act.

(c) The Secretary may enter into agreements with a State or with a number of States to provide for a joint Federal-State program covering a permit or permits for surface coal mining and reclamation operations on land areas which contain lands within any State and Federal lands which are interspersed or checkerboarded and which should, for conservation and administrative purposes, be regulated as a single management unit. To implement a joint Federal-State program the Secretary may enter into agreements with the States, may delegate authority to the States, or may accept a delegation of authority from the States for the purpose of avoiding quality of administration of a single permit for surface coal mining and reclamation operations.

(d) Except as specifically provided in subsection (c) this section shall not be construed as authorizing the Secretary to delegate to the States any authority or jurisdiction to regulate or administer surface coal mining and reclamation operations or other activities taking place on the Federal lands.

(e) The Secretary shall develop a program to assure that with respect to the granting of permits, leases, or contracts for coal owned by the United States, that no class of purchasers of the mined coal shall be unreasonably denied purchase thereof.

PUBLIC AGENCIES, PUBLIC UTILITIES, AND PUBLIC CORPORATIONS

SEC. 524. Any agency, unit, or instrumentality of Federal, State, or local government, including any publicly owned utility or publicly owned corporation of Federal, State, or local government, which proposes to engage in surface coal mining operations which are subject to the requirements of this Act shall comply with the provisions of title V.

REVIEW BY SECRETARRY

SEC. 525. (a) (1) A permittee issued a notice or order by the Secretary pursuant to the provisions of subparagraphs (a) (2) and (3) of section 521 of this title, or pursuant to a Federal program or the Federal lands program or any person having an interest which is or may be adversely affected by such notice or order or by any modification, vacation, or termination of such notice or order, may apply to the Secretary for review of the notice or order within thirty days of receipt thereof or within thirty days of its modification, vacation, or termination. Upon receipt of such application, the Secretary shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing, at the request of the applicant or the person having an interest which is or may be adversely affected, to enable the applicant or such person to present information relating to the issuance and continuance of such notice or order or the modification, vacation, or termination thereof. The filing of an application for review under this subsection shall not operate as a stay or any order or notice.

(2) The permittee and other interested persons shall be given written notice of the time and place of the hearing at least five days prior thereto. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code.

(b) Upon receiving the report of such investigation, the Secretary shall make findings of fact, and shall issue a written decision, incorporating therein an order vacating, affirming, modifying, or terminating the notice or order, or the modification, vacation, or termination of such notice or order complained of and incorporate his findings therein.

(c) Pending completion of the investigation required by this section, the applicant may file with the Secretary a written request that the Secretary grant temporary relief from any notice or order issued under section 521 of this title, a Federal program or the Federal lands program together with a detailed statement giving reasons for granting such relief. The Secretary may grant such relief, under such conditions as he may prescribe, if—

(1) a hearing has been held in the locality of the permit area on the request for temporary relief in which all parties were given an opportunity to be heard;

(2) the applicant shows that there is substantial likelihood that the findings of the Secretary will be favorable to him; and

(3) such relief will not adversely affect the health or safety of the public or cause significant, imminent environmental harm to land, air, or water resources.

(d) Following the issuance of an order to show cause as to why a permit should not be suspended or revoked pursuant to section 521, the Secretary shall hold a public hearing after giving written notice of the time, place, and date thereof. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Within sixty days following the public hearing, the Secretary shall issue and furnish to the permittee and all other parties to the hearing a writen decision, and the reasons therefor, concerning suspension or revocation of the permit. If the Secretary revokes the permit, the permittee shall immediately cease surface coal mining operations on the permit area and shall complete reclamation within a period specified by the Secretary, or the Secretary shall declare as forfeited the performance bonds for the operation.

JUDICIAL REVIEW

SEC. 526. (a)(1) Any action of the Secretary to approve or disapprove a State program or to prepare and promulgate a Federal program pursuant to this Act shall be subject to judicial review only by the appropriate United States Court of Appeals upon the filing in such court within sixty days from the date of such action of a petition by any person who participated in the administrative proceedings related thereto and who is aggrieved by the action praying that the action be modified or set aside in whole or in part. A copy of the petition shall forthwith be sent by registered or certified mail to the Secretary, and the Attorney General and thereupon the Secretary shall certify, and the Attorney General shall file in such court the record upon which the action complained of was issued, as provided in section 2112 of title 28, United States Code.

(2) All other orders or decisions issued by the Secretary pursuant to this Act shall be subject to judicial review only in the United States district court for the locality in which the surface coal mining operation is located. Such review shall be in accordance with the Federal Rules of Civil Procedure. In the case of a proceeding to review an order or decision issued by the Secretary under the penalty section of this Act, the court shall have jurisdiction to enter an order requiring payment or any civil penalty assessment enforced by its judgment. The availability of review established in this subsection shall not be construed to limit the operation of the rights established in section 520.

(b) The court shall hear such petition or complaint solely on the record made before the Secretary. The findings of the Secretary of supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may affirm, vacate, or modify any order or decision or many remand the proceedings to the Secretary for such further action as it may direct.

(c) In the case of a proceeding to review any order or decision issued by the Secretary under this Act, except an order or decision pertaining to any order issued under section 521 of this title, the court may, under such conditions as it may prescribe, grant such temporary relief as it deems appropriate pending final determination of the proceedings if—

(1) all parties to the proceedings have been notified and given an opportunity to be heard on a request for temporary relief;

(2) the person requesting such relief shows that there is a substantial likelihood that he will prevail on the merits of the final determination of the proceeding; and

(3) such relief will not adversely affect the public health or safety or cause significant imminent environmental harm to land, air, or water resources.

(d) The commencement of a proceeding under this section shall not, unless specifically ordered by the court, operate as a stay of the action, order or decision of the Secretary.

(e) Action of the State regulatory authority pursuant to an approved State program shall be subject to judicial review by the court of competent jurisdiction in accordance with State law, but the availability of such review shall not be construed to limit the operation of the rights established in section 520.

SPECIAL BITUMINOUS COAL MINES

SEC. 527. The regulatory authority is authorized to and shall issue separate regulations for those special bituminous coal surface mines located west of the one hundredth meridian west longitude which meet the following criteria:

(a) the excavation of the specific mine pit takes place on the same relatively limited site for an extended period of time;

(b) the excavation of the specific mine pit follows a coal seam having an inclination of fifteen degrees or more from the horizontal, and continues in the same area proceeding downward with lateral expansion of the pit necessary to maintain stability or as necessary to accommodate the orderly expansion of the total mining operation;

(c) the excavation of the specific mine pit involves the mining of more than one coal seam and mining has been initiated on the deepest coal seam contemplated to be mined in the current operations;

(d) the amount of material removed is large in proportion to the surface area disturbed;

(e) there is no practicable alternative method of mining the coal involved;

(f) there is no practicable method to reclaim the land in the manner required by this Act; and

(g) the specific mine pit has been actually producing coal since January 1, 1972, in such manner as to meet the criteria set forth in this section, and, because of past duration of mining, is substantially committed to a mode of operation which warrants exceptions to some provisions of this title. Such alternative regulations shall pertain only to the standards governing onsite handling of spoils, elimination of depressions capable of collecting water, creation of impoundments, and regrading to the approximate original contour and shall specify that remaining highwalls are stable. All other performance standards in this title shall apply to such mines.

SURFACE MINING OPERATIONS NOT SUBJECT TO THIS ACT

SEC. 528. The provisions of this Act shall not apply to any of the following activities:

(1) the extraction of coal by a landowner for his own noncommercial use from land owned or leased by him; and

(2) the extraction of coal for commercial purposes where the surface mining operation affects two acres or less.

ANTHRACITE COAL MINES

SEC. 529. (a) The Secretary is hereby authorized to and shall issue separate regulations according to time schedules established in the Act for anthracite coal surface mines, if such mines are regulated by environmental protection standards of the State in which they are located. Such alternative regulations shall adopt, in each instance, the environmental protection provisions of the State regulatory program in existence at the date of enactment of this Act in lieu of sections 515 and 516. Provisions of sections 509 and 519 are applicable except for specified bond limits and period of revegetation responsibility. All other provisions of this Act apply and the regulation issued by the Secretary of Interior for each State anthracite regulatory program shall so reflect: *Provided, however*, That upon amendment of a State's regulatory program for anthracite mining or regulations thereunder in force in lieu of the above-cited sections of this Act, the Secretary shall issue such additional regulations as necessary to meet the purposes of this Act.

(b) The Secretary of Interior shall report to Congress biennially, commencing on December 31, 1975, as to the effectiveness of such State anthracite regulatory programs operating in conjunction with this Act with respect to protecting the environment and such reports shall include those recommendations the Secretary deems necessary for program changes in order to better meet the environmental protection objectives of this Act.

AMENDMENT OFFERED BY MR. MELCHER

Mr. MELCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MELCHER: Amend H.R. 25 by striking the language in section 515(b)(10)(D) and adding the following new language:

"(D) restoring the recharge capacity of the mined area to approximate premining condition

"(E) Replacing the water supply of an owner of interest in real property who obtains all or part of his supply of water for domestic, agricultural, industrial, or other legitimate use from an underground or surface source where such supply has been affected by contamination, diminution or interruption proximately resulting from mining."

Reletter following subsections accordingly.

Mr. MELCHER. Mr. Chairman, this amendment comes to me after virtually the identical language was adopted by the Senate in their version of the bill and at the recommendation of Montana Power Co. who through Western Energy is engaged in strip mining at Colstrip, Mont.

The first part, (D) refers to restoring the capacity of the "mined area" to approximate premining conditions. As we have the bill before us we are talking about the "recharge capacity of the aquifer at the mine site." There are other points to consider. One is when coal is the aquifer and we remove it, it is pretty difficult to come up with an equal aquifer, but what we are really intending in the bill is to restore the recharge capacity, the amount of water that was there before.

That is what is important. Then rather than saying "mine site," the amendment says "mined area." Rather than just restrict the requirement to the very narrow area being mined, my amendment protects the water capacity of the area around the mine site. Farmers and ranchers around the perimeter of the mined area, may find themselves having their water diminished or damaged. At times they are seriously damaged. We want to prevent that. The first part of my amendment would give them that protection.

The next section (E) deals with replacing the water supply of an owner in interest of real property; in other words, the owners and the ranchers around the area. If they are deprived of their water, the mining company would have to replace it. It is accepted by the Montana Power Co. who is in the business of mining a Colstrip; they know it is needed because they are having this very problem with the ranchers and the farmers surrounding the area where they are engaged in mining. They have cooperated with the Montana Legislature, which is now in session and which has adopted this type of language for a new requirement in the State of Montana.

It is time we put it into the national bill also, and I urge the committee to look favorably on this amendment and pass it.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. In looking at the amendment, the 4th line from the bottom, the words "useful underground source"——

Mr. MELCHER. Underground or surface water are both covered in the amendment to give landowners the protection in both instances.

Mr. EVANS of Colorado. I see that the words "underground or surface" are in the amendment.

Mr. MELCHER. Yes, they are there.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. MELCHER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. EVANS OF COLORADO

Mr. EVANS of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. EVANS of Colorado: Beginning on page 238, strike out line 25 and all that follows down through line 6 on page 239 and insert in lieu thereof:
>
> "(A) not adversely affect, or be located within, alluvial valley floors, underlain by unconsolidated stream-laid deposits where farming or ranching can be practiced on irrigated or naturally subirrigated haymeadows, pasturelands, or croplands; or".

Mr. EVANS of Colorado. Mr. Chairman, my amendment deals with the section of the bill which protects alluvial valley floors in arid and semiarid areas.

Most Members are aware that strip mining can alter dramatically the quality and quantity of water in and around mined areas. For the most part, such changes have been detrimental—large increases in sedimentation; polluting of waters by acid, salts, or other toxic drainage; and the disruption of ground water and surface water flows which can reduce the availability of water. These impacts are detailed in the committee report on H.R. 25. The seriousness of these impacts is magnified in arid and semiarid regions. I believe it is necessary to assure that any bill passed by the House to regulate the impacts of surface mining contain adequate provisions for the protection of water resources in the West.

My amendment will prevent the location of coal mining operations within or adversely affecting alluvial valley floors in the West where farming and ranching can be practiced on irrigated or naturally subirrigated haymeadows, pasturelands, or other croplands.

Alluvial valley floors are characterized by unconsolidated deposits of materials such as clay, silt, sand, or gravel formed by streams where the water table is so near the surface that it directly supports vegetation. Alluvial valley floors receive recharge from a large area, and water availability in the valley floor in effect is far in excess of availability of adjoining lands.

The danger posed by surface mining is to the agricultural lands supported by the high water table in an alluvial valley floor. If the water table is lowered as a result of surface mining, the surface vegetation cannot survive and water may not be available for domestic farming and livestock uses. In addition, the water that is available after surface mining is likely to be significantly higher in sediment, salts, and other dissolved chemicals and metals.

The classic case of a damaged alluvial floor is in the Rio Puerco River Basin in New Mexico. The river is a tributary of the Rio Grande and comprises about 25 percent of its drainage basin. In the 1870's, it was a thriving agricultural area. Today it is virtually a desert. Briefly stated, the principal cause was overgrazing, which increased erosion and thereby upset the hydrologic balance. The water table was lowered by erosion of the stream channel which had deepened 40 feet by 1946. During this period, plants could no longer tap the moisture of the lowered water table and died, increasing the erosion and worsening the cycle. The potential damage caused by strip mining would not be from overgrazing, of course, but the results could be the same as in the Rio Puerco Basin.

A study conducted by the Forest Service and the Bureau of Land Management for the Decker-Birney area in Montana recommends no leasing of Federal coal lands in flood plains to avoid downstream polution. Even though many alluvial valley floors are larger than commonly defined flood plains, most flood plains in the semiarid and arid regions of the West are on alluvial valley floors.

The Montana Bureau of Mines and Geology issued a report by Wayne A. Van Voast evaluating the hydrologic effects of a strip mine located on an alluvial valley floor near Decker Mont. Van Voast, a State hydrologist, has found that water levels in the area have dropped 10 to 50 feet in an area over six times as large as that actually mined and that the water coming out of the spoils into the Tongue River is highly mineralized. Its quality is similar to that of saline seeps.

In the most comprehensive study completed to date on surface mining in the West, an impartial study committee formed by the National Academy of Sciences concluded:

> In the planning of any proposed mining and rehabilitation it is essential to stipulate that alluvial valley floors and stream channels be preserved.

My amendment embodies this recommendation of the National Academy and protects these productive lands that are so vital to the agricultural economy of the West and the ability of the Nation to produce food and fiber.

The definition of alluvial valley floors contained in H.R. 25 reflects the technical basis of the National Academy of Sciences report. This is the same definition that is used in the bill proposed by the Ford administration.

H.R. 25 represents a most commendable effort by the House Interior and Insular Affairs Committee to find a middle course where coal can be surface mined but appropriate safeguards will be taken. Many believe, however, that if we are truly to protect the water resources of the West we must preserve aquifers—a move that would prohibit most strip mining in the Northern Plains since the shallow coal seams often serve as aquifers. In proposing the protection of alluvial valley floors, I am taking a middle course that is much more limited in impact than a provision protecting aquifers would be. We should be forthright in recognizing that it is impossible, as a practical matter, to restore the hydrologic function of an alluvial valley floor once it has been strip mined.

In summary, my amendment says that where there is an alluvial valley floor "where farming or ranching can be practiced on irrigated or naturally subirrigated haymeadows, pasturelands or croplands," no one can strip mine within such an area, and no one can strip mine in such a manner or place that would adversely affect such an area.

If my amendment passes, farmers and ranchers would not have to define and prove "a substantial adverse effect" on such an area, and no one can strip mine to define and prove that the area is "significant to present or potential farming or ranching operations."

Mr. Chairman, this is almost the same amendment that I offered last year and I will not take much time of the committee to go into it further, except to say this. It clarifies the language, it stiffens the language. It takes away from the farmer or rancher whose water rights are adversely affected the burden of proving "a substantial adverse effect" as would be the case under the committee language.

It also would do away with the burden on his part to prove significant damage to present or potential farming or ranching operations.

In other words, basically as drafted my amendment would provide to read as follows:

(5) the proposed surface coal mining operation, if located west of the one hundredth meridian west longitude, would not adversely affect, or be located within, alluvial valley floors, underlain by unconsolidated stream-laid deposits where farming or ranching can be practiced on irrigated or naturally subirrigated haymeadows, pasturelands, or croplands; or".—and strike the balance of that section.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. If it does not hurt the gentleman's amendment, I would like to rise in strong support of the gentleman's amendment.

Mr. EVANS of Colorado. I thank the gentleman for his support.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Is the gentleman aware the Senate has adopted some language in this regard? Is the gentleman aware of some not insignificant compromise in what the gentleman from Arizona referred to as the Home agreement? Is the gentleman aware this would do violence to whatever the Senate adopted—not that it is necessarily bad, but is the gentleman aware of that?

Mr. EVANS of Colorado. I am aware of that and I would hope that the clarity and the stiffness of this provision in behalf of the ranchers and farmers in the arid and semiarid West would be overwhelmingly supported and, therefore, I ask the gentleman's support for the amendment.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Michigan.

Mr. RUPPE. Mr. Chairman, I have just had a chance to study the language in the amendment. Was I correct in stating that this would be a prohibition against mining in alluvial valley floors if the balance of the language of the amendment exists, and then it is a prohibition as I have indicated, that there will be no mining where farming can be practiced? It does not say where it is being practiced, but where it could be.

Mr. EVANS of Colorado. It could be because of the existence of subterranean water or flooding.

Mr. RUPPE. I think the committee should understand it. In my opinion, I think that for the sake of clarity perhaps, the gentleman would agree with me that this would effectively prohibit all mining of alluvial valley floors in the West. If we get to a definition, that is virtually all of the valleys of the entire West, is it not?

Mr. EVANS of Colorado. I would disagree with the gentleman. The definition contained in the bill is the definition recommended by the National Academy of Science, as I understand it. It is a clear, scientific basis of determining what areas are covered by the definition.

I am told also that this definition would only preclude the strip mining of coal of approximately 2 percent, for example, of the strippable coal in the State of Wyoming.

Mr. RUPPE. Mr. Chairman, I would have to rise in opposition to the amendment. It would seem to me, in looking at the alluvial valley floors, the vegetation, the productive capacity of those floors, I would certainly support language that would protect 100 percent and completely the present capacity of the alluvial valley floors for productive purposes, but I do not think we can simply set aside alluvial valley floors and preclude mining on the grounds that they could be used.

Mr. EVANS of Colorado. We would have to agree they also are capable of being productive at the time. Certainly, I would agree with the gentleman that if we are going to look 10 or 15 or 20 years into the future and guess that probably sometime it might be so used, even though it is not so used now, I would agree that would be a valid criticism of the amendment, but if the land either is now or could be now used for agricultural or ranching purposes, my amendment would preclude strip mining it.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Colorado. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, this is similar to an amendment adopted in the House when we considered this legislation last year. I supported it then, and I support it now.

I would say to the gentleman from Michigan that some of the concerns he raises are viable, and the other body has a much weaker provision. It may be necessary to blend the two to finally get a bill.

Mr. RUPPE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to point out that "alluvial valley floors," on page 315 of the bill, means the unconsolidated stream laid deposits holding streams where water availability is sufficient for subirrigation or flood irrigation agricultural activities.

I believe from that language, alluvial valley floors would mean any area in the West, where there are streams or where a stream has flowed in the past and flowed at any time during the year. So, in effect, in any area of the West where there is stream water during any portion of the year, even during the spring runoff, we define that area as alluvial valley floor.

Under the language of the amendment offered by my colleague from Colorado, mining of all those areas would automatically be banned. I think we make a mistake by simply saying that we will take this entire valley area or series of valleys in the West and cut them off from being mined in the future. It seems to me that what we want to get at is the protection of productive capacity of those alluvial valley floors now. What is grown there? Where are those areas? Where is vegetation being usefully employed? Where is ranching and other productive production being undertaken?

It seems to me that it is those processes we want to protect, the productive capacity of those present alluvial valley floors in the West. I do not think we want to put them off limits to mining. This is a sharp distinction. We want, first of all and foremost, to protect them for their productive capacity, but I do not think we want to put the entire area off limits to mining. It is wasteful and a complete loss of valuable resources when we need all the surface mined coal we can economically and rapidly secure.

Mr. EVANS of Colocado. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. With pleasure.

Mr. EVANS of Colorado. Mr. Chairman, if I had any fear that the consequences of my amendment would result in a withdrawal of thousands of strippable acres in coal mining acres and from mining, I would not propose it.

I am satisfied, from the expert advice I get from the definitions contained already in the bill that if this were to pass, as I say, about 2 percent of the strippable coal in Wyoming—and only 2 percent—would be adversely affected. In other words, 2 percent of that which could be mined otherwise could not be mined if this amendment were to pass. So I ask approval of my amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. EVANS).

The question was taken; and on a division (demanded by Mr. RUPPE) there were—ayes 26, noes 16.

So the amendment was agreed to.

Mr. RHODES. Mr. Chairman, I have become very concerned over the adverse impact H.R. 25 will have on the consumers of the country. It is estimated that utility rates for electricity could increase between 8 and 15 percent.

In addition to this substantial impact nationally, I have attempted to get some specific feeling for the impact in Arizona. I have been informed by some utility companies in Arizona that the known costs under H.R. 25 will increase their costs by approximately $3 a ton on coal. This would interpolate into approximately a 5-percent increase in the electric bill for Arizona residents.

In order to understand some of the problems for Arizona, you must realize that currently only 50 percent of electricity utilized within the State is produced by coal-fired generation. By 1980, however, it is projected that at least 80 percent of Arizona's electricity will be coal-fired. This will tie electrical rates even closer to the cost of coal, and increases in coal will have a much greater percentage impact in electrical rates.

In addition to increased utility rates, H.R. 25 could result in a delay of the construction of the Coronado generating station near St. Johns, Ariz. This project, scheduled to take 4 years, would be set back so that planned generating capacity will not be on line. Moreover, this will result in the delay of some 1,600 jobs.

It is difficult to determine exactly how much beyond the $3 estimate the price of coal per ton will be raised in Arizona due to H.R. 25. It is significant to note, however, that additional factors, such as productivity losses and price increases due to possible coal shortages, must be given serious consideration.

Mr. BADILLO. Mr. Chairman, I rise in support of H.R. 25, the Surface Mining Control and Reclamation Act of 1975 and trust that we will have better luck in this Congress than we have had in the past in our efforts to regulate coal surface mining nationally. In view of the fact that coal represents over 90 percent of our total hydrocarbon energy reserves, there can be no question that this form of energy will be called upon to supply a significant proportion of our energy needs in the years to come. At the same time, it is clear that neither the coal operators nor the individual States can be relied upon to take meaningful steps to limit or reduce the social and environmental damage which is the inevitable byproduct of coal mining.

H.R. 25 seeks to establish a system of minimum Federal enforcement standards. I wholeheartedly support this goal, but I think it is important to amend H.R. 25 so that the minimum standards are high enough to protect the environment and individuals that are left behind when the coal industry leaves the area. I support the Spellman steep slope ban to section 515 which would prevent the issuance of any permits for slopes over 20 degrees, and would ban all mining on such slopes after a 3-year period. I concur that strip mining should be prohibited on these steep slopes because of the difficulties with erosion, water pollution, and landslides that pose serious danger to the public. This ban will only effect the curtailment of 1 percent of our total coal reserves.

Section 510 of H.R. 25 should be amended to ban strip mining in alluvial floors in Western States. The National Academy of Science recommended:

> In planning of any proposed mining and rehabilitation it is essential to stipulate that the alluvial floor be preserved.

The academy experts say that such a ban is the only way to protect the fragil subirrigated grazing lands essential to agriculture and cattle ranching in Western areas.

Section 510 should also be amended to prohibit the movement, interruption, or destruction of any significant watercourse during mining operations. I also concur with environmentalists' assertions that mining or reclamation activities should not be within 500 feet of such watercourses. This is the minimum requirement needed to protect bodies of water from the acid drainage and sedimentation caused by strip mining operations.

Another amendment to section 714 is needed to protect the rights of surface owners. I am in favor of requiring written consent of surface owners so that there is documentation of their consent. The surface owner should be adequately compensated for improvements that they have invested in the land. In some States coal operators have precedence over the surface owner, and coal companies now strip coal on land acquired by the surface owner several years ago.

I am also in support of amending section 522 to protect national grasslands. It is also important to amend section 515 to require burial and compacting of toxic materials.

Mr. Chairman, I regret the defeat on Friday of the Dingell amendment that would have put the regulatory authority of this legislation under the Environmental Protection Agency. I believe the compromise alternative offered by Mr. Seiberling that put the authority under the Assistant Secretary for Land and Water Resources of the Department of the Interior will be adequate only if the Department of the Interior understands the importance of aggressively regulating this program.

Mr. Chairman, the impact of this legislation on future generations is immeasurable and we must therefore work to improve this bill as much as possible. I trust that the bill that we finally enact in the House will be stronger than the one approved in the committee.

Mr. UDALL. Mr. Chairman, I move the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and, the Speaker having resumed the Chair, Mr. Smith of Iowa, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in connection with the debate on H.R. 25 this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow one of its clerks announced that the Senate had passed with amendments in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

H. Con. Res. 133. To lower interest rates.

The message also announced that the Senate insists upon its amendments to the House concurrent resolution (H. Con. Res. 133) entitled "An act to lower interest rates," requests a conference with the House on the disagreeing votes of the Houses thereon, and appoints Mr. Proxmire, Mr. Sparkman, Mr. Williams, Mr. Tower, and Mr. Helms to be the conferees on the part of the Senate.

APPOINTMENT OF CONFEREES ON HOUSE CONCURRENT RESOLUTION 133, TO LOWER INTEREST RATES

Mr. REUSS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the concurrent resolution (H. Con. Res. 133) to lower interest rates, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin? The Chair hears none, and appoints the following conferees: Messrs. Reuss, Patman, Minish, Ford of Tennessee, Hannaford, Neal, Blanchard, Barrett, Johnson of Pennsylvania, Conlan, Hansen, and Gradison.

THE U.S. SPACE PROGRAM: AN HISTORICAL OVERVIEW

(Mr. FREY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FREY. Mr. Speaker, within the next few days my colleagues will be considering the National Aeronautics and Space Administration authorization bill for fiscal year 1976. My purpose in providing this overview, therefore, is to offer a review of some of the program's accomplishments as well as to offer an insight into the future goals of the space effort. It is my hope that this and subsequent material about the U.S. space program will provide my colleagues with the perspective necessary to make an informed judgment on the forthcoming authorization request.

NASA's manned spaceflight program dates back to 1958 with the approval of Project Mercury. The objectives of this program were to orbit a manned spacecraft and to evaluate man's ability to function in the environment of space. Mercury astronaut, Alan B. Shepard, as we well know, became the first American in space during his 15-minute suborbital flight on May 5, 1961. On May 25 of that same year, President John F. Kennedy announced the manned lunar landing program as a national goal, thus setting the stage for Project Apollo. The Gemini manned program was to serve as the bridge between Mercury and Apollo. The final lunar landing and safe return of the Apollo 11 astronaut crew was of course achieved in 1969.

Following the Apollo success, the Skylab-manned scientific workshop program was devised and it continued to utilize many of the technologies and hardware that were developed as a part of the Apollo program. Skylab returned a wealth of data to the scientfic community with the information contributing greatly to our knowledge about man's reactions and abilities to function in the zero-gravity environment of space. The long duration of Skylab crew visits—up to 84 days—also proved man's ability to adapt to the environment of space for extended periods. The Skylab data will undoubtedly become increasingly important as we move into the 1980's and the ear of the Space Shuttle, with even longer duration spaceflights possible.

In the more immediate future of manned spaceflight, the Apollo-Soyuz test project—ASTP—will be upon us within the next few months in July 1975. This joint U.S.-U.S.S.R.-manned space mission will be designed to test the universal docking mechanism—which has been jointly developed and developed by American and Russian engineers—and will provide the basis for future joint international space endeavors. The ASTP will be NASA's only manned spaceflight before the first orbital flight of the Shuttle in mid-1979 and is expected to make significant technological as well as political contributions to the future of space science.

In addition into the manned spaceflight programs, NASA has developed numerous unmanned satellite projects in areas such as communications, lunar and planetary exploration, earth observation, meteorological data collection and forecasting, as well as biological and astronomical observation and experimentation. In the area of communications satellite, several programs of the early 1960's such as Echo, Telstar, Relay, Syncom have since deorbited or else lost their communications capabilities. The applications technology satellite—ATS—program, however, remains an ongoing program, with the most recent launch being that of the ATS-6 on May 30, 1974. This satellite is the most powerful and versatile of its kind developed to date. Its capabilities have made possible the transmission of health care services and educational television to remote areas of the globe, the production of very high resolution radiometer images of Earth, and a variety of communications experiments such as radio frequency measurement, determination of the effects of solar activity on UHF and radio transmissions beyond the Earth's atmosphere, and so forth. An important application of the ATS-6 will be its role as a communications link for the forthcoming United States-U.S.S.R. Apollo-Soyuz test project.

The ATS program provides just one example of the manner in which space technology is being applied here on Earth. Another significant application of unmanned satellite programs has been that of Earth observation. "Weather satellite" programs have included the Tiros, Nimbus, and the National Oceanic and Atmospheric Administration's Itos series. The first "synchronous" meteorological satellite SMS-1, was launched last year to keep a continuous watch on the weather affecting the United States. It was joined in January of this year by SMS-2. Other SMS series launches are scheduled for later this year, in addition to plans for other satellites to measure ocean topography, sea state, and other features of the Earth. The Earth resources technologies satellite series—formally called "ERTS" and now known as "Landsat"—presently has two satellites in orbit, with the Landsat-C scheduled to be launched in 1977. NASA and many user agencies working with NASA will continue to attempt to define how the Nation should best take advantage of space capabilities for remote sensing of the Earth's resources.

In the area of planetary exploration programs, the early Mariner flights were sent to Venus or Mars. The current Mariner X spacecraft, the first to fly a dual joint mission, has already encountered Venus once and Mercury twice and is scheduled for a third encounter with the latter planet this month. The Viking Mars landers—A and B are scheduled for launch in August 1975. The earlier Mariner flights by and around Mars have provided scientists with photographic information and other measurements which have been helpful in preparing for the Viking missions to the planet.

During this time, other unmanned space science flights have included Pioneer lunar and planetary exploration flights, and a host of biological and astronomical orbiting experimental satellites. A great deal of new information has been planned about the planet Jupiter as a result of the Pioneer missions to that planet.

Mr. Speaker, I have highlighted but a few of the many NASA program accomplishments in an attempt to give some measure of the scope of our Nation's space efforts. We have witnessed a budget trend in this area which reflected an increase with the heightened interest of the American public in landing a man on the Moon. After obtaining that magnificent goal we saw the NASA budget cut almost in half in fiscal years 1971 and 1972—from nearly $6 billion at the peak of the Apollo program to approximatey $3.4 billion. I strongly advocate a firm moratorium on any further NASA budget reductions. Instead, it should be our objective to support NASA's programs, which have in the past, and which will continue to provide us with a multitude of space science applications, techniques, and technologies. I, therefore, ask my colleagues to join with me in providing the NASA authorization bill their unqualified support.

VOTE "NO" ON FARM BILL

The SPEAKER pro tempore (Mr. McFall). Under a previous order of the House, the gentleman from Illinois (Mr. Findley), is recognized for 5 minutes.

Mr. FINDLEY. Mr. Speaker, the House Agriculture Committee has reported out a bill to increase wheat, corn, and cotton loan rates and target prices; establish mandatory price supports for soybeans; and increase the 1975-76 dairy price support, and adjust it quarterly.

A look at the history of price supports indicates why this bill would be detrimental:

First. In the past, support and loan levels became incentive levels for production. Farmers produced for Government takeover and Federal checks rather than for the market.

Second. High price supports of the past cost taxpayers billions of dollars to acquire, store, and dispose of farm commodities.

Third. Billions in subsidies were spent attempting to bring farm family income in line with nonfarm income, with little success.

The current program should be left unchanged. Under this program:

First. Farmers are able to shift production quickly to meet domestic and overseas demand and improve farm income.

Second. Net farm income in 1974 was $27 billion, second only to the record $32.2 billion of 1973. Net farm income in 1975 is expected to remain well above that earned under earlier supply management policies.

Third. Consumers get more food production. In 1975 no acres will be held out of production, because of Government restrictions.

Fourth. Taxpayers get relief. Government payments to farmers dropped from a peak of $3.9 billion a year to $524 million in calendar 1974, including disaster payments. Farm income is being obtained from commercial sales.

Fifth. Farm export value is up from $8 billion in 1972 to $21.3 billion in 1974. The value will exceed $22 billion in fiscal 1975, unless unwise high support prices are imposed pricing U.S. farm goods out of world markets.

Sixth. In 1974, farm exports contributed $11.8 billion net to the U.S. balance of trade. This helped offset the deficit in nonfarm products, and takes on added significance in future years, because of the high cost of imported oil.

In fact, the enactment of H.R. 4296 could seriously endanger the success of U.S. trade negotiations. Our trade policy has been to knock down restrictions of free trade to the extent possible—a goal which I strongly support.

The proposed legislation would raise again the unwanted specter of a high U.S. price support umbrella over the markets of the world. The result would be a forced departure from our present system of free access to world markets based on supply and demand. H.R. 4296 would invite a speedy return to export subsidies, protective tariffs, and other artificial barriers to free trade.

At GATT and other trade conferences now in progress around the world, the shining example for all nations is the success of American free enterprise and competitive markets.

Our international trading partners look with envy at record exports from the United States which have grown from $8 to $21.3 billion in just 2 years. They want to duplicate this performance in their own countries. Other countries see clearly the tremendous contribution agriculture is making to the U.S. balance of trade. They are not blind to the fact that these successes have come about only since U.S. farmers have been making our planting decisions, free of allotment patterns that restrained them in the past.

For trade, H.R. 4296 is a giant step backward.

In addition to the death blow it would deal to international trade, H.R. 4296, would cost the American taxpayer nearly $1 billion for 1975, according to the USDA.

Since market prices for grains and soybeans are above proposed target and loan levels, no deficiency payments would be anticipated. However, disaster payments would increase significantly, reflecting the higher target prices.

For cotton, the Department estimates H.R. 4296 would increase the 1975 program cost by about $700 million.

Dairy program costs to the government at 85 percent of parity, adjusted quarterly, would be an estimated $162 million higher than projected under the present level of support. Even if amended to 80 percent of parity, adjusted quarterly, the program costs would be $50 million higher than under the current program. This increase would be in the form of acquisition and handling costs resulting from additional purchases of butter, cheese, and nonfat dry milk.

Consumers will find the price support increase translates into higher prices for all dairy products.

The key question Congress needs to

ask is: What happens after 1975? Presumably, the Agriculture and Consumer Protection Act of 1973 will be in effect. It provides for escalation of target prices for 1976 and 1977 wheat, feed grain, and cotton program, based on farmers' cost of production. However, if the increased target provided for in H.R. 4296 becomes the basis for escalation in 1976 and 1977, the Government cost could exceed $4 billion in 1976 and approach $7 billion in 1977.

The following chart compares estimated budget outlays of H.R. 4296 with those of the current program:

ESTIMATED BUDGET OUTLAYS—H.R. 4296 COMPARED WITH CURRENT LEGISLATION

Item	1975/76		1976/77 [1]		1977/78 [1]	
	Current legislation	H.R. 4296	Current legislation	H.R. 4296	Current legislation	H.R. 4296
Feed grains:						
Deficiency payments	0	0	0	2,780	0	3,848
Other outlays [2]	135	200	120	224	104	561
Total, feed grains	135	200	120	3,004	104	4,409
Wheat:						
Deficiency payments	0	0	0	491	0	1,193
Other outlays [2]	75	113	75	113	75	113
Total, wheat	75	113	75	604	75	1,306
Upland cotton:						
Deficiency payments	0	341	0	734	0	928
Other outlays [2]	[3] 55	311	[3] 11	[3] 42	243	192
Total, upland cotton	[3] 55	652	[3] 11	[3] 692	243	1,120
Feed grains, wheat and cotton:						
Deficiency payments	0	341	0	4,005	0	5,969
Other outlays [2]	155	624	184	295	422	866
Total, feed grains, wheat, and cotton	155	965	184	4,300	422	6,835
Change in outlays under H.R. 4296		+810		+4,116		+6,413
Dairy program purchases	247	409	290	581		
Total, budget outlays	402	1,374	474	4,881		
Change in outlays under H.R. 4296		+972		+4,047		

[1] Assumes continuation of provisions in H.R. 4296, with application of 1973 act escalator provisions.

[2] Includes outlays for loan and inventory for loan and inventory operations, disaster payments and CAP payments.

[3] Denotes net receipt.

Experience shows that a strong market induces farmers to produce commodities that are needed, while high support levels result in production for subsidy payments regardless of market demand. A case in point is cotton. With the demand for cotton down, farmers have indicated that they will reduce cotton plantings in 1975 by some 4½ million acres from last year, down to 9½ million acres.

At the same time, farmers have indicated they will plant more than 77 million acres of corn, 74 million acres of wheat, more than 57 million acres of soybeans, and more than 19 million acres of grain sorghums. This is the farmers' decision in our present market-oriented farm economy.

With a loan price of 40 cents for upland cotton, as proposed in H.R. 4296, many growers—particularly those in the low-cost production areas—will produce cotton for the loan rather than for market demand. They will plant more cotton, when less is needed, and at the expense of planting more feed grains, wheat, and other crops which are in demand. A higher cotton price support could result in less food production in 1975 than would be expected in a free market atmosphere. It could have the long-range effect of shifting cropland back to cotton production and preventing other cropland from shifting away from cotton to other crops which are needed for human consumption and for supplying feed for the Nation's livestock industry.

Mr. RICHMOND. Mr. Speaker, I voted against reporting H.R. 4296 to the House floor with its present language. The reasons I am opposed to this bill are different from those of the administration and are different from those of some of my colleagues on the committee who also opposed this measure.

The administration is totally opposed to any Government interference with the farm economy. The Secretary of Agriculture does not want to admit that it is the responsibility of the Federal Government to assist farmers when they are in need of economic assistance; I do. The Secretary of Agriculture does not care about helping farmers caught in difficult economic circumstances; I do. However, I am concerned not only with the impact of certain provisions of this bill and their effect on consumers in our cities, but with the effects of the support levels on the long-term economic situation for certain commodities.

I do not subscribe to Secretary Butz's contention that the Government should not interfere with farmers; that we should let them suffer each drought, each flood, each blight. Farmers need our help more than ever and so it is incumbent on us to give them that help at such a level that they will still retain their independence as producers, while alleviating their fears of bankruptcy, or loss of their livelihood. At the same time, we must protect food supplies so there is an adequate amount here at home, plus something left over for us to offer to countries needing additional food themselves. We must assure the American consumer of a steady supply of food commodities at reasonable prices, and the only way to do that is to reach a level of support for our farmers that protects them while not adding to consumer prices.

I understand the farmer's plight when faced with rising costs and lessening return on his products. However, I cannot neglect the needs of consumers living in large, urban areas, who would be forced to pay higher prices because of some provisions of the bill. The bill recommends milk price support at 85 percent of parity, a figure which the President has vetoed once already. According to the Department of Agriculture, this would raise the cost of milk to the consumer 8 cents per gallon, raise the price of cheese by 10 cents per pound, and raise the price of butter a staggering 20 cents per pound. These price increases are intolerable to urban consumers. It affects the pocketbook of every middle-class family in the country. It will mean less food on the tables of the lower middle class and the poor who are already struggling to get food to eat while prices rise higher and food stamps benefits do not.

Therefore, I will offer an amendment on the House floor to lower the support price for milk to 80 percent of parity while retaining the quarterly adjustment feature that assures the milk producer of more timely adjustments in the level of support to him without increasing prices to the consumer. This will discourage retail price increases in dairy products, while offering a reasonable level of support to dairy producers. I understand that dairymen are hard pressed, but with the continuing decline in feed costs, it can be anticipated that this will ease the economic squeeze that the dairyman finds himself in now. I feel that the 80-percent figure offers adequate protection to the dairyman. This is a 1-year bill, and after this period, if conditions warrant, the committee will certainly reconsider whether or not to raise these support levels.

Furthermore, I believe consumers just are not going to accept these increased retail prices without an argument. A drop in demand such as may be precipitated by raising these support levels may very well cause the dairy farmer more grief than help. If consumer demand falls, the dairyman's financial position will suffer, and he will be right back where he does not want to be, struggling just to make ends meet.

I believe the cotton loan of 40 cents and the target price of 48 cents are unjustified for several reasons:

First. The market price of cotton is now below the loan level. Therefore, it is clear that if the loan remains at this artificially high level cotton farmers will be producing cotton America does not want and the Government will be buying it at an unreasonable price.

Second. There is no overseas market for cotton. Fifty other countries produce the crop and worldwide demand is falling.

Third. The alternative crop for most cotton farmers is feed grains. To encourage farmers to grow cotton when nobody wants it, when they could be producing food that would help lower consumer prices is a bad food policy for America.

Fourth. There are now 6 million bales of cotton in storage in this country. This bill will result in an additional 4 million bale surplus. That is more cotton than we use in a year and there is no justification for keeping more than a year's supply of cotton in storage.

Fifth. If at the end of the loan period the Government is forced to take possession of this loaned cotton, it will cost the taxpayer $10 million a month until it is sold.

Therefore, I will support an amendment on the floor that will lower the target price of cotton to 45 cents per pound and the loan price to 38 cents per pound. This together with the amendment I introduced in the committee and which was accepted by the committee to treat all crops alike when it comes to storage costs and interest rates will dampen cotton farmers' enthusiasm for growing cotton without causing undue hardship.

In closing I say to those who wish to build a coalition of farmers and consumers that the way to achieve this is not by raising prices to consumers, and thereby alienating them to the legitimate needs of farmers, but to address ourselves to the questions of concentration in the food industry by giant corporations, and the exploitation of small farm producers and consumers by large, multinational middlemen. H.R. 4296 does not address this basic problem.

Mr. Speaker, I would like to insert an analysis of H.R. 4296 by the Consumer Federation of America into the Record:

Analysis of the Emergency Farm Act
(H.R. 4296)

In order to secure the urban vote, consumer organizations are now being asked to endorse the Emergency Farm Act (H.R. 4296). Accordingly, Consumer Federation of America has prepared the following balanced analytical evaluation of this specific legislation. CFA, the nation's largest consumer organization, is composed of over 200 national, state and local non-profit organizations representing over 30 million Americans.

Federal programs to support adequate farm income are as essential to the Nation's economic policy as minimum wages. The critical issue is not whether consumers should support farm income policies, but whether such policies are adequately designed and implemented to insure that consumer interests are properly considered and weighed with the interest and need of family farmers.

Consumers are extremely distressed that farm income has fallen precipitously while retail food costs have remained high. In fact, the gap between what the farmer received for his commodities in 1974 and what the consumer paid at retail level was the highest in history. This development merits thorough investigation by Congress. In its efforts to protect small farmers as well as consumers, we urge the House Agriculture Committee to undertake a comprehensive study of apparent antitrust violations both at the farm input and middleman level. Since 1973, the price of basic farm commodities has been protected by a series of target prices. Through this procedure the Federal government assures the farmer that regardless of economic conditions he will receive at least a minimum price for his production. As an illustration: If the market price of wheat falls below the target price the Federal government pays the difference between the target price and what the farmer obtains in the marketplace.

The legislation also establishes a loan price which defines the minimum level at which the Federal government will buy and store the farm commodity. This loan price guarantees that the difference between the target price and market price will never reach economically unsupportable levels.

The target price has remained theoretical until this year. But agriculture experts agree that farm production in 1975 will be large enough to trigger the target price mechanism. That is precisely where the problem will begin. The levels set in 1973 for target prices are now generally below the cost of production. The current target price for wheat is $2.05 a bushel even though experts agree that it costs approximately $2.50 to produce a bushel of wheat today. The cost of fertilizer, fuel, farm chemicals and machinery have increased sharply. Corn production costs are now estimated at about $1.80 per bushel while the target price set in 1973 remains at $1.38. The cost of production includes neither a return for the farmer's labor nor for a return on invested capital.

Accordingly, the House Agriculture Committee is preparing emergency legislation to insure that the cost of production, including a portion of farm labor, is included in government support prices. This will raise the level of target prices and loan rates for one year as follows:

	Wheat	Corn	Cotton
Target	$3.10	$2.25	$0.48
Loan	2.50	1.87	.40

In addition, the proposal would increase dairy price supports from $7.24 per hundredweight of milk of $7.90, an action which proponents claim is needed because of higher costs of grain and soy protein used for animal feed.

Consumer Federation of America urges consumers to adopt the following position:

1. CFA supports the House Agriculture Committee's recommendation for wheat and feed grain target price and loan level payments. The proposed target levels for wheat and feed grains are below present market levels, and substantially below the peak levels set in November and December in 1974. These target price levels are deflationary, and can be supported in good faith by consumers as a means of helping to stabilize food prices.

However, adoption of the increased support levels should be accompanied by the enactment of a Federal Grain Reserves program. Under this program, the Federal government could acquire 600 million bushels of corn and 300 million bushels of wheat to be placed in such a national food reserve. Had Secretary Butz and the Administration supported a concept of stable prices coupled with food reserves in the past rather than opting to sell reserves abroad at low prices, the substantial rise in food prices since 1972 would have been moderated. Preferably, a Federal Grain Reserve program should be instituted immediately. If not, it is urged that the House Agriculture Committee schedule hearings on this issue when considering, major farm legislation this summer.

2. CFA favors a reduction in cotton target price and loan price levels. Sensitive to the very real economic burdens experienced by our country's small cotton farmers, we nonetheless feel that the proposed cotton target price and loan payment levels should be lowered. This conclusion follows from the following factors:

A. Present Surplus—The surplus is estimated to be six millon dollars by the end of this year.

B. Decreasing Demand—Demand has dropped 35% in the past year.

C. Jeopardized U.S. Position in the World Cotton Market—Price stability in the cotton market is essential to bolstering the U.S. position in foreign cotton sales.

3. CFA endorses the proposal to maintain dairy support at 80% of parity with quarterly adjustments. Quarterly adjustments accommodate fluctuations in the cost of production. This position is based upon data which indicate that the cost of feed grains has recently been declining and should reduce farmer and consumer costs.

CFA opposes the proposed increase of 85% because, on the retail level this action would result in an increase of eight cents per gallon for milk, a ten cent per pound increase for cheese, and a twenty cents increase per pound for butter. This would mean a cost of $953 million dollars for three main dairy products, which does not take into account an additional $162 million that would be spent in direct government purchases. For consumers, the total cost of this legislation would be $1.15 billion per year.

In addition, given the mounting evidence that large, inter-state dairy cooperatives have manipulated the Federal milk marketing order system to the detriment of both dairy farmers and consumers, any further consideration of dairy legislation should be included in a comprehensive review and reform package. This approach is more likely to produce substantial economic benefits for both farmers and consumers.

As previously stated, CFA's position is addressed specifically to this emergency legislation. However, because of our demonstrated commitment to the needs of both consumers and small family farmers, we look forward to providing effective testimony when major farm legislation is considered by Congress later this year.

Mr. CONTE. Mr. Speaker, the emergency farm price support bill, H.R. 4296, portends disaster for consumer and farmer alike.

For consumer pocketbooks already blighted by recession and unemployment. This bill would mean higher food prices. For farmers already glutted with huge cotton surpluses, this bill offers a "bale-out" program that would aggravate the supply glut, raid the Federal Treasury, and disrupt the cotton market for years to come.

Since this bill was marked up in committee, look at what has happened to the predicted planting of cotton for this year. Two months ago in January, USDA predicted cotton plantings of 9.5 million acres. Four days ago, the Wall Street Journal reported cotton planting projections at 10.5 million acres. So, within the past 2 months, cotton farmers have increased planned cotton plantings by 1 million acres.

It is disappointing to see cotton production increasing in this way while cotton demand is falling. Since last year, domestic demand for cotton has fallen by 30 percent, and cotton exports have fallen off sharply as U.S. cotton prices remain above the highly competitive world market prices.

Mr. Speaker, this emergency farm price support bill is bad legislation.

As one cotton expert, Duane Howell, agriculture columnist for the Lubbock Tex., Avalanche Journal, has stated that this bill "would bring a repetition of the policy mistakes of yesteryear."

For the consideration of my colleagues, here are some excerpts from Mr. Howell's column of February 20, 1975, explaining "the policy mistakes of yesteryear":

Memories seem to be short.

In the 1960s the cotton loan was placed above the market price. It was a political move, not one based on economics. It triggered a cotton crisis of historic proportions. Cotton produced in excess of market needs accumulated in government inventories in enormous volume. The glut reached an all-time high of almost 17 million bales. Prices stagnated around loan levels.

The inevitable adjustment brought great hardship to the cotton industry. Deep cuts were made in production and prevailed for several years. Plantings, with farmers given federal payments both to hold land out of production and to bridge the gap between market prices and support levels, fell precipitously, plunging to 9.4 million acres in 1967, down from 14.1 million in 1965. Farm income was protected through government payments, but many agribusinesses suffered staggering economic losses.

Now proposals are being made which, if activated, would bring a repetition of the policy mistakes of yesteryear.

The loan for U.S. cotton again would be elevated above world market conditions, would stimulate foreign production, making less room in the world market for the American fiber crop. U.S. cotton again would stack up in Government inventories, locked away from the market, while other growths moved into consumption channels.

Moreover, a higher target price, as some have proposed, would be an artificial stimulus to excessive price-depressing U.S. production. Authoritative studies have indicated a 50-cent target, up from the current 38-cent level, would result in 1.5 million acres being planted beyond the 9.5 million acres which farmers reported in January they intended to have in cotton this year.

The blunt truth is that, with stocks already rising under slow market demand, plants of 9.5 million acres, down from 13.9 million in 1974, can produce all the cotton we need this year.

Mr. Howell's column graphically points out the folly of this cotton bale-out bill. I would agree with his conclusion that: "the road to a healthy future for the fiber crop is in the direction of market orientation, not in political nostrums conducted in a capricious hallucinatory atmosphere."

Mr. PEYSER. Mr. Speaker, the continuing opposition to H.R. 4296 by so many segments of society is an indication that this bill should not be voted out of the House. Manufacturers, consumer and farm organizations believe this bill to be harmful in its effects on their respective constituencies. I urge you to consider the interest of your constituency and vote against this bill.

I include the following:

ABA URGES OPPOSITION TO TARGET PRICE INCREASES

On Tuesday, March 18, the House of Representatives will consider H.R. 4296, to raise the 1975 target prices for wheat from $2.05 to $3.10 per bushel, for corn from $1.38 to $2.25, and for cotton from 38 to 48 cents a pound. In addition, the bill would raise the parity price for milk from 80 to 85 percent and increase the loan rate for soybeans from $2.25 to $5.70.

We strongly urge all bakers and allied members to call or wire your Congressman today and urge him to oppose H.R. 4296. Passage of the bill would be highly inflationary for the American economy and contrary to the interest of the baking industry.

This bill is aimed solely at raising prices for producers. It contains no help for hard pressed processors and consumers. We believe any farm commodity legislation enacted by Congress should be fairly balanced. If it protects producers against unduly low prices, it should also protect processors and consumers against unreasonably high prices.

The ABA testified before both the House and Senate Agriculture Committees in favor of an increase in the target price. But this increase should reflect the inflation of the past two years. USDA estimates the cost of production of a bushel of wheat at about $2.50; however, the House Agriculture Committee targeted a wheat price almost 25 percent above that level. We believe this is unjustified.

The proposed milk price increase is even worse. It would raise the price of a gallon of milk by 8 cents, a pound of cheese by 10 cents and a pound of butter by a whopping 20 cents.

Enough said! Act now. Call or wire your Congressman and urge him to vote against H.R. 4296.

BOB SCHAUS, *Chairman,*
National Affairs Committee.
BOB WAGER, *President.*

MARCH 10, 1975.

Hon. PETER A. PEYSER, M.C.
Longworth House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PEYSER: The American Cotton Shippers Association is opposed to H.R. 4296 and we wholeheartedly support your efforts to convince Congress that a return to high subsidy programs will work to the detriment of the farmer and the consumer.

Our testimony to the Cotton Subcommittee clearly established that current supplies of cotton are more than enough to meet U.S. textile mill consumption needs for a full year. The high level of world stocks and economic conditions have reduced our exports prospects substantially. To encourage cotton production in the U.S. and abroad through artificial price incentives will compound our current problems for years to come.

Your efforts to reduce the proposed target and loan levels must succeed if the U.S. cotton industry is to remain a viable force in the world market. A return to large surpluses overhanging the market means a return to acreage restrictions and subsidizing farmers not to plant.

The attached speech of Mr. Rudi E. Scheidt, President of The Southern Cotton Association is an excellent statement of the current state of the cotton industry. Mr. Scheidts' observations merit the attention of your colleagues in the Congress.

Sincerely,

NEAL P. GILLEN,
Vice President and General Counsel.

ADDRESS BY MR. SCHEIDT

(Address delivered by Rudi E. Scheidt, 1974–75 president of the Southern Cotton Association, to the Annual Meeting of the Southern Cotton Association on March 14, 1975, in Memphis)

Dear Friends, it is an honor and a privilege to serve as president of your organization. Needless to say, in this world privilege is associated with responsibility. I hope I have discharged the responsibility of being your president well. Similarly, at the occasion of the annual meeting, it is the privilege of your president to address this distinguished group. It has also been his responsibility to review, at this occasion, the events of the past year. If I divert somewhat from this traditional approach, it is not only because I did this at our mini-convention in December, but because I believe you will join me in wanting to forget the past year rather than review it.

It was a year of disaster and turmoil that can best be summarized as having been a year in which the trading structure of cotton, built up over the history of man, collapsed, leaving us with the problem today of "humpty-dumpty, can it be put together again"? We have seen the year when a purchase contract ceased to be a purchase contract, a sales contract ceased to be a sales contract; when integrity was the loser and when the future is more beclouded than ever in our history. We are faced today not just with general worldwide economic depression, which has torn our business asunder, but with the cotton industry—from farmer to mill, from Belzoni to Bangkok—plagued with uncertainty, with the very fabric of its foundation in need of rebuilding.

It is difficult in these times, in this kind of presentation, not to strike a pessimistic tone; but we must regard every challenge as an opportunity and dedicate ourselves to solving our problems, rather than lamenting our woes, and to laying the foundation for a future which can exist only if we commence now—afresh with new ideas and a rational, reasonable approach—to build from where we are with a look forward, unencumbered by our problems of the moment.

Where are we in the world of cotton on March 14, 1975? World stocks of cotton have risen for four successive years. World stocks of cotton on August 1, 1971 were 20.7 million bales. By August 1, 1974 they exceeded 25 million bales and by August 1, 1975 this figure could well approach or exceed 30 million bales of cotton. To put it in perspective at this season's end, August 1, 1975 world stocks will exceed six months' of world consumption at peak rates and, of course, with the present level of consumption will last much longer than that. World cotton stocks have risen 50% in just four years. The facts are that we were reaching a world cotton surplus position before the textile recession even began. The world textile recession has been severe and no one knows whether we have seen the bottom yet. The light at the end of the tunnel is not yet in sight. In the United States cotton consumption in January was 35% below that of a year ago and represented the lowest cotton consumption since the depression of the 1930's.

If January cotton consumption rate prevailed for the balance of this cotton season, domestic consumption this season would be only 5.1 million bales. Even with a textile recovery, it is difficult to foresee domestic consumption this season exceeding 5.5 million bales. Our carry-over on August 1, 1975 may well approach 7 million bales, the largest carry-over since 1967 and the days of CCC accumulation. We will have more cotton in the carry-over on August 1, 1975 than our domestic needs for all of next year. Leave it be said to the credit of the American cotton farmer that the January planting intentions showed a potential reduction to 9.5 million acres or a 32% reduction from this year. This wise decision by farmers indicated the viability of a free market, unencumbered cotton system. It took the bureaucracy of government in the 1960's five to six years to effect this kind of reduction when needed, and this resulted in our accumulating the huge surplus stocks of that era. Thanks to the Agricultural acts of 1970 and 1973, giving farmers freedom of choice, they were able to react in such a positive fashion.

To carry the current picture a bit farther, even with 9.5 million planted acres in the 1975–76 season, it is very likely that we will continue to increase our United States cotton stocks. the potential supply for the 1975–76 season, even with the reduced planting intentions, will likely exceed this year's supply by as much as one million bales. This means we would again increase our carry-over next marketing season, even with the presently intended plantings.

But what happens? In the face of this cotton surplus and depressed market prices resulting therefrom, our lawmakers in Washington have opted to prolong the recession in the cotton belt by adopting higher loan and target prices. Any reasonable man can see there will add only further to our surpluses and prolong price recovery by years, not months. The so-far proposed agricultural act of 1975 should well be styled the act to prolong low cotton prices and accentuate cotton farm depression. If the proposed House bill passes, the loan will be the market, the loan price will be the ceiling when it should be the floor, stocks will accumulate and the spectre of a two-price system will be with us again. Have we not learned from our history? Must we go back to the errors of the '30s, the '40s, the '50s and the '60s? Are our memories so short? I plead with our lawmakers and producers to consider the consequences of producing crops not for the market, but for the loan; to consider what low prices that will extend for years will do to the farm economy of the cotton belt. Please, again consider the statistics of the present cotton situation. A worldwide stock on August 1, 1975 of over six months' supply at peak textile activity and much longer at current rates and a domestic carry-over in excess of one year's domestic consumption.

To compound this bad piece of legislation even further, it includes a provision to extend the present 10 months loan to 18 months. I will bet that our lawmakers gave little or no consideration to the fact that, in contrast to most other crops, the cotton loan includes not just the loan price but also the accumulating storage and interest. An 18 months' loan would mean that the price of cotton would have to rise 9c before cotton could be redeemed at the end of the 18 months' period.

To make it even worse, I doubt they understand the 10 months' loan for the farmers in our area is already a 16 months' loan since farmers have until May to put cotton into the loan. This ill-considered, ill-advised legislation is not a loan extension, it is a cotton lock-up. If they want to extend the loan, let it be a net loan with storage and interest deducted off the front end. Let the loan be on the price of the cotton alone and it might be palatable. But the present legislation, extending the loan for eight more months, is nothing but a lock-up for Government accumulation of CCC stocks. It is not what it is pretended to be—namely, an orderly marketing tool.

It is not that I don't appreciate the difficult position that our Congressmen and Senators find themselves in with regard to this piece of legislation. I sat through the hearings of the Senate Agriculture Committee to hear farmer after farmer call for higher prices by Government fiat. The action of a market oriented system, which requires switching from crops in surplus to crops in demand, is not easy and is painful. I can understand the pressure on our Congressmen and Senators, including one of our guest speakers today, the Honorable Davide Bowen, from their constituents who are faced with a market-oriented decision to switch crops. I might add that, in listening to the witnesses before the Senate Agriculture Committee, there were no producers testifying from the Western part of our country, nor from the overwhelming majority of those who are represented on the National Cotton Advisory Committee who do not wish a change to higher loans and targets. Their Absence was significant in that the hearings did not reveal a true nationwide picture. The only ones heard from were those farmers seeking a change. Despite the pressures on our legislators, I would hope that one of their responsibilities is to judge and analyze what is heard and presented, and come forth with resolutions that are best for all over the pull of time and not just for specific short-term relief to the detriment of the future of their constituents.

A great deal has been said regarding stability of prices. None of us is particularly happy over the extremely wide swings of the last two years; however, it must be recalled they came in a time of economic upheaval unparalleled in our time. I would warn those who seek stability that this can not be achieved without repealing the law of supply and demand and a return to Government control of agriculture. How can United States action affect stability of cotton prices when we represent only 15% to 20% of world cotton production? I think it should also be recognized that stability in today's climate is a code word for low price to the consumer and the Congress of the United States. Furthermore, the fact that cotton prices do vary, compared to our chemical substitutes, is one of our economic advantages since it enables the purchase of raw material to be a profit center for the textile operation. Unfortunately, the proposed legislation may well give us stability, unwanted that is—namely, the loan price.

The Agricultural Act of 1973 has now been in effect for 18 months. It, combined with the Agricultural Act of 1970, is probably the best piece of farm legislation in our time. These two acts freed the farmer from Government bureaucracy, giving him his choice of what to plant. The market-oriented philosophy of these acts allowed the United States to regain its export markets, without which American agriculture cannot exist profitably. These acts were a boon to the farm economy of the Nation. They permitted agriculture to become the largest single, dollar earner for American exports. They enabled us to feed and clothe the world and buy our oil.

I would recommend that this association as well as its parent, the American Cotton Shippers Association, continue to work and strive for the principals established in the Agricultural Acts of 1970 and 1973, particularly that of a market-oriented philosophy with a minimum of Government interference and involvement in the country's agricultural industry. There are weaknesses in these agricultural acts which should be corrected. We have gone through a year of crop disaster in many areas. This has helped provoke the cry for renewed Government interference in the market place. But what is needed is an adequate crop insurance and crop disaster payment program. A farmer should be able to insure, on a proper financial and actuarial basis, some percentage of his yield to protect himself from the blood bath of disaster, insured or reinsured with Government assistance without payment limitations. This is what we need to solve our problems—not higher targets, higher and longer loans which provide false production incentives. Additionally, what is needed is aggressive, continuing major expenditures in the areas of cotton production research. Cotton yields can be increased not marginally but multi-fold. And the production research to effect this result must have the highest priority. The answer to farm income is lower production cost. Lower production cost can best be achieved with higher yields. I would hope that cotton incorporated can increase its total research and promotion effort, i.e. monies, to increase its efforts in this area and, barring the unavailability of additional funds, I would like to suggest a reordering by cotton incorporated of its priorities to this area. I would like cotton incorporated to coordinate, encourage and lead this effort so that the funds now spent in production research by the U.S. Government and the State extension services are motivated and directed in a coordinated, nationwide effort. Lower production costs are necessary for farmer income protection and require No. 1 priority.

All of us understand and sympathize with the plight of many of our farmer associates—the cost/price squeeze, economic recession, inflation and, most of all, falling cotton prices. One of the major reasons for the present price weakness has been the failure of most buyers in the Far East to open their letters of credit. The worst crises in this regard are in Korea, Taiwan, Thailand and the Philippines. And to this list must be added Singapore, Malaysia, Morocco and Tunisia. According to USDA reports of export sales, there are approximately 1.3 million bales of unshipped export commitments to these destinations. It is estimated that over a million bales of these are now past due. You can well imagine what the purchase of this additional million bales from our farmers would have done for our cotton economy. Failure of these letters of credit to be opened is one of the chief reasons for our cotton problems today. If these letters of credit had been opened in a timely manner, I doubt if Congress would have been pressured for higher loans and targets.

The whole structure of international cotton trade, as well as international trade in its entirety, has been jeopardized by the wholesale reneging on contracts by the mills in the previously named countries. The financial loss due to their failure to live up to contracts has created our current problem and threatens to wipe out the financial capability of the farmer as well as the export trade. This is our No. 1 problem today—to see that, by all means, the sanctity of contracts be maintained and that these letters of credit be opened promptly. What is needed today is the commitment and guarantee of the governments of these countries that our contracts are fulfilled and, if necessary, we must insist the governments actually become parties to our contracts to maintain the integrity of their countries trading in the world's market.

It may be necessary to have the White House designate a special trade representative as part of the high level White House staff to coordinate a solution to this disastrous crisis. Your association, the American Cotton Shippers Association and the National Cotton Council have been actively working on this problem for many months now and we have received the greatest possible assistance from all branches of the United States Government, but particularly we must single out for their assistance in the resolution of this problem the U.S. Department of State. I am extremely pleased, therefore, that the Honorable Lester Edmond, Deputy Assistant Secretary of State for East Asian and Pacific Affairs, is our guest speaker here today. A great deal of credit for the superb cooperation of the State Department rests on his shoulders and those of his immediate superior, Assistant Secretary of State for East Asian and Pacific Affairs, the Honorable Philip Habib. Lester, you are here today not just to stimulate us with what I am sure will be a superb address, but to receive our thanks and gratitude for your and the Department of State's assistance on behalf of the cotton trade of the United States.

Whereas, this problem is critical and is at a crisis point, it could have been even worse if it had not been for the aforementioned assistance in recent months. I can but assure you that practically none of the over 400,000 bales of cotton that have been shipped in recent months to these countries would have been shipped had it not been for the valiant efforts of all concerned. The true value of an organization, such as the Southern Cotton Association, the American Cotton Shippers Association and the National Cotton Council, is apparent when, in unison, we can attack our problems. I am not too optimistic regarding the resolution of our problems in Korea, Taiwan, Thailand, the Philippines, etc. The only ray of hope we have is the active support of our Government and, hopefully, they will accomplish what I have indicated to be the key to the resolution of the problem—the direct guarantee of the governments involved in our contracts to their mills.

If we survive the problem of the reneging on these contracts, we must direct our efforts to putting together again the fabric of our cotton trade. Can we put Humpty Dumpty together again? I would suggest that for the export markets we encourage the ACSA at their convention in May to adopt a uniform contract with our own U.S. rules of trade. We must consider such integrity building items in an export contract as requiring a letter of credit to be opened within 10 days of the conclusion of the contract. We can no longer wait to see whether we have a sale or not. A contract without a guarantee of performance is no longer a contract in the cotton export trade. For years the handshake was more important that a contract. We were known as the most honorable among honorable trades. But events of this recent year prove that we have regressed to where a contract is not a contract unless accompanied by a guarantee of performance. It can and must be done in order to preserve the cotton trade and the cotton community. Confidence is the basic cornerstone of trade and it must be restored to its former niche.

There are a few other matters in our international trade that require our specific attention. One of the chief of these is unjustifiably high ocean freight rates making our cotton uncompetitive to many destinations of the world. For example, the present ocean freight rate to Japan from the Gulf ports of the U.S. is three cents per pound higher than from Brazil. A good part of the fault lies with the archaic conference system to which most of us still belong. Proof of the uneconomic nature of conference-imposed freight is the fact that the freight on practically all cotton today going to the Far East is controlled by the buyers abroad and the cotton is bought on FOB/FAS terms. I would hope and I would recommend that the ACSA at their convention in May will recommend an improved or different arrangement than presently exists in this area.

There is one other limitation to cotton trade that I wish to point out in this review to you. The cotton trade is dependent on the use of the cotton futures market. It minimizes the risk in trade and maximizes the return to the cotton farmer. Regrettably, the open interest on the New York futures exchange is only about 1.25 million bales. This is insufficient to allow for the proper use of the futures market. I would incourage the New York Cotton Exchange as well as our various associations to develop the ways and means in which the interest and use of the New York futures market could be sufficiently expanded so that the open interest would be at least the needed three or fourfold over what it currently is.

Of course, our overall problem in this world today is that of the economic recession or depression which is everywhere. The answer to many of cotton's problems rests with the resolution of the world's economic problems. And, of course, a key to the world's economic problems is a resolution of our energy problems. The developed world just can not contribute an additional 50 billion dollars anually to the Arabs without major adjustments. I recently heard that the increase in our American oil import dollar value exceeds that which we spent on the war in Vietnam at its peak and then we were worried about guns and butter at the same time. If the world is to pay high energy prices, which appears inevitable, a complete adjustment in the standard of living of the developed world is bound to result.

Our problems of depression/recession here at home, as well as our American energy problem, are resolvable but they can not be resolved by doing nothing. These are problems that can be solved by reasonable men sitting around the table seeking reasonable solutions. They can be resolved by decision makers speaking to each other rather than speaking at each other. They can not be accomplished in a Washington climate of partisanship and competition for political gain. I would hope that our executive and legislative branches would soon reason together to guide the economy to recovery. The public is willing to bite the bullet—it is past time for Washington to do the same. A resolution of our economic ills will solve many of our cotton problems as well.

I can not conclude these remarks without complimenting the staff of the association for a job well done. Particularly, I must single out that highly thorough and efficient executive secretary of ours, Mr. George Martin, who serves us so faithfully.

It has been my pleasure to serve you—I hope I have served you well. If we, together as an organization, put our shoulders to the wheel, utilize the historic and unique resourcefulness of this industry, next year's review for you will be brighter and full of accomplishments.

Mr. YOUNG of Florida. Mr. Speaker, I vigorously oppose dealing American consumers another "double burden" in these economic times of "double-digit" inflation and recession by passage of the so-called emergency agriculture price support bill, H.R. 4296.

Instead of emergency "rearguard" action that will hardly help anyone—let alone the farmer—the Committees on Agriculture in the House and Senate could be better spending their time considering ways to help the working farmer as well as the consumer rather than just disguising the same old programs.

When the Congress passed the Agriculture and Consumer Protection Act of 1973, we were assured that the "target price" system of price support featured in that omnibus legislation was the "new" answer to crop subsidization.

Mr. Speaker, everyone in America old enough to understand what the word "price" means, is aware that food prices have remained high since the enactment of the 1973 omnibus farm bill. The target prices set in that legislation were designed so that the Federal Government would not have to subsidize farmers as long as the prices farmers got for their crops at the market stayed above target prices. Because farm prices have generally stayed substantially higher than target prices, this has resulted in a drop of farm subsidy payments by the Department of Agriculture.

Now that farm prices at the wholesale level have started to decline and there is some relief in sight for the American family's food budget—the House Agriculture Committee has opted for legislation that will jerk food price relief from the hands of the consumer by keeping most food prices at record levels by jacking up the target prices.

In effect, Mr. Speaker, H.R. 4296 will set an artificially high floor for wholesale prices of all farm commodities involved, which in turn will sustain record high food prices at the retail level, while many farmers will again be left holding the bag.

How long will Americans put up with this kind of ill-conceived legislation which purports to set higher target-price levels for only a year—when the lessons of the past show that it is not likely the Congress will reduce target-price levels in future years should market prices drop to or below the proposed price support levels?

Mr. Speaker, it is time for the House of Representatives to represent the people. We can show such resolve by defeating H.R. 4296 and then properly addressing ourselves to legislation that will provide the best possible program for the farmer and the consumer. To do otherwise will mean for the consumer that higher food prices will remain, while at the same time, tax dollars will be used to pay the new subsidies created by the higher target prices.

Mr. KELLY. Mr. Speaker, I appreciate the opportunity to join with my distinguished colleague from the Agriculture Committee, PAUL FINDLEY, in discussing our objections to H.R. 4296. I urge the Members of this body to consider and reflect very carefully before committing themselves to a vote in support of this legislation.

A total of approximately 7½ hours was spent on hearings on the sections of this bill concerning target prices and loan levels for cotton, corn, wheat and soybeans. No hearings whatsoever were held in this Congress on the dairy section of this legislation, which provides for an increase in the Government's support price for milk and for quarterly adjustments of the level of that price support. This section of the bill represents increased costs to the Government and to the consumer. It gets the average American coming and going—both as a taxpayer for the increase in the support prices for all the commodities covered in this bill, and as a consumer for the increased prices of these commodities at the store.

I am aware that hearings were held last fall on the dairy price situation in general, and that a bill to raise the dairy price support level was passed—and vetoed—at the end of the last Congress. Mr. Speaker, I have a copy of those hearings and I submit that they are no basis on which to make a decision as important as the one that will come before us this week. The testimony is dated and it is almost entirely from witnesses supporting increases in the support levels. The testimony showed much of the justification for higher supports to be the cost of feed, which is now lower than it was at the time of the hearings last year and is expected to go even lower.

I believe it is the duty of Congress to exercise sound judgment on behalf of the people of the United States. Congressional committees have the power of subpena and with that goes the duty to use it if need be, to insure that all sides of an issue are presented, and that all the effects of a bill have been reasonably considered.

Congress should not only provide the general public with an opportunity to testify on issues, but it should actively seek the testimony of witnesses essential to an intelligent and fair evaluation of the subject at hand to the benefit of all involved. Among those who should have testified, but did not, were economists, foreign trade experts, and representatives of the consumer.

Mr. Speaker, the principal work on H.R. 4296 was done jointly by the Subcommittee on Livestock and Grains and the Subcommittee on Cotton, on which I do not have the privilege to serve. Copies of the hearings before those subcommittees were not printed before the final markup in the full committee, nor were summaries of the hearings provided to the Members prior to the markup. Upon request, the staff of the committee graciously provided copies of the testimony and this was extremely helpful—but still not sufficient for a complete study of a bill of such great, estimated cost to the taxpayer.

There are strong arguments that this legislation reverses the present trend toward a diminishing Federal presence in the farming business; that it interferes with the natural effect of supply and demand on agricultural and, in turn, consumer prices; and that it represents an increased expenditure of the taxpayer's money at a time when the Federal budget is already under a severe strain.

Mr. Speaker, I do not believe that these arguments, or arguments to the contrary were sufficiently resolved in committee to enable any Member of this Congress to make a decision on his vote with any certainty.

It seems logical that more information, from more witnesses with an expertise in the various areas touched by the bill—the economy, world trade, the consumer, as well as other farm interests—should have been gathered, sought and made a part of the committee's deliberations. We cannot commit ourselves to an expensive piece of legislation without answers to the questions that have been raised—questions that have not been answered.

I am voting against this bill because I do not have a sufficient basis of information to reasonably conclude that it is in the long-range, best interest of either the farmer, the consumer, or the taxpayer.

The urgency of the situation is cited by the supporters of the bill as reason for abbreviated consideration and for immediate passage. They say that the farmers must know what price they can depend on before they put the seed in the ground, and that it is planting time. Farmers knew 50 years ago that this is planting time and if we can wait this long we can wait long enough to adequately consider what the long range and broad effects of this legislation will be.

Mr. Speaker, I consider that I favor the farmer. I have been a grower myself and represent a rural and agricultural area of Florida. I would not attempt to hold up this bill if the evidence indicated an adequate investigation had been made.

There is no emergency here so great that Congress cannot fulfill its responsibility to give each measure reasonable consideration. We cannot continue to have Government-by-emergency legislation, ill-founded and hastily enacted. I am reminded of the Mad Hatter in the Alice in Wonderland story; the ubiquitous white rabbit who never had any time, was always in a hurry but who really, if the truth be known, never did know where he was going or why he was in such a hurry. This should not be a "Mad Hatter Congress." A billion here and a billion there do make a difference and I respectfully urge my colleagues to support this bill only if they feel the taxpayers can stand more taxes and that, after an examination of the committee's investigation, they believe the responsibility of Congress has been responsibly fulfilled.

GENERAL LEAVE

Mr. HYDE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the subject of the special order today by the gentleman from Illinois (Mr. FINDLEY).

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ST. PATRICK'S DAY AND EDMUND BURKE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

Mr. REUSS. Mr. Speaker, on St. Patrick's Day it is appropriate to pay tribute to all the sons and daughters of the Emerald Isle who have enriched the American scene from the earliest days to the present, who have contributed sagacity and leadership in politics, humor and pathos in the arts, and a leaven of human warmth and brilliance to the daily lives of all of us at work and in pleasure.

On this St. Patrick's Day, I want to pay particular tribute to a great Irishman, Edmund Burke. He was one of the first to speak up in Parliament for justice to Ireland, and throughout his parliamentary career he championed the Irish cause. His work is remembered with gratitude in the Irish Republic today.

This year we remember him particularly because 200 years ago this week, Edmund Burke arose in Parliament to deliver his famous speech on conciliation with the American Colonies. The anniversary should not go by unmarked in any parliament in the world, and certainly not in this one.

Edmund Burke was, in a sense, the father of the modern parliament. His courageous persistence and persuasive oratory were potent weapons that enabled the British House of Commons to win the battle against royal prerogative and to gain control of the executive establishment.

Here in America we know him best for his attempt to end the Crown's self-defeating attempts to subdue the American Colonists. His speech on conciliation was used in our high schools as a model of brilliant, well-ordered rhetoric.

He dealt in basic principles and universal truths. Indeed, many of the things he said in Commons about the American Revolution could have been heard with profit here in Congress when we were deeply mired in Southeast Asia. He was deeply moved by the similarity between mistreatment of America and mistreatment of his native Ireland.

"The use of force is but temporary," he said. "It may subdue for a moment, but it does not remove the necessity of subduing again; and a nation is not governed which is perpetually to be conquered."

Burke played a critical role in the development of the democratic republic as we know it today.

The struggle for dominance between the British king and Parliament was the central issue of the time. The three Georges had been whittling away at the "glorious" reforms of 1688. As Burke put it:

> The power of the crown, almost dead and rotten as Prerogative, has grown up anew, with much more strength and far less odium, as Influence.

Burke's protest against the treatment of the American Colonies was part of his struggle to reverse that trend. He insisted that civil and military officials selected purely on the ground of royal favoritism were leading the kingdom to defeat; he contended that ministers selected by the Parliament and thus representing the popular will, would provide wiser leadership.

His belief in wider participation in government led to his espousal of a party system. In his thoughts on the cause of the present discontent, he spoke on the need of the political party, defined as a body of men united on public principle.

It is unfortunate that it has become an oratorical cliché to regard party loyalty and partisanship as a somewhat baser motivation than nonpartisanship. It is good to be reminded that the political party has made a valuable contribution to democratic government. "Parties," said Burke, "must ever exist in a free country."

His "Address to the Voters of Bristol" is a classic definition of the role of the responsible legislator:

> Parliament is not a congress of ambassadors from different and hostile interests. . . . You choose a member, indeed; but when you have chosen him, he is not a member of Bristol, he is a member of Parliament.

It is not hard to imagine his reaction to the concept of government by public opinion poll.

Burke's concern for the rights of British subjects in America and in Ireland was echoed in his concern for those in India. He was the most active member of a select committee which was created in 1781 to investigate the administration of justice in India. He exposed the corruption of colonial officials, and he conducted lengthy—but ultimately unsuccessful—impeachment proceedings against the governor general of India.

Burke laid the groundwork for the democratic government that England enjoys today. But he is today a hero to conservatives as well as liberals. His appeal to conservatives is partly due to his "Reflections on the Revolution in France," and his violent opposition to the French Revolution. He deplored not only its cruelties and excesses—he deplored even its early, moderate phases. His failure to take note of the poverty of the French people and his sentimental admiration of the ill-fated French queen were blind spots which cannot be glossed over. But Burke also appeals to conservatives because throughout his life he tended to place a very high value on stability, and to regard change with caution.

We are indebted to him as a champion of our parliamentary system, a progenitor of our party system, an advocate of restraint in the exercise of power. In fighting the misguided policies of his king, he held open the door to Britain's durable friendship with America and thus served the kingdom very well indeed. He has also served us all in the development of a common tradition of law and government which, happily, has been adopted in many parts of the world. We can still learn much from him.

INDIAN JOB PREFERENCE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alaska (Mr. YOUNG) is recognized for 5 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, the 1934 Wheeler-Howard Act, which completely reformed the administration of Indian Affairs, provided for preferential hiring of Indian people in the Bureau of Indian Affairs and their subsequent preference in promotions within the Bureau. For reasons not entirely clear, the Interior Department did not enforce the provisions dealing with Indian preference in promotions. As time passed these important Indian rights remained on the books virtually unnoticed.

Meanwhile, many talented and highly motivated persons, not eligible for Indian preference, were recruited into the Bureau of Indian Affairs and the Indian Health Service. Not told otherwise, these people rightly assumed that they would be able to develop their full career potential within each of these two principal agencies serving the needs of Indian people.

Indian people, meanwhile, were seeking better employment opportunities. Their search was accompanied by a desire to gain increased control over their powerful Federal agencies, the upper echelons of which have long been dominated by non-Indians. Indian spokesmen began to assert these long-neglected rights of Indian preference in promotion provided in the Wheeler-Howard Act. Their assertion was contested in the courts, and finally, on June 17, 1974, the Supreme Court, in an 8 to 0 decision, upheld the Indian preference provisions of the Wheeler-Howard Act.

As a result of that decision, non-Indian employees have found their advancement in their BIA or IHS careers effectively stymied. Although many are able to take advantage of promotional opportunities outside BIA or IHS and continue their careers with a minimum of interruption, others have found it very difficult. Many BIA and IHS positions have no equivalents in other Federal agencies. This tends to be true particularly of employees in higher grades, with long tenure and unique specialties. An example of such an employee is one who has worked his way up the career ladder to become the head of a large, specialized Indian boarding school. Another might be an IHS engineer who has been promoted to a higher than average engineering position by virtue of his talent in organizing Indian communities to develop their own domestic water supply. Neither employee can be promoted to positions to which qualified Indians apply and neither can look forward to furthering their careers elsewhere except in the most exceptional or fortuitous circumstances. Each can remain in his or her current position, frustrated and possibly undisturbed, until eligible to retire.

Meanwhile, ambitious, highly motivated and qualified Indian people must wait in frustration for non-Indians to vacate these types of key jobs. For both groups it is a demoralizing situation which is counterproductive to efforts to achieve the national goal of increasing Indian self-determination through greater Indian participation in and control over the Bureau of Indian Affairs and the Indian Health Service.

I am introducing this legislation to address this unfortunate situation. It is intended to provide a measure of equity for the non-Indian employee by allowing him to retire earlier than normally would be the case. By so doing it will open jobs which qualified Indians are eager to fill.

In the last Congress I introduced a similar proposal, H.R. 17288, which the Indian Affairs Subcommittee adopted as an amendment to the Indian Self-Determination and Education Assistance Act. The amendment was subsequently deleted from the bill by the full Interior Committee. While the committee agreed there was a definite need for remedial action, it also felt that full hearings on the problem, with complete information and the deliberation afforded by the hearing process, would be the preferred course to follow. This bill is the result of my commitment to find a legislative remedy to the inequities caused by the Supreme Court's decision.

The bill provides increased retirement benefits to non-Indian employees of the BIA and IHS who had 20 years of service as of the Supreme Court's decision last June and who are not otherwise eligible for full retirement benefits under civil service regulations. Also eligible are employees who complete 20 years of service within a 10-year period ending December 31, 1984. The retirement benefits would be computed at a flat 2 percent rate for the full period of an employee's service. This rate would result in an approximately 9½-percent increase in benefits over those computed by the standard civil service formula, which applies a 1½-percent rate for the first 5 years, 1¾ percent for the second 5 years, and 2 percent for all years thereafter. This bill will assist those long-term employees whose careers are at a standstill as a result of Indian preference. On the other hand, it will further the cause of Indian self-determination by encouraging non-Indians to retire earlier, thereby freeing more middle- and high-level positions for qualified Indian applicants.

Conceivably, a large number of highly skilled non-Indian employees could elect to take immediate advantage of the early retirement afforded by this bill. Such a mass exodus, while unlikely, could possibly have serious adverse effects on the orderly and effective functioning of the BIA or IHS. To mitigate this possibility, the bill contains two provisos. The first would allow the Secretary of the Interior or Health, Education, and Welfare, as appropriate, to delay an employee's early separation if he determines, in writing, that the delay is necessary to recruit and train a replacement, or that an early separation would seriously impair the provision of a necessary service to Indian people or would jeopardize the operations of an office or other installation. Second, if any employee's early separation from service were thus delayed, he would maintain his eligibility for retirement under the provisions of this bill.

Mr. Speaker, in passing the Wheeler-Howard Act 41 years ago the Congress established the Indian preference policy. For reasons unknown, the executive branch did not enforce that policy while it continued to invite non-Indians into careers with the Indian service. Now that the Supreme Court has decided that the Bureau of Indian Affairs and Indian Health Service must observe Indian preference in hiring, transfers and promotions, non-Indian employees should not be made to bear the burden of that decision. The situation was clearly not of their making. By the same token, Indian people are entitled to enjoy their full measure of rights under the law. This bill furthers the interests of Indians and non-Indians alike. I urge my colleagues in the House to give it the earliest possible consideration.

THE SECOND TIME AROUND

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. TALCOTT) is recognized for 5 minutes.

Mr. TALCOTT. Mr. Speaker, last week I made a speech here in the House which appeared on page 5986 of the CONGRESSIONAL RECORD. That speech got entitled "How Humans Fall in Love" and it was referring to a press release by a Member of the other body.

Now, there are some who feel that my speech did not give both sides of the story and I must agree that they are right. I freely admitted that when I spoke I had not seen the Senator's press release. And if I have misstated his position, then he has my apology.

But, Mr. Speaker, in the interests of fairness, and to make sure that my colleagues have a chance to hear both sides of the question, I enter into the RECORD at this point two articles. The first is from the Washington Post of Wednesday, March 12, 1975, and is entitled "Proxmire Hits Study on Love," and the second is from the New York Times of Friday, March 14, 1975, and is by Scotty Reston.

Mr. Speaker, I still feel that the subject of this research is of great importance to nearly everyone in the United States. Statistics show that at least one out of every three marriages in the United States will end in dissolution. The costs involved are almost beyond comprehension.

Our society has put inevitable strain on the traditional institution of marriage. We subject our children to a highly romantic notion of love and marriage from their earliest day. Throughout their teen years they are constantly exposed to songs and stories of romantic love, and the advertising industry does everything in its power to convince them that if they will only use whatever products is being advertised, then they will be successful in love.

With that background, is it any surprise that a large percentage of teenage marriages end in dissolution? Sociologists recognize this as a major problem in our society, and point out the significant social and economic costs involved. The costs of establishing a household are all but insignificant in comparison with the costs of closing one out.

A marriage license costs $3 on the average across the country, but the costs of child support, separate maintenance, property settlements, visitation, and attorney fees run into the thousands. On top of that are the emotional costs to both partners of the marriage, their children, friends, relatives, and associates.

I come from an agricultural area, and it is easy to liken a marriage to farmland on the side of a hill.

As long as the land receives constant maintenance, cultivation, and care it will be enriched and productive. On the other hand, when it does not receive attention it will soon erode and be washed away. And of course, there is some land which should never have been cultivated in the first place, since the danger of erosion was obvious.

My point, Mr. Speaker, is that marriage is an institution which affects the vast majority of all adult Americans. At least one-third of all those entering into a marriage will end up seeing that marriage dissolved, many of those people will be embittered and hurt by their experience. In most cases, the costs involved in dissolving the marriage will be excessive, and some of those costs will show up as a loss of productivity in the economy.

So long as our society insists on using romantic love as a tool in selling everything from automobiles to deodorants we will continue to pay the high price for the tendency of our citizens to fall out of love and then end marriages.

The fabric of traditional marriage has changed in this century. Our people no longer look at marriage the same way our grandparents did. Many States have already recognized this fact, as my own State of California did in establishing "no fault divorce" on the grounds of irreconcileable differences.

But, I submit, Mr. Speaker, that changes in divorce laws are not the answer to the cause, but rather an answer to the effect. The problem is not how to legally end a relationship, the problem is in the relationship itself.

Some would say that we should leave love mysterious, but I cannot agree. Marriage is not just a social convention, it is also a legal institution, and its dissolution affects society as a whole. For that reason, if for no other, I believe that this research would be worthwhile.

I firmly hope the knowledge gained ed through this basic research will help Americans in the future to better understand one of the basic building blocks of our society. To use my earlier comparison, if we can develop enough knowledge to help a single farmer better cultivate and enrich his soil to keep it productive, or if we provide the knowledge to keep another farmer from attempting to farm on land which will surely erode immediately, then the research will have proved worthwhile.

We need to improve interpersonal relationships. We need to preserve the institution of marriage. This research could be one of the most beneficial of all research projects. I hope we don't continue to discredit scientific research just for the demogogic political mileage a few press agents can govern.

The articles aforementioned follow:

[From the Washington Post, Mar. 12, 1975]

PROXMIRE HITS STUDY ON LOVE: RESEARCHER DEFENDS $84,000 U.S. GRANT

(By William J. Eaton)

Sen. William Proxmire says a federal grant of $84,000 for the study of romantic love is a big waste of money but the professor who is doing the research says his attitude is "out of the Dark Ages."

The Wisconsin Democrat singled out a National Science Foundation grant to Ellen Berscheid, professor of psychology at the University of Minnesota, as the month's biggest boondoggle.

Mrs. Berscheid shot back that Proxmire overlooked an NSF grant for virtually identical research being conducted at the University of Wisconsin, his home state.

And she noted that the senator himself has had marital troubles.

"Right at the top of the things we don't want to know is why a man falls in love with a woman and vice versa," Proxmire said. "So, National Science Foundation, get out of the love racket."

Mrs. Berscheid, however, said in an interview that social scientists want to know more about love because it's the basis of marriage and family formation in the American culture.

"When love is gone, divorce is instituted," she said.

"When we consider the pain and havoc that that is wreaked by a single divorce, not only the principals but to the children, if any, parents, friends, employers and society at large, one can understand why we'd like to know more about the basis on which people contract a marriage, and that basis is love."

"I'm really shocked by the senator's attitude," she added. "He has suffered the pain of separation from his wife. I read in the papers that they're reconciled—that's wonderful. If he values marriage and family, I don't know why he said what he did."

Proxmire, who is chairman of the Senate Appropriations subcommittee that approves money for the National Science Foundation, said he opposed research into the reason people fall in love "because I don't want the answer."

He announced recently that he and his wife, Ellen, were reunited after being separated for 3½ years.

Mrs. Berscheld said her research involves interviews, primarily with college sophomores, to study their dating habits and views of romance. Her project has been approved by a committee of fellow psychologists, she said.

"This (criticism) is out of the Dark Ages," Mrs. Berscheid said. "There used to be a taboo against studying this subject. . . . A professor at the University of Minnesota even got fired for asking if girls ever got kissed by a boy . . .

"Basic research is such a sitting duck," she sighed.

[From the New York Times, Mar. 14, 1975]

PROXMIRE ON LOVE

(By James Reston)

Senator William Proxmire of Wisconsin has discovered that the National Science Foundation is spending $83,000 out of the Federal Treasury to find out why people fall in love, and he wants it stopped. Not the love but the spending. "Biggest boondoggle of the year," he says. "I don't want the answer."

This is not like our old buddy Bill. He is normally a sensible and even a romantic type himself, a physical fitness buff who jogs to the Capitol in the morning and spends most of his time there digging out the facts, but he wants romantic love to remain a mystery.

Mr. Proxmire is a modern man who believes that government should help people with their problems. He is a land-grant college man, and will vote any amount of money for basic research on the dangers of natural selection in animals, and on how to get the best bulls and cows together on the farms of Wisconsin, but he is against basic research on the alarming divorce rate or break-up of the human family in America. You have to assume he was kidding.

The National Center for Health Statistics of the Department of Health, Education and Welfare has just reported that there were 970,000 divorces in the United States in 1974, compared to 913,000 in 1973, and 479,000 in 1965. The rate of population growth in the United States is down over the last decade, but in 1974, the excess of births over deaths was still up by over a million and a quarter, while the rate of marriages was down and the rate of divorces up.

All the National Science Foundation was suggesting, and the Federal Government was financing, was a modest inquiry into these statistics. Why this increase in divorce, this decrease in marriage, this disbelief in the family as the basis of American life?

Were the expectations of married life unreasonably high? Were the assumptions of courtship, and of economic security an enduring reality or a trap? What was romantic love anyway—a basis for secure family and national life, or a dangerous illusion?

With these questions in mind, the National Science Foundation was given $83,000 to see whether it could come up with any answers or at least clues, and the burden of research fell on Ellen Berscheid, a professor of psychology at the University of Minnesota.

When Senator Proxmire spotted this $83,000 item as chairman of the Senate Appropriations subcommittee in charge of the National Science Foundation's budget, he almost blew his new hair-do. "Get out of the love-racket," he told the foundation.

Obviously, he had a point. The reasons why people fall in love, or think they do, will always be a mystery, and many people, like Mr. Proxmire, probably "don't want the answer."

But if the sociologists and psychologists can get even a suggestion of the answer to our pattern of romantic love, marriage, disillusion, divorce—and the children left behind—it could be the best investment of Federal money since Mr. Jefferson made the Louisiana Purchase.

Professor Berscheid thinks the illusions about romantic love, the confusion between infatuation and enduring love, are precisely what we have to understand if we are to deal with the consequences of the pill, the rejection of marriage, broken marriages, and abandoned and morally confused children.

It is the illusion of romantic love among the young that leads to broken marriages, she says, and broken families, which in turn contribute to the disorientation, instability, disunity and even violence of American life. Therefore, she concludes, research on how and why young men and women marry is fundamental, even if the researchers never find the answers.

Professor Berscheid hasn't gone far enough into her inquiries to pronounce or even indicate conclusions. But she does think she has found an illusion among the young: namely, that in married life, love and hostility are opposites; that if there is love there cannot be hate or even hostility, whereas her researches so far suggest that love and hostility, sometimes even hate, often exist together.

Mr. Proxmire, who has had some experience with life, would probably agree; but he saw what seemed to be an obvious boondoggle in the budget, and he attacked it as a budgetary swindle. It was good politics but probably bad history, for the world is being transformed now, not by political leaders, but by the fertility of the human mind and body, by the creation of life at the beginning and the prolongation of life at the end.

The politicians don't quite know how to find the jobs, schools, houses, food, fuel and transportation to deal with this torrent of people and problems. Therefore, the social scientists have to think about why new life is created in the first place, where the pill, and the concepts of romantic love, easy sex, marriage and divorce fit into the life of the nation.

"I don't want to know the answer," about why people fall in love, marry or don't, Senator Proxmire says in what was probably one of his few careless public statements. But a lot of other people want the answer studied, even if "romantic love" and why people marry remain a mystery, as they undoubtedly will.

A CITY REDEEMED—IV

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, any study of history shows that political life moves through cycles of a sort—not cycles as rigid as those of the Greek philosophers—but discernible rhythms. Great states rise and fall; dynasties rise and decline; movements and theories rise, only to be enveloped by a changing world.

Through all of this, civilization continues to exist. A great city may go through many evolutions and still survive. So it is with San Antonio, which has seen more than 250 years begin and end. San Antonio began its existence as a frontier outpost, from which Spain hoped to explore and settle her dominions in what is now the southwestern United States. The power of Spain waxed and waned, and San Antonio next was governed by Mexico, then by the government of the Republic of Texas, then the United States, and the Confederacy. For a while, even France claimed the lands that embraced San Antonio. But through all this political change—some peaceful, some violent—San Antonio survived and grew. Like any other great city, San Antonio endured.

Today, the local politics of San Antonio is turbulent, as roiled and confused as it has ever been. For many years the city's government was controlled by one group; but that group began losing its strength in 1968, and it is now impossible to tell whether this election will mark its last real effort to obtain power, or the removal of its strength. No matter what happens, the city will survive.

How well San Antonio survives depends on what its next elected city government does. The voters clearly hope that the next council will redeem the city—end its unpredictable and unstable mayor's reign, and begin a governing process based on human compassion, good sense, and determined honesty.

Whether these hopes are realized depends on how those who are elected respond to the challenges and pressures of office.

San Antonio's next municipal government will, like the present one, face the problem of what to do about the energy crisis. I have suggested some actions that ought to be taken—actions that open up the planning process, actions that truly defend the interests of the citizen-owners of the gas and electric utility, actions that will make the city's gas supplier independent of the rampant dishonesty of its parent company, Coastal States, once and for all; actions that will produce an adequate, secure, and reasonably priced energy supply for the city, to the extent that an energy supply can be reasonably priced, in this cartel-ridden world. If need be, San Antonio ought to consider going into the gas production business itself, as it once considered doing, and as I, myself, suggested a few years ago.

Beyond the energy problem, San Antonio's next city government has to be concerned about water supply. San Antonio is the largest city in this country that wholly depends on water wells for its water supply. We have a remarkable resource in the Edwards Aquifer, from which all this water comes—a pure, prolific source of water. No one knows how much water the great aquifer contains, nor how much can be safely pumped out. All we know is that there are limits, and that these limits may be reached quickly in the event of a major drought. But San Antonio has done very little about securing a future water supply, to supplement the aquifer's bounty. There are a number of alternatives available, but the city has done almost nothing about any one of them. And every day, the margin of safety diminishes, because San Antonio's population is growing, pushing ever harder against the limits of the Edwards Aquifer. Meanwhile, not only has the city government been dilatory in selecting a surface water source, its policy toward the water board has been of a nature that tends to diminish and weaken that board's financial resources. The city has elected to use the board to subsidize builders and developers, rather than to build up the resources that will be needed to develop a surface water supply, and complete the building of a truly unified, uniform city water supply system. The next city government will have to decide whether to continue these policies and nonpolicies, which operate in a way that benefits a few private interests, at the expense of diluting the strength and effectiveness of what has up until recent times been one of the best municipal water systems in the Nation.

San Antonio needs to obtain a better control over its own growth and planning processes. As it is, development over the recharge zone of the Edwards aquifer threatens to pollute the waters it contains. The city needs a firm policy on such development, and should reconsider ordinances that may commit it to pay off tens of millions of dollars in bonds issued by the so-called municipal utility districts, which are being set up to facilitate major developments around the recharge zone. One such utility district, designed for San Antonio Ranch Town, had a bond election last fall, in which four people voted, and authorized the issuance of $25 million in bonds. The citizens of San Antonio need to be assured that they will not have the burden of paying off these bonds, or any others like them.

Gimmicks like the MUD can be beneficial to a city, but only if that city exercises the utmost care and caution—and that kind of good sense did not exist in the Becker administration. I do not believe that the citizens of San Antonio are going to eschew the development and use of new governmental tools—but they do know that there are no quick and easy answers, no miracles of municipal planning. The need is always for hard questions to be asked, and hard assurances given, that the city's best interests are being looked after by the city council and all its boards and agencies.

No one can ask more than that. No one expects more than that. If San Antonio can achieve a government administration that respects the bounds of its charter, bears foremost in mind what is best for the community, eschews special interests, and hews hard to the line of truth and honesty, we will have a city truly redeemed. San Antonio is a city that can be proud of what it is, and proud of its past. What it needs at the moment is a municipal government that can inspire pride in municipal leadership.

EDMONSON COUNTY, KY.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kentucky (Mr. NATCHER) is recognized for 15 minutes.

Mr. NATCHER. Mr. Speaker, this is the story of a county by the name of Edmonson—Edmonson County, Ky.

It is a story worth telling and is basically the story of people and their concern, a story of cooperation, and a story of rugged determination. It is a story I know well.

Edmonson County is in our Second Congressional District of Kentucky and is one of the finest counties in the Commonwealth. A low-income county, today and at all times in the past its greatest strength lay in its people—those who were and are now among the best I have ever known. Edmonson Countians are hardworking, proud people. They are proud of their families and faith, their heritage, and their country. Indeed, it would be hard to match the record of Edmonson County in times of national emergency.

Shortly after I became a Member of Congress I talked with the people of Edmonson County and together it was decided that it was time for the county to move ahead.

There were problems to overcome of course, chiefly low per capita income and tax revenue. Since 1940 nearly all of the land that was needed for Mammoth Cave National Park was Edmonson County land and thus removed from the county tax rolls.

But even with these difficulties the promise was there and Edmonson County was ready. People who had worked together all down through the years prepared the applications for grants and loans so thoroughly and well that I was placed in a position to have the requests approved with little difficulty.

Fortunately we had in the county an outstanding newspaper, the Edmonson News, now published by Bill Canty and prior to his time, by my friend Jack Meloan and his father, Mr. Perry Meloan. The News was of great assistance with all of our programs. The two banks—the Bank of Edmonson and the Brownsville Deposit Bank—joined right with us in our efforts and they, as well as the civic organizations, worked tirelessly in the interest of building the county. Truly it was a total community undertaking, strengthened by the cooperation and full support of the city and county officials of both Brownsville and Edmonson County.

We started by construction of Nolin River Reservoir. Later we added a new post office building, a new public use building, recreation, and water district projects. By building roads and doing everything possible to make Mammoth Cave National Park accessible to the public, this national park has become one of the most popular tourist attractions in the United States and employs a great number of local residents.

Despite the fact that we were able to obtain a great many State and Federal projects we still needed to pull new industries into the country in order to provide additional jobs and taxes.

Sewer and water projects were built to encourage the establishment of new plants. By working together and making the county attractive to industry a plant located in Punxsutawney, Pa., was prompted to move to Brownsville, the county seat. Today, the Brownsville Manufacturing Co. is known throughout Kentucky and our section of the country as one of the most modernized sewing facilities in the Nation and employs almost 500 people. Recently this company announced a million-dollar contract—a reflection of the talent and enterprise of the superintendent, LaMar Goad, a local man.

Today, Edmonson County is on its way. It is one of the best examples I can give you, Mr. Speaker, of a good people, a good spirit, and a good goal. Yes, Edmonson Countians are on the move and it is a distinct honor and privilege for me to represent such people.

H.R. 4457: ITS PURPOSE AND IMPLICATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. STUCKEY) is recognized for 20 minutes.

Mr. STUCKEY. Mr. Speaker, it has been reported that the New York Stock Exchange is circulating a draft statement charging that:

> There are current proposals to transfer ownership and operational control of the [national securities] exchanges to the federal government.

I have not seen any such proposal before Congress.

If the New York Stock Exchange and others contend that H.R. 4457, the latest refinement of a proposal I submitted for congressional and industry comment over a year ago, is one of these current proposals, then the authors of the draft statement have evidently not read the legislation. For the benefit of those who have not read the bill, I shall briefly summarize its provisions.

First, the bill provides for the creation of a statutorily recognized committee to advise the Securities and Exchange Commission—SEC—on the development and implementation of a national securities market system. The bill does not specify the structure of that system. The Advisory Board would also serve as a conduit to the SEC on industry viewpoints with respect to SEC and self-regulatory proposals.

The Advisory Board would be composed of 15 members to serve a 2-year term. A majority of the members may be persons active in the securities industry as brokers and leaders, specialists and market makers. The remainder would be representative of the public. I am confident that the SEC will appoint a board of experts sensitive to the complicated problems of designing and operating a national market system.

Industry leaders have indicated to me their support for these provisions. In their opinion, the appointment by the SEC of a body to perform these advisory functions is both necessary and appropriate. To the extent that better decisions result from independent forums of experts thoroughly analyzing problems and extensively debating proposed solutions, then I think that these provisions are also sound public policy. I hardly think that so many industry leaders would be supportive if such provisions could be construed in any way to nationalize the securities markets.

Second, the legislation provides for a mechanism by which the national securities market system could be assured of appropriate self-regulatory governance on a day-to-day basis without any undue delay after the system becomes operational. In order to prevent unnecessary and unforeseen delay in providing for self-regulation of the system, should self-regulation be determined to be in the public interest, the triggering mechanism in my bill includes a number of stringent safeguards:

First. The Advisory Board or the SEC must make a preliminary finding that it is necessary or appropriate in the public interest to establish the Board as the self-regulatory body for the system.

Second. Once that finding is made, the Board would draft and submit to the SEC a proposed constitution and rules which would provide, among other things, for the direct election of the Board's successors.

Third. The SEC would publish the proposed constitution and rules and would allow interested parties an opportunity to make written and oral comment on the public interest finding, the proposed constitution, and the proposed rules.

Fourth. The SEC would issue a rule approving or requiring modification of the proposed constitution and rules, or it would issue a finding that it is not necessary or appropriate to authorize the Board to assume all or part of the self-regulatory responsibility for governing the system at that time.

I think these safeguards preserve all the rights of due process, provide adequate assurance that the Board as a self-regulatory body could become operational only if it were in the public interest, and promote the traditional mode of regulation for the securities markets—self-regulation with SEC oversight.

There are those who disagree. Some argue that these safeguards are not sufficient; others contend that they are burdensome and could very well drag out the establishment of a national self-regulatory body for the national market system to the detriment of a securities industry and markets. The adequacy of these safeguards as the triggering mechanism for the establishment of a self-regulatory body to govern the system is a matter which I expect to be thoroughly discussed at the hearings. It is a matter of if and when the Board as a self-regulator should be established; it is not a matter of "nationalization."

Far from involving the Government in the business of the securities markets, this legislation would promote the traditional role of the industry as a self-regulator in two regards. First, if it were determined by the SEC, after public comment, that it was in the public interest to centralize to governance of the system in a national self-regulatory body, then a quasi-private, industry-oriented Board would be created. Neither the Advisory Board nor, if it became operational, the self-regulatory Board would be a government agency; neither their members nor their staff would be civil servants.

The Advisory Board would submit for SEC approval a proposed constitution and rules written by a majority of persons who have knowledge of or are participants in the securities markets. The constitution would provide for the election of the Board's successors by participants in the national securities market system. The procedure whereby the SEC would approve or require modifications of the Board's constitution and rules is current practice; this is exactly the procedure used in the recent registration of the Chicago Board Options Exchange.

The Board would retain all the attributes of existing principles of self-regulation including SEC oversight. If the SEC were to abuse this power, I am convinced as a member of both the Consumer Protection and Finance Subcommittee and the Investigations Subcommittee of the Interstate and Foreign Commerce Committee, that Congress would exercise its legislative and oversight authority vigorously and expeditiously. Regardless of the existence of a self-regulatory body to govern the national market system, Congress would not stand for the nationalization of the securities markets.

This legislation promotes self-regulation in a second regard. Even if a self-regulatory body for the system were established, my bill would not eliminate existing self-regulatory organizations. The regulatory responsibility of each of these organizations would depend on the dimension of the national securities market system and the degree to which the Board's constitution and rules granted to the Board all or part of the regulatory authority for the system. In any case, the bill makes clear that the Board's authority would be limited to the system. Not every security traded on exchanges and in the third market today would be traded in the system, and not every person active in the markets would be participants in the system. Existing self-regulatory bodies would be needed to perform regulatory functions not related to the trading of securities in the system.

Mr. Speaker, I find it incredibly ironic that the concept embodied in H.R. 4457 is considered by some to be "nationalization" of the securities markets when several so-called responsible members of the securities industry have seriously proposed that the SEC regulate their industry as a public utility.

For example, on June 15, 1973, Mr. John Whitehead, testifying in his capacity as chairman of the Securities Industry Association, recommended to Congress that the SEC set minimum, guaranteed commission rates. In describing such a commission rate system, he stated:

> I think it would be a base designed to put a floor under, but a flexible floor, under the revenues of the industry so that they would not have to go through these periods of severe losses which are disruptive to the economy and a great danger.

During questioning, he first denied that such guaranteed, minimum commission rates would lead to public utility-type regulation. Later, in a colloquy with Representative BOB ECKHARDT, Mr. Whitehead conceded that this would be the case.

> Mr. ECKHARDT. Now it seems to me when you have really three separate proposals, and I suppose you have many more viewpoints than that in the industry, ultimately you have to have somebody making the rates or determining what they will be. Who is it going to be but the SEC? Isn't that the ultimate result of such differences in the market amongst the industry?
>
> Mr. WHITEHEAD. Yes, I think it is. I think we are resigned to the fact that that system is the only system that will work.
>
> Mr. ECKHARDT. If we do that why don't we fall into exactly what Mr. Broyhill was suggesting we would fall into? That is a governmental establishment of appropriate rates with respect to certain size transactions which would not be too different from what exists with the ICC's determination of freight rates. Isn't that what we are leaning toward if we follow your suggestion?
>
> Mr. WHITEHEAD. We may be leaning in that direction.
>
> Mr. ECKHARDT. How could we possibly be leaning in any other direction?

As recently as November 26, 1974, Mr. Paul Kolton, president of the American Stock Exchange, testified at the SEC's Rule 19b-3 hearings on the unfixing of commission rates that:

> The Amex believes, therefore, that the data base exists for the SEC and the exchanges to develop a rational rate-making mechanism, based on adequate information concerning the costs and revenues of member firms.

Even after extensive questioning about the implications of public utility-type regulation, Mr. Kolton urged the SEC to take on such a rate-making role.

To add to the irony, I testified immediately following the completion of Mr. Kolton's prepared statement that:

> We need only look at the railroads and other rate-regulated industries to see what is down the line for firms whose revenues depend on the regulatory rate-setting process.

Mr. Speaker, if any doubt remains about the intent of my bill and the allegation of "nationalization," I think the record speaks for itself.

The purpose of this legislation is neither to expand Government regulation of the securities industry and markets nor to diminish the protection afforded to public investors as provided for by the 1934 Securities Act. It would clearly delineate the regulatory responsibility for the national securities market system. The establishment of the self-regulatory Board would prevent the occurrence of either overlapping regulatory responsibilities or a void of self-regulatory authority.

We are fast approaching the implementation of key elements of the national market system. I would hope that there would be concensus about the need to stop haggling over who ought to have veto power and who ought to receive special privileges and get on with the serious business of designing the national securities market system before it designs itself in a fashion which might be detrimental to the industry as well as public investors.

THE EMERGENCY HEALTH INSURANCE EXTENSION ACT OF 1975—H.R. 5000

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 10 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, during the past 2 weeks, my Subcommittee on Health of the House Committee on Ways and Means held 5 days of hearings on the subject of health insurance for the unemployed. Testimony was taken from many witnesses on the various proposals that had been introduced to date.

In my opinion, these hearings revealed serious deficiencies in each of the bills proposed thus far. These deficiencies can be grouped in three basic areas: administrative feasibility, financing, and equity. As a result of this, I directed the staff of the subcommittee to prepare an alternative approach to this problem that I thought would hopefully meet most of these difficulties. The legislation that I am introducing today embodies the basic principles that I feel are essential in any emergency legislation of this type.

In submitting this proposal for my colleagues' consideration, I would like to reiterate what I said at the outset of the Health Subcommittee's hearings:

> The very best interim solution we may develop is likely to have inequities and it may not operate as smoothly as we would like . . . The Subcommittee needs advice on how to minimize those inequities and overcome administrative difficulties so that we can end up with the best possible program, even though such a program still will have disadvantages.

H.R. 5000, the Emergency Health Insurance Extension Act, is not without its disadvantages. But it is an approach that I believe could be implemented quickly, administered relatively easily, and would not aggravate our already acute fiscal problems.

I am especially pleased to announce that Senator LLOYD BENTSEN, author of the very first legislation designed to meet the health insurance needs of the unemployed, has now endorsed my approach to the problem and requested that he be the prime sponsor in the Senate. As a result, Senator BENTSEN will be introducing H.R. 5000 in the other body.

At this point in the RECORD, I would like to insert the language of H.R. 5000, a summary of the bill, and a brief rationale that clearly demonstrates the feasibility of this approach:

H.R. 5000

A bill to provide, through tax incentives in the Internal Revneue Code of 1954, that all future employment-based group health insurance plans extend coverage to workers who become unemployed and receive unemployment compensation benefits, with a temporary program financed through a trust fund and a temporary assessment on group health insurance arrangements to cover workers who are currently unemployed and receiving unemployment compensation (or who become unemployed before the applicable health insurance plans are modified to cover them), and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Health Insurance Extension Act of 1975".

TITLE I—CONTINUATION OF EMPLOYMENT-BASED HEALTH INSURANCE COVERAGE FOR THE UNEMPLOYED

ENTITLEMENT OF UNEMPLOYED INDIVIDUALS TO CONTINUED COVERAGE

SEC. 101. Any individual who—

(1) is entitled to receive compensation for any week under a State or Federal unemployment compensation law, and

(2) would be covered (or could have become covered) under an employment-based health insurance plan in such week through his most recent previous employment if such employment had not been terminated or discontinued,

shall be entitled as a former employee to continued coverage under such plan without additional cost for the month or months during which such week or any part thereof falls, as required by section 102 and more particularly described in section 103.

REQUIREMENTS APPLICABLE TO EMPLOYERS AND CARRIERS

SEC. 102. (a) Each employer whose employees are covered under an employment-based health insurance plan shall be required to include in such plan provisions assuring coverage for former employees in accordance with sections 101 and 103, as a condition of—

(1) the full deductibility (for Federal income tax purposes) of any payments or contributions made by such employer under or on account of such plan in any taxable year during any part of which such plan is in effect, and

(2) any treatment as a nonprofit organization (for such purposes) to which such employer may otherwise be entitled for any such taxable year.

(b) Each health insurance carrier offering one or more employment-based health insurance plans shall be required to include in each such plan provisions assuring coverage for former employees of the employer or employers involved in accordance with sections 101 and 103, as a condition of—

(1) the deductibility (for Federal income tax purposes) of any premium taxes paid by such carrier to the States or their political subdivisions with respect to premiums or other periodic payments received by the carrier under any such plans in any taxable year during any part of which that particular plan is in effect, and

(2) any treatment as a nonprofit organization (for such purposes) to which such carrier may otherwise be entitled for any such taxable year.

(c)(1) Each health insurance carrier offering one or more employment-based health insurance plans shall also be required, as a condition of the deductibility and tax treatment specified in paragraphs (1) and (2) of subsection (b), to participate, with all other carriers of the same type offering plans which satisfy subsection (b), in an organization or arrangement under which the total amount of the claims paid by any such carrier under the plan or plans involved during any period with respect to individuals who have been entitled to continued coverage under section 101 for more than three months after the month in which their most recent previous employment was terminated or discontinued (and with respect to expenses incurred by such individuals after the expiration of such three months) will be periodically adjusted (by the transfer of funds to or from that carrier) so that the net amount which that carrier is actually required to pay with respect to those claims will be the amount determined under paragraph (2).

(2) The net amount which any particular carrier is required to pay with respect to claims described in paragraph (1) during any period, after the adjustment referred to in such paragraph, shall be an amount which bears the same ratio to the total amount paid during such period with respect to all claims so described by all participating carriers of the same type as (A) the amount paid by that particular carrier under the plan or plans involved during such period with respect to all claims other than those so described bears to (B) the total amount paid by all carriers of the same type under such plans during such period with respect to all claims other than those so described.

(3) For purposes of this subsection—

(A) all carriers offering service benefit plans (of the kind described in section 8903 (1) of title 5, United States Code) shall be considered to be of one type, and all other carriers shall be considered to be of another; and

(B) in the case of a carrier which is an organization described in the second sentence of section 401(4), the amount of the claims (of any kind) paid during any period, as referred to in paragraph (1) or (2) of this subsection, shall be deemed to be equivalent to 90 per centum of the product of the applicable per capita or per-family amount (referred to in such second sentence) multiplied by the number of individuals or families who are entitled to have payment made under the plan or plans involved on those claims.

NATURE AND EXTENT OF COVERAGE

SEC. 103. (a) The manner in which an individual entitled to continued health insurance coverage under section 101 may obtain such coverage and verify his entitlement thereto shall be specified in the provisions which are required by section 102 (a) and (b) to be included in the health insurance plan involved.

(b) The type and scope of the coverage to which any such individual is entitled under section 101 shall be the same as the type and scope of the coverage (individual or family) which would have been available to him had he continued in such employment.

(c) Each health insurance plan to which the requirements of section 102 relate shall include provisions effectively assuring to an employer's former employees who are entitled to continued coverage under section 101 that such coverage will be available to them (as long as they are so entitled) even if the employer ceases to do business or goes out of existence.

EFFECTIVE DATE

SEC. 104. Sections 101, 102, and 103 shall be effective with respect to all employment-based health insurance plans from and after the first day of the fourth calendar month which begins after the date of the enactment of this Act; except that with respect to any such plan which has been established through collective bargaining between the employer and representatives of his employees and the first termination (or renewal) date of which after the date of the enactment of this Act does not fall in either the second or third calendar month beginning after such date of enactment, such sections shall be effective on the first termination (or renewal) date of such plan occurring after such third calendar month but in no case later than the first day of the fourteenth calendar month after the month in which this Act is enacted.

TITLE II—TEMPORARY HEALTH INSURANCE PROTECTION FOR THE CURRENTLY UNEMPLOYED

ENTITLEMENT TO CONTINUATION OR RESTORATION OF COVERAGE

SEC. 201. Any individual who during the emergency period (as defined in section 206 (a))—

(1) is entitled to receive compensation for any week under a State or Federal unemployment compensation law, and

(2) would be covered under an employment-based health insurance plan in such week through his most recent previous employment if such employment had not been terminated or discontinued,

shall be entitled as a former employee to have his coverage under such plan (or coverage of the same type and scope) continued or restored without additional cost for the month or months during which such week or any part thereof falls, as required by section 202 and more particularly described in section 203.

REQUIREMENTS APPLICABLE TO EMPLOYERS AND CARRIERS

SEC. 202. (a) Each employer whose employees are covered under an employment-based health insurance plan shall be required, upon application made as described in section 203 (a) by an individual entitled to have his coverage continued or restored during the emergency period as provided in section 201, to take such action as may be necessary to continue or restore such coverage in accordance with sections 201 and 203, as a condition of—

(1) the full deductibility (for Federal income tax purposes) of any payments or contributions made by such employer under or on account of such plan during the taxable year (or years) in which such period or any part thereof falls, and

(2) any treatment as a nonprofit organization (for such purposes) to which such employer may otherwise be entitled for any such taxable year.

(b) Each health insurance carrier offering one or more employment-based health insurance plans shall be required to take such action as may be necessary to provide coverage with respect to each such plan for former employees of the employer or employers involved during the emergency period, without additional cost, in accordance with sections 201 and 203, as a condition of—

(1) the deductibility (for Federal income tax purposes) of any premium taxes paid by such carrier to the States or their political subdivisions with respect to premiums or other periodic payments received by the carrier under any of such plans during the taxable year (or years) in which such period or any part thereof falls, and

(2) any treatment as a nonprofit organization (for such purposes) to which such carrier may otherwise be entitled for such taxable year (or years).

PROCEDURE FOR OBTAINING CONTINUATION OR RESTORATION OF COVERAGE: NATURE AND EXTENT OF COVERAGE

SEC. 203. (a)(1) Any individual who is entitled to do so under section 201 may have his coverage continued or restored as provided in such section by submitting to the employer involved or his designated agent an application or request for such continuation or restoration together with such proof of his entitlement as may be necessary. If on the basis of such proof and the available records or after reasonable investigation the employer determines in good faith that the individual is in fact so entitled, the employer shall promptly make such arrangements with (and provide such information to) the carrier offering such plan as may be necessary or appropriate to assure such continuation or restoration. Any such determination of an individual's entitlement shall be conclusive for purposes of this title; but any willfully false statement or representation of such entitlement, made to the employer or made by the employer to the carrier under the preceding sentence, shall be subject to sections 1001 and 1002 fo title 18, United States Code.

(2) An application may be made by an individual under this subsection at any time prior to the expiration of six months after the last day of his entitlement under section 201.

(b) The type and scope of the coverage which any individual is entitled to have continued or restored under section 201 shall be the same as the type and scope of the coverage (individual or family) which he had under the health insurance plan involved immediately prior to the termination or discontinuance of his employment; but no continuation or restoration of coverage under section 201 shall be effective with respect to any individual for any period beginning on or after the first day of the first month for which such individual is entitled, or would upon filing the appropriate application be entitled, to hospital insurance benefits under part A of title XVIII of the Social Security Act.

(c)(1) Payments to the carrier for items and services furnished or paid for under or in connection with an employment-based health insurance plan, in the case of individuals who are entitled to have such payments made solely by reason of the continuation or emergency period pursuant to this title, and restoration of their coverage during the payments to the carrier for administrative costs incurred in performing its functions under this title (at a rate no higher than that of the administrative costs incurred with respect to employed individuals covered by the plan), shall be made quarterly, in advance (on the basis of estimates) or by way of reimbursement, from the Federal Emergency Health Insurance Trust Fund as provided in section 204(d) in accordance with bills submitted to the Managing Trustee of such fund (or his delegate) by the carrier.

(2) In the case of a carrier which is an organization described in the second sentence of section 401(4), the payments made under paragraph (1) of this subsection shall be equivalent to the product of the applicable per-capita or per-family amount (referred to in such second sentence) multiplied by the number of the individuals or families who are entitled to have such payments made.

(d) In any case where an individual is entitled to have his coverage continued or restored under section 201 but his most recent previous employer has ceased to do business or has gone out of existence, the application or request described in the first sentence of subsection (a) shall be made directly to the carrier offering the plan to which such application or request relates and the coverage involved shall be provided by such carrier as though appropriate arrangements therefor had been made by the employer under the second sentence of such subsection.

FEDERAL EMERGENCY HEALTH INSURANCE TRUST FUND

SEC. 204. (a)(1) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the Federal Emergency Health Insurance Trust Fund (hereinafter in this section referred to as the "Trust Fund"). The Trust Fund shall consist of such amounts as may be appropriated to or deposited in such fund as hereinafter provided.

(2) There are authorized to be appropriated to the Trust Fund from time to time, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of the taxes imposed by section 4981 of the Internal Revenue Code of 1954 (relating to tax on health insurance premiums). The amounts appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in the preceding sentence, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such sentence.

(b) With respect to the Trust Fund, there is hereby created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this section referred to as the "Board of Trustees") composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this section referred to as the "Managing Trustee"). The Board of Trustees shall meet not less frequently than once each calendar year. It shall be the duty of the Board of Trustees to—

(1) hold the Trust Fund;

(2) report to the Congress not later than the first day of April of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and thereafter; and

(3) review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of law which govern the way in which the Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the Truth Fund during the preceding fiscal year, an estimate of the expected income to, and disbursements to be made from, the Trust Fund during the current fiscal year and thereafter, a statement of the actuarial status of the Trust Fund, a statement of the extent to which any obligations issued under subsection (c) have been retired, and an estimate of the time at which the Trust Fund will cease to exist in accordance with subsection (e). Such report shall be printed as a House document of the session of the Congress to which the report is made.

(c)(1) In order to provide the Trust Fund with initial capital and to supplement amounts appropriated to it under subsection (a), the Trust Fund may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Trust Fund to carry out its functions under subsection (d). Each such obligation shall mature at such time and be redeemable at the option of the Managing Trustee in such manner as may be determined by the Managing Trustee, taking into account the provisions of subsection (e), and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligation. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Trust Fund issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchase of the Trust Fund's obligations hereunder. The proceeds of any obligations issued under this subsection shall be deposited in the Trust Fund.

(2) In order to assure that the basic financing of the Trust Fund is at all times accomplished through appropriations equivalent to taxes as described in subsection (a)(2), and to facilitate the termination of the Trust Fund as provided in subsection (e), all obligations issued under paragraph (1) of this subsection shall be retired at the earliest possible time.

(d) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as are necessary to make the payments provided for by section 203(c) of this Act and to pay the costs of the administration of such section, reduced or increased as required to take account of any amounts by which previous payments under this subsection are larger or smaller than they should have been.

(e) As soon as the Board of Trustees determines that all of the obligations issued by the Trust Fund under subsection (c) have been retired, and that there are no further claims against the Trust Fund for payments under subsection (e), the Managing Trustee shall immediately notify Congress thereof and the Trust Fund shall thereupon cease to exist; and any amounts remaining in the Trust Fund at that time shall be returned to the Treasury as miscellaneous receipts.

TEMPORARY EXCISE TAX ON GROUP HEALTH INSURANCE PREMIUMS

SEC. 205. (a) Subtitle D of the Internal Revenue Code of 1954 (relating to miscellaneous excise taxes) is amended by adding at the end thereof the following new chapter:

"CHAPTER 44—TEMPORARY TAX ON GROUP HEALTH INSURANCE PREMIUMS

"Sec. 4981. Imposition of tax.

"(a) IN GENERAL.—There is hereby imposed, with respect to each employment-based health insurance plan offered by a health insurance carrier, a tax equal to 1 cent on each dollar (or fractional part thereof) of the total amount of the premiums charged for coverage under such plan. The tax imposed by this subsection shall be paid by the carrier.

"(b) DEFINITIONS.—For purposes of this section—

"(1) PREMIUM.—The term 'premium' (with respect to an employment-based health insurance plan during any period) means any periodic payment which entitles the individual or family by whom (or on whose behalf) the payment is made, to the extent otherwise qualified, to the benefits provided under the plan, or in the case of a plan sponsored or underwritten by an employer described in clause (B) of section 401(4) of the Emergency Health Insurance Extension Act of 1975, the cost (during such period) of paying claims under such plan plus the related cost of its administration.

"(2) OTHER TERMS.—Other terms have the same meaning as when used in the Emergency Health Insurance Extension Act of 1975.

"(c) ADMINISTRATIVE PROVISIONS.—Under and to the extent provided by regulations of the Secretary or his delegate—

"(1) the appropriate provisions of subtitle F (relating to the procedure and administration) shall be made applicable with respect to the tax imposed by subsection (a) of this section; and

"(2) the tax imposed by subsection (a) of this section may be paid by deducting the amount thereof from any claims made by the carrier against the Federal Emergency Health Insurance Trust Fund under section 203(c) of the Emergency Health Insurance Extension Act of 1975.".

(b) The table of chapters for subtitle D of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new item:

"CHAPTER 44. Temporary Tax on Group Health Insurance Premiums.".

EMERGENCY PERIOD; EFFECTIVE DATES

SEC. 206. (a) As used in this title, the term "emergency period", with respect to the employees and former employees of any employer, means the period—

(1) beginning with the first day of the month in which this Act is enacted, and

(2) ending with the day preceding the first day on which title I is effective with respect to the former employees of that employer;

except that if any such former employee is entitled to coverage under section 201 on the day specified in paragraph (2), the emergency period shall continue with respect to him (and section 101 shall not apply) until such entitlement terminates.

(b) (1) Except as provided in paragraph (2), the provisions of this title shall be effective as of the first day of the month in which this Act is enacted.

(2) The amendments made by section 205 shall apply with respect to premiums which are charged or payable on or after January 1, 1976, and prior to the last day of the month in or with the close of which section 204 ceases (as specified in subsection (e) thereof) to be effective.

TITLE III—TAX PROVISIONS APPLICABLE IN CASE OF NONPARTICIPATION BY EMPLOYERS OR CARRIERS

LIMITATION OR DENIAL OF DEDUCTION FOR CERTAIN PAYMENTS

SEC. 301. (a) (1) Section 162 of the Internal Revenue Code of 1954 (relating to deduction for trade or business expenses) is amended by redesignating subsection (h) as subsection (i), and by inserting immediately after subsection (g) the following new subsection:

"(h) LIMITATION OR DENIAL OF DEDUCTION FOR CERTAIN PAYMENTS IN CONNECTION WITH EMPLOYMENT-BASED HEALTH INSURANCE PLANS.—

"(1) EMPLOYERS.—Any deduction otherwise allowable under subsection (a) for payments or contributions made by an employer under or on account of an employment-based health insurance plan during any taxable year shall be reduced by an amount equal to one-half of the total of such payments or contributions if—

"(A) title I of the Emergency Health Insurance Extension Act of 1975 is effective with respect to such plan during any part of such year and such plan does not include provisions assuring coverage for former employees as required by section 102(a) of such Act; or

"(B) title II of such Act is effective with respect to former employees of such employer during any part of such year and such employer does not take the actions required (with respect to such former employees) by section 202(a) of such Act.

"(2) HEALTH INSURANCE CARRIERS.—No deduction shall be allowed under subsection (a) or under any other provision of this chapter for any premium tax paid by a health insurance carrier to a State or political subdivision thereof with respect to premiums paid during any period on any employment-based health insurance plan offered by such carrier unless—

"(A) all employment-based health insurance plans offered by such carrier during such period include provisions assuring coverage without additional cost for former employees of the employer involved as required by section 102(b) of the Emergency Health Insurance Extension Act of 1975; and

"(B) such carrier participates (throughout such period) in an organization or arrangement as required by section 102(c) of such Act.

For purposes of subparagraph (A), a health insurance plan shall be considered as including the provisions required by such subparagraph, during any period in which title II but not title I of such Act is effective with respect to such plan, if the carrier has taken the actions required by section 202(b) of such Act with respect to all of the former employees of the employer involved.

"(3) MEANING OF TERMS.—Terms used in this subsection shall have the same meaning as when used in the Emergency Health Insurance Extension Act of 1975.".

(2) Section 164(g) of such Code (cross references relating to deduction for taxes) is amended by adding at the end thereof the following new paragraph:

"(3) For provisions disallowing any deduction for certain premium taxes paid by health insurance carriers, see section 162(h) (2).".

DENIAL OF EXEMPT STATUS FOR CERTAIN EMPLOYERS AND CARRIERS

SEC. 302. (a) Part I of subchapter F of chapter 1 of the Internal Revenue Code of 1954 (relating to exempt organizations) is amended by adding at the end thereof the following new section:

"SEC. 504. CERTAIN EMPLOYERS AND HEALTH INSURANCE CARRIERS

"No organization which is an employer or a health insurance carrier shall be exempt from taxation under section 501, or be considered an exempt organization for purposes of any other provision of this subtitle, with respect to any taxable year, if during any part of such year—

"(1) in the case of an employer, its employees are covered by any employment-based health insurance plan which does not include provisions assuring coverage without additional cost for former employees as required by section 102(a) of the Emergency Health Insurance Extension Act of 1975; or

"(2) in the case of a carrier (A) it offers and has in effect any employment-based health insurance plan which does not include such provisions as required by section 102 (b) of such Act or (B) it is not participating in an organization or arrangement as required by section 102(c) of such Act.

For purposes of paragraphs (1) and (2) (A), a health insurance plan shall be considered as including the provisions required by either such paragraph, during any period in which title II but not title I of such Act is effective with respect to such plan, if the employer or carrier has taken the actions required of it by section 202 of such Act with respect to all former employees of the employer involved. Terms used in this section shall have the same meaning as when used in the Emergency Health Insurance Extension Act of 1975."

(b) The table of sections for such part I is amended by adding at the end thereof the following new item:

"Sec. 504. Certain employers and health insurance carriers."

EFFECTIVE DATES

SEC. 303. The amendments made by sections 301 and 302 shall apply in the case of any employer or carrier only with respect to periods, in taxable years ending after the date of the enactment of this Act, during which title I or title II of the Emergency Health Insurance Extension Act of 1975 is effective with respect to such employer or carrier.

TITLE IV—MISCELLANEOUS PROVISIONS

DEFINITIONS

SEC. 401. For purposes of this Act—

(1) an individual who for any particular week is not entitled to receive compensation under a State or Federal unemployment compensation law, but who was entitled to receive such compenastion for one or more previous weeks in the same continuous period of unemployment and would be so entitled for that particular week except for illness or injury, shall be deemed to be entitled to receive such compensation for that particular week;

(2) the term "employment-based health insurance plan" means a health insurance plan which (A) is sponsored by an employer or a labor organization, or both (including, where appropriate, a health and welfare fund), (B) covers some or all of the employees of such employer, and (C) the premiums for which are paid or collected wholly or in part by or through such employer;

(3) the term "health insurance plan" means an insurance policy, contract, or other arrangement under which a carrier undertakes in consideration of premiums (as defined in section 4981(b)(1) of the Internal Revenue Code of 1954) to provide, pay for, or reimburse the costs of health services received by individuals covered by the plan; and

(4) the terms "carrier" and "health insurance carrier" means (A) a voluntary association, corporation, partnership, or other nongovernmental organization which is lawfully engaged in providing, paying for, or reimbursing the cost of health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements, in consideration of premiums (as defined in section 4981(d)(1) of the Internal Revenue Code of 1954), including a health benefits plan duly sponsored or underwritten by an employee organization, and (B) an employer (except a governmental entity) who is a self-insurer with respect to providing, paying for, or reimbursing the cost of health services for his employees. Such terms also include an organization which provides, either directly or through arrangements with others, health services to individuals enrolled with such organization on the basis of a predetermined per-capita or per-family amount without regard to the frequency or extent of the services furnished to any particular enrollee.

EXPLANATION OF H.R. 5000, THE EMERGENCY HEALTH INSURANCE EXTENSION ACT OF 1975

The bill would be divided in two parts. Part I would require, through tax incentives, that future group health insurance contracts build in protection against the loss of health insurance during periods when the workers of an employer are receiving unemployment benefits.

Part II would protect those now unemloyed plus those who become unemployed before Part I becomes effective.

PART I

All group health insurance contracts, sponsored by employers, unions, or combinations of the two, would be required to include provisions entitling laid-off workers eligible for unemployment compensation—the same health insurance coverage available to those still working, and without cost to the worker. It would also be required that protection for laid-off workers be continued even if the employer went out of business.

In addition, all health insurance carriers would have to include such a provision in all their group health insurance contracts.

This requirement would apply to all group health insurance policies within three months after the month of enactment of the bill, with special provisions for contracts under collective bargaining.

The requirements of this part would be enforced through the tax laws. An employer who did not comply with this provision could not take as a business deduction one-half of the amount he spends toward the health insurance premiums of his employees.

Failure of any commercial health insurance carrier to include the waiver of premium provision in all of its group contracts would mean that all premium taxes paid could not be taken as a business deduction.

Any nonprofit carrier or other prepayment arrangement would lose its nonprofit tax status if it did not comply with the requirement.

In order to avoid undue burden on smaller employers, all claims from workers who are unemployed longer than three months would be pooled through two nationwide arrangements. Since the Federal government would not have to get involved except through the audit of tax returns, there would not be any new Federal bureaucracy nor any Federal money needed. The provision would mean that within a short time the private sector will have been required to handle the problem.

PART II

General: This part of the bill would restore or maintain health insurance protection to those currently unemployed (and those who become unemployed before the requirements of Part I come into law) who are eligible to receive unemployment compensation.

Employers would be required to reinstate such unemployed workers in the plan in effect when the worker became unemployed. Any employer who failed to do so would not be able to take as a business deduction one-half of the amount he contributes toward his employee's health insurance. A carrier which failed to participate would face the same tax consequences as under Part I.

Eligibility: Every worker who is eligible to receive unemployment compensation for a week (or would have been eligible except for illness or disease) would be eligible for the entire month during which any part of that week fell. The applicability of the health insurance plan to members of his family would be determined in the same way it is done for the employer's regular workers under the plan.

Financing: The cost of paying health insurance claims for workers (and their families) covered under this Part would be paid in total from a special trust fund created for the purpose.

The trust fund would receive the proceeds of a one percent tax on all health insurance premiums under group contracts. The fund and the tax would last for three to five years. In the beginning, the amount of the tax collected would not be sufficient to pay the claims of the currently unemployed. Provision is made, therefore, for the fund to borrow from the Treasury to the extent necessary. It is estimated that by the end of no later than five years all claims against the fund will have been paid and the moneys borrowed from the general fund in the Treasury will have been repaid. As soon as the Board of Trustees for the trust fund determined that all claims against it had been paid, it would go out of existence, as would the premium tax.

Administration: Unemployed workers could be informed of their right to have their most recent employer reinstate them in their health insurance plan (without cost) in a variety of ways. Public information programs, oral or written statements issued by unemployment compensation offices, and information from health care providers are among the ways that the information could be gotten to the workers. Carriers would treat laid-off workers the same as those still employed as far as claims payment procedures, utilization review procedures and so on. However, rather than paying for the claims out of its premium collections, the carrier would bill the trust fund, less the one percent premium tax it owes, for the claims paid on behalf of the laid-off workers, plus an administrative charge no higher than that which is experienced with the employed workers. A health maintenance organization would bill the trust fund the per capita amount that it gets for employed workers.

Effective Dates: Employers would be required to reinstate their workers effective with the first day of the month in which the bill is enacted, or the first week the employee becomes entitled to unemployment compensation whichever is later.

Special provision: Those relatively few unemployed workers who could not obtain coverage because their most recent employer has gone out of business would be required to be enrolled by that employer's most recent carrier with the same set of benefits they had while employed. As with other eligible workers, the claims and administrative costs would be paid through the trust fund.

RATIONALE

Administrative feasibility

The chief virtue of the plan is that it is workable and can go into effect immediately upon enactment. No agency would have to gear up to administer it, hire and train new employees, or devise and implement new administrative procedures.

The plan relies, more than others, on existing mechanisms for paying health insurance benefits. No heavy administrative burden would be loaded onto existing governmental agencies that are already hard-pressed; no new bureaucracy would be created. The Social Security Administration would not be involved at all and the unemployment offices would have a minimum of new work. There would be no new benefit packages for either the unemployed, the providers of health care, or the administrative agencies to learn to cope with. In summary, the plan avoids the obstacles to immediate, effective implementation that are present in other proposals.

Part I assures that group health insurance contracts will be have been modified to provide private health insurance coverage for the unemployed, and this process will begin a month after enactment. Thereafter, the problem will be handled through the private sector, and its existing administrative mechanisms. The expense of continuing health insurance during periods of unemployment will have been built into the premium structure applicable to the active workforce.

Part II is an interim arrangement that goes into effect immediately upon enactment and goes out of existence automatically as the provisions of Part I take over. Here is how it would work. The unemployed worker would return to his last employer to be reinstated under the employer's health insurance plan.

The employer would verify that the worker is receiving unemployment compensation, probably by asking to see the employee's check stub or other evidence that he is eligible. If the employee had no such evidence, the employer would check with the unemployment compensation office. Unemployment compensation status would have to be checked no more than once a month.

The employer would notify his insurance carrier that the employee is to be reinstated. The carrier would then handle the claims of the laid-off worker just as it does regular workers. The only difference is that the carrier would have to identify the claims from the unemployed workers so it could keep track of how much to bill the trust fund each quarter.

Although the preceding discussion is in terms of a single worker contacting his employer, as a practical matter, unions can be expected to take steps to see that their eligible members are reinstated in groups, and employers and carriers may have records and procedures that will permit reinstatement on a group basis rather than solely through contacts between individual workers and their former employees. The ingenuity of the private sector can be expected to come into play to make the reinstatement process go smoothly and without swamping the unemployment compensation offices.

In this plan, there is no requirement for swift and totally accurate communication between UC offices and thousands of employers and hundreds of insurance carriers (which is not a realistic possibility) as there would be in plans that require premium payments for each month of each unemployed worker's health insurance entitlement. In those plans, accurate payment of all premiums is essential if carriers are to avoid adverse selection and stay solvent; also needed is an accurate actuarial assessment of the utilization patterns of unemployed persons. All these problems are avoided; because in this proposal, if some workers happen not to sign up, it makes no difference. Carriers are reimbursed for benefit expenses plus administrative costs. They do not risk their financial solvency.

But full use is made of the administrative machinery that they have in place. Former enrollees are simply reinstated, with a different source of funding for the covered health costs they incur.

Under Part II, a governmental administrative and financial mechanism would, of course, be required—to collect premium taxes (or offset them against claims expenses); to make payments in response to quarterly billings by carriers for their claims and administrative expenses; and to conduct whatever audits may be required. But these activities are minor, involving contacts between government and a few hundred carriers, in contrast with the major administrative burdens that would be placed on governmental entities under the other proposals.

Financing

A major difficulty in the plans suggested thus far is their reliance upon a billion and a half dollars or more of general revenues at a time when Federal expenditures which make little direct contribution to improving the economy need to be controlled to avoid inflationary pressures.

The costs to be financed from general revenues are large. Estimated one-year costs for the various proposals range from 1.5 to 3 billion dollars.

Realistically, it is not possible to assume that a program of health insurance for the unemployed will end in a year or so. More likely, large general revenue expenditures for such a program would be required every year until national health insurance goes into effect.

The proposal responds to these problems as follows:

Under Part I, health insurance protection during periods of unemployment would be financed out of premiums paid during employment rather than out of Federal funds. To the extent that the increased premium cost is met by employers (which on an aggregate basis is about 75 percent), it would, like other employer-paid fringe benefits, be treated as a business expense for purposes of the corporate income tax. There would in this sense be a tax expenditure involved, but this is analogous to what is already done with respect to pensions and other fringe benefits which are treated as wage costs and therefore deductible as a business expense.

Under Part II, the temporary emergency program would be financed through a one percent premium tax on group policies, paid into a temporary trust fund. Although the trust fund would initially need to borrow to pay benefits, the full expense of this temporary program would ultimately be met through the tax, after which the tax would expire and the trust fund would go out of existence. The program would thus not be financed from Federal general revenues.

Equity

General revenues do not pay for the health benefits under this plan. Funds collected from taxpayers are not disbursed to support more generous benefits for some than for others.

In contrast, under an approach that pays premiums for the continuation of health insurance through the former employer's plan, the people who formerly held the better-paying jobs and likewise had the better health insurance would have the benefit of the largest subsidy from general revenues. Here is how the general revenue funds, collected from all taxpayers, would be distributed under that approach: Generous comprehensive health benefits would be continued for some people; inadequate, skimpy coverage would be continued for others; and people who had no health insurance on the job would continue to have no health insurance.

Those disparities in treatment would not exist under an approach that provides benefits of medicare part A to the unemployed. But if that plan were in effect, the elderly who did not perform enough covered work to qualify for part A benefits under the regular medicare program may wonder why they need to pay (as of July of this year) $40 a month to have it, while both the unemployed and their families get it free from the government. And the totally and permanently disabled may wonder why they get part A of medicare only after having been on the disability rolls for two full years, while the unemployed get this protection immediately.

The proposal is able to avoid these difficulties. It is true that where health insurance (good or poor) was formerly provided through the employer, that same protection would be continued under the plan. But this continuation would not be financed through general revenues. Under Part I, the protection would be financed through an addition to the premiums paid while the worker was still on the job (and the tax subsidy for the employer would be like that available for pensions and other fringe benefits). Under Part II, a premium tax would be used, which would tend to spread the financial burden among persons who have health insurance, rather than among general taxpayers (including some who are not participants or beneficiaries of any health insurance system). Moreover, the health plans of employers and industries which have experienced high rates of unemployment would be paying less than employers and industries which have experienced lower rates of unemployment. (This is so because hard-hit employers and industries have fewer workers remaining on duty whose premiums would be subject to tax.)

Some inequities would remain. The plan does nothinig to help people who do not have health insurance while working, or whose health insurance on the job is poor. (For these groups, however, the problems arise from factors other than unemployment.) No help would be provided for people who are out of work but not eligible for unemployment compensation—either because their jobs were not covered under that system or their benefits have run out. These seem to be problems that as a practical matter cannot be solved except through national health insurance.

LABOR REPLIES TO QUESTIONS ON UNEMPLOYMENT COMPENSATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. VANIK) is recognized for 5 minutes.

Mr. VANIK. Mr. Speaker, I am deeply concerned with the state of unemployment compensation today. Recently I addressed several questions to Mr. Lawrence E. Weatherford, Jr., Acting Associate Manpower Administrator for Unemployment Insurance. Besides my concern for people who may have missed out on needed benefits, I asked Mr. Weatherford about the problems various States were experiencing with exhaustion of their trust funds, inadequate staff levels, data processing, exhaustion of benefits, and fraud in the compensation filing procedures.

The areas I inquired about represent a number of problems in the unemployment insurance system, several of which were discovered in a telephone survey conducted by my staff. These problems must be corrected as soon as possible, particularly in light of the current crisis in this Nation's unemployment rates.

Mr. Speaker, I would like Mr. Weatherford's response to several of my questions printed in the RECORD:

U.S. DEPARTMENT OF LABOR,
MANPOWER ADMINISTRATION,
Washington, D.C., March 14, 1975.

Hon. CHARLES A. VANIK,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN VANIK: This is in reply to your letter of February 27, 1975, in which you listed nine questions on unemployment compensation.

Our replies to these questions appear in the enclosed statement and its attachments. We trust they furnish the information you have requested. If additional information is needed, please call on us.

Sincerely,

LAWRENCE E. WEATHERFORD, Jr.,
Acting Association Manpower Administrator for Unemployment Insurance.

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1. (This question consisted of several parts, which are answered individually.)

(1) *Question:* What is the unemployment compensation trust fund reserve remaining in each State?

Answer: Attached is a table showing State reserves as of December 31, 1973, and December 31, 1974, in terms of dollars, as a percentage of total annual wages in covered employment, and in relation to the State's highest 12-month cost-wage ratio since January 1, 1958—the "reserve multiple." Also attached are an explanation of the reserve multiple, which is a rough rule-of-thumb guideline as to the fund's ability to meet the demands on it, and a table ranking the States by reserve multiples as of December 31, 1974.

(2) *Question:* What States are projected to exhaust all of their trust funds in 1975?

Answer: Five States have already received advances for Calendar Year 1975 (Connecticut, New Jersey, Rhode Island, Vermont, and Washington). Our preliminary and tentative estimates are that possibly as many as 10 more States may exhaust their reserves in Calendar Year 1975: Hawaii, Maine, Massachusetts, Michigan, Minnesota, Montana, Nevada, Oregon, Pennsylvania, and Puerto Rico. These estimates do not take account either of automatic triggering-in of higher tax rates by the States under their existing statutes, or of State legislative action to increase revenue. We have asked each State to review its own situation and provide us with quarterly estimates of resources and benefit expenditures for Calendar Years 1975–1976, taking into account any probable legislative action. When we have received these reports, we will have much better estimates as to which States may exhaust their reserves, and when.

(3) *Question:* What are the projected exhaustion dates for each of these States?

Answer: Michigan is apply for some financial assistance in April. Otherwise, we do not now anticipate any additional States will exhaust their reserves until the latter part of the year, but our preliminary estimates have not included projections of dates within the year.

(4) *Question:* Once a State has exhausted all funds, what happens?

Answer: Title XII of the Social Security Act provides for advances to States. When a State estimates that it will have insufficient funds to pay all benefits due during the coming month, the Governor may request an advance for that month from the Secretary of Labor. The Secretary of Labor verifies the amount and requests the Secretary of Treasury to transfer the amount from the Federal unemployment account in the Federal Unemployment Trust Fund to the State's Trust Fund account. The State may then draw on it as needed, but solely for benefit payments. No interest is charged on the advance.

Provisions for repayment of the advances are contained in Title XII of the Social Security Act and in the Federal Unemployment Tax Act. Attached is a statement describing and a table illustrating the repayment procedures.

(5) *Question:* Does the Department establish limits on the size of permanent State staffs? If so, when were the last "base staff" changes made?

Answer: No. The Department has no authority to limit by maximum or minimum the percentage of budgeted man-years (positions) which will be devoted to permanent staff. The Department does suggest that States adopt plans that provide for the use of part-time or "intermittent" staff as the most effective way of dealing with the volatile increases and decreases in seasonal workloads.

(6) *Question:* What automatic or electronic data processing equipment is available to assist the States in meeting increased workloads?

Answer: All States have computer capability. For the most part this capability exists on-site. Several States are involved in State centralized ADP operations—among which are Illinois, Washington, Hawaii, Maryland, West Virginia, Arizona, Louisiana, Vermont, Montana, Virginia, California, and Wyoming. Processing of employment security functions in these States is done at a separate location which has caused problems with priorities and delays in production.

States which have access to computer equipment on-site—with the exception of one or two States—generally have the processing capability to handle the increased workloads. The difficulties being experienced, so far as ADP is concerned, are more directly involved with source data preparation of new claims, availability of sufficient disk and magnetic tape drives and storage for increased file sizes and printer capability for writing monetary determinations of eligibility and benefit checks.

The availability of funds as a result of the new emergency legislation and the supplemental appropriations has provided a measure of relief for the States in this regard. However, not all States have been able to acquire the needed additional peripheral devices as yet due to such factors as delays in State government approvals of acquisition, delays in delivery of equipment and availability of equipment.

(7) *Question:* What assurances have been provided to the States to assure them that extra administrative manpower costs will be covered, as per the matching formula? Are extra administrative costs currently being reimbursed?

Answer: Nearly every State is currently experiencing workloads significantly in excess of those originally budgeted as a result of the FY 1975 appropriation request. Additional funding has been made available to each State quarterly, upon their request and justification, to cover the higher claims loads. We anticipate that sufficient funding will be available to cover all such requests for the balance of FY 1975. Grants to States to cover costs of administration are funded entirely by the Federal Government and do not require State matching funds.

(8) *Question:* What are the figures over the past year—by month—of new applicants, and individuals exhausting their benefits?

Answer: State unemployment insurance figures for initial claims, first payments, and exhaustions are shown in the attached table for each month in 1974.

STATE UNEMPLOYMENT INSURANCE—REGULAR[1] PROGRAM—CALENDAR YEAR 1974

Month	Initial claims[2]	1st payments[3]	Exhaustions[4]
January	2,113,153	1,031,110	151,539
February	1,435,488	789,923	129,003
March	1,216,005	634,143	145,904
April	1,170,498	499,800	167,419
May	1,083,562	434,435	177,624
June	1,078,076	370,235	159,224
July	1,594,047	578,895	189,547
August	1,220,686	620,951	172,751
September	1,171,167	437,218	145,096
October	1,607,651	551,659	155,413
November[5]	[6] 2,009,084	[6] 661,464	155,137
December[7]	[6] 3,113,846	[6] 1,085,228	184,962
Total	[6] 18,813,263	[6] 7,695,061	1,933,619

[1] "Regular" excludes State additional and Federal-State extended benefits.

[2] Initial claims are the 1st claims a worker files for a spell of unemployment—which may be the 2d or subsequent spell in a benefit year.

[3] 1st payments represent the number of different individuals who received at least 1 payment in a benefit year in 1974.

[4] "Exhaustions" are final payments of regular benefits to which the individual was entitled in a benefit year in 1974. Depending on whether the individual also received his 1st payment in the benefit year in 1974 (or instead earlier) individuals included under "Exhaustions" may or may not also be included under "1st payments." In some instances, individuals included under "Exhaustions" in an early month, may later again qualify for benefits and be included under "1st payments" in a later month.

[5] Maryland estimated.

[6] Preliminary.

[7] California and Maryland estimated for initial claims and 1st payments, California, Maryland, Michigan, Rhode Island, and Tennessee estimated for exhaustions.

(9) *Question:* Is there a possibility that the number of people exhausting benefits may suddenly increase because of the growing practice of industries employing workers for a week, laying them off a week, etc.?

Answer: Reduction of employment in an industry is usually due to reduced demand for its product(s). Firms in the industry can either lay off a given number of workers or they can spread the unemployment among a larger number of workers. One way to spread the unemployment is to alternate weeks of employment and unemployment. Such an alternate week process is likely to result in a smaller number of exhaustions than laying off a smaller group of workers. Since covered workers can draw up to 52 weeks of benefits currently, it would take nearly two years for many workers to exhaust all benefits as they alternate employment and unemployment. An alternate week process is likely to result in a larger number of different people drawing approximately the same amount of benefits, and members of this larger group are more likely to ride out the depressed condition in their industry before they exhaust their benefits.

(10) *Question:* New York State has indicated that it does not have enough revenue to employ extra tax collectors to bring in unemployment trust fund payments from delinquent employers. Is the collection of these taxes strictly a State matter? Can the Department provide any assistance?

Answer: The Department's overall allocation of funds to the States includes an amount for tax "field auditors." The tax workloads administrative requirements for all States for FY 1975 are fully funded and should, therefore, be adequate to employ sufficient staff for determining tax delinquency and collecting delinquent taxes. The collection of delinquent taxes is entirely a State matter and the Department does not participate directly in the State administration of their unemployment insurance program. The Department, however, does provide guidelines and technical advice and assistance to the States in improving their unemployment insurance operations and in resolving particular problems or concerns. Currently, the Department is preparing revised guidelines to assist the States in improving their techniques and methods for collecting delinquent taxes.

(11) *Question:* A front-page article in the New York Times of February 17, 1975, indicated that "cases of suspected cheating on unemployment insurance may rise 25 to 50 percent this year as the number of laid-off workers continues to mount, N.Y. State labor officials are predicting."

What assistance does the U.S. Department of Labor provide in investigating frauds and ensuring adequate standards to prevent frauds?

Answer: We agree that the number of fraud cases is probably increasing as the number of initial claims filed, the volume of insured unemployment, and the amount of benefits paid increase. The pertinent question must be whether the increase in the number of fraud cases is disproportionate to the total workload increase. In New York, for example, insured unemployment for the week ended February 15, 1975, (459,173) was more than 2½ times as great as it had been for the same week in 1974 (167,490). A 25 to 50 percent increase in the *number* of fraud cases, in such circumstances, would indicate a significant drop in the percentage of fraud cases in New York.

It should be noted that the amount of fraudulent benefits found has always been only a very small percentage of all benefits paid. For example, during Calendar Year 1973, the nationwide percentage of fraudulent benefits found to have been paid was .38 percent of all benefits paid; during Fiscal Year 1974, it was .34 percent.

The Department of Labor allocates funds to State agencies specifically for their use in preventing and detecting fraudulent claims. The number of positions a State is allocated is based mainly on the total number of weeks of benefits claimed in the State during a recent 12-month period.

All States are required to have a program for fraud and overpayment detection and prevention. The Secretary of Labor's *Standard for Fraud and Overpayment Detection* requires that a "State law include provision for such methods of administration as are, within reason, calculated (1) to detect benefits paid through error by the agency or through willful misrepresentation or error by the claimant or others, and (2) to deter claimants from obtaining benefits through willful misrepresentation." The Secretary's *Standard* suggests methods a State may employ in detecting and deterring fraudulent claims.

The Department of Labor also provides technical assistance to individual State agencies in the area of fraud and overpayment prevention and detection. In addition, as part of the Department's effort to help States improve their fraud detection programs, we are currently working, with the assistance of a contractor, to develop a model system for post auditing claims against wage records to detect instances of concurrent working and claiming benefits. We also hope to recommend other improved techniques for detecting fraudulent claims and recovering resulting overpayments.

SUBCOMMITTEES COMMENDED FOR RESCISSION DISAPPROVALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. HARKIN) is recognized for 5 minutes.

Mr. HARKIN. Mr. Speaker, I would like to address myself to the report of the Appropriations Subcommittee on Agriculture regarding the President's rescission message. The Appropriations Subcommittee on Agriculture, chaired by Mr. WHITTEN, is to be commended for its refusal to approve $181,700,000 in Presidential rescission requests.

The administration rescission requests reflect a general lack of concern for rural Americans. Our rural citizens are affected just as much as our urban citizens by our depressed economy. It is because our rural citizens are not as geographically concentrated that their problems do not appear as striking in compilations of economic statistics.

The President has chosen to cut funds for nutritional and family education programs. These programs provide nutritional education and family education to the poor in both urban and rural areas: They also fund projects, through extension services and through 4-H-type activities, to improve nutritional education for over a million youths. Thousands of volunteers participate in these programs which are operational in all 50 States. The President's rescission would deprive an estimated 30,000 families of the services of these programs. I am pleased that the Appropriations Subcommittee on Agriculture has seen fit not to approve this rescission. Many of the malnourished people in this country are malnourished not because they cannot afford food, but because they have never been exposed to the benefits of a balanced diet.

The administration also appears to be turning its back on the economic needs of our smaller communities. The rescission request of $3,750,000 from funds for Rural Development Act grants run counter to President Ford's avowed commitment to the principle of revenue sharing. These funds are designed as a form of credit revenue sharing which communities could lend according to local needs. This is a new program and a new concept. It merits a fair trial. The prospects for success are considerably diminished if 30 percent of the funds are cut before the program even begins. The major attraction of this program is that it would create jobs for the rural unemployed; not jobs in the public sector, but jobs in private industry.

In my district in southwestern Iowa, there are communities in dire need of this kind of assistance this program would provide. They have plans drawn and are ready to go, but they lack the funds to implement their plans.

The administration's requested rescission of the entire $3,500,000 appropriated for rural fire protection programs also reveals a lack of concern for rural communities. This money is intended for the purchase of firefighting equipment and the training of local volunteer firefighters. It is sorely needed by rural communities, many of whom are at the upper limit of the amount they can legally borrow.

By far the largest and most important program that the administration's rescission request would have doomed to extinction is the agricultural conservation program. This program affects not only rural citizens but every man, woman, and child in America. Begun in 1936, it represented the first national effort to protect our environment. Although it began as an educational program, it has evolved into a national effort to protect our most valuable natural resource—our rich topsoil.

Today, the agricultural conservation program conducts a wide variety of conservation programs from terracing to protection of our wildlife. During this era of heightened concern for the quality of our environment, this program provides one of the most valuable governmental services toward a pollution-free environment now and in the future.

I would also like to commend the Appropriations Subcommittee on State, Justice, Commerce, and Judiciary for its action in refusing to accept the administration's rescission request of $125,000,000 for unemployment assistance to rural areas. The attempt to rescind these funds hits especially hard at the rural poor and rural unemployed. These funds are designed for use in public works jobs by governmental units of under 100,000 population. An Economic Development Administration survey has discovered 18,000 programs that could be eligible for these funds. Clearly, this rescission is based on lack of concern rather than lack of need.

The above programs which the Appropriations Subcommittees of Mr. WHITTEN and Mr. SLACK have wisely chosen to continue are all designed to benefit the rural citizens of this Nation. These two subcommittees have helped turn the tide away from neglect of our rural people. I support the action of these subcommittees and commend their chairmen. The worth of these programs cannot be expressed in dollar figures alone. They involve more: a healthy diet for our poor and malnourished; public safety for our citizens; the dignity of a job in contrast to the unemployment line; and a sound environment for us all, now, and in the future.

SUMMARY OF ENERGY CONSERVATION AND CONVERSION BILL OF 1975

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. ULLMAN) is recognized for 15 minutes.

Mr. ULLMAN. Mr. Speaker, the following is a summary of the energy conservation and conversion bill of 1975:

ENERGY AND CONSERVATION BILL SUMMARY

TITLE I—QUOTAS, ALLOCATIONS, AND STRATEGIC RESERVES

1. The bill authorizes the imposition of quotas on imports of petroleum and petroleum products. The President, in establishing quotas, is to reduce the dependence of the United States on foreign oil by reducing imports as much and as fast as practicable without requiring a major rationing program or major price increases. In establishing quotas, he is to take into account their impact on economic conditions generally. Also, in establishing the quotas, he is to see to it that domestic conservation results in a reduction of imports rather than a reduction of domestic production.

2. The President's authority to fix rates of tariffs on petroleum and petroleum products is limited so that from the date of enactment on these rates are not to exceed $1.20 per barrel. In setting tariff rates within this ceiling, the President is to take the same factors into account as mentioned above in the case of quotas.

3. The President is to establish an import licensing system for determining entitlements to imported petroleum and petroleum products. In this entitlement program, sealed-bid public auctions are to be used, but the traditional patterns of use and competitive positions of small and independent operators and refiners are to be taken into account.

4. The creation of a strategic reserve of petroleum and petroleum products is authorized.

5. The office of Petroleum Purchasing and Reserve is to be headed by a deputy administrator of the Federal Energy Administration. This office is to administer the import licensing system and to establish the domestic strategic reserve of petroleum and petroleum products. The office is to be the purchasing authority for the strategic reserve and if authorized to do so by the President may also be the general purchaser of imported petroleum and petroleum products for domestic use. (Before the office is used as the sole purchaser of imported products, this must be officially proclaimed by the President and 60 days notice must be given to the Congress.

TITLE II GASOLINE CONSERVATION PROGRAM

1. An additional gasoline tax at the rate of 7 cents a gallon is to be imposed on January 1, 1976. On April 1, 1977, the tax goes to 15 cents, on April 1, 1978, to 22 cents, on April 1, 1979, to 30 cents, and on April 1, 1980, to 37 cents.

2. An income tax offset is to be allowed for each U.S. resident who is 18 years of age or older. The credit will offset completely the tax on 9 gallons a week. At a 7-cent rate, the credit will amount to $33.60. As the tax rate increases the credit increases correspondingly.

3. The President (subject to a veto by either the House or Senate) may advance a scheduled gasoline tax rate increase (after the January 1, 1976 increase) by 6 months, or delay a scheduled rate increase by 6 months or 12 months. This also would automatically change the tax credit correspondingly.

4. The gasoline tax is not to apply to farm use, use in further manufacture, or use in commercial aviation or local transit systems (these are exempt from part or all of the tax under present law).

TITLE III—OTHER ENERGY CONSERVATION PROGRAMS

A. Auto fuel mileage efficiency tax

1. An auto fuel mileage efficiency tax is phased in over a 5-year period. This is a manufacturers excise tax on new cars. It is imposed initially on 1977 model cars with fuel mileage rates of less than 21 miles per gallon. In the first year the tax ranges from $200 on cars getting less than 14 miles per gallon down to $40 on those getting less than 21 miles per gallon. These rates gradually increase until in 1981 the tax ranges from $1,000 on cars getting less than 16 miles per gallon down to $40 on cars getting less than 25 miles per gallon.

2. It is expected that the Environmental Protection Agency will rate cars on miles per gallon.

3. There are to be labels on new cars specifying the automobile fuel efficiency tax and the fuel mileage rate on which the tax was based.

B. Taxes on other vehicles and related items

1. A manufacturers excise tax is imposed on auto air conditioners sold separately. The tax is first imposed at the rate of $20 beginning September 1, 1976. The tax rises gradually to $100 on September 1, 1980.

2. The excise tax on new radial tires is repealed as is the tax on tread rubber for these tires (the tax is 10 cents a pound on tires and 5 cents a pound on tread rubber).

3. Maufacturers excise taxes are imposed on motors for motorboats, snowmobiles, and general aviation (i.e., noncommercial) aircraft. The tax is 20 percent on sales after January 1, 1976. The tax on motorboat motors does not apply to commercial fishing or shipping.

C. Tax incentives for energy related improvements of buildings

1. A credit against income tax is allowed for insulation installed by individuals in their principal residences (in existence on March 17, 1975). The credit is 40 percent of the first $500 plus 20 percent of the next $500.

2. A credit against income tax is allowed for an individual expenditure for solar energy equipment installed on their principal residences (in existence on March 17, 1975). The credit is to be 40 percent of the first $1,000 plus 20 percent of the next $1,000.

3. The credits referred to above apply from March 17, 1975 through the end of 1976.

D. Rerefined lubricating oil

The 6 cents a gallon manufacturers excise tax on lubricating oil is to apply to new oil used in producing rerefined oil.

TITLE IV ENERGY CONSERVATION AND CONVERSION TRUST FUND

1. An energy trust fund is established and is to include revenues from the additional gasoline tax, the auto efficiency tax and the windfall profits tax. It is also to include oil and gas leased revenues appropriated to the fund by future legislation.

2. No more than $5 billion a year from the new gasoline tax is to go into the trust fund in any year. The fund is to terminate at the end of the fiscal year 1985. For 1985, no gasoline tax revenue is to go into the fund. For 1984, only $2.5 billion of gasoline revenue is to go into the fund. At no time is the trust fund to have more than $10 billion of unobligated funds. This $10 billion limit is reduced to $5 billion for the fiscal year 1985.

3. Money in the trust fund is to be available (following the usual authorization and appropriation procedures) for—

(1) basic and applied research programs relating to new energy technology (not over 15 percent of the fund is to be available for this purpose);

(2) development and demonstration of new energy technology (not over 35 percent of the fund is to be available for this purpose);

(3) programs relating to the development of energy resources from properties in which the United States has an interest (including offshore properties) (not over 25 percent of the fund is to be available for this purpose); and

(4) local and regional transportation projects (not over 25 percent of the fund is to be available for this purpose).

TITLE V—DEREGULATION OF OIL AND NATURAL GAS; WINDFALL PROFITS TAX

A. Deregulation

It is assumed that a system of deregulation will be added to the bill by another committee. The windfall profits tax set forth below is included on this assumption.

B. Windfall profits tax

1. A windfall profits tax on domestic oil and natural gas—other than production from

new fields—is imposed beginning with the date of enactment and gradually phasing out on a monthly basis over the next 16⅔ years.

2. New field production which is exempt from this tax is an oil or gas well located at least 10 miles from the nearest well in existence on December 1, 1973.

3. The tax is graduated beginning at 10 percent on the first 25 cents of windfall profits per barrel of oil. It is 10 percent for the first 5 cents of windfall profits per thousand cubic feet of natural gas. The maximum rate of 85 percent applies to windfall profits in excess of $2 per barrel of oil and on such profits in excess of 40 cents per thousand cubic feet of natural gas.

4. The base price of oil is determined as of December 1, 1973. Usually this averages about $4 per barrel. The adjusted base price is determined by adding 95 cents to this.

5. In the case of natural gas, the base price is 74 cents per thousand cubic feet, and the additional amount added to determine the base on which the tax is applied is 18 cents per thousand cubic feet.

6. Beginning in 1976, the adjusted base price is increased by one-half of a percent per month (compounded) to reflect rising costs.

7. The windfall profits on any unit of crude oil or natural gas is not to exceed 75 percent of the net income attributable to the unit.

TITLE VI—REVISION OF CAPITAL INCENTIVES FOR EXTRACTIVE AND PRODUCING INDUSTRIES

A. Domestic oil and gas

1. Generally, percentage depletion for oil and gas is repealed as of January 1, 1975. However, a phaseout of percentage depletion is provided for smaller oil producers according to the following schedule:

	Number of barrels per day	Applicable percentage depletion rate
Calendar year:		
1975	3,000	15
1976	2,400	12
1977	1,800	9
1978	1,200	6
1979	600	3

A second exception provides that regulated natural gas continues to receive 22 percent depletion until June 30, 1975, and natural gas sold under a fixed contract will continue to receive 22 percent depletion as long as the fixed contract continues.

2. Taxpayers are given the option to deduct currently geological and geophysical expenditures in connection with oil and gas wells in the same manner as intangible drilling costs. This may not be elected for someone claiming percentage depletion.

3. Where deductions have been taken for intangible drilling costs and geological and geophysical costs and the property is sold, any gain realized on the sale is to be ordinary income (instead of capital gain) to the extent the costs referred to above have been previously written off.

B. Foreign oil and gas

1. Foreign tax credits from foreign oil and gas extraction may not be more than 10 percent above the U.S. tax rate (i.e., 52.8 percent). Even these credits to the extent they exceed the United States tax may be offset only against U.S. tax on foreign oil related income.

2. In the case of exports of oil, gas, coal, and uranium, DISC tax treatment (Domestic International Sales Corporation) is no longer to be available.

3. Oil rigs used in international waters or waters of another country are no longer to be eligible for the investment credit unless they are in the northern portion of the Western Hemisphere.

TITLE VII—ENCOURAGING INDUSTRIAL CONVERSION FOR GREATER ENERGY SAVING

A. Excise tax on industrial use of petroleum and petroleum products

1. A phased-in excise tax is imposed on the industrial use of petroleum and petroleum products. The tax begins in 1977 at 11 cents per barrel or its equivalent and rises 11 cents each year until it reaches a maximum of 66 cents in 1982.

2. A phased-in excise tax is imposed on the industrial use of natural gas. The tax begins in 1977 at 3 cents per thousand cubic feet and rises by 3 cents each year until it reaches a maximum of 12 cents in 1980.

3. The above taxes do not apply to use on a farm for farming purposes or to use by extractive industries. They also do not apply to use as a component in the further manufacture of another product (as distinguished from use as a fuel).

B. Amortization for certain energy-related property

1. Five-year amortization (rather than regular depreciation) is provided for coal mining equipment, coal-burning equipment, solid waste-burning equipment, and electric power-generating facilities converted from oil or natural gas.

2. The amortization provisions referred to above apply until January 1, 1981.

3. Five-year amortization for railroad equipment and 50-year amortization for railroad grading and tunnel bores is provided (same as in Ways and Means Committee decision last year).

C. Tax credit changes relating to energy conservation

1. The investment credit of present law is extended to insulation and solar energy equipment for the period from March 17, 1975, through January 1, 1977. The investment credit in these cases will be available even if the property is used for the business of providing residential housing.

2. The investment credit is to be denied for air conditioning and heating units which are presently eligible for the credit (single room air conditioning units and space heaters).

3. After 1975, the investment credit is not to be available for electrical generating equipment fueled by oil or natural gas.

4. For 1975 through 1979, the investment credit is to be available for a portion of amounts paid by the taxpayer to purchase glass, paper, textiles or nonferrous metals which have been used and are sold as waste material.

D. Encouragement of investment in certain public utility stock

1. Deferral of taxation is provided for public utility dividends reinvested in the stock of the utility.

2. The dividend is to be taken into income whenever the stockholder disposes of the stock by sale, exchange, gift or otherwise.

3. The provision applies to distributions for the next 5 years.

THE MEDICAID AND MEDICARE ROBBERS

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, in view of the medicare and medicaid fraud that exists in what is a nationwide scandal, I should like to bring to the attention of our colleagues the enclosed:

The Health Care Scandal

(By Dan Thomasson and Carl West)

Washington, March 17.—During a three-month period ending last June 30, 26 states reported to the U.S. Health, Education and Welfare Department (HEW) 954 cases of suspected fraud in the Federal-State Medicaid program for the poor.

Only 47 of those cases were ever turned over to public prosecutors.

For the succeeding quarter, ending September 30, 21 States reported 824 cases of suspected fraud. Of those only 18 were referred for prosecution.

In the final quarter, ending Dec. 30, 25 States reported 1,052 cases of suspected fraud. Only 15 of those cases were referred for prosecution.

These data, gathered from reports on file with HEW's division of program monitoring, go a long way toward explaining the estimate by Federal investigators that cheating in the medicaid program is costing taxpayers $1.5 billion a year.

Even this doesn't define the scope of the problem, however.

Although required by Federal regulation to do so, a few States don't even bother to file reports on suspected fraud, and some that do only provide incomplete and inaccurate information.

Congressional experts think many cases go undetected because States have inadequate or inefficient means of spotting and auditing seemingly extravagant medicaid claims submitted by health care providers. And they find it incredible that 21 States reported no suspected fraud cases for the quarter ending June 30, 1974.

Also puzzling to congressional experts and HEW officials is the fact that in many instances medical care providers suspected of fraud are being permitted to pay back the Government without further action being taken against them.

Federal law provides that anyone convicted of filing a false medicaid claim can be imprisoned for one year and fined $10,000.

"The very fact that a medical provider is anxious to pay back the money should be a clear indication that he hadn't made just an honest mistake," said one congressional investigator.

For years HEW has had virtually no system to monitor medicaid. But with stories of wholesale cheating flooding in from every part of the Nation, HEW set up a division of program monitoring it hopes will be able to measure accurately the scope of chiseling and help stop it.

The first official reports sent to the division beginning last year weren't encouraging. They were sloppy and showed an alarming indifference to the problem.

Here are some glaring examples:

Twenty-four Michigan medical care providers were suspected of bilking a total of $125,582 from medicaid either by knowingly overcharging or billing for services not provided. Not a single provider was prosecuted or suspended from the program after all the money was repaid.

Five Mississippi physicians handed back $10,883 after being challenged about their bills. They were not prosecuted although evidence showed they deliberately overcharged and billed for services not provided.

In South Carolina one physician repaid the Government $57,000 after it was determined he had sent duplicate bills to five medicaid recipients and another reimbursed the program $49,368 after allegedly submitting false billings on 22 patients.

In Alabama, two pharmacists were discovered billing—how much, officials couldn't determine—for services not provided. But officials contended to HEW that there was insufficient evidence of fraud.

Massachusetts authorities notified HEW that a pharmacist was suspected of bilking the program of $50,000 by writing excessive prescriptions. But the State authorities said the case was "difficult to prove" and the pharmacist was not prosecuted.

A Texas physician overcharged $10,702 and escaped prosecution by reimbursing the program, and another gave back $5,504.

The "horror stories" seem endless. And concern is mounting about what they forebode for a future national health insurance program that could handle $60 billion annually.

Few congressional experts believe the feeble efforts now being exerted by HEW are sufficient. They warn that unless the Federal Government steps in with much sterner measures, medicaid fraud alone could reach $3 billion within the next few years.

House of Representatives,
Washington, D.C., March 17, 1975.

Hon. Caspar Weinberger,
Secretary, Departmentof HEW,
Washington, D.C.

Dear Mr. Secretary: A report of March 17 by two reporters for the Scripps-Howard Newspapers (enclosed) has pointed out that for the quarter ending December 30, 1974, 25 states reported 1052 cases of suspected medicaid fraud to HEW, and that only 15 of those cases were ever turned over to public prosecutors. Similar statistics were reported for preceding quarters.

It makes no sense to me that (a) all states do not report; and (b) apparently there are no mechanisms by either HEW or the states themselves sufficient to detect fraud. It is also incredible that some states would have no reports of fraud committed.

I would like to suggest that HEW *immediately* send auditors to every state, instead of waiting until next year, as I understand it is your intention to do. Surely, with the available personnel within HEW, some auditors could be shifted to such an additional field program.

I would also suggest that HEW set up prototypes for fraud investigation and establish regulations so that if state officials do not parallel these prototypes, the state will be penalized.

I take the position that the doctors, nursing home operators, and others who embezzle the taxpayer and rip off the elderly should be considered as bank robbers or street muggers. Just as we send them to jail, we should send the medicaid and medicare robbers to jail, and until we do, we will not deter this kind of crime. It is not enough to simply seek reimbursement of the embezzled funds.

I'd appreciate your comments on these proposals.

Sincerely,

Edward I. Koch.

HOME HEALTH CARE—PART 1

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, along with 56 House cosponsors, I have introduced H.R. 4772 and H.R. 4774 which would provide home health care services not now available under medicare or medicaid. Those services would include unlimited visits by a doctor or nurse based on need rather than current artificial restrictions, supportive services of transportation to doctors' offices and senior centers, assistance in homemaking service, shopping, and outdoor walking, and partial rent or mortgage subsidies. The bill has been given equally strong support in the Senate where it has been introduced as S. 1163 by Senators Frank Moss and Frank Church, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, Hugh Scott, Senate Minority Leader, and Senators Williams, Domenici, and Tunney.

There are two reasons why we should provide these services: First, it is in the best interest of many individuals not needing the full range of nursing home services to remain in their own homes where they will lead more productive and longer lives; second, the cost to the taxpayer for each individual assisted on a part-time basis in his or her own home, instead of being permanently institutionalized in a nursing home, is far less.

Let me illustrate some of the costs. Reports by GAO, the Senate Special Committee on Aging, and all other studies I have seen demonstrate that home health programs—averaging from $180 to $600 per month depending on the level of care—cost substantially less than the $15,000 to $20,000 per year or $1,500 per month or $50 per day it takes to place a patient in a nursing home. These figures are for New York City, but there would be comparable savings across the country.

To discuss the need for home health care and to demonstrate the public support this proposal is receiving, it is my intention to place statements in the Record several times a week by experts and lay persons commenting on the legislation.

This is the first in the series.

Related items follow:

Statement of the National Multiple Sclerosis Society

We at the National Multiple Sclerosis Society, and myself in particular, wish to congratulate you on proposing the Home Health Care Act of 1975 (H.R. 2389). Your bill touches on what is certainly one of the largest gaps in our present health care system.

The enclosed statement on the need for home health care comes from our long experience with services to patients. We certainly hope that it will be of some positive help to you in focusing attention on this need.

You may be assured that we will continue our support on this issue.

John J. Wood, M.A.,
Assistant National Community and Patient Services Director.

For many years now the National Multiple Sclerosis Society has been directly involved in the needs of its patients and providing services to help alleviate much of the suffering caused by this disease.

These years of service have forcibly brought our attention to the unmet needs of the chronically ill and disabled and to the gaps that exist in our nation's health care system.

One of the most critical areas in the total health delivery system exists in the lack of adequate and realistic home health care. At present we have at best a patchwork of halfway measures that frequently compound the problem, rather than offer real help.

We feel that the following observations and suggestions should be considered, if we are to recognize and alleviate this serious problem:

1. Nursing home placement of a patient is frequently made by families and sociomedical agencies because there is no reasonable alternative available. In many cases the incorrect placement of an individual in a nursing home is detrimental to the patient's psychological welfare and, in certain specific cases, may even constitute a threat to his life. Indeed, nursing homes do fulfill a vital function in the health care field, but this function should be determined by the medical requirements of the patient, not by the result of the absence of the correct services and inadequate health legislation.

2. a) To avoid waste of manpower and funds and to ensure the proper care of the patient, a careful study of the patient's needs must be made before any type of home health care is prescribed. In many cases the services of a home health aide (trained and supervised by a registered nurse) is sufficient to meet the daily needs of the patient. Recognition of this fact would go a long way in cutting costs and, more importantly, many patients could remain at home. To many individuals the cost of a professional nurse on a daily basis is prohibitive. Title XVIII of the Social Security Act does not adequately provide for this coverage.

b) It would be advisable to make use of the standards developed by the National Council for Homemaker-Home Health Aide Services to safeguard the patient and upgrade these levels of service.

3. a) The fact that many elderly and handicapped persons cannot be left alone at home compels family members either to:

1—terminate employment and remain at home;

2—place the individual in a nursing or geriatric institution;

3—hire a home aide or nurse at high rates.

b) Because of economic pressure many families are forced to place the patient in institutions and seek Medicaid when funds are depleted.

4. Many multiple sclerosis patients, as well as others, are under forty-five years of age. Since nursing homes are overwhelmingly centers for geriatric care, placing these younger patients there is manifestly wrong and is often a human disaster.

Until very recently there was not one residential facility for disabled young adults in the entire country. Through the efforts of private individuals we now have the smallest beginning with two such facilities in the country. With most of the attention focused on nursing facilities for the elderly, this really large number of disabled younger adults have been completely neglected. A comprehensive, realistic home health care program would go a long way in providing an adequate alternative.

5. The restrictions placed on home health care by titles XVIII and XIX of the Social Security Act inhibit the development of a less costly alternative to nursing home placement. Legislation aimed at providing health care services must begin with an examination of the patient's real needs and the family's situation.

Many of the limitations incorporated into titles XVIII and XIX are the result of viewing all patients as capable of recuperation. The simple truth is that the chronically ill and the permanently disabled do not fit well into our present health care system. Much of the deficiency in our present system is an outgrowth of seeing the individual patient only as a medical problem and not as he is—a human being with family identity, financial obligations, social relationships, and ongoing needs. Health care legislation, and particularly home health care, must try to meet the actual needs of people. It should not attempt to force the individual to conform his needs to the narrow confines of inadequate legislation.

6. The current title XIX legislation relieves all financial responsibility from family members. This law of "non-responsibility" encourages families to place patients in a nursing facility where all care and concern can be transferred to others. It seems to me grossly unjust, when a family's income has no bearing on the financial responsibility. There are probably thousands of families with income levels exceeding $60,000 that have family members in nursing homes under full coverage of Medicaid. I believe it would be far more equitable to assess fam-

ilies according to income, when Medicaid is involved in the financial support of a patient.

7. There are sufficient community-based agencies and mechanisms for the proper supervision of a full home health care program. What is needed is a shift in emphasis from the medical institution orientation to the home. There is little reason, except in the severely involved cases, why a patient cannot be cared for at home, if the community is encouraged to provide the required ancillary serviecs. Adequate health care legislation is needed to help bring about this change.

H.R. 4772, THE NATIONAL HOME HEALTH CARE ACT OF 1975

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I am submitting for the RECORD the text of H.R. 4772, the National Home Health Care Act of 1975, which was introduced on March 12:

H.R. 4772

A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend part A of such title to liberalize the coverage of post-hospital home health services thereunder, to amend title XIX of such Act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to require contributions by adult children toward their parents' nursing and home health care expenses under the medicaid program, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of of America in Congress assembled, That this Act may be cited as the "National Home Health Care Act of 1975".

HOME HEALTH CARE UNDER SUPPLEMENTARY MEDICAL INSURANCE PROGRAM

SEC. 2. (a) Section 1832(a)(2)(A) of the Social Security Act is amended by striking out "for up to 100 visits during a calendar year".

(b) Section 1834 of such Act is amended to read as follows:

"CONDITIONS AND LIMITATIONS APPLICABLE TO HOME HEALTH SERVICES

"SEC. 1834. (a) Payment under this part may be made for home health services furnished an individual who is determined under regulations to be receiving such services wholly or partly as an alternative to institutional care, during any period, only if it is determined (in accordance with regulations) that the total amount of such payments is less than the total amount of the payments which would be made under this part during the same period for the corresponding services (and related care) furnished such individual if he or she were receiving such services in the form of (or as a part of) such institutional care.

"(b) In determining for purposes of this title whether an individual applying for or receiving payment for home health services would otherwise require institutional care, the Secretary shall specify criteria for eligibility including such individual's mobility, need for assistance in eating, behavior or mental condition, state of debility, incontinence, current physical rehabilitation needs, special dietary needs, and needs for medications, injections, intravenous and subcutaneous fluids, dressings and appliances, catheterization (including irrigation), douches, enemas, colostomy irrigations, suctioning, oxygen, or other special assistance, and shall also specify such additional factors and criteria as he may deem necessary or appropriate to assure that only those individuals who would otherwise require institutional care will qualify to have payments made for home health services on their behalf under this part.

"(c) The Secretary shall within 90 days after the date of the enactment of this subsection promulgate such regulations as may be necessary to carry out this section, and such regulations shall be periodically reviewed and revised thereafter in the light of experience under this subsection.

"(d) As used in this section and in sections 1814(a)(2)(D) and 1835(a), the term 'institutional care' means care in a hospital, skilled nursing facility, or intermediate care facility.".

(c) Section 1835(a)(2)(A) of such Act is amended to read as follows:

"(A) in the case of home health services, such services are or were required because (i) the individual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed (on an intermittent basis) nursing care or any of the other items or services referred to in section 1861(m), or (ii) the individual needed such services as an alternative to institutional care; and a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician;".

(d) Section 1835(a) of such Act is further amended by adding at the end thereof the following new sentences: "In the case of home health services, the initial recertification required by paragraph (2) where the services involved are furnished over a period of time (and any reevaluation of the individual's need for institutional care) shall be made, within 30 days after the physician's original certification with respect to such services (or need), by a panel of at least three health providers (which shall include at least one physician, and may include one or more social workers, nurses, psychiatrists, psychoanalysts, and other qualified specialists) appointed in such manner as may be approved by the Secretary; and such panel shall therefore review the need for and level of the individual's home health care at least twice each year (four times each year whenever feasible) so long as he or she is receiving (or claiming entitlement to have payment made for) such care. A finding by such panel that the initial certification or a previous recertification was erroneous or unjustified may be considered for all of the purposes of this title to be a determination of the Secretary (with respect to the items or services involved) under section 1862(d).".

(e)(1)(A) Section 1861(m)(4) of such Act is amended by inserting "or homemaker" after "home health aide".

(B) Section 1861(m) of such Act is further amended by adding at the end thereof the following new paragraphs:

"For purposes of paragraph (4), services of a home health aide include (in addition to other services normally provided by a home health aide) physical therapy, occupational guidance and therapy, nutritional guidance, family and personal counseling (including the provision of information concerning senior centers (as defined in title V of the Older Americans Act) and nutrition centers (as defined in title VII of such Act)), and such additional services as the Secretary deems reasonable and necessary to increase the individual's maximum rehabilitation potential within the home setting. The term 'home health aide' includes a nurse's aide and a qualified professional social worker as defined in regulations of the Secretary.

"For purposes of paragraph (4), services of a homemaker are services which are performed in the home of an aged, blind, or disabled adult individual to help such individual remain in or return to such home, maintain or strengthen his capacity for self-care, and maintain or raise his level of functioning in the areas of personal care and household management, when such individual is unable to perform such services by or for himself, whether or not such individual also requires the services of a home health aide or other specialist. Services of a homemaker include the preference for an individual of household tasks, transportation for medical visits and essential shopping and transportation to and from senior centers (as defined in title V of the Older Americans Act) and nutrition centers (as defined in title VII of such Act), essential shopping, and simple household repairs, assistance in outdoor walking, and other services furnished to an individual which are reasonably necessary (as determined under regulations) to maintain him outside of a hospital, skilled nursing facility, or intermediate care facility.

"In any case where an individual who is hearing-impaired or blind would require institutional care, for reasons other than hearing impairment or blindness, if home health services were not made available under this title, the Secretary may include as a part of such home health services (and make payment under this title for) such special facilities and services in or around such individual's home as may be necessary to assure that he or she will not require institutional care solely because of the hearing impairment or blindness.

"Notwithstanding any other provisions of this title except those imposing limitations or requirements relating to cost, eligibility, or certification, the term 'home health services' includes (without regard to any of the preceding provisions of this subsection) any professional health services provided in an individual's home by a hospital, skilled nursing facility, or intermediate care facility or its staff (including its physicians, nurses, social workers, therapists, technicians, home health aides, dieticians, and other personnel) as an alternative to institutional care, if such services do not qualify for payment (as outpatient hospital services or otherwise) under the other provisions of this title."

(2)(A) Section 1861(m)(2) of such Act is amended by striking out ", occupational, or speech therapy" and inserting in lieu thereof "or occupational therapy, or speech pathology or audiology services".

(B) Section 1861(m)(5) of such Act is amended to read as follows:

"(5) medical supplies (including drugs and biologicals), the use of medical appliances, and the use of medical equipment (including hospital beds and wheel chairs) and other sick-room supplies (including salves, oils, powders, creams, lotions, sanitary napkins, and chucks) which would have been provided if the individual were receiving institutional care, while under such a plan;".

(3) Section 1862(a) of such Act is amended—

(A) by inserting "exclusive of homemaker services" after "custodial care" in paragraph (9): and

(B) by inserting "exclusive of homemaker services" after "household" in paragraph (11).

(f) The amendments made by this section shall apply with respect to items and services furnished after the month in which this Act is enacted.

POST-HOSPITAL HOME HEALTH CARE UNDER HOSPITAL INSURANCE PROGRAM

SEC. 3. (a)(1) Section 1812(a)(3) of the Social Security Act is amended by striking out "100 visits" and inserting in lieu thereof "200 visits".

(2) The first sentence of section 1812(d) of such Act is amended by striking out "100 visits" and inserting in lieu thereof "200 visits".

(b) Section 1814(a)(2)(D) of such Act is amended to read as follows:

"(D) in the case of posthospital home health services, such services are or were required because (i) the indiivdual is or was confined to his home (except when receiving items and services referred to in section 1861(m)(7)) and needed (on an intermittent basis) nursing care or any of the other items or services referred to in section 1861 (m), or (ii) the individual needed such services as an alternative to institutional care; and a plan for furnishing such services to such individual has been established and is periodically reviewed by a physician; or".

(c) The amendments made by this section shall be applicable in the case of home health services provided under part A of title XVIII of the Social Security Act on visits which occur in one-year periods (described in section 1861(n) of such Act) which begin, in the case of any individual, after the date of enactment of this Act.

HOME HEALTH CARE UNDER MEDICAID PROGRAM

SEC. 4. (a) Subparagraphs (B) and (C)(i) of section 1902(a)(13) of the Social Security Act are each amended by striking out "clauses (1) through (5)" and inserting in lieu thereof "clauses (1), (2), (3), (4), (5), and (7)".

(b) Section 1902(a) of such Act is further amended—

(1) by striking out "and" at the end of paragraph (35);

(2) by striking out the period at the end of paragraph (36) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (36) the following new paragraph:

"(37) provide that (A) in determining whether an individual is entitled to have payment made under the plan for home health care services as an alternative to institutional care, the condition specified in section 1834(a) (taking into account rent payments described in paragraph (17) (and the last two sentences) of section 1905(a) as well as payments for home health care services under paragraph (7) of such section) will be applied, and (B) in determining under the plan whether an individual applying for or receiving home health care services would otherwise require nursing home or other institutional care (i) the criteria specified in or under section 1834(b) will be utilized, and (ii) the verification procedures applied will include recertification requirements substantially similar to those imposed by the next to last sentence of section 1835(a)."

(c) Section 1905(a)(7) of such Act is amended by inserting before the semicolon at the end thereof the following: ", including visiting nurse services and any other home health services as defined in section 1861(m)".

(d) The amendments made by this section shall apply with respect to items and services furnished on or after the first day of the first calendar quarter which begins more than 60 days after the date of the enactment of this Act.

RENT PAYMENTS FOT THE ELDERLY AND HANDICAPPED UNDER MEDICAID PROGRAM

SEC. 5. (a) Section 1905(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (16);

(2) by redesignating paragraph (17) as paragraph (18);

(3) by inserting after paragraph (16) the following new paragraph:

"(17) rent payments on behalf of elderly and handicapped persons who would otherwise require institutional care;"; and

(4) by adding at the end thereof the following new sentences:

"For purposes of paragraph (17), the determination of whether an elderly or handicapped person would require institutional care without assistance in the form of rent payments shall be made (subject to the same verification procedures as those applied in determining need for skilled nursing facility or nursing home care generally) by a physician, utilizing the criteria specified in or under section 1834(b); and the amount of such payments (subject to a ceiling which shall be prescribed by the Secretary of Housing and Urban Development to conform with current standards for federally assisted rental housing) shall reflect the fraction of the total household represented by the elderly or handicapped person or persons involved. In any case where an elderly or handicapped person who would otherwise require institutional care owns his or her own home, mortgage payments and payments of repair and maintenance costs (with respect to such home) may be made under the plan in amounts up to the amounts which such person would receive pursuant to the preceding sentence if he or she were renting such home; and any payments under this sentence shall be considered rent payments for purposes of paragraph (17)."

(b) Section 1902(a)(13)(C)(ii)(I) of such Act is amended by striking out "(16)" and inserting in lieu thereof "(17)".

(c) The amendments made by this section shall apply with respect to items and services furnished on or after the first day of the first calendar quarter which begins more than 60 days after the date of the enactment of this Act.

HOME HEALTH PATIENT OMBUDSMAN

SEC. 6. Part C of title XVIII of the Social Security Act is amended by adding at the end thereof the following new section:

"HOME HEALTH PATIENT OMBUDSMAN

"SEC. 1880. There shall be in the Department of Health, Education, and Welfare a Home Health Patient Ombudsman, who shall be appointed and provided with adequate staff and facilities by the Secretary. It shall be the duty and responsibility of the Ombudsman to monitor the programs under this title and the various medical assistance programs under State plans approved pursuant to title XIX, and to maintain such oversight of those programs and their operation and administration as may be necessary to (1) assure that home health patients under such programs are receiving the care to which they are entitled, (2) provide safeguards against overcharging for home health services, (3) identify abuses against home health patients, (4) receive, handle, and expedite complaints by home health patients, (5) recommend to the Secretary any changes in the regulations affecting home health services which may appear necessary or desirable, and (6) take appropriate action (including the transmission of findings to the Attorney General) with respect to abuses and violations of law affecting the provision or receipt of home health services under such programs; (7) make an annual report to the Secretary which shall be made public.

FINANCIAL RESPONSIBILITY OF CHILDREN FOR PARENTS' NURSING AND HOME HEALTH CARE EXPENSES UNDER MEDICAID PROGRAM

SEC. 7. (a) Title XIX of the Social Security Act is amended by adding at the end thereof the following new section:

"FINANCIAL RESPONSIBILITY OF CHILDREN FOR PARENTS' NURSING CARE AND HOME HEALTH CARE EXPENSES

"SEC. 1911. (a) Notwithstanding any other provision of law, if any individual who is eligible for assistance under a State plan approved under section 1902 has one or more children over age 18, each such child shall have the legal responsibility to pay a portion of any expenses incurred for nursing care or home health care with respect to which such assistance is payable, in such manner and amount as is provided in this section; but in no case shall such individual's eligibility for or entitlement to assistance under the plan be conditional upon such payment or otherwise affected by the exercise or nonexercise (by such child or children) of the responsibility imposed by this subsection. As used in this section the term 'child' has the meaning given it for Federal income tax purposes by section 151(e)(3) of the Internal Revenue Code of 1954.

"(b)(1) Subject to paragraph (2), the amount of an individual's expenses for which such individual's children are responsible under subsection (a), during any taxable year, shall be the lesser of—

"(A) the total amount of such expenses; or

"(B) the amount indicated in whichever of the following tables is applicable:

"Children Filing Individual Tax Returns

"If the child files an individual Federal income tax return for the taxable year, and the taxable income as shown on such return is—

The child's maximum responsibility under subsection (a) is equal to the following percentage of his or her taxable income for such year:

At least	But less than	
-----	$4,000	0
$4,000	5,000	1
5,000	6,000	2
6,000	7,000	3
7,000	-----	5

"Children Filing Joint and Head-of-Household Tax Returns

"If the child files a joint or head-of-household Federal income tax return for the taxable year, and the taxable income as shown on such return is—

The child's maximum responsibility under subsection (a) is equal to the following percentage of his or her taxable income for such year:

At least	But less than	
-----	$6,000	0
$6,000	7,000	1
7,000	8,000	2
8,000	9,000	3
9,000	-----	5

"(2) If during any taxable year an individual who is eligible for assistance under a State plan (as described in subsection (a)) has a spouse who is also eligible for assistance under such plan (or under any other State plan approved pursuant to section 1902), the total amount of their expenses for which their children are responsible under subsection (a) during such taxable year shall not exceed the total amount of the expenses of whichever spouse has the greater expenses during such year.

"(c) (1) The legal responsibility of any person to pay a portion of an individual's expenses under subsection (a) shall constitute an obligation owed by such person to the State under whose plan the medical assistance with respect to such expenses is payable. Such obligation shall be deemed for collection purposes to be collectible under all applicable State and local processes.

"(2) The Secretary shall, upon the request of any State for assistance in collecting the amount of any obligation described under paragraph (1), assign such obligation to the Secretary of the Treasury for collection pursuant to the provisions of section 6306 of the Internal Revenue Code of 1954. No obligation may be so assigned except (A) upon a showing by the State that it has made diligent and reasonable efforts to collect the amount owed, utilizing its own collection mechanisms, and has been unable to do so either because the obligor cannot be found or refuses to divulge his or her taxable income or for any other reason, and (B) upon an agreement that the State will reimburse the United States for any costs involved in making the collection.

"(3) (A) There is hereby established in the Treasury a revolving fund which shall be available to the Secretary without fiscal year limitation, to enable him to pay to the States for distribution in accordance with the provisions of this section such amounts as may be collected and paid (subject to subparagraph (B)) into such fund under section 6306 of the Internal Revenue Code of 1954.

"(B) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6306 of the Internal Revenue Code of 1954, reduced by any amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding sentence shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent that prior estimates were in excess of or less than the amounts required to be transferred.

"(d) Any amount collected under subsection (c) in satisfaction of the obligation of any person to pay a portion of any expenses incurred for nursing or home health care shall be paid to the State and the Secretary in proportions reflecting the respective State and Federal shares of the assistance which was or will be paid under the State plan with respect to those expenses.

"(e) Notwithstanding any other provision of this section, no obligation shall be imposed under subsection (a) or collection made under subsection (c) in any case where the State agency determines, in accordance with regulations prescribed by the Secretary, that the imposition of such obligation or the making of such collection would impose undue hardship.

"(f) Any amount collected from or otherwise paid by any person in satisfaction of an obligation imposed by this section shall constitute a medical expense paid or incurred by such person for purposes of deduction under section 213 of the Internal Revenue Code of 1954.

"(g) The Secretary, after consultation with the Secretary of the Treasury, shall prescribe such regulations (including regulations relating to the proportional obligation of two or more children for their parent or parents) and establish such criteria as may be necessary to carry out this section."

(b) (1) Subchapter A of chapter 64 of the Internal Revenue Code of 1954 (relating to collection of taxes) is amended by adding at the end thereof the following new section:

"SEC. 6306. COLLECTION OF CERTAIN OBLIGATIONS.

"(a) IN GENERAL.—Upon being assigned an obligation of any person by the Secretary of Health, Education, and Welfare under section 1911(c) (2) of the Social Security Act, the Secretary or his delegate shall assess and collect the amount so assigned in the same manner, with the same powers, and (except as provided in this section) subject to the same limitations as if such amount were a tax imposed by subtitle C the collection of which would be jeopardized by delay, except that—

"(1) no interest or penalties shall be assessed or collected,

"(2) for such purposes, paragraphs (4), (6), and (8) of section 6334(a) (relating to property exempt from levy) shall not apply,

"(3) there shall be exempt from levy any part of the salary, wages, or other income of such person which is being withheld therefrom in garnishment pursuant to a judgment entered by a court of competent jurisdiction, and

"(4) in the case of the first assessment against any person, the collection shall be stayed for a period of 60 days immediately following notice and demand as described in section 6303.

"(b) Review of Assessments and Collections.—No court of the United States, whether established under article I or article III of the Constitution, shall have jurisdiction of any action, whether legal or equitable, brought to restrain or review the assessment and collection of amounts by the Secretary or his delegate under subsection (a), nor shall any such assessment and collection be subject to review by the Secretary or his delegate in any proceeding. This subsection does not preclude any legal, equitable, or administrative action against the State by a person in any State court or before any State agency to determine his liability for any amount assessed against him and collected, or to recover any such amount collected from him, under this section.".

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"SEC. 6306. COLLECTION OF CERTAIN LIABILITY.".

(c) The amendments made by this section shall apply with respect to expenses incurred for items and services furnished on or after the first day of the first calendar quarter which begins more than 60 days after the date of the enactment of this Act.

INCREASE IN AMOUNT AVAILABLE FOR CONGREGATE HOUSING UNDER LOW INCOME HOUSING PROGRAM

SEC. 8. The proviso in the first sentence of section 7 of the United States Housing Act of 1937 (as amended by section 201(a) of the Housing and Community Development Act of 1974) is amended by striking out "not more than 10 per centum" and inserting in lieu thereof "not less than $10,000,000".

SENATOR METCALF AND REPRESENTATIVE OTTINGER INTRODUCE THE NATIONAL ELECTRICAL ENERGY CONSERVATION ACT OF 1975

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, today Senator LEE METCALF and I have introduced the National Electrical Energy Conservation Act of 1975. Senator METCALF is issuing this same statement today in the Senate.

The Senate bill is cosponsored by Senator MANSFIELD, Senator HUMPHREY, Senator Moss, Senator McGOVERN, and Senator ABOUREZK.

I am joined by Congressmen MOSS, BADILLO, WIRTH, MOFFETT, and BEARD in cosponsoring the House bill, and I am inviting other Members of the House to cosponsor.

One of the Nation's most urgent problems is energy supply. We need a reliable electric power system. We need to curb the unnecessary use of nonrenewable resources and to protect the environment. We need to provide required generating capacity and move the electricity where it is needed. A national power grid would help to accomplish these goals in a way that no other concept can.

The national power grid has been a long time in coming. Gifford Pinchot, while Governor of Pennsylvania decades ago, outlined the concept. More than 20 years ago Commissioner of Reclamation Michael Straus proposed a western power grid.

In the 1950's, Leland Olds, former Chairman of the Federal Power Commission, proposed regional power supply organizations. Eight years ago former Assistant Secretary of the Interior Ken Holum and his associates proposed, in study 190, a grid covering half of the United States. More recently, former Secretary of the Interior Walter Hickel spoke of departmental plans for a national power grid. But no such proposal has been examined by Congress.

So, the power grid proposal is not a new one. But it is an idea whose time has come.

Never before has this Nation been so conscious of its dependence on enormous supplies of energy. Never before has the American citizen been so impressed by his vulnerable position with regard to this dependence.

Due to skyrocketing electric rates, many homeowners have seen their bills double even while significantly reducing their use of electricity. The administration and utility industry officials are pressing for ever greater utility profits now so that utilities can attract enough capital to meet their projection of 7 percent annual growth in peak demand.

The fact is that peak electric demand only grew 1 percent last year because customers cannot afford to use electricity carelessly any longer.

The costs of building additional generating plants have escalated so much that a regionalized approach toward planned capacity is now imperative. With the Nation's existing generating facilities operating at only about 62 percent of rated capacity it is obvious that we could achieve much greater output from the powerplants now on line if an efficient high-voltage transmission system were available to move bulk power from one region to another according to their alternating peak demand requirements.

For example, the general daily peaking period is between 5 and 7 p.m. A unified power system could arrange to meet that peak in the Nation's four time zones with far less plant capacity than would be necessary to meet each zone's peak independently.

Also, certain areas have their system peak demand in the summer and consequently have excess capacity available in the winter. For winter-peaking areas, the situation is just the opposite. The national power grid would coordinate generating capacity with areas experiencing peak demand.

The National Electrical Energy Conservation Act will also make available on a broader scale the increased efficiencies and cost savings which have been associated with public power, while leaving distribution to the municipal and privately owned utilities which are now providing that service. The transition to the national power grid from the existing situation would involve a net reduction in financing costs for consumers since interest charges on the bonds issued by the grid to obtain generating facilities would be far less than the charges for the mix of debt and equity capital which are now used to finance such facilities.

The guarantee of access by all utilities to the grid would do away with the problems of excessive capital charges and limited availability of capital which have plagued small utilities. It will also do away with the existing capacity which is presently being wasted because big utilities will not allow smaller ones to make use of their transmission lines.

The vagaries of Wall Street which have perceived undefined risks in a guaranteed cost-plus monopoly industry providing a basic service would be removed from the financing of the national power grid. The excess profits sought by utilities to please the financial institutions which are major purchasers of utility preferred and common stocks would no longer be necessary. The chagrin suffered recently by, for example, Virginia ratepayers who were forced to dole out almost $100 million in rate increases so that their utility could raise $50 million by selling common stock, would be avoided.

The bill being introduced has some meaningful improvements over previous bills.

First, it provides for regional rates to reflect the varying costs of producing power in different areas of the Nation.

Second, it insures that directors of a regional corporation will be selected from that region with no more than one director from any single State.

Finally, it provides for public participation in the decisionmaking process so that customers will not be presented with an unsafe, unreliable, or superexpensive power system over which they had no say in choosing. The present system permits basic decisions on this vital area of public interest to be made in private corporate boardrooms. Customers do not get to participate until it is time to pay for management decisions through their bills. Monopoly enterprise in basic energy production requires public participation at all levels.

The National Electrical Energy Conservation Act will assure the most efficient utilization of the electric generating facilities now on line. It also provides for intelligent and coordinated construction of new facilities. It will reduce the need for new generating facilities by 25 percent, and that is no small saving when one considers the hundreds of billions of dollars estimated to be spent on electric plants before the end of this century.

There are many proposals for improving the electric system in the United States today through Federal intervention. They come from Congress, the administration, Federal and State regulators, consumer advocates, and the utility industry itself. Most proposals involve a Federal bailout of problem utilities while allowing the continuation of the organizational structure which brought about the problems in the first place. Federal taxpayers—who are also utility ratepayers, for the most part—are asked to spend vast sums of money without receiving any guarantee of improved service or participation in this area which is so important to their pocketbooks, lifestyle, and health. Further tax breaks, Federal loan guarantees, and proposals for the purchase of special securities by the Federal Government all entail vast commitments of money with nothing received in return.

This bill overcomes those deficiencies by guaranteeing that any funds spent will be returned through lower rates, a better environment, and public participation in an area where it is long overdue. This bill eliminates the wasteful aspects of the present system. Quite clearly, that is what consumers are now vociferously demanding.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. ALEXANDER (at the request of Mr. O'NEILL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HYDE, and to revise and extend their remarks and include extraneous material:)

Mr. YOUNG of Alaska, for 5 minutes, today.

Mr. TALCOTT, for 5 minutes, today.

(The following Members (at the request of Mr. HOWE) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 5 minutes, today.

Mr. DOWNEY, for 10 minutes, today.

Mr. NATCHER, for 15 minutes, today.

Mr. STUCKEY, for 10 minutes, today.

Mr. ROSTENKOWSKI, for 10 minutes, today.

Mr. VANIK, for 5 minutes, today.

Mr. HARKIN, for 5 minutes, today.

Mr. ULLMAN, for 15 minutes, today.

Mrs. SULLIVAN, for 10 minutes, March 18, 1975.

Mr. TSONGAS, for 5 minutes, March 18, 1975.

Mr. LLOYD of California, for 5 minutes, March 18, 1975.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. BOWEN and to include extraneous matter.

Mr. ROSTENKOWSKI, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the CONGRESSIONAL RECORD and is estimated by the Public Printer to cost $1,320.50.

(The following Members (at the request of Mr. HYDE) and to include extraneous matter:)

Mr. HARSHA.

Mr. DERWINSKI in two instances.

Mr. SEBELIUS in two instances.

Mr. WHITEHURST.

Mr. COHEN.

Mr. PEYSER.

(The following Members (at the request of Mr. HOWE) and to include extraneous matter:)

Mr. RANGEL in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. ANDERSON of California in three instances.

Mr. GONZALEZ in three instances.

Mr. MATSUNAGA in 10 instances.

Mr. SIMON.

Mr. BRINKLEY.

Mr. THOMPSON in 10 instances.

Mr. GAYDOS.

Mr. OBEY in five instances.

Mr. MURTHA.

Mr. DOMINICK V. DANIELS.

Mr. JOHN L. BURTON.

Mr. FORD of Tennessee in 10 instances.

Mr. ROUSH.

Mrs. KEYS.

Mr. DOWNEY.

Mr. ULLMAN in five instances.

Mr. SARBANES in five instances.

Mr. TEAGUE.

Mr. LITTON.

Mr. MCDONALD of Georgia.

Mr. STUDDS.

Mr. WIRTH.

SENATE JOINT RESOLUTION REFERRED

A joint resolution of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S.J. Res. 52. Joint resolution to amend section 5 of the Employment Act of 1946 to increase by four the membership of the Joint Economic Committee; to the Committee on Government Operations.

ADJOURNMENT

Mr. HOWE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 8 minutes p.m.) the House adjourned until tomorrow, Tuesday, March 18, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

578. A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting the annual report for fiscal year 1974 on independent research and development and bid and proposal costs, pursuant to section 203(c) of Public Law 91-441 [10 U.S.C. 2358, note]; to the Committee on Armed Services.

579. A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting detailed data to accompany the report on independent research and development and bid and proposal costs for fiscal year 1974; to the Committee on Armed Services.

580. A letter from the Secretary of Commerce transmitting a report on export administration for the fourth quarter of 1974, pursuant to section 10 of the Export Administration Act of 1969, as amended [50 U.S.C. App. 2409]; to the Committee on Foreign Affairs.

581. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, copies of international agreements, other than treaties, entered into by the United States, pursuant to section 112(b) of Public Law 92-403; to the Committee on Foreign Affairs.

582. A letter from the Comptroller, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army to offer to sell certain defense articles to the Government of Morocco, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on Foreign Affairs.

583. A letter from the Comptroller, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army to offer to sell certain defense articles to the Government of Morocco, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on Foreign Affairs.

584. A letter from the Comptroller, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army to offer to sell certain defense articles to the Government of Morocco, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on Foreign Affairs.

585. A letter from the Comptroller, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army to offer to sell certain defense articles to the Government of Venezuela, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on Foreign Affairs.

586. A letter from the Attorney General, transmitting a draft of proposed legislation to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 and other laws to discharge obligations under the Convention on Psychotropic Substances relating to regulatory controls on the manufacture, distribution, importation, and exportation of psychotropic substances; to the Committee on Interstate and Foreign Commerce.

587. A letter from the Administrator, Federal Energy Administration, transmitting a quarterly report on private grievances and redress for the period ended December 31, 1974, pursuant to section 21(c) of Public Law 93-275; to the Committee on Interstate and Foreign Commerce.

588. A letter from the Secretary of Health, Education, and Welfare, transmitting the annual report of the Social Security Administration for fiscal year 1974, pursuant to section 704 of the Social Security Act; to the Committe on Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. THOMPSON: Committee on House Administration. Supplemental report to accompany House Resolution 275. (Rept. No. 94-43). Referred to the House Calendar.

Mr. PERKINS: Committee on Education and Labor. H.R. 4222. A bill to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs; with amendment (Rept. No. 94-68). Referred to the Committee of the Whole House on the State of the Union.

Mr. HAYS of Ohio: Committee on House Administration. House Resolution 314. Resolution providing for the confirmation of the nominations for the appointment of the six members of the Federal Election Commission (Rept. No. 94-69). Referred to the House Calendar.

Mr. THOMPSON: Committee on House Administration. House Resolution 162. Resolution providing funds for the expenses of the Committee on Standards of Official Conduct (Rept. No. 94-70). Referred to the House Calendar.

Mr. THOMPSON: Committee on House Administration. House Resolution 267. Resolution to provide funds for the Committee on the Judiciary (Rept. No. 94-71). Referred to the House Calendar.

Mr. THOMPSON: Committee on House Administration. House Resolution 282. Resolution to provide funds for the expenses of the investigations and studies to be conducted by the Committee on Interstate and Foreign Commerce (Rept. No. 94-72). Referred to the House Calendar.

Mr. THOMPSON: Committee on House Administration. House Resolution 283. Resolution to provide funds for the expenses of the investigations, studies, oversight, and functions of the Committee on the District of Columbia (Rept. No. 94-73). Referred to the House Calendar.

Mr. THOMPSON: Committee on House Administration. House Resolution 285. Resolution to provide funds for the expenses of the investigations and studies to be conducted by the Committee on Interior and Insular Affairs (Rept. No. 94-74). Referred to the House Calendar.

Mr. THOMPSON: Committee on House Administration. House Resolution 292. Resolution to provide funds for the investigations and studies to be conducted by the Committee on Science and Technology. (Rept. No. 94-75). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANNUNZIO (for himself, Mr. Anderson of California, Mr. Barrett, Mr. Boland, Mr. Brademas, Mr. Brodhead, Mr. John L. Burton, Mr. Cotter, Mr. Duncan of Oregon, Mr. Early, Mr. Fascell, Mr. Giaimo, Mr. Harkin, Mr. Horton, Mr. Johnson of California, Mr. Koch, Mr. LaFalce, Mr. Lehman, Mr. Mathis, Mr. Ottinger, Mr. Patman, Mr. Rinaldo, Mr. St Germain, Mr. Sarasin, and Mr. Shipley):

H.R. 4996. A bill to amend title 38, United States Code, to provide hospital and medical care to certain members of the armed forces of nations allied or associated with the United States in World War I or World War II; to the Committee on Veterans Affairs.

By Mr. ANNUNZIO (for himself, Mrs. Burke of California, Mr. Conte, Mr. Florio, Mr. Jeffords, Mr. Lagomarsino, Mr. Pattison of New York, Mr. Perkins, Mr. Solarz, Mr. Stark, Mr. Symington, and Mr. Vanik):

H.R. 4997. A bill to amend title 38, United States Code, to provide hospital and medical care to certain members of the armed forces of nations allied or associated with the United States in World War I or World War II; to the Committee on Veterans' Affairs.

By Mr. CONABLE:

H.R. 4998. A bill to amend section 682(c) of the Internal Revenue Code of 1954 with respect to the transitional rules for foreign banks; to the Committee on Ways and Means.

By Mr. CORMAN (for himself, and Mr. Eilberg).

H.R. 4999. A bill to amend the Social Security Act so as to provide, for a 1-year period, hospital insurance coverage under medicare for unemployed workers and their families; to the Committee on Ways and Means.

By Mr. ROSTENKOWSKI:

H.R. 5000. A bill to provide, through tax incentives in the Internal Revenue Code of 1954, that all future employment-based group health insurance plans extend coverage to workers who become unemployed and receive unemployment compensation benefits, with a temporary program financed through a trust fund and a temporary assessment on group health insurance arrangements to cover workers who are currently unemployed and receiving unemployment compensation (or who become unemployed before the applicable health insurance plans are modified to cover them), and for other purposes; to the Committee on Ways and Means.

By Mr. CONTE (for himself and Mr. Jeffords):

H.R. 5001. A bill to establish in the Department of Housing and Urban Development a direct low-interest loan program to assist homeowners and other owners of residential structures in purchasing and installing more effective insulation and heating equipment; to the Committee on Banking, Currency and Housing.

H.R. 5002. A bill to amend the Interstate Commerce Act to provide that no pipeline company engaged in the transportation of oil may transport oil through its pipelines if that company has an interest in such oil; to the Committee on Interstate and Foreign Commerce.

H.R. 5003. A bill to provide for the conservation of energy by amending the Internal Revenue Code of 1954 to allow a refundable tax credit for certain building insulation and heating improvements; to the Committee on Ways and Means.

By Mr. DERWINSKI:

H.R. 5004. A bill to amend the Interstate Commerce Act to authorize the Interstate Commerce Commission to grant temporary operating authority to a carrier by railroad pending final determination by the Commission; to the Committee on Interstate and Foreign Commerce.

By Mr. ULLMAN:

H.R. 5005. A bill to provide a comprehensive national energy conservation and conversion program; to the Committee on Ways and Means.

By Mr. DEVINE:

H.R. 5006. A bill to amend title IV of the Social Security Act to improve and make more realistic various provisions relating to eligibility for aid to families with dependent children and the administration of the AFDC program, and for other purposes; to the Committee on Ways and Means.

By Mr. DRINAN (for himself, Mr. Bingham, Mr. Brown of California, Ms. Burke of California, Mr. Conyers, Mr. Dominick V. Daniels, Mr. Dellums, Mr. de Lugo, Mr. Diggs, Mr. Downey, Mr. Eilberg, Mr. Hannaford, Mr. Harrington, Mr. Helstoski, Mr. Hicks, Mr. Jenrette, Mr. Koch, Mr. Matsunaga, Mr. McCormack, Mr. McHugh, Mr. Miller of California, Mr. Mitchell of Maryland, Mr. Nix, Mr. Ottinger, and Mr. Rosenthal):

H.R. 5007. A bill to amend the Impoundment Control Act of 1974 to provide that no rescission of budget authority proposed by the President shall take effect unless and until the Congress has passed a bill incorporating such rescission; to the Committee on Rules.

By Mr. FORSYTHE:

H.R. 5008. A bill to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service; to the Committee on Post Office and Civil Service.

By Mr. FULTON:

H.R. 5009. A bill to suspend for a 3-year period the duty on typewriter parts; to the Committee on Ways and Means.

By Mr. HANSEN (for himself and Mr. Symms):

H.R. 5010. A bill to authorize the establishment of the city of Rocks National Monument in the State of Idaho, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HARRINGTON:

H.R. 5011. A bill to regulate interstate commerce by providing for uniform and full disclosure of certain information with respect to the sale of dwellings for occupancy by not more than four families in order to promote sound and effective price competition and to prohibit unfair and deceptive sales and other anticompetitive practices, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. HEINZ (for himself and Mr. Conable):

H.R. 5012. A bill to establish a National Commission on Regulatory Reform; to the Committee on Interstate and Foreign Commerce.

By Mr. HELSTOSKI:

H.R. 5013. A bill to amend the Elementary and Secondary Education Act of 1965; to the Committee on Education and Labor.

By Mr. HICKS:

H.R. 5014. A bill to amend the Fair Labor Standards Act of 1938 to provide that volunteer firemen shall not be considered employees for purposes of such act; to the Committee on Education and Labor.

H.R. 5015. A bill to amend the Internal Revenue Code of 1954 to provide that points, loan origination fees, and other similar fees paid by the seller of real property with respect to any indebtedness of the purchaser of such property shall be deductible as interest by such seller; to the Committee on Ways and Means.

By Mr. HICKS (for himself, Mr. Dodd, Mr. Hannaford, Mr. Jenrette, Mr. Pritchard, Mr. Ryan, Mr. Solarz, Mr. Steelman, and Mr. Yates):

H.R. 5016. A bill to amend the Civil Rights Act of 1964 to make it an unlawful employment practice to discriminate against individuals who are physically disabled because of such disability; to the Committee on Education and Labor.

By Mr. JONES of Alabama (for himself, and Mr. Harsha) (by request):

H.R. 5017. A bill to provide for the expansion and improvement of the Nation's airport and airway system, to provide for delegation of certain airport development functions to States and airport sponsors, to permit financing of airway facilities maintenance from the Airport and Airway Trust Fund, and for other purposes; to the Committee on Public Works and Transportation.

By Ms. KEYS:

H.R. 5018. A bill to prohibit the expenditure of funds for the development and procurement of any lethal chemical weapons after the date of enactment of this act, and for other purposes; to the Committee on Armed Services.

By Mr. LEHMAN:

H.R. 5019. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5020. A bill to amend title 38, United States Code, to eliminate the time period in which a veteran has to use his educational benefits and to extend the months of eligibility from 36 to 45 months; to the Committee on Veterans' Affairs.

By Mr. MATSUNAGA:

H.R. 5021. A bill to incorporate the Pearl Harbor Survivors Association; to the Committee on the Judiciary.

By Mrs. MINK (for herself, Mr. AuCoin, Mr. Badillo, Mr. Carr, Mr. Edwards of California, Mr. Eilberg, Mr. Gilman, Mr. Hechler of West Virginia, Mr. Henderson, Mr. Hicks, Mr. Hyde, Mr. Lagomarsino, Mr. McCloskey, Mr. Mazzoli, Mr. Murphy of Illinois, Mr. Nix, Mr. Ottinger, Mr. Pritchard, Mr. Ryan, Mr. Seiberling, Mr. Solarz, Mr. Symington, Mr. Waxman, Mr. Whitehurst, and Mr. Won Pat):

H.R. 5022. A bill to provide that time spent by American civilians in enemy prisoner-of-war camps and similar places shall be creditable (as though it were military service) toward pensions, annuities, or similar benefits under various Federal retirement programs; to the Committee on the Judiciary.

By Mr. MITCHELL of Maryland (for himself, Mr. Conyers, Mr. Harrington, Mr. Brown of California, Mr. Tsongas, Mr. Whitehurst, Mr. Rosenthal, Ms. Abzug, Ms. Spellman, Mr. Ford of Tennessee, Mr. Dellums, Mr. Badillo, Mr. Henderson, Mr. Diggs, and Ms. Burke of California):

H.R. 5023. A bill relating to collective bargaining representation of postal employees; to the Committee on Post Office and Civil Service.

By Mr. OBERSTAR:

H.R. 5024. A bill to amend the Internal Revenue Code of 1954 to provide that pensions paid to retired policemen or firemen or their dependents, or to the widows or other survivors of deceased policemen or firemen, shall not be subject to the income tax; to the Committee on Ways and Means.

By Mr. PEPPER:

H.R. 5025. A bill to amend the Internal Revenue Code of 1954 to provide a repayment for part of the Federal excise tax paid on gasoline and special fuels used in taxicabs; to the Committee on Ways and Means.

By Mr. ROUSH (for himself, Mr. Davis, Mr. de Lugo, Mr. Evans of Indiana, Mr. Gaydos, Mr. Hechler of West Virginia, Mr. Kemp, Mr. Mathis, Mr. Melcher, Mr. Neal, Mr. Staggers, Mrs. Sullivan, and Mr. Tsongas):

H.R. 5026. A bill to amend title II of the Social Security Act and chapters 2 and 21 of the Internal Revenue Code of 1954 to provide for voluntary agreements between ministers and their employers to treat ministers as employed persons; to the Committee on Ways and Means.

By Mr. ROYBAL (for himself, Mrs. Burke of California, and Mr. Drinan):

H.R. 5027. A bill to regulate commerce by assuring adequate supplies of energy resource products will be available at the lowest possible cost to the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SEIBERLING (for himself, Mr. Krueger, Mr. Solarz, Mr. Ryan, Mr. Fisher, Mr. Steelman, Mr. Bingham, Mr. Hannaford, Mr. Bedell, Mr. Baucus, Mr. Kelly, and Mrs. Heckler of Massachusetts):

H.R. 5028. A bill to amend the Federal Deposit Insurance Act to terminate the insurance of any bank which fails to pay a certain rate of interest on all tax and loan accounts; to the Committee on Banking Currency and Housing.

By Mr. SHUSTER:

H.R. 5029. A bill to amend the Railroad Unemployment Insurance Act; to the Committee on Interstate and Foreign Commerce.

H.R. 5030. A bill to expedite construction starts on approved public works projects, and to eliminate certain procedural requirements in order to reduce delays and accelerate certain public works programs and projects; to the Committee on Public Works and Transportation.

By Mrs. SPELLMAN (for herself and Mr. Diggs):

H.R. 5031. A bill to amend the Internal Revenue Code of 1954 to remove tax incentives to plant closings; to the Committee on Ways and Means.

By Mr. STRATTON (for himself, Mr. Pattison of New York, and Mr. Kemp):

H.R. 5032. A bill to amend the Regional Rail Reorganization Act of 1973 to permit the National Railroad Passenger Corporation to make a determination of public convenience and necessity with respect to certain railroad property sales; to the Committee on Interstate and Foreign Commerce.

By Mr. WHALEN:

H.R. 5033. A bill to regulate lobbying and related activities; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

H.R. 5034. A bill to require candidates for Federal office, Members of the Congress, and officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

By Mr. WHITE (for himself and Mrs. Schroeder):

H.R. 5035. A bill to amend section 141 of title 13, United States Code, to provide for the transmittal to each of the several States of the tabulation of population of that State obtained in each decennial census and desired for the apportionment or districting of the legislative body or bodies of that State, in accordance with, and subject to the approval of the Secretary of Commerce, a plan and form suggested by that officer or public body having responsibility for legislative apportionment or districting of the State being tabulated, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WHITEHURST:

H.R. 5036. A bill to designate certain lands in the Shenandoah National Park, Va., as wilderness; to the Committee on Interior and Insular Affairs.

By Mr. YOUNG of Alaska:

H.R. 5037. A bill to amend section 107 of the River and Harbor Act of 1960; to the Committee on Public Works and Transportation.

By Mr. PHILLIP BURTON:

H.R. 5038. A bill for the relief of certain natives of the Philippines who served in the United States Armed Forces during World War II; to the Committee on the Judiciary.

H.R. 5039. A bill to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service; to the Committee on Post Office and Civil Service.

H.R. 5040. A bill to terminate the Airlines Mutual Aid Agreement; to the Committee on Public Works and Transportation.

By Mr. PHILLIP BURTON (for himself, Mr. Perkins, Mr. Dent, Mr. Brademas, Mr. Dominick V. Daniels, Mr. O'Hara, Mr. Hawkins, Mr. Ford of Michigan, Mrs. Mink, Mr. Gaydos, Mr. Biaggi, Mrs. Chisholm, Mr. Lehman, Mr. Stark, Mr. Benitez, Mr. Beard of Rhode Island, Mr. Miller of California, Mr. Mottl, Mr.

Simon, Mr. Waxman, Mr. Zeferetti, Mrs. Burke of California, Mr. Badillo, Mr. Foley, and Mr. John L. Burton):

H.R. 5041. A bill to require contractors of departments and agencies of the United States engaged in the production of motion picture films to pay prevailing wages; to the Committee on Education and Labor.

By Mr. PHILLIP BURTON (for himself, Mr. Perkins, Mr. Dent, Mr. Dominick V. Daniels, Mr. Hawkins, Mr. Ford of Michigan, Mrs. Mink, Mr. Gaydos, Mr. Biaggi, Mrs. Chisholm, Mr. James V. Stanton, Mr. Beard of Rhode Island, Mr. Miller of California, Mr. Mottl, Mr. Simon, Mr. Waxman, Mr. Zeferetti, Mr. John L. Burton, Mr. Dellums, Mrs. Burke of California, Ms. Holtzman, Mr. Seiberling, and Mr. Moakley):

H.R. 5042. A bill to amend section 8(b)(4) of the National Labor Relations Act, as amended, with respect to strike at the sites of construction projects; to the Committee on Education and Labor.

By Mr. DOWNEY:

H.R. 5043. A bill to establish a policy for the management of oil and natural gas in the Outer Continental Shelf; to protect the marine and coastal environment; to amend the Outer Continental Shelf Lands Act; and for other purposes; jointly to the Committees on the Judiciary, Merchant Marine and Fisheries, Interior and Insular Affairs, and Science and Technology.

By Mr. FORD of Tennessee:

H.R. 5044. A bill to limit the use of limousines and passenger motor vehicles by officers and employees of the Federal Government, and for other purposes; to the Committee on Government Operations.

By Mr. LITTON (for himself, Mr. Dominick V. Daniels, Mr. Murtha, Mr. O'Brien, Mr. Ford of Michigan, Mr. Danielson, Mr. Jenrette, Mr. Frey, Mr. Mikva, Mr. Giaimo, Mr. McCloskey, Mr. Sisk, Mr. White, Mr. Steelman, Mr. Ruppe, Mrs. Heckler of Massachusetts, and Mrs. Boggs):

H.R. 5045. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes; to the Committee on Ways and Means.

By Mr. LITTON (for himself, Mr. Solarz, Mr. Jones of North Carolina, Mr. Lloyd of California, Mr. O'Brien, Mr. Forsythe, Mr. Charles H. Wilson of California, Mr. Richmond, Mr. Archer, Mr. Murtha, Mr. Eilberg, Mr. Brown of California, Mr. Roybal, Mr. Metcalfe, Mr. Kemp, Mr. Gude, Mr. Mosher, Mr. Koch, Mr. Hicks, Mr. Won Pat, and Mr. Lent):

H.R. 5046. A bill to amend the Internal Revenue Code of 1954 to require the establishment of formal procedures and criteria for the selection of individual income tax returns for audit, to inform individuals of the reasons why their returns were selected for audit, and for other purposes; to the Committee on Ways and Means.

By Mr. McFall:

H.R. 5047. A bill to amend the Natural Gas Act in order to expand the jurisdiction of the Federal Power Commission with respect to the regulation of natural gas so as to give greater assurance that national and regional needs for natural gas are met in times of shortages of natural gas and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. OTTINGER (for himself, Mr. Moss, Mr. Badillo, Mr. Wirth, Mr. Beard of Rhode Island, and Mr. Moffett):

H.R. 5048. A bill to improve the Nation's energy resources; to the Committee on Interstate and Foreign Commerce.

By Mr. STEELMAN (for himself, Mr. Mitchell of Maryland, Mr. Richmond, Mr. Jenrette, Mr. Sarasin, Mr. Pattison of New York, and Mr. Dodd):

H.R. 5049. A bill to amend the Public Health Service Act to provide for the making of grants to assist in the establishment and initial operation of agencies and expanding the services available in existing agencies which will provide home health services, and to provide grants to public and private agencies to train professional and paraprofessional personnel to provide home health services; to the Committee on Interstate and Foreign Commerce.

By Mr. STEELMAN (for himself, Mr. Mitchell of Maryland, Mr. Richmond, Mr. Jenrette, Mr. Sarasin, Mr. Pattison of New York, Mr. Dodd, and Mr. Gude):

H.R. 5050. A bill to amend title XVIII of the Social Security Act to liberalize the conditions under which posthospital home health services may be provided under part A thereof, and home health services may be provided under part B thereof; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. HELSTOSKI (for himself, Mr. O'Neill, Mr. Mikva, and Mr. Beard of Rhode Island):

H.J. Res. 328. Joint resolution to designate April 24, 1975, as National Day of Remembrance of Man's Inhumanity to Man; to the Committee on Post Office and Civil Service.

By Mr. LEHMAN (for himself and Mr. Kasten):

H.J. Res. 329. Joint resolution to designate March 21, 1975, as Earth Day; to the Committee on Post Office and Civil Service.

By Mr. JOHN L. BURTON (for himself, Mr. Koch, Mr. Mazzoli, Mr. Ottinger, Mr. Boland, Mr. Waxman, Mr. Gude, Mr. Eckhardt, Mr. Riegle, Mr. Helstoski, Mr. Studds, Mr. Mikva, Mr. Cornell, Mr. Stark, Mr. Tsongas, Mr. Moffett, and Mrs. Burke of California):

H. Con. Res. 181. Concurrent resolution relating to supplemental military appropriations for South Vietnam and Cambodia; to the Committee on Foreign Affairs.

By Mr. FORSYTHE:

H. Con. Res. 182. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on Foreign Affairs.

By Mr. STRATTON (for himself and Mr. McCollister):

H. Con. Res. 183. Concurrent resolution expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on Foreign Affairs.

By Mr. WHITEHURST:

H. Con. Res. 184. Concurrent resolution calling for a regional conservation treaty to protect Northern Hemisphere pinnipeds; to the Committee on Foreign Affairs.

By Mr. MORGAN:

H. Res. 315. Resolution to provide for the expenses of the Committee on Foreign Affairs for the investigations and studies to be conducted pursuant to rule XI of the Rules of the House of Representatives; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

55. By the SPEAKER: Memorial of the Legislature of the State of Washington, relative to food stamps; to the Committee on Agriculture.

56. Also, memorial of the House of Representatives of the State of Hawaii, relative to a national income maintenance program; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolution were introduced and severally referred as follows:

By Mr. HELSTOSKI:

H.R. 5051. A bill for the relief of Anna I. Duisberg, sole heir of Dr. Walter H. Duisberg; to the Committee on the Judiciary.

By Mr. MATSUNAGA:

H.R. 5052. A bill for the relief of Yolanda E. Vez; to the Committee on the Judiciary.

By Mr. ROUSH:

H.R. 5053. A bill for the relief of Sylvester G. Schneider; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 25

By Mr. HECHLER of West Virginia:

On page 273, between lines 8 and 9, insert the following new subsection:

"(g) no employee of the state regulatory authority performing any function or duty under this Act shall have a direct or indirect financial interest in any underground or surface coal mining operation, except that an employee may own a total of not more than 100 shares of stock of companies which have a direct or indirect interest in such operations and which are listed in any securities exchange registered with the Securities and Exchange Commission pursuant to Section 6 of the Act of June 6, 1934 (48 Stat. 885: 15 U.S.C., 78f): provided that such employee shall file with the state regulatory authority a written statement concerning such ownership which shall be available to the public. Whoever knowingly violates the provisions of the above sentence shall, upon conviction, be punished by a fine of not more than $2,500, or by imprisonment of not more than one (1) year, or by both. The Secretary shall (1) within 60 days after enactment of this Act, publish in the Federal Register, in accordance with 5 U.S.C. 553, regulations to establish methods by which the provisions of this subsection will be monitored and enforced by the Secretary and such state regulatory authority, including appropriate provisions for the filing by such employees and the review of statements and supplements thereto concerning any financial interest which may be affected by this subsection, and (2) report to the Congress on March 1 of each calendar year on actions taken and not taken during the preceding year under this subsection."

H.R. 4296

By Mr. D'AMOURS:

Page 3, strike out lines 4 through 16 and insert "Notwithstanding the foregoing provisions of this section, effective for the period beginning with the date of enactment, the present support price of 80% shall be adjusted thereafter by the Secretary at the beginning of each quarter, beginning with the second quarter of the calendar year of 1975, to reflect any change during the immediately preceding quarter in the index of prices paid by farmers for production items, interest, taxes, and wage rates. Such support prices shall be announced by the Secretary within thirty days prior to the beginning of each quarter.".

SENATE—*Monday, March 17, 1975*

The Senate met at 11 a.m., on the expiration of the recess, and was called to order by Hon. Richard Stone, a Senator from the State of Florida.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Lord of History, who in former days out of wilderness and tyranny brought forth a new nation and provided persons of honor, enlightenment, and vision to lead and serve a sovereign people, come now to this same Nation threatened by moral failure, unsure of its purpose, and sick in its economy and raise up leaders who speak truth, practice mercy, and guard the freedom of all the people. Through Jesus Christ who is truth, mercy, and freedom. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., March 17, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. Richard Stone, a Senator from the State of Florida, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. STONE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Thursday, March 13, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

A ST. PATRICK'S DAY WISH

Mr. HUGH SCOTT. Mr. President, today is the day we honor the Irish, as if we did not do so on every day in the year, in view of their potency in government and in the arts and in the humanities.

Perhaps the celebration of St. Patrick's Day is apocryphal; nevertheless, he is celebrated as the saint who drove the snakes out of Ireland. One thinks of the problems of that unhappy country today and wishes that someone will arise who, indeed, would be sainted in his accomplishment if he could drive the snakes of dissension from that land, which is so embittered, so filled with hatred and with bloodshed.

So, as we honor St. Patrick, as we honor our heritage, I, who have the pleasure of being partly of Irish heritage—and no Irishman ever misses the opportunity to mention that, even though I have other heritages interblended, as most Americans do—wish for the people of Ireland, both north and south, a better day, a better life, and a better time.

We all hope that some day the saint will come who will drive these snakes of disharmony and distrust and malice and hatred from the good, green isle.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Michigan (Mr. Griffin) is recognized for not to exceed 15 minutes.

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that the time formerly allotted to the Senator from Michigan (Mr. Griffin) be yielded back.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Under the previous order, the Senator from West Virginia (Mr. Robert C. Byrd) is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. I thank the Chair.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I have no need for the time that was allotted to me, unless a Senator would like to have me yield to him. I see no Senator expressing such a need, so I ask unanimous consent that I may yield my time back.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONTINUING AUTHORITY OF SENATE COMMITTEES TO PAY COMPENSATION AND MAKE EXPENDITURES

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of Senate Resolution 111, which will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 111) continuing through May 31, 1975, the authority of Senate committees to pay compensation and make expenditures for inquiries and investigations, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

S. 1172—ORDER SETTING TIME FOR VOTE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the vote on final passage of S. 1172 occur today at 3:30 p.m. and that paragraph of rule XII be waived.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

REPORT OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the annual report for 1973 of the Department of Housing and Urban Development, received on March 14, 1975, under the authority of the order of March 13, 1975, during the adjournment of the Senate, which was referred to the Committee on Banking, Housing and Urban Affairs. The message is as follows:

To the Congress of the United States:

The 1973 Annual Report of the Department of Housing and Urban Development is herewith transmitted to you.

Gerald R. Ford.

The White House, *March 14, 1975.*

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. Stone) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE RECEIVED DURING ADJOURNMENT

Under authority of the order of the Senate of March 13, 1975, the Secretary of the Senate received a message from the House of Representatives stating that the House has passed the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes, in which it requests the concurrence of the Senate.

The message also stated that the House has agreed to the concurrent resolution (H. Con. Res. 146) authorizing the printing of a revised edition of the booklet entitled "The History and Operation of the House Majority Whip Organization (94th Congress)", in which it requests the concurrence of the Senate.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LONG, from the Committee on Finance, with amendments:

H.R. 2166. A bill to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit, and the surtax exemption, and for other purposes (together with minority and supplemental views) (Rept. No. 94–36).

By Mr. PROXMIRE, from the Committee on Banking, Housing and Urban Affairs:

H. Con. Res. 133. A concurrent resolution to lower interest rates (Rept. No. 94–38).

By Mr. INOUYE, from the Committee on Appropriations, with amendments:

H.R. 4592. A bill making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes (Rept. No. 94–39).

LEGISLATIVE HISTORY OF THE COMMITTEE ON FOREIGN RELATIONS—REPORT OF A COMMITTEE (REPT. NO. 94–37)

Mr. SPARKMAN, from the Committee on Foreign Relations, submitted a report entitled "Legislative History of the Committee on Foreign Relations," 93d Congress, January 3, 1973 to December 20, 1974, which was ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. PASTORE, from the Joint Committee on Atomic Energy: John M. Teem, of Connecticut, to be Assistant Administrator of Energy Research and Development.

Robert W. Fri, of Maryland, to be Deputy Administrator of Energy Research and Development.

James L. Liverman, of Maryland, to be Assistant Administrator of Energy Research and Development.

HOUSE BILL REFERRED

The bill (H.R. 4592) making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 146) authorizing the printing of a revised edition of the booklet entitled "The History and Operation of the House Majority Whip Organization (94th Congress)" was referred to the Committee on Rules and Administration.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HELMS:

S. 1190. A bill for the relief of Gerald M. Doherty. Referred to the Committee on the Judiciary.

By Mr. ALLEN (for himself, Mr. Sparkman, Mr. Mansfield, Mr. McGee, and Mr. Stennis):

S. 1191. A bill to amend the Public Health Service Act to provide for additional medical scholarships to be known as Lister Hill Scholarships. Ordered placed on the calendar.

By Mr. RIBICOFF (for himself and Mr. Weicker):

S. 1192. A bill to provide one additional permanent district judgeship for the district of Connecticut. Referred to the Committee on the Judiciary.

By Mr. JACKSON (for himself and Mr. Thurmond):

S. 1193. A bill to amend titles 10 and 32, United States Code, to authorize additional medical and dental care and other related benefits for reservists and members of the National Guard, under certain conditions, and for other purposes. Referred to the Committee on Armed Services.

By Mr. STAFFORD (by request):

S. 1194. A bill to revise and extend the program authorized by the Developmental Disabilities Services and Construction Act. Referred to the Committee on Labor and Public Welfare.

By Mr. WILLIAM L. SCOTT:

S. 1195. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for amounts spent by an individual to conserve energy used in heating and cooling his home. Referred to the Committee on Finance.

By Mr. HUMPHREY:

S. 1196. A bill to amend the Higher Education Act of 1965 to establish a student internship program to offer students practical involvement with elected officials on local and State levels of government and with Members of Congress. Referred to the Committee on Labor and Public Welfare.

By Mr. TUNNEY (for himself, Mr. Case, Mr. Mondale, and Mr. Philip A. Hart):

S. 1197. A bill to prohibit the licensing of certain activities regarding plutonium until expressly authorized by Congress, and to provide for a comprehensive study of plutonium recycling. Referred to the Joint Committee on Atomic Energy.

By Mr. MORGAN:

S. 1198. A bill to reduce temporarily the interest rate on mortgages purchased under the Emergency Home Purchase Assistance Act of 1974. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MOSS:

S. 1199. A bill to authorize the Energy Research and Development Administration to enter into a cooperative agreement with the State of Utah to remove and dispose of uranium mill tailings, and for other purposes. Referred to the Joint Committee on Atomic Energy.

By Mr. BELLMON (for himself, Mr. Javits, Mr. Stennis, and Mr. Huddleston):

S. 1200. A bill to establish a program to provide needy urban youth with summer job opportunities on farms, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. PACKWOOD (for himself, Mr. McClure, Mr. Stevenson, Mr. Stafford, Mr. Brock, Mr. Bentsen, Mr. Domenici, Mr. Cranston, Mr. Biden, Mr. Dole, Mr. Garn, Mr. Buckley, and Mr. Tunney):

S. 1201. A bill to increase the aggregate gross compensation which may be paid to employees in the office of a Senator and to permit funds available for such purpose to be used to purchase or lease additional mechanical office equipment. Referred to the Committee on Appropriations.

By Mr. LAXALT:

S. 1202. A bill granting the consent and approval of Congress to the California-Nevada Interstate Compact. Referred to the Committee on the Judiciary.

By Mr. SCHWEIKER (for himself and Mr. Javits) (by request):

S. 1203. A bill to amend the Public Health Service Act, the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, the Drug Abuse Office and Treatment Act of 1972, and to revise and extend programs of health services, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. MONTOYA:

S. 1204. A bill for the relief of Leopoldo Augustin Bonati and his wife, Maria Cecilia Ruiz. Referred to the Committee on the Judiciary.

By Mr. GRAVEL:

S. 1205. A bill for the relief of Isle Schweizer and Angela Sharlen Schweizer. Referred to the Committee on the Judiciary.

By Mr. DOLE:

S. 1206. A bill to assure foreign countries that reserve stocks of agricultural commodities stored in the United States under certain conditions shall not be subject to export controls. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. SCHWEIKER:

S. 1207. A bill to establish the Federal Energy Production Corporation, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. METCALF (for himself, Mr. Mansfield, Mr. Humphrey, Mr. Moss, Mr. McGovern, Mr. Abourezk, and Mr. Hathaway):

S. 1208. A bill to improve the Nation's energy resources. Referred to the Committee on Commerce.

By Mr. CURTIS:

S. 1209. A bill to provide for a 10 per centum reduction in congressional salaries whenever the budget is not balanced. Referred to the Committee on Post Office and Civil Service.

By Mr. KENNEDY:

S. 1210. A bill to amend section 552 of title 5, United States Code, known as the Freedom of Information Act, to secure to employees of the Government the right to disclose information which is required by law to be disclosed by agencies. Referred to the Committee on the Judiciary.

By Mr. BROCK:

S. 1211. A bill to provide for studies of malpractice insurance problems among physicians and hospitals. Referred to the Committee on Labor and Public Welfare.

By Mr. CRANSTON (for himself, Mr. Taft, Mr. Brooke, Mr. Proxmire, and Mr. Williams):

S. 1212. A bill to extend and amend section 312 of the Housing Act of 1964. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. BENTSEN (for himself, Mr. Hathaway, and Mr. Cranston):

S. 1213. A bill to provide, through tax incentives in the Internal Revenue Code of 1954, that all future employment-based group health insurance plans extend coverage to workers who become unemployed and receive unemployment compensation benefits, with a temporary program financed through a trust fund and a temporary assessment on group health insurance arrangements to cover workers who are currently unemployed and receiving unemployment compensation (or who become unemployed before the applicable health insurance plans are modified to cover them), and for other purposes. Referred to the Committee on Finance.

By Mr. McCLURE (for himself and Mr. Church):

S. 1214. A bill to authorize the establishment of the City of Rocks National Monument in the State of Idaho, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ALLEN (for himself, Mr. Sparkman, Mr. Mansfield, Mr. McGee, and Mr. Stennis):

S. 1191. A bill to amend the Public Health Service Act to provide for additional medical scholarships to be known as Lister Hill Scholarships. Ordered placed on the calendar.

Mr. ALLEN. Mr. President. I am introducing today on behalf of Mr. Sparkman. Mr. Mansfield, Mr. McGee and Mr. Stennis, and myself the Lister Hill Scholarship Act.

The bill was approved by both the Senate and the House last year as an amendment to the Health Professions Educational Assistance Act of 1974. The provisions of the Lister Hill Scholarship Act were not in controversy, but as a part of the major bill it expired when the Conference Committee did not reach agreement before the adjournment of Congress last December 20.

The bill will provide for 10 federally funded medical scholarships each year and will offer young people in our country increased opportunities to study and engage in the practice of medicine. The scholarships will be administered as a part of the present program of scholarship grants directed by the Secretary of Health, Education and Welfare. Because they will be administered through the existing grants program authorized in section 784 of the Public Health Service Act, they will call for no more new administrative funds and will add only the cost of the scholarships themselves to the cost of the program.

Each grant will be for $6,000 per year, an amount based on the cost to each student of tuition, fees, books, and room and board.

The Lister Hill scholarships will be awarded on a nationwide basis, one in each of the 10 geographical regions of the Department. They will not be awarded on the basis of need, but it is my intention in proposing them that the Secretary will insure that a reasonable number will go to applicants from ghetto or depressed urban areas and from rural areas. It is my hope also that the conditions set forth in the Public Health Service Act and applied by the Secretary will encourage them to practice in these areas.

Another provision of the bill is that recipients of grants will engage in family practice of medicine.

Many years ago Lister Hill said.

> The health of a people is their most precious national resource.

An essential element in preserving this national resource is the assurance of trained and qualified health manpower, capable of delivering the highest quality of health care to the people.

And an essential requirement under our democratic system is that this quality health care be available and be shared by all the people.

The unfortunate fact is that though the health system of the United States is in general the finest in the world, quality health care is not always available to those persons living in depressed urban areas or in rural areas.

Such care is a right of every citizen in those areas, and its delivery to them was always a foremost objective of Lister Hill throughout his 46 years of service in the Congress of the United States. It is appropriate that this act has as its primary objective the providing of such care, and that it shall be called the Lister Hill Scholarship Act.

Mr. President, I have cleared this with the assistant majority leader (Mr. Robert C. Byrd), and the assistant minority leader (Mr. Griffin). I ask unanimous consent that the bill be placed on the calendar.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

By Mr. STAFFORD (by request):

S. 1194. A bill to revise and extend the program authorized by the Developmental Disabilities Services and Construction Act. Referred to the Committee on Labor and Public Welfare.

Mr. STAFFORD. Mr. President, today I am introducing, by request, a bill prepared by the administration cited as the "Developmentally Disabled Assistance Act of 1975."

The Subcommittee on the Handicapped will hold a hearing on the extension of the developmental disabilities legislation on next Tuesday, March 18, 1975, for the purpose of considering this bill and S. 462 introduced by Senator Randolph, the very able chairman of the subcommittee, and myself.

The administration's bill is similar in format to the bill passed by the Senate late in the 93d Congress, which did not make its way through conference because the time ran out. The bill, however, does not contain any of the substantive changes which the subcommittee thought advisable after a thorough investigation and review of the existing program.

Mr. President, I ask unanimous consent that the text of the administration's bill be printed in the record at the end of my remarks along with a copy of the letter to Senator Javits on December 11 of last year from Secretary Weinberger setting forth the administration's objections to the then-passed developmentally disabled bill. The bill introduced by Senator Randolph and myself, S. 462, is exactly the same bill which the Secretary is commenting on.

I would like to point out to my colleagues, with some pride, that the State of Vermont has not waited for the improvements in the law but has already begun implementing the intent of S. 426. The chairperson of the Vermont Developmental Disabilities Council has informed me that they set forth to implement the intent of the bill and that the concepts set forth in S. 462 work and it is the council's feeling that Vermont's developmentally disabled individuals will be much better served by the new process.

There being no objection, the bill and material were ordered to be printed in the Record, as follows:

S. 1194

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Developmentally Disabled Assistance Act of 1975".

TITLE I—GENERAL PROVISIONS

DECLARATION OF PURPOSE AND FEDERAL SHARE

Sec. 100. (a) The purpose of this Act is to improve and coordinate the provision of services to persons with developmental disabilities through (A) grants to assist the several States in developing and implementing a comprehensive and continuing plan for meeting the current and future needs of persons with developmental disabilities; (B) support of interdisciplinary training programs and training demonstration projects at institutions of higher education; and (C) the support of other activities which will contribute to improving the condition of persons with developmental disabilities.

(b) The Federal share with respect to any project assisted under title II of this Act may not exceed 70 percent of the necessary cost thereof as determined by the Secretary.

(c) The Federal share with respect to assistance under title III of this Act may not exceed 70 percent of the necessary cost thereof, as determined by the Secretary, for the fiscal year ending June 30, 1975, 60 per centum of such cost for the fiscal year ending June 30, 1976, and 50 per centum of such cost for the fiscal year ending September 30, 1977.

(d)(1) The non-Federal share of the cost of any project assisted under this Act shall be provided in cash or in kind, in accordance with rules generally applicable to grants provided by the Department of Health, Education, and Welfare.

(2) Payments of grants under this Act shall be made in advance or by way of reimbursement, and on such conditions as the Secretary may determine.

(3) For the purpose of determining the Federal share with respect to any State, expenditures by a political subdivision thereof or by nonprofit private agencies, organizations, and groups shall, subject to such limitations and conditions the Secretary may by regulation prescribe, be deemed to be expenditures by such State.

DEFINITIONS

SEC. 101. For purposes of this Act—

(1) "Construction" means the construction of new buildings, the acquisition, expansion, remodeling, alteration, and renovation of existing buildings, and initial equipment of any such buildings (including medical transportation facilities).

(2) "Cost of construction" means the amount necessary for the construction of a project, including architect's fees and the cost of the acquisition of land, but excluding the cost of offsite improvements.

(3) "Design for implementation" means a document prepared by the appropriate State agency or agencies outlining the implementation of the State plan as developed by the State planning council. The design for implementation, shall include details on the methodology of implementation, priorities for spending, a detailed plan for the use of funds provided under this Act, specific objectives to be achieved, a listing of those programs and resources to be utilized, and a method for periodic evaluation of its effectiveness in meeting State plan objectives.

(4) "Developmental disability" means a disability attributable to mental retardation, cerebral palsy, epilepsy, autism, or another neurological condition of an individual found by the Secretary to be closely related to mental retardation or to require treatment similar to that required for mentally retarded individuals, which disability originates before such individual attains age eighteen, which has continued or can be expected to continue indefinitely, and which constitutes a substantial handicap to such individual.

(5) "Institution of higher education" has the meaning given it in section 122(c) of the Education Amendments of 1972.

(6) "Nonprofit facility for persons with developmental disabilities", or "nonprofit private institution of higher learning" means a facility for persons with developmental disabilities, and an institution of higher learning which is owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(7) "Nonprofit private agency or organization" means an agency or organization which is a nonprofit corporation or association or which is owned and operated by one or more of such corporations or associations.

(8) "Secretary" means the Secretary of Health, Education, and Welfare.

(9) "Services for persons with developmental disabilities" means specialized services or special adaptations of generic services directed toward the alleviation of a developmental disability or toward the social, personal, physical, or economic habilitation or rehabilitation of an individual with such a disability, and such term includes diagnosis, evaluation, treatment, personal care, day care, domiciliary care, special living arrangements, training, education, sheltered employment, recreation, counseling of the individual with such disability and of his family, protective and other social and legal services, information and referral services, follow-along services, and transportation services necessary to assure delivery of services to persons with developmental disabilities.

(10) "State" includes the several States, Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the District of Columbia.

(11) "Title" when used with reference to a site for a project, means a fee simple, or such other estate or interest (including a leasehold on which the annual rental does not exceed 4 percent of the value of the land) as the Secretary finds sufficient to assure for a period of not less than 50 years undisturbed use and possession for the purposes of construction and operation of the project.

AUDIT

SEC. 102. Each recipient of a grant or contract under this Act shall keep such records as the Secretary may prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such grant or contract, the total cost of the project or undertaking in connection with which such grant or contract is made or funds thereunder used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such records as will facilitate an effective audit. The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient of any grant or contract under this Act which are pertinent to such grant or contract.

TITLE II—DEMONSTRATION AND TRAINING GRANTS FOR UNIVERSITY-AFFILIATED FACILITIES

DEMONSTRATION AND TRAINING GRANTS

SEC. 201. (a) For the purposes of assisting institutions of higher education to contribute more effectively to the solution of complex health, education, and social problems of children and adults suffering from developmental disabilities, the Secretary may, in accordance with the provisions of this title, make grants to cover costs of administering interdisciplinary training programs and other demonstration training programs for personnel who are serving, or preparing to serve, persons with developmental disabilities. Such programs may be directed toward established disciplines as well as new kinds of training to meet critical shortages in the care of persons with developmental disabilities.

(b) For the purpose of making grants pursuant to this section, there are authorized to be appropriated for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years, $4,250,000.

APPLICATIONS

SEC. 202. Applications for grants under this title may be approved by the Secretary, only if the applicant is a college or university operating a program of the type described in section 201(a), or is a public or nonprofit private agency or organization operating such a facility. In considering applications for such grants, the Secretary shall give priority to any application which shows that the applicant has made arrangements, in accordance with regulations of the Secretary, for a junior college or other community-based educational or health facility to participate in the programs for which the application is made.

MAINTENANCE OF EFFORT

SEC. 203. Applications for grants under this title may be approved by the Secretary only if the application contains or is supported by reasonable assurances that the grants will not result in any decrease in the level of State, local, and other non-Federal funds for services for persons with developmental disabilities and training of persons to provide such services which would (except for such grant) be available to the applicant, but that such grants will be used to supplement, and, to the extent practicable, to increase the level of such funds.

TITLE III—GRANTS FOR PLANNING, PROVISION OF SERVICES, AND CONSTRUCTION AND OPERATION OF FACILITIES FOR PERSONS WITH DEVELOPMENTAL DISABILITIES

AUTHORIZATION OF APPROPRIATION

SEC. 301. For the purpose of making grants to carry out this title, there are authorized to be appropriated $30,875,000 for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years.

STATE ALLOTMENTS

SEC. 302. (a)(1) From the sums appropriated pursuant to section 301 for each fiscal year, the several States shall be entitled to allotments determined, in accordance with regulations, on the basis of (A) the population, (B) the extent of need for services and facilities for persons with developmental disabilities, and (C) the financial need of the respective States; except that the allotment of any State (other than the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands) for any such fiscal year shall be not less than $200,000 and the allotment of the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands shall be not less than $50,000.

(2) In determining, for purposes of paragraph (1), the extent of need in any State for services and facilities for persons with developmental disabilities, the Secretary shall take into account the scope and extent of the services specified, pursuant to section 304(b), in the State plan of such State approved under this title.

(3) Sums allotted to a State for a fiscal year and designated by it for construction, renovation, or modernization which are unobligated at the end of such year shall remain available to such State for such purpose for the next fiscal year and for such year only, in addition to the sums allotted to such State for such fiscal year.

(b) Whenever a State plan is approved in accordance with section 304 which provides for participation of more than one State agency in administering or supervising the administration of designated portions of such plan, the State may apportion its allotment among such agencies in a manner which is reasonably related to the responsibilities assigned to such agencies in carrying out the purposes of this title, subject to the approval of the Secretary. Funds so apportioned to State agencies may be combined with other State or Federal funds authorized to be expended for other purposes, provided the purposes of this title will receive proportionate benefit from the combination.

(c) Whenever a State plan approved in accordance with section 304(c) provides for cooperative or joint effort between States or between or among agencies, public or private, in more than one State, portions of funds allotted to one or more such cooperating States or agencies may be combined in accordance with the agreements between the agencies and States involved.

(d) The amount of an allotment to a State for a fiscal year which the Secretary determines will not be required by the State during the period for which it is available for the purpose for which it is allotted shall be available for reallotment by the Secretary on such date or dates as he may fix (but not earlier than 30 days after he has published notice of his intention to make such reallotment in the Federal Register), to other States with respect to which such a determination has not been made, in proportion to the original allotments of such

States for such fiscal year, but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use during such period; and the total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount so reallotted to a State for a fiscal year shall be deemed to be a part of its allotment under subsection (a) for such fiscal year.

(e) The Secretary shall administer grants under this title in accordance with policies used generally to administer grants throughout the Department of Health, Education, and Welfare.

NATIONAL COUNCIL ON SERVICES AND FACILITIES FOR THE DEVELOPMENTALLY DISABLED

SEC. 303. (a)(1) The National Advisory Council on Services and Facilities for the Developmentally Disabled (hereinafter referred to as the "Council"), which was established pursuant to section 133 of the Developmental Disabilities Services and Facilities Construction Act, shall continue to exist for the period for which appropriations are authorized under this Act. The Council shall consist of twenty members, not otherwise in the regular full-time employ of the United States, to be appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive civil service.

(2) The Secretary shall from time to time designate one of the members of the Council to serve as Chairman thereof.

(3) The members of the Council shall be selected from leaders in the fields of service to the mentally retarded and other persons with developmental disabilities, including leaders in State or local government, in institutions of higher education, and in organizations representing consumers of such services. At least five members shall be representative of State or local public or nonprofit private agencies responsible for services to persons with developmental disabilities, and at least five shall be representative of the interests of consumers of such services.

(b) Each member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

(c) It shall be the duty and function of the Council to (1) advise the Secretary with respect to any regulations promulgated or proposed to be promulgated by him in the implementation of this title, and (2) study and evaluate programs authorized by this Act with a view of determining their effectiveness in carrying out the purposes for which they were established.

(d) The Council is authorized to engage such technical assistance as may be required to carry out its functions, and the Secretary shall, in addition, make available to the Council such secretarial, clerical, and other assistance and such statistical and other pertinent data prepared by or available to the Department of Health, Education, and Welfare as it may require to carry out such functions.

(e) Members of the Council, while attending meetings or conferences thereof or otherwise serving on the business of the Council, shall be entitled to receive compensation at rates fixed by the Secretary, but at rates not exceeding the daily equivalent of the rates provided for GS–18 of the General Schedule for each day of such service (including travel time), and, while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

STATE PLANS

SEC. 304. (a) For each fiscal year in which a State makes application to participate in programs under this title it shall develop, submit, and obtain the approval of the Secretary of an annual State plan which is a specific goal oriented plan, which shall include provisions designed to—

(1) reduce and eventually eliminate inappropriate institutional placement of persons with developmental disabilities;

(2) improve the quality of care, habilitation, and rehabilitation of persons with developmental disabilities for whom institutional care is appropriate;

(3) provide early screening, diagnosis, and evaluation of developmentally disabled infants and preschool children (including maternal care, developmental screening, home care, infant and preschool stimulation programs and parent counseling and training);

(4) provide counseling, program coordination, follow-along services, and protective services on behalf of developmentally disabled adults;

(5) support the establishment of community programs as alternatives to institutionalization, designed to provide services for the care and habilitation of persons with developmental disabilities, which programs utilize, to the maximum extent feasible, the resources and personnel in related community programs to assure full coordination with such programs and to assure the provision of appropriate supplemental health, educational or social services for persons with developmental disabilities;

(6) protect the human rights of all persons with developmental disabilities, especially those without familial protection; and

(7) provde for interdisciplinary intervention and training programs for multihandicapped individuals.

Such annual State plan shall be initially submitted within 180 days after the date of enactment of this Act.

(b) In order to be approved by the Secretary under this section, a State plan for the provision of services and facilities for persons with developmental disabilities shall—

(1) designate—

(A) a State planning and advisory council, which shall be responsible for submitting revisions of the State plan and transmitting such reports as may be required by the Secretary, and which shall include representatives of each of the principal State agencies and representatives of local agencies and nongovernment organizations and groups concerned with services for the developmentally disabled: *Provided*, That at least one-third of the membership of such council shall consist of representatives of consumers of such services;

(B) the State agency or agencies (except as provided in clause (C)) which shall administer and supervise the administration of the State plan, and if there is more than one such agency, the portion of such plan which each will administer (or the portion the administration of which each will supervise); and

(C) a single State agency as the sole agency for administering or supervising the administration of grants for construction, renovation, or modernization under the State plan;

(2) describe the quality, extent, and scope of services being provided or to be provided to meet the goals specified in subsection (a) of this section;

(3) describe (A) the quality, extent, and scope of services being provided, or to be provided, to persons with developmental disabilities under such other State plans for Federally assisted State programs as may be specified by the Secretary, which shall in any case include education for the handicapped, vocational rehabilitation, medical assistance, social services, maternal and child health, crippled children's services, and comprehensive health and mental heatlh plans, and (B) how funds allotted to the State in accordance with section 302 will be use to complement and augment rather than duplicate or replace services and facilities for persons with developmental disabilities who are eligible for Federal assistance under such other State programs;

(4) provide for the maximum utilization of all available community resources including volunteers serving under the Domestic Volunteer Service Act of 1973 (87 Stat. 394) and other appropriate voluntary organizations;

(5) set forth policies and procedures for the expenditure of funds under the plan, which, in the judgment of the Secretary; are designed to assure effective continuing State planning, evaluation, and delivery of services (both public and private) for persons with developmental disabilities;

(6) contain assurances satisfactory to the Secretary that (A) the funds paid to the State under this title will be used to make a significant contribution toward strengthening services for persons with developmental disabilities in the various political subdivisions of the State in order to improve the quality, scope, and extent of such services; (B) part of such funds may be made available to other public or nonprofit private agencies, institutions, and organizations; (C) such funds will be used to supplement and, to the extent practicable, to increase the level of funds that would otherwise be made available for the purposes for which the Federal funds are provided and not to supplant such non-Federal funds; and (D) there will be reasonable State financial participation in the cost of carrying out the State plan;

(7) provide that services and facilities furnished under the plan for persons with developmental disabilities will be in accordance with standards prescribed by regulations of the Secretary pursuant to this Act;

(8) provide such methods of administration, including methods relating to the establishment and maintenance of personnel standards and selection and advancement of personnel on a merit basis, as are found by the Secretary to be necessary for the proper and efficient operation of the plan (except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods);

(9) provide assurances that the State planning and advisory council is assigned adequate personnel in order to insure that such council has the capacity to fulfill its responsibilities in the areas of planning, resource development, and program evaluation;

(10) provide that the State planning and advisory council shall periodically, but not less often than annually, review and evaluate the State plan and submit appropriate modifications to the Secretary for his approval;

(11) provide that the State agencies designated pursuant to paragraph (1) of this subsection will make such reports, in such form and containing such information, as the Secretary or the State planning and advisory council may from time to time reasonably require, and will keep such records and afford such access thereto as the Secretary finds necessary to assure the correctness and verification of such reports;

(12) provide that special financial and technical assistance shall be given to areas of urban or rural poverty in providing services and facilities for persons with developmental disabilities who are residents of such areas;

(13) describe the methods to be used to

assess the effectiveness and accomplishments of the State in meeting the needs of persons with developmental disabilities in the State;

(14) specify the maximum amount of, and the percentage of the State's allotment under section 302 for any year which is to be devoted to construction, renovation, or modernization of facilities, which percentage shall be not more than 10 percent of the State's allotment or such lesser percentage as the Secretary may from time to time prescribe;

(15) provide reasonable assurance that adequate financial support will be available to complete the construction of, and to maintain and operate when such construction is completed, any facility the construction of which is assisted by funds made available under this title;

(16) if Federal funds are allotted for construction, renovation, or modernization under this title, outline a program of construction, renovation, or modernization of facilities for the provision of services for persons with developmental disabilities which—

(A) is based on a Statewide inventory of existing facilities and survey of need;

(B) sets forth the relative need, determined in accordance with the regulations prescribed by the Secretary for the several projects included in the construction, renovation, or modernization program; and

(C) assigns priority to the construction, renovation, or modernization of projects, to the extent that financial resources available therefor and for maintenance and operation permit such priority, in the order of relative need, taking into account the requirement that any such construction, renovation, or modernization complies with any standards prescribed pursuant to the Architectural Barriers Act of 1968;

(17) provide for an opportunity for hearing before the State agency to every applicant for a construction, renovation, or modernization project;

(18) provide for such fiscal control and fund accounting procedures as may be necessary to assure the proper disbursements of, and accounting for, funds paid to the State under this title in accordance with regulations the Secretary shall prescribe;

(19) provide for the implementation of an evaluation system compatible with the system developed under section 309 of this Act by October 1, 1977;

(20) provide, to the maximum extent feasible, an opportunity for prior review and comment by the State planning and advisory council of all State plans in the State which relate to programs affecting persons with developmental disabilities;

(21) provide that personnel assigned to the State planning and advisory council shall be solely responsible to such council;

(22) provide that all relevant information concerning any programs which may affect persons with developmental disabilities shall be made available by projects and State agencies to the State planning council; and

(23) contain such additional information and assurances as the Secretary may determine to be necessary to carry out the provisions and purpose of this part.

(c) The Secretary shall approve any State plan and any modification thereof which complies with the provisions of subsection (b) of this section. The Secretary shall not disapprove a State plan unless he has provided reasonable notice and opportunity for a hearing to the State.

WITHHOLDING OF PAYMENTS

SEC. 305. (a) Whenever the Secretary, after reasonable notice and opportunity for hearing to a State planning and advisory council and a State agency or agencies designated pursuant to section 304(b)(1) finds—

(1) that any such State agency or agencies are not complying with the provisions required by section 304(b) to be included in the State plan, or with regulations of the Secretary;

(2) that any requirement set forth in an application submitted under section 304 and approved by the Secretary is not being or cannot be carried out with respect to the project for which such application was submitted; or

(3) that adequate funds are not being provided annually for the direct administration of the State plan,

the Secretary may forthwith notify such State council and State agency or agencies that no further payments will be made from allotments under this title for any project or projects designated by the Secretary as being affected by the action or inaction referred to in paragraph (1), (2), or (3) of this subsection as the Secretary may determine to be appropriate under the circumstances.

(b) Whenever the State planning and advisory council finds that a State agency administering funds pursuant to the implementation design is failing to comply with such design, the State planning and advisory council shall notify the Governor and the Secretary, who may provide notice, conduct a hearing, and withhold payments pursuant to subsection (a) of this section.

PAYMENTS TO THE STATES FOR PLANNING, ADMINISTRATION AND SERVICES

SEC. 306. For each State's allotment for a fiscal year under section 302, the State shall be paid the Federal share of its expenditures incurred during such year under its State plan approved under this title. Such payments shall be made from time to time in advance on the basis of estimates by the Secretary of the sums the State will expend under the State plan, except that such adjustments as may be necessary shall be made on account of previously made underpayments or overpayments under this section.

REGULATIONS

SEC. 307. (a) The Secretary shall prescribe general regulations applicable to all the States to carry out the purposes of this title.

(b)(1) Regulations promulgated by the Secretary may be waived upon approval of an application submitted by a State for a project to be completed by two or more political subdivisions or public or nonprofit private agencies, or by a combination thereof, which is consistent with applicable law and regulations promulgated by the Secretary for such purposes to provide services to persons with developmental disabilities by combining funds received from other Federal, State, or local programs to the extent that such regulations would without waiver impede the implementation of such project. Such waivers shall be reviewed annually by the Secretary and issued on a case-by-case basis and for a specified period of time, but in no case longer than thirty-six months. Renewal of such waivers may be granted only after a full evaluation of the impact of such waivers by the Secretary.

(2) The Secretary shall publish in the Federal Register the fact that an application for waiver under paragraph (1) has been submitted by a State, and he shall not approve or disapprove such application for a period of not less than 60 nor more than 90 days after the date of such publication.

NONDUPLICATION

SEC. 308. (a) In determining the amount of any payment for the construction, renovation, or modernization of any facility under a State plan approved under this title, there shall be disregarded (1) any portion of the costs of such construction, renovation, or modernization which are financed by Federal funds provided under any provision of law other than this title, (2) the amount of any non-Federal funds provided under any provision of law other than this title, and (3) the amount of any non-Federal funds required to be expended as a condition of receipt of such Federal funds.

(b) In determining the amount of any State's Federal share of expenditures for planning, administration, and services incurred by it under a State plan approved under this title, there shall be disregarded (1) any portion of such expenditures which are financed by Federal funds provided under any provision of law other than this title, and (2) the amount of any non-Federal funds required to be expended as a condition of receipt of such Federal funds.

EVALUATION OF DEVELOPMENTAL DISABILITIES SERVICES

SEC. 309. (a)(1) The Secretary, in consultation with the National Council, shall, by February 1, 1977, develop (A) a design of a comprehensive system for the evaluation of services provided to individuals with developmental disabilities and (B) a time-phased plan for the implementation by the States of such system which will specify a minimal evaluation system to be implemented by all States by October 1, 1977, and which will further specify phases of development leading to the establishment in each State of such comprehensive evaluation system. The comprehensive system shall provide guidelines and alternative methods for the development of State evaluation systems for federally supported services delivered within each State to individuals with developmental disabilities.

(2) Not later than February 1, 1977, the Secretary shall submit to the Congress a report on the evaluation system design developed pursuant to paragraph (1). Such report shall include an estimate of the costs to the Federal Government and the States of developing and implementing such system.

(b) The Secretary, in consultation with the National Council, may make grants to, and enter into contracts with, public or private organizations or individuals to conduct feasibility studies to assist in developing the evaluation system required under subsection (a).

GRANTS FOR SPECIAL PROJECTS FOR SERVICES TO PERSONS WITH DEVELOPMENTAL DISABILITIES

SEC. 310. (a) For the purpose of making grants under this section for special projects and demonstrations (and research and evaluation connected therewith), there are authorized to be appropriated $18,500,000 for the fiscal year ending June 30, 1975, and for each of the two succeeding fiscal years.

(b)(1) The Secretary, after consultation with the National Council, shall make grants to States and public or nonprofit agencies and organizations to pay part or all of the cost of special projects and demonstrations (and research and evaluation in connection therewith) for (A) establishing programs which hold promise of expanding or otherwise improving services to persons with developmental disabilities (especially those who are disadvantaged or multihandicapped), and (B) for carrying out projects of special national significance including, but not limited to—

(i) demonstration projects for integrating services for the developmentally disabled population,

(ii) demonstration projects to coordinate and utilize all available community resources,

(iii) projects designed to improve the administration of, and the quality of care provided under, programs for individuals with developmental disabilities, and

(iv) projects to demonstrate new or improved techniques for the provision of services for such individuals.

(2) From the amount appropriated pursuant to subsection (a), the Secretary may reserve 30 per centum thereof for the purpose of making grants for projects described in subsection (b)(1)(B).

(3) Grants under this section may be used

to support only the initial three years of any project or demonstration.

(c) A copy of each application for a grant under this section shall be submitted by the applicant to the appropriate State planning and advisory council simultaneously with submission to the Secretary. The Secretary shall not approve such an application until the State planning and advisory council has had an opportunity, for a period of at least thirty days, to review and make comments on the application to the Secretary.

(d) Projects, or a component of any project funded under this section, shall not be eligible for funding under section 304 of the Rehabilitation Act of 1973 or section 303 (a)(2) of the Public Health Service Act.

REPEAL

SEC. 311. Effective 90 days after the enactment of this Act, parts B and C of the Developmental Disabilities Services and Facilities Construction Act are repealed.

SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., December 11, 1974.
Hon. JACOB K. JAVITS,
Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR SENATOR JAVITS: This is to bring to your attention this Department's concern over several provisions in the Senate version of H.R. 14215 regarding developmental disabilities, which will soon be subject to Conference Committee action. This bill would provide for an extension of, and major revisions in, the program administered by this Department providing services to persons with developmental disabilities (i.e., mental retardation, epilepsy, cerebral palsy, and other neurological conditions), as well as establishing rigorous standards to be met by residential and community facilities providing services to such persons.

Title I of the bill would revise and extend the Federal program for persons with developmental disabilities, the authority for which, under the Developmental Disabilities Services and Facilities Construction Act of 1970 (P.L. 91-517), expired June 30, 1974. This program provides grants directly to organizations conducting special demonstration projects as well as to the States on a formula basis. In general, we have been pleased with the operation of this program which has effectively served to coordinate and integrate the delivery of services to persons with developmental disabilities. The commitment of the Administration to the program is demonstrated in its bills, H.R. 12892 and S. 3011, which are very similar to the House version of H.R. 14215. However, some of the provisions in the Senate version cause us very serious concern. I would like to bring these problems to your attention and respectfully request your assistance in obtaining a satisfactory measure in Conference.

Briefly, the provisions in Title I of the Senate bill which are of concern to us are the following:

1. Section 4 would establish in the Office of the Secretary an Office of Development Disabilities. Presently, the Developmental Disabilities program is administered by the Division of Developmental Disabilities in the Rehabilitation Services Administration, which is part of the Social and Rehabilitation Service. While we agree that the time may have come for the Developmental Disabilities program to assume a more visible role as a focal point within the Department for persons with developmental disabilities, we object strongly to any organizational restrictions mandated by legislation. Such restrictions seriously limit the flexibility and management capability, not only of this Secretary, but of all future Secretaries.

2. Section 111 would increase the authorizations for State allotments from the current level of $32 million for FY 1974 to $50 million for FY 1975. The authorization would increase substantially over the next five years to a level of $110 million for FY 1979. In addition, the proposed special projects authority would authorize an appropriation of $17.5 million for FY 1975, gradually increasing to $27.5 million for FY 1979. Because of the clear need to restrain any increase in Federal outlays, we object to these excessive authorization levels in the Senate bill and would prefer instead that the bill authorize the appropriation of such sums as may be necessary.

3. Section 116 would continue the requirement in present law that the Secretary approve all construction grants awarded from funds allocated to States. We believe that Federal approval of construction grants is an unnecessarily costly step, in terms of time and money, in the construction of needed community facilities. For this reason, the Administration bill, as well as the bill passed by the House, would have removed the requirement for Federal approval of construction grants. Such a deletion of the requirement in present law is in accord with the Administration's objective of returning responsibility to the States and localities whenever it is appropriate to do so.

4. Section 119(a) would require the Secretary to publish final regulations to implement the new Act within ninety days of enactment. We agree that it is essential that regulations implementing the new Act be promulgated as swifty as possible, and we fully intend to do so. However, the revisions in the Developmental Disabilities program contemplated in the Senate bill are significant and complex, and the promulgation of regulations to implement them will be a major undertaking.

It simply will not be possible to publish final regulations that give adequate and complete guidance to States and other concerned entities within ninety days. Because we appreciate the Senate's concern that the regulations be published in a timely fashion, we propose that an interim deadline of sixty days from enactment be set for the publication of proposed rulemaking, with a deadline of 180 days from enactment for the publication of final regulations.

5. Section 121 would require the Secretary to develop within eighteen months from enactment "an evaluation system and plan for implementation of such system which shall provide a model for the development of State evaluation systems for all services delivered within the States to persons with developmental disabilities." Even without the restrictive eighteen-month time limitation, the scope of the model system that would be required by this section is so broad, covering all services in each State affecting the developmentally disabled, as to make it extremely complex and difficult to develop. To accomplish the objective of this provision—the development of an evaluation capability in the States—through more feasible means, we recommend that the Secretary be required to develop, by February 1, 1977, a design for a comprehensive evaluation system to be implemented by the States in phases. Each State receiving funds under this act would be required to implement the first phase of the system by October 1, 1977.

6. Section 122 would establish a new Special Project grant authority. The Senate bill also continues (under Section 112(e)) the separate authority for projects of national significance to be funded from a set-aside of up to 10% of the State-allotment funds. Apart from the disadvantages of maintaining two separate project grant authorities, we are opposed at this time to the increased outlays that could result from the additional authority for special projects under Section 122.

Title II of H.R. 14215, passed by the Senate on October 1, 1974, would establish rigorous standards to be met by residential and community facilities providing care for developmentally disabled persons. All Federal funds to any such facility which does not meet the Title II standards within five years of the enactment of H.R. 14215 would be terminated.

There is no doubt that Title II addresses an area of clear and urgent need. Conditions in facilities serving developmentally disabled persons have resulted in many cases in the delivery of inadequate services to such persons. Nevertheless, Title II as now drafted poses such major problems that we urge that Parts C and D be deleted and that Parts A and B be significantly amended along the lines suggested in the annexed paper, which was provided to committee staffs on October 24, 1974.

In summary, while we are generally sympathetic to the goals of the Senate bill, we feel that our recommendations would vastly improve it.

We are advised by the Office of Management and Budget that there is no objection to the presentation of these views from the standpoint of the Administration's program.

Sincerely,

CASPAR WEINBERGER,
Secretary.

HEW COMMENTS ON TITLE II OF THE SENATE-PASSED VERSION OF H.R. 14215

Title II of H.R. 14215, passed by the Senate on October 1, 1974, would establish rigorous standards to be met by residential and community facilities providing care for developmentally disabled persons. All Federal funds to any such facility which does not meet the Title II standards within five years of the enactment of H.R. 14215 would be terminated.

There is no doubt that Title II addresses an area of clear and urgent need. Conditions in facilities serving developmentally disabled persons have resulted in many cases in the delivery of inadequate services to such persons. Nevertheless, Title II as now drafted poses such major problems that we urge that Parts C and D be deleted and that Parts A and B be significantly amended along the lines suggested below.

Our experience in developing and implementing the regulations establishing standards for Intermediate Care Facilities for the Mentally Retarded (ICF-MR's), published on January 17, 1974, indicates that they represent the limit to what realistically can be expected at this time of the networks of facilities serving the developmentally disabled. We believe that Title II, in going beyond the standards imposed in our ICF-MR regulations, would make unrealistic demands on the thousands of agencies and facilities which provide services to developmentally disabled persons and other community residents with similar needs. Such demands could result in a major disruption in the delivery of services to the developmentally disabled and create considerable confusion and uncertainty for, and in many cases termination of services provided by, individual facilities and agencies. Because of these concerns, we recommend that the standards and other requirements proposed in Title II be modified so as to incorporate the standards imposed by our ICF-MR regulations, and that they be made to apply only to ICF-MR's participating in the Medicaid program. We have indicated in the attached paper the provisions which we believe should be modified to effect these ends.

The Department is, of course, currently involved in a major effort to enforce the Federal ICF-MR standards, which we believe largely implement the same objectives as Title II of H.R. 14215. The ICF-MR standards relate to medical care, fire safety, physical environment and sanitation. They aim at improving the care and living conditions of residents of ICF-MR's and will have a substantial impact on the well-being of the many thousands of developmentally disabled persons who reside in ICF–MR's. Included in the ICF regulations, which are based on those proposed by the Accreditation Council for Facilities for the Mentally Retarded of the Joint Commission on Accreditation of Hospitals, are the following major requirements:

Physicians must evaluate ICF patients on admission to certify that ICF care is necessary and appropriate, and a treatment plan must be established for each patient;

Physicians must evaluate patients care and status regularly after admission;

Independent professional review of each patient's care must be carried out at least annually to assure that all patients are continuing to receive appropriate and necessary care;

ICF health services must be supervised by a fulltime Registered Nurse or a Licensed Practical Nurse;

ICF's must provide rehabilitative, health, and social services as needed, including organized activity programs; and

ICF's for the mentally retarded must provide active treatment and a full range of professionally developed and supervised activities and therapies to promote capabilities for independent living and returning residents to the community.

The ICF–MR standards were issued under Title XIX of the Social Security Act. Consequently, they apply to all ICF–MR's certified for Medicaid reimbursement. Implementation of the standards must be completed by March 1977. This phase-in period will allow many facilities to complete the expensive and time-consuming renovations which the regulations will necessitate. Each intermediate care facility approved to participate in Medicaid must, no later than March 1975, have a detailed plan for meeting the requirements by 1977. If it does not progress in accordance with that plan it will be barred from continued participation in the Medicaid program.

Because the requirements in Title II are not related to those in the ICF–MR regulations or in any present law, they duplicate and conflict with the ICF–MR requirements. The enactment of Title II would therefore interfere with the considerable effort already underway to implement and comply with the Medicaid requirements. Morever, Title II would have a significant impact on other aspects of the Medicaid program, which accounts for a significant share of the Federal financial assistance currently being spent on persons with developmental disabilities. The proposed legislation has not taken this impact into account.

We are concerned that a program impacting so heavily on the Medicaid program and on the operations of the Social Security Administration would not have received consideration by and approval of the Senate Finance Committee, which has jurisdiction over the legislation which affects such programs, or by the House Ways and Means Committee, which, in spite of adoption of the Hansen Report, still retains jurisdiction over the Social Security Administration.

Finally, we are particularly concerned with the inclusion of Parts C and D in Title II as required alternate standards to those under Part B. The inclusion of detailed requirements in statute will create difficulty in the event that new forms of service delivery necessitate changes. In addition, much of the language in the section is unenforceable because it is only admonitory in nature. Moreover, it appears to require that future JCAH standards, whatever they may be, will become applicable by virtue of these parts without further legislative or administrative action. This open-ended commitment to standards developed by a non-governmental body is a bad precedent in itself and totally unjustified by the need to improve conditions for the developmentally disabled.

In summary, the ICF Title XIX standards accomplish the objectives of this title within a shorter time frame through language which we feel can be enforced and, if necessary, defended in court. We strongly urge the deletion of Parts C and D because of their open-ended nature, their excessive detail, and their lack of enforceability. We urge amendment of Parts A and B to keep them within realistic limits and to make them apply only to ICF–MR's participating in Medicaid. The Department will have under constant review the opportunities for strengthening our regulations and extending their ambit to community facilities and will be happy to consult with the Congress as those opportunities become apparent.

The comments which follow provide recommended modifications for Parts A and B of Title II in line with the Department's proposal.

TITLE II—PARTS A AND B

SECTION 201—DEFINITIONS

Summary

Section 201 includes definitions for terminology used in Title II.

Discussion

If the Department proposal to narrow the scope of Title II standards to ICF–MR's participating in the Medicaid program is adopted, many of the definitions in this section could be deleted or modified. Even in its present form, however, many of the definitions in this section are incomplete or vague and thus cannot provide useful guidance to facilities or individuals. For example, the definitions fail to include the terms "community agency," "community facility" and "program for community care," although these terms are critical in understanding Sections 204, 207 and 210. There *are* definitions of the terms "agency" and "community"; however, these are so broad that combining the two would lead to the inclusion of any program providing services to the developmentally disabled whether as part of the general population or as part of a special service group.

In addition, the term "program coordinator" is defined in such vague terms that it could include staff ranging from the unskilled to the highly skilled.

Department position

Delete all definitions which would not pertain to ICF–MR's participating in the Medicaid program.

Technical amendment

Define the term "program coordinator" to specify the degree of training required for individuals serving in that capacity.

SECTION 202—NATIONAL ADVISORY COUNCIL ON STANDARDS FOR RESIDENTIAL AND COMMUNITY FACILITIES FOR MENTALLY RETARDED AND OTHER PERSONS WITH DEVELOPMENTAL DISABILITIES

Summary

Section 202 establishes a National Advisory Council for Residential and Community Facilities which shall (1) advise the Secretary with respect to regulations promulgated by him for the implementation of the provisions of Title II, (2) study and evaluate the provisions of Title II to determine their effectiveness, (3) assist the Secretary in developing performance criteria to evaluate standards pursuant to Part B and Section 121 of S. 3378, and (4) develop recommendations for modifications in the standards established under Parts C and D of Title II.

Discussion

Section 202 creates a council separate and distinct from the National Council on Services and Facilities for the Developmentally Disabled proposed in Section 113 of the bill. Such a proliferation of advisory bodies impedes effective, coordinated action.

Cost impact of section 202

The administrative expenses for the council (travel, per diem, reproduction of reports, site visits, etc.) could range from $100,000 to $250,000. This does not include an estimated $60,000 in staff support.

Department position

Delete section and transfer functions of the proposed National Advisory Council to the National Council proposed by Section 113.

Technical amendment

None.

SECTION 203—ASSESSING COMPLIANCE WITH STANDARDS

Summary

Section 203 specifies a number of actions States must take (including submission of a State plan) to assure the Secretary that facility and agency plans to achieve compliance are being developed and implemented. The Secretary shall conduct an independent compliance survey and report his findings to the Congress.

Discussion

The State plan required by Section 203 overlaps the extensive State plan required in Section 114 and also duplicates Title XIX requirements in some respects. The proliferation of State requirements, each slightly different, can only cause confusion.

Department position

Delete.

Technical amendment

None.

SECTION 204—GRANTS TO ASSIST COMPLIANCE

Summary

Section 204 authorizes the Secretary to make grants to assist States in bringing publicly operated and federally assisted residential or community facilities and agencies into compliance with the Title II standards.

Discussion

The cost impact of this section (with 75% Federal matching) would be significant (see below). In addition, this section includes no specific criteria to guide the Secretary in his awarding of grant funds. It also neglects to specify whether such funds are available only where other sources of financial support are unavailable.

This section would represent a sharp departure from present Federal policy with respect to the upgrading of facilities necessitated by the publication of Federal standards. Currently such upgrading is paid for in several ways: (1) by the State, if it is a State institution, (2) by the facility, if it is a private facility, and (3) by portions of Medicare and/or Medicaid reimbursements which are attributable to the cost of a facility's capital expenditures. We see no reason why such a departure from current policy is desirable or justifiable. The 75% FFP would benefit those facilities which are currently below standard. Facilities and agencies which have already spent a large sum in upgrading to meet Federal standards would, in effect, be disadvantaged.

Cost Impact of Section 204

A conservative estimate would be $1 million per residential institution over 5 years. While the number of facilities affected by Title II is unknown, for the purpose of preparing cost estimates we estimate that at least 6,000 facilities are involved. Thus, a minimum estimate of the cost of implementing Title II is $6 billion. This total would be reduced to approximately $1.250 billion if only residential facilities which provide medical services (facilities at the ICF level) received the financial assistance; however, this lower figure does not take into account thousands of facilities providing personal care and thousands of community service agencies, all of which would be affected by Title II.

Examples of the estimated cost of bringing individual residential (ICF level) facilities up to the ICF standards are as follows:

Partlow, Ala., $22.5 million (Construction only): Forest Haven, Md., $8.5 million; and Gracewood, Ga., $2.0 million.

Department Position

Delete.

Technical Amendment

None.

SECTION 205—MAINTENANCE OF EFFORT

Summary

Section 205 would permit "Federal assistance payment authorized under any Federal law" to "publicly operated or assisted facilities for the developmentally disabled only if" the facility provides evidence that such payments have not resulted in nor will result in any decrease in per capita State and local expenditures for services for the developmentally disabled which would otherwise be available to the facility. It would also require the submission of detailed expenditure reports by such facilities and the submission of an annual Departmental report to Congress outlining the status of compliance with this provision.

Discussion

The Department has no objection to the concept of maintenance of effort with respect to expenditures for the developmentally disabled. Such requirements are currently and have been long utilized in the Medicaid and other programs to assure that new Federal monies will augment and not replace current State expenditures and thereby improve the quality, scope and amount of services rendered.

We believe that the intent of Section 205 has been effectively met by existing Title XIX law (Section 1905(d)) which requires States to maintain expenditures for ICF-MR's. Section 1905(d) (which was Section 299 of P.L. 92–603) expires as of January 1, 1975. The Senate Finance Committee Report on H.R. 1 (P.L. 92–603) makes clear that Congressional intent does not view perpetual maintenance of effort obligations of the States as desirable. We agree with the intent of the Senate Finance Committee Report on this subject.

There are several other problems with Section 205 as it is presently constructed:

(1) Section 205 specifies that the term "base year" means "the most recent fiscal year for which reliable fiscal data is available." This term is so lacking in specificity as to render enforcement of the provision meaningless.

(2) Section 205 assigns the responsibility for maintenance of effort to the individual facility. We believe it is administratively infeasible for a facility to be held responsible for assuring that State payments to the facility do not decrease. In addition, we believe it is more appropriate to assure that *total* State expenditures for a specified activity do not decrease than to tie State funds to specific facilities. In addition, we believe that the States should have flexibility in determining the allocation of their resources among the various facilities for the developmentally disabled and would therefore oppose any provision which would restrict State discretionary spending among such facilities.

(3) It is possible that Section 205 will not have its desired effect inasmuch as there is no sanction for *States* which fail to maintain total current expenditures for the developmentally disabled. Presumably, if a State or locality wished to discontinue or decrease funding for a particular facility such action would render that *facility* ineligible for any direct Federal assistance. However, it would not adversely affect any other facility in the State.

(4) Section 205 uses as a sanction "Federal assistance payments authorized under any Federal law." We believe this term is so broad in scope as to be administratively infeasible.

(5) Section 205 would, we believe, establish an undesirable precedent in requiring the Department to review expenditure reports of every publicly assisted facility serving the developmentally disabled and to report to the Congress thereon.

(6) The major portion of the developmental disability *service* funds currently available to the States is available under the Medicaid ICF-MR program; the developmental disabilities bill will not alter this situation. The Federal matching nature of the Medicaid program will tend to assure the continuance of State fiscal effort inasmuch as Federal funds are not available until State funds have been expended. Thus, we believe that maintenance of effort requirements are unnecessary with respect to institutional services for the developmentally disabled because the Medicaid program already provides sufficient incentive for States to finance care for the institutionalized developmentally disabled population. In addition, the ICF-MR program under Medicaid includes facilities which constitute the majority of facilities which are the target of Section 205; we believe it is unnecessary to go beyond this group of facilities to meet the objective of Section 205.

Departmental Position

Oppose.

Technical Amendment

None.

SECTION 206—WITHHOLDING OF GRANTS

Summary

Section 206(a) would authorize withholding of all Federal payments (indirect or direct) to any program of community care or residential facility for individuals with developmental disabilities unless it meets the Title II standards within 5 years.

Section 206(b) would require the Social Security Administration to reserve and administer all funds to which any individual would otherwise be entitled to have paid on his behalf to any vendor of residential services or program of community care, public or private.

Discussion

Our principal concern with Section 206(a) is that it could result in a major disruption in the delivery of services to the developmentally disabled and to others in facilities which receive Federal reimbursement for services rendered. Such disruption would occur, first, because Section 206(a) would create considerabble confusion and uncertainty for both States and individual facilities and agencies which are currently in the midst of planning for and implementing the existing Federal ICF standards. We believe that States and facilities should not be further burdened with the task of enforcing additional standards until the successful completion of the ICF standard enforcement effort.

In addition, because Section 206(a) would apply to facilities receiving Medicare and medicaid reimbursement, it would create hardships for the nondevelopmentally disabled populations receiving services in such facilities. In effect, which complied with Title XVIII–XIX standards but not the new standards to be promulgated under Title II of S. 3378, would lose Medicare and Medicaid funds for all patients. Such a cut-off of Federal funds would means that the patients of facilities would no longer reside in such facilities unless alternative sources of funding could be found.

We believe that the withholding of *all* Federal funds from institutions and agencies not meeting standards in five years would represent an extreme measure. It would apply to so many facilities (schools, community mental health centers, etc.) and so many sources of Federal funds (e.g., even SSI benefits could be included in the scope of the provision) that it would create an overwhelming administrative burden.

Normally, residential and community facilities and programs such as those under consideration in this title receive Federal funds from a variety of State and local, as well as Federal, agencies. Effective enforcement of the withholding of Federal funds, particularly enforcement with respect to funds paid indirectly as a result of revenue sharing, would require a massive monitoring and tracking effort, involving a great increase in Federal regional manpower.

The language of section 206(b) and of the Committee report is quite unclear concerning the responsibilities of the Social Security Administration, and section 206(b) is likely to create an administrative monstrosity. There appears to be no relationship between the administration of the earnings-related SS cash benefits program and the administration of funds to which an individual would be entitled to have paid on his behalf under a wide range of other Federal programs—including services programs such as Medicaid and vocational rehabilitation. Should the intent of section 206(b) have merely been that the SSA would determine a proper payee for funds withheld under section 206(a), it would seem to be much more reasonable to have the agency making the initial determination for payment of the funds withheld also determine the proper payee. SSA would be required to obtain information from the files of the various agencies before payment could be made of the funds withheld by these agencies.

Whatever responsibilities the SSA would be required to handle under section 206(b) would impair the operation of other SSA-administered programs, including the new SSI program and the Medicare program. We believe the House Ways and Means Committee and the Senate Finance Committee should be consulted before this provision is added to the conference agreement because both committees have indicated interest in any new responsibilities that might be imposed on the SSA.

Department position

206(a)—Do not oppose if (a) the standards promulgated pursuant to Title II were consistent with those promulgated by the Secretary for ICF–MR's, (b) such standards provided flexibility for the Secretary to develop and amend implementing regulations so as to keep pace with changing conditions in the developmental disability field, (c) their applicability be limited to ICF–MR's participating in the Medicaid program, and (d) the Federal fund cut-off penalty were limited to Medicaid funds.

206(b)—Delete.

Technical amendment

None.

SECTION 207—EVALUATION AND PERFORMANCE CRITERIA

Summary

Section 207 requires the Secretary to develop an evaluation system and plan for implementation of such system designed to:

(1) assess the adequacy of all education and training, habilitation, rehabilitation, early childhood, diagnostic and evaluation services, or any other services or assistance under all laws administered by the Secretary; and

(2) develop specific criteria designed to provide objective measurement of the development progress of a developmentally disabled individual, which may utilized by public agencies, residential facilities, and community based facilities and agencies to

evaluate the effectiveness of the services provided to such individual.

Discussion

This section overlaps and/or conflicts with the responsibilities and activities established in Section 121 of Title I and establishes an overly broad mandate for evaluation of DHEW programs.

Section 121 mandates Federal development of a model State evaluation system for all programs within the State serving the developmentally disabled population which is virtually identical to the system described in Section 207, the only difference being that the Section 121 system is to be developed under the auspices of the National Council of Services and Facilities for the Developmentally Disabled and focuses upon a State rather a national system.

Enactment of the Section 207 evaluation component would result in similar activities carried out by two separate bodies. This would create duplication of effort, different approaches to the same problem, and development of two information systems to meet each system's particular requirements.

Insofar as any national evaluation would be dependent upon the prior availability, accessibility, reliability and validity of State data, a State and national system should be developed coterminously under the same auspices. The national system should be phased in at appropriate times after initial State efforts have begun.

We support and accept the basic concepts introduced in Section 121 and 207; specifically (1) the value of Federal leadership in the development of an overall evaluation system concept, relevant methodologies with implementation guidelines, and Federally required standards; (2) the development of specific criteria designed to provide objective measurement of the developmental progress of persons with developmental disabilities, and (3) the potential utility of including in an evaluation system some of the recent developments under DHEW sponsorship related to individualized data systems. It will be especially useful to establish an initial coordinated Federal-State effort and system which can be built upon as capabilities for evaluation and the establishment of performance criteria advance.

While in agreement with the intent, we are concerned that the comprehensive evaluation of social programs is an extremely ambitious undertaking with severe limitations in the state of the art. Thus, it is necessary that evaluation methods be carefully assessed prior to Federal endorsement. Further, it is important that the real merits of the evaluation system, along with its potential for future growth, not be compromised by over-ambitious requirements for initial State implementation.

Thus, we interpret the legislative language as requiring the Department to assess the state of the art and design a system structure which will be feasible for States to implement and which will meet the above objectives as fully as an aggressive but responsible use of existing knowledge and methodology allow.

While we do not yet have an assessment of existing knowledge and methodology, we have the following impression of their status:

(1) The objective measurement of the developmental progress of persons with developmental disabilities is desirable and possible.

(2) The use of individualized data from habilitation plans as a basis for an evaluation system is probably technically feasible, but issues of cost and confidentiality of data need thorough consideration prior to system design.

(3) Data can be developed on the receipt of services by developmentally disabled individuals which, on a statistical basis, could allow for useful evaluation of the impact of some services and service packages on the progress of developmentally disabled individuals.

(4) Deficiencies in the state of the art, coupled with practical restraints (e.g., cost, unavailability of control groups) will neither allow an initial system to assess cause and effect relationships between individual services and the progress of particular individuals nor allow the comprehensive evaluation of all services.

(5) The formal inclusion in the system of the development of a cost-benefit ratio of particular service alternatives is premature at best.

Department Position

The Department recommends deletion of Section 207 and incorporation of its requirements in Section 121. We are preparing specific alternative proposals to Section 121, which will be submitted in a separate document.

Technical Amendment

None.

SECTION 210—PERFORMANCE CRITERIA

Summary

Section 210 requires the Secretary to develop performance criteria for persons with developmental disabilities and minimum compliance levels for such criteria for all facilities and agencies providing services to persons with developmental disabilities. Such criteria shall be considered minimum standards under Title II.

Discussion

The intent of this section seems to be to use objective measures of the developmental progress of persons with developmental disabilities as a basis for establishing performance criteria by which individual facilities would be evaluated. We believe the establishment of such an evaluation system is desirable, but that it should be developed as part of the comprehensive evaluation system required under Section 121. In our proposed alternative to Section 121 (to be submitted separately) we will incorporate the objectives of Section 210.

Department Position

Recommend deletion and incorporation of the objectives of Section 210 into Section 121.

Technical Amendment

None.

SECTION 211—INDIVIDUALIZED WRITTEN HABILITATION PLAN

Summary

Section 211 requires individual written habilitation plans to be developed and modified at "frequent" intervals on behalf of each developmentally disabled person who is residing in a residential facility, community facility and agency to which Title II standards apply.

Discussion

We endorse the objective of an individual habilitation plan for every person with a developmental disability. However, we foresee problems with the smaller, non-medical facilities which would not have sufficient staff available to them to develop and implement habilitation plans for their residents/patients with developmental disabilities. The basis team required to develop an individualized habilitation plan would include a physician, psychologist, nurse and social worker. Ancillary personnel required as needed would include at least an opthalmologist, optometrist, audiologist, speech pathologist, occupational therapist, physical therapist, vocational rehabilitation specialist, neurologist, surgeon, X-ray technician, EEG technician and psychiatrist.

Considerable problems could ensue if the development of the habilitation plan requires the participation of a State agency representative. We believe it is unreasonable to expect a State agency to develop literally *thousands* of treatment plans. The approach of the ICF and Skilled Nursing Facility (SNF) regulations has been for the facility to develop the plans, although they are subject to independent professional review.

The requirements in subsection 211(d)(2) for assessment data would present implementation problems because some areas of measurement are difficult to assess (e.g., effective development, or cognitive development). In addition, insufficient trained personnel are available to attempt such assessments. Again, we would suggest that medical facilities would be in a better position to perform such assessments than non-medical facilities, which would generally not have available to them the services of psychiatrists or clinical psychologists. This comment also applies to subsections 211(e).

We feel that the performance criteria which the Secretary would be required to develop under Section 211(f) would necessarily derive from the measurement criteria to be developed under our proposed Section 121.

Plans for the patient who receives services from both the State vocational rehabilitation and developmental disability agencies should be coordinated, a requirement which the section does not suggest. The provision does not speak to which agency would have the lead in preparing the habilitation plan for a person with a developmental disabilty who is also receiving vocational rehabilitation services.

Cost impact of section 211

The cost for an initial evaluation would be an estimated $400, based on the services of a 4-man basic team working one-half day. Periodic (quarterly) evaluations would be an estimated $100 each. The first-year cost for habilitation plans would therefore be an estimated $700 per person, or $5.6 billion, based on an estimate of 8–8 and ½ million persons. This estimate of the affected population is considered conservative, however; other estimates have placed the target population at closer to 20 million. The annual ongoing cost of the evaluations would be $3.2 billion.

Department position

Do not oppose if habilitation plans are limited to persons with developmental disabilities in ICF–MR's participating in Medicaid program and if coordination of DD and VR plans is required.

Technical amendment

The term "intervention" in subsection 221 (d)(6) should be clarified because of its specific clinical connotations, which may be misinterpreted.

SECTION 212—PROGRAM COORDINATION

Summary

Section 212 requires that each developmentally disabled person served by an agency shall be assigned a program coordinator responsible for implementation of the person's individual written habilitation plan.

Discussion

While we endorse the objectives of this section, we believe they can be achieved at the present time only by ICF–MR's participating in Medicaid rather than non-medical facilities or facilities which do treat the developmentally disabled. We would also oppose the detailed provisions relating to the program coordinator's function; these are generally unrealistic in their broad scope and inappropriate for statutory language.

Department position

Do not oppose, if program coordinator requirements are applicable only to ICF–MR.'s participating in Medicaid.

Technical amendment

None.

SECTION 213—PROTECTIVE AND PERSONAL ADVOCACY

Summary

Section 213 would establish in each State a system of protection and personal advocacy for the developmentally disabled in that State.

Discussion

We object to this provision because it would create a new fair hearing system unrelated to current systems of due process safeguards. Furthermore, the section is so broadly drawn that it could be interpreted to authorize the State agency to override a Federal agency administering benefits or services to an individual.

A further problem with this section is its failure to distinguish clearly between those persons having an adjudicatory role and those having an advocacy role with respect to the treatment of persons with developmental disabilities. There must be a clear separation of such roles in order to avoid possible conflicts of interest.

This system would also be extremely costly to implement (see below). It would require not only an ombudsman-type office, but an adjudicative arm also—one capable of producing a record which could be reviewed by a court. We would suggest an approach similar to that incorporated in the Vocational Rehabilitation Amendments which authorize demonstration projects for advocacy.

Cost impact of section 213

A conservative estimate of the advocacy program, based on the experience with SRS demonstration projects, is $375,000/State or a total of $18,750,000 nationally. This does not include costs for an adjudicative arm.

Department position

Substitute authority for demonstration projects to test effectiveness of such systems.

Technical amendment

None.

SECTION 215—MINIMUM STANDARDS FOR USE WITH THE ALTERNATE PROCEDURE

Summary

Section 215 establishes additional standards for facilities and agencies using the Part B (Title II) standards.

Discussion

On October 3, the Department published final regulations (the Patient's Bill of Rights) which would require SNF's and ICF's to establish policies to ensure that certain rights are afforded to patients. These regulations give implicit recognition to the fact that patients' health and responsiveness to treatment are frequently linked to such rights as: the right to be treated with dignity; the right to be involved in decision-making about treatment; and the right to maintain contact with the community.

The basic objectives of Section 215 are covered by the existing ICF regulations and the SNF Patient Bill of Rights; however, the requirements are not identical. Some sections (such as (2) and (9)) are unclear, and others (such as (7), (11), and (12)) would not be appropriate to apply uniformly to all facilities and agencies serving the developmentally disabled. Item (13) is one beyond the control of the facility; therefore, it is unfair to require the facility to conform to it unless the facility itself provides educational services. We see no reason for inclusion in this Title these criteria, which are already being implemented for the most part in medical facilities under the ICF and SNF standards. Facilities not falling under the jurisdiction of these standards would be generally unable to meet such standards, as discussed throughout this paper.

Department position

Delete.

Technical amendment

None.

By Mr. WILLIAM L. SCOTT:

S. 1195. A bill to amend the Internal Revenue Code of 1954 to provide a tax credit for amounts spent by an individual to conserve energy used in heating and cooling his home. Referred to the Committee on Finance.

Mr. WILLIAM L. SCOTT. Mr. President, today I introduce a measure to amend the Internal Revenue Code of 1954 to provide a tax credit for amounts spent by an individual to conserve energy used in heating and cooling his home, and ask that it be referred to the appropriate committee for consideration.

As you know, there has been an increasing awareness by all Americans over the need to conserve energy as we work toward the goal of energy self-sufficiency in this country. It is my understanding that a number of individual energy conservation initiatives, such as driving less and at lower speeds and turning down the thermostat in our homes, have been helpful in reducing energy consumption. It appears we do need to continue encouraging individuals to do whatever is reasonable under the circumstances to save energy. My proposal would provide a tax credit up to $100 over a 3-year period, retroactive to last January, as a means of offering incentives to those individuals who want to save money on fuel costs, conserve energy and keep their home heating or cooling systems operating more efficiently.

Federal energy officials tell us, for example, that 13 percent of our total energy demand is consumed in heating and cooling residential buildings at increased cost to the homeowner and the owner of dwelling units who rent them to other individuals. It is my understanding that up to 20 percent of this energy used in our homes is wasted through inadequate insulation and other heating and cooling materials or equipment. In my opinion, Mr. President, we cannot afford to let such waste continue at a time when we need to take steps to conserve energy; and I believe the legislation being proposed today would be helpful in this regard.

Specifically, this measure would allow individuals to receive up to a 20-percent credit for energy-saving home improvements made during tax years 1975, 1976, and 1977. It seems reasonable to me, Mr. President, that we should try to encourage individuals to make such improvements and my proposal would permit a tax credit up to $100 based on expenditures of $500 or more for energy-saving equipment, materials and labor costs for installation. This credit would be retroactive to the beginning of January of this year and continue through the end of tax year 1977 so as to encourage fairly rapid adoption of energy-saving improvements by anyone who wishes to do so.

Mr. President, in my opinion, this does seem to be a reasonable course of action to take in an effort to save fuel and to hold down energy costs to the consumer. There does appear to be substantial interest for such a credit to homeowners, tenants, and owners of rented dwellings, and hope the appropriate committees in Congress will give serious consideration to this measure as an incentive for making energy-saving home improvements.

At this point I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1195

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 42 as section 43 and by inserting after section 41 the following new section:

"SEC. 42. ENERGY-SAVING HOME IMPROVEMENT EXPENSES.

"(a) General Rule.—In the case of an individual (other than a trust or estate), there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 20 percent of the individual's energy-saving home improvement expenses for the taxable year. For purposes of this section, and individual, such individual's spouse and members of his household shall be treated as one individual.

"(b) Limitation.—The credit allowed by subsection (a) for any taxable year shall not exceed $100 ($50 in the case of a married individual filing a separate return) less the sum of the credits claimed by the individual which are allowable under this section for prior taxable years.

"(c) Application With Other Credits.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the other credits allowable under this subpart, other than under section 311 (relating to tax withheld on wages) and section 39 (relating to certain uses of gasoline, special fuels, and lubricating oil).

"(d) Definitions.—For purposes of this section—

"(1) Energy-saving home improvement expenses.—The term 'energy-saving home improvement expenses' means amounts paid by the individual during the taxable year for qualified tangible property for installation in existing residential housing, and for labor and installation of such property.

"(2) Qualified tangible property.—The term 'qualified tangible property' means property which lessens energy usage in residential housing. Such property includes, but is not limited to, insulation, storm windows, storm doors, and weatherstripping.

"(3) Existing residential housing.—The term 'existing residential housing' means a dwelling unit which is used by the individual as his residence, whether as an owner or a tenant, or which is owned by an individual and rented to another person for use as that person's residence, at the time the expenditure for qualified tangible property is made, but does not include any dwelling unit unless—

"(A) the construction of such dwelling unit was completed at least one year before the individual makes such expenditures, or

"(B) in the case of a dwelling unit which does not satisfy the condition of subparagraph (A), the individual did not design or establish the specifications of such development."

(b) Clerical Amendment.—The table of sections for such part IV is amended by inserting after the item relating to section 41 the following new items:

"Sec. 42. Energy-saving home improvement expenses."

(c) Effective Period.—The amendment made by this section shall be effective for taxable years beginning after December 31, 1974, and before January 1, 1978.

By Mr. HUMPHREY:

S. 1196. A bill to amend the Higher Education Act of 1965 to establish a student internship program to offer students practical involvement with elected officials on local and State levels of government and with Members of Congress. Referred to the Committee on Labor and Public Welfare.

INTERNS FOR POLITICAL LEADERSHIP ACT

Mr. HUMPHREY. Mr. President, I am today introducing the Interns for Political Leadership Act of 1975, which would add a new title XII under the Higher Education Act of 1965.

My bill would authorize the Commissioner of Education to make grants to institutions of higher education which establish internship programs under which students will be provided practical involvement with elected officials in local and State government and with Members of Congress in the performance of their duties.

Mr. President, similar legislation passed the Senate in both the 92d and 93d Congresses, although it was not included in final conference reports. Nevertheless, the proposal has received and continues to receive widespread support in both Houses.

Under the proposed program, it is expected that students will be assigned to jobs of solid responsibility whether in researching important national, State, and local issues, or in providing the day-to-day services that are requested by constituent, or in helping to draft legislation.

This important work experience would be coordinated with the student's educational program, and he or she would receive course credit as well as a limited stipend.

A primary feature of such programs would be the initiation of direct, ongoing interchanges between public service officials and educators. Students, professors of political science and other disciplines, and those serving in elected office would share experiences and insights in guidance consultations and group seminars. I believe this procedure will be of incalculable benefit, both in challenging public officials to reflect upon new opportunities and directions required in representing and assisting our people, and in increasing understanding and stimulating insight among educators and students about the demands and challenges of public office.

We know that elective office at all levels of government in America, as well as our political system, are presently undergoing a time of severe testing. A serious demand is being made of representatives to deliver on their promises and to respond to the urgent problems and needs of the people.

We in government must address this public mood without delay in pressing forward on an action agenda to resolve urgent local and national issues—inflation and recession; the threat of continued energy shortages; assuring the continued availability of food supplies and other national resources; and required improvements in public facilities and services, health care, education, housing, and social welfare programs on behalf of all our people.

At the same time, however, we must do everything possible to expend opportunities for effective involvement in public service, particularly on behalf of those who have the potential to be the public leaders of tomorrow. This is the direct purpose of my bill. Students would be enabled to evaluate a career in government and to test and temper their knowledge of the political system early in their educational years. By this direct work experience, they will have a solid basis for evaluating what is presented to them in their reading, in the classroom, and after their college years.

A nationwide intern program would bring a significant number of young people closer to government and—as recent political science studies have shown—there can be a resultant improvement in the confidence our young people have in our political system.

On the other side of the coin, college interns can provide an important pool of assistance to our understaffed and overworked Federal, State, and local governments. And these governments would have an opportunity to review and recruit some very talented young people for eventual full-time employment.

My bill provides for grants to colleges and universities for the planning, development, administration, and operation of student internship programs. Any institution within the United States, is eligible to apply for an internship program grant under this program.

Under these grants, students would be given internship stipends, half paid by the Federal Government and half paid through arrangements made by the institutions of higher education with legislative branches of local, State, and Federal governments. The internship programs would be administered by the institutions of higher education with the cooperation of local and State elected officials and offices of Members of Congress.

The Commissioner of Education, with the assistance of a National Advisory Council for Political Leadership Interns—established under my bill—would select the institutions to receive grants. The Council would set the criteria for the awarding of grants.

My bill calls for an allocation of $5 million for fiscal year 1976, $1.25 million for the ensuing 3-month transition period, and $5 million for each of the two succeeding fiscal years. With a maximum of 20 percent of the authorization allocated for administration expenses by institutions of higher education, these funds would support over 7,400 full-time interns each year. This figure is based upon an average Federal support of $540 per intern for a 12-week off-campus, full-time internship. The internship funds would be distributed among the States in the same ratio as the number of Congressmen from each State bears to the total membership of Congress. With a $5 million appropriation, approximately 17 interns would be able to participate from each congressional district.

There is wide support for this legislation from institutions of higher education, local, State, and Federal governmental officials, and from many national professional organizations.

Mr. President, there is a great value in educating students through internships. There is perhaps no better way to learn, than to apply theory to problems in the real world and then to examine and evaluate the consequences. The accumulation of these experiences through off-campus internships is an excellent means of gaining new knowledge. The Interns for Political Leadership Act of 1975 would encourage the development of this type of learning experience for college students throughout the United States.

Mr. President, I ask unanimous consent that the full text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1196

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Interns for Political Leadership Act of 1975".

SEC. 2. The Higher Education Act of 1965 is amended by redesignating title XII and all references thereto as title XIII and sections 1201 through 1206 and all references thereto as 1301 through 1306 and by inserting immediately after title XI the following new title:

"TITLE XII—POLITICAL LEADERSHIP INTERN PROGRAM

"PROGRAM AUTHORIZED

"SEC. 1201. The Commissioner is authorized to make grants, in accordance with the provisions of this title, to institutions of higher education for the planning, development, administration, and operation of an internship program under which students will be provided practical political involvement with elected officials in the performance of their duties at the local and State levels of government and Members of Congress through internships in their offices. Such internship program shall be carried out through arrangements administered by institutions of higher education, and with the cooperation of State and local governments and Members of Congress. Under such program the interns, who are students at any institution of higher education which is a grant recipient, will be assigned duties in offices of State and local elected officials and Members of Congress, which will give them an insight into the problems and operations of the different levels of government, as well as an opportunity for research and for involvement in the policymaking process. Arrangements for such grants shall provide for coordination between the on-campus educational programs of the persons selected and their activities as interns, with commensurate academic credit given for their work and achievement as interns.

"SELECTION OF STUDENTS FOR PARTICIPATION AND DISTRIBUTION OF GRANTS

"SEC. 1202. (a) The students who are to participate in the internship program provided for in this title shall be selected by the institutions of higher education receiving grants under this title.

"(b) The Commissioner shall assure that grants under this title are distributed among the States in the same ratio, to the extent practicable, as the number of Members of Congress of a State bears to the total number of Members of Congress in all States.

"(c) (1) In order to assist the Commissioner to select institutions of higher education within a State to receive grants under this title, he shall appoint a National Advisory Council for Political Leadership Interns. Such Council shall be composed of twelve members appointed from among individuals especially qualified to serve on the Council.

"(2) The Council shall advise the Commissioner with respect to the distribution of grants under this title within each State and with respect to such other matters of policy as may be appropriate in carrying out the objectives of this program as authorized under this title.

"(3) The Commissioner shall make available to the Council such staff, information, and other assistance as it may require to carry out its duties under this title.

"(4) The provisions of part D of the General Educations Provisions Act shall apply to any Council established under this title.

"(d) Whenever the Commissioner determines in the third quarter in any fiscal year that grant funds will not be needed in any State he may redistribute such funds to institutions of higher education in other States which he determines have a need for them.

"FEDERAL SHARE

"Sec. 1203. (a) The Federal share of the cost of student stipends under this title shall not exceed 50 per centum.

"(b) The Federal share of the cost of planning, developing, and administering any program under this title shall not exceed 20 per centum of such cost.

"ADMINISTRATION

"Sec. 1204. The Commissioner shall by regulation prescribe the stipends to be paid by institutions of higher education to the interns participating in the program assisted under this title and the duration and other terms and conditions of such internships.

"DEFINITIONS

"Sec. 1205. For the purpose of this title—

"(1) the term "Members of Congress" includes the Resident Commissioner for the Commonwealth of Puerto Rico and the delegate for the District of Columbia; and

"(2) the term 'State' means the fifty States, the Commonwealth of Puerto Rico, and the District of Columbia.

"APPROPRIATIONS AUTHORIZED

"Sec. 1206. There is authorized to be appropriated to carry out this title the sum of $5,000,000 for the fiscal year 1976, $1,250,000 for the ensuing three month transition period, and $5,000,000 in each of the two succeeding fiscal years. Funds appropriated pursuant to this section shall remain available for the succeeding fiscal year after the fiscal year for which they were appropriated.

By Mr. TUNNEY (for himself, Mr. Case, Mr. Mondale, and Mr. Philip A. Hart):

S. 1197. A bill to prohibit the licensing of certain activities regarding plutonium until expressly authorized by Congress, and to provide for a comprehensive study of plutonium recycling. Referred to the Joint Committee on Atomic Energy.

Mr. TUNNEY. Mr. President, today Senator Case and I are being joined by Senator Mondale and Senator Philip A. Hart in introducing the Plutonium Recovery Control Act of 1975.

Plutonium, created by nuclear fission powerplants, has gained notoriety by being one of the most toxic and long-lived substances known to man. It is estimated that by 1985, nuclear powerplants in the United States will have produced 140 tons of plutonium. This amount will rise to 1,700 tons by 1990; and, by the year 2020, there could be as much as 30,000 tons of plutonium in this country.

One-millionth of a gram of plutonium has been shown to cause cancer in animals. The risk of lung cancer in humans from hot particles of plutonium has been compared to the lethal dose of botulin toxin, a biological warfare agent. Microgram quantities of plutonium in open wounds can cause cancer. Once inside the body, plutonium is a bone seeker capable of causing bone cancer.

Not only is plutonium extremely carcinogenic, but it is also a weapons grade material which can be used to fashion a nuclear bomb. It only takes around 10 pounds of plutonium to build a nuclear device with the destructive power of the atom bomb that devastated Hiroshima.

The technology for building nuclear weapons with plutonium is not a secret. An MIT student recently demonstrated for public television that the information necessary to construct such an explosive is available from unclassified documents and materials that any terrorist or madman can obtain.

To make matters worse, plutonium has a half-life of 24,000 years. This means that plutonium must be kept from human contact for hundreds of thousands of years. Unfortunately, we do not know how to permanently deal with this menace.

Although plutonium can be used in constructing nuclear devices, at present the threat of it actually being used is very slight. This is because plutonium currently is stored with other spent fuel wastes at the reactor site. In order to be used for nuclear explosives, plutonium must be separated from the other wastes. The reprocessing of spent fuels is a complicated and expensive process.

Last year, however, the Atomic Energy Commission issued a proposal to authorize the recycling of plutonium to be used as fuel for light water reactors. Under the AEC's proposal, plutonium would be reprocessed and separated from the other spent fuel wastes. The plutonium would then be transported through the nuclear fuel cycle. Not only would the main deterent to the illicit division of plutonium be removed by its reprocessing, but it would become much more susceptible to theft or sabotage as it is transported from the reprocessing plant to the fabricating and assembly plants and back to the nuclear reactor.

The Nuclear Regulatory Commission, which has taken over the regulatory functions of the AEC, is reviewing the AEC's draft environmental impact statement on plutonium recycling and plans to issue a final EIS.

We feel, however, that the extraordinary implications of plutonium recycling are of such importance to the public that the decision to authorize recycling should rest with the Congress and not with a regulatory agency.

In order that Congress will have the information necessary to make such a decision, the legislation directs the Office of Technology Assessment to examine and assess all of the issues involved in plutonium recycling. OTA is directed to study, among other things, the toxicity and carcinogenic characteristics of plutonium; the risks of illicit diversion and the safeguard and accounting measures that would be necessary to protect against such diversion; the effects of safeguards on civil liberties; the costs and benefits of plutonium recycle as well as an examination of alternatives to plutonium recycling.

Once OTA has completed its assessment, Congress hopefully will be in a position to make a decision on what could very well be one of the most important matters ever before it.

At this point, I request unanimous consent that the text of the legislation be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1197

Be it enacted in the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Plutonium Recovery Control Act of 1975"

FINDINGS

Sec.1. The Congress finds that—

(1) the Nuclear Regulatory Commission proposes to license the extraction of plutonium from spent reactor fuel and its subsequent use in mixed-oxide reactor fuels;

(2) plutonium is both a highly toxic substance and the possible raw material for nuclear explosive devices;

(3) the establishment of a commercial plutonium industry and the consequent production and transportation of large quantities of plutonium may increase the likelihood of diversion of plutonium from legitimate channels to use by criminal of terrorists organizations;

(4) the final decision on whether the economic benefits of plutonium recycling are great enough to couterbalance its social costs and risks should be made by the Congress.

Sec. 2. (a) Except as provided in subsection (b), the Nuclear Regulatory Commission, established by section 201 of the Energy Reorganization Act of 1974 (Public Law 93–438, 88 Stat. 1242), shall not license, permit, or otherwise authorize—

(1) the operation of any nuclear power reactor using recycled plutonium fuel; or

(2) the construction or operation of any facility which reprocesses or recovers plutonium from spent nuclear power reactor fuel or from production reactor products.

(b) The provisions of subsection (a)(2) of this section shall not apply with respect to—

(1) any construction activity undertaken in conformity with a construction permit issued pursuant to the Atomic Energy Act of 1954 (68 Stat. 919) before January 1, 1975; or

(2) any recovery of plutonium for military or research and development purposes.

(c) The prohibitions of subsection (a) of this section shall remain in effect until the Congress, after having adequate time to study the results of the investigation described in section 3, and hold the necessary hearings, and to consider the various alternatives available to the Nation, provides otherwise by law.

Sec. 3. (a) The Office of Technology Assessment shall conduct a comprehensive study of the recycling of plutonium for the purpose of determining the extent of the dangers to the public health and safety and to the environment resulting from such recycling. Such study shall include—

(1) investigation of the toxicity and carcinogenic characteristics of plutonium, and the potential for occupational and public exposure and environmental contamination by plutonium;

(2) investigation of the risks of the unauthorized diversion or theft of plutonium, the development of illicit markets for the sale of plutonium, and the fabrication and use of unauthorized nuclear devices made from plutonium;

(3) investigation of the full range of economic costs and institutional implications, including threats to civil liberties, of the safeguards measures needed to minimize the unauthorized diversion or use of plutonium;

(4) investigation of the need for plutonium

as an energy fuel and of non-plutonium strategies for meeting national energy requirements;

(5) investigation of alternative means of handling and containing plutonium on the assumption that the use of recycled plutonium as nuclear power reactor fuel is not permitted in the foreseeable future; and

(6) consideration of the development of systems for the use of plutonium which will assure the protection of the public health and safety of the environment.

(b) In conducting the study required by subsection (a) of this section, the Office of Technology Assessment shall seek the assistance of a broad range of public and private groups with information or expertise relevant to the subjects of the study and shall assist and encourage the participation of the public in all phases of the study. The Office shall have the power to enter into contracts with individuals or corporations for the purposes of conducting the study, but shall not enter into contracts with any corporation or person which in the judgment of the Office might have a significant financial interest in the development or utilization of recycled plutonium fuel.

(c) All Government agencies shall cooperate to the fullest extent with the Office and shall provide access to their personnel and data. At the request of the Office, any Government agency shall furnish any information which the Office deems appropriate for the purpose of conducting the study under this section. The Office is further empowered to compel the delivery of any information in the possession of the National Laboratories which the Office deems necessary for conducting the study.

SEC. 3. For purposes of this Act—

"(1) the term 'plutonium' means pure plutonium, plutonium oxide, or any other plutonium compound;

"(2) the term 'recycled plutonium' means any plutonium recovered or separated from spent nuclear reactor fuel of production reactor products;

"(3) the term 'recycled plutonium fuel' means any nuclear reactor fuel containing recycled plutonium, including fuel containing mixed oxides or uranium and recycled plutonium;

"(4) the term 'spent nuclear power reactor fuel' means any material which forms part of a used fuel assembly for a nuclear power reactor."

By Mr. MORGAN:

S. 1198. A bill to reduce temporarily the interest rate on mortgages purchased under the Emergency Home Purchase Assistance Act of 1974. Referred to the Committee on Banking, Housing and Urban Affairs.

HOME PURCHASE COST REDUCTION ACT OF 1975

Mr. MORGAN. Mr. President, today I am introducing legislation which can have a major impact on the economy in our country. My bill, S. 1198, known as the "Home Purchase Cost Reduction Act of 1975" would provide for $20 billion to be used for the purchase of low to moderately priced family dwellings.

One of the primary reasons I am offering this bill is to put before the Congress a viable alternative to the huge tax reduction and rebate bill which has been proposed by the House and Senate Finance Committee. It is my belief that the tax measure as proposed is not only going to harm our economy in the long run, due to the large budget deficit necessarily involved, but also will not provide the kind of true economic relief which is needed at this time.

Under my bill, which is actually an addition to the National Housing Act of 1974, the money used to provide 6 percent loans for new principal residential dwellings up to a total cost not to exceed $30,000 would not require huge budget deficits. Rather this money would be put into the economy and the only amount which would actually be taken from the Federal Treasury would be the difference between the 6 percent interest and the higher, going interest rate at the time the loans were made.

In order to improve our economic situation what we need to do is get some of the major segments of our economy moving again. None is more important than the housing industry. Under this bill individuals who cannot afford housing due to high costs and high interest rates, could borrow the necessary money at 6 percent interest to build a house which did not cost more than $30,000. This not only helps the lower- and middle-income members of our society but also, and equally important, it helps get our housing industry moving again. By getting the housing industry off the ground, with the major influx of financial resources as provided in this bill, we will in turn stimulate the entire economy.

The tax program proposed by the House and the Senate Finance Committee is not a sound one. The Federal Government simply cannot continue to budget huge Federal deficits year in and year out. Federal deficits drain needed money from the private sector thus drying up the money supply and causing many curtailments of all types of activities and endeavors in the private sector. At the same time the amount the Federal Government is having to pay in interest alone each year on its deficit is staggering. My own State of North Carolina is required under its constitution to keep its finances in the black. For this reason, Mr. President, we are proud to say that North Carolina enjoys one of the finest credit ratings of any State in the Nation and also an efficiently, economically run State government.

We hear from many economists that there is no need to worry about deficit spending, particularly in time of recession. While I am not an economist, Mr. President, it seems to make sense to me that eventually the Federal Government is going to have to come to grips with its budget problems. By coming to grips, I mean its going to have to learn to spend no more than it takes in and to reduce the present deficit to zero. A balanced budget has worked well in North Carolina for many many years. I do not understand why the Federal Government should not be operated in this same manner.

My proposal to provide this $20 billion would give the needed stimulus to the economy to help bring our country out of its present state of recession. At the same time the money would be used to stimulate not only the housing industry but also to varying degrees every segment of the economy. And in addition this would be accomplished without having the burden of an additional deficit in the Federal budget.

Mr. President, this is not a complicated bill. I purposely chose the mechanism of an addition to the National Housing Act of 1974 as a means to implement this concept, rather than establishing some new authority or fund to be administered by HUD. I am not interested in building more layers to our Federal bureaucracy but rather in helping the millions of Americans who are in economic trouble. At the same time I would like to see the U.S. Congress start down the road to fiscal sensibility.

I am certainly not naive enough to think this proposal will be adopted in toto nor am I naive enough to think I can single-handedly derail the tax proposal which has been made and which I find to be unwise. Nevertheless, Mr. President, I offer this bill as an alternative to the tax proposal presently before this distinguished body with the hope that it will serve to stimulate thought and discussion among my colleagues.

By Mr. MOSS:

S. 1199. A bill to authorize the Energy Research and Development Administration to enter into a cooperative agreement with the State of Utah to remove and dispose of uranium mill tailings, and for other purposes. Referred to the Joint Committee on Atomic Energy.

Mr. MOSS. Mr. President, I am introducing for appropriate reference a bill authorizing and directing the Energy Research and Development Administration to enter into a cooperative agreement with the State of Utah for removal and disposal of the Vitro uranium mill tailings pile now located in the middle of Salt Lake County.

I introduced a similar bill, S. 2566, in the 93d Congress. As a result of hearings conducted on that bill by the Joint Committee on Atomic Energy, the AEC undertook a site survey of 21 inactive uranium mill tailings sites similar to the Vitro pile in Salt Lake County. The purpose of the survey was to determine the conditions and what kinds of corrective action might be required at these sites, which are located in seven Western States.

ERDA, AEC's successor in responsibility for solving the problems associated with these abandoned tailings piles, is now in the process of awarding a contract to an architectural and engineering firm to study in greater detail what must be done either to stabilize or remove the tailings piles at each mill site. According to testimony given last month by Dr. Liverman if ERDA before the JCAE, this phase II study will take 2 years to complete at a funding level of $400,000 per year. ERDA has obtained the funding necessary for this year through an agreement with EPA, and expects to be able to obtain another $400,000 in a similar fashion next year.

Although the phase II study of all sites will take 2 years, the study of the Vitro site, which poses the greatest hazard to health, will be complete by October of this year. The phase II study, in Dr. Liverman's words, does not move a single shovelful of dirt.

I am therefore introducing this bill at this time, so that ERDA will have the necessary authorization to move immediately upon completion of the Vitro engineering study toward commencement of removal operations, through a cooperative agreement with the State of Utah. ERDA, EPA, and the State department of health all agree that the hazards to human life presented by the Vitro tailings require their removal and disposal in a safe location. It would be intolerable to prolong the delay in removing those hazards for an additional 18 months, pending the completion of the phase II study of the other sites.

I ask unanimous consent to have printed at this point in the Record an article by Joe Kelleher, editor of the Daily Utah Chronicle, describing the history of the Vitro problem, as well as the bill which I now send to the desk.

There being no objection, the article and bill were ordered to be printed in the Record, as follows:

Vitro Pile Cleanup Is on Way—Slowly

(By Joe Kelleher)

Man's shortsightedness is legendary. Literature and history are rife with examples of the human tendency to overstep the bounds of one's own understanding. The ancient Greeks put a spiritual prohibition on such behavior with the institution on *nemesis,* the divine retribution that follows when an individual indulges in *hybris,* or rushing in where angels fear to tread.

Today, a man doesn't have the benefit of Olympian regulation. And these days, when man's history of callous attitudes towards energy conservation, resource conservation, and population control is coming back to haunt him with unparalleled severity, his inherent flaw is assuming awesome significance.

Residents of Salt Lake City and its environs are now in the middle of a twelve-year-long crash course on just how well man's own creations can keep him from acting in his own interests. And when it's over in 1980, the people of the Salt Lake Valley will have learned a costly lesson on the responsibilities that accompany governmental bureaucracy and scientific technology.

VITRO LEGACY

The case centers on about half a square mile of land located north of 33rd South between 5th and 9th West. On that property between 1951 and 1968, the Vitro Chemical Company was in business processing uranium ore. The company went bankrupt in 1968.

Most of the inhabitants of Salt Lake Valley if they recognize the name "Vitro" at all, associate it with the giant smokestack visible from virtually everywhere in the valley. If you're driving south along I-15 just before 33rd South exit, you'll see a white tower, emblazoned with the word "Vitro," close to the immense stack. As far as most Salt Lakers are concerned, the two structures constitute the Vitro Chemical Company' entire legacy to the city.

But Vitro also left behind something much more significant—a large pile of radioactive by-products ("tailings") from uranium processing. The presence of these tailings, thought to be an inconsequential matter in 1968 when the company went out of business, has since become regarded as potentially one of the most severe health hazards Salt Lake City has ever faced.

Since 1947, about 40 uranium-ore processing mills scattered throughout the western United States have produced uranium for sale to the United States government, and also to private industry. Of these, 24 have shut down due to a slackening in the demand for processed uranium ore and a consolidation of production in certain of the remaining open mills. The Vitro mill was one casualty of the uranium bust.

Because of the nature of uranium processing, a mill invariably leaves tailings behind. If the mill is operating, the tailings' radioactivity must be controlled under a state license. Such control, called "stabilization," is usually accomplished by covering the radioactive material with a few feet of dirt or a specially-prepared chemical coating.

UNSTABLE AND DANGEROUS

But a mill that goes bankrupt may close down before it gets the chance to stabilize all of its tailings. Indeed, of the country's 24 inoperative mills, only three satisfactorily stabilized their tailings before they shut down. They are located at Monticello, Utah; Riverton, Wyoming; and Ambrosia Lake, New Mexico. In the other 21 cases, stabilization is either partial or non-existent.

Right now the property containing the Vitro tailings is fenced in, but even that didn't happen until four months ago. Until then, it was common to see people riding motorcycles on the abandoned Vitro property.

The tailings can best be seen from the gate at 33rd South and 7th West—a long, flat, dark-gray pile of powder-fine dust lying south of the big smokestack. That's 1,700,000 *tons* of uranium by-products out there in the open air—and it's completely unstabilized.

The potential implications of the tailings' presence in the middle of Salt Lake City are shocking. Virtually no data has been collected on the effects of a pile of radioactive material in the surrounding population, but radioactivity itself is known to promote cancer, given sufficiently high doses. A radioactive atom "decays," or throws off certain subatomic particles. When these particles, moving at high velocities, collide with living cells, they break up crucial chemicals in the cells, sometimes resulting in unrestrained cellular growth, which in time can cause cancer. The primary hazard connected with the Vitro radioactivity is the danger of lung cancer from inhalation of radioactive material.

When a radioactive atom decays, its nuclear composition is altered and the atom becomes a different element. Uranium-238 happens to be at the head of a long chain of radioactive isotopes, each of which decays into another, until a nonradioactive isotope (lead-206) is reached. Most of the material in a pile of uranium tailings is thorium-230 (which is two decay-steps down from uranium) and its decay product, radium-226. However, this radioactivity is only a hazard at distances extremely close to the pile, and the related dangers are easy to control.

But radium-226 decays into radon-222, which is a gas rather than a solid. So, at this step in the decay process, the radioactivity becomes mobile. It leaves the tailings pile and diffuses into the surrounding atmosphere in the form of radon gas. To make things worse, radon happens to be one of the few gases ("inert gases") that will not react with other elements. Since radon gas can diffuse through almost any substance (even concrete), and since radon atoms are constantly decaying into lead-214 and bismuth-214, which are radioactive solids, the gas can spread into nearby buildings and then turn into solids that will stay there. The intensity of radiation within buildings is therefore much higher than it is in the open air, where radon by-products can spread out.

EPA REALIZED DANGER

The real public concern over the Vitro situation started when the Environmental Protection Agency (EPA) called attention to the randon danger. The first mention of this fact in the public media came when the Salt Lake *Tribune* published a short article on the subject on March 17, 1973. That incident, together with a California corporation's offer to build a speedway on the property a month later, triggered a spate of governmental and legislative actions to get the tailings removed. It was also the beginning of a lesson for Salt Lake City on just how cumbersome the workings of the United States government can be, even in its more responsive moods.

Things began to move in August 1973, when Utah's governor, Calvin Rampton, asked the Atomic Energy Commission (AEC) for "technical aid" in removing the tailings. This came on the heels of a decision by Utah State Health Department Director Lyman J. Olsen to withhold support for any building plans within one half-mile of the tailings site. (The half-mile radius was determined by the AEC and the EPA as a potentially unsafe area.) Ironically, Rampton chose not to ask the AEC for money since he wanted to get the matter over with as soon as possible, and a financial request would have required Congressional approval.

Within a week, Rampton decided to ask the AEC for both technical and financial help. Utah's Democratic-Senator Frank E. Moss agreed to introduce the necessary legislation. But by exposing Congress to the problem, Moss had unwittingly added almost a year to the schedule for the Vitro cleanup.

Why? First of all, it took considerable time just to get a hearing. Moss introduced the bill that would legitimize the AEC's cooperation with Utah on October 12, 1973. On November 2, a Tribune article quoted an EPA report to the effect that the tailings radiation definitely exceeded permissible standards, and Moss issued a statement saying that he expected a Joint Committee on Atomic Energy (JCAE) report on the bill by November 22.

But that Congressional committee didn't take action until March 12, 1974. That was the date its Subcommittee on Raw Materials set for hearings on S. 2566 and H.R. 11378—that is, Moss' bill in the Senate and an identical bill sponsored by Utah's Democratic Congressman Wayne Owens in the House. And it was at that hearing that Utah's hopes for swift removal of the Vitro tailings were dealt another blow.

At the hearing, Dr. William D. Rowe, testifying on behalf of the EPA in Washington, pointed out that in addition to the Vitro problem, there were twenty other inactive uranium mills in the country with stabilization problems. He recommended that the problem be "approached as a generic one, but structured to address the most critical situations first" (presumably a reference to the Vitro case). Then the AEC's representative, Dr. James L. Liverman, followed with a proposal that "a comprehensive study be made of all such piles, rather than treating the problem on a piece-meal basis."

STALLED FOR STUDY

The recommendations were adopted, and Utah's congressmen stood by helplessly as the pressing Vitro problem was classed with other, much less hazardous situations for study purposes. The subcommittee was to withhold Moss' and Owens' bills until all 21 sites were studied.

The AEC and the EPA began "Phase I" of the study—an evaluation to see which sites needed action because of radiation hazards—in May 1974. They released the Phase I summary report in October.

Essentially, the report saw fit to divide the sites into two categories—those requiring immediate removal of radioactive material, and those in need of the less drastic measure of improved stabilization. The findings placed twenty of the sites into the second category. The one member of the first was Salt Lake City.

"The removal of uranium mill tailings from an existing site can be projected to be a painstaking and costly operation. It should not be undertaken without compelling reasons," the October report said. "The exposure or potential exposure of a large population to elevated radiation levels, and the unsuitability of a site for long-term stabilization are the two factors which are considered to jus-removal. *At this time only the Vitro site in Salt Lake City appears clearly to meet these criteria.*"

Indeed it does. The data accompanying the report not only pointed up the striking contrast between Vitro's significance and that of others, but crystallized local fears that the Salt Lake tailings' radioactivity was—and still is—spreading beyond the "safe" half-mile limit.

For example, consider the report's contention that the Salt Lake City site is "unsuitable for long-term stabilization." (In other words, simple stabilization instead of removal would not ease the radiation danger.) This criterion was evaluated by setting down six ways (other than simple radon diffusion) by which a pile's radioactivity may spread, then determining how many of them applied to a given site.

The six routes are wind or water erosion (as verified by visual evidence), a stream or river close to the site (which would carry contaminated water elsewhere), possible underground water pollution, human removal of tailings for private use (usually for landfill), the presence of dwellings or industry within the half-mile radius, and "other onsite hazards." At 17 of the sites, no more than three of these problems apply. Only at the Salt Lake City site are all six situations present.

With regard to the other criterion, "potential exposure to a large population," the Salt Lake data is equally conspicuous. The population within ten miles of most inactive uranium mill sites is relatively small, usually a few thousand. For example, 4,100 people live within ten miles of the Lakeview, Oregon site; the figure is 1,100 for the mill at Green River, Utah; 12,100 at Durango, Colorado; and only 10 at Converse, Wyoming. A significant site is Grand Junction, Colorado, where 43,500 people live within ten miles of a tailings pile. But Salt Lake City, with about 444,000 residents in side the limit, is in a class by itself.

Of course, this doesn't mean that the entire population of Salt Lake Valley is in danger of absorbing dangerous radiation. The ten-mile calculations were reckoned only to determine the *potential* hazards, should something go awry with the distribution of the tailings' radioactivity.

But for the 163 people who live within the half-mile radius of the Vitro site—and for the many more who work in buildings in or near that radius—the chances of lung cancer are tremendously increased. The workers at a sewage treatment plant located on the same property as much of the tailings, either don't know or don't care about the danger. One would suspect that the former is the case; no data has ever been collected on the specific Salt Lake situation, but similar experiments with radioactive materials may indicate that working at the plant is potential suicide.

"In the vicinity of the pile itself, just where the wind has carried radioactive material out, we have found places where the radiation was about 80 times as high as normal background radiation," says Dr. Robert C. Pendleton, associate professor of radiological health at the University. Background radiation is the relatively safe dose resulting from radioactive materials in the earth and from gamma ("cosmic") rays from outside the earth's atmosphere.

"The background radiation here is about .02 milliroentgens an hour. Over the top of the pile and right adjacent to it, we measured one to one-and-a-half milliroentgens an hour," Pendleton says. "To put this in perspective, if you have a bone of one milliroentgen per hour, the law requires that dosimeters be installed to keep watch on the radiation, and that people be kept under constant medical surveillance. Well, obviously, it is not a safe place to be."

Pendleton, who is on the state's advisory committee on science and advisory committee on science and technology, is a "radiation ecologist" and has been interested in the Vitro problem for years. He gives a frightening description of the consequences of the diffusion of radon and its by-products.

"The unit of measurement used in talking about the radiation dose to the lungs is called the working-level-month per year. One-hundredth of a working-level-month per year is all that's considered safe. Uranium miners are permited up to four working-level-months per year, but they're put under close surveilliance. In the past, uranium miners in uncontrolled mines have had a startingly high rate of lung cancer.

"On top of the Vitro pile itself, we record about four working-level-months per year. Now, anyone working there would be getting the same dose as a uranium miner, only *without* benefit of control or protection.

"Now there are some buildings adjacent to the site where the public health service and the EPA have agreed that people there are getting 40 to 100 working-level-months per year. That gives you an idea of the extremes associated with living close to the thing. My tests pretty well verify the AEC and EPA studies.

"Well, the situation we have is a dangerous pile of toxic material sitting in the middle of the population and adding a known carcinogenic material to the air available to anyone in the vicinity.

INFESTS IRRIGATION SYSTEM

"We've also found that wind and water transport material from the pile into the mill creek on the property, where it is taken to the Jordan River. We've found considerable amounts of the material everywhere in the Jordan below the site. It gets into the irrigation system and especially the duck marshes. In the Jordan delta, water may evaporate and leave the residue behind.

"Now, radium has a half-life of 1620 years. That means it'll be ten thousand years before the quantity is very small, and it'll still be a pain in the neck. Given enough time, a large part of the stuff could be down in the farmlands or blown in the vicinity of Salt Lake itself.

"Oh, it's a marvelous riddle. A company that no longer exists put the materials there. They were supplying materials for the AEC, under procedures presumably approved by them. Who gets rid of it? The big problems are funding and assignment of responsibility. But we cannot let economic or political considerations lead us to condone a pile of toxic material left to pollute the atmosphere."

Dr. Lyman Olsen, director of the State Social Services Department's health division, called attention to facts that would mitigate the radiation effects considerably. He estimates that constant exposure to considerable radiation doses would have to go on for 20 to 50 years before cancer results. "When they performed atomic-bomb tests on South Pacific atolls, the natives were exposed to massive radiation doses for twenty years before any thyroid cancer cases developed," he said.

Olsen also notes that continuous radiation measurements have never been made at or near the Vitro site. "The only measurements have been spot checks, and they vary with prevailing wind conditions or ventilation. The higher radiation levels, whatever they are, are not always maintained because of this."

Since the tailings are scheduled to be removed well before twenty or fifty years, Olsen thinks the tailings pose no health threat, even to people who live and work inside well-ventilated buildings near the pile.

In the absence of any solid experimental determinations concerning the actual effects of the Vitro radiation on humans, there's a lot of public uneasiness. Whether one feels apprehension or indifference towards the potential tailings hazard, those feelings are only based on "educated guesses" from past experience. And educated guesses, in this case, are a poor substitute for empirical investigation on the specific Vitro case. Too many variables just can't be fit into an equation: the possibility of someone or something spreading the tailings, the possibility of a given individual or group being more susceptible to radiation effects than others, and even the possibility of latent genetic mutations that could show up in coming generations.

So the public stir over removing the Vitro pile cannot be couched in concrete terms about known dangers. It is an amorphous fear, a result of not knowing just what to expect. And if that makes a difference in public reaction at all, it increases the collective sense of urgency that Salt Lakers feel about having over a million tons of radioactive waste in the valley's population center.

LONG WAIT FOR REMOVAL

Phase II of the federal program to get rid of Salt Lake's tailings will consist of examining various ways to move the material and getting ready to do so. It was scheduled to begin January 1, 1975, but is still on the drawing board. The Energy Research and Development Agency (ERDA), which replaced the AEC last week as the government's energy agency, is still waiting for a transfer of funds from the EPA so that Phase II can begin. Frank McGinley, engineering and safety branch chief of the ERDA's Grand Junction office, says he expects the transfer to come through "soon."

The first part of Phase II involves evaluating the various proposed plans for moving the tailings and making cost estimates on them. The ERDA and EPA don't have capabilities for the removal themselves, so they will have to go to an independent contractor. This was to be completed by June 30, 1975, but now it will more likely be six months from whenever Phase II gets underway.

In the second part of Phase II, originally scheduled to start on August 1, working drawings and other preparations will be made for putting the chosen plan into action. This stage was supposed to be completed by January 1, 1976; revisions now move that date a few more months into the future.

But even then, tailings removal will not be possible. "After we finish Phase II and get all the plans and cost information ready, that information has to be returned to Congress, then Congress has to pass the enabling legislation, and also the appropriations to provide federal funds for the actual removal," says McGinley.

The only other time Congress passed such a measure was a few years ago, when it authorized Federal money to help the city of Grand Junction, Colorado, clean up a tailings pile. That measure took a year to get passed—not because of opposition to the bill, but because it had to work its way through the proper Congressional channels. This indicates that although Congress will be ready for Moss' bill in mid-1975, it will be mid-1977 by the time the measure is approved.

THREE YEARS AT LEAST

It would seem that things couldn't get any worse at this point—but they do. It takes time to move over a million and a half tons of anything. "In Salt Lake City, if it were determined that the tailings and other radioactive materials should be moved, it would take about three years at the outloading rate of 2,000 tons per day, an optimistic removal rate," says the AEC-EPA report.

So Salt Lake City, having hoped since 1968 that a potentially lethal problem would be alleviated, must continue to wait until at least 1980. In the meantime, public officials and private citizens alike will probably be doing the same thing they've done for the past few years: react with the appropriate outrage and wonder why someone can't just pick up the stuff and take it away. In addition to Senator Moss' and former Congressman Owens' actions, the situation has drawn criticism from Utah's Democratic Congressman Allan Howe and Republican Senator Jake Garn.

And the owners of the black-balled property, Eugene Moench and David Brinton, are as critical as anyone about the Vitro state of affairs. "They've really scuttled me," says Moench, who claims that the AEC assured him the tailings were harmless when he bought the property in 1971. "Now they're saying there's dangerous radioactivity there, but they've built schools and other buildings over other tailings sites." Moench feels that much of the adverse publicity given to the case resulted from "people wanting to get into the news."

Moench has also said he "expected and demanded immediate action" and hinted that he may consider legal action against the State Board of Health and the AEC, now the ERDA. "I've got a good case. They know that, and that's part of the reason they're Moench purchased the land, he has sold some of it to Brinton, where the sewage disposal plant is operating. Brinton's land contains the greater part of the tailings.

Moenich says he "isn't worried" about having to wait until 1980 before his land can be developed, but even then, he may have to face the possibility that new radiation problems may have sufaced by then, which would make the land a nuisance rather than an asset.

But it appears that there's nothing Moench can do to get his "immediate action", no matter how badly he wants it. And neither can the City-County Board of Health, the State Health Department, the EPA, Calvin Rampton, Frank Moss, the Joint Committee on Atomic Energy, or the ERDA. Each agency is limited to doing what it can, then sitting back to watch the wheels of man-made bureaucracy turn slowly and haltingly.

And in the meantime, the jetsam of man-made technology, occupying an open field in the middle of a major metropolitan area, will continue to produce and release a potentially toxic series of chemicals, day in and day out, for the next five years.

S. 1199

Be it enacted by the Senate and House of Representatives of the United States of America in Gongress assembled, That in recognition of the problems caused by concentrations of radon 222 in the vicinity of uranium tailings piles, known as the Vitro tailings pile in the vicinity of 3300 South and 900 West Streets, Salt Lake City, Utah; and because of the danger to public health of atmospheric concentrations of radon 222, the Energy Research and Development Administration is hereby authorized and directed to enter into a cooperative arrangement with the State of Utah under which such Administration will provide 75 per centum of the costs of a State program to be conducted in the area of the Vitro tailings site in Salt Lake City of appropriate remedial action to remove and dispose of the Vitro uranium mill tailings.

SEC. 2. There is authorized to be appropriated such sum, not to exceed $10 million, as may be necessary to carry out the purposes of this Act.

By Mr. BELLMON (for himself,
Mr. JAVITS, Mr. STENNIS, and
Mr. HUDDLESTON):

S. 1200. A bill to establish a program to provide needy urban youth with summer job opportunities on farms, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. BELLMON. Mr. President, today I am introducing a bill to create the Summer Food Corps. This bill is intended to provide meaningful and beneficial summer employment for young Americans from our cities. It will fill a real need for more farm and ranch workers to produce the food we need now as never before. The bill will also help to develop a reserve of trained food production workers in America. In addition it will provide the means for better understanding between America's urban and rural citizens.

How many of our Nation's people really know where the food on their table comes from? This program—the Summer Food Corps—will provide the opportunity for young city dwellers between the ages of 16 and 21 to have a meaningful role in the food production process. And perhaps just as important, they will gain a greater understanding of the processes involved in food production.

Young men and women, participating in the Summer Food Corps, will be provided meaningful jobs on American farms and ranches. That opportunity simply does not exist at this time since few city youths have the funds available to travel into rural areas where jobs can be found. Even if funds are available these young people have difficulty finding the jobs. This bill will offer them an alternative to wasted, idle summers. This bill will give these youngsters an opportunity to live and work in a farm or ranch environment for at least one summer in their lives.

For at least one summer in their lives, they will be actively engaged in the production of food and fiber—wheat, cotton, corn, rice, soybeans, cattle, fruit, and vegetables. Today, if a farmer or rancher wanted to offer summer employment to an urban young man or woman he would have difficulty knowing how to proceed. Also he would be forced to pay travel expenses for a worker who might work for only a short time. The worker would likely be untrained and unproductive for an extended time.

There is protection in this program for participant and farmer alike. The bill sets up procedures through the Cooperative Extension Service to identify, screen, and qualify responsible and receptive farm and ranch operators who need help and agree to hire eligible youths selected under this act. Summer Food Corps participants would be provided jobs with cooperative farm or ranch employers for periods of summer employment of not less than 6 weeks nor more that 15 weeks.

This bill provides procedures for payment of travel for the worker to the job site. It provides insurance relieving farm and ranch employers from liability for any civil action brought by any eligible youth arising out of the period of employment in the program.

One of the great needs in this country is for a better rural-urban understanding. Hopefully, the Summer Food Corps program will benefit both country and city people. It will help build a bridge of understanding between these two vital segments of American life.

Mr. President, I urge the Senate to take prompt and favorable action on this Summer Food Corps bill so the program may be put into action this coming summer.

I ask unanimous consent that a copy of this bill be printed in the CONGRESSIONAL RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1200

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Summer Food Corps Act".

STATEMENT OF PURPOSE

SEC. 2. The purpose of this Act is to establish a Summer Food Corps which will provide (1) an opportunity for better understanding of the Nation's food production processes, (2) improved rural-urban relationships, (3) develop a reserve of trained food production workers, (4) meet the need for farm and ranch workers to produce an adequate world food supply, and (5) provide productive summer employment for urban youth.

DEFINITIONS

SEC. 3. As used in this Act—

(1) "eligible youth" means any young individual who—

(A) is a citizen of the United States and who has attained age sixteen but not attained age twenty-one at the time of selection for the program authorized by this Act;

(B) resides in an urban community;

(2) "Secretary" means the Secretary of Agriculture; and

(3) "State" means the several States and the District of Columbia.

SUMMER FARM JOB PROGRAM AUTHORIZED

SEC. 4. (a) The Secretary is authorized to establish and carry out a summer farm job program for eligible youth. In carrying out such a program the Secretary shall—

(1) establish procedure, after consultation with the Secretary of Labor to enable the United States Employment Service to identify, recruit, and select in accordance with section 4(a) of this Act, eligible youth who desire to become Summer Food Corps members and work during the summer on a farm or a ranch;

(2) establish procedures through the Cooperative Extension Service to identify, screen, and qualify farm and ranch operators who are reputable and agree to hire eligible youth selected under this Act to become Summer Food Corps employers and to assign selected eligible youth to farm or ranch employers participating in the program authorized by this Act for periods of summer employment of not less than six weeks nor more than fifteen weeks;

(3) establish procedures to assure that farm and ranch employers participating in the program authorized by this Act will pay each such youth an amount in cash per week that, when added to the furnishing of room and board for such youth, is equal to the minimum wage required to be paid under section 6(a)(5) of the Fair Labor Standards Act of 1938, for a 50-hour workweek but in no event less than $30 per week, including procedures for the payment of such amount at the end of the summer work period if the eligible youth participating in the program so desires;

(4) make whatever arrangements are necessary to obtain insurance relieving farm and ranch employers participating in such program from liability for any civil action brought by any eligible youth arising out of the period of employment in the program authorized by this Act including liability

for injury to or the death of any such youth arising out of such period of employment;

(5) make the transportation payment authorized by section 5 of this Act;

(6) coordinate with the Secretary of Labor in the selection of urban youth who are interested in and qualified to become participants in the Summer Food Corps;

(7) provide, through the local or state extension service or land grant university, for the care and the conduct (including living expenses, if necessary) of appropriate training prior to employment for eligible youth after selection within the state or county of employment to which such youth are assigned for a period not to exceed 5 days;

(8) pay transportation back to the place of residence of any youth found to be physically or otherwise disqualified during training period pursuant to such criteria as the Secretary may prescribe;

(9) provide for periodic visits by local extension agents during the summer to assure the health and welfare of such youth; and

(10) carry out such other activities as he deems necessary to carry out the objectives of this Act.

LIMITATION ON SELECTION; EXCLUSION

SEC. 5. (a) No individual shall be selected as an eligible youth under this Act unless it is determined that there is a reasonable expectation that that individual can successfully complete the summer job employment program authorized by this Act.

(b) Eligible youth selected for the summer job program under this Act shall not be considered federal employees for any purposes.

TRANSPORTATION PAYMENTS

SEC. 6. (a) The Secretary is authorized to furnish eligible youth selected under this Act transportation from the place of residence of such a youth to the farm or ranch at which he will be employed.

(b) If an eligible youth is selected and successfully completes the period of employment, the Secretary is authorized to furnish transportation from the farm or ranch at which he was employed to his place of residence.

ADMINISTRATIVE PROVISIONS

SEC. 7. (a) In order to carry out their functions under this Act, the Secretary, and the Secretary of Labor, are authorized to—

(1) establish, rescind, and amend such rules and regulations as may be necessary;

(2) appoint and fix the compensation of such employees as may be necessary;

(3) procure temporary and intermittent services to the same extent as authorized by section 3109 of title 5, United States Code;

(4) secure from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the United States Government, or of any State, or political subdivsion thereof, information, estimates, and statistics required in the performance of their functions under this Act;

(5) enter into and perform such contracts, cooperative agreements or other arrangements as may be advisable without regard to section 3709 of the Revised Statutes (41 U.S.C. 5) and other provisions of law relating to competitive bidding; and

(6) accept and use with their consent, with reimbursement, such services, equipment and facilities of other Federal agencies are are necessary to carry out such functions efficiently, and such agencies are authorized to loan, with reimbursement, such services, equipment, and facilities to the Committee.

(b) Each such department, bureau, agency, board, commission, office, independent establishment, or instrumentality is authorized and directed to furnish such information, estimates, and statistics directly to the Department of Agriculture or the Department of Labor upon written requests made by the appropriate Secretary.

AUTHORIZATION OF APPROPRIATIONS

SEC. 8. There are authorized to be appropriated $20,000,000 for the fiscal year 1975 to carry out the provisions of this Act. Any amounts so appropriated for such fiscal year which are not obligated prior to the end of such fiscal year shall remain available for obligation until October 1, 1975.

By Mr. PACKWOOD (for himself, Mr. MCCLURE, Mr. STEVENSON, Mr. STAFFORD, Mr. BROCK, Mr. BENTSEN, Mr. DOMENICI, Mr. CRANSTON, Mr. BIDEN, Mr. DOLE, Mr. GARN, Mr. BUCKLEY, and Mr. TUNNEY):

S. 1201. A bill to increase the aggregate gross compensation which may be paid to employees in the office of a Senator and to permit funds available for such purpose to be used to purchase or lease additional mechanical office equipment. Referred to the Committee on Appropriations.

Mr. PACKWOOD. Mr. President, there are few Members of this body who have not on occasion experienced deep frustration and dissatisfaction with the mechanical office equipment provided for Senators and their staffs.

Many of us have found our effectiveness diminished because we simply do not have enough automatic typing machines to do our jobs.

I receive roughly 300 letters in my office every day. The one theme I find running through all those letters is the unresponsiveness of the Federal Government. They cannot get an answer. All my constituents want is a final yes or no from a Federal department or agency, and they cannot get it.

Mr. President, when I receive letters like those, I want to be responsive, and I know my colleagues do as well. But regardless of our intentions, we cannot help but fall short if we continue to allow ourselves to be handcuffed by inadequate equipment allocations.

The legislation which I am introducing today will not provide a complete solution to the problem, but it will give Senators greater flexibility in dealing with it.

The bill has two purposes. First, it would allow Senators to use funds from their clerk-hire allowance to purchase or lease mechanical office equipment. The Sergeant at Arms would still be required to provide a minimum base of equipment. But if a Senator feels that the amount of equipment provided under current procedure is not adequate for his needs, and if he is willing to divert a portion of his clerk-hire allowance for the purchase of equipment, then he would be able to do so.

Second, my proposal would provide a very modest increase in the clerk-hire allowance for the purchase or lease of equipment. The proposed increase moves on a sliding scale from $25,000 for the smallest States to $41,000 for the largest States. Such an increase seems appropriate because of the actions taken in 1973, when we switched to the present system of purchasing equipment. The requested increase in clerk-hire allowance was reduced substantially that year, the argument being that we were saving money because we would no longer have to buy equipment.

While the increase proposed in this bill would be intended for the purchase or leasing of machines, it could also be used for hiring additional staff if that is the preference of the individual Senator.

Mr. President, I ask unanimous consent that a table showing the proposed increase in clerk-hire be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PROPOSED INCREASE IN CLERK HIRE

State population (in millions)	Current	Proposed	Difference (actual increase)
Less than 2	$392, 298	$417, 298	$25, 000
2 to 3	404, 076	430, 076	26, 000
3 to 4	432, 464	459, 464	27, 000
4 to 5	469, 006	497, 006	28, 000
5 to 7	498, 904	528, 904	30, 000
7 to 9	530, 312	562, 312	32, 000
9 to 10	564, 438	598, 438	33, 000
10 to 11	590, 712	624, 712	34, 000
11 to 12	625, 140	660, 140	35, 000
12 to 13	651, 414	687, 414	36, 000
13 to 15	684, 936	722, 936	38, 000
15 to 17	718, 458	758, 458	40, 000
More than 17	751, 980	792, 980	41, 000

Mr. PACKWOOD. It is certainly not the intent of this legislation to allow the purchase or lease of all sorts of off-brand, make-shift equipment. The purchase or lease of equipment would be limited to those items which have the approval of the Rules Committee.

In no event should this increase be regarded as a substitute for whatever additional clerk-hire allowance the Senate may approve. Nor should the increase be considered a substitute for increases in the allowance of the General Services Administration for furniture or equipment in field offices.

Mr. President, I ask unanimous consent that my bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1201

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That (a) section 105(d) of the Legislative Branch Appropriations Act, 1968, as amended and modified (2 U.S.C. 61–1(d)), is amended—

(1) by striking out the table contained in paragraph (1)(A) and inserting in lieu thereof the following:

"$417,298 if the population of his State is less than 2,000,000; $430,076 if such population is 2,000,000 but less than 3,000,000; $459,464 if such population is 3,000,000 but less than 4,000,000; $497,006 if such population is 4,000,000 but less than 5,000,000; $528,904 if such population is 5,000,000 but less than 7,000,000; $562,312 if such population is 7,000,000 but less than 9,000,000; $597,438 if such population is 9,000,000 but less than 10,000,000; $624,712 if such population is 10,000,000 but less than 11,000,000; $660,140 if such population is 11,000,000 but less than 12,000,000; $687,414 if such population is 12,000,000 but less than 13,000,000; $722,936 if such population is 13,000,000 but less than 15,000,000; $758,458 if such population is 15,000,000 but less than 17,000,000; $792,980 if such population is 17,000,000 or more."; and

(2) by adding at the end thereof the following new paragraph:

"(3) Within the limits prescribed by paragraph (1) of this subsection, funds available for salaries of employees in the office of a Senator may be used by that Senator to purchase or lease mechanical office equipment which (A) is the same type as that furnished by the Sergeant at Arms of the Senate, under regulations prescribed by the Committee on Rules and Administration of the Senate, to a Senator for use in his office and (B) is in excess of the mechanical office equipment which may be furnished, under such regulations, to that Senator for use in his offices."

(b) The amendments made by subsection (a) shall take effect on the first day of the first month which begins after the date of the enactment of this Act.

By Mr. LAXALT:

S. 1202. A bill granting the consent and approval of Congress to the California-Nevada interstate compact. Referred to the Committee on the Judiciary.

Mr. LAXALT. Mr. President, in 1955, California and Nevada created a commission to negotiate a compact which would provide for equitable allocation and use of water between both States. Among the commission's principal objectives were: First, to promote intergovernmental cooperation: second, to enhance economic development in the area; and third, to insure the most orderly, integrated and comprehensive development, conservation, and control of the water contained within the Lake Tahoe, Truckee River, Carson River, and Walker River basins.

After more than 12 years of negotiations, this commission came forth with a proposed bistate compact, which was subsequently amended and passed by the California Legislature in August of 1970 and by the Nevada Legislature in March of 1971. Although ratified by both legislatures, this compact must under our Constitution also be consented to by the Congress. Accordingly at the request of both the Nevada and California members of the Interstate Compact Commission, I intend to submit this legislation for appropriate consideration by the Congress.

Quite frankly, a similar presentation was made in both the 92d and 93d Congresses by my esteemed predecessor, Senator Alan Bible and little if any action was taken upon it. Personally, I find this inaction distressing given the significance of the compact for our area.

I have been advised that several Federal agencies have objections to the compact. But to date, they have failed to come forward with a clear and concise position. It is my hope by holding early committee hearings we will be able to dispose of these shadowy rumors in such a way as to bring this necessary compact finally to fruition.

By Mr. SCHWEIKER (for himself and Mr. JAVITS) (by request):

S. 1203. A bill to amend the Public Health Service Act, the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, the Drug Abuse Office and Treatment Act of 1972, and to revise and extend programs of health services, and for other purposes. Referred to the Committee on Labor and Public Welfare.

HEALTH SERVICES AMENDMENTS OF 1975

Mr. SCHWEIKER. Mr. President, I am introducing at the request of the administration on behalf of myself and Senator JAVITS a bill to consolidate separate project grant programs containing separate appropriations authorizations and extend them through 1978. The activities are those designed, first, to assist in the prevention and treatment of alcoholism—parts C and E of the Community Mental Health Centers Act, and drug abuse—section 410 of the Drug Abuse Office and Treatment Act of 1972; second, to provide health services for domestic agricultural migrants—section 310 of the Public Health Service Act; third, to render services, disseminate information, and promote research in the field of family planning—title X of the Public Health Service Act; and fourth, to develop and support selected health services programs—section 3149e—of the Public Health Service Act.

The consolidated provision would also authorize the use of project grants for amortization of principal, and payment of interest, on loans for facilities or to centers in existence prior to calendar year 1975 for the construction or acquisition of facilities used for program purposes, and for the payment of costs of minor remodeling.

In addition the bill would establish a single advisory committee, the "National Advisory Council on Health Services," to advise on the administration of health services programs and to perform the functions now performed by the National Advisory Mental Health Council, and the National Council on Alcohol Abuse and Alcoholism. The new council would also replace the National Migrant Health Advisory Committee and the Secretary's Advisory Committee on Population Affairs, both of which the Secretary created administratively.

Finally, the bill would repeal a requirement enacted by the Health Services Research and Evaluation and Health Statistics Act of 1974, over the Department's objections at the time, to require that not less than 25 percent of the annual appropriation for health service research, evaluation, and demonstration activities under section 304 or 305 of the Public Health Service Act be for activities directly undertaken by the Secretary.

A separate title II of the bill would extend for fiscal years 1977 and 1978 the program of formula grants under the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and for fiscal years 1976, 1977, and 1978 the program of formula grants under the Drug Abuse Office and Treatment Act of 1972.

Mr. President, I ask unanimous consent that the full text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1203

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Health Services Amendments of 1975".

TITLE I—HEALTH SERVICES PROJECT GRANTS; ADVISORY COUNCILS; INTRAMURAL RESEARCH

EXTENSION AND REVISION OF PROJECT GRANTS

SEC. 101. Effective with respect to fiscal years beginning after June 30, 1974, section 314(e) of the Public Health Service Act is amended to read as follows:

"(e)(1) There are authorized to be appropriated $463,000,000 for the fiscal year ending June 30, 1975, and $425,000,000 for the fiscal year ending June 30, 1976, and for each of the next two fiscal years, for grants to any public or nonprofit private entity to pay part of the cost of—

"(A) preventing or treating alcoholism and drug abuse;

"(B) providing or operating centers to make available comprehensive health services (as defined by the Secretary);

"(C) providing or operating health service clinics for domestic agricultural migratory workers or for projects in improving health care or conditions of these workers or their families, or to encourage and cooperate in programs to improve their health services or conditions, including the support of services to seasonal agricultural workers when it contributes to improving the health conditions of migratory workers;

"(D) providing services (including related training) in the field of family planning; or

"(E) providing services (including related training) to meet health needs of limited geographic scope or of specialized regional or national significance.

"(2) With respect to a facility or center, or portion thereof, used or to be used for a purpose enumerated in the preceding paragraph, the Secretary may provide, upon such terms as he deems necessary to protect the financial interest of the United States, that a grant under this subsection shall be available to pay the cost (in addition to any cost for which it may otherwise be made available under that paragraph) of—

"(A) in the case of a facility or center in existence prior to January 1, 1975, amortizing the principal of, or paying the interest on, a loan for the facility's or center's acquisition, construction, expansion, alteration, or remodeling (including a facility or center acquired from, or constructed in connection with, any program or project transferred to the Secretary from the Office of Economic Opportunity), including architects' fees and the cost of acquiring land; or

"(B) its minor remodeling or minor alteration, including architects' fees."

CONSOLIDATION OF ADVISORY COUNCILS

SEC. 102. (a) There is enacted a new section 316 of the Public Health Service Act to read as follows:

"NATIONAL ADVISORY COUNCIL ON HEALTH SERVICES

"SEC. 316. (a) The Secretary shall appoint without regard to the provisions of title 5 of the United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of that title relating to classification and General Schedule pay rates, a permanent body to be known as the National Advisory Council on Health Services. The Council shall consist of the Secretary or his designee, who shall be the chairman, and not to exceed twenty members, not otherwise in the regular full-time employ of the United States, who are (1) leaders in health care administration or the provision of health services, or (2) representatives of consumers of health care. At least one-third of the appointed members shall be individuals representing the consumers of health care. Insofar as practicable, the members shall be appointed from different geographic areas of the United States and, in the aggregate, shall be representative of all areas within the United States in which health services are provided, or their provision assisted, under this Act.

"(b) Each appointed member of the Council shall hold office for such term as the Secretary shall prescribe.

"(c) Appointed members of the Council, while attending meetings or conferences thereof or otherwise serving on the business of the Council, shall be entitled to receive compensation at rates fixed by the Secretary, but at rates not exceeding the daily equivalent of the rate specified at the time of service for GS–18 of the General Schedule (as limited by section 5308 of title 5 of the United States Code), including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5 of the United States Code for persons in the government service employed intermittently.

"(d) The Council shall advise the Secretary as to matters of policy arising with respect to the financing and delivery of health services under this Act."

(b)(1) Section 217(a) of the Public Health Service Act is amended—

(A) in the first sentence thereof, by striking out "the National Advisory Mental Health Council, the National Advisory Council on Alcohol Abuse and Alcoholism";

(B) in the second sentence thereof—

(i) by striking out "the National Advisory Mental Health Council, the National Advisory Council on Alcohol Abuse and Alcoholism, and", and

(ii) by striking out "psychiatric disorders, alcohol abuse and alcoholism, and dental diseases and conditions, respectively" and inserting "and dental diseases" in lieu thereof; and

(C) in the fourth sentence thereof—

(i) by striking out "(other than the members of the National Advisory Council on Alcohol Abuse and Alcoholism)";

(ii) by inserting "and" before "(2)"; and

(iii) by striking out "; and (3)" and the remainder of clause (3) preceding the period.

(2) Section 217(b) of such Act is amended, in the second sentence thereof, by striking out "mental health, alcohol abuse and alcoholism,".

(3) Section 217(e) of such Act is repealed.

(4) Section 217 of such Act is further amended by striking out subsections (c) and (d) thereof.

(c)(1) Section 303(b) of such Act is amended by striking out "may be made only upon recommendation of the National Advisory Mental Health Council. Such grants".

(2) Section 303 of such Act is amended by adding a new subsection (c) to read as follows:

"(c) The National Advisory Council on Health Services shall advise the Secretary on matters of policy arising in the administration of this section."

(d) Section 329(e)(1)(E) of such Act is amended by striking out "National Advisory Council on Comprehensive Health Planning" and inserting "National Advisory Council on Health Services" in lieu thereof.

(e) Section 223 of the Community Mental Health Centers Act is amended by striking out ", after consultation with the National Advisory Mental Health Council (appointed pursuant to the Public Health Service Act),".

(f) Section 266 of such Act is repealed.

REPEAL OF REQUIREMENT THAT NOT LESS THAN 25 PER CENTUM OF HEALTH SERVICE RESEARCH, EVALUATION, AND DEMONSTRATION ACTIVITIES APPROPRIATION BE EXPENDED FOR DIRECT ACTIVITIES OF THE SECRETARY

SEC. 103. The second sentence of section 308(i)(1) is repealed.

TITLE II—EXTENSION OF ALCOHOLISM AND DRUG ABUSE FORMULA GRANTS

ALCOHOLISM

SEC. 201. Section 301 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 is amended (1) by striking out "and $80,000,000 for the fiscal year ending June 30, 1976," and (2) by inserting after "1975," the following: "and $46,000,000 for the fiscal year ending September 30, 1976, and for each of the next two fiscal years".

DRUG ABUSE

SEC. 202. Section 409 of the Drug Abuse Office and Treatment Act of 1972 is amended (1) by striking out "and" before "$45,000,000" and (2) by inserting after "1975," the following: "and $35,000,000 for the fiscal year ending June 30, 1976, and for each of the next two fiscal years".

By Mr. DOLE:

S. 1206. A bill to assure foreign countries that reserve stocks of agricultural commodities stored in the United States under certain conditions shall not be subject to export controls. Referred to the Committee on Banking, Housing and Urban Affairs.

FOOD SECURITY BILL

Mr. DOLE. Mr. President, the debt over setting up food reserves has uncovered a dilemma presented by the national benefit of expanding exports of farm commodities and the need to maintain an adequate supply for our own use. I am introducing today a bill which, if enacted, would help resolve that dilemma by promoting more orderly marketing and by facilitating better long-range planning by farmers of planting and crop requirements. This legislation would permit foreign nations to establish their own food reserves in the United States using our tremendous storage and production capacity, and improving our own supply and economic situation.

The bill is simple in concept. If a foreign country or company buys and stores an agricultural product 12 months or more and certifies it to be part of a reserve, that purchase will be exempt from any U.S. export controls or restraints under this legislation.

A country or company wanting to establish reserves here would apply to the Department of Commerce for exemption of the stocks from any future export restraints and would certify the purchase to be a reserve. The Department of Commerce, after reviewing the purchase and certification in cooperation with the Department of Agriculture, would issue a document authorizing export shipment of the reserve, regardless of export restraints that might be instituted.

PROTECTION FOR UNITED STATES AND FOREIGN PARTIES

To prevent any situation where a foreign power or source with malicious aims could buy such a large reserve stock as to cause problems for our own food supply, the Secretaries of Commerce and Agriculture would have the discretionary authority to review the size of the purchases. By the same token, foreign countries must know that we will not go back on our word to permit the reserve to be exported. Documents issued by the Commerce Department would give shipment authority and provide the necessary assurance.

Foreign buyers would probably want to buy reserve stocks when our market is relatively soft. That would be to our advantage as it would bolster our trade balance and our agricultural and related sectors. Next year, for example, the Department of Agriculture is predicting abundant production. Those predictions may or may not be true and are never realized until the crop is harvested and stored. But if we do have an abundant harvest, we should share that abundance and would benefit by reserve purchases by foreign buyers.

OPPOSING AIMS RESOLVED

There has been more concern and controversy in the past 2 years about an adequate supply of food than in many previous decades—perhaps in the entire history of the United States. Various sectors in the food industry have taken opposing stands on the need for setting up a food reserve.

Farmers have sought to keep the export market open in order to keep a strong market for farm commodities and to provide a better return on their investment. Economists and many in the Government support a high level of exports in order to improve our trade balance and real income.

Some grain processors have pressed for grain reserves or export restrictions to insure ample supplies of grain at stable or lower prices. Consumer representatives have also sought these actions.

Both sides have been frustrated by large fluctuations in the price of farm commodities that have resulted from volatile market conditions.

My legislation would allow both sides to meet their needs to a greater degree. It would also help other nations to help themselves in meeting their own food requirements.

PRESIDENTIAL SUPPORT

The U.S. policy on food reserves was outlined by President Ford in his speech to the United Nations General Assembly on September 18, 1974. He said:

> To insure that the survival of millions of our fellow men does not depend on the vagaries of weather, the United States is prepared to join in a worldwide effort to negotiate, establish, and maintain an international system of food reserves. This system will work best if each nation is made responsible for managing the reserves that it will have available.

Some officials have expressed favor for a system of internationally coordinated but nationally held food reserves. Support has been expressed for cooperation in reasonable international efforts to sustain reserves to meet emergencies within the framework of such a system.

GOVERNMENT RESERVES HARMFUL

I do not favor U.S. Government owned food reserves since they would depress prices and destroy farmer production incentives, just as Government held stocks in the past have kept prices artificially depressed. Reserves should be held in the private sector—by farmers and by grain storage companies.

For many years the United States and

Canada carried the world's food grain reserves. Reserves resulted from price support programs that channeled surport programs that channeled surplus products into the ownership or control of the Government. Other countries priced their products on the world market just under the release price established by the Commodity Credit Corporation. The CCC became a residual supplier. Food deficit nations were comfortable in the knowledge that substantial reserves were always available at a price not to exceed the CCC release price plus freight. Under those circumstances, few nations were concerned about maintaining adequate food security. Food importing nations did not bother to build storage capacity for adequate reserve supplies.

GOVERNMENTAL RESTRICTIONS HARMFUL

In addition to that lesson, we have been through two periods of ad hoc measures taken by the Government in reaction to food scares. Export controls or restrictions have been advocated by some for their own political or economic gain. We should know by now how counterproductive trade restrictions can be.

We learned from the 1973 soybean embargo just how self-defeating export restrictions can be. That embargo succeeded in scaring the daylights out of our good customers around the world. The recent mild prior approval program proved its disservice to American agriculture. Both the embargo and the prior approval system interferred with the price and incentive mechanism. Both were disruptive and caused dislocations in the market.

BENEFITS TO IMPORTING NATIONS

I have given much thought to the problems created by the soybean embargo and its relationship to reserves. Therefore, I am proposing a bill which will provide assurance to foreign buyers that if they purchase grains or oilseeds or the products thereof, agree to store the commodities in the United States for at least 12 months as a reserve, and make appropriate application, that upon approval the United States will guarantee that such quantity of the commodity will not—repeat, will not—be affected in case of the imposition of export controls. This will encourage foreign buyers to store commodities in the United States and make timely purchases when they feel such action is in their best interest for the acquisition of reserves.

By exempting those reserves from any export restrictions, we will help consuming countries manage their own inventories from production season to production season. They will be able to protect themselves through forward buying and assurances of supplies. On the foreign front it will enable nations to buy ahead. They will not have to live on a hand-to-mouth basis. They will be able to acquire and manage their own inventories located here or in their own countries.

This is legislation that accords with the philosophy of the World Food Conference in Rome. It facilitates and encourages steps to resolve the perennial starvation and malnutrition in various places around the world. Yet it allows the nations in need of food to help themselves. After all, each individual nation should be best able to recognize its own food requirements.

The philosophy of our own food for peace program has been to help less fortunate nations help themselves. My bill accords with that philosphy.

We have a great storage capacity already in existence—available for other nations to place their reserve stocks at appropriate rates. That storage system was built to contain the huge CCC surpluses that existed a few years ago and is now being underused. If Foreign Nations are permitted to use this storage, they will be able to establish reserve stocks without making the huge capital investments for storage facilities.

Many nations like India and Bangladesh have heavy economic burdens already. It makes sense to let them use the storage facilities we have already built so they can establish reserve stocks without the additional expense of building storage.

BENEFITS TO UNITED STATES

The benefits of this bill are not just for foreign countries, but apply equally to the United States.

The biggest advantage for us is that planning and orderly marketing will be greatly improved. When foreign buyers contract for 12 months or more in advance, producers will be able to increase their planting intentions to meet the demand.

American agriculture has a tremendous capacity to produce. When stronger market prices signal higher demand, farmers do everything possible to produce bigger and better crops. When weak market prices signal lower demand, farmers begin to cut back production as they are now. Advance contracting of 1 year or more would give farmers the market signals they need to meet the demand.

Buying a year in advance should also stabilize market prices. Seasonal buying by foreign nations has frequently caused sharp escalations in prices. Domestic processors and users of farm commodities have been frustrated by price rises, because of problems created for cash flow planning and operating costs. Producers have been frustrated when prices have later fallen.

By purchasing reserve stocks for 1 year or more in advance, foreign countries should have less need to make last minute purchases that cause volatile market fluctuations. Processors and producers alike would then be able to better plan income and operating costs.

So this legislation should reduce fluctuations in the market. By doing so, it will reduce the likelihood of our getting into self-defeating export restrictions that have been the reaction to sharp price increases.

DOMESTIC NEEDS ASSURED

Since foreign needs will be met partially or totally in advance, our own food requirements will be better protected against unexpected drawdowns by export sales. Knowing foreign intentions further in advance, farmers will be able to better plan for a level of production adequate to meet our own and foreign needs. That should avoid any need to accumulate Government held food stocks in this country which in the past has forced prices so low.

Critics of this measure will probably argue that by exempting reserves for foreign countries from any U.S. export restrictions, we could find ourselves, in the event of a severe crop failure, shipping food stocks abroad while the American public suffers. Such an argument is invalid.

Regardless of the proportions of a crop failure, market conditions would always apply to grain purchased by a foreign buyer for a reserve. In the event a domestic shortage might arise, foreign buyers would have a price incentive to sell their reserve stocks back to U.S. buyers. So we are protected by the market mechanism. And as I stated before, by improving the ability of farmers to plan ahead, we better protect ourselves from shortages in the first place.

Finally, by encouraging foreign buyers to store reserve commodities in this country, we put to use the vast storage facilities we have built up in this country in past years. Instead of setting idle, as they are now, our storage facilities would be earning an appropriate return.

NO ADDITIONAL COST

This legislation would incur no additional cost to the U.S. taxpayers. By its stabilizing effect on the market, I believe it would result in lower food prices for American consumers. So at no additional costs to ourselves, we could greatly enhance our own and the world's food security.

SUMMARY OF BENEFITS

The benefits that would result from this legislation are numerous and I would like to reiterate them here in short form:

First. Encourage importing nations to make long-term coverage of their food needs;

Second. Increase U.S. effectiveness in easing world food shortages without additional cost to U.S. taxpayers and consumers;

Third. Transfer foreign food requirements planning from this Nation to the countries in need where it should be done;

Fourth. Strengthen farm commodity markets;

Fifth. Facilitate better crop planning by U.S. producers;

Sixth. Increase food security for the United States;

Seventh. Preclude the need for U.S. food reserves;

Eighth. Stabilize our market;

Ninth. Improve operating costs planning for domestic processors;

Tenth. Put U.S. storage facilities to use; and

Eleventh. Avoid large capital outlays for foreign nations to build storage facilities for reserves.

Mr. President, this bill has tremendous potential for increasing world food security. It is consistent with our free market economy and agricultural system. It accords with our self-help philosophy of food assistance and adds no additional cost to U.S. taxpayers or consumers.

I hope we can move forward toward passage of this legislation.

Mr. President, I request unanimous consent that the text of my bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1206

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of law, foreign countries and agencies thereof and foreign companies may purchase and store United States agricultural commodities or the products thereof in the United States, and such agricultural commodities or products, if so purchased and stored as a reserve for a period of twelve months or longer upon approval by the Secretary of Commerce acting in cooperation with the Secretary of Agriculture, may be exported without regard to any export restraints or controls.

SEC. 2. The Secretary of Commerce, in cooperation with the Secretary of Agriculture, is authorized to issue such regulations as he deems necessary to carry out the provisions of this Act.

By Mr. SCHWEIKER:

S. 1207. A bill to establish the Federal Energy Production Corporation, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. SCHWEIKER. Mr. President, I introduce today the Federal Energy Production Corporation Act.

My bill will allow us to begin at once to increase our supplies of energy using only domestic sources. Unlike other energy bills considered by the Senate, it emphasizes the immediate production of energy using processes currently developed, available, and capable of producing energy on a commercial scale in the immediate future. This bill would encourage the use of underutilized energy sources or unconventional energy processes for production or exploration by having Government assist the private sector in underwriting some of the financial risk in bringing these sources on stream. The unconventional processes would include, but not be limited to, production of syncrude and liquid petroleum products from coal, production of substitutes for natural gas—including coal gasification—nuclear energy from geothermal resources, solar energy, production of hydrogen gas from water sources, and the use of agricultural and urban wastes.

As my colleagues know, the Energy Reorganization Act of 1974, now Public Law 93–438, is a significant first step in expediting our domestic energy program. But the Energy Reorganization Act is only a first step, and its main focus is on energy research programs. The bill I introduce today is the second step: It provides Federal incentives for expedited production of nonconventional domestic energy sources.

Perhaps even more important, my bill authorizes the Federal Energy Production Corporation to enter price-support or long-term purchase arrangements with energy producers. Our abundant coal reserves are largely untapped, because there has never been assurance of a long-term market, at a profitable price. Production of nonconventional energy sources, such as solar and geothermal, has been virtually nonexistent, because no one is sure they will be able to sell enough energy to recover front-end production costs. For years, cheap oil made production of other energy sources impractical; even now, with the price of oil skyrocketing, no one will ever develop other energy sources unless a market—and a fair price—is assured, and my bill gives that assurance.

Finally, I would like to note that I introduced a similar measure during the 93d Congress, S. 2956, and it was referred by the Government Operations Committee to the Comptroller General of the United States for comment. The measure I introduce today incorporates the key modifications suggested by the Comptroller General, and I hope this will enable the Senate to take prompt action on my bill.

Following is a section-by-section analysis of the bill:

Section 1. Cites the Federal Energy Production Corporation Act and lists some of the energy sources which are to considered by the Corporation.

Section 2. Establishes the Corporation. The Board is composed of 15 Directors, 8 of whom shall be public officials representing the secretaries or administrators—or their representatives—of agencies with some involvement in energy. The remaining seven members are to be appointed by the President with the advice and consent of the Senate. Of these seven private members, three shall be from private industry engaged in the production of energy, and of these no two shall be from the same industry with regard to the energy source. Of the remaining four private members, one shall be from a citizen's group representing consumer interests, and one from a citizen's group representing environmental protection interests. The other two shall be from private life. The remainder of this section concerns the election of the Chairman of the Board, the definition of a quorum for conducting business, remuneration for private Board members, and the establishment of officers and employees of the Board.

Section 3. Requires the Corporation to determine within 1 year which underutilized or unconventional energy sources can be developed into energy production on a commercial basis and operating within a 24-month period of the enactment of the bill. The Board will have a variety of methods available to use in joining and assisting private industry in energy production, including the ability to enter into contracts and agreements, make grants, loan guarantees, price supports, guaranteed purchases or loans and other methods. This shall also apply to the exploration, production, or transportation of crude oil, natural gas, and coal resources.

Section 4. Details the guidelines under which the Board may receive applications and enter into financial agreements as well as the financial conditions of those arrangements. It also gives the Board authority to dispose of any energy it may acquire through price support or purchases agreements and to sell such energy in the marketplace. Revenues received from the sale of energy are to be deposited in a trust fund established in section 6 to carry out the purposes of the bill. Thus to a certain extent, funds to operate the program will be self-renewing.

Section 5. Enumerates further operating functions of the Corporation.

Section 6. Requires establishment of the Energy Production Trust Fund which the Corporation shall use in carrying out its duties. The Trust Fund shall be funded for fiscal year 1975 and the next following 4 years by congressional appropriations. A high level of funding would not only show immediate results through increased energy production but also demonstrate our commitment to domestic energy production, and as a member of the Appropriations Committee I would hope to further address this matter during the appropriations process.

Section 7. Requires the chairman of the Corporation to keep the Congress fully informed concerning all activities of the Corporation and to submit an annual report. All actions taken by the Corporation and the private sector will be done with the protection of all existing laws relating to every area of its operation including safety and environmental standards.

This bill can be a vital major step in providing in the shortest possible time tangible results by increasing immediately our own supply of energy to fill the vacuum while we wait for research and development programs to produce.

Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks the text of the bill.

By Mr. METCALF (for himself, Mr. MANSFIELD, Mr. HUMPHREY, Mr. MOSS, Mr. MCGOVERN, Mr. ABOUREZK, and Mr. HATHAWAY):

S. 1208. A bill to improve the Nation's energy resources. Referred to the Committee on Commerce.

NATIONAL ELECTRICAL ENERGY CONSERVATION ACT OF 1975

Mr. METCALF. Mr. President, on behalf of the senior Senator from Montana (Mr. MANSFIELD), the junior Senator from Minnesota (Mr. HUMPHREY), the senior Senator from Utah (Mr. MOSS), the senior Senator from South Dakota (Mr. MCGOVERN), the junior Senator from South Dakota (Mr. ABOUREZK), and the junior Senator from Maine (Mr. HATHAWAY), I introduce for appropriate reference the National Electrical Energy Conservation Act of 1975.

Representative RICHARD L. OTTINGER, of New York, is today introducing companion legislation in the House.

I ask unanimous consent to insert at this point in the RECORD Congressman OTTINGER's and my joint statement regarding the legislation at our press conference this afternoon, and a copy of the bill.

There being no objection, the statement and bill were ordered to be printed in the RECORD, as follows:

SENATOR METCALF AND REPRESENTATIVE OTTINGER INTRODUCE THE NATIONAL ELECTRICAL ENERGY CONSERVATION ACT OF 1975

Today we will introduce the National Electrical Energy Conservation Act of 1975.

The Senate bill is co-sponsored by Senator Mansfield, Senator Humphrey, Senator Moss, Senator McGovern, Senator Abourezk, and Senator Hathaway.

Congressman Ottinger is inviting other Members of the House to co-sponsor his bill.

One of the Nation's most urgent problems is energy supply. We need a reliable electric power system. We need to curb the unnecessary use of non-renewable resources and to protect the environment. We need to provide required generating capacity and move the electricity where it is needed. A national power grid would help to accomplish these goals in a way that no other concept can.

The national power grid has been a long time coming. Gifford Pinchot, while Governor of Pennsylvania decades ago, outlined the concept. More than 20 years ago Commissioner of Reclamation Michael Straus proposed a Western power grid.

In the 1950's, Leland Olds, former Chairman of the Federal Power Commission proposed regional power supply organizations. Eight years ago former Assistant Secretary of the Interior Ken Holum and his associates proposed, in study 190, a grid covering half of the United States. More recently, former Secretary of the Interior Walter Hickel spoke of departmental plans for a national power grid. But no such proposal has been examined by Congress.

So, the power grid proposal is not a new one. But it is an idea whose time has come.

Never before has this Nation been so conscious of its dependence on enormous supplies of energy. Never before has the American citizen been so impressed by his vulnerable position with regard to this dependence.

Due to skyrocketing electric rates, many homeowners have seen their bills double even while significantly reducing their use of electricity. The Administration and utility industry officials are pressing for ever greater utility profits now so that utilities can attract enough capital to meet their projection of seven per cent annual growth in peak demand.

The fact is that peak electric demand only grew one per cent last year because customers cannot afford to use electricity carelessly any longer.

The costs of building additional generating plants have escalated so much that a regionalized approach toward planned capacity is now imperative. With the Nation's existing generating facilities operating at only about sixty two per cent of rated capacity, it is obvious that we could achieve much greater output from the power plants now on line if an efficient high-voltage transmission system were available to move bulk power from one region to another according to their alternating peak demand requirements.

For example the general daily peaking period is between five and seven p.m. A unified power system could arrange to meet that peak in the Nation's four time zones with far less plant capacity than would be necessary to meet each zone's peak independently.

Also, certain areas have their system peak demand in the summer and consequently have excess capacity available in the winter. For winter-peaking areas, the situation is just the opposite. The National Power Grid would coordinate generating capacity with areas experiencing peak demand.

The National Electric Energy Conservation Act will also make available on a broader scale the increased efficiencies and cost savings distribution to the municipal and privately-owned utilities which are now providing that service. The transition to the National Power Grid form the existing situation would involve a net reduction in financing costs for consumers since interest charges on the bonds issued by the Grid to obtain generating facilities would be far less than the charges for the mix of debt and equity capital which are now used to finance such facilities.

The guarantee of access by all utilities to the grid would do away with the problems of excessive capital charges and limited availability of capital which have plagued small utilities. It will also do away with the existing capacity which is presently being wasted because big utilities will not allow smaller ones to make use of their transmission lines.

The vagaries of Wall Street which have perceived undefined risks in a guaranteed cost-plus monopoly industry providing a basic service would be removed from the financing of the National Power Grid. The excess profits sought by utilities to please the financial institutions which are major purchasers of utility preferred and common stocks would no longer be necessary. The chagrin suffered recently by, for example, Virginia ratepayers who were forced to dole out almost $100 million in rate increases so that their utility could raise $50 million by selling common stock, would be avoided.

The bill being introduced today has some meaningful improvements over previous bills.

First, it provides for regional rates to reflect the varying costs of producing power in different areas of the Nation. Secondly, it ensures that directors of a regional corporation will be selected from that region with no more than one director from any single state.

Finally, it provides for public participation in the decision-making process so that customers will not be presented with an unsafe, unreliable, or super-expensive power system over which they had no say in choosing.

The present system permits basic decisions on this vital area of public interest to be made in private corporate boardrooms. Customers do not get to participate until it is time to pay for management decisions through their bills. Monopoly enterprise is basic energy production requires public participation at all levels.

The National Electrical Energy Conservation Act will assure the most efficient utilization of the ample electric generating facilities now on line. It also provides for intelligent and coordinated construction of new facilities. It will reduce the need for new generating facilities by twenty five percent, and that is no small saving when one considers the hundreds of billions of dollars estimated to be spent on electric plant before the end of this century.

There are many proposals for improving the electric system in the United States today through Federal intervention. They come from Congress, the Administration, Federal and state regulators, consumer advocates, and the utility industry itself. Most proposals involve a Federal bailout of problem utilities while allowing the continuation of the organizational structure which brought about the problems in the first place. Federal taxpayers—who are also utility ratepayers, for the most part—are asked to spend vast sums of money without receiving any guarantee of improved service or participation in this area which is so important to their pocketbooks, lifestyle, and health. Further tax breaks, Federal loan guarantees, and proposals for the purchase of special securities by the Federal government all entail vast commitments of money with nothing received in return.

This bill overcomes those deficiencies by guaranteeing that any funds spent will be returned through lower rates, a better environment, and public participation in an area where it is long overdue. This bill eliminates the wasteful aspects of the present system. Quite clearly, that is what consumers are now vociferously demanding.

S. 1208

A bill to improve the Nation's energy resources

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE

This Act may be cited as the "National Electrical Energy Conservation Act of 1975".

TITLE I—NATIONAL POWER GRID AND REGIONAL BULK POWER DISTRIBUTION

Sec. 101. DEFINITIONS.

For purposes of this Act:

(1) The term "National Grid" means the National Power Grid Corporation, established by section 102.

(2) The term "national board" means the board of directors of the National Grid.

(3) The term "regional corporations" means a regional bulk power supply corporation established by the National Grid under section 103.

(4) The term "corporation" means the National Grid or any regional corporation.

(5) The term "regional board" means the board of directors of a regional corporation.

(6) The term "region" means a bulk power supply region established under section 103 (a)(1).

(7) The term "electric utility" means any person or public agency whose functions include the sale of electric power.

SEC. 102. NATIONAL POWER GRID CORPORATION.

(a) There is created a body corporate by the name of the "National Power Grid Corporation" which shall establish and operate a national power grid system. The National Grid shall have a Board of Directors, which shall consist of three members appointed by the President, by and with the advice and consent of the Senate, in accordance with section 202, and which shall direct the exercise of all of the functions of the National Grid.

(b) The National Grid shall establish and operate a national power grid system, consisting of electric power generating facilities, and a system of very high voltage transmission lines which, to the extent practicable shall interconnect such generating facilities and the transmission systems of each regional corporation. Such system may be established by constructing generating facilities and transmission lines, or by acquisition of existing facilities and lines under section 105, or both.

(c)(1) The National Grid shall contract to sell electric power to regional corporations at rates which shall be regional throughout the United States and which shall be set at the lowest possible level consistent with sound business principles and the environmental protection requirements of section 201, taking into account the charges necessary to pay the operating expenses of the National Grid (including depreciation) and to amortize the indebtedness of the National Grid.

(2) The National Grid shall provide base load, peaking, or other power to regional corporations to meet requirements of which the National Grid has at least ten years notice. Any notice of requirements under this paragraph shall be accompanied by an offer to contract for the required power.

(3) The National Grid is authorized to purchase for resale by the National Grid surplus electric power generated by any electric utility on schedules and at rates agreed upon with such electric utility.

SEC. 103. REGIONAL BULK POWER SUPPLY CORPORATIONS.

(a) Subject to section 105(a)(2), the National Grid shall establish by regulation—

(1) a number of bulk power supply regions which in the aggregation shall comprise the entire United States, and

(2) a regional bulk power supply corporation in each such region.

(b) Each regional corporation shall have a Board of Directors which shall be composed of three members from the region but each from a different State appointed by the national board with the approval of the President in accordance with section 202, and which shall direct the exercise of all of the powers of such regional corporation. A member of a regional board may be removed by the national board for cause (including failure to carry out any order of the national board issued under subsection (f)).

(c)(1)(A) A regional corporation shall be the exclusive marketing agency for the National Grid within the region for which such corporation was established. Any electric utility, publicly or privately owned, may enter into a contract for services with a regional corporation. A regional corporation shall sell electric power to any electric utility the needs of which it has adequate notice except in cases of failure of such utility to meet its financial obligations, on poor of fraudulent application, or because of willful failure of such utility to comply with wheeling orders under subparagraph (B) or other requirements of such regional subparagraph (B) or other requirements of such regional corporation.

(B) A regional corporation may not enter into a contract for services with any electric utility unless such utility agrees to permit (at such times and to such extent as such corporation may order) the use of its excess transmission capacity for the purpose of wheeling power from facilities of such corporation or of the National Grid to load centers of other electric utilities contracting to purchase electric power from such corporation.

(2) Any transmission lines of any agency the facilities of which are transferred to the corporation under section 105(a)(1) may be transferred by the National Grid to the regional corporation for the region in which such lines are located and shall be operated by such corporation. Each regional corporation shall obtain such transmission capacity, in addition to the capacity acquired under the preceding sentence, as may be necessary to sell electric power generated by the National Grid to each electric utility in the region, and to transmit to National Grid transmission lines such electric power as the National Grid may purchase from such utilities. A regional corporation may obtain such additional capacity (A) by lease of or contract for all or part of the capacity of existing transmission lines of electric utilities, (B) by modification of existing facilities of electric utilites, or (C) by constructon of new transmission lines by such regional corporation. Any excess transmission capacity of a regional corporation may be made available to electric utilities on a contract carrier basis.

(d) Electric power marketed for the National Grid by the regional corporation shall be sold at a rate equal to the regional rate established by the National Grid under section 102(c)(1), plus a transmission rate charged by such regional corporation. Such transmission rate shall be set at the lowest possible level consistent with sound business principles and the environmental protection requirements of section 201, taking into account the charges necessary to pay the operating expenses of the regional corporation (including depreciation) and to amortize the indebtedness of the regional corporation.

(e) A regional corporation shall have the authority to issue bonds in accordance with section 206, but such bonds shall not be guaranteed by the United States unless issued with the approval of the national board.

(f) Any person aggrieved or adversely affected by any action of a regional corporation may obtain administrative review of such action by the national board. The national board may, on the basis of such review, order the regional board to take appropriate remedial action. The final decisions of the national board shall be subject to judicial review in accordance with the provisions of chapter 7 of title 5 of the United States Code.

SEC. 104. RESEARCH AND DEVELOPMENT.

(a) The National Grid shall carry out a program of research and development in the area of electric power generation and transmission. In carrying out such program, the National Grid—

(1) may conduct research and development activities directly or through contracts with any person or public agency,

(2) shall coordinate its activities with those of the Energy Research and Development Administration, and to the extent practicable with those of other public and private agencies, and

(3) shall develop priorities for carrying out such program.

In developing priorities under paragraph (3), the National Grid shall give preference to environmental protection and land use research including, but not limited to, underground high voltage transmission technology, sulfur oxide control, and other technology to improve the performance of fossil fuel plants, development and demonstration of utility corridors, development and demonstration of improved methods for disposing of waste heat, and development of alternative methods of electric power generation (including but not limited to solar power, wind power, hydro power, biochemical conversion, thermonuclear fusion, magnetohydrodynamics, and fuel cells).

(b)(1) The National Grid shall expend at least 2 percent of its revenues in each fiscal year to carry out the program under this section.

(2) There are authorized to be appropriated to the National Grid for each fiscal year to carry out the program under this section an amount equal to (A) $250,000,000 less (B) the amount the National Grid is required to expend under paragraph (1) to carry out such program.

SEC. 105. TRANSFER OF CERTAIN EXISTING FEDERAL-OWNED FACILITIES.

(a) Effective 180 days after the date of enactment of this Act:

(1) There are transferred to the National Grid all electric power generating and transmission facilities of the following agencies:

(A) Bureau of Reclamation.
(B) Army Corps of Engineers.
(C) Southwestern Power Administration.
(D) Southeastern Power Administration.
(E) Bonneville Power Administration.
(F) Alaska Power Administration.

(2) After amortization, hydroelectric power projects, together with associated Federal transmission facilities, which are transferred to the National Grid under this subsection shall provide financial assistance to water resource development, the reclamation fund, and the basin accounts, in accordance with the laws and procedures under which they were authorized.

(3) The Tennessee Valley Authority shall be designated as the original corporation for the region consisting of the area in which it operates on the date of such designation.

(b) Title II of this Act shall not apply to the Tennessee Valley Authority * * *

TITLE II—GENERAL PROVISIONS APPLICABLE TO NATIONAL GRID AND TO REGIONAL CORPORATIONS

SEC. 201. ENVIRONMENTAL PROTECTION.

(a) Each corporatioin shall be subject to Federal, State, and local environmental standards. For purposes of this subsection, the term "environmental standard" means a law or regulation prescribing a standard or limitation for the purpose of control or abatement of air or water pollution or for the purpose of some other aspect of environmental protection.

(b)(1) Prior to applying to any public agency for authority to construct any proposed facility, the corporation which proposes to construct such facility shall hold a public hearing, after adequate public notice, and shall allow interested persons to submit comments on such proposal.

(2) Each corporation shall treat all decisions regarding the siting and design of facilities as a significant aspect of land use planning in which all environmental, economic, and technical issues with respect to a facility should be resolved in an integrated fashion. In the resolution of these possibly competing demands such corporation shall give all possible weight to the protection of the environment.

(c) This section shall apply to the Tennessee Valley Authority.

SEC. 202. BOARDS OF DIRECTORS.

(a) Of the members appointed to the board of directors of any corporation, one member shall be representative of the interests of privately owned electric power companies, one member shall be representative of the interests of publicly or cooperatively owned electric utilities, and one member shall be representative of the interests of consumers. Not more than two members of any board may be members of the same political party. Not more than two members of the national board may reside on the same side of the 100th meridian.

(b)(1) Members of the board of directors of each corporation shall be appointed for terms of 6 years, except that the terms of office of the members of any such board first taking office after the date of enactment of this Act, shall expire as designated by the President (or the National Grid in the case of members of a board of a regional corporation) at the time of nomination, one at the end of the second year, one at the end of the fourth year, and one at the end of the sixth year, after such date. A successor to a member of a board shall be appointed in the same manner as the original member and shall have a term of office expiring six years from the date of the expiration of the term for which his predecessor was appointed. No member may be appointed for all or part of more than two terms.

(2) The members of the national board first appointed shall be deemed the incorporators of the National Grid and the incorporation shall be held to have been effected from the date of the first meeting of the national board.

(c) Any member appointed to fill a vacancy in a board occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. Vacancies in a board, so long as there shall be two members in office, shall not impair the powers of such board to execute its functions, and two of the members in office shall constitute a quorum for the transaction of the business of such board.

(d) The Chairman of each board shall be elected by the members thereof.

(e) Each of the members of the national board shall receive compensation at the rate provided for level II of the Executive Schedule (5 U.S.C. 5313), to be paid by the National Grid. Eash of the members of a regional corporations board shall receive compensation at the rate provided for level IV of the Executive Schedule (5 U.S.C. 5315), to be paid by such corporation. No member of any such board shall, during his continuance in office, be engaged in any other business.

SEC. 203. OFFICERS AND EMPLOYEES OF CORPORATIONS.

(a) The board of directors of a corporation may without regard to the provisions of title 5, United States Code, governing appointments in the competitive service—

(1) appoint a manager of the corporation who shall be compensated at the provided for level II of the Executive Schedule, and

(2) appoint such other officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation (without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and general schedule pay rates), define their duties, and require bonds of such of them as such board may designate.

Any appointee of a board of directors may be removed in the discretion of such board.

(b)(1) For purposes of the Act of March 3, 1931 (Davis-Bacon Act; 40 U.S.C. 276a), each contract to which the corporation is a party shall be considered a contract to which the United States is a party.

(2) If work, which if let by contract would

be subject to paragraph (1), is done directly by a corporation, the prevailing rate of wages shall be paid in the same manner as though such work had been let by contract.

(c) In the appointment of officials and the selection of employees for a corporation, and in the promotion of any such employees or officials, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency. Any member of a board of directors who is found by the President of the United States to be guilty of a violation of this subsection shall be removed from office by the President of the United States, and any appointee of a board of directors who is found by the board to be guilty of a violation of this subsection shall be removed from office by such board.

Sec. 204. Corporate Powers Generally.

(a) Except as otherwise specifically provided in this Act, a corporation shall have the same powers as a District of Columbia nonprofit corporation has under subsections (a), (b), (c), (d), and (e) of section 5 of the District of Columbia Nonprofit Corporation Act, and in addition—

(1) May make contracts to carry out its functions under this Act.

(2) May adopt, amend, and repeal bylaws.

(3) Shall have power to acquire real property for the construction of generating facilities, transmission lines, and other structures and projects.

(4) Shall have power in the name of the United States of America to exercise the right of eminent domain, in accordance with section 207.

(5) Shall have such powers as may be necessary or appropriate for the exercise of the powers specifically conferred in this Act upon such corporation.

(b) In order to enable a corporation to exercise the powers and duties vested in it by this Act—

(1) The exclusive use, possession, and control of all property to be acquired by such corporation in its own name or in the name of the United States of America, are entrusted to such corporation for the purposes of this Act.

(2) The President of the United States is authorized to provide for the transfer to such corporation of the use, possession, and control of such other real or personal property of the United States as he may from time to time deem necessary and proper for the purposes of such corporation as stated in this Act.

(c) Each corporation shall maintain its principal office at a place determined by it.

(d) Section 101 of the Government Corporation Control Act is amended by inserting "any corporation established under the National Power Grid Act;" after "Tennessee Valley Authority;".

(e) A corporation may contract with any person or public agency which it deems qualified, to design, prepare specifications and bidding documents, recommend the award of contracts or supervise the construction and installation of equipment and facilities of any required type anywhere in the United States. A corporation may contract with the Federal Power Commission to participate with the staff of such corporation in system planning and load forecasting.

Sec. 205. Accounts and Contracts.

(a) A corporation shall at all times maintain complete and accurate books of accounts. Each corporation shall determine its own system of administrative accounts and the forms and contents of its contracts and other business documents except as otherwise provided by law.

(b) Subject to the other provisions of this Act, a corporation is authorized to make such expenditures and to enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the final settlement of all claims and litigation by or against such corporation; and, notwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the accountable officer or employee of such corporation, shall not disallow credit for, nor withhold funds because of, any expenditure which the board of directors thereof shall determine to have been necessary to carry out the provisions of this Act.

(c) All purchases and contracts for supplies or services, except for personal services, made by a corporation, shall be made after advertising, in such manner and at such times sufficiently in advance of opening bids, as the board of directors thereof shall determine to be adequate to insure notice and opportunity for competition; except that advertisement shall not be required when, (1) an emergency requires immediate delivery of the supplies or performance of the services; or (2) repair parts, accessories, supplemental equipment, or services are required for supplies or services previously furnished or contracted for; or (3) the aggregate amount involved in any purchase of supplies or procurement of services does not exceed $2,500; in which cases such purchases of supplies or procurement of services may be made in the open market in the manner common among businessmen. In comparing bids and in making awards a board of directors may consider such factors as relative quality and adaptability of supplies or services, the bidder's financial responsibility, skill, experience, record of integrity in dealing, ability to furnish repairs and maintenance services, the time of delivery or performance offered, and whether the bidder has complied with the specifications.

Sec. 206. Bonds for Financing Power Programs.

(a)(1) Each corporation is authorized to issue and sell bonds, notes, and other evidences of indebtedness (hereinafter collectively referred to as "bonds") to assist in financing its activities and to refund such bonds.

(2) The aggregate outstanding amount of bonds issued by the National Grid and by all regional corporations shall not exceed $30,000,000,000 at any time. This paragraph shall not apply to bonds issued by a regional corporation and not guaranteed by the United States.

(b) Subject to section 103(e), payment of principal and interest on bonds issued by a corporation under this section shall be guaranteed by the United States. Proceeds realized by a corporation from issuance of such bonds and from power operations and the expenditure of such proceeds shall not be subject to apportionment under the provisions of section 3679 of the Revised Statutes (31 U.S.C. 665).

(c)(1) Subject to paragraph (2), bonds issued by a corporation under this section shall be negotiable instruments unless otherwise specified therein, shall be in such forms and denominations, shall be sold at such times and in such amounts, shall mature at such time or times not more than fifty years from their respective dates, shall be sold at such prices, shall bear such rates of interest, may be redeemable before maturity at the option of such corporation in such manner and at such times and redemption premiums, and shall be subject to such other terms and conditions as such corporation may determine.

(2) At least fifteen days before selling each issue of bonds under this section (exclusive of any commitment shorter than one year) a corporation shall advise the Secretary of the Treasury as to the amount, proposed date of sale, maturities, terms and conditions, and expected rates of interest of the proposed issue in the fullest detail possible and, if the Secretary shall so request, shall consult with him or his designee thereon, but the sale and issuance of such bonds shall not be subject to approval by the Secretary of the Treasury except as to the time of issuance and the maximum rates of interest to be borne by the bonds. If the Secretary of the Treasury does not approve a proposed issue of bonds hereunder within seven working days following the date on which he is advised of the proposed sale, such corporation may issue to the Secretary interim obligations in the amount of the proposed issue, which the Secretary is directed to purchase. In case such corporation determines that a proposed issue of bonds under this section cannot be sold on reasonable terms, it may issue to the Secretary interim obligations which the Secretary is authorized to purchase. Notwithstanding the foregoing provisions of this subsection, obligations issued by a corporation to the Secretary shall not exceed $750,000,000 outstanding at any one time, shall mature on or before one year from date of issue, and shall bear interest equal to the average rate (rounded to the nearest one-eighth of a percent) on outstanding marketable obligations of the United States with maturities from dates of issue of one year or less as of the close of the month preceding the issuance of the obligations of such corporation. If agreement is not reached within eight months concerning the issuance of any bonds which the Secretary has failed to approve, such corporation may nevertheless proceed to sell such bonds on any date thereafter without approval by the Secretary in amount sufficient to retire the interim obligations issued to the Treasury and such interim obligations shall be retired from the proceeds of such bonds. For the purpose of any purchase of a corporation's obligations the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of such corporation's obligations hereunder. A corporation may sell its bonds by negotiation or on the basis of competitive bids, subject to the right, if reserved, to reject all bids; may designate trustees, registrars, and paying agents in connection with such bonds and the issuance thereof; may arrange for audits of its accounts and for reports concerning its financial condition and operations by certified public accounting firms (which audits and reports shall be in addition to those required by sections 105 and 106 of the Government Corporation Control Act); may, subject to any covenants contained in any bond contract, invest the proceeds of any bonds and other funds under its control which derive from or pertain to its power program in any securities approved for investment of national bank funds and deposit said proceeds and other funds, subject to withdrawal by check or otherwise, in any Federal Reserve bank or bank having membership in the Federal Reserve System; and may perform such other act not prohibited by law as it deems necessary or desirable to accomplish the purposes of this section. Bonds issued by a corporation under this section shall contain a recital that they are issued pursuant to this section, and such recital shall be conclusive evidence of the regularity of the issuance and sale of such bonds and of their validity.

(d) Bonds issued by a corporation under this section shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority or control of any officer or agency of the United States. The Secretary of the Treasury or any other officer or agency having authority over or control of any such fiduciary, trust, or public funds, may at any time sell any of the bonds of a corporation acquired by them under this section.

(e) Bonds issued by a corporation under this section shall be exempt both as to principal and interest from all taxation now or hereafter imposed by any State or local taxing authority except estate, inheritance, and gift taxes. Interest on such bonds shall not be included in gross income for purposes of any tax imposed by subtitle A of the Internal Revenue Code of 1954.

(f) This section shall apply to bonds of the Tennessee Valley Authority, only if such bonds are guaranteed by the United States, in accordance with section 103(e).

SEC. 207. CONDEMNATION PROCEEDINGS.

A corporation may cause proceedings to be instituted for the acquisition by condemnation of any lands, easements, or rights-of-way, or of any transmission capacity or existing facilities referred to in section 103 (C)(2) (A) or (B), which, in the opinion of such corporation, are necessary to carry out the provisions of this Act. The proceedings shall be instituted in the United States district court for the district in which the land, easement, right-of-way, or other interest, or any part thereof, is located, and such court shall have full jurisdiction to divest the complete title to the property sought to be acquired out of all persons or claimants and vest the same in the United States in fee simple, and to enter a decree quieting the title thereto in the United States of America. In any such eminent domain proceeding (including a proceeding in the District of Columbia) a corporation may file with the complaint or at any time before judgment a declaration of taking in the manner and with the consequences provided by the first section and sections 2 and 4 of the Act entitled "An Act to expedite the construction of public buildings and works outside the District of Columbia by enabling possession and title of sites to be taken in advance of final judgment in proceedings for the acquisition thereof under the power of eminent domain", approved February 26, 1931 (46 Stat. 1421).

SEC. 208. REPORTS.

(a) Each corporation shall report to the President annually, and the President shall transmit the report to the Congress with such comment and recommendations as he deems appropriate.

(b) Each corporation shall file with the President and with the Congress, in December of each year, a financial statement and a complete report as to the business of such corporation covering the preceding fiscal year.

(c) Reports provided for in subsections (a) and (b) shall also be noticed in the Federal Register.

SEC. 209. ADVISORY COMMITTEES.

(a) Whenever any corporation shall establish or utilize any board, task force, commission, committee, or similar group, not composed entirely of members of the board and officers or full-time employees of the corporation, for the purpose of advising the corporation as to its policies and procedures, the corporation shall insure that each such group is fairly balanced in terms of the points of view represented by its members.

(b) Each meeting of such board, task force, commission, committee, or similar group, shall be open to the public, and interested persons shall be permitted to attend, appear before, and file statements with, such group.

(c) All records, reports, transcripts, memoranda, and other documents which were prepared for or by such group, shall be available for public inspection and copying at a single location in the offices of the corporation.

(d) Advisory committees established or utilized pursuant to this Act shall be governed in full by the provisions of the Federal Advisory Committee Act (Public Law 92-463, 86 Stat. 770), except as inconsistent with this section.

(e) This section shall apply to the Tennessee Valley Authority.

By Mr. CURTIS:

S. 1209. A bill to provide for a 10-percent reduction in congressional salaries whenever the budget is not balanced. Referred to the Committee on Post Office and Civil Service.

Mr. CURTIS. Mr. President, today I am introducing a bill designed to show the American public that we in Congress are taking an active role in combatting inflation.

My bill would call for a 10-percent reduction in congressional salaries in any fiscal year where there is a deficit in the Federal budget.

The purpose, obviously, is to provide a disincentive for the Congress to tolerate an unbalanced budget. And, unfortunately, I believe we do require such a disincentive.

Local comedian Mark Russell says he cannot criticize President Ford—"after all, he hasn't done anything. But I won't criticize Congress either," says Russell. "They've done even less."

He is right about Congress. So far we have failed to take any positive action to turn this economy around, and there is no end in sight to the continuing inflation that is ravaging our economy.

This year we are facing a Federal deficit in excess of $51 billion. We also are facing the very real possibility that this spending Congress will raise that deficit even higher.

This trend simply cannot continue.

Mounting Federal deficits and a burgeoning Federal debt threaten the economic life of this Nation. Such deficits portend economic instability of a dimension we have never known. They make continuing inflation an economic fact of life.

And because such deficits assure that we will not be able to curb inflation, they establish as Government policy a permanent, cruel, hidden, and inequitable tax that strikes hardest at those who can least afford it.

Mr. President, last week I introduced a constitutional amendment that would compel the Federal Government to operate on a pay-as-you-go basis. It would encourage a balanced budget, or incur the need for higher taxes.

I hope we will seriously consider that measure in the days ahead. If approved, it would require ratification by three-fourths of the State legislatures. So it would be some time before it could become law.

In the meantime, let us take some kind of action to indicate our serious intent to come to grips with inflation headon. At a time when public confidence in Government is at an unprecedented low, we in Congress have a chance to prove we deserve some confidence.

We can do so by volunteering to take a 10-percent pay cut if we fail to balance the budget. I think that will be effective toward reducing the Federal deficit and restoring public confidence in elected officials.

There is no time to waste. Inflation is taking a higher toll daily in terms of unemployment, hunger, and bankruptcy. The problems can be stated in economic terms. But the costs are in human terms.

I agree fully with the late President Calvin Coolidge, who said:

> I favor economy in government, not because I wish to save money, but because I wish to save lives.

Let us show the American public we mean business. Let us make Mark Russell find someone else to kick around.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD:

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1209

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That beginning with fiscal year 1975, if the outlays of the United States Government (excluding outlays of trust funds) for a fiscal year exceed receipts (excluding receipts of trust funds) of the Government for that fiscal year, then during the immediately succeeding fiscal year the rate of compensation that each Senator, Representative, Delegate, and the Resident Commissioner from Puerto Rico would have been paid but for the enactment of this Act shall be reduced by 10 per centum.

By Mr. KENNEDY:

S. 1210. A bill to amend section 552 of title 5, United States Code, known as the Freedom of Information Act, to secure to employees of the Government the right to disclose information which is required by law to be disclosed by agencies. Referred to the Committee on the Judiciary.

FEDERAL EMPLOYEES DISCLOSURE ACT OF 1975

Mr. KENNEDY. Mr. President, when Congress enacted the Freedom of Information Act in 1966, it affirmed the principle of public access to governmental information so that the American people could know how their Government is being run. Recent amendments to the act have strengthened that affirmation.

The key to promoting freedom of information, in the broadest sense, remains in the hands of the Government employee. In a government that has become as large and complex as ours, it is both inadequate and unrealistic to rely solely on public requests for information to keep our citizens well-informed. I believe that the logical next step beyond the Freedom of Information Act is to recognize and protect the right of Government employees—on their own initiative—to make public information available to the public.

The case histories of those few Government employees who have made disclosures demonstrate the pitfalls that presently await Federal employees who on their own release information to the American people. The harassment and retaliation which these employees have suffered at the hands of their agencies for their acts of disclosure have discouraged all but the most courageous from disclosing information. This not only inhibits open government, but it further impairs the public's capacity to hold public officials accountable for their actions.

Little statutory protection is presently available to provide these employees with adequate protection from agency harassment. The only existing redress available to a Federal employee is to pursue an appeal before the Civil Service Commission. Yet only certain, very specific, retaliatory actions give rise to a right of appeal, and agencies have learned to circumvent civil service proceedings by taking more subtle retaliatory actions.

Even where an employee can appeal, the delay, expense, and emotional strain which that avenue entails is hardly comforting to those deciding to disclose information not for the benefit of themselves, but of the public. Moreover, remedies available to an employee in such proceedings are limited to an order to the agency to rescind its action against the employee and an award of back pay where applicable. Thus, because no damages can be obtained, these limited remedies do nothing effectively to deter agencies from retaliating against their employees.

The law must give statutory recognition to the Federal employee's right to disclose, to any person, information which is obtainable under the Freedom of Information Act. And it also must recognize the right of Government employees to disclose other information to Congress when such disclosure is made pursuant to a legitimate request for such information.

The law must also provide Federal employees with the opportunity to obtain redress in our courts for acts of intimidation and retaliation taken against them by their agencies when those employees exercise their right to disclose public information.

I am therefore introducing a bill to amend the Freedom of Information Act which I believe would accomplish these purposes. The amendment recognizes the right of Federal employees to disclose, to any person, information which is required to be disclosed under the Freedom of Information Act. It also recognizes the right of employees to make disclosures of other information to Congress if such disclosures are made pursuant to a written request for such information made by Congress.

The bill affords employees the right to bring a civil action in Federal district court to obtain redress for any agency actions taken against them in retaliation for the exercise of their right to disclose information. The court is given jurisdiction in such cases to provide complete relief. This could include restraining orders and interlocutory injunctions to prevent the threatened violation, and reinstatement and damages against the consequences of the violation. Damages are to be assessed against the United States.

To avoid any conflicts between court and administrative decisions, in judgments, an employee who brings an action under this provision is deemed to have waived any right to review before the Civil Service Commission.

To insure that the protections provided by this bill are viable for the average Government employee, provision is made for reasonable attorney fees and litigation costs to be paid by the United States if the complainant prevails.

Lastly, the bill provides that in all cases that arise under it, the taking of a personnel action against any employee within 1 year after he discloses information covered by this amendment shall create a rebuttable presumption that the action taken was because of the disclosure of information. This is intended to alleviate the problems of proof which an employee might encounter in attempting to show that the agency action was taken in retaliation against him for his disclosures. An employee who has been discharged from his job faces tremendous problems in meeting his burden of proof because the necessary information for that proof is ordinarily in the agency's hands. The presumption would in no way protect the employee from personnel actions taken for good cause. It would merely place the burden clearly on the party most able to bear it.

If we have learned any lesson from the tragic events of the last few years, it is that the line between a secret government and a corrupt government is dangerously thin. Time and time again only the selfless acts of disclosure by courageous Government employees have enabled the public to maintain vigilance over their Government. Yet, in return, we have done little to provide these employees with protection against the enormous personal risks they incur when they make these disclosures.

I believe that enactment of the amendment I am introducing today will encourage employees to make disclosures of public information, thereby promoting public confidence in Government by increasing the public's capacity to check the abuses of Government officials, to participate in Government proceedings, and to monitor the activities of their Government.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1210

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 552 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) An indiviudal in the competitive or excepted service (except an individual in the excepted services serving in a position that is of a confidential or policy-determining character or whose position is listed in subchapter II of chapter 53 of this title), as those terms are defined in and pursuant to chapter 21 of this title, who—

"(A) discloses any information to any person which an agency is required to make available to the public under subsection (a) of this section; or

"(B) discloses, pursuant to a lawfully authorized written request made by a Member of Congress, to that Member any information not subject to the requirement of subsection (a) of this section

may not be subject on account of such disclosure to discipline through dismissal, demotion, transfer, suspension, reprimand, admonishment, reduction-in-force or other adverse personnel action or the threat thereof.

"(2) Whenever an officer or employee of an agency violates any provision of paragraph (1) of this subsection, an individual aggrieved by the violation may bring a civil action against the agency and the officer or employee in accordance with the provisions of this subsection.

"(3)(A) The district courts of the United States have jurisdiction to hear and determine an action under this subsection without regard to the amount in controversy and without regard to the right of the individual to a prior review of his claim by the Civil Service Commission. Any individual who brings an action under this subsection waives any right to a review of his claim by the Civil Service Commission.

"(B) A civil action under this subsection may be brought in the district in which the event complained of occurred, the district in which the offending officer or employee is found, or in the United States District Court for the District of Columbia. The court may assess against the United States general damages and such other relief, including injunctive relief, as may be appropriate. The court shall award to a successful plaintiff in an action under this subsection reasonable attorneys' fees and other litigation costs reasonably incurred. Any such award shall be assessed against the defendant agency.

"(4) The taking of an adverse personnel action against any individual who discloses information under paragraph (1) of this subsection, if brought within one year after such disclosure, shall establish a presumption that such action was brought against such employee on account of such disclosure. The burden is on the agency to rebut the presumption arising under this paragraph.".

SEC. 2. Appropriations to agencies shall be available to pay any judgment or other cost incurred as the result of any judgment obtained pursuant to the provisions of this Act.

By Mr. BROCK:

S. 1211. A bill to provide for studies of malpractice insurance problems among physicians and hospitals. Referred to the Committee on Labor and Public Welfare.

Mr. BROCK. Mr. President, the 94th Congress is looking at the health care system to see how it should be strengthened and improved in order to provide better health care for our citizens. One part of the health care problem is reaching crisis proportions—the lack of medical malpractice insurance. Many insurance companies are presently discontinuing malpractice coverage, thus leaving both hospitals and practitioners without insurance. This means that there could be many States with even less health services than they already have. Rural areas will be hit particularly hard, since it is difficult to recruit medical professionals under normal conditions.

This alarming situation has arisen for several reasons. The number of malpractice suits being filed is increasing, as is the amount of settlements brought. Therefore, insurance companies find that it is not profitable to carry malpractice insurance. Since the statute of limitations begins upon discovery of malpractice—which may be 5 or 10 years after hospitalization, it is difficult to predict the cost of premiums. This necessitates an increase in the price of insurance premiums. I know of one medical group whose malpractice insurance premium went from $5,000 in 1 year to $107,000 the next year. As any businessman will recognize, this presents a massive financial crisis.

In Tennessee, there are 41 hospitals which will be left without insurance beginning in less than 60 days. Unless there is some alternative arrangement made in the meantime, these hospitals cannot operate. Doctors who might go to rural areas—those just beginning practice, or those beginning to prepare for retirement—either cannot obtain or afford insurance. It seems to me to be a contradiction in efforts to attempt to improve the health care system and at the same time watch the providers of health care be driven from practice. We need to insure that our health care system is allowed to operate uninterrupted.

I, therefore, am proposing S. 1211. My bill calls for a 90-day study to develop an immediate solution to this problem, and a 10-month study to research a long-term plan of action, so that this situation will not arise again. The study will be under the auspices of the Office of Technology Assessment, who will request the National Academy of Sciences to conduct these studies. The result of these studies should be that we eliminate the immediate problem and at the same time develop an adequate insurance system that will provide uninterrupted health care for our citizens. A similar measure has been introduced in the House of Representatives. I hope that this will insure speedy action and facilitate passage of this measure.

I ask unanimous consent that the bill be printed in the Record at this point, as follows:

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1211

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Office of Technology Assessment shall arrange for the conduct of studies concerning solutions to the growing problems of malpractice insurance among the Nation's physicians and hospitals, as provided in this section. The Office shall request the National Academy of Sciences to conduct such studies under an agreement, to be entered into between the Office and the Academy in conducting such studies will be paid by the Office.

(b) (1) The studies referred to in subsection (a) shall consist of—

(A) a study to be completed within 90 days following the date on which the arrangement referred to in such subsection is entered into, and

(B) a study to be completed within 10 months of such date.

(2) The study referred to in paragraph (1) (A) shall consider interim arrangements for the solution of the problems involved in the malpractice insurance coverage of physicians and hospitals in the United States and shall be related to provisions of title XVIII of the Social Security Act; and the study referred to in paragraph (1) (B) shall be a longer range study designed to explore the field more thoroughly and to provide a basis for long-range recommendations for the permanent solution of such problems.

(3) (A) Recommendations based on the study referred to in paragraph (1) (A) shall be submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives by the National Academy of Sciences no later than July 1, 1975, and shall include one or more alternative recommendations for achieving an interim solution to such problems.

(B) Recommendations based on the study referred to in paragraph (1) (B) shall be submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives by the National Academy of Sciences no later than May 1, 1976, and shall include proposals for long-range solutions to the problems of malpractice insurance coverage for the Nation's physicians and hospitals.

(4) In formulating the recommendations called for under paragraph (3), the Academy should give particular attention to provisions which would assure the highest possible rate of assignment of claims under section 1842 (b) of the Social Security Act.

(5) There are authorized to be appropriated to the Office of Technology Assessment such sums as may be necessary to carry out the provisions of this section.

By Mr. CRANSTON (for himself, Mr. Taft, Mr. Brooke, Mr. Proxmire and Mr. Williams):

S. 1212. A bill to extend and amend section 312 of the Housing Act of 1964. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. CRANSTON. Mr. President, the Housing Act of 1964, section 312, authorizes the Secretary of Housing and Urban Development to make 3-percent, low-interest rate loans to property owners to rehabilitate their property if it is in an urban renewal area or in an area where a program of concentrated code enforcement is being carried out. It is the only housing program directed specifically at rehabilitating inner city neighborhoods.

Last year, during the consideration of the Community Development Act of 1974, the administration proposed that the 312 program be terminated. They proposed that cities with areas needing rehabilitation use their block grant community development funds instead. Senator Taft and I opposed the administration on this issue and were successful in getting the 3-percent rehabilitation loan program extended to August 22, 1975. We felt the program should be extended for several reasons:

First. The block grant program terminates the following programs under HUD: Open space, urban beautification, historic preservation grants, public facility loans, water and sewer grants, neighborhood facilities, urban renewal, neighborhood development grants, and model cities supplemental grants.

Block grant funds were made available, beginning January 1, 1975, for other similar activities. But it was obvious that the many competitive demands on community development block grant funds would limit the amount available for housing rehabilitation.

Second. Section 312 is basically a housing program and other housing programs were not collapsed into community development.

Third. Section 312 is the only specific vehicle for assisting the rehabilitation of single-family housing and preserving existing neighborhoods. The 312 code enforcement loan program has been extremely successful in the San Francisco area, where there has been only a 2-percent default during its 10-year existence. By comparison, the nationwide default rate has been around 5 percent.

Fourth. Many States have constitutional restrictions which may bar lending community development funds to an individual for housing rehabilitation.

This bill makes the following changes in the 312 program:

First. It extends authority through September 30, 1978.

Second. It allows HUD to exceed the 3-percent loan interest rate up to an interest rate up to a government interest rate which covers the cost of borrowing plus losses and administration cost on a sliding scale when the borrower's income exceeds the median income for a family of four persons. This would answer the criticism often raised by OMB that section 312 allows rich people to receive 3-percent loans.

Third. It gives priority consideration to cities that provide rehabilitation funds from other sources and to cities that are unable to provide rehabilitation funds to individuals because of State legal restrictions.

Fourth. Section 312 is presently funded by a permanent authorization of $150 million per fiscal year. Its annual appropriation has never exceeded $90 million. That is enough to support 15,000 housing units, compared to the national housing goal of 200,000 rehabilitation subsidized units per year.

Under present law, only appropriated funds can be used for this program, despite the fact that section 315 contains a revolving loan fund and most of the loans are paid back. As a result, the administration has never been favorable to funding for this program.

As a possible remedy, our bill switches the funding for 312 from the appropriations process to Treasury borrowing process. It specifically declares that the outlay be financed outside of the budget. Appropriations would only be needed to make up the difference between the interest rate on the loans and the Treasury borrowing rate, plus a loss reserve and administrative cost. This is similar to the way other housing loan funds are administered.

Mr. President, this amendment would, for the first time, effectively make available under the program $150 million for low-interest loans to rehabilitate an estimated 25,000 old housing units a year.

This would constitute a 67 percent increase in the present program—and it would be brought about at less actual cost to the taxpayer.

Moreover, the budgetary impact of this program would be more accurately reflected. We estimate the program would need an annual appropriation of $7.5 million, instead of the present $90 million.

Mr. President, I ask unanimous consent that the text of the bill be printed following Senator Taft's statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Taft

I am pleased to be a coauthor of this legislation to extend and amend the Sec. 312 housing rehabilitation loan program. I am convinced that the enactment of this legislation would be a modest but important step toward achievement of the improved housing conditions we all seek.

Since coming to the Senate, I have argued extensively that our Federal housing strategy devotes insufficient attention to the preservation and rehabilitation of our 70 million-unit existing housing stock. As I have stated many times, it is unwise for the government to rely almost exclusively on new housing to meet the housing needs of those with modest incomes. The cost of building new housing units has become so high that well over half of all Americans, regardless of income, reportedly cannot afford to buy a new home. Thus, subsidy programs involving newly constructed housing inevitably will be very expensive and will tend to provide better housing for low-income beneficiaries than many of those Americans in middle income ranges can afford. Furthermore, environmental problems, urban land scarcity, and frequent community opposition, all tend to hold down the number of subsidized units which are likely to be constructed.

There is also a basic economic soundness to neighborhood preservation programs which is particularly relevant to the Sec. 312 case. Simply put, a limited expenditure of Federal housing rehabilitation funds at an early stage of neighborhood decline can stave off the need for massive public investment in a much more comprehensive urban renewal-type program at a later date.

On a more emotional level, I am convinced that many of our citizens want to stay in the older urban areas where they have lived for years, rather than move to a subsidized new unit in unfamiliar surroundings (even if one were available). This is particularly true for our elderly citizens, who want to stay around the friends they have had and the neighborhoods they know. Many of these citizens are homeowners with low incomes who would repair their homes were it not for the unmanageable financial burden.

Also on an emotional note, while some of our existing housing stock is certainly ugly or even in squalor, other units are of an architectural interest which adds needed charm and diversity to our urban areas. The Old West-End area of Toledo, which was a user of Sec. 312 loans and which I toured as a member of the Housing and Urban Affairs Subcommittee, is a good example of an area with many such housing units. The loss of one of these units of the housing stock could could never be replaced fully by a Federally subsidized new unit.

Despite these compelling reasons for a major housing preservation and rehabilitation effort, our record in this area has been dismal. In particular, the Federally assisted housing rehabilitation programs have always yielded far less units than expected. At least until the housing subsidy moratorium in 1973, by far the largest discrepancy between the number of annual subsidized housing units estimated necessary to achieve our 10-year national housing goals and the number of subsidized units actually produced was in the housing rehabilitation area.

This low level of success was certainly caused in large part by the technical difficulties involved in housing rehabilitation, which involves repair operations in risky neighborhoods and a different job with different problems to fit the needs of each individual existing housing structure. However, particularly in the case of the Sec. 312 program as I will discuss further, the blame also rests on insufficient Federal attention to and funding for housing and neighborhood preservation and rehabilitation activities.

As a minor step toward correcting this problem, Senator Cranston and I introduced the Urban Rehabilitation Act of 1972. Although that legislation died with the 1972 omnibus housing bill, in the last Congress we were more successful. The Administration announced its support for more extensive attention to and use of existing housing, but unfortunately it refused to support housing programs designed specifically for rehabilitation and used the occasion to take the crushing negative step of obliterating the subsidized new construction programs. More positively, several of our housing and neighborhood preservation amendments were accepted by Congress as part of the Housing and Community Development Act of 1974. One of these provisions amended the law proclaiming the goal of "a decent home and a suitable environment for every American family," a part of my father's work about which he felt most strongly. The provision reads:

"(b) The Congress further finds that policies designed to contribute to the achievement of the national housing goal have not directed sufficient attention and resources to the preservation of existing housing and neighborhoods, that deterioration and abandonment of housing for the Nation's lower income families has accelerated over the last decade, and that this acceleration has contributed to neighborhood disintegration and has partially negated the progress toward achieving the national housing goal which has been made primarily through new housing construction.

"(c) The Congress declares that if the national housing goal is to be achieved, a greater effort must be made to encourage the preservation of existing housing and neighborhoods through such measures as housing preservation, moderate rehabilitation, and improvements in housing management and maintenance, in conjunction with the provision of adequate municipal services. Such an effort should concentrate, to a greater extent than it has in the past, on housing and neighborhoods where deterioration is evident but has not yet become acute.";

Since the passage of that Act, the reasons for supporting strong programs to preserve older housing and neighborhoods have become even more compelling. Both the labor-intensive nature of these programs and their likely locations in or near neighborhoods with grave unemployment problems have taken on a new importance and desirability. The same can be said for the energy conservation aspect of housing rehabilitation, which often involves improvements such as the installation or development of more efficient heating and electrical systems.

Unfortunately, however, our actions since the passage of the Housing and Community Development Act of 1974 have not followed our rhetoric. The Sec. 312 program is operating at its lowest level in several years and other subsidized housing programs which encouraged some rehabilitation are not operating. The new federal housing subsidy program designed to take up the slack remains largely a promise and a question mark, and does not encompass homeownership situations.

It would be untenable to maintain that the Sec. 312 program, which has never resulted in the rehabilitation of more than about 12,250 housing units in a year, is or could be the total answer to this problem. In any event, to a large extent the existing housing-needs of the very poor must be fulfilled by rental units, which are not often rehabilitated with Sec. 312 money. Furthermore, the success of neighborhood preservation programs depends crucially not just on housing rehabilitation, but also on the provision of adequate municipal services and improvements.

Nevertheless, Sec. 312 has a unique place in a comprehensive national housing strategy. It is the only working national program which provides assistance so that modest-income homeowners can keep their homes in good repair. Because of the stability which homeowners can bring to the neighborhoods they inhabit, this type of assistance is necessarily a crucial aspect of any strategy to arrest and reverse neighborhood decline.

During the debate on the community development bill, the Administration argued that Sec. 312 could be abolished because this need would be met through cities' use of community development funds. I believe that this approach would not afford the rehabilitation of single-family housing the importance as a housing program that Congress intended, as reflected in the language of the 1974 Act. It was felt that the other housing programs, such as the Section 8 leased housing program, were important enough priorities to remain separate Federal programs. They purposely were not placed in a pot with all the other competing community development activities to compete for possible program funds, or in a position of complete reliance on the administrative abilities of each local government. I believe that the Sec. 312 program also belongs in that category. The clear intent of the 1974 Act was that it would promote housing and neighborhood preservation, not downgrade preservation by abolishing the national program most specifically suited for this purpose.

Another problem with the proposal to substitute the discretionary use of community development funds for the Sec. 312 program is the constitutional restrictions in many States which may limit or prevent the use of local funds for direct rehabilitation loans to citizens. I am well aware of this problem because Ohio is one of the States which may be affected adversely.

The other alternative to Federal direct loans for housing rehabilitation would be a program which relies, at least to a great extent, on the use of private financing. Advocates of housing rehabilitation would like to find a sensible Federal approach of this type. Such an approach would almost certainly be funded at a more realistic level than the present Sec. 312 program because its budget impact per housing unit would be much smaller.

However, that approach would be inhibited by lenders' outright unwillingness to lend, or willingness to lend only at very high interest rates, in the types of neighborhoods the program would have to operate. The interest rate on home improvement loans is now 12%, even for loans which are 90% federally insured for housing in extremely stable areas. While the sheer size of the preservation job to be done across the country demands that we develop ways of using private capital more intensively to stave off neighborhood decline, that is obviously a vastly more expensive approach than Federal direct lending or conducting a subsidized housing rehabiliation program.

Another dimension of the Sec. 312 program in support of its retention is its high degree of success. The latest figures I have seen show the program's loan delinquency rate to be about 5%. Virtually all the comments I have heard about the operation of the program have been favorable, and even the Administration has never based its opposition on the way the program operates.

The legislation we are introducing today extends the Sec. 312 program until September 30, 1978. I am convinced that the three-year time period is necessary to eliminate uncertainty about the program's future, which certainly has hampered its use in the last several years.

The legislation also would amend Sec. 312 to allow 9% higher interest rate than the present 3% to be charged to borrowers whose incomes are higher than those already established for priority by the statute. However, the interest rate could not be set higher than the rate needed to let the program "break even", or cover the Treasury borrowing costs, administrative costs and anticipated losses.

In practice, this amendment would give HUD the discretion to charge an interest rate up to about 8% at the present time, or to adopt an interest rate which "slides upward" or a variation of that approach, to borrowers whose income exceeds a level which is about the average income in most communities. This provision will be a good answer to the criticism that because Sec. 312 has been a neighborhood-based rather than an income-based program, people with fairly high incomes have been able to receive 3% loans even though they could afford to pay more.

On the other hand, it recognizes the importance to the comprehensive neighborhood preservation concept of allowing those with higher incomes to receive government loans, because private lenders either may not be willing to lend in the area in question or may charge an interest rate so high that it discourages rehabilitation. Furthermore, the provision of a federal loan at 8% would be a powerful incentive for such homeowners to participate in a neighborhood preservation program.

The new legislation also directs HUD to administer the program (i.e., allocate funds) in a manner which would encourage communities to stimulate housing preservation with public and private capital not made available under Section 312, encourage communities to address the housing preservation needs of owner occupants whose incomes are too low to afford even Section 312 loans, and accommodate the needs of communities which have no other feasible source of loan funds for rehabilitation. The first phase recognizes that the dimensions of the housing preservation effort demand an infusion of much more money than the Section 312 program is likely to provide, and thus communities' responsibility to use community developed funds in this manner if possible and to stimulate the use of private capital for this purpose. The second phrase recognizes that with the replacement of the urban renewal statute by community development, there is no longer a Federal rehabilitation grant program of up to $3,500 for owner-occupants who need housing rehabilitation (Section 115 of urban renewal law). If this need is to be met at all, it must be met with community development funds. Since the Section 115 program was administered in conjunction with Section 312 in the past to the extent that about one-fourth the grants were combined with Section 312 loans and over one-third of the Sec. 312 loans were combined with grants, it is appropriate that Section 312 be administered in a way which encourages the fulfillment of this need. A great number of the beneficiaries of this type of local action will be low-income urban elderly homeowners now on fixed incomes. The third phrase, in effect, simply directs HUD to recognize a State constitutional problem where it exists.

Finally, the budget treatment of Section 312 program must be addressed. At present the program is funded by the authorizations and appropriations process. I believe that this funding method is misleading because all of the money for loan outlays must be appropriated, despite the fact that most of this money will be paid back and thus is not a loss to the government in the conventional sense of a permanent financial loss. Largely as a result of this misleading budget treatment, in my judgment, Section 312 has been treated harshly in the appropriations process. Although a $150 million dollar annual authorization level has been in the law since 1968, the annual appropriation has never exceeded $90 million dollars. That is enough funding to support the rehabilitation of only about 15,000 housing units, which is a small fraction of the number of subsidized rehabilitated housing units per year estimated necessary to keep us on track toward meeting the Congressionally-determined national housing goal. The funding for the present fiscal year is only about half that level.

I believe it would be much less misleading to explicitly fund the Section 312 program from Treasury borrowing, and to require an appropriation of the program's true cost to the government rather than the entire outlay amount. Thus, annual appropriations under our bill would be necessary for the difference between Section 312 interest rates and Treasury borrowing rates, plus an amount to cover expected and otherwise uncovered losses. Congress would also establish annual lending ceilings, to provide an additional element of control over program size.

Senator Cranston and I fought very hard to extend the Section 312 program in the Housing and Community Development Act of 1974, only to see it funded for fiscal 1975 at an extremely low level. It makes no sense to extend the law further if appropriations will continue to be meager; in fact, this might be detrimental by raising falsely localities' and neighborhoods' hopes for assistance. I am hopeful that the correction of the past misleading budget treatment we are proposing and even just focusing on the issue will lead to more rational Congressional consideration of that issue in the future.

The Section 312 program is scheduled to expire on August 22d and since we are likely only to have an "emergency" housing bill prior to that time, I am convinced that this legislation should have an emergency status. I urge the Banking, Housing and Urban Affairs Committee and the Congress to act on it promptly.

S. 1212

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 312 (c) (3) of the Housing Act of 1964 is amended by inserting "(A)" after "not to exceed", and by inserting after "at any time" a comma and the following: "or (B) such greater rate as the Secretary may establish for loans with respect to residential property which primarily will benefit persons whose annual incomes exceed the limitations established for priority by subsection (a), but in no case shall such rate exceed a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the terms of loans made pursuant to this section, adjusted to the nearest one-eighth of 1 per centum, plus an allowance adequate in the judgment of the Secretary to cover administrative costs and possible losses under the program".

SEC. 2. Section 312(d) of the Housing Act of 1964 is amended—

(1) by inserting "(1)" after "(d)";

(2) by inserting "ending on or before June 30, 1975" after "for each fiscal year";

(3) by inserting after the end of the first sentence: "The revolving fund (hereinafter in this subsection referred to as the "fund") shall consist of (A) amounts repaid by borrowers as principal and interest on loans from the fund, (B) proceeds credited to the fund under paragraph (2), (C) appropriations to the fund under this paragraph or paragraph (3), and (D) receipts from any other source.";

(4) by striking out "such revolving fund" and inserting in lieu thereof "the fund";

(5) by inserting "(A)" after "shall be available for";

(6) by striking the period at the end thereof and inserting in lieu thereof the following: ", (B) for the purpose of making loans under this section, and (C) for paying interest on obligations issued under paragraph (2). The aggregate loans made under this section in any fiscal year shall not exceed the limits on such lending authority established for such year in appropriation Acts."; and

(7) by adding at the end thereof the following new paragraphs:

"(2) To carry out the purposes of this subsection, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in an aggregate amount not to exceed $150,000,000 in any fiscal year, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under that Act are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as debt transactions of the United States.

"(3) There is authorized to be appropriated to the fund in each fiscal year an amount equal to the difference between the amount of interest paid on obligations issued under paragraph (2) and the amount of interest received on loans made from the fund, plus any additional amount deemed necessary to carry out this section, but not to exceed $7,500,000 in any fiscal year. Except in the case of sums appropriated under this subsection, the receipts and disbursements of State governments shall be exempt from any limitation on annual expenditures or net lending."

SEC. 3. Section 312(g) of the Housing Act of 1964 is amended by adding at the end thereof the following new sentence: "The Secretary shall administer the provisions of this section in a manner designed to (A) encourage communities to undertake programs which facilitate public or private financing of rehabilitation with funds not made available under this section or any other Federal housing program, (B) encourage communities to address the rehabilitation needs of owner-occupants living in areas participating in rehabilitation programs whose incomes are too low to afford loans provided pursuant to this section, and (C) accommodate the needs of communities which have no other feasible source of loan funds for rehabilitation."

SEC. 4. Section 312(h) of the Housing Act of 1964 is amended by striking out "after the close of the one-year period beginning on the date of the enactment of the Housing and Community Development Act of 1974" and inserting in lieu thereof "after September 30, 1978", and by striking out "the close of that period" and inserting in lieu thereof "that date".

By Mr. BENTSEN (for himself, Mr. HATHAWAY, and Mr. CRANSTON):

S. 1213. A bill to provide, through tax incentives in the Internal Revenue Code of 1954, that all future employment-based group health insurance plans extend coverage to workers who become unemployed and receive unemployment compensation benefits, with a temporary program financed through a trust fund and a temporary assessment on group health insurance arrangements to cover workers who are currently unemployed and receiving unemployment compensation—or who become unemployed before the applicable health insurance plans are modified to cover them, and for other purposes. Referred to the Committee on Finance.

EMERGENCY HEALTH INSURANCE EXTENSION ACT OF 1975

Mr. BENTSEN. Mr. President, last week I announced that I would soon be introducing a new measure to provide health insurance coverage to unemployed workers whose previous coverage had terminated. I am today introducing that legislation, and it is being simultaneously introduced in the House by Congressman ROSTENKOWSKI of Illinois, chairman of the Health Subcommittee on the Ways and Means Committee.

Congressman ROSTENKOWSKI has taken the lead in developing this legislation, and I believe he has addressed himself properly to the objections raised by various witnesses to all of the previous legislation introduced on this subject.

The legislation that we introduce today is subject to further review by both committees, but I feel it offers us a broad structure within which to come up with a final bill.

According to the most recent estimates by the Library of Congress, some 2.5 million workers lost their hospitalization coverage by the end of February 1975. Some 2.2 million lost their regular medical coverage as well. These figures, of course, do not include dependent spouses and children who were also uncovered as a result of the termination of family coverage when the family head becomes unemployed.

We can appreciate the dimensions of the problem when we recognize that hospital costs have more than tripled since 1960 and that physician's fees have risen substantially more than the increase in the cost of living.

For the unemployed, with average unemployment checks averaging around $68 nationwide, the specter of major illness confronts them with a considerable dilemma. Many do not qualify for medicaid, because they are not poor enough. If they do qualify, they find that medicaid coverage fluctuates widely from State to State, with some States only offering minimal coverage. If they choose to pay their own premiums, they may be paying on the average of $50 a month for family policies, a considerable slice of their unemployment compensation.

I do not believe we can walk away from this issue which has now reached serious proportions. We must act and act rapidly. It is not realistic to expect the private sector to pick up the burden. In fact, the American Hospital Association told the Finance Committee a short time ago that hospitals during the past several years have experienced a decreased operating margin of revenue over expenses of from 2.2 percent in 1971 to 0.8 percent in 1973. Sixty-three percent of community hospitals are operating at a loss. Nor are the State financially equipped to handle a sudden influx of medical claims for the unemployed. The solution—a temporary, stopgap solution—must be a Federal one.

On January 30, I introduced S. 496, which would have qualified unemployed workers for coverage under medicare part A. Although I remain convinced that this is a sound approach, testimony revealed that administrative difficulties could have delayed the effective implementation of the program.

The measure that Congressman ROSTENKOWSKI and I are introducing today minimizes the administrative burden and offers us a program that requires no new bureaucracy and no use of general revenue funds. In several significant ways, it is an improvement on earlier proposals.

The measure consists of two parts. Part 1 would require, through tax incentives, that future group health insurance contracts build in protection against the loss of health insurance during periods when the workers of an employer are receiving unemployment benefits. This requirement would apply to all health insurance and contract renewals entered into after 30 days after enactment of the bill. In addition, all policies would have to contain such a provision within 14 months after enactment.

Part 2 would be directed to the presently unemployed and would reinstate health coverage for them upon their application to their former employers. This part would be financed by a 1-percent tax on health insurance premiums under group contracts, which would be placed in a special trust fund. Since the fund would not contain enough at first to pay the premiums of the currently unemployed, there is a provision for the fund to borrow against the Treasury to the extent necessary. Estimates are that the fund could go out of existence in less than 5 years, after paying out all claims against it.

Under both part 1 and part 2, employers and carriers are induced to participate by, in the case of an employer, disallowing his business deduction of one-half the amount he spends for his employees' health insurance coverage or, in the case of carriers, disallowing the deduction of all their premium taxes paid to the States, if they choose not to join the program.

The approach developed under the leadership of Congressman ROSTENKOWSKI has several important advantages: First, it is easy to administer. No new agency would have to be set up to administer it; second, it can be put in place immediately; third, it does not require the expenditure of general revenue funds, since the employers would pay the bulk of the premium tax and could treat it as a business expense.

It does not avoid all the inequities of former proposals, but it does minimize them. We would not be using general revenue funds to continue very liberal insurance policies for some individuals and spare policies for others. The burden is spread among those now having health insurance, and those with better coverage will be paying higher taxes.

It does not vitiate the need for national health insurance. As I have repeatedly said, this is an emergency program to meet an urgent need. We still have national health insurance at the top of our domestic agenda, and I intend to continue pressing for a comprehensive bill.

We offer this as a new proposal for the consideration of the two committees. We will be asking our colleagues for constructive suggestions, but I believe the basic structure of this measure improves on earlier measures on this same subject.

Let me again commend Congressman ROSTENKOWSKI for his creative leadership on this matter, and I am hopeful that we can now work together to assure the swift passage of a fair and rational program to protect the unemployed from the high costs of health care.

I ask unanimous consent that the text of the measure be printed in the RECORD, and let me indicate that I am also introducing it as an amendment to the pending tax bill, H.R. 2166, to be taken up tomorrow.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1213

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Health Insurance Extension Act of 1975".

TITLE I—CONTINUATION OF EMPLOYMENT-BASED HEALTH INSURANCE COVERAGE FOR THE UNEMPLOYED

ENTITLEMENT OF UNEMPLOYED INDIVIDUALS TO CONTINUED COVERAGE

SEC. 101. Any individual who—

(1) is entitled to receive compensation for any week under a State or Federal unemployment compensation law, and

(2) would be covered (or could have become covered) under an employment-based health insurance plan in such week through his most recent previous employment if such employment had not been terminated or discontinued,

shall be entitled as a former employee to continued coverage under such plan without additional cost for the month or months during which such week or any part thereof falls, as required by section 102 and more particularly described in section 103.

REQUIREMENTS APPLICABLE TO EMPLOYERS ANI CARRIERS

SEC. 102. (a) Each employer whose employees are covered under an employment-based health insurance plan shall be required to include in such plan provisions assuring coverage for former employees in accordance with sections 101 and 103, as a condition of—

(1) the full deductibility (for Federal income tax purposes) of any payments or contributions made by such employer under or on account of such plan in any taxable year during any part of which such plan is in effect, and

(2) any treatment as a nonprofit organization (for such purposes) to which such employer may otherwise be entitled for any such taxable year.

(b) Each health insurance carrier offering one or more employment-based health insurance plans shall be required to include in each such plan provisions assuring coverage for former employees of the employer or employers involved in accordance with sections 101 and 103, as a condition of—

(1) the deductibility (for Federal income tax purposes) of any premium taxes paid by such carrier to the States or their political subdivisions with respect to premiums or other periodic payments received by the carrier under any of such plans in any taxable year during any part of which that particular plan is in effect, and

(2) any treatment as a nonprofit organization (for such purposes) to which such carrier may otherwise be entitled for any such taxable year.

(c)(1) Each health insurance carrier offering one or more employment-based health insurance plans shall also be required, as a condition of the deductibility and tax treatment specified in paragraph (1) and (2) of subsection (b), to participate, with all other carriers of the same type offering plans which satisfy subsection (b), in an organization or arrangement under which the total amount of the claims paid by any such carrier under the plan or plans involved during any period, with respect to individuals who have been entitled to continued coverage under section 101 for more than three months after the month in which their most recent previous employment was terminated or discontinued (and with respect to expenses incurred by such individuals after the expiration of such three months), will be periodically adjusted (by the transfer of funds to or from that carrier) so that the net amount which that carrier is actually required to pay with respect to those claims will be the amount determined under paragraph (2).

(2) The net amount which any particular carrier is required to pay with respect to claims described in paragraph (1) during any period, after the adjustment referred to in such paragraph, shall be an amount which bears the same ratio to the total amount paid during such period with respect to all claims so described by all participating carriers of the same type as (A) the amount paid by that particular carrier under the plan or plans involved during such period with respect to all claims other than than those so described bears to (B) the total amount paid by all carriers of the same type under such plans during such period with respect to all claims other than those so described.

(3) For purposes of this subsection—

(A) all carriers offering service benefit plans (of the kind described in section 8903 (1) of title 5, United States Code) shall be considered to be of one type, and all other carriers shall be considered to be of another; and

(B) in the case of a carrier which is an organization described in the second sentence of section 401(4), the amount of the claims (of any kind) paid during any period, as referred to in paragraph (1) or (2) of this subsection, shall be referred to be equivalent to 90 per centum of the product of the applicable per-capita or per-family amount (referred to in such second sentence) multiplied by the number of individuals or families who are entitled to have payment made under the plan or plans involved on those claims.

NATURE AND EXTENT OF COVERAGE

SEC. 103. (a) The manner in which an individual entitled to continued health insurance coverage under section 101 may obtain such coverage and verify his entitlement thereto shall be specified in the provisions which are required by section 102 (a) and (b) to be included in the health insurance plan involved.

(b) The type and scope of the coverage to which any such individual is entitled under section 101 shall be the same as the type and scope of the coverage (individual or family) which would have been available to him had he continued in such employment.

(c) Each health insurance plan to which the requirements of section 102 relate shall include provisions effectively assuring to an employer's former employees who are entitled to continued coverage under section 101 that such coverage will be available to them (as long as they are so entitled) even if the employer ceases to do business or goes out of existence.

EFFECTIVE DATE

SEC. 104. Sections 101, 102, and 103 shall be effective with respect to all employment-based health insurance plans from and after the first day of the fourth calendar month which begins after the date of the enactment of this Act; except that with respect to any such plan which has been established through collective bargaining between the employer and representatives of his employees and the first termination (or renewal) date of which after the date of the enactment of this Act does not fall in either the second or third calendar month beginning after such date of enactment, such sections shall be effective on the first termination (or renewal) date of such plan occurring after such third calendar month but in no case later than the first day of the fourteenth calendar month after the month in which this Act is enacted.

TITLE II—TEMPORARY HEALTH INSURANCE PROTECTION FOR THE CURRENTLY UNEMPLOYED

ENTITLEMENT TO CONTINUATION OR RESTORATION OF COVERAGE

SEC. 201. Any individual who during the emergency period (as defined in section 206 (a))—

(1) is entitled to receive compensation for any week under a State or Federal unemployment compensation law, and

(2) would be covered under an employment-based health insurance plan in such week through his most recent previous employment if such employment had not been terminated or discontinued,

shall be entitled as a former employee to have his coverage under such plan (or coverage of the same type and scope) continued or restored without additional cost for the month or months during which such week or any part thereof falls, as required by section 202 and more particularly described in section 203.

REQUIREMENTS APPLICABLE TO EMPLOYEES AND CARRIERS

SEC. 202. (a) Each employer whose employees are covered under an employment-based health insurance plan shall be required, upon application or request made as described in section 203(a) by an individual entitled to have his coverage continued or restored during the emergency period as provided in section 201, to take such action as may be necessary to continue or restore such coverage in accordance with sections 201 and 203, as a condition of—

(1) the full deductibility (for Federal income tax purposes) of any payments or contributions made by such employer under or on account of such plan during the taxable year (or years) in which such period or any part thereof falls, and

(2) any treatment as a nonprofit organization (for such purposes) to which such employer may otherwise be entitled for any such taxable year.

(b) Each health insurance carrier offering one or more employment-based insurance plans shall be required to take such action as may be necessary to provide coverage with respect to each such plan for former employees of the employer or employers involved during the emergency period, without additional cost, in accordance with sections 201 and 203, as a condition of—

(1) the deductibility (for Federal income tax purposes) of any premium taxes paid by such carrier to the States or their political subdivisions with respect to premiums or other periodic payments received by the carrier under any of such plans during the taxable year (or years) in which such period or any part thereof falls, and

(2) any treatment as a nonprofit organization (for such purposes) to which such carrier may otherwise be entitled for such taxable year (or years).

PROCEDURE FOR OBTAINING CONTINUATION OR RESTORATION OF COVERAGE: NATURE AND EXTENT OF COVERAGE

SEC. 203. (a)(1) Any individual who is entitled to do so under section 201 may have his coverage continued or restored as provided in such section by submitting to the employer involved or his designated agent an application or request for such continuation or restoration together with such proof of his entitlement as may be necessary. If on the basis of such proof and the available records or after reasonable investigation the employer determines in good faith that the individual is in fact so entitled, the employer shall promptly make such arrangements with (and provide such information to) the carrier offering such plan as may be necessary or appropriate to assure such continuation or restoration. Any such determination of an individual's entitlement shall be conclusive for purposes of this title; but any willfully false statement or representation of such entitlement, made to the employer or made by the employer to the carrier under the preceding sentence, shall be subject to sections 1001 and 1002 of title 18, United States Code.

(2) An application or request may be made by an individual under this subsection at any time prior to the expiration of six months after the last day of his entitlement under section 201.

(b) The type and scope of the coverage which any individual is entitled to have continued or restored under section 201 shall be the same as the type and scope of the coverage (individual or family) which he had under the health insurance plan involved immediately prior to the termination or discontinuance of his employment; but no continuation or restoration of coverage under section 201 shall be effective with respect to any individual for any period beginning on or after the first day of the first month for which such individual is entitled, or would upon filing the appropriate application be entitled, to hospital insurance benefits under part A of title XVII of the Social Security Act.

(c)(1) Payments to the carrier for items and services furnished or paid for under or in connection with an employment-based health insurance plan, in the case of individuals who are entitled to have such payments made solely by reason of the continuation or restoration of their coverage during the emergency period pursuant to this title, and payments to the carrier for administrative costs incurred in performing its functions under this title (at a rate no higher than that of the administrative costs incurred with respect to employed individuals covered by the plan), shall be made quarterly, in advance (on the basis of estimates) or by way of reimbursement, from the Federal Emergency Health Insurance Trust Fund as provided in section 204(d) in accordance with bills submitted to the Managing Trustee of such fund (or his delegate) by the carrier.

(2) In the case of a carrier which is an organization described in the second sentence of section 401(4), the payments made under paragraph (1) of this subsection shall be equivalent to the product of the applicable per-capita or per-family amount (referred to in such second sentence) multiplied by the number of the individuals or families who are entitled to have such payments made.

(d) In any case where an individual is entitled to have his coverage continued or restored under section 201 but his most recent previous employer has ceased to do business or has gone out of existence, the application or request described in the first sentence of subsection (a) shall be made directly to the carrier offering the plan to which such application or request relates and the coverage involved shall be provided by such carrier as though appropriate arrangements therefor had been made by the employer under the second sentence of such subsection.

FEDERAL EMERGENCY HEALTH INSURANCE TRUST FUND

SEC. 204. (a)(1) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the Federal Emergency Health Insurance Trust Fund (hereinafter in this section referred to as the "Trust Fund"). The Trust Fund shall consist of such amounts as may be appropriated to or deposited in such fund as hereinafter provided.

(2) There are authorized to be appropriated to the Trust Fund from time to time, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of the taxes imposed by section 4981 of the Internal Revenue Code of 1954 (relating to tax on health insurance premiums). The amounts appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in the preceding sentence, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such sentence.

(b) With respect to the Trust Fund, there is hereby created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this section referred to as the "Board of Trustees") composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this section referred to as the "Managing Trustee"). The Board of Trustees shall meet not less frequently than once each calendar year. It shall be the duty of the Board of Trustees to—

(1) hold the Trust Fund;

(2) report to the Congress not later than the first day of April of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and thereafter; and

(3) review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of law which govern the way in which the Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected income to, and disbursements to be made from, the Trust Fund during the current fiscal year and thereafter, a statement of the actuarial status of the Trust Fund, a statement of the extent to which any obligations issued under subsection (c) have been retired, and an estimate of the time at which the Trust Fund will cease to exist in accordance with subsection (e). Such report shall be printed as a House document of the session of the Congress to which the report is made.

(c) (1) In order to provide the Trust Fund with initial capital and to supplement amounts appropriated to it under subsection (a), the Trust Fund may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Trust Fund to carry out its functions under subsection (d). Each such obligation shall mature at such time and be redeemable at the option of the Managing Trustee in such manner as may be determined by the Managing Trustee, taking into account the provisions of subsection (e), and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligation. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Trust Fund issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchase of the Trust Fund's obligations hereunder. The proceeds of any obligations issued under this subsection shall be deposited in the Trust Fund.

(2) In order to assure that the basic financing of the Trust Fund is at all times accomplished through appropriations equivalent to taxes as described in subsection (a) (2), and to facilitate the termination of the Trust Fund as provided in subsection (e), all obligations issued under paragraph (1) of this subsection shall be retired at the earliest possible time.

(d) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as are necessary to make the payments provided for by section 203(c) of this Act and to pay the costs of the administration of such section, reduced or increased as required to take account of any amounts by which previous payments under this subsection are larger or smaller than they should have been.

(e) As soon as the Board of Trustees determines that all of the obligations issued by the Trust Fund under subsection (c) have been retired, and that there are no further claims against the Trust Fund for payments under subsection (d), the Managing Trustee shall immediately notify the Congress thereof and the Trust Fund shall thereupon cease to exist; and any amounts remaining in the Trust Fund at that time shall be returned to the Treasury as miscellaneous receipts.

TEMPORARY EXCISE TAX ON GROUP HEALTH INSURANCE PREMIUMS

SEC. 205. (a) Subtitle D of the Internal Revenue Code of 1954 (relating to miscellaneous excise taxes) is amended by adding at the end thereof the following new chapter:

"CHAPTER 44—TEMPORARY TAX ON GROUP HEALTH INSURANCE PREMIUMS

"SEC. 4981. IMPOSITION OF TAX

"(a) IN GENERAL.—There is hereby imposed, with respect to each employment-based health insurance plan offered by a health insurance carrier, a tax equal to 1 cent on each dollar (or fractional part thereof) of the total amount of the premiums charged under such plan. The tax imposed by this subsection shall be paid by the carrier.

"(b) DEFINITIONS.—For purposes of this section—

"(1) PREMIUM.—The term 'premium' (with respect to an employment-based health insurance plan during any period) means any periodic payment which entitles the individual or family by whom (or on whose behalf) the payment is made, to the extent otherwise qualified, to the benefits provided under the plan, or, in the case of a plan sponsored or underwritten by an employer described in clause (B) of section 401(4) of the Emergency Health Insurance Extension Act of 1975, the cost (during such period) of paying claims under such plan plus the related cost of its administration.

"(2) OTHER TERMS.—Other terms have the same meanings as when used in the Emergency Health Insurance Extension Act of 1975.

"(c) ADMINISTRATIVE PROVISIONS.—Under and to the extent provided by regulations of the Secretary or his delegate—

"(1) the appropriate provisions of subtitle F (relating to procedure and administration) shall be made applicable with respect to the tax imposed by subsection (a) of this section; and

"(2) the tax imposed by subsection (a) of this section may be paid by deducting the amount thereof from any claims made by the carrier against the Federal Emergency Health Insurance Trust Fund under section 203(c) of the Emergency Health Insurance Extension Act of 1975.".

(b) The table of chapters for subtitle D of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new item:

"CHAPTER 44. Temporary Tax on Group Health Insurance Premiums."

EMERGENCY PERIOD; EFFECTIVE DATES

SEC. 206. (a) As used in this title, the term "emergency period", with respect to the employees and former employees of any employer, means the period—

(1) beginning with the first day of the month in which this Act is enacted, and

(2) ending with the day preceding the first day on which title I is effective with respect to the former employees of that employer;

except that if any such former employee is entitled to coverage under section 201 on the day specified in paragraph (2), the emergency period shall continue with respect to him (and section 101 shall not apply) until such entitlement terminates.

(b) (1) Except as provided in paragraph (2), the provisions of this title shall be effective as of the first day of the month in which this Act is enacted.

(2) The amendments made by section 205 shall apply with respect to premiums which are charged or payable on or after January 1, 1976, and prior to the last day of the month in or with the close of which section 204 ceases (as specified in subsection (e) thereof) to be effective.

TITLE III—TAX PROVISIONS APPLICABLE IN CASE OF NONPARTICIPATION BY EMPLOYERS OR CARRIERS

LIMITATION OR DENIAL OF DEDUCTION FOR CERTAIN PAYMENTS

SEC. 301. (a) (1) Section 162 of the Internal Revenue Code of 1954 (relating to deduction for trade or business expenses) is amended by redesignating subsection (h) as subsection (i), and by inserting immediately after subsection (g) the following new subsection:

"(h) LIMITATION OR DENIAL OF DEDUCTION FOR CERTAIN PAYMENTS IN CONNECTION WITH EMPLOYMENT-BASED HEALTH INSURANCE PLANS.—

"(1) EMPLOYERS.—Any deduction otherwise allowable under subsection (a) for payments or contributions made by an employer under or on account of an employment-based health insurance plan during any taxable year shall be reduced by an amount equal to one-half of the total of such payments or contributions if—

"(A) title I of the Emergency Health Insurance Extension Act of 1975 is effective with respect to such plan during any part of such year and such plan does not include provisions assuring coverage for former employees as required by section 102(a) of such Act: or

"(B) title II of such Act is effective with respect to former employees of such employer during any part of such year and such employer does not take the action required (with respect to such former employees) by section 202(a) of such Act.

"(2) HEALTH INSURANCE CARRIERS.—No deduction shall be allowed under subsection (a) or under any other provision of this chapter for any premium tax paid by a health insurance carrier to a State or political subdivision thereof with respect to premiums paid during any period on any employment-based health insurance plan offered by such carrier unless—

"(A) all employment-based health insurance plans offered by such carrier during such period include provisions assuring coverage without additional cost for former employees of the employer or employers involved as required by section 102(b) of the Emergency Health Insurance Extension Act of 1975; and

"(B) such carrier participates (throughout such period) in an organization or arrangement as required by section 102(c) of such Act.

For purposes of subparagraph (A), a health insurance plan shall be considered as including the provisions required by such subparagraph, during any period in which title II but not title I of such Act is effective with respect to such plan, if the carrier has taken the action required by section 202(b) of such Act with respect to all of the former employees of the employer involved.

"(3) MEANING OF TERMS.—Terms used in this subsection shall have the same meanings as when used in the Emergency Health Insurance Extension Act of 1975.".

(2) Section 164(g) of such Code (cross references relating to deduction for taxes) is amended by adding at the end thereof the following new paragraph:

"(3) For provisions disallowing any deduction for certain premium taxes paid by health insurance carriers, see section 162(h)(2).".

DENIAL OF EXEMPT STATUS FOR CERTAIN EMPLOYERS AND CARRIERS

SEC. 302. (a) Part I of subchapter F of chapter 1 of the Internal Revenue Code of 1954 (relating to exempt organizations) is amended by adding at the end thereof the following new section:

"SEC. 504. CERTAIN EMPLOYERS AND HEALTH INSURANCE CARRIERS.

"No organization which is an employer or a health insurance carrier shall be exempt from taxation under section 501, or be considered an exempt organization for purposes of any other provision of this subtitle, with respect to any taxable year, if during any part of such year—

"(1) in the case of an employer, its employees are covered by any employment-based health insurance plan which does not include provisions assuring coverage without additional cost for former employees as required by section 102(a) of the Emergency Health Insurance Extension Act of 1975; or

"(2) in the case of a carrier (A) it offers and has in effect any employment-based health insurance plan which does not include such provisions as required by section 102(b) of such Act of (B) it is not participating in an organization or arrangement as required by section 102(c) of such Act.

For purposes of paragraphs (1) and (2)(A), a health insurance plan shall be considered as including the provisions required by either such paragraph, during any period in which title II but not title I of such Act is effective with respect to such plan, if the employer or carrier has taken the action required of it by section 202 of such Act with respect to all former employees of the employer involved. Terms used in this section shall have the same meanings as when used in the Emergency Health Insurance Extension Act of 1975".

(b) The table of sections for such part I is amended by adding at the end thereof the following new item:

"Sec. 504. Certain employers and health insurance carriers.".

EFFECTIVE DATES

SEC. 303. The amendments made by sections 301 and 302 shall apply in the case of any employer or carrier only with respect to periods, in taxable years ending after the date of the enactment of this Act, during which title I or title II of the Emergency Health Insurance Extension Act of 1975 is effective with respect to such employer or carrier.

TITLE IV—MISCELLANEOUS PROVISIONS

DEFINITIONS

SEC. 401. For the purposes of this Act—

(1) an individual who for any particular week is not entitled to receive compensation under a State or Federal unemployment compensation law, but who was entitled to receive such compensation for one or more previous weeks in the same continuous period of unemployment and would be so entitled for that particular week except for illness or injury, shall be deemed to be entitled to receive such compensation for that particular week;

(2) the term "employment-based health insurance plan" means a health insurance plan which (A) is sponsored by an employer or a labor organization, or both (including, where appropriate, a health and welfare fund), (B) covers some or all of the employees of such employer, and (C) the premiums for which are paid or collected wholly or in part by or through such employer;

(3) the term "health insurance plan" means an insurance policy, contract, or other arrangement under which a carrier undertakes in consideration of premiums (as defined in section 4981(b)(1) of the Internal Revenue Code of 1954) to provide, pay for, or reimburse the costs of health services received by individuals covered by the plan; and

(4) the terms "carrier" and "health insurance carrier" mean (A) a voluntary association, corporation, partnership, or other nongovernmental organization which is lawfully engaged in providing, paying for, or reimbursing the cost of health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements, in consideration of premiums (as defined in section 4981(d)(1) of the Internal Revenue Code of 1954), including a health benefits plan duly sponsored or underwritten by an employee organization, and (B) an employer (except a governmental entity) who is a self-insurer with respect to providing, paying for, or reimbursing the cost of health services for his employees. Such terms also include an organization which provides, either directly or through arrangements with others, health services to individuals enrolled with such organization on the basis of a predetermined per-capita or per-family amount without regard to the frequency or extent of the services furnished to any particular enrollee.

By Mr. McCLURE (for himself and Mr. CHURCH):

S. 1214. A bill to authorize the establishment of the City of Rocks National Monument in the State of Idaho, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. McCLURE. Mr. President, today I cosponsor a bill to provide for the establishment of the City of Rocks National Monument in the State of Idaho. The City of Rocks is an area in southern Idaho which combines outstanding geological formations and historical values against a background of exceptional scenic grandeur.

The Albion Mountain range runs down through this area, and it has a geologic history that goes back more than 2½ billion years. The basic crystalline complex of the range was buried by tons of newer rocks which resulted in high temperatures and extreme pressures at great depths below the Earth's surface. As time passed, this overburden of new rocks was uplifted and finally after 10 miles of vertical uplift, the ancient rocks which formed the base of the mountain range were exposed by erosion. Some geologists claim that some of the ancient rocks originated far to the west and were moved to this area on thrust faults. And so, the area is one where great and interesting scientific debate abounds.

As a result of the erosion process, the unique monoliths of eroded granite were exposed, and it is this area that we know as the City of Rocks. Aside from the outstanding geologic history that the City of Rocks tells us, the area is also important for its mantled gneiss domes. As its name implies, this is a structural uplift, or dome, generally covered by the foliated metamorphic rock called gneiss. Throughout the world, gneiss domes usually form the exposed cores of any great mountain chain's hinterlands. Although many gneiss domes do exist, few are so easily seen and interpreted as those in the City of Rocks area.

And the City of Rocks also has historical values. Ancient people found there among these strange rock formations, some protection from a hostile environment. Archeologists believe that prehistoric people lived in the area of the City of Rocks, and there is one known ancient campsite to back that up. It is known that there were at least two large historic Shoshoni Indian winter villages and that as recently as the 1900's, Indians camped in the area.

But the most important historical value of the City of Rocks is the role it played in the great westward migration during the 1800's. The movement of thousands of emigrants across plains and mountains to the Far West was a dramatic event unduplicated in our history. The tenacity, bravery, and energy of those pioneers is legendary in the annals of American achievement. During the 19th century, the picturesque City of Rocks was the junction of a number of transportation routes where thousands of these emigrating Americans paused while pursuing their hopes and expectations for a new life in the West. The westward migration and each ensuing frontier settlement born out of this far-flung frontier movement have provided this Nation with a unique heritage of dynamic struggle in colonizing a continent—and the City of Rocks was instrumental in that movement.

The overland migrations were composed of three significant population movements: The optimistic pioneer farmers moving into the fertile valleys of California and Oregon; the persevering Mormons, searching for an area where they might live in peace; and the hordes of Forty-Niners heading west with visions of quick and easy wealth. Thus, the westward migration of Americans resulted from a combination of circumstances and motives. But beneath it all was a desire to improve their prospects for the good life whether expressed in terms of land or gold or simply the freedom to pursue happiness.

The longest, most significant and most heavily traveled route of overland migration during the 19th century was that known as the "Oregon Trail." It was the sole artery of overland travel to Oregon and later became the most important access route to the California Gold Rush of 1849. And the early pioneers were constantly searching for new travel routes in order to avoid such menacing barriers as the Salt Desert and the Great Salt Lake. The City of Rocks, sometimes called the "Silent City of Rocks," owes much of its prominence to the proximity of these ever-changing historic routes. The first practicable route to California, going north of the Great Salt Lake, passed directly through the City of Rocks area.

During the earlier years, this route was spoken of as the "California Trail." But after 1846, it was sometimes referred to as the "Applegate Trail" due to its use by Oregon-bound emigrants who wished to enter the Willamette Valley from the south. In this instance, it served as an alternate route to the Oregon Trail.

In 1848, a new connection to the California Trail was established from the Mormon settlement at Salt Lake to a junction with the original California Trail. This new connection went just south of the Twin Sisters in Emigrant Canyon in the City of Ricks. This route later became the main emigrant thoroughfare and was known as the Salt Lake Cutoff.

The City of Rocks area provided emigrants with a passage around the hazardous marshes of the upper Raft River, good campsites, plenty of water and pasturage for their animals. Their arrival at City of Rocks was usually an occasion for a rest and an interesting respite from the arduous journey. As they climbed over the unusual rock formations of eroded granite, many of these rocks became covered with the names of those who passed by on the trail. I can well imagine that the members of the wagon trains not only added their names to the roster, but searched the rocks for the name of relatives and friends who had preceeded them westward.

To the emigrant, the City of Rocks was the portal to a new and unpleasant adventure, a change from the comparatively easy pull through the Platte and Snake River basins to the arid, danger-ridden Great Basin. City of Rocks, with its rugged skyline, portended rough passage through Granite Pass ahead and a descent to hardship in the bleak Humbolt Valley beyond. Here at City of Rocks, amidst the apprehensive view, was a chance for forage, rest, and merriment before embarking on a new regime of travel. City of Rocks, too, was a relief from past boredom of travel, a place for wonderment among the granite pinnacles, such a contrast from the easterly plains.

It is not difficult to imagine the emigrants' hardships as they crossed southern Idaho en route to Oregon and California some 120 years ago. Mute evidence of their crossing still remains—worn rock ledges and old junipers that bear scars of the ropes and handmade chains used to help loaded wagons down steep grades, the ruts of the wagon wheels, handmade oxshoes, horseshoes, and lengths of chain and various pieces of metal rusting in dry washes and on sagebrush flats.

And so we have an area which is nothing less than an epilog of people, land, and events. The beautiful and unusual geological formations as well as the historical values of City of Rocks are superlative. In addition, there is an abundance of interesting plants and animals in the area. The delicately balanced blending that characterizes this area's collective resources—natural, historical, cultural, and scientific—ascribe a special significance and appeal to the area. And I think that these resources must be preserved in some manner.

The City of Rocks was designated a national historic landmark in 1963 and a national natural landmark in 1974. The national park system contains no other phenomena of eroded granite and gneiss domes similar to those displayed in the City of Rocks area and nowhere in the entire system is there emphasis on the California Trail and the people who used it. It is for these reasons as well as the desire to preserve the area that I cosponsor this bill today.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 3

At the request of Mr. KENNEDY, the Senator from South Dakota (Mr. ABOUREZK), the Senator from New Jersey (Mr. CASE), the Senator from Iowa (Mr. CLARK), the Senator from California (Mr. CRANSTON), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Hawaii (Mr. INOUYE), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from Rhode Island (Mr. PELL), the Senator from West Virginia (Mr. RANDOLPH), the Senator from Florida (Mr. STONE), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of S. 3, the Health Security Act.

S. 421

At the request of Mr. CANNON, the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Hawaii (Mr. INOUYE) were added as cosponsors of S. 421, a bill to regulate commerce and assure the availability of air transportation at the lowest reasonable cost to consumers.

S. 858

At the request of Mr. HANSEN, the Senator from Michigan (Mr. GRIFFIN) and the Senator from Nevada (Mr. LAXALT) were added as cosponsors of S. 858, a bill to authorize a program of assistance to States for the establishment, expansion, improvement and maintenance of cemeteries for veterans.

S. 935

At the request of Mr. KENNEDY, the Senator from Iowa (Mr. CULVER), the Senator from South Dakota (Mr. MCGOVERN), and the Senator from Missouri (Mr. SYMINGTON) were added as cosponsors of S. 935, a bill to terminate embargo against trade between the United States and Cuba.

S. 962

At the request of Mr. KENNEDY, the Senator from South Dakota (Mr. ABOUREZK), the Senator from North Dakota (Mr. BURDICK), the Senator from Oregon (Mr. HATFIELD), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Rhode Island (Mr. PELL), the Senator from Connecticut (Mr. RIBICOFF), the Senator from California (Mr. TUNNEY), and the Senator from North Dakota (Mr. YOUNG) were added as cosponsors of S. 962, the Older Americans Community Service Employment Amendments of 1975.

S. 976

At the request of Mr. MCCLURE, the Senator from Nevada (Mr. CANNON) was added as a cosponsor of the bill (S. 976) to exempt range sheep industry mobile housing from regulations affecting permanent housing for agricultural workers.

S. 984

Mr. JACKSON. Mr. President, I ask unanimous consent that at the next printing of the bill S. 984, Land Resource Planning Assistance Act, the name of the Senator from Colorado (Mr. GARY W. HART) be added as a cosponsor.

This is to correct a printing error. The Senator from Colorado (Mr. GARY W. HART) had made a timely request to be an original sponsor of this measure. In fact the CONGRESSIONAL RECORD included his name in the introductory statement of the bill on March 6, 1975. Although that statement shows him to be an original sponsor, his name was inadvertently left off the printed bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 1120

At the request of Mr. CASE, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 1120, the auto fuel efficiency bill.

S. 1151

At the request of Mr. STEVENS, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 1151, a bill to amend the Federal Water Pollution Control Act in order to increase the authorization for the Alaska village demonstration projects.

S. 1172

At the request of Mr. ROBERT C. BYRD, the Senator from Pennsylvania (Mr. SCHWEIKER) was added as a cosponsor of S. 1172, to amend title VI of the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a 10-year term for the appointment of the Director of the Federal Bureal of Investigation.

S.J. RES. 57

At the request of Mr. CURTIS, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of Senate Joint Resolution 57, a joint resolution to authorize and request the President to proclaim the month of May 1975 as "National Car Care Month."

S. RES. 67

At his own request, the Senator from Pennsylvania (Mr. SCHWEIKER) was added as a cosponsor of Senate Resolution 67, concerning the safety and freedom of Valentyn Moroz, Ukrainian historian.

S. RES. 99

At the request of Mr. TUNNEY, the Senator from Utah (Mr. MOSS), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Hawaii (Mr. INOUYE), the Senator from Indiana (Mr. HARTKE), the Senator from Colorado (Mr. HASKELL), the Senator from Louisiana (Mr. JOHNSTON), and the Senator from Nevada (Mr. CANNON) were added as cosponsors of Senate Resolution 99, to protect tuna and other species in the Eastern Tropical Pacific.

S. RES. 100

At the request of Mr. SCHWEIKER, the Senator from Rhode Island (Mr. PELL) and the Senator from Illinois (Mr. STEVENSON) were added as cosponsors of Senate Resolution 100, expressing the sense of the Senate with respect to discrimination in international commerce on religious, racial, or ethnic grounds.

S. CON. RES. 18

At the request of Mr. PROXMIRE, the Senator from Washington (Mr. JACKSON) was added as a cosponsor of the concurrent resolution (S. Con. Res. 18) to direct the Federal Reserve to follow certain money supply guidelines in conducting monetary policy and providing for semiannual hearings on monetary policy targets.

AMENDMENTS SUBMITTED FOR PRINTING

REORGANIZATION OF THE FIFTH AND NINTH JUDICIAL CIRCUITS—S. 729

AMENDMENT NO. 132

(Ordered to be printed and referred to the Committee on the Judiciary.)

Mr. TUNNEY. Mr. President, on behalf of Senator CRANSTON and myself, I introduce amendments to S. 729, "A bill to improve the judicial machinery by reorganizing the fifth and ninth judicial circuits, by creating additional judgeships in those circuits, and for other purposes."

S. 729, introduced by Senator BURDICK on February 18, is designed to reorganize the fifth and ninth judicial circuits, a proposal originally suggested by the Commission on Revision of the Federal Court Appellate System. The original recommendation of the Commission was to divide the ninth circuit into two new circuits of nearly equal population and caseload. In doing so it would cut the State of California into halves, placing the northern half of the State in one new circuit and the southern half in another new circuit.

Early last session several bills were introduced to carry out this plan. Hearings were held on S. 2988 and S. 2990 by Senator BURDICK's Subcommittee on Improvements in Judicial Machinery. In testimony received at these hearings the State Bar Association of California as well as many local bar associations in California and the Attorney General of California made known their vehement opposition to any realignment of the ninth circuit which would divide California into two appellate jurisdictions for purposes of Federal intermediate appellate court review.

S. 729 retains the recommendation of the Commission for splitting California but attempts to establish new judicial machinery on top of the existing appellate review system for resolving conflicts in circuit cases affecting our States.

After studying S. 729, the State Bar of California and the California attorney general concluded that the proposed solution to the problems of the ninth circuit was unworkable and undesirable. The State bar suggested an alternative of simplifying Senator BURDICK's proposal for a nine-judge in banc panel to provide that the panel act as the in banc panel for the entire circuit, not merely as a third level appellate court for resolving disputes between the northern and southern in banc panels of the bifurcated ninth circuit.

Senator CRANSTON and I concur with our constituents—to restructure the appellate system of the ninth circuit in such a fashion would be detrimental to all aspects of government and the conduct of ordinary affairs by the people of California. To alter the system so radically would ignore the necessity of preserving unity of judicial decision and judicial precedent within the State.

The amendments we introduce today embody the recommendations of the California bar. The only significant difference between the functions of the joint in banc panel in S. 729 and those of the in banc panel in our amendment would be it would have jurisdiction over all the cases, instead of only those which arise in California.

The amendment contains certain additional technical provisions, including conforming amendments to the Federal Rules of Appellate Procedure on procedural matters relating to the ninth circuit in banc procedure which properly belong in those rules rather than in a statute. It also modifies the language of S. 729 relating to uniformity of local practice and procedure. We have attempted to draft all changes so they affect only the ninth circuit, and leave completely unaffected those parts and applications of S. 729 concerning the fifth circuit.

Let me stress those features of our amendments which I believe are most important. First and foremost, they keep California intact. Second, they provide for a streamlined in banc procedure. Third, they propose that the in banc be chosen by seniority or by some other method agreed upon by the judicial council. I do believe that alternatives to straight seniority—such as staggered seniority or an election process—should be considered.

Senator CRANSTON and I are aware of sentiment on the part of some California lawyers that the ninth circuit should be realined although California should be left intact. As we understand it, these lawyers do not favor the Burdick bill, S. 729, but would favor an alternative of keeping California in one piece while separating it—perhaps with a few other States—into a division of the ninth circuit. While this plan does not pose conceptual problems, it does pose political problems. Other ninth circuit States have strong views about which States they would like to be grouped with; and the caseload in California alone is greater than half the load of the ninth circuit. If a consensus develops for an alternative that would keep California intact, we would be happy to support it. Meanwhile, the amendments we offer are the best solution yet developed.

Essentially, S. 729 would divide the ninth circuit and the State of California into a "northern division" and a "southern division." It redefines the word "circuit" in other statutes and provisions of law so that each such "division" is actually a judicial circuit giving each "division" the power to sit en banc, the same as any other court of appeals en banc. The bill increases the total number of judges in the ninth circuit to 20, giving the new northern division 9 judges and giving the new southern division 11 judges. Then, to meet the needs of California, the bill would superimpose upon the two divisions a third entity, a special tribunal known as the "joint en banc panel." This joint en banc panel would be composed of the nine most senior judges, drawn five from one division and four from the other. The joint en banc panel would have jurisdiction over the two divisions in cases arising in California and requiring resolution of a conflict of law applied in the Federal courts in California. The joint en banc panel would probably have a substantial work load inasmuch as California comprises about 70 percent of the population of the ninth circuit as well as 70 percent of the caseload of the ninth circuit. The jurisdiction of the joint en banc panel, of course, is not and could not be limited to constitutional issues, but must include the resolution of all conflicts of laws arising in Federal court litigation in California in order to meet the need for which it is intended.

By dividing the ninth circuit and the State of California into two divsions California becomes subject to two possibly diverging bodies of jurisprudence: The law of the southern division and the law of the northern division. And with the addition of the joint en banc panel, there will be not only two but three separate jurisprudential heads at the intermediate appellate court level. A California litigant and lawyer would be bound first to look for a decision of the joint en banc panel on a point at issue and if none, for a decision of his division en banc and if none, for a decision by a three-judge panel of his division to ascertain the law to be applied. Confusion and uncertainty as to applicability of legal precedents would likely exist for litigants and lawyers of other States in the ninth circuit as well as for those in California.

The multiplication of appellate hearings into three separate stages at the intermediate appellate level cannot but result in additional delay and expense to litigants and a duplication of workload for those judges who are members of the joint en banc panel, who would have considered the case at the division en banc State and again as a member of the joint en banc panel. Also, there would be cases in which a petition or suggestion for hearing en banc is refused by the division en banc in which a hearing is thereafter granted by the en banc panel, which is composed of a different membership and may feel a responsibility for a different view of the law. Litigants will feel obliged to exhaust all three tiers of the appellate structure.

The splitting of California into divisions, which are virtually separate circuits except for the review jurisdiction of the joint in-banc panel, will produce confusion and delay in resolving sensitive types of litigation in which the State of California or its agencies are involved. As the Attorney General of California emphasized in his statement before the Subcommittee on Improvements in Judicial Machinery, there are many statutes which provide for court of appeals review of Federal administrative action concerning a State or State agency in carrying out a federally regulated program. If the State is divided into separate divisions, threshold litigation as to jurisdiction and forum-shopping would be probable. It would invite duplication and conflict of law.

We also take issue with some of the technical provisions of S. 729 respecting the jurisdiction and procedure of the proposed joint in-banc panel which appears unduly to restrict access to that panel to the point that the panel might be prevented from fulfillment of the basic purpose which it was intended to serve and that would be productive of unnecessary technical threshold controversies as to the extent of the jurisdiction of the joint in-banc panel.

Our amendments are designed to overcome these adverse features of S. 729. There has been some criticism of the amendment to the effect that "limiting the in-banc function in all cases to but nine judges" is not conducive to harmony in a court containing more than nine, and would have the effect of creating "first- and second-class circuit judges. Empowering an in-banc panel to make the law for the whole membership of the circuit is no different from the function exercised by an appellate tribunal over any group of lower tribunals. Such a division of authority and function is found in every judicial system and in every form of governmental and private organization. More importantly, the criticism stated is quite inconsistent with the terms of S. 729 itself. The function envisaged for the joint in-banc panel under S. 729 would be identical to that of the in-banc panel under our amendment except only for the fact that our amendment would apply the in-banc panel jurisdiction to all of the cases instead of only to a portion of them. That joint in-banc panel composed of nine judges proposed under S. 729 could decide, in a 5-to-4 decision, to overrule or reverse a decision of, for example, the proposed Southern Division of the Ninth Circuit, which would have 11 judges sitting in banc. Moreover, I am informed that the Commission on Revision of the Federal Court Appellate System now has under consideration, and may probably issue a report in favor of, a new supplementary proposal which would provide for similar in-banc panel type jurisdiction and procedure in any circuit when the number of circuit judges in the circuit exceeds nine.

The principle which appears to have been assumed by the Commission on Revision of the Federal Appellate Court system is that, with the exception of the Supreme Court itself, every circuit judge should participate in every in-banc decision no matter how large any circuit might become. This principle could be carried to an extreme. No one would suggest, for example, that the 100 or so circuit judges of all the circuits ought to get together and by majority vote of their whole membership decide conflicts of law between the several circuits.

In short, we believe that nine circuit judges selected by an appropriate process with relative stability and permanence of position—similar to the joint in-banc panel proposed in S. 729—would be a suitable tribunal to make and settle the law of the circuit. With such a review jurisdiction explicitly provided by statute we do not believe that there would result the "disharmony" feared by those who criticize.

The most important thing about our amendment is that it would in no way change any of the procedural or structural characteristics of the court with which all lawyers in the entire circuit are now familiar. It requires no drastic change of procedure or the addition of a whole new set of rules and concepts to be added to the sufficiently complicated nature of existing appellate procedure.

The provisions of our amendment are summarized as follows:

First. Section, 1, 2, 3, 4, and 6 of S. 729 would be amended to eliminate references to the Ninth Circuit, but would remain unaffected concerning the Fifth Circuit. Sections 5 and 9 of S. 729 would be amended to provide for the additional seven judgeships in the Ninth Circuit and the appointment of the additional judges, references to divisions are eliminated.

Second. Section 11 of S. 729 would be amended to delete the proposed section 46(d) and in lieu thereof substitute a new subsection (d). The substituted subsection would provide that in the Ninth Circuit there shall be a nine judge in-banc panel which shall exercise the in-banc powers of the court and would provide other details as to method of selection of the in-banc panel, its composition, procedure, and so forth. Subsections (a), (b), (c), and (e) of 28 U.S.C. section 46, as amended by section 11 of the bill, would be further amended to add exceptive cross-references to the new proposed subsection (d).

Fourth. Section 19 of S. 729, insofar as it would amend 28 United States Code, section 332(d) by adding a new third sentence to that subsection, would be amended to delete the references to divisions and to modify the language, relating to uniformity of local rules.

Fifth. Section 23 of S. 729, insofar as it would amend 28 United States Code, section 1294 would be amended to delete the reference to "Northern Division."

Sixth. Section 24 of S. 729, which would amend 28 United States Code, section 1254, and section 25, which would amend 28 United States Code, section 1291, would be deleted as unnecessary.

Seventh. In conjunction with the in-banc panel procedure, our amendment would amend Federal Rules of Appellate Procedure, rule 35 which governs court of appeals in-banc procedure to avoid any inconsistency between the provisions of the rule and the new statutory provisions for the ninth circuit in-banc panel. The amendment of the appellate rules are made subject hereafter to the powers of the regular rulemaking procedure under 28 United States Code, section 2072.

Our amendment also contains certain transition and effective date provisions respecting only the ninth circuit, which generally make the amendments effective January 1, 1976, the same date as is provided for the fifth circuit provisions of S. 729. The transition provisions provided for the ninth circuit have been arranged to determine with as much clarity as possible the applicability of the new provisions in different situations in order to avoid uncertainty, ambiguity, and litigation over the technicalities of the transition.

The proposed amendments to S. 729 will permit the Court of Appeals of the Ninth Circuit to dispose of its increasing caseload with efficiency while maintaining that essential consistency and unity in decisional law and in the orderly development of decisional rules that is the vital element of our judicial tradition.

Mr. President, I ask unanimous consent to insert in full the text of those amendments in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 132

On page 1, line 3, strike out "section 41" and all that follows up to page 2, line 3, and insert in lieu thereof the following: "that part of section 41 of title 28, United States Code, relating to the composition of the fifth judicial circuit is amended to read as follows:

"Circuits Composition

* * * * *

"Fifth:
"Eastern Division.............. Alabama, Florida, Georgia, Mississippi, Canal Zone.
"Western Division .... Louisiana, Texas.".

On page 2, line 3, strike out "either".

On page 2, line 4, strike out "or ninth".

On page 2, line 6, strike out "either the fifth or the ninth circuit" and insert "the fifth circuit".

On page 2, line 9, strike out "either the fifth or the ninth circuit" and insert "the fifth circuit".

On page 2, line 12, strike out the word "either".

On page 2, line 13, strike out "or ninth'".

On page 3, line 5, strike out "either the fifth or the ninth" and insert "the fifth".

On page 4, line 2, strike out "two" and all that follows up to the colon on line 5, and insert "and seven additional judges for the Ninth Circuit".

On page 4, line 7, strike out "section 26" and insert in lieu thereof "section 25".

On page 4, line 14, strike out "section 26" and insert in lieu thereof "section 25".

On page 5, strike out all between line 2 and line 3 and insert the following:

"Circuits Places

* * * * *

"Fifth:

Eastern Division.................. Atlanta, Jacksonville, Miami and Montgomery.

* * * * *

"Fifth:

Western Division............ New Orleans and Houston.

On page 6, between lines 17 and 18, strike out:

"Ninth

Northern Division.................... 9

Southern Division.................... 11".

and insert in lieu thereof:

"Ninth .... 20".

On page 6, line 19, strike out "in part".

On page 7, line 11, immediately before the period insert a comma and the following: "subject, in the case of judges in the ninth circuit, to the provisions of subsection (d) of this section".

On page 7, line 21, strike out the period and "A court" and insert in lieu thereof the following: "who comprise the court en banc or the en banc panel of the court. Except in the ninth circuit, a court".

On page 8, line 2, immediately before the period insert a comma and the following: "except in a rehearing by the en banc panel of the court under subsection (d) of this section".

On page 8, line 3, strike out all through page 9, line 11, and insert in lieu thereof the following:

"(d) In the ninth circuit the powers of the court en banc shall be exercised by an en banc panel of the circuit consisting of nine of the circuit judges of the circuit in regular active service, seven of whom shall constitute a quorum. The en banc panel consists of the chief judge of the circuit, who shall preside, and the eighth circuit judges in regular active service next highest in precedence. If a quorum is unavailable due to temporary inability to perform duty or disqualification of one or more of the members of the en banc panel, sufficient other circuit judges in regular active service and next highest in precedence shall act as members thereof to establish a quorum, except that the judicial council of the circuit may, by rule adopted by a majority thereof, provide a different system for constituting the en banc panel.".

On page 9, line 12, strike out "A majority" and insert in lieu thereof "Except as provided in subsection (d), a majority".

On page 17, line 10, strike out "In" and all that follows through line 21, and insert in lieu thereof the following: "Upon request of the governing body of the State Bar of any State in the ninth circuit which is divided into four or more districts, the judicial council may provide for, or the chief judge of the circuit, absent such provision by the judicial council, may appoint, a committee of judges resident in such State, which shall include district judges and may include circuit judges. The functions of the committee are to study and recommend improvements in local practice and procedure in the district courts of that State giving due regard to achieving relative uniformity of practice and procedure among the district courts. In carrying out its functions the committee may maintain liaison with, cooperate with, and accept the cooperation of, attorneys, groups, organizations, and associations of attorneys practicing in the State and judges, groups, committees or associations of judges, or judicial rule making bodies of the State. The judicial council may, to such extent and under such conditions and limitations as it deems appropriate, delegate to the committee its rule making authority over district court practice and procedure in that State.".

On page 21, line 12, strike out "Section 1297" and insert in lieu thereof "Section 1294".

On page 22, lines 4 and 5, strike out the comma and "Northern Division".

On page 22, line 6, strike out all through page 23, line 10, and insert in lieu thereof the following:

SEC. 24. Notwithstanding the provisions of section 2072 of title 28, United States Code, but subject to the power of the Supreme Court hereafter to prescribe rules under such section, the Federal Rules of Appellate Procedure are amended by striking out subsection (a) of rule 35 and inserting in lieu thereof the following:

"(a) Except in a circuit in which en banc powers are exercised under 28 U.S.C. § 46(d), a majority of the circuit judges who are in regular active service may order that an appeal or other proceeding be heard or reheard by the court of appeals en banc. In a circuit in which en banc powers are exercised under 28 U.S.C. § 46(d), a majority of the en banc panel provided for in such subsection may so order. Such a hearing or rehearing is not favored and ordinarily will not be ordered except (1) when consideration by the court en banc is necessary to secure or maintain uniformity of decisions of the court, or (2) when the proceeding involves a question of exceptional importance. The composition of the court en banc is prescribed by 28 U.S.C. § 46.".

On page 23, line 11, strike out all through line 15 and insert in lieu thereof the following:

SEC. 25. (a) The creation of courts of appeal for the eastern and western divisions of the fifth circuit including the exercise of jurisdiction conferred by this Act upon those courts shall become effective on January 1, 1976.

(b) The creation of the en banc panel in the ninth circuit and the amendments to the Federal Rules of Appellate Procedure made by this Act shall become effective January 1, 1976.

(c) The amendments made by this Act to title 28, United States Code, insofar as applicable to the ninth circuit, and the amendment to rule 35 of the Federal Rules of Appellate Procedure shall apply—

(1) to any case or proceeding in which judgment has not been entered in the court of appeals prior to January 1, 1976; and

(2) to any case or proceeding in which judgment is entered in the court of appeals prior to January 1, 1976, but in which a hearing or rehearing en banc could be ordered on or after January 1, 1976.

(d) The amendments made by this Act to title 28, United States Code, insofar as applicable to the ninth circuit, apply to any other case or proceeding which is ordered, prior to January 1, 1976, to be heard or reheard en banc, and is yet undecided on or after January 1, 1976, and which the judicial council of the circuit, in the interest of judicial economy and efficiency, orders, on or after January 1, 1976, transferred to the jurisdiction of the en banc panel.

Mr. CRANSTON. Mr. President, I am pleased to join today with my distinguished colleague from California (Mr. TUNNEY) in introducing legislation to resolve the difficult problems of administration of justice now confronting the U.S. Court of Appeals for the Ninth Circuit.

Our proposal amends S. 729, legislation introduced by Senator BURDICK to reorganize the fifth and ninth circuits. S. 729 addresses a serious problem affecting the ninth circuit. Presently, the circuit is not able to serve litigants and those interested in effective administration of Federal appellate justice. The circuit's 13 judges are overworked, appeals take too long to decide, and hearings in banc have been rarely held, because of difficulty in getting all of the 13 judges together at one place and one time.

Ordinarily, solving problems similar to these would not require great effort. An easy solution, however, is frustrated by the fact that the circuit is geographically the largest, covering nine States and Guam, and that one State—California—accounts for two-thirds of the court's workload.

S. 729 attempts to solve the problem by dividing the ninth circuit into northern and southern divisions with the dividing line cutting California in half. Differences in decisions affecting California would be resolved, under S. 729, by a special in banc panel consisting of the four senior judges of each division and the chief judge of the circuit.

S. 729 has been studied carefully by the Federal Courts Committee of the California State Bar. The committee opposes the plan to divide California for reasons given by my colleague, Senator TUNNEY.

The political and procedural difficulties of dividing California between two Federal appellate courts seems to me to be very great. In effect, California will be subjected to three separate appellate courts—the court of appeals for the northern division, the court of appeals for the southern division, and the special en banc court of appeals. Under such circumstances it seems inevitable that gradually a separate law will evolve for the southern half of California and a separate law for the northern half.

The unsettling provisions of S. 729 extend also to all States in the ninth circuit. Residents of other States doing business in California have as much interest as our own citizens in knowing for certain what is the law in California. Under S. 729 no one will know until the special, en banc panel resolves the problem.

The California bar proposal, which is essentially the one introduced today by Senator TUNNEY and myself, simplifies S. 729. It recognizes, as does the bill, that a streamlined en banc procedure is necessary if the ninth circuit is to retain its present alinement of States.

Under the California Bar committee plan, the ninth circuit would remain intact. To improve the administration of justice in the circuit, the bar committee proposes to reduce the size of in-banc panels from the full membership of the circuit bench to nine judges selected in order of seniority or in any other manner prescribed by the judicial conference of the circuit. This would free up junior judges to work on other matters as well as avoid the cumbersome situation which will result if the circuit and the in-banc panel are expanded to 20 judges. The bar committee plan also has the attractive features of foreshadowing coming recommendations for an additional intermediate court in the Federal system.

I feel that this plan offers a hopeful alternative for preserving the close economic and regional ties which California enjoys with her sister States in the ninth circuit without the unacceptable expedient of dividing California.

The proposal offered today by Senator TUNNEY and me is not the only answer to the problems of the ninth circuit. There may be other and better answers which will be presented to the Judiciary Committee and the Senate which will retain the integrity of California and also promote more efficient administration of justice in the ninth circuit. Our amendment is offered in a spirit of constructive cooperation. Senator BURDICK, as chairman of the Subcommittee on Improvements in Judicial Machinery, is to be commended on the admirable effort he has made to develop a forward-looking solution to the difficulties of the ninth circuit. The Federal appellate court system faces great problems nationwide. These difficulties have hit the ninth circuit first. To resolve these problems within our Federal-State system will take great statesmanship and understanding. We are fortunate that Senator BURDICK will be providing the leadership in what may well be the most profound development in Federal appellate jurisdiction in this century.

TAX REDUCTION ACT OF 1975—
H.R. 2166

AMENDMENT NO. 133

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY. Mr. President, today I would like to offer an amendment to H.R. 2166, the Tax Reduction Act of 1975. Since the Senate Finance Committee voted to delete the repeal of the oil depletion allowance from the House-passed version of this bill, I propose an amendment to restore that provision. The text of my amendment is the same as appeared in the House bill. This should avoid any delays cause by this issue in conference.

I ask unanimous consent that the text of my amendment be inserted in the RECORD at this time.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 133

At the end of this bill, add the following new title:

REPEAL OF PERCENTAGE DEPLETION FOR OIL AND GAS

SEC. 101. REPEAL OF OIL AND GAS DEPLETION.

(a) Section 613(b)(1)(A) of the Internal Revenue Code is amended by striking out the words "oil and gas wells," and by substituting therefor the words "certain gas wells as defined in subsection (e)."

(b) Section 613(b)(7) of such Code is amended by:

(1) Deleting "or" at the end of subparagraph (A) thereof;

(2) Deleting the period at the end of subparagraph (B) thereof and by inserting, in lieu thereof, "; or"; and

(3) Adding the following new subparagraph after such subparagraph (B):

"(C) Oil and gas wells."

SEC. 102. CERTAIN GAS WELLS.

The following new subsection is added to section 613 of the Internal Revenue Code:

"(e) SPECIAL RULE FOR CERTAIN GAS WELLS.—

"(1) The gas wells referred to in section 613(b)(1)(A) are—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas sold under a fixed contract, and

"(C) any geothermal deposit which is determined to be a gas well within the meaning of section 613(b)(1)(A).

"(2)(A) The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times after before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this section by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(C) the term 'domestic' refers to petroleum from an oil or gas well located in the United States or in a possession of the United States.

"(D) The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(E) The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence."

SEC. 103. EFFECTIVE DATES.

The amendments made by sections 101 and 102 of this bill shall apply to oil and gas produced on or after January 1, 1975.

AMENDMENT NO. 134

(Ordered to be printed and to lie on the table.)

Mr. BENTSEN. Mr. President, for myself and Mr. CRANSTON, I am today submitting an amendment to the pending tax legislation to provide health insurance coverage to the unemployed. The text of this amendment is basically the same as that of the bill on the same subject I have also introduced this afternoon. I ask unanimous consent that the text of the amendment be printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 134

At the end of the bill, insert the following:

That this title may be cited as the "Emergency Health Insurance Extension Act of 1975".

TITLE I—CONTINUATION OF EMPLOYMENT-BASED HEALTH INSURANCE COVERAGE FOR THE UNEMPLOYED

ENTITLEMENT OF UNEMPLOYED INDIVIDUALS TO CONTINUED COVERAGE

SEC. 101. Any individual who—

(1) is entitled to receive compensation for any week under a State or Federal unemployment compensation law, and

(2) would be covered (or could have become covered) under an employment-based health insurance plan in such week through his most recent previous employment if such employment had not been terminated or discontinued,

shall be entitled as a former employee to continued coverage under such plan without additional cost for the month or months during which such week or any part thereof falls, as required by section 102 and more particularly described in section 103.

REQUIREMENTS APPLICABLE TO EMPLOYERS AND CARRIERS

SEC. 102. (a) Each employer whose employees are covered under an employment-based health insurance plan shall be require to include in such plan provisions assuring coverage for former employees in accordance with sections 101 and 103, as a condition of—

(1) the full deductibility (for Federal income tax purposes) of any payments or contributions made by such employer under or on account of such plan in any taxable year during any part of which such plan is in effect, and

(2) any treatment as a nonprofit organization (for such purposes) to which such employer may otherwise be entitled for any such taxable year.

(b) Each health insurance carrier offering one or more employment-based health insurance plans shall be required to include in each such plan provisions assuring coverage for former employees of the employer or employers involved in accordance with sections 101 and 103, as a condition of—

(1) the deductibility (for Federal income tax purposes) of any premium taxes paid by such carrier to the States or their political subdivisions with respect to premiums or other periodic payments received by the carrier under any of such plans in any taxable year during any part of which that particular plan is in effect, and

(2) any treatment as a nonprofit organization (for such purposes) to which such carrier may otherwise be entitled for any such taxable year.

(c)(1) Each health insurance carrier offering one or more employment-based health insurance plans shall also be required, as a condition of the deductibility and tax treatment specified in paragraphs (1) and (2) of subsection (b), to participate, with all other carriers of the same type offering plans which satisfy subsection (b), in an organization or arrangement under which the total amount of the claims paid by any such carrier under the plan or plans involved during any period; with respect to individuals who have been entitled to continued coverage under section 101 for more than three months after the month in which their most recent previous employment was terminated or discontinued (and with respect to expenses incurred by such individuals after the expiration of such three months), will be periodically adjusted (by the transfer of funds to or from that carrier) so that the net amount which that carrier is actually required to pay with respect to those claims will be the amount determined under paragraph (2).

(2) The net amount which any particular carrier is required to pay with respect to claims described in paragraph (1) during any period, after the adjustment referred to in such paragraph, shall be an amount which bears the same ratio to the total amount paid during such period with respect to all claims so described by all participating carriers of the same type as (A) the amount paid by that particular carrier under the plan or plans involved during such period with respect to all claims other than those so described bears to (B) the total amount paid by all carriers of the same type under such plans during such period with respect to all claims other than those so described.

(3) For purposes of this subsection—

(A) all carriers offering service benefit plans (of the kind described in section 8903 (1) of title 5, United States Code) shall be considered to be of one type, and all other carriers shall be considered to be of another; and

(B) in the case of a carrier which is an organization described in the second sentence of section 401(4), the amount of the claims (of any kind) paid during any period, as referred to in paragraph (1) or (2) of this subsection, shall be deemed to be equivalent to 90 per centum of the product of the applicable per-capita or per-family amount (referred to in such second sentence) multiplied by the number of individuals or families who are entitled to have payment made under the plan or plans involved or those claims.

NATURE AND EXTENT OF COVERAGE

SEC. 103. (a) The manner in which an individual entitled to continued health insurance coverage under section 101 may obtain such coverage and verify his entitlement thereto shall be specified in the provisions which are required by section 102 (a) and (b) to be included in the health insurance plan involved.

(b) The type and scope of the coverage to which any such individual is entitled under section 101 shall be the same as the type and scope of the coverage (individual or family) which would have been available to him had he continued in such employment.

(c) Each health insurance plan to which the requirements of section 102 relate shall include provisions effectively assuring to an employer's former employees who are entitled to continued coverage under section 101 that such coverage will be available to them (as long as they are so entitled) even if the employer ceases to do business or goes out of existence.

EFFECTIVE DATE

SEC. 104. Sections 101, 102, and 103 shall be effective with respect to all employment-based health insurance plans from and after the first day of the fourth calendar month which begins after the date of the enactment of this Act; except that with respect to any such plan which has been established through collective bargaining between the employer and representatives of his employees and the first termination (or renewal) date of which after the date of the enactment of this Act does not fall in either the second or third calendar month beginning after such date of enactment, such sections shall be effective on the first termination (or renewal) date of such plan occurring after such third calendar month but in no case later than the first day of the fourteenth calendar month after the month in which this Act is enacted.

TITLE II—TEMPORARY HEALTH INSURANCE PROTECTION FOR THE CURRENTLY UNEMPLOYED

ENTITLEMENT TO CONTINUATION OR RESTORATION OF COVERAGE

SEC. 201. Any individual who during the emergency period (as defined in section 206(a))—

(1) is entitled to receive compensation for any week under a State or Federal unemployment compensation law, and

(2) would be covered under an employment-based health insurance plan in such week through his most recent previous employment if such employment had not been terminated or discontinued,

shall be entitled as a former employee to have his coverage under such plan (or coverage of the same type and scope) continued or restored without additional cost for the month or months during which such week or any part thereof falls, as required by section 202 and more particularly described in section 203.

REQUIREMENTS APPLICABLE TO EMPLOYERS AND CARRIERS

SEC. 202. (a) Each employer whose employees are covered under an employment-based health insurance plan shall be required, upon application or request made as described in section 203(a) by an individual entitled to have his coverage continued or restored during the emergency period as provided in section 201, to take such action as may be necessary to continue or restore such coverage in accordance with sections 201 and 203, as a condition of—

(1) the full deductibility (for Federal income tax purposes) of any payments or contributions made by such employer under or on account of such plan during the taxable year (or years) in which such period or any part thereof falls, and

(2) any treatment as a nonprofit organization (for such purposes) to which such employer may otherwise be entitled for any such taxable year.

(b) Each health insurance carrier offering one or more employment-based health insurance plans shall be required to take such action as may be necessary to provide coverage with respect to each such plan for former employees of the employer or employers involved during the emergency period, without additional cost, in accordance with sections 201 and 203, as a condition of—

(1) the deductibility (for Federal income tax purposes) of any premium taxes paid by such carrier to the States or their political subdivisions with respect to premiums or other periodic payments received by the carrier under any of such plans during the taxable year (or years) in which such period or any part thereof falls, and

(2) any treatment as a nonprofit organization (for such purposes) to which such carrier may otherwise be entitled for such taxable year (or years).

PROCEDURE FOR OBTAINING CONTINUATION OR RESTORATION OF COVERAGE: NATURE AND EXTENT OF COVERAGE

SEC. 203. (a)(1) Any individual who is entitled to do so under section 201 may have his coverage continued or restored as provided in such section by submitting to the employer involved or his designated agent an application or request for such continuation or restoration together with such proof of his entitlement as may be necessary. If on the basis of such proof and the available records or after reasonable investigation the employer determines in good faith that the individual is in fact so entitled, the employer shall promptly make such arrangements with (and provide such information to) the carrier offering such plan as may be necessary or appropriate to assure such continuation or restoration. Any such determination of an individual's entitlement shall be conclusive for purposes of this title; but any willfully false statement or representation of such entitlement, made to the employer or made by the employer to the carrier under the preceding sentence, shall be subject to sections 1001 and 1002 of title 18, United States Code.

(2) An application or request may be made by an individual under this subsection at any time prior to the expiration of six months after the last day of his entitlement under section 201.

(b) The type and scope of the coverage which any individual is entitled to have continued or restored under section 201 shall be the same as the type and scope of the coverage (individual or family) which he had under the health insurance plan involved immediately prior to the termination or discontinuance of his employment; but no continuation or restoration of coverage under section 201 shall be effective with respect to any individual for any period beginning on or after the first day of the first month for which such individual is entitled, or would upon filing the appropriate application be entitled, to hospital insurance benefits under part A of title XVIII of the Social Security Act.

(c)(1) Payments to the carrier for items and services furnished or paid for under or in connection with an employment-based health insurance plan, in the case of individuals who are entitled to have such payments made solely by reason of the continuation or restoration of their coverage during the emergency period pursuant to this title, and payments to the carrier for administrative costs incurred in performing its functions under this title (at a rate no higher than that of the administrative costs incurred with respect to employed individuals covered by the plan), shall be made quarterly, in advance (on the basis of estimates) or by way of reimbursement, from the Federal Emergency Health Insurance Trust Fund as provided in section 204(d) in accordance with bills submitted to the Managing Trustee of such fund (or his delegate) by the carrier.

(2) In the case of a carrier which is an organization described in the second sentence of section 401(4), the payments made under paragraph (1) of this subsection shall be equivalent to the product of the applicable per-capita or per-family amount (referred to in such second sentence) multiplied by the number of the individuals or families who are entitled to have such payments made.

(d) In any case where an individual is entitled to have his coverage continued or restored under section 201 but his most recent previous employer has ceased to do business or has gone out of existence, the application or request described in the first sentence of subsection (a) shall be made directly to the carrier offering the plan to which such application or request relates and the coverage involved shall be provided by such carrier as though appropriate arrangements therefor had been made by the employer under the second sentence of such subsection.

FEDERAL EMERGENCY HEALTH INSURANCZ TRUST FUND

SEC. 204. (a)(1) There is hereby created on the books of the Treasury of the United States a trust fund to be known as the Federal Emergency Health Insurance Trust Fund (hereinafter in this section referred to as the "Trust Fund"). The Trust Fund shall consist of such amounts as may be appropriated to or deposited in such fund as hereinafter provided.

(2) There are authorized to be appropriated to the Trust Fund from time to time, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of the taxes imposed by section 4981 of the Internal Revenue Code of 1954 (relating to tax on health insurance premiums). The amounts appropriated by the preceding sentence shall be transferred from time to time from the general fund in the Treasury to the Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in the preceding sentence, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such sentence.

(b) With respect to the Trust Fund, there is hereby created a body to be known as the Board of Trustees of the Trust Fund (hereinafter in this section referred to as the "Board of Trustees") composed of the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health, Education, and Welfare, all ex officio. The Secretary of the Treasury shall be the Managing Trustee of the Board of Trustees (hereinafter in this section referred to as the "Managing Trustee"). The Board of Trustees shall meet not less frequently than once each calendar year.

It shall be the duty of the Board of Trustees to—

(1) hold the Trust Fund;

(2) report to the Congress not later than the first day of April of each year on the operation and status of the Trust Fund during the preceding fiscal year and on its expected operation and status during the current fiscal year and thereafter; and

(3) review the general policies followed in managing the Trust Fund, and recommend changes in such policies, including necessary changes in the provisions of law which govern the way in which the Trust Fund is to be managed.

The report provided for in paragraph (2) shall include a statement of the assets of, and the disbursements made from, the Trust Fund during the preceding fiscal year, an estimate of the expected income to, and disbursements to be made from, the Trust Fund during the current fiscal year and thereafter, a statement of the actuarial status of the Trust Fund, a statement of the extent to which any obligations issued under subsection (c) have been retired, and an estimate of the time at which the Trust Fund will cease to exist in accordance with subsection (e). Such report shall be printed as a House document of the session of the Congress to which the report is made.

(c) (1) In order to provide the Trust Fund with initial capital and to supplement amounts appropriated to it under subsection (a), the Trust Fund may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Trust Fund to carry out its functions under subsection (d). Each such obligation shall mature at such time and be redeemable at the option of the Managing Trustee in such manner as may be determined by the Managing Trustee, taking into account the provisions of subsection (e), and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligation. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Trust Fund issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchase of the Trust Fund's obligations hereunder. The proceeds of any obligations issued under this subsection shall be deposited in the Trust Fund.

(2) In order to assure that the basic financing of the Trust Fund is at all times accomplished through appropriations equivalent to taxes as described in subsection (a) (2), and to facilitate the termination of the Trust Fund as provided in subsection (e), all obligations issued under paragraph (1) of this subsection shall be retired at the earliest possible time.

(d) The Managing Trustee shall pay from time to time from the Trust Fund such amounts as are necessary to make the payments provided for by section 203(c) of this Act and to pay the costs of the administration of such section, reduced or increased as required to take account of any amounts by which previous payments under this subsection are larger or smaller than they should have been.

(e) As soon as the Board of Trustees determines that all of the obligations issued by the Trust Fund under subsection (c) have been retired, and that there are no further claims against the Trust Fund for payments under subsection (d), the Managing Trustee shall immediately notify the Congress thereof and the Trust Fund shall thereupon cease to exist; any amounts remaining in the Trust Fund at that time shall be returned to the Treasury as miscellaneous receipts.

TEMPORARY EXCISE TAX ON GROUP INSURANCE PREMIUMS

Sec. 205. (a) Subtitle D of the Internal Revenue Code of 1954 (relating to miscellaneous excise taxes) is amended by adding at the end thereof the following new chapter:

"CHAPTER 44—TEMPORARY TAX ON GROUP HEALTH INSURANCE PREMIUMS

"Sec. 4981. Imposition of tax.

"Sec. 4981. Imposition of Tax.

"(a) In General.—There is hereby imposed, with respect to each employment-based health insurance plan offered by a health insurance carrier, a tax equal to 1 cent on each dollar (or fractional part thereof) of the total amount of the premiums charged for coverage under such plan. The tax imposed by this subsection shall be paid by the carrier.

"(b) Definitions.—For purposes of this section—

"(1) Premium.—The term 'premium' (with respect to an employment-based health insurance plan during any period) means any periodic payment which entitles the individual or family by whom (or on whose behalf) the payment is made, to the extent otherwise qualified, to the benefits provided under the plan, or, in the case of a plan sponsored or underwritten by an employer described in clause (B) of section 401(4) of the Emergency Health Insurance Extension Act of 1975, the cost (during such period) of paying claims under such plan plus the related cost of its administration.

"(2) Other terms.—Other terms have the same meanings as when used in the Emergency Health Insurance Extension Act of 1975.

"(c) Administrative Provisions.—Under and to the extent provided by regulations of the Secretary or his delegate—

"(1) the appropriate provisions of subtitle F (relating to procedure and administration) shall be made applicable with respect to the tax imposed by subsection (a) of this section; and

"(2) the tax imposed by subsection (a) of this section may be paid by deducting the amount thereof from any claims made by the carrier against the Federal Emergency Health Insurance Trust Fund under section 203(c(of the Emergency Health Insurance Extension Act of 1975.".

(b) The table of chapters for subtitle D of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new item:

"Chapter 44. Temporary Tax on Group Health Insurance Premiums.".

EMERGENCY PERIOD; EFFECTIVE DATES

Sec. 206. (a) As used in this title, the term "emergency period", with respect to the employees and former employees of any employer, means the period—

(1) beginning with the first day of the month in which this Act is enacted, and

(2) ending with the day preceding the first day on which title I is effective with respect to the former employees of that employer; except that if any such former employee is entitled to coverage under section 201 on the day specified in paragraph (2), the emergency period shall continue with respect to him (and section 101 shall not apply) until such entitlement terminates.

(b)(1) Except as provided in paragraph (2), the provisions of this title shall be effective as of the first day of the month in which this Act is enacted.

(2) The amendments made by section 205 shall apply with respect to premiums which are charged or payable on or after January 1, 1976, and prior to the last day of the month in or with the close of which section 204 ceases (as specified in subsection (e) thereof) to be effective.

TITLE III—TAX PROVISIONS APPLICABLE IN CASE OF NONPARTICIPATION BY EMPLOYERS OR CARRIERS

LIMITATION OR DENIAL OF DEDUCTION FOR CERTAIN PAYMENTS

Sec. 301. (a) (1) Section 162 of the Internal Revenue Code of 1954 (relating to deduction for trade or business expenses) is amended by redesignating subsection (h) as subsection (i), and by inserting immediately after subsection (g) the following new subsection:

"(h) Limitation or Denial of Deduction for Certain Payments in Connection With Employment-Based Health Insurance Plans.—

"(1) Employers.—Any deduction otherwise allowable under subsection (a) for payments or contributions made by an employer under or on account of an employment-based health insurance plan during any taxable year shall be reduced by an amount equal to one-half of the total of such payments or contributions if—

"(A) title I of the Emergency Health Insurance Extension Act of 1975 is effective with respect to such plan during any part of such year and such plan does not include provisions assuring coverage for former employees as required by section 102(a) of such Act; or

"(B) title II of such Act is effective with respect to former employees of such employer during any part of such year and such employer does not take the action required (with respect to such former employees) by section 202(a) of such Act.

"(2) Health insurance carriers.—No deduction shall be allowed under subsection (a) or under any other provision of this chapter for any premium tax paid by a health insurance carrier to a State or political subdivision thereof with respect to premiums paid during any period on any employment-based health insurance plan offered by such carrier unless—

"(A) all employment-based health insurance plans offered by such carrier during such period include provisions assuring coverage without additional cost for former employees of the employer or employers involved as required by section 102(b) of the Emergency Health Insurance Extension Act of 1975; and

"(B) such carrier participates (throughout such period) in an organization or arrangement as required by section 102(c) of such Act.

For purposes of subparagraph (A), a health insurance plan shall be considered as including the provisions required by such subparagraph, during any period in which title II but not title I of such Act is effective with respect to such plan, if the carrier has taken the action required by section 202(b) of such Act with respect to all of the former employees of the employer involved.

"(3) Meaning of terms.—Terms used in this subsection shall have the same meanings as when used in the Emergency Health Insurance Extension Act of 1975.".

(2) Section 164(g) of such Code (cross references relating to deduction for taxes) is amended by adding at the end thereof the following new paragraph:

"(3) For provisions disallowing any deduction for certain premium taxes paid by health insurance carriers, see section 162(h)(2).".

DENIAL OF EXEMPT STATUS FOR CERTAIN EMPLOYERS AND CARRIERS

SEC. 302. (a) Part I of subchapter F of chapter 1 of the Internal Revenue Code of 1954 (relating to exempt organizations) is amended by adding at the end thereof the following new section:

"SEC. 504. CERTAIN EMPLOYERS AND HEALTH INSURANCE CARRIERS.

"No organization which is an employer or a health insurance carrier shall be exempt from taxation under section 501, or be considered an exempt organization for purposes of any other provision of this subtitle, with respect to any taxable year, if during any part of such year—

"(1) in the case of an employer, its employees are covered by an employment-based health insurance plan which does not include provisions assuring coverage without additional cost for former employees as required by section 102(a) of the Emergency Health Insurance Extension Act of 1975; or

"(2) in the case of a carrier (A) it offers and has in effect any employment-based health insurance plan which does not include such provisions as required by section 102(b) of such Act or (B) it is not participating in an organization or arrangement as required by section 102(c) of such Act.

For purposes of paragraphs (1) and (2)(A), a health insurance plan shall be considered as including the provisions required by either such paragraph, during any period in which title II but not title I of such Act is effective with respect to such plan, if the employer or carrier has taken the action required of it by section 202 of such Act with respect to all former employees of the employer involved. Terms used in this section shall have the same meanings as when used in the Emergency Health Insurance Extension Act of 1975."

(b) The table of sections for such part I is amended by adding at the end thereof the following new item:

"Sec. 504. Certain employers and health insurance carriers.".

EFFECTIVE DATES

SEC. 303. The amendments made by sections 301 and 302 shall apply in the case of any employer or carrier only with respect to periods, in taxable years ending after the date of the enactment of this Act, during which title I or title II of the Emergency Health Insurance Extension Act of 1975 is effective with respect to such employer or carrier.

TITLE IV—MISCELLANEOUS PROVISIONS

DEFINITIONS

SEC. 401. For purposes of this Act—

(1) an individual who for any particular week is not entitled to receive compensation under a State or Federal unemployment compensation law, but who was entitled to receive such compensation for one or more previous weeks in the same continuous period of unemployment and would be so entitled for that particular week except for illness or injury, shall be deemed to be entitled to receive such compensation for that particular week;

(2) the term "employment-based health insurance plan" means a health insurance plan which (A) is sponsored by an employer or a labor organization, or both (including, where appropriate, a health and welfare fund), (B) covers some or all of the employees of such employer, and (C) the premiums for which are paid or collected wholly or in part by or through such employer;

(3) the term "health insurance plan" means an insurance policy, contract, or other arrangement under which a carrier undertakes in consideration of premiums (as defined in section 4981(b)(1) of the Internal Revenue Code of 1954) to provide, pay for, or reimburse the costs of health services received by individuals covered by the plan; and

(4) the terms "carrier" and "health insurance carrier" means (A) a voluntary association, corporation, partnership, or other nongovernmental organization which is lawfully engaged in providing, paying for, or reimbursing the cost of health services under group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements, in consideration of premiums (as defined in section 4981(d)(1) of the Internal Revenue Code of 1954), including a health benefits plan duly sponsored or underwritten by an employee organization, and (B) an employer (except a governmental entity) who is a self-insurer with respect to providing, paying for, or reimbursing the cost of health services for his employees. Such terms also include an organization which provides, either directly or through arrangements with others, health services to individuals enrolled with such organization on the basis of a predetermined per capita or per family amount without regard to the frequency or extent of the services furnished to any particular enrollee.

AMENDMENT NO. 135

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI. Mr. President, today for myself and Senator HUMPHREY I submit an amendment to H.R. 2166 that would encourage voluntary energy conservation. This amendment will provide temporary tax incentives for installing increased insulation and solar heating and cooling equipment in any residential or multifamily structure.

We are all aware of the hardships resulting from the energy shortage and drastically risen, especially those required consumption. The cost of all fuels has drastically risen, especially those required to heat and cool our homes. My amendment is designed to immediately encourage energy conservation by allowing the taxpayer a tax savings on expenditures of up to $4,000 for energy conservation materials. The taxpayer would have an option to either take a deduction of up to $4,000 from his taxable income or a 25-percent tax credit on those allowable energy conservation materials.

Energy conservation materials would include storm windows, storm doors, caulking, and insulation to the extent these materials exceed the specifications in the Department of Housing and Urban Development's minimum property standards and solar heating and cooling equipment.

My colleague, Senator HUMPHREY, has received a response from the Federal Energy Administration regarding the estimated Treasury loss as the result of my amendment. The letter estimated that the proposed amendment would cost the Treasury some $650 million annually through 1980 in lost tax revenue, assuming however that all taxpayers utilized the tax credit provision. The use of the tax deduction option would increase this estimated loss to $750 million.

The Federal Energy Administration also predicted that the savings from the reduction on the required imported oil due to these conservation measures would exceed $1 billion. In other words, the energy savings would pay for this amendment in less than 9 months.

Mr. President, I would sincerely urge my colleagues to consider the immediate need to reduce our level of energy consumption. This amendment, which has the support of the homebuilding industry and many energy conservationists, is a positive step in meeting our energy self-sufficient goal.

AMENDMENT NO. 136

(Ordered to be printed and to lie on the table.)

Mr. BENTSEN. Mr. President, I submit an amendment to H.R. 2166. The House of Representatives has voted, in H.R. 2166, to repeal the percentage depletion allowance for oil and natural gas production. I am introducing an amendment to H.R. 2166 to limit the use of the percentage depletion allowance for oil and natural gas to the first 3,000 barrels of average daily production of crude oil and the first 18,000,000 cubic feet of average daily production of natural gas. The exemption will not be available to any producer who is engaged in marketing or distributing refined petroleum products.

This amendment is simply an embodiment of the recommended reform of percentage depletion contained in the congressional program of economic recovery and energy sufficiency adopted in February of this year. The 3,000-barrel-per-day figure was chosen by the House Ways and Means Committee as a definition of a small producer after extensive consideration last year. The 18,000,000 cubic feet of natural gas is the general energy equivalent of that level of crude oil production.

However, in addition to my amendment limiting percentage depletion to the generally accepted levels of a small producer, it makes the additional reform of limiting these permanent exemptions from the repeal of percentage depletion only so long as the producers to which they apply reinvest the tax savings into additional oil- and gas-related activities. This additional requirement will insure that independents' percentage depletion accomplishes its purpose of providing our Nation with new oil and natural gas reserves.

Mr. President, I regard the exemptions to any repeal of percentage depletion provided in this amendment as being absolutely essential for two reasons of national importance.

First, because it will further the cause of greater self-sufficiency in that it will retain a necessary tax incentive for the independent producers who are looking for and finding the new domestic oil and gas reserves in this country.

Second, it is the only way we will be able to prevent a further concentration at every level of the domestic petroleum industry.

Anyone familiar with the domestic energy industry is aware of the extraordinary contribution of the exploration efforts of domestic independents. While independent producers with no retail outlets control only 27 percent of the nation's present oil producton, they drilled over 85 percent of the exploratory wells—even when offshore exploration where independents operate at a serious disadvantage is included. When only the continental United States is considered, that figure is 88 percent of the exploratory wells. The dominance of the independent exploratory effort is apparent at every depth of exploration—at the 12,000 to 15,000 foot range they still drilled 70 percent of the exploratory wells. Even at the extreme depths of 20,000 feet, independents drilled more exploratory wells than major oil companies.

Mr. President, they are not just drilling wells—they are finding new reserves. Last year, there were over 7,000 more successful wells brought in than in 1973. Independent producers brought in almost 80 percent of those new wells—every one of them adding to the future domestic energy supplies of this Nation. And I believe it is worth noting that that is the largest number of new wells completed since 1969 when the depletion allowance was last reduced.

The repeal of the percentage depletion allowance for this group of producers would put an end to this extraordinary effort they have underway to help this country achieve greater energy independence.

Independents have no profits from sales of refined products and no means of passing on the higher burden resulting from loss of depletion.

Independents rely heavily on outside risk capital to finance their exploratory activities. Without the benefits provided by the percentage depletion allowance, these funds will become increasingly unavailable and force a substantial reduction in exploration budgets.

Independents engage in the higher risk operation of drilling in unproven areas, as indicated by 88 percent of their production from discoveries in Texas between 1967 and 1971 coming from previously unproven areas while only 11 percent of major oil companies' production came from discoveries in unproven areas during the same period.

In short, the independents find the fields. The majors develop them. The independents take the big risk and the majors come in later buying up the leases to develop for their refineries and retail marketing. This has been the traditional pattern of the industry but is only a partial explanation of why the independent segment of the industry has traditionally done 80 percent of the exploration but produces less than 30 percent of the reserves.

The other answer is that until very recently, the oil industry was not profitable in the absence of down stream refining and marketing operations. During the period of 1958 to 1972, approximately 10,000 independent oil and gas producers went out of business—selling their interests to the major companies.

A study released by the Federal Trade Commission last year indicated that between 1957 and 1970 the 20 largest major integrated oil companies purchased 106 substantial American oil and gas producers—7 of whom were large integrated companies themselves.

The price increases for domestic oil have changed this economic climate where wholesale sellouts are no longer standard practice. However, these increases alone will not maintain this climate indefinitely, certainly not in the absence of the depletion allowance.

Since the embargo the average price of an average 4,800-foot exploratory well has risen from $85,000 to $165,000—a 100 percent increase. Pipe, drilling mud, rigs, labor, everything connected with oil production is increasing. It will not take long for these price escalations to remove any initial windfall which may have resulted from the sudden price increases.

Removal of the percentage depletion allowance will provide independents an economic incentive to sell their existing oil and gas producing leases to major oil companies who can take cost depletion on the appreciated base. But that is half the story.

Removal of percentage depletion will leave more of the Nation's future reserves to the major companies by reducing the ability of independents to finance their exploratory activities.

A recent analysis of independent producers' ability to finance future exploration without percentage depletion has been estimated to be between 15 percent to 30 percent lower due to reduced cash on hand and an unestimated additional reduction due to the unavailability of outside investment.

The repeal of the percentage depletion allowance without some form of small producer exemption will not only increase major oil company control over the existing petroleum resources of this country but will insure their control over the bulk of those yet to be found. Such a result can only further increase the market position of major integrated companies in the areas of petroleum refining and marketing.

Mr. President, there has been a great deal of discussion in the Congress over the last year and a half about the need to preserve a strong and viable independent marketing and independent refining sector and I share those concerns. But we are not going to be able to preserve that strong independent industry down the marketing chain in the absence of independent producers. This industry is a three-legged stool and it is not going to stand if Congress saws off one of the legs and that's what repeal of percentage depletion would do. It would saw off the leg upon which the other independent segments of the industry depend.

Mr. President, the repeal of the percentage depletion allowance on oil and gas with the small producer exemption provided by this amendment raises over two-thirds of the revenue of a complete repeal of the allowance. But it allows the independent explorer to continue his efforts in behalf of self-sufficiency and avoids additional concentration in an industry basic to our entire economy. I believe the American taxpayer and our energy consumers will be very well served by its adoption.

At this point in the RECORD I ask unanimous consent to have printed some information on the growing concentration in the oil industry.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CONCENTRATION LEVELS AND TRENDS IN THE ENERGY SECTOR OF THE U. S. ECONOMY

TABLE III-6.—ACQUISITIONS OF CRUDE OIL PRODUCING COMPANIES BY THE MAJOR CRUDE OIL PRODUCERS 1955–70

1970 crude rank, acquiring, and acquired firm	Year of acquisition	Assets (millions)
1. Exxon Corp.:		
1. Louisiana Furs Corp	1958	--------
2. Monterey Oil Co	1960	$102.2
3. Lincoln Oil Co. (partial)	1960	--------
4. General American Oil	1961	--------
5. Olin Oil & Gas Corp	1962	57.0
6. Pauley Petroleum (partial)	1962	--------
2. Texaco, Inc.:		
1. Trinidad Oil (foreign)	1956	180.0
2. Seaborad Oil Co	1958	93.1
3. TXL Oil Corp	1962	36.7
3. Gulf Oil Corp.:		
1. Warren Petroleum Corp	1956	163.9
2. British American Oil Co. Ltd. (partial)	1956	--------
3. Universal Consolidated Oil Co	1962	28.4
4. Shell Oil Co.:		
1. Section 30 Oil Co	1960	--------
2. Bishop Oil Co	1961	5.9
3. Producers Oil Corp. Amer	1961	--------
4. Western Natural Gas Co. (partial)	1961	[1].8
5. McCullough Oil Corp. (partial)	1963	[1]4.5
6. El Paso Natural Gas Co. (partial)	1964	[1]37.0
7. E. E. Fogelson	1964	6.6
5. Standard Oil Co., California:		
1. Producing Properties, Inc. (partial)	1962	[1]4.2
2. Mount Diablo Co	1964	2.3
6. Standard Oil Co., Indiana:		
1. Utah Oil Refining Co	1956	54.6
2. Kewanee Oil Co. (partial)	1960	[1]51.0
3. Hondo Oil & Gas Co. (partial)	1960	--------
4. Honolulu Oil Corp. (majority of assets—other portion acquired by Getty)	1961	99.2
5. Midwest Oil Corp	1964	62.7
6. General Crude Oil Co	1964	[1]1.8
7. Nafco Oil Gas, Inc. (subsidiary of Chris-Craft Industries)	1965	[1]6.0
7. Atlantic Richfield Co.:		
1. Houston Oil Co. of Texas	1956	77.5
2. Southern Production Co., Inc	1956	77.4
3. Daube Oil Department (partial)	1956	--------
4. Texas Pacific Coal & Oil Co	1958	62.7
5. John W. Mecom	1958	--------
6. Major Petroleum Co	1959	6.1
7. Buckley Scott Co	1961	--------
8. Argo Oil Corp	1961	37.1
9. Cabot Corp. (partial)	1961	--------
10. Headwaters Oil	1962	2.0
11. Dome Petroleum Ltd. (Canada) (partial)	1962	[1]8.7
12. Calumet-Creek Oils (Canada)	1962	--------
13. Petro Gas Products (subsidiary of Delhi-Taylor)	1963	1.3
14. Hondo Oil & Gas Co	1963	27.1
15. Western Natural Gas Co. (partial)	1963	[1]10.00
16. Drilling & Exploration Co., Inc	1963	22.9
17. Ambassador Oil Corp. (partial)	1963	[1]4.6
18. Hiawatha Oil & Gas Co. (partial)	1964	--------
19. Texas Gulf Producing Co	1964	69.7
20. Penn-Ohio Gas Co	1964	1.1
21. Richfield Oil Corp	1966	499.6
22. Oil Reserves (subsidiary of Barber Oil)	1966	[1]11.6
23. Sinclair Oil Corp	1966	1,851.3
24. C. B. Wrightsman	1958	--------
25. J. M. Rault Jr. & Associates (partial)	1962	--------
26. Davis Oil Co	1966	--------
27. Great American Industries, (Canada), (partial)	1967	[1]1.0
28. Wainwright Producers & Refiners, Monterey Petroleum, Le Duc Calmar Oil Co., Canada, (partial)	1966	[1]1.6
8. Mobil Oil Corp.:		
1. Hallmark Oil	1956	--------
2. Basin Oil Co. of California	1956	1.3
3. Liberty Bell Oil	1956	2.5
4. Franklin Fuel (partial)	1958	--------
5. Freeport Sulphur Co. (partial)	1958	[1]100.0
6. Republic Natural Gas Co	1961	48.0
7. Anchor Petroleum	1961	6.7
8. Northern Natural Gas (primarily Canadian)	1964	78.0
9. Bayview Oil Corp	1964	5.9
10. Magna Oil Co. (partial)	1964	[1]1.0
11. Franco Wyoming Oil (partial)	1965	--------
12. Texas Eastern Transmission	1967	--------
9. Union Oil Co. of California:		
1. Paul Moss	1959	--------
2. Woodley Petroleum Co	1960	30.1
3. Rockwood Oil Corp	1960	--------
4. Dominquez Oil Fields Co	1961	5.1
5. Davidson Drilling Co	1961	--------
6. Texas National Petroleum Co	1962	36.1
7. Albion-Scipio, Inc	1962	--------
8. Rovsek & Volk Co. (partial)	1962	--------

CONCENTRATION LEVELS AND TRENDS IN THE ENERGY SECTOR OF THE U. S. ECONOMY—Continued

TABLE III-6.—ACQUISITIONS OF CRUDE OIL PRODUCING COMPANIES BY THE MAJOR CRUDE OIL PRODUCERS, 1955-70—Continued

1970 crude rank, acquiring, and acquired firm	Year of acquisition	Assets (millions)
9. Williamson Oil & Gas (Canada)	1962	--------
10. Pure Oil Co	1965	$766.1
10. Getty Oil Co.:		
1. Wheless N.H. Oil	1960	1.0
2. Honolulu Oil Corp. (partial, other portion acquired by Standard Oil Co. of Indiana)	1961	--------
3. Magee Oil Co. (partial)	1962	--------
4. Claremont Oil	1965	2.0
5. Reef Corp. & J.R. Butler	1967	--------
6. Shamrock Oil & Gas Corp. (partial)	1967	--------
11. Sun Oil Co.:		
1. Arkla Oil Co	1957	--------
2. Seneca Oil Co. (partial, 16 percent interest)	1957	--------
3. Abaca Oil Co. (partial)	1962	--------
4. Band Oil & General Exploration (partial)	1965	[1] 1.5
5. B. E. Oil, Tex	1965	--------
6. J. G. Catlett Co. (partial)	1965	--------
7. Mayer-McClellan (partial)	1965	--------
8. Woods Petroleum (partial)	1967	--------
9. Sunray DX Oil Co	1968	749.0
12. Continental Oil Co.:		
1. Condor Petroleum Co	1956	--------
2. Rowland Drilling Co	1957	--------
3. Buffalo Oil Co	1958	2.5
4. Hamilton Dome Oil Co. subsidi-Westates Petroleum (partical)	1959	--------
5. Fuhrman Petroleum Corp	1959	--------
6. Kewanee Oil Co. (partial)	1959	[1] 10.0
7. San Jacinto Petroleum Corp	1959	35.6
8. Charles W. Scott	1959	--------
9. Oak Hill Co	1959	--------
10. Davis & Wegener	1960	[1] 1.3
11. W. F. Turner	1960	[1] 3.0
12. Calvert Petroleum Corp	1960	9.2
13. Southwest Resources, Inc	1961	--------
14. Royal Blue Venturea, Inc	1961	--------
15. Douglas Oil Co. California	1961	18.2
16. Poppy Oil Co	1962	--------
17. Aslimun-Hillard Co	1962	--------
18. Pauley Petroleum, Inc	1962	49.1
19. Victory Oil Co	1962	--------
20. Hudson Gas & Oil (partial)	1962	[1] 20.0
21. Security Freehold Petroleums Ltd. (controlled by Hudson's Bay)	1963	4.5
22. Delhi Taylor Oil Corp. (partial) other 50 percent acquired by Tenneco Corp.)	1964	[1] 20.0
23. Mayfair Minerals (partial) (other portion acquired by Tenneco Corp.)	1964	--------
3. Marathon Oil Co.:		
1. Tower Oil Co	1959	4
2. McClure Oil Co. (partial)	1960	[1] 7.0
3. Oregon Basin Oil & Gas Co. (partial)	1960	--------
4. Kinney-Coastal Oil Co	1960	2.8
5. Plymouth Oil Co	1961	80.8
14. Phillips Petroleum Co.:		
1. Consolidated Gas Co	1958	--------
2. Union Oil Co. of Calif. (partial)	1960	--------
3. Anton Oil Corp	1968	--------
15. Cities Service Co.:		
1. National Oil Co	1957	2.5
2. Llano Grande (partial)	1957	--------
3. G. C. Parker	1960	--------
4. V. M. Harrison	1960	--------
5. L. R. Development Ltd. (Argentina)	1961	6.7
6. Feimont Petroleum (partial)	1961	[1] 13.9
7. Fairway Oil	1961	--------
8. Valor Oil	1965	--------
9. Tern Oil	1965	--------
10. Harold D. Baker, et al	1967	[1] 20.0
16. Amerada-Hess:		
1. Gulf Oil Corp. (partial)	1960	--------
2. Delhi-Taylor Oil Corp. (partial)	1963	[1] 25.0
3. Hess Oil & Chemical Corp	1969	491.5
17. Tenneco:		
1. Delhi-Taylor Oil Corp. (partial) other 50 percent acquired by Continental Oil (50 percent)	1964	--------
2. Mayfair Minerals (partial), other portion acquired by Continentinental Oil	1964	--------
3. Wilcox Oil Co	1964	13.7
4. Leonard Oil Co	1965	--------
5. Middle States Petroleum Corp	1958	29.6
19. Union Pacific:		
1. Champlin Petroleum Co., Subsidiary of Calanesc Corp	1970	[1] 240.0
2. Pontiac Refiring Co	1970	--------
20. Signal Companies, Inc.:		
1. Hancock Oil Co	1958	62.7
2. Bankline Oil Co	1959	13.1
3. Eastern States Petroleum & Chemical Corp	1959	--------

[1] Consideration paid.

Note: (Partial) indicates partial acquisition.

Source: U.S. Federal Trade Commission, Bureau of Economics, Statistical Report No. 7, "Large Mergers in Manufacturing and Mining 1945-1970"; "Moody's Industrial Manuals, various years."

KNOWN COMPANIES PURCHASED BY SINCLAIR

American Republics Corporation.
Cudahy Refining Company.
Dancinger Oil & Refining.
Drilling & Exploration Co.
Keith Oil Company.
Oil Reserves.
Prairie Oil & Gas.
Prairie Pipe Line.
Producers & Refiners Corporation (Parco).
Richfield Oil Company.
Rio Grande Oil Company.
Texas Butadine Co.
Texas Gulf Producing Co.
Union Petroleum.

AMENDMENT NO. 137

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY submitted an amendment intended to be proposed by him to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

Bernard A. Meany, of Connecticut, to be an Assistant Commissioner of Patents and Trademarks, vice Richard A. Wahl, resigned.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Monday, March 24, 1975, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF HEARING

Mr. JACKSON. Mr. President, I wish to announce for the benefit of interested Senators that the Interior Committee will begin hearings on S. 740, legislation to establish a National Energy Production Board, on Thursday, March 20. The hearing will begin at 10 a.m., in room 3110 of the Dirksen Senate Office Building.

The witnesses at this hearing will be the Honorable H. Fowler, former Secretary of the Treasury; Robert R. Nathan, economist; Felix G. Rohatyn, general partner, Lazard Freres & Co.; and Leonard Woodcock, president, United Auto Workers.

NOTICE OF HEARING ON NATIONAL PRODUCTIVITY AND QUALITY OF WORKING LIFE

Mr. NUNN. Mr. President, the Committee on Government Operations will conduct hearings on national productivity and quality of working life on Thursday and Friday of this week, March 20 and 21. The hearings will begin at 10 a.m. each day in room 3302, Dirksen Senate Office Building.

These hearings will focus on S. 765 and S. 937, which the distinguished Senator from Illinois (Mr. PERCY) and I introduced, respectively.

The witnesses scheduled to testify on Thursday are: The Honorable Frederick Dent. Secretary of Commerce; Mr. Abraham Weiss, Assistant Secretary of Labor for Policy, Evaluation and Research; Mr. Dwight Ink, Deputy Administration of General Services and Mr. Donald Ephlin of the United Auto Workers of America.

Scheduled to testify on Friday are: Mr. Elmer B. Staats, Comptroller General of the United States; Mr. Charles Brown, vice president of employee relations at Honeywell, Inc.; and Mr. Jerome Rosow, planning manager, public affairs department at Exxon.

ADDITIONAL STATEMENTS

THE AMERICAN YOUTH SYMPHONY AND CHORUS

Mr. HUGH SCOTT. Mr. President, the American Youth Symphony and Chorus, founded in 1964, is a nonprofit organization incorporated under the laws of Pennsylvania. The American Youth Symphony and Chorus—AYSC—and its related organizations, the American Youth Symphonic Band and Chorus, the American Youth Chamber Orchestra and Chorus, the American Youth Studio Jazz Band, and the American Youth Humanities, are dedicated to the development of American youth and the furtherance of peace and understanding throughout the world through the performance of music. The AYSC has received the highest price from U.S. Government officials both at home and abroad, for its accomplishments in presenting an outstanding portrayal of America at its best.

The AYSC and its related organizations have accomplished 22 highly successful goodwill concert tours including visits to Western Europe; Iron Curtain countries of Russia, Czechoslovakia, East Germany and Yugoslavia; Mediterranean countries such as Israel, Turkey, and Greece; and the Islands of Olympia, Rhode, Cyrus, Bermuda, and the Grand Bahamas. The AYSC program offers the serious music student the opportunity of working with other talented students under outstanding conductors and of serving their country as musical ambassadors while having a travel experience of a lifetime. In many instances, students have received financial assistance from local businesses, foundations, fraternal organizations, clubs, civic groups, and patriotic individuals.

The AYSC has been instrumental in assisting other outstanding musical organizations in arranging successful concert tours and appearances at leading music festivals. The AYSC, in conjunction with Chadron State College has also developed a new American Youth Humanities Tour. College credits on this tour, as well as on many of the music tours, are available through Chadron State College. The new American Youth Humanities program will enable students, teachers and adults to study man and his culture in a European setting.

The American Youth Symphony and Chorus, Studio Jazz Band and Chorus, Chamber Orchestra and Chorus, and Symphonic Band and Chorus have received numerous honors and awards both in the U.S.A. and abroad. Among these are five George Washington Medals of Honor presented by the Freedoms Foundation at Valley Forge, Pa.; six gold medal first prizes won at international music festivals; first prize at the 1972 Paris Jazz Festival; highest award at Tien Stedin Muziekconcours in Kompen, The Netherlands; an award from the Veterans of Foreign Wars for outstanding accomplishments in achieving a better understanding of the American way of life; and numerous gold medals for excellence in musical performance from the cultural committees of Europe.

To be sure, the members of the AYSC program are America's finest musical goodwill ambassadors.

Mr. President, I ask unanimous consent that the two letters from citizens of other nations be printed in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

September 30, 1974.

Dr. Donald E. McCathren,
Musical Director, School of Music, Duquesne University, Pittsburgh, Pa.

Dear Dr. McCathren: Having just returned to Europe from the USA, it was a great pleasure to learn you were bringing the American Youth Symphony and Chorus to Germany and France. I very much enjoyed hearing your fine student-singers and instrumental musicians. I was pleased to be your special guest of honor at the first concert given in a new hall in Ommersheim-Saarland.

I am very impressed by your ability to bring together boys and girls from 35 or more states with few rehearsals and present music with such perfection. Your concert, ranging from Bernstein to Beethoven, received—and deserved—tremendous applause of nearly a thousand listeners in a musically minded village with only a little over twice that number of inhabitants. The presentation was not only great music, but also great international friendship.

All this—as I became aware of—has been done not by paid people but by dedicated citizen volunteers like yourself, Joseph Hofmann, James Getty and Mrs. Joan Pulver, who use much of their own time and money to promote this valuable international understanding.

Living in homes with families, giving tremendous concerts, and getting to know people in various nations, you and your group return home with many rich experiences including serious studies like that of Verdun. With such fine good will ambassadors like you, building bridges between countries and continents, we will not have to fear about the future of mankind.

Sincerely,

Werner Montag,
Le Consul General.

July 16, 1974.

Directors, Students and Crew of "American Youth Symph. Band & Chorus"
Atten: Prof. J. Paterson.

Dear Friends: On behalf of all members and management of "De Bazuin" as well as your dutch hosts, I cannot do anything but thank you for the friendship and kindness we met with during your really too short stay in Oud-Beijerland.

Perhaps you all have meanwhile forgotten us and the days you were in The Netherlands as you all are too occupied by rehearsals, concerts etc. on this tour but for our people in Oud-Beijerland these days were really fantastic and surely, we never forget you as honestly said: your group was the best one we ever had and up to now your visit and concert is still "the talk of the town".

All of you, without exception, have proved fully ability to present the image of your country and you were really excellent ambassadors of the U.S.A.; not any discordant sound has been heard.

We from our sides, hope that we succeeded in offering you good hospitality and that we have proved to be sincere friends.

"No man is an island—No man stands alone". This we experienced during these days which will last in our memories for ever.

To end with: I do hope that you will have a very successful and pleasant tour and that you will arrive safely in your country with nothing but good memories to our continent.

All the best and—who knows—till we meet again.

God bless,

Bill van Dam.

AIRPORT AND AIRWAY DEVELOPMENT ACT OF 1970

Mr. CANNON. Mr. President, although the administration has not formally submitted legislation extending the Airport and Airway Development Act of 1970, I am extremely concerned about certain proposals which the Department of Transportation has indicated will be forthcoming.

The Airport and Airway Development and Revenue Acts of 1970 have provided for modernization and expansion of the Nation's air transportation system. The users of the system, the airlines, airline passengers and shippers, and general aviation, are nearly unanimous in their opinion that the development of the system has been orderly, effectively, and reasonably managed. Nonetheless, there are aspects of the law which require modification and these will be reviewed by the Senate Aviation Subcommittee when hearings are held next month.

Whatever changes are made in the system, they must be fair and, above all, workable. The President's proposal to impose a new airport departure fee of $5 and $10 on general aviation flights is impractical and unfair for a number of reasons. By the administration's own calculations, general aviation activity will be decreased if such a fee structure should be enacted. An additional burden will be placed upon the airport operator in the collection of such fees, since no other collection system exists. The real cost of administering such a fee structure would be enormous and would outweigh the revenue benefits.

While I support the concept that users of the system should pay part of the costs of the airport/airway system, I firmly believe that such changes must be fundamentally equitable. General aviation is currently contributing its portion of user charges through a 7-cent-per-gallon fuel tax as well as annual weight and registration fees. I do not believe that additional taxes should be placed on the industry which will hurt its growth and vitality in view of the already heavy burden of taxation.

Moreover, I am concerned that the administration proposal does not recognize the important public benefit contribution of general aviation to the national economy. The smaller airports of this country play a significant role in economic development and provide access for many hundreds of communities to the national air transportation system. The administration proposal basically recognizes the larger airports served by the airlines but does not adequately consider the air transportation needs of the smaller communities. This is an additional area that the Aviation Subcommittee will be closely examining next month.

FREER TRADE WITH RECIPROCITY

Mr. GOLDWATER. Mr. President, on March 11, I filed a brief with the U.S. International Trade Commission which was holding a field hearing at Phoenix, Ariz., with respect to domestic industries which may be affected by international trade negotiations conducted under the Trade Act of 1974.

In this paper, I advised the Trade Comission of my wish that U.S. negotiators at the world talks should aim for freer access of American products in foreign markets. Also, I told the Commission of my belief that most Arizona industries support freer trade with an assurance that foreign countries will be open to our exports on equal competitive terms to the access given foreign commodities here.

In my opinion, the people of Arizona would generally agree with the recommendation of the first U.S. Secretary of State, Thomas Jefferson, who reported to Congress in 1793 that—

> Free commerce and navigation are not to be given in exchange for restrictions and vexations; nor are they likely to produce a relaxation of them.

Major points included in my brief were:

First. Imports generally can contribute to a healthy competition and lower costs in the importing country, so long as unfair practices, such as foreign subsidies and dumping, are guarded against.

Second. U.S. exports provide jobs for almost four million American workers.

Third. U.S. agriculture holds a special rank in U.S. trade and should be given high priority consideration in the upcoming mulilateral trade negotiations. Agricultural and industrial matters must be negotiated as a package.

Fourth. Arizona had close to half-a-billion dollars of manufactured and agricultural export sales in 1974.

Fifth. A growing export market could help to restore employment in Arizona's electronics industry, which has laid off 8,000 workers.

Sixth. The U.S. duty on imported copper should be maintained at its present level for times when copper is in excess supply in the world.

Seventh. Cotton accounted for 40 percent of Arizona's total farm exports, but both domestic consumption and foreign sales are down this year. Cotton exports should be protected and the U.S. duty on extra-long staple cotton must not be reduced.

Eighth. The survival of Arizona's citrus industry depends upon keeping and increasing exports, which requires the dismantling of illegal trade barriers erected by the European Economic Community and Japan.

Ninth. The Meat Import Act of 1964 should not be negotiated away at a time when the Arizona and American cattle industry is in serious jeopardy.

Mr. President, I ask unanimous consent that the complete text of my brief with respect to the International Trade Negotiations be printed in the RECORD.

There being no objection, the brief was ordered to be printed in the RECORD, as follows:

INVESTIGATION WITH RESPECT TO PRESIDENT'S LIST OF ARTICLES WHICH MAY BE AFFECTED BY INTERNATIONAL TRADE NEGOTIATIONS

(Brief of U.S. Senator BARRY M. GOLDWATER)

I. INTRODUCTION

This brief is filed for Senator Barry Goldwater by counsel in response to the invitation of January 22 to present views which might assist the Commission in advising the President with respect to the economic effect on United States industries of modifications of duties authorized by the Trade Act of 1974.[1] In light of the significant connection between the state of production and trade of industries in Arizona and the conditions relating to competition with foreign industries producing similar articles, and in in accordance with section 131(d) of the Trade Act of 1974, relating to the functions of the Commission, this brief includes information with respect to concessions in foreign industrial countries which Arizona industries require in order to obtain competitive opportunities in those countries substantially equivalent to the competitive opportunities which may be provided by concessions made by the United States for the commerce of such foreign countries.

II. IMPORTANCE OF INTERNATIONAL TRADE

America is a trading nation. In calendar year 1974, total United States exports and imports exceeded 200 billion dollars on a c.i.f. import value basis.[2] United States exports amounted to 98 billion dollars and the c.i.f. import value, swollen with over 27 billion dollars of foreign fuel,[3] was 108 billion dollars.

Putting the aberration of fuel imports aside, imports in general can contribute to a health competition, and lower costs, in the importing country. Also, many American firms have much to gain from an open access to materials needed as components of their own production.

Of course, to the extent that United States imports are a consequence of unfair competition, such as foreign governmental subsidies or dumping, unnatural distortion of U.S. production and employment occurs which is unacceptable and must be corrected.

Looking at the side of the trade coin, American exports not only account for sales valued at 98 billion dollars but also provide jobs for almost 4 million American workers. According to the U.S. Bureau of Labor Statistics, export markets created 3,600,000 jobs at home in 1972 and about 3,775,000 jobs in 1973.[4]

III. AGRICULTURE

Agriculture holds a special rank in the United States trade picture. There were 11.2 billion dollars (c.i.f. value) of agricultural commodities imported by the United States in 1974, compared with 22.2 billion dollars in agricultural exports.[5] In Arizona alone, farm exports represent 41% of the value of total crop production.[6]

Not only did U.S. agriculture contribute to the positive side of the U.S. trade ledger in 1974 by a surplus of 11 billion dollars, but agricultural exports provide approximately 1 million jobs involving the production and export of farm commodities. According to latest unpublished data of the U.S. Bureau of Labor Statistics, about 556,000 agricultural workers were employed in export-related production in 1973. To this employment can be added approximately 450,000 non-farm jobs which were directly or indirectly related to the assembly, processing and distribution of agricultural commodities for export.

Although it is clear that a healthy agricultural export market promotes the economic well-being of the United States in a major way, it is argued by some that a rise in exports of farm products is accompanied by a rise in home food budgets. The empirial evidence proves otherwise.

First, a strong agricultural export market permits maximum utilization of our national agricultural plant and promotes efficiency. Increased efficiency benefits the consumer.

Second, a comparison of the average percentage of disposable income spent by American consumers on food in the current three year period during which United States food exports accelerated (1972–1974) against that of the three preceeding years (1969–1971) shows that the percentage remained stable. The percentage of income spent on food is actually lower at 16.03, in the 1972–1973 period than the average of 16.10 in the earlier period, although food exports were four times greater in 1972–1974.[7]

Third, it must be recognized that export reductions or controls would depress domestic production. It is wrong to assume that agricultural production will stay at its current high level if exports are curbed. Lower production would mean less efficiency and higher costs.

Fourth, it is important to note that a high level of domestic agricultural production, stimulated by exports, has almost eliminated government farm payments. The period of large agricultural exports has been followed by a great drop in U.S. government farm program costs. In the 1974 fiscal year alone, direct payments to farmers declined over $2 billion, to about $500 million from $2.6 billion in 1973. This factor should certainly be considered as an offset to food prices and a saving to all consumers, as taxpayers.

Thus, the long-term effect of food export expansion on food costs is negligible. Sudden price distortions may occur in particular food sectors due to unexpectedly large purchases in a short period of time but this problem can be managed by improved information and monitoring practices regarding purchases and more flexible contract conditions regarding supplies.

What this means for the United States is that the importance of agricultural trade should be duly recognized by adhering closly to the overall negotiating objective set forth in section 103 of the Trade Act of 1974, which specifies that agricultural and other industrial matters must be considered as a package.[8]

It would also serve the United States well to heed the urging of the Commission on International Trade and Investment Policy, which, at page 165 of its Report to the President of July 1971, warns that:

"Because agricultural trade flows are not balanced between major nations, equivalency of concessions will be achieved only through broader negotiations involving both agricultural and non-agricultural trade and possibly other international economic matters as well."

IV. BACKGROUND ON ARIZONA TRADE

A. *Overview*

Arizona has 34 manufacturing establishments in nine industry groups which reported export shipments in 1972. The value of these manufactured exports was 240 million dollars, with principal export shipments being of machinery, electrical equipment and supplies, and processed food.[9]

The estimated value of Arizona agricultural exports for the 1974 crop year is 189 million dollars.[10]

The chart below shows principal data about major Arizona industries:

ARIZONA—GENERAL STATISTICS BY MAJOR INDUSTRY GROUP

Industry	1974 value of shipments (millions)	1974 employment
Manufacturing	$2,270	111,500
Mineral production	1,520	27,100
Copper	(1,300.5)	(25,000)
Agriculture (cash receipts)	1,232.3	23,200
Crops	(603.5)	
Livestock and products	(628.8)	

Sources: Valley National Bank, Economic Research Department; Arizona Crop and Livestock Reporting Service; Arizona Department of Economic Security.

In general, Arizona industries are committed to a policy of freer trade on a non-discriminatory basis. This attitude assumes, however, that access to foreign industrial countries will be open to United States trade on equal competitive terms to the conditions of foreign market access in the United States. In many instances, this means that duties in the United States should not be lowered, nor should free access be granted to certain commodities, until the foreign duty level and trade barrier situation is brought down to the level of access provided by the United States.

B. *Manufacturing*

1. Electronics Industry. The United States electronics industry is marked by leadership in the development of high technology around the world. Among leading elements of this industry are semiconductors and computers. We started ahead and we stayed ahead.

In view of the demand for state-of-the-art products, the American electronics industry has been able to achieve a positive export balance in the area of these high technology products. In semiconductors alone, of which there is a sizable industry in Arizona, the United States enjoyed a trade surplus of over $225 million in 1973.[11]

The electronics industry is one of the largest civilian employers in Arizona, and still employs over 34,000 workers, but recessionary pressures have caused the layoff recently of over 8,000 employees in this part of our State's economy.[12] A growing export market could help to revive this industry and restore the lost jobs.

In this connection, it must be noted that the American industry is encountering stiffer trade barrier abroad, both in the form of tariff and non-tariff barriers.

The electronics industries of other developed nations have relatively free access to our market. As an example, $4 billion of electronic products were imported into the United States in 1973. At the same time, foreign nations are sealing off their home grounds to United States sales.

As to semi-conductor products, the United States maintains a specific duty rate of 6%, but numerous foreign countries keep a duty far above our own. These duties within our

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Footnotes at end of article.

trading partners should be reduced at least to the level of duties in the United States.

The chart below identifies several target areas of high duty restrictions on semi-conductor items which should be included in the negotiating concessions sought by the United States in the multi-lateral talks.

FOREIGN TARIFFS—SEMICONDUCTORS (TSUS 68760)

Product description	Importing country, EEC	Percent rate [1]
Transistors and microcircuits		17.0
Piece parts and unfinished		9.0
Microcircuits	United Kindgom	18.2
Do	Denmark	8.0
Do	Spain	26.0
Transistors and microcircuits	Argentina	90.0
Unfinished		15.0
Transistors and microcircuits	Brazil	55.0
Unfinished		15.0
Transistors and microcircuits	Mexico	25.0
Unfinished		15.0
Mounted transistors-microcircuits.	Israel	25.0
Microcircuits	Australia	35.0
Do	Canada	17.5
Do	Japan	15.0

[1] U.S. rate on all TSUS 68760 articles, 6 percent.

Tariff concessions alone will not assure fair market access of U.S. electronics products in the developed countries, and our negotiators should strive to eliminate non-tariff barriers which damage the market accessibility of American products.

A principal U.S. goal with respect to the electronics industry should be the elimination of "Country of Origin Rules" in the European Community. This aspect of the European preference system can cause serious injury to United States semi-conductor and micro-circuit exports.

These rules are tied to agreements between the European Community and the European Free Trade Association countries which reduce the internal duties within these trade blocs. The "Rules of Origin" specify the contents criteria products must meet in order to qualify for such preferential tariff reductions.

This will mean that as the duties are reduced to zero within the EC/EFTA trade blocs, users will want to obtain their components from local sources, instead of using components produced by U.S. companies, in order to receive preferential duty treatment for their products. The 3% transistor Rule of Origin will especially have a major impact on U.S. electronic firms.

Why "transistors?" Why "3%?" This rule is so unfair that a German radio, for example, may actually contain 96% local source parts, but if the other 4% of the value of the finished product consists of U.S. transistors, that radio would have to sell in a EFTA country, such as Sweden, at the full external duty rate, rather than at a reduced or zero preferential rate.

The only alternative is for European subsidiaries of U.S. companies to take advantage of this obstacle to trade themselves, which will affect their ability to be substantial purchasers of U.S. parent company products. Or U.S. firms must completely give up a big share in the largest market blocs in the outside world and the related flow of earnings from abroad.

2. Copper Mining. In considering the import duty on copper, it is important for this Commission to note the significance of the copper-producing industry to the nation and, particularly, to Arizona.

In 1973, for example, more than half of domestic copper production came from Arizona, over 927,000 tons. Arizona production alone constitutes 14% of the free world production.[13]

The copper industry in Arizona employs over 25,000 persons.[14]

The duties on copper were first levied in 1932 at the rate of 4¢ a pound when copper was selling at only 9–12¢ per pound. Since that time, these duties have been almost entirely reduced, by Executive actions taken under the Reciprocal Trade Act and the Trade Expansion Act, to the present rate of 00.8¢ per pound.

Even this low duty has been suspended when copper was in short supply. But in times when copper is in excess supply in the world markets, as is the case again today, the existence of some duty is needed to offset advantages which foreign producers derive from substantially lower wage rates and higher ore grades.

The Bureau of Domestic Commerce estimates that free-world copper consumption in 1974 was off by at least 10 percent, reflecting the sharp decline in economic activity in the United States, Japan, and Western Europe. Copper consumption has been especially hard hit in the housing and automotive markets and by curtailed capital spending plans in the utility industry.[15]

At the same time, London Metal Exchange prices have fallen rapidly from a $1.52 high on April 1, 1974, to approximately 55–58 cents a pound currently, placing downward pressure on U.S. producer prices.[16]

It is important to the national security that a healthy domestic copper industry be maintained. The ability to impose the present duty when the economic situation demands will, to a reasonable extent, offset the cost advantages of foreign producers without impeding needed copper imports.

C. Agricultural production

1. General. The total value of principal agricultural exports for Arizona in the 1974 crop year is $189 million. The table below contains the significant statistics:

ARIZONA AGRICULTURAL PRODUCTION AND EXPORTS, 1974 CROP YEAR
[In millions of dollars]

	Value of farm production [1]	Farm exports [2]
1. Crops (total cash receipts)	603.5	
Cotton	251.0	66.0
Cottonseed oil	31.3	7.0
Wheat	48.9	42.0
Feed grains (sorghum, barley, corn)	62.8	13.0
All hay, including alfalfa	86.1	
Alfalfa seed	.9	
Protein meal		.1
Vegetables	85.1	9.2
Fruit:		
Grapes	9.0	11.1
Lemons	18.1	11.1
Oranges	10.0	6.7
Grapefruit	4.2	3.3
Potatoes	11.7	
Safflower	5.5	
Sugar beets	5.0	
Other		12.0
2. Livestock and products	628.8	
Total cash receipts:		
Meats and products		4.0
Hides and skins		6.4
Lard and tallow		8.0
Total	1,232.3	188.8

[1] Arizona Crop and Livestock Reporting Service.
[2] Economic Research Service, USDA; College of Agriculture University of Arizona.

2. Cotton. As shown on the table above, cotton is Arizona's principal crop, providing cash receipts of $251 million to Arizona farmers in 1974.

Approximately 40 percent of Arizona's total farm export sales, or $73 million, was accounted for by cotton and cottonseed oil. Some Arizona growers report that over 70 percent of their production is exported.

Currently, producers are facing increasing costs of production and declining demand, both domestically and abroad.

Since the mid-1960's, domestic consumption of raw cotton has declined, from about 9.5 million bales to 6.0 million bales. Until this year, worldwide consumption of cotton had increased, however, particularly in Asia, Africa, and the Communist countries.[17]

Exports of U.S. cotton had increased with the rise in world demand. In fact, the United States achieved a trade surplus of $1.3 billion in raw cotton during 1974. But this year exports are declining, from 5.8 million bales in 1973–74 to an estimated 3.4 million bales in 1974–75.[18]

From this, it is clear that exports are vital to the success of cotton and that a high priority goal of the United States at multilateral talks should be protection of these markets. Developments, such as the recent reneging on purchase contracts in Korea, the Philippines, Thailand, and Taiwan, should be dampened at the outset before this omen becomes a common practice. I would note at this point that the Embassy of Taiwan has given assurance that the purchase contracts in Free China will be honored.

Certain textile mills located in these countries had violated the long-established principle of sanctity of contracts by refusing to honor obligations entered into with the U.S. cotton trade. If the problem is not solved in all countries, the very foundation on which all international trade is based—the performance of contracts—will be shaken.

I would also agree with the position taken by Mr. J. S. Francis, Jr., President of the Arizona Cotton Growers Association, that further reductions in the duty on extra-long staple cotton would be harmful to that industry.

3. Citrus. Arizona is the second largest fresh citrus exporter in the United States. In all, Arizona growers marketed $32.3 million of citrus during the 1973–1974 season.[19] Arizona packing houses shipped over $45.4 million of fresh fruit during the same crop year and diverted the equivalent of $4.9 million of fruit to juice and by-products.[20]

Of this quantity, Arizona exported 2.5 million cartons of oranges, 1.8 million cartons of lemons, and 1.2 million cartons of grapefruit.[21] The combined dollar value of these exports was $21 million,[22] which represents about half the value of all shipments from Arizona citrus packing houses.

Total citrus-related employment in Arizona exceeds 7,000, including about 1,000 growers, 1,420 employees of packing houses, 3,450 pickers, and 1,275 full-time farm workers. The combined 1974–1975 payrolls of Arizona growers and packing houses for citrus workers is estimated to be $20.2 million.[23]

As competition on the world market for fresh citrus is intense, any change in access given by an consuming country will have a significant effect on the flow of trade in citrus. For this reason, duties in the United States should not be unilaterally lessened without first reaching world-wide agreements on tariff schedules and other barriers to the citrus trade, which will provide a natural and fair access to U.S. exports.

Certainly, it should be a precondition to the granting of any U.S. concessions on citrus that existing barriers to our exports, which are known to be illegal, should be removed. One of these illegal practices is the preference system operated by the European Community.

Since August of 1969, Tunisia and Morocco have enjoyed an 80% reduction, or preference in the rate of duty of fresh oranges and lemons. Spain and Israel have received a 40% preference in some months of each year beginning with September of 1969, and in December of 1972, the EEC signed a 40% preferential agreement with Lebanon, Cyprus and the United Arab Republic. Most agreements include a 40% reduction on grapefruit as well.

Furthermore, on the basis of information received by counsel to Senator Goldwater during two investigations in Europe, it is believed the European Community has re-

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Footnotes at end of article.

negotiated these earlier agreements with a view to 1) increasing the preferences of all countries now having less than an 80% preference and 2) extending the preferences to cover citrus fruit juices and canned citrus fruit.

The preferential agreement system is clearly illegal under GATT and has caused enormous damage to U.S. citrus exports. United States officials have repeatedly attested to the illegality of European Community preferences on citrus fruit. For example, in their statements before the Senate Subcommittee on Agricultural Exports in March of 1971, spokesmen for the Department of Agriculture, Department of State, and Office of the Special Representative for Trade Negotiations, testified respectively that "the preferences discriminated against U.S. citrus in violation of the most-favored nation provision of the GATT."[24]

In addition, the inter-agency Trade Information Committee, after public hearings, determined that the citrus preferences fall within the conditions enumerated in section 252 of the Trade Expansion Act as an unjustifiable import restriction.[25]

On April 1, 1971, the United States Senate officially went on record with a finding of the illegality of the citrus preferences by agreeing without objection to Senate Resolution 89.[26]

One of the most devastating findings against the preference system appears in the report of July, 1971, by the Presidential Commission on International Trade and Investment policy, which in at least 15 different places attacks the EC preferential trade arrangements.[27]

Typical of that Commission's statements is its conclusion that "the spread of such regional preference schemes endangers the multilateral fabric of the entire trading system."[28]

The agreements are illegal because they do not satisfy the requirements of Article XIV of GATT for exceptional treatment as free-trade areas, which is the asserted basis of the agreements. There is no commitment to move toward eliminating duties and other restrictions on *substanatially all* intratrade between the European Community and preference nations, and there has not been any time specified for achievement of a free trade area, both requirements of Article XIV.

An additional factor contributing to the illegality of the preferences is the fact noted at page 241 of the report to the President by the Commission on International Trade and Investment Policy that these arrangements "usually contain reverse preferences by the developing countries in favor of the Community."

Another destructive trade practice used by the European Community in connection with its preference arrangements is the "reference price" system. By this practice, the Community requires that prices for citrus be kept at or above a certain reference level. If a nation's fruit falls below the reference level, that producer is penalized by losing the preference.

The practice is destructive of normal world trade flow because it causes unnatural diversions of exports by preference nations to other markets which they would not usually penetrate, but for the compulsion to maintain the reference price within the Community.

The adverse effect of the European Community preference system was immediate and sharp. For example, U.S. exports of fresh oranges to the Community in 1972 were down by 51% from the last pre-preference season of 1969.[29] The injury was especially severe during the early shipping season when Arizona fruit is at the peak of its quality. From March through May of 1972, all U.S. fresh orange shipments to the Community were *two-thirds less* than in the same months of 1969.[30]

Japan, also, maintains an illegal practice restricting imports of fresh oranges and orange and grapefruit juices. The problem here is with quantitative import restrictions inconsistent with Japan's GATT obligations.

The United States has shipped over 4 million dollars worth of fresh oranges to Japan despite the quota, but if there were no restrictions, our market penetration potential could exceed $50 million.[31]

As an interim step during the multilateral talks, Japan could be asked to remove its import quota restrictions from April through September and still protect 88% of its domestic production from any additional competition.

4. Livestock production. Meats and products, primarily beef, accounted for more than half of Arizona's billion dollar agricultural industry in 1974.

But the Arizona and American beef industry today is in a condition approaching chaos. It is costing cattle producers in Yavapai County, for example, about 40¢ per pound to produce their product—calves—and they are being forced to sell calves for only a little over 20¢ per pound.[32]

As of January 1, 1975, the value of cattle on farms, ranches, and feedlots had declined by fifty percent in the United States over the one year span from January 1 of 1974![33]

The financial condition of the livestock industry today makes the Meat Import Act of 1964 even more important to cattlemen now than when it was enacted. This law, allowing restrictions on imports, should not be a subject of negotiation at a time when our producers are in serious jeopardy.

Moreover, the Meat Import Act is needed as a reasonable defensive measure to protect United States sales from the impact of foreign non-tariff barriers, such as the total embargo on beef imports in the European Community and Japan. If it were not for the flexible protection offered by the Meat Import Act, the United States would now be flooded with foreign beef in the backlash of these embargoes because of sales which would be diverted to America instead of going to the EC and Japan.

In other words, our negotiators must comprehend there is absolutely no justification for going above the trigger level in the Meat Import Act.

Also, Arizona cattle growers ask for a study of transportation subsidies on exported grain that are available to foreign buyers. These subsidies enable foreign purchasers to outbid United States' buyers and artifically increase domestic prices of feed grains.[34]

Arizona cattlemen understand the importance of agricultural exports, but insist that all buyers play by the same rules—which means they should not have to outbid foreign buyers subsidized by governments.

FOOTNOTES

[1] Public Law 93–618 (Jan. 3, 1975).

[2] *Highlights of U.S. Export and Import Trade*, U.S. Bureau of the Census, at 9 (Dec. 1974).

[3] *Id.*, at 106.

[4] Unpublished data, Division of Economic Growth, Bureau of Labor Statistics.

[5] *Highlights of U.S. Export and Import Trade*, U.S. Bureau of the Census, at 30, 77 (Dec. 1974).

[6] Unpublished data, Economic Research Service, USDA.

[7] Based on unpublished data for the Department of Agriculture and Department of Commerce.

[8] During consideration of the Trade Act of 1974 in Congress, the Senate added a separate section to the bill, section 103, which mandates that: "To the maximum extent feasible the harmonization, reduction, or elimination of agricultural trade barriers and distortions shall be undertaken in conjunction with harmonization, reduction, or elimination of industrial trade barriers and distortions." No such section was contained in the House-passed version of the bill, which had included only a section devoted to sector negotiations. See change from House "sector" provision to Senate "conjunction" provision at 120 Cong. Rec. S20686–87 (Daily ed. Dec. 5, 1974).

It is important that this shift in the policy of Congress before enactment of the Trade Act be carefully noted and implemented faithfully by United States negotiators and by this Commission in carrying out functions under that Act. It should be particularly observed that section 103 of the Trade Act sets forth the "overall" negotiating objective, while section 104, relating to product sectors, sets forth merely one of the "principal" negotiating objectives. Thus, on the face of the law, section 104 must be applied consistently with section 103, which contains the superior, or "overall" policy directive. See also, statements of Senators Dole and Humphrey regarding the meaning of section 103, during Senate debate on agreeing to the Conference Report on the Trade Act of 1974, 120 Cong. Rec. S22512–14 (Daily ed., Dec. 20, 1974).

[9] *Survey of the Origin of Exports of Manufacturing Establishments in 1972,* U.S. Bureau of the Census (No. 1974).

[10] Economic Research Service, USDA; College of Agriculture, U. of A.

[11] *1974 Electronic Market Data Book,* Electronic Industries Assoc., Table 91, at 96.

[12] Arizona Department of Economic Security.

[13] *Mineral Industry Surveys,* U.S. Bureau of the Mines (Feb. 23, 1975).

[14] Arizona Department of Economic Security.

[15] See address by James M. Owens, Director, Materials Division, Office of Business Research and Analysis, Bureau of Domestic Commerce, USDC (Feb. 25, 1975).

[16] *Id.*

[17] Trade estimates, Cotton Council International; and see *Report to the President on Investigation No. 22–37,* U.S. Tariff Commission (March, 1974), at A–92.

[18] *Id.*, at A–88; *Highlights of U.S. Export and Import Trade,* U.S. Bureau of the Census (Dec. 1974), at 40, 106; and based upon unpublished estimates of the Department of Agriculture.

[19] Arizona Crop and Livestock Reporting Service.

[20] Agricultural Prices, Statistical Reporting Service, USDA.

[21] Citrus Fruits, Statistical Reporting Service, USDA.

[22] *Agricultural Prices, supra,* note. 20.

[23] Agricultural Labor Producers Committee; 1969 Census of Agriculture, Arizona, vol. 1, at 23, 277; *Farm Labor Report LA 1* (Jan. 1975), USDA.

[24] *Hearing on Problems Incurred in Exporting Fresh Citrus Fruits to European Economic Community Countries,* Senate Subcommittee on Agricultural Exports (March 18, 1971), at 109–111; 114–115; 125.

[25] *Id.*, at 127.

[26] See 117 Cong. Rec. 9358–9360.

[27] *United States International Economic Policy on an Interdependent World,* Commission on International Trade and Investment Policy, at 11, 13, 110, 157, 165, 201, 206, 209, 213, 241, 290, 291, 292, 302, 303.

[28] *Id.*, at 157.

[29] Foreign Agricultural Service, USDA.

[30] Unpublished letter from the Honorable Carroll G. Brunthaver, Assistant Secretary, USDA, to Senator Barry Goldwater, Aug. 14, 1972.

[31] Foreign Agricultural Service, USDA.

[32] Unpublished letter from Bill Dumont, President, Yavapai Cattle Growers to Senator Barry Goldwater, Feb. 20, 1975.

[33] Cattle Inventory Analysis, American National Cattlemen's Association.

[34] Unpublished letter from Bill Davis, Executive Vice President, Arizona Cattle Growers Association, to Senator Barry Goldwater, Feb. 26, 1975.

U.S. Senator Barry M. Goldwater, by counsel, J. Terry Emerson.

SEMIANNUAL REPORT BY THE DEPARTMENT OF DEFENSE ON CHEMICAL AND BIOLOGICAL WARFARE ACTIVITIES

Mr. McINTYRE. Mr. President, in keeping with the past practice of the Armed Services Committee to advise the Senate and the public of the activities of the Department of Defense in chemical and biological warfare, CBW, I request unanimous consent to have printed in the RECORD at the conclusion of my remarks the semiannual report on funds obligated for CBW research during the first half of fiscal year 1975.

This report is submitted semiannually pursuant to section 409, Public Law 91–121.

The report also includes explanatory comments on the purposes for which the funds provided have been used.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF DEFENSE,
Washington, D.C., February 28, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: In accordance with the requirements of Section 409, Public Law 91–121, the semiannual report on funds obligated in the chemical warfare and biological research programs during the first half of fiscal year 1975 is attached.

The report provides actual obligations through 30 November 1974 and estimated obligations for the month of December 1974. The report for the second half of fiscal year 1975 will include an adjustment summary to adjust estimated obligations to actual for the month of December 1974.

The attached report has also been sent to the Speaker of the House of Representatives.

Sincerely,

W. P. CLEMENTS, Jr.

Attachment.

DEPARTMENT OF DEFENSE—SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS (JULY 1–DEC. 31, 1974), JAN. 31, 1975

DEPARTMENT OF DEFENSE—SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAM OBLIGATIONS FOR THE PERIOD JULY 1–DEC. 31, 1974—RCS DD–D. R. & E. (SA) 1065 (ACTUAL DOLLARS)

	Army	Navy and Marine Corps	Air Force	Total
Chemical warfare program	$24, 661, 000	$117, 000	$960, 000	$25, 738, 000
R.D.T.E.	(17, 680, 000)	(112, 000)	(960, 000)	(18, 752, 000)
Procurement	(6, 981, 000)	(5, 000)	(0)	(6, 986, 000)
Biological research program	6, 590, 000	0	0	6, 590, 000
R.D.T.E.	(6, 590, 000)	(0)	(0)	(6, 590, 000)
Procurement	(0)	(0)	(0)	(0)
Ordnance program	7, 850, 000	45, 000	0	7, 895, 000
R.D.T.E.	(3, 350, 000)	(0)	(0)	(3, 350, 000)
Procurement	(4, 500, 000)	(45, 000)	(0)	(4, 545, 000)
Total program	39, 101, 000	162, 000	960, 000	40, 223, 000
R.D.T.E.	(27, 620, 000)	(112, 000)	(960, 000)	(28, 692, 000)
Procurement	(11, 481, 000)	(50, 000)	(0)	(11, 531, 000)

In conducting the research described in this report, the investigators adhered to the "Guide for Laboratory Animal Facilities and Care" as promulgated by the Committee on the Guide for Laboratory Animal Resources, National Academy of Sciences—National Research Council.

DEPARTMENT OF THE ARMY—SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS (JULY 1, 1974–DEC 31, 1974), RCS DD–D. R. & E. (SA) 1065

SECTION 1.—OBLIGATION REPORT ON CHEMICAL WARFARE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974—DEPARTMENT OF THE ARMY—RCS DD–D. R. & E. (SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974 REPORTING SERVICE: DEPARTMENT OF THE ARMY—DATE OF REPORT: DEC. 31, 1974 RCS DD–D. R. & E. (SA) 1065

Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
Chemical Warfare Program	0. 085	17. 595	16. 920	0. 760	During the 1st half Fiscal Year 1975, the Department of the Army obligated $17,680,000 for general research investigations, development and test of chemical warfare agents, weapons systems and defensive equipment. Program areas of effort concerned with these obligations were as follows: Chemical Research: Basic Research in Life Sciences — $520, 000 Exploratory Development — 4, 793, 000 Total Chemical Research — 5, 313, 000 Lethal Chemical Program: Exploratory Development — 1, 098, 000 Advance Development — 293, 000 Engineering Development — 2, 312, 000 Testing — 371, 000 Total Lethal Chemical — 4, 074, 000 Incapacitating Chemical Program: Exploratory Development — 266, 000 Advanced Development — 000 Engineering Development — 000 Testing — 000 Total Incapacitating Chemical — 266, 000 Defensive Equipment Program: Exploratory Development — 4, 521, 000 Advanced Development — 2, 154, 000 Engineering Development — 1, 100, 000 Testing — 228, 000 Total Defensive Equipment — 8, 003, 000 Simulant Test Support — 24, 000
1. Chemical Research	. 000	5. 313	5. 313	. 000	
a. Basic Research in Life Sciences	(. 000)	(. 520)	(. 520)	(. 000)	Life Sciences basic research in support of chemical materiel was conducted during the first half of Fiscal Year 1975. 1. The reaction mechanism of the VX (an organophosphorous compound) binary system was studied along with other single phase liquid binary reactions to better understand what occurs in this process. The behavior of agent droplets and their evaporation rates under various atmospheric conditions were studied so that the performance of both agents and simulants can be improved. The isomerizing effects of ultraviolet light on selected chemical agents was confirmed. Detection systems employing bioluminescent microorganisms have been found to respond to toxic agents primarily by physiological rather than biochemical

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Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
					light producing mechanisms. A spectrometric system for monitoring the products of ion-molecule clustering reactions has been assembled, and with a very low threshold sensitivity, permits chemical reaction studies not previously possible. Research will continue on rates and mechanisms of chemical reactions as well as product characterization with all of the binary systems analyzed to date. Measurement of evaporation rates for liquid agent droplets will continue for mixtures where inadequate data is available especially for the comparison of agents and simulants. A systematic study of enzyme induction will continue in order to yield enzymes useful for detection and decontamination systems. Mass spectrometric studies of ionic clustering reaction mechanisms and kinetics will give improved capability for detection of trace atmospheric agent or contaminants. 2. Techniques to develop a test which will measure somatic mutation in humans have been studied. The acetycholine esterase (AChE) on red blood cell membranes is presumed to mutate to a form which is resistant to certain organophosphate inhibitors in view of the precedent for such resistance found in house flies. The binding of ^{3}H-DFP by uninhibited red blood cells is not great enough to localize such tagged cells by autoradiography. Therefore, experiments have been directed at using the activity of the enzyme to assist in its localization. Uninhibited red blood cells hydrolyze ASCh and this activity can be detected by the deposition of $Cu_2Fe(CN)6$. Red blood cells thus stained on a slide can be counted with a microscope. Mutation of the gene for the hemoglobin beta chain to produce hemoglobin S gives the mutant red blood cells. A density and deformability sufficiently different from normal than separation and enumeration may be possible. More than 99% of normal cells will pass throught a membrane filter that will retain sickled cells. 3. In an effort to isolate and characterize the cholinergic receptor protein, lactoperoxidase has been coupled to Sepharose and used for iodination of neurotoxins. This method of iodination appears to give significantly higher specific activities than methods previously used. An acetycholine (ACh) receptor has been solubilized from an electric eel and the iodinated neurotoxins appear to bind to the receptor preparation. The observed binding can be blocked by pretreatment of the preparation with high concentration of unlabeled toxin. Determination of AChE binding is made by chromatography and/or by a millipore filtration technique. These two methods of essay appear to give similar results. 4. Neuropharmacologic studies of refractory AChE agents reveal that poisoning with lipid soluble anticholinesterase causes an abrupt halt in respiration as determined by observation of the electrical activity of the phrenic nerve; therefore, the lethality of these anticholinesterase compounds has been attributed to CNS* depression of respiration. It has been shown experimentally that the phrenic traffic does not cease entirely upon administration of several doses of the same anticholinesterase compounds. Intracisternal injections of anticholinesterase compounds induce the same immediate central respiratory paralysis as is observed upon systemic injection of these compounds. These observations de-emphasize the central respiratory paralysis effects of anticholinesterase poisoning. 5. In investigations of the CNS effects of incapacitating agents, induced analgesia was not produced by injections of a glycolate and scopolamine into periventricular and periaqueductal regions which had been previously identified to be analgesically responsive to morphine. Injections of the glycolate alone into the ventricular area did, however, produce an analgesic reaction with a relative quick onset. Recent efforts were devoted to determining whether a glycolate and scopolamine had effects at more rostral levels such as the thalamus.
b. General Chemical Investigations	(.000)	(4.793)	(4.793)	(.000)	Exploratory development effort: 1. Search for Potential Agents. Routine screening of chemical compounds for toxicity was emphasized along with some special studies on particular compounds and test method development. A new class of bicyclic organophosphorus compounds was found to be extremely toxic but through a different physiological mechanism than that of other known organophosphorus agents. Four additional analytical methods were developed for required chemical analyses of a binary intermediate which is currently under development. Computerized pattern recognition techniques will be employed to analyze screening data and the physical properties of chemicals. 2. Evaluating Effects of Chemicals. The development of new test procedures has validated experiments which define some significant properties of selected glycolates. 3. Medical Effects of Chemical Agents. Evaluation of acute toxicity of binary intermediates for VX has been completed. Work will continue on the evaluation of toxicity and mutagenicity of compounds and will include percutaneous action, skin sensitization, effects on visual systems and behavior. 4. Chemical Dissemination and Dispersion Technology. a. The flashing propensity of potential GB simulants was determined to be greater than that of the agent GB (a standard US nerve agent) itself. A design study will be made to identify parameters controlling retrorocket performance to serve as guidance in determining its potential application to other binary delivery systems. b. New instrumentation obtained to determine aerosol particle size distribution and concentration was installed and calibrated. The chamber facility and techniques have been modified to reflect the latest technological advances in dissemination and aerosol assessment methodology. Efforts will be continued on updating chamber technology and dissemination and aerosol sampling procedures in support of the agent munitions program as required. 5. Test and Assessment Technology. Knowledge gaps were identified in the break-up mechanisms of liquids from non-explosive disseminators, transport and fallout of particles, and transfer of material from contaminated terrain and equipment to personnel. Studies were undertaken to fill the gaps with the development of a three-dimensional particle trajectory model and used to examine the influence of crosswind ventilation in rocket sled tests. An extensive series of chamber tests were conducted with agent GB, binary product GB, and eighteen simulants using a unique explosive projector technique in order to simulate and study the liquid behavior as dispensed by a projectile. Results show that vapor effectiveness of a binary GB projectile could be enhanced if the liquid could be rapidly comminuted by decreasing intermolecular attraction forces A major effort will be to study bulk liquid breakup mechanism by relating the variables of liquid form geometry, relative velocity between liquid and air, flow rate, and physical and rheological properties with the drop size distribution produced. 6. Systems Analysis. a. Remote Sensors: Meteorological data and line of sight data are being collected for specific areas to assist in the development of a model to evaluate the effectiveness of the Long Path Infrared (LOPAIR) detector. b. New Improved Mask: An analysis was begun on the sensitivity of the effectiveness of mask to donning time and a report of results will be published.

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*Central Nervous System

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Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
					7. Evaluation of Foreign Chemical Warfare Potential. Work on this program has been devoted entirely to analysis of data obtained at Eglin Air Force Base in the rocket sled tests. The rocket sled tests data have been reduced which provides some insight into the nature of liquid breakup. As a result, the free-fall tests were eliminated and will be substituted with other rocket sled tests. Static missile firings were conducted at White Sands to evaluate the radial component of liquid breakup due to explosive detonation. A second series of rocket sled tests will be conducted and the sensitivity of parameter changes will be evaluated. All date and findings obtained on this project through December 1974 will be summarized and a second interim status report prepared. 8. Chemical Training Agents and Equipment Investigations. a. A draft Training Device Requirement (TDR) was received establishing the need for simulated persistent and non-persistent chemical agents for use in training. Laboratory work was initiated. Evaluation of the potential training agent formulations will continue. b. Analysis for the recovery of Dimethyl Morpholino Phosphoramidate (DMP) using Gas Chromatograph flame photometry has been established. Efforts will be made to establish the analytical limit for DMP by Gas Chromatograph flame photometry. c. A number of tests were conducted to demonstrate the concept feasilibity of a design which would satisfy the dissemination characteristics specified in the draft TDR. Further testing and development will be performed to improve dissemination characteristics. 9. Chemical Safety Investigations. The chemistry of reactions involved in a number of demilitarization and conservation procedures have been studied to aid in developing techniques for monitoring the safety of the work area and the environment. Explosion and toxic dissemination chambers have been upgraded to meet new safety requirements. The environmental impact of agent operations is being assessed. Improved methods to quantify and trace pollutants from chemical munition and demilitarization activities will continue with emphasis on hetergeneous exudates. Design and development will be initiated on a remote sampling and assay system for agents and simulants to be used in chamber testing.
2. Lethal Chemical Program	.012	4.062	4.074	.000	
a. Agent Investigations and Weapons Concepts.	(.000)	(1.098)	(1.098)	(.000)	Exploratory development effort: 1. Some promising binary components for a possible intermediate volatility agent have been prepared, and thermal storage stability studies on the agent have been completed. A number of the agent's chemical analogs have been prepared and their toxicity examined. Under the hazard analysis portion of the vulnerability program, binary components were irradiated with no apparent adverse effect. Evaluation of the influence of particle size on the toxicological effectiveness of a lethal organophosphorous compound through layered cloth assemblies showed that 200 micron drops of the compound are equally as effective as larger millimeter size drops in penetrating the cloth. Efforts will continue to assess binary candidate systems for and highly persistent percutaneous agents, to exploit techniques of existing binary systems, and to develop and improve binary simulant/simulation processes. 2. Effort was continued to optimize the liquid-liquid binary VX system. The stability of the VX and GB binary intermediates was demonstrated. Advancements in the binary simulant/simulation techniques for munition performance evaluation provided a realistic simulation of the physical properties of the binary VX reaction products. 3. An initial design of a binary chemical warhead for the Selected Effects Armament Subsystem (SEAS) was completed, and components were fabricated and proved out in preliminary testing. The feasibility of candidate design concepts will be established. 4. Work is progressing on preparation of larger developmental quantities of a binary intermediate. Waste and by-product disposal techniques are also being developed during the synthesis for use in still larger scale production. Laboratory scale runs will be conducted for the preparation of dimethyl disulfide to gather data concerned with preparation of pilot scale quantities.
b. Agent Pilot Plant Investigations	(−.001)	(.294)	(.293)	(.000)	Advanced development effort: 1. The polysulfide pilot plant was modified to obtain data for process scale-up. A series of runs will be conducted to generate the required data. Studies of waste disposal methods will be initiated. 2. 155mm GB XM687 Binary Projectile: Tests conducted indicate that current methods of inserting helium (tracer gas) in the XM687 Binary canisters does not provide a sufficient quantity for verifying that the canister meets the Technical Data Package (TDP) leak test specification. To overcome the problem a program was initiated to investigate new methods of inserting helium. 3. 8″ VX XM736 Binary Projectile: A modular design concept was formulated to provide fill and closure data which will be integrated into a pilot filling line. Filling data was developed during this period. Parameters for the steel canister weldments will also be developed.
c. Tactical Weapons Systems	(−.003)	(2.315)	(2.312)	(.000)	Engineering development effort: 1. Development Test (DT) II effort to establish the suitability of the 155mm XM687 GB projectile for type classification was continued. Design changes to promote ballistic stability have been incorporated into the XM687 and verified. In addition to supporting the DT II effort, supplementary development activities related to storage life and effectiveness were continued, and studies to enhance producibility and minimize XM687 systems costs were pursued. 2. Engineering Development (ED) effort on the XM736 continued. Test hardware and chemicals were produced concurrently with the implementation of Engineering Design Test (EDT) phases. In addition, development efforts were continued to improve munition performance and packaging, to establish storage life, and to estimate effectiveness via the use of simulants. Fabrication of projectiles for the EDT phase on the XM736 will continue and testing will be initiated including physical and environmental effects, in-flight mixing, flight stability and limited simulant dissemination testing.
d. Materiel Tests in Support of Joint Operational Plans and/or Service Requirements.	(.016)	(.000)	(.016)	(.000)	Obligations were incurred in conducting two operations research studies as follows: 1. Study 74–112: In response to a USMC request this study will evaluate the effects of chemical agents and decontaminants on the continued integrity of spray tanks and estimates of hazards associated with recycling or decontaminating the tanks. Data were analyzed and a report was prepared. 2. Study 75–115: In response to U.S. Air Force and CINCPAC requirements, this study is to estimate the operational effectiveness of the MC-1 bomb in a forested temperate environment and to determine vulnerability of hard targets and fortifications. These studies were suspended in accordance with Congressional action deleting funds in FY75

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	Funds obligated (millions of dollars)				
Description of R.D.T. & E. effort	Prior year	Current year	In-house	Contract	Explanation of obligation
e. Army Materiel Development Tests	(.000)	(.355)	(.355)	(.000)	Obligations were incurred in the testing of binary weapon systems employing simulants. Purpose of the testing was to: (1) Evaluate ballistic stability and accuracy of candidate projectiles; (2) Evaluate the effects of environmental storage and rough handling of projectiles; (3) Determine in-flight mixing characteristics of simulant reaction; and (4) Determine the technical performance such as reliability, safety, suitability for Service tests, dissemination efficiency and area coverage for the XM687 projectile. During this period, eight specific test programs were conducted and/or completed. Major emphasis was on the XM687 155mm DT II Test (engineering phase). Five dissemination trials with simulant were conducted to obtain efficiency and area coverage data. Physical testing in the area of rough handling, safety, transportation, and storage are in progress. Range table and reliability firings are in progress. Ballistic firings and storage effects testing were conducted with various configurations of the XM736. Projectiles with simulant were filed to determine in-flight mixing characteristics. Engineering tests on the XM687 and development tests on the XM736 will continue.
3. Incapacitating Chemical Program	.000	.266	.266	.000	
a. Agent Investigations and Weapons Concepts.	(.000)	(2866)	(.266)	(.000)	Exploratory development effort: 1. Search for safe, quick-acting, physical incapacitants concentrated on preparation and study of new compounds. The requirement for high-strength metals for incapacitating agent submunitions dictated agent stability/materials compatability for the candidate agents. The completed studies show no decrease in agent purity or material compatability. Analytical procedures and concepts for the detection of an aerosolized incapacitant have been completed. A solid state sampling device will be perfected for a known incapacitating agent followed by an effort to expand the devices applicability to other aerosolized chemical agents. 2. Studies were conducted on several polymer based incapacitating agent pyrotechnic formulations. A liquid chromatograph was obtained to evaluate its use in analyzing chamber samples of incapacitating agent. A study was initiated to investigate which standard projectiles and warheads would be potential delivery systems for new incapacitating agents. This study will be extended to include new delivery systems in development. Investigations were continued to evaluate candidate munitions systems. New dissemination techniques will be studied for weaponization potential as they are developed.
4. Defense Equipment Program	.049	7.954	7.243	.760	
a. Physical Protection Investigations	(−.001)	(2.708)	(2.513)	(1.94)	Exploratory development effort: 1. Chemical Agent Alarm Technology. a. Studies on the automatic liquid agent detector (ALAD) were continued and tests were conducted with simulants. Techniques were investigated for reproducible fabrication of detector elements and formulation of the detector coatings. Design studies will be directed toward using ALAD as a complement to M3 and other point sampling alarms. Redesigned units of the ionization detector were fabricated and tests were initiated to determine sensitivity and interferences. Interference studies are being conducted with enzyme alarms. Physical immobilization techniques have shown promising results for retention of enzyme activity. b. Effort was directed toward the applicability of the CO^3 laser approach for detection of chemical agents. Several types of topographic reflectors will be used to evaluate performance. c. Studies were conducted on terrain contamination using the Remote Roman device. Spectra were obtained for simulants. d. Work on the incapacitating plant alarm continued to obtain the required detection concentration range. e. Sampling problems associated with the monitoring for agent presence at storage and plant facilities will be studied and evaluated. Materials for use in preconcentrators will be investigated. Specific attention will be directed toward development of a suitable V-agent facility monitoring system for the detection of possible presence of agent at storage facilities. 2. Chemical Detection and Identification Technology. a. Field Ionization Mass Spectrometry has demonstrated feasibility for monitoring trace atmospheric contaminants. The threshold sensitivities of chemical warfare agent simulants in air are better than 1 mole-prts-per-billion and even this can be improved by a two orders of magnitude. Highly sensitive colorimetrif and fluorometric detection methods for mustard have been developed. Studies will be conducted on ion-molecule clustering reactions for the Mass Spectrometer System, and on fundamental chemistry of certain agents to find direct detection and identification systems. New high volume sampling and concentrating techniques will be devised. b. Detection procedures applicable to agents in water were reviewed and work initiated to be directed to the development of an item to replace the water test lit (AN–M2). Studies on the use of eel cholinesterace in detection devices were conducted to obtain a satisfactory chromogenic substrate. The eel cholinesterace system will be evaluated for interferences, agent sensitivity and stability. 3. Chemical Decontamination Investigations. a. The mechanism and kinetics for the chemical reactions between certain agents and decontaminants have been determined in order to optimize the process. Decontamination by catalyzing the oxidation of agents and agent simulants can be accomplished with photosensitizing dyes in the presence of sunlight. Studies will be conducted to find catalysts which, with oxygen or moisture of the air, will cause decontamination by oxidation of chemical agents. Sprays or coatings using water or air as the major component will significantly reduce the logistics of field decontamination. b. Evaluation of agent resistant paint indicates that it retains most of its resistance properties after extended exposure to outdoor weather conditions. Tactical equipment will be pattern painted for camouflage purposes. Urethane coating was compared with an alkyd paint and was found to require less decontamination, was easier to decontaminate, and was applied in the same manner as the alkyd paint. Work continued on the supplemental coating which is to be used to cover surfaces not urethane coated and thus prevent agent from sorbing into agent permeable materials. A composition of polyvinyl alcohol solution was found which was easy to prepare and which gave good protection after application without excess shine to the dried film. c. Work was initiated on materials and methods of application to upgrade the skin decontamination capability. Investigations will be initiated into the feasibility of using microemulsions to decontaminate agent-impervious surfaces and skin. 4. Physical Protection Against Chemical Agents. a. Studies of dynamic gas absorption showed further progress toward the goal of developing a fully predictive adsorption equation capable of predicting the protection of activated carbon filters against various toxic vapors. The complex dependence of the adsorption rate constant on the velocity and temperature of the gas-air stream was determined experimentally. The mechanisms and kinetics of acrosol filtration by fibrous filter mats will be studied.

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Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
					b. Technicon Auto Analyzer, used for chemical analysis of phosphorous, has been satisfactorily interfaced with the HP9810A programmable calculator to provide automatic analysis of colorimetric samples. The improved chemical agent simulant test technique for evaluation of collective protection shelter systems was used successfully to test the US Air Force's Chemical-Biological Modification Kit. Feasibility studies will be conducted on simplified collective protection for Army functional field shelters. Studies indicate that pore size spectrum and surface chemical groups on the base charcoal may be controlling parameters in the performance of specifically treated charcoal. Open storage aging of charcoal will continue. c. A combination of modified starting materials, diluted impregnating solutions and vacuum impregnation techniques have produced improved laboratory preparation of whetlerite. Significant advances have been made in reducing agent penetration of new materials of construction. Studies have been conducted concerning the lens fogging difficulties encountered with the new protective mask facepiece design. Studies have continued to determine regions of predominant respiratory stress. Additionally, efforts have progressed to develop a mathematical model for analyzing the impact on work performance while wearing a mask. A study will be conducted to determine the high exhalation resistance on the work performance of the mask wearer. d. Testing of charcoals to provide a sorbent or reactant for use in a one layer protective garment was performed. Several modifications of charcoal were produced which gave increased resistance to sweat degradation. Testing of materials will be refined to provide good reproducibility of results. The mechanism of thermal decomposition in the M13 kit was determined. A test method will be developed and evaluated for determining when an M13 kit is no longer serviceable. The possibility of using impermeable capes or covers to protect personnel against large liquid droplets will be investigated.
b. Advanced Development of Defensive Systems.	(.000)	(2.154)	(1.688)	(.466)	Advanced development effort: 1. Remote Sensing Alarm Dust tests were conducted at several locations to evaluate the compensation effectiveness of the use of multiple channels and coefficients. Initial results are promising and the data are being evaluated. A contract was negotiated for the design and fabrication of a number of advanced development (AD) prototypes. The first phase of the contract will include a thorough design analysis of system approaches and components. A selection will then be made of the best approach and fabrication of prototype items will begin. A cost analysis is being performed for modification of the Navy's Forward Looking Infra-Red (FLIR) to perform chemical agent detection. Comparison of FLIR and LOPAIR will be included in toe cost analysis. 2. New Protective Mask AD of the new protective mask was initiated. Results of exploratory development efforts were reviewed. Prototype designs show sufficient promise to meet the Required Operational Capability (ROC) requirements to warrant their continued development in the AD phase. A wearing test using an infantry scenario has been conducted on two designs. Results of this test are very encouraging. A meeting with Army, Navy, and Air Force representatives was conducted. The Army approved ROC has been accepted as the basic document for the development of a multi-service mask. Emphasis will be to quantify the operational characteristics of the ROC and to specify test procedures and performance criteria. The requirement for use of one basic mask with models for the task, aircrew and field applications will be addressed. Design efforts will be directed toward improving speech and communication capabilities, reducing weight and bulk, facilitating a resuscitation system, simplifying water drinking, and providing for rapid and reliable donning of the mask.
c. Collective Protection Systems----- --	(.000)	(.273)	(.173)	(.100)	Engineering development effort: Modular Collective Protection Equipment: DT II tests were initiated on modular collective protection equipment (MCPE) hardware. Compatibility tests of MCPE servicing TACFIRE shelters were conducted. Hardware fixes and TDP upgrading will be provided in response to any problems revealed during testing.
d. Warning and Detection Equipment----	(.000)	(.827)	(.827)	(.000)	Engineering development effort: 1. Chemical Agent Detector Kit, XM256 Studies were conducted on tha sampler configuarations, and the design characteristic technical review was held. Continued evaluations were made on the mustard test to eliminate the false positive tests obtained with the blank. A selection was made of an instrument to be used as inspection acceptance equipment. A human factors test was conducted which determined the minimum color threshold that a soldier could reliably see on the H test. The technical data package will be updated to reflect the final design. Preliminary engineering development (ED) hardware will be fabricated and formal EDT initiated. 2. Paper, Chemical Agent Detector, XM9 The Validation In Process Review (IPR) was held and the ED program was initiated. Tests were conducted at Dugway Proving Ground using simulants to obtain data on the relation between ground and manikin contamination as a function of particle size and contamination density. Long term aggravated storage testing is continuing. Engineering design studies will be initiated and detectors will be produced to prove out the preliminary TDP.
e. Medcal Defense Against Chemical Agents.	(.000)	(1.814)	(1.814)	(.000)	Exploratory development effort: 1. New immunogens are being screened for effect against refractory AChE agents. Receptor sites for luteinizing hormone in the pituitary and adrenal glands have been identified. 2. A search for carbamate compounds more effective than MOBAM (a new antidote) and pyridostigmine for prophylaxis against refractory anticholinesterase is underway. Physiological and clinical studies in the use of oximes and synergistic drugs for treatment of anti-ChE poisoning is continuing. New vaccines will be made and tested. New drugs and drug combinations for prophylaxis and treatment of chemical poisons will be tested.
f. Materiel Tests in Support of Joint Operational Plans and/or Service Requirements.	(.050)	(.000)	(.050)	(.000)	Tests were conducted on the U.S. Air Force chemical detector AN/GAQ-1. These tests were designed to evaluate the detection capabilities of AN/GAQ-1, Alarm Set, Nerve Agent System under realistic employment situations. During this period, 37 chamber trials were conducted to obtain agent/simulant correlation and calibration response; 27 trials were conducted to evaluate alarm response to interferenced substances; and 32 trials were conducted to determine alarm response. Testing was completed, data analyzed, and draft final report prepared and coordination was initiated.
g. Army Materiel Development Tests----	(.000)	(.178)	(.178)	(.000)	Tests were conducted on the U.S. Army's defensive equipment and materiel, and on long term environmental storage and surveillance. Test efforts were as follows: 1. 200 CFM MCPE: This test is designed to perform a DT II Test (engineering and service phase) and to determine the capability of the MCPE to meet system specification requirements. During this report period, test plan modifications were made, staffed and published. Training and receipt inspection of the MCPE was completed. Tests were initiated and are scheduled for completion during 1st quarter FY76.

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Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
					2. MCPE for TACFIRE: This test was designed to determine the interface hardware system, compatibility and the overall capability of the MCPE as applied to TACFIRE to meet the protection requirements of system specifications. During this period, testing was initiated and completed. Final report was published. 3. CB Protective Clothing for Explosive Ordnance Disposal Personnel: This test is designed to determine if the suit meets the approved small development requirements. During this report period, a report was submitted to TECOM for approval. Initial planning for conduct of high temperature wearing trials at Natick Laboratories was initiated. Test completion is scheduled for 3d quarter FY75. 4. Shelter Systems, Collective Protection, CB, M51: This test is designed to determine adequacy and reliability of the production item as a result of corrective action and design changes made as a result of DT II. During this report period, testing in the area of safety, initial performance, rain operations, storage, resistance to fungii, shock and vibration, chemical/biological (CB) challenges and purge characteristics were in progress. Test completion is scheduled 3d quarter FY75. 5. M10 Collective Protection Equipment (CPE) for HAWK: This test is designed to verify the adequacy and quality of the M10 CPE production time. During this report period, testing in the area of safety, shock and vibration, CB challenges and purge characteristics, initial performance, environmental conditions, and reliability was in progress. Test completion is scheduled for 3d quarter FY75. 6. Environmental Surveillance: The long term environmental storage and surveillance program had a total of four items undergoing some phase of testing at one or more of the test sites. Items consisted of masks, chemical detector unit, and chemical alarm unit. 7. Liquid Agent Detector (LAD): This test is designed to determine the optimum location(s) for wearing a LAD device when subjected to various particle sizes of simulant materials and to determine if relationships exist between visual/chemical analysis. During this period, testing with simulants was initiated and completed. 8. Decontamination Vehicle TMS-65: This test is designed to determine the feasibility of decontaminating military equipment using the principles adapted in the decontamination vehicle. During this report period, the test plan was prepared, coordinated, and published. Testing is to be initiated during 3d quarter FY75 and is scheduled for completion during 1st quarter FY76.
5. Simulant Test Support	.024	.000	.024	.000	
a. Materiel Tests in Support of Joint Operational Plans and/or Service Requirements.	(.024)	(.000)	(.024)	(.000)	Five joint operational tests were conducted as follows: 1. Test 70-11, Phase I: This test, consisting of four subtests, is in response to Army, Navy, and Air Force requirements and is concerned with evaluation of delivery and assessment techniques for simulant spray system. 2. Test 70-11, Phase II: This test is a research effort with the aim of duplicating the contamination pattern of a liquid agent attack with the use of simulants and correlating simulant/ agent data to permit hazard and vulnerability analyses. 3. Test 74-010, Phase I: The U.S. Marine Corps requested a test to evaluate the effectiveness of LVTP-7 landing vehicle when subjected to a simulated massive chemical attack. Testing has been completed. Final publication of the report is being delayed pending receipt of simulant/agent correlation data from test 70-11, Phase II. 4. Test 74-010, Phase II: This test, in response to a U.S. Marine Corps requirement, involves a Marine Wing Weapons Unit performing mission tasks with a nuclear trainer in a simulated toxic environment. The test is designed to evaluate mission performance degradation caused by a massive chemical attack. During this period, the data was analyzed and a draft final report was prepared and forwarded for review. 5. Test 74-010, Phase III: This test will involve a Marine nuclear ordnance platoon performing mission tasks in a simulated toxic environment and is designed to evaluate mission performance degradation following a massiv e chemical attack. During this report period, the test plan was in preparation and coordination meeting with the U.S. Marine Corps was in progress. These tests were suspended in accordance with Congressional action deleting funds in FY75

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE ARMY—DATE OF REPORT: DEC. 31, 1974—RCS DD-D.R. & E. (SA) 1065

Description of procurement effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
Chemical Warfare Program	4.038	2.943	2.968	4.013	During the first half of fiscal year 1975, the Department of the Amry obligated $6,981,000 for procurement activities associated with chemical warfare agents, weapons systems, defensive equipment, and production base projects. Program areas of effort concerned with these obligations were as follows: Lethal Chemical Program: Materiel Procurement — −$3,000 Production Base Projects — 491,000 Total Lethal Chemical — 488,000 Incapacitating Chemical Program: Material Procurement — 0 Production Base Projects — 0 Total Incapacitating Chemical — 0 Defensive Equipment Program: Material Procurement — 5,684,000 Production Base Projects — 809,000 Total Defensive Equipment — 6,493,000
1. Lethal Chemical Program	−.003	.491	.488	.000	
a. Item Procurements: Honest John Warhead.	(−.003)	(.000)	(−.003)	(.000)	Deobligation and close-out of a prior year (FY 64) in-house engineering support order.
b. Production Base Projects: Chemical Agent and Munition Disposal System.	(.000)	(.491)	(.491)	(.000)	Obligations incurred for final equipment design of a multipurpose transportable disposal system for use in detoxifying and/or disposing of obsolete/unserviceable chemical munitions and toxic agents. Ultimate system will consist of a series of modules which can be transported to sites containing obsolete/unserviceable toxic agents/munitions, assembled and operated to detoxify and dispose of material.

DEPARTMENT OF THE ARMY—SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS (JULY 1, 1974–DEC. 31, 1974), RCS DD-D.R. & E. (SA) 1065—Continued

SECTION 1.—OBLIGATION REPORT ON CHEMICAL WARFARE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974—DEPARTMENT OF THE ARMY—RCS DD-D.R. & E (SA) 1065—Continued

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE ARMY—DATE OF REPORT: DEC. 31, 1974—RCS D—D.R. & E. (SA) 1065—Continued

Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
2. Incapacitating Chemical Program	.000	.000	.000	.000	
a. Item Procurements	(.000)	(.000)	(.000)	(.000)	No obligations were incurred for procurement of incapacitating chemical items.
b. Production Base Projects	(.000)	(.000)	(.000)	(.000)	No obligations were incurred for production base projects in support of incapacitating chemical programs.
3. Defensive Equipment Program	4.041	2.452	2.480	4.013	
a. Item Procurements:					
(1) Alarm, M8–18	(.052)	(.000)	(.016)	(.036)	Obligations incurred for an engineering change order (.036) related to an on-going contract and for manufacture of a Leakage Tester (.016) for use with the M8 Chemical Agent Alarm.
(2) Shelter System, M51	(3.977)	(1.643)	(1.643)	(3.977)	Obligations incurred for procurement and in-house engineering support for transportable collective protection equipment system used to provide protection from toxic CB agents in the field.
(3) Decontaminating Apparatus, M12	(.012)	(.000)	(.012)	(.000)	Obligations incurred for in-house quality assurance support of an on-going contract for M12 Decontaminating Apparatus.
b. Production Base Projects:					
(1) Initial Production Facility for Detector Kits.	(.000)	(.250)	(.250)	(.000)	Obligations incurred to provide production facilities for the M15 and M18 Chemical Agent Detector Kits.
(2) Evaluation of Exhaust Filter Systems.	(.000)	(.224)	(.224)	(.000)	Obligations incurred to conduct an evaluation of facility type filters for pollution control of air exhaust.
(3) Inspection Aids for Defensive and Protective Items.	(.000)	(.335)	(.335)	(.000)	Obligations incurred for purchase of inspection aids used in manufacture of defensive items, such as M25A1 Tank Masks, M17A1 Protective Masks, Filter Units, and M24 Aircraft Masks.

SECTION 2.—OBLIGATION REPORT ON BIOLOGICAL RESEARCH PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974—DEPARTMENT OF THE ARMY—RCS DD-D.R. & E. (SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974 REPORTING SERVICE: DEPARTMENT OF THE ARMY—DATE OF REPORT: DEC. 31, 1974—RCS DD-D.R. & E. (SA) 1065

Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
Biological Research Program	0.052	6.538	4.938	1.652	During the first half Fiscal Year 1975, the Department of the Army obligated $6,590,000 for general biological research investigations and the development and test of physical and medical defensive systems. Program areas of effort were as follows: Biological Research: Basic Research in Life Sciences .... $260,000 Exploratory Development .... 97,000 Total Biological Research .... 357,000 Defensive Systems: Exploratory Development .... 5,338,000 Advanced Development .... 812,000 Engineering Development .... Testing .... 73,000 Total Defensive Systems .... 6,223,000 Simulant Test Support 10,000
1. Biological Research	.000	.260	.260	.000	
a. Basic Research in Life Sciences	(.000)	(.260)	(.260)	(.000)	Life sciences basic research in support of biological defense materiel: Theoretical analysis of the potential of laser techniques for biological detection resulted in a favorable appraisal of the feasibility of remote laser detection of biological agent clouds. A critical review of experimental work on the application of laser ultraviolat radiation for the detection of aerosolized microorganisms will be completed with identification of knowledge gaps requiring further study. Mass spectrometry analysis was shown possible as an approach for detecting small numbers of microorganisms. The analysis will be extended into studies on adapting the mass spectrometry technique to the analysis of microorganisms in samples collected from the air. Conditions affecting chemical decontamination of aerosolized microorganisms will be studied. Biological aerosol investigations were initiated to obtain basic information on factors affecting the decontamination of biological agents in the airborne state.
2. Defensive Equipment Program	.042	6.278	4.668	1.652	
a. Physical Defense Against Biological Agents.	(.000)	(.714)	(.623)	(.091)	Exploratory development effort: 1. Projected standardization of paraformaldehyde as a biological decontaminant has been reevaluated subsequent to recent published medical information. The hazards associated with utilizing paraformaldehyde as a biological decontaminant are being assessed. Efforts will also focus on a search for an improved or safer alternate decontaminant. 2. Screening of new candidates for decontaminants is contnuing. The chamber for evaluation of lactic acid as an aerosol decontaminant has been characterized. Experimental evidence obtained to date indicates that lactic acid reduces the viability of a non-pathogen aerosol in an enclosed chamber in less than two minutes. A parametric analysis of the use of aerosol decontamination will be performed. 3. Investigations of the chemiluminescent reaction are in process and have centered on the specificity of the reactions observed with various atmospheric materials when the sequence of combination of the reagents is altered. Apparatus for obtaining reaction rate information with the chemiluminescent reaction has been designed and fabricated. An investigation of the optimum properties of luminol is in process with the goal of standardizing the specifications of the chemical to insure uniform properties when full scale procurement is initiated. Improved aerosol generating techniques have been developed so that the test and assessment of biological detectors and samplers can be performed under more closely controlled and identified conditions. Evaluation of the prototype pattern acquisition correlation technique (PACT) has continued with emphasis placed on the use of interferometric optical techniques and pattern recognition logic. Liaison has been maintained with the Environmental Protection Agency (EPA) on the status of this effort. The potential of this atmosphere monitoring technique for pollution studies is the factor of interest to that agency. 4. Exploratory development of an area alarm using a UV laser approach has been studied. Evaluation of the results of this study indicates potential feasibility. Work is continuing for tagging of a tetravalent antisera with coordinated iron using catalase or myoglobin. This product will be assessed in the chemiluminescent device as a potential means of achieving group specificity. The knowledge on the interaction of ambient background content is being expanded through continued study of particle size distribution, the nature of the particulates, and interaction with detection techniques.
b. Biological Defense Materiel Concepts	(—.002)	(.814)	(.751)	(.061)	Advanced development effort: 1. Reliability test of the XM19 Biological Alarm equipped with the improved solution pump assembly were completed. An array of tests were successfully completed. A modified design of the XM2 Biological Sampler was evaluated and found to perform satisfactorily. Other design improvements are being incorporated into another test unit to attempt to further reduce the reagent demands of the XM2. AD will be completed and ED will be initiated during the second half FY75.

DEPARTMENT OF THE ARMY—SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS (JULY 1, 1974–DEC. 31, 1974), DD–D.R. & E. (SA) 1065—Continued

SECTION 2.—OBLIGATION REPORT ON BIOLOGICAL RESEARCH PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974—DEPARTMENT OF THE ARMY—RCS DD–D.R. & E. (SA) 1065—Continued

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE ARMY—DATE OF REPORT; DEC. 31, 1974—RCS DD–D.R. & E. (SA) 1065—Continued

Description of procurement effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
					2. Examination of various models of deployment to insure maximum effectiveness when used to defend division and corps sized elements continues. The test data obtained in the October array tests are being evaluated and the results should assist in further developing the systems concept. Extensive systems work has been directed toward preparation for follow-on ED of the XM19 Alarm and XM2 Sampler.
c. Medical Defense Against Biological Agents.	(.000)	(4.624)	(3.124)	(1.500)	Program areas of effort concerned with these obligations were as follows: The experimental program is targeted toward: (a) infectious illnesses which pose special problems to our military forces; (b) medical defense against biological warfare; and (c) the safe study of infectious, highly dangerous microorganisms in the unique and special containment facilities of the Institute. A variety of experimental approaches is used to solve these problems as illustrated by: (a) infectious disease models are developed in laboratory animals and the resulting information is extrapolated and applied to man; (b) the defense mechanisms of the body are studied and stimulated in an effort either to prevent an infectious disease or to reduce its harmful effects among military personnel; (c) rapid accurate laboratory methods are developed for identifying causative microorganisms before, or soon after, illness begins thus permitting therapy to be instituted early in the disease process (d) techniques are developed to measure subtle changes that occur at the molecular level in cells of the infected host. An understanding of these mechanisms is basic to establishing effective measures to combat disease. Efforts will continue during FY 1976 to exploit the information obtained previously. All aspects of the program will continue to emphasize infectious illnesses of military importance. None of these or future studies is directed toward offensive biological research and development.
d. Foreign Biological Threat	.044	.053	.097	.000	Operations research studies were conducted to evaluate and assess the biological threat to the United States and to U.S. military forces throughout the world. During this report period, three studies were in progress as follows: 1. Study one: Target Vulnerability Assessment: This study will assess the vulnerability of U.S. military forces to a biological attack for selected environmental areas. During this report period, pertinent vulnerabilty parameters were defined. Applicable terrain, vegetative, meteorological, and climatic data were selected for analyses. Study will be completed 1st quarter FY76. 2. Study two: Effectiveness of Interim and/or Improvised Defensive Measures: This study will investigate the effectiveness of various defensive measures that could best be employed by the United States against a BW attack in the absence of an adequate detector system. During this report period, an examination of detector/warning methods was made. Draft final study was prepared and coordinated with other agencies. Study will be published and will provide essential information on the effectiveness of the current United States defensive posture against biological attack in lieu of an adequate warning system. 3. Study three: Response Protocol: This study will assess the current defensive posture of U.S. forces in terms of current policies, doctrine, training, capabilities, and equipment availability. The study will develop recommendations for a more realistic and effective defensive posture in terms of the level of threat, and the priorities of availability of manpower and resources. During this report period, a study outline was formulated, a literature survey and coordination initiated. Study is scheduled for completion in FY76.
e. Army Materiel Development Tests	(.000)	(.073)	(.073)	(.000)	AD tests of the biological detector systems were conducted. During this period, 40 chamber trials were conducted to evaluate the technical performance of the prototype PACT unit. Tests were conducted to determine uniformity of response. All data have been forwarded to the developer. A final report was published on the limited physical-environmental testing.
3. Simulant Test Support	.010	.000	.010	.000	
a. Materiel Tests in Support of Joint Operational Plans and/or Service Requirements.	(.010)	(.000)	(.010)	(.000)	Two Joint Operational Tests were conducted. These efforts are in consonance with the current national policy for CB Tests and Studies. These tests were: 1. Test 70–74, Phase III: This test was designed to evaluate the relationship between biological decay rate data. During this report period, comments to the draft final report were incorporated. Final report was coordinated. 2. Test 70–74, Phase IV: This effort is designed to determine if data accumulated in phase III can be used to obtain aerosol decay rate effects from polluted urban environments. Prior to trials in an urban environment, background data will be obtained from relatively pollutant free environments. Data is essential for use in biological vulnerability studies of the United States. During this period, testing was completed on the initial urban environment safari. Tests were suspended in accordance with Congressional action deleting funding for FY75.

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE ARMY—DATE OF REPORT: DEC. 31, 1974—RCS DD–D.R. & E. (SA) 1065

Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
Biological Research Program	0.000	0.000	0.000	0.000	During the first half fiscal year 1975, the Department of the Army obligated $0 for procurement activities associated with biological defensive equipment and production base projects.

SECTION 3.—OBLIGATION REPORT ON ORDNANCE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—DEPARTMENT OF THE ARMY—RCS DD–D.R. & E. (SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE ARMY—DATE OF REPORT: DEC. 31, 1974—RCS DD–D.R. & E. (SA) 1065

Description of procurement effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
Ordnance program	0.112	3.238	3.280	0.070	During the first half Fiscal Year 1975 the Department of the Army obligated $3,350,000 for general research, investigations, development and test of smoke, flame, incendiary, herbicide, riot control agents and weapons systems, and other support equipment. Program areas of effort concerned with these obligations were as follows: Smoke, Flame, and Incendiary Program: $894,000 Herbicide Program: 229,000 Riot Control Program: 1,571,000 Other Support Equipment Program: 520,000 Test Support: 136,000

DEPARTMENT OF THE ARMY—SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS (JULY 1, 1974–DEC. 31, 1974), DD–D.R. & E. (SA) 1065—Continued

SECTION 3.—OBLIGATION REPORT ON ORDNANCE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—DEPARTMENT OF THE ARMY—RCS DD–D.R. & E. (SA) 1065—Continued

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE ARMY—DATE OF REPORT: DEC. 31, 1974—RCS DD–D.R. & E. (SA) 1065

Description of procurement effort	Funds obligated (millions of dollars) Prior year	Current year	In-house	Contract	Explanation of obligation
Ordnance program	1.349	3.151	3,558	0.942	During the first half of fiscal year 1975, the Department of the Army obligated $4,500,000 for procurement activities associated with smoke, flame, incendiary, herbicide, riot control agents, weapons systems and other support equipment. Program areas of effort concerned with these obligations were as follows: Smoke, Flame and Incendiary Program: $1,286,000 Herbicide Program: 0 Riot Control Program: 841,000 Other Support Equipment: 2,373,000

SECTION 4.—OBLIGATION REPORT ON CHEMICAL WARFARE, BIOLOGICAL RESEARCH, AND ORDNANCE PROGRAMS—ADJUSTMENT SUMMARY TO REPORT FOR THE SEMIANNUAL PERIOD JAN. 1, 1974, THROUGH JUNE 30, 1974—DEPARTMENT OF THE ARMY—RCS DD–D.R. & E. (SA) 1065

SECTION 4—ADJUSTMENT SUMMARY

Adjustments result from basing the report for Jan. 1, 1974, through June 30, 1974, on actual obligations through Apr. 30, 1974, and estimated obligations for May and June 1974.

RCS DD–D.R. & E. (SA) 1065—ADJUSTED SUMMARY TO JAN. 1–JUNE 30, 1974 REPORT

SECTION 1—CHEMICAL WARFARE PROGRAM

Page	Description	From— Prior year	Current year	Prior year	Current year	To— Prior year	Current year	Prior year	Current year
	Under Explanation of Obligations, change figures as follows:								
1	First line, "Department of the Army, obligated . . ."		$4,465,000				$4,398,000		
	Chemical Research:								
	Exploratory Development		−166,000				−131,000		
	Total Chemical Research		−246,000				−211,000		
	Lethal Chemical Program:								
	Advanced Development		350,000				344,000		
	Engineering Development		1,125,000				1,147,000		
	Testing		2,608,000				2,543,000		
	Total Lethal Chemical		4,098,000				4,049,000		
	Incapacitating Chemical Program:								
	Advanced Development		−364,000				−359,000		
	Total Incapacitating Chemical		−199,000				−194,000		
	Defensive Equipment Program:								
	Exploratory Development		210,000				212,000		
	Engineering Development		−392,000				−433,000		
	Testing		343,000				324,000		
	Total Defensive Equipment		118,000				60,000		
	Under Funds Obligated, change figures as follows:								
1	Chemical Warfare Program	−.005	4.470	4.803	−.365	−.032	4.430	5.130	−.732
2	1. Chemical Research	.000	−.246	−.171	−.075	−.005	−.206	−.136	−.075
4	b. General Chemical Investigations	(.000)	(−.166)	(−.171)	(.005)	(−.005)	(−.126)	(−.136)	(.005)
10	2. Lethal Chemical Program	.015	4.083	4.106	−.008	.031	4.018	4.038	.011
12	c. (1) Advanced Development	(.000)	(.350)	(.406)	(−.056)	(−.006)	(.350)	(.401)	(−.057)
12	(2) Engineering Development	(.000)	(1.125)	(1.092)	(.033)	(.022)	(1.125)	(1.094)	(.053)
	d. Materiel Tests	(.000)	(.282)	(.282)	(.000)	(.000)	(.217)	(.217)	(.000)
14	3. Incapacitating Chemical Program	.000	−.199	.156	−.355	.000	−.194	.161	−.355
14	b. Agent Pilot Plant Investigation	(.000)	(−.075)	(−.075)	(.000)	(.000)	(−.070)	(−.070)	(.000)
16	4. Defense Equipment Program	−.020	.138	.045	.073	−.058	.118	.373	−.313
16	a. Physical Protection Investigations	(.000)	(.140)	(−.197)	(.337)	(.003)	(.139)	(−.064)	(.206)
21	b. Advanced Development of Defensive Systems	(−.000)	(−.035)	(.033)	(−.076)	(−.008)	(−.035)	(.150)	(−.193)
22	c. Collective Protection Systems	(−.012)	(−.350)	(−.046)	(−.316)	(−.048)	(−.350)	(−.066)	(−.332)
22	d. Warning and Detection Equipment	(.000)	(—.030)	(-.030)	(.000)	(—.005)	(—.030)	(—.009)	(—.026)
22	e. Medical Defense Against Chemical Agents	(.000)	(.070)	(—.058)	(.128)	(.000)	(.070)	(.038)	(.032)
24	g. Tests in Support of Joint Operations	(.000)	(.056)	(.056)	(.000)	(.000)	(.037)	(.037)	(.000)
	Under Explanation of Obligation, change figures as follows:								
27	First line, "Department of the Army obligated . . ."		10,129,000				6,415,000		
	Defensive Equipment Program:								
	Materiel Procurement		7,101,000				3,387,000		
	Total Defensive Equipment		7,101,000				3,387,000		
	Under Funds Obligated, change figures as follows:								
27	Chemical Warfare Program	.595	9.534	4.917	5.212	.595	5.820	4.917	1.498
29	3. Defensive Equipment Program	.708	6.393	1.889	5.212	.708	2.679	1.889	1.498
	(5) Shelter System, M51	(.087)	(4.149)	(.441)	(3.795)	(.087)	(.435)	(.441)	(.081)

SECTION 2—BIOLOGICAL RESEARCH PROGRAM

Page	Description	From— Prior year	Current year	Prior year	Current year	To— Prior year	Current year	Prior year	Current year
	Under Explanation of Obligations change, figures as follows:								
1	First line, "Department of the Army obligated . . ."		$4,753,000				$4,595,000		
	Biological Research:								
	Exploratory Development		67,000				45,000		
	Total Biological Research		147,000				125,000		
	Defensive Systems:								
	Testing		674,000				538,000		
	Total Defense Systems		4,187,000				4,051,000		
	Under Funds Obligated, change figures as follows:								
1	Biological Research Program	—.050	4.803	4.067	.686	—.050	4.645	3.880	.715
2	1. Biological Research	.000	.147	.068	.079	.000	.125	.044	.081
2	a. Basic Research in Life Sciences	(.000)	(.080)	(.001)	(.079)	(.000)	(.080)	(—.001)	(.081)
2	b. General Biological Investigations	(.000)	(.067)	(.067)	(.000)	(.000)	(.045)	(.045)	(.000)
3	2. Defensive Equipment Program	—.050	4.237	3.580	.607	—.050	4.101	3.417	.634
3	a. Physical Defense Against Biological Agents	(.000)	(—.030)	(.000)	—.030)	(.000)	(—.030)	(—.027)	(—.003)
3	d. Army Materiel Suitability	(.000)	(.674)	(.674)	(.000)	(.000)	(.538)	(.538)	(.000)

DEPARTMENT OF THE ARMY—SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS (JULY 1, 1974-DEC. 31, 1974), DD-D.R. & E. (SA) 1065—Continued

SECTION 4.—OBLIGATION REPORT ON CHEMICAL WARFARE, BIOLOGICAL RESEARCH, AND ORDNANCE PROGRAMS—ADJUSTMENT SUMMARY TO REPORT FOR THE SEMIANNUAL PERIOD JAN. 1, 1974, THROUGH JUNE 30, 1974—DEPARTMENT OF THE ARMY—RCS DD-D.R. & E. (SA) 1065—Continued

SECTION 4—ADJUSTMENT SUMMARY—Continued

RCS DD-D.R. & E. (SA) 1065—ADJUSTED SUMMARY TO JAN. 1-JUNE 30, 1974 REPORT—Continued

SECTION 3—ORDNANCE PROGRAM

Page	Description	From—				To—			
		Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year
	Under Explanation of Obligations, change figures as follows:								
1	Line 1, "Department of the Army obligated . . ."		$2,265,000				$2,282,000		
	Smoke, Flame, and Incendiary Program		17,000				39,000		
	Herbicide Program		99,000				94,000		
	Under Funds Obligated, change figures as follows:								
1	Ordnance Program	—.013	2.278	1.589	.676	—.013	2.295	1.621	.661

OBLIGATION REPORT ON CHEMICAL WARFARE—BIOLOGICAL RESEARCH PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—DEPARTMENT OF THE NAVY—RCS DD-D.R. & E. (SA) 1065

SECTION 1.—OBLIGATION REPORT ON CHEMICAL WARFARE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—DEPARTMENT OF THE NAVY—RCS DD-D.R. & E. (SA) 1065

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE NAVY—DATE OF REPORT: DEC. 31, 1974—RCS DD-D.R. & E. (SA) 1065

Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
Chemical Warfare Program	0	0.112	0.112	0	During the 1st half Fiscal Year 1975, the Department of the Navy obligated $112,000 for research and development efforts related to detection systems, a personnel protective mask and shipboard protection systems.
1. Defensive Equipment Program	0	.112	.112	0	
a. Protective Clothing	0	.005	.005	0	Development of a new personnel protective mask.
b. Detection Systems	0	.107	.107	0	Defense requirements analyses, development of automated chemical/biological detection systems and a study to determine the cost of providing shipboard protection for new type ships.

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE NAVY—DATE OF REPORT DEC. 31, 1974—RCS DD-D.R. & E. (SA) 1065

Description of procurement effort	Funds obligated (in millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
Chemical Warfare Program	0	0.005	0.005	0	During the 1st half Fiscal Year 1975, the Department of the Navy obligated $5,000 for procurement of chemical warfare protective clothing.
1. Defensive Equipment Program	0	.005	.005	0	

SECTION 3.—OBLIGATION REPORT ON ORDNANCE PROGRAM FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 35, 1974—DEPARTMENT OF THE NAVY—RCS: DD-D.R. & E. (SA) 1065

OBLIGATION REPORT OF PROCUREMENT FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974 THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE NAVY—DATE OF REPORT: DEC. 31, 1974—RCS: DD-D.R. & E. (SA) 1065

Description of procurement effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
Ordnance Program	0.045	0	0.045	0	During the 1st half Fiscal Year 1975 the Department of the Navy obligated $45,000 for procurement of MK 343 fuzes and related testing efforts.
1. Firebomb	.045	0	.045	0	

DEPARTMENT OF THE AIR FORCE SEMIANNUAL REPORT ON CHEMICAL WARFARE AND BIOLOGICAL RESEARCH PROGRAMS (JULY 1, 1974-DEC. 31, 1974)—RCS: DD-D.R. & E. (SA) 1065—DEC. 31, 1974

SECTION 1.—OBLIGATION REPORT OF CHEMICAL WARFARE LETHAL AND INCAPACITATING AND DEFENSIVE EQUIPMENT PROGRAMS FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—RCS DD-D.R. & E. (SA) 1065—DEPARTMENT OF THE AIR FORCE—DEC. 31, 1974

OBLIGATION REPORT OF RESEARCH, DEVELOPMENT, TEST, AND EVALUATION FUNDS FOR THE SEMIANNUAL PERIOD JULY 1, 1974, THROUGH DEC. 31, 1974—REPORTING SERVICE: DEPARTMENT OF THE AIR FORCE—RCS DD-D.R. & E. 1065

Description of R.D.T. & E. effort	Funds obligated (millions of dollars)				Explanation of obligation
	Prior year	Current year	In-house	Contract	
Defensive Equipment Program:					
Exploratory Development	0	0	0	0	
Engineering Development	500.0	460.0	499.0	461.0	Development and testing of agent detection devices and further development of Modification Kits for structures.
Total Defensive	500.0	460.0	499.0	461.0	
Total R.D.T. & E. Obligations	500.0	460.0	499.0	461.0	

SECTION 2.—BIOLOGICAL RESEARCH PROGRAM OBLIGATIONS—DEPARTMENT OF THE AIR FORCE, DEC. 31, 1974—NEGATIVE

No obligations reported.

SECTION 3.—R.D.T. & E. AND PROCUREMENT OBLIGATIONS FOR FLAME, SMOKE, INCENDIARY, RIOT CONTROL, AND HERBICIDE AGENT/MUNITION SYSTEMS—DEPARTMENT OF THE AIR FORCE, DEC. 31, 1974—NEGATIVE

No obligations reported.

SOCIAL SECURITY PETITION

Mr. McINTYRE. Mr. President, I recently received a petition signed by over 2,000 workers from the Greater Manchester, N.H., area. Mrs. Theresa Wajda of Auburn, N.H., on behalf of the "Dissatisfied Workers of America" organized this petition effort, and delivered the petition to my office with Mr. Pauline Gregoire.

Mrs. Wajda indicated the group was formed as a result of recent news stories outlining some of the recommendations of the Social Security Advisory Council. There were two suggestions which generated the most concern. The first, that the retirement age be raised from 65 to 68.

Mr. President, as this petition points out, there are few in this country who work so hard as the men and women who run America's mills and factories. I do not support the suggestion that they work another 3 years before they can benefit from the social security system. Although this suggestion is not a recommendation from the Council, but is only raised as an area of consideration, I must say that it does not have my support.

The second concern relates to financing of the social security system. Currently all persons pay a 5.85-percent tax on the first $14,100 of their income. This method of financing has been attacked as regressive and inequitable since the wealthy who earn much more than $14,100 pay a smaller percentage of their total income than those who earn less. Changes have been enacted and are being proposed which would make this burden a fairer one.

Mr. President, before I make a final determination as to which way we should go on the financing question, I will want to carefully study all the proposals. However, there is one thing of which I am sure: at a time when recession and inflation are hitting low- and middle-income families the hardest, I will not support any plan which places an unfair extra burden on that part of the population.

Mr. President, I ask that the text of the petition be printed in the Record so that all my colleagues will be aware of these concerns.

There being no objection, the material was ordered to be printed in the Record, as follows:

January 17, 1975.

We the undersigned dissatisfied so called "middle and upper class workers" by government spokesman at this time unite to inform our members of Congress that we strongly disagree and oppose Congress raising the retirement age from age 65 to age 68 and raising the Social Security cutoff taxes from $14,100 to $24,000 starting next January 1st.

Why is it that some members of Congress consider us "middle class workers" because both members of the household working incomes combined reach a total figure of over $14,000. Do we have to remind them without two jobs in the same household we could not have purchased our homes, supported and educated our children and pay the taxes to help support the rest of the world. Yet, we are still struggling to survive because of inflation brought upon us by our government.

We are now told that after years of being promised that Social Security will take care of us after we retire that now we are expected to pay more because the system is nearly depleted. Why is it after watching our government spend one hundred million dollars a day for years to support an undeclared war we are now told that the same government does not have money to subsidize the Social Security System which we have contributed to for years under the guise that it would take care of us after we retire.

Why should our deductions be raised by a generation of lawmakers that never experienced what factory and piece work is like? How many of your workers worked in conditions of 100 degrees heat year after year and freeze in the Winter? How many of your lawmakers understand that we have had enough of Washington rhetoric? We want changes to benefit the "middle class Americans".

If the new Social Security increases are passed into law, we will organize and work to remove those from office who support this preposterous "rip-off" legislation.

Wake-up Americans before it is too late—Let's sign this petition before you are stripped of every benefit that you have so long worked for! ! !

Dissatisfied Workers of America.

MEET NANCY HANKS: THE ARCHANGEL

Mr. HUGH SCOTT. Mr. President, a recent article in the Philadelphia Inquirer featured my good friend, Miss Nancy Hanks, chairwoman of the National Endowment for the Arts. The article by Howard A. Coffin gives an excellent account of the outstanding work accomplished by Miss Hanks and the Endowment. I have long been a strong supporter of the Endowment and have had the opportunity to personally endorse many of its fine projects in the Commonwealth. Mr. President, I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Philadelphia Inquirer, Feb. 16, 1975]

Meet Nancy Hanks: The Archangel

(By Howard A. Coffin)

Washington, D.C.—In show business parlance, Nancy Hanks is America's biggest "angel"—at least the National Endowment for the Arts, which she heads, certainly is.

Miss Hanks did not appear particularly angelic during a recent interview in the Endowment's Washington offices. Wearing a boffant hairdo and neat purple dress she is attractive, though somewhat matronly looking at 46.

What's more having sprained an ankle wrestling with a faulty hide-a-bed in the "modest" Georgetown apartment she shares with a dog named MacFolly, there is an occasional grimace of pain on her face, which is otherwise wonderfully cheerful looking.

But heavenly appearances aren't what arts "angels" are all about. The term connotes money, and lots of it.

When President Richard M. Nixon appointed Miss Hanks chairman ("chairperson" isn't her style) of the Endowment in 1969, the agency was only a promising grace note in the federal bureaucracy. Though charged with the heady responsibility for stimulating, preserving and strengthening the arts all across America, it had a puny $3.5 million budget with which to do it.

In six years on the job, however, the zealous Miss Hanks has proven to be one of the most persuasive Washington women since Eleanor Roosevelt. Mixing unpretentious Southern charm with a keen grasp of practical politics and an unerring eye for details, she has cajoled and convinced two Administrations, plus countless senators and congressmen, into seeing things her way.

If she has not altogether converted some of the more recalcitrant people on Capitol Hill, she has at least gotten many of them to accept the notion that the arts are good politics. The upshot of her campaigning is that today the Endowment is a $75 million lifeboat in the Lusitania-like world of arts financing, and federal support for the arts is an influential force on the American scene for the first time since the New Deal.

Last year, for instance, when the Metropolitan opera was awash in red ink and threatening to warble its swan song, the Endowment promised it $1 million over a two-year period if it could raise three times that amount from new donors. With that as an incentive, the Met launched a campaign pitched to its nationwide audience of devoted radio listeners who came across with an astonishing $3,300,000 to keep the Met afloat.

In Pennsylvania, the Endowment has made some 219 grants totalling $4,288,099 over the past three years. They have supported everything from a jazz workshop and concert in Harrisburg ($780) to the Philadelphia Museum of Art's reinstallation of its American art collection in time for the Bicentennial ($460,000).

It was Endowment funding—a $27,600 grant to the All Star-Forum—which made possible the New York City Ballet's first Philadelphia appearance in eight years at the Academy of Music last fall.

Part of a $280,000 grant to the Pittsburgh Symphony enabled the orchestra to continue its residency at the Temple University Music Festival last summer. And a $60,000 grant in 1974 supported a special exhibit at the Franklin Institute showing the interrelationship between science, technology and the arts in America.

But as impressive as these Endowment supported undertakings may be, the current philosophical thrust of the agency is probably better exemplified by what it calls its "expansion arts" programs. They're aimed at broadening the social reach of the arts and changing the notion that they are the special province of people who are white, monied and well educated.

Examples: The Chinese Cultural and Community Center in Philadelphia got $12,000 to support its work last year; the Johnstown Area Arts Council used a $600 Endowment grant to pay for a residency involving jazz, folk and ethnic musicians; and the Print Club Workshop of Philadelphia received $15,000 to continue its "prints in Progress" program, which teaches graphics and print making to young people, many of them black or Spanish-speaking.

Perhaps surprisingly, the woman who has steered the Endowment into these uncharted federal waters is not an arts lover turned administrator, but rather an administrator turned arts champion.

"Her own personal interests in the arts are rather modest," says an ex-Endowment staff member. "She's particularly interested in crafts and design. She does attend the performing arts, but it's my impression that her own passionate involvement—as recreation—is limited.

"Consequently," says the former associate, "she's been able to give the most even-handed attention to ALL of the arts. You just don't hear people saying, 'She likes your art more than mine.' "

Miss Hanks confesses that when she was appointed to the Endowment, her friends thought it was "the funniest thing they'd ever heard. The only funnier job they thought I had was when I worked on the Outdoor Recreation Commission, because I was never known to be exactly an outdoor enthusiast. My idea of sports, things which I enjoy very much, is horseback riding and walking my dog.

"They were equally amused at my 'great interest in the arts'—though that's indeed true—because they know I can't carry a tune. I mean, I can't even sing a hymn! And I was a perfect disaster at the piano, because it seemed to smell bad. I can't draw either. I mean, I can't do ANYthing."

Miss Hanks is quick to point out, however, that "one of the strengths of the Endowment is that I never make an artistic decision in this place. I think it's very important to have professionals in the field making those decisions."

Endowment grant requests are screened by the agency's staff numbering somewhere near 130, and are then further weighed by panels of outside consultants, including people like Harold Prince and Joseph Papp on the theater panel, and Cannonball Adderly, one of the jazz advisors.

These recommendations are then—in theory at least reviewed by the Endowment's star-studded advisory board, the National Council on the Arts, members of which are appointed by the President. (It currently includes actor Clint Eastwood, opera star Beverly Sills, dancer Judith Jamison, artist James Wyeth and other citizens of similar reknown.) As Chairman of the Council, Miss Hanks has veto power over its decisions, however, and has the authority to award grants of up to $10,000 just on the strength of her signature.

Her first serious brush with the arts world came when she was working in New York with the Rockefeller Brothers Fund. She was employed by the Rockefellers—mostly Nelson—for 20 years, first as a secretary, later as an administrative assistant, and eventually as director of the Rockefeller Brothers Fund "Special Study Project." In that capacity, she directed work on a major study which was published by McGraw-Hill in 1965, and titled "The Performing Arts: Problems and Prospects."

The book had enormous impact in performing arts circles. It marked the first time that the business and industrial establishment had turned its attention to a serious study of the impact of the performing arts in American public life, and many of its recommendations were subsequently implemented by professionals in the field.

The book echoed forceful arguments by Nelson Rockefeller that the arts ought to be a central concern of the American public and were deserving of state and federal financial support. (As Governor of New York, Rockefeller introduced one of the first proposals for a state arts council in 1954—a bill which Nancy Hanks typed.)

The Rockefeller Brothers Fund study was an eye opener for Nancy Hanks, who recalls that when she was growing up in Florida, "There was no place to go, and about the only cultural activity we had was a season subscription to the few events that came through town."

A GENERAL PROBLEM

"I didn't think much about that until I did the study for the Rockefellers, when it suddenly occurred to me that my lack of opportunity growing up was shared by many people throughout the country, and was due to economic and geographic reasons.

"From that, I just started moving into this field, and I guess it's been both a personal and professional commitment ever since."

Never married, Miss Hanks is free to spend most of her waking moments involved in some way with Endowment work. She rarely entertains at home, but does spend considerable time at social functions ("a lot of work gets done at Washington social functions").

Thankfully, she says, Capitol parties almost always end before 11 P.M., which permits her to maintain her early rising (6 A.M.) regimen, and spend a couple of hours reading mail and preparing memos before getting to the office at 9.

She's an absolute stickler about grammar and typographical errors in Endowment correspondence: "I've been raised to think that if something's worth saying, it's worth saying properly," she claims, and the same attention to details characterizes her approach to lobbying.

A former Endowment consultant marvels as her effectiveness in wooing members of Congress and the Senate: "She's been the most effective lobbying force for the arts in this country," he says. "Careful preparation is the hallmark of everything she does . . . she always has the facts and she's able to relate them to a (Senator or Congressman's) constituency."

"In addition, he says, "Her enthusiasm is infectious. I think many Congressmen support her projects because they might feel ashamed in front of Nancy if they didn't. Hers is not the bubbly kind of enthusiasm; it's a zeal."

Whatever it is, is works—not only with Congress but with the executive branch as well. When the President's budget was announced last week, the Endowment was one of the few federal agencies recommended for an increase in fiscal year 1976. The administration has requested a total of $82 million (including $7,500,000 in federal funds to match projected private donations) for the Endowment—more than $7 million more than the agency received in fiscal year 1975.

Miss Hanks has maintained strong ties with the White House, beginning with the Nixon administration. She visits the First Lady frequently, and refers to President Gerald Ford as "a convert," reminding people that he was instrumental in boosting support for the Endowment when he was House Minority leader. And, she happily concedes, her long association with Vice President Rockefeller "sure won't hurt."

"What's better than having one person feel strongly about the arts? The answer is two people.

Despite the Endowment's substantial growth during her tenure, Miss Hanks remains adamantly grass roots-oriented. The agency has a marked preference for self-help programs in which its leadership and seed money can be effective in inducing ongoing support from private sources. The Metropolitan Opera rescue effort was a good example of that.

For that reason, she prefers to think of the Endowment as a "Johnny Appleseed" planting the wherewithal for artistic growth and then moving on, rather than as the "angel" many have called it. She's particularly proud of the agency's leadership in the area of dance, the estimated audience for which has grown from 1,00,000 in 1968 to 11.5 million in 1974. When the Endownment began its dance program, federal dollars accounted for more than half the support for dance. Now, claims Miss Hanks, every $1 in federal money is pulling $5–$6 in private support.

She is equally opposed to suggestions that the Endowment ought to be a full-fledged department of the federal government with cabinet level representation. "We don't want an 'Artegon,'" she says. "There's a mentality that—if you have a department—the federal government can do it all. We're trying to keep it going the other way, and who's to say we haven't been successful?"

ENDANGERED SPECIES: GOOD NEWS AND BAD

Mr. CRANSTON. Mr. President, I direct the attention of Senators to two documents of interest to concerned advocates of Public Law 93–205, the Endangered Species Act of 1973. A March 15 column in the Washington Post by Jack Anderson alleging dilatory enforcement of the act by the U.S. Fish and Wildlife Service, and a February 3 letter from the Council on Environmental Quality offering an important perspective on implementation of the act, the posture of the Department of the Interior toward such implementation, and a position statement on the controversial issues involved.

The Anderson charges—if true, and I suspect they are—would help to explain a series of disappointing and frustrating experiences of my own in pursuing investigatory and enforcement actions under the act, regarding the status of the grizzly bear, with three Federal agencies.

In March of 1974, I began an exchange of correspondence with the U.S. Forest Service, the U.S. Fish and Wildlife Service, and the Council on Environmental Quality, in protest of the continued hunting of grizzly bears in the Yellowstone National Park ecosystem.

I wish to share these letters with all those concerned with implementation of the Endangered Species Act. I direct special attention to the responses by the Fish and Wildlife Service. I believe they evidence a lack of advocacy in carrying out the intent of Congress with regard to the Endangered Species Act, as well as illustrate the redtape Mr. Anderson says is strangling the program.

I am encouraged, however, by a letter dated February 3, 1975, from the Council on Environmental Quality to the Secretary of the Interior, which offers a timely degree of leadership on this vital issue. I commend Mr. Peterson and the Council for a statsmanlike posture in an area where leadership is sorely needed. I believe the Council's position should provide a starting point for a full evaluation of our progress to date under the Endangered Species Act and a critique of the actions of all responsible Federal agencies in carrying out legislative intent.

Mr. President, I ask unanimous consent that the documents to which I have referred be printed in the Record.

There being no objection, the documents were ordered to be printed in the Record, as follows:

[From the Washington Post, Mar. 15, 1975]

Agency Stalls Wildlife Protection

(By Jack Anderson and Les Whitten)

During the past century, predatory men have wiped out approximately 10 per cent of all known animal species. Another 10 per cent are close to extinction.

To protect our wildlife, Congress finally pushed through the Endangered Species Act in 1973. This gave the government broad, sweeping powers to stop the slaughter of the vanishing species.

Yet today, the endangered animals are in as much peril as they ever have been. The reason is that the act has been entrusted to balking bureaucrats to administer.

The Endangered Species Office was placed under the jurisdiction of the Fish and Wildlife Service, which has a close relationship with the hunting-fishing lobby. Our sources report that the Fish and Wildlife bureaucrats are obstructing the experts who were brought in to protect the disappearing wildlife.

The main function of these experts is to determine which animals should be listed as endangered, thereby bringing them under government protection. But the experts keep tripping over the bureaucratic red tape.

During the first full year of the act's existence, not one species was placed on the endangered list. Yet biologists claim at least 400 species are threatened with extinction.

When the howls of the conservationists

grew uncomfortably loud, the bureaucrats finally listed the kangaroo as a threatened animal. But the steps taken to halt the traffic in kangaroo hides were so weak that the President's Council on Environmental Quality protested.

The chief obstructionist is Keith Schreiner, a Fish and Wildlife associate director, who has direct authority over the Endangered Species Office. Our sources said he has held up many listings under pressure from the hunting lobby.

Explained one source: "Keith isn't an environmentalist. He's a bureaucrat. His first and primary concern is seeing that everything runs smoothly, that the wheels are always oiled."

At a recent staff meeting, Schreiner asked a biologist to name the two categories of endangered species. The man dutifully wrote down "threatened and endangered"—the common listings.

Schreiner quickly corrected him. The two types, he said were "controversial and noncontroversial."

The meaning was clear to those who attended the meeting. Any listing of a species that might cause controversy should be handled very, very slowly.

In a talk with our reporter Ed Tropeano, Schreiner denied that he is obstructing the Endangered Species Act. He merely is laying what he called "a firm groundwork for the act." He has never delayed listing an animal for poltical reasons, he said, although he admitted he has sent staff reports back occasionally for more information.

The professionals on the staff disputed this. "When he requests more information," said one, "he's just stalling. It's a situation where you can never get enough facts."

Schreiner has been behind several delaying actions, according to our sources, including the following:

For over a year, staff biologists have been trying in vain to list the green sea turtle as endangered. In most places, this rare turtle is near extinction. Our sources say Schreiner is holding up action to save the green turtle because of opposition from commercial interests. When we asked Schreiner about this, he said he was awaiting a status report on the turtle before making a decision. Yet we have in our possession a voluminous status report, completed by his own staff last September, which states the turtle should be classified as endangered.

Last August, Schreiner personally received a memorandum warning that the American crocodile was being driven into oblivion by human habitation. There were only 11 nesting females left in the United States, declared the memo, with the total American crocodile population down to 300. Immediate action was required, Schreiner was told, to save the species. Yet he kept a staff report, recommending that the animal be listed as endangered, on his desk for a month and then sent it back demanding more information. He got the new facts in January, but he still hasn't acted, as of this writing.

Several species, which are known to be in danger of extinction, have been called to Schreiner's attention, without results. Among them are such animals as the clouded leopard, chimpanzee, glacier bear, Indian elephant and Mexican wolf.

U.S. SENATE,
COMMITTEE ON LABOR
AND PUBLIC WELFARE,
Washington, D.C., March 14, 1974.

JOHN R. MCGUIRE,
Chief, U.S. Forest Service,
Washington, D.C.

DEAR MR. MCGUIRE: I am writing with regard to the hunting season which will begin April 1, 1974, in the National Forests surrounding Yellowstone National Park. I am concerned particularly about the permits which will be issued by the Wyoming Game and Fish Commission for the taking of twelve grizzly bears on National Forest lands.

While the grizzly bear is not officially listed as an endangered species, there is evidence that this species is threatened. Because of conflicting views on the question, the Department of the Interior is about to begin a study to establish correctly both the size of the grizzly bear population and the extent to which the grizzly bear is threatened with extinction. The notice of this study is expected to be published in the Federal Register during the week of March 18.

I urge the Forest Service to suspend all grizzly bear hunting activities on the National Forest lands surrounding Yellowstone National Park until the study by the Interior Department is completed and the data evaluated. In the event that the study shows the grizzly bear population can readily sustain the loss of twelve bears, the hunting season might then be opened.

I believe the Forest Service has the responsibility as the Agency managing the land on which the grizzly bear lives to protect a species whose continued existence is, at the very least, in question.

I look forward to your early response.

Sincerely,

ALAN CRANSTON.

FOREST SERVICE,
Washington, D.C., March 19, 1974.

Hon. ALAN CRANSTON,
U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: This is in response to your recent request that the Forest Service suspend all grizzly bear hunting activities on the National Forest lands surrounding Yellowstone National Park.

The Forest Service has been under intense pressure from several national conservation organizations, as well as a large number of individuals, to close the National Forest lands in Wyoming and Montana to hunting of grizzly bears.

According to our attorneys, we have such authority. However, it has been and continues to be our policy to rely on the States to set regulations governing the hunting of resident game species on National Forest administered lands. As you know, the Western States are sensitive to the "State's Rights" question as it relates to the management of resident wildlife species. We have been informed by Director James White of the Wyoming Camp and Fish Department, that he would vigorously oppose any attempt by the Forest Service to regulate hunting of grizzly bears on National Forest lands in Wyoming. Also, such an attempt would be counter to our Memorandum of Understanding which is the basis of our cooperative wildlife work with the Wyoming Game and Fish Commission.

Grizzly bear hunting in Wyoming is on a very limited basis and hunters have been particularly unsuccessful in the spring hunt. In the past two years, only one bear has been killed in the spring hunt. On March 12, 1974, the Wyoming Game and Fish Commission passed a regulation prohibiting the baiting of grizzly bears in the Yellowstone ecosystem. This restriction should further curtail the opportunity of taking grizzly bears in Wyoming. It is difficult to believe that this level of legalized hunting is a threat to the bears in the Yellowstone ecosystem. If it is, we can only conclude that the grizzly bear certainly needs to be given the protection of the Endangered Species Act, at least in this ecosystem.

We recognize the need for the best and most complete data that is possible to obtain on both the grizzly bears and their habitats. Therefore, the Forest Service is participating in a joint grizzly bear study with the National Park Service, the Bureau of Sport Fisheries and Wildlife, and the involved States. As the study team assembles new data and develops recommendations for management, these data will be considered with the States in improving upon present management of grizzly bears and their habitats. In the meantime, the best data we have supports the States contention that the few bears taken by legalized sportsmen hunting is not a threat to the continued existence of healthy, viable populations of bears on the National Forests surrounding Yellowstone Park.

Sincerely,

JOHN R. MCGUIRE,
Chief.

COMMITTEE ON LABOR AND
PUBLIC WELFARE,
Washington, D.C., March 28, 1974.

JOHN R. MCGUIRE, *Chief, U.S. Forest Service,*
Washington, D.C.

DEAR MR. MCGUIRE: I have received your letter of March 19, 1974 about the grizzly bear hunt which will begin April 1, 1974 in the National Forests which surround Yellowstone National Park.

I take little comfort in your statement that during the past two years, only one bear has been killed in the spring hunt. You fail to note that during the fall hunting season, hunters are much more successful in killing grizzly bears for which hunting permits have been granted. Three more grizzly bears were killed during the fall season last year. In addition, four more bears were killed last fall by people other than sports hunters.

However, at issue is not the success or failure of the grizzly bear hunt during a particular season but the fact that this animal, which is threatened with extinction and for which we have no accurate population count, is the subject of persecution.

The Department of the Interior, under the authority of the Endangered Species Act of 1973, (Public Law 93–205), will initiate a study this week to determine both the population status of the grizzly bear and the extent to which this animal is endangered with extinction. I believe the Forest Service has the responsibility and the obligation both under Section 7 of P.L. 93–205 and under Forest Service regulations 36 CFR 261.111, to take action to ensure that the grizzly bear's continued existence is not jeopardized in any way until the Interior Department study is completed and the data evaluated.

You state that to close the National Forest lands in Wyoming and Montana to hunting of grizzly bears would be counter to the Memorandum of Understanding between the two states and the Federal government relating to the management of resident wildlife species.

Extinction can be thwarted if we act in time. Therefore, the intent in temporarily halting the grizzly bear hunt is not to interfere with a state's right to manage its own resident wildlife but rather to ensure that an animal species—whose survival is of universal ecological concern—is not extinguished in the course of a jurisdictional dispute.

If the Wyoming Game and Fish Department will not defer the beginning of the spring hunting season, I believe the Forest Service must use its legal authority to do so, temporarily, until the Interior Department study is completed.

By not acting, the Forest Service is gambling with the survival of one of America's greatest symbols of native wildlife. I urge the Forest Service to take the temporary action necessary to protect the grizzly bear.

Sincerely,

ALAN CRANSTON.

FOREST SERVICE,
Washington, D.C., April 4, 1974.
Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: This is in response to your letter of March 28, 1974, requesting the Forest Service to suspend all grizzly bear hunting activities on National Forest System lands within the Yellowstone ecosystem.

There is little that we can add to our previous correspondence on this matter. However, there is one point that we wish to emphasize. The State of Wyoming action terminating grizzly bear baiting in the Yellowstone ecosystem will make it even more difficult for hunters to take grizzly bears during the spring hunting season. Even with baiting, only one grizzly bear was harvested in the last two spring hunting seasons in Wyoming.

If the grizzly bear is threatened with extinction, there is time before the fall hunting seasons for the Department of the Interior to follow the procedures outlined in the "Endangered Species Act of 1973," to classify this species as either threatened or endangered. This classification would undoubtedly terminate the present type of hunting activity for the grizzly bear.

We feel this procedure for handling this situation has several advantages over taking unilateral action of terminating the hunting season at this time. First, the spring hunting season will not adversely affect the grizzly bear population. Second, we avoid another confrontation between the States and a Federal agency over responsibilities for managing resident wildlife species. Third, we are following the direction of Congress for classifying threatened or endangered species as outlined in the "Endangered Species Act of 1973."

We will continue to work closely with the National Park Service, the Bureau of Sport Fisheries and Wildlife, and the States to provide the best management program possible for the grizzly bear.

Sincerely,

JOHN R. MCGUIRE,
Chief.

COMMITTEE OF
LABOR AND PUBLIC WELFARE,
Washington, D.C., May 16, 1974.
Mr. LYNN A. GREENWALT,
Director, Bureau of Sport Fisheries and Wildlife, U.S. Department of the Interior, Washington, D.C.

DEAR MR. GREENWALT: I was pleased to note in the March 29 Federal Register that the Bureau of Sport Fisheries and Wildlife is reviewing the endangered status of the grizzly bear.

In recent days, a number of national publications such as Conservation News, Environmental Quality, Defenders of Wildlife News, along with The Washington Post, and The New York Times, have noted the decline in America's grizzly bear population and expressed grave concern for its survival under present federal wildlife conservation policies.

I recently expressed my concern to the U.S. Forest Service about the grizzly bear hunting season which opened April 1 in the National Forests surrounding Yellowstone National Park. I asked that the hunt be suspended until the study by the Bureau was completed and the data carefully reviewed. The hunt was not suspended.

I believe the decision not to act is a serious mistake. It would be tragic to allow bureaucratic red-tape to damage irreparably future conservation efforts to maintain a viable population of grizzly bears.

Sufficient evidence was presented to the Bureau to warrant a study of the endangered status of the grizzly bear. Therefore, I urge the Department of the Interior to extend temporary endangered species status to the grizzly bear until the study by the Bureau of Sport Fisheries and Wildlife is completed and the data evaluated. All persecution of this animal should cease until the study is completed.

The grizzly bear is one of America's greatest native species of wildlife. I urge the Department to act—and at once—to protect the grizzly bear while there is still time.

Sincerely,

ALAN CRANSTON.

FISH AND WILDLIFE SERVICE,
Washington, D.C., July 9, 1974.
Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: Thank you for your letter expressing concern for grizzly bears, and requesting that we extend temporary endangered status to the species until completion of our review.

This could be done by invoking the emergency clause of the Endangered Species Act of 1973 (16 U.S.C. 1531–1543; 87 Stat. 884), but our present data indicate that an emergency situation does not exist. Grizzly bears in the lower 48 States occur in Wyoming, Montana and Idaho, and the current situation in these States is as follows:

In Idaho, grizzly bears occur in the Selway-Bitterroot ecosystem, where they are very scarce, and in the Yellowstone ecosystem. There is no open season in the State, and bears are allowed to be taken only when they pose a threat to human safety and livestock.

Almost all grizzly bears in Montana are found in the Bob Marshall ecosystem, which includes Glacier National Park, and in the Yellowstone ecosystem. This year Montana has cancelled its annual fall hunt of the species in the Yellowstone ecosystem, but, at this time, intends to permit the hunt in the Bob Marshall ecosystem in late October or November. Our review of the status of the species in this ecosystem, however, does not indicate that an emergency situation exists in Montana that would necessitate our taking emergency action to halt the scheduled fall hunt.

Iy Wyoming, grizzly bears occur only in the Yellowstone ecosystem. The State has issued 12 grizzly bear permits this year; the season is scheduled for April, May and June, and for September 1 through November 15. Wyoming has prohibited the practice of bear baiting for this year's hunt, and is calling for a 2-year moratorium on grizzly bear hunting after the close of the 1974 season. The data from our review do not indicate that we need to act to halt the fall hunt considering the small number of permits that have been issued this year.

Since, (1) Idaho has no open season on grizzly bears, (2) Montana has cancelled its 1974 hunt in the Yellowstone ecosystem, (3) Wyoming has prohibited bear baiting and has called for a 2-year moratorium after this year's hunt, and (4) grizzly bears are protected from legal hunting in the huge areas of Yellowstone and Glacier National Parks, we do not feel that emergency action is needed to halt the scheduled fall hunts.

We anticipate completing our review of the status of the species shortly and want to do as thorough and comprehensive a job as possible. We intend to wait until the National Academy of Sciences has completed its review of the status of grizzly bears in the Yellowstone ecosystem (hopefully by mid-August) before taking final action. This seems to us to be the responsible position to take with regard to this situation.

Sincerely yours,

KEITH M. SCHREINER,
Associate Director.

COMMITTEE ON
LABOR AND PUBLIC WELFARE,
Washington, D.C., August 22, 1974.
JOHN R. MCGUIRE,
Chief, U.S. Forest Service, South Building, Washington, D.C.

DEAR CHIEF MCGUIRE: I am writing in regard to the recent report by the National Academy of Science on the status of the grizzly bear population within the Yellowstone ecosystem.

You will recall that on March 14 and March 28, 1974, I urged the Forest Service to suspend all hunting activities for grizzly bears in the Yellowstone ecosystem until the study by the Academy was completed. The Forest Service declined to take any action on this urgent matter until the conclusions and recommendations of the NAS study were available.

Now available, the NAS recommendations specifically state that "beginning in 1974 the total of man-caused removals should be held to about ten, if at all possible, until further research demonstrates that larger removals are consistent with maintenance of the population." "Man-caused removal" clearly refers not only to deaths of grizzlies from sports hunting but also to deaths due to poachers, ranchers, and those bears destroyed as hazards to human safety.

In addition, the Academy was unable to establish a reliable figure for present grizzly bear population size. It *estimated* that the figure would be below the conservative population figure of 234 bears, the population for the period 1959–67. In light of the low estimated population figure, the Academy recommends that to speed the recovery of the bear population, the man-caused kill of bears should be held below ten bears per year.

As you know, Wyoming, which has issued twelve hunting permits for this year, is scheduled to begin the Fall grizzly bear hunt on September 1. The number of permits issued, when added to the number of bears killed by poachers, ranchers, or for human safety purposes, far exceeds the number of losses the grizzly bear population can sustain.

I believe it is incumbent upon the Forest Service, as the agency with jurisdiction over the National Forests in which the hunting takes place, to act immediately to minimize the number of grizzly bear deaths in the Yellowstone ecosystem.

I therefore urge you to close the National Forests in the Yellowstone ecosystem to all hunting activities until Wyoming officials present a plan to the Forest Service which will hold all man-caused deaths of grizzly bears—by hunters, poachers, or depredation—to ten bears or less.

The NAS report views the population of grizzly bears to be threatened sufficiently to recommend that man-caused mortalities be extremely limited. I hope the Forest Service will meet—immediately—its responsibility to protect one of America's greatest symbols of native wildlife.

Sincerely,

ALAN CRANSTON.

FOREST SERVICE,
Washington, D.C., August 30, 1974.
Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: We have carefully reviewed the National Academy of Sciences' recent report on the status of grizzly bears in the Yellowstone ecosystem.

The Academy Committee found "no convincing evidence that the grizzly bears in the Yellowstone ecosystem are in immediate danger of extinction." It also concluded that compensatory changes in survival of young grizzlies (Conclusion No. 19) "have resulted in, or will lead to replacement of bears that were removed from the ecosystem in 1968–1973. . . ."

During 1973 and 1974, the Park Service has not had to kill any nuisance or marauding grizzlies within the Park. Total grizzly bear removal within the ecosystem reached a low of 14 in 1973.

The following actions, already taken by the Park Service, the Forest Service, and the States of Wyoming and Montana, go a long way toward accomplishment of recommendations in the Academy report.

1. Closure or bear proofing of garbage dumps in the Yellowstone ecosystem is about an accomplished fact. Some bears keep breaking through the fence at West Yellowstone.

2. The Montana Fish and Game Commission has closed all five hunting units that abut Yellowstone Park to sport shooting of grizzlies in 1974. This includes the entire area within the Yellowstone ecosystem from which grizzlies have been taken in sport hunting in Montana in recent years.

3. Several years ago Wyoming reduced to 12 the number of grizzly bear hunting permits issued in that State. In 1974, we understand that 12 permits were authorized but only 8 were issued. The practice of baiting has been eliminated as a legal hunting method within the Yellowstone ecosystem. Also, the Wyoming Commission has released information that the Yellowstone ecosystem in Wyoming will be closed to grizzly bear hunting for two years on an experimental basis beginning January 1, 1975.

Our longtime agreements with the States recognize State prerogatives in management of resident wildlife within the National Forests. We believe that the States are taking responsible action to protect grizzly bears and limit their removal from the Yellowstone ecosystem. Information received to date regarding bear removals from the ecosystem in 1974 indicate a strong possibility that total removals this year will be less than 10. Furthermore, the Fish and Wildlife Service has lead responsibilities under the Endangered Species Act of 1973 and is currently contemplating classification of the grizzly under this Act. Such classification will further curtail or eliminate sport hunting. Therefore, there appears to be no justification for unilateral action by the Forest Service to close the National Forests to grizzly hunting.

Sincerely,

JOHN R. MCGUIRE,
Chief.

OCTOBER 10, 1974.

LYNN A. GREENWALT,
Director, Fish and Wildlife Service, Department of the Interior, Washington, D.C.

DEAR MR. GREENWALT: I write regarding the recent report by the U.S. Fish and Wildlife Service on the status of the grizzly bear population in the lower 48 United States.

As you know, I am keenly interested in the protection of a viable population of grizzly bears. The conclusions of the FWS report confirm that wildlife conservationists have been asserting for some time: that because of the seemingly inadequate grizzly bear management policies of Montana and Wyoming, the increasing man-caused pressures upon the bear and its habitat, and the slow reproductive rate of the bear, the grizzly bear should be classified as a "threatened species" in the United States south of the Canadian border.

The delay by FWS in implementing the report's recommendations is, in my view, indefensible. I deplore the apparent attitude that it is too late to do anything about the current hunting season in Wyoming and Montana and that "one last hunting season won't hurt the bear population anyway." What I find even more alarming is the policy—which is inconsistent with the legislative intent of the Endangered Species Act of 1973—of allowing the continued hunting of an animal which is being recommended as an addition to the threatened and endangered species list.

I understand that the delay in the proposed listing is due partly to the request by Montana to respond in writing to the FWS report. The Endangered Species Act established a comment period of up to 90 days for states to respond to proposed listings of endangered or threatened species.

It would seem that the appropriate time for any state to comment on the findings of the Fish and Wildlife Service report is during this established comment period.

I call upon the Fish and Wildlife Service to implement immediately the task force report recommendations and require that the States suspend all grizzly bear hunting activities.

I would appreciate receiving a report on when you plan to list the grizzly bear as a threatened species.

Sincerely,

ALAN CRANSTON.

FISH AND WILDLIFE SERVICE,
Washington, D.C., December 2, 1974.

Hon. ALAN CRANSTON,
U.S. Senate, Washington, D.C.

DEAR SENATOR CRANSTON: This responds to your October 10 letter regarding the grizzly bear population in the lower 48 United States.

The report to which you refer was prepared by the staff of the Office of Endangered Species and was based, in part, upon data submitted by the States and other interested parties during the 90-day comment period following the publication of the Notice of Review of the status of the grizzly bear in the *Federal Register*. The Office of Endangered Species also gathered a great deal of information from other sources, all of which was evaluated and incorporated into its report. It must be emphasized, however, that the report was preliminary and the recommendations it proposed were only tentative; it did not represent the official policy or position of the Fish and Wildlife Service.

Because there are so many conflicting views and opinions regarding the status of the grizzly bear and factual data are scarce with regard to this species, we deem it advisable to submit the Office of Endangered Species' preliminary report to concerned State agencies and conservation groups for an appraisal of that Office's treatment and analysis of available data. Many important comments were received from those reviewers, and the final report and proposed rulemaking regarding the grizzly bear in the lower 48 States is now in preparation. One of the most important flaws, in the preliminary report that was pointed out to us by reviewers, was the lack of clearly defined boundaries for the ecosystems in which grizzly bears occur. Since different regulations may be imposed for each of these ecosystems, the failure to define them properly could result in numerous legal and jurisdictional problems which might be detrimental to the grizzly bear in the long run. Being able to correct this major oversight in the preliminary report was only one of the benetfis that resulted from our releasing the manuscript for review.

The delay involved with taking action on the grizzly bear has occurred because the problem of determining the status of this species has been extremely difficult; a tremendous amount of wark was involved in gathering and analyzing the data. The Endangered Species Act of 1973 requires that we base our decision as to whether a species is an "endangered species" or a "threatened species" on the basis of the best scientific and commercial data available. To gather these data has been a long and difficult job which is now about completed.

Please be assured that, to my knowledge, no one in the Fish and Wildlife Service has ever had the attitude that it was too late to do anything about the current hunting season in Montana and Wyoming, and that one last hunt would not hurt anyway. The important thing for us has been that we are right when we take action, and that the best interests of the grizzly bear are being served in the long run. We will be ready to take action on what we think is right within the very near future.

If we can be of further assistance to you, please let us know.

Sincerely yours,

KEITH M. SCHREINER,
Director.

COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., October 18, 1974.

RUSSELL W. PETERSON,
Chairman, Council on Environmental Quality, Washington, D.C.

DEAR MR. PETERSON: For some time I have been urging both the Forest Service and the Department of the Interior to take action to protect the grizzly bear—an animal that a current report by the U.S. Fish and Wildlife Service recommends be classified as "threatened with extinction." Copies of my correspondence with these agencies are enclosed for your background review.

I am enclosing a copy of my most recent letter to Fish and Wildlife Service Director Lynn A. Greenwalt urging immediate action on the recommendations of the report by FWS staff. While the delay in action by the FWS in proposing the classification of the grizzly bear as a threatened species is, in my view, unconscionable, I am more concerned and dismayed about a federal policy which allows the continued hunting of an animal which is being recommended for classification as a threatened species. I believe this kind of policy is inconsistent with the intent of the Endangered Species Act of 1973.

I am therefore appealing to the Council on Environmental Quality, as the Administration's chief policy making body on total environmental affairs, to clarify its position both on protecting a viable grizzly bear population in the lower 48 States and the overall policy of allowing the continued hunting and harassment of an animal which is being considered for endangered species status.

Should action on protecting the grizzly bear be delayed further, I will consider legislative remedies to make the intent of the Endangered Species Act, as I view it, more clear: that animals being considered for endangered or threatened species status are to be afforded the same protection as animals which are already so classified.

I would appreciate receiving your comments on this situation.

Sincerely,

ALAN CRANSTON.

COUNCIL ON ENVIRONMENTAL QUALITY,
Washington, D.C., December 6, 1974.

Hon. ALAN CRANSTON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CRANSTON: This office is also concerned about the plight of the grizzly classification under the Endangered Species Act of 1973. It is clear that the purposes of that Act could be frustrated if every potential classification involved so much study time that the species stocks were significantly reduced during the study periods.

Fashioning remedies for this problem may not be easy. However, one clear need is for the Department of the Interior to arrange more expeditious study programs on the species under study.

As a second possibility, the Secretary of the Interior might be urged to exercise his emergency powers under Sections 1533(f)(2)(B)(ii) and 1535(g)(2)(B) of the Act to protect species whose status is sufficiently in peril to justify studies for potential classification in either the threatened or endangered classes.

It might also be possible to amend the Act, giving a qualified but protected status to the species under study. This qualified status could be limited to a reasonably adequate study period, (such as, two years), or might protect the studied species on Federal lands, or on certain classes of Federal lands only. This alternative however, also raises the controversial issue of competing State and Federal powers over the management of wild animals, an issue which Mr. Widman of this office has discussed with your staff. It would appear desirable to have any potential legislative solution to this controversy developed before introducing an amendment to extend the coverage of the Act.

In regard to the specific problem of the grizzly bear, we have checked the matter with the Department of the Interior. As you know, during the court proceeding that Department agreed to initiate an independent study of the grizzly bear's status. We are advised that the final report of that study has now been submitted to Interior, and that Interior is planning to take appropriate action on the grizzly bear in the immediate future.

While the Council has no immediate suggestions for resolving all these issues, we would be happy to review any proposal which you might develop.

Sincerely,

RUSSELL W. PETERSON,
Chairman.

COUNCIL ON ENVIRONMENTAL QUALITY,
Washington, D.C., February 3, 1975.

Hon. ROGERS C. B. MORTON,
Secretary of the Interior,
Washington, D.C.

DEAR MR. SECRETARY: On December 30, 1974, notice of rule making appeared in the Federal Register regarding the threatened kangaroos. Similarly, on January 2, 1975, notice of proposed rule making appeared in the Register regarding the grizzly bear. This letter represents the Council's comments on those two actions.

We commend the Department of the Interior for taking these two actions. We realize that both have been highly controversial and there have been numerous delays and false starts. With these two actions, the Department is taking its first steps in public implementation of the Endangered Species Act of 1973, which was an important component of the Administration's Environmental Program. As a consequence, these two actions take on considerable significance as potential precedents.

In that regard, elements of the actions concern us greatly, particularly in light of the intent and substantive provisions of the Act.

Section 4(d) of the Endangered Species Act requires the Secretary of the Interior to promulgate "such regulations as he deems necessary and advisable *to provide for the conservation of such (threatened) species.*" (Emphasis added). Conservation is defined, *inter alia*, as ". . . to use . . . all methods and procedures which are necessary to bring any endangered species or threatened species to the point at which the measures provided pursuant to this chapter (the Act) are no longer necessary. Such methods and procedures included . . . research, census, law enforcement, habitat acquisition . . . and *in the extraordinary case where population pressures within a given ecosystem cannot be otherwise relieved, may include regulated taking*" (16 U.S.C. 1532) (Emphasis added).

This language clearly restricts the use of regulated taking to the "extraordinary case" where population pressures cannot be otherwise relieved. In the absence of facts which clearly establish that the population pressures cannot be relieved in any other way, there would appear to be no basis for legally valid regulations on regulated taking. Also, the principal language establishes the goal of other regulations, to be promulgated, as the restoration of species to a non-threatened or non-endangered status.

In this regard, the regulations promulgated regarding the three species of kangaroo are not consistent with the letter or the spirit of the Endangered Species Act of 1973. The regulations purport to allow importation of taken kangaroos when (1) a sustained yield program is established that (2) is not detrimental to the survival of the species. Neither the "sustained yield program" nor the "not detrimental" test meet the statutory criterion, showing that population pressures cannot be otherwise relieved. Thus, we believe that the regulations should be revised or interpreted so as to be in keeping with the mandate of the Act.

The rules submitted with the proposed listing of the grizzly bear are also troublesome. One portion of the proposal indicates that de facto regulations will be promulgated which allow the taking (mostly by sport hunting) of up to 25 bears per year in the Bob Marshall Ecosystem. Again, in our view, the Secretary must first fulfill the statutory burden by showing that the proposed taking by hunting will be the "extraordinary case" which follows substantial attempts to relieve population pressures by other means. In our view, this test, again, has not been met and we believe that the regulations and proposal for final action should be revised accordingly.

One other portion of the proposed regulations concerning grizzly bears is also of special concern to us. The regulations pertaining to listing of grizzlies in the Yellowstone ecosystem state that depredating bears may be taken. Similarly, the de facto regulations for the Bob Marshall Ecosystem state that nuisance (including depredating) bears may be taken.

We feel that the regulations in both cases should clearly differentiate between bears causing depredations on public and on private lands. On public lands, no threatened grizzly bears should be taken except for clear reasons of human safety.

Grizzly bears, and in fact all endangered and threatened species, are valued highly by the people of this nation. Public lands are lands held in trust for all Americans, not just one or another special interest group.

Certain uses of these lands require specific regulation and are a privilege, not a right. Grazing and ranching are such uses. Thus, in determining which of such discretionary uses may be allowed or may have priority, the public land manager must consider the impact of the proposed use on other public uses or values of those lands. Where there are public values, particularly wildlife such as the threatened grizzly on public lands, it may be logically argued that if a livestock owner wishes the privilege of grazing domestic livestock on the same area, he must accept some losses from the wildlife as part of the cost of doing his business on that public land. In such a case the restoration of the threatened species should be recognized as having a greater public value than the economic return to the affected rancher. Considering this, we believe that taking of a threatened species committing depredations, or otherwise being a "nuisance," on public lands should be prohibited in any case not involving direct threats to human safety. In fact, we suggest that the intent of Section 7 (16 U.S.C. 1536) of the Act, inter alia, to prohibit taking (killing) of endangered or threatened species on lands belonging to all of the American people, in any situation where it cannot be shown that such taking represents the "extraordinary case where population pressures . . . cannot be otherwise relieved."

Again, we are aware of the deep commitment with which the personnel in the Department of the Interior have approached the preservation of endangered and threatened species. Implementation of this law will undoubtedly aid in protecting both endangered species and environmental quality throughout the U.S. and the world. In that regard, we hope our comments are helpful in further administration of the law and in achieving its objectives.

Sincerely,

RUSSELL W. PETERSON,
Chairman.

REBUTTAL TO CRITICS OF OVERSEAS VOTING LEGISLATION

Mr. GOLDWATER. Mr. President, it has been brought to my attention that some questions were raised recently at hearings by the House Subcommittee on Elections with respect to the constitutionality of legislation strengthening the voting rights of overseas citizens.

PRECEDENT OF 1970 LAW SUPPORTS FURTHER ACTION BY CONGRESS

Frankly, I cannot see any doubt at all about the constitutionality of the proposed law. It is a logical extension of a law on the same subject which I authored in 1970 and which was upheld as a valid exercise of Congress powers by the U.S. Supreme Court 6 months later.

This law is section 202 of the Voting Rights Act Amendments of 1970, which extended absentee registration and balloting rights to American citizens who were denied the right to vote because they were away from home on election day and were not allowed to register absentee or obtain absentee ballots. One of the stated purposes of the law, spelled out during Senate floor action on it, is the intent to facilitate the vote in Presidential elections for Americans outside the United States.

The law also struck down the durational waiting periods preventing Americans from voting for President and Vice President solely because they had made a change of households before the election. Section 202, in which these provisions were set forth, was upheld in *Oregon* v. *Mitchell*, 400 U.S. 112 (1970).

In overhauling State residence and absentee regulations in Presidential elections, Congress had relied upon at least four district grounds for the exercise of congressional authority. In the case of Oregon, the Supreme Court seized upon each of these justifications in holding for the validity of the statute.

First, section 202 rests upon Congress power to secure the rights inherent in national citizenship, which include the right to vote for Federal officers. Since these rights adhere to U.S. citizenship, rather than citizenship of a State, we acted to protect the rights under the necessary and proper clause of article I of the Constitution.

A related basis for congressional power was our design to protect the fundamental, national right of travel by a citizen.

A third basis of Congress authority that was asserted is our power to enforce the privileges and immunities guaranteed to citizens of all the States. Here we were mindful of correcting the maze of conflicting State and local requirements applicable to Presidential elections which created a serious inequality of treatment among citizens of one State as compared with citizens of the other States.

Fourth, we viewed section 202 as an exercise of power under the 14th amendment. In this context, we were protecting against a discriminatory classification in voting made between citizens who were able to be physically present at the time of registration or voting and those who could not be present in person. Also, we considered the unfair classification made between citizens who were new residents and those who were longtime residents of a State or locality.

In light of similar laws in many of the States which indicated that States could satisfy their legitimate interests by the rules legislated in section 202, we in Congress could not find any compelling reason why a State should condition the right to vote for President on the duration of a citizen's residence or his physical presence or absence at the polls.

Eight members of the Supreme Court upheld Congress' power to adopt the uniform regulations of section 202. Justice Brennan, joined by Justices Marshall and White, rested his opinion squarely upon the "compelling interest" doctrine and Congress' power to enforce the 14th amendment by "eliminating an unnecessary burden on the right of interstate migration" (400 U.S., at 239).

Justice Douglas also upheld section 202 as a 14th amendment matter, but tied his opinion to section 1 of that amendment, the privileges and immunities clause.

Justice Stewart, jointed by Chief Justice Burger and Justice Blackmun, sustained section 202 on the ground of Congress' authority to protect and facilitate the exercise of privileges of U.S. citizenship under the Necessary and Proper Clause of Article I. He stated that the privilege of free travel, without loss of the right to vote, "finds its protection in the Federal Government and is national in character" (400 U.S., at 287).

Justice Black based his opinion sustaining section 202 on the final authority of Congress to make laws governing Federal elections and Congress' general powers under the Necessary and Proper Clause of Article I.

Only Justice Harlan believed section 202 was invalid on any ground.

The fact that the Court divided in choosing alternative grounds for upholding section 202 is argued by some as depriving the case of precedential weight. But what this restricted view overlooks is the fact that eight Members of the Court actually did unite on the principle that the jurisdiction of the States over matters normally considered as being within their primary domain is subject to the superior power of Congress to vindicate personal rights or privileges of citizenship which the Court has determined to be secured by the Constitution.

Moreover, Oregon clearly stands for the proposition that so long as Congress acts with a purpose of protecting these rights or privileges in a narrowly drawn manner, rather than with the purpose of passing general legislation over a State-reserved field, Congress possesses power to establish specific regulations attacking a particular problem in that field.

POWER OF CONGRESS RESTS ON WELL-SETTLED CASE LAW

Applying the above rules to the pending legislation on behalf of overseas citizens, I am confident Congress is on firm ground in proposing to expand the 1970 vote law to cover congressional as well as Presidential elections. The case law may be summarized as follows:

First. In the past 10 years there have been at least eight Supreme Court decisions upsetting State and local election practices founded upon the principle of a strict judicial scrutiny under the 14th amendment of the State or local governmental objectives and methods. *Bullock* v. *Carter*, 405 U.S. 134, 144 (1972); *Dunn* v. *Blumstein*, 405 U.S. 330, 337 (1972); *Evans* v. *Cornman*, 398 U.S. 419, 424, 426 (1970); *Phoenix* v. *Kolodziejski*, 399 U.S. 204, 205 (1970); *Cipriano* v. *City of Houma*, 395 U.S. 701, 704 (1969); *Kramer* v. *Union School District*, 395 U.S. 621, 628 (1969); *Harper* v. *Va. Board of Elections*, 383 U.S. 663, 670 (1966); and *Carrington* v. *Rash*, 380 U.S. 89 (1965).

Second. In at least three of the above cases, the Supreme Court has overturned State rules which were purported to be bona fide residence requirements.

In *Carrington* v. *Rash*, 380 U.S. 89 (1965), the Court overturned the use by Texas of an irrebuttable statutory presumption that excluded servicemen from the vote by classifying them as nonresidents.

In *Evans* v. *Cornman*, 398 U.S. 419 (1970), the Court struck down a Maryland statute which created a presumption that persons living on a Federal enclave within the State did not fulfill the residence requirement for voting in Maryland.

In *Dunn* v. *Blumstein*, 405 U.S. 330 (1970), the Court held unconstitutional the 1-year durational waiting period Tennessee had used as a precondition to voting in that State.

Ironically, Dunn, which overturned a State residence rule, is cited by opponents of the overseas voting bill for the proposition that such rules are immune from the reach of Congress. To the contrary, the Supreme Court observed in Dunn that:

> If it was not clear then [referring to 1965], it is certainly clear now that a more exacting test is required for any statute that "places a condition on the exercise of the right to vote." 405 U.S., at 337.

Thus, the Supreme Court has made it clear that the States may not use a bona fide residence rule in such a way that it could sweep an entire group of otherwise qualified U.S. citizens off the voting rolls, unless the restriction is proven necessary to promote a compelling State interest.

Third. The right to vote for national elective officers, including Members of Congress and Presidential electors, has been expressly necognized as a right directly secured to citizens by the Constitution.

Contrary to the blanket statement by opponents of overseas voting legislation that no Supreme Court opinions indicate the existence of any inherent constitutional right to vote in Federal elections, other than the lone opinion of Justice Black in Oregon, there are at least five Supreme Court decisions in which such a right has been specifically mentioned: *United States* v. *Classic*, 313 U.S. 299, 314, 315 (1941); *Twining* v. *New Jersey*, 211 U.S. 78, 97 (1908); *Wiley* v. *Sinkler*, 179 U.S. 58, 62 (1900); *In re Quarles*, 158 U.S. 532, 538 (1895); and *Ex parte Yarborough*, 110 U.S. 651, 663 (1884). (Also see the opinion of Justice Frankfurter in *United States* v. *Williams*, 341 U.S. 70, at 79 (1951).

In Twining, the Supreme Court plainly announced that:

> Among the rights and privileges of National citizenship recognized by this court [is] the . . . right to vote for National officers." 211 U.S., at 97.

Fourth. Opponents of overseas voting legislation argue that elections for Presidential electors may be State rather than Federal elections for constitutional purposes. This argument ignores the decision of *In re Quarles*, where the Supreme Court expressly stated that:

> Among the rights secured to citizens directly by the Constitution is "the right to vote for *presidential electors* or members of Congress." 158 U.S., at 535. (Emphasis added.)

These same critics mistakenly cite *Burroughs* v. *United States*, 290 U.S. 534 (1934), in support of their position. Burroughs specifically considers and rejects the very suggestion raised by the critics, holding that Presidential electors, "exercise Federal functions under, and discharge duties in virtue of authority conferred by, the Constitution of the United States." Id. at 545. Thus Burroughs actually can be cited as additional support for the power of Congress to legislate with respect to Presidential elections.

Fifth. Critics of overseas voting legislation assert that the liberty to travel abroad is seemingly not as absolute as the right of interstate travel. Again, the critics ignore the clear message of the Supreme Court.

In *Kent* v. *Dulles*, 357 U.S. 116, 126 (1958), the Supreme Court plainly equated the right of interstate travel with the right to travel abroad.

The Court stated:

> "Freedom of movement across frontiers in either direction, and inside frontiers as well, was a part of our heritage. Travel abroad, like travel within the country, may be necessary for a livelihood. It may be as close to the heart of the individual as the choice of what he eats, or wears, or reads. Freedom of movement is basic in our scheme of values." 357 U.S. at 126.

Far from taking a narrower view of Congress power to secure the vote to travelers abroad, than of its comparable power with respect to interstate travelers, the Supreme Court has given a broad protection to foreign travel. In Aptheker against Secretary of State, the Court considered freedom of movement abroad to be of such great importance that the Court held this personal liberty paramount to a substantial governmental interest in restricting travel based on grounds of national security, 378 U.S. 500, 505, 508 (1964).

LEGISLATION IS CONSISTENT WITH BASIC SCHEME OF REPRESENTATIVE GOVERNMENT

In summary, it is clear the proposed overseas voting legislation is constitutional. Its object is to protect and facilitate the right of almost 1 million U.S. citizens to vote in Federal elections. These citizens have a direct and substantial interest in decisions and policies acted upon by the public officials chosen in Federal elections, the President and Vice President and Members of Congress.

Action by Congress is required if overseas citizens are to be brought within the basic system of representative government. No single State can guarantee the franchise to all or most of these persons. In order to establish a uniform process by which all or most overseas citizens can enjoy an equal opportunity to vote in Federal elections, it is necessary for Congress to enact appropriate implementing legislation.

The specific procedures which Congress uses in the pending overseas voting bill are, in general, derived from section 202 of the Voting Rights Act Amendments of 1970, which in turn were drawn from the proven practice of the States themselves. In section 202 we made a finding that these practices were applied by many States with respect to some of their residents without significant fraud or administrative difficulty in their own elections, and in the overseas voting bill we again make the same finding.

If some of the States can use these practices successfully for purposes of voting, and determining residence for voting, by certain citizens from such State, such as absentee servicemen and women and their accompanying dependents, then surely we in Congress may properly find that there is no compelling reason why all States should not use the same practices for protecting the vote of citizens with at least an equal nexus with the particular State. Whatever the interest of the States in more narrowly defining residence for purposes of purely State, county, and municipal offices, there is no compelling need for using a stricter test in Federal elections than the one set forth in the pending legislation.

I would remind critics of the proposal that the bill is not open ended. It only applies to Federal elections. It only covers U.S. citizens who have a past nexus, a domicile, in the particular State where they are seeking to vote in Federal elections.

Moreover, the absentee citizen must comply with all applicable qualifications and valid procedural requirements of a State. Each State will retain full power to test whether an applicant for absentee registration or voting first, is of legal age; second, is incapacitated by reason of insanity; third, is disqualified as a convicted felon; fourth, meets the prescribed time and manner for making application; and fifth, is accurate or truthful in making statements pertinent to the application, such as a claim to being last domiciled in such State prior to departure from the United States.

Thus, Congress can act, consistent with the highest standards of our constitutional system, to establish uniform, national practices securing the right of Americans abroad to participate in the choice of Federal officers whose decisions and programs affect them directly and substantially.

NATIONAL AIR AND SPACE MUSEUM

Mr. MOSS. Mr. President, having recently been appointed to be a member of the Board of Regents of the Smithsonian Institution, I was disturbed to read an article on February 28 in the Washington Post indicating that the construction of the National Air and Space Museum is experiencing a cost overrun.

Michael Collins, the Director of the museum, has set the matter straight in a letter to the editor of the Post published on March 10.

I ask unanimous consent that Mr. Collins' letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

[Letter to the editor, Washington Post, Mar. 10, 1975]

Museum's Cost

Your February 26 front page story concerning construction cost overruns states that the National Air and Space Museum will have a 6% overrun. While it may seem a small point, those of us working on this project are proud of the fact that there will be no overrun, in terms of either time or money. The building will be ready for its public opening in July 1976, as originally planned, and it will cost no more than its original $41.9-million price tag.

Michael Collins,
Director,
National Air and Space Museum.
Washington.

Mr. MOSS. Mr. President, at my request, Mike Collins has provided me with background information on the status of the National Air and Space Museum construction. So that the record may be completely clear in this regard, I ask unanimous consent that the background statement be printed in the Record.

This major and important construction project, even though delayed for many years, is not overrunning.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement on Purported Cost Overrun on the National Air and Space Museum Construction

GAO's report to the Congress of February 24, 1975, entitled "Financial Status of Major Civil Acquisitions, December 31, 1973" cites on page 27 that the National Air and Space Museum's current cost estimate of $41,900,000 exceeds by $2,400,000 (6 percent) the 1962 estimate of $39,500,000. While both of these amounts do pertain to this building, their comparison over this extended period is completely misleading. This comparison, however, since it is now a matter of record, deserves to be explained. There is no cost overrun against the funds actually appropriated for this project.

While an exhaustive search of historical records has not been undertaken, the following chronology and facts are clear.

1. The construction of a suitable building to house the Nation's air and space collections has been a long-awaited event. The act of August 12, 1946, establishing the National Air Museum, included provisions for a method of selecting a site for a National Air Museum to be located in the Nation's Capital. The act of September 6, 1958, designated the site for a building to be on the Mall from Fourth to Seventh Streets, Independence Avenue to Jefferson Drive, S.W.

2. During the period of the late 1950's and early 1960's, the Smithsonian Institution engaged in preplanning studies for this new museum building. During this period it was concluded, as part of the planning process, that the costs of such a building should not exceed $40,000,000, which the Institution believed would produce an outstanding building to commemorate American attainments.

3. A "Schedule of Building Projects" was included by the Smithsonian in both its FY 1962 and FY 1963 budget submissions to the Congress. The Schedule in the FY 1962 submission (page 32) projected the FY 1963 request for a planning appropriation of $1,820,000 and an FY 1965 construction appropriation of $37,680,000 for the NASM building. These two amounts total $39,500,000. The Schedule in the FY 1963 document (page 57) maintained the two amounts but slipped the Schedule to FY 1964 and FY 1966. This Schedule, dated January 2, 1962, would appear to be the source of the 1962 "original estimate" cited in the GAO report.

4. In 1963, the Smithsonian revised its cost estimate to $41,920,000, including a total of $1,875,000 for planning. Actual planning appropriations in the amounts of $511,000 and $1,364,000, for a total of $1,875,000 were made available to the Institution by the Interior and Related Agencies Appropriation Acts for the fiscal years 1964 and 1965, respectively. This planning was completed and the project approved by the Commission of Fine Arts and the National Capital Planning Commission. The cost of the building, built to those plans and specifications, was estimated to be $40,000,000 in 1965.

5. In 1966, the Congress enacted legislation authorizing the construction of the NASM but deferred appropriations for construction until expenditures for the Vietnam war had shown a substantial reduction.

6. By the early 1970's, when it appeared this project might be allowed to proceed, it was obvious that as a result of rising costs of labor and materials over the intervening years, the 1965 plans would now cost between $60 and $70 million to implement. Consequently, in its FY 1972 budget, the Smithsonian requested an appropriation of $1,900,000 for planning and redesign of the museum building with the goal of using the latest design and construction techniques to lower the cost of the building to $40,000,000—the estimate of ten years earlier. Those new planning funds were appropriated and the redesign completed and approved by the Commission of Fine Arts and the National Capital Planning Commission.

7. For FY 1973 the Institution requested a construction appropriation of $40,000,000. The Interior and Related Agencies Appropriation Act for that year provided an appropriation of $13,000,000 and contract authority for an additional $27,000,000. Appropriations to liquidate the contract authority were provided in FY 1974 ($17,000,000) and FY 1975 ($7,000,000) and are requested for FY 1976 ($3,000,000, the balance of the approved amount).

8. The construction of the new museum building started in the fall 1972, and is now

80 percent completed. It is on schedule for a public opening on July 4, 1976, and its cost will be within the approved planning and construction amounts of $41,900,000.

In summary, the new National Air and Space Museum is being constructed within the level of funds approved and appropriated by the Congress. There is no cost overrun.

SCIENTISTS FIND PUBLIC IS OFTEN MISLED BY FAULTY RESEARCH DATA

Mr. CURTIS. Mr. President, recently in the New York Times there appeared an article which made the point that "the quality of scientific information being produced by researchers, accepted in scientific journals and disseminated publicly by science reporters is often unacceptably sloppy or misleading."

This analysis came from a group of researchers at a recent meeting of the American Association for the Advancement of Science.

The scientists pointed out that the consequences of "sloppy" research is very serious both from the scientific community's standpoint as well as from the public's standpoint.

An unjustifiably frightened public often forces policy decisions that are unwise or counterproductive, they pointed out.

I think that the entire article on this interesting subject should have the widest distribution and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Feb. 2, 1975]

SCIENTISTS FIND PUBLIC IS OFTEN MISLED BY FAULTY RESEARCH DATA

(By Boyce Rensberger)

The quality of scientific information being produced by researchers, accepted in scientific journals and disseminated publicly by science reporters is often unacceptably sloppy or misleading, at least a dozen researchers asserted during last week's meeting of the American Association for the Advancement of Science here.

The scientists largely agreed that the most serious consequence of this carelessness, sometimes committed to further a partisan or commercial interest, was to frighten or soothe the public unjustifiably and to force governments into policy decisions that may turn out to have been unwise or counterproductive.

Among the recent public policy issues to which many of the scientists referred were the Federal Government bans on DDT and cyclamates, the local restrictions on phosphates, the controversy over nuclear power plant safety and the controversies over the antiballistic missile system and the supersonic transport.

In each of these cases, it was said, proponents and opponents marshaled selected scientific data to support their own positions.

Frequently, the scientists said, the public is faced with two points of view, each contending that it is based on scientific evidence. Without the expertise to evaluate rival assertions, the public and its political leaders often decide questions less on strictly scientific grounds than on which position is more popular.

Thus, some scientists argued, empirical evidence is often less important to a decision than public relations strategy.

SCIENCE SEEN HARMED

The resulting confusion in many people's minds, several scientists said, has led to a widening disillusionment with science. Some researchers even suggested that the situation had led many people to conclude that their own judgment on technical matters was as good as anyone else's.

This, it was said, accounts partly for the explosion of interest in such pseudoscientific pursuits as food fads, much psychic research, and a host of fake weight-reducing diets and aids.

During last week's discussions, most of the scientists argued that public policy decisions should be better grounded scientifically. Some noted, however, that just because an issue had scientific aspects it did not necessarily mean that the decision should be made on scientific grounds alone.

In many cases, said Dr. Mary L. Good, professor of chemistry at the University of New Orleans, "The scientific community can only give you the best data they can give. Then it is up to the public to judge."

Several scientists stressed that even if there was agreement on the validity of certain data their significance would be interpreted in widely contrasting ways.

For example, Dr. Good cited the estimate that radioactive emissions from the nuclear power plants expected in 2000 would increase the number of cancer deaths by 8.7 per year.

"This information could be used as a very valuable weapon against the construction of nuclear power plants," Dr. Good said. "However, if the data are presented relative to the other risks that the population accepts as normal, the hazard appears negligible."

MORE COMMON RISKS

Dr. Good said that equivalent risks on an individual basis included being a fraction of an ounce overweight, smoking 0.03 cigarettes per year and driving one mile a year.

Thus, depending on the scientist's point of view, nuclear power plants could be said to cause cancer or to be safer than driving a mile a year.

To minimize confusion in this kind of situation, Dr. Good recommended that individual scientists adopt a policy of clearly distinguishing between scientific data and opinions or interpretations based on the data.

Several researchers last week asserted that the very quality of the data published in many scientific journals was frequently suspect.

Dr. Richard W. Roberts, director of the National Bureau of Standards, said that "fully 50 per cent, or even more, of the data reported in the literature are unusable" not necessarily because of error but because not enough information was included upon which to assess the credibility of the findings.

A major activity of the Bureau of Standards, a branch of the Department of Commerce, is collecting and evaluating published scientific data, chiefly in the physical sciences, that can be compended into reference works for scientists.

Both Dr. Roberts and Dr. Good, a member of the American Chemical Society's Committee on Publications, urged professional journals to adopt and enforce higher standards for scientific papers.

CONCERN OVER EXAGGERATION

Although outright frauds, such as the recent incident in which a cancer researcher faked his results, are considered rare, many scientists are becoming concerned with the tendency of some of their colleagues to exaggerate the conclusions that can be drawn from their experiments, especially if the exaggeration can bring popular acclaim or grant money.

In an effort to avoid the obvious biases that can affect scientists in industry, many science writers and public policy makers seek guidance from university-based researchers who are presumed to be free of special interests.

Dr. George Bugliarello, president of the Polytechnic Institute of New York, warned that the popular view of the university as neutral ground was often wrong. Many academic institutions, he said, must form political alliances to insure their survival. He said it was not unusual for academic scientists to have financial interests in commercial concerns related to their areas of expertise.

On a broader scale, Dr. Bugliarello said, "Technical universities have a vested interest in technology." He also said that in the increasingly stiff competition for grant money, there was a tendency to yield to special interests or to publicize findings or interpretations that might not be well established but that seemed to enhance the university's public image as a scientific center.

"Often the thinking in the university is, 'Keep the laboratory busy. Keep the university in the news'," Dr. Bugliarello said.

ROLE OF POLITICIANS

A large factor in the misuse of scientific information, according to Dr. Lawrence A. Goldmuntz, formerly an assistant director of the now defunct White House Office of Science and Technology, is the tendency of some politicians to seize upon a scientific controversy and take a well-publicized position on one side when the facts may not be fully clear one way or the other.

Dr. Goldmuntz said that political considerations often entered the picture when popular sentiment on an issue became so overwhelming on one side that any decision to the contrary was politically untenable.

As an example, he cited the total ban on DDT that was imposed in spite of a large body of opinion among scientists that the benefits of continuing DDT use but under controlled conditions, outweighed the hazards.

One of the most frequently heard comments at the meeting was the popular idea that, with proper regulation of industry, it should be possible to eliminate completely the hazards associated with any given technology. For example, it is commonly said that if a nuclear power plant or some industrial chemical cannot be made completely safe, it should not be built or marketed.

Repeatedly the scientists spoke to the effect that there was no such thing as a zero risk. Because of increasingly sensitive analytic equipment and more sophisticated research methods, substances considered toxic at high doses are being found in very minute levels where once they were not thought to exist. It is no longer sufficient, they argued, to say that a substance is toxic. The nature and duration of exposure must be considered.

SALT HAZARD ACCEPTED

Every doctor knows, for example, that ordinary table salt can be lethal in large doses but most people, making an unconscious cost-benefit analysis, accept that the hazard of small doses is less than the value of tastier food.

During the meeting several other scientists cited specific cases in which policy decisions had been made on the basis of doubtful evidence.

For example, Dr. Bernard L. Oser cited the ban on cyclamates, artificial sweeteners, imposed by the Food and Drug Administration after experiments in Dr. Oser's laboratory had led some persons to conclude that cyclamates caused cancer.

The ban was imposed 10 days later after the F.D.A. learned that rats fed a mixture of sodium cyclamate and sodium saccharin for two years had developed bladder tumors. Dr. Oser said that repeated efforts in several countries to confirm that cyclamate was responsible had failed but that other studies had suggested that the offending chemical in the original experiment was saccharin.

Stung by criticism of its cyclamate decision, the F.D.A. has moved more cautiously in evaluating the saccharin data. The contrast in approaches to the two chemicals has been taken by some critics of the F.D.A. as evidence that its rulings are sometimes based on other than scientific findings.

Dr. Oser said that, to a large degree, "disillusionment with science may be attributed to misrepresentations and misunderstandings for which scientists themselves, as well as the public media and regulatory agencies, must bear some responsibility."

SHERATON HOTELMAN CHARLES CAREY RETIRES

Mr. HUMPHREY. Mr. President, I would like to call attention of the Members of this body to the achievements of an individual in our Nation's Capital whose vision, character, and work have earned him the title of America's unofficial world ambassador: Mr. Charles T. Carey, the retiring executive manager of Washington's Sheraton Carlton Hotel.

Over the years Charles Carey has played an extraordinary and gifted role not only in Washington but in his other Sheraton Hotel assignments across the country. A self-effacing individual whose name perhaps is not well known to the public, Charles (Chuck) Carey nonetheless has been regarded by leaders of our own Nation, and many other nations, who have benefited from his talents, wisdom, and time as the peerless ideal of the good diplomat. His retirement, fortunately, will not bring a lessening of his many concerns and good work. But it still is regarded by many as a great loss to the social and cultural well-being of our world capital.

To speak of Mr. Carey's contributions to this and to other countries is to engage in an endless discussion. A distinguished Catholic layman whose interest in his church is widely regarded, Charles Carey has had an extraordinary catholic and ecumenical interest in all peoples, religions, races, and societies, with his constantly reaching out to help any person or cause, no matter how insignificant. His work for charities and social justice has extended literally to every part of the globe.

Mr. President, I had first-hand experience of Charles Carey's abiding personal concern for every individual when he served as the manager of the Sheraton Hotels in Minneapolis, Pittsburgh, and New York City. His ability to foresee opportunities for bringing men closer to each other ultimately led him to Washington where his diplomatic sensitivities made him a landmark first at the Sheraton Park and later at the Sheraton Carlton Hotels. One can genuinely say that whatever gathering, celebration, or meeting, whether formal or informal, was planned and handled under Mr. Carey's direction was a major event for all who participated.

I do not know how Charles Carey managed to do so many things so well for so many people. But I believe that nearly every Member of this body will join Mrs. Humphrey and me in trusting that he will continue to share with us his fine vision of a better tomorrow and his empathetic understanding of individuals and cultures.

PROGRAMS FOR THE HANDICAPPED

Mr. DOLE. Mr. President, I have spoken many times in this body regarding the problems, needs, and potential of the handicapped. It is my intention to continue to do so because the need is great for attention to the plight of the handicapped in America, and also because it is our nature to need reminders periodically of the continuing nature of this need. It is not a situation that can be ignored now that we have passed the Rehabilitation Act of 1973 which, among other things, provided for the new Office for Handicapped Individuals—OHI—in the Department of Health, Education, and Welfare.

NEW DEVELOPMENTS

Today I want to talk about some of the activities of the OHI. One of the requirements of the Rehabilitation Act of 1973 was the establishment of a central clearinghouse for information and resource availability for handicapped individuals. Such a service is very much needed, and is vital to any long-range, overall program to fully utilize the substantial resource represented by handicapped Americans.

There presently exists a large amount of information and expertise that is potentially of great value to the handicapped—if they are aware of it and can avail themselves of it.

But therein lies a basic problem. Much, if not most, of this valuable assistance has been developed by separate groups or organizations working separately—often privately or voluntarily financed—with no structure for coordination or even communication. Consequently, the handicapped individual has no easy way—in fact, no way at all in some instances—to find out what assistance is even available, much less take advantage of it.

CONTRACT FOR CLEARINGHOUSE

So the central clearinghouse is of primary importance. It was the subject of bills I introduced in the last three sessions of the Congress and which led to its inclusion in the Rehabilitation Act. Consequently, I am most happy to be able to report that the OHI has just issued a request for proposals for the development of the clearinghouse information system. This proposal solicits bids by April 4 to design a clearinghouse system and report on existing information which will be responsive to the requirements of the Rehabilitation Act. It is my understanding that the system is to be in operation by a year from this coming June. Admittedly, this is still a long way off, and that does give me cause for concern.

On the other hand, I have been assured that the implementation of such a comprehensive and extensive program must require considerable time to assure its quality and permanence. Since that is our goal, a year may well be appropriate.

EXTENDED TIME FRAME

But this brings me to a related issue which does not present as bright or promising a picture. Another requirement of the Rehabilitation Act was for a submission to the Congress of a long-range projection for the provision of comprehensive services to handicapped individuals and for programs of research, evaluation, and training related to such services and individuals. The date for this submission—18 months after enactment of the Rehabilitation Act—is March 26, 1975, just a few days from now. But I am told that the OHI will request an extension of time for this submission—though I have been unable to get a definitive statement from them. This is a serious matter because the material to be submitted would offer the Congress the opportunity to review needs and options and provide some legislative guidance and priority to these programs.

I hate to try to evaluate the long-range relative importance of the report to Congress versus the establishment of the clearinghouse system, but it seems obvious that not even an equal priority and urgency was assigned this report as was given the clearinghouse program.

I am very disappointed that we in the Congress must delay our analysis and deliberations because of a failure of the OHI and HEW to meet the legislated timetable. I would hope that it is not necessary for us to legislate further to express our interest and sincerity in our previous legislation, but rather that HEW and OHI will take note of our interest and so organize and order their operations as to meet the priorities we have established. To this end I have written to the Secretary of Health, Education, and Welfare and ask unanimous consent that a copy of that letter be printed in the RECORD to emphasize our interest, and to encourage the active participation of my colleagues in monitoring and encouraging this program.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., March 13, 1975.

Hon. CASPAR WEINBERGER,
Secretary of Health, Education, and Welfare, Washington, D.C.

DEAR MR. SECRETARY: It has recently come to my attention that your Office for Handicapped Individuals is experiencing difficulty in meeting the reporting deadline contained in Sec. 405(a)(1) of Public Law 93–112, the Rehabilitation Act of 1973. Specifically this deals with the submission of a long-range projection for provision of services, research, evaluation and training for handicapped individuals.

As you know, I have a personal, continuing interest in the programs and needs of the handicapped. Consequently, I have initiated contact on several occasions with the OHI to inquire as to progress under P.L. 93–112 and to offer any help that might be appropriate. It is disturbing to learn at this late date, only days before the deadline and 18 months after work was to start, that there will be difficulty in providing the comprehensive report that we envisioned when enacting P.L. 93–112 and the 1974 Amendments.

Please be aware of both my continuing interest in the progress of your efforts and my strong feeling that the projections described in Sec. 405 are of utmost importance to the work of the Congress to further programs for the handicapped.

I hope you will feel free to advise me from time to time on your efforts, and any problems those efforts face, in meeting the needs of handicapped Americans.

Sincerely yours,

BOB DOLE,
U.S. Senate.

CLOSER COOPERATION WITH EUROPEAN ALLIES IN MILITARY RESEARCH AND DEVELOPMENT

Mr. McINTYRE. Mr. President, I wish to report on further developments involving the subject of closer cooperation with our European allies in military research and development. On December 19, 1974, I addressed this subject and discussed the results of a trip made by a staff member of the Armed Services Committee and inserted his trip report, which appears on page 41293 of the CONGRESSIONAL RECORD for that date.

I also included in the RECORD at that time a copy of a letter addressed to the Secretary of Defense, which transmitted the trip report and requested specific comments be provided on each of the items covered. The Director of Defense Research and Engineering replied on February 21, 1975, and provided the requested comments on each item in the trip report. Much of the information provided is classified. However, at my request the Department of Defense has deleted the classified portions of their response and the unclassified portion can now be released. I ask unanimous consent that the subject letter and attachments be printed in the RECORD upon the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit I.)

Mr. McINTYRE. Mr. President, the information provided will have particular significance in the review of the fiscal year 1976 authorization request for the Department of Defense research, development, test, and evaluation appropriations. This review is now being conducted by the Armed Services Subcommittee on Research and Development, which it is my privilege to chair.

I have reported previously on the significant breakthrough in cooperation with our European allies as represented by the selection of the French/German developed Roland II short range air defense system by the U.S. Army.

I will continue to exert my efforts toward broadening our cooperative efforts and will report to my colleagues periodically as significant progress is made.

EXHIBIT I

DIRECTOR OF DEFENSE RESEARCH
AND ENGINEERING,
Washington, D.C., February 21, 1975.

Hon. THOMAS J. McINTYRE,
Chairman, Subcommittee on Research and Development, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Attached are Department of Defense responses to the action items requested in your letter, dated 4 November 1974, regarding Mr. Hyman Fine's European trip report.

MALCOLM R. CURRIE.

Page 4, Para d(1)—Pegasus 11 and 15 Engines:

(U) A Joint Anglo-American Study Group for an Advanced V/STOL Aircraft and Engine has been formed. The senior members are Mr. D. J. Harper, Procurement Executive, Ministry of Defense, United Kingdom and RAdm R. S. Miller, Naval Air Systems Command, United States. The Twelfth meeting of the Group was held November 19–21, 1974 and industry representatives were in attendance. The Department of Defense continues to retain its interest in these engines but we have not made a decision. At the present time we feel that the Study Group represents a proper forum for us to continue our discussions of vectored thrust V/STOL efforts. It should also be noted that the Study Group has been briefed by various members of industry and that information gained therefrom will have an appropriate impact on any recommendations made by the Study Group.

Page 4, Para d(2)—Ramjet:

During the past two years U.S. interest has been rearoused in the potential usefulness of ramjets for supersonic propulsion of tactical and strategic cruise missiles to longer ranges. A substantial technology base effort has been undertaken to improve the performance capabilities of ramjet engines (especially their volumetric impulse capacity) and to reduce their cost. This program was directed first toward the application of current materials, aerodynamic knowledge, propellants, internal ballistics, and combustion technology to ramjet engines—areas which had fallen far behind—their potential during a period of ten years of very low level U.S. support for ramjet research and technology. This catch-up phase of the DoD activity is now largely complete.

At the Exploratory Development level work on more advanced technological concepts is now active in both the Navy and the Air Force. Further, advanced ramjet propulsion is under active study by both the Navy and the Air Force. At least some of these studies are expected to lead to demonstration flight test programs and possible future missile system applications during the next several years.

Page 4, Para d(3)–RB 199:

The USAF has selected the YF–16 for its new fighter program and does not plan to continue development of the YF–17 aircraft. In view of this, it would appear that the only possible need for the RB 199 in the YF–17 would be in the case the European community would desire to buy the YF–17 with the RB 199.

Although the engine is funded for the MRCA, it is still in development and is presently qualified for initial flight testing.

Page 4, Para d(3)—Marine Gas Turbines:

Mr. Fine's recent trip report discusses two possible collaborative programs in the marine gas turbine area. The first refers to the Spey TF41 with Allison and Rolls Royce and the second refers to a possible joint program to reduce the SFC of the marinized Olympus 593.

The U.S. Navy Advanced Development program which is developing a family of gas turbine engines to meet future non-nuclear power requirements of Navy ships has a requirement for an engine development in the Spey TF41 power class. Present plans call for initiating this engine program in FY 76 and it would appear that a collaborative program based on the TF41 Spey is a very good possibility. The TF41, however, is an old engine and would have to have its level of technology increased if it were to be considered for use several years in the future.

Page 6, para d(3)—Lasers:

The Air Breathing Gas Dynamic Laser (ABL) offers some potential advantages.

Army is supporting the ABL development. We understand that General Electric Corporation, one of the Army's ABL contractors, is exploring some possible areas of mutual benefit with Rolls Royce in the ABL field. We will continue to monitor the Rolls Royce ABL effort and, if it develops into something of mutual benefit, we will certainly pursue a technology exchange arrangement.

Page 4, Para e—Seawolf:

The Seawolf Missile System is not unlike the equivalent U.S. system derived from the Target Acquisition System, the NATO Sea Sparrow Fire Control Radar and Launcher, and the Sea Sparrow Missile.

The Seawolf is expected to complete its sea trials and enter RN service this year. The NATO Sea Sparrow is in production, TAS is currently undergoing OPEVAL, and the Sea Sparrow Missile is operationally deployed. The AIM–7F surface variant is expected to be operational in 1978. Because of the similar development and production status of the two systems and their comparable weight and performance characteristics, it is unlikely that any benefit would accrue from a joint U.S./U.K. effort on the Seawolf system. However, ODDR&E plans to conduct a more detailed system assessment of Seawolf during 1975 to better compare its performance characteristics with existing and proposed short-range shipboard weapon systems.

Page 5, para e(2)—Skua:

The Lamps MK III mission requirement is beyond the capabilities and possible growth potential of the Lynx.

In addition, after early considerations of the potential applications of the Skua missile for USN Lamps operations, it was determined that the Skua missile did not offer sufficient advantages to the USN to warrant a joint development effort.

Page 5, Para f(1)—Netherlands R&D:

According to the Defense Attache at the Dutch Embassy this statement is not entirely accurate. It is true that an interagency committee is no longer funding new R&D projects; however, the MOD is continuing to share in the funding of previously approved ongoing projects. (Such interagency arrangement required that the MOD, Ministry of Economics, and the contractor each share one-third of the project cost.) Contract R&D (both in country and abroad) is continuing to be funded primarily through each branch of the armed services, e.g., Army contract with FMC in US for armored personnel carrier.

Page 6, Para. f(3)(b); Page 11, Para. n (3)—Ajax:

The NATO Naval Armaments Group, AC/141 (PG9) is the NATO focal point for the close-in Weapons Systems. They are looking at the Vulcan/Phalanx in both the U.S. 20mm version and the Canadian 30mm version as well as Ajax. The initial operational evaluation of the Vulcan/Phalanx system was completed earlier this year and procurement of the production prototypes was initiated. The U.S. is conducting additional firings this fall against more representative threat missiles including some at sea-skimming altitudes. The outcome of these tests will be available for consideration by PG 9 in early 1975 to assist them in formulating a joint position of short-range self defense gun systems and enable them to make recommendations for NATO standardization.

Page 6, Para. f(3)(e)(1)–(5)—VSR/ADS:

Para (e)(1)—The US is committed to the development of Phalanx CIWS in its present configuration. Phalanx development commenced more than two years prior to the creation of PG–9.

Because of these considerations and the need to minimize cost while providing the earliest feasible fleet introduction, no major up-gunning is planned prior to the completion of the present ongoing Tactical Missile Test (TMT) program.

Para e(4)—See answer to Para (e)(1) above.

Para 4(5)—Guns provide the terminal defense and are designed only to handle those incoming air targets that "leak" through the other defense systems.

Page 7, Para i(1)—Maverick:

Page 8, Para k(1)—Zelar Fuze:

The U.S. Army currently has no official requirement for a single multi-option fuze (point detonating, delay, proximity) for field artillery howitzer ammunition to replace other current or developmental fuzes, however, such a fuze would simplify firing procedures and, by reducing the number of fuze types being manufactured, simplify logistics. [The U.S. Army conducted tests of the multi-option Zelar fuze in 1974 with the objective of determining the suitability of the fuze for use by the U.S. Army. These tests consisted of two separate firing tests in Sweden and laboratory tests at HDL (electronics and ECCM) and Picatinny Arsenal (mechanical and EOD). These tests led to the following summarized conclusions:

The current cost to the Swedish Army of the basic Zelar fuze is approximately $100. Cost estimates for production in the U.S. are not available, although Bofors is said to be investigating the possibilities.

Firing performance in Bofors Proving Ground weapons was creditable.

The results and evaluation of the U.S. Army testing of the Zelar fuze are being reviewed by the U.S. Army. Final DA and DoD review will determine what, if any, Army testing of the Zelar fuze is being required.

Page 9, Para k(2)—RBS 70:

The RBS–70 is an anti-aircraft missile similar to STINGER and STINGER Alternative.

The U.S. is following the RBS–70 and attempting to get as much information as possible to determine where possible duplication exists and where a cooperative arrangement would be beneficial.

Page 9, Para k(6)—155 Howitzer Tube Liners:

In October 1969 ARMCOM (Watervliet Arsenal) expressed interest in the Swedish (BOFORS) development of a cannon tube, loading mechanism and breech mechanism for the L–50 Howitzer. In October 1970 ARMCOM submitted a modified request to AMC for a BOFORS cannon tube with floating liner and outer jacket and a breech mechanism. Justification for this request was that ARMCOM felt the Swedish concept was worthy of detailed investigation and had possible application of a modified version in the XM–198 and/or the improved 8" Howitzer. The Swedish tube assembly weighed approximately 10,000 pounds and proved too heavy for either of the systems considered. In August 1973 Sweden (BOFORS) stated that no 155mm tube for the L–50 gun was available for sale; however, manufacture of the gun barrel was expensive and delivery time would be from 26–28 months, and they stated it was not feasible to supply a barrel. In November 1973 Sweden offered the US a set of drawings for $250,000. AMC and ARMCOM felt that $250,000 was too much for a set of drawings and was, in fact, far in excess of previous data exchange purchases; thus, the offer was declined. The refusal of the offer was based solely on the price of the drawings. ARMCOM still has a technical curiosity in this development even though there is no immediate application for the principle, however, the cost remains prohibitive.

Page 9, Para 1(2)—Barracudaverken:

With regard to the progress of the proposed Barracudaverken turn key program, the Army Material Command and MERDC have been apprised of the situation. To date there has been no official communication containing a Barracudaverken proposal.

A pre-bidders conference on the multi-year buy of camouflage nets was held in early December 1974 at Orlando, Florida. Barracudaverken requested a bid package and paid the required $500 deposit fee. Two Washington based representatives of Barracudaverken attended the conference; however, no proposals have been received as of this date. The contract will be awarded in April 1975 and be based on open competitive bidding. Barracuda will be fully eligible for bid participation and contract award.

Page 10, Para 1(4):

With regard to the situation involving Barracudaverken, Dow Chemical, and Brunswick, two camouflage net contracts have been awarded to date:

Limited Production Contract—This was a sole source contract as directed by HQDA (Ref Attachment, para 6)

Material Methods and Technology (MM&T) Contract for production tooling, which included the following:

(1) Review of Contractor Selection Procedures which is contained in para 1–5 of the Attachment.

OASA(I&L) has been informed by a representative of Barracudaverken that a law suit may be initiated involving claims of patent infringement. However, a check with OJAG indicates that no action of this nature has been received to date. The Army will continue to closely monitor this situation.

MEMORANDUM FOR RECORD

Subject: Review of Contractor Selection—Camouflage Screen System.

1. MM&T Proposal Evaluation Committee:

James R. Carney, Chairman, CS&T Div.
David L. Gee, CS&T Div.
Bascom N. Faulkner, O&P Div., PMSO.
Vincent Falchetta, Prod. Engrg. Div.
Fred L. Lafferman, Mat. Engrg. Div.
1Lt. Richard M. Patchin, Mil. Engrg. Div.
Paul Tauchet, Mat. Engrg. Div.

2. Evaluation and Award Factors (MM&T):

a. Adequacy of technical approach, 50%.

b. Ability to manage the contract, 30%.

c. Period of time required to complete the work, 30%.

d. Experience in the fields of endeavor and physical plant facilities, 30%.

e. Total cost to the government of work under the proposed contract (Phase IA), 20%.

f. Additional information on estimated cost of start up and pilot runs, 20%.

3. Prospective contractors (MM&T) in order of technical merit:

Brunswick Corporation, Tech acceptable as found by Tech Eval Committee.

Uniroyal, Inc., Tech acceptable as found by Tech Eval Committee.

Gord-Gatx Corporation, not acceptable technically.

Dow Chemical Company, not acceptable technically.

Vallura Corporation, not acceptable technically.

4. Negotiations were conducted with all prospective contractors for the MM&T program on the insistance of the Chief of MERDC Legal Office.

5. There were no violations of the Armed Services Procurement Regulation in the solicitation and award of the MM&T contract to Brunswick.

6. The Limited Production Contract was negotiated with Brunswick Corp under the authority of 10 USC 2304(a)(10) sole source as indicated in the approved Advanced Procurement Plan. Technical evaluation was performed by MAJ F. Maksimowski. There were no ASPR violations in the award of the LP contract.

7. The Multi-year Procurement, presently being solicited by Troscom, is a competitive negotiated procurement, and, as such, under the terms of ASPR, is limited only to those firms that have the ability to perform regardless of location (i.e., Barracuda, Brunswick, Dow, et al).

Page 10, Para m (1)—Flakpanzer:

The Flakpanzer will be considered as one of the candidates in the DSARC I decision for approval of a competitive feasibility test of new air defense gun candidates.

Page 10, Para m (2)—Oerlikon 35mm and Bofors 40 mm:

Page 10, Para m(4)—Bushmaster:

The Bushmaster program never envisioned using a 35mm round. The requirement was for a 20–30mm round, and the Philco-Ford Bushmaster candidate was a 25mm weapon. Therefore, the round in question has apparently mistakenly been identified as a 35mm round.

Mr. Richard Knapp, marketing manager for Philco-Ford states that they are licensed for US/Canadian production of the TRW gun and Oerlikon ammunition only for use in the Bushmaster role. Additionally, Philco-Ford has purchased Oerlikon 25mm ammunition for use in the Glaads system which has two Bushmaster guns. TRW was advised of this, and approved its use since they were for use in the Bushmaster guns. According to Philco-Ford, Oerlikon sold the ammunition with full knowledge of its intended use on the Glaads system. Oerlikon was also offered the opportunity to observe the Glaads firing tests at Yuma. Thus, Philco-Ford is unaware of any problem with respect to the Oerlikon ammunition, and it does not appear that the Army is involved in any improprieties.

Page 11, Para n(4)—35mm Proximity Fuze:

Motorola is in its second year of engineering development of the 35mm fuze under a contract with Telefunken and approved by MOD FRG. The first year was a conceptual study with trade-offs being performed. The second year consisted of continuation of the study and a preliminary breadboard. A prototype will be built in mid-1976 using discrete circuit components for a 76mm fuze which will be tested in FRG. A 35mm hybrid circuit design will be completed by the end of 1976 which will fit the Oerlikon 35mm shell. Large scale integration circuit deliveries are planned for mid-1977 and will be of a production design by the end of 1978. This production design will be fully tested and full-scale production is anticipated in 1979.

The licensing situation at the present time is that no technology transfer has been involved and the study clearances have been obtained at State Department and DoD. Although FRG is paying the R&D costs, Motorola will receive full licensing rights to produce this system in the United States. DoD is closely monitoring the progress made on this program for potential application to US requirements.

Page 11, Para n(5)—SAM–D:

Evolutionary improvements to Improved Hawk are being pursued by the U.S. as well as in NATO by France as part of a CNAD agreement.

Page 13, Para 6(p)—VAK–191B:

The present test program is very successful with all original goals within reach. The data being generated is providing a wealth of technical information to both countries and, in particular, is giving the U.S. Navy, NASA, and U.S. Industry an additional data base from which to confidently develop a V/STOL aircraft, particularly one using the lift plus lift/cruise propulsion concept. Continued testing will provide additional valuable information. Of the proposed tasks, five are of particular interest to the U.S. Navy: U.S. pilot participation; non-linear control system evaluation; lift engine door deflection evaluation; aircraft frequency response testing; and lift engine intake distortion survey. The Navy is also interested in expanding testing of the effects of surface treatments. The cost proposed for doing the additional testing is very high ($413,000/month for aircraft support plus aircraft modifications if required). With decreasing R&D resources and reassessment of USN V/STOL requirements, it is necessary to carefully evaluate spending additional money. The NAVAIR Project Officer went to Germany in late January to conduct discussions with German representatives regarding program results to date and German interests in a continued joint flight testing effort.

Page 13, Para q (2), (3)—Drones:

The U.S. Army has discussed this extended range version of the CL–89 reconnaissance drone with the FRG at the Four Nations Battlefield Surveillance Working Group. The U.S. Army is more interested in ground-controllable Remotely Piloted Vehicles, particularly in Europe where it would be beneficial to steer (remotely pilot) the reconnaissance RPV away from areas of poor visibility. Army and OCD personnel are in contact with Canadian and FRG government representatives regarding these reconnaissance drones.

Page 14, Para q(4)—Sea Kiebitz:

Data on the Dornier Sea Kiebitz have been supplied to cognizant project officers, both in the Office of the Chief of Naval Operations and the Naval Air Systems Command.

The Center for Naval Analysis commenced the RPV Application Study in January 1975. Phase I of this study will do mission analysis of RPV's for non-aviation capable ships. It will employ the full range of existing and state-of-the-art RPV's both U.S. and foreign, in its considerations. The study will compare the alternative systems for carrying out various ship's missions including surveillance, targeting, ASW, and communications relay. The Sea Kiebitz will be among the systems analyzed in this study for future Navy application.

Page 14, Para q(6)—Alpha-Jet:

The U.S. has been following with interest the cooperative development and flight tests of the Alpha Jet; however, we have not as yet performed a flight test evaluation. At the present time we do not see a requirement or potential application to the U.S. force structure. The Assistant Director, Air Warfare will be visiting Europe this spring and intends to discuss the Alpha-jet development and fly the aircraft in a qualitative evaluation.

Page 14, Para q(7)—Aircraft Guns:

There is little information available on the 27mm Mauser gun/ammo. It is believed that the selection of this gun for the MRCA fighter had political overtures, i.e., FRG agreed to the tri-country development providing they could select/develop the gun and ammunition. We are not privileged to their studies which determined 27mm to be the optimum round. We can only surmise that the caliber was selected to best satisfy the air-to-air and air-to-ground roles without optimizing either. It should be pointed out that the caliber differs both from current OSD policy for medium caliber guns/ammo in the surface and aircraft weapons systems which require 5mm increments (i.e., 20 mm, 25mm, 30mm, etc.) and from European NATO Allies policy of 30mm in the air-to-air role.

The 27mm Mauser is not enjoying a very good development history. Unofficially, we have learned it has severe barrel erosion problems, i.e., barrels would have to be changed after each combat mission. At present the gun cannot fire out the ammunition complement and remain within accuracy tolerances. Mauser is working hard to correct this problem.

Page 15–17, Para r—XM–1/Leopard 2:

The U.S. and FRG have reached agreement on a plan for evaluation of a modified LEOPARD 2 as a competitor in the XM–1 program. A Memorandum of Understanding on this plan was jointly signed by the FRG and the U.S on 11 December 1974. The FY–76, FY–7T and FY–77 RD&E budget request includes funds for the U.S. share of costs for the evaluation and a comprehensive cost/producibility study jointly financed by the U.S. and FRG, in accordance with the MOU.

Page 17, Para s(6)—Armbrust:

The Armbrust is one of the alternative concepts which will be evaluated in connection with the current plan to initiate engineering development in FY 1976.

Page 18, Para t(5)—Supersonic Bombs:

For current use, MK–84 bombs and guided variants such as EOGB and LGGB have been certified for supersonic use. There are also munitions now under development which will provide for supersonic carriage and delivery. For example, PAVE STORM, GBU–2 (Laser Guided SUU–54) has supersonic carriage and delivery capability and is scheduled for a FY 1976 IOC. There are also several current ROCs which state a requirement for weapons capable of supersonic carriage and delivery:

Page 18, Para t(6)—Soviet 130mm Artillery Piece:

Page 19, Para v(3)—Offset Agreements:

The approach of negotiating an overall offset agreement with the U.S. to include not only military equipment but also military related equipment such as commercial aircraft engines is a valid concept that already is a part of U.S. offset agreements with individual countries, e.g., the FRG, and a part of our BOP offset accounting system on a multilateral basis. The key factor in whether a commodity purchases through commercial channels should be counted is, whether it is obtained for military use. If batteries, tires, electronics equipment, computers, or commercial aircraft engines or spare parts are purchased through commercial channels for military use, under our current agreed concepts and accounting systems they would be counted as offset. If not for military use, they of course would not be eligible. Sometimes it is difficult to obtain complete and detailed import records on which to base a determination. However, NATO nations currently are cooperating in improving our accounting accuracy on this concept.

Page 19, Para v(4)—F–15 Radar:

Page 19, Para v(5)—SAM–D:

Page 20, Para v(7)—Javelot:

The U.S. intends to proceed with France on a joint technology program on the Javelot concept. The program will be funded from the Army technology base. Funds, tasks, and schedules are currently being determined.

Page 20, Para (8)—Matra 550:

French and U.S. representatives met to exchange information on the AIM–9L (U.S. missile now in operational evaluation—FY 76 procurement) and the Matra 550 short range air-to-air missiles in March 1974. At that meeting the French requested information on the possibility of marrying the AIM–9L seeker (which evidently they prefer over their own) to the Matra 550 in order to obtain a common missile. The French representatives were advised that any such request would need to be handled through regular channels. We have not received such a request. The French were also advised that the probability of obtaining a common missile in this manner was low for two reasons: (1) advanced status of the AIM–9L program prohibited such major changes and, (2) technical advantages were not evident.

Page 20, Para V(9)—Lynx:

Additionally, Navy studies cast doubt on the claimed Lynx cost advantage. The UTTAS, although larger, has been designed under a rigorous design-to-cost philosophy and is expected to be produced in quantity for the Army. The UTTAS advantages of quantity production base and Army/Navy logistics commonality are projected to make Lynx airframe little if any less expensive on a life-cycle basis unless Congress were willing to authorize procurement of Lynx airframes directly from the British and French. Even in this event, the cost difference would be only a small fraction of total program life-cycle cost, while the effectiveness difference would be great.

Page 21, Para 7—Technology Transfer:

Secretary Schlesinger and Dr. Currie both strongly support a vigorous effort in international cooperation in research and development. Operating through the NATO organization, the Secretary—in the NATO Ministers meetings—and Dr. Currie—at the Conference for National Armaments Directors, Four Power Principals meetings, and through bilaterals are continuously pressing our initiatives for cooperation in R&D and standardization.

Dr. Currie will specifically address this issue in detail in his Posture Statement in Section X and offer discussions in detail which outline the present situation in NATO; state the actions we are taking; and present concrete example of progress and some specific initiatives he intends to press.

NEEDED: ACTIVE INVOLVEMENT

Mr. WEICKER. Mr. President, how we respond to the growing concerns of this Nation, and the entire world—the energy crisis, the economy, food shortages, and so forth—requires active involvement by all people of the world.

C. Peter McColough, chairman of the Xerox Corp., in his 1974 annual report, states what he considers to be the necessary response we must make to these problems. He has eloquently expressed what needs saying. I hope it will get many Americans out of the stands and onto the field of play. Mr. President, I ask unanimous consent that the full text of his article "Involvement" be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INVOLVEMENT

As troubling and as serious as recent events have been in our world, I find myself at the moment equally concerned about the reaction of people—and particularly of young people—to those events.

All of us have been pounded and pummeled by crisis after crisis during the past few years . . . inflation, the energy problem, shortages of food and raw materials, the terrible Watergate episode, and now a recession.

And how do we respond? How *can* people respond?

Most, I think, look first to the leaders of their institutions . . . to the heads of government, business, labor, education. But the credibility of leadership these days just isn't very high. And, in some ways, understandably.

People are told almost daily, for example, of great conferences to address worldwide food shortages, control of the oceans, energy supplies, and the international monetary and economic issues that are dividing the world. Such blue-ribbon symposia lead us to expect progress, despite the enormous complexity of the issues.

Yet too few have in fact yielded answers, action or a common direction.

The net result, in my opinion, is a widening distrust of leadership . . . and a deepening suspicion that candor and perhaps even conviction are being obscured by an endless search for expedient solutions.

That suspicion—that quality of distrust—is what worries me most because it not only leads governments to be narrowly nationalistic . . . it also tempts individuals to say, "I'm just going to live my own life and not worry about anybody else." It creates spectators at a time when spectators are what we least need.

Yet the simple fact remains that we cannot expect leadership to step up to problems if we, as individuals, are trying to turn away from them. People, particularly during crisis, must be *more* involved, not less. And if they are, they can demand and get the candor they deserve and the conviction they expect.

The choice is ours as individuals, and 1975 looks to me like an important year to make it.

C. Peter McColough,
Chairman.

COMMITTEE URGES PUPFISH PRESERVATION

Mr. CRANSTON. Mr. President, on January 15 I introduced S. 70, to authorize the establishment of the Desert Pupfish National Monument in the States of California and Nevada.

I am now pleased to report a new organization: "Save Our Pupfish," in care of the Southern California Ecology Center, Box 24388, Los Angeles, Calif. 90024. Its President is Nancy Pearlman, director of the center; vice president is William E. Warner, of Arleta, Calif.

This new effort is spearheaded by two of the greatest friends of wildlife in this country: Buela and Tasker Edmiston, of Los Angeles. The Edmistons are ardent and eloquent advocates of wildlife preservation, and I warmly welcome their sponsorship of this important cause.

CORONATION OF KING BIRENDRA OF NEPAL

Mr. PERCY. Mr. President, I recently returned from a visit to Nepal where I attended the coronation ceremonies of His Majesty King Birendra Bir Bikram Shah Dev as a representative of the President. Our delegation, headed by Mr. Philip W. Buchen, Counsel to the President, and consisting of Ambassador to Nepal William I. Cargo, Congressman L. H. Fountain, North Carolina; Assistant Secretary of State for Public Affairs Carol C. Laise, Mr. James E. Brown, Utah; Mrs. Marquita Maytag, California; and Ambassador to Niger L. Douglas Heck in addition to myself, returned from the 3 days of official celebrations February 23–25, extremely impressed with the development progress Nepal has achieved and the superb organization which characterized this occasion.

This small land-locked country of approximately 12 million people lies nestled along the Himalaya mountains between India and China. The Nepalese who are fiercely proud of their own unique traditions, impressed upon us their determination to preserve their independence and sovereignty and to make progress toward overcoming their challenging developmental problems. The U.S. delegation stressed our continuing interest in good relations with Nepal and our support for Nepal's independence and developmental progress.

In a speech before the distinguished representatives of 57 countries, King Birendra took the opportunity to reiterate his concern for peace as a prerequisite to Nepal's economic and social development. We assured him that this is our own goal and that our primary interest in South Asia is peace and stability, which we see as essential for the area's continued development.

The 29-year-old King faces a difficult task in overcoming centuries of isolation on the one hand and the effects of international economic dislocations on the other, but he recognizes the task and has committed himself to moving his country forward. In order to do this, he has set as one of his top priorities improvement of Nepal's education system and the reduction of illiteracy. We should commend him on his farsightedness in channeling his country's resources and energy in this field which will have long-term beneficial implications in every other area of Nepal's development. His efforts deserve our support and encouragement in the years ahead.

I ask unanimous consent that three addresses given on this occasion, the first by Prime Minister of Nepal Rijal, and two by King Birendra be printed in the Record.

There being no objection, the addresses were ordered to be printed in the Record, as follows:

(*Unofficial Translation*)

Prime Minister Rijal's Speech, February 24, 1975

[Delivered on the Tundikhel Kathmandu]

Your Majesty,

On this historic day and in the midst of nationwide jubilation we, the people of Nepal, feel proud and privileged to have this opportunity of witnessing Your Majesty graciously bedecked with that resplendent Crown, which has always been the traditional symbol of our national unity, sovereignty and independence. On this day we seek Your Majesty's gracious permission to extend to Your Majesty our loyal greetings and felicitations.

All of us owe a deep debt of gratitude to the Kings of the Shah dynasty who have in every moment of crisis conferred on the country correct and just leadership. Unification of the country, introduction of democracy and initiation of the partyless Panchayat System of democracy, so neatly tailored to the needs of the country,—all such steps of far-sighted wisdom and decisive importance were taken by Your Majesty's illustrious forbears. Blazing new trails in that noble tradition, Your Majesty is now fully and firmly resolved to unleash the mainsprings of national development in order that a new era of happiness and prosperity may dawn upon your beloved people. We shall, therefore, remain ever grateful to the scions of the Shah dynasty for the profound contributions they have made to the preservation of this country's nationhood, independence and sovereignty.

Your Majesty's rise in the new horizon of this ancient country has been in the form of a splendid blaze of light. After finding out and treading on the right political path, the question of paramount importance facing the country was that of development. In this context, the firmness and self-confidence with which Your Majesty has shouldered the great responsibilities of national development and has squarely faced all challenges, have heightened the moral courage and strengthened the self-confidence of each and every Nepali. We are willing and ready to make every sacrifice so that the steps taken by Your Majesty along the path of national development may be fruitful and effective.

Garbed in different costumes, speaking diverse languages, observing various social customs, and holding different religious faiths, we, the loyal subjects of Your Majesty, are scattered in the various parts of the country from Mechi in the east to Mahakali in the west. Nevertheless, this country has no history of bloodshed and violence springing from sectarian differences. All through the history we have been living together in love and affection as members of one family, respecting one another's religious beliefs and social values. The whole credit for this happy and harmonious state of affairs goes to Monarchy, the only political institution which has proved an unfailing source of leadership for the furtherance of the cause of national unity and solidarity. The King being common to all, a citizen, no matter where he lives, feels that he is enjoying the blessings of his invisible presence.

Sacrificing all personal comforts for the sake of public welfare, Your Majesty has taken on your broad shoulders the formidable burden of the country with deep solicitude. Every citizen of the country knows how anxious you are and what pains you have been taking to promote the happiness and well-being of your beloved people. They are also fully aware of the indomitable patience with which you are facing the challenge. Indifferent to the inclemencies of weather and heedless of all kinds of inconveniences, Your Majesty has travelled door-to-door even in the least accessible part of the country, bearing the inspiring message of national development. Your Majesty has issued the clarion-call for regional development in the interest of the balanced growth of all parts of the Kingdom and has emphasised the need for the just and equitable distribution of national investment. As a result of Your Majesty's right efforts in this direction, our country will no doubt succeed in achieving its goals before long. In order to accomplish the big, nationwide development campaign, set in motion by Your Majesty, we, the people of Nepal, pledge that, we shall dedicate whatever skill and strength we have to the service of the country with heart and soul, steadfastly following in your footsteps.

From time immemorial our country has been justly famous as the inexhaustible storehouse of Art and the meeting point of different cultures. Complete religious tolerance and unparalleled harmony of thought are the two outstanding factors that have gone into the making of our common cultural heritage. From the early days of civilization the standards achieved by our artists in both its graphic and plastic forms, have won wide acclaim, both within and beyond our national frontiers. Inscriptions in stone and bronze, testifying to the glories of our ancient art and culture, are extant even now in sufficient quantity. While maintaining this perpetual flow of our national culture in the most dynamic form, the Kings of the Shah dynasty have through their Royal patronage brightened our cultural heritage, with the result that our country now holds a place of pride among the art-lovers and orientologists of the world.

The signal contributions made by Your Majesty to the conservation and cultivation of literature, art and science have won universal commendation. Under the patronage of Your Majesty the art societies along with the artists of different schools are busy producing objects of art in a fresh burst of creative impulse.

The proclamations, messages and speeches, delivered by Your Majesty from time to time, have ever been correct guide-lines for directing the public life and other business of state on the right lines. Your Majesty's serene personality, which combines simplicity with single-minded devotion to duty, lights our path like a beacon. Moved by the deep-felt desire to introduce certain changes in our partyless Panchayat system of democracy so that it may be more closely attuned to the needs of the hour and the wishes of the people, Your Majesty has only recently appointed a Royal Commission. Under Your Majesty's dynamic leadership and political guidance our partyless system will continue to gain maturity from day to day and will prove a more and more efficient tool of nation-building. The State visits to the friendly countries, so successfully undertaken by Your Majesty, the active participation in the summit conference of the non-aligned countries by Your Majesty and the interviews to the eminent journalists of Nepal and the world granted by Your Majesty with such wisdom and insight, have helped project the correct image of Nepal on the stage of the international world.

On this grand national festival of the glorious Coronation today we, the people of Nepal, Your Majesty's loyal subjects, pray to Shree Pashupatinath, Shree Guhyakali and Shree Bajrayogini that the glory and grandeur of Your Majesty's name and fame may spread to the four corners of the world and that Your Majesty's prosperous reign may remain firmly rooted till Eternity. We humbly and respectfully extend our loyal greetings and goodwishes with the fervent hope that Your Majesty may be pleased to accept them.

With expressions of loyalty and devotion on behalf of the entire people of Nepal.

Darbar Mandir, Tundikhel, KATHMANDU, Monday, 12th of Phalgun, 2031, (February 24, 1975).

(Nagendra Prasad Rijal),
Prime Minister.

KING BIRENDRA'S SPEECH, FEBRUARY 25, 1975

(Delivered at the Royal Palace)

DISTINGUISHED FRIENDS: Ceremonies have occupied much of my time, and I have not even had the opportunity to tell you how deeply we appreicate your friendly gesture in coming to Nepal to participate in our Coronation. We celebrate this occasion as an event symbolising our national unity and historical continuity. Your distinguished presence has, on doubt, deeply gratified us. It is an added evidence of the goodwill and friendship that you have for my people and my country.

May I take this opportunity to assure you that this nation gratefully remembers and warmly reciprocates your feeling of friendship and co-operation, so generously extended to us in our time of rejoicing as well as in our time of need.

Nepal is a small country placed among the highest mountain-chains in the world. Our land covers tracts that are both tropical and temperate. Most of our people are engaged in agriculture as a way of life. Some of our countrymen still lead a pastoral life while others in the cities and towns are beginning to take to an industrial age. For its size Nepal presents an extremely varied picture of people and topography.

Tenacity, courage and simplicity, together with an inborn sense of independence that we have enjoyed since the beginning of our history, characterize our way of life. However varied the face of our land, we are a united people with a common historical experience, confidently looking to the future with hope and determination. Our land provides the visitor with a continual surprise of change and contrast, of richness and beauty. Its panoramic beauty has, since the time immemorial, attracted sages and seers as it does attract modern explorers and tourists. The nature of our land has enabled us, the Nepalese, to weave an enduring fabric of life that is based on peace, concord and harmony.

Since 1951—which provides a watershed in our history—we made experiments with different forms of government. We discovered that, however good a polity be, it cannot take root without some germinal seed in the tradition of a native culture. Nepal has been independent throughout history. It has never been a colony of any country and it has little experience of adopting a system alien to it. Naturally, therefore, when we tried to imbibe a system, root and branch, imported from abroad it was difficult to harmonize the need for order with the need for change. As a result, we faced a crisis of identity. It was this transitional feature as well as geopolitical compulsions which led us finally to the road of partyless Panchayat System of government. It is not only indigenous and democratic, but also the Nepalese variant of a people-based system of government. Its evolution is dictated as much by our historical experience as by our culture and geography. Under the system, Nepal is socially and politically awake and is moving into an era of equal opportunities for all with a readiness to embrace suitable reforms.

In our system the day-to-day administration of the country is entrusted to a Council of Ministers headed by the Prime Minister. We have a national legislature known as the Rashtriya Panchayat which consists of people's representatives elected from all districts of the Kingdom. We have also an independent judiciary. Public participation in our polity can be measured by the fact that in Nepal there are about four thousand village councils which locally manage their own affairs. At the national level, we have a Planning Commission when, together with the National Development Council, devises development strategies and evaluates programmes.

If the creation of a modern infrastructure, political as well as administrative, has taken some years, we have never lost sight of our goal or creating a viable economic order in the country together with the need for distributive justice and social reforms. My august father enunciated a New Legal Code which has enabled every Nepalese to see the light of social norms infused with human dignity. The land reforms carried out under the Panchayat system have brought tiller participation in rural development closer to reality. A New Education Plan seeks to combine the acquisition of skills, attitudes and ideas with actual application. The Plan also tries to elevate the quality of teachers and taught alike, and seeks to improve the living standards of our people in general.

In the past twenty-five years, we have built more roads and bridges, generated more electricity and constructed more schools, factories and buildings than ever before in our history. For investing our resources more equitably, we have established four development zones on a geographic basis. We are slowly, but surely, moving out of a purely agricultural economy to an economy of self-sufficiency based on small-scale industries and diversified trade. Nevertheless, we are far behind in the global endeavour for economic advancement, which in the last quarter of the twentieth century represents the focus of national endeavour of every country in the world. For us development has thus an urgency and a compulsion not felt elsewhere. Our strategy is to bring about development largely through the mobilization of our own resources, supplemented where necessary by international co-operation. These tasks call for a condition of peace.

As heirs to one of the most ancient civilizations in Asia, our natural concern is to preserve our indpendence—a legacy handed down to us by history. The absence of peace will delay, make more difficult and even deform our development, just as a world without peace will jeopardize our traditional independence. As we are a peace-loving people, we seek to work for peace, not in isolation from the rest of the world, but in collaboration with the whole world. I can assure you that Nepal harbours no ill-will or any unfriendly feeling towards any country in the world. We take pride in the fact that we have close and cordial ties of understanding with our neighbours. If our relations with India have been deep and extensive, our relations with China have been equally close and friendly, consistently marked by understanding of each other's problems and aspirations.

We adhere to the policy of non-alignment because we believe that it brightens the prospects of peace. We need peace for our security, we need peace for our independence, and we need peace for development. As a matter of fact, Nepal in the past had signed formal peace and friendship treaties with both our friendly neighbours. And if today, peace is an overriding concern with us, it is only because our people genuinely desire peace in our country, in our region and everywhere in the world. It is with this earnest desire to institutionatise peace that I stand to make proposition—a proposition that by country, Nepal be declared a zone of peace.

We believe that only under a condition of peace will be able to create a politically stable Nepal with a sound economy which will in no way be detrimental to any country. I also wish to declare that in making a proposition for the one of peace we are not prompted out of fear or threat from any country or quarter. As heirs to a country that has always lived in independence, we wish to see that our freedom and independence shall not be thwarted by the changing flux of time when understanding is replaced by misunderstanding, when consciliation is replaced by beligerency and war. It is with such a perspective view of the future that with the help of our friends we seek peace.

Distinguished friends, if I have taken the opportunity of your presence here to relate something of what we in Nepal are doing and intend to do in the future, I hope you will understand us as friends. Your visit to Nepal has furthered the bonds of our friendship. I am conscious of the fact that during your brief stay, we have not been able to provide you with such comforts and facilities as we would have liked to. When you return home, we would like you to carry back with you memories of our friendly feelings towards your country and people. My wife joins me in extending thanks to you and, on behalf of both of us as well as on behalf of the government and the people of Nepal, we request you to convey to your government and people a message of peace, greetings and goodwill.

Thank you.

KING BIRENDRA'S SPEECH, FEBRUARY 24, 1975

[Delivered on the Tundikhel, Kathmandu]

HM CALLS TO BEGIN NEW . . .

BELOVED COUNTRYMEN: About two hundred years ago, our illustrious ancestor, King Prithivi Narayan Shah, left the small principality of Gorkha to embark upon a campaign of unifying the principalities of Nepal. The successful conclusion of this noble endeavour brought into being present-day Nepal, united under the leadership of the Crown.

The institution of monarchy in Nepal had existed from time immemorial. The earliest records show Nepalese history and civilization developing under its patronage. King Prithivi Narayan Shah's campaign however added a new dimension: out of a myriad of diversities ranging from the social to religious and cultural entities and from numerous principalities of varied topography, a new nation was forged.

Today, our country encompasses not only the hills, valleys and plateaus of mid-montarne regions but also the flat, tropical plains of the Terai together with some cold, arid tracts beyond the high Himalayas. The basic unity of the Kingdom as a mosaic of numerous diversities and contrasts has been nurtured by the Crown. Naturally, therefore, our people look up to it as an enduring expression of their unity and strength. The Throne embodies this country's sovereignty, integrity and national dignity together with our independence, tradition and culture. It is only natural that the Nepalese should regard it with affection and pride.

It is this legacy which history has handed down to us in our person. In this spirit, and in a spirit of prayerful wishes for our people, we accept the address presented us on behalf of all our countrymen by Prime Minister Nagendra Prasad Rijal. We consider his felicitations a collective expression of our beloved people's affection for us, and from the Court summoned here in this city of divinities, we express, on behalf of the Queen and our own, our gratitude to all our people.

Everywhere and in every age, human society craves for truth, justice, righteousness and salvation. And these strivings of man can be fulfilled more by the moral sensibility of man that by the insensitivity of matter. It was on the basis of such a realisation that Monarchy had been instituded as the basis of our ancient political culture. Conscious of these beliefs, our illustrious ancestors shouldered their responsibilities towards the country and the people. As the King dedicated himself to further the cause of his people, the people, in turn, dedicated themselves to the cause of the King in whom they saw the personification of their collective will and identity. This being our history, we are committed to further the great tradition in the years ahead.

In our timeless tradition, we have woven with consummate skill a synthesis out of diversities and contrasts in a spirit of harmony and conciliation. Our national culture has remained indigenously indivisible, and in its evolution it has drawn on a pragmatic basis the essence of all creeds, whether it be Vaishnavism, Shaivism, the Shakticult or Buddhist philosophy. To an inquiring mind, the uniquenes of Nepal's culture lies precisely in the achievement of unity from these diversities and contrasts. In fact, it was to give political articulation to this tradition that King Prithivi Narayan Shah described the Kingdom as a garden where all creeds and professions may come to bloom and blossom. He persevered not only to preserve the independence of the country but also strove, through the development of industries, to enhance the well-being of his people, whom he looked upon as the wealth of the nation. He stressed the need, above all, of upholding fairness and justice for all. We have borne these ideals close to our heart and, to the best of our ability and judgment, we too have been following these enduring precepts.

In the last three years since we ascended the Throne, some concerns have occupied much of our thinking and time. And these have been:

How to maintain the sovereign integrity of Nepal and safeguard the liberty of every Nepali.

How to enhance the welfare and the dignity of our people.

And above all, how to administer justice so that people can march ahead on the road to peace, happiness and freedom.

Concerned with these problems, we took to regular tours of the country during which we met people from all walks of life and talked to them of our problems and prospects sharing with them joys and sorrows. In the end, we have been convinced that the basic problem confronting the nation concerns the development of Nepal and the Nepalese people. We have, accordingly, granted the highest priority to economic development. Not only are the majority of our people backward, in the economic sense of the term; due to ignorance and illiteracy we have not been able to harness our rich human and natural resources, either.

It is only natural that under these circumstances, several thoughts come to our mind. We wish to see the hungry fed, the naked clothed, the sick tended. We wish to see all our children receive the light which education imparts. We wish to see every Nepali learnt at least a useful skill or vocation, so that the self-respect earned through useful effort is not denied anyone. We wish to see growth and development in transportation, agriculture, industry and all other sectors of our national economy and its effects distributed evenly so that people in all parts of the country are able to increasingly share in the ensuing climate of peace and prosperity. We wish to see creative talent, so much of it now hidden for want of opportunities come to the fore in every part of the country and contribute with dynamism and dignity to the mainstream of national life. These are some of the thoughts which have occupied our mind. In the final analysis, however, we believe that it is education which constitutes the mainspring of development. I have, therefore, commanded my government to make primary education free so that every Nepali child, whether boy or girl may get access to better opportunities in life. It is also my firm conviction that whatever resources we can generate internally or externally should be committed development of the Nepalese to the and the Nepalese people alone.

My beloved people, we feel that the times call upon us to usher in a new age, an age when the Nepalese people shall rouse themselves to seek development integrating the material with spiritual advancement, and the physical growth with moral and intellectual upliftment. Let us begin a new era—an era when industrilisation will serve as the vehicle of accelerated economic development. Let us initiate this age when letter and art and science flourish together with technology, crafts, and skill in different fields of national endeavour and above all, let us continue to develop and enrich our civilization and culture in this treasured land of ours, and live in freedom for ages to come.

Let us not forget that Nepal's independence rests on the unity of the Nepalese people. Let us not forget that Nepal's development, too, depends on dedication of the Nepalese themselves. This explains why our Panchayat Constitution grants equal opportunities for all our citizens to advance both personal and national interests. Therefore it behoves us today that all of us work earnestly as one for the creation of a just, dynamic, partyless, democratic society, free from exploitation. To fulfil such goals it is equally necessary that we move ahead introducing timely reforms where necessary.

Beloved countrymen, by the Grace of the Almighty, our Coronation has been solemnized in accordance with the Vedic rites. We have taken this auspicious hour as an hour for renewed dedication to work for the welfare of our countrymen. A few steps which we have taken in the campaign for national development have been inspired and sustained by the affection, co-operation and goodwill which we have received in ample measure from our people. The journey before us however remains long and arduous. We feel confident that the faith, support and loyalty of the people for us will continue to be forthcoming. It is in this spirit that I call upon all the Nepalese to work still harder. Many are the needs of the present, but we have to work with greater determination and discipline, not only to fulfil these, but also with our view firmly set to the future, to safeguard the interests of the generations to come. All our efforts will be directed to serving the interest of the country and the countrymen. A selfless effort where the King joins hands with his people in serving the nation has been a unique feature of our political life in the past, and so it shall remain in the future too. As the Crown in Nepal has been safeguarded by the toil and blood of the Nepalese people, the Crown too, in its distinctive Nepalese character, shall always defend and promote the interest of the Nepalese people. Every hour of our history has been an hour of challenge: and meeting these challenges has been a feature of our national life. I feel that all our resources physical, mental and material, should be devoted fully to the service of Nepal. In such a comprehensive effort we should consecrate ourselves fully to the service of Nepal, the King for the people of Nepal, the people for the King of Nepal, the King and the people both together for the cause of Nepal. Only a dedication of this breadth and magnitude will enhance the dignity and honour of this Himalayan Kingdom, enabling us to hold our heads high like the towering peak of the Everest itself.

In the end, we take this opportunity to extend warm welcome to all Heads of State, Royal Representatives, Heads of Government, diplomatic representatives and other distinguished guests from various friendly countries, who have not only gracefully accepted our invitation to participate in the Coronation celebrations, but have, by their presence here, enhanced the dignity of the occasion. Once again, we wish to express our appreciation for the address presented us by our people. We also extend our thanks to the Coronation Celebration Committees in various parts of the country as well as to our beloved people in all parts of the Kingdom.

May Lord Pashupatinath bless us all!

COSTLY BUREAUCRATIC DELAYS

Mr. MOSS. Mr. President, in this time of rising unemployment and inflation, attention must be given to the costs imposed on our economy from bureaucratic delays in the preparation of environmental impact statements. I am inserting in the record a letter I received from Alunite Metallurgical Center, a large corporation planning over $400 million of investment in a mining and manufacturing facility in southern Utah. The proposed project would provide over 1,500 permanent jobs to a community that is currently experiencing over 15-percent unemployment. The economic benefits of this facility are not confined to Utah. Once alumina production has reached expected levels, U.S. dependence on foreign sources will be eliminated. In addition, an important byproduct of alunite production is phosphate fertilizer, a product in very short supply and critical to increasing our agricultural output. Although significant economic benefits will be realized from the completion of this facility, all construction plans have been postponed for at least 18 months due to delays in processing and preparing the environmental impact statement. Several proposals for large mining projects that require environmental impact statements have left the Utah State Office of the Bureau of Land Management struggling to meet environmental impact statement deadlines. It is this increased workload which is responsible for the long delays and the unnecessary costs imposed upon local and national economies.

Mr. President, there appears to be substantial room for streamlining and expediting the process of obtaining an environmental impact statement. It is time for Congress to undertake an evaluation of existing procedures and measure them against proposed alternatives, identifying unnecessary regulations and requirements to be eliminated.

I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ALUNITE METALLURGICAL CENTER,
Golden, Colo., February 28, 1975.

Hon. FRANK E. MOSS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MOSS: The attached letter pretty well describes the current status of the Alumet Project and our recent attempts to accelerate progress. As you can see, we have not thus far been spectacularly successful in overcoming bureaucratic inertia, but we have enlisted the aid of organized labor and will continue our efforts. In this instance, the aims of labor and management are identical.

We would greatly appreciate any assistance you can give, either in prodding the government agencies or developing special legislation to aid our Project.

Respectfully,

WILLIAM R. TIPTON,
General Manager,
Western Operations.

ALUNITE METALLURGICAL CENTER,
Golden, Colo., February 27, 1975.

Mr. RUSSELL T. CONLON,
General Vice President, International Union of Operating Engineers, Washington, D.C.

Subject: Need for new legislation

DEAR RUSS: The Alumet Project, which we discussed yesterday, is a Joint Venture by: Earth Sciences, Inc., Golden, Colorado, National Steel Corp., Pittsburgh, Pennsylvania, and Southwire Company, Carrollton, Georgia. The Project will mine 2.5 million tons per year of phosphate in Idaho. It will mine 800,000 tons per year of coal, and 3.66 million tons per year of alunite in Utah. The various milling and processing operations which follow mining will produce 500,000 tons per year of alumina, 1.1 million tons per year of phosphate fertilizer, 370,000 tons per year of sulfate of potash, and 10,000 tons per year of aluminum fluoride.

About 1,500 men will be required to operate the mills and mines of the Project. 200 will mine and process phosphate near Soda Springs, Idaho. 1,100 will mine and process alunite near Milford, Utah. About 3,500 men will be required to construct the Project.

Total capital cost of the Alumet Project will be about 400 million dollars if the Project is not delayed much longer. The Project is currently being delayed for lack of various government permits.

There are several powerful arguments in favor of our project:

1. It will render the U.S. independent of foreign sources of alumina.

2. It will improve the U.S. balance of payments.

3. It will create an additional source of phosphate fertilizers, which are in critically short supply.

4. The project is both economically and environmentally sound and will be a major source of tax revenue.

5. It will bring prosperity to an economically depressed area.

6. It will give permanent employment to about 1500 men and will give employment during its construction to about 3500 men, all at a time when unemployment is our greatest domestic problem.

The construction phase of the Project will take about 30 months, with a total Project time span of 42 months to complete all phases. A Project schedule is attached. It would obviously be most advantageous to both the United States economy and the backers of the Project if work could begin immediately. Unfortunately, this is impossible under our present environmental regulations.

Environmental Impact Statements will be required for most of the proposed facilities. These, by law, must be prepared by the government agency having jurisdiction. There is currently no way for the Project backers to speed up the leisurely preparation process. In discussions with the government agencies earlier this week, the following facts were brought to light:

1. The U.S. Geological Survey stated that no new phosphate mine plans would be approved until an Environmental Impact Statement covering the entire Southeast Idaho phosphate field was issued. The E.I.S. completion date is estimated to be July 1976.

2. The Bureau of Land Management has not yet selected a team to write the E.I.S. for the Utah Alunite Property. The estimated completion date has not yet been established and it is doubtful that a date will be set before April 1975. The Environmental Impact Assessment for the Alunite Property has been in the hands of the BLM since December 1974. Efforts to expedite action have been unsuccessful.

The cost of government delay in this case is staggering. Project cost due to inflation alone is increasing at the rate of about $4 million per month. It is quite possible that by the time government paperwork is complete, the Project will no longer yield an adequate return on invested capital and will be abandoned. In any case, the Project cost increase will be passed on to the public if the Project gets into operation. This inevitable by-product of environmental delays was not mentioned by the proponents of our environmental laws.

Some corrective legislation is required. Responsibility for Environmental Impact Statements should be placed on the group proposing the Project. A statutory time limit should be established for government review, public hearings and other necessary functions. The alternative to simplifying the environmental procedure is to seek special legislation for those projects which are sufficiently well publicized to win widespread legislative support. This is a tricky and cumbersome procedure which cannot be depended upon, but which is the only present means of expediting government action on environmental matters.

I will be most grateful if your organization can assist in cutting some of the red tape which is holding up the Alumet Project. Please call upon me at any time for further information if it is needed.

Very truly yours,

WILLIAM R. TIPTON,
General Manager,
Western Operations.

SECTION 12: PROJECT SCHEDULE

The schedule (Figure 12-1) indicates a startup date 42 months after initiating the work.

The schedule is based on the following assumptions:

(1) Process engineering will begin as soon as data are available from the pilot plant. Engineering may begin before completion of the pilot plant investigations.

(2) Design engineering will not begin until the basic process criteria have been finalized.

(3) Procurement activities and allocation of funds will begin 1 month after start of the project.

(4) Equipment items that have a long lead time will be ordered as soon as possible. They include: Power plant boilers; Steam turbines; Electric transformers; and Ball mills.

(5) The construction phase will take 30 months.

CROWDING OUT

Mr. LAXALT. Mr. President, this week the Senate will be considering what could easily be the most important measure of the 94th Congress: H.R. 2166, the tax cut bill. Although debate on the pros and cons of cutting taxes to stimulate the economy has been swirling around us since at least the time of the President's state of the Union message, we will soon be called upon to make the innumerable complex decisions required to either implement or reject this basic concept.

But, prior to our becoming enmeshed in the specifics, I would like to bring to the attention of my colleagues a potential danger which could confront us if the congressional penchant for cutting taxes without reducing Government spending is indulged in excessively. This is not to say that we should not promote economic recovery. But we should be certain that we know what we are doing when we attempt to tinker with the world's most complex and profitable machine.

Last week, the Wall Street Journal presented a very thoughtful editorial on the economic phenomenon known as "crowding out." Those economists worried about crowding out maintain that private financial markets cannot handle both huge Federal deficits and the needs of private borrowers, while those not as concerned argue that even the largest deficits can be accommodated because during a recession those borrowing demands emanating from private sources are drastically reduced.

Most discussions of this issue have been pitched at this rather general level. However, the Wall Street Journal goes into substantially more detail by breaking the savings pool into its essential components and then discussing what changes in the economy would be required for that pool to be adequate to meet all the demands likely to be forced upon it. The sad part is that these changes are almost all bad. Although they would not all occur at once, higher interest rates, resurgent inflation, struggles for funds between private borrowers and the Government, a decreased rate of economic growth, and an aborted recovery are some of the possibilities mentioned.

Mr. President, I am not an economist and I do not feel competent to judge the finer technical points of this debate. However, I feel that we in the Congress who, unlike our economic advisers, bear the ultimate political responsibility for the economy should be aware of possible adverse consequences of our actions. Accordingly, I ask unanimous consent that the editorial from the March 13, 1975, Wall Street Journal, entitled "Crowding Out," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Crowding Out

Understanding the economy in 1975, unfortunately for those of us with enough on our minds already, requires an understanding of an esoteric economic debate over something called "crowding out."

Treasury Secretary Simon sounded the first guns in this debate by warning that financial markets cannot finance both the huge federal deficit and the needs of private borrowers. Some economists have described his fear as "hysterical." In a letter to The New York Times, six prestigious liberal economists said the problem would be handled through an "accounting identity." But in recent weeks, independent analyses have been conducted by Norman B. Ture, a Washington-based consulting economist, and Allan H. Meltzer of Carnegie-Mellon University. Each reports that until he got the numbers down, he could not believe things are as bad as they are.

The crux of the matter is that when the federal government borrows to cover its deficits, it competes with private borrowers who need funds to invest in plant construction and housing. Both government and private needs must be met from the savings pool, which consists of business savings (profits plus depreciation and other "capital consumption allowances"), personal savings and inflows of foreign funds. Allowing for special factors and statistical error, the two totals will always be the same; this is the "accounting identity."

The problem is that if you plug some reasonable 1975 projections into this equation, it is very hard to get the totals to come out equal. This suggests that as the heavy government borrowings come on stream in the second half, the economy may well be in for some type of severe shock now only dimly foreseen. A typical projection, with calendar year 1974 as a base, would look something like this:

Billion dollars, 1974:

Invest. plus Deficit Equals Bus. Sav. plus Per. Sav. plus For. Inv.; 208.9 plus 5.9 Equals 136.5 plus 76.7 plus 3.6.

Total 214.8 Equals total 216.8.

1975:

205 plus 70 Equals 150 plus 80 plus 10.

Total 275. Equals 240.

First, a word about the estimates. Private investment may fall off more rapidly, but so may corporate profits. Personal savings may be higher if the savings rate rises but will be lower if personal income falls. The net inflow of foreign funds may increase, but the above estimate already provides a tripling in a year's time. The estimate of a $35 billion gap is essentially a conservative one, and the question is, how will this gap be closed?

Part of the gap—and in a sense the whole debate is over how much—will be filled by the Federal Reserve System's purchases of federal debt by in effect printing up new money. Over the course of a normal year, the Fed will buy federal securities, thus injecting reserves into the banking system and making the money supply grow. It's easy enough to calculate roughly the relationship between the Fed's purchases and money growth. At a 6% growth in the narrowly defined money supply, the Fed would buy about $7 billion in new federal debt. If the Fed closes the gap by buying the whole $35 billion, the money supply would grow by about 30% over a year's time.

Before we go one sentence further, let everyone understand that money growth anything like the latter figure will not only rekindle inflation, but will make interest rates go up, not down. As soon as lenders and borrowers see that kind of money growth coming, they will start to crank higher inflation estimates into their calculations. Mr. Ture expects the Fed to monetize the bulk of the deficit, for example, and talks in terms of a prime rate of 20% by the end of 1975.

If the Fed pursues reasonably moderate money growth, the deficits will still make interest rates rise, though not so astronomically. The normal operations of the market would balance the equation through higher interest rates, discouraging borrowing and encouraging savings and foreign inflows. But with a $35 billion gap to close, this implies interest rates that still might be high enough to cause severe problems.

A drop in business investment below $205 billion implies a much deeper economic decline than so far predicted. Even the pessimistic predictions of the Council of Economic Advisers looked for a small increase, not decrease, in private investment.

Alternatively, the $80 billion in personal savings is based on a savings rate of 7.9% of a disposable income of $1,049 billion. Over the last 25 years, the savings rate has ranged from 4.9% to 8.2%. To generate an extra $35 billion it would have to leap to an implausible 11%.

Finally, the interest rates necessary to force savings up and investments down by such an amount might themselves be high enough to prevent a recovery. The effect on the housing sector, in particular, is entirely predictable.

The long and short of the analysis is that somewhere between a federal deficit of $50 billion and a federal deficit of $80 billion the string snaps. To maintain the "accounting identity," you are all but forced to assume the economy will unwind in one way or another. You can make the same kind of analysis not through the National Income Accounts as above, but through a different "flow of funds" methodology. Salomon Brothers did this earlier in the year, coming to this conclusion:

"The consequences of a U.S. budget deficit substantially greater than the nearly $50 billion estimated by us for calendar 1975 should be clearly recognized. Such a deficit could be reasonably financed only if the economic contraction this year is much greater than we expect. Otherwise the budget deficit would either lead to a vicious struggle for funds between private borrowers and the government, or the Federal Reserve would have to supply funds without regard to its long-range responsibilities. In any event, a larger than expected deficit would threaten economic recovery, despite the best intentions of government, by crowding out medium to lower rated borrowers, many of whom are already in peril, and mortgage borrowers as well, thus aborting recovery in housing activity."

Last week Walter W. Heller, a value member of our Board of Contributors, cited the Salomon Brothers analysis as reason not to worry about crowding out. But by now the Salomon Brothers analysts are well aware the deficit for calendar 1975 will be far above $50 billion. The St. Louis Fed puts the calendar year deficit at $62 billion merely on the basis of administration proposals, which included (on a fiscal year basis), $16 billion in expenditure reductions and a tax cut of only $16 billion.

But suppose for a minute that Mr. Heller is right about 1975 and that the gap is filled by a happy combination of events. Suppose money growth is moderate, and the Fed takes up some debt. Falling inflation means lower interest rates, and suppose this effect is powerful enough that non-destructive rates can balance the supply and demand for funds. There still remain two problems.

One is simply that private borrowers will still be crowded out, that private investment will decline. In other words, because of the huge deficits, we have a lower rate of capital formation and thus slower economic growth in future years. Assuming that the deficits cannot be reduced, this is the smallest price we can possibly pay.

The final problem is 1976, or whenever recovery does get under way in earnest. At that point, the investment needs of business and housing will go up, not down. If the government is by then still running $70 billion deficits, this will call for an even more impossible-looking increase on the savings side of the ledger. At that point, high deficits will again threaten to abort the recovery. This destruction of capital formation, excessive monetization of debt and aborting of real growth is essentially what has already happened in Great Britain.

Yet Congress goes its happy way, adding to expenditures, increasing tax cuts, charting tax bills that discourage saving instead of encourage it, secure in the knowledge that there is a recession on, and in that case Dr. Keynes always assured them that budget deficits are a free lunch. Didn't he?

THE CAMBODIAN DILEMMA

Mr. HUMPHREY. Mr. President, the Senate will soon consider the President's request for further military assistance to Cambodia. Daily, the administration reiterates its rationale for further aid to the crumbling Lon Nol government. Its arguments are not new. I do not find them convincing. My review of the cables and intelligence reports has reinforced my conviction that, even with increased aid from the United States, the Lon Nol government cannot long survive.

Since 1970, we have provided $1.75 billion in military assistance to Cambodia. If with this mammoth sum the Phnom Penh government could not prevail on the battlefield. is it realistic to expect that an additional $125 million will turn the tide?

Now the administration seeks to justify its request for more aid with the contention that if the government falls a bloodbath of devastating proportions will ensue. And yet, the blood flows profusely in Cambodia today.

Our answer to the administration must reflect a decision based on the best interests of the Cambodian people themselves. What course of action will bring their suffering to a swift end? What course of action will save the most lives? If my colleagues will carefully analyze the situation, I trust they will concur that the delivery of more military aid will neither bring peace to Cambodia nor end the bloodshed, but will only serve to prolong the unspeakable ordeal of the Cambodian people.

In an article in the Washington Post on March 9, Anthony Lake eloquently analyzed the administration's proposal and the history of our tragic involvement in Indochina. He stated that:

> . . . with the situation in Cambodia now so desperate, the burden of proof must be on the administration to show us where it wants to take us: how more aid will lead to peace and how much it will cost us and the Cambodian people in the process.

With deep insight, Mr. Lake has discussed past premises in the context of the present situation in Cambodia and has come up with some interesting conclusions.

Mr. President, I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

AT STAKE IN CAMBODIA: EXTENDING AID WILL ONLY PROLONG THE KILLING

(By Anthony Lake)

The news from Indochina has a familiar ring these days: Rockets are falling on a city, innocent people are dying and a government propped up by American money is calling for more. Even more familiar are the arguments being used by President Ford and his administration to urge additional aid for Cambodia, arguments that echo years of similar pleas about Vietnam.

The fact that we have heard them before does not mean that the old arguments are necessarily wrong. But the passage of time and the continuing bloodshed do indicate that we may have been arguing the wrong issues all along.

If we are to turn an all too familiar and bitter debate into a practical discussion of what is to be done about the mess in Cambodia, we should resolve the questions on Indochina that no longer can be evaded.

Anyone who feels nostalgic about the rhetoric of the past must appreciate many recent pleas by the administration.

"Dominoes," for example, are back in fashion. The allegiance to the theory of falling dominoes is not as enthusiastic as in 1963, when President Kennedy exclaimed, I believe it. I believe it." Now, Secretary of Defense James Schlesinger argues that "the domino theory . . . has been overly discredited."

The theory has changed, of course. In the 1950s and early 1960s, the prediction was that the dominoes might fall, one by one, as communism advanced across Asia.

Under Presidents Kennedy and Johnson, the concept was broadened. The Communists would promote "wars of liberation" around the world, if they were not licked in Vietnam. In May, 1965, the assistant secretary of state for Far Eastern affairs warned that "Africa and Latin America are already feeling the threat of such thrusts."

Now, with false alarms about Africa and Latin America no longer ringing, and with detente the cornerstone of our foreign policy, the dominoes are not physical but psychological; not countries that might fall to external subversion, they have become attitudes toward the United States that might change, with severe diplomatic consequences.

Secretary of State Dean Rusk sounded this warning in October, 1967. Our "credibility," he said, was at stake in Vietnam. "If any who would be our adversary should suppose that our treaties are a bluff, or will be abandoned if the going gets tough, the result could be catastrophe for all mankind."

President Nixon, similarly, feared the world wide consequences of America's acting like a "pitiful, helpless giant."

The assistant secretary of state for East Asian affairs recently played on the same general theme: "Cambodia cannot be viewed as an isolated spot of small import to the U.S. Rather, it must be viewed in the larger context of Indochina which, in turn, affects Southeast Asia and Asia as a whole, which again affect the rest of the world. It is not to exaggerate to say that the eyes of the world are on the U.S. response to the needs of embattled countries."

But where are the voices and arms of our allies, if their eyes are riveted to our response? They are generally silent, because they, at least, understand the danger of drawing an analogy between a NATO country and a Cambodia. Indeed, they must prefer that the United States wake up from the Indochina nightmare that whose commitment so debilitates it.

Related to the dominoes argument is another old acquaintance, the "commitment" refrain. It is unnecessary to recall how often we heard of our "commitment" to succeeding regimes in Saigon. Now we are told we have a commitment to Lon Nol, and the Congress will violate it only at our peril.

Yet surely the blame for this state of affairs should not be placed on Capitol Hill. The administration made whatever promises there were, despite constant congressional opposition since the war was extended to Cambodia by the "incursion" of 1970.

Section 655(g) of the Foreign Assistance Act, which states that aid to Cambodia "shall not be construed as a commitment by the United States to Cambodia for its defense," was passed by the Congress in 1971 and reaffirmed since. It was also signed by the President.

To "dominoes" and "commitment," add a third familiar phrase: "foreign aggression." American troops won't necessarily be sent to meet it any more, but according to President Ford's statement on Cambodia, "the policy of this country is to help those nations with military hardware . . . where the government and the people of a country want to protect their country from foreign aggression."

At best, the view that the struggle in Vietnam is not a civil war has always been arguable. To claim that Prince Sihanouk and his Communist but indisputably Cambodian allies in the field are "foreign" to Cambodia is simply inaccurate. Sixty-two governments recognize them as the legitimate rulers of Cambodia.

Yes, they do receive foreign aid as they attack the people who attacked and threw out Sihanouk in the first place. If that makes this a situation of "aggression," and "foreign" at that, what are we to say of our aid to the other side?

Cambodia must be recognized as a civil, not an international war as Vietnam should have been so long ago.

THE BURDEN OF PROOF

Finally, there is the Cambodian "bloodbath" which so many in Washington now fear, should Phnom Penh fall. "Defeat in South Vietnam would be to deliver a friendly nation to terror and repression," warned President Johnson in April, 1965. Now one can all too clearly envisage the bloodshed that would accompany a final spasm of fighting around Phnom Penh.

But to warn of a new "bloodbath" is no justification for extending the current bloodbath. Rather, we should begin to consider the questions which must now—perhaps already too late—be addressed.

All of the arguments just mentioned warn of the penalties of failure, the consequences of allowing a defeat in Indochina. Yet the first question to be addressed is at least as important: What are the future penalties of a continuing effort to avoid defeat?

Throughout the sad history of American sacrifice in Vietnam, our Presidents justified our anguish not by predictions of success, but through fear of failure. And we never saw a careful analysis of what it would cost—in American lives, in American dollars, and in the sufferings of those we said we were trying to save.

The hope offered for so many years on Vietnam, and now on Cambodia, was that a "compromise settlement" could be achieved if we were tough enough to force one. But even with the so-called cease-fire of 1973, the fighting continues in Vietnam, and this flickering light at the end of the tunnel seems as far distant as ever.

We never should have waded into Cambodia in 1970, or into Vietnam before that. Now that we are over our heads, we are like a swimmer who strikes on *away* from shore, with only water to the horizon, because he wants to avoid looking weak to his friends and to the bullies back on the beach.

Especially with the situation in Cambodia now so desperate, the burden of proof must be on the administration to show us where it wants to take us: how more aid will lead to peace and how much it will cost us and the Cambodian people in the process.

Playing on vague, future fears will not do. For those concerns must be overpowered by our fears of continuing a conflict that has claimed the lives of 10 percent of the Cambodian people in the last five years and made millions homeless.

The second and third questions make an assumption that the reader may not share: that whatever the United States does, short of armed intervention, the Lon Nol regime will fall, and sooner rather than later. This is an assumption supported by news reports and widely shared by analysts both in and out of the U.S. government.

CUTTING OUR LOSSES

The second question: How, in these circumstances, can we limit damage to and within the United States?

One way would be to stop falling into the same traps we so willingly entered in Vietnam, and cease overstating the stakes in our performance.

The more we *say* that the whole world is watching and judging us, the more it watches and judges. In claiming that Cambodia is a test of our will, we may make it one. It would be better to make it a test of our intelligence.

On Feb. 25, Secretary of State Henry Kissinger intoned the warning that ". . . if the collapse of Southeast Asia is caused by an American decision to withhold aid under conditions in which such a decision can have only one outcome, the conclusion will be inevitable that it was the United States which has the responsibility."

What of the responsibility of the corrupt and incompetent Cambodian regime that made such bad use of $1.75 billion of U.S. aid the past five years?

Kissinger has carefully tried to avoid parallels between American actions on Cambodia and our approach to Israel. Couldn't the same distinction be made in favor of our other allies? It would be in our interest to do so.

Another way to limit the damage of Cambodia would be to heed the administration's own fears, expressed by President Nixon on Nov. 3, 1969, that after disaster in Indochina, "inevitable and divisive recrimination would scar our spirit as a people."

What is it but "divisive recrimination" when the administration goes to such great lengths to blame the Congress for what most officials at State, Defense and the White House must know is an inevitable loss in Cambodia? There is a widespread suspicion in Washington that leaders of the administration privately concede defeat both in Cambodia and in the Congress, but plan to use the guilt they will lay on the Capitol doorsteps to force continuing appropriations for Vietnam. If this is the strategy, it presents a curious spectacle of self-defeat: an American government damaging us abroad and at home over Cambodia to avoid precisely those dangers over Vietnam.

A further measure of damage-limitation would involve adopting a diplomatic and rhetorical position which eschewed bitter attacks on Lon Nol's enemies. They are indeed supported by Hanoi, Peking and Moscow. But, to the extent we know much about them, they include many Khmer nationalists, Communist and non-Communist. Once they gain power, we must hope for as much nationalism on their part as possible. Why play up our enmity to them? It can only help push them further into the arms of their Communist supporters.

We are not, after all, really facing the "loss" of Cambodia. It is not ours.

The third question concerns the damage done in Cambodia: How can we help keep future bloodshed there at a minimum?

As Sen. Hubert Humphrey recently put it, "It seems to me that events in Cambodia have gone far beyond the point where we should be concerned about trying to support continued military actions on the part of the Phnom Penh forces and should turn our attention instead to the alleviation of the terrible suffering and bloodshed occurring on both sides in this civil war. How does it make any sense to ask for $222 million worth of ammunition which can't be delivered when children are starving and the Cambodian people are desperate for peace?"

The dilemma is painful. If no more aid is forthcoming, Phnom Penh will collapse before too long and more children will starve in the meantime. If more aid is sent, the bloodshed will continue a while longer.

There is no good answer. Some find appealing the President's call for time for negotiations aimed at a compromise settlement. But that boat left port at least a year ago, as shown by the record of failed efforts just released by the State Department. Why should the Khmer Rouge agree to share power when they can expect to seize it?

As Kissinger aptly puts it, "negotiations cannot be a substitute for a situation on the ground . . . They will reflect a situation on the ground." And even with the new aid, the position of the Phnom Penh regime is hardly likely to return to 1973—when successful negotiations, we were told, were not possible.

What, then, is to be done?

The administration would like to buy some more time with further aid. If Lon Nol still loses in the near future, we would have gone down swinging. But all we would have accomplished is the provision of an indecent interval of further killing.

If, extraordinarily, our aid denied the Khmer Rouge victory through the coming rainy season, we would only have entered a new tunnel at the end of this tunnel, with still more bloodshed.

In either case, the administration's tired old arguments would have produced a terrible new suffering.

Perhaps the least bad choice would be to provide a little more aid, including food, to allow the government in Phnom Penh to negotiate—not an impossible compromise—but an immediate, peaceful turning over of power. This would stop the final, useless killing.

Free passage out of the country for those who wished to leave might be achieved. If it is not, and the aid is simply cut off, only those Cambodians who can commandeer the last flights out of Phnom Penh, assuming the airport is open, would be able to go. American officials would leave by plane or, if necessary, by the helicopters now standing by. And the departing generals and diplomats would leave chaos behind them.

The presence of an international group in Phonm Penh that could oversee the departure of refugees could also be sought. It might be given responsibilities for managing food and medicine distribution as well.

This approach would require absolutely limiting the further U.S. aid to no more than enough for one or two more months, so the handwriting on the wall is completely clear. And it should be accompanied by calls on the administration and the leaders in Phnom Penh to make such a diplomatic effort.

Kissinger is right when he argues that the time is not ripe for negotiations—but only if the administration and the generals still seek victory or susbtantive compromise. The time is now for negotiation to save lives, as the final act apparently unfolds.

As it does, a last question emerges. Cambodia was invaded in 1970 for the sake of American strategy in Vietnam. Shouldn't that strategy now be examined in the light of Cambodia? For the same basic choices seem to face us in Vietnam as well, even if the timetable and scale are different.

FORD FOUNDATION STUDY ON ENERGY ALTERNATIVES

Mr. HANSEN. Mr. President, not long ago the Ford Foundation published a $4 million study on energy alternatives for the Nation. The study entitled "A Time To Choose," points out the danger of becoming accepted as an authoritative document by the American people in the absence of any analysis of it.

Fortunately, a group of economists, energy authorities, and academicians under the auspices of the Institute for Contemporary Studies saw this danger and undertook a critique of the Ford study. They found it lacking in both logic and fact.

The Institute has published an analysis in a book entitled, "No Time To Confuse," and I commend this important document to all my colleagues. I further commend this study to all who would like to see this great country work itself out of our energy shortage dilemma.

Mr. President, "No Time To Confuse" has received some attention by the media recently. Mr. Robert F. Hurleigh on Mutual Broadcasting System has devoted two commentaries, one on February 25, and again of February 26, to the Institute for Contemporary Studies' effort.

Mr. Hurleigh commented on February 25:

> The Institute had sent copies of the Ford Foundation's Energy Policy Project to ten outstanding economists, engineers and scholars of undeniable competence, and asked them to appraise the Ford Foundation's final report. To a man, though in varying degrees, the individual reports of this highly qualified review panel appraised the Foundation project as a regrettable effort which confuses energy and environmental issues and is arrogantly demogogic.

On February 26, he said:

> The importance of this competent critique of the Ford Foundation's report lies in the fact that many government officials and members of Congress, as well as those involved in energy issues may be aware of the basic weakness of the Ford Foundation's blob of environmental ectoplasm.

Finally, Mr. President, Mr. Nicholas von Hoffman's column of March 7, in the Washington Post mentions this analysis of the Ford study.

Mr. von Hoffman puts forth a most intriguing idea for saving the energy crunch:

> Apparently 6 trillion years ago there were an incredible number of palm trees and snails obligingly dying and turning themselves into oil and coal for us.
>
> Maintaining a free market in oil, or even deregulating the oil industry where it is now controlled, won't solve all our problems, especially the long range ones, but it is an infinitely better approach to our present difficulties than anything the politicians are proposing. Indeed, if they want to help the oil situation, they might take themselves and their fossilized, old-fashioned ideas on government intervention and emulate the snails and the palm trees. This is the only way they can materially contribute to increasing our energy supply.

Mr. President, until this Congress opts for the free market approach for the solving of our energy shortages, these shortages will continue and the inflation-recession economy we find ourselves in will continue to plague our people. The only way to eliminate a shortage of anything is to increase its supply relative to demand. You cannot accomplish supply increase through allocation after allocation, regulation after regulation, and taxation.

The American consumer and the American producer will respond to economic price incentives-price disincentives.

OLD PEOPLE: FRIENDLESS IN THE COURT

Mr. TUNNEY. Mr. President, last June the Senate Committee on Aging and the Judiciary Subcommittee on Representation of Citizen Interests conducted a joint hearing in Los Angeles on "Improving Legal Representation for Older Americans."

That hearing provided moving testimony about the legal problems affecting the aged.

Witnesses repeatedly emphasized that the senior citizens' need for legal representation perhaps, may be greater than for any other age group.

Upon retirement, older Americans increasingly rely upon Federal programs, such as social security, medicare, supplemental security income, food stamps, and others. Quite often, these programs are couched in rather complicated language which is not readily understandable by the layman.

The hearing also provided compelling testimony about many aged persons who "slip between the cracks" of Federal programs when confronted with a legal problem—especially the middle-income elderly. They have too much income to qualify for legal services; yet, they cannot afford to pay a private attorney at today's prices.

Consequently, they are in a "no-man's" land, with no place to turn. The net impact is that large numbers now suffer needless deprivation and anxiety because no legal assistance is available at a price within their reach.

This month's issue of "Juris Doctor" has a special feature on the legal problems of the elderly and provides fresh new prospective on this issue. Additionally, it discusses efforts of the National Senior Citizens Law Center, based in Los Angeles, to sensitize various groups about the aged's pressing need for representation.

Mr. President, I commend this article—entitled "Old People: Friendless in the Court"—to my colleagues, and ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Old People: Friendless in the Court

(By Marlene Adler Marks)

In the year 2010, I will be 62. Chances are most of you will be at least that old. Many of you will be much older. The postwar "baby boom" will undoubtedly become, just 35 years from now, the "patriarchs push." And so for the youngest among us it may well be an act of self-preservation to talk about the legal problems of today's old people, euphemistically called senior citizens. For no matter who they are or where they live—in isolated retirement meccas like Miami or Los Angeles or in nursing homes near your house where they are rarely seen—the elderly today are you tomorrow.

But the private bar, like the public at large, has little use for reminders of impending old age. "The private bar hasn't done diddly," says an activist in the field of legal aid for the elderly. Says Jack Berman, a prominent San Francisco attorney, "You want to know why we don't handle cases for the elderly poor? Why, it's the same reason we don't handle cases for the young poor. We can't afford to. Let me tell you about my overhead. . . ."

There are 20 million prospective clients out there over 65 with problems you would hate to face—but may have to one day. Contemplate for a moment the specter of incompetency proceedings, or the no-man's land of a nursing home. One in four elderly families lives on less than $3,000 annually. More than 50 percent of single old people live on less than $2,000 a year.

But the problem is more than one of poverty, for not all the elderly are poor. Many of them are living on fixed, but middle-class incomes. Nevertheless, they have special legal problems, and the record of the private bar in helping these Americans—who are often too proud or frightened to cry out for help—has been abysmal. The old live today under an apartheid policy as severe and shocking as South Africa's, and so far no deluge of "civil rights workers" has volunteered to set them free.

Economics are only the beginning—the problems inevitably involve equal rights and the law. People over 65 make up 20 percent of the poverty population. They live on Old Age Assistance, Social Security, and the recently enacted Supplemental Security Income—a basic monthly income of about $235, depending upon the state.

To some of us, a yearly income of under $3,000 may seem beyond belief. But for the elderly, the current economic crisis is only the last item on a long list of financial tortures. "My wife, at 65, and I, at 72, are part of an unfortunate generation," one man wrote to the American Association of Retired Persons. "The depression of the thirties denied us the maximum earning power and advancement opportunities of normally more productive years. During World War II, our salaries were frozen and our mobility severely restricted. Pension plans and fringe benefits in commerce and industry did not materialize until the middle or late fifties. Even then, I was considered too old to participate or unable to transfer what little vested rights I had accumulated to another job. This is not to be considered a complaint, but only a record of the facts."

Horror stories may be unnecessary. We all know of old people living alone, enfeebled, poor. We've heard stories and read congressional reports about inhuman conditions in nursing homes, and we remember the testimony about old people eating dog food. And the rights of the elderly are still in daily jeopardy. They live in a "Catch 65" world, where institutions and people seem bent on destroying the only thing the old have left, their dignity.

Urban renewal programs are a good example. Generally, old people who live in their own homes have maintained them well—some for as long as 50 years. But when cities require costly adherence to housing codes, the elderly run for cover. They simply can't afford the improvements or the attendant increase in property taxes; eviction cannot afford to pay for a loan," Stan Price, former head of the defunct Housing Law group in Santa Monica, California, told a congressional committee some years back. "They cannot get a loan because the banks will not lend money to elderly people who are living on a fixed income, and banks will not lend money to homeowners in certain parts of the city."

Where can old people go for help? Whether it is a dispute with a landlord, a nursing home, an insurance company, or the Social Security Administration, the elderly usually find themselves friendless in the legal community. "We never think about going to a private attorney for help," says a member of one California senior citizens group. "Attorneys don't regard the elderly as part of the market. They don't have money so they never get help."

While frequently pigeonholed as "poor" and therefore entitled to legal aid, the elderly are in a class by themselves. They have the same needs as other legal aid clients, but they have problems that set them apart. As James Kraus, former deputy director of New York's Legal Services for the Elderly Poor, wrote in 1971, "The candid policy of many attorneys is to take advantage of court delay and elderly plaintiffs by postponing trials as long as possible, knowing that the pressure for settlement intensifies in proportion to the plaintiff's age and health—and therefore the diminishing likelihood of remaining alive to enjoy any financial recovery."

Kraus suggested that all jurisdictions give the elderly special priority for hearings and trials. They need extra consideration as plaintiffs, Kraus said, so that they "can benefit from any recovery during their lifetimes," and as defendants "to prevent one party from capitalizing on the age of another and in the interest of having the trial include the live testimony of the defendant."

But these problems arise only after the elderly client has found a lawyer. Finding representation is difficult indeed, compounded not only by the disinterest of most of the private bar but also by its simple ignorance of old people's problems. Social Security forms and the appeals process for beneficiaries are a legal specialty, as are pensions, nursing home contracts, and the problems of involuntary commitment. While law schools were relatively swift in adding civil rights law, landlord-tenant law, and general social welfare law to their curricula, only a minority of schools offer courses in how to fight for an elderly client.

Thus it is newsworthy when four Stanford University law students establish a program for free legal services to the elderly. Duke, Syracuse, and George Washington law schools have grants for clinical programs on aging, and the University of Southern California and the Los Angeles campus of the University of California allow students to spend part of their time representing the elderly. And New York City has opened the first legal aid office exclusively for the elderly (see accompanying story at right).

But these are still the proverbial drops in the bucket. "The issues the elderly face are those for which even most legal services have no background," says David Affeldt, counsel for the Senate Committee on the Aging. "The other minority groups are regarded as being perhaps more visible and more glamorous. Their problems are ones attorneys are acquainted with." Old people's problems, he says, are not "of natural interest . . . to the general members of the bar."

Compounding the problem are disincentives built into federal programs that set outrageously low attorneys' fees. The Social Security Administration, which ranks first on the complaint list of the elderly, has established a 25 percent fee limit on past-due benefits recovered. Any additional approved fees must be recovered directly from the client. All fees for disability cases require approval from either the SSA or the court. While this may prevent attorneys from reaping a bonanza, the limit also means that only the most dedicated lawyers will work in a remote area of the law where the fee is small or nonexistent.

"The government ought to pay reasonable attorneys' fees on the basis that it expects to get professional help," says Norman Kalcheim, former head of the American Bar Association's Family Law Section. Fees should be discretionary within the appeals process, based on the amount of work done, he says, just as they are in workmen's compensation cases.

Oddly enough, an increase in attorneys' fees gets no support whatever from the two major elderly organizations, the predominantly blue-collar National Council of Senior Citizens and the mostly white-collar American Association of Retired Persons. These two groups attempt to speak for about seven million of the nation's elderly.

"We're trying to awaken the attorney to perform that *pro bono* benefit he's always so proud of," says David Marlin, NCSC counsel. "We're trying to tell him it's in his self-interest, the interest of the community at large, as well as God's work." For years Marlin and the NCSC staff have been promoting programs to entice the public bar. In 1968 they used one of the first federal grants for the elderly for 12 demonstration projects throughout the nation. One outgrowth of such funding was the National Senior Citizens Law Center (see accompanying story, page 20).

The AARP, on the other hand, while fervently backing legal services, has little hope of getting the private bar to respond. Jim Hacking of AARP's legislative section talks of prepaid legal insurance, more money for the newly established Legal Services Corporation, even government-funded ombudsmen to help the elderly through the federal bureaucracy.

But AARP doesn't mention partnership with the private bar. "We understand the average attorney has to run an office, has to make enough money," says John Martin, a colleague at AARP. "In a good many cases, there's no adequate fee."

At the union-backed NCSC, there is no evidence of such understanding. "The legal profession has never been covered with glory in its attempts to use the law to benefit the depressed and deprived of this country," says NCSC attorney David Marlin. "The problem with the legal profession is the same as that of many professionals in this country. They forget their obligations to the less well-off."

When the Practising Law Institute held a two-day seminar last spring on "Legal Rights of the Elderly," most of the 100 attorneys attending were, predictably, government lawyers. "Unfortunately, the problems of the group are typically non-remunerative to the attorneys involved. The elderly, more than others, live on limited fixed incomes," says Alfred Miller, program director of the seminar. Miller looks forward to a revolution in office management. Attorneys could realistically and painlessly use their time for elderly clients, he says, if they would use paralegals or form books, or otherwise simplify the delivery of their services.

"Attorneys could do the job," says Paul Nathanson, head of the National Senior Citizens Law Center. "They could make sure the elderly got care." The elderly would not have "Rolls Royce" wills, Nathanson admits, but they could get adequate legal care, "which is more than they get now."

The ABA's Kalcheim has been trying for years to get approval for a specific program, and this year the organized bar has made its first concrete attempt to enlist private attorneys in serving the elderly—a program called LATE, Legal Assistance for the Elderly, using retired attorneys working for free. "My committee has been dealing with these problems for eight years," says Kalcheim. "The bar has always been active; 25 percent of its time is given to public affairs, and we've always been receptive even without financial rewards."

David Marlin of the NCSC doesn't think that's quite the case. "The Family Law Section has done very well within the range it operates in," he says, but because it is oriented to the law rather than the client, it has adopted a piecemeal, specialist approach. "The section is peculiarly geared to guardianship and conservatorships," says Marlin. "It has nothing to do with housing or welfare, and very little to do with probate. That's all another section. The range of interests of older persons do not coincide with this specialty of the law."

Perhaps there would be no problem if government legal services were filling the need. But in terms of dollars and political muscle, the elderly have had to take a back seat to the better organized poor blacks and other racial minorities whose problems are more visible. Now that the lobby representing elderly rights has become stronger, however, the tables may be turned—to such an extent that some attorneys think the poverty population as a whole may be hurt as money is siphoned off for programs designed solely for the elderly poor.

This year, for example, the Senate has already passed a $105 million appropriation under Title III of the Older Americans Act of 1965, some $9 million more than originally requested by the Nixon-Ford Administration. Some $2 million seems destined for legal services projects, though it's difficult to tell whether the House will agree to the increase or if President Gerald Ford will veto the entire package as "inflationary."

Money is the lifeblood of all federal projects, and neither the elderly nor the poor in general are exactly swimming in it. For a year, no new money has been allocated to the Legal Services Corporation, for example, although Congress has voted its intent to increase funding. Meanwhile, the fight for the few available dollars is dividing poor people, young and old, despite the fact that their needs are often the same.

Since the problems of the elderly began making the front pages, the ability of the legal profession to respond voluntarily to the demands of society's downtrodden has been called into question more dramatically than ever before. Why must the government step in where private enterprise fears, or refuses, to tread? Last year, Senator John V. Tunney's Subcommittee on Representation of Citizen Interests held a series of hearings on "The Organized Bar: Self-serving or Serving the Public?" Tunney heard from leaders of the bar on questions of price-fixing among attorneys, the monopoly of the legal profession, and the bar's responsiveness to the poor.

"Studies show that scores of citizens are turning away from lawyers because of the high cost of services." Tunney said at one hearing, "and lawyers increasingly leave single practice to aggregate in corporate law firms in large cities. The result is a growing gap between the lawyer and the average citizen. Why should this situation exist at a time when the lawyer population is increasing faster than the general population? If, according to the ABA Canons, the profession has a 'duty' to make legal counsel available, why isn't it happening?"

Tunney is clearly aware of how this affects the elderly; each month at least 600 of them file requests for service at his Los Angeles office. Administrative foul-ups in Social Security are the major complaint of Tunney's older constituents. Problems with loans and convalescent homes run a close second.

Eric Perkowski, Tunney's chief case worker, says many of these complaints should be directed to an attorney, but can't be because his office can't get involved in solicitations or referrals. In any case, says Perkowski, "by the time we get a case, it's too late to do anything about it. The elderly turn to their congressmen because they don't know where else to go. It's not that the system is so complex. . . . It's just that people don't fit into nice, clean slots."

"Even in an administration as efficient as this one, there are many mistakes and misjudgments," says David Marlin of the National Council of Senior Citizens. "If there were more legal activity, there would be more justice applied accurately and fairly."

The central question may simply be, "What makes the age 65 so special?" New York attorney Alfred Miller wonders if the problems of the elderly are really substantially different from anyone else's. "Aren't they part of the entire population?" he asks. "There are others in society attorneys don't serve either. Lots of attorneys wouldn't take a client of 55 if he were without money.

"It's one of my hangups. Why does the fact you're over 65 make it difficult to get legal services? It's only one aspect of the entire problem of inadequate delivery of legal services in our society."

Perhaps Miller is right. But the elderly, poor and middle class alike, face legal problems peculiar to being old in America. This past January the Supreme Court ruled that Greyhound Bus Lines could discriminate in hiring bus drivers based on age; a legitimate safety issue, the Court said, was at stake. Such decisions do not bode well for the elderly who must work, or for the many who have to work simply because they need something to do that makes them feel worthwhile.

So the elderly's problems extend well beyond economics. The poor do not live in nursing homes; old people do. The poor are not likely to have invested 40 years in pension plans only to watch them go broke; old people have. Most of us, rich or poor, are not hidden away in society's dark corners. The elderly are. But they are beginning to crawl out of the corners in which society has put them and have started demanding equal representation before the law.

Victims of the Dream

"Elderly clients? This is a *sexy* issue! You talk about law reform—well, the issues for the elderly today are only the tip of the iceberg." Paul Nathanson, 31-year-old head of the National Senior Citizens Law Center based in Los Angeles, has been giving himself pep talks like this for more than two years.

"What do you mean *sexy*?" answered the hundreds of Legal Services offices nationwide that were expected to use the center for research.

"What do you mean *sexy*?" answered the White House when it appointed Howard Phillips to break up the Office of Economic Opportunity, thus threatening to put Nathanson out of business.

But Paul Nathanson, who specialized in pension plans for the prestigious Los Angeles firm of O'Melveny & Meyers, knew that the elderly had friends. To find them he attended hours of legislative hearings around the country. He heard politicians talking a good story about helping the elderly with legal services, but they didn't seem willing to do very much. He also talked to old people—who, it turned out, had a lot to say about what was wrong with lawyers.

Today Nathanson's travels are paying off. In the past year, 45 legal services programs specifically for the elderly have been funded across the country, with individual grants ranging up to $70,000. Nathanson knows this still amounts to a mere fraction of the money available for legal services, but he is optimistic. He predicts that 100 offices will soon have some sort of program specifically for the elderly and, eventually, that there will be an attorney for old people in every legal services office in the country.

Through speech making, hounding elected officials, and constant propagandizing, the National Senior Citizens Law Center has wrought changes in the hearts and minds of powerful politicians. Even Chicago Mayor Richard Daley helped get funds for a legal aid office for the elderly in his city. And Florida, with the largest elderly population of any state, has funded legal aid offices for the elderly statewide.

Paul Nathanson has grown a few gray hairs of his own in his effort to publicize the plight of the nation's elderly. In March 1973, after six months on the job, he had a staff of two other attorneys and a clientele virtually hidden in a mound of demographic data. He had discovered that while the elderly make up 20 percent of the poor, they comprise only 6 percent of the legal services caseload nationally. And he was sure that old people had no lack of problems.

"Legal services offices used to say, 'We'll take anyone who comes in the door.' Well, that rules out old people immediately," says Nathanson. "They're simply not going to walk into a legal services office." The problem, he explains, is that the elderly have been taught not to accept charity. "They're the group that really bought the American Dream in the classical sense," he says. "They were told to work hard, keep to themselves, and never take handouts. Most of them were middle class during their working lives. Then they reach 65, and immediately they're poor. But they won't take what's rightfully theirs, even if it's for free, because they were told they were middle class and that it's wrong to take welfare. The poorer you are, the more adamantly you say, 'I'm not poor.' "

To understand these feelings, Nathanson says, is all important in dealing with the elderly. You can't expect to change them. If the potential client is white and against welfare because of racial bias, does that mean you stop trying to deliver the service that's needed? In some ways, Nathanson admits, government attorneys will find it difficult to substitute for private attorneys for this generation of the elderly. "The elderly poor," he told me in his office recently, "would rather have a private lawyer than what they see as a 'welfare' lawyer."

But because the private bar has not responded to the needs of the elderly, legal services lawyers will have to fill in the gap. Although Legal Services money has been available to the elderly through the Administration on Aging since 1972, it is only recently that legal services offices have been able to get at it. The increased interest may be partly due to cutbacks in other kinds of legal services funding, and the elderly have been virtually the only special interest group to get increased aid throughout the Nixon-Ford years.

Attacking the specific legal needs of the elderly, says Nathanson, has been "on the books" as a high federal priority for some time. But the Administration on Aging, originally funded under the Older Americans Act of 1965, preferred to wait for the big push. Administration Commissioner Arthur Flemming, says Nathanson, planned programs for information and referral first and casework projects later.

"This dissuaded legal services attorneys from even asking for the money," Nathanson says. "O.K., we said, if they're funding I and R, tell them you'll do I and R too." The center's efficiency is acknowledged even by the Department of Labor, which refers most of its pension complaints to the center's Los Angeles and Washington offices.

The center's staff has grown in two years to nine lawyers, with specialties including probate, Social Security, age discrimination, consumer problems and taxation. Although the center cannot itself represent clients, its research has covered most of the meaty issues of administrative law and equal protection: mandatory retirement, due process in incompetency hearings, model probate codes, and Social Security benefits. Clarifying due process issues under the new Supplemental Security Income program will create an important precedent for national health insurance and guaranteed annual income programs, if these are finally enacted.

Although the center has for the last two years attempted to strengthen its position in the legal services delivery establishment, its future is in doubt. Political friends of the center, including California Senator John Tunney, are trying to insure that at least part of the $2 million appropriated for legal services through the Administration on Aging is specifically earmarked for the center. For now, Nathanson expects a supplemental OEO grant to carry them through this September. But the center is caught between the politics of the Administration on Aging and the new Legal Services Corporation. The latter is specifically prohibited by law from funding research, training, and clearinghouse support—exactly the kind of work the center has done best.

While waiting, Nathanson is, as always, optimistic. "Although the future of NSCLC is uncertain," he wrote in a recent center bulletin, "we would like to reiterate to all . . . those needing any sort of technical assistance . . . that we have no intention of slowing our operations or in any way diminishing our services."

SURGICENTER IN PHOENIX

Mr. FANNIN. Mr. President, 5 years ago a new medical facility called Surgicenter was opened in Phoenix. I have followed the development and the progress of this exciting concept closely, and I believe that it is proving to be an important innovation in reducing the cost of medical care.

Mr. President, the March issue of Prism includes a very interesting article on Surgicenter and the problems which have been encountered in attempting to extend this concept to other cities. I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From Prism, March 1975]

WHAT FUTURE NOW FOR SURGICAL CENTERS?

(By Felicia A. Holton)

(Independently owned, free-standing ambulatory surgical centers (FASCs) have been increasing in number throughout the country during recent years. Wherever they appear, they offer opportunities and encounter problems uniquely their own. When Surgicenter of Phoenix, the prototype FASC, opened in 1970, Felicia A. Holton was among the first to report on it. Recently, Prism's editors sent Ms. Holton back to Phoenix for a second look at the progress of this FASC. Here is her report.)

When Wallace A. Reed, M.D., and John L. Ford, M.D., opened Surgicenter of Phoenix, the first of a new kind of surgical clinic called a free-standing ambulatory surgical center (FASC), they knew they had come up with an innovation in the health care delivery system, but it was some time before they realized just how innovative it actually was.

The two anesthesiologists founded Surgicenter (now a registered trade name) to provide a place where both patients and physicians would receive more individual attention during comparatively simple operations in an independently owned, short-stay surgical unit, where patient care could be offered at a cost below that charged for similar procedures done in a hospital, and where the surgeons would retain the autonomy they enjoy as physicians in private practice.

When Surgicenter opened, it was housed in a one-story building, covering 5,240 square feet and contained four operating rooms, a waiting room, a dressing room, and pre-op and post-op rooms. In addition to the two owners, the staff consisted of four nurses and a secretary-receptionist. But within three months, Surgicenter was straining at the seams, trying to accommodate an average of 22 surgical procedures a day. "We had planned space and staff to take care of about seven to ten procedures a day," says Dr. Ford.

Today, the space has been doubled to 10,000 square feet, and it now includes another waiting room, two more operating rooms, a pediatric nursery, a business office and a pain clinic. Also, two additional anesthesiologists work at Surgicenter, the nursing staff numbers 24, and business manager Robert Williams heads a staff of 15. The center now averages about 30 surgical procedures a day (some days as many as 40), and an equivalent number of diagnostic and therapeutic blocks are performed daily in the pain clinic. More than 250 Phoenix surgeons use Surgicenter (without paying the center a fee), and in the more than 25,000 cases that have been performed there, no fatalities have occurred.

Patients are charged a flat fee that remains the same regardless of the amount of blood used, the number of supplies, or hours of nursing time involved. And the patient may find out two weeks in advance what the cost of his operation is going to be. The average bill is $120, compared to $70 in 1970, when the clinic opened.

GAINING CONFIDENCE

Surgicenter has expanded not only the volume but also the kinds of procedures being done. In the beginning, about 75 percent of the operations were comparatively simple one performed under local anesthetics, such as vasectomies, cystoscopies, and hernia surgery.

"The area's surgeons were very, very cautious, waiting to see what kinds of problems could be treated here," says Dr. Reed. "As time went by, they gained confidence in our ability to handle patients and began to bring in more complex cases.

"Early cases never took more than a half hour or 45 minutes, under anesthesia. Now surgeons are bringing in patients for operations lasting two or three hours for such procedures as periodontal work and arthrotomy of the knee. Dental surgeons are also using the Surgicenter for full mouth reconstructions."

The average length of stay for a patient is three and a half hours, and the most frequently performed procedure is a diagnostic D and C. Next comes laparoscopy with tubal coagulation. The center does not accept abortion cases; its founders chose not to risk involvement in any potential abortion controversy.

Surgicenter's phenomenal success has inspired scores of imitators to set up their own FASCs, but Drs. Reed and Ford note that it wasn't easy. Indeed, the success of Surgicenter of Phoenix will be hard to duplicate, for its founders brought special qualities of their own to the enterprise.

Drs. Reed and Ford possess a happy combination of talents. Ford, whose avocation is designing medical equipment (including a machine for inflating the abdomen during laparoscopy, and OBYGN stirrups of nonconductive nylon to prevent burns), provides a craftsman's skills. He helped design Surgicenter's building and its equipment. Reed, who has been active in Arizona's medical politics for years, provides leadership in that area.

Ambulatory surgical care, Dr. Reed points out, is not a new concept; it has been carried on in U.S. hospitals for years. However, in the majority of the nation's hospitals, minor surgery is done on an inpatient basis. In a survey of its members in 1973, the AHA found that among 6,079 reporting hospitals, 1,427 do outpatient surgery, and of those, only 44 have freestanding ambulatory surgical centers.

PRESENTATION OF PLANS

This complicates scheduling in the operating room. The usual practice in hospitals, of course, is to schedule patients for minor surgery in the regular operating rooms. Hence, patients in for minor surgery must often wait a long time before they are operated on, and they also get bumped from the schedule. Also, as inpatients, they spend one or two nights in the hospital, with all the attendant costs.

"We think it is unfair for a patient who needs minor surgery to subsidize the care of someone who requires major surgery, which is what happens in hospitals," says Dr. Reed. And he adds, "We avoid the heavy overhead of a hospital—charges for laundry, 24-hour x-ray machines—and can pass on the savings to the patient."

Dr. Ford summed up the reasons for setting up Surgicenter: "It became obvious to us over the years that a lot of cases were being done in the hospital that did not require hospitalization. One reason is the improvement of anesthesia.

"Before World War II the primary general anesthesia was ether. I haven't used ether in 15 years. And previously, one would have to spend a day in the hospital to recover from anesthesia. But patients do very well on modern anesthetics; they wake up rapidly in a condition to go home soon after surgery."

It was clear that Surgicenter might run into some stormy political weather. Dr. Reed, with long years of experience in the politics of medicine, realized that the plan would need the entire community's backing.

"We felt we should touch base with every person or organization in the community that would be influenced by the idea," Dr. Reed recalls. "We presented our plans before the medical societies at the county and state levels and before county and state comprehensive health planning agencies, although at that time there was no law on the books stating that we had to do so, and also before administrators of various hospitals."

The prudent physicians asked their local comprehensive health planning agency to help them set up criteria with which Surgicenter could monitor care. As a result, they set up an independent audit committee of five surgeons with five different medical specialties.

As a check on the caliber of the surgeons using the center, the committee inquires whether they have operating privileges in at least one hospital, and it also audits quality of care. Further, Surgicenter's founders worked out safety criteria with the Phoenix Fire Department. As one protective measure the doctors decided not to use explosive anesthetics.

When Surgicenter first approached commercial insurance companies, it met with some skepticism. But Joseph Clune, manager of the group insurance claims division of Metropolitan Life, became intrigued by the FASC concept and flew out from New York for a personal inspection. He was joined by Norman E. Peatfield, M.D., a retired army medical corps major general who was then a consultant with Metropolitan and former head of CHAMPUS, the federal government's insurance program for dependents of service personnel.

OPPOSITION

Clune and Dr. Peatfield were immediately won over and agreed to reimburse Surgicenter on a two-year pilot basis, and other large commercial carriers followed suit. Today, Clune uses Surgicenter as a yardstick by which to measure other FASCs.

But Surgicenter did meet opposition from Blue Cross of Arizona, which refused reimbursement for facility fees. (Blue Shield pays surgeon's and anesthesiologist's fees; there has been no dispute here.

"Blue Cross of Arizona argued that under the plan's articles of incorporation, it could not provide reimbursement for a free-standing ambulatory surgical center," said Dr. Reed. "So I got a ruling from the Attorney General of Arizona stating that the plan could reimburse us without violating its articles of incorporation. Then the Blue Cross of Arizona board voted nine to five to reimburse us."

Surgicenter has no Medicaid patients because Arizona is one of her states that does not participate in the Medicaid program. Medicare honors Part B, the physician's fee, but until recently would not pay Part A, the facility fee, to any FASC.

It was not until April, 1974, that a federally financed study temporarily released Medicare funds. At that time the Orkand Corporation of Silver Spring, Maryand, began a two-year pilot project for HEW to study comparative costs of free-standing ambulatory surgical centers and hospital-run ambulatory surgical units. Surgicenter of Phoenix is the major subject of the pilot study, and Medicare Part A payments are being made to it during the study.

ENTHUSIASM

The internal ambience of an institution can be as important to its future as its financial backing. The first thing that strikes a visitor to Surgicenter is that a great deal of thought went into making the patients feel comfortable. Quite simply, the facility does not look like an institution, except for the exterior, which is indistinguishable from thousands of other physicians' office buildings. But inside, the furnishings and decor have been chosen by a discerning eye.

As might be expected, surgeons are responding with enthusiasm to the opportunity to work at Surgicenter. "A surgeon can do a lot of work here in a short time because of the efficiency and training of the staff and the efficient scheduling," says David Call, M.D., a pediatric surgeon.

One of the ways Suricenter makes efficient use of its operating space is that it sees to it that one operating room is never reserved far in advance. This enables a scheduled operation to be shifted there if the room originally reserved for the surgery is still in use when the scheduled procedure is ready to be performed.

"Hospitals usually don't have as much personnel for an operation, nor are they as skilled as they are here," Dr. Call continues. "Also, at Surgicenter the pre-op and post-op rooms and surgical suites are within 30 feet of each other. And we've reduced all chart work to a single sheet of paper."

Another Surgicenter innovation is the followup phone call its nurses make to patients the day after their surgery. The results are listed among the data recorded on the one-page medical record, which is coded for the computer. Further, the surgeons have a new way to save valuable time when examining their patients. A small tape cassette is attached to each medical record as a patient arrives. As physicians work on the patient, they pick up a recorder and tape the record, highlights of which are later transcribed onto the one-page document.

Hospital officials are becoming aware of the FASC's streamlined procedures. Said David Pent, M.D., an obstetrician-gynecologist: "When a hospital administrator asked me, 'Why didn't you doctors let us know you wanted outpatient surgery facilities?', I told him I had done three D and C's at Surgicenter, without rushing, in one hour. Generally, it takes an orderly at his hospital an hour to find the second patient and bring her to the operating room."

Patients are scheduled to arrive 45 minutes before surgery for screening. They are given a hemoglobin count and a urine test, and an anesthesiologist gives each a heart and lung examination before and after the operation. The center is open from 7:30 a.m. to 5 p.m., five days a week. The brief time required for treatment—an average of three and one half hours—pleases not only patients and families, but the patient's employers as well.

"We have noticed that when a person realizes he can be in and out of an operating room and back home on the same day, he has already taken a first important psychological step toward recovery," says Dr. Reed. Some patients return to work in the afternoon following surgery.

When Surgicenter opened in 1970, charging an average of $70 for an operation ($120 average now), four hospitals in the Phoenix area lowered outpatient surgery fees 30 to 50 percent. The center then charged $95 for a D and C (with an additional $10 charge made by the pathologist for laboratory fees). The usual charge for the same operation, with a two-day stay in a Phoenix hospital, was about $300 at that time. (Surgicenter has recently raised its fees, and a D and C now costs $121.)

The center has had an impact not only on the cost of ambulatory surgical care in Phoenix but also on the way such care is delivered. It is forcing hospital administrators to take a closer look at the high cost of their inpatient ambulatory surgery. If it is assumed that at least 75 percent of Surgicenter's patients would have been hospitalized for two days if the facility had not been available, then it follows that Surgicenter allowed Phoenix to use 34,500 fewer hospital days, from February, 1970, to September, 1974.

In response to the FASC's more efficient utilization of surgical facilities in the Phoenix area, Phoenix Baptist Medical Center and Scottsdale Memorial Hospital, have established their own free-standing ambulatory surgical centers. Also, Good Samaritan Health Services, which operates several hospitals in Arizona, including one across the street from Surgicenter, plans to include a new, streamlined unit for outpatient surgery when it replaces an existing hospital on Phoenix's west side. In addition, three other FASCs have opened in the area, and another is the planning stage. However, none of these facilities performs nearly the volume of operations that Surgicenter does.

The proprietors of new surgical centers need to know that setting up Surgicenter of Arizona cost Drs. Reed and Ford a good deal more than effort. Both partners suffered a one-third cut in income during the time it took to plan and establish Surgicenter.

"We had declared a salary for ourselves of $36,000 each per year, but we found we couldn't meet it in the first year of operation," Dr. Reed says. "We are now making more than that," he adds, "but we are still earning far below what we would have, had we practiced as before." But this year, for the first time, the center's founders have been able to draw managerial salaries from Surgicenter, above what they make in anesthesiologists' fees.

The success of their initial venture has led Dr. Reed and Dr. Ford to establish a framework for expanding, Surgicenters of America, Inc. Together with a group of investors from Hartford, Connecticut, they hope to duplicate their Phoenix clinic in other cities.

As the FASC idea becomes more widely known, increasing numbers of physicians are expected to travel to Phoenix and head for the low building on McDowell Street that houses Surgicenter. There, they will observe a laboratory of the FASC idea, and then they will try to establish it in their own communities.

The FASC Concept: Its Problems and Potential

Physicians who attempt to start free-standing ambulatory surgical centers (FASCs) find that it is not an easy task. They usually have to battle the established health-care delivery system to become operational and solvent. Some FASCs are merging triumphant; others are folding from lack of support.

Each institution in the health care field has its own, characteristic reaction to FASCs:

Comprehensive health planning agencies question the need for a new facility in communities where FASCs appear.

Blue Cross plans argue that surgical care belongs in hospitals.

Hospital administrators (many of whom sit on boards of Blue Cross and comprehensive health planning agencies) say that the community receives no savings from FASCs because when minor surgery is removed from a hospital's operating rooms, the cost of major surgery must be raised to cover the hospital's fixed costs. Where hospital administrators are unsuccessful at squelching these unwelcome new neighbors, they scramble to meet the competition for health care dollars by lowering fees for outpatient surgery or by putting up their own FASCs.

One of the hurdles that must be overcome is procurement of a certificate of need, which is required in 26 states. In these states, a hospital or health planning facility that is planning any building or expansion must prove the need to a Community Health Planning agency, an organ of certain state governments. Obtaining the certificate can be a long and expensive process.

In many states, Blue Cross will not grant reimbursement to an FASC until it has received this certificate, and an FASC can suffer months of losses while waiting.

In addition, Section 1122 of the Social Security Act, which deals with limitation of federal reimbursement for authorized capital expenditures, stipulates that unless there has been prior approval by the designated state agency (usually the health planning agency) for a capital expenditure in excess of $100,000, the institution may lose some portion of its reimbursement under Medicare, Medicaid, and certain other federal programs.

The Joint Commission on Accreditation of Hospitals (JSAH) had adopted guidelines for non-hospital ambulatory health care centers, including FASCs. These guidelines may become standards when an accreditation program is worked out for such facilities.

In 1971, the American Medical Association set forth criteria for regulation of FASCs, but pending development of JCAH standards for accreditation, these were put on the shelf. The AMA Board of Trustees is studying involvement in the possible establishment of an Accreditation Council for Ambulatory Health Care Facilities under the JCAH. Also in 1971, the AHA drew up a list of criteria.

One AMA trustee, Daniel Cloud, M.D., member of a four-man pediatric surgical team that frequently uses Surgicenter of Phoenix, expressed his concern about the need for regulations:

"The Achilles heel of Surgicenter could be that it may not be reproduceable. Dr. Reed and Dr. Ford are highly ethical people, who brought unique qualities to Surgicenter. Their primary concern has been to maintain their personal integrity and that of their institutions at the highest possible level. Many of us have serious reservations about other people copying this institution."

The American College of Surgeons states that it prefers hospital-affiliated or hospital-based short-stay surgical facilities.

Robert S. Peterson, senior vice-president, provider affairs, for Blue Cross of Illinois, stated the case for most Blue Cross plans:

"We believe the place for ambulatory surgery is in a building that is already built, which is a hospital. They have 24-hour round-the-clock coverage, and no problem about transferring. You don't have to go out and buy a plot of land, or do anything other than make some space within the confines of the hospital. It fits well into the outpatient department of a hospital."

M. Robert Knapp, M.D., who, with four other anesthesiologists, is a cofounder of the Minor Surgery Center, Wichita, Kansas, predicts the controversy over FASCs will continue:

"We have calculated that even under the best of circumstances, we will never take over one-half of one percent of what is generated for hospital revenues here in Wichita. I think the larger issue is that hospitals feel threatened in other areas. If minor surgery has been taken out of the hospital, why not other procedures—respiratory therapy, or radiology therapy?"

Despite the defensive reaction of many hospital administrators, the FASC idea is spreading. A group of physicians and interested laymen met in Phoenix in November, 1974, and founded a new group, entitled the "Society for the Advancement of Free-Standing Ambulatory Surgical Care." Dr. Reed, cofounder of Surgicenter of Phoenix, is president of the 28-member body, 25 of whom are physicians. At present, the society sees its role as an informational one and plans to keep its members actively informed about developments in their respective areas.

REPORT TO BUDGET COMMITTEE

Mr. MOSS. Mr. President, on Friday I forwarded to the Senate Budget Committee the "Views and Estimates" of the Committee on Aeronautical and Space Sciences, as required by section 301(c) of the Congressional Budget Act of 1974.

To assure that my colleagues may have prompt access to these views and estimates, I ask unanimous consent that my letter and the accompanying material be printed in the RECORD.

There being no objection, the letter and material were ordered to be printed in the RECORD, as follows:

COMMITTEE ON AERONAUTICAL
AND SPACE SCIENCES,
Washington, D.C., March 14, 1975.

Hon. EDMUND S. MUSKIE,
Chairman, Committee on the Budget, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This letter and the enclosures set forth the views and estimates of the Committee on Aeronautical and Space Sciences, as required by section 301(c) of the Congressional Budget Act.

This being the first of these submissions under the new Act, a few words of background seem in order. The basic programs within the legislative jurisdiction of the Committee on Aeronautical and Space Sciences—programs conducted by the National Aeronautics and Space Administration—fall in two functional categories of the FY 1976 budget submitted by the President. Appropriations in these categories, "General Science, Space and Technology" and "Commerce and Transportation", have grown at a rate far less than inflation in recent years, as shown in Chapter III of the Senate Budget Commitee Staff Study released last week. This shortfall is particularly notable in the case of NASA funding.

ECONOMIC CONSIDERATIONS

Outlays for NASA programs peaked in the mid-1960's at nearly $6 billion annually. In constant dollars, funding has steadily declined since 1966 to well less than one-third of the maximum level.

Similarly, from a high point in 1964 and 1965 of nearly 4% of total Federal budget authority, NASA program requirements have dropped to 1% or less in each of the last three years.

As space and aeronautics R&D budgets are highly labor intensive, this funding fall-off has led to a sharp decline in employment. From a peak employment of 420,000 in government, industry and universities, the NASA workforce has dropped to just over 100,000 at present.

Over the long term, increased productivity is the basic economic impact of Federal expenditures on high technology. In the NASA case, this increased productivity is manifested both through direct applications of aeronautical and space technology—as with improved, more economical communications, resource monitoring and weather forecasting via satellite—and through indirect means. These indirect benefits stem from the development, dissemination and application of advanced technology in many other sectors of the economy—as with computers, miniaturized electronic devices, enhanced medical diagnostic and treatment equipment and improved materials. Independent studies show that the rate of return on our investment in NASA programs exceeds 30% per year. These economic benefits increase job opportunities correspondingly.

In the near term, NASA outlays have direct effects on employment. Nearly ninety cents of the NASA dollar goes to jobs, and only 10 to 15% for materials. Of perhaps equal importance today, NASA spending is largely in industries experiencing underemployment and having unused plant capacity. Thus NASA expenditures are non-inflationary both in the long term, because of productivity effects, and in the short term, because of the state of the related industries.

A word about balance of trade. Only the export of high technology products, such as computers and aircraft, and of agricultural products have avoided massively negative U.S. trade balances in recent years. Until we achieve, or at least approach, energy self-sufficiency, oil imports will cause a continuing dollar drain. NASA programs directly and strongly support the very industries that have the greatest promise for continued and expanding export surpluses—aerospace and high technology electronics. In addition, the rapidly approaching capability, through satellites, for worldwide crop monitoring and long range weather prediction will greatly benefit our other strong export industry, agriculture.

PROGRAMMATIC CONSIDERATIONS

The budget authority and outlays projected in the enclosure for FY 1976 and for the transition period, July 1, 1976, to September 30, 1976, are for the National Aeronautics and Space Administration. Congress has, since 1960, required annual authorization of all NASA activities—whether short or long term programs.

It is the nature of research and development, however, that such activities normally involve a long time span for conception to visible, useful results. A spacecraft development project requires an average of four to five years from project go-ahead to launch. Normally, the go-ahead is given only after a considerable amount of time and money has been expended on studies to determine technology readiness, feasibility and scope of the project. An approved project results in the establishment of manpower, material, and funding projections and plans over the project life.

Projects which—like most of NASA's—do not lead to a production run, tend to follow a natural funding requirement curve which can be significantly modified only at considerable program cost or waste. That is, with rare exceptions, it is not cost-effective to increase funding too rapidly at the beginning of a project; and, conversely, artificial restraints on the growth, peaking and fall-off of funding (and thus manpower) tend to result in slowing or stopping progress toward project completion and thus to increase total project cost.

Most of the NASA R&D budget consists of the cumulative funding needs of the many approved projects going forward in the budget year. In a given year, the funding requirements of some projects will be increasing toward, or at, peak levels, while other projects will be past their funding rates and headed toward zero.

Thus, the NASA budget is not a logical candidate for significant short-term fiscal stimulation or restraint. This is so not only because of the relatively small short-term fiscal role it plays—$3½ billion in a $1.4 trillion economy—but also because the natural, multiple project requirements would make a sudden outlay increase of, say, $1 billion, quite wasteful, just as a decrease of $1 billion would be totally disruptive.

In addition to the larger, more visible projects, the NASA R&D activity involves a number of research and technology development tasks—typified by much of the aeronautical research program—conducted on a "level-of-effort" basis to develop the fundamental knowledge to support future activities or to solve difficult problems encountered on approved projects. Accordingly, a smaller but important part of the NASA R&D budget represents funding for the sum of level-of-effort type activities during the fiscal year.

The FY 1976 request is the fourth annual budget NASA has submitted since the long-range program and budget plan known as the "constant budget" approach was established for NASA. In FY 1971 and 1972, the NASA budget had been cut almost in half—from nearly $6 billion at the peak of the Apollo program to about $3.4 billion—but the program as planned at that time would have required large increases in future years. In 1972 the Administration proposed, and the Congress approved, the development of the reusable Space Shuttle as the principal project to advance space technology in the 1970's. As a part of this proposal, NASA also presented a revised program plan under which *total* NASA expenditures would not have to exceed the then current level of $3.4 billion, except for inflation. The Congress endorsed this less ambitious program within the "constant budget" level, in effect agreeing with NASA that fiscal constraints, in the early 1970's at least, probably would not permit an increased space budget, that stability and continuity in the program were essential and that aeronautics and space programs should be conducted in such a way that the total level of future commitments required was clearly limited in advance.

Since FY 1973, Congress has approved NASA budget requests substantially as submitted. But the requests have been steadily reduced well below the $3.4 billion level, measured in equivalent dollars. The effect of these shortfalls is a NASA budget for FY 1976 some $600 million below the "constant level" approved in 1972, with corresponding deletions, deferrals and costly stretchouts of numerous projects.

In preparing these Committee views and

estimates, we have considered the helpful suggestions on format provided by the Budget Committee staff. This letter covers the appropriate points under "Part I" of the staff-suggested format. Parts II and III are not applicable this year to matters within the jurisdiction of the Committee on Aeronautical and Space Sciences. The enclosure provides the information requested in "Part IV", and also additional information which, while not requested, may be useful in your deliberations.

Sincerely,

FRANK E. MOSS,
Chairman.

Enclosures.

COMMITTEE ON AERONAUTICAL
AND SPACE SCIENCES,
March 14, 1975.

This enclosure to the letter from the Chairman of the Committee on Aeronautical and Space Sciences sets forth additional views and estimates of the Committee. The letter provides general comments on the economic and programmatic considerations implicit in those portions of the FY 1976 Federal budget related to aeronautical and space activities as defined in the National Aeronautics and Space Act of 1958.

ATTACHMENT A

Attachment A sets forth estimated budget authority for and outlays by the National Aeronautics and Space Administration for FY 1976 and the Transition Quarter, in accordance with Part IV of the format suggested by the staff of the Senate Budget Committee.

As indicated in Attachment A, appropriations for NASA programs fall in two functional categories in the President's budget: those elements most closely related to space efforts in "General Science, Space and Technology"; and those elements most closely related to aeronautics activities in "Commerce and Transportation".

With respect to the space program efforts, the NASA research and development is directed toward advancing our knowledge of earth and its space environment, and toward developing and utilizing space technology to accomplish National goals. The program is conducted through the following elements:

Manned Space Flight. A program to develop and utilize the capabilities of manned space flight, including an international cooperative space docking mission, building on the success of Apollo and Skylab, and development of the Space Shuttle as an economical, versatile space transportation system to provide a wide variety of users with routine, round trip access to space.

Space Science. A space flight program, supported by extensive ground-based and airborne investigations, to further our knowledge of the earth, the atmosphere, the moon, the sun, the planets, interplanetary space, and the stars.

Applications. A research and development program using space, aircraft, and ground systems to identify and demonstrate the useful applications of space techniques in such areas as weather and climate, pollution monitoring, earth resources survey, earth and ocean physics, communications, and space processing.

Space technology. A program to acquire fundamental knowledge and develop the technology needed to maintain United States leadership in space programs.

Tracking and data acquisition. A worldwide program to support the manned and unmanned programs of the agency.

Energy technology applications. A program to assist in insuring the attainment and maintenance of national energy self-sufficiency, designed to identify aeronautics and space technologies of importance to the energy community.

Technology utilization. A program to accelerate the dissemination to government, industry and other users of the technological and engineering information gained during NASA missions.

Construction of facilities. A program to provide for the acquisition of institutional and research and development facilities to support the research programs, and the rehabilitation and modification of existing facilities to maintain their readiness to support new and/or changing technologies.

Research and program management. This appropriation includes funding for research in Government laboratories, management of programs, and other activities of NASA. Principally, it is intended to (1) provide the civil service staff to conduct in-house research, and to plan, manage, and support the Research and Development programs, and (2) provide other elements of operational capability to the laboratories and facilities such as logistics support and technical and administrative support.

NASA aeronautical research and development is directed toward developing and utilizing aeronautics technology to accomplish National goals. The program is conducted through the following elements:

Aeronautics technology. A program to acquire fundamental knowledge and develop the technology needed to maintain United States leadership in aeronautics programs.

Construction of facilities. A program to provide for the acquisition of institutional and research and development facilities to support the research programs, and the rehabilitation and modificaton of existing facilities to maintain their readiness to support new and/or changing technologies.

Research and program management. This appropriation includes funding for research in Government laboratories, management of programs, and other activities of NASA. Principally, it is intended to (1) provide the civil service staff to conduct in-house research, and to plan, manage, and support the Research and Development programs, and (2) provide other elements of operational capability to the laboratories and facilities such as logistics support and technical and administrative support.

The Committee concluded hearings on the NASA authorization request for FY 1976 and the Transition Quarter this week. Markup of S. 573 has not yet begun. It is likely that the Committee will recommend both a number of deletions or reductions from the NASA request and a number of additions to the programs for which continuing authorization is sought. However, it is highly unlikely that the net results of these reductions and increases will be of such magnitude as to have macroeconomic effects in either the short or long term. Therefore, the estimates set forth in Attachment A (and Attachment B) reflect the President's budget estimates and the justifying material submitted by NASA. The Committee believes that, for this year, these estimates should be sufficient for the purposes of section 301(c) of the Congressional Budget Act.

Aside from the NASA authorization bill, several other bills which could authorize additional appropriations for NASA are pending before the Committee. In most instances no hearings have been held on these bills. However, in the unlikely event of enactment of all these bills, and subsequent appropriations of the funds authorized, the effect on NASA funding in the coming fiscal year would be only a few tens of millions of dollars.

ATTACHMENT B

The information contained in Attachment B, while not specifically requested in "Part IV" of the Senate Budget Committee staff format, may be of help to the Budget Committee in its deliberations.

Attachment B sets forth estimates of the funding implications of the FY 1976 budget in terms of new obligational authority for Fiscal Years 1977 through 1980. The Committee estimates that outlays in those years would not differ significantly from the new obligational authority estimates.

The total set forth for FY 1977 includes $50 million estimated by the Office of Management and Budget as available for new starts. The subsequent years include allowances for runout costs of the FY 1977 new starts. However, no provision is made for new starts in Fiscal Years 1978 through 1980 and no provision is made for inflation in any year after FY 1976.

It should be recognized that the estimates in Attachment B for Fiscal Years 1978 through 1980 reflect the phase down and completion of various previously approved programs, as discussed in the letter forwarding this enclosure. The Committee would estimate that the obligational authority for fiscal years subsequent to the Transition Quarter would reflect a gradual rise toward the "constant level" of $3.4 billion in 1971 dollars discussed in the forwarding letter.

NASA AUTHORIZATION FOR FISCAL YEAR 1976 AND TRANSITION PERIOD JULY 1, 1976, TO SEPT. 30, 1976

[In thousands]

Functional code		NOA (outlays) fiscal year 1976	NOA (outlays) transition period
250 (253) (254)	General science, space, and technology	$3,224,815 (3,181,700)	$875,100 (823,100)
(255)	Authorization and appropriations bill category:		
	Research and development	2,503,030 (2,438,200)	683,800 (615,500)
	Construction of facilities	79,985 (101,700)	14,500 (30,800)
	Research and program management	641,800 (641,800)	176,800 (176,800)
400 (405)	Commerce and transportation	314,185 (316,300)	83,800 (82,100)
	Authorization and appropriations bill category:		
	Research and development	$175,350 (175,700)	$46,800 (44,400)
	Construction of facilities	4,635 (6,400)	0 (700)
	Research and program management	134,200 (134,200)	37,000 (37,000)
	Total NASA by authorization and appropriations category	3,539,000 (3,498,000)	958,900 (905,200)
	Research and development	2,678,380 (2,613,900)	730,600 (659,900)
	Construction of facilities	84,620 (108,100)	14,500 (31,500)
	Research and program management	776,000 (776,000)	213,800 (213,800)

ATTACHMENT B

PROJECTION OF NEW OBLIGATION AUTHORITY FOR NASA THROUGH FISCAL YEAR 1980[1]

[In thousands]

Functional code		NOA, fiscal year— 1977	1978	1979	1980
250 (253)	General science, space, and technology	$3,310,800	$3,085,800	$2,695,800	$2,231,800
(254)	Authorization and appropriation bill category:				
(255)	Research and development	2,523,000	2,354,000	1,978,000	1,531,000
	Construction of facilities	146,000	90,000	76,000	63,000
	Research and program management	641,800	641,800	641,800	641,800
400 (405)	Commerce and transportation	314,200	314,200	314,200	314,200
	Authorization and appropriation bill category:				
	Research and development	180,000	180,000	180,000	180,000
	Construction of facilities	(2)	(2)	(2)	(2)
	Research and program management	134,200	134,200	134,200	134,200
	Total NASA by authorization and appropriations bill category	3,625,000	3,400,000	3,010,000	2,550,000
	Research and development	2,703,000	2,534,000	2,158,000	1,711,000
	Construction of facilities	146,000	90,000	76,000	63,000
	Research and program management	776,000	776,000	776,000	776,000

[1] Amounts contain no provision for impact of future inflation, or for new program or project starts after fiscal year 1977.

[2] Amount for aeronautical facilities not presently identifiable, and therefore is included in NASA construction of facilities requirements for function category 250.

EASTER SEAL SOCIETY AND HOUSING FOR THE HANDICAPPED

Mr. PERCY. Mr. President, recently a report issued by the National Easter Seal Society came to my attention. This is a report of a meeting recently conducted by the Easter Seal Society in its offices in Chicago. The purpose of the meeting was to continue the Easter Seal Society's participation in the area of housing for the handicapped. The report points up the society's activities in a new project it is undertaking along with the President's Committee for Employment of the Handicapped and the Department of Housing and Urban Development. I would like to share the report with my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REPORT OF THE EASTER SEAL SOCIETY MEETING ON HOUSING STANDARDS, JANUARY 8, 1975

In conformity with the leadership role of advocacy for and in behalf of the handicapped, the National Easter Seal Society for Crippled Children and Adults hosted a meeting in the Society's Chicago office on January 8, devoted to the establishment of housing standards for the physically handicapped.

The Easter Seal Society serves along with the President's Committee on Employment of the Handicapped as advisor to the Department of Housing and Urban Development in a program to update and expand the existing American National Standards for making buildings and facilities accessible to, and usable by, the physically handicapped. HUD's Office of Policy Development and Research is sponsoring this Standards project and recently awarded a two-year contract to Syracuse University School of Architecture to perform the necessary research and testing.

The project will seek to expand the existing American National Standards, which applies principally to public buildings, to include dwelling units and related exterior spaces, including single and multi-family housing and mobile homes. The new Standards will be submitted to the American National Standards Institute (ANSI) for adoption and should then have widespread impact on the design of housing and the environment in the United States. The existing Standards are nationally accepted and form the basis for most of the Federal and State legislation on barrier-free design. HUD authorities expect that such legislation will be amended to include the new Standards after they are adopted; the new Standards will also be submitted to the Standards Branch of the Federal Housing Administration of HUD for inclusion in the Minimum Property Standards.

Present at the Chicago meeting were representatives from the Department of Housing and Urban Development, the President's Committee, the American National Standards Institute, and Syracuse University.

In welcoming the group to the Chicago Easter Seal office, Miss Jayne Shover, Executive Director of the Society, recalled efforts of Easter Seals, dating back over twenty years, aimed at integrating physically handicapped persons into their communities.

The Easter Seal programs initiated in the last deacde to establish and promote the original ANSI Standards may have significant relevance to the Housing Standards being developed at Syracuse. It was to offer an exchange of helpful information that Easter Seals had extended invitations for the January 8 meeting.

A U.S. VIEW OF REFUGEE PROBLEMS

Mr. KENNEDY. Mr. President, recently, Ambassador Frank L. Kellogg, special assistant to the Secretary of State for Refugee and Migration Affairs, delivered a thoughtful address at the University of Cambridge in England on refugee problems and the U.S. policy and role in helping to solve those problems.

I believe Ambassador Kellogg, who has long been a forceful advocate of international refugee assistance, has issued an eloquent challenge to all governments to respond to the worldwide refugee problem.

Ambassador Kellogg, who formerly was a Director of the International Rescue Committee, is the senior U.S. official concerned with refugee matters. He has pressed our own Government for more adequate refugee assistance programs and he has been a major force in the international community as well. I share his view that we must devote greater resources to the relief needs of the refugees and to the encouragement of international standards of conduct that will prevent the continued creation of new generations of homeless and dispossessed peoples.

Mr. President, I ask unanimous consent that the address by Ambassador Frank L. Kellogg be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

HUMANISM, PRAGMATISM: A U.S. VIEW OF REFUGEE PROBLEMS

(By Frank L. Kellogg)

The tragedy is that positions like mine have to exist at all. We've gone in this century from pax Britannica through a war to save the world for democracy, the League of Nations, a second world war and its Atlantic Charter, establishment of the United Nations, adoption of the Universal Declaration of Human Rights. We ought to be seeing the spread of just and humane societies. What we have is oppression or at least denial of freedom in the totalitarian countries of right and left, conflict in Asia, tribal violence in Africa, Israelis and Arabs in long dispute in the Middle East, and, just to come full circle, Catholics and Protestants hard at it in Ireland and Turks and Greeks once again contentious in the Mediterranean.

Our J. William Fulbright—a Rhodes Scholar by the way—has just retired after 30 years of statesmanship in the U.S. Senate. He has described the situation as well as I've heard it—incidentally at Westminster College in Missouri, where Winston Churchill made his famous "Iron Curtain" speech. "It is one of the perversities of human nature," Bill Fulbright said, "that people have a far greater capacity for enduring disasters than for preventing them, even when the danger is plain and imminent."

Our perversities, then, have created in our time what some already have begun to call the Century of the Refugee—not a 20th century of human rights but the century of the homeless and the persecuted. I've been in my present post more than four years now, and during that period—despite large resettlement programs—we've never counted around the world fewer than 5 to 6 million refugees at any one time; it has gone all the way up to 18 million. My colleagues who have given their full careers to this work, and my reading, tell me it has been the same since World War II and before.

Dr. Kissinger, in his first speeach as Secretary of State, identified as the ultimate goal of American foreign policy a world which will protect the right of every man to freedom and dignity. Philosophers have begun to talk about not four but five basic human rights—life, justice, political freedom, religious freedom and now the right to food. One wonders whether there may not soon be a sixth, the right to fossil fuel or at least energy. The point is that as life on our planet becomes more complicated and our resources less plentiful, instead of allowing old animosities to continue to erupt and new ones to flare, we are going to have either to set the course of history again toward the cause of human rights or, ultimately we are going to face the inevitability of really catastrophis wars.

Even when mankind turns in this right direction, it will be a long road. For the foreseeable future and beyond, as I view it, we are going to have masses of refugees in any case. Considering the state of the world, one of the most unrealistic assessments at the United Nations is that refugee problems are temporary and that the mandate of the High Commissioner for Refugees need be extended only five years at a time. Positions like mine, institutions like the UNHCR and the Intergovernmental Committee for European Migration (ICEM), in my opinion are going to have to be continued in one form or another for years to come; they are going to require more, not less, support from such agencies as the World Health Organization (WHO), the World Food Program (WFP), UNICEF, the U.N. Development Program (UNDP), the International Committee of the Red Cross (ICRC) and the others. And if their programs are to succeed, they are going to demand continued support not only from countries like yours and mine with humanitarian traditions but from those of the new-rich nations not hitherto noted for compassionate interest in the dispossessed in foreign lands. There is a work of persuasion to be accomplished here.

We are having our economic problems in the United States, as are you over here. Some in my country are beginning to ask questions about admission of refugees in a time of unemployment, and about the amounts of expenditures overseas. Let me say at the outset I am entirely confident that come what may, we Americans are going to continue to contribute our share in commodities and money, to defend the right of freedom of movement, to exert our share of leadership in international humanitarian affairs. From what I know of my country, majority public opinion will have it no other way.

Let me talk about this for a minute—at the risk of seeming to belabor the obvious. We have been a nation of refugees from the beginning. When the British took New Amsterdam from the Dutch in our early colonial times, they found refugees there speaking 14 different languages. Not long after establishment of this college, when religious persecution on this side of the Atlantic brought our first settlers to New England—the fact that they promptly began to persecute each other is incidental—they established a legend which is taught to every American child: that the refugee Pilgrims and the Puritans crossed the ocean in search of the freedom they could find only in America.

Consider our Revolution. I have heard the suggestion that what with all the troublemakers you British got rid of, you might well celebrate our July 4 Independence Day on this island as your Thanksgiving Day. Those renegades of yours—our Founding Fathers—had practical reasons for cutting the umbilical cord to King George's England, but they were fired also by ideology, the ideas which found expression in our Declaration of Independence of 199 years ago, and our Bill of Rights. Their ideology had its roots, of course, in the history of this island and the philosophies of enlightened thinkers of that era over here, especially in England, France, Germany. So they were in great part your doing, these American notions of man's right to life, liberty, and the pursuit of happiness. From the beginning we have insisted on them not just as the rights of Americans but of all men. Presidents have made this point repeatedly, from Jefferson through Lincoln, Wilson, Franklin Roosevelt and John Kennedy, into the present. Our churches teach it, most of them. Humanitarian leaders espouse the cause. Members of the American Congress continue to insist on it—sometimes, as you may note currently, to the jeopardy of our diplomatic objectives and concepts of national security—a broad problem to which President Ford is giving serious attention.

There are other factors in this public opinion equation which should not be overlooked. There are our immigrants, nearly 50 million refugees and others over the years, who with their children and grandchildren form ethnic blocs alive to American tradition and very prompt and forceful to remind the government of its humanitarian duty. There is among us, I sometimes feel, a little of a sense of guilt at our affluence in the face of human suffering abroad. There seems to be in our ethos a special compassion for the overseas dispossessed, to the point that some Americans complain we should apply it equally to our underprivileged at home.

Whatever the motivation of the individual, Americans do open their purses when the voluntary organizations make their appeals for refugee-assistance funds, and they do exert pressure for government intervention, financial or diplomatic, when refugee situations arise. A measure of magnitude of the result is that our Congress, during the four years of my own service alone, has provided well over $1.2 billion for refugee programs—programs which have helped support, repatriate or resettle about 4 million persons a year, plus nearly 10 million Bengalis in the great sub-continent crisis of 1971–72.

I hope I do not give the impression I overlook the materialism or other faults of our modern society, nor that I claim for my country any monopoly of virtue in humanitarian matters. I am well aware that the fires burn as bright or brighter elsewhere. I recognize there are compassionate people, especially in Western and Northern Europe, who with their governments are regularly more generous than we to refugees, in terms of population and resources. During conferences at Geneva and elsewhere, I am privileged to meet international leaders in humanitarian affairs, and I not they come from diverse societies in many parts of the world. If I dwell on my country's role it is because of my conviction that the national tradition I have discussed is of overriding strength, and combined with our wealth, size and power will keep thrusting us into the forefront in humanitarian affairs. I dwell on this also because as I construe your invitation, it is what you want me to talk about.

What, then of U.S. policies and concepts in refugee affairs—what of today's problems?

Given a more perfect world order, the U.S. would prefer to leave refugee assistance to the multi-national organizations and the voluntary organizations, paying our fair share of the cost along the way and providing leadership as opportunity occurs. But realism compels me to predict you will continue to see, for the foreseeable future, a mix of U.S. support for UNHCR, ICEM, ICRC with unilateral operations such as our U.S. Refugee Program, established in 1952 to assist escapees from Eastern Europe. As I see it today, it would be politically impossible for us to phase out USRP. We are watching with interest signs of modification of travel restrictions in that area, notably in Poland, Romania, Czechoslovakia. But until there is recognition in the communist countries of something at least approaching the full right of freedom of movement, I doubt U.S. domestic public opinion will stand for withdrawal of our support of their refugees. Nor will the aims of our foreign policy permit it, for as Secretary Kissinger has made clear, in seeking détente we have no intention of abandoning our dedication to the cause of human rights. USRP annually is helping support 7,000 to 8,000 persons in countries of first asylum and assisting their resettlement in third countries, it is also involved in the Soviet Jewish program I'll be discussing in a minute, it has been with us for 23 years, and will be with us, I expect, for quite a long time to come.

Those of you familiar with the American political scene recognize that we are in the midst of a mini-revolution in our national legislature and in relations between the legislative and executive branches of our government. This isn't exactly new to me, for it has been nearly three years since the Congress took the bit in its teeth and instructed the Department of State—specifically my office—to undertake a program to assist Israel in its resettlement of Jews from the Soviet Union. This was a political act, reflecting public opinion, expressing a defense of the right of freedom of movement but more basically, humanitarian support for Israel itself. We've spent more than $85 million since 1973 helping Israel develop its infrastructure for reception of Soviet immigrants—absorption centers, housing, medical training facilities—and in assistance, scholarships, vocational training, care and maintenance and the like for individual immigrants. And I expect we'll be spending many millions more as time passes.

It is a program which has seen an interesting development presenting a challenge to the full international humanitarian community. Some Soviet Jews have sought emigration to countries other than Israel, notably my own, and some, having reached Israel, have decided to move from there to the West. This has resulted in concentrations of these migrants in Rome, Brussels, Paris, West Berlin. It has provoked efforts of the receiving countries to restrict the flow. There are humanitarian problems here, problems of principle as well as the logistics of assistance, which have us and others deeply concerned and which are going to have to be solved.

A cardinal conviction of U.S. refugee policy supports the thesis that although assistance to refugees is necessary in emergency situations, these dole-type programs are in fact secondary. It is central in these situations, beyond shelter and simple sustenance, to secure the civil rights of refugees and, above all, to work toward their rapid repatriation or resettlement. Prince Sadruddin Aga Khan, the U.N. High Commissioner for Refugees, has stressed these points on many occasions. They are not especially new. Whether instinctively or not, the Western nations recognized them in the wage of World War II. Had it not been for the successful large-scale efforts in those years to repatriate or resettle literally millions of displaced persons, we would today have irredentist problems all over the place in Asia as well as in Europe. The lesson has been applied repeatedly since then—Hungary, Algeria, Czechoslovakia, the Sudan. India only three years ago wisely insisted there could be no thought of a permanent relief program for her flood of refugees from what had been East Pakistan; we witnessed their dramatic return to Bangladesh.

Contrast this with what has happened elsewhere. Where you have long-standing, institutionalized welfare programs without repatriation or resettlement, what you get is a spinoff from the camps of hijacking and terror—perpetuation of an intolerable threat to peace.

It is a matter of great concern to us that something of the kind may today be developing in Cyprus. For I repeat, it is basic that continuing refugee situations, if allowed to fester, put peace in jeopardy. Unless diplomacy, unless world opinion can be brought to focus on the proposition that humanitarianism and human rights should be central in politics, that no matter how deeply their plight is involved in the particular strife, dispossessed masses of refugees must not be allowed to become pawns in disputes—unless we can bring this about, we are not going to be able to turn the course of history around.

To accomplish it will be uphill work. It is a matter of attitudes of nations and peoples, of the marshalling of world public opinion. It may take another cataclysm or two to set us firmly on the track. Meanwhile men of good will can chip away at the challenge. Let me conclude by discussing briefly an American initiative in this area—an effort to bring about wider acceptance of an important human rights treaty, the Convention and Protocol on the Status of Refugees.

The sad fact is that 24 years after the Convention was adopted at Geneva, 8 years after its 1967 Protocol was opened for signature, there still are more than 70 member states of the United Nations which have not acceded. This is a subject I had the opportunity to bring to the attention of jurists and lawyers from 128 countries at the World Peace Through Law Conference held at Abidjan, Ivory Coast in August of 1973. The matter has been one of great concern to the High Commissioner for Refugees; Prince Sadruddin last summer appealed directly to 73 non-signatory countries to start moving toward accession.

In Washington, as a beginning, we have started to approach these countries through their Chiefs of Mission, urging them to bring the matter to the attention of their governments. I have talked thus far with the Ambassadors of Japan, Iran, Venezuela, Spain, India, Sri Lanka, Nicaragua, Guatemala and the Dominican Republic and will be talking with others—Mexico, Indonesia, Panama are on my initial list, with more to come.

It is not a shotgun plan. We are concentrating first on nations we believe will be most receptive, and on Asia and Central America because accessions are spottiest in these areas.

The private-sector World Peace Through Law movement, which is centered in Washington and has influential members in most of the non-signatory nations, is working along similar lines—not only to urge governments to accede to the treaty but also to devise even greater legal protection of refugees and their rights. For example, World Peace Through Law has established a Select Joint Committee with the International Law Association, headquartered in London; the Committee is in the course of a two-year study of what needs to be done.

We thus have three separate but cooperative efforts directed toward the common objective—our own, that of the UNHCR in the multi-lateral context, the jurist and lawyer approach on the local scene. We look to governments and public opinion in those nations which have long since acceded—including the United Kingdom and all of Western Europe—to support this effort as opportunities arise.

The Convention, with its Protocol, establishes the legal rights of refugees which are necessary to them if they are to cease being refugees. It defines their protection, provides for their asylum in the signatory countries. It has been called the Refugee Magna Carta. Extending its authority will take time. But the strategy of the effort, considering all factors, has to be long range. The goal, stated in simplest terms, is to work toward entrenchment of civil liberties in international law as deeply as they are entrenched in the laws of our countries, yours and mine. It is to gain such wide adherence and enforcement of the treaty that the hard-core nations which do not accept concepts of freedom and dignity, or pay them only lip service, will be isolated and thus exposed to the pressures of world public opinion until they, too, begin to mend their ways, to the advancement of the rights of man and the cause of peace.

Thank you.

GUN CONTROL

Mr. FANNIN. Mr. President, some people would have us believe that there would be a sharp drop in violent crime if gun ownership were banned or greatly restricted. My belief is that indiscriminate gun laws simply disarm responsible and law abiding citizens. Criminals would still be able to obtain or make guns.

Recently the Phoenix Gazette ran an editorial pointing to the inconsistency of those who propose antigun legislation and in the same breath worry about excessive Government police powers.

Mr. President, I ask unanimous consent that the editorial from the March 8, 1975, Phoenix Gazette, be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Inconsistency on Guns

Liberals are a curiously inconsistent lot. At the same time they are fretting so much about abuse of police powers and an imagined threat of a military takeover, they also insist that only policemen and soldiers should be allowed to have guns.

Ironically enough, the liberals who want to ban guns are getting more support today from the police authorities they are so busy attacking. Even FBI Director Clarence Kelley is backing gun controls, although some of the liberals he is helping doubtless would dismantle the FBI if they had the chance.

Police support of gun controls, apparently prompted by frustrations in dealing with crime, is likely to cost law enforcement agencies a signficant measure of the backing they now enjoy from law-abiding citizens who keep firearms for sports or self-protection. To their credit, police officials in Arizona aren't involved in the controversy.

According to the liberal advocates of gun control, restrictions on firearms ownership would reduce accidents, murders and other crimes. Yet there is no statistical evidence to support those claims. Firearms accidents actually are decreasing in relation to the population in the United States, despite an increase in gun ownership. As for relationship between firearms ownership and crime, Swiss citizens are practically required to own firearms and that nation has a low crime rate. Other nations where firearms are restricted have high crime rates.

As Gazette editorial writer Larry Ferguson observed in his column Friday, not only firearms are lethal. He mused that inasmuch as Samson killed 1,000 Philistines with the jawbone of an ass, it would make as much sense to control jawbones as guns.

Liberals also are concerned, and properly so, about the dangers of nuclear war. If atomic warheads ever drop on the United States, however, the situation will be a lot more like it was when the founding fathers granted Americans the right to bear arms than it is now. Then, as before, it would be up to armed, law-abiding Americans to restore order out of chaos, as members of a militia constituted under the law.

IMPROVING THE FOOD STAMP PROGRAM

Mr. HUMPHREY. Mr. President, the Washington Star on March 10 included a perceptive editorial entitled, "Food Stamp Failures," on the realities of the food stamp program.

The basic premise of this editorial is that the prevention of hunger must be maintained as a major governmental priority in these times of economic deprivation. It points out that Congress and the Agriculture Department should take the initiative to improve the food stamp program rather than engage in polemics over its deficiencies.

It is clear that there are significant problems which plague the food stamp program. The certification and administrative practices of many centers deter a substantial number of individuals who are in desperate need of food assistance.

With today's rising rate of unemployment, it is urgent that these problems be addressed.

The crisis in our food stamp program has been effectively documented by the GAO and the Senate Select Committee on Nutrition and Human Needs. There are many millions of Americans who are trying to live on inadequate diets and insufficient food supplies. The food stamp program must reach out to these people and provide them with the necessary assistance.

The administration has demonstrated its insensitivity to this pressing human need and has no policy to deal with the situation. Therefore, it is imperative that the Congress must move forward and provide the necessary leadership.

We need to take steps to simplify the certification process, increase the number of available stamp outlets, and most importantly, insure that a major attempt is made to assist the millions of eligible Americans who currently are not receiving food stamps.

It is true that there are some recipients who take advantage of the program. However, critical evaluations which center on these abuses obscure the more crucial issue of hunger. The basic responsibility to feed our fellow citizens cannot be ignored.

We need a food stamp program which both meets the human needs of our people and corrects the deficiencies which hamper this noble endeavor.

Mr. President, I ask unanimous consent that editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Food Stamp Failures

Surely there should be agreement on one point as the hardship of unemployment spreads across America: Food is fundamental. It is the one basic requirement which should generate no quibbling as to the government's responsibility to assure an adequate amount for every family that lacks the capacity to buy it. But the food stamp program, despite a sharp increase of outlay in the past year, is shot through with deficiencies and laden with complexities which no doubt are causing many people to go hungry.

These are outlined shockingly in last week's report by the Senate Committee on Nutrition and Human Needs, but many people in the area around Washington have learned about them first-hand in recent months. When a jobless family has to wait several weeks to get food stamps, that's a crisis no one should have to endure. The certification system has been unduly complicated by tortuous forms to be filled out, and manifold documentations to be gathered and presented. And this works hardest against the poorest and least educated members of society, who sometimes simply give up in the maze-like process and go without stamps. Better-educated applicants—especially those with some experience in bureaucratic paperwork—may get more stamps than they need in some cases, we suspect, while less adroit folk remain baffled and undernourished.

Some also give up because of unbearably long waits at state social services centers, and the need for return visits to provide more and more personal information in order to qualify. With unemployment swelling, the lines grow ever longer. One sometimes must wait many hours. But this is largely because the certification procedure is terribly overcomplicated—so time-consuming for each case. State welfare agencies can't afford enough manpower expansion to properly handle the growing crowds of stamp applicants. If the certifying process were greatly simplified, present administrative forces could cope with the load much faster. And fewer deserving people would be excluded because of inability to fill out forms very well or to find transportation—repeatedly—to welfare offices.

Congress, one way or another, should force this simplification upon the Agriculture Department, whose secretary, Earl Butz, never has been hospitable to this program as a part of his domain. In fact, the administration's intent to cut participation in the program has been glaringly obvious, most recently in its attempt to make recipients pay more for stamps. Congress, to its great credit, rebuffed this misdirected money-saving scheme in a hurry. Along with simplifying the whole business, several steps by Congress are needed. It ought to increase federal aid to the states for employment of more food certifiers at local levels, and provide for more stamp outlets and a much stronger effort to reach eligible citizens who still haven't qualified for food assistance.

These run into many millions; by the Senate panel's account, only 38 percent of those eligible are receiving stamps. By an Agriculture Department estimate, many others have received overpayment in stamps. Both of these situations need to be corrected with forceful action, but most importantly, the shameful negligence of real need must be stopped. This country may not be able to afford everything it needs these days, but it certainly can finance—as a matter of highest priority—the prevention of hunger among its unemployed and indigent citizens. The public should demand that Congress and the administration see to this, promptly.

CHICAGO COUNCIL ON FOREIGN RELATIONS SURVEY ON ATTITUDES TOWARD U.S. FOREIGN POLICY

Mr. PERCY. Mr. President, the Chicago Council on Foreign Relations is a nonprofit, nonpartisan organization which seeks to promote more thorough public understanding of the foreign policy of the United States.

The council recently published a report on American Public Opinion and U.S. Foreign Policy 1975, based on a survey conducted by Louis Harris and Associates, and edited by John E. Reilly, president of the council. The report encompasses a broad spectrum of foreign policy questions and responses.

The public survey involved a stratified, systematic national sample of 1,513 respondents, representing Americans aged 18 years and older. Field work was conducted between December 6 and December 14, 1974.

Mr. President, I ask unanimous consent that the summary findings of this timely and useful public opinion report be printed in the Record at this point. It should be noted that the views expressed in this report are those of the editor.

There being no objection, the summary was ordered to be printed in the Record, as follows:

SUMMARY FINDINGS

A number of important conclusions emerged from the study—some of which were expected, and some of which were not.

DOMESTIC VERSUS FOREIGN POLICY

Not surprisingly, domestic economic difficulties attract far more interest and attention than almost any foreign policy problem. Even so, there is little sentiment among the American public for a retreat from the world—and virtually none among leaders sampled. But there are some inconsistencies in public views.

In general, both samples believe that federal spending on domestic programs should be expanded, and spending on foreign programs reduced. Even where opinion on this matter varies, the highest priorities tend to be assigned to expanding domestic programs first and cutting foreign and defense programs first.

At this same time, there is a high degree of public understanding about the growing economic interdependence of the United States with the rest of the world: oil and gasoline imports head the list of concrete examples. Still, the belief is more prevalent that the world is dependent on us (particularly for food) than the other way around.

In this era of interdependence, the American public is prepared to make some sacrifices for U.S. cooperation with other countries. This includes high majority support for cutting U.S. gasoline consumption (though not for higher taxes), if this would help developing countries, or if it were needed to aid us or our Allies against an oil embargo. The public is also willing to cut U.S. food consumption (but not accept higher prices) to help poor countries. American leaders are even more willing to see these sacrifices made.

THE UNITED STATES ROLE IN THE WORLD

Two-thirds of the American public shares a great belief that "the United States should play an active role in the world"; 99% of the leaders agree. However, there is widespread disagreement over the specific forms this role should take.

A large majority of the public also believes that real American concerns should be at home, and 52% that we should build up our own defenses and let the rest of the world take care of itself. Leaders are most consistent, with only 26% saying they believe that real concerns should be at home, and only 10% favoring letting the world take care of itself.

The public is fairly evenly divided on whether the United States is as important in the world as it was ten years ago. Leaders strongly believe our importance has slipped. Both groups, meanwhile, support a somewhat more important role for the United States in the future—for reasons of past leadership, economic strength, democratic ideals, and the need for leadership to solve world problems. U.S. leaders are more concerned about each of these factors than is the general public.

Leaders who want the U.S. to play a less important role abroad most often cite the relative shift of power to other countries; the public cites domestic political and economic problems.

American public and leadership opinion rates economic strength as the most important aspect of U.S. leadership in the world; leaders place moral values second; skill in negotiating settlements that avoid war third; and scientific progress fourth. The public, by contrast, rank skill at negotiations second, military strength third; moral values fourth; and science and technology fifth.

For both groups, willingness to make military commitments to other countries and to keep them, ranks below other aspects of U.S. leadership as very important.

At the same time, keeping the peace in the world was the leading U.S. foreign policy goal for both leaders and public, international cooperation was second, promoting U.S. security was third, and worldwide arms control was fourth.

On the preceding list, both groups agree that we are doing best in promoting our own security and keeping the peace in the world second. However, less than a third of public or leadership opinion (28% and 27%, respectively) thinks that agreements with Russia and China mean there is little chance of a world war.

UNITED STATES DEFENSE AND MILITARY INVOLVEMENT

About half of the American public (46%) wants to keep the defense budget where it is; 13% believe that it should be expanded; and 32% believe that it should be reduced. A majority of American leaders (56%), however, wants to cut defense, with only 8% opting for expansion, and 36% for keeping it the same.

However, public opinion is more willing (42%) to cut the defense budget when a choice is suggested between defense and domestic priorities, than when defense is considered on its own (only 32% for cuts). Leaders appear to see defense cuts as a matter of making choices in any event.

More than a third of leaders (34%) cite defense cuts as one of their first or second top priorities for budget reductions while 17% of the public agrees. The public puts greater emphasis on first cutting foreign military aid (35%) and foreign economic aid (24%). Leaders cite military aid 30% of the time as their choice of one or two areas in which to begin cutting, while only 5% of leaders cite economic aid.

U.S. military strength relative to that of the Soviet Union is the most important factor in determining whether public and leadership opinion will favor or oppose defense budget cuts; the effect of defense cuts on unemployment is the next most important factor. When asked, the public is more concerned about the effects of defense cuts on unemployment; leaders are more willing than the public at large to cut spending if it wouldn't mean our falling behind the Soviet Union. It would appear that an adequate economic conversion program would influence public attitudes toward defense cuts.

Both groups think that being strong militarily is very important; but only 36% of each group thinks that making and keeping military commitments to other countries is very important. Two-thirds of the public agrees (33% strongly) that power is what counts in the world, today; but only a bare majority of leaders agree (19% strongly).

This contrast between levels of support for military strength and commitments was also reported in responses to questions about desired U.S. behavior in crisis situations. If friendly countries are attacked, only a quarter of the public (23%) would send aid plus U.S. troops, while a third (34%) of leaders would do so. Only 9% of the public and 1% of leaders would refuse even to send any military or economic aid. These public attitudes vary considerably on the basis of beliefs that Vietnam was either a proud or dark moment in U.S. foreign policy history—45% of the former group favors sending U.S. troops to defend "friendly countries," while only 18% of the latter group would do so.

If specific countries were attacked, a majority of the public (77%) would respond with U.S. troops only in the case of Canada (leaders 90%), while a majority of leaders would also respond with troops to an attack on Western Europe (77% to 39% of the public), or a Soviet takeover of West Berlin (55% to 34% of the public).

If Israel were being defeated by the Arabs, only 27% of the American people would favor sending U.S. troops (50% would oppose it, and 23% are "not sure"). Forty-one percent of leaders would send troops, 44% would oppose it, and 15% are not sure.

If the Arabs cut off the oil supply to Western Europe, only 21% of the American public would favor sending U.S. troops (22% of leaders would do so), and only 14% would respond with troops if Japan's oil were cut off (15% of leaders would do so).

Only 25% of the public would support military action against the Arab oil producers today (although the question was posed in the absence of an embargo or other threat). If the President and Secretary of State asked for public support for such action, only 32% of the public would respond favorably. Similar small increases in support in response to Administration leadership were registered for non-military areas.

Moreover, in the event of a further oil embargo, only 6% of the U.S. public would favor invasion as their first choice of responses (4% among leaders). The public would prefer sharing oil with others (40% to leadership's 83%), or going it alone (38% to leadership's 10%). In general, there is low public support for getting involved in places where war might actually occur, or where U.S. commitments and interests might actually be tested.

In addition to the high order of priority given to cutting foreign military aid by both leaders and public opinion, the survey revealed that only 22% of the public favor any such aid at all. Forty percent of leaders back it, however, and tend to see more value in this aid for our domestic economy, and less damage, than did the general public. Public attitudes for or against military aid largely reflect beliefs about whether or not it promotes U.S. national security.

Foreign military sales are less unpopular than military aid, with 58% of leaders favoring such sales, but only 35% of the public.

In general, more recent American wars are less popular than earlier wars, varying from a high of 68% of the public seeing World War II as a proud moment for America (13%, a dark moment), to a low of only 8% seeing Vietnam in this way (72% a dark moment). Yet less than half the public sampled (42% to 44% against) thought the Vietnam War taught us we shouldn't enter wars we couldn't win (leaders even more firmly rejected this idea as a lesson of Vietnam, by 28% to 55%). About two-thirds of the public learned from Vietnam that we shouldn't support corrupt regimes or get involved in civil wars—while a majority learned that sometimes we have to support regimes we don't like, because a communist takeover would be worse.

Seventy-six percent of the American public see the military as having an important role in making foreign policy (36% see it as very important), compared with 93% who see the Secretary of State as important. Meanwhile, 83% of U.S. leaders see the military's role as being important. A net balance of 8% of the public want that role reduced; while a net balance of 51% of leaders argue for a reduction.

U.S. POLITICAL INVOLVEMENT IN THE WORLD

The great majority of the American people and their leaders (66% and 99%, respectively) accept a positive role for the United States in the rest of the world. Also, fully 82% of the public and 95% of the leaders believe that some problems (like food, energy, and inflation) are so big that no country can solve them alone, and that they can be solved only through international cooperation. Half of the public and more than 80% of leaders think we should consult with allies before making major foreign policy decisions.

The American people are ambivalent about international organizations, however. An overwhelming majority (82%) saw the U.S. role in founding the United Nations as a proud moment in our history, but only a bare majority (53%) think it very important for the U.S. to be a world leader in international organizations such as the U.N. Three fifths of the public think that the superpowers are more important than the U.N. in keeping other countries from going to war; however, a similar number think we should conduct more of our foreign policy through international institutions.

Nearly three-quarters of the public thinks that having good relations with Western Europe, Japan, and the Soviet Union is very important; 68% with the Arab countries; 63% with Asia; 62% with Latin America; and 56% with Africa. Leadership opinion places greater weight on good relations with each area or country, except for Asia and Africa.

Hostility towards some of the communist countries, where stable relationships have been created, has gone down. For example, 58% on the public believes that the U.S. and U.S.S.R. can reach agreements to keep peace, and there is favorable support—between 60% and 84%—for nine specific areas of possible superpower agreement (leadership support was much higher). Fifty-three percent of Americans favor full diplomatic relations with Cuba (84% of leaders favor it). Fifty-five percent of Americans believe we can reach long-term agreements with China to keep the peace (76% of leaders believe this).

However, about half (46%) of both samples) believe that more countries are likely to become communist in the next decade, and there is widespread belief that in certain cases this would pose a threat to the United States, ranging downward from Western European countries (public opinion: 71%); Latin American countries (69%), Japan (67%), and African countries (51%). Leaders see lower threats in each case, with only 54% worrying about Latin American countries, and 30% in the case of African countries. About half the public believes that communist governments in Italy and Portugal would be a threat to the U.S. (50% Italy, 47% Portugal)—though fewer leaders believe so.

Two-thirds of the American public (and seven-eighths of leaders) believe that the U.S. should put pressure on countries which systematically violate basic human rights. Three quarters of both samples believe it is morally wrong to back military dictatorships that deny basic rights, even if we can have military bases in those countries. A majority (57%) of leaders think we should do more to oppose apartheid in South Africa; but only a third of the public thinks this way.

Nearly two-thirds of leaders disagree that "how the Soviet Union handles the treatment of the Jews or other minority groups is a matter of internal Soviet politics, and none of our business," nearly half the public (48%) share this view. Yet almost all leaders (97%) want to expand trade with the Soviet Union; and two-thirds of the public want to do so as well.

U.S. ECONOMIC INVOLVEMENT IN THE WORLD

Almost every major economic problem—inflation, recession, and resources—ranks ahead of traditional foreign policy concerns in public and leadership attitudes. There is a preference to use U.S. economic resources at home; but a compensating desire exists to use foreign policy to benefit U.S. and foreign economies.

There is also high awareness of the impact of foreign affairs on the U.S. economy. Eighty-seven percent of the public believes foreign policy has a major impact on the price of gasoline at home; 78% on the value of the dollar abroad; 77% on the overall U.S. economy; and majorities on the sale of U.S. goods abroad (69%), supplies of raw materials for manufacturing (64%), the price of manufactured products (63%), and unemployment rates (59%). U.S. leaders are largely in agreement. Thus the traditional dividing line between foreign and domestic issues has become blurred.

Public attitudes toward involvement in the international economy significantly reflect concern with domestic economic difficulties. Most important, a large majority of the American public (80%) favors cooperation with other consumer states to reduce dependence on outside supplies of energy. This was so even if gasoline consumption had to be reduced and tax dollars spent. Leaders (97%) overwhelmingly support such cooperation.

A large majority (83%) of the American public favors joint cooperation with the Soviet Union to help solve the world energy shortage. But a plurality of the public (39%) opposes easy-term loans to developing countries to meet balance of payments deficits caused by rising oil costs (72%) of leaders favor such loans) .

The American public also favors unilateral action on resources. Eighty-seven percent favor spending tax money to develop new energy sources; 78% are willing to cut gasoline consumption by 10%; 75% to go without meat one day a week, in order to export food abroad to combat shortages; 68% to cut out nonessential uses of fertilizer; 59% to accept gasoline rationing; but only 30% to accept a gasoline tax of 25c a gallon.

The American public does not see itself highly responsive to Presidential leadership on these issues. If the President and Secretary of State asked, public support would rise by only 8% or less for going without meat one day a week, spending tax dollars on energy resources, cutting back gasoline consumption, accepting a gasoline tax rise, and accepting a 10% rise in the price of food.

About half the American public (52%) support the principle of foreign economic aid, but 56% also wants the level cut back; only 10% wants it increased. Earlier aid efforts are widely regarded as proud moments in U.S. history. Cuts are particularly favored when seen in the context of competing domestic priorities. Humanitarian and emergency aid, however, are strongly supported.

College graduates and U.S. leaders favor economic aid more than the general public, although there is strong popular support for raising the standard of living in other countries. There is more public support for economic aid when it is clear that it actually helps people in poor countries.

Attitudes towards foreign economic aid are highly related to its impact on the U.S. economy, with 25% of the public thinking it helps our economy, and 63% that it hurts. Foreign economic aid is seen to help other economies (77% of public opinion agrees), it is seen to help others live better (70%), and it is seen to help the national security of other countries (65%); but these aims do not have high public priority. The principal opposition to foreign economic aid is based on doubts that it helps our national security or our domestic economy.

WHO MAKES U.S. FOREIGN POLICY?

Public opinion judges Secretary of State Kissinger and television news highest as very reliable sources of information on U.S. foreign policy. Leadership opinion agrees on the Secretary of State, rates newspapers and private foreign policy organizations next, and gives a low rating to television news.

No more than 31% of the public sampled follow any foreign news event very closely, and the highest rating in the December 1974 sample tended to go to events then in prominence. On average, only about 20% of the public follows foreign policy issues very closely.

The American public overwhelmingly believes that the Secretary of State plays the dominant role in U.S. foreign policy. Seventy-three percent (97% of leaders) see his role as very important, compared to only 49% of the public (51% of leaders) who judge the President's role in that way.

In contrast, 39% of public opinion sees the role of Congress as being very important (18% of leadership opinion agrees); while the role of public opinion is itself rated at a mere 19% (15% rating by leaders). The discrepancy in popular and leadership opinion about the role of Congress was also reflected in estimates of the role of business: 42% of the public sees the role of business as very important, but only 25% of leaders do. The CIA (in a sample taken after the disclosures about Chile but before those on domestic activities) was rated as very important in U.S. foreign policy by only 18% of leaders, and 28% of the general public.

In terms of working for peace in the world, President Ford receives a 50% popular rating of excellent or pretty good and 52% from leaders; while Congress' rating is 42% from the public and 32% from leaders. Comparing the two, only 10% of leaders and public opinion think that Congress is playing too strong a role, while 38% of the public and 51% of leaders think that its role is too weak.

On doing his job, the Secretary of State receives a positive rating from 85% of leaders, and 75% of the general public. A majority of both samples are also inclined to give him latitude in personal diplomacy, although there is strong sentiment for greater public and Congressional influence on the shape and conduct of foreign affairs.

URBAN PARKS

Mr. TUNNEY. Mr. President, the experience of Californians with the Golden Gate National Recreation Area, one of the first urban parks established by the Federal Government, has convinced me that more such areas are needed to serve urban residents in many regions of the country. Especially in an era of rising gasoline prices, it is vital to have adequate recreation opportunities close to home.

President Ford wisely signed the law creating the new Cuyahoga National Recreation Area in Ohio last December, against the advice of the Office of Management and Budget and the Department of the Interior.

In this Congress proposals will be considered for the Santa Monica Mountains urban park in California, as well as other urban parks in other States. These will undoubtedly encounter opposition by certain factions in the administration.

It is well to bear in mind that the administration has reversed itself just in the last 5 years on this subject. The move to establish urban recreation areas was initiated by former Interior Secretary Hickel and continued by Secretary Morton. Evidently the Office of Management and Budget has managed to turn the Department around.

For the information of my colleagues, I ask unanimous consent to have printed in the RECORD a commentary on urban parks from the latest issue of the Living Wilderness, published by the Wilderness Society, which correctly identifies the crying need for urban recreation areas.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From The Living Wilderness, Winter, 1974–75]

URBAN PARKS

"The establishment of this area paves the way," President Ford said, using an unfortunate metaphor, "for the preservation of thousands of acres of unspoiled land for the enjoyment of present and future generations." So saying, he signed a law creating the Cuyahoga Valley National Recreation Area taking in 26,000 acres along the Cuyahoga River between Cleveland and Akron, Ohio.

What he didn't say was that this could be the last urban recreation area ever to get his blessing. In fact, the Department of the Interior had urged him to veto the Cuyahoga bill.

Seldom has any government department or agency reversed itself so completely so fast. Only five years ago Walter Hickel, then the Secretary of the Interior, was saying, "We are moving with a coordinated program to establish large park and recreation areas where most of our people live—in the metropolitan areas of our country." Fourteen areas, from New England's Connecticut River Valley to California's Santa Monica Mountains, were selected for study by the department. When Rogers Morton took over in 1971, he picked up the same refrain in his instructions to the National Park Service: "Government must identify and create more parks where people need them—in and near large urban complexes."

Through this initiative two urban national recreation areas were established in 1972. One was the Gateway National Recreation Area in New York and New Jersey. The other was the Golden Gate National Recreation Area in California. Both have been highly successful. Inspector Hugh A. Groves, who heads the Park Police unit at Gateway, told a Washington Post reporter: "Everything we open, the people come pouring in . . . We'd take down a fence around a swamp, put up signs that the water was not fit for human contact, and yet mothers with babies in their arms would come in there and stand in mud up to their ankles to get into the open. New Yorkers are starving for recreational outlet."

The new park is also the site of environmental education classes for visiting school children from the New York megalopolis. Gateway had 4½ million visitors last summer.

Although the urban parks are vastly different from a Yosemite or a Yellowstone, some of the basic values are the same—preservation of nature and open space, public enjoyment, inspiration, interpretation and education. The most notable differences are in the emphasis on heavy public use and intensive management of the urban recreation areas, and in the less stringent standards for eligibility. The urban parks need not contain nationally significant features, as national parks do; in this respect they are like the nonurban national recreation areas, of which nearly a dozen have already been established around the country, in places such as Lake Mead, Flaming Gorge and Bighorn Canyon. The urban recreation areas bring the same opportunities home to city folks, without the need of long-distance travel.

Recognizing the popular appeal of the concept, President Nixon during the 1972 election year associated himself conspicuously with the proposed urban recreation areas, making well-publicized trips to the Gateway and Golden Gate areas. But ever since the election, the message from the White House has been: no more of this nonsense.

Following the 1972 election the Office of Management and Budget, which initiated the policy reversal as part of its program to shift federal responsibilities to the states, began to put the clamps on budget and personnel levels, forcing the Park Service to rob money and staff from other parks to run the new ones. The result has been a heavy drain on other park budgets, since the urban ones require far more intensive development and staffing than do many of the system's traditional units.

It seems ironic to us, looking back on this shift, that the reason for OMB's opposition to urban parks is the very reason that urban recreation areas have achieved such strong support across the country. Lack of funds is the crucial obstacle that has prevented states and cities from setting up such recreation areas on their own. They simply don't have the money to pay for large-scale acquisition and staffing. Only the federal government has the resources to make rapid acquisition and development possible.

Support for urban recreation areas is strong. Local and national citizen organizations, including this one, have endorsed them. Governors, mayors and local governments have given them their backing. Congressional delegations are behind them. But the Ford Administration opposes them.

An interesting point concerning urban parks and conservation has been made by Congressman John Seiberling, Democrat of Ohio and a member of the House Interior and Insular Affairs Committee. "With urban parks on the agenda," he said recently, "I'm confident that more conservation advocates will join the Interior Committee. This committee has long been considered rural-oriented, both in its focus and its composition. Urban representatives have preferred to join committees where they can more directly serve their constituents. Without urban parks as an issue, I'm afraid many conservation issues before the Interior Committee—from strip mining to wilderness—could suffer."

Proponents see urban parks as the city dweller's link to the more distant world of the wilderness. There he can introduced his children to living things—to plants and animals—and awaken them to what lies beyond. Understanding and appreciation of nature, they believe, are dimensions of life lost to all but a few of the people living in our great cities today. They see urban recreation areas as filling this need.

Let's hope Mr. Ford changes his mind. We think Secretary Morton was right the first time.

IRRIGATION SUPPORT SYSTEMS

Mr. GARN. Mr. President, on Friday, March 14, 1975, my colleagues and I joined in voicing support for the irrigation support system of the Agriculture Stabilization and Conservation Service. The Secretary of Agriculture's announcement today, March 17, 1975, that this program will be continued is gratifying. I appreciate the cooperation of those

Senators who cosigned the following letter in protest of the proposed termination of this program, which has been an important stimulus in the development of irrigation systems.

I ask unanimous consent that the letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Washington, D.C.,
March 14, 1975.

Hon. Earl L. Butz,
Secretary, Department of Agriculture,
Washington, D.C.

Dear Mr. Secretary: It is our information that the Department of Agriculture will soon announce the termination of the Irrigation Support System of the Agricultural Stabilization and Conservation Service.

Since its inception, this program has provided necessary assistance to farmers, particularly to those living in arid regions, and at the same time has contributed to the conservation needs of our country. The benefits of this program accrue not only to the individual farmer but also to the entire community, given the fact that efficient irrigation systems not only increase crop production but reduce waste of water.

Shortages persist and the prices of food and feed grains maintain record high levels; the world needs everything the American farmer can produce. We strongly protest the discontinuance of this program which appears to be counterproductive to the total concept of conservation and a viable agriculture industry.

Sincerely,

Frank E. Moss, Paul J. Fannin, Joseph M. Montoya, Gary Hart, Jake Garn, Barry Goldwater, Pete V. Domenici, Floyd K. Haskell, Howard W. Cannon, Lee Metcalf, Mark O. Hatfield, Frank Church, James A. McClure, Quentin N. Burdick, Paul Laxalt, Henry M. Jackson, Gale W. McGee, Milton R. Young and Carl T. Curtis.

MIA'S IN INDOCHINA

Mr. KENNEDY. Mr. President, one of the tragic legacies of the continuing Indochina war is the absence of definitive information on the fate of hundreds of American military and civilian personnel still missing in action in Indochina.

In an effort to obtain information about American military and foreign civilian personnel still considered missing in Vietnam and Indochina, I wrote a personal letter on December 18, 1974, to the North Vietnamese Vice Premier and Minister for Foreign Affairs, Mr. Nguyen Duy Trinh. I expressed my concern over the continuing problems in implementing the Paris Agreement on ending the war and restoring peace in Vietnam, and I made a special humanitarian appeal to the North Vietnamese for information on MIA's.

Mr. President, this past month Foreign Minister Trinh responded to my letter. He stated Hanoi's current view toward American policy in Indochina and developments in Vietnam, but regretably his letter contained no specific information on MIA's.

However, the Minister's letter seems to confirm that information is available on MIA's, and that, to quote from the letter:

> The DRVN services responsible for getting information . . . continue their efforts in the hope that their work will help ease the anguish of the families of those still considered missing.

Mr. President, I welcome, as I am sure all my colleagues in the Senate do, the good news that the North Vietnamese are continuing their efforts to compile information on American men still missing, and hopefully on the international group of journalists still unaccounted for in Cambodia.

But I deeply regret that no progress is being made on the simple humanitarian issue of making this information available to the families of those still considered missing in Indochina. Hopefully, the North Vietnamese Government will reconsider the points raised in my letter to Foreign Minister Trinh, and, in a gesture of good will and human concern, will make this information available in the days ahead.

I pledge my best efforts to accomplish this humanitarian end, as well as the related political goals of the Paris Agreement on Vietnam.

Mr. President, I ask unanimous consent that the full text of my exchange of correspondence with Foreign Minister Trinh be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

U.S. Senate,
December 18, 1974.

Hon. Nguyen Duy Trinh,
Deputy Prime Minister and Minister of Foreign Affairs, the Democratic Republic of Vietnam.

Dear Mr. Minister: I am writing to express the concern I share with many persons over the continuing problems in implementing the Paris Agreement on Ending the War and Restoring Peace in Viet-Nam. I am also writing to express my continuing interest and concern in further efforts to normalize relations between our two countries and to ameliorate the needs of civilian war victims throughout the war-affected areas of Indochina.

You may recall that last year my personal representatives visited your country, and had the honor of exchanging views with you and many of your fellow citizens in the Democratic Republic of Viet-Nam. I strongly feel their visit was an important contribution toward a better understanding between our two countries, and, as you probably know, a report of their findings and recommendations was issued by the United States Senate early this year.

Since the visit of my representatives, I am pleased to learn that a number of non-governmental voluntary agencies, and international humanitarian organizations, have, in-cooperation with your government, initiated useful efforts to provide post-war humanitarian and reconstruction assistance to the Vietnamese people. Hopefully, the United States will more actively facilitate and support these important efforts, which reflect, I believe, the true feelings of many Americans over humanitarian needs among the Vietnamese people and the hope of better relations between our two countries.

Continuing efforts are needed, by all parties concerned, to assist in the building of peaceful relations in Indochina and between the American and Vietnamese people. In this connection, I would like to raise again an issue that remains an irritant in relations between our two peoples. I refer to additional measures to get information about American military and foreign civilian personnel still considered missing in action in Viet-Nam and Indochina.

As you know, your Government's earlier measures in releasing to me information relating to captured and missing American personnel, were recognized by many people as important humanitarian acts. And your Government's subsequent and orderly return of captured personnel, under the terms of the Paris Agreement, was deeply appreciated by all Americans. I am sure you understand, however, the deep personal anguish felt in the hearts of families and friends of those military and civilian personnel still considered missing in action. I am sure you also understand that any information about these personnel would ease this anguish, and, hopefully, contribute toward reducing the barriers and misunderstandings that continue to divide our two peoples.

I would earnestly hope that the competent services of your Government would be able to facilitate the compilation of any available information on the fate or remains of personnel still considered missing in action in your country and, perhaps, other areas of Indochina. My personal hope and concern in this matter includes an international group of journalists still missing in Cambodia.

In light of our previous correspondence and exchange of views, and in the name of our common humanity, I appeal for you and your Government's sympathetic understanding and early consideration of my letter. I can assure you, Mr. Minister, and your colleagues, that favorable consideration of my personal appeal would be gratefully welcomed as another important step in building better relations between the American and Vietnamese people.

Many thanks for your consideration.

Sincerely,

Edward M. Kennedy.

Ha Noi, *January 21, 1975.*

Hon. Edward M. Kennedy,
Senator, U.S. Senate,
Washington, D.C.

Dear Mr. Senator: I have received your letter dated December 18, 1974. I have carefully considered it. I understand your concern over the implementation of the Paris Agreement on Viet Nam and your good-will in wishing to see a normalization of relations between our two countries. I am sensitive to the anxiety of the families of those military and civilian personnel still regarded as missing in action in Viet Nam. I also share your interest and concern in efforts to ameliorate the needs of civilian victims of the war started by U.S. administrations in our country.

I think that to find a good solution to the above-mentioned problems, it is first of all necessary to determine the deep root and immediate cause of the present situation in South Viet Nam. That is the policy of continued military involvement and interference in the internal affairs of South Viet Nam, which the U.S. administration embarked upon even before the ink had dried on its signature in the Paris Agreement on Viet Nam. The U.S. authorities have deceived the American people and acted at variance with their commitment in Articles 1 and 4 of the Paris Agreement to respect the independence, sovereignty, unity and territorial integrity of Viet Nam, and the South Vietnamese people's right to self-determination, and to end their military involvement and interference in the internal affairs of South Viet Nam.

Directed and aided by the U.S. administration, Nguyen Van Thieu and his group have pursued and stepped up the war, perpetrating innumerable crimes against our countrymen in South Viet Nam. They have trampled underfoot all democratic liberties, arrested and maintained in detention hundreds of thousands of political prisoners. Obviously they constitute at present the main obstacle to the implementation of the Paris Agreement and the achievement of real peace and national concord in South Viet Nam.

Of late, the Nguyen Van Thieu group have been dealt heavy punishing blows by the South Vietnamese people and liberation armed forces in many places of South Viet Nam. In face of this situation, the U.S. administration has launched a clamorous campaign of slander against the Democratic Republic of Viet Nam and the Provisional Revolutionary Government of the Republic of South Viet Nam which have allegedly turned from the path of negotiation to that of war. Its aim is to deceive public opinion and the U.S. Congress and to press for more military aid to the Nguyen Van Thieu group for the purpose of intensifying the war and sabotaging the Agreement.

Obviously the Ford-Kissinger administration is still pursuing the previous U.S. administrations' hostile policy towards Viet Nam, providing the puppet Nguyen Van Thieu group with weapons and ammunition to massacre our people in South Viet Nam, wasting the American people's money, keeping the United States militarily involved in South Viet Nam, thus creating extremely serious dangers. Recently, U.S. Secretary of Defence J. Schlesinger stated by way of threat that the Vietnamese people should not "discount American power" and should envisage the possibility of "a reintroduction of American power". Meanwhile, U.S. Secretary of State H. Kissinger openly reneged on the U.S. obligation with regard to the healing of the wounds of war and postwar reconstruction in the Democratic Republic of Viet Nam as provided for in Article 21 of the Paris Agreement.

As far as they are concerned, the Government of the Democratic Republic of Viet Nam as well as the Provisional Revolutionary Government of the Republic of South Viet Nam signed the Paris Agreement on Viet Nam with the earnest desire to see an end to the war, the actual restoration of peace on Vietnamese soil, and the materialization of the right to self-determination and national concord in South Viet Nam. That is the reason why the Vietnamese people, the Government of the Democratic Republic of Viet Nam as well as the Provisional Revolutionary Government of the Republic of South Viet Nam have always respected and scrupulously implemented the Paris Agreement on Viet Nam. As the Agreement is being seriously sabotaged by the U.S. administration and the Nguyen Van Thieu group, the struggle our people have to wage now in South Viet Nam is precisely aimed at defending the Agreement and preserving peace. This just struggle of the Vietnamese people, which is warmly approved and supported by the world's peoples including the progressive people of the United States, will surely be crowned with total victory.

We demand that the U.S. administration put a complete end to its military involvement and interference in the internal affairs of South Viet Nam, stop all military aid to the warlike Nguyen Van Thieu group. We fully support the demand of the Provisional Revolutionary Government of the Republic of South Viet Nam that Nguyen Van Thieu and his group be overthrown so that an administration favouring peace and national concord and correctly implementing the Paris Agreement on Viet Nam may be formed in Saigon. We demand that the U.S. administration put an end to all its encroachments on the air space and territorial waters of the Democratic Republic of Viet Nam and fulfill its obligation to contribute to the healing of the wounds of war in North Viet Nam. The Vietnamese people wish to entertain normal relations with the American people, but this is possible only on the basis of a correct implementation of the Paris Agreement on Viet Nam.

The Vietnamese people are very grateful to the progressive people of the United States for the support they extended to their fight against the cruel war raged by the U.S. administrations. Since the signing of the Paris Agreement on Viet Nam, many humanitarian American organizations, many American personalities have taken positive actions to provide "postwar humanitarian and reconstruction assistance to the Vietnamese people". As you put it, these actions "reflect the true feelings of many Americans" towards the Vietnamese people.

The Vietnamese people appreciate the growing trend in the press, political circles and even in the U.S. Congress to urge the U.S. administration to end its military involvement in South Viet Nam and cease its military aid to the Nguyen Van Thieu group. This trend is an expression of the American people's traditional attachment to peace and justice, contributes to bring pressure to bear on the U.S. administration for a correct implementation of the Paris Agreement on Viet Nam, and creates favourable conditions for the normalization of relations between our two countries and for a good solution to the question of those still considered missing.

Proceeding from our correct stand, good will and humane policy, we have returned to the United States all its captured military and civilian personnel, and unilaterally allowed the U.S. side to repatriate the remains of those U.S. pilots who died while in detention in North Viet Nam. In this humane spirit, the DRVN services responsible for getting information about those considered missing in action continue their efforts in the hope that their work will help easing the anguish of the families of those still considered missing.

In the present juncture, everyone realizes still more clearly that what is most imperative, just and humane is to check the pouring of U.S. military aid to South Viet Nam for the Nguyen Van Thieu group to massacre the South Vietnamese people. This will have a positive effect to ensure a strict implementation of all the provisions of the Paris Agreement on Viet Nam, including Article 8(b) regarding those still considered missing.

Like you, I believe that a serious exchange of correspondence and views made in a spirit of good will is useful, and contributes to the building of good relations between the Vietnamese and American peoples.

Sincerely,

Nguyen Duy Trinh,
Vice-Premier and Minister for Foreign Affairs of the Democratic Republic of Viet Nam.

TRIBUTE TO PERLE MESTA

Mr. JAVITS. Mr. President, a legion of friends both at home and abroad will mourn the loss of Perle Mesta. During her lifetime she exhibited a flair and a style which have been an inspiration to the social and diplomatic communities of the world. In so doing, I believe she contributed importantly to our relations with nearly every nation.

Since 1941, almost every administration in Washington profited from the gracious life of Perle Mesta. She possessed remarkable gifts as a hostess and an uncommon ability to make life more interesting by bringing diverse people together. As ambassador to Luxembourg, she brought to that country real American enthusiasm and optimism, coupled with a zest for life which no one will forget.

Mr. President, along with many of my colleagues in the Senate, I will miss the charm, the good nature, and the vitality of Perle Mesta. She was one of Washington's great ladies.

I ask unanimous consent that an article on the death of Perle Mesta published in today's Washington Post be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Hostess Perle Mesta, 83, Dies

Oklahoma City, March 17.—Perle Mesta, Washington hostess to presidents and top political figures, died Sunday night at Baptist Medical Center here, a hospital spokesman said. She was 83 years old.

Mrs. Mesta entertained along embassy row and posh Foxhall Village during the Truman and Eisenhower years.

President Harry S. Truman named her ambassador to Luxembourg, and she used the post to entertain as many as 25,000 American GIs.

A hospital spokesman said cause of death could not be immediately released, nor was it disclosed how long she had been hospitalized.

Funeral services were pending, with burial arrangements being made in Pittsburgh, Pa., where her husband is buried.

She was the queen bee of Washington society for 30 years and became famous worldwide as the prototype of "The Hostess With The Mostest" in the Irving Berlin musical, "Call Me Madam."

Mrs. Mesta was the daughter of Billy Skirvin, a one-time Michigan farm implement salesman who struck it rich in the oil fields of Texas and Oklahoma.

Brought up in Oklahoma City, the future hostess of presidents attended music school in Chicago, hoping to become an opera star. She gave up the ambition after one concert and married a wealthy Pittsburgh machinery manufacturer, George Mesta. She found Pittsburgh dull, however, and edged into society at Newport, R.I., in the 1920s.

Upon Mesta's death in 1925, she fell heir to his fortune and then to her father's after his death following an auto accident.

Mrs. Mesta appeared on the Washington scene in 1941, widowed and childless but with a down-to-earth Oklahoma liking for people and parties. One of those she struck up an early friendship with was a down-to-earth Missouri senator—Harry S. Truman.

She sponsored a coming out party for his daughter, Margaret, and was one of the few persons who could call Mrs. Truman "Bess" when Truman became president on Franklin D. Roosevelt's death.

But like any sensible Washington hostess, Mrs. Mesta had friends in both political parties for her entertaining at Uplands, her spacious Foxcroft Road Mansion. She enjoyed cordial relations with every president except John F. Kennedy and either compaigned or contributed money to the election efforts of Roosevelt, Truman, Eisenhower, Johnson, and Nixon.

Truman gave her the first paying job in her life—the $17,500-a-year ambassador to the Grand appointment and her tenure Duchy of Luxembourg. Her in the tiny country provided the background for the broadway musical starring Ethel Merman.

Despite the somewhat satirical treatment her diplomatic efforts received in the show, she was generally acknowledged to have done a good job in the Luxembourg post.

Wide prominence was given the press to such statements as that of a housewife in the European country who said: "Your President couldn't have sent us a nicer present. We love her."

In 1955 as a private citizen she made a 40,000-mile round the world tour, in which she visited 17 countries and talked to many foreign leaders.

At one point, she told newsmen, she had a brush with death during riots in Saigon.

Vietnamese student rioters broke into her hotel room, she recalled, and one approached her with drawn dagger.

"I thought he might as well know who he was going to kill so I told him 'I am Pearl Mesta.' His whole manner changed. He remembered me as the lady who had addressed homeless boys at a refugee camp earlier. He became our protector and kept the others from harming us."

Although she probably did not have such incidents in mind, Mrs. Mesta was a woman known for her zest who once said: "I always have a good time wherever I go."

Whether representing her country overseas or at home in Washington, she gave parties that were lavish, carefully planned and lots of fun.

"I like to mix people," she once explained. The uppers, the middles and the lowers, the sours and the sweets."

If there are too many dull ones, she added, "I put some aside for the next occasion."

Among reported highlights of her parties in the 1940s were a stint at the piano by Mr. Truman, and a baritone rendition of "Drink to Me Only With Thine Eyes" by Gen. Eisenhower.

In recent years Mrs. Mesta's activities had been restricted by the effects of a broken hip. Early in 1974 she returned to Oklahoma where a brother lived and where she expected the climate would aid in her recovery from hip surgery.

Although she had entered the hospital March 4 suffering from lung congestion, the condition was said to have cleared before she was stricken last night.

"She was amazing," a close friend said. "You'd think she was doing pretty good but she had been ill for so long."

THE GIRL SCOUTS

Mr. HUMPHREY. Mr. President, on March 12, 1975, the Girl Scouts of the U.S.A. celebrated their 63d anniversary. I would like to bring to the attention of this body the fine record of this pioneering organization.

I have a high regard for the Girl Scouts and strongly support the scouting concept. My experience as a scoutmaster in South Dakota meant a great deal to me and fostered an interest in scouting which has persevered over the years.

The Girl Scouts are the world's largest voluntary organization for girls, with over 6½ million members in 90 countries. Since its inception in 1912, 27 million girls and 7 million adults have participated in the organization. Today, the Girl Scouts boast 3 million members in the 50 States.

We are all familiar with the famous boxes of cookies which the Girl Scouts sell throughout the Nation. These cookies provide the organization with badly needed funds which allow the Girl Scouts to sponsor a multitude of national and international events, purchase equipment and property, and provide camperships.

The Girl Scouts have played a major role in encouraging women to develop a positive self-image. They allow girls to acquire skills in the areas of their choice and provide opportunities for career exploration.

The ethical and spiritual code which unites the girls is a partnership which stands out as an exemplary model of national unity. The Girl Scouts organization enables girls from varied cultural, ethnic, and economic backgrounds to share their heritages and develop a strong sense of community responsibility.

I commend the Girl Scouts of America for the fine efforts which they have made in behalf of our great Nation. They have made outlets available for our young people which have withstood the test of time. Rooted in traditional American values, the ideals of the Girl Scouts have developed millions of girls into leaders and responsible citizens.

The Girl Scouts help girls become young women with good moral standards and the capacity to do something for themselves and their communities. Their work is truly outstanding and worthy of the commendation of this body. I, therefore, encourage my colleagues to join with me in saluting the Girl Scouts of America.

THE OSMONDS—A FAMILY MODEL

Mr. MOSS. Mr. President, music has long been considered to be a universal language. And I know of no other family which spreads love and affection through their music more than The Osmonds. This performing family consists of Alan, 25; Wayne, 23; Merrill, 21; Jay, 19; Donny, 17; Marie, 15; and Jimmy, 11.

Through the artistry of their music, The Osmonds have helped brighten the image of America, both at home and abroad. Presently, they are representing our country as good will ambassadors of song in Japan, Australia, and New Zealand.

The Osmonds are singing stars and producers of 22 gold—million-selling—records. But The Osmonds are also Mormons, and showbusiness or not, they adhere to strict principles which keep them at arm's length from the drug-drink-groopie image often associated with contemporary singers.

Sure, The Osmonds have their exhilaration. But like most of the citizens of Utah, it is not temporary. As Donn, a superstar in his own right, puts it:

> Instead of getting high on drugs, kids should get down on their knees. A lot of people are running into deadends with temporary highs. What makes me happy as a person is when I get down on my knees and pray.

The Osmonds have always been close to the earth. They grew up growing wheat and milking cows in Ogden, Utah. Their father built a long dormitory across the back of the house for his eight boys—furnished with cots for them to sleep upon. Sleeping accommodations have changed, but their closeness to the soil has not.

The Osmonds recording is called Kolob, which means from the Earth, and whenever they get home, much time is spent on their father's farm.

The Osmonds first left their acres of orchards and garden in Utah to venture to California in 1958. They visited Disneyland; auditioned to sing, and their career was launched.

Andy Williams' father discovered them at Disneyland, took them to his son, and they became instant television stars. The first record success for the older five singing Osmond Brothers "One Bad Apple," sold over 2 million copies. They have been hits around the world since.

However, The Osmonds have never forgotten the place where they first learned to sing—the church. Alan has said time and time again:

> The church is so much a part of our lives, it enhances everything we do.

Despite their youth, The Osmonds have performed in hundreds of cities and hamlets in every section of America and most of the world. As performers, their objective is to entertain; as human beings their goal is to guide and help those in need.

They are always meeting with young people to show that wonderful lives can be lived without the benefit of drugs or alcohol. They emphasize the sanctity of family life, and they feel that nothing compares with the joy of having their prayers answered and the joy of their family togetherness.

The Osmonds next project is a motion picture written about them and in which they will star. It is sure to bring new followers for I am sure it will be as beautiful and wholesome as their lives.

I am proud to know personally the Osmond family and to have them as citizens of Utah. I, too, thrill when I witness their great entertainment, and I know their mother and father, who have trained them from childhood to stardom and who are with them as loving parents and counselors through all of their training and travel. Theirs is a great family, not because of fame and talent, but because of love and trust and faith. I believe that the example which this family has set, typifies young American manhood at its best and should be an inspiration to all youth. Home, parents, children, love, appreciation of one another: What higher ideal is there?

MONDALE FIGHTS THE GOOD FIGHT

Mr. NELSON. Mr. President, the Senate has just finished one of the longest, most hard fought, and most complicated parliamentary battles in its history. I refer, of course, to the successful effort to amend rule XXII of the Standing Rules of the Senate.

After no fewer than 37 rollcall votes, dozens of dilatory motions, and countless quorum calls, the Senate worked its will. By a vote of 73 to 21 it invoked cloture on Senate Resolution 4, and, by a vote of 56 to 27, it passed the modified resolution.

The reform of Senate rule XXII is a significant victory for those who seek to make the Senate more efficient and better able to deal with the problems of this Nation.

Much of the credit for this important change in Senate procedures goes to the chief sponsors of Senate Resolution 4—the distinguished Senator from Minnesota (Mr. MONDALE) and the distinguished Senator from Kansas (Mr. PEARSON).

Despite formidable opposition, these Senators steered Senate Resolution 4 through the parliamentary thicket and to final passage. They are to be congratulated and to be thanked.

The Minneapolis Star in an editorial

on March 3, 1975, described the efforts of Senators Mondale and Pearson as "a gallant fight." I concur in that characterization. I ask unanimous consent that the editorial entitled "Mondale Fights the Good Fight" be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Mondale Fights the Good Fight

Sen. Walter Mondale, D-Minn., led a gallant fight, with the help of Sen James B. Pearson, R-Kan., to modernize the mass-encrusted Senate filibuster rule. He emerged battered, but with hope for an honorable compromise of historical significance.

Filibustering has been an obstructionist tactic by a minority since the beginning of congressional history. However, the House, back in 1890, made it virtually impossible. In 1917 the Senate ended simon-pure filibustering with the two-thirds rule (67 votes now required to cut off debate if all 100 are present). Yet since then, debate has been cut off only 21 times.

Mondale's goal was to reduce the barrier so that three-fifths (or 60 percent) of those present and voting could invoke cloture to cut off debate. He argued that the two-thirds rule protected the right of debate at the expense of the right to decide, blocking social and economic legislation.

Even more serious than the strangling of any particular legislation or the waste of time, energy and money, has been the blow to the Senate's prestige. This is especially acute at a time when the nation is looking for Capitol Hill leadership in the wake of Watergate and when the House has taken long steps towards reform. The scrambling on Mondale's moderate proposal made the Senate look like a bunch of hopping jack rabbits, Democratic Leader Mike Mansfield declared. He could have been referring to any filibustering.

When the smoke cleared after a barrage of conservative rhetoric at Vice President Rockefeller and a rash of parliamentary jackrabbiting, Mansfield and Sen. Russell Long, D-La., offered a bipartisan compromise. It calls for a 60 percent, or three-fifths, cut-off vote—but on a total membership base rather than on a base of those present and voting. Nevertheless, in a total vote situation, 60 instead of 67 votes would work. That's a breakthrough if the compromise is adopted. As Mondale said, in effect, it is better, if not the best.

KEEVE M. SIEGEL: ENERGY PIONEER

Mr. GRAVEL. Mr. President, last Thursday a mathematician-businessman named Keeve M. Siegel suffered a fatal stroke as he was testifying before the Joint Committee on Atomic Energy. Mr. Siegel, who owned a small firm called KMS Industries, was a pioneer in the field of fusion energy, and I want to take this opportunity to pay homage to him.

According to a number of articles published last year, KMS scored a significant breakthrough in the effort to harness the fusion process. The firm was able to make this progress in spite of the fact that it was working without the massive Government funding that is often thought to be essential for serious research in this field.

Mr. Siegel and his associates intended to employ fusion process not to generate electricity directly, but to produce high quality methane, the equivalent of natural gas.

Most important, KMS believed it could produce the gas at a highly competitive cost within 10 years.

Our Government agencies have generally held that fusion energy cannot be practicable for many decades, if at all. On this basis, we have devoted enormous sums of money to nuclear fission energy, despite the great dangers of that technology.

Mr. Siegel recognized the inherent superiority of the fusion process over fission energy. He saw that fusion, unlike fission, promised a virtually limitless and remarkably clean energy source. And instead of bowing to the conventional wisdom that fusion was "a long way down the pike" or too good to be true, he committed his talents and his limited resources to finding a way to develop fusion quickly.

Like Henry Kaiser, Mr. Siegel was interested in how the job could be done, not how it could not.

This is the kind of aggressive and innovative approach that we must employ to meet the energy challenge.

Mr. Amitai Etzioni, director of the Center for Policy Research, wrote about the energy crisis in the Washington Post earlier this year. He said:

> Let us focus on those efforts which are desirable in themselves.

This is what Mr. Siegel did, and I believe our energy agencies should do the same, not only with regard to fusion, but also in the areas of solar, geothermal, and other clean or increasingly efficient energy systems.

Mr. President, to indicate the scope of Mr. Siegel's accomplishments and the promise that fusion energy holds, I ask unanimous consent that three entries be printed in the Record: First, the notice of Mr. Siegel's death from page 1 of the Washington Post; second, Mr. Siegel's prepared testimony for the Joint Committee on Atomic Energy; and finally, the article "KMS Bets Its Life on Nuclear Fusion" from last December's Fortune magazine.

There being no objection, the material was ordered to be printed in the Record, as follows:

Stroke Kills Hill Energy Witness—The Words Stuck in His Mouth

(By Richard M. Cohen)

The witness before the Joint Committee on Atomic Energy was a driven man, his friends and associates say a scientific genius who made a fortune and now was spending it in an obsessive attempt to prove he could make a cheap source of energy.

Now, with his dream perhaps within reach—and the government finally paying attention—Prof. Keeve M. Siegel, 52, was halfway through his testimony Thursday when suddenly the words stuck in his mouth.

"We are asking the government to help us . . ." read the next line of his prepared statement, but he could not say the words. He tried again, but failed.

As Siegel reached for a water glass, Rep. Teno Roncalio (D-Wyo.)) tried to mask the witness's embarrassment and started to talk about a vaguely relevent subject. Siegel sipped water. Roncalio talked on. The witness suddenly slumped.

"Stroke," his lawyer sitting behind him heard Siegel say. It was the last thing he said.

Siegel, who had been testifying about his firm's pioneering efforts to achieve cheap laser fusion, was rushed to George Washington University Hospital. He died there at 5 a.m. yesterday of a cerebral hemorrhage—a stroke.

Siegel left behind his wife and two sons. He left a company he had named after himself—KMS Industries, Inc.—and an idea he believed to be a major answer to the energy crisis. His friends are just as sure it killed him.

One friend, Eugene Zuckert, a KMS lawyer and former secretary of the Air Force, said: "Yesterday he (Siegel) said, 'It's very hard to get emotional when you've given your life to a project.'

"He didn't know how right he was."

Another associate put it differently: "His guts were just incredible," said Ned Trapnell, a KMS consultant. "He had put $13 million of his own money into this. He just cannibalized his company. He put his guts into this. And now his life."

Others tell the same story of Siegel. A seven-day week 20-hour days, a schedule so intense that between now and the first of April, Siegel did not have a single open day. What he had, he frequently said, was an idea. Others called it an obsession, and some said it was a pipedream.

With his associates, Siegel was working on a process to harness laser fusion to produce methane, a gas similar to natural gas. The work made him a pioneer in two ways: His firm was alone in the field and it was concentrating on the production of gas, while everyone else was working on laser-fusion techniques to ultimately produce electricity.

"The reason this was getting so significant is because Siegel said that they could be producing methane by the middle 1980s." said Trapnell. "That's 10 years sooner than we expect to get energy from any other fusion process.

"This is going a new fuel route. He said everyone else had a mental block against using gas," Trapnell added.

The KMS process involves using a laser beam to compress ionized gas, such as hydrogen, which is contained in specially made microscopic gas pellets. The laser compression causes fusion of the gas atoms, which can yield tremendous amounts of energy. Siegel believed this energy could be used to cheaply produce methane and replace dwindling supplies of natural gas. KMS has claimed many breakthroughs toward achieving this goal.

The effort began in 1969, without help from the old Atomic Energy Commission which refused to assist the firm.

Siegel plunged ahead anyway, forming a new company, KMS Fusion Industries Inc. and financing the venture himself, perhaps as much as $20 million by the time he died.

It was not the first time the obese scientist had taken off on his own. While on the faculty at the University of Michigan, the New Yorker had founded a successful research firm and sold for a profit.

He formed a new company, KMS Industries, turned it into a conglomerate, and after a discussion with William M. Elmer, chairman of Texas Gas Transmission Corp., Siegel resolved to perfect the cheap production of methane.

Unable to get federal money, Siegel cannibalized his own company—from 46 companies in 1969, down to six by 1974.

With some successes in recent years in laser fusion, Siegel came to Washington this week seeking $59.5 million in U.S. money over the next three years.

Statement of Keeve M. Siegel, Chairman of KMS Industries, Inc., Before the Subcommittee on Legislation of the Joint Committee on Atomic Energy on March 13, 1975

Mr. Chairman and Members: My name is Keeve M. Siegel and I am Chairman and Chief Executive Officer of KMS Industries, Inc., and its subsidiary, KMS Fusion, Inc.

It is a great pleasure to address you today. KMS Fusion is firmly convinced by the work we have done and are doing for our own account, and work we have done and are doing for the Texas Gas Transmission Corporation, that methane, the equivalent of high quality natural gas can be produced at $1.50 a thousand cubic feet in today's dollars to go into the pipeline in the time frame of 1984–1986. This is based on a pilot plant being built and in operation for the production of hydrogen and methane about the end of 1979.

All projects we know of, associated with the gasification of coal, are expected to come out at least to $3.50 to $4.00 per thousand cubic feet. In other words, we expect the Texas Gas Transmission method to be priced in today's dollars at the equivalent of $9.00/barrel for oil or less, as compared to gas from coal gasification at the equivalent of $21/barrel or more for oil.

I am here to describe a laser-fusion energy research and applications program initiated outside of government. However, it is impossible for us to pursue the development of this vital new energy option at the necessary accelerated pace without significant government financial assistance.

Our company felt in 1969 that it could come up with what would eventually be an economically feasible fusion reactor. To date, we have invested over $20 million in laser-fusion. We have cannibalized KMS Industries by selling off divisions in order to obtain funds to conduct our fusion program. We have not been able to raise all the money we needed to go as fast as our original schedule would have taken us. Nevertheless, at the recent meeting of the International Atomic Energy Agency, an official representative of the U.S.S.R. conceded that our company was ahead of their laser-fusion effort in the amount of compression we have obtained and in our production of compression neutrons. More important than that, he recognized the fact that the laser-fusion reactor has now become a hopeful candidate to be the coming fusion reactor.

Gentlemen, it is NOT important that we are receiving international credibility. It is NOT important that our work may be competitive with that of the ERDA laboratories. What is important is that the people of the United States know that its government and industries are following every realistic possibility of solving the energy crisis and creating a convenient and economical source of energy, whether it be electricity, gas or liquid. Economical energy is the essential element to our country's prosperity. Therefore, it is important that our government fund all viable candidates for a solution. We believe our company is working on one of the viable solutions to produce a convenient source of energy at a price people can afford. The whole automotive industry would probably not survive major increases in the price of energy, that is, energy only for the rich. In fact that industry and its suppliers is based on the fact that almost everyone can afford energy to run an automobile.

The Texas Gas Transmission Corporation, through the ordinary processes of the free enterprise system has funded the hydrogen/methane activity in our corporation. If this process proves correct, I repeat, it will allow the beginning of the supply of synthetic natural gas in 1985 and offsetting part of the shortfall in natural gas existing at the time, all at a reasonable price.

I would like to quote from a letter from Wm. M Elmer, Chairman of the Board of Texas Gas Transmission Corporation, written January 21, 1975 to Dr. Robert C. Seamans:

"Texas Gas has funded all research and experimental work conducted for it by KMSF in connection with this hydrogen research program. So long as the experiments continue to produce positive results, both in the KMS Fusion basic laser fusion program and in our hydrogen research program, we intend to continue funding the hydrogen program and believe that our company has the financial capability of doing so. Texas Gas has not, however, funded KMS basic research in laser fusion and, although we are aware of the many benefits our nation can derive from the success of this basic research, we do not have the financial resources to fund that effort. KMS estimates that, if everything goes according to present schedule, the first pilot plant for the production of hydrogen and methane associated with laser fusion should be in operation in 1979 to 1980. They are presently estimating that the cost of such plant will be some $80 million, of which approximately one-half would be applicable to the hydrogen and methane operation. We feel that, as long as the experiments continue successful and as they reach the point where a pilot plant should be built, which we are very hopeful will be the case, our company should be able to take care of the funding of the hydrogen portion of the project. This is presently our intent."

There is no evidence available to us that any other laboratory in the world has discovered our method of producing hydrogen. When one looks at the overall process, our method is much more efficient, much less expensive and much less capital intensive than any other method.

We have already made certain engineering tests at what will be the full-scale temperature and pressures of the pilot plant. We have shown that the efficiencies stand up under such conditions. We have costed out as carefully as we could, all the processes associated with proving out these concepts. We have a great deal of faith in these analyses.

With respect to the fusion reaction necessary to produce neutrons to obtain hydrogen our past accomplishments speak for themselves. We lead the world in compression and compression neutrons. We are happy to announce today that we have shown volumetric compression of ordinary pellets of over 1000 and on pellets with dilute gases, of over 2400. It's not that those numbers are really important or that they lead the rest of the world by a factor of ten and that we probably lead the world in the generation of compression neutrons by a factor of 1000: what really is important is that so far as we know we are the only laboratory in the world that has the basic knowledge on how to go from the direct output of the pellet laser-fusion reaction to the production of hydrogen. We know our time scale is optimistic. On the other hand we feel that these goals are achievable.

We are asking the Government to help us since private sector support is unobtainable for the research essential for the progress of our work. Without the support we request, our program will not continue and the people of this country will be deprived of the opportunity to pursue development of an energy option which promises a major payoff in the mid-1980's. Our situation is a fundamental example of the conditions foreseen by the Congress in enacting the Federal Non-Nuclear Energy Act of 1974, with respect to Federal support of industry energy research and development efforts.

Competition in ideas and cooperation in work among industrial and government laboratories in the development of the fusion source is probably the most assured way of achieving success. If the laboratories can produce more energetic neutrons for a price better than we can, we would be happy to use their techniques as a source of energy to be used in the production of hydrogen and methane. But we think our having an independent program, and each making known his research accomplishments to the other, is the best way to solve the problem as quickly as possible.

In order to have the pilot plant in operation, we need $114.5 million, based on today's dollars. I have asked ERDA over the next three years to fund the research part of our program which is applicable to all laser-fusion activities, in the amount of $59.5 million which can be committed in phases. When you add that amount of money to Texas Gas Transmission's intent, as expressed above, and our own company's intent to furnish $15 million through the sale of an interest in KMS Fusion, that will in fact give us the money we need for the pilot plant.

We fully recognize that money does not exist in the present budget for ERDA to fund the $59.5 million portion of the $114.5 million we need, or even a reasonable portion of that. As a result we have suggested to ERDA the following, in my letter to Dr. Seamans of February 25th, and I quote:

"If you feel that it is impossible for you to fund our present proposal by reprogramming an amount of $4.7 million for this fiscal year, consider this letter as our company's official request to switch our proposal from a paid contract by ERDA, to a $60 million loan by the U.S. Government.

"What we are requesting is as contemplated by Sec. 7(a), paragraph (5) of *Forms of Federal Assistance* of the Act: 'Federal loans to non-Federal entities conducting demonstrations of new technologies'."

We are proud to go ahead under ERDA's banner [see the enclosed article from the March 7th issue of Science Magazine]. We feel ERDA has made and is making an excellent start on pulling energy research together and generating the concepts allowed through the Act to meet the country's crushing needs. We believe we offer through ERDA and to ERDA, a unique opportunity under Dr. Seaman's direction, to run together with the ERDA laboratories.

Every year the country is delayed in solving the energy problem is costing the American people $26 billion in import payments which makes the U.S. more dependent on other countries, and allows more of our country to be owned by others.

The cost to the Government and our people for the support of this program is insignificant in terms of current national expenditures and our energy import costs. On the other hand, the potential benefits are inestimably high in terms of our standard of living, energy independence and lastly, national security.

KMS Industries Bets Its Life on Laser Fusion

(By Gene Bylinsky)

In the world of thermonuclear-fusion research, a certain bigness prevails—immense potentialities for the future, grand-scale efforts to overcome the technical obstacles, huge costs that only governments can afford. Yet a small company in Ann Arbor, Michigan, has been agitating that world with some seemingly audacious claims of success. KMS Fusion, Inc., says its scientists have mastered the key mechanism of laser-driven fusion—a feat that has so far eluded the big teams of government researchers in both the U.S. and the Soviet Union, as well as smaller groups in Great Britain, France, Japan, and West Germany.

What's more, the brash little company attained its results with exceedingly low laser energy. This raises questions about the soundness of U.S. and Soviet plans to build mammoth lasers, which many scientists in both countries think are needed to attain success.

Experimental proof that laser fusion can be made to work would strengthen hopes that this new approach will leap-frog the older, more ponderous schemes to achieve fusion through magnetic confinement. (See "Lasers Blast a Shortcut to the Ultimate Energy Solution," FORTUNE, May.) Trying to kindle on earth the fusion that powers the stars, scientists have attempted to confine ionized gas, called plasma, inside magnetic fields, or "magnetic bottles," in the innards of big and expensive apparatus. In the interior of the sun and other stars, fusion takes place because of enormous gravitational pressure. Inside the experimental devices on earth, the plasma has to be compressed and heated electromagnetically to ignition. (Fusion scientists use terms such as "ignition" even though fusion, in which nuclei of light elements merge, is a different kind of process from chemical combustion.) There has been encouraging progress in magnetic confinement lately, but after nearly a quarter century of research and expenditures of more than $500 million in the U.S. alone, that approach hasn't lit the magic fire. A major difficulty is leakage from the magnetic bottles.

THREATENING TO UPSET THE SCENARIO

Laser fusion greatly simplifies the confinement scheme. Converging laser beams would hold a tiny ball of fuel for a brilliant moment, compressing it to a density 100 times that of lead and thus starting ignition. The resultant flux of neutrons would be captured as heat and transformed into electricity or made to do other useful work.

In the U.S., large-scale work on laser fusion began only about five years ago. The Soviet Union started earlier and now runs an impressive effort. The U.S. has been building up a similar enterprise, with $64 million in federal funds going into laser fusion in fiscal 1975. As part of the expanding federal program, a huge $25-million laser will be built at the AEC's Lawrence Livermore Laboratory near San Francisco to become operational in 1977. The Soviet Union is building a similar laser. Official U.S. plans do not call for possible commercial use of laser fusion until about the end of this century.

When KMS Fusion barged in, threatening to upset this leisurely scenario, the not unreasonable question arose how a small company, the only private company working directly in the field, could have outdone the government projects of the superpowers. Some skeptics suggested that KMS Fusion had made up the story to raise funds so that it could continue research in laser fusion. But the doubts faded considerably as the company kept reporting further advances. At a meeting of the American Physical Society in Albuquerque in October, 500 scientists listening to a KMS scientist reporting on the latest tests burst into applause when he finished.

What KMS Fusion has done so far, to be sure, is a very early step toward eventual construction of laser-fusion reactors. The company's scientists succeeded at the end of 1973 in using laser light to produce a slight compression of tiny glass pellets filled with deuterium and tritium (isotopes of hydrogen). Last May, they compressed the pellets further and started getting some energy output in the form of neutrons from the pellets—the first time anyone had obtained compression neutrons. In late October, by turning up the laser power a little, they got much greater compressions and a lot more neutrons. The company thus appears to be on the right course toward the next step, ignition inside the barely visible pellet. This would be equivalent to the first successful chain reaction in fission.

A FIREFLY 100 MILES AWAY

There is a great difference, of course, between the tiny sizzle in the microscopic pellet that KMS has achieved so far and the brilliant intensity of a full-fledged fusion burn that must precede net energy production. In the words of one scientist, it is "the difference between a firefly 100 miles away and a giant lightning stroke." Still, KMS has overcome what many scientists in the field considered to be the critical challenge in laser fusion: compressing the fuel pellet symmetrically so as to avoid producing instabilities that would prematurely break it apart.

In a reactor, laser energy would implode perhaps dozens of such pellets each second, one after another. Before KMS conducted its pathfinding experiments there was a question whether the basic process that underlies the concept of laser fusion could be made to work. The company's experiments showed that it could. Scientists at the Atomic Energy Commission and their Soviet counterparts now call the KMS feat "a significant first step" toward attainment of controlled laser fusion.

That a small private company has outdone huge governmental research efforts is no surprise to the energetic man behind it, mathematician-businessman Keeve M. Siegel, fifty-one, who endowed his company with his own initials. Siegel believes in "the lesson of the Cavendish Laboratory," the famous British research establishment "where a few bright people outinvented the world for a long period of time. And they did this literally with wires and chewing gum. There, the people motivated each other. In a small company, there is that same kind of drive for success. Whether the drive is motivated by the scientific people like it was at Cavendish, or by the desire to make a buck, I think that's all incidental."

Siegel's own motivation includes but also transcends the desire to make money. He is already a millionaire from a previous venture in high technology, so he can afford to indulge in some philosophy, too. A noted physicist says that Siegel "has developed a Jehovah complex over laser fusion." Siegel speaks intensely and persuasively about laser fusion as a new source of potentially unlimited energy, at once freeing the U.S. from its dependence on imported oil and cooling the inflationary fever too.

USING NEUTRONS TO FILL PIPELINES

A boldly innovative aspect of the KMS approach is the idea of utilizing fusion neutrons not to produce electricity, as almost everyone else in fusion research wants to do, but to produce methane, the principal ingredient in natural gas. The neutrons would be used to break down water molecules into their constituent elements, hydrogen and oxygen. The hydrogen would be converted into methane, which would be put straight into pipelines.

This novel idea evokes admiration on the part of some of the experts who have talked about a "hydrogen economy," in which hydrogen (produced by electrolysis) would be substituted for natural gas. Because hydrogen is so volatile, that transformation would be complex and costly, requiring extensive changeover in distribution lines, storage facilities, pumping stations, household appliances, and other hardware. The alternative "methane economy" that Siegel is preaching would supplement our supplies of natural gas (which is more than 80 percent methane) while leaving pipelines, pumps, and appliances intact. To prove out the process, KMS Fusion is already producing hydrogen "by the thimbleful and bucketfull," as Siegel puts it, with neutrons from conventional generators.

Since fusion can generate more energy per pound of fuel than any other reaction, the use of fusion neutrons to produce hydrogen could be an inexpensive and highly efficient process. The lack of cheap hydrogen has been an impediment to economic coal gasification. With cheap fusion-generated hydrogen, it would be possible to produce methane cheaply and abundantly by making hydrogen react with coal or with carbon derived from limestone. "If it works," say the chairman of a pipeline company that supports research at KMS Fusion, "it will be like the invention of the electric light."

Siegel and his associates figure that by taking the shortcut from pellet to pipeline, their company could cut years from the development of economic fusion power. The design of a methane generator would be simpler than that of an electric-generatiing fusion plant. Scientists at KMS Fusion talk about having a pilot methane generator operating about five years from now if the company gets enough financial and technical help from the government and from larger companies.

Most researchers at the AEC and at universities consider such optimism nothing short of reckless. Although they admire the technical achievements at KMS Fusion, these experts, almost to a man, don't see a demonstration power reactor until the bid 1990's.

STEEP HEIGHTS TO BE SCALED

Crucial tests to settle the issue may be performed in the next few months, or at the most in the next few years. Ignition will be a critical step. After that must come "scientific breakdown," where the flux of energetic neutrons and alpha particles from the fusion process equals the energy in the laser beam applied on the pellet. Another steep height to be scaled will be "total breakeven," or "engineering breakeven," where the energy produced by the pellet exceeds the energy put into the overall system that powers the laser. After that comes the tough engineering task of developing the fusion reactor.

So far, KMS has invested $19 million in laser fusion. Some outsiders doubt the company's ability to last out what they view as a long and arduous race. Siegel, who puts the cost of a methane pilot plant at about $85 million, readily concedes the possibility of having to drop out. "You are not talking to a corporation whose future is assured," he says, "and as chief executive I have told that to my shareholders."

A TOUCH OF THE GAMBLER

The answer to the question of what such a small company is doing in such an expensive and demanding field involves the ambitions and dreams of "Kip" Siegel. He is a man of huge girth and huge ego, energized by a pressing need to be liked, praised, and appreciated. An expert on electromagnetic theory and a former University of Michigan professor, Siegel has long cherished the dream of building a major corporation. He made at least $4 million from his previous venture, Conductron Corp. He has faced skepticism before. While running Conductron, for instance, he proposed a technique to make U.S. missile nose cones less vulnerable to enemy radar. Some scientists said it couldn't be done, but Siegel went ahead and proved it could.

Siegel is something of a gambler. He is part owner of a stable of trotters and likes to watch his horses run. What gamble, if it pays off, would pay more than a bet on a solution to the energly predicament? His bet on laser fusion is a big one. He has been selling off divisions of KMS Industries, the parent company, to keep KMS Fusion going, and has put in about $3 million of his own as well.

Siegel had no intention of getting into laser fusion when he started KMS Industries in 1967. Conductron, a profitable electronics company, had been absorbed into McDonnell Aircraft Corp., and Siegel had resigned after a disagreement with Chairman James S. McDonnell. Rebounding with amazing speed, Siegel took only a week to found KMS Industries. He assembled a pool of scientists—many followed him from Conductron—and began installing them in old, experienced, but technically backward companies that he acquired with KMS stock. His idea was to invigorate these companies with new technological skills and new products to be marketed through their established sales channels.

KMS Industries reached sales of $12.2 million in its first year, and leaped to $51.7 million in its second, partly thanks to acquisitions. During 1967–69, KMS Industries acquired no less than forty-six companies. Then, in late 1969, Siegel discovered laser fusion.

NEEDED: A NEW IDEA

The concept that KMS Fusion has used so successfully was worked out by Keith A. Brueckner, an imaginative theoretical physicist. Starting in 1968, Brueckner divided his time between the University of California at San Diego and a KMS subsidiary in southern California. He also spent about eight days a year as a consultant to the AEC's magnetic-confinement program.

In the course of his work for the AEC, Brueckner could observe the high interest in laser fusion in the Soviet Union and elsewhere. He tried to prod the AEC into starting an active program and even presided over a meeting to discuss the subject. But laser fusion got a cool reception because the AEC scientists at the meeting believed, among other things, that very large and much more efficient lasers would be needed to achieve success.

Brueckner then asked Siegel what it would take for KMS to underwrite a fusion project. "A new idea," Siegel said. Not long afterward, Brueckner came up with one. He worked out a compression and implosion scheme that by his calculations would require far less laser power than the AEC calculations suggested.

Siegel and Brueckner approached the AEC. From their understanding of the Atomic Energy Act, they assumed that Brueckner's results would not be patentable. Accordingly, they were surprised when the AEC's research director urged them to file patents.

It turned out, however, that a number of AEC scientists had secretly worked on implosion schemes on and off since the late 1950's. The news of KMS's entry into laser fusion therefore raised a lot of eyebrows in Livermore and other AEC labs. The AEC had no patents in the field because it had considered laser fusion to be related to weapons development. Yet here was a private company applying for patents that touched on the AEC's own secret work aimed at a potential use of the laser as an H-bomb trigger. (Even today, that concept remains impractical. A laser big enough to trigger an H-bomb would cost perhaps $10 million, and it would have to be transported by ship. Says Brueckner, "You could do more damage by dropping the laser than by dropping the bomb.")

BATTLING ATOMIC BUREAUCRATS

Brueckner and KMS got caught in the whiplash. The commission got tough and directed KMS to stop its laser-fusion research, on the ground that the work related to nuclear weapons. The AEC conceded that it couldn't stop Brueckner from thinking, but instructed him to stop discussing the ideas with his co-workers. He was also prohibited from doing any calculations relating to laser fusion, except in his head.

The AEC tried to talk KMS into quitting the field, but Siegel decided to fight. He hired lawyers and even wrote a letter to President Nixon. Slowly, the AEC eased its restrictions. In February, 1971, the commission gave KMS a contract that allowed the company to work in laser fusion without government funds, without access to government information, but under government control. The AEC also reserved the right to contest any patents issued to KMS.

The toughest provision prohibited KMS from hiring any scientist, technician, or engineer who had ever worked in federal laser or nuclear-weapons programs. The AEC interpreted this provision literally. KMS officials recall that once when they submitted a list of fifteen proposed employees, the agency turned down thirteen; it approved only the two secretaries on the list. This kind of thing effectively limited hiring to people with no experience in the field.

To provide leadership for Siegel's scientists, Brueckner took a leave of absence from his teaching post. Late in 1971, he and five other scientists from the KMS subsidiary in California moved to Ann Arbor. To further strengthen newly organized KMS Fusion, Inc., Siegel had brought in Henry J. Gomberg, an experienced nuclear scientist, as president of the enterprise. Toward the end of 1971, Gomberg succeeded in convincing James Schlesinger, who had just become AEC chairman, to make a new interpretation of the contract with KMS so that the company could hire scientists and technicians who had left AEC or defense jobs at least two years earlier. That greatly eased the recruiting difficulties.

Delayed in its schedule for about two years, KMS was able to begin large-scale work only in 1971. For about $1 million it bought from Compagnie Générale d'Electricité in France the biggest and most powerful laser system that was commercially available. Made of glass containing a touch of the element neodymium, the laser was so large it could be flown to New York only in a Boeing 747 cargo plane. It was then shipped to Ann Arbor in specially equipped vans.

TRICKS WITH MIRRORS

In efforts to achieve symmetrical compression of the fuel pellet, most laser-fusion projects split the laser beam into a large number of sub-beams and have them converge on the target from many directions. But this approach introduces the difficult problem of synchronizing and focusing the beams so that they will all hit a target the size of a grain of dust in the same billionth or trillionth of a second.

Under pressure to minimize costs, KMS took a quite different approach: splitting the laser beam only once, and using mirrors and lenses to illuminate the pellet from many directions. This was a much more elegant solution than the multiple-beam approach.

Another important advance was the "pulse stacker." With this instrument, the ultrashort laser pulse can be stretched, accordion-like, so that when the pulse hits the pellet the pressure is applied in a graduated way. Without a "pulse stacker," the laser's short blast would hit the pellet like a hammer.

KMS also started developing new types of fuel pellets and learning how to mass-produce them. This was no easy task since it involves extremely close tolerances and the use of radioactive tritium gas. The deuterium and tritium are diffused into the tiny glass spheres by heating under pressure; the gas becomes trapped inside when the pellets are cooled. KMS has mastered the process to such an extent that it can mass-produce the pellets for less than a hundredth of a cent apiece.

CANNIBALIZING A COMPANY

Even with innovative and successful efforts to hold down on costs, fusion research is very expensive. What's more, Siegel moved into fusion at a time when KMS Industries was already facing financial stress. The trouble came in an avalanche. First, the 1969 recession. KMS stock plunged from 73 a share to 12½. Then, early in 1970, the company was suddenly asked to repay $16.7 million to Detroit's Bank of the Commonwealth, which found itself in trouble, and a year later another $5 million to John Hancock Mutual Life Insurance Co., which had purchased a twenty-year debenture but now, wary of the fusion venture, wanted its money back.

To pay off the debts and get money for the fusion project, Siegel started selling off divisions. In many cases he tried to sell to previous owners, and often he succeeded. Graphic Services went back to its original owners for $1.7 million. So did the lens division, for $896,000. A few months later, Vail-Ballou, a book-manufacturing company, was sold to Maple Press for $4.8 million. The divisions went fast after that: two more in 1970, eight in 1971, five in 1972, two in 1973.

Today KMS Industries has only six divisions left, including fusion, and is seeking to dispose of most of the remaining nonfusion work. With most divisions gone, total sales have fallen from a high of $59 million in 1969 to $6 million in 1973; the stock declined to an all-time low of 1⅝ this year.

From the "cannibalizing," as Siegel calls it, the company took in $33 millon. To get more funds for fusion research, Siegel tried to attract big companies as partners. In 1972, Texas Gas Transmission Corp., concerned over the possibility that its natural-gas pipelines would be only half full in 1980, decided to support KMS research into fusion-produced hydrogen. It has so far contributed about $1.6 million.

TOWARD THE MOST FOR THE BUCK

To help finance the fusion side of the work, Siegel succeeded in late 1973 in signing on Burmah Oil Co. Ltd., the huge British petroleum concern. Burmah has so far guaranteed bank loans of $12.5 million and has options to buy up to 20 percent of the company for up to $27.9 million.

With its own money and Burmah's guarantees, KMS Fusion constructed and equipped a "shooting gallery," where the rifle-like cracks of laser firings resound as the tiny pellets are blasted in a vacuum chamber at the rate of about ten shots a day.

Brueckner's calculations had looked so good that Siegel had expansively predicted that KMS would achieve scientific breakeven by December 31, 1973. But the technical problems turned out tougher than expected. By the end of 1973, KMS Fusion was still far from that goal, although it could report some slight compressions of the pellets, without generation of "true" fusion neutrons. (It is relatively easy to obtain "false" neutrons from the corona that forms around the fuel pellet.) The Russians were reporting similar results.

A major milestone in KMS Fusion's drive for what Siegel calls "the most neutrons for the buck" was reached at 4:30 p.m. last May 1. The pop of pellet shot No. 1036 had just echoed through the "shooting gallery" when Roy Johnson, a young physicist who supervises the experiments, tore off a Polaroid print from a recording camera and shouted somewhat hysterically: "We've got neutrons!"

CHAMPAGNE AND INCREDULITY

Other instruments were also indicating that the pellet had been compressed and imploded. If they were right, KMS scientists were the first in the world to see laser fusion taking place, though only on a tiny scale. Brueckner went out and returned with a case of champagne for the scientific crew.

Siegel telephoned the scientist he had recruited to be KMS Fusion's "test monitor": Nobel Prize-winning physicist Robert Hofstadter of Stanford University. (He was then director of Stanford's big high-energy laboratory.) Hofstadter flew in to observe additional tests. The experiment was successfully repeated four times before KMS reported the facts to the AEC, which reviews the company's progress and all its public statements about laser fusion.

The news, as released, met with a lot of incredulity. Part of the problem was that KMS was caught between the SEC, which requires immediate disclosure of important developments, and the AEC, which censored some important facts because of concern about security. Both criteria conflict with the scientific procedure of first presenting papers at meetings and publishing them in journals. Not until August did the AEC declassify the fact that KMS had been using a new kind of pellet, a glass sphere filled with hydrogen isotopes. One newspaper, not familiar with the AEC's role in the disclosures, even claimed that the AEC had questioned the use of the word "unambiguously"—which in fact the AEC had suggested—in the KMS news release. There were also other ill-informed press reports.

The skepticism generally faded after a large contingent of AEC scientists came to KMS for a briefing and after KMS scientists showed they could repeat the compressions easily. Says John Nuckolls of Livermore Lab, a leading theoretician: "These are the best laser-implosion experiments so far."

Continuing to scale up compressions and neutron yields, KMS recently achieved compressions of 250 times by volume and obtained seven million neutrons per shot. The company hopes to achieve ignition and scientific breakeven in the next year and a half.

In sunny Livermore, they proudly point to a big hole in the ground where a three-story building will rise to house that huge laser. AEC scientists there express doubts that KMS can move as fast as it says it can. "KMS," says Nuckolls, "has come out of the starting gate with a quarter horse in a mile race. The race has gone about a quarter of a mile so far and just watch the next quarter. I think they have about run their horse out. Now the longer-running horses can take over."

Nuckolls means that the KMS laser is not powerful enough for KMS to get much further, but he admits that he doesn't really know whether scientific breakeven can be achieved with a laser that size. It's a difficult time to be a theoretician in this fast-moving field, and KMS Fusion appears to be rewriting the theory. The AEC badly underestimated KMS when it blandly stated in 1971: "We do not foresee KMS proceeding at a pace in advance of our laboratories. We do not believe it will be possible for such a firm to compete with the vast experience and resources of our laboratories."

LIVING FROM MONTH TO MONTH

So far, KMS Fusion has proved the AEC wrong. But even if the company soon attains a net energy gain with its present laser, a number of tough engineering barriers stand in the way of a laser-fusion reactor. The laser would have to fire at pellets at a rate of as many as 6,000 times a minute. No such laser exists today, although there are prospects under development.

Another difficult task is designing reactor chamber walls that would withstand the constant battering by neutrons and alpha particles, and the mechanical strains of millions of consecutive pellet explosions, each amounting to several pounds of TNT. Siegel insists, however, that KMS has made significant progress in designing reactor walls for hydrogen production. He dismisses other scientists' doubts with an optimistic "What they think are hard problems aren't." In his view, the problems KMS faces are no longer scientific. "The major obstacle is me and my ability to raise money. I don't think it's science anymore. It's financial breakeven." Adds a KMS executive: "Everything is a cliff-hanger. We practically live from month to month."

Much more is at stake, of course, than the personal triumph or defeat of Keeve M. Siegel or any other scientist. It is entirely possible that KMS Fusion will fail for lack of funds before it has had a chance to prove its concepts. "If Siegel and his scientists are right in the parameters they've set," says a friend, "then everybody will be the loser if the project is not pursued to a successful conclusion."

THE MICHAEL FROME CONTROVERSY

Mr. METCALF. Mr. President, in a controversial decision last October, the national sportsman's magazine, Field and Stream, dismissed its conservation editor of nearly 7 years standing. The firing of Michael Frome climaxed an increasingly bitter internal struggle over editorial policy.

Mr. Frome has gained a national reputation as a spokesman for conservation. He has spoken many times in Montana, and counts among his friends many people in my State who were shocked by his dismissal.

I have in my possession several items of correspondence which shed light on the controversy—with particular regard to the Field and Stream assertion that Mr. Frome is "antihunting." I would like to introduce them into the Congressional Record at this time in the following order:

First. Field and Stream's letter of dismisal to Mr. Frome.

Second. Field and Stream's explanatory letter to Mr. Donald Aldrich, Executive secretary, Montana Wildlife Federation, plus an attachment.

Third. Reply from Mr. Aldrich.

Fourth. Reply from Montana Fish and Game Director Wesley Woodgerd, who received the same letter.

Fifth. Article by columnist Dale Burk in the Daily Missoulian, Missoula, Mont.

Sixth. Comment by Bill Schneider, editor of Montana Outdoors, in the March–April edition.

Under no circumstances could any of these gentlemen be considered as "antihunting." I especially direct the reader's attention to Mr. Aldrich's eloquent reply on this subject.

Mr. President, I ask unanimous consent that the material be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[Personal and Confidential]

Field & Stream,
October 1, 1974.

Mr. Michael Frome,
Alexandria, Va.

Dear Mike: Field & Stream, during its 80-year history, has made adjustments to changes in many areas of the outdoors. The change in life styles of our readers have necessitated these shifts of emphasis. We think—in the light of our continued growth—that these decisions have been made wisely. And I am equally as certain, in the vast majority of cases, the editors made the changes solely in the best interest of this fine old magazine.

It is for that reason we contemplate handling our conservation department in a slightly different manner. This will not only require a modification in the editorial approach—as it pertains to our 8 million hunting and fishing readers—but will mean a change in editorial personnel. It is for that reason I am writing you this today so that you have sufficient time to make your plans. Our new format will begin with the January, 1975 issue. You will receive a check for your December 1974, department column, but none will be required from you for the following month.

Let me wish you all the best in your conservation career and I would hope that we all succeed in slowing down the destruction of the great outdoors we all love so well, regardless of what method we use to achieve this end.

Best personal regards,

Jack Samson,
Editor.

Field & Stream,
New York, N.Y., January 21, 1975.

Mr. I. Donald Aldrich,
Editor, Environmental News,
Missoula, Mont.

Dear Mr. Aldrich: There has been some erroneous speculation in the past few months as to the reason Michael Frome's conservation column was dropped from Field & Stream.

Mr. Frome and friends have tried to convince outdoor publications that CBS (which owns Field & Stream and a number of other magazines as part of its vast CBS publishing group) had him fired for political reasons. Nonsense. CBS had no idea who freelance writer Frome was.

Frome was fired from Field & Stream because I did not think he was doing a very good job with the department; because I wanted to give more of the outdoor sportsman's side of conservation and game management; and because Frome was anti-hunting. I personally fired him because—while I certainly have no objection to anyone freely expressing an opinion in this great country—when someone writes anti-hunting material in another publication and also submits a monthly conservation column to this 80-year-old hunting and fishing magazine, it is more than sufficient grounds for dropping that column. No one who is anti-hunting will remain on the masthead of Field & Stream as long as I am editor.

The enclosed direct quote from Cleveland Amory's non-factual, anti-hunting book, "Man Kind: Our Incredible War On Wildlife," should be self explanatory. There is no mistaking its meaning or its intent

Sincerely yours,

Jack Samson,
Editor

Man Kind? Our Incredible War on Wildlife

(By Cleveland Amory)

In fairness to the hunting "establishment," there have been numerous instances of late of its card-carrying members being seriously worried about the future of hunting. An example of this was the fine book by *Field & Stream* columnist Michael Frome, "Battle for the Wilderness." Not only did the book contain much justly deserved praise of the work of the dedicated Wilderness Society—it was also sharply critical of hunting:

Although hunting plays a valid role as an outdoors experience, the rightness of one being to kill another for sport is now extremely moot. The need to hunt for food is gone. Much of sport hunting has scant relevancy to primitive instincts or old traditions. It does little to instill a conservation conscience. Blasting polar bears from airplanes, hunting the Arabian oryx—or deer—from automobiles, trail bikes, or snowmobiles, tracking a quarry with walkie-talkie radios, killing for the sake of killing annihilate the hunt's essential character. There can't be much thrill to "the chase" when there is little chase. At one end of the spectrum, "slob hunters" shoot farmers' livestock, road signs, and each other. At the opposite end are the superpredators: jet-set gunners whose greatest goal is to mount on their walls one of everything that walked Noah's plank.

MISSOULA, MONT.
January 31, 1975.

Mr. JACK SAMSON,
Editor,
Field & Stream,
New York, N.Y.

DEAR MR. SAMSON: Your letter of January 21 attempting to clear CBS of implication in the firing of Mike Frome forces me to question the objectives of Field & Stream and you, its editor.

If sport hunting, to you, means using airplanes to locate, approach and herd polar bears to their executioner; you may as well condone the snowmobile sport running down and running over coyotes and rabbits. The practice of approaching the hunted animal by automobile, motorized cycles, and oversnow machines and the use of radio equipment to coordinate the search for game animals not only provides ammunition for the anti-hunting groups, it repulses a true sportsman.

If you wish to initiate a program that could be effective in derailing the wildlife preservationist, I would suggest a committee of editors of wildlife publications, outdoor writers, outfitters, and guides, and taxidermists to study the potential for undesirable reaction to blood-and-but stories, advertising, and photography so evident in today's outdoor magazines. My file is full of pictures taken with my sons and our friends posing with their kill. They mean a lot to me, but I don't try to make others share my pleasure unless I am sure they will not be offended.

The "Battle for Wilderness" does an excellent job evaluating man's impact on the life support system. It identifies the hunter's contribution to wildlife; the habitat losses that have contributed to declining animal populations and provides the information necessary to support worthwhile goals.

Since "The Battle for Wilderness" is a continuation of Mike Frome's exposure of environmental desecration and since industrial practices were severely criticized in such a discussion, it would be unrealistic to believe that industry doesn't react, that they don't buy advertising, that CBS doesn't know what its major advertisers want, and therefore, that "CBS had no idea who free lance writer Frome was."

For the record, I have hunted big game since 1922 so don't write me off as an antihunter. Memories of past hunts and anticipation of those to come enriches every day of my life. The opportunity to really know a friend, the thrill of becoming a part of a wild community, the physical challenge and the rewarding fatigue cannot be equaled once it has been experienced.

I regret such a letter from an editor of an 80-year old hunting and fishing magazine. I feel that you have either tried to take me in or you have been had.

Sincerely,

DONALD ALDRICH,
Executive Secretary,
Montana Wildlife Federation.

HELENA, MONT.,
February 13, 1975.

Mr. JACK SAMSON,
Editor, Field & Stream,
New York, N.Y.

DEAR MR. SAMSON: I was very interested in your letter concerning Mike Frome's dismissal from Field & Stream. I know him personally and so do several members of my staff.

We always approved of his hard-nosed approach to the most serious threat to wildlife—habitat destruction. Apparently he chose to leave the more traditional, but less meaningful, topics to other outdoor writers.

Wildlife's only salvation lies in protecting vital habitat. Unfortunately this often involves entering the political world of controversy. In short, we mostly agreed with the theme of Frome's writing and thus were sorry to see him leave Field & Stream.

We've reviewed his book, The Battle for the Wilderness, and don't consider it "antihunting." Perhaps a few paragraphs could have been more carefully worded; however, it seems to me that he is attacking some of the shoddy practices that give all hunters a bad name. Our department also campaigns against unsportsmanlike conduct and unethical hunting practices.

Of course, we have no insight into what, if any, corporate pressure prompted his firing. On that point we accept your assurances that it was indeed your decision. More wildlife habitat disappears every day, but many sportsmen don't seem to realize it. In our opinion, Frome's writing covered the issue in a logical manner.

Also, judging from the comments we've received, Frome's writing added considerably to the popularity of Field & Stream. We sometimes take the same tack in our magazine, Montana Outdoors, and although on a much smaller scale, we have had mostly favorable comments from sportsmen.

Again, thanks for your letter, and I hope Field & Stream can continue to campaign for wildlife habitat protection.

Sincerely,

WESLEY R. WOODGERD,
State Fish and Game Director.

FIELD AND STREAM ALL WET ABOUT FROME'S FIRING

The national outdoor magazine Field and Stream has been caught with its redfaced phoniness showing in the recent firing of conservation writer Michael Frome.

As Don Aldrich of Missoula, executive secretary of the Montana Wildlife Federation, put it in comments printed in The Missoulian recently, the reason the magazine has given for firing Frome simply doesn't stand up to the facts. In other words, the reason it gives isn't the real reason for Frome's dismissal—a coverup if you will.

Aldrich was among numerous conservationists and sportsmen nationwide who protested the firing of Frome, a popular, gutsy conservation writer whose columns in Field and Stream and elsewhere tackled the real issues with gusto and integrity.

Frome wrote of the real threats to this nation's shrinking outdoor resources, subdivision and unwise land development, poor forestry practices and abuse of the multiple-use doctrine on public and private forest lands, stream channelization, the ravages of strip mining and mineral prospecting, air and water pollution, and politicians who sold out the sportsmen's interests to big-money lobby interests.

He also wrote of another threat to the future of hunting that needed exploring in magazines dedicated to true sportsmanship and the future of the sport of hunting—the need of sportsmen themselves to police the bad guy element within their own ranks, the "slob hunters" who violate all the basic rules of outdoor sportsmanship and give hunting and hunters a bad name.

In so doing, Frome developed quite a following among sportsmen, conservationists, and even Congressmen. And his followers weren't about to stand for what they considered his unjustified firing. Some 50 conservationists in Washington, D.C. picketed the CBS offices there to protest Frome's dismissal (CBS owns Field and Stream). Joseph Browder, director of the Environmental Policy Center there, said, "Frome has raised the consciousness of millions of readers from bag limits and such to the real questions of what's happening to our resources and what can be done to protect them."

Hundreds of letters poured into Field and Stream, among them Aldrich's and from other Montanans, for Frome has written much about resource problems in Montana, most notably the strip mining question and strong criticism of national forest management.

In fact, his final column—which Editor Jack Samson did not run—was an incisive and to-the-point critique of the U.S. Forest Service's grotesquely exploitive plan to turn the national forests into industry tree farms, the "Environmental Program for the Future" issued by the agency last year.

Frome also received support in the halls of Congress. Time magazine did an article about his firing. Rep. Henry Reuss, D-Wis., chairman of the House subcommittee on conservation and natural resources, said, "If Field & Stream has no place for Frome, then we have come to a time when the voice of conservation is, quite literally, a voice crying in the wilderness."

Rep. Silvio O. Conte, R-Mass., said he believed Frome's firing was for political reasons. "Mike Frome was fired because he created too much heat in the kitchen for the media barons at the Columbia Broadcasting System, which is Field and Stream magazine's corporate parent. Because he occasionally dared to attack those politicians who control legislation and committees important to CBS, Mike Frome was censored, censured—and finally dismissed."

Conte pointed out that Frome started the idea, with then-editor of Field and Stream Clare Conley, of rating congressmen on their conservation voting records just before election day. "Fearlessly, yet responsibly, he attacked the influential along with the inept," Conte said. "When he tagged influential members with 'poor' or 'marginal' ratings, he caused headaches for CBS. Many politicians complained. Subsequently, Frome's column started to encounter editorial hurdles."

Conte's use of the word hurdles might as well have been editorial cowardice. Samson, who replaced Conley as editor of the magazine in 1972, has not run the ratings of congressmen since and often has edited Frome's columns to eliminate potential controversy.

"It is intolerable that CBS, which prides itself as a national symbol and defender of the principles of free speech and free press, can get away with the firing of Mike Frome because he exercised these principles," Conte said.

To its further discredit, Field and Stream also has changed its story at least three times as to why it fired Frome. Samson wrote Frome Oct. 1, 1974, giving him notice of his dismissal. "The change in life styles of our readers have necessitated these shifts of emphasis," Samson wrote Frome, commenting on adjustments the magazine had made to changes in its 80-year history. He also said: "It is for that reason we contemplate handling our conservation department in a slightly different manner. This will not only require a modification in the editorial approach—as it pertains to our 8 million hunting and fishing readers—but will mean a change in editorial personnel."

Then Samson told a Time magazine reporter, "I just don't think Mike Frome did a very good job."

And now Samson is saying he fired Frome because the writer is "antihunting." At least that is the excuse Samson is giving to persons who write and complain of Frome's dismissal. And Samson quotes an excerpt from Frome's recent book "Battle for the Wilderness" as "proof" that Frome is antihunting. In the excerpt quoted, Frome takes direct issue with those within the hunting fraternity who wittingly or unwittingly are helping to destroy the sport—the bad sportsman and those who violate the ethics of fair chase in the pursuit of game by using vehicles and other mechanical contrivances to take unfair advantage of the animal hunted. Frome correctly cited two extremes of what sportsmen call "slob" hunters who give the sport a bad name: At one extreme "slob hunters shoot farmers' livestock, road signs, and each other," while on the other extreme there are the "jet-set gunners whose greatest goal is to mount on their walls one of everything that walked Noah's plank."

Samson is incorrect in assuming that this statement is antihunting. It is simply anti-bad-hunting practices and any responsible sportsman would share Frome's point of view that hunters must deal responsibly to eliminate from their ranks those who cause the sport much trouble and lend fire to the antihunting forces.

Aldrich, in responding to Samson, said it best: "If sports hunting to you means using airplanes to locate, approach and herd polar bears to their executioner, you may as well condone the snowmobile sport of running down and running over coyotes and rabbits," Aldrich said. "The practice of approaching the hunted animal by automobile, motorized cycles and over-snow machines and the use of radio equipment to coordinate the search for game animals not only provides ammunition for the antihunting groups, it repulses a true sportsman."

He didn't, but also might have said, that Samson and Field and Stream do the cause of responsible resource management and the sport of hunting a disfavor to cloud the issue as they have. The real reason behind Frome's dismissal obviously is not antihunting or his competency as a writer. Aldrich is adamant in his belief that Frome was fired because he attacked poor environmental practices by industries in a position to affect the magazine's income from advertising.

Rep. Conte put it in these terms: "With the dismissal of Mike Frome, the media barons have tarnished the CBS halo. It appears that when the chips were down, the public interest was sacrificed to the corporation's self-interest. If so, then the firing of Mike Frome must be interpreted as a selfish and hypocritical act."

FIELD & STREAM DUMPS FROME

After many years of determined defense of wildlife, quality outdoor recreation and a better environment, Field & Stream has apparently buckled under to corporate pressure. "America's Number One Sportsman's Magazine" recently fired widely known and sometimes controversial conservation editor, Mike Frome.

Until last November, Frome wrote a hard-hitting monthly column for Field & Stream, which is owned by CBS, Inc. The magazine's management called it an "internal editorial decision." However, it's widely theorized that things were simply getting "too hot" for CBS officials who, in turn, ordered Frome's walking papers.

In his writing, Frome came down hard on many delicate political issues such as the Alaska pipeline, real estate hustling, poor forestry practices, federal dam building, stream alteration, anti-hunting sentiment, wilderness preservation, unsportsmanlike hunting, shoddy grazing programs, public land management and more. He championed wildlife as an indicator of where man's world was going and pointedly campaigned against habitat destruction.

Also, he exposed unresponsive—and sometimes unresponsible—politicians and bureaucrats. This meant publishing voting records and in-depth reports of bureaucratic boondoggles laced with names, details and other specific facts.

Frome confirmed this at a December 1974 gathering of the Montana Wilderness Association in Missoula. In his keynote address, he blasted federal bureaucrats for accelerating development of the Rocky Mountain region. Specifically, he called Interior Secretary Rogers C.B. Morton and Agriculture Secretary Earl Butz "two of the most dangerous men in America." The controversial writer named Forest Service chief John McGuire as a "close third."

Frome said leadership in wise land management "has got to come from out here." The Rocky Mountain region has the resources that Wall Street and the eastern bankers want, he noted.

The former columnist also recounted his last months with Field & Stream. In his years with the magazine, he wrote 75 monthly columns and 12 special features. Everything went well, he remarked, until spring 1973.

With the editor's consent, Frome had traveled to New Mexico to follow up confidential reports of shady land dealings. After some hard-nosed investigating, he discovered a large real estate firm had suspiciously obtained—through land exchanges—title to a half million acres of Bureau of Land Management land. And the private developer stood to make millions selling his newly acquired real estate.

Frome detailed his findings in his monthly column and sent it off for publication in the June 1973 issue. But it never appeared in print—the first sign of corporate censorship, according to Frome. At the Missoula conference, the writer explained how things went from worse to terrible after that. In October 1973, he received the letter of dismissal. The correspondence didn't, in Frome's words, "contain any reasons for the dismissal."

(Frome's pen was similarly silenced a few years ago. The American Forests magazine canceled Frome's regular column after he "felt obligated" (his words) to reveal the injustices of poor timber management such as overcutting in the national forests.)

After hearing Frome speak and visiting with him personally, one can easily regret the absence of his voice in "America's Number One Sportsman's Magazine." Fortunately, however, his pen won't sit idle. Frome told MO he will continue to work for wildlife and man by "facing the gut issues on all fronts."—BILL SCHNEIDER.

DID SUPREME COURT EQUATE PRESS AND BROADCASTING?

Mr. PROXMIRE. Mr. President, the U.S. Supreme Court on March 3 handed down an opinion that has received quite a bit of attention in the press. In essence, the Supreme Court held that an Atlanta television station had the constitutional right to use the name of a rape victim despite a Georgia law to the contrary.

The case has important implications as to the 1st and 14th amendments.

Although the opinion itself does not say so, there in another important aspect about this case. Not being a lawyer, I dare not read too much into this decision. The Court was very careful in its majority opinion to state that the case was being decided on narrow and pragmatic grounds. One does not need to be a lawyer to know that the meaning of that kind of language is a warning to those uneducated in the law to go slow in interpreting the decision.

Yet, the headline on the story in the March 10 issue of Broadcasting magazine about the decision says something important to me. The headline read: "Supreme Court in WSB–TV case treats broadcast press as one."

The subhead goes on to explain that: "court makes no distinction between newspaper and radio-TV journalism."

Mr. President, I ask unanimous consent that the Broadcasting article together with an editorial from the same issue, be printed in the RECORD so that the nature of the court case can be understood.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SUPREME COURT IN WSB–TV CASE TREATS PRINT AND BROADCAST PRESS AS ONE

INVASION-OF-PRIVACY SUIT INVOLVING BROADCAST OF RAPE VICTIM'S NAME ENDS IN VICTORY FOR COX STATION; COURT MAKES NO DISTINCTION BETWEEN NEWSPAPER AND RADIO-TV JOURNALISM

The Cox Broadcasting Corp. has proved to be the instrument that extended somewhat farther the First Amendment protection that is afforded the press, specifically including the broadcast press.

It was on an appeal brought by Cox that the Supreme Court last week, in an 8-to-1 decision, held that the right of privacy must give way when the press publishes accurate information based on public court records.

At issue was the broadcast of a news account by Cox's WSB–TV Atlanta of a court proceeding involving the rape of a 17-year-old Atlanta girl who subsequently died. The reporter, Tom Wassell, used the name of the victim, which he had obtained from the indictments handed down in the case, and thus broke a state law barring the publication of rape victims' names.

The state did not attempt to prosecute Cox. But the victim's father filed a $1 million damage suit, claiming invasion of privacy and basing his suit on the state law. The trial court granted summary judgment to the father, but the state supreme court, while sending the case back for trial, upheld the constitutionality of the law.

Cox's defense has been that the broadcast was protected by the First and 14th Amendments (the 14th applies to the states the protections afforded citizens in dealing with the federal government). And the Supreme Court, in the opinion written by Justice Byron R. White, accepted that defense, although the scope of the opinion is limited.

The question to be resolved, Justice White wrote, is whether the state may impose sanctions on the accurate publication of the name of a rape victim obtained from judicial records maintained in connection with a judicial prosecution and open to public inspection. The answer, he said, is no.

The court specifically excluded from the reach of the opinion any reference to confidential official records, such as those of juvenile court proceedings. And it said that it was not dealing with Cox's argument that the First and 14th Amendments would protect a news organization from prosecution even if it obtained the information through investigation rather than from public records.

But Justice White made it clear the court was persuaded to go as far as it did because of its belief in the value of a vigorous press. An individual with limited time and resources to observe first-hand the operations of his government "relies necessarily upon the press to bring to him in convenient form the facts of those operations," Justice White wrote. "Great responsibility is accordingly placed upon the news media to report fully and accurately the proceedings of government, and official records and documents open to the public are the basic data of governmental operations."

Justice White noted that there is a considerable body of law and precedent running in support of the individual's right of privacy. But he also said that "even the prevailing law of invasion of privacy generally recognizes that the interests in privacy fade when the information involved already appears on the public record. The conclusion is compelling when viewed in terms of the First and 14th Amendments and in light of the public interest in a vigorous press."

The lone dissenter from the high court's opinion was William H. Rehnquist, and he objected on procedural grounds. He felt the court should not have considered the case until after a judgment had been rendered in the trial ordered by the Georgia supreme court. However, Justice White said that WSB-TV should not be required to undergo a trial under a law that was of doubtful constitutionality.

To Justice William O. Douglas, an absolutist on the First Amendment, the court's opinion does not go far enough. He said, as he did in his separate opinion in the case involving the broadcast of state-run lotteries (see page 21), the government lacks the power to ban the publication of "news of the day."

Justice Lewis F. Powell Jr. would have gone farther than the court did on the question of whether truth constitutes a defense in a defamation case brought by a private citizen rather than a public person. The court said that question was an open one. Justice Powell said he thought the court had already settled it in the affirmative in a previous case.

The only member of the court whose views on the case were not explained was Chief Justice Warren E. Burger. He said he "concurs in the judgment" but did not give his reasons.

To some broadcast industry representatives, the opinion was particularly encouraging in that it appeared to treat broadcasters and newspapers as interchangeable parts of the "press." "Anytime there is an opinion treating broadcasters the same as newspapers on the same basis with respect to the First Amendment, it gives encouragement to broadcast journalism," said one communications attorney.

Steve Riggs, WSB-TV's news director, welcomed the opinion as one that would give the press in Georgia the right to make news judgments on stories involving rape. But he said he does not feel the opinion gives the press "a license to be irresponsible."

He noted that law enforcement officials and women have expressed concern that fear of publicity would make rape victims more reluctant than some already are to report attacks to police. Not all rapes are newsworthy, he said. But when they are—as in the case of one that results in a murder charge—the news media should be free to decide to report them fully.

WHITE PAPERS

The U.S. Supreme Court's decision last week in the Georgia privacy case may be of far greater long-range significance to broadcasters than its establishment of a new balance between personal and journalistic rights. It unquestionably provided additional support to the broadcasters' claims to the freedom of the press that is guaranteed by the First Amendment.

As explained in detail elsewhere in this issue, the court declared unconstitutional a Georgia law prohibiting the identification of victims in news accounts of rapes. For broadcasters, the special importance is that the case involved a television news account on WSB-TV Atlanta and that the court throughout its majority opinion treated television as a component of the constitutionally protected practice of journalism. Indeed it repeatedly used the terms "press" to encompass the broadcasting media and "publication" to encompass the broadcasting act.

"Under these circumstances," said the majority opinion in its conclusion, "the protection of freedom of the press provided by the First and 14th Amendments bars the state of Georgia from making appellants' broadcast the basis of liability." The appellants were, of course, WSB-TV and its owner, Cox Broadcasting.

There is additional interest to be read into the authorship of this opinion. The same Justice Byron White who now views broadcasting synonymous with press wrote the majority opinion which held otherwise in the Red Lion case. In Red Lion Mr. Justice White, writing for a considerably different majority, held in effect that broadcasting, being licensed and limited in frequencies, was entitled to a lower order of protection than older and unlicensed forms of the press. On that reasoning, the court upheld the constitutionality of the FCC's fairness doctrine.

In WSB-TV Atlanta, broadcasters have regained at least some of the ground lost in Red Lion. They have Mr. Justice White to thank in both cases.

Mr. PROXMIRE. Mr. President, the Supreme Court's opinion in the Cox Broadcasting case was written by Mr. Justice White. Much of it is devoted to whether the Supreme Court had jurisdiction. In fact, Mr. Justice Rehnquist dissented on those grounds. Section III of the opinion, which deals with the main issue, is important for something it does not say, it seems to me.

The Court does equate broadcast and print journalism, but it does not do so explicitly.

Even though the case deals with a broadcast over WSB-TV in Atlanta, the Supreme Court speaks of "media" or "print" or "publication" or "broadcast." It makes little distinction between these terms.

DEFENSES OF FREE PRESS

There are several ringing defenses of a free press in the Cox Broadcasting opinion. Here are two of them:

> In the first place, in a society in which each individual has but limited time and resources with which to observe at first hand the operations of his government, he relies necessarily upon the press to bring to him in convenient form the facts of those operations. Great responsibility is accordingly placed upon the news media to report fully and accurately the proceedings of government, and official records and documents open to the public are the basic data of governmental operations. Without the information provided by the press most of us and many of our representatives would be unable to vote intelligently or to register opinions on the administration of government generally. With respect to judicial proceedings in particular, the function of the press serves to guarantee the fairness of trials and to bring to bear the beneficial administration of justice.
>
> * * * * *
>
> We are reluctant to embark on a course that would make public records generally available to the media but forbid their publication if offensive to the sensibilities of the supposed reasonable man. Such a rule would make it very difficult for the press to inform their readers about the public business and yet stay within the law. The rule would invite timidity and self-censorship and very likely lead to the suppression of many items that would otherwise be put into print and that should be made available to the public. At the very least, the First and Fourteenth Amendments will not allow exposing the press to liability for truthfully publishing information released to the public in official court records. If there are privacy interests to be protected in judicial proceedings, the States must respond by means which avoid public documentation or other exposure of private information. Their political institutions must weigh the interests in privacy with the interests of the public to know and of the press to publish. Once true information is disclosed in public court documents open to public inspection, the press cannot be sanctioned for publishing it. In this instance as in others reliance must rest upon the judgment of those who decide what to publish or broadcast.

OPINION RAISES HOPES

Mr. PROXMIRE. Mr. President, this case essentially is limited to the problems of the interrelationship of privacy, the right of the press to publish or broadcast information in public documents, and the right of a State to determine what can or cannot be made public. But despite that limitation, an essential part of law, the opinion in this case raises the hopes of those of us who want to see Federal law changed to make clear that the first amendment of the Constitution applies equally to print and broadcast journalism.

The Supreme Court, conceivably, could arrive at that conclusion before the Congress does. But we should not count on that happening.

Mr. Justice Rehnquist said in his dissent:

> The greatest difficulty with the test enunciated today is that it totally abandons the principle that constitutional issues are too important to be decided save when absolutely necessary, and are to be avoided if there are grounds for decision of lesser dimensions.

Even if he is correct, the Supreme Court will be chary of jumping into constitutional thickets.

The so-called fairness doctrine of the Federal Communications Commission, many including me agree, is unconstitutional. Yet, the Supreme Court held in the Red Lion Broadcasting Co. case of 1969 that the fairness doctrine enhances the first amendment. Supporters of the fairness doctrine always cite Red Lion as the landmark decision on governmental control of broadcasting, saying that the Court upheld the constitutionality of the fairness doctrine.

TIME COULD PROVIDE CASES

But it is important to point out that in Red Lion, the Supreme Court acknowledged that time could provide constitutional questions in connection with the fairness doctrine. And, it also acknowledged that Congress could change its mind.

Mr. Justice White also wrote the Court's opinion in the Red Lion case. Mr. Justice Douglas, the most outspoken defender of an unconditional first amendment, did not take part in Red Lion.

At one point in Red Lion, Mr. Justice White wrote:

> And if experience with the administration of these doctrines indicates that they have the net effect of reducing rather than enhancing the volume and quality of coverage, there will be time enough to reconsider the constitutional implications. The fairness doc-

> trine in the past has had no such overall effect.

And at another point in the opinion, which actually covered two cases—Red Lion and the United States, et al. against Radio Television News Directors Association, et al.—appears thus:

> "We need not approve every aspect of the fairnesss doctrine to decide these cases, and we will not now pass upon the constitutionality of these regulations by envisioning the most extreme applications conceivable . . . but will deal with those problems if and when they arise.
>
> "We need not and do not now ratify every past and future decision by the FCC with regard to programing. There is no question here of the Commission's refusal to permit the broadcaster to carry a particular program or to publish his own views; of a discriminatory refusal to require the licensee to broadcast certain views which have been denied access to the airways; of government censorship of a particular program contrary to sec. 326; or of the official government view dominating public broadcasting. Such questions would raise more serious First Amendment issues. But we do hold that the Congress and the Commission do not violate the First Amendment when they require a radio or television station to give reply time to answer personal attacks and political editorials.

IGNORED BY SUPPORTERS

This part of Red Lion is not quoted by supporters of governmental control of broadcasting. Red Lion is tossed about by these people like a talisman to ward off, in what is perceived to be an evil, the protestations of those of us who believe that governmental control of broadcasting is an abridgment of the first amendment. Red Lion is used as a shibboleth to test the acceptability of the thinking of those who see guarantees of a free press as old-fashioned in this age of technology.

There is another quotation from Red Lion that should be brought to public attention. The Court argued:

> It is strenuously argued, however, that if political editorials or personal attacks will trigger an obligation in broadcasters to afford the opportunity for expression to speakers who need not pay for time and whose views are unpalatable to the licensees, then broadcasters will be irresistibly forced to self-censorship and their coverage of controversial public issues will be eliminated or at least rendered wholly ineffective. Such a result would indeed be a serious matter, for should licensees actually eliminate their coverage of controversial issues, the purposes of the doctrine would be stifled.

DOCTRINE HAS CHILLING EFFECT

I have been arguing, in effect, since last July that the fairness doctrine does have a chilling effect upon broadcasters, that controversial issues are at times kept off the air. Now that is a difficult charge to prove. But broadcasters could—if they did not fear the FCC and the possible loss of their licenses, or fines or legal expenses in defending themselves against complaints—come forward with explicit documentation.

Yet, it may take a specific case to come before the Supreme Court to test that last-quoted language from Red Lion.

Before getting into that further, let me point again to the quotation cited earlier from the Cox Broadcasting case decided this month:

> We are reluctant to embark on a course that would make public records generally available to the media but forbid their publication if offensive to the sensibilities of the supposed reasonable man. Such a rule would make it very difficult for the press to inform their readers about the public business and yet stay within the law. The rule would invite timidity and self-cenorship and very likely lead to the suppression of many items that would otherwise be put into print and that should be made available to the public.

Mr. Justice White is consistent. He really, I believe, says the same thing in both Red Lion and in Cox. He fears "self-censorship."

Will a clear-cut case get to the Supreme Court before Congress acts to undo the abridgment of the first amendment wrought by the fairness doctrine and section 315 of the Communications Act?

I do not know.

I do know that the NBC Pensions case, still pending in the U.S. Court of Appeals for the District of Columbia, does not raise a question about the constitutionality of the fairness doctrine. It involves the administration of the fairness doctrine.

Mr. President, I believe the time has come for the Congress to act. It is time to do away with the fairness doctrine and other governmental controls on broadcasting; not because it will help broadcasters, but because it will create the climate for full and open coverage and discussion of controversial public issues for the benefit of the people of this country.

There is no room for self-censorship in these vital areas. We should eliminate that danger—the fairness doctrine—to robust and free exchange in the market place of ideas.

Mr. President, that is why I have introduced S. 2, the First Amendment Clarification Act of 1975.

PUBLIC NEED VERSUS EXCESSIVE TAX CUTS

Mr. McGOVERN. Mr. President, I cannot support the $29.2 billion tax expenditure proposal reported over the weekend by the Senate Committee on Finance.

The committee proposal is far better than the tax scheme originally offered by President Ford. But that is a small recommendation to say the least—like preferring the flu over an ulcer. Why must we confine ourselves to such a narrow choice?

Doubts have already been expressed about some questionable provisions of the bill, including the 5-percent housing credit and particular new corporate loopholes.

But I also oppose the economic principle of this legislation. It is the wrong answer for our economic distress.

There is some justice in using the tax system to help people make up at least a portion of the purchasing power that has been stolen away by inflation. I recognize, too, that the Finance Committee proposal is within the range of the amount of stimulus the economy needs. Rising prices and a sinking economy have strengthened the inclination all politicians have to stand foursquare for lower taxes.

But this plan to shovel out nearly $30 billion through the tax system amounts to an economic policy straitjacket for the Congress. It says, in effect, that all or nearly all of our economic planning is to stimulate purchasing power through tax expenditures. It closes the door on any realistic opportunity to stimulate the economy through direct public investment in urgent public needs.

Indeed, this bill is an open invitation to President Ford to veto any legislative initiative in the public sector, on the grounds that it would add to a deficit that is already too large.

We need direct investments in housing. We should expand our investments in new sources of energy. We need desperately to rebuild the Nation's decrepit rail system, and to strengthen mass transit, both to conserve energy and to abate pollution. We need investments in schools and in public safety. We must invest to expand our production of food.

Determined action in these areas will provide jobs. It will provide more jobs, in fact, than we can expect from wholesale tax cuts. And it will be jobs on projects the country really needs.

Those investments make far more sense than shelling out $2,000 to anyone who buys a home. They will stimulate private business in far better ways than adding more tax subsidy for any capital investment whether it is for useful or wasteful enterprise.

It should be obvious that the best choice for the economy is a mix of tax expenditures and direct investments, so we can not only restore some of the taxpayer's purchasing power but also stimulate selectively, focusing on high priority public needs. To combat both unemployment and inflation, we should invest in such job intensive areas as ending railroad abandonments and rebuilding tracks and rights-of-way.

I think, therefore, that we should reduce the tax expenditure proposal of the Finance Committee by approximately $10 billion. Otherwise we will foreclose opportunities in the public sector and offer the country weak tax policy, weak economics, and weak public priorities.

GEORGE F. WILL ON CAMBODIA

Mr. CRANSTON. Mr. President, George F. Will, in his nationally syndicated column recently spelled out with great clarity the issue facing us in Cambodia. And he put the issue of our Cambodian "commitment" in a remarkably incisive way.

I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CAMBODIA: ARE WE COMMITTED?

(George F. Will)

> When some British statesmen advocated inciting rebellions on the Continent against Napoleon, the Duke of Wellington counseled: "Help them if they rebel, by all means, but do not encourage them to rebel. It is too dreadful a responsibility."

People who oppose President Ford's request for $222 million additional aid for Cambodia argue that giving the aid would be dreadfully irresponsible because it would encourage the Cambodian government to go on fighting a hopeless war against the insurgents. President Ford argues that we already have gone so far in encouraging resistance that, like it or not, we have a responsibility for Cambodia, a responsibility that verges on a commitment.

Of the two arguments, Mr. Ford's is the less convincing.

The fact that no one among those who argue for the aid—not Mr. Ford, not Secretary of State Kissinger, not Secretary of Defense Schlesinger—can say with any appreciable confidence that the aid will succeed is beyond the point. They cannot even offer a plausible criterion of success.

Certainly $222 million will not save Cambodia in the sense of frustrating the insurgency for the foreseeable future, which in Indochina is a matter of months. Ten times $222 million would not do that.

Given that no reasonable person believes that the U.S. can be relied upon to save Cambodia, it is not clear what Mr. Ford means when he says, as he did in his prepared opening statement at a recent news conference, that "the reliability of the United States" is at issue in the dispute about aid for Cambodia:

"If we cease to help our friends in Indochina, we will have violated their trust that we would help them with arms, with food, and with supplies so long as they remain determined to fight for their own freedom. We will have been false to ourselves, to our word, and to our friends."

In the last 15 years, since the supposedly imprecise Dwight Eisenhower left the White House, there has been much dangerously loose presidential talk about our nation's international obligations. Now another President is playing fast and loose with slippery concepts.

Mr. Ford's language threatens to bewitch his intelligence and ours, rendering us unable to comply with Lord Curzon's first rule of prudence in foreign affairs: "Know your own mind, and make sure the other side knows it as well."

In his news conference Mr. Ford used the phrases "our friends" and "our allies" interchangeably in talking about the nations of Indochina. That way of talking is not designed to encourage precise thought about the nature of our commitment—if any—to Cambodia.

If we have a formal "commitment" to Cambodia, it was made in secret by Mr. Kissinger and kept secret from the American people, in which case the commitment is spurious.

The last thing we want is for the Secretary of State—any Secretary of State—to be credible to foreign governments if he secretly commits the United States to spend blood or treasure. Let the word go forth, to friend and foe alike, and to the Secretary, wherever he is today, that the United States does not acquire commitments that way.

In that prepared opening statement at the news conference, Mr. Ford declared that the U.S. would have violated a "trust" if we do not provide military and other aid "so long as they (our friends in Indochina) remain determined to fight for their own freedom. But later, in response to a question, he said that the pending aid request is designed to get Cambodia "through the dry season" which ends in midsummer.

Surely if we are already obligated to support Cambodia's resistance to the insurgency, the Indochina rains will not wash away either the obligation or the insurgency. And if we give aid now, after a national debate, we will be acknowledging just the kind of commitment that Mr. Ford says already exists.

Then we will have, much more than we already have, a "dreadful responsibility" for Cambodia, a responsibility that will be there, throbbing like a wound, when the monsoons pass and the dry season for fighting returns, as it always does.

WHAT PRICE RECREATION FOR GENERALS?

Mr. PROXMIRE. Mr. President, within the last 2 years, a number of recreational facilities operating under military command have been found catering to high-ranking general officers.

First came the Chateau Club at Elmendorf Air Force Base, Anchorage, Alaska. Then came the revelations about the hunting and fishing facilities at Matagorda Island, Tex. And finally there was public attention on the fish camps operated by the Air Force and Army in Alaska and Canada.

The surprising fact is that no one in the Pentagon seems to know how much such offbase recreation is costing the taxpayer every year. Nor do we know the real costs of the onbase hunting and fishing activities.

I have no objection to funding recreational activities for all servicemen out of nonappropriated accounts. As long as the facilities are open to servicemen of all ranks without prejudice, a worthwhile purpose is served. But when recreational facilities are provided for the exclusive use of high-ranking generals and admirals, then the system has gone awry.

Mr. President, I ask unanimous consent that a recent article on this subject by Bob Wyrick, published in Newsday, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Newsday, Mar. 13, 1975]

WHAT PRICE MILITARY RECREATION?

(By Bob Wyrick)

WASHINGTON.—Local commanders at U.S. military bases are permitted to spend millions of tax dollars each year on military recreation programs while nobody in the Pentagon or Congress looks over their shoulders to see how the money is spent.

About four years ago, the Pentagon—under pressure from Congress for an accurate accounting of the recreation monies—set up a special unit called the Defense Management Study Group, which was supposed to come up with directives within 18 months that would require local base commanders to make detailed reports on recreational spending. But, after four years, the management group has yet to complete its job.

In fact, the study group does not spend on military recreation. The group's director, Douglas Earich, says that he doesn't have the answer and adds, "I don't think anybody does. It would be a wild guess. I don't think it's billions—but millions certainly."

And just as certainly there have been abuses in the unsupervised spending of recreational funds. A prime recent example of such abuses occurred at two Air Force fishing camps near King Salmon, Alaska.

For 18 years, the Air Force operated the camps primarily as a place where generals and other officers could be flown—at Air Force expense—for a three-day holiday and shown how to catch some of the world's largest salmon in one of the most untouched and picturesque fishing holes in the Northern Hemisphere.

Enlisted airmen went there, too. But not many, even though military recreation funds are supposed to be applied evenhandedly—not just for officers. The situation was even more unfair to enlisted men who were assigned to the fishing camps. They could be ordered to wake up at 2 a.m. to operate boats for the brass and guide them to the prime fishing spots. And long after the officers went to sleep, the airmen continued to work—sometimes 16 hours a day—cleaning boats and icing and packing fish for shipment by military planes all over the U.S.

Two years ago, however, the case of the King Salmon camps came to the attention of Sen. William Proxmire (D-Wis.) and he asked for an investigation by the General Accounting Office. Now that the results of the investigation are about ready to go to print, Air Force officials say that they do not intend to reopen the camps, which they concede operated last year at the excessive cost of about $400 a day per person.

Col. John Steen, an Air Force spokesman in Alaska, said, "Nobody told us to close them. It was our decision. It just came down to a pure cost decision." It cost taxpayers more than $300,000 to operate the camps for 45 days last year and only 804 persons used them.

Although the Air Force denies that the GAO investigation had anything to do with closing the camps, the decision on King Salmon followed the pattern of military reaction to adverse publicity about other camps.

For example, in 1971, the GAO confirmed charges that 24 military men were improperly assigned full-time to serve "distinguished and high-ranking visitors" at the plush Alaskan Chateau and Health Club at Elmendorf Air Base, Anchorage. The following year, the Air Force cut back its manpower at the club to six persons. In a similar situation last year at Matagorda Island, Tex., the Air Force reluctantly abandoned its use of the island, ostensibly as a practice bombing range—only after an Interior Department official reported that a primary use of the island was for the hunting and fishing pleasure of military brass.

There have been many other abuses reported over the years, but still nobody in the Pentagon, from Defense Secretary Schlesinger and the Joint Chiefs of Staff on down, knows how many other Matagordas, Alaska Chateaus or King Salmon camps exist. In fact, after six weeks of investigation by the Pentagon, officials said they were unable to say even how many hunting lodges, rod-and-reel clubs and other such facilities are operating at the more than 200 U.S. military installations where hunting or fishing is permitted. Nor how much they cost to operate.

Pentagon officials "estimate" that the military spent $2,033,146 last year on its hunting and fishing programs alone ($1,427,337 in appropriated tax money and the remainder from fees charged by the military). But hunting and fishing is only a small part of the total, multimillion-dollar military recreation program, which includes camping sites, tennis courts, golf courses and a host of other facilities.

The Pentagon is not the only government body that doesn't know where the money goes for military recreation. No congressional committee has the details either, even though the GAO as far back as 1971 warned the House Appropriations Committee that "congressional appropriations for organizations supporting recreational activities are poorly controlled by DOD [Department of Defense] because the military departments do not maintain accounting systems that identify the amount of such support." The GAO report continued, "In addition, the military command statements of appropriated funds do not sufficiently disclose the use of these resources."

The Air Force had a similar warning on

the fish camps at King Salmon as far back as 1963, when an Air Force auditor from Seattle reported that the costs for the King Salmon camps were higher than similar military fishing camps nearby and stated in the report; "We found that . . . neither the appropriated fund accounting records nor the unappropriated fund accounting records gave a complete and accurate picture of the cost of operating [the camps]."

But nothing changed much for a long time after that report. Ralph Ash of Anchorage, who was chief of recreation services for the camps from 1962 to 1972, said that the camps were operated almost entirely for officers during his 10 years there. "They flew in from all over, some higher-ranking generals had their own planes assigned to them. The average enlisted guy never got there."

An annual report, obtained through unofficial channels, shows that 1,464 generals and other officers used the King Salmon camps during 1970, while only 39 airmen used it. But all that changed dramatically two years ago after Proxmire focused congressional attention on the camps. The Air Force said records for 1973 have been destroyed but that in 1974, a lottery was held among all servicemen stationed near the fish camps and that 355 officers and 458 enlisted men got to use them.

Although the Pentagon could not provide accurate details on camp operations in the U.S., officials did volunteer that many other military hunting facilities are operated on a lottery basis and that many also permit civilians to hunt or fish on a limited basis. However, out of the total of 200 such military installations, 113 are restricted to military personnel and their guests. And under present rules, commanders of those bases are not required to tell the Pentagon or the Congress who the guests are or how much money is being spent on their recreation.

New reporting rules that would provide such information will be formulated by the time the Defense Department's management study group finishes its assignment. Group director Earich now estimates that the study will be completed by June. "We will then have a hold of the total resources that are going into these programs," he said. "This has been sort of a gray area that nobody has paid any attention to until recent years."

RAIL SERVICE IN THE NORTHEAST

Mr. RIBICOFF. Mr. President, the creation and maintenance of a good northeast rail system is a matter of utmost seriousness and importance for Connecticut, the region, and the Nation.

Reorganization of the Penn Central and other bankrupt railroads is a difficult and complex task; but decisions by Congress and the U.S. Railway Association relating to this matter will influence the quality of life in the Northeast for many years to come.

If ConRail is not able to achieve financial soundness, the very economic health and stability of the Nation will be at stake.

Realizing the seriousness of this undertaking, I hope that the preliminary system plan will be a vehicle for intelligent discussion and debate, and receive a thorough and comprehensive evaluation at these hearings.

As indicated above, I do not question the legitimacy or reasonableness of using profitability as a criterion in determining which branch lines should be included in the Conrail system. I do, however, question the methods by which profitability was determined, and the application of these methods to particular branch lines.

Furthermore, both sound public policy and the mandate of Congress in the Regional Rail Reorganization Act of 1973 make it clear that economic viability must be balanced against adverse economic, social, and environmental consequences to the communities where abandonment of rail lines is being considered. The preliminary plan does not adequately address these considerations.

It is highly inconsistent to apply the profitability criterion to branch lines while exempting main lines, terminals, yards, and central management from such analysis.

Railroads do not generally keep branch line accounts. Therefore, to allocate systemwide costs to branch lines seems to me to be a highly irregular method of determining a branch line's profitability.

The past and present failure to maintain these lines has, in effect, meant that the branch lines are in many instances subsidizing expensive maintenance on main lines.

Exclusive reliance on data provided by the Penn Central, may have also caused the preliminary plan to underestimate the traffic on the branch lines.

My own examination indicates that underestimation of traffic and/or unsupportable allocation of maintenance costs may have occurred on the portions of the Wethersfield, Plainfield, Griffins, Longmeadow, Norwich, New Milford, Terryville, and Danbury branch lines.

Further data accumulated at these hearings may show that the above has also occurred on other branch lines in Connecticut. If economic viability is to be a primary criteria, it must be based on more accurate information and on sounder and more equitable methods which are applied to the entire system.

Some consolidation of unprofitable lies is necessary for a sound ConRail system. Nevertheless, the preliminary plan for Connecticut calls for the bulk of freight coming in from the South and West to be hauled all the way up to the Selkirk switching yard near Albany for makeup into trains bound for New England; the freight would then have to be hauled across Massachusetts to Springfield before coming south into Connecticut on the Springfield-New Haven line.

The overall effect of the preliminary plan is to make Connecticut rely almost solely on the already overused Springfield line for nearly all freight movement into and out of the State.

I would suggest allowing the Mayberry gateway to have primary rather than secondary status. Freight could then also move over the Poughkeepsie River bridge across the Hudson, and enter Connecticut through the Danbury area.

Past experiences with Selkirk yard, especially during winter months, make it highly unrealistic that this yard can handle concentrated traffic loads under a reorganized system.

Another major problem with the preliminary system plan is that it seems to largely ignore the real need to coordinate freight and passenger transportation, and makes the State's job of developing its own comprehensive system of mass transit much more difficult.

The Springfield-New Haven link is a vital connector for passenger services from Hartford south to New Haven and New York, and north and east to Springfield, Worcester, and Boston. A recent study indicated that there are potentially 1.5 million more riders on an inland route from New York to Boston than on the shoreline route.

Amtrak has contended that the inland route between Boston and New York is not viable because the Springfield-New Haven line is already so heavily loaded with freight traffic that it cannot handle any major increases in passenger service. Yet the preliminary system plan calls for this same line to be virtually the sole entry point for freight coming into Connecticut. In effect, the plan fills up this line with freight, does not upgrade its maintenance, blocks additional passenger traffic north and south, and creates inconvenient connections in Springfield with Amtrak's pending Boston-to-Chicago run, and with Metroliner and other shoreline routes.

The above is another situation of narrow profitability criteria preventing coordination of effective freight and passenger service. I suggest the possibility of an inland route running from Bridgeport through Waterbury, Bristol, and Hartford and then north.

In summation, I reiterate neither overall endorsement nor condemnation of the preliminary plan. It is my hope that in the coming months, the U.S. Railway Association will address itself to the legitimate issues raised at these hearings. A sound reorganization may be possible by modifying and perfecting the preliminary plan. But I would also urge the Association to give careful consideration to alternative plans such as the ones proposed by Gov. Milton Shapp of Pennsylvania, and by Senators HARTKE and WEICKER.

In any case, a viable Northeast rail system will involve a massive commitment of Federal resources. This commitment must be made on a financially sound basis, but it must also take account of the long-term economic, social, and environmental implications for the people of Connecticut, the Northeast, and the Nation.

We can no longer afford to postpone these important decisions. I urge interested members of the public to fully participate in this reorganization process.

CONTRIBUTIONS OF IRISH AMERICANS

Mr. WILLIAMS. Mr. President, there is no more appropriate an occasion than St. Patrick's Day to recall the outstanding contributions that Americans of Irish descent have made toward the goal of a better America for us all.

Between 1845 and 1850, 800,000 Irish entered the United States for the first time to be followed by another million by 1860. This great influx of people formed the first wave of an immigration flood that became, and still is, a salient and unique feature of this Nation's experience. A disastrous series of potato crop failures beginning in 1845, caused a famine throughout Ireland, killing thousands and forcing thousands more to flee for survival. People who had rarely ventured more than a few miles from their little farming villages packed their belongings and made the difficult voyage to America in search of the freedom from want that their homeland could not then provide. Many made their way under contract labor system in which they paid for their passage with their only things of value—their physical strength and their desire for a secure new life in America.

The victims of the famine were certainly not the first Irish in America. Thousands had come here since the earliest colonial times. Many had joined with British Catholics to found the State of Maryland. St. Patrick's Day was celebrated in Boston as early as 1732 and in New York after 1744. Over 4,000 enlisted men in Washington's Army had Irish surnames. The Carroll family of Maryland produced the first signer of the Declaration of Independence.

However, the immigration of Irish in the mid-1800's was of unprecedented proportions and of a different nature. While many of the earlier Irish refugees were educated people who had fled for political reasons, the newcomers were usually unskilled, poverty-stricken, and semi-literate. As they crowded into our large urban centers they found that America was not yet ready to accept them on an equal basis with Americans who had arrived earlier. The Irish became very easy targets for those who sought to further their own political fortunes by arousing the prejudices of others against them. Forced into menial jobs and miserable tenements, the Irish became victims of hate campaigns built around their religion and their foreign origin.

The critical needs of the United States, however, helped the Irish achieve their rightful place in society. The America of the 1850's and 1860's was young and vibrant, and was just beginning to flex its industrial muscle. The railroads stretching out to the West, the textile mills of the North, and the great foundries and factories filling the war needs of the Union demanded a steady supply of labor, and the Irish had come at the right time to provide it. The Civil War called forth men to fill the ranks of both the Union and Confederate armies. Most of the Irish joined the Union cause, and whole regiments of newly arrived Irishmen immediately joined the fight for their new contry. By the latter quarter of the 19th century, the Irish were significantly adding the strength of their cultural heritage to the life of their new homeland, and were making contributions that increasingly enriched American development. Today we can point to any area of endeavor and find Americans of Irish descent who have achieved recognition.

A large proportion of the Irish people entered the field of entertainment. Their work did much to dispel the fears and change the attitudes of many Americans toward Irish immigrants. Irish songs that are still popular today swept the country during the late 1800's. Such actors and entertainers as Edwin Booth, John Drew, the Barrymores, George M. Cohan, Victor Herbert, Pat O'Brien, Spencer Tracy, Helen Hayes, Gene Kelly and Grace Kelly have provided Americans with some of their best loved moments.

Art and literature in the United States has been greatly enhanced by Irish-Americans. Irish-born August Saint-Gaudens became one of our great sculptors, while Georgia O'Keefe was a leading woman painter. James Farrell, F. Scott Fitzgerald, and Joyce Kilmer contributed much to the world of literature.

In sports, Irish-Americans have produced such boxing champions as John L. Sullivan, Jack Dempsey, Mickey Walker, and Gene Tunney; baseball heroes such as Mickey Cochran, Jim O'Rourke, and Big Ed Delahanty, and other sports figures such as golf great Ben Hogan, and tennis star, Jimmy Connors.

Labor unions drew powerful strength from Irish-Americans. Terence Powderly built the Knights of Labor into the world's largest union of the 1800's. P. J. McGuire, of the Carpenters Union, helped organize the American Federation of Labor, and was the first to propose Labor Day to Congress. Today George Meany, of Irish descent, heads the AFL–CIO.

Irish inventors have improved our everyday lives. Michael Cudahy devised the process of curing meats by refrigeration. Humphrey Sullivan invented the rubber heel, and John F. O'Rourke invented the caisson airlock essential to the construction of river tunnels. In medicine, John Murphy performed the first appendectomy and Joseph O'Dwyer invented the intubation technique, which saved thousands from the dread disease of diphtheria.

Irish-Americans were drawn very early into the arena of politics at all levels, but it was not until Al Smith, former Governor of New York, was selected as the Democratic nominee for President in 1928 that the last barrier to full Irish participation in American life seemed ready to fall. The election of John F. Kennedy in 1960 sent the barrier crashing.

America's 20 million citizens of Irish descent have been an essential part of America's growth. They still maintain strong ties with Ireland and we are fortunate to have their great talents here in America.

NURSING HOME REFORM

Mr. MOSS. Mr. President, my Subcommittee on Long-Term Care has been studying nursing home problems for more than a decade. Early hearings in 1963, 1964, and 1965 influenced the medicare and medicaid legislation and led to the enactment in 1967 of a wide series of Federal uniform minimum standards. Starting in 1969 the subcommittee began its current series of hearings entitled "Trends in Long-Term Care." To date, 25 hearings have been held in this series and more than 3,000 pages of testimony have been taken.

We are now releasing a 12-volume series of reports: "Nursing Home Care in the United States: Failure in Public Policy." Earlier this month, we issued our third supporting paper, "Doctors in Nursing Homes: The Shunned Responsibility."

The reaction to these reports in the press and from the public has been heartwarming. In particular, I appreciate the support from organizations such as the National Council of Senior Citizens which have pledged their assistance in helping to bring about the enactment of nursing home reform bills I introduced on March 12. The February 20 edition of the New York Times carried an article by Martin Tolchin which gives the broad outlines of our legislative strategy and I ask unanimous consent that it be printed in the RECORD. I also ask unanimous consent to have printed in the RECORD an article in Modern Healthcare by Jerome F. Brazda entitled, "Senator Moss' Prescription: Once a Month Until Reform," an article in the February 1975 edition of Medical World News entitled "U.S. Nursing Homes—A Mess Says Moss" and an article entitled "Nursing Homes: A Story of Neglect" by Bernard Nash, executive director of the American Association of Retired Persons which appeared in the February–March issue of Modern Maturity.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

SENATORS DRAFT LAWS TO END NURSING HOME ABUSES

(By Martin Tolchin)

WASHINGTON, February 19.—An 11-point legislative program to end nursing-home abuses is being drafted by a Senate panel whose chairman predicted today that most reforms would be enacted.

The nursing-home legislation would set Federal standards for fiscal accountability, health and medical care, physical facilities and civil and criminal law enforcement.

"Practically all of these will be enacted," Senator Frank E. Moss, Democrat of Utah and chairman of the Senate Committee on Aging's subcommittee on long-term care, said in an interview after the committee's hearing. "In that sense, Dr. Bergman has helped us by focusing the eyes of the public on the plight of the nursing homes."

SIGNED AUDIT URGED

Mr. Moss said that he was encouraged that his Senate colleagues sensed a climate for change, and now gave a high priority to the need for nursing-home legislation. Five of the eleven proposals were introduced last year, Mr. Moss noted, but died in committee because "we couldn't muster enough push."

By way of contrast, he said, 20 of the 22 members of the Special Committee on Aging met last week to consider a contempt citation against Mr. Bernard Bergman, the central figure in the nursing home investigation. "That's the highest attendance of committee members I've ever seen," Mr. Moss said. Nine Senators attended today's hearing.

The first of the legislative proposals would require a certified public accountant to submit a signed audit of the fiscal operations of every nursing home that received Federal Medicine or Medicaid funds. This proposal, urged last year, is "an absolute necessity," Mr. Moss said.

The second proposal, which is new, would provide special penalties for fraud by nursing homes. Although defrauding the government is already grounds for both criminal and civil action, Mr. Moss believes that legislation that singled out nursing homes would strengthen the government's efforts to supervise the industry.

The third proposal, also new, would require total disclosure of ownership in nursing homes. This would include all individuals who have an interest in a nursing home.

"That's one thing that Mr. Bergman has been dodging," Mr. Moss charged.

The fourth proposal, also new, would provide rigid controls over patients' accounts; it is based on evidence of widespread misappropriations of patients' personal accounts by some nursing-home operators.

The fifth proposal, offered last year, would provide funds for nursing schools to train nursing home employes and to assume responsibility for the quality of care in the nursing homes. This may be broadened this year to contracts with medical schools to enable them to assume responsibility for nursing homes. This arrangement would be similar to the affiliation contracts between medical schools and some of the municipal hospitals in New York City.

GERIATRIC AID ASKED

The sixth proposal, also offered last year, would provide training for geriatric physicians and would provide funds to establish geriatric departments in medical schools, provide continuing education for physicians and to train nurse-practitioners.

The seventh item, which is new, would provide fines and penalties for substandard nursing homes, rather than the existing penalty of forcing them to close. Because the existing penalty is so drastic, it has never been used.

"We need intermediate penalties," Senator Moss said. "We need alternatives to putting nursing-home patients out on the streets."

VENDING CURB CITED

The eighth proposal, would require every state to submit a plan to regulate nursing homes. The ninth which is new: would provide for Federal enforcement of nursing-home standards, and not leave this enforcement to the states.

The tenth proposal, also new, would create a Federal reimbursement formal, instead of leaving it to the state, and would link reimbursement to costs and services as an incentive.

Under the last proposal, also new, nursing-home suppliers would not be allowed to sell their wares to homes in which they have an interest.

In addition, it was learned that the Senate Finance Committee is weighing legislation that would provide for an assistant United States attorney in each district to deal exclusively with violations in the field of health care.

The committee is believed to feel that enforcement legislation should receive top priority and that expertise is required.

Senator Moss agreed that "enforcement is a large part of the problem." But he added that "we also need a careful reexamination of standards, reimbursement formulas, personnel, fiscal accountability and a wide range of problems."

SENATOR MOSS' PRESCRIPTION: ONE A MONTH UNTIL REFORM

(By Jerome F. Brazda)

A gadfly of federal nursing home policy for many years has stated in no uncertain terms that he is less than enchanted with HEW's effort to upgrade nursing home standards. The critic, of course, is Sen. Frank Moss (D., Utah), chairman of the Senate Committee on Aging's subcommittee on long-term care.

Sen. Moss has begun releasing, at the rate of one volume a month, a series of reports generally titled *Nursing Home Care in the United States: Failure in Public Policy*. The reports were put together by the subcommittee staff headed by Val Halamandaris, a longtime aide of Sen. Moss and a man with an almost passionate interest in exposing what he believes are abuses of the aged consumer by substandard nursing homes. Like Sen. Moss, Mr. Halamandaris is anxious to avoid being cast as a critic who tars all nursing homes with the same brush. Both men are quick to point out good examples. But their report states flatly their view that the good guys "are in the minority."

There are, in the opinion of Sen. Moss and his subcommittee, too many poor performers and they feel that it's up to Congress to keep pressing with investigations and hearings and up to HEW to enforce standards mandated by Congress. It is particularly galling to Sen. Moss to find that HEW inadequately follows through with what he regards as orders from Congress.

The first volume of the subcommittee report, in the making since hearings began in 1969, charges that HEW has been reluctant to issue "forthright standards" for nursing homes. Public witnesses at hearings conducted by the Moss panel concluded that new Medicare and Medicaid standards "are so vague as to defy enforcement." Furthermore, the report states, "Enforcement is left almost entirely to the states. A few do a good job, but most do not.

"In fact, the enforcement system has been characterized as scandalous, ineffective and, in some cases, almost nonexistent," the Moss report charges.

HEW, which has borne the brunt of the so-called nursing home initiatives begun by former President Nixon and continued by President Ford, was quick to take exception to the tough-worded report. Especially wounded by the indictment was Frank Carlucci, recently named ambassador to Portugal and undersecretary of HEW for the past two years. In a letter to Sen. Charles Percy (R., Ill.), ranking minority member of the subcommittee who has worked closely with Sen. Moss, Mr. Carlucci complained that the report glossed over the positive steps taken by HEW to improve nursing home standards and compliance.

But the Moss report doesn't agree, stating that the Nixon-Ford administration program for upgrading of standards "has had only minimal effect" since first announced in 1971 and is a "national farce." Actions taken in 1974 "fall far short of a serious effort to regulate the industry," the subcommittee report states.

Divided into 12 parts, the series of reports by the subcommittee isn't all critical. Included in the dozen volumes are suggestions for positive actions that the subcommittee and its staff believe can alleviate the perennial problem of poor nursing homes damaging the public image of good ones and the need for more responsive public financing mechanisms.

Medicare and Medicaid are "inadequate and ineffective programs," the subcommittee believes, and should be replaced by a national health insurance program that includes comprehensive long-term care benefits. If the 94th Congress gets around to serious consideration of a national health insurance program—and this is far from certain—the Moss subcommittee plus the new House committee on aging will be feeding energy into the legislative machine in an effort to persuade senators and representatives that NHI must include long-term care if it is to be considered comprehensive.

During the late, unlamented wage-price stabilization program, American Nursing Home Association representatives and other leaders in the long-term care field argued that nursing homes represented such a small percentage of the nation's healthcare expenditures that they should not be included under controls. Some new figures from the Social Security Administration's Office of Research and Statistics are going to make this argument less persuasive, should the specter of controls be raised again.

According to a survey due to be published in February in the *Social Security Bulletin*, expenditures for nursing home care reached an estimated $7.5 billion during fiscal 1974, the year that ended last June 30. The figure for the previous fiscal year was $6.7 billion.

Although the new total still is a relatively minor part of the estimated $104.2 billion that was spent on healthcare in the United States during fiscal 1974, it is substantial enough that experts feel it cannot be ignored. Also noteworthy is the fact that $3.9 billion of the expenditures came from public funds—including $2.2 billion from the federal treasury and $1.7 billion from state and local coffers. Private contributions to the total came to $3.5 billion.

Previously, nursing home expenditures reflected in the annual Social Security statistical summary included only money spent on care in skilled nursing facilities (SNFs). The new data also include care provided in intermediate care facilities (ICFs).

The total spent on healthcare during fiscal 1974 amounted to $485 per capita. The increase over the previous fiscal year was 10.6 per cent, a slightly higher percentage than was registered the year before when economic controls were in effect. The $104.2 billion total was 7.7 per cent of the Gross National Product. Hospital care was the largest expenditure category during fiscal 1974, accounting for 39 per cent of the total. This is a figure that tends to support the prevailing, and growing, sentiment in HEW and on Capitol Hill that the search should continue for less-expensive alternatives to hospital care, including extended and ambulatory care facilities.

After more than two years of foot-dragging, haggling, discussion, consultation and controversy, HEW finally has issued regulations for implementation of utilization review (UR) under Medicare and Medicaid. Mandated by the 1972 Social Security Amendments, the UR regulations are designed to provide an orderly transition to the professional standards review organizations program.

Although the regulations deal chiefly with hospital UR, they also cover review in SNFs and ICFs. But here the other shoe has yet to drop. While the regulations cover review of a continued stay in a long-term care facility, the matter of certification for admission to SNFs and ICFs is left for a new set of proposed regulations which HEW expects to promulgate this month. The proposed regulations will involve use of hospital discharge planning in long-term care certification.

Included in the regulations already published are provisions involving periodic extended stay review and medical care evaluation studies. At least one of the latter must be in progress at all times. Extended stay review, in the case of SNFs and inpatient mental hospitals, must be conducted either by specific periods for diagnostic categories or categories based on functional capabilities, but at least every 90 days, or every 30 days for the first 90 days and at least 90 days thereafter.

The entire UR package becomes effective Feb. 1, 1975. Controversial since the day the first paragraph of the draft PSRO amendment authored by Sen. Wallace F. Bennett (R., Utah) was set to paper, the PSRO and UR regulations continue to stir emotions in Congress, HEW and healthcare organizations. But they're here to stay and long-term care facilities will be affected. Thus it is incumbent upon administrators to pay close attention and learn to live with them.

U.S. Nursing Homes—A Mess, Says Moss; Senator Says Lack of Doctor Involvement Is One of the Key Reasons for Poor Conditions

"Doctors have so far avoided getting involved in the nursing home scandal," said Peter H. Franklin, special assistant to HEW Secretary Caspar W. Weinberger. "It's such a can of worms I can understand their reluctance. But I wonder whether we haven't ended up in such a mess precisely because doctors have failed to get involved. They need to pay more attention to conditions in homes where they send patients."

Franklin speaks with authority; he has visited 35 nursing homes around the country and been briefed on the conditions in hundreds. The vast majority are "good," he told MWN. Many are less than good, he added. "And about 5% are absolutely deplorable."

But the Senate Special Committee on Aging's subcommittee on long-term care puts the number of bad homes much higher. In its report, *Nursing Home Care in the United States: Failure in Public Policy,* issued in November, it charged, "Over 50% of U.S. nursing homes are substandard."

It cites abuses ranging from outright crimes ("the smothering to death of a patient who obviously was in a coma and taking too long to die") to poor food quality and unsanitary conditions. And it put at least part of the blame on doctors:

"Physicians have, to a large degree, shunned responsibility for personal attention to nursing home patients," it declares. The report goes on to cite "inadequate training at schools of medicine" and "the negative attitude toward care of the chronically ill in this nation" as major reasons.

The subcommittee's chairman, Sen. Frank E. Moss (D-Utah), told MWN: "Physicians have failed to take full part in the care of the aged. It's never been an exciting part of medicine, and it's been neglected." He thinks Congress should make medical schools add gerontology departments. "Only two now have them," he pointed out.

He also feels all nursing homes receiving federal funds should have medical directors charged with making sure physicians' orders are carried out and that the homes are run in a professional medical manner. HEW regulations require only skilled-nursing homes—only about 9,000 of the nation's 23,000 long-term-care facilities—to have medical directors, and even these institutions aren't legally bound to have them till next January. The federal government supports about 16,000 long-term-care facilities.

In a supporting paper released last month, the subcommittee cited the consolidated findings of two studies covering 75 nursing homes in two Eastern cities. It showed that 37% of patients taking cardiovascular drugs (digitalis or diuretics or both) had not had their blood pressure taken in over a year. For 25% there wasn't even a diagnosis of heart disease on the chart. Patent on phenothiazines fared equally poorly—35% had not had their blood pressures recorded in more than a year. Some were taking two or three such drugs concurrently.

A third of the patients being treated for diabetes mellitus had no diagnosis of diabetes on their charts; over 10% of those taking insulin or oral hypoglycemic agents were not on diabetic diets; and a large number of these had not had a fasting bloodsugar test in more than a year.

Federal regulations require attending physicians to visit patients in skilled-nursing homes at least every 30 days, and patients in intermediate-care facilities at least every 90 days. Yet the studies showed that 40% of the patients in the homes surveyed had not been seen by a doctor for more than three months.

Since the original report appeared, the subcommittee has been both praised and attacked. The national press has, by and large, accepted its statements at face value, quoting some shocking material. But HEW's Franklin, for all his sympathy with patients in the worst homes, describes the Moss report as "inaccurate, outmoded, sensationalized in spots, and downright vicious in others."

The chairman of the American Medical Association's committee on aging, Dr. Frederick C. Swartz, said he'd like to see the research the report's conclusions were based on. He certainly does not agree that most homes are substandard, he said. Nor does he buy its suggestion that medical schools create gerontology departments. "There are probably only 25 faculty members in the U. S. who call themselves gerontologists," he said, "and that's all the subject deserves." The problems of the aged, he explained, are the same for the young. "If you get a heart attack today, you didn't get sick today—you've had the basic problem 20 years."

Added Dr. Swartz, who is medical director of the Burcham Hills Nursing Home in Lansing, Mich., "I've been in nursing homes all over the country and you can't tell me they could hide the things they say were going on." There were problems, he conceded, but nothing of the sort described by the Moss subcommittee, "not even in New York City."

Still, no one can describe the situation there as anything but disastrous. HEW's Franklin charges that the worst homes are almost exclusively in New York. And last month HEW announced it was cutting off Medicaid funds to nine of the city's long-term-care facilities. Threatened with the same action were another 54 institutions that have failed to meet its standards—most in the city, though several are in New Jersey and Puerto Rico.

This month the Moss subcommittee is preparing another supporting paper that will zero in on the role of physicians. A staff memorandum describing the paper says it outlines why doctors have not been attracted to the field. Some of its points:

"Medicare and Medicaid, with their restrictive rules and red tape, constitute a significant disincentive for physicians to care for nursing home patients. Payment is small and uncertain. Rules of compensability have been changed dramatically in the past. They have even been given retroactive effect. Procedures instituted to stop the cheating few have further alienated the many who might consider providing part of their time to nursing home patients."

Other reasons cited are lack of trained personnel to help physicians, the nursing home's often unpleasant atmosphere ("Doctors, too, get depressed"), and the remoteness of many independent nursing homes from doctors' usual rounds.

New York Nursing Homes Called Worst in Nation

Bernard Bergman seems an unlikely target for what he charges is the most vicious campaign of public vilification "since the days of Sen. Joseph McCarthy." A retired rabbi and one of the two heads of the Mizrachi Religious Zionist movement, he has an impressive list of credentials. Yet he is now at the center of New York's bizarre nursing home scandal.

The dossier of charges compiled by his critics includes fraud, deceit, influence peddling, and connections with organized crime. New York State Assemblyman Andrew Stein drew a particularly chilling picture of Bergman's operations during the Moss subcommittee hearings in New York last month.

One of Bergman's most relentless antagonists, Assemblyman Stein heads the New York legislature's Temporary State Commission on Living Costs and the Economy, which is also investigating nursing homes. He charges that through intricate financial intrigues—some engineered with Mafia help—Bergman has gained control of a nationwide network of perhaps 100 nursing homes rather than, as Bergman claims, just two.

The assemblyman also says that conditions in Bergman's nursing homes approach the snakepit level and that Bergman has used political connections to quash investigations. Bergman denies these allegations, but a federal grand jury is now looking into his operations.

Whatever the outcome of this investigation—and Bergman's testimony during his next appearance before the Moss subcommittee—fraud, neglect, lack of medical care, and unsanitary conditions seem the norm in a shockingly large number of New York nursing home.

The state's Medicaid law seems to encourage such abuses. The law, says Senator Moss, "is enough to make defense contractors drool. The message your legislators have given operators," he declared at the hearings, "is spend, spend, spend, for whatever you spend will be reimbursed with a profit."

Many states reimburse homes at a flat rate. The state determines the cost of each service beforehand and then pays the operator on the basis of its fee schedules. But in New York owners are reimbursed for whatever their costs are. Theoretically, state auditors are supposed to check the propriety of these charges. Yet one recent study found the cost of such services as laundry and cleaning varied as much as 400%

Nursing Homes: A Story of Neglect

(By Bernard E. Nash)

"Many of these substandard nursing homes are little more than warehouses for the unwanted, dumping grounds for the dying."

Richard M. Nixon, AARP-NRTA Area V Conference, Chicago, June 25, 1971:

More than three years have passed since former President Nixon, in his speech to our Associations, promised a vigorous program of reform of the nation's nursing homes.

Yet a recent report of a Senate committee indicates that his program and the efforts of his predecessors have had only minimal effect and "fall far short of a serious effort to regulate the industry."

The report was prepared by the Senate Special Committee on Aging's subcommittee on long-term care and was based on a 15-year study of conditions in the nation's nursing homes. It is aptly titled: "Nursing Home Care in the United States: Failure in Public Policy."

It is a story of neglect: neglect in the treatment of patients by too many nursing home operators and personnel, and neglect in the enforcement of basic minimum standards for nursing homes by state officials and the Department of Health, Education and Welfare. "Millions of older Americans who have already received care in nursing homes have not received maximum help," the report charges. "In many cases, they have not even received humane treatment.

"And, in an alarming number of known cases, they have actually encountered abuse and physical danger, including unsanitary conditions, fire hazards, poor or unwholesome food, infections, adverse drug reactions, overtranquilization and frequent medication errors.

"The net impact is that far too many patients have needlessly sustained injury and, in some cases, death."

For years, the news media have carried accounts of wretched conditions in certain nursing homes. The accounts have been dismissed by nursing home proprietors and their lobbyists as "horror stories" that are not at all typical of actual conditions in most nursing homes.

The Senate panel's report does not agree. It recognizes that many nursing homes provide quality nursing care, occupational and recreational therapy, and good medical services. But the report concludes, as did a previous Senate report in 1960, that *"such homes are in a minority."*

An overriding reason why these intolerable conditions have not been improved in the past 15 years is the fact that those governmental agencies with the responsibility for upgrading the nation's nursing homes have, quite simply, failed to do the job.

The Senate report severely criticizes a majority of state governments and the Department of HEW for "watering down" and not enforcing even minimum nursing home standards. "Despite the sizable commitment in Federal funds," the study charges, "HEW has been reluctant to issue forthright standards to provide patients with minimum protection.

"Enforcement is left almost entirely to the states," the report said. "A few do a good job, but most do not. The enforcement system in many states can be characterized as scandalous, ineffective and, in some cases, almost nonexistent."

Our Associations for years have urged comprehensive action by HEW and the states to upgrade nursing home conditions. We have called for stringent standards for nursing home care and have advocated the establishment of home health services to provide quality long-term care to those persons outside of institutions.

We are pleased that the Senate report reflects our position in calling for "a coherent constructive and progressive national policy to meet he long-term care needs of the elderly."

Public support for nursing home reform waxes and wanes, often depending upon the latest news media account of a nursing home fire, food poisoning epidemic, or some other catastrophe. The Senate report should now drive home the fact that the nursing home situation in America is more than a series of isolated "horror stories"; it is a serious and disgraceful problem which demands immediate attention.

THE MAJORITY LEADER

Mr. CLARK. Mr. President, there are as many different opinions on most issues before the Senate as there are Senators. But in my 2 years here, I have found unanimous agreement on one particular point: the respect and admiration that everyone in the Senate has for the majority leader, Senator MANSFIELD.

He celebrated his 72d birthday yesterday, an occasion noted by the New York Times today in an article by John Finney.

On the day the Senate Foreign Relations Committee is considering the administration's request for additional military assistance to Cambodia, the article outlines Senator MANSFIELD's longstanding commitment and involvement in trying to bring peace there. The article says:

> He stands as an unabrasive yet unyielding critic of the Ford Administration's policies in Cambodia and South Vietnam.

And he stands as one of this country's most effective and articulate advocates for détente and for a world without armed conflict.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MANSFIELD, AT 72, REFLECTS ON "AGONY" OF CAMBODIA

(By John W. Finney)

WASHINGTON, March 16.—As he celebrated today the 72d birthday of a life that has largely been shaped by Asia, Senator Mike Mansfield saw what he called "the beginning of an end of an era" of American involvement in the Asian mainland.

The Montana Democrat, whose interest in the Far East traces back to his service as a marine private in China after World War I, says he is deeply troubled by "the agony of Cambodia," in a personal as well as a political sense.

Sometimes his high-pitched voice protests on the Senate floor against the killing in Cambodia—killing that he thinks would stop if the United States would only cease its support of the Lon Nol Government and deal with Prince Norodom Sihanouk, the exiled Cambodian leader.

FOCUS ON PACIFIC

But for the most part, he sits in his majority leader's office, unobstructively giving advice to his colleagues and State Department officials who will listen.

As a former professor of Asian history, he seeks to draw historical lessons from the debate over continued military aid to Cambodia and South Vietnam.

"What we are witnessing, in my opinion," he observed in an interview last Friday, "is the beginning of an end of an era, which will make a shift away from the Asian mainland and a concentration of sorts in islands of the Pacific."

"The shift will reflect what I believe is a geopolitical truism," he went on, "namely that the United States is not as Asian power but a Pacific power."

If so, Senator Mansfield will stand as a symbolic bridge between the two geopolitical concepts, a man whose career was molded because the United States viewed itself as an "Asian power" and who came to be a leading critic of American political and military involvement in Asian affairs.

Fifty-five years ago, he left the copper mines in Montana to enlist in the Marine Corps and was sent to Nanking to help protect American interests in China. His exposure to a servile China dominated by the big powers was to shape his thinking throughout his academic and political life.

ENTERED HOUSE IN 1942

He returned home to work his way through the University of Montana and to become a professor of Asian history. He was elected to the House of Representatives in 1942 and to the Senate in 1952.

While he stands as an unabrasive yet unyielding critic of the Ford Administration's policies in Cambodia and South Vietnam, the executive branch once again has turned to him for advice on how the United States can extricate itself from Indochina.

Last Friday morning, he was invited to the State Department after Senator Henry M. Jackson, Democrat of Washington, had suggested that President Ford should send Senator Mansfield to Peking to discuss with Prince Sihanouk a negotiated settlement of the Cambodian war.

The State Department officials described a number of indirect contacts they had made with Prince Sihanouk through third countries over the last four months, all, they said, with "nothing in the way of tangible results."

RULES HIMSELF OUT

Senator Mansfield's advice was that a direct contact might be more effective than indirect overtures and that the United States should attempt to deal directly with Prince Sihanouk if it wanted to get negotiations going on a settlement of the war.

At the same time, he seemed to rule himself out as the man to meet with Prince Sihanouk, whom he has known for 22 years.

"It was my suggestion," he said, "that under the Constitution, the conduct of foreign policy is the responsibility of the executive branch, and the place to establish contact, therefore, is not through the legislative branch."

In his statements, however, there is just a hint that if pressed by the President, he might go to Peking to talk with Prince Sihanouk, who startles State Department officials by the way he affectionately hugs the Senator every time they meet.

CAMBODIAN MILITARY ASSISTANCE

Mr. CLARK. Mr. President, the additional military assistance requested by the administration for Cambodia cannot be justified. It is not in the best interests of the people of Cambodia and not in the best interests of the United States. I voted against the military assistance request when the Senate Foreign Relations Committee considered—and approved—a compromise version of it earlier today, and I will continue to oppose it.

Another $82.5 million in arms and ammunition for Cambodia—in addition to the $275 in military aid already being provided by the United States this year—will only add to the death and destruction there, and the conditions imposed in the bill's language will not change that. It will not save the Lon Nol government. It will not convince the Khmer Rouge to negotiate when they are closer than ever to a military victory. It will not avance the cause of peace.

The situation in Cambodia is desperate, both militarily and economically; 80 to 90 percent of the countryside is controlled by the Khmer Rouge. The pressure on the Lon Nol government continues to mount, even though the insurgents are reviving far less outside assistance, and sustaining greater casualties and have even fewer medical supplies than the government troops. In the besieged city of Phnom Penh, the capital, people are dying of starvation. The dwindling government forces are unable to protect the airport that is their only source of supply. A rag-tag army of poorly trained conscripts fights on empty stomachs with little medical supplies to hold the scraps of territory still controlled by the government. And the civilian population is victimized daily by a civil war that has forced them to flee their homes, that has caused runaway inflation which has put food prices beyond their reach, and that exposes them to the constant threat of death.

Defense Secretary Schlesinger has said that—

> If morale holds out and if the funding is given, we do not believe the city can be taken by storm.

In other words, the most the administration can hope for is that with luck and additional military aid, this level of tremendous suffering can be maintained. There seems to be little discussion of a comprehensive, long-term policy with regard to Cambodia, little discussion of the prospects for peace if the additional assistance is given. Instead, there are only the grave warnings about the loss of Cambodia—as if it were the United States' property to lose.

This country does have an obligation to the people of Cambodia. But it is not an obligation to provide the military sustenance that supports the Lon Nol government. Section 655(g) of the 1971 Foreign Assistance Act—a provision included in every foreign aid bill since—explicitly holds that assistance to Cambodia "shall not be construed as a commitment by the United States to Cambodia for its defense." The only commitment there should be an obligation to do whatever possible to stop the killing, to begin healing the wounds of war and feeding the hungry, to lay the foundation for economic recovery. Additional military assistance will not advance a single one of those causes. And it is important to remember that not one dollar of the additional money requested for Cambodia would be spent on food or medical assistance.

Even without this military aid, the government forces still have enough ammunition to continue fighting for another month. In that time, much can be done to assure an orderly and peaceful transition of power in Cambodia, a transition that virtually everyone concedes is inevitable. The United Nations, the other members of the international community—including the People's Republic of China—and relief organizations can help bring about a cease-fire and a humane peace. If this country is genuinely committed to Cambodia, it will help end the suffering there instead of prolonging it. Whatever government has authority in Cambodia in the weeks and months ahead, it will need the food and humanitarian aid that this country can supply to rebuild itself.

The dire warnings of a Cambodian "bloodbath" conveniently distract attention from the bloodbath now underway. One thing is certain: If there is to be a bloodbath accompanying the fall of the Lon Nol government, the United States cannot prevent it by providing additional military assistance that only perpetuates the killing for a few more months. Those few months could be better used for efforts to bring about as orderly and as peaceful a settlement as possible.

This country can help prevent a bloodbath, though, by making it clear that our prevailing interest in Cambodia is a humanitarian concern for the well-being of its people instead of the well-being of the current government. The United States would be in a better position to urge restraint and humane treatment by both sides if it demonstrated a commitment to alleviating the suffering of the Cambodian people. A pledge to cooperate with a new Cambodian government in economic recovery and rehabilitation would do far more than more arms and ammunition to end the bitterness of 6 years of civil war.

I have joined a number of other Senators in introducing legislation that calls for half of U.S. food aid to Cambodia to be distributed under the title II humanitarian assistance section of Public Law 480, the food for peace program. This is an important step in the right direction, and a similar provision was adopted by the Foreign Relations Committee today along with an increase in the total amount of Public Law 480 assistance.

The memory most Americans have about Cambodia dates back 5 years or so to North Vietnam's flagrant violations of Cambodia's neutrality by pouring thousands of troops into South Vietnam along the Ho Chi Minh trail. Then in May and June of 1970 came the "incursion" of U.S. forces into Cambodia, followed in 1973 by the disclosures that the United States has "scrupulously respected the neutrality of the Cambodian people" by the secret, illegal, and devastating B–52 raids on Cambodia in 1969 and 1970. It is not a pleasant memory.

For the last few years, North Vietnam and the Vietcong have contributed a great deal to the death and destruction in Cambodia. And so has the United States—by giving $1.8 billion in arms and ammunition and military aid over the last 5 years. With that record, we now should contribute to its chances for peace and recovery by ending military assistance and taking an active role in encouraging a ceasefire. There has been enough killing.

Mr. President, yesterday's Washington Post carried an excellent analysis of the situation in Cambodia by Murrey Marder and Michael Getler, and Anthony Lewis has a column of special interest in today's New York Times.

I ask unanimous consent that the articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Mar. 16, 1975]

THE PEACEFUL CAMBODIANS: INNOCENT VICTIMS OF WAR

(By Murrey Marder and Michael Getler)

Cambodia is the supreme innocent victim nation in the Indochina war.

Too weak to challenge any intruder, Cambodia first became a highway and a sanctutary for North Vietnamese and Vietcong warfare in South Vietnam. Next, its borders were crossed by American and South Vietnamese troops to attack the Communist bases. Finally, Cambodia itself, one of the most peaceful nations in Asia, was plunged into nationwide civil war, with the opposing Cambodian sides supported by the outside powers.

Few Americans know the full record of overt and covert U.S. involvement in Cambodia. It is a strange mixture of compassion, and strategic exploitation of Cambodian territory as an adjunct of the war in Vietnam. In cold U.S. strategic terms, Cambodia never was more than a target zone for the Vietnamese war.

Out of the Nixon administration's attempt to conceal its original, secret operations in Cambodia from a Congress that feared "another Vietnam," came a twisted action-reaction sequence of dissembling, deception and official spying that contributed to the roots of the Watergate scandals, and, ultimately, to President Nixon's resignation.

This corrosive impact, out of all proportion to the American strategic stake in Cambodia, accounts for much of the exceptional opposition in Congress to President Ford's appeals for emergency aid to Cambodia to preserve American "morality" and "credibility."

The Nixon administration's boast that it achieved "peace with honor" by withdrawing all U.S. troops from South Vietnam in early 1973 without surrendering that nation to Communist control, also ended the strategic rationale for American involvement in Cambodia. At the insistence of Congress, American legislation year after year had expressly stated that there was no U.S. "commitment" to Cambodia; the Nixon administration repeatedly agreed.

And yet, the United States for five years did enmesh itself massively in the fate of Cambodia. It armed and greatly expanded the forces of the anti-Communist government in Phnom Penh, while North Vietnam did the same for the Khmer Rouge insurgents, producing a major internal war that did not exist before American troops crossed the Cambodian border in 1970.

Cambodia, U.S. officials maintain, would have been taken over by the Communists in any event because of its strategic relationship to the war in Vietnam. Perhaps, critics counter, but now Cambodia has had the worst of both worlds, a devastating war plus the prospect of Communist rule.

There are no accurate statistics on Cambodia for virtually anything, especially on the costs of the war since 1970, in which the dead and wounded run into the hundreds of thousands. Some U.S. experts' estimates go as high as 700,000 Cambodians, military and civilan—one-tenth of the population—killed or wounded on both sides, with at least one-third of Cambodia's seven million people turned into refugees.

In the five years since U.S. troops, accompanied by South Vietnamese troops, launched a "limited" strike into Cambodia, about $1.75 billion worth of American military and economic support has gone to that nation.

The prime cost to the United States of its Cambodian venture however, has been neither blood nor money. It has been the damage done to the American social fabric as the consequence of actions that took place during the past six years, even before the public and Congress were aware that the United States was involved deeply in Cambodia.

Two of these events were virtually political time bombs, which publicly exploded in 1973, three years after they happened. Both were outgrowths of secret, massive American B–52 bombings between March, 1969, and April, 1970, against the same Communist sanctuaries in Cambodia that were the targets of the publicly announced ground border crossings of April 30, to June, 1970.

In May, 1969, a news leak about the then supersecret B–52 bombings brought White House orders that launched the wiretapping of U.S. officials and newsmen. This was the first link in the chain of clandestine White House operations that next produced the White House "plumbers" and expanded ultimately into the Watergate scandals.

That revelation, in 1973, as Wategate began to engulf the Nixon administration, was followed by the forced-disclosure of the record of secret 1969–70 B–52 bombing in Cambodia, which was falsely reported to Congress as air strikes over South Vietnam.

Congress was stunned by the magnitude of the bombing, 3,695 sorties dropping 105,837 tons of bombs on Cambodia; by the magnitude of the deception, and by the mockery of President Nixon's claim that from 1954 onward it was United States policy "to scrupulously respect the neutrality of the Cambodian people." The contradiction, U.S. officials insisted, was impelled by security interests, to protect the tacit acquiescence by Cambodia's ruler, Prince Norodom Sihanouk, to the secret bombing.

Emboldened by that furor, and by the Watergate-weakened position of the Nixon administration, Congress voted a total cutoff of all American combat activities throughout Indochina, as of Aug. 15, 1973.

Only in Cambodia were American forces then in combat, supplying critical air support for the Cambodian government of Sihanouk's successor, President Lon Nol, and still bombing the elusive North Vietnamese and Vietcong sanctuaries on the Cambodian-South Vietnamese border.

What President Nixon indignantly said then about the bombing ban forced by Congress, is literally what President Ford has argued to Congress in recent weeks about a total cutoff of U.S. aid to Cambodia: ". . . the incentive to negotiate a settlement in Cambodia has been undermined" and "this abandonment of a friend will have a profound impact in other countries . . ."

The Cambodian government of Lon Nol has hung on to life longer than critics, and most U.S. officials, expected. But from Aug. 15, 1973, onward, its survival has only been a question of time, and the time was used for no benefit either to Cambodia or the United States.

In a burst of euphoria that Nixon administration strategists immediately wished they could expunge from the record, President Nixon once exclaimed in 1971, "Cambodia is the Nixon Doctrine in its purest form."

A more honest version of what the Nixon administration really thought of the application to Cambodia of the Nixon Doctrine, which promises support but no U.S. forces to nations to defend themselves, appears in a current book by former Nixon speechwriter William Safire, "Before the Fall."

At a meeting of White House aides to brace them for Nixon's startling announcement of April 30, 1970, that he was sending troops into Cambodia, Safire relates the following sequence:

"I asked (Secretary of State Henry A. Kissinger): 'Doesn't this fly in the face of the Nixon Doctrine?'

"Henry exploded: 'We wrote the goddam Doctrine, we can change it.' "

"This was probably intended half in jest," Safire continues, "and received half a laugh, which helped calm everybody a little. 'We never said U.S. troops would never be used,' Kissinger explained. 'This doesn't apply to a situation where 425,000 Americans were already involved (in South Vietnam).'

"As Kissinger left, (H.R.) Haldeman gave me a hard look—some of the nastier questions had been mine—and said, 'The thing to remember is that this is the best way to end the war, and this is the best way to save U.S. lives.' Al Haig, Henry's deputy, got up and—in an uncharacteristically loud voice—barked: 'The basic substance of all this is, we have to be tough!' He seemed embarrassed at the loud sound of his soft voice, and concluded his presentation quickly."

The reference to toughness did not apply only to Indochina. The Nixon decision to cross Cambodia's borders, a step repeatedly rejected by President Johnson, had a dual purpose.

To reinforce its secret global strategy, the Nixon administration sought to show the Soviet Union and China, as well as North Vietnam, that it was prepared to use unpredictable force to buttress American diplomacy. This was the underlying motive behind Nixon's apocalyptic exclamation in his April 30 Cambodian "incursion" announcement, that failure to act boldly would turn the United States into "a pitiful, helpless giant . . ."

The American ground strike into Cambodia was presented to the American public as a crisis-reaction to protect U.S. troop withdrawals from South Vietnam and prevent a Communist conquest of Cambodia. In fact, U.S. military commanders saw it more as "a golden opportunity," as the record later showed, than a threat.

The secret B–52 bombing of the same base areas, launched 14 months earlier to help cover the Nixon administration's troop withdrawals from South Vietnam, had produced only limited military satisfaction. U.S. commanders were pressing for more forceful action to justify further American troop withdrawals; the Nixon administration was under heavy pressure at home to speed up withdrawals to siphon off opposition to the war.

At that sensitive point, Prince Sihanouk was unexpectedly ousted from control of the 1,618-year-old Cambodian monarchy.

His relations with the United States had touched all extremes, as he shifted balance precariously to stay in power.

In 1953 he came to Washington, seeking help to make Cambodia independent of French rule. According to Sihanouk's account, Secretary of State John Foster Dulles "replied arrogantly: 'Go home, your majesty, and thank God that you have the French. Without them, (North Vietnam's) Ho Chi Minh would swallow you in two weeks."

Sihanouk, at the end of the French Indochina war, in 1954, did get U.S. military and economic support, then rejected it in 1963 and broke relations with the United States two years later, charging the CIA with plotting against him.

The second Indochina war was on. Sihanouk, to survive, was tilting in the opposite direction. He bowed to the use of Cambodian territory by North Vietnam and the Vietcong and opened the port of Sihanoukville to them for supplies, shared by the Cambodian army, then headed by Lon Nol.

"There was two-thirds (of the supplies) for the Vietcong," Sihanouk said from exile in 1973," and one-third for my army."

By 1967, Sihanouk conceded that Cambodia was "a country caught between the hammer and the anvil." He charged the Vietnamese Communists with encouraging the Khmer Rouge insurgents against him, and from the opposite side, he charged, the Americans, South Vietnamese and Thais were supporting the anti-Sihanouk and anti-Communist Khmer Serei.

Subsequent disclosures did show that American Special Forces (Green Beret) teams, and Khmer Serei agents, supported by the Central Intelligence Agency, from at least 1966 onward were crossing the Cambodian borders for reconnaissance, aerial spotting, and other intelligence missions.

Cambodia's ruler set out once more to redress the balance, with the United States, restoring diplomatic ties in July, 1969. In the process, Sihanouk condoned the secret bombing of the Vietnamese Communist base zones, as long as no Cambodians were victims of attack.

U.S. compensation to Cambodian civilians hit in what were described as "accidental" cross-border firings and bombings even had a formal scale, labeled "solatium" payments: $400 for each death; $100 to $150 for each injured victim.

Then Sihanouk made his fatal blunder as Cambodia's ruler. In January, 1970, he left Phnom Penh for his annual "rest cure" vacation in France, leaving Cambodia under the control of Lon Nol and other anti-Communist, pro-Western officials. Sihanouk claims he fell victim to a CIA plot; American officials, then and now, adamantly deny that, and assert that on the contrary, it was in the U.S. interest to sustain Sihanouk at that point, not oust him.

Events immediately preceding the toppling of Sihanouk included the sacking of the North Vietnamese and Vietcong embassies and a 48-hour ultimatum served on their forces to leave Cambodia. To back up its improbable demands, Cambodia had a smiling badly equipped army of 35,000 men, notable mostly for appearances in motion pictures written, produced and directed by Sihanouk.

From Paris, Sihanouk furiously denounced the ultimatum. On March 18, 1970, he was deposed by the Cambodian National Assembly, with power assigned to Lt. Gen. Lon Nol, Prince Sisowath Sirik Matak, Sihanouk's cousin, and Cheng Heng, president of the National Assembly.

Between the overthrow of Sihanouk and the joint American-South Vietnamese strike into Cambodia, the United States maintained that it was urging "restraint" on all parties, to allow opportunity for diplomatic bargaining to avert war throughout Cambodia.

But simultaneously, as Melvin R. Laird, then Secretary of Defense, acknowledged afterward, "I had been encouraging the South Vietnamese to move across into Cambodia."

South Vietnamese troops launched their first major attack on Communist units in Cambodia on March 27. As a consequence, Vietnamese Communist troops were not threatening to move out of their Cambodian sanctuaries into South Vietnam to endanger U.S. forces there when American units entered Cambodia a month later. Instead, the Communists were headed in the opposite direction, trying to restore their supply lines cut off by the Phnom Penh government.

Now, Vietnamese Communist troops for the first time were spread deep into Cambodia. There they became a shield for the expansion of the Kmer Rouge insurgents. The stage was set for major civil war with the Phnom Penh government.

No one can be certain in restrospect what the American public and congressional reaction might have been if this record of deep U.S. involvement had been known at the time. The public response to the little that was known was explosive enough.

At the time of the U.S. border crossing, the official American version was that North Vietnamese and Vietcong forces were threatening to spread out of their Cambodian sanctuaries and endager U.S. troops in South Vietnam. In fact, American officials conceded afterward, the Vietnamese Communist troops, anticipating an American border penetration, were moving in the opposite direction, to try to restore their supply lines cut off by the Phnom Penh government.

As one far-reaching consequence of the American-South Vietnamese intervention. Vietnamese Communist forces for the first time spread out across Cambodia. The stage was now set for civil war, with these forces shielding the buldup of Khmer Rouge-led insurgents.

The American public reaction to Nixon's order, as will be recalled, touched off the stormiest demonstrations of the war on American campuses. Angry reactions to the shooting deaths of four students and wounding of 11 others at Ohio's Kent State University led to the closing of hundreds of colleges and universities across the nation. On May 9, 1970, the White House itself was literally in a state of siege, with buses encircling it bumper-to-bumper to block off demonstrators.

This was a critical turning point inside the Nixon White House, inflaming the siege mentality that ultimately was labeled Watergate.

Congress, in turn, stunned by the threat of a new war in a new country, was little placated by Nixon's pledge that U.S. troops were in Cambodia for a limited time and limited purpose.

The American troops, the President proudly announced on June 30, 1970, were all out of Cambodia after a highly successful two-month campaign that assured the continuance of U.S. withdrawal from South Vietnam. But on the way out of South Vietnam, the United States also had a widened war on its hands.

In the ensuing struggle between Congress and the White House over financing the new war in Cambodia, Congress imposed unusual restrictions on U.S. operations in Cambodia, prohibiting any U.S. combat forces or advisers, and narrowly limiting all American personnel in that nation.

The restrictions cut both ways, however. With few Americans in Cambodia, corruption of U.S.-supplied support was virtually uncontrollable.

In late December, 1972, the Cambodian government acknowledged that one-third of its supposed army was nonexistent: pay was being drawn for 100,000 "phantom troops," with 300,000 men listed on the payroll, and only about 200,000 actually in the armed forces.

In contrast, the Khmer Rouge, numbering only about 3,000 men in April, 1970, were built into a powerful fighting force, augmented by 3,000 to 5,000 Cambodians trained in North Vietnam since 1954, and by Sihanoukists or other opponents of the Lon Nol regime.

By March, 1972, according to U.S. analysts, the Khmer Rouge needed only a few thousand North Vietnamese advisers and supply troops, to be able to outfight the hurriedly assembled and badly led Phnom Penh troops. The bulk of the North Vietnamese and Vietcong forces were free to fight in South Vietnam, where they helped launch the Communist spring offensive of 1972.

Sihanouk, in Peking, has traveled full circle to become the nominal chief of the insurgent government-in-exile, while the real leaders of the Khmer Rouge are in Cambodia.

"I understand very well," Sihanouk told an interviewer in 1973, "that when I shall no longer be useful to them (the Khmer Rouge), they will spit me out like a cherry pit."

Sihanouk maintains, and American officials firmly deny, that the United States over the years repeatedly missed opportunities for a diplomatic settlement of the bloodletting in Cambodia. All details of that record remain secret, apart from recent U.S. assertions that numerous fruitless attempts were made to reach a compromise, with Congress blamed for thwarting the most promising chance by its August, 1973, cutoff of U.S. air support for Cambodia.

If the blame-pointing at Congress by the Ford administration for the disaster in Cambodia was seriously intended to pry loose sizable funds to continue support for the Lon Nol regime, it had the opposite effect. Whatever funds, if any, Congress authorizes now for Cambodia, many U.S. officials privately concede, are likely to be, as one put it, "only a last gesture to help negotiate a surrender."

[From the New York Times, Mar. 17, 1975]

Avoiding a Bloodbath

(By Anthony Lewis)

Washington.—The Administration's basic arguments for additional military aid to the Lon Nol forces in Cambodia have failed in Congress. Members right across the political spectrum now dismiss the talk of an American commitment and credibility.

The one remaining argument is that more arms aid will help prevent a "bloodbath" as the insurgents take over in Phnom Penh. This view has weight because it originated with Representative Paul N. McCloskey Jr., a longtime opponent of American intervention in Indochina. But not many have focused on precisely what Pete McCloskey said.

In testifying before a Senate Foreign Relations subcommittee last week, Mr. McCloskey emphasized the horror of what is actually happening now in Cambodia. In just the first two months of this year, he estimated, the war cost 15,000 lives and four times that many wounded. That is 75,000 casualties in a nation of 7 million.

Mr. McCloskey said he feared "vengeance" by the insurgents because Lon Nol's army makes a "practice of taking no prisoners." (Congressional sources say the U.S., concerned at this practice, gave money for a P.O.W. facility—but it was never built.) Second, Mr. McCloskey said he was moved by grim refugee accounts of Khmer Rouge brutality. He told the Senators:

"I do not think I ever voted for this war, but I am a part of the United States which invaded Cambodia in 1970 for our own purposes, and caused a nation of 7 million people to lose 10 percent of their people killed, half of their people refugees . . . We could not have a greater sense of guilt to a nation in the world than what we have done to these poor people. And it is that reason, that sense of guilt, that causes me to think we owe them the best chance of keeping the most number of Cambodians alive."

The McClosky proposal was to keep the ammunition going to Phnom Penh until the wet season in June—and only until then, making June 30 the final cutoff date for arms aid. He said his aim was to keep the defense perimeter around Phnom Penh these few more months in order to let those marked for retribution by the Khmer Rouge to get away before power was transferred. These were his specific ideas:

Lon Nol and his "top people" should resign. "I don't think there is any chance of Lon Nol stabilizing that country in any way. That government is corrupt and inept both . . . I don't think there is any chance whatsoever of negotiation with Lon Nol."

Whoever takes the government over should then negotiate Phnom Penh's surrender. He should "take a white flag and go outside of the perimeter and try to turn the city over in condition for a peaceful transfer with people allowed to leave that would be simply subject to execution."

The essence of Congressman McCloskey's proposal is time to let people get out before the government falls. If the Ford Administration really agreed with him, it would accept his June cutoff date for military aid. But it does not. That is because it is not prepared publicly to admit his premises—the inevitability of Lon Nol's fall, the need to minimize bloodshed as power passes. It wants to keep the war going in the hope that something will turn up—and merely uses the bloodbath argument to that end.

Some Republicans, notably Senator Jacob Javits, may have supported more arms aid under the misapprehension that the Administration did accept the McCloskey view. Over the weekend the White House made clear that the President has not accepted a cutoff date, and officials disclosed plans to ask Congress for $421 million more in arms for Cambodia after June.

Some will find the whole bloodbath debate unreal. What future possibility could be more terrible than the reality of what is happening to Cambodia now? If the concern is for the safety of particular people, how will delay help them? Mr. McCloskey's conclusion does not follow from his premises.

But there is a responsibility, as Mr. McCloskey says—a responsibility to try to minimize the final damage from a tragic American miscalculation. And there are things to do.

Large amounts of American food are going to Cambodia now, and more is in the pipeline. We could create an incentive for restraint on the part of the insurgent forces if we held out an offer of continuing shipments of food after any change of government—food and medicine.

We could also seek to introduce some international personnel into the situation in Phnom Penh as change occurs. Prince Sihanouk, the nominal head of the insurgent regime, has actually indicated that this would be acceptable—if American arms aid stops. In a cable last week he spoke, with that condition, of the insurgent party, government and army accepting "contact" with "Americans or France or the United Nations in order to arrange the question of a peaceful transfer of power."

Finally, it is an American obligation to get Lon Nol and those around him out of the country. The means are there: the airlift planes that land every few minutes and leave empty. Waiting will cost more lives, not save them. The time has come to put an end to the killing.

CONCLUSION OF ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

CONTINUING AUTHORITY OF SENATE COMMITTEES TO PAY COMPENSATION AND MAKE EXPENDITURES

The Senate continued with the consideration of the resolution (S. Res. 111) continuing through May 31, 1975, the authority of Senate committees to pay compensation and make expenditures for inquiries and investigations, and for other purposes.

Mr. ROBERT C. BYRD. Mr. President, what is the pending matter before the Senate?

The ACTING PRESIDENT pro tempore. Senate Resolution 111 is the pending business.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT ON HOUSE CONCURRENT RESOLUTION 133

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Committee on Banking, Housing and Urban Affairs be discharged from further consideration of House Concurrent Resolution 133 and that, when the Senate completes consideration of Senate Resolution 111, it proceed to the consideration of House Concurrent Resolution 133; that at such time as House Concurrent Resolution 133 is before the Senate, there be a time limitation thereupon, with the time to be equally divided between Senators Proxmire and Tower; that no amendments be in order thereto; and that the vote on the resolution occur immediately upon the expiration of the time allotted, with the debate on the resolution.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I amend my earlier order concerning House Concurrent Resolution 133.

I ask unanimous consent that it be in order to offer an amendment in the nature of a committee substitute by Mr. Proxmire, and that upon the adoption of that committee substitute, the vote on House Concurrent Resolution 133, as amended, then immediately occur.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER VACATING DISCHARGE OF COMMITTEE

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that the previous order providing for the discharge of the Committee on Banking, Housing and Urban Affairs of House Concurrent Resolution 133 be vitiated.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that if a rollcall vote is ordered on the passage of House Concurrent Resolution 133, as amended by the committee substitute, that rollcall vote occur immediately following the rollcall vote today on S. 1172.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE CONDUCT OF MONETARY POLICY—HOUSE CONCURRENT RESOLUTION 133

Mr. PROXMIRE. Mr. President, from the Committee on Banking, Housing and Urban Affairs I send a report and a resolution to the desk.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT—HOUSE CONCURRENT RESOLUTION 133 AND S. 1172

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of Senate Resolution 111, the Senate proceed to the consideration of House Concurrent Resolution 133, and that upon the disposition of House Concurrent Resolution 133, the Senate proceed to the consideration of S. 1172, with the understanding that all votes will occur in the same sequence as ordered following the vote on S. 1172, which has already been scheduled for 3:30 p.m. today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 11 a.m. tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(The foregoing order was subsequently amended to provide that the Senate recess until 10:30 a.m. tomorrow.)

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CANNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONTINUING AUTHORITY OF SENATE COMMITTEES TO PAY COMPENSATION AND MAKE EXPENDITURES

The Senate continued with the consideration of the resolution (S. Res. 111) continuing through May 31, 1975, the authority of Senate committees to pay compensation and make expenditures for inquiries and investigations, and for other purposes.

Mr. CANNON. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. CANNON. What is the pending business?

The ACTING PRESIDENT pro tempore. The pending business is Senate Resolution 111.

Mr. CANNON. Mr. President, Senate Resolution 111 is a continuing resolution to continue through May 31, 1975, the authority of Senate committees to pay compensation and make expenditures for inquiries and investigations, and for other purposes.

This continuing resolution was proposed because the Rules Committee has had a very difficult task of proceeding with all of the money resolutions for the various committees and at the same time trying to carry out its responsibilities with respect to the New Hampshire election, and as well to give consideration to a proposal known as the Gravel resolution, which would change the makeup of the staff allowances for Members for representation on committees.

So the Rules Committee unanimously reported Senate Resolution 111, to continue present authority until the end of May of this year, because that would permit the Senate committees to continue expenditures at the basis that they have been spending up to the present time, or during the last quarter, and at the same time would give us the opportunity, immediately when the New Hampshire election count of the votes is concluded, to hold a hearing on the so-called Gravel resolution and make a determination with respect to that matter, which might in turn affect some of the allowances given to the committees under the money resolutions that are now before the Senate.

Based on that, Mr. President, we have given the assurance, and I again give the assurance now, that we will proceed to hold hearings on the Gravel resolution at the earliest possible time, and we have assured its sponsors that we interpret that to mean that we would try to hold them so as to conclude the matter within 2 weeks after the conclusion of our counting of the votes with respect to the New Hampshire election.

We are anticipating that we will not need the period of time covered by this resolution up until the end of May, but to cover possible contingencies we did make the resolution effective to the end of May.

As I say, it has the unanimous approval of the members of the Committee on Rules and Administration.

Mr. President, I have nothing further to say on the matter, unless some Senator has a question.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution.

The resolution (S. Res. 111) was considered and agreed to, as follows:

S. Res. 111

Resolved, That, subject to the provisions of section 3, the Secretary of the Senate is hereby authorized and directed to pay from the contingent fund of the Senate, from March 1, 1975, through May 31, 1975, the compensation of employees and other expenses of standing, select, and special committees of the Senate, and subcommittees thereof, which would have been payable on and after March 1, 1975, if Senate resolutions referred to and under consideration by the Committee on Rules and Administration had been agreed to by that date, such payments to be charged to such resolutions, if and when agreed to by the Senate. If any such resolution fails to be agreed to, payments made under this resolution shall be charged to this resolution.

Sec. 2. Subject to the provisions of section 3, all functions, duties, powers, and authority which were conferred on any standing, select, or special committee of the Senate by Senate resolution agreed to during the second session of the 93d Congress and which would otherwise expire on February 28, 1975, are hereby continued through May 31, 1975.

Sec. 3. Compensation and expenses paid for each committee under authority of this resolution during the period March 1, 1975, through May 31, 1975, shall not exceed three-twelfths of the aggregate amount (or annualized aggregate amount, if for less than 12 months) authorized by Senate resolutions for such committee for the 12-month period ending February 28, 1975. Of the total amount made available under this resolution for each committee, the chairman of such committee is authorized to allocate such amounts as he deems appropriate for subcommittee of his committee for which funds are provided by separate sections of the resolution of his committee under consideration by the Committee on Rules and Administion for the 12-month period ending February 29, 1976, to be used for the purposes set forth in such sections.

Mr. CANNON. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table. The motion to lay on the table was agreed to.

THE CONDUCT OF MONETARY POLICY

The ACTING PRESIDENT pro tempore (Mr. Stone). Under the previous order, the Senate will now proceed to the consideration of House Concurrent Resolution 133, which the clerk will state.

The assistant legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 133) to lower interest rates.

The Senate proceeded to consider the concurrent resolution which had been reported from the Committee on Banking, Housing and Urban Affairs, with an amendment to strike out all after the resolving clause and insert:

That it is the sense of Congress that the Board of Governors of the Federal Reserve System and the Federal Open Market Committee—

(1) pursue policies in the first half of 1975 so as to encourage expansion in the monetary and credit aggregates appropriate to facilitating prompt economic recovery; and

(2) maintain long-run growth of the monetary and credit aggregates commensurate with the economy's long-run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates.

Pursuant to this resolution, and taking into account the international flows of funds and conditions in the international money and credit markets, the Board of Governors shall consult with Congress at semiannual hearings before the Committee on Banking, Housing and Urban Affairs of the Senate and the Committee on Banking, Currency and Housing of the House of Representatives about the Board of Governors' and the Federal Open Market Committee's objectives and plans with respect to the ranges of growth or diminution of monetary and credit aggregates in the upcoming twelve months. Nothing in this resolution shall be interpreted to require that such ranges of growth or dimunition be achieved if the Board of Governors and Open Market Committee determine that they cannot or should not be achieved because of changing conditions.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that I may be permitted to ask for a quorum call without the time being charged against either side on the concurrent resolution.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceed to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, during the past decade, our economy has experienced overlapping waves of inflation and recession. Each inflationary wave and each recession has been more virulent than its predocessor. Today, we are in the midst of the worst economic downswing since the 1930's. With measured unemployment at 8.2 percent, the current downswing qualifies as at least a great recession or mini depression. At the same time, consumer prices are still rising at an intolerably high rate as the worst we have had since the second World War is only now beginning to taper off.

Economists of diverse persuasions, monetarists and Keynesian alike, agree that erratic growth in the money supply and other monetary and credit aggregates is a major cause, not the only one, certainly, but definitely a major cause of our recent and worsening economic instability. The resolution which we will vote for today will do much to restore economic stability. It is designed to promptly reverse the still deepening recession and to do so without igniting a new wave of inflation. In turn, stable prices will assure that interest rates will fall and stabilize at moderate rates that are consistent with the productivity of capital and contain no add-on or premium for inflation as rates now do.

Briefly, House Concurrent Resolution 18 sets forth near and long-term guidelines for the conduct of monetary policy and establishes a procedure for systematic oversight by the Congress of Federal Reserve policies, not day-to-day, of course, but only as these policies are manifested in the growth—or diminution—of the money supply and other monetary and credit aggregates.

The near term guideline calls upon the Federal Reserve Board and Federal Open Market Committee to pursue policies in the first half of 1975 so as to encourage expansion in the monetary and credit aggregates appropriate to facilitating prompt economic recovery.

The long-term guideline expresses the sense of Congress that the Board and Open Market Committee maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices and moderate long term interest rates.

Chairman Burns testified that the Board has "no quarrel" with these guidelines.

The final paragraph of the resolution calls for systemmatic oversight hearings wherein the Board of Governors "shall consult with the Congress at semiannual hearings" before the Banking Committees of the House and Senate "about the Board of Governors' and the Federal Open Market Committee's objectives and plans with respect to the ranges of growth or diminution of monetary and credit aggregates in the upcoming twelve months." The "ranges of growth or diminution" would not be binding, however, if the Board and Open Market Committee "determine that they cannot or should not be achieved because of changing conditions."

In arriving at this language committee members reconciled their desire to secure operational information about planned growths of the monetary and credit aggregates, which would be useful to Congress, the administration, and business and labor without benefiting speculators, and without denying the Federal Reserve flexibility to deal with unexpected developments. The adopted language is intended to achieve these purposes.

The committee is aware that good fiscal policy is difficult to formulate without reasonably reliable information about the future growth of monetary and credit aggregates. Such information also is required to generate reasonably reliable economic forecasts, which, in turn are essential to rational wage bargaining and intelligent business decisions. Discussion and disclosure of planned "ranges of growth or diminution of the monetary and credit aggregates in the upcoming 12 months" will not eliminate all uncertainty about the future growth of the money supply and other aggregates, but it will provide reasonably reliable information about this crucial element in the economic decisionmaking process. At the same time, testimony was received indicating that as things now are, it is "no secret" to speculators what the Federal Reserve is doing day-to-day, and moreover that disclosure of any growth plans with respect to the aggregates would be made to everyone at the same time.

The language of the final paragraph also makes absolutely clear that, in implementing the resolution, the committee intends that the Federal Reserve shall have the authority to adopt the "ranges of growth and diminution" for the money supply and other aggregates which it determines are appropriate and consistent with paragraphs (1) and (2), and to review and change its plans if conditions change. The only requirement is that it consult with the Congress at semiannual hearings before the House and Senate Committees on Banking about the "ranges of growth or diminution" entailed in its objectives and plans for the next 12-month period.

By definition, growth and diminution involve measurable changes per unit of time, and ranges involve bounded intervals. Currently, as was earlier observed, as reported in the public records of the Open Market Committee, Federal Reserve policy with respect to the monetary and credit aggregates is formulated and delineated in terms of upper and lower percent per year boundaries for various aggregates. The practice provides a model upon which the hearings might be based.

Mr. President, this resolution, it seems to me, is one of the most significant that Congress has ever adopted with respect to monetary policy. We have been operating in a fog of language in the past, without really knowing what our monetary policy is. In the future, based on this resolution, we will be in a position to have some notion of what the range of increase in the money supply is and the credit aggregates, how much credit is going to be available, just as we know what our revenue policy is and what our budget policy is.

So that Congress will have information that is specific and definite, related to a definite numerical range, a kind of information we have not had in the past.

At the same time, I want to make it clear that this is not any attempt to have Congress make the decision for the Federal Reserve Board. The Federal Reserve Board will make the decision, as they have in the past, and they should. They have the expertise. They devote their full time to this, and they have people of great economic capability. But in the past, we have not had the understanding of what monetary policy is. This resolution is designed to give us that understanding and to give us a framework for debating and discussing and developing a better understanding as time goes along.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum. I ask that the time not be charged against either side on the resolution.

The PRESIDING OFFICER. Without objection, the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CONDUCT OF MONETARY POLICY

The Senate continued with the consideration of the concurrent resolution (H. Con. Res. 133) referring to the conduct of monetary policy.

Mr. TOWER. Mr. President, House Concurrent Resolution 133, as amended, is a significant piece of legislation because it states for the first time the sense of Congress regarding the conduct of monetary policy. The purpose of this legislation is to provide congressional oversight of Federal Reserve monetary policy. Since this is a significant departure from current practice, I want to make several points regarding this resolution.

The first part of the resolution is designed only to be a temporary expedient. Its purpose is to provide the Federal Reserve with the sense of Congress that policies should be pursued during the first half of this year so as to facilitate prompt economic recovery. It does not spell out any predetermined rates of growth in monetary and credit aggregates so as to achieve that objective. Nor does it bind the Federal Reserve to any specific rate of growth in the aggregates. The Federal Reserve is simply informed that the sense of Congress is for policies to move in the direction of promoting economic recovery. Certainly it is not desirable for specific rates of monetary and credit aggregates to be spelled out, particularly for such short-run periods.

The first part of this resolution will not apply after July 1, 1975, when the second part of the resolution comes into play. At that time, the Federal Reserve is provided with the sense of Congress that monetary policies should maintain the long-run growth of monetary and credit aggregates in line with the long-run growth potential of the economy. At that time, such short-term objectives as that contained in the first part of the resolution should be unnecessary. Certainly, they are to be avoided in the future, since it is such short-run changes in the direction of monetary policy that the second part of the resolution is intended to avoid.

Finally, it should be stressed that the congressional consultation provision in the resolution is designed to allow consultation by the Federal Reserve about its objectives and plans regarding monetary and credit aggregate growth in the future. Certainly, if the Federal Reserve cannot achieve such plans and objectives in the future because of changing conditions, it would not be required to maintain them. And certainly, Congress should avoid the game of trying to second-guess the Federal Reserve about its objectives and plans. The most dangerous game which could be played with monetary policy would be one in which Congress seeks to override monetary policy objectives and plans that are not consistent with the second objective of this resolution; that is, maintaining the longrun growth in monetary and credit aggregates in line with the economy's longrun potential.

No one can doubt the importance of an appropriate monetary policy to the performance and general health of the U.S. economy. I welcome the proposed concurrent resolution for recognizing that fact and for providing a new mechanism through which the Congress will be kept informed of the operations and objectives of the Federal Reserve.

I should not that one should not greatly exaggerate the role that monetary policy has played in the ills that have plagued our economy over recent years. The raging inflation we have suffered and the current recession are attributable not only to changes in the supplies of money and credit that have taken place from time to time, but also to the huge deficits that our Government has run. These began with the deficit financing of the Vietnam war and have continued through the intervening years right up to the present time, when a massive deficit financing program is in prospect for this year and next. Surely these deficits, by adding to the public's purchasing power, have contributed heavily to our inflationary problem. Also, by adding to the demand for credit in our financial markets, they have contributed to shortages of finance for housing, for State and local needs, and for the myriad other purposes that our people have in mind when they seek to borrow.

International events have also added to our inflationary woes as have the crop failures in 1972 and again last year.

There is also a role played by the worldwide boom of 1972–73, and by the worldwide recession.

Closer to home, there is also the role of speculative exuberance that affected our businessmen and investors in the 1960's and the depths to which consumer confidence has recently fallen, as families have seen their savings eaten up by inflation and their budgets constricted by ever-rising prices. Surely these developments, psychological in character and of pervasive influence, have had major implications for the behavior of our economy.

Of course, it is important to look to the supplies of money and credit that our people have to borrow and to spend. If there is too much money, the tendency will be toward inflation; if there is too little, spending will be retarded and the economy threatened with recession. But, in addition to the supply of money and credit, there is even the more important question of how actively money is utilized. If people are optimistic, they will spend and invest and borrow actively; if they are despondent, they will hold back from making financial commitments for the future. That is to say, it is not only the quantity of money, but also its turnover—the speed with which it passes from hand to hand—that will determine total expenditure and the general health and prosperity of the Nation.

This concurrent resolution is not a panacea that will cure our Nation's economic ills. It may be a desirable step, on grounds of proper congressional oversight procedure. But it may not necessarily improve the conduct of monetary policy, which already receives the continuous day-by-day attention of our central bank experts in that field, particularly if it becomes subject to political pressures. Nor would a perfectly exercised monetary policy—should that somehow be attainable through infallible vision and foresight—in and by itself take care of all of the economic problems we face, many of which are of our own devising. And let us not overlook the fact that the Federal Reserve deserves credit for its courageous efforts to protect the integrity of the dollar at a most difficult time.

MONETARY POLICY RESOLUTION—CRUCIAL STEP TOWARD COORDINATED NATIONAL ECONOMIC POLICY

Mr. HUMPHREY. Mr. President, the resolution the Senate is about to vote upon, Concurrent Resolution 133, is of historic importance because it is a first step in reaffirming Congress constitutional responsibility "to coin money and regulate the value thereof." For too many years, Congress has abdicated its responsibility to provide the Federal Reserve with broad guidance in the formulation of money and credit policies. The result has been a lack of coordination in this crucial area of economic policy, with damaging effects upon credit flows, interest rates, housing, economic growth, and employment. The enactment of this resolution will, hopefully, reduce the deficiencies of monetary policy and improve the operation of the economy.

This resolution also provides a good example of the kind of cooperation on economic policy that can be achieved in the Congress. In both Houses, and on both sides of the aisle, Congress has been at work developing the ideas embodied in this resolution. Senator PROXMIRE has provided great leadership here in the Banking Committee and there has been strong support from the Joint Economic Committee.

I have devoted a great deal of time to this issue myself, because I felt it was of great importance. I therefore joined Senator PROXMIRE as one of the principal cosponsors. I also testified before the Senate Committee on Banking, Housing, and Urban Affairs in support of this important legislation.

The resolution is important for the following reasons:

First, it directs the Federal Reserve Board of Governors to take appropriate action in the first half of 1975 to increase the money supply at the rates necessary to encourage economic recovery. This is necessary to get the economy up to cruising speed, stop recession, and restore jobs.

Second, it directs the Federal Reserve Board to maintain a steady long-term monetary policy commensurate with the full potential of the economy, maximum employment, and stable prices. This provision is necessary to keep the economy at a sensible cruising speed.

Finally, the resolution requires the Federal Reserve to consult with Congress on the formulation of money and credit policy at semiannual hearings. This provision would simply bring the Federal Reserve and Congress into open, sensible coordination on monetary policy.

These are all essential reforms in monetary and economic policy. I urge my colleagues to join with me in supporting passage of Resolution 133.

The PRESIDING OFFICER. What is the pleasure of the Senate?

Mr. PROXMIRE. Mr. President, as I understand it, the committee amendment is pending; is that correct?

The PRESIDING OFFICER. If there being no further amendment, the question is on agreeing to the committee amendment in the nature of a substitute.

Mr. PROXMIRE. As I understand it, if the Senator from Texas and the Senator from Wisconsin both yield back their time, we would be able to vote on the committee amendment; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. TOWER. I yield back the remainder of my time.

Mr. PROXMIRE. I yield back my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution, as amended.

Mr. PROXMIRE. Mr. President, it is my understanding that the acting majority leader has agreed that the rollcall vote on this matter should go over until 3:30, or 3:45.

The PRESIDING OFFICER. If the yeas and nays are ordered, that would be correct.

Mr. TOWER. I am willing to let it go by a voice vote.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I ask unanimous consent that the vote on House Congressional Resolution 133 be postponed until the hour of 3:45 p.m.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, what is the request?

Mr. TOWER. A request that the vote on this concurrent resolution be postponed until 3:45, pending a request for the yeas and nays.

Mr. ROBERT C. BYRD. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR 10-MINUTE ROLLCALL VOTES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all rollcall votes that follow in immediate sequence of the initial rollcall vote today be 10-minute votes.

The PRESIDING OFFICER. Is there objection?

Mr. TOWER. Reserving the right to object, is that all right with our side?

Mr. ROBERT C. BYRD. I am talking about the votes that follow in immediate sequence after the initial rollcall vote.

Mr. TOWER. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONTINUANCE OF CIVIL GOVERNMENT FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of S. 326, which the clerk will state.

The second assistant legislative clerk read as follows:

A bill (S. 326) to amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands.

The Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with an amendment on page 1, beginning on line 8, to insert a new section, as follows:

SEC. 2. There is authorized to be appropriated $1,500,000 to aid in the transition of the Mariana Islands District to a new Commonwealth status as a territory of the United States: *Provided, however,* That no part of such sum may be obligated or expended until final agreement between Marianas Political Status Commission and the United States has been approved by the Congress.

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of June 30, 1954 (68 Stat. 330), as amended, is amended by deleting "and for each of the fiscal years 1974 and 1975, $60,000,000" and inserting in lieu thereof the following: "for fiscal year 1975, $65,650,000:"

SEC. 2. There is authorized to be appropriated $1,500,000 to aid in the transition of the Mariana Islands District to a new Commonwealth status as a territory of the United States: *Provided, however,* That no part of such sum may be obligated or expended until final agreement between Marianas Political Status Commission and the United States has been approved by the Congress.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROPOSED LEGISLATION TO RESTRUCTURE FEDERAL AIRPORT AND AIRWAY DEVELOPMENT PROGRAMS—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States transmitting proposed legislation to restructure existing Federal airport and airway development programs, which was referred, by unanimous consent, jointly to the Committee on Commerce and the Committee on Finance. The message reads as follows:

To the Congress of the United States:

In my fiscal year 1976 Budget Message, I stated that my Administration would transmit legislation to restructure existing Federal airport and airway development programs. Following extensive consultations with members of the Congress, State and local governments, aviation groups, and others, I am today sending a comprehensive legislative program to the Congress.

To help ensure continued improvement in the safety and efficiency of the Nation's excellent air transportation system, this program will extend for five years the 1970 Airport and Airway Development Act to provide funding authorizations for fiscal years 1976–80.

As an additional step to enable State and local officials to plan and to manage Federal airport assistance effectively, this bill would establish a multi-year, predictable formula to allocate the bulk of the aviation grants funds directly to States and local airport sponsors. This formula approach, coupled with other features of this bill which provide more flexibility in the use of Federal assistance, will enable State and local officials to address *their* highest priority airport needs while reducing burdensome Federal red tape. I am also proposing removal of federal restrictions which currently prevent State and local governments from imposing certain airport taxes.

One of my principle goals is the establishment of strong partnerships among Federal, State and local governments in the execution of national domestic programs. Consistent with this goal, this legislation provides for gradually increasing the responsibility of the States in the general aviation program. With many States using new general aviation facilities to stimulate community development, this is an appropriate step at this time.

The legislation I am proposing today also includes a separate measure to adjust the revenues accruing to the Airport and Airway Trust Fund. These adjustments are designed to generate financial contributions from the users of the aviation system which more equitably match the system benefits they receive. In this connection, I am requesting that user revenues also finance the direct costs of maintaining air navigation facilities.

I commend the Congress for initiating hearings on this important problem and for its prompt attention to the extension of the airport and airway development program. I have asked Secretary Coleman to work closely with the Congress to insure speedy enactment of the aviation program I have proposed to meet the challenges of a growing America.

GERALD R. FORD.

THE WHITE HOUSE, *March 17, 1975.*

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that the message from the President of the United States relating to airport and airway development programs be jointly referred to the Committee on Commerce and the Committee on Finance.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimuos consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. NUNN). Without objection, it is so ordered.

ORDER FOR YEAS AND NAYS ON PASSAGE OF HOUSE CONCURRENT RESOLUTION 133 AND S. 1172

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to order at any time, with one show of seconds, the yeas and nays on final passage of House Concurrent Resolution 133, as amended, and S. 1172.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR—S. 326

Mr. JOHNSTON. Mr. President, I ask unanimous consent that Harrison Loesch, Doug Smith, Jim Beirne, and Dan Dreyfus of the Interior Committee staff be accorded the privileges of the floor during the debate on S. 326.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I ask unanimous consent that Mr. Fred Craft have the privileges of the floor at all stages of the proceeding.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONTINUANCE OF CIVIL GOVERNMENT FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS

The Senate continued with the consideration of S. 326 to amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Terrritory of the Pacific Islands.

Mr. JOHNSTON. Mr. President, on February 19, the Committee on Interior and Insular Affairs met in an open markup session and unanimously ordered S. 326, as amended, reported favorably to the Senate.

S. 326 was introduced to provide critically needed fuel supplies and medical services to the people of the Trust Territory of the Pacific Islands which the United States administers pursuant to the 1947 trusteeship agreement with the United Nations.

In September of last year, the administration submitted legislation to provide additional funds for capital improvement for fiscal year 1975 and fiscal year 1976 and $1.5 million to aid in the transition of the Marianas Islands District to a new Commonwealth status. The legislation was the subject of an open hearing on September 25 of last year. During that hearing, representatives from the Department of the Interior's office of Territorial Affairs and from the Micronesian status negotiations team were questioned concerning both the capital improvement program and the Marianas status. Senator Bailey Olter and Congressman Raymond Setik, Cochairmen of the Joint Committee on Program and Budget Planning of the Congress of Micronesia also appeared.

Partially as a result of the hearing, the committee requested the staff to conduct an investigation into the management of the public works program in the trust territory and report their findings and recommendations to the committee. The staff team spent over 150 man days in the trust territory visiting each district, conducting onsite inspections of the capital improvements and discussing the needs of the various districts with district administrators, members of the district legislatures and Congress of Micronesia, and local people. The report of the staff has been submitted and was the basis of oversight hearings conducted on February 10 and 12 of this year.

In part, the staff reported that a portion of the original supplemental authorization request was for critically needed fuel and medical supplies. The specific items are listed on pages 3 and 4 of the committee report on S. 326. The committee is concerned over the present capital improvement-public works program, but feels that the enumerated items—medical supplies and referrals, fuel supplies for operations and maintenance, the Yap hospital, and dispensary matching funds—should be approved now as these funds are critically important.

With respect to the $1.5 million authorization for transition of the northern Marianas, the administration originally requested that the funds be made available upon the signing of the covenant. Mr. James Wilson, U.S. deputy representative for Micronesian status negotiations was questioned during the September 25 hearing. Prior to that hearing, on September 12, 1974, the full Interior Committee was briefed by Ambassador F. Haydn Williams, the President's personal representative for the Micronesian and Marianas political status negotiations.

When the committee considered S. 326, it also discussed the advisability of acting on the $1.5 million transition request prior to the plebiscite on the covenant by the people of the northern Marianas and action by the U.S. Congress. The committee felt that if the covenant is approved by the Marianas people and ratified by the Congress, then the money would be needed. The committee recognized the inherent delays which would occur if action on the authorization were withheld until after Congress had reviewed the covenant. Delays could occur in committee, in floor action, in awaiting the next budget cycle before the Appropriations Committee could act. The committee therefore provided that the funds should be authorized and appropriated but could not be expended until the Congress had approved the covenant. In this way, no commitment is made with respect to the Congress deliberation and decision in the proposed covenant, and at the same time, the needs of the Marianas people will be provided for quickly if Congress does approve the covenant.

Mr. President, I yield the floor.

Mr. FONG. Mr. President, I wish to express my strong support of S. 326 to increase the authorization ceiling for the continuance of the civil government of the Trust Territory of the Pacific Islands and also to authorize $1,500,000 for expenses in connection with the transition of the Mariana Islands district to a commonwealth status.

I had an opportunity last year to visit Micronesia and to become more acquainted with the leaders and the people of the trust territory. My interest and concern for the progress and advancement of the Micronesians go back many years, so I was pleased to note the movement for closer association of the Micronesians with the United States.

The sentiment for closer ties was especially strong in the Marianas district. There, the Marianas Political Status Commission has negotiated a commonwealth status agreement with Ambassador F. Haydn Williams, the President's personal representative in these talks.

The negotiations provided the Marianas people with the opportunity to express themselves, through their status commission, their deep-felt desire to organize a commonwealth form of government. I regard it as a very favorable reflection on the United States that the Marianas people, of their own free will, wish to be closely associated as a Commonwealth with our Nation.

The people of Marianas, like the rest of the Micronesians, have been under the civil administration of the United States since 1947. We have encouraged them to develop as a self-governing people. They are not under any orders from our Government to select this or that particular political status; that decision is left to the Micronesians themselves to make.

Since the Marianas people have indicated, before any of the others, which type of status they wish, it is only proper and appropriate for the United States to take cognizance of their wishes. We are told that the Micronesians in other districts are seeking other forms of political status. That is not surprising, since the trust territory encompasses peoples of diverse economic, social, and cultural backgrounds.

But inasmuch as the Marianas people wish to move toward a Commonwealth status and have authorized their negotiators to conclude such an agreement with the United States, let us not discourage them from proceeding in that direction.

The Marianas leaders have appealed to the U.S. Senate to support the authorization contained in S. 326 for $1.5 million to aid in the transition of the Mariana Islands District to a new commonwealth status. The Senate Interior Committee has approved the proposed authorization in S. 326 as a means of expediting the funding of expenses involved in the transition—activities such as a constitutional convention, a referendum, and a political status plebiscite.

I wish to emphasize, as the Interior Committee does in its report on S. 326, that approval of this specific authorization is not intended in anyway to affect the ultimate decision which has to be made by this Congress with respect to the status agreement negotiated for the Marianas. Therefore, as the committee properly points out, the authorized sum may not be expended until the U.S. Congress has approved the convenant. But our approval today of the authorization would expedite the process of determining the political future of the Micronesians.

To reject this authorization would be to tell the Marianas that we disapprove of what they have done to seek political self-expression. I, for one, want the Micronesians to know I support them in their desire to become a Commonwealth of the United States. Therefore, I ask my colleagues to approve the Interior Committee's version of S. 326, providing for the $1.5 million authorization for the Marianas transition, as well as the overall authorization ceiling of $65,650,000 for fiscal year 1975 for all of the Trust Territory of the Pacific Islands.

The PRESIDING OFFICER. The clerk will state the committee amendment.

The second assistant legislative clerk read as follows:

On page 1, line 8, insert a new section 2.

Mr. JOHNSTON. Mr. President, I move the adoption of the amendment.

Mr. GARY W. HART. Mr. President.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. GARY W. HART. Mr. President, I offer an amendment numbered 73 to S. 362 and ask that amendment be made the immediate business of the Senate.

The PRESIDING OFFICER. Is this an amendment to the committee amendment?

Will the Senator please send his amendment to the desk?

The clerk will state the amendment.

The legislative clerk read as follows:

On page 1, beginning with line 8, strike out all down through and including line 4 on page 2.

The PRESIDING OFFICER. The amendment is not in order.

The question will recur on the committee amendment, not in striking——

Mr. GARY W. HART. Mr. President, I withdraw my amendment for the time being.

The PRESIDING OFFICER. The amendment is withdrawn.

The question is now on agreeing to the committee amendment.

Mr. GARY W. HART. Mr. President, I have an inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GARY W. HART. Mr. President, I am confused as to whether it is timely to introduce my amendment at this point or later.

The PRESIDING OFFICER. The Senator's amendment would not be in order. It is the Chair's understanding the Senator opposes the committee amendment and will be in opposition to the committee amendment, but the Senator cannot strike an amendment that has not been agreed to at this point.

The amendment is not in order.

Mr. JOHNSTON. Mr. President——

Mr. McCLURE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLURE. Mr. President, as I understand the amendment of the Senator from Colorado, it would strike the language which was added by the total of the committee amendment. Would it not be correct that the Senator from Colorado could achieve the same end simply by opposing the adoption of the committee amendment which is now the pending business?

The PRESIDING OFFICER. The Senator is correct. That is what the Chair has stated. The Senator could oppose the committee amendment which has not been adopted at this point.

Mr. ROBERT C. BYRD. Mr. President, would the Senator allow me to suggest the absence of a quorum without his losing his right to the floor?

Mr GARY W. HART. Yes, I do.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair informs the Senator from Virginia, the unanimous-consent of a minute ago was that the Senator from Colorado would not lose the floor, so if the Senator from Colorado will yield——

Mr. HARRY F. BYRD, JR. Will the Senator from Colorado yield?

Mr. GARY W. HART. I yield to the Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Mr. Peter Hughes of my staff be granted privilege of the floor during the discussion of this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GARY W. HART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GARY W. HART. Mr. President, I ask unanimous consent that Mr. Ed Miller of my staff be permitted the privilege of the floor for purposes of discussion of this amendment and debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GARY W. HART. Mr. President, the key point at issue now is not the question of whether the Marianas should or should not become American possessions. The question is whether the decision on this matter will be made by the administration without the full and appropriate participation of Congress. The Senate's failure to strike section 2 of Senate bill 326 will be construed as tacit approval of the administration's ongoing process of incorporating the Mariana Islands into the United States. Here is what will happen:

The administration will spend money "educating" the people of the Marianas about advantages of joining the United States. Then our tax money will be spent to hold a plebiscite in the Islands on the issue. Next public funds will be used to set up a Marianas government separate from the Micronesia Trust Territory government under which we now supervise all the islands in the Pacific that the United Nations has given us to administer.

Then, and only then, will Congress get a chance to consider the agreement which the executive branch signed with the Mariana Islands on February 15 and submitted to the voters in the islands. That agreement calls for the Marianas to become a Commonwealth of the United States with a status similar to Puerto Rico or the Virgin Islands.

Should Congress balk at any facet of this agreement, the administration is likely to say no change is possible because the islanders have already voted on the pact. You will be told that we have a commitment to go through with the agreement as is, or reject it entirely.

We will not be in a position to shape this agreement and incorporate the suggestions of Congress—rather we will have become prisoners to it.

It might interest you to know how far along this process of acquiring the Marianas as a territory has gone already.

The agreement I mentioned, signed February 15, is a covenant with a provisional government of the Marianas that will lead to our acquiring our first new foreign territory since the Virgin Islands were purchased in 1917.

Preparations are already underway to hold the plebiscite in the Marianas on the covenant; an election scheduled for June of this year. Should the citizens of the Marianas ratify the covenant, a new territorial government will be established in the islands, according to the President's special Ambassador to the area, F. Haydn Williams.

There is another interesting facet of section 2 of the bill. The administration's request for $1.5 million in transition funds includes a portion of the funds to be spent for the plebiscite and other ongoing activities. The Interior Committee changed this section, however, providing that the funds could not be spent until Congress has approved the agreement with the Marianas. That appears to be a wise precaution by the Interior Committee.

But this rider will not halt continuing process of incorporating the Marianas Islands into the United States.

Let me emphasize again that the result of all actions by the executive—some planned, some already taken, is that Congress will be presented with a territorial government created pursuant to a covenant signed by this country which then we will be asked to take or leave.

This whole procedure raises serious questions of domestic and foreign policy that I believe Congress should consider before we proceed any further down the road to making the Marianas Islands part of the United States.

These are some of the questions I hope can be discussed.

First, should we be creating a new group of American citizens? It is true that they will have to pay income taxes and other fees, but, unlike the rest of us, the money will be kept in the islands for local use. In other words, the Marianas will not be paying a penny for defense programs, welfare programs, and many other social service programs that eat up our taxpayers' dollars. Furthermore, the islanders would be eligible for many other existing Federal benefits. To add insult to injury, those moneys earmarked for direct grant assistance to the islands will be considered local revenues of the islands for purposes of obtaining matching Federal grants.

A whole second series of costs are set forth in the covenant. The covenant is, in fact, an authorization bill for 7 years of Government spending. The $1.5 million in transition funds is only the nose of the camel under the tent. The covenant commits the United States to pay nearly $20 million to lease land for a military base that the Defense Department has no plans to construct. The islands will receive another $98 million over 7 years, which, as I mentioned, will be subject to matching Federal grants.

We are talking about a total dollar expenditure of approximately $9,000 for every man, woman, and child in the Mariana Islands. That may be a grand arrangement for our potential new citizens. Indeed, the letter sent to you by the Marianas Political Status Commission emphasizes this point. But we ought to question whether this is a good arrangement for our current taxpayers. Perhaps this is a simple case of the United States taking into the fold as new citizens some worthy islanders who wish to join us. What a fine precedent we may be creating by embracing any island or even nation which wishes to be made part of America. All they would require is support by the administration or the Pentagon.

There are also important questions of foreign policy which I believe that Congress should consider before continuing with the acquisition of the Marianas.

First, the United States negotiated and signed with the Marianas over the objections of the larger legislature which governs the entire Micronesian Trust Territory. Since we must terminate the trusteeship for all of Micronesia at the same time, and since arrangements must be made for the remaining islands, disregarding the Micronesian legislature appears to be a poor start.

Second, should we approve the Marianas as a U.S. commonwealth, we could find ourselves receiving sharp criticism in the world community because we have unilaterally carved out a colony out of the Micronesia Islands which we administer under a United Nations Strategic Trusteeship. A single veto in the U.N. Security Council at some later date could call into question the entire acquisition of the Marianas.

Third, if we choose to ignore the United Nations in our acquisition of the Marianas, it will lead us into the tangled thicket of international law. It is a maxim of international law that agreements between two parties can be legitimately terminated only upon mutual consent. By unilaterally taking over the Marianas, we would be ignoring one of the parties to the trusteeship agreement—the United Nations.

Congress may also want to inquire into the strategic and military value of the Marianas, located just 100 miles from our huge military complex on Guam. The islands appear to have minimal military or strategic value. Even though we are proposing to lease a huge tract of land on the islands for a military base, there are no Department of Defense plans to construct a base there. The Pentagon has temporarily abandoned any plans to construct a base and has requested no funds for this purpose in fiscal year 1976.

To the extent that the Marianas can or should play a strategic defense role must be fully identified by the Department of Defense and justified to the appropriate committees of Congress. If however, the Pentagon can show the Marianas to be of compelling strategic value, would breaking them off from the hundreds of other islands of Micronesia be the best way to protect them? The answer is clearly "no" because the Marianas' dismemberment plan will encourage separatist moves in other Micronesian island groups, and who can say what deals they may make with countries hostile to the United States? The Marianas might end up cut off from easy access to the United States, making them a strategic liability rather than a strategic asset. Furthermore, as trusteeships under our control, we can do just as we like militarily in all the islands. Making them a Commonwealth does not improve the Pentagon's position.

Further, in acquiring the Marianas, we may also find ourselves incorporating into the United States a government already riddled with corruption.

Current hearings before the Senate Interior Committee have revealed just how badly the islands are being governed and suggest that the new infusion of money is not going to improve matters.

These are some of the issues that I believe should be considered by Congress before proceeding further on this dubious acquisition of a new territory of the United States.

By voting to strike section 2 of this bill, the Senate will be signaling that it is time for the executive branch to consult with Congress before making important foreign policy decisions.

Finally, Mr. President, the issue has broad foreign policy and strategic consequences. We are deciding whether we want to create an entity having commonwealth status, the first property we have acquired in the Pacific since 1898, the first property we have acquired anywhere since 1917. We are deciding if we should be under the obligation to these people for their defense and if we should commit ourselves to a citizenship arrangement for these people.

If we vote this $1.5 million today, I am firmly convinced that by the time the full arrangement comes back to the Senate for approval it will be in the form of a fait accompli which will be argued as not debatable at that time.

Mr. JOHNSTON. Mr. President, I would like to ask the distinguished Senator from Colorado a question or two to be certain we understand what is involved here.

Does the Senator understand that not 1 cent of the $1.5 million can be spent until after, first, there is the plebiscite in the Marianas, whereby the people there freely express their own approval and will have a chance to vote on it and approve it?

And then, only after the agreement is discussed, debated, hearings held, and the Congress of the United States approves the agreement, can the money be spent.

Does the Senator understand that?

Mr. GARY W. HART. My response is yes, that is the case. However, the report of the distinguished Senator's committee points out that some $50,000 of this money has already been spent or will be spent upon the passage of S. 326, presumably for the education of the islanders leading up to the plebiscite.

So we are, in fact, again putting the cart before the horse in terms of authorizing this appropriation.

Mr. JOHNSTON. I would suggest that—at least the staff advises me that—no part of that $1.5 million will be spent until approval both by the people of the Marianas and by the people in Congress, and it is so stated.

The committee report states that, "The adoption of this amendment is not intended in any way to affect the ultimate decision which has to be made by the Congress of the United States with respect to this agreement."

It is specific language put into the report to make it clear that the approval of this amendment is not in any way to be an implied approval or putting the cart before the horse but, rather, to have the money there to be spent quickly and expeditiously in the event that the Congress does finally approve it.

Mr. GARY W. HART. In response to the Senator's question, I think there are very few instances, to my knowledge, in which the Senate of the United States, or the Congress, authorizes money to be spent on the condition of an event happening which has not yet happened.

It seems to me clearly a case of taking a step out of sequence and putting it earlier in the procedure than it should exist.

The proper sequence is to conduct the plebiscite and then to see if the Congress, after debating the merits of this issue, wants to go ahead and take the next step in setting up a transitional government.

What will happen is there will be no discussion or no debate between the occurrence of the plebiscite and the establishment of a transitional government.

We will have a government in being over there to take the step between the trusteeship and the commonwealth before we have even decided whether we want them as a commonwealth.

Mr. JOHNSTON. If the Senator will yield, I think the Senate may be confused that money can be spent after the plebiscite passes. It cannot be spent at that point, but only after the Congress approves the covenant.

The Congress, of course, will not approve it until we have had full-scale hearings and full-scale debate.

I would agree with the Senator that we should not impliedly approve this covenent before it is presented to us for doing so.

That is precisely what the committee had in mind by putting language in the report to affirmatively state it.

Mr. GARY W. HART. If the Senator will yield, if the matter does come back to the Congress after the plebiscite for full hearings, discussions, and debates, I think that would be the perfect time to seek the appropriation for the transitional government.

I do not understand how it benefits the American people to authorize this amount.

Mr. JOHNSTON. Frankly, this is not the most weighty decision the Congress will make this year. But the reason for authorizing it now is mainly one of time. We would have the money available so that the plans could be made in advance and we would not have to wait for the appropriation process, for the length of time it might take if we delayed until after approval of the covenent.

That is the only reason for getting the approval now. There is no thought at all of any implied approval by authorizing this $1.5 million. There is no thought at all of that. If a separate government is set up in the Marianas—keeping in mind the present Micronesian legislature meets in Saipan, a part of the Marianas—immediately and without delay you have to have facilities for government.

That is the only reason for authorizing this funding in advance.

I would assure the Senator, as the report does, that the simple expediency of having $1.5 million approved or authorized under these contingent conditions is not at all to be interpreted as action by the committee to try to get an implied approval of the covenent.

Mr. GARY W. HART. If the Senator will yield, I fear and feel the freight train coming down the tracks, and it is picking up speed.

It occurs to me that we might consider authorization of this money along with the approval of the covenant, which is what I was trying to suggest. The covenant is, in fact, an authorization bill, by its very nature.

All I am attempting to do here today is to call the attention of the Senate and Congress and the people of this country to a sequence of planned steps which I find very few people aware of. I think the implications are very serious for this country and for our foreign and military policy.

All I am trying to do is to make sure that everybody who votes on this measure today knows that we are advancing the matter another two or three steps down the road, and it will not be fully debated until 6 months or a year from now, or later. But then an argument will be made: "Well, you authorized the creation of a transitional government, and we cannot turn back now."

Mr. JOHNSTON. I appreciate the Senator's sentiments. I think the status of the Mariannas is a weighty decision and a very important one for this country. When we present that bill to Congress for approval, it will involve a long-term commitment on the part of this country. There is no question about that.

I think the Senator is correct that these islands never will be self-sufficient, unless some new source of income is discovered. I really do not think the administration has made these predictions of prosperity. If they have, then, in my judgment, they are faulty.

These islands are going to be the wards of someone for some kind of support for a very long time to come—that is to say, unless they revert to a coconut economy, and no one there wants to do that, I can assure the Senator.

Nevertheless, in my judgment, we do have some real responsibilities, part of them having been incurred through history and part by our own undertaking of the 1947 U.N. trusteeship.

I think it is appropriate that when we bring this covenent before the Congress for debate, we do have these full scale hearings which will, first of all, inform Congress of what the extent of its obligation is and, second, involve Congress and the American people in the debate and dialog on whether we should undertake that responsibility. In my judgment, we should; and I think that question is properly put off until another day, when the question does present itself.

Mr. GARY W. HART. If the Senator will yield—and I am going to yield to others who may wish to speak on this matter—I have a final observation.

We are taking steps here today—or it is proposed that we take steps here today—that I feel are, for all practical purposes, irreversible. I have yet to see one argument in any of the documents I have examined as to how this is in our national interest. I have heard no statement of why it is best for the United States of America to accept these islands as a new commonwealth. I think that if we do get the hearings down the road, that kind of argument will have to be made before the Senator from Colorado—and, hopefully, others—will approve of the final process.

Mr. JOHNSTON. I hope we will debate that at some length. I hope that, in the meantime, the Senator from Colorado could give us some viable alternatives and options. I suggest that independence for these islands might not be one such option. It might not be such an option because I think our strategic interests lie otherwise than with independence and because our responsibility to these people dictates that we continue to give them the kind of support we have given in the past.

Mr. GARY W. HART. That is exactly my argument. The case just made by the Senator from Louisiana has not been made for the record, to my knowledge. It has not been shown that it is in our strategic interest.

(At this point, Mr. GLENN assumed the chair.)

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Louisiana yield?

Mr. JOHNSTON. I am glad to yield to the distinguished Senator from Virginia.

Mr. HARRY F. BYRD, JR. First, let me say that with respect to any proposal submitted by the distinguished Senator from Louisiana, I start off 95 percent in favor of it.

Mr. JOHNSTON. I thank the Senator.

Mr. HARRY F. BYRD, JR. I do have some doubts about the committee amendment and about the ultimate proposal.

If, in fact, the money is not to be spent until Congress ratifies the proposal for commonwealth status, then what good does it do to authorize the money at the present time?

Mr. JOHNSTON. It is simply a matter of expedition of funding. The committee never intended, and has affirmatively put in the record that approval of this measure is not to be considered an implied approval of this covenant.

Mr. HARRY F. BYRD, JR. But could not the appropriation be made simultaneously with the ratification, if Congress does intend to ratify it? The appropriation could be made simultaneously. There would be no holdup then.

Mr. JOHNSTON. This is only the authorization. This is not the appropriation.

Mr. HARRY F. BYRD, JR. Could not the authorization be made at the same time?

Mr. JOHNSTON. It would be a question of time. I believe that this expedites the matter, in that the authorization will ripen into a real authorization upon the approval of the covenant by Congress. I think it would be possible to do it another way; but just as we do not want to imply by this amendment that we are approving the covenant in advance, by the same token, we do not want to imply a disapproval. I think that the action of the Senate, should we disapprove the committee amendment, would be interpreted as a disapproval of the covenant in advance, without hearings.

Mr. HARRY F. BYRD, JR. I do not quite follow that, because it was not a part of the bill. It was put on as a committee amendment.

Also, the committee report says that the amendment authorizes an appropriation of $1.5 million for a special program of transition which will include, among other things, a constitutional convention, a referendum, a political status plebiscite, a political education program, and so forth.

Will not the plebiscite take place before the proposal comes before Congress?

Mr. JOHNSTON. Yes. The plebiscite will take place first, and the people of the Marianas must approve of the compact prior to a formal submission to Congress.

Mr. HARRY F. BYRD, JR. The committee report says that this $1.5 million will be available for the plebiscite.

Mr. JOHNSTON. A portion of it would reimburse the cost of the plebiscite to the Marianas.

Mr. HARRY F. BYRD, JR. Then, we are making a commitment to them to reimburse the Marianas for part of the cost of a plebiscite, if we adopt this proposal.

Mr. JOHNSTON. As I understand it, only if the plebiscite is successful and Congress ultimately approves the covenant.

Mr. HARRY F. BYRD, JR. I want to be careful of my choice of words. Is that not, in a sense, putting pressure on the islanders to vote a particular way? Because if they vote the way that presumably we want them to vote—or some want them to vote—they will get part of their costs reimbursed.

Mr. JOHNSTON. I think not, because I think the United States will pick up the cost of that plebiscite, in any event. Indeed, I believe we should.

But let us not kid ourselves that there is a significant independent source of funds out there. There really is not. The major source of funds is the United States.

Mr. HARRY F. BYRD, JR. Then, as I understand it, this will be used to help finance matters that take place and expenditures that take place prior to the time the U.S. Government ratifies—if it does—the commonwealth status of the Marianas.

Mr. JOHNSTON. Just in the one instance, a very small part will go to reimburse the cost of the plebiscite. Otherwise, it would finance matters to take place subsequent to the approval of the covenant by Congress. In fact, the financing of the plebiscite is already being done by the United States.

Mr. HARRY F. BYRD, JR. Even without authorization?

Mr. JOHNSTON. The State Department is doing that, as I understand it.

Mr. HARRY F. BYRD, JR. Why is Congress involved in it at all, then, if the State Department can go ahead and do whatever financing they wish?

Mr. JOHNSTON. It is only going forward with the plebiscite, which is a very small part of this cost. The amount involved for the plebiscite is only some $50,000.

Mr. HARRY F. BYRD, JR. I thought Congress, according to this report, has to give authorization. Now we find that the State Department can do it on its own.

Mr. JOHNSTON. I am informed that the State Department has the authority to put up the $50,000 for the plebiscite. I am sorry that I cannot tell the Senator under what section of the law that is authorized, but I am so informed by the staff.

Mr. HARRY F. BYRD, JR. Let us, then, get to the merits of the proposal. The Senator from Virginia has not been able to understand just why it is in the interest of the United States to give commonwealth status to a number of islands, small islands, in the Pacific, with a total population of 13,000 or 14,000 scattered over thousands and thousands of miles, and assume the responsibility for their protection.

Mr. JOHNSTON. The United States presently has responsibility for the protection of the islands under the 1947 U.N. trusteeship. These islands, as the Senator knows, were the subject of a tremendous amount of fighting in the Pacific. The Senator will recall the familiar names of Truk and Peleliu and Saipan, islands that were considered in the Second World War to be very strategic, they line the shipping lanes from the Middle East, and are still considered to be very important.

We really have a responsibility right now, today, and we have undertaken that responsibility since 1974.

Mr. HARRY F. BYRD, JR. I am aware of that. The United States has, do we not, the responsibility for not only the Marianas today, but the Marshalls and the Carolines?

Mr. JOHNSTON. That is correct.

Mr. HARRY F. BYRD, JR. The proposal that will be brought before the Senate at a subsequent date will involve only the Marianas?

Mr. JOHNSTON. That is correct. There are negotiations, going on with the rest of Micronesia, as well.

Mr. HARRY F. BYRD, JR. To give the rest of Micronesia commonwealth status also?

Mr. JOHNSTON. That is one of the options being discussed.

One of the problems involved is who should decide what is good for the Micronesians. That has been a matter of some debate in our committee and with the Department of State and with the administration. We will be faced with a problem of what we do if the Marianas come in and indicate their wishes and their desires. Do we say, No, we, the United States, under our U.N. trusteeship, which obligates us to move them toward self-government—are we to say that self-government does not mean self-government for the Marianas separately or that all of Micronesia must be involved? We believe that it is an appropriate response to the obligation of moving them toward self-government to have that self-government originate with the Marianas.

Mr. HARRY F. BYRD, JR. Why not give them independence?

Mr. JOHNSTON. First of all, they have indicated that they do not want independence. Second, we believe that we have a dramatically important strategic interest.

Mr. HARRY F. BYRD, JR. From a military point of view?

Mr. JOHNSTON. Yes, from a military point of view, particularly denying these islands to the Soviet Union is of extreme strategic importance.

Mr. HARRY F. BYRD, JR. May I say that if giving the Marianas commonwealth status denies the Marianas to the Soviets, and we do not give commonwealth status to the Carolines and we do not give commonwealth status to the Marshalls and we not give commonwealth status to the Gilberts, all of which are involved in that central area of the Pacific, we are only taking one-fourth of the total islands and areas there to protect ourselves, if indeed, we need them for protection.

Mr. JOHNSTON. Does the Senator understand that the rest of Micronesia is now under that U.N. trusteeship?

Mr. HARRY F. BYRD, JR. I understand.

Mr. JOHNSTON. Which charges us with the responsibility.

Mr. HARRY F. BYRD, JR. We are beyond that now, are we not?

Mr. JOHNSTON. Once this covenant reaches Congress, and really, it is not before us today——

Mr. HARRY F. BYRD, JR. I understand, but today's legislation ties in with it and that is why I think it should be a matter for discussion.

Mr. JOHNSTON. Once this covenant reaches us and we approve it, if indeed we do so, then the rest of Micronesia will continue to be under the U.N. trusteeship.

Mr. HARRY F. BYRD, JR. But the Senator wants to change that status, I assume, for the future. He does not want to continue it indefinitely under the U.N. trusteeship?

Mr. JOHNSTON. That is correct, that will go on with the rest of Micronesia.

Mr. HARRY F. BYRD, JR. May be I do not understand it fully, but the point I am suggesting is that in order to deny, as the able Senator says, these islands to Russia, we shall have to, eventually, either give commonwealth status to all the other islands or keep them under the U.N. mandate we now have, will we not?

Mr. McCLURE. Mr. President, will the Senator from Louisiana yield?

Mr. JOHNSTON. Yes.

Mr. McCLURE. I think it might be helpful if we recited a little more historical background so we know not only where we are but where we have been, in an effort to see where we are going.

As the Senator from Virginia knows, this area of the Pacific was a large part of the battleground which was, at least for myself and the Senator from Virginia, our war. The Senator from Louisiana may have a reference to a different one, but it was our war and it was our comrades who bled and died in those islands and we have a very real interest in the military and strategic importance of those islands. I think pretty largely as a result of a statement made by President Roosevelt that the United States would not seek to gain one acre of territory out of World War II, we renounced any territorial claims and we, under an arrangement with the United Nations, turned these islands over to the United Nations for their guidance and direction.

They simultaneously then directed that the United States administer these under a trust arrangement. There was no cohesiveness, no identity, to Micronesia as such until we developed the term. They were disparate peoples on widely separated islands many of them hostile with one another. They had been warring for generations between themselves and it was only for our administrative convenience that we called it Micronesia and administered it as a whole.

Back in 1898, at the termination of the Spanish-American War, the United States purchased certain territories from Spain. One of those territories purchased was Guam. I suppose at that time, we did not know that Guam was part of a chain of islands and we thought that we had purchased all they had. Only we did not. We purchased Guam and they went ahead and sold the balance of the Marianas to Germany.

Following World War II, the League of Nations mandated that territory to Japan for administration instead of Germany. Up until World War II, that was their administrative background.

Following World War II, the United Nations then set up the trusteeship arrangement for the Marianas as well as the rest of the islands under what we then called Micronesia, and we excluded Guam from that because we had purchased Guam in 1898 from Spain.

The result was that the people in the Marianas had, at various time, sought reunification with Guam, their traditional and familial ties having been in the Marianas, including Guam.

Over the course of time and the evolution of their particular demands, their particular requests for status ended up in the current request, which comes not from us but from them, for a special status in relationship with the United States. The balance of Micronesia has made no such request to us. They may at one time or another. The Palau district, I understand, demands a different status. The Marshall Islands, perhaps, will seek separation. But so far, the congress of Micronesia, which is totally our creature—we imposed it on them—has said they do not desire to allow Palau and the Marshalls to split off from the rest of Micronesia.

But the Marianas peoples have consistently, for several years, sought a status different from that of the balance of Micronesia, first through reunification with Guam and, more recently, in this independent status that they seek under this commonwealth status.

I think in addition it is well to recognize a very significant economic difference between the Marianas and the balance of Micronesia. Much of Micronesia has developed absolutely no dollar economy. Their trading ties are relatively primitive. Their economic base is very undeveloped. They have had no opportunities in the past to do anything other than some trading in copra and some coquina shells. They hope to have some tourism. We have attempted, in the Palau district, to develop a fisheries industry for them.

All of these are fledgling economic growths, but they are not a basis for any real political independence.

The result has been that the United States has had the economic responsibility for the entire area. The Marianas have an economic base which is different, and a cutural and political basis which is different from the rest of the Micronesian territory, and they ask now to forge a different tie, under the United Nations trusteeship, with the United States.

We, under this particular action, seek to at least give them the opportunity to express their own wishes in self-determination of their own political status.

Mr. HARRY F. BYRD, JR., Mr. President, the interesting and excellent presentation of the Senator from Idaho of the history of that area brings many memories to the Senator from Virginia. I do not know how many Members of the Senate have served time on those islands. I served a great deal of time on Kwajalein and Eniwetok. I was executive officer of a patrol bombing squadron which flew patrols from Kwajalein and Eniwetok to Wake Island at that time.

The Senator from Louisiana mentioned Truk. The squadron mined the harbors at Truk. And then I spent a great deal of time on Saipan, including the Christmas of 1945.

I have an additional connection with Saipan. My wife's brother, a marine captain, Capt. Paul J. Thompson, Jr., of New Orleans, was killed in the invasion of Saipan. So there is a lot of history of those islands connected with the United States.

The reason why those islands were so important to the United States during World War II was that we were looking toward an invasion of our Pacific enemy, which at that time was Japan. We were island hopping, beginning in the Gilberts and then in the Marshalls, not so much in the Carolines, but then in the Marianas, and finally Okinawa.

So I have sympathy for the people of the Marianas. I have sympathy for all the people of Micronesia.

But the point I have not been able to get clear in my mind is whether it is logical and wise for the United States to assume the responsibility. We have it now under the trusteeship, but I think all of us feel that the trusteeship at one time or another, must come to an end.

Is it logical or wise for it to come to an end by the United States having the responsibility, not under a United Nations trusteeship, where presumably, although maybe that is a questionable assumption, we would have help from the United Nations if any difficulties arose there, but by cutting them loose from the United Nations trusteeship and taking the responsibility solely on our own?

If we are going to take the responsibility for the Marianas, it occurs to me that it would be just as well to take the responsibility for the Carolines and for the Marshalls. They all tie in together.

Mr. JOHNSTON. Mr. President, if the Senator will yield, we in effect have that responsibility right now under the U.N. trusteeship.

Mr. HARRY F. BYRD, JR. I understand that. But as I said, I was looking beyond that, because I think all of us want it to end. I think the committee on which the Senator from Louisiana serves is looking beyond that time, with the knowledge and belief that this U.N. trusteeship must eventually come to an end.

Mr. JOHNSTON. That is correct, and Congress undoubtedly will have to deal with the question at another time. For the time being, we really do not even have the issue of the Marianas before us.

Mr. HARRY F. BYRD, JR. Well, we have it before us in a peripheral way, because, as the Senator from Louisiana himself pointed out, adopting the committee amendment for $1.5 million will give encouragement to the people of the Marianas in their plebiscite.

Mr. JOHNSTON. The idea of this $1.5 million is simply to facilitate the transitional process, should the covenant be approved, and we have very clearly and affirmatively put in the report that this action will not prejudice the issue at all. We have been affirmatively clear on that.

Mr. HARRY F. BYRD, JR. The report is clear. But to get back to the merits of the case, is it the desire to build a military base in the Marianas? Is that the intention?

Mr. JOHNSTON. Yes, there are contingency plans to build an airfield on Tinian. There are some 700 residents, I believe, on Tinian. I would say this is not a firm proposal, but there are plans to acquire at least an option, as I recall, to build such an air base should it become necessary.

Mr. HARRY F. BYRD, JR. Yes; I think that is the basic reason, or at least that is what I assume to be the basic reason for the legislation which has been introduced.

Mr. JOHNSTON. Of course, the Senator understands we can do that at this time, under the UN trusteeship. We are charged with the defense of these islands, so we can do that now.

Mr. HARRY F. BYRD, JR. I want to emphasize that I realize that we have that responsibility under the UN trusteeship, but I think what all of us are looking toward is when we cease to have that obligation. The question is, when we get rid of our obligation or when we give a different status to those islands out there, what status do we give them? Many would prefer that they be given independence.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. JOHNSTON. I yield.

Mr. McCLURE. The Senator from Virginia made a statement which I think should not be left on the record in the context it is given, and that is that the reason for this legislation is our desire to build an airfield on Tinian. That certainly is not the reason for the legislation. The reason for the legislation lies in the request of the people of the Marianias to do something about their permanent status, so they may know what to plan on.

Mr. HARRY F. BYRD, JR. But are we going to be in a position, when other countries, islands, and places want commonwealth status with the United States, that we say, "Well, those people want it, so we are going to have to make them a part of the United States"?

I would assume a great many countries and parts of the world would like to be a part of the United States. We have the highest standard of living of any nation in the world. We have the resources to help them to a degree that they cannot help themselves.

I just wonder whether we are prepared to undertake something that could, as the years go by, cause a great many problems. Why should we undertake their defense? Even though we have the responsibility under the United Nations trusteeship, if we are going to give that up eventually, why should we undertake the permanent defense of a multitude of islands 7,000 miles away from here? It just does not seem to me to be a very logical thing to do, and that is why I am concerned about something that could be considered the first step in that direction.

Mr. JOHNSTON. There are many reasons for undertaking that defense. One reason is that it is our historical responsibility, and one reason is that it coincides with the wishes of the people of the Marianas; but I would say principally it is because it is eminently in our own self-interest. These islands are strategically located. To have control over those islands, lying as they do at the gateway to the Pacific and on the shipping lanes from the Middle East, could be of very great importance to us.

Mr. HARRY F. BYRD, JR. May I ask the Senator, from the military and strategic point of view, which has the greater importance, in his judgment, the Marianas or Okinawa?

Mr. JOHNSTON. We, of course, do not have Okinawa any longer, and I have heard the Senator from Virginia very eloquently criticize our getting out of Okinawa. I do not intend to debate that question here today because the Senator does it much better than I.

But simply because we gave up Okinawa is no reason to give up other areas, namely the Marianas, which are themselves very important to us.

Mr. HARRY F. BYRD, JR. I just do not visualize the importance of the Marianas, or the Marshalls or the Carolines, for that matter, the military importance of those islands.

If our Government did not consider Okinawa to be important strategically and militarily, the greatest base in all the Far Pacific, then I do not see how there could be great strategic value in the Marianas.

As I say, I have lived on those islands. At Saipan, I was just a stone's throw from Tinian, because the two are virtually together.

Mr. JOHNSTON. If the Senator will yield, it may be——

Mr. HARRY F. BYRD, JR. They are not great islands, I will tell the Senator that. There are fine people on those islands. It is nice weather there, and the Quonset hut that I lived in was rather comfortable because the weather was comfortable. The sun was bright and the banana trees were close by, and it was a good beach.

But when you get into the strategic or military area, with an entirely different situation than the one which prevailed during World War II, I am not impressed with the strategic importance. Of course, any place or any area has some importance, I assume.

Perhaps the military can make a good case. That is why I think this whole legislation should go before the Armed Services Committee because it is built so much around—not entirely, as the able Senator from Idaho pointed out, not entirely—but so much around presumed strategic and military importance.

Mr. JOHNSTON. If the Senator will yield, I quite agree the issue should be considered by the Armed Services Committee, but not this particular bill.

Mr. HARRY F. BYRD, JR. No, not this particular bill.

Mr. JOHNSTON. Because this bill does not include any covenent. But when the covenent comes up we ought to have briefings within the Armed Services Committee.

Mr. HARRY F. BYRD, JR. In other words, the Senator feels the legislation with respect to the compact should go before the Armed Services Committee?

Mr. JOHNSTON. Yes, among other committees, as well. We already discussed that, as a matter of fact, that it ought to be considered by the Armed Services Committee because it is of strategic importance.

Mr. HARRY F. BYRD, JR. Well, that is fine.

Mr. JOHNSTON. I think the Senator is asking the key questions. The Senator, when he has the opportunity to hear the full briefings and to learn what the importance of these islands is, will concur that this is the right thing to do, not only in our own interests but in the interests of the Chamorro people of the Marianas and the interest of the responsibilities of this Nation. But that is a debate, I think, which properly ought to be put off until the issue comes clearly before Congress and until we do have the opportunity for those hearings.

Mr. HARRY F. BYRD, JR. I think the consequences can be so far reaching that it is well to debate it when the opportunity presents itself, and it presents itself on this particular bill because it deals specifically with the subject.

May I ask the Senator——

Mr. JOHNSTON. If I may just answer, if this report did not make it crystal clear that this action—approving this bill—was not to be construed as approval of the covenent in advance, then certainly this debate today has made it as clear as the noonday Sun on a cloudless day that this is no advance approval of the covenent for the Marianas.

I would yield, if the Senator has no further questions.

Mr. HARRY F. BYRD, JR. I do have further questions.

Mr. JOHNSTON. Yes.

Mr. HARRY F. BYRD, JR. Is it not correct that the Marshall Islands requested commonwealth status?

Mr. JOHNSTON. The negotiations with the Marshalls, as well as the Carolines, have been proceeding in general negotiations, and the Marshalls have not specifically asked for commonwealth status.

Now, there may well be discussion of commonwealth with the Micronesian team, but it would be incorrect to say that the Marshalls have formally asked for a separate commonwealth status for themselves.

Mr. HARRY F. BYRD. What about the Carolines?

Mr. JOHNSTON. The Carolines have not either.

Mr. HARRY F. BYRD, JR. I think the Senator from Idaho said that the Micronesian Congress would not allow a breakoff. I am not clear as to what, breakoff from whom or from what.

Mr. JOHNSTON. Since the Senator from Idaho made that statement, I will let him answer.

Mr. McCLURE. Will the Senator restate his question? I was busy on another matter.

Mr. HARRY F. BYRD, JR. I understood the Senator from Idaho to say that the Micronesian Congress would not permit a breakoff.

Mr. McCLURE. The Congress of Micronesia has expressed its opposition to the breaking away of separate districts in separate status. They have, the Congress of Micronesia has, expressed that.

Mr. HARRY F. BYRD, JR. Then, if we permit commonwealth status for the Marianas, we are going contrary to the Micronesian Congress because that Congress feels that the three entities should remain as one entity, although separately among themselves; is that not correct?

Mr. McCLURE. If the Senator will yield, the Senator is correct. But the Congress of Micronesia has made that statement. The political status commission of the Congress of Micronesia has been looking as a whole at the political status of the entire area.

Mr. HARRY F. BYRD, JR. That seems very logical to me.

I yield to the Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President,

would the Senator from Louisiana, the Senator from Virginia (Mr. HARRY F. BYRD, Jr.) and the Senator from Idaho be agreeable to having a time limit on this measure now of 30 minutes, to be equally divided between Mr. JOHNSTON and Mr. HARRY F. BYRD, Jr., and that we temporarily set it aside until the two rescission resolutions are disposed of, which should not take too long?

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, which I will not, it would be satisfactory to the Senator from Virginia, if it is satisfactory to the Senator from Colorado and the Senator from Louisiana, if we could set it aside now, and after the other business is taken up which the Senator from West Virginia has in mind.

Mr. JOHNSTON. Yes.

Does the Senator wish to set it aside?

Mr. ROBERT C. BYRD. Temporarily until the rescission resolutions are disposed of.

Mr. McCLURE. Mr. President, I have no objection.

The PRESIDING OFFICER (Mr. GLENN). Without objection, it is so ordered.

Mr. McCLURE. It may seem logical to those of us here because we have imposed a unity for our administrative convenience, but it may not seem quite so logical to the people of Micronesia who have never by themselves voted for a common status. The people in the South, in the Civil War, thought it made good sense to have a civil war to break away. The people in the North thought it would make good sense that they should not, and we have imposed in this country by majority will and by major force the decision of the North on the people of the South.

Mr. HARRY F. BYRD, JR. Just one comment and I will then yield to the Senator from West Virginia.

The Senator from Idaho mentioned the Civil war.

The point I am suggesting is does the United States want to get involved in a so-called civil war among those three Pacific areas? I do not particularly relish that position and it reinforces my belief that we should be careful how we involve ourselves in the problems of Micronesia.

Mr. McCLURE. Will the Senator from Louisiana yield, Mr. President?

Mr. JOHNSTON. Certainly.

Mr. McCLURE. No, I do not think we want to get involved in a civil war, and I do not think there is one brewing, but there is a disagreement, a difference of opinion, among the different political groups. The Palau district has indicated some desire to forge their own separate identity. As the Senator from Virginia has mentioned, that has been discussed in the Marshalls. The people of Yap have never been very satisfied that they were well-served by having joined this federation which we created for them and called Micronesia. That was ours, not theirs, so I think we are involved simply as a result of that, our presence there, during and at the end of World War II, and the United Nations trust territory order. It was not a matter of our own choice necessarily that we do so, although I am sure that we accepted that charge and responsibility willingly.

ORDER OF BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 4075, to be immediately followed, upon the disposition thereof, by consideration of H.R. 3260.

The PRESIDING OFFICER. Without objection, it is so ordered.

BUDGET RESCISSIONS

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill, H.R. 4075, to rescind certain budget authority recommended in the message of the President of January 30, 1975, and so forth.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations with amendments on page 2, beginning with line 17, delete the following:

> CHAPTER III
>
> DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES
>
> CONSUMER PRODUCT SAFETY COMMISSION
>
> SALARIES AND EXPENSES
>
> Appropriations provided under this head in the Agriculture Environmental and Consumer Protection Appropriation Act, 1975, are rescinded in the amount of $500,000.;

And on page 3, beginning with line 1, delete the following:

> CHAPTER IV
>
> DEPARTMENT OF COMMERCE
>
> UNITED STATES TRAVEL SERVICE
>
> INTER-AMERICAN CULTURE AND TRADE CENTER
>
> Appropriations provided under this head in the Supplemental Appropriations Act, 1967, are rescinded in the amount of $4,999,704.

The PRESIDING OFFICER. Who yields time?

Mr. McCLELLAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. McCLELLAN. Mr. President, H.R. 4075 is the third rescission bill of 1975. This bill acts upon the recommendations of the President received on January 30, 1975, as printed in House Document 94-39. These recommendations were given extensive hearings and review. In addition, under the terms of the Budget and Impoundment Control Act of 1974, the Presidential proposals were modified by two communications from the Comptroller General contained in House Document 94-46 (Feb. 7, 1975) and House Document 94-50 (Feb. 14, 1975).

The Presidential message of January 30, 1975, contained 35 proposed rescissions which have not yet been acted on by the full Senate. Additionally one deferral was reclassified to a rescission by the Comptroller General.

The Committee on Appropriations is recommending approval of all or some part of three rescissions, and is recommending after careful review that 33 not be approved.

The estimated total of budget authority recommended to be rescinded in the bill is $10,955,000 including a partial rescission of $10,000,000 for the forestry incentives program in the Department of Agriculture and $955,000 for two foreign currency programs in the Department of Defense. This is $1,249,438,954 less than the amount available for obligation the day after the expiration of the 45-day period prescribed by law which is today.

Of the $1,249,438,954 that the committee is not recommending for rescission, some $936,030,250 is in 26 rescissions that the President proposed in the Labor-Health, Education, and Welfare areas. In addition the committee is also recommending that a proposed rescission of $125,000,000 in the Economic Development Administration for the job opportunity program not be approved.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT OFFICER. Without objection, it is so ordered.

Mr. YOUNG. Mr. President, I support the comments of my distinguished colleague and chairman of the Committee on Appropriations (Mr. McCLELLAN). We are considering today the second and third budget rescission bills for fiscal year 1975. These bills have been presented to the Congress by the administration in accordance with the provisions of title X of the new Congressional Budget and Impoundment Control Act of 1974.

In the case of H.R. 3260, which is the second budget rescission bill, we were asked to consider a total of 40 rescissions that were submitted to the 93d Congress and resubmitted to the 94th Congress. This bill and report reflects the recommendations of the Committee on Appropriations on these 40 rescissions. The committee is recommending approval of either all or some part of 28 rescissions and is recommending that 12 rescissions not be approved. This recommendation would rescind $185,412,940 of the $929,420,272 proposed for rescission by the administration. The majority of the funds recommended by this rescission, $120,600,000, is for defense. The remaining approximately $65 million is spread over various other agencies of the Government.

The committee did not recommend rescission of funds appropriated for aircraft procurement in defense. In this regard the committee received testimony that funds for these two aircraft procurement accounts—helicopter procurement for the Army and A-7 and F-111 procurement for the Air Force—had been obligated to the point that aircraft fuselages and other major components are partially constructed and would become Government property unfinished if the funds are rescinded. The witnesses that testified in this regard indicated that these aircraft are needed, would be utilized and in the long run would be more cost effective to finish procurement than to cut it off at this time. The committee believes that it would be prudent to sustain a warm production base for the F-111 aircraft pending final resolution of production plans for the B–1 bomber. It has also been the committee's position and sustained by both Houses of Congress to procure A–7D aircraft to modernize the Air National Guard.

Although this second rescission bill demonstrates only token cooperation with the administration, I recommend its support to all my colleagues.

The third rescission bill 1975, H.R. 4075, contains 35 rescissions for which the Committee on Appropriations is recommending approval of all or some part of 3 rescissions and is recommending that 33 rescissions not be approved. The estimated total of budget authority recommended to be rescinded in the bill is $10,955,000. This is $1,249,438,954, less than the amount proposed by the President, which was $1,260,393,954. Of the $1,249,438,954 that the committee is not recommending for rescission some $936,030,250 is in 26 rescissions that the President proposed in the Labor-HEW areas. The primary area of rescission recommended in this bill is in the areas of forestry incentive programs in which $10 million of the $25 million recommended would be rescinded. The only other area recommended for rescission is in the special foreign currency program for 1973 and 1974 in the Department of Defense. This would amount to $955,000.

Again, it can be seen that the amount of funds recommended for rescission in this bill is only a slight amount of that proposed by the administration.

Once more, it is apparent that only a small amount of the funds proposed for rescission by these two bills will be enacted by the Congress. This will increase the deficit which we heard today from the Director of OMB, which is already up to $55.5 billion, to some greater deficit, possibly in the area of $70 billion or more by the end of this fiscal year.

I recommend to my colleagues approval of these rescission bills.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the Senate amendments be immediately considered and agreed to en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are agreed to en bloc.

Mr. McCLELLAN. Mr. President, I know of no amendment to be offered to this bill. If none is to be offered, third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. McCLELLAN. I yield back the remainder of my time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The bill (H.R. 4075) was passed.

Mr. McCLELLAN. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BUDGET RESCISSIONS

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 26.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

There being no objection, the Senate proceeded to consider the bill (H.R. 3260) which had been reported from the Committee on Appropriations and the Committee on the Judiciary, jointly, pursuant to order of January 30, 1975, with amendments on page 2, beginning at line 5, insert the following new language:

CHAPTER I

DEPARTMENT OF AGRICULTURE

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

WATER BANK PROGRAM

Appropriations provided under this head in the Agriculture Environmental and Consumer Protection Appropriation Acts for 1974 and 1975 are rescinded in the amount of $15,712,000.

On page 2, in line 14, strike out "I" and insert in lieu thereof "II".

On page 2, in line 20, strike out "$20,500,000" and insert in lieu thereof "$41,000,000".

On page 3, in line 1, strike out "$13,750,000" and insert in lieu thereof "$27,500,000".

On page 3, in line 12, strike out "$20,000,000" and insert in lieu thereof "$40,000,000".

On page 3, in line 18, strike out "$50,000" and insert in lieu thereof "$100,000".

On page 3, in line 20, strike out "$500,000" and insert in lieu thereof "$1,000,000".

On page 3, in line 21, strike out "$400,000" and insert in lieu thereof "$800,000".

On page 3, in line 22, strike out "$950,000" and insert in lieu thereof "$1,900,000".

On page 4, in line 1, strike out "$900,000" and insert in lieu thereof "$1,800,000".

On page 4, in line 7, strike out "$550,000" and insert in lieu thereof "$1,100,000".

On page 4, in line 12, strike out "$200,000" and insert in lieu thereof "$400,000".

On page 4, in line 17, strike out "$700,000" and insert in lieu thereof '$1,400,000".

On page 4, in line 23, strike out "$250,000" and insert in lieu thereof "$500,000".

On page 5, beginning at line 1, strike out the following language:

PROCUREMENT

AIRCRAFT PROCUREMENT, AIR FORCE

Appropriations provided under this head in the Department of Defense Appropriations, Act, 1975, are rescinded in the amount of $122,900,000, to be derived from the sum provided for the procurement of 12 F–111F fighter/bomber aircraft.

On page 5, in line 8, strike out "II" and insert in lieu thereof "III".

On page 5, beginning at line 20, strike out the following language:

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

Appropriations provided under this head in the Department of Justice Appropriation Act, 1975, are rescinded in the amount of $5,300,000.

On page 6, beginning at line 10, strike out the following language:

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

Appropriations provided under this head in the Department of Justice Appropriation Act, 1975, are rescinded in the amount of $2,400,000.

On page 6, in line 22, after the word "financial" insert the words "and technical".

On page 17, beginning at line 1, strike out the following language:

UNITED STATES TRAVEL SERVICE

SALARIES AND EXPENSES

Appropriations provided under this head in the Department of Commerce Appropriation Act, 1975, are rescinded in the amount of $250,000.

On page 7, in line 10, strike out "$3,227,000" and insert in lieu thereof "$927,000".

On page 7, in line 18, strike out "III" and insert in lieu thereof "IV".

On page 8, beginning at line 11, insert the following new language:

INTERNAL REVENUE SERVICE

SALARIES AND EXPENSES

Appropriations provided under this head in the Treasury Department Appropriations Act, 1975, are rescinded in the amount of $530,000.

ACCOUNTS, COLLECTION, AND TAXPAYER SERVICE

Appropriations provided under this head in the Treasury Department Appropriations Act, 1975, are rescinded in the amount of $9,230,000.

COMPLIANCE

Appropriations provided under this head in the Treasury Department Appropriations Act, 1975, are rescinded in the amount of $10,240,000.

Mr. McCLELLAN. Mr. President, H.R. 3260 is the second rescission bill of fiscal year 1975. In this bill, the Committee on Appropriations is recommending approval of either all or part of 28 rescissions and is recommending that 12 rescissions not be approved.

The estimated total of budget authority recommended to be rescinded in the bill is $185,412,940 and a decrease in obligation limitation of $20,022,900. This is $744,007,332 less than the amount proposed for rescission by the President and is $37,137,060 less than the amount approved for rescission by the House. The report accompanying H.R. 3260 also includes views of the Committee on the Budget.

While most of the funds proposed for rescission by the President were made available by the President on March 1, the Director of OMB stated this morning that it is still in order to proceed with this bill since the funds have not yet been utilized.

The 28 items recommended for total or partial rescission in this bill include funds for six separate departments of the Government: Agriculture, Defense, State, Justice, Commerce, and Treasury. The largest items proposed for rescission include $120,600,000 for Department of Defense operations and maintenance, and $15,712,940 for the water bank program in the Department of Agriculture. No funds are proposed for rescission for the Department of Housing and Urban Development or the Department of Health, Education, and Welfare.

By rescinding the $185,412,940 in budget authority recommended for rescission by the Committee on Appropriations, the Senate will be taking a step in the right direction of reducing the potential 1975–76 budget deficits, which some have indicated may exceed $100 billion for the combined period. I assure you that the committee looked at every item in the bill with great care and that no amounts will be rescinded which will inordinately harm the mission of any agency.

Mr. President, I yield to the distinguished Senator from North Dakota.

Mr. YOUNG. Mr. President, the major reason why the committee did not go along with the administration concerning the A–7D aircraft and F–111 is that too much of the money has already been spent or obligated. For example, on the F–111, 12 aircraft were authorized at a cost of $205 million. $72.2 million of that has either been spent or obligated.

According to the best estimates that we could get, if we did not permit this program to continue, we not only would not get the 12 F–111's, but the cost to the Government would be $72.2 million for contract termination and other costs.

The committee felt it would be better to go ahead and get the aircraft than to terminate the contract at this time. This is a very good and useful aircraft.

Mr. PROXMIRE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. GARN). Until the committee amendments are acted upon, floor amendments are not in order.

Mr. PROXMIRE. I will await the action of the committee amendments, Mr. President.

Mr. McCLELLAN. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc, subject to any amendment that may be offered from the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUMPERS. Would the consideration of the amendments en bloc eliminate the consideration of the individual items, such as the Water Bank Act?

Mr. McCLELLAN. It would not. I said subject to amendments that might be offered from the floor, reserving the right to Senators to offer amendments, but we can get them all disposed of.

Mr. PROXMIRE. As I understand it, the committee amendments would be considered as original text, so that we could offer amendments to it.

Mr. McCLELLAN. That is right.

I meant to state that, Mr. President, that the committee amendments be considered as original text for the purpose of amendment.

The PRESIDING OFFICER. The amendment of the Senator from Wisconsin will be stated.

The second assistant legislative clerk read as follows:

> At the appropriate place in the bill insert the following:
>
> AIRCRAFT PROCUREMENT, AIR FORCE
>
> Appropriations provided under this head in the Department of Defense Appropriations Act, 1975, are rescinded in the amount of $122,900,000 as provided for the F–111F fighter/bomber aircraft.

THE FULL RESCISSION

Mr. PROXMIRE. Mr. President, the purpose of this amendment is to restore F–111 aircraft to the budget rescission bill proposed by the President—in other words, to cut out funds for the F–111. My original printed amendment would have included three aircraft but since the House only put the F–111 back in, my new amendment will only provide for rescission of the F–111.

The modified Presidential rescission request specified a savings of $112.9 million for the F–111's.

It should be pointed out that there is no doubt in any mind that this rescission was requested by the President, with the support of the Secretary of Defense. When the President sent his January 30, 1975, message to Congress it specifically stated:

> These items were not requested by the Air Force not included in the President's 1975 budget, and are considered marginal in light of present and projected aircraft inventory.

Thus, the President has determined that the F–111 is not necessary. What could be clearer?

How, then, did the F–111 get in the budget in the first place? The answer rests with Congress. For 2 years now, Congress has decided to exercise its own judgment, overruling the Department of Defense, by insisting on the production of F–111's.

It should be noted that the Senate has shown some restraint in this matter in the past. The Appropriations Committee has refused to provide funding for additional F–111's in the past 2 years. Last year's report deleted the $250.5 million for 12 F–111's in fiscal year 1975 and $15 million for advance procurement.

In the give and take of the conference, the Senate receded from its position on the F–111's and accepted the program at full funding.

Twelve F–111F's were approved in the conference report last year. The Appropriations totaled $205.5 million. By March 1, 1975, $72.2 million was obligated. The requested rescission is $122.9 million, and the estimated termination costs are $10.4 million.

Mr. President, the major argument against accepting the President's rescission is the contention that the obligated costs plus the termination costs are so high as to make any savings seem small.

Fortunately, this is simply not the case. The obligation of funds to any of these programs does not mean that these appropriations are lost to the Government. Once Congress indicates its support for these particular rescissions, the Pentagon will instruct program officers to initiate a "termination for convenience." This is quite different from a termination of default. Essentially, a "termination for convenience" means that there will be a complex renegotiation process between the Government and the contractor. The contractor will be reimbursed for all proven costs out of pocket to date plus those ongoing costs he cannot immediately control and a profit consideration. The obligation of funds under this process means that it is quite likely that the Government will recover some of the obligated costs of these programs.

According to data I have received, the Government could recover about $25 million of obligated costs of the F–111 program.

Instead of the rescission estimate of $122.9 million for the F–111F's, we will save between $133.5 million and $158.2 million, counting the total recoverable obligational costs.

This means that the President's estimate of total savings of $122.9 million is understated by a considerable amount.

Therefore, one cannot simply add the obligated costs to the termination costs and derive a figure for what will be lost or wasted if the rescission is approved.

Furthermore, all Government furnished equipment, whole components, and vendor items, will revert to the Government. Since aircraft are not being produced at this time, the Defense Department will not receive any planes for the investment, but considerable amounts of spare parts will become available. These spare parts should not be overlooked.

One other issue should be remembered. Oftentimes, it is easy to get caught up in the sunk costs argument. Once we have committed money to any project, inevitably the old routine is heard that we must send good money after bad. Sunk costs demand further expenditures, or so the argument goes.

The President is offering us a savings of between $134 and $158 million at no cost to national security. It is true that a certain amount of funds already obligated will be unrecoverable; and even accounting for the spare parts delivered, there will be some so-called loss. But why look back? What is done cannot be undone. We must consider future savings.

It is a choice between saving $134 and $158 million or spending the entire $205.5 million on one aircraft the President and the Secretary of Defense say we do not need. That seems to be a clear choice.

Mr. President, I wish to make one last point before yielding the floor. There are arguments circulating that Congress must keep alive the F–111 program in order to have an option to the fast-slipping B–1 bomber.

This is a false argument. The FB–111 is not a true strategic bomber. It cannot cover the same targets. It cannot carry the same payload. It has other deficiencies. Therefore, the cry that the FB-111 is a viable alternative to the trouble-plagued B-1 is just not sound.

There are alternatives to the B-1. The upgraded B-52 looks cost effective to me, as does a standoff bomber platform capable of delivering long range missiles but not being subjected to the air defense system of the U.S.S.R., which is the best in the world.

The B-1 deserves a detailed analysis by Congress. I do not intend to do that here today. I do want to point out, though, that using the FB-111 as an excuse prejudges a situation that we have not yet dealt with in the Senate. We should not make such a major decision via a back door mechanism.

We can recover between 65 and 77 percent of the appropriations sunk into the F-111 program. In this year of economic troubles, we should not pass up an opportunity to recover Government costs when it has no impact on national security and is recommended by the President and Department of Defense.

I might also point out that the House restored the cut in the F-111 funds. In other words, it passed the same amendment I am offering, when it was offered by Representative CONTE a few days ago. They passed it by a substantial 230 to 164 vote, in spite of the fact that the House Appropriations Committee had not provided that the F-111 funds would be rescinded.

So I think this amendment is in keeping with the action by the House of Representatives. It is in keeping with the action by the President of the United States and by the Defense Department. It seems most ironic that Congress should force money on the Defense Department which they say on the basis of their best judgment is marginal, not necessary for the national defense, and which they should not be required to spend.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. GOLDWATER. Mr. President, I can well understand the arguments put forth by the Senator from Wisconsin, because it is true that the Air Force has not asked for this aircraft in the last two budgets. But they have not resisted it for this reason, and the Senator mentioned it: The B-1 program is the only carry-on bomber we have in the making. As the Senator has indicated, the cost of this aircraft has gone up. I might say that the costs have not gone up as much as the costs of some other programs which I will mention at the proper time, but the costs have gone up.

If we are going to turn down the B-1, and if the Senator from Wisconsin would indicate here whether or not he would support the B-1, I could have a very changed attitude on the elimination of the FB-111.

I do know that there is going to be a concerted action on this floor to deny us the B-1. The argument that we have been putting forth is not to maintain a viable bomber force, that we have to have something going. While the FB-111 is not as long as long range and will not carry the load, it will carry enough load and it will fly far enough with refueling to accomplish the missions we want—not the way we would like to do it, but if we have to do it, we can use it for that purpose. It is a very fine long-range, interdiction aircraft, something we do not have at the present moment.

The argument is made that we can have a standoff bomber. We do not have one. We do not have one in the mill. We have no aircraft yet, with the exception of the C5-A, that has ever dropped one. It was a rather awkward drop, with no promise that we would ever be able to develop it into a dependable system.

The argument is raised every year about rejuvenating the B-52. I remind my colleagues that to accomplish this, an aircraft that is now already 20 years old, which is expected to be flying into the 1990's, to bring this aircraft up to even marginal acceptable standards in the realm of long-range bombers would require as much money as we are now going to spend for the B-1. So that is an argument that cannot hold up.

The F-111 continuance, with 12 aircraft, frankly, the only point that sells me on it is that we have to have something coming off the line to take care of our diminishing bomber threat. To those colleagues of mine who say, well, we are so far ahead of the Soviets in bombers, I merely remind them that when we add the Soviet medium-range bomber, which can reach most targets in the United States—true, it would not be returned, but that does not seem to make much difference to them—their total bomber force is now a little bit stronger than our total bomber force.

So while I stand back of the actions of the Committee on Armed Services, which did not approve this last year—and I was a member of that body which said we would not approve it—I do see some argument now. The argument has been raised more strongly since the President's withdrawal than existed at the time that he made it—namely, the growing opposition to the B-1 based mainly, almost entirely, on a cost that has gone up, because of no reason by the manufacturer or the Air Force.

In view of the fact that we are looking more or less at the end of the bomber line, something that I do not think we can afford to do because our enemies are not doing it, I would like to see this retained. If I can get the assurance of my cut-the-military-budget friends in this body that they will not attack the B-1, I shall join with them in eliminating the FB-111.

Mr. PROXMIRE. I am happy to respond to the distinguished Senator from Arizona. Before I do, I ask unanimous consent to yield briefly to the Senator from Louisiana for a unanimous-consent request.

PRIVILEGE OF THE FLOOR

Mr. LONG. Mr. President, I ask unanimous consent that when the Senate takes up H.R. 2166, the Tax Reduction Act of 1975, including votes thereon, that the following staff be permitted on the Senate floor:

From the Finance Committee: Michael Stern, Bob Willan, Bill Galvin, Bill Morris, Bob Best, Michael Rowny, Don Moorehead, and George Pritts.

From the Joint Tax Committee staff: Laurence Woodworth, Bobby Shapiro, Lincoln Arnold, James Wetzler, Michael Bird, Howard Silverstone, Paul Oosterhuis, Donald Ricketts, and Arthur Fefferman.

The PRESIDING OFFICER. Without objection, it is so ordered.

BUDGET RESCISSIONS

The Senate continued with the consideration of the bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93-398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94-39), and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93-391), transmitted pursuant to the Impoundment Control Act of 1974.

Mr. PROXMIRE. Mr. President, in response to my good friend from Arizona, as always he has made an excellent point with respect to this program, and he is an expert to whom we all look for expertise. I think that the B-1 does have a lot of strong points, particularly with respect to its mission and with respect to its superiority as compared with the FB-111. I will put some statistics in the record to show the superior performance of the B-1.

In all frankness, as I am sure the Senator anticipates, I do not expect to support the B-1 bomber. I think there are better alternatives; one being a renovated, updated B-52, which I think is cheaper. The other is a standoff bomber platform.

I might say the Director of Defense Research and Engineering, Dr. Malcolm Currie, certainly one of the outstanding experts in this area, has stated that in his view, the FB-111 is probably the worst option. He says:

> The stretched FB-111 is deficient in range, payload, and electronic countermeasures.

He called it markedly cost-ineffective compared to all other forces.

He goes on to say that with its shorter range, maybe with the KC-135 tanker, it can be provided sufficient range. He says the FB-111, even with a tanker, would not be cost efficient because each bomber would need its own tanker. This is the advice from the Pentagon's expert in the field. It seems to me that it is something we should consider before going ahead with this big expenditure.

Mr. GOLDWATER. Will the Senator yield?

Mr. PROXMIRE. I am happy to yield. Then the Senator from Missouri wanted some time.

Mr. GOLDWATER. I do not differ with Mr. Currie. In fact, I can probably make a better argument for him than he has made. But the fact remains that now, with the intended opposition and strong opposition which the Senator has just expressed to any B-1 program, this country cannot afford to end the bomber program. We cannot depend on ICBM's, because once we punch that red button, it is going all the way. Then we are in a real bad situation worldwide, where the bomber can be recalled.

I do not want to see the day come when this country's only defense is the intercontinental ballistic missile that will bring on world destruction. We have to have men in bombers, with their brains and their eyes to guide them, and we have at the same time to have communications from this end that can recall any attack that we want to make.

What the Senator is proposing, if he would propose that after the B-1 vote, I would probably go along with him if the B-1 is ordered for production, which it is not now. But to order this amendment now when the production line would be closed down and cost hundreds of millions of dollars to reopen if the decision is made not to make the B-1—which I hope we do not make—I think it would be a very, very costly mistake, one that we can probably never overcome.

Mr. **PROXMIRE**. Before I yield the floor, let me say to the Senator from Arizona that if we wait for a decision on the B-1 bomber before it goes into production, all the money in the FB-111 program will be obligated and we will not have an opportunity to act. I did offer two other options, one being renovated B-52's with the new engines which some people say will go into the 1990's, the other a standoff bomber platform which can be used with other planes.

I yield the floor.

Mr. **SYMINGTON**. Mr. President, I suggest that the amendment of the Senator to rescind the funds for the F-111 flies directly in the face not only of our best defense interests, but also the interests of all of those who have expressed doubt and concern about the B-1 bomber program, especially because of the unprecedented cost of the latter. I think the price of a B-1 has gone up in recent months from $40 million per plane to $84 million, a new price that was given to us by the Secretary of Defense, over double the past cost. Originally, it was considered to be less than $40 million.

It is an old-fashioned phrase about cutting off one's nose to spite one's face, but that is what is being recommended here.

In my opinion, we cannot afford a Strategic Air Command made up of $100 million B-1 bombers when we know that we can have stretched versions of the FB-111 at one-quarter to one-third of that cost per aircraft.

This is the fundamental reason that the Committee on Armed Services and the Committee on Appropriations of both the House and the Senate have kept the F-111 line going and ready to produce during these past few years.

If the funds for the F-111 are rescinded by our action today, we are taking a major step toward approving production of the B-1 bomber, the details of which have never been examined in depth by any committee of Congress except the Research and Development Subcommittee of the Senate Committee on Armed Services.

A credible bomber is one of our more important deterrents to aggression. It is a visible force, has alternate modes of action, can be used with discretion and control, and embodies the classical threat of being capable of being moved forward as a warning to the enemy, while not being committed, as the able Senator from Arizona pointed out is the case with strategic missiles which cannot be recalled, once they are launched.

The F-111 has been criticized for being unsafe, but it has the finish safety record of any of our combat aircraft.

Its capability as a fighter-bomber has also been criticized—but only last year this plane won the bombing competition in Louisiana against 10 times the number of B-52's and British Vulcan bombers.

At one point, I believe it fair to say, the only people who liked the F-111 were the pilots of this plane and their commanders.

Last month, however, in testimony before the Senate Committee on Appropriations, the Secretary of the Air Force and the Chief of Staff of the Air Force made absolutely clear they considered the F-111 to be a great airplane.

During the very first of the SALT talks in Helsinki, the only aircraft specifically noted by name as causing deep concern for the Soviets was the F-111. This, by itself, would seem a high recommendation for the F-111.

In view of this outstanding record, why would we choose to stop an aircraft production line that, in its actual functioning state, provides the only currently viable course this country can take if a decision is made not to build, for any reason, any other bomber.

Today we are talking about the future of the Strategic Air Command. We are not actually engaged in any discussion whether a particular airplane should continue to be built or not built. We are talking about whether we intend to continue to have a credible strategic bomber force as part of the defenses of the United States.

What appears on its face to be an attractive opportunity to perhaps save some money is actually a question of whether we want to retain an alternative course of action, or limit ourselves—contrary to any military doctrine—to one single mode of action.

Each year a mock war is staged in Europe. Last year in West Germany elements of our ground and air forces, together with similar German and Canadian forces, with all the realism at their command, tried to beat the forces who were playing the part of the enemy.

In connection with this engagement, Gen. George Blanchard, U.S. 7th Corps, commander, Europe described the weather at that time as "lousy." He said that air operations were almost totally restricted except for the all weather F-111 fighter-bombers. He went on to report that the F-111 got in about 85 percent of the 194 flights planned for them; but he also pointed out that other American, Canadian, and German fighters fell woefully short of their planned sortie rates.

Last year in his appearance before the Senate Armed Services Committee Gen. George Brown, now Chairman of the Joint Chiefs of Staff, then Air Force Chief of Staff, made this statement about the F-111:

> The F-111 wing performed in combat with great success. It gave us a unique capability to deliver conventional weapons accurately at night and in weather against the toughest targets in North Vietnam. The enemy knew we could hurt him—all night, every night.

Finally, I would briefly address myself to the myth of increased tanker requirements for the FB-111.

Periodically the subject of alleged increased tanker requirements for FB-111's as compared to B-1's and B-52's is resurrected. In truth an FB-111, either stretched or not, actually requires less tankers on an aircraft to aircraft comparison than either the B-1 or B-52. This is obvious because the FB-111 has only two engines compared to four in the B-1 and eight in the B-52; and hence uses considerably less fuel per mile than either of those other two planes.

For these reasons, I urge that this amendment to rescind funds for the F-111 be rejected.

Mr. President, I yield the floor.

Mr. **TOWER** and Mr. **BENTSEN** addressed the Chair.

The **PRESIDING OFFICER**. The Chair recognizes the senior Senator from Texas.

Mr. **TOWER**. Mr. President, I want to associate myself with the remarks of our distinguished colleague from Missouri. I think he understands very clearly, much better than anyone else, what is involved here.

Certainly it does not make much sense for us to end the production line on the most sophisticated target penetration aircraft in the world until we have something that is a follow-on in the strategic role. In fact, if we adopted the amendment which is offered by the Senator from Wisconsin, we would actually be approving the production of the B-1 bomber. We would, in effect, either be approving production of the B-1 bomber or terminating the Strategic Air Command, because, as yet, we have no operational follow-on to the B-52. The B-1 is designed to do that. The FB-111 is a transitional aircraft, a transitional follow-on, and until such time as the B-1 has been finally approved, this production line should be kept on.

I would point out that it is not proposed to legislate any additional buys of F-111s after the current authorized production is run, because by that time we will have been into the decision period on whether or not to go ahead with production of the B-1. So this is a safety mechanism that will carry us through that period. It is not anticipated that the line would be kept open beyond what is presently authorized in the absence of the rescission.

One thing should be clearly understood: That although the rescission would, in effect, save some money immediately, it would in the long run result in about a $100 million waste; and it seems to me to make little sense to throw $100 million away.

Now, lest people get the impression that Texas is the only State that gains anything economically from the production of the F–111, let me say that although Texas will lose some $45 million, New York will lose $30, California $23 to $24 million, Missouri will lose about $15 million, and Connecticut something in excess of $12 million. Ohio will lose money and jobs as well as Indiana, Massachusetts, New Jersey, and a number of other States. Although, of course, Texas suffers most, that suffering will be shared by some 34 other States.

I am not implying and do not mean to imply that we can keep any defense weapons system in production simply for the purpose of providing jobs. But when a greatly improved aircraft is being built, an aircraft that provides a viable option to the expensive B–1, and when no real savings will be effected in the ultimate analysis, then I think it is obvious that the amendment should be defeated, and I hope it will be defeated.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. TOWER. I yield to the Senator from Arizona.

Mr. GOLDWATER. Before the Senator came on the floor, I pointed out the answer to two of the alternatives offered by our friend from Wisconsin; namely, the standoff bomber and the B–52.

The truth of the matter is that we have no aircraft capable of dropping a standoff weapon. We might be able to modify the C–5, the F–47, the 1011, or the 10. But I think it is adequately proved that to launch the Minuteman missile by dropping it without at least having it aimed to some extent will prove an obstacle they are not going to be able to overcome. On stopping this aircraft, assuming we want to build another, it would be a miracle if we could get the new one in inventory in 7½ years.

We often hear the argument about the B–52 bomber that this is a 22-year-old airplane. The last time I checked the cost of modifying it up to even acceptable standards in the period we are in, the cost would be close to what we would pay for the B–1, and we would have a 22-year-old airplane with a slightly improved engine, slightly improved avionics and electrical system, a very slow airplane in which metal fatigue is now setting in.

I would say the only way to save the one concept that prevented a third world war, the Strategic Air Command, is to maintain the production line, because, as the Senator has pointed out, once you close a production line, reopening it would cost more than starting up with a new concept of a new airplane.

I am glad that the Senator has expressed himself so well with regard to his objections, and mine, also, to the pending amendment.

Mr. TOWER. I thank the Senator from Arizona. I know he would not want to be put in a position of having to fly around in an ancient airframe, which is precisely the position our strategic bomber pilots will find themselves in if they are saddled with the B–52 for the rest of their lives.

The Senator from Missouri made a very important point about this aircraft, which is that it can function as a ground support system when no other aircraft can, because of its all-weather capabilities.

So there are many good reasons for keeping this airplane under production at the moment, and I hope the Senate will reject this amendment.

Mr. PROXMIRE. Mr. President, will the Senator from Texas yield for a unanimous-consent request? I ask unanimous consent that Mr. Al Gordon of my staff be permitted to come to the floor during this debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, I rise in opposition to the amendment of the Senator from Wisconsin. I am concerned about our national security and concerned about our strategic bomber force. There may well be occasions in the future when we have full military alerts in this country and when the Chief Executive faces a very fundamental decision as to our military response in a given situation.

One of the important things about bombers is that they can be launched and then they can be turned around. I think we are going to have to have a manned bomber, and I believe that will be an important bargaining chip in the SALT negotiations which will likely be concluded this summer or next fall.

I have been a supporter of the B-1 program in the past, and I have resisted efforts to cut those funds for research and development. But I must say that I am concerned over substantial cost overruns with the B–1 with the cost now over $84 million a copy for some 242 of those aircraft.

Maybe the B–1 is the plane for our strategic bomber force. I do know it will be a major issue in this body. If Congress ultimately makes a decision not to go with the B–1, are we going to be left empty-handed without any replacements for our strategic bomber force?

Now the Senator from Arizona made a very good point when he was talking about the fact that we have an airplane, the B–52, that is some 22 years old. We have made some cosmetic improvements in the B–52, but the basic fuselage is the same.

To try to put this thing in perspective, because I have done a bit of flying, too, particularly back in World War II, it would have been comparable to our going out to the flight line to fly against the 109s, the German plane, and climbing into a Spad or a Camel or some aircraft that was left over from World War I. I do not think that is the position in which we want to put American pilots.

What is going to happen if the F–111 production line is shut down? The F–111 is currently the only viable alternative to the B–1. There has been a lot of talk about modifying the F–111 and perhaps we can do that. Perhaps we can modify it so that it will have greater range and other capability. But we are not going to know if we can do that unless we keep this production line open and keep a viable alternative to the B–1.

I say that $129 million is a sound investment in the future of our strategic bomber force, and it is a positive way for Congress to have a say in the way our national defense posture is developed.

I do not believe that Congress should let the B–1 be foisted on us without a thorough review of all the possible alternatives. Perhaps Congress will decide to buy the B–1, and perhaps it will not. But I believe that all avenues should be exhausted before we decide to ask the American people to spend upwards of $84 million a plane for a vast new strategic bomber network.

As of now the only low-flying supersonic bomber we have is the F–111, which costs about $20 million apiece, not $84 to $100.

I do not say this just because a good part of it is done in Texas or a good part in the State of New York or in any other State. I am talking about all the taxpayers of this country and what we can save them in the way of tax expenditures.

It is not a question of whether we create jobs or not, but whether we keep the defenses of this country strong, and whether we do it in an economical way.

If we cut back now on this program, all we are going to have left is a bunch of spare parts.

Mr. President, we are in the process of phasing out procurement for the F–111. When the purchase of the 12 planes is completed, no more will be bought unless the administration submits a request for continued procurement.

Besides the $72 million already obligated on the F–111, termination costs will run about $10 million. So we would end up spending $82 million and have nothing to show for it.

Mr. President, we all want to bring about cost savings in the Federal budget. But there are many areas of fat in the Defense Department budget that should be cut. I do not believe the F–111 is one of them. We need to keep the F–111 lines open with this minimum of 12 planes so we will have a medium-range bomber capability, a supersonic capability, for the late seventies and eighties. That will give us greater flexibility in analyzing the options available in order to make the decision next year as to what we are going to do about the B–1.

Mr. President, I strongly support the statement of the Senator from Arizona and the senior Senator from Texas, and I hope that this amendment will be defeated.

I also want to say when we are talking about cost savings that I do support the Appropriations Committee's approval of the other rescissions.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the Proxmire amendment be temporarily set aside.

Mr. PROXMIRE. Will the Senator withhold that request for just a moment?

Mr. McCLELLAN. What is the purpose of setting it aside?

Mr. HATHAWAY. Well, I have an amendment to strike certain language on page 2 of the bill with which, I believe, the chairman of the committee is in agreement, and is a matter that would take only a minute or so to dispose of.

Mr. PROXMIRE. Mr. President, I will be happy, then, to defer my response. We are just about through with this debate on the F-111 anyway, and if the Senator wants to call up his amendment, go ahead.

Mr. HATHAWAY. I will yield, Mr. President, to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, unless somebody else intends to speak, I would just say that I think all Senators should be aware, No. 1, that this is really a proposal of the President of the United States. President Ford says, as Commander in Chief, he does not need the money for this plane.

No. 2, the Secretary of Defense has told us that this plane is not necessary, and its expenditure is not necessary.

No. 3, Mr. President, the Department of Defense did not do this on the basis of my objection to the plane, because of where it is built or anything of the kind. They had a very substantial, I might say massive, study of alternatives, and it was headed by Dr. Malcolm Currie, the Director of Defense Research and Engineering, and he said, after this study, that the stretched F-111 is the worst, the last alternative that he would choose.

He said the stretched FB-111 is deficient in range, it is deficient in payload, it is deficient in electronic countermeasures. He called it markedly cost-ineffective compared to all other forces.

He pointed out that even if you used the tanker you would need a tanker for every FB-111.

Furthermore, the Senate has for 2 years said "no" to the request—the Senate Appropriations Committee has said no more F-111's. So it is not the first time we go along.

The House has said "no" by a substantial vote, so I hope Senators will recognize the fact that although extremely able and eloquent Senators have made their strongest possible arguments for what I think is a very weak case, if they will consider the fact that the President of the United States, the Secretary of Defense, top people in research and engineering in the Pentagon, say this is not the way to go, then I hope they will vote in favor of the amendment.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. PROXMIRE. Yes, I would be happy to yield.

Mr. GOLDWATER. In the interest of consistency, I might point out that the Senator has not always gone along with the President before, and I hope this may be an indication that he may be changing.

I recall last December when the President suggested that a 5.5-percent automatic pay increase be put into effect, the Senate said "no" to that. I do not know whether the Senator voted against the President or not, but I am glad to see that he is turning in support of our Republican President, and I congratulate him for it.

Mr. PROXMIRE. May I say to the Senator from Arizona that I have great admiration for President Ford. I vote with him whenever I possibly can. Unfortunately, that has not been as frequently as the support of the Senator from Arizona. In this case he is absolutely right, and I expect to support the President. I will support the President when he is right.

Mr. President, I yield the floor.

Mr. HATHAWAY. Mr. President, I renew my unanimous-consent request.

The PRESIDING OFFICER. Is there objection?

Mr. YOUNG. Reserving the right to object, what provisions of the bill does the Senator seek to strike?

Mr. HATHAWAY. The provision of the bill that I wish to strike is on page 2. I want to strike "pursuant to the Impoundment Control Act of 1974."

Mr. PROXMIRE. Mr. President, will the Senator permit me just to get the yeas and nays? I think there are enough Senators on the floor for that purpose.

Mr. President, I ask for the yeas and the nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. YOUNG. Mr. President, I have no objection.

Mr. HATHAWAY. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. Without objection, the present amendment will be set aside and the clerk will state the amendment of the Senator from Maine.

The legislative clerk read as follows:

> On page 2, line 3 add a comma after "made"
>
> On page 2, line 4: strike the phrase "pursuant to the Impoundment Control Act of 1974,"

Mr. HATHAWAY. Mr. President, H.R. 3260 as printed would indicate that we are attempting to make a rescission pursuant to the Impoundment Control Act of 1974.

I think it is pretty obvious that the 45-day period provided for under the Impoundment Control Act of 1974 has expired and that we are not making this rescission pursuant to that act, and I would like it very clearly stated that we are not.

I do not dispute the general power of Congress to make rescissions at any time that it wishes to do so, but to say we are doing it pursuant to the Impoundment Control Act of 1974 is not correct and could be very misleading.

Mr. President, I have some other specific reservations about several of the rescissions contained in H.R. 3260, but before mentioning these, I wish to make a general point about the procedure we are using today. My concern is that by acting on these bills after the expiration of the 45-day period prescribed in the Budget and Impoundment Control Act, we may be establishing a precedent which an administration could use in the future to frustrate the purposes of that act.

My specific concern is that although legally compelled to make the funds available for obligation if both Houses have not acted within 45 days, the administration could point to this example of our acting after that period has expired as a basis for informally instructing the agencies to delay obligation of the moneys. This type of additional delay, particularly if it came near the end of the fiscal year, could well impair the agencies' ability to spend the money wisely—or at all, in cases where the funds would revert to the Treasury.

While understanding the pressures on the Appropriations Committee in these situations, I would prefer to see us establish the precedent that we either act within the 45 days or not at all. In this way, there can be no excuse for procrastination at the end of the time limit by an administration seeking ways not to spend the money.

Additionally, it should be noted that this whole rescission process is terribly disruptive to the agencies involved. It means that they must live in a prolonged period of uncertainty while having to develop two sets of spending plans and priorities. This is an additional reason for making it clear that the end of the 45 days can be interpreted as a final disposition of the matter.

Mr. McCLELLAN. Will the Senator yield?

Mr. HATHAWAY. I yield to the chairman of the committee.

Mr. McCLELLAN. I have no particular interest in this issue except to say if it is not being made pursuant to the Impoundment Control Act of 1974, would the Senator say it is not being made pursuant to the President's request?

Mr. HATHAWAY. Well, I would not say it is not being made pursuant to the President's request because I assume that it is being so made, but the Congress does have general rescission authority and under this authority can honor the President's request or rescind on its own at any time.

Mr. McCLELLAN. I want to let the record reflect that it is being done, the request of the President was submitted, a rescission message, it is not pursuant to the Control Act, and I think Congress has the authority to rescind any appropriation it may make at any time and does not have to have a message from the President to do it.

I just wanted to keep the record straight. I do not want to say pursuant to the Control Act of 1974. It may well be, technically, it cannot be done pursuant to that act.

I think that is really the question the Senator is raising, that technically the time has expired.

Mr. HATHAWAY. I would not want to let our action here be interpreted as a waiver of the 45-day requirement that is imposed by the Impoundment Control Act of 1974; with the language that is on line 4 on page 2 remaining in the bill that implication could be made from these actions——

Mr. McCLELLAN. I think it should be noted that the bill was introduced within that 45-day time, was it not ?

Mr. HATHAWAY. The Senator is correct.

Mr. McCLELLAN. And the proceedings were to rescind by the Congress, the bill to rescind was introduced within the 45-day time provided by the Impoundment Control Act of 1974.

Mr. HATHAWAY. Yes.

Mr. McCLELLAN. So since that time now has expired, the Senator is saying, technically, that we could not pursue any further under that act, and I think the record should reflect, in order to be fair to everybody, that it was originally initiated under that act and that this rescission is being made pursuant to a request of the President of the United States.

Mr. HATHAWAY. Well, as I understand it, the fact that although we started proceedings prior to the expiration of the 45 days, if we did not complete those proceedings, then any action taken pursuant to the Impoundment Control Act of 1974 would not be effective.

Mr. McCLELLAN. No, but they were begun, these proceedings were begun under that act.

Mr. HATHAWAY. The Senator is correct, but if, for example, the 45 days had expired and Congress did not intend to take any more action thereafter, the President would then be obligated to go ahead and spend the funds that he had wanted to rescind.

Mr. McCLELLAN. Either do that or send down another rescission request.

Mr. HATHAWAY. Or send down another rescission request.

Mr. McCLELLAN. I have no objection to the amendment, but I wanted to set the record straight, Mr. President.

Mr. HATHAWAY. Fine.

Mr. McCLELLAN. To have this again and again, I do not know whether we always complete our work within the 45 days' time provided in the Impoundment Control Act, may not be able to, but I maintain that Congress has a right at any time to rescind any appropriation that it makes, and this is the proper way to do it.

But I have no objection to the amendment, it is simply a technical matter and I want the record to so reflect.

Mr. HATHAWAY. Mr. President, I am also concerned that the Congress may be making a serious mistake in approving the rescissions proposed in the bill for the Special Action Office on Drug Abuse in the Executive Office of the President. These rescissions, which have already been approved by the House and are approved in the committee bill before us, would cut almost $5 million from the present $18 million budget.

Now, I cannot argue that these cuts will somehow cripple the Federal drug abuse prevention and treatment effort; there are still substantial funds in the National Institute on Drug Abuse in the Department of Health, Education, and Welfare. But the overriding fact of which my colleagues should be made aware is that, unfortunately, there are now strong indications that heroin abuse is making a comeback in virtually all parts of the country. All of the indicators, such as hospital emergency room incidents, heightened treatment demand, and inceases in drug-related crimes, point to a new drug abuse epidemic, based primarily on the availability of heroin from Mexico.

And to make matters worse, the cuts in this bill will fall most heavily on some of those new efforts which offer hope of pinpointing the areas where the problem is the greatest and helping to determine the most effective treatment methods. For example, the drug abuse indicators project, designed to develop a more sophisticated system of determining the relationship between urban indicators and heroin addiction, will be cut back by 60 percent. The project to develop guidelines for evaluating the impact of prevention programs will be cut by 40 percent. A project involving scientific and medical evaluation of methadone maintenance programs—an extremely critical issue in this field—will be cut by more than 40 percent. A special project targeted on preventive programs for rural youth will be virtually killed. In addition to these and other projects being cut, a number of promising new initiatives which had been planned must now be postponed, perhaps indefinitely.

Mr. President, I am fully aware of the constraints under which this bill is being brought to the floor; for this reason, I am refraining from bringing an amendment to restore these funds. But I do feel a responsibility to acquaint this body with the developing drug abuse situation and compliment the committee for rejecting the rescissions proposed for the National Institute on Drug Abuse contained in the President's second message.

Further, I would like to suggest to the committee that it can ease the effects of these cuts by adding the $5 million being deleted here to the next supplemental appropriation for the purpose of funding the drug and alcohol abuse education program in the Office of Education. A motion to fund this program in the last supplemental failed by only two votes in this body, largely because it was thought transfer funds would be available at least in part, from the Special Action office.

Now, clearly, this will not be the case. In view of this and in view of the impending increase in the need for drug abuse services—including prevention—funding the education program at at least the level of these rescissions would seem to me to be an appropriate congressional response to this situation.

Mr. McCLELLAN. Mr. President, while the amendment of the Senator from Wisconsin is temporarily set aside, I understand we have another amendment that will be offered to the bill, and am I correct that there will be no voting until—what time today on rollcall votes?

The PRESIDING OFFICER. There will be no rollcall votes until 3:30.

Mr. McCLELLAN. Until 3:30.

Well, in the meantime, we could not be voting, if all debate is closed, and I do except to make a few remarks on the Proxmire amendment, but we would not be voting, but we do have another amendment that will be offered to this bill, and I would like, while the Proxmire amendment is temporarily set aside, for the Chair to recognize and give consideration to my distinguished colleague from Arkansas who wishes to offer an amendment.

Mr. HATHAWAY. Will the Senator from Arkansas yield to me?

Mr. McCLELLAN. Yes.

Mr. HATHAWAY. Mr. President, was the amendment offered by the Senator from Maine acted upon?

The PRESIDING OFFICER. No, it has not been acted upon yet.

Mr. McCLELLAN. The Senator does not want a rollcall vote?

Mr. HATHAWAY. No.

Mr. McCLELLAN. Then let it be acted upon, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maine.

The amendment was agreed to.

Mr. HATHAWAY. I thank the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas.

AMENDMENT NO. 130

Mr. BUMPERS. Mr. President, I would like to call up Amendment No. 130.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Wisconsin will remain laid aside.

The clerk will state the amendment of the Senator from Arkansas.

The second assistant legislative clerk read as follows:

> The Senator from Arkansas (Mr. BUMPERS) proposes an amendment numbered 130.

The amendment is as follows:

> Strike out in its entirety, chapter I of the Act, entitled "Department of Agriculture," being lines 5 through 13, inclusive, on page 2 of H.R. 3260.
>
> Renumber chapters II through IV accordingly.

Mr. BUMPERS. Mr. President, I would like to spend about 3 minutes explaining, first, the purpose of the amendment and what it does and, second, the status of the funds.

This amendment deals with the Water Bank Act, and when the Water Bank Act was first passed and as it is now on the books, the purpose is stated as follows:

> . . . in the public interest to preserve, restore and improve the wetlands of the Nation and thereby to conserve surface waters, to preserve and improve habitat for migratory waterfowl and other wildlife resources, to reduce runoff, soil and wind erosion and contribute to flood control, to contribute to improved water quality and reduce stream sedimentation, to contribute to improved subsurface moisture, to reduce acres of new land coming into production, and to retire lands now in agricultural production, to enhance the natural beauty of the landscape and, to promote comprehensive and total water management planning.

Mr. President, this is a fairly embryonic program. It troubles me slightly to rise and propose going against the President's rescission simply because I consider myself a fiscal conservative and I think this body owes a debt to the Nation, an obligation to the Nation to do everything it can to reduce the deficit we are about to incur as much as possible. But I feel so strongly about the preservation of the wetlands and the marshlands, the habitat of waterfowl as well as the other benefits of marshland, I feel compelled to rise.

When this Nation was founded there were 120 million acres of wetlands and marshlands. Now we have been reduced to less than one-fourth that amount.

The Agriculture Department under the Water Bank Act is authorized to negotiate with any owner of lands which are classified as wetlands or marshlands, which meet any of the criteria set out in the purposes of the act, which I have just stated, and lease those lands to keep them from being drained or used for any other purpose, except wildlife, marine habitat, and for observation purposes. They are extremely important to the whole ecosystem of this country.

The President proposed to terminate the program entirely in his rescission.

There is now $21 million in that fund which has not been spent. I say quite frankly I think one of the reasons it has not been spent is because this administration has been committed to the abolition of the program.

The President proposed the rescission of the entire $21 million. The House rejected the entire rescission. The appropriate committee of this body took all but $5 million out of it.

My amendment is to reject the President's rescission in toto and restore this $21 million for what I consider to be one of the most worthwhile programs in this country.

When one compares the cost of saving the marshes and wetlands of this country to the cost of some of the other things we spend money for, it pales embarrassment.

The former Attorney General, now Ambassador to India, who, frankly, I never thought of as being an environmentalist or one who was dedicated to the natural areas of this country, just last July said:

> If we fail to save the wetlands, we will be losing more than an economic and esthetic asset that can never be recreated. The loss may also signal an impending and crushing defeat of the larger effort to maintain an environment that civilized man can inhabit.

Mr. President, in the neighboring State of Virginia, the Marine Science Institute of Virginia, in 1969, filed a report which said:

> Coastal wetlands represent only 1 percent of the total area of the State, and marshes one-half of one percent. Yet 95 percent of Virginia's annual harvest of fish, commercial and sport, comes from the tidal waters and are dependent to some degree on our wetlands.

In the State of Maryland the Department of Natural Resources said:

> Wetlands form the most productive ecosystem on earth. One acre of salt marsh may produce as much as 10 tons of organic material per year, more food than the richest one acre of wheat land in the Nation.

Finally, I would like to say that the wetlands of this country serve a purpose which they are often not credited with. I have heard the illustration used that the wetlands really are the kidneys of this Nation, because they actually filter and take out the pollution and sedimentation of so much of the water in this country and keep it from going into the streams, the lakes, and the water that we consume.

Mr. President, I feel very strongly about the restoration of this program and these funds, and I move the adoption of this amendment.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. YOUNG. Mr. President, it is embarrassing for me to have the Senator from Arkansas tell us in North Dakota what to do about a program which originated there. The water bank program originated in North Dakota and surrounding States. It had the support of the North Dakota State Game and Fish Department, all the wildlife interests, all the farm organizations, and many other organizations.

Mr. BUMPERS. Will the Senator yield for a question?

Mr. YOUNG. Not until I get through.

We are the No. 1 duck propagation State. We probably produce most of the ducks produced in the United States. What the committee did was to make available $5.5 million. That is the amount that has been obligated per year over the 5 years of the program. For the past year there was no program available. As a result there were practically no applications, and there are very few pending now. The $5.5 million was very adequate to take care of the program.

Mr. President, this is the trouble with Congress today. Members want to appropriate far more than necessary for most programs. Far be it from me to cut appropriations that are needed where so much of the money is spent in my State where the program originated.

According to the Director of the Budget, who testified before the Appropriations Committee this morning, we will have about an $80 billion deficit this year, and in 2 years, this fiscal year and next fiscal year, about $130 billion. Amendments like this are the reason why we are having this huge deficit. Why appropriate more money than possibly can be used?

Mr. President, I am not going to oppose the amendment. If the Senator wants to appropriate more money than possibly can be used for the program, it is all right with me.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. BUMPERS. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment. All those in favor, signify by saying aye; those opposed, nay.

Mr. BUMPERS. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. BUMPERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McGEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGEE. Mr. President, as the chairman of the Agriculture Appropriations Subcommittee that is responsible for this particular action, I want to say that the full Appropriations Committee voted unanimously with the distinguished ranking Republican on the Appropriations Committee, Senator YOUNG, on the proposal in the committee.

The distinguished Senator from Arkansas has made a very eloquent plea for the great principle behind this matter, particularly with the wetlands: All of us who aspire to pursuing wild fowl in particular have a soft spot for the proposal.

I would like to serve as the honest broker or the middle man between the two extremes in this matter, if I may. I have consulted with both the senior Senator from North Dakota (Mr. YOUNG) and the junior Senator from Arkansas (Mr. BUMPERS), and I would like to propose a compromise figure that would split the difference between the two. The difference is $15,712,940. That would make the compromise figure $7,856,470. I offer that as an amendment to the bill.

The PRESIDING OFFICER. Will the Senator send the amendment to the desk?

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming still has the floor.

Mr. McGEE. Mr. President, I should like to say that the whole idea of the Water Bank is a concept that is a part of the new requirements in this country. It was originated and engineered through Congress, from its very inception, by the distinguished Senator from North Dakota (Mr. YOUNG) the full committee has taken upon itself to pursue the leadership he has shown in this matter.

We are also very mindful of the environmental and the wetlands aspects of this matter, which we are going to lose if we do not act in time. For that reason, I have offered to intercede, in order to split the difference between the two requests. That figure is $7,856,470. I send that to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wyoming proposes an amendment:

> On page 2, line 13, strike "$15,712,940" and in lieu thereof insert the following: $7,856,470".

Mr. BUMPERS. Mr. President, I wish to express my gratitude to the Senator from Wyoming for his efforts to mediate what was an unexpected dispute with respect to the amendment.

It was not my intention to offend anybody in this action. I was not aware of the history of the beginnings of this Water Bank Act. I was aware that the State of North Dakota had received most of the funds since the program had been instituted. Arkansas being the reputed duck capital of the world, I certainly was mindful that most of those ducks—or a great part of them—are hatched in the great State of North Dakota. But one of the reasons why Arkansas is the duck capital of the world is that we have tremendous wetlands, in which we take great pride. When I saw this bill come from the House of Representatives and recognized that it was a program to preserve the wetlands and marshlands of the country, I became interested, not from the purely provincial viewpoint which I just articulated——

Mr. McGEE. Do not apologize for

that provincial viewpoint, because it is very laudatory.

Mr. BUMPERS. I am not apologizing for it. I simply say that it captured my attention, and that is the reason why I proceeded with it.

I was not aware that the distinguished Senator from North Dakota had sat on the subcommittee that considered this matter.

Finally, I express my thanks to the Senator from Wyoming for his efforts at mediation, and to say that the compromise figure is entirely suitable to the Senator from Arkansas.

Mr. McGEE. I thank the Senator and say again that all of us in this body are indebted to the distinguished Senator from North Dakota, who really is the father of this whole concept. We have tagged along in the wake of his leadership on this for a long time and take the credit. Whenever we go to Wyoming, one never hears of the Young bill; it is always the McGee bill. But I have to confess here that it was Senator MILTON YOUNG's initiative that did this. I thank the Senator from North Dakota.

Mr. YOUNG. I thank the Senator from Wyoming for his kind comments and too, I appreciate his getting involved and resolving the differences. I thank him for resolving this problem for us.

Mr. McGEE. Mr. President, I move the adoption of the amendment, as amended.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming.

The amendment was agreed to.

Mr. McCLELLAN. Mr. President, I move to reconsider the vote by which the amendment was adopted.

Mr. McGEE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McGEE. Mr. President, I am glad to yield to the distinguished Senator from Arkansas.

Mr. BUMPERS. Mr. President, I withdraw amendment No. 130.

The PRESIDING OFFICER. The amendment is withdrawn.

Mr. McGEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, is there any further action contemplated on H.R. 3260 at this point?

Mr. McCLELLAN. Mr. President, I know of nothing further. The Proxmire amendment is still pending and I wish to make a brief statement about the Proxmire amendment. Then I am ready to vote. I think we start voting at 3:30.

Incidentally, I have a meeting of the Committee on Appropriations in caucus and I have not been able to get there.

Mr. President, with regard to the Proxmire amendment, I shall vote against it. I do not oppose it in principle, but I shall vote against it because we will simply sustain a loss of around $80 million and will absolutely get nothing for it. I have taken a position twice in the last 2 years on the Committee on Appropriations and on the floor of the Senate that this F-111 program should be stopped, should be terminated. I voted accordingly and the Senate has voted accordingly. But each time, when we have gone to conference, a rather strong appeal has been made that we should keep this production line open until there is a determination by Congress with respect to another bomber, presumably the B-1, as to whether we would go into a procurement program with that plane. It made a lot of sense, Mr. President, and in conference, the Senate has yielded.

In the last conference, Mr. President, on this issue, we stated in the conference report, on page 23 of the Conference Report No. 93-E1363.

> The conferees do not intend to provide any further funds for this program unless it is sufficiently justified before the congressional committees.

In other words, Mr. President, we wanted to make it very clear that we were not committed to continuing this program unless it could be fully justified.

Now, the House of Representatives, in this instance, has refused these funds and directed, in effect, that the program be canceled.

If we do restore the funds or keep the funds, as has been recommended by the Senate Appropriations Committee, we will again go to conference. At that time we will try to work it out.

In my own judgment, it does make a lot of sense to keep this production line open until we make a determination whether we are going to procure some other plane, because if we do not procure another plane, we will need more of the F-111's.

Some will say, "That is a strange thing for you to say, since you opposed the F-111."

I did not oppose it as a weapon, as something that was needed. Mr. President, what I opposed in the beginning was the arbitrary and unwise management of the program. At that time, originally, we were to get two planes, one for the Navy and one for the Air Force, and they were to each fill the needs of those services. I opposed it, because on the face of it, as it was being managed, the program was doomed to failure.

And it did fail, Mr. President. We did not get any plane for the Navy at all, because, as I said, of the mismanagement of the program, which was why I opposed it, not that I opposed a weapon or opposed the plane.

I was interested, a while ago, when the distinguished Senator from Missouri pointed out that the cost of the B-1 bomber now has doubled, from around $40 million per copy up to $80 million per copy. I remember when this plane was first proposed, Mr. President, we would get them for about $3 million each. Now we are paying $18.5 million per copy for them. Mr. President, this is what we are going to experience generally in the development of any new sophisticated weapon. We had just as well make allowances for it in the beginning.

We have here a plane that is now functioning. It is not doing all it was represented that it would do when the program was inaugurated. It has never been able to fulfill the full specifications. It has never been able to meet them in performance. But it is the best we have, and it is something that I think it would be unwise now to terminate, certainly, because we have already put in the money, at least for these next 12 planes.

For that reason, I shall vote against the amendment. But I want to keep it constantly before the Senate and Congress that this is a program we should end as soon as practically possible, and certainly as soon as we make a selection of a new weapon to procure, a new bomber. But as of now, I think the judicious thing for Congress to do is procure these 12 planes involved in this appropriation.

Mr. ROBERT C. BYRD. Mr. President, with the concurrence of the Senator from Virginia, I ask unanimous consent that the 30-minute limitation on S. 326 be reduced to not to exceed 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on House Concurrent Resolution 133, as amended, and on S. 1172.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Now, Mr. President, I ask unanimous consent that the Senate resume the consideration of S. 326.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONTINUANCE OF CIVIL GOVERNMENT FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS

The Senate continued with the consideration of the bill (S. 326) to amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands.

Mr. HARRY F. BYRD, JR. Mr. President, I yield such time as he may require to the Senator from Colorado.

Mr. GARY W. HART. Mr. President, I would like to point out two important facts regarding this measure in the time remaining.

First of all, it is my understanding that pursuant to the agreement we have with the United Nations as trustees of this territory, before the trust status of the Marianas can be terminated, we must in fact resolve the status of all the islands in the trust territory itself. The distinguished Senator from Louisiana has made an argument that we must expedite this matter, and that the authorization of the $1.5 million for the transition government will help with that expedition. I merely point out that before any final resolution of the Marianas' status can be made, we have to resolve the status of all the islands, or at least that is my understanding.

Second, the distinguished Senator from Louisiana has said previously that we have an obligation to the people of the Marianas, and I think to some degree that may be true. But there is a world of difference between an obligation as trustee under the law and an obligation of adoptive parents, as it were; and there is no question that our obligation to the people of the Marianas, once they become U.S. citizens, as a member of a commonwealth, is tremendously different from our obligation to them at the present time as trustees.

So I think the argument that has been made that we already have an obligation, that this merely changes the name of that obligation, misses a substantial point, and that is that our obligation will be substantially increased.

Mr. GOLDWATER. Mr. President, will the Senator from Louisiana yield?

Mr. JOHNSTON. How much time does the Senator require?

Mr. GOLDWATER. About 2 minutes.

Mr. JOHNSTON. I have only 5. I will yield the Senator 2 minutes.

Mr. GOLDWATER. Mr. President, I think we are overlooking something very important on this matter of the Marianas.

Since we foolishly gave up our position on Okinawa, we have to look elsewhere in that part of the Pacific for some kind of temporary and probably permanent base. The islands of Saipan and Tinian are the two that most likely fall under our consideration. So, while I can understand the arguments of the Senator from Colorado, I think it most important that we proceed with the passage of this legislation so that we can give the proper recognition to these people, who have been friendly to us for so long, who suffered through a war on our behalf, recognizing that there may be some things we have to iron out here and there, but I think the strategic importance of the Marianas to the United States is sufficient that we had better get along with this whole job.

Mr. GARY W. HART. Mr. President, if the Senator will yield, I would only make the observation that only this morning, or today, has the debate on the floor of the Senate as to the strategic importance of the Marianas been made. Up to this time, the argument has been that this is what the people of the Marianas want, not that this is a thank-you for services in the past.

Mr. President, this is U.S. citizenship for people 6,000 miles away. I think that is a substantial gift to any people, and I think it should be so interpreted, and should receive very substantial consideration.

I believe we are making very substantial strategic decisions in terms of our military situation and our foreign policy without proper debate on the floor of the Senate. In the time I have remaining, I do want to compliment the Senator from Louisiana for all the time and effort he and others have put in on this proposal. My questioning of the wisdom of the action does not in any way question the length of time the Senator from Louisiana has put in on this very important problem. Would that every Senator had done likewise. If that were true, I would not be on my feet now. But I do not want us to get too far down the road before we recognize the importance of that final decision.

Mr. JOHNSTON. Mr. President, I appreciate the remarks of the Senator from Colorado. I think the Senator from Colorado and the Senator from Virginia have made a very real contribution in sharpening the issues which ultimately will be presented to the Senate of the United States.

But those issues are not now before the Senate. The only thing at issue now is the question of whether or not we will approve the expenditure of $1,500,000.

The PRESIDING OFFICER. Will the Senator suspend at that point? The hour of 3:30 p.m. has arrived.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from Louisiana may have 2 additional minutes, at most, to complete his statement, and that thereafter I may proceed for 1 minute before the first rollcall.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, all that is at issue here is the question of whether we will approve a contingency fund of $1,500,000.

It is clear from the report, it is clear from the debate on the floor of the Senate, that approving the amendment of the Committee will not in any way foreclose or predetermine a later full debate, full discussion, and full committee hearings on the question of the Marianas covenent.

Mr. President, I would like to offer a copy of the Marianas covenent together with a technical agreement regarding use of land, and a memorandum for the chairman of the Marianas Political Status Commission into the Record at this time so that when the appropriate time comes all Senators will have the opportunity to read it and to understand it fully.

There being no objection, the compact, agreement and memorandum were ordered to be printed in the Record, as follows:

COVENANT TO ESTABLISH A COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS IN POLITICAL UNION WITH THE UNITED STATES OF AMERICA

Whereas, the Charter of the United Nations and the Trusteeship Agreement between the Security Council of the United Nations and the United States of America guarantee to the people of the Northern Mariana Islands the right freely to express their wishes for self-government or independence; and

Whereas, the United States supports the desire of the people of the Northern Mariana Islands to exercise their inalienable right of self-determination; and

Whereas, the people of the Northern Mariana Islands and the people of the United States share the goals and values found in the American system of government based upon the principles of government by the consent of the governed, individual freedom and democracy; and

Whereas, for over twenty years, the people of the Northern Mariana Islands, through public petition and referendum, have clearly expressed their desire for political union with the United States;

Now, therefore, the Marianas Political Status Commission, being the duly appointed representative of the people of the Northern Mariana Islands, and the Personal Representative of the President of the United States have entered into this Covenant in order to establish a self-governing commonwealth for the Northern Mariana Islands within the American political system and to define the future relationship between the Northern Mariana Islands and the United States. This Covenant will be mutually binding when it is approved by the United States, by the Mariana Islands District Legislature and by the people of the Northern Mariana Islands in a plebiscite, constituting on their part a sovereign act of self-determination.

ARTICLE I

Political relationship

Section 101. The Northern Mariana Islands upon termination of the Trusteeship Agreement will become a self-governing commonwealth to be known as the "Commonwealth of the Northern Mariana Islands", in political union with and under the sovereignty of the United States of America.

Section 102. The relations between the Northern Mariana Islands and the United States will be governed by this Covenant which, together with those provisions of the Constitution treaties and laws of the United States applicable to the Northern Mariana Islands, will be the supreme law of the Northern Mariana Islands.

Section 103. The people of the Northern Mariana Islands will have the right of local self-government and will govern themselves with respect to internal affairs in accordance with a Constitution of their own adoption.

Section 104. The United States will have complete responsibility for and authority with respect to matters relating to foreign affairs and defense affecting the Northern Mariana Islands.

Section 105. The United States may enact legislation in accordance with its constitutional processes which will be applicable to the Northern Mariana Islands, but if such legislation cannot also be made applicable to the several States the Northern Mariana Islands must be specifically named therein for it to become effective in the Northern Mariana Islands. In order to respect the right of self-government guaranteed by this Covenant the United States agrees to limit the exercise of that authority so that the fundamental provisions of this Covenant, namely Articles I, II and III and Sections 501 and 805, may be modified only with the consent of the Government of the United States and the Government of the Northern Mariana Islands.

ARTICLE II

Constitution of the Northern Mariana Islands

Section 201. The people of the Northern Mariana Islands will formulate and approve a Constitution and may amend their Constitution pursuant to the procedures provided therein.

Section 202. The Constitution will be submitted to the Government of the United States for approval on the basis of its consistency with this Covenant and those provisions of the Constitution, treaties and laws of the United States to be applicable to the Northern Mariana Islands. The Constitution will be deemed to have been approved six months after its submission to the President on behalf of the Government of the United States unless earlier approved or disapproved. If disapproved the Constitution will be returned and will be resubmitted in accordance with this Section. Amendments to the Constitution may be made by the people of the Northern Mariana Islands without approval by the Government of the United States, but the courts established by the Constitution or laws of the United States will be competent to determine whether the Constitution and subsequent amendments thereto are consistent with this Covenant and with those provisions of the Constitution, treaties and laws of the United States applicable to the Northern Mariana Islands.

Section 203.

(a) The Constitution will provide for a republican form of government with separate executive, legislative and judicial branches, and will contain a bill of rights.

(b) The executive power of the Northern Mariana Islands will be vested in a popularly elected Governor and such other officials as the Constitution or laws of the Northern Mariana Islands may provide.

(c) The legislative power of the Northern Mariana Islands will be vested in a popularly elected legislature and will extend to all rightful subjects of legislation. The Constitution of the Northern Mariana Islands will provide for equal representation for each of the chartered municipalities of the Northern Mariana Islands in one house of a bicameral legislature, notwithstanding other provisions of this Covenant or those provisions of the Constitution or laws of the United States applicable to the Northern Mariana Islands.

(d) The judicial power of the Northern Mariana Islands will be vested in such courts as the Constitution or laws of the Northern Mariana Islands may provide. The Constitution or laws of the Northern Mariana Islands may vest in such courts jurisdiction over all causes in the Northern Mariana Islands over which any court established by the Constitution or laws of the United States does not have exclusive jurisdiction.

Section 204. All members of the legislature of the Northern Mariana Islands and all officers and employees of the Government of the Northern Mariana Islands will take an oath or affirmation to support this Covenant, those provisions of the Constitution, treaties and laws of the United States applicable to the Northern Mariana Islands, and the Constitution and laws of the Northern Mariana Islands.

ARTICLE III

Citizenship and nationality

Section 301. The following persons and their children under the age of 18 years on the effective date of this section, who are not citizens or nationals of the United States under any other provision of law, and who on that date do not owe allegiance to any foreign state, are declared to be citizens of the United States, except as otherwise provided in Section 302:

(a) all persons born in the Northern Mariana Islands who are citizens of the Trust Territory of the Pacific Islands on the day preceding the effective date of this Section, and who on that date are domiciled in the Northern Mariana Islands or in the United States or any territory or possession thereof;

(b) all persons who are citizens of the Trust Territory of the Pacific Islands on the day preceding the effective date of this Section, who have been domiciled continuously in the Northern Mariana Islands for at least five years immediately prior to that date, and who, unless under age, registered to vote in elections for the Mariana Islands District Legislature or for any municipal election in the Northern Mariana Islands prior to January 1, 1975; and

(c) all persons domiciled in the Northern Mariana Islands on the day preceding the effective date of this Section, who, although not citizens of the Trust Territory of the Pacific Islands, on that date have been domiciled continuously in the Northern Mariana Islands beginning prior to January 1, 1974.

Section 302. Any person who becomes a citizen of the United States solely by virtue of the provisions of Section 301 may within six months after the effective date of that Section or within six months after reaching the age of 18 years, whichever date is the later, become a national but not a citizen of the United States by making a declaration under oath before any court established by the Constitution or laws of the United States or any court of record in the Commonwealth in the form as follows:

"I ——— being duly sworn, hereby declare my intention to be a national but not a citizen of the United States."

Section 303. All persons born in the Commonwealth on or after the effective date of this Section and subject to the jurisdiction of the United States will be citizens of the United States at birth.

Section 304. Citizens of the Northern Mariana Islands will be entitled to all privileges and immunities of citizens in the several States of the United States.

ARTICLE IV

Judicial authority

Section 401. The United States will establish for and within the Northern Mariana Islands a court of record to be known as th "District Court for the Northern Mariana Islands". The Northern Mariana Islands will constitute a part of the same judicial circuit of the United States as Guam.

Section 402.

(a) The District Court for the Northern Mariana Islands will have the jurisdiction of a district court of the United States, except that in all causes arising under the Constitution, treaties or laws of the United States it will have jurisdiction regardless of the sum or value of the matter in controversy.

(b) The District Court will have original jurisdiction in all causes in the Northern Mariana Islands not described in Subsection (a) jurisdiction over which is not vested by the Constitution or laws of the Northern Mariana Islands in a court or courts of the Northern Mariana Islands. In causes brought in the District Court solely on the basis of this Subsection, the District Court will be considered a court of the Northern Mariana Islands for the purposes of determining the requirements of indictment by grand jury or trial by jury.

(c) The District Court will have such appellate jurisdiction as the Constitution or laws of the Northern Mariana Islands may provide. When it sits as an appellate court, the District Court will consist of three judges, at least one of whom will be a judge of a court of record of the Northern Mariana Islands.

Section 403.

(a) The relations between the courts established by the Constitution or laws of United States and the courts of the Northern Mariana Islands with respect to appeals, certiorari, removal of causes, the issuance of writs of habeas corpus and other matters or proceedings will be governed by the laws of the United States pertaining to the relations between the courts of the United States and the courts of the several States in such matters and proceedings, except as otherwise provided in this Article; provided that for the first fifteen years following the establishment of an appellate court of the Northern Mariana Islands, the United States Court of Appeals for the judicial circuit which includes the Northern Mariana Islands will have jurisdiction of appeals from all final decisions of the highest court of the Northern Mariana Islands from which a decision could be had in all cases involving the Constitution, treaties or laws of the United States, or any authority exercised thereunder, unless those cases are reviewable in the District Court for the Northern Mariana Islands pursuant to Subsection 402(c).

(b) Those portions of Title 28 of the United State Code which apply to Guam or the District Court of Guam will be applicable to the Northern Mariana Islands or the District Court for the Northern Mariana Islands, respectively, except as otherwise provided in this Article.

ARTICLE V

Applicability of laws

Section 501.

(a) To the extent that they are not applicable of their own force, the following provisions of the Constitution of the United States will be applicable within the Northern Mariana Islands as if the Northern Mariana Islands were one of the several States: Article I, Section 9, Clauses 2, 3 and 8; Article I, Section 10, Clauses 1 and 3; Article IV, Section 1 and Section 2, Clauses 1 and 2; Amendments 1 through 9, inclusive; Amendment 13; Amendment 14, Section 1; Amendment 15; Amendment 19; and Amendment 26; provided, however, that neither trial by jury nor indictment by grand jury shall be required in any civil action or criminal prosecution based on local law, except where required by local law. Other provisions of or amendments to the Constitution of the United States, which do not apply of their own force within the Northern Mariana Islands, will be applicable within the Northern Mariana Islands only with the approval of the Government of the Northern Mariana Islands and of the Government of the United States.

(b) The applicability of certain provisions of the Constitution of the United States to the Northern Mariana Islands will be without prejudice to the validity of and the power of the Congress of the United States to consent to Sections 203, 506 and 805 and the proviso in Subsection (a) of this Section.

Section 502.

(a) The following laws of the United States in existence on the effective date of this Section and subsequent amendments to such laws will apply to the Northern Mariana Islands, except as otherwise provided in this Covenant:

(1) those laws which provide federal services and financial assistance programs and the federal banking laws as they apply to Guam; Section 228 of Title II and Title XVI of the Social Security Act as it applies to the several States; the Public Health Service Act as it applies to the Virgin Islands; and the Micronesian Claims Act as it applies to the Trust Territory of the Pacific Islands;

(2) those laws not described in paragraph (1) which are applicable to Guam and which are of general application to the several States as they are applicable to the several States; and

(3) those laws not described in paragraphs (1) or (2) which are applicable to the Trust Territory of the Pacific Islands, but not their subsequent amendments unless specifically made applicable to the Nothern Mariana Islands, as they apply to the Trust Territory of the Pacific Islands until termination of the Trusteeship Agreement, and will thereafter be inapplicable.

(b) The laws of the United States regarding coastal shipments and the conditions of employment, including the wages and hours of employees, will apply to the activities of the United States Government and its contractors in the Northern Mariana Islands.

Section 503. The following laws of the United States, presently inapplicable to the Trust Territory of the Pacific Islands, will not apply to the Northern Mariana Islands except in the manner and to the extent made applicable to them by the Congress by law after termination of the Trusteeship Agreement:

(a) except as otherwise provided in Section 506, the immigration and naturalization laws of the United States;

(b) except as otherwise provided in Subsection (b) of Section 502, the coastwise laws of the United States and any prohibition in the laws of the United States against foreign vessels landing fish or unfinished fish products in the United States; and

(c) the minimum wage provisions of Section 6, Act of June 25, 1938, 52 Stat. 1062, as amended.

Section 504. The President will appoint a Commission on Federal Laws to survey the laws of the United States and to make recommendations to the United States Congress as to which laws of the United States not applicable to the Northern Mariana Islands should be made applicable and to what extent and in what manner, and which applicable laws should be made inapplicable and to what extent and in what manner. The Commission will consist of seven persons (at least four of whom will be citizens of the Trust Territory of the Pacific Islands who are and have been for at least five years domiciled continuously in the Northern Mariana Islands at the time of their appointments) who will be representative of the federal, local, private and public interests in the applicability of laws of the United States to the Northern Mariana Islands. The Commission will make its final report and recommendations to the Congress within one year after the termination of the Trusteeship Agreement, and before that time will make such interim reports and recommendations to the Congress as it considers appropriate to facilitate the transition of the Northern Mariana Islands to its new political status. In formulating its recommendations the Commission will take into consideration the potential effect of each law on local conditions within the Northern Mariana Islands, the policies embodied in the law and the provisions and purposes of this Covenant. The United States will bear the cost of the work of the Commission.

Section 505. The laws of the Trust Territory of the Pacific Islands, of the Mariana Islands District and its local municipalities, and all other Executive and District orders of a local nature applicable to the Northern Mariana Islands on the effective date of this Section and not inconsistent with this Covenant or with those provisions of the Constitution, treaties or laws of the United States applicable to the Northern Mariana Islands will remain in force and effect until and unless altered by the Government of the Northern Mariana Islands.

Section 506.

(a) Notwithstanding the provisions of Subsection 503(a), upon the effective date of this Section the Northern Mariana Islands will be deemed to be a part of the United States under the Immigration and Nationality Act, as amended, for the following purposes only, and the said Act will apply to the Northern Mariana Islands to the extent indicated in each of the following Subsections of this Section.

(b) With respect to children born abroad to United States citizen or non-citizen national parents permanently residing in the Northern Mariana Islands the provisions of Sections 301 and 308 of the said Act will apply.

(c) With respect to aliens who are "immediate relatives" (as defined in Subsection 201(b) of the said Act) of United States citizens who are permanently residing in the Northern Mariana Islands all the provisions of the said Act will apply, commencing when a claim is made to entitlement to "immediate relative" status. A person who is certified by the Government of the Northern Mariana Islands both to have been a lawful permanent resident of the Northern Mariana Islands and to have had the "immediate relative" relationship denoted herein on the effective date of this Section will be presumed to have been admitted to the United States for lawful permanent residence as of that date without the requirement of any of the usual procedures set forth in the said Act. For the purpose of the requirements of judicial naturalization, the Northern Mariana Islands will be deemed to constitute a State as defined in Subsection 101(a) paragraph (36) of the said Act. The Courts of record of the Northern Mariana Islands and the District Court for the Northern Mariana Islands will be included among the courts specified in Subsection 310(a) of the said Act and will have jurisdiction to naturalize persons who become eligible under this Section and who reside within their respective jurisdictions.

(d) With respect to persons who will become citizens or nationals of the United States under Article III of this Covenant or under this Section the loss of nationality provisions of the said Act will apply.

ARTICLE VI

Revenue and taxation

Section 601.

(a) The income tax laws in force in the United States will come into force in the Northern Mariana Islands as a local territorial income tax on the first day of January following the effective date of this Section, in the same manner as those laws are in force in Guam.

(b) Any individual who is a citizen or a resident of the United States, of Guam or of the Northern Mariana Islands (including a national of the United States who is not a citizen), will file only one income tax return with respect to his income, in a manner similar to the provisions of Section 935 of Title 26, United States Code.

(c) References in the Internal Revenue Code to Guam will be deemed also to refer to the Northern Mariana Islands, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof or of this Covenant.

Section 602.

The Government of the Northern Mariana Islands may by local law impose such taxes, in addition to those imposed under Section 601, as it deems appropriate and provide for the rebate of any taxes received by it, except that the power of the Government of the Northern Mariana Islands to rebate collections of the local territorial income tax received by it will be limited to taxes on income derived from sources within the Northern Mariana Islands.

Section 603.

(a) The Northern Mariana Islands will not be included within the customs territory of the United States.

(b) The Government of the Northern Mariana Islands may, in a manner consistent with the international obligations of the United States, levy duties on goods imported into its territory from any area outside the customs territory of the United States and impose duties on exports from its territory.

(c) Imports from the Northern Mariana Islands into the customs territory of the United States will be subject to the same treatment as imports from Guam into the customs territory of the United States.

(d) The Government of the United States will seek to obtain from foreign countries favorable treatment for exports from the Northern Mariana Islands and will encourage other countries to consider the Northern Mariana Islands a developing territory.

Section 604.

(a) The Government of the United States may levy excise taxes on goods manufactured, sold or used or services rendered in the Northern Mariana Islands in the same manner and to the same extent as such taxes are applicable within Guam.

(b) The Government of the Northern Mariana Islands will have the authority to impose excise taxes upon goods manufactured, sold or used in services rendered within its territory or upon goods imported into its territory, provided that such excise taxes imposed on goods imported into its territory will be consistent with the international obligations of the United States.

Section 605.

Nothing in this Article will be deemed to authorize the Government of the Northern Mariana Islands to impose any customs duties on the property of the United States or on the personal property of military or civilian personnel of the United States Government or their dependents entering or leaving the Northern Mariana Islands pursuant to their contract of employment or orders assigning them to or from the Northern Mariana Islands or to impose any taxes on the property, activities or instrumentalities of the United States which one of the several States could not impose; nor will any provision of this Article be deemed to affect the operation of the Soldiers and Sailors Civil Relief Act of 1940, as amended, which will be applicable to the Northern Mariana Islands as it is applicable to Guam.

Section 606.

(a) Not later than at the time this Covenant is approved, that portion of the Trust Territory Social Security Retirement Fund attributable to the Northern Mariana Islands will be transferred to the Treasury of the United States, to be held in trust as a separate fund to be known as the "Northern Mariana Islands Social Security Retirement Fund". This fund will be administered by the United States in accordance with the social security laws of the Trust Territory of the Pacific Islands in effect at the time of such transfer, which may be modified by the Government of the Northern Mariana Islands only in a manner which does not create any additional differences between the social security laws of the Trust Territory of the Pacific Islands and the laws described in Subsection (b). The United States will supplement such fund if necessary to assure that persons receive benefits therefrom comparable to those they would have received from the Trust Territory Social Security Retirement Fund under the laws applicable thereto on the day preceding the establishment of the Northern Mariana Islands Social Security Retirement Fund, so long as the rate of contributions thereto also remains comparable.

(b) Those laws of the United States which impose excise and self-employment taxes to support or which provide benefits from the United States Social Security System will upon termination of the Trusteeship Agreement or such earlier date as may be agreed to by the Government of the Northern Mariana Islands and the Government of the United States become applicable to the Northern Mariana Islands as they apply to Guam.

(c) At such time as the laws described in Subsection (b) become applicable to the Northern Mariana Islands:

(1) the Northern Mariana Islands Social Security Retirement Funds will be transferred into the appropriate Federal Social Security Trust Funds;

(2) prior contributions by or on behalf of persons domiciled in the Northern Mariana Islands to the Trust Territory Social Security Retirement Fund or the Northern Mariana Islands Social Security Retirement Fund will be considered to have been made to the appropriate federal Social Security Trust Funds for the purpose of determining eligibility of those persons in the Northern Mariana Islands for benefits under those laws; and

(3) persons domiciled in the Northern Mariana Islands who are eligible for or entitled to social security benefits under the laws of the Trust Territory of the Pacific Islands or of the Northern Mariana Islands will not lose their entitlement and will be eligible for or entitled to benefits under the laws described in Subsection (b).

Section 607.

(a) All bonds or other obligations issued by the Government of the Northern Mariana Islands or by its authority will be exempt, as to principal and interest, from taxation by the United States, or by any State, territory or possession of the United States, or any political subdivision of any of them.

(b) During the initial seven year period of financial assistance provided for in Section 702, and during such subsequent periods of financial assistance as may be agreed, the

Government of the Northern Mariana Islands will authorize no public indebtedness (other than bonds or other obligations of the Government payable solely from revenues derived from any public improvement or undertaking) in excess of ten percentum of the aggregate assessed valuation of the property within the Northern Mariana Islands.

ARTICLE VII

United States financial assistance

Section 701. The Government of the United States will assist the Government of the Northern Mariana Islands in its efforts to achieve a progressively higher standard of living for its people as part of the American economic community and to develop the economic resources needed to meet the financial responsibilities of local self-government. To this end, the United States will provide direct multiyear financial support to the Government of the Northern Mariana Islands for local government operations, for capital improvement programs and for economic development. The initial period of such support will be seven years, as provided in Section 702.

Section 702. Approval of this Covenant by the United States will constitute a commitment and pledge of the full faith and credit of the United States for the payment, as well as an authorization for the appropriation, of the following guaranteed annual levels of direct grant assistance to the Government of the Northern Mariana Islands for each of the seven fiscal years following the effective date of this Section:

(a) $8.25 million for budgetary support for government operations, of which $250,000 each year will be reserved for a special education training fund connected with the change in the political status of the Northern Mariana Islands;

(b) $4 million for capital improvement projects, of which $500,000 each year will be reserved for such projects on the Island of Tinian and $500,000 each year will be reserved for such projects on the Island of Rota; and

(c) $1.75 million for an economic development loan fund, of which $500,000 each year will be reserved for small loans to farmers and fishermen and to agricultural and marine cooperatives, and of which $250,000 each year will be reserved for a special program of low interest housing loans for low income families.

Section 703.

(a) The United States will make available to the Northern Mariana Islands the full range of federal programs and services available to the territories of the United States. Funds provided under Section 702 will be considered to be local revenues of the Government of the Northern Mariana Islands when used as the local share required to obtain federal programs and services.

(b) There will be paid into the Treasury of the Government of the Northern Mariana Islands, to be expended to the benefit of the people thereof as that Government may by law prescribe, the proceeds of all customs duties and federal income taxes derived from the Northern Mariana Islands, the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in the Northern Mariana Islands and transported to the United States, its territories or possessions, or consumed in the Northern Mariana Islands, the proceeds of any other taxes which may be levied by the Congress on the inhabitants of the Northern Mariana Islands, and all quarantine, passport, immigration and naturalization fees collected in the Northern Mariana Islands, except that nothing in this Section shall be construed to apply to any tax imposed by Chapters 2 or 21 of Title 26, United States Code.

Section 704.

(a) Funds provided under Section 702 not obligated or expended by the Government of the Northern Mariana Islands during any fiscal year will remain available for obligation or expenditure by that Government in subsequent fiscal years for the purposes for which the funds were appropriated.

(b) Approval of this Covenant by the United States will constitute an authorization for the appropriation of a pro-rata share of the funds provided under Section 702 for the period between the effective date of this Section and the beginning of the next succeeding fiscal year.

(c) The amounts stated in Section 702 will be adjusted for each fiscal year by a percentage which will be the same as the percentage change in the United States Department of Commerce composite price index using the beginning of Fiscal Year 1975 as the base.

(d) Upon expiration of the seven year period of guaranteed annual direct grant assistance provided by Section 702, the annual level of payments in each category listed in Section 702 will continue until Congress appropriates a different amount or otherwise provides by law.

ARTICLE VIII

Property

Section 801. All right, title and interest in the Government of the Trust Territory of the Pacific Islands in and to real property in the Northern Mariana Islands on the date of the signing of this Covenant or thereafter acquired in any manner whatsoever will, no later than upon the termination of the Trusteeship Agreement, be transferred to the Government of the Northern Mariana Islands. All right, title and interest of the Government of the Trust Territory of the Pacific Islands in and to all personal property on the date of the signing of this Covenant or thereafter acquired in any manner whatsoever will, no later than upon the termination of the Trusteeship Agreement, be distributed equitably in a manner to be determined by the Government of the Trust Territory of the Pacific Islands in consultation with those concerned, including the Government of the Northern Mariana Islands.

Section 802.

(a) The following property will be made available to the Government of the United States by lease to enable it to carry out its defense responsibilities:

(1) on Tinian Island, approximately 17,799 acres (7,203 hectares) and the waters immediately adjacent thereto;

(2) on Saipan Island, approximately 177 acres (72 hectares) at Tanapag Harbor; and

(3) on Farallon de Medinilla Island, approximately 206 acres (83 hectares) encompassing the entire island, and the waters immediately adjacent thereto.

(b) The United States affirms that it has no present need for or present intention to acquire any greater interest in property listed above than that which is granted to it under Subsection 803(a), or to acquire any property, in addition to that listed in Subsection (a), above, in order to carry out its defense responsibilities.

Section 803.

(a) The Government of the Northern Mariana Islands will lease the property described in Subsection 802(a) to the Government of the United States for a term of fifty years, and the Government of the United States will have the option of renewing this lease for all or part of such property for an additional term of fifty years if it so desires at the end of the first term.

(b) The Government of the United States will pay to the Government of the Northern Mariana Islands in full settlement of this lease, including the second fifty year term of the lease if extended under the renewal option, the total sum of $19,520,600, determined as follows:

(1) for that property on Tinian Island, $17.5 million;

(2) for that property at Tanapag Harbor on Saipan Island, $2 million; and

(3) for that property known as Farallon de Medinilla, $20,600.

The sum stated in this Subsection will be adjusted by a percentage which will be the same as the percentage change in the United States Department of Commerce composite price index from the date of signing the Covenant.

(c) A separate Technical Agreement Regarding Use of Land To Be Leased by the United States in the Northern Mariana Islands will be executed simultaneously with this Covenant. The terms of the lease to the United States will be in accordance with this Section and with the terms of the Technical Agreement. The Technical Agreement will also contain terms relating to the leaseback of property, to the joint use arrangements for San Jose Harbor and West Field on Tinian Island, and to the principles which will govern the social structure relations between the United States military and the Northern Mariana Islands civil authorities.

(d) From the property to be leased to it in accordance with this Covenant the Government of the United States will lease back to the Government of the Northern Mariana Islands, in accordance with the Technical Agreement, for the sum of one dollar per acre per year, approximately 6,458 acres (2,614 hectares) on Tinian Island and approximately 44 acres (18 hectares) at Tanapag Harbor on Saipan Island, which will be used for purposes compatible with their intended military use.

(e) From the property to be leased to it at Tanapag Harbor on Saipan Island the Government of the United States will make available to the Government of the Northern Mariana Islands 133 acres (54 hectares) at no cost. This property will be set aside for public use as an American memorial park to honor the American and Marianas dead in the World War II Marianas Campaign. The $2 million received from the Government of the United States for the lease of this property will be placed into a trust fund, and used for the development and maintenance of the park in accordance with the Technical Agreement.

Section 804.

(a) The Government of the United States will cause all agreements between it and the Government of the Trust Territory of the Pacific Islands which grant to the Government of the United States use or other rights in real property in the Northern Mariana Islands to be terminated upon or before the effective date of this Section. All right, title and interest of the Government of the Trust Territory of the Pacific Islands in and to any real property with respect to which the Government of the United States enjoys such use or other rights will be transferred to the Government of the Northern Mariana Islands at the time of such termination. From the time such right, title and interest is so transferred the Government of the Northern Mariana Islands will assure the Government of the United States the continued use of the real property then actively used by the Government of the United States for civilian governmental purposes on terms comparable to those enjoyed by the Government of the United States under its arrangements with the Government of the Trust Territory of the Pacific Islands on the date of the signature of this Covenant.

(b) All facilities at Isely Field developed with federal aid and all facilities at that field usable for the landing and take-off of aircraft will be available to the United States for use by military and naval aircraft, in common with other aircraft, at all times without charge, except, if the use by military and naval aircraft shall be substantial, a reasonable share, proportional to such use, of the cost of operating and maintaining the facilities so used may be charged at a rate established by agreement between the Government of the Northern Mariana Islands and the Government of the United States.

Section 805. Except as otherwise provided in this Article, and notwithstanding the other provisions of this Covenant, or those provisions of the Constitution, treaties or laws of the United States applicable to the Northern Mariana Islands, the Government of the Northern Mariana Islands, in view of the importance of the ownership of land for the culture and traditions of the people of the Northern Mariana Islands, and in order to protect them against exploitation and to promote their economic advancement and self-sufficiency:

(a) will until twenty-five years after the termination of the Trusteeship Agreement, and may thereafter, regulate the alienation of permanent and long-term interests in real property so as to restrict the acquisition of such interests to persons of Northern Mariana Island descent; and

(b) may regulate the extent to which a person may own or hold land which is now public land.

Section 806.

(a) The United States will continue to recognize and respect the scarcity and special importance of land in the Northern Mariana Islands. If the United States must acquire any interest in real property not transferred to it under this Covenant, it will follow the policy of seeking to acquire only the minimum area necessary to accomplish the public purpose for which the real property is required, of seeking only the minimum interest in real property necessary to support such public purpose, acquiring title only if the public purpose cannot be accomplished if a lesser interest is obtained, and of seeking first to satisfy its requirement by acquiring an interest in public rather than private real property.

(b) The United States may, upon prior written notice to the Government of the Northern Mariana Islands, acquire for public purposes in accordance with federal laws and procedures any interest in real property in the Northern Mariana Islands by purchase, lease, exchange, gift or otherwise under such terms and conditions as may be negotiated by the parties. The United States will in all cases attempt to acquire any interest in real property for public purposes by voluntary means under this Subsection before exercising the power of eminent domain. No interest in real property will be acquired unless duly authorized by the Congress of the United States and appropriations are available therefor.

(c) In the event it is not possible for the United States to obtain an interest in real property for public purposes by voluntary means, it may exercise within the Commonwealth the power of eminent domain to the same extent and in the same manner as it has and can exercise the power of eminent domain in a State of the Union. The power of eminent domain will be exercised within the Commonwealth only to the extent necessary and in compliance with applicable United States laws, and with full recognition of the due process required by the United States Constitution.

ARTICLE IX

Northern Mariana Islands representative and consultation.

Section 901. The Constitution or laws of the Northern Mariana Islands may provide for the appointment or election of a Resident Representative to the United States, whose term of office will be two years, unless otherwise determined by local law, and who will be entitled to receive official recognition as such Representative by all of the departments and agencies of the Government of the United States upon presentation through the Department of State of a certificate of selection from the Governor. The Representative must be a citizen and resident of the Northern Mariana Islands, at least twenty-five years of age, and, after termination of the Trusteeship Agreement, a citizen of the United States.

Section 902. The Government of the United States and the Government of the Northern Mariana Islands will consult regularly on all matters affecting the relationship between them. At the request of either Government, and not less frequently than every ten years, the President of the United States and the Governor of the Northern Mariana Islands will designate special representatives to meet and to consider in good faith such issue affecting the relationship between the Northern Mariana Islands and the United States as may be designated by either Government and to make a report and recommendations with respect thereto. Special representatives will be appointed in any event to consider and to make recommendations regarding future multi-year financial assistance to the Northern Mariana Islands pursuant to Section 701, to meet at least one year prior to the expiration of every period of such financial assistance.

Section 903. Nothing herein shall prevent the presentation of cases or controversies arising under this Covenant to courts established by the Constitution or laws of the United States. It is intended that any such cases or controversies will be justifiable in such courts and that the undertakings by the Government of the United States and by the Government of the Northern Mariana Islands provided for in this Covenant will be enforceable in such courts.

Section 904.

(a) The Government of the United States will give sympathetic consideration to the views of the Government of the Northern Mariana Islands on international matters directly affecting the Northern Mariana Islands and will provide opportunities for the effective presentation of such views to no less extent than such opportunities are provided to any other territory or possession under comparable circumstances.

(b) The United States will assist and facilitate the establishment by the Northern Mariana Islands of offices in the United States and abroad to promote local tourism and other economic or cultural interests of the Northern Mariana Islands.

(c) On its request the Northern Mariana Islands may participate in regional and other international organizations concerned with social, economic, educational, scientific, technical and cultural matters when similar participation is auhorized for any other territory or possession of the United States under comparable circumstances.

ARTICLE X

Approval, effective dates, and definitions

Section 1001.

(a) This Covenant will be submitted to the Mariana Islands District Legislature for its approval. After its approval by the Mariana Islands District Legislature, this Covenant will be submitted to the people of the Northern Mariana Islands for approval in a plebiscite to be called by the United States. Only persons who are domiciled exclusively in the Northern Mariana Islands and who meet such other qualifications, including timely registration, as are promulgated by the United States as administering authority will be eligible to vote in the plebiscite. Approval must be by a majority of at least 55% of the valid votes cast in the plebiscite. The results of the plebiscite will be certified to the President of the United States.

(b) This Covenant will be approved by the United States in accordance with its constitutional processes and will thereupon become law.

Section 1002. The President of the United States will issue a proclamation announcing the termination of the Trusteeship Agreement, or the date on which the Trusteeship Agreement will terminate, and the establishment of the Commonwealth in accordance with this Covenant. Any determination by the President that the Trusteeship Agreement has been terminated or will be terminated on a day certain will be final and will not be subject to review by any authority, judicial or otherwise, of the Trust Territory of the Pacific Islands, the Northern Mariana Islands or the United States.

Section 1003. The provisions of this Covenant will become effective as follows, unless otherwise specifically provided:

(a) Section 105, 201–203, 503, 504, 606, 801, 903 and Article X will become effective on approval of this Covenant;

(b) Sections 102, 103, 204, 304, Article IV, Sections 501, 502, 505, 601–605, 607, Article VII, Sections 802–805, 901 and 902 will become effective on a date to be determined and proclaimed by the President of the United States which will be more than 180 days after this Covenant and the Constitution of the Northern Mariana Islands have both been approved; and

(c) The remainder of this Covenant will become effective upon the termination of the Trusteeship Agreement and the establishment of the Commonwealth of the Northern Mariana Islands.

Section 1004.

(a) The application of any provision of which would otherwise apply to the Northern Mariana Islands may be suspended until termination of the Trusteeship Agreement if the President finds and declares that the application of such provision prior to termination would be inconsistent with the Trusteeship Agreement.

(b) The Constitution of the Northern Mariana Islands will become effective in accordance with its terms on the same day that the provisions of this Covenant specified in Subsection 1003(b) become effective, provided that if the President finds and declares that the effectiveness of any provision of the Constitution of the Northern Mariana Islands prior to termination of the Trusteeship Agreement would be inconsistent with the Trusteeship Agreement such provision will be ineffective until termination of the Trusteeship Agreement. Upon the establishment of the Commonwealth of the Northern Mariana Islands the Constitution will become effective in its entirety in accordance with its terms as the Constitution of the Commonwealth of the Northern Mariana Islands.

Section 1005. As used in this Covenant:

(a) "Trusteeship Agreement" means the Trusteeship Agreement for the former Japanese Mandated Islands concluded between the Security Council of the United Nations and the United States of America, which entered into force on July 18, 1947;

(b) "Northern Mariana Islands" means the area now known as the Mariana Islands District of the Trust Territory of the Pacific Islands, which lies within the area north of 14° north latitude, south of 21° north latitude, west of 150° east longitude and east of 144° east longitude;

(c) "Government of the Northern Mariana Islands" includes, as appropriate, the Government of the Mariana Islands District of the Trust Territory of the Pacific Islands at the time this Covenant is signed, its agencies and instrumentalities, and its successors, including the Government of the Commonwealth of the Northern Mariana Islands;

(d) "Territory or possession" with respect to the United States includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam and American Samoa;

(e) "Domicile" means that place where a

person maintains a residence with the intention of continuing such residence for an unlimited or indefinite period, and to which such person has the intention of returning whenever he is absent, even for an extended period.

Technical Agreement Regarding Use of Land To Be Leased by the United States in the Northern Mariana Islands

The duly authorized representatives of the United States and the people of the Northern Mariana Islands,

Considering that they have today entered into a formal Covenant to establish a Commonwealth of the Northern Mariana Islands in political union with the United States;

Recognizing that Sections 802 and 803 of that Covenant contain provisions relating to the use of land to be leased by the United States in the Northern Mariana Islands for defense purposes;

Noting that the extent of land required for use by the United States has been determined and the precise boundaries agreed upon by both parties hereto; and

Desiring that all basic arrangements relative to land be reduced to a formal land agreement;

Have now entered into the following Technical Agreement which will be deemed to have been approved when the District Legislature of the Mariana Islands District of the Trust Territory of the Pacific Islands approves the Covenant, and which will become effective on the date that Sections 802 and 803 of the Covenant come into force.

PART I. MATTERS TO BE INCLUDED IN LAND LEASES WITH THE UNITED STATES

1. *Description.* Lands to be leased by the United States for defense purposes are set forth in Section 802 of the Covenant and are further described and depicted on the maps attached as Exhibits A, B, and C.

2. *Acquisition.* The Government of the Northern Mariana Islands or the legal land entity established by the Marianas District Legislature to receive and administer public lands in the Northern Mariana Islands, immediately upon request, will execute the lease for the lands being conveyed to the United States Government as described in paragraph 1, above, with the duly authorized representatives of the United States under the terms set forth in Section 803 of the Covenant.

Payment under the lease will be made as soon as practicable after the appropriation of funds by the Congress of the United States. The United States may enjoy full and unrestricted use of the land immediately upon making the above payment. The amount to be paid will be adjusted at the time of payment by a percentage which is the same as the percentage change, up or down, in the United States Department of Commerce composite price index from the date of signing of the Covenant.

Should payment not be made within five years from the date that Sections 802 and 803 of the Covenant come into force, then this Agreement will automatically terminate and both parties will be released from all liability or obligations created by this Agreement and Sections 802 and 803 of the Covenant.

3. *Settlement of Claims and Encumbrances.* Lands leased by the United States Government defined in paragraph 1, above, are subject to the lease of the Micronesian Development Corporation, which will be allowed to continue in accordance with its terms. All other encumbrances on or any adverse possession of lands described in paragraph 1, above, will be removed and all existing claims will be settled by the Government of the Northern Mariana Islands or by the legal entity at no additional cost to the United States Government. The United States Government will, however, pay all Title II benefits due under the Uniform Relocation and Real Property Acquisition Policies Act of 1970.

The United States Government and the Government of the Northern Mariana Islands will consult and coordinate on specific actions by either party that may affect or involve possible adjustments or termination of the Micronesian Development Corporation lease. Both parties will render full assistance to the other towards achieving specific needs with respect to the Micronesian Development Corporation lease, to include either compliance with the terms of the lease, amendments to the lease, or action to terminate the lease. In no event will either party impede the action of the other with respect to the Micronesian Development Corporation lease. The United States Government will be responsible for damages resulting from a breach or early termination of the Micronesian Deevlopment Corporation lease resulting solely from United States initiatives. The Government of the Northern Mariana Islands will be responsible for damages resulting from a breach or early termination resulting solely from its initiatives. Both the United States Government and the Government of the Northern Mariana Islands or its legal entity will hold the other harmless from all claims arising by reason of such breaches or termination.

4. *Disposal.* Should the property leased to the United States on Tinian not be required for the needs or the discharge of the responsibilities of the United States Government, or otherwise become surplus property under United States law, the Government of the Northern Mariana Islands or the legal entity will be given first opportunity to acquire the interest of the Government of the United States in such property in accordance with United States law.

5. *Leasebacks.*

A. *Tinian.*

(1) *General.* A total of approximately 6,458 acres (2,614 hectares) out of a total of approximately 17,799 acres (7,203 hectares) on Tinian will be leased back from the land on Tinian described in paragraph 1, above, at such time as the lease to the United States Government for the land on Tinian becomes effective. All leasebacks on Tinian made pursuant to this Agreement will be subject to the following restrictions which will be contained in the leases and will be incorporated in any subleases executed by the Government of the Northern Mariana Islands or by the legal entity:

a. Uses of land must be compatible with planned military activities;

b. There will be no permanent construction without prior consent;

c. Federal Aviation Administration safety zone areas apply with respect to land use;

d. Uses that damage or have a detrimental effect on subsequent use of the land will not be permitted;

e. All leasebacks will be subject to cancellation upon one year's notice, or sooner in the event of urgent military requirement or national emergency; and

f. Provisions for fair compensation in the event of cancellation or early termination will be included.

(2) *Area South of Present West Field.* Approximately 1,335 acres (540 hectares) lying south of West Field including the harbor area, as indicated in Exhibit A, will be made available to the Government of the Northern Mariana Islands or the legal entity under leaseback. This leaseback will be for a term of ten years with renewal rights for an additional ten years upon the approval of the United States Government, except for the harbor area which will be on a five year basis renewable with United States Government approval. These leasebacks will be for the sum of one dollar per acre per year. The Government of the Northern Mariana Islands or the legal entity may in turn sub-lease these lands on terms compatible with the leaseback, with such sub-leases subject to immediate revocation in the event of violation of their terms. Permissible uses are grazing, agriculture that does not interfere with flight safety, and other possible uses that may be approved from time to time by the United States Government.

(3) *Area North of Present West Field and East of Broadway.* The lands north of West Field and east of Broadway, indicated in Exhibit A, will continue to be used in accordance with the terms and conditions of the current lease with the Micronesian Development Corporation. This includes approximately 4,010 acres (1,623 hectares).

(4) *Military Maneuver Area on Tinian—Grazing Leases.* The United States will lease back the land within all but two of the existing grazing leases in the proposed maneuver area north of West Field shown in Exhibit A.

Substitute grazing leases will be made available within areas set aside for maneuvers north of West Field for the two leases indicated in Exhibit A which are presently located in areas with a high probability of their being used by United States forces, which renders them unsuitable for leaseback. This agreement is limited to accommodation of persons actually using this leased land for grazing purposes as of December 19, 1974. All such leases will be for five years at one dollar per acre per year, renewable with United States Government approval for additional periods of up to five years and subject to immediate revocation in the event of violation of their terms. Grazing will be the only use permitted unless authorized by the United States Government. Approximately 610 acres (247 hectares) will be leased back in this category.

(5) *Military Maneuver Area on Tinian—Present Private Owners.* There are 38 deeded homestead parcels and six pending homesteads in the maneuver area as indicated in Exhibit A. The Government of the Northern Mariana Islands or the legal entity will acquire the land at no additional cost to the United States Government and will provide an opportunity for the owners of these homesteads who may be eligible for new homesteads as a result of their displacement to exchange their land with comparable lands outside the military area. The homestead owners will be fully compensated by the Government of the Northern Mariana Islands or by the legal entity if they do not choose this exchange and will, in addition, receive from the United States Government whatever relocation compensation and assistance to which they would be entitled under United States law. After this land now held as homesteads is acquired by the United States Government by lease from the Government of the Northern Mariana Islands or from the legal entity the United States Government will, on a case-by-case basis and on request, lease it back to those former owners who wish to continue to farm the land for periods of five years at one dollar per acre per year, renewable with United States approval for additional periods of up to five years. Approximately 503 acres (204 hectares) are involved in this category.

(6) *Civilian Aviation Terminal Facilities, West Field.* The present existing civilian air terminal may remain until its relocation is determined to be necessary by the United States Government. Sufficient land will be made available at nominal cost adjacent to the present or a future runway for civilian terminal facilities, including aprons, aircraft parking, terminal buildings(s), automobile parking and roadways. If a future relocation becomes necessary, the United States will reimburse the Government of the Northern Mariana Islands for fair value of

the then-existing terminal building and make alternate land available at nominal cost as near to the runways and related taxiways as practicable for construction by the Government of the Northern Mariana Islands of new terminal facilities. The costs of again relocating the terminal facilities, along with construction costs for necessary replacement of apron and parking areas, will be borne by the United States Government. Ample land provision will be made, also at nominal cost, for necessary growth and expansion of the civilian facility.

B. *Saipan-Tanapag Harbor*. The United States Government will make available to the Government of the Northern Mariana Islands without cost 133 acres (53.8 hectares) out of the 177 acres (71.6 hectares) leased to the United States Government at Tanapag Harbor, as indicated in Exhibit B. This area will be set aside for public use as an American memorial park to honor the American and Marianas dead in the Warld War II Marianas campaign. Two million dollars ($2,000,000) of the total funds paid by the United States Government will be placed in a trust fund by the Government of the Northern Mariana Islands, or by the legal entity, with income from the fund used to develop and maintain the memorial park. Income from this trust fund may be utilized for other purposes only with the concurrence of the United States Government. The United States will assist in this development by providing assistance in planning and technical advice. Adequate space will be provided the United States Government to construct at its expense a memorial to the Americans who died in the Marianas campaign. In addition, the Government of the Northern Mariana Islands may erect its own memorial to Marianas war dead at its expense. The remaining 44 acres (17.8 hectares) will be made available to the Government of the Northern Mariana Islands or to the legal entity by leaseback on the same terms and conditions named in paragraph 5A (1), above, as appropriate. Uses of the 44 acres must be harbor-related as determined by the United States. The definition of harbor-related activities will be made available to the Government of the Northern Mariana Island on request and incorporated in subleases in the area. Leases will be for ten years and will be automatically renewable.

C. *Other Leasebacks*. The Government of the United States may from time to time lease back other land temporarily in excess within the land described in paragraph 1, above, to the Government of the Northern Mariana Islands or to the legal entity in accordance with applicable laws and regulations.

PART II. JOINT USE

The Government of the United States or its duly authorized representative will enter into joint use agreements with a duly authorized agency or agencies of the Government of the Northern Mariana Islands, when such agency or agencies have been established by the Government of the Northern Mariana Islands, which will cover among other things the following:

1. *San Jose Harbor, Tinian*. San Jose Harbor will initially be under Government of the Northern Mariana Islands control under specific terms of the leaseback. If a decision is made by the Department of Defense to implement plans for an operational joint service base on Tinian, appropriate joint control arrangements will be agreed upon for the construction and subsequent periods to accommodate the needs of the civilian community along with military needs. At such time as joint control arrangements become necessary, the feasibility of adopting standards which will permit the uninterrupted commercial shipping operations during fuel transfer operations will be investigated so as to minimize the possible interference with civilian activity. When the United States upgrades the existing harbor the Government of the Northern Mariana Islands will upgrade its approximately 600 feet of wharf space or reimburse the United States for having such services performed as part of the United States construction project.

With respect to the two plots totaling approximately nine acres (3.6 hectares) immediately adjacent to the 600-foot civilian wharf shown in Exhibit A, the Government of the Northern Mariana Islands will place appropriate restrictions on their use for harbor-related activities only.

2. *West Field, Tinian*

A. *General Use*. For aviation purposes the Government of the Northern Mariana Islands and the civilian community of Tinian will have continuous joint use of West Field with exceptions for safety of flight and priority military operations. The Government of the Northern Mariana Islands will have operational responsibility for West Field, except during periods of military use, until the United States assumes permanent operational responsibility. During such periods the Department of Defense will assume operational responsibility and control.

B. *Development Costs*. The cost of improving and maintaining present civilian terminal facilities will be borne by the Government of the Northern Mariana Islands.

C. *Fuel Supplies*. After the United States military takes over control and management of the field standard military aviation fuels and oils will be supplied as soon as they become available, subject to Federal Energy Administration allocation, on a cost basis by the Government of the United States to the Government of the Northern Mariana Islands for civil and compatible commercial aviation needs on Tinian. It is understood that provision of such fuels and oils will not be permitted to compete with private commercial enterprises performing this service.

D. *Terminal Utilities*. The Government of the United States during its planning of future base facilities will take into consideration the needs of the future civilian terminal area for water, power, telephone and other utilities applicable to a terminal facility so as to make available to the civilian terminal appropriate utility hookups at the closest practicable locations to allow for civilian development of these utilities and joint use thereafter on a reimbursable basis.

E. *Use of Present Facilities*. The use of facilities presently in existence at the West Field location and the use of the present air strip will continue on an uninterrupted basis prior to, during and subsequent to initial construction upgrade and during any future improvement program to the greatest extent possible. There will be close coordination with the Government of the Northen Mariana Islands to insure as little hardship as possible should interruptions of the use of the present West Field and its terminal facilities be necessary for military operations such as maneuvers. The use of a runway and taxiways may be curtailed from time to time to allow appropriate and adequate construction and repair work to be accomplished. This construction and repair work will at all times be coordinated with the civilian community so as to minimize any hardships involved.

F. *United States Facilities*. When an operational military airfield is established at West Field, Tinian, the United States Government will provide such aircraft and structural fire protection services and aircraft crash rescue services as are available. The cost of such services shall be borne by the United States Government, subject to charging appropriate fees for users of these services.

G. *Landing Fees*. At such time as the military forces permanently take over operation of West Field, commercial aircraft will be charged the minimum allowable landing fees according to the standard policy of the appropirate military department, and collection will be in accordance with the terms of the formal joint use agreement. In the interim the Government of the Northern Mariana Islands may establish and collect landing fees from all non-United States Government aircraft.

H. *Access, Security and Customs*.

(1) Access to the present and future civilian air terminal area will be unrestricted.

(2) Security in and around the present and future civilian air terminal and operation and maintenance of the civilian facilities will be the responsibility of the Government of the Northern Mariana Islands or its representative.

(3) Customs inspections of all persons, baggage and freight will be in accord with all applicable laws and implementing regulations with the general principle established that whenever and wherever possible this customs inspection shall be performed in the military area by customs inspectors arranged for by the military and in the civilian area by customs inspectors arranged for by the Government of the Northern Mariana Islands.

PART III. SOCIAL AND CIVIL INFRASTRUCTURE ARRANGEMENTS

The following provisions, unless modified in writing by mutual agreement of the duly authorized representatives of the United States Government and the Government of the Northern Mariana Islands, will govern the future relations between the United States military forces in the Northern Mariana Islands and the civil authorities thereof. Coordination on these arrangements will be accomplished through a Civil-Military Advisory Council organized as soon as required after implementation of this Agreement.

1. *Civilian Responsibilities*. It is understood that the Government of the Northern Mariana Islands has full responsibility for planning, as well as developing, all facilities and services for the Tinian civilian community.

2. *Fishing and Shoreline Activities, Tinian*. All shoreline areas in and around the northern two-thirds of Tinian will remain open to fishermen at all possible times except for those limited areas that must be closed to comply with safety, security and hazardous risk requirements as may develop from either military activities or commercial activities.

3. *Beaches, Tinian*. Marianas citizens will have the same access to beach areas in the military areas of Tinian for recreational purposes as military personnel and their dependents. During times of military maneuvers, operations or related activity the use of certain beaches or areas of the beach will be restricted. Closure for such purposes, however, will be kept to a minimum consistent with military requirements in the interest of safety and security. Conduct of all personnel within the beach area and use of these areas will be subject to applicable military regulations.

4. *Utilities*

A. Utilities planning will be undertaken for Tinian on an island-wide basis, taking into account reasonable projections of civilian population at the time development by the military becomes necessary. Planning accomplished by the United States will be closely coordinated with planning by the Government of the Northern Islands. The Government of the Northern Mariana Islands will bar the cost of civilian planning by either undertaking the planning work or reimbursing the United States for planning services.

B. The Government of the Northern Mariana Islands will take necessary action to obtain such federal funds as are available for planning pursuant to the Housing and Community Development Act of 1974 and other relevant laws.

C. When utilities are constructed for military purposes the United States Government will make excess capacity of utilities available to the civilian community on Tinian on an appropriate fee basis if desired. Use of this excess capacity by the civilian community is to be without contribution into the development costs of the capacity, and the United States Government will not be expected to create or to insure any such excess capacity for the civilian community on Tinian.

D. When utilities are constructed for military purposes, additional capacity can be added subject to full payment for the incremental costs by the Government of the Northern Mariana Islands.

5. *Water*. Potable water will be made available to the United States military base by the Government of the Northern Mariana Islands at a mutually agreed cost.

6. *Medical Care*. In accordance with applicable guidelines and regulations, emergency care in military facilities established in Tinian will be provided by the military to all residents of Tinian when available on the island. In addition medical care in military health facilities on Tinian on a nonemergency basis will be provided residents of Tinian where civilian capacity is nonexistent, subject to the capacity and capability of the military and professional staff and availability of such Tinian military health facilities. Costs for all medical care will be at the prevailing reimbursement rates.

7. *Fire Protection*. When military firefighting facilities become necessary a mutual fire protection aid agreement similar to that type of agreement presently provided voluntarily by the military services in other locations will be entered into between the military facility on Tinian and the local community.

8. *Base Exchange, Commissary and Movies*. At such time as an operating base is established purchasing of commodities by the civilian community from the base exchange and commissary will be prohibited, but use of base movies by the civilian community as guests in accordance with existing regulations will be permitted.

9. *Schools*. Prior to the arrival of significant numbers of school age dependents of military personnel, appropriate local and federal officials will initiate such advance consultation and school development programs as necessary to secure federal assistance as may be required for an integrated local school system adequate to provide for all stages of Tinian's development. The Department of Defense will consult with and advise the appropriate officials of the Northern Mariana Islands as soon as possible regarding such programmed arrivals.

10. *Assistance to the Community*. The United States Government will consider sympathetically all bona fide requests from the community or its residents for materials or technical assistance, from resources on the base, in the event local resources are insufficient to meet the community needs.

11. *Economic Opportunity*. To the extent practicable appropriate United States military and civilian authorities or contractors executing United States Government contracts will attempt to utilize the resources and services of people of the Northern Mariana Islands in construction, development, supply and maintenance activities in the Marianas. Further, United States military and civilian authorities will, whenever practicable, provide technical and training assistance to the people of the Northern Mariana Islands in accordance with applicable United States law to assist in their achievement of necessary skills.

PART IV. IMPLEMENTATION

This Technical Agreement will become effective when Sections 802 and 803 of the Covenant come into force. Subordinate formal implementing agreements are to be executed as soon as possible.

Signed at Saipan, Mariana Islands on the fifteenth day of February, 1975.

For the people of the North Mariana Islands: Edward DLG. Pangelinan, Chairman, Marianas Political Status Commission; Vicente N. Santos, Vice Chairman, Marianas Political Status Commission.

Members of the Marianas Political Status Commission: Juan LG. Cabrera, Vicente T. Camacho, Jose R. Cruz, Bernard V. Hofschneider, Benjamin T. Manglona, Daniel T. Muna, Dr. Francisco T. Palacios, Joaquin I. Pangelinan, Felix F. Rabauliman, Oscar C. Rasa, Manuel A. Sablan, Joannes R. Taimano, and Pedro A. Tenorio.

For the United States of America: Ambassador F. Hayden Williams, Personal Representative of the President of the United States.

Memorandum For: The Chairman, Marianas Political Status Commission, The President's Personal Representative for Micronesian Status Negotiations.

Subject: Report of the Joint Drafting Committee on the Negotiating History.

Pursuant to decisions taken in December during the fifth series of negotiations in Saipan on the future political status of the Marianas, the joint Marianas-United States Drafting Committee has met and has undertaken to record the intention of the parties regarding certain provisions of the Covenant. We submit our report herewith.

The results of our discussions are reflected in the attached draft negotiating history which is recommended by the Joint Drafting Committee for your consideration. The draft serves to set out our tentative agreement on a number of substantive matters. We recommend that it be approved by both delegations and incorporated into the official record.

HOWARD P. WILLENS,
Counsel,
Marianas Political Status Commission.
JAMES M. WILSON, JR.,
U.S. Deputy Representative.

Approved by the delegations of the Northern Mariana Islands and the United States on February fifteenth, 1975.

EDWARD DLG. PANGELINAN,
Chairman,
Marianas Political Status Commission.
Ambassador F. HAYDEN WILLIAMS
The President's Personal Representative for Micronesian Status Negotiations.

REPORT OF THE DRAFTING COMMITTEE

Section 101. Inasmuch as the definition of the term "Northern Mariana Islands" in Subsection 1005(b) is incorporated in Article I, it is understood that the geographic integrity of the Northern Mariana Islands is subject to the mutual consent requirement of Section 105.

Section 103. The Government of the Northern Mariana Islands will not be considered an agency or instrumentality of the United States Government.

Section 104. Reference to the federal powers mentioned in this Section is not intended to derogate from the sovereignty vested in th United States by Section 101 or the legislative powers vested in the United States by Section 105.

Section 105. It is intended that prior to the termination of the Trusteeship Agreement the consent of the Northern Mariana Islands envisaged by this Section may not be given without the consent of the popularly elected legislature. It is understood that the authority of the United States under this Section will be exercised through, among other provisions of the United States Constitution, Article IV, Section 3, Clause 2.

Section 202. The authority of the federal courts to determine whether or not the Constitution of the Northern Mariana Islands and subsequent amendments thereto are consistent with the provisions of the Constitution, treaties and laws of the United States applicable to the Northern Mariana Islands is not intended to be exclusive so as to preempt the power of the courts of the Northern Mariana Islands to make such determinations in appropriate cases.

Subsection 203(c). It is the intention of the parties that the provision stating that the legislative powers of the Northern Mariana Islands will extend "to all rightful subjects of legislation" be broadly interpreted, consistent with Section 102, to mean that the power of the legislature will be limited only by the terms of the Convenant, the provisions of the Constitution, treaties and laws of the United States applicable to the Northern Mariana Islands and the Constitution of the Northern Mariana Islands.

It is also the intention of the parties, as reflected in the unanimous view of the members of the Marianas Political Status Commission, that the Northern Mariana Islands Constitution provide for a distribution of the membership of one house of the legislature on the basis of appropriate considerations in addition to population and in particular that the phrase "chartered municipalities of the Northern Mariana Islands" be interpreted to mean the present chartered municipalities of Rota, Saipan and Tinian as constituted at the time of signature of this Covenant and any additional future chartered municipalities that may be added pursuant to the terms of the Constitution of the Northern Mariana Islands.

Section 401. The establishment of a district court for the Northern Mariana Islands does not preclude the appointment of the District Judge, United States Attorney and United States Marshal for Guam to hold the corresponding offices in the Northern Mariana Islands at the same time. The United States Congress, in its discretion, may also provide that the United States Attorney and the United States Marshall for the Northern Mariana Islands are authorized or required to perform, at the request of the Government of the Northern Mariana Islands, certain functions related to the execution of the local laws.

Subsection 402(c). It is the intention of the parties with respect to this Subsection that the Legislature of the Northern Mariana Islands be under no obligation to grant any appellate jurisdiction to the District Court for the Northern Mariana Islands. The Legislature may choose at any time and from time to time to establish appellate courts of the Northern Mariana Islands and to eliminate or reinstate the appellate jurisdiction of the District Court.

Subsection 501(a). This Subsection is intended, among other things, to extend to the people of the Northern Mariana Islands the basic rights of United States citizenship and to make applicable to them certain of the constitutional provisions governing the relationship between the federal government and the States, as if the Northern Mariana Islands were a State. As reflected in this Subsection the parties recognize that certain provisions of the Constitution of the United States will apply to the Northern Mariana Islands of their own force by virtue of Article I of this Covenant.

The inclusion or omission of the power to legislate in the specific reference to certain provisions of the Constitution of the United States is not designed to affect the authority of the United States to legislative with respect to the Northern Mariana Islands. That power is governed by Article I.

Subsection 501(b). The provisions of the Covenant referred to in this Subsection constitute integral parts of the mutual compromises and concessions without which the accession of the Northern Mariana Islands to the United States would not have been possible. The inclusion of any of those provisions in this Subsection should not imply that these provisions are in conflict with the Constitution of the United States.

Section 502. The interim formula stated in this Section is not intended to be the exclusive method by which laws of the United States are or can be made applicable to the Northern Mariana Islands. The Congress of the United States will have power subject to Section 105 to alter the manner and extent to which laws covered by the formula apply to the Northern Mariana Islands, to make laws not covered by the formula applicable or to make laws covered by the formula inapplicable. The formula does not make the Northern Mariana Islands into a territory or possession of the United States prior to termination. In many instances, however, the Northern Mariana Islands will be treated as if it were a territory or possession of the United States prior to termination, for many laws applicable to Guam because it is a territory or possession will become applicable to the Northern Mariana Islands.

The phrase "applicable to Guam" or "applicable to the Trust Territory of the Pacific Islands" in this Section is to mean "applicable within" as well as "with respect to" the geographic areas mentioned or the people who reside in or who are citizens of those geographic areas.

The term "the federal banking laws" in Subsection (a) has particular reference to Sections 13, 25 and 25(a) of the Federal Reserve Act, as amended (12 U.S.C. 466, and 601–632, respectively) and Section 5191 of the Revised Statutes (12 U.S.C. 143). The reference to the Micronesian Claims Act in Subsection (a) is not intended to preclude the Northern Mariana Islands from seeking such amendments to the Act, or increased appropriations for its implementation, as appear appropriate or desirable.

Subsection 503(a). It is understood that the laws of the Trust Territory of the Pacific Islands, as modified by the Government of the Northern Mariana Islands pursuant to its authority, which relate to the subjects addressed in this Subsection, will continue to be effective after termination of the Trusteeship Agreement, except to the extent that they are modified by federal law after termination or by the Government of the Northern Mariana Islands.

Section 504. The provision that the United States will bear the cost for the work of the Commission does not mean that the United States will pay the salary of the four Commissioners who are domiciled in the Northern Mariana Islands.

Section 506. To the extent that the United States law does not apply, the Northern Mariana Islands has the power over immigration into its territory. An immediate relative of a United States citizen residing in the Northern Mariana Islands may gain admission to the Northern Mariana Islands in accordance with local law without claiming at that time entitlement to immediate relative status under the United States Immigration and Nationality Act.

Section 601. The revenue provisions of the Covenant are not designed to render the Federal Unemployment Tax and the benefits derived therefrom applicable to the Northern Mariana Islands.

Subsection 603(b). The parties believe that the treatment provided for in this Subsection is consistent with the obligations of the United States under the General Agreement on Tariffs and Trade. However, this Subsection is not intended to conflict with United States international obligations and does not require that the United States take any action which would be inconsistent with such obligations. Should such a conflict arise, the United States will seek appropriate waivers or modifications of its international obligations.

Subsection 603(d). The term "a developing territory" as used in this Subsection is intended to refer to the June 25, 1971 General Agreement on Tariffs and Trade waiver regarding preferential tariff treatment of goods from developing countries and territories and to other similar benefits which may be available to the Northern Mariana Islands.

Section 702. It was not considered necessary to include this Section among the provisions listed in Section 105 which may be modified only by mutual consent. The reason for this omission is that, while Section 702 constitutes a commitment on the part of the United States Government, it is of a transitional nature extending for seven years following the establishment of the new Government. In addition, a failure to appropriate funds as required by that Section would constitute a dispute under Article IX which could be submitted to the courts pursuant to the provisions of that Article.

Subsection 704(c). The reference in this Subsection and in Subsection 803(e) to a United States Department of Commerce composite price index is intended to refer to the United States Gross National Product Implicit Price Deflator.

Section 803. It is understood that the Government of the Northern Mariana Islands may exercise its obligations and rights under this Article through a legal entity established to receive and hold public lands in trust for the people of the Northern Mariana Islands.

Section 805. The parties intend that it will be the responsibility of the Government of the Northern Mariana Islands to implement the provisions of this Section. In particular, the parties understand that the Constitution or laws of the Northern Mariana Islands will define the operative terms in this Section, including such terms as "long-term interest in real property", "acquisition" and "persons of Northern Mariana Islands descent".

Subsection 806(a). The use of any property or interest acquired by the United States pursuant to this Subsection will not be limited to the public purposes for which it was originally obtained.

Section 901. This Section is not intended to preclude the Government of the Northern Mariana Islands from requesting the Congress of the United States to confer non-voting delegate status on the Resident Representative provided for in this Section.

Subsection 904(c). The parties note that this Subsection is not intended to preclude the Government of the Northern Mariana Islands from discussing matters of mutual concern with other Pacific island communities.

Section 1001. In accordance with the request of the Marianas District Legislature, the United States intends to administer the Mariana Islands District separately from the remainder of the Trust Territory following approval of the Covenant by the people of the Northern Mariana Islands. In establishing other qualifications for voting in the plebiscite the United States will consult with representatives of the Marianas District Legislature and other local leaders.

Section 1002. The parties note that the United States has stated that it is now planning on a provisional basis to terminate the Trusteeship for all the districts by 1981.

Mr. JOHNSTON. Mr. President, this measure does not imply in any manner approval of that covenant, but simply offers a facile way, an orderly way, to get the transition funded should Congress approve it after the people of the Marianas approve it. That is all that is involved in this amendment, and I urge the Senate to approve it.

UNANIMOUS-CONSENT AGREEMENT—ORDER OF VOTES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the votes occur in the following manner and in the following: The vote on S. 1172 is already scheduled to be the first vote, and to be followed by the vote on House concurrent resolution 133 as amended.

I ask unanimous consent that the votes then occur as follows: The vote on the committee amendment to S. 326, and that the disposition of that measure then immediately follow; to be followed by the vote on the Proxmire amendment to H.R. 3260.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, can we begin voting now?

TEN-YEAR TERM FOR THE APPOINTMENT OF THE DIRECTOR OF THE FEDERAL BUREAU OF INVESTIGATION

The PRESIDING OFFICER (Mr. GARN). The Chair lays before the Senate S. 1172. The bill will be stated by title.

The Assistant legislative clerk read as follows:

> Calendar No. 35. S. 1172, a bill to amend title VI of the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a 10-year term for the appointment of the Director of the Federal Bureau of Investigation.

The Senate proceeded to consider the bill.

A 10-YEAR TERM FOR THE FBI DIRECTOR

Mr. ROBERT C. BYRD. Mr. President, the bill now before the Senate would limit the tenure of the Director of the Federal Bureau of Investigation to a single 10-year term. I originally introduced the legislation in the 93d Congress, and, after hearings by the Senate Judiciary Committee, it was approved by the Senate on October 7, 1974, by a vote of 70 to 0.

Unfortunately, the House of Representatives did not have time to act on the measure before Congress adjourned.

This bill would aid in insulating the FBI Director against politically motivated manipulation from the executive branch by giving the office a tenure of 10 years; and, at the same time, it would minimize the dangers of autocratic control of the Bureau by a Director who had built up a concentration of power over a long period of time by placing a limitation on the amount of years that one man could serve as Director of the FBI.

Until 1968, the Director of the Federal Bureau of Investigation was an appointee of the Attorney General. In 1968, the Congress passed Public Law 90–351, title VI, section 1101 of the Omnibus Crime Control and Safe Streets Act of 1968, which amended title 28, United States Code, section 532, making the Director of the Federal Bureau of Investigation a Presidential appointment subject to advice and consent of the Senate.

There was no provision in the 1968 statute as to the duration of the appointment of the FBI Director. It became apparent during the confirmation hearings on L. Patrick Gray to be FBI Director that if high executive branch officials could attempt to misuse the FBI by means of unjustified requests to an Acting Director who wished to be nominated as permanent Director, then the same tactics could be applied to an incumbent FBI Director who had no protection of a fixed term for his position. Under the provisions of my bill, there is no limitation on the constitutional power of the President to remove the FBI Director from office within the 10-year term. The Director would be subject to dismissal by the President, as are all purely executive officers.

However, the setting of a 10-year term of office by the Congress would, as a practical matter, preclude—or at least, inhibit—a President from arbitrarily dismissing an FBI Director for political reasons, since a successor would have to be confirmed by the Senate.

This bill will aid in minimizing the danger of political manipulation of the Bureau and, at the same time, lessen the long-range danger of an individual's becoming a law unto himself by retention of the directorship over a long period of time. The lessons of recent years have been many, one of which was that safeguards within the system of checks and balances must be protected. Where there are no safeguards, they must be erected.

Mr. President, the merits of this bill are, I believe, obvious as is the need for this legislation. I hope the Senate will again pass the bill, and that the House, too, will act affirmatively during this Congress.

Mr. HRUSKA. I thank the Senator for the courtesy and the patience of engaging in this colloquy. I feel the recital of reasons on the part of this Senator might serve some purpose, either in consideration of this bill in the other body, or perhaps in conference if the bills are dissimilar enough to require a conference.

Mr. President, I favor this instant bill and its provision for a fixed term of office for the Director of the Federal Bureau of Investigation.

Establishing a fixed period of time for the service of the Director will lend stability to that office and assure a degree of continuity to that superb organization. This legislation may also lessen the concern of some who fear that appointment of individuals for an unspecified time may be done for political purposes. The 10-year duration of office will provide the Director the opportunity to devise and implement policies of a long-range nature. It will lessen any potential for buildup of any political pressure as well as incentives for same.

However, the record should be made clear that the stability which we are attempting with this legislation will not interfere with the Presidential power of removal. This bill does not attempt to curtail this constitutional power of the Chief Executive. Should the President seek to remove a Director of the FBI, an executive officer, prior to the expiration of the 10-year term, he would be free to do so.

This Presidential constitutional removal power has been long recognized. In *Myers* v. *United States,* 272 U.S. 52 (1926), the Court addressing this question wrote:

> If there is any point in which the separation of legislative and executive powers ought to be maintained with great caution, it is that which relates to officers and offices . . . The vesting of executive power in the President was essentially a grant of the power to execute the laws . . . As he is charged specifically to take care that they be faithfully executed, the reasonable implication, even in the absence of express words, was that as part of this executive power he should select those who were to act for him under his direction in the execution of the laws. The further implication must be, in the absence of any express limitation respecting removals, that as his selection of administrative officers is essential to the execution of the laws by him, so must be his power of removing those for whom he cannot continue to be responsible.

This principle, enunciated in the *Myers* case, has been reaffirmed more recently in *Humphrey* v. *United States,* 295 U.S. 602 (1934) and *Wiener* v. *United States,* 357 U.S. 349 (1957).

Over all, the passage of the subject bill will result an improvement the present undeterminate tenure. The bill should be approved.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Louisiana (Mr. LONG), the Senator from Montana (Mr. MANSFIELD), and the Senator from Minnesota (Mr. MONDALE) are necessarily absent.

I further announce that the Senator from Indiana (Mr. BAYH) and the Senator from Indiana (Mr. HARTKE) are absent on official business.

I also announce that the Senator from South Dakota (Mr. ABOUREZK) is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana (Mr. HARTKE) and the Senator from Indiana (Mr. BAYH) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from New York (Mr. BUCKLEY) and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 85, nays 0, as follows:

[Rollcall Vote No. 64 Leg.]

YEAS—85

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary W.
Haskell
Hatfield
Hathaway
Helms
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Magnuson
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevenson
Stone
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—14

Abourezk
Bayh
Buckley
Church
Eagleton
Eastland
Hart, Philip A.
Hartke
Hollings
Long
Mansfield
Mondale
Stevens
Taft

So the bill (S. 1172) was passed, as follows:

S. 1172

To amend title VI of the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a ten-year term for the appointment of the Director of the Federal Bureau of Investigation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1101 of the Omnibus Crime Control and Safe Streets Act of 1968 is amended by inserting "(a)" after the section designation and by adding at the end thereof the following new section:

"(b) Effective with respect to any individual appointment by the President, by and with the advice and consent of the Senate, after June 1, 1973, the term of service of the Director of the Federal Bureau of Investigation shall be ten years. A Director may not serve more than one ten-year term. The provisions of subsections (a) through (c) of section 8335 of title 5, United States Code, shall apply to any individual appointed under this section.".

Mr. ROBERT C. BYRD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. RANDOLPH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS subsequently said Mr. President, I missed the vote on S. 1172. I ask unanimous consent that the RECORD show that I would have voted for that bill. I was delayed in the office of the physician.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CONDUCT OF MONETARY POLICY

The Senate continued with the consideration of the concurrent resolution (H. Con. Res. 133) referring to the conduct of monetary policy.

The PRESIDING OFFICER. The question is on agreeing to the House concurrent resolution.

The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. May we have order in the Senate? The Senate will be in order. The clerk will not continue the rollcall until the Senate is in order.

The second assistant legislative resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. Church), the Senator from Missouri (Mr. Eagleton), the Senator from Mississippi (Mr. Eastland), the Senator from Michigan (Mr. Hart), the Senator from South Carolina (Mr. Hollings), the Senator from Montana (Mr. Mansfield), the Senator from New Hampshire (Mr. McIntyre), and the Senator from Minnesota (Mr. Mondale) are necessarily absent.

I further announce that the Senator from Indiana (Mr. Hartke) and the Senator from Indiana (Mr. Bayh) are absent on official business.

I also announce that the Senator from South Dakota (Mr. Abourezk) is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana (Mr. Bayh) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from New York (Mr. Buckley) is necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "yea."

The result was announced—yeas 86, nays 0, as follows:

[Rollcall Vote No. 65 Leg.]

YEAS—86

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Clark
Cranston
Culver
Curtis
Dole
Domenici
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary W.
Haskell
Hatfield
Hathaway
Helms
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mathias
McClellan
McClure
McGee
McGovern
Metcalf
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—13

Abourezk
Bayh
Buckley
Church
Eagleton
Eastland
Hart, Philip A.
Hartke
Hollings
Mansfield
McIntyre
Mondale
Taft

So the concurrent resolution (H. Con. Res. 133), as amended, was agreed to.

Mr. PROXMIRE. Mr. President, I move that the Senate insist upon its amendment, request a conference with the House, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mr. Garn) appointed Mr. Proxmire, Mr. Sparkman, Mr. Williams, Mr. Tower, and Mr. Helms conferees on the part of the Senate.

The preamble was amended so as to read:

> Strike out the preamble and insert in lieu thereof the following:
>
> "Whereas article 1, section 8, of the Constitution provides that Congress shall have the money power; namely, '. . . to coin money and regulate the value thereof';
>
> "Whereas Congress established the Federal Reserve Board as its agent, and delegated to its agent the day-to-day responsibility for managing the money supply;
>
> "Whereas the United States economy is now suffering from excessively high unemployment and a decline in production and the gross national product, together with inflation;
>
> "Whereas the substantial budget deficits anticipated during fiscal years 1975 and 1976 could result in substantially higher interest rates and a reduced supply of mortgage credit in the absence of reasonable growth in the monetary and credit aggregates; and
>
> "Whereas Congress has received expert evidence that the economy's performance is affected by changes in the rate of growth of the monetary and credit aggregates: Now, therefore, be it".

The preamble, as amended, was agreed to.

The title was amended so as to read: "Concurrent resolution referring to the conduct of monetary policy."

CONTINUANCE OF CIVIL GOVERNMENT FOR THE TRUST TERRITORY OF THE PACIFIC ISLANDS

The Senate continued with the consideration of the bill (S. 326) to amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment to S. 326.

Mr. HARRY F. BYRD, JR. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD of West Virginia. I announce that the Senator from Idaho (Mr. Church), the Senator from Missouri (Mr. Eagleton), the Senator from Mississippi (Mr. Eastland), the Senator from Michigan (Mr. Hart), the Senator from South Carolina (Mr. Hollings), the Senator from Montana (Mr. Mansfield), the Senator from New Hampshire (Mr. McIntyre), and the Senator from Minnesota (Mr. Mondale) are necessarily absent.

I further announce that the Senator from Indiana (Mr. Bayh) and the Senator from Indiana (Mr. Hartke) are absent on official business.

I also announce that the Senator from South Dakota (Mr. Abourezk) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New York (Mr. Buckley) is necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

The result was announced—yeas 47, nays 39, as follows:

[Rollcall Vote No. 66 Leg.]

YEAS—47

Baker
Bartlett
Beall
Bellmon
Brock
Brooke
Burdick
Cannon
Curtis
Dole
Domenici
Fannin
Fong
Garn
Goldwater
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Huddleston
Inouye
Jackson
Johnston
Laxalt
Long
Magnuson
McClure
McGee
Metcalf
Montoya
Moss
Packwood
Pastore
Pearson
Percy
Roth
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Thurmond
Tower
Weicker
Young

NAYS—39

Allen
Bentsen
Biden
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Chiles
Clark
Cranston
Culver
Ford
Glenn
Hart, Gary W.
Haskell
Hathaway
Humphrey
Javits
Kennedy
Leahy
Mathias
McClellan
McGovern
Morgan
Muskie
Nelson
Nunn
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Stennis
Stevenson
Stone
Symington
Talmadge
Tunney
Williams

NOT VOTING—13

Abourezk
Bayh
Buckley
Church
Eagleton
Eastland
Hart, Philip A.
Hartke
Hollings
Mansfield
McIntyre
Mondale
Taft

So the committee amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendments, the question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

The bill (S. 326) was passed, as follows:

S. 326

An Act to amend section 2 of the Act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of June 30, 1954 (68 Stat. 330), as amended, is amended by deleting "and for each of the fiscal years 1974 and 1975, $60,000,000" and inserting in lieu thereof the following: "for fiscal year 1975, $65,650,000:".

SEC. 2. There is authorized to be appropriated $1,500,000 to aid in the transition of the Mariana Islands District to a new Commonwealth status as a territory of the United States: *Provided, however,* That no part of such sum may be obligated or expended until final agreement between Marianas Political Status Commission and the United States has been approved by the Congress.

BUDGET RESCISSIONS

The Senate continued with the consideration of the bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398), and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39), and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974.

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to vote on the amendment of the Senator from Wisconsin to H.R. 3260. The yeas and nays have been ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Michigan (Mr. PHILIP A. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Montana (Mr. MANSFIELD), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Minnesota (Mr. MONDALE) are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Indiana (Mr. BAYH) are absent on official business.

I also announce that the Senator from South Dakota (Mr. ABOUREZK is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New York (Mr. BUCKLEY) is necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

The result was announced—yeas 50, nays 36, as follows:

[Rollcall Vote No. 67 Leg.]

YEAS—50

Allen
Bartlett
Bellmon
Biden
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Case
Chiles
Clark
Cranston
Culver
Dole
Domenici
Fong
Ford
Glenn
Gravel
Hart, Gary W.
Haskell
Hatfield
Hathaway
Helms
Huddleston
Humphrey
Kennedy
Leahy
Long
Mathias
McGovern
Metcalf
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Proxmire
Roth
Schweiker
Scott, Hugh
Stevenson
Stone
Talmadge
Tunney
Williams

NAYS—36

Baker
Beall
Bentsen
Brock
Byrd, Robert C.
Cannon
Curtis
Fannin
Garn
Goldwater
Griffin
Hansen
Hruska
Inouye
Jackson
Javits
Johnston
Laxalt
Magnuson
McClellan
McClure
McGee
Pearson
Percy
Randolph
Ribicoff
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Symington
Thurmond
Tower
Weicker
Young

NOT VOTING—13

Abourezk
Bayh
Buckley
Church
Eagleton
Eastland
Hart, Philip A.
Hartke
Hollings
Mansfield
McIntyre
Mondale
Taft

So Mr. PROXMIRE's amendment was agreed to.

Mr. PROXMIRE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HARRY F. BYRD, JR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BROOKE. Mr. President, I ask for the yeas and nays on passage.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read a third time.

Mr. ROBERT C. BYRD. Mr. President, this will be the last rollcall vote today.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Missouri (Mr. EAGLETON), the Senator from Mississippi (Mr. EASTLAND), the Senator from Michigan (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Montana (Mr. MANSFIELD), the Senator from New Hampshire (Mr. MCINTYRE), and the Senator from Minnesota (Mr. MONDALE), are necessarily absent.

I further announce that the Senator from Indiana (Mr. HARTKE) and the Senator from Indiana (Mr. BAYH) are absent on official business.

I also announce that the Senator from South Dakota (Mr. ABOUREZK) is absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER) and the Senator from New York (Mr. BUCKLEY) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

The result was announced—yeas 76, nays 8, as follows:

[Rollcall Vote No. 68 Leg.]

YEAS—76

Allen
Bartlett
Beall
Bellmon
Bentsen
Biden
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Case
Chiles
Clark
Cranston
Culver
Dole
Domenici
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Hansen
Hart, Gary W.
Haskell
Hatfield
Hathaway
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Laxalt
Leahy
Long
Magnuson
Mathias
McClellan
McGee
McGovern
Metcalf
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—8

Brock
Cannon
Curtis
Fannin
Griffin
Helms
Hruska
McClure

NOT VOTING—15

Abourezk
Baker
Bayh
Buckley
Church
Eagleton
Eastland
Hart, Philip A.
Hartke
Hollings
Kennedy
Mansfield
McIntyre
Mondale
Taft

So the bill (H.R. 3260) was passed.

Mr. McCLELLAN. Mr. President, to save the Senate's time. I ask unanimous consent that I may be permitted to make one motion relative to conferences with the House on the two rescission bills rather than the two motions which otherwise would be required.

Mr. President, I move that the Senate insist on its amendments to H.R. 3260 and H.R. 4075, and request a conference with the House, and that the Chair be authorized to appoint conferees, who shall serve as managers for the Senate on both of the rescission bills passed by the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. MCCLELLAN, Mr. MAGNUSON, Mr. PASTORE, Mr. MCGEE, Mr. PROXMIRE, Mr. MONTOYA, Mr. INOUYE, Mr. CHILES, Mr. YOUNG, Mr. HRUSKA, Mr. FONG, Mr. MATHIAS, and Mr. BELLMON conferees on the part of the Senate.

A QUESTION OF NATIONAL HONOR

Mr. GOLDWATER. By action of the House the other day, they have precluded any further aid for Cambodia and for South Vietnam, mostly on the argument that they are down the tube anyway, so why throw more good American money after the moneys that we have already spent there.

Mr. President, I can recognize that argument and militarily——

Mr. FORD. Mr. President, I should like to hear the Senator from Arizona.

Mr. GOLDWATER. Militarily, I can probably go along with it. But, Mr. President, what is involved here, to me, is a matter of national honor. Whether we like it or not, we got into the whole of Southeast Asia because of the word of President Eisenhower. We had never had any formal agreements, any written agreement or anything. It was the word of the President of the United States. Mr. President, I suggest that we have many such agreements around this world and the whole world is looking on us to see whether or not we will keep our commitments; in other words, whether we are a country of honor or whether we are a country of expediency who will renege on our promised word.

Mr. President, this matter will come

to the attention of the Senate very shortly and I hope that we can have extended and thorough debate on it. As I have said, militarily, we can probably go home and argue that the aid was not needed, but if we are going to think of our national honor and where we stand among the nations of the world, I think we had better give it good and due consideration.

I ask unanimous consent, Mr. President, that an excellent editorial appearing in this evening's Washington Star, entitled "The Sad Story of Congress and Aid for Indochina," be printed in the RECORD at this point in my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE SAD STORY OF CONGRESS AND AID FOR INDOCHINA

There is something terribly sad about the apparently adamant refusal of Congress to vote funds for the continued defense of Cambodia and South Vietnam. And what is saddest of all is that so many people are hailing this decision as a kind of moral victory for the forces of rightiousness and liberalism in the United States.

A great many things, of course, contribute to the prevailing frame of mind. There is the widespread disillusion and revulsion left over from the American intervention in the war in Indochina, which has always focused its hostility on the regimes that happened to be in power in Saigon or Phnom Penh. There is the loss of faith in the executive leadership of the nation—enormously compounded by the Watergate affair—which makes virtue of any congressional rebellion against presidential authority. There is a perception on the part of many individual senators and congressmen of a growing isolationist mood in the country, particularly when it comes to spending taxpayers' money on what are deemed to be lost foreign causes.

We are not insensitive either to the arguments that apply to the situation in Cambodia, and no doubt in the minds of many to Vietnam as well. To us as to them, it seems improbable that sending a few more hundreds of millions of dollars will drastically change the course of the war. Cambodia, in all probability, is past saving; the best that can be hoped for there is some kind of negotiation that might offer a measure of protection to the civilian population and the remaining members of the government armed forces. South Vietnam, it would seem, is still in a position to defend itself and survive as a free nation. But the effort will require a great deal more in the way of American support than the Congress—and perhaps the American people as well—are willing at this point to supply.

The general feeling is quite simply: What's the use of going on? Some of course have long been committed to the inevitability of a defeat in Indochina and are looking forward to the deluge. For others, the motivation is not wholly ignoble—in their view, cutting off aid to our allies is something like cutting off oxygen to a dying patient, to spare these long-suffering people more agony. We have talked ourselves into the idea that, in supplying Vietnam and Cambodia with the means of defending themselves, it is we who have instigated and perpetuated the war and it is our obligation to end it. "Are you asking for surrender, then, Mr. Fraser?" asked Robert S. Ingersoll, undersecretary of state, at a critical meeting of the House Foreign Affairs Committee: "Yes," replied the congressman from Minnesota, "under controlled circumstances, to minimize the loss of life."

In our view, this oddly ethnocentric concept of the Indochina War is one of the more grotesque historical concepts. One way or another—with or without outside help and regardless of ideological differences—the people of South Vietnam and Cambodia have been struggling for their freedom and national identity, not just for years, but for centuries. For most of the world's history, it has been considered a brave and noble thing for a people to fight to preserve their liberty. And one way or another, the fight will surely go on in a war which we did nothing to start and in which we have no right to impose a decision.

Yet it is sad beyond words to hear an American congressman vote with such evident conviction and self-satisfaction for surrender and defeat. For make no mistake about it, it is the United States—not the people of Cambodia or Vietnam—which will be performing the act of surrender. The world will draw the appropriate conclusions about the reliability of this country as an ally. And if this is bowing to some kind of "wave of the future," the future of this country—and of the world—will be very sad indeed.

ORDER VITIATING ORDER FOR CONSIDERATION OF S. 66 TODAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order providing for the consideration today of S. 66, public health service bill, be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 10:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until 10:30 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER DESIGNATING PERIOD FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW AND FOR CONSIDERATION OF TAX LEGISLATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow, there be a period for the transaction of routine morning business, not to extend beyond the hour of 11 a.m., with statements limited therein to 5 minutes each, and that at the hour of 11 a.m. the Senate proceed with the tax cut legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business for not to exceed 30 minutes, with statements limited therein to 10 minutes each.

The PRESIDING OFFICER. Without objection. it is so ordered.

ALLEGED FRAUD IN MEDICARE AND MEDICAID

Mr. HARRY F. BYRD, JR. Mr. President, the newspapers have done an investigative job in connection with the fraud which appears to exist in the medicare and medicaid programs in certain areas of the country. I have not seen all of these articles, but I do have in my hand one which has been distributed for publication today, March 17, 1975. This article was written by Dan Thomasson and Carl West, of the Scripps-Howard newspapers.

It is very revealing, I might say, and highly disturbing. It is estimated that fraud in the two programs I have just named probably exceeds $1.5 billion of U.S. tax funds.

I ask unanimous consent that the text of this article by Dan Thomasson and Carl West be published at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE HEALTH CARE SCANDAL

(By Dan Thomasson and Carl West)

WASHINGTON, March 17.—During a three-month period ending last June 30, 26 States reported to the U.S. Health, Education, and Welfare Department (HEW) 954 cases of suspected fraud in the Federal-State Medicaid program for the poor.

Only 47 of those cases were ever turned over to public prosecutors.

For the succeeding quarter, ending Sept. 30, 21 States reported 824 cases of suspected fraud. Of those only 18 were referred for prosecution.

In the final quarter, ending Dec. 30, 25 States reported 1,052 cases of suspected fraud. Only 15 of those cases were referred for prosecution.

These data, gathered from reports on file with HEW's division of program monitoring, go a long way toward explaining the estimate by Federal investigators that cheating in the Medicaid program is costing taxpayers $1.5 billion a year.

Even this doesn't define the scope of the problem however.

Although required by Federal regulation to do so, a few States don't even bother to file reports on suspected fraud. And some that do only provide incomplete and inaccurate information.

Congressional experts think many cases go undetected because States have inadequate or inefficient means of spotting and auditing seemingly extravagant medicaid claims submitted by health care providers. And they find it incredible that 21 States reported no suspected fraud cases for the quarter ending June 30, 1974.

Also puzzling to congressional experts and HEW officials is the fact that in many instances medical care providers suspected of fraud are being permitted to pay back the government without further action being taken against them.

Federal law provides that anyone convicted of filing a false medicaid claim can be imprisoned for one year and fined $10,000.

"The very fact that a medical provider is anxious to pay back the money should be a clear indication that he hadn't made just an honest mistake," said one congressional investigator.

For years HEW has had virtually no system to monitor medicaid. But with stories of wholesale cheating flooding in from every part of the Nation, HEW set up a division of program monitoring it hopes will be able to measure accurately the scopes of chiseling and help stop it.

The first official reports sent to the division beginning last year weren't encouraging. They were sloppy and showed an alarming indifference to the problem.

Here are some glaring examples:

Twenty-four Michigan medical care providers were suspected of bilking a total of $125,582 from medicaid either by knowingly overcharging or billing for services not provided. Not a single provider was prosecuted or suspended from the program after all the money was repaid.

Five Mississippi physicians handed back $10,883 after being challenged about their bills. They were not prosecuted although evidence showed they deliberately overcharged and billed for services not provided.

In South Carolina one physician repaid the Government $57,000 after it was determined he had sent duplicate bills to five medicaid recipients and another reimbursed the program $49,368 after allegedly submitting false billings on 22 patients.

In Alabama, two pharmacists were discovered billing—how much, officials couldn't determine—for services not provided. But officials contended to HEW that there was insufficient evidence of fraud.

Massachusetts authorities notified HEW that a pharmacist was suspected of bilking the program of $50,000 by writing excessive prescriptions. But the State authorities said the case was "difficult to prove" and the pharmacist was not prosecuted.

A Texan physician overcharged $10,702 and escaped prosecution by reimbursing the program, and another gave back $5,504.

The "horror stories" seem endless. And concern is mounting about what they forebode for a future national health insurance program that could handle $60 billion annually.

Few congressional experts believe the feeble efforts now being exerted by HEW are sufficient. They warn that unless the Federal Government steps in with much sterner measures, medicaid fraud alone could reach $3 billion within the next few years.

FINANCIAL PROBLEMS OF THE FEDERAL GOVERNMENT

Mr. HARRY F. BYRD, JR. Mr. President, last night I journeyed to Portsmouth, Va., and this morning at 7 o'clock visited the General Electric plant, which is situated on the border of the city of Portsmouth and the city of Suffolk.

This plant employs 3,000 workers. It makes color television sets.

I was very much impressed with the employees of that plant. I met with six different groups this morning between the hours of 7 a.m. and 8:30 a.m. I made brief talks to each of the groups and had an opportunity to shake hands with hundreds of the individual employees of that plant.

This visit to the General Electric plant this morning, and the opportunity to be with the employees emphasizes in my mind the quality of the individuals who are working in our industrial facilities in Virginia.

I am encouraged also because of the keen interest which those many employees in the six groups that I met with seemed to have in the financial problems of the Federal Government.

I found them to be well aware of the excess spending on the part of the Federal Government, and I found them to be well aware of the role that deficit financing plays in the inflationary spiral.

The reason I went to the plant this morning is that 2 weeks ago representatives of the employees of that plant brought to my office a petition signed by 2,588 of the 3,000 employees. That petition was very simple. It urged the President and the Congress to seek a reduction in taxes; a reduction in interest rates; and a reduction in excessive Federal spending.

That petition encouraged me a great deal. These working people want a reduction in taxes, they want a reduction in interest rates, and they want a reduction in excessive public spending.

In each of my six talks today I expressed the view that the program which they outlined is, in my judgment, far more sound than the program which is being voted upon by the Congress.

Those 2,588 employees of the General Electric plant know that the key to tax reduction and the key to a decrease in interest rates is the need to get excessive spending under control.

They perceive what the Congress continues to ignore: that you cannot have true tax reduction unless you also get excessive spending under control.

It is the same way with interest rates. I maintain, and that splendid group of employees seemed to agree, that so long as the Government is going into the money markets for more than 60 percent of all the lendable funds, the interest rates are likely to remain high.

I wanted to go to that plant today and meet with those employees and to tell them that the petition which they sent me urging a reduction in taxes, a reduction in interest rates, and a reduction in excessive Federal spending, has been most encouraging to me.

It is seldom that Members of the Congress have a large, responsible group petition the Congress to get excessive spending under control.

I came away from the city of Portsmouth and the city of Suffolk this morning much encouraged.

I do believe that the collective judgment of the American people is sounder than the legislation which the Government in Washington is putting on the statute books.

In each of these six talks I made this morning I told the working people very frankly that I think taxes are too high and I want to see them reduced, but that the problem with the present program is that the Government in Washington proposes to reduce taxes by $30 billion, increase spending by $40 billion, and end up with a deficit of $70 billion.

It does the average citizen very little good to legislate a reduction in taxes of about $3 a week, if the entire tax package, including reductions given corporations, means that inflation will be accelerated.

Inflation itself is a tax. It is a hidden tax, it is a cruel tax, and it hits hardest those on fixed incomes and those in the lower and middle economic groups.

I am convinced that most of the working people I saw today see something phony about Congress and the administration saying, "We are going to increase spending tremendously and we are going to decrease your taxes, but don't worry, no one has to pay for the spending."

I told them this morning that, in my judgment, Federal spending has to be paid for either by direct taxes or by the hidden tax of inflation.

The reaction I got to the six brief talks I made with the employees of that plant, encourages me to believe that the working people of our Nation who pay the bulk of our taxes realize that they will not get something for nothing—none of us will—and that is why they put on that petition the need to reduce excessive Government spending.

That is the key to true tax reduction—and to reduced interest rates.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to the Senator from North Carolina.

Mr. HELMS. Mr. President, I commend the distinguished Senator from Virginia not only for his perceptive remarks here this afternoon but also for the fact that he went before these working people and conveyed to them the simple arithmetic of the economic travail of this country.

The Senator from Virginia has been diligent constantly in trying to point out commonsense not only to the Senate, but also to the American people. I commend him for his work this morning and for his comments on the floor of the Senate this afternoon.

Mr. HARRY F. BYRD, JR. Mr. President, I am very grateful to my dear friend, the Senator from North Carolina (Mr. HELMS).

I might say that some of the workers in that plant are from the great State of North Carolina. Most of the workers come from the city of Chesapeake, the city of Portsmouth, the city of Suffolk, and from the cities of Newport News and Hampton. But some come from as far away as our great neighboring State of North Carolina.

Mr. HELMS. The Elizabeth City environs.

Mr. HARRY F. BYRD, JR. Yes, from the area in and around Elizabeth City, N.C.

I might say that we in Virginia are very pleased to have them in our State, because, like Virginians, they are wonderful people; and I know that the Senator from North Carolina is proud of them.

I thank the Senator for his kind comments.

QUORUM CALL

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MORGAN). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MORGAN). Without objection, it is so ordered.

RECESS UNTIL 10:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 10:30 a.m. tomorrow.

The motion was agreed to; and at 5:10 p.m., the Senate recessed until tomorrow, Tuesday, March 18, 1975, at 10:30 a.m.

NOMINATIONS

Executive nominations received on Friday, March 14, 1975, under authority of the order of March 13, 1975:

U.S. Court of Military Appeals

Albert B. Fletcher, Jr., of Kansas, to be a judge of the U.S. Court of Military Appeals for the remainder of the term expiring May 1, 1986, vice Robert M. Duncan, resigned.

National Council on Educational Research

Edward E. Booher, of New Jersey, to be a member of the National Council on Educational Research for the remainder of the term expiring June 11, 1976, vice Patrick E. Haggerty, resigned.

In the Navy

The following-named (Naval Reserve Officers Training Corps candidates) to be permanent ensigns in the line or staff corps of the Navy, subject to the qualifications therefor as provided by law:

Donald K. Ackerman, Jr.
Allan W. Adams
Christopher T. Adams
Robert G. Adolphe
Marino Aguilera
Brant Aidikoff
Joseph A. Alexander, Jr.
Raymond K. Alexander
Michael A. Alfred
John R. Allen, Jr.
Rose A. Allen
William H. Allen
Steven M. Amundson
Charles G. Anderson
James S. Anderson
Paul A. Anderson, Jr.
Stephen D. Anderson
Robert M. Andrews
Michael J. Annunziata
Peter A. Ansoff
Gary M. Armacost
Peter A. Armstrong
Denis V. Army
William C. Atkins
Thomas P. Atkinson
Fred G. Atkisson
David Auerbach
Dennis S. Augspurger
Randal J. August
George B. Austin
Lew L. Ayers
Eric C. Baar
Mark S. Bacin
Arthur E. Bailey
Kenneth M. Baird
John V. Baker
Robert D. Baker
Mark A. Balaska
Phillip M. Bambrick
*Robert H. Bancroft
Jeffrey D. Bange
David A. Baril
Mark E. Barner
Richard K. Barnes
John A. Barnet III
William F. Barns
Robert W. Barrie
David F. Bartlett
Roland R. Bartlett
Albert J. Bartridge, Jr.
Michael Allan Bassett
Geoffrey L. Bauer
Michael E. Bauer
Michael J. Bayer
Joseph S. Beall III
Curtis L. Beard
Charles E. Beck
David W. Beck
Robert K. Beck III
Dale E. Beeler
Fredrick A. Bell
Mark T. Bell
Steven D. Bell
Guy M. Belleman
Joseph V. Bello
Paul K. Benfield
Richard D. Benjamin
Francis M. Benkert
John E. Benoit
John F. Benzie
David L. Bernhard
Larry W. Berquist
Craig D. J. Bersak
Williams E. Berthrong
Mark S. Bertsche
Allen K. Bettisworth
Kenneth W. Bias
William E. Bickert, Jr.
Harry R. Bigham
Douglas L. Bird
Thomas I. Blair III
Thomas J. Blake
Paul M. Bland
Edward W. Blankenship
Jeffrey D. Blass
Ted M. Blecharczyk
Hans J. Bleeker
William R. Bloomberg
Walter J. Bloss
Wolf H. Bock
Kenneth C. Bodin
Howard D. Boggs
Anthony J. Boguslawski
Randall C. Bolger
Samuel J. Bonanno
Robert B. Bonner
Richard S. Bordelon
Stephen J. Borovicka
Neil C. Bourgeois
Michael M. Bowen
James A. Boyd
Richard A. Boyd
John J. Boyle
Mark S. Boyll
Robert C. Brackett
Charles P. Bradford
Gary L. Bradford
Harry M. Brammer III
Jeffrey Bramsen
Michael B. Brands
Thomas M. Brasel
Richard W. Braznell
Philip C. Breitling
Allan C. Breller
Charles C. Briant
William G. Brightwell
Michael G. Bristol
Daniel L. Broadstone
Charles S. Brockhoff
Kenneth A. Broomfield
Bruce L. Brown
Christopher M. Brown
Gary L. Brown
Kevin M. Brown
Peter G. Brown
Steven W. Brown
Billy J. Bruce, Jr.
Richard V. Bruce
Bettyjo D. Bruner
Dewey G. Bryan
James J. Bryan
Robert W. Bryan
Thomas D. Bryce
Gerard L. Bryndal
Marc E. Buchner
Jeffrey L. Budimier
Steven M. Budnik
Charles A. Buhrlage
Jeffrey A. Buker
David E. Bukovsky
Carl D. Burch
Alywin L. Burgess
Richard R. Burgess
Joe C. Burgin III
Grey E. Burkhart
Harry C. Burleigh
John W. Burns
Thomas C. Burtis
Eugene R. Burton
John R. Bush
Richard A. Bush
Gregory B. Bushong
Michael D. Bussey
Michael S. Bussey
Brian F. Butler
Robert E. Buzby
Mark C. Buzek
William J. Byrd
John W. Byrne IV
Stephen L. Cabrian
Adolphe C. Cade IV
David W. Cady
Mark A. Cagiano
Michael S. Campagna
Andrew H. Campbell II
Craig M. Campbell
Robert M. Campbell
William B. Campbell
Thomas D. Campobasso
Jon V. Caples
Lawrence Caramia
William A. Card
Richard P. Carey
James Carlsen
Charles B. Carnes, Jr.
Russell S. Carnot
Stephen M. Carr
John K. Carroll, Jr.
Gregory L. Carter
Paul H. Case
Mark W. Casey
David M. Cashbaugh
Alan T. Cassidy
Nicholas J. Cassun
Anthony H. Catanach, Jr.
Clarence E. Caughman
Bruce A. Cauley
Jeffrey D. Cavanagh
Thomas A. Cavanaugh
Peter W. Cebelius
Michial M. Celui
Michael N. Cerino
Richard L. Cernohorsky
Edward W. Chan
David B. Chapman
John H. Chase, Jr.
Richard E. Chase
Charles H. Chassot, Jr.
Francis D. Chavis
Daniel R. Cheney
William C. Chidichimo
Edward J. Chomas
Joseph P. Ciola
Stephen L. Clapham
James R. Clark, Jr.
Jonathan B. Clark
Michael L. Clark
Miles I. Clark II
Robert A. Clarke
Michael B. Claudy
Glynna M. Clifton
Karl E. Clough, Jr.
Chris J. Cluster
William D. Coad
Robert G. Cockrel
Catherine S. Cogliandro
Peter R. Cogswell
Eugene J. Cole
John H. Cole
Gregory A. Colegate
James R. Collier, Jr.
Steven P. Collins
Jerry C. Collis
Byron P. Compton
Stephen A. Conn
James G. Connor
William C. Cooke
Michael R. Cooper
Wade T. Cooper, Jr.
Bruce B. Corbett
George A. Cordes
William H. Cording
Paul G. Cornwell
Robert D. Corrigan
Timothy J. Corsmo
Joseph R. Costa
Ian M. Cotton
Rodney M. Cotton
Jay R. Couch
John S. Coulter
John D. Courtney
Harry T. Cowell
Charles D. Cox
David C. Cox
Vincent H. Cox
William E. Cox, Jr.
Scott R. Crager
James R. Craigie
Joseph F. Cramer
Michael L. Cramer
Clayton O. Crapps
Thom H. Crawford III
Thomas A. Crawford
Charles A. Creswell
Michael R. Critz
Michael D. Crocker
John S. Crooks
Thomas W. Crosby
Harry R. Crouthamel IV
Richard C. Crowe
Robert J. Cudd
William N. Culp III
James R. Cunningham
*Lebbeus Curtis
William R. Cushing, Jr.
Jerome A. Dabrowski
Michael C. Dahlmeier
Terrence F. Daly
Joseph W. Dandrea
Geoffrey Dann
David L. Darbyshire
Peter R. Daspit
David W. Daugherty
William D. Daugherty, Jr.
Donald L. Davis
James W. Day
Randolph S. Dearth
Robert P. Dedes
Frank C. Deen, Jr.
George R. Dehoff
John T. Delbando
Thomas A. Delery
David G. Demaris
Robert J. Deml
James R. Dempsey
John M. Dempsey II
David A. Denis
Timothy J. Dennis
Michael B. Derrick
James E. Despain
Bruce R. Deutsch
Robert S. Dieterle
Paul V. Digaetano
Wayne E. Dillingham
Steven F. Dillon
Ralph S. Dimaio
Dale S. Dimitroff
Richard P. Dixon
Thaddeus P. Dobry
Ryland T. Dodge III
Mark P. Doehnert
Jeffery N. Doeler
Thomas E. Dolan
William J. Donahue
Mark E. Donaldson
Martin A. Donovan
William H. Dorrance VI
Paul A. Doscher
Michael H. Doughty
Stephen M. Dove
Thomas E. Dove
Mihcael T. Doyle
Wesley C. Drake
William B. Drennan
Bryan C. Drew
Robert K. Driver
Lawrence M. Dubivsky
Wayne D. Duffala
Paul S. Duke
Sidney P. Dumont III
Frank R. Dunaway III
Michael J. Dunne
Terence L. Dutton
Richard M. Dwyer
Mihcael L. Dvorsky
Arnoldo R. Easterly
Gary M. Eberling
John A. Edwards
Robert E. Eek
James K. Eggebroten
Dennis C. Eggleston
Steve W. Eggleston
Dewitt P. G. Einarsson
Stephen E. Eisenhart
Myles E. Elder
Daniel P. Ellis
Frank C. Ellis, Jr.
Robert S. Ellis
Rodney A. Elsea
Charles D. Emerson
James E. Emley
Hansjoachim Endrikat
Raymond P. English
Steven G. Erickson
Eldon A. Ericson, Jr.
John W. Erwin
Robert D. Espeseth, Jr.
Jeffrey P. Estep
Douglas E. Ettus
Rodney A. Evans
Ross M. Evans III
Christopher K. Fair
John S. Falby
Richard D. Faria
David H. Farmer, Jr.
Michael J. Feeney
Roy H. Feinberg
David S. Feldman
Kerry K. Feldman
John C. Feltham III
William J. Fenzan
Julian A. Ferguson III
Thomas H. Ferrant
Barry R. Fetzer
Robert J. Filler
Richard C. Fitzgerald, Jr.
John V. Fitzsimons
Joanne M. Fletcher
John E. Flynn
John C. Foerster
William R. Foley III
Barry M. Ford
Richard K. Ford
Gaylord R. M. Forrest
Michael D. Forsha
Richard T. Forsley
Kenneth G. Fortner
Brad J. Fowler
Douglas E. Fowler
John D. M. Fowler
Leonard J. Fox, Jr.
Michael R. J. Francis
Lanney G. Franks
Donald B. Fraser
Robert M. Frese
Jack L. Freund, Jr.
William M. Freund
Kenneth M. Fritts
Michael J. Fulca
John L. Fullbright III
James T. Fuller
Jeffrey D. Fuller
Dan R. Funk
Richard E. Gade
Michael J. Gagliardi
Michael D. Gale
Robert M. Gantt
Alexander F. Garbolevsky, Jr.
Mark R. Gardner
William M. Garrabrants
Gene W. Garrett
Bruce W. Garwood
Michael J. Gearin
Barry G. Gehl
Guy M. Gentry
Kenneth E. Gettman
Matthew J. Gibbons
David S. Gilbert
David L. Gilbreath
Robert T. Giles
James J. Gill
Mark C. Gillcrist
Craig A. Gillette
John S. Gillette
Brent G. Gilliam
Michael K. Gilmore
Carl J. Gimbrone
Michael J. Glagola
Dennis J. Gleason
Thomas C. Glover
Hunter B. Goforth
Robert J. Gold
Robert J. Goldberg
Rodolfo F. Gonzales. Jr.
Richard W. Goodale Jr.
James Goodloe, Jr.
James B. Goodman
John W. Goodwin
Kevin P. Goodwin
Jonathan R. Gordon
Kevin L. Gordon
Royal P. Gordon III
Thomas E. Gould
Frank C. Graham, Jr.
Richard A. Graham
Charles A. Gram
Douglas S. Granger
Stephen R. Grant
Robert G. Graves
Ronald L. Graves
Douglas L. Green
Eric J. Green
Charles J. Griffin
David H. Griffin
James P. Griffin
Michael S. Griggs
Jimmy D. Grisham
Donald E. Gross, Jr.
Gregory Gene Gruenhagen
Terence J. Gucwa
John J. Guevremont
George W. Haage
Bernard C. Haas, Jr.
Jon M. Haas
George F. Haines III
Russell E. Hall
Thomas F. Hall
Kenneth G. Hammerquist
John M. Hampey
Michael J. Hanaway
Frederick J. Hancock, Jr.
Henry D. Hankins

Phillip J. Hannah, Jr.
Kurt F. Hansen
Mark W. Hanson
Paul G. Hanson III
David A. Harden
Eugene P. Hardy
Gilbert R. Harlan
Frank T. Harmer
Timothy J. Harp
James T. Harrington
Andrew V. Harris, Jr.
Robert L. Harrod
Julian L. Hart
George S. Hartley
Terrance D. Harvey
John K. Hasselfeldt
Karl M. Hasslinger
William C. Haug
David A. Hawkins
Fred E. Hayes
Robert L. Hayes
Thomas D. Hayes
William R. Hayes
Curtis J. Haynes
Joseph T. Hazeltine
Robert B. Headley
Ronald Y. Heath
Michael W. Hedges
Michael E. Heinzer
James W. Henderson
John D. Henderson
William J. Henderson
Gregory H. Hendry
Robert S. Herman
Edward P. Hermann
Steve H. Herrington
Kim O. Hetler
Mark A. Hickey
John D. Hill
John A. Hirschy
Kent H. Hite
Anthony L. Hodun
Richard G. Hoffman
Norman A. Hofheimer, Jr.
Frederick A. Hoggatt
Michael P. Hoglund
David W. Holmgren
Gregg B. Holthus
Warren C. Honaker
Ronald E. Hoppock
Francis G. Horne, Jr.
Martin W. Horne
Macon N. Hornsby, Jr.
Mark S. Horwedel
Bauke H. Houtman
Charles M. Howe, Jr.
William S. Howe III
Glenn R. Howland
Robert J. Hubert
Patrick B. Huetter
Lawrence M. Hufty
David C. Hug
Michael K. Hughes
Thomas G. Hunnicutt
Clifford G. Hurst
James W. Huston
Milo W. Hyde III
Christopher J. Iaquinto
Michael J. Inabinet III
Nils M. Ingebrigtsen
Brian S. Isham
David K. Jackson
Lesley J. Jackson, Jr.
Otis J. Jackson
John M. Jagielski
Michael M. Janning
Dale L. Jarrett
Richard D. Jaskot
James L. Jenkins
Gaston P. Jennett III
Harold L. Jennings, Jr.
Richard M. Jensen
Francis N. Jeschke
David H. Joerger
Allen K. Johnson
Douglas R. Johnson
Ed B. Johnson, Jr.
Edward G. Johnson, Jr
Kurt D. Johnson
Mark A. Johnson
Michael B. Johnson
Richard T. Johnson
Steve A. Johnson
Steven B. Johnson
Terrie B. Johnson
Claudette G. Johnstone
Jon B. Jonas
Cleveland L. Jones
Coley F. Jones, Jr.
Daron B. Jones
Dwight W. Jones
John C. Jones
Patrick W. Jones
Robert G. Jones
Warren E. Jones
Will H. Jordan
Michael D. Josef
Curtis D. Judd
Robert T. Jungwirth
Kevin R. Junk
David J. Kaessner
David J. Karlson
David L. Kaufman
Worth M. Kawamoto
James P. Kearney
William F. Keifrider
Julian F. Keith III
*George R. Kell
Douglas J. Keller
John W. Kelley
Douglas B. Kelly
Jeffrey W. Kemhus
Rock E. Kent
Michael R. Kepferle
Robert L. Kern
Philip F. Kessling III
Gregory M. Kibler
Frederick A. Kierner III
Kristan P. Kiesslig
Sven K. Kiilsgaard
Kevin D. Kimball
Stephen A. Kirchoff
John D. Kirtley, Jr.
Frederick J. Klauser
Christian P. Klinefelter
Robert A. Knapper
Robert L. Knight, Jr.
David G. Knittig
Ernest W. Knorr
Douglas L. Kosloske
James M. Korney
Douglas J. Koupash
Stephen Kozick III
Douglas W. Kozik
William A. Krasner
Kenneth G. Krech
Gayle Kreitman
Rockne E. Krill
William M. Kroshl
James C. Krull
Gregory B. Kuehl
Bruce E. Kuhse
Francis J. J. Kulick
Gary M. Kunz
Edward G. Kurdziel, Jr.
Randall S. Kurtz
Allan K. Labarre
Paul T. Lafrenz
Herbert R. Lakin
Charles L. Lamb
Harold M. Lamb, Jr.
Michael A. Landmann
Robert H. Lang, Jr.
William R. Langford
Reginald B. Laplante
Christopher J. Larger
Granville D. Lasseter
Jonathon E. Lathrop
John M. Laughlin
Frank J. Lauro
James M. Laverick
Jeffrey P. Lawson
Robert F. Layton, Jr.
Brian S. Leach
Michael A. Leary
Keith G. Lebeaux
Kenneth D. Lee
Thomas M. Leen
Mark C. Lehr
Matthew J. Leininger
David D. Lennon
David R. Leslie
William B. Levin, Jr.
James L. Lewis
Lee A. Licata
Thomas R. Liedke, Jr.
Richard J. Lies
Michael J. Liftman
John H. Lihach
James J. Lillis III
Mark Philip Lindgren
Curtis G. Lindsay
Thomas M. Little
Allan F. Livers, Jr.
David M. Livingston
Miroslaw T. Lobasz
Frank M. Lochocki
Peter Lockwood
Joseph M. Lofaso
Clifton C. Lofton
David L. Logsdon
William L. Longshore III
Robert W. Looney
Michael K. Loose
Adrian D. Lorentson
John L. Lott, Jr.
Warren T. Louderback
James M. Love
Michael T. Lovejoy
Randal E. Lueker
William J. Luti
Kevin B. Lydon
Michael F. Lyman
Cnstantine W. Lynard
Richard E. Lyons, Jr.
William M. Lyons, Jr.
Richard A. Lytle
Richard J. McAfee
Dennis W. McCabe
Brian McCaffrey
Charles M. McCain
Brock G. McCaman
William J. McCann
Nathaniel T. McCleskey
Lloyd D. McClintock
Charles G. McClure, Jr.
Charles L. McClure II
John R. McClure
William E. McCole III
Richard T. McCrillis
Daniel McDonagh
Joseph M. McDonnell
Richard A. McFee
Phillip H. McGavin
David L. McGee
Thomas W. McGrath
Allan P. McGuinness
Patrick P. McKernan
Robert M. McLean
Michael J. McLeish
Gerlad T. McMahan
Steven M. McMicken
Mark T. McNally
Brian S. McNamara
Paul P. McNamara
James J. McNeil
Lee C. McNeil
Alexander McNeill III
Donald W. McSwain
Adam F. MacAdam II
John M. MacIntyre
Robert B. MacKenzie
Scott C. MacLeod
Richard O. Madson, Jr.
Marvin D. Magill
Michael F. Magnant
Henry E. Maher
Robert R. Maldonado
John K. Maloney
Cheri J. Mangham
Louis V. Marchette
Walter E. Mardik
Robert L. Marlowe
James P. Marsh, Jr.
David E. Marshall
David B. Martin, Jr.
Nicholas W. Martino
Robert E. Masoero
Keith J. Matson
Mark W. Mattingley
Carl V. Mauney
Jerry C. Melcher
Stephen R. Menno
Antonio G. Menocal
Paul G. Merchant, Jr.
Edwin W. Mergele III
Cyrus M. Merritt
John D. Merwin II
Belinda A. Meyer
Kenneth W. Meyer
Richard C. Michel
Robert M. Mikulka
Albert A. Miller
Cecil D. Miller, Jr.
Edward M. Miller
Frank B. Miller
Harold A. Miller
Jeffrey W. Miller
Melvin R. Miller
Scot A. Miller
William A. Miller
William E. Miller
Michael B. Minnehan
Michael H. Mittelman
Michael M. Moffatt
Nicholas M. Mogish
James D. Moman, Jr.
Robert B. Monnie
Keith W. Moody
Gregory L. Moore
William R. Moore
Timmons P. Mooreman
James G. Moran
Thomas J. Moran, Jr.
Richard H. Morck
James M. Morgan
John F. Morgan
Richard G. Moriki
David J. Moritz
John W. Morrison
Richard A. Morrisset
Curtis B. Morrissette
David M. Morse
Ben P. P. Moseley III
Gene S. Moslow
Mark G. Mossman
Michael J. Motes
Thaddeus J. Moyseowicz
Donald R. Mozick
Ronald Mueller
John G. Mullan
Alan L. Mullen
Craig R. Murphy
Edward O. Murphy
Michael E. Murphy
Richard J. Murphy
Raymond J. Murray, Jr.
William R. Murray
Gregory A. Myatt
Samuel M. Nagle
Fred A. Nagy
Robert G. Nanney
Robert J. Nash
Joseph J. Natale
Laurence W. Neal
Richard S. Neal
John F. Neff, Jr.
Daniel F. Nehring
Betty A. Nelson
Gregory F. Nelson
Leslie S. Nelson
Michael M. Nemechek
Paul E. Netusil
William M. Newell
Charles T. Newman
Ronald C. Nicholas
Dorothy K. Nichols
William J. Nicol
Eric P. Nielsen
Thomas J. Nielsen
Rodney Nishimura
Curtis H. Noe
Michael A. Noll
John P. Norcross
Paul D. Norcross
Eric E. Norris
William L. Norton III
Rex C. Nowlan
David M. Oberholtzer
William L. Oberlin
John F. O'Brien, Jr.
Robert K. O'Connell
Mark F. O'Connor
John V. O'Connor, Jr.
Michael H. O'Connor
Fulton P. O'Donnell
James S. Ogden, Jr.
Christopher D. Ohler
Bruce G. Ohms
Kurt M. Olender
Courtenay L. Olney
Michael A. O'Neal
Michael C. O'Neal
Gary S. O'Neill
Daniel J. Orlandi
Ronald J. Orlandi
Harry Ornelas, Jr.
Gary A. Orski
Mark A. Orski
Lawrence A. Oskielunas
James E. Owens
Richard J. Packard
Harry A. Page
Michael J. Paietta
Donald J. Painter
Rodney P. Panter
Drew A. Pappas
Robert F. Parico
Herman S. Parish
Alan M. Park
Curtis R. Park
Stephen J. Park
Steven A. Park
Frederick H. Parker
John S. Parker
Martin K. Parkman
Carl S. Pascarell
Walter J. Paskey
Alan E. Patchin
Gregory A. Patterson
David C. Payne
Leonard K. Payne III
David R. Pearl
Steven C. Pearson
Michael A. Peck
Earl J. Pederson
Edward W. Pekarek
Melvin L. Peoples
Mark E. Percich
Oscar Perez, Jr.
Lenard Perkins
John L. Person
Lyman Peters, Jr.
Eric S. Peterson
Gary A. Peterson
Robert C. Peterson
Robert R. Peterson
Michael D. Petito
James J. Pettengill
James R. Pfaltzgraff
John T. Pfeifer
David Arthur Phillips
Dennis P. Pickett
Thomas C. Pieluszczak
Stephen E. Pierce
Thomas H. Pike
Eric M. Pillmore
Greg P. Pistochini
Jordan D. Pistol
Ray C. Pittman, Jr.
Paul D. Pitzer
Robert B. Platt III
Kenneth A. Plough II
David R. Poage
Vincent J. Polizzi
David P. Polley
Louis W. Pollock
Oscar J. Porras
Don H. Potter
Andrew N. Poulos
Harry W. Prahl III
Ernest A. Prescott, Jr.
Joseph E. Price
Stephen R. Price, Jr.
Cyril H. Prikazsky
Steven L. Prout
Harold T. Pruessner, Jr.
James D. Pruitt
Keat D. Pruszenski
Randall B. Putnam
Allen L. Quigley III
Christopher D. Quinn
Timothy P. Quinn
David E. Rach
Michael P. Ragole
Ronald R. Ragonetti
Randal A. Raines
Kenneth C. Rains
Steven A. Ramsay
Kevin T. Randich
Peter H. Ranelli
David P. Rann
Lance H. Rapoport
Daniel E. Rapp
Charles F. Raudonis
James R. Rea
Michael J. Regan
Joseph J. Reilly
Robert D. Reilly, Jr.
Robert W. Reilly
James M. Reuter
Charles P. Reynolds
Mark A. Rhoades
Frederick J. Rible, Jr.
Edwin D. Rice
Jeffrey C. Richter
Spencer C. Richter III
Dale R. Rickert
Darryl A. Rickner
Daniel E. Rider
George A. Ridgeway
Thomas M. Rieger
Daniel E. Ries
Ralph M. Rikard, Jr.
David L. Riley
James D. Rives
Stephen C. Robb
David D. Robbins
William M. Roberson
David N. Roberts
Stephen J. Roberts
Jeffrey A. Robertson
O. Zeller Robertson III
Bradley A. Robinson
Henry E. Robinson
Michael W. Robison
Russell H. Robison
Stephen J. Rodgers
Charles M. Rohda III
Thomas A. Rollow, Jr.
William A. Romig
Julian B. Rosemond, Jr.
Alfred C. Rouse
Marcel C. Rousseaugeraldos
James S. Rowan
Adrienne L. Rubinkowski
John R. Ruckriegel
Thomas C. Rudolph III
Robert W. Ruggiero
David G. Ruscitto
David A. Russo
Peter A. Rust
Paul J. Ryan
Robert C. Ryan, Jr.
Joseph M. Sabel
Burritt H. Sabin
Dan R. Sadberry
Ernesto G. Saenz
Donald S. Sammons, Jr.
Betty J. Sanders
Kevin M. Sandkuhler
Peter C. Santangelo
George C. Satterfield
*Mark H. Saunders
Clay S. Sayers II

James N. Sayler, Jr.
Bev L. Saylor
Ralph M. Scaperotta
Jack G. Schachtman
John A. Schaefer
Gary E. Schapper
John W. Scheffler
Craig A. Schemel
David L. Schlekau
Jonathan W. Schmidt
Charles T. Schnieders
David D. Schoeneman
Paul R. Schratz, Jr.
Robert C. Schreiber
Alan K. Schuler
Richard J. Schuler
Robert R. Schutzenhofer
Charles T. Scott
Robert B. Scurlock
Michael R. Seals
John D. Sechrist
Mark A. Seelenbinder
Robert D. Sell
Scott A. Shaffer
Christopher T. Shattuck
James W. Sheffield
Leslie C. Sheppard
Mark D. Sherry
Randall Shikashio
John A. Shookster
Keith E. Short
Timothy M. Shroyer
George W. Simmons
Larry R. Simmons
Patrick J. Simmons
Richard L. Simmons, Jr.
Gregory Sirakides
Charles E. Sisk
Donald R. Skotty
Dennis A. Skrincosky
Randall J. Slack
Frank P. Slavick, Jr.
Marvin E. Sleppy
Stephen I. Slight
Timothy A. Sloan
James S. Smart
Scott W. Smart
David H. Smith
Lloyd V. Smith
Peter G. Smith
Raymond L. Smith
Richard E. Smith
Richard L. Smith
Robert D. Smith II
Robert F. Smith
Steven S. Smith
Winston J. Smith
Jackson D. Smock
Wesley F. Snyder
Daniel G. Somers
John W. Sondermann
William B. Sonntag
Dwight D. Southern
Stanley A. Sowinski
Jake L. Sparks II
Douglas G. Spencer
Harrell D. Spoons, Jr.
Roland W. Staeb II
James A. Stafford
Sidney S. Stafford
Gerald K. Stair, Jr.
Peter J. Stanley
Joel F. Steadley
James R. Stelten
Barry J. Stengle
George M. Stephenson
William S. Stetson, Jr.
Richard E. Stevens, Jr.
William A. Stevenson III
John M. Stewart, Jr.
Robert B. Stewart
John H. Stewman
Joseph L. St Jean
Paul C. Stock
Timothy F. Stoessel
William S. Stokes
Robert W. Strahan
John H. Strandquist III
Charles S. Stribling, Jr.
Gary L. Stringer
John B. Strott
Michael E. Stumpf
Clyde N. Sturgeon
Gregory T. Sturgis
Daniel D. Sullivan
Martin D. Sullivan
Stephen D. Summitt
Carrol B. Sumrall III
Paul R. Sunderland
Thomas E. Sussdorff
Michael E. Suttinger
Donald R. Sutton
John D. Swain
Frederick A. Sycuro
Henry J. Tabb
Richard H. Takahata
Michael A. Talcott
Larry G. Tarkington
Ross M. Taylor
Timothy J. Taylor
Walter L. Taylor
William C. Taylor
Will S. Temple III
William C. Theel
Arnette Thomas
David L. Thomas
Jerry L. Thompson
Leroy D. Thompson
Mark C. Thompson
Wiley C. Thompson
William R. Thorne
Joseph S. Thornbury
Edward W. Thyberg
Ray T. Tibbitts, Jr.
Michael H. Tiller
Robert L. Toellner, Jr.
Harry V. Toll
Allan R. Topp
Thomas J. Torgesen
John W. Town
Richard L. Towner
Craig W. Towsey
Michael M. Tozer
William P. Tramel, Jr.
Donald A. Trayer
William J. Treon
Wayne K. Tritchler
William K. Tritchler
John T. Tull, Jr.
Brian E. Tully
Thomas N. Tunstall
Matthew W. Tuohy
Thomas Turnbull
John H. Turner
Tramble T. Turner
Bert B. Tussing
Thomas W. Uhl
William E. Uhlendorff
Robert L. Undersander
Russell T. Urban
Wayne F. Vagts
Gary M. Valvo
Ronald W. Vanbladeren
Wayne R. Vandoren
Teunis W. Vanwyk II
Alberto E. Vasquez, Jr.
Louis M. Vehslage
Richard K. Veley
Guy L. Vereb
Sharon L. Vermilyea
Michael S. Verseckes
Ferdinand G. Visintainer
Ralph L. Volk III
Kurt M. Voynovich
John G. Wagner
Michael W. Wagner
Daniel C. Wahle
Daniel W. Waid
David G. Walick
Marvin W. Walker
Samuel D. Walker
John G. Wall
Brian P. Wallace
John E. Wangsgard
David T. Ward
William G. Ware
John R. Warner
Jay K. Warren
William H. Warren
Leroy L. Washington, Jr.
Michael G. Waterfield
Paul H. Watson
Richard N. Watson
James S. Wawrzyniak
Bruce A. Weber
Paul D. Weber
Paul J. Weber
William E. Webster, Jr.
Stephen A. Weinhardt
Frank D. Weinstein
Eric H. Weiss
Stephen M. Wellock
Roderick A. Wells
Robert A. Welsh
Daniel E. Wernli
Richard W. Whealton
Dennis R. Wheeler
Gregory J. White
Jerry S. White
Scott R. White
Stephen F. White
Stephen R. White
Steven B. White
Michael W. Whitted
Stephen C. Widman
John M. Wiede
Michael A. Wierenga
Stephen C. Widman
John M. Wiebe
Michael A. Wierenga
Ronald L. Wigginton
Terry E. Wight
Leonard W. Wildemann III
Craig L. Williams
Dale J. Williams
Darrell W. Williams
James H. Williams
Michael G. Williams
Richard B. Williams
Thomas D. Williams IV
Christopher E. Willis
Montgomery P. Willis
Peter C. Wilson
Dennis A. Winberry
Robert S. Winslow
Richard H. Woerner
Christian E. Wolfe
John C. Wolff
David A. Woodcock
Hubbard S. Wooten III
Edward P. Work
George M. Workinger
James M. Wright
Riley L. Wright
Robert A. Wulff
Donald J. Wurzel
James D. Wurzel
Thomas M. Yackley
Richard K. Yasger
John M. Yates, Jr.
William R. Yates
Bradley W. K. Yeung
Charles P. Yost
Jerald E. Yost
Gregory D. Young
Robert E. Younger
David Y. Yumen
Daniel J. Zajdel
Michael J. Zak
Michael A. Zarate
Jeffery L. Zebrowski

The following-named naval enlisted scientific educational program candidates to be permanent ensigns in the Line or Staff Corps of the Navy subject to the qualifications therefor as provided by law:

Dennis F. Bald
Lyle L. Barngrover
Charles B. Belcher
James C. Bender
Wendell S. Berry
Eldon D. Blanchard
Frederick L. Blume
Thomas Bollenbacher
Kenneth D. Bradley
James D. Brown
Trenholm L. Brownley
Robert L. Bruce, Jr.
Edmond R. Bryant, Sr.
Dennis E. Bullock
David M. Burt
Cromwell B. Campbell
Thomas A. Carlson
David L. Carmichael
Stephen E. Carpenter
James V. Cech
Victor Chryjapin
Horace R. Clark
Lanny D. Clark
Nolan D. Clifford
Thomas Conner
Robert T. Cook
Sherry T. Cowen
Michael Crissinger
Billy L. Doss
John P. Duffield
James R. Eichstedt
Stephen K. Ellison
Peter M. Evans
Richard Evans
Carey L. Federer
David W. Fennell
Michael C. Freemyers
Robert E. Fuhrman
Timothy J. Gann
James A. Gibson
James V. Gilbreath
William Grella
Richard E. Griffin
Bertel J. Hansen
James E. Harmon
James L. Harmon
William R. Hartsfield
Larry E. Herbert
Richard C. Hersh
David A. Hibbs
Daniel H. Hromadka
Roger D. Hughes
Richard E. Hurst
Donald L. James
Leslie O. Kagey
Michael L. Karl
William J. Kilpatrick
Franklin E. Kleen
Adam F. Kleinholz
Larry E. Koppin
Steve Koven
Kevin P. Ladduceur
Donald R. Lancaster
Patrick Lanier
Phillip L. Lanier
Lawrence A. Linquist
Donald R. Lowery
Robert R. Machinski
Thomas J. Madigan
Ira K. Magid
Lew D. Mathias
Michael L. Mauk
Larry J. McCarty
Thomas L. McGowen
Phillip M. McHale
Ronald E. McMurdy
Michael W. Mentas
Dennis W. Mette
Aubrey F. Mitchell
Rex M. Mott
James E. Mundy
Larry J. Murphy
John E. Myers
Ray C. Nash
Dovard W. Nelms
James L. Nesrsta, Jr.
Garry D. Newberry
Lawrence G. Newman
Hugh A. O'Hara
Gary E. Oswald
James E. Parr
Earl G. Parshall
Wayne Peterson
Charles R. Pfenninger
Andrew J. Pitts
William D. Place
Carl W. Pro
Walter N. Proctor
Michael L. Pugh
William F. Raines
William D. Randall
William R. Reid
Gary L. Reglin
Robert G. Riel
Roger W. Roberts
James R. Roe
Jack O. Roney
Michael J. Rowe
William M. Scanlon
Jay F. Schaeffer
Dennis A. Schmidt
Kenneth L. Shelley
James L. Shelor
Kim R. Shepard
Gary N. Singleton
Leslie E. Smith
William S. Stagna, Jr.
Robert D. Steele
Joe C. Strange
Arthur D. Swan
Gary L. Tarbet
Allen D. Taylor
James M. Terrell
Christopher Tessara
Charles M. Vaughn
Larry W. Ward
Darrell W. Warren
Ewald W. Weber
William P. Welsh
Phillip E. Wentzell
Charles M. Williams
Danny B. Williams
Dock D. Williams, Jr.
Michael P. Wood
William C. Wren
John C. Martin
Steven W. Nerheim
Roger Stemp

The following-named Chief Warrant Officers to be lieutenants (junior grade) in the Navy, limited duty, for temporary service, in the classification indicated and as permanent warrant officers and/or permanent and temporary warrant officers subject to the qualifications therefor as provided by law:

SUPPLY CORPS

James P. Bondurant
Robert A. Brown
Walter J. Pratt
Bobby D. Woodson

CIVIL ENGINEER CORPS

Timothy P. Curtin

DECK

John W. Ackerman
John T. Bauder
Robert P. Brittingham
William A. Burris
Stephen W. Cherry
James M. Evans
James H. Ferguson, Jr.
Normand L. Gregoire
Thomas G. Hill
Robert B. Hoffman
James M. Jackson
Joseph C. Kitts
Claude R. Layne
David E. Little
Thomas H. McKenzie
Curtis Moss
Merlin E. Mundy, Jr.
Ronald D. Powell
David G. Ray
Glenn L. Smith
John J. Smith
William J. Stewart
Jerry L. Todd
Charles E. Whitehead
Wallace W. Wilhelm

OPERATIONS

Hubert E. Colman
Arthur W. Greer
Robert O. Lowell

ORDNANCE

James P. Adams, Jr.
Laurence J. H. Atchison
Ronald L. Beasley
Roy L. Book
J. K. Casper
Bruce L. Chase
Michael W. Clayburn
David E. Furst
Frank T. Grutta
Richard B. Heller
Daniel L. Hoover
John M. Iannetta
Herbert C. Kelly
Paul R. Muse, Jr.
James O. Mustin
Frank P. Phipps
William E. Sitton
Robert M. Stolarz

EXPLOSIVE ORDNANCE DISPOSAL

John G. Honer

ADMINISTRATION

Richard D. Barber
Loren W. Biegler
Tyron R. Blanchard
Ivon G. Boycourt, Jr.
Robert L. Drane
Charles H. Fortier
Ronald M. Greene
David A. Gschwend
Roy G. Hale
James P. Henry
Charles W. Hogue
Michael R. Hopkins
Larry W. Huckfeldt
Ernest W. Hurst
Thomas E. Kearney
Herman C. Moore, Jr.
Ronald E. Nash
Albert L. North
Emmett L. Plimmer
Richard R. Poch, Sr.
Ralph G. Reed
James H. Wilson
Joseph Woods

DATA PROCESSING

Charles W. Cooper
Thomas E. Jones
Marion L. Martin
John F. Steib, Jr.
Jimmie D. Weaver

BANDMASTER

John D. Fluck

ENGINEERING

Ervel E. Attebury, Jr.
John B. Baldwin
Raymond J. Boeckmann
Earl L. Brandon
William M. Brigman
Geoffrey J. Calabrese
Charles D. Carrigan
David L. Clements
Francis C. Conahan, Jr
James L. Connell
Richard E. Crabtree
Levi Davis
John M. Dorso
Elroy B. Elger
Russell W. Enos, Jr.
Frank E. Florida
Frank S. Fortson III
Charles R. Gulbrandson
Claude R. Hanley
Lloyd D. Higgins
Raymond J. Hopkins, Jr.
Reynold N. Hulse
John A. Ireland, Jr.
Howard L. Jones
David L. Kaufman
Alfred D. Kemp, Jr.
Harold E. Kerns, Jr.
Frank C. Knapp
John T. Lapoint
Glenn K. Larson
Joseph W. Mahaffey
John D. Meeks
Erwin C. Morris, Jr.
Warren C. Mow
George E. Nims, Jr.
Gary A. Ovsak
Frank C. Peters
Donald A. Pierce
John H. Rasberry
James E. Roskoph
Roger W. Rutland
Gerald M. Schwartz
Gordon F. Scott, Jr.
Michael F. Scott
Dennis D. Sheridan
James L. Singleton
Ralph M. Sorensen, Jr.
Richard L. Stuntz
Craig R. Truebel
James E. Walthall

HULL

Jack R. Branson
Earl D. Briley
Russell R. Carpenter, Jr.
William H. Davis
Delmas G. Fike
Larry E. Hafer
William P. Jones
Robert J. Kenyon
Walter Kohn
Daniel R. Kroeger
William A. Lynch
Richard G. McPherson
Charles C. Morris
Joseph P. Noha, Jr.
Peter G. Piccini
Charles E. Runyan
William A. Schmidt
John A. Shriver
Robert E. Wallace

ELECTRICIAN

James A. Lane
Terry S. Steele

ELECTRONICS

William J. Anderson
Paul J. Apodaca
Charles D. Arnold
Thomas E. Brayman
Ward M. Bromaghim
George F. Crawford
Harvey E. Denam
Luis M. Duran
Edward E. Flamboe
Terrance J. Ford
James R. Free, Jr.
Howard E. Galen, Jr.
William E. German
Walter Gibson
Eric S. Glidden
Richard Granlund
Kenneth R. Greve
James D. Hammontree
Clark R. Hanson
Frederick R. Heckel
Norman L. Hinen
Robert O. James
Michael R. Judd
Oakley A. Korbelik
Robert T. Lunt
John F. MacKenn
Thomas F. Maguire
Julian T. Matthews
Charles B. Poston
Charles L. Ruddy, Jr.
George G. Rule
Russell M. Safford
William R. Sage
Arnold R. Schulmeister, Jr.
Johnnie W. Shierling
Kenneth G. Shull
Robert H. Slack
Hugh L. Stephens
Bernard I. Sulman
Marshall E. Tanner, Jr.
Freddie Von Tate
Ralph M. Vlcek
John Wall
John W. Wells

CRYPTOLOGY

Kenneth W. Cummings, Jr.

COMMUNICATIONS

Daniel L. Bodine
Wesley F. Borner
Terrence J. Comfort
Alfred J. Estep
Jackie E. Godwin
Herbert R. Hinton
John L. Howard
Johnnie C. Moore, Jr.
Michael T. Peyton
Edward J. Schultz
Richard L. Weavil
John S. Woodbury
Ronald J. Zell

AVIATION OPERATIONS

Joseph J. Breslin III
John H. Starnes

AVIATION CONTROL

Bobby J. Bullard
Hubert W. Minnick
Robert M. Parsons
Jerry M. Snyder

PHOTOGRAPHY

William C. Fenton, Jr.
Donald R. Waller

AIR INTELLIGENCE

Melvin L. Gilbert

METEOROLOGY

Jerry C. McConnell

AVIATION ORDNANCE

Rex Brown
Raymond B. Fone
Thomas C. Malich
Donald M. Smith

AVIONICS

Fred C. Artley
Lawrence D. Brosh
Ralph C. Buzzell
Ronald J. McLeroy
Daniel R. Richards
Joseph T. Tindell
James J. Werbiskis

AVIATION ANTISUBMARINE WARFARE

David L. Barger

AVIATION MAINTENANCE

Richard E. Andersen
Eben E. Barnett II
William L. Beane
Bruce C. Carawon
Sidney B. Freegard
Randal R. Hall
Lester Johnson
Patrick H. Johnson
Patrick K. Justet
James R. King
Garrel R. McNeal
Joseph M. Odell
Gary D. Patton
Freddie W. Ritchie
William A. Saye
William M. Schieber
Richard K. Siar, Jr.

*Joel L. Parran (Naval Reserve officer) to be a permanent lieutenant and a temporary lieutenant commander in the Dental Corps of the Navy, subject to the qualifications therefor as provided by law.

* George R. Myers and * Robert S. Jones (Naval Reserve officers) to be permanent lieutenants (j.g.) and temporary lieutenants in the Dental Corps of the Navy, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve officers) to be permanent lieutenants in the Dental Corps of the Navy, subject to the qualifications therefor as provided by law:

* Richard A. Davidson
* David R. Fitch
* Micheal S. Goldman
* Owen R. Morse
* Richard N. Saxton
* David E. Weiner
* Dennis M. Whiting

*Maj. Thomas W. Henn, MC, ARNG, to be a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

* Ex-Lt. Wesley R. Jacobs, to be a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

* Ex-Lt. Harry A. Edwards, Jr., to be a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

* Joel F. Mills (civilian college graduate) to be appointed a peramnent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

* Donald R. Gillespie, U.S. Navy officer, to be reappointed from the temporary disability retired list as a permanent captain in the U.S. Navy, subject to the qualifications therefor as provided by law.

* Harold F. Smtih, U.S. Navy officer, to be reappointed from the temporary disability retired list, as a permanent commander and temporary captain in the U.S. Navy, subject to the qualifications therefor as provided by law.

*Aline E. Sullivan, U.S. Navy officer to be reappointed from the temporary disability retired list as a permanent commander and temporary captain in the Nurse Corps in the U.S. Navy, subject to the qualifications therefor as provided by law.

*Ex-Lt. Robert G. Kaufman, to be a temporary commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*Arlette P. Wilkes, U.S. Navy officer to be reappointed from the temporary disability retired list as a permanent lieutenant and a temporary lieutenant commander in the Nurse Corps in the U.S. Navy, subject to the qualifications therefor as provided by law.

*Walter F. Kimzey, U.S. Navy officer to be reappointed from the temporary disability retired list as a permanent commander in the U.S. Navy, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve officers) to be permanent lieutenants in the Dental Corps of the Navy, subject to the qualifications therefor as provided by law:

*Rodney J. Beckett
*Robert S. Betz
*Dennis P. Clark
*Alfonse J. Deluca
*Robert J. Frank
*Michael J. Homer
*Samuel F. Johnson
*William J. Mangano
*Paul R. Moore
*James W. Taylor
*Kim H. Vance
*George W. Williams, III

The following-named (Naval Reserve officers) to be permanent lieutenants and temporary lieutenant commanders in the Dental Corps of the Navy, subject to the qualifications therefor as provided by law:

*Gary A. Backlund
*Dale D. Bailey
*Leon R. Escude, Jr.
*Jimmy D. King
Jeffrey A. Lane
Michael G. Linebaugh
*Lawrence D. McKinley
*Ronald T. Pagani
*James F. Reske
*John D. Schroeder
Allen L. Sisk
*Randolph M. Stevens
*William A. Walker, Jr.

*Louis J. Doden, U.S. Naval Reserve officer, to be reappointed from the temporary disability retired list as permanent commander in the line in the reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*Benjamin F. Withers, III (Naval Reserve officer) to be a permanent lieutenant in the Medical Corps of the Navy, subject to the qualificataions therefor as provided by law.

*Millard X. Howard, U.S. Naval Reserve officer, to be appointed a lieutenant commander in the Dental Corps in the U.S. Navy, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve Officers Training Corps Candidates) to be permanent Ensigns in the Line or Staff Corps of the Navy, subject to the qualifications therefor as provided by law:

*Paul L. Archer
Edward D. Bain
Gordon E. Baum
Raymond B. Bowling
Karen M. Brown
Vincent E. Caracci
Larry S. Jackson
Christopher D. Knaggs
Jeffery S. Lee
Richard O. McHarg
Marcus A. McInnis
*Richard L. Martin, Jr.
*William E. Martin, II
Roger W. Morgenstern
Frederick R. Morse
Donald E. Neumann, Jr.
Michael H. Nittelman
Robin L. Parks
Richard A. Rieger
Christopher B. Robinson
*James W. Sheffield
James M. Torpey
*Edward C. Trasoras

*Carl M. Agliozzo (civilian college graduate) to be appointed a commander in the Medical Corps in the Reserve of the U.S. Navy, for temporary service, subject to the qualifications therefor as provided by law.

The following named (civilian college graduates) to be permanent commanders in the Medical Corps in the reserve of the U.S. Navy, subject to the qualifications therefor as provided by law:

*Agustin Acosta
*Lutgardo G. Panlilio

*Comdr. Robert H. Cave, U.S. Navy officer, to be appointed a commander in the Medical Corps in the reserve of the U.S. Navy, for temporary service, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve officers) to be permanent lieutenants (junior grade) and temporary lieutenants in the

Dental Corps of the Navy, subject to the qualifications therefor as provided by law:

*Raymond D. Bartz
*John Common
*Francis J. Gallagher, Jr.
*Thomas M. Hewlett
*Michael J. Kelley
*James B. McSherry
*Brett C. Miller
*Timothy S. Smith

*Lt. Cmdr. Elizabeth C. Strang, U.S. Navy retired officer to be reappointed from the temporary disability retired list as a permanent lieutenant commander in the Nurse Corps in the U.S. Navy, subject to the qualifications therefore as provided by law.

*Dr. Allan I. Bloom, ex-USNR officer, to be appointed a permanent captain in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*Dr. Wm. G. Podolsky, ex-USNR officer, to be appointed a permanent captain in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*Dr. David W. Rabak, ex-Army officer, to be appointed a permanent captain in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*Vito V. Galera (civilian college graduate) to be a permanent commander and a temporary captain in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*Bertram J. Lee (civilian college graduate) to be a permanent lieutenant commander and a temporary commander in the Medical Corps in the reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*David L. Williams (Naval Reserve officer) to be appointed a permanent lieutenant (j.g.) and a temporary lieutenant in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law.

The following-named (Naval Reserve officers) to be appointed permanent lieutenants in the Medical Corps of the Navy, subject to the qualifications therefor as provided by law:

*George R. Freeland
*Richard L. Harman
*Charles G. Heckel
*Charles R. McLaughlin
*Lewis L. Ware, Jr.

*Ronald L. Cummings (civilian college graduate) to be appointed a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*Dr. Leslie D. Rivers (ex-USN officer) to be appointed a permanent commander in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

*Nolan D. Shipman, U.S. Navy Officer to be appointed a Commander in the Medical Corps in the reserve of the U.S. Navy, for temporary service, subject to the qualifications therefor provided by law.

*Dr. Charles A. Payne (civilian) to be appointed a permanent commander and temporary captain in the Medical Corps in the Reserve of the U.S. Navy, subject to the qualifications therefor as provided by law.

The following (Enlisted men) to be temporary Ensigns in the Medical Service Corps in the U.S. Navy, subject to the qualifications therefor as provided by law:

*Danny W. Cribb
*George M. Maskulak
*Albert J. Smith
*James J. Swafford, Jr
*John C. Wocher

Mark R. Lenci, U.S. Air Force cadet, to be a permanent ensign in the line of the Navy, subject to the qualifications therefor as provided by law.

Paul C. Charbonneau, U.S. Navy officer in the Dental Corps, to be a temporary commander in the Dental Corps in the Reserve of the Navy, subject to the qualifications therefor as provided by law.

Arthur S. Morse, Jr., and "R" "J" Jones, ex-Army officers, to be appointed permanent commanders in the Medical Corps in the Reserve of the the U.S. Navy, subject to the qualifications therefor as provided by law.

In the Navy

The following-named Naval Reserve officers for temporary promotion to the grade of captain in the line, subject to qualification therefor as provided by law:

Abert, James G.
Adams, David E.
Ahlberg, Arnold E.
Allan, Gaylord T.
Ammon, Peter C.
Anderson, William J.
Archer, John J.
Arnold, Coy H., II
Atkin, Lawrence C.
Austin, Russell A., Jr.
Azzarita, Frank X.
Baguley, Norman A.
Bailey, Gary B.
Barker, Thomas C.
Barron, John S.
Batthauer, Byron E.
Beer, Dean R.
Bellone, Elmer A.
Benshoof, Kenneth W.
Bigler, Glade S.
Black, Ralph P.
Boardman, John M.
Bole, George T.
Boyden, Donald L.
Brame, Frank A., III
Bruns, Robert E.
Buckley, James A.
Buell, Bruce T.
Buesener, Charles A.
Burleson, Wallace R.
Burnette, Ollen L., Jr.
Burt, Richard A.
Calkins, Dean L.
Callaghan, James R.
Canestra, Kenneth W.
Carlos, Tomas V.
Carlsen, Charles R.
Carson, Louis F., Jr.
Case, Neil A.
Caswell, John H.
Cave, David B.
Caviness, Claude P.
Chinn, Ralph M.
Chrisman, Dan M.
Christopher, Allison L.
Click, Bobby W.
Coen, Richard J.
Collins, Clyde
Colwell, Lawrence S.
Craig, John E.
Creps, Roland R.
Daniels, William D.
Davenport, Joseph D.
Day, Lucius B., Jr.
Dickinson, Calhoun
Donovan, Edward M., Jr.
Dougherty, John E., Jr
Dowd, William G., Jr.
Duerr, Edwin C.
Duke, David W.
Dunbar, William M.
Dunne, James M.
Edinger, John S.
Ehr, Richard L.
Ellis, Eugene D.
Ely, Roland P., Jr.
Ernest, Francis L.
Evans, Albert C.
Evans, Arnold A.
Everson, Donald B.
Fishel, Charles E.
Fitzmorris, Neil T.
Flittner, Glenn A.
Fox, Edward I.
Fox, Jack H.
Freiberger, Howard
Frische, Francis X.
Garrison, William H., Jr.
Gehman, Robert S.
Gill, Gerald W.
Gillaspy, Dudley A.
Gilmore, James L.
Gilstrap, Jack R.
Glass, Juandell D.
Gorman, James G.
Gorman, Robert G.
Green, Leo H., Jr.
Green, Philip F.
Greenlaw, William C.
Greer, John G.
Gurney, Walter J.
Gwynn, John L.
Hamilton, William J., Jr.
Hammer, Leon
Hannagan, James F., Jr.
Hargrove, John Q., III
Harris, Robert L.
Head, William I.
Healy, James V.
Hempel, Robert E., III
Hendel, Richard W.
Higgins, Robert L.
Holfelder, John L.
Hollister, Walter M.
Holman, William C.
Hoover, Harwood
Huffine, Donald H.
Huntley, Robert C., Jr.
Hutson, James R.
Imel, John M.
Jahns, Arthur W.
Jarck, Walter
Johnson, Lowell E.
Johnson, Robert A.
Johnston, Richard H.
Jones, Thomas E.
Kaiser, Dale E.
Kaltenbach, John L.
Kane, Robert E.
Keeler, Roger N.
Keller, Arthur S.
Kelly, Peter B., Jr.
Keppel, Robert E.
Kern, Kenneth E.
Kerrigan, John F.
Kiner, Richard A.
King, Benjamin F., Jr.
Kitchen, William L.
Kraynak, Michael, Jr.,
Kreiner, Leon W.
Kruger, Richard
Lalicker, Robert G.
Laverty, Howard K.
Lawrence, Paul B.
Lee, James C.
Lenfest, Harold F.
Letkemann, Herkus, W., VII
Linton, George H.
Lockard, Noff S.
Lohmann, William H.
Lubach, Donald W.
Lux, Donald G.
Lynne, Donald M.
Mahaffey, John F.
Marsh, Barry B.
Masters, Miles H.
Matta, Robert M.
Matthews, Keith B.
Mauhs, John S.
Mays, Jacklon G.
McBride, Richard W.
McCann, Richard
McGuire, Richard J.
Meriwether, Gordon K,. Jr.
Merrill, James W.
Messinger, Emerson B.
Midboe, Albert M.
Middleton, Blake
Milam, George W.
Mixon, William R., Jr.
Moloney, John D.
Moody, Roy B., Jr.
Morgan, David C.
Morris, William L., Jr.
Morrogh, William P.
Morse, Minot C., Jr.
Myers, Ronald G.
Neiley, Alexander
Nelson, William E., Jr.
Nolan, James M.
Norton, Julian H., Jr.
Odell, Jean M.
Oglo, Michael F.
Ort, Eddie P., III
O'Toole, Charles S., Jr.
Ott, Norman K., Jr.
Oxenford, Robin A.
Paterson. Dale R.
Patterson, Thomas J., Jr.
Pearson, Donald V.
Penney, William M., Jr.
Peterson, Charles K.
Peterson, Dana C.
Peterson, Norman G.
Pipkin, Cyril M.
Platt, Alvin W.
Plihal, Richard G.
Popham, Neal R.
Potter, Ramon G.
Power, Edward J., Jr.
Putek, Henry W.
Raley, John W., Jr.
Ringis, Romaine H.
Ritchie, Charles M.
Rogner, Eric E.
Rollins, James R.
Roon, Eugene R.
Roskopp, Frederick J.
Rumsfeld, Donald H.
Russ, William A.
Sampson, Harvey R.
Scarbrough, William R., Jr.
Schaefer, James A.
Schafer, Robert W.
Sharff, Aaron R., Jr.
Schippmann, Edward D.
Schroats, Richard P.
Scott, Ronald C.
Seibert, Moody G.
Selph, Wade E.
Shaughnessy, William M.
Shelley, Leon R.
Shuck, Thomas L.
Siken, James P.
Simons, Robert I.
Skidmore, Sidney A., Jr.
Sloan, Ben L.
Sloan, Charles E.
Smith, Joseph C.
Smith, Lowell C.
Smith, Ralph W., Jr.
Smith, Ralph E.
Smith, Tracy D.
Sobke, Gene E.
Soldatos, George E.
Spencer, Billie H.
Stephany, George G., Jr.
Stewart, John H.
Stewart, Robert E.
Strachan, John
Strasburg, Louis G.
Streit, Peter L., Jr.
Stubblefield, Roderick W.
Sudduth, Jack W.
Sudler, Louis C., Jr.
Swan, Benjamin D.
Taylor, Victor G.
Thomas, Dean C.
Thomas, Wayne D.
Thompson, Emory C.
Tinley, John H.
Todd, Harold C.
Uddenberg, Bertram J.
Utzinger, Roland J.
Wadsworth, Roger K.
Walker, William B.
Walsh, Leo A.
Wenning, Robert A.
Wheeler, John P., Jr.
Wiggins, Glenn R.
Wilkinson, Keith A.
Williams, John C.
Williams, Roy E.
Wright, Russell A.
Wunsch, William F.
Young, Richard E.
Zirps, George

The following-named women officers of the U.S. Naval Reserve for permanent promotion to the grade of captain in the line, subject to qualification therefor as provided by law:

Cogswell, June M.
Cross, Vilna A.
Denker, Patricia M.
Hoeck, Jeanne F.
Javaras, Eftyhia I.
Kasky, Ruth L.
Schekorra, Eva W.
Stovall, Eula M.

Lt. Comdr. Henrietta R. Lanier, U.S. Naval Reserve, for permanent promotion to the grade of commander in the line, subject to qualification therefor as provided by law.

Executive nominations received by the Senate March 17, 1975:

The Judiciary

Dick Yin Wong, of Hawaii, to be U.S. district judge for the district of Hawaii vice Martin Pence, retired.

Robert O'Conor, Jr., of Texas, to be U.S. district judge for the southern district of Texas vice Ben C. Connally, retired.

DEPARTMENT OF JUSTICE

Lawrence J. Semenza, of Nevada, to be U.S. attorney for the district of Nevada for the term of 4 years vice V. DeVoe Heaton, resigned.

Mark W. Buyck, Jr., of South Carolina, to be U.S. attorney for the district of South Carolina for the term of 4 years vice John K. Grisso, term expired.

IN THE NAVY

Adm. Worth H. Bagley, U.S. Navy, for appointment to the grade of admiral on the retired list, pursuant to the provisions of title 10, United States Code, section 5233.

Adm. Harold E. Shear, U.S. Navy, for appointment as Vice Chief of Naval Operations pursuant to title 10, United States Code, section 5085, in the grade of admiral.

Vice Adm. David H. Bagley, U.S. Navy, having been designated for commands and other duties of great importance and responsibility determined by the President to be commensurate with the grade of admiral within the contemplation of title 10, United States Code, section 5231, for appointment to the grade of admiral while so serving.

EXTENSIONS OF REMARKS

QUALITY DENTAL CARE

HON. JESSE A. HELMS

OF NORTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Monday, March 17, 1975

Mr. HELMS. Mr. President, on Wednesday of last week, a number of my colleagues and I had the pleasure of meeting with representatives of the boards of dental examiners from 10 States. Specifically, the States of Alabama, Florida, Georgia, Louisiana, North Carolina, Oregon, South Carolina, Tennessee, Texas, and Virginia were represented. Additionally, the president of the American Association of Dental Examiners, Dr. James R. Little of St. Paul, Minn.; the secretary-treasurer of the American Association of Dental Examiners, Mr. B. J. Crawford of Chicago, Ill.; and the president of the American Dental Association, Dr. L. M. Kennedy of Dallas, Tex., were present. In all, 28 people took time off from their busy schedules to come to Washington and in many instances traveled substantial distances in order to be here.

They came because like an increasing number of other good citizens they are concerned about the way things are going in this country. Particularly, they are disturbed about a matter in which they have special insight—the efforts on the part of the Department of Health, Education, and Welfare and its Division of Dentistry to coerce State legislatures and State dental boards into allowing less qualified, nonprofessional persons to perform dental functions such as actually placing final dental restorations—fillings—in patients' teeth.

Now these concerned citizens did not come to Washington as representatives of the dental profession—though they are practicing dentists; they came as members of the various boards of dental examiners of their respective States. As members of such boards, it is their duty to protect the consumers of dental care from becoming the victims of improper dental practices and to provide appropriate standards for dental care in their States. The dental boards are agencies of State government. They represent the citizens of their State, and it was in this fine spirit of good citizenship that they met to discuss problems that are being created by HEW in derogation of the public interest.

While in Washington, they drafted a brief statement of their purpose and goals. I would like to share this statement with my fellow Senators.

Mr. President, I ask unanimous consent that a statement entitled "Dental Care in Our State: A Statement From Our State Dental Board," prepared on March 11, 1975, be printed in the Extensions of Remarks.

Without objection, the statement was ordered to be printed in the Extensions of Remarks as follows:

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

DENTAL CARE IN OUR STATE—A STATEMENT FROM OUR STATE DENTAL BOARD

We are present today as representatives of the people of our States, as the duly constituted authority for the control and regulation of the practice of dentistry within our State. It is our statutory duty to protect our citizens from the illegal and unethical practice of dentistry. We do this by examination and licensure of qualified people, the investigation and prosecution of those individuals in violation of our State laws. We provide standards by which dental educational institutions are approved. All of this is to protect the consumers of dental care and the health, safety and welfare of the general public.

We are here today because the Division of Dentistry of the Department of Health, Education, and Welfare is making it impossible for us to continue to protect the citizens of our State and to guarantee them that those who provide dental care are qualified and competent.

The Department of Health, Education, and Welfare and its Division of Dentistry have exceeded the intent of Congress by implementing Federal law with rules, regulations and guidelines which require the subordination of State laws in order for dental educational institutions to qualify for Federal funds. Such subordination of State laws is demonstrated by the HEW requirement that unlicensed persons be taught dental functions which are illegal in forty-three States; for example, the placing of final dental restorations (fillings). Otherwise, funds are withheld. HEW is spending vast amounts of tax dollars on programs which are ineffective in resolving the dental problems of the consumers of dental care. In the granting or withholding of Federal funds, HEW is in effect coercing dental educational institutions to advocate the revision of State laws in such a manner as to allow nonprofessionals who have not been required to attain the same standards previously required of professionals to provide dental care to consumers. Obviously, it is not the proper function of unelected officials in HEW to influence or structure state laws.

We believe that such action on the part of HEW will result in the deterioration of the quality of dental care. Of course, the poor, the disadvantaged, and the minorities with less economic flexibility, will be the primary recipients of such lower quality care. It is our view that the traditional American free enterprise system has provided the highest level of dental care in the world, with the greatest availability of such care to the most consumers. Future plans in the field of dental development should be consistent with this concept, and with a minimum of Federal intervention.

AN OPEN LETTER

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. CRANE. Mr. Speaker, in the March 11, 1975 issue of the RECORD I included in the Extension of Remarks an address given by President Thieu to a delegation of our colleagues who were recently in the Republic of South Vietnam.

Today I would like to call to the attention of the Members of this body an editorial in the Saigon Post—one of 16 newspapers published in that city—which was also addressed to the congressional delegations. I believe this editorial expresses the view of at least a substantial body of the ordinary people of South Vietnam and, therefore, should be of considerable interest to our colleagues.

The editorial, dated March 3, 1975, follows:

ON OPEN LETTER TO U.S. LEGISLATORS IN VIETNAM

DEAR FRIENDS: Godspeed as you return to the United States after a visit to Vietnam.

You have heard the pros and cons on the need of additional aid for the Republic of Vietnam and assessments on the current situation prevailing here. Doubtless, in your meetings with a cross section of the community, you were treated to discourses on the prosaic and the ponderous. Undoubtedly, too, you must have been regaled with perorations about what is right and what is wrong in Vietnam.

We do not propose to dwell on this right-or-wrong-course controversy. We are not concerned with politics. We are but ordinary people concerned with a free Vietnam—free of communism and the totalitarian way of life.

Allow us simple citizens to air a few thoughts.

We shall not be presumptious by discussing American interests. In truth, we do not know much about it. What we do know is that a little over a decade ago, you committed troops to Vietnam. And from the beginning to the end of that presence, there were not a few mistakes by Americans as well as Vietnamese. It cannot be denied that the presence of these American troops gave rise to a very special situation replete with problems which it was our lot to inherit.

We do not want to argue about the merits of your desire to end involvement in Vietnam for the sake of your own interest and, may we say, ours too.

The Vietnamese people do realize that to be truly deserving of freedom and independence, they have to struggle for it themselves and not rely on other people to do it for them.

What concerns us is the manner and the spirit of how the American role in Vietnam shall terminate. You want to leave and, we want you to leave too, aware as we are that after little more than a decade you have grown tired and decided you must go.

As a nation rich in the tradition of helping other peoples in safeguarding their patrimony and the right to exist under the sun, you may not find leaving easy or simple. But the situation spawned by the American commitment requires that you look at the consequences of your decision on involvement regardless of whether it was a mistake or not.

It is said that the Vietnam affair is an open-ended one, a bottomless pit. Please be assured, that past experience has made us realize only too well the pain of humiliation as a people who have to knock on the door of another people to ask for help. But we are buoyed by the determination not to rely on foreign assistance in the near future. And there are reasonable chances of accomplishing this through food production and the bright prospects of exploiting oil.

You have been told and we have heard your views about ours being an undemocratic regime and that venality and injustices are widespread here. Again, in the capacity of mere and simple citizens, let us state that we have many reasons to be unhappy about our own government and often are frustrated and discouraged by the ills that plague this government. Despite such unhappiness and frustration, however, we believe there is still room for improvement and that this can be done. The alternative is if the communists prevail we shall be cast into the abyss of eternal darkness.

Let us reiterate that our concern is not really the amount of additional aid—in the instant case, 300 million U.S. dollars—but the basic attitude of your government vis-a-vis our country. We are realistic and cognizant of the mood prevailing in your country on further assistance to us. If we are repetitious in our concern and preoccupation with the basic U.S. attitude toward us, it is because we look at the great American nation as imbued with the most lofty of ideals and altruism. In this conviction we do not want to be disappointed.

In arguing for a cutoff of American assistance even if it entails the collapse of South Vietnam and a communist takeover, some may say it couldn't be helped and that we deserve it.

Somehow we conceive that deep in the American psyche, a tortured voice will say this is wrong and will not consign South Vietnamese to a fate they do not want nor deserve.

An abrupt, if inglorious, end of the American commitment in Vietnam is a traumatic experience too disturbing to contemplate. . . .

Best wishes always and love to you from Vietnam.

Your Vietnamese friends.

SENIOR CITIZENS AND THE ECONOMY

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. DOWNEY. Mr. Speaker, on March 3, I held a daylong public hearing in my district on senior citizens and the economy. I heard testimony from more than two dozen witnesses, including heads of senior citizen organizations, government agency directors, and several individuals. The hearing room was crowded with older Americans interested in having their words heard by me as well as by the public officials and various administrators who were in attendance.

One of the most frequently mentioned problems was the plethora of inadequacies built into the supplemental security income (SSI) program. Ms. Margaret Perlstein, cochairperson of the Suffolk Action Coalition, spoke directly to the problems of SSI at the hearing. I think my colleagues would benefit from her testimony, which I would like included in the RECORD at the conclusion of my remarks.

Ms. Helen Gould, executive director of the Suffolk Community Council, has been tireless in her efforts on behalf of the less advantaged. In her testimony she presented to me several solutions to the problems not only of SSI recipients, but also of all those senior citzens living on fixed incomes. I think Members of the House would do well to read her remarks as well.

The testimony follows:

TESTIMONY BY MARGARET C. PERLSTEIN

Congressman Downey, Senior Citizens, Advocates and Friends: As a member of the Suffolk Action Coalition of SSI Recipients and Advocates (SAC), I have been asked to present to you some of the difficulties which we have encountered with the Supplemental Security Income Program as it relates specifically to Senior Citizens.

It might be helpful to begin with a brief description of SAC. We are a group of people who are representatives of agencies serving the aged, the poor, and the physically, mentally and emotionally handicapped in Suffolk County. SAC was organized with the assistance of the Suffolk County Community Council with the purpose of forming a union of interested professionals and recipients to deal with the serious problems engendered by the SSI program. Our first official meeting was four months ago, and since then we have set up a county task force, a federal-state task force and have formed the Suffolk County SSI Monitoring Program in which documentation was collected regarding the inadequacies of SSI.

Approximately two hundred actual cases have been received from community agencies, and we are now in the process of obtaining further documentation through a volunteer program to interview individual recipients. The documentation received to date illustrates tragic and pathetic instances of how our senior citizens are forced to live. For example, one agency related the story of an elderly woman on SSI who, because of the high rent she is forced to pay, has very little money left for food. As a result, her diet at the beginning of the month consists mainly of oatmeal, and she has no food left at the end of the month. In order to alleviate her hunger pains she fills her stomach with water. A worker at a nutrition center told us that the elderly people in the program come to the center with their pockets filled with plastic bags. After they have eaten their meal they return for seconds and put this food into the plastic bags in order to eat a meal at home.

A few recipients over 65 are fortunate enough to have relatives or friends who are kind enough to provide a few meals a month for them, but these are the exception rather than the rule. The majority of the recipients have to make due and eke out an existence on the ludicrously inadequate amount of money left after paying rent and utilities. As the cost of living rises, the problem becomes more and more severe.

SAC has determined four major areas of concern for the elderly who have to depend on SSI for their existence. We would now like to describe these problem areas to you, along with steps which we feel the federal government could take in order to alleviate these problems.

(1) It is presently necessary to appear at the local Social Security office in person to make an application for SSI, and to wait, sometimes three or four hours, to be interviewed. As you are well aware, the public transportation in Suffolk County is deplorable at best, and there is no direct service to our local SSA office (Patchogue). People who need SSI, in most cases, cannot afford a car, and have no money to pay for transportation to the SSA office by taxi. Some hardy people have even attempted to hitchhike. There are many elderly people who need financial aid but who are bedridden, physically ill or otherwise incapacitated. The federal government should provide funds for district offices to hire and train additional staff who can make field visits in situations where a person is homebound for the aforementioned reasons. This could be subject to substantiation by a physician or social service agency advocate. Until this service has been provided, some arrangements should be made to (a) provide transportation funds for those applicants who are not physically ill, and (b) to accept written affidavits from the people who are homebound because of illness.

(2) The flat-rate grant now provided by the federal government is totally inadequate to meet the needs of the aged in this area due to the fact that regional cost-of-living differences are not taken into account. It appears that the states which had provided additional money above the federal grant are interested in reducing their share of the expense, and have not passed along Social Security and other federal pension increases. There has been no increase in the amount of the SSI check in New York State, except for the $10 food stamp cash-out allotment, since January, 1974, even though the cost of living has risen sharply over the past year. Provisions must be made to mandate the pass-along of cost of living increases in Social Security and other federal pensions to SSI recipients. Currently, the automatic increases in these programs are deducted from the SSI check, although they are now given to all other social security pensioners regardless of the other sources of unearned income. Contractual hold-harmless provision agreements with certain states must be corrected to force these states to pass on to SSI recipients the increases granted in the federal SSI allotment.

(3) Due to the fact that rents and utilities are so exorbitant in the Suffolk County area, the basic need for adequate nutrition is not being met. The states had the option to exclude food stamps from the SSI program and substitute a cash grant. The $10 cash given in New York State instead of food stamps is totally inadequate to meet the needs of the aged and has caused malnutrition and severe physical problems. Nutrition centers and other senior citizen food programs have attempted to alleviate this situation, but their funds are not adequate to handle the overwhelming amount of people who ask for help. The food stamp program provides a method to give additional flexibility so that benefits rise with inflation, and therefore the food stamp cash-out option should be eliminated in state agreements.

(4) Every senior citizen who is receiving SSI has to be "re-determined" eligible each year. This re-determination consists solely of re-evaluating the income, resources, and living arrangements of the recipient. Annual re-determination should be done by mailed affidavit from the client rather than a face-

to-face interview, and if there is no change a simple statement should be sufficient.

The information received through the SSI Monitoring Program and from the many professionals who attend SAC meeting reveals the kinds of attitudes that our senior citizens have concerning SSI. Some of the aged feel that they are lucky to be getting any help at all from the federal government and should be grateful for the small amount of money they receive each month. Some people, who have worked most of their lives, are now too proud to ask for a reasonably comfortable existence in their retirement years. Some are so intimidated by the whole system that they would rather starve than go through the humiliation of "computer breakdown," red tape, and dispassionate treatment at the hands of the Social Security system. And some are standing up for their right to a decent life and using the tremendous power that their organized numbers can give them.

Your obvious concern for our senior citizens is extremely gratifying to all of us in SAC, and we hope that your interest is shared by the other members of our government.

Thank you.

TESTIMONY BY HELEN J. GOULD

Congressman Downey, Senior Citizens and friends, I count it a privilege to testify at this hearing concerned with *Senior Citizens and the Economy*. As executive director of the Suffolk Community Council I have had considerable contact with various senior citizen groups in this county and am also a member of the Temporary Committee to Monitor SSI, a state-wide committee established by the New York State Office for the Aging. The Suffolk Community Council has a Committee on Aging and also sponsors the Retired Senior Volunteer Program which is funded by ACTION as well as by local support.

From all of these contacts there is overwhelming evidence that senior citizens are being adversely affected by the straitened economy. These people are the generation which suffered through our country's most severe depression of the '30's, agonized and suffered through World War II and the Korean War and now—at a point in life when they should be able to enjoy retirement on hard won savings, watch those savings being steadily eroded by soaring inflation.

When Congress enacted the legislation which developed the Social Security Supplemental Income, most of us were pleased that the aged, blind and disabled would be removed from the welfare rolls and become recipients instead of this form of social insurance. Unfortunately, our hopes have been shattered because of the prevailing economy. Hardship, deprivation, loss of dignity, abject despair are the hallmarks of this program in all too many cases.

The Committee on Aging of the Suffolk Community Council has been monitoring the SSI Program since its inception, January 1, 1974. Because of the obvious problems, the Council was instrumental in developing a Suffolk Action Coalition, composed of recipients and agency personnel, which is serving as an advocacy group. The Coalition can speak directly about problems it has discovered in the SSI program in Suffolk County.

In many states the federal payment exceeds the former public assistance grant. New York State offers the supplement which is the fourth highest average supplement in the country. Even with this grant, however, people cannot manage to exist. People are literally hungry, cold, and ill. Their suffering is generally concealed in lonely rooms. Their pride and confusion prevents their seeking assistance and making known their needs. Private, voluntary agencies cannot meet the known needs, while public agencies are controlled by restrictive mandates.

I should like to propose some solutions to these problems, not only for SSI recipients, but for all those senior citizens living on fixed incomes.

1. Because of the wide variations in cost of living throughout the country I would urge that the federal government recognize regional differences and provide for increased grants in high cost areas. Also, Social Security cost of living increases should be passed along to recipients of SSI without lowering the supplement.

2. Congress has acted to continue the Food Stamp program. I should like to urge that the cash out value of food stamps be raised to the 1974 cost level (instead of 1972) and that SSI recipients be allowed to choose between the cash out value or food stamps.

3. Congress should concern itself with the problem of housing for the fixed income person, with more extensive tax abatement programs not only for the homeowner, but the landlord who rents to the elderly person.

4. The Social Security Administration should have additional personnel trained to assist recipients who have problems, either through referral to appropriate community resources or through close coordination with local departments of social services.

5. Provision must be made for emergency assistance as well as other services which may be essential for maintaining a person in their own place of residence such as home health aides, therapeutic aids, etc.

6. Congress should prevent the further curtailment of Medicare. It is only as people can secure proper health care, that debility and institutionalization can be prevented.

7. Congress should encourage the development of mass transportation. The isolation of the elderly and their inability to seek help and health care, to shop, etc. is a big factor in declining morale and health.

8. The nutrition program has been voted for an additional three years. Further expansion of this program through increased funding would be desirable.

In conclusion I should like to urge that Congress guard carefully the tendency to cut programs due to time of severe recession. These citizens who have contributed through their labor and service to the wealth and stability of this country should not now be left in need. Budget cutting can be done in many other areas—but not in human services.

Thank you.

MINISTERS AND THEIR SOCIAL SECURITY

HON. J. EDWARD ROUSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. ROUSH. Mr. Speaker I am today reintroducing a bill which I have sponsored before and which I hope the Ways and Means Committee will have time to consider early this year. I am joined in this effort by a number of my colleagues in the House.

This is a bill to change the present status of clergy under the social security system from that of self-employed—with a higher tax rate—to that of employed—with a lower one. I introduce this proposal at the request of clergymen from my district who are increasingly burdened with the high cost of living.

The bill I am introducing allows a number of options. Under the present law clergy are considered as covered under social security as self-employed unless they choose to remove themselves during the first 2 years in which they are practicing ministers.

Under my bill the clergy are considered as self-employed unless they opt out of social security coverage but in addition they may be considered as employees if they: First, voluntarily choose this kind of coverage; and second, the church to which they are assigned makes this election also. If either the church or the minister does not choose the employee coverage, then the clergyman reverts back to the status of self-employed, unless he has chosen to be out of the program altogether.

I do not believe that this change would bring undue expense to the churches and if it does, they are free to reject it. I would like to see ministers have this consideration.

Sometimes we tend to forget that clergymen often have the same family expenses that the rest of us have, with less expectation of financial remuneration. They must maintain homes and educate their families and contend with the high cost of everything.

While in no way can they be fully compensated for the kind of service they perform, the dedication and sacrifice they willingly offer, we can make it a bit easier for them financially in this simple way, by lessening the amount they must pay for the retirement needs they face. I believe this Congress will recognize how profoundly clergymen deserve our support and assistance and will take rapid action on this proposal.

GOD AND AMERICA

HON. WILLIAM H. HARSHA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. HARSHA. Mr. Speaker, a young constituent of mine, Brian Stump, who is a fifth grade student of Milford South Elementary School, in Milford, Ohio, recently won first place oratorical honors in a competition sponsored by the Loveland, Ohio, Fraternal Order of Eagles, with an epistle to the glory of God and America.

The eloquence with which this young man expresses his beliefs in the benevolent good of mankind, his optimism for the future of mankind, his optimism for God and his country, has greatly impressed me. Additionally, the mature caliber of this offering speaks highly of the educational instruction received by Brian from his teacher, Mrs. Ida Mae Mills, and the institution in which she works.

I would like to insert this letter in the CONGRESSIONAL RECORD at this time for the information and inspiration of my colleagues and others who have the opportunity to read the RECORD.

The text follows:

GOD AND AMERICA

(By Brian Stump)

When God created America, He must have planned for it to be a great nation. We have independence and freedom, rights and liberty. In the battles beside our allies, we have been strong, but not brutal. We have defeated our enemies in wars of mankind, but when we do fight with our foes, it is for good reason.

Even though all men have sinned, we are still faithful to God. There are many different religions, but we are reverent to them. God created all men equal. Black or white, red or yellow, all men are the same on the inside. Some men are prejudiced against other men's color, race and nationality, but there is really no reason for them to be prejudiced. We do not always live by the Ten Commandments, but every man has good in him, if only a small amount. God made man in His image, above all other creatures.

We live in a hostile world, but kindness can be found in many a home. America is a country of brotherhood and liberty!

LEGISLATIVE PROGRAM FOR VFW

HON. KEITH G. SEBELIUS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. SEBELIUS. Mr. Speaker, this week I had the honor and privilege of introducing John Stang, the commander in chief of the Veterans of Foreign Wars, prior to his statement before the House Veterans' Affairs Committee. Commander Stang is a distinguished American and an outstanding citizen from the big First District of Kansas which I am privileged to represent. I feel his statement outlining the legislative program for the VFW is a positive plan of action which merits the consideration of all of my colleagues and I submit it for your attention and consideration at this time:

INTRODUCTION BY KEITH G. SEBELIUS

Mr. Chairman, the "Big First" District of Kansas is made up of 57 counties—the western sixty per cent of Kansas, and right-smack-dab in the middle of that area is LaCrosse, Kansas, population 1750, the home town of John J. Stang, the Commander-in-Chief of the Veterans of Foreign Wars.

His military involvement began at an early age because he enlisted in the Army in 1946 following graduation from high school. After completing active duty he was discharged as a staff sergeant, entered college and enrolled in the Reserve Officers Training Corps. He was commissioned in 1950 and immediately was called to active duty in the Korean War, serving as executive officer of an artillery battery. He was separated from active duty in 1952 as a first lieutenant.

During the 1961 Berlin Crisis, Stang was again called to active duty. At the time he was Junior Vice Commander of the V.F.W. Department (state) of Kansas. He was released in 1962 and recently was graduated from the Command and General Staff College at Ft. Leavenworth, Kansas.

Stang has held most V.F.W. Post and District offices. He was elected Kansas Department Commander in 1963. He has served on the National Council of Administration, as vice chairman of the National Security Committee and chairman of the National Legislative Committee in 1970–71, when V.F.W. officials met for the first time in Washington, D.C., during the Mid-Winter Conference. He served as Judge Advocate General in 1971–72 and then as Junior and Senior Vice Commander before his election as Commander-in-Chief of the Veterans of Foreign Wars of the United States at the organization's 75th annual National Convention, August 15–23, 1974 held in Chicago, Illinois.

He has been active in his community and state and has served on the City Commission of LaCrosse and was Mayor for two years. He has served as County Attorney and served four years on the three-man Governor appointed Kansas Veterans' Commission.

A graduate of the University of Kansas School of Business, Stang received his law degree in 1957 from the University of Kansas and entered private practice in LaCrosse. He later received a Juris Doctor from the University of Kansas School of Law.

He is a member of the LaCrosse Chamber of Commerce, Lions Club, American Legion, the state and national Bar Associations and a legal fraternity. He has been active in the Boy Scout organization for a number of years and is presently a member of the National Eagle Scout Association.

He and his wife, Mary Lou, live at 319 Fairway Drive, LaCrosse, with their three daughters, Karen, Sharon and Debra.

Mr. Chairman, members of the Veterans' Affairs Committee and fellow comrades of the V.F.W., I am proud to present to you my personal friend and neighbor, the Commander-in-Chief of the Veterans of Foreign Wars, John J. Stang.

STATEMENT OF JOHN J. STANG, COMMANDER-IN-CHIEF, VETERANS OF FOREIGN WARS

Mr. Chairman and members of the Committee: It is a great privilege to appear before your Committee to present the legislative program of the Veterans of Foreign Wars of the United States.

For the benefit of the many new members of the Committee, the Veterans of Foreign Wars was founded in 1899 when a handful of veterans of the Spanish American War met at several cities in the nation to discuss mutual problems returning veterans of that conflict were encountering. These Spanish American war veterans later joined together to establish the Veterans of Foreign Wars of the United States. From that small beginning in 1899, our organization has grown steadily. Today we have the largest membership in our history—over 1.8 million members. This is our twenty-second successive year of membership growth. We are hoping that when we go to our National Convention in Los Angeles next August we will have attained the two million mark.

With me today are the leadership of the Veterans of Foreign Wars who are directly responsible for the growth and vitality of our organization. Most are elected national or state officers of the Veterans of Foreign Wars. They represent all levels of our organization from all over the nation and several foreign countries. They and their predecessors have helped make the Veterans of Foreign Wars the greatest veterans organization in the land. I know I speak for every one of them when I express my deep appreciation for the opportunity to be here before your great Committee.

Time does not permit a description of our many programs which carry out the high purpose of the Veterans of Foreign Wars "To Honor the Dead by Helping the Living." One of these programs, however, is our Voice of Democracy program, a script-writing contest with over 500,000 participants made up of high school students from the 50 states, the District of Columbia, Pacific Areas, and the Panama Canal Zone. The theme this year is "My Responsibility as a Citizen." Five scholarships totaling $22,500 will be awarded to the first five winners at our Banquet tonight which honors Members of Congress. The young man or woman who places first will receive a $10,000 scholarship, to be used at the college or university of his or her choice. You may have observed these Voice of Democracy State and Department winners are with me this morning.

Mr. Chairman, in addition to the new members on this Committee, we sadly note that many long-time friends and familiar faces have left the Congress or are serving on other committees. Most notably absent is your immediate predecessor, the Honorable William Jennings Bryan Dorn of South Carolina, who served on this Committee with great distinction for over a quarter of a century. I would be highly remiss if I did not have the record show that Congressman Dorn's record during his years on this Committee, culminated by his election to the chairmanship, will be difficult to match. The Veterans of Foreign Wars, the veterans of this nation and their dependents, will be forever indebted to Chairman Dorn.

America's 29 million veterans and their dependents are most fortunate to have another great American elected as Chairman of this Committee. You are well known, Mr. Roberts, throughout the Veterans of Foreign Wars for your accomplishments and achievements in behalf of veterans programs. The Veterans of Foreign Wars extends best wishes to you for every success as the leader of this Committee with its jurisdiction over veterans rights and benefits which affect our nation's veterans and their families.

The legislative program of the Veterans of Foreign Wars is established by approval of resolutions by the delegates, representing our membership at our annual National Conventions. Our most recent National Convention, which was held in Chicago last August, approved about 300 resolutions. The majority of these resolutions relate to legislation and programs which come within the jurisdiction of this Committee. Following our Convention, I appointed National Legislative and National Security and Foreign Affairs Committees, which met here in Washington, D.C. to review these resolutions. As the result of those meetings, a representative list of our national resolutions was recommended by the Committees, and I have approved as Commander-in-Chief our Priority Legislative and National Security programs for 1975. These programs have been printed in an attractive brochure, a copy of which has been furnished to each Member of Congress and Government officials having a responsibility for carrying out veterans programs. It will be deeply appreciated if a copy of the Digest of our national mandates adopted by the delegates attending our Chicago National Convention and a copy of the brochure, listing our 1975 priority goals, be made a part of my remarks at the conclusion of my statement.

For the purpose of entitlement to veterans benefits, the term "period of war" includes the Vietnam era which began on August 5, 1964. On March 29, 1973 the last American soldier departed from Vietnam. The Vietnam era continues unless ended by Presidential Proclamation or concurrent resolution of the Congress.

The President may at any time terminate the Vietnam era; that will end entitlement to veterans rights and benefits to which all wartime veterans are entitled.

You of all people, however, are aware that an Act of Congress is required to terminate entitlement to education, training, and housing benefits which are generally called GI Bill benefits. When the third GI Bill was enacted in 1966, compulsory military training was expected to continue indefinitely. In the meantime our nation has adopted the concept of an all-volunteer armed force. The last draftee has completed his service requirements. Today we have an all-volunteer armed forces.

With these facts in mind, the Veterans of Foreign Wars will support action by the President to end entitlement to veterans benefits for peacetime soldiers, unless such service is recognized by the awarding of a campaign badge or medal.

I hasten to add that there are many rights and benefits to which peacetime servicemen are entitled. For example, compensation payments for service connected disabilities are paid at wartime rates for all who are on active duty in the armed forces to the same extent as if such disabilities occurred during wartime, and the widow, children, and dependent parents of veterans are entitled to dependency and indemnity compensation payments in cases where servicemen die while on active duty.

Of course, the termination of veterans education and GI Bill training is a matter for the Congress to decide.

The Veterans of Foreign Wars is extremely proud of its record of leadership in gaining approval of three GI Bills. The rationale for each of the three GI Bills was: (1) Compulsory military service and (2) Readjustment assistance to make up for the time lost while serving in the armed forces. For example, the current GI Bill states that among the purposes and intent of Congress when it enacted this bill—and I quote as follows: "To provide vocational readjustment and restoring lost educational opportunities to those service men and women whose careers have been interrupted or impeded by reason of active duty and to aid such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country."

Now all is changed. We have an all-volunteer army. One of the inducements for volunteering in the armed forces is the prospect of a college education under the GI Bill.

The Veterans of Foreign Wars has always stood for universal military training. We have never achieved that goal. The Veterans of Foreign Wars has, however, supported measures through the years to assure that this nation's military requirements and manpower needs are met. In that regard, the Veterans of Foreign Wars would certainly give every consideration and support to continue the GI Bill as a valuable inducement to maintain our manpower needs in the armed forces.

However, we do not believe that the cost of the GI Bill for persons entering the armed forces should be charged against the Veterans Administration budget, but, more properly and accurately, the cost of the GI Bill as a recruiting device, should be charged to the Department of Defense as part of the cost of our national security.

Mr. Chairman—speaking of the Veterans Administration budget—it is noted that a large portion of the budget involves monthly payments to veterans and their dependents. I am speaking of compensation for the service-connected, dependency and indemnity compensation for the survivors of veterans killed on the battlefield or who have died of service connected causes, pension payments to elderly and needy veterans and their dependents, GI Bill payments to Vietnam veterans, and educational assistance to dependents of veterans who are totally disabled or died of service-connected causes. All of these programs are affected almost daily by the runaway inflation we are experiencing.

The Veterans of Foreign Wars is extremely pleased that this Committee has initiated legislation, the Congress has approved, and the President has signed into law several measures during the 93rd Congress, which have kept veterans payments abreast of the cost-of-living increases.

The most recent cost-of-living increase was the pension increase bill, Public Law 93–527, which provided a 12 percent increase in the rates and an increase of $400 in the top income limitations. This new pension law has prevented about 1.5 million veterans and their dependents from having their pensions cut. An estimated 75,000 would have had their pension checks stopped altogether if this law had not been approved. This pension law was strongly supported by the Veterans of Foreign Wars. However, there are a number of veterans, an estimated 300,000, who have experienced reductions in their Veterans Administration pension payments. This was not anticipated and most unfortunate, since it was believed that the increases approved in this new pension law would have prevented any reduction or loss of pension solely because of the 11 percent social security increase in 1974. This unexpected development, which is a personal tragedy to the more than 300,000 who have suffered a cut in their VA pension, must be corrected.

It is recommended that this Committee continue to give close attention to all proposals which will keep all veterans benefit programs up with the cost-of-living increases, with special attention on the pension program—not only for those who suffered losses because of the social security increases but also for the World War I veteran. As we all know, the average age of World War I veterans is approximately 80. There are about one million World War I veterans who are still living from a total of over four million who served during that conflict. The time for helping these veterans is now. The V.F.W. position is found in the number of bills introduced in this 94th Congress and referred to this Committee, which will establish a separate and more generous pension program for World War I veterans.

The Veterans of Foreign Wars has always opposed veterans benefits being paid to nonveterans. We object to any and all proposals to authorize veterans assistance to a citizen who has never worn the uniform. You will recall that bills in the 93d Congress proposing veterans assistance to conscientious objectors have met with a strong protest by the Veterans of Foreign Wars.

There are efforts to authorize veterans benefits for former servicemen whose less than honorable service has disqualified them for entitlement to veterans assistance.

The Veterans of Foreign Wars opposed the establishment of the clemency board with its power to grant clemency discharges under certain conditions. The V.F.W. has received reports that some are advocating that persons receiving a clemency discharge be granted GI Bill and other veterans assistance. The approving of veterans assistance to those who receive a clemency discharge would be a forgiveness, a kind of amnesty for the commission of acts heretofore held to be less than honorable.

Mr. Chairman, the position of the Veterans of Foreign Wars regarding amnesty is known by the great majority of Americans. We are totally opposed to blanket amnesty of any kind—yesterday, today, or tomorrow.

Over the years, under the leadership of this great Committee, there has been established for veterans the finest and best medical care system the world has ever known. Admittedly, the Veterans Administration hospital and medical care system has from time to time suffered from lack of funds, personnel, and budgetary restrictions and other problems. Notwithstanding the problem, 171 Veterans Administration hospitals and other Veterans Administration medical facilities constitute a great national asset. It is expected, for example, that 1.2 million veterans will be extended some kind of care and treatment in these VA hospitals during the next fiscal year.

Now there looms on the horizon a national health insurance program for all Americans. The Veterans of Foreign Wars has no position regarding a national health program. We will, however, oppose any program which, in its final form, would be the basis for wrecking or dismantling the veterans hospital and medical care system. We will equally oppose any national health insurance program which will reduce or wipe out the rights and benefits to which veterans are entitled under present law regarding medical care and treatment.

The Veterans of Foreign Wars commends this Committee for bringing to the attention of the nation the problems being encountered by the Veterans Administration in its efforts to provide the highest quality medical care for veterans. It will be recalled that this Committee, in its oversight capacity of veterans programs, obtained hard, irrefutable evidence from the Veterans of Foreign Wars and others that the Veterans Administration medical system needed additional funds and personnel to carry out its mission. The Veterans of Foreign Wars is most encouraged that as a result of our joint efforts for the first time in five years the Veterans Administration budget does not call for a cut in veterans medical and hospital care.

There is one proposed cut in the 1976 VA budget which is causing much anxiety in the Veterans of Foreign Wars. All indications are that the demands on the Veterans Administration are sharply increasing because of inflation, recession, and the high unemployment rate. Information I have received indicates that, for example, many younger veterans are taking advantage of GI Bill assistance because they cannot find jobs. Likewise many older veterans are reopening their claims or are calling upon the Veterans Administration for medical and other services during their enforced idleness. Notwithstanding this trend of increasing demands on the Veterans Administration, the 1976 Veterans Administration budget calls for a cut of 595 in the average employment in the Veterans Administration Regional Offices throughout the country and another cut of 463 for the administration of non-medical programs in the Veterans Administration's Central Office. These anticipated personnel cuts are most disturbing to the Veterans of Foreign Wars, and we will be urging the Congress to provide the necessary funds, so that the Veterans Administration can have the manpower it needs to adequately serve veterans.

Another issue of intense concern to the Veterans of Foreign Wars, which is not directly before this Committee, is the shifting of Veterans Day back to November 11th. The Veterans of Foreign Wars believes that Congress made a mistake in 1968 when, in enacting the Monday holiday law, it provided for the shifting of Veterans Day to the last Monday of October. In the interim we have discovered that so far as Veterans Day is concerned, it just hasn't worked out. The one day of the year which has significance so far as veterans are concerned is the original Armistice Day, which in 1954 was designated "Veterans Day" by an Act of Congress. 45 states have changed Veterans Day back to November 11th as a state holiday. These states represent about 88 percent of the 29 million living veterans. Congress must change Veterans Day back to November 11th as a national holiday.

Mr. Chairman, the Congress has always been most compassionate and generous in its treatment of veterans and their dependents. The passage of the Vietnam Veterans Education and Training Bill is an outstanding example of why the Congress is of vital importance to veterans and their dependents. The resounding, overwhelming vote to override the President's veto of the Vietnam Veterans Education Bill is an outstanding example of how our government should and does work. I believe that the Vietnam veteran is now more nearly on an equal basis with veterans of previous wars so far as GI Bill benefits are concerned. There are areas which have come to my attention as I travel throughout the nation which are of great interest to the younger veteran. The continuing, staggeringly high unemployment rate among Vietnam veterans is their number one problem.

Mr. Chairman, the recently-passed Vietnam Veterans Education Bill increased the total GI Bill entitlement by nine months or from a 36-month period to 45 months. Unfortunately, the conference agreement restricted the use of the additional nine months of entitlement to those veterans pursuing a program of education leading to an undergraduate degree. The baccalaureate degree restriction on the extra nine months is proving to be most inequitable and has produced a harsh result among Vietnam veterans who had expected to use the additional nine months toward obtaining a graduate degree. The Veterans of Foreign Wars strongly recommends that this Committee favorably consider and report a bill which will be approved by the 94th Congress, which will permit eligible Vietnam veterans to use the extra nine months' entitlement without restrictions of any kind.

In conclusion, Mr. Chairman, may I again express my sincere gratitude for this opportunity to appear before this distinguished Committee.

It is our hope that each of you will be with us tonight at our annual Congressional Banquet at the Sheraton Park Hotel. We will be honoring one of your distinguished colleagues, the Honorable Barry M. Goldwater of Arizona, ranking minority member of the Senate Aeronautical and Space Sciences Committee, member of the Senate Armed Services Committee, and also a member of the Republican Policy Committee. He will be the twelfth recipient of our Veterans of Foreign Wars Congressional Award for outstanding service to the nation. The dinner will begin promptly at 7:00 p.m., with a reception beginning at 6:00 p.m.

Thank you.

A SALUTE TO ARMSTRONG COUNTY

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. MURTHA. Mr. Speaker, we always hear a great deal about what goes into good government, and what makes government work. But over the last few weeks in Armstrong County in the 12th Congressional District we have had a perfect illustration of what combines to make good government.

The problem faced by the community was the report by the U.S. Railway Association which called for the abandonment of a rail line between Schenley and Templeton. Along this line are a number of key industries. If this line was abandoned it would have cost this area literally thousands of jobs.

What happened next is a wonderful tribute to the people of this area and to our Government system. The local community leaders pulled together to make a new presentation to the U.S. Railway Association on the need for the line. Community businessmen and political leaders pulled together to obtain the facts and figures to present to the U.S. Railway Association on the need for this line.

In Harrisburg, Gov. Milton Shapp focused attention of the rail proposal's effects in Pennsylvania and noted the hardship caused by the proposal abandoning the Armstrong County line. In Washington, Senator RICHARD SCHWEIKER joined us in criticizing the plan and focusing attention on the problem.

The end result: After a public hearing in Pittsburgh where the testimony on the line was presented, the U.S. Railway Association reversed its decision and announced the end of last week that the line would be included in their plan.

Many persons, Mr. Speaker, besides those I have already mentioned deserve credit. At the outset the U.S. Railway Association should be congratulated for recognizing their error and showing a willingness to listen to the people's needs.

Also deserving mention is the local news media who presented the area's case well. Articles in the Kittanning Leader-Times alerted area residents of the need for action. And a series of articles in the Pittsburgh Post-Gazette by David Leherr outlined the problem and focused attention on the line throughout western Pennsylvania.

Most important, though, were local officials, citizens, and businessmen who rallied to work on this problem. I would like to include a brief list of them, Mr. Speaker, and extend to them on behalf of the U.S. House of Representatives our congratulations for an excellent example in community spirit and good government in action. The local citizens include:

LIST OF LOCAL CITIZENS

Mr. Grover Myers, County Commissioner.

Mr. Dean P. Wyant, County Commissioner.

Mr. Ott K. Heilman, County Commissioner.

Mr. Roger Duffy, Executive Director, Armstrong County Planning Commission.

Mr. Jack Underwood, Executive Director, Armstrong County Industrial Development Council.

Mr. Gerald R. Shuster, Executive Director, Middle Armstrong County Chamber of Commerce.

Mr. Donald R. Bissell, Drexel Dynamics Corporation.

Mr. Steve Miller, Harbison Walker Refractories.

Mr. Harold Kennedy, Harbison Walker Refractories.

Mr. Robert Lang, P.P.G. Industries.

Mr. Jack Hall, Elger Plumbingware Division.

Mr. L. U. Brunson, H. M. Pollock Company, Inc.

Mr. Henry Mortimer, H. M. Pollock Company, Inc.

Mr. J. C. McNees, Continental Clay Products.

Mr. Bernard Caruso, Allegheny Ludlum Steel Company.

Mr. John Burdette, Burdette Lumber Company.

Mr. C. W. Young, Joseph S. Finch Company.

Mr. John Hale, Schenley Industries, Inc.

THE 56TH ANNIVERSARY OF FOUNDING OF DEMOLAY

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. JOHN L. BURTON. Mr. Speaker, the week of March 16 to March 23, 1975, is DeMolay week, celebrating the 56th anniversary of the founding of DeMolay. The Order of DeMolay began in 1919 as a result of a young social worker's desire to provide fatherly advice to a boy whose father had been killed in a tragic accident. The organization has remained vital throughout the years and deserves our recognition.

DeMolay has built better citizens, offering a complete program of all-around youth development. Thousands of young men who first acquired their leadership abilities in their DeMolay chapters have gone on to become leaders in their professions and in their communities.

I would like to particularly congratulate the Marin County chapter of DeMolay which has been an active and effective organization which was founded in 1921, being sponsored by Marin Lodge No. 191, Free and Accepted Masons of San Rafael. I wish them continued success.

TWA PROPOSAL MAKES "CENTS"

HON. JERRY LITTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. LITTON. Mr. Speaker, I would like to urge the special attention of my colleagues to recent action taken by Trans World Airlines which would go far in remedying the financial plight of the airline industry while at the same time providing the incentive for travel for three classes of citizens who can most fairly and equitably benefit from this action.

TWA has submitted a proposal with the Civil Aeronautics Board for its approval which would reinstate the youth and family plan special fares and initiate a new senior citizen fare. The new fares are scheduled to become effective on April 24. I believe our economic situation today justifies such action which in the past the CAB considered discriminatory. The airlines are facing a drastic decline in airline traffic coupled with escalating costs. TWA believes their proposal would provide significant revenue increases, create consumer savings and reduce the degree of further fare level increases.

In the past, when the Board determined that fares of this general type were discriminatory during phase 5 of the domestic passenger fare investigation, the economic environment was totally different. Now the stark reality of the picture is grim. Fuel costs have risen to astronomical proportions; citizens who in prior times traveled with the airlines frequently, are now refraining or seeking alternative modes of travel; passenger costs have risen and the airline industry is facing the deepest recessionary period in commercial aviation history.

The Board stated when it called for the phasing out of discount fares that the airlines' capacity had increased to the point that they could now accommodate at standard fares those who had been traveling at reduced rates. The problem is that now in the time of economic pain, there is a reduced demand for the airlines' increased capacity. There is an imbalance between the aircraft size and traffic demands. The proposal for reduced rates seem not only to be pragmatic at this time but also necessary.

TWA has adequately shown that their proposals will meet the profit impact test required by the CAB. Further, they have designed the program so that it will expire in 9½ months, instead of the 18 months allowed by the CAB so as to insure a fair and accurate evaluation. TWA has proposed its fares so as to maximize generation and minimize diversion. Its proposals also meet the requirement that the profits from generated traffic sufficiently exceed the loss of profits from those who are allowed to travel by reduced rates, but had originally traveled by regular fare.

My understanding is that the reasons behind the CAB's decision to eliminate discount fares is based on the judgment that there are certain groups of citizens who get preferential treatment beyond that which other citizens are allowed. In this specific case it is true that single persons traveling alone between the ages of 21 and 65 will not be allowed to benefit from this action. But the practice of flying half-full planes around the world is becoming a luxury we can no longer tolerate nor afford.

The youth and senior citizens proposal will operate on a standby basis. Advance reservations are not allowed so as to not inconvenience anyone or impose on those traveling by standard fare. Youth and senior citizens will be able to travel at two-thirds the regular cost of coach, available all year, except for holidays.

TWA estimates that 414,900 youth passengers will use the fare, 226,500 of which will be newly generated passengers. They estimate the youth fares will contribute $3.9 million to TWA's profits. TWA's records show that since the elimination of the youth fare in June of 1974 youth travel declined by 26.7 percent or almost 180,000 passengers compared with the same period in 1972. This declining pattern has continued.

In initiating the new senior citizens fares TWA reasons that this group of citizens would be greatly deserving of a benefit such as this one. They have been one of the worst hit group of citizens by inflation and are currently operating on a fixed income. The data shows that 50 percent of the total passengers using the senior citizen fare will be newly generated. It is estimated that 259,300 passengers will utilize the new fare, of which 129,650 will be newly generated. The proposed fares will contribute about $1.5 million in additional profits.

The family plan was proposed in hopes of encouraging spouses to accompany persons on business trips. It requires a maximum stay of 6 days and is available only in the off-peak season. It allows for the family head to pay 100 percent of coach fare with spouse or children paying two-thirds of coach fare. TWA estimates the proposed family plan fares will contribute $2.5 million to TWA's profits. TWA estimates that had the family plan been in effect during the last 6 months of 1974 total revenue would have amounted to $14.5 million. Today, total revenue from this group of passengers has dropped from $14.5 million—when this plan was in operation—to $12.5 million.

TWA estimates total profit return from these three proposals will be around $8 million this year. They planned their proposal so that no one is inconvenienced. It is my hope that CAB will approve this proposal and that TWA and other airlines will proceed with their plans.

DELTA STATE UNIVERSITY

HON. DAVID R. BOWEN

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. BOWEN. Mr. Speaker, one of the most progressive and rapidly developing institutions of higher learning in our most progressive and rapidly developing of Cleveland, Miss. Delta State University has progressed the past half-century from a fledgling teachers' college to one of our State's eight universities and is now playing a leading role in providing educational opportunities for a growing number of young Mississippians.

This fine university in recent years has seen its enrollment increase from only a few hundred to more than 3,300, and its educational future is indeed a bright one, as both its graduate facilities and its undergraduate programs are expanded.

This week I am pleased to inform the Congress that Delta State University will be in the athletic spotlight, while carrying on its fine academic program.

The Delta State University women's basketball team, which is undefeated in 24 games this season, will visit us this week while en route to the national championship tournament in Harrisonburg, Va., sponsored by the Association of Intercollegiate Athletics for Women—AIAW.

These outstanding young women athlete-scholars, under the leadership of Coach Margaret Wade, are a credit to their university, their State, and their families and communities. Those interested in how to formulate a sound college athletic program will be interested to know that all members of this fine team except one are native Mississippians.

In addition to winning all 24 games thus far in the 1974–75 season, the Lady Statesmen have left no doubt about their superior caliber of play. They have outscored the opposition by a margin of 30 points a game, averaging 89 points a contest to only 59.1 for their opponents. Even such men's collegiate powerhouses as Indiana and Maryland should be envious of this outstanding display of athletic skill and teamwork.

Much of the credit for the Lady Statesmen's record must go to their outstanding coach, Margaret Wade, truly one of America's great women coaches. To those of us who have known Coach Wade over the years, it is no surprise that she has turned out another winning team. Her record in coaching high school and college women's basketball rivals that of such male counterparts as the legendary Adolph Rupp of Kentucky and Clair Bee of Long Island University. In fact, her career won-loss record of 375 wins and only 69 losses and .845 percentage outranks even those distinguished coaches.

It was my privilege to be a student at Cleveland High School during her tenure as coach there, and I must say that her ability as a teacher and coach has grown rather than diminished through the years. Coach Wade was an outstanding player in her own right, playing as a member of Delta State's Lady Statesmen in 1929–32 and serving as captain of the team.

Accompanying Coach Wade and the team to Washington and the national championship tournament at Harrisonburg are two outstanding young college administrators, Dr. Aubrey Lucas, president of Delta State and Dr. Kent Wyatt, administrative assistant to the president and the president-elect of the university.

I have known both of these educators for several years, and it has been my privilege to work closely with both of them as we seek to build our State and its university system.

Much of the credit for the growth and development of Delta State University must go to these men and the faculty and student body which have developed under their leadership.

Regardless of the outcome in the tournament this week in Harrisonburg, the people of Mississippi can be justly proud of the record that Delta State University, the Lady Statesmen and Coach Wade, Dr. Lucas and Dr. Wyatt have compiled. I know my colleagues join me in wishing them well.

LITHUANIAN INDEPENDENCE

HON. FRANK THOMPSON, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. THOMPSON. Mr. Speaker, on February 16, 1975, Americans of Lithuanian origin and descent commemorated the 57th anniversary of Lithuanian independence. I wish to join with many other Members of this body in extending my very best wishes to the people of Lithuania and to all Americans of Lithuanian descent.

The people of Lithuania have struggled long and hard to maintain their sense of cultural identity and independence. Although the Constitution of the Union of Soviet Socialist Republics contains some eloquent language concerning religious and cultural freedom, in point of fact, the very opposite appears true in the Soviet Union today. Protests by Lithuanians and other people within the Soviet Union against religious and political persecution have attracted worldwide attention. Americans have long admired the courage of the Lithuanian people in the face of adversity and support them in their struggle to obtain basic rights guaranteed under the Soviet Constitution.

All Americans rightly join in saluting the people of Lithuania on this occasion.

UNEMPLOYMENT STRAINS THE SYSTEM

HON. DOMINICK V. DANIELS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. DOMINICK V. DANIELS. Mr. Speaker, unemployment statistics—albeit high—hold little meaning in the abstract. No amount of numerical accounting of the swelling ranks of the jobless can fully depict the real tragedy that loss of income inflicts on millions of American workers and their families.

It is in this context that I want to call my colleagues' attention to a highly illuminating article in the Wall Street Journal, March 14, 1975. Here is a story of the hardships, despair, and frustration that far too many of our out-of-work citizens must endure to collect unemployment insurance checks and food stamps.

The frequent case is one of long delays, innumerable trips to unemployment offices, and weeks—even months—of waiting before receipt of compensation checks. And although the Journal's article discusses the situation in Cleveland, Ohio, the same tale is repeated in cities and towns across the country.

I am including the text of the article to focus attention on the magnitude of the problem:

[From the Wall Street Journal, Mar. 14, 1975]

RISING UNEMPLOYMENT STRAINS THE RESOURCES OF WELFARE AGENCIES

(By Philip Revzin)

CLEVELAND.—Kathy K., a petite, soft-spoken 24-year-old welfare-department caseworker, was in the midst of a particularly frustrating discussion with a food-stamp applicant. She was trying to explain tricky regulations and eligibility requirements to a woman who simply couldn't understand why her stamps would cost her more than they had in the past.

For almost an hour, Kathy got nowhere, and the applicant got angrier. Then Kathy politely excused herself, ducked into the nearby office of her boss, Robert Dunkle, and burst into tears. Mr. Dunkle recalls: "In a few minutes, she had herself back together and walked back into the fray."

A fray is an apt description of the scene these days at food-stamp centers, unemployment-compensation offices, and other public and private relief organizations around the country. As the recession deepens and the unemployed ranks swell, the system that is supposed to mitigate the despair of joblessness is under immense strain, and in some cases it isn't working at all.

Just ask Willis Smith, the father of two. For the first time in his life, Mr. Smith is out of work after being laid off early in February from a job on the assembly line at White Motor Corp.'s truck plant here. The day after he was laid off, Mr. Smith says, he applied for unemployment benefits. Five weeks and five trips downtown later, he still hadn't received his first check.

SCRAMBLING TO SURVIVE

Mr. Smith didn't have any savings, and soon he turned to the welfare agency for food stamps. Three weeks later, he was still waiting. "I can't even get close to the food stamps," he laments while waiting to see an examiner at the unemployment office. "It got so bad at the food-stamp office the other day, I just upped and left. The appointment sheet was all full, and it didn't make any sense to stay. I'll try again next week."

Meanwhile, Mr. Smith has had to scramble to survive. He borrowed $300 from a friend to meet the remaining payments on his four-year-old car, and he and his children now eat all their meals at his mother's house. "You know, you always hear about people on relief being loafers and parasites," he reflects. "But let me tell you, it sure is rough trying to make ends meet. I'd rather be working any day."

The frustrations of Mr. Smith, trying to feed and clothe himself and his children, and those of dedicated workers like Kathy, trying to help thousands of discouraged people, are indicative of the pressures that have been mounting on federal, state and local agencies since last November. Beginning about then, huge numbers of unemployed citizens descended on the agencies, creating workloads of two and three times normal size almost overnight.

Moreover, the worst may be yet to come. "If the general economy doesn't improve by, say, June, Lord, we're really going to be in trouble," declares Samuel Bauer, director of the Cuyahoga County welfare department, which is responsible for the Cleveland area. A major worry for Mr. Bauer and officials elsewhere is that by about mid-year, supplemental unemployment benefits, which pay many laid-off workers up to 95% of their normal take-home pay, will be exhausted. That will probably throw large numbers of additional workers into the food-stamp and relief quagmire.

THE SYSTEM BREAKS DOWN

The current long delay in getting benefits to the jobless is a direct result of the sharp economic downturn late last year. The sudden rise in unemployment flooded the agencies with applicants and clogged up the flow of paper work. New clerks couldn't be trained fast enough to keep up. Complex regulations, requiring a myriad of forms to be filled out properly, added more delay. As the system got more sluggish, both applicants and processors became increasingly frustrated, fatigued, and prone to time-consuming errors.

Critics of the system say the delays should have been avoided. A Senate subcommittee recently heard testimony on ways the Agriculture Department could streamline the food-stamp process. Several state officials have called for legislative action to end mandatory waiting periods for unemployment benefits and to reduce the time now consumed in verifying information. As yet, however, they have failed to take action, and the delays for many applicants whose families may be hungry and in need of clothing are simply intolerable.

The widening cracks in the system are much in evidence here in Cleveland, where unemployment has rapidly caught up with the national rate, which was 8.2% in February. "Up to mid-November, you'd never have known there was a recession in Cleveland," says Emden Schulze, director of the four Cleveland-area offices of the Ohio Bureau of Employment Services. "Then—whammo."

Whammo indeed. Long lines of dispirited, out-of-work people, many of them jobless for the first time, jammed the unemployment offices and stretched into the streets. Clerks had their hands full directing people to the proper counters, keeping a semblance of order and trying to keep the paper flowing. "At one point, with all the people waiting and all the papers floating around, it got so we could barely move behind the counter," recalls Cheryl Celestin, a clerk at the main Cleveland unemployment office.

Despite the crush of people, Cleveland officials haven't had to contend with the violence that has erupted occasionally in unemployment offices elsewhere. Los Angeles County officials, for instance, are thinking of beefing up guard forces after a Long Beach food-stamp worker was kicked by a furious applicant. In the Detroit area, an impatient applicant brandished a gun in an unemployment line and demanded an immediate relief check.

Waiting—sometimes as much as two months before any benefits come through—is clearly the primary cause of such incidents.

It all begins as soon as a jobless worker goes to his local unemployment office to apply for benefits. After enduring long lines and finally reaching the clerk behind the counter, out come the forms: white 425 forms; pink 425R forms; blue 402 forms; pink forms, green forms.

Once completed, the forms must be mailed for verification to the applicant's employers in the most recent 12 months. Depending on the number of employers, whether the forms get mislaid or sent to the wrong person, and the employer's own paper-work backlogs, delays can be extensive. Completion of the file frequently takes a month or more, and this doesn't count further processing at the state level. In the best of times, the process can take three or four weeks; under present conditions it often takes eight weeks or more.

YOU WORK SO HARD

The paper-work foul-ups understandably anger applicants. They also take their toll on agency employes. Mrs. Elizabeth Brower, for instance, is almost hidden from view as she sits at her desk in the monetary-computation section of the Cleveland unemployment office surrounded by metal tubs full of pink- and green-edged file folders, wire baskets, and stray stacks of more folders. "You work so hard, yet you always seem to be starting over with more work," she says, while opening her umpteenth folder of the day to figure out the proper weekly benefits.

"It's discouraging sometimes, like you're not making any progress." Mrs. Brower, like most Cleveland unemployment-agency workers, has been putting in 54- to 60-hour weeks since November, working evenings, Saturdays and holidays. And she is worn out: "I've really got to push myself to get up in the mornings and face another stack of folders," she says.

Almost always these days, applicants assume their unemployment benefits will be some time in coming. To tide them over, their next stop is the local food-stamp office, where the workload soared late last year and where staffers are also feeling the crunch. Charles FitzPatrick, an affable, 27-year-old caseworker at the Cleveland office, says he and other caseworkers each see about 18 or 19 applicants a day, compared with 12 or 13 a day before November.

Even so, applicants like Willis Smith may have to wait up to four weeks just to see a caseworker, the first step in getting food stamps. But Mr. FitzPatrick, who often skips lunch to work, thrives on the heavy workload. "I find the really hectic times quite gratifying," he says. "It makes me think we're really accomplishing something—really helping people."

But the frustration of it all can sometimes boil over. Not long ago, Mr. Dunkle, the food-stamp department supervisor, was working intently at his desk when a big, black umbrella whizzed past his nose and slammed onto his desk. The startled Mr. Dunkle looked up at the umbrella-wielder, a middle-aged woman who declared, "Young man, I want my food stamps." At length, Mr. Dunkle says, he was able to iron out the woman's difficulties with the food-stamp bureaucracy.

A MAZE OF REGULATIONS

Aside from difficulties in dealing with edgy and angry applicants, food-stamp and unemployment workers must grapple with dizzying, complex regulations. Complying with all the rules often adds more delay to the bogged-down process. Added to the basic state unemployment-compensation regulations, for example, are separate regulations for new state and federal programs offering additional weeks of unemployment benefits (a total of up to a year in many cases). Unemployment-office director Schulze laments; "we're now, in effect, administering five separate laws all at once. It's very complicated for our clerks, and frankly baffling to the applicants."

The complexity of the regulations has slowed efforts by officials like Mr. Schulze to quickly hire new staff to reduce the backlogs. "We hired 70 new people to help out the 100 we had at the downtown office," he says. "We're working them in as soon as they are trained, but it takes time. Sometimes it takes a month or more to get the hang of it all." The Cleveland welfare office pulled 40 social workers from other assignments and retrained them to process food-stamp applications. These extra workers have already made a big dent in the backlogs which were as long as five or six weeks several days ago.

Meanwhile, unemployed people who are helpless in the face of all the delays are turning by the thousands to local private agencies for emergency allotments of food and clothing. The Greater Cleveland Inter-Church Council, for example, operates eight hunger centers that distributed food to more than 14,000 people last December, almost three times as many as it helped in December 1973. With requests for aid in January and February just as heavy, Del Jones, program coordinator, says the centers "are absolutely swamped." She adds: "There's just no way an agency like ours can take care of all the people in Cleveland who need our help. We try our best to fill in the gaps of coverage left by government agencies, but we have more people coming in than we can possibly handle."

PEARL HARBOR SURVIVORS ASSOCIATION DESERVES FEDERAL CHARTER

HON. SPARK M. MATSUNAGA

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. MATSUNAGA. Mr. Speaker, I am introducing today a bill which would grant a Federal charter to the Pearl Harbor Survivors Association, an organization of men and women who survived the "day of infamy," that Sunday morning December 7, 1941, when the Japanese attacked Pearl Harbor, Hawaii, plunged this Nation into World War II with unexpected suddenness.

The Pearl Harbor Survivors Association counts among its membership more than 5,000 of the approximately 12,500 service members who lived through the December 7 attack. Ironically, Mr. Speaker, although I was on active duty in Hawaii on that terrible day, I do not qualify for membership in the PHSA, since I was neither stationed on the Island of Oahu nor on a ship within 3 miles of the island at that time. I was an acting commanding officer of an infantry company on the Island of Molokai, guarding a strategic airstrip.

However, I certainly have come to know the leaders and many of the members of this organization, and believe they fully qualify for a Federal charter. Its purposes include preserving historical mementos and chronicles of the Pearl Harbor attack; protecting graves of attack victims; and stimulating Americans to a more active interest in the affairs of the Nation.

Mr. Speaker, there are more than a hundred chapters of PHSA spread across most of the United States. I believe these veterans are deserving of a charter of incorporation issued by the Federal Government, and I urge the Judiciary Committee to give early and favorable attention to this measure.

ENERGY AND TAX AGENDA FOR THE CONGRESS AND ITS COMMITTEES

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. WIRTH. Mr. Speaker, I am submitting for the Record the text of a speech before the National Press Club of Washington, D.C., given by my distinguished colleague, the Honorable John Dingell of Michigan. As chairman of the Energy and Power Subcommittee of the Interstate and Foreign Commerce Committee, a subcommittee on which I am privileged to serve, Mr. Dingell has moved with great skill and dispatch to coordinate efforts of our subcommittee with those of other congressional committees dealing with the energy and tax problems which are before this body. Mr. Dingell's remarks before the National Press Club on March 7, 1975, are a concise summary both of the problems we face and of the hard-working schedule Chairman Dingell and Chairman Ullman of the Ways and Means Committee have set to respond to those problems. I recommend Mr. Dingell's remarks to the attention of my colleagues and submit them herewith:

REMARKS OF THE HONORABLE JOHN D. DINGELL

There is indeed a great deal to be said about the energy legislative programs and policy statements advanced to and within the Congress.

They are all undergoing close scrutiny which they each deserve.

And, they are all under attack by various antagonists who have their own particular—and respected—views and bones to pick.

Our good friend, Senator Pastore and his colleagues have made a valiant effort for an overall Democratic energy program as has Congressman Jim Wright of Texas for the House.

The Ways and Means Committee, headed by my next door neighbor in the Rayburn Building, Al Ullman of Oregon, has proposed tax recommendations regarding energy.

And, the President has a plan—a plan that has undergone several changes during its year of drafting.

There are other plans for curing the Nation's energy needs and, of course, the latest is one being advanced by a capable group from the new freshman block of Congressmen in the House.

The merits of each has the concerted and collective attention of Congress.

The overall goal we are seeking is to establish the most equitable legislative package or packages to provide the American people adequate energy supplies at the lowest possible cost for today and tomorrow. Some sacrifices will have to come. The need is strong for energy conservation. We have learned that.

The energy shortages this Nation and its people witnessed—and suffered—during the energy emergency of late 1973 and during much of 1974—are certainly not to be forgotten. There are very real dangers it could happen again.

During the 1960's—the Vietnam war notwithstanding—this country's legislators were embraced in an effort to clean up the environment. There was the clean air and clean water fight—and the goal to bring about stricter environmental controls. I was bloodied more than once as I fought for strong controls to halt pollution.

Those environmental efforts—which do continue today—resemble very much the concentration now on the shape of the U.S. energy policy. Energy is the grave topic of the seventies. And, I would add, health care and food production in the United States are urgent.

This opportunity today before the national press club is appreciated as I believe we can develop further thought and provide more information on the energy problems affecting the economy of this nation.

In the 94th Congress—during its organizational meetings this year—the Interstate and Foreign Commerce Committee of which I am a member, formed a new subcommittee on energy and power. I was elected its chairman. The Commerce Committee in the House of Representatives has a long history of wide jurisdiction on energy and power matters.

You will recall the Emergency Petroleum Allocation Act and the Energy Supply and Environmental Coordination Act as two of the recent achievements by our committee which contributed so much to help this country survive the oil and gas shortages the past couple of years.

The creation of the energy and power subcommittee was a must. We had to improve on the congressional legislative mechanisms in order to meet the needs of the country.

We are fortunate on that subcommittee to have very capable legislators.

Through the House committee process I can assure the American people we and our colleagues will diligently compile a complete energy record and write a final document as quickly as we can to serve the best interests of the country.

In February when the President sent his energy bill to Congress nine of the thirteen titles were referred to the House Interstate and Foreign Commerce Committee.

To gain an understanding of the dimensions of our energy difficulties and to give focus to our deliberations, our energy and power subcommittee during the week of February 17 held hearings on the President's energy proposals. Our task was to identify the underlying goals of the program, to evaluate the means selected to accomplish these goals, and to take the economic measure of the policies to which this Congress has when asked to accede. These matters were explored in thirty hours of intense review of the President's program concentrated in four days of hearings.

We discovered in these proceedings that great controversy attends the energy policy decisions made by the President. But perhaps the most dominant point made by all witnesses is that energy policy is inextricably linked with economic policy. Decisions in one area hold considerable implications for the other.

The development of a rational, cohesive energy policy, therefore, must necessarily be linked to tax policy and stratagems for pulling this Nation out of its recessionary spiral.

In recognition of this interrelationship, my good friend and colleague, Chairman Ullman of Ways and Means, and I have committed our committees to a parallel course of action for the purpose of developing a cohesive and comprehensive energy program.

For my part, I intend to once again convene the Subcommittee on Energy and Power beginning Monday, the week of March 10, for a series of concentrated hearings to stretch over a two-week period. The committee will receive testimony from a number of balanced panels on the subject of Federal and State allocation and price regulation of natural gas, coal, and petroleum and its products. We will also examine various proposals to equip the President and other agencies of the Federal Government with emergency powers and to achieve savings in energy consumption.

Although the focus of this legislation will be in the near term, it will necessarily provide the dimension for future long range energy policy decisionmaking.

Toward that end, I also intend to convene the Energy and Power Subcommittee beginning the week of March 24 for the purpose of defining the policy parameters of legislation to be drafted by the staff during the Easter recess.

Our committee counsel will be instructed to work with the staff of the Ways and Means Committee to assure to the maximum extent practicable consistency with the tax policy decisions of that committee. It will be our purpose to bring legislation to the floor by mid or late April to be combined with the legislative recommendations of the Ways and Means Committee into a comprehensive energy package.

The subcommittee at the earliest opportunity thereafter will begin consideration of proposals related to the price regulation of electric utilities and siting of energy facilities—titles VII and VIII of the administration's bill and related proposals. These hearings are tentatively scheduled to commence the week of April 28.

Let me make the record clear on another matter. Although the Energy and Power Subcommittee will invite testimony on the subject of price regulation of natural gas, I am not committed to an effort to bring legislation to the floor in the next few weeks on the subject of natural gas price deregulation.

This is a matter of great controversy, of great complexity, and is one that I have for some time opposed. It is an important issue. It deserves a complete record compiled on today's information as we work toward a comprehensive energy policy.

I have held many discussions with Chairman Ullman. It is our intention to work closely together as our two committees draft legislation within respective jurisdictions on the subject of energy.

I am prepared for decisionmaking. The policy statements are all out in front now. The gathering of pertinent information will carry forward for two weeks as I have just outlined as we seek to replace our questions with concrete answers.

We must then develop energy legislation—a program—that does not stifle the industrial power of this Nation and thus wreak havoc on the Nation's economic situation.

In handling energy legislation we will deal carefully as it will affect all the manufacturers and other industries. And, this in turn will affect the employment picture.

It is on the unemployment issue I wish to address you for another moment or so.

I asked an economic consulting firm, Chase Econometric Associations, Inc., to develop, using their econometric model, a projection of the effects on employment, output and prices of the President's proposed course of action on energy. Chase's projections are a part of our subcommittee's hearing record. They indicated that if the President had not changed his mind three days ago and, if by April 1 he had decontrolled old crude oil and imposed a $3 tariff on imported oil, and if the proposed windfall profits taxes were delayed until October, 1975, his action would have resulted in an increase in the unemployment rate for 1976 of six-tenths of a percentage point—about half a million additional unemployed workers. If no windfall profits taxes were enacted, the increase in unemployment would be almost a full percentage point—more than 700,000 additional unemployed workers.

Our Subcommittee on Energy and Power has already moved legislation to the floor of the House which would provide a more efficient mechanism for congressional review of Presidential decisions to exempt petroleum and its products from existing allocation or pricing controls.

This bill would enable the Congress to block an attempt to lift price ceilings on old oil should the President persist in his plan to decontrol without awaiting congressional action on windfall profits tax proposals or development of comprehensive energy legislation.

As I have noted, the information we have received so far raises serious questions about the wisdom of the President's course of action. Thus, we on the committee have insisted, in this legislation that before any steps such as those the President proposes are taken, he make the economic analysis necessary to predict how his action will affect the economy, and we must insist on Congress having an effective means for reviewing and, if necessary, disapproving the President's proposal.

As a result, our bill, which amends the Emergency Petroleum Allocation Act, now contains this necessary language to assist the Congress in protecting—and hopefully—improving upon the Nation's employment situation.

WHAT THE REAL COST SITUATION IS DOWN ON THE FARM

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. OBEY. Mr. Speaker, I would like to call attention to a recent article which appeared in the Farmers Friend and Rural Reporter noting the various cost factors involved in dairy farming.

I think this article underscores the need for relief and underscores the importance of passing the farm bill tomorrow unamended.

The article follows:

TWINE WORTH MORE THAN BULL CALVES

(By Hallie Newlun)

OCONTO.—A fieldman with Kansas State University's Extension Farm Management Association Program has made a comparison that demonstrates just how far out of kilter the U.S. economy has become in a year.

Leonard Parker observed that last year one of his farmer-members purchased 28 bales of twine to bale hay for his dairy herd. At $6.50 per bale, the total cost ran $162. The dairyman sold two bull calves that year for more than $100 each. That paid for the year's supply of twine with a few dollars left over. In 1974, the dairyman purchased 28 more bales of twine, this time for $27 per bale. Total cost: $758. He sold two more bull calves for a total of $36.11.

At this rate, according to Parker, the dairyman would have to sell 43 calves to pay for 28 bales of twine. Last year two calves more than paid for the year's supply of twine.

A FARMER TODAY

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. BRINKLEY. Mr. Speaker, the new farm bill which the House is about to consider is of critical importance to the Nation and has a vital impact upon my district. In conjunction with a sound peanut program, it can make the difference between keeping the farmers on the farm or closing up shop. The issue is not restricted to one of cost but goes to the actual availability of food and fiber. Food does not grow on the grocer's shelves, nor clothes upon the haberdasher's rack.

Since peanuts have been recognized for so many years as a meat substitute, through the school lunch program and other programs, I feel it is important to encourage the dissemination of knowledge about this vital commodity.

Besides, what would we do at baseball games without this delightful bargain?

The Alma (Ga.) Times has published an article which I think speaks well for the farmers of our Nation, and I believe lends support to the need for a good farm program. I insert this article in the RECORD:

A FARMER TODAY IS MANY THINGS: MOST OF ALL, A FRIEND

Farmers are found in fields—plowing up, seeding down, rotating from, planting to, fertilizing with, spraying for and harvesting if. Wives help them, little boys follow them, salesmen detain them, meals wait for them, weather can delay them but it takes Heaven to stop them.

This essay from an unknown source was read by John Foster of Cornelia at the Upper Chattahoochee Soil and Water Conservation District banquet.

When your car stalls along the way, a farmer is a considerate, courteous, inexpensive road service. When a farmer's wife suggests he buy a new suit, he can quote from memory every expense involved in operating the farm last year plus the added expense he is certain will crop up this year. Or else, he assumes the role of the indignant shopper impressing upon everyone within earshot the pounds of pork he must produce in order to pay for a suit at today's prices.

A farmer is a paradox—he is an overalled executive with his home his office; a scientist using fertilizer attachments; a purchasing agent in an old straw hat, a personnel director with grease under his fingernails; a dietician with a passion for alfalfa, aminos and antibiotics; a production expert faced with a surplus, and a manager battling a price-cost squeeze.

He manages more capital than most of the businessmen in town.

He likes sunshine, good food, state fairs, dinner at noon, auctions, his neighbors, Saturday nights in town, his shirt collar unbuttoned and, above all, a good soaking rain in August.

He is not much for droughts, ditches, throughways, experts, weeds, the eight-hour day, helping with housework or grasshoppers.

Nobody else is so far from the telephone or so close to God. Nobody gets so much satisfaction out of modern plumbing, good weather and homemade ice cream. Nobody else has in his pocket at one time a three-bladed knife, check book, a billfold, a pair of pliers and a combination memo book and general farm guide.

Nobody else can remove these things from his pockets, and on washday have overlooked five staples, one cotter key, a rusty spike, three grains of corn, the stub end of a lead pencil, a square tap, a $4.98 pocket watch and a capful of chaff in each trouser cuff.

A farmer is both Faith and Fatalist—he must have faith to continually meet the challenges of his capacities amid an ever-present possibility that an Act of God (a late spring, an early frost, tornado, flood, drought) can bring his business to a standstill. You can reduce his acreage but you can't restrain his ambition.

Might as well put up with him—he is your friend, your competitor, your customer, your source of food, fibre and self-reliant young citizens to help replenish your cities. He is your countryman—a denim dressed, business-wise, fast-growing statesman of stature. And when he comes in at noon having spent the energy of his hopes and dreams, he can be recharged anew with the magic words: "The Market's Up!"

OLD DOMINION NATIONAL CHAMPION

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. WHITEHURST. Mr. Speaker, Old Dominion University of Norfolk, Va., made basketball history on Friday night, March 14, 1975, when it defeated New Orleans 76 to 74 for the NCAA division II championship in Evansville, Ind.

Old Dominion has one of the most exciting college teams in the country. Its fast break reflects the splendid coaching of Sonny Allen, who has put ODU on the sports map of the Nation.

The most famous Washington on the Old Dominion campus today is not the one in the District of Columbia, but Wilson Washington, the Old Dominion sophomore, who was named the tournament's most outstanding player. He and Joey Caruthers were selected for the all-tournament team, but the entire ODU team and its coaching staff share the credit for this great win.

Mr. Speaker, for 18 years before I came to the Congress, I had the pleasure of being associated with Old Dominion University, first as a member of the history department, and subsequently as dean of students. It is thus a particular pleasure for me to insert the account of the championship game, written by Jerry Reed, sports writer for the Virginian-Pilot, who covered Old Dominion's victory, and to take this opportunity to congratulate Coach Allen, his staff, and the Monarchs of Old Dominion University on the triumphant culmination of their most successful season.

The article follows:

OLD DOMINION NATIONAL CHAMPION!!!

(By Jerry Reed)

EVANSVILLE, IND.—Old Dominion's quest for a national championship was realized at last Friday night.

For the Monarchs' laid claim to the NCAA Division II championship by clinging to a 76–74 victory over New Orleans.

"We're No. 1," exaulted Old Dominion coach Sonny Allen.

And so they are, as the Monarchs finished the mission started here in 1971 when they finished second to Evansville.

"It's a feeling you can't describe," said Allen. "I've never experienced it before. Most coaches go a lifetime and never win a national championship."

Added Old Dominion's Gray Eubank:

"It's amazing."

And so was Wilson Washington, the Old Dominion sophomore, who finished with 21 points and 12 rebounds which earned him the tournament's most outstanding player award.

For a time, that honor appeared in doubt as New Orleans' guard Wilbur Holland kept the Privateers in contention with 28 points, 18 of those in the second half.

But it was Holland who missed a desperation shot with one second remaining, allowing Old Dominion to end the season with a 15-game winning streak and the national championship.

Old Dominion is the second team from Virginia to win the Division II championship, duplicating the achievement of Roanoke in 1972.

"This," said Old Dominion's Washington. "is super."

It very nearly wasn't as Old Dominion's other members of the all-tournament team, guard Joey Caruthers, missed the first shot of a one-and-one free throw situation with seven seconds to go.

But Caruthers had done his part earlier by stealing the ball with 5:53 left and driving for a layup to give Old Dominion a 74–68 lead.

And twice prior to that Caruthers had knotted the score, once at 58 and later at 62, keeping the Monarchs in contention.

Old Dominion seemed well in control in the first half by vaulting to a 10-point lead, 38–28, with 3:45 left in that period on a steal and a layup by Caruthers.

This despite New Orleans' 50 per cent shooting from the floor.

The game, in fact, was marked by a crisp beginning that saw New Orleans move into a 12–8 lead on free throws by Nate Mills with 6:15 to play.

But Washington scored successive baskets with 14:24 to go, giving the Monarchs a 16–14 cushion.

Privateers kept coming, claiming a 10–16 lead on a shot by Holland, who finished 14-for-24.

Washington, too, was making his presence felt by completing a three-point play with 10:14 to go, 21–20.

And shortly thereafter New Orleans went two minutes without scoring while Old Dominion was moving its lead to 27–22.

Old Dominion led at the half 44–38.

But the second half required some sweating on Old Dominion's part, due to New Orleans' Holland who pulled the Privateers into a 56–56 tie with 13:42 left in the game.

And John Carnovale gave them a 58–56 lead, New Orleans' first since 21–22 at 13:15 in the first half.

Furthermore, with 8:04 to go, Holland was padding the New Orleans lead to five, 68–63.

But Old Dominion refused to be denied this championship.

"This is a confident team," said captain Oliver Purnell, one of five Monarchs in double figures with 12 points.

"We never got shook."

New Orleans wasn't so fortunate, as the Privateers languished for almost six minutes without scoring. And Old Dominion went ahead to stay, 70–68, on free throws by Tom Street. And with 6:04 to go, a steal and a layup by Purnell and similar feats by Caruthers gave the Monarchs their 74–68 lead.

"We're good," said ODU assistant coach Charlie Woollum.

No disputing that, period.

	FG	FT	RB	PF	TP
Old Dominion:					
Eubank	5–14	0–0	3	3	10
Fuhrmann	4–8	0–0	5	2	8
Washington	10–13	1–1	12	2	21
Purnell	4–8	4–5	4	3	12
Caruthers	7–17	1–2	3	3	15
Street	3–4	4–5	5	0	10
Roundtree	0–0	0–0	0	0	0
Total	33–64	10–13	38	13	76

	FG	FT	RB	PF	TP
New Orleans:					
Carnovale	8–12	2–2	4	2	18
Pace	4–5	0–0	6	1	0
Hyatt	0–0	0–0	1	0	0
Holland	14–24	0–0	5	1	28
Mills	9–16	2–2	6	1	20
Stackhouse	1–2	0–2	2	5	2
Wearren	1–9	0–0	6	3	2
Booker	1–3	0–0	1	1	2
Crump	0–2	0–0	0	0	0
Kennedy	0–1	0–0	2	1	0
Cooper	1–5	0–0	8	2	2
Total	35–79	4–6	45	17	74

Old Dominion	44	32—76
New Orleans	38	36—74

Note: Technical foul—New Orleans bench. A—4,046.

TO SOLVE ECONOMIC PROBLEMS WE NEED TO TELL THE TRUTH ABOUT FREE ENTERPRISE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. CRANE. Mr. Speaker, if we really want to solve our current economic problems we are going to have to start telling the truth about the nature of those problems, even if many Americans prefer to live with pleasant illusions.

We cannot continue to spend more money than we have and expect any result other than continued inflation which leads directly to continued recession and increasing unemployment.

One reason why deficit spending leads to unemployment is that every worker in private enterprise is backed up by more than $20,000 in private investment. If Government enters the capital market to finance deficits approaching $60 billion, there will be no capital left for industry. The result: no new jobs will be created.

Commenting upon this situation, Richard Whelan recently noted that—

> America's wealth is mortgaged. The debt load is excessive. Federal borrowing over the next 18 months could be the ton of bricks that splinters the camel's already straining back. This borrowing will abort any recovery by sending rates soaring, devastating the housing industry, and drying up the pool of long-term investment capital, the muscle-building protein of the American economy.

Those who understand the real nature of our difficulties must speak at this time.

Discussing the need for economic truth-telling, Leonard Read, the distinguished president of the Foundation for Economic Education, knows that—

> Truth deferred is truth interred—laid to rest. It has been suggested that he who postpones the honesty of today till tomorrow will probably relegate his tomorrow to eternity.

Discussing the courage of Dr. Ludwig Erhard, the German economic planner, in opposing the wage and price controls imposed by the Allied Governments upon Germany after World War II and the result, Mr. Read points out what happened:

> The miraculous recovery of a devastated country within a few years, the greatest demonstration of how freedom works its wonders in the Twentieth Century.

West Germany and the United States are now in economic trouble. One reason, Mr. Read believes, is that there are few courageous spokesmen for freedom and free enterprise, such as Mr. Erhard and Prof. Wilhelm Roepke were in postwar Germany.

Mr. Read writes:

> Without such persons, liberty is out of the question; and without liberty, achieving individual potentialities is out of the question.

I wish to share Leonard Read's thoughtful commentary, entitled "Right Now," as it appeared in the May 1975 issue of Notes from FEE, with my colleagues, and insert it into the RECORD at this time:

RIGHT NOW!

By "right now" I mean today; I mean, stand for and proclaim the right as one sees it, not by and by, not tomorrow, but now! Truth deferred is truth interred—laid to rest. It has been suggested that he who postpones the honesty of today till tomorrow will probably relegate his tomorrow to eternity. Righteousness can never be born in procrastination but only in the here and now—right now!

What has this to do with human liberty, that is, with the free market, private ownership, limited government way of life? Far more than meets the eye! Perhaps we can respond with a cue from Mark Twain, "Always do right. This will gratify some people and astonish the rest." Doing the right thing these days is so uncommon as to shock most people. Yet, the case for liberty rests on the presumption that a person will behave promptly and voluntarily as righteously as he knows how. A large percentage of the individuals who do perceive the desirability of liberty have two fears: (1) the fear of the unpopularity which attends those who shock their contemporaries and (2) the fear that if what's right were to take place all at once the economy would tumble into a shambles.

A commentary on the first fear: Thirty years ago I was discussing our economic problems with one of the nation's distinguished editors. He saw things clearly. The journal over which he presided was published by one of our leading business organizations. He said to me, "Someone, sometime, must write the truth about our economic dilemma—must explain the only real way out of it."

"Why don't you do it?" asked I.

His reply, "Our organization would be pilloried and ruined."

This man, like many others, thought it dangerous to be openly honest. Further, he regarded his organization as more important than his own honesty. In reality, it was not important that his organization be popular, or even that it survive. It was only important that he and the organization be forthright in the presentation of honest convictions.

The explanations my editor friend expressed privately to me were splendid. Indeed, his words were what most thinking Americans—lovers of liberty—would like to speak and write. Yet, like this editor, they hold their tongues and still their pens for fear that their words might be astonishing, shocking, unpopular.

This poses some serious questions as to how we should order our lives: Why should you or I seek popularity? Is it actually dangerous to be honest? And supposing it were, for what greater cause than individual liberty could risks be taken?

Reflect on the editor's stand, or lack of it, rather. Thirty years ago he was afraid to say what he believed to be right. Yet, there has not been any time since then when the case for liberty could have been made with less astonishment, shock, unpopularity! Indeed, the obstacles and difficulty of gaining a hearing for liberty have mounted steadily year after year. On his own premises, the editor, and those like him, would have remained permanently muted; liberty could have had no spokesman—and all for the shameful fear of being honest. I repeat, truth deferred is truth interred; liberty relegated to the house of "never"!

Now for a commentary on the second fear: that were we devotees of liberty to get our way all at once—the right suddenly to replace the wrong—the economy would tumble into a shambles. This fear accounts for "gradualism," the notion that what's right must be implemented slowly and step by step. This, I submit, is a demonstrable fallacy and, if pursued, would and must have the same disastrous results as the other fear: the house of "never"!

It was April 1946. Wartime wage and price controls were still in effect. My lecture, "I'd Push the Button," was delivered in Detroit before the Annual Meeting of the Controllers Institute of America. The title was taken from my opening sentence: "If there were a button on this rostrum, the pressing of which would remove all wage and price controls instantaneously, I would put my finger on it and push." The very opposite of "gradualism"!

Here is an analogy. A big, burly ruffian has me on my back, his knee in my midriff, his hands around my neck. A dozen friends, in typical fashion, are circling the scene, bemoaning the plight of poor, old Read. I can hear their chatter, "We must remove that ruffian, but we must do it gradually or Read will get up and go to work all of a sudden."

There are proofs galore that my analogy is not fantasy. Three outstanding examples may suffice to make the point.

The National Industrial Recovery Act—NRA or The Blue Eagle—became law during the early days of the New Deal. Top business leaders and their national organizations endorsed this fantastic set of government controls over the economy. Why this anti-free market position? For more reasons than I shall ever know, but one was the hope of being rid of dreaded competition. However, after a year or two of these strangling controls, the business leaders and their organizations reversed their position. Abbreviated their "reasoning" was this: "We must be rid of this political monster, but the riddance must be gradual. To be rid of it suddenly would wreck the economy."

Came May 1935 and the Supreme Court's famous "Chicken Case" decision. As of that moment every phase of NRA was abolished, not an iota of it remained. The wrong abolished suddenly! Did the economy go smash? To the contrary, citizens went suddenly to work. Have a look at the indices—on the up!

Here is the second example. Not being present, I do not know the exact phrasing, but the gist of it was as follows:

An aide to President Truman announced, "Mr. President, the Japanese have surrendered."

"Cancel the war contracts!"

"Why, Mr. President, they amount to $45,000,000,000. That would ruin the economy."

Responded the Commander-in-Chief: "Cancel the war contracts!"

Within hours, telegrams were sent from Washington ordering all contractors to stop right where they were. Economic pandemonium? To the contrary, production for the market took over as the manufacture of war material ceased—suddenly! Look at the indices–on the up!

The third example is the most impressive of all. I was present when it was born: April 1947, at the first meeting of The Mont Pelerin Society. The initiator was Professor Ludwig von Mises.

First, take stock of Mises and his ways. I can speak with authority on this point for he was an intimate acquaintance of mine for thirty-three years. Never once did I know him to equivocate. Always, he spoke and wrote what he believed to be right—no heed whatsoever to the approval of anyone. Nor did he push his views; he merely stated and explained them.

Anyway, at this meeting in Switzerland he gave an impressive summary of his politico-economic views—the Austrian School philosophy. Mises presented what he believed to be right—right now. Later, I overheard Professor Wilhelm Roepke, one of the most notable among the founders, vigorously express his disapproval of Mises' views. Two years later, I was invited to dine with Professor and Mrs. Mises, that they "had a guest from Europe." Who did the guest turn out to be? Roepke! In this brief period, Professor Roepke had come to share the views of Mises—philosophically, the two had become substantially one.

Now for the payoff, the fantastic result of one man's honesty. The Allied Command in Germany imposed all sorts of controls—the Keynesian type of notions. They chose Dr. Ludwig Erhard as their German economic advisor, doubtless because he had degrees in economics and was a noted anti-Nazi. Much to everyone's surprise, Dr. Erhard went on a nationwide radio broadcast one Sunday evening and announced, "Beginning tomorrow morning all wage, price, and other controls are off!"

Dr. Erhard was summoned before the planners of the Allied Command and informed that he could go to prison for such an unauthorized act. "You have modified our controls."

Replied Erhard, "I haven't modified your controls; I have abolished them!"

Dr. Erhard then had to appear before General Clay, the Allied Commander. Said the General, in effect, "Ludwig, I don't know up from down when it comes to economics, but I like you, and I am going to back you."

Witness what happened: the miraculous recovery of a devastated country within a few years, the greatest demonstration of how freedom works its wonders in the Twentieth Century!

The above, however, is the story but not the key to it. The key? Dr. Erhard in one of his books acknowledged that his principal mentor and advisor was Wilhelm Roepke! Observe on what a slender thread the recovery of West Germany was strung: Mises, saying what's right—right now; Roepke coming to share the great man's understanding; and Erhard courageously putting it all into effect.

That West Germany is on the skids again, as is the U.S.A., and every other country, can be explained by the absence of such exemplary understanding, honesty, courage.

Said Henry Clay: "I would rather be right than be president." Anyone of that moral mien can have my vote for good citizenship, the head of a household, or company, or country. Without such persons, liberty is out of the question; and without liberty, achieving indivdiual potentialities is out of the question. Thus, give America more of those who will do the right as they see the right—right now!

THE 200-MILE FISHING LIMIT

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. STUDDS. Mr. Speaker, on Monday last, the Honorable WILLIAM J. HUGHES, a colleague from New Jersey, appeared before the Merchant Marine and Fisheries' Subcommittee on Fisheries and Wildlife Conservation and the Environment to argue a strong case for the interim establishment of a 200-mile fishing limit off our shores.

For those who were unable to be present for Mr. HUGHES' presentation, I ask unanimous consent to insert his prepared remarks in full at this point in the RECORD:

TESTIMONY OF HON. WILLIAM J. HUGHES

Mr. Chairman, distinguished Members of this Subcommittee:

When I appeared before this panel in field hearings held last June in Toms River, New Jersey, I remarked that if fortunate enough to win election to Congress, I would make a matter of priority the introduction of the legislation we are considering here this morning.

The Interim Fisheries Zone Extension and Management Act was among the first group of bills I cosponsored. Needless to say, it gave me a great deal of satisfaction to join my colleague, Gerry Studds, in support of this legislation.

But I am even more pleased today. This subcommittee is moving with great dispatch, and rightly so.

If we do not move decisively this year to regain control of our fish resources off our own coasts then we just might not have any commercial fish stock worth saving when and if an international accord is reached at some future Law of the Sea Conference.

"It sounds incredible to say it," to quote John R. Stevenson, chief of last year's U.S. Law of the Sea delegation, "but today we have a completely lawless regime for 70 percent of the globe. The necessity to reach a result is overwhelming."

But getting 140 or more nations to honor a series of complex agreements of which fishing is but one important consideration may be more than next week's conference in Geneva or any Law of the Sea Conference can resolve in the foreseeable future.

So to the question: Can our domestic commercial and recreational fishing industries await an international accord of doubtful certainty? The answer is as obvious as the scarcity of haddock off New England and porgies off New Jersey.

THE VIEW FROM MY WINDOW

I live in Ocean City, New Jersey, in a home which has a marvelous view of the Atlantic Ocean. And seldom does a day go by when a stream of foreign trawlers, processing ships and refrigerated transports fail to pass in procession.

In ever-increasing number, foreign trawlers have been methodically decimating fish stock in both Atlantic and Pacific waters. It is a mechanized flotilla of pirate ships.

They don't fish. They harvest, but without regard to conservation.

Since the early sixties these floating factories from the Soviet Union, Poland, Japan and other nations have raked our waters scooping aboard everything that floats or swims including, not rarely, an American fisherman's nets or lobster pots.

What's too small to freeze or too strange to filet is ground up for meal or fertilizer.

By contrast, the American "fleet" is actually 144,000 full and part-time fishermen who put to sea in 88,000 craft that range from skiffs to trawlers, the largest of which in Atlantic waters is still no match for their foreign rivals.

American fishermen were simply unprepared for the competition of foreign fleets operating as sea-going warehouses and processing plants.

To cite but one example, it wasn't ten years ago that 120 million pounds of haddock a year were being caught from the Georges Bank of Cape Cod. But after Soviet flotillas turned their nets to haddock, the catch of New England fishermen plummeted to where six years later only 11.7 million pounds was brought ashore.

The irony, of course, is that the American consumer continued to buy haddock. But now it came imported and frozen, at prices far less than our own fishermen could match.

The consequence of a depressed American fishing fleet has been a necessity to import today 70 percent of our fish products. This added a staggering $1.3 billion to our balance of payments deficit last year.

This, in a nation whose seas teem with fish.

NEW JERSEY FISHING—ON THE BRINK

In my youth, I can remember a bustling fishing port in Wildwood, New Jersey. It was in fact, the second largest commercial fishing harbor on the Atlantic Ocean.

Today that distinction is gone. We are left with a near deserted harbor, a victim of neglect and dwindling catches brought about in large measure by overfishing.

I intend to do what I can to reopen Ottens Harbor and revitalize the fleet there, in Atlantic City, and along the entire Jersey coast. It's essential to these seaside communities where unemployment is at this moment approaching 25 percent in some counties.

We in New Jersey can work on getting the state and the Corps of Engineers to dredge our harbors for the anticipated return of fishing fleets. But very soon, we're going to need the help of this Committee.

We're going to need a 200-mile fishing limit off New Jersey just as sorely as the cod fishermen need a protective zone off New England. We need the time that a fishing limit will bring in order to create a more efficient domestic fleet to satisfy the demands of the U.S. market. In this way we can put an end to the practice of buying back from others what lies just off our shores.

Without a 200-mile limit and the protection it offers to our outmanned fishing fleet, American fishing will continue its rapid decline from its preeminent position of a generation ago. Last year five nations recorded larger catches, assisted by treaties that provided ready access to our coastal waters.

Less than a decade ago more than 270,000 metric tons of fish was hauled in by New Jersey fishermen. Today that figure has dwindled to barely 100,000 metric tons.

Operating in many instances just beyond the 12-mile limit, vessels from the Soviet Union, Poland, Japan, Romania and other nations remove 800,000 metric tons of fish from Cape Cod to Cape Hatteras each year. Our domestic catch, meanwhile, has fallen off to less than 200,000 metric tons.

And while most American fishermen are limited by the size of their craft and facilities for freezing day-to-day fishing, foreign trawlers and their crews operate day and months on end.

Using fine mesh nets which comb the waters clean of all living things, foreign trawlers and their crew operate day and night removing, cleaning, packaging and freezing tons of fish around-the-clock.

It has been estimated that as a direct result of just this overfishing that the entire stock of fish from Cape Cod to Cape Hatteras has been depleted by two-thirds.

In just a decade haddock and porgies, the latter once bountiful off the Jersey coast, are now nearly extinct. Threatened species now include mackerel, flounder, cod, shrimp, halibut, herring and yellowtail. Ben Callaway, fishing editor for The Philadelphia Daily News, recently wrote that three years ago foreign trawlers were removing 99.3 percent of the mackerel, 87.5 percent of the herring, 90.1 percent of the red hake and 88.2 percent of the silver hake, all in total disregard to fish conservation.

TERRITORIAL LIMITS

Eight nations today claim territorial rights of 200-miles while two others—Costa Rica and Nicaragua—claim economic rights to 200 miles. Several of these nations—notably Equador, Peru and Chile—have become notoriously aggressive in enforcing 200-mile fishing claims. Equador last month demanded and got $3.5 million for the release of seven American tuna boat crews.

Yet while American fishermen are arrested and hauled into port for fishing 140 miles off Equador, we are permitting the depletion of fish stock by foreign trawlers far closer to our shores to the ruination of U.S. commercial and sport fishing.

This simply must stop.

I.C.N.A.F. TREATY

An interim 200-mile limit before the end of this year is essential. But for it to be effective, the United States must announce this June its intention to withdraw as a signatory to the International Commission of Northwest Atlantic Fisheries, effective in December, 1975.

We are linked by this treaty to the greatest offenders of fish exploitation off our shores. Not only has this treaty failed to achieve its most important objective—the conservation of fish resources—but threatens to severely restrict the effectiveness of a 200-mile limit to a handful of nations actively fishing Atlantic waters.

IN CONCLUSION

This legislation has been properly termed an interim measure. The long-range solution is to discourage rivalry among nations by ratifying an international accord fixing uniform territorial limits and a worldwide plan for fish management and uses of the sea by all nations.

But in the short term, if we are to shore up the American fishing fleet, we need the temporary protection of a 200-mile fishing limit.

I would only ask that this subcommittee consider, as several members have assured me you shall, the addition of language that would prevent overfishing by fleets whether of foreign or domestic variety.

An annual scientific determination of maximum sustainable yield per species backed by quota limitation should meet this objective.

As for enforcement, the U.S. Coast Guard headquarters for the Atlantic region has advised me that it would take only a modest five percent increase in their annual budget to enforce a 200-mile limit. This is certainly reasonable and in our interest to provide.

On a final note, I am not one of those who believes that the imposition of a fishing limit will make it more difficult to reach an international accord on territorial rights and cooperative uses of the sea.

I believe that the reverse is true. It's going to take forceful unilateral action by major countries such as the United States to provide impetus to reach an international agreement. At present there appears to be no urgency among nations to consider the settlement of these issues. We can look forward to protracted negotiations and nation-by-nation ratification, a process that may take several years.

So pending an international agreement, the United States must assert interim control over its contiguous fishing zones or face the unhappy prospect of simply ceasing to be a major fishing nation.

OIL PRICES AND THE ENERGY CRISIS

HON. JAMES M. JEFFORDS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. JEFFORDS. Mr. Speaker, in the current debate over energy policy, there are four central issues: First, dependence on foreign supplies of oil; second, wasteful consumption of energy; third, long-term supplies of petroleum products and the development of alternative energy sources to those products; and fourth, pricing. The price mechanism has been the most popular ingredient of the various proposals and legislation offered to solve the first three.

I am concerned the American consumer is under pressure to agree to prices which will be too high in the long run—which tie his pocketbook to exorbitant OPEC-set prices and which place burdens on him beyond reasonable demands for conservation. It would also seem that sufficient supplies of oil and alternative energies would be forthcoming at lower prices in any case.

What is the fair market value of a barrel of crude oil? Since we have precious little knowledge of worldwide and domestic suplies of oil it seems premature to talk of floors. We know that on a worldwide basis supply greatly exceeds demand and will for years to come. We can be reasonably sure that 25 to 30 years from now we will have adequate alternative sources to replace any dwindling in this supply glut. In the short run, 1 to 7 years, we will still remain dependent on foreign supplies, and, of course, so will Europe. Lead times in finding and developing new oil and gas supplies range from 3 to 8 years, so that only by 1985 will significant increments in domestic oil supplies be attained.

An extended—over 6 months—embargo would pinch the United States, it would devastate Europe. American and European additional capacity cannot be brought on line fast enough to eliminate this possibility. Vulnerability to supply interruptions is a fact of international life.

One doubts the probability of such interruptions. If the fear is so grave, why have the American major oil companies invested again so heavily in the Middle East in 1974 and at present? The report of the Subcommittee on Multinational Corporations of the Senate Foreign Relations Committee of January 2, 1975, stated:

> Although the major companies were investing little in the search for domestic oil and gas, the industry's investment abroad was increasing rapidly. While expenditures on property, plant and equipment of U.S. companies abroad amounted to just over $5 Billion in 1972, it had grown by 1974 to $8.5 Billion. Moreover, this investment was increasingly concentrated in the Middle East. *Whereas in 1970, only 3.8% of total property, plant and equipment expenditures were made in that area of the world, the proportion had increased to 14% by 1974 and was projected to rise to 17% by 1975.* (emphasis added)

During this same period, oil imports into the United States about doubled, from 3.4 to 7.2 million barrels per day. The amount imported from Arab OPEC sources also rose during this period.

If we are so very concerned about such interruptions, we would be wise to prohibit such investment and force it to be redirected to domestic production. This could be done through repeal of the foreign tax credit and/or tax incentives of other kinds.

I might also point out that only about 15 percent of the oil we consume comes from insecure Arab OPEC sources. Since oil represents about 40 percent of the U.S. energy supply, this means that only 6 percent of our total energy needs are in real danger of interruption. Certainly it would be quite possible for the Nation to engage in this level of conservation under the pressures of another embargo before we developed an adequate strategic storage system.

In the long run, 25 to 30 years, the dependency will most likely be over. Surely, then, it is the medium term of 7 to 25 years away which is the period when present efforts can make a difference. It is for this medium term that careful attention to pricing policies will pay us dividends. Surely there is a monumental difference between, for example, a pegged price of $4.50 and the suggested floor of $7 for a barrel of oil.

Prices significantly below $7 for both domestic as well as foreign-produced oil can be supported by various analyses. These include: First, previous industry analyses; second, previous FEA analyses; third, statements by the President of the International Energy Agency and by the OECD; fourth, memoranda developed by the Cost of Living Council; and fifth, analyses by other knowledgeable parties. I would like to briefly outline each of these analyses:

First. The National Petroleum Council, which represents the interests of the American major oil companies, in its "U.S. Energy Outlook" of December 1972, set up several theoretical "supply cases" and the price which would evoke the supply projected in each case. The cases are based on a 15 percent return on net fixed assets. In case I, defined as the "maximum effort to develop domestic fuel sources," assuming oil and gas drilling increases at a rate of 5.5 percent per year, and a "high projection of oil and gas discovered per foot drilled," the prices were projected as $3.65 per barrel in 1975. This was based on 1970 constant dollars. According to the Joint Economic Committee, inflation since 1970 through 1974 was 28 percent, making the price as of January 1, 1975 to be $4.67 per barrel.

Second. In the FEA Project Independence final task force report, Oil: Possible Levels of Future Production, of November 1974, it is shown that no more supplies will be evoked by an $11 per barrel price that would be evoked by a $4 per barrel price for offshore east coast, west coast, and gulf coast. That is, $4 per barrel is estimated to bring forth the maximum supplies, and the supply constraint beyond $4 is not price—see page IV-3, table IV-2, columns 2A, 6A, and 11A. If these FEA projections remain valid, the concept of prices evoking greater supplies of oil, at least offshore, must be critically questioned.

Third. The chairman of the 18-national International Energy Agency, Viscount Etienne Davignon, suggested in a news conference in February a price floor of $4.50 per barrel. The OECD—Organization for European Cooperation and Development—suggests a floor somewhere in around the same level. It is interesting that Europe, which has a great dependency on the Middle East and therefore a greater need for new domestic supplies and alternative sources, argues that the United States wants too high a floor.

Fourth. The Cost of Living Council in December 1973, in internal memoranda, argued that raising the price of "old" oil from $4.25 to $5.25 was not justified by increasing costs—$4.25 was already a dollar above the previous year's price. These memoranda contradict the Council's own decision to recommend raising the controlled price of old oil.

Lastly, a study published in the prestigious Brookings papers on Economic Activity in 1974 calculates that the zero-monopoly price for full self-sufficiency by 1980 is less than $5. This price, argues the study, will provide the United States with self-sufficiency. Prices much above that, and certainly above $6 will provide huge windfall profits over the long run. Another statement, by Mr. John Buckley, vice president of the Northeast Petroleum Industries, argues that the present weighted price of American oil is too high, and should be rolled back to at the most $7 per barrel. He says this would be sufficient to bring forth increased refinery construction by independents. Here is an independent refiner arguing for lower prices and against decontrol of old oil prices until a sane ceiling can be put in place.

Certainly these estimates argue for a halt to the American position of a $7 floor on oil. If anything, this should be the ceiling price. At the very least, the administration should be coming to Congress for hearings and approval of any negotiated floor. I am not suggesting we ought to immediately peg American oil prices at $4.50 per barrel, though I incline toward a price in that neighborhood, perhaps tied in the future to a market-basket of other representative products. Like all of us, I prefer the marketplace to set the price, but we are faced with a monopoly pricing situation. And if we must have monopoly pricing, I would prefer Congress to set the monopoly price, rather than OPEC or the oil companies or the two in concert. I am suggesting that we would do well to have extensive hearings on this question and that the sooner the better.

VOTE "NO" ON FARM BILL

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. PEYSER. Mr. Speaker, the opposition to H.R. 4296 grows daily. I have attached a copy of the statement released by Common Cause indicating their aversion to this unsound bill. I urge my colleagues to consider these comments carefully:

COMMON CAUSE,
Washington, D.C., March 17, 1975.

DEAR REPRESENTATIVE: This week the House will consider H.R. 4296, farm legislation to provide a 1975 price support program. Common Cause believes that the cotton and dairy provisions of the bill are especially burdensome on and unfair to consumers. The cotton provision in particular is on its face highly wasteful of federal funds.

H.R. 4296 increases cotton target prices and loan levels. The legislation provides added incentives to produce cotton. Yet with 6 million bales of cotton in storage, the United States has more than a one year supply. The Agriculture Department estimates that the bill will cost the taxpayer $213 million for loans and $341 million for target payments in the next year.

There is a larger question than cost to the taxpayer. With too many Americans undernourished and world famine increasing, how can we justify subsidizing cotton surpluses? Cotton land can be used for various food crops. In our judgment the cotton subsidies should be deleted from the bill.

The dairy provisions raise other questions. No hearings were held on the dairy provisions this year, although over half the membership is new to the Agriculture Committee. The lack of hearings is not merely a question of form. H.R. 4296 increases the dairy price support to 85% of parity with quarterly adjustments. The estimated cost to the federal government will be $162 million more than the $250 million already projected under the present level of support.

Increased costs to the government and consumers must be weighed against the needs of dairy farmers. We do not oppose subsidies per se. But overlooked by the Committee is the bill's impact on consumers. Will milk, cheese and butter prices be increased? If so, by how much? The Agriculture Department estimates milk would increase 8¢ per gallon, cheese 10¢ a pound and butter 20¢ a pound. A critical review of these estimates is especially important in today's economic climate. The failure of the Committee to examine the dairy provisions provides no reliable barometer by which to cast votes. For example, if the Agriculture Department figures are correct, will the increased costs hurt low-income people? What will be the effect on food stamp distribution and costs? Will some dairy farmers' income drop further because of decreased consumption? We believe that the Committee must examine these questions with care, rather than asking House members to cast an uninformed vote.

Common Cause believes that a sound farm policy can be developed that benefits both consumers and farmers. Toward that end it is essential for a complete record to be developed that shows the impact these agricultural subsidies have on consumers and taxpayers.

Common Cause urges members of the House to delete the sections on cotton and dairy subsidies. If either effort fails, the bill should be defeated. This would provide the Committee with the opportunity to thoroughly examine these crucial issues.

Sincerely,

DAVID COHEN,
Acting President.

WIDESPREAD MISUSE OF GOVERNMENT-OWNED AUTOMOBILES

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. FORD of Tennessee. Mr. Speaker, today I have joined those concerned about the uncontrolled proliferation of chauffeured limousines among Government officials, and introduced the "Limousine Limitation Act of 1975." In a report delivered to Congress last year, the General Accounting Office documented some startling examples of the widespread misuse of Government-owned automobiles—all at taxpayers' expense. Government officials and military brass were shown to be enjoying this free transportation to and from home and work, to local airports from home or work, to theaters, restaurants, golf courses, and sporting events, and even for transporting their children to school.

This is a clear violation of present Federal law which clearly states that Government cars can be used only for official purposes and these shall not include "the transportation of officers and employees between their domiciles and place of employment." Not only is this law broken every day by hundreds in Washington, but excuses for doing so are even volunteered.

Speaking before a Senate Appropriations Subcommittee last year, former HUD Secretary James Lynn argued that his limousine was justified on the ground that:

> He has no opportunity to supplement his government income. I have to live on what I am paid.

Lynn's salary was $60,000 and I would like to hear him justify his chauffeur and limousine to the average family earning $11,000 a year and worrying about affording gasoline. That limousine cost the U.S. taxpayers $20,000 a year, yet HUD had a moratorium on all new housing for the poor. At $700 a unit the money spent on limousines could have provided at least 200 families with housing for 1 year.

Even more remarkable an excuse was offered by the Administrator of the Veterans' Administration who justified his limousine and chauffeur by saying he had to be quickly available in cases of national emergencies such as earthquakes. It is truly amazing that while the Veterans' Administrator and his Deputy each have a limousine, they told Congress the Veterans' Administration could not afford to air-condition six VA hospitals, most of them in warm Southern States.

Mr. Speaker, this Nation can no longer afford to offer Government officials side benefits which suit royalty more than they do civil servants of a political democracy. While the average taxpayer must concern himself with car payments, repair bills, and gasoline prices, we have officials graciously giving up their chauffeur-driven Cadillacs for chauffeur-driven Pintos. Their chauffeurs, however, still cost the taxpayer about $13 million a year. Switching to economy cars is a laughable sacrifice when compared to the sacrifices 8 percent unemployment and double-digit inflation forces on the average citizen.

I urge my colleagues to support the 'Limousine Limitation Act of 1975" which would reduce the number of chauffeur-driven cars from 800 to 27—those now authorized under Federal law to use this free transportation. The 27 are the President, the Vice President, Members of the Cabinet, the U.N. Delegate, the Chief Justice, the Speaker of the House, the President pro tempore of the Senate, and the majority and minority leaders and whips of the Congress. This bill would also mandate the use of agency carpools and shuttles whenever possible. Finally, it would end the use of Government cars for commuting to and from work.

Spending millions on limousines for bureaucrats and then requesting cuts in the food stamp, school lunch, and social security programs is another blatant example of the misplaced priorities found again and again in the executive branch. Perhaps if we asked these "civil servants" to spend some time living like the average citizen we would find them a bit more sympathetic to this Nation's needs.

DILEMMA FACED BY FARMERS AND THE UNITED STATES

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. SIMON. Mr. Speaker, each week I send to the news media of my district a column setting forth my views on matters which face the Nation. Because the agricultural problem is of growing concern to my colleagues—many of whom do not come from agricultural districts—I am taking the liberty of reprinting that column.

Make no mistake about it. What this body and the executive branch of Government do on our agricultural situation is a matter of major concern to all the citizens of our Nation, and to millions of hungry people all over the face of the Earth.

The danger is that we will drift, and we will try to solve a domestic problem by reducing food production. We will all be losers if that happens. The answer is more imagination in distribution. As has often been said, "If we can get a man to the moon, we can get food to people who need it." And make no mistake about it, the latter is infinitely more important than the former.

The column follows:

DILEMMA FACED BY FARMERS AND THE UNITED STATES

Every day farmers in Southern Illinois and around the nation are making a decision which affects their economic future, which will affect the American consumer, which will alter the U.S. balance of trade, and which could determine whether some of the world's hungry eat.

That decision: whether to produce as much food as they can this summer and fall.

More and more farmers I talk to are deciding to cut back from 20 to 25 per cent in their production; it's sort of an unorganized mass protest by people who have had to work hard, too often for little profit—and in some years it has been a loss.

I disagree with their decision to cut back on production, but I certainly understand it. They're tired of getting squeezed on the prices of things they must buy, squeezed on the price they get, and then blamed by too many consumers for the price tags the public finds in the grocery store.

Secretary of Agriculture Earl Butz has urged full production, but unfortunately has not coupled that plea with a program which will assure the average farmer a reasonable return on a sizeable investment of time and money.

Cattle farmers are suffering big losses; thousands of dairy farmers have gone out of business this past year; grain prices are lower than they should be to encourage production; hog farmers face problems.

What will happen if U.S. farmers cut their production approximately one-fourth?

(1) Per acre grain prices will be up, but total farm income will drop appreciably. That will hurt rural areas generally.

(2) Demand for farm labor will be down. That means higher unemployment.

(3) The U.S. will have less to sell abroad, making our balance of trade position even worse.

(4) Costs to consumers will go up slightly, but since production costs are a small part of the food bill, the increase to consumers will not be great. But any increase hurts and is inflationary.

(5) The mushrooming world population will suffer. The United States in food is in almost the same situation as the Middle East in oil.

That's a pretty grim picture.

What can be done about it?

First, and as rapidly as possible, the Agriculture committees of the House and Senate must produce programs that provide some basic guarantees to farmers, whether grain, dairy or livestock producers. And Secretary Butz must work with them.

Second, the national administration must encourage world trade and not discourage it. The drop in the price of beans can be pinpointed to the exact day when restraints were placed on sales abroad.

Third, production of fertilizer at a reasonable cost must become a national priority.

The last thing this nation's sick economy needs is further illness in its agriculture sector. But with production cuts here and no firm steps to alter the picture, we face some real dangers.

MANAGEMENT OF AEROSPACE TECHNOLOGY FOR NATIONAL NEEDS

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. TEAGUE. Mr. Speaker, Dr. James C. Fletcher, Administrator of the National Aeronautics and Space Administration, addressed the annual meeting of the American Institute of Aeronautics and Astronautics on February 26, 1975. He brought a message of the contributions of NASA to our national well-being. Our space program and its direct daily benefits are part of the fabric of American life. Dr. Fletcher's words eloquently expressed the worth of support for our national space program. I commend these significant comments to my colleagues:

MANAGEMENT OF AEROSPACE TECHNOLOGY FOR NATIONAL NEEDS

(By Dr. James C. Fletcher)

One of the distinctive features of our success as a nation has been the development and application of technology. Much of this country's wealth and power has derived directly or indirectly from our ability to bring science from the laboratory to useful application through technology development. As far back as 1840, Alexis de Tocqueville recognized the major role technology was playing in the development of this nation in his book *Democracy in America*. He treats the subject in a chapter titled "Why the Americans Are More Addicted to Practical Than to Theoretical Science."

The earlier inventors and entrepreneurs, using their own resources, had great impact on our society: Whitney and Singer—textile technology, Dupont—chemical technology, McCormick—agricultural machine technology, Bell—communications technology, etc. Later, as technology requirements became more sophisticated, more diverse disciplines were required to bring new technology to practical application, greater capital investments were required than could be sustained by individuals, and it became more the province of industry and Government to produce and capitalize on technology advances.

As we evolved from technology applications sponsored by individuals to the sophisticated technology efforts sponsored by industry and Government, industry and Government laboratories devoted to research and technology were established; and the rationale for selecting the technology development changed from personal reward incentive to that which best supports corporate and national goals. Apace with the growing complexity of technology have come increasingly complex demands upon management.

Today the United States is preeminent in the world in nearly every area of high technology—and aerospace technology has been one of the key drivers. This capability is a valuable national resource which must not be allowed to deteriorate—it must be carefully and thoughtfully cultivated. I assert that this is a key management task. Recognizing that technology is a means to an end, we must define the national goals and objectives which have greatest value to this nation and the world. I firmly believe that an indispensable ingredient in achieving these goals and objectives is the application of technology; and that such application is an absolute essential to maintaining our preeminence in the world.

However, this view is not universally shared. The argument has been advanced by some that technology is the source of our problems rather than the hope for their solutions. This argument is not without substance; clear cases exist where the thoughtless application or improper management of technology has caused environmental harm. As a result, the public support for technology programs has eroded. To be sure, the pendulum is beginning to swing back towards a reemphasis on technology, particularly among economists—some of their studies have shown that technology, such as developed by NASA, contributes to the national economy seven times the funds expended upon it. But restoring the confidence of the public and regaining public support remains a key management task. Decline of emphasis on technology, particularly in the private sector, has much to do with the decline in productivity in this country, and wholesale export of U.S. technology was a major contributor to our unfavorable trade balance in recent years. Communicating these facts to the public and to national political leaders can and must be done.

Another problem that affects our ability to cultivate technology as a national resource and to gain public support is the increasing cost of technology developments brought about by inflation and the increasing complexity of technology applications. Finding ways to reduce costs is another of the key management tasks that we in the aerospace business must face in order to gain maximum benefit from applying technology to national needs with limited resources.

For emphasis, let me succinctly state the four points I've just made—we should all be concerned about them.

This Nation's technological capability is an essential national resource which should be fully exploited to solve national problems.

This Nation requires a well-thought-out, long-range set of national goals and objectives within the framework of which our technological capability can be made to flourish.

We in the technical community must generate the strong public support required to sustain the large national programs that are needed to achieve these goals.

We technology managers must find and apply methods and techniques to apply technology directly to solving national problems and to make this new technology competitive and marketable by decreasing costs.

I'd like you to keep these four points in mind throughout my discussion.

As responsible industrial organizations and Government agencies, we must individually and collectively assess the state of national and international affairs, identify our aspirations and goals, and develop the specific programs and management concepts to effectively and efficiently carry out the programs. This seems a simple, direct concept but in operation is most difficult to achieve, especially in our highly institutionalized society.

We technology managers operate in a multifaceted arena; the elements with which we interface range from the executive and legislative branches of Government from whom we draw direct support, to other Government agencies, to industry, the universities, the scientific community, the press and the public from whom we derive our ultimate support.

The attitude of all these elements toward technology is affected by the climate of the times, as determined primarily by ever changing domestic and international political conditions and social and economic trends. Thus, the manager's job is far broader than managing the internal affairs of his organization efficiently. Obviously, efficient organization is necessary, but the manager must also be constantly aware of the total environment within which he operates. He must recognize the ways his organization can be affected by, and how it can influence, that environmental.

For example, in my area of responsibility, aerospace research and technology, today's environment differs significantly from that of the late 1950's and early 1960's. The Nation reacted to Russian activity in space with our manned and unmanned space programs. In 1961 NASA had a mandate from the executive branch and the Congress to put a man on the moon and return him safely to Earth before the end of the decade. There was no question in the minds of the public about what NASA was doing and why. NASA had a clearly defined national goal with wide popular support. In the latter part of the 1960's, before that goal was accomplished, support for the program was eroding and has continued to erode due to internal economic and social pressures and external economic and security pressures.

Since the early 1960's we have seen significant changes in our national perspectives. We've had growing inflation, coupled with an astonishingly rapid onset and growth of recession; energy shortages have been thrust upon the national consciousness in a way no previous forewarnings had succeeded in doing; and environmental concerns have grown with significant economic impact in some sectors of the economy. Famine conditions in various parts of the world have illustrated a growing world food problem.

NASA is facing this changing environment by responding to our current national needs in a number of ways. We are assuring that our current and planned programs are relevant to national needs. Our aeronautics program emphasizes noise reduction, pollution reduction, safety and energy conservation. During this next fiscal year over 20 percent of our aeronautics budget will support programs that address aeronautical energy conservation. We estimate that by 1985, the technology for fuel conservation can be developed to permit a 50 percent reduction in fuel consumption by new aircraft which will be less noisy and will produce less pollution than current-generation aircraft. In the area of terrestrial energy, we expect to assist the new Energy Research and Development Administration where we have special expertise to contribute. In space, our applications program is contributing to solutions to the problems of energy shortages, environmental pollution and agriculture.

The Earth observation satellite, LANDSAT, has been utilized in the accurate prediction of water coming from snow melt in remote mountainous regions. These predictions are of particular importance to our western states where increases in the accuracy of runoff predictions can mean significant economic benefit both in electrical power generation and in irrigation planning.

The major contribution of LANDSAT in the area of minerals and energy continues to be its exceptional ability to show large structural features, such as major fault systems, domes and uplifts, and folded mountain belts of regional or subcontinental size. LANDSAT is remarkably effective in revealing new geologic patterns that cover states or even larger areas. This improvement in detecting geologic features is important in finding new targets to explore for fracture controlled mineral deposits.

LANDSAT data are also potentially valuable for use in petroleum exploration, and oil companies are utilizing the data. As yet, these organizations have not reported actual discoveries based on the use of LANDSAT data. They are reluctant to discuss their work in this area because of the highly competitive nature of the business. Nevertheless, it is becoming obvious that LANDSAT has revealed many new geologic features which should lead to real benefits.

Earth resources technology investigators showed that particular crop species could be identified with accuracies well above 90 percent. This and other work we have done has led us to conclude that the technology is available for the use of remote sensing to assist in crop monitoring, including the type of crops being produced, their acreage, and where they are located. Subsequent discussions held with various involved Government departments led to a Large Area Crop Inventory Experiment. NASA, the Department of Agriculture, and the Department of Commerce are jointly testing the degree to which computer-assisted analysis of space-acquired data can enhance the USDA's operational crop for forecasting programs. The intent is to demonstrate the capability of the LANDSAT-type remote sensing and data processing systems in combination with existing techniques to forecast the production of an important world crop—wheat.

In the area of environmental monitoring, we plan to launch the Nimbus G satellite in 1978. This is our first satellite specifically dedicated to environmental measurements; it is designed to study problems of atmospheric pollution, oceanography, and other parameters related to the prediction of weather and climate. The atmospheric pollution part of the mission is a major new thrust for our flight programs, evolving from the growing sophistication of our sensors in response to specific national needs. For example, the objectives of one experiment are to develop a satellite monitoring technique for stratospheric aerosis and gases and to map concentrations with particular emphasis on ozone. The ozone layer within the stratosphere absorbs a significant portion of the sun's ultraviolet radiation and provides a protective blanket for life on Earth. Recent studies indicate that small quantities of oxides of nitrogen or free chlorine could destroy significant quantities of ozone. Hence, the stability of the stratospheric ozone layer and its ability to replenish itself is of serious concern.

Our space exploration program is also relevant to our Earth-bound problems from a longer range standpoint. The primary goal of solar system exploration is to understand the origins of our solar system and the origin of life. Such a search cannot help but add to our understanding of energy processes, environment, and climatology. One of the most important variables in world food production is weather. The ability to better predict and perhaps some day control weather and climate, short-range and long-range, would add immensely to our ability to produce food. The planets of the solar system are natural laboratories for observing the extension of the ranges and scales of phenomena also present on Earth. A study of the atmospheric processes on other planets may allow us to better understand the Earth's weather and climate.

NASA's programs are now oriented directly towards today's needs and problems. We have turned from the beginning of space flight where we were occupied with learning to operate in space to a period where we are learning to use space for man's benefit directly. We always see more opportunities than we have the resources to undertake. Management's task is to structure its picking and choosing process that the probability of selecting the "right" technologies is maximized. We need the advice and assistance of the best this country has to offer in making our choices.

A recent example of one way we plan advanced technology programs was the Summer Study of Space Applications held at Snowmass, Colorado, June 30-July 13, 1974. The purpose of the study was to identify needs which could be only, or more effectively, met by practical application of space systems. The study team consisted mainly of a broad cross-section of users and potential users of the benefits of space applications. They were specialists, drawn from federal, state and local governments, from business and industry, and from the academic community, and were grouped in the following panels: weather and climate; uses of communications; land use planning; agriculture, forest and range, inland water; extractable resources; environmental quality; marine and maritime uses; and materials processing in space. About 70 senior and experienced users—for example, the chairman of a state land use commission, the director of the Great Lakes Basin Commission, the vice president of a large agricultural business, the president of the American Institute of Merchant Shipping—participated in the work of the panels.

The members of the user panels began their deliberations with a good deal of skepticism regarding the usefulness of space systems to them. Prior to taking part in the study, most of the panel members had little knowledge of the information or services that satellites might provide. As the study progressed and the user panelists began to understand the potentials, they began to perceive useful services that could be supplied by future space systems. Indeed, the single most important result of the study may be that these potential users, many of whom had little interest in the space program at the outset, were strongly interested at the end of the study in the benefits which they judged space systems could bring to their business activities, whether in the private or the public sector. The users also began to specify what information would be useful to them, and to indicate some of the potential benefits in their fields. For example, the costs and benefits panel, assisted by the panel on agriculture, forest and range, estimated that two dollars in benefits from reduced production costs, better import-export decisions, increased production, and improved distribution could result from each dollar invested in a space-assisted world wheat survey.

In ways like this the potential beneficiaries of the use of space become part of our planning process so that the benefits will be of maximum utility and our programs will receive maximum support and acceptance.

When we have a well-developed technology with potential usefulness in some area, we have found from experience that the *technologist must take the initiative in getting it adopted*. It is not sufficient to publish documents in the foreign language of the researcher or to describe the capabilities of the new technology and expect a potential user who has done his job one particular way for a long time to accept another way immediately and without question. Rather, we contact a prospective user and work with him to learn what his problems are; if we still feel we can be of value, and he agrees, we continue to work with him in a technology use demonstration program.

Two current examples of such cooperative ventures are the Large Area Crop Inventory Experiment, mentioned earlier; and a demonstration, called ICEWARN, involving NASA, the Coast Guard, and NOAA to verify the utility of an airborne, all-weather remote sensing ice information system to determine ice type, coverage, and thickness on the Great Lakes—the purpose is to extend the length of the shipping season. As a general rule, this class of cooperative venture encompasses large multi-agency undertakings which are beyond the capability of a single principal investigator to manage.

One example of future ventures of this class under consideration is based upon the successful prediction of water runoff from snow melt in remote mountainous regions, which I mentioned previously. We will assess our ability to use LANDSAT data to map snowcover changes in near real time and correlate these changes to the amount of runoff in four study areas in the western part of the United States. The areas are Arizona, California, Colorado, and the Pacific Northwest. Participating with NASA in the study will be the Salt River Project, the California Department of Resources, the Colorado Division of Water Resources, the Bonneville Power Administration, the U.S. Geological Survey, the Soil Conservation Service, the Bureau of Reclamation, the Corps of Engineers, and the National Weather Service. Management techniques for such multiorganizational cooperative ventures are still evolving, and are currently structured to suit each individual situation.

NASA has developed a Technology Utilization Program to promote the transfer of our technology to the industry sector of this country. Over 75,000 inquiries for data packages come to us each year, and more than 4,000 industrial firms are regularly using our data bank.

The competition for resources makes it clear that lower cost must receive major management attention. We are configuring our new programs to minimize state-of-the-art developments of spacecraft equipments. The space shuttle, as we all know, is being developed to reduce the cost of space operations. In addition, we have formalized our concern at NASA by establishing a Low Cost Systems Office. It is spearheading a NASA-wide drive to reduce cost by standardizing those spacecraft equipments and modules which give greatest promise of cost savings. Initially, ten major equipments, such as tape recorders, were declared standard for NASA use. Continuing investigations are in progress regarding the standardization of additional equipments with complexity up to and including the spacecraft itself. Our analyses show that the potential cost avoidance resulting from this approach will reach major proportions by the latter part of this decade.

Although we in the technical community see advanced technology as the key to relieving man's growing problems, there are many who disagree; and there are many more who are completely unconcerned. Yet, to do the job that lies ahead requires massive support. Our job is to do all we can to garner that support at every political level from average citizen to President. We must, therefore, not only make the majority of people aware of the key issues and alternatives but also induce them to act individually and in concert to express their concern. We need to play a stronger role in the decision-making process at the highest levels in both the executive and legislative branches. Our public relations must be more effective than in the past. We ought to get rid of our jargon—much of what we say to the public comes across like a foreign language. We must become articulate and understandable to the layman. We must never forget that the public is the ultimate source of our support in a democratic society. Congress listens to its constituents—an understanding and supportive electorate is essential.

Finally, our challenge as managers is to develop the concepts, techniques, and tools for realistic goal setting and objective planning so that our Nation's limited material and social wealth can make the best use of our imagination, ingenuity, and intellect. The goals and objectives we set must be meaningful to the Nation, and to mankind in general; they must be interfaced with other major elements of the Government to fit into the whole fabric of national goals and objectives. This is a difficult "systems" problem, but it must be done. And, it cannot be done every once in a while; it has to be worked continuously, with full recognition of the dynamic state of the environment. We, as a nation, have not done this sort of thing very well in the past. To do it well must be a major goal of the future.

THE GEORGIA POWER PROJECT: A STRATEGY FOR SOCIALISM—PART IV

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the Georgia Power Project is one of many radical U.S. groups calling for socialism as a panacea for the energy shortage. In their struggle against the free enterprise system, the Marxists oppose Government deregulation which would give private industry the incentive to develop new sources and new resources of energy.

For the enlightenment of my colleagues, I am providing brief characterizations of some of the organizations either whose members are actively involved with the GPP or who have worked with the GPP at the power project's 1973 Atlanta Conference on the Energy Crisis or the 1974 Citizens Energy Conference, and whose positions give direct or parallel support to GPP policies.

Among these are:

INSTITUTE FOR POLICY STUDIES

As it has frequently done for other radical, anti-establishment or revolutionary causes (the IPS phrase being "popular struggles for democratic control"), the Institute for Policy Studies (IPS) took a leadership role in many aspects of the Citizens Energy Conference at which it was represented by several of its subsidiary groups: the Institute of Southern Studies (ISS), the Energy Project, the Political Economy Program Center (PEPC), and Community Technology.

IPS operates from offices at 1520 New Hampshire Avenue, N.W., Washington, D.C. 20036 [202 234–9382]. It was organized in 1963 by Marcus Raskin and Richard Barnet; and soon after, the Peace Research Institute directed by Arthur Waskow was merged with the Institute. These men have formed the ruling triumvirate to the present time.

Over the past decade, IPS, a nonprofit, tax-exempt institution with a budget estimated at about $400,000 annually, has been involved in the development of a wide range of radical organizations. These include the formation of Federal Employees for a Democratic Society (FEDS); the Washington chapter of the Committee of Returned Volunteers (CRV); Drum and Spear Bookstore which was managed by former Student Non-violent Coordinating Committee (SNCC) Ralph Featherstone who died in a bomb explosion immediately prior to the commencement of the March, 1970 H. Rap Brown trial in Maryland; Jews for Urban Justice (JUJ) and various community control of police projects.

In the past two years, IPS has organized the National Black Political Convention (NBPC); assisted with the organizing of the People's Party 1972 presidential election campaign; taken a leadership role in assisting Daniel Ellsberg obtain publicity for the Pentagon Papers; and conducted propaganda seminars on behalf of the People's Republic of China.

During the late 1960's, IPS began an "expansionist" policy: the Bay Area Institute was set up in San Francisco; an Institute of Women's Studies was created in Washington; the Cambridge Institute emerged in Massachusetts; and by 1970 the Institute of Southern Studies (ISS) had been incorporated in Atlanta.

Over the years, the revolutionary activities of the Institute for Policy Studies have been of concern to a number of well-informed people. In 1967, Senator Strom Thurmond [R.-S.C.] warned his Senate colleagues that "by giving a tax exemption to an organization like IPS, our government is allowing tax exemption to support revolution." Two years later on the floor of the Senate, the Senator again warned that IPS, which he characterized as an "elite," was trying to "make changes without reference to the desires of the American people."

Despite these and other warnings, IPS has not changed its direction. A brief 1972 characterization from the book, "Think Tanks," by Paul Dickson provides an adequate summary:

"[IPS] is attempting to lay the groundwork for the new society that will replace the present collapsing one. It not only has dedicated itself to ushering in the new society by inquiry and experimentation but is also doing what it can to hasten the demise of the present one."

Among the segments of the IPS apparat present at the Citizens Energy Conference were:

The Energy Project: A part of the IPS Washington organization which in conference literature stated that it "is examining the economic and political conditions leading up to the current energy situation; future projections as planned by energy conglomerates; the politics of 'energy conservation;' future energy; and alternate energy schemes for specific regions of the U.S."

The Political Economy Program Center: The PEPC operates from the main Washington IPS office and describes its activity as "undertak[ing] research, education and organizing on programs and policies for the American political economy." PEPC stated its goals are "help[ing] energize a working community movement for the democratic reconstruction of America's political economy, stressing equality, justice and liberated social relations."

The Institute for Southern Studies: ISS, which operates from 88 Walton Street, N.W., Atlanta, Ga., is a nonprofit, tax-exempt organization. ISS is self-characterized as "a social change organization engaged in research and educational programs that analyze and clarify alternatives for the political economy of the South and the Nation." More eloquently, ISS has stated:

"With roots in the movements of the Sixties, and an appreciation for region/nation inter-relations, the Institute for Southern Studies is working to reshape the South's future. We are providing ideas, analysis, facts and programs for groups and individuals building the South of the Seventies and beyond."

But in an October 1972 want ad in the "Great Speckled Bird" in Atlanta, ISS used plainer language, stating, "Institute for Southern Studies, a radical research organization, needs volunteers to research military spending and corporate power structures in the South."

ISS publishes a quarterly journal, "Southern Exposure." The first issue (May, 1973) focused on the military and the South. It included an editorial comment, ". . . militarism emerges not simply as one aspect of our society, but as the modus operandi of an expansionism which now threatens to turn our collective existence into a global Wasteland."

A listing of a board of directors appears in Southern Exposure. It includes: Julian Bond, president, Georgia House of Representatives; Dr. Peter Bourne, vice president, Assistant Director, White House Special Office on Drug Abuse; N. Jerold Cohen, Sutherland, Asbill & Brennan; John Lewis, Voter Education Project; Howard Romaine; Robert Sherrill, author; Sue Thrasher; and Elizabeth Tornquist, journalist, Durham, N.C.

Community Technology, Inc.: CTI shares office space with IPS in Washington, D.C. It was developed early in 1973 by members of IPS, Scientists and Engineers for Social and Political Action (SESPA), and other non-aligned members of the alternative culture who are resident in the D.C. area.

In a general proposal, CTI stated its goals as "to demystify technology, to challenge all of the claimed economies of scale, and to push as far as possible practical demonstrations of high technology in the direct service of human needs and imagination in an urban community."

The CTI proposal continued:

"Specific projects immediately planned, in addition to a complete information service, are trout raising in basement-sized areas; vegetable farming in roof-sized areas; use of solar energy on a community scale; use of windmills as an urban energy source; effect of machine tools upon community self-reliance; and redesign of community facilities, including transportation."

In this proposal, a budget of $193,120 was developed. Undocumented sources indicated that CTI planned funding requests to the government and major foundations.

The self-stated "core staff" of CTI includes:

Karl Hess—an IPS "non-employee" because of his long term problems with the Internal Revenue Service, is Project Coordinator; and Therese Hess, his wife, runs the information services project and acts as "community relations organizer."

Karl Hess is a former editor of Newsweek, a founding editor of National Review, speech writer for Senator Barry Goldwater in the 1964 presidential campaign, and a one-time member of the White House staff who now claims to be an extreme right-wing anarchist-libertarian. A "visiting fellow" at IPS, his specialty is talking about political decentralization and maintaining communications between old conservative friends and his new allies and supporters on the left. For CTI, his specialty is "the practical application of technology in community settings."

Dr. Fernwood Mitchell—an industrial chemist formerly employed by the W. G. Grace Company who has brought his twenty-two years of research knowledge to the agriculture (trout rearing) project. According to CTI, Dr. Mitchell is an authority on radiation chemistry, polymer physics, physical chemistry, analytical chemistry, acetylene chemicals, plastics and electronic instrumentation.

It is noted with interest that Dr. Mitchell's wife, Esther, known in D.C. radical circles as "the Maoist grandmother," has organized classes in Marxism-Leninism-Mao Tse-tung thought for several years past and is now the organizer and "chair-person" of the U.S.-China People's Friendship Association. Radical sources report that the Maoist Mitchell's were among the financial supporters of the Mayday apparat and other revolutionary causes.

C. J. Swet—an aged SESPA activist, is in charge of CTI's solar energy projects. Presently senior engineer on the staff of the Applied Physics Laboratory of Johns Hopkins University, he was previously and recently employed at the U.S. Naval Research Laboratory.

Ray K. Samras—a research ocean engineer at the U.S. Naval Research Laboratory, directs CTI's machine shop and computer-related activities.

Other staffers from the IPS general stable involved with CTI are Gil Friend and David Morris.

Among those involved with the various IPS groups present at the Citizens Energy Conference were Robb Burlage, Roger Lesser, Michael Moffit, Leonard S. Rodberg, Tina Conner, Robert Hall, Karl Hess, and Dr. Fernwood Mitchell.

An IPS Political Economy Program Center position paper stated:

> The energy crisis arises directly from the structure of the American political economy. Though world resources will run out quickly if present rates of consumption continue, the current shortages of fuel are not basic resource shortages, but were contrived by a handful of large corporations to increase profits and tighten their control over the production and distribution of energy.
>
> * * * in addressing the immediate crisis, we are faced with basic questions of how our society is to be shaped and run. This must be the start of a national debate which can lead to a fundamental reorganization of the society. In that sense, the crisis is a welcome awakening to a condition we would have face[d], in any case, within a few short years.
>
> The time has come to assert our right to control our own energy future, to achieve decent working and living conditions, and to receive an equitable share of energy. At the same time, Americans must support the struggles of Third World peoples to attain control over the energy supplies beneath their lands, to end the exploitative policies that the U.S. government and American corporations have pursued.
>
> * * * Our objectives should include:
>
> Distribution of energy so that all citizens will benefit equally and will receive sufficient inexpensive energy for a decent and secure life. Access to energy is not a privilege, but a basic right.
>
> Public ownership and distribution of all energy resources under local and regional democratic control, through such mechanisms as popularly-elected energy boards and local people's development corporations.
>
> Workers' control of energy production and distribution processes, for safety, security, and social purpose.
>
> Ecologically-sound husbanding of our nonrenewable land and energy resources, including policies of conservation and an emphasis upon the most abundant, renewable energy sources.
>
> While recognizing and remaining vigilant to the limits and dangers of reforms within the old monopoly capitalist system, especially without mass participation to enforce them, we must push for immediate steps that will advanced [sic] the struggle toward democratic control of all resources,
>
> The most immediate fundamental issue is for popular movements to push for direct public control over the resources already held on public domain territories (as opposed to the present policy of leasing them to private corporations for their exploitation and control).
>
> To achieve this, we do not propose a "nationalization" which simply buys out the industry. Not only would this reward it for its past exploitation and help it unload its bad investments, but energy would remain as remote as it is now from control by the people. We call instead for public development and distribution of the vast energy recially without mass participation to enforce sources beneath public lands, by democratically-elected local and regional agencies. These could develop public facilities for resource extraction, or could contract with private companies for drilling and refining services, while retaining ownership and control of the petroleum and other minerals extracted from public lands. At the same time, these public agencies should develop and control the most dynamic new energy production and use technologies, rather than, as now envisioned, provide government subsidies for private operations.
>
> The following associated steps must also be pressed for:
>
> A moratorium on national coal strip mining (and especially the "Western Coal Rush"), on commercial manufacture of coal-based synthetic fuels, and on the leasing of water in the Western states for industrial purposes, while steps to achieve regional control and to reduce the demand for fossil fuels are undertaken.
>
> A total program of public transportation, to supplant the present excessive reliance on the inefficient private automobile.
>
> Creative use of government regulation and information-gathering, including establishment of national standards for heating and cooling by solar energy, increase in the rates charged for intercity trucking of freight while rail rates are lowered, and subsidized development of intercoastal shipping and restoration of riverways.
>
> National support of energy workers' movements for safety, security, and management-control (major issues in coal and oil union contract showdowns late this year).
>
> Guaranteed workers' job protection for conversion from the old oil-auto economic traps to new energy technologies, including guaranteed employment in related areas, such as reclamation efforts aimed at undoing the damage wrought by previous policies.
>
> A guarantee to every household of a basic amount of energy at a fixed low rate, along the lines of the Lifeline Service proposals made in Vermont.
>
> These actions are certainly not long-term solutions to the basic crisis of our political economy. Nothing short of total restructuring for popular control will be. However, if fought for with a clear understanding of Big Oil's strengths and vulnerabilities, these beginning public issue fights can be vital. Without such clear targeting, reforms can only be a new part of the problem, a new eco-populist stage of Oil Liberalism.

MOVEMENT FOR ECONOMIC JUSTICE

The Movement for Economic Justice (MEJ), 1609 Connecticut Avenue, N.W., Washington, D.C. 20009 [202 462–4200], took an active role in the organizing and logistical management of the Citizens Energy Conference. MEJ's national coordinator, Bert De Leeauw, served on the CEC organizing committee and a staff member, Carol Cullum, was responsible for much of the detailed planning of the conference.

The formation of MEJ was announced in December, 1972, by the late George Wiley, at that time leaving his executive directorship of the National Welfare Rights Organization (NWRO). Since Wiley's death, MEJ has limped along providing salaries for a handful of staff and some agitational expertise to groups that hope to "build a nationwide grassroots movement for fundamental change."

MEJ's opportunist stance on the energy crisis is set out in the February, 1974, issue of its monthly bulletin, "Just Economics":

> ***although energy is much too important to be controlled by a small handful of people, the obviousness of this position does not translate instantly into a movement for public control. As always, what we need is an issue that impacts locally, an issue that is immediate and specific and realizable. We need an issue which builds a mass-based constituency demanding control of our resources—an issue that builds the movement for economic justice.
>
> The issue that best meets these criteria is utilities.
>
> The issue of utility rate hikes opens the door to a number of other issues which similarly are majority issues. The entire rate structure of the utility industry is unfair. It allows big users (business and industry) to pay less for using more while average users pay the highest rate per unit of energy. Deposit policies of most utility companies are unfair, requiring large deposits from small users who have low incomes. Utility power plants are responsible for much of the air pollution in our cities, not to mention crop ruinage in rural areas.
>
> These are issues we can organize around because the targets are in our local communities. Because they are specific, they are understandable. Because they appeal to such a broad base of support, they are winnable.
>
> But to win we must carefully avoid making tactical errors that will diffuse our movement or lead us in the wrong direction. One tactic to be wary of is litigation. While at times lawsuits may seem appealing, we can't wait for the courts and besides, we can't build a movement around legal action. Another trap we must be careful of is depending on the Public Utilities Commissions to do our work. PUCs are supposed to represent the public interest but more often they are only responsive to the utility companies.
>
> We must bring our case directly to the utilities companies and we must make the

utilities issues ones that everyone must take sides on. We must force elected officials to take a firm stand. Finally, we must build the broadest possible base of support. This will be critical because the utility industry will be no pushover.

Even though they are referred to as Public Utilities nothing could be further from the truth. They are mainly controlled by the banks and oil companies.

By starting to organize now we can build a movement to take back our power—energy and political—from the special interests that have robbed it from us.

MEJ also reported to the conference on a Bay Area of California campaign by Electricity and Gas for People (E&GP). The report notes an E&GP campaign against rate increases being sought by the Pacific Gas and Electric Company (PG&E) and states:

"The most exciting thing about the Electricity and Gas for People campaign, its organizers explain, is that it is just the beginning of an attempt to build a regional mass based people's organization. In the Bay area, the realities of regional power are particularly clear, but the new organization will certainly serve as a model for future regional organizing efforts elsewhere.

"Another important aspect of the campaign is that in addition to involving the senior citizens, consumers, community organizations and other obviously receptive constituencies, a special effort is being made to include labor unions and the women's movement.

"It will also be particularly interesting to watch this utility fight because of the attempt to put the emphasis on the utility itself, not the Public Utilities Commission. The strategy is to put enough pressure directly on Pacific Gas and Electric around the rate increase to force the company into negotiations on all of the Electricity and Gas for People's demands."

National Committee for Public Ownership of Oil and Gas

The National Committee for Public Ownership of Oil and Gas (NCPOOG) was organized at a meeting in Washington's Capitol Hill Hotel on February 15, 1974, shortly before the Citizens Energy Conference, which was convened by Charles O. Porter.

Charles Porter, a Harvard Law School graduate and Eugene, Oregon, attorney, served for five years as a Democratic member of the U.S. House of Representatives. During his two terms in Congress (1957–1961), Porter persistently supported any and all leftist regimes in Latin America. Five months after Castro's takeover in Cuba, Porter wrote to a colleague stating, "No one in the State Department believes Castro is a communist, or a communist sympathizer, nor does any other responsible person who wants to get his facts straight."

In 1959, Porter initiated unsuccessful litigation to secure permission to visit the Peoples' Republic of China. In 1963, he organized the Committee for a Review of Our China Policy which has the purpose of sponsoring trade with China, a cause in which he remains active.

Porter's known involvement with the Communist Party, U.S.A. (CPUSA) dates back ten years when in 1964 he became the founder and chairman of an Oregon Ad Hoc Committee to Abolish HUAC, a part of the national CPUSA apparat to abolish the House Committee on Un-American Activities whose 1969 conference he attended in Washington, D.C.

An activist in the antiwar movement of the 1960's Porter is also a board member of the American Committee on Africa (ACOA), which provides logistical support to terrorist groups in Southern Africa.

Joining Porter in a leadership role of NCPOOG were Howard Willits, Fred J. Peltzer, John Doar and the Marxist scholar Joseph P. Morray.

Joseph P. Morray, the translator of Che Guevara's "Guerrilla Warfare" (1968), has been involved with a number of communist causes. In 1961 he was a visiting professor of political science at the University of Havana and was affiliated with the Cuban Congress of Artists and Writers. In 1960 while a professor at the University of California at Berkeley, Morray hosted the founding meeting of a "State committee to abolish HUAC," the first to be formed. He now lives in Corvallis, Oregon.

In a statement made at NCPOOG's first organizational meeting, Charles Porter stated that it would set up state chapters "to promote the public ownership of oil and gas by doing research, drafting and lobbying for legislation in the Congress, encouraging discussion and debates and publication of pertinent information, and the litigation of actions against oil and gas companies in the public interest."

LET US REASSURE THE PENSIONERS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. GAYDOS. Mr. Speaker, as a matter of humanity, we should reassure the social security pensioners.

The debate currently being waged over the stability of the social security system has spread fears, so I learn, among many older Americans who depend in part, or fully, on their monthly pension checks.

These people are reading almost daily of the concern here in Washington that the time soon may come when the program will be bankrupted by the growing demands upon it.

They cannot take this kind of information without deep concern. They live by their social security checks. Income-earning alternatives are impossible for those beyond the hiring age and particularly in an era of mounting joblessness generally. So there are worries—and very serious ones.

As an example of the frightening reports appearing these days in all news publications, I cite this from the Wall Street Journal, based on figures said to be in the hands of the House Ways and Means Committee:

> Recent (Social Security) cost estimates are revealing worsening short and long-range problems for the nation's massive retirement program. At the current rate of spending and income, the system will run out of money by 1980 or soon afterward, actuarial experts warn.

No retiree living from month to month on social security benefits can accept that assessment without great personal anxiety. The year 1980 is only 5 years away. Millions of pensioners can expect to live that long or longer. Will they face destitution then?

You know, Mr. Speaker, as I know, that this Government never will permit a cutback in their social security incomes no matter what may become the state of the fund which now supplies them. This would be both inhumane and unjust. Most of the pensioners have earned their checks, having contributed fully over their working years.

Thus, the discussion here is not concerned with decreasing social *security* payments, but rather with the question of how predicted fund deficits can be met when they come, either through upping contributory rates or by injecting more general tax money into the program. This should be made clear to retirees and those nearing retirement age. Their checks are not in danger.

Perhaps a resolution setting forth the intention of Congress on this point would be the means of getting this across. It could state simply that, under no foreseen circumstances, would this Government permit a lessening of social security benefits to those now receiving them or who are getting near the time when they will retire and claim them. I am sure a statement would ease many troubled minds among the Nation's elderly.

"ACCIDENTAL DEATHS"

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. CLAY. Mr. Speaker, every year an increasing number of deaths result from murders with handguns and armed robberies that end in "accidental deaths." In 1973 there were nearly 20,000 murders committed in this country, 53 percent of them with handguns. Handguns were used in 63 percent of the quarter-million armed robberies committed in that year and in one-half of the 2,700 accidental gun deaths. More people were killed in St. Louis by handguns in the last 5 years than in Northern Ireland. Yet we obviously continue to condone this situation because no action is taken to alter the circumstances.

Therefore, Mr. Speaker, I would like to take this opportunity to call attention to a March 6, 1975, editorial which appeared in the St. Louis Post-Dispatch. The article follows:

Guns, Guns Everywhere

Representative Jonathan Bingham of New York and Senator Philip Hart of Michigan have introduced legislation in Congress that would "prohibit the importation, manufacture, sale, purchase, transfer, receipt, possession or transportation of handguns" by anyone except for those belonging to specific clubs or organizations licensed by the Federal Government. It is as strong as any gun-control measure ever introduced in Congress, and the same powerful efforts will be directed against it that have defeated every other serious attempt to restrict the murderous proliferation of guns.

If the measure does fail, it will not be because gun-control proponents have any shortage of statistics on their side. In 1973 there were nearly 20,000 murders committed in this country, 53 per cent of them with handguns. Handguns were used in 63 per cent of the quarter-million armed robberies committed in that year and in one-half of the 2,700 accidental gun deaths.

A society with even the slightest respect for human life would not tolerate such a terrible toll for a single year. And indeed, many countries have managed to survive without permitting the arming of every other household. In England, for example, an individual must obtain a certificate from the police in order to buy or own a rifle, shotgun or handgun, and the certificates are rarely given.

Only 41 people died by gunshot in England and Wales during 1972. The U.S. may have four times as many people, but that does not explain the fact that for every person who dies by gunshot in England and Wales there are nearly 500 fatalities in this country.

It took the assassination of a president, the murder of two other national leaders and riots across the country to bring about passage of even the weak Firearms Control Law of 1968. The law did little more than ban the importation of the cheapest handguns, and it failed to prohibit the importation of handgun parts. It was supposed to restrict the mail-order purchase of handguns, but anyone with $10 can still obtain a federal dealer's license and order his own handguns through the mail.

Most gun-control advocates blame the failure of Congress to pass effective legislation on pressure from the National Rifle Association, and with 1,000,000 members that group is of course a potent lobbying force. Behind the NRA, however, stand the manufacturers of guns and ammunition, and it is they who profit most from the proliferation of guns.

The NRA, in its role as a front for the manufacturers, and otherwise, has done all it could to make advocacy of unrestricted access to guns a respectable position. One phrase of the Second Amendment to the Constitution, "the right of the people to keep and bear arms," forms the centerpiece of the NRA argument, despite the fact that the Supreme Court has ruled on numerous occasions that the Amendment bestows that right only to the people collectively. The court has said that laws regulating the use of guns and even banning private ownership of certain weapons represent no infringement of the constitutional right.

The Hart-Bingham measure is no panacea for the inequalities which plague American society, but it would at least reduce the number of shootings which happen just because a gun is handy. The bill would compensate those citizens who turn in their handguns during a specified period, after which time possession by anyone outside of licensed groups would become a federal crime. The legislation would not, however, prohibit the possession of handguns by legitimate sportsmen—such as those belonging to pistol clubs—and collectors. The challenge to Congress is clear: it can begin to talk sense about the control of guns, or it can wait until every citizen possesses his own private arsenal.

OIL ON THE WATER: INCUBATOR FOR DISEASE?

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. DOWNEY. Mr. Speaker, in these times of immediate energy scarcity this Nation is beginning to realize that if it is to reach its goal of energy independence it is going to have to begin exploring and developing its oil and natural gas reserves in the Outer Continental Shelf. However, it is clear that this type of exploration and development may have an extremely adverse impact on the environment.

Last month this problem was explored at the Department of Interior hearings on the proposed expansion of the OCS leasing program. Many individuals had the opportunity to speak at these hearings, among them Mr. Arnold Lapinger. In his testimony, Mr. Lapinger painted a very grave and frightening picture of the potential dangers that oil spills may present, not only to the environment but to human life as well. Mr. Lapinger, who is a retired U.S. Army major, was the spokesman for the Marine Environmental Council of Long Island.

An excellent adaptation of Mr. Lapinger's remarks appeared in the March 4, 1975, issue of Newsday. At this time I would like to submit this article for my colleagues' review. The article follows:

OIL ON THE WATER: INCUBATOR FOR DISEASE?

(By Arnold Lapinger)

I will offer evidence to show that offshore oil exploitation will create a real danger to the life of everyone who ventures onto an East Coast beach in the future.

During March and April of last year a marine biologist associated with our organization discovered a considerable quantity of tar balls washed up at Jones Beach and Gilgo Beach on the South Shore of Nassau County. Similar finds were also made at Long Beach and at Atlantic Beach further to the west.

The Environmental Protection Agency responded quickly and took samples. They determinated that the oleaginous slime inside the balls was sewage sludge with a fecal coliform count of 2,400,000 per 100 milliliters of water. The EPA standard set a maximum allowable level of 240.

In May, Richard Dewling [head of EPA's regional survey and analysis division] told me that the 2,400,000 count had been accurate. He further explained that the oil of unknown origin—probably from a tanker that had blown its bilges—had floated over the sewage sludge dump site and had "picked up a load of bacteria." The oil, Dewling said, acted as a natural incubator, hence the fantastically high bacteria count.

We have therefore established, by statements from experts, that oil floating over a sludge dump will "pick up a load" of microbes and, by the time the spill has reached shore, the natural incubation effect will increase the microbial population on the order of 10,000. (This occurred in the early spring when the water temperature is quite low. In late summer, warmer air and water temperatures should enhance the incubation effect to a point where an increase in the order of 1,000,000 might reasonably be expected.)

On Jan. 16, I attended a lecture by Dr. John B. Pearce at Hofstra University, in the course of which he revealed a startling bit of information, probably inadvertently. If the learned doctor had been doing a comedy routine, his casual remark would have qualified as a throw-away line. In the context of his discourse, however, Pearce's off-hand statement was deadly serious. The topic of the moment was ocean dumping of sewage sludge as a threat to Long Island's South Shore beaches, and Pearce, director of the Sandy Hook Laboratory of the National Oceanic and Atmospheric Administration, could reasonably be considered an authority.

On a map of the New York Bight, Pearce identified the portion immediately adjacent to the Area A–2 dump site as a "prime oil drilling area." [The EPA has selected two sewage sites—one 41 miles south of Long Island and another east of New Jersey—for disposal of sewage from the New York metropolitan area next year.] As noted, the present dump site [12 miles south of Atlantic Beach] will be phased out starting this spring. Pearce mentioned that Areas A–1 and A–2 will be used alternately for 45-day periods. With a total volume of 18,000,000 cubic yards daily projected by the EPA, we can be sure that there will be no shortage of sewage sludge at either of the two sites.

I traced the history of the tar balls for Pearce and asked for his opinion on the obvious danger posed by the inevitable spills which must necessarily occur as a result of drilling for oil. That assurance, incidentally, was given us in the October, 1974 Environmental Impact Statement by our own Department of the Interior which stated that "sooner or later a major spill will occur wherever there is significant development of offshore exploration and production in potential areas. We are certain that thousands of minor spills will occur."

Pearce spent all of ten minutes in *not* answering my question. Actually, I am unjustly faulting the good doctor. He did answer me. About a week after the lecture he sent me by mail a copy of the Marine Pollution Bulletin of May, 1974, which contains an article entitled, "Antimicrobial-Resistant Coliforms in New York Bight." Much of the information in the article is drawn from studies made by Pearce.

Microbial life, the article shows, will develop strains that are resistant to the bacterial effects of sea water and that will also resist antibiotics. "Some of the isolates were shown to transfer antibiotic resistance during conjugation with a recipient strain of Salmonella galinarum." How's that for a happy prospect—swimming in a sea of Salmonella?

The article further points to the "fallacy of assuming rapid decomposition and dilution of sewage sludge in the marine dump sites . . ." Here's another cheering thought—if you're a germ. "Many antibiotic resistant strains are highly transmissible between nonpathogenic and pathogenic donors and recipients . . . these plasmids confer a resistance to a wide spectrum of antibiotics and other antimicrobials and the host organisms have great survival advantage in hostile environments."

To sum up: We have established the incubation effect of oil on microbes. We have established that strains, some of them pathogenic, have developed that are resistant to antibiotics. We have established that even nonpathogenic bacteria (fecal coliform) can transfer their antibiotic resistance to a deadly variety.

Therefore: Whatever it is that you are infected with in the future by swimming in pathogen-polluted waters will resist treatment by the major medical weapon now available—antibiotics.

If a beach has been coated with oil it can be cleaned up cosmetically. But how do you disinfect 100 miles of sandy beaches? Get a crop-dusting airplane to spray mercurochrome?

Do we really need the oil that lies under the Atlantic Outer Continental Shelf? I submit, gentlemen, that you do not know; the United States government doesn't know.

We have a Federal Energy Administration and a National Petroleum Council to advise the administration on what we need and what we have available to fulfill those needs. But both agencies get their information on reserves, that is, how much oil we do have and can hope to produce, from the American Petroleum Institute, a wholly owned, wholly controlled propaganda creature of the oil industry. And who sits on the FEA and NPC? Almost all of the members of these two units are—what else?—oil industry executives.

So, we may ask, what are you doing here? The ostensible purpose of these hearings is to get information to be considered by the Department of the Interior in making a decision. But the decision has already been made. Leasing and drilling are inevitable. Was it necessary for you to suffer through the agonizing hours of listening to hundreds of people repeat what you already knew before you started? Have you heard anything new?

We think that you just did. It would seem that the consequences of the oil-incubated, antibiotic-resistant microbe is a new consideration. But we are by no means encouraged. The oil will flow, whether through pipelines or on the surface of the sea. And what if epidemics result? Well, that's progress.

HOUSE OF REPRESENTATIVES—*Tuesday, March 18, 1975*

The House met at 12 o'clock noon.

Rev. James C. Cammack, Snyder Memorial Baptist Church, Fayetteville, N.C., offered the following prayer:

In the majesty of a new morning, our Heavenly Father, we ask Thee to give patience and wisdom to each of these legislators as they begin another day of work.

Give them an openness toward each—and toward Thee. Show them how to differ without being difficult. Teach them the economy of words which neither wound nor offend.

May there be in their deliberations concession without coercion, and conciliation without compromise. Help them to be aware of Thy presence today as the Unseen Representative who is always present and voting.

In these troubled times, when lying has become an art and deceit a costly habit, guide each legislator so to speak and vote and live as to merit Thy blessing.

For Jesus' sake. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H.R. 3260. An act to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398), and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39), and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974; and

H.R. 4075. An act to rescind certain budget authority recommended in the Message of the President of January 30, 1975 (H. Doc. 94–39), and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94–46), and of February 14, 1975 (H. Doc. 94–50), transmitted pursuant to the Impoundment Control Act of 1974.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 3260) entitled "An act to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McCLELLAN, Mr. MAGNUSON, Mr. PASTORE, Mr. McGEE, Mr. PROXMIRE, Mr. MONTOYA, Mr. INOUYE, Mr. CHILES, Mr. YOUNG, Mr. HRUSKA, Mr. FONG, Mr. MATHIAS, and Mr. BELLMON to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4075) entitled "An act to rescind certain budget authority recommended in the Message of the President of January 30, 1975 (H. Doc. 94–39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94–46) and of February 14, 1975 (H. Doc. 94–50), transmitted pursuant to the Impoundment Control Act of 1974," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McCLELLAN, Mr. MAGNUSON, Mr. PASTORE, Mr. McGEE, Mr. PROXMIRE, Mr. MONTOYA, Mr. INOUYE, Mr. CHILES, Mr. YOUNG, Mr. HRUSKA, Mr. FONG, Mr. MATHIAS, and Mr. BELLMON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 326. An act to amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands; and

S. 1172. An act to amend title VI of the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a 10-year term for the appointment of the Director of the Federal Bureau of Investigation.

REV. JAMES CAMMACK

(Mr. ROSE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROSE. Mr. Speaker, our prayer today was offered by one of the best preachers and pastors in the whole Baptist Church. Rev. James Cammack is a spiritual leader from my hometown of Fayetteville, N.C., and I welcome him today to the floor of the Congress of the United States.

Mr. Speaker, if we could but follow the prayer that Rev. James Cammack has offered to this august body, can we but dream of what our Nation could become?

May we have the faith and the courage, Mr. Speaker, to try.

Dr. James Cammack is a native of Dallas, Tex. He graduated in 1945 from the Southern Baptist Theological Seminary in Louisville, Ky., with a master of divinity degree. He holds an honorary doctor of divinity degree from Campbell College, Buie's Creek, N.C.

Dr. Cammack recently participated in traveling seminars under the auspices of Southeastern Baptist Seminary at Wake Forest in Winston-Salem, N.C. He covered 17 countries, including Africa, the Near East, Europe, and the Holy Land in a period of 2 months.

He has had preaching missions to Germany under the auspices of the Foreign Missions Board of his church in Richmond, Va.

His first parish was in Smithfield, N.C., in 1945, and he is presently serving as minister of the Snyder Memorial Baptist Church in Fayetteville, N.C., having been there since 1957.

Of his many community services, Dr. Cammack is on the board of the Cancer Society, the Council on Human Relations, and the Narcotics Commission. He is also a Kiwanian, and the author of a book entitled, "Yours To Share."

He is married to the former Julia Wallace of Waynesboro, Ga. They have one son, Chris.

RESOLUTION TO ESTABLISH SELECT COMMITTEE TO INVESTIGATE FACTUAL ACCOUNTING OF 921 U.S. SERVICEMEN STILL MISSING IN ACTION IN SOUTHEAST ASIA

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, today 29 Members and myself are introducing a resolution to establish a select committee of the House of Representatives to conduct a full and complete investigation into the factual accounting of the 921 U.S. servicemen still classified as missing in action in Southeast Asia, as well as the over 1,100 known dead whose remains have not been recovered as a result of continued military operations in North Vietnam, South Vietnam, Laos, and Cambodia.

Mr. Speaker, we must never cease in our efforts to gain compliance with paragraph 8B of the Paris peace accords until we have a complete accounting of these MIA's and until we make every effort to recover the remains of our known dead. The adoption of this resolution will further prove that the House of Representatives is deeply concerned about this problem and that this body will translate this concern into concrete action.

Later this week I will contact other Members of the House inviting their sponsorship of the resolution and urge them to become a cosponsor.

TOWARD SAVING $1.5 BILLION A YEAR THROUGH WELFARE REFORM LEGISLATION

(Mr. ROBINSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROBINSON. Mr. Speaker, today I have joined with a bipartisan group of Representatives in introducing welfare reform legislation which is estimated to save taxpayers in excess of $1.5 billion a year.

By cutting fraudulent abuse and tightening loopholes, this legislation would save enough money to increase benefits to the truly needy.

The measure I refer to is the National Welfare Reform Act of 1975. It is aimed primarily at correcting deficiencies in the aid to families with dependent children—AFDC—program.

AFDC is the Nation's costliest welfare program, as well as the program most prone to abuse. The AFDC portion of the Federal budget has risen 6,800 percent since the program's inception in 1937 to the current level of $4 billion a year.

The detailed legislation which has been introduced today aims to eliminate the misuse of welfare funds which costs the taxpayer dearly.

Both parties of Congress must work together to restore fiscal sanity in the Government. This legislation is a step in the proper direction. No Federal program should be exempt from scrutiny as we approach a budget deficit now estimated to exceed $80 billion in the next fiscal year.

This bill represents only the first step toward reform of the major Federal welfare programs. Also under examination are the food stamp program, medicaid, and supplemental security income program.

I have long been on record for the reform of the food stamp program, Mr. Speaker. As the only Virginia member of the Agriculture Appropriations Subcommittee, I have seen firsthand how well-meaning programs can be subject to fraud and mismanagement which inflates costs beyond all reasonable levels.

As a significant move toward fiscal responsibility, the National Welfare Reform Act of 1975 represents one of the most thorough and comprehensive revisions of the AFDC program yet offered at the Federal level.

WORLD PRICE OF GASOLINE

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute to revise and extend his remarks and include extraneous matter.)

Mr. COLLINS of Texas. Mr. Speaker, we have had much discussion in Congress about the price of gasoline. No one wants to see the price rise, but a pragmatic evaluation of gasoline prices indicates higher prices ahead. I would like to provide for your reference the current price per gallon of regular gasoline, including tax, in cities around the world:

Afghanistan, Kabul	$0.54
Angola, Luanda	1.34
Australia, Sydney	.68
Austria, Vienna	1.26
Bangladesh, Dacca	1.71
Belgium, Brussels	1.48
Brazil, Rio de Janeiro	1.02
Britain, London	1.65
Bulgaria, Sofia	2.13
Cameroon, Yaounde	1.16
Chile, Santiago	1.07
Denmark, Copenhagen	1.43
Finland, Helsinki	1.19
France, Paris	1.45
Iceland, Reykjavik	1.44
India, Delhi	2.00
Ireland, Dublin	1.39
Italy, Genoa	1.62
Japan, Tokyo	1.55
Liberia, Monrovia	.79
Mexico, Mexico City	.63
Nicaragua, Managua	.74
Philippines	.55
Singapore	1.01
South Korea, Seoul	1.62
South Vietnam, Saigon	1.27
Spain, Valencia	.97
Sweden, Stockholm	1.17
Taiwan, Taipei	1.40
U.S.S.R., Moscow	.47
Uruguay, Montevideo	1.60
U.S., New York	.50
U.S., Tulsa	.49
U.S., Los Angeles	.50
West Germany, Hamburg	1.28

ELECTION OF MEMBERS TO CERTAIN STANDING COMMITTEES OF THE HOUSE

Mr. O'NEILL. Mr. Speaker, I offer a privileged resolution (H. Res. 316) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 316

Resolution designating membership on certain standing committees of the House

Resolved, That David W. Evans, of Indiana, be, and he is hereby, elected a member of the Committee on Banking, Currency and Housing; and

That Andrew Maguire, of New Jersey, be, and he is hereby, elected a member of the Committee on Interstate and Foreign Commerce.

The resolution was agreed to.

A motion to reconsider was laid on the table.

THE RIGHT OF EVERYONE TO CELEBRATE ST. PATRICK'S DAY

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute to revise and extend her remarks and include extraneous matter.)

Mrs. SCHROEDER. Mr. Speaker, as you know, the majority leader and I are both of Irish descent.

It is with great sorrow I rise to deliver this message and request for behavior modification by the majority leader from his Irish foremothers brought to me by the leprechauns last night.

His Irish foremothers are most dismayed that the majority leader treated women Members of Congress as hyphenated Members and excluded them from his stag St. Pat's party. They asked me to remind him:

If it wasn't for St. Pat's mother,
His father wouldn't have been his father.
So let everyone celebrate St. Pat's day.

Or we will have to have a counter majority leader party.

PERSONAL EXPLANATION

(Mrs. MEYNER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MEYNER. Mr. Speaker, I wish to insert in the Record at this point a statement regarding two recorded votes I missed on March 12, 1975, and an indication of how I would have voted if I could have been present.

I refer first to rollcall No. 46, a motion by the gentleman from Illinois to recommit H.R. 4481, the Emergency Employment Appropriations Act of 1975. The motion was defeated by a vote of 315 to 109. Had I been present, I would have voted against the motion. I refer second to rollcall No. 47, a vote on H.R. 4481, the Emergency Employment Appropriations Act of 1975. The bill was passed by a vote of 313 to 113. Had I been present, I would have voted in favor of this bill.

INTERNAL REVENUE SERVICE SPYING

(Mr. VANIK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VANIK. Mr. Speaker, in the last few days, the Miami newspapers have reported on an incredible Internal Revenue Service spying operation directed against a wide range of prominent Miami residents, including a large number of elected officials and judges. The spying may have been directed not at tax matters, but at alleged drinking and sex habits. Reports of the Miami operation raise the most serious constitutional questions.

I do not know the accuracy of these reports. But, Mr. Speaker, the Congress must determine what is the truth in this case—what happened in Miami, and what is happening in the other IRS district offices.

A number of congressional committees have expressed an interest in the Miami situation. The Oversight Subcommittee of Ways and Means, of which I serve as chairman, is very deeply concerned.

The story is still unfolding in this case. I fear it may have national implications. IRS Commissioner Alexander has pledged to get to the bottom of the issue. The oversight subcommittee will do all in its power to insure that there is a complete and thorough investigation not only of the Miami situation but of the IRS's national use of informants and spies.

PROVIDING FUNDS FOR THE EXPENSES OF THE COMMITTEE ON WAYS AND MEANS

Mr. THOMPSON. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 275 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 275

Resolved, That (a) effective from January 3, 1975, the expenses of the investigations and studies to be conducted by the Committee on Ways and Means, acting as a whole or by subcommittee, not to exceed $1,500,000, including expenditures for the employment of investigators, attorneys, individual consultants or organizations thereof, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman of such committee, and approved by the Committee on House Administration.

(b) Not to exceed $50,000 of the amount provided by subsection (a) may be used to procure the temporary or intermittent services of individual consultants or organizations thereof pursuant to section 202(i) of the Legislative Reorganization Act of 1946 (2 U.S.C. 72a(i)), except that such monetary limitation on the procurement of such services shall not prevent the use of such funds for any other authorized purpose.

SEC. 2. No part of the funds authorized by this resolution shall be available for expenditure in connection with the study or investigation of any subject which is being investigated for the same purpose by any other committee of the House, and the chairman of the Committee on Ways and Means shall furnish the Committee on House Administration information with respect to any study or investigation intended to be financed from such funds.

SEC. 3. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration under existing law.

Mr. THOMPSON (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the resolution be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. BAUMAN. Mr. Speaker, reserving the right to object, I wonder if the gentleman from New Jersey would give us some explanation for the astronomical amount of money contained in this resolution for the Committee on Ways and Means. I am concerned about what appears to be a tripling of the funding from past sessions.

Mr. THOMPSON. If the gentleman will yield, when I get unanimous consent, I am prepared fully to explain the increase in this, and the resolution.

Mr. BAUMAN. I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey for immediate consideration of the resolution?

There was no objection.

Mr. THOMPSON. Mr. Speaker, House Resolution 275 from the Committee on Ways and Means asks for an appropriation of $1,500,000. In the last session there was authorized for the committee $395,000, and there was available because of the carryover from the first session of the last Congress $450,210.03. There are a number of reasons for this rather dramatic increase. Among others, although there was authorized in the last session $450,000, there was not reflected in that the number of professional employees and clerical employees on the committee.

In this Congress the committee size has been increased from 25 to 37 members. There is, of course, reflected in this amount the cost-of-living pay increases and the additional staff personnel. There are 31 staff persons and clerical persons, for a total of 35 additional employees on the committee.

As was explained by the gentleman from Oregon (Mr. ULLMAN), chairman of the committee, and the gentleman from Pennsylvania (Mr. SCHNEEBELI), the ranking member, who were in agreement on this resolution, much more stringent oversight is planned and considered necessary in view of the $113 billion proposed by the administration to be spent in the areas over which the Committee on Ways and Means has jurisdiction.

There were no jurisdictional changes but for the first time the committee is required to have subcommittees. It has constituted six subcommittees. The majority and minority are all funded.

Further there are prospects of an extensive schedule of public hearings which with the increased membership and staff and of course the inflationary increases which we are all unhappy about as far as the cost of goods and services and subscriptions, all will contribute to increased costs. There is also provided reasonable amounts of money for the travel expenses of the numerous professional witnesses called upon.

In the Committee on House Administration the distinguished gentleman from Ohio (Mr. DEVINE) offered an amendment, which carried, which cut this amount by $200,000.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. THOMPSON. I yield for debate only.

Mr. BAUMAN. I have just seen this report for the first time, but do I understand that the staff of the Ways and Means Committee is being expanded from 30 to 66 staff members at one stroke?

Mr. THOMPSON. Yes, I think that is correct, with the additional statutory professional staff and with the staffing of the 6 subcommittees.

Mr. BAUMAN. And the Subcommittee on Accounts is convinced of the necessity for this type of enormous expansion?

Mr. THOMPSON. Yes. And the gentleman from New Jersey might respond that on interrogating the chairman (Mr. ULLMAN) and the ranking minority member (Mr. SCHNEEBELI) we found they feel very strongly that in order to get their work done they must have this money and they must have this staff.

I might say to the gentleman that in this Congress because of the statutory increases and because of the requirement for the minority staffing we are undergoing a new experience in the Subcommittee on Accounts, in the Committee on House Administration on which I have served for 20 years. We intend, as the gentleman knows, each year when the committees must come to the Committee on House Administration and to the House for further funding, to take each and every one of them and very carefully interrogate them on the basis of their first year experience under the new rules.

Mr. DEVINE. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON. I yield to the gentleman from Ohio.

Mr. DEVINE. I thank the gentleman for yielding.

Just for further clarification, this is one of the many funding resolutions that has come to the House Subcommittee on Accounts and approved by the full Committee on House Administration. I think this is the first one on which we have been successful in reducing the amount by any substantial figure. Both the gentleman from Pennsylvania (Mr. SCHNEEBELI) and the gentleman from Oregon (Chairman ULLMAN) were questioned about the further expansion of jurisdiction and they both said they have not expanded any but they have a great responsibility with social security, the tax cut legislation and tax reform legislation, national health insurance, all of which will take a great deal of time with witnesses and increased expenses. This is coupled with the fact that the subcommittee structure, which is new to the Ways and Means Committee, will of course require expanded staff for the minority and the majority.

Finally, in keeping with what the gentleman from New Jersey pointed out, we do have an oversight responsibility inasmuch as this is funding from year to year and not session to session, so that when the committee comes in with a funding request for next year we will be able to see what their experience has been. If they follow the normal pattern they will have considerable funds left over and we will take that into consideration in funding them for the next year, for the balance of the 94th Congress.

So I think on the basis of the testimony before the subcommittee and the amendment adopted reducing the amount by $200,000, the resolution should be adopted.

Mr. THOMPSON. Mr. Speaker, I thank the gentleman from Ohio.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR SUBCOMMITTEE ON ARMED SERVICES TO SIT DURING 5-MINUTE RULE TODAY

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the Research and Development Subcommittee of the Committee on Armed Services be permitted to proceed this afternoon with the hearings on H.R. 3689, the fiscal year 1976 Department of Defense appropriation authorization request, during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CALL OF THE HOUSE

Mr. WYDLER. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 57]

Alexander
AuCoin
Badillo
Boggs
Breaux
Brodhead
Brown, Ohio
Buchanan
Burke, Calif.
Chisholm
Clay
Collins, Ill.
Conable
Conyers
Danielson
Dellums
Diggs
Dingell
Drinan
Duncan, Oreg.
Esch
Fraser
Gibbons
Harsha
Hastings
Hébert
Hefner
Jarman
Karth
Kastenmeier
Long, La.
Michel
Mills
Moffett
Morgan
Pattison, N.Y.
Pike
Railsback
Roncalio
Rostenkowski
Ruppe
Scheuer
Schneebeli
Skubitz
Talcott
Udall
Ullman
Waxman
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.

The SPEAKER. On this rollcall 381 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERSONAL EXPLANATION

Mrs. KEYS. Mr. Speaker, on Friday, March 14, 1975, during the consideration of H.R. 25, the Surface Mining Control and Reclamation Act of 1975, I was recorded as not voting on the Ottinger amendment which sought to transfer the responsibility of administering the bill from the Department of the Interior to the Environmental Protection Agency in consultation with the Department of the Interior. I was necessarily absent from the Chamber at the time this vote was taken and had I been present, I would have voted for the amendment.

NATIONAL INSURANCE DEVELOPMENT ACT OF 1975

Mr. REUSS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2783) to continue the national insurance development program by extending the present termination date of the program to April 30, 1980, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1983, as amended.

The Clerk read as follows:

H.R. 2783

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Insurance Development Act of 1975".

SECTION 1. (a) The Congress finds that (1) under the Housing and Urban Development Act of 1968 (Public Law 90–448, approved August 1, 1968), as amended, the powers of the Secretary of the Department of Housing and Urban Development to enter into new reinsurance contracts with respect to the Federal riot reinsurance program and into new direct insurance contracts with respect to the Federal crime insurance program will terminate on April 30, 1975, except to the extent necessary (a) to continue policies of direct insurance and reinsurance, until April 30, 1978, (b) to handle claims and those arising under the policies still in force on the termination date of the program, and (c) to complete the liquidation and termination of the reinsurance and direct insurance programs; (2) continuation of the Federal riot reinsurance program is essential both to the operation of the system of State FAIR plans, which provide access for many people to basic property insurance not otherwise available in urban areas, and to the continued existence of such FAIR plans inasmuch as many State laws condition the very existence of such FAIR plans upon the continued existence of the Federal riot reinsurance program; (3) continuation of the Federal crime insurance program, which provides access for many homeowners, tenants, and small businessmen to burglary, robbery, and similar coverages, in States where an insurance coverage availability problem exists, is likewise essential; (4) withdrawal at this time of the Federal support which these programs give to the insurance buying public and the insurers would be particularly ill timed and inadvisable in view of the (a) threatening major shortage of voluntary insurance facilities to which the consumer can turn to fulfill his insurance purchase needs and (b) the potential for insurer insolvencies inherent in times of economic stress; and (5) the impending tightening of the availability of insurance coverage in the insurance market will only intensify due to the present economic conditions confronting insurers, which affect the capital adequacies of insurers due to severe declines in the values of insurers' securities portfolios, thus impacting on their ability to increase their underwritings in a growing insurance market.

(b) The purpose of this Act, therefore, is to extend the duration of the national insurance development program so as to maintain the Federal riot reinsurance program which reinsures the general property insurance business against the catastrophic peril of riot and, thus, makes this insurance available, together with its review and compliance function which assures that the intent of the Housing and Urban Development Act of 1968 (Public Law 90–448, approved August 1, 1968) as amended is carried out, as well as the Federal crime insurance program which provides basic crime insurance coverages in the States where it is needed, both of which programs aid the insurance purchasing consumer when, from time to time and especially in times such as these, insurers engage in conscious policies of market constriction which lead to serious inner-city insurance availability problems of the kind the national insurance development program has been created to ameliorate.

SEC. 2. Section 1201 of the National Housing Act, as amended, is amended by—

(a) striking out, at subsection (b)(1), the date "April 30, 1975" and inserting in lieu thereof the date "April 30, 1979",

(b) striking out, at subsection (b)(1)(A), the date "April 30, 1978" and inserting in lieu thereof the date "April 30, 1982", and

(c) striking out, at subsection (b)(2), the date "April 30, 1978" and inserting in lieu thereof the date "April 30, 1982".

The SPEAKER. Is a second demanded?

Mr. BROWN of Michigan. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. REUSS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the legislation before the House today, H.R. 2783, must be enacted with extreme speed if thousands of insurance policies for fire, extended coverage, robbery and burglary losses are to be continued. These are insurance policies in force under the so-called FAIR plan—fair access to insurance requirements—and the Federal crime insurance program.

The FAIR plans operate in 28 States including the District of Columbia and Puerto Rico. These States are: California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, Virginia, Washington, and Wisconsin.

Under the so-called FAIR plan system, the Federal Government agrees to reinsure insurance companies for riot inflicted losses provided the insurance companies write fire insurance and extend coverage to homeowners and businesses who are unable to obtain coverage through normal commercial channels.

Federal crime insurance, which is administered through the Department of Housing and Urban Development, was brought into being because businesses and homeowners in a number of areas found it impossible to purchase robbery and burglary insurance from private insurance companies. Many businesses, particularly, small businesses, were forced to close because they could not operate without insurance and homeowners who could not obtain the policies began deserting the cities to live in areas where they could obtain proper insurance coverage.

Crime insurance is now available in 13 States and the District of Columbia. These States are: Connecticut, Delaware, Illinois, Kentucky, Florida, Massachusetts, New Jersey, New York, Ohio, Missouri, Pennsylvania, Rhode Island, and Tennessee. Under the crime insurance program the Governor of a State must certify that such insurance is not available at reasonable rates from private carriers before the Federal policies can be issued.

At present there are some 800,000 policies in force in the FAIR plan program for coverage of $16.2 billion. Under the crime insurance there are some 20,000 policies in force with total coverage of roughly $130 million.

These programs will expire on April 30 and unless we act quickly to extend the programs thousands of homeowners and small businessmen will be without this much needed insurance.

Mr. Speaker, I urge the adoption of H.R. 2783.

Mr. Speaker, I yield to the gentleman from Illinois (Mr. ANNUNZIO), the original sponsor of these two insurance programs and the sponsor of H.R. 2783. The gentleman from Illinois (Mr. ANNUNZIO) is to be commended for his foresight in establishing these programs.

Mr. ANNUNZIO. Mr. Speaker, I first want to express my deep appreciation to the chairman of the Banking Committee, the gentleman from Wisconsin (Mr. REUSS), for the rapid manner in which he handled this legislation and brought it to the floor for consideration.

As the chairman pointed out, it is extremely important that we act quickly on this legislation.

While April 30 indeed marks the expiration of the program, we are in reality dealing with an even more critical cutoff date. In 12 States in which the FAIR plan operates, the insurance companies have stated that on April 1 they will send out cancellation notices to all of their policyholders. This is being done because of a requirement in those States that all cancellation statements be made 30 days before the cancellation is to go into effect. You can well imagine the problems that will occur in the first week of April when thousands of homeowners receive cancellation notices.

Unless we act today we could send thousands of homeowners back to the insurance quandary that they faced before the FAIR plans went into effect.

Mr. Speaker, I would like to point out that under the original terms of my bill, H.R. 2783, the FAIR plan insurance and the crime insurance would be extended for 5 years, with an additional 3-year period for a runoff feature—to allow for the orderly liquidation of the reinsurance policies. No new business could be written during the 3-year period however.

The administration, while fully supporting the concept of my legislation, felt that a 4-year extension would be more appropriate. While I still favor the 5-year approach, I feel that in order to get prompt action and, thus, avoid any cancellation notices that a compromise of 4 years would indeed be acceptable. I offered such an amendment when the legislation was before the Banking Committee. Thus, my legislation has administration support and a unanimous vote of the Banking, Currency and Housing Committee.

Mr. Speaker, the FAIR plan legislation which I originally sponsored was brought about because of the reluctance on the part of the insurance industry to write fire insurance in the inner cities of our country. This reluctance was heightened by a number of large city riots in the late 1960's. For the most part it is my feeling that the insurance industry used the riots merely as an excuse to deny insurance coverage to millions of homeowners. These companies engaged in the practice of redlining in which they would merely draw a red circle round an area on a map and refuse to write policies for homeowners who lived within the designated territory. Under the FAIR plan legislation, insurance companies could not redline and, in fact could only deny insurance coverage where it could be shown that the individual applying for the insurance was a totally unacceptable risk. These decisions had to be reached on a case-by-case basis rather than by a broad brush treatment.

Federal crime insurance, which is administered through the Department of Housing and Urban Development, was brought into being because businesses and homeowners in a number of areas found it impossible to purchase robbery and burglary insurance from private insurance companies. Redlining was also used by insurance companies to eliminate areas in which crime insurance would be written. Many businesses, particularly small businesses, were forced to close because they could not operate without insurance and homeowners who could not obtain the policies began deserting the cities to live in areas where they could obtain proper insurance coverage. The FAIR plans operate in 28 States including the District of Columbia and Puerto Rico. They are: California, Connecticut, Delaware, District of Columbia, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, Virginia, Washington, and Wisconsin.

At the present time some 800,000 policies are in force in the FAIR plan programs for a total coverage of $16.2 billion.

Crime insurance is now available in 13 States and the District of Columbia. These States are: Connecticut, Delaware, Illinois, Kentucky, Florida, Massachusetts, New Jersey, New York, Ohio, Missouri, Pennsylvania, Rhode Island, and Tennessee. Under the crime insurance program the Governor of a State must certify that such insurance is not available at reasonable rates from private carriers before the Federal policies can be issued. To date some 20,000 policies have been sold for a total insurance coverage of roughly $130 million.

I would urge my colleagues to press for inclusion of their State in both the FAIR plan and the crime insurance programs. In order for States to be eligible to join these programs, the Governor of the State must certify that there is no insurance available at low costs for crime, fire or extended coverage. In some States it may also require the individual legislature to enact enabling legislation. It is my feeling that any resident of any State should be eligible for this program and I would like to see every State review its insurance programs which are available from the private sector to determine whether or not they are meeting the needs of all consumers, and if not, to allow the Government programs to operate in their States.

Mr. Speaker, I have saved the best for last. Both the FAIR plan insurance and the crime insurance program operate at no cost to the taxpayer. No appropriated funds are used to run these programs. Instead all premium income is placed in the national insurance development fund and excess amounts in that fund are invested so as to bring an additional return to the fund.

It is rare that the Government can put together a program that not only helps homeowners and businessmen but at the same time does not burden the taxpayers with additional expenses.

This is the type of program that has proved its merit and should be extended for an additional 4 years.

Mr. BROWN of Michigan. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of this legislation, and urge its adoption. I will not belabor my colleagues by a further recitation of the merits of the legislation. When both plans were originally passed there was some question raised concerning the true viability and benefit of the programs but I think the experiences we have gained from the plans have proven their merit, and certainly justify the extension that is sought by the existing legislation.

Mr. REUSS. Mr. Speaker, I have one additional request for time. I yield such time as he may consume to the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Speaker, I rise in support of H.R. 2783, a bill to extend the urban riot reinsurance program and the Federal crime insurance program for an additional 4 years from April 30, 1975, to April 30, 1979. Under existing law, the authority of the Secretary of HUD to provide new riot reinsurance and crime insurance coverages will terminate on April 30, 1975. It is important that the Congress act promptly to provide continuation of these two important federally assisted insurance programs. The gentleman from Illinois (Mr. ANNUNZIO), the sponsor of H.R. 2783 and the chief architect of these two valuable insurance programs, is to be commended for his action and his persistence in seeing that these two insurance programs are extended.

The urban riot reinsurance program was established in the Housing and Urban Development Act of 1968, Public Law 90–448. Under the so-called FAIR—fair access to insurance requirements—plan system the Federal Government agrees to reinsure insurance companies for riot-inflicted losses provided the insurance companies write fire insurance and extend coverage to homeowners and businesses who are unable to obtain coverage through normal commercial channels. This program operates in 26 states and the District of Columbia and Puerto Rico. They are: California, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Virginia, Washington, and Wisconsin.

At the present time, some 800,000 policies are in force in the FAIR plan programs for a total coverage of $16.2 billion.

The urban riot reinsurance program was established because of the reluctance on the part of the insurance industry to write fire insurance in the inner cities of our country. In many of our large cities, particularly my own city of Philadelphia, the insurance companies just stopped writing homeownership coverage. In some cases, this was due to the unsettled conditions in the inner cities in the late 1960's because of the civil disturbances.

The insurance industry also used this situation to attempt to rid itself of the responsibility of insuring properties in older, declining urban areas of this Nation. This program was therefore established to keep this important insurance coverage available in our urban areas.

In view of the demonstrated continuing need for FAIR plans, continuation of the riot reinsurance program would appear essential. Enabling statutes in 12 States—Connecticut, Iowa, Ohio, Washington, Georgia, Illinois, Kentucky, Maryland, New Mexico, North Carolina, Pennsylvania, and Rhode Island—actually condition the existence of a FAIR plan in those States on the availability of Federal riot reinsurance, and the future of the FAIR plans, and the invaluable insurance protection they offer, could be in doubt in many other States if riot reinsurance were no longer available.

Failure to extend the urban riot reinsurance program could well bring about a return to the situation of the middle 1960's when such insurance coverage was terminated in many of our urban areas.

H.R. 2783 would also extend the Federal crime insurance program authorized by the Housing and Urban Development Act of 1970. This insurance program authorizes the Secretary of HUD to provide crime insurance coverage in States having critical problems of crime insurance availability or affordability.

Since August 1971, the crime insurance program has enabled homeowners, tenants, and businessmen in 14 States—Connecticut, Delaware, Illinois, Kentucky, Florida, Massachusetts, New Jersey, New York, Ohio, Maryland, Missouri, Pennsylvania, Rhode Island, and Tennessee and the District of Columbia—to purchase burglary and robbery policies at affordable rates without fear of cancellation because of losses while encouraging insureds, through its protective device requirements, to make their premises less vulnerable to burglaries.

While the number of persons and businesses covered under the program is small in relation to the number of insureds under the FAIR plans, the over 20,000 Federal crime insureds include many who have previously experienced the greatest difficulty in obtaining or maintaining crime coverage, and as the program has become better known the number of insureds has continued to grow. For many of these insureds, especially small businessmen, the program can mean the difference between solvency and insolvency in the face of crime losses, as well as the difference between staying in an urban location or abandoning it.

Mr. Speaker, I urge the prompt adoption of this bill.

The SPEAKER. The question is on the motion offered by the gentleman from Wisconsin, (Mr. Reuss) that the House suspend the rules and pass the bill H.R. 2783, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title was amended so as to read: "A bill to continue the national insurance development program by extending the present termination date of the program to April 30, 1979, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1982."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks in connection with the legislation just passed.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MATSUNAGA. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Hawaii?

There was no objection.

COLLEGE WORK: STUDY ALLOCATION

Mr. O'HARA. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4221) to amend the Higher Education Act of 1965, as amended, relative to the reallocation of work-study funds, and for other purposes.

The Clerk read as follows:

H.R. 4221

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 446 of the Higher Education Act of 1965 is amended by inserting "(a)" after "Sec. 446." and by adding the following new subsection at the end thereof:

"(b) Sums granted to an eligible institution under this part for any fiscal year which are not needed by that institution to operate work-study programs during the period for which such funds are available shall remain available to the Commissioner for making grants under section 443 to other institutions in the same State until the close of the fiscal year next succeeding the fiscal year for which those funds were appropriated.".

The SPEAKER. Is a second demanded?

Mr. ESHLEMAN. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Michigan (Mr. O'Hara) will be recognized for 20 minutes, and the gentleman from Pennsylvania (Mr. Eshleman) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from Michigan (Mr. O'Hara).

Mr. O'HARA. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, I move to suspend the rules and pass the bill H.R. 4221 to amend the Higher Education Act of 1965, as amended, relative to the reallocation of work-study funds.

H.R. 4221 was unanimously ordered reported by the Committee on Education and Labor on that committee's meeting on March 12. The bill is sponsored by the chairmen and ranking minority members of the subcommittee and the full committee, and by most of the subcommittee members on both sides of the aisle. It is part of a two-piece legislative package requested last month by the administration. The other piece of the package was embodied in the Emergency Employment Appropriations Act which passed the House last week.

Basically, the problem which H.R. 4221 and the companion section of H.R. 4481 seek to correct is an ambiguity in the existing law regarding the Office of Education's authority to reallocate work-study money from one college within a given State to another college within that same State, when those funds are not needed at the school to which they were first allocated. The Congress clearly intended to permit the Office of Education to reallocate such funds, and the law unmistakably permits their reallotment from one State to another.

There are about $7 million in college work-study funds, long since appropriated, allotted among States and allocated among institutions in accordance with the law and the regulations, which cannot be used by the institutions to which they were allotted, but which can be used by other institutions in the same State. Everyone involved agrees that the reallocation should go forward, and that the money should be used to put students to work earning part of the escalating costs of their education. But the Office of Education, finding a technical flaw in the statute, has refrained from its all-too-familiar practice of doing what it believes the Congress ought to have done, and has, absolutely correctly, asked the Congress to remedy its own alleged mistakes. I applaud the Office of Education for this, and I hope that agency will continue to ask the Congress to remedy what it feels are mistakes in the law, rather than trying to do so by regulation or guidelines.

H.R. 4221 embodies the text of the first half of the Office of Education's request for a clarification in the statute. It addresses itself to the basic problem in the authorizing act. The second part of OE's request, acted upon last week by the Committee on Appropriations and the House, lets the funds in question remain available so that the Office of Education can use its clarified authority and reallocate the surplus dollars to the institutions whose students need them.

The college work-study program, with which this bill is concerned, is certainly the most popular and probably the most effective of student financial aid programs. In the best American tradition, it seeks to provide students, not with a grant and not with the burden of a loan, but with an opportunity to work to pay the costs of their education.

Under this program, students may be given through the schools, part-time jobs, on or off campus, with public or private nonprofit agencies. The work-study funds appropriated by the Congress pay 80 percent of the cost of such jobs, and the college or the other employer pays the remaining 20 percent. The student works for every cent of it, important and productive work gets done, and young minds earn an opportunity to be educated.

As chairman of the Subcommittee on Postsecondary Education, Mr. Speaker, I have become deeply impressed with the work-study program, and in another bill, on which the subcommittee is now having hearings, H.R. 3471, I propose to continue and simplify it when the existing law expires next year.

In fact, Mr. Speaker, events have already outdistanced my own bill. When I drafted that bill for introduction last month, I believed that the best we could do with work-study was gradually to increase its authorization and try to assure full funding in fiscal year 1977 and thereafter. But this House, in passing the Employment Appropriations Act last week, gave its approval to full funding of this program right now, for the summer just ahead of us, and the year that follows. And the testimony before my subcommittee indicates that there is a greater need for, and capacity to handle, work-study funds in fiscal year 1977 and thereafter than I anticipated when I drafted H.R. 3471. I expect on the basis of that testimony, to offer and to have accepted, amendments to my own bill, increasing the work-study levels I proposed last month, and I hope that this program will, now that it has reached full funding, be continued at the full-funding level.

But H.R. 4221 does not involve these long-range consideration. It makes, as I said, a technical change in present law, affecting neither appropriations nor program levels. It deserves the support of the House, and rapid action by the other body.

Mr. ESHLEMAN. Mr. Speaker, I rise very briefly to indicate my support for this legislation. As the report indicates, this legislation was requested by the administration and simply makes permanent what in the past has been accomplished through annual appropriations measures.

This law will allow the process of reallocation of college work-study moneys within State borders a practice which the colleges are used to and support.

Finally, it should be clear that this bill does not add any additional cost to the program and, in fact, is needed at this time to clarify the Office of Education's authority to reallocate money that has already been appropriated. The total involved approximates $5 to $7 million.

I see no reason for lengthy discussion and urge support for the bill.

Mr. PERKINS. Mr. Speaker, the gentleman from Michigan (Mr. O'HARA), the distinguished chairman of the Subcommittee on Postsecondary Education and the principal sponsor of H.R. 4221, has summed up everything there is to be said about this bill. It is a simple technical change in the law, authorizing no new program, neither requiring nor authorizing any new appropriation. Something like $7 million, already appropriated by the Congress for the college work-study program, is stuck in the pipeline because the Office of Education does not believe it has the authority to transfer money from one school to another, even when the original school does not need the funds and the other does. There is no doubt whatever that funds allotted to a State under this program and in excess of what that State needs can be reallotted to another State. And there is no doubt in my mind that we also intended at the same time to permit reallocation from one school to another.

If the law is unclear, it should be clarified. The administration, student aid officers, the schools and the students are all in agreement that this clarification will help us carry out one of the most popular and most effective of our student financial aid programs. As far as I know, no one opposes the change, and I hope it can be approved here today and receive speedy action in the other body.

Mr. BADILLO. Mr. Speaker, I rise in support of H.R. 4221. This bill corrects a technical problem in the allocation of funds for the college work-study program. As reported by the Education and Labor Committee, this legislation will permit funds which cannot be used by certain institutions to be reallocated to other institutions within the same State. In this way, those institutions which have a demonstrated need for additional funds under college work-study will be able to obtain the necessary assistance to help students finance their education through part-time employment.

H.R. 4221, in light of the action taken by the House last week in passing the Emergency Employment Appropriations Act which increased appropriations for the college work-study program, will give lower income students a better chance at jobs they need in order to get the benefits of a college education.

It is my hope that the Commissioner of Education will use the expanded appropriations for this program and the new authority granted by this bill to redirect approximately $5 to $7 million in unused funds to those institutions with the highest proportions of low-income students. At the same time, more attention must be focused on efforts to assure that those students in greatest need of assistance under the work-study program be given the opportunity to receive such jobs.

The college student today faces an ever more difficult economic situation. Tuition is on the rise due to inflation. Conversely, the student who seeks a job in order to offset the rising costs of his or her education will find that the recession has drastically reduced the number of part-time jobs available in the private sector. H.R. 4221 and the Emergency Employment Appropriations Act will greatly ease this situation. Therefore, I support H.R. 4221 and hope that the college work-study program is indeed serving those students who need its aid most.

GENERAL LEAVE

Mr. O'HARA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan (Mr. O'HARA) that the House suspend the rules and pass the bill (H.R. 4221).

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

DESIGNATING MARCH 21, 1975 AS "EARTH DAY"

Mrs. SCHROEDER. Mr. Speaker, I move to suspend the rules and pass the joint resolution (H.J. Res. 258) to designate March 21, 1975, as "Earth Day."

The Clerk read as follows:

H.J. RES. 258

Whereas environmental issues rank very high on the scale of general public concern, and are of importance to a broad spectrum of Americans of all ages, interests, and political persuasions;

Whereas there is a need and desire for continuing environmental education, and for a continuing nationwide review and assessment of environmental progress and of further steps to be taken;

Whereas Earth Day would promote a greater understanding of the serious environmental problems facing our Nation, and encourage a persistent search for solutions;

Whereas Earth Day would serve as the focus of special environmental education projects of hundreds of thousands of grade school, high school, and college students; and

Whereas Earth Day would provide a base for a continuing commitment by all interests, including education, agriculture, business, labor, government, civic and private organizations, and individuals, in a cooperative effort to improve and protect the quality of our environment: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That March 21, 1975, is hereby designated as "Earth Day", a time to draw attention to the need to continue the nationwide effort of education concerning environmental problems, to review and assess environmental progress and to determine the further steps that need to be taken, and to renew the commitment and dedication of each American to improve and protect the quality of the environment. The President is authorized and requested to issue a proclamation calling for the observance of such day with appropriate ceremonies and activities.

The SPEAKER. Is a second demanded?

Mr. SYMMS. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mrs. SCHROEDER. Mr. Speaker, "Earth Day 1975," while only a single day, will serve to draw the attention of Americans to the many challenges that confront our planet Earth every day of the year.

On the occasion of the first "Earth Day" celebration in 1971, a proclamation signed by many people from the political, social, and scientific worlds, contained these thoughts that I believe are particularly meaningful to our deliberations today:

> Through voluntary action, individuals can join with one another in building the Earth in harmony with nature . . . Earth Day can provide a special time to draw people together in appreciation of their mutual home, Planet Earth, and bring a global feeling of community through realization of mutual dependence on each other.

Theodore Roosevelt, in his address to the Governors' Conference on Natural Resources in 1908, said:

> The conservation of our natural resources is a fundamental problem. Unless we solve that problem it will avail us little to solve all others. To solve it, the whole nation must undertake the task.

Mr. Speaker, to alert the Nation to the task that lies ahead of each and everyone of us, I propose that the first day of spring of this year be designated as "Earth Day."

This year, as in past observances of "Earth Day," the United Nations' peace bell will toll at the exact moment of the vernal equinox on March 21. It should serve as a small reminder—if not a warning—that the fate of this planet is left in our individual hands. To survive, it is essential that we balance our technological advancement with a genuine concern for the environment. Therefore, in adopting this resolution we are encouraging our fellow countrymen to develop a new respect for the Earth as well as a renewed commitment and determination to preserve, protect and improve the quality of this planet—our home.

Mr. Speaker, at this time I yield to the gentleman from Florida (Mr. LEHMAN) such time as he may consume.

Mr. LEHMAN. Mr. Speaker, 75 years ago Brittanica ruled the waves and the sun never set on the British Empire.

At that time Britain was preparing to celebrate the 50th anniversary of Queen Victoria and they had a great preoccupation with the pomp and glory of their empire and had such great self-esteem and so much self-assuredness as a result of the extension of their power and their great empire that they forgot about some of the more important circumstances that made them great.

At this time there was a poet named Rudyard Kipling who wrote a poem that cost him the poet laureateship of England. In bringing to the attention of the British Empire some other values besides their power and their glory, he wrote a poem containing the refrain:

> Lord God of Hosts, be with us yet
> Lest we forget—lest we forget!

And now in this country we also are preoccupied with a great many problems, not necessarily glory, but certainly we are preoccupied with our energy problems and our problems with our economy and our military and foreign affairs. In this context we too may overlook more important circumstances and some of the more enduring situations.

In this light, Mr. Speaker, I commend to my colleagues in the House today and ask their favorable consideration and passage of House Joint Resolution 258. This resolution would designate March 21 of this year as "Earth Day." I am joined by 17 of my colleagues in the Post Office and Civil Service Committee in bringing this resolution to the floor, and at this time I ask unanimous consent to include also in the list with the 17, Congressmen WHITE, HARRIS, and KASTEN.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. LEHMAN. It has been said that Earth Day should be every day. Yet in these times of energy shortfalls, the unrelenting inflationary spiral, constant recessionary pressures and high unemployment, we understandably have become preoccupied with the immediate critical economic issues. Nevertheless it is important that during these times we set aside a special commemorative "Earth Day" to remind all Americans of the never ending necessity to preserve, protect, and improve the quality of the Earth's environment. Whereas economic recovery, historically, has always resumed even after the worst depressions, will our already endangered species not forever disappear? We continue to despoil our forests, let our streams become contaminated and our atmosphere and oceans become imperiled in the name of progress and technological advancement. The consequence of such action is that we may soon pass the point of no return and find ourselves on a dying planet—beyond hope of any reversal or recovery.

Earth Day, hopefully, will serve as a time that we can pause and recommit ourselves and our energies to resolving these problems.

At the precise moment of the vernal equinox this Friday morning, day and night will be of equal length. We, too, should aim to achieve this balance with our environment.

The noted anthropologist, Margaret Mead, said of the first Earth Day several years ago when it was observed on the first day of spring:

> Earth Day celebrates the interdependence within the natural world of all living things, humanity's utter dependence on earth—man's only home—and in turn the vulnerability of this earth of ours to the ravages of irresponsible technological exploitation.

Likewise, I have received a letter from the Earth Society, the originators of the first Earth Day in support for this resolution. I would like to share it with my colleagues.

The letter is as follows:

> DEAR CONGRESSMAN LEHMAN: I am delighted with your efforts to have Congress declare March 21, 1975 to be observed as Earth Day.
>
> With all the grave problems we face: inflation, energy and material shortages, violence, crime and confusion, the key to a solution is to make the care and stewardship of Earth our first priority. Understood and strongly supported Earth Day could do much to achieve a global change of heart.
>
> I do hope that Congress and the President will both proclaim Earth Day and on that day spend their whole time in quiety prayer, discussion and reflection on how we can together work for the restoration of our land, water, and air; how we can rejuvenate our portion of planet Earth, and as Earth caretakers protect its precious cargo of life.
>
> With regards and best wishes,
>
> JOHN MCCONNELL,
> *President of Earth Society.*

A special Earth Day will serve as a focal point for persons of all ages to participate in activities which promote a greater awareness of the environment that surrounds us, and the challenges it faces. Above all else, Earth Day would serve an educational function. This resolution is not so much a call for action, but reflection. It does not subscribe nor propose any miraculous solutions, only questions. It is a small attempt to encourage all Americans to rededicate their efforts to preserve, protect, and improve the quality of our environment.

In conclusion, let me say that in adopting this resolution we are saying that the cause of the Earth deserves special and devoted attention by the people of this country and the world. It is a day. I hope, that will grow in importance and meaning in the succeeding years and I trust that March 21 will come to be known always as the "Earth's Day."

Let me reiterate the beautiful words of the poem, "Recessional:"

> Lord God of Hosts, be with us yet,
> Lest we forget—lest we forget.

Mr. SYMMS. Mr. Speaker, will the gentleman yield?

Mr. LEHMAN. Mr. Speaker, I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Speaker, I would like to ask the gentleman a question. I appreciate the gentleman yielding and I am sure the gentleman is sincere, and with high motives.

How much is it costing to run this innocuous piece of legislation through the House of Representatives?

Mr. LEHMAN. It is the best bargain we have had in a long time. It costs relatively nothing.

Mr. SYMMS. How does the gentleman conclude it costs nothing? It ties up the Printing Office and ties up all the time of these people in the House of Representatives. How much does it cost then?

Mr. LEHMAN. Only the cost of printing the bill itself and the stationery and supplies. Compared with some of the other programs we pass in terms of dollars, it will be very little.

Mr. SYMMS. I am happy to have the committee tied up with legislation like this, rather than tied up with unionizing Government employees; but I was wondering, does the gentleman plan to have a Heaven Day, as well as an Earth Day?

Mr. LEHMAN. According to parliamentary procedure, we can only ask for an Earth Day this year and we are only requesting it this year alone.

Mr. SYMMS. There is only an Earth Day, no heavenly aspirations?

Mr. LEHMAN. I did not understand that.

Mr. SYMMS. There will be no Heaven Day? We are just going to have an Earth Day?

Mr. LEHMAN. We will all have our Heaven Day soon enough.

Mr. SYMMS. I would not bet on it.

Mr. LEHMAN. The gentleman can speak for himself.

Mr. SYMMS. I thank the gentleman for his compliment.

Mr. LEHMAN. The thing that really concerns us is that we have this wonderful Earth. It is the only Earth we will ever have and if we do not do something to preserve it, it will get lost in the shambles of our other concerns.

I thank the gentlewoman from Colorado for yielding this time.

Mr. HECHLER of West Virginia. Mr. Speaker, I doubt whether any good can come from selecting March 21 as "Earth Day." If we really believe in protecting the Earth and its people, we ought to protect the Earth all 365 days of the year, and not just 1 day. Instead of designating "Earth Day," the Congress can do far more for the Earth by passing a strong strip mining bill, and enact other substantive legislation to protect the Earth.

For all these reasons, I think it will be most unfortunate to pass a resolution such as this. I shall continue to object to resolutions which celebrate days other than the established national holidays.

Mr. WYDLER. Mr. Speaker, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from New York.

Mr. WYDLER. Mr. Speaker, the gentleman makes a very good point. The problem, of course, in what we are doing here is that it is self-perpetuating. As soon as other groups find out that we have declared a particular day of the year, or any other day, everybody wants a day of their own, and we find different groups catching on and we have requests to make one day or another of the year a matter of some group or other, of some particular day.

I think the gentleman's point is well taken. I think the House would be well advised to try to devise an overall policy on these types of matters so that the Members themselves, to some extent, could be protected from the endless requests we receive in this regard.

I would hope that some Member of the House would take this matter in hand and come up with some kind of outline of congressional policy, which I think every Member would learn to live with and accept.

Mr. HECHLER of West Virginia. Mr. Speaker, I appreciate the remarks of my good friend from New York. I would say that the quickest way to expedite the formulation of such a policy and have it adopted would be to vote down this resolution.

Mr. SYMMS. Mr. Speaker, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Speaker, I commend the gentleman in the well for taking this time, and I wish to associate myself with his remarks.

Mr. HECHLER of West Virginia. I thank the gentleman from Idaho.

Mrs. SCHROEDER. Mr. Speaker, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Speaker, I could not agree more with the gentleman from West Virginia, and I am very happy to announce today that we have introduced the "Ken Hechler Memorial Bill" which will do a lot of what the gentleman is talking about.

As chairman of the committee that has suddenly come upon this jurisdiction, we did a brief study of all commemorative bills and how many there have been. We found in the 92d Congress there were almost 500 commemorative bills; in the 93d Congress there were almost 600 commemorative bills. We already have over 100 bills that have been introduced in this Congress.

The paperwork, as the gentleman knows, is enormous, plus the staff, plus the printing, plus the computers and so forth and so on—need I say more?

As a consequence, we are introducing a piece of legislation today which I will be more than happy to call as a memorial to the gentleman from West Virginia to do away with these; to get a commission going.

It is rather similar to what used to happen with postage stamps. Congress also used to decide on the color and design of a postage stamp while the world was burning. So, the comments the gentleman is making are really, really very important. I could not agree with him more, and I hope to get large bipartisan support for getting this out of Congress.

Mr. HECHLER of West Virginia. I thank the gentlewoman from Colorado. I would simply like to add in conclusion that the way to get support, and meaningful support, for a cause is to ensure that it is done at the grass roots rather than having it dictated here at the Nation's Capital.

For that reason, I hope this will be the last rollcall we will have on a proposition such as this, because if we could defeat this one resolution on a rollcall, then I think the very excellent suggestion made by the gentlewoman from Colorado could be adopted. I do not like to risk the delay and expense of a 15-minute rollcall. But if a rollcall will prevent resolutions like this from coming before the House, we will thereby save money in the future.

Mrs. SCHROEDER. I only want to reiterate that I certainly appreciate the comments of the gentleman from West Virginia (Mr. HECHLER) and I agree with him. I certainly hope that we can get this legislation through because of the timing involved. I also hope the Members will look very seriously to the bill that was introduced today by myself and others which will take care of this problem we have had in Congress. It sets up some guidelines on what kinds of things should be considered before a commemorative day is proclaimed. Commemorative days may be given only for things of national significance and things that are not commercial. So we can stop having 435 Members discuss whether we should have "Clown Week," or "Pickle Day," or "Peanut Butter and Jelly Day." Congress should dispose of its jurisdiction over these matters. We have too many other vital issues to deal with. I could not agree with the gentleman from West Virginia more on this issue. But I think at this time we should pass the Earth Day bill because of its vital importance and move on to "set our House" in order by passing the bill I introduced today taking Congress out of the business of dispensing commemorative days, weeks, and months.

Mr. LEHMAN. Mr. Speaker, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman.

Mr. LEHMAN. Mr. Speaker, I know this other bill will receive good attention in the House and the committee in the weeks and months ahead. But I would like to say here I hope the joint resolution passes today because time is of the essence. The first day of spring has been a traditional holiday since back in the time of before history, and I think it is important that we get this kind of thing taken care of.

Mr. SEIBERLING. Mr. Speaker, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Speaker, I certainly agree with the gentleman from West Virginia that we have had entirely too many trivial and frivolous resolutions declaring certain days for specific things, like Sweetest Day, and all that stuff. But this is a day that is not addressed to a special cause, a special interest, but in the cause of the Earth, which is the home of all humanity. I cannot conceive of a broader resolution, except I could say to the gentlemen on the Space Committee that I suppose we could have Space Day and Universe Day. But Earth Day is good enough for me, and I think the gentleman ought to reconsider and make a distinction where the subject is of this broad interest to everybody.

Mr. HECHLER of West Virginia. Mr. Speaker, will the gentlewoman from Colorado yield briefly?

Mrs. SCHROEDER. I yield to the gentleman.

Mr. HECHLER of West Virginia. Is it not true that far greater support for Earth Day would result if every community and every locality would declare its own Earth Day instead of proposing it here in the Nation's Capital?

Mrs. SCHROEDER. I could not agree with the gentleman more. I think it is exactly what we should start doing. In this way we can at least make one last national declaration and also support a bill to change national commemorative procedures in the future. I think that is the positive way we should go. I also think we have been helping the PR people from any big firms justify their $40,000 a year income by trying to get the commemorative bills through. Congress has more important things to do.

Almost 500 commemorative bills were introduced in the 92d Congress; almost 600 in the 93d Congress and, now, in the first 2 months of the 94th Congress, well over 100 bills have already been introduced.

The paperwork produced by this output is enormous—over $100,000 just to print up these bills for the 92d and 93d Congress.

But it is more than just paper, and computer printouts, and bill status reports, and committee calendars, and legislative digests, and space in the CONGRESSIONAL RECORD, and tens of thousands of letters, and the thousands of phone calls that are devoted to these bills—there is also the diversion of a considerable amount of staff time, as well as the personal attention of Members of Congress used on these bills.

I agree with the gentleman from West Virginia that it is certainly time that we simply deal ourselves out of this game which is played primarily for the benefit of special interest groups which want to advertise their product or activity as having "official" congressional approval, or, at least, as having been worthy of legislation. My bill would do that.

Mr. GILMAN. Mr. Speaker, I rise in support of House Joint Resolution 258 which I have been privileged to cosponsor and which designates March 21, 1975, as "Earth Day."

It is hoped that this worthy legislation will focus attention on the need for serious environmental concerns as our world's population expands, as pollution increases and as more and more of our valuable natural resources become scarce.

Earth Day is an occasion encouraging special environmental educational projects for students of all ages. It serves as a format for public and private organizations to renew their awareness of our responsibility to protect the environment. Earth Day also provides an appropriate vehicle for unifying the many segments of our Nation who have worked so diligently for the preservation of the environment and who have pressed the search for solutions to environmental problems. It serves as a symbol of appreciation for their efforts. We can no longer indulge in the folly of wasting and destroying our precious resources.

Mr. MIKVA. Mr. Speaker, today the Congress has the opportunity to declare March 21—the first day of spring—as Earth Day. Through this resolution the Congress can establish a reminder to all of us that our planet is beautiful but fragile and our resources are plentiful but finite.

At a time when we are preoccupied with energy, inflation and unemployment, we need to remember that to improve the quality of life we need not pollute our rivers and streams, pour smoke into our air, and recklessly consume our natural resources. In fact, if we refuse to maintain a balance with nature, we can have no real progress at all.

We need Earth Day as a symbol of thanks to those who have pressed for continued attention to the environment, and as encouragement to all of us to make the preservation of our planet a chief priority. Earth Day is not a special interest or a special cause, but rather an opportunity for all Americans to focus their attention on their precious planet.

I wholeheartedly support House Joint Resolution 258, which designates March 21 as Earth Day 1975; and I urge my colleagues in the House to adopt it.

The SPEAKER. The question is on the motion offered by the gentlewoman from Colorado (Mrs. SCHROEDER) that the House suspend the rules and pass the joint resolution (H.J. Res. 258).

The question was taken.

Mr. HECHLER of West Virginia. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device; and there were—yeas 374, nays 30, answered "present" 1, not voting 27, as follows:

[Roll No. 58]

YEAS—374

Abdnor
Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Aspin
AuCoin
Badillo
Bafalis
Baldus
Barrett
Baucus
Bauman
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John L.
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Dickinson
Diggs
Dingell
Dodd
Downey
Drinan
Duncan, Tenn.
du Pont
Early
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Eshleman
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Fulton
Fuqua
Gaydos
Giaimo
Gilman
Goldwater
Gonzalez
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harrington
Harris
Harsha
Hawkins
Hayes, Ind.
Hays, Ohio
Heckler, Mass.
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Madigan
Maguire
Mahon
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Rooney
Rose
Rosenthal
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Wampler
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Winn
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—30

Ashbrook
Beard, Tenn.
Burleson, Tex.
Butler
Casey
Clawson, Del
Devine
Downing
Eckhardt
Erlenborn
Evins, Tenn.
Flynt
Gibbons
Ginn
Goodling
Hansen
Hechler, W. Va.
Ichord
McDonald
Mathis
Michel
Myers, Pa.
Schneebeli
Shuster
Symms
Teague
Thornton
Waggonner
Wilson, Bob
Wylie

ANSWERED "PRESENT"—1

Ashley

NOT VOTING—27

Alexander
Collins, Ill.
Duncan, Oreg.
Esch
Harkin
Hastings
Hébert
Hefner
Jacobs
Jones, Ala.
Landrum
Leggett
Lott
Mills
Moss
Nolan
O'Hara
Roncalio
Rostenkowski
Satterfield
Skubitz
Steed
Thompson
Waxman
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Young, Alaska

So (two-thirds having voted in favor thereof) the joint resolution was passed:

The Clerk announced the following pairs:

Mr. Thompson with Mr. Leggett.
Mr. Charles H. Wilson of California with Mrs. Collins of Illinois.
Mr. Hébert with Mr. Duncan of Oregon.
Mr. Jones of Alabama with Mr. Harkin.
Mr. Rostenkowski with Mr. Nolan.
Mr. Moss with Mr. Esch.
Mr. Roncalio with Mr. Young of Alaska.
Mr. O'Hara with Mr. Hastings.
Mr. Alexander with Mr. Skubitz.
Mr. Landrum with Mr. Lott.
Mr. Satterfield with Mr. Charles Wilson of Texas.
Mr. Hefner with Mr. Waxman.
Mr. Jacobs with Mr. Steed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. SCHROEDER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the joint resolution just passed, House Joint Resolution 258.

The SPEAKER. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

PERSONAL EXPLANATION

Mr. HARKIN. Mr. Speaker, I was unavoidably detained at an important meeting on the farm bill during the vote on House Joint Resolution 258.

Had I been in the Chamber, I would have voted "aye."

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975

Mr. UDALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Arizona (Mr. UDALL).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 25, with Mr. SMITH of Iowa in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Before the Committee rose on yesterday, it has been agreed that the remainder of title V of the substitute committee amendment, sections 509 through 529 inclusive, ending on line 3, page 306, would be considered as read and open to amendment at any point.

The Chair wishes to announce that to make the proceedings more orderly he is going to recognize section 509 followed by section 510, and so forth.

Mr. UDALL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have been asked by a number of the members of the committee as to our intentions with regard to the handling of this bill today. The leadership on the majority side has a long program this week, and we discussed the situation with them. It will be our purpose to stay as long as necessary today to finish consideration of this bill. We are now on title V of seven titles. We know of about 15 pending amendments. We will move along as expeditiously as possible, but it will be our purpose to stay as late as necessary this evening to finish work on the bill.

AMENDMENTS OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer amendments.

The Clerk read as follows:

> Amendments offered by Mr. HECHLER of West Virginia: Page 256, line 11, after the period, insert the following:
>
> "No coal mine wastes such as coal fines and slimes shall be used as constituent materials in the construction of any coal mine waste dam or impoundment."
>
> Page 267, line 2, after the period, insert the following:
>
> "No coal mine wastes such as coal fines and slimes shall be used as constituent materials in the construction of any coal mine waste dam or impoundment."

Mr. HECHLER of West Virginia. Mr. Chairman, I ask unanimous consent that these two amendments may be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER of West Virginia. Mr. Chairman, the purpose of these amendments is to make absolutely certain that no coal mine wastes be constituted as part of the dam itself. The committee in its wisdom has given the Corps of Engineers authority to set up standards for these coal waste dams, and this provision simply assures that coal mine wastes such as caused the Buffalo Creek tragedy may not be used in a coal mine waste dam itself.

Everyone in West Virginia and many people throughout the Nation recall that on February 26, 1972, a coal waste dam on Buffalo Creek, W. Va., collapsed, sending a 30-foot wall of water down a 17-mile valley; 125 wonderful West Virginians were killed, and 4,000 people were rendered homeless. I certainly hope that we will do everything possible to avoid a repetition of the Buffalo Creek disaster. I strongly urge support for my amendment.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I am not sure the amendment is necessary because the Corps of Engineers does not permit the use of these materials in construction of dams in any event, but the presence of these additional words will certainly not do any damage and certainly will confirm an existing practice.

To save time I am willing to accept the amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from West Virginia.

The amendments were agreed to.

The CHAIRMAN. Are there further amendments to section 515?

AMENDMENT OFFERED BY MR. GUDE

Mr. GUDE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. GUDE: Page 256, line 12, strike subsection (14) inclusive and insert in lieu thereof the following subsection:
>
> "(14) segregate all acid-forming materials, toxic materials, and materials constituting a fire hazard and promptly bury, cover, compact and isolate such materials during the mining and reclamation process to prevent contact with ground water systems and to prevent leaching and pollution of surface or subsurface waters;"

Mr. GUDE. Mr. Chairman, subsection 14 provides for the burying or isolation of acid-forming materials and materials that constitute a fire hazard. The amendment I am offering improves the language. It provides for immediate burial.

One of the major aspects of the environmental problems presented by strip mining is the question of acid mine drainage and its toxic effects on water. The problem of acid drainage and leaching of toxic materials continues to be the major problem in reclamation in the Midwest and parts of Appalachia. In the western portion of my own State of Maryland, acid drainage from areas stripped 30 years ago continues to kill all the fish and other aquatic life in the Potomac River in that area.

In the West, the problem is sodic or saline drainage rather than acid drainage. It is an equally serious problem.

Numerous studies have clearly demonstrated that the best way to reduce acid and other types of toxic drainage is through burial and compaction. In the Appalachian Regional Commission studies of the problem in eastern Kentucky, they concluded that:

> Further reductions in chemical pollution are possible by means of . . . more rapid burial of acid overburden materials . . . deeper burial of acid materials . . . and compaction of backfilled and graded spoil.

I think this language is an improvement. I ask for the adoption of the amendment.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, this language was in last year's bill. We took it out because we felt that the standards would require the operators to make sure the toxic materials were covered in any event. It is one of those amendments that I do not consider necessary but it certainly does not do any harm. If the committee wants to adopt it, it would not do any damage to the bill.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. GUDE. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I appreciate the gentleman yielding and I am perhaps taking advantage of the gentleman, but one reason why we did take that out of the bill was we learned that all biological material is acid forming. It forms amino acids or harmless acids, but it is acid forming. If we adopt this in the law, then anybody who does not bury or cover what would not be deleterious acid-forming material would be in violation of the law.

If the gentleman will note, in section 14 we say:

> . . . all debris, acid-forming materials, toxic materials, . . .

In other words, we use the same definition and say that it shall be—

> disposed of in a manner designed to prevent contamination of ground or surface waters . . .

I will tell the gentleman the problem with the bill in many sections is that we not only provide a goal as we did in the existing language but also we tried to tell them how. This amendment tells them how. When we commit this kind of regulation to law we unintentionally do great harm because we place a legal impediment or requirement on the person who is very conceivably not intentionally violating the spirit of the situation but because he is not able to promptly bury or cover or compact or isolate the material, even if it were not necessary for safety. The existing language requires the operator to insure against the very thing the gentleman is concerned about and allows the operator to do it in such a manner as would conform to his particular geographic area.

So I will tell my friend that I hope his amendment is defeated because the existing language in the bill accomplishes what the gentleman wants, and his language is going to add only to the problems of the operator.

Mr. GUDE. Mr. Chairman, I think if the gentleman reads the amendment, the language does say "promptly bury, cover, compact and isolate" and so on, so as to "prevent contact with ground water systems and to prevent leaching and pollution of surface or subsurface waters;".

If immediate burial were not necessary to prevent pollution and the officials so specified, then it would not be essential under this language.

Mr. Chairman, I ask for adoption of the amendment.

The SPEAKER. The question is on the amendment offered by the gentleman from Maryland (Mr. GUDE).

The question was taken; and on a division (demanded by Mr. RUPPE) there were—ayes 21, noes 16.

So the amendment was agreed to.

The CHAIRMAN. Are there further amendments to section 515?

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. HECHLER of West Virginia: Page 263, line 15, after the word "cut", strike all through the word "met" on line 22, inclusive.

Mr. HECHLER of West Virginia. Mr. Chairman, this is really a technical perfecting amendment which prevents dumping the spoil downslope on the initial cut temporarily. I think the allowance of the dumping of the spoil downslope from the initial cut temporarily is a loophole which, if removed, would strengthen this bill considerably.

My amendment is designed to eliminate a very serious loophole. Throughout the markup sessions and in its report, the committee has repeatedly emphasized the importance of reclamation standards which prohibit the dumping of spoil on the downslope in steep areas. A 1973 Senate Interior study spells out why even graded spoil on the downslope is a major environmental hazard:

> In 1970, Kentucky required some operators, on a demonstration basis, to purposedly spread out the overburden pushed downslope in order to prevent landslides. Such methods, however, are subject to massive sheet and gully erosion and slumping, especially in the high rainfall areas such as the Appalachian region, and, in effect reduce neither the amount of environmental damage nor the number of operator violations.

Yet H.R. 25 contains language which compromises the effectiveness of the prohibition on downslope dumping by allowing the temporary dumping of the "initial cut." "Initial cut" is nowhere defined in the bill, though the report does attempt to limit its applicability. However, as several committee members pointed out during markup sessions, the language as drafted in H.R. 25 could easily be interpreted as allowing dumping of first cuts all along the coal seam—in effect, allowing dumping of spoil much as is done in parts of Appalachia today.

My amendment would close off this loophole of flatly prohibiting all dumping of spoil on the downslope, regardless. This would not prohibit mountain mining—rather it would require the operator to truck the first cut material to a nearby flat area to store it until it is needed in reclamation. Last year's House committee report cites the feasibility of this approach:

> At the present time in West Virginia the material from the first cut is set aside—usually on an old strip bench—on nearby or adjacent lands.

Further support for the necessity of cutting off this loophole comes from a recent study done by Mathematica, Inc. for the Appalachian Regional Commission. The study, entitled "Design of Surface Mining Systems in Eastern Kentucky," examined the continuing problems of landslides, sedimentation and water pollution in eastern Kentucky and drew several conclusions which relate to my amendment. Kentucky law allows the dumping of the first cut and then prohibits subsequent dumping. Mathematica concluded that this was inadequate protection and that "in practice tice, violations of these regulations have occurred fairly frequently in recent years." Mathematica pointed out that:

> Another possible source of landslides is the reputed tendency of some miners to overload the fill benches resulting from first cuts, by stacking excessive spoil on the outer one-third of the fill bench.

The study concluded that:

> The surest way to prevent landslides is probably the last one mentioned above—the use of "no fill bench" methods (no first cut dumping) . . . such methods are roughly comparable in profitability to existing conventional contour methods, and can be practiced using existing equipment.

As you can see from this study, my amendment would insure that the most environmentally sound yet economical reclamation techniques would be used in mountain mining. It would not necessitate the banning of mountain mining, yet it would reduce to a major degree the single most damaging feature of mountain strip mining—landslides.

Mr. STEIGER of Arizona. Mr. Chairman, I appreciate the desire of the Chair to get this over with, but I would like to rise in opposition to the amendment.

This again is one of those attempts, by striking the very specific exemption, the gentleman is again attempting to make an absolute which would compound the operator's problems. I understand the gentleman's desire, but what he is striking is the necessity in some operations to temporarily leave some earth in a different position. It is very specific. It says it is only a temporary position. It must be limited. It is in there for a very real purpose.

Now, we are making it difficult enough for these people to mine. By striking this, it is going to be even that much more difficult. What the gentleman is striking is the designating of temporarily placing it in a limited specified area. That is about as narrow a violation that could be construed by anybody.

I hope again, while I realize the House may not understand what is happening, we ought to at least give the committee credit for working its will in this particular language.

Mr. RUPPE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to ask the author of the amendment if that is, indeed, still a sentence with the deletion of the lines from 17 to 22? It seems to me we have actually cut off the sentence in midair, so to speak.

Mr. HECHLER of West Virginia. Mr. Chairman, is the gentleman addressing the question to me?

Mr. RUPPE. Yes. It says, "necessary soil or spoil material from the initial block."

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield further?

Mr. RUPPE. Yes.

Mr. HECHLER of West Virginia. I would advise the gentleman that if he feels it would be preferable and improve the wording by putting a period right after the word "cut", I would consider that suggestion.

Mr. RUPPE. Line 15, "where necessary soil or spoil material from the initial block"—and the gentleman leaves it off there.

Mr. HECHLER of West Virginia. I would remind the gentleman that the amendment is on line 15. The gentleman is reading from line 17.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentlewoman from Hawaii.

Mrs. MINK. Mr. Chairman, the amendment as offered by the gentleman from West Virginia places a comma after the word "cut" appearing on line 15, thereby eliminating the entire proviso which we worked out in committee permitting one cut to be put over the slope, which in the recent markup was further amended to provide that this placement of the first cut is only temporary and that it must be subsequently removed.

I supposed that an optimum situation would be that we would never permit any spoil over the slope, but I think that the bill as drafted by the committee contains a reasonable compromise. It permits access into a hill by allowing the spoil of the first cut on the downslope.

So, I would hope that this amendment would not be accepted and the committee bill would be retained.

Mr. RUPPE. Mr. Chairman, I would agree with the gentlewoman. It seems to me that we have said very carefully in the legislation that there is not to be any spoil on the downslope. However, we did provide, because of the block cut method which will be employed, that the spoil from the first cut under the block cut method could be temporarily placed on the downside or slope if it would not create a hazardous condition.

This amendment would substantially increase the cost of mining. We do provide legislation in which the first cut on the downside would be only temporary, and were that practice to be precluded, it would make mining much more difficult and costly.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from West Virginia.

Mr. HECHLER of West Virginia. Mr. Chairman, we cannot legislate against landslides which occur when that material and spoil is placed downslope, point No. 1.

The reason the comma is preserved rather than putting a period there is because we pick up on line 22 the proviso: "*Provided*, That spoil material in excess of that required—" and so forth, is left in to complete the sentence. That is the reason for the comma rather than the period.

I simply observe that many, many landslides occur as a result of placing spoil from the initial cut, even temporarily, downslope. That is the purpose of the amendment.

Mr. RUPPE. Mr. Chairman, I would like to point out that I understand the gentleman's concern, but the bill language specifically states that first cuts placed on the downside would have to be placed in such a manner that the material would not slide, and all the other provisions of the bill would be taken care of because we do indicate very clearly even in that single instance, the first cut, the spoil material from the slide would have to be placed in such a way that there would be no sliding of the material and no danger.

Mr. BLOUIN. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from Iowa.

Mr. BLOUIN. Could the gentleman point to the section of this bill where "temporary" is defined? It seems to me the crux of the question revolves around how long that material is going to lie there before it is moved.

Mr. RUPPE. True, but remember that when the mine is planned and in preparation, the mining plan has to be approved by the regulatory authorities, and there is provision for citizen intervention and for citizen participation. Any question as to how the plan would be developed and the timing of it would be checked very carefully by the regulatory authority and, second, would be open for review by any citizen or citizen group which would question the practice.

Mr. BLOUIN. I have two points to make. One of the major objections to this kind of legislation generally comes to those who work within it because of the constantly changing standards they have to undergo. No. 2, it also seems to me to be very expensive to delay an entire project for a citizen to be affected to refer to it, and it is too expensive not to set the guidelines at the beginning.

Mr. RUPPE. I would point out that the block cut standards mandated under this legislation are going to be a difficult and costly mining process, yet we did feel, because of the pressure we have exerted for the utilization of this mining process, we should permit spoil on the downside on the first cut.

It is a very difficult process to handle, and there is a question of how we will handle spoil on the downslide, if we do not provide for an alternative in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. Hechler).

The question was taken; and on a division (demanded by Mr. Hechler of West Virginia), there were—ayes 8, noes 31.

So the amendment was rejected.

The CHAIRMAN. Are there any further amendments to section 515?

AMENDMENT OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Seiberling: Page 211, line 21, strike after the word "every" the following: "three months" and insert in lieu thereof the following: "month".

POINT OF ORDER

Mr. STEIGER of Arizona. Mr. Chairman, a point of order. We are on section 516 and 515. This attempts to amend section 502. It is in violation of procedure.

Mr. SEIBERLING. Mr. Chairman, I ask unanimous consent that, although we have passed that point in title V, I be permitted to offer this amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

Mr. STEIGER of Arizona. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Hechler of West Virginia: On page 273, between lines 8 and 9, insert the following new subsection:

"(g) no employee of the state regulatory authority performing any function or duty under this Act shall have a direct or indirect financial interest in any underground or surface coal mining operation, except that an employee may own a total of not more than one hundred shares of stock of companies which have a direct or indirect interest in such operations and which are listed in any securities exchange registered with the Securities and Exchange Commission pursuant to section 6 of the Act of June 6, 1934 (48 Stat. 885: 15 U.S.C., 78f): provided that such employee shall file with the state regulatory authority a written statement concerning such ownership which shall be available to the public. Whoever knowingly violates the provisions of the above sentence shall, upon conviction, be punished by a fine of not more than $2,500, or by imprisonment of not more than one year, or by both. The Secretary shall (1) within sixty days after enactment of this Act, publish in the Federal Register, in accordance with 5 U.S.C. 553, regulations to establish methods by which the provisions of this subsection will be monitored and enforced by the Secretary and such state regulatory authority, including appropriate provisions for the filing by such employees and the review of statements and supplements thereto concerning any financial interest which may be affected by this subsection, and (2) report to the Congress on March 1 of each calendar year on actions taken and not taken during the preceding year under this subsection."

Mr. HECHLER of West Virginia (during the reading). Mr. Chairman, I ask unanimous consent that further reading of this amendment be dispensed with since it is printed in the Record and available at everyone's desk, and also since it conforms with the Dingell amendment passed on Friday.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER of West Virginia. Mr. Chairman, this amendment would apply the same conflict of interest regulations to the employees of State regulatory agencies and authorities as were included under the Dingell amendment as applied to Federal regulatory officials. Since the Dingell amendment was adopted, my amendment will insure that appropriate and conforming conflict of interest regulations apply equitably.

Mr. Chairman, I now gladly yield to the gentlewoman from Hawaii.

Mrs. MINK. Mr. Chairman, I think this is a correct amendment and will conform to the amendments we agreed to earlier. I would hope the committee would accept this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. Hechler).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Seiberling: Page 239, line 22, insert a new paragraph (6) as follows:

"(6) the blasting and excavation practices permitted in connection with any proposed surface coal mining operation not in existence on the date of enactment of this Act will not render unsafe or impractical the subsequent extraction of known deposits of coal recoverable by current deep mining technology beneath the area affected by the proposed surface coal mining operation."

PARLIAMENTARY INQUIRY

Mr. RUPPE. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. RUPPE. Mr. Chairman, is this amendment to the sections under consideration today, or is it covering a section that we were taking up yeserday?

Mr. SEIBERLING. Mr. Chairman, if the gentleman will yield, this amendment covers a section which is one of the sections in title V, and it was agreed yesterday that title V was open to amendment at any point.

The CHAIRMAN. The Chair will state that the amendment is to section 510, and the bill is open for amendment at any point from section 509 to the end of title V.

The Chair recognizes the gentleman from Ohio (Mr. Seiberling).

Mr. SEIBERLING. Mr. Chairman, this amendment is offered to remedy a very serious oversight in this bill. The staff, I believe, concedes that it was an oversight.

We are in the situation that approximately 97 percent of the Nation's coal reserves are minable only by deep mine methods and only 3 percent minable by strip mine methods. It has been estimated that if we stopped deep mining coal entirely and went exclusively to strip mining, we would use up all the strippable coal by the end of this century.

There are places where strippable coal is located above seams of coal that can only be recovered by deep mining methods.

Mr. Chairman, the purpose of this amendment is to make it clear that if stripping above known deposits of deep minable coal would make it impossible to mine that deep coal thereafter, the stripping could not take place until and unless the deep minable coal is extracted.

There may be cases where, because of the type of rock structures and the closeness of strippable areas to the deep minable seams, strip mine blasting could fracture the rock and make subsequent deep mining practically impossible because of the inability of the fractured rock strata to provide adequate roof support for tunnels and working faces of the deep mine.

The proposed amendment would meet this situation by requiring the regulatory authority to find that the coal surface mining operation would not have such an effect on known deposits—and I emphasize the words, "known deposits"—of recoverable deep minable coal located below the proposed strip mine. The amendment is prospective only and would not affect already existing strip mines.

Mr. Chairman, I yield to the gentleman from Arizona (Mr. Udall).

Mr. UDALL. Mr. Chairman, this section is not effective for 2 years. I personally have not had a chance to study the impact of this.

The goal the gentleman seeks is one we could all support. His goal is that in present stripmining operations we would not make it impossible to mine large deposits that must be mined by underground methods.

I think in fairness to the industry, before the conference takes up this provision, we ought to analyze it and find out whether it poses any problems we have not thought about and whether it interferes with coal production.

Mr. Chairman, I would be inclined to accept the amendment on that basis.

Mr. SEIBERLING. Mr. Chairman, I would accept the gentleman's position. I understand that the gentleman would request the Interior Department to give us an opinion, and that if they come up with problems that were not foreseen, I would support modifying or striking the amendment out in conference.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Michigan.

Mr. RUPPE. Mr. Chairman, my problem with the amendment would be this:

Suppose we have an area that is being strip mined and all of a sudden the mining process would come to a point underneath which underground surface mining operations could be commenced to be developed at a later time. Are we to suggest that the entire strip mining operation come to a halt because at some point beneath the present operation there is an underground coal seam that could be mined at some future date?

First of all, under the language of the amendment we might preclude the mining of a million or 5 million tons of surface coal simply because there may be 5,000 or 50,000 tons of underground recoverable coal beneath the surface-mined areas.

It seems to me that what we are saying is that we will stop any mining process if underneath that surface-mined area there is any size coal deposit at all that could be removed by underground mining methods. It seems to me at that juncture that we would perhaps stop the production of a 1-million ton operation or a 5-million ton operation simply because as little as 5,000 or 50,000 tons of underground recoverable coal may be beneath the area that is presently being mined.

Mr. Chairman, that would be an inefficient and wasteful process, to bring a surface-mining operation to a dead halt simply because underneath the operation there was a given amount of coal that could be mined by some other method.

Mr. SEIBERLING. Mr. Chairman, I think the gentleman's point is well taken.

First of all, let me say that this amendment would affect only new mines. Therefore, if we had a strip mine that was partly over deep minable coal and partly not, when the stripping reaches the point where mining would be above deep-minable coal, then the regulatory authority would have to put some restrictions on the use of explosives or by some other means prevent the destruction of that deep-mined coal.

The other point I think is also well taken in that there should be a balancing, so that stripping of a very large deposit of coal would not be prohibited above a deep minable seam containing only a very small amount of recoverable coal.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. Seiberling) has expired.

(By unanimous consent, Mr. Seiberling was allowed to proceed for 2 additional minutes.)

Mr. SEIBERLING. Mr. Chairman, I would be perfectly willing to sit down with the gentleman in conference and work out some refined language based on the evaluation of this by the Interior Department, but I think we do need to have this type of provision in this bill before it goes to conference. Otherwise, we will not be in a position to meet the important problem to which this amendment is directed.

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentlewoman from Hawaii (Mrs. Mink).

Mrs. MINK. Mr. Chairman, I have a suggestion. If the gentleman added the words "and if of greater economic value" to his amendment, it would answer the questions that have been raised on both sides as to whether we want a restriction of this kind for a very small deposit of coal that might exist and that could only be recovered by underground techniques.

Mr. SEIBERLING. To answer the gentlewoman, I would rather not make that type of amendment, for the simple reason that the deep coal still might be of great economic value. If one had a 50-foot seam of strippable coal on top of a 30-foot seam of deep minable coal, the deep minable coal would still have great economic value and it would be a waste of valuable natural resources to make it impossible to get that deep minable coal out.

I would think that there ought to be a finding by the regulatory authority that the size of the deep minable coal seam is of too little consequence to justify deep mining. I would go along that that, but I suggest that we handle that in conference and simply get this amendment in the bill now so that we can deal with it in conference.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. Seiberling).

The question was taken; and on a division (demanded by Mr. Seiberling) there were—ayes 16, noes 15.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. BLOUIN

Mr. BLOUIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Blouin: Page 294, line 21, strike the words "boundaries of any national forest" and insert the following: "the National Forest System".

Mr. BLOUIN. Mr. Chairman, this amendment speaks to the question of whether or not the national grasslands are going to be continued to be preserved and rejuvenated.

I think we are talking about a subject that goes back quite a few years, and maybe it is worth at least a moment or two to try to refresh the memories of the Members about what this whole concept is all about.

Some of the Members may remember that as a result of the droughts of the 1930's and the erosion and depletion of some precious soil deposits that resulted from those thoughts, literally millions of acres of agricultural land were destroyed and rendered, frankly, rather useless. Thousands of American families—farmers and ranchers—saw their life's works and dreams and desires literally disappear with no apparent avenue of hope left.

The Congress in those days responded to that crisis with a program of restoration, preservation, and relocation and, unlike so many programs that have been passed by this body since then, this one, strangely enough, worked.

The 3,822,000 acres of our time, our money, and our hopes for our people for over 40 years have gone into this program of reclamation and restoration and recycling of land resources.

Now, really when we are literally on the brink of completing our waiting for recycling of this land, to bring it back to a usable level, and in many instances already having accomplished this goal, we find ourselves in an effort on the part of some to literally rip the top off that soil and put back four decades of work into the back pages of history somewhere, of eliminating the concern and care of that land that has taken so long to restore, land that, whether you know it or not, is presently being used for grazing by thousands of cattle and sheep belonging to farmers and ranchers in these regions—land that is presently being used as a wildlife habitat for thousands of antelope, deer, quail, pheasant, and other wild game—land that is presently being used and enjoyed by hundreds of thousands of hunters, fishermen, campers, and picnickers from all over this country annually—and land that is presently being used to demonstrate the practicability of grassland management and development needed to keep unstable soils in place, and covered with grass.

Mr. Chairman, in my opinion now is not the time to regress from 40 years of conservation management for the sake of exploiting what really amounts to less than one-half of 1 percent of the total coal reserves in this country.

Now is the time to show that we are concerned about the need to preserve this land, and to protect those 3.8 million acres of usable land for people with a long-term benefit instead of a short-term, one-shot benefit of an undetermined amount of so-called need of energy.

Our amendment makes every effort to speak to this concern. Its passage in my opinion would allow the fulfillment of the goals of title III of the Bankhead-Jones Tenant-Farmers Act of 1937.

That is how long this Congress has been helping that program. That is how long those people in those parts of this country have been waiting for that land to be returned to a usable state. All our amendment does is insure that that will continue.

I ask for the support of the Members of this amendment, and urge its passage.

AMENDMENT OFFERED BY MR. DINGELL AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. BLOUIN

Mr. DINGELL. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. DINGELL as a substitute for the amendment offered by Mr. BLOUIN: On page 294, line 10, strike "Subject to valid existing rights no" and insert therein the word "No"; and

2. On page 294, strike all on line 21 through the semicolon on line 23, and insert therein the following:

"(2) on any lands within the boundaries of national forests or national grasslands: *Provided*, that the prohibition in this subsection shall not prevent (A) such mining within any of these lands where the deeds conveying the surface lands to the United States reserved the coal and specifically provide for the surface mining thereof, or (B) the surface operations and impacts incident to an underground coal mine: *Provided*, further that in no event shall such mining operations be exempt from the requirements of this Act;".

Mr. DINGELL. Mr. Chairman, I want to commend my colleague, the gentleman from Iowa (Mr. BLOUIN) for offering an excellent amendment. I do not want my colleagues to think that my offering of this amendment in any way takes away my support of the amendment which is offered by our able colleague, the gentleman from Iowa.

It is an attempt simply to add further perfections in a fashion which would least utilize the time of the House of Representatives. Everything that my friend and colleague, the gentleman from Iowa, has said in substantive support of his amendment would apply to the amendment which I offer.

My amendment was printed in the CONGRESSIONAL RECORD on March 13, 1975, beginning at page H1723, pursuant to rule XXIII, clause 6.

The amendment which I offer is very little different, as I have indicated, from that offered by the gentleman from Iowa, and very little different from that which Ioffered during the consideration of this legislation during the previous Congress. The amendment that I offer as a substitute for that offered by my friend, the gentleman from Iowa, does the following:

One, it prohibits all surface coal mining in areas of national parks, national wildlife refuge systems, and wilderness systems. It again prohibits surface coal mining in the National Forest and Wild and Scenic River Systems except where such mining exists on the date of enactment and except where the deeds, conveying lands to the United States reserved the coal and permitted such mining, with the added proviso that such mining would be subject to the regulatory requirements of the bill.

The conferees during the previous Congress rewrote this section to permit the continuance of existing mining operations in national parks, national wildlife refuges and wilderness systems, and to permit all mining based on "valid existing rights." That clause is a puzzling one. It appears to cloud the matter. It is my understanding that the committee wants to prohibit mining in these areas. But what does the provision mean? I think it is extra verbiage and really has no meaning.

The amendment now before us adds really only one thing to that offered by my friend, the gentleman from Iowa. It continues the prohibition against surface mining in the areas listed, first, national parks, wildlife refuges, and wilderness systems, and also the other parts of the national forest; and second, our scenic river systems and the grasslands.

But it again prevents the surface mining from taking place pursuant to the so-called preexisting rights of which we are not informed, and which may very well authorize a kind of mining in a degree and amount and in places where this body is not prepared to accept it, or where on the basis of sober understanding I think the people of this Nation would not want to have that take place.

The bill before us contains the conference approach of last year, and it appears to permit coal mining in places where in my view surface coal mining should not be tolerated; namely, the national grasslands, and for that reason I would urge the adoption either of the substitute which I offer to that offered by my friend, the gentleman from Iowa, or at least the amendment offered by my friend, the gentleman from Iowa.

Mr. RUPPE. Mr. Chairman, will the gentleman yield?

Mr. DINGELL. I yield to the gentleman from Michigan.

Mr. RUPPE. I thank the gentleman for yielding.

This amendment, then, would extend the prohibition of surface mining to grasslands and to those private lands within the boundaries of any unit of the National Forest System; am I correct?

Mr. DINGELL. I have other amendments which will reach 300 yards out of sight of existing areas of the National Forest System which I will later cover.

Mr. RUPPE. If the gentleman will yield further, this amendment does cover private lands. It says:

> On any lands within the boundaries of national forests or national grasslands . . . .

Mr. DINGELL. The gentleman from Michigan is correct and I regret I gave an erroneous impression. I would note, however, that I simply followed the language of the bill.

AMENDMENT OFFERED BY MR. M'KAY TO THE AMENDMENT OFFERED BY MR. DINGELL AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. BLOUIN

Mr. McKAY. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. McKay to the amendment offered by Mr. Dingell as a substitute for the amendment offered by Mr. Blouin: After (2) delete "on any lands within the boundaries of national forest or national grasslands:" and insert in lieu thereof the following: "on any Federal lands within the boundaries of any national forest east of the one-hundredth meridian or on any lands within the boundaries of any national forest which, one the date of the enactment of this Act, are managed and utilized primarily for outdoor recreation or for sustained yield timber production:".

Mr. McKAY. Mr. Chairman, the purpose of this amendment is in fact to allow in certain areas of the national forest some mining. I agree with the Strip Mining Act that we need to make some regulation, we need to tighten it down, and we need to reclaim, and we need to manage, and we need to do all these things. The effect of this amendment would allow and require all that.

Let me indicate some things. I am concerned about the total prohibition on surface mining in the national forest areas. I recognize the need for special protection in the national forests. I would hate to see the stripping of land covered with beautiful aspen or alpine forest. On the other hand, not all forestland is important scenic, recreational, or timber land.

I would like to indicate, if any of the Members are interested, a picture of some of the national forest land where there is not a stick of timber and there are not grasslands. They do have some coal under the surface and we should be able to use it. We should be able to use the coal under this land in these areas, which could be under the rules and regulations of this bill be refurbished and in some locations it could be left in a conditon better than it is now. Therefore, I think we ought not totally to exclude it.

I think it is unwise to completely preclude the possiblity of surface mining where important environmental values are not a consideration—and, I underline, are not compromised.

The proposed amendment provides careful protection for all the important forest values. Surface coal mining is prohibited where the present use or value of the area to be mined is primarily related to timber or recreational use as the effective date of this act.

In addition, the areas could be designated as unsuitable for mining where there would be significant damage to the environmental values or the national system under this.

Also, the strict regulations would apply to limited areas where mining might be allowed.

So we are providing all the rules and regulations.

There are about 7 billion tons of known coal reserves on the national forest lands. Some of these lands really should not be surface mined, because of the recreational, timber, or scenic values which should be protected. But this should not mean that all the forest land should be precluded from being mined. Our national energy demands mean that this should not be locked up where the important environmental values would not be compromised by the surface mining. This amendment provides the needed protection for our national forest without a total prohibition.

It should be understood that all the national forest is not all forests. Half the national forest land is range land and some forest land is of real scenic value and some has timber value.

In our western part of the country over the years many people have participated in getting the Forest Service to buy out—or the local communities have bought up—certain lands for the Forest Service to administer because those lands were being ill administered, and the lands have been brought back to a better ecological state than they were before. I think that ought to continue. For example, in an area called the Fish Lake area in Utah, there are some 1,500 acres which contain 15 million tons of low sulfur coal. There is no vegetation except for sagebrush, the area is dry, and there is in some areas a few pinions and junipers. There is no significant wildlife. In this type of land I think we need to make the opportunity available to mine the coal.

One other thing this amendment does is that it precludes mining in all areas east of the 100th meridian, which is roughly down the middle of North and South Dakota, Kansas, Oklahoma, and so on, so this does not open up the forest lands east of that parallel. This applies only to the western section of the country.

I would urge my colleagues to support the amendment.

Mr. UDALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the three amendments by my friends, the gentleman from Utah (Mr. McKay), by the gentleman from Iowa (Mr. Blouin), and by the gentleman from Michigan (Mr. Dingell), all seek to upset the very finely tuned compromise that it took us months and months to work out. In the bill that emerged last month and in the bill today we have a flat prohibition against coal surface mining in all the U.S. National Park System, the National Scenic River System, the National System of Trails, and we also include the national forests in the Blouin amendment, which would seek to exclude mining in national grasslands, which in the committee bill is permitted.

The national grasslands are some special lands really in several Western States including Wyoming which were taken in very bad condition in the 1930's and were rejuvenated.

There are very tough environmental standards in the bill if we do mine the grasslands.

I would remind my colleagues that yesterday we adopted the amendment of the gentleman from Colorado (Mr. Evans) to fully protect the alluvial areas, to ban mining on them, so we have a very good protection and balance in the bill.

My friend, the gentleman from Utah (Mr. McKay) makes a good point that there are areas in his territory that are not really forests. They are sage and open land and so on. If we are going to permit anything, I would prefer we should keep this, but the wisest thing to do is to defeat all the amendments and permit this compromise to stand.

Mr. MELCHER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will allay some of the fears of the Members and I will only take a minute or 2 to respond to my good friend, the gentleman from Utah (Mr. McKay) on the type of land he is talking about and the possibility of mining it.

I asked the Bureau of Land Management in Montana, which administers 8 million acres of Federal lands in Montana how much of the BLM land would be mined in Montana in the next 10 years and they told me it would be 5,000 acres. Due to the preponderance of BLM land in the area of Montana lying over the Fort Union coal deposit, this would probably mean that during the next 10 years, if BLM estimates are correct, we are only going to mine about 15,000 acres of land in Montana including private and State lands. There are no applications and never have been applications for lease for coal mining in the national forests so there is no urgency to allow mining in national forests.

Much of those lands in the West which overlie the huge Fort Union coal deposit are administered by the Bureau of Land Management.

The need for mining federally owned coal can easily be met on those lands.

We have no need to open up the Custer National Forest or other national forests, but I do want to say to my good friend, the gentleman from Utah, that he is absolutely correct. The type of land he is describing, and which I have viewed myself in Utah, is not what we would envision as logically belonging in a national forest. Why it was put in a national forest is a mistake of this country.

I would say what is proper is a restructuring of who manages what. I do not think the national forest system per se is so sacred that the boundaries have to remain as they are when they do not really include lands that meet the criteria of forest lands.

I know there are national forests that have different types of land; but I think the gentleman from Utah is absolutely correct when he said that the type of land he is describing better fits the type of land we would find administered by the Bureau of Land Management, rather than be included in a national forest.

I would say a better solution to the problem is a restructuring or putting lands under the proper Federal management where they fit, rather than leaving them in the boundaries we now have, which do include much land in national forests which are very similar to Federal lands managed by the Bureau of Land Management.

Mr. McKAY. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Utah.

Mr. McKAY. Mr. Chairman, as the gentleman knows, I would be willing if the Congress would tighten it down to eliminate Custer National Forest. I would suppose that you could handle that in conference and I would not have any objection to that.

As the gentleman knows, the Forest Service and the Bureau of Land Management administers lands of very similar nature. The Bureau of Land Management, I agree, has more of the range management mineral lands than the Forest Service, but they each have quantities of it and each administer jurisdiction of timber sales and all of the other types of lands. If we could sort out all of those—which I do not expect we are going to do—then I would agree with the gentleman, but we are not really going to do that and make this a purely environmental and strictly timber area in the national forest.

So, this is the only alternative we have, to leave those areas out, and I believe they should.

I think there are sufficient safeguards within the bill in every other section to mandate and give guides for the judgment of the agencies, and if they follow the guidelines already set, I see no danger of destroying the resource.

Mr. MELCHER. I wish the proposed language in the gentleman's amendment would clearly delineate what we are attempting to do, but I am afraid that simply stating that a national forest used primarily for timber or recreational purposes, would not be strip mined is inadequate. There simply is not an adequate guideline for Congress to establish what national forests would not be strip mined for coal.

I am afraid, under the cirmumstances, I will have to stick with the language in the bill and oppose the amendment.

The CHAIRMAN. The time of the gentleman from Montana has expired.

(On request of Mr. SEIBERLING and by unanimous consent Mr. MELCHER was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, I would just like to clarify a point in the amendment of the gentleman from Utah. I understand land in the Custer National Forest, which is in your State of Montana, is used for both timber and for grazing purposes, is that correct?

Mr. MELCHER. Custer National Forest is administered under the multiple-use concept. It is used for grazing, for some timber production, for recreation; all the usual multiple uses.

Mr. SEIBERLING. The same land is used for both purposes in many areas, is that correct? In other words, there is timber on it, and also it is used for grazing land?

Mr. MELCHER. The gentleman from Utah has offered an amendment that would clearly indicate that the Custer National Forest would be open to strip mining for coal.

Mr. SEIBERLING. That is the point I wanted to clarify.

Mr. MELCHER. I might point out to the Members of the Committee that the language that is in the bill says that there can be no coal strip mining on any Federal land within the boundaries of a national forest—which of course does permit mining on private land within the national forest and we do have some private land in Custer National Forest—so there could be some mining on private lands, but under the committee bill there would be a ban on all Federal land in the national forest.

Mr. WIRTH. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears. Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and one Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to the provisions of clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. SYMMS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this time to ask the gentleman from Utah (Mr. McKAY) whether he can explain to us just a little about what kind of land it is we are talking about.

I have some information about one place in North Dakota that does not happen to come under the national forest system, but which supports five cows grazing over 5 million tons of coal, and I was wondering whether the gentleman from Utah has some similar land that might become available to mine or whether he could give us that information.

The land I refer to has five cows grazing over 5 million tons of coal, and we are saying we cannot mine it. I wonder whether this is the same kind of land as is the case down in Utah.

Mr. McKAY. If the gentleman will yield, I would say that we might take care of six or seven cows in that same area.

Mr. SYMMS. Does the gentleman mean cows that must move from grass clump to grass clump at 30 miles an hour to keep from starving to death?

Mr. McKAY. I have some pictures showing the character of the land I am talking about, which really is mineable, but at the present time it is not usable for much of anything. In some of these cases, if it were stripped and required to be put back, it would then present a better soil condition, one in which the environment could be improved for grazing and other uses.

Mr. SYMMS. Mr. Chairman, I thank the gentleman very much. I am in strong support for the gentleman's amendment. I think this would be one of the few chances we would have to improve the legislation, and I hope the amendment is accepted, as it will make this legislation slightly less obnoxious.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Utah (Mr. McKAY) to the amendment offered by the gentleman from Michigan (Mr. DINGELL), as a substitute for the amendment offered by the gentleman from Iowa (Mr. BLOUIN).

The question was taken; and on a division (demanded by Mr. McKAY) there were—ayes 22, noes 32.

So the amendment to the amendment, offered as a substitute for the amendment, was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. DINGELL), as a substitute for the amendment offered by the gentleman from Iowa (Mr. BLOUIN).

The question was taken; and on a division (demanded by Mr. HECHLER of West Virginia) there were—ayes 12, noes 35.

So the amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. BLOUIN).

The question was taken; and on a division (demanded by Mr. BLOUIN) there were—ayes 20, noes 36.

RECORDED VOTE

Mr. BLOUIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 168, noes 248, not voting 16, as follows:

[Roll No. 59]

AYES—168

Abzug
Addabbo
Ambro
Anderson, Calif.
Ashley
Aspin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Bennett
Biaggi
Biester
Blanchard
Blouin
Bonker
Brademas
Breckinridge
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Fla.
Burton, John L.
Burton, Phillip
Carr
Chisholm
Clay
Cohen
Conte
Conyers
Cornell

Coughlin
Delaney
Dellums
Diggs
Dingell
Dodd
Downey
Drinan
du Pont
Early
Edgar
Edwards, Calif.
Emery
English
Evans, Ind.
Fascell
Findley
Fish
Fisher
Fithian
Florio
Ford, Mich.
Fraser
Frenzel
Gaydos
Gilman
Green
Gude
Hall
Hannaford
Harkin
Harrington
Harris
Hawkins

Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Holtzman
Howard
Hubbard
Hughes
Jacobs
Johnson, Colo.
Karth
Keys
Koch
Krebs
Latta
Leggett
Lehman
Levitas
Lloyd, Calif.
Long, Md.
McClory
McCloskey
McDade
McHugh
Macdonald
Maguire
Matsunaga
Metcalfe
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish

Moakley
Moffett
Moorhead, Calif.
Mosher
Moss
Mottl
Murphy, Ill.
Myers, Pa.
Natcher
Neal
Nedzi
Nix
Nolan
Oberstar
Ottinger
Patterson, Calif.
Pattison, N.Y.
Perkins
Peyser
Pike
Price
Rangel
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Rogers
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
Sarbanes
Scheuer
Schroeder
Sharp
Shipley
Simon
Smith, Iowa
Solarz
Spellman
Spence
Stanton, James V.
Stark
Steed
Stokes
Stratton
Studds
Symington
Thompson
Traxler
Tsongas
Van Deerlin
Vander Veen
Vanik
Vigorito
Whalen
Wirth
Wolff
Yates
Young, Fla.
Young, Ga.
Zeferetti

NOES—248

Abdnor
Adams
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
AuCoin
Barrett
Bauman
Beard, Tenn.
Bell
Bergland
Bevill
Bingham
Boggs
Boland
Bolling
Bowen
Breaux
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carney
Carter
Casey
Chappell
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cochran
Collins, Tex.
Conable
Conlan
Corman
Cotter
Crane
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis
de la Garza
Dent
Derrick
Derwinski
Devine
Dickinson
Downing
Duncan, Oreg.
Duncan, Tenn.
Eckhardt
Edwards, Ala.
Eilberg
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fenwick
Flood
Flowers
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Frey
Fulton
Fuqua
Giaimo
Gibbons
Ginn
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hanley
Hansen
Harsha
Hays, Ohio
Hefner
Helstoski
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Horton
Howe
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Kindness
Krueger
LaFalce
Lagomarsino
Landrum
Lent
Litton
Lloyd, Tenn.
Long, La.
Lott
Lujan
McCollister
McCormack
McDonald
McEwen
McFall
McKay
McKinney
Madden
Madigan
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Meyner
Milford
Mink
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Murphy, N.Y.
Murtha
Myers, Ind.
Nichols
Nowak
Obey
O'Brien
O'Hara
O'Neill
Passman
Patman
Patten
Pepper
Pickle
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Rhodes
Roberts
Robinson
Roncalio
Rose
Rousselot
Runnels
Ruppe
St Germain
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Seiberling
Shriver
Shuster
Sikes
Sisk
Slack
Smith, Nebr.
Snyder
Staggers
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Treen
Udall
Ullman
Vander Jagt
Waggonner
Walsh
Wampler
Weaver
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wright
Wydler
Wylie
Yatron
Young, Alaska
Young, Tex.
Zablocki

NOT VOTING—16

Alexander
Cederberg
Collins, Ill.
Esch
Goldwater
Hastings
Hébert
Michel
Mills
Mitchell, Md.
Risenhoover
Skubitz
Sullivan
Waxman
Wilson, Charles H., Calif.
Wilson, Charles, Tex.

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. SEIBERLING. Mr. Chairman, I move to strike the last word for the purpose of asking a question of the chairman of the subcommittee.

Mr. Chairman, I would like to ask the chairman of the subcommittee, the distinguished gentleman from Arizona (Mr. UDALL) to give us an explanation with respect to paragraph 2 on page 264:

> Complete backfilling with spoil material—

This relates to steep slopes—

> shall be required to cover completely the highwall and return the site to the approximate original contour, which material will maintain stability following mining and reclamation.

I wonder if the chairman could explain whether the words "approximate original contour" mean that the operator cannot take necessary steps to control drainage and erosion during reclamation?

Mr. UDALL. Mr. Chairman, if the gentleman will yield, the answer is "No."

"Approximate original contour" is a general standard and as defined in the act means that surface configuration "achieved by backfilling and grading of the mined area so that it closely resembles the surface configuration of land prior to mining and blends into and complements the drainage pattern of the surrounding terrain."

After regrading to approximate original contour and reconstructing the basic drainage pattern in the regraded area, one of the major problems facing the operator is the control of erosion during the reestablishment of vegetation. Regrading to approximate original contour allows the surficial shaping of the regraded area to adequately control drainage and erosion. Appropriate drainage control measures involving the shaping of the surface include, for instance, a series of diversion ditches or ridges across the final grade of slope, the use of grass-lined waterways, gouging to retard surface runoff and increased infiltration into the spoil, and similar measures which are in common use by the Soil Conservation Service for the Environmental Protection Agency. The general measures of siltation control and further discussed and expanded in the committee report—pages 105–106.

Mr. SEIBERLING. I would also like to ask the Chairman if "approximate original contour" means that, subsequent to the backfilling of the highway, it would be permissible to run a haul road or access road across the restored terrain.

Mr. UDALL. Yes.

The committee recognizes that mining access and haul roads, under limited and prescribed conditions, might well continue to serve useful purposes to land owners after reclamation. In such limited circumstances, roads can be left as part of the reclamation plan, but it is also expected that this will be identified in the approved mining and reclamation plan. The committee report contains a discussion of the role of coal access and haul roads—pages 117–118—including the potential utility and performing environmental protection functions by breaking up drainage down long slopes or perhaps serving as a barrier to keep spoil off outslopes. Specific standards in the bill apply to access roads and these would have to be met.

Mr. STEIGER of Arizona. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I ask unanimous consent that all debate on this section and all other sections and all other titles of the bill end no later than 4:30 this afternoon.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

Mr. SEIBERLING. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. STEIGER of Arizona. Mr. Chairman, for that logical and reasonable objection, I will sit down.

The CHAIRMAN. Are there further amendments to section 522?

Are there amendments to section 523?

AMENDMENT OFFERED BY MR. PICKLE

Mr. PICKLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. PICKLE: Page 297, after line 18, insert the following:
>
> "(f) Section 3(b) of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 352) shall not apply to deposits of coal (including lignite) from lands within the boundaries of Camp Swift National Guard Facility, Texas, which may be leased by the Secretary of the Interior to a governmental entity (including any corporation primarily acting as an agency or instrumentality of a State) which produces electrical energy for sale to the public, but only if the Secretary of Defense concurs in such leasing."

Mrs. MINK. Mr. Chairman, I make a point of order against the amendment.

Mr. PICKLE. Mr. Chairman, would the gentlewoman reserve her point of order?

Mrs. MINK. I will reserve my point of order.

Mr. PICKLE. Mr. Chairman, I want to take a little time in exploring a perplexing situation under our present mineral leasing laws.

Under our law, coal or lignite under acquired Government property set aside for military use cannot be leased. I have had people research this statute, passed in the 1920's, and there is no evidence whatsoever why this exception to leasing was put into the law. But it was.

Since a desire to obtain coal or lignite, that lies under acquired Federal property set aside for military purposes, has not been a factor in passing laws over the past 55 years, the Congress has allowed this anomaly to continue. It ought to be changed.

In my congressional district, we have

collided head-on with the roadblock thrown up by 30 U.S.C. 352.

Because Texas entered the Union as a Republic, Texas retained title to all public lands. Thus, any Federal land in Texas is "acquired property."

During World War II, an Army base was established south of Austin, near Bastrop, Tex. This base, called Camp Swift, is still owned by the Department of Defense even though only the Texas National Guard and some Reserve units use the property.

In the early 1900's, throughout this region, lignite was mined. Texas oil and gas soon snuffed out interest in lignite.

Today, however, the utilities of central Texas need to convert their generators from natural gas and oil to energy sources like coal or lignite. These utilities are not investor owned but publicly owned utilities. They are the utilities owned and run by the city of Austin and the Lower Colorado River Authority, a State agency.

Already these two government agencies are constructing a new coal-fired plant. To fire this plant, Austin and the LCRA have contracted for coal from Montana.

Considering transportation costs, and the unreliability of moving coal from Montana to Texas, everyone agrees that using Texas lignite would be a better course of action.

The Texas National Guard has agreed to a mining plan drawn up by the Becthol Power Corp., which was hired by the LCRA to study the Camp Swift lignite. The plan calls for piecemeal mining and the latest in land reclamation techniques. Such a technique would not interfere with the Guard's use.

The LCRA and city of Austin are ready to take steps to mine the lignite.

But alas, no one can let the lignite go because of a 1920 statute.

Central Texas utility bills have tripled and quadrupled because of the rising costs of natural gas and fuel oil.

Over 2 million citizens need the help of Congress in getting this lignite.

Mr. Chairman, the amendment I have offered is as follows:

> Section 3(b) of the Mineral Leasing Act for Acquired Lands (30 U.S.C. 352) shall not apply to deposits of coal (including lignite) from lands within the boundaries of Camp Swift, National Guard facility, Texas, which may be leased by the Secretary of the Interior to a governmental entity (including any corporation primarily acting as an agency or instrumentality of a State) which produces electrical energy for sale to the public, but only if the Secretary of Defense concurs in such leasing.

This amendment was narrowly drawn just to take care of Camp Swift.

The gentleman from Arizona, and the gentlewoman from Hawaii, have suggested that my amendment would more properly be in legislation reforming the mineral leasing policy instead of this strip-mining bill.

May I ask the Committee when such legislation will be considered?

POINT OF ORDER

Mrs. MINK. Mr. Chairman, I insist on my point of order?

The CHAIRMAN. The gentlewoman from Hawaii will state her point of order.

Mrs. MINK. Mr. Chairman, I am forced to make a point of order on this amendment because it seeks to amend the Mineral Leasing Act which is not amended by either this section or by any other section of the bill that we have under consideration.

The particular section which this amendment seeks to amend has to do with a provision which sets up the procedures by which the Federal Government establishes a reclamation and mining plan with respect to its Federal lands. It has to do with the establishment of standards and methods of extracting the coal and relates to the provisions that constitute requirements for such removal.

This amendment which the gentleman from Texas has offered to do with the amendment of another statute entirely separate from the pending bill and seeks to single out one particular piece of property located in the State of Texas, to render it exempt from the provisions of the Mineral Leasing Act.

So for the purposes of this bill, my point of order goes to the point that it is not germane and it amends a bill that is not a pending matter.

Mr. PICKLE. Mr. Chairman, will the gentlewoman yield?

Mrs. MINK. Yes, I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Chairman, would the gentlewoman not agree in principle that since the Defense Department, the appropriate part of the Federal Government, which owns title to the land, is agreeable to the mining of the lignite for the use of a publicly owned utility, that ought to be taken into account?

Mrs. MINK. Yes, Mr. Chairman, I will agree with the gentleman as to the substance of his amendment. I wish only to suggest that there is a bill pending before my subcommittee which seeks to go into this entire matter of coal leasing, and it would be more appropriate for the amendment to be considered in the consideration of that bill.

Mr. PICKLE. Mr. Chairman, will the gentlewoman tell me what action there has been on that bill?

Mrs. MINK. We have had hearings on that same bill last year. It was up for markup last December, but we could not complete our business. It is now the immediately pending business of the subcommittee as soon as this strip mining bill has been completed.

Mr. PICKLE. Mr. Chairman, if the gentlewoman will yield further, the gentlewoman makes reference to the Minerals Leasing Act which was previously considered. Is that the same measure that did pass the other body last year?

Mrs. MINK. The gentleman is correct.

Mr. PICKLE. And the time just ran out, and that is the reason we did not get to the consideration of that bill?

Mrs. MINK. The gentleman is correct.

Mr. PICKLE. Mr. Chairman, I do not know what the ruling of the Chair would be, but I think the amendment is germane.

Certainly, in the case the Chair would rule differently, I suggest we act on this matter with the greatest speed, because this material is needed by publicly owned utilities, and everybody is agreed it is held up because of the old 1920 statute. Certainly time is of the essence.

Mrs. MINK. Mr. Chairman, I assure the gentleman that this matter will be considered at the appropriate time, when we take up the minerals leasing bill.

The CHAIRMAN. Does the gentleman from Texas (Mr. PICKLE) wish to be heard further on the gentlewoman's point of order?

Mr. PICKLE. Mr. Chairman, in view of our colloquy, I do not believe I will proceed with this matter any further.

The CHAIRMAN. Does the gentleman request unanimous consent to withdraw his amendment?

Mr. PICKLE. Mr. Chairman, I ask unanimous consent to withdraw my amendment, since I have had the assurance by the gentlewoman that the committee is in the final stages of the markup of the other bill and will give first consideration and top priority to that matter.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

AMENDMENT OFFERED BY MR. WIRTH

Mr. WIRTH. Mr. Chairman, I offer an amendment to section 522.

The Clerk read as follows:

> Amendment offered by Mr. WIRTH: Page 294, line 13, insert after the word "lands" the following: "which adversely affect or are located".

Mr. WIRTH. Mr. Chairman, the purpose of this amendment is very simple. It assures that any strip mining which might occur next to National Park Systems, the National System of Trails, the National Wilderness Preservation System, and the Wild and Scenic Rivers and National Recreation Systems, meaning strip mining which may occur next to those particular national preserves, will not be allowed to occur if it is going to have an adverse impact.

For example, in my part of the country it is very possible that we might have strip mining occur next to a national forest and have the activities of that strip mining affect wildlife and game and cause various kinds of erosion.

It seems to me this amendment is particularly in the spirit of the bill which has been managed so ably by the gentleman from Arizona (Mr. UDALL).

Mr. Chairman, I urge adoption of my amendment.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, this is the one part of the Dingell amendment which was acceptable to me. It has nothing to do with the national forests.

It simply says that if one is strip mining on lands adjacent to a national park and it would adversely affect that national park, it would not be permitted. I think that is in the spirit of what we are trying to do, as the gentleman said.

Mr. Chairman, I do not think this amendment makes any great change, and, in fact, I believe it strengthens the bill.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I understand what the gentleman is attempting to do, but I will just point out that as this amendment is written, it may be subject to misinterpretation of existing rights. It would say that no surface coal mining operations shall be permitted "on any lands which adversely affect."

By the simple sentence structure—and I do not mean to be nitpicking—what the gentleman is saying in the amendment is that the lands themselves adversely affect the image of the National Park System. I think what the gentleman means to say is: "If the mining activity would adversely affect the following systems."

I would just point out to the gentleman that if he will read the language as he has offered it, it now reads "on any lands which adversely affect or are located within the boundaries of units of the National Park System," et cetera.

Mr. WIRTH. No, it reads, "shall be permitted—which adversely affect."

Mr. STEIGER of Arizona. I am sorry. I realize that that is the gentleman's intention, but that is not the way it reads. If the gentleman wants to leave it like that that is fine since he obviously has the votes, but does that means that the gentleman wishes to leave an inaccurately constructed sentence in there, simple because he has the votes?

Mr. WIRTH. I think I know exactly what it means, and the gentleman knows what it means.

Mr. STEIGER of Arizona. Does the gentleman mean that the lands adversely affect the National Park System?

Mr. WIRTH. No, strip mining which adversely affects.

Mr. STEIGER of Arizona. The gentleman is not reading the whole sentence. Read the whole sentence as you have amended it. I ask the gentleman to read it to himself.

Mr. UDALL. Mr. Chairman, will the gentleman yield to me?

Mr. WIRTH. I yield to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I think it is very clear as to what the gentleman intends. If there is a problem, we would like to have the legislative history clear.

The gentleman is talking about mining operations which adversely affect and not the existence of the lands which adversely affect. It is the mining operations, is it not?

Mr. WIRTH. Mining, strip mining, which adversely affects the operations.

Is that difficult to understand, I ask the gentleman from Arizona (Mr. STEIGER)?

Mr. UDALL. Mr. Chairman, we have to go to conference on this. If there is any difficulty with the language, we can iron it out.

Mr. WIRTH. The gentleman from Arizona (Mr. STEIGER) is concerned about it, is he not?

Mr. STEIGER of Arizona. The way it reads, there is going to be a lot of litigation.

Mr. WIRTH. I do not think there is any problem of litigation if the gentleman reads the record.

Mr. BLOUIN. Mr. Chairman, will the gentleman yield?

Mr. WIRTH. I yield to the gentleman from Iowa.

Mr. BLOUIN. As the sentence starts out, it talks about strip mining and not whether it is a surface mining operation. I do not know how it could be any clearer.

Mr. WIRTH. Those are my sentiments exactly.

Mr. RUPPE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, during the markup of this legislation we made some very definite determinations as to where mining would be permitted and where that mining would not be permitted. We did preclude mining within the boundaries of the units of the national park system and other specified units of Government-owned land.

However, we are expanding that prohibition very severely, very sharply, when we say one cannot mine on privately owned land that might or, in fact, does adversely affect these units of public ownership. When we say "adversely affect," we are right back in court.

Any individual who wants to mine in the general vicinity or near any units outlined on page 294 is subject to suit, litigation, and harassment on the grounds that that mining might in some way adversely affect the utilization of these Government lands.

When we say "adversely affect," it seems to me that we are developing very much a judgmental view. As a result, the final determination of "adversely affect" will in almost every instance wind up in court. As I recall, the individuals who marked up that bill were of a very firm mind as to where mining should and should not be permitted. To say that we will not permit mining now on any private land that might in some way adversely affect any of these units outlined, it seems to me, goes far beyond what we intended in the committee.

Beyond that, it is an invasion of private rights.

Mr. HECHLER of West Virginia. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Is that not what the committee is trying to protect, to protect the National Park System, the National Wildlife Refuges System, the National Wilderness Preservation System and so forth? All this does is say that when strip mining adversely affects these areas that we are trying to protect. All this amendment does is to underline the protection of these areas by making it impossible for adjacent strip mining to adversely affect these areas.

Mr. RUPPE. How does one adversely affect? He may have to pass the mined areas. He may have to look at it. How do we get down to "adversely affect"? Will that not, in almost every instance, be a court determination, and should that provision in this legislation lead to endless lawsuits and legal harassment?

Mr. HECHLER of West Virginia. I would say to the gentleman from Michigan that he is really splitting hairs if he says he wants to protect these areas and then does not want to protect them from being adversely affected. That is a very silly distinction which is meaningless.

Mr. RUPPE. We do protect the areas. We protect the national forest lands. We protect all of the other areas outlined. But to say to an individual, "You cannot mine on your property because in some way it might adversely affect the utilization of these Government lands," it seems to me would be a taking and an outrageous invasion of private rights.

Mr. HAYES of Indiana. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman from Indiana.

Mr. HAYES of Indiana. Mr. Chairman, I might say, in terms of the question the gentleman asked about endless lawsuits, that in 1966 this body passed the Historic Preservation Act, and the language there states that the President's Advisory Council, for example, on historic preservation, shall make a report to the agency on whether or not there is an adverse effect.

The Federal Register sets out four points of view on how to determine adverse effect, and that includes things that are specifically detracting from the history of the unit that you are trying to protect. These do exist in the National Register, and they can transpose these over. The gentleman will also find that there are two lawsuits on this viewpoint since 1966.

I think very clearly that the intent of this legislation through the record that has been made does exist, and therefore I do not think the gentleman should fear endless litigation. In fact, all we are doing is protecting the national assets, such as our park assets, from the encroachment of strip mining that we know about, and it probably will not affect a very large portion of it at all.

Mr. RUPPE. Is the gentleman saying that those same standards would be applied, all the four standards?

Mr. HAYES of Indiana. Yes. I think the same as it is with the history of other agencies, in setting forth those standards, the Department of the Interior would handle it in that way, I think we can assume they would also deal with this in the very same way. It makes administrative law sense to do it in that fashion. I believe that any accord will require that the standard be applied in the very same manner it has been.

Mr. RUPPE. In other words, the gentleman believes we can leave it up to the Department of the Interior to set it up.

Mr. HAYES of Indiana. I believe that

that kind of a delegation is a meaningful delegation of authority. We certainly cannot expect that we will burden the record by setting forth all of the rules and regulations, we have never done so. We could, of course, for some purposes, but I think in large measure this makes good legal sense to allow them to go ahead. These things would certainly be open to review.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. FLOWERS, and by unanimous consent, Mr. RUPPE was allowed to proceed for 1 additional minute.)

Mr. FLOWERS. Mr. Chairman, will the gentleman yield?

Mr. RUPPE. I yield to the gentleman.

Mr. FLOWERS. Mr. Chairman, I think the gentleman has made a good point. If the spirit of this legislation is to insure that there will be no adverse effects from the strip mining or surface mining, and this seems to be what we are trying to do here, it is not necessary to seek to do this by the offering of an amendment such as this, if it is redundant. At least the gentleman makes a good point, and I agree that the amendment is not necessary if it is redundant, if it goes beyond and does attempt to further restrict this. I question why the committee did not bring this to the House in the bill.

Mr. RUPPE. I thank the gentleman for his remarks. I simply wish to reiterate that I believe it will lead to endless litigation, and the delay will be, I think, extensive.

Mr. FLOWERS. I think the gentleman's concerns are justified.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. WIRTH).

The question was taken; and on a division (demanded by Mr. WIRTH) there were—ayes 24, noes 25.

Mr. WIRTH. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

Are there further amendments?

AMENDMENT OFFERED BY MR. STEIGER OF ARIZONA

Mr. STEIGER of Arizona. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STEIGER of Arizona: Strike all of section 529, consisting of lines 1 through 24, and lines 1 through 3 on page 306.

Mr. SYMMS. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Ninety-one Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The gentleman from Arizona is recognized for 5 minutes.

Mr. STEIGER of Arizona. Mr. Chairman and fellow protectors of the fragile ecology, I want to call to the attention of the Members page 305 of the bill. On page 305 of this bill there is a fairly remarkable section, section 529.

In my relatively brief sojourn here in the House I have seen a great many legislative feats of legerdemain, but this is one of the best ones.

Section 529 rather remarkably exempts anthracite from the provisions of this bill. There are other exemptions in this bill for other particular situations. There are exemptions for particular specific mining operations. There are exemptions for some geographic areas. All of these exemptions came about in the full light of day in the committee operation after, of course, much heated discussion and much heated explanation.

That is what makes the anthracite exemption so remarkable, because it was apparently conceived in the dark of night somewhere. It was clearly arrived at as a quid pro quo for the support of the Pennsylvania delegation—which is not unheard of in these Halls—but the fact is that it owes its presence to no logic and no reason other than the muscle of the corporation involved and the union involved.

Anthracite as a surface-mined product of the earth is very limited in amount. In fact, there is something like 600,000 tons of anthracite mined on an annual basis from surface-mined operations, possibly 650,000 tons. Some 550,000 to 600,000 of these tons of anthracite are mined on three properties in Pennsylvania, and those three properties are owned by the Bethlehem Steel Co. These properties were not acquired by the Bethlehem Steel Co. until 2 or 3 days following the inclusion of this exemption in the conference committee report between the House and the Senate in their production of their version of this bill.

There was not 1 minute of discussion heard in a committee on either the House side or the Senate side, and there was not 1 minute's discussion on the floor.

The fact is that the first explanation as to why this exemption is in the bill came in a letter from our very able colleague, the gentleman whose sartorial splendor is matched only by the keenness of his wit, the gentleman from Pennsylvania (Mr. FLOOD), who advised us in a "dear colleague" letter last week that this exemption came to be as a result of the unique geological and geographical qualities of anthracite.

While I submit that those unique geologic and geographic results are none other than the gentleman from Pennsylvania (Mr. FLOOD) himself, because the rest of the country is not represented so ably, apparently. If, indeed, the protections and regulations that are inherent in this bill are too onerous for anthracite, then I submit they are far too onerous for the rest of the country, because the only difference between anthracite and bituminous or lignite is that anthracite is represented by the gentleman from Pennsylvania (Mr. FLOOD).

Now, the Senate knocked this exemption out without a whisper of complaint, not one syllable, because they knew it was indefensible. We have some figures here that demonstrate that this bill will add to the cost of the average electrical utility bill at the rate of some 11½ percent before we compute the loss of production. That, say the anthracite people, is why anthracite should be exempted, because 45 percent of the folks in that area burn the coal that is mined in that area in both their homes and that produce electrical energy.

I submit that that same increase applies to all the coal across the country.

I sympathize with the good folks in Pennsylvania who do not want to bear the additional unnecessary burden, who do not want to have their electric bills increase to a point they cannot afford, who do not want surface mines shut down so they lose jobs. I agree with that, but I have to confess that if it is too burdensome, if the burdens of this bill are too much for anthracite, then they are too burdensome for the entire country.

The CHAIRMAN. The time of the gentleman from Arizona has expired.

(At the request of Mr. SYMMS and by unanimous consent, Mr. STEIGER of Arizona was allowed to proceed for an additional 4 minutes.)

Mr. STEIGER of Arizona. Mr. Chairman, this really is a very, very basic confrontation here that we have. It is a basic confrontation, not only between logic, reason and reality, and the legislative process, which is a frequent one, but this is a confrontation between the political muscle of a single company, Bethlehem Steel, a single union, the United Mine Workers, and their ability to convince a sufficient number of their constituency that is a justifiable part of the bill, when indeed, it is not. There is simply no defense of this section in logic or reason.

It occurs to me that even absent the entire Pennsylvania delegation's support for this bill, it is still going to pass; so there is no need to embarrass the House with the burden of trying to justify this section.

My friends, the logic is irrefutable, that if, indeed, the bill is too onerous for anthracite, it is, indeed, too onerous for the rest of the country. I happen to believe that it is too onerous for the rest of the country, but the fact is that I have been unable to convince the House that it is too onerous for the rest of the country. I am sure that anthracite is going to be exempt by the rest of this bill and they have said the rest of the country must endure this.

Those political muscular folks who have been able to justify this language in the bill here also in terms of the Bethlehem Steel Co., the only ones to go to the President, the only company to go to the President, asked that he not veto the last bill. I am sure if this provision is in this time again, they will also continue that urging.

I will tell this House that the presence of this language in the bill ought to be an embarrassment to the whole House and it should be very difficult to embarrass this House.

Mr. DENT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hardly qualify as one of those robust fellows at this point, but I do not stand here with any sense of guilt or that I am in anyway doing anything that I would not be proud to do on the basis of the facts and the logic.

Back when we were in our heyday in the six counties in Pennsylvania that produce anthracite coal, we were producing at that time 145 million tons of coal a year. Outside of the six anthracite counties in Pennsylvania, there is only one area in the world that has true anthracite, and it is about 75 percent of the purity of our anthracite.

Because of the shipment of oil to the United States and using bunker oil as a ballast, there was a strike in 1926. The oil people realized somehow that they could use this bunker oil as a fuel. So, that strike destroyed the anthracite area of Pennsylvania.

It is the longest history in personal depression, community depression, in the entire United States of America. It moved to a point where something like 70 percent of the men in the area were doing the housework and tending to the homes and the women were out working in a group of small, little hosiery mills and some shirt factories that were brought in by community action.

The production in that area today is sufficient for 3,000 miners, who are carrying on their backs 15,000 retired anthracite miners receiving $30 a month. Added to their social security and something from the welfare fund of the United Mineworkers, this group has stayed away from public welfare as a matter of pride, and not because they did not have the need.

In determining the basis of participation in the pension reform legislation, the magnificant gesture by the multiemployers and the multiemployer unions decided to vote their funds that they are contributing 6 months ahead of the time that they participate in the pension fund's trust fund to make it possible for the anthracite miners' trust fund to come under the trust fund at the same time as the single employers did.

This has been a region of personal and community sacrifice since 1926. I served for 22½ years in the State Senate, and as a floor leader for 18½ years. I went through the battles of the bootleggers; I went through the battles where there was not one legitimate coal operation in the entire anthracite region, and bands of former miners would go out into the coal properties and dig a rathole, and many of them died trying to eke out a living. They even confiscated collieries so that they could break down the coal, which is of an entirely different character than bituminous coal. It is something so far apart from bituminous that perhaps it ought not to be known as coal. It is a mineral completely different from coal as we know coal to be.

What are we talking about? We are talking about an area that was devastated long before most of the Members of this Congress were born, and we have been able, through the laws of the State of Pennsylvania on reclamation and mine stripping, to put together the money from the bituminous fields and in a different piece of legislation altogether for anthracite, which was completely ignored until this committee realized its responsibility to this area and exempted it from the anthracite.

What are we exempting? We are exempting from this bill the absolute positive death of the little economy that we have left in that area today in coal. It is without doubt the most magnificent fuel. It is almost 100 percent carbon.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. OTTINGER, and by unanimous consent, Mr. DENT, was allowed to proceed for 4 additional minutes.)

Mr. DENT. I thank the gentleman.

Its only other use we have been able to find for it—and that is a very minute amount of coal—is for the purification of water. In its original state, it is one of the greatest purifiers of water there is in the country. But one cannot make a living in this region. It is a very high-cost operation. I do not have the time to explain, but I will give the Members just a little 30-second, rapid difference of what bituminous coal is and what anthracite coal is.

Bituminous coal is a coal that develops in the earth on a horizontal plane. It will have a slope to it of a few degrees, and sometimes it will go the other direction, downhill, but very few degrees. In the anthracite it is a vertical slope.

The city of Scranton, Pa., had a 90-foot thick vein of coal, 90 feet at the surface, and down 4,000-some hundred feet, up straight, absolutely vertical, and then it went on a slight horizontal plane and came up the other side of the city of Scranton.

It is a different coal. You go down and you pick it out. You set a small gage walk along the way, and you pick the coal down. It does not lend itself to the modern machinery, because of the nature. You could not stand a cavern 4,000 feet deep, 90 feet wide, without creating the greatest hazard and without creating the greatest blemish on the Earth as you have ever seen in your life.

They managed to eke out a living, a very bad living, but they eked it out. It is the only community in the entire State of Pennsylvania which had to pass an exceptional, extraordinary educational piece of legislation where taxes were taken from the rest of the State to keep the schools open.

Now you say to me that this is unconscionable, that we should even have this legislative enactment containing this exemption.

I do not come from the anthracite region but I had its problems in the State legislature for a great part of my lifetime, and I know it, I think, as well as most men and women who lived in the anthracite region.

In this community of ours, the Congress of the United States, there are 18 or 20 Members who grew up and were born in the anthracite region, and they left there. We have a Member from New Jersey who grew up in that anthracite region and could not make a living there and moved to New Jersey. We have two or three from Pennsylvania. We have many Members of this Congress who, in their early youth, or later, when they finished high school, had to move because there was no opportunity there.

Considering 10 cents a ton you get from deep mining and considering the entire amount you get from strip mining, we have to strip 350 to 400 feet deep in layers, the same as you do for iron ore, to come out with 61½ or 7 feet of coal.

I have visited strip mines out West that had 75 feet of overburden and 75 feet of coal. Can we compare the two? We cannot.

But let us not kill this region for this reason. If we count all stripped coal—and it is not all stripped coal—the entire amount that we collect would be $600,000, and we are spending more than that out of what they are doing up there now to rehabilitate the old gob piles and correcting all of the damage that has been done long before this generation had anything to do with it.

Mr. Chairman, I beg of the Members to give consideration to a community that needs it from this Congress.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. DENT) has expired.

(On request of Mr. SEIBERLING and by unanimous consent, Mr. DENT was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, may I ask the gentleman this: Is it not true that Pennsylvania is the only State in the Union where anthracite coal is being mined?

Mr. DENT. The gentleman is correct. Pennsylvania is the only State in the Union that has any.

Mr. SEIBERLING. So that there is no necessity for a national strip mining bill with respect to anthracite coal, because it is all within Pennsylvania and Pennsylvania is handling it with its existing legislation.

Mr. DENT. Mr. Chairman, the mining is so different that we in Pennsylvania had to have a separate law for mining, a separate law for inspection, and a separate law for the mine dust levels that we created, as contrasted to the mining of bituminous coal.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I thank the gentleman for yielding.

I rather like the line of questioning by the gentleman from Ohio (Mr. SEIBERLING).

I would like to ask this question: Is there any bituminous surface mining in Pennsylvania?

Mr. DENT. There certainly is.

Mr. STEIGER of Arizona. Mr. Chairman, in view of the excellence of the Pennsylvania law and in view of the position of the gentleman from Ohio on anthracite, it would seem more logical that we also exempt the Pennsylvania bituminous surface mines.

Mr. DENT. May I make this suggestion to the gentleman——

Mr. STEIGER of Arizona. I welcome any suggestion.

Mr. DENT. The Pennsylvania law is a good one; is that right?

Mr. STEIGER of Arizona. That is correct.

Mr. DENT. Mr. Chairman, I might suggest that this House in its wisdom could adopt the Pennsylvania bill in its entirety. After 19 years of hit and miss to get legislation, which I first introduced that many years ago, we finally got a good law. If we could adopt that law, we would not be in the tangle we are in now.

But we did not have the problem that this committee had. We did not have the problem of interference in other matters supervised by other departments of Government.

Mr. Chairman, I will say to the members of this committee that I have fought all along the line for this, and I believe we have come out with a Solomon-wise proposal that we ought to buy.

The CHAIRMAN. The time of the gentleman from Pennsylvania (Mr. DENT) has expired.

(On request of Mr. STEIGER of Arizona and by unanimous consent, Mr. DENT was allowed to proceed for 1 additional minute.)

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I will ask the gentleman this: Does the Pennsylvania law exempt anthracite from its provisions?

Mr. DENT. It certainly does. They have their own law, which has nothing to do with the bituminous coal law.

Mr. STEIGER of Arizona. Pennsylvania has no law which deals with anthracite reclamation?

Mr. DENT. Yes, because it is the only State that knows how to handle it. We would be glad to tie the Pennsylvania law into the Federal law, because it would only affect our State and we can live with it.

Mr. STEIGER of Arizona. Mr. Chairman, in response to what the gentleman has said, if the gentleman will yield further, I will ask another question.

Pennsylvania has regulations to deal with anthracite?

Mr. DENT. The gentleman is correct.

Mr. STEIGER. Yet the gentleman is asking for a Federal law to exempt the anthracite regulations, because of the existence of part of the Pennsylvania law?

Mr. DENT. No, the gentleman is wrong. We are saying that if Pennsylvania does not enforce its law, then it becomes the duty of the Federal Government to enforce the State law.

How much further could we go?

Mr. STEIGER of Arizona. Let us do that nationally, then.

Does the gentleman recommend that we do that nationally with all coal?

Mr. DENT. Mr. Chairman, if States have laws that meet the maximum requirements and go beyond the Federal laws, I think those States will apply their laws, because they already meet national standards.

Mr. STEIGER of Arizona. Mr. Chairman, I thank the gentleman for his support of my position.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. DENT. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, the point raised by the gentleman from Arizona really gets to the heart of this bill. If every State had laws comparable to those of Pennsylvania, there would not be any need for this legislation.

But if Pennsylvania is going to do a good job of controlling strip mining and some other States are not, then the Pennsylvania mines are put in an unfair competitive disadvantage by the fact that other States are not imposing similar requirements on their strip mine operations. That is why we need minimum Federal standards which all States must meet, but may exceed.

Mr. DENT. Mr. Chairman, I think the gentleman is right.

Mrs. MINK. Mr. Chairman, I rise in opposition to the amendment.

I do so in order to clarify a number of points which I believe have been misrepresented by the sponsor of this amendment.

The gentleman would have us believe that in the consideration of this legislation the committee gave no particular attention to special problems that exist with respect to coal mining in other parts of the country, and that, for some reason, we put on our blinders and paid special heed only to the particular problems in the anthracite region in Pennsylvania.

As a matter of fact, if the Members would look at the bill, they will see that the immediately preceding section to the one we have under consideration, section 527, is entitled "Special Bituminous Coal Mines."

This particular section sets forth special performance standards, special exemptions, special handling, special consideration for the Kemmerer mine which exists in the State of Wyoming. We made this exemption, because of the geographic considerations, again, which were argued by those who were familiar with the mining operation, who brought evidence to the committee that the condition of the seams in this particular location made it necessary to mine in huge pits and, therefore, the regular standards that we were stipulating would not apply. Consequently, we set forth a whole new exemption for that particular mining operation.

We also exempted Alaska on the same or similar grounds, but perhaps based more on the fact that we did not really understand the geology of that State, and there were many problems that could not be anticipated. Therefore, rather than imposing these standards on Alaska, we went along and said, "All right; let us go for the study." We decided that after this study we would then decide what indeed the performance standards should be.

In the case of anthracite, we were simply dealing with the long history of mining in Pennsylvania, that these areas have been mined before and are situated in narrowly limited areas of Pennsylvania, that they have unique problems, not only geographic in nature, but also because of drainage resulting from the great bulk of these deposits occurring in the river basins of the Susquehanna and Lackawanna Rivers.

Therefore, Mr. Chairman, it seems to me that instead of again sitting down and writing an entirely new section which would be called "Anthracite Mining," and attempting to rewrite the standards we knew were in existence in Pennsylvania, we very carefully allowed the exemption only with respect to interim standards and performance standards and said that these would be the standards in existence at the time of the writing of this bill.

We also provided that if the legislature amended the State law, this section would be rendered null and void, because we wanted to limit it strictly to what we knew existed at the time we wrote this exemption.

All of the sections of the bill with respect to citizen suits, with regard to the enforcement of the statutes of Pennsylvania are carefully retained under this legislation. It seems to us that this was a reasonable approach. It was never in the minds of any who helped to write this bill, particularly myself as the chief author of this section, that our views were affected one iota by the sale of any property in Pennsylvania. If the Members will look at the record, they will see that the negotiations for this so-called sale began in 1972 and which incidentally only covers a very small fraction of the total anthracite mines in Pennsylvania. The enactment of the exemption in this provision had nothing whatsoever to do with the culmination of these transactions by Bethlehem Steel. Anthracite furthermore is only about 5 percent of the total coal production of the State of Pennsylvania.

All other coal mining activities in Pennsylvania to wit, bituminous coal falls within all the provisions of H.R. 25. It seems to me that the committee bill is reasonable and justified by the facts and that the House should go along with this special consideration for anthracite, just as we voted for the bituminous open-pit exemption for Wyoming and for the Alaska exemption. We are only saying that past regulatory experience in Pennsylvania indicates that this exemption is worthwhile, because the State of Pennsylvania has demonstrated its willingness to have Federal enforcement provisions apply. It seems to me reasonable for us to go along with this kind of arrangement; State standards with Federal enforcement.

Mr. UDALL. Mr. Chairman, will the gentlewoman from Hawaii yield?

Mrs. MINK. I yield to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I want to heartily endorse every word the gentlewoman from Hawaii (Mrs. MINK) has just said.

This is a sound section. It is based on special consideration. She drafted it in careful consultation with the Pennsylvania people. The Governor of that State endorsed it. Other groups have endorsed it, and it ought to be retained.

The idea has been kicked around here and in committee that there is Mafia money, that there is some skulduggery afoot, something devious has gone on in connection with the acquisition by Bethlehem Steel of a small portion of the anthracite area.

The CHAIRMAN. The time of the gentleman from Arizona has expired.

(By unanimous consent, Mr. UDALL was allowed to proceed for 1 additional minute.)

Mr. UDALL. Mr. Chairman, I intend to ask the General Accounting Office to check out all of these allegations so we will be absolutely sure that there is nothing to them and we will then have a basis for final action on this bill.

Mr. KETCHUM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Arizona (Mr. STEIGER). As a member of the Committee on Interior and Insular Affairs, and the Subcommittee on Mines and Mining, and as one of the individuals who listened to literally hundreds and thousands of hours of testimony, I suppose, in and out of Congress on this bill, and also as a member of the conference committee that discussed this bill for some 67 hours last year, may I say that never in the process of those discussions other than in the conference committee was this subject ever brought up.

The gentlewoman from Hawaii (Mrs. MINK) is entirely correct that we spoke about the exemptions, especially for bituminous coal and for Kemmerer Mine, and for Alaska, and we spent hours in the full light of day discussing them, but we never discussed this amendment.

Let me say at the outset——

Mrs. MINK. Mr. Chairman, will the gentleman yield?

Mr. KETCHUM. No. Not at this time.

Mr. Chairman, let me say at the outset that I have no criticism whatsoever of the Pennsylvania delegation. They are doing that which they should do, and what I would do, I am sure, if I came from Pennsylvania, but the fact is that it is still coal, and it is still being stripped. We are granting them in this bill an exemption that does not apply to any other strippable coal. There is simply no moral way that one can justify this provision of the bill.

Anthracite coal stands horizontally and vertically, and so does bituminous coal. I do not remember anywhere in the discussions, even on the part of my somewhat vitriolic friend, the gentleman from Arizona (Mr. STEIGER) in his discussions, anywhere where the Mafia was ever mentioned, Bethlehem Steel, to be sure, and I wonder about that myself.

But, simply stated, there is no moral way that one can exempt anthracite from this bill. I repeat, it is coal, and it is stripped.

I yield back the balance of my time.

Mr. UDALL. Mr. Chairman, I ask unanimous consent that all debate on the pending amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. The Members who were standing at the time the unanimous-consent request was made will be recognized for 1¼ minutes each.

The Chair recognizes the gentleman from West Virginia (Mr. HECHLER).

Mr. HECHLER of West Virginia. Mr. Chairman, the only thing that disturbs me about this amendment is its sponsor. I feel very uncomfortable in this situation. That is, I strongly support the position of the gentleman from Pennsylvania (Mr. FLOOD) on 99.9 percent of the issues that come before this House. I respect his integrity, support his philosophy, and team up with him on virtually every issue before this House.

I would just like to observe that possibly by coincidence, or sheer happenstance, the gentleman from Arizona (Mr. STEIGER) may have just by pure luck hit upon an amendment that is morally justified in this instance.

I would observe, Mr. Chairman, that since 1971 I have read every word of the testimony before all of the committees of the House and Senate, and there is not one single word of evidence or bit of testimony in support of this amendment, or even opposed to it, for that matter. The subject has simply never been raised in any testimony. There was no debate upon it when it was adopted on the floor last year, according to the RECORD of that day; it was just brought up suddenly, and adopted immediately, without any debate. I cite page 25225 of the CONGRESSIONAL RECORD of 1974 during our July debate on this legislation. It seems to me there is only one reason for this provision in this section: it was put in the bill to win over the votes of the Pennsylvania delegation in support of this bill.

Again I commend the gentleman from Pennsylvania for his energy and efforts, but I urge support for the amendment striking this inequitable section of the pending legislation.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. SYMMS yielded his time to Mr. HECHLER of West Virginia.)

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. HECHLER of West Virginia. I yield to the gentleman from Idaho.

Mr. SYMMS. I thank the gentleman for yielding.

I appreciate the position the gentleman is taking. I think we could properly name this the anthracite amnesty amendment to the coal bill.

Mr. HECHLER of West Virginia. I thank my friend from Idaho. I would suggest, Mr. Chairman, that under the State program procedure provided in this legislation, Pennsylvania can come in with a State program which does exactly what is attempted by the Pennsylvania delegation. Why do we have to write into the legislation an exemption to the anthracite industry? Why do we have to write into the legislation an exemption from the performance standards of sections 515 and 516?

I strongly urge that this amendment be adopted, even though it is offered by the gentleman from Arizona (Mr. STEIGER), with whom I strongly disagree on nearly every issue.

The CHAIRMAN. The Chair recognizes the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. My admiration for the bill and my respect for the chairman of the committee make it hard for me to join in anything that might seem an attack on the bill, but I should like to ask two questions. What is the difference between the Pennsylvania regulations and the Federal regulations which makes the Federal regulations so particularly onerous and heavy as to risk destroying the surface anthracite mining in Pennsylvania?

Mrs. MINK. If the gentlewoman would yield, the specific reason for a different standard being imposed in this instance is because of the different geologic formation and unique location of these anthracite deposits.

Mrs. FENWICK. I did not ask a reason. I said, What is the difference between the two regulations, and why would the Federal regulation be so particularly onerous to Pennsylvania?

Mrs. MINK. If the gentlewoman would yield further, I would like to ask the gentleman from Pennsylvania to answer.

Mr. FLOOD. If the gentlewoman would yield, I am glad to say it is simply necessary. It is an entirely different kind of operation. It is an entirely different kind of stripping. It is an entirely different kind of mining.

Mrs. FENWICK. That is not the question I asked.

The CHAIRMAN. The time of the gentlewoman has expired.

(By unanimous consent, Mr. STEIGER of Arizona yielded his time to Mrs. FENWICK).

Mrs. FENWICK. I thank the gentleman for yielding.

The question I am asking is, Why would this kill Pennsylvania anthracite? Why is it so heavy for Pennsylvania anthracite? What is the geological defense?

Mr. FLOOD. If the gentlewoman will yield further, I thought the gentlewoman from Hawaii made it pretty clear, indeed. What is the difference? It is entirely geological, because when we strip mine soft coal, we are taking the whole side of the mountain. If we were going to do a stripping job in Pennsylvania, we have to do it differently. You do it exactly now by going down, down, down. You do not go up through a valley. You do not destroy the countryside. You do not destroy the farms or the fields. All you can do is exactly what you are doing in exactly the same place, and then you do not rape the countryside.

Mrs. FENWICK. The Federal law does not stop you from going down, down, down.

Mr. FLOOD. It is not how far we want to go.

Mrs. FENWICK. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. Carney).

(By unanimous consent, Mr. Carney yielded his time to Mr. Flood).

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania (Mr. Flood).

Mr. FLOOD. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to this amendment.

My name is Flood. I am from Pennsylvania. We mine coal there—anthracite. Not bituminous—anthracite. That is hard coal. Anthracite is mined in eight counties in north-central Pennsylvania. You do not find it in Illinois. You do not find it in California. You do not find it in Alabama. And you are not going to believe this, you do not find it in Arizona either. There you are, eight counties in north-central Pennsylvania, and we have got anthracite. Nobody else.

We are different—not by choice, but there it is. We have got heavy pitching veins and multiple veins which you do not find in the soft coal areas. We have got a very heavy rock overburden. We have been mining up there for years and years—this is not virgin land, we are on already deep mined land. We are just stripping previously strip mined areas. We just go a little deeper and remove coal you could not get a few years ago.

Pennsylvania regulates the mining and reclamation of coal with the strongest and toughest strip mine control laws in the country. The State people know what I am telling you now—they know what anthracite coal is—that it is not bituminous. And in that Pennsylvania law there are separate and distinct regulations for the control of anthracite strip mining. Separate and distinct. Because they are different.

Governor Shapp has sent each of you a telegram telling you this is so—that he personally endorses this section of the bill. Pennsylvania people know about anthracite and passed a law which controls its mining. The anthracite section of the bill before the House is in the bill not because of Dan Flood, or Bethlehem Steel, but because this bill is patterned in many ways after the very successful Pennsylvania law. And that law calls for and recognizes the separate and distinct nature of anthracite from bituminous.

Now I do not blame people who do not understand this difference. For years in Washington, when you say the word "coal" that means bituminous. And well it should—99.2 percent of all coal mined in the country is bituminous. They cannot even spell "anthracite" in Washington. But if you do not recognize the difference you end up with problems.

Let me tell you. I cosponsored the Federal Coal Mine Health and Safety Act.

That was in 1969. The regulations in that bill were written for bituminous coal. That was great for bituminous mines, but in the anthracite region, the regulations just did not fit. It took 5 years, but in 1974 the Interior Department set up a special anthracite task force to work out the mess. Now they have separate regulations for anthracite.

One further point. You have heard the word "exemption" used with regard to anthracite. This word "exemption" is a great word, but it just is not the truth. Sure, the anthracite industry would like an exemption from this bill, but they are not going to get one.

All that the anthracite section does is say that for those particular characteristics of anthracite which make its mining operations different than bituminous, the strict Pennsylvania law shall apply because that law recognizes and compensates for the differences in the two types of coal. That is all. We are not exempt. We are not exempt from strict reclamation standards. We are not exempt from Federal enforcement. We are not exempt from paying into the reclamation fund. We are not exempt from public participation and citizens' suits. The list goes on. And if, at any time, the Pennsylvania law is weakened, the full force of Federal regulation would apply.

There is, in truth, no exemption here. I oppose this amendment and urge my colleagues to do the same.

The CHAIRMAN. The Chair recognizes the gentlewoman from Hawaii (Mrs. Mink).

Mrs. MINK. Mr. Chairman, I simply wanted to clarify the Record. The gentleman from California made a statement that this amendment with regard to anthracite was not debated by the committee before it was considered on the floor of the House. He cited the fact that all the other amendments which he described were discussed by the committee. The Record should be clear that the Alaska amendment was added on the floor and this was not considered by the committee before its consideration here. So in both situations, in the Alaska and the anthracite situations, both were developed after the committee bill had been reported. So it seems to me all three situations should be taken into balance. There are features with respect to anthracite mining which cannot come under the literal provisions of H.R. 25 and it is in fact very similar to the Kemmerer Mine situation where we have to deal with large open pits. H.R. 25's requirements cannot be met in these special instances and therefore we were forced to write a special section for both these areas. The committee takes the open pit Kemmerer Mine and the anthracite mine and taking them together provided exceptions for both.

The CHAIRMAN. The Chair recognizes the gentleman from Arizona (Mr. Udall), to close the debate.

Mr. UDALL. Mr. Chairman, there are two reasons why we should defeat this amendment and keep section 529 in the bill. In the first place it is a sound piece of work and soundly crafted and drafted and a soundly balanced bit of legislation.

Second, it is only a partial exemption from the environmental standards of the bill—the other provisions of the act apply—the citizen suits, Federal enforcement, permit approval and denial criteria, and so on. The environmental standards in Pennsylvania law will apply and if the State weakens such standards then the environmental standards in the Federal bill will apply.

Mr. Chairman, I call for the defeat of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Arizona (Mr. Steiger).

The question was taken; and on a division (demanded by Mr. Steiger of Arizona) there were—ayes 40, noes 32.

RECORDED VOTE

Mr. UDALL. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 170, noes 248, not voting 14, as follows:

[Roll No. 60]

AYES—170

Abdnor
Abzug
Ambro
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bowen
Breaux
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burke, Fla.
Burleson, Tex.
Butler
Carter
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Cohen
Collins, Tex.
Conlan
Conte
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Derwinski
Devine
Dickinson
Downey
Downing
Duncan, Tenn.
du Pont
Early
Edwards, Ala.
Emery
Erlenborn
Esch
Evans, Colo.
Fenwick
Findley
Fithian
Flowers
Flynt
Forsythe
Frenzel
Frey
Goldwater
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Hammerschmidt
Hansen
Hastings
Hechler, W. Va.
Hicks
Hillis
Hinshaw
Holland
Holt
Holtzman
Hubbard
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Johnson, Colo.
Jones, Tenn.
Kasten
Kelly
Kemp
Ketchum
Kindness
Koch
Krueger
Lagomarsino
Lent
Lott
Lujan
McClory
McCollister
McDonald
McKinney
Madigan
Maguire
Mann
Martin
Mathis
Michel
Milford
Miller, Ohio
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mottl
Myers, Pa.
O'Brien
O'Hara
Patten
Perkins
Pike
Poage
Pressler
Pritchard
Quie
Quillen
Regula
Reuss
Rhodes
Roberts
Robinson
Rousselot
Ruppe
Sarasin
Satterfield
Schroeder
Sebelius
Sharp
Shriver
Slack
Smith, Nebr.
Snyder
Solarz
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Studds
Symms
Talcott
Taylor, Mo.
Thone
Treen
Vander Jagt
Vander Veen
Vanik
Waggonner
Wampler
Whalen
Whitehurst
Whitten

Winn
Wirth
Wright
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NOES—248

Adams
Addabbo
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brooks
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John L.
Burton, Phillip
Byron
Carney
Carr
Chappell
Chisholm
Clay
Cleveland
Conable
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, Dominick V.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Dingell
Dodd
Drinan
Duncan, Oreg.
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Eshleman
Evans, Ind.
Fascell
Fish
Fisher
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Green
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hays, Ohio
Heckler, Mass.
Hefner
Heinz
Helstoski
Hightower
Horton
Howard
Howe
Hughes
Hungate
Jacobs
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Keys
Krebs
LaFalce
Landrum
Latta
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McCloskey
McCormack
McDade
McEwen
McFall
McHugh
McKay
Macdonald
Madden
Mahon
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Passman
Patman
Patterson, Calif.
Pattison, N.Y.
Pepper
Peyser
Pickle
Preyer
Price
Railsback
Randall
Rangel
Rees
Richmond
Riegle
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schneebeli
Schulze
Seiberling
Shipley
Shuster
Sikes
Simon
Sisk
Smith, Iowa
Spellman
Staggers
Stanton, James V.
Stark
Steed
Stokes
Stratton
Sullivan
Symington
Taylor, N.C.
Teague
Thompson
Thornton
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vigorito
Walsh
Weaver
White
Wiggins
Wilson, Bob
Wolff
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—14

Alexander
Casey
Collins, Ill.
Diggs
Evins, Tenn.
Hawkins
Hébert
Henderson
Mills
Risenhoover
Skubitz
Waxman
Wilson, Charles H., Calif.
Wilson, Charles, Tex.

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. MELCHER

Mr. MELCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MELCHER: Page 306, after line 3, insert:

TITLE VI.—INDIAN LANDS PROGRAM

GRANTS TO TRIBES

SEC. 601. (a) The Secretary is authorized to make annual grants directly to any Indian tribe that applies to the Secretary for a grant to develop and administer an Indian lands program for the purpose of enabling the tribe to realize benefits from the development of its coal resources while at the same time protecting the cultural values of the tribe and the physical environment of the reservation, including land, timber, agricultural activity, surface and ground waters, and air, by the establishment of exploration, mine operating and reclamation regulations.

(b) The distribution of funds under this Act shall achieve the purposes of the Act, recognize special jurisdictional status of Indian lands and allotted lands of such tribes and preserve the power of Indian tribes to approve or disapprove surface mining and reclamation operations.

(c) Indian lands programs developed by any Indian tribe shall meet all provisions of this Act and where any provision of any tribal code, ordinance, or regulation in effect upon the date of enactment of this Act or which may become effective thereafter, provides for environmental controls and regulations of surface coal mining and reclamation operations which are more stringent than the provisions of this Act or any regulation issued pursuant hereto, such tribal code, ordinance, or regulation shall not be construed to be inconsistent with this Act.

COAL LEASING

SEC. 602. The Secretary is directed to obtain written prior approval of the tribe before leasing coal under ownership of the tribe.

INDIAN LANDS ENVIRONMENTAL PROTECTION STANDARDS

SEC. 603. Not later than the end of the one-hundred-and eighty-day period immediately following the date of enactment of this Act, the Secretary shall promulgate and publish in the Federal Register regulations covering a permanent regulatory procedure for surface coal mining and reclamation operations setting mining and reclamation performance standards based on and incorporating the provisions of title V of this Act, and establishing procedures and requirements for preparation, submission, and approval of Indian lands programs and development and implementation of Federal programs under this title. Such regulations shall be promulgated and published under the guidelines of section 501 of this Act.

APPROVAL OF PROGRAM

SEC. 604. (a) Within twenty-four months after the receipt of funding under section 601(a) of this Act, but not less than thirty months after the date of enactment of this Act, a tribe which expresses to the Secretary an intent to develop and administer an Indian lands program, giving the tribe exclusive jurisdiction over the regulation of surface coal mining and reclamation operations on lands under its jurisdiction, except as provided in section 521 and title IV of this Act shall submit an Indian lands program which demonstrates that such tribe has the capability of carrying out the provisions of this Act.

(b) The Secretary shall approve or disapprove an Indian lands program, in whole or in part, within six full calendar months after the date such Indian lands program was submitted to him.

(c) If the Secretary disapproves an Indian lands program in whole or in part, he shall notify the tribe in writing of his decision and set forth in detail the reasons therefor. The tribe shall have sixty days in which to resubmit a revised Indian lands program, or portion thereof: The Secretary shall approve or disapprove the resubmitted Indian lands program or portion thereof within sixty days from the date of resubmission.

(d) For the purpose of this section and section 504 of this Act, the inability of an Indian tribe to take any action the purpose of which is to prepare, submit, or enforce an Indian lands program, or any portion thereof, because the action is enjoined by the issuance of an injunction by any court of competent jurisdiction shall not result in a loss of eligibility for financial assistance under titles IV and VII of this Act or in the imposition of a Federal program. Regulations of the surface coal mining and reclamation operations covered or to be covered by the Indian lands program subject to the injunction shall be conducted by the Indian tribe pursuant to section 502 of this Act, until such time as the injunction terminates or for one year, whichever is shorter, at which time the requirements of section 503 and 504 shall again be fully applicable.

(e) The Secretary shall not approve any Indian lands program submitted under this section until he has—

(1) solicited and publicly disclosed the views of the Administrator of the Environmental Protection Agency, the Secretary of Agriculture, and the heads of the other Federal agencies concerned with or having special expertise pertinent to the proposed Indian lands program;

(2) obtained the written concurrence of the Administrator of the Environmental Protection Agency with respect to those aspects of an Indian lands program which relate to air or water quality standards promulgated under the authority of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1151–1175) and the Clean Air Act, as amended (42 U.S.C. 1857);

(3) held at least one public hearing on the Indian lands program for the enrolled members of the tribe on its reservation; and

(4) found that the Indian tribe has the legal authority and qualified personnel necessary for the enforcement of the environmental protection standards.

INITIAL REGULATORY PROCEDURES

SEC. 605. (a) No person shall open or develop any new or previously mined or abandoned site for surface coal mining and reclamation operations on Indian lands after the date of enactment of this Act unless such person is in compliance with existing Federal regulations governing surface coal mining on Indian lands.

(b) No later than one hundred and thirty-five days from the date of enactment of this Act, the Secretary shall implement a Federal enforcement program which shall remain in effect on those Indian lands on which there is surface coal mining and where the Indian tribe has expressed to the Secretary an intent to develop and administer an Indian lands program, until the Indian lands program has been approved pursuant to this Act or until a Federal program has been implemented pursuant to this Act. The enforcement program shall be carried out pursuant to the provisions of subsections 502(f)(1), 502(f)(2), 502(f)(3), 502(f)(4), and 502(f)(5).

(c) Following the final disapproval of an Indian lands program, and prior to promulgation of a Federal program pursuant to this Act, including judicial review of such a program, existing surface coal mining operations may continue surface mining operations pursuant to the provisions of section 502 of this Act.

FEDERAL PROGRAM

SEC. 606. (a) The Secretary shall prepare and, subject to the provisions of this section, promulgate and implement, pursuant to section 501 of this Act, a Federal program for an Indian tribe that expresses an intent to develop and administer an Indian lands program if such Indian tribe—

(1) fails to submit an Indian lands program covering surface mining and reclamation operations by the end of the thirty month period beginning on the date of enactment of this Act;

(2) fails to resubmit an acceptable Indian lands program within sixty days of disapproval of a proposed Indian lands program: Provided, That the Secretary shall not implement a Federal program prior to the expiration of the initial period allowed for submission of an Indian lands program as provided for in clause (1) of this subsection; or

(3) fails to implement, enforce, or maintain its approved Indian lands program as provided for in this Act.

If tribal compliance with clause (1) of this subsection requires an act of the tribal council or tribal legislature the Secretary may extend the period for submission of an Indian lands program up to an additional six months. Promulgation and implementation of a Federal program vests the Secretary with exclusive jurisdiction for the regulation and control of surface coal mining and reclamation operations taking place on lands within any tribal reservation or upon tribal lands not in compliance with this Act. After promulgation and implementation of a Federal program the Secretary shall be the regulatory authority. In promulgating and implementating a Federal program for a particular Indian tribe the Secretary shall take into consideration the nature of that Indian tribal reservation's terrain, climate, biological, chemical and other relevant physical conditions.

(b) Prior to promulgation and implementation of any proposed Federal program, the Secretary shall give adequate public notice and hold a public hearing for the enrolled members of the tribe in a location convenient to the tribe.

(c) Permits issued pursuant to an approved Indian lands program shall be valid but reviewable under a Federal program pursuant to section 504(d) of this Act.

(d) An Indian tribe which has failed to obtain the approval of an Indian lands program prior to implementation of a Federal program may submit an Indian lands program at any time after such implementation pursuant to section 504 of this Act. Until an Indian lands program is approved as provided under this section, the Federal program shall remain in effect and all actions taken by the Secretary pursuant to such Federal program, including the terms and conditions of any permit issued thereunder, shall remain in effect.

(e) Permits issued pursuant to the Federal program shall be valid but reviewable under the approved Indian lands program. The tribal regulatory authority may review such permits to determine that the requirements of this Act and the approved Indian lands program are not being violated. If the tribal regulatory authority determines any permit to have been granted contrary to the requirements of the Act or the approved Indian lands program, he shall so advise the permittee and provide him a reasonable opportunity for submission of a new application and reasonable time to conform ongoing surface mining and reclamation operations to the requirements of the Act or approved Indian lands program.

ADMINISTRATION BY THE SECRETARY

SEC. 607. (a) At any time, a tribe may select to have its program administered by the Secretary. Upon such a request by a tribe, the Secretary shall assume the responsibility for administering the tribe's Indian lands program for that reservation.

(b) Permits issued pursuant to an approved Indian lands program shall be valid but reviewable under a Federal program prepared pursuant to subsection 306(a) of this Act. Immediately following the promulgation of a Federal program, the Secretary shall undertake to review such permits to determine that the requirements of this Act are not being violated. If the Secretary determines that any permit has been granted contrary to the requirements of this Act he shall so advise the permittee and provide him a reasonable time to conform ongoing surface coal mining and reclamation operations to the requirements of the Federal program.

PERSONNEL

SEC. 608. (a) Indian tribes are authorized to use the funds authorized pursuant to section 601(a) of this title for the hiring of professional and technical personnel and, where appropriate, to allocate funds to legitimately recognized organizations of the tribe that are pursuing the objectives of this title, as well as hire special consultants, groups, or firms from the public and private sector, for the purpose of developing, establishing, or implementing an Indian lands program.

AUTHORIZATION PRIORITY

SEC. 609. Of the funds made available under section 714(a) of this Act, first priority on $2,000,000 for each of the fiscal years shall be for the purposes of this title.

REPORTS TO THE SECRETARY

SEC. 610. Any Indian tribe which is receiving or has received a grant pursuant to section 714(a) of this Act, shall report at the end of each fiscal year to the Secretary, in a manner prescribed by him, on activities undertaken by the tribe pursuant to or under this title.

ENFORCEMENT

SEC. 611. For the purpose of administering an Indian lands program under this Act, a tribe shall have jurisdictional authority including the ability to require compliance with said regulations over all persons whether Indian or non-Indian engaged in surface coal mining operations and that all disputes will be adjudicated in the appropriate tribal court forum until that remedy is exhausted and then the aggrieved party has the right to a trial de novo in Federal district court in the appropriate district.

INDIAN LANDS STUDY

SEC. 612. (a) The Secretary is directed to study the question of the regulation of surface coal mining on Indian lands which will achieve the purposes of this Act and recognize the special jurisdictional status of these lands. In carrying out this study the Secretary shall consult with the Indian tribes, and may contract or give grants to Indian tribes, qualified institutions, agencies, organizations, and persons. The study report shall include proposed legislation designed to assist Indian tribes to assume full regulatory authority over the administration and enforcement of regulation of surface coal mining on Indian lands.

(b) The report required by subsection (a) of this section together with draft proposed legislation and the view of each Indian tribe which would be affected shall be submitted to the Congress as soon as possible but not later than two years after the date of enactment of this Act.

(c) On and after one hundred and thirty-five days from the date of enactment of this Act, all surface coal mining operations on Indian lands wherein the tribe has not applied for a grant to develop and administer an Indian lands program pursuant to section 601 of this title, or has not selected to have its Indian lands program administered by the Secretary pursuant to section 607 of this title, shall comply with requirements at least as stringent as those imposed by subsections 515(b)(2), 515(b)(3), 515(b)(5), 515(b)(10), 515(b)(13), 515(b)(19), and 515(d) of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases for coal on Indian lands.

(d) On and after thirty months following the date of enactment of this Act, all surface coal mining operations on Indian lands shall comply with requirements at least as stringent as those imposed by sections 507, 508, 509, 510, 515, 516, 517, and 519 of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases issued for coal on Indian lands.

(e) With respect to leases issued after the date of enactment of this Act, the Secretary shall include and enforce terms and conditions in addition to those required by subsections (c) and (d) as may be requested by the Indian tribe in such leases.

(f) Any change required by subsections (c) and (d) of this section in the terms and conditions of any coal lease on Indian lands existing on the date of enactment of this Act, shall require the approval of the Secretary.

(g) The Secretary shall provide for adequate participation by the various Indian tribes affected in the study authorized in this section and not more than $700,000 of the funds authorized in section 714(a) of this Act shall be reserved for this purpose.

REPORTS TO CONGRESS

SEC. 613. The Secretary shall report annually to the President and the Congress on all actions taken in furtherance of this title and on the impacts of all other programs or services to or on behalf of Indians on the ability of Indian tribes to fulfill the requirements of this title.

Mr. MELCHER (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. MELCHER. Mr. Chairman, this amendment provides a new title to the bill dealing with an Indian lands program. In the bill that was passed by the House last year we had such a title.

In conference the conferees opted to treat the subject on what to do with the reclamation of Indian lands if their lands were stripped for coal by having the Secretary of the Interior delegated to conduct studies on those Indian reservations where the Indian tribes asked for such a study to determine how strip mining would affect them and how to arrive at effective reclamation for their land on their reservations.

In doing so, we bumped out of the final conference bill the rather detailed Indian lands program that we have passed here in the House.

What I have done in this amendment is to offer a blending of the conference decision of having a study with those tribes that desire to have one conducted and supervised by the Secretary of the Interior on their own reservation, or they can develop an Indian lands program of their own. Briefly, this would allow them to adopt stronger standards than the minimum Federal standards set forth in the bill. It would treat them in the same way that we treat a State in the bill, where we say to the State, "You can meet these minimum Federal standards, and that is good enough; but if you want to have stronger standards, you can also do that and run your own program."

What we say in the Indian lands program, if we adopt this amendment that I am offering, is that the Indian tribes that so elect to have stronger standards can have them, and we give them that privilege. If they do not want stronger standards, that is their privilege, too. The various Indian tribes can ask for the study or they can designate the Secretary of the Interior to supervise the Federal standards on any reclamation program involving coal strip mining on the reservations, or decide to have stronger standards to enforce on their reservations.

It is their land; Indian culture is tied close to their land, and my amendment recognizes their basic right to decide the fate of their own lands.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I thank the gentleman for yielding.

How to handle the coal underlying Indian lands has been one of the most difficult problems we faced in the history of this legislation. The gentleman from Montana has given this a great deal of attention and on several occasions has had solutions that I thought would solve the problem, but this particular solution is one that we have gone over on our side, the gentlewoman from Hawaii (Mrs. MINK) and I and the gentleman from Washington (Mr. MEEDS), who chairs the Indian Affairs Committee. The chairman of our full committee, the gentleman from Florida (Mr. HALEY) chaired the Indian Affairs Subcommittee for a number of years and has an intense interest in this problem.

Mr. Chairman, as far as I am concerned, and I think I speak for most of us on our side, this is a good approach to take to conference. It gives options, it is flexible, and I am prepared to support the amendment.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Florida (Mr. HALEY), the distinguished chairman of the House Committee on Indian Affairs.

Mr. HALEY. Mr. Chairman, I thank the gentleman for yielding.

He, of course, knows of my long interest in Indian legislation.

I think this is a very good amendment, and I rise in wholehearted support of this amendment. I think it is necessary.

Mr. MELCHER. Mr. Chairman, I thank the gentleman.

I urge that the House accept the amendment and thereby endorse Indian rights to have a positive voice in the destiny of their own reservation lands if some of it is strip mined for coal.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. MELCHER).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title V?

If not, the Clerk will read.

The Clerk read as follows:

TITLE VI—DESIGNATION OF LANDS UNSUITABLE FOR NONCOAL MINING

DESIGNATION PROCEDURES

SEC. 601. (a) With respect to Federal lands within any State, the Secretary of Interior may, and if so requested by the Governor of such State, shall review any area within such lands to assess whether it may be unsuitable for mining operations for minerals or materials other than coal, pursuant to the criteria and procedures of this section.

(b) An area of Federal lands may be designated under this section as unsuitable for mining operations if (1) such area consists of Federal land of a predominantly urban or suburban character, used primarily for residential or related purposes, the mineral estate of which remains in the public domain, or (2) such area consists of Federal land where mining operations would have an adverse impact on lands used primarily for residential or related purposes, or (3) lands where such mining operations could result in irreversible damage to important historic, cultural, scientific, or aesthetic values or natural systems, of more than local significance, or could unreasonably endanger human life and property.

(c) Any person having an interest which is or may be adversely affected shall have the right to petition the Secretary to seek exclusion of an area from mining operations pursuant to this section or the redesignation of an area or part thereof as suitable for such operations. Such petition shall contain allegations of fact with supporting evidence which would tend to substantiate the allegations. The petitioner shall be granted a hearing within a reasonable time and finding with reasons therefor upon the matter of their petition. In any instance where a Governor requests the Secretary to review an area, or where the Secretary finds the national interest so requires, the Secretary may temporarily withdraw the area to be reviewed from mineral entry or leasing pending such review: *Provided, however*, That such temporary withdrawal be ended as promptly as practicable and in no event shall exceed two years.

(d) In no event is a land area to be designated unsuitable for mining operations under this section on which mining operations are being conducted prior to the holding of a hearing on such petition in accordance with subsection (c) hereof. Valid existing rights shall be preserved and not affected by such designation. Designation of an area as unsuitable for mining operations under this section shall not prevent subsequent mineral exploration of such area, except that such exploration shall require the prior written consent of the holder of the surface estate, which consent shall be filed with the Secretary. The Secretary may promulgate, with respect to any designated area, regulations to minimize any adverse effects of such exploration.

(e) Prior to any designation pursuant to this section, the Secretary shall prepare a detailed statement on (i) the potential mineral resources of the area, (ii) the demand for such mineral resources, and (iii) the impact of such designation or the absence of such designation on the environment, economy, and the supply of such mineral resources.

(f) When the Secretary designates an area of Federal lands as unsuitable for all or certain types of mining operations for minerals and materials other than coal pursuant to this section he may withdraw such area from mineral entry or leasing, or condition such entry or leasing so as to limit such mining operations in accordance with his determination, if the Secretary also determines, based on his analysis pursuant to subsection 601(e), that the benefits resulting from such designation, would be greater than the benefits to the regional or national economy which could result from mineral development of such area.

(g) Any party with a valid legal interest who has appeared in the proceedings in connection with the Secretary's determination pursuant to this section and who is aggrieved by the Secretary's decision (or by his failure to act within a reasonable time) shall have the right of appeal for review by the United States district court for the district in which the pertinent area is located.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that title VI be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Are there any amendments to title VI?

If not, the Clerk will read.

The Clerk read as follows:

TITLE VII—ADMINISTRATIVE AND MISCELLANEOUS PROVISIONS

DEFINITIONS

SEC. 701. For the purposes of this Act—

(1) "Secretary" means the Secretary of the Interior, except where otherwise described;

(2) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, and Guam;

(3) "Office" means the Office of Surface Mining, Reclamation, and Enforcement established pursuant to title II;

(4) "commerce" means trade, traffic, commerce, transportation, transmission, or communication among the several States, or between a State and any other place outside thereof; or between points in the same State which directly or indirectly affect interstate commerce;

(5) "surface coal mining operations" means—

(A) activities conducted on the surface of lands in connection with a surface coal mine or surface operations the products of which enter commerce or the operations of which directly or indirectly affect interstate commerce. Such activities include excavation for the purpose of obtaining coal including such common methods as contour, strip, auger, mountaintop removal, box cut, open pit, and area mining, and in situ distillation or retorting, leaching or other chemical or physical processing, and the cleaning, concentrating, or other processing or preparation, loading of coal for interstate commerce at or near the mine site: *Provided, however*, That such activities do not include the extraction of coal incidental to the extraction of other minerals where coal does not exceed 16⅔ percentum of the tonnage of minerals removed for purposes of commercial use or sale or coal explorations subject to section 512 of this Act and

(B) the areas upon which such activities occur or where such activities disturb the natural land surface. Such areas shall also include any adjacent land the use of which is incidental to any such activities, all lands affected by the construction of new roads or the improvement or use of existing roads to gain access to the site of such activities and for haulage, and excavations, workings, impoundments, dams, ventilation shafts, entryways, refuse banks, dumps, stockpiles, overburden piles, spoil banks, culm banks, tailings, holes or depressions, repair areas, storage areas, processing areas, shipping areas and other areas upon which are sited structures, facilities, or other property or materials on the surface, resulting from or incident to such activities;

(6) "surface coal mining and reclamation operations" means surface mining operations

and all activities necessary and incident to the reclamation of such operations after the date of enactment of this Act;

(7) "lands within any State" or "lands within such State" means all lands within a State other than Federal lands and Indian lands;

(8) "Federal lands" means any land, including mineral interests, owned by the United States without regard to how the United States acquired ownership of the land and without regard to the agency having responsibility for management thereof, except Indian lands;

(9) "Indian lands" means all lands, including mineral interests, within the exterior boundaries of any Indian reservation, notwithstanding the issuance of any patent, and including rights-of-way, and all lands held in trust for or supervised by any Indian tribe;

(10) "Indian tribe" means any Indian tribe, band, group, or community having a governing body recognized by the Secretary;

(11) "State program" means a program established by a State pursuant to section 503 to regulate surface coal mining and reclamation operations, on lands within such State in accord with the requirements of this Act and regulations issued by the Secretary pursuant to this Act;

(12) "Federal program" means a program established by the Secretary pursuant to section 504 to regulate surface coal mining and reclamation operations on lands within a State in accordance with the requirements of this Act;

(13) "Federal lands program" means a program established by the Secretary pursuant to section 523 to regulate surface coal mining and reclamation operations on Federal lands;

(14) "reclamation plan" means a plan submitted by an applicant for a permit under a State program or Federal program which sets forth a plan for reclamation of the proposed surface coal mining operations pursuant to section 508;

(15) "State regulatory authority" means the department or agency in each State which has primary responsibility at the State level for administering this Act;

(16) "regulatory authority" means the State regulatory authority where the State is administering this Act under an approved State program or the Secretary where the Secretary is administering this Act under a Federal program;

(17) "person" means an individual, partnership, association, society, joint stock company, firm, company, corporation, or other business organization;

(18) "permit" means a permit to conduct surface coal mining and reclamation operations issued by the State regulatory authority pursuant to a State program or by the Secretary pursuant to a Federal program;

(19) "permit applicant" or "applicant" means a person applying for a permit;

(20) "permittee" means a person holding a permit;

(21) "fund" means the Abandoned Mine Reclamation Fund established pursuant to section 401;

(22) "other minerals" means clay, stone, sand, gravel, metalliferous and nonmetalliferous ores, and any other solid material or substances of commercial value excavated in solid form from natural deposits on or in the Earth, exclusive of coal and those minerals which occur naturally in liquid or gaseous form;

(23) "approximate original contour" means that surface configuration achieved by backfilling and grading of the mined area so that it closely resembles the surface configuration of the land prior to mining and blends into and complements the drainage pattern of the surrounding terrain, with all highwalls, spoil piles, and depressions eliminated except that water impoundments may be permitted where the regulatory authority determines that they are in compliance with section 515(b)(8) of this Act;

(24) "operator" means any person, partnership, or corporation engaged in coal mining who removes or intends to remove more than two hundred and fifty tons of coal from the earth by coal mining within twelve consecutive calendar months in any one location;

(25) "permit area" means the area of land indicated on the approved map submitted by the operator with his application, which area of land shall be covered by the operator's bond as required by section 509 of this Act and shall be readily identifiable by appropriate markers on the site;

(26) "unwarranted failure to comply" means the failure of a permittee to prevent the occurrence of any violation of his permit or any requirement of this Act due to indifference, lack of diligence, or lack of reasonable care, or the failure to abate any violation of such permit or the Act due to indifference, lack of diligence, or lack of reasonable care;

(27) "alluvial valley floors" means the unconsolidated stream laid deposits holding streams where water availability is sufficient for subirrigation or flood irrigation agricultural activities;

(28) "imminent danger to the health or safety of the public" means the existence of any condition or practice, or any violation of a permit or other requirement of this Act in a surface coal mining and reclamation operation, which condition, practice, or violation could reasonably be expected to cause substantial physical harm to persons outside the permit area before such condition, practice, or violation can be abated.

OTHER FEDERAL LAWS

SEC. 702. (a) Nothing in this Act shall be construed as superseding, amending, modifying, or repealing the Mining and Minerals Policy Act of 1970 (30 U.S.C. 21a), the National Environmental Policy Act of 1969 (42 U.S.C. 4321–47), or any of the following Acts or with any rule or regulation promulgated thereunder, including but not limited to—

(1) The Federal Metal and Nonmetallic Mine Safety Act (30 U.S.C. 721–740).

(2) The Federal Coal Mine Health and Safety Act of 1969 (83 Stat. 742).

(3) The Federal Water Pollution Control Act (79 Stat. 903), as amended, the State laws enacted pursuant thereto, or other Federal laws relating to preservation of water quality.

(4) The Clean Air Act, as amended (42 U.S.C. 1857).

(5) The Solid Waste Disposal Act (42 U.S.C. 3251).

(6) The Refuse Act of 1899 (33 U.S.C. 407).

(7) The Fish and Wildlife Coordination Act of 1934 (16 U.S.C. 661–666c).

(b) Nothing in this Act shall affect in any way the authority of the Secretary or the heads of other Federal agencies under other provisions of law to include in any lease, license, permit, contract, or other instrument such conditions as may be appropriate to regulate surface coal mining and reclamation operations on lands under their jurisdiction.

(c) To the greatest extent practicable each Federal agency shall cooperate with the Secretary and the States in carrying out the provisions of this Act.

SEC. 703. (a) No person shall discharge, or in any other way discriminate against, or cause to be fired or discriminated against, any employee or any authorized representative of employees by reason of the fact that such employee or representative has filed, instituted, or caused to be filed or instituted any proceeding under this Act, or has testified or is about to testify in any proceeding resulting from the administration or enforcement of the provisions of this Act.

(b) Any employee or a representative of employees who believes that he has been fired or otherwise discriminated against by any person in violation of subsection (a) of this section may, within thirty days after such alleged violation occurs, apply to the Secretary for a review of such firing or alleged discrimination. A copy of the application shall be sent to the person or operator who will be the respondent. Upon receipt of such application, the Secretary shall cause such investigation to be made as he deems appropriate. Such investigation shall provide an opportunity for a public hearing at the request of any party to such review to enable the parties to present information relating to the alleged violation. The parties shall be given written notice of the time and place of the hearing at least five days prior to the hearing. Any such hearing shall be of record and shall be subject to section 554 of title 5 of the United States Code. Upon receiving the report of such investigation the Secretary shall make findings of fact. If he finds that a violation did occur, he shall issue a decision incorporating therein and his findings in an order requiring the party committing the violation to take such affirmative action to abate the violation as the Secretary deems appropriate, including, but not limited to, the rehiring or reinstatement of the employee or representative of employees to his former position with compensation. If he finds that there was no violation, he shall issue a finding. Orders issued by the Secretary under this subsection shall be subject to judicial review in the same manner as orders and decisions of the Secretary are subject to judicial review under this Act.

(c) Whenever an order is issued under this section to abate any violation, at the request of the applicant a sum equal to the aggregate amounts of all costs and expenses (including attorneys' fees) to have been reasonably incurred by the applicant for, or in connection with, the institution and prosecution of such proceedings, shall be assessed against the persons committing the violation.

(d) The Secretary shall conduct continuing evaluations of potential losses or shifts of employment which may result from the enforcement of this Act or any requirement of this Act including, where appropriate, investigating threatened mine closures or reductions in employment allegedly resulting from such enforcement or requirement. Any employee who is discharged or laid off, threatened with discharge or layoff, or otherwise discriminated against by any person because of the alleged results of the enforcement or requirement of this Act, or any representative of such employee, may request the Secretary to conduct a full investigation of the matter. The Secretary shall thereupon investigate the matter, and, at the request of any interested party, shall hold public hearings on not less than five days' notice, and shall at such hearings require the parties, including the employer involved, to present information relating to the actual or potential effect of such limitation or order on employment and on any alleged discharge, layoff, or other discrimination and the detailed reasons or justification therefor. Any such hearing shall be of record and shall be subject to section 54 of title 5 of the United States Code. Upon receiving the report of such investigation, the Secretary shall promptly make findings of fact as to the effect of such enforcement or requirement on employment and on the alleged discharge, layoff, or discrimination and shall make such recommendations as he deems appropriate. Such report, findings, and recommendations shall be available to the public. Nothing in this subsection shall be construed to require or authorize the Secretary or a State to modify or withdraw any enforcement action or requirement.

PROTECTION OF GOVERNMENT EMPLOYEES

SEC. 704. Section 1114, title 18, United States Code, is hereby amended by adding the words "or of the Department of the Interior" after the worlds "Department of Labor" contained in that section.

GRANTS TO THE STATES

SEC. 705. (a) The Secretary is authorized to make annual grants to any State for the purpose of assisting such State in developing, administering, and enforcing State programs under this Act. Such grants shall not exceed 80 per centum of the total costs incurred during the first year, 60 per centum of total costs incurred during the second year, and 40 per centum of the total costs incurred during the third and fourth years.

(b) The Secretary is authorized to cooperate with and provide assistance to any State for the purpose of assisting it in the development, administration, and enforcement of its State programs. Such cooperation and assistance shall include—

(1) technical assistance and training including provision of necessary curricular and instruction materials, in the development, administration, and enforcement of the State programs; and

(2) assistance in preparing and maintaining a continuing inventory of information on surface coal mining and reclamation operations for each State for the purposes of evaluating the effectiveness of the State programs. Such assistance shall include all Federal departments and agencies making available data relevant to surface coal mining and reclamation operations and to the development, administration, and enforcement of State programs concerning such operations.

ANNUAL REPORT

SEC. 706. The Secretary shall submit annually to the President and the Congress a report concerning activities conducted by him, the Federal Government, and the States pursuant to this Act. Among other matters, the Secretary shall include in such report recommendations for additional administrative or legislative action as he deems necessary and desirable to accomplish the purposes of this Act.

SEVERABILITY

SEC. 707. If any provision of this Act or the applicability thereof to any person or circumstance is held invalid, the remainder of this Act and the application of such provision to other persons or circumstances shall not be affected thereby.

ALASKAN SURFACE COAL MINE STUDY

SEC. 708. (a) The Secretary is directed to contract with the National Academy of Sciences-National Academy of Engineering for an in-depth study of surface coal mining conditions in the State of Alaska in order to determine which, if any, of the provisions of this Act should be modified with respect to surface coal mining operations in Alaska.

(b) The Secretary shall report on the findings of the study to the President and Congress no later than two years after the date of enactment of this Act.

(c) The Secretary shall include in his report a draft of legislation to implement any changes recommended to this Act.

(d) Until one year after the Secretary has made this report to the President and Congress, or three years after the date of enactment of this Act, whichever comes first, the Secretary is authorized to suspend the applicability of any provision of this Act, or any regulation issued pursuant thereto, to any surface coal mining operation in Alaska from which coal has been mined during the year preceding enactment of this Act if he determines that it is necessary to insure the continued operation of such surface coal mining operation. The Secretary may exercise his suspension authority only after he has (1) published a notice of proposed suspension in the Federal Register and in a newspaper of general circulation in the area of Alaska in which the affected surface coal mining operation is located, and (2) held a public hearing on the proposed suspension in Alaska.

(e) There is hereby authorized to be appropriated for the purpose of this section $250,000.

STUDY OF RECLAMATION STANDARDS FOR SURFACE MINING OF OTHER MINERALS

SEC. 709. (a) The Chairman of the Council on Environmental Quality is directed to contract with the National Academy of Sciences-National Academy of Engineering, other Government agencies or private groups as appropriate, for an in-depth study of current and developing technology for surface and open pit mining and reclamation for minerals other than coal designed to assist in the establishment of effective and reasonable regulation of surface and open pit mining and reclamation for minerals other than coal, with a primary emphasis upon oil shale and tar sands reserves. The study shall—

(1) assess the degree to which the requirements of this Act can be met by such technology and the costs involved;

(2) identify areas where the requirements of this Act cannot be met by current and developing technology;

(3) in those instances describe requirements most comparable to those of this Act which could be met, the costs involved, and the differences in reclamation results between these requirements and those of this Act; and

(4) discuss alternative regulatory mechanisms designed to insure the achievement of the most beneficial post-mining land use for areas affected by surface and open-pit mining.

(b) The study together with specific legislative recommendations shall be submitted to the President and the Congress no later than eighteen months after the date of enactment of this Act: *Provided,* That with respect to surface or open pit mining for sand and gravel the study shall be submitted no later than twelve months after the date of enactment of this Act.

(c) There are hereby authorized to be appropriated for the purpose of this section $500,000.

INDIAN LANDS

SEC. 710. (a) The Secretary is directed to study the question of the regulation of surface mining on Indian lands which will achieve the purpose of this Act and recognize the special jurisdictional status of these lands. In carrying out this study the Secretary shall consult with Indian tribes. The study report shall include proposed legislation designed to allow Indian tribes to elect to assume full regulatory authority over the administration and enforcement of regulation of surface mining of coal on Indian lands.

(b) The study report required by subsection (a) together with drafts of proposed legislation and the view of each Indian tribe which would be affected shall be submitted to the Congress as soon as possible but not later than January 1, 1976.

(c) On and after one hundred and thirty-five days from the enactment of this Act, all surface coal mining operations on Indian lands shall comply with requirements at least as stringent as those imposed by subsection 515(b)(2), 515(b)(3), 515(b)(5), 515(b)(10), 515(b)(13), 515(b)(19), and 515(d) of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases issued for coal on Indian lands.

(d) On and after thirty months from the enactment of this Act, all surface coal mining operations on Indian lands shall comply with requirements at least as stringent as those imposed by sections 507, 508, 509, 510, 515, 516, 517, and 519 of this Act and the Secretary shall incorporate the requirements of such provisions in all existing and new leases issued for coal on Indian lands.

(e) With respect to leases issued after the date of enactment of this Act, the Secretary shall include and enforce terms and conditions in addition to those required by subsections (c) and (d) as may be requested by the Indian tribe in such leases.

(f) Any change required by subsection (c) or (d) of this section in the terms and conditions of any coal lease on Indian lands existing on the date of enactment of this Act, shall require the approval of the Secretary.

(g) The Secretary shall provide for adequate participation by the various Indian tribes affected in the study authorized in this section and not more than $700,000 of the funds authorized in section 712(a) shall be reserved for this purpose.

EXPERIMENTAL PRACTICES

SEC. 711. In order to encourage advances in mining and reclamation practices, the regulatory authority may authorize departures in individual cases on an experimental basis from the environmental protection performance standards promulgated under sections 515 and 516 of this Act. Such departures may be authorized if (i) the experimental practices are potentially more or at least as environmentally protective, during and after mining operations, as those required by promulgated standards; (ii) the mining operation is no larger than necessary to determine the effectiveness and economic feasibility of the experimental practices; and (iii) the experimental practices do not reduce the protection afforded public health and safety below that provided by promulgated standards.

AUTHORIZATION OF APPROPRIATIONS

SEC. 712. There is authorized to be appropriated to the Secretary for the purposes of this Act the following sums, and all such funds appropriated shall remain available until expended:

(a) For the implementation and funding of sections 502, 522, 405(b)(3), and 710, contract authority is granted to the Secretary of the Interior for the sum of $10,000,000 to become available immediately upon enactment of this Act and $10,000,000 for each of the two succeeding fiscal years.

(b) For administrative and other purposes of this Act, except as otherwise provided for in this Act, authorization is provided for the sum of $10,000,000 for the fiscal year ending June 30, 1975, for each of the two succeeding fiscal years the sum of $20,000,000 and $30,000,000 for each fiscal year thereafter.

RESEARCH AND DEMONSTRATION PROJECTS ON ALTERNATIVE COAL MINING TECHNOLOGIES

SEC. 713. (a) The Secretary is authorized to conduct and promote the coordination and acceleration of, research, studies, surveys, experiments, demonstration projects, and training relating to—

(1) the development and application of coal mining technologies which provide alternatives to surface disturbance and which maximizes the recovery of available coal resources, including the improvement of present underground mining methods, methods for the return of underground mining wastes to the mine void, methods for the underground mining of thick coal seams and very deep seams; and

(2) safety and health in the application of such technologies, methods, and means.

(b) In conducting the activities authorized by this section, the Secretary may enter into contracts with and make grants to qualified institutions, agencies, organizations, and persons.

(c) There are authorized to be appropriated to the Secretary, to carry out the purposes of this section, $35,000,000 for each fiscal year beginning with the fiscal year 1976, and for each year thereafter for the next four years.

SURFACE OWNER PROTECTION

SEC. 714. (a) The provisions and procedures specified in this section shall apply where coal owned by the United States under land the surface rights to which are owned by a surface owner as defined in this section is to be mined by methods other than underground mining techniques. In order to minimize disturbance to surface owners from surface coal mining of Federal coal deposits, the Secretary shall, in his discretion but, to the maximum extent practicable, refrain from leasing such coal deposits for development by methods other than underground mining techniques.

(b) Any coal deposits subject to this section shall be offered for lease pursuant to section 2(a) of the Mineral Leasing Act of 1920 (30 U.S.C. 201a), except that no award shall be made by any method other than competitive bidding.

(c) Prior to placing any deposit subject to this section in a leasing tract, the Secretary shall give to any surface owner whose land is to be included in the proposed leasing tract actual written notice of his intention to place such deposits under such land in a leasing tract.

(d) The Secretary shall not enter into any lease of such coal deposits until the surface owner has given written consent and the Secretary has obtained such consent, to enter and commence surface mining operations, and the applicant has agreed to pay in addition to the rental and royalty and other obligations due the United States the money value of the surface owner's interest as determined according to the provisions of section (e).

(e) The value of the surface owner's interest shall be fixed by the Secretary based on appraisals made by three appraisers. One such appraiser shall be appointed by the Secretary, one appointed by the surface owner concerned, and one appointed jointly by the appraisers named by the Secretary and such surface owner. In computing the value of the surface owner's interest, the appraisers shall first fix and determine the fair market value of the surface estate and they shall then determine and add the value of such of the following losses and costs to the extent that such losses and costs arise from the surface coal mining operations:

(1) loss of income to the surface owner during the mining and reclamation process;

(2) cost to the surface owner for relocation or dislocation during the mining and reclamation process;

(3) cost to the surface owner for the loss of livestock, crops, water or other improvements;

(4) any other damage to the surface reasonably anticipated to be caused by the surface mining and reclamation operations; and

(5) such additional reasonable amount of compensation as the Secretary may determine is equitable in light of the length of the tenure of the ownership: *Provided*, That such additional reasonable amount of compensation may not exceed the value of the losses and costs as established pursuant to this subsection and in paragraphs (1) through (4) above, or one hundred dollars ($100.00) per acre, whichever is less.

(f) All bids submitted to the Secretary for any such lease shall, in addition to any rental or royalty and other obligations, be accompanied by the deposit of an amount equal to the value of the surface owner's interest computed under subsection (e). The Secretary shall pay such amount to the surface owner either upon the execution of such lease or upon the commencement of mining, or shall require posting of bond to assure installment payments over a period of years acceptable to the surface owner, at the option of the surface owner. At the time of initial payment, the surface owner may request a review of the initial determination of the amount of the surface owner's interest for the purpose of adjusting such amount to reflect any increase in the Consumer Price Index since the initial determination. The lessee shall pay such increased amount to the Secretary to be paid over to the surface owner. Upon the release of the performance bonds or deposits under section 519, or at an earlier time as may be determined by the Secretary, all rights to enter into and use the surface of the land subject to such lease shall revert to the surface owner.

(g) For the purpose of this section the term "surface owner" means the natural person or persons (or corporation, the majority stock of which is held by a person or persons who meet the other requirements of this section) who—

(1) hold legal or equitable title to the land surface;

(2) have their principal place of residence on the land; or personally conduct farming or ranching operations upon a farm or ranch unit to be affected by surface coal mining operations; or receive directly a significant portion of their income, if any, from such farming or ranching operations; and

(3) have met the conditions of paragraphs (1) and (2) for a period of at least three years prior to the granting of the consent.

In computing the three-year period the Secretary may include periods during which title was owned by a relative of such person by blood or marriage during which period such relative would have met the requirements of this subsection.

(h) Where surface lands over coal subject to this section are owned by any person who meets the requirements of paragraphs (1) and (2) of subsection (g) but who does not meet the requirements of paragraph (3) of subsection (g), the Secretary shall not place such coal deposit in a leasing tract unless such person has owned such surface lands for a period of three years. After the expiration of such three-year period such coal deposit may be leased by the Secretary, provided that if such person qualifies as a surface owner as defined by subsection (g) his consent has been obtained pursuant to the procedures set forth in this section.

(i) Nothing in this section shall be construed as increasing or diminishing any property rights held by the United States or by any other land owner.

(j) The determination of the value of the surface owner's interest fixed pursuant to subsection (e) or any adjustment to that determination made pursuant to subsection (f) shall be subject to judicial review only in the United States district court for the locality in which the leasing tract is located.

(k) At the end of each two-year period after the date of enactment of this Act, the Secretary shall submit to the Congress a report on the implementation of the Federal coal leasing policy established by this section. The report shall include a list of the surface owners who have (1) given their consent, (2) received payments pursuant to this section, (3) refused to give consent, and (4) the acreage of land involved in each category. The report shall also indicate the Secretary's views on the impact of the leasing policy on the availability of Federal coal to meet national energy needs and on receipt of fair market value for Federal coal.

(l) This section shall not apply to Indian lands.

(m) Any person who gives, offers or promises anything of value to any surface owner or offers or promises any surface owner to give anything of value to any other person or entity in order to induce such surface owner to give the Secretary his written consent pursuant to this section, and any surface owner who accepts, receives, or offers or agrees to receive anything of value for himself or any other person or entity, in return for giving his written consent pursuant to this section shall be subject to a civil penalty of one and a half times the monetary equivalent of the thing of value. Such penalty shall be assessed by the Secretary and collected in accordance with the procedures set out in subsections 518(b), 518(c), 518(d), and 518(e) of this Act.

(n) Any Federal coal lease issued subject to the provisions of this section shall be automatically terminated if the lessee, before or after issuance of the lease, gives, offers or promises anything of value to the surface owner or offers or promises to any surface owner to give anything of value to any other person or entity in order to (1) induce such surface owner to give the Secretary his written consent pursuant to this section, or (2) compensate such surface owner for giving such consent. All bonuses, royalties, rents and other payments made by the lessee shall be retained by the United States.

(o) The provisions of this section shall become effective on February 1, 1976. Until February 1, 1976, the Secretary shall not lease any coal deposits owned by the United States under land the surface rights to which are not owned by the United States, unless the Secretary has in his possession a document which demonstrates the acquiescence prior to December 3, 1974, of the owner of the surface rights to the extraction of minerals within the boundaries of his property by current surface coal mining methods.

FEDERAL LESSEE PROTECTION

SEC. 715. In those instances where the coal proposed to be mined by surface coal mining operations is owned by the Federal Government and the surface is subject to a lease or a permit issued by the Federal Government, the application for a permit shall include either:

(1) the written consent of the permittee or lessee of the surface lands involved to enter and commence surface coal mining operations on such land, or in lieu thereof;

(2) evidence of the execution of a bond or undertaking to the United States or the State, whichever is applicable, for the use and benefit of the permittee or lessee of the surface lands involved to secure payment of any damages to the surface estate which the operations will cause to the crops, or to the tangible improvements of the permittee or lessee of the surface lands as may be determined by the parties involved, or as determined and fixed in an action brought against the operator or upon the bond in a court of competent jurisdiction. This bond is in addition to the performance bond required for reclamation under this Act.

WATER RIGHTS

SEC. 716. Nothing in this Act shall be construed as affecting in any way the right of any person to enforce or protect, under applicable State law, his interest in water resources affected by a surface coal mining operation.

Mr. UDALL (during the reading). Mr. Chairman, I ask unanimous consent that title VII be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

The CHAIRMAN. Are there any amendments to title VII?

Mr. UDALL. Mr. Chairman, I move to strike the last word.

Title VII is the last title. We are aware of maybe a half dozen amendments, none of them very controversial, as far as I am concerned.

There have been some printed in the CONGRESSIONAL RECORD relating to this title, and if there were a limitation of time those amendments would be protected, or the sponsors who want to could have the full 5 minutes. In light of that, Mr. Chairman, I ask unanimous consent that all debate on title VII and all debate on the bill and all amendments thereto close not later than 5:30.

The CHAIRMAN. Is there objection to the request of the gentleman from Arizona?

There was no objection.

AMENDMENT OFFERED BY MR. MELCHER

Mr. MELCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MELCHER: On page 312, after line 2, add the following new subsection (11) and renumber the succeeding subsections:

"(11) The term 'Indian lands program' means a program established by an Indian tribe pursuant to title VI to regulate surface mining and reclamation operations for coal, whichever is relevant, on Indian lands under its jurisdiction in accordance with the requirements of this Act and the regulations issued by the Secretary pursuant to this Act."

Mr. MELCHER. Mr. Chairman, this amendment contains the identical language that was in the House-passed bill last year as that bill contained the Indian lands program. Now that we have adopted an amendment, that puts the Indian lands program back into our present bill, it is appropriate now that we reinsert this definition as to the Indian lands program in this bill.

Mr. UDALL. Mr. Chairman, if the gentleman will yield, I would ask the gentleman from Montana if it is not a fact that the proposed amendment conforms the bill so far as the amendment that was just adopted?

Mr. MELCHER. That is correct.

Mr. UDALL. Mr. Chairman, I support the amendment.

Mr. MELCHER. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. MELCHER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. EVANS OF COLORADO

Mr. EVANS of Colorado. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EVANS of Colorado: on page 336, after line 7, insert the following:

PROTECTION OF WATER RIGHTS

SEC. 717. (a) In those instances in which it is determined that a proposed surface coal mining operation is likely to adversely affect the hydrologic balance of water on or off site, or diminish the supply or quality of such water, the application for a permit shall include either—

(1) the written consent of all owners of water rights reasonably anticipated to be affected; or

(2) evidence of the capability and willingness to provide substitute water supply, at least equal in quality, quantity, and duration to the affected water rights of such owners.

(b)(1) An owner of water rights adversely affected may file a complaint detailing the loss in quantity or quality of his water with the regulatory authority.

(2) Upon receipt of such complaint the regulatory authority shall—

(A) investigate such complaint using all available information including the monitoring data gathered pursuant to section 517;

(B) within 90 days issue a specific written finding as to the cause of the water loss in quantity or quality, if any;

(C) order the mining operator to replace the water within a reasonable time in like quality, quantity, and duration if the loss is caused by the surface coal mining operations, and require the mining operator to compensate the owner of the water right for any damages he has sustained by reason of said loss; and

(D) order the suspension of the operator's permit if the operator fails to comply with any order issued pursuant to subparagraph (C).

Mr. EVANS of Colorado. Mr. Chairman, my amendment will strengthen the provisions protecting owners of water rights.

The first subsection would require the coal operator to either secure the written consent of all owners of water rights reasonably anticipated to be affected by the surface coal mining operation, or show evidence of the capability and willingness to provide substitute water supply, at least equal in quality, quantity, and duration to the affected water rights of such owners.

The second subsection allows an owner of water rights adversely affected to file a complaint with the regulatory authority detailing his loss in water quality and quantity. The regulatory agency would investigate the complaint and issue a written finding as to cause of the loss, if any, in water quality and quantity. If the mining operator is found to be at fault, the regulatory authority would order the mining operator to replace the water within a reasonable time and compensate the owner of the water right for any damages he has sustained by reason of said loss. The mining operator's permit would be suspended by the regulatory authority if he did not comply with any such order.

This amendment is moderate and a matter of simple justice. If a coal operator cannot get the written consent of an affected owner of water rights, he can still proceed if he can show evidence of a willingness and capability to provide a substitute water supply. In the West, water is essential to ranchers and farmers who depend on scarce supplies. If you deprive a man of his water, you deprive him the opportunity to earn a livelihood for himself and his family.

Without my amendments, I am afraid that this bill would be an expression of congressional judgment that the surface mining of coal should be of the highest priority ahead of other uses of land and water. In the arid and semiarid parts of the country, I believe such a conclusion would result in irretrievable loss of vast areas of agriculturally productive land.

These amendments are designed to protect the water resources of the West, but they could also have an impact reaching far beyond the western coal lands. If your State depends on water from the Missouri or Colorado River basis for municipal, industrial, or agricultural uses, you should share our concern about the possibility of diminishing the water flow and increasing the dissolved salts, chemicals, metals and sediments in these river systems. In the Colorado Basin, this affects the States of California, Arizona, Utah, and Colorado. In the Missouri Basin, this affects Montana, Wyoming, Colorado, North Dakota, South Dakota, Nebraska, Kansas, Iowa, and Missouri.

Beyond that, I simply ask my eastern colleagues to heed the words of North Dakota Governor Arthur Link. Governor Link has said:

> People representing the cities have as great a stake in the restoration of this land as the people of North Dakota. From those lands come the food and fiber their constituents will need long after the coal is removed.

The people I represent will remain in Colorado after the strippable coal is gone and the coal companies move elsewhere. It is my hope in sponsoring these amendments that we can help insure that our friends from other States can still come to enjoy the natural beauty and bounty of our Rocky Mountain States in the future.

Mr. UDALL. Mr. Chairman, if the gentleman will yield, I would like to ask the gentleman from Colorado a question, if I may.

Mr. EVANS of Colorado. I am happy to yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I am inclined to support this amendment. As the gentleman from Colorado knows, the question of water rights in the West is a very sensitive one. We provide in the bill on page 221 in section 505(c) that nothing in the act shall be construed to affect water rights under existing State law. This was one of the basic compromises. We are leaving that that every State shall determine its water rights. Accepting this amendment, I would like it clearly understood that the amendment does not change section 505(c) and that there is no intention here to deprive the States of the right to determine water rights.

Mr. EVANS of Colorado. The gentleman from Arizona is absolutely correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Colorado (Mr. EVANS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia: On page 328, between lines 13 and 14, insert the following new subsection:

"(d) at least 60 days before any funds are obligated for any research studies, surveys, experiments or demonstration projects to be conducted or financed under this Act in any fiscal year, the Secretary in consultation with the Administrator of the Energy Research and Development Administration and the heads of other Federal agencies having the authority to conduct or finance such projects, shall determine and publish such determinations in the Federal Register that such projects are not being conducted or financed by any other Federal agency. On March 1 of each calendar year, the Secretary shall report to the Congress on the research studies, surveys, experiments or demonstration projects, conducted or financed under this Act, including, but not limited to, a statement of the nature and purpose of such project, the Federal cost thereof, the identity and affiliation of the persons engaged in such projects, the expected completion date of the projects and the relationship of the projects to other such projects of a similar nature.

"(e) subject to the patent provisions of section 306(d) of this Act, all information and data resulting from any research studies, surveys, experiments, or demonstration projects conducted or financed under this Act shall be promptly made available to the public."

Mr. HECHLER of West Virginia (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the amendment be dispensed with and that it be printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. HECHLER of West Virginia. Mr. Chairman, on yesterday there was colloquy in which the gentleman from Pennsylvania (Mr. MYERS) and the gentlewoman from New Jersey (Mrs. FENWICK) raised the point that there was duplication in funds for research and development. My amendment merely tried to guarantee that the Secretary of the Interior in consultation with the Administrator of ERDA indicate and publish in the Federal Register that the projects funded are not to be conducted or financed by any other Federal agency. Further, it would provide a reporting process so that on March 1 of each calendar year the Secretary of the Interior shall report to Congress on the research studies that are financed under this act. I think this takes care of the point which was raised during yesterday's colloquy.

In addition, my amendment also insures that the results of federally funded research be made available to the public, within the limitations of the patent laws and other legislation.

Mr. STEIGER of Arizona. Mr. Chairman, I rise in opposition to the amendment.

As a matter of fact, I do so, so as not to frighten my colleague, the gentleman from West Virginia, by agreeing that I understand what my colleague is trying to do. But I would submit that on a pragmatic basis, the requirements in my friend's amendment are such that they assume that all agencies in government will read the Federal Register, which is an assumption that, of course, if they did, they would obviously accomplish nothing else. So I would simply tell my friend that there is really no way to defend against what my friend is trying to defend against.

In my view, there is no way to defend against the duplication my friend is trying to defend against. This would, indeed, require at least the employment of six or seven Federal Register readers in each agency just to comply.

I do not think my friend wants to add that burden to this economy, so I would hope we would oppose the amendment, not because of the spirit of the matter but because of the pragmatism about the realization of the fulfillment of the effort here.

Mr. HECHLER of West Virginia. Mr. Chairman, if the gentleman will yield, I hope the gentleman's position on this amendment will be followed by the usual sequential vote which indicates opposition to his position by the Committee of the Whole.

Mrs. MINK. Mr. Chairman, if the gentleman will yield, there has been much concern exhibited here about possible duplication of research. We had a section on research dealing with deep mining in the belief that a great deal of research needs to be done about mining, but in view of the concern of this House about the duplication of research which might be undertaken by ERDA, I believe the gentleman's amendment will meet this problem and will require the Secretary of the Interior to consult with ERDA and require publication in the Federal Register and also require that these contracts and grants be reported to the Congress on March 1. I believe this would meet the problems that have been raised and I support the amendment offered by the gentleman.

Mr. HECHLER of West Virginia. I welcome the support of the gentlewoman from Hawaii and I thank her for it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia.

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title VII?

AMENDMENT OFFERED BY MR. HECHLER OF WEST VIRGINIA

Mr. HECHLER of West Virginia. Mr. Chairman, I offer an amendment, a very simple little amendment.

The Clerk read as follows:

Amendment offered by Mr. HECHLER of West Virginia: Beginning on page 321, line 23, strike section 708 inclusive.

Mr. HECHLER of West Virginia. Mr. Chairman, section 708 provides for a study of Alaskan surface coal mines. This study is to be directed by the Secretary of the Interior with the National Academy of Sciences and the National Academy of Engineering and is to take 2 years. The Secretary of the Interior is only authorized to apply the provisions of this act 1 year following the completion of the 2-year study.

It seems to me the subject of surface mining has been studied to death. As the gentleman from Arizona (Mr. STEIGER) knows, I took a very strong position against a special exemption for the anthracite industry. It would seem to me he should thereby support striking what is in effect special treatment in this bill for the State of Alaska. We certainly got no special treatment for the State of West Virginia and for other mountain people who suffer the most from strip mining.

This bill provides in section 708 that the Secretary is authorized to suspend the applicability of any provision of this act for 1 year following the conclusion of this study. The State of Alaska, just like any of the other 50 States, can come up with a program and its program is subject to review of course by the Secretary of the Interior. I do not see why we have to study for 2 years and then have to suspend the act for 1 additional year beyond that, although I must admit that this bill is the product of very delicate compromise among the various segments of this committee and of this Congress. But it would seem to me unreasonable to provide a very special exemption for the State of Alaska, and I urge support for this amendment, to restore fairness and equity in this case.

Mr. UDALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we tried very hard in this bill to write a national uniform coal surface mining bill. I think we succeeded. We also tried to give special consideration where there were conditions that required it. As the gentlewoman from Hawaii (Mrs. MINK) pointed out earlier, we approved special arrangements for the anthracite region of Pennsylvania.

My friend, the gentleman from Wyoming (Mr. RONCALIO) had a difficult special kind of problem in Wyoming and we wrote a section in for that.

The third area was the State of Alaska. Alaska is a different situation because of the climate, because of the very cold weather. A lot of the coal is buried under the tundra. This does not amount to very much.

Also, there is only one existing coal mine in the entire State of Alaska. Under the bill it can continue to operate. We have asked the Interior Department to work with the National Academy of Science to report back to us with respect to their problems and whether the regular provisions of this bill ought to apply.

During that time the Secretary has the right to suspend certain provisions of this bill if he holds public hearings and he determines that they are not applicable; but that only applies during the period of this study and while Congress can act.

We think we have a balanced bill here and we hope the amendment will be defeated.

Mr. YOUNG of Alaska. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I thank the gentleman from Arizona for the position he has taken and the fact that we had extensive discussion in this committee.

I do represent the State of Alaska as its only Congressman. We do have a unique problem. We have only one coal mine in production that is providing the necessary energy to an area that has a high pollution problem right now due to the lack of cheap electricity. This coal mine is a widemouth operation. Let me say to the House that under the present bill we are not sure how or if we can operate.

The gentleman from West Virginia has stated that we have studied strip mining to death, and that might be true, but we have not studied the effect that this legislation will have in Alaska. We have a law of our own in Alaska.

I am asking that this amendment, which has been adopted twice and is a fair compromise be accepted so that we can find out how to operate if these conditions should be the law. I am pleased with what the committee has done. The exemptions that have been allowed and the attempt to arrive at a justifiable and workable bill in Wyoming has been accepted. This is an amendment that should stay in this bill. Any attempt to delete it would be doing a disservice to the State of Alaska.

Mr. STEIGER of Arizona. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Arizona.

Mr. STEIGER of Arizona. Mr. Chairman, I thank the gentleman for yielding. Is it not true, as the gentleman previously stated in the presentation, that the committee did, indeed, spend a good deal of time discussing this matter, as opposed to the discussion of the anthracite exemption in the committee?

Mr. YOUNG of Alaska. We did discuss this as recently as 2 weeks ago when we reported the bill out. The gentleman from Ohio (Mr. SEIBERLING) was able to have the bill reported and it came out of the committee with very strong support.

Mr. STEIGER of Arizona. If the gentleman will yield further?

Mr. YOUNG of Alaska. Yes.

Mr. STEIGER of Arizona. I wanted to bring out very clearly, this was not a simple matter of accepting something that was just acceptable to the people of the gentleman's State of Alaska, but rather language that is acceptable to the entire committee.

Therefore, the equation with the anthracite situation is a totally improper equation.

Mr. YOUNG of Alaska. That is correct, and the committee did have a great amount of input in this session and also in the last session. I urge that the amendment of the gentleman from West Virginia be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia (Mr. HECHLER).

The amendment was rejected.

Mr. ASHBROOK. Mr. Chairman, there is clearly a need to regulate surface coal mining. We can no longer afford to injure our environment without making a serious effort to repair the damage.

I cannot, however, support passage of H.R. 25, the Surface Mining Control and Reclamation Act. Rather than striking a reasonable balance between our economic necessities and our environmental concerns, H.R. 25 almost exclusively centers its attention on the environment.

Such a one-sided approach is a grave mistake. H.R. 25 would sharply reduce coal production at a time when our Nation desperately needs increased energy sources. It also would cause an increase in electricity rates and the price of thousands of consumer goods.

On many occasions I have stressed that the United States must work toward energy independence. The dangers of energy dependence were vividly brought home to us by the Arab oil producing nations. We must not rely on foreign oil supplies in the future.

If we are to achieve energy independence, however, we must spur the development of our domestic energy resources. Coal is an essential—and abundant—part of those resources. Estimates are that we have coal reserves of 200 to 400 years.

Our current coal production is approximately 600 million tons a year, half of which comes from surface mining. We need to at least double this production by 1985 in order to reach our Project Independence goals.

Unreasonable and unnecessary requirements in H.R. 25, however, would drastically reduce production. The Federal Energy Administration has predicted that this legislation could cut coal production by 31 to 187 million tons in 1975. This is almost a third of all U.S. production. By 1980 the loss could be as much as 271 million tons per year.

For every ton of coal that is not produced from domestic resources we must import about four barrels of foreign oil. Every ton that is not available because of H.R. 25 means more dependence on unreliable foreign sources.

This is not the only adverse effect, moreover. Another impact would be in the cost of electricity. Two-thirds of our coal is used in the production of electricity. This bill would sharply cut back the amount of coal available as well as make it more expensive to mine. The result would be a further increase in consumer electric bills.

Congressman UDALL, testifying on behalf of an almost identical bill last summer, stated that this legislation would add about 3 to 5 percent to the cost of electricity for an average household. The actual cost may be far higher. Electric bills are already a heavy burden without piling on needless additional costs.

Aside from increasing the cost of electricity, we also would be legislating increases in the costs of thousands of consumer goods. Most manufactured products in the Nation today require, at some point in the manufacturing process, electricity generated by coal. Manufacturers could be expected to pass these cost increases along to the consumer.

Therefore the consumer would be hurt at least twice by this legislation—in his electricity bills and in the price he has to pay for consumer goods.

Yes, legislation to regulate surface coal mining is needed. Such legislation, however, should strike a reasonable balance between the energy needs and environmental concerns of our Nation.

Mr. COHEN. Mr. Chairman, the surface mining bill before us today is an important piece of legislation which should be passed by the House without further delay. For the past 4 years, the Congress has attempted to draft a bill that will provide for America's energy needs while preserving our Nation's environment. In order to determine the extent to which these factors can be reconciled and in order to guarantee equity in the legislation, extensive hearings have been held, and both opponents and proponents have had repeated opportunities to express their views. The bill now under consideration is the product of thousands of hours of study and research by Members, committee staffs, executive agencies, industry, environmental groups, and independent consulting organizations. In my judgment, this expertise has been utilized effectively to draft sound legislation that will limit the harmful effects of strip mining without significantly affecting the price of availability of coal and other minerals.

There can be no doubt that this legislation is urgently required. We have already seen the results of reckless surface mine development in the Midwest and in Appalachia. Valuable croplands have been destroyed, topsoil has been lost, and streams have been polluted with silt and acid mine drainage. Homes have been damaged, drinking water sources have been contaminated, and the beauty of our Eastern mountains has been marred by unsightly highwalls and spoilbanks.

Mr. Chairman, as lawmakers, we should feel compelled to prevent further such offenses, especially when we know such action will not impair our ability to produce adequate amounts of coal.

The bill which we are considering today insures that the land, after mining operations are completed, will be returned to its former uses for both economic and esthetic reasons. The proposed 35 cents per ton tax on surface mined coal is only 1.8 percent of the average nationwide price for electric utility coal, but it would still generate sufficient funds for reclamation of abandoned lands, as well as those newly mined.

All of the provisions of the bill have been designed to insure that the growth of the coal mining industry, while meeting a large share of our energy needs, remains compatible with our immediate and long term environmental goals. I urge, therefore, that the House act quickly and decisively to pass this legislation as our colleagues in the Senate have already done.

Mrs. HOLT. Mr. Chairman, there are times when this Congress seems determined to aggravate the energy crisis instead of helping to alleviate it. H.R. 25, the bill to regulate strip mining, is an example of this curious tendency.

It is almost identical to the legislation which the President vetoed late last year for very sound reasons. It would place excessive and unwarranted handicaps on the ability to mine our country's vast coal reserves, which constitute our best short-range hope for relieving our dependence on foreign oil.

This legislation, therefore, runs contrary to our national interest at a grave time in American history. We are in economic trouble, and an expanding coal industry would provide employment to many thousands of Americans who otherwise face the desperate experience of unemployment, but this legislation would severely restrict the growth of the coal industry.

The legislation also fails on other grounds. It ignores the responsibility and excellent work done by the States with regulation of mining to protect the environment.

Mr. Chairman, for all the reasons mentioned above, I must vote against this bill.

Mr. WAMPLER. Mr. Chairman, I rise in opposition to the bill, H.R. 25, the Surface Mining Control and Reclamation Act of 1975.

During the course of the debate on this bill and the amendments that have been offered to it, I have placed before the Committee of the Whole House my reasons for opposing the various provisions of the bill and the detrimental effects they would have on the economy and the people of southwestern Virginia.

In urging a vote against this bill I ask each Member of the House to consider some of the communications I have received in the last several days from the coal surface miners themselves, the workers who haul the coal from the mines to the railheads, and some of the small businesses that mine the coal, all of whom will be directly affected by passage of this legislation. The following telegrams show their opposition to this bill:

CLINTON, VA., *March 17, 1975.*

Hon. Congressman WAMPLER,
House of Representatives,
Capitol Hill, D.C.:

Passage of House bill 25 to control stripping of coal will in effect ban this industry in Southwest Virginia, causing wide spread unemployment in the Appalachia region that have had so much of a problem over the years as a depressed area. Your help in helping us who needed so much in times that are already so hard in the United States will be appreciated. The stripping of coal does not in any way create a health problem, but brings good help to the employees of this industry that is so much less dangerous than underground mining.

Employees of Monahan Mining Inc., Employees JWT Trucking, Inc., Employees of Julia N. Coal Co., Employees of Charlie Trucking, Inc., Employees The Big C Coal Company, Employees Sylvania Ann Coal, Inc., Employees of C&K Trucking Co., Employees of G and M Trucking Inc., Employees Tom V Mining, Inc., Employees K E Mo Mining Co.

STERLING MINING CORP.,
Wise, Va., March 17, 1975.

Washington, D.C.:

Urge take action to defeat H.R. 25. Forty-five people would be unemployed from passage of H.R. 25.

HERBERT J. MCCELLAND.

PITTSTON COAL CO.,
Saint Paul, Va., March 11, 1975.

Hon. WILLIAM C. WAMPLER,
House of Representatives, Capitol Hill, District of Columbia:

I strongly urge you to vote to send the proposed surface mining bill back to committee. In its present form House bill 25 contains provisions limiting the coal industries abilities to alleviate the energy shortage. It is in the national interest that responsible industry and other spokesmen have an opportunity to provide the testimony and evidence necessary for Congress to reach a reasoned conclusion in a deliberative manner. The deep coal mining industry cannot absorb the tonnage that will be lost by the enactment of this legislation. The direct consequences will be that desperately needed metallurgical coal will find its way to the utility market. This will create a serious shortage in the steel industry, and by-product industry and increase the cost of coal to utilities in Virginia.

N. T. CAMICIA,
President and Chief Executive.

Mr. Chairman, all of us want to protect our environment, but not at the expense of our working people. All of us want a beautiful America, but not at the loss of vital coal resources and higher energy costs to our consumers, which this bill mandates.

This legislation is another example of environmental overkill and I urge each of you to vote against its passage.

Mr. HECHLER of West Virginia. Mr. Chairman, it is agonizing to weigh the advantages and disadvantages of this bill.

H.R. 25 fails to protect the people in mountain areas, where strip mining and the law of gravity send soil and spoil cascading down the slopes into people's yards, polluting their water supply, and causing irreparable damages. When compared to existing State regulatory laws, it falls short of requiring standards as tough as those found in the best of State laws—which themselves are a far cry from effective legislation. The existing legislation in Pennsylvania, Ohio, and Montana appears to be stronger than H.R. 25.

I have circulated to my fellow Members of the House of Representatives an analysis of the serious weaknesses at the time H.R. 25 was reported to the House, along with specific strengthening amendments necessary to make this legislation even minimally effective. I indicated I would vote against the pending strip mining bill, unless these strengthening amendments were included. President Ford and some Members, including the news media, have characterized H.R. 25 as a tough, strict piece of legislation. This is simply not so. Even with some strengthening amendments, it is still a basically weak piece of legislation.

H.R. 25 sets up a disastrous administrative structure which virtually insures that even the weak, loophole-filled standards drafted into this bill will be difficut to enforce to protect the land and the people. The interim period—time before States take full control—is to be supervised by the production-oriented Department of the Interior, the same Department of the Interior which has opposed the legislation and specifically attacked the idea that the Federal Government should control any part of the enforcement of the law. Once States have submitted their programs and received approval from Interior, the individual States take over administration and enforcement of the law. The Federal Government role is limited to backup enforcement, once again delegated to the Interior Department.

The key factor in bringing the strip mining issue before Congress has been the dismal failure of State regulatory efforts. Yet this bill gives these same States control—West Virginia for example rejected only 4 of 402 applications for strip mining permits during 1974. The only way to get any kind of effective enforcement is to pass a straight federally controlled bill granting full authority to the Environmental Protection Agency, which has extensive experience in water quality control, so essential to controlling the damage of strip mining.

Beyond this disastrous administrative setup, H.R. 25 has many additional flaws:

It only protects the rights of the surface landowner in cases where the coal is federally owned. It should require the written consent of the surface owner in all cases before strip mining can begin and should include protection for tenants;

It allows variances from the requirement to restore to original contour and to prevent dumping of spoil on the downslope for mountaintop removal operations, one of the most environmentally destructive techniques—section 515(c);

It contains an exception to the prohibition on dumping spoil on the downslope, for an undefined "initial block or short linear cut"—section 515(d)(1)—this could in effect allow wholesale dumping of spoil on the downslope resulting in landslides, erosion, sedimentation, and so forth. In recent mark-up the committee alleviated the problem slightly by requiring that dumping be "temporary" but this does not go far enough. My amendment to strengthen this provision was rejected;

The water quality control standards are poorly drafted and contain weak phrases such as "minimize the disturbance to the prevailing hydrologic balance" and "avoiding acid or other toxic mine drainage"—section 515(b)(10)—rather than clearly calling for the "prevention" of such drainage;

The bill fails to provide adequate protection for aquifers—there is no prohibition on mining coal seams which serve as aquifers;

Restrictions on mining near homes, cemeteries, and roads are weak—if the operator holds a "valid existing right" he can then ignore the restrictions—section 522(e)(5);

Bill fails to prohibit strip mining on national grasslands, and only protects national forests. It is unfortunate the strengthening amendments to these sections were rejected;

Standards for controlling the surface effects of underground mines are loaded with qualifying phrases such as "to the extent economically feasible" and "to the extent practicable"—section 516(b);

The reclamation fee, while a sound concept, does not adequately deal with the need for a differential tax on strip and deep mined coal to help equalize the costs between them—present differential is 35 cents strip—10 cents deep—section 401(d)—the earlier Seiberling-Dent proposals would have made it $1.50 to $2.50 strip versus 25 cents deep;

The preamble to the bill sets the tone, it states the purpose as "minimize so far as practicable the adverse social, economic, and environmental effects of such mining operations"—section 101(d);

The bill exempts anthracite strip mining from the environmental protection standards, instead requiring only compliance with existing State laws;

Bill initially failed to prohibit strip mining of alluvial valley floors—river valleys—in the Western States, but I am pleased that the Evans amendment cured this defect.

Nevertheless, it is quite clear to me that this bill is unacceptable in its present form, because it raises false hopes—particularly among the people of the mountains who have suffered the most damage from strip mining.

I indicated that I felt the following amendments were necessary in order to strengthen the bill sufficiently to make it effective and worth supporting:

First. No new permits for mining on steep slopes above 20 degrees—including mountaintop removal techniques—after the date of enactment and all existing steep slope operations—20 degrees—

halted at the end of the interim period—30 months. Spellman amendment rejected.

Second. No strip mining in alluvial valley floors—river valleys—in the Western States. Evans amendment adopted.

Third. Shift the Federal role in enforcement from the Department of the Interior to the Environmental Protection Agency. Dingell and Ottinger amendments rejected.

Fourth. Prohibit the use of coal wastes, fines and slimes as construction materials in coal waste impoundments. Hechler amendment adopted.

Fifth. Prohibit the dumping of the first cut in steep slope operations during the interim period—before amendment (1) takes effect for existing operations on steep slopes. Hechler amendment rejected.

Sixth. Prohibit strip mining in national grasslands. Blouin amendment rejected.

Seventh. Require the burial and compaction of toxic materials. Gude amendment adopted.

The most important amendment to the bill was the Spellman amendment, which unfortunately was rejected. Once this steep slope amendment was defeated, I felt obliged to vote against H.R. 25, despite some good provisions which were added on the floor.

The CHAIRMAN. Are there additional amendments?

If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Smith of Iowa, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the Committee amendment in the nature of a substitute adopted in the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced the ayes appeared to have it.

Mr. UDALL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 333, nays 86, not voting 13, as follows:

[Roll No. 61]

YEAS—333

Abdnor
Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cohen
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, Dominick V.
Danielson
Delaney
Dellums
Dent
Derrick
Devine
Diggs
Dingell
Dodd
Downey
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Goodling
Gradison
Grassley
Green
Gude
Hagedorn
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Jacobs
Jeffords
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jordan
Karth
Kasten
Kastenmeier
Kelly
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCormack
McDade
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Madigan
Maguire
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Rangel
Rees
Regula
Reuss
Richmond
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Smith, Iowa
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Wis.
Stratton
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Thompson
Thone
Traxler
Tsongas
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Walsh
Weaver
Whalen
White
Whitehurst
Wiggins
Wilson, Bob
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Zablocki
Zeferetti

NAYS—86

Archer
Ashbrook
Bauman
Beard, Tenn.
Bevill
Bowen
Burleson, Tex.
Butler
Byron
Cederberg
Clawson, Del
Cochran
Collins, Tex.
Conable
Conlan
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Davis
de la Garza
Derwinski
Dickinson
Downing
Duncan, Tenn.
Evins, Tenn.
Flynt
Ginn
Goldwater
Gonzalez
Guyer
Hammerschmidt
Hansen
Hechler, W. Va.
Holt
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Calif.
Jones, Okla.
Jones, Tenn.
Kazen
Kemp
Ketchum
Kindness
Landrum
Latta
Lott
McCollister
McDonald
McEwen
Mahon
Mathis
Michel
Milford
Montgomery
Moore
Myers, Ind.
Passman
Patman
Poage
Quillen
Randall
Rhodes
Roberts
Robinson
Rousselot
Runnels
Satterfield
Sebelius
Slack
Smith, Nebr.
Snyder
Steiger, Ariz.
Stephens
Symms
Taylor, Mo.
Teague
Thornton
Treen
Waggonner
Wampler
Whitten
Young, Alaska
Young, Tex.

NOT VOTING—13

Alexander
Casey
Collins, Ill.
Fraser
Hébert
Mills
Riegle
Risenhoover
Skubitz
Stokes
Waxman
Wilson, Charles H., Calif.
Wilson, Charles, Tex.

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Stokes for, with Mr. Casey against.

Until further notice:

Mr. Alexander with Mr. Waxman.

Mr. Fraser with Mr. Charles Wilson of Texas.

Mr. Riegle with Mr. Risenhoover.

Mrs. Collins of Illinois with Mr. Mills.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. MINK. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentlewoman from Hawaii?

There was no objection.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF THE BILL H.R. 25

Mrs. MINK. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to correct punctuation, section numbers, and cross references in the engrossment of the bill (H.R. 25).

The SPEAKER. Is there objection to the request of the gentlewoman from Hawaii?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 4296, EMERGENCY PRICE SUPPORT FOR 1975 CROPS

Mr. SISK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 310 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 310

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 85 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from California (Mr. SISK) is recognized for 1 hour.

Mr. SISK. Mr. Speaker, I yield 30 minutes to the gentleman from California (Mr. DEL CLAWSON) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 310 provides for an open rule with 2 hours of general debate on H.R. 4296, providing target prices on 1975 crops.

The purpose of H.R. 4296 is to establish an emergency price support program for the 1975 crop for Upland cotton, wheat, feed grains, soybeans, and milk. The bill provides that Upland cotton loans may be extended at the option of the producer for an additional 8 months beyond the current 10-month period. The bill also requires the Secretary of Agriculture to adjust interest rates on CCC commodity loans quarterly to reflect the cost of money to the U.S. Government, and requires the Secretary to establish by regulation the same terms and conditions concerning interest and storage costs for Upland cotton loans as are currently in effect for grain.

H.R. 4296 also provides that the support price of milk shall be established at no less than 85 percent of the parity price and shall be adjusted by the Secretary at the beginning of each quarter. Such support prices shall be announced by the Secretary within 30 days prior to the beginning of each quarter.

Mr. Speaker, I urge the adoption of House Resolution 310 in order that we may discuss, debate, and pass H.R. 4296.

Mr. Speaker, this is an important matter for the consideration of the Congress. I realize that there are a variety of differing opinions as to what should be done in connection with some of the conditions that exists in American agriculture today. I think and would hope in the final analysis that we will all be motivated in casting our votes on this legislation toward that which we would consider to be in the best interest of our country.

I recognize that in dealing with the problems of American agriculture we sometimes become involved in sectional or geographical differences because of the difference in conditions in the districts from which we come.

I would have to say quite frankly that in my own State of California which, by the way is the largest agricultural State in the Nation, having the largest agricultural production of any State in the Union, that there is a great deal of feeling that this is not necessarily good legislation and that, in fact, the present Farm Act under which we are operating would probably be left better as it is for the time being. On the other hand, there are serious situations in some parts of the country and there are problems that are developing that could tend to substantially affect the economic well-being of our country.

In view of that fact that we are certainly in a recession, and I would say very close to a depression in certain sections of the country, it would be my hope, Mr. Speaker, as I say, that in the final analysis, regardless of our own particular problems within our own areas, and regardless of the fact that many of us come from areas where we have no agricultural production and we represent only consumers, that there would be a realization and a recognition that we all represent consumers. Every Member of this House represents approximately an equal number of American consumers, so that it is terribly important that we have a stable agricultural economy in this country in order to supply the food and fiber which is essential to our own domestic well-being as well as to supply a good portion of the world's needs in what is actually a shortage situation internationally.

So in the final analysis, Mr. Speaker, I would hope, as I say, that every one of us may be able to lay aside our own particular bias and look at this in an objective manner on the basis of what is best for America; for all the 213 million Americans.

Mr. Speaker, I want to commend the chairman, the gentleman from Washington (Mr. FOLEY) and the members of his committee, for the work they have done and the expeditious manner in which it has been handled.

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am opposed to this bill and the rule which makes it in order.

This bill is bad for consumers, bad for farmers, and bad for taxpayers.

The bill is bad for consumers, because the increase, according to USDA in the dairy price support will increase the price of milk by 8 cents per gallon, the price of cheese by 10 cents per pound, and the price of butter by 20 cents per pound. Consumers have already been hit hard enough by price increases. This bill will only worsen the plight of the consumer.

The bill is bad for farmers. For example the increase in the support price will hurt rather than help the dairy farmers, because it will lead to a drop in consumption of dairy products estimated at about 1 billion pounds this year.

The bill is bad for the taxpayers because the increase in target price levels means that taxpayers will begin paying certain farmers if market prices slide below the target price. Under this bill taxpayers can, according to dissenting opinions, reasonably expect to pay $882,000,000 more this year than they would under the basic 1973 law.

Mr. Speaker, recently I received a letter from the president of the American Farm Bureau Federation opposing this legislation. The last few sentences in that letter sum up the problems in this bill. Let me quote them:

> From this analysis of H.R. 4296, it is clear that—taken in its entirety—this bill is not consistent with Farm Bureau policy.
>
> H.R. 4296 provides the basis for the accumulation of stocks in government held hands and a return to the old days when farmers were forced to compete with the Commodity Credit Corporation for markets.
>
> H.R. 4296 has the potential for substantial program costs to the federal government in a period when deficit spending and inflation already are a serious threat to our economy.
>
> H.R. 4296 is not in the best interest of farmers, taxpayers, or consumers; therefore, we urge you to vote against passage of this legislation.

Mr. Speaker, this bill is hasty and ill conceived. It should be rejected and sent back to the committee for a careful and thorough reexamination.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. DEL CLAWSON. I yield to the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman for yielding.

Mr. Speaker, I want to take this opportunity to commend the gentleman from California for a very forceful and sound statement. I want to associate myself with his remarks.

After the long and arduous fight that we made here in the House to put our farm program in some sane type of form, now we are going to undo it all with this bill here. This has to go down in history as one of the worst stinkers that ever came into the House.

Mr. DEL CLAWSON. I thank the gentleman from Massachusetts. The gentleman from Massachusetts has led the fight for a long, long time in trying to do away with the farm subsidies or get them reduced. This is going in a backward direction.

Mr. CONTE. Mr. Speaker, this bill, providing artificially high price support levels for selected farm crops, is a bad bill. I urge my colleagues to defeat this bill by voting down the rule.

This bill is full of boondoggles and loopholes. It is a ripoff on the consumer. A raid on the Federal Treasury, another squeeze on the utter existence of dairy farmers, and an unwarranted bail out for big cotton growers.

For consumers, this bill will raise food and fiber prices by $4 billion this year. During this period of recession and unemployment, such a price hike is unconscionable.

Pork prices will zoom up by 10½ cents a pound. Beef prices will rise by 4½ cents a pound. Eggs will increase by a penny a dozen. Milk will go up 3 cents a gallon.

These price increases will follow because of the unnecessarily high price support levels for feed grains and wheat.

In addition, the taxpayer will also shoulder the cost of subsidies paid under this bill, which the committee estimates to be $882 million. Most of that will go to cotton.

But the raid on the Federal Treasury will just be the beginning. The high price support levels for wheat and cotton will price the American products out of their world markets. To unload surplus commodities, especially cotton, will require large export subsidies.

This bill would seriously endanger the welfare of dairy farmers in New England. One provision of this bill would raise the price support level for milk products. But dairymen will not be helped by higher prices. Every time dairy farmers raise prices, milk consumption drops.

To help dairymen, the Congress ought to be reducing the costs of their inputs—such as the cost of feed grains. This bill does just the opposite. It raises the price of feed grains, and threatens to make small dairy farmers price themselves out of the consumer market.

This bill also provides an unconscionable bail out for big cotton growers. Domestic demand for this fiber has dropped by one-third over the past year. A consequence of the recession. But cotton production has not dropped accordingly. Cotton surpluses now glut American markets—and world markets as well. But farm shortages throughout the world abound. The world now needs food, not cotton.

But this bill provides incentives, especially in the form of high loan levels, to grow more cotton than is needed.

H.R. 4296 is full of other boondoggles and loopholes. It is a bad bill.

I urge my colleagues to defeat the rule.

Mr. BEDELL. Mr. Speaker, will the gentleman yield?

Mr. DEL CLAWSON. I yield to the gentleman from Iowa.

Mr. BEDELL. I thank the gentleman for yielding.

I think it is very, very important that we have accurate facts in this House to which I am a new Member. The figures have been quoted that this would increase the price of raw milk by 2 cents per quart, 20 cents per pound for butter, and it is generally understood by most people likely that that figure would apply at this time. I have met with the Department of Agriculture yesterday. I met with them today.

They freely admit that those figures are what they think the cost would be in the first quarter of 1976 as compared to the prices at this time and at least half of those increases have to be considered because of the inflation that is going to occur.

When they figure the price of butter at 20 cents, when we produce butter we produce two products, the nonfat dry milk and butter. In past history they have applied half the cost of the increase to nonfat dry milk and half the increase to butter. This time they apply the whole increase to butter. If we figure it that way it puts the difference at 4½ cents per pound.

I think we should have accurate figures in this House as we consider this bill.

Mr. DEL CLAWSON. Mr. Speaker, I thank the gentleman for his comment. My source was the U.S. Department of Agriculture.

Mr. KETCHUM. Mr. Speaker, will the gentleman yield?

Mr. DEL CLAWSON. I yield to the gentleman from California such time as he may consume.

Mr. KETCHUM. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I have spent half my life in farming and I agree with the gentleman from California, this bill is a bummer and I think the gentleman is right.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. DEL CLAWSON. I yield to the gentleman from Illinois (Mr. FINDLEY) such time as he may consume.

Mr. FINDLEY. Mr. Speaker, I thought it was interesting the gentleman from Iowa would cite the Department of Agriculture in disputing its own figures. I have in my hand a document provided to me by the ASCS which I will include in the RECORD at this point, which is dated March 18, 1975, which of course is today. It is headed "Estimated Effects of Increasing the Support Price for Manufacturing Milk to 85 Percent of Parity, Adjusted Quarterly, for the 1975–76 Marketing Year." The document follows:

ESTIMATED EFFECTS OF INCREASING THE SUPPORT PRICE FOR MANUFACTURING MILK TO 85 PERCENT OF PARITY, ADJUSTED QUARTERLY, FOR THE 1975–76 MARKETING YEAR

The support price for manufacturing milk would increase from $7.24 per hundredweight to a projected $7.91 on April 1, 1975, and to $8.19 by January 1, 1976, the last quarter of the 1975–76 marketing year.

This 95 cent per hundredweight increase in support by January 1, 1976, is estimated to be equivalent to the following increases in consumer prices:

Fluid whole milk—4 cents per half gallon.
Butter—20 cents per pound.
Cheese—10 cents per pound.

The above estimates generally assume that all factors will remain equal. For example, no projection is made of what will happen to premium prices negotiated by cooperatives over Federal order minimum prices. Also, it is assumed that increases in CCC purchase prices for butter and cheese will result in equal increases in retail prices.

In addition, insofar as the butter-powder operation is concerned, it was assumed that all of the increase in support would be applied to the CCC butter purchase price and none to nonfat dry milk. The reason for this is that nonfat dry milk purchase prices (and market prices) have been increased substantially over recent years while those of butter have remained relatively stable. As a consequence, CCC purchases of nonfat dry milk have increased greatly, totaling 365 million pounds since April 1, 1974. On the other hand, purchases of butter totaled 77 million pounds. All of the butter can be used in the school lunch program, but only 50 million pounds of nonfat dry milk can be used in domestic programs.

The cost of the program to the taxpayer for the marketing year beginning April 1, 1975, is estimated to be about $160 million more at 85% of parity adjusted quarterly than at the $7.25 per hundredweight level already announced.

In this document, as the Members see, it is set forth that the estimated effect of the bill that it now before this Chamber would be to increase the price of fluid whole milk by 4 cents per half gallon, butter by 20 cents a pound, and cheese by 10 cents a pound.

I do not know where we can go to get more authoritative estimates on the effect of the bill.

If the gentleman who raises the question could supply this Chamber with hearings of the House Committee on Agriculture conducted in order to lay a foundation for this recommendation, it would be one thing, but these hearings frankly do not exist. Not 10 seconds of hearings were held by the Committee on Agriculture on the dairy section.

I think it is very natural and reasonable and proper that in the absence of official hearings by the House Committee on Agriculture on the effect of the dairy section, that we would look to the dairy division of the USDA, and the USDA dairy division does very clearly testify to and support the argument that the gentleman quoted, which is that this bill will result in a substantial increase in cost to the consumers of diary products.

But that is not the whole story. The fact is it would also increase Government costs.

Mr. Speaker, in evaluating this so-called Emergency Act, I would simply like to ask my colleagues:

Does it make sense to increase dairy price supports—in any amount—when consumers are already rebelling over the price of milk?

Does it make sense to increase those supports when the inevitable result will simply be to move more butter, cheese, and nonfat dry milk into Government stocks?

Does it make sense to increase loan levels on cotton when to do so will immediately price that crop out of the world market? In the 1973 farm bill, we very properly tied cotton loan levels to the world market; now we are about to untie them, and make it impossible for us to compete. Does not that seem a bit illogical?

Does it make sense to increase cotton loan levels, just so the big cotton farmers do not get caught by the $20,000 payment limitation we enacted in 1973?

Does it make sense to pass a bill that is going to stick the U.S. taxpayer with a multibillion-dollar price tag 2 or 3 years down the road? The proponents say, of course, that it is only a 1-year bill, but do you really think this body will permit those target prices and loan levels to go down next year? Of course, not. We will be asked to raise them again a year from now.

Does it really make sense to establish a big, attractive price umbrella for farmers in other countries? It is great for them, but not so good for our farmers—or for our balance of trade.

This creates a $4 price umbrella under which soybean growers in Brazil and elsewhere can compete with our farmers.

Does it make sense to have arbitrary loan levels, completely unrelated to world prices? What a beautiful way to destroy the $22 billion agricultural export market we have developed in the past few years. Yes, we can retain those markets even with noncompetitive loan rates, providing the taxpayers are willing to pick up the tab through export subsidies.

Does it make sense to jeopardize our competitive position in agricultural exports at the very time that high oil prices are tearing down the value of the dollar? If farm exports decline, are we prepared to pay even more for that oil, and everything else we import?

Does it make sense to raise target and loan prices on cotton when world textile markets are in a shambles and we already have too much cotton? Farmers plan now to grow less cotton this year than last, and more soybeans. This bill will undoubtedly reverse those plans. Does that make sense when we really ought to have more soybeans and less cotton? Do we really want to discourage a shift of additional land into food crops?

Are farmers ready to have the Government again tell them what, where, and how to farm? That may not happen in 1975 under this bill, but just wait another year or so.

Nationwide, grain farmers had their best years ever in 1973 and 1974. Farm income hit an all time high in 1973 and 1974 was right behind. Yet this bill includes all grain farmers, and adds soybean producers—for the first time—just for good measure. Just what is this "emergency" that grain farmers are experiencing? Is it an emergency if they do not experience an all-time high in income?

No, the bill does not make sense at all, does it? It should never have been brought to the floor and it ought to be sent back to committee.

Mr. DEL CLAWSON. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I join the gentleman in his opposition to this rule and the bill.

Ordinarily I support adoption of the rule. I think in most cases it is appropriate to amend and improve the bills. I do not think this bill can be improved, because nothing we can do on this floor is going to change the basic thrust of this bill.

I would remind many of my colleagues, especially the newer ones who were elected in the last year on the basis of protecting the consumers, to think whether they really are going to protect the consumers by adopting this bill.

Mr. DEL CLAWSON. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Speaker, I want to ask the gentleman from California a question. Is this really the same Congress which 2 weeks ago was pleading for the little guy, pleading to give him a $20 billion reduction in his income tax, and which now wants to put the boot to the consumer in raising the price of cotton and milk and everything else? Is this the same Congress? I cannot figure it out.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I would like to associate my comments with the statements of the gentleman in the well. I think it is quite well-known that I do not come from a farming area; I do represent a consumers point of view.

I feel, very truly, that the consumers will only be satisfied if we devise a fair program for the farmer. Obviously, we have to maximize production of farm materials, not only for our own consumption, but for the use of others in the world, who happen to be starving in many, many sectors of the globe.

I feel the real problem of this legislation is that it is ill-considered and ill-conceived. It will embark this Congress and this country on a treacherous policy which will be ultimately unfair to the farmer, it will be unfair to the consumer and it will be unfair to the taxpayer.

There has been wide ranges of estimates, in terms of taxpayer impact, ranging from $3 to $4 billion or $5 billion or $6 billion. We have heard the assessment of the Department of Agriculture, in terms of the impact of the dairy supports on the cost of butter, cheese, and so forth. Its projected increases are substantial.

One point that has not been raised is that the dairy section bill contains a provision which will provide and allow for a quarterly adjustment. Not only will the consumers pay more, but they will pay more on a quarterly basis, thereby passing on the increases much faster and making the burden that much greater.

It may be that increases in support levels are necessary, and I will support legislation that will give the farmer what he really needs to keep producing. The question here is how are these particular support levels in H.R. 4296 justified?

The committee has not heard from all sectors of the economy which will be affected by higher supports. I do not believe that we can legislate equitably for the farmer, the taxpayer, and the consumer in the absence of data to support increases.

The fact is that the consumer's interest has not been considered by the committee, and that the long-range effects of these increases have not been charted. This is not the way to legislate a sound and fair agriculture policy.

Mr. DEL CLAWSON. Mr. Speaker, I have no further requests for time. I reserve the balance of my time, however.

Mr. SISK. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Speaker, the gentleman from New York says sugar prices have come down from a high. I remind the Members that for 20 years we had stable sugar prices in this country when the Government was negotiating contracts with the importers. Talk about the middle man—the cartel is there now, and the sugar prices are three times as high as before they defeated that sugar bill. And he was one of those who spearheaded the opposition.

How many times do the consumers have to be beat over the head before you stop taking advice like that?

We have about 200,000 jobs involved in this bill. We are supposed to be trying to find jobs. We want to keep people on the job. Farmers are canceling their farm machinery orders. They are canceling their orders for chemicals that are made in New Jersey, they are canceling their orders for the electrical motors that are made in Connecticut. They are canceling a lot of orders, because they do not have any confidence in the market. They need some insurance.

I say to the Members that the sound thing to do is to keep some people on the job, and that this involves at least 200,000 urban jobs. In addition to that, I point out this: Talking about cotton, I do not have a stalk of cotton in my district, but I know when this economy turns around that if we do not have some cotton in storage there is not going to be any for our textile mills to operate. You can bet your bottom dollar that Taiwan and the rest of textile importers are stocking up on cotton. They are going to be ready, when the economy turns around, so that they can make textiles.

In addition to that, let us examine this whole thing about this bill costing so many billions of dollars, it is the same argument used every time there is a minimum wage bill up here.

What is really important is what is fair. Even if it does cost a little more, maybe 2 more cents on a quart of milk, it is still 85 percent of what is fair, 85 percent of what the same people would get with the same investment at the same time if they had an urban job. This bill is needed to provide the confidence necessary so producers will buy inputs and provide urban jobs.

What we should aim at is what is fair.

Mr. SISK. Mr. Speaker, I yield 3 minutes to the gentleman from Montana (Mr. MELCHER).

Mr. MELCHER. Mr. Speaker, charges that this bill would drive up consumer costs of foods are highly inaccurate. What are the facts on producers' income, as compared to the prices a housewife has to pay in a supermarket as she buys her food?

The farmers' and ranchers' share of the food dollar has dropped from 50 cents and above to less than 40 cents in January of this year. The middlemen have increased their take from 50 percent to 60 percent. The price spread reports for January show that although the farm value of a pound of beef is down 21 percent, the retail price has dropped only 7 percent and the take between the farmer and the consumer has increased 21 percent, more than one-fifth.

Because it is particularly important in relation to this bill, I call attention to the fact that in the last year the farm value of wheat in the price of a loaf of white bread has dropped 24.6 percent—that is about one-fourth—but the retail price has gone up 16.9 percent, or about one-sixth. These figures, mind you, are out of the January report of the Department of Agriculture.

If we drop down to the grains loan rates in this bill, the basic cost of the food ingredient will drop also. I do not know how much, because I do not know how much the middlemen will absorb. But it is true, as we envision this bill, that if the market price for grains drops to the loan rates on grains, surely the consumer ought to be getting a better deal for food products made out of wheat or livestock and dairy products that are produced that use grains.

Mr. Speaker, I believe the wheat loans, which are the basic payments under the market for wheat producers, are much too low in this bill. If we truly want to be helpful to both the consumers and the producers, we would raise those loan rates to insure maximum production and to insure that the producer receives at least enough to cover his cost of production.

In doing so, mind you, we would reduce the exposure or the possibility of liability on the Treasury for making up the difference between the loan rates and the target prices. We would reduce Federal liability for possible Government expenditures.

Mr. Speaker, all the talk about the high cost of food and the consumer being gouged by this bill surely does not apply to the grain sections, and particularly to wheat. Certainly it does not apply to livestock and poultry, because if the loan rates are low for wheat and feed grains and prices go as low as the loan rates are in this bill, which is the basic peg or the basic bottom under the market, then surely consumers are going to get a break and they are going to get it at the expense of producers.

Mr. SISK. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. Phillip Burton).

Mr. PHILLIP BURTON. Mr. Speaker, I rise in support of the rule.

Our Democratic Party is proud of the fact that we have a rural-urban partnership. Our colleagues from the agricultural areas are now merely asking us at this juncture for one thing: An opportunity that the merits of their case can be heard and weighed. That is all that is being asked when we vote "aye" on the rule.

Tomorrow we can talk about the merits. We can talk about the fact that in the last 10 months farm labor minimum wages have gone up 50 cents an hour. Tomorrow we can talk about the time when we last listened to the siren song of the so-called consumer advocates. We can talk about the fact the sugar bill was narrowly defeated and sugar prices skyrocketed for every household in this country.

We have no apologies to make as Representatives for urban areas for seeing that economic justice is also passed on to our fellow Americans in the rural areas.

Mr. Speaker, I am known as being somewhat of an election expert. There has not been one single urban or suburban Democrat who supported the farm bill in the seven terms I have been here who has ever been defeated—I repeat—who has ever been defeated by a Republican.

Mr. Speaker, let me tell the Members something else. With this unbelievable dormant Republican attitude toward rural America, we are picking up seats by the dozens in the rural areas.

We are going to vote today to see that rural America gets a fair shake on the floor tomorrow by voting "yes" on the rule.

Mr. SISK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken.

Mr. CONTE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 369, nays 35, not voting 28, as follows:

[Roll No. 62]

YEAS—369

Abdnor
Abzug
Adams
Addabbo
Ambro
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashley
Aspin
AuCoin
Badillo
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chappell
Clausen, Don H.
Clay
Cochran
Cohen
Collins, Tex.
Conyers
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Davis
de la Garza
Delaney
Dellums
Derrick
Derwinski
Dickinson
Diggs
Dingell
Dodd
Downey
Downing
Drinan
Duncan, Tenn.
du Pont
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
English
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Fish
Fisher
Fithian
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Hefner
Heinz
Helstoski
Henderson
Hightower
Hillis
Hinshaw
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Ichord
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Landrum
Latta
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Passman
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Randall
Rees
Regula
Reuss
Rhodes
Richmond
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Studds
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Winn
Wirth
Wolff
Wright
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—35

Anderson, Calif.
Ashbrook
Bafalis
Bell
Broomfield
Clancy
Clawson, Del
Cleveland
Conable
Conlan
Conte

Devine
Early
Emery
Erlenborn
Findley
Gradison
Gude
Harrington
Heckler, Mass.
Hyde
Kelly
Lagomarsino
McClory
Madigan
Michel
Milford
O'Brien
Peyser
Quillen
Rinaldo
St Germain
Vanik
Wydler
Young, Fla.

NOT VOTING—28

Alexander
Barrett
Casey
Chisholm
Collins, Ill.
Dent
Duncan, Oreg.
Fenwick
Flood
Fraser
Hébert
Hicks
Jacobs
Lent
Mills
Nix
Rangel
Riegle
Schroeder
Skubitz
Stokes
Sullivan
Udall
Van Deerlin
Waxman
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wylie

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hébert with Mr. Duncan of Oregon.
Mr. Charles H. Wilson of California with Mrs. Chisholm.
Mr. Dent with Mrs. Fenwick.
Mr. Stokes with Mr. Flood.
Mr. Casey with Mr. Hicks.
Mrs. Collins of Illinois with Mr. Wylie.
Mr. Waxman with Mr. Van Deerlin.
Mr. Alexander with Mr. Skubitz.
Mr. Barrett with Mrs. Schroeder.
Mrs. Sullivan with Mr. Nix.
Mr. Udall with Mr. Mills.
Mr. Rangel with Mr. Lent.
Mr. Fraser with Mr. Jacobs.
Mr. Charles Wilson of Texas with Mr. Riegle.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MICHEL. Mr. Speaker, I ask unanimous consent that all Members may be permitted to revise and extend their remarks on the rule (H. Res. 310) just passed.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

REFERRAL OF H.R. 49 TO COMMITTEE ON ARMED SERVICES

The SPEAKER. Pursuant to clause 5, rule X, the bill, H.R. 49, reported today by the Committee on Interior and Insular Affairs, is referred to the Committee on Armed Services for a period ending not later than April 19, 1975. This action is taken in accordance with the rules of jurisdiction specified in rule X, clause 1, and at the request of the chairman of the Committee on Armed Services.

RESIGNATION AS MEMBER OF COMMITTEE ON SMALL BUSINESS

The SPEAKER laid before the House the following communication, which was read:

WASHINGTON, D.C.,
March 18, 1975.

Hon. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I hereby submit my resignation from the Committee on Small Business.

With best wishes,
Sincerely,

DAVE EVANS,
Member of Congress.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

RESIGNATION AS MEMBER OF COMMITTEE ON BANKING, CURRENCY AND HOUSING

The SPEAKER laid before the House the following communication, which was read:

WASHINGTON, D.C.,
March 18, 1975.

Hon. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I herewith submit my resignation from the Committee on Banking, Currency and Housing.

Sincerely,

ANDREW MAGUIRE.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

PERSONAL EXPLANATION

Mr. DENT. Mr. Speaker, due to a sore foot I have been slow in coming to the Chamber and also because one of the subway cars has been out of business for about 2 months, so I failed to make the rollcall, but if I had been here I would have voted "aye."

The SPEAKER. The gentleman's statement will appear in the RECORD, his full explanation.

ADDRESS BY PRESIDENT GERALD R. FORD AT UNIVERSITY OF NOTRE DAME

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute, and to revise and extend his remarks, and include extraneous material.)

Mr. BRADEMAS. Mr. Speaker, yesterday, March 17, 1975, together with my distinguished colleagues from Indiana, Senators VANCE HARTKE and BIRCH BAYH, I had the privilege of accompanying the President of the United States to South Bend, Ind., and the University of Notre Dame, in the congressional district I have the honor to represent.

I was pleased to have been present yesterday on the occasion of the awarding to the President at a special academic convocation of an honorary doctor of laws degree by the Reverend Theodore M. Hesburgh, C.S.C., president of the University of Notre Dame.

President Ford delivered on this occasion what, in my judgment, was a most significant and constructive address in which he stressed the importance of greater attention to moral and intellectual leadership in our country, the significant role of the universities in our national life, and the need for the United States to support humanitarian aid and development assistance to the poor countries of the world.

Mr. Speaker, because I thought the President's address at the University of Notre Dame was a splendid one, I ask unanimous consent to insert the text of it in the RECORD as well as the remarks of Father Hesburgh, the honorary degree citation, and certain newspaper reports concerning the President's appearance in Indiana.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The material referred to follows:

FATHER HESBURGH'S OPENING COMMENTS AT THE SPECIAL ACADEMIC CONVOCATION HONORING PRESIDENT GERALD R. FORD AT THE UNIVERSITY OF NOTRE DAME, MONDAY, MARCH 17, 1975

Mr. President, Dr. Ford, Governor and Mrs. Bowen, Senators Hartke and Bayh, Congressman Brademas, distinguished colleagues from 30 universities and colleges in the State of Indiana and Ohio, your Excellencies, distinguished faculty and trustees of Notre Dame and Saint Mary's, and the greatest student body on earth, Happy Saint Patrick's Day and all Blessings. Mr. President, on behalf of all these people, we welcome you to Notre Dame and we welcome you as an honored member of this Notre Dame family.

My dear friends, this occasion is perhaps more historic than most of you think, and let me say why. In the year 1836, an Indian Chief from the Potawatomi tribe centered here at the place now called Notre Dame, travelled all the way to Detroit, Michigan and there he encountered and sought out a Father Badin who was visiting with a Pere Richard who happened to be the co-founder of our guest's University, his alma mater, the University of Michigan, and also the first Catholic priest to serve in the Congress of the United States from Michigan, as did for so many years our distinguished honoree this morning. He asked Father Badin if he would come to this spot a few hundred miles away and found a school for the Indians, the Potawatomies. He came, he founded the school and a few years later, to our national disgrace, the Potawatomi Indians were driven all the way to the Osage Territory of Oklahoma, and the school died and the place remained empty. Father Badin bought most of this land at auction, several hundred acres. He deeded it to whoever would come here and found a university. And in 1842, Father Sorin arrived amid the bad weather of November, on the Feast of Saint Andrew, and with one little log cabin and a few hundred dollars in his pocket, he called this place le Universite de Notre Dame du Lac.

And that, my friends, is Faith.

May I jump from that past to this future. For the past ten years, no President of the United States, not President Johnson, not President Nixon, set foot on a first-rate university campus. I would have to say to their credit that it wasn't entirely their fault. Universities are troublesome places because they're filled with people who think otherwise. But they are also places where people think and think day and night about the values that should characterize and give meaning to human life, about the values that should characterize and give honor and vision to our nation.

To people, this place is peopled by those who desire one thing, I believe, the good life, the life of the mind, and the life of the spirit, and honor and valor. It's a sad thing when there is a gulf between the government of a country and academia, its universities and colleges. And I think it is to his eternal credit that our guest this morning, our honoree, our President, has thrown a bridge across that gulf and he's not only thrown the bridge across, he has walked across that bridge to us and we honor him for that act and for the healing of this gulf between the universities and the colleges and our government, between the religious groups in our country and our government, between so many people who felt alienated and have come to see that under this man and his healing power, we can again be one nation under God with liberty and justice for all. The last time I spoke from this podium to many of you, I told you that in behalf of hundreds of millions of Protestants and

Jews and Catholics, I had requested our President that he add to the food going to the poor of the world 2 million tons and I have to say to you that shortly after that our President in late January did allocate 2 million tons, which was far above what he had recommended. And I have to say that he not only did that now so that it could move out immediately, but he also added 2 million tons to the budget for next year to take care of any future crisis.

One last point that was mentioned in the citation and which I'm sure attracted a few hoots and hollers, which is understandable to me because I'm used to them by now, I have scars to prove it. But what I would like to say is that he did something shortly after coming in to office that I believe his predecessor would never have done. And what he did was to open up a clemency program and people say it's not a very good program, and I say, compared to what. There was a program after World War II called President Truman's Clemency Program. They looked at 15,000 people and they granted less than ten percent clemency, 1300. This program has already granted clemency to three times that number. We have more than 12,000 waiting yet to be seen and of those who have come before the program, more than 95 percent have been granted clemency. And I say compared to that, that's a good program.

I want to say for all of us, Mr. President, that we are delighted that you graced this Saint Patrick's Day by coming to our midst. I know you have something important to say to us. I know that one does not introduce the President of the United States except to say, The President of the United States.

Remarks of the President at the University of Notre Dame Convocation, University of Notre Dame Athletic and Convocation Center, March 17, 1975, South Bend, Ind.

Father Hesburgh, Governor Bowen, my goods friends and former colleagues in the Congress, Senator Birch Bayh, and Senator Hartke, Congressman John Brademas, distinguished public officials, honored faculty, members of the student body and distinguished guests—and I add our new Attorney General:

It is really a great privilege and a very high honor for me to have the opportunity of being in South Bend on the University of Notre Dame campus, but I am especially grateful for the honor that has been accorded me this morning. I really cannot express adequately my gratitude for being made a member of the Notre Dame family. I thank you very much.

I would be most remiss if I did not also express as strongly and as sincerely as I can the gratitude that all of us have in the government for the contributions that have been made, not only in the program described by Father Hesburgh, but by his many other contributions. I say to you, Father Hesburgh, thank you from the bottom of our hearts.

This has been a most exciting morning. As we were getting off the plane at the county airport, a rather amazing thing happened. Somebody asked me, "How do you get to the campus of the University of Notre Dame?" What made it so amazing—it was Father Hesburgh. (Laughter)

I especially want to thank Father Hesburgh for all he has done to make me and my party most welcome here today, and particularly for granting amnesty to the classes this morning.

It is also a rare opportunity for me to be at Notre Dame, the home of the Fighting Irish, on, of all days, St. Patrick's Day. I tried to dress appropriately and honestly, I have a green tie on. Let's face it, this is one day we can all be part of the greening of America.

As your next door neighbor from Michigan, I have always been impressed by the outstanding record of the students of the University of Notre Dame. You have always been leaders in academic achievement, in social concerns, in sports prowess, and now, once again, you are blazing new paths in the developments of new concepts in mass transportation.

Some communities have the mono-rail, some have the subway, Notre Dame has the quickie. (Laughter)

The Fighting Irish of Notre Dame have become a symbol of tenacity and determination of the American people.

But Notre Dame believes not only in might on the football field or on the basketball court, but in a spiritual response to humanity's struggles for a decent life.

I have been told many of you chose to go without a normal meal, eating only a bowl of rice to save money to help feed the world's hungry. It is heartwarming to know that students are concerned about others abroad at a time when many here at home are finding it difficult to afford an education or to get a job.

Although life is hard for many Americans, I am proud that we continue to share it with others. And that, in my opinion, is the measure of genuine compassion, and I congratulate you.

NOTRE DAME'S GREAT SPOKESMAN, FATHER HESBURGH

I am especially proud to be on a campus that looks up to God and out to humanity at a time when some are tempted to turn inward, and turn away from the problems of the world. Notre Dame's great spokesman, Father Hesburgh, is known in Washington as a non-conformist. I must admit that I do not share all of the Father's views, but he is following one non-conformist viewpoint to which I fully subscribe, and I quote, "Be not conformed to this world, but be ye transformed by the renewing of your mind, that ye may prove what is that good, and acceptable, and perfect, will of God.

To conform to apathy and pessimism is to drop out and to cop out. In that sense, I fully reject conformity. In that sense, I am a non-conformist who continues to be proud of America's partnership with other nations and who makes no apology for the United States of America.

America's goodness and America's greatness speak for themselves. I believe in this Nation and in our capacity to resolve our difficulties at home without turning our back on the rest of the world.

Let me share a personal experience. I was elected to the Congress in the aftermath of World War II. A non-partisan foreign policy was emerging at that time. America realized that politics must stop at the water's edge. Our fate was linked to the well-being of other free nations. We became the first Nation to provide others with economic assistance as a national policy. Foreign aid was an American invention or an American project of which we can be justifiably proud.

Today, as I look back, I am grateful for the opportunity to serve in our government during the third quarter of the 20th century. The past 25 years, while not perfect, were incomparably better for humanity than either of the two previous quarters of this century. There was no world war nor global depression. Major nations achieved detente. Many new nations obtained independence. There has been an explosion of hope, freedom and human progress at home as well as abroad.

AMERICA'S ROLE IN THE WORLD

America's role, considered in fair context, was a catalyst for change, for growth, and for betterment.

The Marshall Plan, unprecedented in world history, restored a war-ravaged Europe. Even earlier, United States relief and rehabilitation activities during World War II and assistance to Greece and to Turkey after the war had provided precedents and experience in America's overseas assistance.

In the same year that I came to Congress, 1949, President Truman advanced Point IV, an innovative and remarkable concept providing technical assistance to developing nations. It brought new American ideas and technology to people hitherto unable to benefit from advances in health, agriculture and education.

The Food for Peace Act, designed to use America's agricultural abundance to assist others, was a product of the Eisenhower Administration. In the late 1950s, we created the development loan program to help others help themselves. In 1961, the Congress established the Agency for International Development to consolidate and to administer the various activities and agencies. They were carrying out the will of the Congress and the President at that time.

Programs to help people in the developing countries are an expression of America's great compassion and we should be proud of them. But such aid is also part of the continuing effort to achieve an enduring structure of world peace. It is no longer a question of just the Third World. I am deeply concerned about the problems of the fourth world, the very poorest world where from 400 million to 800 million people suffer from malnutrition; where average per capita income is under $275 per year; where life expectancy is 20 years less than in the developing countries; where more than 40 percent of the children will never reach the age of five; where more than half of the population has never been to school.

Despite these problems, the economies of the developing countries have grown at an encouraging rate in the past ten years, thanks in part, I think substantial part, to American assistance. Manufacturing output increased 100 percent. Food production rose by over one-third. Enrollment in elementary schools doubled. Enrollment in secondary schools and colleges quadrupled.

TOO MUCH VIOLENCE

But population growth and increased demand collided with inflation and energy shortages. Gains in many, many instances have been wiped out. At the very time when our policy seeks to build peace with nations of different philosophies, there remains too much violence and too much threat to peace.

The Congress defined the role of foreign aid this way, and I quote from the legislation itself: "This freedom, security and prosperity of the United States are best sustained in a community of free, secure and prospering nations. Ignorance, want and despair, breed the extremism and violence which lead to aggression and subversion."

Those words, written by the Congress, I think are so accurate. If nations are to develop within this definition, they must be able to defend themselves. They must have assurances that America can be counted on to provide the means of security, their own security, as well as the means of sustenance.

People with affirmative vision of the future will not resort to violence. While we pursue a peaceful world in which there is unity and diversity, we must continue to support security against aggression and subversion. To do otherwise, in my judgment, would invite greater violence .

The United States, in this day and age, cannot avoid partnership with nations trying to improve the kind of world the children of today will face tomorrow. Recent events have demonstrated the total interdependence of all people who live on this planet.

The 1973 war in the Middle East showed that war confined to a limited region nevertheless has an economic impact, not only in South Bend, but in every corner of the world

Developing and developed countries are all part of a single interdependent economic system. This audience, I am told—and this student body includes many students from over 60 foreign countries, and I congratulate you, Father Hesburgh—let this demonstrate to all Americans that other people place a high valuation on what America has to offer. Let it demonstrate that the University of Notre Dame rejects what some call the new isolationism.

THE PROBLEM OF FOOD

Let me share with you a specific problem that Father Hesburgh mentioned in his introduction. When the World Food Conference met in Rome in the fall of 1974, I—as the newly chosen President—was faced with a very perplexing problem.

Food prices in America were over one-fifth higher than in the previous year. Food reserves, as reported by the Department of Agriculture, were dwindling. The corn crop and the other commodities were disappointing in 1974. There were concerns about higher prices among our own people.

Against this background, I was presented with several alternative estimates on how much we should spend for food for peace for those in other lands.

At the Rome conference, American spokesmen pledged that we would try our utmost to increase our food contribution, despite our own crop problems. As crop reports improved, I designated—as was mentioned by Father Hesburgh—a sum even higher than the highest option recommended to me at the time of the conference.

A factor in my own decision was your fine President, Father Hesburgh, and you should be thankful that you have a person who has such broad interests as he, as the President of your university.

A factor also in my judgment was that the program provided, and properly so, a reminder of America's moral commitment. Food for peace was increased from about $980 million to $1.6 billion. This will provide about 5.5 million tons of commodities, up from 3.3 million tons last year.

Most of the commodities will be wheat and rice, but also desperately required and also increased are blended foods used in nutritional programs for mothers and for infants.

The United States, fortunately, is no longer the only country aiding others, but we continue to lead—and we will—in providing food assistance. In 20 years of food for peace, we shipped over 245 million tons of wheat, rice and other grains, valued at roughly $23 billion.

Every American should be proud of that record. It is an illustration of the humane feeling and the generosity of the American people.

TECHNICAL ASSISTANCE TO EXPAND PRODUCTION

While food helps, only by technical assistance can emerging nations meet their needs. It has been often said, but I think it is appropriate at this time, that if a hungry man is given a fish, he can eat for one day, but if he is taught to fish, he can eat every day.

The greatest opportunity lies in expanding production in areas where production will be consumed. The world is farming only about one-half of the potential crop lands, yet there are insufficient farmer incentives in many countries, shortages of fertilizer, high fuel costs and inadequate storage and distribution systems.

The answers to the world food problem are to be found in interdependence. We can and will help other nations, but simplistic paternalism may do more harm than good. Our help must take the form of helping every nation to help itself, and we will.

I am particularly concerned about the problem of fair distribution. America believes in equality of opportunity. This Nation provides a showcase of change in providing better nutrition, education, health, to more and more people, including those who can least afford it.

Some nations have made excellent use of our assistance to develop their own capacities. Other governments are still struggling with the issue of equality of opportunity and fair distribution of life necessities.

Good world citizenship requires more than moralizing about the role others should take. It requires each nation to put its own house in order. Good American citizenship requires more than moralizations about what is wrong with the United States.

CHALLENGES

It requires personal involvement and action to bring about change. It requires voting and organizing and challenging and changing with the flexible and dynamic American political process.

Our system, by any standard, works, and will work better, and you can be a part of it.

The developing nations of the world are increasingly successful in bringing prosperity to larger numbers of their own people. In fact, the assistance we have provided these nations is not just a one-way street.

Thirty percent of U.S. exports are purchased by these developing nations, thereby obviously contributing to a better life for their people and jobs for ours. In cases where countries have the means, let them join in sharing with us, as they should.

Some have helped; others have not. We lead the way, and we will not shirk from future burdens, but all nations must cooperate in developing the world's resources.

We extend the hand of partnership and friendship to make a better world.

Another challenge facing the developing nations, as well as other nations, is to realize the need for peaceful accommodation with neighbors. An interdependent world cannot solve disputes by threat or by force.

People now and in the future depend on each other more than they sometimes realize. For example, we in America import between 50 and 100 percent of such essential minerals as cobalt, bauxite, nickel, manganese and others.

The challenge, as I see it, is for America and all other nations to take responsibility for themselves while building cooperation with each other.

The challenge is also the preservation of the freedom and dignity of the human individual throughout the world. Just as the world's nations can no longer go it alone, neither can the American people.

Woodrow Wilson said that "What we should seek to import in our colleges is not so much learning itself as the spirit of learning."

NO RESIGNATION FROM THE WORLD

Great universities that pursue truth face the challenge that confronts the entire American people. It is whether we will learn nothing from the past and return to the introversion of the 1930s, to the dangerous notion that our fate is unrelated to the fate of others.

I am convinced that Americans, however tempted to resign from the world, know deep in their heart that it cannot be done. The spirit of learning is too deeply ingrained. We know that wherever the bell tolls for freedom, it tolls for us.

The American people have responded by supplying help to needy nations. Programs, both government and the volunteer agencies, could not have been, and cannot be, reenacted without popular support. CARE and Catholic Relief Services, pioneers in Food for Peace programs, are feeding over 28 million people around the world right today. Protestant, Jewish and other groups are similarly involved at universities throughout the Nation.

Researchers seek answers to world problems. Right here in Indiana, Purdue University, scientists have made discoveries in high protein aspects of sorghum, a basic food of more than 300 million people in Asia and in Africa.

Not only the scientists at Purdue, but people throughout America, realize that no structure of world peace can endure unless the poverty question is answered. There is no safety for any nation in a hungry, ill-educated and desperate world.

TWO ARGUMENTS FOR FOREIGN AID

In a time of recession, inflation, and unemployment at home, it is argued that we can no longer afford foreign assistance. In my judgment, there are two basic arguments to the contrary.

First, foreign aid is a part of the price we must pay to achieve the kind of a world in which we want to live. Let's be frank about it. Foreign aid bolsters our diplomatic efforts for peace and for security. But secondly, and perhaps just as importantly, even with a recession, we remain the world's most affluent country and the sharing of our resources today is the right, the humane and the decent thing to do. And we will.

But just as we seek to build bridges to other nations, we must unite at home. This Administration wants better communication with the academic world and I express again my appreciation for the warmth of this reception.

But this communication must not just be a search for new technology, but for the human and spiritual qualities that enrich American life. In the future, fewer people must produce more. We must, therefore, unleash intellectual capacities to anticipate and solve our problems.

The academic world must join in the revival of fundamental American values. Let us build a new sense of pride in being an American.

Yes, you can make America what you want it to be. Think about that for just a moment, if you would. Is it really true? Yes, in my judgment, it is.

But there is a catch to it. You will never see it come true. Perhaps your children or your grandchildren will. What you can do is move America slowly, but surely, along the right direction.

Admittedly, today's America is far from perfect, but it is much closer to the America that my class of 1935 wanted than it was when I left the University of Michigan.

Today's America is a far better place than it was 40 years ago when the lingering shadows of worldwide depression were being blotted out by the darker clouds of worldwide war. My generation did not wholly save the world, obviously. But we did, to a degree, help to move it along in the right direction.

WENDELL WILLKIE OF INDIANA

We learned along the way that we are part of one world. The author of that phrase was a Hoosier, the first political candidate about whom I got personally involved enough to volunteer as a campaign worker. His name was Wendell Willkie.

Wendell Willkie, of Indiana, was never President, but he was right. He fought for what he believed in against almost impossible odds. In the last Presidential campaign before Pearl Harbor, he believed most deeply—too far ahead of his time, perhaps—that America must be part of one world. He lost the 1940 election but he helped unite America in support of the truth, which has been our non-partisan national policy since the Second World War, and I say with emphasis, there has been no third world war.

On the contrary, the prospects for long-range peace have slowly, but surely, improved.

THE TIDE OF HISTORY

Despite setbacks and current international problems, the standards of human life have been lifted almost everywhere. Yet, today, we hear another theme, that the tide of history is running against us, that America's example of American leadership is neither needed nor heeded at the present time; that we should take care of ourselves and let the rest of mankind do likewise; that our domestic difficulties dictate a splendid selfishness that runs counter to all of our religious roots, as well as to all recent experience.

We are counseled to withdraw from one world and go it alone. I have heard that song before. I am here to say I am not going to dance to it. Nor do I believe this generation of young Americans will desert their ideals for a better nation and a better world.

You can and you will help to move America along in the right direction. Hopefully, you can do a better job than the Class of 1935, but while the Classes of 1975 and 1935 are still around, we have much to learn from each other.

We can renew the old American compact of respect for the conviction of others, in faith in the decency of others. We can work to banish war and want wherever they exist. We can exalt the spirit of service and love that St. Patrick exemplified in his day.

I am not alarmed when I hear warnings that the tide of history is running against us. I do not believe it for a minute because I know where the tide of history really is—on this campus, and thousands and thousands of others in the great country, and wherever young men and women are preparing themselves to serve God and their countries and to build a better world.

You are a part of the tide of this history, and you will make it run strong and true. Of that, I am sure.

Thank you, and the top of the morning to you.

FATHER HESBURGH'S CONCLUDING REMARKS

Mr. President, on behalf of all the people here present, I want to thank you for that word of optimism in a sea of pessimism that we all wallow in today. I want to thank you for a vision because without a vision the people perish, and you above all must give our nation that vision which you gave us today.

I thank you for coming to this place to renew America's commitment of altruistic interest and help to the poorer peoples of this world. I thank you for saying that peace is the work of justice and that we will be committed to justice.

And while I cannot speak for all of the universities and colleges in America, I think I can say from what I know of them that they are behind your vision, that they will follow you to the end of the earth to bring peace with justice and that they will work with you with all the intellectual moral fiber they have, with all of their scholarship on the faculty side, with all of the idealistic enthusiasm on the student side, that together we represent 9 million people committed to a better America, and the vision which you have given us this morning is one that we are behind solidly, wholeheartedly and generously, and we thank you for giving us that vision.

CITATION OF PRESIDENT FORD

Mr. Speaker, in the citation with the honorary doctor of laws degree conferred upon him yesterday by the University of Notre Dame, President Ford was described as "a man who has come to the presidency of our country in a way in which no other man ever has."

The citation, which was read by the provost of the university, the Reverend James T. Burtchaell, C.S.C., continues:

He came by appointment, not by election.

He came not at a time of national felicity, but as the result of what he himself described as "a national nightmare."

He came not at a time which welcomed consolidation—as had his hero, Dwight David Eisenhower—but at a time in which rapid changes teases our nation's response.

He came not at a moment of national unity, but at a moment where distrust had rent our political fabric.

But this is not to say he came to us without a mandate, one far more imperative than the voting margin of his predecessor.

Nor is it to say he came to us unprepared A political descendant of the Midwestern founders of his party, he was schooled 25 years in the exacting classroom of the House of Representatives, earning a reputation for the nonpartisan virtues of honesty and candor which served him well as minority leader in five Congresses.

His style—then and now—is one of simplicity, of directness.

Wedded more to principle than to expediency, it is nonetheless a style which listens—and is open to change.

It has eschewed the notion of an imperial presidency by implying that in a democracy, it is understood that common men are called upon to do uncommon things.

It is a style which can suffer the scourge of the middle ground, which can offer a Vietnam clemency program which is destined to satisfy the strict constructionists of neither the right nor the left, but still offers and has given a way back from a limbo of alienation to thousands of young people.

His challenges are enormous. We catalogue them on the pages of today's newspaper.

Yet all of us wish him well as he continues a quest, one for which his background suits him and one which is more important than any one issue.

The man we honor today wonders, necessarily aloud, "Can politics be a healing art." And we hope with him.

BINARY CHEMICAL WEAPONS—SOME QUESTIONS

(Mr. OTTINGER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, the Chairman of the Joint Chiefs of Staff has renewed his request for funds to begin production of the new binary nerve gas system. Chairman Brown stated the Department of Defense position on chemical warfare during his recent statement on the U.S. military posture for fiscal year 1976.

The proposal to begin production of the binary chemical weapon was the subject of considerable debate in the last Congress. The Congress adopted an amendment to the military procurement appropriations bill which deleted the Defense request for similar funds in the fiscal year 1975 budget.

I am interested in our chemical warfare program, as I know many of you are, and have many questions regarding the Chairman's statement. I have written General Brown, and so that the Members may be aware of this request and the important issues involved, I am inserting the text of this letter in the RECORD.

I have also inserted in the RECORD a copy of that portion of the general's military posture statement which pertains to his chemical warfare proposals.

The letter and General Brown's posture statement follow:

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 11, 1975.
Gen. GEORGE S. BROWN, USAF,
Chairman of the Joint Chiefs of Staff, Department of Defense, the Pentagon, Washington, D.C.

DEAR GENERAL BROWN: One of the first issues to arouse my interest when began my duties with the 94th Congress was the proposed military procurement of the binary chemical munition. Perhaps this is because I was already familiar with other aspects of chemical warfare controversies in the recent past. I had assumed, from all of the news announcements concerning the problems of chemical weapons disposal, the recent Presidential signing of the Geneva Protocal, and similar developments, that we had stabilized this controversy, at least for the time being. I was somewhat surprised, therefore, to learn upon examining your recent statement on the United States Military Posture for FY 1976, that instead the Department of Defense actually was continuing to propose a complete renovation of our chemical warfare stockpiles.

I realize that the proposals discussed in your statement refer to only relatively minor initial procurement of facilities, but it is obvious that should this binary concept be approved by the Congress, the procurement would soon become a multimillion dollar program. In fact, in your same statement, you emphisize that the Navy and Air Force are already planning to initiate procurement of binaries by completing engineering development of a binary bomb. For this reason, it would be very helpful to me and to other interested Members if you would be so kind as to provide us with some additional information with regard to your recent comments.

(1) You mention in your statment on page 114 that "Since World War I, toxic chemicals have been used only against forces unable to defend against them or to retaliate in kind". One obvious implication of this remark is to support a case for the maintenance of a U.S. retaliatory capability in order to prevent the use of such weapons against U.S. forces.

Questions. Isn't it true, however that the use of chemical weapons during World War I continued even after both sides had the capability to use and did use chemical weapons against each other? Or did the use of chemical weapons cease promptly once each side secured the capability to retaliate in kind?

Isn't it also true that, in those instances of the use of chemical weapons since World War I, the nations attacked lacked nuclear weapons, modern well-equipped armies, and similar accoutrements of modern warfare? If so, how can we be so certain that it was the absence of a chemical warfare retaliatory capability that made these post World War I uses of chemical weapons a compelling advantage to the attacking nation? Further, in each of those instances, was the use of chemical warfare weapons a decisive factor in winning the wars or battles involved (and this could include our own use of tear gas and herbicides in Vietnam)?

(2) Beginning on page 117 of your statement, you point out that the forces with a poor defensive capability would be particularly vulnerable to a chemical attack and that this might require the use of a nuclear response if a chemical response could not be effectively initiated. You cite what appears to be an intelligence estimate which describes a strong Soviet defensive capability. You also describe what can only be interpreted as a reasonably certain estimate of a very strong Soviet offensive chemical weapons capability.

Questions. As I examined these pages, I was reminded that an essentially identical estimate of Soviet capabilities was discussed during Congressional hearings in the late 50's and early 60's. Why then is this 20-year-old estimate offered as the justification for the new binary weapon? This weapon does not provide us with a quantum jump in superiority. It seems strange to me that we have again become concerned about this known enemy capability only when we want to justify additional procurements of new weapons—and in this case, unlike significant advances in aircraft or other high level technologies—no real military advantage appears to accrue from the binary weapon. Certainly you do not suggest that the Soviets will attempt to gain some advantage by adoption of a similar concept if we do not? The Congress provided funds for purchasing enormous stockpiles of nerve agent in bulk; funded the construction of GB and VX nerve agent plants; and funded the procurement of a vast array of weapons which could be loaded with nerve agent. Wasn't this enough?

Of greater concern to me is the fact that you emphasize the enormous defensive capability of the Soviets immediately after you point out that the poorly prepared side is particularly vulnerable to chemical attack. You speak of being able to provide our forces with a defensive capability by FY 1981. An obvious question, particularly in view of the time factors which have been involved is: Why is it that the U.S. forces are not now equally strong defensively? Have we placed such a low priority on the production of defensive equipment that we are still unprepared after a 20-year-old estimate of such a strong emphasis by the Soviets in this area? To my knowledge, the Congress has not knowingly refused to fund a chemical warfare defense program which had been requested as essential in any Armed Forces budget.

What will be the total projected cost to secure this adequate defensive posture, year by year, for the next five years (by FY1981)? Is this cost realistic vis-a-vis the uncertain value of chemical weapons as a deterrent to the use of chemicals in a nuclear environment?

Do our field commanders disparage chemical weapons so much that they have not considered it necessary to insist on meeting defensive requirements in the past 15–20 years?

Are the costs for an adequate chemical defense so high that we cannot afford them in the priority of weapons procurement? If so, of what use is an offensive capability against an enemy prepared defensively to move in a highly mobile fashion? Do we really plan on a "trench warfare" fighting situation?

In any event, how effective, really, is any chemical retaliatory capability against an enemy which has a defense posture as strong as you have indicated? Does anyone really think that such a defensive capability would not enable a mobile enemy to move out of a toxic environment quickly and then fight in a more conventional manner? We certainly will not have the capability to maintain a continuous toxic environment in all areas, or do your war planners anticipate another "trench" war as in World War I? Wouldn't we really be forced to use nuclear weapons, whether we wanted to or not, if we desired to prevent penetration by defensively superior and well equipped forces who resorted to chemical weapons?

How effective are stockpiles of chemical weapons in the United States against a superior on-site offensive capability as you have estimated for the Soviet Union? Why aren't the Western European forces as concerned about maintaining their own deterrent capability?

(3) In your final discussions of the U.S. chemical warfare program you mention a few points of major interest with regard to the proposal to modernize the chemical stockpile. The primary aims you summarize are "to provide a stockpile in an amount consistent with requirements; allow for rapid deployment of munitions from storage to theater locations; and to provide greater employment flexibility through more variations in delivery configurations."

Questions. I thought we already had large quantities of bulk agent in storage and that the original military plan was to transfer these bulk agents into munitions as needed and as necessary to replace loaded munitions which deteriorated with age. Were our plans so inadequate that we can no longer use these bulk agents? Were our munition designs so poor that they could not be loaded in the same way to meet these requirements if they should arise?

How does the binary insure more rapid deployment of munitions from storage to theater locations? It seems to me, as an uninformed lay person, that the logistics for binaries will be more complicated than with standard chemical munitions (I recall some of those World War II stories about shipping snowshoes to the South Pacific, and the binary, as I understand it, might involve shipping two separate ingredients)? I do admit that, on the surface at least, the binaries seems to offer some degree of safety in handling, although even here some of the testimony from last year's hearings suggest that the toxicity of one of the ingredients will still make a reasonable degree of security necessary to protect the public health.

How does the binary weapon provide greater employment flexibility than existing munition concepts? We already have several tube chemical weapon munitions, several chemical bomb types, chemical spray tanks, land chemical mines, chemical rockets, and chemical warhead missile configurations. What does the binary offer that is different (understanding the reluctance of the Navy to carry GB or VX bombs on an aircraft carrier)?

(4) You stated that there are two options for modernization of our chemical stockpiles. It does seem to me, in the current economic environment, that your justification on page 120 provides insufficient consideration of the alternative of using existing stocks of bulk agents as fill in currently standardized munition configurations instead of launching into an entirely new type of chemical munition.

Questions. Granted again that the binary does offer some advantage in safety in transportation but is this really an adequate justification at this time, in view of the enormous expenditures already made for existing stocks and munition development, and the current disarmament negotiating environment, to select the binary as the route to modernization and to discard the more obvious alternative?

(5) You also mention in your closing statement on the chemical warfare program that the FY 76 budget contains a "modest request to provide the long lead time equipment and facility requirements for a binary production facility" and that the Navy has "included a request for the development of a binary bomb which also will be used by the Air Force".

Questions. I would be interested in knowing what the total cost of selecting the binary concept will be in lieu of the alternative of using existing stocks and more standard munitions. Just exactly how much money (and over what period of time) would this Nation be expected to commit to total procurement of the binary munition, destruction of existing stockpiles, and other associated factors? I have heard many figures for this estimate—none of them modest in my judgment. It is obvious from your own statement that the Armed Forces already plan on moving from the 155 mm program through an 8 inch shell procurement and now a binary bomb for Navy and Air Force. Where will it stop?

How will the hazard at existing storage sites be decreased by procurement of the binary? By destruction of current GB and VX bulk and munition stocks? Is the toxic ingredient in the binary so hazard free that there will be no further public health problem (the organophosphorous intermediate, not the alcohol)?

Is degradation of GB or VX in munitions at forward deployment areas a major constraint to continued use of existing munitions? After all, it appears that stability in munitions thus far has been measured in excess of ten years storage life.

How will we eliminate costly disposal programs by adopting the binary? I assume we would still have to destroy the stocks we now have if the binary is produced? Or do the plans call for adding the binary to existing stocks and thus increasing the size of our chemical arsenal? Or won't the binaries ever have to be destroyed?

In closing, please let me assure you that I do not ask these questions in idle curiosity. I am genuinely concerned about this proposal to prepare for the production of the binary weapon. The response from you will be of great importance in enabling me and my colleagues to properly evaluate this new request. We are searching for ways to eliminate waste in the budget; we do not want to designate resources for applications which are not essential and which are "just in case" types of requirements. This request for the binary program seems to be particularly critical at this time. We are not just committing a "few" million dollars. We are really being asked to support a decision concerning a change in a basic concept of our chemical warfare posture, and one which could cost this nation millions of dollars without appearing to improve our defensive posture in any way. I believe that we have a right to public examination of this issue in more detail.

Your cooperation in providing information on these questions, and other points which you feel may be relevant but not emphasized, would be most appreciated as soon as possible. I assure you that I will do everything in my power to see to it that this information is made available to other Members who have an interest in this issue. I also intend to advise the Members of my request to you so that you will not be confronted with too many duplicate inquiries.

Sincerely,

RICHARD L. OTTINGER,
Member of Congress.

[Selected Portion From "U.S. Military Posture for Fiscal Year 1976," by Chairman of the Joint Chiefs of Staff, Gen. George S. Brown, USAF]

CHEMICALS AND BIOLOGICAL AGENTS

The past year has been both active and productive. On 16 December 1974, the Senate gave its advice and consent to the ratification of the Convention on the Prohibition of Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and Their Destruction (BW Convention) and to the 1925 Geneva Protocol. In the BW Convention the parties undertake to develop, produce, stockpile, acquire, or retain biological agents or toxins of types or in quantities that have no justification for peaceful uses, as well as weapons, equipment, and means of delivery designed to use such agents or toxins for hostile purposes or in armed conflict.

In late 1969, after a review of our chemical and biological warfare policies, the United States renounced the use "of any form" of bacteriological or biological weapons that either kill or incapacitate. At that time, steps were taken to dispose of our existing stocks of bacteriological agents. The United States no longer possesses any such agents or munitions for deploying them. With the ratification of this convention, the

United States formally joined in an international cooperative effort to reduce the possibility of these weapons ever being used by any nation. The Joint Chiefs of Staff do not believe that the capability of waging biological warfare is essential to our deterrent posture. I believe that the ratification of this treaty will have no deleterious impact on our national security and could enhance it.

The Geneva Protocol of 1925, in effect, prohibits the "first use" of chemical and biological agents in war and is not a "non-use" treaty. The United States has now joined other militarily important countries of the world by becoming a party to this agreement. The President has renounced, as a matter of national policy, first use of herbicides in war except use for control of vegetation within US bases and installations and around their immediate defensive perimeters. He has also renounced first use in war of riot control agents except in defensive military modes to save lives. The Joint Chiefs of Staff fully participated in the interagency process leading to the President's decision and they support it.

There is a strange and sinister aura surrounding biological weapons; and although allegations of their use are many, no government and no responsible government official has ever admitted waging offensive biological warfare. However, history is replete from ancient times with examples of chemical warfare. The earliest recorded use of chemicals in military operations was in 428 BC, when the Spartans burned wood saturated with pitch and sulphur under the walls of Plataea. Since World War I, toxic chemicals have been used only against forces unable to defend against them or to retaliate in kind. It is also interesting to note that since World War I each known use of chemicals has been by a signatory to the 1925 Geneva Protocol. Therefore, we seek to maintain a chemical capability, not to violate the Protocol, but to insure compliance.

During World War II, President Roosevelt threatened the leaders of the Third Reich with immediate devastation in the event they resorted to chemical warfare. At that time, the Germans possessed massive stocks of chemical weapons, including nerve agents not found in any allied arsenal. Most historians attribute the failure to employ such weapons to a fear of overwhelming retaliation by the allies. Whatever the deterrent, "gas" was not used in World War II, although the capability was widespread among the combatants. Significant tactical advantage accrues to the user of chemical weapons because of the encumbrances of protective equipment on the defender if the user is not so encumbered. Retaliation or a capability to retaliate in kind precludes ceding any such advantage to any enemy. Should the United States be attacked on significant scale with chemicals, and lacked the ability to retaliate with chemicals to redress the situation, it could force an unwanted or premature US/Allied-initiated nuclear attack in order to prevent total defeat and a military disaster.

The USSR currently has an unsurpassed capability to conduct chemical warfare. Highly toxic chemical agents and dissemination means have been developed and standardized. There is considerable firm intelligence to support the assessment that the USSR could initiate and sustain large-scale chemical warfare either alone or with conventional or nuclear weapons. It is not possible with any reasonable degree of assurance to predict or estimate the size of the USSR's CW agent stockpile. Other evidence, however, reflects a requirement for a sizable stockpile both in bulk agent and filled munitions. The USSR's stockpile is probably more than adequate to meet its minimum requirements. The Soviet Union would have no problem producing ample supplies in the event of war.

At the present time, there are many major installations believed to be associated with the testing, production, or storage of toxic agents, munitions, and protective equipment. Neither production nor storage facilities are believed to be limiting factors. The USSR has a variety of CW agents and munitions to satisfy most operational requirements.

A review of USSR delivery systems for CW agents shows a well developed capability to employ a wide variety of effective munitions for ground, sea, or air delivery of toxic chemical agents throughout the theater. Soviet chemical personnel are distributed throughout the ground forces.

Soviet forces are considered to be the best trained and equipped in the world for operations in a toxic environment. Extensive training in CBR protective equipment is a requirement for Soviet ground, sea, and air forces and is an integral part of major military maneuvers and exercises. Soviet Armed Forces possess large quantities of a wide range of effective protective and decontamination equipment for use in a toxic environment, and new equipment which will further upgrade their operational ability continues to appear. Equipment and training for chemical, biological, and radiological protection are provided. The training and protection of forces for operation in a toxic environment allows first-use of chemical weapons by the Soviet Union with an acceptable assurance that it could defend against retaliation with chemical weapons.

Our policy is to retain a chemical warfare capability designed to deter the use of these weapons against us or our allies, and should deterrence fail, to permit us a reasonable degree of retaliation with chemical weapons. US Forces must be equipped adequately with a credible capability to deter an adversary from initiating chemical warfare, and should deterrence fail, to place the enemy under a similar severe operational constraint in order to preclude the attacker from gaining a significant tactical advantage.

A complete and viable deterrent posture includes both a defensive and offensive aspect. Definitive programs for the procurement of required quantities of standardized defensive materials have been established. By FY 1981, provided that these programs are approved, we will have the means for equipping all US forces with required defensive equipment. Research and development programs are being pursued to provide additional critical defensive equipment. Modernization of the chemical weapons stockpile is needed if the United States is to maintain a limited, but credible, capability in this area.

The primary aims of modernization are: (1) provide a stockpile in an amount consistent with requirements; (2) allow for rapid deployment of munitions from storage to theater locations; and (3) provide greater employment flexibility through more variations in delivery configurations.

Modernization of the chemical warfare deterrent/retaliatory stockpile can be accomplished by either upgrading the present stockpile within the limits of agents already available or by converting the stockpile to binary munitions. Binaries offer a feasible, economic, safe, and more desirable alternative. Modernization by developing binaries would provide the following advantages:

Limited potential hazards to areas surrounding storage sites.

Greater deployment flexibility because of the elimination of degradation of agent purity since components remain stable in storage.

Elimination of costly disposal programs when munitions become obsolete and reduced cost in government production plant facilities.

This year's budget contains a modest request to provide the long lead time equipment and facility requirements for a binary production facility.

The Navy has included a budget request for the development of a binary bomb which also will be used by the Ar Force. I urge your support for these modest modernization programs to ensure that the United States will maintain a minimum, but adequate, CW retaliatory deterrent capability.

PROJECTED SURRENDER OF U.S. CANAL ZONE CALLS FOR NATIONAL CRUSADE, SAYS CONGRESSMAN DANIEL J. FLOOD, IN SPEECH TO VETERANS OF FOREIGN WARS

The SPEAKER pro tempore. (Mr. McFall) under a previous order of the House, the gentlewoman from Missouri (Mrs. Sullivan) is recognized for 10 minutes.

Mrs. SULLIVAN. Mr. Speaker, as the headquarters city of important national organizations, Washington, D.C., is the scene of many annual meetings and conferences on matters related to national policies of the U.S. Government. Among those organizations concerned with Government policy is the Veterans of Foreign Wars of the United States—VFW—of which John J. Stang of Kansas is its commander in chief.

The program of the National Security Committee of the 1975 VFW Annual Washington Conference included a session on March 9, devoted to the Panama Canal issue. The session was presided over by Leslie M. Fry of Nevada, chairman of the committee and a former commander in chief, and attended by the leadership of the VFW and many distinguished guests, including Adm. John S. McCain, Jr., former U.S. commander in chief, Pacific; Gen. Herbert D. Vogel, eminent Army engineer with Panama Canal experience; and several congressional staff aids working with Panama Canal issues. The occasion was a memorable one. The principal address was by the most distinguished, able, and scholarly gentleman from Pennsylvania (Mr. Flood), a leading congressional authority on the interoceanic canal problem and national defense.

In his address, Congressman Flood stressed the two crucial canal issues as: First, retention of our undiluted sovereign control over the Canal Zone; and second, the major modernization of the existing Panama Canal. He ended his remarks with a moving appeal for the United States to assume its responsibilities as a great power, to meet its treaty obligations and provide for major canal modernization and, above all, to reply to demands to weaken our sovereign control over the U.S.-owned Canal Zone with a ringing, "No, no, and no—now and forever."

The Veterans of Foreign Wars are to be congratulated for this constructive and timely program. To make the indicated address available to all Members of the Congress, and the Nation at large, I quote it as part of my remarks along with the thoughtful introduction of Congressman Flood by Chairman Fry as follows:

REMARKS OF CHAIRMAN LESLIE M. FRY, INTRODUCING CONGRESSMAN FLOOD

Mr. Chairman, Commander-in-chief Stang, Members of the National Security Committee, and Guests:

Many years ago after leaving the White House, former President Theodore Roosevelt used to be an occasional house guest of a friend in Hazelton, Pennsylvania. A young grandson of his host was usually present and listened many hours to the former President describing the problems he faced in the acquisition of the Canal Zone and launching the Panama Canal. Thus inspired, the boy made T.R. his youthful ideal and is our speaker today.

What is it in his subsequent career that enables him to speak with authority about matters in an area that he has often described as our "fourth front?"

In early boyhood, he lived several years in St. Augustine, Florida, where he learned to speak Spanish before English. During his teens he traveled extensively in the Caribbean and in Central America countries. In the latter, many persons, including even the Presidents, because of his ability to speak Spanish, told him much about local history and the centuries old movement for an interoceanic canal.

Educated in both history and law at college, he had the foundation for building a most distinguished career, which has included services of unique character to both his State and Nation.

As a member of a special Congressional investigating committee in 1947, he took a leading part in exposing the mass murder of Polish Army officers at Katyn by Soviet Russia and thereby gained a deep insight into the operations of that Asiatic despotism. In the same year, he was assigned to the Sub-Committee on Defense of the House Committee on Appropriations, where he became one of the leading experts in the Congress on national defense, which includes the Panama Canal.

In 1955 when a determined effort was made by elements in the Executive Department of our government to liquidate the Panama Railroad, he played a key role in preventing it with the result that this important rail link still operates and is on a paying basis. Soon afterward he started upon a campaign to bring about the major modernization of the Panama Canal, making a series of scholarly addresses on major aspects of the subject.

Following the 1964 attempted Panamanian mob invasion of the Canal Zone and the later announcement by the President of the United States of readiness to renegotiate the Panama Canal Treaty of 1903, our speaker continued on a program aimed at protecting the vital interests of the United States on the Isthmus. His volume of addresses entitled Isthmian Canal Policy Questions, published as Ho. Doc. No. 474, 89th Congress, contains a wealth of authentic information.

In 1974, following the signing of the Kissinger-Tack agreement for the United States to surrender its sovereign control over the Canal Zone to Panama, he led in blocking that sinister move.

President Theodore Roosevelt, following the American principle of self-determination of peoples in the early 20th Century, supported the independence of Panama and gave the world the Panama Canal with enormous benefits to all Nations, with Panama as its greatest beneficiary. It is historically fitting that his young protege should become its savior.

May I now present Representative Daniel J. Flood of Pennsylvania, who will address us on this timely subject: "Projected Surrender of U.S. Canal Zone Calls for National Crusade."

PROJECTED SURRENDER OF U.S. CANAL ZONE CALLS FOR NATIONAL CRUSADE

(Address by Hon. DANIEL J. FLOOD)

Mr. Chairman, Commander-in-Chief Stang, Members of the National Security Committee, Veterans of Foreign Wars of the United States and Guests:

The Panama Canal is the strategic center of the Western Hemisphere. As foreseen by Simón Bolívar, it shortens the distances of the world and strengthens the commercial ties in Europe, the Americas and Asia. Annually transiting about 15,000 vessels from some 55 countries with about 70 percent of its traffic either originating or terminating in the United States, it is truly the jugular vein of the Americas.

On February 7, 1974, in Panama City, R.P., U.S. Secretary of State, Henry A. Kissinger, and Panamanian Foreign Minister, Juan A. Tack, without the authorization of the Congress, signed a joint statement announcing an 8-point "agreement on principles" to govern the negotiation of a new Panama Canal Treaty. When cleared of its ambiguities, fallacies, and sophistries, this Kissinger-Tack diplomatic trickery constitutes a program for an abject surrender of United States Treaty-based sovereign rights, power and authority over our most strategic water way—the Gateway to the Pacific. (Strategic Review, Vol. II (Spring 1974), pp. 34–43.)

To meet this threat to national defense, Hemispheric security and interoceanic commerce, it is essential to know certain elementary facts in Panama Canal history:

First, in 1901, the United States, in a treaty with Great Britain, undertook the long range obligation to construct, regulate and manage a trans-Isthmian canal under the rules governing the operation of the Suez Canal. (Hay-Pauncefote Treaty of 1901.)

Second, in 1902, the Congress, following the recommendations of the Isthmian Canal Commission headed by Admiral John G. Walker, one of the ablest naval officers of his time, authorized the President to acquire by treaty the "perpetual control" of a canal zone, as well as the purchase of all property in it, for the construction of an Isthmian canal and its "perpetual" operation. (Spooner Act of 1902.) This undertaking was unlike that for the then completed Suez Canal. Its construction was accomplished by Ferdinand de Lesseps under an Act of Concession from the Khedive of Egypt and it was later operated by a French company under a second Act of Concession until expropriated and nationalized in 1956 by Egypt.

Third, in 1903, the United States, after the secession of Panama from Colombia, acquired by treaty, the "grant" of sovereign rights, power and authority "in perpetuity" over the Canal's indispensably necessary protective frame, the Canal Zone, for $10,000,000. (Hay-Burns-Varilla Treaty of 1903.) In this same treaty, our country assumed the annual obligation for payment to Panama of the Panama Railroad annuity of $250,000, previously paid by that company to Colombia. That annuity, subsequently adjusted to $430,000 in the 1936 Treaty incident to the devaluation of the gold dollar, and later gratuitously supplemented under State Department appropriations, is not a "rental" for the Zone territory, as so often misstated in reference books and in the mass news media, but the agumented annuity of the railroad, the entire stock of which was purchased by the United States for canal purposes. The total annuity in 1973 was $2,095,200. The total benefits to Panama from U.S. Canal Zone sources for that year were $187,490,000, and they will increase. Though these benefits are seldom mentioned they have given Panama the highest per capita income in all of Central America and caused about one third of Panama's population to live near the Canal Zone where there is employment for Panamanians.

Fourth, after acquiring sovereign control over the Canal Zone, the United States obtained title to all privately owned land and property in it by purchase from individual owners, making the Zone our most expensive territorial acquisition, estimated in 1974 to have cost—$166,362,173. This is more than the combined costs of all other U.S. territorial extensions put together. (Congressional Record, January 17, 1975, p. H202.)

Fifth, in 1907, the U.S. Supreme Court, in a well known case, reaffirmed the validity of the title of the United States to the Canal Zone (Wilson vs. Shaw, 204, U.S. 24, at 30–35.)

Sixth, during the decade of 1904–14, the United States constructed the Panama Canal with Congressionally appropriated funds in what was the pest hole of the world and a land of endemic revolution and endless political turmoil, transforming the U.S. Zone and surrounding areas in Panama into models of tropical health and sanitation and providing an "island" of stability that has often served as a haven of refuge for Panamanian leaders seeking to escape assassination.

Seventh, under a 1914 Treaty with Colombia, ratified in 1922, the United States paid that country $25,000,000 and gave it valuable transit rights for the use of both the Canal and Panama Railroad. In return, Colombia, the sovereign of the Isthmus prior to November 3, 1903, recognized the title to both the Canal and Railroad as vested "entirely and absolutely" in the United States. (Thomson-Urrutia Treaty of April 6, 1914.)

Eighth, in 1950, the Congress, in the Panama Canal Reorganization Act, specified that the levy of tolls is subject to the terms of the three previously mentioned treaties with Great Britain, Colombia, and Panama.

Ninth, in 1974, the total U.S. investment in the canal enterprise, including its defense, from 1904 through June 30, 1974, was estimated at $6,880,370,000. (Congressional Record, Dec. 5, 1974, p. H11356.) Much of these funds, which was spent in Panama, has served to raise living standards there immeasurably.

From the above historical narration, the evidence is conclusive that the United States is not a squatter sitting on the banks of the Panama Canal but its lawful owner with full sovereign rights, power and authority over both the Canal Zone and Canal; and no amount of demagoguery or diplomatic skulduggery can alter the essential facts about what now forms a part of the coast line of the United States. Its security is just as vital to our country as the defense of the Chesapeake Bay or San Francisco Harbor; and only our undiluted sovereignty gives the United States the freedom of action essential for the canal's protection, and efficient operation.

The latest significant development in the canal situation was the submission to the President on October 29, 1974, of a report by the privately financed "commission," initially composed of 23 members and headed by Honorable Sol M. Linowitz, former U.S. Representative to the Organization of American States. Of those composing that body some 17 were members of the Council on Foreign Relations, an organization whose activities include the manipulation of U.S. foreign policy. Its ultimate objective is the creation of a "one-world socialist system" and making the United States "an official part of it." (Congressional Record, November 26, 1974, p. H11133.)

Concerning the Panama Canal, that "commission" made two recommendations. The first "strongly" supported a new canal treaty based on the February 7, 1974, Kissinger-Tack "aggrement on principles." The second urged a reduction of U.S. Government personnel in the operation and protection of the Canal, including the transfer of the U.S. Armed Forces Southern Command from the Canal Zone to the United States.

To anyone familiar with the actual problems of maintaining, operating, sanitating and defending the Canal Zone and Canal in both peace and war, such recommendations are utterly preposterous. As far as can be ascertained not one member of that "commission" or of its consultants ever bore the burden of a responsible position in the Canal organization or for its defense. To say the least, the Linowitz "commission's" report does not meet the realistic challenges involved as regards the Canal but simply supports the pro-give away policy of radical elements in the State Department and of the Secretary of State himself.

Historically, the Caribbean has always been a focal area of conflict because its location is strategic. Today, Soviet power controls Cuba, Soviet submarines prowl regularly in nearby waters, and a long-time Soviet objective is directed toward wresting control of the Panama Canal from the United States. The elements in our country, in the mass news media, and in the State Department that most loudly advocate surrender of the Canal Zone to Panama are precisely the type that urged U.S. support for Communist Mao Tse-Tung in China with the mendacious claim that he was only a mild "agrarian reformer;" and, later, urged the installation of Fidel Castro in Cuba while belittling evidence that he was a Red revolutionary. Moreover, these same forces, while condoning the demands of the pro-Soviet Panama military Government for control of the Canal Zone, are now attacking the Chilean Military Government for its overthrow in 1973 of its Marxist regime. (Washington Star-News, January 1, 1975, p. A–7.) Is not this new relation to Panama consistent with support from Washington for Mao Tse-Tung and Fidel Castro? Shall we repeat in Panama in graver degree the disasters to the world and to our own security brought about by installing Mao in China and Castro in Cuba? Do we not see the same elements in the State Department and mass news media seeking this evil result?

Certainly, we ought to learn from the experience at the Suez Canal that following the withdrawal of British troops from the Canal Zone there it did not take Egypt long to nationalize and expropriate that key waterway, with enormously harmful consequences, including two prolonged closures. We must not let such disasters occur at Panama, which is attempting to parallel the example of Egypt.

One of the crucial factors in the Panama Canal situation was the suspension in 1942 of a project for an additional set of larger locks, which was authorized in 1939 for defense purposes and to meet the then estimated traffic needs in 1970. In recent years, canal capacity in the number of vessels that can be handled has been increased by a series of symptomatic treatments, which are non-basic in character and no solution of the realistic problems involved. With the exception of the widening of Gaillard Cut from 300′ to 500′ completed in 1970, the Canal is essentially what it was in 1914!

During World War II, as a result of war experience, there was developed in the Panama Canal organization the first comprehensive proposal for the future canal derived from operating experience known as the Terminal Lake-Third Locks Plan. (U.S. Naval Institute Proceedings, March 1955, pp. 263–75.)

Attracting strong professional support from experienced engineers and navigators, including Panama Canal pilots, geologists, economists, and other experts, this proposal won the approval of President Franklin D. Roosevelt as a post war project, has been published in much official, professional and lay literature, and is now before the Congress. In addition, a total of more than $171,000,000, has been spent toward such major modernization: $95,000,000 on the enlargement of Gaillard Cut and over $76,000,000 on the suspended Third Locks Project. Most of the work so far accomplished can be utilized in the program for major modernization.

Quite significantly, this plan can be completed under existing treaty provisions and does not require the negotiation of a new treaty with Panama. These are paramount considerations and raise the question of why should the State Department negotiating for powers already possessed for "expansion and new construction." (Congressional Record, July 24, 1939, p. 9834.)

When the long overdue major modernization project is authorized, its operational, economic and other advantages to the Isthmus and to the United States as well as to interoceanic commerce, will be so obvious that current agitations in Panama will vanish like a tropical fog in the morning sun. Besides, it will provide the best canal for the transit of vessels at least cost and will be of growing importance as the needs for the transit of energy producing materials increase and the number of our naval vessels is reduced toward their pre-World War II levels. The result will be a project of lasting value and not merely a "make work" program.

One of the "hardy perennials" that always comes up whenever the canal situation receives national attention is the ancient dream idea of a so-called sea level canal. An extravagent proposal that some authorities fear could prove to be a "bottomless pit" for the money of our taxpayers, it would provide a salt water channel between the oceans. Respected marine biologists who have studied the canal question strongly oppose the "sea level" scheme as the "conservation challenge of the century" on the ground that mixing the marine life of the two oceans could have catastrophic consequences affecting the food supply of countries dependent upon fish. They also stress the dangers of infesting the Atlantic Ocean with the poisonous yellow bellied Pacific sea snake and the voracious crown of thorns starfish, which are not indigenous to the Atlantic. These animals, if once allowed to enter it, could extend as far north as Virginia and as far south as southern Brazil.

The interoceanic canal problem is now far better understood in the Congress than at any time since early in this century. In its 1973 report, the House Committee on Merchant Marine and Fisheries, after extensive studies, summarized the two key canal issues yet to be resolved as follows:

(1) Retention by the United States of its undiluted sovereign control over the Canal Zone as the absolutely necessary protective frame of the Canal; and

(2) Major modernization of the existing canal.

All other canal questions, however important, including the "sea level" proposal, the report added, are "irrelevant" and should not be allowed to confuse the program for major increase of capacity and operational improvement of the existing canal. (H. Rept. No. 92–1629, p. 36.)

Measures now before both the Senate and House call for retention of full United States sovereign control over the Canal Zone and provide for major modernization of the existing canal, which is not obsolescent but it is approaching capacity saturation. Adoption of these measures will go far toward restoring our lost prestige in Latin America and end the prolonged uncertainty and confusion that have plagued the canal question in recent years as well as clear away the Marxist clamor now emanating from the Isthmus.

In 1923, when Secretary of State Charles Evans Hughes faced a situation at Panama in many ways comparable to that faced by recent Secretaries, he called in the Panamanian Minister. Stressing that the United States and Panama were friends and must remain friends, Secretary Hughes warned the Minister that "It was an absolute futility for the Panamanian Government to expect any American administration, no matter what it was, any President or any Secretary of State, ever to surrender any part of (the) rights which the United States had acquired under the Treaty of 1903." (Foreign Relations, 1923, Vol. III, p. 684.) This is the way that our highest officials should be speaking today!

In support of such stand there is no better expression than a statement by John Bassett Moore, the eminent legal scholar of the State Department who, in early 1903 prior to the Panama Revolution of that year, made this telling point: "The United States in constructing the Canal would own it; and, after constructing it, would have the right to operate it. The ownership and control would be in their nature perpetual." (Theodore Roosevelt Papers, Letter Book XI.)

Today our position on the Isthmus has been weakened by Washington influences. As a result of laxity, indifference, and, finally, outright approval, Panamanian flags are displayed in the Canal Zone from one end to the other equal with those of the United States, even on the approach walls of the locks.

At the former U.S. Air Base at Rio Hato, which is now under Panamanian jurisdiction, Red agents come and go to and from Panama unobserved. Some of them are serving in the Panama Government. Their influence is revealed by the aggressive truculence of Panamanian officials, their increasing use of communist terms and slogans, and marked hostility toward the United States.

To illustrate the last, the Panamanian Chief of Government, Omar Torrijos, on January 12, 1975, at Santiago, Panama, stated that if negotiations fail, "We'll go to Rio Hato and train battalions of Panamanians who are convinced that if the negotiations fail, the only solution is to fight for liberation" but that "Panama would exhaust all possibilities before resorting to arms." Other such threats of violence could be cited. (Matutino, Panama, R.P., January 14, 1975.)

In the evolving Latin American picture today, the focal question is the Panama Canal. Responsible officials of the United States have announced their intention to surrender to Panama the indispensable Canal Zone that frames the Canal. The mass news media campaign in support of the give-away is well underway, and regardless of the costs or consequences.

As has been previously emphasized, there are only two basic issues: sovereignty and major modernization. Of the two, that of sovereignty is transcendent for history shows that the American people and the Congress will never approve the expenditure of huge sums on a major canal project in an area not under the sovereign control of the United States.

The present threat to the Canal Zone is not a meaningless gesture but part of the Soviet Empire's global drive for securing control of narrow waterways and strategic islands. Thus the real issue on the Ithmus is not Panamanian sovereignty over the Canal Zone versus United States sovereignty but continued undiluted U.S. sovereign control versus U.S.S.R. domination.

In meeting the current drive for world power a line has to be drawn somewhere and there is no better place to draw it than at the U.S. Canal Zone. Unless this is done we can expect more futile efforts by State Department collaborators to placate ideological hostility that can only result in the dismemberment of the Zone territory and further loss of respect for the United States throughout Latin America, with untold consequences for evil in the entire Western Hemisphere.

In support of the program to give away the Panama Canal, the mass news media have employed endless deceits. Almost daily we see the Canal Zone referred to as a "leased" territory or the annuity as a "rental," thus implying Panamanian ownership. Yet the briefest reference to Canal history establishes the fact that the Zone is as firmly a U.S. territorial possession as the Gadsden or Alaska Purchases.

The proposal of the State Department is not one for correcting a disputed boundary but for the dismantling of a constitutionally acquired U.S. territorial domain. This would be a dangerous precedent inviting demands for negotiations for the return of the Gadsden Purchase to Mexico or Alaska to Soviet Russia.

Thus the projected surrender of the U.S. Canal Zone calls for all Americans to join in a national crusade to expose all mass media deceptions and to preserve our full and undiluted sovereign control over the Isthmian Canal and its protective frame not only for interoceanic commerce but also for the security of the United States and the entire Free World.

To bring about such results and only course for the United States is to assume promptly and forthrightly its grave responsibilities as a great power, to meet our basic treaty obligations for the major increase of capacity and operational improvement of the existing Panama Canal and, above all, to reply to demands for weakening our sovereign control over the Canal Zone with a ringing no, no, no—now and forever!

A BILL TO CONFER U.S. CITIZENSHIP UPON CERTAIN ORPHANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. TSONGAS) is recognized for 5 minutes.

Mr. TSONGAS. Mr. Speaker, there are approximately 700,000 orphaned and abandoned children in South Vietnam. Many of these children were fathered by U.S. citizens during the American military presence in Indochina. Thousands of these orphans are illegitimate and abandoned. Estimates of the number of Amerasian orphans has ranged all the way from 15,000 to over 400,000. The exact number is of far less consequence than the indifference with which our Government has treated this problem.

In 1954, when the French withdrew from Vietnam, they took 4,000 French-Vietnamese children to be raised in France. Forty centers in France were established to receive and care for them. When a Vietnamese mother chose to keep her child, she received support payments until the child was 8. The French also provided educational benefits to those children who remained in Vietnam.

By contrast, the American-Vietnamese children face discrimination in Vietnam. Orphans who are half black face serious prejudice, particularly the girls, who are invariably given away. Many social workers say they will be discriminated against throughout their lives and will find it difficult to be educated, find jobs, and marry.

Pearl S. Buck has said:

> We Americans must take up our responsibility because we helped bring these children into the world.

Hundreds of American families have already overcome the administrative difficulties, the redtape, and the expense of bringing Amerasian orphans to the United States and adopting them. There are numerous families—in my district in Massachusetts alone I have heard from many—across the country who wish to adopt these children. They face a lack of official cooperation and the added difficulties of adopting an alien.

I have today introduced a bill which will confer U.S. citizenship upon these orphans who are adopted by Americans. In addition, the legislation will mandate the administration to provide for the facilitation of the adoption of such children by American families.

It is my belief that the United States bears a special responsibility to these children. At this time, when the debate rages about the extent of America's moral obligations to the people of Vietnam, can we possibly deny our obligation to these orphans?

It is important that we act now. These children are growing older. Orphanages in Vietnam are caring for some of the children, but there is a dropoff in financial and medical assistance. It has been estimated that as many as 80 percent of the children in the orphanages die of such diseases as dysentery, measles, worms, and polio. Many of the children are handicapped.

There are many tragedies of war which have been visited upon the people of Indochina. This is one of the few which we might erase. At the very least, let us in Government remove the roadblocks which confront those Americans of good will who stretch out their hands to these children.

DOLLAR CHECKOFF IS FARING WELL, BUT IS IT FAIR?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. STEIGER) is recognized for 15 minutes.

Mr. STEIGER of Wisconsin. Mr. Speaker, according to the Internal Revenue Service, nearly one in every four taxpayers is marking the dollar checkoff for election financing. I have introduced a bill that aims to give every taxpayer an equal right to change a dollar checkoff designation that he or she has filed. The legislation, H.R. 4927, is needed for several reasons.

THE IRS REGULATION

As of now, though we in Congress have never addressed this question, the Internal Revenue Service is accepting amended returns from one group of citizens and refusing them from others. Under a recent regulation, a taxpayer who has designated no contribution for the Presidential Election Campaign Fund, and who wishes to change that designation to "yes," may file an amended return on or before December 31, 1976. But all taxpayers who have checked "yes," and may want to change their decision, are denied any such right.

Next January, when we are scheduled to begin distributing the first of the Federal funds for Presidential candidates, many voters are going to be surprised at the manner in which their dollars are distributed. It is altogether possible that many, especially those in the lower and middle incomes, may want to transfer their dollar designations back to the general fund. For this reason, and because we in public office have done so little to explain the system, and because a number of well meaning groups are doing quite a bit to oversimplify it, we should be taking special care to see that all taxpayers have an equal right to change their checkoff designations.

Already two of my constituents who had marked the dollar checkoff when they filed returns for 1972 and 1973 have told me they had no idea that Congress would be writing the kind of formula for allocating their dollars that Congress approved in 1974. This complaint is legitimate. As recent as a year ago, we told the taxpayer quite flatly:

> The dollar checkoff will apply only to the general election. Presidential nominating conventions and primary campaigns will be conducted with funding from private sources just as before.

Even today the dollar checkoff promotions are less than candid with the people. We call it the Presidential Election Campaign Fund, yet we seldom tell the taxpayer that legislation has been introduced to make this fund available to every Federal candidate, including those for the House of Representatives and the U.S. Senate, and that its 25 sponsors in the Senate have expressed the belief that such a change can take effect in time for the 1976 congressional elections.

IS IT ONE-VOTER, ONE-DOLLAR?

We are telling the people they can help clean up Presidential elections, because we have given them a one-voter, one-dollar system. This is partly true. The dollar checkoff fund is a one-voter, one-dollar system when the money goes in; but it is an unequal system coming out.

This distinction will be unimportant to many taxpayers but it will be highly important to many others. It is, therefore, incumbent on us to explain the dollar checkoff system more precisely.

We in public office, and those in the accounting and legal professions who are helping taxpayers prepare their returns, should be taking the time to point out that the way we will be distributing some of their checkoff funds is through a matching formula, and that it is possible for this formula to discriminate in its treatment of voters, in the treatment of certain candidates, and in its treatment of political parties.

Briefly, the formula says that political contributions that are no larger than $250 will be matched by public funds, so long as a candidate raises $100,000—that is, $5,000 in each of 20 States. Major party candidates, however numerous, may qualify for up to $5 million in matching funds.

What is the effect of the matching formula? Unfortunately, it varies from voter to voter.

Let us say Candidate Jones has a number of friends who are fairly well-to-do. Jones can simply ask 400 people to give him $250. Perhaps 200 couples give him $500. These 200 couples, alone, enable Jones to obtain $100,000 from the U.S. Treasury.

Candidate Smith, on the other hand, has few friends who can afford $250. Before Smith can be eligible for any dollar from the checkoff fund, he or she may need to obtain $10 from 10,000 people.

It is plain that on the scales of the U.S. Government's dollar checkoff fund, a Jones supporter carries more weight than a supporter of Smith. Twenty-five times more weight, in the case just cited.

Even though the intent of the new law was to minimize the influence of large contributions, we certainly miss that goal when a couple giving $500 is moving 25 times more Treasury money to its candidate than can a couple giving $20.

The influence of the upper-income contributor is enhanced still more by the recent change in the tax law. With the increased deduction for political contributions, effective for tax years after 1974, any married couple who gives a candidate $200 can deduct it just as they would a charitable contribution. If they happen to be in the 70-percent tax bracket, as many contributors of $200 are likely to be, the cost to themselves of such a contribution would be only $60.

This means we have a situation where Mr. and Mrs. X give $200 to Candidate Jones. The dollar checkoff system matches their gift with another $200 to Jones. Mr. and Mrs. X file for the maximum deduction on their joint tax return, and they have, in effect, directed $340 of Federal money at a cost to themselves of only $60. In such a case, the U.S. Government is matching a Jones contribution on a basis of nearly 6 to 1.

EFFECTS ON THE POLITICAL PARTIES

There are other facets of the election financing law that the taxpayer should know about. Perhaps most important of these will be what the law does by way of encouraging candidates who specialize in fundraising, and what effect a proliferation of candidates may have on one or more of our political parties. Some of the side effects are hard to predict.

We can predict that if one party has a great number of candidates running for President, that party will receive an inordinately greater share of public matching funds.

Mr. Speaker, last October when we were debating the Federal Election Campaign Act amendments, I submitted for the RECORD a chart that illustrated a possible distribution of funds if the present law had been effective in 1972.

I include it again, because the chart serves to show how disproportionately the dollar checkoff funds can be distributed between the two major parties. The figures are approximate amounts, based on what was spent in the 1972 primaries:

1972 PRESIDENTIAL PRIMARY RACES

Candidate	Approximate amount spent	Government may have given	Party totals from government
Jackson	1,200,000	1,200,000	
Humphrey	4,000,000	4,000,000	
Wallace	3,000,000	3,000,000	
Muskie	7,000,000	5,000,000	
McGovern	12,000,000	5,000,000	
Chisholm	300,000	300,000	
Hartke	175,000	175,000	
Yorty	120,000	120,000	
Bayh	750,000	750,000	
Harris	330,000	330,000	
Hughes	200,000	200,000	19,875,000
Nixon	800,000	800,000	
McCloskey	750,000	750,000	
Ashbrook	350,000	350,000	1,900,000

As the chart shows, the Democratic candidates may well have received more than 10 times more public funding than the Republicans. The system is designed to favor, intentionally or not, whichever major party happens to be divided into a number of competing segments. It is cause for concern that Government financing may promote such division within the parties and result in an even more weakened party system.

In addition to considering the effect of the checkoff fund on our parties, and to realizing how few public dollars will be going to candidates as a result of donations from those with middle and lower incomes, the taxpayer may also want to know that in the event he or she does not care for either Presidential candidate nominated by the major parties in 1976, no checkoff funds will go to an independent candidate until after the general election. Then assistance goes only to independents who received at least 5 percent of the national vote.

A WORD TO TAX PREPARERS

Many labor unions, public issue groups, and some of the Nation's largest corporations are vigorously promoting the dollar checkoff. I understand that H & R Block and other accounting concerns are advising their clients that checking off will not add to the amount of their tax obligation. I hope that tax advisers are also informing their clients how other people may be able to dispose of their checkoff funds. It will not deter a checkoff from anyone who might make a $250 contribution, but it may deter a smaller giver. Whatever they may decide, the American taxpayers are looking for straight advice, and they are getting less than straight advice in the current dollar checkoff advertising.

Mr. Speaker in recent years all branches of Government have been injured by the consequences of a lack of candor with the American people. We are trying hard at many levels to rectify this situation. It is all the more incumbent on us when dealing with a matter in which the people's own political rights are most directly affected to avoid any position in which they may later feel we misled them and blocked off all possible forms of redress.

This is why I feel most strongly we should not close the door on a taxpayer who wishes to revoke a checkoff designation.

We in Congress are 535 people and we devote our time to making laws and launching programs that govern 210 million people. The only justification we have for requiring those 210 million people to obey a law they do not like, or to pay taxes to support some programs they may abhor, is the fact that the Government we represent assures every citizen an equal right with every other citizen in choosing this Government.

There are many inequalities among people, in knowledge, in wisdom, in degree of interest in public affairs, in the ability to be persuasive. Many of these inequalities cannot be affected by Government. But one thing that Government can and must do if it is to deserve the loyalty of its people is to assure that they are not unequal before the law in their right to participate in the political process.

Every action that I know of that has been taken by the Federal Government that affects that right, from the 14th amendment to the Voting Rights Act, has been in the direction of enhancing and protecting the equal rights of citizens in the political process. But the way the checkoff funds are to be distributed restricts that right to equality, and the way the Internal Revenue Service is denying revocations of the dollar checkoff designations restricts it absolutely. I ask my colleagues to join me in sponsoring H.R. 4927. It is one way of remedying these regressive measures.

REDUCTIONS IN VETERANS' PENSIONS MUST STOP

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. BURKE) is recognized for 5 minutes.

Mr. BURKE of Florida. Mr. Speaker, sometimes it seems commonsense is out of fashion in Washington. One example of this is the law passed by Congress and administered by the Veterans' Administration that causes veterans' pensions to be reduced when their social security is increased.

If it is the intention of legislators to increase social security benefits for all recipients, then it is difficult to understand why we permit a situation to exist where one group—our veterans—those men and women who have served our country in peace and war in our Armed Forces—are singled out for cuts in another source of income—their VA pensions—everytime a social security increase comes along.

In the 93d Congress an increase was passed in the income limitation on veterans' pensions which purported to allow all veterans to receive full benefit of the social security increases. However, the new limtation does not permit all veterans to receive the full benefit of social security increases. Once again, this year, I have received letters from veterans telling me of financial hardships caused by reductions in their pensions which have followed social security increases.

In the 93d Congress I introduced legislation to make certain that recipients of veterans' pension and compensation do not have the amount of such pension or compensation reduced, because of increases in monthly social security benefits. I regret that it is necessary to reintroduce this bill in the 94th Congress, I had sincerely hoped that it would be enacted by the 93d Congress. However, I am again introducing my bill today.

Under the provisions of my bill, no veteran or dependent or widow would lose their eligibility for a VA pension, or have the amount of their pension benefits reduced, because of increases in social security benefits.

Since the Veterans' Affairs Committee has indicated their intention to work on a pension reform measure during the 94th Congress, I hope that this commonsense bill will be part of any legislation that comes from the committee.

CONGRESSMAN LENT DISCLOSES 1974 FINANCIAL STATUS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LENT) is recognized for 5 minutes.

Mr. LENT. Mr. Speaker, as is my practice and because of the concern with possible conflicts of interest and the financial status of all public officials expressed by many citizens, I am pleased to disclose at this time pertinent information regarding my financial status for the year 1974. This financial disclosure follows the March 12, 1974, recommendations of the Ad Hoc Committee on Financial Disclosure of the New York State Delegation to Congress, which consists of 39 Members of the House:

(a) Sources of all non-Congressional income—law firm of Hill, Lent and Troescher, Esqs., Lynbrook, New York. I received income from the practice of law, rent, speaking honorariums, interest and dividends. I do not practice in the Federal courts or before Federal agencies.

(b) Unsecured indebtedness in excess of $1,000—None.

(c) The sources of all reimbursements for expenditures in excess of $300 per item—I had Congressional expenses not compensated for by the Federal Government of $17,774. Of this sum, $8,287 was paid out of my personal funds; $7,487 was paid out of the Fourth Congressional District Congressional Club;[*] and $2,000 was paid by the National Republican Congressional Committee.

I had additional costs of living expenses directly related to my job as Congressman, including the maintenance of living quarters in Washington, D.C., travel, et cetera, estimated at $6,800, for which I was not reimbursed. I was allowed the statutory maximum deduction of $3,000 for these living expenses on my 1974 income tax return—IRC section 162 (a). These expenses were entirely paid from personal funds:

(d) The identity of all stocks, bonds and other securities owned outright or beneficially—I own shares in three mutual funds:

(1) Scudder, Stevens & Clark Common Stock Fund.

(2) Scudder, Stevens & Clark Special Fund.

(3) Growth Industry Shares.

I own no tax-free bonds or other securities.

(e) Business entities (including partnerships, corporations, trusts and sole proprietorships), professional organizations (of a non-eleemosynary nature), and foundations in which I am a director, officer, partner, or serve in an advisory or managerial capacity—I am a partner in the law firm of Hill, Lent and Troescher, Esqs., Lynbrook, New York.

(f) I paid $11,272 in Federal and New York State income taxes for the year 1974. I have filed a report of my earnings and sources of earnings with the House Committee on Standards of Official Conduct pursuant to Rule XLIV of the House of Representatives every year I have been in Congress.

CONGRESSMAN RYAN ON AMERICA'S WORLD ROLE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. MORGAN) is recognized for 10 minutes.

Mr. MORGAN. Mr. Speaker, in a recent article for the Sunday edition of the Los Angeles Times, a valued member of the Committee on Foreign Affairs, the Honorable LEO J. RYAN, of California, made some cogent comments on the U.S. role in Southeast Asia.

In a letter to Congressman RYAN, Mr. Edwin Guthman, who is national editor of the Los Angeles Times, said it was—

> A most thoughtful article. It seems to me that one of the most lamentable developments of the past decade is that for reasons of "public relations," demogoguery or lack of candor, the political leaders of the country have been unable or unwilling to have truthful public discussion of the major issues. Then as the truth comes out, the public perceives that it has been misled and that is a principal source of the lack of confidence in government at all levels of our society. So, I am glad that you have undertaken to raise a few warning flags and I wish you well.

Like Mr. Guthman, I find Congressman RYAN's article both thoughtful and thought-provoking, and commend it to the attention of my colleagues:

[From the Los Angeles Times,
Mar. 16, 1975]

THE ANGUISH OF A LIBERAL OVER AMERICA'S WORLD ROLE

(By LEO J. RYAN)

As a card-carrying "liberal", I yield to no one in my dislike for President Nguyen Van Thieu's regime in South Vietnam or, for that matter, any other oppressive and cruel dictatorship.

Nevertheless, I am hesitant to reverse America's military aid policies of the last 25 years without plenty of forethought. In the case of South Vietnam, we must face up to one stark prospect: If we drop our level of material support, that country may well fall into Communist hands.

So, you see, I am in a quandary, and there is no easy out—certainly no shortcut to certitude.

Not long ago, I went by myself to South Vietnam to examine the issues at close range. I talked to U.S. and foreign newsmen. I talked to peasants in the fields and to religious leaders bitterly opposed to the Thieu regime. Without exception, those who oppose Thieu still wanted U.S. military assistance.

At the same time, what they all feared was a North Vietnamese takeover, for they agreed that Communist rule would result in much harsher control, leading to the shooting or imprisonment of tens of thousands of South Vietnamese citizens.

Upon my return, I wrote a report for the House Foreign Affairs Committee. In it, I suggested support for the requested $300 million in additional aid because, in my view, this new and "liberal" Congress should take at least the first six months to examine where the truth may lie. To vote on continued aid for South Vietnam over the next few years without having Congress examine the matter thoroughly—and its implications over the long haul—would be to invoke the "herd instinct" approach of the past. Those who are in support of South Vietnam are Hawks or conservatives, those opposed are Doves or liberals.

The decision to be made by Congress should transcend easy labels. It is not simply $300 million for South Vietnam. The question is whether to continue funding military resistance in a country that requests our help against outside attack by a Communist government. We have followed the policy of acceding to such requests for a quarter century. My main concern is to get as many members of Congress as possible to understand the gravity of reversing this policy.

I myself may be ready to change my attitude about supporting non-Communist nations under Communist attack. I find that the Communist governments of Poland or Romania, for example, are not much harsher than the non-Communist governments of Chile or Brazil. Perhaps the line between Communist and non-Communist has been blurred or dulled over the past 25 years.

So it may be time for the United States to recognize this fact. If Congress agrees, there would be profound consequences for all of us in the years ahead. The decision should be made neither hastily nor lightly. and in reaching it we should discard all shibboleths.

As a liberal, I supported Richard Nixon's impeachment. I voted to end the bombing in Cambodia. I voted against the nomination of Nelson Rockefeller for Vice President. I opposed the nomination of Gerald Ford for Vice President. I voted to abolish the House Internal Security Committee. I voted for the Bolling Report to alter the seniority system.

But I am a troubled liberal when it comes to adopting a new role on the world stage. One reason is my fear that some in the liberal "herd" may not even recognize the need for a consistent policy. Perhaps we could save $300 million this year in Vietnam and $1.3 billion next year and billions of dollars more after that by getting out of Vietnam completely. But once we reverse the principle of involvement—a principle first established by Harry S Truman—we must also face the question of getting out of South Korea, where we have 40,000 soldiers in a country armed to the teeth against a potential Communist invader of approximately the same size and strength that threatens South Vietnam.

Perhaps we should also get out of Taiwan, which faces less potential danger than do the 18 million citizens of South Vietnam. Perhaps too, we should get out of Germany, where troops and military assistance cost billions each year.

So the decision is of wide-ranging importance and worth wide discussion. Perhaps the tens of billions of dollars being spent each year to combat Communism are allocated under assumptions that have been overtaken by time. Surely that kind of money could relieve much misery and suffering here at home and around the world.

I am also worried about how the liberal "herd" may react after South Vietnam is overrun. Will we be as hotly incensed by wholesale arrests and executions by the North Vietnamese as we are by the right-wing atrocities of the military junta in Chile, or by the well-publicized obscenities perpetrated upon the Korean people by the Park regime in Korea?

To me, as a professed liberal, the principle we need to follow is this: to support freedom of the individual against enslavement wherever we find it. In a world where that principle appears and disappears regularly within countries that we help support, we should be much more aware of situations as they change and much less sensitive to the "herd instinct" so rampant in American politics.

Congress should conform to a policy which follows an idea, not a label. It should follow and support the principle of freedom for people, but not necessarily continuing support for specific people in charge of a government at any given time.

So I think we need a breathing spell to collect our thoughts and chart a course, irrespective of what labels might be applied to the final decision. We have had quite enough name-calling in the past decade, quite enough shouting and shooting, quite enough mindless attitudinizing.

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[*] The Congressional Club consists of individuals who pay annual dues of $100 each to maintain a fund used exclusively to help me defray the cost of newsletters, reports and questionnaires sent to constituents, and to pay travel, dues, office, telephone, community relations, and other expenses directly related to my job as Congressman. The proceeds of this fund were included as income on my 1974 income tax returns, and the amounts expended were deducted as official Congressional expenses, pursuant to 1973 I.R.S. Rev. Rul. No. 73-356.

What we need to do now is, as a people, formulate a coherent way of viewing America's world role, not just for this year, but for the next quarter century.

Of all my fears, the worst is this: that we have become so mired in sloganeering that belief in principle now is confined to a handful of philosophers and, perhaps, to a few college students not yet deafened by the din.

FLAMMABLE FABRICS ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 10 minutes.

Mr. JONES of North Carolina. Mr. Speaker, it has recently come to my attention that some manufacturers of upholstered furniture have been circulating here in Congress a proposed amendment to the Flammable Fabrics Act. This legislative proposal is part of a larger public relations campaign being conducted by these same manufacturers, designed to eliminate the manufacturers' responsibility for cooperating in establishing reasonable flammability standards designed to decrease the incidence of upholstered furniture fires in the home. This obstructionist effort by the furniture industry is of particular concern to me, since it involves attempting to find a scapegoat to avoid facing their own problem, a scapegoat that in this case is the tobacco industry.

The furniture manufacturers, instead of meeting their responsibilities for their own products, propose to amend the Flammable Fabrics Act to divert the Consumer Product Safety Commission's attention from the flammable fabrics themselves to a variety of other asserted causes of fabric fires. In this regard, I call attention to a statement by Gary K. Schroeder, president of the National Association of Furniture Manufacturers, Inc., made in Chicago in early January and reported in the Chicago Tribune of January 9, 1975. Mr. Schroeder stated that he thinks the required health warning on cigarette packs should be expanded to state that cigarette smoking "could cause death or loss of home from upholstery fires."

The proposed legislation and the calculated public relations campaign of which it is a part raise serious issues of legislative and regulatory policy. I would like to address these issues briefly.

As to the proposed legislation, let me say at the outset that I for one do not know what would be a proper flammability regulation for upholstered furniture. It may be, for instance, that the wisest course is to prohibit the use of certain fabrics. Alternatively, it may be, for instance, that the wisest course is to prohibit the use of certain fabrics. Alternatively, it may be sufficient to treat all fabrics chemically. Certainly there is ample textile and chemical technology right in the State of North Carolina to make such treatment feasible. But no matter what is the wisest form of regulation, it seems to me a regulation concerned with prevention of upholstered furniture fires must be directed to upholstered furniture. By contrast, the furniture manufacturers have proposed legislation that would empower—indeed direct—the Consumer Product Safety Commission to look under every rock and behind every tree for "causes" of a particular type of fire, to assess which "cause" to regulate, and to fashion standards regulating these "causes" in varying degrees.

This approach, as I understand it, depends upon the furniture manufacturers' notions about the cause and effect of fires. I do not wish here, and indeed I am not qualified to discuss the philosophical notions of cause and effect. Thus, I would not attempt to answer the question whether a fire is "caused by" the fuel that burns or by the source that ignites that fuel, a riddle akin to that of the chicken and the egg. It does not take a philosopher to see, however, that if we should attempt to regulate the various possible causes of furniture fires, instead of the furniture itself, we will just be opening up a large administratve can of worms. And it does not take a prophet to predict that the resulting confusion of the regulatory process would lead, not to beneficial regulations for the protection of the public, but to chaos that benefits no one.

The Consumer Products Safety Commission is concerned with standards for many different fabrics used in many different ways. The oldest such standard, of course, applies to clothing textiles. In addition, the Commission has promulgated or is considering standards for rugs and carpets, children's sleepwear and mattresses. What would have been the consequence had the Commission been directed to consider not a standard for the flammability of rugs or carpets or children's sleepwear, but a general survey of the possible causes of fires in which such articles are involved? Would the Commission have had to undertake a long and rambling consideration of the design of fireplaces, the relationship of which to carpet fires is obvious? As to all of the standards, would the Commission have been subjected to endless debate as to the merits of stove design, or of the wisdom of allowing portable electric heaters and other appliances to be sold and used by the public? I do not know. But I am sure that some or all of these standards, which are so difficult to formulate as it is, would not yet be on the books had we opened up the pandora's box the furniture manufacturers would have us open with their legislative proposal.

Leaving aside the unfortunate consequences of the proposed legislation, let me turn to what is perhaps the more serious concern with this whole business; that is, its implications for the character of American business. We have traditionally been a country which did not rely on excuses, and we have not achieved our present standard of living by avoiding challenge or responsibility. To be sure, the furniture manufacturers, just as many industries before them, now face a challenge. But as those others have done, they must face this challenge squarely and with integrity, and not look for a scapegoat.

Fortunately for the furniture industry, they have a good example to follow. I refer to the case of the mattress industry, which has recently cooperated with the Consumer Product Safety Commission in setting a flammability standard for mattresses. Faced with the very same problem the furniture industry is now confronting, the mattress manufacturers did not attempt to slough responsibility off on other industries, or to plead that the Government should look beyond mattresses to a variety of other alleged "causes" of fires.

Instead, they acknowledged their duty to the public, sat down with the Consumer Product Safety Commission, and its predecessor, the Department of Commerce, and worked out a viable flammability standard for bedding. Commenting upon this experience, and urging the furniture manufacturers to shoulder their responsibilities to the public, the vice president of one major mattress manufacturer has written:

> The mattress industry found Government to be firm but fair.
>
> In being firm, they were insisting on protection for the consumer consistent with the hazards that were present. They were fair in the sense that they cooperated to the maximum extent in terms of assistance in the development of a standard that was realistic and in line with the technical and financial capabilities of the mattress business. My hat is off to the Department of Commerce and to the CPSC for a job well done.

I urge the furniture manufacturers to adopt this same commendable position and to get about the business not of obstructing regulation in the public interest, but of encouraging and cooperating in the development of such regulation. Their present posture certainly does credit neither to them nor to American business as a whole. And in this day of often justified consumer hostility to American business, it is incumbent upon every businessman to assume his obligations to his customers without hesitation.

In conclusion, it seems to me that the effort by the furniture manufacturers to amend the Flammable Fabrics Act and their extensive public relations campaign, if given effect, would lead to an undesirable regulatory atmosphere that would pose many obstacles to the protection of the consumer, and to the proper functioning of our governmental agencies. And, perhaps more alarmingly, if adopted by other industries the furniture industry's attitude toward its responsibility to the public would signal a saddening change in the way that American business has faced and met challenges, and must continue to, if it is to survive.

CONGRESSIONAL SUPPORT OF ISRAEL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BINGHAM) is recognized for 5 minutes.

Mr. BINGHAM. Mr. Speaker, some of my constituents have recently expressed concern that support for Israel in the U.S. Congress may be eroding. I cannot say for certain that this will not happen in the future, but it has not happened yet. As a longtime Israeliphile myself, I am proud of the record of the U.S. Congress in providing moral and concrete support for Israel over the years.

My first exposure to the feelings of Congress came during the 6-day war of 1967. Each day a high-ranking State Department official provided us with an up-to-the-minute briefing on the progress of the war. I was struck by the large attendance at these briefings and by the fact that, without exception, the Congressmen present were applauding Israel's dramatic successes.

During the years following the 1967 war, the United States became the principal supplier of Israeli arms, France under DeGaulle having treacherously abandoned her erstwhile ally. The Congress responded favorably to the administration's requests for necessary legislation to authorize the sale of arms for cash or on credit.

In 1972 a bill was introduced by Senator Muskie in the Senate and by me in the House authorizing $85 million in aid to Israel to help in the absorption of refugees from the Soviet Union. Although the Nixon administration did not support this bill, the Congress responded favorably and it was enacted into law. This aid program has continued to date. In the foreign aid appropriation bill just passed by the House, $35 million is provided for this purpose for the present fiscal year. I worked closely with the chairman of the subcommittee concerned to make sure that this amount would be included in spite of the fact that the numbers of Soviet refugees arriving in Israel has markedly declined.

Another striking example of congressional response to Israeli needs occurred in 1973, right after the Yom Kippur war. In accordance with an Israeli request, the administration asked Congress for $2.2 billion in military aid to Israel. With remarkable speed the Congress authorized and appropriated the entire amount at a time when foreign aid generally was most unpopular—as it is today.

Last year, after Secretary Kissinger's successes in negotiating disengagement agreements on the Sinai and Golan fronts, the administration asked the Congress to authorize up to $250 million in economic aid for Egypt and up to $100 million for a special fund which it was understood might be used for aid to Syria. The Foreign Affairs Committee, on which I serve, was willing to go along with these requests, for reasons which I shall describe below, but insisted that Israel should have at least as much economic aid as Egypt. Thus the committee increased the administration's figure for economic aid to Israel from $50 million to $250 million. The committee also decided that of the $300 million in military sales credits for Israel in the bill, $100 million should be in grant aid.

In the Senate, the economic aid to Israel was further increased to $324.5 million. This figure was accepted by the House, and survived intact in the appropriation bill just passed.

Another illustration of congressional support for Israel was provided when the foreign aid authorization bill was before the House last December: The House overwhelmingly approved an amendment I offered to stop any further U.S. payments to the United Nations Educational, Scientific, and Cultural Organization—UNESCO—until that body reverses the blatantly political actions taken against Israel.

The Congress is also currently very concerned about the intensification of the Arab boycott against Israel, and various legislative proposals are being discussed. As chairman of the newly formed Subcommittee on International Trade and Commerce of the House Foreign Affairs Committee, I recently held three hearings on the boycott, with witnesses from leading Jewish organizations, from the financial world, and from the four executive departments principally concerned. Following these hearings, I introduced a bill, with the support of all but one of my subcommittee members, which would prohibit American banks and businesses from cooperating in any way with the boycott. This would put teeth in the law first enacted in 1965 in which businesses were encouraged not to cooperate with the boycott. I am hopeful that we will be able to push this bill through the Congress this year.

As this is written, Secretary Kissinger is struggling to achieve a further step toward peace between Israel and Egypt and to persuade Syria's Assad not to torpedo the negotiations. It is the administration's view—and presumably also that of the Israeli Government—that a new agreement in the Sinai will not only tend to turn Egypt away from thoughts of another war but will provide a momentum towards further agreements leading toward a real peace.

In this situation, the administration has argued strongly that it is important for the United States to be in a position to provide substantial economic aid to the Arab States concerned. Egypt in particular has demonstrated a desire not to be dependent on the Soviet Union, but the United States cannot encourage this desire and respond to it with empty hands. The Congress, although not at all happy about providing aid to Israel's enemies, has been persuaded by these arguments. The feeling is that, if there is a chance that such aid will help bring peace in the area, that chance should be taken.

Obviously, however, peace is not just around the corner, and for years to come Israel is going to require substantial help from the United States. It is understood, for example, that for the coming fiscal year the Israelis have asked for $2.5 billion in economic aid. The administration has not yet passed on this request to the Congress and may recommend a smaller sum.

What will the Congress do? There are a number of Members like myself who will insist that Israel must have what she needs to survive economically and to be able to negotiate with the Arabs from a position of strength. This group will be prepared to back whatever decisions the Israelis feel they must make to assure their survival.

Unfortunately, however, this group does not comprise a majority of the Congress. While up to now, as I have pointed out, the majority has indeed provided Israel with all necessary help, I am worried that this support may be eroded in the future if Israel gives the impression of being intransigent. The Israelis themselves, are aware of this danger and will have to take it into account as they reach their decisions.

While the situation is grim, I am confident that, with the same courage and ingenuity they have shown before in overcoming seemingly impossible obstacles, the Israelis, with our help, will find their way through to a secure and exciting future.

CREATION OF A SELECT COMMITTEE ON ENERGY RESERVES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. Hughes) is recognized for 5 minutes.

Mr. HUGHES. Mr. Speaker, today I am introducing a resolution along with 11 cosponsors which will create a Select Committee on Energy Reserves.

It is the intent of this legislation to ascertain a precise and complete knowledge of domestic energy reserves. This committee will study natural gas and petroleum reserves by conducting hearings and employing independent geologists and field investigators to determine the impact of reserves on the present distribution and supply of these commodities as well as pricing policy. The committee will also address itself to the other questions of the possibility of unreported reserves and the potential of newly discovered reserves.

It is my firm conviction that the information gathered from this study will be vital in two regards. First, persistent rumors that supplies are being withheld by the major oil companies will be investigated. Second, since the data gleaned from the committee's work will not be a reiteration of industry figures but reliable and independent facts, a sure and invaluable base upon which a more enlightened energy policy can be built will result by the adoption of this resolution.

If the Congress and the Nation are to intelligently consider the various proposals to deal with the energy situation, solid nonindustry sources of data are crucial. It makes little sense to project either short- or long-range energy programs when the Government merely parrots the disputable industry reserve estimates.

On a related matter, Mr. Speaker, this Sunday we learned of a possible multibillion-dollar swindle at the height of the Arab oil embargo. It involved the forging of manifests, transferring of domestic oil into foreign tankers at sea for resale at a higher price in the United States, and even the participation of organized crime in this illegal profit scheme.

How can we expect the American people to make sacrifices and conserve energy when such a scandal explodes in our midst.

Had Chase Manhattan Bank been held up for a billion dollars, the Federal Bureau of Investigation, State and local policemen, and the national militia would be out searching for the culprits.

A committee of Congress should be investigating how this outrageous white collar theft occurred. I would suggest that this might be an area where a select committee could conduct an inquiry and report back to the House.

For those who perpetrated this crime must not go unnamed or unpunished.

It is a particularly heinous act when you consider that people on fixed incomes—those in the lowest economic brackets—are forced through higher utility bills to pay for the illicit profits of a handful of criminals.

A copy of the resolution to create a Select Committee on Energy Reserves follows:

H. Res. 333

Resolved, That there is hereby created a select committee to be composed of fifteen members of the House of Representatives to be appointed by the Speaker, one of whom he shall designate as chairman. Any vacancy occurring in the membership of the select committee shall be filled in the same manner in which the original appointment was made.

Sec. 2. The select committee is authorized and directed to conduct a full and complete investigation and study—

(1) of the nature and extent of reported, and of actual though unreported, natural gas and petroleum reserves within the territory and waters of the United States or within the limits of the outer Continental Shelf as defined in the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a));

(2) of the potential for discovery of new reserves of natural gas and petroleum;

(3) of the relationship of such reported reserves, or of such actual though unreported reserves, to present patterns of distribution and supply, with particular regard to the impact of any difference between the reported and the actual though unreported reserves on distribution shortages and on prices;

(4) of the impact of price regulation on the discovery and reporting of such reserves, and on the production and distribution (both interstate and intrastate) of the products made from such reserves; and

(5) of the means by which the reporting of such reserves may be improved.

Sec. 3. For the purpose of carrying out this resolution the select committee, or any subcommittee thereof authorized by the select committee, is authorized—

(1) to sit and act during the present Congress at such times and places within the United States, including any Commonwealth or possession thereof, whether the House is in session, has recessed, or has adjourned;

(2) to hold such hearings, and to require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents; and

(3) to conduct or have conducted such field investigations, inspections, or examinations, as it deems necessary; except that neither the select committee nor any subcommittee thereof may sit while the House is meeting unless special leave to sit shall have been obtained from the House. Subpoenas may be issued, and inspections or examinations ordered, under the signature of the chairman of the select committee or any member of the select committee designated by him, and subpoenas may be served and orders may be acted upon by any person designated by such chairman or member, but no such inspection or examination shall be conducted other than at a reasonable time, after notice, and in a reasonable manner.

Sec. 4. The select committee shall file an interim and a final report on the results of its investigation and study, six months and one year, respectively, after the date of adoption of this resolution, together with such recommendations as it deems advisable. Any such report which is made when the House is not in session shall be filed with the Clerk of the House.

CUBA AND PANAMA CANAL: STEPS TOWARD U.S. CONQUEST

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. Flood) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, in the years since World War II much has been published about the expansion of Soviet imperialism but relatively little has been written by experienced U.S. diplomats. It was, therefore, with the highest interest that I read a recent address before the Metropolitan Club of New York by the Honorable Spruille Braden, former U.S. Ambassador to Colombia, Cuba, and Argentina, as well as former Assistant Secretary of State for American Republic Affairs.

In this address Ambassador Braden summarizes the Soviets' step-by-step strategy for conquest of the United States, gives some of the background of Fidel Castro, emphasizes the dangers in the Caribbean, defends the present military government of Chile, exposes the State Department's plan to "give away our legal ownership" of the Canal Zone and Panama Canal, and calls upon the U.S. Senate to stop this "sabotage of the United States just rights."

In this connection, attention is invited to a historic colloquy in the U.S. Senate in the Congressional Record of March 4, 1975, pages 5070–80, led by Senators Thurmond and McClellan, on the occasion of the introduction of Senate Resolution 97 opposing the projected canal giveaway. This resolution, sponsored by 37 Senators, is sufficient to block the treaty that the executive branch has planned to submit for ratification at an early date. Also in the same issue of the Congressional Record on page 5129 is a brief statement by me showing that the people of our country are overwhelmingly opposed to the projected giveaway. This opposition includes many organizations as well as individual citizens, among them the American Legion and Veterans of Foreign Wars, the DAR, and SAR, and many others. In addition, a number of the legislatures of the States, acting in their highest sovereign capacities as partes to the Federal compact, have memoralized the Congress calling upon it to reject any encroachment upon the sovereignty of the United States over the U.S. Canal Zone. An example was the resolution adopted by the Maryland Legislature, approved by the Governor of Maryland at a ceremony in Annapolis on May 31, 1974, and quoted by Senator Beall in an address to the U.S. Senate in the Congressional Record of June 3, 1974, pages 17298–17301.

As the Canal Zone sovereignty issue is one of transcendent importance for hemispheric security, I would urge all Members of the Congress interested in saving the Panama Canal who have not cosponsored one of the pending Canal Zone sovereignty resolutions to do so.

Because the indicated address by Ambassador Braden reflects the considered views of a greatly experienced U.S. diplomat gained from a lifetime of study as well as observatons while in positons of grave responsibility, I quote major parts of it:

Cuba: The Soviets' Fourth Step Toward World Conquest

(By Spruille Braden)

Through all history, from the slave revolution in Rome, through the communes in France until World War I even, the word "communism" and much less its ideology scarcely were known. But, always pretty much everywhere there have been individuals impelled by avarice, envy, some form of degeneracy, instinctive brutality or other moral turpitudes to seek undue power over mankind. They have struggled to control their own nations and, for that matter, the rest of the world. These evil people convinced of their own mental superiority over everyone else have created unbelievable human misery.

Such monstrous beings were Lenin, Trotsky and Stalin, along with their successors and followers. As they entrenched Marxism-Leninism, or communism in Russia, they boasted that they were members of the working classes. Actually, for the most part, all Communist leaders and adherents have been educated and come from the petite bourgeoisie or lower-middle-classes. They are white and not blue-shirted. Also, like the Nazis, they call their shots in advance.

Lenin and his successors in Russia, China and elsewhere openly declare: "There is no peace, but merely a respite in war." Dimitri Manuilisky, speaking for the Communist party in 1931, said: "War to the hilt is inevitable . . . our time will come . . . we shall need the element of surprise. The bourgeoisie will have to be put to sleep. So we shall begin by launching the most spectacular peace movement on record.

"There will be electrifying overtures and unheard-of concessions . . . capitalist countries, stupid and decadent, will rejoice to cooperate in their own destruction. They will leap at another chance to be friends. As soon as their guard is down, we shall smash them with our clenched fist."

The United States and its true allies for years ignored all these and many more advance warnings given by the Communists. Instead, during the 1950s, '60s and into the '70s we prattled about "peaceful co-existence" with the Russian, Chinese and other Communist governments.

Of late, we have called it "detente." To prove our sincerity and good faith, we dangerously have permitted the Soviet military to leap ahead of us on land, sea and in the air. Defense in space perhaps is the sole opportunity left to us. How credulous and self-deluding can we be?

Also, we have carried our self-deception to the point where despite the unfortunate history and death of the League of Nations, the U.S.A. for 30 years has supported the United Nations in every possible way. At the same time we have bowed to and even abetted Russian, Chinese and other Communist activities and intrigues within that body. As Ambassador Scali told the U.N. Assembly last week, the American public is rapidly losing faith in the U.N. I never had any from the day it was born in San Francisco.

Lenin's step-by-step program for conquest of the U.S.A. was first to render secure the Soviets' western borders through the control of Latvia, Estonia, Lithuania, Poland, and other Eastern European states.

Second, to gain control of the Far East as has been done through Mao in China and others in northern Korea and Vietnam. These subversive attacks continue against India, Indonesia, the Philippines and elsewhere.

Third, to gain control of Africa. With this would go the Mediterranean and Indian oceans and eventually, as the Communists hope, all waterways, such as the Suez and Panama canals.

Fourth, gradually to subject all of Latin America to Communist rule.

Fifth, Lenin bragged that in this way the United States, completely surrounded, would be an easy prey. As he put it, "The imperialists will weave the rope with which we shall hang them."

Passing to another phase of Communist expansionism, my observations through the years since the early '20s and later in my first-hand encounters with the Communists—officially, individually and collectively—have convinced me that the one thing above all else they fear is physical force greater than their own.

Also, in dealings with them, it is imperative resolutely to demonstrate that one holds the winning cards; otherwise he will be beaten before he starts.

The Communists began early, but largely ineffectually in Latin America, excepting for such cases as the Communist-provoked 1931 revolution in El Salvador which cost 25,000 lives. At about that time there were uprisings in Chile, including a mutiny on the Chilean dreadnaught *Latorre* which had to be suppressed by the Chilean Air Force bombing.

Later came the brief Communist control of Guatemala. It was defeated by President Tacho Somoza of Nicaragua, in the end assisted by the United States. During the '50s there were eight Communist enclaves established in the Republic of Colombia of which only one or two now are left. But at the time they resisted any invasion by Colombian armed forces. Most of the afore-described activities probably were written off as exploratory probing.

The triumphant opportunity for installing communism in Cuba arose because Fidel Castro was made to order for Soviet purposes. He was lower-middle-class, well-educated, brutal, ruthless and with an overwhelming ambition for power. He took lessons in communism at the Soviet Legation. Even as a student in the university, he personally murdered two men on the streets of Havana, one of them a rival for the presidency of the student federation.

Two influences mainly contributed to Castro and the Communists in seizing control.

First, during the Spanish occupation of Cuba, every official sent from Spain, from the governor-general down, came with the hope of accumulating such fortune as to enable him to return to his homeland with sufficient wealth either to buy a title and/or at least to live in relative luxury.

The commerce of Cuba was controlled by Spanish merchants. The sugar industry was United States-owned. Accordingly, when the Cubans, assisted by Washington, won their independence, they necessarily took over the government and logically followed in the corrupt footsteps of the Spaniards.

It was the extortion perpetrated by the Cuban officials on American companies that induced me as ambassador to announce publicly that any United States citizen, individual or corporate, who indulged in corruption would not be received at my embassy but, on the other hand, their legitimate interests would be protected 100 percent.

By this time the Cuban people were fed up with corruption and therefore, although patriotically misguidedly, accepted Castro and his Communist fellow-travelers as saviours.

Another fact was that President Batista pursuant to the recommendations of our military, naval and air missions had bought and paid for large quantities of military hardware in the United States. Similarly, he acquired other arms for police work.

The United States government, influenced by left-wing and do-gooder elements here, suddenly refused to ship these paid-for purchases. Instead, Washington looked the other way as arms clandestinely were delivered to Castro. The clear implication for the Cuban people was that the White House was opposed to Batista while backing Castro and his cohorts.

In addition, Herbert Matthews of the New York Times was publishing column after column praising the Cuban "Robin Hood," Fidel. Before Earl Smith departed for Havana as our ambassador, the State Department instructed him to consult and abide by Matthews' advice. The latter to this day maintains that Castro was not and is not a dyed-in-the-wool Commie!

I cannot enumerate all the countless murders, tortures and other crimes perpetrated by the Castro regime when it took over on Jan. 1, 1959. Five hundred thousand Cubans fled to this country for asylum. Many were lost at sea, sunk by Cuban gunboats or returned to Cuba by our Coast Guard—a shameless breach of the freedom of the seas by us! Over $1 billion of United States property was confiscated without payment. Cuban citizens and companies lost even more in the same manner.

Castro and the Communists, guided by Russian advisers, then endeavored to stage invasions in the Dominican Republic, Venezuela, Nicaragua and Panama. Had they succeeded in the latter country, undoubtedly they would have blown up the Gatún Dam, emptying all the water from Gatún Lake. The Panama Canal would have been closed for the years necessary to rebuild the dam. Fortunately, these and other attempts at invasion were poorly planned and failed.

On the other hand, as the Soviets took over, they built two-lane highways through the huge caves underlying Cuba, brought in more than 12,000 troops in addition to Chinese, Ghananian and others. The Soviets constructed underground submarine pens which could be entered from the ocean unseen and installed a power plant and other facilities to repair submarines in Cienfuegos on the south coast.

You doubtless will recall the Bay of Pigs when we helped to train over 1,200 Cubans to invade and free their native land, but we abandoned them at the last moment to death and destruction on the beaches.

Later, in Miami, after the U.S.A. had paid a $73-million bribe to obtain the release of the prisoners taken at the Bay of Pigs, President Kennedy promised them in a speech that he would see to it that they all returned to a free Cuba. That pledge has never been kept.

Then there ensued the famous "missile crisis." For the first 36 hours President Kennedy took forthright and courageous steps, but then supinely made a secret agreement with Khrushchev that neither would we invade Cuba nor permit others to do so. The Secretary-General of the United Nations, U Thant, went to Havana and advised Castro to refuse inspection by us of the missile silos in Cuba, as had been agreed upon.

This episode is the most humiliating of our national history. The Monroe Doctrine was torn to shreds. (Parenthetically, I would observe that a former leftist president of Chile, Carlos Dávila, frankly wrote that the Monroe Doctrine was the finest piece of statesmanship and diplomacy the world ever has seen.)

Through the years the Communists have continued their attempted infiltrations of the other American republics. They succeeded to an extent in Panama, where the legitimate government of Arnulfo Arias was dislodged by a military coup under the present head of the army, Torrijos, who is at least a fellow traveler. The ministers of foreign affairs and labor are labeled as outright Communists.

Our naive statesmen in Washington have negotiated what is called the "principles" for a proposed treaty under which we would give away our entirely legal ownership, under the 1903 treaty, of the Canal Zone, including the canal itself, which cost us over $6 billion. Fortunately, there are in the Senate some 36 senators who I hope will put a stop to this sabotage of the United States' just rights.

Of course, the greatest conquest by communism after Cuba came when the Marxist Allende was able, due to the stupidity of some left-wing parties in that country to be elected president of Chile by a 36 per cent vote. By the grace of God, a Communist plot to murder all of the top army officers and other patriotic leaders was discovered in time to enable the military to throw the Communists out of their country.

Allegations have been made by the media, politicians and the usual coterie of misguided idealists and ignoramuses that the Chilean military have been guilty of much cruelty and killings. These protests mostly have been untrue. On the other hand, the army officers had to save Chile by fighting the Communists and putting an end to the latter's mass assassinations, brutalities and barbarities. They had to fight fire with fire and still do.

In Peru, a different type of military have taken over, calling themselves "nationalists," but still seizing properties owned by both Peruvian and United States citizens. Last Saturday terrorists machine-gunned the U.S.-owned Sheraton Hotel in Lima. The previous week, terrorists attacked the premier, another cabinet member and a general.

It is appropriate to observe that the misguided generosity of the U.S.A. again has led us somewhat astray. It has spent many millions to bring students from Latin America to study in our universities, which as we well know often are infested with leftist instructors. The former foreign minister of Colombia, Zuleta Angel, told me a few years ago that out of 15 fine young military officers sent to this country for postgraduate work, 13 returned home after a couple of years inculcated with communism!

Fortunately, Castro's Argentine colleague, Ché Guevara, died in a futile attempt to seize Bolivia for the Communists.

Argentina is in a mess which daily grows worse with kidnappings and murders mounting to between 100 and 200 since July 1. The so-called *Montaneros*, i.e., young Peronista Communists, have taken the lead in ruining that great country. Unless the situation is reversed, there is danger the Communists-terrorists may take over unless defeated by the army.

Excepting for Brazil, Uruguay, Nicaragua, Paraguay and now Chile, the Communist infiltration steadily progresses throughout the hemisphere.

Just last month at a meeting of the Organization of American States, a vote largely incited by Mexico, was taken to renew relations with Cuba and to invite it again to join the O.A.S. The United States abstained, as did some of our other friends in the hemisphere. Thus preventing a two-thirds vote to bring Communist Cuba back into the family of American nations.

The Soviets and their Communist satellites and stooges, increasing control over the American hemisphere, portends an extreme danger for the security of all of our nations, including the United States.

This is an extraordinary psychological development because we must remember that while the United States began the drive for freedom by insisting on our separation from Great Britain, all of the other American republics were formed for the same reason—to win independence from European or other foreign dominations or influence. Yet today many of these same republics in effect are voting for a continued permanent Communist domination of Cuba (and for that matter, of themselves) by Moscow.

An advisory committee headed by Sol Linowitz has been formed on United States-

Latin American relations. Many officers in the Department of State agree with the committee's proposal to bring Cuba back into the Organization of American States and for us in effect to give away the Panama Canal and Canal Zone.

Our naivete, not to say stupidity, in these matters rivals that of the Carthaginians when they caved in, doing nothing to protect themselves from Rome. Moreover, Mr. Linowitz and some of his commission have displayed little experience or knowledge of the nations to the south of us.

The same mistaken views were exposed by the recent visit paid by Senators Javits and Pell to Havana. In the evening of the day they arrived, Castro delivered one of his most scurrilous speeches, grossly insulting the U.S.A. and President Ford. The next night our two solons (presumably traveling at taxpayers' expense) dined with the dictator, finding him to be most amiable and charming. On their return to the banks of the Potomac, forgetting Fidel's infinite atrocities and hatred for the U.S.A., they began making motions toward establishing diplomatic relations with his regime.

Equally typical of some of our legislators was Sen. Teddy Kennedy's resolution passed last week by 46 votes to 45 proposing to prohibit the sale of arms to Chile. Thus, those patriotic Chilean citizens would be prevented from defending themselves against the Communists, who throughout have been armed by the Soviets, Czechoslovakia and Cuba.

Occasionally some of our so-called liberal senators remind me that it was said of Cato that he gave his little laws to the Roman Senate and then sat attentive to his own applause.

I trust that all of you recognizing that Lenin, Manuillusky and the other Communist leaders called their shots accurately in advance; and that, therefore, the Americas and the U.S.A. in particular are in grave peril.

HEALTH IMPLICATIONS OF SOUTH AFRICAN APARTHEID

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. DIGGS) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, I would like to insert for the thoughtful consideration of my colleagues a press release regarding a preliminary report of the World Health Organization entitled "Health Implications of Apartheid."

The text of the press release follows:

WHO REPORTS ON "HEALTH IMPLICATIONS OF APARTHEID"

(The following is reproduced as received from WHO's Liaison Office, New York.)

A report of health conditions in South Africa compiled by the World Health Organization (WHO) shows a physician to population ratio for its some 3.8 million whites that ranks among the world's best—1 to 400. By comparison, for its approximately 15 million blacks, the majority, the ratio is 1 to 44,400—among the world's worst.

For nurses, the contrast is also striking: 1 to 256 for whites, and 1 to 1,581 for blacks. The ratio for doctors and nurses for the country's other ethnic groups—its 2.5 million Asian and the so-called Colored—is somewhere in between the black and white extremes.

The disparity in the physician ratio between whites and blacks is likely to become even more pronounced in the years ahead. According to the report, in 1973, there were 15 black graduates from medical schools as compared to 440 whites.

"Before it was prevented by law from admitting African students, except by special dispensation," the report says by way of example, "the University of Witwatersrand had trained 103 African physicians. In 1973, it had only one African student."

The 13-page preliminary report is titled "Health Implications of Apartheid." * It contains a key statement from the Director-General of the WHO, Dr. Halfdan T. Mahler, namely, that he "believes the health situation of the groups discriminated against by the policy of apartheid will not be likely to improve as long as that policy exists."

The report is based on a preliminary survey of information, "as is available", from such sources as the South African Institute of Race Relations, from medical journals, and from United Nations and South African documents. It is partly based, as well, on the observations of physicians and other individuals coming from South Africa.

The survey was carried out at the suggestion of the United Nations Special Committee Against Apartheid, and presented in January to the WHO's Executive Board. It was recently transmitted to the Special Committee.

In an explanation of the reason for its reliance on the accessible data, the report states: "Although comprehensive health statistics are unavailable for South Africa as a whole, and are especially lacking for the Africans who constitute about 70 per cent of the total population, such information as is available both from official South African sources and from the South African medical literature provides sufficient evidence of massive prevalence of preventable disease and premature deaths due mainly to nutritional deficiencies and infections."

That is so because: "Apartheid results in the segregation by law of all services for the delivery of health care according to racial group—those whose need is greatest having the least access to preventive and curative facilities."

OPPOSITION TO DIFFERENTIAL PAY

The survey also reports a growing opposition on the part of South Africa's medical profession to one long-established policy, that of "differential rates of pay for physicians of different ethnic origins".

The Medical Association of South Africa (MASA), which is "predominantly white", adopted a resolution in 1968 urging "authorities to give sympathetic consideration to removing the present source of friction regarding the differential salary structure existing between white and non-white doctors". MASA, according to the report, "does not itself practise racial discrimination, and has office-holders of other ethnic groups".

In summary, the WHO report says that the health conditions of South Africa are such that they show "high standards of living and health care for the whites, and varying degrees of poverty, squalor, and disease for the remaining majority of the population". Excerpts follow:

Mental Health: More than half the African population reside in "Bantu homelands", though some 40 per cent work outside, in "white" areas where they cannot bring their families. "For the whole broken family, inability to lead a normal family life, and consciousness of being regarded and treated as inferiors, could not be other than harmful to mental health."

According to estimates, of those Africans admitted to mental hospitals, "almost two-thirds are schizophrenics, while one-sixth are suffering from toxic and exhaustion psychosis, and one-twelfth from epileptic psychosis".

Infant Mortality: Infant mortality rates are generally regarded as a good indicator of health levels. "In Johannesburg, the rates ... in 1970 were 20.26 per thousand for whites, 29.30 for Asians, 66.07 for Coloreds and 95.48 for Africans".

Maternal Mortality: According to a report of the Johannesburg health department, maternal mortality rates were 0.48 per thousand for whites, 1.91 for Asians, 0.63 for Coloreds, and 2.53 for Africans.

Life Expectancy: For whites: 64.5 years male, 72.3 female; for Asians: 59.3 male, 63.9 female; and for Coloreds: 48.8 male, 56.1 female. These are figures for 1969 through 1971 from the South African Minister of Statistics. No figures were available for the African population.

Malnutrition: "The prime cause of nutritional deficiencies is poverty, although there are other contributory factors, of which one of the most important is the migrant labor system, which results in the disruption of families.

"Moreover, in the 'homelands' to which many Africans have been compulsorily transferred, there is only 20 per cent of the total cultivable land in the country, very little irrigation, and much soil erosion.

"It has been estimated that two-thirds of Africans living in any industrial complex are living below the 'poverty datum line'."

Communicable Diseases: Tuberculosis was still a major public health problem in 1972, according to South Africa's Health Department. In 1970, for example, 54,525 cases of respiratory TB were reported among Africans—almost 70 times more than the 800 reported among whites.

In addition, health officials say, "it would appear doubtful whether the coverage of case-finding in the African population is sufficiently thorough to reflect the true prevalence of the disease". The incidence of other communicable diseases in the African population is equally difficult to determine.

However, the municipality of Cape Town reported in 1972 that the ratio of "whites to non-whites" treated for sexually-transmitted diseases was respectively 1.6 and 22.4 per thousand.

"Such a disproportion can hardly be disassociated from differences in the socio-economic and educational status of the respective groups", the report says, "and also from the rootless situation of the migrant workers living far from their wives and families, and from the social solidarity of their traditional environment".

Hospitals: "According to official statistics, there were, in 1958, 21,535 hospital beds for white patients, and 49,743 for non-whites. These figures imply that about 43 per cent of the total number of hospital beds were reserved for the white minority. . . . In other words, the least provision was made for those with the greatest needs."

A later estimate, attributed to South Africa's director of strategic planning, was that in the "white" areas, in 1972, there were some 10 hospital beds per thousand for whites, and 5.57 for "non-whites". In the "homelands", the figure was even lower, 3.48 beds.

CALIFORNIA ADOPTS AUTO EMISSION STANDARDS STRICTER THAN THOSE REQUIRED BY EXISTING LAW

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BROWN) is recognized for 5 minutes.

Mr. BROWN of California. Mr. Speaker, I wish to announce a decision that the State of California made today concerning auto emission standards in

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* Reference copies of the report are available to accredited correspondents at the Press Documents Counter, Room 390.

the State of California. Under the Clean Air Act, California has the right to set stricter auto emission standards, and the Air Resources Board exercised this option today in California. They decided to set for 1977 auto emission standards of 0.41 gm/mi for hydrocarbons; 9.0 gm/mi for carbon monoxide; and 1.5 gm/mi for nitrogen oxides. This compares with the decision by the Environmental Protection Agency a short time ago to set the 1977 national auto emission standard at 1.5 gm/mi hydrocarbons; 15.0 gm/mi carbon monoxide; and 2.0 gm/mi nitrogen oxides. The decision by the State of California is not made easily. The Air Resources Board has been giving this subject intensive review, and it has had to carefully consider the related issue of sulfate emissions from automobiles Their decision to cut the current emission standards of 0.9 gm/mi HC; 9.0 gm/mi CO; and 2.0 gm/mi NOx to those now required was made because of the need to protect the health of the citizens of California from auto emissions.

I can only say that I find it gratifying that California has decided to act in the public interest, while I am still seriously disappointed that the Federal Environmental Protection Agency has decided not to.

Because the subject of auto emissions and the Clean Air Act in general are a matter of great concern and interest to my colleagues, and because we will all be asked to act on this subject in the near future, I would like to bring an additional related item to my colleagues' attention. The new Governor of California, Edmund G. Brown, Jr., has taken an intensive interest in the issue of the Clean Air Act, and his recommendations to the Congress were transmitted to the House Subcommittee on Health and the Environment this morning.

I found the views of Governor Brown very helpful to me to understand what the Clean Air Act needs to make it accomplish its purpose. I highly recommend the testimony that was presented by Mr. William H. Lewis on behalf of Governor Brown to my colleagues.

The testimony follows:

Testimony of William H. Lewis, Special Advisor on Environmental Policy, State of California

I am Bill Lewis, representing the administration of Governor Edmund G. Brown, Jr. of California and the California Air Resources Board. The issue before you—amendment of the Clean Air Act—is of vital concern to the State of California. Governor Brown has repeatedly indicated that cleaning up the quality of the air in Southern California is one of his highest priorities. As you know, the air basins in which Los Angeles and the state's other major metropolitan areas are located are among the nation's most polluted.

We strongly support the purposes and goals embodied in the Clean Air Act. Therefore, except for possible modifications permitting extensions of the 1977 deadline for regions which cannot achieve compliance with the standards by 1977, we recommend that you do not adopt any amendments to the Act which would weaken in any way our nation's commitment to have clear air. In addition, we urge that you do not adopt any amendment which would preclude the use of any available control strategy which could be used to clean up our air.

We believe that the deadline for attaining clean air throughout the country should continue to be 1977. We recognize however that some regions may require additional time to meet the air standards if they are to avoid the serious disruptive economic effects which would result from the transportation control measures necessary to achieve compliance by 1977. Therefore, we recommend that the Act be amended to permit the granting of extensions administratively pursuant to compliance schedules which will assure attainment. The development of a compliance schedule would require the various trade-offs necessary to be made to be addressed and would permit the flexibility necessary to design control strategies which would not have disastrous economic consequences.

It is clear that one of the most cost effective and significant ways to reduce photochemical smog is by decreasing the pollutants emitted by automobiles. Governor Brown and the California Air Resources Board are particularly concerned about the recent decision of EPA Administrator Russell Train to extend the statutory vehicle emission standards for 1977 and to recommend substantially less stringent standards for the years 1977 through 1981 than now are required under the Act. Mr. Train apparently favors this substantial relaxation of the standards because of an unproved possible danger to health which might result from sulfuric acid emissions from automobiles utilizing catalytic converters, even though there exist several feasible control strategies—such as the use of three-way catalytic converters or stratified charge engines or the desulfurization of gasoline—which would minimize the possibility of any adverse effects on public health from sulfuric acid emissions.

The California Air Resources Board has concluded that following the lead of the EPA is not in the best interests of the citizens of California. Accordingly, yesterday the Board established automobile emission standards for 1977 which are more stringent than the current California standards and more stringent than the standards proposed by EPA for any year prior to 1982. These standards are .41 g./mi. for hydrocarbons, 9.0 g./mi. for carbon monoxide and 1.5 g./mi. for oxides of nitrogen. The Board is concerned about the possible health effects of sulfuric acid emissions even though it feels the potential danger has been overstated by EPA. Therefore, the Board plans to establish sulfate standards for 1977 and 1978 at its April meeting which will be designed to eliminate the possibility that sulfuric acid emissions from automobiles will pose a public health problem in California.

The Board is convinced that the technology will be available and in production quickly enough to permit the 1977 and any subsequent standards to be met without unreasonable economic consequences to the automobile manufacturers or to California automobile purchasers. On the other hand, the adverse consequences to the state's effort to clean up its air by relaxing automobile emission standards would be devastating. It must be remembered that the effects of greater emissions of pollutants from automobiles will be felt for the life of the vehicles—generally estimated to be at least 10 years on the average. To relax the standards for 1 year would mean, for example, at least a 10-year postponement in cleaning up the air in Los Angeles. Subjecting the people of Los Angeles to this future is not a satisfactory alternative.

In summary, Governor Brown and the California Air Resources Board urge you to remain vigilant in your efforts to keep the Clean Air Act from being emasculated. We think the Act should allow extensions to be granted administratively to those regions which may need additional time to meet the basic national air standards so long as those regions formulate and implement acceptable compliance schedules. But we urge that no use of any available control strategy which would change the basic national 1977 deadline for attaining clear air or preclude the use of any available control strategy which could be used to clean up our air.

THE LATE HOWARD PALMATIER

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. Fascell) is recognized for 10 minutes.

Mr. FASCELL. Mr. Speaker, it is with deep regret that I inform our colleagues of the sudden death last night in Miami, Fla., of Mr. Howard Palmatier, director of the Cuban refugee program.

Mr. Palmatier was associated with the program, which was established to aid those Cubans fleeing to this country from Communist Cuba, since 1963. For a brief period, in 1967, he was assigned to South Vietnam, where he worked with refugee operations at the U.S. AID Mission. However, he returned to the Cuban refugee program in 1968 and was named director in 1969.

Howard Palmatier was the Cuban refugee program and through his efforts, hundreds of thousands of Cuban nationals made their way to freedom in the United States and were given a start on a new life.

He not only administered the processing of applications for the freedom flights before they were ended; he supervised the assistance programs that were designed to help these individuals get settled in this country; oversaw relocation programs to other parts of the country; operated health clinics for the refugees, and worked closely with local south Florida officials in an effort to help ease the strain of the enormous influx of new population into the area.

His task was not always an easy one. The program, of necessity, posed controversial problems and there were rough spots in making it work. But Howard Palmatier tackled the job calmly, forthrightly, and with incredible dedication.

He initiated the concept of presenting an award—the Diploma of Honor Lincoln-Marti—to be granted to those Cuban refugees who had distinguished themselves by their cooperation with the program and their constructive contributions to the American community.

In turn, he, himself, was presented with a special award, "Hall de la Fama", by the Latin American Division of International Research for his efforts and achievements in the relationship between the Cuban community and the United States.

He was a man who truly loved his job and who made his work his life. He took a personal interest in every individual case he handled. He was highly respected by both the American community and by the vast majority of the Cubans with whom he worked.

On another occasion, Dr. Horacio Aguirre, editor of the Miami Spanish-language newspaper, Diaria las Americas, presented Mr. Palmatier with a diploma of recognition in the name of the civic and professional institutions in the area and the Cuban Municipalities in Exile. In his remarks, Dr. Aguirre noted that Mr. Palmatier, both "as an official and a man, has been preoccupied in finding in the Cuban refugee program the most generous manner of aiding the human beings who come fleeing the homeland of Marti.

"Tonight," Dr. Aguirre said, "the Cuban people in exile and those who share their sorrows and hurts, are here to render tribute to a worthy representative of the Government of the United States."

I know our colleagues will join me in expressing our deepest sympathy to his widow, Dania Gonzalez Palmatier, their daughter, Dania Margarita, and his two sons, Robert and Jeffrey.

REGULATIONS CONCERNING ACCESS TO NIXON PRESIDENTIAL MATERIALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. Brademas) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, on December 19, 1974, President Ford signed S. 4016 into law as Public Law 93–426. This is the Presidential Recordings and Materials Preservation Act, concerned with the preservation of and public access to the Presidential materials of Richard M. Nixon—title I.

On March 19, Arthur F. Sampson, Administrator of General Services, will submit to the Congress a report proposing and explaining regulations governing general public access to Mr. Nixon's Presidential tapes and papers. These proposed regulations shall take effect upon expiration of 90 legislative days unless disapproved by resolution of either House of the Congress.

Mr. Speaker, Mr. Sampson has invited all Members of Congress to attend a briefing he will hold on the regulations at 10 a.m. on March 19 in room 3302 of the Dirksen Office Building. Because of the overriding importance of these regulations and the sensitive and complicated nature of the materials involved, I strongly urge that all Members attend or be represented at this session.

CAMBODIA: ANOTHER INCREDIBLE DEVELOPMENT

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, once before U.S. involvement in Cambodia seriously strained our governmental system and undermined the confidence of our people in their Government.

From a UPI wire service story yesterday, it appears that this may happen again. The article reads as follows:

Washington.—The State Department announced today that Cambodia was overcharged $21.5 million for military weapons and ammunition in fiscal 1974 and now will be repaid in military material totaling that amount.

State Department spokesman Robert Funseth said a Defense Department audit begun in May, 1974, determined that the Army failed to deliver $21.5 million in ammunition for Cambodia under the fiscal 1974 military assistance program.

The announcement comes at a time when Congress is resisting President Ford's request for an extra $222 million in emergency military aid to Cambodia.

He said the finding made last Monday, resulted in a credit to the Cambodian Government the following day.

"The underdelivery resulted from a practice by the Department of the Army of pricing ammunition on the basis of delivery notifications received some weeks after actual delivery of the ammunition," Funseth said.

"Because the program was carried out during a period of rapidly rising prices, late pricing resulted in overcharges."

Mr. Speaker, this report that the Department of State has discovered an overcharge on previous arms aid to Cambodia and that additional arms can now be sent within congressionally imposed aid limits, borders on the incomprehensible. If such reports are correct, then, before any new shipments are made, Congress should be given a full and complete explanation. To do otherwise, will seriously undermine the confidence of the American people in the executive branch and threaten whatever prospects exist for improved cooperation between the President and the Congress with respect to foreign policy.

LIBERAL PARTY DELEGATE CONVENTION ON THE ECONOMIC CRISIS

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, last night I attended a meeting of the Liberal Party Delegate Convention, held to review a nine-point national program to rescue our economy. There were more than 500 people present at the meeting presided over by the State Liberal Party Chairman Donald S. Harrington. The convention invited Senator Jacob K. Javits, our colleague, Lester Wolff, and me to speak. The convention adopted a statement which I believe this Congress should consider carefully. It is a progressive program thoughtfully conceived and if implemented would have an enormous positive impact on our country economically. I am setting forth the statement of the Liberal Party as well as my own remarks delivered at the convention:

Statement by the Liberal Party on the Economic Crisis

Our country has been plunged into an economic crisis which is becoming more severe with each passing week. The American people are suffering unbearable and unnecessary hardships, brought on by a barrage of runaway prices which have eroded their helpless victims of the Nixon-Ford economic "game plans," which transformed a 4.4% inflation rate in 1971 into a catastrophic 12.2% rate for 1974.

In trying to control inflation, the Ford Administration deliberately created a recession. It typically adopted policies that it knew would increase the unemployment rate in the hope that this would lower the inflation rate. The results of these heartless and rash policies are now obvious to everyone. There are already close to 8 million people unemployed, according to the government's official, understated figures, and their number is growing daily. The unemployment rate, which was 3.4% in 1969 when Nixon became President, is now 9% and is expected to rise even higher. In short, we are in the grip of the worst economic disaster since the depression of the 1930's—and the cost of living still keeps on rising.

As gloomy as the economic picture is, we believe that the twin evils of inflation and recession can be cured, but it will take far-sighted policies, extraordinary measures and inspiring leadership to accomplish this. Unlike the Ford Administration, the Liberal Party believes, as it has throughout the three decades of its existence, that full employment is the keystone of economic prosperity. Full employment is the most effective, as well as the most humane method of eliminating *both* inflation and recession. If we can utilize to the fullest our most precious source of energy—human energy—we can produce enough goods and services to meet total consumer demand, and there will be no excuse for inflationary prices. Conversely, when people have enough income to buy the goods produced by the economy, recessions can be avoided. The truth is that we need a vast expansion of such industries as mass transportation, housing, sewage treatment, recycling, pollution control, health facilities and education, among others, which would furnish us with the important needs of modern society and, at the same time, provide the source for millions of constructive jobs.

The Liberal Party offers the following recommendations to deal with the economic crisis:

1. A tax cut of at least $25 billion which can serve as an important stimulant to the economy, especially if this money is distributed to the low- and middle-income families who desperately need the additional purchasing power to make ends meet. The same principle should be applied to any tax rebate on 1974 taxes.

2. The creation of an additional one million public service jobs to be allocated to those regions in the nation and those groups in the population that have suffered most acutely from unemployment.

3. The extension of unemployment insurance benefits to all jobless workers, including those not now covered by the law, and a substantial increase in these benefits, including allowances for dependents. Unemployment insurance coverage must be extended for as long a period as is necessary, and the benefits must be guaranteed by adequate financing by the Federal government.

4. A sharp reduction in interest rates and the allocation of credit to worthwhile, job-producing industries. These measures can provide a powerful impetus to the housing industry which has been brought to a virtual state of collapse by the Administration's ill-conceived monetary policies. A revival of the housing industry and a dramatic increase in housing "starts" would have a three-fold beneficial effect: (1) it would alleviate an acute housing shortage which has driven up rents; (2) it would create jobs for tens of thousands of unemployed building trades craftsmen; and (3) it would stimulate production and employment in related industries, such as building materials, building services and home furnishings.

5. Cost-of-living provisions to cover all those who are on Social Security, who are collecting unemployment insurance, or who are receiving public assistance in any form. This, together with an expansion of the food stamp and rent subsidy programs, would help safeguard their living standards against the ravages of inflation, just as those who work seek such protection through their union contracts. In this connection, we vigorously oppose President Ford's effort to place a 5% "lid" on increases in Social Security benefits.

6. With respect to the energy problem, we recommend a detailed, full-scale inventory of the nation's energy production, resources and reserves. Only in this way can we obtain an accurate picture of the extent of the energy shortage, now and in the future. If an energy gap does exist, there are at least five ways to cope with it: (1) increased efficiency and output of existing facilities; (2) exploitation of our vast, untapped natural energy sources; (3) development of new sources of safe, clean and cheap energy, such as synthetic oil and gas, solar and geothermal energy and hydrogen fusion; (4) importation of oil from abroad; and (5) conservation of energy through voluntary and, if necessary, compulsory measures. There is no need for us to act out of panic if we use all of our options wisely and in balance to overcome any gaps revealed by a national inventory of our energy resources. If need be, let the U.S. Government act in behalf of all the people and take over the national oil and gas resources of our country, including the great oil shale deposits and the offshore oil resources. The government should also exercise control over all oil imports from abroad. Fuel oil and gas constitute the very lifeblood of our economy. The Federal Government has a clear duty to step in and act for *all* the people as against the profiteering and self-serving policies of both the giant oil companies and the oil-rich Arab shieks. At the same time, the health and welfare of our people demand that we not sacrifice the progress we have already made in protecting our environment from the excesses of energy utilization.

7. We reject the Ford Administration's method of rationing which would raise fuel prices by excise taxes and decontrol of natural gas and crude oil. Under such a rationing plan, the rich would get more than they want and the poor less than they need. If rationing is necessary, it should be instituted along the lines of the system used during World War II, which would insure an equitable distribution of limited supplies for the duration of the emergency. Other reforms, such as increased use of small cars, limited speeds and greater emphasis on mass transit, could also be important in this effort.

8. We are mindful of the fact that the measures we have proposed to stimulate the economy will require large sums of money. We believe that this money is obtainable if Congress would close the tax loopholes through which highly profitable corporations and wealthy individuals avoid paying their fair share of taxes, not to mention the tens of billions of dollars of undivided profits being withheld by the large corporations. We call for the elimination of oil depletion allowances. Through such an equitable tax program, an estimated $30 billion can be returned to the U.S. Treasury.

9. Furthermore, we believe that the military budget can and must be cut substantially to give our nation the added funds it needs to combat the immediate economic dangers which are engulfing us. It is absolutely unconscionable for the Ford Administration to propose pouring an additional $300 million down the drain to support the discredited Thieu government in South Vietnam, and an additional $220 million for the Lon Nol regime in Cambodia, while attempting to cut food stamps and other social welfare programs for the poor and hungry in our country. We feel that the nation's security will not be jeopardized if the government would transfer some of the many billions of dollars now earmarked for nuclear weapons to the more urgent activity of promoting employment and economic recovery. If, in addition, the Pentagon were placed on the kind of austerity program that all of the people are being asked to endure, an estimated saving of $25 billion and probably more could be realized. This money, too, is desperately needed to fight the recession.

The Liberal Party does not claim that its recommendations in this brief statement constitute a full-fledged, comprehensive program, nor does it view them as a panacea that will overcome all of our economic ills. It does, however, maintain that these proposals are essential ingredients in any concerted effort to rescue our country from the brink of catastrophe and to rebuild a healthy economy. What we as a people were able to accomplish from 1939 to 1945 in fulfilling our needs and purposes during the critical period of World War II, we can accomplish today through leadership, national will, planning and a bold, vigorous and equitable program to deal with the great economic crisis facing us today.

DELEGATE CONFERENCE OF THE LIBERAL PARTY

(By EDWARD I. KOCH)

The American economy is now suffering from the first depression of the postwar era. The response of the Ford administration has been both inappropriate and inadequate. While unemployment rapidly approaches 10% and supplementary unemployment benefits, as well as regular unemployment compensation, begin to run dry, Treasury Secretary Simon and Federal Reserve Chairman Arthur Burns solemnly warn of the danger of excessive stimulation. Indeed until Christmas, President Ford was promoting a tax increase, distributing WIN buttons, and dragging his skis on the Colorado slopes. His January program, most of it mercifully now dead, threatened simultaneously to aggravate inflation and deepen recession—no inconsiderable feat. The energy program would have had the effect, if Congress had not vetoed two-thirds of the $3 levy, of raising the price of oil from $11 to $14 per barrel and increasing the cost of living 2 to 3%.

Here is something worth lingering on. For a year and a half, the Administration and its agents have been complaining that the price of oil at $11 per barrel is intolerable. Its response is to add $3 to this unsupportable burden. Just as there are signs of glut of oil, dissension among members of the OPEC cartel, and good prospects of large new supplies from the North Sea, Mexico, and elsewhere, Dr. Kissinger is proposing to put a *floor* under international oil prices. Who will benefit aside from OPEC and our own oil giants is unclear.

I don't want to spend my time complaining about Administration policies that are almost embarrassing in their confusion. What should we be doing right now? What should we be doing to guard against new disaster in the future?

THE IMMEDIATE EMERGENCY

1. *Energy:* Let me tell you what I believe in—the immediate termination of oil depletion allowances and the institution of competition in the energy industry. I voted with the majority of the House to eliminate the 22% oil depletion allowance this year. We also must break up the current monopolies which allow oil companies to control the wholesaling and retailing, as well as production, of oil and oil products. Senator Adlai Stevenson has introduced legislation to put the federal government into the oil exploration business. This is a good step but it doesn't go far enough. We must also advance the technology of coal gasification through either price guarantees to the coal industry or government supported research.

During recent House Ways and Means Committee hearings on improving automobile fuel economy, I proposed that an *annual*—annual, not one time—excise tax be imposed on gas guzzlers. We could have a 63% improvement in fuel economy if we were to change the nature of automobile ownership so as to increase the percentage of compact and subcompact cars.

2. *Taxes*: I voted for the House passed bill which provides for $21 billion tax rebate and tax reduction over the next two years. What sane politician would do otherwise? And undoubtedly the Senate will increase that to more than $30 billion. But I have my doubts as to whether this in fact is the best approach to our current depression. I believe that if we invested $30 billion this year in public works projects and put people to work while at the same time adding to the gross national product of this country, we would be doing much better than putting $100 or $200 into the pockets of a family on a one shot basis. I am on the Transportation Subcommittee of the Appropriations Committee. Just the other day some AMTRAK officials testified before my committee and complained about the fall off in rail ridership and the need to repair the existing track on some of the rails in the Northeast corridor so that trains would not have to reduce their speeds to 30 mph when they should be doing 70 mph. We talked about the Metroliner which originally ran between New York and Washington in 3 hours and now often takes considerably longer. The train is capable of going 150 mph, but does an average of 80 mph. Why? Because the track and the catenaries (overhead wiring) are pre World War I in parts and not capable of using the Metroliner at its optimum. To replace the existing track bed and catenaries would cost approximately $2 billion and would reduce the time to 2½ hours or less. Aside from that simple convenience, think of the hundreds of thousands who could be employed on such projects throughout the country. We are abandoning rail lines at this moment because they are antiquated and can no longer do the job.

3. *Inflation*: Inflation is still with us although prices are beginning to fall. I keep track of what for me are a few staples—tunafish, mayonnaise and Keebler cookies. In the last 18 months, a small can of tunafish went from 31¢ to 45¢ and its price has not fallen, but mayonnaise which went from 79¢ a quart to $1.59 has fallen by 20¢ and Keebler cookies which went from 43¢ to 99¢ a bag in the last 18 months was just reduced to 89¢. Inflation while waning, is still with us and what we must do in that area is to provide controls for those sectors of our economy that are not truly competitive: such as the basic industries of steel, fuel, utilities and cars leaving wherever possible in the truly competitive economy the market forces of competition to control prices.

Conclusion: The single most important legislation, and I am not the initiator of it, but a co-sponsor, is that of Congressman Augustus Hawkins, H.R. 50, The Equal Opportunity and Full Employment Act. It is an update of the original full employment act of 1945 sponsored by Senator Robert F. Wagner. He did not weasel word his legislation. His bill established a policy of full employment for the United States and directed the President and Congress to take what action necessary every year to implement this policy. Since then every President and every Congress has violated that promise. It is never too late to undo the errors of yesterday. It is never too late to have a new beginning. We cannot accept the goal of the Administration as set forth by the Federal Reserve Chairman Arthur Burns who only last week spoke of reducing unemployment to 5.5% in the next 2 or 3 years. That kind of half-hearted approach must be resisted. Other free societies, the Swedes, the Germans, the Swiss, the Australians have provided near full employment for their citizens; surely we can equal if not better their record with the bounty that God has provided this country. We, and particularly those in the Liberal Party, are sensitive to the dangers high unemployment poses to our First Amendment rights while totalitarian states have full employment at the cost of democratic freedoms. We must prove that we can have both political freedom and full employment and that in a Democracy that must go hand in hand.

Finally, let me say, and I know this is tangential to this address but it is close to my heart, that we must address ourselves in a very special way to two sectors of our population: the elderly and the children. Our elderly are suffering as no other group in this country and the greatest blot on the Ford record is the proposed reduction in the value of food stamps. And it is to the discredit of every public office holder in this country, without regard to party, that we have permitted our elderly to be abandoned and to be ripped off by rapacious nursing home operators. And our children, what of them? The Ford Administration has proposed an elimination of the school lunch, school breakfast, special milk, day care, summer feeding and supplemental feeding programs. That must and will be stopped. Dostoevski said that we could judge a society by the way it treats its prisoners. I would suggest that we can judge it by the way it treats its elderly and children, as well.

All is not bleak although we have dwelt on the gloomy side. I am now in my seventh year and fourth term in the House of Representatives and I can tell you that the new Members and there are 92 new Members, have brought a new spirit. They have made changes by their very presence in the structure of the Congress which you already are aware of and I believe they represent the best in this country and that you can depend on them and me to do what is right and get this country going again.

HOME HEALTH CARE—PART II

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with 60 House cosponsors, I have introduced H.R. 4772 and H.R. 4774, the National Home Health Care Act of 1975. The bill has been given equally strong support in the Senate where it has been introduced as S. 1163 by Senators FRANK MOSS and FRANK CHURCH, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, HUGH SCOTT, Senate minority leader, and Senators WILLIAMS, DOMENICI, and TUNNEY.

To discuss the need for home health care and the public support this proposal is receiving, it is my intention to place statements in the RECORD several times a week by experts and lay persons commenting on the legislation.

This is the second in the series.

STATEMENT OF THE AMERICAN PUBLIC HEALTH ASSOCIATION

(By C. Arden Miller, M.D., president)

We have read, with interest, your draft bill on the expansion of home health services and commend this effort as a long-needed and positive step in the provision of long-term care.

As well as offering badly needed changes such as the abolition of a ceiling on the number of days of coverage and the inclusion of homemaking as a covered service, we believe your bill provides for some innovative means of encouraging home health care. The provision that allows for the payment of rent and for the expansion of Federal funding for congregate housing are affirmative programs that will have impact on changing this nation's archaic tendency towards emphasizing institutional care.

[From the American Journal of Public Health, February 1974, Vol. 64, No. 2]

HOME HEALTH SERVICES: A NATIONAL NEED

I. BACKGROUND

Fostering social conditions and programs which safeguard and enhance the health of the population is one of the basic tenets of public health. Yet home health programs and delivery of home health services have been primarily dependent upon the recommendations and referrals of institutions for care of the sick, or upon individual physicians.

It is estimated that between 4–7 million persons in need of long-term care are living outside of institutions. It is imperative that the public health profession address itself to the endorsement, support, and creation of home health services programs which will maintain this "high-risk" group in the mainstream of society, as well as make it possible for those who are institutionalized to return to their homes, families, and commmunities.

In "A Report to the Special Committee on Aging, United States Senate," prepared by Brahna Trager in April, 1972, Senators Church and Muskie state:

"For too long these vital services have been pushed to the sidelines. Their potential has not been realized. And this neglect of these services has caused us all to suffer in one way or another. The most unfortunate victims have been the consumers who need their services."

Throughout the history of mankind, people in need of help during illness and disability have been in their homes for the great proportion of the time. Even today, with our sophisticated development for diagnostic and treatment services in institutions, the great bulk of need still exists outside of these facilities. One has only to consider the prevalence and trend of chronic illness in our society to arrive at one very impressive gauge of this fact. The National Health Interview Survey of 1965 and 1967 found that 85.6 percent of persons over age 65 and living at home had one or more chronic illness conditions; 46 percent of those age 65 and over had varying degrees of limitation of major activity (ability to work, keep house, etc.). In addition, nearly 5 percent were confined to the house.

Our modern preoccupation with the organization, equipping, and financing of institutional care has led us to a disproportionate investment of economic and manpower resources in this area, especially in acute care facilities. One cannot argue that these are not an extremely important and vital part of our health care system, for indeed they are. But we have neglected the adequate development of long-term care institutions and have almost completely ignored the home care field. The reasons for this are well known, and need not be more than mentioned here, but a partial listing would include:

Technological advancements which require patients to come to a given facility;

Urbanization and transportation facilities bringing people within reach of medical center institutions;

Third-party payment which fosters hospitalization;

Relative ease of gaining contributor and government support for the visible "bricks and mortar" facility and for the dramatic application of medical advancements carried out in hospitals;

Convenience and economical expenditure of time for physicians and other health personnel when patients are institutionalized;

Lack of available family members to provide support services outside of institutions, due to population mobility and the high proportion of women employed outside the home.

Development of long-term care facilities has grown impressively in recent years, but there is considerable evidence that we are using many of them inappropriately. A list of studies on the subject is attached (see Appendix A), but in sum, they show that, in the nursing homes studied, from 20 to 50 percent of patients could have used less costly levels of care.

It is significant that the limited, recent concern for fostering "alternatives to institutional care" has been triggered almost exclusively by the alarm over rising costs. Legislative action and support have been aimed at finding less expensive means of providing care, and this is entirely appropriate when the less costly avenues meet the patient's needs. Costs cannot, of course, be condoned as the only consideration in providing care at any level. It is extremely important that a continuum of care be available, from the most highly sophisticated to the most simple, and that people have access to each level on a flexible basis according to need and effectivenss.

The home care services are at present so limited in scope and geographic availability as to seriously reduce such service as a viable choice for large numbers of people. Financial and manpower resources must be invested in this area to a much greater degree if people are to be served in the most effective way at a supportable cost level.

Home health services have been characteristically defined as "a complex of health and assistive services required by an individual or a family which may be brought when and as needed into the home to support optimum health and improve or restore functioning, or to enhance life and living."

While there are a variety of organizations and agencies, each of which may offer special pieces of this total complex of services, coordination is often lacking. One individual or family, sophisticated and knowledgeable in the use of agencies, may be receiving a plethora of services while another individual or family may not be able to obtain minimal services. Different eligibility requirements may interfere with an individual's ability to receive necessary services. For instance, an individual may be eligible for visits by a visiting nurse for dressings to a wound, but not for housekeeping assistance. The lack of coverage for housekeeping assistance could mean that this person cannot leave the institutional setting because he or she would be unable to get food or prepared meals.

The insistence by third-party payers, either private insurance carriers or governmental insurance carriers, as well as by many agencies, that no services can be covered or provided unless physician-prescribed may cut off many persons from procuring a service which, while not medically indicated from a disease-oriented standpoint, may be psychologically and socially necessary from a health supportive or disease preventive standpoint. While physicians are expert in the treatment of disease, they are often less expert in the care and assistance individuals may require to enhance or support functioning when it relates to disability. Nurses, physical therapists, and occupational therapists are far more knowledgeable in these areas.

Family relationships are often difficult to assess when interaction takes place outside the home setting. Family members who are quite attentive and helpful while the person is institutionalized may grow weary and even resent the constant responsibility, as well as the confinement or limitations upon their life style because of the presence within the home of a chronically ill or disabled person. Roles and family relationships become disrupted and difficult to cope with in the absence of supportive assistance or counseling. Placement of the "patient" may lead to similar problems as well as a sense of isolation for the "patient."

It is well acknowledged that changes in life style and behavior patterns, or uprooting from a familiar environment, can be a causative factor in disorientation and can lead to aberrant behavior, particularly in the elderly. No matter how good the institution, certain demands for conformity or standardization will be made upon the individual. To some extent, he must alter his pace and accustomed patterns to fit in with the group or the institutional regimen. Often, the process of institutionalization itself aggravates the problem and reduces ability to function.

At least 10—25 percent of the population now in institutional homes of varying kinds could be cared for and remain in their own homes if organized services beyond episodic nursing and medical care were available. Some people are there because they require assistance with their activities of daily living—ranging from complete hygiene and feeding to minimal assistance in getting out of and into bed. Some are there because they do not have the physical reserves to maintain a clean and uncluttered environment. Some are there because they do not have family members to assist them, or because those family members can assist them for only a portion of any given day. Some are there because they require medications or treatments, the response and progress of which must be evaluated on a daily basis. Some are there because they require treatments and medications which must be administered by someone else on a daily or twice-daily basis. Some are there because they need special types of equipment in order to function or to survive.

While individuals may be presumed innocent until proven guilty, home health services are presumed unnecessary until proven essential. In certain instances, third-party payers imply that agencies delivering services are either inept in their ability to evaluate need for service or dishonest in their claims. On occasion, the position is taken that, while this service may be necessary, it is not reimbursable or covered under the terms of contract or eligibility criteria. Claims by insurance programs imply to the consumer that, in the event of a health crisis or health need, he will receive full service to the extent of his need; policies and contracts are so worded that they may be interpreted in any manner by the insurance companies. While many of us jokingly refer to contracts or policies as having all benefits in large print and all restrictions in microscopic print, it becomes far from laughable when individuals are faced with the economic crisis which often follows the health or illness crisis. There are some insurance policies which offer "X" number of dollars per week or month to people when they are hospitalized. People subscribe to this insurance, expecting to insure income during a non-earning period. However, should this same individual be confined at home receiving services there, this policy would not apply. In fact, many of these companies will not even cover the period an individual is in an extended care facility for continuing treatment of the illness for which he was hospitalized. Thus, a person might well discover that if he remains in the "acute hospital," he would be covered by his hospital insurance and receive an income, while if he remains at home or leaves the hospital sooner with supportive services in his home, he may have to pay all of his own medical bills and nursing bills with no income to fall back on. Insurance carriers should be required to write policies with such clarity that consumers can readily understand the coverage.

Interestingly enough, those in the middle income group are the most affected by the varying restrictions. Their usual income levels do not qualify them for municipal, state, or federal aid, nor do they afford them sufficient money to pay for the services. The poor are also affected, because the degree of proof that services provided are indeed essential is almost prohibitive.

The concept of individuals going into the home to assist or minister during times of crisis or illness has always been present. Many of these services were delivered free of charge to the needy. They were whimsical, dependent upon the extent to which the recipients were considered deserving and were visible. Today our criteria for the "deserving" would, on the surface, appear less whimsical, but, in fact, they are still capricious.

Individuals or families are deprived of necessary services because of rigid restrictions by Medicare or because of the inability of the providers to correctly interpret and understand the implications of the conditions. One must, in effect, prove that home health services are necessary and a substitute for institutionalization and consequently less costly.

For want of a walker, an individual may be chairbound. For want of a skilled therapist, an individual may lose the use of a hand or a leg. For want of an hydraulic lift, or individuals skilled in lifting, a person may be bedbound. For want of delivery of an oxygen tank and instructions in the use of a mask or inhalator an individual may remain within the confines of an institution, fearful of leaving. Our production line technological approach has extended to the care of the sick, the elderly, the infirm, and the isolated and lonely. We put them where the services are, rather than bringing the services to them.

Most major hospitals today have a home health or home care coordinator. This person, most frequently, becomes involved after admission of an individual to the hospital setting and usually when discharge is being considered. It is rare that one sees a home care coordinator involved in the evaluation of admissions to the hospital or in the outpatient units. Again, this reflects a concept of home health services to the ill as an aftermath of continuation of institutional care, so that our present continuum of care is most likely to be hospital, then home, rather than choice of hospital when care in the home is impossible because of the need for specific services which are not transportable and to which the individual cannot be transported for a brief treatment.

In 1972, the Special Committee on Aging of the United States Senate, in the previously cited report on home health services in the United States, made the following major recommendations:

Medicare and Medicaid regulations must be interpreted and applied so as to provide, rather than restrict, home health services;

Home health planning must be based primarily on the professional judgments of those familiar with consumer needs rather than remote decision-makers far removed from the problems;

Institutionalization as a condition for home health care must be eliminated, as well as requirements for co-insurance payments;

Costly and confusing red tape must be eliminated in providing home health services, including in particular the practices of prior authorization and retroactive denials;

Proposals for national health care legislation must include provision for comprehensive home health services;

A national approach to the provision of adequate coverage of the population by home health services is essential.

In 1973, individuals are still being institutionalized and being maintained in institutions because of lack of adequate home care services or, where the services do exist, because of inability to pay for them or to have them covered through some form of health insurance.

II. IMPLICATIONS FOR ACTION

A. Types of Services Necessary: The quantity, range, and pattern of organization of home health services will depend upon the socioeconomic, cultural, and age characteristics of the population to be served and the types of health and social problems most prevalent in the area. Differing geographic areas (urban, suburban, rural) will also influence the range and patterns of services required.

Basic service components which must be available for effective and high-quality care to individuals in their homes include medical, dental, and nursng care; homemaker-home health aide services; physical, occupational, and speech therapies; social work, nutritional, health education, laboratory, and pharmaceutical services; transportation and medical equipment and supplies.

Regardless of the specific components required in individual situations for safe and effective care, all of the above components—with the possible exception of physical, occupational, and speech therapies—should be available on a seven-day-a-week basis.

Social problems have a direct relationship to the health and well-being of individuals within a society. A complete health service program must foster means and methods to improve the social setting as well as provide direct medical and nursing intervention to deal with the resultant health problems. The following factors must also fall within the purview of organized home health services; patient and family education to enhance compliance with prescribed regimens; provision for adequate and safe housing; assistance with maintaining a clean and non-hazardous environment; nutritional services including home delivered meals, or shopping, as well as preparation of food; arrangements for individuals to move beyond the immediate confines of their homes to socialize and interact with others, whether it be the sick individual or members of the family who may not be free unless someone can relieve them; and planning for socialization within the home for the completely homebound, through periodic visits of others.

Central to the organization of high quality patient care services at home must be mechanisms for coordination of the various services and components of care required by individual patient and family situations.

B. Present Effect on Economy.

1. Loss of Work: Empirically, it is known that there are a number of individuals who could work either at home or in an outside work setting if provisions could be made to get work to them, or to get them to work. In addition, concentrated supportive rehabilitative services in the home could assist them to develop sufficient capacity to function productively within the home, and, in many instances, to be able to independently travel to and from a work setting. Money spent in such a program would be returned indirectly through the earning capacity of these people.

Family members who might be capable of earning or working are confined to home because of the prolonged or permanent invalidism of a sick member. In addition, this type of input creates emotional as well as energy drains upon well family members, which often precipitates both physiological and psychological illness increasing the health problem.

2. Use of Institutions at Higher Cost: There are people who are institutionalized beyond a necessary time due to lack of organized services to meet their particular needs. The following figures represent the difference in cost for home health agencies and institutions of any kind.

Medicare reimbursement for home health services and inpatient hospitalization, 1969–72

[In millions of dollars]

Year	Reimbursements Home health	 Hospitalization
1969	79.7	4,088.6
1970	68.7	4,514.7
1971	56.6	5,026.6
1972 [1]	58.5	5,550.6

[1] Estimated on the basis of claims received through December 7, 1972 (first six months multiplied by two).

Source: Monthly Benefit Statistics, February 15, 1972; No. 1, 1973; DHEW/SSA/Office of Research and Statistics.

1971 medicare reimbursements

[In thousands]

Hospital Insurance	$5,234,630
Inpatient hospital	5,026,025
Home health	40,771
Extended care facility	167,834
Medicare Insurance	[1] 1,956,423
Physicians	1,748,270
Home health	15,824
Outpatient hospital	104,778
Independent laboratory	12,398
All other	75,062
Total	7,191,053

[1] Includes some reimbursables for which type of service is unknown.

Source: (same as above).

Home health (Parts A and B) reimbursements for 1971, total $56,595 (in thousands) or 0.787% of the total Medicare reimbursement for services in 1971.

Prepared by Department of Home Health Agencies and Community Health Services, NLN 2–20–73.

III. RECOMMENDED POLICY

We must approach the problems of the chronically ill, aging, and infirm with the same vigorous leadership that we have demonstrated in the past in dealing with communicable diseases and maternal and child health, for these illnesses are also a part of family health and the public's health.

Therefore, it is recommended that APHA:

1. Endorse the "Home Health Services Definition and Statement" (Appendix B), developed by a task force composed of representatives of outpatient and home care institutions, American Hospital Association; the Council of Home Health agencies and Community Health Services, National League for Nursing; the National Association of Home Health Agencies; and the National Council for Homemaker-Home Health Aide Services.

2. Develop a multi-disciplinary task force to develop guidelines and criteria to further the implementation of Home Health Services.

3. Support liaison with other national organizations involved in delineating and supporting Home Health Services with the goal of strengthening delivery and coordination of services. Advise the federal government of the importance of allocating funds in support of these services based upon the guidelines established by the organizations.

4. Encourage local communities through the Comprehensive Health Planning Agency to study and determine the extent and type of needs peculiar to their area and develop programs to meet these needs.

5. APHA should go on record in support of the inclusion of home care coverage in whatever kind of national health insurance is to be enacted.

APPENDIX B

DEFINITION AND STATEMENT

Foreword: The following definition and position statement on Home Health Services was developed by a task force composed of representatives of the Assembly of Outpatient and Home Care Institutions, American Hospital Association; the Council of Home Health Agencies and Community Health Services, National League for Nursing; the National Association of Home Health Agencies; and the National Council for Homemaker-Home Health Aide Services, Inc.

Definition: Home health service is that component of comprehensive health care whereby services are provided to individuals and families in their places of residence for the purpose of promoting, maintaining, or restoring health, or minimizing the effects of illness and disability. Services appropriate to the needs of the individual patient and family are planned; coordinated and made available by an agency/institution, or a unit of an agency/institution, organized for the delivery of health care through the use of employed staff, contractual arrangements, or a combination of administrative patterns.

These services are provided under a plan of care which includes appropriate service components such as, but not limited to, medical care, dental care, nursing, physical therapy, speech therapy, occupational therapy, social work, nutrition, homemaker-home health aide, transportation, laboratory services, medical equipment and supplies.

STATEMENT ON HEALTH SERVICES IN THE HOME

The home environment plays a significant role in promoting health and facilitating the healing process. Properly coordinated and administered home health care provides a meaningful health service for ill persons, speeds recovery and rehabilitation of individuals with acute or chronic health problems, and assists in the prevention of disease and disability.

The provision of appropriate health care services to patients in their homes benefits the patient, the family, and the community. Therefore, it is imperative that quality health service in the home be a basic component of the health care system.

Home health services can:

1. Contribute to the health and well-being of the patient and his family;

2. Restore the patient to health and/or maximum functioning;

3. Prevent costly and inappropriate admission to institutions;

4. Reduce readmission to institutions; and

5. Enable earlier discharge from hospitals, extended or intermediate care facilities, or nursing homes.

Health services at home must be characterized by:

1. Provision of high quality care to patients;

2. Professional coordination of the various services delivered to the individual patient and family;

3. Evaluate techniques to insure the appropriateness and the quality of care provided; and

4. Appropriate administrative controls.

Levels of care varying in intensity and service components responsive to the individual needs of patients must be available in the home. As patients' needs change, there must be adequate mechanisms for movement of patients within the varying levels of home care, as well as for transfer to other care settings.

The economic realities of the cost of health services to individuals, families, and communities make it imperative that health services at home be included in all present and future health care delivery systems. It, therefore, becomes mandatory that:

1. Present and future funding mechanisms, governmental and non-governmental, adequately finance all levels and service components of home health care on a continuing basis;

2. Availability and accessibility of home health services for all populations be assured;

3. Developmental funds be an integral part of all financing for the expansion of existing services and initiation of new programs.

THE NATIONAL HOME HEALTH CARE ACT OF 1975

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with over 60 House cosponsors and a growing number of Senators including FRANK MOSS, FRANK CHURCH, and HUGH SCOTT, I have introduced the National Home Health Care Act of 1975.

There is a nationwide scandal in nursing homes, both in the treatment and overcharging of patients.

The abuses disclosed in recent hearings should not be allowed to continue anywhere in the country. Those in need of nursing home care must have decent homes available to them; but care must be available to those who are now forced to seek institutionalization, whether in a hospital or a nursing home, only because of the lack of reasonable alternatives. A recent HEW study estimates that between 14 and 24 percent of the Nation's 1,070,000 nursing home patients are "unnecessarily maintained" in institutions because of the lack of alternatives.

One of our priorities in this session of Congress should be to develop alternatives to nursing home care for our elderly and disabled. Today's medicare and medicaid laws restrict benefits a patient may receive at home while extensively covering that patient's far more costly, but often unnecessary, long-term care in an institution.

My bill will provide an option of home health care and correlative services—assistance with household tasks, shopping, walking, transportation to doctor visits, senior centers, and nutrition centers, and assistance in rent payments or private home costs—under medicare and medicaid as an alternative for those who would otherwise require nursing home care.

To provide such services will cost the Government far less per patient than institutionalization now does. Reports by GAO, the Senate Special Committee on Aging, and all other studies I have seen demonstrate that home health programs—averaging from $180 to $600 per month depending on the level of care—cost substantially less than the $15,000 to $20,000 per year or $1,500 per month or $50 per day it takes to place a patient in a nursing home.

The legislation also contains provisions to:

First. Allow medicaid and medicare payments to hospitals and nursing homes for providing home health care—in addition to the bill's provisions for expanded home health and correlative services by traditional home health providers.

Second. Require review of benefits by a flexible three-member panel so as to include social workers, nurses, psychiatrists, psychoanalysts, or other qualified specialists as well as physicians.

Third. Require at least two panel reviews annually of the need for and level of home health care.

Fourth. Appoint a home health patient ombudsman in the Department of Health, Education, and Welfare with responsibility for program oversight, who must provide a public annual written report.

Fifth. Permit additional services to the home health patient such as physical therapy, nutritional guidance, family and personal counseling, as well as necessary medical equipment such as hospital beds, wheelchairs, salves, oils, powders, and so forth.

Sixth. Insure that no individual under medicare or medicaid will receive more home health care benefits than he or she would have were they institutionalized.

There has been some controversy over one portion of the bill—to wit section 7—which requires that the child of a person in a nursing home or receiving home health assistance make a contribution to the beneficiary's care to the extent of up to 5 percent of the child's taxable income, based on a sliding scale for the amount of income. This means that a family of four with an income of $15,000 using the standard deduction would pay $500—5 percent of the $10,000 in taxable income—in a year while the Federal payment might be as high as $10,000 to $15,000. An individual making under $4,000 in taxable income and a family under $6,000 would not have to pay.

The bill states that the delivery of health care is in no way conditional upon the payment of the children. In addition, in no case, regardless of income, will the contribution exceed the cost of the care.

Just as parents have certain responsibilities for the care of their children, as legislated last year under the social services amendments, I believe that this obligation also extends from an adult to his or her elderly or disabled parent. My feeling on this is summed up in a remark I remember my mother once made when reading about an abandoned parent:

> That woman raised and cared for seven children; you'd think that seven children could take care of one mother.

I have introduced a second identical version of the bill but without the parent support requirement, section 7. Thus, both bills will be available for consideration, one with the section for parent support, one identical save omission of this section.

While this legislation could be included in any comprehensive health insurance bill, it stands on its own if no health package is enacted. There is a need for nursing homes for those incapable of remaining in their own homes even with the supportive services provided by this legislation, but those persons who can remain at home with the necessary supportive services and thereby afforded longer, more productive lives should be given that opportunity.

We must provide our elderly and disabled the privacy, dignity, and peace of mind to which they are entitled—in their own homes, when they do not need the broad range of services that should be available in a properly run nursing home.

I hope the broad congressional support already evident will grow and that early hearings will be held on this legislation so badly needed by our Nation's elderly and disabled citizens.

KISSINGER ON CUBA: THREE VIEWS

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, the Miami Herald of March 8 and 9, 1975, carried two excellent analyses of Secretary Kissinger's recent remarks on U.S. policy toward Cuba. The two articles are by the Miami Herald's Latin American editor, Don Bohning, and Dr. Leon Goure of the University of Miami's Center for Advanced International Studies.

Because of widespread interest in Congress in our Cuban policy I am including in the CONGRESSIONAL RECORD as a part of these remarks an extract of Dr. Kissinger's remarks on Cuba from his March 1 speech in Houston and the two Miami Herald articles:

THE UNITED STATES AND LATIN AMERICA: THE NEW OPPORTUNITY

(Address by Hon. Henry A. Kissinger, at the Combined Service Club Luncheon, Shamrock Hilton Hotel, Houston, Tex., Mar. 1, 1975)

In January 1962 the Organization of American States determined that Cuba had excluded itself from participation in the inter-American community by its military ties to the Soviet Union and its export of revolution in the Hemisphere. A year later the United States imposed its own sanctions. In 1964 the member nations of the OAS agreed collectively under the Rio Treaty of Reciprocal Assistance to sever diplomatic and trade relations with Cuba.

More than a decade has passed. The countries of Latin America have successfully resisted pressure and subversion; nations that in the early Sixties felt most threatened by Cuban revolutionary violence no longer feel the menace so acutely. This situation has generated a reconsideration of the OAS sanctions and raised questions about the future of our own bilateral relations with Cuba.

Last September several Latin American countries proposed a meeting to consider lifting the collective sanctions. We agreed that a consideration of the Cuban issue at a meeting in Quito of the Foreign Ministers of the Americas was appropriate. We determined to remain completely neutral in the debate and abstained in the vote. Our guiding principle then, as now, was to prevent the Cuba issue from dividing us from our Hemispheric neighbors.

A majority voted to lift the collective sanctions. But the Rio Treaty requires a two-thirds vote and the sanctions thus remain formally in force. The United States considers itself bound by the collective will as a matter of international law, and so there can be no change in our bilateral relations with Cuba as long as the OAS mandate remains in force.

Since the Quito meeting, however, several Latin American countries have announced that they are prepared to resume trade with Cuba. Also since the meeting at Quito, all the OAS nations have tentatively agreed that the Rio Treaty should be amended to permit the lifting of sanctions by a majority vote. Several of my Latin American colleagues have suggested that this agreement in principle might be applied to the existing Cuban sanctions. I will be consulting with them with respect to this initiative during my trip to South America with the attitude of finding a generally acceptable solution.

If the OAS sanctions are eventually repealed, the United States will consider changes in its bilateral relations with Cuba and in its regulations. Our decision will be based on what we consider to be in our own best interests, and will be heavily influenced by the external policies of the Cuban government.

We see no virtue in perpetual antagonism between the United States and Cuba. Our concerns relate above all to Cuba's external policies and military relationships with countries outside the Hemisphere. We have taken some symbolic steps to indicate that we are prepared to move in a new direction if Cuba will. Fundamental change cannot come, however, unless Cuba demonstrates a readiness to assume the mutuality of obligation and regard upon which a new relationship must be founded.

[From the Miami Herald, Mar. 8, 1975]

WHAT DOES RESUMPTION OFFER UNITED STATES?—SOVIET MILITARY BINDS CUBA HARD AND FAST

(By Dr. Leon Goure)

In his "deliberative and carefully constructed" speech in Houston on March 1, Secretary of State Kissinger indicated that the Ford administration was prepared to move in a "new direction" in its policy toward Cuba. In his speech Kissinger signaled the willingness of the United States to vote for the lifting of the OAS sanctions against Cuba at the next meeting of the OAS General Assembly in May if, as appears highly likely he finds a consensus to do so among the Latin American governments.

However, most significant in Kissinger's statement was the indication that the lifting of the OAS sanctions would not automatically commit the United States to any change in its own relations with Havana. While, as he said, the U.S. sees no "virtue in perpetuating antagonism" between the two countries, the actions of the U.S. will be based on "what we consider to be in our own best interests," and would be "heavily influenced by the external policies of the Cuban government."

In particular, Kissinger identified U.S. continued concern over Cuba's "external policies and military relationships with countries outside the hemisphere," obviously referring to Castro's export of revolution to Latin America, as well as Cuba's close political and military ties with the Soviet Union. Kissinger did not specify other issues in dispute between Washington and Havana, but he warned that a "fundamental change" in relations cannot come about "unless Cuba demonstrates a readiness to assume mutuality of obligations and regard upon which a new relationship must be founded."

As worded, Kissinger's statement in Houston indicates that there has been no fundamental change in the long-standing U.S. conditions for a resumption of relations with Havana. Indeed, these conditions, which require Cuba to fundamentally alter its external policies and to loosen, if not altogether sever, its military ties with the Soviet Union, go well beyond a mere detente in U.S.-Cuban relations. The conditions imply that Cuba must cease being a Soviet outpost and proxy in the Western Hemsphere and abandon all efforts to export revolution to the region, thus, in effect, no longer acting as a Communist state and a member of the Soviet-led Communist bloc.

In the public debate over the issue of the lifting of the trade embargo and the resumption of relations with Cuba, little attention is paid to Soviet policies toward and activities in Latin America, nor the use Moscow makes of Cuba in the pursuit of its objectives in the Western Hemisphere. The marked upsurge of Soviet activities in Latin America in recent years, coupled with the growing integration of Cuba into the Soviet bloc and increased Soviet control over all aspects of Cuban policies, both domestic and foreign, raise profound doubts about the prospects for effecting any fundamental changes in Cuba's policies or ties to the Soviet Union along the lines demanded by the U.S.

An analysis of Cuba's policies and relations with the Soviet Union, undertaken by two staff members of the Center for Advanced International Studies at the University of Miami, indicates that after years of effort, the Soviet Union has succeeded in absorbing Cuba into and firmly tying it to its bloc, and that at present Cuba is, in fact, a political and military proxy of Moscow.

Soviet efforts to integrate Cuba into the "socialist community of states" led by Moscow and to make the Castro regime completely subservient to it, culminated in July 1972 in Cuba's entry as a full member in the Soviet-East European Council for Mutual Economic Assistance (CEMA), the economic arm of the Warsaw Pact. With this step, Cuba's economy and foreign trade were brought in line with the "division of labor" within the Moscow-led communist community and coordinated with the Soviet Union's five-year economic plan.

Joint Soviet-Cuban economic planning, which allows Moscow a major say in Cuba's economic development, extends not only to the current Soviet five-year plan, but also includes the next five-year plan for the period 1976–1980 and, as Cuba's Foreign Minister Carlos Rodrigues indicated in January 1974, Soviet specialists will assist Cuba in the planning of the development of its sugar industry for a period up to 1990. Under these plans, the Soviet Union and the other Communist states will continue to be Cuba's main trading partners and a source of economic assistance and technology.

At present the Communist countries account for some 70 percent of Cuba's foreign trade and receive the major share of its exports of sugar and nickel. At the same time, Cuba is heavily dependent on imports from the Soviet bloc, largely financed on the basis of long-term credits and repayable in Cuban goods, for machinery and spare parts, oil, food and various critical raw materials for its industries. Soviet exports to Cuba in 1973 amounted to some $923 million and will exceed $1 billion in 1974–1975, while the total trade turnover of $1.8 billion in 1974 is projected to reach a level of $2.7 billion in 1975. Thus, as the Soviet Minister of Foreign Trade, Patolichev, has declared, "Cuba is one of the Soviet Union's basic trading partners."

Although the current high sugar prices in the world market have considerably boosted Cuba's earnings for the approximately 2 million tons it is free to sell to non-Communist countries, much of the gain, according to a Radio Havana broadcast on December 13, 1974, has been "absorbed" by the higher prices Cuba has had to pay for its imports from Western countries. With Cuba's sugar production not showing any marked increase, it is doubtful that Havana has either much sugar or currency to spare for any significant trade with the U.S.

Meanwhile, the Soviet Union has benefited by paying below world prices for Cuban sugar and nickel, which has had the effect of further raising the island's debt to Moscow.

Cuba's integration into the Soviet bloc extends not only to the sphere of economic planning but also to Communist party relations, and to other areas, such as scientific and technological cooperation, the training of Cuban students and technicians, cultural relations, education and so on. For example, on January 24 Havana announced the signing of an agreement for the printing in the USSR of 4 million textbooks for Cuban primary schools.

It is argued sometimes that Cuba's political integration with the Soviet Union has the beneficial effect of moderating Castro's revolutionary stance and forces him to cease his efforts to promote guerrilla warfare in Latin America because Moscow is believed to be opposed to such adventures and to be primarily interested in developing relations with the present Latin American governments, and concerned with the preservation of the U.S.-Soviet détente. The cessation of Castro's efforts to export revolution to Latin America is one of the stated conditions for U.S. resumption of relations with Cuba.

While it is true that the Soviet Union has proclaimed its preference for a strategy of "peaceful" conquest of power by the Communist parties on the basis of the organization of united fronts with other Left and Center-Left parties, Moscow at the same time does not eschew possible resort to violent revolution.

In his speech in Havana in January 1974, Brezhnev declared "We are not pacifists, we are not for peace at any price, and we are not, of course, for any freezing of the social-political processes taking place inside the countries."

The key issue in a possible U.S. resumption of relations with Cuba is the question of its military ties with the Soviet Union. The significance of Cuba as a Soviet military outpost and as a potential threat to U.S. security was vividly illustrated by the 1962 missile crisis, and again in 1970, by Moscow's attempt to establish a nuclear submarine base at the Cuban port of Cienfuegos. Although the Soviet Union at the time denied any intention of building a "Soviet" naval base in Cuba, the facilities at Cienfuegos have not been dismantled and a succession of Soviet naval squadrons, including submarines, have been visiting Cuban ports and cruising the Caribbean.

It remains to be seen whether the U.S. will indeed base its decisions regarding its Cuban policy on its "own best interests" and will insist on Cuba demonstrating a readiness to meet U.S. conditions, especially in the matter of Cuban military ties with the Soviet Union.

A U.S. vote in favor of the lifting of the OAS sanctions should be viewed by Havana as a further indication to Castro of Washington's willingness to consider a major shift in its policy toward Cuba. Even so, there is no reason for the U.S. to rush into resuming relations with Cuba, especially without an adequate quid pro quo on the latter's part which meets U.S. interests.

The matter of the ultimate decision whether or not to resume relations with Cuba should not be influenced by any wishful thinking, but should be based on a careful and objective weighing of the signals emanating from Moscow and Havana, and of their actions.

[From the Miami Herald, Mar. 9, 1975]

FOCUS ON CUBA: DO RECENT DEVELOPMENTS SIGNAL A SHIFT IN U.S. POLICY?

(By Don Bohning)

Secretary of State Henry Kissinger has acknowledged the obvious: Cuba has come in from the hemisphere cold.

Until Kissinger's well-publicized speech in Houston a week ago, Washington had adamantly insisted there had been "no change" in U.S. policy toward Cuba despite mounting indications to the contrary in recent months.

Even now, State Department officials contend, press interpretation of Kissinger's remarks on Cuba went far beyond what the Secretary actually said.

That is perhaps true. Yet, State Department officials have made no effort to counteract such interpretations and, in fact, contributed to them with the advance ballyhoo that accompanied the speech and high level Washington background briefings.

Neither do they dispute that when Kissinger said "we see no virtue in perpetual antagonism between the United States and Cuba," it was probably the most conciliatory statement by a U.S. official toward the Castro regime since diplomatic relations between the two countries were broken on Jan. 3, 1961.

If that didn't get across the message that there has, indeed, been a change in the U.S. attitude toward Castro, the State Department response to legislation relating to Cuba introduced in Congress last week should make it abundantly clear.

Sen. Edward Kennedy (D., Mass.), introduced a bill that would, among other things, end the 13-year-old U.S. trade embargo against Cuba.

And Sens. Jacob Javits (R., N.Y.) and Claiborne Pell (D., R.I.) presented a resolution calling for the normalization of relations between the United States and Cuba.

A year, or even six months, ago such proposed legislation would have provoked the haughty State Department reply that it served no useful purpose.

But now, says a State Department official when asked about the Kennedy legislation, "we think it is desirable that the Congress 'consider and debate' the process of normalizing relations with Cuba, as Sen. Kennedy said in introducing the bill."

He added, however, "We do not think it would serve our interests that the bill be passed immediately since that would open up trade before the Organizations of American States has acted to repeal the existing multilateral sanctions. This would be inconsisted with our OAS commitments."

Th unspoken implication is that once the OAS sanctions are lifted, the United States is more than willing to consider abandoning its own embargo against the island.

It is now certain the sanctions will be revoked, with U.S. support, at the May OAS general assembly meeting in Washington.

As for the Javits-Pell resolution, the State Department reaction there is also instructive as to which way the wind is blowing across the Carribbean.

"We would welcome a debate which would lead to a better understanding of the issues at stake and full public support," said an official of the resolution.

The immediate issue at stake, from the Washington perspective, is not so much bilateral U.S.-Cuban relations as U.S. relations with the rest of the hemisphere and how the Cuba question is increasingly complicating them.

Just how far much of the rest of the hemisphere is ahead of the United States in disposing of the Cuban problem was brought home again last week when Colombia resumed diplomatic relations with the Castro government.

The simultaneous announcement, made Thursday in Bogota and Havana, said the two countries had decided "to re-establish, as of today, consular, commercial and communications relations at the ambassadorial level."

'We are thawing the cold war," declared Colombian Foreign Minister Indalecic Lievano.

There is some speculation that Kissinger's speech a week ago was deliberately timed before the Colombia-Cuba announcement—

and certainly before his planned Latin American trip next month—to signal to the rest of the hemisphere that U.S. policy has changed.

Colombia became the ninth OAS member nation to have diplomatic relations with Cuba in defiance of the decade-old OAS sanctions.

Other OAS countries that maintain formal ties with Havana are Argentina, Peru, Venezuela, Panama, Mexico, Jamaica, Trinidad and Barbados.

Guyana, Canada and the Bahamas, three non-OAS hemisphere nations, also have diplomatic relations with Cuba.

Over and above the collective sanctions, there are unilateral U.S. laws on the books that discriminate in various ways against third countries dealing with Cuba.

It is in this area where the greatest urgency for action lies, according to both congressional and State Department sources.

In some cases, restrictions affecting third-country shipping and U.S. grant assistance already are being quietly overlooked. And in other instances, such as the sale to Cuba by U.S. subsidiaries overseas, exceptions are being granted in increasing numbers.

The Kennedy legislation, or "omnibus bill," as a State Department official calls it, would eliminate the third-country restrictions in addition to removing the U.S. trade embargo against Cuba.

His bill, Kennedy said in introducing it, would "remove prohibitions against trade with Cuba, prohibitions against third countries which trade with Cuba and prohibitions on U.S. travel to Cuba."

Similar legislation, but not quite as all-inclusive, has been introduced in the House of Representatives by Rep. Michael Harrington (D., Mass.).

What his bill does not do, Kennedy emphasized, is authorize any change in the "prohibition against U.S. foreign assistance to Cuba." Nor does it authorize "any change in the prohibition against assistance to those nations that supply Cuba with arms" or "extend most favored nation treatment to Cuba."

Kennedy drew a pointed parallel between Washington's condemnation of the Arab blacklist against firms doing business with Israel and the U.S. boycott of Cuba.

The Arab blacklist, Kennedy said, "is morally repugnant to every American and an intolerable practice, yet in condemning this use of economic power we must also recognize that we ourselves have for more than a decade used similar economic weapons against nations and shipping lines doing business with Cuba. We, too, have maintained and enforced a blacklist."

Knowledgeable congressional sources doubt that the Kennedy legislation will be approved in the form it has been introduced.

They see its value chiefly as keeping the pressure on the administration to do something about the Cuba question.

The same sources see, by midsummer, a large-scale lifting of all restrictions against third countries dealing with Cuba, with the end of the unilateral U.S. trade embargo against the island coming by the end of the year.

Full diplomatic relations, between the United States and Cuba, unless events move more rapidly than now foreseen, probably are at least two years away—sometime after the 1976 presidential elections.

In the interim, there is likely to be an escalating series of moves and countermoves or, as Secretary Kissinger calls them, "symbolic steps" by both sides toward reconciliation.

Those already have begun.

"We have taken some symbolic steps to indicate that we are prepared to move in a new direction if Cuba will," Kissinger said in his Houston speech.

State Department officials, briefing newsmen in Washington, said those "symbolic steps" specifically included the relaxing of travel restrictions last month against Cuban diplomats at the United Nations—this after state Department officials had denied at the time the restrictions were lifted that it signified any change in policy toward Cuba.

There has not been a clearly discernible Cuban response to Kissinger's speech although the release last week before their terms expired of three Americans jailed in Havana on narcotics charges was seen in some quarters as a "symbolic step" by the Castro government.

Castro, traditionally, makes a major speech on March 13, the anniversary of a 1957 Cuban student attack against the government of the late Fulgencio Batista, then in power in Havana.

There is speculation in Washington that Castro might use that occasion for a more clearly enunciated reaction to the overture contained in Kissinger's speech.

On the U.S. side, there are likely to be no more major moves toward Cuba before the OAS sanctions are lifted in May.

There will be at least one opportunity before then, however, for Washington to extend another symbolic olive branch.

U.S. travel restrictions to Cuba, renewable periodically at the discretion of the secretary of state, expire later this month.

Although court decisions have rendered the travel restrictions unenforceable, were Kissinger to announce that they had not been renewed or, even if they were quietly allowed to lapse, it would most certainly be interpreted as a "symbolic step" by Washington.

While the mechanics of the evolution in U.S.-Cuban relations still remain unclear, there is no longer much doubt that a new era has begun, and Kissinger publicly recognized it last week.

BROTHERHOOD AWARD PRESENTED TO GEORGE MEANY

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, the National Conference of Christians and Jews recently held its Brotherhood Award meeting, and this year presented the award to George Meany, president of the AFL–CIO. Mr. Meany had significant things to say in his speech accepting the award—comments about unemployment, boycotts, and about our basic rights as free people in a democracy. I believe his speech is well worth perusal by all Members, and I include it in the Record, as follows:

I am delighted to be here and, of course, deeply honored to receive the annual Brotherhood Award of the National Conference of Christians and Jews.

I'm particularly honored to be introduced and presented here tonight by the Vice President of the United States, who I have known for many, many years. I have been reading about him lately. I see where he is trying to bring the United States Senate into the 20th Century. And I would say, if he was scarred a little bit in the attempt, not to worry about it. They are very honorable scars.

I take this Award—not for myself—but in behalf of the organization I have the honor to head, the AFL–CIO—in behalf, really of the American Labor movement which, I believe, perhaps immodestly, is the most effective human rights movement in this country.

You know—in the final analysis—human rights rest on human dignity—on a common recognition of the worth of the human personality.

If we lose that sense of self-worth—of dignity, we become careless of the rights of others and we fail to claim our own rights as well. Before we know it, we have passively acquiesced in our own enslavement.

It is not surprising, therefore, that totalitarian governments must rob their citizens of dignity.

The business of dictatorship is to dictate—to control all the way—including the thought processes of its victims. In carrying on its business, it destroys the dignity of all those under its control by telling them that they are not whole human beings in themselves—that they are fulfilled as persons only through service to the State—or only through subservience to an ideology or doctrine. Their own humanity is not sufficient—they need Big Brother—be he named Adolph, Josef or Leonid.

But dictatorship is not the only enemy of human dignity. Poverty, hunger, disease, unemployment—these are also things that demean the human personality. These are also the things that make people feel less than whole.

That is why a man who is out of work—a man who can not properly feed or clothe or shelter his family does not feel like a whole man—and the same goes for women who bear like responsibilities.

And, I believe, the labor movement has done more than any other single force in American life to enhance the economic security of the great mass of America's working people. I also believe it has done more than any other segment of our society to build the broad base of dignity that supports the human rights we often take for granted.

In this sense, the labor movement is a human rights movement—no less than the National Conference of Christians and Jews or the NAACP.

And yet, much of what we do in the field of human rights does not carry a human rights label. It is a natural by-product of our day-to-day role in the world of work.

For example, we do not recruit to the ranks of organized labor on the basis of race, creed, sex or ethnic background. We do not have quotas in the labor movement.

We don't ask a man where he comes from or what his political views are before he joins a union. All we want to know is—does he work here and what kind of work does he do and—if he works for a living, we feel he belongs in the union.

And, despite all of the anti-union propaganda that has been beamed into the black community, the latest studies show that black workers are more prone to join a union than are white workers.

And, no wonder—the earnings of unionized black workers are, on the average, substantially higher than among their nonunion counterparts.

I contend that when you substantially raise a man's earnings—especially if he is a poor man—you don't just put more meat on his table—you help him hold his head a little higher.

And that is what the labor movement is in the business of doing—helping people hold their heads a little higher. Helping people become more human in the highest sense—and therefore more conscious of their human rights.

But, these days—we must admit— our job is getting more difficult each day—and you all know the reason.

It is not because we have stopped trying. It is because the policies of the Administration that has been in power in Washington since January, 1969 have thrown this nation into an economic crisis worse than anything we have known since the Great Depression of the 1930s.

Unemployment is feeding on unemployment. 8.2 percent of our workforce is jobless—according to the official figures, which very much understate the problem.

But while the official overall rate is 8.2 percent, it was 13.4 percent for blacks in mid-January. It was 14.3 for the unskilled and 13.1 for the semi-skilled. It was 20.8 for teenagers and 41.1 for black teenagers.

Now, I submit—contrary to what Arthur Burns may think—that these are not just statistics. This is a human tragedy. Millions of disadvantaged Americans who began to make real progress in the 1960s are now being thrust back to where they were ten or fifteen years ago.

I believe that we are sitting on social dynamite. As the recession deepens—and all signs point in that direction—racial and social tensions are bound to rise, posing a threat to the real accomplishments of organizations like the National Conference of Christians and Jews and so many others that have labored so hard to eradicate bigotry and prejudice from the land.

I did not come here to present the AFL-CIO's program to deal with the economic crisis—although I do want you to be aware that we have one. We think it is a better one than the President has offered—and, certainly, it is more comprehensive than what the Democrats have offered.

The point I want to make is that all of us who are deeply concerned about human rights and human relations must turn our attention to the economy—because if it continues to go downhill—it can become the breeding ground of ugly social impulses and emotions—among them the ancient curse of anti-Semitism.

I am not an alarmist but I do read history—and we know from history, that anti-Semitism seems to intensify in times of severe economic and social stress.

Today, we have an additional danger. Not only does our deteriorating domestic economy provide an all-too-rich soil for scapegoating and demagoguery but, we are faced—on the international scene—with powerful waves of anti-Semitism emanating from the Middle East.

And, make no mistake about it—the Arab fanatics are not just anti-Israel or anti-Zionist. They are anti-Jewish. They are plain, old-fashioned anti-Semites in the spirit of Adolph Hitler.

But, the most outrageous thing is that the venom with which they have poisoned their own societies they now seek to inject into our society.

I think President Ford is to be commended for speaking out so clearly against the Arab blacklist. The idea that any foreign investors would discriminate against Americans who are Jewish or who do business with Israel is a monstrous abomination.

But, what is worse is the fact that there are American Governmental agencies that cooperate in this despicable practice.

Imagine The Army Corps of Engineers admits that it goes along with the demands of the Arab States that no Jews be sent into their countries.

And, then we learn that our Department of Agriculture—you know Earl Butz' Department of Agriculture—you know Earl Butz—holds a 6.5 percent interest in the Intra Investment Company of Beirut, Lebanon—a company that boycotts banks that give economic assistance to the Israelis.

I think we have to go farther than the President's statement. I think we have to let the whole world know that in the United States of America, that in our country, human rights still take priority over the dollar.

I think we should tell the Arabs that any would-be investors from any country who subscribes to the blacklist are henceforth barred from doing business in the United States.

There is some business we don't need.

Throughout the world today there is great confusion about what the United States of America stands for—or whether we stand for anything at all.

In the American Congress, a very strange discussion is taking place. It has to do with whether we should give South Vietnam the remaining $300 million of the $1 billion originally authorized for military assistance. In other words, should we keep our commitment. According to many experts, the survival of the country may be at stake.

Many voices are raised against further aid. The Thieu regime is too repressive, they say. It is also too corrupt. It is intolerant of press criticism. It manhandles demonstrators. It even sometimes arrests union leaders and Buddhists. Its elections are not nearly as democratic as ours.

I can understand these criticisms—although I don't agree with the conclusions some people come to. But, what I can't understand is how the same people who want to cut off aid to South Vietnam because its government is too repressive—turn around and argue for 6 percent U.S. credits for the Soviet Union—where there are No demonstrations, No unions, No elections—and the most degrading form of corruption—the complete monopoly of all power—political, economic and military—by a single ruling clique over the lives of every single person within the Soviet Union.

Incidentally, on the issue of governmental corruption in high places, we here in the United States should guard against any feeling of excessive self-righteousness.

We should give some thought and contemplation to our own recent experience with corruption at the very highest level.

If the stupid Watergate break-in had not accidentally come to light—how far would the Fascist mentality that prevailed in the White House have carried us down the road to repression of individual human rights—to harassment and control of the press—to the manhandling of demonstrators and all the rest of those evils of dictatorial regimes which we so readily deplore?

How much of a step would it have been from the promulgation of an enemies list to the complete monopoly of power over the social, economic and political life of our nation?

The air has been filled recently with talk of detente. That's a lovely word. I couldn't find it in the American dictionary, but, it's in the French dictionary. Detente not only with the Soviet Union and China but with the East European puppet regimes. Trade with these countries from the United States is aid to them. Yet, which of these governments comes anywhere near being as democratic as South Vietnam?

So, as you look at our policies in Southeast Asia—where the first bitter fruits of a false detente can be tasted—and as you look at our policies toward the Soviet Union—where our guiding moral principle—and "moral" has to be in quotes—is "no interference in their internal affairs", not even in defense of human rights—and then as you look at our policies in the Middle East—where we are supplying various Arab governments with fancy aircraft, nuclear reactors—and God knows what else—what other goodies Henry hands out—at the same time those Governments remain pledged to destroy Israel, the only democratic state in the Middle East—as you look over all these policies, is it any wonder that nobody knows anymore what this country believes in—or what it stands for?

It used to be thought that we had a clear commitment—a vested interest—in the growth and expansion of democratic societies throughout the world. It used to be thought that this commitment was not just a matter of sentimental idealism but was based on a recognition that totalitarianism—whether of the left or the right—posed an ever-present threat to our own way of life.

One doesn't hear much of this kind of talk any more. It is buried under mountains of propaganda about detente and peaceful coexistence. And, in this climate, talk about democracy and human rights becomes an embarrassment. It makes people feel uncomfortable. It makes them feel awkward.

Frankly, I think that this is a terrible thing. We have come to a sorry pass in the history of this great experiment in democratic self-government whose 200th anniversary we shall soon celebrate.

There is no doubt in my mind but that this world-wide confusion about the credibility, the commitment and the cardinal purposes of the United States in world affairs today is a major factor contributing to the financial and political instability that has shaken so much of the Western world and threatens to alter the international balance of power with frightful consequences.

But, while the immediate future looks glum, in the long run, I am not a pessimist. Increasingly, thoughtful Americans are beginning to realize that the pendulum has swung too far in the direction of wistful delusion.

A new realism is bound to set in—and with it—a new set of policies. The greatest enemies of genuine detente will prove to be—not the so-called Cold Warriors like George Meany, but the inability of the Soviet Union—given the system by which it is governed—to renounce its fundamental ambitions and values.

Those ambitions and values may be temporarily accommodated by some of our businessmen who are at home wherever there is a buck to be made—whether in Texas or Siberia—but we, in the labor movement, can not make that cozy accommodation.

We can not survive as a trade union movement except where there is democracy. Human rights are the very life blood of our movement.

Take away the freedom to speak, the freedom to associate, the freedom to assemble, the freedom to criticize the government, if you please, the freedom to strike—take these away and you can perhaps still run a corporation but you can't run an institution such as a trade union dedicated to the welfare of the ordinary citizen who works for wages—NO WAY! Come to think of it, when and where workers lose these freedoms, somehow all the other segments of society are likewise adversely affected.

This is why—no matter what Administration is in power, or who the Secretary of State may be—the Trade Union movement has—and must have—a continuing and consistent commitment to human rights and democratic values.

Ten years ago on the 7th of this month, an event took place in Selma, Alabama, which will not soon be forgotten.

On that "Bloody Sunday", hundreds of people who were peacefully demonstrating for voting rights were set upon by Alabama Highway patrolmen and brutally beaten.

That was a horrible day in our history. But, six months later—on August 6, 1965, President Lyndon Johnson signed the Voting Rights Act into law.

Many people sacrificed life, limb and security on behalf of the cause of civil rights in the 1960s. But the point is, their sacrifice was not in vain. They actually won. And, because of their victory, Selma seems far off today—a long, long time away.

The American labor movement was part of that struggle—as you would expect. Not enough people know, however, that labor's influence on Capitol Hill was probably the most important single factor in winning the passage of that 1965 Voting Rights Act.

So, when you hear people talking about "powerful big labor"—yes, we have power—but we like to think that we use our "labor power" on behalf of human rights.

And, we say—flat out: What we want for ourselves as American workers, we want for all the people of this world—the entire human family.

All peoples—not just Americans—should have the rights that were won in Selma, Alabama—ten years ago—the rights we are still fighting to protect and expand.

All people should have these rights—and, if saying that is interfering in the internal affairs of other countries, then I would take my stand with Aleksandr Solzhenitsyn, who said:

". . . All Internal Affairs have ceased to exist on our crowded Earth! The salvation of mankind lies only in making everything the concern of all."

In this spirit of brotherhood, I thank you again for your annual award, which I am proud to accept on behalf of the AFL-CIO.

THE NEED FOR STRIP MINING LEGISLATION

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the Record.)

Mr. PERKINS. Mr. Speaker, last year the Congress, with wisdom and good judgment, passed an act to regulate strip mining which should have become law, but was pocket vetoed. Now, early in this session, we have the opportunity to do something about it, and we should seize it.

Mr. Speaker, this legislation would be the salvation of the coal mining industry, and not—as some mistakenly believe—a detriment to it.

It would save Appalachia, while allowing responsible mining to continue there, and in the other coal areas of the East. And it will prevent the wholesale destruction of the Great Plains Area of the West, preserving a tremendous source of badly needed food.

But it would also provide money, through the reclamation fee, for a broad series of needed public improvements, in the counties where the coal comes from. The funds that will be returned to the coal areas can be used to rebuild those areas—roads, schools, health facilities, water and sewer projects, all could be built with these funds.

Mr. Speaker, in the past several Congresses, I have introduced a bill which would provide for a severance tax on coal and other minerals, with the tax being returned to the counties which produced the minerals.

The bill we are going to vote on moves in that direction, so far as coal is concerned, and it is a very good step, because it is fair and equitable.

Regarding the reclamation fee, the House has made some concessions which I hope will be strengthened in conference.

Additionally, the legislation would authorize reconstruction work on small farms whose productivity has been destroyed by the effects of strip mining. Restoring these small farms by reclaiming their fields and pastures, and cleaning their streams, will mean that families can earn a living from them again, but it will also mean that additional sources of food will be available to help prevent the shortages which we have faced and can face again very easily.

Mr. Speaker, responsible coal mine operators will be able to produce all of the coal we need under this legislation, despite what has been said by those who want to move the American coal production system from east of the Mississippi to the Great Plains of the West.

We should pass this bill, and pass it in a way that insures it becoming law, and we should do this without delay.

The entire Nation will benefit from positive action on this legislation, as well as the people in the coal areas.

GOVERNMENT IN THE SUNSHINE ACT

(Mr. FASCELL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. FASCELL. Mr. Speaker, I am today reintroducing the Government in the Sunshine bill which I sponsored in the 93d Congress. More than 50 of our colleagues joined me in the 93d sponsoring this important measure which would require that all meetings of multimember Federal agencies at which official agency business is considered or discussed shall be open to the public. The senior Senator from Florida, Senator Lawton Chiles, is the principal sponsor and major force behind this legislation in the Senate where hearings were held by a Subcommittee of the Government Operations Committee last year.

The very concept of democracy implies open Government, where the people can participate or at least know what actions affecting their lives are being taken. The Congress has taken important steps in the last several years to open up its own proceedings. In 1973, the House adopted legislation which I sponsored amending the rules to strengthen the requirement for open hearings and open committee meetings including meetings for the markup of legislation. Prior to that action, 56 percent of House hearings and meetings were open to the public in 1972. In contrast, under the stronger open meetings rule adopted in the 93d Congress, 92 percent of all House committee hearings and markup sessions were open to the public in 1974.

At the beginning of this Congress, the House adopted another rule change which I sponsored to require that House-Senate conference committee meetings be held in open session unless a majority of the conferees of either body voted to close the session. The Senate Democratic Caucus and the Republican conference have adopted resolutions in support of this change, and implementing legislation is now pending before the Senate Rules and Administration Committee.

These actions have served to significantly open up the legislative process to public scrutiny as it should be. The most effective way to restore public confidence in the operation of the Congress and to erase doubts concerning possible conflicts of interest, is to do away with secrecy and make the process more open—so that the public can follow committee deliberations and know how decisions are reached and for what reasons.

The public has an equal right to know how the agencies of the executive branch are interpreting the laws enacted by the Congress. The legislation I am introducing today would provide that opportunity, and open up many of the deliberations of Federal agencies.

I hope that the House will act on the proposal this Congress. I urge the support of all Members and welcome any suggestions for strengthening or otherwise perfecting the proposal. The active support for meaningful reforms which the Members of the 94th Congress have demonstrated gives me great hope that efforts to open up the deliberations of the executive agencies will benefit from their commitment and make the Government more responsive and accessible to the people.

The text of the Government in the Sunshine proposal follows:

H.R. 5075

A bill to provide that meetings of Government agencies and of congressional committees shall be open to the public, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. Short Title.—This Act may be cited as the "Government in the Sunshine Act".

Sec. 2. Declaration of Policy.—It is hereby declared to be the policy of the United States that the public is entitled to the fullest practicable information regarding the decisionmaking processes of the Federal Government.

Sec. 3. Definitions.—For purposes of this Act—

(1) "National defense" means—

(A) the protection of the United States and its military forces against actual or potential military attack by a foreign power;

(B) the obtaining of foreign intelligence information deemed essential to the military defense of the United States or its forces;

(C) the protection of information essential to the military defense of the United States or its forces against foreign intelligence activities; or

(D) the protection, to the extent specifically found necessary by the President in writing, of the United States against overthrow of the Government by force; and

(2) "Person" includes an individual, partnership, corporation, associated governmental authority, or public or private organization.

AGENCY PROCEDURES

Sec. 4. (a) This section applies, according to the provisions thereof, to any agency, as defined in section 551(1) of title 5, United States Code, where the body comprising the agency consists of two or more members. Except as provided in subsection (b), all meetings (including meetings to conduct hearings) of such agencies, or a subdivision thereof authorized to take action on behalf of the agency, shall be open to the public. For purposes of this section, a meeting consists of any procedure by which official agency business is considered or discussed by at least the number of agency members (or of members of a subdivision of the agency authorized to take action on behalf of the agency), required to take action on behalf of the agency.

(b) Subsection (a) shall not apply to any portion or portions of an agency meeting where the agency determines by a vote of a majority of its entire membership, or, in the case of a subdivision thereof authorized to take action on behalf of the agency, a majority of the membership of such subdivision, that such portion or portions of the meeting—

(1) will disclose matters necessary to be kept secret in the interests of national defense or the necessarily confidential conduct of the foreign policy of the United States;

(2) will relate solely to individual agency personnel or to internal agency office management and administration or financial auditing;

(3) will tend to charge with crime or misconduct, or to disgrace any person, or will represent a clearly unwarranted invasion of the privacy of any individual: *Provided*, That this paragraph shall not apply to any Government officer or employee with respect to his official duties or employment: *And provided further*, That as applied to a witness at a meeting this paragraph shall not apply unless the witness requests in writing that the meeting be closed to the public;

(4) will disclose information pertaining to any investigation conducted for law enforcement purposes, but only to the extent that the disclosure would (A) interfere with enforcement proceedings, (B) deprive a person of a right to a fair trial or an impartial adjudication, (C) disclose the identity of a confidential source and, in the case of a record compiled by a criminal law enforcement authority in the course of a criminal investigation, or by an agency conducting a lawful national security intelligence investigation, confidential information furnished only by the confidential source, (D) disclose investigative techniques and procedures, (E) endanger the life or physical safety of law enforcement personnel; or (F) in the case of an agency authorized to regulate the issuance or trading of securities, disclose information concerning such securities, or the markets in which they are traded, when such information must be kept confidential in order to avoid premature speculation in the trading of such securities; or

(5) will disclose information relating to the trade secrets or financial or commercial information pertaining specifically to a given person where—

(A) a Federal statute requires the information to be kept confidential by Government officers and employees; or

(B) the information has been obtained by the Federal Government on a confidential basis other than through an application by such person for a specific Government financial or other benefit and the information must be kept secret in order to prevent grave and irreparable injury to the competitive position of such person;

(6) will relate to the conduct or disposition (but not the initiation) of a case of adjudication governed by the provisions of the first paragraph of section 554(a) of title 5, United States Code, or of subsection (1), (2), (4), (5), or (6) thereof.

A separate vote of the agency members, or the members of a subdivision thereof authorized to take action on behalf of the agency, shall be taken with respect to each agency meeting a portion or portions of which are proposed to be closed to the public pursuant to this subsection. The vote of each agency member participating in such vote shall be recorded and no proxies shall be allowed. Within one day of such vote, the agency shall make publicly available a written copy of such vote and, if a meeting or portion thereof is closed to the public, a full written explanation of its action.

(c) Each agency shall make public announcement of the date, place, and subject matter of each meeting, and whether open or closed to the public, at least one week before each meeting. Such announcement shall be made unless the agency determines by a vote of the majority of its members, or in the case of a subdivision thereof authorized to take action on behalf of the agency, a majority of the members of the subdivision, that agency business requires that such meetings be called at an earlier date, in which case the agency shall make public announcement of the date, place, and subject matter of such meeting, and whether open or closed to the public, at the earliest practicable opportunity.

(d) A complete transcript or electronic recording adequate to fully record the proceedings shall be made of each meeting of each agency (whether open or closed to the public). Except as provided in subsection (e) of this section a copy of the transcript or electronic recording of each such meeting, together with any official minutes of such meeting, shall be made available to the public for inspection, and additional copies of any such transcript, minutes, or recording (or a copy of a transcription of the electronic recording), shall be furnished to any person at the actual cost of duplication or transcription. Notwithstanding the provisions of subsection (e), in the case of meetings closed to the public, the portion of such transcript made available for public inspection or electronic recording shall include a list of all persons attending and their affiliation, except for any portion of such list which would disclose the identity of a confidential source, or endanger the life or physical safety of law enforcement personnel.

(e) In the case of meetings closed to the public pursuant to subsection (b) of this section, the agency may delete from the copies of transcripts, electronic recordings, and minutes made available or furnished to the public pursuant to subsection (d) of this section, those portions which the agency determines by vote of a majority of its membership consist of materials specified in paragraph (1), (2), (3), (4), (5), or (6) of subsection (b) of this section. A separate vote of the agency shall be taken with respect to each transcript, electronic recording, or minutes. The vote of each agency member participating in such vote shall be recorded and published, and no proxies shall be allowed. In place of each portion deleted from copies of the meeting transcript, electronic recording, and minutes made available to the public, the agency shall supply a full written explanation of why such portion was deleted and a summary of the substance of the deleted portion that does not itself disclose information specified in paragraph (1), (2), (3), (4), (5), or (6) of subsection (b). The agency shall maintain a complete verbatim copy of the transcript, or a complete electronic recording of each meeting (including those portions deleted from copies made available to the public), for a period of at least two years after such meeting, or until one year after the conclusion of any proceeding with respect to which the meeting, or a portion thereof, was held, whichever occurs later.

(f) Each agency subject to the requirements of this section shall, within three hundred and sixty days after the enactment of this Act, following consultation with the Administrative Conference of the United States and published notice in the Federal Register of at least thirty days and opportunity for written comment by any persons, promulgate regulations to implement the requirements of subsections (a) through (e) inclusive of this section. Such regulations must, prior to final promulgation, receive the approval in writing of the Assistant Attorney General, office of Legal Counsel, certifying that in his opinion the regulations are in accord with the requirements of this section. Any citizen or person resident in the United States may bring a proceeding in the United States Court of Appeals for the District of Columbia Circuit—

(1) to require an agency to promulgate such regulations if such agency has not promulgated such regulations within the time period specified herein; or

(2) to set aside agency regulations issued pursuant to this subsection that are not in accord with the requirements of subsections (a) through (e) inclusive of this section, and to require the promulgation of regulations that are in accord with such subsections.

(g) The district courts of the United States shall have jurisdiction to enforce the requirements of subsections (a) through (e) inclusive of this section by declaratory judgment, injunctive relief, or otherwise. Such actions shall be brought within sixty days after the meeting whose closing is challenged as a violation of this section: *Provided*, That if public notice of such meeting was not provided by the agency in accordance with the requirements of this section, such action shall be brought within sixty days of such meeting or such public announcement, whichever is the later. Such actions shall be brought against an agency and its members by any citizen or person resident in the United States. Such actions may be brought in the district wherein the plaintiff resides, or has his principal place of business, or where the agency in question has its headquarters. In such actions a defendant shall serve his answer within twenty days after the service of the complaint. The burden is on the agency to sustain its action. Except as to causes the court considers of greater importance, proceedings before the district court, as authorized by this paragraph, take precedence on the docket over all other causes and shall be assigned a hearing and trial at the earliest practicable date and expedited in every way. In deciding such cases the court may examine any portion of a meeting transcript or electronic recording that was deleted from the publicly available copy and may take such additional evidence as it deems necessary. Among other forms of equitable relief, including the granting of an injunction against future violations of this section, the court may require that any portion of a meeting transcript or electronic recording improperly deleted from the publicly available copy be made publicly available for inspection and copying, and, having due regard for orderly administration and the public interest, may set aside any agency action taken or discussed at an agency meeting improperly closed to the public. The jurisdiction of the district courts under this subsection shall be concurrent with that of any other court otherwise authorized by law to review agency action. Any such court may, at the application of any person otherwise properly a party to a proceeding before such court to review an agency action, inquire into asserted violations by the agency of the requirements of this section and afford the relief authorized by this section in the case of proceedings by district courts.

(h) In any action brought pursuant to subsection (f) or (g) of this section, the reasonable costs of litigation (including reasonable fees for attorneys and expert witnesses) may be apportioned to the original parties or their successors in interest whenever the court determines such award is appropriate. In the case of apportionment of costs against an agency or its members, the costs may be assessed by the court against the United States.

(i) The agencies subject to the requirements of this section shall annually report to Congress regarding their compliance with such requirements, including a tabulation of the total number of agency meetings open to the public, the total number of meetings closed to the public, the reasons for closing such meetings, and a description of any litigation brought against the agency under this section.

SEC. 5. Title 5 of the United States Code is amended by adding after section 557 the following:

"EX PARTE COMMUNICATIONS IN AGENCY PROCEEDING

"SEC. 557A. (a) DEFINITIONS.—For purposes of this section—

"(1) 'Ex parte communication' means a communication relevant to an on-the-record agency proceeding where such communication is not made on the record, or openly at a scheduled hearing session in such proceeding, and reasonable notice thereof is not given to all parties to, or intervenors in, such proceedings.

"(2) 'Interested person' means any person (including a member or employee of any Government agency or authority) other than a member or employee of the agency before which the on-the-record proceeding is pending who communicates with an agency member or employee with respect to any such on-the-record agency proceeding.

"(3) 'On-the-record agency proceeding' means any proceedings before any agency where the agency action, or a portion thereof, is required by law to be determined on the record after an opportunity for an agency hearing.

"(b) This section applies to any on-the-record agency proceeding.

"(c) In any agency proceeding which is subject to subsection (b) of this section—

"(1) no interested person shall make or cause to be made to any member of the agency in question, administrative judge, or employee who is or may be involved in the decisional process of the proceeding any ex parte communication;

"(2) no member of the agency in question, administrative judge, or employee who is or may be involved in the decisional process of the proceeding shall make or cause to be made to an interested person any ex parte communication;

"(3) a member of the agency in question, administrative judge, or employee who is or may be involved in the decisional process of the proceeding, who receives a communication in violation of this subsection, shall place in the public record of the proceeding—

"(A) any written material submitted in violation of this subsection; and

"(B) a memorandum stating the substance of each oral communication submitted in violation of this subsection; and

"(C) responses, if any, to the materials described in subparagraphs (A) and (B) of this subsection;

"(4) upon obtaining knowledge of a communication in violation of this subsection prompted by or from a party or intervenors to any proceeding to which this section applies, the agency members or member, the administrative judge, or employee presiding at the hearings may, to the extent consistent with the interests of justice and the policy of the underlying statutes, require the party or intervenors to show cause why his claim or interest in the proceeding should not be dismissed, denied, disregarded, or otherwise adversely affected by virtue of such violation.

"(d) The prohibitions of this section shall not apply—

"(1) to any proceeding to the extent required for the disposition of ex parte matters as authorized by law;

"(2) to any written communication from persons who are neither parties or intervenors to the proceeding, nor government officials acting in their official capacity, where such communications are promptly placed in the public docket file of the proceedings.

"(e) The prohibitions of this section shall apply at such time as the agency shall designate, having due regard for the public interest in open decisionmaking by agencies, but in no case shall they apply later than the time at which a proceeding is noticed for hearing. If the person responsible for the communication has knowledge that the proceeding will be noticed, the prohibitions of this section shall apply at the time of his acquisition of such knowledge. In the case of any person who files with an agency any application, petition, or other form of request for agency action, the prohibitions of this section shall apply, with respect to communications with such person, commencing at the time of such filing or at the time otherwise provided by this subsection, whichever occurs first.

"(f) Every agency notice of an opportunity for participation by interested persons in a hearing shall contain a statement as follows:

"(1) if such notice relates to an on-the-record agency proceeding, it shall state that the proceeding is subject to the provisions of this section with respect to ex parte communications;

"(2) if such notice relates to an agency proceeding not on-the-record, it shall state that the proceeding is not subject to the provisions of this section with respect to ex parte communications.

If a notice of hearing with respect to any proceeding before an agency fails to comply with this section, the proceeding shall be deemed to be an on-the-record agency proceeding for purposes of ex parte communications.

"(g) Each agency subject to the requirements of this section shall, within three hundred and sixty days after the enactment of this section, following consultation with the Administrative Conference of the United States and published notice in the Federal Register of at least thirty days and opportunity for written comment, promulgate regulations to implement the requirements of this section. Any citizen or person resident in the United States may bring a proceeding in the United States Court of Appeals for the District of Columbia Circuit—

"(1) to require any agency to promulgate regulations if the agency has not promulgated such regulations within the time period specified; or

"(2) to set aside agency regulations issued pursuant to this subsection that are not in accord with the requirements of this section, and to require the promulgation of regulations that are in accord with this section.

"(h) Nothing in this section shall be construed to permit any communication which is prohibited by any other provision of law, or to prohibit any agency from adopting, by rule or otherwise, prohibitions or regulations governing ex parte communications which are additional to, or more stringent than, the requirements of this section.

"(i) The district courts of the United States shall have jurisdiction to enforce the requirements of subsections (c) and (e) of this section by declaratory judgment, injunctive relief, or otherwise. The action may be brought by any citizen of or person resident in the United States. The action shall be brought in the district wherein the plaintiff resides or has his principal place of business, or where the agency in question has its headquarters. Where a person other than an agency, agency member, administrative judge, or employee is alleged to have participated in a violation of the requirements of this section, such person may, but need not, be joined as a party defendant; for purposes of joining such person as a party defendant, service may be had on such person in any district. Among other forms of equitable relief, the court may require that any ex parte communication made or received in violation of the requirements of this section be published, and, having due regard for orderly administration and the public interest, may set aside any agency action taken in a proceeding where the violation occurred. The jurisdiction of the district courts under this subsection shall be concurrent with that of any other court otherwise authorized by law to review agency action. Any such court may, at the application of any person otherwise properly a party to a proceeding before such court to review an agency action, inquire into asserted violations by the agency of the requirements of this section, and afford the relief authorized by this section in the case of proceedings by district courts.

"(j) In any action brought pursuant to subsection (g) and (i) of this section, cost of litigation (including reasonable fees for attorneys and expert witnesses) may be apportioned to the original parties or their successors in interest whenever the court determines such award is appropriate."

SEC. 6. This Act and the amendments made by this Act do not authorize withholding of information or limit the availability of records to the public except as provided in this title. This Act does not authorize any information to be withheld from Congress.

ILLEGAL SPYING BY THE IRS

(Ms. ABZUG asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Ms. ABZUG. Mr. Speaker, on Thursday, March 13, 1975, the Subcommittee on Government Information and Individual Rights held a hearing on the intelligence-gathering operations of the Internal Revenue Service. At this hearing the Commissioner of the IRS, Donald C. Alexander, testified along with a number of his associates.

The Commissioner gave testimony, under oath, that the IRS was not collecting information on the political or social beliefs of any individual, was not operating a surveillance system aimed at political dissidents, and further, that all intelligence-gathering operations were suspended pending a full review of their procedures. Commissioner Alexander further testified that while there might have been past improprieties, none of the investigations he ordered, upon becoming Commissioner, turned up any serious cases of improper activity by the IRS.

Yet, just the next day, Friday, March 14, 1975, the Miami News carried a story alleging that the IRS carried on an extensive operation in 1972 involving the surveillance of numerous public officials in Florida, including Federal judges. These IRS agents were not investigating tax fraud, according to the story, but were collecting data on the private lives and social habits of these persons. The IRS was using paid informants to pry into the lives of high officials whose only apparent "wrong" was to question the illegal activities of the Nixon administration.

Commissioner Alexander has not denied the allegations in this story, and has, in fact, finally confirmed that the IRS may have been engaged in such tactics. An internal investigation has been undertaken in Miami. Yet, just the day before, he testified that stories such as this were gross exaggerations. Just the day before, I asked the Director of the Intelligence Division, John Olszewski, if the IRS had paid informants on its payroll. Mr. Olszewski testified:

> We do not necessarily have a man on payroll where he is receiving weekly or monthly payments.

Yet, on Friday, the Miami News carried the story, which has not been challenged, that an informer was receiving a weekly salary in addition to expenses—a direct refutation of sworn testimony.

When I again asked the IRS witnesses if any of these types of prior newspaper allegations were true, I received the same vague assurances that the news stories were inaccurate or were exaggerations. The Assistant Commissioner for Inspection, Warren Bates, said:

> We looked at some of the activities of our group file, particularly those in one district. We found the same as Mr. Olszewski told you a few minutes ago. We do have managers and supervisors and employees who are importing information into the IGRS (Intelligence Gathering Research System) system. It is their judgment as to how they apply the guidelines issued to them. Undoubtedly, the kind of information that goes in there—the sort of thing you talk about—can creep into those files. It is not a deliberate searching out of that information.

I hardly think, Mr. Speaker, that a concerted, long-term effort to pry into the lives of public officials can be passed off as information "creeping" into the files.

Either the Internal Revenue Service has the most inept leadership in the U.S. Government or their senior officials lied to my subcommittee. I intend to get to the bottom of this and have demanded a full report by Commissioner Alexander on the extent to which the IRS was operating in clear violation of the law, not only in Florida, but wherever else these activities may have taken place.

Mr. Speaker, at this point in the Record I insert the text of several articles dealing with these disclosures:

[From the Miami News, Mar. 14, 1975]

I Spied on Dade Officials for IRS, Ex-Agent Says

(By Dick Holland and Chris Sanson)

The Internal Revenue Service in Miami employed dozens of undercover agents in 1972 to spy on the sex lives and drinking habits of public officials, including federal judges, according to a woman who says she was one of the agents.

The effort was designated "Operation Leprechaun," said the woman, identified here only as Jane Doe because of her fear of retaliation.

Her account is backed up by documents including a sworn affidavit, a signed statement from the IRS regarding her wages from the service during the period, and receipt for a safety deposit box she shared with her immediate supervisor in the IRS.

She told The Miami News that for spying on public officials including Dade State Attorney Richard Gerstein, she was promised "$20,000 a year for life and eventually a home outside the country."

She actually got "$200 a week—sometimes more, sometimes less—plus car expenses," she said. The car was rented by the IRS, she said, and the license tag was changed weekly.

The Miami News has obtained a copy of a letter from an IRS official to the woman attesting to the payment of $2,960 to her by the IRS for services during 1974.

Jane Doe's account of her activities in behalf of the IRS dovetails with information given The News earlier by an IRS agent who, during the latter years of the Nixon Administration, was assigned to a special intelligence-gathering unit in Miami.

"Specifically," she said, "they wanted information on the personal life of the officials, what they were doing, where they were going, who were they hanging around with, their sex life and their drinking habits."

What IRS' objective was in launching Operation Leprechaun was not immediately clear.

The emphasis of the spying came to be "completely on sex," she said, adding that she could not imagine what that could have to do with possible income tax violations, the sole legitimate purview of the IRS.

Asked to respond to her allegations, Holger Euringer, public information officer for the IRS Florida District, said:

"I don't think that now we are in a position to deny that some of the information we got was definitely not tax-related. But when someone gives you a packet of information, it's apt to contain anything."

Jane said her immediate supervisor in Operation Leprechaun was John T. Harrison, and his superior was Thomas A. Lopez. Harrison is now with the IRS intelligence unit in Fort Lauderdale. Lopez is still a member of the Miami IRS intelligence unit.

She said she had previously worked with another investigative-type federal agency, and was interviewed by Harrison and Lopez after she went to the IRS in Miami in early 1972 on a personal tax matter.

Lopez has been identifified by the Miami News source within the IRS as having been the leader of a special Miami intelligence-gathering unit. In May of 1973 this unit, and its counterparts in other major cities, were officially designated as Information Gathering and Retrieval System (IGRS).

Orders to suspend operation of the IGRS were handed down from Washington last Jan. 22.

Euringer said that during the period in question, "We did have confidential informants just like any other federal agencies. They were not on what I would call the regular payroll, but we did pay them as they provided us with information.

He added: "We are not doing that now. As you know, we are reevaluating our entire intelligence gathering situation (since the suspension of the IGRS work).

Euringer said he had never heard of Operation Leprechaun, but conceded that this "doesn't prove it didn't exist."

Jane Doe said the targets of Leprechaun included, in addition to Gerstein, 29 persons ranging from attorneys to city and county commisioners and mayors, state legislators, an assistant U.S. attorney, a public relations man, a political confidante, a minister, a city manager, municipal and Circuit Court judges, a justice of the Florida Supreme Court and three judges of the U.S. District Court.

She said Harrison gave her photographs of the 30 targets and all but one of the photos—that of a female Circuit Court judge—appeared to have been taken during surveillance with a telephoto lens. The back of each photo bore the name of the subject handwritten in green ink by Harrison, she said.

She said she immediately recognized only one of the subjects, Gerstein, because she had met him casually through a mutual acquaintance.

Gerstein and his chief investigator, Martin Dardis, were at that time about to become deeply involved in the investigation of the Watergate coverup conspiracy which originated on Key Biscayne.

Jane said her IRS superiors told her that the people in the photos "were all 'bad actors,' that they all had 'sexual hangups.' "

Harrison asked her to help recruit other undercover agents, she said, and she did so, from among the Cuban exile community. She said Harrison bragged to her at one point later that he had—31 such agents at work.

Jane Doe was found independently of The Miami News source still within the IRS, but he said her information on Operation Leprechaun "is absolutely accurate."

He said the operatives hired by the special unit were "85 per cent Cubans—They either own or manage or work at restaurants and night clubs, night spots where you have fun—and games . . . Cubans are all over the place and are not shocked at the suggestion of spying."

Jane said her IRS superiors bought membership cards for her in certain private clubs which the targets of the surveillance were believed to frequent.

She told The News that during her several months' work as an operative she went to those clubs but "I didn't know any of those people and I didn't see them there."

She said the surveillance during Leprechaun included, for example, photo-taking of a certain female judge's home, automobile and pet monkey.

At one point, she said, the agents were discussing a plan to have a male agent attempt to "establish a relationship" with the judge. The plan was to disable the judge's car and have the agent pretend to just happen by while she was at the car. He would fix it and strike up an acquaintance.

There were also efforts to get information on the rumored homosexual proclivities of one of the male subjects, Jane Doe said.

She said she didn't feel at the outset that there was anything illegal or improper about the Leprechaun tactics "because, after all, the IRS was doing it."

She dug up information on some of the subjects by searching through newspapers and publications in the public library, she said.

The information was innocuous, harmless, and actually available to anyone who wanted it, but she typed it up anyway and gave it to Harrison, she said.

They would meet weekly, usually in a parked car, she said. She was paid by cash, except once when she couldn't meet personally with Harrison and he sent her a check in the mail, drawn on a local bank, she asserted.

At one point, she said, her superiors inexplicably presented her with a French poodle. They seemed to regard her information as valuable, "because they paid me for it. I'd just give it to him (Harrison) and he'd stick it in his briefcase."

She said she was never told where the information was going, but assumed it was "the secretary of the Treasury or the White House."

The Washington Bureau of the Philadelphia Bulletin early this year quoted high-level sources in Washington as saying that Lopez, identified by Jane as Harrison's superior, was relaying information directly to John Dean, who was counsel to the White House.

Jane, an attractive woman, said that while she was with Leprechaun, she got married, and "they (the IRS) never found out about it (at that time) that I know of."

Not far into her employment, she said, her superiors ordered her to concentrate her attention on Gerstein.

She said her superiors discussed Watergate. "This was most important to them. They separated me from the rest of the group because I was working on Gerstein. They said the order came from 'the highest levels.' "

She said her superiors never ordered her directly to try to have sex with the state attorney, "but they insinuated it."

It did not come about; she said, and by September of 1972 she felt that what her superiors really sought was "entrapment" of Gerstein. She said she told her superiors that what they were attempting was illegal or improper and she wanted out.

The Miami News' source within the IRS said: "Entrapment was the name of the game—and since the group being spied upon had very few saints in it, entrapment was pretty tough to prove."

Jane Doe said that when she quit, an IRS agent threatened that she or her children would suffer "a fatal accident" or he would railroad her into jail if she ever revealed what went on.

Since leaving, she said, she has changed her name and place of residence several times. She said she was kept under surveillance by the IRS for two or three months after her departure, but apparently has not been the object of special IRS interest for some time since.

She said she finally decided to come forward with her account upon learning of the current multifaceted investigations of alleged improper activities by the IRS and other federal investigative agencies.

When The News asked Harrison to respond to Jane's allegations, he asked the reporter to repeat his name and give his phone number, then said: "I'll have to get back to you on this."

It was nearly four hours later that Euringer, information officer in Jacksonville, called. Euringer said it would be difficult to respond to specific statements by Jane Doe because The News would not reveal her true name.

Leon Levine, IRS operations chief in Washington, was asked about Jane's allegations and mentioned the name of Lopez before the reporter did. The name had come up previously, of course, in earlier phases of the inquiry.

Levine said her statements amount to "much more specific allegations" than had been made in the past.

Like the more general allegations made earlier, they are "very serious allegations," Levine said, "but just allegations."

He said all will be, or already are being, investigated by the IRS district, regional, and national offices as well as by the IRS internal security division.

[From the Washington Star-News Mar. 15, 1975]

1972 IRS Spying on Judges Alleged

Miami, Fla.,—The Internal Revenue Service in Miami employed dozens of undercover agents in 1972 to spy on public officials, including federal judges, the Miami News said yesterday.

Quoting an unnamed former IRS agent who helped gather the information, the News said agents concentrated on gathering information about their subjects' sex lives and drinking habits.

The ex-agent, an unidentified woman, told the News she did not know what the IRS' objective was in launching "Operation Leprechaun."

She identified one of the surveillance leaders as Thomas A. Lopez, still a member of the IRS intelligence unit here. Lopez was not immediately available for comment.

Earlier this year, The Philadelphia Bulletin quoted high-level sources in Washington as saying that Lopez had relayed IRS information to John Dean when he was White House counsel in the Nixon administration.

The News said the 30 persons watched by the hired agents included U.S. District Court Judges Joseph Eaton, William O. Mehrtens and Emett Choate, all based in Florida; Florida Supreme Court Justice B. K. Roberts, and Dade County State's Atty. Richard Gerstein, who participated in the Watergate investigation.

The former agent told the News she was promised "$20,000 a year for life and eventually a home outside the country" for her clandestine work. She actually received about $200 a week and automobile expenses, she said.

"They wanted information on the personal life of the officials, what they were doing, where they were going, who were they hanging around with, their sex life and their drinking habits," she said.

Holger Euringer, an IRS spokesman here, said of the report:

"I don't think that we now are in a position to deny that some of the information we got was definitely not tax-related. But when someone gives you a packet of information it's apt to contain anything."

Euringer added, "We did have confidential informants just like any other federal agency. They were not on what I would call the regular payroll, but we did pay them as they provided us with information.

"We are not doing that now," he said.

[From the New York Times, Mar. 15, 1975]

Miamian Asserts IRS Recruited Her To Spy Out Personal Data on Officials

(By B. Drummond Ayres, Jr.)

Miami, March 14.—A Miami woman said today that she was recruited by the Internal Revenue Service in 1972 to take part in a widespread operation to gather information on the sex life and drinking habits of 30 prominent South Floridians, among them a state attorney involved in the Watergate investigation.

The woman, Elsa Suarez, said the spy effort had been dubbed Operation Leprechaun and had been aimed mainly at Federal and state judges and several city and county commissioners.

She said that the over-all goal of the operation had never been made very clear to her. But she said that she had been promised a life-long pension of $20,000 a year and home abroad if she could come up with information that would "get" the state attorney, Richard Gerstein of Dade County.

"It was like a small C.I.A. operation," she asserted in an interview. "I was supposed to mingle in local exclusive clubs and bars and these judges and politicians, pick up all the dirt I could, maybe even go to bed with them.

"I never did sleep with anybody or get any good dirt during the three months I was on the job. My contacts had told me that the people I was supposed to watch were 'no good,' that one was a homosexual, that others had mistresses."

ONLY ON TAX VIOLATIONS

The Internal Revenue Service normally gathers intelligence only on tax violations.

Local officials of the agency refused to comment on Mrs. Suarez's charges and referred all queries to their Washington headquarters. In Washington, a spokesman for the agency said its top officials were "in a meeting."

Six weeks ago, The Philadelphia Bulletin reported that a secret unit of the I.R.S. that allegedly had collected "personal information" on thousands of American citizens in recent years had been ordered to disband and destroy its files.

The article indicated that the unit had operated in a number of cities, including Miami. It quoted sources who said that some of the unit's operatives had reported directly to the White House when Richard M. Nixon was President.

One such operative, it added, was Thomas Lopez, a Miami tax agent.

Mrs. Suarez, in asserting that she had spied for the service, produced several supporting documents and mentioned Mr. Lopez's name. One document appeared to be a photocopy of a letter from the I.R.S. regarding $2,960 allegedly paid her by the agency.

NAMED CONTACT

Another document appeared to be a receipt indicating that she had shared a safe-deposit box at the Florida National Bank in Coral Gables with John T. Harrison, whom she named as her chief contact in the agency, along with Mr. Lopez.

Mrs. Suarez, a 33-year-old divorcee, has made a sworn statement regarding her assertions to Richard Gerstein, the State Attorney for Dade County who is one of the 30 persons she was told to watch.

Mr. Gerstein, an early investigator in the Watergate case because of its many Florida aspects, called this afternoon for a Congressional investigation of Mrs. Suarez's charges.

"In the meantime," he said, "I'm conducting my own investigation to see if any local laws have been violated. I want to know if any tax people have threatened any bar owners or the like with tax suits or loss of licenses for failing to come up with information on people like me.

"All I can add is that I hope the secret files contain only the real facts on me, not my fantasies."

Mrs. Suarez said she apparently had been recruited by the I.R.S. because of an earlier undercover association with other Federal agencies, among them the Drug Enforcement Administration, and because she had voluntarily approached the tax agency with information about a tax violation.

After joining the I.R.S. spying operation, Mrs. Suarez reported, she was given a code name—Carmen—and was told to recruit other undercover agents.

"I got two guys," she said "one of whom had worked with me earlier on a narcotics case."

She did not disclose any names.

She said her contacts at the agency had told her that they were interested mainly in the "sexual hangups" of the people she was assigned to watch.

"They told me, 'Get Gerstein in particular because he's making trouble with his Watergate investigation,' " she recounted.

NOT CLEAR ON OBJECTIVE

"They said they would give me a $20,000-a-year pension for life, new identity and a home abroad if I were successful. But other than that, they were never very clear about the objective of Operation Leprechaun."

To make her job easier, Mrs. Suarez said, the I.R.S. gave her a car and membership in the Jockey, Palm Bay and Mutiny Clubs, three of Miami's most exclusive organizations.

"I would go to these clubs and try to meet the people I was supposed to be watching," she said. "I didn't have a whole lot of luck.

"They also told me to get involved in politics because that would introduce me to a lot of people."

After three months of trying and producing little information she said, she told one of her contacts that she wanted to quit.

"I thought things looked fishy," she recounted, "but the contact became very angry and threatened me and my children."

Mrs. Suarez was reported today to be under police protection.

[From the Washington Post, Mar. 16, 1975]

IRS Team To Probe Miami Unit

Miami, March 15.—Internal Revenue Service inspectors arrived here today to investigate reports of a local IRS spying operation that allegedly gathered information about the drinking habits and sex lives of public officials.

"We mean to find out what was going on down there, and what it was about," said Leon Levine, IRS operations chief in Washington. "All we have is allegations, and if we are going to find out anything, we are going to do it the right way—orderly, logically and legally."

Levine said officials from Washington and Atlanta would investigate reports published Friday in The Miami News and The Miami Herald in which sources said the IRS in Miami employed dozens of undercover agents to gather personal information about 30 persons.

[From the Washington Star-News, Mar. 17, 1975]

Strike Force Defended

Miami.—A Justice Department strike force director, denying published allegations, says his office was interested in corruption and organized crime and not the sex lives and drinking habits of federal and state officials.

Douglas McMillan, the Organized Crime Strike Force's Miami-based regional director, was quoted by the Miami Herald yesterday as saying a 1972 investigation stemmed from an agreement between the strike force and the Internal Revenue service.

"It (the investigation) was an intelligence-gathering operation aimed at corruption and organized crime," McMillan said. "The last thing we were interested in were the sex lives of anybody. We have neither the time or the inclination." The Miami News said last week in a copyrighted story an IRS spy network, known as "Operation Leprechaun," studied the sex habits and private lives of 30 prominent Miamians, including a Supreme Court justice and three federal judges.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. CHARLES H. WILSON of California (at the request of Mr. O'NEILL), for today, on account of official business.

Mr. ALEXANDER (at the request of Mr. O'NEILL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HYDE) to revise and extend their remarks and include extraneous material:)

Mr. STEIGER of Wisconsin, for 15 minutes, today.

Mr. BURKE of Florida, for 5 minutes, today.

Mr. DUNCAN of Tennessee, for 1 hour, today.

Mr. LENT, for 5 minutes, today.

Mr. TALCOTT, for 10 minutes, today.

(The following Members (at the request of Mr. SIMON) to revise and extend their remarks and to include extraneous material:)

Mr. MORGAN, for 10 minutes, today.

Mr. JONES of North Carolina, for 10 minutes, today.

Mr. BINGHAM, for 5 minutes, today.

Mr. HUGHES, for 5 minutes, today.

Mr. FLOOD, for 5 minutes, today.

Mr. DIGGS, for 5 minutes, today.

Mr. BROWN of California, for 5 minutes today.

Mr. FASCELL, for 10 minutes, today.

Mr. BRADEMAS, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes. todav.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. HYDE) and to include extraneous matter:)

Mr. YOUNG of Alaska.
Mr. LAGOMARSINO.
Mr. CARTER.
Mr. CRANE.
Mr. ROBERT W. DANIEL, Jr.
Mr. MCKINNEY.
Mr. CLANCY.
Mr. PRESSLER.
Mr. ANDERSON of Illinois in two instances.
Mr. BURKE of Florida in four instances.
Mr. GUYER.
Mr. ASHBROOK in three instances.
Mr. GILMAN.
Mr. KASTEN.
Mr. ARMSTRONG.
Mr. YOUNG of Florida in five instances.
Mr. WIGGINS.
Mr. BOB WILSON.
Mr. PRITCHARD.
Mr. MYERS of Pennsylvania.
Mr. GOLDWATER.
Mr. JARMAN.

(The following Members (at the request of Mr. SIMON) and to include extraneous matter:)

Mr. HARRINGTON in 10 instances.
Mr. REES.
Mr. FUQUA in five instances.
Mr. WAXMAN.
Mr. JONES of North Carolina.
Mr. DINGELL
Mr. LLOYD of California.
Mr. SOLARZ in three instances.
Mr. HUGHES in 10 instances.
Mr. DRINAN in 10 instances.
Mr. ROSENTHAL in five instances.
Mr. OBEY.
Mr. RANGEL.
Ms. CHISHOLM.
Mr. MILLER of California.
Mr. UDALL.
Mr. EILBERG.
Mr. ULLMAN.
Mrs. SCHROEDER in five instances.
Mrs. SPELLMAN.
Mr. MINETA.
Mr. McDONALD of Georgia in four instances.
Mr. MANN.
Mrs. SULLIVAN.
Mr. ROE in two instances.
Mr. EVINS of Tennessee.
Mr. DOWNING.
Mr. MORGAN in five instances.
Mr. ANDERSON of California in three instances.
Mr. GONZALEZ in three instances.
Mr. RICHMOND.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 326. An act to amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands; to the Committee on Interior and Insular Affairs.

S. 1172.—An act to amend title VI of the Omnibus Crime Control and Safe Streets Act of 1968 to provide for a ten-year term for the appointment of the Director of the Federal Bureau of Investigation; to the Committee on the Judiciary.

ADJOURNMENT

Mr. SIMON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 23 minutes p.m.), the House adjourned until tomorrow, Wednesday, March 19, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

589. A letter from the Secretary of Defense, transmitting a draft of proposed legislation to authorize certain construction at military installations and for other purposes; to the Committee on Armed Services.

590. A letter from the Chairman of the Board of Governors, Federal Reserve System, transmitting the portion of the annual report of the Board of Governors for calendar year 1974 dealing with monetary policy and the economy; to the Committee on Banking, Currency and Housing.

591. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1–4, "To modify the vending regulations in regard to ice cream vendors," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

592. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend the authorization of appropriations for the National Institute of Education, to establish priorities on which the resources of the Institute will be concentrated, and for other purposes; to the Committee on Education and Labor.

593. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend until July 31, 1975, the date for submission of the long-range projection for the provision of comprehensive services to handicapped individuals; to the Committee on Education and Labor.

594. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting notice of proposed amendments to the regulations governing the Library Services and Construction Act, to reflect amendments made by Public Law 93–380, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

595. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting notice of proposed regulations for a State Dissemination Grants program in the National Institute of Education, Department of Health, Education, and Welfare, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

596. A letter from the Comptroller, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Navy to offer to sell certain defense articles to the Government of Spain, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on Foreign Affairs.

597. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend section 48 of the Bankruptcy Act (11 U.S.C. 76) to increase the maximum compensation allowable to receivers and trustees; to the Committee on the Judiciary.

598. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend the Bankruptcy Act to abolish the referees' salary and expense fund, to provide that fees and charges collected by the clerk of a court of bankruptcy in bankruptcy proceedings be paid into the general fund of the Treasury of the United States, to provide salaries and expenses of referees be paid from the general fund of the Treasury, and to eliminate the statutory criteria presently required to be considered by the Judicial Conference in fixing salaries of full-time referees; to the Committee on the Judiciary.

599. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize appropriations for bridge alteration, to author-

ize for the Coast Guard an end-year strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes; to the Committee on Merchant Marine and Fisheries.

600. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend the civil service retirement law to increase the retirement benefits of referees in bankruptcy; to the Committee on Post Office and Civil Service.

601. A letter from the Secretary of Commerce, transmitting the annual report of the Foreign-Trade Zones Board for fiscal year 1974, together with reports covering the same period of Foreign-Trade Zones Nos. 1, 2, 3, 5, 7, 8, 9, 10, 12, 15, and 17, and subzones 3A and 9A, pursuant to section 16 of the Foreign-Trade Zones Act of 1934, as amended; to the Committee on Ways and Means.

602. A letter from the Secretary of the Army and the Secretary of Agriculture, transmitting notice of the intention of the Departments of the Army and Agriculture to interchange lands at Fort Polk, La., pursuant to 70 Stat. 656; jointly to the Committees on Agriculture, and Armed Services.

603. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend the Bankruptcy Act and the civil service retirement law with respect to the tenure and retirement of referees in bankruptcy; jointly to the Committees on the Judiciary, and Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FLYNT: Committee on Standards of Official Conduct. House Resolution 46. Resolution to amend the Code of Official Conduct of the Rules of the House of Representatives; with amendment (Rept. No. 94–76). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 337. Resolution providing for the consideration of H.R. 4485. A bill to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources. (Rept. No. 94–80). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DANIELSON: Committee on the Judiciary. H.R. 2562. A bill for the relief of Charles P. Bailey (Rept. No. 94–77). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 3382. A bill for the relief of Raymond Monroe (Rept. No. 94–78). Referred to the Committee of the Whole House.

Mr. MOORHEAD of California: Committee on the Judiciary. H.R. 4056. A bill for the relief of Tri-State Motor Transit Co.; with amendment (Rept. No. 94–79). Referred to the Committee of the Whole House.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 49. A bill to authorize the Secretary of the Interior to establish on certain public lands of the U.S. national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; with amendment, and referred to the Committee on Armed Services for the period ending April 19, 1975. (Rept. No. 94–81, Pt. I). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ADDABBO:

H.R. 5054. A bill to amend the Public Health Service Act to establish an emergency health benefits protection program for the unemployed; to the Committee on Interstate and Foreign Commerce.

By Mr. ARMSTRONG (for himself and Mr. Montgomery):

H.R. 5055. A bill to amend section 615(a) of title 10, United States Code, relating to required service of members of the Armed Forces; to the Committee on Armed Services.

By Mr. ANDERSON of Illinois (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Armstrong, Mr. Carter, Mr. Dickinson, Mr. Edgar, Mr. Erlenborn, Mr. Esch, Mr. Eshleman, Mr. Fish, Mr. Frey, Mr. Gibbons, Mr. Grassley, Mr. Hastings, Mr. Hinshaw, Mr. Hyde, Mr. Kasten, Mr. Kelly, Mr. Lagomarsino, Mr. Lujan, Mr. McDonald of Georgia, Mr. Miller of Ohio, Mr. Moorhead of California):

H.R. 5056. A bill to amend title 2 of the United States Code to provide for the consideration and adoption of the Rules of the House of Representatives for the 95th and each succeeding Congress; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. O'Brien, Mr. Peyser, Mr. Schulze, Mr. Sebelius, Mr. Steiger of Wisconsin):

H.R. 5057. A bill to amend title 2 of the United States Code to provide for the consideration and adoption of the Rules of the House of Representatives for the 95th and each succeeding Congress; to the Committee on Rules.

By Mr. ARCHER (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Beard of Tennessee, Mr. Broomfield, Mr. Burgener, Mr. Burleson of Texas, Mr. Coughlin, Mr. Dan Daniel, Mr. Dickinson, Mr. Flood, Mrs. Holt, Mr. Johnson of Colorado, Mr. Lent, Mr. Lott, Mr. McCollister, Mr. McDonald of Georgia, Mr. Murtha, Mr. O'Brien, Mr. Pattison of New York, and Mr. Riegle):

H.R. 5058. A bill to amend the Internal Revenue Code of 1954 to provide income tax relief for small businesses; to the Committee on Ways and Means.

By Mr. ARCHER (for himself, Mr. Roe, Mrs. Schroeder, Mr. Thone, Mr. Waggonner, Mr. Winn, Mr. Yatron, Mr. Mitchell of Maryland, and Mr. Montgomery):

H.R. 5059. A bill to amend the Internal Revenue Code of 1954 to provide income tax relief for small businesses; to the Committee on Ways and Means.

By Mr. ASHLEY (for himself and Mr. Blanchard):

H.R. 5060. A bill to authorize temporary assistance to help defray mortgage payments on homes owned by persons who are temporarily unemployed or whose incomes have been significantly reduced as the result of adverse economic conditions; to the Committee on Banking, Currency and Housing.

By Mr. ASHLEY (by request):

H.R. 5061. A bill relating to collective-bargaining representation of postal employees; to the Committee on Post Office and Civil Service.

By Mr. BAUCUS:

H.R. 5062. A bill to authorize a vigorous Federal program of research, development, and demonstration to assure the utilization of MHD (magnetohydrodynamics) to assist in meeting our national energy needs, and for other purposes; to the Committee on Science and Technology.

By Mr. BURKE of Florida:

H.R. 5063. A bill to provide for the issuance of a commemorative postage stamp in honor of the veterans of the Spanish-American War; to the Committee on Post Office and Civil Service.

H.R. 5064. A bill to provide for the issuance of a commemorative postage stamp in honor of the veterans of World War II; to the Committee on Post Office and Civil Service.

H.R. 5065. A bill to provide for the issuance of a commemorative postage stamp in honor of the veterans of World War I; to the Committee on Post Office and Civil Service.

H.R. 5066. A bill to provide for the issuance of a commemorative postage stamp in honor of the first enlisted women in the U.S. Armed Forces; to the Committee on Post Office and Civil Service.

H.R. 5067. A bill to provide for a national cemetery in the area of Broward County, Fla.; to the Committee on Veterans' Affairs.

H.R. 5068. A bill to permit the release of certain veterans from liability to the United States arising out of loans made, guaranteed, or insured under chapter 37 of title 38, United States Code; to the Committee on Veterans' Affairs.

H.R. 5069. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5070. A bill to amend chapter 15 of title 38, United States Code, to provide for the payment of pension of $200 per month to World War I veterans, subject to a $3,000 and $4,200 annual income limitation; to provide that retirement income such as social security shall not be counted as income; to provide that such pension shall be increased by 10 percent where the veteran served overseas during World War I, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. CONABLE:

H.R. 5071. A bill to amend section 584 of the Internal Revenue Code of 1954 with respect to the treatment of affiliated banks for purposes of the common trust fund provisions of such code; to the Committee on Ways and Means.

By Mr. DENT (for himself, Mrs. Collins of Illinois, Mr. Conte, Mr. Holland, Mr. Kemp, and Mr. Moakley):

H.R. 5072. A bill to provide an income tax credit for savings for the payment of postsecondary educational expenses; to the Committee on Ways and Means.

By Mr. DICKINSON (for himself, Mr. Anderson of Illinois, Mr. Archer, Mr. Bafalis, Mr. Beard of Tennessee, Mr. Chappell, Mr. Del Clawson, Mr. Collins of Texas, Mr. Crane, Mr. Derwinski, Mr. Devine, Mr. Goldwater, Mr. Goodling, Mr. Henderson, Mr. Hinshaw, Mrs. Holt, Mr. Ketchum, Mr. McDonald of Georgia, Mr. Mann, Mr. Martin of North Carolina, Mr. Robinson, Mr. Rousselot, Mr. Sebelius, Mr. Steiger of Arizona, and Mr. Taylor of Missouri):

H.R. 5073. A bill to amend the Food Stamp Act of 1964, to exclude from coverage under the act households which have members who are on strike, and for other purposes; to the Committee on Agriculture.

By Mr. DICKINSON (for himself, Mr. Treen, Mr. Whitehurst, Mr. Bob Wilson, Mr. Winn, and Mr. Young of Florida):

H.R. 5074. A bill to amend the Food Stamp Act of 1964, to exclude from coverage under the act households which have members who are on strike, and for other purposes; to the Committee on Agriculture.

By Mr. FASCELL:

H.R. 5075. A bill to provide that meetings of Government agencies and of congressional committees shall be open to the public, and for other purposes; to the Committee on Government Operations.

By Mr. FOLEY:

H.R. 5076. A bill to prohibit the Consumer Product Safety Commission from restricting the sale or manufacture of firearms or ammunition; to the Committee on Interstate and Foreign Commerce.

By Mr. FOLEY (for himself, Mr. Ullman, Mr. AuCoin, Mr. Duncan of Oregon, Mr. Weaver, Mr. Meeds, Mr. Bonker, Mr. Johnson of California and Mr. Symms):

H.R. 5077. A bill relating to certain Forest Service timber sale contracts involving road construction; to the Committee on Public Works and Transportation.

By Mr. FREY:

H.R. 5078. A bill to provide financial assistance to the States for improved educational services for exceptional children; to establish a National Clearinghouse for Exceptional Children; and for other purposes; to the Committee on Education and Labor.

By Mr. GUYER:

H.R. 5079. A bill to provide that Federal expenditures shall not exceed Federal revenues, except in time of war or grave national emergency declared by the Congress, and to provide for systematic reduction of the public debt; to the Committee on Ways and Means.

H.R. 5080. A bill to amend title II of the Social Security Act to increase to $7,500 the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. HANNAFORD:

H.R. 5081. A bill to amend title II of the Social Security Act to increase to $3,600 the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder); to the Committee on Ways and Means.

By Mr. HARRINGTON (for himself, Mr. O'Brien, Mr. Rosenthal, Mr. Ford of Michigan, Mr. Brown of California, Mr. Ryan, Mr. Rees, Mr. Badillo, Mrs. Schroeder, Mr. Richmond, Mr. Ottinger, Mr. Riegle, Mr. Edgar, and Mr. Duncan of Oregon):

H.R. 5082. A bill to amend the Trade Act of 1974 to provide for the application of the generalized system of preferences to Western Hemisphere countries; to the Committee on Ways and Means.

By Mr. HINSHAW:

H.R. 5083. A bill to provide that the U.S. Postal Service may not require the installation of mailboxes at the curb line of residential property in certain localities; to the Committee on Post Office and Civil Service.

By Mr. JEFFORDS (for himself and Mr. Hannaford):

H.R. 5084. A bill to prohibit the introduction into interstate commerce of nonreturnable beverage containers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. JEFFORDS (for himself and Mr. Cleveland):

H.R. 5085. A bill to amend the Internal Revenue Code of 1954 to impose an excise tax on passenger automobiles based on fuel consumption rates and to allow a credit for the purchase of passenger automobiles which meet certain standards of fuel consumption, and for other purposes; to the Committee on Ways and Means.

By Mr. JONES of Tennessee (for himself, Mr. Evins of Tennessee, Mr. Fulton, Mr. Ford of Tennessee, Mr. Duncan of Tennessee, and Mr. Beard of Tennessee):

H.R. 5086. A bill to amend the Controlled Substances Act to provide penalties for persons who obtain or attempt to obtain narcotics or other controlled substances from a retail pharmacy by force and violence and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KASTEN (for himself, Mr. Derwinski, Mr. Winn, Mr. AuCoin, Mr. Ryan, and Mr. Hannaford):

H.R. 5087. A bill to amend the State and Local Fiscal Assistance Act of 1972 to extend the Federal revenue sharing program for an additional period, to periodically increase the amounts returned to States and local governments under such program, and for other purposes; to the Committee on Government Operations.

By Mr. KEMP (for himself, Mr. LaFalce, Mr. Nowak, Mr. Hanley, Mr. Delaney, Mr. Horton, Mr. Koch, Mr. Lent, Mr. Rangel, Mr. Flood, Mr. Gilman, Mr. Richmond, Mr. McKinney, Mr. Mitchell of New York, Mr. McEwen, Mr. Pike, Mr. Pattison of New York, Mr. Peyser, Mr. Rosenthal, Mr. Jeffords, Mr. Fish, Mr. Addabbo, Mr. Zeferetti, and Mr. Hastings):

H.R. 5088. A bill to amend section 109 of title 23 of the United States Code to permit the Secretary of Transportation to delegate the responsibility for the preparation of an environmental impact statement to the State affected by a proposed project on a Federal-aid highway system; to the Committee on Public Works and Transportation.

By Mr. LENT (for himself, Mr. Duncan of Tennessee, Mr. Yatron, Mr. Del Clawson, Mr. Lagomarsino, Mr. Horton, Mr. O'Brien, Mr. Solarz, Mr. Ryan, and Mr. Henderson):

H.R. 5089. A bill to establish a contiguous fishery zone (200-mile limit) beyond the territorial sea of the United States; to the Committee on Merchant Marine and Fisheries.

By Mr. MEEDS:

H.R. 5090. A bill to provide for the disposition of funds appropriated to pay a judgment in favor of the Cowlitz Tribe of Indians in Indian Claims Commission docket No. 218, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MEEDS (for himself, Ms. Abzug, Mr. Brown of California, Mrs. Collins, of Illinois, Mr. Clay, Mr. de Lugo, Mr. Drinan, Mr. Green, Mr. Hannaford, Mr. Harrington, Mr. Harris, Mr. Maguire, Mr. Mikva, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Moorhead of Pennsylvania, Mr. O'Hara, Mr. Rees, Mr. Reuss, Mr. Riegle, Mr. Rosenthal, Mr. Studds, Mr. Ullman, Mr. Vanik, and Mr. Wolff):

H.R. 5091. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes; to the Committee on House Administration.

By Mr. O'HARA:

H.R. 5092. A bill to improve the service which is provided to consumers in connection with escrow accounts on real estate mortgages, to prevent abuses of the escrow system, to require that interest be paid on escrow deposits, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. PEPPER:

H.R. 5093. A bill to amend section 355 of title 38, United States Code, relating to the authority of the Administrator of Veterans' Affairs to readjust the schedule of ratings for the disabilities of veterans; to the Committee on Veterans' Affairs.

H.R. 5094. A bill to amend section 333 of title 38, United States Code, to provide that veterans who serve 2 or more years in peacetime shall be entitled to a presumption that chronic diseases becoming manifest within 1 year from the date of separation from service are service connected; to the Committee on Veterans' Affairs.

H.R. 5095. A bill to amend section 620, title 38, United States Code, to authorize direct admission to community nursing homes at the expense of the U.S. Government; to the Committee on Veterans' Affairs.

H.R. 5096. A bill to amend title 38 of the United States Code to provide an annual clothing allowance to certain veterans who, because of a service-connected disability, wear a prosthetic appliance or appliances which tend to wear out or tear their clothing; to the Committee on Veterans' Affairs.

H.R. 5097. A bill to amend title 38 of the United States Code to provide that pensioners may be furnished necessary medical services in Veterans' Administration facilities; to the Committee on Veterans' Affairs.

H.R. 5098. A bill to amend title 38, United States Code, to increase the amount of veterans' benefits for burial and funeral expense allowance from the present $250 to $750; to the Committee on Veterans' Affairs.

H.R. 5099. A bill to increase the availability of guaranteed home loan financing for veterans and to increase the income of the national service life insurance fund; to the Committee on Veterans' Affairs.

H.R. 5100. A bill to provide for annual adjustments in monthly monetary benefits administered by the Veterans' Administration, according to changes in the Consumer Price Index; to the Committee on Veterans' Affairs.

H.R. 5101. A bill to provide that veterans be provided employment opportunities after discharge at certain minimum salary rates; to the Committee on Veterans' Affairs.

H.R. 5102. A bill to expand the authority of the Veterans' Administration to make direct loans to veterans where private capital is unavailable at the statutory interest rate; to the Committee on Veterans' Affairs.

H.R. 5103. A bill to amend title 38, United States Code, to increase the limitations with respect to direct loans to veterans from $21,000 to $25,000; to the Committee on Veterans' Affairs.

H.R. 5104. A bill to amend title 38, United States Code, to improve the business loan program for veterans; to the Committee on Veterans' Affairs.

H.R. 5105. A bill to amend title 38 of the United States Code to provide mustering-out payments for military service after August 5, 1964; to the Committee on Veterans' Affairs.

H.R. 5106. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued, because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5107. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5108. A bill to make available to veterans of the Vietnam war all benefits available to World War II and Korean conflict veterans; to the Committee on Veterans' Affairs.

H.R. 5109. A bill to amend title 38 of the United States Code in order to provide service pension to certain veterans of World War I and pension to the widows of such veterans; to the Committee on Veterans' Affairs.

H.R. 5110. A bill to amend title 38 of the United Sttaes Code so as to entitle veterans of the Mexican border period and of World War I and their widows and children to pension on the same basis as veterans of the Spanish-American War and their widows and children, respectively, and to increase pension rates; to the Committee on Veterans' Affairs.

H.R. 5111. A bill to amend title 38 of the United States Code to provide for a pension of $100 per month for unremarried widows of men awarded a Medal of Honor posthumously; to the Committee on Veterans' Affairs.

H.R. 5112. A bill to amend title 38, United States Code, to provide that remarriage of the widows of a veteran after age 60 shall not result in termination of dependency and indemnity compensation; to the Committee on Veterans' Affairs.

H.R. 5113. A bill to amend title 38, of the United States Code, in order to credit physicians and dentists with 20 or more years of service in the Veterans' Administration with certain service for retirement purposes; to the Committee on Veterans' Affairs.

H.R. 5114. A bill to provide equitable treatment of veterans enrolled in vocational education courses; to the Committee on Veterans' Affairs.

H.R. 5115. A bill to amend chapter 34 of title 38, United States Code, to provide additional educational benefits to Vietnam-era veterans; to the Committee on Veterans' Affairs.

H.R. 5116. A bill to amend title 38, United States Code, to authorize a treatment and rehabilitation program in the Veterans' Administration for servicemen, veterans, and ex-servicemen suffering from drug abuse or drug dependency; to the Committee on Veterans' Affairs.

H.R. 5117. A bill to amend title 38 of the United States Code to clarify the circumstances under which the Administrator of Veterans' Affairs may pay for care and treatment rendered to veterans by private hospitals in emergencies; to the Committee on Veterans' Affairs.

H.R. 5118. A bill to amend title 38 of the United States Code to permit veterans to determine how certain drugs and medicines will be supplied to them; to the Committee on Veterans' Affairs.

H.R. 5119. A bill to amend chapter 73 of title 38, United States Code, to make a career in the Department of Medicine and Surgery more attractive; to the Committee on Veterans' Affairs.

H.R. 5120. A bill to amend chapter 35 of title 38, United States Code, so as to provide educational assistance at secondary school level to eligible widows and wives, without charge to any period of entitlement the wife or widow may have pursuant to sections 1710 and 1711 of this chapter; to the Committee on Veterans' Affairs.

H.R. 5121. A bill to amend chapter 34 of title 38, United States Code, to authorize additional payments to eligible veterans to partially defray the cost of tuition; to the Committee on Veterans' Affairs.

H.R. 5122. A bill to amend chapter 34 of title 38, United States Code, to permit eligible veterans pursuing full-time programs of education to receive increased monthly educational assistance allowances and have their period of entitlement reduced proportionally; to the Committee on Veterans' Affairs.

H.R. 5123. A bill to amend chapter 34 of title 38, United States Code, to provide additional educational benefits to veterans who have served in the Indochina theater of operations during the Vietnam era; to the Committee on Veterans' Affairs.

By Mr. PICKLE (for himself, Mr. Eckhardt, Mr. Krueger, Mr. Gonzalez, Mr. Hightower, Mr. Wright, Mr. Charles Wilson of Texas, Mr. Teague, Mr. Kazen, Mr. Milford, Mr. White, Mr. Poage, Mr. Patman, and Mr. Brooks):

H.R. 5124. A bill to provide for the establishment of an American Folklife Center in the Library of Congress, and for other purposes; to the Committee on House Administration.

By Mrs. SCHROEDER:

H.R. 5125. A bill to require the Director of the Office of Management and Budget to make recommendations to the President with respect to national observances, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. STRATTON (for himself, Mr. Ashley, Mr. Badillo, Mr. Breaux, Mr. Brodhead, Mr. Brown of California, Mr. Buchanan, Mr. Carney, Mr. Conte, Mr. Conyers, Mr. Cotter, Mr. Downey, Mr. Drinan, Mr. Duncan of Tennessee, Mr. Edgar, Mrs. Fenwick, Mr. Fish, Mr. Harrington, Mr. Hawkins, Mr. Hechler of West Virginia, Mr. Helstoski, and Mr. Henderson):

H.R. 5126. A bill to prohibit any increase in the price of certain consumer commodities by any retailer once a price is placed on any such commodity by such retailer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. STRATTON (for himself, Mr. Hyde, Mr. LaFalce, Mr. Lloyd of California, Mr. McEwen, Mr. McHugh, Mr. Mazzoli, Mr. Mottl, Mr. O'Brien, Mr. Ottinger, Mr. Richmond, Mr. Rodino, Mr. Rosenthal, Mr. Sarbanes, Mrs. Schroeder, Mr. Solarz, Mr. Stark, Mrs. Sullivan, Mr. Walsh, Mr. Whitehurst, Mr. Young of Florida, and Mr. Zeferetti):

H.R. 5127. A bill to prohibit any increase in the price of certain consumer commodities by any retailer once a price is placed on any such commodity by such retailer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Ms. ABZUG (for herself, Mr. Stark, Mr. Stokes, Mr. Charles Wilson of Texas, and Mr. Won Pat):

H.R. 5128. A bill to amend the Privacy Act of 1974; to the Committee on Government Operations.

By Ms. ABZUG (for herself, Mr. Addabbo, Mr. Badillo, Mr. Baucus, Mrs. Boggs, Mrs. Burke of California, Mr. Carr, Mr. Danielson, Mr. Dellums, Mr. Drinan, Mr. Edgar, Mr. Ford of Tennessee, Mr. Hannaford, Mr. Harrington, Mr. Koch, Mr. Maguire, Mr. Melcher, Mr. Mikva, Mr. Mitchell of Maryland, Mr. Nix, Mr. Pattison of New York, Mr. Richmond, Mr. Roe, Mr. Solarz, and Mrs. Spellman):

H.R. 5129. A bill to amend the Privacy Act of 1974; to the Committee on Government Operations.

By Mr. ANNUNZIO:

H.R. 5130. A bill to provide for the issuance of a special postage stamp in commemoration of the life and work of a man of science, Enrico Fermi; to the Committee on Post Office and Civil Service.

By Mr. ASHBROOK:

H.R. 5131. A bill to prevent the estate tax law from operating to encourage or to require the destruction of open lands and historic places, by amending the Internal Revenue Code of 1954 to provide that real property which is farmland, woodland, or open land and forms part of an estate may be valued, for estate tax purposes, at its value as farmland, woodland, or open land (rather than at its fair market value), and to provide that real property which is listed on the National Register of Historic Places may be valued, for estate tax purposes, at its value for its existing use, and to provide for the revocation of such lower evaluation and recapture of unpaid taxes with interest in appropriate circumstances; to the Committee on Ways and Means.

By Mr. DRINAN (for himself, Ms. Abzug, Mrs. Collins of Illinois, Mr. Diggs, Mr. Edgar, Mr. Harrington, Mr. Hawkins, Mr. Helstoski, Mr. Rosenthal, Mr. Solarz, Mr. Stark. and Mr. Waxman):

H.R. 5132. A bill to substantially reduce the personal dangers and fatalities caused by the criminal and violent behavior of those persons who lawlessly misuse firearms by restricting the availability of such firearms for law enforcement; military purposes; and for certain approved purposes including sporting and recreational uses; to the Committee on the Judiciary.

By Mr. DUNCAN of Tennessee for himself, Mr. Waggonner, Mrs. Holt, Mr. Archer, Mr. Devine, Mr. Steiger of Arizona, Mr. Goodling, Mr. Dickinson, Mr. Rousselot, Mr. Roberts, Mr. Talcott, Mr. Crane, Mr. Sebelius, Mr. Spence, Mr. Beard of Tennessee, Mr. Conlan, Mr. Lagomarsino, Mr. Kindness, Mr. Broyhill, Mr. Hutchinson, and Mr. Hansen):

H.R. 5133. A bill to amend title IV of the Social Security Act to improve and make more realistic various provisions relating to eligibility for aid to families with dependent children and the administration of the AFDC program, and for other purposes; to the Committee on Ways and Means.

By Mr. DUNCAN of Tennessee for himself, Mr. Vander Jagt, Mr. Satterfield, Mr. Burgener, Mr. Myers of Indiana, Mr. Del Clawson, Mr. Snyder, Mr. Collins of Texas, Mr. Treen, Mr. Chappell, Mr. Thone, Mr. Bauman, Mr. Lott, Mr. Martin, Mr. Edwards of Alabama, Mr. Young of Florida, Mr. Shuster, Mr. Hinshaw, Mr. Burleson of Texas, Mr. Taylor of Missouri, and Mr. Regula):

H.R. 5134. A bill to amend title IV of the Social Security Act to improve and make more realistic various provisions relating to eligibility for aid to families with dependent children and the administration of the AFDC program, and for other purposes; to the Committee on Ways and Means.

By Mr. DUNCAN of Tennessee for himself, Mr. Michel, Mr. Bafalis, Mr. Dan Daniel, Mr. Goldwater, Mr. Robinson, Mr. Kasten, Mr. Moorhead of California, Mr. Miller of Ohio, Mr. White, Mr. Symms, Mr. Ketchum, Mr. Grassley, Mr. Clancy, Mr. Armstrong, Mr. Kemp, Mr. Eshleman, Mr. Derwinski, Mr. Hagedorn, Mr. Kelly, Mr. Montgomery and Mr. Lujan):

H.R. 5135. A bill to amend title IV of the Social Security Act to improve and make more realistic various provisions relating to eligibility for aid to families with dependent children and the administration of the AFDC program, and for other purposes; to the Committee on Ways and Means.

By Mr. GUDE:

H.R. 5136. A bill to authorize the transfer of jurisdiction of certain lands in the National Park System located in Montgomery County, Md., and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 5137. A bill to authorize the transfer of jurisdiction of certain lands in the National Park System located in Montgomery County, Md., and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. HARRINGTON:

H.R. 5138. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued, because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mr. HARRINGTON (for himself and Mr. Cohen):

H.R. 5139. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued, because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mrs. HOLT (for herself, Mr. Steelman, Mr. McDonald of Georgia, and Mr. Bauman):

H.R. 5140. A bill to require that estimates of the average cost for each taxpaying family be included in all bills and resolutions of a public character introduced and reported in the Senate and the House of Representatives; to the Committee on Rules.

By Mr. LENT:

H.R. 5141. A bill to incorporate the United States Submarine Veterans of World War II; to the Committee on the Judiciary.

By Mr. LEVITAS:

H.R. 5142. A bill to repeal the Council on Wage and Price Stability Act; to the Committee on Banking, Currency and Housing.

By Mr. LITTON (for himself, Mr. Clay, Mr. Dent, Mr. Hannaford, Mr. Hawkins, Mr. Jones of Tennessee, Mr. Long of Louisiana, Ms. Mink, Mr. Randall, Mr. Santini, Mr. Symington, and Mr. Charles H Wilson of California):

H.R. 5143. A bill to amend the Legislative Reorganization Act of 1970 to provide seminars to freshmen Members of the Congress, and for other purposes; to the Committee on House Administration.

By Mr. McKINNEY:

H.R. 5144. A bill to decrease to 16 the minimum age at which a person may file on his own behalf a naturalization petition; to the Committee on the Judiciary.

By Mr. MACDONALD of Massachusetts:

H.R. 5145. A bill to amend the Social Security Act to provide for a minimum annual income (subject to subsequent increases to reflect the cost of living) of $3,850 in the case of elderly individuals and $5,200 in the case of elderly couples; to the Committee on Ways and Means.

By Mr. MELCHER (for himself, and Mrs. Heckler of Massachusetts):

H.R. 5146. A bill to amend the Internal Revenue Code of 1954 to allow farmers to defer certain payments received for losses to crops caused by natural disasters until the taxable year in which the income from the crops would have been reported; to the Committee on Ways and Means.

By Mr. QUILLEN:

H.R. 5147. A bill to increase the appropriation authorization relating to the Andrew Johnson National Historic Site, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RAILSBACK:

H.R. 5148. A bill to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer education, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products; to the Committee on Agriculture.

By Mr. ROSENTHAL:

H.R. 5149. A bill to amend the Social Security Act to establish a new program of assured annual income benefits for the aged, the blind, and the disabled; to amend title II of such act to improve the computation of benefits and eligibility therefor, to provide for payment of widow's and widower's benefits in full at age 50 without regard to disability, to raise the earnings base, to eliminate the actuarial reduction and lower the age entitlement, to provide optional coverage for Federal employees, to eliminate the retirement test, and to increase the lump-sum death payment; to amend title XVIII of such act to reduce to 60 the age of entitlement to medicare benefits and liberalize coverage of the disabled without regard to age, to provide coverage for certain governmental employees, to include qualified prescription drugs, free annual physical examinations, flu shots, prosthetics, eye care, dental care, and hearing aids under the supplementary medical benefits program, and to eliminate monthly premiums under such program for those whose gross annual income is below $4,800; to establish a food allowance program for older Americans; and for other purposes; to the Committee on Ways and Means.

By Mr. ROSENTHAL (for himself, Ms. Abzug, Mr. Addabbo, Mr. Badillo, Mr. Brademas, Mr. Brown of California, Ms. Collins of Illinois, Mr. Conyers, Mr. Dominick V. Daniels, Mr. Downey, Mr. Drinan, Mr. Edgar, Mr. Edwards of California, Mr. Fraser, Mr. Harrington, Mr. Hechler of West Virginia, and Ms. Holtzman):

H.R. 5150. A bill to require major corporations to file cost justifications of price increases made in connection with compliance with Federal regulatory requirements, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ROSENTHAL (for himself, Mr. Koch, Mr. Lloyd of California, Ms. Mink, Mr. Moorhead of Pennsylvania, Mr. Nix, Mr. Ottinger, Mr. Rees, Mr. Richmond, Mr. Rodino, Mr. Roybal, Ms. Schroeder, Mr. Solarz, Ms. Spellman, Mr. Udall, and Mr. Yatron):

H.R. 5151. A bill to require major corporations to file cost justifications of price increases made in connection with compliance with Federal regulatory requirements, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mrs. SPELLMAN:

H.R. 5152. A bill to amend section 552 of title 5, United States Code, known as the Freedom of Information Act, to secure to employees of the Federal Government the right to disclose information which is required by law to be disclosed by agencies; to the Committee on Government Operations.

By Mr. BOB WILSON (for himself, Mr. AuCoin, Mr. Blanchard, Mr. Burgener, Mr. Del Clawson, Mr. Coughlin, Mr. D'Amours, Mr. Dominick V. Daniels, Mr. Kemp, Mr. Long of Maryland, Mr. McCollister, Mr. Sarasin, Mrs. Spellman, Mr. Steelman, Mr. Waggonner, and Mr. Young of Florida):

H.R. 5153. A bill to prohibit any change in the status of any member of the uniformed services who is in a missing status under chapter 10 of title 37, United States Code, until the provision of the Paris Peace Accord of January 27, 1973, have been fully complied with, and for other purposes; to the Committee on Armed Services.

By Mr. BURKE of Florida:

H.J. Res. 330. Joint resolution to retain May 30 as Memorial Day; to the Committee on Post Office and Civil Service.

H.J. Res. 331. Joint resolution to amend title 5 of the United States Code to provide for the designation of the 11th day of November of each year as Veterans Day; to the Committee on Post Office and Civil Service.

By Mr. GUYER:

H.J. Res. 332. Joint resolution proposing an amendment to the Constitution of the United States relating to prayer and religious instructions in public schools and other facilities; to the Committee on the Judiciary.

By Mr. BRADEMAS (for himself, Mr. O'Neill, Mr. Burke of Massachusetts, Mr. AuCoin, Mr. Wolff, Mr. Taylor of North Carolina, Mr. Hawkins, and Mr. Lehman):

H. Con. Res. 185. Concurrent resolution expressing the sense of the Congress that no legislation imposing a ceiling on social security cost-of-living benefit increases be enacted; to the Committee on Ways and Means.

By Mr. ANDERSON of Illinois (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Armstrong, Mr. Downey, Mr. Edgar, Mr. Erlenborn, Mr. Esch, Mr. Eshleman, Mr. Frey, Mr. Gibbons, Mr. Gilman, Mr. Hastings, Mr. Hyde, Mr. Lagomarsino, Mr. Lujan, Mr. Maguire, Mr. Moorhead of California, Mr. O'Brien Mr. Peyser, Ms. Schroeder, Mr. Sebelius, Mr. Solarz, Mr. Stark, and Mr. Steiger of Wisconsin):

H. Res. 317. Resolution authorizing and directing the Speaker of the House of Representatives to take immediate action to implement a plan for the audio and video broadcasting of House floor proceedings; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself and Ms. Abzug):

H. Res. 318. Resolution authorizing and directing the Speaker of the House of Representatives to take immediate action to implement a plan for the audio and video broadcasting of House floor proceedings; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Archer, Mr. Armstrong, Mr. Buchanan, Mr. Carter, Mr. Devine, Mr. Dickinson, Mr. Edgar, Mr. Erlenborn, Mr. Esch, Mr. Eshleman, Mr. Fish, Mr. Frey, Mr. Gilman, Mr. Grassley, Mr. Hastings, Mr. Hinshaw, Mr. Hyde, Mr. Kasten, Mr. Kelly, Mr. Lagomarsino, Mr. Lujan and Mr. McDonald of Georgia):

H. Res. 319. Resolution to amend rule VIII of the Rules of the House of Representatives to prohibit a party caucus or conference from issuing binding instructions on a Member's committee or floor votes and to permit any Member so bound to raise a point of order; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Moorhead of California, Mr. O'Brien, Mr. Peyser, Ms. Schroeder, Mr. Schulze, Mr. Sebelius, and Mr. Steiger of Wisconsin):

H. Res. 320. Resolution to amend rule VIII of the Rules of the House of Representatives to prohibit a party caucus or conference from issuing binding instructions on a Member's committee or floor votes, and to permit any Member so bound to raise a point of order; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Buchanan, Mr. Carter, Mr. Edgar, Mr. Erlenborn, Mr. Esch, Mr. Eshleman, Mr. Fish, Mr. Frey, Mr. Gibbons, Mr. Gilman, Mr. Grassley, Mr. Hastings, Mr. Hinshaw, Mr. Hyde, Mr. Kasten, Mr. Kelly, Mr. Lagomarsino, Mr. Lujan, Mr. Maguire, Mr. Mikva, Mr. Moorhead of California, and Mr. O'Brien):

H. Res. 321. Resolution to amend rule XI of the Rules of the House of Representatives to require that the record of committee action be made available for public inspection, with certain exceptions; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Peyser, Ms. Schroeder, Mr. Schulze, Mr. Sebelius, Mr. Solarz, Mr. Stark, Mr. Steiger of Wisconsin, and Ms. Abzug):

H. Res. 322. Resolution to amend rule XI of the Rules of the House of Representatives to require that the record of committee action be made available for public inspection, with certain exceptions; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Archer, Mr. Armstrong, Mr. Buchanan, Mr. Carter, Mr. Devine, Mr. Dickinson, Mr. Edgar, Mr. Erlenborn, Mr. Esch, Mr. Eshleman, Mr. Fish, Mr. Frey, Mr. Gilman, Mr. Grassley, Mr. Hastings, Mr. Hinshaw, Mr. Hyde, Mr. Kasten, Mr. Kelly, Mr. Lagomarsino, Mr. Lujan, and Mr. Miller of Ohio):

H. Res. 323. Resolution to amend rule XI of the Rules of the House of Representatives to eliminate proxy voting in committees; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Moorhead of California, Mr. O'Brien, Mr. Schulze, Mr. Sebelius, Mr. Simon, and Mr. Steiger of Wisconsin):

H. Res. 324. Resolution to amend rule XI of the Rules of the House of Representatives to eliminate proxy voting in committees; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Armstrong, Mr. Buchanan, Mr. Edgar, Mr. Erlenborn, Mr. Esch, Mr. Eshleman, Mr. Frey, Mr. Gibbons, Mr. Gilman, Mr. Grassley, Mr. Hastings, Mr. Hinshaw, Mr. Hyde, Mr. Kasten, Mr. Kelly, Mr. Lagomarsino, Mr. Lujan, Mr. Maguire, Mr. Matsunaga, Mr. Mikva, Mr. Miller of Ohio, and Mr. Moorhead of California):

H. Res. 325. Resolution to amend rule XI of the Rules of the House of Representatives to require that all committee meetings, with only limited exceptions, shall be open to the public; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. O'Brien, Mr. Peyser, Ms. Schroeder, Mr. Schulze, Mr. Sebelius, Mr. Solarz, Mr. Stark, Mr. Steiger of Wisconsin, and Ms. Abzug):

H. Res. 326. Resolution to amend rule XI of the Rules of the House of Representatives to require that all committee meetings, with only limited exceptions, shall be open to the public; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Devine, Mr. Dickinson, Mr. Edgar, Mr. Erlenborn, Mr. Esch, Mr. Eshleman, Mr. Frey, Mr. Gilman, Mr. Grassley, Mr. Hastings, Mr. Hinshaw, Mr. Hyde, Mr. Kasten, Mr. Kelly, Mr. Lagomarsino, Mr. Lujan, Mr. Moorhead of California, Mr. O'Brien, Mr. Peyser, Ms. Schroeder, Mr. Schulze, and Mr. Sebelius):

H. Res. 327. Resolution to amend rule XI of the Rules of the House of Representatives to provide that any member in committee may demand a rollcall vote on any matter, and that a rollcall vote shall be required on any motion to report a bill or resolution from committee; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Solarz, Mr. Steiger of Wisconsin, and Ms. Abzug):

H. Res. 328. Resolution to amend rule XI of the Rules of the House of Representatives to provide than any member in committee may demand a rollcall vote on any matter, and that a rollcall vote shall be required on any motion to report a bill or resolution from committee; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Archer, Mr. Armstrong, Mr. Buchanan, Mr. Carter, Mr. Devine, Mr. Dickinson, Mr. Erlenborn, Mr. Esch, Mr. Eshleman, Mr. Frey, Mr. Gilman, Mr. Grassley, Mr. Hastings, Mr. Hinshaw, Mr. Hyde, Mr. Kasten, Mr. Kelly, Mr. Lagomarsino, Mr. Lujan, Mr. McDonald of Georgia, Mr. Miller of Ohio, Mr. Moorhead of California):

H. Res. 329. Resolution to amend rule XXVII of the Rules of the House of Representatives to prescribe procedures whereby a committee may request that a matter reported should be considered under a suspension of the rules; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. O'Brien, Ms. Schroeder, Mr. Schulze, Mr. Sebelius, and Mr. Steiger of Wisconsin):

H. Res. 330. Resolution to amend rule XXVII of the Rules of the House of Representatives to prescribe procedures whereby a committee may request that a matter reported should be considered under a suspension of the rules; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Mr. Abdnor, Mr. Andrews of North Dakota, Mr. Armstrong, Mr. Devine, Mr. Erlenborn, Mr. Eshleman, Mr. Fish, Mr. Frey, Mr. Gibbons, Mr. Gilman, Mr. Grassley, Mr. Hastings, Mr. Hinshaw, Mr. Hyde, Mr. Kasten, Mr. Lagomarsino, Mr. Lott, Mr. Lujan, Mr. Maguire, Mr. Matsunaga, Mr. Miller of Ohio, Mr. Moorhead of California, Mr. O'Brien, and Mr. Peyser):

H. Res. 331. Resolution to amend rule XXVIII of the Rules of the House of Representatives to require that all House-Senate conferences shall be open to the public and that no conference report shall be in order for consideration unless all conference sessions were open; to the Committee on Rules.

By Mr. ANDERSON of Illinois (for himself, Ms. Schroeder, Mr. Schulze, Mr. Sebelius, Mr. Solarz, Mr. Stark, Mr. Kelly, and Ms. Abzug):

H. Res. 332. Resolution to amend rule XXVIII of the Rules of the House of Representatives to require that all House-Senate conferences shall be open to the public and that no conference report shall be in order for consideration unless all conference sessions were open; to the Committee on Rules.

By Mr. HUGHES (for himself, Mr. Edgar, Mr. Ford of Tennessee, Mr. Gaydos, Mr. Mitchell of New York, Mr. Mottl, Mr. Ottinger, Mr. Rees, Mr. Richmond, Mr. Rodino, Mr. Solarz, and Mrs. Spellman):

H. Res. 333. Resolution to create a select committee to make investigations and studies relating to natural gas and petroleum reserves; to the Committee on Rules.

By Mr. LITTON (for himself, Mr. Ottinger, Mr. Peyser, Mr. Mann, Mr. Diggs, Mr. Koch, Mr. Brown of California, Mr. Baldus, Mr. Hicks, and Mr. Rodino):

H. Res. 334. Resolution expressing the sense of the House of Representatives concerning the need for immediate and substantial public investments in agriculture research and technology for the express purpose of increasing food production; to the Committee on Agriculture.

By Mr. MONTGOMERY (for himself, Ms. Abzug, Mr. Addabbo, Mr. Archer, Mr. Beard of Tennessee, Mr. Devine, Mr. Derrick, Mr. Dickinson, Mr. Fish, Mr. Flynt, Mr. Fraser, Mr. Frenzel, Mr. Gilman, Ms. Holt, Mr. Jones of Oklahoma, Mr. Kemp, Mr. Lagomarsino, Mr. Murtha, Mr. Myers of Indiana, Mr. Nolan, Mr. Spence, Mr. Steiger of Arizona, Mr. Symms, Mr. Wolff, and Mr. Zeferetti):

H. Res. 335. Resolution establishing a select committee to study the problem of U.S. servicemen missing in action in Southeast Asia; to the Committee on Rules.

By Mr. MONTGOMERY (for himself, Mr. Ketchum, Mr. Crane, Mr. Bob Wilson, Mr. Cochran, and Mr. Rose):

H. Res. 336. Resolution establishing a select committee to study the problem of U.S. servicemen missing in action in Southeast Asia; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

57. By the SPEAKER: Memorial of the Senate of the State of Washington, relative to Americans missing in action in Southeast Asia; to the Committee on Armed Services.

58. Also, memorial of the Legislature of the State of California, relative to the definition of tax effort under the State and Local Assistance Act of 1972; to the Committee on Government Operations.

59. Also, memorial of the Legislature of the Commonwealth of Virginia, relative to automobile emission standards; to the Committee on Interstate and Foreign Commerce.

60. Also, memorial of the Legislature of the Commonwealth of Massachusetts, relative to observing Veterans Day on November 11; to the Committee on Post Office and Civil Service.

61. Also, memorial of the House of Representatives of the Commonwealth of Puerto Rico, relative to air service to Puerto Rico; to the Committee on Public Works and Transportation.

62. Also, memorial of the Legislature of the Commonwealth of Massachusetts, relative to extending medicare coverage to include the costs of eyeglasses, dentures, hearing aids, and prescription drugs; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HANNAFORD:

H.R. 5154. A bill for the relief of Peter J. Montagnoli; to the Committee on the Judiciary.

By Mrs. HOLT:

H.R. 5155. A bill for the relief of Charles Hammond, Jr.; to the Committee on Merchant Marine and Fisheries.

By Mr. BOB WILSON:

H.R. 5156. A bill for the relief of Peter P. Toma; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

62. By the SPEAKER: Petition of the East Bay Municipal District Employees Union, El Cerrito, Calif., relative to assistance to Cambodia and Vietnam; to the Committee on Foreign Affairs.

63. Also, petition of QED, La Jolla, Calif., relative to the Panama Canal; to the Committee on Foreign Affairs.

64. Also, petition of the Ozark Society, Little Rock, Ark., relative to including the Mulberry River in the National Wild and Scenic Rivers System; to the Committee on Interior and Insular Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4296

By Mr. D'AMOURS:

Page 3, strike out lines 4 through 16 and insert:

"Notwithstanding the foregoing provisions of this section, effective for the period beginning with the date of enactment, the present support price of 80 per centum shall be adjusted thereafter by the Secretary at the beginning of each quarter, beginning with the second quarter of the calendar year of 1975, to reflect any change during the immediately preceding quarter in the index of prices paid by farmers for production items, interest, taxes, and wage rates. Such support prices shall be announced by the Secretary within 30 days prior to the beginning of each quarter.".

By Mr. RICHMOND:

Page 2, line 12, delete the language of lines 12, 13, 14, and 15 in its entirety.

Page 3, line 8, strike the figure "85 per centum", and insert in lieu thereof the figure "80 per centum".

Page 3, line 16, add a new section to read as follows:

"SEC. 3. No payment authorized under this Act shall be made to any producer or cooperator when it is disclosed that such producer or cooperator has assets in excess of $3,000,000 in nonfarmiing interests."

SENATE—*Tuesday, March 18, 1975*

(Legislative day of Wednesday, March 12, 1975)

The Senate met at 10:30 a.m., on the expiration of the recess, and was called to order by Hon. DALE BUMPERS, a Senator from the State of Arkansas.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, who of old didst guide our fathers through the perils of pioneer days, make us pioneers of the spirit in the testing times of our age. Grant us clear minds, dauntless courage, and persevering faith. Make us workmen who have no need to be ashamed. In our response to the Nation's needs keep us wise and tender and strong. In our dealings with each other invest us with the courteous and kindly spirit. In our dealings with ourselves, keep us honest. Show us every moment that in Thee we live and move and have our being.

We pray in His name who taught us the way of the servant. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 18, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. DALE BUMPERS, a Senator from the State of Arkansas, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. BUMPERS thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Monday, March 17, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. FORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded and that I be recognized for 3 minutes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 11 a.m., with statements therein limited to 5 minutes.

The Senator from Kentucky is recognized for up to 5 minutes.

Mr. FORD. I thank the Chair.

THE CAMBODIAN ASSISTANCE BILL

Mr. FORD. Mr. President, the Cambodian assistance bill, ordered reported, provides for additional military assistance authorizations for Cambodia for fiscal year 1975.

I plan to introduce an amendment to that bill which would eliminate all military assistance to Cambodia, in any form, and would be effective immediately upon passage of the act. My amendment would not cut off any humanitarian aid that might be necessary and favorably considered.

Mr. President, not only is this amendment intended to stop U.S. assistance for war purposes, but it is also designed to prevent a White House end run whereby some form of military support could be sent to Cambodia. In other words, there should be no way for the Executive to circumvent the intention of this amendment.

Military assistance would include cash, credit, guaranty, lease, gift, or otherwise. No license may be issued on or after such date for the transportation of arms, ammunitions, or implements of war, including technical data. In addition, any license issued prior to the date of enactment of this act, and not used as of such date, would also be invalid.

I believe that it is time for us to stop supporting the war activities in Indochina. Surely we have learned our lesson by now. This country cannot keep pouring hundreds of millions of dollars down the drain in civil wars, especially at a time when we ought to be doing more for our own people in America. I am amazed at those who say, "Well, let us dump a few hundred million dollars more as a last gesture to indicate our good faith support, even though such support will not determine the war's outcome."

Mr. President, here is a chance for the Senate to say once and for all—stop.

I read the news this morning and I watched the news, and I saw the U.S. Embassy in Cambodia not only removing all of its personnel but also burning our papers. If we pass the amendment to send funds to Cambodia I wonder which regime we will be sending them to.

Mr. President, I hope that we will receive a great deal of support for this amendment when this bill comes before the Senate. It is my understanding that the bill would be S. 663, but it could take another number. So my intent is to lay this proposal on the table and to amend whatever bill comes from the committee, by whatever number it might have.

ORDER FOR STAR PRINT—S. 510

Mr. MANSFIELD. Mr. President, on March 11, 1975, the Senator from Massachusetts (Mr. KENNEDY), filed a report on S. 510, the Medical Device Amendments of 1975. Upon reviewing this report, he has found that it contains a number of technical and clerical errors.

On behalf of the Senator from Massachusetts (Mr. KENNEDY), I therefore ask unanimous consent that the report be star printed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. STENNIS. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. STENNIS. For how much time could I be recognized, Mr. President?

The ACTING PRESIDENT pro tempore. For not to exceed 5 minutes.

Mr. STENNIS. I thank the Chair.

THE VOTING RIGHTS ACT

Mr. STENNIS. Mr. President, in passing the Voting Rights Act of 1965, Congress enacted highly unusual and regional legislation which invades the rights of certain States to establish voter qualifications and otherwise to conduct their elections without massive and dictatorial interference from Washington.

These States are Alabama, Georgia, Louisiana, Mississippi, South Carolina, and Virginia and 39—originally 40—counties in North Carolina. They were divested of their power to control their own elections by section 4(a) of the act which suspends all tests and devices as conditions for voter registration in political subdivisions which fell under the triggering criteria of section 4(b), which interdicted any State or political subdivision of a State which had any such test or device on November 1, 1964, and either had less than 50 percent of age-eligible people living there registered to vote on that date or in which less than 50 percent of such persons voted in the Presidential election of November 1964. The State of Alaska was also originally covered, but was subsequently exempted under the "bail-out" suit provisions of section 4(a).

A good case can be made that the act was deliberately designed as a punitive measure directed primarily against the South for its alleged past transgressions in the field of voting rights, and that the triggering criteria was specifically aimed at the seven Southern States involved. Whether deliberate or not, it affected these States primarily, although it should be noted, as a historical footnote, that counties in Arizona, Idaho, and Hawaii were also entrapped. The Arizona and Idaho counties sued for and were granted exemptions.

It is important to note that section 4(a) of the orginal law permitted any State or political subdivision to which the triggering provisions applied to come out from under the law if the U.S. District Court for the District of Columbia found in an action for a declaratory judgment that it had not used any test or device in order to deny the right to vote on account of race or color during the previous 5 years. As mentioned previously, some political subdivisions were exempted under this clause. Under the 1965 law, as originally enacted, other jurisdictions, including the seven Southern States could have brought actions to be exempted beginning in August 1970, provided, of course, that they had not used a proscribed test or device within 5 years.

However, the extreme civil rightists were not satisfied. From them came the hue and cry in 1970 that the 1965 act was about to "expire" and would have to be "extended." Since the 1965 act is permanent legislation with no fixed expiration date, the use of these terms was erroneous, and probably misleading. I shall hereinafter develop this point.

In any event, the Voting Rights Act Amendments of 1970 was enacted in that year. As related directly to the matters which I am now discussing, this act did two things.

First, it extended from 5 to 10 years the time within which political subdivisions covered by the triggering provisions of section 4(b) would have to wait before applying to the court for exemption from section 4(a). In other words, the States involved would have to wait 10—rather than 5—years after discontinuing the use of a literacy test or device before they might seek removal of the sanctions against them. Apparently, it was felt that the original punishment was insufficient to fit the crime so it was simply doubled without rhyme or reason.

Second, the triggering criteria of section 4(b) were extended to States and political subdivisions which had literacy tests on November 1, 1968, and in which less than 50 percent of the age-eligibles were registered or voted in the 1968 Presidential election. The new triggering formula trapped a few additional political subdivisions, including three boroughs in New York, one county in Wyoming, two counties in California, several counties in Arizona, and about 40 New England towns. Despite this, it is clear that the burden of the act falls primarily on the South.

In addition, the 1970 law imposed a nationwide ban on literacy tests until August 6, 1975.

Thus, as the law now stands, States and political subdivisions covered by section 4(b) in 1965, which will not have used literacy tests or other devices for the previous 10 years, are eligible to apply to the U.S. Court for the District of Columbia for release from the act under section 4(b) after August 6, 1975.

However, there are those who still feel that the South has not been sufficiently punished. Again we hear the cry that the act will "expire" and must be "extended." Let me say that, to the contrary, no section of the act will "expire" and no provision is proposed to be "extended" except the nationwide prohibition against literacy tests or devices.

However, there are bills now being considered by the Subcommittee on Civil and Constitutional Rights of the House Committee on Judiciary which purportedly would "extend" the act. I will discuss two of these bills, one by Chairman RODINO and one by Mr. HUTCHINSON, which I understand is the administration's bill.

The bills are fairly similar. The Rodino bill would make permanent the nationwide ban on literacy tests in States and political subdivisions which otherwise, under section 201 of the 1970 act would expire on August 6, 1975. The Hutchinson bill would extend the ban for 5 more years. I will not discuss this further at this time because, although there is a sound constitutional basis for objecting to Federal usurpation of the field of voter qualifications of the various States, if it is to be applied to one, it should be applied to all. This is, at least, an even-handed distribution of justice or injustice, depending on your point of view.

Now we come to the so-called extension of the act. This is, at best, a misnomer or misconception, and, at worst, a deception. Except for the ban on literacy tests, the only thing that either the Rodino or the Hutchinson bill extends is the punishment and period of servitude for those put under Federal bondage by the 1965 and 1970 acts. The Rodino bill extends it for a period of 10 additional years and the Hutchinson bill for an additional 5 years. Nothing except the punishment is extended; nothing will expire. All that is done is to defer the time for either 5 or 10 years after August 6, 1975, when one of the States now being punished by the act can go to the U.S. District Court for the District of Columbia and apply to be permitted to resume its rights as a sovereign State.

Let me make the situation crystal clear. Under the Rodino bill, if it should become law, a covered State which, on August 6, 1975, had been pure as the driven snow as far as voting discrimination was concerned, for 10 years would not even be able to apply to the court to come out from under the act for 10 more years. Under the Hutchinson bill, if enacted, such covered States which had had a spotless record of nondiscrimination in the voting rights field for 10 years would still have to wait 5 years before applying to the court for exemption from the act. This is not American; it is not fair; it is not equitable; and it is not conscionable.

I hope you will understand this clearly when and if a bill comes over and you are told that all it does is to extend the act, because this is completely misleading. What it really does is to say to the seven States involved that 10 years' punishment is not enough and that they are to be kept in a position of continuing servitude for an additional 5 or 10 years. Here is one crux of the matter: This is to be done without any evaluation as to how the States performed during the period they have had the heavy heel of the Federal boot on their necks. Even convicted felons are entitled to parole after prescribed periods of good behavior. Are sovereign States, no matter what their performance has been, going to be deprived of their basic rights forever?

The fact that the basic purpose of the Rodino and Hutchinson bills is to extend, not the act, but the period of punishment for the Southern States is made clear by the fact that there are no new triggering criteria in these bills.

The ACTING PRESIDENT pro tempore. The Senator's 5 minutes have expired.

Mr. WILLIAM L. SCOTT. Mr. President, if I might be recognized, I yield to the Senator from Mississippi.

Mr. STENNIS. I certainly thank the Senator from Virginia. I thank him very much.

I am not infringing on the time of the Senate with reference to the pending bill.

In other words, they will not catch any additional sinners or operate against any political subdivision which might have denied voting rights in 1970, 1972, and 1974.

I want these bills and their impact on voting rights to be fully understood. We in the South are asking that old wounds and grievances be forgotten; that vindictiveness be laid aside; and that, now and in the future, the Southern States be treated with justice, respect, and common decency. We have the right to demand no more; but we have the equal right to expect no less.

The substance of what I am pleading for here now is that we be allowed to stand on the merits of the facts—facts that will have to be proven in open court under oath, and proven in the Federal court here in the District of Columbia.

I am not asking that we transfer any jurisdiction, or anything of that kind. I am merely asking that these States and these parts of States affected be given the right, not the privilege but the right, of coming into court and proving their case.

I am not going to discuss the merits of the voting rights law in any detail at this time. I believe it should be repealed. I believe it is a monstrosity which should never have been passed. It is unfair and discriminatory.

Many people living far beyond the confines of these States, when having this matter explained to them, have wholeheartedly agreed with that position.

There are important constitutional principles involved in that, by means of this act, the Federal Government has taken from these seven sovereign States their constitutional right to establish voter qualifications as specified in article I, section 2, and the 17th amendment. While I realize that the Supreme Court upheld the law, in general, I think that, at the most, the applicable provisions of the Constitution dictate that such harsh measures should continue in effect no longer than necessary to remove the discrimination.

I hope to have the opportunity to read to you at the proper time the compelling logic of Mr. Justice Black in his masterful dissent in the case of *South Carolina* v. *Katzenback*, 383 U.S. 301.

I want to add, Mr. President, that if a voting rights bill is sent to the floor this session, I shall propose a number of amendments to it. First, I believe that, if we are to have such a law, it should be applicable nationwide and not just to seven States chosen on the basis of arbitrary criteria designed to insure their inclusion. Second, I believe we should repeal the veto power over State laws now vested in the Attorney General.

Mr. President, the extent to which this law goes is unthinkable; a law passed in the hot fire and crossfire of 1965. Here in the year of 1975, the proponents of this amendment are proposing that these States, after 10 years, regardless of what has happened within these States, not even be permitted to come into court, a thousand miles from their home it is true, under those conditions, and prove what the facts are.

I think it is shocking, Mr. President, and I hope that it will not be the judgment of this body that we want such a result after being informed of the facts.

Third, I believe that we should open the doors of the southern Federal courthouses that were locked in 1965 as far as the voting law is concerned. There may be others.

Mr. President, I want to say again that I hope no one will be deluded into believing that either the Rodino or the Hutchinson bill either extends or improves the voting rights act.

I mean no disrespect to these valued Members of Congress, Representatives RODINO and HUTCHINSON and make no reference to them except a favorable one. They are among our best men. I appreciate each of them. But I am talking about the principle involved in these bills.

Aside from making the literacy test ban permanent, they do but one thing—extend the time for which Southern States are to be punished for the alleged sins of the past.

This punishment consists primarily of this ban depriving them of the right to come in before an impartial tribunal and present the facts that they have developed in the past 10 years.

This comes very close to being either a bill of attainder or an ex post facto law. At the least, it is unfair, discriminatory, harsh and entirely unjustified by any facts or logic.

A very fundamental point is that the States now covered by the law will not automatically come out from under it if no new law is enacted. All they would have would be the right to petition the U. S. District Court for the District of Columbia to be exempted. I assume and believe that the case would be tried on its merits. If a bill does come before the Senate, the issue will be presented to this body by the offering of an amendment—and having it debated, considered and voted upon—making this law applicable throughout the 50 States.

Even when a State petitions the U.S. District Court for the District of Columbia and is allowed to come out from under the Voting Rights Act, the State is still, in effect, on probation since the court retains jurisdiction over the State and the Attorney General can come in within 5 years and show that the State has adopted some voting law which infringes on the rights of the minority and have the State brought back under the act.

Another point is that there is no standard set by Congress which gives the District Court in Washington any real criteria to be used for judging whether or not a State should be allowed to come out from under the law. Although the judgment of the Court is subject to appeal, the district courts have great discretion. Congress should, at the very least, prescribe some criteria for use by the judges in determining whether or not a State is entitled to be exempted from the act.

To sum up, Mr. President, it should be clear that the bills which would "extend" or "renew" the Voting Rights Act merely deny the affected States the right to have a judicial review of the question of whether they have in fact ended all past discriminatory practices and have acted properly for at least 10 years. It extends their "jail sentences" without a finding that they have committed any additional offense. If this were a criminal matter, the bills would be ex post facto in nature, and if it dealt with individuals and criminal law they would be bills of pains and penalties.

Should a measure of this nature come to the Senate, which I trust will not happen, I shall oppose it with vigor and shall certainly offer amendments.

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Heiting, one of his secretaries.

REPORTS ON AWARDS OF THE SECRETARY OF DEFENSE AND THE SECRETARY OF TRANSPORTATION—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. BUMPERS) laid before the Senate a message from the President of the United States transmitting reports of the Secretary of Defense and the Secretary of Transportation on awards made during the fiscal year 1974 to members of the Armed Forces for suggestions and scientific achievements, which, with the accompanying reports, was referred to the Committee on Armed Forces. The message is as follows:

To the Congress of the United States:

Forwarded herewith in accordance with the provisions of 10 U.S.C. 1124 are reports of the Secretary of Defense and the Secretary of Transportation on awards made during Fiscal Year 1974 to members of the Armed Forces for suggestions, inventions and scientific achievements.

Participation by military personnel in the cash awards program was authorized by the Congress in 1965. More than 1.6 million suggestions submitted since that time attest to the success which the program has had as a means of motivating military men and women to seek ways of reducing costs and improving efficiency. Of those suggestions submitted, more than 255,000 have been adopted with resultant tangible first year benefits in excess of $799,000,000.

Of the nearly 146,009 suggestions which were submitted by military personnel during Fiscal Year 1974, 19,810 were adopted. Cash awards totaling $1,358,818 were paid for these adopted suggestions, based not only on the tangible first-year benefits of $71,461,841 which were realized therefrom, but also on many additional benefits and improvements of an intangible nature. Enlisted personnel received $1,103,693 in awards which represent 82 percent of the total cash awards paid. The remaining 18 percent was received by officer personnel and amounted to $255,125.

Attached are reports of the Secretary of Defense and the Secretary of Transportation containing statistical information on the military awards program and brief descriptions of some of the more noteworthy contributions during Fiscal Year 1974.

Gerald R. Ford.

The White House, *March 8, 1975.*

MESSAGE FROM THE HOUSE

At 12:18 p.m., a message from the House of Representatives by **Mr. Berry**, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the concurrent resolution (H. Con. Res. 133) to lower interest rates; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. Reuss, Mr. Patman, Mr. Minish, Mr. Ford of Tennessee, Mr. Hannaford, Mr. Neal, Mr. Blanchard, Mr. Barrett, Mr. Johnson of Pennsylvania, Mr. Conlan, Mr. Hansen, and Mr. Gradison were appointed managers of the conference on the part of the House.

The message also announced that the House has agreed to House Resolution 311 electing Mr. Hays of Ohio; Mr. Brademas of Indiana; and Mr. Dickinson of Alabama members of the Joint Committee on Printing; and Mr. Hays of Ohio, Mr. Nedzi of Michigan, Mr. Brademas of Indiana, Mr. Devine of Ohio, and Mr. Moore of Louisiana members of the Joint Committee on the Library.

At 2:05 p.m., a message from the House of Representatives by Mr. Berry announced that the House has passed the joint resolution (H. J. Res. 258) to designate March 21, 1975, as "Earth Day," in which it requests the concurrence of the Senate.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Bumpers) laid before the Senate the following letters, which were referred as indicated:

Status of Budgetary Authority

A letter from the Director, Office of Management and Budget, Executive Office of the President, relative to the status of budget authority proposed to be rescinded, pursuant to the Impoundment Control Act of 1974; to the Committee on Appropriations, the Committee on the Budget, the Committee on Government Operations, the Committee on Agriculture and Forestry, the Committee on Commerce, the Committee on Armed Services, the Committee on Labor and Public Welfare, the Committee on the Judiciary, the Committee on Foreign Relations, the Committee on Finance, the Committee on Public Works, and the Committee on Banking, Housing and Urban Affairs, jointly pursuant to the order of January 30, 1975.

Jurisdiction of Military and National Forest Lands

A letter from the Secretary of Agriculture and the Secretary of the Army, transmitting, pursuant to law, notice of the intention of the Department of the Army and the Department of Agriculture to interchange jurisdiction of military and National Forest lands (with accompanying papers); to the Committee on Agriculture and Forestry.

Report on ROTC Flight Instruction Program

A letter from the Secretary of the Navy, transmitting, pursuant to law, a report to the Congress on the progress of the ROTC Flight Training Program (with an accompanying report); to the Committee on Armed Services.

Construction Projects Proposed for the Naval and Marine Corps Reserve

A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting, pursuant to law, a report of seven construction projects proposed to be undertaken for the Naval and Marine Corps Reserve (with an accompanying report); to the Committee on Armed Servcies.

Proposed Legislation to Authorize Certain Construction at Military Installations

A letter from the Secretary of Defense, transmitting a draft of proposed legislation to authorize certain construction at military installations and for other purposes (with accompanying papers); to the Committee on Armed Services.

Construction Projects Proposed for the Army Reserve

A letter from the Deputy Assistant Secretary of Defense (Installations and Housing), transmitting, pursuant to law, a report on thirteen construction projects proposed to be undertaken for the Army Reserve (with an accompanying report); to the Committee on Armed Services.

Report of Independent Research and Development and Bid Proposal Costs

A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, a report on independent research and development (R&D) and bid and proposal (B&P) costs incurred by major defense contractors in the years 1973 and 1974, prepared by the Defense Contract Audit Agency, March 1975 (with an accompanying report); to the Committee on Armed Services.

Summary of Independent Research and Development and Bid and Proposal Costs

A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, a summary of independent research and development (R&D) and bid and proposal (B&P) costs incurred by major defense contractors in the years 1973 and 1974, prepared by the Defense Contract Audit Agency, March 1975 (with an accompanying summary); to the Committee on Armed Services.

Report on Export Administration

A letter from the Secretary of Commerce, transmitting, pursuant to law, a quarterly report on export administration (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

Proposed Legislation to Authorize Appropriations for the Coast Guard

A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize appropriations for bridge alterations, to authorize for the Coast Guard an end-year strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes (with accompanying papers); to the Committee on Commerce.

Act of the District of Columbia to Modify the Vending Regulations in Regard to Ice Cream Vendors

A letter from the Chairman, Council of the District of Columbia, transmitting, pursuant to law, an act of the District of Columbia to modify the vending regulations in regard to ice cream vendors (with accompanying papers); to the Committee on the District of Columbia.

Acts of the District of Columbia Establishing Rates of Pay and to Amend the District of Columbia Unemployment Compensation Act

A letter from the Chairman, Council of the District of Columbia, transmitting, pursuant to law, two acts adopted by the City Council and signed by the Mayor establishing a rate of pay for Zoning Commission and Board of Zoning Adjustment Members and amending the District of Columbia Unemployment Compensation Act (with accompanying papers); to the Committee on the District of Columbia.

Report of the Advisory Council of Social Security

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report of the Advisory Council on Social Security (with an accompanying report); to the Committee on Finance.

International Agreements Entered Into by the United States

A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to law, international agreements other than treaties entered into by the United States within sixty days after the execution thereof (with accompanying papers); to the Committee on Foreign Relations.

Report of Disposal of Foreign Excess Property

A letter from the Secretary of Transportation, transmitting, pursuant to law, a report of disposal of foreign excess property for the Department of Transportation (with an accompanying report); to the Committee on Government Operations.

Monthly List of GAO Reports

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a list of reports of the General Accounting Office for March 1975 (with an accompanying document); to the Committee on Government Operations.

Reports of the Comptroller General

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report on the procedures for computing objectives for and the management of the strategic and critical materials stockpile by the General Services Administration (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report on how to improve administration of the Federal Employees' Compensation Benefits Program, Department of Labor (with an accompanying report); to the Committee on Government Operations.

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a confidential report on Readiness of Navy Air and Surface Units For Antisubmarine Warfare (with an accompanying confidential report); to the Committee on Government Operations.

Menominee Indian Trust and Management Agreement

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, implementing documents 6, 6A and 19 pursuant to the plan negotiated in accordance with section 6 of the Menominee Restoration Act (with accompanying documents); to the Committee on Interior and Insular Affairs.

REPORT ON THE ANTHRACITE MINE WATER CONTROL AND MINE SEALING AND FILLING PROGRAM

A letter from the Deputy Under Secretary of the Interior, transmitting, pursuant to law, a report on the anthracite mine water control and mine sealing and filling program (with an accompanying report); to the Committee on Interior and Insular Affairs.

PROPOSED PSYCHOTROPIC SUBSTANCES ACT OF 1975

A letter from the Attorney General of the United States, transmitting a draft of proposed legislation to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 and other laws to discharge obligations under the Convention on Psychotropic Substances relating to regulatory controls on the manufacture, distribution, importation, and exportation of psychotropic substances (with accompanying papers); to the Committee on the Judiciary.

PROPOSED LEGISLATION TO REMOVE THE LIMITATION ON PAYMENTS FOR CONSULTANT SERVICES IN THE COMMUNITY RELATIONS SERVICE

A letter from the Attorney General of the United States, transmitting a draft of proposed legislation to remove the limitation on payments for consultant services in the Community Relations Service (with accompanying papers); to the Committee on the Judiciary.

FEDERAL TRADE COMMISSION REPORT UNDER THE FREEDOM OF INFORMATION ACT

A letter from the Secretary, Federal Trade Commission, transmitting, pursuant to law, a report describing its Freedom of Information Act activities for calendar year 1974 (with an accompanying report); to the Committee on the Judiciary.

ORDERS OF THE IMMIGRATION AND NATURALIZATION SERVICE

Two letters from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, copies of orders in the case of certain aliens (with accompanying papers); to the Committee on the Judiciary.

DESEGREGATION OF PUBLIC SCHOOLS—NOTICE OF RULEMAKING

A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting, pursuant to law, notice of rulemaking in desegregation of public schools (with accompanying papers); to the Committee on Labor and Public Welfare.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the Acting President pro tempore (Mr. Bumpers):

A resolution of the Ozarks Regional Commission, Washington, D.C., urging the continuation of rail transportation services provided by the Chicago, Rock Island, and Pacific Railroad; to the Committee on Commerce.

A resolution of the Ozarks Regional Commission, Washington, D.C., supporting the United States Railway Association loan application filed by the Chicago, Rock Island, and Pacific Railroad Company; to the Committee on Commerce.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CANNON, from the Committee on Rules and Administration, without amendment:

S. Res. 115. A resolution to pay a gratuity to Geneva A. Johns.

S. Res. 91. A resolution relating to the activities of the Committee on Foreign Relations in facilitating the interchange and reception of certain foreign dignitaries (Rept. No. 94-40).

By Mr. CANNON, from the Committee on Rules and Administration, with amendments:

S. Res. 86. A resolution to authorize the Senate to respond to official invitations received from foreign governments or parliamentary bodies and associations (Rept. No. 94-41).

By Mr. METCALF, from the Committee on Government Operations, with amendments:

S. 172. A bill entitled "Travel Expenses Amendments Act of 1975" (Rept. No. 94-42).

By Mr. McGOVERN, from the Committee on Agriculture and Forestry:

S. 1236. An original bill to amend and extend the Emergency Livestock Credit Act of 1974, and for other purposes (Rept. No. 94-43).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. LONG, from the Committee on Finance:

Frederick B. Dent, of South Carolina, to be Special Representative for Trade Negotiations with the rank of Ambassador Extraordinary and Plenipotentiary.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly authorized committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HARTKE:

S. 1215. A bill to amend title 5, United States Code, to require the heads of the respective executive agencies to provide the Congress with advance notice of certain planned organizational and other changes or actions which would affect Federal civilian employment, and for other purposes. Referred to the Committee on Post Office and Civil Service.

By Mr. TALMADGE (for himself and Mr. Nunn):

S. 1216. A bill to amend the Federal Water Pollution Control Act. Referred to the Committee on Public Works.

By Mr. MONDALE (for himself, Mr. Clark, Mr. Humphrey, and Mr. Schweiker):

S. 1217. A bill to amend the Regional Rail Reorganization Act of 1973 in order to expand the planning and rail service continuation subsidy authority under such Act, and for other purposes. Referred to the Committee on Commerce.

By Mr. INOUYE (for himself, Mr. Allen, Mr. Bayh, Mr. Brock, Mr. Bumpers, Mr. Fannin, Mr. Fong, Mr. Goldwater, Mr. Hansen, Mr. Hathaway, Mr. Hollings, Mr. Humphrey, Mr. Javits, and Mr. Mondale):

S. 1218. A bill to incorporate the Pearl Harbor Survivors Association. Referred to the Committee on the Judiciary.

By Mr. INOUYE:

S. 1219. A bill to amend the Internal Revenue Code of 1954 to remove the income limitation on the deduction for household and dependent care services necessary for gainful employment and to make such deduction an adjustment to gross income. Referred to the Committee on Finance.

S. 1220. A bill to amend title II of the Social Security Act to eliminate the special dependency requirements for entitlement to husband's and widower's insurance benefits, to provide benefits for widowed fathers with minor children, and to make certain other changes so that benefits for husbands, widowers, and fathers will be payable on the same basis as benefits for wives, widows, and mothers. Referred to the Committee on Finance.

By Mr. MONDALE:

S. 1221. A bill for the relief of Mr. and Mrs. Harold R. Harter, Senior. Referred to the Committee on Veterans' Affairs.

By Mr. BAYH:

S. 1222. A bill to authorize a national policy and program with respect to wild predatory mammals; to prohibit the poisoning of mammals and birds on the public lands of the United States; to regulate the manufacture, sale, and possession of certain chemical toxicants, and for other purposes. Referred to the Committee on Commerce.

S. 1223. A bill to discourage the use of painful devices in the trapping of mammals and birds. Referred to the Committee on Commerce.

By Mr. EASTLAND (for himself, Mr. Allen, Mr. Curtis, Mr. Leahy, Mr. McGovern, and Mr. Stennis):

S. 1224. A bill to amend the Watershed Protection and Flood Prevention Act, as amended. Referred to the Committee on Public Works.

By Mr. CURTIS:

S. 1225. A bill to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of Professional Standards Review Organizations to review services covered under the medicare and medicaid programs. Referred to the Committee on Finance.

By Mr. BEALL:

S. 1226. A bill to amend subchapter II of chapter 73 of title 10, United States Code, to eliminate, during periods when a person entitled to retired or retainer pay is not married, the reduction in the retired or retainer pay of such person made to his surviving spouse with an annuity. Referred to the Committee on Armed Services.

By Mr. BEALL (for himself and Mr. Mathias):

S. 1227. A bill to amend title II of the Social Security Act to provide a special rule for determining insured status, for purposes of entitlement of disability insurance benefits, of individuals whose disability is attributable directly or indirectly to meningioma or other brain tumor. Referred to the Committee on Finance.

By Mr. HUMPHREY:

S. 1228. A bill for the relief of Miss Padma Assunta Silva. Referred to the Committee on the Judiciary.

By Mr. BEALL (for himself, Mr. Schweiker, and Mr. Stafford):

S. 1229. A bill to amend the Higher Education Act of 1965 to decrease the amount of defaults under the guaranteed student loan program, to amend the Bankruptcy Act to limit the dischargeability in bankruptcy of educational debts, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. EASTLAND (for himself, Mr. Allen, Mr. Curtis, Mr. Leahy, Mr. McGovern, and Mr. Stennis):

S. 1230. A bill to amend the Watershed Protection and Flood Prevention Act, as amended. Referred to the Committee on Agriculture and Forestry.

By Mr. WILLIAMS (for himself and Mr. Brooke):

S. 1231. A bill entitled "The Securities Investor Protection Act Amendments of

1975." Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MOSS:

S. 1232. A bill to encourage State and local governments to provide relief from real property taxes for elderly individuals. Referred to the Committee on Finance.

S. 1233. A bill to authorize reduced fares on the airlines on a space-available basis for individuals twenty-one years of age or younger or sixty-five years of age or older. Referred to the Committee on Commerce.

S. 1234. A bill to amend the Public Health Service Act to enlarge the authority of the National Institute for Neurological Diseases and Stroke in order to advance a national attack on multiple sclerosis, epilepsy, muscular dystrophy, and other diseases. Referred to the Committee on Labor and Public Welfare.

By Mr. McCLURE:

S. 1235. A bill to abolish the Interstate Commerce Commission. Referred to the Committee on Commerce.

By Mr. McGOVERN from the Committee on Agriculture and Forestry:

S. 1236. An original bill to amend and extend the Emergency Livestock Credit Act of 1974, and for other purposes. Placed on the Calendar.

By Mr. MATHIAS:

S. 1237. A bill for the relief of Gladys Naomi Wolfe. Referred to the Committee on Post Office and Civil Service.

By Mr. BARTLETT:

S.J. Res. 60. A joint resolution proposing an amendment to the Constitution of the United States relating to open admissions to public schools. Referred to the Committee on the Judiciary.

By Mr. MONDALE:

S.J. Res. 61. A joint resolution to prohibit for a period of 90 days the President of the United States or his representatives from entering into any international minimum pricing agreements for petroleum. Referred to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HARTKE:

S. 1215. A bill to amend title 5, United States Code, to require the heads of the respective executive agencies to provide the Congress with advance notice of certain planned organizational and other changes or actions which would affect Federal civilian employment, and for other purposes. Referred to the Committee on Post Office and Civil Service.

Mr. HARTKE. Mr. President, I am introducing today a bill to require the respective executive agencies and departments to provide advance notice to the Congress of certain planned organizational and other changes which would affect Federal civilian employees.

This legislation is designed to protect and require fair notice opportunities for Federal civilian employees. The experiences of past reductions and the anticipated gains and reductions in future executive actions have but one victim—the employee who suddenly is without employment through no action on his part. Little or no recourse is left to the individual. At the present time, Federal employees are subject to dismissal or relocation without sufficient notice. In order to protect these employees, my bill provides that when an agency or executive policy necessitates the dismissal or relocation of civilian employees, the head of the executive agency shall inform the Post Office and Civil Service Committees of the Senate and the House of Representatives and the respective employee at least 120 days before any such action is taken.

In some cases, the severe hardship employees economically find themselves subjected to are unnecessary, and could be prevented with adequate notice, planning, and preparation. The Federal Government must take the first step and provide the employees with appropriate notice of contemplated actions.

At the present time, some 596 civilian employees at the Crane Naval Ammunition Depot in Martin County, Ind., are facing what will probably be permanent layoffs, as a result of a reduction in the budget of the Department of the Navy. The personnel at Crane come predominately from three rural counties in southern Indiana which already have severe unemployment problems.

Where are these people to go? They cannot be easily given other jobs in Federal agencies without forcing them to move from their homes and relocate in some other community.

I am not saying that no Federal agency has the right to transfer its employees or to reduce its work force. However, before a drastic reduction in force takes place at any Federal installation, there should be an opportunity for the Congress to be given adequate notice of such action.

While my bill will not find new employment for the thousands who must search for new employment, and sometimes relocate, it will provide the employee ample opportunity to go into the employment marketplace and search for existing possibilities.

Fairness to the Federal worker demands fairness by the Federal employer. Decisions on transfers, discontinuations of programs, or reductions in force are not decisions that should be made without consideration by the employer of the consequences to the employee. It is only fair that the decisions made by the employer be passed along to the employee in a timely manner with fair notice under our civil service system.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1215

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subchapter II of chapter 29 of title 5, United States Code, is amended by adding at the end thereof the following new section:

"§ 2955. Advance notice to Congress of certain proposed actions of executive agencies affecting Federal civilian employment

"Whenever it is determined by appropriate authority that any administrative action, order, or policy, or series of administrative actions, orders, or policies shall be taken, issued, or adopted, by or within any executive agency, which will effectuate the closing, disposal, relocation, dispersal, or reduction of the plant and other structural facilities of any installation, base, plant, or other physical unit or entity of that executive agency and which—

"(1) will necessitate, to any appreciable extent, a reduction in the number of civilian employees engaged in the activities performed in and through those facilities of that agency, without reasonable opportunity for their further civilian employment with the Government in the same commuting area; or

"(2) will necessitate, to any appreciable extent, the transfer or relocation of civilian employees engaged in the activities performed in and through those facilities of that agency, in order to provide those employees with reasonable opportunity for further civilian employment with the Government outside the same commuting area; or

"(3) both;

the head of that executive agency shall transmit to the respective Committees on Post Office and Civil Service of the Senate and House of Representatives and to employee organizations having exclusive recognition, at least one hundred and twenty days before any such action, order, or policy is initiated, written notice that such action, order, or policy will be taken, issued, or adopted, together with such written statement, discussion, and other information in explanation thereof as such agency head considers necessary to provide complete information to the Congress with respect to that action, order, or policy. In addition, the agency head shall provide to such committee such additional pertinent information as those committees, or either of them, may request."

(b) The table of sections of subchapter II of chapter 29 of title 5, United States Code, is amended by adding at the end thereof—

"2955. Advance notice to Congress of certain proposed actions of executive agencies affecting Federal civilian employment.".

By Mr. MONDALE (for himself, Mr. CLARK, Mr. HUMPHREY, and Mr. SCHWEIKER):

S. 1217. A bill to amend the Regional Rail Reorganization Act of 1973 in order to expand the planning and rail service continuation subsidy authority under such act, and for other purposes. Referred to the Committee on Commerce.

RURAL RAIL PRESERVATION AND IMPROVEMENT ACT

Mr. MONDALE. Mr. President, Senators CLARK, HUMPHREY, and SCHWEIKER, and I are today reintroducing the Rural Rail Preservation and Improvement Act, a bill which we introduced in the 93d Congress to preserve and upgrade the quality of rail services to rural America.

During the debate on the Rail Services Act of 1973, Senator HUMPHREY and I proposed the essence of this legislation in the form of two floor amendments to that bill. These amendments were designed to expand the protections against precipitous railroad abandonment to communities located outside the Northeast rail corridor. The first amendment mandated a comprehensive study of the impact of branch line abandonments on our Nation's economic, social and environmental requirements, and it authorized Federal assistance to continue services along essential lines that would otherwise be discontinued. Our second amendment would have placed a 2-year moratorium on railroad abandonments outside the northeast region, pending completion of the study and the implementation of State and local programs to utilize Federal rail service continuation grants. These amendments were adopted by the Senate, but unfortunately, they were dropped from the bill during conference committee.

The problem of branch line abandonments is of critical concern to rural communities. In order to increase production, farming areas must have access to good transportation for delivery of farm inputs, such as feed and fertilizer, and for shipments of agricultural commodities to markets. But while the demand for transportation services in most rural areas has never been higher, an ever growing number of agricultural communities are facing the complete loss of rail services.

Nationwide, the number of abandonment proceedings before the Interstate Commerce Commission has grown from 197 in May of 1974 to 365 today. These applications cover more than 7,000 miles of track.

Under the 1973 Rail Services Act, a program of continuation grants was established to assist communities in the so-called Northeast and Midwest Rail Emergency Region to maintain essential rail services. Roughly 4,000 of 7,000 miles of track now threatened by abandonment are located in this region. However, an additional 3,000 miles, many of them in America's prime agricultural areas, are covered by no program of Federal assistance whatsoever.

In offering legislation today, we are not arguing that no additional branch lines should ever be abandoned. We do not believe the Federal Government ought to help keep every mile of track in operation where more efficient and economical alternatives are available. Nevertheless, before thousands of miles of track are torn up or left in ruins, we do propose that a comprehensive assessment be made of the costs of and alternatives to such action.

Under our proposal the Secretary of Transportation would be required to develop within 300 days a comprehensive report regarding essential rail services within the Nation. This report would be subject to evaluation and hearings by the Rail Services Planning Office. These findings would then be used by the Office in the preparation of a detailed information survey and report on the impact of abandonments in States outside the rail emergency region.

If it could be shown that the economic, social, and environmental costs of abandoning a branch line would exceed the benefits, our proposal would authorize assistance to State and local governments for up to 70 percent of the cost of keeping the line in operation. This assistance would be available nationwide on the same basis that it is now available to the rail emergency region. Our bill would authorize an additional $100 million to cover the cost of this program.

Finally, to provide time for study of our rural transportation network and to enable State and local governments to set up programs to utilize continuation grants, our bill would provide for a temporary 2-year moratorium on abandonments outside the Northeast region. This moratorium could be waived whenever the abandonment request is not opposed by any State, county, or municipality served by the line.

Earlier I spoke of the threat to rural communities of a total loss of rail service. Where good, all-weather roads do not exist, this threat is especially severe. But it is not just farmers and farm related businesses that would suffer from such action; it is also the consumer and the worker whose very job may be at stake. Fortunately, in the case of Harlem Valley Transportation Services against Stafford a Federal district court has ruled, and the second circuit court has affirmed its finding, that the Interstate Commerce Commission must abide by the National Environmental Policy Act in assessing the environmental effects of individual applications for abandonment. This is an important step toward the thorough evaluation that should take place before an abandonment can be permitted. The Congress must, however, insure that this evaluation includes not only the environmental, but also the social and economic effects of such action by approving the Rural Rail Preservation and Improvement Act.

Mr. President, I ask unanimous consent that the full text of our bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1217

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Rural Rail Preservation and Improvement Act".

NATIONAL STUDIES AND POLICY

SEC. 2. (a) Section 204 of the Regional Rail Reorganization Act of 1973 is amended to read as follows:

"REPORTS

"SEC. 204. (a) PREPARATION.—(1) Within thirty days after the date of enactment of this Act, the Secretary shall prepare a comprehensive report containing his conclusions and recommendations with respect to the geographic zones within the region at and between which rail service should be provided and the criteria upon which such conclusions and recommendations are based; and (2) within three hundred days after the date of enactment of the Rural Rail Preservation and Improvement Act, the Secretary shall prepare a comprehensive report containing his conclusions with respect to essential rail services within the Nation in the area outside the region, and his recommendations as to the geographic zones at and between which rail service should be provided. The Secretary may use as a basis for the identification of such geographic zones the standard metropolitan statistical areas, groups of such areas, counties, or groups of counties having similar economic characteristics such as mining, manufacturing, or farming.

"(b) SUBMISSION.—Upon completion, the Secretary shall submit the reports required by subsection (a) of this section to the Office, the Association, the Governor and public utilities commission of each State studied in the report, local governments, consumer organizations, environmental groups, the public, and the Congress. The Secretary shall further cause a copy of each report to be published in the Federal Register.

"(c) TRANSPORTATION POLICY.—Within one hundred and eighty days after the date of enactment of the Rural Rail Preservation and Improvement Act, the Secretary shall formulate and submit to Congress a national transportation policy. The Secretary shall consider all relevant factors in formulating this national transportation policy, including the need for coordinated development and improvement of all modes of transportation, and recommendations as to the priority which should be assigned to the development and improvement of each such mode.".

(b) Section 205 of such Act is amended by inserting at the end thereof the following:

"(e) OTHER STUDIES.—Within three hundred days after the effective date of the final system plan, the Office shall, with the assistance of the Secretary and the Association—

"(1) study, evaluate, and hold public hearings on the Secretary's report on essential rail services within the Nation, which is required under section 204(a)(2) of this title, and the Secretary's formulation for a national transportation policy, which is required under section 204(c) of this title. The Office shall solicit, study, and evaluate comments, with respect to the content of such documents and the subject matter thereof, from the same categories of persons and governments listed in subsection (d)(1) of this section but without any geographical limitations; and

"(2) prepare a detailed information survey and detailed and comprehensive studies with respect to States outside the region covering the same material required to be surveyed and studied by the Association with respect to the region under section 202(b) of this Act, including a comprehensive report to be submitted to the Commission, the Association, the Secretary, and the Congress and to be published in the Federal Register.".

REPORT AND PARTIAL MORATORIUM OF ABANDONMENTS

SEC. 3. Section 304 of the Regional Rail Reorganization Act of 1973 is amended by inserting at the end thereof the following:

"(g) REPORT ON ABANDONMENTS AND PARTIAL MORATORIUM.—The Commission shall submit to the Congress within ninety days after the date of enactment of the Rural Rail Preservation and Improvement Act a comprehensive report on the anticipated effect, including the environmental impact, of abandonments in States outside the region. No carrier subject to part I of the Interstate Commerce Act shall abandon, during a period of seven hundred and thirty days after the date of enactment of such Act, all or any portion of a line of railroad (or operation thereof) outside the region, the abandonment of which is opposed by any State, county, or municipality served by that line.".

EXPANSION OF RAIL SERVICE CONTINUATION SUBSIDY AND LOAN AUTHORIZATIONS

SEC. 4. (a) Subsection (a) of section 402 of the Regional Rail Reorganization Act of 1973 is amended by inserting after the first sentence the following: "The operation of rail properties with respect to which the Commission has issued a certificate of abandonment within five years prior to the date of enactment of this Act and which remain in condition for rail service shall, subject to the other provisions of this section, be eligible for such subsidies.".

(b) Such section 402 is further amended by striking out "in the region" wherever appearing therein.

(c) Subsection (1) of such section 402 is amended by striking out "$90,000,000" and inserting in lieu thereof "$200,000,000".

Mr. CLARK. Mr. President, as a Senator from a midwestern State, and as chairman of the Senate Subcommittee on Rural Development, I am very much aware of the importance of transportation in rural economic development. The efficient movement of agricultural and manufactured products—as well as people—is essential to the competitive position of rural industries and to the growth and prosperity of rural communities. Yet, there is increasing evidence of selectivity among both regulated and unregulated carriers in providing service to rural areas that results in an erosion of service. And now, the emergency status of the Rock Island line, which serves so many rural areas of Iowa, threatens to increase that erosion.

Rural communities need and deserve effective transportation and a Government policy that encourages it. The public policies affecting transportation services in rural areas now require a thorough examination and evaluation. And until that is completed, the Federal Government and industry must proceed with extreme caution so that the process of erosion goes no farther.

The Rural Rail Preservation Act, introduced by Senator Mondale today, would promote both the study and the protection which are invaluable in the drive for an overall balanced transportation plan.

This act gets to the heart of a problem that is having a severe impact on rural areas throughout the United States—abandonments. In Iowa alone, which has about 8,500 miles of railroad track, about 1,260 miles of track could be abandoned. If that happened, approximately 142,000 people would lose rail service. These figures are based on the 1970 census and only include towns that are on the rail lines. If one could count all the farmers and rural dwellers, the number would increase substantially. And yet, unless the procedures in this act are adopted, these people will have few alternatives but to seek new methods of transportation, causing an increase in the cost of transportation that the consumer will have to absorb.

Rail abandonment is a problem shared by virtually every State. Since January 1, 1972, the Interstate Commerce Commission has approved 293 abandonment cases, totaling 4,865.33 miles of track. During the 2-year-period, Pennsylvania led in abandonments with 424.37 miles of track; next was Iowa with 360.92, followed by New York's 336.88 miles. Other States with more than 200 miles of abandoned track include Illinois, Indiana, Michigan, Minnesota, Mississippi, Ohio, South Dakota, and Texas. Most of these States have significant rural populations.

Today, abandonments essentially are handled on case-by-case basis. There is no method to determine the effect of a given abandonment on the entire transportation system. The only solution to this dilemma is the plan of study and assistance that this act establishes.

The legislation combines two amendments approved by the Senate during the debate on the Rail Services Act of 1973 but lost during the conference committee. It provides for a comprehensive study of rail line abandonments and their impact—especially in rural areas—and while that study is being completed, there will be a 2-year moratorium on railroad abandonments outside the northeastern part of the United States. There also is a provision for Federal assistance to help State and local governments keep rail lines threatened with abandonment in operation.

Under the bill, there no doubt will be a study of the soundness of the so-called 34-car rule. Since its implementation, a number of abandonments have been filed under this provision. Yet the basis of the entire rule may be in question. A paper presented at a symposium on Economic and Public Policy Factors Influencing Light Density Rail Line Operations, January 10–11, in Boulder, Colo., summarized the orign and history of the rule (ex parte No. 274, sub. No. 1, of January 12, 1972):

> What the Commission is proposing is that if there are no protests, and if a line has 34 or fewer carloads per mile of road per year, the Commission will waive its usual approach and simply grant a certificate. Of course, one of the objectives should be to apply a procedure which avoids waste and all kinds of expensive studies in determining which branch lines or light-density rail lines be kept and which should be dispensed with. Unfortunately, the 34-car standard is said to have some things wrong with it. The Federal Railroad Administration hired another consultant to take a look at how the 34-car rule was derived. He has made an unpublished report.
>
> In a nutshell, he found that there were several basic deficiencies. The data base was unrepresentative. It simply reflected the numbers in 39 cases which the commission heard in the years 1969 and 1970. These were not all the cases that were heard; they were 39 selected cases. The consultant found that the rule was arbitrary and that the 34-car figure was an average of the computed break-even carloads for those 39 cases. In addition to being arbitrary, it was a quite simplistic average. The break-even carloads in the 39 cases ranged from 1.38 carloads to 144 carloads per mile of road per year. There was no central tendency, no cluster of individual break-even observations around any central point on a scatter graph. The number of break-even carloads in 39 cases was merely added up and divided through by 39.

This rule obviously needs additional study, and it will get it under this bill.

All of this research and study will take time. In the meantime, Congress must act to guarantee services to the rural areas—especially transportation services. The Rural Rail Preservation Act will be a big step in this direction, and it will provide the close scrutiny necessary to prevent irreparable damage from being done.

I hope the Senate will act responsively and expeditiously in the treatment of this proposal, so that we can begin to address the problems of rural America and to design a truly overall balanced transportation plan.

By Mr. INOUYE (for himself, Mr. Allen, Mr. Bayh, Mr. Brock, Mr. Bumpers, Mr. Fannin, Mr. Fong, Mr. Goldwater, Mr. Hansen, Mr. Hathaway, Mr. Hollings, Mr. Humphrey, Mr. Javits, and Mr. Mondale):

S. 1218. A bill to incorporate the Pearl Harbor Survivors Association. Referred to the Committee on the Judiciary.

Mr. INOUYE. Mr. President, because of several technical changes which were recently brought to my attention, I am today reintroducing on behalf of Mr. Allen, Mr. Bayh, Mr. Brock, Mr. Bumpers, Mr. Fannin, Mr. Fong, Mr. Goldwater, Mr. Hansen, Mr. Hathaway, Mr. Hollings, Mr. Humphrey, Mr. Javits, Mr. Mondale, and myself, a bill to incorporate the Pearl Harbor Survivors Association.

I hope my colleagues will join with me in providing Federal recognition to this private, nonprofit association.

By Mr. INOUYE:

S. 1219. A bill to amend the Internal Revenue Code of 1954 to remove the income limitation on the deduction for household and dependent care services necessary for gainful employment and to make such deduction an adjustment to gross income. Referred to the Committee on Finance.

Mr. INOUYE. Mr. President, I am introducing legislation to remedy inequities in the income tax deduction for child-care expenses.

Under present law, child-care expenses are not treated as an ordinary employment-related business expense. Instead, special tax treatment is provided to certain low- and middle-income families who have sufficient deductible expenses to make itemizing of tax deductions worthwhile. A maximum child-care deduction of $400 is allowed to full-time workers in families with not more than $18,000 adjusted gross income. The amount of the deduction for families earning between $18,000 and $27,600 decreases on a sliding scale as income increases. Deductions are not allowed for families earning over $27,600 for part-time workers, for students, or for child-care payments made to any relative.

These restrictions have had the effect of denying needed tax relief to working parents and limiting the availability of child-care facilities and services. In 1972, 12.8 million working mothers were in the labor force. Only an estimated one in 10 of the families thus eligible for child-care deductions actually were able to claim it on their tax returns. And for the 26 million children who had working mothers, day-care facilities were available for only 905,000. The estimated cost of child care is $1,600 to $3,000 per year per child.

IRS Commissioner Donald Alexander has stated:

> The child care deduction was a relief provision enacted by Congress primarily for the benefit of low-income families where the earnings of the mother, as well as the father, are essential for the maintenance of minimum living standards.

If one accepts that explanation of legislative intent, it is apparent that the present law fails to meet that goal. In fact, the law effectively precludes virtually all poor and modest income families from claiming the deduction.

Sixty-eight percent of families earning less than $10,000 per year do not itemize deductions on their income tax returns. This is because most low-income families do not own their homes and do not enjoy the tax benefits of homeownership. An estimated two-thirds of itemized deductions are accounted for by interest and State and local taxes. Low income families who do not own their own homes may find that their deductions—even including child-care expenses—do not exceed the amount available under the standard deduction. Thus, when these families file their return, they get no credit for their child-care expenses.

To meet the goal of giving effective tax relief to working parents who must work to maintain minimum living standards, the most effective measure would be to consider child-care expenses as adjustments to income. For that is what they are. This change in the law would benefit an estimated three times as many families as at present.

Adjustments to income are included in our tax codes on the theory that the taxpayer would be subject to pay taxes only on that portion of income which exceeds the cost of earning it. For example, moving, transportation, food, lodging, entertainment and educational expenses that are job related are deducted from income to determine the employee's adjusted gross income. Just as these costs are a necessary cost of earning income, so are child-care costs for working parents. Accordingly child-care expenses should be accorded the same tax treatment as these other expenses.

The staff of the Joint Committee on the IRS, in explaining the Revenue Act of 1971 stated:

> It was recognized that an adult responsible for the care of small children might incur child-care expenses to earn a livelihood and that these expenses, therefore, can be viewed as to some extent like an employee's business expenses.

By treating child-care expenses "as to some extent like" employee's business expenses, instead of as completely legitimate business expenses, a legal fiction has been created which has no place in law. Child-care is either a necessary and normal business expense or it isn't.

If child-care expenses are a necessary and normal business expense, as I believe they are, our current law is inequitable on a second count. A businessman may deduct the full amount of any business expense regardless of his income, while a working couple cannot deduct their full child-care expenses if their income is too high. The income limitation imposed on child-care deductions is not imposed on any other business expense. If a businessman earning $30,000 per year can deduct the full $25 of his business lunch from his income, so should a working couple earning $30,000 per year be able to deduct the full $25 of a daily child-care service. Under present law the working couple earning $30,000 can deduct none of their expenses. If the couple earns between $18,000 and $27,600 they can only deduct up to $12.50 of their $25 expenses. There is no justification for this discrimination.

If we wish our tax laws to be progressive, we should look to our rate structure to accomplish that end. If we wish people with the same tax paying ability to bear the same tax burden, we should not enact discriminatory income limitations for specific deductions—such as for child-care services.

The present income limitation has the effect of eroding the income of couples whose incomes are over the limitation. For example, a recent Washington Post column "The High Cost of a Second Income" by Richard M. Cohen, traces the erosion of earnings of a hypothetical couple earning $30,000 a year. Cohen says,

> It looks like a nice, healthy sum, but child-care expenses can reduce a family's income substantially. If we assume that the husband earns $20,000 and the wife $10,000 (a higher than average figure for women in the work force), her income erodes like this:
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> State, local and federal taxes and Social Security will take at least 20 per cent of her pay. That's $38 out of her $193 a week salary, bringing her take-home income down to $155. If she automatically enrolled in employee insurance plans, or is required to pay union dues, she'll lose about $5 more—$150.
>
> If she obeys the law and pays her sitter the minimum wage for a 40-hour week child care will cost about $84. Now she's down to $66 for the week. And if she obeys one law, why not another—the Social Security Act. Her employer contribution would be $4.91 a week. If she also pays the employee's share—a common practice in the Washington area where sitters strike some hard bargains—the above figure should be doubled to $9.82. That reduces her "profit" to $56.18 a week.
>
> That should be end of the slide—but it isn't. For household workers, like others, are entitled to paid vacations, sick leave and paid holidays. That can sometimes mean temporary help, overtime, or a day at home with the child, any one of which can mean a loss of income or an added expense. Moreover, there are other costs associated with work—a larger wardrobe, commuting, lunches and possibly a second car. Taking all this into account, the woman's weekly "profit" will be reduced by another $10—or more.
>
> She would now clear about $46.18 a week, or about $1.15 an hour.

This hypothetical case has hundreds of thousands of real counterparts. The effect of the income limitation on real couples, or on working widows and divorcees, with children to care for, is to create an unfair obstacle to the woman's employment by severely limiting the amount of additional income that will be left over after taxes and expenses. For some women, the small additional income may not be worth it, despite a strong desire to have a career. For many who have no choice, the small real income will mean very few luxuries and a feeling that the tax laws are unfair and discriminatory.

The most effective way to remove this obstacle to female employment is to remove the income limitation on the child-care deduction. Such a revision in the tax code is consistent with the goals of tax equity and progressivity. The child-care deduction is not a loophole to allow the well off to escape their fair share of the tax burden. It is a legitimate cost of employment for working mothers. If our tax rates are progressive, and if allowable deductions are all legitimate, as they should be, then the tax system should work to fairly distribute the burden of taxes by income class and among persons with substantially equal incomes.

The legislation I am introducing would provide that child-care expenses be considered as adjustments to income and that the limitation on income be removed. Also, it instructs the Commissioner of Internal Revenue Service to provide space on income tax form 1040A, popularly known as the "short form," for claiming the child-care expense adjustment to income. This will assure that low- and moderate-income families will not be denied the opportunity to benefit from this legitimate deduction, because of a deficiency in the tax return form.

The simple changes I am recommending can erase the major inequities in the child-care deduction laws. Together with S. 703, which I have also introduced, to extend the deduction to families in which one parent works and the other is a full-time student, these improvements will give parents the freedom to enjoy their children and their careers. The current shortage of child-care services and facilities can be alleviated as parents make individual choices on the kind and quality of services they desire for their children.

I urge prompt enactment of this necessary legislation. The Congress has come a long way in recognizing the right of women to choose between being a full-time housewife or having a professional career and in understanding that the financial demands on many families can no longer be adequately met on the wages of a single breadwinner. It is time to bring our tax laws fully up to date with these realities.

By Mr. INOUYE:

S. 1220. A bill to amend title II of the Social Security Act to eliminate the special dependency requirements for entitlement to husband's and widower's insurance benefits, to provide benefits for widowed fathers with minor children, and to make certain other changes so that benefits for husbands, widowers, and fathers will be payable on the same basis as benefits for wives, widows, and mothers. Referred to the Committee on finance.

Mr. INOUYE. Mr. President, I rise today to propose certain changes in title II of the Social Security Act which I feel will bring our system of compensation into line with this Nation's changing social conditions. The amendments I introduce have also been proposed to the House of Representatives by my good friend and fellow Hawaiian, Representative SPARK MATSUNAGA.

The women's liberation movement has been a potent force for change during the past decade. The movement has awakened this Nation to how it wastes valuable resources by relegating women, through tradition and law, to inferior roles. It hopefully has taught us to evaluate human beings on an individual basis without regard to sex.

Thanks to the women's movement, we are moving to overturn legal barriers to equal opportunity for both sexes. I am proud to say that my State of Hawaii was the first to ratify the Equal Rights Amendment which, when it becomes part of the Constitution, will eliminate what discriminatory laws have not been removed already by legislative and judicial action.

The equal rights movement has directed attention at legal discrimination against women, but it should also make us aware that some laws discriminate against men. There are several abuses of this nature in the Social Security Act, and I propose we do away with them.

We must realize special treatment for women, simply because they are women, is as wrong as discrimination against them, because of their sex. Several sections of the present Social Security Act allot special benefits to women in certain situations, but refuse these benefits to men in the same situations. This is wrong and should be corrected.

For example, when a man covered by social security dies, his widow receives special benefits if she is 62 or has a minor child. But if a woman covered by social security dies, her widower in the same circumstances only receives a small, one-time death benefit unless he can prove his wife provided at least half his support.

This provision seems especially unfair at a time when 30 million women are working and paying into the social security trust fund. Under these circumstances, we cannot assume a wife provides less than half her family's income. This provisions is especially disturbing in Hawaii where we have a higher percentage of working wives than any other State.

To correct this abuse and several related ones, I am offering a companion bill to one Mr. MATSUNAGA introduced in the House. My colleague from Texas (Mr. TOWER) has proposed to eliminate the special dependency requirements for husband's and widower's benefits in S. 277. I am cosponsoring that bill, but the bill I am introducing will correct other deficiencies as well.

In addition to allowing widowers to collect benefits without proving dependence, my bill would:

Permit a divorced man to draw a spouse's benefit at age 62 if the marriage lasted 20 years and he has not remarried. Divorced women now enjoy this benefit;

Pay a parent's benefit to a surviving father with a child in his care until the child reaches age 22. Surviving mothers now receive such benefits;

Permit a man to draw a spouse's benefit equal to half the primary amount, if he is caring for a minor child or has reached age 62. Men now receive this benefit only if they are 62 or older. Women are eligible under either circumstance.

Mr. President, these are not major changes, nor do I believe they will be costly ones. But their enactment will be a reaffirmation of our opposition to sex discrimination in all forms.

Social security payments now account for about one-fifth of Federal expenditures. Approximately 33 million Americans benefit from this program. A system to big and so inclusive must be fair. I believe the amendments I am proposing will make it more fair.

By Mr. BAYH:

S. 1222. A bill to authorize a national policy and program with respect to wild predatory mammals; to prohibit the poisoning of mammals and birds on the public lands of the United States; to regulate the manufacture, sale, and possession of certain chemical toxicants; and for other purposes. Referred to the Committee on Commerce.

S. 1223. A bill to discourage the use of painful devices in the trapping of mammals and birds. Referred to the Committee on Commerce.

Mr. BAYH. Mr. President, today I am introducing two bills, similar in nature to legislation I introduced in the 93d Congress. The first, the Antipoisoning Act, would permanently end the use of certain poisons on public lands except in extraordinary situations and, at the same time, assist the States in fiinding adequate means of predator control. The second bill is designed to discourage the use of painful devices in the trapping of mammals and birds.

Mr. President, it is all too clear that the unnecessary use of extremely toxic poisons for predator control on public lands and the continued use of inhumane devices in the trapping of mammals and birds are highly objectionable practices that must be ended. While effective predator control is essential, the indiscriminate use of massive amounts of poison—which often kill nontargeted animals and can eventually contaminate the water supply of nearby communities—has deleterious side effects which are simply too risky to justify this method of dealing with predators.

Proposals to terminate poisoning programs on public lands have aroused highly emotional debate during the past few years; debate intensified by the absence of clear facts to lend a stabilizing effect. Unfortunately, there are still no detailed statistics on the extent of domestic animal losses due to predation, nor is there hard information on the effectiveness of various predator-control techniques—including poisons.

However, we do know from the Cain Report of 1972 that during the 20-year period of 1951 to 1970 at least $110 million in Federal and contributed funds were spent on animal damage programs. Under these, programs, more than 1,000 tons of poisoned meat as well as huge amounts of compound 1080, strychnine tablets, and poisoned grain were disbursed throughout our Western lands. We also know from an environmental impact statement submitted by the Department of the Interior that there were a number of unintentional accidents to humans, 19; dogs, 87; horses, 12; and other animals during the 10-year period of 1959–69. Almost two-thirds of these accidents were caused by poison-disbursing agents. Finally we know that the use of indiscriminate poisons has led to the death of many nontargeted animals and has disrupted the predation cycle more than is necessary. Moreover, the fact that many of these poisons are not biodegradable is most disturbing, as it raises the probability that large amounts of these poisons have been accumulating in our water supplies and can eventually affect humans. In short, it is clear that past programs are unsatisfactory.

History suggests there is a clear consensus in favor of finding alternatives to poisoning. In 1972, a bill to establish alternative methods of predator control passed the House of Representatives. That same year the President issued Executive Order 11643 restricting the use of chemical toxicants for predator control on Federal lands and in Federal programs to certified emergency situations.

Also, on March 9, 1972, the Environmental Protection Agency issued suspension and cancellation notices for the registration of all products containing cyanide, strychnine, and sodium monoflouracetate—1080. All uses of thallium sulfate, a rodenticide widely misused for predator control, were prohibited at the same time. The order was based primarily on evidence that the use of these pesticides posed an "imminent hazard" to nontargeted animals as well as humans. The availability of nonchemical alternatives for predator control and the lack of evidence that these poisons actually reduced livestock losses to predators were also important considerations.

Although I commended these steps at the time, I also believe that such fundamental protections require the authority and permanence of law. Executive and agency orders are repealed too easily. Therefore, I hope Congress will act promptly to prevent by statute the use of poisons that adulterate our environment.

The Anti-Poisoning Act which I am introducing today, has three main purposes: First, to outlaw the manufacture, sale or use of particularly toxic poisons; second, to prohibit the routine use of poisoning on Federal lands; and third, to encourage the development of alternative methods of predator control, as well as their utilization by individual States. Exceptions to the poisoning prohibition would be possible, but any use of poison would require a detailed written justification by the Secretary of Agriculture or the Secretary of the Interior, following ample opportunity for public debate.

Mr. President, there are four additional provisions in my bill that I would like to draw to the attention of the Senate. First, under my proposal, a public hearing would be required before the emergency use of poisons is permitted on public lands. Second, poisoning could not be justified, even as a last resort, to prevent major damage to domestic livestock alone. Third, a total of only $4 million is authorized for the first year of the program. Fourth, the Federal role in predator control programs, or in the funding thereof, would be eliminated after 3 years of transitional assistance with the responsibility given to the States.

Since the prohibition in my bill is also directed at the use of the pesticides banned by the Environmental Protection Agency, I have added provisions to require recordkeeping and licensing to keep track of the possession and the use of all banned compounds. If control programs are to be turned over to the States, such recordkeeping is essential to efficient monitoring and enforcement.

Finally, the bill authorizes the Environmental Protection Agency to purchase from producers the compounds and chemicals banned under the bill. Under FIFRA—Federal Insecticide, Fungicide, and Rodenticide Act—the agency is required to pay indemnities to producers who suffer losses as a result of the cancellation of the registration of their products. The parallel section of my bill is designed to serve as an indemnity payment mechanism at the same time that it removes excess stocks of the pesticides from the market. Since registration for these poisons has already been canceled under FIFRA, indemnities presumably have been paid where necessary. However, rather than run the risk of working a financial hardship on any producer, the authorization for payment should be established while recognizing that any actual expense would be minimal.

As to the larger question of whether a statutory prohibition on the manufacture or use of these poisons for predator control is necessary, I believe that my bill will make Congressional intent clearer than previous administrative actions to those who wish to use poisons on private lands and to those who request special permission for a "limited emergency" poisoning program. A statutory ban will also encourage more research in alternative predator control techniques, since it would put to rest any lingering hopes that the Environmental Protection Agency might repeal its order at some future date. Since it now seems highly unlikely that the Environmental Protection Agency will, in fact, rescind its order, we can end fruitless speculation on this point and move more effectively to other means of predator control by enacting this bill.

Finally, I believe that although the Federal Government should continue to help fund research and to establish uniform standards for State predator control programs, we should also terminate the Federal role in the operation and funding of predator control programs over a reasonable period of time. The time period established in my bill is 3 years. This is important since, in view of the Government's past willingness to protect livestock on public lands, we bear a responsibility to livestock producers to help them find effective alternatives to poisoning.

Mr. President, the use of painful devices in the trapping of mammals and birds is an issue often associated with the poisoning program for predator control. For this reason, I am today also reintroducing my legislation to ban the continued use of certain traps.

In recent years there has been growing concern over the use of the steel-jaw leg-hold traps in the control of wildlife, and taking furbearers. This device, the most widely used trap in the United States, was developed in the 1820's. The leg-hold trap is designed to capture and hold an animal until the trapper arrives to kill it. Most frequently, the animal is killed with a club or other blunt instrument.

Two factors make leg-hold traps work. First, the jaws of the trap must close quickly in order to prevent the animal from removing its foot and escaping. Second, the traps must have sufficient resistance to prying so the animal cannot spread the jaws and free itself. In time the leg of the animal caught in a steel jaw trap may become numb from loss of blood circulation. When first captured, however, the animal is subject to intense agony, and even after the blood circulation has been slowed, there will be intermittent periods of pain and numbness as long as the trap remains locked around the animal's leg.

As painful as the leg-hold trap is in its clamping and holding action, its greatest cruelty lies in the fact that the trapped animal is held fast for hours, perhaps even days, before being killed or released.

The animal's initial reaction to trapping often will be repeated attempts to bite or pull the affected limb free, resulting in torn ligaments and flesh, broken teeth, and other injuries. In many instances, animals will chew off their legs in order to escape. Known as "wring-offs" the wounded escapees are easy prey for other animals. That that avoid predators face a slow death from gangrene, shock, loss of blood, and infection.

The suffering of trapped animals is not confined to furbearers; the steel jaw trap does not discriminate. Dogs, cats, birds, deer, domestic stock, and even endangered species are being caught and killed in these devices. The Canadian Government has reported that the number of unwanted birds and mammals "accidentally" caught in leg-hold traps is twice the catch of the target animals. And, according to the Canadian Association for Humane Trapping, the ratio of unwanted animals to desired furbearers found in traps is 3 to 1.

There are many tragic situations involving unwanted wildlife and traps. Ducks, for example, often use ponds constructed by beavers as feeding grounds; reports have been made of ducks caught in beaver sets both above and below water level, resulting in crushed or shattered legs or broken necks.

Mr. President, the most significant fact is that trapping is primarily conducted by amateurs who are interested in recreation or a source of supplemental income. According to Argus Archives, a reputable publication on humane issues, the single greatest portion of trappers in the United States consists of high school students. Only 1 percent of all trappers can be classified as experienced professionals. Thus, for the most part trapping is a hobby, for weekend sportsmen whose traps are left unattended during much of the week, and for children who are unlikely to check their lines during the inclement weather which usually accompanies trapping seasons. In light of these facts, I am introducing legislation designed to abolish inhumane trapping.

It is recognized that a market for wild animal pelts does exist, and that it would not be possible for the United States to ban leg-hold traps unless inexpensive, effective alternative traps are available. There are a variety of commercially available traps capable of painlessly capturing or instantaneously killing animals. For instance, the Conibear series is competitive with leg-hold and other traps, but their purpose and design are radically different from those of the leg-hold; the Conibear is designed to kill an animal instantly by breaking its back or neck. For those trappers who have already invested in a number of steel jaw traps and who thus cannot buy new traps, strips of weatherstripping can be wrapped around the jaws of an offset trap. An Oneida Victor No. 3 trap thus transformed, will not harm or even pain the fingers of a person accidentally caught; nor can the fingers be set free without aid from a third party. The cost to the trapper of this minor adjustment is less than 40 cents per trap.

The feasibility of banning leg-hold traps is already well established. The States of Florida and Hawaii have taken such action and in New Jersey and Alabama the use of leg-hold traps is so restricted as to require an almost total dependence on instant kill and humane capture devices. In addition, several other States have considered similar legislation in recent years.

While there has been enough experience to evaluate fully the impact of such laws in the United States, other countries provide us with ample evidence that wildlife management programs will not be significantly retarded by passage of this legislation. Eleven countries now prohibit the use of leg-hold traps, including England, West Germany, Chile, and Denmark.

More humane trapping methods can and must be adopted. For too long Government and wildlife management agencies have ignored and evaded the question of humane trapping, because of economic considerations. We must begin to promote the development and use of painless, selective methods of wildlife control and leave behind the antiquated weapons of the past.

Mr. President, the bill I am introducing today would establish an advisory commission of seven members appointed by the Chairman of the Council on Environmental Quality and the Secretary of the Smithsonian to advise the Secretary of the Interior with respect to regulations promulgated under this act. Such regulations shall prescribe acceptable methods of trapping and shall designate the specific traps designed to capture painlessly or to kill instantly.

In addition to establishing national trapping standards, the bill has six other goals: First, to prohibit the use of inhumane traps on Federal lands; second, to prohibit interstate commerce in inhumane traps; third, to prohibit the interstate commerce of products taken from animals which were captured with inhumane traps; fourth, to require the inspection of traps at least once every 24 hours; fifth, to assist individual States in complying with the requirements of the act; and sixth, to encourage the submission by individuals of information leading to the apprehension of any individual violating the provisions of the act.

Finally, I want to emphasize that the bill is not intended to wipe out the trapping industry nor to inhibit unnecessarily predator control programs. The bill itself states in its finding that—

> It is the policy of Congress to prevent this unnecessary suffering through discouraging the use of such traps and devices, but in a manner which shall not prejudice the right of private landowners to protect private property or domestic animals against damage and depredation.

I hope Mr. President, the Senate is willing to act this year on this basic, but too long neglected issue.

I request unanimous consent that the full text of these bills be printed at this point in the Record.

There being no objection, the bills were ordered to be printed in the Record, as follows:

S. 1222

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Antipoisoning Act of 1975", and that it is the policy of Congress to recognize that the wolf, the coyote, the mountain lion, the lynx, the bobcat, the several species of bear, and other large, wild carnivores native to North America and commonly known as predatory mammals are among the wildlife resources of interest and value to the people of the United States.

DEFINITIONS

Sec. 2. For purposes of this Act—

(a) "Public lands" means all publicly owned lands of the United States;

(b) the term "person" means any individual, organization, or association, including any department, agency, or instrumentality of the Federal Government, a State government, or a political subdivision thereof;

(c) the term "State" means the several States of the Union, Puerto Rico, Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the District of Columbia, but shall not incude any political subdivision of the foregoing entities;

(d) the term "chemical toxicant" means any chemical substance which, when ingested, inhaled, or absorbed, or when applied to, or injected into the body, in relatively small amounts, by its chemical action may cause significant bodily malfunction, injury, illness, or death to animals or man;

(e) the term "predatory animal" means any mammal, bird, or reptile which habitually preys upon other animals;

(f) the term "depredating animals" means any nonpredatory mammal or reptile causing damage to agricultural crops or natural resources;

(g) the term "secondary poisoning effect" means the result attributable to a chemical toxicant which, after being ingested, inhaled, or absorbed by or into, or when applied to or injected into a mammal, bird, or reptile, is retained in its tissue, or otherwise retained in such a manner and quantity that the tissue itself or retaining part if thereafter ingested by man or another mammal, bird, or reptile, produces the effects set forth in subsection (d) hereof; and

(h) the term "field use" means any use on lands not in or immediately adjacent to occupied buildings.

PUBLIC LANDS

Sec. 3. (a) Except as provided in subsection (b) of this section, no person shall—

(1) make field use of any chemical toxicant on any Federal lands for the purpose of killing predatory animals; or

(2) make field use on such lands of any chemical toxicant which causes any secondary poisoning effect for the purpose of killing other mammals, birds, or reptiles.

(b) In any specific instance where either the Secretary of the Interior or the Secretary of Agriculture believes, because of unusual and extraordinary circumstances, that it is imperative to use poisons on public lands for animal control, he shall place a Notice of Intention in the Federal Register at least sixty days prior to the proposed beginning of the program and shall give a public hearing to anyone who wishes to protest the poisoning; the program shall not be begun until a review of the protest is made by the Secretary of the Interior or Secretary of Agriculture, as the case may be, and a detailed explanation of the need of the program is placed in the Federal Register. The use of poison under such a program must be essential—

(1) to the protection of human health or safety;

(2) to the preservation of one or more wildlife species threatened with extinction or likely within the foreseeable future to become so threatened; or

(3) to the prevention of substantial irretrievable damage to nationally significant natural resources.

(c) In such emergencies, in the absence of an approved program for control of predatory and depredating animals for the State in question, the Secretary of Interior is authorized to provide technical assistance to a State agency, or to direct Federal personnel to oversee the emergency program.

(d) Any person, including officials, employees, and agents of the United States or any State, who violates the provisions of this section shall, upon conviction for the first offense, be subject to a fine not to exceed $500 or imprisonment not to exceed six months, or both; upon conviction of a second or subsequent offense, violators shall be subject to a fine not to exceed $10,000, or imprisonment not to exceed 12 months, or both.

(e) There are hereby authorized to be appropriated for the purposes of this section not to exceed $400,000 for each fiscal year occurring after fiscal year 1975.

ALTERNATIVE METHODS OF PREDATOR CONTROL

Sec. 4. (a) In order to assist the States in controlling damage caused by predatory and depredating animals and in order to encourage the use by States of methods which are consistent with accepted principles of wildlife management and the maintenance of environmental quality, the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized to conduct directly or by agreement with qualified agencies or institutions, public and private, a program of research which shall concern the control and conservation of predatory and depredating animals and the abatement of damage caused by such animals. Research objectives, and the program of research authorized by this subsection, shall be developed by the Secretary in cooperation with each of the affected States.

(b) The program of research authorized by subsection (a) hereof shall include, but need not be limited to—

(1) the testing of methods used for the control of predator and depredating animals and the abatement of damage caused by such animals;

(2) the development of effective methods for predator control and the abatement of damage caused by predatory and depredating animals which contribute to the maintenance of environmental quality and which conserve, to the greatest degree possible, the Nation's wildlife resources, including predatory animals;

(3) a continuing inventory, in cooperation with the States, of the Nation's predatory animals, and the identification of those species which are or may become threatened with extinction; and

(4) the development of means by which to disseminate to States the findings of studies conducted pursuant to this section.

(c) The Secretary is authorized to conduct such demonstrations of methods developed pursuant to subsection (b) and to provide such other extension services, including training of State personnel, as may be reasonably requested by the duly authorized wildlife agency of any State.

(d) There are hereby authorized to be appropriated for the purposes of this section not to exceed $600,000 for each fiscal year occurring after fiscal year 1975.

Sec. 5. (a) In furtherance of the purposes of this Act, the Secretary is authorized to provide in the three fiscal years following enactment financial assistance to any State which may annually propose to administer a program for the control of predatory and depredating animals. To qualify for assistance under this section, any such State program must be found by the Secretary to meet such standards as he may, by regulation, establish except that—

(1) the Secretary shall not approve any such State program which entails the field use of chemical toxicants for the purpose of killing predatory animals or the field use of any chemical toxicant which causes any secondary poisoning effect for the purposes of killing other mammals, birds, or reptiles; and

(2) the Secretary may approve a temporary State program which entails such emergency use of chemical toxicants as he may authorize, in each specific case, for the protection of human health or safety; the preservation of one or more wildlife species threatened with extinction or likely within the foreseeable future to become so threatened, or for the prevention of substantial irretrievable damage to nationally significant natural resources. Such approval will not be made until in each specific case he makes a written finding, following consultation with the Secretaries of the Interior, Agriculture, and Health, Education and Welfare, and Administrator of the Environmental Protection Agency, that an emergency exists that cannot be dealt with by any means which do not involve the use of chemical toxicants. Prior to his decision to approve or disapprove, the Secretary shall publish notice in the Federal Register of each proposed emergency use being considered under this section. Such notice shall invite the submission from interested parties, within thirty days after the date of notice, of written data and or views with respect to the proposed emergency use.

(b) An annual payment under subsection (a) hereof may be made to any State in such amount as the Secretary may determine except that—

(1) no such annual payment shall exceed an amount equal to 75 per centum in the first year, 50 per centum in the second year, or 25 per centum in the third year, of the cost of the program approved under subsection (a) hereof;

(2) no such annual payment to any State shall exceed $300,000 in the first fiscal year following enactment, $200,000 in the third fiscal year following enactment;

(3) no payment otherwise authorized by this section shall be made to a State whose share, in whole or part, of the cost of the program approved under subsection (a) hereof is to be paid from funds not appropriated by its legislature; and

(4) not more than 10 percentum of the State share may be from funds derived from sale of hunting, fishing, and trapping licenses or permits.

(c) There is hereby authorized to be appropriated for the purposes of this section $3,000,000 in fiscal year 1976, $2,000,000 in fiscal year 1977, and $1,000,000 in fiscal year 1978.

CONTROL OF POISONS

Sec. 6. (a) It shall be unlawful to manufacture, distribute, offer for sale, hold for sale, sell, ship, deliver for shipment, deliver, receive or use any compound of thallium sulfate, sodium cyanide, strychnine, or sodium monofluoracetate for field use in predator control programs.

(b) In addition to existing authority under the Federal Insecticide, Fungicide and Rodenticide Act, the Environmental Protectino Agency shall establish a system of record keeping and licensing to record the possession and use of all compounds and chemicals encompassed in subsection (a).

(c) The Environmental Protection Agency is authorized to purchase the compounds and chemicals in section (a) from any persons who possess them upon enactment of this Act but whose continued possession becomes unlawful under the Act or regulations issued thereunder.

(d) Any person convicted of any violation of subsection (a), or of any regulation promulgated thereunder, shall be fined not more than $10,000 or imprisoned for not more than one year, or both.

SEC. 7. Heads of Federal departments, agencies, or establishments are hereby authorized to issue such regulations as may be necessary to carry out the purposes of this Act.

SEC. 8. There is hereby repealed in its entirety the Act of March 2, 1931 (7 U.S.C. 426–426(b)), pertaining to the eradication and control of predatory and other wild animals.

SEC. 9. Nothing in this Act shall be construed as superseding or limiting the authorities and responsibilities of the Administrator of the Environmental Protection Agency under the Federal Insecticide, Fungicide, and Rodenticide Act, as amended.

SEC. 10. Except as otherwise provided in sections 3, 4, and 5 hereof, there is hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

S. 1223

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress finds and declares that vast numbers of wild and domestic mammals and birds, including family pets and valuable hunting dogs, are needlessly maimed and exposed to prolonged and painful suffering through the use of steel leghold traps, and other painful, sublethal devices used to trap or otherwise capture mammals and birds. It is the policy of Congress to prevent this unnecessary suffering through discouraging the use of such traps and devices, but in a manner which shall not prejudice the right of private landowners to protect private property, or domestic animals on private property, against damage and depredation.

SEC. 2. As used in this Act, the term—

(1) "trap" means any trap, snare, net, or other device designed to trap or capture any mammal or bird;

(2) "approved trap" means any trap which is designed to trap or capture any mammal or bird in a manner by which the mammal or bird is either captured painlessly or killed instantly, and which meet the standards and criteria contained in the regulations promulgated by the Secertary pursuant to section 3 of this Act;

(3) "person" means any individual, partnership, association, corporation, or other entity; and

(4) "interstate or foreign commerce" shall have the same meaning as that provided under section 10 of title 18, United States Code.

SEC. 3. (a) (1) As soon as practicable following the date of the enactment of this Act, but in no event later than one hundred and twenty days following such date, the Secretary of the Interior (hereinafter referred to as the "Secretary") shall, in consultation with the affected heads of other departments and agencies of the United States, issue, and revise from time to time, regulations relating to the trapping and capturing of mammals and birds thereon. Such regulations shall prescribe acceptable means and methods for trapping and capturing mammals and birds on the Federal lands in a humane manner. Such regulations shall contain standards and criteria setting forth the type of trap determined by the Secretary to be a trap which either captures painlessly or kills instantly any mammal or bird caught therein, and which, to the extent practicable, minimizes the possibility of trapping mammals and birds not intended for capture. Regulations promulgated pursuant to this section shall be published in the Federal Register. The Secretary is authorized to conduct such tests as may be necessary to enable him to carry out his duties under this Act.

(2) Any person violating any such regulation shall be fined not more than $500 or imprisoned not more than one year, or both.

(b)(1) An advisory commission of seven members shall be appointed by the Chairman of the Council on Environmental Quality, in consultation with the Secretary of the Smithsonian Institution, to consult with, and to advise and make recommendations to, the Secretary with respect to traps designed or intended for use in trapping or capturing mammals or birds, including regulations of the Secretary. The commission shall further supervise any and all tests carried out pursuant to subsection (a) of this section.

(2) Members of such commission shall receive no compensation as such for their service as members of the commission but may be reimbursed for expenses actually incurred by them in the performance of their duties under this Act.

SEC. 4. (a) Whoever sells, ships, transports, or carries, or causes to be sold, shipped, transported, or carried, in interstate or foreign commerce, any trap designed or intended for use in trapping or capturing mammals or birds, or both, which is not an approved trap, shall be fined not more than $5,000 or imprisoned not more than one year, or both; and such trap shall be forfeited to the United States.

(b) Interstate or foreign shipment of any hide, skin, or feathers taken from a mammal or bird which has been captured on any lands with a trap other than an approved trap, or any product made from such hide, skin, or feathers, shall be prohibited. The Secretary of Interior shall publish regulations for the enforcement of this subsection. Any person violating the regulations or this subsection shall be fined not more than $5,000 or imprisoned not more than one year, or both; and such hides, skins feathers, or products thereof shall be forfeited to the United States.

(c) Whoever, upon any of the Federal lands, places or causes to be placed any trap other than an approved trap for the purpose of trapping or otherwise capturing any mammal or bird, or who, having so placed or caused to be so placed an approved trap, fails to inspect and empty such trap or fails to cause such trap to be inspected or emptied, at least once every twenty-four hour period, shall be fined not more than $5,000 or imprisoned not more than one year, or both; and such trap shall be forfeited to the United States.

SEC. 5. In any violation of subsection (d) of section 4 of this Act involving the placing or causing to be placed of any trap other than an approved trap upon any of the Federal lands, the appropriate Secretary shall, with respect to any person so convicted of such violation, immediately take such action as may be necessary to suspend, revoke, or otherwise terminate any lease, license, contract, permit, or other agreement involved in or connected with such violation, between such person and the United States.

SEC. 6. (a) On and after the effective date of this section, no action involving the trapping or capturing of animals and birds shall be carried out on any Federal lands unless such action is (1) otherwise authorized by or pursuant to any Federal law, (2) carried out in accordance with a program or activity conducted or supervised by Federal or State personnel, designed for the purpose of conserving or controlling, predatory or other wild mammals or birds, (3) carried out by means of an approved trap, and (4) in compliance with regulations promulgated pursuant to section 3 of this Act.

(b) Any person violating this section shall be fined not more than $5,000 or imprisoned not more than one year, or both.

SEC. 7. On and after the effective date of this section, no Federal agency shall (1) engage in any program or activity which aids, subsidizes, or encourages the trapping or capturing of wild mammals or birds for recreational or commercial purposes, or (2) assist, financially or otherwise, any State or political subdivision thereof in connection with any program or activity of that State or subdivision involving the trapping or capturing of wild mammals or birds for recreational or commercial purposes.

SEC. 8. Notwithstanding the provisions of section 7 of this Act, the Secretary is authorized to enter into cooperative agreements with any affected State or political subdivision of a State pursuant to which the Secretary shall be authorized to assist such State or subdivision financially or otherwise to enable it to comply with the requirements of this Act. Such financial assistance may be provided in such amounts, in such manner, and subject to such conditions as the Secretary may prescribe.

SEC. 9. (a) Subsections (a) and (d) of section 4, sections 5 and 6, regulations promulgated by the Secretary pursuant to section 3 shall take effect upon the expiration of the one hundred and eighty day period following the date of the enactment of this Act.

(b) Subsections (b) and (c) of section 4 shall take effect upon the expiration of the twenty-four month period following the date of the enactment of this Act.

(c) This section, the first section, and sections 2, 3, 7, 8, 10, and 11 shall take effect upon the date of the enactment of this Act.

SEC. 10. The Attorney General of the United States is authorized to pay any individual an amount not to exceed $10,000 for information and services furnished by such individual concerning any violation of this Act. Any officer or employee of the United States or of any State or local government who furnishes information or renders service in the performance of his official duties shall not be eligible for payment under this section.

SEC. 11. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

By Mr. CURTIS:

S. 1225. A bill to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of Professional Standards Review Organizations to review services covered under the medicare and medicaid programs. Referred to the Committee on Finance.

Mr. CURTIS. Mr. President, today I am introducing a bill to repeal the section of the Social Security Amendments of 1970 which called for establishment of Professional Standards Review Organizations, to oversee the activities of the medical profession.

I do not believe that any Federal legislation is necessary for the doctors of the country to set up their own peer review mechanism.

I strongly believe that to allow this practice to continue will hamper and interfere with the practice of medicine to the detriment of the patient.

My interest in the Professional Standards Review Organization goes back to the very first day that it was proposed. When it was first discussed, it was referred to as "peer review." The word "peer" no longer appears in the law or in the regulations.

Webster defines peer as "one of the same rank, quality, endowments and characteristics." In other words, a doctor's peers are other doctors possessing the same professional training, knowledge, and skills as the man whose actions are to be judged.

None of us would have any real objection to having medical doctors set up such peer review as they might choose. Such efforts preserve the good name of the medical profession. Whenever action is taken to prevent abuses in the Government's medical programs, it helps all taxpayers, and doctors are taxpayers.

I am firmly convinced, however, that the medical profession, or any profession, can best function in advancing the ethics of that profession and protecting the public when it is done without the interference or intrusion of government.

Many people were drawn into supporting PSRO because they felt they were supporting a proposal for peer review in the medical profession.

PSRO is not "peer." It is government review, regulation and control in the practice of medicine. The PSRO provision is 17 pages long, in fine print.

I checked out every place in those 17 pages where the Secretary of Health, Education, and Welfare is authorized to take action to make a decision or formulate regulations. These delegations of power in the 17 pages number 68.

Now when power is delegated to the Secretary of HEW, it is well known that the Secretary cannot personally exercise that power. It means the delegation of power to an unnamed, unelected, and oftentimes uncontrollable bureaucracy.

This PSRO provision was first passed by the Senate in 1970, although it did not become law until 1972. When it was presented in the Finance Committee, I attempted to get it rejected. Unfortunately, there were many in that room who without fault of their own were, in my opinion, the recipients of misinformation on two counts. First, they thought it was a plan for real peer review. Second, they thought it had the support of some of the major medical organizations.

On December 28, 1970, when this bill was before the Senate, I offered a motion to strike the section from the bill. Referring to this section, I then said:

> Mr. President, we ended up with 39 pages or thereabouts on peer review which really has not had the attention that it ought to have. I am not opposing peer review as such. I oppose the language used.
>
> If we wish to examine some of the language, if we turn to page 234 in the bill, it will be seen that this peer review organization will have a lot of authority to police the practice of medicine insofar as these Government programs are concerned.
>
> On page 234, lines 10 through 11 are in line with the idea that the medical profession should police the medical profession. But if we look at lines 20 through 24, we see who else would police the medical profession.
>
> I read what it says: "Such other public, nonprofit private, or other agency or organization, which the Secretary determines, in accordance with criteria prescribed by him in regulations, to be of professional competence and otherwise suitable; . . ."
>
> It gives to the Secretary the power to select any organization he wants to tell the doctors how to practice, when a person should go to the hospital, when the facilities are adequate, and many other far-reaching questions.
>
> I contend that would enable the Secretary to turn to an organization of some crusader, such as Ralph Nader, or anyone else, to police the medical profession.
>
> I call attention to some other language on pages 237 and 238. There is some very deceptive language there. It reads:
>
> "No Professional Standards Review Organization shall utilize the services of any individual who is not a physician to make final determinations with respect to the professional conduct of any physician, or any act performed by any physician in the exercise of his profession."
>
> The catchword there is "final." We could have an organization with thousands of clerks who could take a blue pencil and direct the practice of medicine, if we had one doctor at the top. That doctor would have to be a practicing physician if he has been to medical school and has a license. He puts his initials on the final paper and that will determine how the medical profession shall treat the patients.
>
> Such language should not be agreed to in the closing days of this Congress. Surely, we should have peer review but not that kind.
>
> Mr. President, among other things, a peer review organization will have authority to require a doctor treating patients to get permission before they have what is called elective surgery. Who would be the members of the review organization? Nobody knows because there is a blank check of authority to select any group which the Secretary chooses.
>
> This has the real possibility that the bureaus can police the medical profession. I am not here pleading a case for the doctors. By and large they are well-educated people who take care of themselves. I am concerned about the patients.
>
> When Medicare was adopted, the people were promised over and over again there would be no interference with the doctor-patient relationship; that they would not be treated in groups but that every individual would have free access to his doctor, unhampered by rules and regulations that told the doctor what decisions to make, when to operate, what medicines to prescribe, and so forth.

Later on in the debate, I said:

> Mr. President, I point the finger at no one, and make no criticism of our committee. We had too much work to do at one time. But I submit that this amendment, consisting of 39 pages, was never read in the committee, it was never read by a staff member to the committee, there was no time after it was printed that a staff member was turned to and asked to go over it section by section. It has language in it that will do things other than that which the proponents would like to have done.

I made a very serious charge, a charge I did not like to make. You may be surprised to know that my assertion was not disputed that day or since. I hasten to add that I impugn no individual in this matter. The massive amount of work that we are called upon to do means that all of us are called upon to pass judgment on matters when there is no earthly way to pursue them in the manner that we would like to.

But it is not too late to undo what we have done. I am seeking repeal of PSRO legislation because I do not believe it was ever the legislative intent of this Congress to seek bureaucratic, governmental policing of the medical profession.

It is a dangerous game we are playing. It is time to get out of it.

Mr. President, I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1225

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That part B of title XI of the Social Security Act (as added by section 249F of the Social Security Amendment of 1972) is repealed.

Sec. 2. Title XI of the Social Security Act is further amended—

(1) by striking out "AND PROFESSIONAL STANDARDS REVIEW" in the heading; and

(2) by striking out "Part A—General Provisions" immediately before section 1101.

By Mr. BEALL:

S. 1226. A bill to amend subchapter II of chapter 73 of title 10, United States Code, to eliminate, during periods when a person entitled to retired or retainer pay is not married, the reduction in the retired or retainer pay of such person made to his surviving spouse with an annuity. Referred to the Committee on Armed Services.

Mr. BEALL. Mr. President, I send to the desk a bill to amend the so-called Widows Equity Act, Public Law 92–425, which was enacted in 1972 and which was designed to provide the surviving spouse a portion of the retirement pay of career military personnel. I was pleased to have been the principal author of this landmark bill in the Senate, which is one of the most important laws for the career military personnel and their families.

The measure I introduce today amends Public Law 92–425, to eliminate the reduction in the annuity taken by the retired military individuals in order to provide for the surviving spouse, whenever the annuitant is no longer married.

I have drafted this legislation to follow the legislation enacted last year, Public Law 93–474, which eliminated the reduction for Federal civilian retirees under the civil service retirement system. That law, as does my bill, also provided for reinstitution of the reduction if the retiree subsequently remarried. The same provisions extended to civilian retirees should now be extended to military retirees.

I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1226

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1452 of title 10, United States Code, is amended by adding at the end thereof a new subsection as follows:

"(g) Notwithstanding any other provision of this section, the retired or retainer pay of a person which is reduced under this section to provide an annuity for the spouse of such person shall, for each full month during which person is not married, be recomputed and paid as if the retired or retainer pay of such person had not been so reduced. Upon remarriage of such person, the retired or retainer pay shall be reduced by the appropriate percentage reduction.".

Sec. 2. The amendment made by this Act shall apply to retired or retainer pay which commences before, on, or after the date of enactment of this Act, but no increase in retired or retainer pay shall be paid for any period prior to the first day of the first month which begins on or after the date of enactment of this Act.

By Mr. BEALL (for himself, Mr. SCHWEIKER, and Mr. STAFFORD):

S. 1229. A bill to amend the Higher Education Act of 1965 to decrease the amount of defaults under the guaranteed student loan program, to amend the Bankruptcy Act to limit the dischargeability in bankruptcy of educational debts, and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. BEALL. Mr. President, on behalf of Senators JAVITS, SCHWEIKER, and STAFFORD, I am pleased to introduce today an administration bill which will make several much needed improvements in the guaranteed student loan program. This program is a model of Federal-State cooperation in delivering needed Government assistance to give financial assistance to students seeking postsecondary education. Many States have a record of service in guaranteeing student loans which predates Federal entry to this area. In 1965, the Federal Government began a program to encourage State programs, and to provide a direct guaranteed loan program where States had none.

This State-Federal cooperation has enabled over 4 million individuals to borrow over $8 billion in private capital to defray educational expenses. The principles of private financing and intergovernmental cooperation have been well served by these guaranteed student loan programs.

Notwithstanding the overall success of the guaranteed student loan program, we must address and face up to the very serious and continuing problem of student defaults. The national default rate is estimated at 18 percent and the overall rate, which includes both the Fedral and State programs, is 11.3 percent.

It should be pointed out that this is an estimate of the incidents of default and additional collection could ultimately reduce the Federal Government's loss. The magnitude of the problem is clear by the Department of Health, Education, and Welfare's request to the Appropriations Committee for approximately $200 million to pay for such defaults. Obviously, such defaults drain needed resources and undermine this execellent program and action must be taken to correct the problem.

Some of the difficulties are administrative, particularly at the Federal level. A number of administrative steps have been taken, but it is also clear that additional legislative changes are required. The bill I am introducing provides for a number of improvements to the existing law which will allow better administration of the program. The measure is designed to combat defaults, and strengthen this program which has helped so many Americans improve themselves through further education. The guaranteed student loan program is an important one; it must be improved so that it may continue to fill its vital role.

Specifically, the bill's eight major provisions would:

First. Prevent defense from repayment by reason of infancy state of borrower.

Second. Ease minimum repayment period of loan when agreeable to lender and borrower.

Third. Provide lower monthly payment for two spouses both having loans.

Fourth. Encourage lenders to make multiple disbursements, thus lowering default if educational program is not completed.

Fifth. Require improved procedure for keeping records of borrower addresses and enrollment status.

Sixth. Prohibit future participation in guaranteed loan program and basic opportunity grant porgram for previous defaulters—after provision for consideration of extraordinary circumstances.

Seventh. Amend Bankruptcy Act to exclude discharge of guaranteed student loans for 5-year period following school departure.

Eighth. And most importantly, exclude proprietary educational institutions from participating as direct lenders in the program.

I want to call particular attention to this last provision which excludes proprietary schools as lenders. It should be emphasized, however, that proprietary schools and their students would still participate in the program provided other institutions were functioning as lenders.

There is no question that action must be taken to combat the higher default rate. I believe that the large majority of our schools, proprietary and public and private nonprofit, have participated in the program within the letter and spirit of the law. But some schools, including public and private nonprofit and proprietary institutions are abusing and damaging the guaranteed loan program. No single sector of participants is solely responsible for abuses; however, it is true that the default rate has been generally higher and more serious in the proprietary sector.

Articles by the Washington Post and other newspapers have documented abuses by some in the proprietary sector. These articles pointed out the pressure and economic incentives that lead to certain abuses by some proprietary schools. The nature of the economic incentives for proprietary schools to participate as lenders is, however, different from the incentives for nonprofit institutions, both public and private. The incentive to make a federally guaranteed student loan to a student who cannot adequately benefit from the educational training is very compelling to proprietary schools. While some might argue that the same incentive applies to all schools, the program experience suggests that schools operated for profit are significantly more susceptible to this pressure. In some instances, this incentive has turned schools from the educational training is very profit, and has induced some to ignore educational quality in favor of increasing profits.

We need to examine this position carefully, to determine an alternative which would weed out the bad actors, without punishing the proprietary schools whose record is equal to or better than the manproprietary sector of postsecondary education.

For example, we may be able to say if your default rate is above a certain level, you cannot participate as a lender. Or, we could say if your default rate is above a certain level, a presumption is created that your record no longer justifies your involvement as a lender. A hearing could be granted for the school facing the loss of his lenders status to explain why his default rate was higher—the school could contend that it was taking four times as many high risk students—and a decision reached following such hearing.

I would want to make two final points with respect to proprietary institutions.

First, most proprietary institutions are educationally responsible and provide a vital and increasingly important sector to the diverse scope of postsecondary education in this country. One of the great strengths of the American postsecondary system is this diversity. Thus, we must be cautious not to sacrifice the strength which proprietary institutions bring to the postsecondary education field.

Second, elimination of lending by proprietary schools might remove access to postsecondary education for many students who will benefit from such training.

Our task is to weigh the potential loss in diversity and access in education against the much needed administrative improvements in the loan program, and I hope the Education Subcommittee will give early attention to this problem.

Mr. President, I ask unanimous consent that the text of the bill, a summary of the measure, the letter of transmittal and Commissioner of Education Bell's recent testimony before the Education Subcommittee on this measure, be printed in the RECORD.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 1229

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Student Loan Amendments of 1975".

ELIMINATION OF THE DEFENSE OF INFANCY WITH RESPECT TO FEDERALLY INSURED STUDENT LOANS

SEC. 2. (a) Section 427(a)(2)(A) of the Higher Education Act of 1965 is amended by striking out "except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, endorsement may be required,".

(b) Section 427 of such Act of 1965 is further amended by adding at the end thereof the following new subsection:

"(d) No borrower who is otherwise eligible for a loan insured by the Commissioner under this part shall be under legal disability, by reason of minority, to execute a note or other written agreement for that purpose, and no such note or other written agreement may be disavowed because of the minority of such borrower.".

MINIMUM REPAYMENT PERIOD

SEC. 3. (a)(1) Section 427(a)(2)(B) of such Act is amended by inserting "or unless the student, during the 9- to 12-month period preceding the start of the repayment period, specifically requests that repayment be made over a shorter period" immediately following "repaid" in the second parenthetical.

(2) Such section is further amended by striking out "and" after clause (ii) and by inserting after clause (iii) "and (iv) that in the event a student has requested and obtained a repayment period of less than five years, he may at any time prior to the total repayment of the loan have the repayment period extended so that the total repayment period is not less than five years,".

(b)(1) Section 428(b)(1)(D) of such Act is amended by inserting "(unless the student, during the 9- to 12-month period preceding the start of the repayment period, specifically requests that repayment be made over a shorter period)" immediately following "not less than five years".

(2) Such section is further amended by inserting "(i)" after "except that" and by inserting before the semicolon ", and (ii) if a student has requested and obtained a repayment period of less than five years, he may at any time prior to the total repayment of the loan have the repayment period extended so that the total repayment period is not less than five years.".

MINIMUM ANNUAL PAYMENT FOR MARRIED COUPLES

SEC. 4. (a) Section 427(c) of such Act is amended by inserting immediately before the period at the end thereof a comma and "except that in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than $360 or the balance of all such loans, whichever is less".

(b) Section 428(b)(1)(K) of such Act is amended by inserting immediately before the semicolon ", except that in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than $360 or the balance of all such loans, whichever is less".

INTEREST SUBSIDY ON MULTIPLE DISBURSEMENTS

SEC. 5. (a) The first sentence of section 428(a)(3) of such Act is amended to read as follows:

"(3)(A) Except as provided in subparagraph (C) of this paragraph, the portion of the interest on a loan which a student is entitled to have paid on his behalf and for his account to the holder of the loan pursuant to paragraph (1) of this subsection shall be equal to the total amount of the interest on the unpaid principal amount of the loan which accrues prior to the beginning of the repayment period of the loan, or which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in section 427(a)(2)(C) or section 428(b)(1)(L); but except as provided in subparagraph (C) of this paragraph, such portion of the interest on a loan shall not exceed, for any period, the amount of the interest on that loan which is payable by the student after taking into consideration the amount of any interest on that loan which the student is entitled to have paid on his behalf for that period under any State or private loan insurance program.".

(b) Section 428(a)(3) of such Act is amended by adding the following new subparagraph at the end thereof:

"(C)(i) In the case of any eligible lender (other than an eligible institution or an agency or instrumentality of a State), which is approved by the Commissioner pursuant to division (ii) of this subpargraph for the purpose of authorizing multiple disbursements and which enters into a binding agreement with a student to make a loan (I) for which the student is entitled to have a portion of the interest paid on his behalf under this section and (II) the proceeds of which loan are to be paid to the student in multiple disbursements over the period of enrollment for which the loan is made, but not to exceed 12 months, the amount of the interest payment which such lender may be paid under this section shall be determined as if the entire amount to be made available for that period of enrollment had been disbursed on the date on which the first installment thereof was disbursed: *Provided*, That this subparagraph shall apply only in the case of loans paid in installments, in accordance with regulations of the Commissioner, based on the needs of the student for the proceeds of such loan over the course of the academic year.".

"(ii) The Commissioner may approve an eligible lender for the purposes of this subparagraph if he determines—

"(I) that such lender is making or will be making a substantial volume of loans on which an interest subsidy is payable under this section, and

"(II) that such lender has sufficient experience and administrative capability in processing such loans to enable the lender to make such multiple disbursements in accordance with regulations issued by the Commissioner under this subparagraph.

AVAILABILITY OF STUDENT ADDRESS AND ENROLLMENT DATA

SEC. 6. Section 438(a) of such Act is amended by redesignating paragraph (3) as paragraph (4) and inserting the following new paragraph after paragraph (2):

"(3) the establishment by each eligible institution of policies and procedures under which the latest known address and enrollment status of a student who has received a loan insured under this part or insured by a State or nonprofit private institution or organization with which the Commissioner has an agreement under section 428(b) are made available, upon request, to the Commissioner, to the State or nonprofit private institution or organization which has insured such loan, to the lender who made such loan, or to the holder of such loan;".

INELIGIBILITY OF DEFAULTING STUDENT FOR FURTHER STUDENT ASSISTANCE

SEC. 7. Section 430 of such Act is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) No student—

"(1) who has been determined by the Commissioner to have defaulted on any student loan made or insured by the Commissioner under this title or insured by a State or nonprofit private institution or organization with which the Commissioner has an agreement under section 428(b), and

"(2) who has not subsequent to such default repaid the entire amount owed on such loan or made arrangements satisfactory to the holder of such loan to resume payments thereon

shall be eligible to receive (A) a subsequent loan insured by the Commissioner under this title or insured by a State or nonprofit private institution or organization with which the Commissioner has an agreement under section 428(b) or (B) a basic educational opportunity grant under section 411 of this Act. The Commissioner shall not make any determination under this subsection until he has given the student affected by such determination notice and opportunity to show cause why such determination should not be made. The Commissioner may decline to make such a determination if he finds that the circumstances leading to the prior default of the student were beyond the control of such student.".

ELIMINATION OF PROPRIETARY INSTITUTIONS AS ELIGIBLE LENDERS

SEC. 8. Section 435(g) of such Act is amended (1) by inserting "which is a public or other nonprofit institution" immediately following "eligible institution", and (2) by inserting at the end thereof the following new sentence: "In the case of a student who, prior to June 30, 1975, has received a loan insured or guaranteed under this part from an eligible institution other than a public or nonprofit institution, the term also includes such an institution to the extent that it makes a loan to such a student prior to June 30, 1978, to enable him or her to continue or complete his or her educational program.".

DISCHARGEABILITY IN BANKRUPTCY OF EDUCATIONAL LOANS

SEC. 9. Subdivision a. of section 17 of the Bankruptcy Act (11 U.S.C. 35(a)) is amended (1) by striking out "or" following clause (7), (2) by striking out the period following clause (8) and substituting "; or", and (3) by adding at the end of the subdivision the following new clause:

"(9) are for principal of, interest on, or fees or other charges associated with, a loan for an educational purpose made or insured by a nonprofit private institution or organization with which the Commissioner of Education has an agreement under section 428 (b) of the Higher Education Act of 1965 with respect to the loan, unless the petition is filed on a date more than five years after the date on which the first repayment installment of that loan was due.

SUMMARY OF THE STUDENT LOAN AMENDMENTS OF 1975

Section 2 of the draft bill would amend section 427(b) of the Higher Education Act of 1965 by adding a new subsection providing that the defense of infancy would not be available with respect to Federally insured student loans.

Section 3 would provide that in both the State and Federal student loan insurance programs, the student may waive the minimum five-year repayment period by requesting that the note provide for repayment over a shorter period. At any time before total repayment, the borrower would be able to have the shortened period of repayment extended to a total of five years.

Section 4 would provide that in the case of a husband and wife, both of whom have student loans outstanding, the combined minimum annual payment on those loans would be the same as for a single person—$360 per year, rather than $720 per year. This provision would apply to both the State and Federal student loan insurance programs.

Section 5 would authorize certain lenders to receive interest subsidy payments on the entire amount of a loan to a student for a given academic year, even though the lender disburses such loan in installments over the course of that year. By providing the interest subsidy on the entire loan, lenders would be encouraged to make multiple disbursements. In the event that the student left school before the end of the academic year and before all of the loan had been disbursed, the amount of any potential default would thereby be reduced. Any lender desiring to receive such interest payments on the basis of multiple disbursements would be required to be approved by the Commissioner.

Section 6 would require each eligible institution to establish policies and procedures to provide the latest known address and enrollment status of a student borrower to the Commissioner, a State or nonprofit private institution or organization which has insured his loan, or the lender.

Section 7 would provide that any student who defaults on a guaranteed student loan would thereafter be ineligible to receive a basic grant or another guaranteed student loan unless he subsequently repaid the loan in full or made satisfactory arrangements for repayment.

Section 8 of the bill would modify the definition of "eligible lender" to exclude proprietary institutions from that term. However, such institutions could continue to be lenders until June 30, 1978, with respect to those students to whom they have already made loans and who need additional loans to continue or complete their educational program.

Section 9 of the draft bill would amend section 17 of the Bankruptcy Act to provide that educational debts would be exempt from discharge in bankruptcy during the in-school period and the first five years of repayment.

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
February 27, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a draft bill, "To amend the Higher Education Act of 1965 to decrease the amount of defaults under the guaranteed student loan program, to amend the Bankruptcy Act to limit the dischargeability in bankruptcy of educational debts, and for other purposes."

The purpose of the enclosed draft bill is to amend the guaranteed student loan program under title IV of the Higher Education Act in a number of ways that would, in our opinion, reduce the default rate under that program. As you are aware, the number of defaults has been growing at an alarming rate over the last few years.

The most important of our proposals are (1) an incentive offered to lenders to encourage the multiple disbursement of loans over the course of a school year, (2) a provision to eliminate proprietary schools as eligible lenders, and (3) an amendment to the Bankruptcy Act to make student loans nondischargeable in bankruptcy during the five-year period after the first installment thereon becomes due. The draft bill also contains a proposal to make any student who defaults on a guaranteed student loan ineligible to receive a basic educational opportunity grant or any further guaranteed loans unless the loan is repaid or other special circumstances exist.

We realize that programs authorized under the Higher Education Act will be considered for extension during this Congress. We feel, however, that the growing default rate is a matter of such urgency that separate and early consideration of these and any other proposals designed to reduce that rate is essential.

We therefore urge the prompt and favorable consideration of this draft bill. A section-by-section summary of the draft bill is enclosed for your convenience.

We are advised by the Office of Management and Budget that enactment of this draft bill would be in accord with the program of the President.

Sincerely,

STEPHEN KURZMAN,
Acting Secretary.

STATEMENT BY THE HONORABLE T. H. BELL

(Commissioner Bell is accompanied by: Charles M. Cooke, Jr., Deputy Assistant Secretary for Legislation (Education), DHEW; Edward T. York, Jr., Deputy Commissioner, Office of Management, OE; and Kenneth A. Kohl, Associate Commissioner, Office of Guaranteed Student Loans, Office of Management, OE)

Mr. Chairman and Members of the Subcommittee: I am happy to appear before you today to discuss the Administration's legislative proposals "To amend the Higher Education Act of 1965 to decrease the amount of defaults under the Guaranteed Student Loan Program, to amend the Bankruptcy Act to limit the dischargeability in bankruptcy of educational debts, and for other purposes."

Before discussing our new proposed legislation, let me bring you up to date on certain matters. In September, I testified before this subcommittee with the major emphasis on the default problem and the administrative actions which were being taken and those which were contemplated in the future. We also provided you with statistical data on the federally insured phase of the program, and emphasized that this should not be confused with data relating to loans guaranteed by State and private nonprofit agencies. And finally, we indicated that resolution of the operational difficulties incurred in the Guaranteed Student Loan Program were dependent upon reliable information, adequate resources, and proper regulations.

In connection with regulations, we should report several developments. On October 17, we published in the Federal Register proposed regulations which, for the first time, set forth requirements and standards with which educational institutions would have to comply in order to participate in the Guaranteed Student Loan Program. These same regulations also set forth detailed due process procedures for the limitation, suspension or termination of any postsecondary institution or federally insured lender which do not comply with the regulations. Public hearings were held in Washington, D.C., Chicago and San Francisco on the proposed regulations. As a result of the comments received, both at the hearings and in writing, numerous changes were made and final regulations were published in the Federal Register on February 20. We are convinced that these new regulations will do much to reduce the default problem by providing (1) that students receive better information about schools and colleges before enrolling, (2) that each participating educational institution maintains a fair and equitable refund policy and that refunds are paid on a timely basis, (3) that institutions providing vocational, trade or career programs utilize appropriate admissions criteria and provide students with relevant employment information, (4) that correspondence schools provide students with a schedule setting forth what is required in submitting lessons, and also further clarify when withdrawal occurs and repayment commences for such students, and (5) that each educational institution adopt certain procedures and maintain records which will be subject to inspection and audit by the Office of Education in order to determine that an institution is protecting the interests of students and the Federal Government. The regulations also establish new disbursement procedures, clarify some existing definitions and add other new provisions which should improve the administration of the Program.

On February 24, we published a notice in the Federal Register providing an interpretation as to the amount of loss that would be paid by the Federal Government on claims originated by school lenders. The problem has several major aspects, including unpaid refunds and the closing of an educational institution. In the very near future, a proposed regulation will be published in the Federal Register setting forth detailed rules and procedures regarding default claims. This regulation is now in the final clearance stages.

Thus far, we have described both the administrative and regulatory steps taken to attack the default problem. But legislative changes are also needed, and for the last several months we have been studying the problem in order to determine those changes to the enabling legislation that could further reduce the default rate. We would like to clarify at this time the major provisions of the Administration's proposal.

Defense of Infancy Under present law, students may borrow under the federally insured phase of the program without security or endorsement, even though under applicable State law they may be minors. Upon completing their education, some of these students have disavowed their debts on the grounds that their loan was invalid due to their age at the time the note was executed. Most State guarantee agencies do not have this problem because their State laws rule out the defense of infancy. While this is not a major problem, it is a bothersome one. We propose in section 2 of the bill that the Federal program take a similar approach.

Minimum repayment period Present law requires lenders to provide borrowers with a repayment period of not less than five years (and a maximum of ten years) unless to do so would result in annual payments of principal and interest of less than $360, in which case, a shorter term is required. Some students wish to repay their loans in less than five years and, recognizing that more interest is payable over the longer term, have refused to sign notes for the minimum five year term. Section 3 of the proposed legislation would provide that the student may waive the minimum five-year repayment period by requesting that the note provide for repayment over a shorter term. This provision would apply to both State and Federal programs. At any time before total repayment, the borrower would be allowed to have the shortened period extended to a total of five years. In order to prevent any coercion by the lender as a condition for giving a loan, such a waiver may only be required after the student graduates or withdraws from school.

Minimum payment for married borrowers. Present law requires each borrower to repay his loans at an annual rate of not less than $360 (principal and interest). If two students marry, both having loans outstanding, each is required to repay not less than $360 each year. In some cases, this presents a hardship, especially if there are young children and one spouse is unable to work. It is proposed in section 4 of the bill that, in the case of a husband and wife, both of whom have student loans outstanding, the combined minimum annual payment on those loans would be the same as for a single person—$360 a year, rather than $720 a year. This provision would apply to both the State and Federal programs.

Encourage lenders to make multiple disbursements. Many defaults are caused by student dropouts. Because most lenders disburse the loan in a single installment before the academic year begins (to reduce administrative costs), the student dropout has the entire loan to repay, even though he did not complete the academic period for which the loan was obtained. However, if we could encourage lenders to make multiple disbursements, only a portion of the loan would be disbursed to students who drop out early in the academic year, thus substantially reducing the amount of claims paid by the government if such students default. For example, if the $1,500 loan were disbursed in 3 equal installments over the academic year, only $500 would have been disbursed to a student who withdrew in the first quarter of a 3 quarter academic year. If this student subsequently defaulted, the principal amount of the claim would be $500 rather than $1,500 as is now usually the case.

Section 5 of the bill would authorize certain lenders under both State and Federal programs to receive interest subsidy payments on the entire amount of the loan to a student for a given academic year, even though the lender disburses such loan in installments over the course of that year. By providing the interest subsidy on the entire loan, lenders would be encouraged to make multiple disbursements. Any lender desiring to receive such interest payments on the basis of multiple disbursements would be required to obtain approval from the Commissioner. It should be noted that the cost to the Federal Government would be the same as though the lender had made a single disbursement as almost all now do. We also propose that this provision be limited only to commercial lenders, as school and State agency lenders are not in the loan business to make a profit on the interest yield on student loan paper, and they would be required by our regulations published on February 20 to make such multiple disbursements. Because the result would be to increase commercial lender yield, such lenders should be more willing to make multiple disbursements.

Require educational institutions to provide student address and enrollment data. One of the problems in trying to determine student status or latest address is that certain State laws prohibit the schools from releasing this data without the written consent of the student. In many cases, defaults could be prevented or recoveries made on defaulted loans if schools were required to provide this information. Section 6 of the bill would require each eligible institution to establish policies and procedures to provide the latest known address and enrollment status of a student borrower to the Commissioner, a State or nonprofit private guarantee agency which has insured the loan, or the lender.

Ineligibility of defaulting student for further student assistance. There are students, who, after defaulting on a guaranteed student loan, return at a later date to another or the same educational institution. Some of these students attempt to borrow again under the Guaranteed Student Loan Program and, although there is no data available, could very well apply for and receive a Basic Educational Opportunity Grant. As a general rule, we do not believe that such students should be eligible for further financial assistance under these programs until they have taken care of their loan obligation. Section 7 of the bill provides that any student who defaults on a guaranteed student loan would thereafter be ineligible to receive a Basic Grant or another guaranteed student loan unless he subsequently repaid the loan in full or made satisfactory arrangements for repayment. The Commissioner is required under this provision to give the student an opportunity to show cause why such a determination should not be made and the Commissioner may decline to make such a determination if he finds that the circumstances leading to the prior default of the student were beyond his control. This provision applies both to the Federal and State programs.

Exclude proprietary schools as eligible lenders. In our assessment of the default problem, it has become clear that certain types of lenders have contributed to the problem in a manner that is disproportionate to their volume of loans as compared with other categories of lending institutions. Commercial banks have the best record; educational institutions who are lenders, the worst. The high default and delinquency rates of school and college lenders have been under review for the last few years, and major efforts have been under way to screen their initial participation and provide for an annual review of their lending activities. While this has helped to some extent, problems still persist. For example, we have examined carefully the data derived from our annual "call report" which all lenders are required to submit. This report provides information on loans outstanding, loans in repayment status, and delinquency data on loans in repayment. Delinquency rates are calculated on all loans that are 30 days or more delinquent.

At the end of FY 1973, the national delinquency rate, for all lenders, was 11.73 percent. This applies to both the Federal and the State programs. By the end of FY 1974, this had risen to 13.1 percent, based on preliminary reports out of our system. As a result of our efforts to more closely monitor educational lenders, the delinquency rate for college and university lenders declined from 36.3 percent at the end of FY 73 to 30.8 percent at the end of FY 74. However, with proprietary school lenders, where most of our major efforts were directed, their delinquency rate increased from 38.5 percent at the end of FY 73 to 46.3 percent at the end of FY 74. This figure requires clarification because the call report indicates only loans currently held by the school lender. Many of the proprietary schools have been able to sell their paper to other lenders. We suspect that, if the data were available, the delinquency rate of proprietary school lender's originated paper would be even worse. Because there has been so much movement of proprietary school originated paper, we are unable to have good data on either delinquency or default rates.

We are now convinced that the best solution would be to amend the statutory definition of "eligible lender" to exclude proprietary institutions from that term. Section 8 would make such amendment. We must emphasize that we are in no way suggesting that proprietary school students be excluded from being able to borrow under the program. We feel that prudent administration of the Guaranteed Student Loan Program should recommend that such schools not be permitted to take part as lending institutions. Thus, we would propose that such institutions be permitted to continue to be lenders until June 30, 1978, with respect to those students to whom they have already made loans and who need additional loans to continue or complete their educational programs.

Dischargeability in bankruptcy of educational loans. There has been a growth in student loan bankruptcies from 1,342 totaling $1.6 million in FY 1972 to 2,914 totaling $3.8 million in FY 1974. There has been much criticism in the press over the number of students who borrow under the Guaranteed Student Loan Program and then fail to honor their obligation to repay by taking personal bankruptcy. While as a percentage of total loans or total defaults, bankruptcies are a relatively small part of the problem, in absolute numbers, the growth has been significant. A Congressionally appointed commission considering changes to the bankruptcy laws has recommended to the Congress that education loans be exempt from bankruptcy during the in-school period plus the first five years of repayment. As it may be a long time before the bankruptcy laws are revised, we are proposing a separate amendment to accomplish this purpoes. Section 9 of the bill would amend section 17 of the Bankruptcy Act to provide that educational debts would be exempt during the in-school period and the first five years of repayment. Enactment of this provision will have an immediate effect on reducing the number of bankruptcies in the student loan program. While some students may still default on their loans, such losses may still be recoverable, whereas presently they are not, if the student's debt has been discharged in bankruptcy.

Mr. Chairman, that completes our summary of this legislative proposal. We shall be pleased to answer any questions.

By Mr. WILLIAMS (for himself and Mr. BROOKE):

S. 1231. A bill entitled "The Securities Investor Protection Act Amendments of 1975." Referred to the Committee on Banking, Housing and Urban Affairs.

SECURITIES INVESTOR PROTECTION ACT AMENDMENTS OF 1975

Mr. WILLIAMS. Mr. President, on behalf of Senator BROOKE and myself, I am today introducing a bill to amend the Securities Investor Protection Act of 1970—the 1970 act. This bill, in substantially similar form, was introduced in the last days of the 93d Congress as S. 4255. Any variances from the previous bill are clarifying in nature and have been made at the suggestion of the Securities Investor Protection Corporation—SIPC.

The Congress established the Securities Investor Protection Corporation—SIPC—in the closing days of the 91st Congress. There was then a general recognition of the urgent need for Federal insurance to protect customers against the insolvency of broker-dealers. Indeed, the need was so great that a number of technical problems relating to the procedures for the liquidation of securities firms were left to be worked out after practical experience with the new act.

Since that time SIPC has administered over 100 broker-dealer liquidations, and has ample opportunity to evaluate the operation of the 1970 act.

In November, 1973, the present Chairman of SIPC, Hugh F. Owens, advised the Committee on Banking, Housing and Urban Affairs at the hearing on his confirmation that SIPC would undertake a thorough study of possible amendments to the SIPC Act. Pursuant to this commitment, Chairman Owens appointed a broadly based task force in January of this year to explore better, quicker and more efficient methods of achieving the investor protection and concomitant investor confidence envisaged by the Congress when it passed the 1970 act. The bill I am introducing today has been prepared by SIPC and represents the culmination of the efforts of that task force.

Although modifications may be necessary in certain of SIPC's recommended amendments to the 1970 act, on the whole this bill represents a constructive effort to provide more efficient solutions to the broad range of problems which confront SIPC. I believe this bill goes a substantial way toward improving the protections afforded securities customers and enabling SIPC to perform its role more effectively and efficiently.

The bill would change the 1970 act in nine basic respects:

First, the framework of the SIPC Act would be modified to provide protection which better comports with the expectations of both cash and margin customers. This would be accomplished by moving away from a strict insurance concept and toward a scheme of returning customers' accounts intact as they existed when the broker-dealer became insolvent.

Second, the liquidation trustee would have broader authority to operate the business of the debtor, although he would not be given the authority to attempt to rehabilitate a failed firm.

Third, in appropriate cases, SIPC would have the authority to make payments directly to customers without the necessity for a judicial proceeding.

Fifth, SIPC would itself be the trustee for liquidation of small brokers and dealers.

Sixth, new procedures for the satisfaction of open contractual commitments would be established.

Seventh, the wholesale incorporation

of the Bankruptcy Act into the 1970 act would be eliminated.

Eighth, SIPC would be granted the authority to promulgate rules subject to the SEC's oversight.

And ninth, and perhaps of most importance, the limits of the protection in the SIPC program would be increased from the present $50,000 with no more than $20,000 to be paid in cash, to $100,000 with no more than $40,000 to be paid in cash.

The provisions of the bill are designed to meet the reasonable needs and expectations of the investing public and at the same time to assure faster and more efficient liquidation of failed securities firms. Because of the extreme importance of the 1970 act for the protection of securities customers and the confidence of investors in our securities markets, this bill deserves careful consideration by all members of the securities industry, the Securities and Exchange Commission, the self-regulatory organizations, and interested investors.

One aspect of the bill will require special scrutiny. As presently drafted the bill would eliminate all current exclusions from SIPC membership. As a result, all registered broker-dealers would become members of SIPC and required to pay the statutory assessment. Accordingly, broker-dealers whose sole business is the distribution of mutual fund shares, the sale of variable annuities, the business of insurance, and the business of rendering investment advisory services to one or more investment companies would become SIPC members.

The elimination of the current exclusions from SIPC membership will unquestionably be a controversial recommendation. The SIPC task force was split on the issue. In the course of hearings on the bill, it will be necessary for us to weigh carefully the customer protection which would be provided by the elimination of these exemptions against the financial burden which would be placed on highly specialized broker-dealers. The proposal to include broker-dealer affiliates of insurance companies appears to raise special problems, particularly in light of the absence of any customer losses during SIPC's existence growing out of variable annuity contracts.

Mr. President, I ask unanimous consent that a letter to me from Hugh F. Owens, chairman of the Securities Investor Protection Corporation, and the full text of the bill be printed in the RECORD.

There being no objection, the letter and bill were ordered to be printed in the RECORD, as follows:

SECURITIES INVESTOR PROTECTION CORP.,
Washington, D.C., December 17, 1974.

Hon. HARRISON A. WILLIAMS, Jr.,
Chairman, Subcommittee on Securities, Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C.

DEAR SENATOR WILLIAMS: I am pleased to transmit herewith two copies of proposed amendments to the Securities Investor Protection Act of 1970 (15 U.S.C. 78aaa *et seq.*). You may recall that a year I formed a Special Task Force to examine the experience SIPC has had with the 1970 Act and to make recommendations to the SIPC Board of Directors for changes and improvements in the SIPC program. The Task Force was composed of representatives of the Securities and Exchange Commission ("Commission"), the various self-regulatory organizations, trustees who have served in SIPC liquidations, the securities industry itself, and SIPC. It met throughout the first half of this year and issued a comprehensive report to our Board of Directors on July 31, 1974. Copies of that report were sent to you at that time. Most, but not all, of the proposals embodied in the amendments transmitted herewith are the result of recommendations contained in the Task Force Report.

The Board of Directors of SIPC, after reviewing the Task Force Report, directed (with only minor modifications) that the recommendations of the Task Force be drafted into proposed amendments. I am pleased to say that this work has now been finished and the enclosed amendments are the product of that effort which was begun a year ago.

While the proposed amendments are comprehensive and deal with many aspects of the SIPC program, their common purpose is to improve the protection which is made available to investors and to increase the efficiency of the program. This is done principally by adding more flexibility to the procedures for the liquidation of a broker-dealer firm. Certain other changes are recommended which will afford to customers more adequate protection, both quantitatively and qualitatively, and thereby aid substantially in increasing investor confidence in securities firms and in our securities markets. In addition, many of the amendments are designed to deal with technical problems (some major but many minor) which have been experienced in our three and one-half years of operations.

The Board of Directors has asked me to call particularly to your attention one of the recommendations of the Task Force which has generated considerable divergence of views. It is the only matter on which there was any dissenting view filed with the Task Force Report. This is the question of the inclusion of transactions in mutual funds and variable annuities in the assessment base of the SIPC program. Under the present Act, transactions in mutual funds and variable annuities are specifically excluded from the assessment base. Indeed, firms dealing exclusively in this type of business are excluded from membership in SIPC. As the Task Force Report points out, however, SIPC has experienced claims based on transactions in mutual fund shares and has advanced approximately $170,000 to satisfy these claims. For this and other reasons, the Task Force recommended that transactions in mutual funds and variable annuities be included in the SIPC assessment base. As you will note from page 59 of the Task Force Report, the representative of the National Association of Securities Dealers, Inc. dissented from that recommendation.

The SIPC Board of Directors, after reviewing the matter, determined to propose an amendment to accomplish what the Task Force recommended. Should the Congress, however, determine not to adopt such an amendment to the 1970 Act, the SIPC Board of Directors would respectively request the adoption of an amendment which would make it clear that SIPC funds should not be used to satisfy claims based on transactions in mutual funds or variable annuities.

We have tried to work closely with interested groups on these amendments. That would be indicated from the composition of the Special Task Force. We are, of course, pleased that the members of the Task Force, who represented diverse views and organizations, were able to arrive at the consensus which was reached in the Task Force Report. Many of the recommendations represent an appropriate compromising and blending of views and positions in order to obtain the goal of all of us—increased investor confidence because of the existence of a viable and efficient SIPC program. While I cannot speak for any of the organizations (other than SIPC) represented on the Task Force, it is fair for me to point out the unanimity of the views reached by the Task Force. Of special relevance, understandably, are the views of the Commission. We have made available to the Commission drafts of the proposed amendments as they were developed. The staff of the Commission has provided us with certain comments on those drafts. Many of those comments have been incorporated into the proposals transmitted herewith; others will require further discussion between the staffs of our respective organizations.

Finally, I should express to you our great hope that these amendments can receive early consideration by the Congress. We believe this is advisable from the standpoint of the public's interest generally in our nation's securities markets and particularly in the protections afforded to customers by the SIPC program. The timeliness of these amendments is highlighted by the recent doubling in the limits of protection afforded to bank and savings accounts under the FDIC and FSLIC programs. We would particularly note that one of the amendments transmitted herewith would make a corresponding increase in the limits of protection in the SPIC program (from the present $20,000/$50,000 to $40,000/$100,000). In this connection I should call to your attention a recent letter I have received from Commission Chairman Ray Garrett, Jr., which states, "The Commission supports the provisions of the proposed amendments increasing the limits of coverage under the SIPC Act and, in this regard, the Commission welcomes the efforts of SIPC to provide more comprehensive protection to the investing public."

We will be pleased to provide any assistance to you and your staff which may be useful as you review these proposals. We welcome an early opportunity to discuss them with you.

Respectfully,

HUGH F. OWENS.

S. 1231

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. (a) This Act may be cited as the "Securities Investor Protection Act Amendments of 1975".

(b) Unless otherwise expressly provided herein, each amendment contained in this Act is an amendment to the Securities Investor Protection Act of 1970 and each reference herein to "the Act" is a reference to the Securities Investor Protection Act of 1970.

SEC. 2. The table of contents contained in section 1(a) of the Act is amended as follows—

(1) strike out items (e) and (f) under section 3 and insert in lieu thereof the following:

"(e) Bylaws and rules.";

(2) strike out section 6 and items (a) through (j) thereunder and insert in lieu thereof the following:

"Sec. 6. General provision of a liquidation proceeding.
"(a) Purposes.
"(b) Application of Bankruptcy Act.
"(c) Definitions.
"(d) Costs and expenses of administration.

"Sec. 7. Powers and duties of trustee.
"(a) Trustee powers.
"(b) Trustee duties.
"(c) Reports by trustee to court.
"(d) Investigations.

"Sec. 8. Special provisions of a liquidation proceeding.
  "(a) Customer related property.
  "(b) Purchase of securities.
  "(c) Close-outs.
  "(d) Transfer of customer accounts.
  "(e) Payments to customers.
  "(f) Notice and claims.
"Sec. 9. SIPC advances in a liquidation proceeding.
  "(a) Advances for customers' claims.
  "(b) Other advances.
  "(c) Discretionary advances.
"Sec. 10. Direct payment procedure.
  "(a) Determination regarding direct payments.
  "(b) Notice.
  "(c) Payments to customers.
  "(d) Effect on claims.
  "(e) Jurisdiction of district courts.
  "(f) Discontinuance of direct payments.
  "(g) Effect on SIPC.";

(3) redesignate section 7 as section 11;

(4) insert after item (d) under section 11 as redesignated the following:

"(e) Financial responsibility rules.";

(5) redesignate section 8 as section 12;

(6) redesignate section 9 as section 13;

(7) redesignate section 10 as section 14;

(8) strike out item (c) under section 14 as redesignated and insert in lieu thereof the following:

"(c) Embezzlement, false claims, etc.";

(9) redesignate section 11 as section 15;

(10) strike out item (b) under section 15 as redesignated;

(11) redesignate item (c) under section 15 as redesignated as item (b);

(12) strike out item (d) under section 15 as redesignated and insert in lieu thereof the following:

"(c) Liability of SIPC, directors, and others.";

(13) redesignate items (e) through (h) under section 15 as redesignated as items (d) through (g);

(14) redesignate section 12 as section 16; and

(15) after section 16 as redesignated insert the following new item:

"Sec. 17. Effective date.".

Sec. 3. (a) Section 3(a)(2) is amended by striking out all that follows "national securities exchange," and inserting in lieu thereof the following: "except persons whose head office is located, and whose principal business is conducted, outside the United States; and".

(b) Section 3(b) is amended—

(1) by striking out clause (3) thereof and inserting in lieu thereof the following:

"(3) subject to the provisions of this Act, to adopt, amend, and repeal, by its Board of Directors, bylaws relating to the conduct of its business, the indemnity of its directors, officers, and employees (including as trustee or otherwise in connection with a liquidation proceeding), and the exercise of all other rights and powers granted to it by this Act;

"(4) to adopt, amend, and repeal, by its Board of Directors, such rules as may be necessary or appropriate to effectuate the purposes of this Act, including rules:

"(A) defining terms used in this Act, notwithstanding that such defining rules may be at variance with the same or similar terms used in the 1934 Act or in rules and regulations thereunder; and

"(B) relating to the liquidation of members, the transfer of customer accounts and distribution of customer property, the advance and payment of SIPC funds, the activities of a trustee and to any other aspect of a liquidation proceeding or direct payment procedure;"; and

(2) by redesignating clauses (4) through (8) as clauses (5) through (9), respectively.

(c) Section 3(c)(5) is amended to read as follows:

"(5) Compensation.—All matters relating to compensation of directors shall be as provided in the bylaws of SIPC."

(d) Section 3(e) is amended—

(1) by striking out "Bylaws" and inserting in lieu thereof "Bylaws and rules";

(2) by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraphs:

"(1) A copy of each bylaw or rule in the form adopted, amended, or repealed by the Board of Directors shall be filed with the Commission.

"(2) Each bylaw adopted, amended, or repealed by the Board of Directors shall take effect upon the thirtieth day (or such later date as SIPC may designate) after the filing of the copy thereof with the Commission or upon such earlier date as the Commission may determine, unless the Commission shall, by notice to SIPC setting forth the reasons therefor, disapprove the same as being contrary to the public interest or contrary to the purposes of this Act.

"(3) Each rule shall become effective by promulgation by the Commission. Within thirty days of filing a proposed rule with the Commission, the Commission shall initiate those procedures applicable to the promulgation of legislative rules of the Commission, unless it shall within such thirty-day period, by notice to SIPC setting forth the reasons therefor, disapprove the same as being contrary to the public interest or contrary to the purposes of this Act. All comments received by the Commission with respect to the proposed rule shall be forthwith transmitted to SIPC. The proposed rule as originally filed or as revised by SIPC as a result of comments or otherwise shall again be filed with the Commission. Within thirty days of such filing, the Commission shall promulgate the rule as filed by SIPC unless the Commission within such period shall, by notice to SIPC setting forth the reasons therefor, disapprove the same as being contrary to the public interest or contrary to the purposes of this Act. A rule so promulgated shall have force and effect as though promulgated under section 23(a) of the 1934 Act; and";

(3) by redesignating paragraph (3) as paragraph (4).

(e) Section 3(f) is repealed.

Sec. 4. (a) Section 4(a)(2)(C) is amended by inserting before the period at the end thereof the following: "(except as provided in subsection (d)(2)(C))".

(b) Section 4(c) is amended—

(1) by striking out paragraph (1) thereof;

(2) by redesignating paragraph (2) thereof as paragraph (1);

(3) by striking out "(3)" in the third sentence of paragraph (1) as redesignated and inserting in lieu thereof "(2)";

(4) by redesignating paragraph (3) thereof as paragraph (2) and by striking out "(other than section 3(f))";

(5) by striking out "or (2)" in paragraph (2)(A) thereof as redesignated;

(6) by striking out "(2)" in paragraph (2) (B) thereof as redesignated and inserting in lieu thereof "(1)";

(7) by striking out the comma and the word "and" at the end of paragraph (2) (B) thereof and inserting in lieu thereof a period; and

(8) by striking out subparagraph (C) of paragraph (2) thereof as redesignated.

(c) In subsection (d) of such section—

(1) strike out "(c)(3)" in paragraph (1) (A) and insert in lieu thereof "(c)(2)";

(2) insert at the end of paragraph (1) the following:

"(C) Minimum assessment.—The minimum assessment imposed upon each member shall be $25 per annum through the year ending December 30, 197 , [to be three years from date of enactment], and thereafter shall be the amount from time to time set by SIPC bylaw,"; and

(3) insert at the end of paragraph (2) the following:

"(C) Other lines.—SIPC may maintain such other confirmed lines of credit as it deems necessary or appropriate, and such other confirmed lines of credit shall not be included in the balance of the fund, but amounts received from such lines of credit may be disbursed by SIPC under this Act as though they were part of the fund.".

(d) In subsection (e) of such section—

(1) strike out "(c)(2)" and insert in lieu thereof "(c)(1)";

(2) amend paragraphs (2) and (3) to read as follows:

"(2) Overpayments.—To the extent that any payment by a member exceeds the maximum rate permitted by subsection (c) of this section, the excess shall be recoverable only against future payments by such member except, as otherwise provided by SIPC bylaw.

"(3) Underpayments.—If a member fails to pay when due all or any part of an assessment made upon such member, the unpaid portion thereof shall bear interest at such rate as may be determined by SIPC bylaw and, in addition to such interest, SIPC may impose a penalty charge in such amount as may be determined by SIPC bylaw. SIPC may waive such penalty charge in whole or in part in circumstances where it deems such action appropriate.".

(e) In subsection (f) of such section, strike out "examining authority as" in the fourth sentence.

(f) In subsection (i)—

(1) amend clause (F) to read as follows:

"(F) fees for investment advisory services or account supervision in respect of securities.";

(2) amend clauses (J) and (K) to read as follows:

"(J) fees in connection with put, call, and other option transactions in securities.

"(K) commissions and fees in connection with the distribution of shares of a registered open end investment company or unit investment trust or from the sale of variable annuities, and"

(3) strike out the last sentence of the subsection and insert in lieu thereof the following new clause:

"(L) all other income related to the securities business."; and

(4) by striking out paragraph (3).

Sec. 5. (a) Section 5(a) of the Act is amended by striking out paragraphs (2) and (3) and inserting in lieu thereof the following:

"(2) Action by self-regulatory organization.—If a self-regulatory organization has given notice to SIPC pursuant to subsection (a)(1), and the broker or dealer undertakes to liquidate or reduce its business either pursuant to the direction of a self-regulatory organization or voluntarily, a self-regulatory organization may render such assistance or oversight to the broker or dealer as it deems appropriate to protect the interests of customers of the broker or dealer. The assistance or oversight by a self-regulatory organization shall not be deemed the assumption or adoption by the self-regulatory organization of any obligation or liability to customers, other creditors, shareholders, or partners of the broker or dealer, and shall not prevent or act as a bar to any action by SIPC pursuant to a liquidation proceeding or a direct payment procedure.

"(3) Action by SIPC.—If SIPC determines that any member (including a person who was a member within one hundred and eighty days prior to such determination by

SIPC) has failed or is in danger of failing to meet its obligations to customers and that there exists one or more of the conditions specified in subsection (b)(1), SIPC, upon notice to such member, may apply to any court of competent jurisdiction specified in section 27 or 21(e) of the 1934 Act for a decree that customers of such members are in need of the protection provided by this Act (referred to as a 'protective decree') *Provided*, however, that no such application shall be made with respect to a member the only customers of whom are persons whose claims could not be satisfied by SIPC advances pursuant to section 9.

"(4) Effect of other pending actions.—An application under paragraph (2)—

"(A) with the consent of the Commission, may be combined with any action brought by the Commission including an action by it for a temporary receiver pending an appointment of a trustee under subsection (b)(3), and

"(B) may be filed notwithstanding the pending in the same or any other court of any bankruptcy, mortgage foreclosure, or equity receivership proceeding or any proceeding to reorganize, conserve, or liquidate such member or its property, or any proceeding to enforce a lien against property of such member.".

(b) Subsection (b) of such section 5 is amended to read as follows:

"(b) Court Action.—

"(1) Issuance of protective decree.—A court shall forthwith issue a protective decree if the debtor consents thereto, or if the debtor fails to contest SIPC's application therefor, or if the court finds that such debtor—

"(A) is insolvent within the meaning of the Bankruptcy Act, or is unable to meet its obligations as they mature, or

"(B) has committed an act of bankruptcy within the meaning of the Banruptcy Act, or

"(C) is the subject of a proceeding pending in any court or before any agency of the United States or any State in which a receiver, trustee, or liquidator for such member has been appointed, or

"(D) is not in compliance with applicable requirements under the 1934 Act or rules or regulations of the Commission or any self-regulatory organization with respect to financial responsibility or hypothecation of customers' securities, or

"(E) is unable to make such computations as may be necessary to establish compliance with such financial responsibility or hypothecation rules or regulations.

Unless the debtor consents to the issuance of a protective decree, SIPC's application shall be heard three business days after the filing thereof or at such other time as the court for cause shown shall determine.

"(2) Exclusive jurisdiction of court.—Upon the filing of an application for a protective decree, the court shall have exclusive juridiction of the debtor involved and its property wherever located (including (A) property located outside the territorial limits of such court, and (B) property held by any other person as security for a debt or subject to a lien) and of any suit against the trustee with respect to a liquidation proceeding. In addition, except as inconsistent with the provisions of this Act, the court shall have the jurisdiction, powers, and duties conferred upon a court of bankruptcy by the Bankruptcy Act, together with such other jurisdiction, powers, and duties as are prescribed by this Act. Pending the issuance of a protective decree under subsection (1) such court shall stay, and upon appointment by it of a trustee as provided in subsection (3) such court shall continue the stay of, any pending bankruptcy, mortgage foreclosure, equity receivership, or other proceeding to reorganize, conserve, or liquidate the debtor or its property and any other suit against any receiver, conservator, or trustee of the debtor or its property. Pending the issuance of a protective decree and upon the appointment of a trustee and thereafter, the court may stay any proceeding to enforce a lien against property of the debtor or any other suit against the debtor, including a suit by stockholders of the debtor which interferes with the trustee's prosecution of claims against former directors or officers of the debtor. In addition the court may, for such period as may be appropriate, stay enforcement of, but shall not abrogate, the rights of setoff provided in the Bankruptcy Act (section 68) and the right to enforce a valid, nonpreferential lien or pledge against the property of the debtor. Pending the issuance of a protective decree, the court may appoint a temporary receiver.

"(3) Appointment of trustee and counsel.—If the court issues a protective decree, it shall forthwith appoint as trustee for the liquidation of the business of the debtor (referred to as 'trustee') and as attorney for the trustee, such persons as SIPC in its sole discretion shall specify, and the persons so appointed may be with the same firm. SIPC may in its sole discretion specify itself or one of its employees as trustee in any case in which SIPC has determined that the liabilities of the debtor to unsecured general creditors and to subordinated lenders appear to aggregate less than $750,000 and that there appear to be fewer than five hundred customers as defined in subsection (c)(1) of section 6. No person shall serve as trustee or attorney if such person is not 'disinterested' within the meaning of subsection (7), except that for any specified purpose other than to represent a trustee in conducting a liquidation proceeding, the trustee may with the approval of SIPC employ an attorney who is not disinterested. A trustee appointed hereunder shall qualify by filing a bond in the manner prescribed by the applicable provisions of the Bankruptcy Act. Neither SIPC nor an employee of SIPC shall be required to file a bond when appointed as trustee.

"(4) Reference to referee in bankruptcy.—If the court issues a protective decree and appoints a trustee under this section, it may at any stage of the proceeding refer the proceeding to a referee in bankruptcy (including a bankruptcy judge) to hear and determine any and all matters, or to a referee as special master to hear and report generally or upon specified matters. Only under special circumstances shall references be made to a special master who is not a referee.

"(5) Definitions.—For purposes of this Act—

"(A) Debtor.—The term 'debtor' means a person in respect of whom an application for a protective decree has been filed.

"(B) Filing date.—The term 'filing date' means the date on which an application for a protective decree has been filed; except that if—

"(i) a petition was filed before such date by or against the debtor under the Bankruptcy Act (as defined below) or under chapters X or XI as now in effect or as amended from time to time, or

"(ii) the debtor is the subject of a proceeding pending in any court or before any agency of the United States or any State in which a receiver, trustee, or liquidator for such debtor was appointed which proceeding was commenced before the date on which such application was filed,

then the term 'filing date' means the date on which such petition was filed or such proceeding commenced.

"(C) Bankruptcy Act.—The term 'Bankruptcy Act' means those provisions of the Bankruptcy Act relating to ordinary bankruptcy (chapters I through VII) as now in effect or as amended from time to time and the rules of bankruptcy procedure promulgated with respect thereto, except the provisions of the Bankruptcy Act relating exclusively to stockbrokerage bankruptcies (section 60e) shall not apply.

"(6) Compensation for Services and Reimbursement of expenses.—

"(A) The court shall grant reasonable compensation for services rendered and reimbursement for proper costs and expenses incurred (referred to as 'allowances') in connection with a liquidation proceeding by a trustee appointed under subsection (3) and by the attorneys for a trustee. No compensation for services shall be allowed to SIPC or an employee of SIPC for serving as a trustee; however, reimbursement for their proper costs and expenses shall be granted by the court. Allowances may be granted on an interim basis during the course of the liquidation proceeding at such times and in such amounts as the court shall deem appropriate.

"(B) The District Judge may grant reasonable allowances to a referee in bankruptcy or a special master, in the manner provided for in a case filed under Chapter X of the Bankruptcy Act (as now in effect or as amended from time to time).

"(C) Any person seeking allowances shall file an application which complies in form, content and otherwise with the provisions of the Bankruptcy Act governing applications for allowances thereunder. A copy of the application shall be served upon SIPC when filed. The court shall fix a time for hearing such applications, notice of which shall be given to the applicants, the trustee, the debtor, the creditors, SIPC, and such other persons as the court may designate, except that notice need not be given to customers whose clams have been or will be satisfied in full or to creditors who cannot reasonably be expected to receive any distribution during the course of the liquidation proceeding.

"(D) With respect to applications for allowances under subsection (A), SIPC shall file its recommendation on such allowances with the court prior to the hearing and, if it requests, shall be allowed a reasonable time after the hearing within which to file a further recommendation. Where such allowances are to be paid by SIPC without reasonable expectation of recoupment thereof as provided in subsection (d) of section 9 and there is no difference between the amounts requested and the amounts recommended by SIPC, the court shall award the amounts recommended by SIPC. In determining such allowances in all other cases the court shall give due consideration to the nature, extent, and value of the services rendered and shall place considerable reliance on the recommendation of SIPC.

"(E) The restrictions on sharing of compensation as prescribed in the Bankruptcy Act shall apply.

"(F) Allowances granted by the court, including interim allowances, shall be charged as a cost and expense of administration against the general estate of the debtor. If the general estate is insufficient to pay allowances in whole or in part, SIPC shall advance such funds as are necessary.

"(7) Disinterestedness.—

"(A) Standards.—A person shall not be deemed disinterested, for the purposes of subsection (b)(3), if—

"(i) he is a creditor (including a customer) or stockholder of the debtor; or

"(ii) he is or was an underwriter of any of the outstanding securities of the debtor or within five years prior to the filing date was the underwriter of any securities of the debtor; or

"(iii) he is, or was within two years prior to the filing date, a director, officer, or employee of the debtor or any such underwriter, or an attorney for the debtor or such underwriter; or

"(iv) it appears that he was, by reason of any other direct or indirect relationship to, connection with, or interest in the debtor or such underwriter, or for any reason an interest materially adverse to the interests of any class of creditors (including customers) or stockholders; except that SIPC shall in all cases be deemed disinterested, and an employee of SIPC shall be deemed disinterested if he would meet the aforesaid standards except for his association with SIPC.

"(B) Hearing.—The court shall fix a time for a hearing on disinterestedness, to be held promptly after the appointment of a trustee, notice of which shall be mailed at least ten days prior thereto to each person who, from the debtor's books and records, appears to have been a customer of the debtor with an open account within the past twelve months, to his address as it shall appear from the debtor's books and records, and to the creditors and stockholders of the debtor, to SIPC, and to such other persons as the court may designate. The court in its discretion may also require that notice be given by publication in such newspaper or newspapers of general circulation as it may designate. At such hearing, or at any adjourment thereof, or upon application, the court shall hear objections to the retention in office of a trustee or counsel to a trustee upon the ground that he is not disinterested as provided in this Act.".

Sec. 6. The Act is amended by striking out section 6 and inserting in lieu thereof the following:

Sec. 6. General Provisions of a Liquidation Proceeding.

"(a) Purposes.—The purposes of any proceeding in which a trustee has been appointed under section 5(b)(3) (referred to as a 'liquidation proceeding') shall be:

"(1) as promptly as possible after such appointment and in accordance with the provisions of this section—

"(A) to deliver customer name securities to or on behalf of the customers of the debtor entitled thereto as provided in subsection (a)(2) of section 8;

"(B) to distribute customer property and (in advance thereof or concurrently therewith) otherwise to satisfy net equity claims of customers to the extent provided in this section; and

"(C) to transfer customer accounts to other members of SIPC as provided in subsection (d) of section 8;

"(2) to sell or transfer offices and other productive units of the business of the debtor;

"(3) to enforce rights of subrogation as provided in this act; and

"(4) to liquidate the business of the debtor.

"(b) Application of Bankruptcy Act.—To the extent consistent with the provisions of this Act, a liquidation proceeding shall be conducted in accordance with, and as though it were being conducted under, the Bankruptcy Act. Any reference in the Bankruptcy Act to the date of commencement of proceedings under the Bankruptcy Act shall be deemed to be a reference to the filing date for purposes of this Act.

"(c) Definitions.—Except as otherwise expressly provided, for purposes of a liquidation proceeding and the application of the Bankruptcy Act to a liquidation proceeding:

"(1) 'Customers' of a debtor means persons (including persons with whom the debtor deals as principal or agent) who claim on account of securities received, acquired, or held by the debtor in the ordinary course of business as a broker or dealer from or for the securities accounts of such persons (A) for safekeeping, or (B) with a view to sale, or (C) to cover consummated sales, or (D) pursuant to purchases, or (E) as collateral security, or (F) for purposes of effecting transfer. Customers shall include persons who have claims against the debtor arising out of sales or conversions of such securities, and shall include any person who has deposited cash with the debtor for the purpose of purchasing securities, but shall not include any person to the extent that such person has a claim for cash or securities which by contract, agreement, or understanding, or by operation of law, is part of the capital of the debtor, or is subordinated to the claims of any or all creditors of the debtor, notwithstanding that some ground might have existed for declaring such contract, agreement, or understanding void or voidable in a suit between the claimant and the debtor.

"(2) 'Net equity' means the dollar amount of a customer's account or accounts determined by excluding any customer name securities reclaimed by the customer, and by subtracting any indebtedness of the customer to the debtor from the sum which would have been owing by the debtor to the customer had the debtor liquidated, by sale or purchase on the filing date, all securities positions of the customer. A customer may, with the approval of the trustee and within such period as the trustee may determine, pay to the trustee any indebtedness of the customer to the debtor, and the customer's net equity will be increased by the amount of the payment. Accounts held by a customer in separate capacities shall be deemed to be accounts of separate customers. Where a customer has acted with respect to cash or securities with the debtor after the filing date and in a manner which would have given him the status of a customer with respect to the cash or securities had the action occurred prior to the filing date, and the trustee is satisfied that such action was taken by the customer in good faith and prior to the appointment of the trustee, the date on which such action was taken shall be deemed to be the filing date for determining such customer's net equity with respect to the cash or securities.

"(3) 'Securities' means any note, stock, treasury stock, bond, debenture, any collateral trust certificate, preorganization certificate or subscription, transferable share, voting-trust certificate, certificate of deposit, or in general, any instrument commonly known as a security; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase or sell any of the foregoing; but shall not include any currency; investment contract; certificate of interest or participation in any profit-sharing agreement or in any oil, gas, or other mineral royalty or lease; or commodity or related contract or futures contract; or any warrant or right to subscribe to or purchase or sell any of the foregoing.

"(4) 'Customer property' means cash and securities (except customer name securities delivered to the customer) at any time received, acquired or held by or for the account of a debtor from or for the account of customers and the proceeds of any such property transferred by the debtor including property unlawfully converted. Customer property shall include:

"(A) securities held as the property of the debtor to the extent such securities are necessary to meet the debtor's obligations to his customers for their net equities based upon securities of the same class and series of an issuer; and

"(B) resources provided through the use or realization of customers' debit cash balances and the debit items includable in the 'Formula for Determination of Reserve Requirement for Brokers and Dealers' under rule 15c3-3 of the 1934 Act as such rule is now in effect or as amended from time to time

Customer property shall also include other property of the debtor which, upon compliance with applicable laws, rules and regulations, would have been set aside or held for the benefit of customers, unless the trustee determines that effecting such inclusion would not significantly increase customer property. Any cash or securities remaining after the liquidation of a lien or pledge made by a debtor shall be apportioned between his general estate and customer property in the proportion in which the general property of the debtor and the cash and securities of his customers contributed to such lien or pledge.

"(5) 'Customer name securities' means securities which were held for the account of a customer on the filing date by or on behalf of the debtor and which on the filing date were registered in the customer's name or were in the process of being so registered pursuant to instructions from the debtor, but shall not include securities registered in the customer's name which by endorsement or otherwise were in negotiable form.

"(d) Costs and Expenses of Administration.—All costs and expenses of administration of the debtor's estate and the liquidation proceeding shall be borne by the general estate to the extent it is sufficient therefor, and the priorities of distribution from the general estate shall be as provided in the Bankruptcy Act. Costs and expenses of administration shall include payments pursuant to subsection (c) of section 8 and costs and expenses of SIPC employees utilized by the trustee pursuant to subsection (a)(2) of section 7. All funds advanced by SIPC to a trustee for such costs and expenses of administration shall be recouped from the general estate as a first priority under the Bankruptcy Act.

"Sec. 7. Powers and Duties of Trustee.

"(a) Trustee Powers.—A trustee shall be vested with the same powers and title with respect to the debtor and the property of the debtor, including the same rights to avoid preferences, as a trustee in bankruptcy under the Bankruptcy Act has with respect to a bankrupt. In addition, a trustee shall, with the approval of SIPC, have the right—

"(1) to hire and fix the compensation of all personnel (including officers and employees of the debtor and of its examining authority) and other persons (including but not limited to accountants) that are deemed by the trustee necessary for all or any purposes of the liquidation proceeding;

"(2) to utilize SIPC employees for all or any purposes of a liquidation proceeding; and

"(3) to margin and maintain customer accounts of the debtor for the purposes of subsection (d) of section 8;

and no approval of the court shall be required therefor.

"(b) Trustee Duties.—To the extent consistent with the provisions of this Act or as otherwise ordered by the court, a trustee shall be subject to the same duties as a trustee in bankruptcy, except that a trustee may, but shall have no duty to, reduce to money any securities constituting customer property or in the general estate of the debtor. In addition, the trustee shall—

"(1) deliver securities to or on behalf of customers to the maximum extent practicable in satisfaction of customer claims for securities of the same class and series of an issuer; and

"(2) subject to the prior approval of SIPC, pay or guarantee all or any part of the indebtedness of the debtor to a bank, lender or other person if the trustee determines that the aggregate market value of securities to be made available to the trustee upon the payment or guarantee of such indebtedness does not appear to be less than the total amount of the payment or guarantee, and no approval of the court shall be required therefor.

"(c) Reports by Trustee to Court.—The trustee shall make to the court and to SIPC such written reports as may be required by the Bankruptcy Act, and shall include therein information as to the progress in distributing cash and securities to customers. The reports required hereunder shall also be in such form and detail as, having due regard to the requirements of section 17 of the 1934 Act and the rules and regulations thereunder and the magnitude of items and transactions involved in connection with the operations of a broker or dealer, the Commission shall determine by rules and regulations to present fairly the results of such proceeding as of the dates or for the periods covered by such reports.

"(d) Investigations.—The trustee shall—

"(1) as soon as practicable, investigate the acts, conduct, property, liabilities, and financial condition of the debtor, the operation of its business, and any other matter, to the extent relevant to the liquidation proceeding, and report thereon to the court.

"(2) examine by deposition or otherwise the directors and officers of the debtor and any other witnesses concerning any of the foregoing matters;

"(3) report to the court any facts ascertained by him pertaining to fraud, misconduct, mismanagement, and irregularities, and to any causes of action available to the estate; and

"(4) as soon as practicable, prepare and submit a statement of his investigation of the property, liabilities, and financial condition of the debtor, and the operation of its business, in such form and manner as the court may direct, to SIPC and such other persons as the court may designate.

"Sec. 8. Special Provisions of a Liquidation Proceeding.

"(a) Customer Related Property.—

"(1) Allocation of Customer Property.—All customers shall be entitled to share ratably in customer property on the basis of and to the extent of their respective net equities. In, or for the purpose of, allocating customer property, securities to be delivered in payment of net equity claims for securities of the same class and series of an issuer shall be valued as of the close of business on the filing date. General creditors may not share in customer property, except that any customer property remaining after the satisfaction of all claims of customers and all claims of SIPC as subrogee and after the repayment to SIPC of moneys advanced pursuant to subsection (c) of section 9 shall become part of the general estate. To the extent customer property and SIPC advances pursuant to subsection (a) of section 9 shall not be sufficient to pay or otherwise satisfy in full the net equity claims of customers, such customers shall be entitled, to the extent only of their respective unsatisfied net equity claims, to participate in the general estate as unsecured creditors.

"(2) Delivery of customer name securities.—The trustee shall deliver customer name securities to or on behalf of a customer of the debtor entitled thereto if the customer is not indebted to the debtor. With the approval of the trustee a customer may reclaim customer name securities upon payment to the trustee, within such period of time as the trustee may determine, of all indebtedness of the customer to the debtor.

"(3) Recovery of transfers.—Where customer property is not sufficient to pay in full the claims of customers, a transfer by a debtor of any property which, except for such transfer, would have been customer property may be recovered by the trustee and shall be treated as customer property if such transfer is voidable or void under the provisions of the Bankruptcy Act. For the purpose of such recovery, the property so transferred shall be deemed to have been the property of the debtor and, if such transfer was made to a customer or for his benefit, such customer may be deemed to have been a creditor, the laws of any State to the contrary notwithstanding.

"(b) Purchase of Securities.—The trustee may purchase securities as necessary for the delivery of securities to customers in satisfaction of their claims for net equities based on securities under subsection (b)(1) of section 7 and for the transfer of customer accounts under subsection (d), in each case to the extent that the securities can be purchased by the trustee in a fair and orderly market to restore such accounts as of the filing date. Customer property and moneys advanced by SIPC may be used by the trustee to pay for securities so purchased. Moneys advanced by SIPC may not be used to purchase securities to the extent that the aggregate value of such securities on the filing date exceeded the amount permitted to be advanced by SIPC under the provisions of subsection (a) of section 9.

"(c) Close-Outs.—Contracts of the debtor for the purchase or sale of securities in the ordinary course of its business with other brokers or dealers and which are wholly executory on the filing date shall not be completed by the trustee, except to the extent permitted by SIPC rule. To the extent practicable, such contracts shall be closed out by such other broker or dealer without unnecessary delay in the best available market. The broker or dealer shall net all profits and losses on all such closed out contracts and shall pay any net profit to the trustee. In the event the broker or dealer sustains a net loss on such closed out contracts, it shall be entitled to file a claim against the debtor with the trustee in the amount of such loss.

"(1) To the extent such net loss arises from contracts pursuant to which the broker or dealer was acting for his own customer, the broker or dealer shall be entitled to receive funds advanced by SIPC to the trustee in the amount of such loss up to a maximum amount of $40,000 on each such customer account with respect to which he sustained a loss.

"(2) With respect to a net loss not payable from funds advanced by SIPC under subsection (c)(1), the broker or dealer shall be entitled to participate in the general estate as an unsecured creditor.

"(3) For the purposes of this subsection (c), the term 'customer' excludes any person who (A) is a broker or dealer, (B) had a claim for cash or securities which by contract, agreement or understanding or by operation of law, was part of the capital of the claiming broker or dealer or was subordinated to the claims of any or all creditors of such broker or dealer, or (C) had a relationship as specified in subsection (a)(5) of section 9 with either the debtor or the claiming broker or dealer. A claiming broker or dealer shall be deemed to have been acting on behalf of its customer if it acted as agent for such customer or if it held such customer's order which was to be executed as a part of its contract with the debtor.

"(4) Neither a clearing corporation which by its rules or regulations has an established procedure for the closing out of open contracts between an insolvent broker or dealer and its members, nor its members to the extent such members' claims are or may be processed within the clearing corporation, shall be entitled to receive SIPC funds in payment of any losses on such contracts. If such clearing corporation or its members sustain a net loss on the closing out of such contracts with the debtor, they shall have the right to participate in the general estate as unsecured creditors to the extent of such loss. Any excess collateral held by the clearing corporation shall be promptly paid to the trustee.

"(d) Transfer of Customer Accounts.—In order to facilitate the prompt satisfaction of customer claims and the orderly liquidation of the debtor, the trustee shall have the right, on terms satisfactory to him and subject to the prior approval of SIPC, to sell or otherwise transfer, without consent of any customer, all or any part of a customer's account to another member of SIPC. In connection with any such sale or transfer and subject to the prior approval of SIPC, the trustee may—

"(1) waive or modify the need to file a written statement of claim pursuant to subsection (f)(2); and

"(2) enter into such agreements as the trustee deems appropriate under the circumstances to indemnify any such receiving member of SIPC against shortages of cash or securities in the customer accounts sold or transferred, and funds of SIPC may be made available to guarantee or secure any such indemnification. The prior approval of SIPC to such indemnity shall be conditioned, among such other standards as SIPC may determine, upon a determination by SIPC that the probable cost of any such indemnity can reasonably be expected not to exceed the cost to SIPC under subsections (a) and (b) of section 9.

"(e) Payments to Customers.—Following receipt of a written statement of claim as provided in subsection (f)(2), it shall be the duty of the trustee to discharge promptly, in accordance with the provisions of this section, all obligations of the debtor to a customer relating to, or net equity claims based upon, securities or cash by the delivery of securities or the effecting of payments to or for the account of such customer (subject to the provisions of subsection (b) of section 8 and subsection (a) of section 9) insofar as such obligations are ascertainable from the books and records of the debtor or are otherwise established to the satisfaction of the trustee. In, or for the purpose of, distributing securities to customers, all securities shall be valued as of the close of business on the filing date. For the purpose of this subsection the court among other things shall—

"(1) in respect of net equity claims, authorize the trustee to satisfy claims out of moneys made available to the trustee by SIPC notwithstanding the fact that there shall not have been any showing or determination that there are sufficient funds to the debtor available to make such payment; and

"(2) in respect of claims relating to, or net equities based upon, securities of a class and series of an issuer which are ascertainable from the books and records of the debtor or are otherwise established to the satisfaction of the trustee, authorize the trustee to deliver securities of such class and series if and to the extent available to satisfy such claims in whole or in part, with partial deliveries to be made pro rata to the greatest extent considered practicable by the trustee.

Any payment or delivery of property pursuant to this subsection may be conditioned upon the trustee requiring claimants to execute in a form to be determined by the trustee appropriate receipts, supporting affidavits, releases, and assignments, but shall be without prejudice to the right of any claimant to file formal proof of claim within the period specified in subsection (f) for any balance of securities or cash to which he may deem himself entitled.

"(f) Notice and Claims.—

"(1) Promptly after his appointment, the trustee shall cause notice of the commencement of proceedings under this section to be published in one or more newspapers of general circulation in the form and manner determined by the court, and shall cause a copy of such notice to be mailed to each person who, from the debtor's books and records, appears to have been a customer of the debtor with an open account within the past twelve months, to his address as it shall appear from the debtor's books and records. Notice to creditors other than customers shall be given in the manner prescribed by the Bankruptcy Act, except that such notice shall be given by the trustee.

"(2) Customers need not file formal proofs of claim, but must file a written statement of claim, except that no obligation of the debtor to any person "associated" with the debtor as defined in section 3(a)(18) of the 1934 Act, or any beneficial owner of 5 per centum or more of the voting stock of the debtor, or any member of the immediate family of any of the foregoing may be satisfied without formal proofs of claim. Claims for net equities received by the trustee after the expiration of such period of time (not exceeding sixty days after the date of publication under subsection (f)(1)) as may be fixed by the court, need not be paid or satisfied in whole or part out of customer property, and to the extent they are satisfied from moneys advanced by SIPC they shall be satisfied in cash or securities or both as the trustee may determine is most economical to the estate. No such claim shall be allowed unless received by the trustee within six months after the date of publication.

"(3) No claims of creditors received by the trustee after the expiration of six months from the date of publication shall be allowed, except that the court may, upon application within such period, and for cause shown, grant a reasonable, fixed extension of time for the filing of a claim by the United States, by a State or subdivision thereof, or by an infant or incompetent person without guardian.

"(4) Except as otherwise provided in this section, and without limiting the powers and duties of the trustee to discharge obligations promptly as specified in this section, nothing in this section shall limit the right of any person, including any subrogee, to establish by formal proof or otherwise as the court may provide such claims as such person may have against the debtor, including claims for the payment of money and the delivery of specific securities, without resort to moneys advanced by SIPC to the trustee.

"SEC. 9. SIPC ADVANCES IN A LIQUIDATION PROCEEDING

"(a) ADVANCES FOR CUSTOMERS' CLAIMS.—In order to provide for prompt payment and satisfaction of net equities of customers of the debtor, SIPC shall advance to the trustee such moneys as may be required to pay or otherwise satisfy claims for the amount by which the net equity of each customer exceeds his ratable share of customer property but only to the extent that the amount of such excess shall not exceed $100,000 for such customer; except that—

"(1) insofar as all or any portion of the net equity claim of a customer in excess of his ratable share of customer property is a claim for cash, as distinct from securities, the amount advanced by reason of such claim for cash shall not exceed $40,000;

"(2) a customer who holds accounts with the debtor in separate capacities shall be deemed to be a different customer in each capacity;

"(3) insofar as all or any portion of the net equity claim of a customer is satisfied by the delivery of securities purchased by the trustee pursuant to subsection (b) of section 8, the securities so purchased shall be valued as of the filing date for the purpose of applying the limitations of this subsection (a);

"(4) insofar as all or any portion of the net equity of a customer is determined pursuant to the last sentence of subsection (c)(2) of section 6, SIPC may but shall not be required to make an advance with respect to the portion so determined;

"(5) no advance shall be made by SIPC to the trustee to pay or otherwise satisfy, directly or indirectly, any claim of a customer who is a general partner, officer, or director of the debtor, a beneficial owner of 5 per centum or more of any class of equity security of the debtor (other than a nonconvertible stock having fixed preferential dividend and liquidation rights), a limited partner with a participation of 5 per centum or more in the net assets or net profits of the debtor, or a person who directly or indirectly through agreement or otherwise exercised or had the power to exercise a controlling influence over the management or policies of the debtor; and

"(6) no advance shall be made by SIPC to the trustee to pay or otherwise satisfy net equity claims of any customer who is a broker or dealer or bank, other than to the extent that it shall be established to the satisfaction of the trustee, from the books and records of the debtor or from the books and records of a broker or dealer or bank or otherwise, that net equity claims of such broker or dealer or bank against the debtor arise out of transactions for customers of such broker or dealer or bank, which customers are not themselves a broker or dealer or bank or a person described in subsection (a)(5), and each such customer of such broker or dealer or bank shall be deemed a separate customer of the debtor.

To the extent moneys are advanced by SIPC to the trustee to pay the claims of customers, SIPC shall be subrogated to the claims of such customers with the rights and priorities provided in this section or otherwise provided by law, except that SIPC as subrogee may assert no claim against customer property until after the allocation thereof as provided in subsection (a)(1) of section 8.

"(b) OTHER ADVANCES.—SIPC shall advance to the trustee—

"(1) such moneys as may be required to effectuate subsection (c) of section 8; and

"(2) to the extent the general property of the debtor is not sufficient to pay any and all costs and expenses of administration of the debtor's estate and the liquidation proceeding, the amount of such costs and expenses.

"(c) DISCRETIONARY ADVANCES.—SIPC may advance to the trustee such moneys as may be required to—

"(1) pay or guarantee indebtedness of the debtor to a bank, lender, or other person under subsection (b)(2) of section 7;

"(2) guarantee or secure any indemnity under subsection (d) of section 8; and

"(3) purchase securities under subsection (b) of section 8.

"SEC. 10. DIRECT PAYMENT PROCEDURE.

"(a) DETERMINATION REGARDING DIRECT PAYMENTS.—If SIPC determines that any member (including a person who was a member within one hundred and eighty days prior to such determination by SIPC) has failed or is in danger of failing to meet its obligations to customers, and that there exists one or more of the conditions specified in subsection (b)(1)(A) of section 5, and that each of the following conditions appears to exist, namely—

"(1) the claim of each customer of the member is within the limits of protection provided in subsection (a) of section 9,

"(2) the claims of all customers of the member aggregate less than $250,000, and

"(3) the cost to SIPC of satisfying customer claims under this section will be less than in a liquidation proceeding,

SIPC, may, in its discretion, determine to use the direct payment procedure provided in this section, in lieu of instituting a liquidation proceeding. For purposes of this section, the terms 'customer', 'net equity', and 'securities' shall have the same meanings as provided in subsection (c) of section 6, except that any reference to a filing date shall be deemed a reference to the date of first publication under subsection (b).

"(b) NOTICE.—Promptly after the determination in subsection (a), SIPC shall cause notice of the direct payment procedure to be published in one or more newspapers of general circulation in a form and manner determined by SIPC, and at the same time shall cause to be mailed a copy of such notice to each person who appears, from the member's books and records, to have been a customer of the member with an open account within the past twelve months to his address as it shall appear from the member's books and records. Such notice shall state that SIPC will satisfy customer claims directly, without a liquidation proceeding, and shall set forth the form and manner in which claims may be presented. A direct payment procedure shall be deemed to commence on the date of first publication and no claim by a customer shall be paid or otherwise satisfied by SIPC unless filed and received within six months after such date.

"(c) PAYMENTS TO CUSTOMERS.—SIPC shall promptly satisfy all obligations of the member to each of its customers relating to, or net equity claims based upon, securities or cash by the delivery of securities or the effecting of payments to such customer (subject to the provisions of subsection (b) of section 8 and subsection (a) of section 9) insofar as such obligations are ascertainable from the books and records of the member or are otherwise established to the satisfaction of SIPC. In, or for the purpose of, distributing securities to customers, all securities shall be valued as of the close of business on the date of publication under subsection (b) above. Any payment or delivery of securities pursuant to this section may be conditioned upon the execution and delivery in a form to be determined by SIPC of appropriate receipts, supporting affidavits, releases, and assignments. To the extent moneys of SIPC are used to satisfy the claims of customers, SIPC shall be subrogated to the claims of such customers with the rights and priorities provided by law.

"(d) EFFECT ON CLAIMS.—Except as otherwise provided in this section, nothing in this section shall limit the right of any person, including any subrogee, to establish by formal proof or otherwise such claims as such person may have against the member, including claims for the payment of money and the delivery of specific securities, without resort to moneys of SIPC.

"(e) JURISDICTION OF DISTRICT COURTS.—After SIPC has published notice of the institution of a direct payment procedure pursuant to this section, persons aggrieved by any determination by SIPC with respect to their claims filed pursuant to such notice may, within six months following mailing by SIPC of its determination with respect to such claims, seek the final adjudication of such claim. Suits arising hereunder shall be deemed to arise under the laws of the United States, and the United States district courts shall have original jurisdiction thereof without regard to the amount in controversy. Such suits shall be brought in the district where the head office of the debtor is located.

"(f) DISCONTINUANCE OF DIRECT PAYMENTS.—If at any time SIPC in its discretion shall determine that direct payments are not appropriate, SIPC may cease the direct payment procedure. Thereupon SIPC may institute a liquidation proceeding. To the extent payments of cash, distributions of securities, or determinations with respect to the validity of a customer's claim are made under this section, such payments, distributions, and determinations shall be recognized and given full effect in the event of any subsequent liquidation proceeding. Any suits arising under section (e) and pending at the time of the appointment of a trustee under subsection (b)(3) of section 5 shall be permanently stayed by the court at the time of such appointment, and the court shall then or thereafter enter an order directing the transfer or removal to it of such suit. Upon suoh removal or transfer the complaint in such suit shall constitute the plaintiff's claim in the liquidation proceeding, if appropriate, and it shall be deemed received by the trustee on the day of his appointment regardless of the date of actual transfer or removal of the claimant's suit.

Sec. 7. (a) Section 7 of the Act is redesignated as section 11.

(b) Subsection (a) of such section is amended by striking out "section 3(e) and section 9(f)" and inserting in lieu thereof "section 3(e)(4) and section 13(f)".

(c) Such section is amended by adding at the end thereof the following:

"(e) Financial Responsibility Rules.—Section 3(a) of the Securities Exchange Act of 1934 is amended by adding at the end thereof a new subsection (22) as follows:

"'(22) The term "financial responsibility rules" means the rules and regulations of the Commission or the rules and regulations prescribed by any national securities exchange or registered national securities association pertaining to financial responsibility and related practices which are designated by the Commission by rule or regulation to be "financial responsibility rules."'"

Sec. 8. Sections 8 through 12 of the Act are redesignated as sections 12 through 16.

Sec. 9. Subsections (a), (b), and (c) of section 13 as redesignated are amended to read as follows:

"(a) Collection Agent.—Each self-regulatory organization shall act as collection agent for SIPC to collect the assessments payable by all members of SIPC for whom such self-regulatory organization is the examining authority, unless SIPC designates a self-regulatory organization other than the examining authority to act as collection agent for any SIPC member who is a member of more than one self-regulatory organization. Members of SIPC who are not members of a self-regulatory organization shall make payments direct to SIPC. The collection agent shall be obligated to remit to SIPC assessments made under section 4 only to the extent that payments of such assessments are received by such collection agent.

"(b) Immunity.—No self-regulatory organization shall have any liability to any person for any action taken or omitted in good faith pursuant to subsections (a) (1) and (2) of section 5.

"(c) Inspections.—The self-regulatory organization of which a member of SIPC is a member shall inspect or examine such member for compliance with applicable financial responsibility rules, except that if a member of SIPC is a member of more than one self-regulatory organization, the self-regulatory organization designated as examining authority by the Commission shall conduct such inspection of examination.".

Sec. 10. (a) Section 14(a) of the Act as redesignated is amended to read as follows:

"(a) Failure To Pay Assessment, et Cetera.—If a member of SIPC shall fail to file any report or information required pursuant to this Act, or shall fail to pay when due all or any part of an assessment made upon such member pursuant to this Act, and such failure shall not have been cured by the filing of such report or information or by the making of such payment, together with interest and penalty thereon, within five days after receipt by such member of written notice of such failure given by or on behalf of SIPC, it shall be unlawful for such member, unless specifically authorized by the Commission, to engage in business as a broker or dealer. If such member denies that he owes all or any part of the amount specified in such notice, he may after payment of the full amount so specified commence an action against SIPC in the appropriate United States district court to recover the amount he denies owing.".

(b) Section 14(c) of the Act as redesignated is amended to read as follows:

"(c) Embezzlement, False Claims, et Cetera.—Whoever steals, unlawfully abstracts, unlawfully and willfully converts to his own use or to the use of another, or embezzles any of the moneys, securities, or other assets of SIPC or otherwise defrauds or attempts to defraud SIPC or a trustee by any means including, but not limited to, the willful filing or presenting of a false claim in a liquidation proceeding or a direct payment procedure shall be fined not more than $50,000 or imprisoned not more than five years or both.".

Sec. 11. Section 15 of the Act as redesignated is amended—

(1) by striking out subsection s (b) and (h);

(2) by redesignating subsections (c) through (g) as subsections (b) through (f), respectively;

(3) by striking out subsection (c) as redesignated and inserting in lieu thereof the following:

"(c) Liability of SIPC, Directors, and Others.—Neither SIPC nor any of its Directors, officers, or employees shall have any liability to any person for any action taken or omitted in good faith under or in connection with any matter contemplated by this Act."; and

(4) by striking out in the first sentence of subsection (d) as redesignated the words "or rule" and by striking out in such sentence the word "may" and inserting in lieu thereof the word "shall".

Sec. 12. Section 16(2) of the Act as redesignated is amended to read as follows:

"(2) Financial responsibility rules.—Notwithstanding any other provision of this Act, the term 'Financial Responsibility Rules' shall have the same meaning as under the 1934 Act.".

Sec. 13. The amendments made by this Act shall become effective as of the date of enactment thereof, except that they shall not apply to a liquidation proceeding commenced prior thereto.

By Mr. MOSS:

S. 1232. A bill to encourage State and local governments to provide relief from real property taxes for elderly individuals. Referred to the Committee on Finance.

ELDERLY HOMEOWNERS PROPERTY TAX RELIEF ACT

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to encourage State and local governments to provide relief from property tax for elderly.

The problem of escalating property taxes is gaining wider recognition since I introduced this proposal in the last session as S. 1958. American citizens are becoming more aware of the inequity presented to elderly individuals living on fixed incomes who have to pay 30 percent or even as much as 50 percent of their incomes for property taxes.

While thousands of senior citizens fall into this category, the aged homeowner, on the average, pays 8.1 percent of his income for property taxes. The typical urban family by contrast pays out 3.4 percent of their income for taxes.

Moreover these taxes which are regressive have been increasing at a rapid rate. Since January 1969, these taxes have increased by 60 percent, nearly twice as fast as the rise in the overall cost of living. In many communities real estate taxes have doubled and tripled in the past 10 years.

It is when these statistics are reduced to concrete examples that the effect of these proposals can best be seen. Last year I referred to an individual in a Midwest State with an income of $1,000 a year who paid 30 percent of his income in property taxes. Others with less income were found to be paying 58 percent of their incomes in property taxes.

It is likely that these examples will continue to be duplicated in the future since public education apparently will continue to be supported by the property tax.

Because this problem cries out for redress, I am introducing my proposal which I do not consider the final word, rather it is hoped to serve as a basis for discussion.

In introducing this bill, I accept the assumption that the property tax is particularly damaging, because it is regressive in nature. My bill would, therefore, require the Federal Government to replace, within limits, the amount of collected money a State would lose in granting a property exemption to the elderly. These losses would be made up with general tax revenues. Philosophically, this would replace to a degree the regressive property tax in favor of the progressive Federal income tax.

To describe the bill more specifically, it requires that if a State enacts legislation to exempt from taxation the first $5,000 in actual value of the property held by one of its over 65 citizens, the Federal Government would be obligated to replace these funds. However, the Federal Government's replacement of these funds would not be on a 1-to-1 basis. The bill contains a ratio of reimbursement formula which favors the lowering of effective property tax rates in general.

Since most real estate taxes are imposed on a local basis, States would be responsible to certify to the Treasury such amounts as it has lost by extending a $5,000 exemption on the property taxes of its senior citizens. The Secretary would pay the State the amount of the qualified reduction attributable to the exemption plus:

First, 13 percent of the qualified reduction, if the applicable tax rate does not exceed $1 per $100 of actual value of the property.

Second, 12 percent of the qualified reduction, if the applicable tax rate exceeds $1 but does not exceed $2 per $100 of actual value of the property.

Third, 11 percent of the qualified reduction, if the applicable tax rate exceeds $2 but does not exceed $3 per $100 of actual value of the property.

Fourth, 10 percent of the qualified reduction, if the applicable tax rate exceeds $3 but does not exceed $4 per $100 of actual value of the property.

Fifth, 7 percent of the qualified reduction if the applicable tax rate exceeds $4 but does not exceed $5 per $100 of actual value of the property.

Sixth, 5 percent of the qualified reduction if the applicable tax rate is $5 or more per $100 of actual value of the property.

The bill provides, however, that in no case shall the qualified reduction attributable to the exemption plus the bonus exceed $200 per over-65 property taxpayer in the State.

In short, the bill provides positive incentives to the States to enact senior citizen exemptions for the first $5,000 actual value of real property on the assurance that the Federal Government would replace these funds from general revenues, and would also pay a bonus of up to 13 percent depending on the effective tax rates within the States. States would certify these amounts to the Secretary of the Treasury. The Secretary would pay over to the State such funds as are indicated by the States, provided, of course, the State gives assurance that the Federal money will be paid over to the appropriate political subdivisions of the State. As cost control, the Secretary would not be allowed to pay to the State more than $200 per certified over-65 property taxpayer.

As I have stated, I have no illusions that this bill is the entire answer to the problem of increasing property taxes. Perhaps also the amounts in the bill will have to be changed. But I do hold that the philosophy of this bill, which seeks to substitute the progressive income tax for the regressive property tax, is sound—that this is the right way to go—if we are to help our senior citizens whose fixed retirement incomes in recent years have been ripped to shreds by the twin buzz saws of inflation and escalating real estate taxes.

Finally, I ask unanimous consent to have entered in the Record at this point two articles by Columnist Sylvia Porter entitled, "Property Taxes Become Crushing" and "Rising Taxes on Homes, and the Search for a Way Out," together with the text of the bill.

There being no objection, the material was ordered to be printed in the Record, as follows:

Property Taxes Become Crushing

(By Sylvia Porter)

The strong controls of Phase 2 must moderate the pace of upsurge in over-all housing costs, but they cannot even touch one of the most painful and ever more expensive items in our lives—property taxes. These taxes will not be frozen, not ever. And property taxes will continue rising—for several reasons—for the foreseeable future.

Simply to suggest the intensity of the squeeze on many of us, in all income groups and all age brackets:

Our total property tax bill hit $37.5 billion in 1970, up 35 percent since 1967 alone, a rate nearly twice the average increase in the cost of living during the period. And the pace is quickening: 1970's bill was nearly 12 percent higher than 1960's.

In many cities, the property taxes on a medium-priced home and lot have crossed $1,000 a year. In virtually every major ctiy, a homeowner's property taxes now exceed $500 a year.

Some cities and towns have raised tax assessments as much as 20 to 25 percent in a single year, and in some cases reassessments designed to spread the tax burden have meant doubling, tripling or even quadrupling the taxes of certain homeowners.

Next to your mortgage payment your tax bill today is likely to be your biggest homeownership cost, and property taxes have for years been among the fastest rising items in total living costs. The Washington-based Advisory Commission on Intergovernmental Relations reported not long ago that the city family pays an average of $1 in $25 earned by the household on local property taxes, including the taxes hidden in the rent of non-homeowners.

Why? Obviously, behind soaring property taxes are the rising costs of health, education, welfare and public services. Contributing are rising crime rates and mounting needs for more and better paid police. Part of the pattern is the rising need for more and better paid firemen, road construction and sanitation workers, similar workers.

On top of this, many towns and cities are struggling under staggering interest loads on bond debts run up to build schools, help finance new hospitals and transit systems, comply with tough new Federal, state and local antipollution laws, satisfy the demands of the public for a cleaner environment.

Making the massive burden feel even heavier is the fact that many homeowners are carrying too much of the load, and many too little. The injustices and the inequities as follows:

Our elderly, for instance—for many of whom school ended after the 8th, 10th or 12th year, who tend to use expensive highways much less than younger Americans and who are least able to bear any extra financial burdens—are probably the hardest hit of all.

Numbers of elderly, in fact, are being compelled to give up owning and living in their own homes primarily because they can't take the climbing property taxes.

Farmers also are often victims, especially in recreation-oriented areas where land is increasingly being assessed and taxed on the basis of its real estate potential, instead of its meager return as pure farm land.

In a cross-section of cities and towns, the poorest are shouldering a disproportionately large share of property taxes while mobile homeowners—whose homes are taxed as personal property rather than in the form of real estate taxes—are not bearing their full share of local tax costs.

And while those citizens who have fled to suburban bedroom communities may squawk about their own property taxes, they also are escaping the heavy burdens in the cities to which they commute daily to earn their incomes.

All sorts of suggestions are being tossed around. One would junk the property tax system entirely by "piggy-backing" on state incomes taxes and giving the states responsibility for paying certain costs now being borne by cities and towns. Another would have the federal government take over responsibility for paying public school costs in the nation's 25 biggest cities. A third, cited recently by Norman Karsh, executive director of President Nixon's Commission on School Finance, would equalize tax rates for education throughout the United States and would have the states in areas of low property values kick in extra funds. And, of course, pressure continues for more federal revenue sharing.

But while the system remains as is—which it will for quite a while—can you, a householder, curb the cost of your property taxes? Indeed, you can.

Rising Taxes on Homes, and the Search for a Way Out

Anger over real estate taxes is boiling up, setting off a scramble for alternatives. A new study reveals a wide range in burdens on homeowners.

A homeowners' revolt against rising property taxes is forcing cities to seek other sources of revenue.

How poorly they are succeeding is suggested by the fact that the real estate tax still accounts for $8.50 of each $10 in local taxes collected.

In most cities beset by soaring expenses, property owners have been hit by a long string of property-tax boosts.

A look at what is happening has just been made public by the International City Management Association and other local-government organizations. They conducted a survey of cities all over the country. Some of the findings:

The typical property tax on a house and lot with a sale value of $25,000 was $595 in the year ended in mid-1969. A Census Bureau study for the year ended in mid-1966 indicated a typical tax of $495 on that home.

The tax tends to be higher in suburbs than in central cities—typically $632 for a $25,000 home in the outskirts, against $563 in the city.

Mark Keane, executive director of the city-management group, ascribed the difference to school levies. "On the average," he said, "the suburbs raise almost $100 more in school taxes per $25,000 home than the central cities."

Property taxes vary, too, from area to area. For Northeastern cities surveyed, the typical tax on a $25,000 home was $851, more than 40 per cent above the nationwide average. For Southern cities, the typical real estate tax on such a home was $450—nearly a fourth below average.

Size of communities also shows up as a factor. The smallest cities studied—with populations of 25,000 to 50,000—had a typical tax of $702 on a $25,000 home. Lowest level was in cities with more than 500,000 population, a typical tax of $534.

The list of cities on page 71 shows the wide spread in homeowners' tax burdens.

SPREADING REVOLT

Cities that depend most heavily on the real estate levy for revenue find boosts now are coming with increasing difficulty as voters' ire grows.

In States that require voter approval in tax referendums, rejections have been frequent recently. In some communities—in Ohio, for example—schools have been shut down for varying periods because voters have withheld operating funds.

Recently, the plight of homeowners has been cited more and more in support of proposals for the Federal Government to share its revenues with State and local units. On June 25, President Nixon told an audience:

"Approximately 70 per cent of Americans over 65 own their own homes. This means that the growing burden of property taxes falls on their shoulders with special weight.

"When a person retires, his income goes down—and so do most of his tax bills. But his property taxes keep right on climbing—and he may even be forced out of the home he has paid for. This is one reason I want revenue sharing."

RELIEF SOUGHT

Nearly everywhere, property-owner complaints and local-government frustrations have become commonplace. In the past week or so—

Homeowners in Florida's Dade County, which includes Miami, have complained bitterly about increases in property assessments—up to 27 per cent or more in 1971 over 1970.

Georgia's municipal association and county commissioners' association have urged that the State's sales tax be boosted from 3 per cent to 4 in order to make way for property-tax relief.

In Virginia, civic and political groups have called on a State tax commission to relieve property owners by pushing for a law giving localities power to impose a piggyback surtax on top of the State's income tax.

On June 28, Philadelphia's school board adopted a new budget calling for elimination of all extracurricular activities—including sports, music, art, dramatics and debating—and the use of school facilities after school hours.

For local officials, County Judge William O. Beach, of Montgomery County, Tennessee, summed it all up recently when he said:

"The painful fact is that we have reached the limits of political tolerance with respect to property taxation."

S. 1232

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Elderly Homeowners' Property Tax Relief Act."

SEC. 2. For purposes of this Act—

(1) The term "real property tax reduction for the elderly" means a reduction (whether by exemption, refund, or otherwise) of all or a portion of the taxes imposed by a State or any political subdivision of a State on real property owned by an individual who has attained age 65 and used by him as his principal residence.

(2) The qualified reduction, with respect to any real property, is the lower of (A) $200, or (B) the reduction which is attributable to so much of the actual value of the property as does not exceed $5,000.

(3) The term "Secretary" means the Secretary of the Treasury.

(4) The term "State" includes the District of Columbia.

SEC. 3. (a) The Secretary is authorized and directed to pay to each State which provides real property tax reduction for the elderly, or any political subdivision of which provides real property tax reduction for the elderly, the amount of the qualified reduction attributable thereto plus—

(1) if the applicable tax rate does not exceed $1 per $100 of actual value of the property, 13 percent of the qualified reduction;

(2) if the applicable tax rate exceeds $1 but does not exceed $2 per $100 of actual value of the property, 12 percent of the qualified reduction;

(3) if the applicable tax rate exceeds $2 but does not exceed $3 per $100 of actual value of the property, 11 percent of the qualified reduction;

(4) if the applicable tax rate exceeds $3 but does not exceed $4 per $100 of actual value of the property, 10 percent of the qualified reduction;

(5) if the applicable tax rate exceeds $4 but does not exceed $5 per $100 of actual value of the property, 7 percent of the qualified reduction; and

(6) if the applicable tax rate is $5 or more per $100 of actual value of the property, 5 percent of the qualified reduction.

(b) Payments shall be made by the Secretary under subsection (a) with respect to real property tax reduction for the elderly provided by political subdivisions of a State only if the State gives assurances satisfactory to the Secretary that it will pay over to the political subdivisions the portion of each payment attributable to the reduction provided by them.

(c) Payments shall be made by the Secretary under subsection (a) at such time or times as the Secretary may prescribe, but not less frequently than once each year.

SEC. 4. There are authorized to be appropriated such sums as may be necessary to carry out this Act.

By Mr. MOSS:

S. 1233. A bill to authorize reduced fares on the airlines on a space-available basis for individuals 21 years of age or younger or 65 years of age or older. Referred to the Committee on Commerce.

REDUCED AIRLINE FARES FOR YOUTHS AND SENIOR CITIZENS

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to amend section 403 of the Federal Aviation Act of 1958 to authorize reduced fares on the airlines for individuals 21 years of age or younger or 65 years of age or older.

I have sponsored this legislation in the past three sessions of the Congress. It has passed the Senate twice only to languish in the House of Representatives. I am hopeful that the bill can be enacted this year.

The genesis of this bill was the controversy concerning youth fares promulgated by the airlines in the late 1960's and in effect until last year when they were phased out by order of the Board. Several airlines petitioned the CAB for permission to offer reduced fares for young people on a standby or space available basis. The CAB allowed them to do so under its general powers, but absent any specific authorization by the Congress.

In 1968, several bus companies and a group of middle-aged citizens brought suit seeking to invalidate the youth fares on the grounds that the CAB exceeded its authority in allowing them and charging that such fares discriminate against the middle-aged and senior citizen population. The court did not overrule youth fares, instead it asked the CAB to reexamine its position.

The CAB conducted exhaustive hearings and in a badly split decision decided to phase out youth fares effective June 1974.

My bill was intended to clarify this situation and to provide the CAB with specific legislative authority to allow youth fares. This proposal which passed the Senate in September 1972, as an amendment to S. 2280 and in 1973 as S. 2651, was and is discretionary. No airline need offer such fares if it does not wish to do so. Significantly, my bill limits such youth fares to standby or space-available basis. In my judgment, the so-called student fares offering a guaranteed seat at reduced fares caught the court's attention when it raised the discrimination issue. In allowing a guaranteed seat for 66 percent of full fare, instead of a 50-percent reduction on a space-available basis, the inherent advantages of the standby fares were lost and new questions of possible discrimination were raised.

Certainly it can be argued that reduced fares for any age group are on their face discriminatory against nonfavored age groups. But existing law bars only unjust discrimination. Moreover, the Congress can provide for preferential treatment of one category of persons if it provides a rational basis for treating this group differently from the rest of society. Finally, most people would agree that any claim of discrimination is substantially vitiated when the proposed beneficiary is forced to undergo the uncertainty and discomfort of standing by to see if there are unused seats available.

I feel that youth fares should be continued—at least those airlines which wanted to should be able to offer such fares, but on a space available basis only. I understand that TWA has petitioned the CAB for permission to reinstitute such fares and that CAB data demonstrates such fares while in operation were highly profitable and income generative.

My bill to this effect is in recognition of the modest incomes of younger Americans; it recognizes the desirability in fostering the flying habit among America's young people. In short, I believe this proposal makes good sense from both an economic and a social policy viewpoint.

I believe that the case in favor of reduced fares for senior citizens on the airlines is just as compelling. Several airlines have attempted to offer reduced fares for senior citizens, but have been blocked by the CAB on the basis of the possible discriminatory effect of these fares. Like the youth fare provisions noted earlier, my bill would authorize those airlines which so desire to offer reduced fares for senior citizens on a space available basis. My reasons for suggesting this proposal are:

First, the average load factor on the airlines is less than 50 percent; for the fourth year in a row—airlines are flying less than half full;

Second, senior citizens are precisely the group that could make use of the airlines during offpeak hours when travel is the lightest;

Third, senior citizens make up only 5 percent of all airline passengers, but 10 percent of our population;

Fourth, senior citizens do not fly, because they cannot afford to do so; and

Fifth, when fares are reduced the senior citizens will take advantage of the reductions.

I offer two examples: The Chicago and New York experiments with mass transit have been most successful. In the first year after fare reductions, the mayor's Office on Aging in New York announced a 27-percent increase in ridership.

The only airlines the CAB has offered to allow reduced fares for senior citizens since 1965 are Aloha and Hawaiian Airlines. Since instituting the fares in 1968, Hawaiian has experienced a 38-percent increase in overall passengers, but a 400-percent increase in senior citizen passengers. I want to emphasize that these fare reductions are offered on a standby only basis, like my current proposal. At the same time Hawaiian has seen senior citizen standby revenues increase by more than 400 percent since 1968.

Let me now address the question of the suitability of standby fares for senior citizens directly.

First, I offer the success of Hawaiian Airlines—the only ongoing experiment on reduced fares as an example of "senior citizens standby" fares at work.

Second, I would point out that the White House Conference on Aging considered the question and delegates from each of our States asked the Congress to institute reduced fares on a space available basis:

Third, the inconvenience of waiting in an airline terminal is offset by the inconvenience of traveling long hours in a bus; and

Fourth, if senior citizen fares are to be successful, fares must be reduced as much as possible. Deep reductions in fares are not possible or economically feasible on a positive space basis.

I believe that this proposal is an important step in correcting the way that this society treats its elderly. We sometimes forget that almost one out of four seniors lives in poverty, that medicare still only covers 42 percent of their health needs and that 6 million seniors live in substandard housing. My bill represents a test of the way our society will treat its older citizens in the future.

I hope the bill can be enacted for the benefit of both our young people and their elders who have contributed so much to society for so long. I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1233

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, The last sentence of section 403(b) of the Federal Aviation Act of 1958 is amended by inserting after "ministers of religion" the following: "or individuals who are twenty-one years of age or younger or sixty-five years of age or older".

By Mr. MOSS.

S. 1234. A bill to amend the Public Health Service Act to enlarge the authority of the National Institute for Neurological Diseases and Stroke in order to advance a national attack on multiple sclerosis, epilepsy, muscular dystrophy, and other diseases. Referred to the Committee on Labor and Public Welfare.

THE NATIONAL MULTIPLE SCLEROSIS AND EPILEPSY ACT OF 1975

Mr. MOSS. Mr. President, I offer for appropriate reference a bill to amend the Public Health Service Act to enlarge the authority of the National Institute of Neurological Disease and Stroke in order to advance a national attack on multiple sclerosis, epilepsy, muscular dystrophy, autism, and other neurological diseases. The short title of this bill is, "The National Multiple Sclerosis and Epilepsy Act of 1975."

I introduced this bill in the last session as S. 1959. I reintroduce this measure, because it is estimated that anywhere from 23 to 45 million Americans suffer from chronic neurological or disabling sensory disorders. Impairments range from speech defects and hearing problems to disorders of the nervous system causing crippling and death.

These conditions include multiple sclerosis, cerebral palsey, epilepsy, stroke, muscular dystrophy, Parkinson's, spinal injury, mental retardation, hearing impairment, autism, hearing disorders, and many others.

Mr. President, I enter in the Record at this point a table showing the incidence of neurological disorders in the United States:

Incidence of neurological disorders in the United States

[Source U.S. Public Health Service Publication No. 1427]

Major neurological disorders:	
Cerebral palsy	750,000
Epilepsy	4,000,000
Mental retardation	6,000,000
Multiple sclerosis	500,000
Muscular dystrophy	200,000
Parkinson's disease	1,000,000
Spinal cord injury	100,000
Strokes	2,000,000
Hearing impairments	8,549,000
Total	23,099,000
Other neurological disorders:	
Amytrophic lateral sclerosis	9,000
Head injuries	3,053,000
Huntington's disease (chorea)	14,000
Myasthenia gravis	30,000
Reading disabilities (school child)	8,000,000
Spina bifida	27,500
Brain tumors	140,000
Speech impairments	10,000,000
Visually impaired (cannot read newsprint with visual aids)	1,239,000
Total	22,512,500
Total individual affected	45,611,500

As chairman of the Subcommittee on Long-Term Care of the U.S. Senate Special Committee on Aging I have found that it is not uncommon for individuals affected by these conditions to have multiple handicaps. In fact, I am told that people affected by these chronic, long-term care conditions are confined more to bed, chair, and house, and need more assistance in daily living than victims of most all other diseases combined.

Unfortunately, there are no known cures for the vast majority of these problems. This means that millions of individuals continue to suffer grave disabilities, that millions of families must struggle to provide them with the assistance they need. Since there is a distinct absence of Government programs to help families support these individuals in their own homes, great numbers turn to nursing homes for assistance. Most families cannot afford the cost of nursing homes.

These disabilities take their toll not only from the individual and his family, but deplete the wealth of the Nation as well. I stress that these conditions produce long-term disability often lasting from childhood throughout life. The estimated cost of care for these neurological and sensory disorders is about $10.5 billion yearly. Multiple sclerosis alone accounts for a $2 billion economic loss.

It is clear, therefore, that it is very much in the interest of the people of the United States to conduct an all out attack against these disorders. This is the purpose of my bill.

In terms of measuring our present effort I would acknowledge the great strides by the National Multiple Sclerosis Society which has since 1947 awarded more than $16 million in grants for research and postdoctoral fellowships to develop cures for these conditions.

We are still a long ways from finding a cure for multiple sclerosis or MS which is a disease characterized by the progressive deterioration of the central nervous system but our knowledge is increasing by leaps and bounds. Most investigators presently believe that MS is probably the result of an infection contracted at an early age, which does not usually appear as a novert disease until sometime between the ages of 20 and 40. MS is known as the great crippler of young adults striking them down in their prime; there are almost no cases of the onset of MS after age 50.

Fortunately, there is an excellent program of research underway at the National Institute of Health specifically within the National Institute of Neurological Diseases and Stroke—NINDS. However, NINDS is just one of the 10 institutes at the National Institutes of Health and has received the least favored treatment in terms of publicity or appropriations. This is particularly true now that the Congress has authorized major attacks on cancer and heart disease. In 1972, NINDS received only $116 million as compared for example with $379 million for the National Cancer Institute.

My bill would provide a $100 million increase in the authorizations for the next fiscal year followed by a $125 million increase and a $150 million increase for the second and third year respectively. My bill would authorize 6 new centers for clinical research into, training in and demonstration of, advanced diagnostic and treatment methods for multiple sclerosis and 14 new clinical research and treatment centers for other neurological and sensory disorders which I have mentioned previously.

With this bill today I hope to give some visibility to the NINDS and to focus public attention on the need to overcome this series of chronic and crippling diseases. By introducing this bill I do not suggest that other diseases or disorders are unimportant nor do I suggest that the other Institutes at the National Institutes of Health should be neglected. On the contrary, I believe that they, too, should receive special attention from the Congress and increased funding. Particularly is this true for the National Institute for Arthritis and Metabolic Diseases which is almost as underfunded as the National Institute of Neurological Disease and Stroke.

As I noted earlier arthritis and neurological disorders are quite commonly found in nursing homes and perhaps this accounts for my interest in this bill. I add in closing that I have introduced legislation earlier this session that would expand the scope of medicare to provide nursing home and in-home supportive services for disabled individuals. This would be greatly beneficial to families who struggle to help take care of their loved ones who fall victims to these diseases. I urge prompt enactment of this bill and ask unanimous consent that its text be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1234

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

Section 1. This Act may be cited as the "National Multiple Sclerosis and Epilepsy Act of 1975".

FINDINGS AND DECLARATION OF PURPOSE

Sec. 2. (a) Congress finds and declares that—

(1) approximately 23 million Americans suffer from chronic neurological or disabling sensory disorders ranging from speech and hearing malfunction to crippling and fatal nervous system disorders;

(2) these conditions include multiple sclerosis, cerebral palsy, epilepsy, stroke, muscular dystrophy, Parkinson's spinal injury, mental retardation, hearing impairment, hearing disorders, and many others;

(3) it is not uncommon for individuals to be afflicted with more than one of these conditions;

(4) there are no known cures for the majority of these diseases, with the result that millions of individuals continue to suffer

grave disabilities throughout their lifetimes, and that millions of families must struggle to provide them with the assitance they need;

(5) there is an absence of government programs to help families support these afflicted individuals in their own homes;

(6) these disabilities are characteristically long-term and cause estimated annual economic loss to the Nation of $20.5 billion; and

(7) the greatest potential advancement against neurological and sensory disease lies in the National Institute of Neurological Diseases and Stroke of the National Institutes of Health whose research institutes have brought into being the most productive scientific community centered upon health and disease that the world has ever known.

(b) It is the purpose of this Act to enlarge the authority of the National Institute of Neurological Diseases and Stroke in order to advance a national attack on multiple sclerosis, epilepsy, muscular dystrophy and other neurological diseases.

SEC. 3. Part D of title IV of the Public Health Service Act is amended by redesignating sections 432 and 433 as sections 434 and 435 and by inserting immediately after section 431 the following:

"NATIONAL NEUROLOGICAL DISEASES PROGRAMS

"SEC. 431. (a) The Director of the Institute shall within one hundred and eighty days after the effective date of this section, develop a plan for a neurological disease program (hereafter in this part referred to as the 'program') to expand, intensify, and coordinate the activities of the Institute respecting such diseases. The program shall provide for—

"(1) investigation into the epidemiology, etiology, and prevention of all forms and aspects of neurological disorders, including investigations into the social, environmental, behavioral, nutritional, biological, and genetic determinants and influences involved in the epidemiology, etiology, and prevention of such diseases;

"(2) studies and research into the basic biological processes and mechanisms involved in neurological disorders;

"(3) research into the development, trial, and evaluation of techniques, drugs, and devices used in, and approaches to, the diagnosis, treatment, and prevention of neurological diseases and disorders and the rehabilitation of patients suffering from such diseases;

"(4) establishment of programs and centers for the conduct and direction of field studies, large-scale testing and evaluation, and demonstration of preventive, diagnostic, therapeutic, and rehabilitative approaches to neurological diseases and disorders;

"(5) the education and training of scientists and clinicians in fields and specialties requisite to the conduct of programs respecting neurological diseases and disorders;

"(6) public and professional education relating to all aspects of neurological diseases and disorders; and

"(7) establishment of programs and centers for study and research into neurological diseases and disorders and for the development and demonstration of diagnostic, treatment, and preventive approaches to these diseases.

"(b)(1) The plan required by subsection (a) of this section shall be transmitted to the Congress and shall set out the Institute's staff requirements to carry out the program and recommendations for appropriations for the program.

"(2) The Director of the Institute shall, as soon as practicable after the end of each calendar year, prepare and submit to the President for transmittal to the Congress a report on the activities, progress, and accomplishments under the program during the preceding calendar year and a plan for the program during the next five years.

"(c) In carrying out the program, the Director of the Institute, without regard to any other provisions of law, may—

"(1) obtain (in accordance with section 3109 of title 5, United States Code, but without regard to the limitation in such section on the number of days or the period of such service) the services of not more than fifty experts or consultants who have scientific or professional qualifications;

"(2) acquire, construct, improve, repair, operate, and maintain neurological disease centers, laboratories, research, and other necessary facilities and equipment, and related accommodations as may be necessary, and such other real or personal property (including patents) as the Director deems necessary; and acquire, without regard to the Act of March 3, 1877 (40 U.S.C. 34), by lease or otherwise through the Administrator of General Services, buildings or parts of buildings in the District of Columbia or communities located adjacent to the District of Columbia for the use of the Institute for a period not to exceed ten years; and

"(3) enter into such contracts, leases, cooperative agreements, or other transactions, without regard to sections 3648 and 3709 of the Revised Statutes of the United States (31 U.S.C. 529, 41 U.S.C. 5), as may be necessary in the conduct of his functions, with any public agency, or with any person, firm, association, corporation, or educational institution.

"(c) There are authorized to be appropriated to carry out this section such sums as may be necessary.

"NATIONAL CLINICAL RESEARCH AND DEMONSTRATION CENTERS FOR NEUROLOGICAL DISEASES AND DISORDERS

"SEC. 432. (a) The Director of the Institute shall provide for the development of—

"(1) 6 new centers for clinical research into, training in, and demonstration of, advanced diagnostic and treatment methods for multiple sclerosis; and

"(2) 14 new clinical research and treatment centers for other neurological and sensory disorders including, but not limited to, cerebral palsy, epilepsy, stroke, muscular dystrophy, Parkinson's disease, spinal injury, mental retardation, and hearing disorders.

"(b) The Director of the Institute, under policies established by the Director of the National Institutes of Health may enter into cooperative agreements with public or nonprofit private agencies or institutions to pay all or part of the cost of planning, establishing, or strengthening, and providing basic operating support for existing or new centers for clinical research into, training in, and demonstration of advanced diagnostic and treatment methods for neurological diseases and disorders. Funds paid to centers under cooperative agreements under this subsection may be used for—

"(1) construction, notwithstanding section 405;

"(2) staffing and other basic operating costs, including patient care costs as are required for research;

"(3) training, including training for allied health professions personnel; and

"(4) demonstration purposes.

The aggregate of payments (other than payments for construction) made to any center under such an agreement may not exceed $5,000,000 in any year. Support of a center under this subsection may be for a period of not to exceed 5 years and may be extended by the Director of the Institute for additional periods of not more than 5 years each, after review of the operations of such center by an appropriate scientific review group established by the Director.

"(c) For the purposes of carrying out this section, there are authorized to be appropriated $100,000,000 for the fiscal year ending June 30, 1975; $125,000,000 for the fiscal year ending June 30, 1976; and $150,000,000 for the fiscal year ending June 30, 1977.

"NEUROLOGICAL DISEASE CONTROL PROGRAMS

"SEC. 433. (a) The Director of the Institute, under policies established by the Director of the National Institutes of Health shall establish programs as necessary for cooperation with other Federal health agencies, State, local, and regional public health agencies, and nonprofit private health agencies in the diagnosis, prevention, and treatment of neourological diseases and disorder.

"(b) There are authorized to be appropriated to carry out this section such sums as may be necessary.

"RESEARCH GRANTS

"SEC. 434. (a) The Director may make grants to public or nonprofit private entities under rules and regulations approved by the Director of the National Institutes of Health, for research and training in neurological diseases and disorders not exceeding $100,000 per year.

"(b) There are authorized to be appropriated to carry out the purposes of this section, such sums as may be necessary.".

EFFECTIVE DATE

SEC. 4. This Act and the amendments made by the Act shall take effect sixty days after the date of enactment of this Act or on such prior date after the date of enactment of this Act as the President shall prescribe and publish in the Federal Register.

By Mr. McCLURE:

S. 1235. A bill to abolish the Interstate Commerce Commission. Referred to the Committee on Commerce.

Mr. McCLURE. Mr. President, most issues in economics are complex. A few are clear. One of these concerns the regulation of transportation, and in particular of rail transportation by the Interstate Commerce Commission. On this issue virtually all independent students agree, from John Kenneth Galbraith to Milton Friedman inclusive.

In fact, it was a socialist historian, Gabriel Kolko, who pointed out in his modern classic, "The Triumph of Conservatism," that what private enterprise could not achieve in the marketplace—monopoly power—it did achieve via the route of federal legislation. So it was, that an attorney employed by the Pennsylvania Railroad wrote the legislation which expanded the powers of the ICC in the early 1900's. The subsequent history of the ICC illustrates the failure of regulation.

According to a study by the Brookings Institution, the economic loss resulting from ICC regulation in 1968 alone ranged from a low of $3.78 billion to a high of $8.79 billion. One basic reason for this failure may be analyzed.

Antitrust action is deemed unwise in those industries termed natural monopolies. A antural monopoly is one in which fixed costs are so high that it would be inefficient to have more than one firm. Railroad tracks are a prime example. Although it is enormously expensive to send one train across country, the extra costs of a second or one hundredth train is comparatively small. Clearly, to break up a railroad firm by antitrust would be foolish.

As the alternative for preventing monopoly exploitation by a natural monopoly, rates of return on investment are established such that they approximate the rates in the overall economy. This rate is defined, basically, as the ratio of profit-to-capital—revenue minus cost—investment.

When an actual rate exceeds the established rate, prices or other adjustments are made.

This general procedure yields two types of distortion. First, labor tends to be replaced by capital. This increases the denominator and consequently lowers the actual rate of return to accommodate the established rate. Not only is this inefficient—if it were efficient, it would be done in the absence of regulation—it reduces employment opportunities for labor.

The second distortion also occurs in an effort to keep the actual rate of return down. Inefficiencies which increase cost are allowed to rise. Thus, inefficiency becomes the tool by which profits are manipulated so that the ratio to capital investment remains below the set level. The results are conspicuous. Our regulated firms are models of shoddy performance.

We may inquire if monopoly profit might not be a lesser evil than inefficiency, reduced output, and poor quality.

But, in fact, natural monopoly erodes with time. First, as demand expands, sufficient sales enable several firms to operate. In other words, more than one set of tracks is needed to handle traffic between many points. Second, and more importantly, technological advance produces competition. Railroads face the competition of trucks and airplanes.

Nowadays, the case is made that cutthroat competition is the danger to be guarded against. But this must mean one of two things. If one firm drives another out of business, it is the result of selling a better product at the same price, or the equivalent product at a lower price. Either way, the Nation benefits.

The other possibility is predatory competition. Here, one firm will sell below cost to force others out. Then, with a monopoly established, prices are raised. The major point is empirical. There is no evidence that this occurs.

We ought not to be surprised; logic would indicate that it is a technique that cannot work. If a firm were to sell below cost in order to drive another out, the facilities, the trained labor and physical capital remain. Any potential new competitor would be able to hire those at bargain rates and begin operations. Furthermore, because of his larger volume, the predator will suffer a greater total loss than the smaller upstart, since he is selling more units at a loss.

Theoretically, the ICC was established to protect the economy, to provide lower prices, greater output, better service. The mass of evidence, empirical and logical, has demonstrated its failure and, moreover, the inevitability of failure. In a classic case, Southern Railroad applied for a 60-percent reduction in freight rates, an effort which required 4 years of legal work and 17,000 pages of testimony. Our current crisis in transportation does not allow such wasteful luxury. Let us have the intelligence and the courage to act decisively.

One way is to get rid of the Interstate Commerce Commission entirely. We have talked and talked about its failure. Our recent experience with the Penn Central is only the latest proof. Why must failure be perpetuated? It is with this in mind that I am introducing legislation today which would abolish the ICC within a year of enactment.

Mr. President, I ask unanimous consent that an article concerning ICC regulation and the trucking industry be included in the Record, as another example of the history of regulation and the need for abolishment of the ICC.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Anaheim Bulletin, Mar. 28, 1974]

STOP MISUSING A GOOD TERM

(By Alan W. Bock)

Washington.—It is perhaps presumptuous for a lone columnist to be calling for a moratorium of any sort. But anybody who writes at all has a certain reservoir of presumptuousness. Herewith is evidence of mine. I offer only a suggestion. I don't have the power to enforce it, and I wouldn't want that power. But I do enjoy offering suggestions.

I would like to see a strict moratorium on the use of the term "free enterprise" by businessmen who patently don't know what the terms means.

The specific occasion which prompts this suggestion (though the idea has been smoldering for years) is an address March 6 by H. Dillon Winship, Jr., chairman of the board of the American Trucking Association, at an ATA meeting in Atlanta. According to the ATA press release, Winship urged trucking industry public relations representatives to emphasize the role of truck transportation in maintaining the free enterprise system "that every American lives in . . . and lives better because of it."

"We have been flooded with anti-American, anti-free enterprise system propaganda for so long," Winship emphasized, "that some of the truths about his great country and its free enterprise system are buried. The trucking industry is part of that system."

Ordinarily one would be encouraged to find a business leader speaking up in defense of free enterprise. But for the chairman of the American Trucking Association to claim that his industry is part of that system is ludicrous and misleading. Let's avoid calling him a hypocrite, and put it down to a fairly complete lack of understanding about just what free enterprise is.

The American Trucking Association is, specifically, the association of regulated truckers of America. The organization is composed of those companies whose rates, routes and manner of doing business is controlled down to the smallest detail by the Interstate Commerce Commission. It is an industry in which there can be no price competition, for example, because prices are set by the government.

The American Trucking Association, further, is an organization which boasts proudly of its role in getting the Motor Carrier Act of 1935—the basic law which regulates trucking—passed through the Congress. The effect of the regulation (besides stifling price competition) is to make it more difficult to enter certain areas of the trucking industry, thus protecting existing companies from "unfair and irresponsible" new competition.

Some would call such an economic arrangement a cartel. Some would call it a State-protected ologopoly. But one thing which it is not is "free enterprise."

My particular ire at ATA's loose use of the term "free enterprise" was further aroused by a discussion with ATA's director of press relations just a few days after Mr. Winship's speech. I suggested to this gentleman that de-regulation of the trucking industry might serve the interests of the industry and most of all the consumer. He said he was familiar with the argument of some ivory tower academicians who had made such proposals, but that the trucking industry needed regulation, "in the public interest" of course. He referred me to a recent speech by an ICC Commissioner (whose only personal interest might be that de-regulation could eliminate his cushy $36,000-a-year job) who claimed that deregulation would bring about "chaos."

It is probably unfair to single out ATA for this attack on business inconsistency, but they made such a tempting target. In fact, however, the country is full of businessmen who extol the virtues of free enterprise one day and go begging the government for a new subsidy or a new regulation the next. That's why I propose a moratorium across the board, until such time as certain businessmen begin practicing what they preach.

If these businessmen were to spend the time they would have spent in writing and delivering speeches on the glories of free enterprise in reading Milton Friedman, Ludwig von Mises, Friederich von Hayek, Yale Brozen or one of a dozen other economists who have some inkling of what free enterprise really means, that would be an added bonus. But I'm not asking for miracles. Just stop misusing the term and confusing the public, and I'll be happy.

By Mr. BARTLETT:

S.J. Res. 60. A joint resolution proposing an amendment to the Constitution of the United States relating to open admissions to public schools. Referred to the Committee on the Judiciary.

Mr. BARTLETT. Mr. President, today I am reintroducing my proposed constitutional amendment to prohibit forced crosstown busing to achieve a racial balance of our schoolchildren.

Although the center of dissent against busing has now shifted from the South and Southwest to the North, still the vast majority of all Americans, black and white, remain in opposition.

There is no way that any rhetorical argument can explain to a mother and father why their child cannot go to their neighborhood school but must be bused miles across town to achieve some dubious racial balance.

I first expressed my opposition to forced busing in 1969 while I was Governor of Oklahoma. At that time I said:

> Busing, however, requires the school board and/or superintendent to discriminate against some students (of each race) attempting to eliminate the results of long time discrimination. However discrimination to end discrimination is indefensible and is a cure as sickly as the disease itself.

Time has vindicated that conclusion.

Forced busing continues to be strongly opposed and while few, if any, tangible, worthwhile results can be shown from its implementation.

Mr. President, I hope this body will yield to the will of the people. The people do not want busing, and as their representatives it is our duty to eliminate it from our system.

By Mr. MONDALE:

S.J. Res. 61. A joint resolution to prohibit for a period for 90 days the President of the United States or his representatives from entering into any international minimum pricing agreements for petroleum. Referred to the Committee on Foreign Relations.

Mr. MONDALE. Mr. President, the United States has rapidly become identified in international circles as a leading proponent of minimum pricing arrangements for oil. Events are now moving rapidly toward multilateral endorsement of this approach. At the urging of our State Department representatives, the International Energy Agency this past weekend announced agreement on the broad outlines of a minimum selling price system for oil consuming countries.

Clearly, any program providing a minimum price for petroleum has far-reaching implications for the American economy. It would determine the price which consumers must pay not only for oil, but also for every other form of energy and for goods requiring energy in the production process.

Given the importance of such a proposal, it stands to reason that it would be advanced in international meetings only after extensive domestic debate with the full legislative authority required for its implementation. It is the Congress that has the constitutional responsibility for regulating interstate and foreign commerce and for enacting the laws that will determine the fundamental shape and content of our Nation's energy program.

Yet, incredibly, while the State Department is even now persuading other countries to ratify the concept of minimum pricing arrangements, no specific legislative authority has been obtained, and no serious attempt has been made to determine whether the Congress and the American public will support this program.

It is for this reason that I am today introducing a resolution prohibiting the President from entering into any agreements on minimum international pricing arrangements for petroleum for the next 90 days, during which the Congress can review his proposals. Thereafter any such agreements would have to be approved by both Houses of the Congress.

The resolution I am submitting would not prejudge the question of whether a floor price system might, upon consideration, be acceptable to the Congress. Rather, it would serve as a warning that important questions have been raised, questions that the Congress must ultimately decide, and questions that should be at least debated, if not resolved, before the United States commits its national prestige even more heavily to the minimum price concept.

For example, on a floor price for oil among consuming countries, many respected economists differ with the arguments advanced by the Secretary of State. The stated aim of this proposal is to protect investment in high cost alternative energy sources against the risk of a precipitous drop in the cost of oil. Nonetheless, there is little agreement among even the experts about what the cost of production for these alternatives might be. A study released last week by the Organization of Economic Cooperation and Development, for instance, estimated that the landed costs of North Sea and Alaskan oil might be less than $1.50 per barrel, one-fifth the level projected by previous analyses. This study calculated the cost of oil produced from shale at between $4 and $7 a barrel, of gas derived from coal at $3.20 to $4.60 a barrel, and of oil from tar sands at $4 a barrel—all substantially below earlier estimates.

Unless we know the actual cost and production mix of these fuels, the American public will be forced to gamble on a floor price, a gamble in which the stakes would be the highest in history. Estimates of the possible level at which a floor price might be established vary from as little as $6 to as high as $8 per barrel. But for each dollar that this floor was set above the minimum necessary, American consumers would lose $13 billion per year.

If major risks are involved in a floor price for oil to be established by consuming countries, the dangers are magnified many times over when long-term price guarantees for producers are considered. In the foreseeable future it is the price of petroleum that will be the major determinant of real energy costs to consumers.

For the first time since the October 1973 embargo, it appears that market forces are beginning to favor oil-consuming countries. The world's known oil reserves have increased by at least 30 billion barrels in the past 2 years. With an idling of over 30 percent of their production capacity, OPEC members are reportedly struggling to maintain current prices in the face of a growing surplus of oil on the world market. Some producers have been forced to offer easier credit terms, others to enter into secret deals at reduced prices, in order to find markets for their petroleum. Others, such as Abu Dhabi and Oman, might be tempted to increase production to meet unexpected cash difficulties. Given the circumstances, noted experts feel that a decision by the United States to enter into discussions that might lead to a stabilization of oil prices at or near current levels could help to save the cartel at precisely the time when it could be broken. The possibility that the United States might openly walk or—as a vocal advocate of minimum prices for consumers—be backed into a floor price agreement with the cartel is clearly too great to be ignored.

The dangers involved in negotiating price agreements with OPEC members go beyond the purely economic issue of cost. Any agreement with OPEC that is endorsed by the governments of the leading Western economies would only serve to legitimatize the cartel, providing a cloak of respectability for tactics that are already being eyed with increasing interest by other raw materials suppliers.

It is against these risks and potential costs that Secretary of State Kissinger's minimum price proposals must be measured. It may be that alternative methods can be used to stimulate new energy production, such as price guarantees or subsidies for developing industries, Government purchase contracts or an energy cost equalization program, with fewer dangers and equal or greater benefits. Conceivably, market forces alone or with Government aid in the form of centralized purchasing arrangements offers more hope of bringing about a reduction in petroleum prices than any negotiated agreement with OPEC could possibly provide.

The purely economic doubts are reinforced if one considers the political forum within which minimum price agreements with OPEC countries are likely to be considered. Invitations have now been extended to President Giscard d'Estaing of France for a preparatory meeting leading toward a conference of oil producing and consuming countries.

Our potential allies at such a conference, notably the Europeans and the Japanese, are keenly aware of their dependence on outside sources for energy and are reluctant to risk any offense of the OPEC cartel. The Europeans seem to be almost unanimous in the view that security of supply is more important than price. The single exception to this rule would appear to be Britain, which hopes to be an oil exporter by 1980 and has a direct stake in future revenues from high prices.

Despite the risks to the United States, the momentum for a producer consumer meeting is building rapidly. The preconditions for consumer solidarity that the United States had set for participation are being met as agreements are reached on petrodollar recycling and, in perhaps 2 weeks, on a minimum price arrangement within the IEA.

We face the prospect of a meeting with OPEC members in which minimum prices for producers, long-term supply contracts, and even indexing of oil revenues against inflation are all subject to discussion.

Have these risks and alternatives been fully considered? If so, by whom? By the Senate? By the House of Representatives? By the committees responsible for trade and energy legislation? While diplomats are intent on negotiating world agreements, the Congress has not endorsed or even examined the concept of minimum international prices for petroleum. And if our negotiators are "successful," as it appears they may be, the range of alternatives available to the Congress to deal with our energy problems will be severely circumscribed. Diplomacy in this instance is driving policy, rather than policy shaping our diplomatic goals.

I believe we should put first things first. Before the administration commits our country to any international oil pricing agreements, let them bring their proposals to Congress. Let us consider the alternatives. And if it is impossible to reach a consensus in advance of international meetings, at least let us find out and give notice to other countries of what our concerns and our reservations are. The worst of all possible worlds would be if other countries were to negotiate in good faith with the United States, only to find out that the agreements our own negotiators sought were unacceptable to the Congress and to the American public. Such action could lead to a loss of national influence and prestige that would be tragic and, above all, avoidable if only the Congress and the executive communicated more fully in advance.

It is with these concerns in mind that I offer this resolution today. I realize that time is short. The International Energy Agency has already taken preliminary steps toward endorsing a minimum price agreement along the lines proposed by the United States. The very pace at which international discussions are proceeding, in my judgment, demands that this issue be raised now before the opportunity for a reasoned consideration of the merits and dangers of such an agreement is lost in charges and countercharges between the Executive and the legislature. An opening of the dialog between the Congress and the administration on this important question can be delayed only at great risk to the United States and to our role in world economic affairs.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 2

At the request of Mr. PROXMIRE, the Senator from Montana (Mr. METCALF) was added as a cosponsor of S. 2, a bill to amend the Communications Act of 1934 in order to recognize and confirm the applicability of and to strengthen and further the objectives of the first amendment to radio and television broadcasting stations.

S. 357

At the request of Mr. BAYH, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 357, a bill to amend title II of the Social Security Act to increase to $4,800 the amount of outside earnings permitted each year without deductions for benefits thereunder.

S. 662

At the request of Mr. WILLIAMS, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 662, the National Mass Transportation Assistance Act Amendments of 1975.

S. 772

At the request of Mr. TALMADGE, the Senator from South Dakota (Mr. ABOUREZK) was added as a cosponsor of S. 772, the Beef Research and Consumer Information Act.

S. 805

At the request of Mr. DOMENICI, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 805, a bill to amend section 5(c) of the National Trails Systems Act.

S. 810

At the request of Mr. EAGLETON, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 810, a bill to amend the National Flood Insurance Act.

S. 811

At the request of Mr. TUNNEY, the Senator from Minnesota (Mr. MONDALE), and the Senator from Georgia (Mr. TALMADGE) were added as cosponsors of S. 811, a bill to amend the Horse Protection Act of 1970 to better effectuate its purposes.

S. 926

At the request of Mr. THURMOND, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 926, a bill to remove statutory limitations upon the application of the Sherman Act to labor organizations and their activities, and for other purposes.

S. 981

At the request of Mr. PHILIP A. HART, the Senator from Rhode Island (Mr. PASTORE), the Senator from Massachusetts (Mr. BROOKE), the Senator from New Jersey (Mr. CASE), and the Senator from Minnesota (Mr. MONDALE) were added as cosponsors of S. 981, the Food Stamp Act Amendments of 1975.

S. 1009

At the request of Mr. STONE, the Senator from Arizona (Mr. GOLDWATER), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Oregon (Mr. HATFIELD) were added as cosponsors of the bill (S. 1009) to amend title 13 of the United States Code to require the compilation of current data on total population between censuses and to require the use of such current data in the administration of Federal laws in which population is a factor.

S. 1124

At the request of Mr. BUCKLEY, the Senator from Pennsylvania (Mr. HUGH SCOTT) was added as a cosponsor of S. 1124, to encourage equity investment in minority enterprises.

S. 1155 THROUGH S. 1166

At the request of Mr. MOSS, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 1155 through S. 1166, bills relating to nursing home reform.

S. 1171

At the request of Mr. TUNNEY, the Senator from Mississippi (Mr. EASTLAND) and the Senator from Connecticut (Mr. RIBICOFF) were added as cosponsors of S. 1171, a bill to amend the Internal Revenue Code of 1954 to allow a business deduction under section 162 for certain ordinary and necessary expenses incurred to enable an individual to be gainfully employed.

S. 1183

At the request of Mr. HARTKE, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 1183, a bill to amend title II of the Social Security Act so as to liberalize the conditions governing eligibility of blind persons to receive disability insurance benefits thereunder.

S.J. RES. 39

At the request of Mr. DOLE, the Senator from California (Mr. TUNNEY) was added as a cosponsor of Senate Joint Resolution 39, to designate the week of March 17–23, 1975, as National Lead Poisoning Prevention Week.

SENATE RESOLUTION 115—ORIGINAL RESOLUTION REPORTED TO PAY A GRATUITY TO GENEVA A. JOHNS

(Placed on the Calendar.)

Mr. CANNON, from the Committee on Rules and Administration, Reported the following resolution:

S. RES 115

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Geneva A. Johns, widow of Fred A. Johns, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to three months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REDUCTION ACT OF 1975—H.R. 2166

AMENDMENT NO. 138

(Ordered to be printed and to lie on the table.)

Mr. ALLEN submitted an amendment intended to be proposed by him to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

AMENDMENTS NOS. 139 THROUGH 146

(Ordered to be printed and to lie on the table.)

Mr. CURTIS submitted eight amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 147

(Ordered to be printed and to lie on the table.)

Mr. BAYH submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

Mr. BAYH. Mr. President, when the House of Representatives last month passed its antirecessionary tax cut bill, I expressed the view that the bill took the correct form—with the stress on income tax rebates and reductions for individuals in the low- and middle-income ranges. But I also expressed concern over the fact that the House bill lacked an adequate stimulus to deal with the grave economic situation we face.

On the other hand, the tax bill now before the Senate shows that the Finance Committee recognizes the imperative need for an economic stimulus large enough to bring us out of our worst economic downturn since the 1930's depression. Unfortunately, the Finance Committee bill would provide the desired level of economic stimulus in the wrong fashion, through a myriad of special tax breaks that do not provide enough help to those who need it most. At the same time, the Senate version raises the specter of a prolonged conference with the House that could delay eventual enactment of this vital antirecessionary measure.

For these reasons, it is my intention to offer a substitute for the Finance Committee bill, combining the essential form of the House bill with an economic stimulus approximating that recommended by the Finance Committee. The substitute amendment will provide a stimulus of $32.9 billion in this fashion:

First. Increase the rebate in the House bill from 10 to 15 percent, with corresponding increases in the minimum and maximum rebates from $100 to $150 and $200 to $300, respectively. The stimulus would be approximately $12.5 billion, or $4.5 billion more than the rebate in both the House and Finance Committee bills.

Second. Adopt the provisions of the House bill increasing the low-income allowance and percentage standard deduction for a stimulus of $5.1 billion.

Third. Also adopt the House provisions for business tax reductions—the increased investment tax credit and corporate surtax exemption—for a stimulus of $3.7 billion.

Fourth. Follow the general line of earned income credit in the House bill, but raise the allowance from 5 to 10 percent providing further benefits to persons at the lower end of the income ladder. A 10 percent earned income credit would provide a stimulus of $5.5 billion, or $2.5 billion more than the 5 percent in the House bill.

Fifth. Adopt the provision of the Senate bill allowing for an optional $200 tax credit in lieu of the $750 personal exemption. The benefits of this provision would fall to families where the income is below $20,000 a year. The Finance Committee estimates this provision would provide a stimulus of $6.1 billion.

To recap, the full stimulus of this substitute amendment works out in this fashion:

	Billion
Rebate on 1974 taxes	$12.5
Increases in low-income allowance and standard deduction	5.1
Business tax reductions	3.7
Increase House earned income credit to 10 percent	5.5
$200 tax credit in lieu of $750 personal exemption	6.1
	32.9

I am persuaded that this straight-forward approach to fighting inflation is more equitable and more effective than the bill reported from the Finance Committee. In following the direction of the House bill, and adopting the higher level of stimulus recommended by the Finance Committee, this substitute should facilitate the resolution of differences in the Senate-House conference and thus speed enactment of this desperately needed antirecessionary measure.

With the single unique exception of changes in the oil and natural gas depletion allowances, I would oppose all amendments to this substitute in order not to delay passage of the tax cut. The broad changes in tax laws recommended in the Finance Committee bill, and those proposed in the many amendments already introduced in the Senate, should more properly be addressed in subsequent tax reform legislation which I hope we will be able to consider later this year.

To those who would argue that a $32.9 billion tax cut is too large, I would simply point out that we are in the 16th month of a major recession with a gap between actual and potential gross national product approaching $200 billion. In addition, unemployment is already 8.2 percent with the real danger of a rise to 10 percent by summer. The lower tax cut proposed by the President is likely to reduce unemployment to only 7 percent by the end of 1976. That is a totally unacceptable alternative. The social costs of the President's policy, when added to the lost output, produce an unbearable burden. We should not willingly accept it.

We have the simple choice of recognizing the seriousness of our economic ills and responding accordingly, or ignoring reality and acquiescing to many more months of unacceptably high unemployment and lost GNP. This substitute amendment opts for the former, accepting the reality of the situation we face and responding in kind. It provides sufficient economic stimulus, is equitable and can be enacted into law in the shortest period of time.

Mr. President, I ask unanimous consent to have printed in the RECORD the text of my amendment, together with certain tables in connection therewith.

There being no objection, the amendment and tables were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 147

Strike all after the enacting clause and insert the following in lieu thereof:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Tax Reduction Act of 1975".

SEC. 2. AMENDMENT OF 1954 CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provisions, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

SEC. 101. Refund of 1974 individual income taxes.

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application in the case of abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6428. Refund of 1974 individual income taxes.

"(a) GENERAL RULE.—Except as otherwise provided in this section, each individual shall be treated as having made a payment against the tax imposed by chapter 1 for his first taxable year beginning in 1974 in an amount equal to 15 percent of the amount of his liability for tax for such taxable year.

"(b) MINIMUM PAYMENT.—The amount treated as paid by reason of this section shall not be less than the lesser of—

"(1) the amount of the taxpayer's liability for tax for his first taxable year beginning in 1974, or

"(2) $150 ($75 in the case of a married individual filing a separate return).

"(c) MAXIMUM PAYMENT.—

"(1) IN GENERAL.—The amount treated as paid by reason of this section shall not exceed $300 ($150 in the case of a married individual filing a separate return).

"(2) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The excess (if any) of—

"(A) the amount which would (but for this paragraph) be treated as paid by reason of this section, over

"(B) the applicable minimum payment provided by subsection (b),

shall be reduced (but not below zero) by an amount which bears the same ratio to such excess as the adjusted gross income for the taxable year in excess of $20,000 bears to $10,000. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting '$10,000' for '$20,000' and by substituting '$5,000' for '$10,000'.

"(d) LIABILITY FOR TAX.—For purposes of this section, the liability for tax for the taxable year shall be the sum of—

"(1) the tax imposed by chapter 1 for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property),

"(D) section 40 (relating to expenses of work incentive programs), and

"(E) section 41 (relating to contributions to candidates for public office), plus

"(2) the tax on amounts described in section 3102(c) or 3202(c) which are required to be shown on the taxpayer's return of the chapter 1 tax for the taxable year.

"(e) DATE PAYMENT DEEMED MADE.—The payment provided by this section shall be deemed made on whichever of the following dates is the later:

"(1) the date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 for the taxable year, or

"(2) the date on which the taxpayer files his return of tax under chapter 1 for the taxable year.

"(f) JOINT RETURN.—For purposes of this section, in the case of a joint return under section 6013 both spouses shall be treated as one individual.

"(g) MARITAL STATUS.—The determination of marital status shall be made under section 143.

"(h) CERTAIN PERSONS NOT ELIGIBLE.—This section shall not apply to any estate or trust, nor shall it apply to any nonresident alien individual."

(b) NO INTEREST ON INDIVIDUAL INCOME TAX REFUNDS FOR 1974 REFUNDED WITHIN 60 DAYS AFTER RETURN IS FILED.—In applying section 6611(e) of the Internal Revenue Code of 1954 (relating to income tax refund within 45 days after return is filed) in the case of any overpayment of tax imposed by subtitle A of such Code by an individual (other than an estate or trust and other than a nonresident alien individual) for a taxable year beginning in 1974, "60 days" shall be substituted for "45 days" each place it appears in such section 6611(e).

(c) CLERICAL AMENDMENT.—The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"Sec. 6428. Refund of 1974 individual income taxes."

Sec. 102. Refunds disregarded in the administration of Federal programs and federally assisted programs.

Any payment considered to have been made by any individual by reason of section 6428 of the Internal Revenue Code of 1954 shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

Sec. 201. Increase in low income allowance

(a) IN GENERAL.—Subsection (c) of section 141 (relating to low income allowance) is amended to read as follows:

(c) LOW INCOME ALLOWANCE.—The low income allowance is—

"(1) $2,500 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $1,900 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,250 in the case of a married individual filing a separate return."

(b) CHANGE IN FILING REQUIREMENTS TO REFLECT INCREASE IN LOW INCOME ALLOWANCE.—So much of paragraph (1) of section 6012(a) (relating to persons required to make returns of income) as precedes subparagraph (C) thereof is amended to read as follows:

"(1)(A) Every individual having for the taxable year a gross income of $750 or more, except that a return shall not be required of an individual (other than an individual referred to in section 142(b))—

"(i) who is not married (determined by applying section 143), is not a surviving spouse (as defined in section 2(a)), and for the taxable year has a gross income of less than $2,650,

"(ii) who is a surviving spouse (as so defined) and for the taxable year has a gross income of less than $3,250, or

(iii) who is entitled to make a joint return under section 6013 and whose gross income, when combined with the gross income of his spouse, is, for the taxable year, less than $4,000 but only if such individual and his spouse, at the close of the taxable year, had the same household as their home.

Clause (iii) shall not apply if for the taxable year such spouse makes a separate return or any other taxpayer is entitled to an exemption for such spouse under section 151(e).

"(B) the amount specified in clause (i) or (ii) of subparagraph (A) shall be increased by $750 in the case of an individual entitled to an additional personal exemption under section 151(c)(1), and the amount specified in clause (iii) of subparagraph (A) shall be increased by $750 for each additional personal exemption to which the individual or his spouse is entitled under section 151(c);".

SEC. 202. Increase in percentage standard deduction.

(a) INCREASE.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income but not to exceed—

"(1) $3,000 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $2,500 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,500 in the case of a married individual filing a separate return."

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 3402(m)(1) (relating to withholding allowances based on itemized deductions) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $3,000 ($2,500 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

SEC. 203. Credit for certain earned income.

(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by redesignating section 42 as section 44 and by inserting after section 41 the following new section:

"SEC. 42. Earned income credit.

"(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of the taxpayer's adjusted earned income for the taxable year.

"(b) ADJUSTED EARNED INCOME.—For purposes of this section, the term 'adjusted earned income' means—

"(1) so much of the individual's earned income for the taxable year as does not exceed $4,000, reduced by

"(2) two times the excess over $4,000 of the greater of—

"(A) the taxpayer's adjusted gross income for the taxable year, or

"(B) the taxpayer's earned income for the taxable year.

"(c) EARNED INCOME DEFINED.—

"(1) IN GENERAL.—For purposes of this section, the term 'earned income' means—

"(A) wages, salaries, tips, and other employee compensation, plus

"(B) the amount of taxpayer's net earnings from self-employment for the taxable year (within the meaning of section 1402 (a)).

"(2) SPECIAL RULES.—For purposes of paragraph (1)—

"(A) except as provided in subparagraph (B), any amount shall be taken into account only if such amount is includible in the gross income of the taxpayer for the taxable year,

"(B) the earned income of an individual shall be computed without regard to any community property laws,

"(C) no amount received as a pension or annuity shall be taken into account,

"(D) compensation described in paragraph (1)(A) for services performed by an individual in the employ of his spouse, father, mother, son, or daughter (within the meaning of section 312(b)(3)) shall be taken into account only if such compensation constitutes wages (as defined in section 3121(a)) and only if such wages are evidenced by a receipt required to be furnished under section 6051(a) (relating to receipts for employees),

"(E) in the case of an individual who has not attained the age of 18 years by the close of his taxable year—

"(i) compensation described in paragraph (1)(A) shall be taken into account only if such compensation is evidenced by a receipt required to be furnished under section 6051(a), and

"(ii) earnings described in paragraph (1) (B) shall be taken into account only if such individual has self-employment income for the taxable year (within the meaning of section 1402(b)), and

"(F) no amount to which section 871(a) applies (relating to income of nonresident alien individuals not connected with United States business) shall be taken into account.

"(d) REQUIREMENT OF JOINT RETURN.—In the case of an individual who is married (within the meaning of section 143), this section shall apply only if a joint return is filed for the taxable year under section 6013.

"(e) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months."

(b) REFUND TO BE MADE WHERE CREDIT EXCEEDS LIABILITY FOR TAX.—Section 6401(b) (relating to excessive credits) is amended—

(1) by inserting ", 42 (relating to earned income credit)," before "and 667(b)"; and

(2) by striking out "and 39" and inserting in lieu thereof ", 39, and 42".

SEC. 204. Credits in lieu of personal exemption deductions.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) as amended by this Act is amended by inserting after section 42 the following new section:

"SEC. 43. Personal exemptions.

"(a) GENERAL RULE.—There shall be allowed to the taxpayer as a credit against tax for the taxable year in lieu of the deduction provided for personal exemptions under section 151 (if such credit results in the imposition of a lower tax under this chapter), an amount equal to $200 multiplied by the number of exemptions which would otherwise be allowed to such taxpayer under section 151. Such credit shall not exceed the tax imposed by this chapter (determined without regard to subsection (b)) for the taxable year.

"(b) DEFINITION.—For purposes of this title, in the case of an individual, the term 'tax imposed by this chapter' means the tax imposed by this chapter reduced by the amount of the credit allowed under this section."

(b) TECHNICAL AMENDMENTS.—

(1) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Earned income.
"Sec. 43. Personal exemptions.
"Sec. 44. Overpayment of tax."

(2) Section 2(e) (relating to definitions and special rules) is amended to read as follows:

"(e) CROSS REFERENCES.—

"(1) For definition of taxable income, see section 63.

"(2) For definition of tax imposed by this chapter, see section 42(b).".

(3) Section 63 (relating to taxable income defined) is amended—

(A) by striking out "subsection (b)" in subsection (a) and inserting in lieu thereof "subsections (b) and (c)", and

(B) by inserting at the end thereof the following new subsection:

"(c) INDIVIDUALS ALLOWED THE CREDIT UNDER SECTION 43.—With respect to individuals who are allowed a credit under section 43 (relating to personal exemptions), except for the purposes of sections 1 and 3, the term 'taxable income' means the amount determined under this chapter without regard to section 42.".

(4) Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end thereof the following new subsection:

"(f) INDIVIDUALS ALLOWED A CREDIT UNDER SECTION 43.—With respect to any taxpayer who is allowed a credit under section 43 (relating to personal exemptions), any reference to personal exemptions allowed under this section shall be considered to be a reference to the exemptions which would be allowed under this section without regard to section 42.".

(5) Section 6201 (a) is amended by adding at the end thereof the following new paragraph:

"(5) OVERSTATEMENT OF TAX LIABILITY.—If on any return or claim for refund of income taxes under subtitle A there is an overstatement of liability for tax with respect to the credit allowable under section 43 (relating to personal exemptions) or the deduction allowable under section 151 (relating to deductions for personal exemptions), the amount of such liability shall be recomputed by the Secretary or his delegate in the same manner as a mathematical error appearing on the return.".

SEC. 205. Withholding tax.

(a) REQUIREMENT OF WITHHOLDING.—Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Every employer making payment of wages shall deduct and withhold upon such wages (except as otherwise provided in this section) a tax determined in accordance with tables prescribed by the Secretary or his delegate.

The tables so prescribed shall be the same as the tables contained in this subsection as in effect on January 1, 1975, except that the amounts set forth as amounts of income tax to be withheld for the remainder of calendar year 1975 and for calendar year 1976 and thereafter shall reflect the amendments made by title II of the Tax Reduction Act of 1975 which are applicable to such years. For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(b) Conforming Amendment.—Section 3402(c)(6) (relating to wage bracket withholding) is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

Sec. 206. Effective dates.

(a) For Sections 201 and 202(a).—The amendments made by sections 201 and 202 (a) shall apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply to taxable years ending after December 31, 1975.

(b) For Section 203.—The amendments made by section 203 shall apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(c) For Sections 202(b) and 205.—The amendments made by section 202(b) and 205 shall apply to wages paid after April 30, 1975, and before January 1, 1976.

(d) For Section 204.—The amendments made by section 204 apply to taxable years beginning after December 31, 1974 and before January 1, 1976.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

Sec. 301. Increase in investment credit.

(a) Increase of Investment Credit to 10 Percent.—Paragraph (1) of section 46(a) (determining the amount of the investment credit) is amended to read as follows:

"(1) General rule.—

"(A) 10-percent credit.—Except as provided in subparagraph (B), the amount of the credit allowed by section 38 for the taxable year shall be equal to 10 percent of the qualified investment (as determined under subsections (c) and (d)).

"(B) 7-percent credit.—In the case of property—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer before January 22, 1975, or

"(ii) which is acquired by the taxpayer before January 22, 1975,

the amount of the credit allowed by section 38 for the taxable year shall be equal to 7 percent of the qualified investment (as defined in subsection (c)).

"(C) Transitional rule.—In the case of property—

"(i) the construction, reconstruction, or erection of which is begun by the taxpayer before January 22, 1975, and

"(ii) the construction, reconstruction, or erection of which is completed by the taxpayer after January 21, 1975.

subparagraph (B) shall apply to the property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection before January 22, 1975, and subparagraph (A) shall apply to such property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection after January 21, 1975."

(b) Public Utility Property.—

(1) Determination of qualified investment.—Subparagraph (A) of section 46(c) (3) (relating to determination of qualified investment in the case of public utility property) is amended to read as follows:

"(A) To the extent that subsection (a)(1) (B) applies to property which is public utility property, the amount of the qualified investment shall be 4/7 of the amount determined under paragraph (1)."

(2) Increase in 50-percent limitation.—Section 46(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) Alternative limitation in the case of certain utilities.—

"(A) In general.—If, for a taxable year beginning after 1974 and before 1981, the amount of the qualified investment of the taxpayer which is attributable to public utility property is 25 percent or more of his aggregate qualified investment, then subparagraph (C) of paragraph (2) of this subsection shall be applied by substituting for 50 percent his applicable percentage for such year.

"(B) Applicable percentage.—The applicable percentage of any taxpayer for any taxable year is—

"(i) 50 percent, plus

"(ii) that proportion of the tentative percentage for the taxable year which the taxpayer's amount of qualified investment which is public utility property bears to his aggregate qualified investment. If the proportion referred to in clause (ii) is 75 percent or more, the applicable percentage of the taxpayer for the year shall be 50 percent plus the tentative percentage for such year.

"(C) Tentative percentage.—For purposes of subparagraph (B), the tentative percentage shall be determined under the following table:

"If the taxable year begins in:	The tentative percentage is:
1975 or 1976	50
1977	40
1978	30
1979	20
1980	10

"(D) Public utility property defined.—For purposes of this paragraph, the term 'public utility property' has the meaning given to such term by the first sentence of subsection (c)(3)(B)."

(c) Cap on the Increase in Investment Credit Benefits for Public Utilities Which May Result From Increasing Investment Credit to 10 Percent.—

(1) In general.—The amount of the credit allowed by section 38 of the Internal Revenue Code of 1954 to any taxpayer which is a public utility for the taxable years shall not exceed by more than $100,000,000 the amount of such credit which would have been allowed to such taxpayer for such year but for the amendments made by subsections (a) and (b)(1) of this section.

(2) Credit in excess of cap may be carried only to taxable years to which this subsection applies.—For purposes of section 46(b)(1) of the Internal Revenue Code of 1954 (relating to carryback and carryover of unused credits), the excess of the amount which would be allowable as a credit under section 38 of such Code for any taxable year over the amount which is allowable under such section after the application of paragraph (1) of this subsection—

(A) shall be treated as an excess described in such section 46(b)(1), but

(B) shall be an investment credit carryback and an investment credit carryover only to taxable years to which paragraph (1) of this subsection applies.

(3) Controlled group of corporations.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer. For purposes of the preceding sentence, the term "controlled group of corporations" has the meaning given to such term by section 1563(a).

(4) Public utility defined.—For purposes of this subsection, the term "public utility" means a taxpayer 50 percent or more of the qualified investment of which for the taxable year consists of public utility property within the meaning of the first sentence of section 46(c)(3)(B) of the Internal Revenue Code of 1954.

(d) Increase From $50,000 to $75,000 of Dollar Limitation on Used Property.—Paragraph (2) of section 48(c) (relating to dollar limitation in case of used section 38 property) is amended—

(1) by striking out "$50,000" each place it appears and inserting in lieu thereof "$75,000", and

(2) by striking out "$25,000" and inserting in lieu thereof "$37,500".

Sec. 302. Allowance of investment credit where construction of property will take more than 2 years.

(a) General Rule.—Section 46 (relating to amount of credit) is amended by redesignating subsections (d) and (c) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) Qualified Progress Expenditures.—

"(1) In general.—In the case of any taxpayer who has made an election under paragraph (6), the amount of his qualified investment for the taxable year (determined under subsection (c) without regard to this subsection) shall be increased by an amount equal to his aggregate qualified progress expenditures for the taxable year with respect to progress expenditure property.

"(2) Progress expenditure property defined.—

"(A) In general.—For purposes of this subsection, the term 'progress expenditure property' means any property which is being constructed by or for the taxpayer and which—

"(i) has a normal construction period of two years or more, and

"(ii) it is reasonable to believe will be new section 38 property having a useful life of 7 years or more in the hands of the taxpayer when it is placed in service.

Clause (i) and (ii) of the preceding sentence shall be applied on the basis of facts known at the close of the taxable year of the taxpayer in which construction begins (or, if later, at the close of the first taxable year to which an election under this subsection applies).

"(B) Normal construction period.—For purposes of subparagraph (A), the term 'normal construction period' means the period reasonably expected to be required for the construction of the property—

"(i) beginning with the date on which physical work on the construction begins (or, if later, the first day of the first taxable year to which an election under this subsection applies), and

"(ii) ending on the date on which it is expected that the property will be available for placing in service.

"(3) Qualified progress expenditures defined.—For purposes of this subsection—

"(A) Self-constructed property.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) Non-self-constructed property.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the lesser of—

"(i) the amount paid during the taxable year to another person for the construction of such property, or

"(ii) the amount which represents that proportion of the overall cost to the taxpayer of the construction by such other person which is properly attributable to that portion of such construction which is completed during such taxable year.

"(4) SPECIAL RULES FOR APPLYING PARAGRAPH (3).—For purposes of paragraph (3)—

"(A) COMPONENT PARTS, ETC.—Property which is to be a component part of, or is otherwise to be included in, any progress expenditure property shall be taken into account—

"(i) at a time not earlier than the time at which it becomes irrevocably devoted to use in the progress expenditure property, and

"(ii) as if (at the time referred to in clause (i)) the taxpayer had expended an amount equal to that portion of the cost to the taxpayer of such component or other property which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) CERTAIN BORROWINGS DISREGARDED.—Any amount borrowed directly or indirectly by the taxpayer from the person constructing the property for him shall not be treated as an amount expended for such construction.

"(C) CERTAIN UNUSED EXPENDITURES CARRIED OVER.—In the case of non-self-constructed property, if for the taxable year—

"(i) the amount under clause (i) of paragraph (3)(B) exceeds the amount under clause (ii) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (i) for the succeeding taxable year, or

"(ii) the amount under clause (ii) of paragraph (3)(B) exceeds the amount under clause (i) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (ii) for the succeeding taxable year.

"(D) DETERMINATION OF PERCENTAGE OF COMPLETION.—In the case of non-self-constructed property, the determination under paragraph (3)(B)(ii) of the proportion of the overall cost to the taxpayer of the construction of any property which is properly attributable to construction completed during any taxable year shall be made, under regulations prescribed by the Secretary or his delegate, on the basis of engineering or architectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

"(E) NO QUALIFIED PROGRESS EXPENDITURES FOR CERTAIN PRIOR PERIODS.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for any period before January 22, 1975 (or, if later, before the first day of the first taxable year to which an election under this subsection applies).

"(F) NO QUALIFIED PROGRESS EXPENDITURES FOR PROPERTY FOR YEAR IT IS PLACED IN SERVICE, ETC.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for the earlier of—

"(i) the taxable year in which the property is placed in service, or

"(ii) the first taxable year for which recapture is required under section 47(a)(3) with respect to such property,

or for any taxable year thereafter.

"(5) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—The term 'self-constructed property' means property more than half of the construction expenditures for which it is reasonable to believe will be made directly by the taxpayer.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—The term 'non-self-constructed property" means property which is not self-constructed property.

"(C) CONSTRUCTION, ETC. The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) ONLY CONSTRUCTION OF SECTION 38 PROPERTY TO BE TAKEN INTO ACCOUNT.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(6) ELECTION.—An election under this subsection may be made at such time and in such manner as the Secretary or his delegate may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary or his delegate.

"(7) TRANSITIONAL RULES.—The qualified investment taken into account under this subsection for any taxable year beginning before January 1, 1980, with respect to any property shall be (in lieu of the full amount) an amount equal to the sum of—

"(A) the applicable percentage of the full amount determined under the following table:

"For a taxable year beginning in:	The applicable percentage is:
1974 or 1975	20
1976	40
1977	60
1978	80
1979	100

plus

"(B) in the case of any property to which this subsection applied for one or more preceding taxable years, 20 percent of the full amount for each such preceding taxable year.

For purposes of this paragraph, the term 'full amount,' when used with respect to any property for any taxable year, means the amount of the qualified investment for such property for such year determined under this subsection without regard to this paragraph."

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENT OF SECTION 46(c).—Section 46(c) (relating to qualified investment) is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH SUBSECTION (d).—The amount which would (but for this paragraph) be treated as qualified investment under this subsection with respect to any property shall be reduced (but not below zero) by any amount treated by the taxpayer or a predecessor of the taxpayer (or, in the case of a sale and leaseback described in section 47(a)(3)(C), by the lessee) as qualified investment with respect to such property under subsection (d), to the extent the amount so treated has not been required to be recaptured by reason of section 47(a)(3)."

(2) AMENDMENT OF SECTION 46(a)(1).—Paragraph (1) of section 46(a) (as in effect without the amendment made by section 301 (a)) is amended by striking out "(as defined in subsection (c))" and inserting in lieu thereof "(as determined under subsections (c) and (d))".

(3) DISPOSITION, ETC.—

(A) Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) PROPERTY CEASES TO BE PROGRESS EXPENDITURES PROPERTY.—

"(A) IN GENERAL.—If during any taxable year and property taken into account in determining qualified investment under section 46(d) ceases (by reason of sale or other disposition, cancellation or abandonment of contract, or otherwise) to be, with respect to the taxpayer, property which, when placed in service, will be new section 38 property, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted solely from reducing to zero the qualified investment taken into account with respect to such property.

"(B) CERTAIN EXCESS CREDIT RECAPTURED.—Any amount which would have been applied as a reduction of the qualified investment in property by reason of paragraph (4) of section 46 (c) but for the fact that a reduction under such paragraph cannot reduce qualified investment below zero shall be treated as an amount required to be recaptured under subparagraph (A) for the taxable year in which the property is placed in service.

"(C) CERTAIN SALES AND LEASEBACKS.—Under regulations prescribed by the Secretary or his delegate, a sale by, and leaseback to, a taxpayer who, when the property is placed in service, will be a lessee to whom section 48 (d) applies shall not be treated as a cessation described in subparagraph (A) to the extent that the qualified investment which will be passed through to the lessee under section 48(d) with respect to such property does not exceed the qualified progress expenditures properly taken into account by the lessee with respect to such property.

"(D) COORDINATION WITH PARAGRAPH (1).—If after property is placed in service, there is a disposition or other cessation described in paragraph (1), paragraph (1) shall be applied as if any credit which was allowable by reason of section 46(d) and which has not been required to be recaptured before such cessation were allowable for the taxable year the property was placed in service."

(c) CLERICAL AMENDMENTS.—

(1) Paragraph (4) of section 47(a) (as redesignated by subsection (b)(3)(A) of this section) is amended by striking out "paragraph (1)" and inserting in lieu thereof "paragraph (1) or (3)".

(2) Paragraphs (5) and (6)(B) of section 47(a) are each amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (4)".

(3) Paragraphs (1) and (2) of section 48 (d) are each amended by striking out "section 46(d)(1)" and inserting in lieu thereof "section 46(e)(1)".

(4) Subsection (f) of section 50B is amended by striking out "section 46(d)" and inserting in lieu thereof "section 46(e)".

SEC. 303. INCREASE IN CORPORATE SURTAX EXEMPTION.

(a) GENERAL RULE.—Section 11(d) (relating to surtax exemption) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(3) Section 962(c) (relating to surtax exemption for individuals electing to be subject to tax at corporate rates) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

SEC. 304. Effective dates.

(a) FOR SECTION 301.—

(1) INCREASE OF INVESTMENT CREDIT TO 10 PERCENT.—The amendments made by subsections (a) and (b)(1) of section 301 shall apply to—

(A) property placed in service after January 21, 1975, and before January 1, 1976, in taxable years ending after January 21, 1975.

(B) property—

(i) acquired pursuant to orders placed before January 1, 1976, and

(ii) placed in service in 1976 in taxable years ending after December 31, 1975,

(C) property the construction, reconstruction, or erection of which is completed by the taxpayer and which is placed in service after December 31, 1975, but only to the portion of the basis of such property which is properly attributable to construction, reconstruction, or erection by the taxpayer after January 21, 1975, and before January 1, 1976, and

(D) qualified progress expenditures, as described in section 46(d) of the Internal Revenue Code of 1954, made after January 21, 1975, and before January 1, 1976, but only to the portion of the basis of the progress expenditure property, as described in such section 46(d), which is properly attributable to construction, reconstruction, or erection for the taxpayer after January 21, 1975, and before January 1, 1976.

(2) INCREASE IN 50-PERCENT LIMITATION.—The amendment made by subsection (b)(2) of section 301 shall apply to taxable years beginning after December 31, 1974.

(3) INCREASE IN LIMITATION ON USED PROPERTY.—The amendments made by subsection (d) of section 301 shall apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(b) FOR SECTION 302.—The amendments made by section 302 shall apply to taxable years ending after December 31, 1974.

(c) FOR SECTION 303.—

(1) IN GENERAL.—The amendments made by section 303 shall apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply for taxable years ending after December 31, 1975.

(2) CHANGES TREATED AS CHANGES IN TAX RATE.—Section 21 (relating to change in rates during taxable year) is amended by adding at the end thereof the following new subsection:

"(f) INCREASE IN SURTAX EXEMPTION, ETC.—In applying subsection (a) to a taxable year of a taxpayer which is not a calendar year, the change made by section 303, and the change made by the second sentence of section 304(c)(1), of the Tax Reduction Act of 1975 in section 11(d) (relating to corporate surtax exemption) and in section 962(c) (relating to individuals electing to be taxed at corporate rates) shall each be treated as a change in a rate of tax."

ESTIMATED ECONOMIC STIMULUS IN 1975 FROM HOUSE, FINANCE COMMITTEE AND BAYH BILLS

[In billions of dollars]

	House	Finance Committee	Bayh bill
INDIVIDUALS			
Rebate on 1974 taxes	$8.1	$8.1	$12.5
Increase low income allowance and standard deduction	5.1		5.1
$200 optional credit in lieu of $750 personal exemption		6.1	6.1
Tax rate reduction for 1st 4 brackets		2.0	
Earned income credit for 1975	3.0	1.7	5.5
5 percent housing purchase credit		3.2	
Loss carryback		.1	
Subtotal, individuals	16.2	21.2	29.2
BUSINESS			
Investment tax credit increase	2.5	4.4	2.5
Corporate surtax exemption, tax rate reduction	1.2	1.9	1.2
Repeal truck and related excise taxes		.7	
Tax credit for hiring welfare recipients		(1)	
Loss carryback and carryforward		1.0	
Subtotal, business	3.7	8.0	3.7
Total, all tax reductions	19.9	29.2	32.9

(1) Less than $50,000,000.

AMENDMENT NO. 148

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 149

(Ordered to be printed and to lie on the table.)

Mr. HATHAWAY (for himself and Mr. HASKELL) submitted an amendment to be proposed by them to the bill (H.R. 2166), supra.

AMENDMENT NO. 150

(Ordered to be printed and to lie on the table.)

Mr. PACKWOOD submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 151

(Ordered to be printed and to lie on the table.)

Mr. MONDALE. Mr. President, on behalf of myself and Senators HUMPHREY and RIBICOFF, I send to the desk an amendment to restore the standard deduction provisions from the House version of H.R. 2166 that were dropped from the bill by the Senate Finance Committee.

The Finance Committee substituted for the House standard deduction provisions a $200 optional credit which I proposed. In general, the $200 optional credit is a more effective and equitable way of granting relief to a broad range of taxpayers than the House standard deduction provisions.

However, some taxpayers would save less in taxes under the Senate bill than they would have under the House version. Single taxpayers and married couples without dependents with incomes below $10,000 would be in this category. So would many taxpayers with incomes between $12,000 and $20,000 who do not itemize their deductions.

To remedy this problem, the amendment we propose would raise the minimum standard deduction to $1,800, increase the percentage standard deduction to 16 percent, and raise the maximum standard deduction to $2,500 for single taxpayers and $3,000 for joint returns. The total revenue loss from this amendment—over and above the provisions now in the Finance Commmittee bill—is $2.97 billion.

The percentage and maximum standard deduction provisions in this amendment are identical to those in the House version of H.R. 2166. The minimum standard deduction, or low-income allowance, is raised only to $1,800 rather than—as in the House bill—to $1,900 for single taxpayers and $2,500 for joint returns. The reason is that there is very substantial overlap between the low-income allowance and the $200 optional credit in the Finance Committee bill. The low-income allowance is designed primarily to make certain that no one with income below the poverty line is subject to Federal income tax. As the Finance Committee report points out on page 10, the $200 optional credit serves the same purpose. Consequently, our amendment merely increases the low-income allowance from its present level of $1,300 to $1,800.

As a result of the amendment we propose, no taxpayer will save less in taxes under the Senate bill than they would have under the House bill.

The standard deduction provisions in the House bill would contribute substantially to simplifying the job of filing tax returns for millions of taxpayers. I believe these are valuable provisions and I hope they will be accepted by the Senate.

The Finance Committee was concerned that the total revenue loss from combining the $200 optional credit with the House standard deduction provisions would be too great. The restructuring of the House standard deduction provisions we propose in our amendment—primarily involving the lower $1,800 minimum standard deduction—results in a revenue loss of $2 billion less than my original proposal to simply add the $200 credit to the House bill.

This melding of the Senate Finance Committee's $200 optional tax credit with the House standard deduction provisions should simplify and expedite consideration of this aspect of the bill in the House-Senate conference. Adoption of this amendment, therefore, should speed up final passage of this legislation.

I ask unanimous consent that the text of our amendment appear in the RECORD at this point:

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 151

At the appropriate place in the bill insert the following new section:

SEC. INCREASE IN PERCENTAGE STANDARD DEDUCTION.

(a) INCREASE.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income but not to exceed—

"(1) $3,000 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $2,500 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,500 in the case of a married individual filing a separate return."

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 3402(m)(1) (relating to withholding allowances based on itemized deductions) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $3,000 ($2,500 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

AMENDMENT NO. 152

(Ordered to be printed and to lie on the table.)

Mr. MONDALE submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 153

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 154

(Ordered to be printed and to lie on the table.)

Mr. ABOUREZK submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 155

(Ordered to be printed and to lie on the table.)

FAIR WITHHOLDING

Mr. MATHIAS. Mr. President, I send to the desk an amendment dealing with excess withholding. This is a brief amendment which empowers the Secretary of the Treasury or his delegate to amend the withholding tables in the Internal Revenue Code in order to reduce excess withholding.

The principle which I seek to support is that withholding should approximate the actual tax obligations of individual American citizens. The fact is that in recent years, withholding has exceeded taxes actually owed by over $20 billion per year. This means that approximately $1.20 was withheld from paychecks for every $1 actually owed to the Government.

This gross overwithholding results from several factors. In some cases, individuals prefer to have more withheld from their paychecks than they actually owe so that they receive a refund each April. In other cases. the withholding tables do not recognize the realities of the working lives of individuals. In still other cases, wage earners could reduce the amount which is withheld from their paychecks, but only by filing forms which are either unknown to them or unavailable or at least difficult to obtain or to understand. In any case, the result is massive overwithholding by the Federal Government of money which belongs not to the Government but to individual Americans.

There are several reasons why this excess withholding is undesirable. First, all withholding denies citizens the use of their money between the time at which it is earned and the time at which payment of a tax is due. The citizen does not receive interest from the Government on the amount withheld, nor can he invest it himself in a business venture or a savings account. He cannot pay a pressing bill early in the year, some 15 months before a tax is actually due. Indeed, money withheld is, for the wage earner, money the fruits of which are never attained nor attainable, until the refund check finally arrives.

Moreover, money withheld from the taxpayer is money that does not flow freely through our economy encouraging the very purchases of goods and services which the Congress is trying to encourage by enacting this tax reduction act. A reduction of excess withholding frees this money from the clasp of the Government for circulation through the private economy.

Indeed, a study undertaken at my request by the Library of Congress a year ago showed that if we had cut withholding rates at that time by 8 percent the economy would have been stimulated, over 200,000 new jobs created, inflation reduced, and the Government deficit actually slashed. If we had acted then, we would not be confronted today with the dire economic statistics which leap at us from the front pages of our daily newspapers, or appear in human form at the unemployment bureau, the closed factory gates, or the supermarket lines. The lives of millions of Americans would today be more prosperous and more rewarding. And the Federal deficit, instead of being monumentally increased by a tax cut bill of this proportion, would have been reduced by the taxes paid by people put to work and businesses with increased sales and production.

Mr. President, I ask unanimous consent that at the conclusion of my remarks the bill which I introduced last year be printed in the RECORD together with the study made by the Congressional Research Service and the remarks I made on the Senate floor at the time of introduction.

Mr. President, this amendment makes economic sense. It also makes our tax code more fair and equitable. I urge its adoption by the Senate.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the CONGRESSIONAL RECORD,
Mar. 5, 1974]

By Mr. MATHIAS:

S. 3111. A bill to amend the Internal Revenue Code of 1954 to provide for an 8-percent reduction in the amount of income tax withholding. Referred to the Committee on Finance.

Mr. MATHIAS. Mr. President, I send to the desk a bill to stimulate the economy, reduce unemployment, and cut the budget deficit by reducing the massive overwithholding of Federal individual income taxes that occurs each year.

This bill would cut withholding for Federal income taxes by 8 percent across the board. It would thereby free approximately $10 billion to flow through our economy during the next year, producing goods, services, and jobs.

According to a study performed at my request by the Congressional Research Service using the facilities of Data Resources, Inc., this reduction of withholding would produce 180,000 jobs for Americans, increase consumer spending by $6.2 billion and real GNP by $6.9 billion over the coming year, and result in a reduction of the Federal deficit of more than $2 billion.

Last year, an estimated $22.2 billion had to be refunded to American taxpayers at the end of the tax year. This is close to one-fourth of the total Federal income tax owed by American citizens. This pattern has been prevalent for years. It is a situation which was exacerbated by changes passed in the 1971 Revenue Act which were designed to solve limited cases of underwithholding, but resulted in increasing overwithholding by approximately $8 to $10 billion.

Today close to 80 percent of American taxpayers receive refunds. The average refund, I am informed, is approximately $350. Many taxpayers prefer a system which results in overwithholding. They would rather that Uncle Sam owe them in April than that they owe Uncle Sam. The size and number of the refunds due each April suggests, however, that withholding could be modestly reduced without resulting in underwithholding for most Americans. In other words, the average American would still overwithhold, but not as much as now. I believe it is hard to justify any system which withholds from taxpayers more money than the Government is ultimately entitled to.

This proposal is designed to alleviate the impact of current economic trends on millions of American wage earners and taxpayers and their families.

These economic trends are ominous, at best.

The past year, 1973, saw inflation soar at a total appalling rate of 8.8 percent—almost three times the amount forecast by economic advisers 1 year ago. As 1973 ended, the unemployment rate jumped to 5.2 percent—meaning that more than 4.5 million Americans who wanted to work did not have jobs. The growth of our economy, measured as gross national product, slowed during the year to a standstill. And our international situation was cast under a dark cloud by the oil embargo imposed by Arab States, and the soaring price of foreign oil needed by America, and even more so by America's principal allies and trading partners.

The forecasts for the year ahead are not good. Inflation, we are told, will continue in the range of 7 to 8 percent. Unemployment will rise, possibly to 6 percent before the year has ended. Our gross national product may actually decline in the early months of this year, and the recovery expected in the latter half of the year will result in a net increase of only about 1 percent. The international situation remains very uncertain. Personal income actually declined in January of this year for the first time since the devastation of Hurricane Agnes in June 1972.

It is important to note that high inflation and high joblessness do not affect all Americans equally. One-half of the inflation in 1973 resulted from increases in food costs—an item that cannot be cut from the family budget. Over a third of the inflation in 1974 will come in full costs—and again this is a budget item over which families have only limited control. Rent and housing costs also increased appallingly and the high interest rates during the latter half of the year cut back new housing starts considerably. The fact that food stamp allowances were raised 28 percent last year helped those eligible for these benefits, but the average American ended the year with less real income than at the outset.

Given these economic facts of life, I was pleased to note that the President indicated in his Economic Report to the Congress his willingness to initiate measures to ease the economic crunch on Americans. I believe the time for such action is now, and I introduce this bill in hope of quick committee action. Other actions may also be necessary, including increased unemployment compensation and new public service jobs. I shall have more to say on these proposals at a later date. But I believe the bill I send to the desk today deserves enactment whether or not we are able to move ahead in these other areas.

Mr. President, I ask that an additional analysis of this proposal which was prepared by the Congressional Research Service be printed at this point in the RECORD together with a copy of the bill which I am introducing today.

There being no objection, the analysis and bill were ordered to be printed in the RECORD, as follows:

ECONOMIC EFFECT OF CORRECTING THE OVERWITHHOLDING IN THE INDIVIDUAL INCOME TAX

What would be the economic impact of the Federal government's collecting 10 billion dollars less annually in withheld taxes, while not changing the tax liability? In other words, personal tax withholding would decrease, but income tax refunds would decrease also by the same amount. Would this temporary increase in spendable income help the economy avoid the 1974 slump that is now being predicted?

In order to analyze the effects of this change, the Data Resources Inc. Quarterly model of the economy was used. The model solution (called "Control 1/30") assumes for 1974 a 1 percent annual rate of growth of real Gross National Product (real GNP), an increase in the Consumer Price Index of 8.9

percent and a three-month curtailment of oil imports. The solution of Control 1/30 and a new solution, "overwithholding," which shows the effect of the withholding schedule change, are compared in Table 2.

In 1972 the tax laws were changed, allowing larger personal exemptions. At the same time, however, the withholding schedules were changed to correct for previous underwithholding. (Table 1 shows the percentage change between the old withholding schedules and the 1972 withholding schedules.) That is, effective tax rates were lowered at the same time that withholding rates were increased. The amount of overwithholding that resulted far exceeded anyone's expectation. The intended stimulation of the economy from the tax cuts was more than offset by the change in the withholding schedules. Income tax refunds for 1972 increased 10 billion dollars—from 14 billion dollars in the spring, 1972, to 24 billion dollars in the spring of 1973.

The withholding schedule of 1972 is still in effect, resulting in an annual overwithholding of 10 billion (in today's dollars). If withholding rates were changed back to pre-1972 levels, a 10 billion dollar annual cut in withholding could be achieved. The economic effect would be that of a temporary tax cut, while the budgetary effect would be, at the worst, null, since tax liabilities would not decrease as they would if an actual tax cut were made.

A permanent change in the withholding schedules will only create a temporary "tax cut" effect. In 1974, taxes would appear lower, reflecting the lower withholding rates. Since taxpayers would have more income in 1974, they would presumably spend more. The economy would then expand to meet this demand; GNP would rise and more jobs would be created. But in 1975, the 1975 income tax refunds will also be lower. Thus, the effect of the continued lower withholding in 1975 is cancelled out by the decrease in income tax refunds from the previous year. This economic "tax cut" will stimulate the economy in the first year, but not in subsequent years. It will have the effect of a tax cut in 1974 only.

PERCENTAGE CHANGE IN AMOUNT OF INDIVIDUAL INCOME TAXES WITHHELD, BY SELECTED ANNUAL WAGES, MARITAL STATUS AND FAMILY SIZE, 1975–76

Annual wages	Single person	No children	2 children
$3,600	14.8	23.0	([1])
$6,000	6.0	3.8	−0.9
$8,400	7.7	2.4	−1.1
$10,000	6.2	1.8	−.9
$14,400	5.6	7.1	2.0
$20,400	15.9	12.7	9.0

[1] Withholding was increased from zero to $0.60 a month.

Sources: Commerce Clearing House, "New Federal Graduated Withholding Tax Tables Effective Jan. 16, 1972" (CCH, 1971) pp. 14, 15, 24, 25; CCH, "New 1971 Federal Graduated Withholding Tax Tables Effective Jan. 1, 1971" (CCH, 1970), pp. 14, 15, 24, 25.

The economic impact can be measured by adding the assumption of a temporary "tax cut" to the economic assumptions of the DRI model. However, because it's too late for this withholding schedule's change to be made in the first quarter of 1974, it was assumed that the new schedules would go into effect the second quarter of 1974, resulting in a decrease in taxes withheld in 1974 of 7.5 billion dollars, or three-quarters of the 10 billion dollar decrease (at annual rates) in withholding. In other words, personal taxes would be $2.5 billion lower in each of the last three quarters of 1974. In 1975, $10 billion fewer taxes would be withheld, $2.5 billion in each quarter of 1975. However, because the refunds from 1974, received in 1975, had been decreased by $7.5 billion, the net effect in 1975 would be only a $2.5 billion decrease in individual taxes withheld. In 1976, the full $10 billion decrease in 1975 tax refunds would completely cancel the economic effect of the new withholding rates. The above "tax cuts" were substituted in the DRI model, and a new prediction for 1974 and 1975 simulated.

As is seen from the accompanying tables, the cut in withholding results in an immediate rise in real GNP for 1974. It should be noted that the DRI forecast, "Control 1/30", differs somewhat from the official administration forecast. Because the DRI forecast is less optimistic than the administration's, the "overwithholding" solution, which shows a much better economic climate than "Control 1/30", may not look very different from the administration's forecast. However, "overwithholding" is based on the DRI assumptions. The important thing to look at is not the *level* of GNP, unemployment, etc., in the "overwithholding", but the difference between "overwithholding" and the DRI forecast. For example, what is important is that GNP is $5.8 billion higher in 1974 in the "overwithholding" solution (assuming the change in the withholding schedules) than it is in the DRI control solution, as is shown in Table 2. The price level, measured by the GNP deflator, is about the same for both solutions.

The "tax cut" directly affects disposable income, since it lowers taxes. Personal income is also higher, however. This is not caused directly by the change in taxes; it is caused by the overall stimulation of the economy, which raises GNP and lowers the unemployment rate. This "multiplier" effect raises disposable income $9.4 billion above the control solution in 1974 while the tax cut accounts for only $7.5 billion of this difference.

This stimulation of the economy feeds back to increased tax receipts. Total federal tax receipts appear to decrease in 1974 not by the $7.5 billion but by $5.8 billion. Because the $7.5 "cut" is not a cut in personal tax liability, the net effect is to increase revenues by $1.7 billion. This increase in revenues is caused by higher corporate profits and higher personal income, providing a higher tax base.

The effects of the change in overwithholding in 1975 are smaller and in 1976 no significant difference is found between the control solution and the overwithholding solution.

In effect, a permanent change in the overwithholding will provide a temporary stimulus to the economy at a time when a recession is being predicted.

TABLE 2

	1974	1975
Gross national product (GNP):		
Overwithholding	1,398.6	1,533.6
Control Jan. 30	1,392.7	1,532.1
Difference	5.8	1.6
Percent difference	4.2	.10
GNP in 1958 dollars (real GNP):		
Overwithholding	849.6	882.9
Control Jan. 30	845.5	881.6
Difference	4.1	1.3
Percent difference	.48	.14
GNP deflator (1958=1.00):		
Overwithholding	1.646	1.737
Control Jan. 30	1.647	1.737
Difference	−.001	−.001
Percent difference	−.07	−.04
Unemployment rate:		
Overwithholding	5.6	5.6
Control Jan. 30	5.7	5.7
Difference	−.1	−.1
Percent difference	−1.91	−1.77
Personal income:		
Overwithholding	1,140.8	1,241.0
Control Jan. 30	1,138.3	1,240.5
Difference	2.4	0.6
Percent difference	.21	.05
Disposable income (personal income minus taxes):		
Overwithholding	978.0	1,056.0
Control Jan. 30	968.6	1,052.7
Difference	9.4	3.3
Percent difference	.97	.31
Consumption (personal consumption expenditures):		
Overwithholding	880.1	957.6
Control Jan. 30	874.5	955.4
Difference	5.6	2.2
Percent difference	.64	.23
Total Federal tax receipts:		
Overwithholding	280.2	313.8
Control Jan. 30	286.0	316.5
Difference	−5.8	−2.6
Percent difference	−2.03	−0.83
Federal personal taxes:		
Overwithholding	118.1	133.2
Control Jan. 30	125.3	136.1
Difference	−7.2	−2.9
Percent difference	−5.72	−2.13
Federal corporate profits taxes:		
Overwithholding	48.0	52.2
Control Jan. 30	47.0	52.1
Difference	1.0	.2
Percent difference	2.05	.35

S. 3111

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3402(a) of the Internal Revenue Code of 1954 (relating to income tax collected at source) is amended by striking out "The amount of income tax to be withheld shall be:" in each of the tables contained therein and inserting in lieu thereof "The amount of income tax to be withheld is 92 percent of:".

(b) The amendment made by subsection (a) shall apply with respect to wages paid on or after the 30th day after the date of the enactment of this Act.

AMENDMENT NO. 156

(Ordered to be printed and to lie on the table.)

A FAIR REBATE

Mr. MATHIAS. Mr. President, I send to the desk an amendment which is designed to make the rebates provided by this act more fair and equitable. The rebate provisions, as passed by the House and reported by the Committee on Finance, discriminate against married couples in which both spouses are wage earners. These taxpayers are already discriminated against by the tax rate schedules in the code, as an article which I will insert for the RECORD makes clear.

I intend to call up this amendment for consideration at a later time. I believe that its equity is compelling, and I sincerely hope that it is adopted as part of this legislation.

I submit with this bill for the RECORD tables showing the discrimination against two-earner couples which exists under current tax provisions. These tables also make it clear that this discrimination is increased by the rebate mechanism provided in this bill. Moreover, the tables make it clear that this discrimination is greatest among the lowest-income married couples, a group which is very severely hurt by the recession and inflation which is raging today.

The amendment which I offer will not in any way delay the distribution of rebate checks this year. Instead it provides for a credit against taxes due next year. The amount of the rebate would be equal to the difference between the rebate an individual would have received if he or she were single, and the rebate he or she actually receives.

The mechanism of my amendment is further explained by the fact sheet which I will insert in the RECORD.

Mr. President, I ask unanimous consent that in the RECORD at this point there be printed the text of my amendment, tables showing the discrimination against two-earner married couples, a fact sheet on my amendment, and an article from People & Taxes by Sam Senger which explains in some detail the causes and the extent of this discrimination.

There being no objection, the material was ordered to be printed in the Record, as follows:

AMENDMENT NO. 156

On page 42, line 21, strike the period and insert ", except as provided in subsection (g),".

After line 21, add a new subsection (g) as follows, and renumber the succeeding subsections accordingly.

"(g) REBATE RECAPTURE FOR TWO-EARNER COUPLES: In the case of taxpayers who file a joint return under subsection 6013, if each spouse has earned income, and the lower of the earned income is either (a) $2,000 or (b) 10 per cent of the total of the earned income of the two spouses, whichever is less, there may be computed a tax credit as follows:

(1) There shall first be computed the rebate which would have been due to each spouse if each had been entitled to file a return as a single taxpayer;

(2) The amount of the rebate otherwise due under this section shall be subtracted from the sum of the two rebates calculated under paragraph (1) above.

The amount computed under paragraph (2) may be applied by the said spouses as a credit against the Federal income taxes payable by such spouses on their income for 1975, if they file a single return jointly under section 6013, with respect to such income, or a proportionate share of said amount apportioned according to the adjusted gross income attributable to each spouse, may be applied as a credit by each of said taxpayers who may file separately with regard to 1975 income.

MATHIAS AMENDMENT FOR REBATE RECAPTURE FOR TWO-EARNER COUPLES

H.R. 2166 as reported provides for one rebate for each unmarried wage-earner. A married couple filing a joint return is entitled to one, and only one, rebate. The bill thus discriminates against married couples in which both spouses work. If a man and woman are both wage-earners, the state of matrimony costs them one rebate. Furthermore, since their two incomes are combined in calculating their one rebate, the rebate they receive may be less than the rebate either spouse would have received if he or she were single.

Thus, these rebate provisions compound the well-known discrimination against two-earner couples which currently exists in the Internal Revenue Code. Any married couple would pay significantly less tax if they were still single. Senators may or may not prefer that young couples "live in sin", but there is no reason why our tax laws should continue to provide financial incentives for it.

The discrimination in the rebate mechanism is greatest against the lowest income working couples in terms of the amount of rebate lost compared to total taxable income.

The Mathias amendment would remove this inequity from the rebate mechanism without impairing the ability of IRS to distribute rebate checks promptly. The amendment states simply that any two-earner couple which receives a lower rebate this year, simply because the amount of rebate thus lost by taking that amount as a credit against the taxes they pay next year for their 1975 income. The amendment thus makes the rebate mechanism more fair, without delaying the distribution of rebate checks this year.

Some examples:

If a man and woman both work, and

A. each would have an adjusted gross income of $3,000,

If unmarried, each would receive a rebate of $100 (Total: $200)

If married, together they receive a rebate of $100 (cost of marriage=$100)

B. each would have an adjusted gross income of $5,000,

If unmarried, each would receive a rebate of $100 (Total: $200)

If married, together they receive a rebate of $115 (cost of marriage=$85)

C. each would have an adjusted gross income of $6,000,

If unmarried, each would receive a rebate of $100 (Total: $200)

If married, together they would receive a rebate of $157 (cost of marriage=$43)

D. each would have an adjusted gross income of $10,000.

If unmarried, each would receive a rebate of $148 (Total: $276)

If married, together they receive a rebate of $200 (cost of marriage=$76)

E. one would have an adjusted gross income of $15,000 and the other an adjusted gross income of $10,000,

If unmarried, one would receive a rebate of $200 and the other a rebate of $148 (Total: $348)

If married, together they receive a rebate of $150 (cost of marriage=$198)

F. one would have an adjusted gross income of $15,000 and the other an adjusted gross income of $20,000

If unmarried, each would receive a rebate of $200 (Total: $400)

If married, together they receive a rebate of $100 (cost of marriage=$300)

SOME EXAMPLES (FIGURES DERIVED FROM TABLE 1, APPENDIX, OF COMMITTEE REPORT)—ASSUME A MAN AND A WOMAN BOTH WORK AND EACH HAS AN ADJUSTED GROSS INCOME (AGI) AS INDICATED

	If single				If married (joint return)				Penalty for marriage		
	(AGI)	Tax under present law	Tax after comm. rebate	Amount of rebate	(AGI)	Tax under present law	Tax after comm. rebate	Amount of rebate	Under present law	After comm. rebate	In rebate
A	$3,000	$138	$38	$100							
	3,000	138	38	100							
Total	6,000	276	76	200	$6,000	$484	$384	$100	$208	$308	$100
B	5,000	491	391	100							
	5,000	491	391	100							
Total	10,000	982	782	200	10,000	1,152	1,037	115	170	255	85
C	10,000	1,482	1,334	148							
	10,000	1,482	1,334	148							
Total	20,000	2,964	2,668	296	20,000	3,035	2,835	200	71	167	96
D	5,000	491	391	100							
	15,000	2,549	2,349	200							
Total	20,000	3,040	2,740	300	20,000	3,035	2,835	200	(5)	95	100
E	10,000	1,482	1,334	148							
	15,000	2,549	2,349	200							
Total	25,000	4,031	3,683	348	25,000	4,170	4,020	150	139	337	198
F	20,000	3,784	3,584	200							
	20,000	3,784	3,584	200							
Total	40,000	7,568	7,168	400	40,000	8,543	8,443	100	975	1,275	300

[From People & Taxes, January 1975]

SINGLE-MARRIED TAX RATES UNFAIR

(By Sam Senger)

Some good tax advice for people who are single is to stay that way. Getting married will cost you tax money if you both intend to work.

Actually single people don't do as well in taxes as married couples in which only one partner works, but in order to make marriage pay two of you have to live on the same salary as one single person. The tax schedules which determine the different rates of tax for single and married people and heads of households, are under attack for discriminating against single taxpayers and even more so against married working couples. In fact, since 1969 when Congress last adjusted the rates to bring the single taxes more into line with married, there has been a so-called marriage penalty for couples with two-wage earners.

The result is that married workers pay the highest per-person tax rates in the system. Unmarried workers pay the next highest rates. Heads of households—taxpayers who are not married and have dependents living with them—come next, followed by married couples filing jointly. If all of this seems awfully complicated, look at the following chart from your income tax form.

INDIVIDUAL INCOME TAXES—Continued

Taxable income	I. Unmarried individual returns (other than surviving spouses and heads of households)		II. Joint returns (married taxpayers and surviving spouses)		III. Head of household returns		IV. Separate returns (married taxpayers)	
	Tax	Rate on excess	Tax	Rate on excess	Tax	Rate on excess	Tax	Rate on excess
$3,000	$500	19	$450	17	$480	18	$500	19
$4,000	690	21	620	19	660	19	690	22
$6,000	1, 110	24	1, 000	19	1, 040	22	1, 130	25
$8,000	1, 590	25	1, 380	22	1, 480	23	1, 630	38
$12,000	2, 090	27	1, 820	22	1, 940	25	2, 190	22
$14,000	2, 630	29	2, 260	25	2, 440	27	2, 830	36
$16,000	3, 210	31	2, 760	25	2, 980	28	3, 550	39
$18,000	3, 830	34	3, 260	28	3, 540	31	4, 330	42
$10,000	4, 510	36	3, 820	28	4, 160	32	5, 170	45
$20,000	5, 230	38	4, 380	32	4, 800	35	6, 070	48

Note: When the single taxpayer gets married she or he will get a tax break (col. 1 to col. 2), but only if both people live on the 1 salary. However, if the single person marries another wage earner (col. 1 to col. 4), their taxes go up. And they pay considerabla more than heads of households, even though they may have the same number of dependents and the same expenses caring for them (col. 3 and col. 4). In fact, married working couples pay at the same rates as 1-earner couples (col. 4 and col. 2).

The difference in the rates is an attempt to tax people according to their ability to pay, but it doesn't really work. A single person earning $10,000 can pay more tax, the legislators reasoned, than a married couple can with the same income simply because the couple has two people to support on the same amount of money. Wise old sayings aside, two really cannot live as cheaply as one, so the single person has more disposable income left from the $10,000.

UNECONOMIES OF MARRIAGE

That hypothesis may be true but the married couple already gets an extra personal exemption so they would be paying less tax than the single person anyway. Furthermore, the spouse who stays home and keeps the house (usually the wife) contributes services which make marriage more economical in a number of ways. Laundry, cleaning and cooking, for example, are likely to cost more for a single person who lacks the time to do all of that and must pay to have it done. The value of the housewife's services are really, therefore, imputed earnings since she has contributed something with economic value which is not measured in dollars. Of course, it would be almost impossible to put a value on them for tax purposes and, while they recognize the economies of marriage, legislators have avoided the complications of including them in the computations.

EXTRA EXEMPTION

So the single person, as the chart shows, pays an extra $270 for the privilege of being unmarried. If that person were to get married, say to another person earning $10,000 per year, both of them will pay an extra $100 each in taxes. The assumption is that their combined income of $20,000 enables them to pay more tax than they did when single because of the economies of marriage. It is unlikely, however, that they really have any of those savings. If both are working, they don't get the imputed earnings of one spouse who stays home. Yet they pay at the same rate as a married couple filing jointly in which one earns the whole $20,000 and the other keeps house (let's call their income $20,000+). Obviously, this couple filing jointly has more than the $20,000 of income that the couple filing separately has. And, by getting married, they lose one standard deduction which is worth about $500 in tax savings.

Why the different rates?

Until 1948, everyone's income was subject to the same tax rates. However, eight states had community property laws which, in essence, stated that half of a married person's income belonged to her or his spouse. The earner, therefore, could not be taxed on the whole amount. Since the rates are progressive, community property couples save tax money by splitting the income and both starting at the bottom of the same scale. For example, each would pay $1,100 on $6,000 of income for a total of $2,220, instead of $2,630 on one $12,000 salary.

The benefits of income splitting were so great that more states passed community property laws and so, to avoid discrimination against people who didn't live in those states, Congress extended income splitting benefits to all married couples by introducing the different rate schedules. Since then, the schedules have been changed and adjusted somewhat, but the basic discrimination in favor of certain married couples remains.

INCOME SPLITTING COSTLY

And that discrimination is very expensive. Brookings Institute economists, Joseph Pechman and Benjamin Okner have estimated that income splitting (and the special rates for heads of households that are a part of it) costs the Treasury over $21 billion per year at 1972 income levels. "Because low and moderate income taxpayers receive virtually no benefit from income splitting, it is not surprising that 97.5% of these tax benefits go to taxpayers with incomes above $10,000," Pechman testified in hearings held by the Joint Economic Committee in July, 1973.

TABLE III.—1972 TAX COST OF MARRIAGE—FOR COUPLE WITHOUT DEPENDENTS—USING THE STANDARD DEDUCTION

	Adjusted gross income of spouse No. 2												
	$6, 000	$8, 000	$10, 000	$12, 000	$14, 000	$16, 000	$18, 000	$20, 000	$22, 000	$24, 000	$26, 000	$28, 000	$30, 000
Adjusted gross income of spouse No. 1:													
$6,000	$173												
$8,000	150	$186											
$10,000	174	256	$340										
$12,000	252	348	478	$635									
$14,000	292	433	252	800	$985								
$15,000	287	448	658	895	1, 140	$1, 310							
$18,000	262	483	712	1, 010	1, 270	1, 485	$1, 675						
$20,000	244	486	775	1, 088	1, 393	1, 622	1, 858	$2, 055					
$22,000	200	500	805	1, 162	1, 483	1, 758	2, 008	2, 250	$2, 460				
$24,000	174	490	840	1, 212	1, 578	1, 868	2, 162	2, 420	2, 675	$2, 900			
$26,000	124	486	850	1, 268	1, 648	1, 962	2, 292	2, 595	2, 860	3, 115	$3, 330		
$28,000	104	480	890	1, 322	1, 748	2, 097	2, 542	2, 765	3, 060	3, 315	3, 530	$3, 730	
$30,000	37	458	882	1, 360	1, 800	2, 195	2, 560	2, 902	3, 198	3, 452	3, 668	3, 868	$4, 005

Since the system taxes two-earner families more heavily, it tends to favor the more traditional families in which one spouse, usually the husband, works and the wife typically stays home. But, by 1971 there were over 18 million couples in which both partners work so the "typical" family patterns that the system assumes are no longer so predominant. The tax schedules could, therefore, discourage the wife from getting a job because the rates are so high. The first dollar she earns is taxed at her husband's top tax rate rather than at the 14% rate at which the progressive rate schedule starts.

ADDED EXPENSES

The family also loses the value of her services at home and there is no deduction for many of the extra expenses incurred in getting a job. For example, she might have to pay for a suitable wardrobe, transportation, lunches, etc. These are expenses that any wage earner may have and they are generally not deductible, but a family with two workers will pay double the amount to earn the same income and then pay a higher tax. Since the tax rates are not adjusted to reflect the higher cost of earning, two-earner families are discriminated against.

If the couple has children and has to pay a baby sitter the child care deduction that is allowed is limited so that, depending on the combined income level, the value of it is decreased accordingly. The amount deductible, ranging from $200 to $400 per month for one to three dependents, is gradually reduced when the family income exceeds $18,000, so that it is phased out rather rapidly at $27,600. If the primary earner should have that large an income, the couple loses the deduction and the total cost of child care will be borne by the second earner without any tax reduction. The child care deduction, therefore, does not really equalize the tax, treatment or eliminate the discrimination.

BENEFITS OF INCOME SPLITTING

Adjusted gross income	Total revenue in millions	Number of taxpayers	Per taxpayer average
0 to $3,000	0	$16,990,596	0
$3,000 to $5,000	$5	10,021,746	$.50
$5,000 to $10,000	521	21,196,738	24.58
$10,000 to $15,000	2,542	15,390,348	165.17
$15,000 to $20,000	3,831	7,776,311	492.65
$20,000 to $25,000	3,375	3,098,369	1,089.27
$25,000 to $50,000	6,601	2,603,436	2,535.53
$50,000 to $100,000	2,933	482,964	6,072.46
$100,000 plus	1,757	91,423	19,223.19

Source: "Individual Income Tax Erosion by Income Class;' A. Pechman and B. A. Okner, The Brookings Institution, 1972.

Who is discriminated against?

The tax code treats everyone's income the same, regardless of their sex, if they fall into the same marital category. All single people, for example, pay higher taxes simply because they are single but in the taxation of married couples, employment and income patterns make it clear that the wife usually bears the tax disadvantages of the working couple.

By favoring one-earner families over two-earner families, the rate structure really hurts the secondary wage earner in the family and that usually means the wife. In the overwhelming majority of couples, the husbands job is thought to be more important. There are, of course, couples in which the wife is the primary earner or in which both spouse's jobs are considered to be of equal importance, but the typical pattern is the opposite.

Women workers usually earn substantially less than men and are less likely to occupy management or "career" positions. Women are more likely to view their employment as discretionary rather than obligatory, and usually do not, therefore, think of their work as being an essential part of their identity. If the couple has children, the wife is generally the spouse who says home to care for them. Thus, when she decides to re-enter the work force, that decision is often based largely on financial considerations and taxes must figure prominently.

The system that taxes the first dollar of the wife's income at her husband's top marginal rate, reduces the proportional contribution the wife can make to the family income. The tax rates, therefore, can easily combine with other forms of sex discrimination to discourage wives from pursuing meaningful carrer goals. Their work, when all things are considered, will bring home less money than their husband's work and so, once again, the woman is told that her labor is not as valuable.

SEVERAL SOLUTIONS

Several solutions have been proposed which generally fall into two categories. The first would be to tax everyone's income individually, regardless of marital status. A bill introduced by Rep. Edward Koch (D-N.Y.) and Senator Robert Packwood (R-Ore.) would do that, taxing all at the same rate. This would cost the treasury an estimated $6 billion and would result in married couples bearing a proportionately higher tax burden than they now do.

An alternative would be to allow people the choice of filing jointly or individually, so that couples could still save money. Such a solution would answer the constitutional problems which might be caused by taxpayers in common law states. However, tax expert Grace Ganz Blumberg, in testimony before the Joint Economic Committee, stated that the mandatory individual taxation would be fairer and would probably be held constitutional today.

A third possibility would be to create a larger system of deductions (such as child care) and exemptions to equalize the tax burden for two-worker families. This last solution would avoid any constitutional problems but could be the least equitable. It is an attempt to remedy a complicated problem with more complications, rather than by eliminating the problem.

The best solution seems to be to tax everyone individually and make adjustments in the tax rates for marital responsibilities by allowing tax credits. This would allow the single earner family some relief to help support a non-working wife and children without giving them the benefits of income splitting, which increases as family income increases.

AMENDMENT NO. 157

(Ordered to be printed and to lie on the table.)

Mr. BROCK submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 158

(Ordered to be printed and to lie on the table.)

Mr. LONG (for himself and Mr. HARTKE) submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 159

(Ordered to be printed and to lie on the table.)

TAX DEFERMENT REINVESTMENT PERIOD EXTENSION

Mr. HUMPHREY. Mr. President, on behalf of myself and Senators TOWER, DOMENICI, LAXALT, ABOUREZK, BUCKLEY, and HATFIELD, I am introducing an amendment to H.R. 2166, the Tax Reduction Act of 1975, designed to prevent the inadvertent imposition of taxes on homeowners as a result of collapse in the housing market. This legislation would extend the period, from the present 12 months to 18 months, during which proceeds from the sale or exchange of a residence could be reinvested in another residence without taxation. In the case of a residence under construction, this period will be extended to 24 months from the current 18 months.

We need no reminding that the housing industry is in the worst shape of any industry in our economy. The latest data is distressing. Housing starts are near an 8-year low. Not since 1966 have so few new housing units been put under construction. Even worse, applications for building permits for new housing fell to an all time low. Never have so few applications been processed in the entire period covered by the Department of Commerce statistics.

Numbers, Mr. President, are difficult to relate to—there is no flesh and bones for many people to grasp. Yet the numbers coming from the housing industry are so shocking that no one should have difficulty understanding what has happened there. Since 1973, housing starts have fallen 60 percent; building permit applications are down an incredible 70 percent in the same period. Unemployment in the construction industry now exceeds 15 percent and is climbing. Mortgage money remains tight, and interest rates are still near their historic highs of this past fall. In short, Mr. President, things have gone from bad to worse and are still going downhill. The major culprit in this collapse is high interest rates which remain near record high levels despite falling prime interest rates.

Record high interest rates have crippled the used home resale market as well as the new home market. In fact, one of the major reasons new housing construction is at depression levels is that existing homeowners cannot move up to larger, new homes and sell their existing residences. They cannot purchase a new home or sell their old home—sky-high interest rates have sharply reduced the sales of all homes.

In this situation, Congress should and, in fact, must insure that hardships are not imposed on individuals due to Federal rules or regulations intended to apply to more normal times. One clear example of such a hardship relates to the limited time period during which the proceeds from selling or exchanging a used home for a new home may be reinvested in that new home without being taxed. Currently, if these proceeds are reinvested within 12 months—18 months in the case of a new home under construction—in another residence, any capital gains tax on the sale is deferred. This is an appropriate and desirable Internal Revenue Service regulation designed to avoid penalizing a family which is doing nothing more than purchasing a new home in exchange for another residence.

However, the limited time periods of 12 and 18 months are now too short even for periods of normal mortgage rates; homeowners searching for a new home find themselves pressed to make a hasty decision solely because the tax deferment reinvestment period is soon to terminate for them.

What is needed is a longer time limit during which proceeds from the sale of a house can be reinvested in another residence and not be taxed. When mortgage rates are low, and decent homes abundant, a relatively short tax deferral time period is adequate because homeowners can easily acquire financing to buy a new residence. However, in periods like today of tight money and high interest rates, a longer time period during which proceeds from the sale of a house are deferred from taxation pending reinvestment is appropriate for two reasons:

First, a home buyer simply may not be able to acquire mortgage money at any interest rate; and second, home buyers are, understandably, very reluctant to borrow mortgage funds even when they are available due to the high interest rates. As a result, a short tax deferral period may expire before proceeds from a house sale can be reinvested in another house.

The amendment I am introducing will partially remedy this inequity. Under it, the time period during which proceeds from the sale or exchange of a residence are tax deferable, would be lengthened.

While I strongly support and have authored measures to stimulate new housing, I do not believe we should force people who cannot get mortgage money or who cannot afford today's high interest rates to suffer an income tax penalty.

We can move boldly to provide positive inducements to purchase homes and, at the same time, provide some relief from the burden of an unrealistic IRS requirement.

The extension of this time period to 18 months is identical to provisions carried in the general tax reform legislation which grew out of deliberations by the House Ways and Means Committee last fall. They predicted that no appreciable revenue loss would occur with this change.

I urge my colleagues to support this legislation designed to remedy an unintended result of our Internal Revenue Code.

AMENDMENTS NOS. 161 AND 162

(Ordered to be printed and to lie on the table.)

Mr. HARTKE submitted two amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 164

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY submitted an amendment intended to be proposed by him to the Cranston amendment proposed to the bill (H.R. 2166), supra.

AMENDMENT NO. 165

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS (for himself, Mr. BIDEN, and Mr. STONE) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

AMENDMENT NO. 166

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS (for himself and Mr. GARY W. HART) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

AMENDMENT NO. 167

(Ordered to be printed and to lie on the table.)

Mr. BELLMON submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

ADDITIONAL MILITARY ASSISTANCE FOR CAMBODIA—S. 663

AMENDMENT NO. 160

(Ordered to be printed and to lie on the table.)

Mr. BIDEN submitted an amendment intended to be proposed by him to the bill (S. 663) to provide additional military assistance authorizations for Cambodia for the fiscal year 1975, and for other purposes.

AMENDMENT NO. 163

(Ordered to be printed and to lie on the table.)

Mr. FORD (for himself, Mr. GARY W. HART, Mr. BUMPERS, Mr. LAXALT, and Mr. GLENN) submitted an amendment intended to be proposed by them jointly to the bill (S. 663), supra.

ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 133

At the request of Mr. HATHAWAY, the Senator from Colorado (Mr. HASKELL) and the Senator from Connecticut (Mr. RIBICOFF) were added as cosponsors of amendment No. 133, intended to be proposed to the bill (H.R. 2166), the Tax Reduction Act of 1975.

ADDITIONAL STATEMENTS

OUR CAPITAL'S VISITORS MUST BE PROTECTED

Mr. ROTH. Mr. President, I wish to call the attention of Senators to an extremely unfortunate incident that took place earlier this month when a group of seventh-grade students from Delaware were visiting the Smithsonian Institution here.

The mother of one of these children reports that they were accosted by a group of older juveniles who threatened them with violence unless they handed over the money with which they intended to purchase souvenirs of their trip. The money was handed over to the older juveniles but not before at least one of the visiting children was attacked.

Mr. President, I am sure every Member of the Senate will share my outrage that such an incident could take place in a Federal park in the heart of this country's Capital City.

We have all heard many speeches praising the upcoming Bicentennial celebration and the plans being made for it in this city. Yet, with the crime rate up sharply in recent months and all indications that it will continue to increase, how can we urge America's citizens to come to their Capital next year, or this year for that matter, when this sort of incident could await them?

I believe it is incumbent upon us all to make certain that the visitors to the monuments and institutions of this city are safe and free from assault of any kind. If all possible steps are not taken to protect these visitors, then I believe we should issue a warning to all potential visitors of what they may expect.

Mr. President, I have written the Director of the National Capital Parks concerning this problem and I ask unanimous consent that a copy of that letter be printed in the RECORD.

I am confident that the Director, Mr. Fish, will have some constructive suggestions to make on behalf of the millions of visitors who come to Washington each year and I can assure the Senate that I will do whatever I can to assist in making such visits free from such incidents as I have described.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., March 12, 1975.

Mr. MANUS J. FISH,
Director, National Capital Parks, U.S. Park Service, Washington, D.C.

DEAR MR. FISH: It has come to my attention that crimes perpetrated against visitors to the various monuments and museums within the jurisdiction of your organization are of serious concern to the Park Police as well as, I am sure, your own officials. There is reason to believe that, as with crime in general, offenses perpetrated against visitors to federal parks and monuments here are increasing.

An unfortunate incident which vividly illustrates the nature of this problem occurred earlier this month during the visit of a group of Delaware seventh graders to the Smithsonian Institution. As it was related to me, the visiting children were threatened by a group of older juveniles inside and just outside one of the Smithsonian buildings. These older children demanded the visitors' money and at least one child was subsequently assaulted before the visiting children handed over the money with which they had intended to purchase souvenirs.

As the mother of one of these children put it, "The money is the least of my concerns; the fact that school children cannot in safety visit the Nation's Capitol is so sad that it makes me sick." I am, Mr. Fish, in complete agreement with this mother and I fully share her revulsion over this incident. It is much more than shocking. It is truly shameful.

I have been advised by the Park Police that it is believed that far more incidents of this type take place in the Mall area of downtown Washington than are ever reported.

While I understand the difficulty in policing such an extensive area as the Mall, I believe it is absolutely mandatory that everything possible be done to protect all visitors to the Federal monuments and museums which make this city such an attraction for so many millions of American citizens.

I will appreciate it, therefore, if you will provide me with any thoughts or suggestions you may have toward improved protection of visitors to the National Capital Parks. It will be helpful if you will include your recommendations as to increased police personnel for this area, the possibility of the employment, or increased use of plain clothes officers in the area, and the costs associated with such additional protection.

I know that you share my concern over this situation in light of the fact that the heaviest influx of visitors of the year is almost at hand and, of course, the additional concern occasioned by the Bicentennial Celebration set for 1976.

Sincerely,

WILLIAM V. ROTH, Jr.,
U.S. Senate.

DEFENSE DEPARTMENT "FINDS" FUNDS FOR CAMBODIA

Mr. PEARSON. Mr. President, the war in Southeast Asia continues to be characterized by corruption in Saigon and bungling in Washington.

Yesterday it was learned that the Defense Department had "found" $21.5 million in funds which could be used for military aid for Cambodia. This was described by a State Department spokesman as a "discrepancy."

The President, obviously embarrassed, called this discovery "sloppy bookkeeping."

Time and time again we have heard the arguments that we must continue aid to Southeast Asia so that the world will beleive in our word—we ought, I suggest, to worry a bit as to whether the American people believes the word of its own Government.

Such events only widen the veritable ocean of suspicion, distrust and lack of confidence between the Government and the governed.

And, Mr. President, this is no spinoff of Watergate. It is the inevitable result of the Executive Department's words and actions over the last decade. A policy of "guns and butter" is represented today by inflation and recession. The Gulf of Tonkin Resolution was passed because of misleading representations to the Congress. And the list of such words and events could be drawn out almost without end—but to no useful purpose.

Some of us with legislative experience and with some understanding of the scope and complexities of Government still wonder what might be done about this sort of bungling. One way is to capriciously cut the Defense Department budget out of some sense of vengeance—but we diminish our own defense.

Well, Mr. President, I suppose we will do the obvious. Some of us will make a speech. Many of us will lose a little more faith in the men of the military and the men of diplomacy. We will call for a Senate Armed Services Committee investigation, letters will go to the GAO asking for a study, we will try to make sure that the newly discovered $21.5 million is included in any aid voted for Southeast Asia. And then perhaps go home and just agree with our outraged and disillusioned constituents.

But beyond the frustrations and irritations which beset us because of this event, a larger question remains as to what this sort of negligence does with the public confidence. And in the end the new isolationism the President decries may not be America withdrawing from the world, but Americans withdrawing from their institutions and their own officials of Government.

Mr. President, I ask unanimous consent that the text of three letters relating to this be printed in the Record.

There being no objection, the letters were ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., March 18, 1975.
Hon. John C. Stennis,
Chairman, Committee on Armed Services, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: I hereby request that the Armed Services Committee give consideration to conducting thorough hearings regarding the circumstances relating to the report yesterday by the Department of Defense that because of inadequate accounting procedures for military assistance funds, Cambodia had been overcharged by $21.5 million for ammunition during Fiscal 1974 and that, therefore, this so-called overcharge is now available for expenditure for additional ammunition to Cambodia in Fiscal 1975.

I should advise you that I am simultaneously asking the General Accounting Office to conduct a speedy and thorough investigation of this mater. But I believe that it would also be very useful for the Senate Armed Services Committee to conduct a thorough investigation of the billing and pricing procedures used by the Army for its MAP funds in Cambodia with the intent of determining whether or not the change in procedures announced yesterday can be properly justified within the bounds of normal and standard accounting practices.

If this is simply the result of a change to more acceptable and justified accounting procedures, then it seems to me that a longer range investigation reviewing accounting practices by the military in general would be in order.

Very truly yours,
James B. Pearson,
U.S. Senator.

U.S. Senate,
Washington, D.C., March 18, 1975.
Hon. John Sparkman,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: I want to advise you that I have today formally requested that the General Accounting Office immediately initiate an investigation regarding the circumstances related to the announcement yesterday by the Department of Defense that because of a review of accounting procedures, it was determined that Cambodia had been overcharged by $21.5 million for ammunition during Fiscal 1974. I have also written to the Chairman of the Senate Armed Services Committee, requesting that that Committee give consideration to conducting hearings on the matter of accounting procedures, past and present, used by the military in regard to military assistance program funds. The objective of both of these requests is to determine the status of military pricing and accounting procedures and whether or not the change announced yesterday is within the boundaries of acceptable accounting practices and whether or not more long-range extensive review of DoD accounting practices is warranted.

In regard to actions by the Senate Committee on Foreign Relations, it is my judgment, after having reviewed existing law, that should the so-called overcharge be found to be proper and legitimate, these funds, nevertheless, could not be properly expended during Fiscal 1975, given the ceilings that are now in effect.

Furthermore, it is my belief that the Foreign Relations Committee should make it clear that the $21.5 million overcharge reported yesterday by DoD should be included as a part of the supplemental funds approved yesterday by the Committee.

Very truly yours,
James B. Pearson,
U.S. Senator.

U.S. Senate,
Washington, D.C., March 18, 1975.
Hon. Elmer B. Staats,
Comptroller General, General Accounting Office, Washington, D.C.

Dear Mr. Staats: I hereby formally request that you immediately initiate an investigation of the circumstances involved in the report yesterday by the Department of Defense that as a result of an error in accounting procedures, Cambodia had been overcharged by $21.5 million for ammunition during Fiscal 1974 and that, therefore, this amount of $21.5 million is now available for providing additional ammunition to Cambodia during Fiscal 1975.

I ask you to conduct a speedy but thorough review of the accounting billing, and pricing practices for ammunition supplied to Cambodia in Fiscal 1974 and to make a determination as to whether or not the revised procedures are consistent with acceptable pricing and accounting practices. Beyond the question of whether or not inadequate procedures may have resulted in an overcharge during Fiscal 1974, I ask your evaluation as to whether or not, if an overcharge did, in fact, occur, can those funds be expended during Fiscal 1975. As you know, the Congress set a precise ceiling on expenditures for Fiscal 1975, and it is my understanding that funds equal to the amount of that ceiling have already been expended, therefore, placing in serious doubt as to whether or not funds in addition to this authorized ceiling may be expended. In addition, if the Congress should act in the next few weeks to increase the Fiscal 1975 ceiling, I would ask your evaluation as to whether or not that ceiling would apply to the so-called overcharge from Fiscal 1974.

Given the fact that Congress is this week considering the question of aid to Cambodia, it is of vital importance that you move with the greatest possible speed in conducting this investigation.

Very truly yours,
James B. Pearson,
U.S. Senator.

THE NATIONAL ENERGY CONSERVATION FUEL ECONOMY PERFORMANCE STANDARDS ACT OF 1975

Mr. MONDALE. Mr. President, the distinguished Senator from Wisconsin (Mr. Nelson) has introduced the National Energy Conservation Fuel Economy Performance Standards Act of 1975. This legislation, S. 654, would mandate a 75 percent increase in automobile fuel economy by 1985.

Two major national newspapers, the Milwaukee Journal and the Tampa Times, have analyzed Senator Nelson's legislation. I ask unanimous consent that the newspapers' editorials regarding this important legislation be printed in the Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From The Malwaukee Journal, Feb. 15, 1975]

Sense on Auto Fuel Efficiency

If the federal government really means business about cutting US consumption of energy to achieve greater self-reliance and avoid petroleum blackmail by oil producing countries, it will have to get tough with the automobile. Cars burned up nearly 30% of all the petroleum used by the nation in 1973. This can and must be reduced substantially.

Sen. Nelson (D-Wis.) has won Senate Democratic caucus approval of the concept of mandatory fuel efficiency standards for the auto manufacturers. The caucus pledged support for setting that standard at the "highest practicable" level. According to Environmental Protection Agency figures, more than a dozen cars on the market already get 30 miles per gallon or better.

Nelson's is a much more meaningful approach than President Ford's proposal for a voluntary auto industry goal of 40% fuel efficiency improvement by 1980. And in addition to not actually requiring anything of the auto makers, the President wants to give them an additional five years to clean up harmful auto exhausts.

Perhaps such a capitulation to the auto industry should have been expected from a former Michigan congressman, but it does not deserve to be taken seriously by Congress. A Federal Energy Administration analysis, leaked in anger by staff members after Ford made his proposal, shows that the President's fuel efficiency goal could be achieved without any relaxing of clean air goals or auto safety standards.

Nelson's legislation would direct the EPA to set incremental fuel efficiency standards for auto manufacturers, beginning in 1977. They would have to average at least 22 miles per gallon over their whole line of cars by 1980 and 24.5 m.p.g. by 1985. This would bring a 57% efficiency improvement over 1974 by 1980 and a 75% improvement by 1985. That could save drivers $15.5 billion a year in gasoline costs. And it could even cut the cost of autos, according to EPA and Department of Transportation calculations.

Since this will be fought by the auto industry and others, it is important to understand that Nelson's plan is not that of an energy efficiency purist. He has already made significant political compromises in hopes of winning congressional approval.

For example, Nelson does not call for a minimum requirement for each model of car, as would make sense for full energy conservation. Instead, he would permit continued manufacture of big gas guzzlers, so long as a manufacturer produced enough smaller, efficient cars to keep the overall average of models at the required level. Furthermore, Nelson has now stretched out to 1985 the deadline for full compliance that he initially proposed for 1981.

Fortunately, Nelson has not compromised on exhaust emission requirements. There is no technical need to do so. The auto industry, which has long tried to wriggle out of this obligation, should not be allowed to use fuel efficiency requirements, or even the current economic plight of the auto industry, as an excuse to cripple the Clean Air Act of 1970.

President Ford has been rightly insistent that the US must work its way out of its dangerously heavy reliance on foreign energy. But it is Nelson, not the president, who has come up with a plan for significant advance toward that goal through auto efficiency. As Nelson told the Democratic caucus, "We have talked enough; the time has come to act decisively."

[From the Tampa Times, Feb. 13, 1975]

CUT IN GASOLINE USAGE IS NECESSARY

It isn't happening swiftly, but steps are being taken to meet the current energy crisis and the artificial high price of petroleum products. The latest move in this direction is legislation proposed by Senator Gaylord Nelson, Wisconsin Democrat, to compel auto makers selling cars in this country to manufacture vehicles which will get 25 miles per gallon by 1985.

A similar bill, introduced by Senator Ernest Hollings, South Carolina Democrat, would call for cars averaging 28 miles per gallon by that date.

The message is clear. This country is not going to be forever dependent upon inflationary priced oil—domestic or imported. The technology exists to build engines which consume less gasoline and there is a growing demand that this technology be applied, if not voluntarily then by government edict.

Senator Nelson contends that his plan would save consumers about $15.5 billion on gasoline purchases and reduce the dollar flow to producers—now running at $24.2 billion per year—by $8.3 billion.

This doesn't mean that manufacturers would be prohibited from building larger vehicles which consume more gasoline, but they would have to produce enough smaller cars to have their market line average 25 miles per gallon. The Wisconsin solon might also incorporate into his measure a suggestion by Roger W. Sant, a federal energy official. Sant has proposed a registration fee of up to $1,000 per car for the gas-guzzlers. Cars getting 20 miles per gallon or better would be exempt from this levy.

Neither Detroit nor the oil industry will be overjoyed with these proposals. And it is certain they will lobby heavily against them. But Congress has an obligation to serve as the people's lobby and find some means to protect auto owners from getting a royal rip-off at the gasoline pump and in energy costs generally.

The foreign oil producers were doing very well until they decided they would use oil as a political weapon and milk the market for all it is worth. They automatically have set off a number of counter measures which will over the long pull lower the value of petroleum.

Perhaps it is fortunate that we have experienced this trauma. We have been energy wasters and the current squeeze will have the effect of making us more conscious of the importance of conserving our resources.

President Ford has an agreement with Detroit's major auto makers that they will achieve a 40 per cent improvement in mileage by 1981. However, this is not legally binding. And Detroit habitually produces what it thinks the public wants.

The Nelson-Hollings approach would not only discipline Detroit, it would curb horsepower hungry auto owners. These drivers of gas-guzzling dinosaurs flaunt their huge and highly inefficient vehicles in the manner of a grand dame showing off her jewelry. They need a little discipline, too.

We doubt that reliance on voluntarism will solve this problem. Some people are just as hooked on large cars as an addict is hooked on drugs. As long as there is a market there will be a demand. Reducing the supply may be the best of all possible answers.

RESOLUTIONS ADOPTED BY THE NATIONAL COUNCIL OF THE RESERVE OFFICERS ASSOCIATION

Mr. THURMOND. Mr. President, the resolutions adopted by the National Council of the Reserve Officers Association of the United States last month have now been released.

Because of the importance of this group and the connection between these resolutions and the Congress, I think they should be placed in the CONGRESSIONAL RECORD.

Therefore, Mr. President, I ask unanimous consent that these resolutions be printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTIONS ADOPTED BY THE NATIONAL COUNCIL OF THE RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

RESOLUTION NO. 1—IMPROVED IMPLEMENTATION OF PUBLIC LAW 90-168

Whereas, Public Law 90–168, the "Reserve Forces Bill of Rights and Vitalization Act," is intended to enable the Reserve Forces to more fully and effectively fulfill their responsibilities in our nation's defense requirements, and

Whereas, with the advent of the Total Force Policy and the expanding responsibilities of the Reserve Forces, and

Whereas, to insure full implementation of the intent and spirit of Public Law 90–168 for all services, and

Whereas, to strengthen the intent and purpose of Public Law 90–168 is the most significant action needed at this time, and

Whereas, the cost-effectiveness, combat readiness and achievements of the Air Reserve Forces have proved the management system of Reserves managed by Reserves.

Now therefore be it resolved that the Reserve Officers Association of the United States seeks such administrative and legislative action to accomplish the following:

1. To create in the Department of Defense the Office of Assistant Secretary of Defense for Reserve Forces.
2. Establish the position of an Assistant Secretary in each of the services to be the Assistant Secretary for Reserve Forces.
3. Persons for these positions be selected from the Reserve Forces and possess Reserve management experience.

RESOLUTION NO. 2—RECALL OF READY RESERVISTS

Whereas, under the Total Force Policy the Reserve Components are to play an increasingly important role, and

Whereas, as a part of the implementation of the Total Force Policy it is necessary to be able to utilize the Reserve Components under circumstances less serious than warranting a declaration of war or a natoinal emergency, and

Whereas, the Congress has given the President authority to respond to such military threats for a limited period of time while it is reviewing such action in accordance with its constitutional responsibilities under the War Powers Act,

Now therefore be it resolved that the Reserve Officers Association of the United States supports legislative authority for the President of the United States to recall up to 50,000 Ready Reservists for up to 90 days without a declaration of national emergency by the President, or by the Congress, and that this resolution be forwarded to the chairmen of the Senate and House Armed Services Committees.

RESOLUTION NO. 3—OPERATION OF DEFENSE INSTALLATION COMMISSARY FACILITIES

Whereas, the Department of Defense proposes certain changes in military commissary stores' operation beginning in October 1975, and

Whereas, these changes are aimed at transferring the full cost of commissary operations to the customer, and

Whereas, this would cause an increase in the current surcharge with the result being the elimination or radical curtailment of the operation of most commissary stores, and

Whereas, such action would cause an additional financial hardship for beneficiaries of commissary operations in a period of decreasing purchasing power due to inflation,

Now therefore be it resolved that the Reserve Officers Association of the United States strongly opposes any attack upon military commissary operations or any other area of fringe benefits for military personnel and their dependents which has the effect of decreasing such personnel's disposable income in the name of economy or cost-effectiveness.

RESOLUTION NO. 4—WITHDRAWAL OF EQUIPMENT FROM RESERVE UNITS

Whereas, the Reserve Components are expected to maintain a high state of readiness, and

Whereas, there is an apparent increase in the provision of military assets for foreign military sales through withdrawal from Reserve Units,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Congress of the United States to seek to stop the apparently accelerated diversion and withdrawal of mission-essential unit equipment from the Reserve Components, and

Be it further resolved that the Reserve Officers Association of the United States urges the Congress to direct and fund the necessary procurement to equip the Total Force to insure its effectiveness.

RESOLUTION NO. 5—DEPENDENTS EQUITY, RESERVISTS WHO DIE BEFORE AGE 60

Whereas, Chapter 67, Title 10, U.S. Code (formerly Title III, P.L. 80–810), provides for retirement pay at age 60 for those who have completed more than 20 years of "satisfactory service," as defined therein, and

Whereas, the above statute does proeprly recompense Reservists for their 20 or more years of devotion and sacrifice and also makes them eligible to elect Survivor Benefits for their dependents provided they survive to age 60, and

Whereas, through misfortune, a Reservist otherwise qualified for the aforementioned benefits, may not survive until age 60, and

Whereas, he, his widow or other dependents have sacrificed many amenities and convenlences because of his long Reserve service, and

Whereas, no law exists which would recompense the Reservist's dependent survivors in the event of his early demise, except if his death occurs while on active duty or during training, and

Whereas, it is expected that the Reservist, as a provident individual would provide the bulk of his estate from his civilian pursuits, and

Whereas, on the other hand, a career military member can, in most cases, develop his estate from his full-time military career, but

Whereas, the Reservist has invested a significant share of his lifetime to Reserve duty, thus sacrificing in part his ability to develop a complete estate for his survivors,

Now therefore be it resolved by the Reserve Officers Association of the United States that it develop and support legislation which, based on current statutory bases, would provide a fully qualified Reservist's dependent survivors (should he die before age 60) a benefit in proportion to his military service as compared to that of his full-time military counterpart.

RESOLUTION NO. 6—RELOCATION OF RESERVE UNITS

Whereas, maintenance of Reserve Forces is an integral part of Total Force Policy, and

Whereas, manning of many Reserve Forces is dependent on a large population base for recruiting markets, and

Whereas, large population bases usually support a variety of industrial and management skills readily usable by Reserve Forces, and

Whereas, the Department of Defense has traditionally sought to establish and maintain Reserve units on these premises, and

Whereas, economic pressures are forcing consolidations of facilities when possible,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Secretary of Defense to adhere to policies supporting these aforementioned premises and carefully evaluate all decisions which relocate Reserve Forces from major population centers to sites surrounded by inadequate population bases, thus assuring that cost-effectiveness is in fact achieved and no loss in combat readiness is incurred.

RESOLUTION NO. 7—REVISED REDUCTION-IN-FORCE PROCEDURES

Whereas, the active forces are required to involuntarily separate dedicated and qualified individuals to meet Congressionally imposed ceilings, and

Whereas, the quality of an individual is not governed by the source of commission or the particular component within the force, and

Whereas, true economies exist only when the most highly qualified individuals are retained, without reference to component,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Secretary of Defense to seek legislation which would provide for the retention of only the most qualified individuals, without regard to component, in any future reductions-in-force, and

Be it further resolved that the Reserve Officers Association of the United States supports the equal entitlement to readjustment benefits authorized members of the Reserve Components for individuals of the Regular Forces of the armed services involuntarily separated from the active service by reason of reduction-in-force.

RESOLUTION NO. 8—PROPER UTILIZATION OF RESERVE FORCES

Whereas, the Total Force Policy requires proper utilization of Reserve Forces, and

Whereas, subsequent utilization for this purpose has been on a piecemeal basis, and

Whereas, such utilization has not followed a definite program,

Now, therefore, be it resolved by the Reserve Officers Association of the United States that an examination should be made by the Department of Defense of the utilization of all of the Reserve Forces in the Active establishment for the purpose of ascertaining where the Reserve can perform missions of sufficient duration so that the Active establishment can reprogram those assets to better support the Total Force.

RESOLUTION NO. 9—EQUITY OF READJUSTMENT ALLOWANCES

Whereas, the constricting military strengths as a result of the end of the Vietnam conflict and the current economic situation dictate the involuntary release of not only officer but enlisted personnel, and

Whereas, the $15,000 maximum readjustment allowance, now authorized only for commissioned officers involuntarily released from active duty, established in 1956 has been eroded by inflationaray forces, and

Whereas, involuntary reductions-in-force apply not only against officer personnel but against enlisted personnel as well,

Now, therefore, be is resolved that the Reserve Officers Association of the United States seeks and supports legislation which would:

(1) Provide readjustment allowances under Section 687, Title 10, U.S. Code, for both enlisted and officer personnel involuntarily released from active duty, and

(2) Raise the ceiling to provide maximum payments equivalent to the present purchasing power of $15,000 in 1956.

RESOLUTION NO. 10—ADDITIONAL MEDICAL CARE AND RELATED BENEFITS FOR MEMBERS OF THE RESERVE COMPONENTS

Whereas, members of the Reserve Components of our Armed Forces are, in the course of their training and in support of the active forces, increasingly engaged in hazardous training and duty, and

Whereas, current law does not provide adequate protection for all Reservists taken ill during training, injured during training and while traveling to and from such training, nor does it provide adequate medical care for survivors of those who are killed during training, and

Whereas, a bill entitled "The Reserve Forces Benefits Act," which has passed the House of Representatives during several Congresses, will provide the coverage now omitted in law,

Now therefore be it resolved that the Reserve Officers Association of the United States strongly supports "The Reserve Forces Benefits Act" or similar legislation that will provide this medical care and related benefits to Reservists and their dependents.

(This resolution updates and supersedes Resolution No. 28, 19 June 1971.)

RESOLUTION NO. 11—ARMY AND AIR FORCE RESERVE TECHNICIAN LEGISLATION

Whereas, the Air Force Reserve has been cited as an example of a viable and effective Reserve program with a large majority of the Category "A" units combat ready, and

Whereas, the Reserve Officers Association at its convention in Atlanta voted to support legislation proposed for submission to the 93rd Congress which would place all technicians in the Excepted Service and make other changes to the program, and

Whereas, while the proposed legislation may meet the requirements of the Army technician program, it will adversely affect the Air Reserve technician program in the areas of comba' effectiveness and morale, and cause job upheaval,

Now therefore be it resolved that if such legislation is referred to the Congress, the Reserve Officers Association petitions the appropriate committees of the Congress involved with this legislation to separately consider the requirements of the Army Reserve and the Air Force Reserve as they apply to the technician program.

RESOLUTION NO. 12—RESERVE COMPONENT TRAVEL FOR OVERSEAS TRAINING

Whereas, under the Total Force Policy, the Reserve Components are to be the initial and primary source for augmenting the Active Forces in any future emergency, and

Whereas, to increase the readiness of the Reserve Components, it is essential that all elements of the Reserves be thoroughly trained, and

Whereas, units selected for overseas training are those units for which appropriate specialized training is not readily available within the Continental United States (CONUS) and for which a contingency mission has been assigned for duty in an overseas area comparable to that in which the unit is to receive overseas training, and

Whereas, such training provides realistic "hands-on" training and mission-oriented activities in the area of potential overseas deployment, and

Whereas, such training will contribute significantly to the unit's readiness condition, and

Whereas, prior to the termination of "Reserve Component Overseas Training Travel" by the United States Congress in September 1974, selected units were able to receive the necessary training during their annual training periods by traveling to suitable overseas locations,

Now therefore be it resolved, That the Reserve Officers Association of the United States urges the Congress of the United States to modify the action terminating Reserve Component overseas training travel, in order that Reserve Component units will be able to receive effective mission-oriented training outside the Continental United States.

RESOLUTION NO. 13—UNIFORM STANDARDS FOR PARTICIPATION IN NON-PAY TRAINING

Whereas, there is no uniformity among the Services in the amount of time for participation in non-pay inactive duty training necessary for earning equivalent retirement points in performance of the same training or duties, and

Whereas, this violates the principle of equal credit for equal work, and discriminates against some Reservists,

Now therefore be it resolved by the Reserve Officers Association of the United States that the Secretaries of each of the Services be urged to standardize the length of time of participation in non-pay inactive duty training among the Reserve Components for the earning of one retirement point.

RESOLUTION NO. 14—JUNIOR ROTC SUPPORT

Whereas, Junior ROTC is an economical and professional method of instilling patriotism, comraderie, justice, competition and academic knowledge into the youth of America, and

Whereas, JROTC units require field trips, specialized briefings and technical/vocational orientations to complement and embrace their academic programs, and

Whereas, service department budgetary limitations have severely restricted funding of JROTC units for these essential activities,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Secretary of Defense to encourage post, camp, station, base and facility commanders to support, within their capabilities, requests from JROTC units for transportation, speakers, demonstrations and orientations.

RESOLUTION NO. 15—CHANGE IN SURVIVOR BENEFIT PLAN (SBP)

Whereas, the reductions in retired or retainer pay provided by Section 1452(a) of Title 10, U.S. Code, in the case of a person who has elected to provide a Survivor Benefit Plan (SBP) annuity for a spouse, and by Section 1452(c) of Title 10, U.S. Code, in the case of a person who has elected to provide a SBP annuity for a natural person with an insurable interest, do not terminate upon the death or divorce or such spouse or death of a natural person with an insurable interest, and

Whereas, in the case of a married retired federal employee, Public Law 93–474, 93rd Congress, S. 628 of October 26, 1974, provides that upon losing a spouse covered by an election to provide a survivor annuity, the retired person's annuity shall be recomputed and paid as if it had not been reduced.

Now therefore be it resolved that the Reserve Officers Association of the United States seeks and supports appropriate legislation to provide that "Retired or retainer pay which is reduced under Subsections 1452 (a) and (c) of Title 10, U.S. Code, shall, for each full month during which a retired member or fleet Reservist is not married, or after the death of a person with an insurable interest, be recomputed and paid as if the retired or retainer pay had not been so reduced."

RESOLUTION NO. 16—AIR FORCE RESERVE UNIT FLYING HOUR ALLOCATIONS

Whereas, the Air Force Reserve Flying Unit Program has long been highly cost-effective in both its training and productive airlift missions under the existing flying hour allocation schedule, and

Whereas, the combat capability of Air Force Reserve Flying Units is dependent not not only on aircrew proficiency but also on the ability of each unit to maintain its aircraft operationally ready, and

Whereas, the reduced allocation of flying hours to each unit imposes limits on the degree of aircrew proficiency attainable, and

Whereas, the pre-mobilization maintenance manning of Air Force Reserve flying units is already skeletal in many critical skills, and

Whereas, to further reduce flying hour allocations would result in reduction of maintenance capability below an acceptable level for support of the peacetime mission of maintaining a combat capable force,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the Secretary of the Air Force and the Secretary of Defense to seek necessary appropriations for flying hour allocations that will continue to provide adequate combat readiness training.

RESOLUTION NO. 17—RETENTION OF THE AIR RESERVE PERSONNEL CENTER

Whereas, the Air Reserve Personnel Center (ARPC) at Denver, Colorado, maintains the records and handles the major personnel actions of all members of the Air Force Reserve, and

Whereas, the management of Reserve records and personnel actions is specialized with its own peculiar problems, and

Whereas, ARPC, through long experience and a dedication to service has developed a well-earned reputation for service to the members of the Air Force Reserve, and

Whereas, proposals have been made to move ARPC to Randolph Air Force Base, Texas, and consolidate its functions with the Air Force Military Personnel Center (AFMPC) thereat,

Now therefore be it resolved that the Reserve Officers Association of the United States urges the preservation of the integrity of the Air Reserve Personnel Center and opposes its proposed consolidation with the Air Force Military Personnel Center.

RESOLUTION NO. 18—COAST GUARD RESERVE ADMIRALS

Whereas, there is little opportunity for officers of the Coast Guard Reserve to be promoted to flag rank because of present statutory limitations of two flag billets and a five-year tenure for flag officers of the Reserve as contained in Sections 772(b) and 798, Title 14, U.S. Code, respectively, and

Whereas, the promotion opportunity to flag rank for Reserve officers is disproportionately lower than that for regular officers (the authorized number of two Reserve flag officers being only .04 percent of the authorized Reserve officers strength as compared with .75 percent authorized for Regular flag rank), and

Whereas, a lesser term would allow more opportunity for service as Reserve admirals, and

Whereas, a lesser term would provide motivation and incentive for captains who would otherwise realize no future chance for promotion prior to retirement.

Now therefore be it resolved that the Reserve Officers Association of the United States seeks and supports legislation to amend Chapter 21, Title 14, of the U.S. Code to change the tenure of Coast Guard Reserve admiral from five years to three years.

THE MONETARY REFORM LEGISLATION, SENATE CONCURRENT RESOLUTION 18

Mr. BUCKLEY. Mr. President, the U.S. Senate yesterday passed, 86 to 0, Senate Concurrent Resolution 18 which I believe when fully implemented will represent a significant step toward breaking the grips that the inflation-recession cycle has on this Nation's economy. Since the end of World War II, we have been slowly but progressively drifting toward ever more harsh inflations followed by devastating recessions. It has only been since the most recent 12-percent-plus inflation and the advent of the worst economic recession since the Great Depression that economic observers have come to appreciate that either condition is a cause for concern. The economic truth we face today is that inflation and recession are problems which must be dealt with simultaneously. It is folly to direct total attention to one of the two problems, with the stated or unstated expectation that the other will not be a problem.

Increasingly, economists are coming to consider that the problems of recession and inflation have common origins, with the distinctions largely matters of degree. The controlling factor is monetary policy. What gave this Nation runaway inflation was excessive growth in the money supply. What brought about the recession was an overly rapid contraction of the growth rate to the point that the Federal Reserve produced no monetary growth over the last economic quarter. To be sure there have been contributing causes to both the inflation and the recession, most notably the rapid increases in the costs of imported oil. But I am convinced that primary blame belongs to erratic money supply management. And that is what Senate Concurrent Resolution 18 is all about. As a cosponsor, I am interested in three things. First, the Federal Reserve must pursue a policy which intends to bring about more rapid growth in the money supply for the next few months, so as to bring the calendar year 1975 annualized growth average to around 5 percent. Second, that long-term monetary targets should be calculated toward maintaining a relatively stable money supply growth policy, one which is geared to the Nation's long-term economic potential. It is clear to me that if we are to break out of the ever-worsening inflation-recession cycle, then we must have a relatively stable policy of monetary growth. Third, as a Member of the Senate who is called upon to vote for and against legislation which has a fiscal policy impact, I fully appreciate the need to have available to me information regarding the Federal Reserve's short-term intentions toward monetary policy. I, for one, think it is absolutely essential that the Congress have this information. Without it, any attempts at macroeconomic policy planning are haphazard at best.

Much of the literature in the field of monetary policy dwells on arcane concepts and is clouded by technical jargon. But in essence, the general relationships are uncomplicated. The money supply and, specifically, the rate at which it increases, hold the key to spending, both private and public. Economists have discovered that there is a close, long-term correlation between the rate at which the supply of money grows and the rate of increase in total spending. When there is a rapid rate of growth in the money supply, the rate of spending increases rapidly; and similarly, when there is a sharp reduction in the rate of growth of the money supply, the growth of total spending is also rapidly reduced. This is true no matter which one of the several monetary aggregates we focus on. They all move up and down together.

The precise nature of the relationship between changes in the rate of monetary growth and the rate of growth of total spending is imperfectly understood, as is the lag relationship between a change in the monetary growth rate and its eventual effect on total spending. Nevertheless, there is widespread agreement among economists that, in Prof. Paul Samuelson's words, "money matters."

In recent months, for a variety of technical and policy reasons, the Federal Reserve has virtually called a halt to the expansion of the supply of money. The consequences of this slowdown in the rate of growth are serious for the private economy which accounts for nearly 65 percent of total spending, and for State and local governments which account for another 12 percent; especially when Federal spending is increasing at an annual rate of more than 17 percent.

To be sure, it is not just the monetary policies of the Federal Reserve which should concern those of us interested in Federal economic policy. The casualness with which Members of the Congress have received the news that the Federal Government in fiscal 1976, will spend at least $352 billion and incur a deficit of between $60 and $80 billion, is deeply disturbing. Forty years of more or less consistent deficit spending has deadened our economic sensibilities to the potential damage done to the economy by ever-larger Federal budgets and deficits.

If we are to avoid a new surge of inflation to rates of 15 percent or higher, it is essential that a large portion of next year's deficit be financed through the Nation's capital markets. Unfortunately, the consequences of such a massive intervention will be interest rates higher than those that would otherwise prevail, and a reduction of spending which would otherwise be made by the private sector. The result of this kind of Government competition for funds available in the capital markets will be a slower recovery from the recession in which we presently find ourselves mired.

In other words, we find ourselves on the horns of a real dilemma which, if not handled correctly, could lead to far more serious economic difficulties than those in which we now find ourselves.

If we look at the last decade as a whole, we can see a disturbing tendency for monetary policy to be excessively stimulative. This has resulted in much higher rates of price inflation than we have experienced in the past.

From 1959 to 1964 prices grew at a rate of 1.5 percent per year.

From 1965 to 1972 prices grew at a rate of 4 percent per year.

Prices grew 7.4 percent in 1973, and approximately 12 percent in 1974.

In each of these time periods the increase in prices has resulted from the increasingly stimulative monetary policies put into effect during the preceding periods. In recent months, however, as if to correct for past overindulgent monetary growth, the Federal Reserve has slammed on the brakes with such force that we have experienced a slowdown in spending that is far greater than is necessary or prudent.

Many economists have now concluded that fluctuations in monetary policy are in themselves major causes for concern. I cannot stress this too strongly. The high inflation of 1973–74 reflected in substantial part the extraordinarily high 8 to 10 percent annual money supply increase in 1972–73. Over the last 8 months, no doubt to cool the inflation, the Federal Reserve, for all practical purposes, called a halt to growth in the money supply. If a 1974–75 recession was already in the making, it was made significantly more severe by the swift contraction of money supply growth. Responsible economists indicate that this reflected the Federal Reserve's traditional concern with the fine-tuning of the economy, including control of interest rates, and in particular short-term money market rates. Rather than accepting day-to-day fluctuations of interest rates as a result of supply and demand changes, historically, the Federal Reserve tries to resist both increases and decreases in interest rates. As a result, the growth in money supply is apt to be either too fast or too slow and the economy accordingly either overheats or contracts.

The fundamental virtue of Senate Concurrent Resolution 18 is that it spells out a criterion and procedure to provide for a more predictable, constant policy that on the average will relate the growth of the supply of money to growth in the productive capacity of the economy. The Federal Reserve would be directed to tie "its money supply growth targets and other monetary actions" to the "economy's long-run potential to increase production," and this would bring economic growth without inflation.

I am delighted Senate Concurrent Resolution 18 has passed the Senate. I believe it holds the key to building long-term stability into our monetary system by recognizing that our economy is simply too complex to be "fine tuned" by even the ablest and best informed of men. In so doing, it will remove sources of economic instability that can and have adversely affected economic development.

TWA SEEKS TO REDUCE FARES FOR ELDERLY, YOUTH, AND FAMILIES

Mr. INOUYE. Mr. President, I would like to bring to the attention of this body a noteworthy development in the field of commercial aviation. TWA has recently announced that they have filed with the Civil Aeronautics Board a request to initiate reduced fares for the elderly, youth, and families. I applaud TWA for this effort. As we are all aware, airline fares, as everything else, have been on the rise during the last year. It is refreshing, therefore, to see an effort by TWA to reduce fares for those segments of our society who are in the most need; namely, the youth, the elderly, and families. These fares will provide savings of 33 percent over current coach fares.

Let us hope that the CAB will approve these fares so that they will become operational as planned on April 24 and accordingly will be available for the rest of the year. It is no secret that there is a severe decline in airline traffic. This combined with escalating costs makes TWA's reduced fares most timely. This offering then of youth, senior citizen, and family fares will provide savings to the consumer while increasing airline revenues by stimulating increased leisure travel.

Mr. President, I urge the other airlines to follow TWA's lead and request similar fares; and let us hope that neither the Civil Aeronautics Board nor the administration place any stumbling blocks in the way of these reduced fares.

SENATOR McCLURE CALLS FOR RESTRICTIONS ON CRIMINALS, NOT FIREARMS

Mr. HANSEN. Mr. President, the Senator from Wyoming has had the good fortune to have brought to his attention testimony given before the House Judiciary Committee's Subcommittee on Crime.

This testimony was on the subject of gun control, and was presented by the distinguished Senator from Idaho (Mr. McClure). The Senator's remarks very well reflect the view of the vast majority of citizens in my State of Wyoming, and I believe reflect the view of a majority of American people who have given fair and serious consideration to the gun control question.

The Senator from Idaho expresses his concern "over the fact that more attention is being given to restrictions on guns than there is being given to restrictions on the criminals who use guns."

Mr. President, commonsense tells us that it is the criminal element that must be brought under control in this country. The Senator from Idaho makes this point exceedingly well. I commend him for this important testimony, and ask unanimous consent that it be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Remarks By James A. McClure

Mr. Chairman: I appreciate having the opportunity to address this Subcommittee on the subject of gun control, but to be quite honest with you I am very concerned over the fact that more attention is being given to restrictions on guns than there is being given to restrictions on the criminals who use guns.

There are many millions of Americans who are deeply distressed over our rising national crime rates. Those same millions of our citizens are viewing the current events in this Congress, though, with the same kind of distress. They see an absurd situation—where incredible attention is paid to the damning of the absolute and legitimate rights of law abiding citizens through restrictive and wholly unnecessary gun controls—but where virtually no serious attention is paid to bringing the desperately needed changes in the law to deal swiftly and harshly with criminals.

The American public has been victimized too long—far too long—by criminals, and ultimately by those in the Congress who refuse to take the only sure-fire action that will reduce the violent crime spiral—which is getting criminals off the street and behind bars. Gun controls will not end crime. That's pie in the sky.

I am opposed to gun controls. I am against them, and I will fight them because:

The Constitution guarantees the right to keep and bear arms. The Second Amendment is absolute—it is inviolable.

Existing gun laws—even the most stringent—have failed to reduce crime. Homicide in this country, for example, has grown 300 percent since the Gun Control Act of 1968.

Gun laws principally affect only those of our citizens who are law-abiding—those who own firearms for self-defense, for sport and recreation or any other lawful purpose.

Gun laws cost money. Gun controls require excessive administration, the cost of which is borne by the already overburdened tax-payer through millions of dollars in additional taxes.

Gun laws create untouchable bureaucracies that only serve to harass law-abiding citizens.

Gun laws which move to abolish constitutionally lawful possession and use of handguns will not touch crime. But it will dash the right of all Americans to defend themselves, their homes and their livelihood .

Mr. Chairman, to possess and use firearms is historically, legally and constitutionally recognized in this nation. The Second Amendment clearly proclaims that "the right of the people to keep and bear arms shall not be infringed." Our Second Amendment must not and can not be ignored as is being done by many advocates of strong gun control measures.

Mr. Harold W. Glassen, a noted trial lawyer and past President of the National Rifle Association, summed up in five important points the status of the Second Amendment and its interpretation:

One, "The Second Amendment does not create the right of the people to keep and bear arms, but it prevents the Congress from infringing such a right—thereby recognizing that such a right exists."

Two, "Such right existed in the English common law and is part of our common law."

Three, "The Federal government has no police power but some right of regulation is permissible under the Commerce Clause and I sometimes think our Federal government does not know it has no police power. At this time in history, there is reasonable doubt whether the Supreme Court of the U.S. would determine whether the Congress was restrained from infringing the right of the individual to keep and bear arms, that is to say, whether the right is collective or individual. The question could come up in the event of legislation providing for confiscation of individually owned firearms."

Four, "At this time the Second Amendment applies to the Congress, but there is some indication that the Supreme Court might extend this prohibition to the 15 States not now having a constitutional provision on the matter of the right to keep and bear arms."

Five, "Most of the States' constitutional provisions recognize or, if the need existed, create the right to keep and bear arms."

As Mr. Glassen so aptly claimed—the anti-gun people deny that there is such a basic right to keep and bear arms by the people, but they are wrong and they know they are wrong. Mr. Glassen's five points indicate why.

Some argue that the Second Amendment only applies to the militia. However, as John Snyder pointed out in the 1971 summer issue of "New Guard" our founding fathers contemplated the role of the second amendment. "Thomas Jefferson in his draft of the Virginia Constitution in June of 1776 stated: 'No freeman shall ever be debarred the use of arms.' (The Declaration of Independence came a few weeks later.)" Mr. Snyder told of what George Mason said in his Fairfax County Militia Plan for Embodying the People—"We do each of us, for ourselves respectively, promise to engage a good Fire-lock in proper order, and to furnish ourselves as soon as possible with, and always keep by us, one Pound of Gunpowder, four Pounds of lead, one Dozen Gun-Flints, and a pair of Bullet Moulds, with a Cartouch Box, or powder-horn, and Bag for Balls." Thus Mr. Synder illustrates a key fact—"Mason clearly indicated that persons individually armed at their own expense constituted a source of personnel from which militia could be drawn." Mason thus considered the individual right to bear arms to be conceptually prior to a militia. As pointed out by John Snyder, "Mason's statement carried the definitive implication that it is because the people have the individual right to keep and bear arms, are capable of exercising it, and in fact do exercise it that an active militia can exist. The mere fact that there is a militia depends on the people's individual right to keep and bear arms."

George Washington declared in 1790 that "A free people ought not only to be armed and disciplined; and their safety and interest require that they should promote such manufactories as tend to render them independent of others for essential, particularly military, supplies." How tragically ironic it would be as our 200th anniversary approaches if this Congress were to desecrate the intent and power of the Second Amendment by passing gun controls which are in direct conflict with the individual freedoms guaranteed by the framers of our Constitution.

I observe with interest that rarely does anyone argue with the inviolability of the First Amendment guaranteeing freedom of speech and the press but yet many times those same champions of the First Amendment are often the first to recommend restrictive legislation which moves to disregard those guarantees of the Second Amendment. This is seen by the fact that the public has been bombarded by network news often showing only one side of the gun control issue—that in essence handgun registration and even confiscation will accomplish less crime and safe streets. Where it is obvious to everyone that the First Amendment is untouchable, that same status of the Second Amendment seems to be forgotten. Pushing aside the Second Amendment in an effort to control crime by the imposition of restrictions on inanimate objects—guns—is dangerous and in many respects is outright arrogant.

Purported "facts" and figures are widely cited by proponents of restrictive controls to show that firearms are a major factor in crime and that, therefore, the most effective way to reduce crime is to restrict sharply the availability of firearms, particularly hand guns. This "fact" is simply not so. The Gun Control Act of 1968 stands as the most prominent example of the fact that gun controls have not worked. This Act is ineffective in preventing crime as witnessed by the staggering increase in the crime rate that has taken place within the seven years this law has been on the books. Crime statistics clearly indicate, for example, that it is the cities, not the hunting areas, where the misuse of firearms occurs. The FBI reports that in 1973 two-thirds of all robberies occurred in the big cities. These statistics also show that our less densely populated areas have the lowest homicide rate. Coincidentally, these areas usually have the least restrictive laws on the possession of firearms. It is unnecessary to penalize the outdoorsman for the crime-in-the-streets problem that exists elsewhere. Further, it has been proven in many cities that restrictive gun legislation has not solved their problem. The fact is that the number of times a gun was used in the commission of murder has increased since the 1968 Gun Control Act was passed. All of the data indicates that firearm laws seem to have little effect in preventing the illegal acquisition of firearms for use in illegal activities. Dr. Alan Krug of Penn State University in his 1968 analysis of FBI statistics in comparison to state firearms laws concluded that there is no significant difference in crime rates between states that have firearms licensing laws and those that do not.

There has been a series of witnesses before this committee extolling the wonders of handgun registration and handgun confiscation. Their logic is as fallacious as it is simple—that there is a direct relationship between the legitimate and lawful ownership and use of handguns by American citizens and our soaring rate of national crime. It just isn't so.

For example, there are, according to estimates made before this committee, 40-milion handguns owned by Americans, but in a nation of 210-million souls, the total of homicides by firearm last year was 10.340. Assuming a different handgun was used in each of those murders, we are talking about a total of two-one-hundredths of one percent of the nation's handguns used in homicide. Turn that figure and it says, or should say something very staggering to those who advocate confiscation—that 99.98 percent of the handguns in the country are not used to commit murder. But that 40-million figure may be misleading. The New York Times claims there are 200-million handguns in the nation. That would work out to .005 percent (five thousandths of one percent of the total handguns in the nation are used to commit murder.)

That is by no means a statistical mandate for the kinds of controls being considered in this Congress. But there is and there has been for a long time, a serious mandate from the American people to this Congress to deal with crime directly by dealing with those who commit crime—dealing swiftly, justly, and where guilt is obviously and fairly established, deal harshly. To paraphrase an oft repeated television editorial: Get the criminals off the streets. That's what the American people want. Get the criminals off the streets.

If we in Congress can do that, we will have done more to help our nation of beleaguered victims than any number of gun controls. Flat out—gun controls don't work and they won't work. Criminal control does work—and will work if we provide it.

Thus, I feel it is a myth that no guns means no crime. As John R. McClory recently stated in an article on gun control in "Shooting Times": "You are treating the symptom, not the cause, by attempting to reduce crime by focusing upon one of the many instruments which may be used to commit crime. The answer to violent crimes, if one exists, is a change in the desire in any man to injure or to kill another."

Mr. McClory points out that Switzerland "makes every male citizens above the age of 16 a member of the militia and requires that each keep a firearm and ammunition in his home. Yet the incidence of the use of firearms in the commission of crimes in that country is almost nil. The difference is not the availability of weapons but the general sociological attitude toward crime."

Gun control advocates conveniently forget that crime flourishes when courts are lenient and when the controls on police officers hamper effective law enforcement. All of the firearm laws in the world are not going to deter crime until there is a change in the attitude toward the role of law enforcement and a rekindling of a universal respect for the laws of the land. I do not minimize for a moment the seriousness of the crime situation in this country. Neither do I minimize the danger of the 1968 gun control laws on our personal liberties or the threat further firearms control can bring as an effort by those who want to disarm the private citizen.

Some law enforcement officials desire that there be no handguns in the possession of our civilian citizens. Understandably, police officials would hope to gain some advantage against hostile forces—criminals. However, this would put the ordinary citizen at the disadvantage vis-a-vis criminals. *He* would be in the opposite position after giving up *his* handgun. He would not have a gun with which to defend himself against criminal assault and the criminal would know he didn't. Besides, the police would still face an armed criminal force *without* the backup of an armed law-abiding citizenry. I am convinced, as are many of my fellow Idahoans, that legislation curbing the purchase of guns will neither prevent a man bent on committing a crime from doing so, nor promote safety by disarming the law-abiding citizen.

I mentioned earlier the enormous cost of administering gun controls. For example before the 1968 Gun Control Act was enacted the present Bureau of Alcohol, Tobacco and Firearms was merely a division of the IRS. Since the enactment of the 1968 Act this Division of the IRS has grown to a separate Bureau of the Treasury Department. There has plainly been a considerable increase in manpower and thus an appreciable increase in the cost of the taxpayer as a direct result of a law that has not met the test by any measure. The Citizens Committee for the Right to Keep and Bear Arms very adeptly pointed out this factor of increased costs in a letter to the New York Times recently. In that letter it was shown that a repeal of the 1968 Gun Control Act would reduce the financial burden on the taxpayer. This certainly makes common sense for the tax dollars used in administering an ineffective law during times of great economic stress might be more effectively used elsewhere in the fight against crime.

Gun control laws serve to only harass the law-abiding citizen. These laws, which set up administrative agencies for their enforcement, leave the law-abiding firearms owner and dealer at the mercy of regulation-happy bureaucrats. Current gun control laws impose endless red tape on the ordinary gun-owning citizen. This individual is not a criminal but faces the hazard of legal penalties resulting from often understandable omission or error in filing our ridiculous forms and complying with asinine Federal filing requirements.

Mr. Chairman, I must leave the Committee with this thought. On the eve of Congressional approval of the 1968 Gun Control Act, Congressman William Bray warned the Congress that it should legislate and put new laws on the books only under the following conditions:

"One, when new laws are really needed, because old ones are unworkable; not merely because old ones have never been enforced;

"Two, to meet specific objectives and not be detracted by "Red Herring" legislation;

"Three, only after sound arguments have been employed, free of taint or fear and hysteria;

"Four, within the framework of the Constitution; some rights can not be guaranteed if legislation takes other rights away; and

"Five, only if it can be unequivocally and unquestionably said that the new laws, considered in the context of our history, our heritage, our role in the world, and our people as a whole, are really what would be best for the United States and its citizens."

Congressman Bray's words were absolutely appropriate in 1968 and they apply just as strongly today. I hope this Subcommittee and the Congress will take heed of these points.

Congressman Bray concluded his eloquent remarks on the 1968 gun control legislation by stating that "the drive for more gun laws is a drive that will never really stop until the ultimate, extreme goal of total personal firearms confiscation, and total civilian disarmament has been atttained. Total law-abiding civilian disarmament and confiscation; there is a real distinction to be made, as surely no one is so naive to believe that the criminal will voluntarily surrender his weapons, or will voluntarily cease his attempts to get them in any way he can." I wholeheartedly agree, for it is likely the criminal will get hold of a gun regardless of any law passed. Legislation imposing further restrictions on the ownership and possession of hand guns is not the answer to our law-enforcement problem. Attention should be focused on the criminal not the gun.

In this regard, the Congress should do its part along with the States in providing laws to help combat and prevent crime in this country. I realize that in determining how to fight against crime the question of firearms use becomes inherent—mainly because firearms are used for legitimate purposes not just in the commission of crime. It is estimated that 200 million firearms are owned by between 40 and 50 million people. At least 50 percent of the American households own at least one gun. It is completely understandable why many Americans have serious questions about any attempt to control firearms. Guns are part of our national heritage and their presence is intertwined to the extent that the right of possession is specifically mentioned in our Constitution. Thus, in any debate on firearms and violent crime, the factors of firearm use, the traditions of universal firearm possession, and Constitutional guarantees of that possession must not be ignored. It must be remembered that efforts to regulate and control the tools of crime and violence are digressions from the primary task of controlling criminals and perpetrators of violence.

NICHOLAS J. LACOVARA

Mr. MANSFIELD. Mr. President, I would like to call to the attention of my colleagues the impending retirement of Nicholas J. Lacovara, administrative assistant to the Senate Sergeant at Arms, after almost 28 years of devoted and conscientious service to this body.

Better known as Johnny to his legion of friends, Mr. Lacovara served his country in the Army Air Corps during World War II. His service with the Senate Sergeant at Arms began on June 18, 1947, under Joseph Duke. Concurrently, he managed to complete his education at George Washington University. In July of 1956 he was named administrative officer of the Senate recording studio, a position he filled with his usual dispatch and good will. After 10 years in this position, he was named administrative assistant to Sergeant at Arms Robert G. Dunphy, a position he continued to fill with distinction under the present Sergeant at Arms, William H. Wannall.

I am sure the Members will join with me in expressing regret at the departure from the Senate of this capable and dedicated man, and further, in extending our very best wishes for a well-earned retirement.

THE DEATH OF MRS. EULALIE SALLEY

Mr. THURMOND. Mr. President, for many years, it was considered unusual and even improper for a woman to aspire to a career in business or public life. Fortunately, this attitude has changed. However, while it prevailed, our country was denied the full benefit of the skills and wisdom of well over half its citizens. Rare, indeed, were the women who could rise above the obstacles in their path to positions of responsibility or eminence. The few individuals who did so had to possess not only great abilities but great patience and stamina as well. One woman who possessed all these qualities in abundant measure, and who enjoyed corresponding success and distinction, was Mrs. Eulalie Salley of Aiken, S.C. This outstanding citizen died last Saturday at the age of 91, and I rise to pay her a few words of well-deserved tribute.

There is no need to dwell at length on the many achievements of Mrs. Salley's long life. A biography entitled "Eulalie" has already been published, and since her death numerous articles have appeared in newspapers recounting her remarkable career. Perhaps Mrs. Salley's best known and most adventurous enterprise was her campaign for women's suffrage. For 6 years, from 1913 to 1919, she traveled all over the South and Midwest speaking out on behalf of the 19th amendment.

With this campaign successfully concluded, she founded a real estate agency in Aiken, Eulalie Salley & Co., and soon had gained many prominent and wealthy clients. During her career as a realtor, she acquired great fame for her development and improvement of large estates in the Aiken area. Her business acumen was publicly recognized in 1973 by the Aiken Business and Professional Women's Club when she was named Woman of the Year.

However, Mrs. Salley was a family woman as well as a businesswoman. She married Aiken attorney Julian B. Salley in 1906 and was a devoted wife and mother for many years. Indeed, her life is a graphic demonstration that a woman can have a successful career without neglecting family responsibilities and without sacrificing any of her feminity.

Mr. President, Mrs. Salley was a liberated woman a full half century before the phrase "women's liberation" was even coined. Her services to her sex, her State, and her Nation are gratefully remembered in many quarters. In 1969, she was the special guest of the South Carolina General Assembly at ceremonies commemorating the 50th anniversary of the passage of the 19th amendment. I am sure that the Congress of the United States feels an equal gratitude for the accomplishments of Mrs. Salley, along with great sorrow that she is no longer with us. As a fitting honor, I ask unanimous consent that a selection of the recent newspaper accounts be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Aiken (S.C.) Standard, Mar. 10, 1975]

MRS. SALLEY, LEADER OF SUFFERAGE, DIES

Eulalie Chafee Salley, 91, South Carolina's First Lady of Real Estate, died early Saturday at her home, Edgewood, here.

She was buried, according to her desire, in private services for the immediate family Saturday evening at St. Thaddeus Episcopal Church here.

Mrs. Salley died of cancer and had been seriously ill for the past three weeks. The family suggests the American Cancer Society for those wishing to make memorials.

It was thought a joke when Mrs. Salley, the widow of Aiken Attorney Julian B. Salley, applied for a license to become the first woman realtor about 1915. But she went on to develop one of the most interesting and successful careers in Aiken's history.

At one time or other, she has sold almost every large piece of property in Aiken.

Mrs. Salley also sold many large hunting preserves in the low country and was well known in this area.

Her life's cause was women's rights. She fought for women's suffrage in the early 1900s and traveled throughout the nation trying to get the 19th Amendment ratified.

It wasn't until 1969 that she saw her own state of South Carolina make it officially legal for women to vote.

Mrs. Salley was also regional director for the League of Women Voters and visited 41 states making speeches in the early days of the organization.

She knew intimately the rich and the famous who came to Aiken.

She developed her own style of real estate in which she would have luncheon on the table when winter residents arrived at homes rented for the season.

"I wanted to make it easy for them to come to Aiken," she said.

She did, and by this means, contributed much toward establishing Aiken as a winter resort.

Finding an excitement in the stories of Lucy Pickens, wife of an ambassador to Russia, she bought the historic Pickens house in Edgefield and began the monumental task of moving it, piece by piece, and restoring it in Aiken.

She is survived by a son, Julian B. Salley Jr., a daughter, Eulalie Rutledge, two grandchildren and one great-grandson.

She has been a member of the League of Women Voters, the Garden Club of Aiken, and the Business and Professional Women. She was selected as Career Woman of the Year by the latter organization.

Mrs. Salley was also named an honorary citizen of the Senior Men's Club.

Mrs. Salley was born Dec. 11, 1883 in Augusta, the daughter of Marguerite Eulalie Gamble Chafee and George Kinloch Chafee. Her father was involved in the kaolin business in Aiken County and also dabbled in land.

Her paternal grandfather was a Rhode Islander who had come to Charleston and later settled on some property in Kalmia village here given to him by his friend William Greg, founder of the Graniteville Co.

Mrs. Salley's mother was an accomplished pianist and an amateur architect who designed several of Aiken's homes.

When cotton dropped to five cents a pound and times were hard in the South, the Chafee family moved to Mrs. Salley's maternal grandparent's plantation in Louisville, Ga. She enjoyed the animals on the 20,000-acre spread and there stored up memories of a grandfather who cursed the Yankees, a strong-willed grandmother, and life at a plantation which caused a friend to write of it later, ". . . where the wine was never sweeter, the roses never more beautiful nor the conversation more pleasing."

Suffering from rheumatic fever and unable to walk without crutches until she was about nine, one of her favorite things was driving a cart pulled by goats.

About 1892. the Chafee family moved to a big house on Laurens Street, near where the Cinema theatre is now. The northern colony in Aiken was growing rapidly under Mrs. Thomas F. Hitchcock's promotion.

Mrs. Salley was tutored privately and graduated from the Aiken Institute, the forerunner of today's Aiken Elementary School. She attended Mary Baldwin and Converse College.

In 1906, she marched down the aisle of St. Thaddeus Episcopal Church here to become the bride of the mayor, the Honorable Julian B. Salley, a young attorney who had moved here from Salley.

After her two children were born she began to tire of bridge-playing. She took up golf at Highland Park, which was adjacent to their first home; she rode horseback and she loved dancing. Having her mother living with them at the time and plenty of servants, her hours were spent frivously until she read about Lucy Pickens' granddaughter. The children of Lucy Dugas Tillman of Edgefield had been deeded away by her husband Ben Tillman Jr., while she was ill. Mrs. Salley was enraged and her anger led to an interest in women's rights.

She replied to an advertisement to join the South Carolina Equal Suffrage League, got five women together and organized an Aiken chapter. Under her leadership the Aiken group grew to a 100, canvassing the back roads of the county for women's suffrage.

She entertained on stage, rode at the head of parades draped in the suffrage color of yellow, and even rode on an airplane's wings in order to drop suffrage pamphlets over the town.

The campaign was costly, both to her reputation, as suffragettes were regarded as "wicked women" bent on destroying the American home, and to her budget as she bought space in the Columbia newspaper to tell their story and traveled extensively making speeches.

Needing money, she went to the city clerk's office to ask what kind of licenses she had. The list was read to her and she stopped the clerk at "real estate". She tried to buy a real estate and an insurance license, but the chief of police, standing in the doorway listening to the conversation, said "Give it to her; it's just a joke anyway."

She rented an office, hired a secretary and told her husband what she had done. Mr. Salley promptly offered a wager, "I'll bet you $100 you can't make $100 in six months." Within a few months she sold a big house on Hayne Avenue and made a $1,000 commission, Mr. Salley had to pay the bet.

In 1919, she was elected president of the state suffrage organization and later became a regional vice president of the national organization. When the 19th Amendment became law and suffrage organization became the League of Women Voters, she took an active part in its formation.

Her real estate career led her to acquaintance with the wealthy and famous that came to Aiken, including Evalyn Walsh McLean, owner of the Hope diamond; Lucy Mercer Rutherford, President Franklin D. Roosevelt, Ambassador David K. E. Bruce and dancer Irene Castle. Because of her friendships she appeared on national television and was featured in The National Observer.

As her business grew, she expanded, too, opening an antique shop from which to furnish the winter colonists' "cottages", as the 30-plus-room homes were called, and delving into landscaping enough to provide them with blooming gardens in mid-February on a 24-hour notice. She provided the wealthy with well-trained servants and, in general, made it easy for them to come to Aiken. She lived up to her slogan, "We do everything but brush your teeth."

Her personal collection of antiques was greatly enhanced by finds in a house on the corner of Horry Street and Colleton which she bought sight-unseen at the county Master's Sale. The previous owner, author Gouverneur Morris, had many museum-quality furnishings in the home.

Another rather impulsive buy was that of "Edgewood", the home of Gov. and Mrs. Francis (Lucy) Pickens in Edgefield which had deteriorated. Not wanting to move to Edgefield, she offered to give the home to the Edgefield Daughters of the Confederacy, but the group did not have the money to fix it up. She decided to move the house to Aiken for her own home, a decision which caused Edgefield Countians to resent her.

The move took place during the Depression, but with faith and determination, she continued the project and met the payrolls. Two chandeliers given Mrs. Pickens by the Czar of Russia had been stolen and Mrs. Salley learned later that Mr. Eugene Grace, an Aiken winter resident, had bought them. She couldn't afford to purchase them but Mrs. Grace willed them to her and one hangs in the dining room of Edgewood now. The other was given to the Governor's Mansion.

Mr. and Mrs. Salley lived in Edgewood until their deaths, his in 1951. It is located atop Kalmia Hill near her grandfather's first homesite.

In 1969, South Carolina was one of seven states which had never ratified the 19th Amendment, despite her constant push for it. She persuaded a friend, Sen. Gilbert McMillan (R-Aiken) to bring it up once more. The day was a grand one for her; the amendment was ratified and she was asked to come to the speaker's platform. "Boys, I've been waiting 50 years to tell you what I think of you," she said smiling. "I've been a Democrat all my life and it took a Republican to get this thing through."

She led the formation of the Aiken Board of Realtors, held office in it, and was vice president of the South Carolina Association of Real Estate Boards. Although she never took a test for a license, strangely enough, she became chairman of the state license law committee. She was vice president of the South Carolina Association of Real Estate Boards and was chosen the First Lady of South Carolina Realtors in 1959.

[From the Columbia (S.C.) State,
Mar. 9, 1975]

MRS. EULALIE SALLEY, WOMAN REALTOR, DIES

Mrs. Eulalie Chafee Salley, 91, died Saturday at her home after a short illness.

She was born in Augusta, Ga., a daughter of the late George Kinloch and Eulalie Gamble Chafee. Mrs. Salley spent her early years on the family plantation near Louisville, Ga. She moved to Aiken at the age of 9. Mrs. Salley founded the realty firm of Eulalie Salley and Co. of Aiken about 1920. She was widely known in the 1920's and 1930's for acquiring and developing estates for Aiken's prominent winter residents. She achieved many horticultural feats, transplanting full grown trees and venerable camellias from old plantations to these estates.

In the fall of 1973, she was honored as Woman of the Year by the Aiken Business and Professional Womens Club. In December 1973 a book on her life, "Eulalie" by Emily Bull was published, recounting many of her personal experiences with the wealthy families and international celebrities who came to Aiken's winter resort.

In 1906 she married the late Julian B. Salley, an Aiken attorney. From 1913 until 1919, when women were granted the right to vote, Mrs. Salley campaigned for women's suffrage, speaking throughout the South and Midwest and in Washington, D.C. When South Carolina approved the 19th Amendment 50 years after it had been passed by the U.S. Congress, Mrs. Salley was the honored guest of the General Assembly.

Surviving are a daughter, Mrs. Eulalie Salley Rutledge of Aiken; a son, Julian B. Salley Jr. of Aiken; two grandchildren and a great-grandchild.

Private services were held Saturday afternoon at St. Thaddeus Episcopal Church Cemetery.

The family suggests that those who wish may make memorials to the American Cancer Society.

George Funeral Home was in charge.

[From the Augusta (Ga.) Chronicle, Mar. 9, 1975]

MRS. EULALIE SALLEY DIES IN AIKEN AT 91

Mrs. Eulalie Salley, prominent realtor in South Carolina for nearly 60 years and a national leader in the early years of the women's suffrage movement, died early Saturday at her home at the age of 91.

Private services were held in St. Thaddeus Episcopal Church Cemetery Saturday afternoon, with the Rev. Howard M. Hickey officiating.

Mrs. Salley founded the realty firm of Eulalie Salley & Co. in Aiken about 1920 and continued to work daily in her office to within a few weeks of her death. She became widely known in the 1920s and '30s for acquiring and developing estates for Aiken's prominent winter residents. She achieved many horticultural feats—transplanting full-grown trees and venerable camellias from old plantations to these estates. She also acquired property in the low country for a number of Northern sportsmen.

In the fall of 1973, Mrs. Salley was honored as "Woman of the Year" by the Aiken Business and Professional Women's Club, just before her 90th birthday.

In December of that year, a book on her life, "Eulalie," by Emily Bull, was published, recounting many of her personal experiences with the wealthy families and international celebrities who flocked to the Aiken winter resort.

Born Dec. 11, 1883 in Augusta, she was the daughter of George Kinloch Chafee and Eulalie Gamble Chafee. Her early years were spent on the family plantation near Louisville, Ga. When she was nine, the family moved to Aiken.

In 1906 she was married to Julian B. Salley, prominent Aiken attorney.

From 1913 until 1919, when women were granted the right to vote under the 19th Amendment, Mrs. Salley campaigned for women's suffrage, speaking throughout the South and Middle West and in the nation's capital. Her indignation had been aroused when Ben Tillman Jr., the son of a South Carolina senator, had been allowed under the archaic laws of the state to deed his two children to his mother while his wife was ill.

When South Carolina finally ratified the 19th Amendment in 1969—50 years after it had been passed by Congress—Mrs. Salley was the honored guest of the General Assembly.

She is survived by a daughter, Mrs. Eulalie Salley Rutledge of Aiken; a son, Julian B. Salley Jr., Aiken; two grandchildren, Mrs. William S. Carr and Miss Sara Elizabeth Salley, both of Aiken, and a great-grandchild, Thomas Joseph Carr.

[From the Florence (S.C.) Morning News, Mar. 9, 1975]

First Lady of Real Estate Dead at 91

South Carolina's First Lady of real estate, Mrs. Eulalie Chafee Salley, 91, died Saturday morning. She was to be buried in private ceremonies at St. Thaddeus Episcopal Church Saturday evening.

It was thought a joke when Mrs. Salley, the widow of Aiken attorney Julian B. Salley, applied for a license to sell real estate about 1915. But she developed one of the most successful real estate careers in Aiken's history.

At one time or another, she sold almost every large piece of property in Aiken, and also sold many large hunting preserves in the low country.

She fought for women's suffrage in the early 1900s, traveling throughout the nation trying to get the 19th amendment ratified. She was regional director for the League of Women Voters and visited 41 states making speeches in the early days of the organization.

Finding excitement in the stories of Lucy Pickens, wife of an ambassador to Russia, she bought the historic Pickens House in Edgefield and moved the structure piece by piece and restored it in Aiken.

Survivors include a son, a daughter, two grandchildren and a great-grandson.

[From the Aiken, (S.C.) Standard, Mar. 11, 1975]

Eulalie Chafee Salley

Eulalie Chafee Salley was a remarkable woman, a legend in her own time. Those who knew her and what she meant to Aiken feel a keen loss in her death Saturday.

A great racontuer herself, there are many stories to be told about her, but she was best known as one of the first women in real estate and as a proponent of women's rights. Her days as a Suffragette helped to pave the way for women at the polls today. Her real estate career helped put Aiken on the map.

By her own example, she proved the strength of womanhood, and yet retained total femininity.

She counted as friends both men and women—many famous, and many humble.

Mrs. Salley was an astute businesswoman, but she was also a woman of great charity.

She died as she lived, in dignity, without a lingering illness.

Her death marks the end of an era of gilt-edged days in Aiken's history. She left behind a lifetime of accomplishment to serve as her personal memorial.

Friends who envision an instant encounter with God after death smiled when thinking how thoroughly God must have been entertained Saturday by her arrival.

Her quick wit was one of her most charming qualities and one which she retained until she became seriously ill three weeks ago.

Her epitaph was written many years ago by Lowcountry author James Henry Rice: ". . . Her visit . . . caused a sensation."

To the members of her family, we offer our sincere sympathies. A colorful, witty, interesting and dynamic human has departed our midst.

[From the Augusta (Ga.) Chronicle, Mar. 11, 1975]

Mrs. Eulalie Salley

When death came Saturday to Mrs. Eulalie Salley, at the age of 91, it brought to an end the life of an Augusta native whose wide range of career and public activities served to inspire every person who had felt her influence.

In many respects, Mrs. Salley was a most unusual person. After her marriage in 1906 to Aiken attorney Julian B. Salley, she developed a vital concern for the status of women under the law. She travelled extensively through the South, and the Nation, promoting the merits of women's sufferage. She saw that dream happily realized with ratification of the 19th amendment to the Constitution in 1919.

She undertook with unselfish enthusiasm and dedicated zeal to build a realty business in Aiken, which she maintained virtually until her last days. She became widely known in the 1920s and '30s for the beautiful and sprawling properties which she acquired and developed for prominent Aikenites. It was fitting recognition, therefore, when historian Emily Bull recently published a book dealing with Mrs. Salley's experience with many wealthy families and international personages who came to Aiken as winter residents.

The same charm and personality which brought Mrs. Salley recognition in business also was manifest in her social activities during her long life. The Central Savannah River Area has suffered a great loss in her death, but it is a more progressive and culturally-advanced region for her having been a part of it.

TEACHER OF THE YEAR HONORED

Mr. MONDALE. Mr. President, it pleased me a great deal when the President announced today in the White House that the 1975 Teacher of the Year is Robert G. Heyer of Minnesota.

Mr. Heyer is a coach and he teaches ninth grade physical science in Johanna Junior High School, which is in the suburban St. Paul School District of Mounds View.

The President also has selected Mr. Heyer to serve on the Commission on Presidential Scholars.

This is a big week for Mr. Heyer and his family—his wife, Marilyn, and their two sons, Timothy and Brian. It also is a big week for the teachers of Minnesota—whom Mr. Heyer represents as 1974–75 Minnesota Teacher of the Year—and particularly for the teachers of Mounds View. The Minnesota program is sponsored by the Minnesota State Fair; the Minnesota Congress of Parents, Teachers and Students; and the Minnesota Education Association. They join me in the pride we have for Mr. Heyer who, I am confident, will now represent the teachers of the Nation in superb fashion.

The national teacher of the year program, now in its 24th year, is sponsored by the council of chief State school officers, the Encyclopedia Britannica companies, and the Ladies Home Journal. It is the oldest ongoing program honoring outstanding classroom teachers.

Minnesota teachers are equal to those of any State in the Nation, as is evidenced by the fact that since my great State began participating in the national program less than a decade ago, two Minnesota teachers have brought honor to their State by being selected as national teacher of the year.

One of the requirements in the search for the Minnesota teacher of the year is to include with a nomination the nominee's philosophy of teaching. Mr. Heyer's teaching philosophy, as expressed by him as part of his nomination, helps explain why he was selected by a panel of eminent educators as being representative of the best of our Nation's more than 2 million teachers.

Mr. President, I ask unanimous consent that Mr. Heyer's explanation of his teaching philosophy be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

My Teaching Philosophy

(By Robert G. Hager)

I believe that teaching offers a life of tremendous excitement, one which is filled with diverse challenges and responsibilities. Students, parents, administrators, other teachers, supportive staff members and even custodians all have their own opinions of what a teacher should be and what he should be doing. The teacher then is expected to fill many roles depending upon whose eyes are viewing him. Although the teacher must be sensitive to all of these views, it is imperative that he develop for himself a strong personal philosophy which fully utilizes his personality and talents and which will be the framework from which he will operate. In developing this philosophy he must be fully aware of the impact that teaching has in the development of the lives of his students and ultimately on society itself.

I feel that a teacher's highest priority is that of his responsibility toward his students. Teaching must be much more than a presentation of subject matter. The development of knowledge and skills, however, cannot be neglected. I want my classroom to be filled with warmth, humor, and enthusiasm about science, but I also want it filled with concern for individual worth, individual rights, and individual responsibility. I believe a teacher must play a role in helping students develop self discipline, self confidence, self honesty, reliability and humbleness, in the classroom and outside of it. I think it extremely important that my students leave my class with a positive attitude toward science, toward life, and toward themselves.

In recent years much has been said about failure in schools. Since it is extremely difficult even for adults to keep working when there is no accompanying success, I feel that my class must be structured to provide at least some academic success for every student. However, I also feel that failure is a part of the real world, and everyone must learn how to react to and cope with failures when they do come.

It is an absolute necessity to establish strong, warm teacher-student relationships both at the individual and collective level if the stated goals and objectives are to be reached. To establish these relationships and yet retain the respect and discipline necessary for an overall effective educational atmosphere is an extremely delicate matter. Involvement with students beyond the walls of the classroom, in informal social activities, in athletics, and in the community, coupled with a sincere interest in them as individuals, are some of the keys to successful student-teacher relationships. Finally, if a teacher wants students to develop positive attitudes and qualities, he must exhibit these traits himself.

The teacher must assume his share of the responsibility of developing a good building climate which is concerned with providing good learning experiences of all types, both curricular and extra curricular. Teachers must be supportive of their colleagues and be willing to share ideas and techniques which may help others. Administrators, counselors, teachers, and supportive personnel must work cooperatively to establish a building which is alive and educationally productive.

The teaching profession has seen an almost staggering amount of change in the past few years. The teacher who sits back and hopes that the right things happen for education is neglecting yet another vital responsibility. Active involvement in professional organizations is the only way to insure continued quality education and equal opportunity for everyone. To be informed and to be involved is to be professional.

The teacher has a vital role to play in public relations. He must develop positive relationships with the parents of his students both for the sake of the effective teaching of their sons and daughters and for the sake of education in general. Parents have vital concerns for their children's future, and rightfully so, but too often we forget they are also our employers. If we do not take every opportunity to sell the value of our profession to them and to other members of the community, we can not expect to get their support for the finances and other things vital to good education. The public relations aspect of teaching must never be overlooked.

In closing, I firmly believe that the teacher must constantly strive to become the best teacher that his talents will allow him to become, and to unselfishly share his knowledge and talents with everyone he comes in contact with, especially his students.

QUOTA SYSTEMS

Mr. BUCKLEY. Mr. President, every year I receive more than 250,000 letters, not only from New York State, but from the other 49 States as well. There runs through this mail a deepening concern over the excesses, the follies, and the dangers of the Federal Government's increasing big brother-like intervention in our lives.

Foremost among the topics mentioned in these letters is the injustice being visited upon our citizens in the form of "quota systems," regardless of the names under which they may be disguised.

I recently read a speech delivered by Dr. Alan J. Gerber at a public meeting of community school board, district 20, which covers the Borough Park and Bay Ridge sections of Brooklyn, N.Y., that reflects this concern. Dr. Gerber, a member of the local board, and a teacher in the New York City school system, sums up admirably the ever-growing scope of Federal interference in our schools and lives, and the threat this poses to the basic wishes of the American people.

I ask unanimous consent that Mr. Gerber's speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS MADE BY ALAN J. GERBER

It is very apparent that the Federal Government is experimenting on an increasing scale with the lives and welfare of our children. The criteria being used to gauge the quality of our schools is not the quality of education and instruction but rather the racial composition of its student body faculty and staff.

We are repeatedly assured that the objective of these so-called racial surveys is the elimination of racial discrimination. Yet one is hardly surprised that these social engineers and planners behind this hustle are the usual collectivists laboring to expand the authority of government into all spheres of life. They know very well that when "minorities" are set apart for "favored" treatment by the government the result is a weakening of private will and the tragic and classic example of this paternalism is the American Indian.

In 1954 the Supreme Court prohibited separation by race in public schools. The intent of the court as I see it, was to outlaw the consideration of race in the assignment of children to public schools plays no part either in the consideration of civil liberties. In fact, any inquiry by the Federal government as to above is a direct violation of one's civil liberties.

What is the real purpose of such a survey? Is it to satisfy the morbid curiosity of some nosy bureaucrats? Is it to help someone in a statistics course or for some nebulous PHD candidates' thesis? I contend that it is obvious that it is none of these. The upshot of these surveys will ultimately serve to put a gun at the head of the civil service and merit system and kill it. Data collection, as some other members of this board might contend to the contrary, is *not* the end in itself, rather it is the means toward greater regulation and the tightening of the noose of Federal control of our schools. While on one hand many of us see a need for some sort of community control and parent input, we see the slow re-centralization—not toward 110 Livingston Street, but toward Washington, D.C. I contend that a man doesn't look at a road map unless he is going somewhere—so with this survey—it bodes ill for our district, our staff and most important of all for our children. I do not intend to stand idly by and watch our school system become re-centralized by some anonymous bureaucrats in Washington, D.C. Our schools are not going to become another Post Office operation and woe to us the day when that occurs.

I fear that what might be coming is a police state with unlimited enforcement power needed to implement "proper" integration standards as required by law. It is inviting to speculate about the ultimate possibility of an enforced integrated society. The next step may be to set up quotas for neighborhoods—shades of the infamous Weinstein decision in the Mark Twain case, so that the number of poor will be proportionate to their total number in the community. New homes funded by federal loans may, under a policy of social integration, be sold on schedules predetermined by the ratio of whites and blacks, Jews and non-Jews, Protestants and Catholics, agnostics and atheists in any community. These words may sound alarmist now but I think the infamous Weinstein decision has finally drawn attention to the dangers that federal control would mean to our community. Comprehensive in nature he proposed the realignment of the housing situation in Coney Island to alter the social and racial structure of that community.

Where in the constitution of the U.S. is there any power granted to the Federal government and its judiciary at that, to engage in urban planning of this nature? It all stems, ladies and gentlemen, to the permissive stance that we have taken in the face of the ever increasing growth of federal power. First the carrot through Title I then the stick of busing. Folks, Title I is *our* money—*not theirs* and here is the hidden threat of withdrawal if we don't comply. Then last year we had the ethnic surveys of our student population and I was assured that this was only for the students, an assurance that didn't make sense to me then, and I voted for non-compliance. Yet we complied and now we come to this, an ethnic survey of our staff. We must draw the line somewhere. I predict the results of this survey *shall* lead to a massive *dictate* by the Federal government for a massive change in our staff and hiring procedures where race will overrule merit. All the work and effort put into our Personnel Procedures—worked on by local people, staff and parents would have been for naught. All the voluminous input will have gone to waste. This cannot be let to happen. Thomas Jefferson once wrote "The natural progress of things is for liberty to yield and government to gain ground." He noted that one of the most profound preferences in human nature is for satisfying one's needs and desires with the least possible exertion, for appropriating wealth produced by the labor of others, rather than producing it by one's own labor. The stronger and more centralized the government, the safer would be the guarantee of such monopolies, in other words, the stronger the government, the weaker the producer, the less consideration need be given him and the more might be taken away from him."

Indeed ladies and gentlemen we are witnessing today the slow yet steady attrition of our liberties, the right of free choice, the right to property and the right to education in our own way and desire. All around us we see the decay, morally, spiritually, and physically of life, liberty and property.

District 20 stands as an oasis in terms of the overall quality of life. What is at stake is this quality, our liberty, our property, and ultimately our lives.

TESTIMONY OF COMMANDER ESSLEY BURDINE, NATIONAL COMMANDER, AMVETS

Mr. TALMADGE. Mr. President, Georgians are proud that one of our number is the National Commander of the Amvets.

On March 13, Commander Essley Burdine appeared before the Senate Veterans Affairs Committee to present the 1975 legislative program drawn up by the Amvets. His remarks were forthright and informative and articulate.

I ask unanimous consent that his statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF ESSLEY B. BURDINE

Mr. Chairman and Members of this Committee: As the National Commander of AMVETS, it is, as it has been for each of my predecessors, an honor and a privilege to appear before you today to present AMVETS Legislative Program for 1975, and to reaffirm our continuing interest and to express our steadfast support for the initiatives and positive action programs undertaken in behalf of our Nation's veterans by this Committee and its members, and to demonstrate AMVETS continuity of dedicated interest in humane, equitable and sound veterans programs. The years have seen vitally important achievements through the establishment of this long sought for Senate Committee on Veterans Affairs and other proposed legislation translated into law by action of this Committee. AMVETS looks forward with confidence that the future will prove as worthy of pride in accomplishments as the past, in spite of the very fundamental changes in attitude and priorities in our society today which bode ill for our veterans and the hard-won benefits they now enjoy. Protection of these existing benefits may well require a change of emphasis toward safeguarding them, rather than seeking additional ones, however well deserved, or needed. AMVETS will continue to press for whatever is required to insure programs our veterans need to maintain their rightful relative position in the Nation's order of priorities and a fair and equitable share of its available social and economic resources. We are confident of the full measure of support in our endeavors by the Chairman and members of this Committee.

With me today are AMVETS past National Commander, A. Leo Anderson, the National Executive Director, Leon Sanchez, and the National Legislative Director, Judge John L. Horgan, Jr., and many of the members of the National Executive Committee and State Department Commanders, who are the leaders of our organization throughout the Nation.

VA HOSPITAL SYSTEM AND MEDICAL PROGRAMS

AMVETS believes that the Veterans Administration Hospital System faces an imminent crisis of national proportions in providing quality medical and health care to veterans. The underlying continuing causes have been worsening over the past five years. The resulting critical situation is cumulative. AMVETS would most forcefully bring to your attention the accelerating loss of skilled, experienced, qualified medical personnel and specialists in VA Hospitals from coast to coast. As serious as the present situation is, the prospect for the immediate future is even more alarming; it could involve loss of almost half of our experienced general physicians, medical service directors, and certificated-diplomate specialists. It is not substantially higher pay alone, in other institutional or private medical practice which is generating early retirement or resignation by these doctors. The withholding of funds or non-budgeting or exclusion of funds, dictated to the VA by the Office of Management and Budget, of up to $250 million in each of the past five to seven years, has resulted in marked deterioration both of qualified medical care delivery, new construction and reconstruction of hospitals, and failure to provide modern, updated medical equipment and facilities throughout the system.

A conservative tabulated comparison for the Washington, D.C. area, in institutionalized medicine is given for your consideration on the following page. Incomes from private medical practice in the area, of course, are much higher. Our dedicated VA doctors do not seek to match private practice incomes. Special bonuses have been approved by the President (P.L. 93-274) revising the special pay structure for medical officers of the Armed Forces which could result in a bonus for a period of four years service of up to $44,000 or more. AMVETS would strongly recommend to this Committee, legislation setting up a separate pay scale and system for VA physicians. AMVETS supports the purposes of H.R. 1545 embodying some of the recommendations of the VA's Chief Medical Director resulting from his study to provide improved incentive for quality medical care to veterans. We respectfully urge the Committee to initiate appropriate hearings as soon as possible. AMVETS realizes that increased incentives are needed to recruit and retain qualified medical personnel and that the objectives of H.R. 1545 represent merely a first step to a comprehensive reconsideration, overhaul, and revamping of the pay structure for an eventual separate evaluation and pay system for medical personnel throughout the Federal government. We urge the Committee to lend their full support to such studies and any needed implementing legislation.

COMPARATIVE SALARIES OF PHYSICIANS IN WASHINGTON, D.C.

	Veterans Administration	U.S. Army	U.S.P.H.S.	Washington Hospital Center	Group Health Washington, D.C.
Initial salary board certified internist and subspecialist	$31,552	[1] $32,949 [4] +5,900	[2] $37,340 [4] +5,900	$45,000	[3] $42,900 [5] +3,500
Total		38,849	43,240		[6] 46,400
Salary after 10 yr	[8] 36,000	42,566 [4] +5,900	42–44,244 [4] +5,900	>52,000	> [7] 55,000 [5] +3,500
Total		48,466	48–50,141		[6] >58,500
Chief of subspecialty service	[8] 36,000		44,241 [4] +5,900	48–52,000	
Total			50,141		
Chief of medicine	[8] 36,000			55,000	[7] 55,000 [5] +3,500
Total					>58,500

[1] 6 yr prior service.

[2] 4 yr enlistment.

[3] Includes profit sharing.

[4] Plus $3,648 of income is tax free, PX and commissary privileges, officers' club, free health care for family, liberal retirement, etc. (approximate value: $5,900).

[5] Plus: Pretax fund, $800 yearly travel expenses for meetings, sabbatical every 7 yr, free health insurance for family, free life insurance, annual cost-of-living increase (approximate value $3,500 excluding sabbatical).

[6] $5,000 more for surgeons.

[7] Includes profit sharing.

[8] Or less.

We are presently developing independent data on a national basis and will be happy to cooperate with the Committee in every possible way toward the solution of this problem. AMVETS is aware of the several studies in this area being made jointly and severally by the Department of Health, Education, and Welfare, the Veterans Administration, Johns Hopkins University, and others. We are concerned that medical licensing practices in some physician-starved states has resulted in substantial influx at VA Hospitals of doctors trained in foreign medical schools whose ability to meet the highest qualification standards required by most states of American medical school graduates is open to serious question. We invite the Committee's attention to this facet of the overall problem.

I have been unable to identify specifically the incident, but it is apparently known to a number of people inside and outside the Veterans Administration, that during the term of the previous Administrator, Donald E. Johnson, a grant of funds to the VA of approximately $170 million was refused. I have been unable to determine whether this represents funds available from the Department of Health, Education, and Welfare or other governmental or private foundation sources. More specifically, a medical officer contract bonus program, similar to that recently signed into law by the President, was also refused by the then Administrator and Central Office Department of Medicine and Surgery officials, without consultation with or provision of any prior information or knowledge thereof, to the thousands of dedicated VA hospital physicians. I believe the Committee may desire to look into these matters as they are, if established, factors contributing to the present crisis.

AMVETS commends this Committee for the enactment of malpractice protection for the personnel of the Veterans Administration Department of Medicine and Surgery personnel. We believe on minor amendment to this law is necessary and desirable. In certain instances, VA professional medical personnel, other than those employed by the Department of Medicine and Surgery, perform medical functions, in connection with VA health service units at VA Regional Offices and elsewhere, which render them liable also for suits involving malpractice or negligence. Broadening the statutory language to cover all VA medical employees to include wording such as, "in and for the Veterans Administration", while retaining the present specific protective coverage for employees of the Department of Medicine and Surgery, would be desirable, and we recommend the Committee's appropriate action.

AMVETS believes that the strongest safeguards to insure the continued sole administration of all Veterans Benefits Programs, particularly Medical Programs, by the VA be incorporated into any eventual National Health Insurance Program. We urge this Committee to insure additional positive legislation precluding merger, take-over or phase-out of Veterans Benefits Programs, without prior review and approval by this Committee and the Congress, to insure VA's retention of administration and control, as a separate, independent agency.

AMVETS supports early separate consideration of appropriate increased travel and per diem allowances for certain eligible veterans to Veteran Administration facilities for medical treatment when such travel has been properly authorized by the VA.

1976 VA BUDGETARY CONSIDERATIONS

While AMVETS recognizes the Veterans Administration budget projection for Fiscal Year 1976 is $16.4 billion, we are concerned with the relationship between the quantitative dollar totals stated and how much of this total represents inflationary effects, and the impact upon the quality of services to veterans these inflated dollars will provide. The dollar totals are large, but the amount and kind of services they will provide will continue to diminish, most alarmingly in terms of the quality of these services. The percentage of the Nation's Gross National Product (GNP) allocated to veterans needs continues its long downward trend, significantly reduced, in terms of "real" dollars, even before the current impact of unprecedented rates of inflation and levels of unemployment. A diligent inquiry is necessary to develop more meaningful bench-marks for evaluating quality of service versus quantitative dollar totals for veterans programs. Such indicators should include offsetting economic input benefits to the national economy, such as increased tax revenues paid by veterans as a result of their VA training education, rehabilitation and the new job placement and veterans employment programs. Industry performance improvements resulting from veterans housing loans, etc., should also be included. Veterans programs should not be viewed only in terms of out-go but also of input to the nation's economy as well.

AMVETS is particularly concerned with the impact that the reduction in personnel proposed in the 1976 Budget for the Department of Veteran Benefits of 595 positions in their average annual employment will have on the efficient accomplishments of the Department of Veteran Benefits' mission. Our concern is based on our best evaluation that the Department with its present current workload is already approximately 500 positions below needed personnel levels. The full implementation of P.L. 94–508 for veteran representatives at educational institutions will require approximately $4 million and perhaps as many as 400 plus positions to provide minimal coverage at educational institutions and will require perhaps 300,000 miles of travel. This estimate is based on applications for eligible veterans in a range of 125,000 to 130,000.

Because of the current economic situation, we believe these estimates to be conservative. The Department of Veterans Benefits workload continues to exceed normal levels and requires approximately $3 million in overtime for on-duty personnel. As experienced by other agencies, there are factors such as fatigue, work situation, satisfaction, and family matters which place an absolute limitation upon overtime performance. We believe, at all cost, the VA must be in a position to avoid recurrence of the unfortunate situation which developed last year in California with such adverse public reaction. In our opinion, an additional 500 qualified personnel are needed by the Department to effectively carry out new and additional program responsibilities. Again our best estimate is that in addition to the numbers mentioned above, P.L. 93–508 fifty percent rule will require an additional 32 positions and approximately $1.5 million. The provision of P.L. 93–569 concerned with veterans housing will require an excess of 25 positions and approximately $300,000 and the educational loan provisions of P.L. 93–508 will also require additional personnel and funding.

VETERANS HOUSING

AMVETS is fully aware of the crisis in the Nation's economy and particularly its direct and immediate impact upon the housing industry. We congratulate this Committee on the comprehensive measure enacted and effective January 1, 1975. This has made the availability of mortgage money through normal channels for veterans considerably easier to secure. We would suggest consideration of an untapped source for immediate use to stimulate this area of the economy. There exists within the present Veterans Administration full legal authority for making direct loans to veterans. This authority has never been utilized on more than a token basis and never in urban, large city areas. We are aware that the President has released funds, which should be beneficial in the housing industry and mortgage banking areas. However, we are convinced that the structuring of these sources of funds will not immediately meet the needs of veterans presently seeking and in desperate need of housing, with reasonable rates of long-term financing.

We believe further that quick expansion of this existing program of direct loans to veterans for housing is feasible and could safely use as a back-up loan guaranty fund, under proper safeguards, some portion of the immense reserve represented by trust funds supporting the Veterans Administration Insurance Program. Direct loan availability from Veterans Administration funds, would tap an entirely new source of funding and provide an immense stimulation both to the housing industry and the durable goods industry, which provides the supplies and matrials for housing. Such a program should provide a non-inflationary contribution to a rapid upturn of the economy. Despite recent trends, the long-range experience of the VA Loan Guaranty Program on G.I. loan guaranty refaults, provides assurance of reasonable risk in use of insurance trust funds as a loan guaranty back-up reserve. This direct loan program should be made available and administered through every VA regional office under tight supervision and control. It should be noted that such a program could be coordinated with other agencies responsible for urban redevelopment, rehabilitation of inner city areas, all of which, for the most part, have been failing to meet goals established for them and have seemingly been unable to effectively coordinate the variety of programs which they administer.

AMVETS supports the objectives of H.R. 3312 to provide mortgage protection life insurance to certain veterans unable to acquire commercial life insurance because of service-connected disabilities. Veterans with service-connected heart conditions or other disabilities may be completely unable to obtain commercial life insurance at any price. He may be eligible for a VA home loan but cannot buy mortgage cancellation life insurance to protect his widow should he die before the loan is paid. Under such legislation the VA Administrator would be directed to set up a program with premiums established at a level which would be self-sustaining.

EDUCATIONAL BENEFITS

AMVETS commends the Congress for extending the educational eligibility period from 36 to 45 months, but recommends amendment of the law to permit the veteran to pursue appropriate study programs for post graduate Masters or Doctoral degrees. In view of post Viet Nam war era, four years of college does not constitute full educational rehabilitation. During the 1960's, the Viet Nam War substantially transformed our colleges and universities into socially acceptable draft-evasion mechanisms for those who could afford to attend. As a result of this prolonged situation, for most worthwhile long-time career jobs, four-year "standard" college degrees are no longer enough to allow Veterans, with a military service time-lag and educational disadvantage to compete with the non-veteran stay-at-homes who, as a result, have superior employment qualifications now demanded by employers, to say nothing of the increased competition from women, veterans must overcome in every job or professional category.

W.W. II veterans this year will reach an average age of 57–58 years of age. Many of these veterans began their working career immediately following W.W. II discharge, in manual, semi-skilled occupations and trades. Substantial numbers were unable to take advantage of any of the G.I. Educational Benefits then available. Literally thousands are being permanently displaced by computerized and automated equipment in the jobs they perform. Because of their age and lack of advanced education and training, they face a bleak and almost impossible prospect for future employment. AMVETS believes that this Committee should sympathetically consider initiating legislation which would permit, on a one-time basis, such veterans who have never used their G.I. Educational Benefits, as an appropriate period of up to 12 months eligibility for VA approved re-training and education in skills presently required by business and industry.

Korean War Veterans, likewise, who were unable to take advantage of any of the G.I. Educational Benefits available to them, have reached an average age and family status in which they have children reaching college age. AMVETS would again recommend, as we did recommend in the past, unsuccessfully, for W.W. II Veterans, the consideration for some form of federal net tax credit on their annual tax return, which would make available funds for their use to defray some of the rising costs of college education of their children. Various net tax credits for other groups have been suggested. We believe this Korean net tax credit could be included in any eventual plans developed for Internal Revenue Services implementation.

VETERANS EMPLOYMENT

AMVETS recognizes with sincere gratitude, the special attention given by the Committee, and legislation enacted by Congress through its efforts, to assist veterans seeking job training and employment, particularly Viet Nam era veterans, in the Readjustment Acts of 1972 and 1974. We are convinced it will be necessary for this Committee and the Congress to direct continuing attention and monitoring to insure effective early implementation of these highly promising programs.

In this connection, however, it should be noted that under the President's Amnesty Program, included among those entitled to preferred referral by State Employment Offices, are military deserters returned under the Amnesty Program. AMVETS opposes inclusion of such deserters and believes entitlement should be limited to those veterans who served honorably and who hold an honorable or other than dishonorable discharge from their military service.

Further, if the various employment assistance programs are to achieve their goal, we would respectfully request the Committee and each of the individual members, to exert every effort to persuade the President to launch an all-out public information campaign by the White House and all governmental agencies, focused on the severe unemployment situation of veterans in our troubled economy and that such a program be given support comparable and equal to that the President gave to the Amnesty Program.

To further stimulate the national economy by increasing cash, which would be immediately spent for food, shelter, and clothing, AMVETS respectfully suggests the feasibility of legislation which would authorize the Veterans Administration to make prepayment of service-connected compensation payments on a quarterly basis, to such service-connected veterans presently on the VA compensation rolls, who are in receipt of compensation for disabilities of 10 and 20 percent. We are informed that such quarterly prepayments would require enabling legislation. We believe that such a procedure would involve substantial administrative savings to the VA and would follow the present practice in effect in many states with respect to State's Workmen's Compensation payments. There is a precedent for prepayments in the VA's temporary prepayment of annual dividends for National Service Life Insurance. That prepayment program was adopted to provide a rapid infusion of cash into the national economy during prior economic recession. In view of the desire of the President and Congress at this time to increase the national cash flow, such legislation would be desirable and effective at this time.

Similarly, AMVETS believes it is imperative that early action be taken to impose effective curbs on illegal aliens, now estimated from 8 to 11 million, who are presently in the U.S., compounding our increasingly serious economic difficulties, and problems, by holding an estimated 3 million jobs badly needed by American citizens; by not paying their share of taxes; by diverting cash out of the country; and by straining already overtaxed welfare and social resources.

AMVETS strongly supports the legislation introduced three times by Congressman Peter Rodino, and twice approved by the House of

Representatives, and measures supported jointly by the U.S. Department of Labor and the Acting U.S. Attorney General, prior to the appointment of Attorney General Levi, which would make it unlawful for employers to hire illegal aliens, and the requirement that every person seeking a job, regardless of his birthplace, national origin or citizenship, be required to sign an affidavit that he is a U.S. citizen or a legal permanent alien resident.

We believe such a requirement to be necessary and essential as considerable publicity highlights the difficulties of the Immigration & Naturalization Service and its understaffed Border Patrol to provide any effective bar to the entry of such illegal aliens. AMVETS believes such a measure would contribute substantially to an accelerated economic recovery of the Nation, and be of direct benefit to Viet Nam era veterans among whom unemployment levels are at least double the 8.2 percent of the general population. Only legal responsibility placed on employers has any chance of effective restraint or limitation of this tidal wave of illegal aliens, into the Nation's labor market.

AMVETS opposes the President's proposal to limit Cost of Living Increases for government employees to five percent and to impose a freeze on further civilian and military retiree Cost of Living raises through mid-1976. To limit such measures to government workers and civilian and military retirees constitutes a most unfair and discriminatory action, particularly in the face of adamant refusal to limit private sector business or labor by any similar constraints. Projections of overall future costs of $157 billion without such limitation on governmental payees can best be summarized in the words of the great British Prime Minister Disraeli, that "there are lies, damned lies, and statistics." Particularly, since not one economic forecast of the experts, within the last five years, has been even close to actual results. AMVETS asks the distinguished members of this Committee to oppose the imposition of these discriminatory limitations, which have a direct adverse effect on all involved, a very substantial number of whom, 29 million, are veterans, and additionally their dependents and beneficiaries.

NATIONAL CEMETERY SYSTEM

AMVETS has been gratified with the establishment within the Veterans Administration of the National Cemetery System. We are concerned, however, that the momentum of this program could and should be accelerated. The problem here would appear to rest upon a question of proper funding. A number of national cemeteries have been authorized but the funds for establishing even those already authorized have not been forthcoming. The system has been in operation long enough at this time to develop national guidelines and policies and to provide immediate and long-range plans to insure the full establishment of the system. In this connection, AMVETS strongly recommends and will support legislation comparable to that which presently authorized and required the Veterans Administration to maintain at least one Regional Office in each of the 50 States. Similarly, AMVETS believes there should be authorization and requirement for the establishment of at least one National Cemetery in each of the 50 States. This should not be in derogation of encouraging individual state programs.

AMVETS commends the Veterans Administration's performance in assuming administration of approximately 103 established Army and VA cemeteries, and its plans for activating four new cemeteries in 1976, and additional ones in 1977 now in the site location and planning stages. We note, however, that at least two years will probably pass before the first veteran interment in these new cemeteries. We earnestly recommend the continuing interest of the Committee in monitoring progress in this V.A. program and support for its essential and adequate funding.

VETERANS DAY, NOVEMBER 11

AMVETS wishes to thank the members of this Committee who have supported action by Congress restoring the observance of Veterans Day to its traditional date of November 11. All but six of the individual States have taken such action. The reasons are many and I am sure well known to the members of this Committee.

VETERANS PREFERENCE AND BENEFITS

The war-earned special status of veterans in our society and the benefits a grateful people and Congress have provided over the last fifty years, have been maintained and developed in large measure only by constant Congressional diligence, humane consideration and supervision. Measures adversely affecting this special status aimed at eventual abolishment, are today being initiated from every point of the compass. Many such measures originate outside the traditional jurisdictional boundaries of the Veterans Affairs Committees of the Congress. Of first concern to AMVETS and all veterans are a variety of measures designed to reduce or completely eliminate Veterans Preference in hiring, promotion, and retention in the career Federal Civil Service. AMVETS implores this Committee, and each of its members in his or her capacity on any of the committees on which he or she serves, to exert every effort to stop this continuing erosion and to safeguard the special status of veterans in their merit, career, Civil Service employment.

While not directly within the jurisdictional purview of this Committee, there is a matter AMVETS would call to the attention of the members for their individual consideration. P.L. 93–647, effective January 1, 1975, contained a rider, as part of the Social Services Amendments Act, which for the first time since the founding of the Republic, requires the Government of the U.S. and all its agencies, to act as a collection agency, and permits garnishment of the salaries, payments or reimbursements, made to active duty civilian and military personnel, and retirees, civilian and military, consultants, or quasi-governmental agency employees or persons receiving disability payments or reimbursements of any kind from the government. The surreptitious manner in which this rider was attached to the Law, though piously limited to "lawful alimony and child support" payments for the present, breaks a 200 year-old precedent, and will certainly be only the opening wedge which will convert the Federal government into the largest garnishee agent in the world. No wild guesstimate of the costs of performing such garnishee activities has ever been attempted by the interagency committee of officials of the Office of Management and Budget, U.S. Civil Service Commission, Health, Education and Welfare, and the Department of Defense now attempting to develop guidelines for implementation, though a figure of $18 million a year has been a first guess. Whether as implemented the language of the Law will require similar action by all state, municipal, local governments and entities partially funded with Federal funds, is not known at present.

This provision is a basic change in the doctrine of the immunity of the Federal Government, as the Sovereign. Whatever the final guidelines and implementing mechanics, the process will create the most immense, complex, burdensome and expensive payroll deduction program ever undertaken since Federal income tax withholding was instituted. In this matter, AMVETS believes immediate Congressional and individual Committee member action to repeal this ill-advised provision of P.L. 93–647 should be initiated and a thorough investigation of the origins of the rider should be made.

In similar fashion, AMVETS believes a timely reconsideration of every aspect of the VA Pension Program and its interrelation with Department of Health, Education and Welfare and Social Security Administration, and other systems must be made without delay to prevent the absorption or merger and eventual loss of a separate VA pension system for veterans and their dependents. AMVETS cannot believe that Congress is willing to allow its veterans and their dependents to subsist on a bare welfare poverty level, nor to have the administration of Veterans Pension Programs pass from the hands, responsibility, and control of the Veterans Administration to become simply another welfare program. Legislation is badly needed to prevent the loss or reduction of veteran and beneficiary pensions each time there is a change in the Social Security level of payments.

VETERANS ADMINISTRATOR, ELEVATION TO CABINET RANK

AMVETS continues to urge this Committee and its members to support, by every available means collectively and individually, the elevation of the Administrator of Veterans Administration to full Cabinet rank and status, as befits the importance of its mission, national scope, size and variety of its operations, the number of veterans and their dependents it is responsible for serving, and its vital relation to the Nation's social and economic stability and welfare.

20TH CENTURY FUND—"THOSE WHO SERVED"

The Committee is fully familiar by now with the recommendations for substantial changes in the entire Veterans Benefits System made by the 20th Century Fund Task Force. In substance, implementation of these recommendations would destroy the independent identity and benefits delivery structure administered and controlled by the Veterans Administration as we know it today. AMVETS is vigorously opposed to most, if not all, of the proposed changes, particularly those which would integrate and merge veteran programs into general health and welfare systems; transfer pension programs to the control of the Social Security Administration, and allow provision of veterans medical-care delivery to be provided outside VA administrative responsibility and control. AMVETS urges intensive independent investigation of every facet of this report by the Committee and Congress. AMVETS will cooperate in every way with the Committee to assess the destructive impact of the report, with the sincere hope that the opposition of AMVETS will receive full consideration by this Committee and Congress.

CONCLUDING REMARKS

AMVETS will have a continuing interest in other legislative measures, I have not specifically touched upon here. We are aware some of these have already been introduced, or may soon be. It is our hope the Committee will extend to these matters the sympathetic, careful scrutiny and consideration which is its hallmark. We hope also its recommendations will produce positive results in the Congressional Budget Office, in formulating a plain language "real" dollar formula and statement truly representative of the veterans actual share of our nation's "real" income and resources, and thus bring stated expenditures for veterans benefits into clear focus and proper national perspective.

May I conclude, Mr. Chairman, by expressing our appreciation for affording AMVETS this opportunity to appear before this distinguished Committee. We wish to express our sincere thanks to the Committee's outstanding staff members, for their constant kind consideration and assistance extended to our organization and its National Officers. I respectfully extend my sincere personal thanks, and that of all AMVETS whom I represent here today. Thank you.

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975—S. 7

Mr. HANSEN. Mr. President, in view of the Senate passage of the Surface Mining Control and Reclamation Act of 1975, S. 7, it seems appropriate to make several observations on the final Senate version.

Throughout the consideration of this measure in the last session and in this session of Congress it has been my desire to pass legislation which would protect our Nation's environment and still allow for recovery of the resource. My three paramount objectives have not changed: First, to require reclamation of the mined lands; second, to treat the surface owners fairly; and third, to allow our Nation to use its abundant supply of coal.

Although I am less than satisfied with the results of our efforts, I voted for the bill because I feel it accomplishes goals all of us think are important. Nevertheless, I have strong reservations about several key provisions in the bill.

One major accomplishment of the bill is that it gives the surface owner the prerogative to grant or to withhold consent to surface mine the Federal coal under his surface. Previously this right was not established. There is no doubt "surface owner consent" has become a major objective insofar as most ranchers and farmers and nearly all environmentalists in the West are concerned. It is my feeling bona fide farmers and ranchers who choose not to have their lands mined should have the right to withhold their consent. However, farmers and ranchers who choose to give their consent should be fairly compensated.

Senators will remember a royalty payment to surface owners which I proposed in the last Congress. I did this after nearly every Senator on the Interior Committee repeatedly rejected any consideration of surface owner consent.

During the last session of Congress when the conference report was passed, I expressed the hope Congress in the next session would refine the issue in a manner which would preserve the right to say no to surface mining, and at the same time fairly compensate those who choose to say yes. The compensation under the bill in its present version provides: The appraised fair market value of the surface estate and improvements plus the value of the following losses and cost which arise from the surface coal mining operations:

First. Loss of income to the surface owner during the mining and reclamation process;

Second. Cost to the surface owner for relocation or dislocation during the mining and reclamation process;

Third. Cost to the surface owner for the loss of livestock, crops, water or other improvements;

Fourth. Any other damage to the surface reasonably anticipated to be caused by the surface mining and reclamation operations; and

Fifth. Such additional reasonable amount of compensation as the Secretary may determine is equitable in light of the length of the tenure of the ownership; provided, that such additional reasonable amount of compensation may not exceed the value of the losses and costs as established pursuant to this subsection and in paragraphs (1) through (4) above, or $100 per acre, whichever is less.

It was because I believe the surface owner would not be adequately compensated under the bill, that I proposed an amendment both in committee and on the floor to amend the present restriction.

My amendment, while retaining the surface owner consent provision, would have removed the formula compensation restriction and would have allowed the surface owner to freely negotiate and to receive from a coal company whatever the company would pay in exchange for the surface owner's consent to mine. It would have also removed the penalties or lease cancellation which a coal company would incur if it exceeded the formula restriction. Mr. President, I ask unanimous consent that the amendment be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HANSEN. Mr. President, because the compensation is inadequate to induce consent, this failure could deny access to Federal coal which would otherwise be developed. The end result may be that those surface owners who favor the development of their lands will sell their surface to energy companies in order to circumvent the strict limitations on the amount that the surface owner can receive in exchange for giving consent for mining. This could negate the worthwhile objective that we have recognized—to encourage that these lands be restored and retained for agricultural production after mining.

However, there is a strong possibility that many coal companies will not buy land without the assurance they will be able to mine. They will not have that assurance since they may be unable to acquire the coal lease at a competitive bid sale. The end result may be that surface owners will not give their consent to surface mining because of inadequate compensation and coal companies will not buy the land. Federal coal will certainly then be locked up.

Another major objection I had to the bill was the effective mining ban on alluvial valley floors in section 510(b)(5). This section contained language which required that no mining permit could be approved unless the applicant affirmatively demonstrated the proposed surface coal mining operation, if located west of the one-hundredth meridian west longitude, would not have a substantial adverse effect on farming or ranching operations being conducted on alluvial valley floors where such valley floors are significant to such operations.

Because this section is placed in the permit denial or approval section, mining is precluded without consideration as to whether reclamation is possible in these areas. Since one of the purposes of the act is to assure that surface mining operations are not conducted where reclamation as required by this act is not feasible, it can be inferred reclamation should at least be considered. Other sections; namely, the environmental protection standards section, adequately protect the hydrologic integrity and land quality. Operations must be shown to meet these standards before permits are issued. Section 508 requires a reclamation plan to be submitted with the permit application and must demonstrate that reclamation can be accomplished before a permit is issued.

This ban effectively precludes the surface owners prerogative of granting or withholding his consent on alluvial valley floors where these alluvial floors are significant to ranching operations.

Because I felt the rancher should be entitled to exercise his prerogative if the area can be reclaimed and the land and water can be protected, I introduced an amendment to delete section 510(b)(5). Debate ensued over the meaning of "alluvial valleys" which is defined in the bill, section 701(27), as "unconsolidated stream laid deposits holding streams where water availability is sufficient for subirrigation or flood irrigation agricultural activities." The U.S. Geological Survey supplied maps which showed much of the strippable coal in the Powder River Basin is located in alluvial valleys under the section 701 definition.

Senator METCALF then introduced an amendment which would ban mining on croplands and haylands in alluvial valley floors. This language was accepted by the Senate rather than the deletion of 510(b)(5). Although I feel this language is an improvement over the previous language, I would have preferred the deletion since the accepted language still prevents the surface owner from giving his consent in applicable areas and since the term "alluvial valleys" was never exactly defined.

With these major flaws in the bill I suspect we will be returning in a year or two to reexamine this bill and to see what needs to be changed in order to persuade the typical rancher in the West, who owns only the surface over Federal coal, to give his consent to surface mining the coal under his land. I suspect this may be another one of those times we must learn the hard way.

Even though in some instances I think the standards are spelled out too specifically to accommodate the needs of various States where topography and climate differ radically, this bill will insure uniform application of standards and will prevent an unfair competitive advantage, which might arise if one State's standards are much more lenient than another's. Naturally, industry would be attracted to the State with the most lenient standards. When I was Governor of Wyoming, some of the bentonite operators said they had no objection to reasonable reclamation requirements being demanded of them, provided other bentonite producers in other States were treated the same way. This bill does that. It insures that every surface mining operator will have to meet the same Federal standards that every other surface miner has to meet.

Probably the most important achievement of this legislation is that it requires proof that the land can be reclaimed before it can be mined.

Another major accomplishment is the inclusion of a mine reclamation fund which will be financed by industry through taxation of every ton mined. Part of the fund will reclaim orphan lands—lands which were surface mined in times past and now remain essentially as they were at the conclusion of the mining operation.

Another part of the fund will be used for an even more urgent problem—the filling of voids and sealing of tunnels. This remedial action will prevent subsidence, which is the shifting of the Earth that occurs, oftentimes, long after an underground mining operation has been completed and abandoned. In Rock Springs, Wyo., we know firsthand what subsidence means. So do the people in Scranton, Pa., and in other Appalachian and Midwestern areas. Subsidence causes foundations to crack, and water, sewer, and gaslines to break. The resultant gas leakage can cause explosions and death. Not only has subsidence occurred, but carbon monoxide is produced from the incomplete combustion of burning underground coal. Sooner or later the underground coal begins to burn when some coal is removed and oxygen comes in contact with the remaining underground coal. Carbon monoxide, an ever present product, seeps into houses and can cause asphyxiation. I am particularly pleased this situation can be remedied somewhat by this legislation.

Conditions are rarely identical. It is impossible to tailor a Federal law to fit specific situations precisely. Accordingly, I am pleased the so-called Hansen-Metcalf provision, as the distinguished junior Senator from Montana so graciously calls it, is included. This provision places State law in a sovereign position over Federal law if the State law exceeds in its requirements what is imposed by Federal law. States then will have an opportunity to draft legislation addressing their unique individual problems.

Despite the action by the Senate there is still further opportunity to improve this legislation. If I am a conferee, I will try to change the faulty sections in conference.

My three goals—reclamation, fair treatment for the owner of the surface, and availability of this important energy resource are still valid.

EXHIBIT 1

AMENDMENT No. 74

SEC. 716. (a) The provisions and procedures specified in this section shall apply where coal owned by the United States, under land the surface rights to which are owned by a surface owner as defined in this section, is to be mined by methods other than underground mining techniques.

(b) Any coal deposits subject to this section shall be offered for lease pursuant to section 2(a) of the Mineral Leasing Act of 1920 (30 U.S.C. 201)(a)), except that no award shall be made by any method other than competitive bidding.

(c) Prior to placing any deposit subject to this section in the leasing tract, the Secretary shall give to any surface owner whose land is to be included in the proposed leasing tract actual written notice of his intention to place such deposits under such land in a leasing tract.

(d) The Secretary shall not issue a mining permit for any lease of such coal deposits until the lessee has the written consent of the surface owner to enter and commence surface mining operations or a document which demonstrates the acquiescence of the owner of the surface rights to the extraction of coal within the boundaries of his property by surface mining methods.

(e) In the event the lessee does not secure consent from the surface owner as prescribed in subsection (d), the lessee may rescind the lease whereupon the Secretary shall reimburse him for the value paid for the lease.

(f) For the purpose of this section the term "surface owner" means the natural person or persons or corporation, the majority stock of which is held by a person or persons who meet the requirements of this section who—

(1) hold legal or equitable title to the land surface; and

(2) have their principal place of residence on the land; or personally conduct farming or ranching operations upon a farm or ranch unit to be affected by surface mining operations; or receive directly a significant portion of their income, if any, from such farming or ranching operations.

(g) Nothing in this section shall be construed as increasing or diminishing any property rights held by the United States or by any other landowner, nor increasing or diminishing any rights or privileges acquired in accordance with the provisions of section 201(b) of title 30, United States Code.

(h) This section shall not apply to Indian lands.

S. 662—NATIONAL MASS TRANSPORTATION ASSISTANCE ACT AMENDMENTS OF 1975

Mr. TUNNEY. Mr. President, I am pleased today to join several of my colleagues as a cosponsor of S. 662, the National Mass Transportation Assistance Act Amendments of 1975. This measure will go a long way to insure the handicapped and elderly equal access to mass transit facilities and vehicles around this Nation.

Today, our public transportation systems are designed with little attention to the special needs of the handicapped. Obstacles—small things such as steps and turnstiles which the more able-bodied person passes without notice—pose impassable barriers to handicapped persons.

The handicapped possess valuable training and skills. They have both an ability and a desire to learn. Yet senseless obstacles prevent many from taking full advantage of the economic opportunities of our society. For the Nation as a whole, this is a waste of a valuable resource. For the individual, influenced by a society which holds productivity activity and personal autonomy in the highest esteem, it can mean a life of despair and self-criticism, and for the elderly, often a sense of total worthlessness.

Perhaps even more tragic, while the handicapped have the same needs as all of us for social and personal relationships, needless travel barriers cut off a handicapped person from friends and relatives, plunging him into a life of loneliness.

An Urban Mass Transportation Administration study found that an estimated 13,370,000 handicapped Americans experience difficulties in using mass transit systems. This is more than the combined populations of America's three largest cities: New York, Chicago, and Los Angeles. Of these 13,370,000 persons, an estimated 5.3 million are unable to use mass transit at all—though they would be able to use it if transit facilities were modified and improved to accommodate them. Among the 5.3 million are 1.2 million arthritics needing wheelchairs, most of the half million Americans who are victims of cerebral palsy, 66,000 paraplegics, 34,000 quadraplegics, and many of our 2 million hemiplegics.

It is unconscionable for Congress to use Federal funds to build yet more transit systems which segregate the handicapped and elderly.

We have made some progress. In 1970, Congress recognized the rights of the handicapped by enacting section 16 of the Urban Mass Transit Act which declared that it is:

> National policy that elderly and handicapped persons have the same right as other persons to utilize mass transportation facilities and services.

In 1973, by passing the Federal-Aid Highway Act, Congress took a further step by requiring that mass transit projects funded with moneys from Federal-aid highway projects "shall be planned and designed so that mass transportation facilities and services can effectively be utilized by elderly and handicapped persons."

Yet, there is still no uniform provision making a similar requirement of other transportation projects funded by the Federal Government. Last year, I introduced S. 3648 which would have insured that transportation facilities built and rolling stock purchased with Federal UMTA funds would be designed and constructed to be accessible to the physically handicapped and elderly. The bill would have gradually phased in mass transit facilities and vehicles which are accessible, culminating in the requirement that when transbus becomes available on the open market, all bus transit must be fully accessible to the elderly and handicapped. Regrettably, Congress was not able to act decisively on this proposal.

This year, however, two major reaffirmations of Congress commitment to develop equal access to our mass transit facilities have already been heard. I was pleased to cosponsor Senator RANDOLPH's resolution calling for a barrier-free public transportation system, and am delighted today, to join as a cosponsor of Senator WILLIAMS' bill.

This legislation mandates immediate action. It clearly mitigates against the development of "separate but equal" systems as a substitute for making new systems for the general public accessible to the handicapped. Effective immediately, all vehicles, buildings, stations, and other structures for rapid rail systems, feeder systems, and other vehicles integrated with such systems must be accessible to the elderly and handicapped. Further, local advisory committees—of which half the members are handicapped and/or elderly persons—are to be established immediately to draw up local compliance timetables for all mass transit facilities to become equally accessible. All UMTA fund requests must meet with the approval of the Secretary of Transportation that the funds will be expended on facilities or vehicles which are barrier-free.

While wholly accessible mass transit systems are still only on the horizon—awaiting the availability of Transbus and other recent innovations—this bill takes clear initial action leading to a freedom of access within the next few years. Both the handicapped and society as a whole will benefit socially, psychologically, and economically from the integration of the handicapped through provision for barrier-free transit. I urge Congress to give immediate attention to this legislation so we can be sure that all of our people will be able to enjoy the benefits of mass transportation and the world it opens for the handicapped and elderly.

THE IMPOUNDMENT PROCESS

Mr. BROOKE. Mr. President, the current issue of Effort, the publication of the Committee for Full Funding of Education Programs, carrieds an informative and comprehensive article on the impoundment process that, I believe, merits reading. I ask unanimous consent that the article, by Roy H. Millenson, until recently minority staff director of the Senate Committee on Labor and Public Welfare, and now staff director for education and library affairs of the Association of American Publishers, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IMPOUNDMENT—THE DISEASE AND THE CURE

(By Roy H. Millenson)

A new and third step has now been added to the Congressional process of giving life to Federal programs. To the traditional first steps—authorization and appropriation—has been added a third, the impoundment process. Last summer, with the enactment of the Congressional Budget and Impoundment Control Act of 1974 (PL 93–344), the Congress formalized the impoundment procedure, a process that had been previously successfully attacked in the courts as illegal. The President has now been given a means whereby under law he can avoid the expenditure of funds appropriated by the Congress and whereby the Congress, on its part, can negate the President's action.

Since this is the first year of operation under the new law and all parties are proceeding cautiously through uncharted seas, setting the precedents that will be followed for years to come, the procedure merits analysis.

Title X[1] of the new budget reform law was given the short title of "Impoundment Control Act of 1974". How does it work?

Title X provides two means by which the President may withhold expenditure of appropriated funds—rescission and deferral. Rescission is the procedure whereby the President, subject to Congressional approval, indicates that the Executive Department will not spend a particular sum for a specified program. Deferral is the procedure whereby expenditure of a stipulated amount is postponed for a stated period of time for a particular program. More, later, about rescission and deferral specifically, and about Congressional procedure with respect to them. First, a few general notes.

The President must notify Congress in any case of rescission or deferral. When a rescission or deferral is sent to the Congress by the President, in addition to being published in the Federal Register, the law requires it to be printed both as a House and Senate document. In addition, it is referred to the appropriate committee of each chamber of the Congress. While the Budget Committee[2] shares jurisdiction with the Appropriations Committee, it is the Appropriations Committee that has the ultimate responsibility for reporting the measure that will approve a rescission or override the deferral.

As a further requirement, the President is obliged to submit to the House and to the Senate by the tenth of each month a cumulative report of all deferrals and rescissions as of the first day of that month. This report is to be published in the Federal Register.

The Comptroller General[3] also receives a copy of each Presidential deferral or rescission message. He must review each of these Presidential messages and promptly inform the House and Senate of the facts surrounding the proposed deferral or rescission, including its effects, and, in the case of deferrals, whether the Presidential action is in accord with existing statutory authority. When the Comptroller General's report is submitted to the Congress, notice of that fact appears in the Congressional Record and the report becomes available to the public.

The Comptroller General has other duties. If he finds that there has been an impoundment of funds by the President and the President has not notified the Congress of this, the Comptroller General must report this fact to the House and the Senate. That report is printed in the Federal Register and the law requires it to be also printed as a House and Senate document. Also, he must inform the Congress if the President in his judgment, has mistakenly reported a rescission as a deferral, or vice versa.

Finally, the Comptroller General is empowered to bring civil suit to require that appropriations be expended when he finds that the Executive Department has improperly withheld the expenditure of such funds.

Now, let us examine specific procedures for rescission and for deferral.

Rescission. As pointed out, when the President wishes to rescind an appropriation he must send a special message to the Congress. The message must state the amount, the program to which the rescission applies, the fiscal, economic and budgetary effects of the rescission and its effect on the Federal program to which it applies, together with other pertinent information. However, this rescission is not effective until it is approved by *both* houses of the Congress within 45 days after the message is received from the President.[4] In the meantime, the President is not obliged to expend the funds. Some Senators and Representatives have indicated that they are sponsoring legislation that would clarify the law and thus oblige the President to spend the funds during the 45-day period unless Congress approves the rescission.

Deferral. The President's deferral message must state the amount, the program to which the deferral applies, the period of time of the deferral, reasons for the deferral including any legal authority, the fiscal, economic and budgetary effects of the deferral and its effect on the Federal program to which it applies, together with other pertinent information. The deferral may not go beyond the end of the fiscal year. It is in effect (i.e., the funds are not spent) until such time as *either* the House or the Senate adopts a resolution (known as an "impoundment resolution") negating it. There is no time limit imposed for this Congressional action.

Let us now turn to the procedure that must be undertaken in the Congress with respect to a rescission bill (to ratify and make effective a Presidential rescission decision) or an impoundment resolution (to overturn a Presidential deferral decision).

Congressional Procedure. As indicated, both a rescission bill and an impoundment resolution are referred to the appropriate committees in the House and the Senate. If the committee fails to act on the measure within "25 calendar days of continuous session of the Congress after its introduction," a proponent, supported by one-fifth of the members of the House or Senate, may move to discharge the committee and bring the bill to the floor, where that motion is treated as privileged business. On the motion to discharge the committee, in the House the law provides that debate is limited to one hour evenly divided between those favoring and those opposed; in the Senate, the law stipulates that there is no time limit on debate, but whatever time is utilized must be equally divided under the control of the majority and the minority leaders.

Procedures for consideration of the actual rescission bill or impoundment resolution differ slightly between the House and the Senate (NB, the floor procedure described in the preceding paragraph is only for the motion to discharge the committee; what follows is the procedure once the committee gives up the measure either by reporting it or by being discharged).

In the House, debate on a rescission bill or an impoundment resolution, which may be brought up as a highly privileged matter, is limited under the law to two hours, to be divided equally between proponents and opponents.

In the Senate, the law limits debate to ten hours with the time equally controlled by the majority and minority leaders. As in the House, amendments are not permitted to impoundment resolutions, nor may they be recommitted. Debate on amendments to rescission bills is limited to two hours, with time equally divided between the amendment's sponsor and the manager of the bill. Debate is limited to one hour, similarly equally divided, on amendments to amendments and debatable motions or appeals in connection with the bill. The law further provides that non-germane amendments are not permitted.

Since the House and the Senate may adopt differing versions of a rescission bill, in order for that measure to be effective a conference report must be agreed on by both chambers, as is the case with legislation that is to become law (since only one chamber must approve an impoundment resolution, no conference is necessary). Debate on conference reports is limited in both the House and the Senate as is debate on instructions to conferees.

An additional note. It is indicated that the practice will be for rescission bills to originate in the House. Impoundment resolutions, of course, can emanate from either chamber of the Congress.

In summary we see that to negate a rescission, the Congress must simply fail to adopt the President's recommendation. However, to overcome a deferral, positive action on the part of either chamber of the Congress is required.

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[1] 31 U.S.C. 1401–07.

[2] In the Senate, it has now been established (S. Res. 45) that the appropriate authorizing committees also share jurisdiction.

[3] The General Accounting Office (GAO), which the Comptroller General heads, is an agency of the Congress and thus directly responsible to the House and the Senate rather than to the President and the Executive Department.

[4] The law stipulates "before the end of the first period of 45 calendar days of continuous session of the Congress after the date on which the President's message is received by the Congress."

Of course, some questions remain. Must the President expend funds if his special message on rescission or deferral is defective? Is the President obliged to expend funds if his deferral message is late? And more. But, as Kipling said in his *Jungle Book*, that is another story.

CHILD AND FAMILY SERVICES HEARINGS RESUME

Mr. MONDALE. Mr. President, on March 12, 1975, we held the third joint hearing of the Senate Subcommittee on Children and Youth, the House Select Subcommittee on Education and the Senate Subcommittee on Employment, Poverty, and Migratory Labor on the Child and Family Services Acts of 1975, S. 626 and H.R. 2966.

We were fortunate to have a highly impressive and respected group of witnesses at this hearing including a panel of representatives of women's organizations comprised of Audrey Colom, vice chairwoman of the National Women's Political Caucus; Mary Grace Plaskett, national chairperson of Task Force on Child Care of the National Organization for Women; Carol Burris, president of the Women's Lobby, Inc.; Arvonne Fraser, legislative chairperson and past president of the Women's Equity Action League; and Sandy Hill, national vice president of Federally Employed Women, Inc. In addition we heard from a panel from Minnesota composed of Mrs. Edwina Hertzberg, executive director of the Greater Minneapolis Day Care Association; Mrs. Ann Ellwood project director of the Minnesota Early Learning Design and Mrs. Tutti Sherlock, executive director of Olmstead County Council for Coordinated Child Care and a research panel with Dr. Susan Gray of Peabody College; Dr. James Gallagher, director of the Porter Graham Child Development Center and Ms. Erline Kendall of Nashville, Tenn.

Their testimony provided an eloquent and compelling case for the need of this kind of legislation.

Because of the large number of requests our subcommittees have already received for copies of these statements, I ask unanimous consent that a copy of each statement be printed in the RECORD.

I urge my colleagues and members of the public to review carefully the testimony we received.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT OF AUDREY COLOM

Senator Mondale, Congressman Brademas and other members of the Committees, I am pleased to be here today to discuss the Child and Family Services legislation. My name is Audrey Colom. I am a parent of a pre-school child currently in day care and vice-chairwoman of the National Women's Political Caucus. NWPC represents over 30,000 women. We have 300 state and local caucuses across the nation. We are a multi-partisan and multi-issue group.

The prompt enactment of the Child and Family Services bill is one of two top legislative priorities for the National Women's Political Caucus for 1975. As an indication of how strongly our membership feels about the need for bills such as S. 626 and H.R. 2966 the Caucus leadership voted at its past January meeting to devote a substantial effort to helping the Child Care bills pass Congress. I offer this as evidence of how important this legislation is to one of the country's fastest growing women's organizations.

I know that previous witnesses, particularly Carmen Maymi, Director, Women's Bureau, U.S. Department of Labor and Joseph Reid, Executive Director of the Child Welfare League of America have statistically documented the role of women in the labor force and the paucity of child care facilities. I will not reiterate the figures, but they are summarized at the end of my statement for our reference today.

What do all these figures about the increasing number of women in the labor force, the female headed households and the scarcity of licensed child care facilities tell us? They all tell us the same thing: the need for federally funded child care programs exists *now*, today. Women, mothers are out of the home working. Mostly because they must make ends meet. Many are heads of families, solely responsible for supporting their children. There is no alternative for these women. Their children must be cared for. And the child care programs whether for pre-schoolers, or school aged children are inadequate because society's institutions have not adjusted to changing customs. That is what has happened with employment practices and child care patterns. I think the Child and Family Services legislation will help bridge this gap.

I would at this point, like to speak up for the small percentage of women who work out of choice, not necessity. They and their children too deserve the highest quality care available. I am pleased that the Senate bill provides some space on a sliding fee basis in child care programs for families above the standard budget. I know that these families desire for their children the rich and varied experience that the best child programs offer and they are prepared to pay for these programs.

To those people who bristle at the mention of day care and equate it with "irresponsible or neglectful parents," I would like to say that "good" (not custodial) day care is quality education. The children are learning about themselves, their playmates, their environment in a happy healthy way. They are growing and developing as a result of their experience in a day care program. Secondly, I would like to remind the opponents of this legislation that all the programs and services offered are completely voluntary. This legislation does not say that because a child care program for pre-schoolers opens in your community that you must enroll your 3 year old. Nor does it say that because an after school program for junior high students is started in your child's school that your child must attend. When a mass transit system opens in a community it does not mean that everyone must abandond his car. I think that the analogy is that simple. Those who don't desire or approve of the service, need not avail themselves. There will be enough people rushing to use it, as it is.

Now, I would like to take a couple of minutes to speak about specific provisions of the two bills, S. 626 and H.R. 2966.

FUNDING LEVELS

I am distressed that for the first year funds are authorized only for planning, training and technical assistance—ground work funds. While I don't dispute that ample planning must be done, I am surprised that no money is simultaneously available for already existing child care and family service programs—especially those suffering from diminishing foundation or local government support. I can think of several child care programs, within walking distance of this very hearing room that may close down soon because their funding is unstable. If this bill passes as drafted, I can envision a situation where well paid planners are scouring the country determining areas of greatest need while child care programs in those very areas are cutting back or closing down altogether. Children must be the primary beneficiaries of this money.

PARENT COUNCILS

I would like to commend you Senator Mondale and Congressman Brademas for recognizing the important role that parents must play on the Child and Family Service Councils. I think that concern has been expressed at previous hearings that working parents may be too busy to attend Council meetings and should therefore have a limited role in the Child and Family Service Councils. I do not believe this is true. In fact, many parents already do participate actively in planning for their children, and given the opportunity, even more would participate. As a parent, I realize that like everyone, we make mistakes and we need experts' advice, but in the end, we do know our own children better than anyone else. Parents must comprise at least one half of the membership of the Child and Family Service Councils as the bills currently provide.

In closing, I would like to thank the chairmen for holding hearings so promptly on the Child and Family Service bills. I hope that the full committees and the full Congress will act with the same awareness of the needs and expeditiously pass the bills into laws.

Some statistics on women in the labor force

1. There are 27 million children under 18 whose mothers are in the labor force.

2. There are 6 million children under 6 with mothers in the labor force.

3. Since 1960 the percent of married women with children under 6 in the labor force has risen from 18.6% to 34%.

4. 34% of the married women with children under 6 are in the labor force.

5. Two thirds of the women in the work force are single, divorced, separated or have husbands earning under $7,000.

6. In families headed by a woman the median income in 1973 was only $6,195 if the mother worked and only $3,760 if the mother didn't work.

7. It is estimated that there are only one million places in licensed day care centers and homes for the 6 million pre-school children with working mothers.

8. It is estimated that one and one half million AFDC children under 6 are in "unknown child care arrangements".

TESTIMONY OF MARY GRACE PLASKETT

I am Mary Grace Plaskett, the Child Care Task Force Coordinator for the National Organization for Women. I am delighted to be here today to speak on NOW's behalf in support of the Child and Family Services Act.

The position of the National Organization for Women regarding child care is one which we feel reaches out to the realistic needs of children, parents and employers. This position might best be illustrated point by point.

(1) That every child deserves the highest quality education and care that our society can provide from infancy through preparation for a career. This is a basic right of each child in America and should be demonstrated by national support and funding for early childhood education and development schools, in which each child is encouraged to explore her or his environment and to learn independence and the democratic process of decision making. Each child must be encouraged to develop to her or his full and individual potential, free from sex role stereotyping, racial, ethnic, cultural and economic bias.

(2) That the development of such schools will offer all parents the opportunity to support their families, to pursue their own education, careers or the development of their own individual potential without guilt or fear

that their children are not being adequately cared for.

(3) That such publicly supported early childhood education schools must be available at flexible hours to meet the needs of families.

(4) That such schools provide adequate nutritional and health services to meet the needs of the children that are enrolled.

(5) That parents of children enrolled in these schools have some decision making and control of the administration, curriculum and operation of that school.

(6) That such schools be open to all children, regardless of financial standing of parents. These schools should contain a cross section of children of poor, middle and upper incomes so that no child is 'ghettoized' because of the economic background of her/his parents.

(7) That licensing and regulatory procedures on the federal, state and local levels must be revised so they foster, rather than impede, the rapid growth of high quality child care and development programs.

(8) That government support of a coordinated network of developmental and educational early childhood schools be an immediate national priority. Funds need to be available for operation, training, technical assistance, research and demonstration, renovation and, especially, construction. Money available for construction would serve a dual purpose; while giving a boost to the economy by channeling money into the construction field, we would be providing environments specifically designed to stimulate children's imagination and curiosity, with all the safety features necessary for the well being of those children.

I do not come armed with a large number of statistics, since these statistics usually speak to the need in terms of the 'working mothers.' In my opinion such statistics do not address the more realistic and universal need in our society for adequate child care and development for *all* children, regardless of race, socio-economic background or occupation of parents. I would like to speak to the needs of the children and parents involved and ask if any of us here today, who are obviously concerned about child care, have ever asked the children how they feel? I do. I ask continually. I am employed as the executive director/school coordinator of the South Hills NOW Day Nursery School in Pittsburgh, Pennsylvania. I have seen the children enrolled in a quality educational center grow physically, mentally and emotionally. I ask them if they like school. Then I ask them why they like school. Let me share with you their responses.

Heather says, "Cause we get to paint here . . . I don't have paints at home and they're messy. No one yells that it's getting on the floor. . . ." She turns from the easel to show me her work, half of which is on the paper and the other half on her nose, shoes and floor.

Elizabeth says, "Debbie [her teacher] says I can start my second reading book on Friday." Elizabeth's major joy and challenge in the world is being able to read "all by my self, any time I want to."

Scott says, "Because Moss [one of the other children] is here and lots of other kids and lots of things to do."

These three statements form in my mind the basic reasons for support for child care: the availability of learning and developmental equipment and a staff trained in directing the children in its use and the freedom to use it, and the social companionship so necessary for children. Children enjoy being with other children. It puts a great strain on children to be expected to cope in an adult world solely with adults twenty-four hours a day. Wise parents are those who realize that they cannot be everything, everyday, all day, to their child.

I have daily opportunity to discuss with parents their needs and feelings about child care. From these parents I get a variety of reactions. The parent, who because he or she is a single parent must work outside the home to support a family, is often overwhelmed by guilt. This comes, I believe, from an historic misapprehension that a child is best emotionally provided for by one parent, the female, in a one to one relationship in the home; that, except for the conventional 2½ hour nursery school program, any child denied such treatment for the remaining 21½ hours a day is emotionally deprived and may be traumatized for life. Not wanting to emotionally cripple their children, these parents are emotionally crippling themselves, and are forced to deny themselves a career which they could find fulfilling, or necessary to avoid the welfare rolls. Some parents try to substitute the parent within the home by hiring a person, usually a female, and paying less than a living wage to provide child care. Because the salary is generally less than minimum wage, the turnover is great and the reliability is less than adequate. Unfortunately, it is very often the case that the quality of time and energy of this adult is directed elsewhere while a child is, in fact, being 'baby-sat' by a television set.

Often in two parent households parents work on different shifts, taking turns watching the children while one sleeps or while sleeping themselves. Again, the quality of care for the children suffers and the child is forced or encouraged to sit in front of a television set with a reprimand to—"Be quiet, I'm trying to get some sleep."

In extreme financial stress often the parent turns to his or her parents or relatives to provide this service and creates the problem of a generally aging parent raising a second family. Offering stimulating learning experiences for young children is a very time consuming and energy consuming task, and while most older adults enjoy being with young children for a while, a steady demand on these adults for constant attention is wearing.

There are other parents, the statistics show, who leave their pre-school children in the care of other children or completely unattended. There are too many latch key children in our country. These children, ages 4–12, carrying a house or apartment key on a string around their necks in order to 'let themselves in and take care of themselves, younger children and household duties' until a parent returns from work. If comprehensive child care and development, including before and after school care, were available to all children whose families seek it, these problems could be eliminated.

Employers have also voiced their concern for the provision of adequate child care. It is generally felt that the productivity of working parents could be substantially increased if those parents could be free from anxiety and the interruption of their schedules caused by inadequate or unreliable care.

Let me emphasize that early childhood education is a basic right of all children, regardless of their parent's financial status. We think that we must make every effort to serve the needs of all young children. They should be offered the same open policy which is given to their older brothers and sisters in our public schools. This could be achieved by the allocation of federal and state funds to establish an early childhood education program in each state. This would allow and ensure that all children receive the same quality educational and developmental program regardless of their parent's socio-economic background. This program would also provide standards for professionals and paraprofessionals and would increase the labor force.

Were a program like this implemented, the licensing of these schools would logically fall under the States' Departments of Education.

Since the Department of Education is responsible for the standards of teacher training, there could be a closer cooperation between teachers' colleges and early childhood education schools in order to equip teachers to meet the children's needs more realistically. Quality early childhood education would be achieved with the maximum number of children served in a safe, healthy environment.

THE PSYCHOLOGY OF DAY CARE

(By Susan Edmiston)

Motherhood, as recent generations have known it, is tottering. Traditional child-rearing has been strictly tête à tête: one mother totally engrossed in and at the service of one child, one child totally involved with one mother. A sacred obligation, constant and jealous, it required the all-but-perpetual attendance of the mother. An occasional respite when baby-sitter or mother-in-law cared for the child was acceptable but still guilt-inspiring; going off to work and abdicating to a mother-surrogate was inexcusable. Those women who did so were always subtly—or not so subtly—tainted; the *best* mothers didn't. The assumption was that at any and all times, mother knew best and mother *was* best. Mother and child were locked in an eternal embrace.

The embrace, alas, was often deadly. Psychologists wrote about mothers who grasped and smothered their children. Betty Friedan described the absorption of the child's personality by the mother and her attempts to live through him: "It is the child who supports life in the mother . . . and he is virtually destroyed in the process." And Philip Roth told us about Portnoy.

It has taken some time for a response to arise to the problems posed by motherhood as practiced in the nuclear family—after all, centuries of sanctity and emotion stood behind it—but now the response is here. Its expression is the middle-class movement toward day care.

Traditionally, day care has meant the care and protection of children from families afflicted with some kind of "social pathology": broken homes, families which might neglect or abuse a child, or mothers who had to work at jobs that paid so poorly they could not afford a nurse or baby-sitter.

A kind of day care for children from families that are not poor has existed: it is called nursery school. Its main function is providing recreation or education, not custodial care. It is no surprise, given the historical definition of day care, that when people like Kate Millett go on television saying that we should have universal day care, other people like David Susskind accuse her of being heartless and inhuman, a creature unnaturally rejecting her role as woman and mother. Were Kate Millett to demand full-time nursery school for every child, she would undoubtedly meet with a different reaction.

In fact, the kind of day care many people—women's liberationists, advocates of community-controlled day care, parents who have formed their own co-ops—are talking about today is much closer to what traditionally has been called nursery school than what has been called day care. They are concerned with child development and they are demanding what, in their varied visions and wisdoms, they see as the best kind of growth experience for their children.

At the same time, the feminists are as intent on freedom for women and the opportunity for "mother-development," or parent-development, as they are on child development. For everybody, the new kind of care differs from nursery school in its underlying assumptions: taken to its logical conclusion it is saying that no mother or family no matter how loving, well-educated or economically fortunate, is capable of giving its children the best kind of childrearings; even under the best conditions, the school or day care center can do a better job. "Just as education from six up was taken out of the home, education from birth to six should be, too," says Rosalyn Baxandall, one of the founders of the pioneer Liberation Nursery on East 6th Street." Families may have been able to do it several generations ago—people lived in extended families then—but I don't think families can do it now."

Whereas nursery school is considered a supplement to a mother's care, the day care center is supposedly as influential in the child's development as the family. Day care people see the center or school not as a foreign, outside influence but ideally as an environment created by the parents themselves, acting in community. Proponents say that day care centers provide the following advantages over the individual home:

Richer environment: The child has more space, more equipment to play with, more materials to learn from, more activities to participate in.

Other children. Most day care proponents (with the notable exception of President Nixon, who favors day care as a means of reducing the welfare rolls) are committed to centers that are as racially and economically heterogeneous as the neighborhood allows. Many also believe strongly that children of varied ages should mingle with one another and not just with their immediate peer group. Often they embrace the concept, derived from the British infant schools, that children should learn as much as possible from one another rather than from adults. "Why should I teach a child how to button his clothes when he can learn that from another child?" says a teacher in one of the centers. "I'd rather spend my time teaching him how to read or play the piano." And they believe that children should begin to depend on one another and feel responsible for one another.

Relief from and for parents. Day care short-circuits the relationship of total emotional absorption. Betty Friedan describes, and dilutes the impact of any particular set of parents' neuroses on the child. The child learns to trust and relate to a variety of different adults who have a broader range of personalities and skills than do his own parents. "It was beginning to worry me that my child was completely subject to my moods and my attitudes, just in my orbit completely," says a woman who recently became involved in a day care center. "He was seeing the world only through my eyes and my feelings. It was time for a larger view."

When the day care center is parent-controlled, it breaks down the separation between the private home and the school. As the policy statement of the Committee for Community-Controlled Day Care notes, the child no longer feels that one kind of behavior is approved in school and another at home and that there is no relation between these two aspects of his life: "These centers demonstrate to the children that mothers and fathers and neighbors, people of their own background and values, play a significant role in the daily life of their school. This realization enhances both the youngster's own sense of worth and his positive feelings about the center's educational program." Although this may not be as essential for middle-class children as for those from ghetto neighborhoods, it must certainly benefit *all* children to feel that their destinies are controlled not by the Board of Education or the "city" or some other impersonal "them" but by their own families.

Day care also benefits parents: it frees a mother to work, study or simply meander. It lifts the weight, if not the responsibility, for child-rearing from the mother's shoulders and shifts some of the burden to the community. It breaks down the isolation of the nuclear family. When parents are involved in the centers, they gain a measure of real power over the world in which they live.

That's day care in theory. Here are two disparate versions in action:

The Discovery Room for Children is located on the upper fringes of Harlem and draws its enrollment from the mixed neighborhood between 155th and 181st Streets, river to river. Of 32 children between three-and-a-half and six, about half are white and half are black or Puerto Rican. Sixty per cent are at or below the poverty line, enabling the Discovery Room to receive funding from the city as a day care center. If parents are on public assistance or Medicaid they pay nothing; otherwise, they pay $1 a week for a half-day and $2 a week for a full day. Most of the children come either in the morning or the afternoon, but five stay all day. There is a waiting list of 70, but the Discovery Room hopes to be able to expand soon.

The Discovery Room is very much a school. It was started a year and a half ago by Sydney Clemens and Ann Brown, two young teachers with twelve year's experience in New York's public and private schools. The center is controlled by a board of parents. Of five paid teachers, four, including one former welfare mother, are parents of children in the school. Three are not licensed, two do not have college degrees, but the parents believe that they, and not the city, should decide who is qualified to teach their children. This is a position shared by most feminists and members of the community-controlled day care movement. Two volunteer teachers also work at the school part time.

Perhaps the strongest influence on the Discovery Room is the kind of thinking identified with the British infant schools. There is the belief that children should be given a richly furnished, planned environment which they are left free to use in any way they wish. There is a respect for the observations of thinkers like Piaget on how children actually develop—expressed, for instance, in the notion that children learn a subject like mathematics by exploring its concepts in concrete form rather than by manipulating numbers. And there is the aforementioned commitment to child-to-child teaching and therefore to the mingling of children of different ages. (Although the British infant schools are for the five-to-seven age group, the philosophy has been adapted to younger children in several New York schools). The Discovery Room also draws on the Montessori method for some of its equipment.

The Discovery Room's storefront windows are covered on the inside with a protective layer of wood painted blue. The sun beams through cutouts in the shape of birds, moon, trees and stars. The floor is covered with bright yellow flowered linoleum. A tall room has been put to maximum use with a balcony reached by a ladder. Children hoist supplies to the indoor version of a tree house in a rope-operated plastic milk box they call the elevator; they are required to use two hands climbing the ladder. The area beneath the balcony has been divided in two: one side is the doll room, a place for dramatic play and dressing up; the other, the sink room, where art supplies and paint are kept. Continuing in British-infant-school style, there is a math area equipped with rods, cubes, measures and balances for concretely exploring concepts of number, volume, length, etc., and a place for playing with colors and shapes. There is an electric piano, an autoharp, and a primary typewriter with large type.

On one wall is a chart headed *Things I Can Teach:* "Lucinda: how to clean up the table after painting. Daymon: to hold hands crossing streets, how to flip over, how to pump on the swing. David: things about dinosaurs, how to do a flipover on the bar. Alice: how to clean a paint tray, how to pick the right speed on the phonograph, how to carry scissors, how to set the timer. Cynthia: how to count up to 30, how to use the typewriter, the rules of the ladder. Khadijah: how to unbutton smocks, how to call for weather information . . ." When a child needs to know something another child can teach, he is referred to the chart (if he can't read, of course, a teacher reads it for him).

On one day recently, four children and a volunteer were playing a game with colors and shapes; three children were up on the balcony listening to a record of *In the Night Kitchen;* one girl spent half an hour or so quietly strumming to herself on the autoharp; several small boys were giddily play-wrestling on some large soft mats; one child asked a teacher to show him how to write the letter *E* and several other children joined in the lesson, each making a page of *E*s; one child threw a tantrum and a teacher spent fifteen minutes consoling him; some children gathered around a teacher and stitched pieces of fabric with bright wool. Every now and then a teacher would initiate a group activity which children were free to join or ignore: one teacher played "Alice's Restaurant" on the piano and each child sang his own verse; a man visiting for the day read a story.

Despite the presence of eighteen children and eight adults (there were two volunteers and two visitors in addition to the staff), the 50-foot-square room was a pleasant bustle of activity rather than the nerve-wracking chaos so easily created by children in groups larger than two. The children all seemed occupied or absorbed in some kind of pleasurable activity.

The West Village Cooperative Day Care Center offers a contrast to the Discovery Room. To begin with, it serves a large number of children under two. Second, the mothers who run the center range from educational traditionalists to radicals further left than Summerhill. The group has not yet been able to agree on any philosophy and, consequently, the atmosphere changes from day to day, depending on whether or not the mothers in attendance are more or less concerned about organization and cleanliness.

The co-op started last year in May, when Bella Abzug donated part of her campaign headquarters as space for a group of mothers who worked or wanted to work and therefore needed day care. Mothers who worked full time and couldn't help staff the center paid $20 a week; the others worked one full day a week. Both groups gave $4 a week for supplies. Although the center is now funded by the city, checks are erratic, so the same payment plan remains in effect. One teacher, a young woman from the Bank Street School of Education, and an assistant teacher were hired. In addition, four volunteer mothers work each day.

The center, which has moved to the basement of the Washington Square Methodist Church, has about 30 children, of whom four or five are under a year old. It is open from 8:30 to 6 and even some of the babies stay all day. Its home is an immense room with a stage at one end. Cribs and playpens are lined up in one area; here is climbing equipment donated by some architects; plastic milk boxes have been stacked up in one area one to a child, to house personal belongings.

On a recent day, the assistant teacher had spread an immense stretched canvas with paint. A little boy and a little girl, completely nude, were sitting and sliding in the paint while carousel music played on the phonograph. Others in various stages of undress skated on the canvas or approached it more timidly, hands first. Many of the toddlers (even the smallest children are confined to their cribs only for naps) looked on in apparent fascination. At the same time, one child was riding a truck; several children played quietly with games and puzzles on the stage; another child painted at an easel; two toddlers played with a large ball; several of the older children slid through one of the architects' tunnel-like constructions; one mother nursed her child and another rocked a baby in a stroller.

Though one of the mothers admitted to being "rather appalled" by the hedonistic, messy paint play while it was in progress, she observed later that her three-and-a-half-year-old talked about it for two days. "It was a big event for him," she said, "one he never would have experienced if he hadn't been exposed to the ideas of other mothers."

Although there were the same number of children in this room as in the far smaller Discovery Room, there seemed to be about twice as many, possibly because the larger room permits children to play much more actively—charging from one end to another—and because the toddlers don't tend to collect in groups but constantly wander independently.

These two day care centers developed in similar ways: they started independently and then were able to get city financing. Both are parent-controlled. They are not, by any means, the only kind of day care available.

Now that day care has come into fashion, extensive government funding money is expected to become available. Nixon has allotted $386 million for the first year of day care under his Family Assistance Plan, and at least three other bills calling for "comprehensive child development programs" have been introduced in Congress. (The Brademas-Dellenback bill alone calls for $700 million the first year.) Although they give priority to the lowest income groups, they also provide some financing for other families. In New York $1,385,000 has been allocated by the federal Model Cities Administration to establish 50 day care centers here by 1973.

The lure of anticipated money has already brought a host of profiteers into the day care arena. Last June a company called Knowledge Industry Publications, Inc., sponsored a conference called "Early Learning/Day Care Conference: Has Early Learning Become the Opportunity Business of the 1970s?" at the Commodore Hotel. Included in the program were workshops with such titles as "How Wall Street Will Go About Evaluating Early Learning/Day Care Companies" and "Fleecing the Pre-School Sheep: Is It Ethical? Is It a Business? Can It Be Profitable?"

Some companies have not bothered to wait for answers to these questions. The first to venture into the field are a number of franchising operations, creating visions of what Joseph Featherstone of the *New Republic* called "Kentucky Fried Children." One of the outfits already in operation is Kinder-Care Nurseries of Montgomery, Alabama, which boasts home-town boy Bart Starr as advisory committee member and physical fitness consultant. Another is American Child Centers of Nashville. Phoenix has franchisers known as Mary Moppett and Pied Piper Schools. Chicago has We Sit Better and the Institute for Contemporary Education. Franchises sell for between $18,000 and $30,000 plus 6 per cent of the gross. The fees to parents run from $20 to $30 a week. Since the cost of good day care is generally estimated at about $40 a week per child, it is hard to see how these centers, which also must bear the cost of constructing appropriate facilities, can make a profit unless they are providing below-standard services.

In New York City the cost of running day care programs is estimated at an even higher rate of $2,500 to $3,000 per year per child. Possibly it is only the prohibitive cost that has saved us from profiteering franchisers so far.

In some states industry has also tried offering day care services. The KLH Child Development Center in Cambridge has apparently been successful—at least for the corporation. KLH received grants of $112,118 in 1968–1969 and $147,782 in 1969–70 from the HEW Children's Bureau to run its center. The company foots only 18 per cent of the bill while reaping the benefits of reduced lateness, absenteeism, employee turnover and cost of recruitment.

While some mothers regard industrial day care centers as a life-saving boon and some day care proponents clamor for more such facilities, others view them with suspicion. "Too often it ties women to lousy jobs," says Roz Baxandall. "The industries that are setting them up are the ones that can't keep employees; they're bribing the women. Day care centers should be in the neighborhoods where people live. It's not a good idea to drag a child to work with you on the subway. Besides, parents ultimately don't have too much to say about day care when a big corporation is controlling it."

Ironically, New York may have little to fear from this quarter either. Executives of such institutions as the New York Telephone Company, which has considered day care as a way of alleviating its 70 per cent employee turnover, have talked themselves out of such projects so far by citing the following disadvantages: inadequate space; the difficulty of meeting regulations for protecting the children; the high cost, estimated by the Department of Social Services at $50 per week per child; a lack of real tax incentives.

What remains? In the past, the services available to middle-class parents in New York were, for the most part, private nursery schools, publicly assisted programs that aspired to economic homogeneity (often run by neighborhood houses and settlement agencies) and the parent co-ops.

Many of the parent groups met with, and are still encountering, tremendous obstacles from the city agencies involved. The Park Slope Community School in Brooklyn, a group run by middle-class parents "with good connections" who attempted to cooperate with the city in every good-citizen way, is a case in point. Last year, after being asked to leave the church where it had been operating, the group set out to find a new location. They thought of a storefront, but the Board of Health said it would never license one and, unlike the Discovery School parents, the Brooklyn parents never thought of operating without a license. Back then, that is.

Finally, the parents found a funeral home that was up for sale. A fully renovated, fully air-conditioned brownstone with three usable floors and an apartment, it was the perfect building. When the local bank was reluctant to give them the mortgage they needed, they polled their membership and found out that as a group they hold 40 mortgages and over $100,000 in savings in the one bank. After they threatened to close out all the savings accounts, the bank came through with the mortgage.

Last September the school opened at its new site with 96 children. Their first visitors were the Buildings Department and the Fire Department. The main problem, it seemed, was a certificate of occupancy. The group didn't have one and "the stipulations for getting one were fantastic," says Ruth Allen, one of the founding parents. A short time later two fire trucks, two deputy cars and dozens of firemen roared up one day at lunchtime. "They said, 'Here is your order to vacate forthwith,'" recalls Mrs. Allen. "'You have ten minutes to vacate.' We called our attorney and he said 'Don't move, negotiate with them for an eight-hour stay.' He found out that there was no penalty for violating an order to vacate. We called up all the parents and said, 'We're staying on in violation.' At about the same time a group in Bed-Stuy was ordered to vacate. They did and have been locked out of their building ever since.

"We have appeared in court eight times. The Fire Department says the doors have to open out; the Building Department says the doors have to open in. We are supposed to get a fire alarm system and we discovered that there is only one organization in the city whose systems are approved. It costs $3,000 to have the system installed and $30 a month rent from then on. You never own it. We negotiated with the Fire Department not to use the third floor until we put in fire stairs. They will not give us specifications for the kind of fire stairs we are required to have."

Park Slope never wanted to be "just a middle-class nursery in a brownstone" and therefore started the school with ten students (out of 34) on scholarship. After buying the new building, the school found it could no longer afford the scholarships. (The school charges $550 a year for a half-day and $950 for a full day.) After hearing that a new day care center was to be built in the area, the parents wrote to the Division of Day Care proposing that the school's children be integrated into the day care facility or that the two facilities be maintained but with a 50–50 mix. "We felt that the worst thing that could happen to Park Slope would be to have middle-class children going to a nursery school on Seventh Avenue and poor children from the same neighborhood going to a day care center between Fifth and Sixth Avenues," says Ruth Allen. The parents waited two months for an answer to their letter. In the meantime they heard about the Committee for Community-Controlled Day Care and decided to join it.

If these were the problems of middle-class parents "with good connections" in dealing with the city, those of poor people were unimaginably worse. Day care administration in the city has long existed in a state of total confusion because of the multiplicity of agencies involved in it. For any day care center to operate it had to be inspected and approved by at least five different agencies: the Department of Health Day Care Division, the Department of Health Sanitation Division, the Buildings Department, the Fire Department and the Department of Social Services, all of which would show up at different times. Even when a group was operating in a facility that highly cautious parents like those in Park Slope were convinced was safe for their children, the various agencies were more than likely to disagree.

The Committee for Community-Controlled Day Care held its first demonstration in the office of Jule Sugarman, Human Rights Administrator, on November. Although the city had allocated funds for day care and the city is reimbursed for 75 per cent of the cost by the federal government and 12.5 per cent by the state, none of the ghetto groups which had formed the committee had been funded. The demonstration resulted in seven groups being funded, among them the Discovery Room, which alone brought 57 parents, teachers and children to the demonstration. It also resulted in two policy decisions of more general and continuing importance: the decision to institute team inspection and interim funding. Inspections by all the various agencies were to be coordinated on one day and centers were to be given funding to enable them to meet the various requirements (some of which would be temporarily waived) so that they could qualify for licensing and continuing funding. Finally, the demonstrations also established communication between the city and the committee.

About a month later, the group held a second demonstration. "It was a follow-through to let them know we were not talking about eight groups or nine groups but that we were talking about New York City being able to establish day care centers to fill the great need that is there," says Esther Smith, chairman of the committee. The second time around, additional groups, including the West Village Co-op, were funded. Eight parents from Park Slope Community School, who had learned that the city had something on the books called "purchase of services" which would enable them to receive city money for any low-income children they took into their school, were among those present at that demonstration. The city was unprepared for Park Slope's unprecedented requests, but the group, in its newfound militancy, refused to leave—and the rest of the committee supported it—until they had a letter promising them funding and a meeting with the Department of Social Services' fiscal officer. Then after the demonstration, the Park Slope group cleaned up the mess the sit-in had created in Sugarman's office. Unfortunately, the city hasn't been similarly considerate; Park Slope has not yet been funded.

The day care movement is in its infancy, and the work done by the Committee for Community Control and many women's liberation groups represents the first staggering steps toward a new kind of child care which seems to be developing in the direction of economically and racially heterogeneous groups controlled by parents and assisted by public funding.

The movement has far to go: day care proponents would eventually like to see centers on every corner and the proliferation of various kinds of day care: 24-hour day care, weekend day care, vacation programs, afterschool programs, and infant day care. So far, only isolated models of these variations exist. The women's liberation movement is additionally concerned with combating sexism and role indoctrination in its centers and involving men in child care. Shifting the burden from the individual mother to a group of mothers is not as good as having men share the responsibility.

From whatever quarter and point of view, the same message seems to be coming through: people no longer want to raise their children alone, in the isolation of the nuclear family. If the thinking of the flourishing psychotherapeutic profession has any validity at all, one conclusion is inescapable: our parents messed us up. Thoughtful people are now saying they don't want to be on the other end of the destruction. For many parents and children, the new notion of day care promises a solution.

Statement of Carol Burris

Chairman Brademas and Chairman Mondale, members of the subcommittees, I am Carol Burris, President of Women's Lobby, Inc. The Lobby is a national organization with affiliates in forty states. We work solely on legislation pertaining to women. It is a privilege to appear before you today.

We are here today on behalf of all the millions of women who can't find suitable child care. We feel that all women are entitled to sound, flexible programs available to them and their chidren. Economic necessity is a fact of life for all women, but those women in better circumstances financially are no better off than their poor sisters because no amount of money can buy what does not exist. And really good day care—because all around child care is in the future—is so scarce that the pressure on three and four year olds is greater than on Harvard freshmen because Harvard has many more than the fifteen to fifty spaces.

Perhaps we should talk about the need: Between 1969 and 1972, the number of households headed by women increased by 60%! There is a 14% increase in the number of women working who have children under the age of six—in just the last three years. 51% of all women workers have children between the ages of 6 and 16. Two thirds of the women in the work force are single, separated, divorced, widowed, or have husbands who earn less than $7,000 a year.

If you're a child in a female headed household, your mother only earns 48% of the median income of families with two parents and her income declined between 1969 and 1972. 70% of all black families and 60% of all white families that receive food stamps are headed by women.

11% of all families, but
42% of all poverty level families . . .
34% of all black famiies, but
65% of all poor black families . . .
24% of all Puerto Rican families, but
48% of all poor Puerto Rican families . . .
9.5% of all Chicano families, but
64% of all poor Chicano families are headed by women.

In San Antonio, Texas, a study at Our Lady of the Lake College showed that 50% of all the Spanish speaking children died before their first birthday. The EPSDT program for Medicaid eligible children should provide innoculations and screening. Congressman Metcalfe (D. Ill.) discovered from a G.A.O. study that less than 3% of the ten million eligible children have been served.

Our infant and maternal mortality rates are a disgrace. The only decline in recent years have been with an increase in abortion rates for teenage mothers and older women. Yet the staunchest opponents of legalized abortion have not supported this legislation nor have they supported the Mondale bill to end child abuse. There is something truly evil about this kind of contrast. Are we only willing to feed and care for children before birth?

Let me add some information about the 9.7% of women who are unemployed. Certainly they need and deserve the attention of this Congress. But I refuse to believe that 100 men in the Senate and 417 men in the House cannot cope with more than one national problem at a time. It is demeaning to all women to hear the shrewd analysis that claims that this bill can go nowhere because we want those women to stay on welfare and not get jobs because there now are no jobs. If we had no more commitment to child care than to force women into the work force, we certainly cannot cope with this problem.

We want to commend both of you for your farsightedness and tenacity in working on this problem for the last five years. It is a real pleasure to see the sex discrimination amendments in the bill. Although the ratio of spaces is highly tilted toward services to the poor, if the income figures from your social services legislation is used, you will cover almost all the women in the work force.

The funding levels in the bill seem very low. When the appropriations process is finished, the average authorization is cut by 40%. Because of resistance to new programs, this bill might be cut more severely. Tactically, I would like to urge a larger authorization because I am sure that everyone sacrifies for their children. A tax sacrifice that you can use, especially for your children, is not irksome. But a tax sacrifice that you don't see or use is a burden when you have the same problem in lack of care.

If the five years we have all waited for child care, HEW has shown itself no more ready to move or be prepared. They announce that they cannot do their job and are smug. No women would do that without facing unemployment. It is time to move without them. Thank you.

Testimony of Arvonne S. Fraser

Mr. Chairman, I appreciate the opportunity to testify before the committee in support of this excellent Child and Family Services bill. The need for expanded day care facilities is well documented and well known. Our organization, WEAL, is pleased to join with the other women's organizations here this morning testifying in favor of good day care for children. (WEAL's main concern is with education as well as the legal and economic rights of women.

As background, I would like to refer to the book *Children and Decent People* edited by Alvin L. Schorr. The last selection in the book, by Schoor himself, is a chapter entitled "Poor Care for Poor Children—What Way Out?" He describes the current situation:

"Organized programs for children turn out, when examined to be programs for the poor, for blacks, and for the otherwise disadvantaged. . . .

"Most day care is custodial in nature, despite all the talk about quality. . . .

"The marginally poor, if they use day care, pay for it in proprietary centers. Children of the middle classes use none of these systems. Almost all use some form of care, but they rely on unpaid or paid help in or near the home. . . .

". . . a system that is limited to poor children can deal with some unspecified portion of the need without greatly troubling the nation. That may be its function. If the welfare of all of our children or of the children of influential parents were at stake, provision would respond more sensitively to need."

Schorr's thesis is that we all have a responsibility to the children of this nation and the more universal the system we devise, the better the service to children.

I want to say that I am no stranger to day care. I've done it at home for nothing for years—and I look on it as work. Half of our children—my husband's and mine—attended some form of public day care part time. The first two were in a cooperative nursery school in what was called a settlement house in Minneapolis, Minnesota in the 1950's. Our last child integrated a church basement day care center in Southwest Washington for two years before she went to kindergarten. Society thinks that middle class children get day care free—from their mothers who work for love, not money. The only problem is that not every family can finance that kind of day care. Also, fewer women are willing to contribute that kind of day care to society because society will not give it any significant reward.

WEAL believes that day care is a children's problem and not solely a woman's problem. Therefore, we are concerned with the other elements in this bill as well as simple day care.

The first five years of children's lives are most critical. During this time their brains gain 90% of their weight and they learn a sense of self-respect, self-motivation, and how to relate to others. Studies have shown that how well children do in school depends largely on their early environment. With 5.9 million children under the age of 6 having mothers working outside the home, society can no longer neglect this critical period in child development. We can no longer disregard the need for government action in this area.

We must be concerned about nutrition. Children who are inadequately fed cannot learn effectively. WEAL is pleased that this bill, like the Head Start program and the school lunch program, does contain provisions to insure that children attending day care centers would be fed adequately.

We are pleased also that the bill provides for regular medical testing and preventive health care. We must spot early signs of learning disabilities, physical handicaps, emotional problems and all other difficulties that often become apparent only when a child is watched, supervised, and checked. Poor coordination, hyperactivity, speech defects, listlessness, slowness to learn or react—all these are relative aspects of behavior that become only apparent under careful observation. Day care personnel must be trained to watch for any handicap or defects and must know when to call in other trained help and whom to call.

The bill also provides for dental care for children. This is important since many young children never receive dental care at all. Their families may neglect dental care because of lack of time or because of the belief that "baby teeth" will fall out anyway and are therefore unimportant. This misconception causes many problems for children later, affecting their dental health, their eating habits and their looks.

Other provisions of the bill, ranging from education to social services, are important. And we are pleased that family day care is included in this bill. The intimacy of family day care in many situations is preferable, especially for infants. And, we do not think that this is profit-making day care. It is performance of a vital social service.

The needs I have outlined are not confined to pre-schoolers. Unfortunately, our schools seem to think all children have mothers at home. No one worries about kids after school, during school vacations or summer holidays. Some children need places to go before school if their parents go to work early. Some need places for recreation or study after school or during vacations. Sometimes weekend supervision is needed.

More and more parents are working outside the home. More neighborhoods are left without many adults and therefore no baby sitting. We need more facilities, and a variety of facilities for child care. We don't want big institutions that are mere dumping grounds or parking lots for kids. We want facilities with strong health, social service, recreational and educational programs over which parents can have some kind of control. And we don't want children priced out of good care.

Child care is usually viewed as a "women's issue" and, indeed, it is a central factor in the liberation of any working mother—whether she works inside or outside the home. However, we testify for this bill not only because we are looking for liberation but also because we care about children—all children.

Let us prove Professor Schorr wrong in the future. Let's not judge the care we give children by the financial circumstances of their parents. Let's give all kids the kind of care they need and the kind of care we would want for every child. And let's do it soon.

Thank you.

Testimony Prepared by Federally Employed Women, Inc.

As a representative of Federally Employed Women, Inc., known more generally by its acronym, FEW, I am going to express the need for more and better child care for employees in the Federal sector.

Current surveys by unions, women's programs and federal agencies indicate available child care arrangements are not easily accessible or affordable. Inadequate child care results in either time away from the office or distraction at work. Also to be considered are the large numbers of highly skilled women whose services are not available to the government because of inadequate or unavailable child care. These factors should make child care a matter of major concern to the federal government as an employer.

The Civil Service Commission, in Federal Personnel Management Bulletin No. 713–22, suggests that equal opportunity plans show "sensitivity to accommodate to special needs of women employees and applicants, e.g., day care center's part-time employment." This policy is similar to official federal guidelines affecting private sector employees. In Chapter 41, Code of Federal Regulations, 60–2.25(h), Revised Order No. 4, the federal contractor is guided "to encourage child care . . . appropriately designed to improve employment opportunities for minorities and women." While there are some indirect things federal managers can do to cooperate with employees and employee organizations regarding day care, OMB's position effectively bars them from providing line item budgetary support to child care programs. The current federal policy also means that employee organizations and unions with an interest in child care services cannot enter into any meaningful discussion with management in regard to child care as an employee benefit. In other words the Executive Branch cannot follow through on what it encourages in the private sector. Who can wonder when a private employer asks 'Does the federal government really mean what it says?'

OMB contends "it would be inequitable to consider child care as a fringe benefit" and "taxpayers should not be asked to subsidize such generous special benefits for a few privileged Federal employees." However, other benefits are provided in federal facilities which are not wholly equitable. These include, for example, parking facilities and credit unions located in or on federal space. Federal credit unions pay for operating costs to maintain space and services in federal facilities, but do not pay rent per se. Parking is, in effect, a subsidy to selected employees. Access to free or below commercial rate parking is openly inequitable in its availability. Special facilities are also granted to handcapped workers and top level administrators to meet their special needs.

Moreover we now accept the concept of employer-employee partnerships for retirement, health benefits and similar programs. While employer involvement in child care as a fringe benefit may be a new idea, it appears to be a similarly reasonable one.

Federal participation in child care will cost money. However, it is necessary to assume that if the government takes a step forward, it will immediately undertake full subsidization, or that it may sponsor only blue ribbon programs. It has not done so in the case of either retirement or health benefits. Both are costly programs and both are related to exigencies which most, but not all, people face in a lifetime. The need for child care services is in a similar category.

While it is most desirable that OMB relax its position toward federally sponsored child care programs in order to serve federal employee needs, it is also important that the federal government consider its role as a model employer for business and industry. This is especially so since it encourages private industry to develop supportive programs to meet equal opportunity and child development goals. With private industry beginning to move ahead in the area of day care as an employee benefit, it would be unfortunate if the federal government, in its employer role, were to bring up the rear rather than to participate with industry in this new venture.

The availability of training is another area in which the federal government discriminates against the parent with child care responsibilties. Several training sites for mid-level training, for example, do not provide child care or do not permit child care on their facilities. One working mother, who was selected for training at Airlie House near Warrenton, Virginia, offered to bring a babysitter and pay for rooming arrangements for the children and the babysitter. She was told she could not do so! FEW believes many other highly skilled women and men are kept in positions below their skills and abilities due to inadequate or unavailable child care.

Many persons working for the federal government are burdened by the sole support of one or more children. Most parents paying child support default within one year. A recent Wisconsin study found there was full compliance in only 38 per cent of the cases after one year; partial compliance in 20 per cent and no compliance in 42 per cent. Only 19 per cent of non-paying parents had any legal action taken against them. FEW has no reason to assume federal employee's experience in pursuing defaulting spouses with regard to child support will differ from their Wisconsin sisters.

Until January 1 of this year it was impossible to attach a government employee's salary for any reason. With the passage of Public Law 93–647, government or military wages or social security benefits can be attached for child support. Thus before January 1, persons married to federal employees who defaulted on child support payments had no legal recourse.

Most parents cannot pursue any legal method of obtaining funds from a defaulting spouse due to the high costs of legal fees. For example, a full-time female federal employee who was earning over $18,000 a year was told by a lawyer her case would not be accepted unless a lien was placed against her house or the total legal fees prepaid. This is not an uncommon practice. Imagine the fate of other federally employed women—nearly three quarters of whom occupy positions in "general schedule" grades 1–6.

Moreover most states require that child support payments be totally unprovided for several months before the courts will intervene. Thus if child support checks come sporadically or if checks in nominal amounts such as $10.00 are cashed by the parent with the children; good intent is deemed present on the part of the defaulting parent.

If the concept of child care as a valid area of employer involvement were accepted, there are a variety of options open for program implementation. If granted authority to use salary and expense funds and discretion as to their use, a federal manager could work with employees and employee organizations to survey needs and to develop programs that best meet the needs in a particular agency and geographic area. If an agency decides, with its employees, that there is a need to establish a child care program, the program can be designed to meet actual needs, giving consideration to budgetary constraints and to parents' ability to pay.

In places where several federal agencies are located near each other, interagency cooperation may be established to locate space, provide seed money and partially support a continuing program for pre-school children. There might be some after-school and vacation programs established to meet needs of parents with school-aged children. Rather than centers serving only federal employees' children, there might be cooperation with community centers through purchase of service or employer consortium arrangements. Another option is the voucher system which permits parental choice of arrangements best meeting individual requirements. A further concept, tried by the Illinois Bell Company, is a referral service to day care services in the employee's neighborhood where the employer recruits and pays to train residents who provide care in their homes.

To be realistic, fear of excessive costs is probably the major hindrance to development of child care programs as an employee benefit. Arguments about inequity, other priorities, or who should have the responsibility are probably secondary. Currently, cost seems to be evaluated almost exclusively from the standpoint of dollar outflow, rather than as an investment which offers the possibility of greater employee contribution to the employer and less drain on the social and economic systems elsewhere. We need to know more about costs to the society when injury, illness, and family dependency result because parents have inadequate access to acceptable child care arrangements. Under current arrangements, a price is probably being paid in terms of energy of working parents and social damage to children and families which we know little about. Faced with the increasing reality of mothers in the work force, we can not hide behind the assumption that total responsibility for child care rests with the parent. Society has a self-interest in adequate child cares services, just as it has an acceptable self-interest in education. It is necessary that OMB, in cooperation with federal executives in their employer role, re-examine the position on this issue. Costs must be evaluated, not just in terms of dollars, but form the standpoint of a human investment with a concomitant return.

FEW recommends Congress pass legislation authorizing and appropriating funds which would be available for child care for both federal and private sector employees.

STATEMENT OF EDWINA L. HERTZBERG

Mr. Chairmen, honorable members of the committees: My name is Edwina L. Hertzberg. I am Executive Director of Greater Minneapolis Day Care Association, a private, non-profit coordinating agency for day care services in Hennepin County, Minnesota.

THE COORDINATED APPROACH TO SERVICES

For more than four years, Greater Minneapolis Day Care Association has worked with parents and others in Hennepin County to plan, develop and coordinate comprehensive day care services in our community. Agencies and institutions have been encouraged to share resources—health, nutrition, training—to provide quality, comprehensive programs for children. Volunteer hours have been countless. We are fortunate to live in a community of enlightened organizations willing to extend their resources to the maximum in the interests of children and families. The experiences of the Greater Minneapolis Day Care Association and other, similar coordinating groups have demonstrated the effectiveness of the coordinated approach.

Further, Greater Minneapolis Day Care Association, with the support of other organizations dedicated to children, has successfully encouraged local governmental bodies to increase their financial commitment to children's services. Through the Minnesota Childrens Lobby, we have encouraged our State legislature to increase its share for children.

But this cooperation, these efforts have barely scratched needs for primarily the most economically deprived families in our community. There simply are not enough resources available on the local level to provide the services needed by the families and children of our community. Further, at the present time, every agency and institution with whom we work to provide comprehensive services is under tremendous economic pressure, and at a time when pressures on families are increasing, the same pressures of inflation and recession may force service cut backs. Ladies and gentlemen, federal leadership and commitment, in partnership with the local level, is essential if the needs of children and families in Hennepin County are to be met.

A PROFILE OF HENNEPIN COUNTY

Hennepin County has a population of approximately one million people, about one quarter of Minnesota's population, half of which is within the city limits of Minneapolis. The twin cities of Minneapolis and St. Paul form the largest population base in the state. And although Hennepin County contains some rural areas, its concerns are those of any urban complex. Two thirds of Minnesota's children living below the poverty line are in the Twin City area. More than 60% of these families are headed by women.

Minnesota's statistics reflect the national. One out of three mothers with children under six works outside the home. Their 130,907 children are served by 19,056 licensed slots of full day care—14.5% of the need. The scene is repeated in Hennepin County: 32,143 children under six whose mothers or single male heads of household work, six thousand slots of licensed care available in day care centers and family day care homes. The remaining children are somewhere, in unlicensed care. Minnesota, too, suffers the woes of a mobile society—the extended family is a thing of the past. We estimate that 7% of our children care for themselves. Another 6,351 children are in half-day nursery school programs including 225 enrolled in Head Start programs in Hennepin County.

Department of Labor statistics indicate that as the birth rate drops, the demand for child care is increasing. The growing divorce rate also contributes to the rising demand for service.

Comprehensive health, dental, nutrition services are available only to the approximately 1,400 children served in programs funded through Title IV A in Hennepin County.

This really is barely scratching the surface. And because Minnesota has reached its ceiling in social service funds, despite lengthening waiting lists, there are no additional funds to expand these services. Title XX's reasonable eligibility levels will have no effect without additional funding.

NEEDS OF THE NEAR POOR

For families just above the poverty line—the near poor—services are simply not available. Too "rich" to receive free services, too poor to afford quality services, they really are trapped for they have no choices—too poor to stay home, too poor to afford child care. Consider the effect of this trap on their children. Let me share with you a discussion I had with an irate, incredulous parent last week. She had received a needed salary increase and had elevated herself out of her child's day care program. She was no longer eligible for free care, there was no sliding fee scale. And she could not afford the $25 per week fee. She was frustrated, angry, in tears, reward had become punishment. Consider the effect on her child.

NEEDS CUT ACROSS SOCIO-ECONOMIC LINES

But the developmental needs of children and families are diverse, crossing socio-economic lines. We all recognize the importance of the early years—that are equally important for all children. We recognize that the family is the primary nurturing factor in the development of a child—again, for all children. What we do in concert with families to support and encourage the strength of the family system will, I believe, make a difference in how our children develop in the future.

And what are we doing? Aside from medicaid and private physician care, there is no system of regular health check-ups and screening. There is no estimate of the number of children who enter school with undetected, untreated disabilities handicapping learning. How much better it would be to detect early; better still, to prevent.

Sixteen percent of Greater Minneapolis Day Care Association's calls per week from parents seeking care are for infant care. There are 140 slots of infant toddler center care in Hennepin County—4% of existing services.

We know that 53% of the mothers of school aged children work. In Hennepin County, that's 54,560 women. There are 200 slots of after school care.

Twenty-four hour care is virtually nonexistent in our community. We surmise that the children of single parents working a swing shift are home alone. Intact families often work split shifts to accommodate child care needs; effective in the short run but not conducive to strengthening parental relationships.

Parent cooperatives in which parents not only make policy for the program, but often staff it as well, are exciting and viable models but not always a choice for employed parents.

"Drop in" care is available on a limited basis in some family day care homes and centers. It is not well recognized for its important use and potential—that of providing a change in environment for parent and child which refreshes and renews. This, as well as other models should rightfully be considered as important ingredients in child abuse prevention. At the present time, drop in care is available on a fee basis only.

Sick care, successfully demonstrated, and much in demand is presently non-existent. It has fallen victim to lack of funds. And so, employed parents often have no alternative but to lose a day's pay or send the child off to center or family day care mother, sick.

In federally funded programs 11% are classified as "special needs" children—referred for social, psychological or medical reasons. Again, scratching the surface. What happens to other children with similar needs? What long lasting effect will non-treatment have? Often after a few weeks in a good child development program, a positive effect on the child is obvious.

The Minneapolis Public Health Department estimates that the mothers of 7% of children born each year in Hennepin County have received care, if any, only in the last trimester of pregnancy.

Prenatal training exists in our community, but it is limited. Society seems to continue believing that biological birth, a parent makes. I suspect those of us who are parents really do know better.

The need for public education on the developmental needs of children cannot be overemphasized. It is a need felt by organizations across the board in Minnesota. The very fact that here in 1975, in the richest country in the world we are discussing these unmet health, nutrition and developmental needs of children bears witness to the need for raising public awareness.

The authors of the proposed legislation are to be congratulated on their tenacity and determination to find ways to meet the needs of children and families in our country, and in concert with the family. It seems to me that any approach other than in the context of the family system would be unrealistic and fragmented. We believe parent participation essential to the relevance of programs addressing children. Parent participation takes many forms and requires continual encouragement and support, but the results for children and families is well worth the effort.

NEED FOR QUALITY, DEVELOPMENTAL EFFORTS

Programs for young children can and should take as many forms as there are programs, all within the context of focus on the developmental needs of children. Custodial care—mind-numbing mediocrity—must not be accepted if we are really concerned for children. Again, national leadership is essential. Federal standards which address the developmental needs of children must be maintained, and assured implementation.

And what about training? Personnel should be considered trained along standards of good child development and within the context of the philosophy of particular programs.

In summary, ladies and gentlemen: The needs for supportive services to children and families is great. It cuts across age groups and socio-economic lines. Existing social service dollars have barely scratched the surface. The needs of our children and families must be addressed comprehensively—pre-natally through childhood—unless we are willing to settle for fragmentated services, at best, shadows of how it ought to be, reaction, not action—continued unmet needs.

How we as a country, how we as parents and decision makers act to meet these needs in concert with other parents will determine to a great extent the future of our country.

Thank you ladies and gentlemen. It is a privilege to participate in your hearings. Have you any questions?

TESTIMONY BY ANN ELLWOOD

As Director of Minnesota Early Learning Design my perspective on the Child and Family Services Act is somewhat different from those who are concerned with services to children. My interest is in how this bill can provide services to parents that will result in better conditions for children.

Minnesota Early Learning Design (MELD) began in September of 1973 supported by a one year grant from Lilly Endowment, Inc., to examine current approaches to early learning, to explore alternative delivery methods, and to develop a proposal for a demonstration project that could strengthen the family and be supportive of parents in their efforts to raise their children.

In order to quickly learn the major issues and current thinking of professionals, providers and consumers in the wide range of human services that relate to family life, a planning strategy was adopted that included visitation of programs and consultation nationally and locally, multidisciplinary conference attendance, and a reading plan. An eight member Parent Advisory Committee, representing a cross section of occupation, income, sex, race and life styles was established to assist the staff.

We found that educational programs that teach parents to teach their children are more effective and produce longer lasting gains than programs that concentrate on the child alone. Moreover, many researchers believe that the first 2 or 3 years are the most critical in the life of the child—a period of time when services for children are traditionally not available.

We found that external pressures on the family are overwhelming. Changing patterns of living and working, mobility, loss of the extended family ties, lack of education for parenting combined with universal problems of jobs, housing and education place an extraordinarily heavy burden on young adults.

But we also found a renewed consciousness of the crucial nature of child rearing skills on the part of caregivers, program personnel, researchers and policy makers. The result is a rapid expansion of interest in programs regarding "parenting" or "parent education."

In surveying parent education services available it became clear that several significant elements are not being addressed; programs are generally too short, too late and too expensive. The duration of programs is usually too short to make a long lasting impact. Services usually begin too late in the life of the child to be a preventive force. While a few programs are free or low cost, substantial fees are frequently charged, inhibiting the wide distribution of service to those who need and want them. And although most programs provide information and a few offer emotional support to parents, these two elements (felt by MELD to be of utmost importance in combination) are not provided in a continuous fashion.

Parents (and often mothers alone), essentially without assistance, are doing a remarkably good job with a great lack of preparation, with little information, under great stress and with insufficient psychological support from the community.

As MELD sought to analyze how parents seek and receive information and support, we became aware of a timely movement across the country which appears to offer a unique opportunity for parent education. Peer self help groups are fellowships organized around a common problem, groups in which one person who has been through an experience helps other persons who are currently undergoing the experience. They provide effective personal psychology with high public acceptance for a wide and growing array of human problems. The method has been in use for decades by Alcoholics Anonymous and Synanon to treat severe social and psychological problems. More recently it has been adopted to address personal problems that society does not define so harshly. Recently for a growing number of people with more typical problems in common, it is the method of choice for providing psychological support, education and sometimes recreation.

Peer self help groups have certain common characteristics. In addition to being peers, leaders are usually volunteers. Occasionally the volunteers are trained, especially in support techniques and group dynamics. In some groups professional backup and advice is available to leaders and to the groups as well. Often leaders have their own support groups to offer encouragement and reinforcement. Most peer self help groups have open memberships. Meetings can be attended by anyone who designates himself as sharing the common problem. In the case of local groups such as Alcoholics Anonymous, Weight Watchers and a divorce counseling group, sufficient numbers of groups exist so that individuals can attend any parallel group that meets. Usually, however, the interpersonal relationships help to keep members in their own groups.

Because the coordinator has experienced and successfully negotiated the difficult problem faced by others in the group, he/she can provide effective role models that bring encouragement and hope. Self disclosure techniques encourage identification and empathy in peers. Available to group members even beyond the scheduled meetings, leaders can offer advice and problem solving support. In many peer self help groups leaders are carefully trained to model, reward and reinforce supportive behavior in others. By participating in common activities and endeavors members gain insight into common problems and problem behaviors, and develop positive sharing relationships which offer personal growth, improved self image, and greater self confidence to overcome the present difficulties. Another common outcome of such groupings is that peers help each other by sharing information about community resources—jobs, services, bargains, housing.

Reduced costs and de-emphasis of professional involvement partially explain the wide acceptance of the movement. But perhaps the most compelling reason may be that this is a simple, non-controversial, natural way to prevent social problems by helping one another. Americans value concepts of self help as peer involvement. A woman who has successfully nursed an infant happily shares and teaches another who wishes to do so. The slim, self assured former fatty is a model and support to others feeling the burden of excess weight.

Can peer self help groups be used effectively for parent education? Do the proper elements exist to create the appropriate relationships? Can education be combined with psychological support?

The birth of the first child is very often a crisis because of lack of information, isolation, fear and other societal pressures. To encourage the development of peer self help groups to address parental needs is to build on a natural support relationship of parents helping parents that has always existed. Volunteer parents who have been extensively trained in psychological support, reinforcement techniques and group dynamics, as well as an overview of child development, cognitive and physical development, health care, nutrition, safety and community resources can build on these natural patterns and can help develop optimal behavior in parents.

Using the peer self help approach, MELD will provide information and support to small groups of 15 parents, both male and female, beginning early in the first pregnancy. Other parents who are specially trained volunteers will lead the groups which will be open to all parents. MELD believes that such a plan will prove to be inexpensive, easily replicable and attractive to parents who need and desire resources as they raise their children.

I endorse the Child and Family Services Act because it addresses the problem of supports to families as they raise their children. It offers flexibility to accommodate innovations—new program ideas such as ours. Equally significant is the freedom the bill provides to parents to choose from available program options, protecting their authority over the care of their children, helping them to shoulder their responsibilities while maintaining control over their children's preschool years.

TESTIMONY BY TUTTI SHERLOCK

I appreciate the opportunity to testify before this joint Senate and House Committee on the S. 624 and H.R. 2966 Child and Family Services Acts of 1975.

Every social ill of our times arises from behavior. Reasonable as it may seem to work toward the cure of such ills, we shall not succeed until we learn how to prevent them.

My concern begins with the behavior of the child who becomes the man. No person will disagree when I state categorically that children are our greatest natural resource, yet the world behaves as though they were no resource at all. The land; the water; the air; and most important, the oil—all are to be conserved for they support life. What after all does a child contribute? How shortsighted we are—the child conceived today is the adolescent of tomorrow and the adult of the day after. Nothing is more important than the person that child becomes; he alone holds the key to the future.

Yet, knowing all this and knowing too how important those first few years of life can be, we have constructed a society that puts great demands and pressures on families—they must succeed and produce financially; they must make social and community commitments; and if there is any time or energy left over, they must raise their children with limited support from the community to assist them in this ultimate responsibility.

We need only to look again at the pressures put on families for simple survival to examine the voids of support services—child care, health and nutrition resources—to know how little support the community gives its families.

Examine first the need for such a simple resource as care for children while their parents join the labor force in order to put food on the table. In non-urban Minnesota's Polk County, 767 families with children under the age of 6 needing child care, there are zero number of licensed day care slots—either family or group. Lake County, 206 families needing child care, has one licensed slot; Clay County, 1,121 families in need of child care, has 103 licensed slots; Morrison County, 601 families in need of child care, has 16 licensed slots; and it goes on and on.

Across our state we begin to see efforts made to develop child care resources and support services for families, but they are like patches on a worn shirt. We see the number of licensed day care slots increase during a four-year time span (1970–74) from 0 to 8; 5 to 14; 105 to 165; and in my own county, Olmsted, 475 to 683. But that still leaves nearly 2,000 children, below the age of 6, being cared for in possible unsuitable environments.

Title IV–A of the Social Security Act has been another patch on our worn shirt. Parents who fall under the past, present, or potential A.F.D.C. category are eligible for child care services free of charge. It allows parents to sometimes choose care for their children based on the quality of care rather than the cost. But again, even the patch is wearing out. Families who meet all the criteria to be eligible under Title IV–A regulations are denied services simply because there is no money left in the pot and that is a current fact in Olmsted County, Minnesota. We have a temporary freeze on all requests for child care in Licensed Family Day Care until we can resolve the problem. There was no other choice for if the county had continued to meet the increasing demands, the money allotted to Olmsted County under Title IV–A would have been expended by the 1st of July and all services would have to come to an end.

But even if Title IV–A child care requests could be met, that alone does not answer the needs of the working poor. A young divorced mother on A.F.D.C. with two preschool children has gone back to school, she is enrolled in a nine-month L.P.N. vocational program. During this training period, her child care is paid for. Her first month of work at the hospital is considered training, so her low income continues to make her eligible for reimbursement of child care.

But now the month is up—she is a fully qualified Licensed Practical Nurse. She is earning $3.00 an hour and she received $150.00 a month for child support which gives her a gross monthly income of $669.40. She is no longer eligible for child care reimbursement and she must begin paying a minimum of $8.00 a day ($168.00 a month) for child care for her two children, and that's after taxes. She really is better off returning to A.F.D.C. and staying home with her children . . . what creative means we devise to encourage and support families on their way to independence and a meaningful life.

In spite of our patch-work system, there always arises a glimmer of hope—and certainly we have some of this in Mondale's home state of Minnesota—a strong and growing family day care system, interest, and growing development of planning and coordinating groups. In fact as I read the bill, I find it very familiar. Its purpose and goals sound almost like quotes from the Articles of Incorporation and By-laws of the Olmstead County Council for Coordinated Child Care which I represent. Coordination of services—a community working together—does indeed result in improved quality and availability of this to children. In addition, Rochester has one of the six pilot projects funded by State Legislation in 1974 for Early Childhood and Identification projects to be funded through the public schools.

Basically, these are screening and parent education projects. During the writing and passing of the legislation, there was a great deal of emphasis on the fact that these projects would not be controlled by public schools, but would have 50 percent parent advisory and policy setting boards and would work together with other agencies in the community, and indeed, this has happened in our project. Our 4–C Council serves as coordinator: the instruction of parents and children is contracted to a long-established private non-profit preschool, the Early and Periodic Screening is contracted to the Public Health Department, and the school district involved gives us great moral support and disperses the funds.

So although there are many good things happening, many unmet needs of children remain in Minnesota as well as across the country—preschool enrichment programs, health and nutritional needs, programs for the handicapped, parent education, planning and coordination of services so families are not lost in the maze of reaching whatever services exist, training for staff and family day care providers, equipment and adequate facilities. How many years have we spent trying to justify these needs? The facts are there, the statistics are there—will we continue to avoid them? Will we continue to be satisfied with our present small attempts to improve the rearing of children . . . attempts that are worthy but woefully limited, or do we respond to the national emergency with the passage of the Child and Family Services Acts of 1975?

My tone has been evangelical it is true, but to me it falls far short of the fervor that subject deserves. In rearing children, we write the future history of the world. We could start now to make that history a shining affirmation of what it means to be human.

TESTIMONY OF SUSAN W. GRAY

I am pleased to have the opportunity to testify on the Child and Family Services Bill, since several of its provisions lie close to my heart and to my work over the years. I am a child psychologist from Peabody College in Nashville, Tennessee. Since 1961 I have been concerned with planning special programs for children and parents from low-income homes. These programs have attempted to help young children to become more competent in meeting school and life demands, and in enabling their parents to learn how to provide the educational and social stimulation needed for the development of such competencies. It was such early work, by me and others, which provided part of the emphasis and the general direction of the Head Start program initiated four years later.

Children are our future. But for many of the eleven million American families who live in poverty their future promises to be merely a repetition of their past. One of the bitterest things poor parents must bear is seeing the same things happen to their children that happened to them, the same debilitating and often debasing circumstances of living. Yet it is possible to provide help for such parents, to enable them to be more effective in rearing their children and in providing better life situations for them. Helping with their children will not solve many of the problems of the poor, but it does make an attack on what is one of the problems of greatest concern to low-income parents, and to society at large—what will happen to the children?

I see the Child and Family Services Act as showing promise as a way of interrupting this wretched cycle. In the current economic planning of the Executive Branch we see at full length—in the words of Harry M. Caudill—the tendency our society has to capitalize its gains and socialize its losses. The problems of recession and the enduring energy crisis will hit most heavily on the poor. The provisions of the bill under consideration can offer to some degree a countervailing force to the callous way in which economic urgencies completely override humanitarian needs.

Furthermore, it is not only among low-income parents that the need for help is felt. All parents upon occasion feel this need and wish for some guidance when they face the difficult yet daily decisions that child rearing brings. I should like to give here a statement from one of the parents with whom we have worked, a mother whose husband has a very modest pay check, but enough to bring him above the poverty level.

"Every mother tries to teach her children the essentials of good manners, but there's a huge standstill when it comes to teaching the things they'll need to know for school.

"I'd tried teaching Joey (her two-year-old) the different colors and shapes but I had no idea where to go from there. I wasn't really sure I was accomplishing anything at all with him. He's still confused about colors sometimes, but shapes are down pat. . . .

"The thing that has impressed me most is the attitude of learning while playing. I've enjoyed the home visits as much as Joey and I'm going to feel a lot more confident with my baby when he's old enough for the games Joey plays now."

I should like to address myself to three aspects of the proposed funding provisions since they are the ones which relate most closely to my own experiences and knowledge.

First is the general emphasis on services for the family as a way of reaching children. I should like to stress here the listing of in-home services and education for parents and those others who serve as parents—grandmothers, older sisters, and so on. Our experiences for over a decade, as well as those of the limited number of other workers in the field who have done carefully designed and evaluated studies, suggest the worth of such programs to help parents become more effective in providing the experiences that promote the educational and social development of their young children. Such programs are economical as compared to adequate day care, costing only a fifth to a fourth as much. To be sure, they may have somewhat less impact on a single child who may be in an all day program (although this is not necessary true), but the impact is made not only upon the child but upon the other children in the family and the parents as well. Probably most importantly the parent comes to see herself—or himself—as the child's first and most enduring teacher, and the home as the child's first school. Such services provide a meaningful alternative for day care where the mother either does not wish to, or cannot, work outside the home. Although important as an approach even in a more prosperous state of economy, this procedure would seem especially appropriate in our current economic situation. Last month the unemployment rate stood at 8.2, remaining steady since the last month. As you recall, however, this only happened because the loss of jobs was offset by the half million persons, mostly women and teenagers, who gave up on seeking employment. Presumably a large percentage of these were young married women with growing families. To the extent that their concern was with bettering their family status, a home-based program might be gladly received by them.

Furthermore, such services are attractive from the standpoint of the general availability of day care for working mothers. Such availability often makes the difference between whether a woman will decide to seek work or not. Current data (or rather the data from 1973) showed six million women with children under six who were employed. Yet there were available in licensed day care slots only one million places, and 40 percent of these were allotted for children with special handicaps and children from low-income homes. Important as it is to increase the quantity—and quality—of day care, it is also important to provide alternatives for parents. This is currently a groundswell of interest in home-based programs as witnessed in the recent report of the Education Commission of the States. Encouragement for home-based programs would deserve a relatively heavy weighting in possible funding patterns for families.

My second point relates to the need for increasing support systems for families. Recently, careful analyses of the effectiveness of early education programs for children, or for children and parents together, suggest that only under certain conditions do programs have a lasting effect. One of these is that parents have help in sustaining the gains that may have been made with their children. This is especially true among the poor. Low-income people are vulnerable; they live on a knife edge between catastrophe and survival as a family unit. The poor lack the insurance, both literally and figuratively, which can enable them to cope with such happenings as the illness of the mother, a child who must go to the hospital, a husband who loses his job. Such services as emergency day care or home care for children, emergency loans, homemaker services, the ready availability of knowledgeable consultants on family problems—many things of this sort would contribute to giving the beleaguered family some support in its times of crisis. To be sure, these ideas are neither new nor earthshaking. Most of them exist, but usually only to a minuscule degree. For example, in my own city, one charitable organization will provide $10 for a family in dire straits, one which is literally out of food. But where will food for the day after tomorrow come from? There are homemaker services in my community, but they are few and far between. If parents are to continue as their children's teachers and the programmers of the home setting for their children, they need support for the recurring emergencies that make up the life of the poor. Unless parents have some physical and emotional energy left over from coping with the frequent crises, they cannot be planful in continuing to serve as educational change agents for their children.

One might add here that it would be highly advantageous to provide some input for parents to allow them to take as full advantage of the educational, cultural and recreational resources of their communities as they relate to children. Nowadays, at least in our experiences, low-income parents for the most part are fairly knowledgeable about the availability of help from social agencies, although they are often not well versed, as indeed who is, in treading their way through the intricacies of the regulations and eligibility standards of such agencies. Our parents, however, tend to be ignorant of the public library, although we have an exceptionally good system in Nashville; they make little use of public parks and their recreational programs. The list could be greatly extended. These things too provide important support systems for parents in carrying out their function as teachers and providers of an educative environment for their children.

My third and last point speaks to day care provisions under this bill. I should like to emphasize an aspect of day care which is generally neglected in discussions of the field and certainly in the attention of the public; it often figures little in recommendation of increasing day care availability. This is family day care, that which a mother in her own home cares for a limited number of young children, typically no more than six or seven. Despite its neglect, the current data suggest that the overwhelming majority of children not cared for in their own home by relatives, baby-sitters, and the like are cared for in family day care settings. In Tennessee, under 9 percent of the children under six with working mothers are in licensed day care, group or family. Nationally, the figure is about 10 percent. Yet the national figures in 1972 show that 625,000 children are in group day care and approximately 2,000,000 in family day care—three children in family settings for only one in group settings.

A major way of expounding the quantity of day care slots, and also in improving the quality of the day care the majority of children receive would be to invest heavily in family day care. At present it tends to be a marginal occupation, poorly paid and supervised. The quality on the whole may be poorer than that of group day care taken as a totality, but the figures are hard to come by. At Peabody we have made a systematic study of improving the quality of family day care by working directly with the family day care mother to help her improve the quality of the educational and social stimulation she provides for the children in her care. It is feasible and not costly; unfortunately it is not free. It does not, however, require the heavy capital investment which constructing day care centers requires. This makes it an attractive option in expanding the number of day care slots available for children who need them.

Family day care is favored by many parents, because children are in small groups. Often care is provided in the child's own community. This not only is easier from the standpoint of transportation, but the mother knows the family day care worker personally, which helps build trust. Children are in small groups, and the atmosphere is more homelike. A sizable investment in improving the quality of this service would yield large returns.

There are many other provisions of the bill which I see as offering hope in promoting family life and the development of competence in young children and in their parents, as guides of their children. These three, however, are ones that relate to my own areas of interest and competency; others have and will testify on the remaining aspects of the bill.

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Testimony of James J. Gallagher

It gives me great pleasure to testify on behalf of the Child and Family Services Bill H.R. 2966 that is designed to meet such an important and crucial set of needs for young children and their families. Through research and practice we have discovered important knowledge about young children in the past two decades which relates directly to what this bill is designed to accomplish. Let me state a few of these discoveries:

1. The early years of life before the age of six appear to be most crucial to later development. The child from the earliest times in life is an active and responding person, strongly influenced by the world around him.

2. The child before five years of age forms a basic attitude to life and to new experiences and to social interactions that will influence, for good or ill, his or her relationships with the world for the rest of their lives.

3. If we wish to correct unfortunate experiences, the earlier that special assistance or help is provided the more effective such help will be.

Few people will disagree on the importance of the family to the growing child but we can differ considerably on the kinds of measures that are useful in strengthening that beleaguered structure. We clearly need many different options that allow for a maximum of diversity of services to fit a diverse society and its multiple subcultures. It is my reading of this bill that it deliberately provides such options.

Individual freedom of choice means little to the parent if there are no viable options to choose from.

A distinguished sociologist once studied the reaction of parents who had a handicapped child. Their natural reaction was to withdraw from social and church contacts in embarrassment and to sink within themselves. In short, they cut themselves off from the very sources of possible aid and assistance that could help them and their children.

In previous generations the "extended families" of aunts, cousins, grandparents, etc. offered needed support and provided a buffer to the family with small children. The modern family is extended only in a geographical sense, with relatives scattered across the country and often in little position to help each other. There is a good reason to doubt that many nuclear families comprised of a husband, a wife and two children are able to survive stress alone. Even less able to survive without assistance are the single parent or divorced parent families. As members of this American society, we must be come a kind of "extended family" and assist parents and their children. I see this bill as one tangible way that we can all play this role.

I am particularly impressed by the evidence in this bill that we have profited from earlier experiences in trying to improve education or health services for children. A rapid expansion of day care services would not likely be a great boon to families unless it would be accompanied by strong support services for personnel training, research, evaluation, and major demonstration and technical assistance efforts for it is these support services that can bring quality service to a local program.

The importance of support services is such that I would prefer that money allocated for them would be calculated on the basis of a percentage of the service allotments rather than be authorized as a separate figure. There is a natural tendency in the appropriations process to cut such support efforts rather than reduce the local service programs where the need seems most urgent. However, understandable such a move, the weakening of support services seriously weakens the direct service program itself. I would estimate a figure of about 25% of the service figure needs to be appropriated to support services of training, research and technical assistance in the initiation of the program perhaps being reduced to 15% as the program matures.

One reason to emphasize support services is that we are forever asking ourselves questions that sound profound, but which turn out to be irrelevant. For example, we ask, "Is day care harmful to the child?" "Is day care helpful to families?" The answer to both is, of course, "Yes, sometimes, under certain circumstances." The same answer can be given if you ask whether a child will benefit or be harmed by staying at home with a parent or parent surrogate: "Yes, sometimes, under certain circumstances."

These are not the important questions. The important questions are, "What are the circumstances in group care situations, or in home situations, that will be most beneficial to the child's development and the integrity of the family?" Although we know some of the answers, as professionals in the human service area we need to learn a great deal more in order to be confident that our counsel to parents and policy makes it adequate. This is why we need systematic research and careful evaluation.

I would like to make special note of one of our major program emphases at the Frank Porter Graham Child Development Center at the University of North Carolina—Chapel Hill. We currently operate three major technical assistance programs: TADS, the Technical Assistance Development System; DD/TAS: the Developmental Disabilities Technical Assistance System; and MELRS: the Mideast Learning Resource System. The purpose of these technical assistance systems is to provide the latest knowledge on such issues as program planning, curriculum, evaluation and communication to three very different set of clients: a set of national demonstration centers for preschool handicapped children; the 50 state developmental disabilities councils; and the state departments of education in an eight state region.

While the nature of the technical assistance varies according to the client, several principles apply to all of them and should apply to any systematic assistance programs for child and family service projects.

1. The assistance is based on the perceived needs of the client.

2. A contract is established between the client and the technical assistance program that clearly states the kind of help to be delivered, by when and by whom. Such a contract provides documental accountability.

3. A talent bank of consultants each with their own area of specialty is available on call to aid the local program's special needs. This means that lawyers, psychologists, pediatricians, etc., will help when problems arise requiring their expertise.

We are convinced that it is possible to organize technical assistance programs to provide continuing, systematic aid on complex programs to clients who have a felt need, but not sufficient expertise. The development of many new child and family care programs by personnel who lack training and experience in management techniques, in planning, or in communications makes technical assistance essential. The staff of many of the new care programs want and need this organized assistance, for it permits them to maximize the operation of their programs. Because of the importance of this assistance, state and regional planners should not assume that it exists, but should deliberately insert it as part of their total planning.

Because of my continuing concern for programs for handicapped children, I would like to focus on ways that these children and their families can become part of, and not apart from, the rest of society. We all know that those of us fortunate enough not to have handicapped children feel somewhat embarrassed or awkward faced with such parents and their children. We all too often try to avoid awkwardness by standing apart from these families. That helps them not at all; and diminishes ourselves as members of the human community.

I am delighted to see that Sec. 103 provides the opportunity for handicapped children to participate with normal children in day care and family services programs. Our experience of mixing normal and handicapped children in programs where parents and teachers have been properly prepared for it has been good. The reactions of everyone involved have been enthusiastic. We should provide special training opportunities to prepare service staff for effective acceptance and progress of handicapped children into their programs.

As a former federal bureaucrat I feel that I should comment on some of the administrative difficulties that will have to be faced if this bill passes in its present form. The desire to bring those citizens who are most deeply involved in family services into decision making positions is admirable but not without a potential cost—that of administrative problems of impressive proportions. Let me mention a few of these:

1. The Office of Child and Family Services headed by a presidential appointee, will have to determine how to allocate available funds. If the accumulated requests from a state exceed the allocation, the Office must decide among state, county and local plans as to who gets money or how money would be prorated. Unless protected, the political pressures on the Office will be strong, particularly since the Bill explicitly offers court action as an appeal mechanism. The Office can expect to be embroiled in many disputes unless mechanisms can be worked out to insure fair and even-handed decisions in fund allocations.

2. The procedure for the prime sponsors to develop a plan, submit it, and get it approved, will be inevitably long and involved. Let me sketch out some major steps.

A. The initial development of the plan with the adequate inclusion of the various necessary components and assurances will inevitably take much time and effort. (2–3 months)

B. The Governor's office will then have to comment on the plan. If negative comments, or suggestions for change, are made then more time must elapse for the prime sponsor's Child and Family Services Committee to react. (2 months at least)

C. The plan then must be reviewed at the HEW Office of Child and Family Services. This agency must hold it to balance against all other requests from the state. We can expect that this Office will be chronically understaffed and that the turn around time in reacting to plans is longer than expected. (2 months at least)

Without much imagination one can conceive of other procedural breakdowns in the planning system and can envision a prime sponsor continually writing or amending plans rather than delivering needed services to children and families. I would strongly recommend the acceptance of a *three-year plan* with only annual updates required. This would cut the review process by two thirds and the submitting could be more effectively reviewed without the administrating agency being buried under a mountain of papers.

3. Many of the prime sponsors and their clientele will have little or no experience with the collection of data on the progress, it should anticipate major administrative problems before some workable management information system is developed.

In summary, I believe that this bill provides the potential for improving the development of children and maintaining the integrity of the family during the children's most crucial preschool years. By doing so, the number of children with school and social problems should be reduced and more children will be able to express and enjoy their abilities, unhampered by developmental or psychological difficulties. As this occurs, all members of the family will be able to achieve a more effective and satisfying life.

Testimony by Earline Kendall

Honorable Chairman and members of the Select Subcommittee on Education, I am Earline Kendall from Nashville, Tennessee. I present testimony to you concerning the needs of children and their families as you consider the Child and Family Services Act of 1975. I present this as a professional who has opened three day care centers in the last five years. Two of these centers died within a year and the third continues a precarious existence at this time. I present this as very personal testimony from the perspective of a mother who works and had child care needs when my son was younger.

My first day care experience was as a newly graduated teacher in a day care school in Montgomery County, Maryland during the late 1950's. During that era day care had a bad name; most care was custodial. Even as a beginning teacher I could see the discrepancy between what I was taught in education classes and what was going on around me. After one year of teaching in the day care school I began teaching public kindergarten which I continued for three years until pregnancy caused me to retire. Recognizing the many societal and personal pressures that I felt I planned to stay home with my son until he was "much older." My own experience in day care had shown me how inadequate some programs were.

In addition I had accepted the middle class culture's value of the mother caring for her own child in the home. This lasted a total of two years. By this time financial pressures overcame other pressures and I again taught in the public schools, now first grade. During these years in the public schools I taught mostly children from middle income families but even some of these were "latch-key children" who let themselves into their own homes after school with the key worn on a string around the neck.

After being teacher-director of a campus laboratory kindergarten four years the opportunity came to direct the training center for the proposed nationwide chain of franchised day care called American Child Centers, Inc. I hesitated about accepting this position, in part because I was reluctant to mix children and profit. The quality of the program planned by early education specialists whom I respect, along with the excitement of being part of a national effort to provide care for young children persuaded me to try this venture.

My own need for good preschool child care was just over. My dissatisfaction with care for my toddler in our home by a housekeeper, the problems when a relative and then a succession of neighbors kept him during the day and later after school made me very aware of the acute need for good child care among families in the middle income bracket.

American Child Centers, Inc. and its parent company went broke after less than two years for a variety of reasons. The company was top heavy with highly paid executives. Another reason for financial difficulty was the expense of a quality child care program. Even middle income families could not afford the entire cost of good care when there was more than one child in the family, and sometimes not then in single parent families, or families with other problems.

Parents and children had responded well to the program that American Child Centers provided. When the announcement was made that the center was to be closed and the property sold parents rallied. A father who was a lawyer helped draw up a charter for a non-profit corporation. Another father who was a professor of management set into motion the procedures for securing tax exempt status. Two mothers who were professors of child psychology served on the board. A father who helped raise money from foundations and other sources offered his help. Other parents combed the community for space for 100 three, four and five year olds, renovated the basement of an abandoned elementary school and helped staff move on Christmas week end. This non-profit, parent initiated center is Nashville Child Center and continues today a very precarious existence in that location with the help of garage sales, benefit concerts and gifts.

When this center also began to show signs of financial struggle in spite of no executive salaries, rent of only one dollar a year and a staff willing to work for eighty dollars a week (including the cook, janitor, teachers and director) I accepted a position as director of Children's Center, Inc. which was opening with Title IV–A funding for half the forty-five children in the center and a sliding fee scale of payment for the other half of the children. A church was the third party source of funding and another church gave us space for the center. Several wealthy citizens made pledges to the program to subsidize the portion of the budget that those on a sliding fee arrangement were not able to pay for themselves.

With this budget arrangement a Title IV–A child whose mother was on welfare and found a job was not terminated from the program. Her child could be carried by contributions from others and she could pay perhaps five dollars a week at first. Later, as she began to earn more she could assume more and more of the actual cost of the services which her child and family received. We had infants as young as six weeks (maternity leave is often limited to six weeks post partum) and up to school age in the centers. This enabled several families to have more than one child in the program. Last week I visited a Title IV–A program and recognized a four year old who had been in the Children's Center. I asked David where his little brother Daniel was and was told, "he's too little". This is an added burden on this mother as she tries to get to work, pick up the children after work and be involved in the center activities.

The provision in the Child and Family Services Act for the type of flexible services to families that we tried at the Children's Center makes me support this bill. The advantages for children and their families when poverty level families are not isolated in centers by themselves are many. The fear of the unknown that is caused by the isolation of low income families or middle income families from those of other economic levels can be minimized when the children become friends and the parents share experiences. A sliding fee scale is necessary to allow this type of interaction.

The Children's Center was battered but able to weather the fight with Secretary Weinberger over the change in regulations, but it could not weather increasing costs, as well as loss of individual and church support as the economy dipped. Its closing ten months after it had opened was painful for the families served and for those who had dreamed of the possibilities offered these families. It later reopened with three of the teachers and eighteen of the children in one of the teacher's homes. Even that small home center was forced to close this month. They had eager parents with modest incomes and children from families on welfare. They received $15 a week from the Department of Public Welfare for each of these children. It was not enough.

Each of these day care centers appeared to have secure financial backing when it was planned and implemented. The franchised center had backing from the business and professional community. The non-profit center has strong parent involvement and staff commitment. The Title IV–A center had support from the federal government and a church community with the added help of wealthy, interested citizens. Each of these funding mechanisms was not enough. Each of these centers had financial difficulty within a year. Each was threatened with closure several times.

Each time a center closes where children are cared for in a warm, supportive environment both parents and children are uprooted. Parents are forced to try to find another place; children are forced to adjust to other caregivers, other peers, other routines, *if* their parents are able to locate another center. The low income parent and the parent who is able to pay part or all of the cost of care both find it exceedingly difficult to find any place that meets their own needs and those of their children. Last week I was questioned for the third time by a mother who is a certified teacher about placement of her preschool age son. Each time she has had to move him it has become more difficult to find a place that is comfortable for her and for her child. I had no hope to offer her and found myself withdrawing from the discussion. It was too painful for both of us. This mother has to work. Her second husband is a student with a part time job. She cares about what happens to her child. She is willing and able to pay for this care but is unable to find care that she accepts as good for her child.

I remember Roland who came to us as an infant. His mother is white, unmarried and a secretary. She wanted to keep her baby but initially received little emotional or financial help from her own parents. Good day care programs "mother the mother" through periods of crises. We took Roland for shots, bathed him and sent special formula home with him. She was not able to pay extra for the soybean formula that he needed. After a few months her life stabilized. Until it did, the day care center was her family and support. Through counseling referral we gave her and the medical and food support she received, she and her baby were able to become a family.

Elora Jean was referred to us by a social worker who found her during a particularly cold period of January in a house without water (the pipes had frozen and bursts). Her mentally retarded mother was burning a mattress to keep them warm. She was covered with soot. Her hair was matted and her eyes were dull. Some of the staff focused on her dirt and begain to clean her up but one aide focused on Elora Jean and begain to take her to wash the car (and play in water at the same time). She begain to work and play with the child. Today Elora Jean has an alert look in her eyes. She laughs out loud and speaks easily. She is still behind intellectually her own age peers. Next year she will be old enough for the public school. The day care center has twice closed on her. To leave her only at home with her mother who is retarded for the next six months is to put her further behind.

A mother who drives a truck within the city is desperate for day care for her three month old son. She has been taking him with her in the cab of her truck for the last few weeks and cannot continue doing that. Other infants are locked in cars while their mothers work.

Recently I was in the office of a day care director whose center has school age and preschool children. A mother called in tears because she could not find someone to look after her two school age daughters. She is in the midst of divorce and her emotional and financial resources are exceedingly limited right now.

The Child and Family Services Act appears to offer stability of funding for a variety of family needs. Low income families, particularly, have had many exciting programs offered and then withdrawn. Stability of funding and the coordination of services are especially needed after the on-again-off-again funding of the last few years. In 1969 there were 42 distinct programs for children administered by 15 different federal agencies. This has enhanced the possibility that services will be fragmented and/or discontinued.

Some of the aspects of this bill that I am particularly pleased to see are the following:

A uniform code for facilities.—Presently health inspections are made by the municipal health inspector (who demands a three compartment sink in the kitchen, a seperate handwashing sink for the cook with a foot control and assorted other local requirements), a state health inspector who operates from a county office who counts toilets, basins and sniffs for the odor of Clorox which hopefully indicates the use of the disinfectant. Fire and safety regulations vary enormously also. A uniform code for facilities could ensure safer environments for the children and perhaps the elimination of the expense of one thousand dollar kitchen sinks.

Child and Family Services Councils.—Community control of services and funds should ensure that community priorities are being met.

Medical services funding.—Will enable a child to receive health care that is crucial to his intellectual, emotional and physical development. Nashville has two medical schools and a broader range of services because of these. By acquainting families with these services and often helping them get to the site where the services are offered we have been able to help some families get some services that are needed. Funding for medical assistance throughout the nation could raise the level of living for many children.

The variety of prime sponsors.—Will allow communities to determine the kinds of programs needed. No existing institution has a hold on the best possible mode of service to meet all needs of all families. Certainly many public schools have failed to meet the purposes for which they are set up. To add to a public school system all of the day care needs of families is to ask for chaos.

Commitment to variety and innovation in programming and staffing.—Provides for flexibility of services. Broad bases of staff training and retraining are needed throughout existing day care and certainly for any wide program of new day care services. Family day home workers need a dependable salary; they need supervision, training and support. Many families prefer this type of child care but nearly all of the women who offer this care in their homes are totally isolated from others who offer similar services, from resources that could be helpful to themselves and the families they serve.

This testimony has caused me to reflect on many of the negative aspects of child care in this nation. It has caused me to review my efforts on behalf of my own child and many other children. I am not without hope. Starting June 1, I will be the Child Development Coordinator of two Title XX day care centers serving 45 children each and an after school enrichment program for school age children. This neighborhood program has been serving community needs for more than fifty years. It also had to close a day care center last year for lack of funds. Initially, only welfare children will be served in the center that is reopening and in the other center which has been operating a number of years in a housing project. My hope is that the state of Tennessee will include in its state plan for Title XX allowance for some families to be served on a sliding fee basis. I have indicated my belief in this provision to the Department of Public Welfare, which is responsible for producing our state plan.

As I examine Title XX, and as I recall living through Title IV-A funding, and compare them both to the Child and Family Services Act I am impressed, on a point by point comparison of these bills, that support for the family and its needs is paramount in the Child and Family Services Act. Titles XX and IV-A have too often focused on the need to remove adults who happen to be parents from a state of dependency. This is not enough for our children. The broader provisions in the Child and Family Services Act are needed by families in a range of incomes.

PROBLEMS IN CANADIAN-AMERICAN ENERGY RELATIONS

Mr. MONDALE. Mr. President, yesterday's Minneapolis Tribune contained an excellent editorial which highlighted the continuing problems in Canadian-American energy relations.

Having returned less than a month ago from a factfinding trip during which I talked with key Canadian leaders, I believe that much of these continuing difficulties stems from our own Government's attitudes. The failure of the Ford administration to send any American energy policy representative to the meeting of the Midwest Gas Association in St. Paul last weekend is typical of this attitude, an attitude which must be changed.

On my return from Ottawa, I requested President Ford to move quickly in seeking resolution of the key energy issues now outstanding between our two governments. I hope that upcoming meetings between American and Canadian representatives now scheduled will move as rapidly as possible to high-level meetings to seek both a near-term and longer-term solution to these problems.

Mr. President, I ask unanimous consent that the text of the Minneapolis Tribune editorial and my letter to President Ford on the question of United States-Canadian energy relations be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Oil and Canada's Energy Minister

Canada's energy minister, Donald Macdonald, was in the Twin Cities Sunday and Monday to explain some of the changes in his government's energy policies, in particular the decision to phase down (and possibly eventually phase out) the export of Canadian crude oil on which many refiners in the Upper Midwest are almost totally dependent. Macdonald's account added nothing new—the Canadians have laid it all out before—but it was refreshingly direct and open.

"The Canadian government," he told the Midwest Gas Association's annual convention in St. Paul, "is not blind to the plight of those most affected by the short-term outlook for our oil exports. . . . These northern tier refiners were the first customers for our oil; we sympathize with their present situation and feel some accommodation should be made for them. In fact, we are hoping to work out some arrangement with the (U.S.) Federal Energy Administration so that northern-tier refiners could be given some relief under FEA allocation procedures. . . . We recognize that an early decision on suggested alternative supplies is important to you in your planning. It is one of the energy questions that is receiving priority attention by Ottawa." Macdonald's remarks made it very clear that his government stands ready to work with FEA and Upper Midwest refiners to find alternative supplies and, in the meantime, work out a fair allocation system of existing supplies.

It was all the more remarkable therefore that the Ford administration failed to respond to invitations to send a representative to the convention. Both Interior Secretary Morton, who heads up President Ford's energy council, and FEA Administrator Zarb were invited. Neither came, nor, for that matter, did any U.S. energy officials from Washington. In choosing to ignore such a significant gathering of regional energy suppliers, many of whom are deeply concerned about the future, the administration needlessly slighted not only the suppliers but also the convention's principal speaker, the Canadian energy minister, who has gone out of his way to show understanding for the Upper Midwest's energy problems. The effort Macdonald has made is a lot more than can be said for his counterparts in Washington.

U.S.-Canadian relations are not in the best of shape these days, but the Ford administration is not making much effort to improve them. At least when Canadian cabinet officials come to the Twin Cities they are made to feel welcome. Perhaps Mr. Ford and Secretary of State Kissinger, who have yet to put a high priority on good relations with Canada, should take note of the gift Gov. Anderson presented to Macdonald at a dinner Sunday attended by Sens. Mondale and Humphrey, high state officials, legislators and energy suppliers: a Pipestone-clay peace pipe.

Letter Addressed to President Ford by Senator Mondale

February 24, 1975.

Dear Mr. President: One of the most important facets of the energy problems confronting our nation is the status of our relationships with the government of Canada.

I have recently returned from two days of fact-finding meetings with top Canadian government officials—including Prime Minister Pierre Trudeau, Energy Minister Donald MacDonald, Finance Minister John Turner, the entire membership of the National Energy Board, and Conservative Party leader Robert Stanfield.

On the basis of these meetings, I am convinced that an immediate, serious exchange of views at a senior official level, leading to high-level negotiations at an early date, is absolutely essential if the Canadian-American relationship is to continue to benefit both nations and help us solve the common energy problems we face. And I am deeply concerned that the attention currently being given to the important areas of international energy policy requiring a multi-lateral approach not undercut the importance of our relationship with Canada, which is our single largest trading partner and the largest supplier of crude oil to the United States.

There are now a variety of energy-related issues confronting us of importance to both governments: short-term and long-term questions relating to the availability of Canadian oil in regions of the country such as the Upper Midwest; the possibility for mutual cooperation in construction of pipelines to bring Alaskan natural gas and oil to American markets and Canadian natural gas and oil to Canadian markets; and the broad range of financial and development questions surrounding new and expensive energy sources. Each of these questions is important; together, they form a framework within which I believe discussions on specific problems can and must begin immediately.

As you know, Canada supplies 20% of the total crude oil imported into the United States. Some regions, such as the Upper Midwest, are very heavily dependent on Canadian crude, and have few available alternative sources of supply. And within this region, four refiners in the states of Minnesota and Wisconsin have no available alternative source of supply other than Canadian crude oil. The recent announcement by the government of Canada of their intention to phase out exports of crude oil to the United States by 1982 because of their own declining oil reserves presents serious problems to many regions of the country, and particularly to the Upper Midwest. We must resolve these issues quickly, because important decisions cannot be made in the absence of an understanding between our two governments.

Over the short-term, we should attempt to cushion the impact of reductions in Canadian oil exports to the United States in a manner which recognizes Canada's vital interests as well as the dependence of regions such as the Upper Midwest on Canadian oil. I found Canadian government leaders sympathetic to the problems of the Upper Midwest, recognizing that refineries in our area were constructed in total reliance on Canadian oil and have no alternative delivery system to bring oil from other areas should Canadian supplies be reduced.

In this matter, the Federal Energy Administration, which will soon be taking over the allocation of Canadian oil in the United States, has a particular responsibility. I urge you to ensure that in any such take-over, the unique and pressing situation of Canadian-dependent refiners in the Upper Midwest states is given highest priority.

In addition, we should continue and intensify discussions on possible longer-term alternatives to substitute for Canadian oil as the level of Canadian oil exports to the United States is reduced. There are a variety of possible alternatives, including reversal of existing pipelines from Puget Sound to Edmonton and transmission of Alaskan oil along these pipelines to the Midwest, or continuance of Canadian oil exports to the Midwest in return for U.S.-guaranteed inputs of crude oil either at Chicago or along our Eastern coast. I found the Canadian government leaders with whom I spoke most willing to explore a variety of possibilities in this regard.

Each of these alternatives poses many problems, which Canadian leaders with whom I spoke were frank to recognize. Yet even though any of these longer-term arrangements cannot begin for a period of years, there is a pressing need to arrive at decisions quickly as to which alternative our government and the Canadian government can agree upon.

For the Upper Midwest, there is little time remaining. Unless a longer-term arrangement for the displacement of Canadian oil can be arrived at quickly, we will be left to consider other options not involving the Canadian government. These options, including construction of a new pipeline either from the Chicago area to the Upper Midwest or from the West Coast to the Upper Midwest (to carry Alaskan crude oil), would involve hundreds of millions of dollars and a long lead time. Frankly, I do not believe that these options have as much to recommend them as those options involving both the United States and Canadian governments, which can use existing facilities to displace Canadian oil with minimal new capital investment and minimal dislocation.

The proposed cutback in Canadian oil exports, however, is only one of a number of energy issues involving our two nations which could provide the basis for constructive negotiations between our two governments.

The prospect of transporting Alaskan natural gas and oil across Canada to the

United States presents an excellent opportunity for mutual cooperation and mutual benefit. American markets throughout the Nation desperately need the natural gas which a proposed natural gas pipeline from Alaska through Canada's Mackenzie Valley would bring. Similarly, this natural gas pipeline could also transport Canadian natural gas which has been discovered in Canada's Mackenzie Delta to Canadian markets.

I hope that movement toward a natural gas pipeline to bring this energy resource to both Canadian and American markets will be accelerated. Regulatory proceedings on both sides of the border must be expedited to the maximum extent possible and I would hope that an Administration position on the feasibility and desirability of routing for such a natural gas pipeline will be forthcoming shortly. Such a position would greatly accelerate movement in this area.

Finally, we share with Canada many longer-term problems in the development of high-cost energy resources. Among possible projects on which cooperation may be possible are the Athabasca tar sands, a massive deposit of "heavy" crude oil in Northern Alberta province, Arctic oil and gas and other high-cost and/or synthetic fuel sources. Development of these resources in both nations is necessary to meet the energy needs of decades to come, and discussions between our governments at the highest levels on matters of pricing, development and financing policy would be of greatest value.

I believe that the only basis on which these problems can be successfully met is through a cooperative approach which seeks to find areas of mutual advantage in specific areas. We cannot attempt or expect to arrive at a single solution to North American energy problems. Rather, if a serious exchange of views at a senior official level is begun now. in an attempt to solve these problems of most immediate importance in a manner which recognizes the national interests of both parties, I am hopeful that other areas of longer-range concern can also be explored at a later date.

I am hopeful that your Administration will make every attempt possible, in cooperation with the government of Canada, to meet at an early date to discuss these pressing issues. I believe that by dealing with important issues of mutual concern, as they arise, we can set the proper background for improving U.S.-Canadian energy and trade relations over the long run.

I look forward to an early response.

THE ROLE OF THE COOPERATIVES IN EXPANDING AGRICULTURAL PRODUCTION

Mr. HUMPHREY. Mr. President, the importance of international cooperation in the effort to increase food and agricultural production cannot be overstated. I have always felt that the cooperatives can make a significant contribution in meeting the world food crisis.

In the long run, the solution to the food supply problem is dependent upon the ability of the developing nations to meet more of their own food needs. The United States has a responsibility and an interest to assist these countries in their attempts to expand their agricultural production.

The Cooperative League of the U.S.A. has played a major role in this effort, and it recently, in conjunction with the Indian Cooperative League—IFFCO—dedicated a cooperative fertilizer plant in Kalol, India. This jointly developed $120 million facility is a remarkable success story, which will contribute to the fertilizer requirements and food needs of India.

A welcome speech delivered at the dedication ceremony by IFFCO Chairman Jashvant Mehta effectively summarizes this fine achievement. Mr. Mehta points out that the plant project brought together agricultural organizations from the two largest democracies in the world and established the first consumer-owned large industry in India.

The cooperation of the U.S. cooperatives in the project is highly commendable. By assisting in this venture, the Cooperative League assured Indian farmers of an increased supply of fertilizer which will increase their agricultural productivity.

The speech by Mr. Mehta is a thoughtful tribute to this fine achievement and demonstrates the importance of increased cooperation between India and the United States in the agricultural field and other areas.

Mr. President, I ask unanimous consent that the speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

WELCOME SPEECH BY THE IFFCO CHAIRMAN, JASHVANT MEHTA, NOVEMBER 8, 1974

Madam Prime Minister, distinguished guests, ladies and gentlemen: It is my privilege to welcome all of you to this pleasant function. In your distinguished presence the Prime Minister [Mrs. Gandhi] will today dedicate to the farmers of the nation IFFCO's fertilizer plant located at Kalol. We have today built what Pandit Jawaharlal Nehru called "a Temple of Technology". I will like to mention certain unique features of this enterprise. Firstly, this is the largest cooperative venture in the country. Secondly, this is the result of coming together of cooperative organizations of the two largest democracies in the world, namely, India and U.S. . . . Thirdly, this is perhaps the only large industry owned by the consumers in this country. To those of us who have been associated with the project, this is a day of consummation and pride.

U.S. Cooperatives have established a very strong position in fertilizer manufacture and distribution in that country. The Cooperative League of the U.S.A. made available to us this U.S. experience and offered cooperation between the cooperative movements of U.S.A. and that of India which had already many faceted achievements. The Government of India, the National Cooperative Development Corporation and the National Cooperative Union of India were actively involved in promoting and organizing IFFCO. At the same time Cooperative Fertilizers International was organized in USA by the American Cooperatives to channel their effort at international cooperative assistance. There has been fruitful cooperation between the concerned organizations with the result that the project has been completed successfully. The Plant has been located at Kalol to avail of the natural gas which is the best feedstock for production of Ammonia.

The total complex of IFFCO consists of an Ammonia Plant of 910 tons per day, a Urea Plant of 1200 tons per day at Kalol and an KPK Plant of 1200 tons per day at the Kandla Port. The total capital cost was estimated at Rs.92 crores, out of which Rs.64 crores relate to the plants at Kalol. We have been fortunate to complete the projects very nearly within the estimates. The share capital has been contributed by the Cooperatives and the Government of India. The loan capital has been raised from the Government of India, the Government of USA and Indian financing institutions. The balance foreign exchange requirements were met by credit assistance from the Governments of U.K. and the Netherlands. Thus, this is a venture not only between Cooperatives and the Government of this country but Governments of three foreign countries have also helped. I would particularly emphasize the fact that the Cooperatives of India have contributed over Rs.10 crores as share capital for this project. This is the biggest endeavor by the cooperatives in any single venture in the country. The funds have been raised from about 25,000 cooperative societies ranging from village societies, intermediate societies and state cooperative federations in ten States of the country.

The project has been completed almost within the original time schedule. This is due to unstinted work put in by my colleagues, Managing Director and his teams of officers, officers of CFI, contractors, both Indian and foreign, and large number of workers. This epitomizes triumph of Indian technology and shows what a proper team work can achieve.

The cooperatives in the country have a large net-work for distribution of fertilizers even in remote areas. The system already distributes more than 50 percent of the fertilizer consumed in the country. The relative share of the cooperatives in the distribution is bound to increase in the coming years. It was therefore considered necessary that the cooperatives should have their own manufacturing units, thereby assuring them of uninterrupted supplies. IFFCO is the first venture in this direction and the Fifth Five Year Plan envisages expansion of fertilizer production in the Cooperative Sector. As far as IFFCO is concerned, another fertilizer project at Phulpur has been sanctioned. These plants are jointly owned by the Government of India and the Cooperatives, who are the consumers. It has been decided that all the products of these plants, shall be distributed only through the cooperative system. Thus the consumers have been provided the opportunity of ownership as well as management of the manufacturing units. This is an experiment in the right direction:

We have amidst us Mr. Wiebe, the former Chairman of CFI and representatives of the U.S. Embassy and U.K. High Commission in India. Since their countries are associated with this project, it must be a matter of gratification to them, as it is a pleasure for us, that they are able to witness the function. There are many distinguished guests from abroad and India who have responded to our invitation and are present here to grace the occasion. To all of them I extend a most warm welcome.

INTERNATIONAL TRADE COMMISSION

Mr. McGOVERN. Mr. President, the U.S. International Trade Commission is now in the process of holding hearings around the country in order to obtain information on the possible effects of reducing tariffs and nontariff barriers, in accordance with the Trade Act of 1974. The Commission assesses this information and then makes recommendations to the President.

The testimony which I am submitting focuses on the economy of my State of South Dakota, the plight of our country's agricultural community, and our Nation's humanitarian responsibility in the world community. I believe we are neglecting the needs of our Nation's farmers and their problems have wide-ranging implications both within and outside our borders.

Again and again I have called for action on the part of Congress and the President to provide various forms of economic support to our farmers, particularly in this crisis period. We support the defense community. Is this more important than assuring that there is a strong agricultural community and food on the tables of our poor, both here and abroad?

We cannot take a strong stand in the export-import market until we put our agricultural house in order. Because I would once again like to call my colleagues attention to the needs of our farmers and the importance for immediate action for alleviating their problems, Mr. President, I ask unanimous consent that my statement to the International Trade Commission be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR GEORGE MCGOVERN FOR THE INTERNATIONAL TRADE COMMISSION

I wish to thank the U.S. International Trade Commission for providing this opportunity to submit my comments for its consideration with respect to negotiation of future international trade agreements, and to commend the members of the Commission for holding hearings in several cities around the country to make it easier for concerned citizens to present their views.

In tackling the task before you, it will be necessary to make judgments on how our country should modify its import policies for our internal needs and to encourage more favorable trade policies on the part of other nations. Yet, at the same time, you must balance carefully the impact of potential increased imports on the economy of our nation and the well-being of our citizens. This responsibility comes into sharper focus when one considers the delicate nature of our economy and the complex interrelationship of our economy in the world economy.

In offering my views to the Commission I am concerned with the economy of our country, the economy of South Dakota, the well-being of our agricultural community, and our nation's responsibility as a provider of food to the rest of the world. In my mind, these issues are inseparable. I look to our trade negotiations as a beginning step to firmly establish a cooperative spirit and a viable system with other nations and international organizations and to monitor the availability and movement of food and fiber and other scarce resources. Modest as this summation is, at least it will tell us where we are and will point the way we want to go.

To fully participate in international trade and to carry out our full humanitarian potential, we must first put our nation's agricultural house in order. Our agricultural community is near a state of panic. No one has to tell the farmers that we are facing a recession; in the minds of some farmers, saying "recession" is speaking optimistically. Livestock prices are down sharply while production costs are substantially higher, causing livestock owners to lose up to $200 per head. No one needed to tell the dairy farmers that the state of the economy is "not good," when in December of 1973, they were receiving $7.94 per hundred pounds of milk and in December of 1974, they were receiving $6.57.

We need to prevent such problems through coherent food and agricultural planning which faces both short and long range issues. We need a policy which:

(1) Provides fair return for investment and labor of the farm families of our nation, and

(2) Assure the production of goods to meet our needs, increases our exports, and enables us to do our part to provide for the needs of hungry nations.

Our present agricultural export posture is impressive. With six percent of the world's population and one percent of its agricultural work force we are, nonetheless, the largest producer of agricultural commodities for export. More than one out of every four acres farmed in the United States is devoted to production for exports. In 1974, we exported nearly $22 billion worth of agricultural products, making agriculture our largest export industry and helping to offset the dollar drain for oil. However, to continue and to expand this posture we must soon achieve greater agricultural price and supply stability within our own country. At least in the short run, this may involve protecting some of our least stable agricultural commodity sectors.

South Dakota is primarily an agricultural state. By looking at its economy and the farm products which support it, one can see the vulnerability not only of our farmers but of our state's total economy.

Total personal income in South Dakota in current dollars declined 16 percent from the 4th quarter of 1973 to the third quarter of 1974. Farm income dropped by more than 30 percent. This kind of drop was experienced in other agricultural states as well.

South Dakota's five leading agricultural enterprises in 1973 include:

Commodity, value, and national rank

Cattle and calves, $814 million—8.
Hogs, $264 million—9.
Wheat, $247 million—8.
Corn, $142 million—11.
Dairy products, $93 million—25.

Export sales in the most recent fiscal year for which data is available shows South Dakota seventh in wheat exports with $81.5 million, tenth in feed grain exports with $50.2 million, tenth in hides and skins with $19.6 million, ninth in meats and products excluding poultry with $11.6 million, ninth in tallow and lard with $9.8 million, and second in flaxseed with $8.8 million.

This export market is crucial to a state's economy. Generally, agriculture is a slow-growing sector; as per capita income rises, per capita consumption of basic agricultural foodstuffs rises more slowly. In our country, consumer spending for agricultural products will constitute a steadily decreasing proportion of total consumer spending. This means that we must take advantage of increased per capita incomes in countries which will be spending more dollars on agricultural products.

But in order to negotiate exports, we must be ready to negotiate more favorable terms of access for imports. I feel, nonetheless, this access must be directed to the areas of our economy which are best able to meet the challenges of foreign competition. Many of South Dakota's agricultural products do not meet that criterion. A look at a selection of these commodities and their present health in South Dakota, in the country and in relation to exports and imports is both revealing and disturbing.

BEEF

Our livestock industry is in serious trouble. Last August ranchers were receiving 27 percent less for their cattle than a year earlier and yet retail prices were nearly 12 percent higher.

Even with a surplus of domestic beef on the hoof, we continue to import. Imports of fresh, chilled and frozen beef account for approximately 1.1 billion pounds or six percent of United States' consumption. This beef is in direct competition with domestic beef produced from culled cows.

In handling the depressed beef industry, our government should take the following steps with implications for both within and outside our borders: We should purchase livestock and meat for feeding programs in our country and in needy nations. Our meat oversupply can become a gift of life to the starving in other countries and a needed source of nourishment to less fortunate in our own country. Second, we should not import beef during a time of domestic oversupply. Although it may seem inconsistent with my emphasis on reducing trade barriers, the extraordinary difficulties confronting cattle farmers necessitate lowering or even eliminating import quotas in the short run. Restoration of the livestock market to a profitable level, worldwide, would be clearly in the long-run interests of all livestock porducing nations. Third, we should pursue efforts, especially in Eastern Europe and the Middle East, to expand our beef export markets.

DAIRY PRODUCTS

With prices for dairy products dropping and all production costs rising, substantial numbers of dairy farmers are going out of business.

A recent study by the Economic Research Service of the Department of Agriculture showed that "nearly 850,000 dairy farmers departed in the past ten years." Even assuming continuation of present import dairy policy—importing 1.5 percent of U.S. production—ERS expects more than 47 percent of 1973 dairy herds will be liquidated by 1980.

This situation dictates that the government should take these steps: Provide guaranteed price supports for dairy farmers. Second, hold to the present level of imports. Any increase in imports would result in substantial declines in producer income over the short run, would cause even more dairy farmers to go out of business and would result in increasing U.S. dependency on imports. As with beef, because of the turmoil in which this agricultural industry finds itself today, our international policy must be one of protection over the short run if we are to have any hope of stability in world agricultural markets over the long run.

WHEAT

Wheat ranks as one of our primary exports. It is also the commodity which has in the last few years experienced a boom and bust market nationally and world-wide. I can tell you that the wheat farmer receives little consolation in boom years; he knows the bust is not far behind. Last year there was a world-wide undersupply of wheat, a seller's market.

This year, all too likely, there will be a wheat surplus. The Common Market countries, which in 1973 accounted for 8 percent of our wheat exports, are said to be "swimming in wheat" with supply exceeding demand by 4.8 million tons, and raising the possibility that some of their import commitments may not be fulfilled; contracts by other nations have already been cancelled. This excess of wheat on the market is sending prices down rapidly. Reports from Gulf Coast ports show prices for wheat slipping from $4.25 to $3.90 just since the end of January.

Constant uncertainty should not be the uninvited guest of the wheat farmer. Neither should gnawing hunger be the hated companion of our own poor and aged or the world's less fortunate. A considered national policy can go a long way toward alleviating both these problems.

Our policy should be to include: Provisions for adequate price supports to farmers, maintaining a reserve to offset any natural disasters and to help stabilize prices, purchasing grains for donation and sale to needy countries, lifting of present import suspensions until grain producers are out of danger.

In conclusion, I see that we cannot separate internal agricultural problems from our role as exporter and humanitarian in the international community. If we can't keep a roof over the heads of our farmers, we can't serve dinner to the needy. The way we direct ourselves internally will dictate the way we stand outside our borders.

HEALTH-FUND CUTBACKS: FORD VERSUS THE POOR

Mr. BAYH. Mr. President, following Easter, the Senate will consider S. 66, a bill to amend title VII of the Public Health Service Act to revise and to extend the programs of assistance under that title for nurse training as well as health revenue sharing and health services.

Similar legislation was vetoed by the President at the end of the 93d Congress. It is essential that S. 66 not meet the same fate. As a member of the Labor-HEW Subcommittee of the Appropriations Committee, I am sensitive to the need not only to enact authorizing legislation such as S. 66, but also to fund adequately existing medical research and health service programs. In this regard, in a recent letter to the editor of the New York Times, Dr. Zachary Finkelberg, the medical director for the neighborhood health services program in New York, wrote that the President's proposed funding cutbacks of health programs could be the "ultimate destruction of neighborhood health centers and other socially productive health programs." The Congress must not allow this to happen. We must continue to insist on the maximum feasible effort in improving the quality of medical care for all Americans.

Mr. President, I ask unanimous consent that the text of Dr. Finkelberg's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HEALTH-FUND CUTBACKS: FORD VERSUS THE POOR

TO THE EDITOR: If President Ford has his way, a serious crime is soon to be perpetrated upon a large segment of the American people—the poor, and the working poor in particular. I refer to Mr. Ford's proposed cutbacks in Federal funding of health programs for fiscal 1976 and beyond.

The working poor, whose income level disqualifies them from public assistance but is to low to enable them to afford private medical care (they are usually categorized as "medically indigent"), would bear the brunt of these reductions. Congressional approval of these unconsionable cutbacks can only accelerate the outrageous decline in human services initiated by cuts during the later Nixon years.

The Office of Management and Budget is about to present to Congress a budget that is more than $185 million short of current funding levels for many health-care areas, including $50 million in neighborhood health center funding (representing a closure of 68 of the 177 centers in the country and affecting 500,000 patients). These centers provide accessible, preventive, comprehensive, family-oriented care, including medical, dental, social, nutritional, mental-health, community outreach and home services. In addition, they provide employment for thousands of inner-city and rural-community residents. Furthermore, the proposal contains cuts of $60 million in maternal and child health funding, $21 million in family planning funding, $39 million in community mental-health funding, $5 million in migrant health funding, plus millions more in programs such as rodent control and lead-poisoning control.

These are relatively paltry sums when one views the total scope of governmental funding patterns: for example, the $1.5 million for over 200 super-bombers at $75 million apiece. We are speaking merely about survival-level funding for services, which, if removed, will leave people with virtually no options where to turn for these services in the face of voluntary-hospital curtailments and municipal-hospital overutilization. We are talking about life and death.

What does this mean? The message seems abundantly clear that in these economically difficult times this Administration has declared the poor, working poor and all medically indigent to be inflationary and therefore not deserving of vital services. It is also abundantly clear that this is part of a master plan for the ultimate destruction of neighborhood health centers and other socially productive health programs.

This must not be allowed to happen.

ZACHARY FINKELBERG, M.D.
Medical Director,
Neighborhood Health Services Program.

TRIBUTE TO DR. BERNARDINI RAMAZZINI

Mr. WILLIAMS. Mr. President, a constituent of mine, Peter Contardo, of Trenton, N.J., has brought to my attention a great Italian scientist, Dr. Bernardini Ramazzini, who lived from 1633 to 1714. I would like today to pay tribute to Dr. Ramazzini because he was one of the founding fathers of occupational medicine at a period in time when no one knew or much cared about diseases in tradesmen.

Although Bernardini Ramazzini was born into an educated, middle-class family of Capri, after obtaining his doctorate in medicine, he rejected the easy life and chose instead to go amongst the people of Rome. It was this exposure, early in his career that, in no small measure, influenced and molded his later life. It was during that period he was able to learn first hand the miseries and needs of the people, the vices and shortcomings of society; to perceive the necessity of interceding in favor of the downtrodden, forgotten by all; and to think of useful and necessary remedies, both from a social and industrial point of view.

In 1690, Dr. Ramazzini published his "De Morbis Artificum"—On the Diseases of Workers. It is interesting to note, that in reading "De Morbis Artificum," attention is drawn to the fact that the first chapters deal with laborers, the following chapters with artisans, farmers, et cetera. He treats, above all, the illnesses of the most humble. Undoubtedly, this category was at that time the one in greatest need of science to ameliorate living conditions, to remove suffering, privations, and troubles related to work, and to avoid causes of death and chronic diseases.

Dr. Ramazzini noted lead contamination amongst the craftsmen and artisans and, I quote him:

> There's scarce any city in which there are not other workmen, who receive great prejudice from the metallic plague. Among such we reckon the potters; for what city, what town is without such as practice that ancientest of all arts? Now, the potters make use of burnt and calcin'd lead for glazing their ware; and for that end grind their lead in marble vessels, by turning about a long piece of wood hung from the roof with a square stone fasten'd to it at the other end. While they do this, as well as when with a pair of tongs they daub their vessels over with melted lead before they put 'em in the furnace; they receive by the mouth and nostrils and all the pores of the body all the virulent parts of the lead thus metled in water and dissolv'd and thereupon are seiz'd with heavy disorders. For first of all their hands begin to shake and tremble, soon after they become paralytick, letiargick, splenetick, cachetick and toothless; and in fine, you'll scarce see a potter that has not a leaden death like complexion.

Mr. President, Dr. Ramazzini throughout his lifetime worked to alleviate and illustrate the diseases of the workingman, for this modern medicine and the field of occupational safety and health, owe him a great debt. It is for these reasons that he shall long be remembered.

BIG BOMBER VITAMINS

Mr. McGOVERN. Mr. President, last week a member of the editorial board of the New York Times, Mr. Herbert Mitgang, summarized the issues involved in this year's debate on the B-1 bomber.

I was pleased to note that Mr. Mitgang drew in part on the report which Representative JOHN SEIBERLING and I prepared under the auspices of Members of Congress for Peace Through Law. One of the points we raised was that despite sustained efforts to depict the B-52 as an aging relic, it remains in fact a highly capable and formidable system. The 255G and H models in particular will remain operational into the 1990's, and they represent the most advanced truly intercontinental strategic bomber in the force of any country.

In fact, since the B-1 is presently scheduled to enter service in the 1980's, and since there is neither a plan nor a need to retire B-52G's and H's for the FB-111 at that time, the B-1 actually represents an enormous increase in the payload of our strategic bomber force. Our report calculated that it would go from some 20,816,600 pounds last year to 51,632,000 in 1984—an increase of 150 percent. No one has yet suggested why we need such a striking increase in our strategic bomber capacity in the 1980's.

Beyond this point, the article by Mr. Mitgang focuses on what may well be the main reservation of many Members of Congress about dropping the B-1—the impact on employment. He notes that:

> Creating a W.P.A., bomber division, is a prospect not quite the same as the constructive public works projects of the nineteen-thirties. Yet it is a tough argument for Senators and Representatives to dismiss when jobs are at stake back home.

But the best evidence we have been able to assemble suggests that projects like the B-1 bomber do not create jobs but destroy them. And that is true even in States where a major share of the work is being done. Almost any other public investment, or a tax cut, will create more jobs for the same money.

Further, as Mr. Mitgang properly asks:

> Can the American economy be put aright by peacetime industry, labor and government or must it be missiled, submarined and bombed into prosperity?

Mr. President, I ask unanimous consent that the article I have described, "Big-Bomber Vitamins," be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, March 11, 1975]

Big-Bomber Vitamins

(By Herbert Mitgang)

Washington.—At the Pentagon, the major general fondles a model of the bomber, lowers his voice in hushed reverence, and confides: "It flies like a dream." On Capitol Hill, a Congressman on the Armed Services Committee, observing that the plane is being sold as a boon to the economy, declares: "It's a flying pork barrel."

This week the Senate Committee on the Budget is taking a hard look at expenditures for present and planned military hardware. Vietnam and Cambodia are gone or going, détente between the nuclear powers is *de rigueur*, yet the defense budget comes close to $95 billion for the new fiscal year. The biggest long-term commitment is for the B–1 bomber. The fleet of 244 manned supersonic bombers, costing $84 to $100 million each, could eventually tote up to nearly $25 billion for this single weapons system. Just one B–1 costs more than the $67 million advanced by New York State to stave off a mass-transit crisis in New York City.

"We're not talking about old wars in Southeast Asia," the Air Force general says, "we're talking about national security till the year 2000, and beyond. The B–1 can give us selectivity and a flexible response—the conventional ability to control conflicts, to serve as an instrument of diplomacy, with the visible ability to help avoid mutual assured destruction. As an essential part of the triad of intercontinental ballistic missiles and submarine-launched missiles in our total arsenal, the B–1 can make it impossible for an enemy to defeat us. No way."

Militarily, the main argument against the B–1 as a nuclear deterrent is that it will get to the last war on the day of Armageddon five hours after it's all over. The report of the "Members of Congress for Peace Through Law" holds that the B–52—which dropped more metal on the nations of Indochina than was dropped in both world wars and Korea—can be kept airborne as a hedge against a "first strike" by the Soviet Union for the next decade.

But the Air Force regards the B–52's as "tiring giants, their majesty fading," and points out that B–1's could fly faster and carry nearly twice the bomb load. The first prototype was flown a few months ago and a second is undergoing extensive structural changes. The debate over the B–1 now going on in Congress involves funds for continuing research and development before the big production decision is made to start building the heavy-bomber fleet next year.

Powerful lobbyists for the military-industrial complex are rolling out the pork barrel as well as coming up with ingenious, ironical arguments. The B–1's engines are very "clean," an Air Force spokesman told the New York Rotary Club recently, and therefore the bomber is good "in an environmental sense." As for worrying about that delicate ozone layer already threatened by gases released from aerosol cans, the Rotarians were told not to worry—the B–1 will not "normally" fly in that region of the atmosphere. It sounded like a cheerful talk to the Sierra Club.

But the major pressure put on Congress is by the aerospace industry, which claims that the B–1 is the right vitamin for curing the American economy. "Even though the B–1 is being built in southern California," the principal contractor, Rockwell International, says, "suppliers and major subcontractors are located in 48 states. If the B–1 were put into full production more than 69,000 persons would be employed directly on the program and an additional 122,700 jobs would be generated or supported by the B–1 due to the economic cascade effect, for a total of 192,000 jobs across the country."

Creating a W.P.A., bomber division, is a prospect not quite the same as the constructive public-works projects of the nineteen-thirties. Yet it is a tough argument for Senators and Representatives to dismiss when jobs are at stake back home. Despite this, a turnaround in attitude is sensed here. Congress shows signs of resisting the Defense Department on a major weapons investment despite the high-flown rhetoric by the arms business and the brass.

Several Senators from aerospace country are changing their views and former Pentagon budget rubber-stamps are questioning the huge outlays for peacetime armaments. Senator Jackson of Washington now says that he has had serious reservations about the B–1 from the beginning. He urges Congress to look into other options costing billions of dollars less. Senator Stennis of Mississippi, chairman of the Armed Services Committee, has asked the Air Force to report on possible alternatives. And a number of influential Senate committee members see the fleet of B–1's as a fat target in the military procurement authorization bill. There is a willingness to continue research but not to commit the United States to a frozen cold-war weapon into the 21st century.

The fundamental issue runs deeper than the emphasis on particular military hardware: Can the American economy be put aright by peacetime industry, labor and government or must it be missiled, submarined and bombed into prosperity?

MINNESOTA ROAD IMPROVEMENT CONCERNS

Mr. HUMPHREY. Mr. President, the people of Minnesota are vitally concerned about our transportation system. Recently the Minnesota Good Roads, Inc., met in Washington with members of the Minnesota congressional delegation. The vice president of the Minnesota Good Roads, Mr. Larry Schaub, county engineer of Stevens and Traverse Counties, presented to Minnesota's congressional delegation an excellent address. His talk centered primarily on the needs of the county highway departments of Minnesota and some of the problems they are experiencing in trying to meet the needs of the people served.

Mr. President, I ask unanimous consent that the text of Larry Schaub's address be printed in the Record. I commend its substance to the Members of Congress. Larry Schaub has outlined some of the basic needs of rural transportation. I commend him for his excellent address.

There being no objection, the address was ordered to be printed in the Record, as follows:

Address by Larry Schaub

The greatest problem facing the county highway departments in the State of Minnesota is the lack of finances to give the type of service that the citizens we serve are requesting. The County Commissioners are beset with many more requests for road and bridge improvements than they are able to accomplish. It alarms us who are in county government to see articles appearing in newspapers and magazines stating that we have too many roads and that the country side is being paved over. In analyzing articles of this nature, it is obvious that the writers are proponents of mass transit, and I think that herein lies the problem.

Proponents of mass transit, in trying to plead their case, are downgrading the need for highways as a whole, and this is erroneous. First of all, in trying to recognize the true needs of Minnesota and the nation as a whole, we must talk about the needs of the urban areas and the needs of the rural area separately. The reason is that the needs are different. Mass transit definitely is needed and is feasible in large urban areas. Mass transit in rural areas, because of their not having a concentrated population, is not feasible except in very minor ways. The downgrading of highways that has been happening in recent years has been a direct blow to rural areas. Rural areas are absolutely dependent upon a good system of highways. It is true that we need improvements on our rail service. It is also true that our air service should be expanded to some of our larger towns, but the highways now and will in the foreseeable future carry the brunt of goods and people in the rural areas. A lot of work needs to be done on the mass transit systems in the cities, but I do not believe that that job should be accomplished at the expense of neglecting the highway system that serves the rural areas.

I would like some of those writers who are demeaning highways to tell the true story, and the true story would be that both mass transit and highways are needed. They must be compatible and co-exists with each other. In other words, it is not necessary to minimize the needs of highways in order to drive the point home that there is a need for mass transit. Diversion of funds from the highway user fund to other purposes is a nail in the coffin of the rural areas. Perhaps at this point I should elaborate on the needs of the counties in Minnesota to help give you an idea of what is happening to our road systems and what our methods of financing are.

In Minnesota there are two systems of roads under the jurisdiction of the county. The first is our State aid system, which has a total of 29,000 miles. The State gas tax supports a portion of this system, but by no means does it support all of it. It is necessary to use road and bridge levies, or the property tax, to help support this system. The other system of roads is the straight country road system, which has a total of 15,000 miles. This system is financed entirely by the road and bridge levies or the property tax.

This makes a combined total of 44,000 miles of roads that the counties are responsible for. The federal government helps finance a portion of the construction on our federal aid routes, but this is the smallest portion of our income. For example, Stevens County's portion of federal aid amounts to 6 per cent of our total yearly budget. In mentioning this, I do not want to minimize the importance of our federal aid—we need every bit that we can get and we are very appreciative of all that we receive. Revenue sharing has been of considerable aid to most county highway departments; however, some counties use this money for items other than highways, and this is as it should be. I mention this at this time because I want to make the point that to some county highway departments it is a great help; but there are others that receive very little, and we cannot become dependent upon revenue sharing to answer our over-all revenue problems on highways.

The bridge problems we are experiencing in Minnesota have reached the critical stage. The recently completed federally financed program of bridge inspection, rating, and posting has revealed many obsolete bridges on our road system.

The county state aid and municipal state aid system of roads has a total of 3,785 bridges, of which 1,169 bridges are deficient. Money needs on these bridges amounts to $129,205,000.00. In addition to these, our straight county road system has a total of 1,496 bridges, with 439 of these in the deficient status. The money needs to replace these bridges amounts to $25,813,000.00. Combining these two systems of roads, we get a combined total of 1,608 deficient bridges under the jurisdiction of the counties. The total money needs amounts to $155,018,000.00. To tell the total bridge story one step further for the entire state, I quote the following figures which include state, county, city, and township bridges. There are 13,216 bridges within the state of Minnesota, with 3,672 of these being deficient. The total money needs on all of these bridges totals a staggering $418,783,000.00. Let me give you an example of what is happening around the state on county bridges. Using Stevens County, one of the counties I serve, as an example, we have 15 major bridges spanning the Pomme de Terre River. Of those 15 major bridges, 1 bridge is closed to traffic entirely, 3 bridges have a weight limit of 4 tons, and 3 other bridges have weight restrictions ranging from 10 to 12 tons limit.

We have only 8 bridges spanning this river that do not have weight restrictions. This is only an example of our bridge problem. Many of our counties have bridge problems far surpassing those that I have shown here in Stevens County. Obviously we have not kept pace with bridge replacements as we should have. Many of the bridges which were constructed in Stevens and Traverse Counties, which are the counties that I serve, were constructed in the early nineteen hundreds. While we have constructed some in recent years, we have barely touched the surface of what our bridge replacement program should have been. Lack of funds has, of course, prevented us from keeping pace with this program.

The bridge problem in Minnesota is only part of the over-all highway problem. You have all read or heard news or magazine articles such as, and I quote: It is a detriment to the country to see those ribbons of blacktop running all over the countryside. To the authors of such articles, I can only say, we should be so lucky. I have yet to run into one individual in either of the counties I serve who has expressed sentiment over having too many miles of blacktop road. The hue and cry in our counties is for additional miles of hard-surfaced roads.

It might surprise some of you to know that we have many miles of road that we just wish we could regrade to a modern standard, to help alleviate the snow hazards we encounter on the older type of road. To many people living in our counties, just having a snow-free road in the winter months would make them happy. It is a little difficult to convince our rural people that they have too many miles of good, improved roads. Incidentally, this brings to mind another misunderstanding on the part of some of the authors of those articles I keep referring to. That is, and I quote again: We have too many roads now and we don't need any more. I would like to respond to this statement by saying that probably we don't need more. But also, we don't need any less. What those authors don't understand is that almost all of our road construction is accomplished on the present rights-of-way with only a minimal amount of alignment changes and these done only to improve the safety aspect of our roads by enlarging curves, etc. We are not adding new roads, we are improving the old ones to a modern standard. At a recent meeting of a group of country engineers, I posed this question to them. Have any of you ever added any new miles of roads to your system of county roads?

Not one engineer present answered in the affirmative. All of them said the same thing I am saying here. And that is we are only improving the old road system. This is what the citizens are asking for. This is the message we hear almost daily.

Another problem that has caused a slowdown and almost a complete halt in some counties to their construction program is the problem of overlaying the blacktopped roads that were constructed in the early phases of our blacktop program. One can expect approximately 15 years life from a blacktopped road before it must be over-laid with a new surface. The blacktopping of county roads began for most counties about 20 years ago. We therefore have arrived at a stage whereby many of those roads which were constructed at that time must be resurfaced. Not only that, but those early standards of 5-ton roads have not kept pace with what has been happening with our rural economy. The need for a higher spring load restriction has increased enormously in later years. Due mainly to the heavy amounts of feed, fertilizer, and farm products which go daily to and from our modern-day farms—amounts which far surpass that which the road was originally designed to carry.

When these old blacktop roads are resurfaced, usually we place enough thickness of bituminous material on them to upgrade their load-bearing capacity as well. In our counties, we are upgrading our old 5-ton roads to 7-ton spring load restrictions at the same time we resurface them. Now, the problem appears when we do these projects, and incidentally they must be done to preserve what surface and load-bearing capacities we have, is that we must cut back on any new construction on other roads that have no hard surface at all. In fact, our entire construction program is set back. This includes the regrading of old roads I menitoned earlier and also postponing replacing many of the badly needed bridges. We must either resurface those old blacktop roads or let them deteriorate back to a gravel-surface road. At this stage. The county boards have been unwilling to let these roads deteriorate to this stage, and their decision to do this is amply justified. The public reaction of letting these roads deteriorate to this stage would be very negative. In fact, before these roads get into a situation that bad, and I'm talking about when they are in the stage of alligatoring, cracking, chuckholes, and the general breakup of large patches of blacktop, the public has not been too hesitant letting us know what they want and expect.

In any event, the cost of doing this resurfacing work is considerable, and the amount of new construction being done in our counties in recent years has been cut drastically.

Why are counties and all road authorities getting into such a financial predicament? The answer is simple. Our finances have not kept pace with the needs on our roads. Our entire system of financing highways is not set up to properly reflect the rate of inflation in our country. Our present state gas tax of 7 cents per gallon is a good example. This was last increased in 1967. There has been no increase since that time. Can you imagine what the total rate of inflation has increased to during that period of time? Construction costs alone increased 35 per cent in Minnesota during the year 1974. In addition to this, the counties have a levy limitation of 6 per cent on their total levy amounts, and this has hampered the county boards in that they cannot turn to their levies for much help. Incidentally, people in Minnesota do not care much for financing their highways out of the property tax, and they much prefer to pay the gas tax over the property tax when they are faced with a choice.

Compound the problem I have just mentioned here of not raising the gas tax with the problem of a decline in gasoline sales, and you can about imagine what is happening to our revenues. Summarizing what I have just said, No. 1, we have rising costs affecting both maintenance and construction. No. 2, we have no increase in the gas tax since 1967 for additional financing. And, No. 3, we are actually experiencing a decline in our revenues. No business in our country could long survive operating like this, and our road authorities are no exception. What is going to happen if nothing is done, is this. More and more of our construction dollar is going to be spent for maintenance, and we are not far from zero construction now. Then we will gradually experience a decline in the level of maintenance service we can give our people. This has already started in both of the counties I am serving and in other counties as well. When this level of maintenance deteriorates to the point where we can no longer accomplish our overlays, where there is a reduction of the gravel surfacing and going back to the mud, so to speak, unable to blade our gravel roads as often as we do, and when this happens chuck holes form and washboards appear, unable to open the roads which become clogged with snow in the winter as often as we do now, with more and more of our bridges being restricted and some closed to traffic entirely.

Can you imagine just what the public reaction is going to be? Gentlemen, this is what all of us are looking at, and we in the counties are looking at it right now. There is no direction we can go if no additional financing is forthcoming. Can you imagine the effect this will have on all of our rural transportation. Our trucking industry, the moving of goods to the cities and their markets? Can you imagine what effect this is going to have on our entire economy? In effect, we are going back 30 years in time. If we allow this to happen.

Let me tell you that the swing in this direction is rapidly accelerating. The following are some of the services that have already been cut back in the counties which I serve. We have curtailed the amount of roadside mowing which we do. We have eliminated all roadside weed spraying except for brush.

We have curtailed the amount of chemicals we use for snow and ice control in the winter months. We have reduced the amount of new equipment purchases in recent years, and in the long run this is going to catch up with us. We have already reduced the amount of regraveling on our gravel-surface roads, and this will have to be reduced further. Our maintenance and construction crews have been reduced. We have reduced the level of our snowplowing somewhat. We have reduced the collection of litter. There is little left to reduce without greatly affecting the driving surface of the roads, but we are fast approaching the time when we will have to do even this. When we do this, there is no doubt in my mind whatsoever what the reaction of John Doe the driving public will be. To put it very mildly, it's going to be very, very negative.

How important is our rural transportation system? Let me give you an example. In region 4 in Minnesota which is the region I live in, the regional commission listed transportation as their number 1 priority. You could take most of the regions in the State, and you will find the same result.

Why did those regional commissions, which incidentally include persons from all of the counties in the region, list transportation as their number 1 priority? They did this for a number of reasons. They realize that there are many communities throughout the state that do not have an outlet during the spring load restrictions. Railroad abandonments and the shortage of box cars during critical times is another reason. They realize that the entire rural economy depends upon a good transportation system. Improvement of the rail service in the country would help considerably, but how do we get the goods to the railroads? I presently serve on the regional transportation committee in region 4 and also on the state-wide technical advisory committee, and time and time again we are faced with this problem. We recognize the need for a balanced transportation system, and this includes all types. The number one need for rural areas is for a good system of highways that is safe for travel and is unrestricted during the spring breakup. The spring road restrictions are necessary to protect the road but very costly to the consumer. This is an area that our urban dwellers have a stake in

Whether they realize it or not, they should be looking to the farmer as a partner in solving our nation's economic problems. Without the farms and without a good system of highways and railroads, the urban dweller would be in serious trouble. I believe that part of the reason for the crisis we are sliding into is that the urban area is not aware of the problems facing the agricultural community. The overdensity of our urban areas has necessitated a huge mass transit effort. The crisis arises from the simultaneous attempt to construct mass transit facilities and improve highway facilities with woefully insufficient funding for either. The population has been told by some groups that we need few new roads and that the highway trust fund is sufficient for both mass transit and our remaining highway needs. This is not true, and the facts I have alluded to previously in my talk bear me out. If our rural highway system is allowed to deteriorate, all persons, both urban and rural, will suffer.

I'm sorry that my talk here today couldn't have been on a little lighter note; however, I firmly believe that this story has to be told. Somehow we must get the message to the people of just what is happening to our rural transportation systems, and what this is going to mean to them in the future. The rural-urban fight has gone on far too long. We all have a stake in this, whether it be rural or urban dwellers, and the time has come when we must face the realities of our time and work together to solve these transportation problems confronting us.

Thank you.

IN SEARCH OF A PROMPT ECONOMIC RECOVERY

Mr. TUNNEY. Mr. President, I am extremely concerned that the work Congress is doing to reverse the present economic emergency may be frustrated by perverse Federal Reserve policies. Even as we prepare to take action on a major tax cut bill, there is no substantial sign that the Fed is willing to cooperate in the effort to reverse the rapid decline of economic activity.

I am deeply distressed that the Fed clings to a no-growth monetary policy and an obsession over the impact falling short-term interest rates may have on the exchange value of the dollar.

Although short-term rates have fallen in spite of rather than due to Fed policy, despite the fact that the dollar has declined mainly because of a dollar glut abroad rather than in response to domestic interest rates, despite the fact that long-term interest rates remain far too high to induce an upturn in investment—the Fed refuses to budge from its unwillingness to expand the money supply.

One wonders if the Fed's policymakers read their own press releases. Friday the Fed announced that industrial production had declined in February for the fifth straight month. Was there any recognition that this continuing decline necessitated prompt, remedial action? Was there any deviation from the Fed's traditional secretive, elitist modus operandi to take account of the latest bad news? No. None at all.

Mr. President, I believe that this Congress must do more than cut taxes and provide public service and public work jobs. It must also bring whatever pressure is necessary to insure that the Nation's supply of money is adequate to the job of restoring full employment. This means correcting the past failure of the Fed to allow money supply growth at adequate rates and assuring that future growth will be sufficient to encourage and sustain economic recovery. Make no mistake, if the Fed does not change its policies, we will be mired in economic stagnation for years to come.

Mr. President, I recently sent the Chairman of the Federal Reserve's Board of Governors a letter in which I outlined my views on the steps that must be taken to insure a prompt economic recovery. I hope that other Members will take the time to apprise Mr. Burns of their thoughts on this matter. Mr. Burns and his colleagues are agents of the Congress. If we do nothing to stop the Fed from exacerbating the problem or to encourage the Fed to become part of the solution, we must share in the responsibility for the consequences of the Fed's misguided policies.

Mr. President, I ask unanimous consent that a copy of my letter to Chairman Burns be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

Mr. ARTHUR F. BURNS,
Chairman, Board of Governors, Federal Reserve System, Washington, D.C.

DEAR MR. BURNS: Figures just released by the Federal Reserve show that industrial production has declined for the fifth month in a row. Unemployment continues to increase, even as hundreds of thousands quit the labor force in frustration. In my State of California, almost one million workers are unemployed due to the current economic emergency.

In light of these facts, I am deeply distressed over the Federal Reserve policy of prohibiting any growth in the nation's money supply over the past several months. During the Depression the Federal Reserve actually contracted the money supply, thereby inflicting incalcuable personal suffering upon millions of Americans. I believe a dramatic shift in present FED policy is needed immediately, otherwise, we may again slip into total economic disaster.

This letter is to urge in the strongest possible terms that the FED abandon its no-growth policies and move quickly into a clear-cut expansionary stance that will generate favorable expectations up and down the economy.

The FED should foresake its traditional secrecy and announce its intention to create a large, one-time increase in the money supply of $8 billion by no later than May 1, 1975. The FED should simultaneously announce its firm intention to maintain monetary growth rates of 6 to 8 percent until unemployment reaches 5.5 percent, subject to the caveat that higher growth rates will be maintained if long-term interest rates do not soon begin significant declines.

In light of your recent testimony before the Senate Budget Committee in which you stressed primary concern over trends in government expenditures, the exchange value of the dollar and other issues not related to the present economic emergency, I would like to remind you that the Federal Reserve Board is a creature of the Congress. It is obligated to execute monetary policy in a fashion consistent with the mandate of the Employment Act of 1946 to ensure maximum employment opportunity for all Americans.

I hope you will reflect upon both the urgent tone and substance of this letter for I believe that this nation can not and will not long tolerate a monetary apparatus whose policies contribute more to the problem than to the solution.

Sincerely,

JOHN V. TUNNEY.

S. 1203—HEALTH SERVICES AMENDMENTS OF 1975

Mr. JAVITS. Mr. President, I am joining in the introduction with Senator SCHWEIKER, on the request of the administration, a bill to consolidate various separate project grant authorities: Alcoholism, drug abuse, health services for domestic agricultural migrants, family planning services, information and research, and support for other selected health services programs.

The bill also would extend the formula grant programs under the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970, and the Drug Abuse Office and Treatment Act of 1972.

I am pleased that the administration has chosen to recognize the importance of continuing these programs. However, I cannot support the reduction in the formula grant authorization levels, nor the shifting of funding support through consolidation under section 314(e) of the Public Health Service Act for alcoholism and drug abuse—as contrasted to the congressional mandate for the continuation of carefully articulated and necessarily separate categorical programs.

My deep concerns about the administration's view with respect to the consolidation under section 314(e) of the Public Health Service Act of various categorical programs was set forth in the last Congress. I ask unanimous consent that the full text of those comments be printed in the RECORD.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

[From the CONGRESSIONAL RECORD, April 18, 1973]

By Mr. JAVITS (by request):

S. 1632. A bill to extend for 3 years the programs for comprehensive State and areawide health planning, and for comprehensive public health service and health services development, and to repeal a requirement that at least 15 per centum of a State's formula allotment for public health services be available only for mental health services. Referred to the Committee on Labor and Public Welfare.

EXTENSION OF PARTNERSHIP FOR HEALTH

Mr. JAVITS. Mr. President, I am introducing at the request of the administration a bill to extend, with some modifications sections 314(a), 314(b), 314(d), and 314(e) of the Public Health Service Act for 3 years.

314(A) AND 314(B)

Secretary Weinberger in his letter of transmittal states:

"Although we propose to extend the legislation under which we foster comprehensive State and areawide health planning, we do so with awareness that the comprehensive health planning system is beset with weaknesses that interfere with its effectiveness."

He further says:

"Moreover, Federal implementation of program requirements has not been effective to assure an open public planning process or consumer participation in that process. The degree to which some CHP agencies are accountable to the local public has therefore been compromised."

The Secretary's stated concern that the comprehensive health planning system is afflicted with some weaknesses that interfere with its effectiveness is shared by the Congress. It was a motivating factor in limiting CHP extension under the recent Senate passed omnibus extension of expiring PHS programs (S. 1136) to 1 year. I am concerned that by proposing a 3-year CHP renewal, the administration suggests that instead of Congress working its will in improving and rationalizing CHP the Congress rely upon HEW's ability to, and I quote:

"Allow us to improve and redirect CHP through greatly improved management."

I believe it would be more appropriate for the administration to send up a legislative proposal which seeks to assess ways in which the planning process can impact most favorably on the health care system and determine the potential applicability to CHP on a national basis of the activities now under way in various States with regard to facility certificate-of-need and rate setting procedures. I believe that Congress would welcome the opportunity to work together to attain that desirable goal. Let us work together in overcoming CHP weaknesses, building upon CHP strengths, and thus improve State and regional capacity to conduct effective health planning.

314(C)

I am also concerned that the bill does not seek an extension of the program of project grants, contained in section 314(c) of the Public Health Service Act, for training, studies, and demonstrations in the health planning field. The Secretary charges:

"Our experience with these grants is that they have not contributed materially to the overall competence of the health planning process."

He also alleges persons who wish to pursue graduate training in health planning can be assisted through alternative sources, suggesting that there is available the student assistance programs of the Office of Education. When the allegations are proven and the evidence is in regarding alternative financial resources, will be a better time for decision on the merits of repealing section 314(c).

314(D)

I am also concerned that the bill, while extending the 314(d) program of grants for comprehensive public health services, repeals the provision that earmarks 15 percent of a State's allotment for State mental health agencies for the provision of mental health services. I do not know of data which would convince me that some States may not seek to escape their responsibilities to their mentally ill citizens. Unfortunately, this is all too often the case.

My deepest concern, however, is the administration's view in support of the extension of the authority to make project grants for health services development, section 314(e) of the Public Health Service Act. The administration proposes to consolidate support for the other health service programs under this authority, rather than continuing other congressional health program authorizations. Examples are migrant health activities, population research and family planning programs, and lead-based paint poisoning research and control efforts. In essence, a determination to utilize section 314(e) of the Public Health Service Act for funding programs the Executive chooses to support. I am concerned that the Executive has failed to recognize what Congress has made crystal clear in regard to such proposed action. Only last year, the Congress passed and the President signed into law, Public Law 92–449. The legislative history of section 314(e) is enunciated in Senate report 92–235, where in discussing this section of the law, it cites the House Committee on Interstate and Foreign Commerce in its report on the Communicable Disease Control Amendments of 1970:

"In each of its budget presentations each year since the enactment of section 314(e), the Department of Health, Education, and Welfare has earmarked specific amounts of the 314(e) fund request for specific programs for the coming year. In other words, the categorical grant approach has continued since the enactment of Public Law 98–749, except that instead of the Congress setting the categories, the categories have been set by the Department of HEW."

I believe we must restore some control to Congress of the categories of health programs for which project grant funds are to be made available.

The Senate Labor and Public Welfare Committee in respect to this matter in its report on the Health Services Improvement Act of 1970 stated:

"The Committee notes with concern the Act that a large proportion of the programs funded under section 314(e) continue to be too narrowly focused rather than focused upon the broader area of the organization and delivery of health services.

Mr. JAVITS. Mr. President, I recently joined in introducing with Senators Kennedy, Williams, and Schweiker, the "Nurse Training and Health Revenue Sharing and Health Services Act of 1975" (S. 66). The Labor and Public Welfare Committee has favorably reported this bill which responds in a contrary methodology to the administration's consolidation approach. I believe that the committee reported bill provides the appropriate answer. Congress should determine the categories of health programs for which project grant funds are advisable and should be made.

NATIONAL ECONOMIC POLICY PLANNING—ESSENTIAL TO OUR NATION'S FUTURE

Mr. HUMPHREY. Mr. President, a question central to the future of our Nation is now coming to the forefront: namely, do we wish to exchange "crisis management" for "long-range policy planning" at the Federal level of our Government?

As the number and magnitude of various national crises become more and more frequent and devastating in their impact on our national economy, and on the lives of our Nation's people, it is becoming increasingly evident that our national Government will have to adopt some type of policy planning process for dealing with national economic and related policy questions.

Two articles—one appearing in Challenge magazine, and the other in the New York Times—were recently published regarding this important national subject, which I would like to share with my Senate colleagues and others. The article appearing in the March-April 1975 issue of Challenge magazine is an interview I granted to a reporter from that publication on the subject of planning national economic policy. The article appearing in the Sunday, March 16, 1975, edition of the New York Times relates to a proposal being made by the Initiative Committee for National Economic Planning, a newly formed group headed by Prof. Wassily Leontief, a Henry Lee professor at Harvard University, and Mr. Leonard Woodcock, president of the United Auto Workers.

Mr. President, I believe that my Senate colleagues will find both of these articles of interest. I ask unanimous consent that they be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

Planning Economic Policy

(Interview with Senator Hubert H. Humphrey)

Q. You are the author of The Balanced National Growth and Development Bill. You have said about this bill: "I consider it to be the single most important piece of legislation in my twenty-five years of public service." Why?

A. Because the government of the United States requires an effective planning mechanism, and, except for the annual budget, it has none. Yet the activities of the government of the United States have an immense effect on economic decisions and economic development. The federal government spends over $300 billion a year. How it spends it, where it spends it, when it spends it, and how it finances it, have a distinctive effect upon the structure of the economy and the pattern of economic growth. The same is true of state and local governments. We have a multiplicity of governmental agencies—thousands of them throughout the states and the localities—but there is no planning to integrate their activities. Therefore, I believe that we must find a way to coordinate all the plans and programs that are now made in such a disjointed fashion.

I also want to see our country adopt some long-range goals. I believe that the only way we can achieve these goals is to establish a set of priorities that generally determines how we allocate our resources within definite time periods. I also believe that we have to know not only what the federal government is going to do, but what state and local governments can do and are willing to do, and what the impact of governmental decisions will be on the private economy.

The framework of my bill would require a sort of national planning console, or what I call The Office of Balanced National Growth and Development. That Office, within the Executive Office of the President, would consist of what today are scattered parts of the government, which would be brought into synchronization. The Office of Management that Budget and the Council of Economic Advisers, for example, would become part of the Office. Then there would be a counterpart in the Congress, a Joint Committee on Balanced National Growth and Development. There would also be eight to twelve regional offices working with the national office in a decentralized setup to encourage feedback from the regions. The regions, in turn, would be in touch with the states and localities in their areas. I do not want planning, as I envision it, to be inflexible. I want planning in the sense of a set of guidelines. I want planning that will give us some alternative projections. I do not want a governmental agency telling me how I can live, but I do want a governmental agency bringing to bear what information we have on how the economic factors in our society will influence how I live.

We haven't had peacetime planning in this government since the National Resources Planning Board was abandoned over thirty years ago. This was an effort to look at total national development: the availability of resources, both physical and human, and how those resources might be used. Today the only departments of government that plan are the Department of Defense and the Highway Department, and both of them get money.

Q. You refer to the development of economic goals. How would you go about defining these goals and deciding which ones the country should pursue? And how would you induce private industry to conform to them?

A. I would not depend upon Washington to have all the wisdom. If you're going to define goals, you have to reach out into the community. That means that you talk not only with public officials at the local and state levels, but you also consult and work with the labor, business, academic, and all other segments of society. They would have to be brought into the preparation of plans of action. You could, for example, have people at the Washington level lay out what they believe to be proper goals and then subject them to research, explanation, dialogue, debate, discussion—a process that would result in modifications of the original proposals. Even if we only went as far as state and local governments, I think we would get a much better picture of where we want to go.

For example, how much urbanization does our society really want? What do we consider to be the optimum size of the city? What population levels give us the best in terms of cost-effectiveness programs and living conditions? Surely we can find out. We're able to use the think tank approach in judging the effect of various international or defense policies. I suggest that we ought to make projections in the social and economic areas as well.

One other thing that I would do, just a simple thing. As a result of our interest in the environment, every time anybody today decides to carry out any construction or make any major change in the physical face of our country, we require that environmental impact statements be filed. I think that's helpful; it's a part of the planning process. But we don't have any economic impact statement for governmental decisions. The government goes around willy-nilly making decisions of consequence. There was no estimate of the economic impact of the Occupational Safety Act, for example. I happen to be for the occupational safety program, but what were its economic implications? Did anyone think that through? No. Did anyone think through the economic implications of selling off to the Russians a half-billion bushels of wheat from our reserves? No. We treated that sale as if it were a separate business transaction, totally unrelated to the supermarket, totally unrelated to the consumer price index, totally unrelated to our national security, totally unrelated to anything else except the cash sale. Now it seems to me that we need to have planning mechanisms within government that give us some way to measure what the impact of such decisions might be. Not with a precision that can't be obtained, but we ought to have the general picture.

Let's take a look at transportation as another instance. What do we think our country's transportation needs will be between now and the year 2000? Surely we can make some projections. Through private agencies, foundations, and research groups, we're projecting how many people will be living in cities, how many people will be living in the countryside, what the gross national product will be, indeed, what the per capita income will be in the year 2000. Having done that, has anybody really planned how we are going to move all the resulting commerce? We go along haphazardly with programs in the Congress like the pouring in of billions to bail out the Penn Central Railroad without any regard at all to the full transportation needs of this country, not only considering commerce but considering the quality of life as well.

Q. You talk about making projections, but are projections enough? Suppose we study the transportation industry and set goals for that industry so that we will have adequate, efficient, comfortable transportation by the year 2000. What measures do we have to take to influence the automobile industry, for example, to conform with these publicly decided policy goals?

A. This is where tax policy comes in. Where, in a time of shortages, resource allocation policy comes in. Where energy policy comes in. I don't think we ought to compel, but we surely can influence. And may I say that what we've done is let the automobile industry decide where we are going to live rather than letting the country decide. The whole development of outlying factories in the countryside is a product of the automobile industry. This is a peculiar time. People who live in the cities work in the country and people who live in the country work in the cities. Many of the industrial workers in the Twin City area live in the center of the city and work thirty miles out of town. The bankers, stockbrokers, insurance salesmen, and real estate agents live thirty miles out in the country and work in town. The automobile has done this. We have permitted ourselves to be victims of four wheels with a four-hundred-horsepower motor at a time when we really shouldn't require four wheels for every trip, and surely we don't need four-hundred-horsepower cars.

What can government do about it? Government can do a lot about it. For example, the size of automobiles, and consequently energy consumption, can be influenced a great deal by taxing cubic displacement, horsepower, or weight. A tax will slow down purchasers of large cars and give a premium to small-car buyers and buyers of cars with high fuel efficiency. Government can also influence industry by giving an investment tax credit to companies that produce fuel-efficient automobiles. These are just two ways in which government policy can influence the private economy.

Also remember that government is a large purchaser of goods and services. Everybody else fades into insignificance in comparison. From the viewpoint of purchasing power, General Motors is a peanut stand compared to the United States government. If the government puts its own house in order by planning its own needs and resources, it will have a tremendous positive impact on the development of our country, regardless of what may happen in the private sector as a result of direct controls.

Q. What do you think the chances are for the acceptance of this kind of program? Will we turn to planning some time in the dim future, or will the present Congress start looking in this direction? Will planning develop piecemeal, or will the organization structure, as outlined in your bill, be enacted at one stroke?

A. The truth is that we are approaching it piecemeal. We have a piece of it in the Budget Reform Act. We have a piece of it in the National Commission on Supplies and Shortages. Part of it exists in the General Accounting Office in some of its analysis. There's more of it in the Office of Management and Budget. The Joint Economic Committee is spending more time at it. It's an idea whose time is coming. And like most things in this country, it will come because of distress. If we get into serious enough economic trouble, we'll start to take a good look, not only at how we tax people and at what kind of Social Security benefits we give, but at the structure of government and at the structure of our economic system.

The first thing we need to do is get rid of the deadwood and the unnecessary instrumentalities by consolidating the functions and offices that duplicate each other. We also need to present the budget in the context of five-year planning. We don't like the word planning in this country. But planning is done by private industry, and the time is now approaching, given the size of our federal budget and the size of our present and projected national debt, for us really to take a look at planning. What are we going to do with the money we have? After all, we can't do everything at once in government, any more than you can in your family. You have to make choices; you have to put things within a time frame.

We already know how to plan; we planned the space program. I think the benefit that we got from space development was not just the fantastic technology of the computer, the reconnaissance satellites, the new metals, the new products, the medical breakthroughs, the weather satellites, and all the marvelous things over and above the excitement of going to the moon. The moon flight—that was window dressing. What we got out of the space program was an experiment in planning. We set down an objective, a goal. President Kennedy said: "We'll put a man on the moon and bring him back to earth safely." That was the goal. Then we set a time frame, and that was a decade. Then we said the project will cost about $30 billion, and we agreed that that's about what it would cost. Then we said, we'll do this in three stages, and we established the Mercury Program, the Gemini Program, and the Apollo Program. And then we proceeded to set up within the government a planning agency—that's what NASA is. NASA didn't build the satellites; NASA didn't fly to the moon. NASA was the organizational structure—it was the planning agency. And above that was a superior planning body to bring in all the domestic and international and security facets, called the Space Council, which I was privileged to chair as vice-president. So what we did was to set goals, to establish a schedule, to set up a planning organization, to establish a budget, and to bring about the cooperation of government and private business. We know how to plan. The question is, are we willing to do it for our domestic economy?

Q. I want to ask you one more question before we leave the subject of planning. For many people, particularly businessmen, planning has the connotation of something nightmarish—socialism, regimentation, authoritarian government. How do you propose to get over this psychological block? How can people learn to look at the need for economic goals or economic balance without recoiling in terror when the word planning is mentioned?

A. The business community generally is very pragmatic. It understands cost accounting, profits and losses; it understands investment policy, and sales and production. I think that we've got to demonstrate to the business community that the manner in which we are presently utilizing government resources and government agencies is a haphazard, helter-skelter enterprise. I think we can do it. But I think we have to get around to specifics. For example, I'm a great supporter of the hospital construction program in this country, the Hill-Burton Act. I've spent a lot of time in public life promoting it. But do you know what we did? We built more hospital beds than we needed. We built hospital beds in places where they weren't needed and we're short of hospital beds in places where they are needed, because there wasn't the kind of overall planning that was necessary. We didn't plan the hospital construction program with an eye on the new techniques of modern medical care, on the fact that hospital stays are shorter, on the fact that the public has greater mobility, on the fact that we don't need a hospital in every town and every community. It's clear that there was a lack of planning. Now we can show to pragmatic people—people who are financiers, who understand corporate budgets, who are corporate managers—we can show that with some planning in our government, just a modest amount, a little more than we're doing, we can reduce governmental costs and get better governmental services.

Then you've got to start talking about this on radio, television, and in magazines like *Challenge*. The job of a man in politics is not merely to react to what people tell him, but to come up with ideas that create an environment in which he can legislate. I believe that there is a great need today for people in politics to face up to the fact that we're poor managers and that we've got to change our system of management. Not our system of government, not our system of economics, but our system of managing resources. The average person knows he has to plan if he wants to build a house. He has to plan how he's going to finance it. Over how long a period of time will he pay for it? Does he have to give up a summer vacation? This is planning. The government doesn't do it, and the government is the people in government. Legislators like myself, because there are no guidelines, because there are no priorities, because we don't have any defining goals, each of us scrambles every day to get his own little thing done. The result is that we try to do everything at once and we do most of it poorly.

I happen to be one who believes that we ought to have a system of national health insurance. What kind of system is debatable. But if today everyone of us had a card that said he or she could enter any hospital, that he or she could go to any doctor and the expenses—or at least a large proportion of them—would be covered, the whole health care profession in this country would be in utter chaos. We are not ready. We've got to plan out-patient clinics; we've got to plan neighborhood clinics; we've got to plan for the radiological treatment centers. We've got to plan the number of nurses, doctors, and paramedics needed. Health care is more than just an insurance policy. You could have an insurance policy out in the middle of the Sahara Desert to cover all your medical expenses, but if you've got no doctor, no hospital, what good is the policy? So we must look down the road and plan it.

Q. You have a bill for a National Domestic Development Bank. This bank would make credit available to local governments, state governments, and businesses at lower rates of interest and on easier terms than those prevailing in the market. The idea is reminiscent of the Reconstruction Finance Corporation. What would the Development Bank's relationship be to the private banking system? Would it simply bail out firms like Penn Central or Lockheed, or would it have something to say about the policies of those corporations?

A. My proposal for a National Domestic Development Bank has as one of its many purposes the kind of financial assistance that was offered by the Reconstruction Finance Corporation. It refinanced industries, railroads, utilities, and so forth, that were in current financial difficulty. It did not seek to bail out losers. If the bank did give assistance to large corporations like Penn Central or Lockheed, that bank, like any private bank, would have to have certain stipulations that would have to be met. That's just good banking practice, and if it's looked upon as government interference, then the answer to that is: don't ask for any help. When you ask for help, you must accept some degree of review and direction.

But that's only a minor part of my proposal. I believe that the major purpose of the National Domestic Development Bank is to provide long-term financing at reasonable rates of interest for the public infrastructure, for a host of things that communities need for their development. The average municipal bond in the United States matures in about twelve years. That is far too short a period of time. We ought to be looking to public facilities with a life span of anywhere from thirty-five to fifty years, and therefore we need long-term financing. The National Domestic Development Bank would not replace the private financial structure—it is supplemental. It is not designed to supplant; it is designed to take up greater-risk loans and to give longer and better terms of credit.

If we wanted to capitalize this bank at $5 billion, let's say, we could do that over a ten-year period with a $500 million appropriation from the Congress each year for a period of ten years. A capitalization of $5 billion could result in a loaning capacity of about $200 billion. Or if we wanted to tighten it up, we could make it a loaning capacity of about $150 billion. Imagine what that would mean in this country for the modernization of some of our downtown areas. Imagine the difficulties we could avoid by bypassing the annual appropriations process. We waste hundreds of millions of dollars every year by late availability of money. Urban development plans are under way. They get topped because of the lack of appropriations. Huge port projects, levees, and flood-control efforts are stopped right smack in the middle because there is no money. The Congress didn't get around to appropriating it or the Congress didn't appropriate as much this year as it did last year. You have to lay off part of your work force, you have to set aside part of your machinery, and the government has to pay damages. If we go on the banking principle, then we project a long-term cost and we prorate it. Why should we have to pay for a dam that will produce hydroelectric power for the next forty years out of several separate annual appropriations? If private industry did that, we'd still be selling our goods out of the back of a wagon.

Q. I want to turn to the subject of stagflation, or simultaneous recession and inflation. Do you think there's a way out using conventional monetary and fiscal policies alone, or must we supplement them with wage and price controls?

A. The main problem today is recession, and I happen to believe that recession feeds inflation. Inflation in the present instance is partly due to reduced productivity and to administered prices. It's not demand inflation, it's cost-push inflation. When you have a large number of people out of work, you find industry increasing its prices or maintaining high prices in order to shore up profits even though the result is reduced sales. You also find workers who are fearful that they're going to be the next to lose their jobs and who therefore decrease their productivity, lest they produce enough to make themselves redundant.

You do not control inflation by unemployment because to do so is to be ineffective and inhuman. That kind of economics went out with bleeding. And if you're going to do that kind of thing, you ought to put a barber pole in front of the White House rather than a gate and tell people that you've got eighteenth-century doctors there rather than twentieth-century physicians. What we need is a variety of treatments for an economy that is in trouble, just as we have a variety of treatments for a patient who is in trouble. That takes a balance between fiscal policy, monetary policy, and governmental intervention in jobs policy. Today there's pretty much agreement in the government that we need a tax reduction. The question is, how much, and who shall get the benefits? If the tax reduction doesn't go to the lower and middle income groups in the main, then you lose the stimulus, because these are the purchasers.

Q. Senator, if you stimulate the economy now without wage-price controls, how are you going to be sure that the stimulus doesn't end up in more inflation instead of more production?

A. I think you have to monitor the economy very carefully, and that's why the so-called Wage-Price Stability Council, which I termed the toothless tiger, has to be given some teeth. It has to have subpoena power so it can look at records—profits, investments, wages. It has to have the power of selective price and wage controls. It has to have the power to hold back a price or a wage increase for a period of time in order to examine what its impact on the economy will be. I don't think that you can just plunge in with tax reductions on one side and easing of the credit and money supply on the other.

Q. You are co-sponsor of the Equal Opportunity Employment Act which is sponsored by Representative Hawkins and others in the House. This bill calls for full employment—not 5 percent unemployment, but employment for everybody who wants a job. One view among economists is that this kind of full employment is inflationary and that you simply can't have it. If this bill becomes law and everybody is guaranteed a job, how do you think you are going to control inflation under those circumstances?

A. I wouldn't argue with these economists because it wouldn't do any good. I'd send them to Germany and I'd have them take a look at the record of Germany for the last ten years. The Federal Republic, where they've had reasonably full employment in recent years, has had the lowest rate of inflation of any industrialized country. How did the Germans do it? Why don't we go and find out? Why should we sit here and write treatises about it? Why don't we go over and find out how they did it? There are a lot of things that they've been doing that we might try. They have labor-management councils; they have productivity teams in their factories; they've had very careful balance between monetary and fiscal policy; they've had some planning on exports; and they know what they want to accomplish. The Germans are an industrious people, but, more than that, they are a planning people. It goes back again to careful monitoring of the whole economy. I've listened to all this baloney about full employment bringing inflation and I've been told that it's inevitable. But in the two countries where they have had full employment, Japan and Germany, there was less inflation than elsewhere. The inflation that's hit Japan and Germany of late is due to the energy crisis, not to full employment. As a matter of fact, there's been more inflation in Germany since they've had unemployment. So I take on all of these economic theorists and tell them that rather than argue about generalities, why don't they go out and look at a particular case?

Q. Senator, there are a lot of people in Congress now who would like to do many of the things that you've proposed today. Can Congress lead while there's a conservative administration that balks at such ideas?

A. Will Congress pass a bill like the Equal Opportunity Employment Act? I'm not sure. But I know that in order to get something done, you have to start educating people. I proposed Medicare fifteen years before it was adopted, and I proposed the Civil Rights Act fifteen years before it was adopted. I proposed the Peace Corps five years before it was adopted. I proposed the Arms Control Agency five years before it was adopted. But I kept at it. I am the original author of the Food Stamp plan in Congress. It covered only six counties when it started, but we got the seed planted. Even if we could pass the Equal Opportunity Employment Act of 1975, I'm sure that the administration would veto it, and I know we wouldn't have the votes to override the veto. But that does not deter me. I think that we've got to offer hope to the American people. I believe that we've got to educate the public to understand that costs are not merely what the government spends, but costs are also what happens to individuals within the social-economic structure, and to the total economic fabric. Isn't it interesting that we know how much it costs for a public service employment program but we don't know how much it costs to have people unemployed? We know how much it costs for federal aid to education, but we have no way to measure the cost of being unable to read. We know how much it costs for the National Cancer Institute, but we don't know what it costs, either in pain or money, for people who are the victims of cancer. If the government can make an investment in things that help the people and relieve them of other costs, the benefits should be at least equal to the expenditures, and often they are many times greater.

I wonder how people can estimate to you and to me today what the cost of six to eight million people unemployed in this country is. We can figure out what its cost would be in gross national product. That's one measurement. We can figure out what its cost might be in the loss of personal income. We can figure out what its cost would be in local, state, and federal revenues. But that's just part of it. What happens to people's homes? The mortgages that they can't pay? What happens to the credit card accounts that they can't pay? What happens to their children? What happens to their families? To their lives? What happens to their morale? What happens to their belief in the country? How do you measure those costs?

I'm an educator, essentially, and I also, may I say, try to be a leader. I believe that what I'm taking about with respect to full employment—not necessarily this piece of legislation, which may not be all that it ought to be—what I'm talking about is that a person has a right to have a job in which his or her talents can be utilized, a job that can result in meaningful work. I think this is an absolute basic right in this country that has to be established by law. It's the new civil right. Civil rights today are no longer in the courts alone, they're in the marketplace. No man is free, no woman is free, who's been told that he or she is not needed, not wanted, and that's what unemployment is. Unemployment is the social decision that says, we don't need you, drop dead. And I refuse to buy that.

[From the New York Times, March 16, 1975]

The Case for Government Planning—The Economic Ship May Right Itself, but Somebody Is Needed To Steer

(Note.—The following proposal was made recently by the Initiative Committee for National Economic Planning, a new group headed by Wassily Leontief, the Harvard University economist, and Leonard Woodcock, president of the United Auto Workers.)

Few Americans are satisfied with the way in which the economy is now operating. Unemployment is increasing and prices are rising. Inflation in the United States has become a source of instability in the world at large. No reliable mechanism in the modern economy relates needs to available manpower, plant and materials. In consequence we have shortages of housing, medical care, municipal services, transportation, energy, and numerous other requirements of pressing importance.

We have not made it our business to foresee these critical problems and to take steps to forestall them. We do not plan. But in a modern economy, planning is not a matter of preference or ideology. It is one of immediate need. In its absence we will all suffer. This suffering is avoidable.

We therefore urge that provision be made for planning at the highest level of the United States Government and through regional, state and local units of administration. This effort must be backed by education, by the widest public discussion of the methods and objectives of planning, and by full public participation in the planning process.

We believe that economic leadership must be exercised in a new way through an Office of National Economic Planning. This agency must be in a position to perceive our country's economic and social needs now and for many years to come and to provide the public, Congress and the executive branch with alternative plans of action—not only to enable us to avert hardship and disaster, but to guide the economy in a direction consistent with our national values and goals.

Planning is neither strange nor unfamilar. Every individual and business plans for the years ahead. Our space program is a good example of planning in its most sophisticated and successful form. It also illustrates the magnitude of the effort that must go into national economic planning.

Nevertheless, the principles are simple. First, from a set of feasible alternatives, a definite and realizable goal was decided upon: to carry a man to the moon and bring him back to earth. This required setting up a long-range program to fulfill the mission. All the necessary information had to be gathered in a consistent and useful form. Then, step by step, the program had to be carried out in the required sequence, the results monitored, and corrections made whenever necessary.

Just as it would have been impossible for a man to go to the moon and back by accident, it is impossible for us to achieve our economic objectives by accident.

But the most striking fact about the way we organize our economic life is that we leave so much to chance. We give little thought to the direction in which we would like to go. We make no consistent effort to balance different parts of the economy. We do not attempt to ensure that resources are allocated to meet our most urgent national needs. In fact, we know that they are not so allocated.

Instead of systematically trying to foresee the needs of the nation in years ahead, we have dozens of separate, uncoordinated agencies making policy in this area and that, without any thought of how it all fits together. We have over 50 Federal offices collecting economic data, in most instances insufficiently detailed, frequently obsolete, often contradictory and incompatible.

A single office is responsible for setting appropriate standards and bringing these data together so that they can be used to pursue coherent national objectives. We make economic policy from quarter to quarter or year to year without any perspective on where the economy is going or where we want it to go.

The mere cataloguing of these problems discloses the inadequacy of our present economic techniques. We therefore recommend that the Office of National Economic Planning be established with these features:

Plenary power to accumulate and analyze detailed economic information from all sources.

A mandate to examine major economic trends and work out realistic alternative long-term economic programs for periods of 15 to 25 years, to be submitted to the President and Congress.

A mandate to work out alternative plans of intermediate length, such as five or six years, to be submitted to the President and Congress, designed to carry us toward our long-range objectives.

Responsibility to specify the labor, resources, financing and other economic measures needed to realize these programs and plans.

Needless to say, all programs and plans must be periodically reviewed and revised as changing circumstances require.

Let us examine how the planning office would go about its work. Its function would be to develop programs in specific areas where they are discernible national needs, Energy, transportation and housing are obvious examples. But it is clear that a planning office cannot look at energy alone, transportation alone. housing alone, or at any other sector of the economy in isolation. All these sectors interact, draw on scarce resources, require definite numbers of workers with specific training and require financing.

Above all, planning is a way of looking at economic problems as a whole, providing the information needed to set explicit priorities in the use of resources, and guiding all sectors of the economy toward the attainment of our chosen goals. A planning system must balance resources with needs, set goals that can be realized, and inform the public what the choices really are.

The heart of planning is to go from information to action. Most of the action in the United States economy takes place in the private sector. Democratic planning is not a substitute for a decentralized economy nor does it replace the millions of private decisions that are made in the market every day. Rather, to reach democratically chosen objectives, it influences those decisions with a consistent set of economic techniques.

The means of influencing those decisions are already familiar to us. Some, such as tax incentives and disincentives, and traditional monetary and fiscal policies, influence individual actions indirectly. Others, such as selective credit controls, guidance of basic capital flows, limits to the use of air, water and land, and mandatory resource allocation, affect individual actions directly.

All these measures have been used at one time or another by the Federal Government, but—save in World War II—in a haphazard fashion, with no view to their overall effect. The purpose of planning is to provide that view.

It should be clear that the planning office would not set specific goals for General

Motors, General Electric, General Foods or any other individual firm. But it would indicate the number of cars, the number of generators and the quantity of frozen foods we are likely to require in, say, five years, and it would try to induce the relevant industries to act accordingly.

One of the best persuaders available to the planning office is information. The flow of goods, services and money from one industry to another can be grasped in great detail through the use of input-output and other programing techniques. The planning office can provide a continuous stream of detailed information about how various sectors of the economy mesh—and are expected to mesh in the future—enabling individual companies, as well as Federal, state and local governments, to make enlightened and coherent decisions about production and consumption.

In order to be effective and useful, an Office of National Ecoonmic Planning must be set up at the center of our economic and political life as one of our most influential institutions. To provide leadership at the highest level, we propose the establishment of such an office within the White House, provided with sufficient funding and supported by a professional staff large enough to carry out its many functions.

The director of the new body should be designated as the chief adviser to the President for economic affairs. The office should oversee the implementation of the national economic plan within the executive branch. Accordingly, the membership of the board of this office should be composed of high Administration officials and be supported by an advisory group representing the best talent of business, labor, farmers, consumers, minorities and other sections of society.

We also propose that the President's Council of Economic Advisers be made a part of the office and continue to concentrate on short-run problems of full employment and stabilization, usefully supplementing the long-run concerns of the office.

It goes without saying that the final choice among all feasible alternative planning objectives and programs belongs to Congress and that the execution of all laws embodying planning policy is the responsibility of the Administration. Congress and the executive branch must be equal partners in planning. We therefore recommend that a Joint Congressional Planning Committee, supported by a Congressional Office of Planning, with the necessary funding and technical assistance, be established to oversee all planning activities and to initiate and review legislation.

But to be successful, planning has to be undertaken with the full understanding, acceptance and support of the public. The participation of representatives of all important economic and social interests in every phase of planning is essential. Regional, state and local units of government must fully share in the planning process.

Every national forum—the press, Congress and the executive branch—should be used for a continuing airing of opinion on planning goals and methods. A network of committees representing every area of economic life should be available for mutual consultation with members of the planning office.

No one can possibly argue that planning will solve all our problems. Nor will it reconcile conflicting interests among different sections of our society. These will continue to be contested in the political arena as before. But planning can spare all of us the sense of helplessness we feel as the economy drifts from crisis to crisis and replace frustration with a sense of hope, with the conviction that we can, in fact, exert some control over our affairs.

Nor is planning an easy task. It is one of the most difficult enterprises that any society can undertake. But the technical capability and know-how exist to do the job. We believe that the hard thinking, work and experimentation required by a planning effort will be repaid many times over.

National economic planning has become an economic and social necessity.

NEW ADVISORY COMMITTEES

Mr. METCALF. Mr. President, on 27 January I inserted in the CONGRESSIONAL RECORD, page S956, a list of the 353 advisory committees which expired or were terminated last year. I have now received from the Office of Management and Budget a preliminary listing of advisory committees which were chartered last year. I am happy to be able to report that a comparison between the "terminated" and "created" advisory committee lists shows a net reduction of 132 advisory committees last year.

The total number of Federal advisory committees has declined from 1,439 when the Federal Advisory Committee Act was passed 2 years ago to 1,118 this year.

I ask unanimous consent to have printed in the RECORD OMB's preliminary listing of advisory committees chartered during 1972. I am advised by OMB that a final tally will be included in the President's annual report on advisory committees, which is due the end of this month.

There being no objection, the listing was ordered to be printed in the RECORD, as follows:

PRELIMINARY LISTING, FEDERAL ADVISORY COMMITTEES CHARTERED CALENDAR YEAR 1974, OMB COMMITTEE MANAGEMENT SECRETARIAT, FEBRUARY 6, 1975

EXECUTIVE OFFICE OF THE PRESIDENT

1. Defense Manpower Commission (unassigned).
2. Presidential Clemency Board (unassigned).

OFFICE OF MANAGEMENT AND BUDGET

1. Advisory Committee on Social Indicators.
2. Advisory Committee on the Balance of Payments Statistics Presentation.

FEDERAL ENERGY ADMINISTRATION

1. Coal Industry Advisory Committee.
2. Construction Industry Advisory Committee.
3. Consumer Affairs and Special Impact Advisory Committee.
4. Electric Utilities Advisory Committee.
5. Energy Forecasting Advisory Committee.
6. Environmental Advisory Committee.
7. Foodservice Advisory Committee.
8. Labor Advisory Committee.
9. LP-Gas Industry Advisory Committee.
10. Natural Gas Transmission and Distribution Advisory Committee.
11. Northeast Advisory Committee.
12. Project Independence Advisory Committee.
13. Retail Dealers Advisory Committee.
14. State Regulatory Advisory Committee.
15. Tourist-Recreation Industry Advisory Committee.
16. Wholesale Petroleum Advisory Committee.

U.S. DEPARTMENT OF AGRICULTURE

1. Flue-Cured Tobacco Marketing Committee.
2. Humboldt National Forest Livestock Advisory Board.
3. Lyndon B. Johnson National Grasslands Grazing Advisory Board.
4. National Cattle Industry Advisory Committee.
5. National Cotton Marketing Study Committee.
6. National Rural Environmental Conservation Program (RECP) Advisory Board.

7–56. 50 State Rural Environmental Conservation Program (RECP) Advisory Boards.

DEPARTMENT OF COMMERCE

1. Advisory Committee for International Legal Metrology.
2. Advisory Committee on East-West Trade.
3. Commerce Technical Advisory Board (CTAB) Panel on Project Independence Blueprint.
4. FIPS Task Group 15 (Computer Systems Security).

Industry Sector Advisory Committees for Multilateral Trade Negotiations 5–30:

5. On Aerospace Equipment.
6. On Automotive Equipment.
7. On Communication Equipment and Non-consumer Electronic Equipment.
8. On Construction, Mining, Agricultural and Oilfield Machinery and Equipment.
9. On Consumer Electronic Products and Household Appliances.
10. On Drugs, Soaps, Cleaners, and Toilet Preparations.
11. On Electrical Machinery, Power Boilers, Nuclear Reactors, and Engines and Turbines.
12. On Ferrous Metals and Products.
13. On Food and Kindred Products.
14. On Hand Tools, Cutlery, and Tableware.
15. On Industrial Chemicals and Fertilizers.
16. On Leather and Products.
17. On Lumber and Wood Products.
18. On Machine Tools—Other Metalworking Equipment.
19. On Miscellaneous Manufactures, Toys, Musical Instruments, Furniture, Etc.
20. On Office and Computing Equipment.
21. On Nonferrous Metals and Products.
22. On Other Fabricated Metal Products.
23. On Paint, Gum, and Wood Chemicals, and Miscellaneous Chemical Products.
24. On Paper and Products.
25. On Photographic Equipment and Supplies.
26. On Railroad Equipment and Miscellaneous Transportation Equipment.
27. On Rubber and Plastics Materials.
28. On Scientific and Controlling Instruments.
29. On Stone, Clay, and Glass Products.
30. On Textiles and Apparel.
31. Marine Petroleum and Minerals Advisory Committee.
32. Census Advisory Committee on the Black Population for the 1980 Census.

DEPARTMENT OF DEFENSE

1. Armament Advisory Group.
2. Army Materiel Acquisition Review Committee.
3. Defense Panel on Intelligence.
4. Environmental Quality Award Advisory Committee.
5. National Security Agency Scientific Advisory Board (Military Operations).
6. National Security Agency Scientific Advisory Board (Systems Advisory Panel).
7. Navy and Marine Corps Acquisition Review Committee.
8. Shoreline Erosion Advisory Panel.
9. Ballistic Missile Defense (BMD) Technology Advisory Panel.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

1. Ad Hoc Advisory Group on Epidemiology.
2. Ad Hoc Advisory Group on Vaginal Cytology.
3. Ad Hoc Committee on Reserpine and Breast Cancer.

4. Arteriosclerosis and Hypertension Advisory Committee.
5. Arthritis Ad Hoc Review Committee.
6. Arthritis Advisory Committee.
7. Blood Resources and Disease Advisory Committee.
8. Cancer Control Ad Hoc Grant Review Committee.
9. Cancer Control and Rehabilitation Advisory Committee.
10. Cancer Control Community Activities Review Committee.
11. Cancer Control Grant Review Committee.
12. Cancer Control Intervention Programs Review Committee.
13. Cancer Control Supportive Sciences Review Committee.
14. Cancer Review Committee for a Cancer Center Program.
15. Carcinogenesis Program Scientific Review Committee A.
16. Carcinogenesis Program Scientific Review Committee B.
17. Carcinogenesis Program Scientific Review Committee C.
18. Cardiology Advisory Committee.
19. Clinical Application and Prevention Advisory Committee.
20. Collaborative and Field Research Committee.
21. Community Education Advisory Council.
22. Cooperative Health Statistics Advisory Committee.
23. Gastrointestinal Drugs Advisory Committee.
24. High Blood Pressure Education Research Program Ad Hoc Review Committee.
25. Interagency Committee on Emergency Medical Services.
26. Minority Group Mental Health Programs Review Committee.
27. National Advisory Council for Career Education.
28. National Advisory Council on Bilingual Education.
29. National Advisory Food and Drug Committee.
30. National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research.
31. National Commission on Diabetes.
32. Neurologic Drugs Advisory Committee.
33. President's Biomedical Research Panel.
34. Psychopharmacological Agents Advisory Committee.
35. Pulmonary Young Investigator Grant Committee.
36. Recombinant DNA Molecule Program Advisory Committee.
37. Regional Medical Programs Ad Hoc Review Committee.
38. Rehabilitation Services National Advisory Committee.
39. Toxicology Advisory Committee.
40. Virus Cancer Program Advisory Committee.
41. Virus Cancer Program Scientific Review Committee A.
42. Virus Cancer Program Scientific Review Committee B.
43. U.S. National Committee on Vital and Health Statistics.
44. Advisory Council on Women's Educational Programs.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

None.

DEPARTMENT OF INTERIOR

1. Advisory Committee on Indian Trust Responsibilities.
2. Mid-Atlantic Regional Advisory Committee.
3. National Non-fuel Minerals Advisory Committee.
4. North Atlantic Regional Advisory Committee.
5. Oil Shale Environmental Advisory Panel.
6. Outer Continental Shelf Research Management Advisory Board.
7. Rocky Mountain Regional Advisory Committee.

DEPARTMENT OF JUSTICE

1. National Institute of Law Enforcement and Criminal Justice Advisory Committee.
2. Federal Advisory Committee on False Identification.

DEPARTMENT OF LABOR

1. Standards Advisory Committee on Hazardous Materials Labeling.
2. Standards Advisory Committee on Coke Oven Emissions.
3. Standards Advisory Committee on Marine Terminal, Facilities.

DEPARTMENT OF STATE

None.

DEPARTMENT OF TRANSPORTATION

1. Alaskan Region Air Traffic Control Advisory Committee.
2. Flight Information Advisory Committee.
3. U.S. Advisory Committee on Obstacle Clearance Requirements.

DEPARTMENT OF THE TREASURY

1. Advisory Committee on Distilled Spirits Plant Supervision.
2. Chief Counsel's Advisory Committee on Rules of Professional Conduct.
3. President's Labor-Management Committee.
4. Small Business Advisory Committee.

ACTION

None.

ADMINISTRATIVE CONFERENCE OF THE UNITED STATES

None.

AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION

None.

ATOMIC ENERGY COMMISSION

1. Special Atomic Energy Commission Laser-Fusion Advisory Panel.
2. ZGS Study Committee.
3. ZGS Study Committee Management and Procedures Subcommittee.
4. ZGS Study Committee Physics Subcommittee.

CIVIL AERONAUTICS BOARD

None.

CONSUMER PRODUCT SAFETY COMMISSION

1. Product Safety Advisory Council.

ENVIRONMENTAL PROTECTION AGENCY

1. Ecology Advisory Committee.
2. Lake Michigan Cooling Water Studies Panel.
3. National Drinking Water Advisory Council.
4. Science Advisory Board.

EXPORT-IMPORT BANK OF THE UNITED STATES

None.

FEDERAL COMMUNICATIONS COMMISSION

None.

FEDERAL HOME LOAN BANK BOARD

None.

FEDERAL MEDIATION AND CONCILIATION SERVICE

1. Arbitration Services Advisory Committee.
2. Health Care Industry Labor-Management Advisory Committee.

FEDERAL POWER COMMISSION

1. National Power Survey Task Force on Conservation and Fuel Supply.
2. National Power Survey Technical Advisory Committee on the Impact of Inadequate Electric Power Supply.

GENERAL SERVICES ADMINISTRATION

1. Advisory Committee for Protection of Archives and Records Centers.
2. Advisory Committee on Cash Management.

INTERSTATE COMMERCE COMMISSION

None.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

1. ERTS Follow-On Investigation Review Committee.
2. Research and Technology Advisory Council Committee on Aeronautical Propulsion Ad Hoc Panel on Jet Engine Hydrocarbon Fuels.
3. Space Science and Applications Steering Committee.
4. Space Science and Applications Steering Committee. Ad Hoc Advisory Subcommittee for Evaluation of Proposals for Participation in the Definition of a One-Meter Class Ultraviolet-Optical Facility Telescope for Spacelab Astronomy Missions.
5. Space Science and Applications Steering Committee. Ad Hoc Advisory Subcommittee for the Evaluation of Proposals for Participation in the Scientific Definition of Space Shuttle Missions for Solar Physics Spacelab Payloads.
6. Space Science and Applications Steering Committee Ad Hoc Advisory Subcommittee to Review Proposals for Scientific Definition of Space Shuttle Missions for Atmospheric, Magnetospheric, and Plasmas-in-Space.
7. Space Science and Applications Steering Committee Ad Hoc Advisory Subcommittee to Review Proposals for Space Flight Investigations of the Pioneer Venus 1978 Orbiter Mission.

NATIONAL CREDIT UNION ADMINISTRATION

None.

NATIONAL ENDOWMENT FOR THE ARTS

1. Artists-in-Schools Program Advisory Panel.
2. Bicentennial Committee of the National Council on the Arts.
3. Special Projects Panel.

NATIONAL ENDOWMENT FOR THE HUMANITIES

None.

NATIONAL MEDIATION BOARD

None.

NATIONAL SCIENCE FOUNDATION

1. Advisory Committee on Materials.
2. Advisory Committee on Energy Facility Siting.
3. Advisory Panel on Science Education Projects.

OVERSEAS PRIVATE INVESTMENT CORPORATION

None.

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

1. Community Advisory Group.
2. Owners and Tenants Advisory Board.

SECURITIES AND EXCHANGE COMMISSION

1. Advisory Committee on the Implementation of the Central Market System.
2. SEC Report Coordinating Group (Advisory).

SELECTIVE SERVICE SYSTEM

1. Advisory Committee on the Selection of Physicians, Dentists, and Allied Specialists.

SMALL BUSINESS ADMINISTRATION

1. Las Vegas District Advisory Committee.

TENNESSEE VALLEY AUTHORITY

None.

RAILROAD RETIREMENT BOARD

None.

U.S. ARMS CONTROL AND DISARMAMENT AGENCY

None.

U.S. CIVIL SERVICE COMMISSION

None.

U.S. COMMISSION ON CIVIL RIGHTS

None.

U.S. INFORMATION AGENCY

None.

U.S. INTERNATIONAL TRADE COMMISSION

None.

VETERANS' ADMINISTRATION

1. Health Manpower Training Assistance Review Committee.

2. Medical School Assistance Review Committee.

EXPANDED PUBLIC SERVICE JOBS PROGRAM URGENTLY NEEDED

Mr. HUMPHREY. Mr. President, one of the proposals I recommended strongly to the Senate Budget Committee in testimony last Friday was a substantial public employment program.

I believe that there is an urgent necessity for the Government to provide some means of livelihood to our unemployed. Unfortunately, the number will rise well above the shockingly high 7.5 million at the present time.

I also recommended a direct Federal public employment program so long as unemployment remains above 8 percent.

I am very pleased to see that the Workman's Circle has made similar recommendations. This was done as part of a set of proposals put forth by the organization. The Workman's Circle, which was founded by emigrant workmen, is a fraternal society. Its President, Harold Ostroff, is also vice president of the United Housing Foundation.

Mr. President, I ask unanimous consent that Mr. Ostroff's statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT

(By Harold Ostroff)

President Ford's proposals for the economic recovery of the United States fall far short of national needs. A "one shot" tax rebate and the imposition of additional taxes on crude oil are mis-directed, timid attempts at a solution to a complex web of problems. These measures will not put the economy back on its feet, nor will they lead to the development of an American society where all citizens capable of working will have the opportunity to work at a job that pays a living wage.

In light of the President's failure to put forth a comprehensive program for economic recovery, we suggest the following steps as prerequisites to genuine and full recovery:

1. An immediate, massive federal effort to create jobs for the unemployed and underemployed. The extent of the current program is hardly commensurate with the scope of the problem.

2. Immediate extended government assistance to the unemployed. The benefit period in the present situation should be geared to an anticipated recovery schedule.

3. Enactment of a comprehensive system of national health insurance for all citizens is basic to the security of the individual and his or her family. It is needed immediately both by those recently laid off who have lost coverage from payroll plans and by millions of others for whom health care costs have crippled family budgets.

4. Immediate government action to sharply reduce America's dependence on imported oil and to establish a fair and equitable system of rationing and allocation. Incentives must be created to encourage conservation and for the technical development of alternate sources of energy. The plan for further increases in fuel cost to the public is a regressive approach; the burden can only fall on low and moderate-income families who are already staggering under the impact of fuel bills two, three and four times higher than those of a year ago.

5. Immediate reduction of interest rates and the allocation of credit for high priority social and economic activities. The President has this authority and should use it.

6. Far-reaching tax reform that will be more than a "one shot" attempt. An immediate tax cut in the form of reduced withholding taxes is necessary, so that those still employed can feel the benefits right away. But a long range solution is also necessary. Progressive tax reform designed to compel individuals and businesses to pay their fair share is the only effective approach to federal financing of the kind of comprehensive social programs the country so desperately needs.

OMB DIRECTOR LYNN TESTIFIES BEFORE JOINT ECONOMIC COMMITTEE

Mr. HUMPHREY. Mr. President, on February 26 the Joint Economic Committee was privileged to receive the testimony of James T. Lynn, the Director of the Office of Management and Budget, as a part of the committee's annual hearings on the economy. Mr. Lynn's testimony was very helpful to the members of the committee in their effort to evaluate and respond to the economic proposals of the President.

In explaining the President's proposals, Mr. Lynn emphasized the need to restrain the long-term growth of Federal spending while undertaking the substantial deficit necessary to provide effective stimulus for the economy. He pointed out that "We would face a substantial deficit even without the added stimulus that the President is proposing through tax reductions." "In the future," Mr. Lynn said, "steps must be taken to reduce or eliminate" the Federal deficit. But through the stimulus provided in the President's budget, Mr. Lynn predicted "a bottoming out of the recession toward the middle of calendar year 1975," and the start of "significant real growth thereafter."

The second major pitfall that must be avoided is a return to an excessive rate of inflation. While there have been "significant declines in prices of crude industrial materials," it was Mr. Lynn's opinion that "inflation continues to be unacceptably high." Mr. Lynn stated that "we must support the economy in a manner that will prevent another cycle of inflation and recession a year or two ahead," and he felt that the President's budget fits this criteria.

However, I find that by adhering so closely to these precautionary guidelines the President has not provided the stimulus required at this time. We must not forget that the central priority at this point must be to bring this country out of recession. Responsible economic leadership is required to avoid the danger of renewal of inflation. But we must not be deterred from enacting a program which provides a strong stimulus to the economy. I could not agree with Mr. Lynn that the President's program provides this kind of stimulus, and we discussed this question at length during the hearing.

But the point of view expressed by Mr. Lynn in his testimony is of great importance to an understanding of the pressing economic issues facing the Congress, and it has been an essential input to the committee in its task of evaluating the President's economic program. Mr. Lynn's discussion of the President's program is well worth the consideration of my colleagues in the Congress.

Mr. President, I ask unanimous consent that his testimony be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT OF JAMES T. LYNN BEFORE THE JOINT ECONOMIC COMMITTEE

Mr. Chairman and Members of the Committee:

The President's budget for 1976 is designed to meet both our short-term economic problems and long-term national needs. The President's budget recommendations will help to restore healthy economic growth while minimizing the likelihood of increased inflation. They will reduce our dependence on imported oil. These recommendations include:

Income tax relief of $16 billion in 1975 and 1976 ($12 billion for individuals and $4 billion for businesses);

Greatly increased aid to the unemployed, totalling $17.5 billion in unemployment insurance benefits and $1.3 billion for public service employment;

An import fee on oil, and taxes on domestically-produced petroleum and natural gas and on their producers;

A rebate to compensate for the resulting higher price level, with special provisions for ensuring that low-income Americans and State and local governments are compensated equitably;

An increase in outlays for defense and military assistance of $8.0 billion in order to maintain preparedness and preserve force levels in the face of rising costs;

A one-year moratorium on new Federal spending programs other than energy programs; and

A temporary 5% ceiling on increases in pay for Federal employees, and on those Federal benefit payments to individuals that are tied to the cost of living.

We would face a substantial deficit even without the added stimulus that the President is proposing through tax reductions. Therefore, it is important to eliminate lower-priority spending in order to concentrate on direct efforts to speed economic recovery and to restrain the long-term growth of Federal spending. Hence, the budget recommends no new programs other than in the energy field. Further, the budget—as submitted—recommended reductions of $17 billion for fiscal year 1976. With the release by the President of additional highway funds and of Hill-Burton funds, and actions by the Congress prohibiting the planned change in the food stamp program, the total reductions currently proposed are $15.3 billion.

Despite these reductions, total budget outlays are now estimated to increase $37.4 billion over 1975 to $351.2 billion in 1976. However, because of the slowdown in economic activity and the proposed tax reductions, receipts are estimated to increase by only $18.8 billion over 1975 to $297.5 billion. Therefore, the 1976 deficit is now expected to be $53.7

billion if all of the President's budget proposals are accepted by the Congress. To the extent outlay reductions are rejected and the tax cuts are increased by the Congress, the budget deficit will be correspondingly larger. The deficit must be kept under control this year and steps must be taken to reduce or eliminate it in the future.

BUDGET TOTALS

[In billions of dollars]

Description	1974 actual	1975 estimate	1976 estimate
Budget receipts	264.9	278.8	297.5
Budget outlays	268.4	313.8	351.2
Deficit (−)	−3.5	−35.1	−53.7

THE BUDGET AND THE ECONOMY

The budget is designed to deal with three serious economic problems facing us today: recession, inflation, and energy.

Through the deficit, the budget provides a stimulus to the economy that should help lead to a bottoming out of the recession toward the middle of calendar year 1975 and to significant real growth thereafter. The following table shows the deficit by half-years on a national income accounts (NIA) basis. The Federal deficit (or surplus) on an NIA basis is perhaps the best single measure of a fiscal stimulus or restraint. As the table indicates, there is a sharp increase in the NIA deficit. From an annual rate of $2 billion to $3 billion in fiscal year 1974, the deficit increased to a $12 billion annual rate in the first half of fiscal year 1975 and is projected to increase sharply to over $50 billion at an annual rate in the second half of that fiscal year and to $75 billion in the first half of fiscal year 1976 before decreasing in the second half of 1976.

RECEIPTS AND EXPENDITURES IN THE NATIONAL INCOME ACCOUNTS

[In billions of dollars; seasonally adjusted annual rates]

	July–Dec. 1973	Jan.–June 1974	July–Dec. 1974	Jan.–June 1975	July–Dec.–1975	Jan.–June 1976
Receipts	265	283	299	284	281	330
Expenditures	267	286	311	336	356	370
Deficit (−)	−2	−3	−12	−52	−75	−40

The deficits proposed in the 1976 budget are partly the unavoidable consequence of the recession we are experiencing and partly the result of the proposed economic stimulus included in the budget to combat that recession—primarily a tax cut. Aid to the unemployed, which includes both benefit payments and public service jobs, will be $9 billion larger in 1975 and $12½ billion larger in 1976 than in 1974. In addition, the softening of the economy will result in substantially lower tax receipts. Tax receipts would be $30 billion larger in 1975 and $40 billion greater in 1976 if the economy were as fully employed as it was during 1974. Finally, the President's economic stimulus proposals—which are a response to the recession—will also contribute to the deficit, decreasing receipts by $6 billion in 1975 and $10 million in 1976. In the absence of these factors, the budgets for 1975 and 1976 would be in surplus.

The deficits projected for fiscal years 1975 and 1976, together with other Government-related activities, will make heavy demands upon the financial markets. Direct Federal borrowing from the public is expected to grow from $3 billion in fiscal year 1974 to nearly $45 billion in 1975 and $65 billion in 1976. In the latter 2 years, Federal plus federally-assisted borrowing will total nearly $140 billion if the plan proposed by the President is adopted. The tax plan being considered by the Congress and congressional disapproval of the outlay reductions proposed by the President could push these financial requirements to $160 billion or beyond, of which nearly $100 billion would come in one year—1976.

In periods of slack, such as we are experiencing now, the financial markets should be able to absorb very substantial Federal and federally-assisted borrowing. Even in these periods, however, a point is reached at which Federal and federally-assisted borrowing becomes excessive. Such excessive borrowing would force up interest rates and reduce the availability of credit to the Nation's businesses, housing, farmers, and to State and local governments. If this happens, the ability of these sectors to support a resumption of economic growth through investment will be impaired. The President has not overlooked this problem, and it is a major reason why he is urging the Congress not to increase deficits beyond those already contemplated.

NET BORROWING FROM THE PUBLIC BY GOVERNMENT GOVERNMENT-SPONSORED ENTERPRISES, AND GOVERNMENT-GUARANTEED BORROWERS

[In billions of dollars]

	1974 actual	1975 estimate	1976 estimate
Budget deficit	3.5	35.1	53.7
Deficit of off-budget agencies	2.7	13.9	10.6
Less means of financing, other than borrowing from the public[1]	3.1	5.1	−1.0
Subtotal, direct Government borrowing from the public	3.0	43.9	65.3
Net borrowing of Government-sponsored enterprises	14.8	13.6	7.7
Net Government-guaranteed borrowing from the public	6.2	.8	7.7
Total Federal and federally assisted borrowing from the public	24.1	58.3	80.7

[1] Includes changes in cash and monetary assets, checks outstanding, and deposit fund balances; seigniorage on coins; and—in 1974 only—the increment on gold.

The budget is also designed to avoid longer-run excessive stimulus that would again raise the rate of inflation. Inflation continues to be unacceptably high, though the situation is improving. As demand has fallen, there have been significant declines in prices of crude industrial materials. Indeed, because of weaknesses in these and other prices, the aggregate wholesale price index has declined for two consecutive months. Simultaneously, there has been a slowdown in the rate of price advance among major categories of goods in retail markets. By late in calendar year 1975, the annual rate of price increase shown by the deflator for the gross national product, and including the effect of the President's energy proposals, should taper off to somewhat above 7%. In our effort to stimulate the economy, we must not forget that inflation—and efforts to bring it under control—were a major case of the recession of 1974–75. In 1975 and 1976 we must support the economy in a manner that will prevent another cycle of inflation/recession a year or two ahead.

The President's energy program will raise the relative price of energy in order to reduce energy consumption and encourage the development of additional energy sources. In short, it proposes to let the market system perform the function that it carries out best. At the same time, the budget provides direct outlays for increased research, and it returns the increase in energy costs to the economy through the income tax reductions and direct Federal expenditures, thus leaving real purchasing power in the economy as a whole largely unchanged. With the President's program in effect, the United States should be largely invulnerable by 1985 to disruptions like the embargo of last winter.

BUDGET TRENDS

In recent decades there has been a significant shift in the composition of the Federal budget. The national defense function has decreased from 56% of the budget in 1956 to 27% in 1976. At the same time, Federal benefit payments for individuals have increased substantially, from under 20% of the budget in 1956 to 44% in 1976. Moreover, in constant dollars—that is, after adjusting for the effects of inflation—national defense has decreased nearly 20% over the decade ending in 1976, while payments for individuals have increased 150%. Our Nation's security will not be served well if defense programs decline further to offset increases in benefit payments.

BUDGET PRIORITIES

[Percent of outlays]

Description	Actual					1976 est.
	1956	1960	1964	1968	1972	
Domestic assistance:						
Payment for individuals:						
Direct[1]	17	22	22	22	30	38
Indirect (grants-in-aid)	2	3	3	3	6	5
Other grants-in-aid[1] [2]	3	5	6	7	9	11
Total domestic assistance	22	29	31	32	46	55
Direct Federal operations:						
National defense function	56	49	44	44	33	27
Net interest	7	48	7	6	7	7
Other	14	14	18	17	14	11
Total direct Federal operations	78	70	69	68	54	45
Total outlays	100	100	100	100	100	100

[1] Excludes military retired pay and grants classified in the national defense function.

[2] For recent years, consists primarily of grants for water pollution control, highways, education and manpower, and general revenue sharing.

Note: Detail may not add to totals due to rounding.

The tremendous growth of our domestic assistance programs in recent years has, in large part, been consistent with a shift in our national values. Much of the burden of aiding the elderly and the needy has been shifted from private individuals and institutions to society as a whole, as income transfer programs have expanded their coverage. These programs cannot, however, continue indefinitely to expand at the rates at which they have grown over the past two decades. Spending by all levels of government now makes up a third of our national output. Were the growth of domestic assistance programs to continue for the next two decades at the same rates as in the past 20 years, total government spending would grow to more than half our national output.

These calculations assume that defense spending is held level in constant dollars. But if domestic assistance programs were to continue to increase in the future at the rate of the past 20 years and we tried to keep total Federal spending at the current share of GNP—which is about 22%—by decreases in defense, we would be down to the last soldier and the last gun early in 1985—just 10 years from now.

It is no longer realistically possible to offset increasing costs of domestic programs by further reducing military programs and strength. Therefore, the budget proposes an increase in defense outlays and a halt in the relative decline of defense spending and a slowdown in the growth of human resource programs.

These are the subjects—the counter-cyclical impact of the budget, the effect of Federal and federally-assisted borrowing on credit markets (and, thereby, on investment opportunities, housing, and long-range economic growth), energy, inflation, and budget trends—that I trust will be high on the agenda of your committee.

My colleagues and I will be glad to answer any questions that members of the committee may have.

FASTING AND WORLD HUNGER

Mr. HATFIELD. Mr. President, last November the Senate unanimously passed Senate Resolution 437 relating to world hunger and fasting. That resolution called for a day of fasting, November 24, 1975, identification with the hungry of the world, and a reevaluation of our consumptive lifestyles.

The practice of fasting has been questioned by many who sincerely desire to participate in effective means of combatting the world hunger problem. While it does not automatically get food into the mouths of the hungry, it does help us evaluate our priorities. And money saved can be contributed to agencies involved in hunger relief work.

This ancient practice is growing as Americans continue to seek ways in which to help their brothers in need. Two newspaper articles dealing with fasting recently came to my attention. One relates the author's own experience while the other reports of the growth of the practice.

I ask unanimous consent that "Fast, Fast, Fast, Fast!" by Mr. Gary Corseri—New York Times, March 12, 1975, and "Ancient Practice of Fasting Revived" by Mr. George Cornell—Boise Idaho Statesman, March 8, 1975, be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

Fast, Fast, Fast, Fast!

(By Gary Corseri)

Gainesville, Fla.—It is the second day of my fast, about 44 hours now. Two weeks ago I fasted for 48 hours, but I drank fluids then. It is much easier when you can drink something. Yesterday I had an eight-ounce glass of orange juice and today about two ounces. I've lost five pounds. I feel weak. It is an effort to move about, even to think.

I do this as an experiment. Perhaps a third of the world endures such absolute hunger on a regular basis; another third fills its stomach with gruel, but there is barely enough of it to go round, and what there is is not so nourishing. Obesity is a crime in such a world. All our wastefulness is criminal.

When you are very hungry like this you can only think about food. Abstractions such as freedom, justice, dignity fade into a blur, a never-never land. Would the so-called free world preserve freedom in the world? Then let it be sure to fill up bellies first.

This is the way most people die: Not all at once, but by a remorseless sinking into the pit of hunger. It's a wonder that any can crawl out of it. But what about all the lost millions who do not?

I watch the quiz shows on television. People go crazy for a new car. They jump, shout, touch themselves to be sure they're not dreaming. It is absolute selfishness that prompts them. What do they care for the hungry of Africa, of Asia, even of America? They are overstuffed with the pursuit of happiness. They would all be Neros: They would fiddle while the hungry burned the city.

A possible solution might be to reinstitute the sabbath. Let there be a new holy day of fasting. This, surely, must have been the original intention of a sabbath: not a day to drink beer before the television football games, but a day to cleanse the body of its poisons, and a day to purify the mind, to cleanse it to see the world aright again.

I should like to see the practice catch on at the colleges. It is a good place to regenerate spiritually. Let it be a fad to begin with. By its very nature, it will show its worth. There is no better way to identify with the hungry than by being hungry oneself.

And, because, we are human, we are in too much danger of forgetting the condition. The man who escapes from the ghetto to eat well the rest of his life, who comes to scorn the very place he left behind, carries the ghetto in his heart unto the grave.

Our recent sins have been sins of excess: Too much power to meddle abroad led to Vietnam; too much power to meddle at home led to Watergate. While we are turning down the thermostats, it would be a good idea to regulate the internal controls as well, to look within, to see what we have become.

A day of fasting, religiously observed once a week, would be a good place to begin. By such a measure we may save for the hungry what we don't eat, and save for ourselves a sense of the commonwealth and brotherhood of mankind, and not a small part of conscience.

Ancient Practice of Fasting Revived

(By George Cornell)

Fasting, an ancient Judeo-Christian practice to foster temperance and self-discipline, is being widely revived nowadays, but, with a special contemporary emphasis—to boost concern and support for the world's hungry.

The custom has spread among all sorts of groups, from Roman Catholics to Southern Baptists, from denominational cafeterias to family dining tables, from Methodists and Mormons to college campuses and among some of the U.S. Congress.

"Asceticism for our time," the president of New York's Union Theological Seminary, the Rev. Dr. Roger Shinn, called the trend.

United Methodist Bishop Francis E. Kearns of Canton, Ohio, in urging members in his area to skip at least one meal a week, says it helps to sensitize Americans to "the agony and suffering of great multitudes of people."

But the fasting also had a practical aim—those participating were asked to contribute the money saved to church programs of food aid. These programs, in turn, were mounting rapidly in volume.

"The Christian response must reflect the challenge of Jesus—'I was hungry and you gave me food,'" said Catholic Bishops John Roach and Raymond Lucker of St. Paul-Minneapolis, in calling for two days of fasting weekly, with money saved going to relief abroad.

Fasting, which means eating only one full meal for a day, is the general pattern of the new wave of self-denial that has caught on and spread within the past year in this richest country of the world.

"Giving up one main meal a week should be the minimum response," says the Rev. Dr. Robert J. Marshall, president of the Lutheran Church of America, whose governing convention asked its three million members to take up the practice.

The nation's Roman Catholic bishops, in their annual meeting, pledged to fast at least two days a week, and urged the 48.5 million American members to "join with us" in doing so, with resultant savings going to relief services.

Americans are ahead of the government in demonstrating concern about the world's crisis, says the Rev. J. Bryan Hehir of the Catholic justice and peace secretariat. They "are not willing to accept starvation for millions abroad as a tragic but inevitable fact."

Fasting was urged by a wide variety of other groups, including:

"Project Fast," launched by an interdenominational agency, World Vision.

An "Empty Plate" drive for skipping a meal weekly, by CARE's world hunger food.

Fasting also was urged in letters circulated to all U.S. congressmen and senators by Gilbert Gude, R-Md., and in a Senate resolution sponsored by Sen. Mark Hatfield, R-Ore.

Mormon president Spencer Kimball urged members to "observe more diligently" a longtime custom of a monthly fast day, because of food needs of the world's poor.

DIPLOMATIC RELATIONS WITH CAMBODIA

Mr. ROTH. Mr. President, it now appears extremely unlikely that additional military assistance to Cambodia will be authorized for the balance of the fiscal year or that if any is, it will be very limited. Many in Government are saying that whether the aid is appropriated or not will make little difference in the military situation in Cambodia because the Lon Nol government is beyond saving.

There is little question that the lack of supplemental military aid reflects the will of the majority of the American people. A Gallup poll recently indicated that 4 out of 5 Americans oppose additional military assistance. My mail has been heavily against the President's aid request.

It is almost a truism to say that a foreign policy cannot be strong unless it has the support—active or tacit—of a majority of the public. Our policies in Southeast Asia simply do not enjoy that kind of support.

I believe that it is essential to fundamentally rethink our policies toward that area of the world and construct a new policy that will enjoy broad support. In the short term, our most pressing problem is to terminate the fighting in Cambodia in the most orderly and humane way possible. In the long term, I believe the United States should work toward seeking an international agreement guaranteeing the neutrality of the entire Southeast Asian region, a proposal I made 3 years ago and will discuss at length later this week.

The best way to end the fighting in Cambodia would be through negotiations. Unfortunately, the United States is not in a position to take the initiative in such a diplomatic effort because of our support for one side and opposition to the other, but there are ways we can support such an initiative.

The most logical sponsors of a vigorous new negotiation effort would be the noninvolved Asian countries. It might be recalled that in May 1970, eight Asian countries held an international conference on Cambodia, and diplomats from

Indonesia, Malaysia, and Japan approached the United States, Soviet Union, and several other countries as emissaries of that conference. It is possible that a similar effort could be more effective today because some of the countries involved have relations with China and North Vietnam which was not the case in 1970.

It is very possible that some of the Cambodian parties would refuse to sit with others at such a conference. Even so, an international conference would put pressure on all sides to clarify their positions and might facilitate the beginning of a dialog between the Cambodian parties. I could not see Secretary Kissinger engaged in shuttle diplomacy between Lon Nol, Prince Sihanouk, and the Cambodian Khmer Rouge leaders, but I could imagine an Asian diplomat or the Secretary General of the United Nations undertaking such an effort.

Hopefully, some Cambodians might be willing to step aside for the good of their country if that would facilitate an end to the fighting and the establishment of a coalition government along the lines of the Laotian Government.

As part of our efforts to support a diplomatic effort to end the suffering in Cambodia, I strongly support the idea, suggested last week by Senator Jackson, that Senator Mansfield meet with Prince Sihanouk in Peking. Senator Mansfield very correctly pointed out that the Constitution gives the President the responsibility for the conduct of foreign relations and he would be wrong to make such a trip unless asked by the President. I urge the President to ask Senator Mansfield because of Senator Mansfield's great experience in Asian affairs and long personal acquaintance with Prince Sihanouk, and because Prince Sihanouk remains an important personality in Cambodian politics. While Prince Sihanouk's relations with the Khmer Rouge leaders actually in Cambodia have hardly been the best, the Khmer Rouge have traded on the Prince's great popularity in rural areas and peasant support for the traditional monarchical institutions and those associated with them.

It seems to me that in view of this, Prince Sihanouk will be asked to resume some important role in Cambodian politics, and that it would be in the United States interest to learn his current thinking and maintain a degree of access to him. Of all of the Cambodian leaders, he is the most likely to be able to effect a general reconciliation among all the Cambodian people and prevent open bloodletting in the wake of a change of government.

The United States should seek to maintain a relationship with whatever new government is formed in Cambodia. It is encouraging that even the Khmer Rouge leaders have indicated their willingness to continue diplomatic relations with the United States should they take control of Cambodia. It should be recalled that for centuries Cambodia has been the victim of the rivalries of its two larger neighbors—Vietnam and Thailand, and it is in the interests of all Cambodians, including the Khmer Rouge, to maintain their independence vis-a-vis North Vietnam. This independence, even if it expresses itself in a hermit-like neutrality, helps to prevent the further spread of North Vietnamese aggression. Thus the United States will have an interest in maintaining diplomatic relations with any new Cambodian Government just as that government would want diplomatic relations with us as a means of symbolizing its separate identity.

PROPOSAL FOR STATE AND LOCAL EMERGENCY ASSISTANCE

Mr. MUSKIE. Mr. President, both the House and Senate are currently in the process of considering legislation aimed at reviving a sick economy. The predominant vehicles at our command are tax cuts—to stimulate spending by both business and private citizens—and public jobs programs—to relieve soaring unemployment.

To date, our efforts have focused primarily on the private sector. Yet among the hardest hit victims of today's economic dislocation are State and local governments. Inflation has forced their costs to skyrocket, and made normal budget planning next to impossible. Deepening recession has slowed the growth of revenues, while placing new demands on certain social services. At the same time, the demand for basic local services such as police and fire protection is not diminished.

To meet these budgetary pressures, State and local governments have few options. They can raise taxes, or reduce expenditures—most frequently through the deferral or cancellation of capital projects. And around the country they are doing both, with increasing frequency.

The problem this situation raises is an obvious one, but one which has thus far gone ignored at the Federal policymaking level. It is that while the Federal Government is trying to stimulate the economy through lower taxes and more jobs, the State and local sector is taking action which delays the impact of the Federal effort.

That, to me, just does not make sense.

One possible solution to this situation—and one which I find appealing—is a program of Federal assistance to State and local governments during times of economic hardship, for the purpose of reducing their reliance on budgetary actions which undermine national economic policy.

There are a number of arguments in favor of such a program of "countercyclical" assistance, and they have been succinctly and persuasively stated in a recent column by Neal Peirce in the Washington Post. I hope that my colleagues will give this column their attention and this proposal their serious consideration. It is logical and it is timely. And most important, it can make a substantial contribution to the success of other actions we take to restore the Nation's economic health.

I ask unanimous consent that the article by Neal Peirce appearing in the March 15 edition of the Washington Post—entitled "The Haves and the Have Nots"—be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Haves and the Have Nots

(By Neal R. Peirce)

Unemployment in Massachusetts has soared past the 10 percent mark, forcing the state's new Democratic governor to consider severe spending cuts. He recently warned that the Bay State "faces the most serious budgetary crisis in memory—the largest current deficit of any state of the nation ($350 million) and an economic base that is stagnant and eroding."

Texas, by contrast, faces the not unpleasant task of dispensing a $1.4 billion surplus. The Texas economy is booming and unemployment, even in the face of the national recession, was 5.7 percent in January. In Houston, which has emerged as the oil capital of America, only 3.6 percent are out of work—compared to the latest reported national jobless rate of 8.2 percent.

ENERGY: COIN OF THE REALM

The Massachusetts-Texas contrast, to amazing degree, appears around the country this year. Energy has become the common coin of the realm. The states that have it—be it oil, gas, or coal—are doing well. Most of those who don't have energy are in the throes of high unemployment and fiscal chaos, both in state and local government.

The only exceptions are a handful of states with particularly well-diversified economies, and major producers of that increasingly scarce commodity—food.

Consider the robust fiscal health of governments in the energy-producing states. Louisiana last year was able to begin $100 million in capital construction out of current funds. Oklahoma expects an $80.8 million surplus that will make possible a cut in its income tax. Coal-producing West Virginia projects a $101 million surplus.

But New Jersey officials expect a $50 million deficit in this fiscal year and $600 million in the one to follow. Rhode Island's Governor Philip Noel (D) has bitten the fiscal bullet by asking his legislature to reduce the number of state employees by 8 percent and cut the pay of those remaining by 5 percent.

Cities like New York, Newark, and Cleveland are being forced to lay off substantial numbers of municipal workers.

But as the governors beg for a federal bail-out and mayors besiege Washington for "reparations payments" of billions of dollars, Congress and the Ford administration face a politically explosive problem: Will economic recovery problems be pinpointed to areas of real need?

Or will they be spread around, in typical pork-barrel style, so that the federal government enriches the coffers of already-affluent governments while doing too little for those in the most dire need?

STORM SIGNALS UP

Storm signals are already up in the battle between the energy "haves" and "have-nots" The first chapter has been the fight over President Ford's oil import and tax program, with the "haves" generally in favor, the "have-nots" opposed.

The "have-nots" see the big energy producing states of the South and West as the "American Arabs," soaking up the wealth of other states and regions with inflated price levels set, in effect, by the OPEC countries.

The "haves" are fighting back. Sen. John Tower (R-Texas) is trying to organize a coalition of the 12 top oil and gas producing states to fight what he calls the "catastrophic" energy control proposals of New

England and other Northeastern states. "The time to organize and fight them is now," according to Tower.

The second chapter of the battle now looms over economic recovery plans. Needy states and cities are arguing that it makes little sense for Washington to reduce taxes to stimulate the economy at the same time that federal aid to states and cities is cut, or at least fails to keep pace with inflation, causing local tax increases.

The $806 million tax increase package of Gov. Hugh Carey, (D-N.Y.) could, for instance, totally negate the federal tax reductions in the state's second largest state.

A second argument is that it's foolish for Washington to spend billions on slow-moving, inefficient emergency unemployment programs while the recession caused by Washington's fiscal mismanagement causes states and city governments to lay off workers.

"COUNTER-CYCLICAL" REMEDY

A specific remedy—which might well pit the energy-producing states against the energy-consuming ones again—is being hatched in the Senate Subcommittee on Intergovernmental Relations, chaired by Maine's Sen. Edmund S. Muskie (D).

The idea, which Muskie intends to push strongly if he can get broad support, is for a "counter-cyclical" aid program for state and local governments. In essence, it is deceptively simple: to channel federal aid of up to several billion dollars to state and local governments to make sure that they aren't forced to make tax increases and order layoffs that counteract national anti-recession policy.

The most interesting feature of the anti-cyclical plan is that it would not, like so many federal programs, be permanent. It would go into effect when, and only when, the national unemployment rate is more than 6 percent. When the jobless rate dipped below 6 percent, the program would cease immediately.

The intriguing part of the plan is that aid would go only to places suffering serious unemployment. The higher any state or city's unemployment, the higher the aid would be. But when any locality's unemployment rate declined, so would its aid.

The counter-cyclical aid idea, originally proposed by Brookings Institution economists, is beginning to gain support among mayors and governors in hard-hit parts of the nation. They point out that the money could be channelled to local government rapidly, when they really need it.

This would be in contrast to slower-moving anti-recession programs, like public works, which often end up spending pennies while the economy is down and big dollars later on, when the real problem is inflation and an overheated economy.

BENEFIT TO PROGRESSIVE STATES

In addition, the program would give the most aid to cities and states that already have high taxes and spending programs, because part of the aid formula would be based on the normal spending level of each government.

In general, that would benefit progressive states like those of the Northeast, Wisconsin, Michigan, Minnesota, Washington, Oregon, and California.

By an accident of geography, however, most energy-producing states are normally more conservative and spend less on welfare and other social programs.

So even when the recession dipped deep enough to push the unemployment rate in the energy-producing states above 6 percent, their relative dollar assistance would be less. The same applies to the Great Plains states which are weathering the current recession much better than most of the nation.

So the counter-cyclical idea, however intelligent and well-conceived it may be, could end up on the rocks of Congressional stalemate as the "haves" and "have-nots" fight for maximum federal dollars.

No matter what the outcome, though, the debate could have an important side-effect. By raising the issue of gross disparities in state wealth caused by energy, it could well pose problems for the three-year old federal revenue sharing program.

Indeed, as the battle over extension of revenue sharing approaches, critics are already claiming that the program needs revamping. And in one sense, they are eminently right. Revenue sharing is the prime example of the federal government, itself mired in huge deficits, handing out money to each and every state and local government—with insufficient regard to need, or how much those governments are already doing for their people.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, since the Genocide Convention was adopted by the United Nations General Assembly on December 9, 1948, 84 nations, including most of our NATO and SEATO allies, have ratified the treaty. The United States is not among these. This absence is surprising and sad considering the key role the United States played in the drafting of this Convention.

William Korey, director of the B'nai B'rith U.N. office, summarized our efforts in a September 1972 article entitled, "On Banning Genocide: We Should Have Been First." Mr. Korey states:

> Today it is all but forgotten that, in fact, the United States played a key role in the drafting of the treaty that was reflected in the text itself. Formulated in terms of familiar Anglo-American legal theory and couched in the language of traditional common-law concepts, the treaty drew upon the precise wording of common-law crimes long accepted in American jurisprudence. Most important, it was the United States that insisted that a specific *intent* to commit genocide must be proven before an offender could be punished. And the American delegation led the fight for its adoption. The chief of the delegation, Assistant Secretary of State Ernest A. Gross, shortly before the final vote, told the General Assembly:
>
> "In a world beset by many problems and great difficulties, we should proceed with this convention before the memory of recent horrifying genocidal acts has faded from the minds and conscience of man. Positive action must be taken now. My government is eager to see a genocide convention adopted at this session of the General Assembly and signed by all member states before we quit our labors here."

The U.S. delegation was among the first to sign. This occurred 2 days after the treaty's adoption.

Mr. President, having expended so much effort in obtaining international agreement in behalf of this Convention, it is certainly a cruel irony that this body has yet to act upon this important human rights document.

I only hope that Chief Justice Earl Warren was wrong when he said almost 5 years ago:

> We as a nation should have been the first to ratify the genocide convention. . . . Instead, we may well be near the last.

Mr. President, time is running out. The number of signatories to this Convention grows increasingly long. Just last November the tiny nation of Lesotho deposited its instrument of ratification at the U.N. Unless we take advantage of the new spirit of the 94th Congress and act promptly, it appears that Justice Warren will prove right.

PRENOTIFICATION OF EXIMBANK LOAN

Mr. PROXMIRE. Mr. President, I call the attention of my colleagues to a communication referred to the Senate Committee on Banking, Housing and Urban Affairs from the Chairman of the Export-Import Bank, William J. Casey, regarding a pending credit transaction with British Airways, a wholly owned entity of the United Kingdom. This is the second notice to be transmitted pursuant to section 2(b)(3) of the Export-Import Bank Act as amended in the last Congress. That section requires prenotification to both Houses of Congress of any loan, financial guarantee, or combination thereof in an amount of $60 million or more at least 25 days of continuous session of Congress prior to the date of final approval. Upon the expiration of this period of time, the transaction may receive final approval by the Bank unless Congress takes action to prevent the same.

In this case the Bank proposes to extend a direct loan to British Airways in the amount of $111,900,000 to facilitate purchase from the United States of six new Boeing 747 jet aircraft and nine new Lockheed L–1011 jet aircraft along with related goods and services. This represents 30 percent of the total sale price of $373 million. The loan will bear interest at the rate of 8½ percent per annum and be repayable in accordance with four schedules of 20 semiannual installments each, beginning July 15, 1975, August 20, 1976, November 20, 1977, and August 5, 1978 respectively.

Mr. President, I ask unanimous consent that Chairman Casey's letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Export-Import Bank of
The United States,
Washington, D.C., March 11, 1975.

Hon. Nelson A. Rockefeller,
President of the Senate,
Washington, D.C.

Dear Mr. President: Pursuant to Section 2(b)(3) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States Senate with respect to the following transaction:

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to extend a direct credit of $111,900,000 to British Airways, the United Kingdom. The purpose of the Eximbank financing is to facilitate British Airways' purchases from the United States of six new Boeing 747 jet aircraft and nine new Lockheed L–1011 jet aircraft with related goods and services at a total U.S. export value of $373,000,000.

The total U.S. export values do not include the cost of Rolls Royce engines and other non-U.S. content in the aircraft totaling $112,140,000.

2. Identity of the parties

(a) British Airways: British Airways is the largest commercial air carrier in the United Kingdom and is wholly owned by the Government of the United Kingdom.

(b) Government of the United Kingdom: The Government of the United Kingdom will unconditionally guarantee repayment of principal and interest by British Airways to Eximbank under the direct credit.

3. Nature and use of goods and services

The principal goods to be exported from the United States are commercial jet aircraft to be used by British Airways on its international routes. In addition, U.S. firms will furnish related spare parts, spare engines, equipment, and services necessary for the efficient operation of the aircraft.

The Lockheed L–1011 jet aircraft will be used primarily on routes between the United Kingdom and continental Europe, Africa and the Middle East. The Boeing 747 jet aircraft will be used on longer international routes.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The proposed extension of $111,900,000 by Eximbank will result in a cash payment of British Airways to the two U.S. manufacturers of $261,100,000, representing 70 percent of the total export sale of $373,000,000 in U.S. goods and services. This will result not only in a substantial immediate but also in a longer term favorable impact on the U.S. balance of payments, and provide employment for substantial numbers of U.S. workers at a time when business activity in the United States is slackening. Additional benefits from the transaction include sizeable follow-on exports of spare parts, ground support, and other related equipment during the useful life of the aircraft. Furthermore, British Airways has six firm orders and three options on additional Lockheed L–1011 jet aircraft costing over $200,000,000 for delivery in 1978–1979. Lack of Eximbank support in the present transaction would compel the airline to re-examine and probably cut back on future purchasing plans which have been predicated on continued availability of Eximbank financing. In addition, if Eximbank financing were unavailable, alternate sources of financing would have to be sought which could well cause delays in delivery of the aircraft and result in losses to the manufacturers. Furthermore, there are no assurances that such financing could be obtained on commercially viable terms.

Since 1967, British Airways and its predecessors have purchased in the United States jet aircraft, engines, spare parts and other equipment totaling $1,076,000,000 of which over $700,000,000 worth has already been delivered. British Airways also purchased Constellations, Stratocruisers and DC7C aircraft in the United States prior to 1967. Eximbank loans to British Airways to date have totaled $177,000,000 or only 16.5% of total purchases in the United States by British Airways since 1967. If the financing for the present transaction is included, Eximbank loans would total only 23%. Since 1968, British Airways' current and capital expenditures in the United States have exceeded its U.S. dollar traveller revenues by some $387,000,000. Since 1971, British Airways' net movement of U.S. dollars to the United States has amounted to about $190,000,000.

U.S. aircraft manufacturers are operating at well below capacity and without a large export market (facilitated by Eximbank support), they would be required to increase substantially the cost of aircraft to domestic carriers, as nonrecurring development costs would have to be spread over a much smaller number of aircraft and fixed overhead and variable expenses allocated to each aircraft would have to be increased. It has been estimated that prices to U.S. carriers might rise by more than 40 percent if a manufacturer relying on exports for over half of its sales should lose that market.

Sales, profits and employment for U.S. aircraft manufacturers are heavily dependent upon exports. In 1970, for example, a major American manufacturer of commercial jets sustained production solely on the basis of foreign sales since it received no domestic orders that year. Over the next few years, aircraft purchases by foreign airlines are expected to account for the great majority of total U.S. aircraft sales. At year end 1973, there were over 107,000 employees directly employed by the three major manufacturers in U.S. civilian jet aircraft production and over 122,000 equivalent full-time employees of direct subcontractors and suppliers needed to produce essential equipment.

The U.S. aircraft industry which is our largest breadwinner in terms of exports of manufactured goods, and the customers for these aircraft, have come to rely on Eximbank's policy of lending to assist private banks and U.S. airframe manufacturers put together the financing necessary to sell these expensive products. That policy has helped bring over 80 percent of the world market to the United States and has spread the cost of producing these planes and maintaining this country's technological superiority. With thousands of jobs and the economic viability of the industry depending today so heavily on foreign sales, this is no time to abandon a successful financing policy.

The proposed Eximbank financing should have minimal impact upon Pan American Airways, British Airways' major U.S. competition over the routes to be flown by the aircraft which are involved in this transaction. Pan American's competitiveness and profitability are affected largely by such factors as rising fuel costs, declining volume, economic conditions in countries served, management and airline practices, and discriminatory trade practices. Further, rates which Pan American and British Airways may charge between the United States and the United Kingdom are set by the International Air Transport Association and approved by the U.S. Civil Aeronautics Board.. Finally, it should be pointed out that British Airways has joined with Pan American, TWA and others in entering into a mutually advantageous capacity agreement fixing the cities of embarkation, frequencies, types of aircraft, and capacities between the United States and the United Kingdom for the winter season, September 1974–March 1975. A similar agreement is being negotiated for the summer season, 1975.

With such substantial benefits and little, if any, adverse impact on the U.S. economy, Eximbank supports this transaction in implementing the Congressional mandate to aid in financing and to facilitate U.S. exports.

2. THE FINANCING PLAN

The total cost of U.S. goods and services to be purchased by British Airways is $373,000,000 for which British Airways will make a 70 percent cash down payment. The balance of U.S. costs will be financed by Eximbank as follows:

	6 Boeing 747's and 9 Lockheed L–1011's	Percentage of U.S. costs
Cash payment	$261,100,000	70
EIB direct credit	111,900,000	30
Total	373,000,000	100

(a) Eximbank charges: The Eximbank credit will bear interest at the rate of 8½% per annum payable semiannually. A commitment fee of ½ of 1% per annum will also be charged on the undisbursed portion of the Eximbank credit.

(b) Repayment terms: The Eximbank credit of $111,900,000 for the purchase of the jet aircraft will be repaid by British Airways in four schedules of 20 semiannual installments each, beginning July 15, 1975, August 20, 1976, November 20, 1977 and August 5, 1978, respectively. These dates are approximately six months from midpoints of groups of aircraft deliveries. The ten year repayment terms proposed here are normal in international trade for commercial jet aircraft financing.

Sincerely,

William J. Casey.

ST. PATRICK'S DAY

Mr. HARTKE. Mr. President, on December 19, 1974, Cearbhall O'Dalaigh was inaugurated as the fifth President of Ireland, in St. Patrick's Hall, Dublin Castle. This ceremony followed by 1 month the death of the fourth President, Mr. Erskine Childers.

Yesterday, March 17, Ireland celebrated its National Day and also St. Patrick's Day. I wish to salute the people of Ireland and I ask unanimous consent that the address by the Prime Minister be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Message From the Taoiseach for Saint Patrick's Day 1975

Once again, as Head of the Government of Ireland, I have the pleasure of greeting Irish people throughout the world on our National festival. My good wishes and those of all Irish people at home go to those, Irish by birth, descent or friendship, who are celebrating with us the memory of Saint Patrick.

Since I last had the privilege of sending Saint Patrick's Day greetings, we, in common with almost every other country in the world, have passed through a difficult year.

At home, the violence and destruction which continued in Northern Ireland manifested itself also in this part of the Island and in Britain. Every dead or maimed victim of this terrible violence is a reproach to us all. I would again ask our kindred abroad not to be deceived into giving support to organizations preaching violence as the only solution of our country's problems.

My Government firmly believes that far from providing a solution to the problems of this Island, violence in fact has the opposite effect.

The steady growth of movements for peace must encourage those in the North and elsewhere who have striven consistently for a return to democratic and peaceful methods of political activity. The Government will do all in its power to contribute to a satisfactory solution based on certain clearly defined principles. The search for such a solution is one which must be pursued vigorously by all parties. My Government will play its full part, in cooperation with the British Government and the elected representatives of the people of Northern Ireland to secure a satisfactory outcome which will fully respect and safeguard the rights of all the people of Northern Ireland.

In the international arena, Ireland, with her partners in the European Community, has been confronted with the disruption caused by the oil crisis, the adverse developments in international trade and a generally high inflation rate. The Community has had some success in tackling these problems and we can, I think, look forward to further progress in dealing with them.

Some of the poorest of the developing countries were of course, much more severely affected by those developments than the developed members of the Community. The agreement signed at Lome at the end of last week with the African, Caribbean and Pacific States, many of them among the world's poorest, is an earnest of the Community's desire to give constructive assistance to the developing world. Ireland is happy to participate in this work, especially as so many of her children have over the years given devoted service to these countries, particularly in the fields of education and medicine. To those of you who are giving your services today in this way, I would like to send a special message of thanks and encouragement.

We are particularly pleased at this time at having had the honour of organising the first of the new regular meetings of Heads of Government of the Community in Dublin last week. We are also gratified that the outcome of the meeting has been satisfactory.

To Irish men and Irish women around the world and to all the friends of Ireland, I send warmest greetings and good wishes for this Saint Patrick's Day.

Mr. HARTKE. Mr. President, Ireland in just 2 short years has advanced to the Presidency of the Council of Ministers of the European Economic Community. Dr. Garret Fitzgerald, the Minister of Foreign Affairs, said in a recent debate on foreign affairs that Ireland's membership on the EEC had brought Ireland into new relationship with countries with whom until last year there had been virtually no political or economic contact. In all, 46 developing countries were involved with the Community in the negotiation of trade agreements last year, in seeking to establish more favorable basis for trade and initiate new forms of aid to help their development.

The past decade has been a period of considerable progress in the development of the industrial sector of the economy. The Irish Government's programs for economic expansion, begun in 1958, have provided a major impetus to this expansion. Today, Irish factories produce a wide variety of goods and supply most of the home market requirements, particularly the food-processing, textile, clothing, footwear, sugar and oil refining industries. Irish manufactured goods in increasing varieties are competing successfully in world markets and a far wider spread of markets for their products has been obtained. The variety as well as the quantity of exports has been enhanced by the emergence of engineering products, electrical goods and chemicals as major exports; other important export corners include textiles, clothing, and foodstuffs.

The rapid growth in the industrial sector is reflected in the substantial expansion in industrial exports which amounted to 311 million pounds in 1972–73 as compared with 41 million pounds in 1959 and now account for over 50 percent of total exports.

In the last 10 years, new industrial enterprises were established having an estimated capital investment of 1.3 billion pounds and estimated employment of 80,000 persons at full production; account for about 65 percent of the capital investment and projected employment. The bulk of these foreign promoted enterprises were established by manufacturers from Britain—25 percent—the United States—26 percent—Germany—18 percent—and the balance by manufacturers from Australia, Belgium, Canada, France, Italy, Netherlands—11 percent—Sweden, South Africa, Japan and elsewhere.

Mr. President, let us again say "well done" to the people and the Government of Ireland on her national day.

THE REMARKABLE MRS. THATCHER: A NEW LEADER OF PRINCIPLE

Mr. HELMS. Mr. President, the recent election of Margaret Thatcher as the new leader of the Conservative Party in Great Britain marks an important turning point in British politics. It represents not only a remarkable personal achievement for Mrs. Thatcher, but also a powerful resurgence of conservatism in a country that has been slipping backward under the weight of socialism.

For the first time in its long and distinguished history, the Conservative Party of Great Britain is under the leadership of a woman. No less noteworthy is the fact that Mrs. Thatcher promises to give a renewed sense of purpose and direction to the downtrodden Tories.

There is much to be conserved, or restored, and Margaret Thatcher believes that Great Britain is capable of regeneration. The remedies? They lay, first of all, in the revival of the Conservative Party's principles and a repudiation of further compromises with the Socialists. Margaret Thatcher deplores the leftward drift of her party, and she argues that "me-tooism" is a recipe for political disaster.

Electoral returns, which have reduced the Tories to a minority status, would seem to support her view. Not until the Conservative Party has returned to the standards of free enterprise and economic liberty, offering the electorate a real choice between liberty and equality, can Great Britain, in the eyes of Mrs. Thatcher, be saved from mediocrity, economic collapse, and a dreary egalitarianism.

Seeking out the old values, and bringing them into the light, Mrs. Thatcher speaks proudly of "thrift," "individual responsibility," and "merit for hard work." As she explained at the time of her campaign for the Tory leadership:

> I believe that we should judge people on merit and not on background. I believe that the person who is prepared to work the hardest should get the greatest rewards and keep them after tax; that we should back the workers and not the shirkers; that it is not only permissible, but praiseworthy to want to benefit your family by your own efforts.

These are fresh and challenging thoughts to a party that has become little more than an appendage of the opposition and is unable to conceal its confusion and loss of identity from the electorate. As an alternative to the tired doctrine that government owes everybody a comfortable living, irrespective of individual talent and sacrifice, Mrs. Thatcher offers the robust belief that everyone is entitled to a just reward for his labors. She understands that the Socialist doctrines of economic equality are both dangerous and false. By attempting to reduce every member of society to a common denominator the British Government has had to rely increasingly on coercion and economic planning—at the expense of not only individual liberty, but also economic growth and stability. Inequalities of wealth, she rightly believes, are natural and just because they take account of the fact that there are differences and inequalities between individuals. Attempts to change the natural order often give rise to an artificiality that is worse than the ill it was designed to cure.

Such is the current state of Great Britain, as it moves closer to the brink of disaster.

At considerable political risk, Mrs. Thatcher has already applied these principles to British public policy. During her tenure as Secretary of State for Education—1970–74—she launched a far-reaching reform of public financing in the schools. In a move that was deemed cruel and heartless by her leftist critics, she abolished free milk for public school children in order to save $200 million for the construction of 75 new primary schools. Actually, Mrs. Thatcher was simply continuing the policy begun by the Labor Party of cutting back on free school milk. When they returned to power, the Laborites did not restore the cuts and it is now generally recognized that Mrs. Thatcher was not the cold, unfeeling person as pictured by her critics.

Whether Margaret Thatcher can turn the tide of collectivism and resurrect conservatism as a political movement in Great Britain remains to be seen. This much is evident: she has awakened the Conservatives from their congenital lethargy, and this is no small feat. She has captured the imagination of her party, and she has freed the Tories from their reckless opportunism and reestablished the line of demarcation between parties. In the tradition of Burke and Bolingbroke, she recognizes that not all change is reform; at the same time she has succeeded in bringing a majority of her fellow Conservatives to the realization that if the party does not change, soon there will be nothing to conserve.

Mr. President, I ask unanimons consent that an article by Harry Trimburn, published in the Raleigh (N.C.) Times, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MARGARET THATCHER: HER DRESS AND PHILOSOPHY A BIT DATED?

(By Harry Trimburn)

LONDON.—A few years ago she was known derisively as "Thatcher the milk snatcher." Today she is the right honorable Margaret Thatcher, leader of the Conservative Party, and, suddenly, one of the most important women in politics in Europe, if not the world.

This transformation came about through a vote of her colleagues of the Conservative Party's parliamentary delegation last Tuesday—and her own iron determination, hard work and intelligence.

For Mrs. Thatcher, a 49-year-old mother of twins, wife for the past 23 years of a wealthy oil executive and coolly efficient housewife, the achievement of the highest post in her party is viewed with a mixture of awe and surprise.

For there are two Margaret Thatchers, who are seemingly contradictory beings. One is the woman, the other the politician.

There is the highly photogenic, attractive female with golden hair that frames her pleasing face in a cascade of waves. The attractive face seems in harmony with the "sensible' clothes she wears, a bit out of style, and sometimes the butt of jokes, but somehow just right for Maggie Thatcher.

Then there are the hats, a touch of the flambuoyant, like those fruit salad extravaganzas worn by dancer Carmen Miranda. They, too, seem to fit.

There is a photo of Mrs. Thatcher in a hat taken when she first entered politics in 1951, the hat and the dress do not look much different than the ensembles she has been wearing lately.

And the ensembles seem to match her political philosophy. It, too, seems a little bit dated, object for derision from the avant-garde that considers Mrs. Thatcher one of the great minds of the 1930s. Or is it that she's sticking to ideals that may now be coming back into vogue among a number of Britons wearied by inflation, strikes and other economic dislocations? With a straight face, Mrs. Thatcher talks about "thrift," "individual responsibility" and "merit for hard work." Horatio Alger would have applauded.

As she put it the other day in pushing her claim for the Tory leadership:

"I believe that we should judge people on merit and not on background. I believe that the person who is prepared to work the hardest should get the greatest rewards and keep them after tax; that we should back the workers and not the shirkers; that it is not only permissible, but praiseworthy to want to benefit your family by your own efforts."

On an earlier occasion she declared: "to stand for middle-class value is no bad thing . . . the British worker also has deep feelings for freedom, for order and the right to work without disruption."

It is these views, coupled to the second Margaret Thatcher, the politician, that has fired the imagination of the Conservative Party and pushed her into the party leadership. For as the politician she is, as one wit put it recently, the only man in the Tory Party." Mrs. Thatcher—forget about the matronly prefix—is "cold as iron and imperious," "the skillful and tactful parliamentarian, able to outlast any male colleague at a committee meeting, and emerging seemingly cool and unruffled."

She is willing to learn, say her admirers, and follow the dictates of her conscience and party policy, even if it means political pain for herself. In party work she is a tireless campaigner, even though she turns off many voters by what is considered her patronizing manner of speaking. It is her rough-like stance on what she considers principle that led to her derisive characterization as "Thatcher the milk snatcher." That occurred during her tenure as secretary of state for education and science during the 1970–74 Tory government headed by Edward Heath, the man she overwhelmed in his bid for another term as party leader last week.

As secretary of state, Mrs. Thatcher abolished free milk for British school children in an effort to save $20 million that could be used for construction of 75 new primary schools.

It really wasn't such a heartless and dramatic move as critics have claimed, then and since. Mrs. Thatcher had merely continued the policy begun by the opposition Labor Party when it was in power of gradually cutting back on free school milk. Despite the outcry, the Laborites did not restore the cuts when they returned to power.

When the Conservatives were thrown out of the government in the February, 1974, elections, Mrs. Thatcher rejoined the Shadow Cabinet as a spokesman for the environment. Previously she had been spokesman on a wide range of subjects, including transportation, power, treasury matters, pensions and housing. Mrs. Thatcher said she was delighted to hold such positions instead of traditional ones that are generally reserved for women parliamentarians such as those dealing with social affairs.

OLD CLICHES NEVER DIE

Mr. BIDEN. Mr. President, today is Tuesday, March 18, 1975.

But it could be March 18, 1965, given the state of news on the front pages of this morning's newspapers.

What does one read concerning Indochina?

About a President endorsing the "domino theory" and talking about the evils of "new isolationism."

About a vote by the Senate Foreign Relations Committee—which I will discuss further in a moment—to continue military and economic aid to Cambodia.

About a sudden discovery by the administration that it has "found" $21.5 million—money which, naturally, can be used to continue supplying arms to Cambodia.

And, the South Vietnamese have begun pulling troops and planes out of the Central Highlands.

Even though no American troops are directly involved, and even though there was no American presence of an overt military nature in Cambodia 10 years ago, one is nevertheless left with the impression that we have been through all of this before.

When, Mr. President, will we learn the lessons of our own experience?

Must we once again divide the American people and the U.S. Government over the future of nations which have no bearing upon the security and well-being of the American people?

Two years ago, when I came to the Senate, I thought the time was already past when I would hear an American President, in apparent seriousness, endorse the cold war concept of the domino theory with regard to Southeast Asia.

And surely, I thought, the time was past when political discourse could be characterized by resort to such shrill labels as "new isolationism"—labels which had only one purpose: to obfuscate the legitimate issues raised by those who dissented from American foreign policy in Indochina.

But that was not to be.

Today, we read of President Ford criticizing "new isolationism" and stating that "I have heard that song before" and "I am here to say I am not going to dance to it."

Even more incredibly, we read of Mr. Ford describing recent events as "validating" the domino theory. "If we have one country after another—allies of the United States—losing faith in our word, losing faith in our agreements with them, yes, I think the first one to go could vitally affect the national security of the United States," the President is reported, by the Washington Post, to have said in South Bend.

I almost dispair in reading such words. The President is quoted as saying that Thailand and the Philippines are reconsidering their relations with the United States, thus validating a domino theory.

That does not prove a domino theory. That merely suggests the reality of a world in which the United States cannot control the future of peoples half-way across the globe who, one way or another, are intent upon pursuing their own destiny.

The President speaks of lost faith in American promises.

I must ask, what promises?

Where is it written—in treaty legally signed and duly ratified by the Senate of the United States—which is, after all, the constitutional way of conducting American foreign policy—that we are committed to guaranteeing the existence of the regime of Lon Nol in Cambodia?

Or any Cambodian Government, for that matter?

No such treaty exists.

Last Saturday, George Will—who can only be described as a conservative—addressed himself in his column to the subject of American obligations abroad:

> In the last 15 years, since the supposedly imprecise Dwight Eisenhower left the White House, there has been much dangerously loose Presidential talk about our Nation's international obligations. Now another President is playing fast and loose with slippery concepts . . .
>
> If we have a formal "commitment" to Cambodia, it was made in secret by Mr. Kissinger and kept secret from the American people, in which case the commitment is spurious.

Mr. President, we have no commitment to Cambodia.

Whether the regime of Lon Nol survives or fails has no bearing upon the security of the American people—which must be, when one reaches the bottom line, the true test of American foreign policy.

Other than international responsibilities which have been assumed under recognized constitutional procedures—and such is not the case with Cambodia—our responsibility must be to address ourselves to the well-being of the American people. That is not isolationism, new or old. That is simply a statement of national purpose, and I might add that I consider it our national purpose to reach out to the rest of the world.

But in reaching out, let it be with the force of American ideas and ideals, not with the force of American arms.

That brings me to the vote yesterday in the Senate Foreign Relations Committee to authorize continuation of American military and economic aid to Cambodia through June 30.

I voted against both military and economic aid during committee consideration of this legislation. At the appropriate time, when the Senate takes up the Cambodian aid question, it is my intention to offer amendments to end both military and economic aid.

Those amendments are still being drafted.

I oppose further military aid, Mr. President, quite simply because it is time to say, "no more."

It is time to recognize that American intervention in a civil war on the Asian continent is futile.

Whether our intervention is direct, as it was in Vietnam, or indirect, as in the case of American military aid to Cambodia, the United States will not, in the final analysis, decide the outcome. We must come to accept the lessons we learned in the past decade—and which the French learned before us: The people of Indochina, one way or another, for better or worse, will decide who governs them.

It is not a question of "bloodbath."

The truth is that, whatever the future may hold, it could hardly be worse than the present death and destruction on both sides.

That leads to the question of economic aid—a question which, I concede in all candor, is much more difficult.

As one who supports an increased humanitarian assistance in areas of need—especially in the Sahara, Bangladesh, and other areas of deprivation—it is difficult for me to oppose economic aid, especially food, for Cambodia.

But, Mr. President, I am convinced that in the present instance, American economic aid has become little more than another tool of war. The aid we presently send goes not to those who most need it in the Provinces.

It goes largely to the military.

Until such time as I can be convinced that American economic aid for Cambodia will reach the people who need it, then I must vote in opposition.

When I began these remarks, Mr. President, I made reference not only to the President's speech in South Bend and the vote of the Senate Foreign Relations Committee to continue aid, but also to the announcement yesterday that $21.5 million has been "found" which is owed Cambodia.

The transparency of such an announcement leaves me speechless.

I am left to ask only, has this administration no shame?

After all that has transpired, from the Gulf of Tonkin to the Christmas bombing of Indochina in 1972, from Ngo Dinh Diem to Nguyen Van Thieu—out of the whole history of administration deception and deceit, must we accept such condescending arrogance?

I hope not, for our sake, and for the sake of our Nation.

We have reached the final line, Mr. President.

It is time to say, no more.

It is time, once and for all, for ever and always, to write "the end" to the American adventure in Indochina, and to turn our attention, once again, to the hopes and dreams and aspirations of the American people, the men and women to whom we owe our allegiance.

THE ROOTS OF OUR CAMBODIAN INVOLVEMENT: A HISTORIC TRAGEDY

Mr. McGOVERN. Mr. President, the distinguished foreign affairs correspondent, Mr. Stanley Karnow, has written a penetrating account of the sad circumstances by which American military involvement in Cambodia pulled that tiny, peaceful nation into a bloody civil war.

Before voting any more arms to continue this tragic bloodshed I urge every Senator and Congressman to read Mr. Karnow's account in the March 22, 1975, New Republic. I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Cambodia—The Roots of Involvement

(By Stanley Karnow)

Five years ago this week Prince Norodom Sihanouk was overthrown as Cambodia's chief of state by a group of rivals under the leadership of Gen. Lon Nol, and that event set the stage for what has become, since then, one of the most destructive episodes in contemporary history. For by taking advantage of Sihanouk's ouster to strike at the North Vietnamese and Vietcong sanctuaries along the border of South Vietnam, the U.S. enlarged the Indochina conflagration, and in the process turned Cambodia into a battlefield. And the devastation of that formerly peaceful land continues. Although the inept Lon Nol government barely controls its capital, the Ford administration is still pressing Congress to grant it military aid that can only aggravate Cambodia's agony. The argument that the prolongation of the fighting is preferable to the bloodbath that might follow a takeover by the Communist insurgents is dubious, since the rebels are unlikely to kill more innocent civilians than are now being slaughtered by the rockets promiscuously hitting Pnompenh. Equally specious is the thesis that Cambodia's fall would affect the status of South Vietnam, since the Cambodian Communists have long dominated the regions adjacent to the Vietnamese frontier. The contention that Communists have rejected all attempts to compromise also rings hollow, since no convincing evidence has been presented to suggest that serious negotiating efforts have been tried. Nor is there much substance to President Ford's claim, as he put it the other day, that "if we abandon our allies we will be saying to all the world that war pays," since the Cambodian conflict was initially triggered by the U.S. and has been sustained through an American commitment to the Lon Nol regime that has no legal foundation. Thus the "loss" of Cambodia would not only be the salvation of the Cambodians, it would impair America's global credibility only to the extent that the President is determined to perpetuate a tragedy that was meaningless from the beginning.

It is ironic, looking back on the origins of the U.S. involvement in Cambodia, that it should have ever taken place. For in the period prior to the coup d'état that removed him, Sihanouk was actively seeking to cooperate with the U.S. against the North Vietnamese and Vietcong forces that had encamped on his territory. In an interview that I had with him in December 1967, for example, he openly acknowledged that the Vietnamese Communists were operating inside Cambodia and conceded that he would permit U.S. troops in South Vietnam to pursue them across his frontier. In the same conversation he invited President Johnson to repair the ruptured U.S. relationship with Cambodia by sending an emissary to Pnompenh, and the visit soon afterward of Ambassador Chester Bowles eventually led to the resumption of Sihanouk's diplomatic ties with Washington. Consistent with this approach, Sihanouk tacitly allowed the Nixon administration to carry on its secret bombings of Communist logistical bases, supply routes and manpower concentrations inside Cambodia, and he even authorized his officers to pinpoint targets for the B–52s.

Later, estimating that the US withdrawal from Vietnam would leave him exposed to the North Vietnamese and Vietcong, he proposed that the US furnish him with military and economic assistance in order to bulwark Cambodia against what he termed the "new imperialism" of Asian communism. By late 1969, therefore, Sihanouk was angling to become an American client so that, as he saw it, Cambodia could be protected against its traditional Vietnamese enemy. At the same time, however, he was striving to persuade the Chinese and North Vietnamese to guarantee Cambodia's neutrality.

Sihanouk has charged that the coup that toppled him was the work of the Central Intelligence Agency, but although the CIA had conspired against him in the past, there is no proof that it was responsible for deposing him in March 1970. The action against him was undertaken by a faction of domestic adversaries who, for sundry motives, yearned to seize power, and they overthrew Sihanouk while he was visiting Moscow. At that stage it seems to me, the US missed a key diplomatic opportunity. Anticipating that Sihanouk's fall might tempt the US and South Vietnamese to thrust into Cambodia the French proposed that an international conference based on the Geneva agreements of 1954 and 1962 be called to consider the establishment throughout Indochina of "a zone of neutrality and peace," and the recommendation was supported by the Soviet Union until it was spurned by the Vietcong. But even though the idea appeared to make little headway at first, intensive diplomatic efforts might have kept it alive. For every country concerned with the fate of Cambodia was, during those days, striving to reach some kind of accommodation with the Lon Nol government. Despite attacks against their offices, the North Vietnamese and Vietcong representatives had remained in Pnompenh in an attempt to come to terms with Lon Nol; so had the Chinese and North Korean ambassadors as well as the Soviet envoy. In Washington, meanwhile, the State Department was also receptive to diplomatic possibilities, but the atmosphere was different in the White House—and that was where decisions were made.

Richard Nixon had just seen the movie *Patton*, and as he viewed the Cambodian situation he was itching for decisive action. The situation in Cambodia was far from clear. Encouraged by Lon Nol's army, Cambodians were massacring Vietnamese residents by the thousands while the North Vietnamese and Vietcong, having interpreted the coup against Sihanouk as part of a US plot aimed at them, had emerged from their sanctuaries and were moving in the direction of Pnompenh. Neither Secretary of State William Rogers nor Defense Secretary Melvin Laird was enthusiastic about a US invasion of Cambodia, in part because of its cost and partly because they feared an adverse congressional reaction, but the Pentagon and the US military command in Saigon were eager for an assault and, as he confided to a friend, Nixon agreed that he could not let the Communists "get away with murder."

Accordingly Nixon began in the middle of April to take the small steps that would carry the US into Cambodia. He approved the secret shipment of 6000 captured Soviet weapons from Saigon to the Cambodian army, which had been equipped by the Russians, and he flew some 2000 Cambodian troops who had been fighting in Vietnam to Pnompenh. By April 24 he had decided on the plan to go into Cambodia, and two days later, after seeing *Patton* a second time, he announced it to selected members of his cabinet. In the opinion of a former White House aide, Nixon during this period seemed to develop the sort of aggressive defensiveness that he later displayed in the Watergate affair. On one occasion during the Cambodia planning he told Henry Kissinger, then his foreign affairs adviser, that "the liberals are waiting to see Nixon let Cambodia go down the drain just the way Eisenhower let Cuba go down the drain," and at another time, referring to setbacks he had recently suffered on Capitol Hill, he said that "those senators think they can push me around, but I'll show them who's tough." Kissinger, emulating his boss, adopted a similar attitude. He told his recalcitrant assistants that "we are all the President's men" and must obey orders, and, when one of them handed in his resignation, Kissinger told him: "Your views represent the cowardice of the Eastern establishment."

The Cambodia operation, according to several senior officials who worked on it, was sloppy from the start. In the first place, probably because Laird had never taken the idea seriously, the military studies were obsolete, and for that reason, the US and South Vietnamese troops who went into Cambodia found that most of the Communists had flown the coop. In addition no thought had been given to the impact of the incursion at home, in the world or even in Cambodia itself. Nixon was unprepared for the storm of protest that swept the US, and his immediate reaction was to blame it on campus "bums." He dismissed the wave of international criticism, and he disregarded the fact that the Cambodians, whom he had plunged into war, had neither the taste nor the capacity to fight. Lon Nol had not been informed in advance of the US invasion, and only after it occurred did the US Embassy in Pnompenh draft a message for him requesting American intervention. He was so worried by the new development, however, that he dispatched his family to the security of Singapore, and his instincts were accurate. He perceived that the conflict would create an insurgency that would, as events have proved, ultimately consume Cambodia.

It is worth revisiting the Nixon administration's statements and measures from the time of the US invasion until the end of 1970, for they demonstrate the degree to which a tactic purportedly designed to hasten the American withdrawal from Vietnam and speed up the Vietnamization program rapidly became a commitment to another war, in Cambodia. On May 5, five days after the invasion began, Laird said that "we are not going to get involved with the Cambodian army," and three days later Nixon pledged that "our logistical support and air support will also come out" when the US and South Vietnamese forces quit Cambodia. In early June the tone of Nixon's remarks changed subtly. Now, he said, the US would continue to fly air missions "to interdict the movement of enemy troops and materiel," and a month after that he reiterated that intention more strongly. Another month later Vice President Agnew said that "we're going to do everything we can to help the Lon Nol government," and although a State Department spokesman denied that this represented a change in US policy, it did. By the middle of November, after the elections, the administration advised Congress that the price tag for military and economic aid to Cambodia would run to at least $285 million for the fiscal year, and Nixon came forth with a fresh rationale for the commitment. The money was "probably the best investment in foreign assistance that the US has made in my political lifetime," he said, explaining that the Cambodians were tying down 40,000 Communists who would otherwise "be over killing Americans." Within a few months Nixon would describe the American obligation to the Lon Nol regime as "the Nixon Doctrine in its purest form"—meaning, as I understood it then and do today, that the chief executive feels that he can delegate the implementation of US policy to a foreign surrogate without reference to Capitol Hill.

Under American auspices the Cambodian army was enlarged sixfold within a year to about 180,000 men. But many of these soldiers were poorly trained and many more were phantoms, put on rosters by their officers to earn fat profits from funds for fictitious troops. An attempt to deploy the Cambodian army in a pincer movement against the North Vietnamese and Vietcong in late 1970 ended in disaster, and, in a report written at that time, James Lowenstein and Richard Moose of the Senate Foreign Relations Committee staff noted that between one-third and one-half of the country was no longer under the control of the Lon Nol regime. At that stage the Cambodian army was dealing mainly with the Vietnamese Communists. But the Cambodian insurgents, who numbered only about 5,000 men in 1970, were beginning to flesh out their ranks, and their force grew rapidly. By early 1972 most of the North Vietnamese and Vietcong had crossed into Vietnam for the offensive that preceded Hanoi's decision to reach an agreement with the US, and the Cambodian insurgents, who include hard-core Communists trained by the Vietminh and elements loyal to Sihanouk, were able to manage their own rebellion. Little is known about them or their field commander, Khieu Samphan, but US intelligence sources estimate that they now comprise about 60,000 men, about a third of them currently surrounding Phnom Penh. A high-level State Department official offered the view a few days ago that the rebels would never have made such spectacular progress if the US had not intervened in Cambodia, and he added: "We'd be even more deeply involved if it hadn't been for congressional pressure. Congress can take credit for the fact that Cambodia didn't become another Vietnam."

That view differs radically from the official administration line that Congress, by forcing a halt to US bombing of Cambodia in August 1973, encouraged the Communists to continue fighting and so thwarted attempts by Kissinger to negotiate a settlement of the war. The story, as Kissinger has been telling it, is that he persuaded Chinese Premier Chou En-lai to arrange a meeting for him with Sihanouk in Peking, but that the encounter was cancelled after Congress voted to stop the bombing in July 1973. One question raised by this tale is why Kissinger did not advise Sens. Clifford Case and Frank Church, the sponsors of the bombing-halt legislation, that he had a negotiating prospect and ask them to postpone their amendment. It is also strange that Kissinger should have taken that possibility seriously when, in background talks with reporters at the time, he expressed the opinion that Sihanouk was merely a figurehead who had no real authority. For whatever it is worth, Sihanouk told me during an interview in Peking in May 1973 that he had twice sought to open discussions with Kissinger but was rebuffed on both occasions. John Gunther Dean, the US ambassador in Pnompenh, was also spurned by Kissinger last year when he proposed that an attempt be made to contact Khieu Samphan, who was then traveling in Eastern Europe.

It is reasonable to presume that the Cambodian insurgents have nothing more to negotiate except the surrender of the Lon Nol government, since even another dose of US aid cannot save the decrepit Pnompenh regime. The best that one can hope for is that the Communists are lenient when they finally take over. Sihanouk pledged in an interview last week that there would be no bloodbath, but it might be useful if the US could persuade him to make that promise official. If blood continues to flow in Cambodia, however, it will have been the fault of a peculiar US conceit that small countries are expendable and that major powers are above morality.

NEED FOR CHANGE IN ESTATE TAX LAWS

Mr. HATFIELD. Mr. President, Congress is faced with some urgent matters in the area of tax legislation. Presently we are dealing with a bill directing tax relief to our troubled economy. Later in the session it is expected that Congress will take up the broader questions of tax changes and reforms.

One of the aspects of our tax laws needing immediate attention is the outdated size of the exemption from estate taxes. While there is still a definite need for estate taxes, I feel that the present exemption is too low. Property values have nearly tripled since the original exemption was written into the tax laws in 1942. Consequently, the estate taxes reach far below the large estates originally intended to be subject to the tax. Family farms and small businesses face difficult burdens with exemption at its present level.

A number of bills have been introduced in the Senate and House to increase the exemption to various amounts. I have chosen to cosponsor a bill introduced by Senator Church, S. 658, which would increase the exemption to $120,000. This appears to be a realistic figure, although I would not oppose bills which would increase the exemption to a different amount.

Recently the managing editor of the Capitol Journal in Salem, Oreg., wrote an excellent editorial on the need for changes in estate taxes. I ask unanimous consent that the editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From The Salem (Oreg.) Capital Journal, Mar. 7, 1975]

Tax Laws Are Wiping Out Family Business in U.S.

Didn't the theory work, or was someone lying to us all along?

The inheritance tax, for better or worse, has destroyed the America we once knew and cherished, at least in nostalgia.

We grew up thinking the inheritance tax was a great egalitarian device to keep the haves from eventually having everything. Not only was the tax an easy way of filling a corner of the federal treasury (and helping state bank accounts slightly, too), but it would prevent the rise of another Rothschild family. Compounding of wealth without any diminution made the clan so rich it bought and sold countries (France and Mexico, to name just two), raised armies and financed hemisphere-wide industries. No individual business or industry possibly could survive against them in competition.

Death, taxes and wars have sundered the Rothschild empire considerably.

But few individual businesses and industries remain anyway. The inheritance tax laws and related taxing regulations have done far more in this century than have multi-national financial dynasties to kill off small, medium and even large separate firms.

The inheritance tax hasn't saved the America of small businesses and family farms. It has wiped them out.

Now the big western cattle ranches, some of which have withstood tax onslaughts, are nearing extinction. The National Cattleman's Association, meeting last month in Las Vegas, launched a national campaign to save the remaining ranches by urging Congress to modify the tax laws.

Some cattlemen predicted the last ranch will be abandoned or turned into a subdivision within 15 years—with no beef left for America.

Others point out that no sizable ranch can survive two deaths and two inheritance payments. There's just no way to raise that much money.

The identical thing has happened to locally-owned stores, mills and service firms.

Take Salem. Fifteen years ago there were four or five locally-owned (or Oregon-owned) department stores, several dozen major specialty shops largely owned by their proprietors, and many locally-owned and Oregon-owned supermarkets. The paper mill was partly owned locally, and had local people on the board of directors. Both newspapers were locally owned.

All of the above now are part of national corporations. It's hard to find a locally owned firm with 40 or 50 employes today.

Inheritance taxes, or the anticipation of them by middle-aged owners (coupled with laws on capital gains and tax-free mergers) have been involved in most of these changes.

These have affected just about every undertaking. In a decade or a decade and a half we might be writing a story about the last local business in Salem, or Oregon, or the Northwest.

The cattlemen urge vast changes to halt the move. Key among them is exempting the first $260,000 of value in an estate from inheritance taxes (the first $60,000 now is exempted).

That would be a help in almost all fields. But we doubt it would do more than prolong the demise for another generation.

Capital gains laws, merger laws, income tax codes and many other laws and regulations would have to be modified to turn the thing around. And the effect would be so profound as to amount to a massive change in public policy for the country. We just don't see the seeds of this kind of a change yet. There are too many advantages in this situation for those able to lobby for the status quo.

In other words, the haves can have more, and probably will. The rich will get richer, and all 200 million of us will work for someone else, who works for someone else, who . . . (Welch)

CONSTITUTIONAL AMENDMENT ON ABORTION

Mr. BUCKLEY. Mr. President, on March 10, 1975, the Senate Subcommittee on Constitutional Amendments resumed public hearings on proposed amendments to reverse the Supreme Court's controversial and far-reaching abortion decisions. As the sponsor of two amendments now under consideration, I was greatly impressed by the testimony of Robert Byrn, the distinguished professor of law at Fordham University. Mr. Byrn is an eloquent and learned advocate of the constitutional right to life for all Americans. He has provided the subcommittee with factual data and expert opinion on the legal ramifications of these proposed amendments. I believe that his statement merits the consideration of this body and therefore, I ask unanimous consent that his remarks be printed in the RECORD.

There being no objections, the remarks were ordered to be printed in the RECORD, as follows:

STATEMENT BY ROBERT M. BYRN, ESQ.

INTRODUCTION

As I understand it, today's hearings are concerned with the "secondary effects" of the constitutional amendments which have been proposed in response to the Supreme Court's abortion decisions of January 22, 1973. I have dealt with some of these matters in two law review articles which I take the liberty of submitting with, and as a part of, this statement.[1]

There are two types of amendments:

(a) the so-called "States Rights Amendments" which purport to invest in the legislative process the power to regulate, permit or prohibit abortion, and

(b) the Human Life Amendments (S.J.R. 6, 10, and 11) the purposes of which are (i) assure Fourteenth and Fifth Amendment personhood, vis a vis the right to live, to unborn children and to other unwanted human beings who might be endangered by the jurisprudence of Roe v. Wade and (ii) to protect against the exclusion of the lives of any class of human beings, qua class, from the protection of the law which in this context will almost invariably mean the criminal law. (The fundamental goal of a Penal Code is that "the people . . . may be secure in their persons, property, and other interests . . . ." (S. 1, 94th Congress, 1st Sess., 1/15/75).

It must be remembered that the Human Life Amendments are concerned with the fundamental right to live and with the protection of that right against deliberate invasion. There is no intent to intrude upon other areas of the law nor do I see how a rational reading of the Amendments can unearth a different intent.

Motivated by genuine concern, some have asked probing questions about the effects of the Amendments and these questions deserve answers. However, others in the public forum have seemed less interested in genuine dialog than they are in conjuring up surrealistic spectres of a breakdown in the legal system. Although I trust the common sense discretion of this Subcommittee to demand some colorable basis in law for these flimsy spectres, nevertheless we deal here with a matter of life and death. The seriousness of this responsibility has led me to draft this lengthy and, I hope, comprehensive memorandum, covering both the real and the surreal.

Finally, since the witnesses you have called today are lawyers, I presume your interest is in the legal and jurisprudential implications of the Amendments. I leave the battle of statistics to the statisticians.

With all of the above in mind, I have undertaken in this statement to pose and answer a number of questions on the effects of the Amendments.

I. What will be the effect of a "States Rights" amendment?

A "States Rights" Amendment can reasonably be expected to produce the following:

A. Uncertainty as to the right of state legislatures to enact restrictive abortion laws. According to *Roe* v. *Wade*, Due Process in the Fourteenth Amendment includes the right to abort, and states may not restrict that right for the benefit of the unborn child, at least until after viability, because the unborn child has no fundamental right to live. A States Rights Amendment does not purport to recognize any right in the child; it merely removes a federal constitutional inhibition from certain governmental conduct. In other words, the basic holding in Wade that the unborn child has no fundamental right to live would be untouched. Further, a States Rights Amendment does not purport to amend the Due Process Clause in state constitutions. Thus, Wade would remain the law of the land to this extent: let us suppose that a States Rights Amendment has been ratified. State X enacts a restrictive abortion law; the law is challenged in the appropriate court of State X as violative of the Due Process Clause in that state's constitution; the court casts about for precedent on the meaning of Due Process in this context; it lights upon the most authoritative decision—*Roe* v. *Wade;* the court notes that the subsequently enacted States Rights Amendment did not create a federal constitutional right of unborn children to live, nor did it amend the State X's constitution thus the court on the persuasive authority of Wade declares State X's restrictive abortion law unconstitutional. What has been accomplished?

The outcome I have suggested is not unreasonable. Nor would the addition to the amendment of an acknowledgment that the unborn child is a human being necessarily produce a different result. In declaring Wisconsin's abortion statute unconstitutional, the court in *Babbitz* v. *McCann*, 310 F. Supp. 293 (E. D. Wis.), appeal dismissed, 400 U.S. 1 (1970) stated: "For the purposes of this decision, we think it is sufficient to conclude that the mother's interests [privacy] are superior to that of an unquickened embryo, whether the embryo is mere protoplasm as the plaintiff contends, or a human being, as the Wisconsin Statute declares." 310 F. Supp. at 301. Might not the court in State X reach the same result?

At the very least, there exists a reasonable doubt whether a States Rights Amendment will assure to state legislatures the right to enact restrictive abortion laws.

B. A cheapening of human life: The ultimate issue in teh abortion debate has always been whether the law should recognize that the unborn child has a right to live which is superior to competing claims involving values less than life itself. Constitutional purists may argue whether a state has a right to restrict abortion in the same way that it may restrict hunting animals, but the participants in the abortion debate have not spoken on this level. The focus has been on human life. Were it otherwise, one sincerely doubts that this Subcommittee would be holding hearings. Thus any amendment proposed by this Subcommittee will be taken as a judgment on the central issue: the value of human life.

A States Rights Amendment, in effect, recognizes that an unborn child is a human being, but denies that the child has a fundamental right to live. Yet few would deny that the right to life is to constitutional dimension:

"The very purpose of a Bill of Righs was to withdraw certain subjects from the vicissitudes of political controversy, to place them beyond the reach of majorities. . . . One's right to life . . . depend(s) on the outcome of no elections." *West Virginia State Bd. of Educ. v. Barnette*, 319 U.S. 624, 638 (1943).

"One might fairly say of the Bill of Rights in general, and the Due Process clause in particular, that they were designed to protect the fragile values of a vulnerable citizenry from the overbearing concern for efficiency and efficacy which may characterize praiseworthy government officials no less, and perhaps more, than mediocre ones." *Stanley* v. *Illinois*, 405 U.S., 645, 656 (1972).

On its face, a States Rights Amendment puts that "fragile value of a vulnerable citizenry," the right to live, at the perpetual mercy of shifting legislative majorities (rather than "beyond the reach of majorities") and makes it dependent upon the outcome of bitter political campaigns (although it ought "depend on the outcome of no elections"). Prof. John T. Noonan has written "The worst of the consequences of Roe and Doe is the acceptance of the principle that law can say who is not a human being." Noonan, Why a Constitutional Amendment? 1 Human Life Rev. 26, 32 (1975). Perhaps the worst is yet to come: a States Rights Amendment which expounds the principle that some human beings are not human persons-that they do not possess a fundamental right to live.

Consider the cheapening effect on huma life. A restrictive abortion law, avowedly in

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Footnotes at end of article.

tended to protect human life, might be enacted in one state legislative session and repealed in the next as the composition of the legislature changes—and so on ad infinitum. One official, a governor exercising a veto, might deny the right to live to hunddreds of thosuands. State A might severly restrict abortion in response to claims that the unborn child is a human being with a human right to live. Neighhoring State B might be the abortion capital of the world. The right to life would predictably become a political tennis ball. Life and the laws governing its protection would be cheapened.

C. Political agony. At least the Supreme Court in Wade, by inventing a "right" to abort, please one side of the abortion debate. A State Rights Amendment will please no one. For the foreseeable future abortion would be the central issue in state political campaigns. On the most pragmatic of levels, state lawnmakers must live in terror of a State Rights Amendment. What legislator wants to face abortion as a campaign issue in perpetuity!

Frankly I believe that this Subcommittee would be engaging in an exercise in futility were it to propose a States Rights Amendment. The Amendment would have no chance of ratification. No one wants it. To propose a hopeless Amendment might seem a politically expedient way out, but I am convinced from the history of these hearings that this is not what the Subcommittee seeks.

The abortion issue will be resolved only when the people are given the opportunity to decide whether all human beings have a constitutionally protected right to live. Only a Human Life Amendment presents that choice.

II. Will a Human Life Amendment, (*a*) *framed in terms of the Fifth and Fourteenth Amendments and* (*b*) *restricted to the right to live, cause "chaos" in constitutional, property, tort, and social welfare law?*

A. Restriction to the right to live.

Given the purpose of a Human Life Amendment, it makes sense to restrict the Amendment to the right to live inherent in the guarantees of the Fifth and Fourteenth Amendments. With respect to unborn children, the right to live would include the right to be free of aggressive human experimentation. A famous New York decision concludes that "This guarantee is not construed in any narrow or technical sense. The right to life may be invaded without its destruction . . . the right to life includes the right of an individual to his body in its completeness and without dismemberment." *Bertholf* v. *O'Reilly*, 74 N.Y. 509, 515 (1879). Any medical experimentation on the unborn child, not intended for the medical benefit of that child, would clearly violate the child's right to live—to the completeness of his body—within *Bertholf*. In no way does this interpretation give the unborn child more rights than his afterborn counterparts. Modern law generally prohibits the performance of medical procedures upon a child or other person deemed incompetent of consent unless the procedures are for the medical benefit of that person see, e.g., Annotation, 35 ALR 3d 692.

B. The unborn's tort and property rights will not be diminished.

Where the rights of the unborn child were at stake, the law prior to *Roe* v. *Wade* was completing a process of universal evolution toward full protection of these rights. See Note, The Law and the Unborn Child: the Legal and Logical Inconsistences, 46 Notre Dame Law. 349 (1971). Typically this evolutionary process occurred in an orderly way in the states by court decision and legislative enactment. The Supreme Court in Wade saw no inconsistency between its holding that the unborn child is a non-person the already evolved tort and property rights of the child (93 S. Ct. 705, 731). It is difficult to see, therefore, how limiting a Human Life Amendment to the right to live will in any way diminish these rights or prevent their further evolution.

Finally, there is constitutional precedent for limiting the constitutional rights of the unborn (outside the basic guarantee of the right to live) while at the same time recognizing their legal personhood in other areas of the law. In *Montana* v. *Rogers*, 278 F. 2d 68, aff'd nom., *Montana* v. *Kennedy*, 366 U.S. 308 (1961), plaintiff argued that though he was born outside the United States, he was nevertheless a citizen because he was conceived within the United States. The Court held (278 F. 2d at 72):

"Whatever rights may accrue to an unborn child by the operation of the common law and by statute, it is clear that the Fourteenth Amendment limits citizenship to persons 'born * * * in the United States.'"

Why also may not the Human Life Amendment now be limited to the unborn child's right to live "whatever rights may accrue to an unborn child by the operation of the common law and by statute . . .", and without diminishing these rights in anyway?

C. No expansion of the unborn's tort and property rights will be mandated.

The Fifth and Fourteenth Amendments speak of "life, liberty or property." The Human Life Amendment speaks only of life The Amendment will not mandate a change in property law.

With respect to tort law, it has been claimed that a Human Life Amendment will mandate a personal injury action in favor of the unborn child while still in the womb, and the problems of proof would be insurmountable.

The premise is specious. The spectre is surrealistic.

There is no inconsistency between legal personhood and the denial of a tort cause of action because of uncertainty in proof. More specifically, it has been held that the denial of a tort action for intrauterine injuries unless and until the injured child is born alive is not a denial that the unborn child is a being in esse to whom legal duties are owed. Rather it is based on difficulties in proof. See Matter of Logan, 4 Misc. 2d 283, 156 N.Y.S. 2d 49, affirmed, 2 A.D. 2d 842, 156 N.Y.S. 2d 152, affirmed, 3 N.Y. 2d 800, 166 N.Y.S. 2d 3 (1956); *Marko* v. *Phila. Trans. Co.*, 420 Pa. 124, 164 A. 2d 502 (1966), and the two principles are not inconsistent. *Id.*

It is true that in the past opponents of permissive abortion have argued that if the unborn is a legal person in tort law, instinct as it is with pragmatism, he must also be a legal person under the principled guarantee of life in the Fourteenth Amendment. That the argument is valid does not mean that its converse must also be true. A guarantee of the right to life in a Human Life Amendment will not wipe out of tort law such pragmatic considerations as uncertainty of proof and expediency in the distribution of risk of loss. The Human Life Amendment will mandate no change in tort law.

D. No disruption of constitutional law (e.g., the decennial census and legislative apportionment) will occur.

The Human Life Amendment sets out to redefine the word "person" only as that word is used in the Fifth and Fourteenth Amendments. To the extent that that "person" in other Articles of the United States Constitution has not heretofore included unborn children, it will not include them after ratification of the Human Life Amendment. For instance, Article I, Section II provides for a decennial census. Unborn childres have not heretofore been counted in the census. Since the Human Life Amendment does not purport to amend the meaning of "person" in Article I, unborn children will still not be counted in the census after ratification. Similarly, apportionment of the House of Representatives (Article I, Section II; Amendment XIV, Section II) is ultimately founded upon Article I. *Westberry* v. *Sanders*, 376 U.S. 1 (1963). Hence, Congressional apportionment will be unaffected.

Further, the Human Life Amendment is limited to the right to life. The propriety of legislative apportionment within the states is determined by "the right of suffrage," as that right is protected by the Equal Protection Clause, *Reynolds* v. *Sims*, 377 U.S. 533, 555 (1964), not by the right to life. Thus neither the apportionment of the House of Representatives nor of state legislative bodies will in any way be affected by a Human Life Amendment.

Finally, it is to be noted that for purposes of some rights, corporations are persons within Section I of the Fourteenth Amendment. They are not counted in a census or figured into legislative apportionment.

The census and reapportionment objections, as well as other claims of disruption in constitutional law, are frivolous.

E. Reforms of social welfare will be facilitated.

Passage of a Human Life Amendment will facilitate reforms of social welfare law in the following ways:

1. Removal of coercion to abort, and restoration of legislative discretion in the equitable and humane disbursement public assistance funds. Following *Roe v. Wade*, the social engineers of the abortion movement began a campaign to coerce public and private hospitals to open up their doors to abortionists. While they have been unsuccessful as to the latter, most cases now require public general hospitals to make their facilities available for the performance of abortion. In New York, while municipal hospitals were operating efficient abortatoria, people were dying because of a lack of adequate facilities and personnel on other hospital services, the reason being (according to a director of the corporation that runs the municipal hospitals) that much needed funds were being used for abortions. (See discussions at 18 St. Louis L.J. 400–401, submitted herewith.)

As a corollary to the coercion on hospitals, arguments are now being made that Congress cannot constitutionally exclude abortions from medical welfare legislation and that unborn children are not properly includable in programs for Aid to Families with Dependent Children.

It is to be noted that in general there is no separate constitutional right to public welfare. (Cf., discussion at 18 St. Louis L.J. 400, submitted herewith.) A Human Life Amendment, restricted to the right to live, will not create such a constitutional right. Thus the Human Life Amendment will remove the coercive effect of *Roe v. Wade* and restore to legislatures the discretion to disburse public assistance funds in an equitable and humane manner.

2. Decline in the bias against the children of the poor. In an action testing the constitutionality of New York's permissive abortion law, in which I was involved as guardian of certain unborn children, an amicus brief was filed in support of the law on behalf of certain prestigious private agencies. The amici commented that New York's permissive law had "accomplished its beneficent purposes." Among the accomplished purposes was (Brief Amici Curiae on behalf of Citizens Committee for Children et al, page 3, submitted to the New York Court of Appeals in *Byrn v. N.Y.C. Health & Hosp. Corp.*, 31 N.Y. 2d 194, 286 N.E. 2d 887, 335 N.Y.S. 2d 390, appeal dismissed, 410 U.S. 949 (1973)):

"Similarly, it appears that discrimination against the poor and non-white has been substantially eliminated. Thus, in New York City in 1960/1961 the ratio of therapeutic abortions per 1,000 deliveries was 2.6 for white women, .5 for Negro women, and .1 for Puerto

Rican women. *Memorandum of Assemblywoman Constance Cook,* R. 237. During the first nine months under the new law, abortions were performed on New York City residents at the rate of less than 3 for every 10 live births among the City's Puerto Rican community, 4 for every 10 live births among whites, and about 6 for every 10 live births among blacks. J. Pakter and F. Nelson *Abortion in New York City: The First Nine Months,* 3 Family Planning Perspectives, No. 3, at 8 (July 1971)."

One is given pause to wonder why it is "discrimination" when the ratio of government-approved abortions is higher for whites than for blacks and "beneficent" when it is higher for blacks than for whites—when the lives of six unborn black children are deliberately aborted for every ten black children who are born alive. Recently an influential in New York columnist exalted abortion as "A kind of surgery, moreover, that many Americans accept as socially constructive in a nation that cannot feed its populace and is running out of vital nonrenewable resources." Van Horne, *An Anti-Verdict,* N.Y. Post, 2/17/75 at p. 20. She continued:

"The cost of maintaining the children of the poor comes to well over $1 billion a year. The number of children on welfare rolls has tripled in the past ten years. The poor of Chicago have had, for many years, a birth rate almost on a par with that of India. We have long since exceeded our optimum minimum population. Poor families breed more promiscuously than affluent families.

"If we care about the quality of life, if we recognize that today's unwanted children are too often tomorrow's criminals, addicts and public charges, we'll encourage birth control and—when a woman requests it—abortion."

Ashley Montagu and Garret Hardin have written the bottom line to this bias against the children of the poor: "I consider it a crime against humanity to bring a child into the world . . . who itself menaces . . . the quality of the society into which it was born." (Letter from Ashley Montagu to the N.Y. Times, Mar. 9, 1967, at page 38.); "If the total circumstances are such that the child born at a particular time and under particular circumstances will not receive a fair shake in life, then she [the mother] should know . . . that she has no right to continue the pregnancy. . . . It may seem a rather cold hearted thing to say, but we should make abortions available to keep down our taxes, but let us not hestitate to say this if such a statement will move legislators to do what they should do anyway. . . . In this field, as in so many others, economic interest and ethical interest fortunately coincide." (Garret Hardin, quoted in N.Y. Times, May 12, 1969, at page 66).

As Grace Olivarez wrote in her separate statement appended to the report of the Commission on Population Growth, "The poor cry out for justice and equality and we respond with legalized abortion."

One is also given pause to question statistics on reduced maternal mortality rates among the poor. (See discussion in 188 St. Louis L.J. 400–401, submitted herewith). For instance:

1. Should we not include in the mortality and morbidity statistics the poor who have suffered and died in municipal hospitals because funds, which should have been used for lifesaving, were used for abortion?

2. Should we not ask why, for many months after New York's permissive abortion law became effective in July, 1970, subway placards advertised the advisability, from a health standpoint, of early abortion, while no placards advertised the availability to the poor of ordinary health services including early prenatal care?[2]

With the enactment of a Human Life Amendment, with its facial emphasis on the inestimable value of a human life at its common-denominator level, we can look forward to an increased awareness of our moral obligation to the most vulnerable members of society—the unborn children of the poor. Saving these lives—not killing them—is what "benificent" is all about.

III. Will not all illegal abortion become murder in the first degree?

The question assumes that any legislative grading which results in a variation in punishment among intentional homicides runs afoul of the Equal Protection Clause of the Fourteenth Amendment.

The assumption is wrong. A distinction must be made between the complete exclusion of the lives of a class of persons, *qua* class, from the law's protection, and an informed legislative judgment on the appropriate punishment for particular offenders or families of offenses. The former would be inconsistent with the Equal Protection Clause. It would represent a legislative judgment that a whole class of human beings are nonpersons—contrary to the dictates of the Human Life Amendment. The latter would not. The purposes of a Human Life Amendment is not to legislate degrees of homicide, nor will that be its effect.[3]

A valid legislative judgment on the degree of punishment for illegal abortion may be based on a variety of factors:

1. The degree of malice. The law recognizes "degrees of evil" and "a state is not constrained in the exercise of its police power to ignore experience which marks a class of offenders or a family of offenses for special treatment." *Skinner v. Oklahoma,* 316 U.S. 535, 540 (1942). Killing an unborn child may, in legislative judgment, involve less personal malice than killing a child after birth, and a legislature may choose to downgrade the punishment accordingly. Certainly there is precedent for it. At various times, state courts have spoken of the right to life of the unborn child as "sacred and unalienable," *State v. Moore,* 25 Iowa 128, 135–36 (1868); *People v. Sessions,* 56 Mich. 594, 596, 26 N.W. 291, 293 (1886); *Gleitman v. Cosgrave,* 49 N.J. 22, 30–31, 227 A.2d 689, 693 (1967) or as entitled "to the same protection as that guaranteed to human beings in extrauterine life," *Trent v. State,* 15 Ala. App. 485, 73 So. 834, 836 (1916), *cert denied,* 198 Ala. 695, 72 So. 1022 (1917). It is evident from the language in each of these cases, that the courts considered the lives of the unborn children to be as valuable as afterborn lives. Yet in no instance did the contemporary state abortion statute categorize abortion as murder in the first degree. (The statutes are collected in Quay, Justifiable Abortion, 49 Georgetown L.J. 395, 447–520 (1961).) There is no reason why a Human Life Amendment, reaffirming the judgment of these courts on the sacredness, unalienability and entitlement to protection of the lives of unborn children, should now result in a mandatory categorization of abortion as murder in the first agree.[4]

Additional precedent for legislative grading of intentional homicides on the basic of malice may be found in statutes outside the abortion field such as the New York statute which labels aiding and abetting a suicide as murder unless it is done without the use of duress or deception in which case it is manslaugher in the second degree (N.Y. Penal Law §§ 125.25; 125.15). Here again there is a differentiation in the degree of malice.[5] Similar to the suicide gradation is an intentional homicide committed under the influence of extreme emotional distress. It too may be lower in degree than other homicides on the basis of lesser malice. (See e.g., N.Y. Penal Law §§ 125.25; 125.20.)

It is to be noted that in each of these cases, the legislative judgment to downgrade the crime from the highest degree of homicide is not grounded in any finding that the victims or class of victims are less than human persons which would be the case if a class were totally excluded from the law's protection. It is based on the varying degrees of malice typical to the different situations. Any argument that a legislature may not make such a judgment—that all intention killings must be treated alike regardless of the state of mind of the killer—is a regressive and reactionary return to the barbarous days of the criminal law.[6]

2. The degree of empathy. It has not been unusual in the past to downgrade certain homicide offenses because of the empathy which the jury predictably feels for the plight of the offender. The jury might be unwilling to convict of a higher degree of the crime but would convict of a lesser degree. This is so even though the downgrading results in different punishments for offenders who, from the point of view of their victims' personhood and their own mens rea, are equally guilty. Illustrative of such statutes are those which punish vehicular homicides less severly than other culpably, negligent homicides. See Byrn, *Homicide Under the Proposed New York Penal Law,* 33 Fordham L. Rev. 173, 204–205, n. 186 (citing, *1963 Interim Report of the N.Y. State Temporary Commission on Revision of the Penal Law and Criminal Code* at page 40).

Given the pressures that frequently surround the decision to abort, a legislature may determine that a jury would typically be unwilling to convict the offender of the highest degree of homicide. As in the case of vehicular homicide, the crime may be downgraded. Neither the legislative downgrading nor the jury's unwillingness to convict of a higher degree signify an approval of the crime or a devaluation of the victim. They are merely expressions of empathy for (but not total toleration of) certain offenders.

3. The requirement of community security. Legislatures may decide that the security and basic order of the community demand that some intentional homicides be punished more severely than others. This is true even though the victims are all Constitutional persons and the offenders are all equally malicious. For instance, might not a legislature validly determine that the intentional killing of a police officer in the course of his duties should be punished as murder in the first degree while other homicides are downgraded? (Cf. New York Penal Law §§ 125.27, 125.25). Might not a legislature make a similar determination with respect of distinguishing between the killing of prenatal and postnatal persons?

For all of the above reasons, abortion would not have to be categorized as murder in the first degree under a Human Life Amendment. Again it must be pointed out, however, that there is a fundamental, generic difference between the validity of downgrading a crime for any of these reasons and the invalidity of totally removing an entire class of human persons from the law's protection.

IV. Will not every other culpable killing of an unborn child by a third person result necessarily in a conviction of that third person of some degree of homicide?

I would refer back to the purposes of a Human Life Amendment (Introduction, supra) and the discretion possessed by legislatures to enact criminal laws consistent with these purposes. (III., supra). In view of the purposes and the discretion, it is clear that legislatures will retain the ultimate power to decide whether to incriminate culpable killings of unborn children where the failure to incriminate will not result in a denial of the law's protection. Whether it be felony murder, involuntary manslaughter (negligence), an assault on a pregnant woman, or any other crime which might result in the death of an unborn child, the protec-

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tion that the law affords the pregnant woman and to society in general will devolve upon the child. A felon, a reckless driver, or an assailant of a pregnant woman is guilty of a crime whether or not he is punished for the resulting death of the unborn child. The unborn child is protected by the umbrella of the predicate crime. Thus the determination of whether to incriminate the death of the child in such cases involves no issue of a denial of the law's protection to the lives of an entire class. Such, of course, is not the case with legalized abortion.

V. Will a Human Life Amendment have the effect of enacting into law sectarian religious dogma?

The better view of the history of abortion in Anglo-American criminal law is this: Relying on contemporary science to determine when a new human life begins, the law has sought to protect that life, qua human being, from the first moment of its biological existence. In the early criminal law, that moment was taken to be quickening because contemporary science, with knowledge that it then possessed, could not assure the law that a living human being existed prior to the time that the child was felt to move. Even then, abortion after quickening was not homicide unless the child were born alive and then died because in the event of a stillbirth it was practically impossible to prove that the abortion had caused the death. As science progressed, it was ascertained that human life begins at the moment of conception. The law then sought ways to protect unborn children prior to quickening—even prior to the earliest time that an accurate pregnancy test could be performed. Ultimately, this protection was accomplished by incriminating conduct intended to produce an abortion without requiring that the woman be pregnant. (An extensive review of the history of Anglo-American abortion law is contained in 41 Fordham L. Rev. 814–839, submitted herewith.)

Before the abortion movement of the nineteen-sixties, the law's approach to abortion had been an interdisciplinary mix of the secular, scientific identification of the biological beginning of the life of a new human being with an overall jurisprudential judgment on the inestimable value of human life, as human, as its common-denominator level.

Some would prefer to recast this secular-jurisprudential rationale of the unborn child's right to live into one of religious sectarianism. Obviously the deliberate destruction of innocent human life has overtones that are of religious concern. However, the matter is also of vital secular concern. This was clear at Nuernberg. In one of the Nuernberg military trials, the indictment charged, inter alia, that "Eastern Women workers were induced or forced to undergo abortions." *U.S. v. Greifelt*, 4 Trials of War Criminals Before the Nuernberg Military Tribunal 613 (Gov Pr. Off.), but the rights of unborn children also entered the case. The prosecution introduced into evidence a captured German document (dated October 30, 1943) which commented on the "objections of a minority of reactionary Catholic physicians" to the decree on interruption of pregnancy of female Eastern workers and female Poles. Id. at 1082. First among the doctors' objections was that "the decree was not in accordance with the moral obligation of a physician to preserve life." Id. The relevance of the document became clear in the prosecutor's closing brief. In addition to arguing that Eastern women had been denied the law's protection by being encouraged or even forced to undergo abortions, the prosecution urged (id. at 1077), *"But protection of the law was denied to unborn children* of Russian and Polish women in Nazi Germany." (Emphasis added.) Note that the reference is to *the denial of the rights of the children* themselves. Unless the unborn children were human persons, the American prosecutor, arguing before a court of American judges, would have limited his brief to the violation of the rights of the women, since only "persons" are entitled to the equal protection of the laws. Unborn children were considered to be human persons at Nuernberg. The objection of the Catholic physicians that the abortion decree violated "the moral obligation of a physician to preserve life" was translated into the broader, legal objection that "protection of the law was denied to unborn children . . ." The prosecutor's point was no less valid because it had previously been made in moral terms by physicians whose objections the German government had dismissed with such pejorative labels as "Catholic" and "reactionary."

A law which has a valid secular purpose will not be struck down because it coincidentally embraces the theology of a particular religious sect. *McGowan v. Maryland*, 366 U.S. 420 (1961) (Sunday Closing Laws). Further, as the Nuernberg abortion trial teaches us, a moral principle may have a legal counterpart. American law is not devoid of conscience.

Respect for the fundamental right to live is not the exclusive property of any single religious sect. Nor can the vital, secular-jurisprudential concerns of a Human Life Amendment be distorted by charges of sectarianism.

VI. How will a Human Life Amendment affect an abortion to prevent the death of the pregnant woman?

S.J.R. 6 does not provide for an exception for maternal lifesaving abortions. S.J.R. 10 and 11 do so provide, but in differing language. Several questions arise.

A. Will an exception clause, limited to maternal lifesaving abortions, cheapen human life?

The right to life we speak of is the American jurisprudential ideal of the fundamental sanctity and equality of human life at its common-denominator level. There is no insanctity and equality of human life at its consistency between that ideal and a maternal lifesaving exception to illegal abortion. Neither the ideal nor human life itself will be cheapened by including the exception in a Human Life Amendment.

1. The fundamental sanctity of life.

The American ideal of the fundamental sanctity of life and maternal lifesaving exception have coexisted in our law since the first abortion statutes were enacted. Consider:

Alabama: In *Trent v. State*, 15 Ala. App. 485, 488, 73 So. 834, 836 (1916), cert. denied, 198 Ala. 695, 73 So. 1002 (1917), the Court, in expounding the purpose of Alabama's abortion statute asked rhetorically "[D]oes not the new being, from the first day of its uterine life, acquire a legal and moral status that entitles it to the same protection as that guaranteed to human beings in extrauterine life?" (Quoting and adopting Transactions, Medical Association of Alabama 265-72 1911)). Even though the Alabama abortion statute contained an exception for an abortion "necessary to preserve her life" (see Quay, *Justifiable Abortion*, 49 Georgetown L.J. 395, 447 (1961), the Court viewed the unborn child as a legal person entitled to the same protection as his extrauterine counterpart.

Iowa: In *State* v. *Moore*, 25 Iowa 128, 135–36 (1868), the Court, speaking of the unborn child, stated, "The right to life and to personal safety is not only sacred in the estimation of the common law, but it is inalienable." It is true that the abortion in *Moore* occurred after quickening but "no mention is made of that fact in the opinion," *State v. Harris*, 90 Kan. 807, 813, 136 P. 264, 266, (1913), and the Court was obviously speaking of the "sacred" and "inalienable" right to life of all unborn children. The Iowa abortion statute, in force at the time, permitted an abortion "necessary to preserve the life of such woman." Quay, supra, 470.

Michigan: Referring to the unborn child, the Court in *People v. Sessions*, 58 Mich. 594, 596, 26 N.W. 291, 293 (1886) stated, "At common law life is not only sacred but is inalienable. To attempt to produce an abortion or miscarriage, except when necessary to save the life of the mother under advice of medical men, is an unlawful act and has always been regarded as fatal to the child and danerous to the mother." Obviously, the Court saw no inconsistency between the "sacred" and "inalienable" right to life of the child and a maternal life-saving abortion. The Michigan statute at the time contained an exception for such abortion, Quay, supra, 483–84.

New Jersey: In *Gleitman* v. *Cosgrove*, 49 N.J. 22, 227 A.2d 689 (1967), plaintiff's husband, wife and child sought damages from two doctors who had attended Mrs. Gleitman during her pregnancy. The Gleitmans alleged that their child had been born with grave defects after the doctors failed to warn them that an attack of German measles suffered by the mother during pregnancy might result in birth defects. The failure to give warning, it was alleged, deprived the family of the opportunity of terminating the pregnancy. In affirming the dismissal of the complaint, the majority of the court emphasized the primacy of the child's right to live while at the same time recognizing that a different question would be presented if the pregnancy had threatened the mother's life (49 N.J. at 30–31, 227 A.2d at 693):

"The right to life is inalienable in our society. . . . We are not faced here with the necessity of balancing the mother's life against that of her child. The sanctity of the single human life is the decisive factor in this suit in tort. Eugenic considerations are not controlling. We are not talking here about the breeding of prize cattle. It may have been easier for the mother and less expensive for the father to have terminated the life of their child while he was an embryo, but these alleged detriments cannot stand against the preciousness of a single human life to support a remedy in tort."

The New Jersey abortion statute, in force when Gleitman was decided, forbade abortions performed "maliciously or without lawful justification," (Quay, supra, 495) but the phrase was interpreted to be confined to an exception to preserve the mother's life. *State v. Moretti*, 52 N.J. 182, 244 A.2d 499, cert. den., 393 U.S. 952 (1968).

It must be clear from the Iowa (1868), Michigan (1886), Alabama (1916), and New Jrsey (1967) decisions and statutes that the American ideal of the sanctity of life and a maternal lifesaving exception have never been regarded as inconsistent.

2. The fundamental equality of life.

A maternal lifesaving exception is not inconsistent with the American ideal of the fundamental equality of human life at its common-denominator level. The exception can be justified at law under the doctrine of "legal necessity" which applies equally to afterborn persons. (See discussion at 41 Fordham Law Review 853–54, submitted herewith).

B. Would other exceptions be consistent with the right to life?

Any exceptions beyond maternal lifesaving are inconsistent with the American ideal of the value of human life.

When one aborts to prevent maternal death, he acts to save life; the life of the child is not subordinated to a lesser value than life itself, and typically there is regret at the life lost. Other abortions are, for all practical purposes, intended to preserve mental tranquility; there is no parity of values, and most frequently the true intent is to kill a burdensome life. Furthermore, how is one to justify exceptions (beyond lifesaving) in certain instances and not others? Mental tranquility will vary from woman to woman. Woman X might be much more disturbed by the prospect of having to interrupt her postgraduate university education because of a pregnancy due to contraceptive failure than Woman Y whose unborn child has been diagnosed as defective. How can one justify an exception for Woman Y and not for Woman X? Moreover, might not Woman Y, in a given situation, be more disturbed than Woman Z who has become pregnant as the result of rape? Under these circumstances, can an abortion be justified for Woman Z and not for Woman Y?

It is to be noted that in all three cases an innocent child will be killed by the abortion. In no sense, even in the case of rape, can the child be called an aggressor. Killing the child is not self-defense, *i.e.*, "defensive force against felonious attack." (Model Penal Code, Tent. Draft No. 8, pages 16–17.) The child does not threaten "unlawful violence" or "unlawful force" the appearance of which are requisites for self-defense. (Id. at 17.)[7] The child is not the rapist. We do not punish the rapist without proof of guilt of the crime beyond a reasonable doubt. Beyond a reasonable doubt the unborn child of rape is innocent of any crime.

Nor can Woman Z be distinguished from Woman X and Y on the ground that Woman Z did not intend to have sexual intercourse, while Woman X and Y did. Childbearing is not to be viewed as a punishment for voluntary sexual intercourse and withholding abortion cannot be justified on that ground. Woman X did not intend to conceive at all and Woman Y did not intend to conceive a defective child. What occurred is not the "fault" of either of them anymore than Woman Z's pregnancy is her "fault." On the basis of "fault" they are indistinguishable. And so are their unborn children indistinguishable as innocent human beings. It is the deliberate causing of the death of an unborn child for a value less than life itself which renders abortion the antithesis of the American ideal of the fundamental sanctity and equality of life in the case of all three women. Thus, it is not possible to write into the Amendment a limited number of exceptions beyond maternal lifesaving without, on the one hand, doing violence to the ideal of the fundamental sanctity and equality of life and, on the other, unjustifiably differentiating among pregnant women.

It is my personal belief that every direct abortion is immoral. It is also my personal belief that termination of an ectopic pregnancy or removal of a pregnant cancerous uterus is not immoral though in each case the death of an innocent child results. The bases for these personal beliefs are not relevant to this statement. Relevant indeed, however, are the factors common to a direct abortion to save the mother's life and the removal of an ecopic pregnancy, i.e., an unborn child dies; the mother's life is saved, and the traditional American ideal of the value of life is undisturbed.

C. What would be the effect of not including any exception clause, e.g., S.J.R. 6?

The effect would be uncertainty. Assuming that an exception to prevent the death of the pregnant woman is justifiable (A, supra) and other exceptions are not (B, supra), the Amendment should provide for the enactment of the appropriate exception.

Even if the Amendment contained no specific maternal lifesaving exception, it seems probable that the exception would be read into it on the basis of the history of restrictive abortion laws and the doctrine of "legal necessity." (A. and B., supra). Nevertheless, fears have been expressed that a court might overturn a statutory maternal lifesaving exception on the grounds that the Human Life Amendment omits it. To dispel any doubts, the exception, in some form, should be included.

From another point of view, failure to include the exception might lead to other exceptions being read into the Amendment, including, for instances, the specious psychiatric-health abortion. New Jersey's abortion statute, which condemned abortions performed "maliciously or without lawful justification" was interpreted to be confined to an execption to preserve the mother's life in *State v. Moretti,* 52 N.J. 182, 244 A.2d 499, cert. den., 393 U.S. 952 (1968). On the other hand, the Massachusetts statute, which proscribed abortional acts "unlawfully" done was held to include an exception for the "health" of the woman in *Kudish v Board of Registration,* 356 Mass. 98, 248 N.E. 2d 264 (1969). The teaching of these cases cannot be ignored. It is evident that if exceptions to the Amendment are assuredly to be confined to maternal lifesaving situations, then the exception must be spelled out in those terms.

D. Is there a difference in effect between the exception clauses in S.J.R. 10 and S.J.R. 11?

It may be that ultimately there will be no differences in how the exception clauses operate. However S.J.R. 11 seems preferable for several reasons:

1. The protection of S.J.R. 11 is facially universal (as it ought to be in the case of the right to live), leaving it to state legislature to enact the exception. This has traditionally been the province of the states within the boundaries of the constitution.

2. S.J.R. 11 more clearly limits the exception to maternal lifesaving.

3. S.J.R 11 more clearly provides the maximum protection to the unborn child by referring to "medical procedures." In each case, the doctor must make a reasonable and good faith judgment that an abortion is required and another medical procedure will not suffice. As amongst various types of abortion, he must choose the method, consistent with preventing the death of the mother, which will most likely produce a live birth and provide the best opportunity to preserve the child's life.

VII. How will a Human Life Amendment affect the rights and liabilities of women?

It is difficult to see how the rights and liabilities of women will be different under a Human Life Amendment from what they were under a restrictive abortion law prior to *Roe v. Wade* (and the abortion movement of the nineteen-sixties). Almost universally these laws had the effect of protecting the lives of unborn children, as a class, against abortion except when necessary to prevent the death of the mother. As a matter of common sense, the ad terrorem spectres of government invasion of the womb and tort and criminal liability for inadvertent miscarriages did not materialize under prior abortion laws; why should we give them credence now?

Let us consider some of the effects of a Human Life Amendment on women:

A. Will the Amendment mandate incrimination of the illegally aborted woman?

Prior to *Roe v. Wade,* some states penalized the illegally aborted woman; others did not. The exclusion of women from criminality has historical and pragmatic roots.

Historically the woman "did not stand legally in the situation of an accomplice; for although she, no doubt, participated in the moral offence imputed to the defendant she could not have been indicted for that offence; the law regards her rather as the victim than the perpetrator of the crime." *Dunn v. People,* 29 N.Y. 523, 527 (1864). As a "victim," the law deemed her consent a nullity. "I conclude that at common law the act of producing an abortion was always an assault, for the double reason that a woman was not deemed abled to assent to an unlawful act against herself, and for the further reason that she was incapable of consenting to the murder of an unborn infant. . . ." *State v. Farnam,* 82 Ore. 211, 217 161 P. 417, 419 (1916)[8]

Pragmatically, conviction of the abortionist frequently depended upon the testimony of the aborted woman; and the woman could hardly be expected to testify if her testimony automatically incriminated her. See *People v. Nixon,* 42 Michigan App. 332, 343, 201 N.W. 2d 635, 646 (1972) (concurring and dissenting opinion). An omission to incriminate the woman might be no more than a statutory grant of immunity.

Historically and pragmatically, the constitutional personhood of the child would not seem to require incrimination of the aborted woman. However, should the means of a relatively simple self-abortion become commonly available, a question might be raised as to whether the failure to incriminate the woman is not really a class exclusion of the lives of unborn children from the law's protection.

B. Will the Amendment mandate the imposition of tort and criminal liability upon the woman for an inadvertent miscarriage?

Consideration has already been given to the effects on tort and criminal law of a Human Life Amendment. (See supra, II B, II C, III, IV, and VII A). In view of what has been said, it is difficult to understand why a Human Life Amendment should mandate the imposition of tort and/or criminal liability upon a woman for an inadvertent miscarriage.

Moreover, it seems unlikely that a legislature or court would choose to impose liability. (They did not prior to *Roe v. Wade*). There are substantial hurdles.

Presumably liability would be based on some degree of culpable negligence. But every pregnancy differs and doctors differ among themselves on how to treat pregnancies. Dr. Alan Guttmacher wrote in an introduction to a book on what-to-do-until-the-bay-is-born, "In the main I agree with [the author's] advice, but don't panic if circumstances or even your own weak will causes one of Dr. Montagu's admonitions to go unheeded. Perhaps you crave a cigarette so badly that you forget or you simply disobey. The chances for a few cigarettes to cause any substantial obstetrical difficulty such as early labor are too remote to brood over." Buttmacher, *Forward* to Ashley Montague, Life Before Birth vi (1964). If doctors can disagree, the likelihood of finding negligence on the part of the woman is a bit more remote.[9]

Even if negligence were arguable in a particular case, a strong public policy of preserving intra-family harmony would militate against liability. For instance, despite the abrogation of parent-child immunity in New York, it has recently been held that a parent is not liable for injuries suffered by a non sui juris infant for alleged parental failure to supervise the child. *Holodook* v. *Spencer,* N.Y. Law Journal, 1/9/75, at page 1 (N.Y. Court of Appeals, 12/20/74, not yet officially reported). While it is true that a parent may be liable for misfeasance resulting in injury to the child, nevertheless any alleged negligent conduct of the pregnant woman would seem to lean more toward nonfeasance. Another New York case, finding no liability for lack of supervision, characterized as nonculpable nonfeasance such parental lapses as leaving matches or a poisonous substance within the reach of the child. *Lastowski* v. *Norge,* 44 A.D. 2d 127, 132, 355 N.Y. S. 2d 432, 437 (1974) (cited with approval in *Holodook* v. *Spencer*) Even if the pregnant woman's lapse were characterized as misfeasance, the reasons given in *Holodook* for denying liability would, by persuasive analogy, apply here: (1) "We can conceive of few, if any, accidental injuries to children which could not

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have been prevented, or substantially mitigated, by keener parental guidance, broader foresight, closer protection and better example . . . [I]t would be the rare parent who could not conceivably be called to account in the courts for his conduct toward his child . . ." (Undoubtedly many prenatal injuries could be prevented or substantially mitigated by keener maternal foresight, closer protection, etc. It would be a rare pregnant woman who always followed her doctor's directions to the letter.) (2) "Indeed, if within the wide scope of daily experiences common to the upbringing of a child, a parent may be subjected to a suit for damages for each failure to exercise care commensurate with the risk—for each injury caused by inattention, unwise choice or even selfishness—a new and heavy burden will be added to parenthood." (The same may be said of the pregnant woman and her unborn child.) (3) "In those cases where it is likely that there is no insurance coverage, . . . considerations [against liability] include the prevention of family discord and the correlative concern to preserve the family resources for the aid of all its members." (The same considerations come to bear in the case of a pregnant woman and her child.) (4) "Considering the different economic, educational, cultural, ethnic and religious backgrounds which must prevail, there are so many combinations and permutations of parent-child relationships that may result that the search for a standard [of care]. would necessarily be in vain—and properly so." (The same may be said of the pregnant woman and her child.) (5) "Of the many duties arising from the parent-child relationship, very few give rise to legal consequences for their breach . . . [and] the Legislature has intervened in the family relationship only to a very limited degree."

The analysis by the Holodook court in support of a denial of a cause of action for a child's injuries due to negligent parental supervision is equally applicable to maternal liability for prenatal injuries.

Have some states allowed a tort recovery to children on account of negligent parental supervision? They have, but the standard of care has been that of a reasonable parent (see discussion in Holodook) and obviously, the factors mentioned by the Holodook court must be taken into consideration in determining what is reasonable. Thus even in these other states, the chances of recovery are small and the likelihood of extending the material liability to prenatal injuries even smaller.

Might a legislature choose to incriminate a pregnant woman's reckless disregard of the life of her child causing the injury or death of the child? It might, but it would seem that under all the circumstances the woman's conduct would have to be so egregious that incrimination should offend no one.

The prospects of maternal tort and/or criminal liability for inadevertent miscarriages are flimsy indeed.

C. Will a woman be required to have a monthly pregnancy test to determine whether an unborn child is in existence?

She was not under prior restrictive abortion laws; why should the situation be different under a Human Life Amendment? Typically state abortion laws protected against early illegal abortions by incriminating those acts intended to cause a miscarriage, whether or not the woman was pregnant. One can anticipate the same sort of legislation under a Human Life Amendment.

D. Will a pregnant woman be subjected to an injunction by a court of equity to follow some sort of routine during pregnancy?

Again—she was not under prior restrictive abortion laws; why should the situation be different under a Human Life Amendment?

It is true that in the past courts have ordered unwilling pregnant women to undergo blood transfusions necessary to save the lives of their unborn children—even in the face of a maternal claim of free exercise of religion—but these orders have concerned submission to specific medical treatments to avoid a specific threat to the child's life (See discussion in 41 Fordham L. Rev. 844–49, submitted herewith.) No court has ordered a woman to follow some sort of routine of care during pregnancy. Nor under general principles of equity would a court do so. First of all, as the court noted in *Holodook* v. *Spencer* (B, supra) the law has been hesitant to intrude into family relationships particularly if it involves prescribing some continuous course of parental conduct. Secondly, a court of equity will not issue an injunction unless the injunction can be so framed as to inform the injoined party exactly what to do and what not to do. Thus a court will not compel performance of such vague obligations as to "use one's best efforts," DOBBS, REMEDIES 62 (1973) or to "raise a child in the Catholic faith," *Lynch* v. *Uhlenhopp*, 248 Iowa 68, 78 N.W. 2d 491 (1956). Yet this is exactly the kind of order the court would have to issue to a pregnant woman because an order injoining specific conduct could not be framed. It would be impossible for a court to tell the woman what she may eat at every meal, when and how many times she may get out of bed, what physical movements she may make, how she is to walk, the number of times she may visit the bathroom, which books, television and radio programs will not overstimulate her, and so on ad infinitum. Particularly is this true, given differences among women in cultural background, economic resources, personal obligations, and the advice they receive from their doctors. The alternative would be a generalized injunction to "rest" or "eat properly" or "be careful"—the kind of vague direction a court of equity will not give.

VIII. How will a Human Life Amendment affect contraceptive drugs and devices?

A. Abortion vs. contraception.

A 1962 Planned Parenthood pamphlet, an extract of which is appended to this statement, pinpoints the difference between abortion and contraception: "An abortion kills the life of a baby after it has begun. . . . Birth control merely postpones the beginning of life."

A Human Life Amendment reaches abortion not contraception. It will have the following effect on various drugs and devices:

1. Drugs and devices which function only as contraceptives will, of course, be unaffected.
2. Traffic in drugs and devices which function only as abortifacients will predictably be limited to licensed businesses, and the use of such drugs and devices will be dependent upon a licensed physician's reasonable and good faith determination that an abortion is required to prevent the death of a pregnant woman.
3. Traffic in, and use of, drugs and devices which (a) have uses in addition to their use as abortifacients or (b) may operate either as contraceptives or abortifacients will predictably be subjected to close regulation to assure their proper use, under appropriate medical supervision, for a genuine medical purpose.
4. A legislature or appropriate administrative agency may choose to outlaw a particular drug or device on a finding that its legitimate use is not sufficiently compelling compared to its misuse as an illegal abortifacient.
5. Legislatures will protect against illegal abortion by (a) prohibiting acts intended to cause an illegal abortion—including the dispensing of abortifacient drugs and devices—whether or not the woman is pregnant and (b) punishing more severely those abortional acts which result in a miscarriage.

B. The beginning of life: "Moment of fertilization" (SJR 6) vs. "all human beings, including their unborn offspring at every stage of their biolcgical development" (SJR 10 and 11).

It is evident that both these phrases are intended to recognize the human personhood of the unborn child and protect the child's life from the first moment of the child's existence. As between the two, it becomes a question of which will better accomplish these purposes. I prefer the wording of SJR 10 and 11 for the following reasons:

1. It more precisely expresses the intent of the framers of the Fourteenth Amendment to identify human personhood (and the fundamental right to live) with common-denominator factual humanbeingness, i.e., the biological existence of a particular life.
2. It employs medical language in common usage at the time of the framing of the Fourteenth Amendment and the developmental years of abortion legislation immediately thereafter.[10]
3. It more clearly establishes protection from the moment of conception, which both science (stripped of the self-serving and subjective judgments of the pro-abortionists) and law have recognized as the beginning of the life of a new human being. (See 18 St. Louis L.J. 383–91; 41 Fordham L. Rev. 827–39, submitted herewith). Conception, which has frequently been used as a synonym for fertilization, has been perverted by some to mean "a process" or "implantation." The same type of specious redefinition might befall "moment of fertilization." On the other hand, SJR 10 and 11 do not rely upon the meaning of a single word. They describe the biological facts and ask the question of everyone who would kill an unborn child at or after conception, "Is this not a stage of biological development?" There can be no other answer except "Yes," and the aegis of Amendment protects the child.
4. It more explicitly expounds the fact that each human life is a continuum from conception to death.

IX. Is a human life amendment just another prohibition amendment?

There are substantial differences:

1. A Human Life Amendment is an affirmation of a fundamental human right; the Prohibition Amendment merely removed a pre-existent right. Contrary to the Prohibition Amendment, the Human Life Amendment carries on its face a moral incentive for compliance—respect for the life of another.
2. A Human Life Amendment will serve as an educational tool for promoting the moral incentive. It would certainly be appropriate for government agencies, under the aegis of the Human Life Amendment, to undertake a program of education on the facts of life before birth and the unborn's right to live. Experience indicates that those who have seen pictures of the unborn do not, for the most part, any longer consider them to be only pieces of tissues. See ROSENFELD, THE SECOND GENESIS 125 (1969). Let us remember, too, "Our Government is the potent, the omnipresent teacher. For good or for ill, it teaches the whole people by its example." *Olmstead v. U.S.*, 277 U.S. 438, 485 (1928) (Brandeis, J., dissenting).

Up to 1963, a Planned Parenthood pamphlet contained the statement, "An abortion kills the life of a baby after it has begun." (An extract from the pamphlet is appended hereto.) After 1963, that statement was omitted. In 1970, Harriet Pilpel, counsel to Planned Parenthood, wrote, concerning legalized abortion, "As our laws in the United States are repealed or liberalized or declared

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unconstitutional, it becomes clear that only half the battle is won and that public and professional attitudes and the will (or lack of will) to implement the freedom conferred are also crucial." *Book Review,* N.Y. Times, June 14, 1970, § 7 at 6. One would hope that after the ratification of the Human Life Amendment, those who have been waging the other "half the battle" to influence "the public will" to "implement the freedom" to abort will cease their war. Perhaps they will ultimately return to the realization that "abortion kills the life of a baby after it has begun," and reinsert that fact in their educational literature.

3. Professor Paul Freund points out that ultimately it appeared to the public that Prohibitionists opposed drinking not so much for the pain it caused to society or to the drinker, but for the pleasure which the drinker derived from it. Freund, on Law and Justice 42 (1968). There is no such ambiguity of motivation in a Human Life Amendment.

4. Where basic human rights are at issue (which was not the case of the Prohibition Amendment), the state interest is minimizing violations of the law is not sufficiently compelling to tolerate legalized invasions of these human rights. For instance, the Supreme Court has frequently confronted arguments that de jure segregation of the races promotes the public peace by preventing race conflict, and integration results in chaos and violence against blacks. Inevitably the Supreme Court has rejected such arguments on the ground that basic rights cannnot be denied to a class simply because of hostility toward that class. (See discussion at 18 St. Louis L.J. 395–96, submitted herewith.) "If a community evidences a growing inclination to ignore the most basic rights of a helpless minority, one should not regard the repeal of criminal laws enforcing these rights as the appropriate response of the leaders of society. Instead they should seek to instill or revive an application of and respect for the rights protected by law." Gianelli, *The Difficult Quest for a Truly Humane Abortion Law,* 13 Vill. L. Rev. 257, 268 (1968).

5. The jurisprudence of Wade carries implications far beyond the rights of the unborn and endangers the rights of other burdensome people. (See discussion at 41 Fordham L. Rev. 859–61; 18 St. Louis L. J. 390–91, 404–406, submitted herewith.) These implications transcend any discussion of the immediate effectiveness of a Human Life Amendment.

There will always be abortion, just as there will always be invasions of the civil rights of minority groups. Just as civil rights legislation and Court decisions have served an educational function in awakening the public to the rights of minorities, so too will the Human Life Amendment tend to minimize abortion and, more importantly, restore the basic jurisprudence of the nation.

The analogy to Prohibition fails; a more precise analogy is to the Thirteenth, Fourteenth and Fifteenth Amendments.

X. *What will be the effect of the presence (S.J.R. 11) or absence (S.J.R. 6 and 10) of a "private action" clause?*

S.J.R. 11 contains a private action clause: "No unborn person shall be deprived of life by any person. . . ." S.J.R. 6 and 10 do not. A private action clause is desirable for a number of reasons:

1. It will enhance the educational effects of the amendment (see IX, supra) by clearly subordinating the right of privacy to the right to live.

2. It will head off onerous and lengthy challenges to restrictive state abortion laws enacted pursuant to the amendment. In his testimony before this Subcommittee, Professor Laurence Tribe contended that a woman's right to abort ("privacy") would be superior to the unborn children's right to live even if the child were a constitutional person under the proposed Human Life Amendments then under consideration. I believe Professor Tribe is wrong. What he has done is substitute an absolute "right" to control one's body for the more limited right of privacy expounded by the Court in Wade. Indeed, the Court specifically rejected the abosolute right advocated by Professor Tribe. See 93 S. Ct. 726–27. Further, Professor Tribe failed to discuss other limitations on privacy including the pre-Wade cases in which a pregnant woman, contrary to her wishes and her religious convictions, was forced to undergo a blood transfusion to save the life of her unborn child. (See 41 Fordham L. Rev. 843–49; 18 St. Louis L.J. 401–405, submitted herewith.) These cases establish the paramountcy of the child's right to life.

Nevertheless, Professor Tribe's testimony lays the ground work for litigation challenging restrictive state abortion laws enacted pursuant to the Amendment. More than likely the litigation will fail but it will be onerous and lengthy and who can say what a court, committed to the new ethic and exercising "raw judicial power," will do? The private action clause in S.J.R. 11 explicitly establishes the paramountcy of the unborn child's right to live and precludes the kind of litigation envisioned by Professor Tribe.

3. The private action clause is not intended to pre-empt the right of states to determine the appropriate criminal sanctions for abortion. The private action clause complements the right to life in the Fourteenth Amendment in the same way that the Thirteenth Amendment, with its proscription of private action, complements the right to liberty. The Fourteenth Amendment is directed toward governmental action. Language in some Supreme Court decisions would seem to support the right of Congress to enact remedial civil rights legislation, without the requirement of state action, under the implementing clause of the Fourteenth Amendment. Lest any doubt remain, the private action clause in S.J.R. 11 would assure the viability of Congressional legislation providing for instance, for an equitable remedy in the federal courts, via individual or class action, against a private hospital or doctor performing abortions in contravention of the rights established by the Amendment. The remedy would be particularly important if a state intransigently refused to enact abortion legislation.

The implementation section of S.J.R. 11 is the vehicle for Congressional legislation under the private action clause. It provides, "Congress and the several states shall have the power to enforce this article by appropriate legislation within their respective jurisdictions." The "jurisdiction" of Congress here is clearly the nation as a whole. (Cf., e.g., the Thirteenth Amendment: "Neither slavery nor involuntary servitude . . . shall exist within the United States or any place subject to their jurisdiction.") However, for the sake of constitutional uniformity, it might be preferable to omit the phrase "within their respective jurisdictions."

For the above reasons, the Amendment should include a private action clause.

XI. *What effect will human life amendment have upon euthanasia?*

From time to time doctors are called upon to make life and death decisions. When these situations arise, the vast majority of doctors conduct themselves with due regard for their patients' right to live. For instance, there may come a time during the last stages of a terminal illness when doctors, at the instance of the patient or relatives, will cease the administration of fruitless medical treatment which merely puts the inevitable off for a short time. See, e.g., Nolen, The Making of a Surgeon 271–72 (Pocket Books ed. 1972).

None of the Human Life Amendments touch this or similar situations.

Rather S.J.R. 10 and 11 explicitly seek to assure as a matter of principle that no human being will be deprived of the right to life by being categorized as a nonperson on account of "age, health, function or condition of dependency." That there are doctors who contemplate just such a redefinition of human person is clear from the editorial in California Medicine which Senator Buckley included in his introductory remarks to S.J.R. 119 on May 31, 1973.

It requires no belaboring of *Roe* v. *Wade* to conclude that the burdensome have been left in peril:

1. (a) The Court put forth as justification for its purported refusal to resolve the crucial issue of fact when human life begins, "When those trained in the respective disciplines of medicine, philosophy, and theology are unable to arrive at any consensus, *the judiciary, at this point in the development of man's knowledge, is not in a position to speculate as to the answer.*" 93 S. Ct. at 730. (Emphasis added) (See discussion in 41 Fordham L. Rev. 840–42, 859–861, submitted herewith.)

(b) Professor Joseph Fletcher, a foremost theoretician of the abortion movement has written, "When is the *humanum,* humanness, here and when is it gone? *In our present state of knowledge, I suspect this is an unanswerable question* but that therefore we ought to be putting our heads together to see what criteria for being 'human' we can fairly well agree upon. It's worth a try." *Medical initiative is at stake in both abortion and euthanasia and the problem is ethically the same." The Ethics of Abortion,* 14 Clinical Obstetrics & Gynecology 1124, 1128 (1971). (Emphasis added).

2. (a) The Supreme Court wrote "With respect to the State's important and legitimate interest in potential life, the 'compelling' point is at viability. This is so because the fetus then presumably has the capability of *meaningful* life outside the mother's womb." 93 S. Ct. at 732. (Emphasis added).

(b) Dr. Walter W. Sacket, Jr., proponent of a "right to die" bill in Florida, has written of the end of life, "I've had to make a distinction between a semblance of life and life that can be considered *meaningful.*" Medical Economics, (April, 1973). (Emphasis added.) (Quoted in Gastonguay, *Euthanasia: The Next Medical Dilemma,* America, March 2, 1974, at page 152).

It is evident from these two examples alone that the jurisprudence of *Roe* v. *Wade* is the language of aggressive euthanasia—the language of writing human being out of the family of human persons when their lives are no longer "meaningful." (See also 18 St. Louis L. J. 390–91, submitted herewith).

Those of us, who have been in the abortion controversy since the early nineteen-sixties know the danger of the attitude, "It can't happen here." The intent of S.J.R. 10 and 11 (and by implication of S.J.R. 6) is to make certain that it does not happen here. Because S.J.R. 10 and 11 are explicit in this respect, I prefer the language of these Amendments to S.J.R. 6.

FOOTNOTES

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[1] *An American Tragedy: The Supreme Court on Abortion,* 41 Fordham L. Rev. 807 (1973): *The Abortion Amendments: Policy in the Light of Precedent,* 18 St. Louis L. J. 380 (1974).

[2] It was many months before posters appeared urging early prenatal care for poor pregnant women. Maternal mortality is highest among the poor who lack the facilities and funds for good medical care and frequently underutilize the services available to them. See Report of the National Commission on Civil Disorders 269–72 (Bantam ed. 1968).

[3] But the amendment cannot be circumvented by enactment of farcical, grossly disproportionate and obviously inadequate

penalties. If, for instance, a fine were the only statutory penalty for illegal abortion, a strong argument might be made that the fine was no more than a tax and provided no protection at all.

[4] Legislatures might also find different degrees of malice in abortions occurring at different times in pregnancy, *e.g.*, an abortion in the eighth week *vs.* an abortion in the twenty-sixth week. However, the complete exclusion from criminality of early abortions would be the exclusion of the lives of an entire class, *qua* class, from the law's protection.

[5] Obviously a person could aid and abet a suicide, without duress or deception, and yet be actuated by the basest of motives. Under such circumstances, he would still be guilty only of manslaughter in the second degree. Nevertheless the legislature has made an overall judgment that the absence of duress or deception is a useful way of distinguishing the degree of malice. So also an abortion may be performed out of the basest motive, but the legislature may choose birth as a useful, overall dividing line in grading the crime on the basis of malice. In short, the legislature makes a judgment on the degree of malice *typical* to a "family of offenses." In this respect "abstract symmetry" is not required. *Skinner* v. *Oklahoma, supra*, 316 U.S. at 540.

[6] In *Skinner* v. *Oklahoma, Supra*, the Supreme Court struck down, as a denial of the equal protection of the laws, a statute which provided for the sterilization of felons convicted of some, but not all, types of theft offenses. It is clear that the court had no objection to gradation of punishment as such: "Thus, if we had here only a question as to a State's classification of crimes, such as embezzlement or larceny, no substantial federal question would be raised." 316 U.S. at 540. Rather its objection was to sterilization. See *id.* at 541; La Fave & Scott, Criminal Law 134 (1972). As noted above, the general principles expounded in *Skinner* refute any argument that illegal abortions would of necessity become murder in the first degree under a Human Life Amendment.

[7] Nor can legal necessity be asserted as justification. Legal necessity at least requires a parity of values, *i.e.*, that the life has been taken in order to save life. (See discussion at 41 Fordham L. Rev. 853, submitted herewith.)

[8] There is, however, authority for the proposition that a woman was guilty of homicide if she self-aborted and the child was born alive and then died. See *Beale* v. *Beale*, 24 Eng. Rep. 373 (Ch. 1713)

[9] On the other hand, the doctor is expected to possess and utilize skill and knowledge which the lay person does not have. Thus the doctor may ultimately be liable to the child for injuries suffered on account of the doctor's negligent treatment of the pregnancy. *Sylvia* v. *Gobeille*, 101 R.I. 76, 220 A. 2r 222 (1966).

[10] Professor Joseph P. Witherspoon, Professor of Law at the University of Texas Law School and a leading civil rights scholar, has done considerable research on the contemporary view of the unborn child at the time of proposal and ratification of the Thirteenth and Fourteenth Amendments.

CONCLUSION

In the light of all the foregoing, I would urge to this Subcommittee:

1. A constitutional amendment is required.
2. A States Rights Amendment is unacceptable.
3. A Human Life Amendment will mandate none of the horrible consequences urged by pro-abortionists, nor is it plausable to conclude that they will occur.
4. The wording of S.J.R. 11 is best suited to the purpose of a Human Life Amendment.

HARDIN AND WEAVER

Mr. MATHIAS. Mr. President, in addition to those of us who serve in this body, there is another "Senator" in town who often is heard, but never is seen. We hear him from time to time while eavesdropping on a unique Washington institution, the Hardin and Weaver show, which is broadcast from 6 to 10 a.m. every day except Sunday over radio station WMAL. The "Senator," who otherwise is nameless, offers random observations on life in the national capital from the perspective of one who obviously enjoys being here, and takes full advantage of everything that he can. Our unseen colleague, the "Senator" who visits Hardin and Weaver, like many of the folk figures familiar to America is not a real-life person, but one of those lively characters who has enriched our lives and literature from the days of Falstaff to those of Mr. Pickwick to our own time. He is but one of the vocal creations of Jackson Weaver, who makes up half the WMAL morning team. His partner in mirth and music is Frank Hardin. Together, for 15 years, they have helped to make mornings more bearable for their listening audience, which is the largest in Washington. They were named by the Washingtonian magazine as Washingtonians of the Year, and several thousand persons dropped in on their 15th anniversary broadcast March 7 from the Kennedy Center. The Washington Post reported that event in its March 8 editions. Mr. President, I am sure that all of us in this body join with our colleague, "the Senator," on the Hardin and Weaver show, in saluting this talented team, and I ask unanimous consent that the Post's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[Washington Post, Mar. 8, 1975]

LOVING 15 YEARS OF HARDIN AND WEAVER

(By Phil Casey)

One of the most public acts of love ever perpetrated anywhere took place in the Grand Foyer of the Kennedy Center yesterday.

It was an orgy of affection, and several thousand people (perhaps several thousand more than that) indulged themselves in it. It was impossible to count them. Park police said they couldn't count them either, but estimated there were 5,000. They kept coming and going, clapping and laughing.

It was the 15th anniversary of something called Hardin and Weaver, a natural act that goes from 6 to 10 a.m., Monday through Friday, radio station WMAL.

And there were Frank Hardin and Jackson Weaver, both in their middle 50s, basking in the approval of their fellow men and women, all colors and ages. Hardin and Weaver, who are afflicted neither with false modesty nor arrogance, didn't seem to mind it at all.

It became clear that people who have listened to Hardin and Weaver would have enjoyed those men just sitting there and doing nothing, but that's impossible for those two. They are this town's glories of the morning, and they seem to enjoy that fact and each other as much as their listeners do. They are wondrously funny and droll men, but more than that, the rapport they have established with people is indescribable. Even the people who don't like them, like them. In the Washington area, Hardin and Weaver have become something like scotch and soda, dry martinis and peanut butter; they appeal to practically everybody in the morning, a comfort when the alarm clock rings and the day is threatening.

The enormous range of people there included Zachariah D. Blackistone, one of the world's famous florists, who at age 104 moves with difficulty and not without help. He came to celebrate the radio team. He brought flowers, of course.

It was a lovely moment in the 4½-hour broadcast. Hardin and Weaver were plainly affected by Blackistone's visit, particularly when he told them he was dropping in on his way to work.

And there was a girl named Ashley Elizabeth Flood, of Camp Spring, Md., who came in with her mother. Ashley must be the youngest fan Hardin and Weaver have, just as Blackistone must be the oldest. She will soon be 5 months old and was never seen out of her mother's arms. She seemed to smile a lot, or maybe she was burping.

There were other infants there, and other very old people, too. One of the latter was Mrs. Rae Leonhart, 90.

"I'll be 91 in May, if I live that long," she said "I listen to them every morning, but I really came in here today to see if I could change my matinee tickets."

Somewhere in between Ashley and Blackistone were such people as Secretary of the Navy J. William Middendorf II; Mark Russell, the town's resident comedian; and Martin K. Schaller, executive secretary of the District of Columbia, representing Mayor Walter Washington, who was knocked out by the flu.

And, lord, there were others, dozens of them, going up to the microphones and thanking Hardin and Weaver for the pleasure of the company of their voices and talent. There were delegations from the Sri Lanka embassy, the Netherlands embassy, the National Park Service (Weaver gained some of his notoriety for being the voice of Smokey the Bear), the Shriners, the Volunteers for the Visually Handicapped, Goodwill Industries and numerous other social, business and charitable groups. Roy Jefferson of the Redskins was there, too.

There were letters from the British ambassador, folksinger Burl Ives and others. People and organizations sent flowers, plants, cakes and other goodies. Mayor Washington's emissary presented them with two silver trays and a certificate praising their social contributions to Washington area communities.

The U.S. Geological Survey's public relations director, Frank Forrester, presented them with what he called a flower to be named in their honor. It was a skunk cabbage.

John Cox, public relations director of Suburban Hospital in Bethesda, Md., gave them a bunch of azaleas stuffed in a bedpan.

He explained his gesture this way: "They're great guys. They've done so much for people, for hospitals, nursing homes, for people."

Hardin, tall and trim, was resplendent in a white turtleneck and a gray pin-striped suit. Weaver, short but not hard to find, is, to say the least, rotund and has a nice moustache, since he trimmed it. He wore a blue denim suit, a fire-engine-red shirt and a black-and-white tie, the white part being designs of ship's wheels. Weaver is crazy about boats and would have gone to sea if the money hadn't been so good in radio. His real idea of a boat is a yacht.

The wonder of the occasion was how all those people, mainly men and women between their early 20s and 60s, could be there and not at work. One man, who preferred to remain anonymous, said, "You've heard of annual leave, haven't you?"

It was a festive scene during the broadcast and afterwards at a brunch thrown for the two men in the Key Bridge's Marriott Motor Hotel in Rosslyn, Va.

At the Kennedy Center, there were coffee, tea and danish, a woman in a yellow chicken costume, two men in kilts and a couple of men dressed as clowns. The Norman Schribner Choral Arts Society sank, and Sammy Ferro's band played. At the Marriott, there was a luscious feast and a lot of booze. Hardin and Weaver celebrate like this every five years, whether the guests like it or not. They are decent, honorable and gentle men, but they clearly enjoy a good time.

They like each other and they like their job, even though it means getting up around 4 a.m. to get ready for work.

As Weaver says: "The hardest part about this job is showing up."

BILINGUAL AND BICULTURAL EDUCATION IN NEW MEXICO

Mr. MONTOYA. Mr. President, recently the Albuquerque Journal, the largest newspaper in the State of New Mexico, has published a series of educational and very informative articles concerning bilingual and bicultural education in our State.

The problems faced by educators and parents in New Mexico are similar to those being faced by those in other States, particularly those States in the Southwestern part of the United States. The increasing understanding of the problems of children who do not speak English when they enter school but are fluent in another language has been further stimulated by the Supreme Court decision—Lau against Nichols—which mandated education in a language children could understand. Many States are now trying to correct past deficiencies or establish new programs which will provide equal educational opportunity to "other language" children.

I think my colleagues in this body are aware of some of these problems. Senator KENNEDY, Senator CRANSTON, Senator JAVITS, and others have all spoken to this issue here. However, in our consideration of Federal legislation it is very important that we be aware of the situation on the local level, where teachers, administrators, State legislators, boards of education, and parents are all struggling to resolve real difficulties.

Because the Albuquerque Journal series tries to address all the viewpoints concerned and the pros and cons of various kinds of bilingual or bicultural education, I ask that this series of articles be printed in the RECORD following my remarks. It is only through a real understanding of varying viewpoints that we can move rapidly to implement better educational programs, both in the Office of Education at HEW and on the local level in the district schools of our States.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

BILINGUAL ROW MULTISIDED

(By Susanne Burks)

(Bilingual education has been the subject of controversy nationwide and the issue in several recent lawsuits. This is the first story in a Journal series on bilingual education, which will trace the controversy, history, philosophy and structure of the issue).

Bilingual education: Should it be "remedial" only, or for enrichment? For all grades or just the lower ones? For all children or only those for whom English is not the native language? Compulsory or optional?

Or should we have it at all?

And if the answer is yes, are New Mexico and the nation doing enough?

These are some of the questions surrounding a topic that has been the object of intensive efforts the last few years, the subject of controversy nationwide and the issue in several lawsuits.

The need for and use of it, of course, is to teach youngsters whose home language is not English and the key to why lies in the phrase "equal educational opportunity."

Bilingual-bicultural education—called "multicultural" in New Mexico—is defined in different ways by different sources, but by a federal definition it is:

"Instruction in two languages and the use of those languages as mediums of instruction . . . for any part or all of the school curriculum and including study of the history and culture associated with the student's mother tongue."

Bilingual-bicultural education is carefully distinguished by numerous sources from English as a Second Language (ESL), sometimes considered a component of but not a substitute for bilingual education.

ESL is defined as "a program designed to teach English language skills within the regular curriculum prescribed for all children" by providing supplementary instruction in English for specified times each day.

The difference is rather crucial in the eyes of bilingual education proponents: ESL is considered "remedial," designed only to teach a child to function in the English language without pretending to involve his culture.

Philosophical differences over bilingual education seem to fall into two major categories that are interrelated: the direction it should take and who should get it for how long.

The differences over direction center on whether it should be "remedial," sometimes called "compensatory," "transitional" or "a bridge," or for "enrichment," sometimes called "maintenance."

The differences over who should get it center on whether it should be just for non-English speakers or for all children and if it should be offered only in the early years of school or throughout the grades.

The two areas of difference are interrelated in that some proponents of the enrichment theory believe that type of education should be not only for the youngsters of the culture in question but for all students in a given grade or school.

Nationally the philosophies range from belief at one extreme that all children should be taught only in English to belief at the other extreme bilingual education should be mandatory for every student from kindergarten through college.

The philosophy heard most often from New Mexico educators seems to take a middle road:

That it should be offered to every child whose native language is not English and should be available on an optional basis to all children who want it or whose parents want it for them.

Comments from some Spanish-American educators, however, seem to indicate they philosophically believe in the kindergarten-through-college—or at least high school—concept but realize the obstacles to that approach.

When educators talk about the all-encompassing approach they mean the "enrichment" or "maintenance" concept of bilingual education.

The approach, as compiled from the descriptions of several educators, involves teaching the child first in his native language, building his knowledge of English gradually, using the languages interchangeably in instruction and continuing the pattern throughout the grades.

An integral part of this approach is incorporation of the culture represented by the second language into the curriculum for all children.

Any part of the curriculum can be taught in English and any part in the other language, according to Henry Pascual, director of the State Dept. of Education's Cross-Cultural Unit, who singled out language and fine arts and social studies as the three main areas of instruction in both languages.

Ideally, instruction on the grammar and structure of the second language, as well as English, is included in this approach.

The remedial approach teaches the child first in his own language while gradually increasing his English proficiency until he can function fully in the latter.

This approach generally excludes instruction in the grammar of the native language, omits culture and—in New Mexico, at least—generally ends with the third grade.

It also "excludes the monolingual speaker of English, whether he is a minority group member or Anglo-American," Pascual wrote in a 1973 report to the State Board of Education.

As described by Carlos Saavedra, director of bilingual-bicultural education for Albuquerque Public Schools, remedial bilingual education "would be programs for kindergarten through third grade to bridge the gap—to teach them what they need to function."

Saavedra said the enrichment approach takes the same tack until the pupils can function in both languages "when you can use both as vehicles for learning—then it becomes an alternative program."

He said he "agrees 100 per cent" with the optional concept because "to force anything down anybody's throat is defeating what you're trying to do."

But noting the large number of Spanish-surnamed students in APS, he said he feels "all of them should have the privilege of this education, nor should the non-Spanish be denied it."

Pascual said he and many other Mexican-Americans advocate the enrichment type of instruction in kindergarten through college, but "it should be on an option basis by school and by district."

Others, particularly Anglo parents, think the option should be up to the family, and apparently some resent inclusion of their children in the programs.

The failures of non-English speaking children in school would seem to constitute an eloquent argument for bilingual education for them on a remedial basis at the very least.

But the philosophy of some, as reported in at least one national publication, holds that no child should be taught in any language but English, which is traced to the "melting pot" concept of U.S. society.

That theory is that all persons of all backgrounds are assimilated into a common culture marked by a common language, ideals and goals—"Americanized."

An article in the October 1974 issue of the Council for Basic Education (CBE) Bulletin questions if "the current wave of ethnic feeling" that allegedly is responsible in part for bilingual education is not "weakening this common American glue and aggravating ethnic tensions and differences."

The article was challenged in the bulletin's December 1974 issue by an educator who cited poor results of "Americanization" in past years, advocated a "salad bowl" approach and said the uniform mold of the "melting pot" most often "has been represented as a white of Anglo-Saxon stock who is motivated by the Protestant ethic."

Another idea behind the philosophy of teaching only in English is that teaching children in a "foreign" language confuses them and slows their ability to learn English, a theory discounted by bilingual education proponents.

Another holds a child will become fluent in English to survive if not allowed to fall back on his own language.

And still another idea is that bilingual education diverts funds and time that could be better used to teach basic subjects to all children.

As expressed by one Albuquerque Anglo parent, who said he is not "anti-Spanish-American" but is referring to the language only, all efforts should be directed to English proficiency to enable all persons to get employment eventually and otherwise function well in U.S. society.

The same thought was expressed in a CBE Bulletin article which, while advocating remedial bilingual education, said "there is no substitute . . . for fluency in standard English and those who lack it are at a great disadvantage—economically, culturally and socially."

Proponents of compulsory bilingual education for everyone argue that proficiency in more than one language is an earmark of educated people.

The November-December issue of Compact, magazine of the Education Commission of the States, quotes Jose Cardenas, director of the Intercultural Development Research Assn., San Antonio, Tex.:

'The United States is one of the few countries in the world where a person could be considered educated while speaking only one language."

Proponents also say persons knowing two or more languages have an advantage in getting employment and in some cases can command higher salaries.

Even stronger arguments dealing specifically with Spanish as the additional language were expressed at a National Bilingual-Bicultural Institute in Albuquerque in fall 1973:

U.S. citizens need to know Spanish to engage in trade and other activities with Latin-American neighbors.

The U.S. has the fifth largest concentration of Spanish speakers in the Western Hemisphere, many of them in the Southwest and the number is growing due to immigration and birth.

In the five Southwestern states, "if the white Anglo-Saxon Protestant expects his children to co-exist in harmony with the Spanish-speaking majority of the year 2000, he should be mandating bilingual education in grades kindergarten through 12 . . ."

As Saavedra put it in a Journal interview, "to accept bilingual-bicultural education is to accept reality. Our nation is a multicultural society."

A resolution introduced to the institute by the New Mexico caucus and passed unanimously for statewide adoption of bilingual-multicultural education for all children and the meeting of related needs.

The varying viewpoints, reduced from philosophical and idealistic levels on both sides, are reflected in practical problems—legislation, funding and parental opinion.

In New Mexico the state bilingual law, recently amended, prohibits segregation and indicates programs shall be open to all children, but in another provision says "priority shall be given to those students whose home language is other than English . . ."

In addition, State Dept. of Education spokesmen believe language in the 1974 HB300, the general appropriations bill, contradicts the philosophy of opening programs to all children.

They also believe state legislation has reflected the remedial rather than the enrichment philosophy.

Dr. Luciano Baca, state assistant superintendent for instruction, said the move to open programs to all children came in the 1974 session from legislators who questioned why state-funded programs should be offered only for Spanish or Indian children.

That question has been repeated in Albuquerque by Anglo parents who want their children in bilingual education and claim discrimination because the programs are not available in many areas, particularly the Northeast Heights.

Saavedra said he has met with one group that is organized and pressing for bilingual programs.

On the other hand, some Anglo parents don't want their children in bilingual programs, sometimes on general principles perhaps reflecting ethnic bias, sometimes for specific reasons.

An Anglo parent told the Journal his children are in bilingual classrooms without his having been given a choice and have homework in Spanish.

The school is "wasting my kids' time teaching them something they'll never need," he said.

Another parent expressed the "wasted time" theory, noting her family likely will not remain in Albuquerque permanently and may have no use for Spanish the next place it lives.

A PTA official also reported knowing personally of at least two schools where Chicano parents feel bilingual education was forced on them against their wishes and object to it because the Spanish taught at school is not the same spoken at home.

She declined to identify the schools and asked that her name not be used.

In still another situation a Northeast Heights elementary school two years ago was turned into a virtual armed camp of parents opposing other parents over an alleged attempt by two teachers to expand an informal bilingual program.

But that problem "has been resolved beautifully and the program is working well," Saavedra said.

Some teachers also reportedly have opposed bilingual education, and many sources—both local and national—attribute the opposition mainly to fear for their jobs, although tenured teachers have protection.

APS bilingual teacher Judy Montoya said she has "run into a lot of teachers who have been just thrown into the program and they should be allowed to transfer.

"There are some schools with bilingual education who had no choice, and it takes a dedicated staff to do it right."

Henry Rodriguez, Albuquerque member of the State Board of Education, said he is making a small survey of teachers to assess attitudes.

MANY LEAVE SCHOOL: LANGUAGE GAP SLOWS STUDENTS

(By Susanne Burks)

The clue to need for bilingual education lies in the tragedy of the millions of youngsters from non-English speaking homes who each year are plunged into English speaking classrooms where they do not understand what the teacher says or what is going on.

They immediately fall behind, then fall further behind as they progress through the grades and many ultimately drop out, a situation traditionally leading to a variety of social problems.

And even those who do not drop out may bear permanent psychological scars from the experience.

A report by the U.S. Commission on Civil Rights on its extensive Mexican-American Education Study says "for every 10 Mexican-American students who enter the first grade, only six graduate from high school.

"In contrast, nearly nine of every 10 Anglo students remain in school and receive high school diplomas."

In New York City 57 per cent of Spanish-speaking students dropped out before graduation, according to the December, 1974, Issue of American Teacher, publication of the American Federation of Teachers, quoting a 1972 Wall Street Journal report.

In New Mexico the State Dept. of Education has no drop-out figures and Albuquerque Public Schools' most recent figures are not broken down by ethnicity.

But a special study in Socorro showed that although Spanish-American students comprised 60 per cent of the high school population, they comprised 75 per cent of the dropouts in 1972 and 1973, a report says.

In addition, reports of New Mexico students' scores on standardized tests indicate Chicanos and Indians, as well as Blacks, scored well below the Anglo levels.

Although one might conclude giving students whose native language is not English instruction enabling them to function in English would be enough, bilingual-bicultural education proponents think otherwise.

As the arguments go, youngsters thrown into a setting where their culture is ignored in materials, instruction and activities—or worse, consciously suppressed—develop negative self-concepts that not only contribute to their under-achievement but also may affect their permanent attitudes toward themselves.

There are, for instance, probably thousands of adult New Mexicans with painful memories of their school days before the advent of bilingual education.

Henry Rodriguez, State Board of Education member from Albuquerque, said he "most definitely" bears permanent scars from his school experiences in Deming.

He said he was kept an extra year in kindergarten because he didn't speak English, always wound up in the bottom with Chicano classmates when the teachers grouped pupils and was forbidden to speak Spanish at school.

In addition, Rodriguez recalls cultural as well as language putdowns, for instance, in the teacher's change of his name for classroom purposes from the correct "Enrique" to "Henry."

"And I've been Henry ever since," said Rodriguez, who is a vocal proponent of the rights of Indian children to bilingual education as well as Spanish-Americans.

Another Albuquerque Chicano, who asked not to be identified, said he flunked a grade after moving from Tierra Amarilla to Denver because he did not speak English and has many scars from the overall Denver experience.

Other pupils made fun of him and two Chicano buddies, and the teacher once called him a "foreigner" and told him to leave the class, he recalled as an example.

The young man, now fluent in English, also cited examples of cultural differences that he feels illustrate the need for the "cultural" part of bilingual-bicultural education—which he feels should be for all children at all grades—as a means of promoting better understanding.

He said because he was taught as a child he should lower his eyes when speaking to an elder, he did so once when stopped by a state policeman while hitchhiking, and the officer, not understanding, picked him up and shook him.

The young man also tells the story of an Anglo teacher in a Bureau of Indian Affairs school who, not understanding the Indian culture, forced a child to wash from his hands soot that had been put there in a religious ritual.

The family was tremendously upset because they considered the spell broken, the young man said.

Properly, then, as the rationale goes, the school must accept all of what the child brings with him—the language and the culture—and build on it so he feels good about himself and his background and is comfortable in school.

"I think the teaching of the early years should come from the language, culture and experiences of the child," said Dr. Dolores Gonzales, an associate professor at the University of New Mexico and director of a bilingual teacher training program.

Dr. Gonzales also said she teaches initial acceptance by the teacher of the local dialects children coming to school—even archaic and incorrect forms and "Anglicisms—to build a positive image, with instruction in the correct forms coming later.

Just how great the need is for bilingual-bicultural education depends on whose figures one believes.

An article in the summer, 1974, issue of Civil Rights Digest said "nationally five million students do not speak English, according to various federal estimates."

Other sources give other figures, some of them open to question because of their basis but one point of agreement is that the bulk of the non-English speakers—perhaps as many as four-fifths—are Spanish speaking.

And another point of agreement is that not nearly enough of them are getting the bilingual education they need.

The U.S. Commission on Civil Rights' sixth report on its Mexican American Education Study, released last February, said in 1972–73 only 70,000 of the estimated 1.6 million Mexican American students in Southwestern schools were reached in programs funded under Title VII of the Elementary and Secondary Education Act of 1969.

That title deals specifically with bilingual-bicultural education.

The report also said the schools are failing to provide equal educational opportunities to Mexican American students.

In addition, U.S. Sen. Joseph M. Montoya, D., N.M., speaking at a bilingual institute in Albuquerque in the fall, 1973, cited failure of bilingual education efforts at the national level.

Records of Bilingual Education in Ancient History

(By Susanne Burks)

Bilingual education, though relatively new in U.S. education, is anything but new worldwide.

It has, in fact, been around since ancient times, according to Dr. E. Glyn Lewis of South Wales, a visiting scholar at the University of New Mexico and expert on the subject.

Dr. Lewis said bilingual education existed in ancient Babylon, in Rome and more recently in parts of Europe, although much of Europe's widely cited bilingualism is not true bilingual education but the learning of foreign languages.

An article in the summer,1974, issue of the Civil Rights Digest says bilingual education in the U.S. dates to before World War I, when it disappeared not to return until the 1960's.

Seen by a top New Mexico educator in a social—rather than a names-and-dates—context, the revival of bilingual education in the U.S. dates to the social revolution of the 1960's, when minorities asserted their equality, pushed the multiculturalism concept and pressed for recognition of both.

Dr. Luciano Baca, state assistant superintendent for instruction, said the move first reflected the "remedial" philosophy of bilingual education—that the child's native language should be taught as a "bridge" to learning in English.

The second step "was that to make that bridge more effective, you must give him the language and the culture, as well," Baca said.

The third step was that we must teach language and culture not as a bridge, but to build self-image, more respectability and acceptability in a school setting, Baca continued.

"And the spin-off of that was that bilingual education should be for everyone," he said.

He said New Mexico educators have gone through the same evolutionary steps and noted reflections of the philosophical differences in state legislation.

And although the movement "emerged as a reaction to the homogenizing of society, it was taken over in some instances by radical militants and has become submerged in the politics used by proponents, as well as opponents," Baca said.

According to the Civil Rights Digest article, the catalyst for revival of bilingual education in the 1960's was the Cuban revolution and subsequent influx of Cuban immigrants into Florida that triggered immediate and urgent need for instruction in English.

Florida thus is credited with starting the first modern-day bilingual education program, although some sources claim it was more the English as a Second Language approach than true bilingual education.

The next major step in the revival of bilingual education was passage of the Civil Rights Act of 1964 which, according to a statement by a U.S. Office of Civil Rights (OCR) official, included in its Title VI a provision that the executive branch "establish and enforce mechanism so as to ensure that:

"No person in the United States shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance."

And it has been interpreted to cover exclusion and discrimination resulting from language handicaps.

The ultimate sanction under the enforcement mechanism "is the termination of the eligibility of a school district to receive federal financial assistance," Martin H. Gerry, OCR deputy director, told a Congressional subcommittee last March.

Another step along the bilingual education road of particular interest in the Southwest was a 1965 Tucson, Ariz., survey on "teaching of Spanish to the Spanish speaking," which is billed as "the first challenge for equal educational opportunities for the Mexican-American of the Southwest."

The survey, sponsored by the National Education Assn. (NEA) and conducted by Tucson educators, led to several positive recommendations calling for bilingual education.

It also led to a 1966 symposium in Tucson that produced ideas on and proposals for such education and eventually to a national institute in Albuquerque in the fall, 1973, entitled "A Relook at Tucson '66 and Beyond."

The Tucson developments are widely cited as preliminary steps to action, but Dr. Dolores Gonzales, University of New Mexico associate professor, said the study was "too language oriented."

Still another step in bilingual education history was passage of the Bilingual Education Act of 1969, a new Title VII of the Elementary and Secondary Education Act, which initially funded programs to serve about 26,000 pupils, a tiny fraction of those estimated to need bilingual education.

Meanwhile, the federal government, though empowered under the Civil Rights Act, had not seriously attacked segregation or discrimination against children in educational programs, Gerry said in his March statement.

Then, in 1970 OCR issued guidelines for compliance in a policy statement known as the May 25 Memorandum that apparently is the basis for OCR actions that have affected APS and other new New Mexico districts.

Gerry said the memorandum "identified four major areas of concern" relating to compliance with Title VI and also told them the first was receiving top priority.

It said:

"Where inability to speak and understand the English language excludes national origin minority group children from effective participation in the education program offered by a school district, the district must take affirmative steps to rectify the language deficiency . . ."

Although various sources detail a step-up in implementation of bilingual programs and funding for them after issuance of the memorandum, the next major development appears to be a "landmark" court decision in January, 1974.

Known as the Lau vs. Nichols decision, the ruling was issued by the U.S. Supreme Court in overturning a federal court decision on a case brought by Chinese-speaking San Francisco children.

It was based on Title VI of the Civil Rights Act and regulations enforcing that title, and in effect required school districts to take action to overcome pupils' language deficiencies if the deficiencies prevent their benefiting from the educational programs.

The Lau decision was widely hailed at the time as a landmark in promoting bilingual education, but opinions differ as to just how much practical effect it has had.

Meanwhile, a U.S. district court in Albuquerque in February, 1974, ruled against the Kirtland Central Board of Education in a case involving Navajo children.

In another New Mexico case, the U.S. 10th Circuit Court of Appeals in July upheld a federal court decision that required the Portales school system to implement bilingual education programs.

And even more recently the OCR has moved to determine compliance of 21 New Mexico districts with its May 25 Memorandum and the spirit of the Civil Rights Act.

Meanwhile, federal funding for bilingual education has increased substantially since the small beginning in 1969.

Figures differ according to sources, but Terrel H. Bell, U.S. commissioner of education, said during a recent visit to New Mexico $50 million was budgeted for last year, $70 million for this year and $70 million also is proposed for next year.

In New Mexico bilingual education has its roots in Spanish language arts programs in Pecos in 1963 and West Las Vegas in 1965, but more widespread bilingual education is traced to the advent of the Bilingual Education Act of 1969 in a 1973 report to the State Board of Education.

The first state legislation was passed in 1973, mandated bilingual education for certain students and provided the first state funding for it.

In Albuquerque APS initiated bilingual-bicultural education by forming a special committee in 1968 and submitting a project proposal in spring, 1969.

APS began the program that fall at two pilot schools in kindergarten and first grade with the intention of adding one grade per year.

Troubled Bilingual Education Thrives

(By Susanne Burks)

Despite alleged failure elsewhere and controversy, bilingual education continues alive and well in New Mexico.

But it still has some problems, including a survey and threatened investigation by the U.S. Office of Civil Rights (OCR) of suspected discrimintaion in 21 districts related to bilingual education.

A State Dept. of Education report shows 23,058 children served this year in programs funded for a total $2.9 million, of which almost $1 million is from the state.

The report shows 64 of the 88 school districts, some with high concentrations of Indian pupils, are receving state funds and serving 15,296 pupils, and 20 districts are receiving federal funds and serving 7762 pupils.

Dr. Luciano Baca, assistant state superintendent for instruction, said the state funding is for 1594 program units under the state funding formula, representing 3187 full-time equivalent (FTE) students.

The State Board of Education in its legislative package asked for an increase to 3000 units representing 6000 FTE students, the figures also used by the Legislative School Study Committee.

The total number funded and total amount allocated, however, will depend on the outcome of HB300, the general appropriations bill, which is still under consideration.

The state board also is on record in a policy statement in support of bilingual-multicultural education "to improve education for all children."

The board did not act on a proposed stronger statement more clearly reflecting a culture-based, all-children philosophy presented to it in December by a group representing bilingual concerns.

It did, however, authorize the department's Cross-Cultural Unit to begin working on a curriculum guide, or plan of action, and requested it be given department staff support.

In Albuquerque Public Schools, the bilingual-bicultural education program now serves 9689 children of kindergarten through grade six in 22 schools, five of them added this year, according to Carlos Saavedra, director.

In addition, his office is working on a model for implementation next year in Washington Junior High School and has been charged by the Albuquerque Board of Education with developing a "maintenance" model for kindergarten through grade 12.

Saavedra said the APS program, "validated" by the U.S. Office of Education as a national model, is funded with $140,278 in state money and $200,000 in federal money under Title VII of the Elementary and Secondary Education Act.

As to whether APS is adequately meeting the needs of all language-deficient children, Saavedra said he believes the system has identified about 37,000 with Spanish surnames, and he estimated about one third need bilingual education to function adequately in school.

So, "no, we are not meeting the needs of all children, but we are meeting the needs of all we can within the funds we have."

He noted all those now served are in elementary schools, and those at the secondary level who need bilingual education would be among those whose needs are not met.

Baca could not say whether districts statewide are fully meeting needs because State Dept. of Education needs assessment surveys of this year and last year used "pretty broad" criteria that are open to interpretation.

He also said "if you take the Spanish-surnamed, they (districts) will use all they can because it means dollars."

Other educators indicated the Spanish surname is meaningless in assessing bilingual education needs because many Spanish-surnamed students do not speak Spanish and do not need bilingual education, while some children with Anglo surnames may hear Spanish at home and do need this type of education.

And that problem apparently is the clue to the U.S. Office of Civil Rights survey of 21 districts.

Tom Simons, attorney for the State Board and Dept. of Education, told the board the basis for the survey is a 1972 federal survey on minority enrollment that asked for numbers of Spanish-surnamed pupils but asked little about programs.

The OCR action was revealed Jan. 22 when Peter Holmes, director, announced the office was asking chief state school officers in 26 states to help identify and end suspected language discrimination against minority children in 333 districts nationwide.

According to wire service reports, each of the districts named for review is believed to have either:

—"More than 4000 pupils for whom English is a second language and schools offering no special language training;

—"Or more than 1000 pupils for whom English is the second language and schools offering programs in which fewer than 10 per cent of such pupils are enrolled."

Holmes was quoted as saying his office has "a strong indication" it needs to look into such situations, that "if we find problems, we will ask for corrective action," and that the approach should "strengthen the possibility of voluntary resolution of confirmed violations."

Simons said his office sent out the OCR materials to the 21 New Mexico districts and later also sent special "data collection" forms the department developed to help districts get the information wanted, which deals with numbers of children and their home languages.

The state form is a questionnaire designed to be sent home to parents so they can answer the questions.

Simons sought and got written OCR approval of the forms so the federal office could not come back later and say they were not adequate.

He said March 15 is the OCR deadline for receiving the district reports and that they will go directly to OCR from the districts, although he has asked that they forward copies to the education department.

The federal action was met with hostility by at least one superintendent, Roger L. Luginbill of Roswell, since resigned, who wrote a strong letter to Holmes and also told the state board "we highly resent this kind of shotgunning."

His letter objected to use of 3-year-old data which were "incorrect even at that time," said Roswell is far above the OCR criteria figures and said the district resents the implication it is discriminating.

Simons said another superintendent has raised the question of whether OCR will take into consideration parents' wishes that their children not be put in bilingual education even when the children need it.

Although the OCR action was not revealed to the public until last month, indications it was coming were contained in a March 12 statement by OCR Deputy Director Martin H. Gerry that effort would be made in subsequent months to secure compliance with the anti-discrimination provisions of the 1964 Civil Rights Act.

Gerry referred to the 1972 federal survey and to numbers—2.4 million—of "Spanish surnamed" pupils and also listed six unidentified New Mexico districts as "target" districts, one later identified as APS.

WELSHMAN TELLS OF BILINGUALISM

(By Susanne Burks)

Wales, a country of not quite three million people, has probably the oldest system of true bilingual education in the world, according to a Welsh expert who has studied the subject since 1930.

Dr. E. Glyn Lewis, a visiting scholar at the University of New Mexico, also said the Soviet Union offers bilingual education extensively, as do some areas of Europe.

And he traced its history to before the time of Christ, adding "Jewish history in the Mideast is a history of bilingual education."

Lewis is with the Ministry of Education for England and Wales now on leave of absence to complete a comparative study of bilingual education that will embrace Western Europe, the Soviet Union, Africa and the United States.

He is in the U.S. on a Ford Foundation grant to pursue the U.S. part of the study and said he is interested mainly in the Southwest "because of the Spanish and Indian concentrations."

Lewis, who lives near Cardiff in South Wales, said bilingual education in Wales dates to 1890, when the first program was introduced with Welsh as a subject.

He explained about half of Wales' population then spoke Welsh, which is a Celtic language not related to English.

But until that point public education was offered entirely in English and teachers were paid according to the number of children they could make literate in English, Lewis said.

After the advent of bilingual education the teacher pay system covered literacy in Welsh also, and now the goal is "to have kids graduating from high school fluent in both languages," Lewis said.

He said that under the Welsh system English is taught as a language in all schools.

In some schools, however, Welsh is the medium of instruction and English is taught as a second language, and in others English is the medium and Welsh is taught as the second language, Lewis said.

He said in South Wales, which is the more industrialized and highly populated area, English predominates and each school may have only a few Welsh-speaking families.

So the government now is establishing separate schools, both elementary and secondary, to which Welsh-speaking students are bused at parents' request, Lewis said.

Summing up Wales' bilingual program, he said "it is of long standing and probably the oldest anywhere," is comprehensive in that it covers all children and is integrated in that it involves the total school system and is not an addition as in the U.S.

Lewis, a former university professor, also said it extends from kindergarten through college.

He said bilingual education extends to higher education in that Welsh can be the medium of instruction in any subject for students who request it at the University of Wales and the country's 10 teacher training colleges.

Lewis said he spent the equivalent of about three years in the Soviet Union studying the problems of bilingual education and to a question said that nation "certainly has not" solved the problems.

He said more than 400 languages in six groups are spoken in the 12 Soviet Union states, 40 of them in Russia itself, location of Moscow and the seat of government.

Lewis, who has written a book on multilinguism in the Soviet Union, used the Georgian republic as an example of how the system works.

He said Georgia borders Russia and Armenia and is located in the Caucasus mountains where several languages are spoken by separate mountain groups.

So in the Georgian capital Tbilisi, Russian is taught to all children as English is taught in Wales.

But parents have the option of sending their children to a school where the medium of instruction is Russian and Georgian is taught as a second language, where the medium is Georgian and Russian is also taught or where the medium is Armenian and both Georgian and Russian are taught, Lewis said.

And because of the nearby mountain languages, a child from such a location attending a Georgian school thus can emerge from school quadri-lingual, he said.

Lewis said a fourth kind of school is growing in the Soviet Union, especially in the Baltic republic of Lithuania, where dual media of instruction are used in each school but not for each child.

In this system each school has two "streams" of students, one of Russian background taught in Russian and one of Lithuanian background taught in Lithuanian, Lewis said.

He said the government claims the schools were created to promote what it calls "internationalism," that is, creating sympathy between different nationalities within communities.

"But some people maintain they are created not for this purpose," but to promote "more rapid Russification of all citizens," Lewis said.

He explained a visitor will find that, despite the two "streams" of instruction, the dominant language in school administration and general usage is Russian.

"We had the same pattern in Wales at one time, the dual medium of instruction with each child taught in his language and the other taught as a second language.

"But we found the tendency was that on the playground, and so on, English took over. That's the reason the government decided to create the bused schools."

Of other nations, Lewis said an area of The Netherlands bordering Germany has a bilingual system of recent development in which primary level children are taught in their mother tongue.

And in Belgium, where one area is French speaking, a second area German speaking and a third area bilingual, "true bilingual education"—that in which two languages are used for instruction—is offered in the bilingual zone, Lewis said.

But in most of Europe children receive instruction in their native tongue and learn other languages as foreign languages—not true bilingual education, he said.

Lewis distinguished between acquiring a foreign language and acquiring a second language, saying the latter would happen in a community where that language is spoken and constant "reinforcement" thus is available.

Schools' Bilingual Requirements Differ

(By Susanne Burks)

Bilingual-bicultural education seems to be based on three major components: Program structure, teachers and materials.

And the teacher component involves training, availability, tenure and sometimes attitude, according to Journal sources.

Carlos Saavedra, director of bilingual-bicultural education for Albuquerque Public Schools, said APS programs differ among the 22 elementary schools where it is taught just as pupil needs differ.

He said the program for each school was developed with the principal staff and community to meet those needs.

Mrs. Emelina D. Pacheco, part-time APS coordinator for bilingual education, also said the program depends to a large extent on the composition of the staff.

She said some schools have self-contained classrooms in which a bilingual teacher teaches all day in both languages and "the organization is up to her although in training we give her suggestions."

As an example of how the programs work, Judy Montoya said she teaches alone in a self-contained classroom at Lew Wallace Elementary School where she instructs in both Spanish and English all day.

She said which language she uses depends on which one a child understands, so she teaches Spanish-speaking children in Spanish first and reinforces in English and does the opposite to monolingual English speakers.

Mrs. Montoya conceded this approach is rather demanding on the teacher "but it's fun . . . You have to constantly be on the ball and be constantly coming up with new ideas on how to introduce the material."

Mrs. Pacheco said in schools where the staff is predominantly English speaking, monolingual and bilingual teachers are teamed with two-three bilingual members spending 40-60 minutes a day each in several classrooms.

In still another situation described by Mrs. Pacheco, one monolingual and one bilingual teacher trade off between two groups of children in the same grade, each teaching half the children half a day then switching so the children are taught partly in English and partly in Spanish.

"It depends on what works best in the school," Mrs. Pacheco said.

She further explained that since APS operates maintenance—not remedial—programs, "our efforts are to have the child learn in both languages."

Subject matter taught in each language, however, is different.

Math, for instance, always is taught in English, while social studies and some science concepts are taught in Spanish.

The language arts have to have some kind of content, "so we have identified concepts (from each subject) which we use to teach language arts in Spanish," Mrs. Pacheco said.

She said bilingual instruction includes monolingual English speakers, and teachers are responsible for grouping in the classrooms and teaching each child at his level.

Saavedra said the instruction includes Spanish grammar and structure.

Although an article in the December issue of the Council for Basic Education Bulletin cites "the scarcity of truly bilingual teachers" as a major obstacle to implementing good programs nationally, Saavedra said there is no shortage in Albuquerque.

Dr. Luciano Baca, assistant state superintendent for instruction, however, said the availability in New Mexico "depends on where you are geographically and culturally."

Saavedra said APS has "many, many applications and we don't have the positions."

He said last year recruiters from other states were here seeking bilingual teachers "and paying fantastic salaries," some based on "differential" pay.

Baca said districts with large numbers of Spanish-surnamed trained teachers can fill the need for Spanish speakers, but the whole southeast belt has "historically not attracted Spanish-surnamed teachers, so there is no built-in pool."

In addition, need for teachers in the Indian languages involves a special set of problems based partly on the variety of dialects, Baca said.

One general problem in getting bilingual teachers lies in teacher tenure, he and other educators said.

For instance, in Portales, which is under court order to expand bilingual education, the problem is two-fold: Lack of Spanish speakers and a very low turnover of tenured teachers, Baca said:

So, lacking funds to add teachers positions, "the only way they could add (bilingual teachers) is by resignations," the method named by the court in an affirmative action plan.

Baca and others emphasized one does not have to have a Spanish surname to be a bilingual teacher.

Mrs. Montoya confirmed "teachers can be either Anglo or Spanish-American—it's more a matter of attitude."

Much more important to teacher success than ethnicity apparently is training.

As Mrs. Pacheco expressed it, "just because a person speaks the language does not necessarily mean she knows the mechanics . . . or can teach it."

Dr. Dolores Gonzales, a University of New Mexico associate professor who directs a bilingual training program, also noted of her students, "they know Spanish but have never had a chance to write it."

The educators traced this gap to the fact that until the advent of bilingual education in New Mexico, the structure and grammar of the Spanish language was never taught in school.

Thus, training may be necessary for even veteran teachers.

Dr. Bernard Spolsky, dean of the UNM graduate school and a professor of linguistics, elementary education and anthropology, told a legislative committee last year a full-time institute conducted by UNM Prof. Miles Zintz several years ago led to the training of the first local experts in bilingual education.

Now, according to Baca, UNM, New Mexico State University, Highlands University and the University of Albuquerque have bilingual training programs and Eastern New Mexico University is establishing one.

In addition, the State Board of Education has established a network of teacher training centers and proposed additions to it, including one in Gallup aimed at Indian bilingual education.

APS also offers its program of teacher training.

Dr. Gonzalez, who previously directed a program on a three-year federal grant, now directs an institute under a new one-year grant aimed at training teachers in curriculum development and materials preparation.

The program currently involves 21 experienced Spanish-speaking elementary teachers working on advanced degrees, Dr. Gonzales said.

She said it is an "integrated" program in which participants are preparing fourth, fifth and sixth grade readers based on New Mexico folk tales, which means they are collecting the literature and adopting and writing it as classroom readers.

Dr. Gonzales said UNM's College of Education also offers a bilingual minor requiring that education students complete prescribed courses in the Spanish language and culture and teaching methodology and do their student teaching in bilingual classrooms.

Another federally funded program at UNM, directed by Dr. Nathaniel Archuleta and called the Child Development Associate Program, trains persons who expect to be teachers or aides in early childhood education programs for bilingual competency in Spanish and English.

Archuleta said the program is one of 13 national pilot projects, operates on an open entry-open exit basis and involves some courses participants can take for credit.

Additionally, UNM is involved in four Navajo-based teacher training programs, an educational administration program, also in Navajo, and a pueblo program, according to Dr. Spolsky.

Spolsky said all the Navajo programs are federally funded, most are "on site" at various communities, with one aimed specifically at secondary instruction, and all are in cooperation with the Navajo Tribal Division of Education or Bureau of Indian Affairs.

The pueblo program is in cooperation with the All-Indian Pueblo Council, Spolsky said.

He said the programs train people selected by the communities and "with lots of emphasis on community relationships."

Spolsky said the programs with which he is involved have been "working on developing materials in Navajo since 1969" with private and government grants and have produced 30 to 40 "little books in Navajo."

He said books have been developed by other agencies for an estimated total of 50.

Most are elementary texts, although more advanced ones have been developed for secondary schools, Spolsky said.

The Spanish books on which Dr. Gonzales' institute is working, when completed, will round out a series of elementary readers already begun with the writing in past years of readers for grades 1 through 3 under the first grant.

The readers were published by the Bishop Press as the "Land of Enchantment" Series, are copyrighted and are producing royalties for UNM and the federal government, Dr. Gonzales said.

TAX REDUCTION ACT OF 1975

The ACTING PRESIDENT pro tempore. The hour of 11 a.m. has arrived, and under the previous order the Senate will now proceed to the consideration of H.R. 2166, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

COMMITTEE AMENDMENT

The Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment to strike out all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE: TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Tax Reduction Act of 1975".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title.
Sec. 2. Amendment of 1954 Code.

TITLE I—REFUND OF 1974 INDIVIDUAL TAX

Sec. 101. Refunds of 1974 individual income taxes.
Sec. 102. Refunds disregarded in the administration of Federal programs and federally assisted programs.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

Sec. 201. Tax credit for personal exemptions.
Sec. 202. Temporary reduction in individual income tax rates.
Sec. 203. Credit for certain earned income.
Sec. 204. Withholding tax.
Sec. 205. Credit for purchase of principal residence.
Sec. 206. Individuals may elect 3-year carryback of capital losses.
Sec. 207. Effective dates.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

Sec. 301. Increase in investment credit.
Sec. 302. Allowance of investment credit where construction of property will take more than 2 years.
Sec. 303. Change in corporate tax rates and increase in surtax exemption.
Sec. 304. Election to substitute nét operating loss carryback years for carryforward years.
Sec. 305. Increase in minimum accumulated earnings credit from $100,000 to $150,000.
Sec. 306. Effective dates.

TITLE IV—CHANGES AFFECTING INDIVIDUALS AND BUSINESSES

Sec. 401. Federal welfare recipient employment incentive tax credit.
Sec. 402. Repeal of excise tax on motor vehicles.

SEC. 2. AMENDMENT OF 1954 CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

SEC. 101. REFUND OF 1974 INDIVIDUAL INCOME TAXES

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application in the case of abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6428. REFUND OF 1974 INDIVIDUAL INCOME TAXES

"(a) GENERAL RULE.—Except as otherwise provided in this section, each individual shall be treated as having made a payment against the tax imposed by chapter 1 for his first taxable year beginning in 1974 in an amount equal to 10 percent of the amount of his liability for tax for such taxable year.

"(b) MINIMUM PAYMENT.—The amount treated as paid by reason of this section shall not be less than the lesser of—

"(1) the amount of the taxpayer's liability for tax for his first taxable year beginning in 1974, or

"(2) $100 ($50 in the case of a married individual filing a separate return).

"(c) MAXIMUM PAYMENT.—

"(1) IN GENERAL.—The amount treated as paid by reason of this section shall not exceed $200 ($100 in the case of a married individual filing a separate return).

"(2) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The excess (if any) of—

"(A) the amount which would (but for this paragraph) be treated as paid by reason of this section, over

"(B) the applicable minimum payment provided by subsection (b),

shall be reduced (but not below zero) by an amount which bears the same ratio to such excess as the adjusted gross income for the taxable year in excess of $20,000 bears to $10,000. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting '$10,000' for '$20,000' and by substituting '$5,000' for '$10,000'.

"(d) LIABILITY FOR TAX.—For purposes of this section, the liability for tax for the taxable year shall be the sum of—

"(1) the tax imposed by chapter 1 for such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property),

"(D) section 40 (relating to expenses of work incentive programs), and

"(E) section 41 (relating to contributions to candidates for public office), plus

"(2) the tax on amounts described in section 3102(c) or 3202(c) which are required to be shown on the taxpayer's return of the chapter 1 tax for the taxable year.

"(e) DATE PAYMENT DEEMED MADE.—The payment provided by this section shall be deemed made on whichever of the following dates is the later:

"(1) the date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 for the taxable year, or

"(2) the date on which the taxpayer files his return of tax under chapter 1 for the taxable year.

"(f) JOINT RETURN.—For purposes of this section, in the case of a joint return under section 6013 both spouses shall be treated as one individual.

"(g) MARITAL STATUS.—The determination of marital status for purposes of this section shall be made under section 143.

"(h) CERTAIN PERSONS NOT ELIGIBLE.—This section shall not apply to any estate or trust, nor shall it apply to any nonresident alien individual."

(b) NO INTEREST ON INDIVIDUAL INCOME TAX REFUNDS FOR 1974 REFUNDED WITHIN 60 DAYS AFTER RETURN IS FILED.—In applying section 6611(e) of the Internal Revenue Code of 1954 (relating to income tax refund within 45 days after return is filed) in the case of any overpayment of tax imposed by subtitle A of such Code by an individual (other than an estate or trust and other than a nonresident alien individual) for a taxable year beginning in 1974, "60 days" shall be substituted for "45 days" each place it appears in such section 6611(e).

(c) CLERICAL AMENDMENT.—The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"Sec. 6428. Refund of 1974 individual income taxes."

SEC. 102. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

Any payment considered to have been made by any individual by reason of section 6428 of the Internal Revenue Code of 1954 shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by renumbering section 42 as 45 and by inserting after section 41 the following new section:

"SEC. 42. PERSONAL EXEMPTIONS.

"(a) GENERAL RULE.—There shall be allowed to the taxpayer as a credit against tax for the taxable year in lieu of the deduction provided for personal exemptions under section 151 (if such credit results in the imposition of a lower tax under this chapter), an amount equal to $200 multiplied by the number of exemptions which would otherwise be allowed to such taxpayer under section 151. Such credit shall not exceed the tax imposed by this chapter (determined without regard to subsection (b)) for the taxable year.

"(b) DEFINITION.—For purposes of this title, in the case of an individual, the term 'tax imposed by this chapter' means the tax imposed by this chapter reduced by the amount of the credit allowed under this section."

(b) TECHNICAL AMENDMENTS.—

(1) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Personal exemptions.
"Sec. 43. Earned income.
"Sec. 44. Purchase of principal residence.
"Sec. 45. Overpayments of tax."

(2) Section 2(e) (relating to definitions and special rules) is amended to read as follows:

"(e) CROSS REFERENCE.—

"(1) For definition of taxable income, see section 63.

"(2) For definition of tax imposed by this chapter, see section 42(b).".

(3) Section 63 (relating to taxable income defined) is amended—

(A) by striking out "subsection (b)" in subsection (a) and inserting in lieu thereof "subsections (b) and (c)", and

(B) by inserting at the end thereof the following new subsection:

"(c) INDIVIDUALS ALLOWED THE CREDIT UNDER SECTION 42.—With respect to individuals who are allowed a credit under section 42 (relating to personal exemptions), except for the purposes of sections 1 and 3, the term 'taxable income' means the amount determined under this chapter without regard to section 42.".

(4) Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end thereof the following new subsection:

"(f) INDIVIDUAL ALLOWED A CREDIT UNDER SECTION 42.—With respect to any taxpayer who is allowed a credit under section 42 (relating to personal exemptions), any reference to personal exemptions allowed under this section shall be considered to be a reference to the exemptions which would be allowed under this section without regard to section 42.".

(5) Section 6201(a) is amended by adding at the end thereof the following new paragraph:

"(5) OVERSTATEMENT OF TAX LIABILITY.—If on any return or claim for refund of income taxes under subtitle A there is an overstatement of liability for tax with respect to the credit allowable under section 42 (relating to personal exemptions) or the deduction allowable under section 151 (relating to deductions for personal exemptions), the amount of such liability shall be recomputed by the Secretary or his delegate in the same manner as a mathematical error appearing on the return.".

SEC. 202. TEMPORARY REDUCTION IN INDIVIDUAL INCOME TAX RATES.

Section 1 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(e) REDUCTION IN RATES FOR 1975 AND 1976.—For taxable years beginning after December 31, 1974, and before January 1, 1977, subsections (a), (b), (c), and (d) shall not apply. For such taxable years there is imposed a tax determined in accordance with the following tables:

"(1) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—There is imposed on the taxable income of—

"(A) every married individual (as defined in section 143) who makes a single return jointly with his spouse under section 6013, and

"(B) every surviving spouse (as defined in section 2(a)),

a tax determined in accordance with the following table:

"If the taxable income is	The tax is:
Not over $1,000	13% of the taxable income.
Over $1,000 but not over $2,000.	$130, plus 14% of excess over $1,000.
Over $2,000 but not over $3,000.	$270, plus 15% of excess over $2,000.
Over $3,000 but not over $4,000.	$420, plus 16% of excess over $3,000.
Over $4,000 but not over $8,000.	$580, plus 19% of excess over $4,000.
Over $8,000 but not over $12,000.	$1,340, plus 22% of excess over $8,000.
Over $12,000 but not over $16,000.	$2,220, plus 25% of excess over $12,000.
Over $16,000 but not over $20,000.	$3,220, plus 28% of excess over $16,000.
Over $20,000 but not over $24,000.	$4,340, plus 32% of excess over $20,000.
Over $24,000 but not over $28,000.	$5,620, plus 36% of excess over $24,000.
Over $28,000 but not over $32,000.	$7,060, plus 39% of excess over $28,000.
Over $32,000 but not over $36,000.	$8,620, plus 42% of excess over $32,000.
Over $36,000 but not over $40,000.	$10,300, plus 45% of excess over $36,000.
Over $40,000 but not over $44,000.	$12,100, plus 48% of excess over $40,000.
Over $44,000 but not over $52,000.	$14,020, plus 50% of excess over $44,000.
Over $52,000 but not over $64,000.	$18,020, plus 53% of excess over $52,000.
Over $64,000 but not over $76,000.	$24,380, plus 55% of excess over $64,000.
Over $76,000 but not over $88,000.	$30,980, plus 58% of excess over $76,000.
Over $88,000 but not over $100,000.	$37,940, plus 60% of excess over $88,000.
Over $100,000 but not over $120,000.	$45,140, plus 62% of excess over $100,000.
Over $120,000 but not over $140,000.	$57,540, plus 64% of excess over $120,000.
Over $140,000 but not over $160,000.	$70,340, plus 66% of excess over $140,000.
Over $160,000 but not over $180,000.	$83,540, plus 68% of excess over $160,000.
Over $180,000 but not over $200,000.	$97,140, plus 69% of excess over $180,000.
Over $200,000	$110,940, plus 70% of excess over $200,000.

"(2) HEADS OF HOUSEHOLDS.—There is imposed on the taxable income of every individual who is the head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $1,000	13% of the taxable income.
Over $1,000 but not over $2,000	$130, plus 15% of excess over $1,000.
Over $2,000 but not over $4,000	$280, plus 17% of excess over $2,000.
Over $4,000 but not over $6,000	$620, plus 19% of excess over $4,000.
Over $6,000 but not over $8,000	$1,000, plus 22% of excess over $6,000.
Over $8,000 but not over $10,000	$1,440, plus 23% of excess over $8,000.
Over $10,000 but not over $12,000	$1,900, plus 25% of excess over $10,000.
Over $12,000 but not over $14,000	$2,400, plus 27% of, excess over $12,000.
Over $14,000 but not over $16,000	$2,940, plus 28% of excess over $14,000.
Over $16,000 but not over $18,000	$3,500, plus 31% of excess over $16,000.
Over $18,000 but not over $20,000	$4,120, plus 32% of excess over $18,000.
Over $20,000 but not over $22,000	$4,760, plus 35% of excess over $20,000.
Over $22,000 but not over $24,000	$5,460, plus 36% of excess over $22,000.
Over $24,000 but not over $26,000	$6,180, plus 38% of excess over $24,000.
Over $26,000 but not over $28,000	$6,940, plus 41% of excess over $26,000.
Over $28,000 but not over $32,000	$7,760, plus 42% of excess over $28,000.
Over $32,000 but not over $36,000	$9,440 plus 45% of excess over $32,000.
Over $36,000 but not over $38,000	$11,240, plus 48% of excess over $36,000.
Over $38,000 but not over $40,000	$12,200, plus 51% of excess over $38,000.
Over $40,000 but not over $44,000	$13,220, plus 52% of excess over $40,000.
Over $44,000 but not over $50,000	$15,300, plus 55% of excess over $44,000.
Over $50,000 but not over $52,000	$18,600, plus 56% of excess over $50,000.
Over $52,000 but not over $64,000	$19,720, plus 58% of excess over $52,000.
Over $64,000 but not over $70,000	$26,680, plus 59% of excess over $64,000.
Over $70,000 but not over $76,000	$30,220, plus 61% of excess over $70,000.
Over $76,000 but not over $80,000	$33,880, plus 62% of excess over $76,000.
Over $80,000 but not over $88,000	$36,360, plus 63% of excess over $80,000.
Over $88,000 but not over $100,000	$41,400, plus 64% of excess over $88,000.
Over $100,000 but not over $120,000	$49,080, plus 66% of excess over $100,000.
Over $120,000 but not over $140,000	$62,280, plus 67% of excess over $120,000.
Over $140,000 but not over $160,000	$75,680, plus 68% of excess over $140,000.
Over $160,000 but not over $180,000	$89,280, plus 69% of excess over $160,000.
Over $180,000	$103,080, plus 70% of excess over $180,000.

"(3) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There is hereby imposed on the taxable income of every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 143) a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $500	13% of the taxable income.
Over $500 but not over $1,000.	$65, plus 14% of excess over $500.
Over $1,000 but not over $1,500.	$135, plus 15% of excess over $1,000.
Over $1,500 but not over $2,000.	$210, plus 16% of excess over $1,500.
Over $2,000 but not over $4,000.	$290, plus 18% of excess over $2,000.
Over $4,000 but not over $6,000.	$650, plus 21% of excess over $4,000.
Over $6,000 but not over $8,000.	$1,070, plus 24% of excess over $6,000.
Over $8,000 but not over $10,000.	$1,550, plus 25% of excess over $8,000.
Over $10,000 but not over $12,000.	$2,050, plus 27% of excess over $10,000.
Over $12,000 but not over $14,000.	$2,590, plus 29% of excess over $12,000.
Over $14,000 but not over $16,000.	$3,170, plus 31% of excess over $14,000.
Over $16,000 but not over $18,000.	$3,790, plus 34% of excess over $16,000.
Over $18,000 but not over $20,000.	$4,470, plus 36% of excess over $18,000.
Over $20,000 but not over $22,000.	$5,190, plus 38% of excess over $20,000.
Over $22,000 but not over $26,000.	$5,950, plus 40% of excess over $22,000.
Over $26,000 but not over $32,000.	$7,550, plus 45% of excess over $26,000.
Over $32,000 but not over $38,000.	$10,250, plus 50% of excess over $32,000.

"If the taxable income is:	The tax is:
Over $38,000 but not over $44,000	$13,250, plus 55% of excess over $38,000.
Over $44,000 but not over $50,000	$16,550, plus 60% of excess over $44,000.
Over $50,000 but not over $60,000	$20,150, plus 62% of excess over $50,000.
Over $60,000 but not over $70,000	$26,350, plus 64% of excess over $60,000.
Over $70,000 but not over $80,000	$32,750, plus 66% of excess over $70,000.
Over $80,000 but not over $90,000	$39,350, plus 68% of excess over $80,000.
Over $90,000 but not over $100,000	$46,150, plus 69% of excess over $90,000.
Over $100,000	$53,050, plus 70% of excess over $100,000.

"(4) MARRIED INDIVIDUALS FILING SEPARATE RETURNS; ESTATES AND TRUSTS.—There is hereby imposed on the taxable income of every married individual (as defined in section 143) who does not make a single return jointly with his spouse under section 6013, and of every estate and trust taxable under this subsection, a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $500	13% of the taxable income.
Over $500 but not over $1,000	$65, plus 14% of excess over $500.
Over $1,000 but not over $1,500	$135, plus 15% of excess over $1,000.
Over $1,500 but not over $2,000	$210, plus 16% of excess over $1,500.
Over $2,000 but not over $4,000	$290, plus 19% of excess over $2,000.
Over $4,000 but not over $6,000	$670, plus 22% of excess over $4,000.
Over $6,000 but not over $8,000	$1,110, plus 25% of excess over $6,000.
Over $8,000 but not over $10,000	$1,610, plus 28% of excess over $8,000.
Over $10,000 but not over $12,000	$2,170, plus 32% of excess over $10,000.
Over $12,000 but not over $14,000	$2,810, plus 36% of excess over $12,000.

"If the taxable income is:	The tax is:
Over $14,000 but not over $16,000.	$3,530, plus 39% of excess over $14,000.
Over $16,000 but not over $18,000.	$4,310, plus 42% of excess over $16,000.
Over $18,000 but not over $20,000.	$5,150, plus 45% of excess over $18,000.
Over $20,000 but not over $22,000.	$6,050, plus 48% of excess over $20,000.
Over $22,000 but not over $26,000.	$7,010, plus 50% of excess over $22,000.
Over $26,000 but not over $32,000.	$9,010, plus 53% of excess over $26,000.
Over $32,000 but not over $38,000.	$12,190, plus 55% of excess over $32,000.
Over $38,000 but not over $44,000.	$15,490, plus 58% of excess over $38,000.
Over $44,000 but not over $50,000.	$18,970, plus 60% of excess over $44,000.
Over $50,000 but not over $60,000.	$22,570, plus 62% of excess over $60,000.
Over $60,000 but not over $70,000.	$28,770, plus 64% of excess over $60,000.
Over $70,000 but not over $80,000.	$35,170, plus 68% of excess over $70,000.
Over $80,000 but not over $90,000	$41,770, plus 68% of excess over $80,000.
Over $90,000 but not over $100,000.	$48,570, plus 69% of excess over $90,000.
Over $100,000	$55,470, plus 70% of excess over $100,000."

SEC. 203. CREDIT FOR CERTAIN EARNED INCOME.

(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by inserting after section 42, as added by this Act, the following new section:

"SEC. 43. EARNED INCOME.

"(a) ALLOWANCE OF CREDIT.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of so much of the earned income for the taxable year as does not exceed $4,000.

"(b) LIMITATION.—Notwithstanding the provisions of subsection (a), the amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount equal to 10 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $4,000.

"(c) DEFINITION.—For purposes of this section—

"(1) ELIGIBLE INDIVIDUAL.—The term 'eligible individual' means an individual who—

"(A) maintains a household (within the meaning of section 214(b)(3)) in the United States which is the principal place of abode of that individual and of a child of that individual with respect to whom he is entitled to claim a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents), and

"(B) does not exclude any amount from gross income under section 911 (relating to earned income from sources without the United States) or section 931 (relating to income from sources within the possessions of the United States).

"(2) EARNED INCOME.—

"(A) The term 'earned income' means—

"(i) wages, salaries, tips, and other employee compensation, plus

"(ii) the amount of the taxpayer's net earnings from self-employment for the taxable year (within the meaning of section 1402(a)).

"(B) For purposes of subparagraph (A)—

"(i) except as provided in clause (ii), any amount shall be taken into account only if such amount is includible in the gross income of the taxpayer for the taxable year.

"(ii) the earned income of an individual shall be computed without regard to any community property laws,

"(iii) no amount received as a pension or annuity shall be taken into account, and

"(iv) no amount to which section 871(a) applies (relating to income of nonresident alien individuals not connected with United States business) shall be taken into account.

"(d) REQUIREMENT OF JOINT RETURN.—In the case of an individual who is married (within the meaning of section 143), this section shall apply only if a joint return is filed for the taxable year under section 6013.

"(e) TAXABLE YEAR MUST BE FULL TAXABLE YEAR.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months."

(b) REFUND TO BE MADE WHERE CREDIT EXCEEDS LIABILITY FOR TAX.—

(1) Section 6401 (b) (relating to excessive credits) is amended—

(A) by inserting "43 (relating to earned income credit)," before "and 667(b)"; and

(B) by striking out "and 39" and inserting in lieu thereof a comma "39, and 49".

(2) Section 6201(a)(4) (relating to assessment authority) is amended by—

(A) inserting "or 43" after "section 39" in the caption of such section; and

(B) striking out "oil)," and inserting in lieu thereof "oil) or section 43 (relating to personal exemptions),".

(c) AMENDMENT OF SOCIAL SECURITY ACT.—Section 402(a)(7) of the Social Security Act is amended by inserting after "other income" the following: "(including any amounts derived from application of the tax credit established by section 43 of the Internal Revenue Code of 1954)".

SEC. 204. WITHHOLDING TAX.

(a) REQUIREMENT OF WITHHOLDING.—Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Every employer making payment of wages shall deduct and withhold upon such wages (except as otherwise provided in this section) a tax determined in accordance with tables prescribed by the Secretary or his delegate. The tables so prescribed shall be the same as the tables contained in this subsection as in effect on January 1, 1975, except that the amounts set forth as amounts of income tax to be withheld for the remainder of calendar year 1975 and for calendar year 1976 and thereafter shall reflect the amendments made by title II of the Tax Reduction Act of 1975 which are applicable to such years. For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(b) CONFORMING AMENDMENT.—Section 3402(c)(6) (relating to wage bracket withholding) is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

SEC. 205. CREDIT FOR PURCHASE OF PRINCIPAL RESIDENCE.

Subpart A of part IV of subchapter A chapter 1 (relating to credits allowed), as amended by this Act, is amended by inserting after service 43 the following new section:

"SEC. 44. PURCHASE OF PRINCIPAL RESIDENCE.

"(a) GENERAL RULE.—In the case of an individual, there is allowed as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 5 percent of the purchase price of a principal residence purchased, constructed, or reconstructed by the taxpayer.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) for all taxable years may not exceed $2,000.

"(2) MARRIED INDIVIDUALS.—In the case of a husband and wife who file a joint return under section 6013, the amount specified under paragraph (1) applies to the joint return. In the case of a married individual filing a separate return, paragraph (1) shall be applied by substituting '$1,000' for '$2,000'.

"(3) CERTAIN OTHER TAXPAYERS.—In the case of individuals to whom paragraph (2) does not apply who purchase a single principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals as prescribed by the Secretary or his delegate, but the sum of the amounts to such individuals shall not exceed $2,000 with respect to that residence.

"(4) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under sections 33, 35, 37, 38, 40, and 41.

"(c) DEFINITIONS.—For purposes of this section.—

"(1) PRINCIPAL RESIDENCE.—The term 'principal residence' means a principal residence (within the meaning of section 1034), and includes, without being limited to, a single family structure, a residential unit in a condominium or cooperative housing project, and a mobile home.

"(2) PURCHASE PRICE.—The term 'purchase price' means the adjusted basis of the property.

"(3) PURCHASE.—The term 'purchase'

means any acquisition of property, but only if—

"(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267 (b) and (c) for purposes of this section, paragraph (4) of section 267(c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

"(B) the basis of the property in the hands of the person acquiring it is not determined—

"(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(ii) under section 1014(a) (relating to property acquired from a decedent).

"(d) Recapture for Certain Dispositions.—

"(1) In General.—If the taxpayer disposes of property with respect to the purchase of which he claimed a credit under subsection (a) (referred to in this subsection as the 'old residence') at any time within 36 months after the date on which he commenced occupying it as his principal residence, then the tax imposed under this chapter for the taxable year following the taxable year during which such disposition occurs is increased by an amount equal to that percentage of the amount allowed as a credit for the purchase of the old residence determined by multiplying the amount of the credit allowed for the purchase of the old residence by a (not greater than 1 cent and not less than zero) the numerator of which is an amount equal to the amount determined by subtracting the cost of acquisition of property which qualifies as a new residence under section 1034 from the amount received from the disposition of the old residence and the denominator of which is the amount received for the old residence. For purposes of this paragraph, the cost of acquisition of any property acquired by the taxpayer more than 12 months after the month in which disposition of the old residence was made shall be treated as zero.

"(2) Death of owner; casualty loss.—The provisions of paragraph (1) do not apply——

"(A) to a disposition is made on account of the death of any individual having a legal or equitable interest in the old residence occurring during the 36 month period to which reference is made under such paragraph, or

"(B) a disposition of the old residence if it is substantially or completely destroyed by a casualty described in section 165(c)(3) or compulsorily and involuntarily converted (within the meaning of section 1033(a)).

"(e) Property to Which Section Applies.—

"(1) In General.—The provisions of this section apply to property acquired and occupied by the taxpayer as his principal residence after March 12, 1975, and before January 1, 1977—

"(A) the construction, reconstruction, or erection of which by the taxpayer commences before January 1, 1976, or

"(B) in the case of property not constructed, reconstructed, or erected by the taxpayer, acquired by the taxpayer under a binding contract entered into by the taxpayer before January 1, 1976.

"(2) Self-constructed property begun before March 13, 1975.—In the case of property the construction, reconstruction, or erection of which was begun by the taxpayer before March 13, 1975, only that portion of the basis of such property properly allocable to construction after March 12, 1975, shall be taken into account in determining the amount of the credit allowable under subsection (a).

"(3) Binding contract.—For purposes of this subsection, a contract for the purchase of a residence which is conditioned upon the purchaser's obtaining a loan for the purchase of the residence (including conditions as to the amount or interest rate of such loan) is not considered non-binding on account of that condition.".

Sec. 206. Individuals May Elect 3-Year Carryback of Capital Losses.

(a) In General.—Section 1212 (relating to capital loss carrybacks and carryovers) is amended by adding at the end thereof the following new subsection:

"(c) Election of Carryback by Individuals.—

"(1) In general.—If a taxpayer other than a corporation has a net capital loss of any taxable year (hereinafter in this subsection referred to as the 'loss year') which equals or exceeds $30,000, and if the individual elects, at such time and in such manner as the Secretary or his delegate by regulations prescribes, the amount of such capital loss—

"(A) shall be a capital loss carryback to each of the 3 taxable years preceding the loss year, but only to the extent the carryback of such loss does not increase or produce a net operating loss (as defined in section 172(c)) for the taxable year to which it is being carried back; and

"(B) shall be treated as a long-term capital loss in each such preceding taxable year to the extent of the net capital gain for such year.

The entire amount of the net capital loss for any taxable year shall be carried to the earliest of the taxable years to which such loss may be carried, and the portion of such loss which shall be carried to each of the other 2 taxable years to which such loss may be carried shall be the excess, if any, of such loss over the total of the net capital gains for each of the prior taxable years to which such loss may be carried. For purposes of the preceding sentence, the net capital gain for any such prior taxable year shall be computed without regard to the net capital loss for the loss year or for any taxable year thereafter. In the case of any net capital loss which cannot be carried back in full to a preceding taxable year by reason of subparagraph (A), the net capital gain for such prior taxable year shall in no case be treated as greater than the amount of such loss which can be carried back to such preceding taxable year upon the application of subparagraph (A).

"(2) Coordination with section 1211(b)(1).—In determining whether the taxpayer is eligible to make the election under this subsection for any taxable year, and in determining the effect of any such election, the amount of the net capital loss for the taxable year shall be determined by treating the amount referred to in paragraph (1) (A), (B), or (C) of section 1211(b) as zero. No deduction shall be allowed or increased under paragraph (1) (A), (B), or (C) of section 1211(b) for the loss year or for any taxable year preceding the loss year by reason of any carryback under this subsection.

"(3) Carryforward of remaining amount.—If the taxpayer has made an election under this subsection for the loss year, the determination of the amount which may be carried under subsection (b)(1) from the loss year to the succeeding taxable year shall be the amount of the net capital loss for the loss year remaining after the application of the carryback under paragraph (1). For purposes of the preceding sentence, short-term capital losses shall be treated as used before long-term capital losses."

(b) Minimum Tax for Prior Years Not Affected by Election To Carryback Capital Loss.—Section 58 (relating to rules for minimum tax for tax preferences) is amended by adding at the end thereof the following new subsection:

"(h) Minimum Tax for Prior Years Not Affected by Individual's Election To Carry back Capital Losses.—In the case of an individual, the minimum tax imposed by section 56, shall not be recomputed by reason of a capital loss carryback resulting from the application of section 1212(c)."

Sec. 207. Effective Dates.

(a) Section 201.—The amendments made by section 201 apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(b) Section 202.—The amendments made by section 202 apply to taxable years beginning after December 31, 1974, and before January 1, 1977. For purposes of section 21 of the Internal Revenue Code of 1954, the amendments made by this section shall not be considered a change in the rate of tax.

(c) Section 203.—The amendments made by section 203 apply to taxable years beginning after December 31, 1974, and before January 1, 1976.

(d) Section 204.—The amendments made by section 204 apply to wages paid after April 30, 1975.

(e) Section 206.—The amendments made by section 206 apply to capital losses incurred in taxable years beginning after December 31, 1974.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

Sec. 301. Increase in Investment Credit.

(a) Increase of Investment Credit to 10 Percent.—Paragraph (1) of section 46(a) (determining the amount of the investment credit) is amended to read as follows:

"(1) General rule.—

"(A) 10-percent credit.—The amount of the credit allowed by section 38 for the taxable year shall be equal to 10 percent of the qualified investment (as determined under subsections (c) and (d)).

"(B) 7-percent credit.—Notwithstanding the provisions of subparagraph (A), in the case of property—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer before January 22, 1975, or

"(ii) which is acquired by the taxpayer before January 22, 1975,

the amount of the credit allowed by section 38 for the taxable year shall be equal to 7 percent of the qualified investment (as defined in subsection (c)).

"(C) Transitional rule.—In the case of property—

"(i) the construction, reconstruction, or erection of which is begun by the taxpayer before January 22, 1975, and

"(ii) the construction, reconstruction, or erection of which is completed by the taxpayer after January 21, 1975,

subparagraph (B) shall apply to the property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection before January 22, 1975, and subparagraph (A) or (D), whichever is applicable, shall apply to such property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection after January 21, 1975.

"(D) 12-percent credit.—In the case of a taxpayer who elects to have the provisions of this subparagraph apply, the amount of the credit allowed by section 38 for the taxable year is an amount equal to 12 percent of the qualified investment (as determined under subsections (c) and (d)). In the case of a taxpayer whose qualified investment (as determined under subsections (c) and (d)) for the taxable year exceeds $10,000,000 (determined without regard to carryovers and carrybacks), an election may not be made to have the provisions of this subparagraph apply for the taxable year unless such taxpayer meets the requirements of section 301(d) of the Tax Reduction Act of 1975.

"(E) Application of 12-percent credit.—An election by the taxpayer to have the provisions of subparagraph (D) apply shall be made at such time, in such form, and in such manner as the Secretary or his delegate may prescribe. If elected, the provisions of subparagraph (D) apply only to—

"(i) property to which subsection 46(d) does not apply, the construction, reconstruction, or erection of which by the taxpayer is completed after January 21, 1975, but only to the extent of the basis thereof attributable to construction, reconstruction, or erection after January 21, 1975 and before January 1, 1977.

"(ii) property to which subsection 46(d) does not apply, acquired by the taxpayer after January 21, 1975 and before January 1, 1977, and placed in service by the taxpayer before January 1, 1977, and

"(iii) property to which subsection 46(d) applies, but only to the extent of the qualified investment (as determined under subsections (c) and (d)) with respect to qualified progress expenditures made after January 21, 1975 and before January 1, 1977."

(b) Public Utility Property.—

(1) Determination of qualified investment.—Subparagraph (A) of section 46(c) (3) (relating to determination of qualified investment in the case of public utility property) is amended to read as follows:

"(A) To the extent that subsection (a) (1) (B) applies to property which is public utility property, the amount of the qualified investment shall be 4/7 of the amount determined under paragraph (1)."

(2) Increase in 50-percent limitation.—Section 46(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) Alternative limitation in the case of certain utilities.—

"(A) In general.—If, for a taxable year ending after 1974 and before 1981, the amount of the qualified investment of the taxpayer which is attributable to public utility property is 25 percent or more of his aggregate qualified investment, then subparagraph (C) of paragraph (2) of this subsection shall be applied by substituting for 50 percent his applicable percentage for such year.

"(B) Applicable percentage.—The applicable percentage of any taxpayer for any taxable year is—

"(i) 50 percent, plus

"(ii) that portion of the tentative percentage for the taxable year which the taxpayer's amount of qualified investment which is public utility property bears to his aggregate qualified investment.

If the proportion referred to in clause (ii) is 75 percent or more, the applicable percentage of the taxpayer for the year shall be 50 percent plus the tentative percentage for such year.

"(C) Tentative percentage.—For purposes of subparagraph (B), the tentative percentage shall be determined under the following table:

"If the taxable year begins in:	*The tentative percentage is:*
1975 or 1976	50
1977	40
1978	30
1979	20
1980	10

"(D) Public utility property defined.—For purposes of this paragraph, the term 'public utility property' has the meaning given to such term by the first sentence of subsection (c) (3) (B).".

(3) Limitation in case of certain regulated companies.—Section 46(f), as redesignated by section 302(a) of this Act (relating to limitation in case of certain regulated companies, is amended by adding at the end thereof the following new paragraph:

"(8) Prohibition of immediate flowthrough in certain cases.—

"(A) In general.—Except as provided under subparagraph (D), no additional credit shall be allowed with respect to public utility property (within the meaning of subsection (a) (6) (D)) unless paragraph (1) or (2) applies with respect to such property.

"(B) Additional credit.—For purposes of this paragraph, the term 'additional credit' means the credit allowable under section 38 with respect to public utility property (within the meaning of subsection (a) (6) (D)) determined without regard to this paragraph in excess of the credit which would have been allowable if the Tax Reduction Act of 1975 had not been enacted.

"(C) Ratable flowthrough.—Unless the taxpayer makes an election within 90 days after the date of enactment of the Tax Reduction Act of 1975 in the manner prescribed by the Secretary or his delegate (or has previously made such an election) to have the provisions of paragraph (2) apply with respect to public utility property (within the meaning of subsection (a) (6) (D)), the requirements of paragraph (1) shall apply with respect to the additional credit.

"(D) Special election for immediate flowthrough.—Subparagraph (A) shall not apply with respect to public utility property (within the meaning of subsection (a) (6) (D)) if, at its own option and without regard to any requirement imposed by an agency described in subsection (c) (3) (B), the taxpayer elects, within 90 days after the date of enactment of this paragraph, to have the provisions of paragraph (3) apply with respect to such property.

"(E) Limitation.—The requirements of this paragraph shall not be applied before the first final determination which is inconsistent with such requirements, determined in the same manner as under paragraph (4)."

(4) Effective dates.—The amendment made by subsection (b) (1) applies to property placed in service after January 21, 1975, in taxable years ending after January 21, 1975. The amendments made by paragraphs (2) and (3) apply to taxable years ending after December 31, 1974.

(c) Repeal of Dollar Limitation on Used Property.—Paragraph (2) of section 48(c) is amended by inserting after subparagraph (D) the following new subparagraph:

"(E) Expiration of limitation.—This paragraph shall not apply with respect to property acquired by the taxpayer after January 21, 1975.".

(d) Plan Requirements for Taxpayers Electing 12-Percent Credit or Substitution of Loss Carryback Years for Loss Carryforward Years.—In order to meet the requirement of this subsection—

(1) A corporation (hereinafter referred to as the "employer") must establish an employee stock ownership plan (described in paragraph (2)) which is funded by transfers of employer securities in accordance with the provisions of paragraph (5) and which meets all other requirements of this subsection.

(2) The plan referred to in paragraph (1) must be an individual account plan established in writing which—

(A) is a stock bonus plan, a stock bonus and money purchase pension plan, or a profit-sharing plan,

(B) is designed to invest primarily in employer securities, and

(C) meets such other requirements (similar to requirements applicable to employee stock ownership plans as defined in section 4975(e) (7) of the Internal Revenue Code of 1954) as the Secretary of the Treasury or his delegate may prescribe.

(3) The plan must provide for the allocation of all employer securities transferred to it or purchased by it (because of the application of the provisions of section 46(a) (1) (E) of the Internal Revenue Code of 1954, or the requirements of section 172(b) (1) (E) of such Code) to the account of each participant at the close of each plan year in an amount which bears substantially the same proportion to the amount of all such securities allocated to all participants in the plan for that plan year as the amount of compensation paid to such participant (disregarding any compensation in excess of the first $100,000 per year) bears to the compensation paid to all such participants during that year (disregarding any compensation in excess of the first $100,000 with respect to any participant). Notwithstanding the first sentence of this paragraph, the allocation to participants' accounts may be extended for such additional period or periods as may be necessary to comply with the requirements of section 415 of the Internal Revenue Code of 1954.

(4) The plan must provide that each participant is entitled to direct the plan as to the manner in which any employer securities allocated to the account of the participant are to be voted.

(5) On making a claim for credit, adjustment, or refund under section 38 of the Internal Revenue Code of 1954, or under section 172 of such Code (if applicable), the employer states in such claim that it agrees, as a condition of receiving any such credit, adjustment, or refund, to transfer (not less rapidly than ratable over 10 years) employer securities to the plan having an aggregate value at the time of the claim of—

(A) at least one-twelfth of the amount of the credit determined under section 46(a) (1) (D) thereof for the taxable year (determined without regard to section 46(a) (2)), or

(B) in the case of an employer making an election under section 172(b) (1) (E) of such Code, at least 25 percent of the total amount of the refund or credit of any overpayment of tax claimed by the employer in its first carryback adjustment application or claim for refund pursuant to such election.

In the case of an employer to whom subparagraph (B) applies, and who, on March 13, 1975, maintained a supplementary unemployment compensation benefit plan for its employees which meets the requirements of section 501(c) (17) of such Code, the requirements of such subparagraph shall be treated as satisfied if the employer transfers no more than half of the amount required under such subparagraph to such supplementary unemployment compensation benefit plan. For purposes of meeting the requirements of this paragraph, a transfer of cash shall be treated as a transfer of employer securities if the cash is, under the plan, used to purchase employer securities.

(6) Notwithstanding any other provision of law to the contrary, if the plan does not meet the requirements of section 401 of the Internal Revenue Code of 1954—

(A) stock transferred under paragraph (5) and distributed to participants, to the extent that is is considered income under the Internal Revenue Code of 1954, shall be taxed in accordance with the provisions of section 72 thereof (treating the participant as having a basis of zero in the contract) rather than under section 83 of such Code,

(B) no amount shall be allocated to any participant in excess of the amount which might be allocated if the plan met the requirements of section 401 of such Code, and

(C) the plan must meet the requirements of sections 410 and 415 of such Code.

(7) If the amount of credit determined under section 46(a) (1) (D) of the Internal Revenue Code of 1954, or the amount of the adjustment or refund resulting from the carryback of the net operating loss under the election made under section 172(b) (1) (E) of such Code, is recaptured in accordance

with the provisions of such Code, the amounts transferred to the plan under this subsection and allocated under the plan shall remain in the plan or in participant accounts, as the case may be, and continue to be allocated in accordance with the original plan agreement.

(8) For purposes of this subsection, the term—

(A) "employer securities" means common stock issued by the employer or its affiliate with voting power and dividend rights no less favorable than the voting power and dividend rights of other common stock issued by the employer or its affiliate, or securities issued by the employer or its affiliate convertible into such stock, and

(B) "value" means the average of closing prices of the employer's securities, as reported by a national exchange on which securities are listed, for the 20 consecutive trading days immediately preceding the date of transfer or allocation of such securities.

(9) The Secretary of the Treasury or his delegate shall prescribe such regulations and require such reports as may be necessary to carry out the provisions of this subsection.

(10) If, at any time within 120 months following the date on which the plan is established under this subsection the employer fails to meet any requirements imposed under this subsection or under any obligation undertaken to comply with the requirement of this subsection, he is liable to the United States for a civil penalty of an amount equal to the amount involved in such failure. The preceding sentence shall not apply if the taxpayer corrects such failure (as determined by the Secretary of the Treasury or his delegate) within 90 days after it occurs. The amount involved shall not exceed the amount of the credit or refund or adjustment, and shall not be less than one-half of 1 percent of the amount such person is required to transfer to the plan described in this section during such 10-year period. The amount of such penalty may be collected by the Secretary of the Treasury and the same earned which a deficiency in the payment of Federal income tax may be collected.

(15) Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary no deduction shall be allowed under sections 162, 212, or 404 of such code for amounts transferred to an employee stock ownership plan or a supplementary unemployment compensation benefit plan and taken into acount under this subsection.

SEC. 302. ALLOWANCE OF INVESTMENT CREDIT WHERE CONSTRUCTION OF PROPERTY WILL TAKE MORE THAN 2 YEARS.

(a) GENERAL RULE.—Section 46 (relating to amount of credit) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) QUALIFIED PROGRESS EXPENDITURES.—

"(1) IN GENERAL.—In the case of any taxpayer who has made an election under paragraph (6), the amount of his qualified investment for the taxable year (determined under subsection (c) without regard to this subsection) shall be increased by an amount equal to his aggregate qualified progress expenditures for the taxable year with respect to progress expenditure property.

"(2) PROGRESS EXPENDITURE PROPERTY DEFINED.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'progress expenditure property' means any property which is being constructed by or for the taxpayer and which—

"(i) has a normal construction period of two years or more, and

"(ii) it is reasonable to believe will be new section 38 property having a useful life of 7 years or more in the hands of the taxpayer when it is placed in service.

Clauses (i) and (ii) of the preceding sentence shall be applied on the basis of facts known at the close of the taxable year of the taxpayer in which construction begins (or, if later, at the close of the first taxable year to which an election under this subsection applies).

"(B) NORMAL CONSTRUCTION PERIOD.—For purposes of subparagraph (A), the term 'normal construction period' means the period reasonably expected to be required for the construction of the property—

"(i) beginning with the date on which physical work on the construction begins (or, if later, the first day of the first taxable year to which an election under this subsection applies), and

"(ii) ending on the date on which it is expected that the property will be available for placing in service.

"(3) QUALIFIED PROGRESS EXPENDITURES DEFINED.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the lesser of—

"(i) the amount paid during the taxable year to another person for the construction of such property, or

"(ii) the amount which represents that proportion of the overall cost to the taxpayer of the construction by such other person which is properly attributable to that portion of such construction which is completed during such taxable year.

"(4) SPECIAL RULES FOR APPLYING PARAGRAPH (3).—For purposes of paragraph (3)—

"(A) COMPONENT PARTS, ETC. — Property which is to be a component part of, or is otherwise to be included in, any progress expenditure property shall be taken into account—

"(i) at a time not earlier than the time at which it becomes irrevocably devoted to use in the progress expenditure property, and

"(ii) as if (at the time referred to in clause (i)) the taxpayer had expended an amount equal to that portion of the cost to the taxpayer of such component or other property which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) CERTAIN BORROWINGS DISREGARDED. — Any amount borrowed directly or indirectly by the taxpayer from the person constructing the property for him shall not be treated as an amount expended for such construction.

"(C) CERTAIN UNUSED EXPENDITURES CARRIED OVER. — In the case of non-self-constructed property, if for the taxable year—

"(i) the amount under clause (i) of paragraph (3)(B) exceeds the amount under clause (ii) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (i) for the succeeding taxable year, or

"(ii) the amount under clause (ii) of paragraph (3)(B) exceeds the amount under clause (i) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (ii) for the succeeding taxable year.

"(D) DETERMINATION OF PERCENTAGE OF COMPLETION.—In the case of non-self-constructed property, the determination under paragraph (3)(B)(ii) of the proportion of the overall cost to the taxpayer of the construction of any property which is properly attributable to construction completed during any taxable year shall be made, under regulations prescribed by the Secretary or his delegate, on the basis of engineering or architectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

"(E) NO QUALIFIED PROGRESS EXPENDITURES FOR CERTAIN PRIOR PERIODS.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for any period before January 22, 1975 (or, if later, before the first day of the first taxable year to which an election under this subsection applies).

"(F) NO QUALIFIED PROGRESS EXPENDITURES FOR PROPERTY FOR YEAR IT IS PLACED IN SERVICE, ETC.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for the earlier of—

"(i) the taxable year in which the property is placed in service, or

"(ii) the first taxable year for which recapture is required under section 47(a)(3) with respect to such property.
or for any taxable year thereafter.

"(5) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—The term 'self-constructed property' means property more than half of the construction expenditures for which it is reasonable to believe will be made directly by the taxpayer.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—The term 'non-self-constructed property' means property which is not self-constructed property.

"(C) CONSTRUCTION, ETC.—The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) ONLY CONSTRUCTION OF SECTION 38 PROPERTY TO BE TAKEN INTO ACCOUNT.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(6) ELECTION.—An election under this subsection may be made at such time and in such manner as the Secretary or his delegate may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary or his delegate.

"(7) TRANSITIONAL RULES.—The qualified investment taken into account under this subsection for any taxable year beginning before January 1, 1980, with respect to any property shall be (in lieu of the full amount) an amount equal to the sum of—

"(A) the applicable percentage of the full amount determined under the following table:

"For a taxable year beginning in:	The applicable percentage is:
1974 or 1975	20
1976	40
1977	60
1978	80
1979	100;

plus

"(B) in the case of any property to which this subsection applied for one or more preceding taxable years, 20 percent of the full amount of each such preceding taxable year.

For purposes of this paragraph, the term 'full amount', when used with respect to any property for any taxable year, means the amount of the qualified investment for such property for such year determined under this subsection without regard to this paragraph."

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENT OF SECTION 46(c).—Section 46(c) (relating to qualified investment) is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH SUBSECTION (d).—The amount which would (but for this paragraph) be treated as qualified investment under this subsection with respect to any property shall be reduced (but not below zero) by any amount treated by the taxpayer or a predecessor of the taxpayer (or, in the case of a sale and leasebook described in section 47(a)(3)(C), by the lessee) as qualified investment with respect to such property under subsection (d), to the extent the amount so treated has not been required to be recaptured by reason of section 47(a)(3)."

(2) DISPOSITION, ETC.—

(A) Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) PROPERTY CEASES TO BE PROGRESS EXPENDITURE PROPERTY.—

"(A) IN GENERAL.—If during any taxable year any property taken into account in determining qualified investment under section 46(d) ceases (by reason of sale or other disposition, cancellation or abandonment of contract, or otherwise) to be, with respect to the taxpayer, property which, when placed in service, will be new section 38 property, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted solely from reducing to zero the qualified investment taken into account with respect to such property.

"(B) CERTAIN EXCESS CREDIT RECAPTURED.—Any amount which would have been applied as a reduction of the qualified investment in property by reason of paragraph (4) of section 46(c) but for the fact that a reduction under such paragraph cannot reduce qualified investment below zero shall be treated as an amount required to be recaptured under subparagraph (A) for the taxable year in which the property is placed in service.

"(C) CERTAIN SALES AND LEASEBACKS.—Under regulations prescribed by the Secretary or his delegate, a sale by, and leaseback to, a taxpayer who, when the property is placed in service, will be a lessee to whom section 48(d) applies shall not be treated as a cessation described in subparagraph (A) to the extent that the qualified investment which will be passed through to the lessee under section 48(d) with respect to such property does not exceed the qualified progress expenditures properly taken into account by the lessee with respect to such property.

"(D) COORDINATION WITH PARAGRAPH (1).—If after property is placed in service, there is a disposition or other cessation described in paragraph (1), paragraph (1) shall be applied as if any credit which was allowable by reason of section 46(d) and which has not been required to be recaptured before such cessation were allowable for the taxable year the property was placed in service."

(c) CLERICAL AMENDMENTS.—

(1) Paragraph (4) of section 47(a) (as redesignated by subsection (b)(3)(A) of this section) is amended by striking out "paragraph (1)" and inserting in lieu thereof "paragraph (1) or (3)".

(2) Paragraphs (5) and (6)(B) of section 47(a) are each amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (4)".

(3) Paragraphs (1) and (2) of section 48(d) are each amended by striking out "section 46(d)(1)" and inserting in lieu thereof "section 46(e)(1)".

(4) Subsection (f) of section 50B is amended by striking out "section 46(d)" and inserting in lieu thereof "section 46(e)".

SEC. 303. CHANGE IN CORPORATE TAX RATES AND INCREASE IN SURTAX EXEMPTION.

(a) TAX RATES.—Section 11 (relating to tax imposed on corporations) is amended—

(1)(A) by striking out "and" at the end of subsection (b)(1),

(B) by striking out the period at the end of subsection (b)(2) and inserting in lieu thereof a comma and "to which paragraph (3) does not apply, and", and

(C) by adding at the end of subsection (b) the following new paragraph:

"(3) 18 percent, in the case of a taxable year beginning after December 31, 1974, and before January 1, 1976.",

(2)(A) by striking out "and" at the end of subsection (c)(2),

(B) by striking out the period at the end of subsection (c)(3) and inserting in lieu thereof a comma and "to which paragraph (4) does not apply, and", and

(C) by adding at the end of subsection (c) the following new paragraph:

"(4) 30 percent, in the case of a taxable year beginning after December 31, 1974, and before January 1, 1976.".

(B) SURTAX EXEMPTION.—Section 11(d) (relating to surtax exemption) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(3) Section 962(c) (relating to surtax exemption for individuals electing to be subject to tax at corporate rates) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

SEC. 304. ELECTION TO SUBSTITUTE NET OPERATING LOSS CARRYBACK YEARS FOR CARRY-FORWARD YEARS.

(a) IN GENERAL.—Subparagraph (E) of section 172(b)(1) (relating to years to which net operating loss may be carried) is amended to read as follows:

"(E)(i) In lieu of any net operating loss carryover to which a taxpayer would otherwise been entitled under this section, a taxpayer may elect to carry back any net operating loss for a number of taxable years equal to the number of taxable years to which such loss could have been carried forward, and the carryback so elected shall be added to the number of taxable years for which the taxpayer is otherwise entitled under this section to carry back such net operating loss. Except as provided in section 381(c)(25), and except as provided in paragraph (3)(E), an election under this subparagraph shall apply not only with respect to such net operating loss but also to the taxable year of such loss.

"(ii) Unless he is described in clause (iii), a taxpayer may not elect to have the provisions of clause (i) apply unless he establishes an employee stock ownership plan (as described in 301(d) of the Tax Reduction Act of 1975). This clause does not apply to any credit or refund attributable to a net operating loss or losses incurred in taxable years ending after the date of the first such election made by the taxpayer.

"(iii) The provisions of clause (ii) do not apply to any taxpayer the sum of whose credits or refunds resulting from electing to have the provisions of section 172(b)(1)(E) apply to net operating losses incurred in taxable years ending on or before the date of such first election does not exceed $10,000,000."

(b) SPECIAL RULES.—Section 172(b)(3) (relating to special rules) is amended by striking out subparagraphs (E) and (F), and by inserting in lieu thereof the following:

"(E)(i) An election made under paragraph (1)(E) may be revoked by the taxpayer at any time within 60 months after the close of the taxable year in which the election was made. If a taxpayer revokes such an election, the election may be revoked more than 60 months after the close of the taxable year during which the election was made only with the consent of the Secretary or his delegate. The taxpayer's liability for tax for all taxable years beginning with the earliest taxable year affected by the carryback of the net operating loss under election shall be redetermined as if the election had never been made. The amount of the taxpayer's liability for tax for the taxable year in which the election is revoked is increased (as of the end of such taxable year) by an amount equal to the amount by which such redetermined liability exceeds the tax paid for such taxable years. An election revoked on or before the time for filing a return for a taxable year (including any extensions thereof) is considered as made during that year. In redetermining the liability of a taxpayer for tax for preceding taxable years under this clause, the amount of such liability shall be reduced by an amount equal to the amount transferred (or treated as transferred) by the taxpayer to an employee stock ownership plan described in section 301(d) of the Tax Reduction Act of 1975 or to a supplemental unemployment compensation benefit plan described in such section in meeting the requirements of subsection (b)(1)(E) of this section. If the taxpayer was not required to transfer any amounts to such a plan under subsection (b)(1)(E) because of the provisions of clause (iii) thereof, the preceding sentence does not apply.

"(ii) An election under paragraph (1)(E), and a revocation of such election under this subparagraph, shall be made in such manner and at such times as the Secretary or his delegate may by regulations prescribe. No election may be made under paragraph (1)(E) by any taxpayer described in subparagraph (F) or (G) of paragraph (1). No election may be made under paragraph (1)(E) with respect to any foreign expropriation loss to which paragraph (1)(D) applies.

"(iii) If an election made by the taxpayer under subsection (b)(1)(E) with respect to a net operating loss incurred in any taxable year is revoked by the taxpayer, he may not make another election under that subsection with respect to that year. If a taxpayer has revoked an election made under subsection (b)(1)(E) with respect to a net operating loss incurred in any taxable year, and such taxpayer makes an election under such subsection with respect to a net operating loss incurred in a later taxable year, no part of the net operating loss for the taxable year with respect to which the election was revoked may be carried over to any taxable year beginning after the taxable year in which the second or other subsequent election under subsection (b)(1)(E) is made.".

(c) CARRYOVERS IN CERTAIN CORPORATE ACQUISITIONS.—Section 381(c) (relating to items in the case of certain corporate acquisitions) is amended by adding at the end thereof the following new paragraph:

"(25) TREATMENT OF NET OPERATING LOSSES WHERE TO SUBSTITUTE CARRYBACKS FOR CARRYOVERS HAS BEEN MADE.—The acquiring corporation shall be bound by an election made by the distributor or transferor corporation under section 172(b)(1)(E) unless different rules with respect to the years to which a net operating loss may be carried apply among the group consisting of the distributor or transferor corporations and the acquiring corporation, in which case the acquiring corporation shall use the carryback and carryforward period prescribed by regulations of the Secretary or his delegate, and the rules of section 172(b)(3)(E)(i) shall apply to the extent required by such regulations."

(d) Conforming Amendments.—

(1) Clause (ii) of section 172(b)(1)(A) is amended by striking out "In the case" and inserting in lieu thereof "Except as provided in subparagraph (E), in the case".

(2) Paragraph (3) of section 172(b) is amended by inserting "(and so much of paragraph (1)(E) as relates to paragraph (1)(A)(ii))" after "(1)(A)(ii)" each place it appears.

(e) Technical Amendments.—

(1) Section 6654(f) is amended to read as follows:

"(f) Tax Computed After Application of Credits Against Tax.—For purposes of subsections (b) and

(d), the term 'tax' means—

"(1) the sum of—

"(A) the tax imposed by this chapter 1 (other than by section 56), plus

"(B) the tax imposed by chapter 2, minus

"(2) of the sum of—

"(A) the credits against tax allowed by part IV of subchapter A of chapter 1, other than the credit against tax provided by section 31 (relating to tax withheld on wages), plus

"(B) any increase in liability for tax determined under section 172(b)(3)(E) (relating to revocation of special carryback election)."

(2) Section 6655(1)(B) is amended—

(A) by striking out "and" at the end of clause (ii),

(B) by striking out the period at the end of clause (iii) and inserted in lieu thereof a comma and "and", and

(C) by adding at the end thereof the following new clause:

"(iv) any increase in liability tax determinated under section 172(b)(3)(E) (relating to revocation of special carryback election)."

(f) Effective Date.—

(1) In general.—The amendments made by this section shall apply to net operating losses for taxable years ending after January 1, 1970.

(2) Transitional rules.—If an election is made under section 172(b)(1)(E) of the Internal Revenue Code of 1954 with respect to any net operating loss for a taxable year ending before the date of the enactment of this Act—

(A) in the case of a deficiency for any taxable year attributable to the application of such net operating loss, section 6501(h) of such Code shall be applied as if such loss were for the taxpayer's first taxable year ending after such date of enactment.

(B) in the case of an overpayment for any taxable year attributable to the application of such net operating loss, sections 6511(d)(2) and 6611(f)(1) of such Code shall be applied as if such loss were for the taxpayer's first taxable year ending after such date of enactment, and

(C) the period for submitting an application for a tentative carryback adjustment under section 6411(a) of such Code with respect to such net operating loss shall not expire before the day which is 90 days after such date of enactment.

SEC. 305. INCREASE IN MINIMUM ACCUMULATED EARNINGS CREDIT FROM $100,000 TO $150,000

(a) Increase.—Paragraphs (2) and (3) of section 535(c) (relating to accumulated earnings credit) are each amended by striking out "$100,000" and inserting in lieu thereof "$150,000".

(b) Conforming Amendments.—Sections 243(b)(3)(C)(i) (relating to qualifying dividends for purposes of the dividends received deduction), 1551(a) (relating to disallowance of surtax exemption and accumulated earnings.

SEC. 306. EFFECTIVE DATES.

(a) Section 302.—The amendments made by section 302 shall apply to taxable years ending after December 31, 1974.

(b) Section 303.—

(1) In general.—The amendments made by section 303 apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply for taxable years ending after December 31, 1975.

(2) Changes treated as changes in tax rate.—Section 21 (relating to change in rates during taxable year) is amended by adding at the end thereof the following new subsection:

"(f) Increase in Surtax Exemption.—In applying subsection (a) to a taxable year of a taxpayer which is not a calendar year, the change made by section 303(b) of the Tax Reduction Act of 1975 in section 11(d) (relating to corporate surtax exemption) shall be treated as a change in a rate of tax."

(c) Section 304.—The amendments made by section 304 apply to taxable years beginning after December 31, 1974.

(d) Section 305.—The amendments made by section 305 apply to taxable years beginning after December 31, 1974.

TITLE IV—CHANGES AFFECTING INDIVIDUALS AND CORPORATIONS

SEC. 401. FEDERAL WELFARE RECIPIENT EMPLOYMENT INCENTIVE TAX CREDIT.

(a) In General.—

(1) Section 50A(c)(2)(A) (relating to amount of credit) is amended—

(A) by striking out "or" at the end of clause (ii),

(B) by striking out the period at the end of clause (iii) and inserting in lieu thereof a comma and "or", and

(C) by inserting at the end thereof the following new clause:

"(iv) a termination of employment of an individual with respect to whom federal welfare recipient employment incentive expenses (as described in section 50B(a)(2)) are taken into account under subsection (a).".

(2) Section 50B(a) (relating to definitions; special rules) is amended to read as follows:

"(a) Work Incentive Program Expenses.—

"(1) In General.—For purposes of this subpart, the term 'work incentive program expenses' means the sum of—

"(A) the amount of wages paid or incurred by the taxpayer for services rendered during the first 12 months of employment (whether or not consecutive) of employees who are certified by the Secretary of Labor as—

"(i) having been placed in employment under a work incentive program established under section 432(b)(1) of the Social Security Act, and

"(ii) not having displaced any individual from employment, plus

"(B) the amount of federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year.

"(2) Definition.—For purposes of this section, the term 'federal welfare recipient employment incentive expenses' means the amount of wages paid or incurred by the taxpayer for services rendered to the taxpayer before July 1, 1976, by an eligible employee.

"(3) Exclusion.—No item taken into account under paragraph (1)(A) shall be taken into account under paragraph (1)(B). No item taken into account under paragraph (1)(B) shall be taken into account under paragraph 1(A).".

(3) Section 50B(c) is amended—

(A) by striking out "subsection (a)" in paragraph (1) and inserting in lieu thereof "subsection (a)(1)(A)", and

(B) by striking out "subsection (a)" in paragraph (4) and inserting in lieu thereof "subsection (a)(1)(A)".

(4) Section 50B is amended by redesignating subsection (g) as (h) and by inserting immediately after subsection (f) the following new subsection:

"(g) Eligible Employee.—

"(1) Eligible employee.—For purposes of subsection (a)(1)(B), the term 'eligible employee' means an individual—

"(A) who has been certified by the appropriate agency of State or local government as being eligible for financial assistance under part A of title IV of the Social Security Act and as having continuously received such financial assistance during the 90 day period which immediately precedes the date on which such individual is hired by the taxpayer,

"(B) who has been employed by the taxpayer for a period in excess of 30 consecutive days on a substantially full-time basis,

"(C) who has not displaced any other individual from employment by the taxpayer, and

"(D) who is not a migrant worker.

The term 'eligible employee' includes an employee of the taxpayer whose services are not performed in connection with a trade or business of the taxpayer.

"(2) Migrant worker.—For purposes of paragraph (1), the term 'migrant worker' means an individual who is employed for services for which the customary period of employment by one employer is less than 30 days if the nature of such services requires that such individual travel from place to place over a short period of time."

(b) Effective Date.—The amendments made by this section with respect to federal welfare recipient employment incentive expenses apply to such expenses paid or incurred by a taxpayer to an eligible employee whom such taxpayer hires after the date of enactment of this Act.

SEC. 402. REPEAL OF EXCISE TAX ON MOTOR VEHICLES.

(a) In General.—Part I of subchapter A of chapter 32 (relating to manufacturer's excise tax on motor vehicles) is repealed.

(b) Floor Stocks Refunds.—

(1) In general.—Where, before the day after the date of enactment of this Act, any tax repealed article (as defined in subsection (e)) has been sold by the manufacturer, producer, or importer and on such day is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article, if—

(A) a claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before the first day of the tenth calendar month beginning after the day after the date of enactment of this Act based upon a request submitted to the manufacturer, producer, or importer before the first day of the seventh calendar month beginning after the day after the date of enactment of this Act by the dealer who held the article in respect of which the credit or refund is claimed; and

(B) on or before the first day of such tenth calendar month reimbursement has been made to the dealer by the manufacturer, producer, or importer in an amount equal to the tax paid on the article or written consent has been obtained from the dealer to allowance of the credit or refund.

(2) Limitation on eligibility for credit or refund.—No manufacturer, producer, or im-

porter shall be entitled to a credit or refund under paragraph (1) unless he has in his possession such evidence of the inventories with respect to which the credit or refund is claimed as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, which were applicable with respect to the taxes imposed by part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954, as in effect on the day before the date of enactment of this Act, shall, insofar as applicable and not inconsistent with paragraphs (1) and (2) of this subsection, apply in respect to the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayment of the tax.

(c) REFUNDS WITH RESPECT TO CERTAIN CONSUMER PURCHASES.—

(1) IN GENERAL.—Except as otherwise provided in paragraph (2), where, with respect to an article which was subject to a tax imposed under part I of subchapter A of chapter 32 of such Code (as in effect on the day before the enactment of this Act), a tax repealed article (as defined in subsection (e)) has been sold to an ultimate purchaser after March 13, 1975, and on or before such date of enactment, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer of such article an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article.

(2) LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or importer shall be entitled to a credit or refund under paragraph (1) with respect to an article unless—

(A) he has in his possession such evidence of the sale of the article to an ultimate purchaser, and of the reimbursement of the tax to such purchaser, as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection;

(B) a claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before the first day of the tenth calendar month beginning after the day after the date of the enactment of this Act based upon information submitted to the manufacturer, producer, or importer before the first day of the seventh calendar month beginning after the day after the date of the enactment of this Act by the person who sold the article (in respect of which the credit or refund is claimed) to the ultimate purchaser; and

(C) on or before the first day of such tenth calendar month reimbursement has been made to the ultimate purchaser in an amount equal to the tax paid on the article.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, were applicable with respect to taxes imposed under part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954, as in effect on the day before the date of enactment of this Act, shall, insofar as applicable and not inconsistent with paragraph (1) or (2) of this subsection, apply in respect of credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constitute overpayments of the tax.

(d) CERTAIN USES BY MANUFACTURER, ETC.—Any tax by reason of section 4218(a) of the Internal Revenue Code 1954 (relating to use by manufacturer or importer considered sale) is deemed an overpayment of such tax with respect to any article which was subject to a tax imposed under part I of subchapter A of chapter 32 of such Code as in effect on the day before the date of the enactment of this Act if the tax was imposed on such article by reason of such section 4218(a) after March 13, 1975.

(e) DEFINITIONS. For purposes of this section—

(1) The term "dealer" includes a wholesaler, jobber, distributor, or retailer.

(2) An article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made) and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(3) The term "tax-repealed article" means an article on which a tax was imposed under part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954 as in effect on the day before the date of the enactment of this Act and is not imposed under such subchapter as in effect on the day after the date of enactment of this Act.

(f) EFFECTIVE DATE.—

(1) The amendment made by subsection (a) applies with respect to articles sold after the date of enactment of this Act.

(2) For purposes of paragraph (1), an article shall not be considered sold before the day after the date of enactment of this Act unless possession or the right to possession passes to the purchaser before such day.

(3) In the case of—

(A) a lease,

(B) a contract for the sale of an article where it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments,

(C) a conditional sale, or

(D) a chattel mortgage arrangement wherein it is provided that the sale price shall be paid in installments,

entered into before March 14, 1975, payments after such date with respect to the article leased or sold shall, for purposes of this subsection, be considered as payments made with respect to an article sold after such date, if the lessor or vendor establishes that the amount of payments payable after such date with respect to such article has been reduced by an amount equal to that portion of the tax applicable with respect to the lease or sale of such article which is due and payable after such date. If the lessor or vendor does not establish that the payments have been so reduced, they shall be treated as payments made in respect of an article sold before such date.

Mr. GRAVEL. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 38, line 21, strike all the language following the word after and 30 days after the enactment of this legislation.

Mr. GRAVEL. Mr. President, I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is not a sufficient second.

Mr. GRAVEL. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The Chair will state that until the amendment of the Senator from Alaska is modified, an amendment to it would not be in order.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. I believe that the amendment of the Senator from Alaska is not in order.

The PRESIDING OFFICER. The Senator is correct. Unless the amendment of the Senator from Alaska is modified, it is not in order.

Mr. CRANSTON. Mr. President, I then ask for the immediate consideration of the amendment that I send to the desk. I ask that my amendment go at the end of the bill.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an amendment, at the end of the bill, to insert the following new language.

Mr. CRANSTON. Mr. President, since it is a very long amendment, and there are copies available for all who wish to read it, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON'S amendment is as follows:

At the end of the bill insert the following:

TITLE V.—TAX TREATMENT OF OIL AND GAS, AND CERTAIN DISC INCOME

PART I—TAX TREATMENT OF FOREIGN OIL AND GAS PRODUCTION AND CERTAIN DISC INCOME

SEC. 501. LIMITATION ON FOREIGN TAXES ATTRIBUTABLE TO FOREIGN OIL AND GAS EXTRACTION INCOME; SEPARATE COMPUTATION OF FOREIGN TAX CREDIT FOR OIL AND GAS RELATED INCOME.

(a) IN GENERAL.—Subpart A of part III of subchapter N of chapter 1 (relating to foreign tax credit) is amended by adding at the end thereof the following new section:

"SEC. 907. SPECIAL RULES IN CASE OF FOREIGN OIL AND GAS INCOME.

"(a) REDUCTION IN AMOUNT ALLOWED AS FOREIGN TAX UNDER SECTION 901.—In applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this subsection) be taken into account for purposes of section 901 shall be reduced by the amount (if any) by which the amount of such taxes exceeds the product of—

"(1) the amount of the foreign oil and gas extraction income for the taxable year, multiplied by

"(2) the percentage which is 100 percent of the sum of the normal tax rate and the surtax rate for the taxable year specified in section 11.

"(b) APPLICATION OF SECTION 904 LIMITATION.—The provisions of section 904 shall be applied separately with respect to—

"(1) foreign oil related income, and

"(2) other taxable income. With respect to foreign oil related income, the overall limitation provided by section 904(a)(2) shall apply and the per-country limitation provided by section 904(a)(1) shall not apply.

"(c) Foreign Income Definitions and Special Rules.—For purposes of this section—

"(1) Foreign oil and gas extraction income.—The term 'foreign oil and gas extraction income' means the taxable income derived from sources without the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells, or

"(B) the sale of exchange of assets used in the trade or business described in subparagraph (A).

"(2) Foreign oil related income.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(B) the processing of such minerals into their primary products,

"(C) the transportation of such minerals or primary products,

"(D) the distribution or sale of such minerals or primary products, or

"(E) the sale or exchange of assets used in the trade or business described in subparagraph (A), (B), (C), or (D).

"(3) Dividends, partnership distributions, etc.—The term 'foreign oil and gas extraction income' and the term 'foreign oil related income' include—

"(A) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(B) amounts with respect to which taxes are deemed paid under section 960(a), and

"(C) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil and gas extraction income, or to foreign oil related income, as the case may be.

"(4) Certain losses.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items—

"(A) shall not be taken into account in computing foreign oil and gas extraction income for such year, but

"(B) shall be taken into account in computing foreign oil related income for such year.

"(d) Disregard of Certain Posted Prices, Etc.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement).

"(e) Transitional Rules.—

"(1) In general.—In applying subsections (d) and (e) of section 904 for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1975, to any taxable year ending after December 31, 1974—

"(A) subsection (a) of this section shall be deemed to have been in effect for such prior taxable year and for all taxable years thereafter, and

"(B) the carryover from such prior year shall be divided (effective as of the first day of the first taxable year ending after December 31, 1974) into—

"(i) a foreign oil related carryover, and

"(ii) another carryover,

on the basis of the proportionate share of the foreign oil related income, or the other taxable income, as the case may be, of the total taxable income taken into account in computing the amount of such carryover.

"(2) Taxpayers on per-country limitation.—In applying paragraph (1) for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1975, to any taxable year ending after December 31, 1974, if the per-country limitation provided by section 904 (a)(1) applied to such prior taxable year and to the taxpayer's last taxable year ending before January 1, 1975, then in the case of any foreign oil related carryover—

"(A) the first sentence of section 904(e) (2) shall not apply, but

"(B) such amount may not exceed the amount which could have been used in such succeeding taxable year if this section applied without regard to the second sentence of subsection (b).

"(f) Recapture of Foreign Oil Related Loss.—

"(1) General rule.—For purposes of this subpart, in the case of any taxpayer who sustains a foreign oil related loss for any taxable year—

"(A) that portion of the foreign oil related income for each succeeding taxable year which is equal to the lesser of—

"(i) the amount of such loss (to the extent not used under this paragraph in prior years), or

"(ii) 50 percent of the foreign oil related income for such succeeding taxable year,

shall be treated as income from sources within the United States (and not as income from sources without the United States), and

"(B) the amount of the income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) to a foreign country for such succeeding taxable year with respect to foreign oil related income shall be reduced by an amount which bears the same proportion to the total amount of such foreign taxes as the amount treated as income from sources within the United States under subparagraph (A) bears to the total foreign oil related income for such succeeding taxable year.

For purposes of this chapter, the amount of any foreign taxes for which credit is denied under subparagraph (B) of the preceding sentence shall not be allowed as a deduction for any taxable year. For purposes of this subsection, foreign oil related income shall be determined without regard to this subsection.

"(2) Foreign oil related loss defined.—For purposes of this subsection, the term 'foreign oil related loss' means the amount by which the gross income for the taxable year from sources without the United States and its possessions (whether or not the taxpayer chooses the benefits of this subpart for such taxable year) taken into account in determining the foreign oil related income for such year is exceeded by the sum of the deductions properly apportioned or allocated thereto, except that there shall not be taken into account—

"(A) any net operating loss deduction allowable for such year under section 172(a) or any capital loss carrybacks and carryovers to such year under section 1212, and

"(B) any—

"(i) foreign expropriation loss for such year, as defined in section 172(k)(1), or

"(ii) loss for such year which arises from fire, storm, shipwreck, or other casualty, or from theft,

to the extent such loss is not compensated for by insurance or otherwise.

"(3) Dispositions.—

"(A) In general.—For purposes of this chapter, if property used in a trade or business described in subparagraph (A), (B), (C), or (D) of subsection (c)(2) is disposed of during any taxable year—

"(i) the taxpayer notwithstanding any other provision of this chapter (other than paragraph (1)) shall be deemed to have received and recognized foreign oil related income in the taxable year of the disposition, by reason of such disposition, in an amount equal to the lesser of the excess of the fair market value of such property over the taxpayer's adjusted basis in such property or the remaining amount of the foreign oil related losses which were not used under paragraph (1) for such taxable year or any prior taxable year, and

"(ii) paragraph (1) shall be applied with respect to such income by substituting '100 percent' for '50 percent'.

"(B) Disposition defined.—For purposes of this subsection, the term 'disposition' includes a sale, exchange, distribution, or gift of property, whether or not gain or loss is recognized on the transfer.

"(C) Exceptions.—Notwithstanding subparagraph (B), the term 'disposition' does not include—

"(i) a disposition of property which is not a material factor in the realization of income by the taxpayer, or

"(ii) a disposition of property to a domestic corporation in a distribution or transfer described in section 381(a).

"(g) Western Hemisphere Trade Corporations Which Are Members of an Affiliated Group.—If a Western Hemisphere trade corporation is a member of an affiliated group for the taxable year, then in applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this section and section 1503(b)) be taken into account for purposes of section 901 shall be reduced by the greater of—

"(1) the reduction with respect to such taxes provided by subsection (a) of this section, or

"(2) the reduction determined under section 1503(b) by applying section 1503(b) separately with respect to such taxes,

but not by both such reductions."

(b) Technical Amendments.—

(1) Section 963(d) (relating to effective foreign tax rate for purposes of subpart F) is amended by adding at the end thereof the following new sentence:

"For purposes of this subsection, the income, war profits, or excess profits taxes paid or accrued to any foreign country by any controlled foreign corporation or corporations shall be reduced as provided in subsections (a) and (f) of section 907."

(2) The table of sections for subpart A of part III of subchapter N of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 907. Special Rules in Case of Foreign Oil and Gas Income."

(c) Effective Date.—The amendments made by this section shall apply to taxable years ending after December 31, 1974; except that the provisions of section 907(f) shall apply to losses sustained in taxable years ending after December 31, 1974.

Sec. 502. Denial of DISC Benefits With Respect to Energy Resources and Other Products.

(a) Amendment of Section 993(c)(2).—Section 993(c)(2) (relating to property excluded from export property) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof ", or", and by adding at the end thereof the following:

"(C) products of a character with respect to which a deduction for depletion is allowable (including oil, gas, coal, or uranium products) under section 611,

"(D) agricultural and horticultural commodities and products (including but not limited to livestock, poultry, fish, and furbearing animals), or

"(E) products the export of which is prohibited or curtailed under section 4(b) of the Export Administration Act of 1969 (50 U.S.C. App. 2403(b)) to effectuate the policy set forth in paragraph (2)(A) of section 3 of such Act (relating to the protection of the domestic economy).

Subparagraphs (C) and (D) shall not apply to any commodity or product at least 50 percent of the fair market value of which is attributable to manufacturing or processing, except that subparagraph (C) shall apply to any primary product from oil, gas, coal, or uranium. For purposes of the preceding sentence, the term 'processing' does not include extracting or harvesting, handling, packing, packaging, grading, storing, or transporting."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to sales, exchanges, and other dispositions made after March 18, 1975, in taxable years ending after such date.

SEC. 503. TREATMENT FOR PURPOSES OF THE INVESTMENT CREDIT OF CERTAIN PROPERTY USED IN INTERNATIONAL OR TERRITORIAL WATERS.

(a) AMENDMENT TO 1954 CODE.—

(1) IN GENERAL.—Clause (x) of section 48(a)(2)(B) (relating to property used outside the United States) is amended by striking out "territorial waters" and inserting in lieu thereof "territorial waters within the northern portion of the Western Hemisphere".

(2) DEFINITION.—Subparagraph (B) of section 48(a)(2) is amended by adding at the end thereof the following new sentence: "For purposes of clause (x), the term 'northern portion of the Western Hemisphere' means the area lying west of the 30th meridian west of Greenwich, east of the international dateline, and north of the Equator, but not including any foreign country which is a country of South America."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by subsection (a) shall apply to property, the construction, reconstruction, or erection of which was completed after March 18, 1975, or the acquisition of which by the taxpayer occurred after such date.

(2) BINDING CONTRACT.—The amendments made by subsection (a) shall not apply to property constructed, reconstructed, erected, or acquired pursuant to a contract which was, on April 1, 1974, and at all times thereafter, binding on the taxpayer.

(3) CERTAIN LEASE-BACK TRANSACTIONS, ETC.—Where a person who is a party to a binding contract described in paragraph (2) transfers rights in such contract (or in the property to which such contract relates) to another person but a party to such contract retains a right to use the property under a lease with such other person, then to the extent of the transferred rights such other person shall, for purposes of paragraph (2), succeed to the position of the transferor with respect to such binding contract and such property. The preceding sentence shall apply, in any case in which the lessor does not make an election under section 48(d) of the Internal Revenue Code of 1954, only if a party to such contract retains a right to use the property under a long-term lease.

PART II—PERCENTAGE DEPLETION IN CASE OF OIL AND GAS WELLS

SEC. 511. LIMITATIONS OF PERCENTAGE DEPLETION FOR OIL AND GAS.

(a) IN GENERAL.—Part I of subchapter I of chapter I (relating to natural resources) is amended by inserting after section 613 the following new section:

"SEC. 613A. LIMITATIONS ON PERCENTAGE DEPLETION IN CASE OF OIL AND GAS WELLS.

"(a) GENERAL RULE.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without regard to section 613.

"(b) EXEMPTION FOR CERTAIN DOMESTIC GAS WELLS.—

"(1) IN GENERAL.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas sold under a fixed contract, and

"(C) any geothermal deposit in the United States or in a possession of the United States which is determined to be a gas well within the meaning of section 613(b)(1)(A).

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) Natural gas sold under a fixed contract.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this chapter by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) Regulated natural gas.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(c) SMALL PRODUCER EXEMPTION.—

"(1) IN GENERAL.—Except as provided in subsection (d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the taxpayer's average daily production of domestic crude oil as does not exceed 3,000 barrels, plus, in case such production is less than 3,000 barrels

"(B) so much of the taxpayer's average daily production of domestic natural gas as does not exceed 18 million cubic feet reduced by that fraction of 18 million which the average daily production of domestic crude oil is 3,000 barrels.

If the taxpayer elects to have subparagraph (A) apply to any amount below 3,000 barrels, then subparagraph (A) shall apply only to the amount of barrels specified by him, and such amount shall constitute the numerator of the fraction in applying subparagraph (B).

"(2) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (1)—

"(A) the taxpayer's average daily production of domestic crude oil or natural gas shall be determined by dividing his aggregate production of domestic crude oil or natural gas, as the case may be, during the taxable year by the number of days in such taxable year, and

"(B) in the case of a taxpayer holding a partial interest in the production from any property (including an interest held in a partnership) such taxpayer's production shall be considered to be that amount of such production determined by multiplying the total production of such property by the taxpayer's percentage participation in the revenues from such property.

In applying this subsection, there shall not be taken into account the production of natural gas with respect to which subsection (b) applies.

"(3) EXEMPTIONS TO BE DETERMINED ON A PROPORTIONATE BASIS.—

"(A) Domestic crude oil.—If the producer's average daily production of domestic crude oil exceeds 3,000 barrels, the barrels to which paragraph (1) applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the producer for such year from such property as 3,000 barrels bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the producer for such year.

"(B) Domestic natural gas.—If the producer's average daily production of domestic natural gas exceeds 18,000,000 cubic feet, the production to which paragraph (1) applies shall be determined by taking from the production of each property a number of cubic feet of natural gas which bears the same proportion to the total production of the taxpayer for such year from such property as 18,000,000 cubic feet bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the producer for such year.

"(4) REDUCTION OF EXEMPTIONS.—If the exemptions of 3,000 barrels and 18,000,000 cubic feet are reduced upon the application of paragraph (5), the amount of the reduced exemption in barrels shall be substituted for the figure of 3,000 barrels in applying paragraphs (1) and (3), and the amount of the reduced exemption in cubic feet shall be substituted for the figure of 18,000,000 cubic feet in applying such paragraphs.

"(5) BUSINESSES UNDER COMMON CONTROL; MEMBERS OF THE SAME FAMILY.—

"(A) Component members of controlled group treated as one taxpayer.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

"(B) Aggregation of business entities under common control.—If 50 percent or more of the beneficial interest in two or more corporations, trusts, or estates is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the exemptions provided by this subsection shall be allocated among all such entities in proportion to the respective production of domestic crude oil or natural gas, as the case may be, during the period in question by such entities.

"(C) Allocation among members of the same family.—In the case of individuals who are members of the same family, the exemptions provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil or natural gas, as the case may be, during the period in question by such individuals.

"(D) Definition and special rules.—For purposes of this paragraph—

"(i) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that section 1563(b)(2) shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(ii) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(iii) the family of an individual includes only his spouse and minor children.

"(6) Transfer of oil or gas property.—

"(A) In the case of a transfer after December 31, 1974, of any proven oil or gas property, paragraph (1) shall not apply to the transferee with respect to his production of crude oil or natural gas from such property, and such production shall not be taken into account for any computation under this subsection. A property shall be treated as a proven oil or gas property if at the time of the transfer the principal value of the property has been demonstrated by prospecting or exploration or discovery work.

"(B) Subparagraph (A) shall not apply in the case of—

"(i) a transfer of property at death, or

"(ii) the transfer in an exchange to which section 351 applies if following the exchange the exemptions provided by this subsection are allocated under paragraph (5) between the transferor and transferee.

"(d) Limitations on Application of Subsection (c).—

"(1) Limitation based on taxable income.—The deduction for the taxable year attributable to the application of subsection (c) shall not exceed 50 percent of the taxpayer's taxable income computed without regard to—

"(A) subsection (c),

"(B) any net operating loss carryback to the taxable year under section 172, and

"(C) any capital loss carryback to the taxable year under section 1212(a)(1).

If an amount is disqualified as a deduction for the taxable year by reason of the application of the preceding sentence, the disallowed amount shall be treated as an amount allowable as a deduction upon the application of subsection (c) for the following taxable year, subject to the application of the preceding sentence to such taxable year.

"(2) Retailers excluded.—Subsection (c) shall not apply in the case of any taxpayer who directly, or through a related person, sells oil or natural gas, or any product derived from oil or natural gas—

"(A) through any retail outlet operated by the taxpayer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the taxpayer or a related person to use a trademark, trade name, or service mark or name owned by such taxpayer or a related person, in marketing or distributing oil or natural gas or any product derived from oil or natural gas, or

"(ii) given authority, pursuant to an agreement or contract with the taxpayer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(3) Related person.—For purposes of this subsection, a person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

"(e) Definitions.—For purposes of this section—

"(1) Crude oil.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) Natural gas.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(4) Certain refiners excluded.—If the taxpayer or a related person engages in the refining of crude oil, subsection (c) shall not apply to such taxpayer if on any day during the taxable year more than 50,000 barrels of oil were refined by the taxpayer or such person.

"(3) Domestic.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) Barrel.—The term 'barrel' means 42 United States gallons."

(b) Technical Amendments.—

(1) Subparagraph (A) of section 613(b)(1) (relating to 22-percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas wells, to the extent allowable under section 613A;".

(2) The last sentence of paragraph (7) of section 613(b) (relating to 14-percent depletion rate for certain other minerals) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells."

(c) Effective Date.—The amendments made by this section shall take effect on January 1, 1975.

Mr. LONG. Mr. President, the Senator from California is offering an amendment that deals with depletion and various taxes on the oil industry. I am not going to discuss that amendment at this time, Mr. President. I assume that we will have many amendments to vote on in this area. I would suggest to my friends that the committee amendment, in due course, will be voted on by the Senate.

Mr. GRAVEL. Mr. President, will the Senator from Louisiana yield me half a minute for a unanimous-consent request?

Mr. LONG. I yield.

Mr. GRAVEL. Mr. President, I ask unanimous consent that the following members of my staff be allowed the privilege of the floor during consideration of and voting on H.R. 2166: Bob Mitchell, Lynne Finney, and Nancy Leonard.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I ask unanimous consent that Jeff Peterson of Senator Ribicoff's staff and the following members of my personal staff be accorded the privilege of the floor during the consideration of this measure: Jim Guirard, Wayne Thevenot, Doug Svendson, Marsha Schramm, Joan Shaffer, and John Steen.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the following staff members be accorded the privilege of the floor during the consideration of this measure: Roy Greenaway, Jonathan Fleming, Jonathan Steinberg, Murray Flander, and Ann Wray.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the following members of my staff be granted the privilege of the floor during the consideration of H.R. 2166: Carey Parker, Nick Miller, and Mary Jo Manning.

On behalf of Senator Mondale, I make the same request as to Jim Verdier.

On behalf of Senator Nelson, I make the same request as to Ray Calamaro.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, reserving the right to object, we cannot hear these requests. Do they relate to the tax bill?

The PRESIDING OFFICER. The requests were that the privilege of the floor be granted to staff members.

Mr. CURTIS. Very well.

Mr. LONG. Mr. President, our economy faces its most serious economic crisis since the Great Depression. The unemployment rate is 8.2 percent—the highest level since 1941. Many other potential workers have withdrawn from the labor market because they do not think they can find a job—500,000 in February alone—and still others have been forced to work short hours when they are willing and able to work fulltime.

The gap between what the economy is capable of producing and what it is actually producing is now $200 billion—$1,000 per capita. This waste of potential output exceeds the gross national product of Great Britain. It is creating severe hardship among the American people, and urgent action is required.

The Tax Reduction Act of 1975 is an attempt to deal with the current recession—to stop the slide of the economy and to spur recovery. The bill reported by the Finance Committee provides a $29 billion tax cut—the largest in history. This is $9 billion more than was provided in the bill passed by the House. The committee felt that the additional reduction was justified by the extraordinary slump in the economy.

Before adopting this bill, the committee held hearings at which it had the benefit of the views of administration officials, businessmen, labor leaders, and economists. Virtually all recommended quick action to cut taxes.

The bill provides a $21 billion tax cut for individuals and $8 billion for business. Some of the tax cut for business, however, will have to be passed on to workers in the form of employee stock ownership plans. A balanced tax reduction of this type will stimulate both consumer and investment spending.

The $21 billion tax cut for individuals is divided into a refund on 1974 tax liability, some permanent tax reductions, and some tax cuts that will apply only to 1975 and 1976.

The 1974 refund totals $8.1 billion and is identical to the refund proposed in the House version of the bill. The refund will be 10 percent of 1974 tax up to a maximum of $200. Taxpayers will receive a minimum refund of $100—or their actual 1974 tax liability if it is less than $100. The refund, moreover, will be phased down from $200 to $100 as a taxpayer's adjusted gross income rises from $20,000 to $30,000.

This refund is much more concentrated in the low- and middle-income classes than that originally proposed by the administration. Eighty-five percent of the refund will go to taxpayers whose incomes are less than $20,000, compared to only 57 percent under the administration proposal. The committee felt that concentrating the refund in the low- and middle-income groups would be more equitable and more effective in stimulating the economy.

The bill provides taxpayers with the option of claiming a $200 tax credit instead of their $750 personal exemptions. This replaces the increases in the standard deduction in the House bill. Both the optional credit in the Finance Committee bill and the increases in the standard deduction in the House bill would remove virtually all poor people from the income tax rolls. The optional credit, however, provides tax relief not only to people who use the standard deduction, but also to those who itemize their deductions, and it provides more relief to large families than the changes in the standard deduction.

The committee felt that some provision to remove low-income families from the income tax rolls was essential, since inflation in recent years has eroded the value of the personal exemption and low-income allowance and thereby caused the poverty level to creep substantially above the tax threshold—the level at which people start to pay income tax. The committee felt that the optional credit was a more equitable way of achieving this objective than increasing the minimum standard deduction.

Taxpayers will choose the $200 credit over the $750 deduction only when their marginal tax bracket is less than 27 percent. This will be at incomes below approximately $22,000 for the typical family and $13,000 for the typical single person. People with higher incomes will get no tax reduction from the optional credit. The revenue loss of the credit will be $6.1 billion, or $1 billion more than the increases in the standard deduction in the House bill.

The third major tax reduction for individuals is an earned income credit for the working poor. A similar provision has been passed by the Senate three times, but the House has consistently rejected it in conference. Now, the House has seen the error of its ways, for the House bill contained a refundable tax credit equal to 5 percent of earned income, up to $200. The House credit phased out between incomes of $4,000 and $6,000.

The Finance Committee has made several changes in the credit. It has limited the credit only to taxpayers with dependents, because too much of the credit was going to single people, especially students, under the House version. Most of these people are not poor. The committee increased the rate of the credit to 10 percent and increased the phaseout to between $4,000 and $8,000. The earned income credit in the Finance Committee's bill involves a revenue loss of $1.7 billion, which is $1.3 billion less than the credit in the House bill. Eliminating the credit for taxpayers without dependents permits us to more than double its size for people with dependents.

This earned income credit is needed to provide tax relief to people who are too poor to pay income tax, but who still pay social security tax and bear the burden of the social security tax paid by their employers.

The Finance Committee also agreed to a number of additional reductions for individuals that were not included in the House bill.

The bill includes a $2 billion rate reduction in the lower tax brackets. The rates in the brackets up to $4,000 will be reduced by 1 percentage point for a 2-year period. This will provide a $40 tax cut to people with taxable incomes over $4,000.

The bill also includes a tax credit for the purchase of a home that is to be used as a principal residence. The credit will be 5 percent of the price of the home, up to a maximum credit of $2,000, and will be available until December 31, 1975. The committee thought that it was inappropriate to provide large refunds of 1974 taxes to upper income taxpayers, but it felt that a larger tax credit was appropriate if it was connected with the purchase of a new home, in view of the severely depressed state of the housing industry.

Housing starts have fallen from almost 2½ million in 1972 to less than 1 million at the present. There is extremely high unemployment in the construction industry, and a recovery in the housing sector is an essential ingredient of economic recovery generally. This housing credit will be a powerful stimulus and should increase starts by at least 100,000 at annual rates. The revenue cost would be $3 billion in 1975.

Mr. President, permit me to say that, having studied this matter subsequent to the committee action, it is my conclusion that we should reduce the cost of this tax deduction by leaving out the tax credit for the purchase of used homes. That would reduce the cost of the provision to about $1 billion a year, and I believe that we will be concentrating the relief then in the area where it will do the most good.

In other words, I think that a dollar of tax credit spent to help bring about the purchase of a new home will have a far more stimulating effect than a dollar of tax credit to help a family buy a used home, perhaps in moving from a smaller home into a larger home. That, Mr. President, will, I think, eliminate the one item that has created the most controversy and perhaps the most objection since the committee ordered this bill reported. I shall propose to modify the committee amendment when the opportunity presents itself.

The last tax reduction for individuals allows them to carry back their capital losses in the same manner as corporations. Under existing law, if an individual sustains a capital loss in one year and a capital gain in a subsequent year, he can carry the loss forward and deduct it against his capital gain, however, if his gain comes in a year prior to his loss, he cannot carry back the loss and deduct it against his gain. This result is inequitable and serves no useful purpose. Furthermore, it leads to tax loss selling at the end of each year by people who have realized gains and who have unrealized losses that they may never be able to deduct unless they sell before the end of the year. This provision will be helpful to people who made money in the rising stock market of 1972 and 1973 but who lost in 1974 and 1975.

The revenue loss of this provision will be approximately $100 million. These tax cuts for individuals, totaling $21 billion for 1975—or $19 billion if used homes are removed from the housing tax credit, should provide a strong stimulus to consumer spending and put us on the road to economic recovery.

The tax reductions for business in the bill are designed mainly to stimulate investment spending, although they also will encourage firms to establish employee stock ownership plans for their workers.

The House bill increased the investment credit to 10 percent. The Finance Committee's bill maintains this increase and provides a further increase to 12 percent for 1975 and 1976. However, firms may claim the additional 2 percentage points only if they put one-half the tax saving into an employee stock ownership plan.

I, for one, believe that we should do all we can to spur employee stock ownership. If workers own stock in the firms that employ them, they will be both more productive and wealthier. Employee stock ownership plans are a way for corporations to raise capital and, at the same time, make their workers better off.

Mr. President, I would like to comment at this point that people oftentimes fail to grasp the significance of what is happening in this bill. What we have before us is the largest revenue bill it has been my privilege to support in the 26 years I have been here in the Senate. But, Mr. President, the $30 billion tax cut proposed in this bill will not be significant from the vantage point of history. The significance of this bill, if it passes as recommended by the Committee on Finance, would be that this was the measure that set this Nation firmly on the road to encouraging that those who work for the large corporations of America should acquire stock in those companies as a partial reward for their work effort.

If this proposal becomes law, as encouraged by the committee and, I believe by the Senate, it will mean that future generations will own stock broadly spread among the American people. No longer will we have a situation where 3 percent of the people own 70 percent of all corporate stock, and 90 percent own none of it.

We will have a situation where the overwhelming majority of American families own stock in companies for which they and their forebearers have labored. Instead of America being a country in which a trillion dollars of plant and equipment will belong to very few, this will be an America in which the average working man is both a worker and a capitalist because his efforts as well as those of his parents, and perhaps his grandparents, have acquired for him an equity interest in the plants, the machines on which he has toiled and operated down through the years.

That, Mr. President, I believe, will be

the great significance of this bill from the point of history, that it sets America on a road that means not just the few will own the plant and equipment in this country, but that many will own it.

When a person dies or when a person retires, he will have not only a social security pension which, hopefully, will keep him out of poverty but, under legislation wisely recommended by the Senate and the Congress in the previous session, he will have a private pension that he will have earned by his endeavors in addition to his social security income.

Further than that, he will have retirement income from stock he has earned in the company for which he labored down through the years.

Now, when that worker is called on to his reward, he will have not only a home that has hopefully been paid for in its entirety but, in addition to that, he will leave behind an estate that will include stock in the company for which he labored down through the years.

That stock might be as much as a half million dollars in value, Mr. President, not necessarily because of this bill, but because this bill, for the first time, provides such a strong, affirmative incentive that I should judge every major company listed on the New York Stock Exchange will find it to its advantage to claim the full tax credit, and in doing so make their employees, not just some, but 100 percent of their employees, shareholders in their company.

The higher investment tax credit will encourage businesses to invest in equipment. This will increase the level of economic activity today, and increase the capacity of the economy to meet future demands.

The House bill contained a provision limiting the additional investment credit that could be taken by any one company to $100 million. The purpose of this provision was to discriminate against A.T. & T., which makes enormous investments and hence claims a large investment credit. The Finance Committee deleted this cap since there is no reason why A.T. & T. should be the only company in the country not receiving a full investment credit for the investment they are making in the American economy.

The House bill also liberalized the investment credit for public utilities, raising the rate from 4 to 10 percent and increasing temporarily the fraction of tax liability that could be offset by the credit. The Finance Committee bill includes all these provisions.

The House bill raised the amount of used equipment that could qualify for the investment tax credit for $50,000 to $75,000. To aid small business, the Finance Committee removed this limit entirely.

The House bill made an important change in the way the investment credit is computed. Under existing law, a taxpayer may claim the investment credit when qualified property is placed in service. This discriminates against property that takes a long time to build. The bill provides that, in the case of property that takes more than 2 years to construct, the investment credit can be claimed as progress payments are made rather than when the property is placed in service. The committee's bill includes this change.

These increases in the investment tax credit total $4 billion.

The House bill raised the surtax exemption in the corporate income tax from $25,000 to $50,000. Income exempt from the surtax is taxed at a 22-percent rate rather than the generally applicable 48-percent rate. This loses $1.2 billion in revenue, most of which goes to small business. The committee's bill includes this increase in the surtax exemption.

This increase, however, does not help businesses whose incomes are less than $25,000. To provide relief to these corporations, the committee reduced the normal corporate tax from 22 percent to 18 percent and raised the corporate surtax from 26 percent to 30 percent. Thus, corporate income below $50,000 will be taxed at an 18-percent rate, while income above $50,000 will continue to be taxed at a 48-percent rate. The revenue cost is $700 million.

The committee bill removes the excise tax on trucks, trailers, buses and related parts. This will help stimulate the depressed auto industry. The revenue cost is $700 million.

In addition, the bill permits corporations to carry back their net operating losses for 8 years if they are willing to give up their 5-year carryforward. Allowing firms to average their profits and losses over a longer period is fair, and it encourages firms to take risks. It will help firms that have had large losses in recent years, including Pan Am, Lockheed and Chrysler. The bill provides that the first time a corporation makes use of this election, it must put 25 percent of the tax saving into an employee stock ownership plan. An exception is made for automobile companies, who may put 12½ percent into employee stock ownership and 12½ percent into a supplemental unemployment benefits plan, if they so desire.

The other tax reductions for business liberalize the work incentive tax credit and increase the exemption from the accumulated earnings tax from $100,000 to $150,000.

These business tax changes total $8 billion for 1975. They will provide a substantial stimulus to business investment.

The committee deleted from the House bill the provision repealing percentage depletion for oil and gas. It felt that this should be a tax reduction bill, so that tax increases on the oil and gas industry would be counterproductive, especially in view of our serious energy problems.

The Tax Reduction Act of 1975 will turn the American economy around. Computer simulations, using the Chase econometric model, suggest that this bill will raise the gross national product by $27 billion in 1976, and will provide 500,000 jobs. This will reduce the unemployment rate from a predicted level of 7.9 percent to 7.4 percent at the end of 1976.

Mr. President, the revenue estimates which I have related to the Senate do not include the so-called feedback effect, which amounts to some $6 to $7 billion.

For example, Mr. President, a tax credit for new homes will cost about $1 billion in revenue loss. Now, the estimates that we have would mean that the additional social security taxes collected, a savings in unemployment insurance payments, and in fact, additional funds going into unemployment insurance trust funds, the additional taxes paid by suppliers of building materials, the additional taxes paid by lenders on the interest income, financing new homes—all of which make up the ripple effect of those who spend money because they are employed and in turn cause someone else to make a sale and to have more business activity—it is estimated that this amendment will bring to the Treasury $750 million of additional revenue to the Government.

So the net cost in revenue is really only $250 million if we stimulate a substantial number of sales of new homes. It is my estimate, Mr. President, that we are going to stimulate more home sales than that, and if we do, the housing tax credit will actually make money for the Treasury.

But that is only the small part of the gain of that provision because the big gain of it is the additional wealth that will be created for the benefit of 200 million people, namely, the new homes that we will have in this country, which is the big asset, quite separate from the fact that the Government takes in revenues to offset a considerable portion of the cost.

So, Mr. President, assuming we can stimulate the construction of 100,000 additional homes, not only would we regain most of the revenue cost of this measure, but assuming that the average home would be worth $20,000—and that is a very conservative estimate—that would be $2 billion of new homes to enrich our economy.

So if one would look upon something that costs in taxes a loss to the Treasury of $250 million to make the Nation's economy $2 billion richer, then I would say, Mr. President, that would be an exceedingly good deal. That would be a tax advantage of about 8 to 1.

It is that tax stimulative effect that we seek to bring about with this tax reduction bill. In my judgment, Mr. President, there is nothing in the bill that would stimulate new construction and new jobs any more efficiently than what is proposed with regard to new homes.

It is essential that the Senate pass this tax cut bill as soon as possible. An unemployment rate of over 8 percent is unconscionable and we must take immediate action to restore prosperity.

Mr. President, we in the committee have sought to press forward with this legislation with a sense of urgency. It may well be that we on the committee might want to, as I will recommend, modify at least one and perhaps more of the committee amendments recommended to this bill.

I point out that we could have done a somewhat more thorough job had we taken more time. But the Nation needs this tax cut. It needs it soon. The Senate should keep that in mind.

I would point out, in considering the

urgency of this matter, that the President made his state of the Union address on January 15. This measure could have been considered beginning the day thereafter in the House. Under the Constitution, it must originate in the House of Representatives.

The House reported its bill on February 25, 42 days after the state of the Union message. We, in the Senate, have undertaken to move this bill more rapidly.

This bill was referred to the Finance Committee on February 28, which, if we respect both the spirit and letter of the Constitution, would be the first time that we could have undertaken to move on it.

We ordered this bill reported on March 17, after 18 days. So I point out that the Senate committee has hastened its deliberations and recommended to the Senate what it believes would be its best judgment over a period of 18 days, which is less than half the time taken by the Ways and Means Committee in getting their bill before the House of Representatives.

Mr. BENTSEN. Will the Senator yield?

Mr. LONG. I hope that the Senate will appreciate the same sense of urgency that the committee appreciated and try to move as expeditiously, while thoughtfully, as it can move on an important measure of this sort.

Mr. President, I ask unanimous consent to have printed in the RECORD a chart showing the number of days which this bill has been before the Senate committee, as well as the House committee, which I think indicates that we have moved forward as rapidly as we thought we could and have endeavored to give this measure our best judgment during that period of time.

I would hope that the Senate would be tolerant with us in realizing that if there is some imperfection in this measure it may very well be because of the pressure of the urgency of the business recession from which this Nation suffers at this point, and the desire of the Senate to act on this measure. If we have made an error, I am sure the Senate will help us to correct it. I am confident also that we have brought before the Senate a measure that will stimulate the economy more substantially than the House bill. Applauding the good work done by the House Ways and Means Committee and the House, itself, I believe the Senate has improved it, as we always do when we have an opportunity to consider their handiwork and offer our suggestions.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

H.R. 2166—TAX CUT BILL

Jan. 15________State of the Union message: President outlines administration proposal.

35 days in committee (42 days from the state of the Union message):

Jan. 22______Ways and Means Committee begins hearings.

Jan. 29______Ways and Means Committee concludes hearings.

Feb. 25______Ways and Means Committee reports H.R. 2166.

Feb. 27______House passes H.R. 2166.

18 days in Committee:

Feb. 28______Referred to Finance Committee.

13 days from the beginning of hearings:

Mar. 5______Finance Committee begins hearings (first day Secretary Simon is available).

Mar. 12_____Finance Committee concludes hearings.

Mar. 13–14__Executive sessions; bill ordered reported.

Mar. 17_____Committee reports H.R. 2166.

Mr. MANSFIELD. Will the Senator yield for a unanimous-consent request?

Mr. LONG. I yield.

UNANIMOUS-CONSENT AGREEMENT—H.R. 4592

Mr. MANSFIELD. Mr. President, I wish to propound a unanimous-consent request pertaining to appropriations for foreign aid.

Mr. President, the appropriate Members have been contacted. As the Senate is aware, H.R. 4592, an act making appropriations for foreign assistance and related programs for fiscal year ending June 30, 1975, and for other purposes, faces an expiration date.

Therefore, Mr. President, if the Republican leadership will give me their attention, I would like to make this request:

I ask unanimous consent that when H.R. 4592 is called up, there be a time limitation of 1 hour on the bill, 20 minutes of which will go to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, Jr.), and the remainder to be equally divided among the manager of the bill, the Senator from Hawaii (Mr. INOUYE) and the ranking Republican member, the Senator from Massachusetts (Mr. BROOKE), or their designees; that there be 20 minutes on amendments, 10 minutes on amendments, motions, and the like to amendments, and that all amendments be germane, and that rule XII be waived.

Mr. HUGH SCOTT. Reserving the right to object, I do this only for the purpose of pointing out that we have not yet been able to get in touch with the Senator from New York (Mr. JAVITS), who asked to be notified. I hope he will agree to the time limitation as it is the only way by which we can dispose of this in consideration of the priority of the tax bill.

Mr. MANSFIELD. If the Senator will allow me, I would like to place this request at this time subject to the approval of the Senator from New York to make sure that his rights are fully protected, and to point out that if something like this is not done shortly we are faced with another continuing resolution. If the Senator would like, I will even withdraw the request at this time.

Mr. HUGH SCOTT. We have no notification from anyone except the Senator from New York and I would accept it subject to his approval, with that clear understanding.

Mr. MANSFIELD. Good enough.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD subsequently said: Mr. President, I ask unanimous consent that the following modifications be made in the unanimous-consent agreement with respect to H.R. 4592, the appropriations bill for foreign aid: that time on any amendment be limited to 20 minutes—any amendment.

The PRESIDING OFFICER (Mr. GLENN). Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I further ask that the agreement be in the usual form with respect to division and control of time.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. CURTIS. Mr. President, I ask unanimous consent that the following staff members may be given the privilege of the floor throughout the deliberations on the pending measure: Bob Cable, Margaret Lane, Nolan McKeon, and Bill Corbitt.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I wish to commend the distinguished chairman of the Committee on Finance for his leadership in this matter. He is devoted to his task. He is intensely interested in our economy. I wish to thank him for his unfailing courtesy and for his consideration of the members of the committee, and particularly the minority members.

Mr. President, as the distinguished chairman of our Committee on Finance has stated, our national economy is in a period of crisis. We are beset by the dual problems of recession and inflation. The bill now before us represents an attempt to provide sufficient stimulus to the economy to assure recovery from the current recession. My individual views with respect to this legislation are set forth in the committee report and I shall not restate them here. My purpose here is to discuss the background of the bill and explain briefly some of its more important provisions.

In his state of the Union message, President Ford recommended a temporary tax cut of $16 billion to stimulate the economy. The President's proposal was quite simple. To stimulate consumption, individuals were to receive cash refunds of a part of their 1974 income taxes aggregating $12.2 billion. To stimulate invesment, and thus increase employment, the investment tax credit would have been increased on a temporary basis from 7 to 12 percent. The President also submitted a program of permanent tax reform, including relief for low-income taxpayers. He urged, however, that, given the state of the economy, we first enact a temporary antirecession tax cut and then move to the more difficult problems of energy and general tax reform.

In response to the President's request, the House enacted a tax cut of about

$20 billion, of which about $16.2 billion was for individuals and the balance was for business. The House bill provided for a smaller rebate of 1974 taxes than the President recommended, and reduced 1975 income tax burdens for individuals by increasing the low-income allowance and the percentage standard deduction, and by providing an earned income credit. In general, the House bill provided greater relief to low-income and middle-income taxpayers than the President recommended in his temporary tax cut proposals. The business tax provisions of the House bill in general provided for temporary increases in the investment tax credit from 7 to 10 percent and an increase in the corporate surtax exemption from $25,000 to $50,000.

The Finance Committee's bill contains a tax cut of more than $29 billion, of which $21 billion is for individuals. These individual tax reductions consist of a refund of 1974 taxes, reductions applicable to 1975 and 1976, and some permanent reductions.

The provisions of the committee bill providing for refunds of 1974 taxes are unchanged from the House bill. In general, individuals are to receive refunds equal to 10 percent of their 1974 tax liability, with a maximum refund of $200 and a minimum refund of $100. If an individual's tax liability is less than $100, the amount of the actual tax liability will be refunded. The $200 maximum refund is subject, however, to a limitation based on adjusted gross income so that individuals with adjusted gross incomes of $30,000 or more will receive not more than $100. For individuals with adjusted gross incomes between $20,000 and $30,000, the maximum refund will vary between $200 and $100. The great bulk of the $8.1 billion in refunds will go to individuals with incomes under $20,000.

The committee bill also contains a number of other provisions affecting individuals. First, in lieu of the provisions in the House bill increasing the low-income allowance and the percentage standard deduction, the committee bill would permit taxpayers to elect a $200 credit as a substitute for the $750 personal exemption. This election will principally benefit low- and middle-income taxpayers because, once a taxpayer reaches the 27-percent rate bracket, it will still be more advantageous to claim the $750 personal exemption. This provision, which will reduce revenues by $6.1 billion, is effective only for taxable years beginning in 1975. Unlike the provisions of the House bill increasing the standard deduction, the $200 optional tax credit will benefit both individuals who itemize their deductions and individuals who utilize the standard deduction.

A second provision of the committee bill affecting individuals reduces by 1 percentage point the tax rates now applicable to the first $4,000 of taxable income. This rate reduction will apply to 1975 and 1976 and will reduce Federal revenues by $2 billion. Its principal benefit will be to low-income taxpayers, but it will also reduce taxes of those with incomes of $4,000 or more by $40.

A third major provision affecting individuals provides a 10-percent credit against earned income. The maximum credit is $400 and is phased out as an individual's adjusted gross income increases from $4,000 to $8,000. The credit is available only to workers with dependent children. This credit is a refundable credit. That is, an individual will receive it even if he has no liability for income taxes. In most cases, the credit will closely approximate the social security taxes paid by the individual. The credit which has been changed substantially from the comparable provision in the House bill, will apply only to taxable years beginning in 1975 and involves a revenue loss to $1.7 billion.

A fourth and much discussed provision of the committee bill, affecting individuals, provides a 5-percent credit for the purchase or construction of a principal residence between March 13 and December 31, 1975. The credit cannot exceed $2,000 and will apply to new and used houses, condominiums and mobile homes. In general, the credit will be measured as a percentage of the purchase price, but that price must generally be reduced by any gain realized, but not recognized for tax purposes, on the sale of a former residence. Also, the credit is subject to a "recapture" provision if the residence is sold within 3 years. However, the recapture rule generally does not apply if another principal residence is acquired within a year. The estimated revenue loss from this credit is $2.9 billion for 1975 and $500 million in 1976.

The fifth and final provision of the committee bill affecting individuals is permanent in nature and permits capital losses aggregating $30,000 or more to be carried back and used to offset previously realized capital gains. Present law permits only a carryforward of capital losses by individuals. The revenue loss from this provision is estimated at $100 million.

The committee bill also contains a number of provisions affecting business, the most important of which concerns the investment tax credit. The committee bill provides a temporary increase through 1976 in the investment credit rate to 12 percent and thereafter a permanent increase to 10 percent. These new rates will apply to all taxpayers, including public utilities which are now subject to a 4-percent rate instead of the 7 percent rate applicable to taxpayers generally. Other provisions of the bill seek to assist hard pressed public utilities by liberalizing certain features of the investment credit, such as temporarily increasing the limitation on the amount of tax liability which may be offset by the investment credit.

The temporary increase in the investment credit rate to 12 percent is not automatic. It must be elected. In the case of corporations with qualified investment eligible for the credit of $10 million or more, election of the 12 percent credit requires that one-twelfth of the 12 percent credit be used to fund an employee stock ownership plan. No such plan need be established if the taxpayer claims a 10-percent investment credit.

Three other features of the investment credit provisions of the committee bill should be mentioned. First, the existing $50,000 limitation on the amount of used property eligible for the credit which was raised to $75,000 by the House bill, is eliminated completely by the committee bill. Second, the provision of the House bill limiting the benefit of the increased investment credit to a specified dollar amount has been deleted since the committee understands that it would apply to but one corporation. Finally, the committee left unchanged the provisions of the House bill which permit an investment credit with respect to progress payments made in connection with property which requires more than 2 years to construct. This is an exception to the general rule of present law allowing a credit only when property is actually placed in service.

A second major provision in the committee bill affecting business concerns the rate of tax on corporate earnings. Under present law, the first $25,000 of a corporation's earnings is taxed at a 22-percent rate and the earnings in excess of $25,000 are taxed at a 48-percent rate. Under the committee bill, the first $50,000 in corporate earnings will be taxed at an 18-percent rate and earnings in excess of $50,000 will be taxed at a 48-percent rate. These changes will apply only for 1 year and will reduce revenues by $1.9 billion, of which about 60 percent will go to corporations with earnings under $100,000.

A third major business provision of the committee bill would permit business taxpayers to elect to substitute an 8-year net operating loss carryback for the generally applicable 3-year carryback and 5-year carryforward provisions of existing law. This provision will assist those taxpayers who, because of the recession or otherwise, sustained large net operating losses and anticipate little or moderate profits in the period ahead.

The provision applies to losses sustained in years ending after January 1, 1970, and it has been well-publicized that certain large corporations will derive substantial benefits from its enactment. However, let me emphasize that this provision, which is permanent, applies to all business taxpayers.

Two features of this new loss carryback provision deserve special mention. First, once an election is made with respect to losses for a particular year, the election applies to losses in all subsequent years unless it is revoked. Moreover, a revocation is only effective if the taxpayer in effect repays to the Government all of the tax benefits that he derived from the election that he would not otherwise have received. The second point is that when a corporation makes an election and receives a tax benefit of $10 million or more from the election, one-fourth of the tax benefit resulting from this first election must be used to fund an employee stock ownership plan. In certain cases, an electing taxpayer may use one-half of the amount that would otherwise go to an employee stock ownership plan to contribute to a supplemental unemployment benefit plan.

The other business provisions of the committee bill repeal the manufacturer's excise taxes on trucks, truck bodies, buses and truck parts; increase the accumulated earnings tax exemption to $150,000; and liberalize on a temporary basis the work incentive tax credit.

The committee bill thus covers a substantial number of subjects. It also provides tax cuts significantly larger than recommended by the President or enacted by the House. Additionally, the bill does make some permanent changes in our tax structure. The bill does not, however, deal with the allowance of percentage depletion with respect to oil and natural gas. A majority of the committee, including some who favor repeal, felt that this issue should be deferred so that the tax cut could be enacted as promptly as possible. In this connection, I would say that virtually every economist and representative of business and labor who appeared before the committee advised prompt action on this bill and urged that its enactment not be delayed by a protracted debate over depletion.

Mr. President, I wish to include in my remarks at this point the supplemental views of Senators Curtis and Fannin, published in the committee report. I ask unanimous consent that they be printed in the Record.

There being no objection, the supplemental views were ordered to be printed in the Record, as follows:

IX. Supplemental Views of Senators Curtis and Fannin

We cannot support H.R. 2166. In its present form, it simply fails to meet the needs of our economy. Today, our economy is beset both by recession and by inflation. These two problems are interrelated. Inflation is a persistent and cancerous malady which can be overcome only by firm and courageous actions. Inflation cannot be ignored; it is a cause of recession. In his testimony before the Committee on Finance, Secretary of the Treasury Simon said:

"More than anything else it is inflation which has created our current recession. Inflation destroys consumer confidence, investor confidence, and public confidence in the ability of our government to perform its obligations."

We do not oppose the use of a reasonable tax cut to stimulate the economy, but if a tax cut is to be used to combat recession it must, in our view, meet several criteria. *First*, a tax cut must strike a balance in our economic policy. The recession is severe and we must seek to counteract it. Nevertheless, we cannot follow policies which will again overheat the economy and lead to additional period of double-digit inflation. *Second*, a tax cut should be temporary in nature, cast in the form of a rebate or refund, and coupled with modification of those provisions of the tax law (such as the investment tax credit) that are proven job-producers. Permanent reduction in taxes (whether accomplished by rate reductions or otherwise) have no place in a temporary anti-recession tax cut. Permanent changes tend to invite budgetary problems for future years. *Third*, special consideration should be given to those individuals with low incomes who, because of inflation, face severe hardship. Many of the problems of the poor cannot be met by reducing taxes, but where tax relief is effective, action should be taken. *Fourth*, we believe that to provide jobs the relief should go to business, but if it is to go to individuals, it should give particular consideration to middle income taxpayers who have been hit hardest by increased taxation due to the inflationary rise in incomes. Substantial rebates of tax reduction to middle income taxpayers could have the greatest impact on consumer purchase of durable goods which, in turn, would put more employees to work in the industrial sector.

Unfortunately, H.R. 2166 fails to meet these criteria. For calendar year 1975, the bill would reduce Federal revenues by $29.2 billion. This is $9.3 billion more than the House bill and $13 billion more than requested by the President. At this level, we risk both unacceptable budgetary deficits and a new round of inflation.

Moreover, although cast as a temporary tax cut, the bill contains provisions which are either expressly made permanent or likely to become permanent features of our tax structure. Of $29.2 billion in tax reductions provided for in the bill, $21.2 billion is for relief to individuals. Of this amount, $9.9 billion is attributable to provisions we consider to be permanent in nature. These "permanent" provisions include a $200 optional tax credit in lieu of the $750 personal exemption ($6.1 billion), a reduction of one percentage point in the four lowest income tax brackets ($2.0 billion), a refundable 10 per cent credit against earned income for workers with families who earn $8,000 or less annually ($1.7 billion), and a provision permitting individuals to carryback capital losses for three years ($0.1 billion). The bill also makes permanent changes in the pattern of business taxation. The investment tax credit rate is increased to 12 per cent on a temporary basis and to 10 per cent on a permanent basis. A special loss carryback provision for corporations has been added and made permanent. The manufacturer's exise tax on trucks has been repealed. Additionally, the bill increases the corporate surtax exemption to $50,000 and reduces the rate at which corporations with less than $50,000 in earnings will be taxed. These last two provisions are technically temporary, but they may well become permanent. These provisions may well be desirable as a matter of tax policy, but they do not belong in an ostensibly temporary anti-recession tax cut. They can be, and should be considered in the context of general tax reform later in this session of the Congress.

The bill does grant tax relief of low income families, but we are concerned that, given the very special and particular purpose of this legislation, the bill may be tilted too far in this direction. While low income taxpayers are likely to spend a tax reduction, the recession is particularly pronounced in the case of durable goods. During 1974, personal consumption expenditures (measured in constant 1958 dollars) dropped almost 9 per cent. A broadly-based stimulus for the purchase of all durable goods (the so-called "big ticket" items) is needed. This the bill does not do. For example, the maximum rebate of 1974 taxes is $200 and no taxpayer with adjusted gross income in excess of $20,000 can receive even this "maximum" amount. The bill should provide relief to low income taxpayers, but its purpose as a stimulative device requires that the tax reductions be balanced.

For these reasons, we have reluctantly concluded that we cannot support H.R. 2166 in its present form.

We need to remember certain economic facts of life. The total public debt outstanding as of March 12, 1975, was $501,559,000,000. The estimated deficit for the year ending July 1, 1975, (Fiscal Year 1975) is $45 billion, and for the year ending July 1, 1976, (Fiscal Year 1976) is $80 billion. The interest on the national debt in Fiscal Year 1975 was $32.9 billion, and it is estimated it will climb to $36 billion in Fiscal Year 1976.

The greatest spur that we could give to our economy would be to put the Federal government's house in order. This would restore confidence throughout all segments of our economy.

Carl T. Curtis,
U.S. Senator.
Paul J. Fannin,
U.S. Senator.

Mr. CURTIS. Mr. President, I yield the floor.

Mr. RIBICOFF. Mr. President, I urge my colleagues to support the tax bill which we in the Senate Finance Committee have reported. While there are some provisions in the bill which I do not support and there are some provisions which could be added to strengthen the bill, it is on the whole a good bill. And it is an emergency measure if we have ever had an emergency measure in the Senate. It must be acted on quickly. Every day we delay means a loss of almost $100 million in increased GNP and a delay in creating over 600,000 jobs.

The American economy is in its greatest crisis since the depression of the 1930's.

The year 1974 was a disaster for American workers, their families, and American business.

Unemployment climbed from 5.2 percent in January 1974 to 8.2 percent in February 1975. In my own State the rate approaches 9 percent.

The GNP registered its largest annual decline since 1946.

Personal consumption expenditures for desirable goods fell by 9 percent in 1974 with the auto industry experiencing a drop in sales in 1974 of 22 percent. Nondurable expenditures also fell.

Gross personal investment dropped 8.2 percent in 1974 compared with a 10 percent rise in 1973.

Housing starts totaled only 1.4 million compared with 2.4 million in 1972 and 2.1 million in 1973.

And the consumer price index rose 12.2 percent.

The economic outlook is not getting any brighter. On Friday, March 14, 1975, the Federal Reserve Board reported that industrial production declined in February dropped for the fifth consecutive month and layoffs are growing. And while inventories are finally starting to decline, this positive sign may be short-lived if those still working cut back on their spending in anticipation of additional layoffs. We must bolster consumer confidence if we expect to turn the economy around.

The Senate Finance Committee bill meets the economic crisis head on. We have approved what I consider bold and substantial measures to meet the crisis.

Our bill provides $29.2 billion in tax relief—$9.3 billion more than approved by the House. Of this total, $21.2 billion would go to individuals. In our trillion dollar economy, this bill's cuts represent 2 percent of GNP—a smaller relative cut than we approved in 1964. If we had wanted to equal the impact of the tax cut of that year, we would have had to approve a $39 billion cut. In going beyond the House bill we find ourselves in agreement with virtually all of the economists who have come before Congress and testified as to the need for a tax cut of around $30 billion.

On the Senate floor we can do even more if we wish. But it is clear that we can do no less. And we must take action without delay.

The provisions in this bill, both for individuals and businesses, provide the stimulus we need to get our economy on the road to recovery.

INDIVIDUAL TAX CUTS

The Finance Committee bill provides $21.2 billion in tax relief for individuals broken down as follows:

1974 REBATE

The amount of $8.1 billion in immediate rebates of 1974 taxes. This is the same as the provision in the House-passed bill. Taxpayers will pay their regular taxes for 1974 on April 15, 1975. Beginning in May 1975 they will receive one lump sum rebate. Generally, the provision provides a rebate of 10 percent of tax liability up to a maximum refund of $200. However, each taxpayer is to receive a refund of at least $100, or the full amount of his or her tax liability if it is less than $100. The refund is to be phased down from the maximum of $200 to $100 as the taxpayer's adjusted gross income rises from $20,000 to $30,000.

This is a substantial improvement over the administration bill since our proposal concentrates 1974 rebates on low- and middle-income taxpayers while the President's plan provides an overgenerous rebate for the wealthy.

The following tables, which I ask unanimous consent to have printed in the RECORD, illustrate the effect of this rebate.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

2. EFFECT OF REFUND OF 1974 INCOME TAX[1]

(A) DISTRIBUTION OF TAX REDUCTION BY AGI CLASS

[1974 income levels]

Adjusted gross income class (thousands)	Number of returns affected (thousands): Total number with tax decrease	Number of returns affected (thousands): Number made nontaxable	Decrease in tax liability: Amount (millions)	Percentage distribution of total decrease: By income class	Percentage distribution of total decrease: By income Cumulative	Percentage distribution of total decrease: By segment
0 to $3	4,057	3,097	$230	2.8	2.8	35.7
$3 to $5	7,579	1,280	685	8.4	11.2	
$5 to $7	8,273	339	795	9.8	21.0	
$7 to $10	11,428	186	1,197	14.7	35.7	
$10 to $15	15,952	59	2,178	26.8	62.5	48.9
$15 to $20	9,856	16	1,796	22.1	84.6	
$20 to $50	9,006	3	1,612	14.3	98.9	
$50 to $100	655	(2)	65	0.8	99.7	15.3
$100 and over	160	(2)	16	0.2	99.9	
Total	66,966	4,980	8,125	100.0	100.0	100.0

[1] Granting a 100-percent refund of 1974 income tax liability up to $100 without a phaseout and a 10-percent refund of tax above $1,000 with a maximum refund of $200 with the refund phased out between $20,000 and $30,000 of adjusted gross income but not below $100.

[2] Less than 500 returns.

Note: Details may not add to totals because of rounding.

(b) REDUCTION OF TAX BURDEN[1] FOR TYPICAL TAXPAYERS AT VARIOUS AGI LEVELS

[Assuming deductible personal expenses of 17 percent of income]

	Tax liability														
	Single person			Married couple with no dependents			Married couple with 1 dependent			Married couple with 2 dependents			Married couple with 4 dependents		
Adjusted gross income	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction	Under present law	Under H.R. 2166 and Senate Finance Committee bill	Reduction
$3,000	$138	$38	$100	$28	0	$28	0	0	0	0	0	0	0	0	0
$5,000	491	391	100	322	$222	100	$208	$108	$100	$98	0	$98	0	0	0
$6,000	681	581	100	484	384	100	362	262	100	245	$145	100	$28	0	$28
$8,000	1,087	978	109	837	737	100	694	594	100	559	459	100	312	$212	100
$10,000	1,482	1,334	148	1,152	1,037	115	1,010	909	101	867	767	100	586	486	100
$12,500	1,996	1,797	200	1,573	1,415	157	1,408	1,267	141	1,261	1,135	126	976	876	100
$15,000	2,549	2,349	200	2,029	1,829	200	1,864	1,678	186	1,699	1,529	170	1,371	1,233	137
$17,500	3,145	2,945	200	2,516	2,316	200	2,329	2,129	200	2,156	1,956	200	1,826	1,643	183
$20,000	3,784	3,584	200	3,035	2,835	200	2,848	2,648	200	2,660	2,460	200	2,285	2,085	200
$25,000	5,230	5,030	150	4,170	4,020	150	3,960	3,810	150	3,750	3,600	150	3,330	3,180	150
$30,000	6,850	6,750	100	5,468	5,368	100	5,228	5,128	100	4,988	4,888	100	4,508	4,408	100
$35,000	8,625	8,525	100	6,938	6,868	100	6,668	6,568	100	6,398	6,298	100	5,858	5,758	100
$40,000	10,515	10,415	100	8,543	8,443	100	8,251	8,151	100	7,958	7,858	100	7,373	7,273	100

[1] Computed without reference to the tax tables for returns with adjusted gross income under $10,000.

$200 OPTIONAL CREDIT

Mr. RIBICOFF. Mr. President, we also approved a $6.1 billion tax cut provision which allows taxpayers to take a $200 option tax credit in lieu of the $750 personal exemption. This provision was adopted in place of an increase in the standard and minimum standard deduction approved by the House. The provision we approved provides permanent tax relief not only for those who take the standard deduction but for those who itemize their deductions as well. The itemizers received no permanent benefit under the House-passed bill.

Under present law each taxpayer can take a $750 personal exemption. This reduces the income on which tax liability is computed. The personal exemption has been criticized for being worth more to high-bracket taxpayers than to low-bracket ones. A $750 exemption is worth $525 to a taxpayer whose tax bracket is 70 percent, but only $105 to someone in the 14-percent bracket.

To remedy this situation we have provided a $200 optional credit which allows a person to subtract $200 directly off his tax liability in lieu of using the $750 exemption.

The $200 credit would be worth more in tax savings than the $750 to almost all families making up to $21,000 a year, especially to those making from $7,000 to $21,000 and to those who itemize. A family of four making $10,000 would save $230 in taxes by using the $200 optional credit in lieu of the personal exemption.

There are some potential problems in the credit aproach which I know Senator MONDALE wants to iron out. These involve wide disparities in income depending on the number of dependents in a family.

LOW INCOME RATE REDUCTION

Low-income Americans are hit hardest by the recession. Therefore, we have approved a $2 billion tax cut proposal which involves a 1-percent tax rate reduction to each of the initial four rate brackets, which apply to the first $4,000 of taxable income for joint returns. This provision, which would be in effect for 1975 and 1976, would have the effect of providing a $40 tax cut to any married couple with a taxable income of $4,000 or more and $20 to any person with a taxable income of $2,000 or more. For those below these cutoff points, the tax cut would be smaller. The House bill has no similar provision.

HOUSING TAX CREDIT

One of the major effects of the recession has been a drying-up of the housing market. Housing starts in 1974 were only 1.4 million—down from 2.4 million in 1972 and 2.1 million in 1973. By January of this year, housing starts were running at an annual rate of well under 1 million.

Something must be done to stimulate the housing market which has such an important effect on our economy.

We have approved a proposal providing a 5-percent tax credit on the purchase price of a house or apartment, up to a maximum of $2,000. The provision applies to any purchase after March 13 of this year and before the start of next year. We estimate that the cost of the housing tax credit will be $3.2 billion. This House bill has no similar provision.

EARNED INCOME CREDIT

Over the last few years the Senate has approved a provision which Senator LONG and I developed to provide a work bonus to help low-income workers offset the cost of their social security taxes. The House has always prevailed in getting this provision dropped in conference.

I am pleased that the House has finally approved the principle, albeit under the name of refundable earned income credit. We have modified the House provision which provided a 5-percent credit and made it 10 percent. The credit provides a credit of up to $400 for the working poor who have dependent children. Above the $4,000 income level the credit is phased out on a gradual scale. The cost of this provision is $1.7 billion. The House proposal, while only 5 percent, cost $3 billion because it was applied on across-the-board basis rather than being limited to those with dependent children. While I favor the expansion of the credit from 5 to 10 percent, I hope we can retain the House provision which makes the credit available to all, not just to those with dependent children. This provision is an important means of helping low-income workers supplement their earnings. It should be available to all these workers.

BUSINESS TAX CUTS

American business is in the midst of a crisis and we must stimulate this sector of the economy in addition to helping individuals.

Our bill provides $8 billion in tax relief to business. This compares with $5.1 billion provided for in the House bill.

The House approved two major tax provisions to help business—

First. An increase in the investment tax credit from 7 to 10 percent for property acquired and placed in service after January 21, 1975, and before January 1, 1976; and

Second. An increase in the corporate surtax exemption from $25,000 to $50,000.

The Senate bill makes major changes in the House-passed bill with regard to business.

INVESTMENT TAX CREDIT

First, the committee accepted my amendment to increase the investment tax credit to 12 percent and to stretch this increased credit out through the end of 1976. Second, it adopted my proposal to provide for a permanent 10-percent investment credit.

These are important improvements which are necessary to stimulate the private sector to improve and increase their capacity to provide greater output and new jobs. This is especially important for workers and businesses in Connecticut which is heavily involved in manufacturing and machine tools. Unless we can provide aid to American industry to modernize we risk losing out to foreign competition. It is long past time for us to stop exporting our jobs and provide the assistance which is necessary to enable American industry to get on with the job.

The cost of our proposal is $4.4 billion.

SMALL BUSINESS INCENTIVE

Small business is in dire need of an economic stimulus. Under present law a corporation theoretically pays 22 percent on its first $25,000 of income. Above that level it pays at a rate of 48 percent—22 percent plus 26 percent. Our bill lowers the initial rate from 22 to 18 percent and applies this rate to the first $50,000 of income. After that level our bill provides for a return to the 48-percent level—18 percent plus 30 percent.

Since small companies are principal buyers of used equipment, we have also increased from $50,000 to $100,000 the amount of used equipment that could be bought each year and receive the benefits of the investment credit. This will help assure that small businesses as well as large benefit from the increased investment tax credit.

REPEAL OF EXCISE TAX

The committee has also recommended, at a revenue loss of $700 million, the repeal of the 10-percent excise tax on trucks, trailers, buses, and parts. It was felt that such a move would allow these industries to improve their fleets at a quicker pace and provide a stimulus to this depressed sector of the economy.

TAX CREDIT FOR HIRING WELFARE RECIPIENTS

At a cost which we hope will be set off by savings in public assistance costs the committee has approved a provision providing a tax credit of up to 20 percent of the wages paid to an employee who is hired off the welfare rolls. This provision is good through July of 1976. No one employer could claim more than $25,000. We have written in safeguards to assure that those employers who hire people from welfare as a matter of course—such as seasonal employers who hire migrant workers for short periods at certain times of the year—cannot benefit from this provision. Our provision would also simplify the administration and certification process for this credit. I am under no illusions that this tax credit will substantially improve our welfare problem. When all is said and done, we need a massive overhaul of our welfare system if we ever expect to have a system which provides jobs for those who can work and aid for those who cannot.

I am disappointed but not surprised at the Finance Committee action in removing the percentage depletion repeal which was passed by the House. As I will point out during Senate floor debate on depletion, the percentage allowance is an anachronism which costs the American taxpayer $2.5 billion in taxes and produces no corresponding benefit.

I am hopeful that we will have an opportunity to vote directly on the merits of the oil depletion allowance without having to overcome a filibuster. However, if a filibuster should result, I will vote for cloture and will support the amendment to repeal the oil depletion allowance.

Mr. BELLMON. Mr. President, after many weeks of testimony before the Budget Committee, I have become convinced there are three dangers facing Congress.

The first danger is that in our efforts to stimulate the economy, we will produce a large deficit that is impossible to finance without causing sharp increases in interest rates and rapidly rising inflation.

The second danger is that unless Congress is careful, we will appear irresponsible—causing consumers to become even more concerned about this Nation's economic future—and cut back their expenditures accordingly. Recession would then deepen. Our main need now is to act responsibly so as to help renew consumer confidence.

The third danger is that in our eagerness to improve the unemployment situation and to reinvigorate the economy that we will overstimulate—reigniting the fires of inflation. I feel we need to apply stimuli in a modest and orderly manner so that as health returns to the economy, the Government stimuli can be reduced or withdrawn.

Therefore, I support an $11 billion reduction in the tax rebate and reform bill with the view that if a $19 billion stimulus proves to be inadequate, then Congress will have ample time to vote additional tax rebates as further stimulation is needed.

I greatly prefer a moderate stimulus now with additional rebates later to the alternative of a large stimulus now which may produce some of the inflationary conditions which were troubling the country during much of 1974.

Mr. CLARK. Mr. President, I ask unanimous consent that the privilege of the floor be granted to Ms. Mary Anne Albertson of my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, at the appropriate time, I am going to offer a motion to recommit the bill of the Committee on Finance that is now before us. I wish to take advantage of this time to explain the reasons for that, and later this afternoon, I shall make a motion and call for a vote.

Mr. President, I cannot support the $29.2 billion tax expenditure proposal reported over the weekend by the Senate Committee on Finance The committee proposal is far better than the tax scheme originally offered by President Ford. But that is a small recommendation to say the least—like preferring the flu over an ulcer. Why must we confine ourselves to such a narrow choice?

Doubts have already been expressed about some questionable provisions of the bill, including the housing credit and special new corporate loopholes. But I also oppose the economic principle of this legislation. It is the wrong answer for our economic distress.

There is some justice in using the tax system to help people make up at least a portion of the purchasing power that has been stolen away by inflation. I recognize, too, that the Finance Committee proposal is within the range of the amount of stimulus the economy needs. Rising prices and a sinking economy have strengthened the inclination all politicians have to stand foursquare for lower taxes.

Mr. GRAVEL. Mr. President, will the Senator yield?

Mr. McGOVERN. I yield to the Senator from Alaska.

Mr. GRAVEL. Mr. President, I ask unanimous consent that Bill Hoffman of my staff be accorded the privilege of the floor during the consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, will the Senator yield for a similar request?

Mr. McGOVERN. I yield.

Mr. HARTKE. I ask unanimous consent that during the consideration of the tax bill, my assistant, Don Keefer, and Mark McConaghy and Bob Blum of the staff of the Joint Committee on Internal Revenue Taxation be accorded the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, I realize that there is general agreement on the part of many of our top economists that the economic condition in the country today calls for a fiscal stimulant roughly along the lines the committee has recommended.

There are various ways that can be done. You can provide stimulus to the economy by direct public investment, or you can do it by a tax cut. It is my own personal view that both methods ought to be used, that we do need a tax reduction for our citizens whose income and purchasing power has been reduced because of inflation. So I have no quarrel with the idea of some tax reduction being offered. But I would also add that we can stimulate the economy, we can provide jobs, we can provide the so-called fiscal stimulant in an equally constructive, and I believe a more constructive, way if we reserve some right here in the Congress of the United States to provide urgently needed funds for public investment.

This plan to shovel out nearly $30 billion through the tax system amounts to an economic policy straitjacket for the Congress. It says, in effect, that all or nearly all of our economic planning is to stimulate purchasing power through tax expenditures. It closes the door on any realistic opportunity to stimulate the economy through direct public investment in urgent public needs. Indeed, this bill is an open invitation to President Ford to veto any legislative initiative in the public sector, on the grounds that it would add to a deficit that is already too large.

We need direct investments in housing. We should expand our investments in new sources of energy. We need desperately to rebuild the Nation's decrepit rail system and to strengthen mass transit, both to conserve energy and to abate pollution. We need investments in schools and in public safety. We must invest to expand our production of food. Determined action in these areas will provide jobs. It will provide more jobs, in fact, than we can expect from wholesale tax cuts. And it will be jobs on projects the country really needs.

Those investments make far more sense than giving $2,000 to anyone who buys a house. They will stimulate private business in far better ways than adding more tax subsidy for any capital investment whether it is for useful or wasteful enterprise.

It should be obvious that the best choice for the economy is a mix of tax expenditures and direct investments, so we can not only restore some of the taxpayer's purchasing power but also stimulate selectively, focusing on high-priority public needs. To combat both unemployment and inflation, we should invest in such job-intensive areas as ending railroad abandonments and rebuilding tracks and rights-of-way.

In my judgment we should reduce the committee's tax expenditure by approximately $10 billion to the level recently recommended by the House of Representatives. Otherwise we will foreclose opportunities in the public sector and offer the country both bad tax policy and bad economics.

It is that $10 billion, Mr. President, and perhaps additional funds, if the Senate sees fit, that we would then have available for investment in urgent public needs, including, if the Senate so desires, public service employment, and including the other highly urgent needs that confront our country.

I would urge the Senate to weigh very carefully the impact on providing jobs, the impact on adding strength to our economy, the impact on providing improved public services for the American people, of taking the approach which I have recommended here—a combination of approximately a $20 billion tax cut, plus the reservation of these additional funds for public spending, as over against the merely $30 billion in tax reductions that the Senate Committee on Finance has recommended.

Mr. President, we also ought to keep in mind that there are a number of highly questionable features in the committee bill that is now before us. We have a measure here that is being referred to as a tax reduction and fiscal stimulant, which includes a special tax code for Pan American Airlines—they are going to have their own tax code—it includes a special provision for A.T. & T.—this will be the A.T. & T. tax code—and there are other corporations where we are writing a special tax code for them, with the sweetener included that a part of the reduction has to be given to the employees.

Mr. President, what about the employees of other companies who are equally hard pressed? Why should either the employees or the stockholders of a particular company be singled out for special relief under the provisions of this bill?

I think there has been general agreement that instead of opening up new tax loopholes, the path of commonsense and tax equity, to say nothing of the efficient administration of our tax laws, calls for closing off some of the loopholes that are already in the law. I hope very much that the amendment offered by the Senator from South Carolina (Mr. HOLLINGS) closing off the loophole on oil depletion will be approved.

Certainly, Mr. President, we are not acting in the public interest when we move on legislation that is going to open up a whole host of new loopholes in the law.

So, as I have stated, Mr. President, at the appropriate time I intend to call up a motion that I have at the desk, which I shall state to the Senate now although I do not intend to call it up at this time.

The motion would be to recommit the legislation now before the Senate to the Committee on Finance, with instructions to report back within 2 days a substitute measure which would result in a revenue loss of not more than $19.2 billion in calendar 1975.

I think, Mr. President, that the course that I am recommending has one additional pragmatic value to it. It brings us into line with what has already happened on the other side of the Capitol, in the House Ways and Means Committee, and I am very hopeful that Senators will consider carefully what I am proposing to do here, and will give it their support when we call it up later in the day.

Mr. ALLEN. Mr. President, will the Senator yield for a question?

Mr. McGOVERN. I am happy to yield to the Senator from Alabama.

Mr. ALLEN. I am intrigued by the Senator's suggestion that he is going to move to send the bill back to committee with instructions to report back with a reduction of some $10 billion in the amount of tax reduction and tax rebate.

Mr. McGOVERN. Yes.

Mr. ALLEN. Where I would disagree with the distinguished Senator from South Dakota is that he would use this $10 billion that is being refunded or made available to the taxpayers of the Nation in further capital investment or other types of programs of the Federal Government, and he would not use this $10 billion savings, so to speak, in reducing the budget deficit.

Has the Senator given any thought to using that $10 billion in reducing this tremendous deficit?

Mr. McGOVERN. I say to the Senator that that course would be open to the Senate if this motion of mine were adopted, and the Senate decided that we could better strengthen the economy simply by passing on the impact of what I have proposed here in the form of reducing the deficit, and that is a course that is open.

My own view would be to urge the Senate to use this saving, in effect, for public investment. But there is nothing in the language of my recommital motion that would prevent the Senate from simply leaving it at that level.

In other words, all the recommital motion calls for is for the Committee on Finance to bring back a bill here in a couple of days that has a tax reduction of not more than $19.9 billion.

If the Senator from Alabama, with his great persuasive power, at that point then wanted to press against any further public investment, he would have that course open to him. Once this bill is adopted, we are committed to almost a $30 billion tax reduction. I think it is an economic straitjacket either for those who feel that the tax reduction is too large, that the fiscal impact is wrong, or for those of us who feel that we would like to leave some room here on the floor for offering measures for additional public investment. But on either ground I would think the Senator and I could stand together on this proposal.

Mr. ALLEN. Would the Senator's motion then have the effect of bringing the combination rebate and reduction nearer in line with the President's proposal?

Mr. McGOVERN. That is correct. It would bring it much more closely in line with what the President has proposed, and it would bring it exactly into line with the level recommended by the other body.

Mr. ALLEN. I thank the distinguished Senator.

Mr. McGOVERN. Mr. President, I yield the floor.

Mr. FANNIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GLENN.) The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Caroleen Silver of my staff be granted the floor privileges for the duration of the debate under this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. Mr. President, I modify my amendment so that instead of coming at the end of the bill at page 38, that title IV, beginning on page 36, be stricken, and my language be inserted in lieu thereof.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I ask unanimous consent that Mr. Burke Nelson, a member of the staff, may have the privilege of the floor throughout the deliberations on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 72

Mr. HOLLINGS. Mr. President, I send to the desk my amendment on behalf of myself, Senator KENNEDY and others, in the nature of a substitute to the Cranston amendment and I ask the clerk to state the amendment.

The PRESIDING OFFICER. The Clerk will state the amendment.

The legislative clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS), for himself and others proposes a substitute for the amendment of the Senator from California (Mr. CRANSTON).

The amendments is as follows:

At the appropriate place in the Act, add or substitute the following section:

REPEAL OF PERCENTAGE DEPLETION FOR OIL OR GAS WELLS

SEC.   . (a) Part 1 of subchapter I of chapter 1 (relating to deductions with respect to natural resources) is amended by adding at the end thereof the following new section:

"SEC. 613A. DENIAL OF PERCENTAGE DEPLETION IN CASE OF OIL OR GAS WELL.

"(a) GENERAL RULE.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without reference to section 613.

"(b) SPECIAL RULE FOR CERTAIN GAS WELLS.—

"(1) IN GENERAL.—In the case of an operating mineral interest as defined in section 614(d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas sold under a fixed contract, and

"(C) any geothermal deposit which is determined to be a gas well within the meaning of section 613(b)(1)(A).

"(2) DEFINITIONS.—For purposes of this section—

"(A) NATURAL GAS SOLD UNDER A FIXED CONTRACT.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this chapter by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) REGULATED NATURAL GAS.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(C) The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(D) The term 'domestic' refers to petroleum from an oil or gas well located in the United States or in a possession of the United States.

"(E) The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(c) 3,000-BARREL-A-DAY CRUDE OIL EXEMPTION FOR INDEPENDENT PRODUCERS.—

"(1) IN GENERAL.—Except as provided in subsection (d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to so much of the taxpayer's average daily production of domestic crude oil as does not exceed 3,000 barrels, but the percentage referred to in section 613(a) shall be (in lieu of 22 percent) the percentage determined in accordance with the following table:

"In the case of gross income from the property for the following calendar years:	The percentage shall be:
1975 and 1976	15
1977 and 1978	8
1979 and thereafter	0.

"(2) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (1), the taxpayer's average daily production of domestic crude oil shall be determined by dividing his aggregate production of domestic crude oil during the taxable year by the number of days in such taxable year.

"(3) BARRELS WITHIN EXEMPTION TO BE DETERMINED ON A PROPORTIONATE BASIS.—If the taxpayer's average daily production of domestic crude oil exceeds 3,000 barrels, the barrels to which paragraph (1) applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the taxpayer for such year from such property as 3,000 barrels bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the taxpayer for such year.

"(4) BARREL.—As used in this subsection, the term 'barrel' means 42 United States gallons.

"(5) BUSINESS UNDER COMMON CONTROL; MEMBERS OF THE SAME FAMILY.—

"(A) COMPONENT MEMBERS OF CONTROLLED GROUP TREATED AS ONE TAXPAYER.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

"(B) AGGREGATION OF BUSINESS ENTITIES UNDER COMMON CONTROL.—If 50 percent or more of the beneficial interest in two or more corporations, partnerships, trusts, estates, or other entities is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the 3,000-barrel-per-day exemption provided by this subsection shall be allocated among all such entities in proportion to the respective production of domestic crude oil during the period in question by such entities.

"(C) ALLOCATION AMONG MEMBERS OF THE SAME FAMILY.—In the case of individuals who are members of the same family, the 3,000-barrel-per-day exemption provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil during the period in question by such individuals.

"(D) DEFINITION AND SPECIAL RULES.—For purposes of this paragraph—

"(i) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that section 1563(b) (2) shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(ii) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(iii) the family of an individual includes only his spouse and minor children.

"(d) NON-APPLICATION OF SUBSECTION (C) TO ROYALTY OWNER OR INTEGRATED PRODUCER.—

"(1) ROYALTY OWNER.—Subsection (c) shall not apply to income derived from a nonoperating mineral interest as defined in section 614.

"(2) RETAILERS EXCLUDED.—Subsection (c) shall not apply in the case of any taxpayer who directly, or through a related person, sells oil or natural gas, or any product derived from oil or natural gas—

"(A) through any retail outlet operated by the taxpayer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the taxpayer or a related person to use a trademark, trade name, or service mark or name owned by such taxpayer or a related person, in marketing or distributing oil or natural gas or any product derived from oil or natural gas, or

"(ii) given authority, pursuant to an agreement or contract with the taxpayer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(3) REFINERS EXCLUDED.—Subsection (c) shall not apply in the case of any taxpayer where such taxpayer or a related person engages in the refining of oil or natural gas.

"(4) RELATED PERSON.—For purposes of this subsection, a person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.".

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 613(b) (1) (relating to 22-percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas wells, to the extent allowable under section 613A;".

(2) The last sentence of paragraph (7) of section 613(b) (relating to 14-percent depletion rate for certain other minerals) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells.".

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on January 1, 1975.

Mr. HOLLINGS. Mr. President, at the outset, I wish to emphasize that our No. 1 priority is the recovery of the economy from the present worsening recession. In terms of bringing the Nation's economy back to health, H.R. 2166 may be the most important legislation the 94th Congress will pass.

In urging repeal of the depletion allowance as part of the tax-cut legislation, I do not intend to jeopardize the tax cut bill. I shall not force unacceptable delays on the Senate, or take any other action that might conceivably derail the economy's recovery from recession.

But I also believe that the Senate now has before it the opportunity to repeal the percentage depletion allowance for oil and gas, the most notorious single loophole in the Internal Revenue Code, and follow, in essence, the action taken by the House.

Over the years, the depletion allowance has become the most visible symbol of tax injustice and special privilege in our revenue laws, a symbol of the greed and profiteering of a private industry that fails to serve the public interest.

The soaring price of oil in the past 2 years has removed any possible justification for retention of the depletion allowance as an incentive to oil exploration and development. Its demise is long overdue and its repeal cannot come too soon.

The Senate can do two things at once. We can deal simultaneously with recession and depletion, and we can deal with them promptly and effectively. We can pass responsible antirecession tax cut legislation to stimulate the economy, and we can deal responsibly with the percentage depletion allowance.

All we ask, Mr. President, is a reasonable opportunity—a matter of a few days' debate on the Senate floor—so that the Senate can work its will.

Two significant recent events have given repeal of the depletion allowance the momentum it needs to insure success.

First, prospects for bringing the issue to a vote improved with our recent modification of the Senate cloture rule.

Second, the action by the House of Representatives in approving an immediate total repeal of the percentage depletion allowance changes the dynamics of H.R. 2166 between the Senate and the House. Without such action by the House, it would have been extremely unlikely that a successful effort to repeal depletion could have happened in the Senate. But now, in light of the strong stand taken by the House, it may well be that the path of least delay is for the Senate to deal with the depletion issue on the tax cut legislation, in order to avoid needless controversy with the House in the conference on the bill.

Further, we also feel that by dealing now with the depletion issue, the Senate can clear the track ahead for other vital legislation during the remainder of this session.

Congress can do a better job on energy, on the budget, on tax reform, and on many other issues once we have settled the perennial and distracting controversy that depletion brings to the House and Senate.

Also, I would note that the $3 billion revenue gain estimated from the proposed amendment can be used to good advantage by the Congress, either by increasing the size of the tax cut, increasing expenditures on high priority programs, or reducing the size of the budget deficit.

BRIEF LEGISLATIVE HISTORY OF THE PERCENTAGE DEPLETION ALLOWANCE

The percentage depletion allowance has haunted the Internal Revenue Code ever since the Federal Income Tax was first enacted, after the adoption of the Sixteenth Amendment in 1913. From the beginning, depletion was controversial.

In 1913, when the income tax was first approved, depletion was limited to cost. But, to avoid the appearance of unconstitutionally taxing pre-1913 income, depletion on pre-1913 wells was allowed to be based on the value of the well in 1913.

In 1918, during World War I, discovery depletion was enacted. That is, depletion was allowed to be based on the value of the well at the time of discovery. Almost always, "discovery depletion" exceeded "cost depletion." Partly, the legislation was a response to the World War I emergency. Partly, it was a response to claims that the 1913 depletion provision discriminated against wells discovered after 1913, by limiting them to cost depletion, when pre-1913 wells were eligible for higher depletion based on 1913 value.

In 1926, the modern concept of percentage depletion was invented, because of the serious practical problems that had arisen in valuing wells and administering discovery depletion. In the legislation enacted that year, the House of Representatives proposed a level of 25 percent for the depletion allowance. The Senate, always more generous to the oil industry even in those early years, set the level at 30 percent. The House-Senate conference agreed on 22½ percent and the figure stayed constant at that level for nearly 50 years.

Then, as part of the Tax Reform Act of 1969, percentage depletion was lowered from 27½ percent to 22 percent—18 percent counting the minimum—the level it has today.

OPERATION OF PERCENTAGE DEPLETION

The operation of the percentage depletion allowance and the massive tax benefits it confers are illustrated by the following example:

	With depletion	Without depletion
Gross receipts from sales of oil	$200,000	$200,000
Cost	120,000	120,000
Net income	80,000	80,000
Percentage depletion (22 percent of gross receipts)	44,000	
Allowable depletion (maximum of 50 percent of net income)	40,000	
Taxable income	40,000	80,000
Tax (48 percent corporate rate)	19,200	38,400

Thus, as a result of the depletion allowance, the taxpayer's tax bill in the example is cut in half.

REPEAL OF THE PERCENTAGE DEPLETION ALLOWANCE

There are at least ten major reasons that justify the outright and immediate repeal of the percentage depletion allowance for major producers, and a phase-out of the allowance for small independent producers.

1. PERCENTAGE DEPLETION IS NOT A NECESSARY TAX INCENTIVE FOR THE HIGH PRICE-HIGH PROFIT OIL INDUSTRY

First, in light of the incredible price and profit picture of the industry, no one can seriously maintain that depletion is still needed as an incentive for oil production. The astronomical current profits of virtually every major oil company in the Nation are well known. These fantastic profits are the direct result of the fantastic recent increases in the price of oil.

There is no current need for a tax incentive like the depletion allowance. The soaring price of oil is enough incentive by itself to stimulate all the additional exploration and production of oil America needs. If price alone is not an adequate incentive for increased domestic production of oil, then far more is wrong with our domestic oil industry than the depletion allowance can cure.

Before the Arab oil embargo in 1973, the price of oil was about $3.50 a barrel. Today, under price controls, the price of "old" oil is fixed at $5.25 per barrel, an increase of 50 percent. And the price of "new" oil, not subject to price controls, is now a phenomenal $10 to $11 per barrel, or triple the price less than 2 years ago.

In fact, the increased price of oil is many times more valuable to the oil companies than the percentage depletion allowance. At $4 a barrel, the oil depletion allowance was worth 22 percent of $4, or 88 cents. Thus, if the price of oil had risen from $4 to "only" $5, the rise would have more than neutralized the repeal of the depletion allowance. Yet the price has actually risen to $10 and beyond, an increase of $6 or more. For the oil companies, therefore, the recent price increase is worth at least seven times the old depletion allowance.

And these enormous price increases are matched by equally enormous increases in profits. For many months, the financial pages of the daily newspapers have been filled with reports signaling the highest profits in history for the Nation's richest oil companies.

The advocates of depletion have traditionally argued that the return on equity for oil is comparable to, or even below, that of other industries. In 1972, for example, return on equity was 9 percent. They claim that repeal of depletion will stop the flow of capital into oil.

But even before the record profits of 1973 and early 1974 began to roll in, the argument was misleading. It relied on the rate of return for all phases of oil operations, not just the production end. In addition, in the pre-1973 era, other measures of profitability besides return on equity showed that oil was doing very well. For example, oil profits were 6.5 percent of sales in 1972, compared to 4.2 percent for all other manufacturing businesses.

After 1973, even the argument based on return of equity does not exist any more. Profits for 1973 were the highest in the history of the oil industry, with return on equity increasing from 9 percent in 1972 to 15 percent for 1973, far above the average for other industries. Preliminary estimates for 1974 indicate that the return on equity is likely to jump even higher, to a phenomenal 19 to 20 percent.

Moreover, as recent news reports make clear, some of the largest oil companies are at a loose end over what to do with their bloated profits. A year ago, we read that Gulf Oil was negotiating to buy Ringling Brothers Circus. Last June, we learned that Mobil Oil was negotiating to buy Montgomery Ward, the general department store chain, a deal that became final later in the year.

How can Congress stand by, while the hard-earned tax dollars of millions of ordinary taxpayers in the Nation flow into oil company treasuries in the form of handsome tax subsidies for depletion, and then flow back out again—not into exploration for oil as Congress intended, not into production of oil to help America meet its energy crisis, but into outside investments in things like circuses and general department stores?

2. DEPLETION IS AN INEFFECTIVE INCENTIVE FOR DRILLING AND DEVELOPMENT

Second, the percentage depletion allowance is an extremely ineffective incentive, as the following points make clear:

Because depletion is based on oil production, it encourages drilling in known oil reserves and pumping from existing wells, rather than exploration and development of new resources. It stimulates over-drilling of existing fields. It puts wildcatting and new exploration at a disadvantage. Only 1 out of every 10 exploratory wells strikes oil; as a result, depletion benefits only one-tenth of the most risky but most necessary drilling.

Also, excessive drilling can damage overall production from an oil field, because too many wells sunk in the same field can reduce the pressure that forces oil to the surface, and make the operation of the entire field less efficient.

The problem of the depletion-induced bias toward production instead of exploration is compounded by the shortage of equipment. Even those who want to explore for oil have trouble obtaining scarce material and drilling rigs, because the equipment, already in short supply, tends to be diverted to "safe" oil production and is unavailable for "risky" exploration.

A more effective tax incentive for exploration than depletion is the intangible drilling deduction, which allows an immediate tax write-off for the costs of drilling and development. In the case of other businesses, such costs would be required to be capitalized and depreciated over the life of the asset. But in the case of oil, such expenses can be taken as an immediate tax deduction.

The intangible deduction is obviously more efficient than depletion in encouraging additional drilling. So long as depletion is available, oil producers are able to enjoy its benefit, even though they do no additional drilling at all.

Experts estimate that more than half the tax benefit of depletion goes, directly or indirectly, to landowners, not to oil producers. Landowners get depletion on their royalty income. They also get higher prices for leasing their land, because the availability of the depletion allowance encourages producers to bid the value up. Yet, the landowners do no drilling and take no risks. To the extent that tax benefits from depletion go to landowners, the benefits are wasted, since they do not attract new capital for oil.

As noted above, the availability of the depletion allowance encourages oil drillers to bid up the value of leases and other acquisition costs. To the extent such costs increase, the incentive value of depletion is negated.

Also, the depletion deduction is based on gross receipts from an oil well, not the cost of production. The tax benefit is the same for low cost oil as it is for high cost oil. As a result, the percentage depletion allowance discourages drillers and explorers from engaging in any but the lowest cost ventures.

Since the amount of the percentage depletion allowance is limited to 50 percent of the taxpayer's net income from oil production, there is an additional disadvantage for marginal wells and high cost oil production, such as stripper wells, for which the full benefits of depletion may not be available. Again, the result is to divert scarce resources in the search for oil into low cost drilling in known reserves, where the depletion payoff is the highest, and where the 50 percent-of-income limitation does not come into play.

The tax benefits of depletion increase as the price of oil increases. Since the price has tripled in the past year, the tax break from depletion has also tripled. That is the sort of irrational "upside-down" tax incentive that only Alice in Wonderland can understand. A rational incentive would reduce the subsidy as the price goes up, because the subsidy is needed less.

The well-known CONSAD study, prepared for the Treasury in 1969, concluded that depletion was costing America's taxpayers $1.4 billion a year at that time, but was increasing oil reserves by only $150 million a year. Today, if anything, the discrepancy is even greater. Rarely has the American taxpayer had a poorer bargain or been more badly served by a specific section of the Internal Revenue Code.

3. DEPLETION IS AN UNDESERVED TAX WINDFALL FOR A LOW TAXPAYING INDUSTRY

Third, the depletion allowance is an undeserved tax windfall for oil companies that have long been notorious for the low effective rate of taxes they pay.

For large corporations, the tax rate specified in the Internal Revenue Code is 48 percent. But as the following table indicates, the average effective tax rate for some of America's largest oil companies is only about 5 percent and 6 percent:

Federal income tax rate paid by largest oil companies 1974

(Source: U.S. Oil Week computations based on company annual reports and SEC reports)

	Percent
Exxon	6.5
Texaco	1.7
Mobil	1.3
Socal	2.05
St. Ind	10.2
Shell	21.6
Gulf	1.2
Arco	3.7
Phillips	12.9
Conoco	8.2
Sun	13.2
Union	6.4
Cities Svc	8.3
Getty	22.5
Marathon	7.5
Ashland	32.4
Std. Ohio	12.8
Kerr-McGee	23.3
Amerada Hess	7.5
Average	5.99

In the current state of high profits and low taxes, it is only crocodile tears that can legitimately be shed by the oil companies when the percentage depletion allowance passes from the scene.

The issue is a clear one—it is whether oil millionaires and even oil billionaires are going to continue paying little or no Federal income tax at a time when the average American is being asked not only to pay ever higher taxes, but is also being asked to pay large new taxes and tariffs on oil.

To us, it is time the oil millionaires paid their fair share of taxes, and the amendment we propose is a major step in the right direction.

4. DEPLETION IS AN EXPANSION TAX BENEFIT COMPARED TO DEPRECIATION

Fourth, even on its own terms, the percentage depletion allowance is an excessively generous tax advantage. Depletion is often justified as oil's analogy to depreciation. But nothing limits depletion to the value of the oil that is actually being depleted. Year after year, 22 percent depletion is available, so long as a well is producing oil.

At the 22 percent level of depletion, experts estimate that oil companies recover the cost of a producing well 15 times over. In other industries, where normal depreciation applies, a business is limited through depreciation to one and only one recovery of the cost of its investment in its assets.

But when it comes to oil, the tax laws are far more generous. Only in the case of percentage depletion is a business entitled to deduct an amount greater than its actual costs.

We know what Congress would say if for example, the real estate industry sought a tax advantage to allow depreciation 15 times on the same building. But year after year, Congress accepts that principle of multiple depreciation for the benefit of the oil industry.

5. DEPLETION DISTORTS THE ECONOMICS OF OIL

Fifth, the percentage depletion allowance distorts the economics of the oil industry by attracting massive investments purely for tax shelter purposes, and not necessarily for serious oil production or exploration. Each year, millions of investment dollars are funneled into questionable schemes for oil, of value largely because they mean huge tax advantages for wealthy doctors, dentists, lawyers, corporate presidents and other high bracket taxpayers looking for tax shelters.

Often, such schemes promote uneconomic ventures into oil, because the investors are more interested in tax losses to shelter other income than in a profit from the oil. In a real sense, they are drilling for tax deductions instead of drilling for oil.

These tax shelter programs are widely syndicated on a national basis. Frequently, their nonbusiness motives cause serious competitive disadvantages for legitimate oilmen who have to make a profit on their operations, who cannot be content with just a tax shelter for their wealthy patrons.

6. OIL DEPLETION IS DISCRIMINATORY AGAINST OTHER ENERGY SOURCES

Sixth, depletion is a highly discriminatory incentive in favor of oil, to the disadvantage of other energy sources. Calculated on the basis of the delivered price of each fuel, the tax benefits for various types of energy are estimated as follows:

For oil and gas: 13 percent of price.

For coal: 4 percent.

For oil and gas from coal: 1 percent.

For solar energy: 0 percent.

This sort of tax discrimination is hardly a sensible long-run energy policy for the Nation. It is nothing more than a vast welfare program for oil producers and oil landowners, to the detriment of our national search for alternative energy sources.

7. DEPLETION GIVES AN UNFAIR ADVANTAGE TO INTEGRATED PRODUCERS

Seventh, depletion encourages integrated oil producers to keep their prices high, at the expense of independent refiners and manufacturers of petroleum products, whose profit margins are thereby squeezed because of the high price of oil at the start of the production chain.

Most of the major oil companies are vertically integrated firms. They have an unfair competitive advantage, since they do not care which stage in the production of petroleum products generates their basic profits. In fact, the top 20 integrated firms now control 94 percent of known domestic oil reserves. In effect, the integrated firms are selling crude oil to themselves at artificially high prices, and thereby driving independent refiners and manufacturers out of business.

8. DEPLETION IS AN EXCESSIVE STIMULUS TO FOREIGN OIL PRODUCTION

Eighth, because depletion is also available for foreign wells overseas, it encourages corporations to drill for oil abroad. Today, many of the tax benefits of depletion go to foreign operations. So long as the depletion incentive remains available for foreign oil, it is functioning in a way that is directly contrary to the goal of America's own energy independence.

9. PHASEOUT OF DEPLETION FOR SMALL INDEPENDENT PRODUCERS

Ninth, the phaseout of the depletion provided in our amendment for small independent producers—those producing 3,000 barrels a day or less—offers a generous transition over a lengthy period of time before the depletion allowance finally terminates in 1979.

To a large extent, the prevailing notion of the small independent producers is a romantic fiction. Often, they are very wealthy persons. Some are millionaires. Many pay no taxes at all, even though their revenues from oil runs into tens of millions of dollars and their operations are immensely profitable.

In these circumstances, it is clear that large numbers of independents hardly qualify as "small" producers or poverty-stricken entrepreneurs—3,000 barrels a day of $10 oil translates into gross income of $12 million a year. The 22 percent depletion deduction on this amount yields a tax deduction of $2.6 million a year.

The independents have benefitted from the oil price rise just like the majors. Actually, they have received an even greater benefit. Because of their larger share of stripper oil, whose price is uncontrolled, they have a proportionally larger share of uncontrolled oil than the majors, and their depletion benefits are correspondingly enhanced. As a result, although the average price of oil for the major producers is about $7.50 a barrel—"old" and "new"—the average price for independents is about $8.80.

In fact, as a group, the independent producers appear to be doing even better today in terms of high profits than the major producers. A recent random survey of 28 small publicly owned U.S. oil and gas producers showed an estimated average return on equity of 26 percent in 1974, compared to an estimated return of "only" 20 percent for the major producers.

We believe that a phase-out for independents is the right approach for Congress to adopt and that a permanent exemption for independents would be unjustified.

To this extent, we appear to be in agreement with the administration. Although the Treasury does not favor repeal of the percentage depletion allowance, it is on record in opposition to a permanent exemption for small producers. As Secretary Simon told this committee last June:

> If [percentage depletion] is to be eliminated, it is difficult to justify non-uniformity in treatment of producers, except on a transitional basis.

In the past, the proponents of the depletion allowance have argued that repeal of depletion will unfairly put many small independent oil producers out of business. That argument made more sense 2 years ago, when oil was selling at $3.50 a barrel. Many independent drillers were going out of business.

But, with new oil now at $10 or $11 a barrel, a major boom is clearly on for the independents. They will not miss a stride if depletion is repealed, especially under the lengthy phase-out provided by the amendment we propose. Price is all the incentive they really need, and the transition period gives them ample time to adapt to a world without depletion.

In addition, the transition period will avoid many of the serious difficulties that may arise if a permanent exemption for small producers is enacted. As the Treasury and many other experts have pointed out, the existence of a permanent 3,000 barrel a day exemption would encourage a variety of artificial, complex and non-economic transactions between large and small producers as they try to arrange their operations to come within the terms of the exemption.

Some experts including the Treasury, have suggested that, if a permanent exemption is granted to independents, the oil producers will eventually rearrange their patterns of ownership to qualify almost all production for the exemption.

The history of the use of the investment credit by the airline industry is a case in point. When the low-profit situation of the industry left the airlines unable to use the credit, a widespread practice of airplane leasing grew up, in which the airlines leased the planes from banks and other lessors who could use the tax benefits of the investment credit.

If the exemption is phased out over a transitional period, however, the incentive to engage in such arrangements will be minimized, since the arrangements themselves will be of only passing, not permanent, benefit.

But the primary justification for a transitional, nonpermanent exemption for independents is the extremely attractive economic picture for all oil producers, large and small alike.

The only real limit now on the independents is the shortage of steel and drilling rigs and other oil equipment. In fact, the price incentive is so strong that for many independents, the gradual phaseout in our proposal will itself be a handsome tax windfall over the next 4 years.

The June 1974 issue of Fortune magazine makes the point. An article entitled "The New Oil Rush in Our Own Backyard" opens with the following paragraph:

> These are tremendous times for independent oilmen, the best many of them have ever known. After nearly two decades of increasing hardship, spectacularly higher prices for oil and gas have suddenly thrust the independents into a new prosperity.

A December 2, 1974 article in Barrows Financial Weekly describes the independent's advantageous position as follows:

> At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns.

Capital for independents is gushing in today from many sources. It comes in part from the larger cash flow brought about by higher prices. It comes from private investors. It comes from capital raised through publicly held drilling funds. It comes from syndicated tax shelters. It comes from corporations anxious to nail down their own future energy sources, major corporations like Bethlehem Steel, Dow Chemical, and DuPont.

Compared to the strong new incentives that now exist for independents, the repeal of the depletion allowance is not a significant problem in their future.

10. PRICES PAID BY CONSUMERS

Finally, those who support the depletion allowance occasionally argue that repeal of depletion may raise the cost of gasoline to consumers at the pump, possibly by as much as 3 cents a gallon. In this time of deep recession, we should not lightly take a step that could drain substantial consumer purchasing power from the economy.

But the price increase estimate assumes that the oil companies will pass along the full loss of the depletion loophole to consumers. But all of that loss can and should be absorbed by the oil industry's enormous profits. Not a penny need be passed through to the American consumer, and oil profits would still be out of sight.

In addition, the calculation assumes a 48 percent effective tax rate on oil profits. But, as we have noted, the effective tax rate on America's major oil companies is far lower, only about 5 percent or 6 percent. Therefore, even if the cost of the repeal of depletion is fully passed through to the consumer, the increase at the pump would be more like one-third of a cent a gallon, hardly a significant factor at today's 55 to 60 cents a gallon prices.

Further, the price of oil in the United States today is set largely by the OPEC nations, not by U.S. oil producers. Since repeal of the depletion allowance will not increase the price of imported oil, the repeal will not affect the price of U.S. oil. Thus, percentage depletion does not produce lower prices for American consumers. Its retention is simply a further tax windfall for oil producers.

In any event, the administration is in no position today to suggest that depletion repeal will increase prices to consumers. The administration's own energy program calls for large oil price increases to consumers—much larger than could be caused by any possible effect of the repeal of percentage depletion.

CONCLUSION

Whatever the merits of depletion when it was first enacted half a century ago, there is no justification for the enormous tax windfall that it confers today on some of the Nation's wealthiest corporations.

No one likes to lose a tax loophole. In this limited sense, the arguments raised on behalf of the percentage depletion allowance are understandable. But we find them unacceptable. The Senate can vote for repeal of depletion, with full confidence that each independent and every other oil producer in the Nation has all the incentive he fairly needs to explore and drill for oil.

In America in 1975, oil is a very profitable business. The depletion allowance is no longer wise or needed, and the Senate will be fully justified in voting to repeal it.

Now, Mr. President, I would like to emphasize certain features of the depletion repeal amendment.

A. Repeal of percentage depletion allowance for large producers:

Current law allows 22 percent depletion of gross income from oil or gas wells, with a ceiling on the deduction of 50 percent of net income from the property.

First. Repealed as of January 1, 1975, for most domestic and all foreign production of oil and natural gas. After January 1, 1975, depletion must be computed on a cost basis.

Second. Exemption for fixed price contracts for domestic natural gas as of February 1, 1975, if no price increase is permitted to reflect the repeal of depletion.

Third. Exemption for "regulated" domestic natural gas (i.e. interstate natural gas regulated by the FPC) produced and sold before July 1, 1976, if no price increase is permited after February 1, 1975 to reflect the repeal of depletion.

B. Exemption for independent producers—phase out of percentage depletion allowance over a 5-year period:

First. Percentage depletion is retained but gradually phased out for the first 3,000 barrels per day of domestic crude oil production. The percentages are reduced from 22 percent, as follows:

	Percent
1975–76	15
1977–78	8
1979 on	0

Second. For taxpayers whose production exceeds 3,000 barrels per day, the exemption is apportioned pro rata to each of the taxpayer's producting properties.

Third. Limit to one 3,000 barrel a day exemption to members of the same family or to businesses under common control.

Fourth. No exemption for royalty owners.

Fifth. No exemption for integrated producers (those involved in retailing or refining).

Sixth. Estimated annual revenue effect—

	Million
1975 and 1976	$165–175
1977 and 1978	250–300

Seventh. Of the approximately 10,000 U.S. petroleum producers, the exemption will be available to all but about 124 producers, and will cover approximately 17 percent of current U.S. production.

C. Net revenue gain from amendent: $2.5 billion in 1975; $3 billion in 1979.

Mr. President, I ask unanimous consent that this entire fact sheet be printed in the RECORD.

There being no objection, the fact sheet was ordered to be printed in the Record, as follows:

Fact Sheet: Hollings-Kennedy-Magnuson Depletion Repeal Amendment

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3. Limit to one 3,000 barrel a day exemption to members of the same family or to businesses under common control.

4. No exemption for royalty owners.

5. No exemption for integrated producers (those involved in retailing or refining).

6. Estimated annual revenue effect—$250–300 million in 1975 and 1976; $165–175 million in 1977 and 1978.

7. Of the approximately 10,000 U.S. petroleum producers, the exemption will be available to all but about 124 producers, and will cover approximately 17% of current U.S. production.

C. Net revenue gain from amendment:

$2.5 billion in 1975.

$3 billion in 1979.

Fact Sheet: A Permanent Exemption for Independents Is Unjustified

A. An independent exemption would exclude a great deal of oil production. A simple 3,000 bbl per day exemption would:

(1) Exempt 1,095,000 bbls per year for each producer, both large and small (3,000 bbls x 365 days)

(2) Exempt companies with revenues ranging from $8,200,000 to $12 million (1,095,000 bbls x $7.50 average U.S. price= $8,200,000; 1,095,000 bbls x $11 bbl price of uncontrolled oil=$12,000,000).

(3) Exempt up to $1,800,000 of taxable income per year for each producer (1,095,000 bbls x $7.50 average price=$8,200,000; $8,200,000 x 22%=$1,800,000).

(4) Exempt from 15–30% of present U.S. production.

(5) Exempt all but 124 of the 10,000 U.S. petroleum producers. Only 124 producers exceed 3,000 per day. (A 1,000 bbl per day exemption would exempt all but approximately 324 producers).

B. Small producers do not need percentage depletion to survive because their profits are higher than those of the majors.

(1) Until recent price hikes, depletion seldom exceeded 77 cents per bbl. ($3.50 x 22%)

(2) Presently U.S. prices average approximately $7.50 per bbl. This price increase of more than $3 per bbl over-compensates for the loss of depletion by several hundred percent. If prices are decontrolled, prices will approach $11 per bbl.

(3) The independents are getting higher prices for their oil than are the majors. Their average price is actually about $8.80 rather than $7.50. Roughly 75% of the oil sold by independents is free of price controls and thus sells for $10 or $11 per bbl. (80% of the sales of majors are controlled). For many independents, the pretax revenues from price hikes to $11 may be as much as ten times greater than former depletion benefits.

(4) If there is any increase in oil prices because of depletion repeal for the majors, the independents will receive a similar price—even though they also retain depletion benefits—thereby receiving a double windfall.

C. Depletion repeal will not cause independents to sell out to the majors.

(1) The simple economics of oil production make it obvious that there is no added incentive to sell out. Companies that were in business profitably when oil sold for $3.50 pbl will not be squeezed out at $8.80 pbl, or better, just because they lose depletion which was only worth 70 cents pbl.

(2) Oil producers can elect to sell their properties to take advantage of lower capital gains rates rather than pay ordinary corporate rates on future production income if they stay in business. They are in essentially the same position as any other businessmen who can save by selling their corporations' stock at capital gains rates.

(3) The independents will, regardless of corporate ownership, continue to sell their production at the wellhead to refiners, most of whom are majors. The majors' control of the overall market will therefore be the same as it always has been.

(4) Oil producers allege they are more inclined to sell out than other businessmen because oil properties sometimes have a measurable and limited useful life. That argument overlooks the fact that by selling, they will lose the right to participate in any future price rises or in the benefits possibly resulting from technological breakthroughs in secondary recovery methods.

(5) Illustrate examples used by the independents assume the majors will be willing to pay a premium price today for future production. However, this is not likely. The premium depends on their theoretical ability to take rapid cost depletion write-offs. However, rapid write-offs will be available only where production is rapidly declining and the majors have, in fact, not found such properties worthwhile. They generally operate only fields with long productive lives.

(6) There is no indication that if there are corporate sales, they will be to the majors rather than to other independents.

D. Small producers do not need depletion to attract capital for expanded drilling.

(1) A survey of 75 small over-the-counter and American Exchange listed corporations primarily engaged in North American crude oil and gas extraction showed that in 1974 they earned a return on equity capital which averaged around 23% (as compared with the 1974 average of 14% for all manufacturing industries.)

(2) These companies posted profit gains equal to or exceeding the major international companies. They have not been affected by the recent levelling-off of earnings reported by the international companies which has been largely due to significant accounting changes as well as increases in OPEC prices and taxes.

(3) These profits and rates of return have been computed after taking into account the cost of drilling dry holes. Obviously, profits from successful wells have compensated for the risk of dry holes. Investors require no additional incentive.

(4) Industry expansion has been hindered by shortages of field equipment and steel tubing and by appropriate environmental limitations, rather than by capital shortages.

(5) The industry will retain the unique advantage of the intangible drilling deduction which allows an immediate deduction for about 70% of the cost of successful wells and 100% of the cost of drilling a dry well. Due to the combination of dry hole deductions and intangible drilling deductions, an estimated 90% of an independent's capital expenditures are written off immediately, unlike other industries, which must rely on periodic depreciation write-offs. Also, the investment tax credit is available on pumping equipment.

E. Depletion does not encourage exploratory drilling.

(1) Because depletion only applies to revenues from producing wells, it encourages producers to drill excessively in proven fields (where the 22% subsidy is assured) and refrain from wildcatting. If depletion is repealed, incentive to over-drill existing reserves will be reduced. Repeal will therefore encourage increased exploration for new oil reserves.

(2) The high price of oil is the real incentive to drill.

(3) The most important tax incentive keyed to exploratory drilling—the deduction for intangible drilling expenses—will remain. Since this deduction relates directly to the costs of drilling and exploring, it is a more efficient incentive than the depletion allowance. This huge deduction is valuable in sheltering production and investment income, and provides ample incentive for drilling.

F. An independent exemption, no matter how restrictively defined, will be expanded in actual use far beyond the present projections.

(1) When the Treasury Department testified against an independent exemption, it stated that producers can be expected eventually to rearrange oil ownership to bring nearly all production under an independent exemption.

(2) Producers will emulate the airlines, who benefit from excess investment tax credits by leasing their planes from banks which have more tax liability and therefore can utilize the credit.

(3) The major companies can be expected to invent complex sale and buy-back arrangements with third parties, who will agree to indirectly pass through depletion benefits to the majors. According to Treasury officials, they can also use intricate lease-swapping arrangements to stay within the exemption.

(4) There is no simple way to define a "producer" to solve the problem of joint ventures.

(5) The exemption will increase the scope of existing tax abuses by high bracket doctors, lawyers, executives, celebrities, and others through highly profitable tax shelter arrangements.

(6) The exemption leaves virtually all of the high bracket oil producer partnerships with the tax benefit. The elimination of percentage depletion, if accompanied by the 3,000 BPD exemption, would eliminate the tax shelter only for taxpayers in low brackets. That would eliminate everything but the loophole.

CONCLUSION

At best, a permanent exemption for independents would represent an attempt at subsidizing those few marginal and inefficient producers who cannot survive despite price hikes of several hundred percent. At worst, it would confer additional and unjustified windfalls on the vast majority of independents.

The Treasury has consistently opposed a permanent exemption. In particular, the Treasury fears that a permanent exemption will (1) introduce a major distortion into oil production; (2) encourage producers to rearrange ownership; (3) increase the use of the depletion allowance as a tax shelter for wealthy doctors, lawyers, and others; and (4) cost the Treasury a great deal of revenue.

Exempting independents attacks the very reason for repealing depletion. Independents are getting the biggest windfalls. Like the majors, they no longer deserve or need this subsidy. In essence, the case for the independents is based on greed, not need.

U.S. DOMESTIC PRODUCTION 1974

Daily production BPD	Number producers	Percent production	Total production (million barrels per day)		
			Controlled	Exempt	Total
Over 3,000	124	83.0	5.91	3.05	8.97
2,000 to 3,000	48	1.2	.06	.07	.13
1,000 to 2,000	152	2.3	.09	.14	.25
Under 1,000	9,700	13.5	.37	1.09	1.46
Total		100.0	6.48	4.32	10.80

HOW SMALL ARE THE INDEPENDENTS?

Barrels per day	Gross receipts per year ($10 per barrel)	Value of 22 percent depletion write off
1	$3,650	$803
5	18,250	4,015
10	36,500	8,030
50	182,500	40,150
100	365,000	80,300
300	1,095,000	240,900
500	1,825,000	401,500
1,000	3,650,000	803,000
3,000	10,950,000	2,409,000

Note: Percent of U.S. businesses with gross receipts of $5,000,000 or more a year equal 0.2 percent.

OIL PRICES, OIL DEPLETION, AND OIL PROFITS

Price per barrel	Percentage depletion (billions)	Value of after-tax windfall without depletion (billions)	Total windfall (billions)
$3.50	$1.067		
$4.00	1.235	$1.023	$2.258
$5.00	1.570	3.069	4.639
$6.00	1.752	4.180	5.932
$7.00	1.883	4.980	6.863
$8.00	2.014	5.780	7.794
$9.00	2.145	6.579	8.724
$10.00	2.276	7.379	9.655
$11.00	2.407	8.179	10.586

Basis: $3.50 per barrel base price, 25 percent effective tax rate, no price decontrol.

OIL PROFITS RETURN ON EQUITY—PERCENT INCREASE 1974

	Percent
5 international companies	50.2
16 integrated domestic companies	96.1
11 nonintegrated independent producers	122

MAJOR OIL COMPANIES NET INCOME AFTER TAX

[Dollars in millions]

Company	1973	1974	Percent increase
Exxon	$2,443.0	$3,140.0	28.5
Texaco	1,292.4	1,588.4	22.8
Mobil	849.3	1,040.1	22.5
Standard, California	843.6	970.0	15.0
Standard, Indiana	511.2	970.3	89.8
Shell	332.7	620.5	86.5
Phillips	230.4	402.1	74.5
Union	180.2	188.0	59.8
Standard, Ohio	74.1	147.5	99.1
Gulf	800.0	1,065.0	33.1
Sun	230.0	378.0	64.3
Continental	242.7	327.6	35.0
Amerada Hess	245.8	201.9	(−)17.9
Arco	270.2	474.6	75.
Getty	142.2	281.0	97.
Occidental	71.9	280.7	290.

INDEPENDENT PRODUCERS

Company	Production BPD	1974 revenues (millions)	Percent	
			Return on equity	Tax rate
Adobe	6,600	$15.0	25.0	14
Aberdeen	(1)	1.0	9.0	0
Austral	2,700	17.0	17.0	0
Amarex	(1)	9.0	24.0	0
Apexco	4,600	17.0	25.0	NA
Argo	(1)	12.0	30.0	0
Baruch	(1)	1.7	20.0	0
Basin	(1)	23.0	50.0	0
Buttes	5,500	33.0	27.0	0
C and K	(1)	9.0	17.0	0
Consolidated	3,400	18.0	12.0	0
Coquina	3,700	7.0	75.0	0
Damson	(1)	8.0	12.0	0
Eason	4,800	21.0	20.0	10
Equity	2,000	7.5	30.0	10
Felmont	5,500	23.0	15.0	NA
Hamilton	2,800	17.0	12.0	NA
Houston	3,100	40.0	75.0	0
Hudson Bay	(1)	160.0	30.0	12
Mitchell	3,300	75.0	32.0	0
Noble	(1)	84.0	19.0	NA
North Am	(1)	62.0	15.5	5
Numac	(1)	4.8	10.0	NA
Patrick	2,100	32.0	21.0	0
Petro. Lewis	5,300	11.0	15.0	0
Prairie	(1)	1.6	10.0	0
Pan. Can	(1)	120.0	36.0	10

(1) Less than 3,000 BPD.

QUOTATIONS ON THE INDEPENDENT OIL EXEMPTION

These are tremendous times for independent oilmen, the best many of them have ever known. After nearly two decades of increasing hardship, spectacularly higher prices for oil and gas have suddenly thrust the independents into a new prosperity.—"The New Oil Rush in Our Own Backyard," Fortune Magazine, June 1974.

At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns.—"Project Independence: Domestic Crude Producers Stand to Profit from It," Barron's Financial Weekly, December 2, 1974.

To be 85% self-sufficient in 1980, you would need a crude oil price of $4.10.—Testimony of Tom B. Medders, Jr., President, Independent Petroleum Association of America, Senate Interior Committee Hearings, August 9, 1972.

I would like to clarify one matter. The many variables and assumptions involved in supply/price relationships make it impossible to predict precisely what price will be required to bring forth any particular level of supply.—Testimony of John C. Miller, President, Independent Petroleum Association of America, Senate Interior Committee Hearing, February 1, 1974.

You have asked that we address specifically the 3,000-barrel-per-day exemption from the phaseout of percentage depletion. I have already indicated that we do not favor elimination of percentage depletion. If it is to be eliminated, however, it is difficult to justify nonuniformity in treatment of producers, except perhaps on a transitional basis. Further, to make the 3,000-barrel-per-day exemption meaningful, there have to be complex rules which prevent the same economic unit from having the benefit of more than one 3,000-barrel-per-day exemption. These rules can never work perfectly and some people are not penalized who should be and, what is even worse, others who should not be affected at all are penalized.—William E. Simon, Secretary of the Treasury, Senate Finance Committee Hearings, June 5, 1974.

In my judgment, Congressman Wilson and his troops could have won on their side if they had not tried to make that amount that would be exempt large enough so it would include some very substantial independents. If they had kept it down to where you were talking about no more than, perhaps a million dollars worth of oil, with regard to where the depletion allowance would have been about $220,000, I think they would have had a pretty good chance. In fact, they would have probably prevailed on the House side. So, there is sentiment on both sides for something like that.—Senator Russell B. Long, Baton Rouge TV and Newspapers Interview, March 7, 1975.

There is going to be a strong push for an exemption of a million barrels a year [3,000 barrels a day] for "small" producers. Even the fact that this exemption is taken seriously is an indictment of our legislative process. It is simply money talking. At an average price of $8.50 a year (about 75% of the oil produced by independents is uncontrolled and thus sells at a higher average price), this means that percentage depletion would be preserved with respect to the first $9.5 million on oil income, and the deduction for percentage depletion would total more than $2 million. This is not defensible as small business relief. The tax law has some general relief provisions for small business, such as the corporate surtax exemption of $25,000 (raised to $50,000 by the tax cut bill). In no other industry do we provide small business benefits keyed to such enormous incomes. Why is the U.S. Senate seriously considering such a rule as one that retains percentage depletion for million-barrel drillers? The answer must be that there is enough money in this so that enormous pressure is being put on some senators.—"Depletion and Politics: Buying Off the Independents," Tax Notes, March 17, 1975, by Gerald M. Brannon, Research Professor, Georgetown University; former Director, Office of Tax Analysis, Treasury Department.

That's a windfall if ever there was one. Some Congressmen have built up an emotional case about the little man. Hell, some of these people are millionaires.—Fred C. Hickman, Ass't. Secretary for Tax Policy, Treasury Department, House Ways and Means Committee, April 2, 1974.

Mr. HOLLINGS. Mr. President, I yield the floor.

REPEAL OF OIL DEPLETION ALLOWANCE

Mr. RIBICOFF. Mr. President, the time has come to repeal the oil depletion allowance once and for all. I strongly support the amendment which repeals depletion for the major companies effective January 1, 1975, and phases it out for the independents.

In short, the oil depletion allowance today is a costly, inefficient, and unnecessary windfall to the oil industry.

Today our tax laws permit taxpayers with oil and gas income to deduct from their net income 22 percent of their gross receipts in determining their taxable income. This will cost the American taxpayer $2.5 billion in taxes this year which will go into the coffers of the oil industry rather than into the Treasury.

OIL COMPANY PROFITS AND TAXES

Oil companies are making record profits and paying the lowest taxes of any American industry. Let us look at the record.

As an industry, the 19 largest oil producers paid an effective U.S. tax of 6 percent in 1972 and 6.5 percent in 1973. The return on equity for the industry those years rose from 8.6 to 15.9 percent. The rough estimates for 1974 show the return on equity will be around 20 percent. In fact a survey of 75 independents showed an average rate of return of 25 percent. Major companies are reporting lower returns because of an accounting change—from FIFO to LIFO—which reduced their paper profits on oil already held in reserve.

Oil companies posted record profits for 1973, up 53 percent from 1972, and profits for 1974 have soared even higher. The 12 largest oil companies showed an average increase of 53 percent in their estimated profits.

As the following chart indicates, the earnings per share of the major companies are up dramatically:

Company name	1972	1973	1974 (estimate)	1973–74 percent increase
Arco	3.31	4.95	10.30	108.0
Exxon	6.82	10.91	13.90	27.4
Continental	3.37	4.79	6.85	43.0
Cities Service	3.71	5.05	8.00	58.4
Southern California	3.22	4.97	5.65	13.7
Standard Oil of Indiana	2.68	3.66	7.05	92.6
Texaco	3.27	4.75	6.10	28.4
Shell	3.86	4.94	8.70	76.1
Royal Dutch	3.02	7.95	11.25	41.5
Mobil	5.65	8.34	11.75	49.3
Gulf	2.15	4.11	5.20	26.5
Southern Ohio	1.65	2.04	3.50	7.15
Average				53

In 1973, for example, before tax profits from oil production amounted to $4.7 billion. The tax under present law amounted to $700 million, leaving an after tax profit of $4 billion. If the depletion allowance is repealed effective January 1975, the oil companies will still realize an after tax profit of $6.6 billion—somewhat lower than the 1974 windfall profits but much higher than in previous years.

I include a chart showing the profit and tax picture of the oil industry before and after repeal of the depletion allowance at this point in the RECORD:

[In billions of dollars]

	1973	1974	1975	1976	1977	1978	1979
Before tax profit from oil production	4.7	10.6	11.3	12.0	12.7	13.5	14.8
Tax under present law	.7	1.6	1.7	1.8	1.9	2.0	2.2
Additional tax from repeal of depletion as of January 1975		0	3.0	3.2	3.5	3.7	3.8
After-tax profit	4.0	9.0	6.6	7.0	7.3	7.8	8.8

In short, the oil industry will continue to make large profits, even after repeal.

Every individual and corporation must pay its fair share of taxes. The corporate tax rate is 48 percent. But because of loopholes such as the oil depletion allowance, the average effective tax rate for the lowest major oil companies in 1974 was 5.99 percent. This is one-third the rate at which most working Americans pay their taxes.

I include a chart indicating the effective tax rates of the major oil companies at this point in the RECORD:

FEDERAL TAX RATES PAID BY LARGEST OIL COMPANIES—1974

Company	Percent	Company	Percent
Ashland	32.4	Conoco	8.2
Kerr-McGee	23.3	Amerada Hess	7.5
Getty	22.5	Marathon	7.5
Shell	21.6	Exxon	6.5
Sun	13.2	Union	6.4
Phillips	12.9	Arco	3.7
Standard of Ohio	12.8	SoCal	2.0
Standard of Indiana	10.2	Texaco	1.7
Cities Service	8.3	Mobil	1.3
		Gulf	1.2

Note: average 5.99 percent.

Source: "U.S. Oil Week."

The tax picture for the independents is the same as for the majors. The independent producers are not overtaxed as the following random sampling of independents indicates:

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCTS

	Gross revenues (millions)			Earnings per share		Return on shareholder equity [1]		Percent tax rate 1973 [2]
	1972	1973	[1] 1974	1972	1973	1974	1974 (percent)	
Adobe	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	.61	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	11.9	13.2	17.0	.94	.74	1.46	17.0	0
Amarex	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	8.59	10.42	17.0	.78	.96	1.75	25.0	NA
Argo Petroleum	3.18	5.91	12.0	.40	.84	1.70	30.0	0
Baruch Foster	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	4.3	5.4	8.0	.11	.18	.20	12.0	0
Eason Oil	10.1	14.5	21.0	1.1	.34	2.40	20.0	10
Equity Oil	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	13.4	14.8	23.0	.95	1.16	1.60	15.0	NA
General Crude Oil	42.0	53.0	70.0	1.46	1.75	3.20	40.0	15
Hamilton Bros. Petroleum	9.1	12.4	17.0	.54	.86	1.50	12.0	NA
Houston Oil & Minerals	4.7	9.5	40.0	.33	.64	3.60	75.0	0
Hudsons Bay & Gas	108.0	136.0	160.0	1.44	2.07	3.00	30.0	12
Mitchell Energy & Develop	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	50.0	58.0	84.0	1.67	1.70	3.25	19.0	NA
North American Royalties	37.0	47.0	62.0	.40	.65	.75	15.5	5
Numac Oil & Gas	3.6	4.0	4.8	.38	.40	.46	10.0	NA
Patrick Petroleum	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petrol Lewis	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prarie Oil Royalties	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan-Canadian Petroleum	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity							25.8	

[1] Estimate.

[2] 1973 latest available year.

NA—not available.

Source: Standard & Poor's Stock Reports.

INEQUITY OF THE OIL DEPLETION ALLOWANCE

The oil depletion allowance was enacted in 1926 to allow oil companies to take a deduction for the cost of the finite supply of oil that was being used up. The percentage depletion allowance, however, enables its beneficiaries to recover their costs as many as 15 times over. This is in contrast to the depreciation rules applicable to any other business which limits its cost recovery to once and once only.

One of the greatest inequities in the depletion allowance is that the higher the price of oil, the higher the Federal subsidy.

In 1973, the average price of oil was $3.90 per barrel. Today that oil is selling for an average rate of $7.50 per barrel. The current price, caused by shortage and market pressures, has given the oil industry a windfall profit of $3.60 per barrel. In fact, the after tax profits of the oil industry will add up to an estimated $9 billion—more than double the 1973 record profits of $4 billion.

As prices rise, the benefits of depletion rise because the deduction is a flat percentage of income. Thus, oil companies get it both ways—as they demand higher and higher record profits on one side, their tax subsidies increase proportionately on the other. The depletion allowance cost the Treasury $1.7 billion in 1972 which rose to an estimated $2.6 billion in 1974, and this year will probably cost more than $3 billion.

OIL DEPLETION ALLOWANCE—ECONOMICALLY UNJUSTIFIED AND NO INCENTIVE TO EXPLORE

If the oil depletion allowance was designed to encourage exploration and drilling, it was designed poorly and inefficiently and is economically unjustified in today's oil economy.

That portion of the depletion allowance which goes to domestic oil producers does not encourage exploration.

Since only 10 percent of the exploration wells strike oil, depletion benefits only a small portion of the high-risk drilling.

Oil companies prefer to spend money drilling in existing oil fields to be certain of receiving the oil depletion subsidy. The main effect of the allowance is to encourage overdrilling in known oilfields. A producer can use the allowance to wipe out a maximum of 50 percent of net income on a well before tax computation. This means that the biggest benefit of the subsidy goes to the most profitable wells.

The allowance may actually operate to discourage producers from operating less profitable or marginal wells. The stripper well operator, producing less than 10 barrels a day, gets the short end.

He is forced to pump the wells he has while the big companies have more money to buy up and gain control of most of the stripper well operation.

ECONOMIC JUSTIFICATION

Even if we accept the premise that the allowance was justifiable at one time the new economics of the oil industry make the loophole unjustifiable today.

In the pre-embargo days when oil was selling at $3.50 a barrel, the value of depletion on the barrel was 77 cents.

Today old oil sells at $5.25 a barrel and thus the depletion shelter is worth $1.15 for old oil.

For "new"—"released" and "stripper well"—oil which is selling at $10.50 a barrel, the depletion allowance is now worth $2.31 a barrel.

For "weighted average U.S. price" oil at $7.50 a barrel the depletion shelter is worth $1.65 a barrel.

And for independents oil which sells at $8.80 a barrel, the shelter is worth $1.17 a barrel.

I include a chart clarifying and explaining the figures at this point in the RECORD:

A. Pre-embargo:
Price per barrel=$3.50.
Value of depletion-shelter=$0.77.
B. Today:
1. "Old oil"=$5.25 per barrel.
New income=$5.25 −$3.50=$1.75 per barrel (=2.27×.77).
Depletion-shelter=$5.25×.22=$1.15 per barrel.
2. "New" ("released" and "stripper well")=$10.50 per barrel.
New income=$10.50 −$3.50=$7.00 per barrel (=9.1×.77).
Depletion-shelter=$10.50×.22=$2.31 per barrel.
3. "Weighted average U.S. price"=$7.50 per barrel.
New income=$7.50 −$3.50=$4.00 per barrel (=5.2×.77).
Depletion-shelter=$7.50×.22=$1.65 per barrel.
4. Independents' price=$8.80 per barrel.
New income=$8.30 −$3.50=$5.30 per barrel (=6.9×.77).
Depletion-shelter=$5.30×.22=$1.17 per barrel.

In summary, to the extent that percentage depletion is a tax subsidy to encourage the exploration and production of oil, it no longer is economically justifiable. This lost incentive is more than made up for by the astronomical increases in oil prices following the 1973 Arab embargo. Even at the lowest current price level—the old oil price of $5.25 per barrel—the price increase represents over twice the amount which percentage depletion provided as a subsidy 2 years ago. And, on the average, the price increases of all oil represent over five times the value of percentage depletion before the embargo.

NO INCENTIVE TO EXPLORE

As I previously noted the depletion allowances, if anything, over-encourages drilling in proven fields since the allowance is available only for producing wells, not for dry holes.

Depletion is not necessary to attract new capital for expanded drilling.

The average return on shareholder equity in the industry as a whole was 9 percent in 1972; 15 percent in 1973; and, experts estimate, will be as high as 19–20 percent in 1974. Indeed, last year, business was so good and the commitment of the majors to energy-independence so lacking that Gulf Oil Co. was negotiating to buy the Ringling Brothers-Barnum and Bailey Circus and Mobil Oil Co. was able to buy out the Marcor—which owns the Montgomery Ward department stores. Tax subsidies to the oil industry such as percentage depletion helped to put these major companies in the position to use tax-sheltered dollars for these purposes.

A recent survey of 75 independent oil and gas producers showed a 1974 average return on equity capital of 23 percent compared to an overall 1974 average for all manufacturing industries of 14 percent—and this estimate takes into account the cost of drilling dry holes.

Industry expansion has been hindered primarily by a shortage of tubular goods, drilling rigs, and other necessary field equipment.

Even without percentage depletion, both the majors and the independents will have the exploration incentive provided by the allowance of an immediate write-off of intangible drilling costs—which allows about 70 percent of the cost of successful wells to be deducted immediately rather than capitalized—periodic depreciation—as is required of other industries.

During the last 5 years, exploratory drilling in the United States has declined by more than 50 percent. Depletion, then, has cost billions while the level of domestic oil reserves remains relatively constant.

The new high price of oil is itself a sufficient incentive to drill;

It has been estimated that more than one-half the Treasury cost of percentage depletion goes to landowners through royalty income shelters. Landowners do no exploring and incur no risks; so, to the extent the percentage depletion subsidy goes to them, it contributes not one iota to an exploratory "incentive."

To the extent that it might be contended that percentage depletion is an effective incentive, it discriminates in favor of oil and gas and against alternative energy sources, such as solar energy for which there is no tax subsidy at all.

Windfall profits are not necessary in order to finance investment in the search for more energy. In fact, the present profit situation in the industry is so good that, even with depletion repealed, the industry will continue to have easy access to America's capital markets.

One final argument must be dealt with—that is, that depletion will increase the price of gasoline.

Under previous price conditions, there may have been some danger that gasoline prices would increase as a result of eliminating the depletion allowance. To some extent, the depletion allowance may have subsidized lower gasoline prices in the past. However, under present circumstances, gasoline prices are being set by the price of oil. As long as we are paying $10 per barrel for imported oil, uncontrolled domestic oil will sell for a similar price. Removing the percentage depletion allowance will not increase that price, it will merely lower the inordinate profits that result from it.

The days of the oil depletion must come to an end. In its place we need a rational energy policy which produces benefits to the American people commensurate with the tax dollars we use for this purpose.

I urge my colleagues to join with us in repealing the oil depletion allowance.

THE CASE FOR REPEAL OF PERCENTAGE DEPLETION

Mr. HUMPHREY. Mr. President, I was not an original sponsor of this amendment, despite my belief that the percentage depletion allowance for oil and gas producers should be repealed, because I felt that the possibility of extended debate on this issue should not be allowed to delay the passage of a major income tax cut, which I consider to be very urgent. I still consider an immediate tax cut to be absolutely critical to prevent a further decline in the U.S. economy.

Despite this reservation, I believe that it is high time for the Congress to repeal the percentage depletion allowance, and I lend my wholehearted support to this objective, as I have done before. America's multinational oil companies typically pay less than 10 cents in U.S. income tax on each dollar of their enormous profits. Many of the very largest pay less than a nickel a dollar. Even those with most or all of their production in the United States typically pay only 10 to 20 percent. Most other businesses pay at least 40 cents per dollar. Even middle-income families with children pay more of their incomes in taxes than do the oil companies.

Whatever arguments once existed for tax favors to the oil industry, last year's tremendous price increases made them all obsolete. The OPEC cartel arbitrarily boosted prices by over 150 percent to levels that are monopolistic and exploitative by any definition. However, the biggest beneficiaries of this move besides the OPEC governments themselves are the American oil producers and their suppliers. Without lifting a finger they watched the price of U.S. domestic oil go from the range of $3.60 in mid-1973 to today's average of about $7.75, which is constrained from reaching OPEC levels only by the U.S. price ceiling on so-called "old" oil. This 115 percent boost yields windfall profits of over $12 billion annually, which gradually are being distributed among all participants in the domestic oil production process through bidding up the prices of oil industry inputs, including oil leases. If the price controls are removed, this massive annual windfall could nearly double.

Under these conditions there is no longer any reason to subsidize oil producers at taxpayer expense. Yet under present law the depletion subsidy actually has increased in proportion to profits. At today's oil prices, it causes a revenue loss estimated at between $2 and $3 billion which other taxpayers are making up. This means annual taxes of about $40 to $60 from the average family of four in the United States for the benefit of the oil industry. This absurdity must be stopped.

The sooner this needed reform is enacted, the less difficult the financial adjustment for the oil industry will be. If action is delayed, oil firms will continue to invest in new oil assets at prices based on today's inflated profitability. Then the abolition of tax subsidies could involve some capital losses.

PERCENTAGE DEPLETION AS AN INCENTIVE TO SUPPLY

Percentage depletion has been defended in the past as an incentive to the development of new oil supplies. Again, however, the price increases in 1973 and 1974 create a new situation. Old arguments no longer make sense.

We have been told often before that returns on investment in the oil industry were no higher than in other industries. Some oil spokesmen now talk as though the repeal of depletion would remove most of the profit from oil production. But the figures make a mockery of this proposition. According to the compilation of corporate profits in Business Week magazine, after-tax oil industry profits increased by 55 percent in 1973 and by another 40 percent in 1974. That makes a compounded increase of 117 percent in 2 years. Return on equity investment rose to 15 percent in 1973 and to 19 percent in 1974. By comparison, the after-tax return in all U.S. manufacturing for the first 9 months of 1974, according to the Federal Trade Commission, was 15 percent. Thus the percentage return on oil investments was significantly higher.

Is it not peculiar that we are told by industry apologists that an attractive return must be provided to induce energy investments. And an attractive return is provided. In the next breath, however, we are told that we must continue to hand the industry some of the money to invest in the form of costless tax subsidies like percentage depletion. They want us to pay them a good return on our money. Why should they have it both ways?

If one looks at it somewhat differently, one can see how little difference the repeal of depletion would make in the context of today's oil profits. Less than 2 years ago, when oil was selling for $3.60 per barrel, percentage depletion saved producers at most about 40 cents in taxes on each barrel. But the subsequent price increase for freely priced domestic oil was more than $6 per barrel or 15 times as much as previously received from depletion. The price increase for controlled oil has been about four times as much as depletion previously provided. Price boosts of this magnitude make even percentage depletion look like a minor detail.

We have been told by industry and administration spokesmen that the era of cheap energy is over forever. If these price boosts are not high enough to induce the producers to find oil without special tax favors, then how high do prices have to go before the oilmen will take their hands out of the taxpayer's pocket?

As an incentive to supply, percentage depletion always has been fantastically expensive. Even before the big leap in oil prices, it cost the Treasury an average of over $1 billion per year. This covered nearly 40 percent of all exploration outlays at that time, including acquisition of acreage, geological tests, drilling, and overhead. This is a very large subsidy. This year it would balloon, as indicated, to the range of $2 to $3 billion. But it is not applied so as to be an effective stimulus to exploration. First, it does not benefit exploration directly but only actual extraction. Second, much of it goes to landowners or equipment rental firms not involved in exploration or in risk-taking in any significant way.

In other words, percentage depletion splashes money on everyone associated with a producing well, and this money may be reinvested in exploration but may just as well go into real estate or a new car. Careful economic studies have indicated that percentage depletion is very ineffective in stimulating exploration relative to its large cost to the Federal Treasury. On the other hand, it stimulates excessive drilling of known reservoirs to extract the oil speedily and obtain the subsidy.

INDUSTRY INVESTMENT REQUIREMENTS

It has been estimated that stupendous volumes of capital will be required for future energy facilities, and the energy interests claim that the industry will be able to raise these amounts only if permitted to keep their tax subsidies. This is a greatly exaggerated argument.

First, the estimates of investment needs are based on extrapolations of past growth rates of energy use and are therefore exaggerated. A national energy conservation effort already is under way. Past consumption trends already have been broken by the tremendous leap in prices. The effects of conservation are shown graphically by the fact, reported by the American Petroleum Institute, that the utilization of refineries at the end of last month was down at an average of only 84 percent, or barely more than at the end of the Arab embargo 1 year ago. This is reflected, moreover, in the fact, reported recently by the Conference Board, that the oil industry cut back its new appropriations for manufacturing facilities in the fourth quarter of 1974 by over one-half from the third quarter. Energy investment obviously is very sensitive to the rate of energy consumption growth. The Ford Foundation Energy Policy Project estimates that we could reduce energy growth in this country by more than 30 percent in the next 15 years if we try.

Second, energy investments are not limited by any lack of funds but by the physical capacity of the industry and its equipment suppliers. Higher monetary commitments in the face of these constraints will only bid up the costs without increasing output. Meanwhile, the energy industries hold very large investments in real estate, manufacturing and other nonenergy fields. Excessive funds in the hands of oil companies will just facilitate acquisitions and consolidations of competing suppliers and of raw materials resources in the hands of existing firms. This is what we really are buying with continued subsidization.

Finally, the oil industry has one of the lowest debt-equity ratios in industry. It has a tremendous untapped borrowing capacity. Under this condition, why should it expect the hard-pressed taxpayer to come bearing gifts from which to finance supplies to be sold back to him at exorbitant prices? This cheap financing will not get us our oil any cheaper so long as prices are determined by the Mideast cartel. It will just continue to inflate the profits of the companies.

DO HIGHER DEVELOPMENT COSTS JUSTIFY DEPLETION?

Proponents of continuing depletion argue that the cost of producing oil has gone up just as fast as oil prices and that no windfall profits have resulted from higher prices. This may be true after a certain period of time has elapsed for adjustment. But this is just another way of saying that the windfall from higher prices is being spread around among all of the various participants in the oil industry—to landowners, equipment makers and renters, and personnel as well as to the actual operator or entrepreneur who takes the risk and the final profits. There is no reason why they should enjoy windfalls at the expense of taxpayers and consumers either. Taxes not paid because of percentage depletion and other oil tax loopholes just go to help bid up the prices of all of the inputs involved and to give American a very high-cost energy industry. Removal of percentage depletion will tend to reduce oil profits in the short run, and we intend to tax away some of the windfall, but in doing so it will constrain the increase in the costs of production, particularly in the costs of leases.

HELPING INDEPENDENT PRODUCERS

The only sector of the oil industry that might be significantly hurt by depletion repeal is the small independent sector of the business and I mean the small independent with production of 1,000 to 1,500 barrels per day. That is because of the high risk in small exploration firms that drill only a few wells each year and the unique role of this tax shelter in attracting risk capital into these firms. Because of these factors, I will support the continuation of percentage depletion for taxpayers with an equity interest in a small volume of oil production. Through this provision, I believe that depletion can serve a useful goal of fostering the independent operator, and its benefits can be limited to persons who take genuine risk in search of more oil. The small independent must be free from major oil company investment or control—it must be as its descriptive language indicates, both small and independent.

Mr. FANNIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HASKELL). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I ask unanimous consent that during the consideration of H.R. 2166 the following two staff members be accorded the privilege of the floor: Len Bickwith and Walker Nolan.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BARTLETT. Mr. President, I ask unanimous consent that Tom Biery, of my staff, be allowed the privilege of the floor during the consideration of the pending bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that Howard Segermark, of my staff, be allowed the privilege of the floor during the consideration of the pending legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

What is the will of the Senate?

Mr. McGOVERN. Mr. President, I earlier explained to the Senate the motion which I have at the desk that would have the effect of recommitting the bill to the Committee on Finance with instructions to report back an alternative tax cut totaling $19.9 billion, the same as the House figure, and to do that within 2 days.

The purpose of this motion, Mr. President, is to bring back legislation that is more in line with the needs of the Nation.

We do need a fiscal stimulant. We do need to take steps to provide jobs. We do need to counter the ravages of inflation. But the course that I am recommending here would be a tax cut in the range of $19.9 billion as provided by the House, which would give the Congress more freedom for support of public investment.

I am afraid that if we approve a nearly $30 billion reduction in revenues, as provided for in this bill, that will be the end of any hope we have for public investment in energy development, in transportation, in housing, in health, in education, in antipollution programs, and in other things that the Nation urgently needs.

So, Mr. President, I ask the clerk to report the motion.

The PRESIDING OFFICER. The motion will be stated.

The assistant legislative clerk read as follows:

> The Senator from South Dakota (Mr. McGOVERN) moves to recommit H.R. 2166, the Tax Reduction Act of 1975, to the Committee on Finance, with instructions to report back within 2 days a substitute amendment which would result in a revenue loss of no more than $19.9 billion in calendar 1975.

Mr. McGOVERN. Mr. President, I would like to move the question at this time, and I ask for the yeas and nays, if sufficient Senators are in the Chamber.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. McGOVERN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McGOVERN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, I ask unanimous consent that Mr. John Baldwin, of my staff, be permitted the privilege of the floor during the consideration of this motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, I now ask for the yeas and nays on my motion to recommit.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I think we can vote in fairly short order on this motion.

As I understand the McGovern proposal, the Senator would limit the tax cut to $19.9 billion. Of course, I understand his view. His view is that there should be more Government spending and that instead of having a $30 billion tax cut, with the President holding the reins on spending, we should have about a $20 billion tax cut, the House figure, and that we should do more Government spending in areas that would serve a good purpose.

My reaction, Mr. President, is that I believe we need the tax cut, and we may well need the Government spending on public works, too. But the tax cut is something that can be initiated much more quickly.

This Nation is in a very severe recession and I personally am inclined to feel that we ought to do both: We ought to have a tax cut that exceeds $20 billion—that is what most of the economists have testified to before the Committee on Finance and before the Joint Economic Committee, headed by Mr. HUMPHREY, and that has caused that committee to recommend almost unanimously that the tax cut be in about the amount that the Senate Committee on Finance has recommended. I think they recommended somewhat more than this. They recommended about a $32 billion tax cut. We recommended about a $29 billion tax cut.

The Senator feels that we should do more Federal spending on public works, I assume, and on energy, mass transit, things of that sort, and do less of it in terms of tax cuts. It is purely a matter for the Senate to decide.

I personally feel that we should have a tax cut in about the area that the committee recommended and that, in addition to that, we ought to have more spending on public works of a desirable nature, too. We are in a very deep recession that threatens to get worse.

I also point out that while the Senator, of course, wants to stimulate the economy, in addition to the smaller tax cut recommended by the House, he wants to have more spending in rail transportation, mass transit, energy, housing, and create a number of public service jobs where he thinks they will be useful.

I agree with all that. I just think that that ought to be done in addition to the tax cut but not as a substitute for it.

Mr. McGOVERN. Will the Senator yield?

Mr. LONG. Another point: It also takes a while to get these other things going. In other words, rail transportation and mass transit take a while to get going.

I yield to the Senator, yes.

Mr. McGOVERN. I am impressed by what the Senator said about some authorities thinking that the amount of fiscal stimulus needed to get the economy moving goes even beyond the level recommended by the committee of some $29.2 billion. I do not argue that point. But would not the Senator agree that in terms of a fiscal stimulant, we can do that either with a tax reduction or by public investment?

For example, I think the former Chairman of the Council of Economic Advisers, Mr. Keyserling, has talked in terms of a $40 billion fiscal stimulant, but he recommends that we break it down the following ways: $16 billion in tax reduction; $16 billion in public investment, in such things as energy development, transportation, housing, and so on; $8 billion in emergency public service jobs, a program that can be cranked up very quickly with the cooperation of State and local governments. It will not only provide more employment, but also begin to provide some useful services that we need.

I think the Senator from Louisiana and his committee have come out with a much better tax proposal than the one offered by the President earlier this year, but it still does not, really, target on the public needs of the Nation. I think it will be very difficult, if we approve a tax deduction of $30 billion, to come on this floor and say we need *x* billions of dollars for energy development, and we need *x* billions of dollars for housing and transportation. We are really foreclosing that possibility by putting so much of the fiscal stimulant in the tax reduction. That is really my thinking.

There is nothing in this amendment that commits Congress to the range of public spending that I prefer. All it does is reduce the tax reduction from the amount recommended by the House so that we preserve our options and leave open the kind of public investment that I think the Senator from Louisiana and I both favor. It would provide jobs and it would meet some of the unmet public needs of the Nation.

Mr. LONG. The point I was trying to make is that a lot of those jobs that the Senator would be providing we would not have until next year, because it takes a while to crank up these programs. For example, what he would do in rail transportation and mass transit would be good, I am sure. But right here in the District of Columbia, I should like to see them at long last complete the Metro as they have been talking about around here for all these years. But we could not do a great deal more than we are doing immediately. It would take a while to speed that up and for it to go into effect.

It is conceivable that we might buy more buses, but it takes a while to make them.

In the energy area, it looks to me as though we are moving about as rapidly as we can. We have bills to stimulate the conservation of energy and to stimulate more production of it. I hope we do not move in the other direction on this bill.

What the Senator wants to do in these very desirable additional activities—public works and mass transit, various rail transportation things, energy—takes a while. The tax cut will go into effect much quicker and we feel that we need to get as much immediate impact as we can. That is why I feel that we ought to be doing a great deal of what the Senator is advocating—maybe everything he is advocating. I do not fault him on anything.

Mr. McGOVERN. Will the Senator yield?

Mr. LONG. I just say to the Senator, and I am sure he will recall where to find it in the Scriptures, where the Master said:

> These ought ye to have done, and not to leave the other undone.

I think we need both. We need the advantage of the big tax cut now, and our mutual friend, the Senator from Minnesota (Mr. HUMPHREY), the cochairman of the Joint Economic Committee, is a well-known enthusiast of saying we need a tax cut of about the size in the committee bill, and we ought to do some of the other things the Senator has in mind, too.

Mr. McGOVERN. If the Senator will yield, I do not want to speak for the Senator from Minnesota, but I think he would agree that it is the overall fiscal stimulant we are talking about, whether it is in increased public investment or increased tax deduction. I do not know what his formula is, but he is a reasonable man. Certainly, he would understand that money invested in the creation of jobs is a fiscal stimulant, even though it is not described as a tax cut.

I wish to say to the Senator that while I agree that it will take some time to crank up these public investment programs, the same thing can be said for some of the tax expenditures in this bill. For example, I notice that the committee calls for a $4.4 billion increase in the investment tax credit. That is going to take time. It is going to take time for the private economies to increase their investment, too. The difference is that we have no control over this investment. We are giving them a writeoff whether they invest in nightclubs or golf courses or whatever.

I think we will be much better off in terms of meeting some of the needs in this country if we use this revenue to construct the kind of public services that I suggested here and which the Senator has referred to. I remind him again that anything we give will take a certain amount of time to take effect. Even a tax cut is not going to have any immediate effect. That is something we talk about in the future.

Mr. LONG. Mr. President, I hope the Senator will be fair to those of us on the committee. I know he would not want to place us in a bad light, especially if it is not justified. When he says we will be giving a tax credit for investment to golf courses and nightclubs, I point out that the only extent to which a golf course could get an investment tax credit would be to the extent that they bought some machinery to cut the grass and maintain the course.

I just do not know of any particular machinery they would have in a nightclub that would be eligible for the investment tax credit. Perhaps the air-conditioning equipment. Actually, it is my understanding that it would not even apply to their air-conditioning equipment if it is built into the building.

So I hope the Senator will not burden the committee amendment with some things that are not really there. I suspect he can find some things to find fault with, but I do not think that is it.

Mr. McGOVERN. I have not even mentioned things like A.T. & T. and Pan American. I leave those things out. But the point I am trying to make to the Senator is that there is nothing in these tax reductions in this bill that will meet the priority needs of the Nation. There is nowhere where the committee says that we need a public agenda, to provide a decent public transportation system, or energy development, or education programs.

I again hasten to say to the Senator that what worries me is that I am convinced that if we ratify a $30 billion tax reduction, that is the end of any hope we may have for substantial investments in improved public service. That is the reason for this recommittal motion.

I also think it would bring us into line with the House of Representatives, and that if we can do it in a couple of days, it will avoid a conference and we can wind the whole thing up in 48 hours.

Mr. LONG. Mr. President, I simply think we need this to get our economy going. Our committee only met for about 2 days to reach its conclusion on this bill, so as to hasten it along, because these tax cuts provide all sorts of immediate stimulus, and this investment tax credit, whatever you want to say about it, does that. I do not think we have found any device that experience has indicated would more stimulate the economy than the investment tax credit. As a matter of fact, on the two occasions when I urged that it be repealed, and it was repealed, it was overheating the economy; it was stimulating the economy so much that it was overstimulating it. And we also saw, when we repealed it, that the economy went right into a slump, because it caused so many orders that would otherwise have been placed not to be placed that it simply slowed the economy down to the point of recession; so that on two different occasions, after we repealed it, the President came right back in asking that it be reinstated.

The Senator is talking about A.T. & T. All we provided there was that when the House provided for an investment tax credit for all companies, the House said they would limit that to $100 million. That would have the effect of discriminating against just one company, the American Telephone & Telegraph Co., in installing these touch-tone systems and the telephone exchanges needed by the people of this country. That was a matter of just discriminating against a single company which is one of the biggest employers, perhaps the biggest. As a matter of fact, I know of no company that employs more poor people than the American Telephone & Telegraph Co.

So the Senator can do whatever he wants to about that matter. The Senator is saying, "This is a big company, so we are not going to let them have the full benefit of the investment tax credit." That seems to me to miss the point. The point of the investment tax credit was that we wanted to encourage all companies to modernize, to buy more equipment, to become more efficient, and the machines that they buy make jobs for the working man better, because when a man can work with the machinery doing most of the work for him, he has the advantage of working in air-conditioned comfort as opposed to the open areas he would be in otherwise, so that he has a much less tough job, under more comfortable circumstances.

So we felt that the measure has proved itself; President has recommended it and Congress agreed that we ought to extend it. The Senator can vote however he wants to; it makes no difference to me whether we discriminate against A.T. & T. or not. They will still be here. I think we may have a little better telephone service if we treat them the same way.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HARTKE. Is it not true that if the Senator from South Dakota wishes to make any changes in the bill before the Senate, the Senate can work its will? The committee has not attempted to lock in the $29 billion figure. If Senators wish to reduce it to $19 billion, they can offer an amendment, get the necessary votes, and it is out. I see no reason to go back to our committee and take time to do again what we have already said we did not want to do.

I personally believe the tax cut is too small; but I do not believe anyone will contend that a tax cut is a panacea for all the problems of inflation and recession we have at the present time. If the Senator from South Dakota wants to put in a public works bill for transportation, for example, to upgrade the country's railroad tracks, he will find no one in the Senate more on his side than I.

I think what the Senator is really doing is yielding to a fear of Presidential veto. I think what we ought to fear is an economy which, in the terms of Leif Olson, who is not an unknown economist, is about halfway to the bottom. If we are going to double the depth of this recession, we ought not to belabor the size of this cut. I say to the chairman that I just hope we do not cut below $29 billion. I hope we recognize that, in comparison with the 1964 reduction, in order to get an equivalent tax cut, with the gross national product where it is today, at $1,500,000,000,000, we would have to have a tax cut more nearly around $40 billion. Anyway, we would have to have at least this size to approach the equivalent of the $10 billion tax cut we had in 1964; and the net result of that tax cut was to increase the tax revenues.

In fact, if we had a 4 percent unemployment sector right now, instead of a deficit in this budget, we would have a $17 billion surplus this year alone.

I think the Senator from South Dakota wants to put people to work. There is more than one way to put people to work. Why crucify those people who would have an opportunity to go to work under this tax bill, simply because something else may be coming down the pike a little later on that may also put people to work?

Mr. LONG. Mr. President, I wish I could get my friends from Minnesota and South Dakota to get together. The Senator from Minnesota once lived in the State of South Dakota. I refer, of course, to our former Vice President and our present chairman of the Joint Economic Committee (Mr. HUMPHREY).

Mr. HUMPHREY called hearings in his committee. He went on television and made a magnificent, enthusiastic presentation, as he always does. Having seen the program, I was filled with enthusiasm. That Senator's enthusiasm tends to be contagious when he speaks.

He maintained that we ought to have a $32 billion tax cut, when he came before the Committee on Finance and made a similar proposal, I thought he carried the day. So we proceeded to follow in that general trend, and we increased the amount of the tax cut up to about $29 billion.

Frankly, if someone could show me something that would be as good as some of the things that are in this bill, I would be inclined to think we ought to go a little beyond this, because, if anything, I am not satisfied the tax cut is enough.

I just wish that these two great Senators—I see that they happen to be together in the Chamber—both of whom I supported for President of the United States, could just get together so that I would know that the Senators, both of whom I once had as neighbors, could get together and push me in the same direction. But if I have to make the hard choice, I guess I will have to go in the direction advocated by my dear friend from Minnesota, the former Vice President of the United States, and chairman of the Joint Economic Committee, that we ought to have a bigger tax cut than the House recommended.

Mr. HUMPHREY. Definitely.

Mr. LONG. The Senator is a former pharmacist. He knows that the medicine is all right, but the patient will remain ill for lack of a proper dose.

Mr. HUMPHREY. The medicine is all right, but the administration's dosage is too small. They were just tickling the palate instead of curing the disease.

What I was trying to do in my recommendations to the distinguished chairman of the Committee on Finance and his colleagues was to give him the benefit not of my advice but of the advice we had accumulated over a series of some 30 hearing with some outstanding people in the finance world, the business world, the labor movement, from the academic community, people who were in the financial world.

All of them said as follows: that the administration's program was inadequate; second, they recommended—I do not think there were any of them who recommended less than a $25 billion tax cut, and some of them recommended as high as $35 billion.

I submitted a bill in the Senate, for a $30 billion tax cut that would have been based upon an increase in the low-income allowance, in the standard deduction, with an increase in exemptions for dependents, and a tax credit of 1.5 percent on the first $14,100 income. That would have produced, plus an investment tax credit of 10 percent, along with a rebate on the 1974 taxes—and my proposal was of approximately $8 billion—that all added up to a figure of around $29.9 billion, approximately $30 billion. It seems to me that would have been an adequate economic stimulus.

But, may I say, the longer we wait the more the stimulus will have to be. As some of us pointed out earlier, we had bills in here last year for a $10 billion tax cut; later on for $20 billion. People may say, "Well, didn't you know what you were doing?"

The fact is that the unemployment rate went up from 5.5 percent last summer to 8.2 percent in January, and the part-time unemployment went up very rapidly as well. So the economy has deteriorated, which necessitates, in terms of medical parlance, a stronger prescription, a larger dosage, since we cannot change the doctors, you know.

So that is my proposal. I want to say I thought the figure that came out of the Committee on Finance was a solid, effective figure.

I understand there has been some argument here as to whether or not public investment is as good as private, because the tax bill relates essentially to putting money back into the hands of the individuals and the companies. I happen to believe that this country needs an injection of investment capital. I think that is very important. I think it is important for us to understand that it takes more money to create a job today.

I think it also needs an injection of consumer purchasing power, and the only relief that the working families of this country are going to get from inflation is a tax refund and a little extra money in their daily and their weekly check, and that little extra money will be due to the reduction in their taxes.

I still think there are things that need to be done in the public sector. Our road building program, our water and sewer program, and we are going to come around here—I know the Senator from Wisconsin (Mr. PROXMIRE) is coming in—with a housing program on interest rates on housing, and I have a program in like that. So we need a combination. There is not any one thing that does the trick.

Now, most of us at times have either had the flu or been in the hospital, and I found early in pharmacy that a basic drug, as we called it, a basic oxide or drug, has less healing effect than a compound. By the way, I am not a former druggist. This job is too uncertain. I keep my license. [Laughter.] I am an active pharmacist—a losing money one but an active one.

I found out long ago that it takes a compound and it takes an assortment of treatments to effect any kind of solution to major problems, and that is true with our economy.

Mr. LONG. Mr. President, I thought when President Ford went on television and explained his state of the Union message, and then when the Senator from Minnesota (Mr. HUMPHREY) was given an opportunity to have equal time and he went on and explained for the Democrats of the Senate how we looked at the state of the Union problem, that I was listening to the Democratic approach as contrasted with the Ford approach. The tax cut was not near enough. We needed to do a lot more than that, a bigger tax cut and public works, too. So we have now reported a bill that I knew would make President Ford unhappy, but I thought it would make GEORGE McGOVERN happy, and I thought we would have him on our side.

I want to tell the Senator I am for all of this. I quoted the provision that always impressed me from the Scriptures. I believe the Master was supposed to have said to the Pharisees:

> These ought ye to have done, and not to leave the other undone.

We could do the tax cut and do the public works the Senator wants, too. I think we ought to do both of them, and I hope we will.

Mr. McGOVERN. As long as the Senator is quoting the Bible——

Mr. LONG. I hope I did not misquote it, but that is——

Mr. McGOVERN. The Senator knows there is also a scale of priorities in the Bible. "Seek ye first the Kingdom of God and these other things will be added to you," after you get your priorities.

Mr. LONG. I hope the Senator said his prayers when he got up this morning. I said mine.

Mr. McGOVERN. I just thought as long as the Senator was quoting Scripture, we ought to have it in context.

But the point I wanted to make to the Senator from Minnesota——

Mr. LONG. I thought, Senator, we were past the first amendment. I thought we were working farther down in the table of contents at this point to get the economy moving, talking about the good works that people should do and that kind of thing.

Mr. McGOVERN. I must say to the

Senator so long as the Senator from Minnesota is here that really what we are debating here is a matter of just what is likely we can accomplish in this session of Congress that will provide the most constructive possible stimulant to the economy.

There is not any disagreement here that you can stimulate the economy either by a tax reduction or by public investment. Nobody is arguing that. There is not a Senator in the Chamber who would deny that both of those routes are constructive ways to provide a stimulant to the economy.

Now that the Senator from Minnesota is here, I just want to call to his attention the rough outline that Mr. Keyserling suggested in the way of a stimulant to the economy. He proposed something in the neighborhood of $40 billion; this is $10 billion beyond what the Senator's bill goes to. But he said the constructive way to do that is approximately a $16 billion tax reduction, approximately a $16 billion public investment in the rails, in energy, in education, conservation, and so on, and then $8 billion in public service employment.

Now, I submit to all the Senators here that that kind of a package is going to be much more constructive in meeting the needs of the Nation than a $30 billion tax cut.

I know the Senator from Minnesota and the Senator from Louisiana both talked about the possibility of our coming back here later on and authorizing expenditures of a substantial nature to rebuild the transportation system of the country and to do these other things.

My own judgment is, and it is just a matter of personal judgment, we all have to vote as we see it, that we are not going to have much practical chance of getting this Congress or the administration to approve substantial increases in public investment if we precede that by a $30 billion reduction in taxes. I think it is almost an either/or basis.

If we make this tax reduction more in line with what the other body has suggested, that preserves our options, that is, ultimately a chance for public investment, and I hope the Senate will take that into consideration.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. LONG. If I may, I will just yield the floor.

Mr. HUMPHREY. Let me just join in this discussion for a moment. The reason I joined in a $30 billion tax reduction is that the evidence presented to the Joint Economic Committee stated the following: That it would give us the most rapid recovery, that it had the most immediate stimulus; that it would do the most to restore incomes in the families of America to put the unemployed back to work.

Now, all of my life I have supported a public works program. For example, I think that the Government of the United States ought to work out a program of a sort of quasi-public corporation that would take over the roadbeds of the railroads in this country, modernize them, make them usable, and have a user fee for the use of those roadbeds just like we have for an airport or like we charge a truck for using a highway. That is a public works program.

I believe that we need these water and sewer projects, and I am sure that Congress is going to release the money or see that that money is released.

But I have to say to my distinguished colleagues, and indeed, my good and distinguished friend from South Dakota, whose desire to improve the structure of this country is basically sound and right, that if we want to get a response in the economy that will put people back to work, then the best thing we can do, from all the advice we have been getting, is to use the tax reduction method.

It puts the money back into the hands of the people and it gives them the choice as to how they want to use it.

The argument is made that that will most likely be saved or put into savings and loan accounts, and so forth. Even if that were the case, that is capital that is available for mortgages, for commercial credit, et cetera. But the point is that every recession we have had where we have used the tax reduction method to get out of it, response has been much more rapid than the experts anticipated, and the tax reduction method has worked.

This was true in the 1958 recession, it was true in the 1961 recession, and every bit of evidence we have shows that this method will do what we are asking to have done first. The first thing we want done is to put unemployed people back to work and there are ways to get it done and one of the ways is the tax reduction.

I think another way, which is the best thing we could do, is the housing program, and I want it stated categorically that I do not think there is any way out of this recession until we get the housing industry out of its depression, and there are only two ways to do that.

One is to have an interest rate that is reasonable, that the people can afford to pay, even if it requires an interest subsidy, and the other is availability of mortgage money.

Now, I have proposed what we call a housing bank wherein the Government of the United States could subsidize interest rates, could borrow in the money market, let us say at 7 percent. If the interest rate were to be kept at 6 percent, it would subsidize 1 percent, not on every kind of home, but let us say to 1,500 square feet.

I do not want to see us designing the pattern for the individual. I do not believe we ought to design the kind of houses people ought to have. If they want a home of one room, or a ranch style, or two floors, or whatever they want, they ought to have their choice.

But a 6-percent mortgage and not more than 7, between 6 and 7 percent for a home up to, let us say, 1,500 square feet, would be a modest home. Ordinarily one would call it a three-bedroom home with modest facilities, and it would be a godsend to the American economy.

It will do two things: reduce taxes enough and spread the reduction among the middle income in this country as well as the low income, primarily, and if we will have a housing program with a housing stimulus that will put people back to work—remember we have the best labor force unemployed today, it falls as high as 40 percent in some areas in the construction staff—and then we have the band aids, as I call them, of unemployment compensation for the temporary needs, plus public-service employment for temporary type of employment, we begin to put together a program that works.

I yield to the Senator from Texas.

Mr. BENTSEN. Mr. President, I have served with the distinguished Senator from Minnesota and I am very much in accord with his views that the way to get this economy turned around fast is to put money in people's pockets to spend and that we put it there with a tax cut.

I think it was somewhat the unanimous opinion of the economists that testified before us in the Joint Economic Committee and before us in the Finance Committee that this is the way to do it. This is the quickest reaction we could have when we have an 8.2 percent unemployment and 7.5 million people out of work, that the way to stimulate it is with a tax cut.

Now, we can stimulate the economy at a time like this when we are using about 70 percent of our potential, that is just about what we are doing——

Mr. HUMPHREY. That is right.

Mr. BENTSEN (continuing). In the capacity of this country to grow and the way of the capacity of industry of this country to produce.

Now, if we stimulate at a time when consumer demand is down, that is when we can do it with the least danger to inflationary pressures and increasing the cost of living, giving us a problem with people trying to make their budgets meet the increasing prices.

But my concern is that if we go into a very extensive public works program beyond what is already charted, that we run into a problem having those things come on 2 or 3 years from now when we certainly hope we have recovered from this recession and that we have inflationary pressures then that could give very serious problems insofar as interest rates, trying to finance the private sector, and pressure on prices and wages at that particular time.

So we have done this in the Committee on Public Works. We held a hearing where we brought in the OMB, EPA, and the rest of them, and talked to them about those projects where the appropriations had already been made, where the plans had already been drawn, where they were ready to go, projects that were virtually there, and we tried to see what we could do in the way of cutting down redtape and see what we could do stopping some deferrals and impoundments to get those on.

But insofar as starting great massive new public works beyond those already on the drawing boards, I think we would find it is too little and too late and run a very serious danger of having an inflationary impact. By far the best means, of course, is to try to have this tax cut where it gets into the peoples' pockets.

We aimed this principally at middle and low income. A lot of people are having difficulty making ends meet. They will spend that money, they have no other alternative; it goes right back in the mainstreams of the economy.

When we talk about a $70 billion deficit, the one thing we have to remember is that that deficit in this instance is not from excessive Government spending, but it is because we have people out of work who are not on payrolls.

Every time we have 1-percent increased unemployment in this country, we lose $12 to $15 billion in tax revenue, $2 to $3 billion in unemployment compensation, so if we could get back to just what unemployment was in 1973, when we had about 4.7 percent, we would have a balanced budget in this country again.

Mr. HUMPHREY. Exactly.

Mr. BENTSEN. This, again, is what we are trying to do: put people back to work now by giving them money to spend as consumers and turn the economy around.

Mr. HUMPHREY. I want to express my thanks to the distinguished Senator from Texas for his addition to this colloquy because he, again, has pointed out what I think is so important: that while there ought to be a continuous line of necessary public works to maintain the basic structure of our country, the point is that it takes time to gear them up, it takes time to accumulate the materials, and it does not give the immediate impact that a tax cut will give.

Now, there is a balance, again, as I said. We will be releasing money for water and sewer, for example, I am confident we will do this, we will have programs that relate to the Economic Development Administration. But what we need above all is to get the economy revived up, get it back to work so that instead of working at 70 or 80 percent capacity, we are working at 90 percent to 95 percent capacity, that lowers unit cost, that will bring down the rate of inflation. More significantly, it will increase personal income and corporate income.

There is only one way to get revenue. We do not get revenue by raising the tax rates, but essentially by keeping the economy going at a good cruising speed. Our tax system is sort of like a salami knife, it clips us a little at a time and it depends on the velocity of money, it depends on the flow of commerce.

Now, the real truth is that while many people are horrified with the budget deficit, they ought to be horrified about the fact that in the year of 1974, the year of 1975, the year of 1976, those three years, the Office of Management and Budget estimates a loss of potential production of $600 billion due to unemployment and recession.

For all practical purposes, $600 billion has been flushed down the sewer, out into the Potomac River, never to ever be used by anybody. That is $600 billion from which we are going to get no revenue, no jobs, and out of which we get no construction.

Our job is to try to get the economy moving up so that we begin to use our planned capacity, begin to encourage investment so that we can improve that planned capacity, and that we begin to put people back to work.

When that happens, we will have money in the Treasury to pay for public works.

I want to say to the Senator from Texas that he is correct about the delicateness of our present situation. This is the first time in the history of this country we have had inflation and recession at the same time.

We have had recession before, but never inflation with recession. This time we have inflation and recession.

Fortunately, the inflation rate is going down. It is estimated that it may be between 4 and 5 percent at the end of this year. Fortunately.

But we have to be careful. Nothing would be worse in our struggle against the recession than to go so fast, so pellmell, that we rekindle the fires of inflation which would consume once again all that we try to repair.

This is the first time we have ever had to face this. It is unique. I suggest that we in Congress proceed with those forces or remedies that we know have some possibility of working. The one that I am convinced will work is the one of a tax reduction. That tax reduction, according to Dr. Walter Heller, whom I respect greatly as one of our finest economists and, according to a host of others, will restore employment, will reduce unemployment, will increase revenues.

There are two ways to reduce the deficit. One is to reduce spending. I do not think anybody in this body thinks that we can reduce the budget $50 billion or $70 billion to get the budget in balance without economic catastrophe. The other thing to do is to increase your income and to increase the productivity of this country.

I believe we need a degree of fiscal discipline. I voted the other day not to override all of the rescissions. We are going to have to pick and choose. That is No. 1.

Second, we are going to have to use what we can, not only to stimulate this economy but to put it back on a constructive and productive course.

There is one thing that this Senate has to keep in mind: This country will never get out of its present difficulties with just unemployment compensation and food stamps, that that is all that we need to do and all that we can do to help people in their suffering. What we have to have is work. We have to have jobs. We have to have investment. We have to have this private economy of ours at work. And we have to have income for individuals, families, and companies.

If we get those things, we will have revenue in the Treasury. If we do not get those things, we will just have to print money. I think we have to make up our mind what we are after.

Today I want to say I feel first things first. The first thing is the tax cut. The sooner we get it the better. Along with that, as the Senator from Texas has said, we need certain public works—highways, transportation systems, our railroad systems. These are long-term investments. These are long-term investments.

And water and sewer. We need these things. We can phase those things right smack back into our tax and fiscal policy.

Mr. FANNIN. Mr. President, all of the Members of this body are in agreement that we need a stimulant to our economy. Certainly, I agree with the distinguished Senator from Minnesota that we must have work for our people. We must have jobs for those who are now out of work. We must have jobs that are continuing jobs, not just temporary jobs. How do we do that? What must we do? Of course, as far as this legislation is concerned, it certainly covers that particular subject of providing jobs. I am not in agreement with all of the provisions in this legislation. In fact, I voted against reporting it out of committee.

I feel we have priorities that are not taken into consideration in this bill. I hope that certain changes are made.

However, now that we have the bill on the floor, I agree with the distinguished Senator from Indiana that while we can make changes in the bill, it should not go back to committee. We already have amendments introduced, which would accomplish the very program that the Senator from South Dakota is talking about.

I do not say that these amendments are in agreement with the final result he desires, but, at the same time, the Senate has the opportunity to work its will on this legislation.

Mr. President, we should talk about the long-term needs of this country. The distinguished Senator from South Dakota has referred to some of these needs such as the investment tax credit. Mr. President, the most serious problem in this Nation is our energy needs. Why is it serious? Because it is a threat to our monetary system and a threat to the monetary system of the world.

Here we have a chance to put people back to work, to put them in jobs that will be permanent.

When talking about the investment tax credit we are usually talking about promoting business and industry that will provide jobs not only today but into the future.

Let us look at the utility industry. There have been drastic cutbacks in the construction of public utility facilities. Why? Because they have not had the money to invest, which is directly attributable to the lack of an incentive to invest. The investment tax credit would be a great incentive to this segment of our economy.

It would help in the solicitation of capital for this purpose. If there is anything more serious today than cutting down on our imports of energy, it is getting the utility business moving. This movement must be toward the utilization of fuels that are in large supply such as coal.

But, what have we done in the past few years to convert to coal? Very little. Why? Because it is tremendously expensive. The incentive for conversion to coal has not been present. The investment tax credit provisions in this bill will certainly help in many instances. I feel it is highly essential that we promote an adequate energy program as rapidly as possible. As we all know, we have $25 billion of imports to contend with in petroleum products. This quadrupling of our energy costs is practically bankrupting this country.

We cannot continue this promotion

of foreign oils. I feel we have a chance now to switch to the use of other fuels. Coal is the most abundant fuel in this Nation. In fact, it is the most abundant fuel available throughout the world.

But, Mr. President, we unfortunately are not moving in that direction.

Let us look at what the investment tax credit would do. The House bill would provide for an increase in the investment tax credit rate to 10 percent from the present 7 percent.

Public utilities have suffered inequitable treatment in the investment tax credit area too long. The present law allows for only 4 percent tax credit. The House bill would raise this figure to 10 percent. However, the committee's action would improve upon this situation even more and on a continuing basis.

The House bill would also restrict the increase in credit for public utilities to a maximum of $100 million per taxpayer. The Senate has removed that restriction.

The House provision would be available for property acquired and placed in service before January 1, 1976, or after January 21, 1975, and the 10-percent rate would also apply to progress payments.

I bring this out because I am certain the Senator from South Dakota will realize that we are talking about immediate jobs.

I know that utility companies both in my State and across the Nation have delayed planned expansion programs. In fact, some programs were started and then have been cutback. Passage of the investment tax provision for utilities in many instances would mean that those construction programs would be able to go forward.

So we are talking about results that would be immediate.

The Committee on Finance bill would increase the investment tax credit for all business taxpayers, including public utilities, to a 12-percent level during the period of January 21, 1975, to December 31, 1976. After that date the investment credit would be continued at a 10-percent level. The permanence of this provision would allow the industrial sector to plan more adequately for the future.

Mr. President, it is tremendously important that the utilities, and all businesses, understand what they are going to be able to do for the future. What they buy today has a great deal to do with what they are going to buy in the future. If they are starting a program to try to take care of the needs of the public in services 5 years from now and 10 years from now, they must have a program that is looking forward to that time.

They cannot just say, "We are going to take one step today and we do not know whether we can take the next step tomorrow." If they do not know they can take the next step tomorrow, they might not be able to take the first step today. I think it is essential especially in the utility fields, that this credit be given to them.

Mr. President, taxpayers who elected to obtain the benefits of a 12-percent investment tax credit rather than a 10-percent credit and have qualified investment property of at least $10 million would be required to utilize one-half of the additional benefit obtained to fund an employee stock ownership plan.

Mr. President, the program is called the Kelso plan. I have been one of the early sponsors of the Kelso plan. I do not feel that in the proposed legislation we have necessarily provided the correct stimulus for this new plan. The Kelso plan is supposed to be an incentive program, for a company to help its employees by distributing its stock to them. With stock ownership, they have greater loyalties, greater interest, and greater productivity. It is an investment for the company and the employee. The original concept of the Kelso plan called for an essential tax incentive to the industrial sector. That was not taken into consideration in this bill, and I regret that action.

Nevertheless, we do have before us an investment tax credit increase, which I think will stimulate the progress of companies, especially public utilities, in going forward with many programs that will provide jobs. This is just one phase of the bill that I feel is very essential to the recovery we have talked about, providing jobs and opportunities for people.

I favor many other features, I favor real tax stimulation that will help in accomplishing what I have talked about. My views and those of Senator CURTIS are in the report, and I will not elaborate on them now. I would like to read the part that pertains to what we feel should be the criteria for a tax cut bill. I hope the Senate will amend the bill along these guidelines so that I can support it. Senator CURTIS and I stated:

> We do not oppose the use of a reasonable tax cut to stimulate the economy, but if a tax cut is to be used to combat recession it must, in our view, meet several criteria. First, a tax cut must strike a balance in our economic policy. The recession is severe and we must seek to counteract it. Nevertheless, we cannot follow policies which will again overheat the economy and lead to additional period of double-digit inflation. Second, a tax cut should be temporary in nature, cast in the form of a rebate or refund, and coupled with modification of those provisions of the tax law (such as the investment tax credit) that are proven job-producers.)

The history of the success of that particular type of inducement has been brought out this afternoon by several Senators.

> Permanent reduction in taxes (whether accomplished by rate reductions or otherwise) have no place in a temporary anti-recession tax cut. Permanent changes tend to invite budgetary problems for future years. Third, special consideration should be given to those individuals with low incomes who, because of inflation, face severe hardship. Many of the problems of the poor cannot be met by reducing taxes, but where tax relief is effective, action should be taken. Fourth, we believe that to provide jobs the relief should go to business, but if it is to go to individuals, it should give particular consideration to middle income taxpayers who have been hit hardest by increased taxation due to the inflationary rise in incomes.

Mr. President, the reason why I feel that a substantial amount of relief should go to the business sector is that if we are going to experience a lasting recovery, we must provide permanent jobs. The type of jobs I am talking about are not public service jobs which we have created because of the high unemployment. I am talking about jobs that will continue through the years.

I feel that many of the objections I have with respect to the proposed legislation will be covered by acceptable amendments—I hope so—I want to be able to support this bill. I do not feel that we would benefit by sending the bill back to committee.

Mr. HARTKE. Mr. President, I just want to point out a couple of things. I believe we can vote on this matter rather shortly.

The fact is that what we have here is a fear which is being expressed. I think it is being expressed throughout the country, that somehow or other we cannot do what needs to be done in this country any more. That type of feeling leaves everybody who is without a job or threatened with the loss of a job with a great deal of anxiety. He feels that his Government no longer responds to him.

This $29 billion tax cut has been worked out with an econometric model. I believe that even that demonstrates quite conclusively that this is not a panacea for the problems of the unemployed.

What we have here is a continuing philosophy of trying to provide jobs, but no implementation of the philosophy.

In 1946, we passed the Employment Act. At that time, the word "full" was taken out of the act, for fear that there was something bad about everyone who wanted a job having an opportunity for a job.

When I first came to the Senate, in 1959, my first assignment in a committee was under the chairmanship of Senator Eugene McCarthy, in the Special Committee on Unemployment Problems. All one need do is go back and look at those solutions. If we had implemented those, most of the problems of today would not be upon us at this time.

The whole problem of providing jobs for these people may be overemphasized at times. I think the tax cut may be too small. As the Senator from Minnesota said when he expressed his concern, it may be too small.

In an article in today's New York Times, entitled "Jobs for the Jobless," Mr. A. H. Raskin expresses what is my deep concern. It points to the dangerous situation in this country at the present time.

As I said a moment ago, Mr. Olin, of the First National City Bank of New York, said he thinks we are only halfway to the bottom. If things are going to be twice as bad in June or July as they are now—and they could well be, and I hope he is wrong—then the statement by Mr. Raskin becomes much more ominous in its ultimate consequences for this Nation. Mr. Raskin says:

> A dismal consensus is developing among manpower experts that, no matter how

> quickly the general economy revives, the pickup in jobs will be slow.

I think this is true.

> Many companies that had slimmed down their work force under stress of the current mini-depression are finding avenues to increased efficiency that will leave them permanently able to do more and better work with far fewer employes. The same thing is beginning to happen in state and city agencies, obliged by tight budgets to cut staff or leave vacancies unfilled.
>
> These austerity-born jumps in productivity hold out clear benefits not only for the balance sheets of profit-minded businesses but for the viability of the American economy in an increasingly competitive world. The rub is that—in the absence of imaginative advance planning—they also hold out the prospect that the skills, energies and hopes of millions of unemployed workers will remain on the junk pile long after the gross national product starts climbing skyward again.
>
> A return to "prosperity" in which everybody shares except the people is obviously something short of idyllic. That gap in current official planning makes it welcome news that there is an almost unnoticed group, appointed by President Ford under specific mandate from Congress, now working on ways to make a reality of the commitment to full employment which the nation adopted in the Employment Act of 1946—and then spent the next three decades forgetting.

I want the entire statement to go into the RECORD, but I bring out this point: He says, "There is growing skepticism." This addresses itself directly to what Senator McGOVERN is talking about; because that, too, may be the wrong answer and it may not be the panacea. This is the statement:

> There is growing skepticism that the present practice of relying almost totally on the states and cities to sponsor emergency jobs will result in much more than the substitution of Federal money for local tax levy in paying for regular civil service functions—a kind of revolving door for moving people from one Government payroll to another while leaving the great bulk of the unemployed untouched.

All I can say is that this bill should not be portrayed, in my judgment, as a panacea, but it should be done quickly, as the first step in a whole series of bold new initiatives.

I hope Congress faces up to that and I hope that the Senator from South Dakota, when it comes time, is not so afraid to meet the future that he wants to hide back of some of those old myths and some of those old worn-out theories, which never were any good in the first place.

Mr. President, I ask unanimous consent to have Mr. Raskin's article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

Jobs for the Jobless

(By A. H. Raskin)

A dismal consensus is developing among manpower experts that, no matter how quickly the general economy revives, the pickup in jobs will be slow. Many companies that had slimmed down their work force under stress of the current mini-depression are finding avenues to increased efficiency that will leave them permanently able to do more and better work with **far** fewer employees. The same thing is beginning to happen in state and city agencies, obliged by tight budgets to cut staff or leave vacancies unfilled.

These austerity-born jumps in productivity hold out clear benefits not only for the balance sheets of profit-minded businesses but for the viability of the American economy in an increasingly competitive world. The rub is that—in the absence of imaginative advance planning—they also hold out the prospect that the skills, energies and hopes of millions of unemployed workers will remain on the junk pile long after the gross national product starts climbing skyward again.

A return to "prosperity" in which everybody shares except the people is obviously something short of idyllic. That gap in current official planning makes it welcome news that there is an almost unnoticed group, appointed by President Ford under specific mandate from Congress, now working on ways to make a reality of the commitment to full employment which the nation adopted in the Employment Act of 1946—and then spent the next three decades forgetting.

The new group is called the National Commission for Manpower Policy and it was set up under the comprehensive Employment and Training Act, which President Nixon signed into law at the end of 1973. It is charged with responsibility for identifying the country's manpower goals and needs and assessing how much consistency or coordination mark the existing manpower programs on which tens of billions of Federal dollars are spent.

Partly because of Mr. Nixon's Watergate troubles and partly because of the distaste with which his Administration viewed the Congressional initiative for establishing a manpower commission, the former President never got around to appointing any members. It was not until Sept. 30 of last year, with Mr. Ford in the White House, that the agency got its 17 commissioners, headed by Prof. Eli Ginzberg of Columbia University.

An interim report just submitted to Congress offers at least a modicum of hope that the panel's recommendations will not wind up in the dead storage files, the customary repository over the years for the cerebrations of blue ribbon advisory commissions. Its first target for action is to send to Capitol Hill by May its thoughts on how the mushrooming new public service employment programs, which have become the Government's first line of defense against mass joblessness, can be restructured to assure permanent community dividends.

There is growing skepticism that the present practice of relying almost totally on the states and cities to sponsor emergency jobs will result in much more than the substitution of Federal money for local tax levy in paying for regular civil service functions—a kind of revolving door for moving people from one Government payroll to another while leaving the great bulk of the unemployed untouched.

Among the alternatives under commission study is the feasibility of a quasi-government corporation or a broad range of public, private and community facilities to stimulate quick creation of job opportunities. The range of its thinking is indicated by its warning that many aging automobile factories and their parts suppliers may never reopen after the recession, leaving Midwest automotive centers with long-term adjustment problems as painful as those that confronted New England textile communities when the mills moved South after World War I.

The panel is also reaching out to adapt to the American scene elements of the activist labor market policies used by Sweden, West Germany and France to achieve high levels of general employment without pushing inflation to intolerable heights.

The specific devices being reviewed include governmental subsidies to private employers for hiring the jobless or for instituting work sharing arrangements as an alternative to layoffs; a system under which corporations must save part of their profits in boom periods and release them to expand employment in downturns; and the use of credit, low interest rates and other incentives to spur depressed sectors of the economy.

At the President's own first meeting with the commission in January, Mr. Ford asked it to give particular attention to the transition of teen-agers from school to work, an area in which the United Sates unemployment record is worse than that of any other industrial nation. If the panel can make a lasting contribution in that field alone, it will have justified its existence.

Mr. BIDEN. Mr. President, I rise in support of the motion of the Senator from South Dakota to recommit, not because I agree with all the arguments he has made, but because if this tax bill does in fact go through as it is contemplated, we will be worse off than we are now. I will have several amendments, as I am sure many others will, to try t refine what I consider to be a detrimental rather than a helpful piece of legislation. But in the interim, if I have a choice of either recommitting now or going with what we have now, I would prefer to see the bill recommitted.

I wish to respond to some of the statements made by the very distinguished Senator from Indiana, who has a good deal more experience in this area than I. He quoted several paragraphs from an article, one of which stated that we need imaginative advance planning. I concur 100 percent: We need imaginative advance planning. I am wondering where that imaginative advance planning is.

I sit on the Committee on the Budget and the Committee on Banking, Housing and Urban Affairs; these are two of my committees. I heard testify, I think, along with the Senator from Tennessee, whom I see standing there, practically every economist who has spoken on the subject of the economy over the past 10 months. One of the things that worries the devil out of me is that I hear these economists talk in terms of 1932, 1934, 1938, 1957. I hear them talking about prior recessions and depressions. Yet I hear very few of them make the distinction between the situation we are in now and what brought us there and what brought us to that point in prior years. That is, we are dealing now with two major things that have caused our economic down-turn—at least two major things. They happen to be food and energy. None of this addresses itself to either of those subjects.

I think what we are doing now is that we Democrats are coming forward and trying to out-rebate the Republicans. I am not sure that that helps anybody, except to confuse the voter back home and make the voter back home think that somehow, we are talking about something that smacks of tax reform. I feel a little bit, in both of those committees, more and more like a conservative, rather than the liberal that I am portrayed as, because these arguments, that are being made, are being lost upon me.

If we examine for a moment the rationale for the rebate—and the Senator from Arkansas (Mr. BUMPERS), who has been out front on this issue for the past several weeks, the only man that I know in the Senate who has been arguing about the propriety of the rebate and the economic soundness of the rebate, has been saying this. Others, I am sure, have been saying it privately. But let us examine what the rebate is for, and we will be speaking to that later.

Speaking to this recommittal, the rebate is supposed to spur employment, because it is supposed to get people to go out and buy the toasters, buy the irons, buy the durable goods that are going to put people back to work. Yet every study, and there are three that I know of—maybe more—that has been done on consumer attitudes—and the Senator from Indiana is correct, confidence is the question—indicates that the voter, the person receiving the rebate, is not going to be in a position or be inclined to go out and buy those durable goods. He is going to need that rebate, if he gets it at all, to pay for his increased energy bill, and to pay for his increased food bill.

I asked Mr. Greenspan not long ago, when he was testifying before the Committee on the Budget, as to the need for the rebate, whether or not, if the rebate does not go into durable goods and if the rebate merely goes to paying off existing outstanding debt, to increased energy costs, and increased food cost, will it have an effect or will it be worthwhile?

He responded, "no," it would not have the impact for which it was designed.

I submit that if, in fact, the legislation which we are fashioning here today and the pieces of the specific aspects of that legislation—the rebate, the oil depletion, whatever particular point in this package is raised—if it does not accomplish the purpose for which it is stated to be in that bill, then it seems to me we should reexamine whether or not it should be in the bill. It turns out that what we are doing here is, as I have heard some of my colleagues say, is saying, my Lord, we cannot back off a rebate now. I hear others of my colleagues say in effect—this is just a start; $30 billion is just a start.

Well, we are talking about a deficit that is going to be in excess of $80 billion. It may be as high as $100 billion. How are we going to go out there and spur employment at a time when we are putting Government into that same capital-short market to compete with industry, which is going out there now to compete, because interest rates are beginning to lower? Once we get out in that market, it seems to me we are going to do only two things: No. 1, Government is going to dry up that liquidity that we think is out there; No. 2, interest rates are going to be driven up in competition for that capital; No. 3, business is not going to go forward and expand; and No. 4, people are not going to get jobs.

If the whole purpose of this——

Mr. HARTKE. Will the Senator yield?

Mr. BIDEN. Yes, I yield.

Mr. HARTKE. Does the Senator realize that as long as unemployment continues at its present rate, there is no way of getting out of that deficit?

Mr. BIDEN. Absolutely; I agree.

Mr. HARTKE. Does the Senator realize that the cause of the deficit is not the spending, but the cause of the deficit simply is that the people are not working and, therefore, they are not paying taxes? If we had a 4-percent unemployment rate, we would have a $17 billion surplus instead of this deficit we are talking about.

We can cut tax rates and increase tax revenues. We have demonstrated that time and time again. I do not see any reason why, simply, if we are going to vote a $30 billion tax cut, we have to say that is going to cut the revenue $30 billion. The anticipation is that the gross national product will increase sufficiently to make up the difference, and more. I think it will.

Mr. BIDEN. If the Senator will yield, I should like to know who anticipates that.

Mr. HARTKE. I do.

Mr. BIDEN. All the economists who spoke—I mean besides the distinguished Senator from Indiana.

Mr. HARTKE. This was done with what is called an econometric system——

Mr. BIDEN. That has not been right in the last 9 years.

Mr. HARTKE. I do not know whether it is right, wrong, or indifferent. I was here in 1964, and I was one of the advocates for the tax cut at that time. I said the net result would be that it would increase revenues. It increased revenues by almost four times. I can say we have not had a tax increase since that time, except the social security taxes.

I remember when President Johnson had that great midnight struggle with the Sears, Roebuck type Federal budget, trying to get it below $100 billion for the first time. That has been just a short 10 years ago. We did not increase the taxes to increase the revenue. But the revenues have skyrocketed since that time to where they are almost $250 billion a year, simply because the gross national product has skyrocketed up to a trillion $500 billion dollars. That is the difference.

Mr. BIDEN. If the Senator will yield——

Mr. HARTKE. If the Senator wants to follow that old strangulation theory—in other words, that we cannot do it, which is the thesis of Senator MCGOVERN and I think, unfortunately, is the thesis of the Senator from Delaware, if we are going to say the United States has reached the end of the peak, then let us go ahead and cave in and go back to the woods. And I will get my cow and my chickens again, as I did when I was a child, and go back to that type of living.

Mr. BIDEN. If the Senator will yield, that is not what the Senator from Delaware is saying. The Senator from Delaware is trying to prevent the Senator from Indiana having to go back to his cows and chickens, because it seems to me that if we go ahead with his proposal, we are going back to 1964. It is certainly unimaginative.

But the Senator from Delaware is suggesting that we in fact go forward and make significant spending proposals with regard to specifically targeted areas. For example, the Senator from Delaware, along with many others, has suggested that, instead of spending $8 billion now—in effect spending by not collecting on the rebate, or returning the rebate to individual income taxpayers, which the economists that I have spoken to and the people that I have come in contact with indicate will not accomplish that for which it was designed—why not take that $8 billion and pump it into housing? Why not take it and support Senator BIDEN's bill, which says there are going to be interest rates subsidized at 6 percent?

Mr. HARTKE. I shall help him with that.

Mr. BIDEN. I thank the Senator.

Mr. HARTKE. I am not against that. I am willing to help the Senator from Delaware on a number of things. The fact remains that if we do not do something now—I am telling the Senator, we have a desperate group of people out there. As far as they are concerned, they are looking for this tax cut.

They are looking for it, not alone for the economic effect but for the psychological effect.

Mr. BIDEN. I think if we talk about permanent tax cuts, they are looking for it. I think they are looking for permanent tax reform. I think they are looking for the elimination of things like the depletion allowance, and making the minimum tax a minimum tax. I know that the Senator from Louisiana supports most of those things. I think he has been in the forefront of most of this tax reform legislation.

But I am not ready to go forward with a $30 billion tax reduction, which will not accomplish the purposes for which it is designed, unless this Senator is assured that we are going to take care of the tax reform side of this budget, and that we are going to accomplish the effect for which the expenditure is designed: to increase employment.

I recall my first experience last year of watching how legislation goes through this body at the end of a session, or prior to a recess. It scares the living devil out of me that I will get caught between the rock and the hard spot, and that those who are more adroit from a legislative standpoint and perhaps from an intellectual standpoint will prevail, and before this young Senator knows what is happening, I will end up with a $30 billion tax package that does not accomplish the end for which it is allegedly designed, without any of the tax reform which is needed, and without directing itself to those aspects of the economy to which the economists I have talked to uniformly agree would be the better way of spurring the economy, and have a better effect on tax reform and a better effect on the confidence factor in the American people.

Mr. HARTKE. Mr. President, if the Senator will yield, he will have a chance to vote on the elimination of the depletion allowance, which I have been sponsoring for 4 years.

Mr. BIDEN. I know the Senator has.

Mr. HARTKE. He will have a chance to vote on the elimination of the present policy of tax deferral on foreign source income, and its repeal. I mean that was locked out in the committee, and that is something I have favored for 4 years.

We will have a chance to vote on a windfall profits tax, which President Ford indicated to me last night he supports, and see if the Senate will support it.

I listened to the Senator talk about doing something about housing. I think the provision I introduced which provides for the investment tax credit for housing should not have included used housing, and I do intend to eliminate that provision, which will also cut down a part of the revenue cost of this bill.

We will not, of course, cure everything with this measure, but I hope we can cure the spirits of the people, who are looking forward to this tax cut, because that spirit can be killed, and there is not an awful lot of spirit left in this country to look forward with anticipation to a progressive society any more.

Mr. BIDEN. Mr. President, if the Senator will yield, I agree that I do not want to kill the rekindling of that spirit; and I am sure that the passage of this measure would kill it.

I am sure of the persuasive ability of the Senator from Indiana, and I am sure in time it will prevail. But I have also lately adopted a new theory—which I will probably change 10 times in the next 3 years I am here—which is sort of like a football philosophy: "Jack, I don't want to see you get yours before I get mine."

Before I vote for a measure like this, I want to be assured that I have won first, and that I have some of those assurances locked in. From now on, when in doubt I vote "No." Because it does seem to me that until I get it in hand, I do not know anyone more persuasive than the chairman of the Committee on Finance of which the Senator from Indiana is a member. I am afraid that by the time he has finished he will convince me that oil depletion will assist my chicken farmers, that everyone in this body who is a farmer has oil under his land, and that this is really a farm bill.

It really disturbs me that that might happen. All I am saying is that before I vote into law something I am convinced is not going to work, I want to be assured that we will have a little bit in hand first.

I will admit that I am not quick enough to follow that pea under the shell. Before all this gets going, I am going to pick up that shell; and there will be no pea under there. There will be no oil depletion allowance, no minimum tax legislation, and no other significant tax reform, and I will walk out of here and have to go back home and say, "You know, folks, I tried this time, but I am only a young fellow, only been there 2 years." I will have to go back to that old argument again.

So I figure now that I better darn well have it in hand first, before I vote for it. I am not going to give them any of theirs before I get mine. I am sure I am whistling in the wind, and that I will not prevail. But in my last gasp, for the time being on this particular amendment, I would like to sum it up by saying, first, I think it will diminish confidence. No. 2, I think it will have the effect of assuring that we do not get anything else this year. And No. 3, I think we will be in a position where, next time when anyone from ALAN CRANSTON to BILL HATHAWAY or any other Senator interested in social legislation, stands up on the floor and says, "We need such and such for education," they are going to hear the rebuttal. "How can we tolerate that? We have got a $30 billion deficit."

We need tax reform and we are going to get that tax reform. I am sure it will come. I see the Senator from Louisiana is smiling. I think he is the single most persuasive man I have ever seen in my life. I say that sincerely. He worries the devil out of me. I am afraid that when he starts talking with me, by the time he gets finished, I just know I am going to be voting for something I should not be voting for, and walk out of here thinking I just won, and I will get about halfway up to Wilmington on the Metroliner and say, "Wait a minute, I do not have any oil wells in my State," or, "Wait a minute, this is not going to benefit my State," or "Wait a minute, what did I just vote for?"

I simply make the point that I think it is likely to happen. Maybe my colleagues are more adroit than I, and know how to follow that pea under the shell. Maybe they do not share my point of view that we need to know what legislation is in order to know we are going to get good legislation.

But since I do not see it in this tax reduction act we have before us now, I am going to vote to recommit that bill. Unfortunately, I will probably be standing up time and again on this bill. I will try my best to stop it.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BIDEN. I yield to the Senator from Louisiana.

Mr. LONG. I hope the Senator does not judge me by sentences he reads out of context. I did suggest to him here that he did not need to know the answer to his question to vote, because I was convinced that the Senator would be against the measure no matter how I explained it to him. I was convinced there was no way on Earth that I could convince him to be for it. I was trying to get this bill out here so that the Senator could make his speech.

Let me compliment the Senator from Delaware on his eloquence. He is enormously persuasive. I am not exactly sure what he is trying to persuade me to do, but whatever it was, he made an enormous impression, and I am persuaded that if there is any merit whatever in his position, I will vote that way.

Mr. BIDEN. Mr. President, I am not sure what the Senator from Louisiana has said, but I feel good. I have a good feeling inside. I am going to go back home and sit down and tell my mom that I stood up on the Senate floor and made this speech, and the chairman of the Committee on Finance said it was an eloquent speech. Then my mother, who is a little more adroit than I, will say, "Did you win, son?" And I will say, "I do not know, Mom, but it was certainly a good speech."

I yield to the Senator from Arkansas, and then I will sit down.

Mr. BUMPERS. Mr. President, I have asked for this time simply to make a few comments, and to express my complete support for everything the distinguished Senator from Delaware has said. I only regret that his mother is not in the gallery today, to have heard what I think is one of the most persuasive and eloquent presentations I have heard articulated since I have been here.

He hit a sensitive nerve with me a moment ago when he said something about people's confidence.

To those of us, most of us, who are congregated in this corner, who just came out of rather hard-fought elections this past year, I would say that it is our belief—and I have talked to these colleagues about it—that there is a new feeling of responsibility on the part of the voters in this country that is unique in our history. The votes that I intend to cast here regarding this tax bill are going to be in response to what I think the American people expect out of this deliberative body, and that is that they are not looking for a handout.

It is my belief that every man and woman in this country who believes that forgoing a $100 or $200 tax rebate would improve the fiscal integrity of this country, that would strengthen the dollar, that would prevent another inflationary spiral, and that would keep this country from returning to its present condition in spades 3 or 4 years down the road, just as this medicine has brought us to this point, would be more than happy to forgo a portion of the tax cut, all of the tax rebate.

I furthermore think that that kind of responsibility on the part of this body would display to the American people that Congress has begun to recognize its duty and its responsibility, is going to live up to it, and that ingredient called confidence is the most seriously deficient ingredient in America.

The Senator talks about who is going to spend money—deposits in savings and loan associations in this country have been soaring; bank reserves are the biggest they have been in 7 years. That means that there is consuming power out there, but people are very apprenhensive about what Congress is going to do to solve the economic distress of this Nation.

We have begun to, and we have come to, rely on deficit spending in this Congress as a drug, and if we say $50 billion very quickly it does not sound like much, and that encourages us to say $60 billion or $70 billion. So the first thing we know the whole thing is out of control.

I know that there must be some deficits occurring this year in order to stimulate this economy and turn it around, and every man in this body is dedicated to that proposition.

What I am saying is that we do not have to abandon our senses. We can be very selective and make certain that the tax dollars we spend are going to do precisely what we wanted to do, and that is to stimulate the economy and put people back to work.

In my opinion, that $8 billion that we are proposing to spend in the form of a tax rebate will not do it. I have not talked to an economist who does not admit that the effects of such a refund will be very, very minimal and insignificant.

I agree again with my distinguished colleague from Delaware (Mr. BIDEN), when he says put it into housing, subsidize interest. We may, before the end of the summer, which we had put it into the unemployment compensation insurance trust fund to extend unemployment benefits to those people who are unemployed.

I could go on and on with projects I think we ought to be spending money for that, in my opinion, have a much greater impact on the economy.

I personally believe that the American people would take more heart in this body's showing that it has determined itself to be more fiscally responsible than it has in the past. That confidence factor alone will do more to turn the economy around than this $8 billion we are getting ready to spend.

I thank the Senator from Delaware for yielding for this short period of time.

Mr. BROCK. Mr. President, we have a rather remarkable exercise going on in the Chamber right now. We have the blending of the right and the left. The Senator from Delaware and the Senator from Arkansas, the Senator from Tennessee all in fundamental agreement on what is, I think, a very fundamental problem.

Mr. FORD. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER (Mr. ROTH). Does the Senator yield?

Mr. BROCK. Yes.

Mr. FORD. Who is the Senator painting the broad brush for in his statement about the left and right?

Mr. BROCK. Whichever side of the room the Senator is on. I do not want to judge philosophically now, but it does not matter. We are all on the same side of the issue.

Mr. FORD. I want to be sure which side the Senator is painting, and I want to know which side is right or left.

Mr. BROCK. The Senator can be on my side. He can call it what he wants to. But I am delighted to have his help.

I think it is important to stress the point that was made by the Senator from Arkansas about public confidence. Sometimes I think we misjudge the American people. We underestimate their basic commonsense and wisdom.

There are an awful lot of people in this country who wonder how much of a favor we are going to do an unemployed man by giving him a tax rebate instead of a job.

There are an awful lot of people out there who wonder how you can rebate taxes you do not have. As a matter of fact, we have taken in the taxes of the American people in the last year and expended them, and then added $25 billion or $30 billion more on top of that.

It is a fair question to ask. What is there to rebate? What is there to give back? What we really are going to have to do, if we pass a tax rebate, having already gone into a debt situation, is to go to the American people, borrow the money from them, bring it to Washington, take our cut, send them back the residue, and say, "Look what we have done for you lately." That is hardly an exercise in leadership as far as I am concerned.

I understand the logic of the tax cut, and I understand the logic of stimulation and the intent. But I also understand that the American people are much abused by a Congress that has refused to accept the responsibility for the last decade, a Congress that in 1965 agreed with the President of the United States that we could have both guns and butter, and we did for 10 years, and bought them both on credit to the point that today we have run down to the bottom of the barrel.

We do not have any flexibility left. We have strapped the economy of this country down with wage and price controls, with regulations, with taxes, to the end where profits are half what they were in real dollars in 1964.

Personal savings may be at an alltime high in terms of inflated dollars, but they sure are not in terms of purchasing power. Now we are faced with a situation where the Secretary of the Treasury said on yesterday that the minimum deficit this country could look forward to in the fiscal year of 1976 was $80 billion. He testified before the Committee on Finance, as I am sure he did in the Banking Committee earlier this year and, at that time, he said that if we had a deficit of $52 billion that would absorb, together with State and local debt, 83 percent of the capital formation of this society.

I asked him what would happen if we went over $75 billion, would it take 100 percent, and he said, "Yes."

Now, we are at $80 billion and going because Congress has refused to cutback on any significant amount of funding, and it balloons the tax cut from $16 to $19 to $21 to $29 billion, and it is going through the roof.

Somehow, someday, there comes a time when you have got to pay the piper. You cannot continue to do this to the American people. We have no right to defraud them by saying to them we are going to give them a tax cut when, in fact, we have to borrow the money from them to give them the very cut that we intend to rebate, and say, "Look what we are doing for you."

Where is it, this sense of responsiveness and responsibility? Where is the honesty in presenting to the people the real choice that we, as a society, face?

When small business cannot get working capital to restock its shelves, it is hard for them to participate in an economic recovery. When a homeowner cannot get a loan to buy a house, where is our potential for recovery of housing? When a wage earner cannot get a loan to buy a car, where is the potential for the recovery of the automobile industry?

The fact of the matter is that unless we in Congress decide to accept the responsibility, that is not apparent in any part of this Government today, to put our house in order, to remove this burden from the American people, this recession is going to become something a great deal worse. We are on an economic roller coaster. If we want to stimulate with short-term devices, as we would stimulate a heroin addict with another shot, we can postpone the misery and increase the damage.

That is exactly the position we find ourselves in today.

I disagree thoroughly with a good percent of the logic of the Senator from South Dakota in offering this amendment with regard to substituting public expenditures for private. I think we have gone too far down that road already. I think the American people have a far greater wisdom as to how to spend their own money than Congress, the administration, or anybody else in Government.

But the Senator's amendment does not say who spends the money, it simply says we cannot spend as much as we have proposed because we cannot afford it.

We cannot afford it with respect to the earnings of American people, we cannot afford it with respect to their savings, we cannot afford it with respect to those on fixed income, or social security, or retired and who have no flexibility in terms of their income situation.

We will debate later on in the year whether or not we should have public service jobs—as we should. But for goodness sake, please keep this debate in the context of where we are as a Republic with regard to the dollars and cents that Americans have worked for 200 years to create.

Let us keep it in the context of a potential defrauding of the American people to the extent of an $80 billion deficit which faces us with as much as 20-percent inflation or high interest rates, or both, and a commensurate degree of recession, because that is exactly what must follow that kind of irresponsibility.

Mr. President, I congratulate the Senator from Delaware. I am very grateful that he has this concern, and I appreciate the effort that he is making.

I do not think ideology is involved. I do not think party is involved. I think the American people are desperately involved, and I think that we owe them something more than a hoot and a promise which will cost them enormously.

Mr. BIDEN. I thank the Senator very much for the compliment.

I would like to point out that I do not think ideology is involved. A fellow, Alf Landon, running against a good old Democrat, FDR, in 1936, said that to be a liberal you need not be a spendthrift.

So, I do not think it breaks down to liberal-conservative. I am labeled as a liberal and I am very proud of it and the Senator and I have different ideology with regard to certain programs. We have been on the other side of issues on the Banking Committee a number of times, but I do not think this breaks down.

Again, to be a liberal one need not be a spendthrift, and I think what we are talking about here is what is economically sound and fiscally responsible and what will get people back to work, and I do not think this will do that, and I do not think it has anything to do with ideology.

Mr. BROCK. I thank the Senator.

Several Senators. Vote, vote, vote.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that a member of my staff, John Craford, be allowed privileges of the floor during the debate and vote on the pending bill and amendments thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that Charles Warren and Frank Ballance, of my office, may have the privilege of the floor during the debate on the tax bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I wonder if the distinguished Senator from South Dakota will be so kind as to answer a few questions concerning his proposal.

What does the motion to recommit call for?

Mr. McGOVERN. Mr. President, I will say to the Senator from Nebraska the motion to recommit would send the bill back to the Committee on Finance with instructions that they bring in a new bill within 2 days' time, and that the total tax cut provided in the bill would not exceed $19.9 billion, which is the figure in the bill reported by the other body.

Mr. CURTIS. In other words, the motion to recommit would lower the amount of the cut by about $10 billion, but asks the Committee on Finance to work out a bill within those limits?

Mr. McGOVERN. The Senator is correct. It does not in any way beg the question as to what the Committee on Finance should do, but it simply, as the Senator said, calls for a reduction in the amount of the cut of approximately $10 billion.

Mr. CURTIS. Are there any further directions in the motion?

Mr. McGOVERN. There are not, other than the provision that the revised bill come back within two days' time.

Mr. CURTIS. The distinguished Senator has made available on our desk, an explanation and the purpose of the amendment.

The purpose sets forth the Senator's position in favor of increased spending for a number of programs.

May I ask, are those programs set forth in the motion, itself?

Mr. McGOVERN. Absolutely not, I will say to the Senator. It leaves every Senator with the freedom to proceed as he sees fit on the question of what the level of Federal spending should be. It does not in any way restrict the Senator's freedom in that area.

Mr. CURTIS. In other words, if a Senator felt that the amount of tax reduction in the committee bill was too high, he could vote for the motion to recommit, presented by the distinguished Senator from South Dakota, without committing himself to increased spending?

Mr. McGOVERN. The Senator is correct. I simply wanted the Senators to have the benefit of my own position, my thinking on the matter. I personally think we need additional public investment. But that view is not contained in the language of the recommital motion. The Senator could vote for this amendment with complete confidence that it in no way limits his ability or his capacity to resist additional Federal spending if he were opposed to it.

Mr. CURTIS. I thank my distinguished friend.

Mr. President, I shall vote for the McGovern motion to recommit. I do that because I am concerned about the solvency of the U.S. Government.

The President recommended a tax reduction of a lesser amount than carried in the motion by the Senator from South Dakota. But I believe that here is a chance to cast a vote in favor of $10 billion less in tax cuts than was provided by the Committee on Finance.

Mr. President, as of March 12, the total public debt outstanding was $505,559,000,000. The estimated deficit for the year ending July 1, 1975—that is fiscal year 1975—is $45 billion.

The estimated deficit for fiscal year 1976 is $80 million.

Mr. President, the $80 billion estimate is too low. If past speed of this Senate for increasing appropriations, if the past track record for voting new programs with new obligations, is any test, $80 billion will be a small figure for our projected deficit.

Mr. President, others can choose to take the risk of an $80 billion or a $100 billion deficit, but the junior Senator from Nebraska wants to be counted out.

If we want to restore confidence in this country, if we want individuals to make decisions to invest, if we want individuals to make decisions to build, if we want individuals to make decisions to back a business enterprise, the greatest thing we could do would be to set our own house in order.

I believe, as does the Secretary of the Treasury, that inflation, which is the major cause of our recession and which is caused primarily by deficit financing, is our real difficulty.

Within the last 10 days, the Secretary of the Treasury said this:

> More than anything else, it is inflation which has created our current recession. Inflation destroys consumer confidence, investor confidence, and public confidence in the ability of our government to perform its obligations.

Mr. President, if I had faith that there would be a reduction in expenditures, I might be able to doubt my own judgment and say, "Let's give this tax reduction theory a chance to work." But that is not going to happen.

What did we do on the President's request for rescissions? He was overruled. What have we done on other programs?

The food stamp program is a disgrace. Individuals with incomes of $10,000 are getting food stamps. Landlords with several houses to rent are getting food stamps. Yet, we have done nothing to curtail the expense, which was a third of a billion dollars 10 years ago. Today, it is about $4 billion.

The President of the United States could not revamp the law. He had only one choice, and that was a choice that Congress delegated to him. They said, "You cannot raise the cost of the stamps up to 30 percent of the recipient's income." He did that. What did Congress do? They slapped him down.

We have more social programs now than anybody could enumerate. Yet, what are we doing right now? There is advocated in this Congress a bill for free medical care to the unemployed. No one has raised the question, "Are there some people unemployed who have ample resources?" No one has raised the question, "Do you have programs now to give medical services to people who have no income or resources?"

It is just a chance for more political aggrandizement on the part of the promoters. Let us face it: The people back home are not advocating more Government. They wish we would get the Government off their backs. These new programs come along as promotions for politicians who want to attract attention and pretend they are giving something away. Yet, when the President of the United States wants to make a modest reduction in food stamps, he is slapped down by both Houses of Congress.

Mr. President, we are also debating in this Congress national health insurance. We have a program for the elderly; we have a program for the poor. It is called medicaid. Now we are proposing health care for people who are neither poor nor aged, at a time when we are facing a deficit of some $80 billion to $100 billion.

We need to reduce many expenditures. We cannot do it just by practicing economy here and there. We have to decide to do away with some existing programs. We have to decide to have less government. Foremost of all, we cannot go on adding and adding and adding to government.

In the various committees, there are now proposals for many multibillion dollar programs; and in face of a threat next year of a deficit of $80 billion, here we are shutting off the income. That will not fool anybody back home.

If we want the economy of our country to move forward, let us send the word out that we are going to balance the budget, that we are going to curtail the growth of government, that we are going to establish some priorities, and that if something is not in the broad national interest, it will have to be discontinued. If we do that, this great private enterprise system of ours will move forward.

Individuals save money when they are frightened. Why is it that all around the land, savings deposits have increased in recent days? It is because the people back home do not trust us. They do not know what will happen tomorrow. If we can restore confidence in the Government of the United States, in the sovereignty of the United States, in the intent and the ability of the Government to pay its bonds when they are due, this economy will be the recipient of the confidence of men and women all over the land.

Mr. President, if I were offering the motion, I would go further. I disagree with the distinguished Senator from South Dakota in his reason for offering it. I shall support it—not for the purpose of making more money to spend, but for the purpose of doing a little toward lessening the deficit of the U.S. Government.

I hope that the motion to recommit and to reduce this tax cut by $10 billion will prevail.

Mr. NELSON. Mr. President, will the Senator from Nebraska yield for one question?

Mr. CURTIS. I am happy to yield.

Mr. NELSON. Will the Senator agree that if the motion to send the matter back to the Committee on Finance prevails, we will be unable to get the bill back on the floor of the Senate until tomorrow, and that means we will not finish the bill this week, that we will be in session next week, and that we should advise the Members that we can just forget about the recess? Does the Senator agree with that?

Mr. CURTIS. I agree that that is totally insignificant. The thing I am afraid of is the risk of an $80 billion or a $100 billion deficit. If one is rushing toward a heart collapse, why hurry? And why do we need this bill passed before the recess? If it is not passed for 5 years, it will be all right with me.

Mr. NELSON. I expect to be here all the way through, and so far as I am concerned, we can be here every day. I think it is all dilatory nonsense, because if it is sent back to the Committee on Finance, it is going to come back in roughly the same form, anyway. The issue will have to be settled with the House of Representatives. We might as well get on with the business.

Mr. CURTIS. I believe that the Committee on Finance is a responsible arm of the Senate; and if the Senate directs us to hold the cut down to a certain figure, that will be a mandate that will be observed by the committee.

Mr. BROCK. Mr. President, will the Senator yield?

Mr. CURTIS. I yield.

Mr. BROCK. Mr. President, I point out that there is no reason at all for the Senator from South Dakota's motion to delay us. As a matter of fact, it might expedite the process of the Senate, because we could go back, write a clean bill, and bring to the floor something simple, something that could be presented to the House with very little disagreement, and it could be enacted. That is the intent of the whole exercise. That is what every witness said who was before the committee. We are not arguing so much about size; we are arguing about speed.

It seems to me that the alternative to not taking this particular action could result in far more delay than this particular course of action.

Mr. CURTIS. Mr. President, before I yield the floor, I want to make one other observation.

I see in the Chamber my distinguished friend, the chairman of the Committee on Appropriations, an individual who has devoted long hours and days, week after week, to trying to hold down the expenditures of this Government. But I daresay that if we keep on adding programs and mandatory directions for spending, the distinguished Senator will continue to fight a losing game.

We cannot have expensive Government and then hold down the expenses of Government. We have to make a decision for less Government.

Mr. President, I yield the floor.

Mr. PASTORE. Mr. President, I wish to address myself to the distinguished Senator from South Dakota, but as a predicate to my asking him a question, I think it becomes quite clear, after the speech by the Senator from Nebraska, that they go along with his reduction of the amount, but they do not go along with the purposes for which he is making his motion.

I understand that the Senator from South Dakota is quite disturbed by these gimmicks, by the concessions that are being made to various large conglomerates, allowing them to stretch out their deductions under the income tax law because they seem to be in some state of financial instability.

Is that correct?

Mr. McGOVERN. I mentioned that to the Senator simply because I think that that is one example in the legislation that bothers Senators who are interested in a solid tax bill, rather than special concessions to particular companies. That is not my basic objection, however, to the legislation, I say to the Senator.

The basic case that I made earlier today is that I think we need a twofold fiscal stimulant. We need the tax reduction in the range of what I have proposed here in this recommittal motion.

Second, I want to allow us some freedom, if the Senate thinks it is wise to do so, for public investment in other things—in transportation and energy, as examples. I say to the Senator in all candor, I am not especially concerned about the particular provisions of what the chairman of the Senate Committee on Finance mentioned; these matters are simply a secondary consideration. What I am concerned about is that I think a $30 billion tax reduction virtually forecloses the possibility of the Senate approving any substantial public investment in other areas.

Mr. PASTORE. May I ask this question: What if the bill is reported out at $19.9 billion that he suggests, but at the same time, within the $19.9, they have all these gimmicks for these conglomerates? Then where are we?

Mr. McGOVERN. I hope that they will not do that.

Mr. PASTORE. Well, I hope that this motion can be modified in that respect, because what is going to happen here is that all those who are against the purposes of the Senator from South Dakota are going to vote on his motion, because the Senator has not stated as a basic part of his motion the purposes that he is trying to accomplish. So what they are going to do is go ahead and get a $19.9-billion bill, then end up with all these gimmicks to the conglomerates.

Mr. McGOVERN. I hope, I say to the Senator, that they will not do that. We have had considerable discussion about it on the floor today, in which we have raised some questions about some of the things in the bill. I just felt it was very difficult to rewrite the bill here, on the floor, and that it would be better for those of us who have questions about it to raise those questions on the floor, then to give the committee some guidance as to the overall size of the tax cut, in the hope that they will come back with the high-priority items in the bill, rather than what the Senator has referred to as a series of gimmicks.

Mr. PASTORE. I regret to say that the Senator from South Dakota is going to be a little disappointed, once this bill is recommitted for the $19.9 billion, because I think many of those who are going to vote for his motion, within that $19.9 billion are going to include all these gimmicks. Insofar as the poor taxpayer is concerned, or the one in the low- or middle-income group, he is the one who is going to get it in the neck. And all the money is going to go to Pan Am, it is going to go to A.T. & T. and all the other conglomerates. That is what they are going to do to him.

Mr. McGOVERN. I say to the Senator that I am opposed to that. I hope he is wrong on that. I would certainly join with him in urging the committee, if we give them this bill to reconsider, to take out the Mickey Mouse features of the bill and to give us a more solidly conceived tax-reduction bill.

I think a good many Members of the committee have questions about it and certainly, putting a ceiling on it of $19.9 billion will help bring about a more thoughtful and serious consideration of the content of the bill.

Mr. LONG. Mr. President, if the Senate just wants to waste 2 days, the Senate can vote for this motion, because that is all they are doing if they do this, just voting to waste 2 days, fiddle while the Nation burns, as I see it.

What do we have before us now? We have a bill for $19 billion. That is the House bill. Now, there is a Senate committee amendment that will be offered. If we do not want to vote for the committee amendment, just vote it down and that is what we will have, a $19 billion bill.

An amendment is being offered at this moment by the Senator from California (Mr. CRANSTON) to a $19 billion bill that actually picks up revenue on the overall. So we actually have the effect of gaining revenue for the Treasury. That would reduce the tax cut by a few hundred million dollars. That has to do with the investment credit and the depletion allowance for oil and so on. If the Senate votes to recommit and take 2 days to get back here what we are voting on right now—just 2 days to get back to where we are right this minute—we have then voted for a 2-day waste of time. I do not think the Nation can stand that kind of statesmanship. I think this Nation wants action.

I do not know whether our colleagues on the Republican side of the aisle are being urged by the White House to vote for a 2-day waste of time, but if they are, it would be very inconsiderate, and I do not think very wise at all, for those acting in behalf of the President, or perhaps the President himself, to be making speeches stressing the need for urgent action, and to be urging his people to vote for a 2-day waste of time. If we want a $19 billion bill, that is what the House sent us and that is what we are voting on right now. All we have to do is vote down the committee amendment.

Now, suppose we do recommit and report back. Then I assume that with a $19 billion bill, we would proceed to vote on all the same amendments that we voted on in the committee, except for one difference: thinking that the Senate was anxious to act, being under the impression that there was some urgency about this matter, I pressed Senators to vote. I am quoted as though I am being irresponsible and pressing someone by saying to a Senator, who I knew was going to be against an amendment, "Senator, you do not need to know the answer to that in order to vote," because I knew the man was going to be against the amendment regardless. He did not need to know any more about it to know he was against that amendment. We got the bill out here so that the Senate could act on it.

Now, we bring it out on the floor, with that same amendment, and to satisfy that same Senator might take, for all we know, as much time as we are going to take on this. This Senator thought we were going to vote in a half hour—10 minutes on his side, 10 minutes on the other side. Here we are at 3:15 in the afternoon. We have been at this for 4 hours, and we are still arguing whether to recommit for 2 days in order to get back before us the same $19 billion bill we are voting on now—just a complete waste of time.

Mr. President, I want it known that I do not have anything to do with this. I heard that there is going to be a filibuster and I am supposed to be urging it. I dissociate myself with those stalling tactics. I want it known that I want to vote. I want to come to some kind of conclusion and find out what it is that the Senate would like to do—march up the hill, down the hill, or just stand still for 3 days and wait for something to happen. But I think that the logical thing to do would be to vote on what we have.

Suppose the amendment of the Senator from South Dakota is agreed to. We report back in 2 days. It does not take more than one soul who is not happy about what we report then to proceed to object and make us go over another day before we can take it up. So that is 3 days wasted. By the time we get through arguing, what will we do?

We will then proceed to vote on everybody's amendment. Anybody who has an amendment that has enough support, who can muster support, will offer an amendment all over again and ask the Senate to consider it. And we will vote on it all over again.

Then we will vote on that all over again.

I simply urge the Senate to get on with its business, and not waste time recommitting the same thing we reported. If the Senate recommits that and orders us to report it again, take out those amendments, at least, and then we will know what we are to do.

I have seen the Senate do some very unusual things. If they want to instruct me, I will attempt to follow every instruction. If they say, "Stand on your head," I will try to do that, though I have never succeeded in doing it in my life. But I will try it.

I would think, when the Senate has a $19 billion bill pending, it would vote on that, either vote down the committee amendment or pare down the amount of the committee amendment, but to waste a day trying to waste 2 more days, it seems to me, is the kind of thing the people of this Nation cannot understand. So I would hope, Mr. President, that we would continue to legislate on this bill.

Mr. McGOVERN and Mr. PASTORE addressed the Chair.

Mr. LONG. I yield first to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, with reference to the provision in the bill that provides tax relief to companies with large losses—may we have order?

Mr. NELSON. Mr. President, I cannot hear the Senator from Rhode Island. May we have order?

The PRESIDING OFFICER. The Senate will be in order, and also the galleries. Occupants of the galleries will not respond to the statements of Senators. The Senator may proceed.

Mr. PASTORE. The bill that has been reported by the Senate committee provides for tax relief to companies with large losses by allowing an extended net operating loss carryback in lieu of the regular carryback and carryforward period provided in the present law. Was that contained in the House bill?

Mr. LONG. No. That is a Senate committee amendment, and the Senate can do whatever it wants to about the amendment.

Mr. PASTORE. In other words, if the bill is returned with the figure of $19.9 billion, and this provision that I have just referred to remains in the bill, how much will that take away from the individuals?

Mr. LONG. I ask the Senator to let me just explain the parliamentary situation, if I may. What the Senator has before him right now is the House bill, and it does not have that in it. The House bill is just what the House sent to us. That amendment is not in there.

If the Senator does not want to add that amendment, I would urge him to vote against the amendment.

Mr. PASTORE. That is not the point. If we vote for this House bill now, we are voting for the elimination of the oil depletion allowance; is that correct?

Mr. LONG. Well, we are voting for it if——

Mr. PASTORE. Is it correct?

Mr. LONG. Yes, we are voting for that if we do not amend the bill.

Mr. PASTORE. That is right. In other words, if we vote for the House bill, we are also voting for the oil depletion allowance?

Mr. LONG. To eliminate the oil depletion allowance.

Mr. PASTORE. And we are not voting for this tax relief?

Mr. LONG. That is right.

Mr. PASTORE. That is all I wanted to know.

Mr. LONG. If we vote for the House bill just exactly the way it stands, we are doing that.

All I am saying is, if that is what Senators want to do, if they do not want to agree to the committee amendment, then they can save 2 days by not agreeing to the committee amendment.

Mr. PASTORE. I realize that.

Mr. LONG. I yield to the Senator from South Dakota.

Mr. McGOVERN. Mr. President, I simply wanted to respond to the argument the Senator is making about the delay on this bill.

As the Senator knows, I was ready to vote at 1 o'clock. I asked for 10 or 15 minutes to discuss the merits of this proposal, and I think it is very simple. I was ready to have the rollcall more than 2 hours ago.

As far as delaying the legislation is concerned, the Senator does not have to hold this bill for 2 days in his committee. If he can report it out with modifications in 2 hours, I have no objection to that, and there is nothing in the terms of the recommittal motion that requires that they hold it for 2 days.

I am convinced that if we had come to the floor with a sweeping amendment to reduce this bill and to spell out in detail how it was to be done, to bring it down to a total of $19.9 billion, the Senator would have been here on the floor saying, "For days we studied all of the provisions of the tax code, and now a handful of people are proposing to write the bill here on the floor."

I thought we were acting in a responsible way in giving the committee general guidance as to the level of the tax cut, and then trusting the judgment of the committee to make its recommendations within that limit, and not to act hastily here on the floor.

It seems to me we have approached the matter in a responsible way. We have tried to get at the basic provisions of a reasonable tax cut at the $19.9 billion level, and actually, that could end up accelerating the whole process by bringing us more into line with the figure the House of Representatives has already agreed on.

Mr. LONG. Mr. President, I would much prefer to vote on the kind of instruction the Senator is submitting here after the Senate has given us some idea of what it favors, if it favors this amendment. What does the Senate want to do?

In other words, if the Senate had proceeded to vote on 100 amendments, and, having voted on 100 amendments, had thus proceeded to increase this bill up to $50 billion, and then moved that the bill be recommitted with instructions to trim the bill down from $50 billion to $20 billion, I suppose we would at least have some idea as to what the Senate would like for us to do.

But the Senator knows what usually happens. What usually happens on a tax cut bill, and what usually happens on a social security bill, is that whatever goodies the House puts in, the Senate adds to them, and then the Senate committee has grave difficulty persuading the Senate to limit itself on the additional tax cuts that someone wants to add, or the additional expenditures for social security or public welfare that someone else wants to add.

So the way we usually trim these things back is in conference with the House of Representatives.

Mr. McGOVERN. If the Senator will yield further, he has really spelled out the scenario that led me not to take the course he has recommended.

If we offered 100 different amendments, trying to dress up the bill, we would be here until next August. What I am suggesting to the Senator is a different course that can avoid that kind of time-consuming tax-writing procedure here on the Senate floor. The members of the Committee on Finance know the legislation thoroughly now. They know what is in the House bill. They have listened to the discussion here on the Senate floor, and they know where the legislation is most vulnerable; and I think we would be accelerating the consideration of this legislation were we to agree on a limit in line with what the House has already approved, and then give the committee a maximum of 2 days to come back with legislation that I think we would approve.

The procedure the Senator has outlined, as he knows, would take weeks here on the Senate floor, if we try to rewrite all the amendments he has reference to here on the floor.

Mr. LONG. The unfortunate part of all that is that no matter what the committee recommends, someone can get up here and offer an amendment that would provide a further tax cut, and I am sure there are many that can be offered that would have a great deal of merit. I should think there may even be some which would be attractive to the Senator from South Dakota.

At that point there would be nothing to do but vote on the matter, and if the Senate votes for it, the bill has been increased, even though the Senate does not think it ought to be increased. I have seen that happen time and time again.

Mr. BUMPERS. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Arkansas.

Mr. BUMPERS. I would ask this question of either the Senator from Louisiana or the Presiding Officer. Is the motion of the Senator from South Dakota to recommit the pending question?

Mr. LONG. Yes, to report back within 48 hours

Mr. BUMPERS. Is it further correct that if all the Senators in this Chamber cease asking for recognition, then the Chair would announce that the question before the Senate is on agreeing to the motion? Is that correct?

Mr. LONG. That is correct. As a matter of fact, I have been considering making a motion to table, not because I wanted to deny anyone the right to be heard, but just to get this thing to a vote. I am ready to terminate my remarks, if everyone else will.

Mr. BUMPERS. I am not suggesting that anyone who has any further comment to make on this motion be denied the right to do so. We know we have unlimited debate here. I just wanted to make the observation that if we all want to allow the matter to be voted on, all we have to do is settle down and let the Chair announce that that is the question, and have it voted on. Is that correct?

Mr. LONG. Senator, that is fine with me, but please understand, I have had a chance to have my say, and I am not going to try to preclude somebody else from having his. I decided I was not going to make a motion to table.

Mr. BUMPERS. I thank the Senator.

Mr. DOLE. Mr. President, I would like to ask a question. I have not inquired until this time of the distinguished Senator from South Dakota. Perhaps the distinguished chairman is correct in his view that we may be wasting a half day trying to determine not to waste 2 more days. But, at the same time, it would be possible if he would add the right instructions to this bill we can send it back to the Committee on Finance with instructions, return it forthwith, and get some action on it and perhaps save a few days.

I can understand why the distinguished Senator from South Dakota is reluctant to make any specific suggestions. But I would ask him this: Does the Senator from South Dakota agree, generally, with the House-passed bill which calls for a $19.9 billion tax cut?

Mr. McGOVERN. Well, yes, I am more in agreement with that than the measure that emerged from the Committee on Finance.

But I must say to the Senator from Kansas I am very reluctant to try to rewrite the specific terms of this bill here on the floor. I have not had a chance to look at it exhaustively as members of the committee have and I think that we are on sounder ground to agree on what the overall size of the tax reduction should be, and then let the committee work out the specifics in the committee.

Mr. DOLE. It seems to the junior Senator from Kansas if we strictly limit the bill to tax cut revisions we might come up with something around $20.6 billion. That would mean adopting the House-passed bill, deleting title IV of that bill with reference to depletion, but adding to that bill the temporary rate reduction amendment offered by the distinguished Senator from Texas (Mr. BENTSEN) in the Finance Committee last Friday, and that would give us a total of $20.6 billion.

My point is if the distinguished Senator from South Dakota ties us to the House-passed bill that would seem to indicate that he favors that measure, and gives no flexibility to those of us on the Committee on Finance or those who may wish to offer specific instructions. The distinguished Senator from Rhode Island, at least, indicated that that might speed up the process.

It does occur to me that if the Senate agreed to strike the very things mentioned generally by the distinguished Senator from South Dakota, then the motion to recomit would serve notice on the Committee on Finance and, in effect, everyone in this Chamber, that those amendments would be rejected if offered in the committee or on the floor. That would seem to be the only advantage this Senator sees in offering some reasonable instructions to our committee.

Mr. McGOVERN. Well, I can only say to the Senator that while I see some logic in the specific proposal he has made here, I can also see that we would get into a situation where exactly what the Senator from Louisiana has warned against is going to take place. We are going to start the amendment process on the floor that would indefinitely delay consideration of the bill.

I thought about various alternatives that we might pursue to bring about a reduction in the size of this cut. While I do not quarrel with some of the things the Senator has singled out that ought to be eliminated, and I hope they will be eliminated, I think that would just be the beginning of a whole series of amendments here on the floor that could delay inevitably getting to a final consideration of the tax bill.

So on that ground I would hesitate to accept the suggestion the Senator has made. It is not that I disagree with the substance of what he is proposing, but I think it will simply set the stage for a whole series of amendments that would delay inevitably a final vote on the bill.

Mr. DOLE. I appreciate the comments of the Senator from South Dakota.

I do not believe the distinguished Senator from Nebraska (Mr. CURTIS), was on the floor when the chairman indicated, at least implied, that, perhaps, the President was suggesting that we delay this 2 more days by sending it back to the Committee on Finance.

The distinguished Senator from Nebraska attended the meeting at the White House this morning that I was privileged to attend, and I can assure the distinguished chairman it is not the intention of the President to seek delay. It is the intention of the President to urge speedy passage of this legislation. I would guess the Senator from Nebraska would concur in that statement.

Mr. CURTIS. The Senator is correct. The President does want speedy action on this bill.

I want to say further that so far as the junior Senator from Nebraska is concerned, his purpose in supporting the motion to recommit is not to delay but to reduce the tax cut by approximately $10 million.

Mr. DOLE. Mr. President, if the distinguished Senator from Louisiana will yield for just one question and then so far as the Senator from Kansas is concerned, we can vote. Do I understand the distinguished Senator from Louisiana, the chairman of the Committee on Finance to feel that it is not possible to agree to some instructions that might speed up this process?

Mr. LONG. I say to the Senator from Kansas I think the best way to speed up the process is to vote the motion down and just go on ahead and vote. We have got an amendment pending which we are going to have to vote on sooner or later anyhow, and I am talking about the Hollings amendment; there is an amendment, the Cranston amendment, I assume we are going to vote on anyway, and vote on the McGovern motion, vote on anything. Let us vote.

Mr. DOLE. The distinguished Senator from Louisiana, if I understood him correctly, says that perhaps after several hundred million or several billion dollars have been added, then it might be appropriate to instruct the Committee on Finance to report back another bill; is that correct?

Mr. LONG. If that is the procedure the Senator wants to follow, yes. At least we might come nearer knowing what the Senate would like to do.

I would be in no position to know. If we are told to recommit, to report back a $19 billion bill, Senator, we have precious little guidance as to what amendments, what committee amendments, the Senate would agree to and what they would not.

Now, the Senator from Kansas participated with the committee, and he offered a number of worthy amendments. Most of what I would call the Senator's offerings, suggestions to the bill, were agreed to.

Now, it may be that the Senate might not want to agree to what the Senator from Kansas suggested. I do not know how we are going to find out without the Senate voting on it.

How would I know whether the Senate would think the Dole amendment is a good idea, is good or not, without the Senate voting on it? By the time the Senate gets through voting and tells us it agrees with certain amendments and disagrees with certain amendments, then we would have some indication as to what we ought to do.

We are being told here that someone thinks it is a bad idea that the committee voted—and it is not of any particular moment to me one way or the other—to say that the American Telephone & Telegraph Co. would have the full benefit of the investment tax credit just like every other corporation in America would have. All right. Now, how do I know whether the Senate wants us to recommend dumping that out or keeping it in? I think the Senate ought to tell us what it thinks about that amendment.

If the Senate proceeds to go ahead and add to the bill another $10 billion, and then it wants us to try to decide how to reduce from the bill what the Senate itself has done, that might be helpful. But I think it would be a lot better, and more in line with the precedents that we have had in the Senate, if someone wants to move to recommit and report back, to move to recommit and report back without this amendment, that amendment, this amendment, that amendment, this amendment, that amendment, then, as the Senator knows, that is mere pro forma. All one has to do, if he is the committee spokesman, is just to send the bill right up to the desk the way the motion instructed him to send it.

But when we have some committee amendments that have not even been discussed, some of which might have received favorable treatment in the morning newspapers, and some of which might have received unfavorable treatment in the morning newspapers; some of which might have received favorable treatment in the afternoon newspaper, and some of which might have received unfavorable treatment in the afternoon newspapers—and if we are just to recommit and follow the instructions of the Washington Post, I would think Senators ought to vacate their seats and ask the Washington Post to send their reporters down here and do their job for them, because I would think the Senate ought to hear the arguments for these various amendments and pass on them. That is all I urge.

So I would hope that the Senate would decide what it wants to do about these amendments.

Now, frankly, in one respect I think we went a little too far. I am going to move to strike from the bill the tax consideration that we gave to a person who sells his old home to move into a larger house if the house he is moving to is not a new home.

That would reduce the amount of this bill from $29 billion down to $27 billion. I will propose that myself, and the Senator from Indiana (Mr. Hartke), who is for the credit for buying a new home, will favor that also.

But now, if we are going to be asked to take that out, just take things out of the bill, we do not know whether to take that out or something else out.

Incidentally, I am told that Senators' offices are receiving more favorable mail for that than for anything we did in the bill, other than perhaps this employees' stockownership plan we voted for, which is receiving tremendously favorable mail in my office and maybe in other Senators' offices.

So if we are going to do that kind of thing, we hope Senators will give us some indication of what they would like to have taken out.

Mr. PASTORE. If the Senator will yield for a question, is it not a fact that if we send this bill back on this motion and instruct the committee to come back with an amount of $19.9 billion, they will have to reshape every program in the committee report; is that not true?

Mr. LONG. Well, now, I would assume that if we are asked to do that, it would be assumed that the sponsor of the motion would think there are a lot of things in the committee amendment that are preferable to various things in the House bill. Otherwise, why would one make that motion because the Senate could just vote down the committee amendment and be done with it.

Mr. PASTORE. The fact is that the Senate did increase more programs than the House?

Mr. LONG. Yes, we did.

Mr. PASTORE. And that is the reason they compelled the Senator to go to the higher figure, is that right?

Mr. LONG. That is right.

Mr. PASTORE. Therefore, if one goes down to the lower figure, one either has to make up his judgment of contracting certain programs that one is advocating or one would have to eliminate them completely; is that not correct?

Mr. LONG. Yes, or strike out some of the things the House did.

Mr. PASTORE. Can that be done in 48 hours?

Mr. LONG. Well, if we are told to report in 48 hours, we will report in 48 hours, ready or not. What we are going to report, I have no idea. That is what I would like to have instruction on.

Mr. PASTORE. The Senator has no idea, and nobody else does?

Mr. LONG. That is just the point, out of 99 Senators we have been instructed before anybody has heard the first argument about any of these amendments, we are to be instructed to reduce the size of the bill.

I do not know whether to take it out of the House side, the Senate side, or what.

I would point out, Mr. President, that some of this gets to be a little hard to understand. For example, we have had speeches made in favor of this motion, indeed, by the Senator from Tennessee (Mr. Brock). The Senator had an amendment we did not agree to that would have cost us an extra $3 billion.

That should prove something. If we agree to a Senator's amendment, he will agree that is not a wasteful expenditure or tax cut and that makes good, common, statesmanlike activity. But, on the other hand, if we agree to somebody else's amendment, that is a waste and an extravagance.

The same thing is true of some of these other amendments. We had one by one of the greatest economizers in the Senate, the Senator from Delaware (Mr. Roth). He wanted to increase the amount of the bill by $2.5 billion by putting back in something the administration had recommended to begin with and there was a lot of support for that in the committee.

So I would hope, Mr. President, that the Senate would simply proceed on and get its job done.

I hope the motion will not be agreed to.

Mr. DOLE. Mr. President, I share the views of the Senator from Louisiana.

Some of those—it was voted to add billions in the first place—now vote for a $19.9 billion bill.

It just seems to me, unless there are instructions, it is a total wasted effort.

The Senator from Kansas would hope there might have been instructions, that it would have been sent back to the committee, back to the floor. We might have saved 2 days. But it is obvious that is not going to happen and I support the Senator from Louisiana.

I think it would be a total waste of time to send this back to the committee without any guidance and it may be an opportunity to cast a "good vote" but it may not be an opportunity to end up with good tax legislation.

Mr. WEICKER. Vote.

The PRESIDING OFFICER. The question is on the motion of the Senator from South Dakota. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NELSON. Mr. President, may we have order in the Senate?

Mr. President, the Senate is still not in order.

The PRESIDING OFFICER. The Senate will be in order.

The assistant legislative clerk resumed and completed the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. Chiles) and the Senator from Massachusetts (Mr. Kennedy), are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. Taft), is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft), would vote "yea."

The result was announced—yeas 38, nays 58, as follows:

[Rollcall Vote No. 69 Leg.]

YEAS—38

Abourezk
Allen
Baker
Bartlett
Bellmon
Biden
Brock
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Church
Curtis
Eastland
Glenn
Goldwater
Hansen
Hart, Gary W.
Hatfield
Helms
Hruska
Laxalt
Leahy
Mansfield
McClellan
McClure
McGovern
Nunn
Pell
Percy
Roth
Scott, William L.
Stafford
Stennis
Stevens
Thurmond
Tower
Weicker

NAYS—58

Bayh
Beall
Bentsen
Brooke
Bumpers
Cannon
Case
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Fannin
Fong
Ford
Garn
Gravel
Griffin
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Long
Magnuson
Mathias
McGee
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stevenson
Stone
Symington
Talmadge
Tunney
Williams
Young

NOT VOTING—3

Chiles
Kennedy
Taft

So the motion to recommit was rejected.

The PRESIDING OFFICER. The question occurs on the amendment of the Senator from South Carolina (Mr. Hollings).

Mr. MOSS and Mr. HOLLINGS addressed the Chair.

Mr. HOLLINGS. Mr. President, I yield to the Senator from Utah.

Mr. MOSS. I thank the Senator.

VISIT OF MEMBERS OF THE ASSEMBLY OF WESTERN EUROPEAN UNION

Mr MOSS. Mr. President, today the Committee on Aeronautical and Space Sciences had the first of two meetings with our European colleagues who are members of the Committee on Scientific, Technological, and Aerospace Questions of the Assembly of Western European Union. This committee is chaired by the Honorable Pierre de Montesquiou, of France.

Mr. President, our two committees are meeting because we are interested in each other's views on matters dealing with aeronautics, space, and technology.

The Western European Union was created by the Brussels Treaty as revised in 1954. The member states are Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands, and the United Kingdom. The principal organs of the Western European Union are a council and an assembly of parliamentarians, called the Assembly of Western European Union.

The delegates to the Assembly are from the national parliaments of those countries that make up the Union and are chosen by their respective parliaments.

Mr. President, our meeting today was an excellent one. Because of it I think we understand each other's problems a little better. I am delighted that these gentlemen are visiting in the United States and that we have had an opportunity to meet with them.

Mr. President, I ask unanimous consent that the names of the visiting members of the Assembly and their respective countries be printed in the Record.

There being no objection, the names were ordered to be printed in the Record, as follows:

Members of the Assembly of Western European Union Visiting the U.S. Senate

Name and country:

P. de Montesquiou (Chairman), France.

Mr. Warren (Vice Chairman), United Kingdom.

H. Adriaensens (and Mrs.), Belgium.

H. de Bruyne (and Mrs.), Belgium.

R. Carter, United Kingdom.

M. Cerneau, France.

P. A. M. Cornelissen, Netherlands

R. Fletcher, United Kingdom.

R. Hengel, Luxembourg.

C. Lenzer, F. R. Germany.

J. Lester, United Kingdom.

D. A. T. van Ooijen, Netherlands.

J. Osborn, United Kingdom.

F. Tomney, United Kingdom.

P. Vitter, France.

G. M. A. M. Huigens (Secretary and Counsellor to the Committee).

RECESS

Mr. MOSS. Mr. President, I present to the U.S. Senate the visiting members of the Assembly of Western European Union.

I ask unanimous consent that the Senate stand in recess for 5 minutes, so that the Members of the Senate may meet with the members from the Assembly of Western European Union.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that I may retain the floor.

The PRESIDING OFFICER (Mr. Goldwater). Without objection, it is so ordered.

The Senate, at 4:05 p.m., recessed until 4:10 p.m.; whereupon the Senate reassembled when called to order by the Presiding Officer.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. DOLE. Will the Senator yield for a unanimous-consent request?

Mr. HOLLINGS. I yield without losing my right to the floor.

Mr. DOLE. I ask unanimous consent that Kim Wells, a member of my staff, be given access to the floor during the discussion and debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIDEN. Will the Senator yield for a unanimous-consent request with regard to staff?

Mr. HOLLINGS. Yes, I yield.

Mr. BIDEN. I ask unanimous consent that the following members of my staff be accorded the privileges of the floor during consideration of H.R. 2166: Dick Andrews, Vince D'Anna, and Pete Wentz.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. Will the Senator yield for a unanimous-consent request?

Mr. HOLLINGS. Yes, I yield.

Mr. BENTSEN. Mr. President, I ask unanimous consent that a member of my staff, Gary Bushell be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HASKELL. Will the Senator yield for a similar request?

Mr. HOLLINGS. I yield.

Mr. HASKELL. Mr. President, I ask unanimous consent that Jack Quinn, of my staff, be accorded the privileges of the floor during debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, on behalf of the Senator from South Dakota (Mr. Abourezk) I ask unanimous consent that the privileges of the floor be granted to Ms. Bethany Weidner.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, so that my colleagues will know exactly where we are, the Cranston amendment has been submitted to the House bill and a Hollings-Kennedy amendment has been submitted, with some 27 or 28 other authors or cosponsors, as a substitute for the Cranston amendment. We have debated this for quite a while and I am prepared to find out where we are and what kind of compromise can be worked out this week. I am prepared, before I yield the floor, to move to table that Cranston amendment. I do not do this precipitately.

When I came to the floor this morning, it was pretty well agreed and set that we would not even be able to call up our particular amendment. The Senator from Alaska (Mr. Gravel) had a small amendment, then Senator Cranston had his amendment on oil depletion as a substitute. If that had been sustained, Mr. President, then there would have been no consideration of the amendment that we have been discussing with colleagues on both sides of the aisle as a bipartisan thrust for the last 10 days.

The Senator from Alaska (Mr. Gravel) made a mistake, and as a result we were permitted then to call ours as a substitute. The position in which we find ourselves is that there can be no perfecting amendments to ours as a substitute, but there can to the Cranston amendment. I think we should bring it to a head and find out whether we are going along with this copout to big oil.

That is all it is. They had a test and they finally crossed the Rubicon. There were leadership positions against it on the House side. And after all the discussion, even though the leadership and the chairman of the Committee on Ways and Means opposed it, the leadership—the Speaker, the majority leader, and others—voted very decisively, with no exception, for the independents, for the mean and simple reason that the word, in and of itself, "independent," is somewhat of a myth and very attractive sounding.

It certainly attracted me to the idea that the small guy is trying to drill more oil. We are trying to increase production in America, and as we eliminate these outrageous loopholes in the tax law, we do not want to cut our nose off to spite our face and diminish production. So if there was some kind of allowance of a reasonable nature for an independent, that would be one thing.

To come in, as the Cranston amendment does, at a level of 3,000 barrels and give them a permanent exemption; to come in and give that exemption also to the royalty owners, which even Representative Charles Wilson of Texas, coming from Houston, did not propose over on the House side, and to propose that this amendment also be given to the refinery owners is another thing. The Cranston amendment, a sleight-of-hand amendment, is talking about foreign tax credit up here. One looks at it and it seems objective, with a little worksheet handed out by the distinguished Senator. One says, the Senator has really been deliberate about this.

I could not get him to go along with oil depletion. He would not even raise the question. We notice that foreign tax credits have long since been eliminated. The only reason we raise the question of oil depletion at this time is that it is in order, it is germane, it has been voted on by a majority of the House, decisively so.

I could think of many other improvements in the area of tax reform and loopholes to be closed. But we wanted to refrain for now.

The Senator from California comes now, and, while he has everyone looking at the foreign tax credit which few of us disagree with, we see that the 3,000-barrel exemption is retained for royalty owners, who account for 25 percent of it, but there is no drill there, no little mom and pop, no risk whatever, no investment whatever, in his own land. They merely get these tremendous writeoffs. It does not bring in one extra barrel of oil. Also, we see there is an exemption to independents with refinery capacity. The amendment was patterned and devised out of a scheme over the weekend to strike and close off all other amendments and get a vote on a proposal that is a sellout.

I think perhaps if we have a vote on the motion to table the Cranston amendment, it could prevail. If that occurs, then we can go ahead, mine could fall with it and we can call mine as a separate amendment. It could very well happen that the Senator from California would move to table it in which case we could save the Senator from Louisiana a lot of grief.

The best conferring that we have had is right there at that 300-barrel level, that million-dollar-a-year producer. My authority for that particular approach, Mr. President, is none other than the distinguished Senator from Louisiana (Mr. Long), who said on March 7, when he was asked about the Wilson amendment of 3,000 barrels—the $10 million operator who would get a $2.5 million writeoff—"In my judgment, Congressman Wilson and his troops could have won on their side if they had not tried to make that amount that would be exempt large enough so it would include some very substantial independents."

Mind you me, it was the distinguished chairman who found that some independents were not mom and pop, but substantial.

I quote further: "If they had kept it down to where you were talking about no more than, perhaps a million dollars worth of oil"—there it is, the 300-barrel level—"with regard to where the depletion allowance would have been about $220,000, I think they would have had a pretty good chance. In fact, they would have probably prevailed on the House side. So, there is sentiment on both sides for something like that."

That is where I thought I got my present sentiment, but I do not have my present amendment. In trying to work it out, I find myself parliamentarily snarled here.

Let me emphasize one particular thing about the independents, at first we were persuaded that an exemption was in order. However, we found that the independents were getting a return on their investment of 25.8 percent last year. And that is after all those dry holes.

If you listen to this crowd—this is what I have been listening to all week—there are deep holes and dry holes, and all the holes are all deeper than we ever heard of before, and all of a sudden all the rest are all dry. But with all the deep holes and with all the dry holes, they still manage to overcome those losses with a 25.8-percent return.

I ask unanimous consent that this list of almost 60 independents, taken at random, be printed in the Record, and I shall refer to it.

There being no objection, the list was ordered to be printed in the Record, as follows:

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS

	Gross revenues (millions)			Earnings per share			Return on shareholder equity, [1] 1974 (percent)	Percent tax rate, [2] 1973
	1972	1973	[1] 1974	1972	1973	[1] 1974		
Adobe	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	.61	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	11.9	13.2	17.0	.94	.74	1.46	17.0	0
Amarex	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	8.59	10.42	17.0	.78	.96	1.75	25.0	NA
Argo Petroleum	3.18	5.91	12.0	.40	.84	1.70	30.0	0
Baruch Foster	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	4.3	5.4	8.0	.11	.18	.20	12.0	0
Eason Oil	10.1	14.5	21.0	1.1	1.34	2.40	20.0	10
Equity Oil	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	13.4	14.8	23.0	.95	1.16	1.60	15.0	NA
General Crude Oil	42.0	53.0	70.0	1.46	1.75	3.20	40.0	15
Hamilton Bros. Petroleum	9.1	12.4	17.0	.54	.86	1.50	12.0	NA
Houston Oil & Minerals	4.7	9.5	40.0	.33	.64	3.60	75.0	0

Footnotes at end of table.

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS—Continued

	Gross revenues (millions)			Earnings per share			Return on shareholder equity, [1] 1974 (percent)	Percent tax rate, [2] 1973
	1972	1973	[1] 1974	1972	1973	[1] 1974		
Hudsons Bay Oil & Gas	$108.0	$136.0	$160.0	$1.44	$2.07	$3.00	30.0	12
Mitchell Energy & Develop	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	50.0	58.0	84.0	1.67	1.70	3.25	19.0	NA
North American Royalties	37.0	47.0	62.0	.40	.65	.75	15.5	5
Numac Oil & Gas	3.6	4.0	4.8	.38	.40	.46	10.0	NA
Patrick Petroleum	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petro. Lewis	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prairie Oil Royalties	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan-Canadian Petroleum	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity							25.8	

[1] Estimate.
[2] 1973 latest available year.

NA—Not available.

Source: Standard and Poor's Stock Reports.

Mr. HOLLINGS. These particular independents are gleaned from the reports of Standard and Poor. You go down through each one of them, and see. Aberdeen Petroleum got a 9-percent return, and they paid no taxes in 1973. Amarex, a 24-percent return and no taxes. Argo Petroleum, 30-percent return on stockholder-shareholder equity, and no taxes. Baruch Foster, 20-percent return and no taxes, and right on down the line to one of the biggest I have encountered, General Crude, which was called to my attention recently.

In my back yard is the International Paper Co., and while I was testifying before the Finance Committee the Senator from Louisiana and others just gave me the very devil, and said, "Senator, while you are taking it away from oil, why don't you do away with that capital gain for timber?"

I said, "If you give me the same treatment I have given the oil companies, I know that is right."

It was proved to me that very evening when I ran into the lawyer for International Paper, and he said, "Senator Hollings, you do not understand. The independents drill 85 percent of the holes."

I said, "No, sir, they drill 88.3 percent of the holes."

He said, "Oh, yes," sort of taken aback that we knew something about it.

I said, "They have been averaging, over the last 10 years, over 15 percent."

He said, "You are shoving them in the same bed with the majors."

And I said, "No, within a year they sell 93 percent of what they find to major oil companies."

I am talking about what people are taking home. That is sad; it is outrageous, when you look at these figures; $13 billion they take home. They are not only taking those profits home after taxes, but they come around and say that everybody that pays taxes within the sound of my voice should divvy up another $40.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. HOLLINGS. Not right now. I will be with the Senator in a minute. We have time.

But what did they do with this depletion allowance? I found that out. Major oil sells directly to their own refineries at the highest price, then they operate the refinery without profit. So the independents just do not get into it. It does no pay them to get into it, because they cannot sell at that very high price, on the one hand, and then not make a profit. The refineries are owned by the majors, and they cut up the competition, and they are using the tax rebate not only to make undeserved profits, but to buy control.

So I went over to the paper company's lawyer after they had been talking about mom and pop, and he said, "Fritz, we are going to do all right this year."

I said, "Well, I am glad to hear it, because the paper industry is destroyed. They have sold every sawmill in South Carolina. The housing industry, the building industry, the timber, and everything else is just gone."

He said, "Yes, but we have General Crude."

I said, "Is that the company they were just telling of?"

He said, "Yes. We paid $490 million for it."

Mom and pop, at $490 million. Mom and pop; those are the independents they are talking about, and that is the crowd that the Cranston amendment would say, "Get more mommy and more poppy, just let it get bigger and bigger." That $490 million outfit.

The paper companies like the International Paper Co. know where to go to make a profit. They know where to go to get a writeoff. They go get in the oil business. The fellow at the party said, "You know, who is really angry with you?" He said, "All your lawyer friends. They have been working out tax dodges for every one of their clients. This is the biggest bonanza ever to hit our State. They ain't no drilling to do, no drilling or production of domestic resources and supplies."

Why are we sore? Because that is what it has been used for. The majors have gone to foreign tax credit, bigger refineries, and investments overseas, but they are not into this at all.

The Treasury Department is opposed to an independent exemption. If there are some truly small operators there, let us give them a little chance to phase out over a 5-year period. They would still be making these returns on their investment, and they can get with it and make their money.

Of course, we still have the problem of windfall profit.

Why do I say that? Because this particular colored chart over here on the left—I have learned from Mr. Ferris here to get a colored chart—shows the profits resulting from the prices having gone up.

In 1973 it was $1.1 billion. That is the price oil was selling at 2 years ago or less, in 1973. But the Library of Congress chart shows they are going to get, this year, $6.4 billion in windfall profits. That is at the 48-percent corporate payment of tax returns at a 48-percent rate. If we come in at the average which they do, of 22 percent, they will get nearer $10.1 billion.

So when you take away the $2.5 billion to $3 billion from their windfall profits, they are still left in the range of anywhere between $6 billion and $9 billion in windfall profits. They are making way more with the enactment of the House measure, with no phaseout, just total repeal of oil depletion, they are making three to four times more with that particular measure enacted into law than what they did just 2 years ago.

And what are they asking us to do? They are asking the U.S. Senate, with all these attractive little gimmicks to exempt. They talk about hearings. We have hearings in there for Pan American—I do not know where they came from—and A.T. & T., and all the big companies of America, and they ran that bill right on up until they even got the attention of the Senator from South Dakota, and he said, "Let us recommit this thing." That is what happened.

But they put this in, and they say, "You should continue, America, to subsidize windfall profits." That is exactly what this oil depletion is.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. HOLLINGS. Without losing my right to the floor, I yield for a question.

Mr. JOHNSTON. I have enjoyed the Senator's discourse. It has been very good.

What I would like to know is, the Senator talks about after-tax profits and earnings on investments; do these charts show what they can earn on today's investments, with drilling at today's costs, or do they not really show what the profits are based on drilling costs last year or drillings costs 3 years ago, and the oil they found then?

The point is that when the Senator says that he found that the independents have 24-point something percent profit on investment, all that reflects is the value of that oil at today's prices, and the cost of the drilling based on yesterday's prices. And if we use today's cost of drilling, which is the critical thing here, as against today's cost of oil, we are going to have something that is a great deal less than what these charts and what the Senator's 24-percent figures show.

Mr. HOLLINGS. Well, the Senator raises a point. But I am using the relative percentage return on stockholder, shareholder, equity that we discussed as businessmen within this body.

Mr. HASKELL. Mr. President, will the Senator from South Carolina yield without losing his right to the floor?

Mr. HOLLINGS. Yes.

Mr. HASKELL. I would like to comment on the remarks of my friend, the Senator from Louisiana. First, I would like to compliment the Senator from South Carolinan for his amendment, and I would like to be added as a cosponsor to his amendment. I did not do so because we did not know when this matter was going to come to the floor from the Committee on Finance.

The PRESIDING OFFICER (Mr. Goldwater). Without objection, it is so ordered.

Mr. HASKELL. I would like to comment on the remarks of the distinguished Senator from Louisiana. He makes a point that if you drill a well today, you are drilling it at a higher cost than you would have drilled a year ago and, therefore, maybe the rate of return you are making in 1974 is not reflective of what you might make in 1975.

But I would point out to the distinguished Senator from Louisiana that the price of oil has gone up a little over 300 percent in the last 18 months and, obviously, whether you use the Wholesale Commodity Index or the Consumer Price Index, generally prices have not gone anywhere near that amount.

So it would suggest to me that even on the level of today's costs there are very substantial profits to the oil companies.

I think the point is, and I am sure the Senator from South Carolina sees it, that percentage depletion is giving somebody a deduction for nothing.

Mr. HOLLINGS. Exactly.

Mr. HASKELL. Percentage depletion, all of us in this room are wasting assets, I believe, and anybody within the sound of my voice is a wasting asset, some of us perhaps faster than others. But, nevertheless, if we are going to give a deduction on something for nothing because it is a wasting asset, I would suggest that everybody in the Chamber should get a 22-percent deduction in addition to everything else they get.

So I just compliment the Senator from South Carolina for engaging in this matter.

I think if we repeal percentage depletion, it is the first major step toward tax reform. Again I compliment him.

Mr. HOLLINGS. Along this line, I do not want to be sitting around quoting economists, because they have not necessarily given us the best of information—but with respect to particular tax measures, this oil depletion allowance has gained a position of disgust and disregard from virtually every independent economist, traveling the gauntlet between conservative and liberal philosophies, and between Republican and Democratic philosophies.

I ask unanimous consent to insert in the Record at this point a letter to the Congress of the United States submitted last year, listing some 50 to 60 different professors of economics in different schools throughout the entire country, to give some idea of the academic feeling about oil depletion and where we are right now.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Public Interest Economics Center,
Washington, D.C.

To the Congress of the United States: For many years the Federal government has lightened the tax burden of the petroleum and other extractive industries by special provisions of the tax code. These indirect subsidies have been one of the causes of our long-run energy problem. They have stimulated production and consumption, draining the U.S. of our oil and increasing our dependence on foreign sources. And they have inhibited the development of substitute sources of energy, such as geothermal and solar, which do not benefit from these special provisions.

One alternative—to keep the present provisions intact and add on a "temporary" excess profits tax and a special investment tax credit—seems likely to be a mistake. The excess profits tax may indeed prove temporary while the special investment tax credit proves permanent, which has been the history of minerals taxation. This would further complicate an already too complicated tax code, creating new inequities and distortions, further lightening the oil industry's tax burden and worsening our long-run energy problem. On the contrary, the remedy is to simplify the tax code and move toward greater tax neutrality by eliminating the special privileges.

We should eliminate the percentage depletion allowance and treat capital expenditures in the extractive industries on the same basis as those in other industries. In the past, petroleum companies have been permitted to treat what are essentially royalty payments and excise taxes as foreign income taxes subject to the foreign tax credit. This practice should be reformed. If we eliminate the special provisions for the extractive industries, then it is doubtful that we would need an excess profits tax for petroleum. Incentives for exploration and development should not be made in the tax code. If such incentives are needed, they should be made explicitly on the expenditure side of the budget.

Respectfully submitted,

Allen R. Ferguson, President, Public Interest Economics Center; Dr. Armen A. Alchian, Los Angeles, California; Professor Kenneth J. Arrow, Department of Economics, Harvard University; Professor Robert T. Averitt, Department of Economics, Smith College; Carolyn Shaw Bell, Katharine Coman, Professor of Economics, Wellesley College; Professor Charles A. Berry, Department of Economics, University of Cincinnati; Professor Bradley B. Billings, Department of Economics, Georgetown University.

Professor Stanley W. Black, Department of Economics, Vanderbilt University;* Dr. Gerard M. Brannon, Research Professor of Economics, Georgetown University; Professor Charles J. Cicchetti, Department of Economics, University of Wisconsin; Professor James Crutchfield, Department of Economics, Graduate School of Public Affairs, University of Washington; Professor John H. Cumberland, College of Business and Public Administration, University of Maryland.

Professor Paul Davidson, Department of Economics, Rutgers University; Professor Robert K. Davis, Department of Geography and Environmental Engineering, Johns Hopkins University; Professor Fred C. Doolittle, Joint Program in Law and Economics, University of California at Berkeley; Professor Thomas D. Duchesneau, Department of Economics, University of Maine; Professor Robert Eisner, Department of Economics, Northwestern University; Professor Arthur M. Freedman, Finance Department, Wharton School, University of Pennsylvania.

Professor A. Myrick Freeman III, Department of Economics, Bowdoin College; Dr. John W. Fuller, Wisconsin Department of Transportation; Professor Daniel R. Fusfeld, Department of Economics, University of Michigan; Professor J. K. S. Ghandhi, Finance Department, Wharton School, University of Pennsylvania; Professor Arnold C. Harberger, Department of Economics, University of Chicago, and Visiting Professor of Economics, Princeton University.

Professor Steve H. Hanke, Department of Geography and Environmental Engineering, Johns Hopkins University; Professor Robert Haveman, Department of Economics, University of Wisconsin; Professor Edward S. Herman, Finance Department, Wharton School, University of Pennsylvania; Dr. Allen V. Kneese, Washington, D.C.

Professor Edwin Kuh, Department of Economics, Massachusetts Institute of Technology; Dr. Jack L. Knetsch, Environmental Defense Fund; Dr. John V. Krutilla, Washington, D.C.; Professor Wassily Leontiev, Department of Economics, Harvard University; Professor Ervin Miller, Finance Department, Wharton School, University of Pennsylvania; Professor James R. Nelson, Department of Economics, Amherst College.

Professor Roger G. Noll, Department of Economics, Division of the Humanities and Social Sciences, California Institute of Technology*; Dr. Benjamin A. Okner, Washington, D.C.; Professor Charles E. Olson, College of Business and Management, University of Maryland; Dr. Talbot Page, Washington, D.C.

Dr. Joseph Pechman, Washington, D.C.; Professor Giulio Pontecorvo, Graduate School of Business, Columbia University; Dr. Ronald G. Ridker, Washington, D.C.; Professor Stefan H. Robock, Graduate School of Business, Columbia University; Professor Paul A. Samuelson, Department of Economics, Massachusetts Institute of Technology.

Professor James D. Smith, Department of Economics, Penn State University; Professor V. Kerry Smith, Department of Economics, State University of New York at Binghamton; Professor Robert M. Solow, Department of Economics, Massachusetts Institute of Technology; William Vickrey, McVickar Professor of Political Economy, Columbia University; Professor Charles Waldauer, Department of Economics, Widener College.

Professor Harvey E. Brazer, Department of Economics, University of Michigan; Professor Duane Chapman, Department of Economics, Cornell University; Professor George M. Eastham, Department of Economics, California Polytechnic State University.

Professor Robert J. Gordon, Department of Economics, Northwestern University; Professor Byron Johnson, Department of Economics, University of Colorado, Member, 86th Congress; Professor Warren J. Samuels, Department of Economics, Michigan State University; Professor Carlos Stern, Department of Environmental Economics, University of Connecticut.

G. L. Stevenson, Temporary New York State Charter Commission for New York City; Professor Lester C. Thurow, Department of Economics, Massachusetts Institute of Technology; Professor T. Nicolaus Tideman, Department of Economics, Virginia Polytechnic Institute and State University; Professor James Tobin, Department of Economics, Yale University.

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*Affiliations are indicated for purposes of identification only.

Mr. HOLLINGS. Now, where we are is that we start with the House bill. We have the House bill, with total repeal of oil depletion. The only thing that has confused the waters at the beginning of this debate was the argument, "Look, you are going to keep everybody here; you are going to run over into the recess if you try to deal with depletion in the Senate."

Well, it took us a good week, but we settled that question now, and we have the issue before our colleagues.

Now, the next ploy was, "You have got to look out for mom and pop and the little independents."

We would be glad to answer any questions. I do not want to cut off my distinguished friend, the Senator from California. But I would like to yield to him on a unanimous-consent agreement that I not lose my right to the floor, so that I can make my motion. I will be glad to yield to him on that basis.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRANSTON. I thank the Senator very much for his generosity in yielding to me at this point. I would like to very briefly summarize what I see to be the differences between my amendment and the amendment offered by the distinguished Senator from South Carolina and the Senator from Massachusetts and others.

The amendment that they have offered as a substitute for my amendment would totally end the depletion allowance for major oil companies, and it would phase it out in a few years for the so-called independents.

My amendment would end oil depletion for the major oil companies, just as their amendment would. But it would preserve the percentage oil depletion allowance for the independent producers up to a maximum of 3,000 barrels a day for oil produced.

It would also permit the independent producer the depletion allowance for the Btu equivalent of natural gas.

The definition of an independent is very tightly written. No company would qualify if it owns or controls any retail outlets. On the matter of refineries, which was mentioned by the Senator from South Carolina, an independent would be able to own only one refinery, no more, and that refinery could not refine more than 50,000 barrels of oil a day. There are other provisions that tighten up considerably this proposal relating to the independents. These include prohibiting transfers of the depletion allowance, limiting it so that a family cannot multiply its depletion and what amounts to a minimum income tax provision to insure that no one can use the oil depletion allowance to avoid paying any income taxes at all.

The other section of my amendment covers something not covered by the House bill and not covered by the Hollings-Kennedy amendment, and that relates to the foreign activities of the major oil companies. It would wipe out the opportunity of major oil companies to say that a royalty paid to the Shah of Iran or to the leaders of some other country amount to a tax, and it would prevent them from using that to avoid paying any taxes in this country.

The provision would also eliminate the opportunity for major oil companies to use DISC to enhance their ability to export oil. We do not want them exporting oil or other forms of energy.

My amendment would also deprive them of their present opportunity to use their investment tax credit on rigs they take to or build in other countries. We want to keep these rigs at home to remain available for increased U.S. exploration and production.

A fundamental reason for giving an exemption to independents—even to the big independents—and I grant that some are very big and very wealthy—is to maintain the viability of the independent sector as the competitive cutting edge in a concentrated industry. Even these big independents are very small compared to many companies in other fields, and they are certainly very small potatoes compared with the giant international oil companies.

They have a very difficult time competing for markets and competing for investment capital. Large quantities of investment capital are required to stay in the high-risk business of exploration for oil.

Giving a competitive edge to the independent will encourage exploration for new wells which we want in this country and, hopefully, these new wells will result in increased domestic production.

I would like to point out that there are approximately 10,000 independent producers in the United States, and that these "wildcatters," as they are called, drilled more than 85 percent of all the exploratory wells in the United States last year.

In California if each of the 950 independents produced an average of 418 barrels of oil a day in 1972. Yet they accounted for 42 percent of all California production that year, in 1972.

I think it is obvious that we would get more competition, that we would prevent the development of further monopoly and, through that competition, we would get lower prices if we preserve the opportunity for the independents to compete with the majors.

One reason that it would help in prices, apart from the matter of competition, is the fact that because they do not have vast ability to store, because they do not have retail outlets, they have to put it on the market and that is the way the price will come down.

I think it would be a tragedy if we eliminated most competition in oil production in terms of what would happen to price, in terms of what would happen to consumers, in terms of what would happen in competition, in terms of what would happen to bigness, the pervasive bigness of the institutions and industries in our country.

Let me finally say I think it is long past time that we close the most glaring loophole of all, the tax credits on overseas investments by United States oil companies.

At a time when we are seeking to become more energy independent at home, it makes no sense to continue giving tax incentives that promote foreign production. We should be promoting more domestic production instead. That is what my amendment would do.

For these reasons I hope the Senate will not table my amendment, taking with it the amendment offered by the Senator from South Carolina (Mr. HOLLINGS).

I would like to say, when our distinguished majority leader, Senator MANSFIELD, spoke at the Democratic caucus and said that he hoped there would be no effort to attach the oil depletion amendment to this bill, and when Senator RIBICOFF stood up and said that he and Senator NELSON—although they wanted to get rid of the depletion allowance—agreed, I was against doing anything about oil depletion on this bill, although I, too, favored eliminating depletion.

But during the last week when I was finally compelled to focus my thoughts on this, with the advice of my staff, I became convinced that preserving the depletion allowance for the independents makes sense.

When it became apparent we were going to have this battle anyway, I decided to get into it in a way I thought most effective, by offering an amendment I believe can pass, that I believe can get through cloture, that I believe can provide the basis for negotiation with the House, and finally end this matter of continual argument over oil depletion.

I would like once again to thank the distinguished Senator from South Carolina for yielding to me so I could speak before he made his tabling motion. He did not have to give me this opportunity and I am very grateful.

I would like to ask one question.

The Senator stated in his earlier remarks about the foreign tax credit aspects of my bill which, incidentally, will pay for all the loss to the Treasury which will result from exempting the independents and the Senator stated we have already dealt with the foreign tax credit. I do not believe we have done that.

For example, last year in 1974, $10 billion of foreign tax credits were carried forward to 1975 and resulted in a huge tax loss to this country.

Now, that is something my amendment is designed to deal with.

Mr. HOLLINGS. I thank the distinguished Senator.

That is the second misunderstanding because the Senator is quite right. We have not dealt with the foreign tax credit and it is so generous that they do not even use depletion allowance. That is really how to get the money back to the United States.

But I will yield then with unanimous consent, Mr. President, not to lose my right to the floor to the distinguished Senator from Connecticut.

Mr. RIBICOFF. If the Senator will yield, I intend to support the position of the Senator from South Carolina.

It is true in the Democratic caucus

that when the question came up, putting the oil depletion allowance on the tax bill, it was my strong feeling at that time that we must avoid a filibuster and a long delay on a tax cut bill because the economy demanded immediate passage of the rebate and tax cut provisions.

But it became apparent in the caucus that the Democrats would have to agree that we would not have a recess. We should stay until we complete the bill. Under those circumstances we had to reach some sort of an agreement.

It was my understanding that we agreed that the Hollings amendment should have two.

Under these circumstances, it does become important that the Senate join the House in repealing, once and for all, the oil depletion allowance tax loophole, which is one of the greatest loopholes in our tax code. It has become the symbol of special interest preference in the United States.

Consequently, it is my feeling, that once we reach a position where we are finally going to vote on that matter within a few days, that we should try to pass the amendment put forth by the Senator from South Carolina.

I would hope that when that is determined we could then move upon the provision proposed by the Senator from California on the foreign tax provisions, which is similar to an amendment the Senator from Indiana has constantly been pushing on the floor and in the Finance Committee. There is no reason why we cannot do both before this bill is passed by the Senate of the United States.

The time has come to repeal the oil depletion allowance once and for all. I strongly support the Hollings amendment which repeals depletion for the major companies effective January 1, 1975, and phases it out for the independents.

In short, the oil depletion allowance today is a costly, inefficient, and unnecessary windfall to the oil industry.

Today our tax laws permit taxpayers with oil and gas income to deduct from their net income 22 percent of their gross receipts in determining their taxable income. This will cost the American taxpayer $2.5 billion in taxes this year which will go into the coffers of the oil industry rather than into the Treasury.

OIL COMPANY PROFITS AND TAXES

Oil companies are making record profits and paying the lowest taxes of any American industry. Let us look at the record.

As an industry, the 19 largest oil producers paid an effective U.S. tax of 6 percent in 1972 and 6.5 percent in 1973. The return on equity for the industry those years rose from 8.6 to 15.9 percent. The rough estimates for 1974 show the return on equity will be around 20 percent. In fact, a survey of 75 independents showed an average rate of return of 25 percent. Major companies are reporting lower returns because of an accounting change—from FIFO to LIFO—which reduced their paper profits on oil already held in reserve.

Oil companies posted record profits for 1973, up 53 percent from 1972, and profits for 1974 have soared even higher. The 12 largest oil companies showed an average increase of 53 percent in their estimated profits.

As the following chart indicates the earnings per share of the major companies are up dramatically:

Company name	1972	1973	(est.) 1974	1973–74 percent increase
Arco	3.31	4.95	10.30	108.0
Exxon	6.82	10.91	13.90	27.4
Continental	3.37	4.79	6.85	43.0
Cities Service	3.71	5.05	8.00	58.4
SoCal	3.22	4.97	5.65	13.7
Standard Oil Indiana	2.68	3.66	7.05	92.6
Texaco	3.27	4.75	6.10	28.4
Shell	3.86	4.94	8.70	76.1
Royal Dutch	3.02	7.95	11.25	41.5
Mobil	5.65	8.34	11.75	49.3
Gulf	2.15	4.11	5.20	26.5
So. Ohio	1.65	2.04	3.50	7.15
Average				53.0

In 1973, for example, before tax profits from oil production amounted to $4.7 billion. The tax under present law amounted to $700 million, leaving an aftertax profit of $4 billion. If the depletion allowance is repealed effective January 1975, the oil companies will still realize an aftertax profit of $6.6 billion—somewhat lower than the 1974 windfall profits but much higher than in previous years.

I include a chart showing the profit and tax picture of the oil industry before and after repeal of the depletion allowance at this point in the RECORD:

	1973	1974	1975	1976	1977	1978	1979
Before tax profit from oil production (dollar billions)	4.7	10.6	11.3	12.0	12.7	13.5	14.8
Tax under present law	.7	1.6	1.7	1.8	1.9	2.0	2.2
Additional tax from repeal of depletion as of January 1975		0	3.0	3.2	3.5	3.7	3.8
After-tax profit	4.0	9.0	6.6	7.0	7.3	7.8	8.8

In short, the oil industry will continue to make large profits, even after repeal.

Every individual and corporation must pay its fair share of taxes. The corporate tax rate is 48 percent. But because of loopholes such as the oil depletion allowance, the average effective tax rate for the largest major oil companies in 1974 was 5.99 percent. This is one-third the rate at which most working Americans pay their taxes.

I include a chart indicating the effective tax rates of the major oil companies at this point in the RECORD:

Federal tax rates paid by largest oil companies—1974

[Source: U.S. Oil Week]

	Percent
Ashland	32.4
Kerr-McGee	23.3
Getty	22.5
Shell	21.6
Sun	13.2
Phillips	12.9
Standard of Ohio	12.8
Standard of Indiana	10.2
Cities Service	8.3
Conoco	8.2
Amerada Hess	7.5
Marathon	7.5
Exxon	6.5
Union	6.4
Arco	3.7
SoCal	2.0
Texaco	1.7
Mobil	1.3
Gulf	1.2
Average	5.99

The tax picture for the independents is the same as for the majors. The independent producers are not overtaxed as the following random sampling of independents indicates:

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS

	Gross revenues (millions)			Earnings per share		Return on shareholder equity		Percent, tax rate [2] 1973
	1972	1973	[1] 1974	1972	1973	[1] 1974	[1] 1974(percent)	
Adobe	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	.16	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	11.9	13.2	17.0	.94	.74	1.46	17.0	0
Amarex	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	8.59	10.42	17.0	.78	.96	1.75	25.0	NA
Argo Petroleum	3.18	5.91	12.0	.40	.84	1.70	30.0	0
Baruch Foster	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	4.3	5.4	8.0	.11	.18	.20	12.0	0
Eason Oil	10.1	14.5	21.0	1.1	1.34	2.40	20.0	10
Equity Oil	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	13.4	14.8	23.0	.95	1.16	1.60	15.0	NA
General Crude Oil	42.0	53.0	70.0	1.46	1.75	3.20	40.0	15
Hamilton Bros. Petroleum	9.1	12.4	17.0	.54	.86	1.50	12.0	NA
Houston Oil & Minerals	4.7	9.5	40.0	.33	.64	3.60	75.0	0

Footnotes at end of table.

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS—Continued

	Gross Revenues (millions)			Earnings per share		Return on shareholder equity		Percent, tax rate
	1972	1973	[1] 1974	1972	1973	[1] 1974	[1] 1974(percent)	[2] 1973
Hudsons Bay Oil & Gas	108.0	136.0	160.0	1.44	2.07	3.00	30.0	12
Mitchell Energy & Development	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	50.0	58.0	84.0	1.67	1.70	3.25	19.0	NA
North American Royalties	37.0	47.0	62.0	.40	.65	.75	15.5	5
Numac Oil & Gas	3.6	4.0	4.8	.38	.40	.46	10.0	NA
Patrick Petroleum	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petro Lewis	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prarie Oil Roalties	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan-Canadian Petroleum	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity							25.8	

[1] Estimate.

[2] 1973 latest available year.

NA—Not available.

Source: Standard & Poor's stock reports.

INEQUITY OF THE OIL DEPLETION ALLOWANCE

The oil depletion allowance was enacted in 1926 to allow oil companies to take a deduction for the cost of the finite supply of oil that was being used up. The percentage depletion allowance, however, enables its beneficiaries to recover their costs as many as 15 times over. This is in contrast to the depreciation rules applicable to any other business which limits its cost recovery to once and once only.

One of the greatest inequities in the depletion allowance is that the higher the price of oil, the higher the Federal subsidy.

In 1973, the average price of oil was $3.90 per barrel. Today that oil is selling for an average rate of $7.50 per barrel. The current price, caused by shortage and market pressures, has given the oil industry a windfall profit of $3.60 per barrel. In fact, the aftertax profits of the oil industry will add up to an estimated $9 billion—more than double the 1973 record profits of $4 billion.

As prices rise, the benefits of depletion rise because the deduction is a flat percentage of income. Thus, oil companies get it both ways—as they demand higher and higher record profits on one side, their tax subsidies increase proportionately on the other. The depletion allowance cost the Treasury $1.7 billion in 1972 which rose to an estimated $2.6 billion in 1974, and this year will probably cost more than $3 billion.

OIL DEPLETION ALLOWANCE—ECONOMICALLY UNJUSTIFIED AND NO INCENTIVE TO EXPLORE

If the oil depletion allowance was designed to encourage exploration and drilling, it was designed poorly and inefficiently and is economically unjustified in today's oil economy.

That portion of the depletion allowance which goes to domestic oil producers does not encourage exploration.

Since only 10 percent of the exploration wells strike oil, depletion benefits only a small portion of the high-risk drilling.

Oil companies prefer to spend money drilling in existing oilfields to be certain of receiving the oil depletion subsidy. The main effect of the allowance is to encourage overdrilling in known oilfields. A producer can use the allowance to wipe out a maximum of 50 percent of net income on a well before tax computation. This means that the biggest benefit of the subsidy goes to the most profitable wells.

The allowance may actually operate to discourage producers from operating less profitable or marginal wells. The stripper well operator, producing less than 10 barrels a day, gets the short end.

He is forced to pump the wells he has while the big companies have more money to buy up and gain control of most of the stripper well operation.

ECONOMIC JUSTIFICATION

Even if we accept the premise that the allowance was justifiable at one time the new economics of the oil industry make the loophole unjustifiable today.

In the preembargo days when oil was selling at $3.50 a barrel, the value of depletion on the barrel was 77 cents.

Today old oil sells at $5.25 a barrel and thus the depletion shelter is worth $1.15 for old oil.

For "new"—"released" and "stripper well"—oil which is selling at $10.50 a barrel, the depletion allowance is now worth $2.31 a barrel.

For "weighted average U.S. price" oil at $7.50 a barrel the depletion shelter is worth $1.65 a barrel.

And for independents oil which sells at $8.80 a barrel, the shelter is worth $1.17 a barrel.

I include a chart clarifying and explaining the figures at this point in the Record:

A. Pre-embargo:
Price per barrel equals $3.50.
Value of depletion-shelter equals $0.77.
B. Today:
1. "Old oil" equals $5.25 per barrel.

New income equals $5.25 minus $3.50 equals $1.75 per barerl (equals 2.27 times 0.77).

Depletion-shelter equals $5.25 times 0.22 equals $1.15 per barrel.

2. "New" (released and "stripper well") equals $10.50 per barrel.

New income equals $10.50 minus $3.50 equals $7.00 per barrel (equals 9.1 times 0.77).

Depletion-shelter equals $10.50 times 0.22 equals $2.31 per barrel.

3. "Weighted average U.S. price" equals $7.50 per barrel.

New income equals $7.50 minus $3.50 equals $4.00 per barrel (equals 5.2 times 0.77).

Depletion-shelter equals $7.50 times 0.22 equals $1.65 per barrel.

4. Independents' price equals $8.80 per barrel.

New income equals $8.30 minus $3.50 equals $5.30 per barrel (equals 6.9 times 0.77).

Depletion-shelter equals $5.30 times 0.22 equals $1.17 per barrel.

In summary, to the extent that percentage depletion is a tax subsidy to encourage the exploration and production of oil, it no longer is economically justifiable. This lost incentive is more than made up for the astronomical increases in oil prices following the 1973 Arab embargo. Even at the lowest current price level—the old oil price of $5.25 per barrel—the price increase represents over twice the amount which percentage depletion provided as a subsidy 2 years ago. And, on the average, the price increases of all oil represent over five times the value of percentage depletion before the embargo.

NO INCENTIVE TO EXPLORE

As I previously noted the depletion allowance, if anything, overencourages drilling in proven fields since the allowance is available only for producing wells, not for dry holes.

Depletion is not necessary to attract new capital for expanded drilling.

The average return on shareholder equity in the industry as a whole was 9 percent in 1972; 15 percent in 1973; and, experts estimate, will be as high as 19 to 20 percent in 1974. Indeed, last year, business was so good and the commitment of the majors to energy-independence so lacking that Gulf Oil Co. was negotiating to buy the Ringling Brothers-Barnum and Bailey Circus and Mobile Oil Co. was able to buy out the Marcor, which owns the Montgomery Ward department stores. Tax subsidies to the oil industry such as percentage depletion helped to put these major companies in the position to use tax-sheltered dollars for these purposes;

A recent survey of 75 independent oil and gas producers showed a 1974 average return on equity capital of 23 percent compared to an overall 1974 average for all manufacturing industries of 14 percent—and this estimate takes into account the cost of drilling dry holes;

Industry expansion has been hindered primarily by a shortage of tubular goods, drilling rigs, and other necessary field equipment;

Even without percentage depletion, both the majors and the independents will have the exploration incentive provided by the allowance of an immediate write-off of intangible drilling costs—which allows about 70 percent of the cost of successful wells to be deducted immediately rather than capitalized—periodic depreciation—as is required of other industries;

During the last 5 years, exploratory drilling in the United States has declined by more than 50 percent. Depletion, then, has cost billions while the level of domestic oil reserves remains relatively constant;

The new high price of oil is itself a sufficient incentive to drill;

It has been estimated that more than one-half the Treasury cost of percentage depletion goes to landowners through royalty income shelters. Landowners do no exploring and incur no risks; so, to the extent the percentage depletion subsidy goes to them, it contributes not one iota to an exploratory "incentive."

To the extent that it might be contended that percentage depletion is an effective incentive, it discriminates in favor of oil and gas and against alternative energy sources, such as solar energy for which there is no tax subsidy at all.

Windfall profits are not necessary in order to finance investment in the search for more energy. In fact, the present profit situation in the industry is so good that, even with depletion repealed, the industry will continue to have easy access to America's capital markets.

One final argument must be dealt with. That is, that depletion will increase the price of gasoline.

Under previous price conditions, there may have been some danger that gasoline prices would increase as a result of eliminating the depletion allowance. To some extent, the depletion allowance may have subsidized lower gasoline prices in the past. However, under present circumstances, gasoline prices are being set by the price of oil. As long as we are paying $10 per barrel for imported oil, uncontrolled domestic oil will sell for a similar price. Removing the percentage depletion allowance will not increase that price, it will merely lower the inordinate profits that result from it.

The days of the oil depletion must come to an end. In its place we need a rational energy policy which produces benefits to the American people commensurate with the tax dollars we use for this purpose.

I urge my colleagues to join with us in repealing the oil depletion allowance.

Mr. HOLLINGS. The Senator from Connecticut is correct. At the time we were talking in the early stages before any discussion of oil depletion on the Senate side, we had a pretty good signal from the House side and thought it would never be raised and tried to cut out unnecessary argument.

The House having now acted and the Senator from Minnesota's (Mr. HUMPHREY) proposal attached to the debt limit bill, in June of last year—led us to believe we were dutybound to bring this before the Senate at this time.

Now, if we do call up my amendment, then I suggest we call it because it would fall as a substitute, call it, lay it down, file a cloture motion and then yield so we could go to the foreign tax credit.

Mr. HARTKE. Will the Senator yield?

Mr. HOLLINGS. Not losing my right to the floor, I yield to the manager.

Mr. LONG. Senator, what I am trying to do is accord the Senator a vote on his amendment.

Now, as far as I am concerned, the Senator has his amendment, if he wants it voted on, he has it just exactly where it ought to be to be voted because he has it as a substitute for the Cranston amendment.

At this moment the Senator can modify his amendment any way he wants to. The yeas and nays have not been ordered.

Mr. HOLLINGS. No, but I understood from the Parliamentarian perfecting amendments are not in order to the amendment in the nature of a substitute.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Is not the Hollings amendment the pending amendment?

Mr. HOLLINGS. Mr. President, on these parliamentary inquiries that are right to the point, we can take those only by unanimous consent. I do not think we can just by unanimous consent mark up a bill.

I yield to the Senator from Indiana.

Mr. LONG. Just to get this straight, my understanding is that the Senator's amendment is the pending amendment and if the Senator is not happy with his amendment, he can perfect it. The Senator can do what he wants to with that amendment; just change it any way he wants to change it.

Mr. HOLLINGS. The distinguished Senator can confuse others, but I refuse to become confused by him, that is why we are here. Now, the Senator does not understand, but I do.

Mr. LONG. Does the Senator not know that he can modify his own amendment?

Mr. HOLLINGS. I have the floor and I will yield now to the distinguished Senator from Indiana.

Mr. HARTKE. I would just like to point out, as I understand the parliamentary procedure at this moment, I would be in a position to modify the Cranston amendment on the foreign tax credit.

Now, the foreign tax credit as offered by the Senator from California does not change in accordance with domestic law as domestic corporations are handled. It raises $460 million, whereas there is at the present time a $2 billion foreign tax credit loss as a result of the oil companies' characterizing their present income as a foreign source income.

Now, I am prepared at this time, have ready an amendment to the Cranston amendment on foreign credit. I personally would hope we could go ahead and proceed much in the fashion the Senator from Connecticut has indicated, take these matters up individually on their merits and work it out.

The depletion allowance is one item where we should work out a solution, if possible. The foreign tax credit matter is another item that is a very clearcut item. It is not very difficult to understand.

I think the Senate would certainly follow that procedure on foreign tax credit, which we can raise $2 billion, $1 billion, or $160 million, which is the Cranston procedure.

DISC is another matter. I would hope in some way we could come back and have an individual vote.

It is going to be difficult enough for most people to follow what is going on in any one of these items without confusing them.

I am perfectly content to vote any way the Senator does. I think I understand what is being done, but I do not think it is quite that clear to a majority of this body.

Mr. HOLLINGS. Well, to the Senator from Indiana it is not clear. It is a confusing situation because of the position we worked ourselves into, but if we get a test vote here, we might well be working, if Senator CRANSTON prevails in the perfecting amendments, as the Senator suggests, otherwise bring down a compromise and try to perfect it.

Then that will be apart from any foreign tax credit and Direct Investment Sales Corporation, and all the other bills.

Mr. President, I move to table the Cranston amendment, and ask for the yeas and nays.

Mr. DOLE. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. DOLE. I understand the Senator from South Carolina would offer a perfecting amendment. If so, what would that perfecting amendment do?

Mr. HOLLINGS. I am not offering a perfecting amendment.

Mr. DOLE. I understand the Senator might offer a perfecting amendment. Will that protect the truly small independent?

Mr. HOLLINGS. Yes. We have been trying to work to get a consensus on the Senator's side of the aisle and on our side of the aisle, in line with what the distinguished Senator from Louisiana was talking about in the television interview, about the million-dollar operator. That is still pretty big. But that is the small independent.

We were trying to get together some of the votes and then, bang, this came out of the blue and got us into the foreign investment tax credit, the direct sales tax credit, and so forth. I am trying to clear the decks to work back to our original intent.

Mr. DOLE. I will point out to the distinguished Senator from South Carolina—and he has touched on this point—that the world "independent" needs redefinition.

I will state, as I stated in the Finance Committee, that in the State of Kansas we have some 10,000 wells that produce less than 1 barrel a day, and of Kansas total 42,000 wells the average daily production is less than 4 barrels a day. I would hope the Senator from South Carolina would not suggest that these are the large giants that we hear about.

It seems to this Senator that there are truly independent operators that deserve special consideration if we are concerned about an energy crisis, if we are concerned about capital, and if we are concerned about keeping these real independents in business.

Mr. HOLLINGS. I thank my distinguished colleague.

I yield to the Senator from Hawaii.

Mr. INOUYE. Will the Senator from South Carolina advise the Senate if he is willing to yield the floor after this vote to permit the Committee on Appropriations to bring up the long-awaited foreign aid bill?

Mr. HOLLINGS. Yes. I will go along with the manager. Ask him. He is the manager of the bill.

I was trying to have a chance to lay this before the Senate and file a cloture motion so everyone would know where we are.

It depends on the outcome of the vote.

If Senator CRANSTON prevails, we would have to put a perfecting amendment to his particular amendment, and then the Senator would be asking him and the distinguished Senator from Louisiana.

Without losing my right to the floor, I yield to the Senator from Texas.

Mr. BENTSEN. I would like to comment on the numbers presented as to the yield on equity by the independents.

I have the document the Senator has utilized which is entitled "A Random Survey of Small Publicly Owned U.S. Oil and Gas Producers."

It is an interesting thing about this random survey that we have almost 40 percent of the alphabet missing.

In addition to that, I find that well over one-third of those companies that are listed in the survey have over 3,000 barrels a day and, therefore, would be limited by this particular 3,000-barrel amendment, by the one I have introduced which is at the desk, and by the one Senator CRANSTON has introduced.

So I do not really believe that survey is representative in trying to show what the yield is.

I would also like to comment on the remarks of the distinguished Senator from Colorado, who says that he is opposed to depletion. I am opposed to depletion for the majors, too.

I am willing to limit the foreign tax write-off and change the accounting practices of the majors, which I think have allowed them to do some of the financing of some of their foreign production at the expense of the U.S. taxpayer.

But I think it ought to also be understood that the distinguished Senator from Colorado, as I understand his statement, is really against the oil depletion allowance on the smaller companies.

In addition to that, I understand he is also concerned about the practices that allow capital gains on the sale of timber.

Mr. HASKELL. Will the Senator yield?

Mr. BENTSEN. If I may continue on this point, please, when we talk about independents, I do not think anyone is saying that these are poor people. That is not the representation. Second, that is not the representation I am making.

However, let us look at them in relation to the major companies. If you are going to have a viable competitor, then if you are talking about drilling a 15,000-foot well it can cost $1 million.

At the present time, the independent is drilling more of the exploratory wells, than the major. He has to be a viable competitor. That means he has to be capable of taking a $1 million loss if he is going to be able to do that kind of competition.

That is why I think you have to have a limitation on size at 3,000 barrels.

As has been stated here, the independent has done about 80 percent of the wells; he has drilled over 80 percent of the completions; he has found most of the new fields. He takes the big risk.

The major is the one who has been developing production which has already been found and stepping out on the discovered reserves.

We are not going to keep this independent in the business unless he has the depletion allowance, in my opinion.

I know years ago we could go to some of these trade associations and find people of all ages working in them. We are talking about trade associations in the oil industry. But over the last few years, we did not find any young people going into that business. Now we are seeing them come back into the business.

If we are going to develop self-sufficiency in this country, that means that we are going to have to keep drilling these exploratory wells.

Let me say the easy reserves have been found. The wells they are drilling now are deeper wells. The cost of drilling a 4,800-foot well increased 450 percent in a period of 10 years. That was before the embargo.

Now let me relate what has happened just since the embargo. The cost of drilling a 4,800-foot well has doubled since the embargo was placed, from the beginning of the embargo to this period of time. That is one of the reasons why you are finding it very difficult to find this oil, and why it is very expensive to find it.

I will say what will happen.

Some say some of these independents are people of wealth, and some of them are. But they do not have to stay in this business. What they will do is look at the final bottom line. With the depletion allowance gone, and being in a high-risk business, they are going to pick up their chips and sell. They are going to sell out to the major. That is who they will sell out to.

The majors are then going to have all the business, and I think that is wrong. I think they ought to have the competition of the independents.

Let me tell you this. I have owned an interest in a few small independent service stations along with my brother. I am telling you, the majors are tough competition. We did not have the kind of capital to sustain that kind of competition, so we sold out, and we sold out to the majors.

I have been down that road. That is what I think is going to happen to your independents in this country if you take the depletion away from them.

Again, I am for taking it away from the majors, both overseas and domestically. I am for putting a limitation on the foreign tax credits.

I am also saying to that independent producer that he has to plow it back into the ground to help develop the reserves of this country, to develop the self-sufficiency of this country in energy, so that we are not going to find ourselves held political hostage to a group of Middle East countries on our foreign policy.

I think we are talking about a very crucial issue here, and I strongly support the idea that we keep this independent in business.

I thank the distinguished Senator.

Mr. HOLLINGS. Mr. President, I ask unanimous consent to yield for a moment to the distinguished Senator from Delaware.

Mr. ROTH. Mr. President, I ask unanimous consent that Mr. Bruce Thompson, of my staff, be permitted the privilege of the floor during the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, the report that my friend from Texas referred to was presented to the Finance Committee on Monday a week ago. He does not refer to inaccuracies. He says it looks funny that all the alphabet is not there. There are some companies left out. Those who had refineries were intentionally left out. When he talks about the 3,000 barrels, all over 3,000 barrels, there are only 124 producers of the 10,000.

Finally, we go to the dispassionate voice of one who may have owned or not; but here is Fortune Magazine and Barron's Financial, from which I quote "The New Oil Rush in Our Own Backyard," in June of last year:

> These are tremendous times for independent oilmen, the best many of them have ever known. After nearly two decades of increasing hardship——

That is when the Senator from Texas was in there, under that hardship—

> spectacular higher prices for oil and gas have suddenly thrust the independents into a new prosperity.

This is from Barron's Financial Weekly dated just 3 months ago, in December:

> At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield, with the understanding that I will not lose my right to the floor.

Mr. MAGNUSON. Mr. President, high prices have created tremendous windfall profits for oil companies. The size of the windfalls is so large that the numbers are hard to grasp and 1974 profits on domestic oil production alone were over $9 billion after taxes. These windfall profits were in large part attributable to taxpayer subsidies of the oil industry. It is time Congress insists that the oil industry pay its fair share of taxes on these increased profits. I am pleased to join with Senator HOLLINGS, KENNEDY, and others in an amendment to H.R. 2166, the tax cut bill. Our amendment will begin to restore equity to the energy tax system. We propose that the Senate act to repeal the oil and gas depletion allowance immediately. This huge tax loophole has outlived any usefulness it may have had. Simple justice requires that taxpayers no longer subsidize the industry that is reaping windfall profits far in excess of anything our Nation has ever experienced.

Proposals for repeal of oil depletion certainly are not new. The sponsors of subsidies to the oil industry have been around as long as the income tax, and so have those who oppose such special treatment. But it is now time to give serious scrutiny to the philosophy underlying continuation of depletion allowances. Depletion allowances are simply direct, out-of-pocket subsidies from taxpayers to producers. Any rationale that such subsidies were necessary in 1972 simply does not apply under the energy economy of 1975. Formerly, depletion was defended as needed to make domestic oil and gas exploration and development financially competitive with cheap foreign crude oil. But today, the new high prices of foreign oil provide a distinct price advantage to domestic producers.

Current windfall profits for the production of domestic oil and unregulated natural gas provide plenty of incentive for domestic development without additional taxpayer subsidies which make domestic production even more profitable. Today, domestic development activity is constrained not by lack of capital or profit incentive, but rather by the physical capacity of the industry and its equipment suppliers. The industry is suffering severe resource shortages. Retention or repeal of the depletion allowance will not relieve or eliminate these shortages. However, retention of depletion will provide an added $25 billion windfall to oil producers this year alone.

One of the major questions Senators have asked me about the merits of oil depletion is whether or not the oil industry needs its current profit levels to expand domestic exploration and development at maximum rates. The answer is "No."

In 1974, the domestic oil producing industry experienced profits of approximately $9 billion after taxes. This figure compares to $4 billion in 1973. Repeal of depletion will cost oil companies about $25 billion this year. Several Senators have suggested that increasing the tax liabilities of the industry through depletion repeal will discourage needed exploration and development of domestic oil resources. Current oil industry profits are so high that it is impossible for the industry to utilize them profitably for increased exploration and development. Mobil Oil Corp. announced last year it planned to buy 51 percent of Marcor Corp., parent company of Montgomery Ward's Stores and Container Corp. of America. Mobil indicated this purchase would cost approximately $350 million. This huge sum of money will be paid out of profits earned by Mobil since the fuel shortage struck the United States last fall.

Skeptics may wonder why a major oil company would be conglomerating into retail merchandising outlets if oil industry profits are as high as claimed. The answer is simple. The industry today cannot effectively utilize its present profits exclusively within the oil industry.

The industry needs only profits levels sufficient to attract investment which will fully occupy its potential exploration capacity. The restraints on exploration for the next several years will be resource limitations-not sufficient capital.

A convention held last year by independent oil producers underscores this point. At the Texas Independent Producers Convention, which was held in Houston last summer, and at which several Senators appeared, Mr. Simmons of Western Co. stated:

> Only about 1,770 U.S. rotary drilling rigs were capable of working in 1974. That number was down from 3,500 in the period 1955–56.

He estimated the highest attainable efficiency for these rigs would put only about 87 percent, or some 1,500, on the line. Hughes Tool Co. tabulations indicate that more than 1,400 were making hole in 1974.

Annual U.S. rig-making capacity is only about 50 big rigs, capable of digging to 25,000 feet and 50 small ones, in the 12- to 20,000-foot class. Facilities to make the big rigs which are used chiefly offshore are booked for 2 to 3 years. So the net addition to the available rigs each year will be only 5 or 10 a year.

As Mr. Simmons concluded:

> There's your problem, gentlemen: Rigs.

The president of Union Oil Co. has publicly stated the same conclusion. In hearings before a California State legislative committee, Mr. Fred Hartley said:

> I think the incentive is currently greater than required, and that the oil company profits . . . Our company included—verify that.

He added that profits have risen more than needed as an incentive for more exploration.

The arithmetic makes clear that there are absolute limitations on the ability of the domestic oil industry to expand its current exploration activities. There is simply no economic justification for current profit levels. These profits will not generate additional oil. They will simply accelerate horrendous cost-push inflation within the oil industry.

I expect that we will all hear the argument that this tax cut bill is an inappropriate vehicle for tax reform. I understand such concerns. I do not lightly recommend that the Senate act without further hearings on this matter. The Senate Finance Committee has held extensive hearings on this and other proposals in the last month. I believe the Senate must proceed. Tax subsidies are pouring to domestic oil producers at the rate of $6.9 million every day that the current depletion allowance is retained. Further delays will not add significant new information to the public record. The operation of the depletion allowance is widely understood. The literature on the subject is vast. Proponents and opponents of depletion have appeared many times on Capitol Hill over the last decade.

The totality of this public record indicates that depletion allowances have not stimulated exploration and development. To the contrary, a Library of Congress study indicates that they have stimulated overdrilling of existing fields. Further, depletion allowances reward large domestic producers out of proportion to the rewards received by smaller producers. Worst, during today's energy shortages, depletion allowances actively discourage capital expenditures in cheaper, more abundant energy sources, such as coal liquefaction, oil shale, and solar energy.

The Congress must choose the most efficient incentives to encourage the production of new domestic energy supplies. Existing depletion tax subsidies are inefficient incentives. In fact, they often act as disincentives to additional exploratory activity.

Such inefficient tax subsidies cannot be justified during times of windfall producer profits. Domestic oil prices have more than doubled over the past 2 years, and the average price of domestic crude oil continues to rise.

The President's Energy Message calls for a tax on windfall profits. The Senate voted last year in favor of a price rollback. It is unconscionable to argue that tax subsidies are needed to further increase oil profits today.

In 1972, domestic crude oil was more expensive than foreign crude oil. Today, foreign crude oil has a posted price in excess of $11 per barrel. The cost of domestic crude oil production averages less than $4.25 per barrel. Yet, new domestic crude oil is being sold at foreign crude oil prices. Domestic producers are now reaping a $6.75 per barrel windfall on new oil sales. Repeal of the oil depletion allowance will reduce this windfall to about $5.65 per barrel. So, immediate repeal of depletion will still leave massive increased profits as incentives to attract expanded oil and gas production. I wish to emphasize that the Senate voted last year in favor of a $3 per barrel roll-back on domestic crude oil. Repeal of depletion would result in a reduction in profits of approximately $1 per barrel of the most expensive domestic crude oil. The average price impact would be less about 75 cents per barrel.

I believe there are three overriding reasons to repeal depletion tax subsidies today. Depletion allowances are inefficient subsidies. They have not stimulated exploration for new resources, they have stimulated overdrilling of already existing oil fields. Second, depletion allowances discourage production of cheaper and more abundant energy sources. They make investment in alternative energy sources such as solar and coal liquefaction distinctly disadvantageous. Third, it is simply not true that windfall profits are needed to finance future oil and gas expansion. 1974 capital investment levels were about 30 percent above 1973. Yet, 1974 profits were over 100 percent above 1973 levels for independents. There is no need for these huge windfalls. Even Secretary Simon has conceded:

> In the short run, changes in percentage and depletion should have little effect on the rate of expenditure of discovery efforts . . . In the long run, a change in depletion should have no effect, per se, on the rate of production.

I understand that many spokesmen for the industry have raised the red flag of increased costs for consumers if depletion allowances should be repealed. This is patent nonsense. It is true that repeal of depletion would cut into the profits of domestic producers. It is not true that this change in profits could be passed through to consumers. The limit on the price people pay for gasoline today is set by the price of foreign crude oil imports. Arab oil prices will not be affected by the repeal of U.S. domestic repeal allowances. Until the cost of U.S. domestic production reaches the cost of foreign crude oil imports, the tax subsidy structure for domestic production will have no effect on the price of domestic oil products to consumers. Any attempt to waive the "boogie man" of increased profits while OPEC is controlling the world price of oil is simply untrue.

I am pleased to report the strong support of professional economists and tax policy experts for this depletion repeal proposal. Economists around the Nation recognize that the basic economics of the oil-producing industry has changed here in the United States. This is a time of massive windfall profits for majors and independents alike. The industry is arguing for higher and higher profits while doggedly asserting its unlimited right to continued taxpayer subsidies.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter sent to Congress by economists and tax policy experts from around the Nation.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PUBLIC INTEREST ECONOMICS CENTER,
Washington, D.C.

TO THE CONGRESS OF THE UNITED STATES:

For many years the Federal government has lightened the tax burden of the petroleum and other extractive industries by special provisions of the tax code. These indirect subsidies have been one of the causes of our long-run energy problem. They have stimulated production and consumption, draining the U.S. of our oil and increasing our dependence on foreign sources. And they have inhibited the development of substitute sources of energy, such as geothermal and solar, which do not benefit from these special provisions.

One alternative—to keep the present provisions intact and add on a "temporary" excess profits tax and a special investment tax credit—seems likely to be a mistake. The excess profits tax may indeed prove temporary while the special investment tax credit proves permanent, which has been the history of minerals taxation. This would further complicate an already too complicated tax code, creating new inequities and distortions, further lightening the oil industry's tax burden and worsening our long-run energy problem. On the contrary, the remedy is to simplify the tax code and move toward greater tax neutrality by eliminating the special privileges.

We should eliminate the percentage depletion allowance and treat capital expenditures in the extractive industries on the same basis as those in other industries. In the past, petroleum companies have been permitted to treat what are essentially royalty payments and excise taxes as foreign income taxes subject to the foreign tax credit. This practice should be reformed. If we eliminate the special provisions for the extractive industries, then it is doubtful that we would need an excess profits tax for petroleum. Incentives for exploration and development should not be made in the tax code. If such incentives are needed, they should be made explicitly on the expenditure side of the budget.

Respectfully submitted,

Signed by following signators.

Allen R. Ferguson, President, Public Interest Economics Center.

Dr. Armen A. Alchian, Los Angeles, California.

Professor Kenneth J. Arrow, Department of Economics, Harvard University.*

Professor Robert T. Averitt, Department of Economics, Smith College.

Carolyn Shaw Bell, Katharine Coman Professor of Economics, Wellesley College.

Professor Charles A. Berry, Department of Economics, University of Cincinnati.

Professor Bradley B. Billings, Department of Economics, Georgetown University.

Professor Stanley W. Black, Department of Economics, Vanderbilt University*.

Dr. Gerard M. Brannon, Research Professor of Economics, Georgetown University.

Professor Charles J. Cicchetti, Department of Economics, University of Wisconsin.

Professor James Crutchfield, Department of Economics, Graduate School of Public Affairs, University of Washington.

Professor John H. Cumberland, College of Business and Public Administration, University of Maryland.

Professor Paul Davidson, Department of Economics, Rutgers University.

Professor Robert K. Davis, Department of Geography and Environmental Engineering, Johns Hopkins University.

Professor Fred C. Doolittle, Joint Program in Law and Economics, University of California at Berkeley.

Professor Thomas D. Duchesneau, Department of Economics, University of Maine.

Professor Robert Eisner, Department of Economics, Northwestern University.

Professor Arthur M. Freedman, Finance Department, Wharton School, University of Pennsylvania.

Professor A. Myrick Freeman III, Department of Economics, Bowdoin College.

Dr. John W. Fuller, Wisconsin Department of Transportation.

Professor Daniel R. Fusfeld, Department of Economics, University of Michigan.

Professor J. K. S. Ghandhi, Finance Department, Wharton School, University of Pennsylvania.

Professor Arnold C. Harberger, Department of Economics, University of Chicago, and Visiting Professor of Economics, Princeton University.

Professor Steve H. Hanke, Department of Geography and Environmental Engineering, Johns Hopkins University.

Professor Robert Haveman, Department of Economics, University of Wisconsin.

Professor Edward S. Herman, Finance Department, Wharton School, University of Pennsylvania

Dr. Allen V. Kneese, Washington, D.C.

Professor Edwin Kuh, Department of Economics, Massachusetts Institute of Technology.

Dr. Jack L. Knetsch, Environmental Defense Fund.

Dr. John V. Krutilla, Washington, D.C.

Professor Wassily Leontiev, Department of Economics, Harvard University.

Professor Ervin Miller, Finance Department, Wharton School, University of Pennsylvania.

Professor James R. Nelson, Department of Economics, Amherst College.

Professor Roger G. Noll, Department of Economics, Division of the Humanities and Social Sciences, California Institute of Technology*.

Dr. Benjamin A. Okner, Washington, D.C.

Professor Charles E. Olson, College of Business and Management, University of Maryland.

Dr. Talbot Page, Washington, D.C.

Dr. Joseph Pechman, Washington, D.C.

Professor Giulio Pontecorvo, Graduate School of Business, Columbia University.

Dr. Ronald G. Ridker, Washington, D.C.

Professor Stefan H. Robock, Graduate School of Business, Columbia University.

Professor Paul A. Samuelson, Department of Economics, Massachusetts Institute of Technology.

Professor James D. Smith, Department of Economics, Penn State University.

Professor V. Kerry Smith, Department of Economics, State University of New York at Binghamton.

Professor Robert M. Solow, Department of Economics, Massachusetts Institute of Technology.

William Vickrey, McVickar Professor of Political Economy, Columbia University.

Professor Charles Waldauer, Department of Economics, Widener College.

Professor Harvey E. Brazer, Department of Economics, University of Michigan.

Professor Duane Chapman, Department of Economics, Cornell University.

Professor George M. Eastham, Department of Economics, California Polytechnic State University.

Professor Robert J. Gordon, Department of Economics, Northwestern University.

Professor Byron Johnson, Department of Economics, University of Colorado, Member, 86th Congress.

Professor Warren J. Samuels, Department of Economics, Michigan State University.

Professor Carlos Stern, Department of Environmental Economics, University of Connecticut.

G. L. Stevenson, Temporary New York State Charter Commission for New York City.

Professor Lester C. Thurow, Department of Economics, Massachusetts Institute of Technology.

Professor T. Nicolaus Tideman, Department of Economics, Virginia Polytechnic Institute and State University.

Professor James Tobin, Department of Economics, Yale University.

Mr. MAGNUSON. Mr. President, In this letter, 59 noted economists, including three Nobel laureates, recommend the termination of the depletion allowance. Prof. Arthur Wright has stated elsewhere that the depletion allowance is a "very clumsy and ambiguous way to provide subsidies." Otto Eckstein, a member of the Council of Economic Advisers under President Johnson, was gracious enough to send me a letter on the subject and describes the depletion allowance as "obsolete." Stephen McDonald, chairman of the Department of Economics at the University of Texas, has stated publicly that—

> A direct cash subsidy to, say, exploration, would be preferable to the percentage depletion allowance.

As far back as 1968, the Treasury Department released a study entitled, "The Economic Factors Affecting the Level of Total Domestic Petroleum Reserves." The major conclusion of the study was:

> Percentage depletion is a relatively inefficient method of encouraging exploration and resultant discovery of new domestic reserves of liquid petroleum.

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* Affiliations are indicated for purposes of identification only.

Mr. President, I have been deeply impressed by the volume of mail I have received from the professional economists and tax policy experts around the Nation. These letters have been from individuals of national and international reputation, men and women held in the highest regard by their professional peers.

Mr. President, I wish to quote two recent statements which reinforce the opinions expressed in these letters. The first is by Mr. Fred Hartley, president of the Union Oil Co. He told a California State legislative committee on crude oil pricings:

> I think the incentive is currently greater than required, and that the oil company profits . . . our company included—verify that.

He added that, since new oil prices have risen so far, profits have risen more than needed as an incentive for more exploration.

Secretary of the Treasury William Simon testified before the Senate Finance Committee last summer and stated:

> I am not saying that, just because of the capital intensity of this industry, as many studies have stated, these industries should average after tax 18% or 20% return, because I do not frankly buy that.
>
> They ought to have just sufficient return on capital to enable them to attract the investment, not all internally generated, to do what has to be done here in the United States.

There is no better time for the Senate to consider repeal of the oil depletion tax loophole than in the question of tax relief for the ordinary consumer. Consumers have grown increasingly more frustrated as oil industry profits skyrocket. Energy supplies grow short, and the oil subsidy burden on the common taxpayer increases. Repeal of the depletion allowance, effective January 1, 1975, will yield $2.4 billion in revenue this year alone. This money is readily available for redistribution for hard-pressed taxpayers.

The time to act is now. The choice is simple. Does the Senate wish to maintain unconscionably high windfall profits for big oil, or does the Senate wish to provide relief to the ordinary workingman?

Mr. HASKELL. I ask unanimous consent to have printed in the RECORD materials I put together in a letter addressed to "Dear Colleague."

There being no objection, the letter and materials were ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C.,
March 14, 1975.

DEAR COLLEAGUE: Even though the nation can ill afford the delay, the Senate has no responsible course but to consider repeal of the oil depletion allowance in conjunction with the tax cut bill.

Hoping to speed consideration of the tax cut bill, I voted in the Senate Finance Committee to sever the two issues. But now 20 of our colleagues have announced they will press for floor debate on depletion. Further, House proponents of repeal threaten to reject any tax cut conference report which does not include it.

The Senate seems compelled at least to debate the issue, if only to avoid a disastrous deadlock on the desperately-needed tax cut. But while we must delay, we may still take advantage of a chance to breech the wall of so-called loopholes by eliminating the one against which many others are mere peepholes. I will vote to repeal percentage depletion.

However, it is virtually certain that an effort will be made during debate on repeal to exempt "independent" oil producers. After months of careful consideration, I am determined to vote against any such exemption, even though my state, Colorado, is headquarters for more independent petroleum producers than any other state. I will, however, support the phased elimination of percentage depletion as proposed by Senator Ernest F. Hollings and others.

My analysis of the issue is summarized in the enclosed memorandum; I hope you will give it your attention in advance of the Senate vote on percentage depletion. I believe it shows conclusively that depletion is no longer justified for any segment of the American petroleum industry. You will see that the tremendous increase in crude oil prices over the past two years represents new income to the industry of over five times—and for independents, six and a half times—the value of percentage depletion at pre-embargo crude oil prices.

The analysis shows conclusively that the independents are not quite the struggling "little guys" we have been told they are. They include companies such as Basin Petroleum, whose gross revenues jumped from $7.9 million in 1972 to $23 million in 1974. And for 1973, the most recent year for which figures are available, Basin paid no federal taxes on gross revenues of $15.6 million. Other similar instances are cited in the analysis.

In the face of such data, we will be asked to retain percentage depletion, possibly in one of two forms: either by exempting from repeal the first 3,000 barrels of daily production for all petroleum companies or by exempting all "non-integrated" oil producers. The latter form would cost an estimated $640 million per year.

According to Treasury Department testimony before the House Ways and Means Committee last year, the 3,000 barrel daily exemption would retain depletion for up to 40 percent of all domestic oil production and, would cost around $1 billion annually. That proposal would allow a deduction to producers of $2.6 million on gross revenues of up to $12 million.

If simple tax justice demands a repeal of the percentage depletion allowance—and I believe it does—it argues even more strongly against any exemption for a segment of the industry already basking in unprecedented prosperity. These so-called "little guys", while unquestionably a valuable part of the industry, are also selling oil at the highest prices, enjoying the greatest profits and, as my analysis points out, paying little or no taxes.

Again, I hope you will give this analysis careful study. Should you care to comment, I will look forward to discussing this matter personally with you.

Sincerely,

FLOYD K. HASKELL,
U.S. Senator.

REPEALING THE PERCENTAGE DEPLETION ALLOWANCE

The percentage depletion allowance was enacted by the Congress in 1926—13 years after the establishment of the income tax itself. From 1926 to 1969, the tax laws permitted taxpayers with oil and gas income to deduct from their net income 27.5% of their gross receipts in determining their taxable income. The Tax Reform Act of 1969 lowered this percentage to the presently applicable 22 percent.

Preliminarily, we must understand two very basic points. First, percentage depletion is a tax subsidy designed to provide an incentive to the energy industry to explore for and develop energy sources. Second, in this light, percentage depletion is a federal tax expenditure which is paid for by the American people through the higher taxes they must pay in order to take up the slack in tax revenues caused by those tax dollars we forego in order to provide this incentive. Today, the price tag on the percentage depletion subsidy is $3 billion. The question we must ask is whether this expenditure is worth making: I am convinced it is not. We can now recapture this $3 billion and put it to work in other ways—to reduce the size of the anticipated budget deficit, to fund federal programs which the President has asked the Congress to put on the back-burner or to increase the size of the tax relief we are about to legislate to help reverse our slide into a depression.

I. THE SIMPLE ARITHMETIC OF REPEALING PERCENTAGE DEPLETION

Is the percentage depletion allowance justifiable as a tax incentive today? It is not. Let us look at the facts of oil production and prices to get a true accounting of this subsidy.

Before the 1973 Arab oil embargo, the world price of oil was approximately $3.50 per barrel. Depletion exempted 77¢ of this amount from federal income taxation ($3.50 × 22% equals 77¢). When the price of a barrel of oil reached $4, depletion exempted 88¢ from taxation. Thus, the operative effect of percentage depletion under present law is to increase the value of the tax subsidy as prices and profits rise—in inverse relationship to the need for a federal subsidy.

Today, the average weighted price of "old" oil is controlled at $5.25 per barrel—50% higher than the pre-embargo $3.50 price. The price of "new" (uncontrolled) oil has risen to the world market level of $10–11 per barrel, or approximately 300% of the pre-embargo price level. The average U.S. price today is $7.50 per barrel, while the average price obtained by domestic independents is about $8.80 per barrel. (The independents' average is higher than is the majors because 75% of the oil sold by the independents is not controlled, whereas 80% of the oil sold by the majors is subject to price controls).

Thus, even a modest increase in the price of oil from $3.50 to $4.50 per barrel would have provided sufficient new income to more than offset the loss of 77¢ in depletion-sheltered income. The average price of $7.50 per barrel represents new income to the industry of over fire times the value of percentage depletion at $3.50 per barrel. And, for the independents, the price increase means 6½ times the value of depletion at the pre-embargo price.

Table 1

(A) Pre-embargo:

Price per barrel equals $3.50.

Value of depletion-shelter equals 77¢.

(B) Today:

1. "old oil" equals $5.25 per barrel.

New income equals $ 5.25—$3.50 equals $1.75 per barrel (equals 2.27 times 77¢).

Depletion-shelter equals $5.25 x 22¢ equals $1.15 per barrel.

2. "new ("released" and "stripper well") equals $10.50 per barrel.

New income equals $10.50—$3.50 equals $7.00 per barrel (equals 9.1 times 77¢).

Depletion-shelter equals $10.50 x 22¢ equals $2.31 per barrel.

3. "weighted average U.S. price" equals $7.50 per barrel.

New income equals $7.50—$3.50 equals $4.00 per barrel (equals 5.2 times 77¢).

Depletion-shelter equals $7.50 x 22¢ equals $1.65 per barrel.

4. independents' price equals $8.80 per barrel.

New income equals $8.30—$3.50 equals $5.30 per barrel (equals 6.9 times 77¢).

Depletion-shelter equals $5.30 x 22¢ equals $1.17 per barrel.

In summary, to the extent that percentage depletion is a tax subsidy to encourage the exploration and production of oil, it no longer is economically justifiable. This lost incentive is more than made up for by the astronomical increases in oil prices following the 1973 Arab embargo. Even at the lowest current price level—the old oil price of $5.25 per barrel—the price increase represents over twice the amount which percentage depletion provided as a subsidy two years ago. And, on the average, the price increases of all oil represent over five times the value of percentage depletion before the embargo.

II. PERCENTAGE DEPLETION AS AN INCENTIVE: DOES IT REALLY WORK?

The discussion to this point has implicitly accepted the fundamental premise that percentage depletion as such is an effective stimulant to the exploration and development of oil sources. We have shown that, accepting the premise that percentage depletion was once justifiable, the current state of the oil economy makes the subsidy no longer necessary or appropriate.

But, the premise itself is debatable. We have heard that to repeal percentage depletion is to "punish" the industry—especially the "little guy", the domestic independent producer. The fact is we are not trying to "punish" anyone. Rather, we are only trying to achieve a measure of tax equity. We are only asking that oil companies pay taxes like everyone else. In fact, we are not even going so far as to put the oil companies on an even tax keel, since we are leaving them with their "intangible drilling cost"—a rapid write off of the cost of drilling successful holes. And, the fact is that it is this tax provision, if any, which truly provides an incentive to new oil exploration.

The oil lobby says we need oil; that the depletion allowance fosters oil exploration and development; and, that depletion allowances will help to make America energy-independent. The first proposition is an obvious truism—but after that point, the oil lobby departs from reality and enters the world of public policy blackmail. Each step of the way, the contentions of the oil industry must be challenged by the Congress. The facts are that:

(1) Percentage depletion has never encouraged the exploration and development of new oil. Indeed, it is more plausible to argue that the allowance promotes dependence upon existing proven fields since depletion applied only to producing wells and is unavailable for dry holes (a loophole in the hand is worth more than two in the bush);

(2) Depletion is *not* necessary to attract capital for expanded drilling:

The average return on shareholder equity in the industry as a whole was 9% in 1972; 15% in 1973; and, experts estimate, will be as high as 19–20% in 1974. Indeed, last year, business was so good and the commitment of the majors to energy-independence so lacking that Gulf Oil Company was negotiating to buy the Ringling Brothers-Barnum and Bailey Circus and Mobil Oil Company was able to buy out the Marcor (which owns the Montgomery Ward department stores). You can be sure that tax subsidies to the oil industry such as percentage depletion helped to put these major companies in the position to use tax-sheltered dollars for these purposes;

A recent survey of 75 independent oil and gas producers showed a 1974 average return on equity capital of 23% compared to an overall 1974 average for all manufacturing industries of 14%—and this estimate takes into account the cost of drilling dry holes;

Industry expansion has been hindered primarily by a shortage of tubular goods, drilling rigs, and other necessary field equipment;

Even without percentage depletion, both the majors and the independents will have the exploration incentive provided by the allowance of an immediate write-off of intangible drilling costs—which allows about 70% of the cost of successful wells to be deducted immediately rather than capitalized (periodic depreciation) as is required of other industries;

During the last five years, exploratory drilling in the United States has declined by more than 50%. Depletion, then, has cost billions while the level of domestic oil reserves remains relatively constant;

The new high price of oil is itself a sufficient incentive to drill;

It has been estimated that more than one-half the Treasury cost of percentage depletion goes to landowners through royalty income shelters. Landowners do no exploring and incur no risks; so, to the extent the percentage depletion subsidy goes to them, it contributes not one iota to an exploratory "incentive";

To the extent that it might be contended that percentage depletion is an effective incentive, it discriminates in favor of oil and gas and against alternative energy sources, such as solar energy for which there is no tax subsidy at all.

III. THE PROPOSED EXEMPTION FOR DOMESTIC INDEPENDENT PRODUCERS

It has been proposed by some to exempt from the repeal of percentage depletion domestic independent producers. The proposed exemption would continue indefinitely percentage depletion on the first 3,000 barrels produced per day. Alternatively, it may be proposed to limit the repeal of percentage depletion only to "integrated" oil companies, i.e., the majors. This latter approach was that taken in the amendment offered by Representative Wilson during the House debate of the Tax Reduction Act of 1975.

Any such exemption on a permanent basis would be inappropriate. It has been estimated that such an exemption would cost the American people a minimum of $1 billion a year and that it would continue percentage depletion on 30–40% of all domestic oil. Why not take this route? There are two chief reasons, both of which follow the logic of the above discussion.

First, the exemption would continue this tax subsidy for those companies now selling oil at the highest prices and making the greatest profits.

Second, the exemption would have no positive affect on the supply of oil since the tripling of oil prices is itself a sufficient incentive to exploration and development.

Let us take a careful look at this proposed exemption and the taxpayers to which it would apply. Let us see just who it is we're putting on the tax welfare roles with this exemption for independents.

We're talking about Basin Petroleum Company. This company had gross revenues in 1972 of $7.9 million. In 1973, gross revenues increased to $15.6 million and last year they jumped again to $23 million. Earnings per share in that time jumped from .22 in 1972 to $1.00 in 1974. Their 1974 return on shareholder equity was 50%. Basin Petroleum's federal income bill in 1973 was $0.

We're also talking about Houston Oil and Minerals Company. Houston Oil's gross revenues in 1972 were $4.7 million and in 1973 they were $9.5 million. In 1974, they were $40.0 million. Earnings per share jumped from .33 to $3.60 and return on stockholder equity in 1974 was estimated to be 75%. In 1973 (the latest available figures) Houston Oil's effective tax rate was 0%. (See Table Three)

During the House debate on percentage depletion, Congressman Green estimated that the exemption would continue this unjustifiable tax subsidy for oil companies with gross annual revenues of $7,500,000 to $12 million. This means that there will be tax exemption for up to $2,640,000 of otherwise taxable income for each producer—and all but 70 of the 10,000 domestic petroleum producers would be able to take this advantage.

(A) Profits:

The profits of small producers are, in fact, higher than those of the majors.

U.S. prices now average $7.50 a barrel—depletion provides an exemption for $1.65 of this amount, but the price increase itself ($4) more than compensates for the loss of the depletion allowance;

The independents are actually getting more for their oil than are the majors (the independents sell at an average price of $8.80 per barrel). 75% of the oil sold by them is not subject to price controls (hence, sells at $10–11 per barrel), while 80% of the oil sold by majors is controlled (and sells for $5.25 per barrel);

When oil is sold at the world price by independents—$10 to $11 per barrel—the price increase from last year is itself over nine times the value of depletion benefits at old levels (and the value of percentage depletion at the $10.50 level equals $2.31 per barrel).

The relative advantages which these domestic independent producers enjoy over the majors were recently summarized as follows:

"At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns." (Barron's Financial Weekly, December 2, 1974).

(B) A Loophole You Could Drive An Oil Truck Through:

In testimony before the House Ways and Means Committee, the Treasury Department testified against the independent exemption, stating that producers can be expected eventually to rearrange their ownership (as through intricate lease-swapping arrangements) to take advantage of the exemption;

"Small independents" which would be sheltered from the repeal of percentage depletion are often very wealthy people who pay little in taxes. Under the 3,000 barrel exemption a company could have gross revenues of up to $12 million dollars: and, the exemption would allow a deduction to such a taxpayer of $2.64 million.

(C) Concentration:

It is sometimes claimed that a repeal of the depletion allowance will cause independents to sell out to the majors. This they do anyway. And, there is no evidence that independents will go out of business entirely. The burden of proof on this matter should be on the beneficiaries of the proposed loophole. To date, those taxpayers have failed to carry that burden.

85% of all domestic discoveries are made by independents today; yet, 85% of this oil is refined and sold by the majors;

Why sell out a company just because they lose a depletion allowance which was worth only 77 cents per barrel at a time when each barrel now brings an average of $5.30 more than it did last year?

In recent years, many independents went out of business notwithstanding the fact that they had percentage depletion; why will depletion save the industry this year when it failed to keep independents in business last year.

IV. TAX EQUITY

Tax equity alone demands the repeal of percentage depletion. The corporate tax rate is 48%. But, the average effective tax rate for the largest major oil companies in 1974 was

5.99%—about one-third of the effective tax rate on most of our wage-earning constituents.

Table 2—Federal tax rates paid by largest oil companies—1974

[Source: U.S. Oil Week]

	Percent
Ashland	32.4
Kerr-McGee	23.3
Getty	22.5
Shell	21.6
Sun	13.2
Phillips	12.9
Standard of Ohio	12.8
Standard of Indiana	10.2
Cities Service	8.3
Conoco	8.2
Amerada Hess	7.5
Marathon	7.5
Exxon	6.5
Union	6.4
Arco	3.7
Socal	2.0
Texaco	1.7
Mobil	1.3
Gulf	1.2
Average	5.99

Percentage depletion is one reason for this relatively low average effective tax rate. And, it is not just the majors which are doing very well in the profit and tax sense. Table three (3) presents the results of a random survey of small publicly owned United States Oil and Gas Producers prepared by the Tax Reform Research Group. It shows the gross revenues and earnings per share of 28 randomly selected independents as well as their estimated 1974 return on shareholder equity and 1973 effective tax rates. The table speaks for itself in answering the contentions of the "over-taxed small producer."

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS

	Gross revenues (millions)			Earnings per share			Return on shareholder equity 1974 (estimate)	Percent tax rate, 1973 [1]
	1972	1973	1974 (estimate)	1972	1973	1974 (estimate)		
Adobe	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	.61	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	11.9	13.2	17.0	.94	.74	1.46	17.0	0
Amarex	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	8.59	10.42	17.0	.78	.96	1.75	25.0	(2)
Argo Petroleum	3.18	5.91	12.0	.40	.84	1.70	30.0	0
Baruch Foster	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	4.3	5.4	8.0	.11	.18	.20	12.0	0
Eason Oil	10.1	14.5	21.0	1.1	1.34	2.40	20.0	10
Equity Oil	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	13.4	14.8	23.0	.95	1.16	1.60	15.0	(2)
General Crude Oil	42.0	53.0	70.0	1.46	1.75	3.20	40.0	15
Hamilton Bros. Petroleum	9.1	12.4	17.0	.54	.86	1.50	12.0	(2)
Houston Oil & Minerals	4.7	9.5	40.0	.33	.64	3.60	75.0	0
Hudsons Bay Oil & Gas	108.0	136.0	160.0	1.44	2.07	3.00	30.0	12
Mitchell Energy & Development	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	50.0	58.0	84.0	1.67	1.70	3.25	19.0	(2)
North American Royalties	37.0	47.0	62.0	.40	.65	.75	15.5	5
NUMAC Oil & Gas	3.6	4.0	4.8	.38	.40	.46	10.0	(2)
Patrick Petroleum	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petro Lewis	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prarie Oil Royalties	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan-Canadian Petroleum	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity							25.8	

[1] 1973 latest available year.

[2] Not available.

Source: Standard and Poor's Stock Reports.

Finally, there is the question of horizontal tax equity. It has been estimated that the percentage depletion allowance enables its beneficiaries to recover their cost as many as fifteen times over. This is in contrast to the depreciation rules applicable to any other business which limit its cost recovery to once and once only. It is also to be kept in mind that even the Secretary of the Treasury has spoken against the principle of an independent exemption. In testimony before the Senate Finance Committee last June, he said, "If (percentage depletion) is to be eliminated, it is difficult to justify non-uniformity in treatment of producers, except on a transitional basis".

Similarly, Assistant Secretary of the Treasury Frederick W. Hickman has said, "That's a windfall if ever there was one. Some Congressmen have built up an emotional case about the little man. Hell, some of these people are millionaires".

Mr. BENTSEN. Mr. President, will the Senator yield, with the understanding that he will not lose his right to the floor?

Mr. HOLLINGS. I yield.

Mr. BENTSEN. Mr. President, I ask unanimous consent that the names of the following Senators be listed as cosponsors of my amendment which is at the desk: Senator PHILIP A. HART, Senator GARY W. HART, Senator CHURCH, and Senator PEARSON.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I move to table the Cranston amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, I ask for the yeas and nays on the Hollings amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. BUCKLEY. Mr. President, will the Senator yield for a unanimous-consent request?

The PRESIDING OFFICER. There is no debate on the motion to table.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BUCKLEY (when his name was called). Mr. President, as members of my family own oil royalties on which depletion is taken I ask unanimous consent that I be permitted to vote "present."

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD, JR. I announce that the Senator from Florida (Mr. CHILES) and the Senator from Masachusetts (Mr. KENNEDY) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

I further announce that the Senator from New York (Mr. BUCKLEY) voted "present."

The result was announced—yeas 35, nays 60, as follows:

[Rollcall Vote No. 70 Leg.]

YEAS—35

Abourezk
Biden
Brooke
Case
Culver
Hartke
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Javits
Leahy
Magnuson
Mansfield
Mathias
McGovern
McIntyre
Mondale
Morgan
Muskie
Nelson
Pastore
Pell
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevenson
Stone
Williams

NAYS—60

Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Brock
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Church
Clark
Cranston
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary W.
Hart, Philip A.
Helms
Hruska
Huddleston
Inouye
Johnston
Laxalt

Long
McClellan
McClure
McGee
Metcalf
Montoya
Moss
Nunn
Packwood
Pearson
Randolph
Scott, William L.
Sparkman
Stennis
Stevens
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—3

Chiles
Kennedy
Taft

So the motion to lay on the table was rejected.

Mr. BENTSEN. Mr. President, I send an amendment to the desk and ask that the clerk state it.

Mr. LONG. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. LONG. How can an amendment be offered to a pending amendment? It seems to me the Hollings amendment, the pending amendment, is an amendment in the second degree.

Mr. BENTSEN. Mr. President, my amendment is offered to the House bill before us.

Mr. LONG. So are the other two amendments, Mr. President.

The PRESIDING OFFICER. Is the amendment being offered to perfect the language that is being stricken by the Cranston amendment?

Mr. BENTSEN. My amendment was offered to add a new section to title IV of the House bill.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Texas (Mr. BENTSEN), for himself and others, offers an amendment which would add, after line 22 on page 38, a new title IV, "Reform of Percentage Depletion in Case of Oil and Gas Wells."

Mr. BENTSEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN's amendment is as follows:

Amend H.R. 2166 by adding at this end thereof, after line 22 on page 38, the following new section to ttile IV:

SEC. 104. REFORM OF PERCENTAGE DEPLETION IN CASE OF OIL AND GAS WELLS

(a) IN GENERAL.—Part I of subchapter I of chapter 1 (relating to deductions with respect to natural resources) is amended by adding at the end thereof the following new section:

"SEC. 613A. DENIAL OF PERCENTAGE DEPLETION IN CASE OF OIL OR GAS WELL

"(a) GENERAL RULE.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without reference to section 613.

"(b) SPECIAL RULE FOR CERTAIN GAS WELLS.—

"(1) IN GENERAL.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas under a fixed contract, and

"(C) any geothermal deposit which is determined to be a gas well within the meaning of section 613(b)(1)(A).

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) NATURAL GAS SOLD UNDER A FIXED CONTRACT.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter and before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this section by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) NATURAL GAS.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(C) REGULATED NATURAL GAS.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increase subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(c) SMALL PRODUCER EXEMPTION.—

"(1) IN GENERAL.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the producer's average daily production of domestic crude oil as does not exceed 3,000 barrels, and

"(B) so much of the producer's average daily production of domestic natural gas (other than natural gas with respect to which subsection (b) applies) as does not exceed 18,000,000 cubic feet.

"(2) AVERAGE DAILY PRODUCTION.—For purposes of paragraph (1)—

(a) the producer's average daily production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, shall be determined by dividing his aggregate production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies) during the taxable year by the number of days in such taxable year, and

"(B) in the case of a producer holding a partial interest in the production from any property (including an interest held in a partnership or joint venture), such producer's production shall be considered to be an amount of such production determined by multiplying the total production of such property by the producer's percentage participation in the revenues from such property.

"(3) EXEMPTIONS TO BE DETERMINED ON A PROPORTIONATE BASIS.—

"(A) DOMESTIC CRUDE OIL.—If the producer's average daily production of domestic crude oil exceeds the producer's exemption under this subsection, the barrels to which this subsection applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the producer for such year from such property as the number of barrels to which this subsection applies bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the producer for such year.

"(B) DOMESTIC NATURAL GAS.—If the producer's average daily production of domestic natural gas exceeds the producer's exemption under this subsection, the production of domestic natural gas to which this subsection applies shall be determined by taking from the production of each property a number of cubic feet of natural gas (not including natural gas to which subsection (b) applies) which bears the same proportion to the total production of the producer for such year from such property as the number of cubic feet of natural gas to which this subsection applies bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the producer for such year.

"(4) BUSINESS UNDER COMMON CONTROL; MEMBERS OF THE SAME FAMILY.—

"(A) COMPONENT MEMBERS OF CONTROLLED GROUP TREATED AS ONE PRODUCER.—For purposes of this subsection, corporations which are members of the same controlled group of corporations shall be treated as one producer.

"(B) AGGREGATION OF BUSINESS ENTITIES UNDER COMMON CONTROL.—If 50 percent or more of the beneficial interest in two or more corporations, trusts or estates is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), or if 50 percent or more of the beneficial interest in one or more corporations, trusts or estates is owned by a person who has income from the production of oil or gas, the exemptions provided by this subsection shall be allocated among all such corporations, trusts, estates, and persons in proportion to the respective production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, during the period in question by such entities.

"(C) ALLOCATION AMONG MEMBERS OF THE SAME FAMILY.—In the case of individuals who are members of the same family, the exemptions provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil or natural gas during the period in question by such individuals.

"(5) DEFINITION AND SPECIAL RULES.—For purposes of this subsection—

"(A) The producer of crude oil or natural gas means the person whose liability for tax under this chapter will be affected by the deduction allowed for depletion with respect to such crude oil or natural gas, except that in the case of a subchapter S corporation, the corporation and not the shareholder shall be considered the producer, and in the case of an estate or trust the producer shall be the person entitled to the depletion deduction under section 611(b).

"(B) The term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(C) A corporation is a related person to another corporation if such corporations are members of the same controlled group of corporations, and a person is a related person to another person, if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(D) The family of an individual includes only his spouse and minor children.

"(6) TRANSFER OF OIL OR GAS DEPLETION PROPERTY.—

(A) In the case of a transfer (as defined for these purposes under regulations prescribed by the Secretary or his delegate), of any oil or gas depletion property after March 17, 1975, paragraph (1) shall not apply to the transferee with respect to his production of crude oil or natural gas from such oil or gas depletion property. For purposes of this paragraph the term 'oil or gas depletion property' means any property interest (including an interest in a partnership, trust, or estate) with respect to the income from which a deduction for depletion is allowable under section 611 for domestic crude oil or domestic natural gas but only if the principal value of the property has been demonstrated before such transfer by prospecting or exploration or discovery work.

"(B) Subparagraph (A) shall not apply in the case of (i) a transfer of an oil or gas depletion property at death, or (ii) a transfer in an exchange to which section 351 applies if following the exchange the exemptions provided by this subsection are allocated among the transferor and transferee by reason of paragraph (4)(B).

"(d) LIMITATION BASED ON QUALIFIED INVESTMENT.—

"(1) GENERAL RULE.—So much of the deduction allowed for depletion as is computed by reference to section 613 by reason of subsection (c) shall not exceed for any taxable year an amount equal to the sum of the producer's qualified investment and qualified investment carryover for the taxable year.

"(2) QUALIFIED INVESTMENT.—For purposes of paragraph (1), any person's qualified investment for any taxable year is the amount paid or incurred by such person during such taxable year (with respect to areas within the United States or a possession of the United States) for—

"(A) intangible drilling and development costs;

"(B) the following items if paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas within the United States or a possession of the United States:

"(i) aerial photography;

"(ii) geological mapping;

"(iii) airborne magnetometer surveys;

"(iv) gravity meter surveys;

"(v) seismograph surveys; or

"(vi) similar geological and geophysical methods;

"(C) the construction, reconstruction, erection, or acquisition of the following items, but only if the original use of such items begins with such person:

(i) depreciable assets used for the exploration for or the development or production of oil or gas (including development or production from oil shale); converting oil shale, coal, or liquid hydrocarbons into oil or gas; or refining oil or gas (but not beyond the primary product stage);

"(ii) pipelines for gathering or transmitting oil or gas, and facilities (such as pumping stations) directly related to the use of such pipelines.

"(D) secondary or tertiary recovery of oil or gas, including remedial work necessary to maintain or restore primary production, or

"(E) the acquisition of oil and gas leases but the aggregate amount which may be taken into account under this subparagraph for any taxable period shall not exceed one-third of the aggregate of the amounts which may be taken into account by the taxpayer under subparagraphs (A), (B), (C), and (D) for such period.

"(3) QUALIFIED INVESTMENT CARRYOVER.—For purposes of paragraph (1), a producer's qualified investment carryover shall be the amount, if any, by which the amount of the producer's qualified investment for the preceding taxable year exceeds so much of the deduction allowed for depletion as is computed under section 613 by reason of subsection (c) (determined without regard to this subsection) for such preceding taxable year.

"(4) ROYALTY OWNERS.—Paragraph (1) shall not apply in the case of the deduction for depletion with respect to a producer's share of production from a royalty interest.

"(e) PRODUCER MUST BE INDEPENDENT.—

"(1) RETAILERS EXCLUDED.—Subsection (c) shall not apply in the case of any producer who directly, or through a related person, sells gasoline, kerosene, distillates (including Number 2 fuel oil), refined lubricating oils, or diesel fuel—

"(A) through any retail outlet operated by the producer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the producer or a related person to use a trademark, trade name, or srevice mark or name owned by such producer or a related person, in marketing or distributing gasoline, kerosene, distillates (including Number 2 fuel oil), refined lubricating oils or diesel fuel, or

"(ii) given authority pursuant to an agreement or contract with the producer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(2) RELATED PERSON.—For purposes of this subsection, a person is a related person with respect to the producer if a significant ownership interest in either the producer or such person is held by the other, or if a third person has a significant ownership interest in both the producer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

"(f) DEFINITIONS.—For purposes of this section—

"(1) CRUDE OIL.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) NATURAL GAS.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(3) DOMESTIC.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) BARREL.—The term 'barrel' means 42 United States gallons.

"(b) TECHNICAL AMENDMENTS.—

"(1) Subparagraph (A) of section 613(b) (1) (relating to 22 percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas, to the extent allowable under section 613A;

"(2) The last sentence of paragraph (7) of section 613(b) (relating to 14 percent depletion rate for certain other minerals) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells."

(c) CLERICAL AMENDMENT.—The table of sections for part I of subchapter I of chapter 1 is amended by inserting after the item relating to section 613 the following new item:

"SEC. 613A. DENIAL OF PERCENTAGE DEPLETION FOR OIL AND GAS WELLS."

Mr. BENTSEN. This amendment, joined in by the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Colorado (Mr. GARY W. HART), the Senator from Idaho (Mr. CHURCH), the Sen- and the Senator from Kansas (Mr. PEAR- ator from West Virginia (Mr. RANDOLPH), SON), would limit the percentage depletion allowance to the first 3,000 barrels—

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Texas speak louder? We cannot hear him.

Mr. BENTSEN. The amendment before us is one that would limit the depletion allowance for the first 3,000 barrels of average daily production of crude oil and the first 18 million cubic feet of the average daily production of natural gas, which is the limitation voted on in the House of Representatives.

The amendment does do away with depletion for the major oil companies both overseas and for domestic production but, as I have stated—Mr. President, may we have order?

The PRESIDING OFFICER (Mr. GOLDWATER). The Senate will be in order. The Senator will suspend until order is restored. Senators will please retire to the cloak room for their conversation.

The Senator may proceed.

Mr. BENTSEN. I thank the Chair.

Of course, one of the features of this amendment is that it does require a plowback, where the depletion is utilized by the producer.

What we are talking about here again is trying to save the independent oil producer, to see that he does not become an endangered species, and try to save him at a level where he is a true competitor for the major oil companies.

I believe that this provision does that. The independents are drilling about 80 percent of the exploratory wells in this country, and completing about 80 percent of those exploratory wells. We have seen an increase over the preceding year in 1974 by about 5,000 additional wells. Also, we are seeing a real drive put on by the independents to try to do something about the dwindling oil and gas reserves in this country.

Some will say, "Well, we really have not seen a substantial increase in production." That is true. I think all we can really do in this country is cut down on the dwindling supplies, and see that they do not go out as fast as they have been.

They have had problems getting drilling pipe. They have had problems getting their leases. They have had problems getting the pipe to transport the oil, and these are among the reasons why it takes quite a while to see the results of the increased drilling. But you can look at the number of rigs operating and the number of wells being drilled and get a better feel for what is happening.

Some say, "All right, why take it away from the major and not from the independent?"

The major is in the position to pass the increased costs of production downstream. He can pass them on to the refiners and to his retail outlets. The independent is not in the position to do that.

I have put a limitation on this amendment that this depletion allowance will not be available to those in the retail business, and we have carefully structured this thing to avoid abuses of this depletion provision.

Mr. CURTIS. Mr. President, will the Senator yield for a brief question?

Mr. BENTSEN. I yield for a brief question.

Mr. CURTIS. Will the distinguished Senator tell us the difference between the amendment that he has offered and the amendment offered by the Senator from California (Mr. CRANSTON)?

Mr. BENTSEN. A major difference between my amendment and that of the distinguished senior Senator from California, as I understand it, is that I have the plowback provision in my amendment for the producers, and I do not believe that his amendment does.

Mr. CURTIS. I thank the Senator.

Mr. RIBICOFF. Mr. President, will the Senator yield for a question?

Mr. BENTSEN. I yield for a brief question.

Mr. RIBICOFF. I wonder if the Senator from Texas would let the Senate know the amount that would be recaptured to the taxpayers by his amendment, by the amendment of the Senator from California, and by the amendment of the Senator from North Carolina. What would the Treasury receive under each of the three amendments?

Mr. BENTSEN. It is my understanding that on complete repeal, we are talking about $2 billion, and under the provisions of mine, we would recover approximately $1.5 billion of those tax dollars. I do not have the figures for the amendment of the Senator from California.

Mr. CRANSTON. I agree with those figures.

Mr. President, will the Senator yield?

Mr. BENTSEN. For a brief question.

Mr. CRANSTON. I would like to respond, in effect, to the question that was asked by the Senator from Nebraska by asking if this is not one of the two major differences between the amendment of the Senator from Texas and mine: His amendment permits a producer to take a 3,000-barrel exemption for oil daily, and on top of that an 18-million-cubic-foot exemption daily for natural gas.

Mr. BENTSEN. That is correct. My amendment is in line with the amendment that was debated on the floor of the House of Representatives and came within, I believe, 16 votes of carrying.

Mr. CRANSTON. Which amounts, in effect, to a dual exemption?

Mr. BENTSEN. It could.

Mr. CRANSTON. As against what my amendment proposes, which limits oil and gas production, or its equivalent, to a total of what amounts to 3,000 barrels per day.

Mr. BENTSEN. It could amount to a dual exemption, as far as that is concerned. But what we are trying to do is find competitors that can stand up to the majors and compete with them. When you talk about drilling a 15,000-foot well, the increase in cost between a 15,000-foot well and a 5,000-foot well is not an arithmetic increase, it is almost a geometric increase, because as you get to those deep wells, the costs go up precipitously. You have to have someone in a position to drill that 15,000-foot well and, if necessary, lose the million dollars it costs to put that well down. That is the reason why I think the limitations I have proposed and those proposed on the House side, which almost carried, are reasonable limitations in affording the competition necessary.

If I may go into some of the additional terms of the measure——

Mr. CRANSTON. Will the Senator yield further?

Mr. BENTSEN. Please let me finish my statement, and then I will be happy to yield to the Senator from California.

I made the point at the very beginning that it was the first 3,000 barrels of average daily production of crude oil and the first 18 million cubic feet of average daily production of natural gas that was involved.

I think, in addition to that, that this is the only way we are really going to stop concentration in the oil industry, the only way we are going to stop giving it all to the majors.

I would like to go over the provisions of my amendment in some detail for the benefit of my colleagues.

The amendment retains the provisions with respect to regulated natural gas and natural gas under long-term contracts as they are in the House bill.

Now, generally, this would retain depletion for regulated natural gas or gas under long-term contracts in effect on February 1, 1975, until there is a change in the price of gas to reflect to any extent the additional tax which will be payable by the producer because of repeal of percentage depletion.

There is a provision that any increase in the price is to reflect the tax increase to the producer and, therefore, this exemption for regulated natural gas and long-term contract gas will probably be rather limited in duration.

The remainder of the amendment provides for the small producer exemption for producers who do not have retail outlets. The amendment adds a new section 613(a) to the Code.

Subsection (c) provides for the small producer exemption.

Subsection (d) requires a plowback of a tax savings as the result of the small producer exemption.

Subsection (e) denies the benefits of subsection (c) if a producer has retail outlets for the sale of gasoline and certain other refined products or if the producer is related by 5 percent ownership interest to any entity naving such retail outlets.

Now, we really have tried to draw some tight limitations to see that you do not have abuse of this. The small producer exemption retains a 22-percent depletion for the first 3,000 barrels of average daily production of domestic crude oil and the first 18 million cubic feet of average daily production of domestic natural gas.

One of our real problems in this country is natural gas. We have been very fortunate this winter in not having some severe gas shortages. But if we were to have a tough winter in the North, I promise you we are going to see some very serious shortages in natural gas, and this situation is going to become much more acute unless we can continue to encourage the exploration for natural gas.

Now, for this purpose the production qualifying for the exemption would be presumed to come pro rata from each of such producer's properties so that the production income in benefiting from depletion would be, in effect, an average of the sales price of his total production.

The bill specifically states that where a producer holds a partial interest in the production from a property, his production is considered to be his pro rata portion of the production from that property.

Now, this provision is designed to correct the inappropriate rule that was adopted in the committee report under the Ways and Means bill of 1974 which said that a producer is considered to have a pro rata part of every barrel of oil or mcf of gas produced from a property, so that every barrel produced by the property would go against his 3,000 barrel or the 18 million cubic feet limitation and no matter how little the financial interest that that taxpayer might have had in that production.

In the case of a producer having a regulated or long-term gas exemption under the House bill, and who also qualifies for a small-producer exemption for gas, both the exemptions are available so that you have 18 million cubic feet of gas qualifying for a depletion, plus his natural gas which is either regulated or subject to long-term contracts.

The FPC-regulated category would be exempt only through July 1 of 1976. The long-term contract category only applies if the contract price cannot be adjusted to take account of percentage depletion repeal, which is presumed true of any price increase after February 1, 1975, unless the taxpayer demonstrates the contrary by clear and convincing evidence.

Now, the amendment contains some aggregation rules requiring that closely related business entities and family members shall have one 3,000 barrel or 18 million cubic feet exemption. That is, of course, designed to prevent the proliferation of the exemptions by dividing business entities into different layers.

Specifically, aggregation of business entities is required where corportions are members of the same controlled group of corporations, that is, qualifying for consolidated income tax purposes. Other business entities are aggregated if 50 percent or more of the interest in such entities is owned by the same or related persons and members of the same family and, for that purpose, the family consists only of the taxpayer, his spouse, and his minor children.

The producer of crude oil or natural gas to whom the exemption is granted is specifically defined in the bill to be the person whose liability for tax under this chapter will be affected by the deduction allowed for depletion with respect to such crude oil or natural gas. That makes it clear that a partner and not a partnership is the level at which the 3,000 barrel or 18 million cubic feet exemption is applied.

A partner is, in substance, the owner of the gas or oil, and it is he who makes the profit from its production and sale, and pays the tax and, where less fortunate, takes the loss.

The requirement that the producer must be an independent is enforced by denying the exemptions to a producer if he directly or through a related person sells gasoline and any other specified refined products to retail outlets operated by the taxpayer or any person who has a contractual agreement with the taxpayer to use his trademark, trade name, or the like.

Then we have a number of other detailed limitations to be sure we do not have abuses under this particular amendment.

I will yield for a question to the distinguished Senator from California.

Mr. TUNNEY. As I understand the Senator's amendment, it would provide for a plowback which would mean that none of the depletion moneys which would benefit the independent oil companies could be used for any purpose other than for exploration and development for new oil and gas resources; in other words, that this money that was to be received from the depletion allowance could not be used for such things as paying dividends to the owners of the company or for lateral investment in some other type of enterprise.

Mr. BENTSEN. A qualified investment would be intangible drilling and development costs, certain specified exploration costs, depreciable assets used in development or production, including the gathering facilities, secondary and tertiary recovery, lease acquisition costs limited to one-third of the production. In short, yes.

Mr. TUNNEY. I thank the Senator.

Mr. BUMPERS. Mr. President, will the Senator yield?

Mr. BENTSEN. I yield to the distinguished Senator from Arkansas.

Mr. BUMPERS. One question the Senator might have covered in his opening presentation that I was not sure of. If a consortium of oil companies, such as ARAMCO, should form a similar consortium in Canada where each of the 10 companies own 10 percent of the site, and it was a subsidiary—well, it would be owned by 10 major oil companies, but did not file a consolidated return, would such a consortium be entitled to the 3,000-barrel exemption?

Mr. BENTSEN. Foreign production would not be entitled to the 3,000 barrels.

Mr. BUMPERS. What language is there in the Senator's amendment that prohibits them from taking this action?

Mr. BENTSEN. All foreign depletion is repealed.

Mr. BUMPERS. If the Senator can find it I would like to have it.

Mr. BENTSEN. I would be delighted to provide it to the Senator.

Mr. President, I urge my colleagues to support the amendment.

The PRESIDING OFFICER. Will the Senator restate his request? The Chair did not hear it.

Mr. BENTSEN. I urge my colleagues to support the amendment.

Mr. CRANSTON. I would like to speak just very briefly about the amendment of the Senator from Texas and, particularly, I want to make sure that my being listed as a cosponsor in today's RECORD was an error.

I am not a sponsor of the amendment of the Senator from Texas. I think it has a lot of merit in certain respects, but I oppose it for two basic reasons.

First, I believe that the last vote indicated that the amendment I have offered provides a basis for compromise that can win enough support to bring about cloture, if cloture is necessary once agreement is reached upon the basis of this amendment, since there were 60 votes against tabling it.

Second, the amendment of the Senator from Texas produces what amounts to a double exemption for the independents, and I think that makes less the likelihood of getting it through the Senate, and makes it less likely that we will achieve a compromise solution for all of us with the House when the bill goes to conference.

To be explicit about that difference, the amendment of the Senator from Texas permits a producer to take 3,000 barrels a day exemption for oil and on top of that, 18,000 cubic feet exemption for natural gas. That amounts to a double exemption for those producers with both oil and gas wells.

On the other hand, my amendment limits producers to one exemption which can be taken in combination of oil and gas, but cannot exceed the equivalent of 3,000 barrels of oil.

The other principal difference is that my amendment seeks to deal with the difficulty of allowing the depletion allowance to be used in a way that enables the taxpayer to pay no income taxes at all despite the fact that they have what appears to the average citizen to be a huge income.

My amendment avoids that difficulty, by barring taxpayers from using the percentage depletion allowance to avoid payment of all income tax.

The amendment does this by imposing a limitation that percentage depletion may not exceed 50 percent of all taxable income. This limit supplements the existing limitation that percentage depletion on an individual property may not exceed 50 percent of the net income from that property.

For those reasons, I believe, basically, my amendment is superior and I believe it provides a better basis, based upon the analysis of the last votes, for working out our differences.

Mr. TUNNEY. Will the Senator yield?

Mr. CRANSTON. I am delighted to yield to the Senator.

Mr. TUNNEY. I would like to ask my distinguished senior colleague if he feels that it would be objectionable to include a plowback provision in his amendment.

I have great difficulty with the maintenance of any depletion allowance unless there is a provision this depletion allowance that is going to be used for the exploration, discovery, and production of oil.

I do not know how in this country we can any longer justify a depletion allowance that does not have such a nexus with the production and exploration of oil.

So I would like to know if the Senator would accept an amendment at the appropriate time which I will offer to his amendment to provide for plowback?

Mr. BENTSEN. If the Senator will yield, since we had that provision in there, I would comment to my good friend, the senior Senator from California, that at the present time we have taken care of the situation where the man, in effect, pays no tax by putting in an amendment, amended tax.

Mr. CRANSTON. I believe the plowback amendment may be a good amendment. I have not had time yet to analyze it, so I have not come to any conclusion in regard to it.

Since my amendment was not tabled, plainly there will be an opportunity for my colleague to offer a plowback amendment. I will certainly study the matter between now and that time, and maybe support it. I do not know. I want to try to analyze the effect of that upon the strength of my amendment and its ability to provide the basis for compromising our difficulties.

Mr. TUNNEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TUNNEY. I wonder what the status of the amendments are.

Is the amendment we are considering the Bentsen amendment which is now a perfecting amendment to the Cranston amendment, or is it a perfecting amendment to the Kennedy-Hollings amendment? Is it a substitute to those amendments? Where do we stand?

The PRESIDING OFFICER. It is a perfecting amendment to the language of title IV of the House bill which the senior Senator from California's amendment would strike and insert new language therefor.

Mr. DOLE. Mr. President, would the distinguished Senator from California yield for a question in reference to his amendment?

Mr. CRANSTON. Yes, but I do not have the floor.

Mr. DOLE. No, but I would like the Senator to respond to a question.

Mr. CRANSTON. What is the Senator's question?

Mr. DOLE. Well, the summary of the Senator's amendment indicates an overall limitation provides that the deduction for percentage depletion cannot offset more than 50 percent of all taxable income.

Is that not the law now? Is there any change in that provision in the present law?

Mr. CRANSTON. My amendment bases it upon the oil produced on the property. All taxable income produced by oil, natural gas, et cetera.

Mr. DOLE. Is there any significant difference between that provision in the Senator's amendment to what we have in the present law?

Mr. CRANSTON. Mine would apply to all taxable income. The present law does not apply that it is all taxable income.

Mr. DOLE. The present law applies only to income from a particular piece of property from any source of the oil, gas, or other operation?

Mr. CRANSTON. That is right.

Mr. DOLE. Or congressional salary, or whatever?

Mr. CRANSTON. Yes.

Mr. DOLE. Let me state, there is some

question which amendment is worse, the amendment of the Senator from California or the amendment of the Senator from Texas, insofar as the true independent is concerned. I do not want to know the language of the provisions, but could the Senator from California give an example of how his amendment might operate as opposed to how the amendment of the distinguished Senator from Texas might operate on a typical leasehold operation producing a thousand barrels per day? What would be the tax effect of each amendment?

Mr. CRANSTON. The difference, I believe, is that under the amendment of the Senator from Texas, all the money has to go back to development. Under my amendment, half can be kept.

Mr. DOLE. I think it would be very helpful to know what each amendment actually does in order to really make a decision, which no one is capable of on this. If the Senator would, in the interest of protecting what we believe are small independents in our States put a pencil to the Cranston amendment and someone to put a pencil to the Bentsen amendment on a typical leasehold and determine, if we can, under which amendment would the operator, the holder, come up the best?

Maybe the Senator from Texas has done that, but I have not seen any comparison between the Bentsen amendment and the Cranston amendment. If the Senator from Texas will——

Mr. BENTSEN. Will the Senator restate his question?

Mr. DOLE. Which amendment offers the true independents we are really trying to protect the best result?

Mr. BENTSEN. I would say to the distinguished Senator from Kansas that my provision, it seems to me, really takes care of the men out there drilling those wells. He is in a situation where he has to put that money back in the ground. That is a real incentive for additional exploration, to add to the reserves of this country.

In addition to that, mine provides for the 3,000 barrels of oil exemption, and the equivalent 18 million cubic feet of gas. I think that gives stronger competition to the major.

Mr. DOLE. Does the amendment of the Senator from Texas apply to the producing interests?

Mr. BENTSEN. That is correct.

Mr. DOLE. The holders of mineral rights?

Mr. BENTSEN. Yes. I want to make this point clear. I want to be sure I am covered. There is not a plowback provision for the royalty owner. If you try to get that plowback provision, suppose you have a farmer who drills on his land and he ends up with a royalty interest. Are we going to insist that he get into the oil business? I looked at that in the beginning and said we would make them put it in a drilling fund. But you run into all kinds of limitations in States where they preclude anyone from doing it by saying, for example, that they cannot put less than $5,000 in one of these drilling funds because it is a high risk business.

Mr. DOLE. On the owner's royalty, would any portion thereof receive the benefit of the depletion allowance under the proposal?

Mr. BENTSEN. The royalty owner would get the benefit of the depletion allowance.

Mr. DOLE. He would get the benefit of the depletion allowance without any plowback?

Mr. BENTSEN. He has no plowback provision because we could not figure out a practical way to get him to do it.

Mr. DOLE. I share the Senator's concern.

Both Senators have been most helpful to those of us who are trying to make a judgment, who sincerely believe that if we are to have this depletion amendment at all on this bill, that we ought to really know how the Bentsen amendment, the Cranston amendment, or some other amendment would apply and what the result will be. We have the broad outlines. We have the language. We are now busily engaged in determining how each would apply. It seems to the junior Senator from Kansas that we could make a much better judgment if we had the facts before us.

Mr. CURTIS. Will the Senator yield?

Mr. DOLE. Yes.

Mr. CURTIS. I have a number of questions and I think answers to them would be very helpful.

One of them is what will be the effect of these amendments on the owner of a royalty? Another question that I think we ought to have some information or is what constitutes a plowback?

In other words, if the recipient of a small royalty, a few dollars, a few hundred dollars, or just a few thousand dollars gets a royalty check and is entitled in his own tax return to a depletion allowance, what does he have to do to effect plowback?

Can the distinguished Senator tell me what constitutes plowback?

Mr. DOLE. The colloquy that the Senator from Kansas just completed with the Senator from Texas, as I understand it, means plowback does not apply to the royalty owner. The royalty owner does have the benefit of the depletion allowance under the Bentsen amendment.

The Senator from Kansas is not certain what would happen under the amendment offered by the distinguished Senator from California (Mr. CRANSTON). I do not see Senator CRANSTON in the Chamber at the moment.

The royalty owner would not be required to plow back for reasons that I think are very just, unless we want to force him into the oil business. I agree with the Senator from Texas that that would not be very practical.

Mr. CURTIS. How small can an independent oil man be?

Mr. DOLE. In the State of Kansas, they can be very small. We have 10,000 wells that produce less than 1 barrel per day average. Many of our wells produce less than 5 barrels per day average. I do not know how many of those wells might be owned by one person or one company. I assume an independent could be one oil well producing less than a barrel a day.

Mr. CURTIS. Suppose that individual is long past retirement age and needs that money? How does he effect a plowback?

Mr. DOLE. That is a question I cannot answer.

Mr. CURTIS. What does one have to do to meet the requirement of plowing back?

Mr. DOLE. I think it is a good question. I would be happy to yield to the Senator from Texas to answer the question posed by the Senator from Nebraska.

What happens to an individual who may own one or two wells? Is he forced to plow back any benefits he receives through depletion?

Mr. BENTSEN. That is correct. If it is one or two wells, with just a small production, he would soon be faced with the problem of a plowback. One would presume if he had one or two wells he was in the oil business.

Mr. DOLE. How is "plowback" defined?

Mr. BENTSEN. The plowback would be for intangible drilling and development costs, certain specified exploration costs, depreciable assets used in development or production, including the gathering facilities, secondary and tertiary recovery, lease acquisition costs limited to one-third of the deduction.

Mr. DOLE. Does that respond to the question of the Senator from Nebraska?

Mr. CURTIS. It does, to a certain degree. But I still raise a question about the fact that there might be some very small producers and under the definition they are oil producers and they are independents. Yet their total income from it is rather small. It may be held by an individual who is not in an economic position to carry on a plowback program. I just raise the question since we might want to consider a minimum cutoff where income below that amount does not have to meet a plowback requirement.

Mr. BENTSEN. I will say to the distinguished Senator from Nebraska if that person has a well or two wells, I think they are in the producing business. They have the ability under those circumstances normally to continue in it. I would oppose a lower limit on it.

Mr. DOLE. The distinguished Senator from Nebraska has raised a very sound point. It appears that this might be compromised. There are a number of very small producers who own wells producing less than a barrel per day. Perhaps after we adjourn we might discuss that with the Senator from Texas and the Senator from California.

Mr. CRANSTON. Mr. President——

Mr. BENTSEN. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. CRANSTON. I would like to say to the Senator from Kansas, if I may have his attention, that the purpose of the provision in my amendment, which relates to seeking to prevent anybody from paying no income tax at all as a result of the depletion allowance, is to prevent the depletion allowance from being used as a shelter for income earned in some other capacity or in some other way.

For example, if somebody has a $500,000 depletion allowance and that same person has a salary of $500,000 coming in, he cannot use the $500,000 depletion allowance to wipe out all taxes that he might otherwise have to pay on the income he got from the other source. He would be permitted to use only half of that. So if he earned $500,000 in General Motors stock, he could take half of the $500,000 depletion and apply it there and cut down the taxable income to $250,000. That is the purpose of the amendment.

Mr. DOLE. If all of his income were from oil and gas, would it still be 50 percent?

Mr. CRANSTON. Yes, there would still be a 50-percent limit. That is in the present law, not my amendment.

Mr. BUMPERS. Will the Senator from Kansas yield for a question?

Mr. DOLE. I yield the floor.

Mr. BUMPERS. Mr. President, I ask the distinguished Senator from California whether his amendment or the amendment of the distinguished Senator from Texas touch on the question of foreign tax credits?

Mr. CRANSTON. My amendment does, and it provides enough income to offset the lost income from the exemption for the independents. It touches foreign-earned income in a number of ways. It removes a number of exemptions and produces a very significant amount of money. I think the figure is $640,000.

Mr. BENTSEN. I say to the distinguished Senator from Arkansas that I strongly support limitations on the foreign tax credit, and I have introduced separate legislation on that issue. But I did not add it to this specific amendment. This amendment is limited to the depletion allowance.

Mr. BUMPERS. Does the amendment of the Senator from California make a distinction between what we sometimes refer to as a legitimate income tax in such nations as Canada, as opposed to those where we say the oil companies have used the royalty device in the Persian Gulf States?

Would the Senator like me to repeat the question?

Mr. CRANSTON. Yes, please.

Mr. BUMPERS. Is there a distinction made in the amendment of the Senator from California between the tax credit which has been enjoyed by the major corporations in such countries as Canada, where there is a legitimate income tax, and the tax in the Persian Gulf States, a tax about whose legitimacy some of us have questions and in which instances some of us feel the oil companies have used a royalty device as a tax credit?

Mr. CRANSTON. There is a difference. My amendment eliminates the abuse where the tax is disguised as a royalty overseas and leads to a large escape from taxation.

Mr. BUMPERS. I have one other question.

I am curious as to what language in the amendment of the Senator from California covers that problem?

Mr. CRANSTON. It is limited to oil and gas extraction. That is what limits it to the matters we are concerned with in this legislation.

Mr. BUMPERS. Would a corporation such as Exxon, which has production in Canada and actually pays a Canadian income tax on its production there, still be entitled to a tax credit in the United States against that income?

Mr. CRANSTON. The answer is yes—up to 48 percent, which puts them on an equal footing with other businesses.

Mr. BUMPERS. With respect to the same situation, for example, in Saudi Arabia, would a company enjoy the same privilege there, or does the Senator treat the taxes paid——

Mr. CRANSTON. They would enjoy the same privilege, up to 48 percent, again putting them on an equal footing with other businesses, but eliminating the advantage that the oil companies have over other forms of business.

Mr. BUMPERS. I am not sure that I am clear on that, but I do not want to take any more time. I will try to talk to the Senator privately about it.

Mr. ALLEN. Mr. President, since the situation——

The PRESIDING OFFICER. The Senator from Texas has the floor.

Mr. BENTSEN. I will yield for a question.

Mr. ALLEN. I want to make a comment, if I may.

Mr. BENTSEN. I will yield in a moment.

Mr. President, we have been debating depletion all afternoon, and I think we are pretty familiar with the issue now. I am prepared to vote, if the Senate is.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. BENTSEN. I will yield for a question.

Mr. BARTLETT. Would the small producers, those who operate a well or two or four or five, who may have a very small production from several wells, still be required to plow back or have a reduced income?

Mr. BENTSEN. I say to the Senator that they would be required to do so. It would be a small amount of money we are talking about plowing back.

Mr. BARTLETT. Does the Senator consider that this would be valuable in achieving more energy? Why does he want it to apply to the very small operators, who could find that this reduction of the depletion allowance could make a difference, and could require a number of small wells to be plugged that otherwise it would not be necessary to plug? I think the Senator knows that in his own State of Texas, although the average wells are larger, Texas has small wells, too, and this could make a difference.

Mr. BENTSEN. I say to the Senator from Oklahoma that I think it adds another element, in that it puts a limitation on the bottom side. We are trying to determine what it should be, and we add one more dimension to the debate. I would like to keep it as simple as we can.

Mr. BARTLETT. Mr. President, will the Senator yield further?

Mr. BENTSEN. I yield.

Mr. BARTLETT. Will the Senator agree that protection on the bottom side is needed, so that this would not require that they abandon stripper wells that could be producing for a number of years? Would the Senator be agreeable to some kind of exemption on the lower side?

Mr. BENTSEN. I say to the Senator from Oklahoma that I think it would be very difficult to make it practical.

Mr. BARTLETT. Will the Senator repeat that?

Mr. President, I cannot hear the Senator from Texas.

The PRESIDING OFFICER. Will the Senator from Texas repeat his last statement?

Mr. BENTSEN. My statement to the Senator from Oklahoma was that if we add another limitation by trying to put a floor under this, I do not know where we stop. I think we would have some difficulty in trying to determine where that kind of cutoff should be.

Mr. BARTLETT. I ask the Senator if it is not important to protect the small stripper wells from premature abandonment that could be occasioned by increased costs due to the increased taxes that would take place?

Mr. BENTSEN. I understand the problem.

Mr. BARTLETT. Would the Senator be agreeable to such an amendment?

Mr. BENTSEN. I would have to see the amendment.

Mr. BARTLETT. Mr. President, will the Senator yield further?

Mr. BENTSEN. I have been yielding for some time, and the Senator from West Virginia has been seeking recognition. I yield for one more question.

Mr. BARTLETT. It seems to me that the proposal of the Senator from Texas is very far reaching, as is that of the Senator from California. I have been unable to obtain a copy of the unprinted amendment of the Senator from Texas. I think it would be very helpful to all of us tonight to have copies of both amendments, so that we could compare them and see what is included, and carry this matter over to tomorrow, so that we could make a judgment as to just what is involved in both amendments, as well as that of Senator HOLLINGS.

Is there any objection on the part of the Senator from California?

Mr. BENTSEN. I am not prepared to agree to that at this time.

I yield to the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I am speaking on my own time rather than the Senator from Texas (Mr. BENTSEN) yielding to me; is that correct?

The PRESIDING OFFICER. Yes.

Mr. RANDOLPH. Mr. President, I have an intense interest in the questions that have been asked by the Senator from Kansas (Mr. DOLE) and other Senators who have directed their attention particularly to small and independent oil and gas producers.

During this debate—and it is understandable—we have principally discussed the depletion allowance as it is applied to the production of oil. I now direct the attention of Senators to the depletion allowance as it applies to natural gas. I think this is often overlooked when our remarks tend to focus on major oil producers; but concern for natural gas production is important as we consider the amendment of the Senator from Texas (Mr. BENTSEN) in which I have joined as one of the several cosponsors.

Let us briefly look at the U.S. energy supplies which come from five primary sources: crude oil, 46 percent; natural gas, 31 percent; coal, 18 percent; hydroelectric power, 4 percent; and nuclear power, 1 percent. The burden of our domestic energy production falls heaviest on petroleum, with natural gas providing almost one-third of our energy requirements.

Until 1965, the United States produced more petroleum than it used. Since then, demand for petroleum has exceeded production, as artificially low prices for natural gas drove investors from exploration into more lucrative investments. The result was a steady decline in the ratio of proved reserves to production in the lower 48 States. The gap between domestic supplies and consumer demand continues to widen and the United States must turn increasingly to imported oil to fill the gap.

Mr. President, it is estimated by Chase Manhattan Bank that the petroleum industry will have to invest more than one-half trillion dollars in U.S. operations between 1970 and 1985, just to keep pace with demand. That is money to purchase leases; to explore for and develop new and existing oil and gas fields; and to transport, refine, and market petroleum. The industry also must pay for research, administrative costs, and taxes. This money is expected to be derived about one-half from retained earnings and one-half from borrowed capital. However, such vast amounts of capital will be difficult to raise.

Even now, Mr. President, West Virginia and many other areas of our country are experiencing natural gas curtailments. In order to reverse this trend economic incentives will be needed to stimulate new energy supplies on a regional as well as national basis.

Let us address our attention, Mr. President, from the great oil producing areas of the Earth to the State of West Virginia. In 1973 the State of West Virginia furnished almost 1 percent of our domestic natural gas supplies, some 208 billion cubic feet, in addition to some 2,385,000 barrels of oil.

Mr. President, I request unanimous consent that a table of U.S. petroleum production by State for 1973 appear in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PETROLEUM PRODUCTION IN THE UNITED STATES IN 1973 (BY STATE)

State	Crude oil (thousand barrels)	Marketed production of natural gas (million cubic feet)
Alabama	11, 677	11, 271
Alaska	72, 323	131, 007
Arizona	804	125
Arkansas	18, 016	157, 529
California	336, 075	449, 369
Colorado	36, 590	137, 725
Connecticut	0	0
Delaware	0	0
Florida	32, 695	33, 857
Georgia	0	0
Hawaii	0	0
Idaho	0	8
Illinois	30, 669	1, 636
Indiana	5, 312	270
Iowa	0	8
Kansas	66, 227	893, 116
Kentucky	8, 687	62, 393
Louisiana	831, 524	8, 242, 420
Maine	0	8
Maryland	0	290
Massachusetts	0	9
Michigan	14, 614	44, 576
Minnesota	0	0
Mississippi	56, 102	99, 706
Missouri	60	33
Montana	34, 620	56, 175
Nebraska	7, 240	3, 836
Nevada	96	0
New Hampshire	0	0
New Jersey	0	0
New Mexico	100, 986	1, 218, 749
New York	967	4, 539
North Carolina	0	0
North Dakota	20, 235	27, 703
Ohio	8, 796	93, 610
Oklahoma	191, 204	1, 770, 980
Oregon	0	0
Pennsylvania	3, 282	78, 514
Rhode Island	0	0
South Carolina	0	0
South Dakota	275	0
Tennessee	201	20
Texas	1, 294, 671	8, 513, 850
Utah	32, 656	42, 715
Vermont	0	0
Virginia	(1)	5, 101
Washington	0	0
West Virginia	2, 385	208, 676
Wisconsin	0	0
Wyoming	141, 914	357, 731
Total, United States	3, 360, 903	22, 647, 549

[1] Less than 500 bbl.
Source: U.S. Bureau of Mines.

Mr. RANDOLPH. Mr. President, let us now consider exactly what we are talking about when we speak of increasing domestic oil and gas production and domestic independents. I understand this subject somewhat, because my father, Ernest Randolph, was one of the largest independent oil and gas producers in West Virginia. I worked in the fields in my teen years.

Let us come to the year of 1975. We will have approximately 1,500 to 1,600 wells drilled in West Virginia in exploration for natural gas. If they find some oil, well and good, but they are not drilling for oil; they are drilling for natural gas. The number varies a little from year to year—but these 1,500 wells will average $100,000 each in drilling costs for hoped-for natural gas—the range is from about $90,000 to $110,000 per well.

Let us remember that we are not discussing drilling at 15, or 17, or 19 thousand feet. We are talking about relatively known geological formations at about 3,500 feet. So we know what we are drilling for and we know that the natural gas is present in certain amounts.

Nearly all, some 100 percent of these wells, will be developed by what can be classed as small, independent producers. This would be a group of men and women who come together, to organize a little company. Very frankly, they each may invest $1,000 or $2,000 or $3,000.

Back in the fifties I joined a group of individuals in West Virginia as we organized the MCF Gas Co. That is million cubic feet.

The geologists, had told us that in Randolph County, where I live, there was no natural gas.

The major oil and gas companies had moved out; they had released their leases. They were not interested in exploration. Hundreds and hundreds of leases were given up.

So we did some wildcatting; we drilled a certain number of wells—21 in all—14 of them producing. They were small producers.

Others came into the area—an area that was said not to contain natural gas in any quantities that would be worthwhile. In all, approximately 110 wells were drilled by small entrepreneur independents who were investing their dollars in the exploration for natural gas.

I sold my MCF Gas Co. stock when I came to the Senate in 1958. However, that company still continues to pay a small dividend to those who hold stock at the present time.

If we were to eliminate that depletion allowance—forgetting oil and talking of natural gas in West Virginia—I am provincial and also reasoned as I look not only at the local implications but at the national perspective that we discussed. If we were to have a total elimination of the depletion allowance, we would be drilling, not 1,500 wells in West Virginia in 1975; we would be drilling, possibly, not in excess of some 750 wells. Almost one-half or more wells will not be drilled in the State of West Virginia.

One might say its does not matter whether those wells are drilled. It matters to every man and women in this country who is concerned that an energy program here at home will develop domestic supplies so we will not need to rely on energy which comes from abroad. The average addition to reserves for each well is 200 million cubic feet if that well is successful.

Let us remember that natural gas is a major provider of energy for industry and business in this country. It is not just a byproduct of oil production. It is something that is basic in America. So these 1,500 wells that we would be drilling in West Virginia this year—as we drilled last year and as we drilled them in 1973—would add to our natural gas reserves a total of 250 billion cubic feet.

One might ask, what is that equivalent to? It is equivalent to almost 1 percent of the total natural gas production in the United States of America. West Virginia production is .9 percent of our domestic natural gas production.

I stress to my colleagues that we must think of the bits and pieces, as it were, which are important to the development, the continued exploration for natural gas in a State like West Virginia.

In West Virginia there also are potentially significant new supplies in deep geological formations that could be developed. This will require a special price reflecting the increased cost over national average prices. Current price structures discriminate against West Virginia producers thus discouraging exploration. Changes are necessary to spur this new development.

For several months the Federal Power Commission has been considering a petition to establish a special price for Appalachia to stimulate the development of these new supplies. I have urged the Federal Power Commission to give an affirmative decision on this petition. These intrastate supplies can be developed competitively with interstate supplies. Therefore, West Virginia users would not be adversely affected by excessive prices.

These are some of the reasons why I felt a responsibility to join in an amendment such as has been presented by the Senator from Texas (Mr. BENTSEN). There are others of us in this body who recognize the importance of natural gas. This is the need for the small producer, that person who takes a chance, a calculated risk, with whatever amount of money he has to invest in a wildcat or small producer well. He may risk, as I have said, $1,000 or $2,000 or $3,000 when a group comes together. They organize a company and they drill for natural gas in a State such as West Virginia. This also is true in Kansas. It is true in a dozen or more States. I am not certain of the number. It is very important, therefore, that we recognize that there is genuine equity to an amendment such as is offered by the Senator from Texas (Mr. BENTSEN).

I hope it will receive the approval of the Senate.

Mr. PEARSON. Mr. President, I am pleased to join as a cosponsor of this amendment offered by the distinguished Senator from Texas (Mr. BENTSEN). It is a well-drawn amendment. I believe it will accomplish the objectives sought. I am convinced those objectives are sound.

I do not believe that retention of the depletion allowance for the major integrated oil companies is any longer necessary or desirable. On the other hand, I am convinced that keeping the depletion allowance for the independent unintegrated producers is definitely in the national interest.

Mr. President, one of the key issues before us is how do we expand domestic oil and gas exploration and development efforts. Or, to put it another way, how do we avoid inadvertently adopting measures which although unintended would have the effect of discouraging domestic oil and gas exploration.

I am convinced that denying the depletion allowance to the independent producer would, in fact, have a discouraging impact on the efforts to find new domestic oil and gas reserves. And that is why, I believe, adoption of this amendment is so very important.

I do not support this amendment so that some independent producer can get a special tax break, but because I want that independent to continue and indeed to accelerate his efforts to discover new reserves of oil and gas. I believe that this amendment will help achieve this.

This amendment retains the percentage depletion allowance for the first 3,000 barrels of average daily production for crude oil and the first 18 million cubic feet of average daily production of natural gas. However, it is extremely important to note here that this exemption will not be available to any producer who is engaged in the marketing or distributing of refined petroleum products.

An important aspect of this amendment is the plowback provision. Under this provision, the producer's deduction must be expended in qualified investments within a 24-month period. In other words, the tax benefits derived from retaining the depletion allowance must be used for further exploration and development efforts.

Mr. President, the small independent producers are the backbone of the exploratory efforts in the United States. Of the 10,000 producers of petroleum, only 70 produce over 3,000 barrels. The independents drill over 85 percent of the exploratory wells.

The independents rely heavily on the depletion allowance to finance their exploration efforts and, in particular, to attract risk capital which is needed to support the extremely high costs of drilling. Without the depletion allowance, it is most unlikely that they will continue to accelerate their drilling efforts to the level that is in the national interest, even if prices should continue to rise above already high levels.

Mr. President, it seems to me that this amendment is important not only because I believe that it will encourage continuation of exploration and development efforts by the independents, but also because it will help prevent further concentration at every level of the domestic petroleum industry. It has been my observation over the years that whenever the Congress and the administration take actions aimed at establishing certain controls or regulations over what are considered to be excesses or abuses in the oil industry, we inevitably seem to wind up making things easier for the big major integrated oil companies and more difficult for the small independent producers.

The fact of the matter is that the industry is made up of two very different types of operations. The majors and the independents operate under different economic conditions and different rules. And it would be a great mistake, it seems to me, in rewriting the Tax Code if we would fail to note these differences and take actions which would penalize the independents because we want to close a tax loophole that the major oil companies no longer need.

Mr. President, the major integrated oil companies, through their refineries and retail outlets and other sources of capital, simply do not need the depletion allowance to finance new exploration and development efforts. But the independents do. Senator BENTSEN has cited the fact that the independent producer's ability to finance future exploration without percentage depletion has been estimated to be between 15 to 30 percent lower due to reduced cash on hand and an unestimated additional reduction due to the reduction in outside risk capital that would result from the removal of the depletion allowance.

Mr. President, this is a good amendment. I urge its adoption.

Mr. HOLLINGS. Mr. President.

Mr. ALLEN. Mr. President.

The PRESIDING OFFICER. The Senator from Texas has the floor.

Will the Senator from Texas yield?

Mr. BENTSEN. I yield to the Senator from South Carolina (Mr. HOLLINGS).

Mr. HOLLINGS. Mr. President, I call up my amendment to the Bentsen amendment and ask that the clerk state it.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. HOLLINGS. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike subsection (c)(1) of the new section 613A proposed to be added to the Internal Revenue Code by the Bentsen amendment and insert the following:

"(c) Small Producer Exemption.—

"(1) In general.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the producer's average daily production of domestic crude oil as does not exceed 1,000 barrels, and

"(B) so much of the producer's average daily production of domestic natural gas (other than natural gas with respect to which subsection (b) applies) as does not exceed 6,000,000 cubic feet.

Strike in subsection (c)(3) the number "3,000" wherever it appears and insert in lieu thereof the number "1,000" and strike the number "18,000,000" wherever it appears and insert in lieu thereof the number "6,000,000".

Mr. HOLLINGS. I simply changed the 3,000 barrels to 1,000 barrels a day and changed the 18 million MCF to 6 million MCF. That is substantially what it does.

In other words, I was rather moved by our colleague from West Virginia and his two or three little people that get the $1,000 together, the little individual investors, who are to become the "endangered species," and I multiplied that by 1,000. I come all the way up to those grossing $1,360,000. I try to get that fellow so we can recognize him in ordinary clothes. We go all the way up to the Bentsen amendment, the 3,000 barrels or the $10,950,000 a year operator. What we are really doing is giving him $2.5 million in windfall profits in addition to the annual profits.

So I think, after having talked with colleagues on both sides of the aisle, some kind of consideration—and I acknowledge the vote on the Cranston tabling motion—that there is that sentiment within the Senate. I would like to have it cleaned out entirely, but we really come down to the independent, that 1,000 barrels a day really multiplies time over and again. That 6 million, bringing it down from 18 million cubic feet to 6 million, is still a substantial operation. So that is what my amendment would do.

CLOTURE MOTION

Mr. HOLLINGS. Mr. President, I send to the desk a cloture motion, and ask that it be reported.

This is in conformance with the representation we made earlier today, that probably is going to have to be viewed in the circumstances that exist on Thursday when the time for the vote on that cloture motion arrives. I would have to confer with the copetitioners for cloture at that particular time as to whether or not to proceed with it, but this should be done before we close out the day, and I ask that the clerk report my motion for cloture.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. Goldwater). A cloture motion having been filed pursuant to rule XXII, the Chair lays before the Senate the cloture motion, which the clerk will state.

The legislative clerk read as follows:

> CLOTURE MOTION
>
> We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 2166, to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.
>
> Ernest F. Hollings, Floyd K. Haskell, Vance Hartke, William D. Hathaway, Gaylord Nelson, George S. McGovern, Joseph R. Biden, Jr., John O. Pastore, Richard S. Schweiker, Gary W. Hart, Thomas J. McIntyre, Birch Bayh, Philip A. Hart, Clifford P. Case, Mike Mansfield, Joseph M. Montoya, Claiborne Pell, Abraham Ribicoff, Walter F. Mondale, Alan Cranston and Edmund S. Muskie.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays on my amendment.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. What is the pending request before the Senate?

The PRESIDING OFFICER. Will the Senator suspend? The yeas and nays have been requested. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. CURTIS. May I inquire what is the pending request of the Senator from South Carolina? I understood that he propounded a unanimous-consent request.

The PRESIDING OFFICER. The Senator from South Carolina submitted a cloture motion, which has been reported. He has also offered an amendment to the amendment offered by the Senator from Texas, on which the yeas and nays have been ordered.

Mr. CURTIS. There has been no unanimous-consent request pending?

The PRESIDING OFFICER. Only that the Chair be allowed to have the clerk report the cloture motion, which has been done.

Mr. CURTIS. Very well.

The PRESIDING OFFICER (Mr. Goldwater). The question is on agreeing to the amendment of the Senator from South Carolina (Mr. Hollings). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAGNUSON. Mr. President, may we have order.

The PRESIDING OFFICER. The Senate will be in order.

The clerk will resume.

The legislative clerk resumed the call of the roll.

Mr. RANDOLPH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. It is not in order during the rollcall.

Mr. RANDOLPH. Then, Mr. President, please clear the well.

The PRESIDING OFFICER. Senators will please clear the well.

The legislative clerk resumed and concluded the call of the roll.

Mr. BUCKLEY (when his name was called). Mr. President, as members of my family own oil royalties on which depletion is taken, I ask unanimous consent that I be permitted to vote "present."

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. Chiles) the Senator from Massachusetts (Mr. Kennedy), the Senator from Maine (Mr. Muskie), the Senator from Alabama (Mr. Sparkman), and the Senator from Rhode Island (Mr. Pastore) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. Pastore) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. Packwood), and the Senator from Pennsylvania (Mr. Scott), are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft), is absent due to illness.

I further announce that, if present and voting, the Senator from Pennsylvania (Mr. Scott) would vote "yea."

I further announce that the Senator from New York (Mr. Buckley) voted "present."

The result was announced—yeas 41, nays 49, as follows:

[Rollcall Vote No. 71 Leg.]

YEAS—41

Abourezk
Biden
Brooke
Cannon
Case
Clark
Culver
Eagleton
Glenn
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Javits
Leahy
Magnuson
Mathias
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Nelson
Nunn
Pell
Proxmire
Ribicoff
Roth
Schweiker
Stafford
Stevenson
Stone
Symington
Tunney
Williams

NAYS—49

Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Brock
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Church
Cranston
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Ford
Garn
Goldwater
Gravel
Griffin
Hansen
Helms
Hruska
Huddleston
Inouye
Johnston
Laxalt
Long
Mansfield
McClellan
McClure
McGee
Montoya
Pearson
Percy
Randolph
Scott,
William L.
Stennis
Stevens
Talmadge
Thurmond
Tower
Weicker
Young

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—8

Chiles
Kennedy
Muskie
Packwood
Pastore
Scott, Hugh
Sparkman
Taft

So Mr. Hollings' amendment to Mr. Bentsen's amendment was rejected.

The PRESIDING OFFICER. The question now recurs on agreeing to the amendment of the Senator from Texas.

Mr. BENTSEN. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The yeas and nays have been ordered and the clerk will call the roll.

Mr. MANSFIELD. Mr. President, the Senator from Nebraska was seeking recognition.

The PRESIDING OFFICER. The Chair is advised that the Senator from Nebraska was seeking recognition before the call for the roll.

Mr. CURTIS. I thank the Chair.

Mr. President, I wish to state my position on this whole matter of tampering with the oil depletion so far as our domestic production is concerned.

I am fully aware that many very conscientious and fine Members of this body feel very strongly from the standpoint of tax revision that they ought to do something about oil depletion.

The PRESIDING OFFICER. Order, please.

Mr. CURTIS. I believe, however, that the overriding issue for this country is increasing our supply of domestic oil. I do not think we can serve the interests of the rank and file of our citizens by any bill that does not add to our oil production in this country.

We are told that we are now 40 percent dependent upon foreign shores for our oil and that according to present trends it is going to go to 50 percent.

Mr. President, that means that nations outside our shores——

Mr. STENNIS. Mr. President, I call for order.

The PRESIDING OFFICER. The Senator will suspend until we have order. The Senators will take their seats. The Senator wil suspend until we have order.

Mr. CURTIS. Very well.

The PRESIDING OFFICER. The Senators conversing, please go to the cloakroom.

The Senator will proceed.

Mr. CURTIS. I shall not take more than 2 or 3 minutes more.

But I believe if the time comes when a foreign nation or a group of foreign nations can make a decision that shuts off the supplies to agriculture, that shuts off the supplies of petroleum to the airplanes, that shuts off the supplies of petroleum to industry and to our homes, we are at a very bad position.

I think dealing with that problem is far superior to any notion we might have about tax reform.

Now, I believe that the oil depletion was placed in the code for a reason. If we find oil under our land and pump it out and sell it, it is gone, it is not reoccurring income like wages or a wheat crop, or something else that can be produced the next year. It is a sale of a capital asset. There is a reason for it.

I would also like to state that in this job of providing energy for our domestic economy, yes, for our national defense, that we need all of the oil companies. I hold no brief for the majors, but I would like to have the majors find all the oil in the United States, and particularly in Alaska and elsewhere, that they can.

If I thought that any of the proposals would increase the production of oil in this country, I would support it, but I am satisfied it will decrease it. I do not think that is serving the rank and file of the people of my State, even though most of them have no interest in oil whatever.

Also, I believe it is well established that the depletion allowance lowers the cost to the consumer.

Now, the bulk of the testimony by witnesses before the Committee on Finance, including George Meany, was to the effect that in this bill we ought not tamper with the repeal of the depletion allowance.

But for overriding reasons, for the defense and the going ahead full steam with our economy, I shall vote against tampering with the depletion on this bill particularly, and I think totally unless we have time to examine a proposal and have hearings.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. CURTIS. I yield the floor.

Mr. LONG. Mr. President, I will vote for a reduction of the depletion allowance and I may very well vote for the Cranston amendment. But, Mr. President, I do want to make this clear. There have been some very misleading statements made here.

For example, the Senator from South Carolina and his colleague from Massachusetts came before us and talked about the taxes these companies are paying. For example, they stated Exxon pays 6.5 percent, Texaco pays 1.7 percent.

Mr. President, we obtained from their filings with the Securities and Exchange Commission what those companies reported as taxes and here are those figures in the pamphlet by the Finance Committee which I will make available.

Exxon on their foreign oil paid 78 percent of gross income in tax. That is not including the tax at the pump. That is the tax they paid the foreign nations.

The big 10 that can go overseas paid an average of 70.3 percent. Take Texaco, for example. The Senator told us that Texaco paid 1.7 percent. Now, what does the filing of tax data with the Securities and Exchange Commission show?

Well, on their foreign oil, Texaco paid 74.3 percent and on their domestic oil they paid 37.3 percent.

Now, for the big 10 companies, and mind you, Mr. President, these are the companies that we would propose to deny a depletion allowance, these are the ones the Cranston amendment would take it from.

Well, here is the tax on their entire income, not counting the tax at the pump, not counting the 10-cents a gallon that they collect and remit to the Government, but counting the income tax, the production taxes they pay the States and the property taxes they pay the States. They pay an average of 70.3 percent on the foreign income and they pay 42.9 percent on their domestic income.

Now, that is an interesting figure because the average for all manufacture is 38 percent. So in terms of taxes the oil companies pay, including the taxes they pay the State Governments, such as the severance tax in Louisiana where we collect 12 percent of gross before they ever know whether they made a nickel profit or not, they pay a total of 42.9 against an industry average for manufacturing of 38.

The point is that they are paying more taxes——

Mr. JACKSON. Will the Senator yield?

Mr. LONG. Yes.

Mr. JACKSON. We should make one thing very clear, and that is that these companies have a domestic corporation and the figure the Senator is referring to in the 48 percent bracket relates to what their earnings are as a domestic company, but when we put the domestic company in with the parent company, the figures that were indicated earlier by reason of the tax credit is that it brings them down to an average of 5 percent. That is what our investigation showed, am I correct?

Mr. LONG. Well, the Senator is in error, in my judgment. He is not considering the taxes that they pay to the foreign government.

Some nations do not tax one at all—in Great Britain they do not—on the income one makes when doing business in a foreign country.

They might pay an income tax when they bring it home, but they pay nothing there; but when they are doing business in a foreign land they pay an average of 70 percent. They pay an average of 42.9 percent doing business in this country.

Now, Mr. President, the chart in the back of the room to which I direct the Senator's attention, shows profits on oil, foreign divided from domestic, up through 1973.

Now, Senators will note that in recent years if we consider the depreciation and the value of the dollar, the red line which is domestic profits has hardly gone up in 1973, past the depreciation in the currency. In terms of constant dollars, there is hardly any increase at all.

Look at that line on foreign income, that has gone up by 1973 to 7.3, and the Hollings amendment would only collect $40 million taxes on that $7.3 billion of income on which the Cranston amendment would collect about $700 million. This is on the basis that even though they do pay a lot of taxes to foreign governments, we would like to collect some for our Treasury.

That is where the big profit is.

Mr. JACKSON. Will the Senator yield?

Mr. LONG. I will not yield at this moment until I make my point.

Mr. President, if you put the 1974 figures for profits on foreign oil on that chart, it will run right on off the chart. They are up another 20 percent for 1974.

On that red line, about one-third of that would be the independents, with regard to whom the Senator contends they should be permitted to keep a depletion allowance. A number of reasons can be given for that, but one of them is very simple: A major company can drill 50 dry holes in a row, and they have the income and the resources to write the 50 dry holes off again. There are very few independents who can stand it for as many as 10 or 12 dry holes, especially if they are costing $1 million apiece, and some of them do.

Furthermore, Mr. President, when you consider the competitive conditions, a major company, if they have to pay more taxes, have many places they can look to make it back. They can make it back in transportation, even including the transportation they are charging the independent to carry his oil. They can make it back in their refinery operations. They can make it back in their shipping operations.

Goodness knows, I tried to do something about their shipping operations last year and did not have any success. I tried to make them use American seamen.

They can make it back in their filling stations and their marketing operations. They have all kinds of places where they can make it back. A lot of it they can make back on the independent's oil, their competitior.

Mr. President, before this crisis occurred, I can recall a situation that existed in places like Shreveport, Louisiana, where half of the independent producers there had their rigs up for sale. They were broke. They were going out of business as fast as they could go out of business. Their number has been reduced from 20,000 independents down to 10,000. They were going out of business in droves at the time the price went up.

The Senator from Colorado made the point that the price has increased. Yes, it has.

The Senator did not bother to mention that at the prices before that increase they were all going broke. The independents were going out of business in droves prior to the time that the embargo hit and the price in the industry went up.

I know very well that many of them had their rigs up for sale in Shreveport, and I am sure many more in Dallas, where they could not even get takers. The rigs were worth scrap value because no one cared about them. There was not that much profit and they could not compete against the foreign oil. There was a decision made that we ought to buy foreign oil on the pure economics of foreign trade, not recognizing the fact that when you make this Nation dependent on foreign oil, you have a problem.

I just want to make another point, Mr. President. These companies do pay a great deal of tax. This depletion allowance has been criticized to the extent that I am willing to vote to drastically reduce it or eliminate it where the major companies are concerned.

I do say, Mr. President, as far as the great majority of independents are concerned they are not going to be able to attract any capital into their program. They will have to drill entirely with their own money. The probabilities are that over a period of time you are going to see the same mortality rate among the independents in the future as you have seen in recent years.

Mr. JACKSON. Will the Senator yield?

Mr. LONG. I yield.

Mr. JACKSON. I think the Senator makes a good point. There is a valid distinction between the oil company that operates entirely within the United States and the oil company that operates within the United States and abroad.

In the situation where a company operates abroad, they have a foreign affiliate and they can take as a deduction on their corporate tax over here the cost of their oil. The price they have to pay for the oil has been treated as a tax deductible item.

You have two companies, one company that is international with the same volume of oil but doing half of their business abroad, and an independent company doing all their business here. The independent company pays a higher corporate rate in the United States. Will the Senator agree?

Mr. LONG. That is the kind of thing that the Cranston amendment would get at. It would get at these gimmicks in the law that make it possible for all of this foreign oil to escape taxation to this Treasury while the domestic oil is paying a lot of taxes into the Treasury of the State and the Federal Governments.

Mr. JACKSON. Having said that, so we make the record clear when we talk about the major international oil companies paying a tax rate of 48 percent, this tax rate relates to the domestic entity. I am talking, however, about the parent company. I am talking about the consolidated tax return. When you look at the consolidated tax return, the investigation that the Investigations Subcommittee conducted shows that among major international oil companies their effective U.S. income tax rate, is 4 to 5 percent.

I want to make that distinction because I think my good friend from Louisiana was talking about a domestic company—I do not know which company he is referring to. Where they have a domestic corporation, certainly their tax rate is higher. But then when you take the international company and the domestic company and you consolidate it—and that is what you look at in the end—the average effective tax rate for major international oil companies is only about 4 or 5 percent.

Mr. LONG. Mr. President, the Senator comes up with that conclusion, ignoring the fact that they have already paid to the foreign government, which has the power to take 100 percent, including the company itself and is doing so in some cases.

Mr. JACKSON. I am talking about the basic issue. We are talking about several corporations. You end up with one corporation. When you get the consolidated tax return, and that is what counts, their effective rate of tax averages about 5 percent. General Motors is over 40 percent. Therein lies the problem.

I think the Senator's point that he has been making over the years is that if you stay in the United States as an independent you bear a higher rate of tax than if you go abroad and divide your business because of that tax writeoff. Then you can consolidate your return and your average corporate rate here goes down. I believe I am correct in this. If I am wrong, I will let the record speak for itself.

I think we are talking about different corporate entities. It is the consolidated return that you have to look at.

Mr. LONG. The point I had in mind about that, and I am in agreement with the Senator about this matter, is that even though they pay a great deal of taxes to foreign governments, goodness knows they can afford to pay a lot, if you have a well overseas that is producing an average of 10,000 barrels per day, as they are in Saudi Arabia, and a well here that costs the same thing to drill but only producing 10 barrels, if you have a well producing 1,000 times as many barrels of oil per day over there, you can pay a great deal more. Especially if you are permitted to charge $11 for it where here you are held below that point.

Any balanced approach on it ought to get a substantial amount of income off the foreign profits. That is where the big profits have been. That is why, Mr. President, I think the Senator's amendment in seeking to collect some of that tax on some of the foreign oil, and permitting the independents with 3,000 barrels or less to have a depletion allowance on that much, is a very good amendment. I think it serves a good purpose.

Mr. HARTKE. Will the Senator yield?

Mr. LONG. Yes.

Mr. HARTKE. This is one of the reasons why you ought to try to keep these things separate. In the first place, the foreign tax credit and the deferral of taxation on foreign-earned income and the profits are two of the biggest tax loopholes in the whole tax system. That is what the Senator from Louisiana is talking about. But I do think it is a mistake, really, to confuse the two.

The fact is that in relation to any type of foreign oil development, there is no necessity to take any depletion allowance. It is a non sequitur. It does not mean a thing to a foreign operation.

The difficulty with the Cranston amendment is that it does not cure the problem.

Mr. LONG. As I understand the problem, the Cranston amendment would eliminate the depletion allowance on all foreign oil.

Mr. CRANSTON. That is right.

Mr. LONG. So foreign oil would not get a depletion allowance. It would even eliminate the depletion allowance entirely so far as all the oil companies are concerned, so that they would not get one dollar of the depletion allowance even on their domestic oil.

I ask the Senator if that is correct.

Mr. CRANSTON. That is absolutely correct.

Mr. HARTKE. There is not a foreign oil company taking a depletion allowance, so something is eliminated that they are not taking.

Mr. LONG. There are some.

Mr. HARTKE. No major oil company is taking it. They have piled up credits which they have piled up over the years.

Why does not the Senator keep that part of the bill out and let us go separately on the tax credit? The difficulty with the Cranston proposal is that it deals only with $460 million out of $2,000 million which are presently being avoided in taxation.

Mr. LONG. I do not find any basic disagreement, no substantial disagreement, with the Senator on his facts, but I differ on the conclusion.

How can you justify it when you are counting on your own industry to save you, when you are holding your own industry down to $5 a barrel, while paying $11 for the foreign oil? How can you vote to put another $2.5 billion in taxes on the domestic industry and clobber your independent producers, who look after you and produce for you in good times and bad, while you permit the foreign people, who are getting 10 times as much profits as the domestic producer, not to pay taxes?

Even if the foreign tax credit for the major companies were repealed, it would not eliminate the $40 million, because the foreign tax credit gives them a credit against the 48 percent tax rate. Unless that is amended, you are not going to pick up any income by changing the depletion allowance on the foreign oil.

Mr. HARTKE. The fact is that as long as you keep the two items together, you are going to get a disparity of results. The fact is that the foreign tax credit is one loophole. The depletion allowance is another loophole. They are separate loopholes. If you are going to deal with them in a combination and make a sweetheart deal, that is nothing at all. The foreign tax credit should be at least lowered to a deduction with a 24 percent rate, which would raise a billion dollars. The fact is that when you get the two put together, you get a result which does not make sense.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BENTSEN. I am in agreement with putting a limitation on the foreign tax credit, and I have introduced separate legislation to do that. We have been debating this all afternoon and all evening, and I was delighted to see us give the Senator from South Carolina an opportunity to have a vote on his amendment. I would like to have an opportunity to vote on my amendment tonight. It does have a plowback provision in it. It does have the limitation that repeals depletion for the major. I think it keeps the independents in business. I would be pleased to support a foreign tax offset as a separate amendment.

I have asked for the yeas and nays, and hope we can move on the question.

Mr. STEVENS. Mr. President, I apologize to the Senate. The Senator from Illinois (Mr. STEVENSON) and I have been involved in hearings all day on the natural gas bill. I have some serious questions about voting on the two amendments before the Senate.

I have no objection to protecting independents. But if my figures are correct, more than half the new gas and half the new oil that is going to be produced is going to come from my State; yet, we do not have any independents.

I do not know why we have to confuse this bill, which is designed to give relief to taxpayers, to get money back into circulation, with the problems of the depletion allowance. We want the depletion allowance changed and modified in some ways. I think it is time to do that; but to do it at this time, in this fashion, and completely ignore the impact on my State, is wrong.

The proposal is to give an incentive to the little wells throughout the country, which are going to produce small amounts of oil, and at the same time take away any incentive to go into Alaska, where the costs are high.

For example, I am told that to drill a well to 12,000 feet on the North Slope will cost $6 million. Operating a drilling rig in the offshore waters of Alaska will cost $100,000 a day.

Whether you like it or not, depletion allowance is part of the economic fabric of the financing, exploration, and development in the country today. If depletion is changed in this manner, I am told that companies involved in exploration and development of Alaska are going to borrow at least another $130 million just to keep the schedule, in developing the Prudhoe Bay find alone. We want them to go beyond that. We want them to reach into the 14 sedimentary basins of Alaska capable of producing oil and gas, into the offshore area, such as Lower Cook Inlet and the Outer Continental Shelf off Alaska.

Why do Senators want to give the incentive only to the independents? If these people go overseas, they will get a better tax advantage than if they go to Alaska to develop oil under this flag, using American equipment, American people, with taxes paid in this country. I think it is going at it the wrong way.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. STEVENS. I should like to finish.

I implore Senators to take this off this bill and let us look at it rationally, after the hearings are held by the committee, and have the committee report a bill that deals with the whole subject of financing as well as development, as well as the foreign tax credits.

Why change the rules in the middle of the game? I say to my good friend the Senator from Texas that we developed the second largest State under the depletion theory. We just had the Texas railroad commissioner before the Committee on Commerce, and he pointed out that in the time the Alaska pipeline has been delayed, Texas has produced some 10 billion barrels of oil. We could have produced a considerable amount in the same time. But Texas produced it under the system that has the depletion allowance.

Why change the rules of the game just as the great production from my State is coming into being? I am willing to modify them, but I think we should have the incentives that brought about the depletion in the Southwest—the South 48—apply to the great provinces in my State.

I accept the intentions of the Senator from Texas. He wants to protect the independents; 3,000 barrels a day when you are trying to fill a pipeline with 2 million barrels a day is not going to do much good. We think 6 million barrels a day will be coming out of our country. It is going to be awfully expensive transportation, and they will have to find a lot of oil to fill those pipelines.

I implore Senators not to do this. I have urged people to table all these amendments and let us get about the business of stimulating the economy and deal with the depletion problem later. I think we are willing to assist in modifying it, to eliminate some of the objections raised in the past.

Mr. BENTSEN. The Senator from Alaska stated that the people who were drilling the middle wells, the shallow wells, do not produce much. But the figures show that even down to 20,000 feet and deeper—and those are very deep wells—the independent drills as many wells as does the major; and when you get below that number of feet, then the independent drills more exploratory wells than the major. So these independents can get in there and do the expensive wells and the deep explorations. I want to keep them in a position where they are viable and continue to do so.

The major oil company can get the financing. He does have his cash flow. He can pass some of his costs on down that chain, and he can pass them on to the refineries and the retail outlets. But that is not the case with the independent, and he goes out of business if he does not have it. I think the major can continue to finance his wells and sell his bonds and have the cash flow to do it.

Mr. STEVENS. If that is so, I do not know where they have been. They are not operating in Alaska. The only independents I know are operating in association with majors. Whether we like it or not, we are one-fifth the size of the United States. We have 15 sedimentary basins that are capable of producing oil and gas and they are basins every bit as good as any there are in Texas. I believe they should be developed under some economic approach which is comparable to that which developed the Senator's great basins. I think we owe a great debt to the State of Texas for the amount of oil and gas that they have produced and exported to the rest of the country. We wish to do the same thing.

Without thinking about it, what we are really doing is stimulating exploration and development in the areas that have already been explored and developed. The independents have had an opportunity to go into the south 48 all this time. Now, when we get into the high cost areas of the frontiers and the Outer Continental Shelf of Alaska, I do not quite understand why a precipitous change in the depletion allowance, in the whole economic fabric of the oil industry, should be made in connection with a bill that is designed to stimulate the economy and rebate taxes from last year.

I yield to the Senator from Nebraska.

Mr. CURTIS. What effect will the repeal of the depletion allowance have upon the financing and construction of the pipeline now underway?

Mr. STEVENS. As I have previously stated, I am informed that the change provided in this bill would mean that the companies involved would have to borrow an additional $80 billion to $130 billion a year because that was proposed to come out of the cash flow that is associated with depletion. I think sometimes we ought to get rid of all these old terms that are really dirty names now, like "depletion." We really are talking about the cash flow, about the reinvestment of earnings before taxes. Certainly the people on our committee that we rely on—the Senator's Committee on Finance—ought to be able to devise a way to bring about that type of cash flow before taxes and require its reinvestment in exploration and development of energy resources, to maintain the incentives that brought about the development of these great oil resources of our country and have those types of incentives available up in the State of Alaska.

Mr. CURTIS. According to the Senator's information, what contribution can Alaska make to the oil needs of our country if it is allowed to go ahead at the most rapid rate possible in all the fields that show promise?

Mr. STEVENS. I do not have those figures here, I am sorry to say. I have them in my office.

Mr. CURTIS. Can the Senator give us a general idea?

Mr. STEVENS. Generally, we are looking to 2 million barrels a day no later than January of 1978. The postulation I have seen would bring about the development of at least 3.5 million barrels a day by 1985 at the minimum, with an outside limit and my colleague can correct me if I am wrong—I think we are talking about 6.5 million barrels per day if we have optimum development.

Mr. CURTIS. Would the passage of any of these bills changing or altering the depletion allowance have any effect upon this potential production?

Mr. STEVENS. I think it would. I think it removes the incentive that has brought about the development of other oil in the country. While I agree that those incentives need to be changed—there has been no requirement for a plowback of depletion allowances. I think that there should be. I think we have some reasonable approaches that have been outlined by the Senator from California and the Senator from Texas as far as further graduated incentives for the smaller producers. I am willing to go into that. But why in this bill?

Mr. CURTIS. I ask the Senator, will the repeal of the depletion allowance make the oil delivered in the lower 48 from Alaska higher or lower in cost?

Mr. STEVENS. That is another thing I would like to have time to develop, because I am of the opinion that it would cost more. If these companies have to go out in the capital market and compete with the Federal Government, which is going to have a $60-odd billion deficit, looking in the capital market for money, they are going to pay a 10 percent plus rate for money. That has to go into their cost of development as opposed to using retained earnings and reinvestment. It should reduce the cost if we continue the present system. If we do away with the depletion allowance, I think it will increase the cost of the pipeline, and I have been so informed. It will take some time to develop that and show the extent to which it will increase the cost to the consumer of the transportation of Alaska gas if we do away with the depletion allowance without substituting for it some type of privilege to reinvest earnings before taxes.

Mr. HANSEN. Will the Senator yield on that?

Senator JACKSON subsequently said: Mr. President, I ask unanimous consent that in connection with my colloquy with the able floor manager, the distinguished Senator from Louisiana, I be permitted to have printed in the RECORD an excerpt from the report from the Permanent Subcommittee on Investigations in connection with the tax returns of the seven major international, American international companies.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

ANALYSIS OF TAX DATA OF SEVEN MAJOR OIL COMPANIES

SUMMARY

The following tables and explanatory material are an analysis of tax data for seven major oil companies over a 5-year period, 1968–1972. These companies are Exxon, Texaco, Mobil, Standard Oil of California, Gulf, Standard Oil of Indiana, and Shell. The tax data were tabulated from tax returns obtained by the Senate Permanent Subcommittee on Investigations under Executive Order 11711, dated April 13, 1973. In order to preserve the confidentiality of the data, the companies have been randomly designated by the letters A through G and the tables reflect 5-year averages or aggregated amounts.

One objective of the analysis was to establish the effective tax rate paid by the major oil companies. Effective tax rate is defined as the Federal income tax actually paid as a percentage of net income. Except for the first $25,000 of each corporation's taxable income, the corporate tax rate is 48%. We also sought to determine how the effective tax rate was reduced both by extraordinary deductions permitted all taxpayers (such as accelerated depreciation) and those peculiar to the extractive industries (such as percentage depletion allowances).

In the 5 years from 1968–1972, five of the seven companies paid between 1.32% and 5.56% of their net income in United States income taxes while paying between 24.87% and 31.44% to foreign governments in payments designated as income taxes (Table 1A).

In 1972, the pre-tax net income of the seven companies combined totalled approximately $10.2 billion; they paid approximately $2.9 billion in foreign "income taxes" and only approximately $450 million in United States income taxes. The effective United States tax rate for the group was 4.41% and the effective foreign "income tax" rate was 28.70%. Effective United States income tax rates from 1968 through 1971 for the group ranged from 2.55% to 5.36% while effective foreign "income tax" rates ranged from 19.49% to 26.67% (Table 1B).

Both Tables 1A and 1B compute the effective income tax rates on net income not reduced by provisions for United States income taxes or deductions for foreign taxes paid which have been deemed income taxes. This is in accordance with rulings issued by the Internal Revenue Service that such payments to foreign governments are not royalties, severance taxes, or excise taxes but income taxes, qualifying for the tax credit provisions of the Internal Revenue Code.

Effective U.S. tax rates were recomputed in Tables 2A and 2B with net income reflecting a deduction for all foreign income taxes paid—thus viewing them as royalties or similar type payments; i.e., a cost of doing business. The lower net income produced slightly higher effective U.S. income tax rates. Table 2A shows effective U.S. tax rates for five of the seven companies of between 1.82% and 7.39% (compared with 1.32% and 5.56% in Table 1A).

The effective tax rate is less than the 48% nominal corporate income tax rate because of extraordinary deductions available to all taxpayers and because of special deductions available to companies in the extractive industries. Table 2A shows five-year averages (1968–1972) for each of the seven companies. For example, Company E's U.S. tax rate of 48% immediately falls by about one-half, to 24.17%, as it takes deductions available to other taxpayers but deemed special or extraordinary in nature—accelerated depreciation, the investment tax credit, capital gains and others.* Percentage depletion, as adjusted by the minimum tax, reduced Company E's U.S. effective tax rate to 8.50%. Deductions for intangible drilling costs further reduced Company E's U.S. effective tax rate to 6.06%. Finally, the foreign tax credit reduced Company E's effective tax rate to 1.82% over the years 1968–1972.

In 1972, the composite United States corporate tax rate of the seven companies was reduced from 48% to 23.39% through tht "special" non-oil tax preferences cited above; from 23.39% to 9.84% through percentage depletion (adjusted by the minimum tax); from 9.84% to 8.88% by expensing of intangible drilling costs and from 8.88% to 6.18% by means of the foreign tax credit. These results follow the pattern exhibited in prior years (Table 2B).

Depletion deductions for the seven companies were aggregated for each year and compared to total industry deductions. In 1971, the latest year available for comparative purposes, the seven companies took approximately $2.3 billion in depletion deductions or approximately 57% of the industry total (Table 3).

Foreign tax credits of the seven companies were also aggregated for each year. In 1971, the latest year available for comparative purposes, the companies took approximately 40% of the foreign tax credits taken by the oil industry and approximately 15% of those taken by all United States corporations (Table 4).

The creation of a Western Hemisphere Trade Corporation permits a reduction in tax rate. With regard to the extractive industry, an important feature of this type of corporation is that it permits the use of percentage depletion, not otherwise available in the case of a foreign subsidiary. In 1970, the last year available for comparative purposes, the group of seven companies accounted for approximately 90% of the Western Hemisphere Trade Corporation deductions taken in the oil industry and 38% of the deductions taken by all corporations (Table 5).

The minimum tax was instituted to subject certain previously tax free items to at least some tax. Figures available for 1971 show that the minimum tax had a significant impact on the seven companies (increased tax liability by 26.94%) and on the oil industry (increased tax liability by 28.24%) while having little effect overall on all United States corporations (increased tax liability by 1%) (Table 6).

EFFECTIVE TAX RATES

Tables 1 and 2 provide data on the effective tax rate, or the actual percentage of net income paid in taxes, of seven major oil companies: Exxon, Texaco, Mobil, Standard Oil of California, Gulf, Standard Oil of Indiana and Shell. A 5-year effective tax rate average is given for each company which, to maintain confidentiality, is designated by letter. The aggregate results for all seven companies, including both dollar amounts and percentage results, are provided for each of the five years. The discussion of the results and implications of the analysis are directed towards the aggregate results.

Table 2 focuses on a number of provisions of the International Revenue Code which are charged to be of special benefit to oil companies and result in reducing their effective tax rates below those in other industries. These provisions include:

(1) *Percentage depletion* (Sections 613–614 of the Internal Revenue Code of 1954). Cost depletion allows a write-off based on original cost and is similar to depreciation. Percentage depletion allows a deduction equal to 22% of gross income after royalties. Percentage depletion is therefore unrelated to actual cost and results in deductions exceeding cost.

(2) *Expensing of intangible drilling costs.* (Section 263(c) of the Internal Revenue Code of 1954). Under present code provisions, intangible drilling costs may be expensed—deducted in the year incurred—rather than being prorated over the life of the well, as would normally be the tax treatment of such capital expenditures. This allows a deferral of taxes. The advantage in deferring taxes is the interest which may be earned on deferred taxes. In addition, if continual investment is made the deferral may become a permanent tax savings.

(3) *Treatment of foreign production taxes for purposes of the foreign tax credits* (Sections 901–906 of the Internal Revenue Code of 1954). Under present code provisions, foreign income taxes paid are deducted from the United States tax liability to determine the ultimate tax due. Under Internal Revenue Service rulings, foreign production taxes are treated as income taxes and hence qualify for the foreign tax credit. The alternative approach would be to treat such foreign production taxes as royalties or severance or excise taxes, i.e., as costs of doing business. Two advantages arise from treating them as income taxes rather than royalties or production taxes. First, these production taxes are included in the gross income base for computing percentage depletion. Second, they reduce United States tax liability dollar for dollar (because they are creditable) rather than 48 cents on the dollar (if they were deductible costs).

Tables 1 and 2 show alternative measures of the effective income tax rate of the oil companies, based on different approaches to measuring the tax burden. Table 1 shows the income tax burden both in the United States and abroad, using the premise that foreign production taxes paid by the oil companies are income taxes. Table 2 shows the United States income tax burden, assuming that foreign production taxes paid by oil companies are royalties or costs of production and not a tax on profits.

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*A list of most of these tax provisions may be found in "Estimates of Federal Tax Expenditures," Committee on Ways and Means, prepared by the staffs of the Treasury Department and the Joint Committee on Internal Revenue Taxation, June 1, 1973.

Accordingly, in Table 1, the base net income figure used to compute effective tax rates is income before foreign and United States income taxes (book net income plus foreign creditable taxes plus provision for United States income taxes). Table 1A presents three effective rates— foreign creditable taxes (deemed to be income taxes under IRS rulings), United States income taxes actually paid (regular income taxes plus the minimum tax on preference income[1]) and total income taxes.

The aggregate table (Table 1B) illustrates several aspects of the taxes paid by the oil companies. First, foreign taxes and the effective rates of foreign income taxes were fairly stable from 1968–1970 and then rose sharply in 1971. Second, United States income taxes and the effective tax rate were higher in 1968, dropped in 1969 and then climbed again in 1970, dropping slightly in the following two years. The table also illustrates that foreign income taxes claim a much larger and increasing share of total taxes paid than United States income taxes.

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[1] The minimum tax is an additional tax imposed on certain items of preference income including the excess of percentage depletion over the adjusted basis of the property. In computing the minimum tax, the taxpayer deducts from preference income $30,000 plus regular income taxes and then applies a 10% rate.

TABLE 1

A. EFFECTIVE TAX RATE: UNITED STATES AND FOREIGN INCOME TAX—5-YEAR AVERAGE, 1968–72

	Foreign income taxes	U.S. income taxes	Total income taxes
A	3.56	7.20	10.76
B	25.27	3.08	28.34
C	31.44	2.32	33.77
D	25.59	2.30	27.90
E	27.37	1.32	28.70
F	.34	13.05	13.39
G	24.87	5.56	30.43

B. AGGREGATE—7 COMPANIES

[Money amounts in thousands of dollars]

Year	Pretax net income[1]	Foreign income taxes[2]	U.S. income taxes[3]	Total U.S. and foreign income taxes	Effective rate: Foreign income taxes	Effective rate: U.S. income taxes	Effective rate: Total income taxes
1968	$7,576,607	$1,477,056	$294,018	$1,771,074	19.49	3.88	23.88
1969	8,161,889	1,623,103	208,500	1,831,603	19.89	2.55	22.44
1970	8,848,243	1,735,324	474,570	2,209,894	19.61	5.36	24.98
1971	9,460,257	2,522,981	467,467	2,990,488	26,67	4.94	31.61
1972	10,236,458	2,938,012	450,985	3,388,997	28.70	4.41	33.11

[1] Net income per book plus provision for Federal income taxes plus foreign creditable income taxes paid and deemed paid.
[2] Taxes paid and deemed paid.
[3] Regular plus minimum income tax.

As noted earlier, Tables 2A and 2B assume that foreign production taxes are royalties, or a cost of doing business rather than a tax on profits.[2] Accordingly, in Tables 2A and 2B the base net income figure used to compute effective tax rates is net income before Federal income taxes but reflecting a deduction for all foreign taxes paid. These tables show how much of the departure from the corporate tax rate of 48% is accounted for by various tax provisions, including percentage depletion, expensing of intangible drilling expenses and the foreign tax credit. The value of percentage depletion is entered as the difference between tax and book depletion multiplied by te tax rate (48%) and reduced by the minimum tax.[3] The value of expensing intangibles was entered as the difference between tax and book cost multiplied by the 48% tax rate. The value of the foreign tax credit was entered as the difference between foreing tax credit taken and 48% of foreign taxes paid.

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[2] In preparing these tables certain foreign taxes paid in non-producing countries are treated as costs, although clearly in the nature of income taxes. However, there was no way to sepearate these taxes and hence, for the purposes of this table, the entire tax is treated as a deduction. The result is a slightly lower effective tax rate than might be the case if such taxes which are more clearly income taxes are treated as income taxes.

[3] The mimimum tax was presumed to reduce the value of percentage depletion since without percentage depletion it is relatively unlikely that any mimimum tax would have been due.

TABLE 2–A.—FIVE-YEAR AVERAGE, 1968–72

	Company A	Company B	Company C	Company D	Company E	Company F	Company G
Statutory rate	48.00	48.00	48.00	48.00	48.00	48.00	48.00
Effective rate after reduction in tax liability due to:							
Provisions other than percentage depletion, intangible drilling costs and foreign tax credit	19.70	31.30	29.73	26.42	24.17	34.26	21.10
Percentage depletion (initial)	8.94	9.83	9.27	13.56	7.63	10.63	9.57
Percentage depletion (adjusted for effect of minimum tax)	9.89	11.59	10.70	14.28	8.50	13.34	9.82
Expensing of intangible drilling costs	8.14	9.98	8.28	13.83	6.06	13.20	9.82
Foreign tax credit (actual effective tax rates)	7.47	4.12	3.39	3.10	1.82	13.09	7.39

TABLE 2–B.—AGGREGATE

[Money amounts in thousands of dollars]

Item	1968 Amount	1968 Resulting effective tax rate	1969 Amount	1969 Resulting effective tax rate	1970 Amount	1970 Resulting effective tax rate	1971 Amount	1971 Resulting effective tax rate	1972 Amount	1972 Resulting effective tax rate
1. Pretax net income	$6,099,551		$6,538,786		$7,112,919		$6,937,866		$7,298,446	
2. Expected tax liability at 48 percent rate	2,927,783	48.00	3,138,614	48.00	3,414,191	48.00	3,330,172	48.00	3,503,250	48.00
3. Reduction in tax liability due to provisions other than percentage depletion, intangible drilling costs and foreign tax credit	1,327,078	26.24	1,531,720	24.57	1,811,086	22.54	1,537,474	25.84	1,795,808	23.39
4. Reduction in tax liability due to percentage depletion:										
Initial	1,006,593	9.74	984,569	9.52	893,025	9.98	1,050,180	10.70	1,092,868	8.42
Reduced by minimum tax					89,326		99,217		103,483	
Adjusted					803,699	11.24	950,963	12.13	989,385	9.84
5. Reduction in tax liability due to expensing intangible drilling costs	70,533	8.58	106,089	7.89	60,138	10.39	42,109	11.53	70,247	8.88
6. Reduction in tax liability due to foreign tax credit	229,561	4.82	307,736	3.19	264,705	6.67	332,217	6.74	196,825	6.18
7. Actual taxes paid	294,018	4.82	208,500	3.19	474,570	6.67	467,467	6.74	450,985	6.18

Referring to the aggregate of the seven companies found in Table 2B, after establishing the base for net income in item 1, an indication of the amount of taxes due, if a 48% rate were applicable, is shown in item 2. For 1972, on net income of approximately $7.3 billion, taxes in the amount of $3.5 billion would have been due. The impact on the effective tax rate of 'special" or "extraordinary" provisions of the tax law, other than percentage depletion, expensing of intangibles and the foreign tax credit is shown in item 3. These include such generally available provisions such as accelerated depreciation, the investment tax credit, and capital gains.[4] Thus, item 3 shows what the effective tax rate would have been after deductions for special tax preferences to all taxpayers but before deductions peculiar to the extractive industries—percentage depletion and expensing intangible drilling expenses—and before the foreign tax credit. Thus, for example, in 1972, treating the seven oil companies as other corporations, the nominal corporate tax rate of 48% would have been reduced to an effective tax rate of 23.39%. Treated as other corporations their total aggregated tax bill would have been approximately $1.7 billion ($3.5 billion computed under nominal corporate tax rate minus approximately $1.8 billion in special preference deductions indicated in item 3).

Item 4 illustrates the impact of percentage depletion on the effective tax rate. The percentage depletion deduction was clearly the most important of the provisions peculiar to the extractive industries in reducing the effective tax rate, accounting in the aggregate for about thirteen percentage points in 1972, reducing the aggregate effective tax rate to 9.84%, and reducing the seven companies tax bills by approximately $990 million.

Item 4 indicates that the relative importance of percentage depletion declined after 1969, which would be expected since the Tax Reform Act of 1969 reduced the percentage depletion rate from 27½% to 22% and imposed the minimum tax. However, it also suggests that for the years 1971 and 1972 the decline in relative importance is primarily attributable to the minimum tax rather than the reduction in percentage depletion rates.

Item 5 shows the impact of expensing, or deducting currently, intangible drilling costs on the effective tax rate. There are a number of difficulties in computing this item. Since it is a timing deduction whose value lies at least partially in deferring rather than reducing taxes, it is difficult to determine the actual value. An additional problem is that the items found in the tax return did not always indicate that the same definition of intangible drilling and development costs were used for both tax and book purposes. In any event, the computations show that the expensing of intangibles has a relatively small impact on effective tax rates, generally accounting for a one percentage point reduction. For 1972 these deductions further reduced the effective tax rate to 8.88%, saving the seven companies approximately $70 million.

Item 6 of the table measures the impact of the foreign tax credit on the effective tax rate. the value of the foreign tax credit is the difference between taking foreign taxes paid and deemed paid as a deduction and the actual foreign tax credit allowed. The impact of the foreign tax credit has ranged from around three percentage points to around five percentage points, with the lowest impact in 1972. This lessened impact in the face of rising foreign taxes may reflect the inability of many companies to utilize the additional taxes paid because of the limitation on the foreign tax credit. (The foreign tax credit is limited to the United States taxes which would have been paid on foreign taxable income under either a per country limitation or an overall limitation). For 1972, the foreign tax credit further reduced the aggregate effective tax rate to its final figure—6.18%. It saved the seven companies approximately $197 million in that year.

The results of Table 2 indicate a relatively significant tax saving role for percentage depletion and a lesser one for the foreign tax credit. These results are misleading because they attribute the reduction of foreign taxes first to percentage depletion on foreign production and then to the foreign tax credit because of the way taxes are computed. In fact, these two items are closely tied to each other in their impact on United States taxation of foreign oil income, and the removal of either provision without removing the other as well will have only a limited impact on the taxation of foreign income.

This interrelationship can be illustrated on a simple per barrel example. Assume that a barrel of foreign oil is sold for $10. Assume that the foreign production taxes are $7, the actual cost of production 50¢ and the profit $2.50. Using the approach taken in Table 2, the $2.50 profit would be the base for computing the effective tax rate and the proper tax at the statutory rate would be $1.20 (48% of $2.50). If it is assumed that depletable costs have been recovered and the intangible drilling cost deduction is ignored, the tax would actually be figured this way:

Selling price	$10.00
Minus cost	.50
Minus percentage depletion (22 percent of $10)	2.20
Equals foreign taxable income	7.30
U.S. tax due at 48 percent	3.50

Since the $7 actually paid in taxes exceeds the $3.50, no tax will be paid to the United States. A table showing how the special tax provisions reduced the effective tax rate (from 48% to zero) would first show that percentage depletion was worth $1.06 (reducing the tax from $1.20 to $.14 or from 48% to 6%). It would show that the foreign tax credit was worth only $.14, or six percentage points. But the heavy tax impact of the depletion allowance, as compared to the foreign tax credit, occurs only because the depletion allowance deductions are computed first.

Thus, it has been argued that if percentage depletion on foreign production were repealed there would be very litte revenue gain. This can also be illustrated, using the same example. The selling price of $10.00 minus the $.50 of production cost leaves a taxable income of $9.50 and a tax liablity of $4.56. However, this tax liability will be completely offset by the creditable foreign tax of $7. Thus, repealing percentage depletion would have no effect on tax liability in this case.

Similarly, if the tax credit was eliminated but percentage depletion at the posted price retained, only a small tax liability would result in our illustration: from the selling price of $10 allowable deductions would include $2.20 for depletion, $.50 for production costs and $7 for production taxes (now considered as such rather than as income taxes), leaving a taxable income of 30 cents and a tax liability of 14 cents.

If the tax law was changed to require that such production taxes be treated as royalties and thus not be eligible for percentage depletion or the foreign tax credit, while retaining percentage depletion in general, an increased tax liability would result. Again turning to our illustration, percentage depletion would be figured on the $10 selling price minus the $7 royalty and the depletion deduction would be 22% of $3.00 or $.66. In this case the tax would be figured as follows: from the selling price of $10 allowable deductions would include $.50 for production costs, $.66 for depletion and $7.00 for royalties, resulting in a taxable income of $1.84 and a tax of $.88. The treatment of foreign taxes in this manner results in a much greater impact on overall tax liability than that of depletion and this approach may more appropriately reflect the impact of the present treatment of foreign taxes on the effective tax rate. However, there is no way to determine this impact from the tax data.

Only if both percentage depletion and the ability to credit foreign taxes were removed would the actual $2.50 profit in this example be taxed at the statutory rate.

IMPACT OF CERTAIN TAX PROVISIONS

Depletion

Table 3 compares the depletion claimed by the entire oil industry to that claimed by the seven oil companies studied. These data indicate that the seven oil companies account for about 60% of the total depletion deductions claimed in the oil industry in the years for which such comparative data were available. The three companies with the largest deductions account for over one-third of the total depletion deductions claimed.

Table 3 only compares total depletion deductions and does not indicate the value of the excess of percentage over cost depletion which is the actual subsidy value of percentage depletion. The last Internal Revenue Service survey of depletion[5] taken indicates that percentage depletion is about sixteen times cost (or that cost depletion is about 6% of total depletion deductions). However, one might expect that this factor would be relatively lower for large international oil companies who are likely to have older, higher production wells, particularly in the case of foreign production. Smaller companies may be more involved in risky, high cost wells. The data of the seven oil companies indicate that while the percentage varies by company and year, on the average, cost depletion is slightly over 3% of total depletion deductions. This suggests that the actual percentage share of the benefits of depletion deductions, as reflected in Table 3, are somewhat understated.

TABLE 3.—DEPLETION DEDUCTIONS CLAIMED

[Money amounts in thousands of dollars]

	1968	1969	1970	1971	1972
7-company aggregate	$2,187,567	$2,144,858	$1,968,912	$2,298,866	$2,390,723
Oil industry	$3,559,942	$3,716,761	$3,461,248	$4,016,494	NA
7-company aggregate as a percent of total oil industry	61.45	57.71	56.88	57.23	NA

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[4] Most of these items are found on a list prepared by the staffs of the Treasury Department and the Joint Committee on Internal Revenue Taxation, "Estimates of Federal Tax Expenditures," Committee on Ways and Means, June 1, 1973.

[5] Internal Revenue Service, Statistics of Income, 1960, Depletion Allowances.

Foreign tax credit

The foreign tax credit is a general provision available to all industries. Table 4 indicates the tax savings to the seven oil companies resulting from the foreign tax credit and compares them to overall savings for 1968 and 1971 for both the oil industry and all corporations. (Only 1968 and 1971 statistics are available for the oil industry and all corporations.) This table indicates that the seven companies accounted for 50% of the tax savings of the oil industry in 1968 and 40% in 1971. They accounted for about 15% of the total foreign tax credit savings for all United States corporations in both years.

TABLE 4.—VALUE OF THE FOREIGN TAX CREDIT [1]

[Money amounts in millions of dollars]

	1968	1971
7-company aggregate	$230	$332
Oil industry	$468	[2] $829
All corporations	$1, 463	[2] $2, 156
7-company aggregate as a percent of the oil industry	49. 15	40. 05
7-company aggregate as a percent of all corporations	15. 72	15. 40

[1] This estimate does not include the revenue loss from the exemption for gross-up for less developed country corporations. The Treasury Department estimated this loss to be $55,000,000 for 1968 and $75,000,000 for 1971. (Estimates of Federal tax expenditures, Committee on Ways and Means. Prepared by the staffs of the Treasury Department and Joint Committee on Internal Revenue Taxation, June 1, 1973.) Most of this cost would be expected to derive from corporations other than oil and gas corporations.

[2] Estimated. (Source: Energy taxation: possible modifications in the tax treatment of foreign oil and gas income. Prepared by the staff of the Joint Committee on Internal Revenue Taxation, Feb. 24, 1974.)

The estimated value of the credit for the entire oil industry rose faster than that of all corporations and also that of the seven companies. It is difficult to explain this trend unless more oil companies other than the seven companies studied are expanding foreign operations, and particularly into non-oil operations. One would generally expect the trend for foreign oil operations to be a declining value for the tax credit since the companies are already subject to foreign production taxes higher than the United States rate (which makes the value of deducting the taxes greater in relation to the foreign tax credits taken).

Two general factors should be noted in regard to this table. First, although there is a substantial case for viewing the foreign tax credit as a subsidy in the case of oil companies, it is substantially less in the case of other industries. The production taxes are more clearly in the nature of unit taxes rather than income taxes and are paid regardless of profits. As unit taxes they would be passed on in the price of oil. Other foreign taxes (such as those paid in Western Europe) are more clearly in the nature of income taxes.

Secondly, as noted earlier, the nature of income tax reporting understates the actual impact of the foreign tax credit.

Another question which arises in examining the foreign tax credit is to what extent the companies use the per country versus the overall limitation. The per country limitation limits the credit for taxes paid in each country to the amount of the United States tax which would be paid on taxable income from that country. The overall limitation limits the credit for taxes paid in all foreign jurisdictions to the United States tax which would be paid on taxable income in all foreign jurisdictions.

Each limitation has its advantage. If a company has losses in one jurisdiction and profits in another (as measured by United States tax law) then the per country limitation is advantageous, since the losses in one country would reduce taxable income in the other country if an overall limitation were applied. With a per country limitation, this does not occur and furthermore the losses (if the foreign operation is a branch) reduce United States taxable income and United States taxes .

However, there are also advantages, in certain situations, in electing the overall limit. If a company operates in one country which has a tax rate lower than the effective United States rate and in another country which has a tax rate higher than the effective rates, the overall limitation permits the use of excess credits generated in the high tax country to offset United States taxes on taxable income from the low tax country.

The relative advantages of these two limitations can be illustrated with examples.

(*1*) *Advantage of the per country limitation.*—Assume that a company operates in country A and incurs a $5,000 loss and in country B where it has a $10,000 taxable profit. Assume the rate of taxation is the same as the United States (48%) and $4,800 of tax were paid to country B. If the overall limitation were used, foreign taxable income would be $5,000 (the $10,000 income minus the $5,000 loss) and the limit on the foreign tax credit would be 48% of $5,000 or $2,400. However, if the per country limitation were used there would be no credit for country A (and no taxes paid). However, the limit for country B would be 48% of $10,000 or $4,800. In addition, the $5,000 loss in country A does reduce total taxable income for the company.

(*2*) *Advantage of the overall limitation.*—Assume that a company operates in country A and country B, having $10,000 of taxable income in each. Assume, however, that country A's taxes were $3,000 and country B's were $6,000. If the per country limitation were used the full $3,000 in country A could be credited, but only $4,800 in country B could be credited for a total of $7,800. If the overall limitation were used total taxable foreign income would be $20,000, the limitation 48% of $20,000 or $9,600 and the full $9,000 of taxes would be credited.

The advantages of the overall limitation and the use of excess tax credits generated from oil production to offset taxes in low tax jurisdictions have received much publicity. However, a report of the Ways and Means Committee [6] suggests that the benefits of the per country limitation are more important for oil companies than the benefits of the overall limitation. The elections of the seven large companies support this view. Out of the seven companies, five used the per country limitation consistently and one used the overall limitation consistently. One company used the per country in 1968 and 1969 and the overall from 1970–72. Three of the companies (using the per country limitation) did have some indications of losses.

These data suggest that the examination of the use of the foreign tax credit should be focused on the use of foreign losses generated in part by the use of the intangible drilling deduction to offset domestic taxable income rather than the use of excess credits to offset United States income taxes on foreign non-oil income. This is the focus adopted by the Oil and Gas Energy Tax Act which would repeal the per country limitation for oil companies and provide recapture of foreign losses. In addition, it suggests that the action taken in the Tax Reform Act of 1969 which limits the use of excess foreign tax credits generated through the percentage depletion allowance to offset taxes on non-mineral income has had little impact.

WESTERN HEMISPHERE TRADE CORPORATION'S DEDUCTION

The creation of a Western Hemisphere Trade Corporation (WHTC) permits a special deduction allowed for United States companies operating primarily in the Western Hemisphere (outside the United States). Although major oil companies operate outside the Western Hemisphere, they can set up domestic subsidiaries which are WHTC's and which are eligible for the deduction. The deduction has the effect of reducing the income tax rate by 14 percentage points (from 48% to 34%).

It has been argued that this provision primarily benefits a few large companies, particularly those in the extractive and sales industries and that most other corporations prefer to take advantage of deferral by seting up a foreign subsidiary. The reason that the WHTC provision is attractive in the extractive industries is that percentage depletion is available which would not be the case for its foreign subsidiary. The foreign tax credit is applicable in both cases.

Table 5 compares the WHTC deductions taken by the seven oil companies to those taken by the oil industry and those taken by all corporations. These data indicate that in 1968–1970, the latest years available for comparative purposes, these seven companies accounted for approximately 90% of the WHTC deductions taken by the oil industry and about a third of the total WHTC deductions taken. Furthermore, even among the seven companies, the WHTC deduction is heavily concentrated. For example, the three corporations with the largest WHTC deductions account for about 90% of the seven company total, generally over 80% of the oil industry total and almost one-third of the total for all corporations.

These data support the argument that, in the case of the oil industry at least, the benefits of the WHTC deduction are concentrated in a few companies.

TABLE 5.—WESTERN HEMISPHERE TRADE CORPORATION DEDUCTIONS

[Money amounts in thousands of dollars]

	1968	1969	1970	1971	1972
Aggregate	$129, 809	$92, 938	$111, 080	$155, 936	$130, 446
Total oil industry [1]	$139, 883	$107, 679	$122, 850	NA	NA
Total all corporations [1]	$390, 710	$331, 030	$288, 959	NA	NA
Aggregate as percent of oil industry	92. 80	86. 31	90. 42	NA	NA
Aggregate as percent of total	33. 32	28. 08	38. 44	NA	NA

[1] From Statistics of Income, Corporation Income Tax Returns

The minimum tax on preference income was added as part of the Tax Reform Act of 1969. The minimum tax is imposed at a 10% rate on certain items such as untaxed capital gain, certain accelerated depreciation, stock options and the excess of percentage depletion deductions over the cost basis of the property. From the total of these preference items the taxpayer can deduct regular income taxes paid plus $30,000.

Table 6 illustrates the impact of the minimum tax on the seven companies and compares it with the impact on the oil industry, primary metals industries, manufacturing industries other than oil and, finally, with all corporations. The data clearly illustrate that the minimum tax has had a much greater impact on the oil industry than on other industries. The table shows that for 1971 the minimum tax, designed to subject previously tax free items to at least some tax, had a significant impact on the seven companies (increased their tax liability by 26.94%) and on the oil industry (increased tax liability by 28.24%) while having little effect overall on all United States corporations (increased tax liability by less than 1%).

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[6] House Committee on Ways and Means, Report No. 93–1028, the Oil and Gas Energy Tax Act of 1974, May 4, 1974.

TABLE 6

MINIMUM TAX

[Money amounts in thousands of dollars]

	1970		1971		1972	
	Regular	Minimum	Regular	Minimum	Regular	Minimum
Aggregate	$385,644	$89,326	$368,677	$99,217	$347,502	$103,483
Oil industry [1]	536,751	154,396	536,286	151,425	NA	NA
All corporations [1]	27,612,829	265,249	29,564,351	265,114	NA	NA
Primary metals [1]	397,725	16,483	328,916	16,124	NA	NA
Manufacturing [1] (excluding oil)	12,603,230	40,695	14,086,478	38,968	NA	NA

[1] Statistics of Income, Corporation Income Tax Returns.

PERCENTAGE INCREASE IN TAX LIABILITY DUE TO MINIMUM TAX

	1970	1971
7-company aggregate	63.59	26.94
Oil industry	28.76	28.24
All corporations	.96	.90
Primary metals	4.14	4.90
Manufacturing (excluding oil)	.32	.28

There has been some suggestion that the minimum tax had a lesser impact on larger companies which were more likely to generate regular taxable income which would shield excess depletion from the minimum tax. Initially, the data supports such an argument. If we exclude the seven large companies from the oil industry aggregate, the minimum tax increased taxes of other companies by 43.1% in 1970 and 31.1% in 1971 while it increased the taxes of the seven company aggregate by 23.2% and 26.9% respectively. However, the companies themselves show substantial variations as to relative size of the minimum tax as compared to regular taxes. These data suggest that while the minimum tax has differential impacts on different companies, this differential does not appear to be related to company size.

Mr. STEVENS. Mr. President, I wish to make clear my position. That is, I do not oppose a change in the depletion allowance. I do oppose a change in this bill without having given adequate consideration to the testimony. I think our State officials should be able to come down here and testify before the Committee on Finance and present our side of this concept and what would be required, in the opinion of our people who are monitoring our development, in terms of the type of incentives that are necessary to develop our potential. This is some 70 billion barrels of oil and some 440 trillion cubic feet of gas we are talking about.

I do not see any reason, again, in connection with this bill, to make those judgments. I hope that the Senate will give us the opportunity to appear before the committee that has jurisdiction over this to present the testimony of the experts involved and to have the Committee on Finance make a reasonable judgment as to what type of incentive is necessary to develop the Alaska oil and gas potential.

Mr. HANSEN. Will the Senator yield?

Mr. STEVENS. I am happy to yield.

Mr. HANSEN. Mr. President, I am very much impressed with the point that the Senator from Alaska has made. I know I am one of those members on the Committee on Finance who was hopeful that we could keep this bill a so-called clean bill in order not to legislate, in an area that is as important as this is to the United States, with as few facts before us as I am fearful we have at the present time.

I think when people get up and make speeches and talk about taxes paid, talk about windfall profits, talk about the contribution that comes from the minerals developed in this country as compared with those that come from abroad, most of us recall headlines that we have seen in the press. We recall exposés we have seen on the electronic media, all of which inflame the typical American to believe that anybody in the oil business is wearing a black hat, that this is an industry that has no concern for America, that it serves this Nation poorly, and that we would be better off—and I repeat that, Mr. President. The average American, I am afraid, has the impression that we would be better off, whatever we do to the international oil companies. If we put them out of business, we are going to be better off, because somehow—somehow—it is awfully easy to infer, as we recall news stories, to assume that the whole trouble arises because American dollars and American technology and know-how have gone abroad and have been invested throughout the world and now we are reaping the whirlwind because the OPEC countries, that have been developed with, largely, American dollars and American know-how and American technology and American expertise, are the very countries that are threatening to embargo again. They had one a year ago.

The fact is that if we could have kept this bill clean and returned to the economy what was intended by the President's message itself—I just talked not too long ago with an administration official who said—it was Frank Zarb, as a matter of fact—who said he hoped very much that we would not get into the very area that we are now in, because he knows better than most that it is awfully easy to make some wrong decisions.

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. STEVENS. Mr. President, do I still have the floor?

The PRESIDING OFFICER. The Senator from Alaska has the floor.

Mr. STEVENS. I urge my friend from Wyoming to ask me the question so I shall not lose my right to the floor. I do have some further remarks.

Mr. President, I ask unanimous consent to yield to the Senator from Wyoming for a statement without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. I thank my colleague from Alaska.

The fact is that what has been done by international oil companies has not been hurtful to this country, it has been very helpful.

The fact is that all of the developed nations and the developing nations in the world are energy intensive. We are all in the same business together. We all need energy. On the farms and ranches of America, for every hour of work that is put in on a ranch or a farm in this country by a farmhand, we burn 1.2 gallons of fuel.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point for a question?

Mr. HANSEN. I must say that I am speaking on the permission of the Senator from Alaska. As soon as I finish my statement, I will return the floor to the Senator from Alaska, and he can do whatever he chooses about yielding, but I have no right to yield.

Mr. President, the fact is that we find a lot of oil around the world, and the best way we can diminish the clout that the OPEC countries have now, the best way we can put a shorter lever in the hands of the oil exporting nations, is to find more oil around the world. The depletion allowance is important, and there are a lot of taxes paid. Let me state the figures for just one company alone, Texaco.

The PRESIDING OFFICER. The Senate will be in order.

Mr. HANSEN. In 1974, 38 percent of the total net earnings of Texaco came from Western Hemisphere operations—a total of $595 million. On the other hand, 62 percent of Texaco's total earnings came from Eastern Hemisphere operations. Thirty-eight percent to 62 percent; 62 percent coming from abroad.

And how did Texaco use that money? Texaco invested, in the United States, 71 percent of its total investment. So I say we are fortunate that that company, which I think is typical of most of these companies, was earning money abroad and bringing its Eurodollars and its petrodollars back to the United States and investing them in exploration and production and refinery activities in the United States.

I think it also ought to be kept in mind that it would not be difficult at all to put the domestic industry out of business, and it is awfully easy, when you look at charts such as those that are displayed behind us now, to assume that these people are getting by. The question was asked of the Senator from Alaska by the Senator from Nebraska, "What would happen if the depletion allowance were repealed?"

I can answer the Senator from Nebraska by saying, as a member of the Finance Committee and a member of the Committee on Interior and Insular Affairs, that I have heard no expert, I have heard no one say anything except that the money that is available through the depletion allowance does precisely what the Senator from Alaska says it would do: It makes it possible to sell products cheaper here than would otherwise be the case.

If we want to raise the prices, if we want to make it possible for the domestic industry, or the independents, if you please, and whoever else may be included, to survive—and that includes many of the major companies, because in 1974 alone there was $850 million spent for one lease bloc by oil companies drilling in the Gulf of Mexico. Do you know what they found? They found 10 dry holes. They spent $850 million for a hunting license. That was major company money, just as the Senator from Alaska says we must depend upon the majors to bring the oil out of Alaska.

I think, Mr. President, what I would like to say by way of conclusion—and I appreciate the courtesy of the Senator from Alaska in yielding to me—is that we would be in far better shape to come up with reasonable changes in the tax laws, having in mind the desperate need that our country now knows from first-hand experience for energy, and not to try to legislate as we are attempting to do here on the floor now. We do not know what we are talking about. Most people do not want to be confused with the facts; they remember the headlines, they remember the horror stories of windfall and obscene profits, and they know what the answers are before they have really heard the questions.

I share the feeling of the Senator from Alaska that we would be far better off in this instance if we could report out a clean bill, and then let the distinguished chairman of the Senate Finance Committee consider holding hearings, on tax reform legislation.

I thank my colleague from Alaska for yielding.

Mr. STEVENS. Mr. President, I would like to ask the Senator from Texas a question. Is his amendment pending?

Mr. BENTSEN. I beg the Senator's pardon. I did not hear him.

Mr. STEVENS. Am I correct that the amendment of the Senator from Texas is pending?

Mr. BENTSEN. Yes; that is correct. I thought I had made about four concluding speeches on it.

Mr. STEVENS. Yes. I would like to inquire, in view of the fact that the Senator's amendment deals with independents, and there are no independents that I know of drilling wells in Alaska, whether he would consider exempting Alaska entirely from this repeal of the depletion allowance, and see what happens in Alaska as compared with what happens in the rest of the country, where he would do away with it.

[Laughter.]

I am not being facetious. I am inquiring. I have an amendment that would do that.

Mr. BENTSEN. No, I would not be willing to do that.

Mr. STEVENS. If the Senator really thinks this amendment that changes the depletion allowance in four-fifths of the country would make any difference, let us change the rules in the South 48; let us do away with it down there, or leave it with the Bentsen amendment, with a small exception for the independents, and leave the situation in the frontier country the way it has been.

Mr. BENTSEN. I must say to the distinguished Senator from Alaska that I would not agree to that. I believe that the major oil companies can do all right and get along without the depletion allowance, as I stated earlier, in that they will be able to drill their exploratory wells and will be able to pass those costs on down to their refineries and their retail outlets.

I would like to see my amendment come to a vote, if I can, this evening.

Mr. STEVENS. Mr. President, I am not going to debate this matter further. We will see what happens. At a later date, it may well be that there will be some extended debate about this bill. But I just cannot understand why, while we are trying to help the small taxpayer, rebate his taxes from last year, give him a break on next year, we ought to be involved in something as complicated as the depletion allowance.

I will save my amendment for a later time, and we will see what happens to the amendment of the Senator from Texas.

Mr. BENTSEN. May I suggest that the Senator might consider withdrawing his amendment, in the light of the fact that it was defeated in the House of Representatives by 81 votes to 329 votes?

Mr. STEVENS. Mr. President, that reference to the vote in the other body does not increase the desire of the Senator from Alaska to concede to the desire of the Senator from Texas. I would say that in view of what happened in the House of Representatives today, that is not surprising.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, we almost reached a vote on this matter about 45 minutes ago. As a matter of fact, the rollcall was started and the Senator from South Dakota answered to his name, but before that happened, the Senator from Nebraska was on his feet and, of course, was recognized.

I wonder if it would be possible to arrive at a time certain to vote on the pending amendment tonight.

Mr. DOLE. Right now.

Mr. MANSFIELD. Well, give them a little time.

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. MANSFIELD. Let me make a unanimous-consent request first.

I ask unanimous consent that the vote on the pending amendment occur at the hour of 8 o'clock.

Mr. CURTIS. Mr. President, reserving the right to object, I would like to suggest that inasmuch as these two broad, sweeping amendments have not even been printed, we temporarily set them aside and proceed with some of the other amendments to the bill, so that it does not constitute a delay, and that we look at these amendments overnight.

I believe that the Senator from Alaska is not speaking for Alaska but he is speaking for the United States. I think the Alaskan oil production is the one bright spot that could well preserve this country in time of crisis.

I did not want to make a speech on my reservation, but I would hope we could take a look at these overnight and go ahead with some of these other amendments.

Mr. MANSFIELD. May I say the Senator from Texas is speaking for the small producers in this country, and what I would like to see is something done to give them some assurances. We have had a lot of debate on this. Why not vote on it tonight and consider the question of Alaska and its effect on the United States tomorrow.

Mr. STEVENS. Mr. President, will the majority leader yield?

Mr. MANSFIELD. Yes.

Mr. STEVENS. This is a form of amendment that forestalls my amendment tomorrow.

Mr. MANSFIELD. I do not think so. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. Would the Senator from Alaska repeat his statement, please?

Mr. STEVENS. I was prepared to offer an amendment to the Bentsen amendment which, as I understand it, would be the place to put the first amendment I was considering offering, and it was my understanding that that could not be offered after the amendment of the Senator from Texas has been voted upon.

Mr. MANSFIELD. Mr. President, will the Chair rule on that?

Mr. ALLEN. Reserving the right to object, and I shall not object, I would like to be accorded 5 minutes prior to the vote.

Mr. MANSFIELD. If we can get a time limitation.

I want to ask the Chair to make a ruling on a question raised by the distinguished Senator from Alaska.

The PRESIDING OFFICER. If the amendment of the Senator from Texas is agreed to, it would not be amendable except by unanimous consent.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. LONG. Mr. President, might I suggest to the distinguished majority leader that he explore the possibility of seeing if we could discuss the other tax matters and, perhaps, we could gain unanimous consent to handle everything except depletion, and save everybody the situation that we have at this moment, and go back to this after we have had a chance to work on some of the other things, because here is what I think is going to happen: We will vote on the Bentsen amendment, and however that goes we will then vote on the Hollings amendment; and then, however that goes, we will vote on the Cranston amendment as amended or not amended, and then somebody else is going to have a bright idea, and then we are back debating oil depletion again.

About the time we vote on two or three other committee amendments, somebody happens to have another bright idea on oil depletion, and we are back debating oil depletion, and every time we think we have something, we are on oil depletion, and that could go on until next January, and I would hope if we could take care of some of the other things not so controversial to the bill, and reserving everybody's rights—the Senator has filed a cloture motion, and that is fine, great. We will vote on it 2 days from now. But meanwhile get on with some of the other things, because I do not think the contending sides are going to be satisfied no matter what happens. Whoever is the winner is going to try to improve his situation, and whoever is the loser is going to try to improve his situation.

As long as the bill is here, why not settle some of the other things.

I would like to ask the majority leader to ask consent that we simply—reserving everybody in his right—proceed to consider some of the amendments that can be agreed to.

Mr. BENTSEN. Mr. President, this is really no different from what was voted on earlier this evening. We had an amendment by the distinguished Senator from South Carolina calling for a 1,000-barrel exemption. We had thoroughly debated that issue, and we decided it was time to vote on that issue, and we did.

Then we turned around and had actually started a rollcall on my amendment when we realized that the distinguished Senator from Nebraska had been standing seeking recognition. So we have debated this one at length. We debated it when we were debating the amendment of the Senator from South Carolina, and then we debated it subsequently, and I really think we have discussed it at length. We have discussed it in the Committee on Finance. We have discussed it in the Energy Subcommittee as recently as yesterday.

Mr. MANSFIELD. Mr. President, if I may be heard, what the House bill has done is abolish the depletion allowance for the oil and gas industry while it retains it for almost every other mineral-extractive industry, for coal, for sand, for gravel, for copper, aluminum clays, for clams, 108 items which are covered by the depletion allowance. We are now talking about one—petroleum—which is the most important of all energy items at this time.

If the depletion allowance has served as an incentive for other extractive industries, why should it be removed in the area of petroleum and gas internally, domestically, independently, where they are needed the most?

Where do you think your oil is coming from, Alaska? A part, yes. But we have considerable reserves in this country if we will only give the independent producer a break, and that is what the Senator from Texas (Mr. BENTSEN) is trying to do.

I think the depletion allowance should be eliminated for overseas investments. You can call it what you want, tax breaks, and the like, but they amount to the same thing.

As far as the independents are concerned, if we do not give them a break, we are going to have to face up to higher oil prices, Alaska or no. We are in short supply in domestic production of oil, and that supply will diminish in the years ahead and, as it diminishes, our prices are going to rise.

You can talk all you want to about oil and gas, but you cannot gainsay the fact that we are in short supply, that there is a limit to what we can produce; and that, as our supply diminishes, our prices are going to go up.

So I would hope that the independent producers of this country would be given encouragement through depletion allowances or, mark my words, their number will decrease from 20,000, as stated by the Senator from Louisiana (Mr. LONG) to 10,000 today, to 5,000, 3,000, 2,000, and 1,000.

I wonder how many people here realize that as far as the independents are concerned that 1 out of every 10 wells that they bring in produces and produces on a small scale. We do not have many more Alaskas to look forward to.

We have not got a great deal to expect from the Atlantic offshore developments which the Supreme Court on yesterday said is the responsibility of the Federal Government. I think that somebody has to speak for the independent producer, and I think the distinguished Senator from Texas is doing so at this time.

Foreign governments are being paid more for oil than we are paying to our own domestic producers unless it happens to be new oil.

The House bill estimates a saving of $2.5 billion in taxes associated with the phaseout of the depletion allowance. But, at the same time, that bill proposes a $5.07 billion tax break for other businesses in the form of investment credit.

I have indicated that 108 items are under the depletion allowance aspect of the tax schedule, and it is my understanding, to reiterate, that 80 percent of the exploratory drilling in the United States is done by 10,000 speculative independents. These are facts, I think, we ought to think about.

In 25 to 40 years the oil is all going to be gone, and the gas with it. The Senator from Texas (Mr. BENTSEN), is trying to do something to protect some of our own people who take chances, who speculate, who lose more often than they win.

Let us talk about the major oil producers on their own and at a more appropriate time. I would hope it would be possible to vote on the Bentsen amendment tonight. But if there is going to be too much talking we will just have to think it over or take it up tomorrow or another day.

UNANIMOUS-CONSENT AGREEMENT TO VOTE ON THE BENTSEN AMENDMENT AT 8 O'CLOCK TONIGHT

Mr. MANSFIELD. Now, Mr. President, I ask unanimous consent that the vote on the pending amendment occur at the hour of 8:30—that the time be under the control of the Senator from Louisiana—let me change that to 8 o'clock—and the Senator from Texas (Mr. BENTSEN), and that 5 minutes of that time be allocated to the Senator from Alabama—3 minutes.

Mr. HOLLINGS. Three minutes.

Mr. MANSFIELD. Three minutes to the Senator from South Carolina.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Reserving the right to object, I would like to ask unanimous consent that my amendment concerning the frontier areas of Alaska and offshore be in order without regard to the vote on the Bentsen amendment.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. I object. I want it to be in order.

The PRESIDING OFFICER. Is there objection?

Mr. LONG. May I ask the question, is the Senator asking that the Senator may offer his amendment?

Mr. STEVENS. Tomorrow.

Mr. LONG. Offer it tomorrow.

Mr. STEVENS. Without regard to the vote on the Bentsen amendment.

The PRESIDING OFFICER. Without objection the Senator will be allowed to offer his amendment even if the Bentsen amendment is agreed to.

Is there objection to the request for the unanimous consent from the Senator from Montana?

Without objection, it is so ordered.

Who yields time?

Mr. HOLLINGS. Mr. President, could I have my 3 minutes?

Mr. BENTSEN. I am delighted to yield.

Mr. HOLLINGS. Mr. President, on the 3 minutes——

The PRESIDING OFFICER. The Senate will be in order. The Senate will be in order.

Mr. HOLLINGS. The Senator from Montana has referred to 100-some-odd minerals. None of those minerals has had a four-fold increase in price.

Generally speaking, we have a schedule and I ask unanimous consent to have it printed in the RECORD.

There being no objection, the schedule was ordered to be printed in the RECORD, as follows:

PERCENTAGE DEPLETION RATES FOR DOMESTIC MINERAL PRODUCTION

NOTE.—The depletion rates specified in the law are all subject to the limitation that the deduction cannot exceed 50% of the net income from each producing property or, in the case of hard minerals, operating unit.

22% Depletion Applies to these Minerals:

Antimony, Anorthosite (to extent alumina and aluminum compounds extracted therefrom), Asbestos, Bauxite, Beryllium, Bismuth, Cadmium, Celestite, Chromite, *Clay (to extent alumina and aluminum compounds extracted therefrom).

Cobalt, Columbium, Corundum, Fluorspar, *Graphite, Hmenite, Kyanite, Laterite (to extent alumina and aluminum compounds extracted therefrom), Lead, Lithium, Manganese, Mercury.

Mica, Molybdenum, Nephelite Syenite (to extent aluminia and aluminum compounds extracted therefrom), Nickel, Oil and Natural Gas, Olivine, Platinum, Platinum Group Metals, Quartz Crystals (Radio Grade), Rutile.

*Slock-Steatie Talc, Sulphur, Tantalum, Thorium, Tin, Titanium, Tungsten, Uranium, Vanadium, Zinc, Zircon.

15% Depletion Applies to these Minerals:

Copper, Gold, Iron Ore, Oil Shale, Silver.

14% Depletion Applies to these Minerals:

Aplite, Barite, Bentonite, Borax, Calcium Carbonates, *Clay, Ball, *Clay, China, *Clay, Refractory, *Clay, Sagger, Diatomaceous Earth, Dolomite.

Feldspar, Fullers Earth, Garnet, Gilsonite, Granite, *Graphite (Flake), Gypsum, Limestone, Magnesite, Magnesium Carbonates, Marble.

Metal Mines (not otherwise named), *Mollusk Shells (when used for chemical content), Phosphate Rock, Potash, Quartzite, Rock Asphalt, *Slate, Soapstone.

*Stone (dimension or ornamental), Talc, Thenardite, Tripoli, Trona, Vermiculite, Other minerals not covered elsewhere.

10% to these Minerals:

Brucite, Coal, Lignite, Perlite, Sodium Chloride, Wollastonite.

5% to these Minerals:

*Clay (used for drainage and roofing tile, flower pots, etc.), Gravel, *Mollusk Shells, Peat, Pumice, Sand.

Scoria, *Shale, *Stone, If from brine wells—Bromine, Calcium Chloride, Magnesium, Chloride.

7½% to these Minerals:

*Clay and Shale (used for sewer pipe or brick), *Clay, Shale, and Slate (used as lightweight aggregates).

*Note differing rates, depending on use or quality.

Mr. HOLLINGS. But all these, manganese chloride 10 percent, or 5 percent down to sodium, and all the rest of these minerals around 5 and 10 percent.

Specifically, this is the question, Mr. President, because the Senator from Indiana has tried to separate the matter of foreign depletion.

The PRESIDING OFFICER. Will the Senator withhold for a moment, there will be order in the Senate, please. Those who converse, go to the cloakroom, please, there will be order in the Senate.

Mr. HOLLINGS. Mr. President, they tried to get on now and say what it is, the choice between the Hollings or the Bentsen amendment will offer so much, but the Cranston amendment will give us so much more, inferring, of course, that the Senator from California is trying to really recoup something from the oil and gas industry.

Nothing could be more wrong, there is a subterfuge, nothing could be more ridiculous.

He takes that foreign tax credit as bait and while it amounts to about $2 billion that the Senator from Indiana, if he had been here, he only gets $400 million out of that. When it comes to having a jump and speak for the matter of profits, the oil industry itself agrees, and I am quoting from the Library of Congress given out last week, a report on the matter of profits:

> To gain some perspective, the industry itself estimated an effective rate of domestic Federal income taxes on domestic profits of 22 percent in 1971, which was considered too high by some critics of their study.

The rate in America is 48 percent. The average industrial manufacturer is paying at the rate of 40 percent, oil amounts to 22 percent. We jump to the most recent figures we know of, of 1973, and Exxon paid 5.4 percent, Gulf 1.1 percent, Mobil 2.2 percent, Texaco, Senator from Wyoming (Mr. HANSEN), that was 1.6 percent, and Texaco in 1974 had its profits go from $1,292,400,000 after taxes to $1,588,400,000 with a 22-percent increase in its profit.

So, Mr. President, the question is not with people in unemployment lines, or applying for food stamps. It is again to subsidize a windfall profit. It is just arithmetic. Nine dollars a barrel, take the $3 billion from the 8.7, if we did away totally with oil depletion, as the House recommended, put 3 from the 8.7, 5.7 billion, they still make, Mr. Chairman of the Finance Committee, as compared to the 1.1, they have five times their profits in the last 2 years, including elimination of the oil depletion allowance.

Mr. LONG. Mr. President, I yield myself 1 minute.

Mr. President, here is a memo to which I might refer that was prepared by Senator GRAVEL, but it was for the committee when the hearing was conducted, with reference to the Senator's testimony when the Senator stated that same so-called study before the committee. The Senator should read this.

I will put it into the RECORD. If anybody was ever in error, the Senator is in error. I hope very much he will read it.

I ask unanimous consent that it appear in the RECORD immediately after this statement.

It is quite to the contrary. The Senator will find an analysis of the point he had to say and what the facts are, and then an analysis by the Committee on Finance. I say he is badly in error.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DATA UTILIZED BY SENATORS KENNEDY AND HOLLINGS IN THEIR TESTIMONY BEFORE THE FINANCE COMMITTEE URGING REPEAL OF THE OIL DEPLETION ALLOWANCE

This memo has been prepared in response to your request for an analysis of the information presented by Senators Kennedy and Hollings in support of their argument for the elimination of the depletion allowance. In their testimony Senators Kennedy and Hollings set forth a number of arguments both procedural and substantive for repealing the provision at the present time. The substantive argument for repeal boils down to an assertion that the present high prices for oil and the healthy profits within the industry make the allowance especially inequitable and unnecessary as an incentive for production. The statements of Senators Kennedy and Hollings say that the average effective tax rate within the oil industry is only about 6%. More specifically, the Kennedy/Hollings statement says:

"For large corporations, the tax rate specified in the Internal Revenue Code is 48%. But as the following table indicates, the average effective tax rate for some of America's largest oil companies is only about 5 or 6%:

Federal income tax rate paid by largest oil companies—1974

[Source: U.S. Oil Week Computations Based on Company Annual Reports and SEC Reports]

	Percent
Exxon	6.5
Texaco	1.7
Mobil	1.3
Socal	2.05
Std. Ind	10.2
Shell	21.6
Gulf	1.2
Arco	3.7
Phillips	12.9
Conoco	8.2
Sun	13.2
Union	6.4
Cities Svc	8.3
Getty	22.5
Marathon	7.5
Ashland	32.4
Std. Ohio	12.8
Ker-McGee	23.8
Amerada Hess	7.5
Average	5.99

"In the current state of high profits and low taxes, it is only crocodile tears that can legitimately be shed by the oil companies when the percentage depletion allowance passes from the scene."

The staff attempted to obtain a copy of the publication of U.S. Oil Week which is cited as the source of information for the above table. The Library of Congress received its last issue of U.S. Oil Week in 1970. A 1968 copy of the publication revealed that it is a newsletter published by the Observer Publishing Company, now located in Arlington, Virginia. The publication appears to be directed to a readership composed mainly of "small businessmen in petroleum marketing." Reached in Arlington, a spokesman for U.S. Oil Week stated that the information relied upon by Senators Kennedy and Hollings was probably "taken from our June 1974 issue which is based mainly on 10K forms filed by major companies with the SEC." The staff is attempting to obtain a copy of the June 1974 issue. In any event, it is impossible that the June 1974 issue of Oil Week could contain the Federal Income Tax rate paid by oil companies for the entire year of 1974.

Whatever the reliability of the sources of information on the taxes paid by oil companies which was presented by Senators Kennedy and Hollings, the computations appear to be based upon a misleading and distorting technique of taking total worldwide income of major oil companies and comparing that figure with taxes paid only to the U.S. Federal Government. This would seem to be the only way to reach a conclusion that "the average effective tax rate for some of America's largest oil companies is only about 5% or 6%. This is a misleading comparison for two reasons: (1) It suggests that oil companies owe taxes to the U.S. on their worldwide income, no matter where it is earned or whether it has any reasonable connection with the country at all, and (2) this approach is misleading because it ignores taxes paid to State and local governments with the U.S. A much fairer way to measure the tax burden of oil companies is to compare total taxes (excluding excise taxes at the pump) against total income.

The staff of the Committee on Finance carried out a comprehensive study of oil companies' profits on domestic and foreign income which was published by the Committee in December 1974. Table 3 in the attached Committee print presents the overall effective taxes paid by 10 major companies to all governments, excluding consumer excise taxes paid at the pumps.

In addition, the January issue of Forbes magazine containing information of profitability in U.S. industries places oil company profitability in its proper perspective by comparing oil company profits with those of other companies in other industries. For example, Texaco ranks 142nd and Exxon 155th when measured by their respective returns on equity. Exxon, whose five-year return on equity averages 16.3%, moved from 269th to 155th, while Texaco, whose five-year average return on equity is 16.6%, moved from 235th to 142nd. A Xerox copy of this article is also attached.

Finally, it should be pointed out that Senators Kennedy and Hollings in their joint statement are arguing for repeal of the depletion allowance for oil and gas. While it is true that the price of new oil has increased during the last two years, it should be noted that the price of natural gas has not undergone a price increase anywhere near equivalent to that of new oil. It would be a disaster to take away depletion from gas when the average wellhead price is still about 30¢ in the interstate market.

TABLE 3.—EFFECTIVE TAX RATES PAID BY 10 MAJOR OIL COMPANIES, 1964-73—INCLUDES ALL TAXES, OTHER THAN EXCISE TAXES, PAID TO FEDERAL, STATE, LOCAL, AND FOREIGN GOVERNMENTS

	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
Total:										
Exxon	78.1	79.8	76.9	77.8	76.3	75.5	76.5	76.4	76.4	74.9
Gulf	67.2	70.2	63.7	55.5	50.2	45.3	47.5	46.4	45.0	43.2
Mobil	62.4	63.2	63.9	57.1	55.4	54.1	49.6	48.5	49.1	47.8
Phillips	44.5	51.9	47.5	46.8	42.5	42.2	41.9	42.3	36.2	34.4
Shell	43.6	45.6	43.7	46.0	39.1	36.8	36.1	38.0	38.0	35.7
Standard of California	59.2	65.1	63.6	60.5	55.8	52.9	48.4	32.5	30.6	31.2
Standard of Indiana	46.6	43.0	40.9	41.1	39.7	42.0	40.9	39.8	44.5	39.1
Standard of Ohio	50.1	56.6	35.6	29.2	58.8	47.2	43.8	44.1	50.5	48.5
Sun	54.1	55.4	54.2	57.0	53.0	48.4	NA	NA	NA	NA
Texaco	74.3	75.3	70.5	66.8	66.6	63.0	61.9	NA	NA	NA
10-company average [2]	70.3			66.6			62.4			55.8
United States:										
Gulf	41.0	28.5	30.7	31.6	26.9	19.4	29.6	33.3	30.9	33.1
Mobil	41.5	38.9	45.9	44.1	38.9	34.7	39.7	39.4	42.7	43.3
Phillips [1]	50.0	48.6	52.8	50.5	45.3	45.8	45.1	43.1	38.7	39.9
Shell	44.0	45.7	44.0	46.1	38.3	36.2	35.8	36.9	36.5	34.5
Standard of California	49.2	44.8	45.6	44.6	34.9	36.3	36.5	37.5	34.6	36.8
Standard of Indiana	41.6	46.0	48.1	48.1	44.2	48.3	40.6	39.3	42.0	34.7
Standard of Ohio	48.5	56.2	31.0	26.6	59.4	46.7	43.0	43.0	50.4	47.8
Sun	50.5	47.7	47.5	48.3	42.0	37.7	NA	NA	NA	NA
Texaco	37.2	35.6	35.3	36.6	30.3	25.7	25.3	NA	NA	NA
Exxon	42.3	40.8	41.3	43.7	40.2	40.5	39.3	38.5	37.4	35.1
10-company average [2]	42.9			42.4			35.6			31.6
Foreign:										
Exxon	38.0	87.0	84.4	85.4	85.4	83.1	84.4	83.8	82.7	81.3
Gulf	72.1	88.0	79.1	73.2	69.6	67.0	67.9	63.8	63.4	56.8
Mobil	67.9	71.3	71.3	65.5	67.0	66.4	57.8	54.7	53.7	50.4
Phillips [3]										
Shell [4]										
Standard of California	61.4	71.2	69.3	67.4	66.0	61.7	55.6	26.2	25.2	23.5
Standard of Indiana [3]	61.3	22.1	10.1	4.8			57.7	95.7		
Standard of Ohio [4]										
Sun [3]	59.2	77.6	77.1	93.0			NA	NA	NA	NA
Texaco	80.5	84.6	80.5	79.3	79.4	81.6	80.4	NA	NA	NA
10-company average [2]	77.8			79.4			78.2			70

[1] The rates of profitability of taxes for Phillips were recalculated using the tax and income figures supplied by Phillips; however, Phillips points out that the income shown includes earnings of companies accounted for by the equity method, whereas the tax figures do not include taxes paid by such companies. Hence, the taxes are understated.

[2] This average includes total company income and total taxes paid by the companies; since Exxon accounts for almost half of the total taxes, the average tends to reflect Exxon's experience.

[3] These companies had losses on foreign operations in certain years not shown.

[4] Foreign operations of these companies are, or were, relatively insignificant, i..e, less than 5 percent of net assets.

Note: Data in this table were supplied by the 10 major oil companies in response to a questionnaire from the Senate Finance Committee asking for data from petroleum operations. Five of the companies reported profits on petroleum operations as requested, 5 companies reported total corporate profit data; 4 of the 5 companies reporting total profit data, Mobil, Gulf, Shell, and Standard of California, all indicated that the nonpetroleum portion of their business was relatively insignificant and its inclusion should not therefore create any distortions in the data.

Source: Responses from the 50 major oil companies listed above to a questionnaire from the Senate Finance Committee asking for the rate of profitability to taxes, other than excise taxes. The responses to this question showed net income, taxes (other than excise taxes), and the ratio between net income after tax and the sum of net income after taxes and taxes (other than excises) paid to Federal, State, and local governments and to foreign governments. The reciprocal of this ratio is the ratio between total taxes (other than excises), paid to Federal, State, and local governments and to foreign governments, and the sum of such taxes and after-tax net income i.e., the effective overall tax rate paid by the 10 companies to all governments. This reciprocal is shown above in the tables. Caution: This is not the effective tax rate paid to the U.S. Government.

Arguments against repeal of the depletion allowance in the absence of a comprehensive energy program can be made on substantive grounds, as well as simply refuting the misleading or inaccurate data that has been bandied about.

Senator Hollings made the following assertions which can be rebutted by the arguments which follow:

1. It (the depletion allowance) has not been effective as an incentive for exploratory drilling. In 1969, for example, the revenue loss from this deduction was $1.4 billion while only $150 million worth of oil reserves were discovered.

This argument is based on a 1968 CONSAD report which has been thoroughly discredited. The CONSAD study was, in fact, inappropriately conceived. Its basic mathematical model contained fundamental flaws. As described by an independent team of university economists in 1973, it was "a dry hole." The quoted cost-benefit conclusions of the study are of no use—if for no other reason than that it assumed that oil production would remain constant regardless of the level of price. As a matter of fact, the CONSAD study was never intended to determine how exploration and the total level of reserves would respond to changes in price. It was designed to determine how the optimum amount of reserves held in the ground would vary with price assuming a constant level of production. That exercise is quite similar to determining how the optimum level of inventories in a retail store would change if price were to change assuming a constant level of sales.

It is not correct that "careful economic studies have indicated unambiguously that percentage depletion is very ineffective relative to its large cost in stimulating exploration." On the contrary, economic studies other than the misformulated CONSAD endeavor have shown quite the opposite. One such effort showed that crude oil imports in 1971 would have been double the actual level in the absence of percentage depletion because petroleum reserves would have been 22.5 percent lower. Another careful study in 1969 showed that, in the long run, a 33 percent reduction in price would mean a 55 percent reduction in discoveries. Since the effective percentage depletion rate in excess of cost depletion was something over 15 percent after 1969, that study implied at least a 25 percent decrease in the level of reserves if percentage depletion had been eliminated $((55/33) \times 55 = 25)$.

2. Further, since depletion only applies to successful, producing wells, there is greater incentive to drill multiple wells in known fields than it is to take the one in ten risk of exploratory well drilling.

What is "overdrilling"? With higher prices (or price plus depletion), it may be economical to produce a reservoir faster, but that does not mean that oil will be wasted in the sense of diminishing total recovery from the field. When there is a shortage, obtaining oil sooner is certainly not undesirable so long as the producing rates do not damage the reservoir by exceeding the maximum efficient rates for the wells in the reservoir. This does not happen because the maximum efficient rate of production for each well is normally determined by state or Federal regulatory agencies based on the physical characteristics of the reservoir. To the extent that wasteful overdrilling and over-production of reservoirs may have occurred in the past, the basic cause was the "Rule of Capture." The oil beneath an individual's land could be legally drained off by any neighbor who could produce it from wells located on adjacent properties. It was diverse ownership of mineral properties and lack of effective unitization and conservation laws rather than percentage depletion that caused such over-drilling as may have occurred in past years.

Insofar as preference for drilling in existing fields is concerned, the fact that the industry has spent billions of dollars in the past few years in the hostile environment of the United States Arctic and offshore areas in the quest for new reserves belies the assertion that oil companies "prefer to spend money drilling in existing oil fields."

3. Additionally, the Treasury Department has estimated that 42% of the allowance goes to non-operating interests, such as royalty owners.

In the first place, 42 percent is not "most." Furthermore, over half of what CONSAD included in the 42 percent was the nominal depletion allowance on foreign oil. This was done despite the well-known fact that foreign depletion usually does not lead to a reduction in United States income taxes because the foreign tax rate is usually higher than the United States rate. Hence, the foreign tax credit offsets potential United States tax liability with or without depletion. (An important exception is in Canada, which also has a form of percentage depletion.) Anyone who has studied the question recognizes that virtually all of the benefit of the depletion allowance accrues to domestic operations. Quoting from the Report of the Committee on Ways and Means on H.R. 11462, the Oil and Gas Energy Tax Act of 1974: ". . . your committee is aware that the limitation on the amount of creditable foreign taxes takes away most of the advantage of the deduction for foreign percentage depletion. . . ."

The royalty owners' share of the total amount of percentage depletion taken annually cannot be very great. The average royalty in the United States is about 15 percent of gross revenue. And perhaps 35 percent of that goes to governments (Federal, state, and local) which, of course, take no depletion. Thus, it would appear that about 10 percent of the annual percentage depletion allowance goes to landowners.

It is also inaccurate to contend that royalty owners have "nothing to do" with the exploration process. They contribute significantly to the finding and developing of new reserves by making available for exploration the land under which the reserves are located. Moreover, the royalty owners' capital values are reduced as the oil is produced from their land; and they are entitled to an appropriate allowance in recognition of this fact. Also, it must not be thought that the landowners who retain their mineral rights simply "sit back and collect royalties" and "take no risks." They could sell their mineral rights before exploratory drilling, but they elect to share in the risks of exploration by contributing the pre-exploration capital value of their mineral rights to the exploratory process. Hence, they are entitled to share in the success—if any—of the operation.

It was also contended that percentage depletion is dissipated to landowners in the form of lease bonus payments: "Landowners get depletion on their royalty income, and they also get higher prices for leasing their land, because the availability of depletion encourages producers to bid the value up."

The essence of this argument is that if percentage depletion were eliminated, lease bonuses would decline accordingly. And the loss of percentage depletion would, in effect, have been shifted back to landowners—not forward to consumers via higher prices.

4. The recent and substantial increases in oil prices provide a generous return on investment for oil producers and more than offset and profit allegedly lost by depletion repeal. Industry profits have risen 52% over last year. In 1973, oil was selling at $3.50 per barrel and depletion was worth $0.77 per barrel. Since oil is now selling at an average of $7.50 per barrel, producers have increased their per barrel profits by five times that depletion factor.

A misconception of the additive incentive effect of percentage depletion appeared continuously throughout the Senate debate. For example, one Senator cited Professor Otto Eckstein (of Harvard University), who contends that the depletion allowance is obsolete because the increased "market price of oil provides a far stronger incentive to the development of additional reserves than any tax incentive such as the depletion allowance could provide."

Arithmetically, it is quite true that a $7.50 increase in the price of new oil from $3.50 to $11 is a more powerful increase than deducting 77 cents (22 percent of the $3.50 price) from taxable income—$7.50 is always better than 77 cents. But, it is also true that eliminating percentage depletion on the $11 would have the same type of effect as reducing the higher price and hence reducing the effectiveness of the price increase. (The magnitude of the price increase required to offset loss of depletion is discussed in Section VIII below; for a taxpayer in a 48 percent marginal bracket, a $2.23 increase in the $11 price would be required to offset the loss of 22 percent depletion.) Moreover, a given price increase with percentage depletion is more effective than the same increase without depletion—since the company receives the percentage depletion allowance on the increase in price as well as on the base price. Conversely, it loses the depletion on the amount by which a price is reduced.

From the point of view of the producer, eliminating percentage depletion at any given level of price has the same type of effect as cutting the price. And that can only mean less petroleum exploration and development. As we have seen, more prospects become economically attractive with a higher price—especially those prospects in costly frontier areas such as the North Slope of Alaska, the deepwater offshore, and very deep geological horizons onshore. And fewer prospects are attractive with a lower price. Hence, a price plowback would mean less exploration (and less development). A reduction in percentage depletion would have the same sort of effect—unless there were a compensating price increase. Actually, a 22 percent reduction in price with depletion in effect would be somewhat more serious than the elimination of 22 percent depletion because the effect of the price reduction would be compounded by loss of part of the depletion formerly received.

In short, the incentive effect of percentage depletion in additive to the effect of price. At any given level of price, there will be more exploration with percentage depletion than without.

5. Former energy chief Simon recognized the unimportance of depletion to drilling incentives when he stated in a letter to the Senate Interior Committee that: "in the short run, changes in percentage depletion should have little effect on the rate of expenditure of discovery efforts. . . . in the long run, a change in depletion should have no effect, per se, on the rate of production."

One of the numerous rhetorical questions raised during the debate observed that if depletion were such a fine exploration incentive, why did exploration and the number of independent operators decline so sharply after 1956 "if this depletion allowance was so beneficial we would not be dependent on foreign sources. . . . the oil depletion allowance is not worth a lot because the oilmen have had it and they have gone out of business anyway."

This is said to be "the best argument for doing away with the oil depletion allowance." The fact is that without percentage depletion and import restrictions the domestic industry would have suffered substantially more than it did. And the impact of the recent Arab oil embargo would have been much worse.

We have seen that the sharpest decline in drilling was experienced when depletion was reduced in 1969. It is frequently overlooked that the political and policy climates affect investment. These climates must be ones in which all investors, large and small, have a reasonable degree of certainty that the ground rules regarding such basics as prices, taxation, and profits will not be altered drastically. The primary motivation for development of additional supplies for any commodity in free enterprise economies is the prospect of making reasonable profits on each new project. Without this prospect, there will be little or no competition because there will be little or no investment by firms of any size and little or no new entry into the industry.

Percentage depletion allowances have served the Nation well by encouraging widespread new investment and providing sources of funds for a large United States oil and gas industry made up of thousands of firms and individuals. However, starting with the 1950's the potential financial contribution of the depletion allowance has been partially offset through price controls. Prices and profits of oil were controlled indirectly to 1971 through jaw-boning and the controlled importation of low-priced oil. In addition, prices and profits of interstate natural gas sales have been controlled by the Federal Power Commission since 1954. In August 1971, the Federal Government started limiting prices and profits through direct controls have been removed from almost all other commodities, they still apply to oil and gas.

The value of depletion as an incentive was also questioned in view of the current decline in production in the face of higher prices and correspondingly higher amounts of percentage depletion "production in this country has actually dropped by 2 percent. One wonders, if higher prices automatically bring forth more production, where it is."

Rome wasn't built in a day. It will take several years for the effects of the current accelerating growth in exploration, development, and workover activity now under way to be reflected in production rates. Active rotary rigs in the first half of 1974 were up more than 25 percent over the number active in the first half of 1973. And, according to the Chase Bank, domestic petroleum capital expenditures by 30 companies in the first half of 1974 were up by 122 percent over the first half of 1973. Spending by these companies was at an annual rate of $13 billion, about the level of their worldwide profits.

Thus, the industry is clearly responding as quickly as it can to the prospect of improved after-tax profits through higher prices and continuation of the depletion allowance. Just as production in future years will reflect today's increased activity, production today reflects curtailed activity in the past. The recent sharp increase in activity should not mislead us however. It should be remembered that substantially greater levels of investment are necessary even if we are just to maintain the current ratio of domestic oil to imports. And we have seen that the industry's past investment rate must be increased several-fold to some $36 bililon annually (in 1974 prices) to achieve a reasonable degree of energy independence.

6. Depletion allowance discourages production of cheaper, alternate energy sources. The tax benefits are based on the value of the minerals in the ground. Hence, a $7.00 barrel of crude oil gets the full benefit of the allowance, about $1.30, while a $7.50 barrel of oil made from coal only receives the benefit of the original coal cost, about 10 cents, and a BTU equivalent of energy based on solar technology would receive no depletion benefit.

This argument proceeds from a correct premise to an incorrect conclusion. In shale oil extraction, for example, percentage depletion is computed on the value of the "kerogen," that is, the raw oil-type material after it has been separated from the shale. Then, it is necessary to upgrade the kerogen by refining process to make it into a synthetic crude oil comparable to conventional crude oil from the well. Thus, percentage depletion applies to the full value of conventional crude but to only part of the value of the synthetic crude.

The easy way to solve this problem is to put the computation of allowable percentage depletion for shale at that point in the process where it becomes a synthetic crude oil comparable to conventional crude. In order to equate the incentives, it is not necessary to destroy the incentives on conventional crude oil—a move clearly counter to the national interest in achieving more domestic energy, conventional or otherwise.

Moreover, elimination of percentage depletion on conventional oil and gas would do nothing to improve the rate of return on alternative sources and, hence, to encourage accelerated development of those sources. Making one domestic energy source less attractive does not make another domestic source more attractive. It makes domestic sources, in total, less attractive relative to imports. Alternative sources have been slow to develop because their higher costs have required selling prices far in excess of the equivalent price of conventional crude oil or gas in order to generate an acceptable rate of return. That rate of return would not rise because the rate of return on conventional oil and gas would fall with higher taxes on conventional sources.

Mr. HOLLINGS. Mr. President, I ask unanimous consent to have printed in the Record a response to that particular memo. We will put that into the Record.

There being no objection, the response was ordered to be printed in the Record, as follows:

Memorandum on Memorandum to Senator Gravel, Prepared by Finance Committee Staff

The memo offers counter arguments to the Hollings-Kennedy fact sheet on depletion. It contains some incorrect statements and arguments. Since it appears that the memorandum was prepared for purposes of floor argument, the points presented in it are analyzed below, referring to the pages of the Gravel memo.

Page 2—Statistics from U.S. Oil Week. The chart that is reproduced on page 1 claims to be industry statistics for 1974, when they are for 1972. Statistics have also been supplied for 1973, with an average tax rate of 6.5%. The figures for 1974 are not yet available and the typographical error in the original statement was corrected but apparently overlooked by the Gravel memo.

Page 2—second para.—True that the above statistics are U.S. tax on worldwide income. The memo claims that the true data is worldwide tax on worldwide income. This is not true since the taxes paid by U.S. companies overseas are frequently clouded by what are really royalties paid to foreign governments for oil rights in the OPEC countries. The true measure is the U.S. rate on U.S. income, and those statistics are not available from industry surveys or from SEC 10K forms. The Finance Committee claims to have computed those rates on the chart on page 4, but note that (1) the data was supplied by the oil companies themselves, and are not official figures, (2) they include all taxes except excise, which would include property taxes, production taxes, export taxes and import duties. While it is impossible to break all that down accurately, the figures published by Standard Oil of Indiana (in the March 17, 1975, Chicago Tribune) offers a good example. Of the $1.1 billion paid in 1974 taxes, $321 million, or roughly a third, went into those miscellaneous taxes. Some light is shed on this by a study done by Price Waterhouse for the API and used by Frank Ikard to refute the claims of the Oil Week Study. It produced a figure of 21.8% as the effective domestic tax rate, but that included the deferred payments of tax assessed on previous year's income. When that was subtracted, the effective rate came down to 14.7%. It should also be noted that the Finance Committee figures include taxes paid on all their operations, not just on oil.

Page 3—the second paragraph has some statistics on profits and earnings which are quite misleading the way they are quoted. Exxon, for example, is claimed to be only 155th in ranking the return on equity. The next sentence does admit that Exxon jumped from 269th position to 155 in one year, which is a sizeable jump to begin with, but what makes that even more remarkable is the fact, omitted from the memo, that the ranking is based on five year averages, not on the one year's performance. Last year was such a good one for Exxon that it raised its five year average enough to move up 114 places. Last year's return on equity was 22.4% for Exxon. If you want the proper perspective that the Gravel memo claims, the Forbes chart on Industry Medians, Yardsticks of Management Performance, which sums up all the data of profit and returns lists by industry lists the energy (oil and gas and coal) as the most profitable (21.9%) over the last 12 months on return on equity. In two other measurements, it led all other industries in return on capital (15.5%) and ranked fourth in net profits. The 3 more profitable were drugs, utilities and natural gas, and telephones (two of them regulated). The total return on equity for all industry for 1974 was 14.2% Recent profit summaries for 1974 in the current issue of Business Week support the same conclusion.

ARGUMENTS

In the section following the chart, under argument No. 1:

1. The first section discredits the CONSAD study. While there have been many who questioned its statistics, the basic findings have not been successfully refuted. Nor have the "careful studies" cited been proved any better. Since they are not named it is not possible to evaluate them, but a 1973 study done by James C. Cox and Arthur W. Wright (both of the Economics Dept. at the Univ. of Mass.) reports that the mainstream of economic literature consist of a series of estimates in which, although their numerical findings differ, all three find evidence of substantial inefficiency. And finally, there is the Library of Congress Study recently submitted by Senators Hollings, Kennedy and Magnuson.

2. The second point is the very weak argument that punching wells in known fields is not bad because it gets the oil out sooner. That misses the point, because it doesn't address the real question of exploratory drilling and increasing known reserves. And it is that which the oil companies claim will stop if depletion is repealed.

3. The argument here takes issue with the Treasury estimate that 42% of the depletion goes to non-operating interests. It is true that foreign oil was included, but that still won't increase the U.S. reserves and is therefore correctly included as a non-operating interest in this context. Then follows a series of arguments on percents which seems to discuss how much of that 42% goes to different interests and where, without ever considering the basic argument that 42% of depletion is wasted. The argument is talking apples and oranges.

4. Point 4 discusses the market price of oil and the value of depletion now as compared to later and makes the common mistake of trying to estimate how much more of a price increase will be necessary to repay the oil companies for the loss of depletion. The main point is that we should not be trying to restore them to the point they are at now. They are making huge windfall profits by any fair measurement, and there is no reason we have to worry about maintaining them for the industry. We should be talking about the levels of profits and the prices of two years ago. There was ample profit at $3.50 pbl in 1973 and we should not worry about depriving them of some of the difference between that price and the current $7.50 pbl average.

5. Point 5 is a very weak argument about investment climates and free enterprise and states that Rome wasn't built in a day. If the oil companies had been financing Rome with a wasteful and inefficient subsidy like the depletion allowance, the city might never have been built.

6. Point 6 addresses the question of the competitive advantage of oil over other sources of energy as a result of depletion and suggests that we increase the tax breaks for others to make them equal. That will continue to encourage waste and force the taxpayer to subsidize the consumption of energy without a choice. It will also extend windfall profits to other industries and energy sources.

Mr. HOLLINGS. Do I have any of the 3 minutes left?

The PRESIDING OFFICER. The Senator has used his 3 minutes.

Mr. LONG. I yield additional time.

Mr. HOLLINGS. If the chairman yielded me 1 minute, we are back to the question of independents. Of the independents, Astral with 2,700 barrels production per day paid zero tax rate.

These are the independents that the majority leader was talking about.

Buttes, 5,500 barrels per day, zero taxes; Hamilton; Patrick, 2,100 barrels, zero taxes.

That is what we are talking about. They are not paying any tax rate at all at the present time.

The PRESIDING OFFICER. Who yields time?

Mr. CRANSTON. Will the Senator from Louisiana yield me 2 minutes?

Mr. LONG. I will yield 3 minutes.

Mr. CRANSTON. I have heard the figure decline in my amendment as to what will be picked up by what I would do to foreign tax credits. The actual figure is not $400 million, but it is $630 million to be picked up in presently lost revenues which would more than pay for the amount of money that would be lost by the exemption of the independents from the oil depletion allowance. We will pick up the following——

Mr. HARTKE. Will the Senator yield?

Mr. CRANSTON. Let me finish.

Mr. HARTKE. Let us straighten out the facts.

Mr. CRANSTON. Excess credits pick up $460 million; the per-country limitation is eliminated, picking up $120 million. We will recapture $20 million by the provision for recapture of overall foreign losses, $20 million by eliminating DISC for energy exporters and by the investment credit being taken away by the drilling of rigs out of country $10 million, for a total of $630 million.

In regard to the amendment of the Senator from Texas, I would like to say things are going up. Where my amendment would provide only a 3,000 barrel a day exemption for independents, the Senator's amendment, in effect, would provide twice that for producers of oil and gas, for what amounts to 6,000 in terms of an additional equivalent to 3,000 barrels for natural gas, making a total of 6,000.

The one other feature of my amendment that is not in the Senator's amendment is the provision to prevent the depletion allowance from being used as a tax shelter for income earned in some other way by someone who gets the depletion allowance. I think we should eliminate the opportunity of anyone to earn vast sums and pay no taxes at all. The way my amendment is written, that would be the result.

For those reasons, I think my amendment is a better amendment than the amendment offered by the Senator from Texas.

Mr. BENTSEN. I yield 3 minutes to the Senator from Alabama.

Mr. ALLEN. Mr. President, there are three amendments before the Senate at this time. Inasmuch as votes on the amendments might appear inconsistent, I wanted to explain for the record my position with respect to the amendments.

I am going to vote for the Bentsen amendment, because it seeks to perfect the House language which the Cranston amendment seeks to strike out and have other words substituted therefor. So it is weighed against the House language which has no depletion allowance and, of course, is an improvement on the House language in that it does protect the independents.

If the amendment is adopted, it is not the final say with respect to the language which the Bentsen amendment puts in in lieu of the present House language. There will be an opportunity later to substitute language.

Then the issue would move to the weighing of the Hollings-Kennedy substitute for the Cranston motion to strike and substitute language.

I feel that the Cranston amendment is superior to the Hollings-Kennedy amendment and would vote against the Hollings-Kennedy substitute for the Cranston amendment.

Then we come to the Cranston amndment seeking to strike out the Bentsen language which had been approved. I feel that the Cranston language would be preferable to the Bentsen language and I would support the Cranston amendment if it ever comes to a vote.

Mr. BENTSEN. I would like to say, Mr. President, just for a moment, because the Senator commented on my amendment and the difference with his, that he failed to say, of course, that there was a plowback provision in mine and there is not in his. We are giving the depletion allowance, because we are trying to encourage exploration in this country. If we let them have that depletion allowance, let us see that they put it back in the ground. That is why I think we ought to support my amendment.

If the Senator is prepared to yield back the remainder of his time, I am prepared to yield.

Mr. DOLE. Will the Senator yield?

Mr. BENTSEN. I yield.

Mr. DOLE. Let me say to the Senator from Texas that the Senator from Kansas feels the amendment of the Senator from Texas should be supported. I will support it.

The Senator from Kansas believes the amendment will stimulate greater production among the great majority of oil producers in Kansas. In addition, it will permit the continued existence of the competitive element provided by independent producers.

I ask unanimous consent to have printed in the RECORD an article from the U.S. News & World Report, a letter from the Kansas Geological Survey, a statement by C. John Miller, of Michigan, and two news articles from the Wichita Eagle and Beacon of January 12, 1975.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WE'VE BEEN ASKED: WHAT'S "OIL DEPLETION ALLOWANCE"?

FROM TOP AUTHORITIES COME ANSWERS TO QUESTIONS ON TOPICS IN THE NEWS

The drive for a tax cut to spur the economy is all tangled up in a congressional fight over ending the "oil depletion allowance." Just what is that?

It is a provision of federal tax law that permits producers of oil and natural gas to exempt 22 per cent of their gross income from taxes. Theory behind this tax break has been that oil and other minerals in the ground are part of a producer's assets. The exemption was originally granted as a way to help producers finance exploration for new supplies as current assets are used up—or "depleted."

When did the depletion allowance become part of tax law?

It has been around since the early years of this century. It was first based on an estimate of what the deposit was worth. This proved unworkable because of the difficulty of estimating the size of a deposit or its value.

Congress then came up with "percentage depletion," which is the plan that has been in effect for half a century. The deduction is based not on the original value of the minerals, but on a fixed percentage of the oil and gas sold.

Why the sudden insistence on ending the oil depletion allowance now?

It has been a favorite target of reformers, who for years have called it the "No. 1 tax loophole." The closest they came was in 1969, when the percentage was cut from 27½ to 22. Since then, this has happened:

1. Record profits of the major oil companies, along with disclosures that they pay relatively little in U.S. taxes, have made them increasingly vulnerable. The oil industry denies that profits and tax rates are out of line. One executive says repeal of the allowance is "purely punitive."

2. The turnover in Congress has diluted the strength of the "oil lobby." Gone are the days when powerful oil-State members such as Lyndon Johnson, Sam Rayburn and Wilbur Mills could protect depletion.

Does the depletion allowance result in increased production, as oil men claim?

Probably, in an indirect way. Many small wells would not be worth operating without the tax break. Oil producers also say it is needed to attract venture capital. They contend that the oil business is so risky that without the extra income provided by the depletion allowance their sources of funds would dry up.

What will happen if the depletion allowance is repealed?

The first effect will be to reduce oil-industry profits. Oil companies say this will mean less capital available for drilling and, as a result, less production. The number of wells drilled was up in 1974 after years of decline, and another 12 per cent gain was expected this year. Instead, says one industry source, inflated costs of drilling and loss of depletion allowance could mean a 35 per cent drop in new wells.

Those out to end the allowance argue that the present high price of oil is sufficient incentive to stimulate production.

Would allowance repeal affect all oil producers equally?

Leaders of the 10,000 independent producers say they might be forced to sell out to major oil companies, which have foreign holdings, refineries, service stations and other businesses to help offset the losses. There is sentiment in Congress for helping the independents, possibly by phasing out the allowance for them over several years.

Is there a limit on what can be deducted in a single year?

Yes. The allowance, calculated by multiplying the gross income from an oil or gas property by .22, may not exceed 50 per cent of the taxable income from that property.

Can the depletion allowance be used to offset income from other sources?

No. It can be used to reduce taxable income only from oil and gas properties.

Is depletion restricted just to oil and natural gas?

All "extractive" industries have depletion allowances—a list that covers more than 100 materials.

More than 40 minerals have the same 22 per cent allowance as oil, while others range down to 5 per cent. Coal, for example, has a 10 per cent allowance.

But Congress so far is not trying to end the allowance on anything except oil and gas.

Who may deduct the depletion allowance?

Both the property owner and any leaseholder. But the total still may not exceed 22 per cent of the gross income from the property.

How does the depletion allowance differ from what are called intangible drilling costs?

Intangible drilling costs are part of the expense of drilling wells and preparing them for production. Some examples of such costs: spending for labor, fuel, equipment rental and repairs. The operator can either write these off on his income-tax return as current expenses, or he can capitalize them and recover the cost through depletion or depreciation.

How much in additional taxes will be collected by the U.S. Government if the depletion allowance is ended?

For this year, an estimated 2.5 billion dollars.

Congressional-staff members calculate that this could rise to about 4 billion dollars by 1979.

KANSAS GEOLOGICAL SURVEY,
Lawrence, Kans., March 3, 1975.

Attention: Mr. Kim Wells.

SENATOR ROBERT DOLE,
New Senate Office Building,
U.S. Senate, Washington, D.C.

DEAR SENATOR DOLE: In response to a telephone call from Kim Wells on March 3, 1975, I am able to furnish information on average per well production of oil and gas in Kansas during 1974. The source of this information is the Kansas Corporation Commission.

CRUDE OIL

[In barrels]

	Total, Kansas	Eastern Kansas stripper area
Oil production (1974)	61,691,000	2,840,000
Average daily production, all wells	170,000	
Number of wells	41,755	10,740
Average production, per well, per year	1,477	264.4
Daily average production per well	4	0.7

NATURAL GAS

Natural gas production (1974) 894,307,867 Mcf.

Daily production all wells, 1974, 2,450,158 Mcf.

Number of wells, 9,000.

Average production per well per year, 99,367 Mcf.

Daily average production per year, 274 Mcf.

Please feel free to call upon us whenever we can be of assistance.

Cordial regards,

WILLIAM W. HAMBLETON,
Director.

STATEMENT OF C. JOHN MILLER, PRESIDENT INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA, BEFORE THE SENATE FINANCE COMMITTEE, MARCH 17, 1975

My name is C. John Miller. I am a partner in Miller Brothers at Allegan, Michigan, an independent oil and gas exploration and producing company. I appear this morning as president of the Independent Petroleum Association of America (IPAA), a national organization of some 4,000 independent petroleum producers in every producing area of the onshore lower 48 states.

Mr. Chairman, I welcome and appreciate the opportunity to participate in this vitally important hearing. Last year, there was a tremendous resurgence in the efforts of the petroleum industry to increase domestic oil and natural gas supplies. In response to improved prices, the industry in 1974 accomplished the largest increase in exploratory and development drilling in its history.

This renewed activity is moving the country in the direction of a goal that has great public and bipartisan political support: the freeing of the United States from OPEC embargoes and OPEC prices.

Despite wide agreement on this goal, we continue to be faced with proposals to eliminate percentage depletion for domestic oil and gas production, and to impose "windfall profits" taxes.

What is being said about our energy goals and what is being proposed as tax policy are in conflict and do not make sense. The Congress cannot remove billions of dollars from the domestic industry and expect it to continue to expand its expenditures and to increase domestic petroleum supplies.

In a time of an energy supply crisis, the industry is faced with a proposal that will discourage investment and increased activity whereas the realities plainly call for doing just the opposite.

In representing independent producers, I can assure this committee that the army of 10,000 independent producers will be severely restricted if these proposals are adopted. Domestic energy scarcity would be aggravated. Declining supplies will imperil our entire economy. Worsening shortages would bring into doubt plant and industrial construction and development, causing widespread unemployment. It is becoming all too apparent that we must deal forcefully with our energy problems, because permanent energy shortages will mean permanent economic recession. Beyond the domestic problems created by energy shortages, we would be increasingly subject to embargoes, OPEC prices, intolerable balance of payments costs and pressures to compromise our country in its international affairs. Independents in the domestic industry drill more than 80 percent of all wells and find more than one-half of the oil and gas. Independents are indispensable in achieving relative energy self-sufficiency during the short term of the next decade or so, before meaningful supplies of alternative sources come on stream.

If depletion is repealed you can kiss energy self-sufficiency goodby. We would sell our chance for independence for $2.5 to $3 billion more in taxes. That is what we are talking about today.

Percentage depletion is absolutely essential to the 10,000 independents in the domestic industry for the following reasons:

1. *Depletion repeal would impair exploratory capital formation.* Petroleum exploration is a high-risk enterprise for which independent producers historically have depended on venture capital from outside investors. This is a principal source of capital for them. The American Association of Petroleum Geologists (AAPG) recently released a study showing that of 25,562 exploratory wells drilled in the years 1969–73, when only one well in 9 produced anything, only one in 50 was a significant discovery of as much as one million barrels.

Percentage depletion has been an essential factor in attracting risk capital into exploratory drilling ventures. Such investors are in high-income brackets, and would not find high-risk exploratory ventures as attractive as other types of investment in the absence of percentage depletion. Independent producers depend heavily on these investors for exploratory capital, and independents would be adversely affected by the drying up of risk dollars that would result from repeal of percentage depletion.

2. *Depletion repeal would cost independents more than "majors."* Most independent producers and their investors do not pay the 48 percent corporate tax rate, but are in higher individual tax brackets. In the case of a producer in the 70 percent bracket selling $11 crude oil, for example, the loss of depletion at an effective 22 percent rate would mean an increased tax of $1.69 per barrel, compared with $1.21 for corporate producers. To offset this loss independent producers would require a price increase of $6.14 a barrel, whereas the higher tax could be offset with a higher price of only $2.63 for corporate producers. Independent producers could not hope to recoup through the price mechanism, therefore, because the prices of independents are determined by crude oil purchasers who are the major companies. Independents therefore would just drill less.

3. *Depletion repeal would inhibit competition.* Repeal of depletion would have an additional negative impact on the financial stability of independent producers, immediately reducing their cash flow to an extent that would impair the ability of many producers to meet debt obligations, and other commitments. Thousands of independents have debt incurred under an assumed continuance of percentage depletion, and repeal of depletion would make it impossible to retire such obligations. The only option facing many producers simply would be to sell out and get out of the industry. The result would be accelerated concentration of the industry, and a loss of the great multiplicity of oil and gas exploratory effort by the 10,000 independents who drilled 88 percent of domestic "wildcat" wells directed at finding new oil and gas supplies in 1974.

4. *Depletion repeal would sharply cut drilling by independents.* In the period 1969 through 1973, independent producers in the United States drilled 9 out of 10 exploratory (wildcat) wells, found 54 percent of the oil and gas discovered, and accounted for 75 percent of the "significant" petroleum discoveries as defined by the American Association of Petroleum Geologists (AAPG).

In 1974 independents drilled 80 percent of total wells in the United States, spending approximately $3 billion for exploration and development. Repeal of percentage depletion would cost independent producers approximately $1 billion per year. To close our oil and gas supply gap, U.S. drilling needs to be doubled, at least. Repeal of depletion would unavoidably mean less drilling, and would foreclose all chance of expanding petroleum exploration since it would hit hardest the independent producers who account for the great bulk of domestic oil and gas exploration, and more than half of the reserves found.

In the almost two decades that the domestic oil and gas producing industry was in a state of decline, some 10,000 independent explorers quit exploring. The membership of IPAA dropped by more than half. So what? Why would anybody care about a bunch of oilmen going out of business? Nobody did care, Mr. Chairman, but the result is the deteriorating energy supply position in which this country finds itself today.

So I cannot help but wonder if many did not care only because they did not understand what was happening?

Mr. Chairman, I do not believe any one of the 10,000 independent oil and gas producers who were forced out of business by unhealthy economic conditions pleaded for the federal government to save them, to bail them out, to guarantee their debt or forgive their taxes.

I could not help but be intrigued, Mr. Chairman, if the press reports were correct, that this committee on Friday voted $665 million of relief for four very large corporations. I am neither informed adequately nor disposed to pass judgment on this. It occurred to me, however, that the petroleum industry undoubtedly would not have the political problems it has today if it was an economic basket case and was here before the Congress requesting hundreds of millions of dollars to keep it afloat.

Secondly, I am wondering how much of the economic difficulty confronting these large corporations results from the past political price-fixing for domestic oil and gas that ran us short of these fuels. And if Congress acts as it is threatening to make sure we have just one year of increased efforts to find and develop domestic petroleum resources, I cannot help but wonder how many American corporations will be here hat in hand asking for federal assistance because they will have been made permanent economic hostages of the OPEC cartel.

Today, Mr. Chairman, we have a dependency on foreign oil that is equivalent to 40 percent of our requirements and is growing. We are in the seventh year of natural gas shortages that are worsening with each passing day. It is evident from these facts that we are still in a desperate situation and that any tax action which would result in less exploration will only compound our oil and gas shortages. Even with maximum conservation, there is no way we can solve our energy problems without greatly expanding the search for, development and production of domestic oil and natural gas.

To do what can and must be done to reverse our declining production and restore relative self-sufficiency in the next decade, explorers are going to have to double our present rate of drilling. To double drilling will require more than a doubling of the average expenditures for exploration and development, because costs are rising at a phenomenal pace. In many areas, our members are reporting the cost of drilling and equipping wells today at 70 to 100 percent of the cost a year ago. Yet if we do not double drilling, energy self-sufficiency will not be attained.

Most of the thousands of independents in domestic oil exploration and development, including all of the hundreds that I know, have a commitment to and a pride in their role as energy suppliers. They have a justified conviction, particularly at this junction in our history, that they are engaged in efforts that are of extreme importance to the country and to the future availability of energy to the consuming public. Independents feel an obligation to maximize their efforts to find and make available increased petroleum supplies, but they are perplexed and discouraged by the unceasing political proposals which would prevent them from making a maximum contribution.

In considering the tax treatment of domestic petroleum exploration and development, the decisions of Congress will have a tremendous and I believe controlling effect on whether this country will, in fact, maximize petroleum exploration and development in the next few years when the adequacy of petroleum supplies will be so crucial to the country in bridging the way toward development of alternative energy sources.

I hope this committee will unemotionally weight what is really in the best interest of the nation and the consuming public: more oil and gas or more tax dollars? If increased energy supplies are important, percentage depletion is more vital than ever.

As of this moment, Congress is confronted with a critical choice. If it does not take actions to maintain maximum incentives and efforts to increase domestic petroleum supplies, it will be in the posture of voting for increased dependence on foreign oil with all its attendant uncertainties and adverse economic impacts.

[From The Wichita (Kans.) Eagle and Beacon, Jan. 12, 1975]

ENERGY FUTURE OF KANSAS RANKS AMONG BRIGHTEST

(By Ted Brooks)

Wichitans and Kansans are lucky to be Wichitans and Kansans.

For as concerns the availability of energy in the near and long term, this region must rank among the richest on earth. This happy outlook would even include the oil-rich Mideast, since in ultimate values a bushel of wheat and slab of beef are worth more than a barrel of crude oil. Any hungry Arab will so attest.

As a food energy source, it is almost certain Kansas will remain the world's breadbox. It will provide a treasure house of agricultural products which yield the most vital energy sources of all—the kilocalories oxidized in the human machine.

An additional bonus of shorter term lies in the considerable reserves of fossil fuels, oil, natural gas and coal. These, together with imports, should suffice to provide for the needs of the immediate future—the BTUs for heating and the fuels and raw materials for mechanical devices and their products. In speculating upon the shape of things to come, this future is conveniently divided into 2 overlapping periods: The short term; through 1985 and the long term, to the year 2000 A.D. and beyond.

Because young people believe they are immortal and older people know they are not, only philosophers worry about the long term. This, the experts say, is why the world is in trouble. But almost everyone displays a keen interest in whether or not he will be able to buy gasoline, drink from throw-away bottles, burn yardlights and live in a comfortably overheated house for the rest of this year and possibly the next 10.

Accordingly, the energy industries and the related industrial system are now concentrating their efforts on this brief interval. City, state and national governments follow suit. For the short term, their science, technology and systems of capital recovery limit them to the exploitation of oil, natural gas, coal and nuclear power, generally in that order.

There is almost universal agreement in the supposition these primary sources of conventional energy will have to be maximized in order to buy time for the development of more unusual and exotic forms. In Kansas, that time should be relatively cheap and easy to buy. The state's inventory in the energy line include not only energy sources in place but an established energy industry. Its transport and manufacturing system is just as capable of bringing in raw material and products as it is in sending them out.

As compared to other areas, the inventory of energy sources is impressive:

Petroleum—crude oil reserves, now in process of revision, are estimated at about 400 million barrels. They have declined rapidly from 800 million 10 years ago. Annual production in the same period has dropped from 106 million to 61.6 million barrels. At these unaltered rates of decline, zero reserves and zero production would intersect in the mid-1980s.

The questions are: What is the possibility of reversing, halting or slowing the dive to zero? In any event, what will Kansans, who now consume in products nearly as much as they produce in crude, do to supplement declining production? The first question is for producers, the second for refiners.

Representing independent producers, who pump close to 70 per cent of Kansas' crude oil and find and develop virtually all of the new reserves, Don Schnacke, executive vice president of the Kansas Independent Oil & Gas Association, put his finger on a telling point.

Kansas' ultimate potential reserves, he noted, are on an order of many magnitudes higher than the 400 million barrels commonly listed as "recoverable." It has been shown, he said, "there are 4.8 billion barrels yet to be produced using present technology." The key to actual recovery of this, he said, lies in stimulating wildcatting, the discovery of new pools and increasing secondary and third-round recovery from old pools. This will be influenced by oil policies at government levels.

He contended that "if proper incentives are maintained without the threat of punitive legislation and taxation—the public can depend on independents—to increase production and contribute to the goal of reasonable self-sufficiency in our country."

A working petroleum engineer for a major company intimately concerned in projects aimed at wringing the last drop of recoverable oil from Kansas pools has a quiet confidence in the ability of both independent and major firms to profitably reverse the declining trend of production.

He contended the challenge is by no means insurmountable. Brushing aside the steep declines, he said: "Look at it this way—if we but increase production 14,428 barrels daily each year, and that's not a great deal, it will take us but little more than 8 years to get back to around 280,000 barrels daily."

He ranked secondary and tertiary (third round) recovery near the top in this effort along with finding and developing new fields. "But," he cautioned, "we've got to catch up first, and it will take top incentives and high prices to do it.

Margaret O. Oros, geologist and head of the oil and gas division at the Kansas Geological Survey, University of Kansas, Lawrence, noted that higher oil prices have tended to revive exploration and development throughout the U.S. In Kansas, she notes the increase has been dramatic.

Although "we should not expect to find more El Dorado," Oros said, "many significant oil and gas deposits are still undiscovered." She pinpointed areas of opportunity:

Both the Salina Basin of north central Kansas and the Forest City Basin of northeastern Kansas have many townships untested.

Pre-Pennsylvania rocks of southeastern Kansas and thermal and chemical recovery of heavy oil in that area.

Both oil and gas potential in northwestern Kansas.

Deep drilling in the Hugoton Basin and exploration for reef reservoirs around its fringe.

Whatever is found, she said, coal and oil use should not be restricted to fuel. "Fertilizer, medicine, chemicals, plastics and protein seem to be more important uses for petroleum than burning it as fuel." Coal, thermal and solar energy, water power and atomic fuels should be substituted for these uses of petroleum, she believes.

What happens in the indefinite future when the crude oil supplies dwindle far below refining capacity in Kansas and adjacent states?

H. D. Moore, senior vice president of Coastal States Gas Corp., Houston, Tex., parent of Derby Refining Co., Wichita, says "oil supplies will, of necessity, have to come from offshore U.S.—the Atlantic coast and Gulf of Mexico areas as well as foreign sources." Canada may be forgotten.

He expects natural gas to be restricted to home heating, while utilities and industries will be required to burn fuel oil and coal. In this respect, he said, "there will always be some kind of allocation of natural resources, this being to help keep the independents in business for national security, if not for political reasons." Unfortunately, Moore concluded "there is no such thing as a little government control."

This theme was amplified by Richard J. Boushka, president of Vickers Energy Corp., Wichita. Acknowledging the difficulties of independent competition, Boushka said "if we can't compete, we don't deserve a place at the table of business." Forced economics, he contended, "will never replace free market enterprise."

However this policy problem is resolved, Boushka expects foreign oil prices to level off, but gasoline prices, he warned, probably will increase steadily to 75 cents and $1 per gallon in the early 1980s.

Natural gas and its co-product liquid petroleum gases present entirely different problems. Gas reserves are estimated on the order of 11.5 trillion cubic feet. These are being depleted at rates close to 900 billion cubic feet annually. A straight line projection showing zero production in the mid-1990s fails to account for gas reservoir mechanics. Actually, industry men believe, Kansas may be producing gas at sub-zero pressure levels long after 2000 A.D.

However, the vanishing immensity of the Hugoton-Panoma field in southwestern Kansas is of such magnitude that its inevitable decline can be matched by no feasible effort elsewhere. Hugoton infield drilling and edge drilling may be expected to slow the exhaustion.

The so-called LP-gases—propane, butane and ethane, plus natural gasoline—are not expected to decline in direct proportion to gas reserves. Possibly more than half of Kansas' LPG and natural gasoline production comes from gas which is imported and sent on its way—less the liquid gas and considerable heating value.

Strangely, LPG and natural gasoline reserves are set on the basis of the capacity of extraction plants rather than actual, native reserves. The U.S. Bureau of Mines conveniently sets this at about 400 million barrels, with annual production of about 30 million barrels. Both figures might be halved if imports ceased.

It is interesting to note that, in round numbers, Kansas actually produces about 1 trillion cubic feet and imports about 2 trillion. The 3 trillion, except for a few defined cases, is inextricably mixed in a common stream. Allowing for that gas which can be traced, there is no arithmetic supporting the commonly heard claim that most, or at least half, of Kansas gas production is utilized within the state. By any acceptable standard of computation, much more than half of the 900 billion cubic feet a year is exported. Since about 90 per cent of it is produced by outside, major firms who spirit away the bulk of the revenues, this has been a vexing economic problem whose solution has been effectively stalled by trivial considerations.

The unhappy truth now belatedly dawning is that natural gas, in terms of real demand, has reached a point of absolute and enduring shortage that no conceivable amount of drilling can possibly reverse. To a certain extent, Kansans may enjoy a happy exception to this outlook. Providing prices are high enough to stimulate drilling and not so high as to kill the market, industry men believe marginal reserves will continue to show up within economical transport distance of consumers. At best, this will not permit the Chamber of Commerce to invite industries in to set up blast furnaces.

The Wichita and regional problem is illustrated by the plight of Cities Service Gas Co., Oklahoma City, the principal supplier for south central and large parts of eastern Kansas and western Missouri. With current 1974–75 firm requirements of 583 billion cubic feet, CSG expects a 32 per cent shortfall on the order of 95 billion. This means that interruptible customers, including many utilities must get off the line.

One curious result of this illustrates the paradoxes accompanying the shift from an energy-abundant to an energy-scarce economy. Some such interrupted and energy intense industries are switching to electrical processing. Thus, at greater cost, they effectively consume 3 times the energy they would have consumed by using the forbidden fuel. And the electric company providing their power at 33 per cent efficiency may be using the same fuel.

Down the line, CSG expects available gas supplies to consumers to slide from 477 billion cubic feet in 1975 to 214 billion in 1984. This is not as alarming for household and ordinary commercial customers as it sounds. Their total annual consumption throughout Kansas is on the order of but 155 billion. It does mean the 215-billion industrial sector and 180-billion electric power sector must turn to more costly fuels and hence raise the price of their goods and services.

It is reassuring to note a CSG executive said that come what may "we do not anticipate any difficulty in serving individual home users." He acknowledged difficulties for which solutions are promised in the supply area.

In a joint project with Northern Natural Gas Co., Omaha, CSG is planning a 250-million cubic foot per day coal gasification plant in Wyoming. With Amoco Production Co., it has signed an exploratory agreement which is hoped to establish new reserves of Wyoming natural gas. If all goes well, these projects should bring forth effective reserves almost equal to the firm's present supplies amounting to 7.8 trillion cubic feet.

Old King Coal in absolute measures of ultimate energy outranks all Kansas fossil fuels, but the old boy is never expected to ascend the throne again. Ultimate reserves have been calculated at 18.7 billion tons, but only 895 million are considered minable.

A fraction of this is expected to see the light of day. Production has declined from 7.2 million tons annually in 1917 and 18 to less than .8 million in 1974. In a recent study published by the Kansas Geological Survey and prepared by Lawrence L. Brady and Linda F. Dutcher, the authors note that changing economic conditions are causing the closing of Kansas' high-sulfur mines. "Within the near future," Brady and Dutcher predict, "the delivered cost of imported, low sulfur western coals will approach the price of coal from southeastern Kansas."

Meanwhile, strict environmental standards and land restoration measures are hastening the decline. All the same, the Survey writers caution, if cheaper means are found for removing sulfur dioxide from the stack gases, there would be large increases in coal mining and use.

Industry men and students who have addressed the Kansas regional problem point out that the seemingly negative difficulties in the fossil fuel area are the dilemmas of a very rich state, not a poor one. They present challenges to extend and bring into use energy reserves already existing but delayed because of political, social and economic hang-ups, many of which are reinforced by customs and beliefs, and a reluctance to dedicate funds to research which does not promise instantaneous returns. They caution too against excessive capitalization of conventional energy sources. Given a panic economic condition in which the dollars of common trade are out of step with energy values, there is a price at which energy can be produced at a dollar profit, but at a net energy loss. More energy units go into the effort than are taken out. For example, it may be shown there is a likely energy loss in financing and drilling an oil well which produces but 1 barrel of oil and several hundred barrels of water daily, even though the price of oil is high enough to permit a slight profit or the recovery of some losses.

Here again is illustrated the random shift society is being forced to make from abundancy to scarcity and the resulting distortion of values.

Nuclear power is the near term tide sweeping in to Kansas' energy future. As a total energy system, it will have the effect of creating an entirely new energy source. This embattled event is scheduled for 1982, when Kansas Gas & Electric Co. and Kansas City Power & Light Co. will start up their nuclear-electric, Wolf Creek plant in eastern Kansas.

The Wolf Creek plant will have a capacity of 1.15 million kilowatts capable of producing more than 10 billion kilowatt hours of electric power annually. In practice, from 70 to 80 per cent of this will be available. At equivalent energy rates Wolf Creek will substitute for the burning of 2,300 barrels of oil per hour, according to E. S. Hall, vice president of operations for KG&E.

By the time Wolf Creek attains planned capacity it will have the effect of saving nearly 7 million barrels of oil equivalent annually. By 1985, Hall said, energy use in KG&E territory is expected to exceed 13.8 million kilowatt hours, as compared to about 6.2 million in 1974. The annual growth rate of KG&E power delivery between 1964 and 1974 was 5.7 per cent; it is expected to increase at close to a 7 per cent rate until about 1985.

"One of the most compelling reasons for this growth," Hall said, "is the need to offset the decline in the availability of oil and gas." More coal and nuclear power must be used to replace them.

The problem is the same elsewhere throughout Kansas and the U.S. Current Kansas electricity demand is on the order of 18 billion kilowatt hours annually, better than three-fourths of which is supplied by investor-owned utilities. The remainder is mostly supplied by small municipal systems, the viability of which is discussed in a story elsewhere in these columns. Both types of utilities are embarrassed by soaring fuel and capital costs while their rate proceedings, chilled by public distaste, flow like glue.

As regards the nuclear fuel cycle and Wolf Creek, their troubles are just starting. Environmentalists, ecologists and some landowners are mounting an effort to prevent plant construction on the grounds that its dangers far exceed its benefits. Most of the general public are confused by the claims and counter claims. An objective observer, if one existed, would be inclined to ask: First, are there any alternatives which would suffice to keep the wheels turning, even in a much less energy-intensive society? And second, how do the pollution certainties inherent in the use of alternate fuels compare with the risks of possible pollution by the nuclear fuel cycle?

The stock answer is "sun power and wind power." Many scientists and engineers are quick to agree that this is a better answer than commonly acknowledged. A few go so far as to claim it an answer which, with an effort equal to that being devoted to nuclear power, would solve the problem cleanly and decisively. Some of the best brains in the country are working on both projects. Giant steps have been made, but thus far no one has been able to develop plans to tap either source on a large scale, commercial basis.

The hang-up lies in the dispersed and intermittent nature of sun and wind power. On the average, each square foot of Kansas land is bathed with 1,500 BTUs of radiant energy per day. This is the energy equivalent of but 1.5 ounce of gasoline. The wind on a brisk day might provide an input of close to 18 watts per square foot, and this, coincidentally, is also equal to about 1.5 ounce of gasoline. Since there is no way to induce the wind to blow and sun to shine when needed, there is a storage problem yet to be solved.

An astonishing and seldom considered fact is that sun power is already utilized on a vast scale in Kansas and yields the most important source of energy of all—food. The vehicle of conversion from radiant to food energy is that art which is among the oldest of man's accomplishments, agriculture. According to William H. Johnson, professor and head of the department of agricultural engineering at Kansas State University, Manhattan, the total amount of energy fixed in Kansas crops of all sorts adds up to someplace in the vicinity of 260 trillion kilocalories annually. These kcals are the same as the so-called "giant" calories used in cheating on diet matters.

The magnitude of this vital human power source may be appreciated when it is converted to 405.5 billion horsepower hours equivalent. It might inspire additional respect for the men who steer the plow to realize that this figure is 1.5 times greater than the energy output of all of the natural gas, oil, coal and LPG produced each year in Kansas. Amazingly, nature, with an assist from man-made chemicals, machinery, gasoline, sweat and frequent prayers, performs this mighty feat year after year with an input-output efficiency on the order of .086 per cent.

Can this small efficiency percentage be improved? Judging from present trends, Johnson doesn't believe there will be great changes in the 1975-2000 period. Farmers, he notes, are investing more in non-solar (fossil fuel) sources of energy to improve the solar energy-fixing process—fertilizers, chemicals, machinery, water and so on. These are increasing in price and becoming less available. Water is a mounting problem which seems to attract little attention, Johnson said.

"As the population increases," he predicted, "grain for livestock will come under stress. Humans will get it. Humans need a high quality protein, equivalent to animal protein. Cattle may be put on a forage ration because they can convert low value plant nutrients into high quality protein."

Although the direct conversion of farm products into power energy sources is not looked upon kindly by those who fear it would divert food crops, it nonetheless remains a practical possibility. The Kansas Wheat Commission has tested ethyl alcohol successfully extracted from wheat in a nondestructive process developed by Far-Mar-Co. at Hutchinson. Only the starch is used in the conversion. It may be used in automobiles with gasoline in a 1–10 mixture. To date gasoline is yet to become so scarce or costly as to make alcohol use economically feasible.

K-State's Johnson suggests the use of plant residues. His department is now developing a project to determine the practicality of burning wheat straw in steam-electric plants. There are other significant straws blowing in the wind.

In Hutchinson, Minn., a Standard Oil Co. (Ind.) subsidiary is using ethyl alcohol from one of its petrochemical plants to produce a high protein yeast known as torula yeast. It will soon find its way into countless foods such as bakery products, spaghetti, macaroni, noodles, meat patties, cereals and all sorts of snack foods.

Amoco Foods Co.'s torula protein is the real thing. It is produced at an energy cost of about half that used to produce a pound of beef protein and requires about 1/50th the man-hours to produce as beef protein. The Minnesota plant will yield as much protein as 400,000 acres of agricultural beef production—more than 10 million pounds a year.

This is a significant and vital signal to Kansans who are listening. For food-grade ethyl alcohol may be produced from grain, molasses, whey, potatoes, even plant residues. Clearly, someone should be thinking about this.

In a closely allied line, someone is. In Fredonia, Kans., M-E-C Co., a subsidiary of Basin Petroleum Corp., has built a 7-story plant in which it extracts high-protein flour from soybeans. Marketed under the name of TVP, the flour is approximately 50 percent protein, as compared to 17 percent in beef. Although the difference between sinking one's teeth into top quality steak and mushing down on a protein patty is dramatic, much of it is psychological. Both Amoco Foods and M-E-C are using processes which make their proteins palatable.

It is evident from these small advances, that much is being done in the realms of agriculture, but as compared to the outlays being made for research in vanishing fossil fuel technology, the effort is trivial. It would seem that research in the production of food energy, easily swapped at premium rates, for power, would be the highest possible of Kansas priorities. Instead, funds and efforts are deployed in fruitless efforts to get the jump on one's neighbors at the gasoline station and natural gas pipelines.

A continuing and consistent thread of caution was woven into the energy problem by virtually everyone contacted in the preparation of this account—the crying need for conservation in all energy sectors. It is being vividly demonstrated that voluntary conservation doesn't work. In the words of Margaret Oros of the Kansas Geological Survey, "We have taken for granted a quite fanciful and unrealistic notion of the standard of living to which we think we are entitled."

Newspapers, magazines, journals and books abound in suggestions for stimulating conservation. Some are worth thought. Restrictions on yard lights, street lights, electric advertising would indeed be possible. Mass transport on a bigger scale is needed in Wichita and Kansas. Corrective taxes on large cars, inefficient buildings and unavoidable pollution have been suggested. Tax credits for efficient buildings and the energy modernization of the old houses and buildings are incentives that work in some states.

[From the Wichita (Kans.) Eagle and Beacon, Jan. 12, 1975]

State's Oil Men Hit New Dollar Record in 1974

Whipped on by the highest price incentives in history, Kansas oil men put a brake on downward oil production trends and pushed the industry's total revenues close to the billion dollar mark during 1974.

In their big push to revive flagging oil production, they:

Staked locations for 3,833 wells, or 53 per cent more than in 1973.

Successfully completed 687 oil wells, or 12 per cent more than 1973.

Added, with those wells, potential production of 30,860 barrels daily up 35 per cent over 1973.

Drilled 383 successful gas wells, up 13 per cent, but the yield was down from 1,620 million cubic feet in 1973 to 1,107 million in 1974.

The effort didn't entirely reverse the industry's 15-year decline, but for the first time in all of those years it revealed the trend could be reversed.

The same inflated dollars that inspired that effort boosted the state's total energy take to approximately $947 million, up 41 per cent, or $277 million, from 1973. Preliminary industry and Kansas Corporation Commission estimates show the following production figures and values for 1974:

Petroleum—61.7 million barrels, worth $581 million at the wellhead; down in volume from 66.2 million barrels, but up from $302 million in value.

Natural gas—894 billion cubic feet worth $160.9 million at the wellhead, down slightly from 902 billion worth $162 million in 1973.

LPG, natural gasoline—without preliminary figures available, it is estimated at 31.3 million barrels worth $197.6 million, the same as 1973.

Coal—779,000 short tons worth $7 million, down from 1 million tons worth $7.9 million in 1973.

Despite the soaring dollar totals, in terms of energy units there was a sharp drop. The total energy values of the 4 principal fuels amounted to 1,397 trillion British thermal units (BTU's), down 3 per cent, or 42 trillion, from 1973. That was 1.7 per cent of the estimated 78,000 trillion BTU's it took to keep the U.S. industrial and domestic systems running.

What is the outlook for 1975? Most oil men agree that crude oil is the state's principal hope. "Gas production should remain at about the present level," said J. Lewis Brock, administrator of the KCC's conservation division in Wichita. Depending on price conditions, he said, "we can hope to arrest oil's rate of decline."

The trend indicated in 1974 backs up that opinion. Kansas wildcatters found 428 barrels daily of new oil each month—up from 398 in 1973. In-field drillers, brought in 2,137 b-d per month—up from 1,510 in 1973.

One persistent decline—the drop in completion of prorated wells in flush fields—was definitely reversed. Turning around the steep decline of 1973, operators and in 1974 completed 168 well good for 12,056 b-d.

Despite steel and labor shortages, most oil men agree the signs are good.

Mr. BARTLETT. Will the Senator from Texas yield?

Mr. LONG. Mr. President, if the Senators will not strenuously object, I do not know of anything that would be more popular than to yield the remainder of the time back. If another Member wishes to speak to an amendment, I would be inclined to respect it.

Mr. PEARSON. Will the Senator yield?

Mr. BENTSEN. How much time does the Senator wish?

Mr. BARTLETT. I have a short question. On page 9 of the amendment, on the seventh line, it ended with the word "or," and I believe it should be "and." Is that correct? In other words, the Senator is listing a number of ways in which the plowback may be invested. It means it has "and" instead of "or," so it is inclusive.

Mr. BENTSEN. The Senator is correct.

Mr. President, I am prepared to yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

Mr. BENTSEN. I ask unanimous consent that the "or" be changed to an "and."

Mr. PEARSON. Will the Senator yield for a question?

Mr. LONG. What is the significance of that change? What does it mean?

Mr. BENTSEN. We are talking about on the plowback provision, what can be charged to plowback. We had enumerated the things that could be charged to plowback. It is all-inclusive.

Mr. PEARSON. The Senator's amendment is not printed. Would the Senator explain how the plowback provision will operate?

Mr. BENTSEN. The Senator from Texas will be pleased to explain it again. In that situation, there is no plowback for the royalty owner because we could not find a practical way for the royalty owner to plow it back. We have a farmer who has some royalty and there is no way we can force him into the oil business. But for the producer, we listed those things that were qualified for a plowback provision. I will enumerate them again.

It would be interchangeable drilling and development costs; certain specified exploration costs; depreciable assets used in development or production, including gathering facilities; secondary and tertiary recovery, and lease acquisition costs.

Mr. BELLMON. If a producer chose to put money into a drilling fund, a fund to be used for those purposes, that would be applied?

Mr. BENTSEN. That would be.

Several Senators. Vote. Vote.

The PRESIDING OFFICER. Do all Senators yield back their time?

Mr. BENTSEN. Mr. President, I yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, for the information of the Senate, this will be the last vote tonight.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Texas. On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BUCKLEY (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Florida (Mr. Chiles), the Senator from Massachusetts (Mr. Kennedy), the Senator from Maine (Mr. Muskie), the Senator from Rhode Island (Mr. Pastore), and the Senator from Minnesota (Mr. Humphrey) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. Pastore), and the Senator from Minnesota (Mr. Humphrey) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), the Senator from Oregon (Mr. Packwood), the Senator from Pennsylvania (Mr. Hugh Scott), and the Senator from Connecticut (Mr. Weicker) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Pennsylvania (Mr. Hugh Scott) would vote "nay."

I further announce that the Senator from New York (Mr. Buckley) voted "present."

The result was announced—yeas 47, nays 41, as follows:

[No. 72 Leg.]

YEAS—47

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Bumpers
Burdick
Byrd, Robert C.
Church
Dole
Domenici
Eastland
Fannin
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hansen
Hart, Gary W.
Hart, Philip A.
Hartke
Helms
Hruska
Inouye
Johnston
Laxalt
Long
Mansfield
McClellan
McClure
McGee
Metcalf
Montoya
Morgan
Nunn
Pearson
Randolph
Sparkman
Stennis
Stevens
Thurmond
Tower
Young

NAYS—41

Abourezk
Bayh
Biden
Brooke
Byrd,
Harry F., Jr.
Cannon
Case
Clark
Cranston
Culver
Curtis
Eagleton
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Jackson
Javits
Leahy
Magnuson
Mathias
McGovern
McIntyre
Mondale
Moss
Nelson
Pell
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott,
William L.
Stafford
Stevenson
Stone
Symington
Talmadge
Tunney
Williams

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—10

Chiles
Goldwater
Humphrey
Kennedy
Muskie
Packwood
Pastore
Scott, Hugh
Taft
Weicker

So Mr. BENTSEN's amendment was agreed to.

Mr. BENTSEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RANDOLPH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CRANSTON. Mr. President, I want to make a fuller explanation than I have made thus far in the debate of my amendment.

It contains two parts.

The first part deals primarily with the foreign operations of U.S. petroleum companies.

The second deals with percentage depletion on oil and gas production.

Mr. President, legislation in this area is long overdue and should not be delayed. I believe this amendment can open the way to Senate action now.

The first change deals with cases where the foreign taxes on oil and gas income derived abroad by U.S. companies substantially exceed the U.S. tax on this income. This frequently occurs because payments to foreign governments which can be cast either in the form of oil royalties or foreign tax payments have been denominated as tax payments with a resulting greater decrease in U.S. taxes. An offset against taxes—as a credit—is substantially more beneficial than an offset against income—as a deduction.

While limitations on the foreign tax credit prevent credits from being used to reduce U.S. tax on U.S. income, the oil companies affected, nonetheless, have often enjoyed the benefits of these foreign tax credits by using them to offset the U.S. tax on low-taxed foreign income.

The failure to deal with this problem cost U.S. taxpayers at least $300 million in 1974.

My amendment deals with this problem by limiting the tax payments for foreign oil and gas extraction which can be treated as foreign income taxes for purposes of the foreign tax credit to the U.S. tax on that income. Thus, no foreign tax credits are available to offset the U.S. tax on the other income of U.S. oil companies. This provision should increase revenues by approximately $460 million.

The second change my amendment will bring about relates to the option given by present law for the taxpayer to use the "per country" limitation on the foreign tax credit. Under this limitation, the credit for taxes paid to each individual foreign country may not exceed the proportion of the U.S. taxes on worldwide income which the income from that country is of worldwide income.

The purpose of the limitation is to prevent foreign taxes paid on foreign source income from reducing the U.S. taxes paid on income earned in the United States. The application of the "per country" limitation to each country separately permits a U.S. company to offset losses incurred in one or more foreign countries against its U.S. income, and at the same time to take a full tax credit against the U.S. tax for foreign taxes paid on income earned in other countries.

In other words, the "per country" limitation in effect requires the United States to absorb the tax reductions resulting from unprofitable ventures in some countries while the foreign tax credit prevents it from obtaining any—or very much—tax on profitable ventures in other countries. Oil companies are frequently in a position to secure these special tax advantages from the "per country" limitation because they often have losses in some foreign countries—frequently from intangible drilling expenses—and income from oil extraction or other activities in other foreign countries.

To correct this situation, my amendment has eliminated for oil and gas companies the option of taking the "per country" limitation in computing the foreign tax credit. Thus, we will stop subsidizing the foreign drilling operations of the oil companies. This provision will raise approximately $120 million.

Even with elimination of the "per country" limitation on the foreign tax credit, taxpayers engaged in foreign operations may in some cases still secure special tax advantages under present law in years when net losses are incurred abroad on aggregate foreign operations. These losses may be offset against U.S. source income, while in subsequent years, when the foreign operations become profitable, the tax credits for foreign taxes may absorb most, if not all, of what would otherwise be U.S. tax liability.

As a result, the United States bears a disproportionate part of the cost of the losses incurred in the foreign operations since it does not receive appreciable tax receipts from the operations in years when they become profitable. To remedy this situation, my amendment provides that to the extent foreign losses may still offset domestic source income—after the repeal of the per country limitation—the losses, in effect, are to be recaptured in subsequent years when foreign income is earned, or the foreign assets are disposed of. This provision when fully effective will raise $20 million.

The 1971 Revenue Act provided that U.S. corporations which qualify as domestic international sales corporations—DISC's—may, in effect, defer tax on up to 50 percent of export-related profits. The objective was to stimulate exports to foreign countries in order to improve our balance of payments. However, since the adoption of the DISC provisions in 1971, these provisions have encouraged the export not only of products which may merit such encouragement but also of scarce products which are in short supply in the United States. It is inappropriate to continue to provide an incentive to export essential materials which are in short supply in this country. The result is to provide an incentive to drain away products which are vitally needed in this country and to increase domestic inflationary pressures.

For this reason, my amendment withdraws the DISC tax deferral treatment from mineral products, oil and gas, products from other natural deposits, timber, and products the export of which is curtailed—or prohibited—due to scarcity under the Export Administration Act of 1969.

This provision raises about $20 million in 1975.

The final change in the first part of my amendment deals with the investment tax credit on drilling rigs used outside of the United States. Present law grants an investment tax credit to drilling rigs used outside of the United States. In order to help insure that these rigs are used to explore for oil and gas in places where the United States can reasonably expect to obtain some of that oil and gas, my amendment restricts the right to investment tax credits on foreign-located drilling rigs to those rigs used in the northern half of the Western Hemisphere. This change will raise approximately $10 million in 1975.

These changes in the tax treatment of foreign oil and gas income and income from exports of scarce commodities raise about $620 million. Under my amendment, this revenue would be used to offset the tax loss caused by a feature of the second part of my amendment. The second part of my amendment repeals the percentage depletion allowance on oil and gas.

However, it exempts from repeal independent producers who are defined as producers having no retail outlets and no refineries with daily capacity in excess of 50,000 barrels. These independent producers can take the percentage depletion allowance on the first 3,000 barrels of oil or an equivalent amount of natural gas or a combination which may not exceed the 3,000 barrel limit.

The independent producers do most of the onshore exploratory drilling in the United States. Their presence in the industry is essential to stimulate competition. The American consumer would suffer immeasurably if all oil production ever fell into the hands of a few major oil companies. Because their sources of capital are limited, the independents need percentage depletion to generate internal funds. Therefore, I believe they should be permanently exempted from repeal of percentage depletion.

My amendment repeals percentage depletion as of January 1, 1975, for crude oil and natural gas. There is an exemption for gas that is sold under a fixed-price contract—until the expiration of the contract or until the price is adjusted—and a temporary exemption for gas whose price is regulated by the Federal Power Commission. Independent producers who have no retail outlets are allowed to retain percentage depletion for oil production up to 3,000 barrels per day.

Also independent gas producer who uses less than his full 3,000-barrel crude oil exemption may have some of his natural gas production exempt from the repeal of percentage depletion; with a maximum natural gas exemption of 18 million cubic feet per day for producers who claim no percentage depletion on their oil. The gas exemption will be reduced proportionately for oil production up to 3,000 barrels per day. In addition, my amendment repeals percentage depletion for regulated natural gas not subject to the small producers exemption as of July 1, 1976.

In order to prevent major oil producers from splitting their oil producing properties up into 3,000 barrels per day units so that percentage depletion would be expanded, my amendment provides that, except for transfers by death and certain corporate reorganizations, percentage depletion will not be available on property that is transferred from one person to another after it has been determined that the property is capable of oil or gas production. This will prevent proliferation of 3,000-barrel exemptions.

Finally, my amendment imposes a limitation that percentage depletion on oil and gas may not exceed 50 percent of taxable income. This limit supplements the existing limitation that percentage depletion on an individual property may exceed 50 percent of the net income from that property. The new limit applies to the taxable income from all sources. This 50 percent limit will mean that no taxpayer can use percentage depletion to avoid all income tax.

The total revenue gain from my amendment is $2.1 billion. The foreign tax provisions, which raise $620 million the first year, more than offset the estimated cost of retaining a limited percentage depletion allowance for independent producers. This amendment will maintain incentives for relatively small producers to drill in the United States and will eliminate the special tax preferences that has encouraged the major oil companies to invest abroad.

AMENDMENT NO. 162

Mr. HARTKE. Mr. President, I have an amendment at the desk that I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the language proposed to be stricken by the Cranston amendment, insert the following:

SEC. 105. Elimination of foreign tax credit for taxes paid in connection with foreign oil related income; special rate of tax for such income.

(a) ELIMINATION OF TAX CREDIT.—Section 901(e) of the Internal Revenue Code of 1954 (relating to foreign taxes on mineral income) is amended by adding at the end thereof the following:

"(3) TERMINATION OF CREDIT FOR FOREIGN TAXES ON OIL-RELATED INCOME.—

"(A) In the case of a corporation, no credit is allowed under this subpart for income, war profits, or excess profits taxes paid or accrued during the taxable year to any foreign country or possession of the United States with respect to foreign oil-related income from sources within such country or possession.

"(B) FOREIGN OIL RELATED INCOME.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(i) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(ii) the processing of such minerals into their primary products,

"(iii) the transportation of such minerals or primary products,

"(iv) the distribution or sale of such minerals or primary products, or

"(v) the sale or exchange of assets used in the trade or business described in clause (i), (ii), (iii), or (iv).

"(C) DIVIDENDS, PARTNERSHIP DISTRIBUTIONS, ETC.—The term 'foreign oil related income' includes—

"(i) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(ii) amounts with respect to which taxes are deemed paid under section 960(a), and

"(iii) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil related income.

"(D) CERTAIN LOSSES.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items shall be taken into account in computing foreign oil related income for such year.

"(E) DISREGARD OF CERTAIN POSTED PRICES, ETC.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement). For purposes of this subparagraph, the term 'foreign oil and gas extraction income' means foreign oil related income described in subparagraph (B)(i) and income derived from sources without the United States and its possessions from the sale or exchange of assets used in connection with the foreign oil related income described in subparagraph (B)(i).".

(b) TAXATION OF FOREIGN OIL RELATED INCOME.—

(1) Section 11(e) of such Code (relating to exceptions from tax imposed on corporations) is amended to read as follows:

"(e) EXCEPTIONS.—

"(1) FOREIGN OIL RELATED INCOME.—Subsection (a) does not apply to foreign oil related income (as defined by section 901(e)(3)(B)).

"(2) CERTAIN CORPORATIONS.—Subsection (a) does not apply to a corporation subject to a tax imposed by—

"(A) section 594 (relating to mutual savings banks conducting life insurance business),

"(B) subchapter L (section 801 and following, relating to insurance companies), or

"(C) subchapter M (section 851 and following, relating to regulated investment companies and real estate investment trusts).".

(2) Part II of subchapter A of chapter 1 of such Code (relating to tax on corporations) is amended by redesignating section 12 as 13, and by inserting after section 11 the following new section:

"Sec. 12. Foreign oil related income.

"(a) IN GENERAL.—There is imposed for each taxable year a tax of 24 percent on the taxable income of every corporation which is foreign oil related income (as defined in section 904(e)(3)(B)).

"(b) EXCEPTION.—Subsection (a) does not apply to any corporation described in section 11(e)(2).

"(c) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section, including, but not limited to, regulations providing that deductions, credits, and other computations properly allocable to computing foreign oil related income are properly allocated in computing such income.".

(3) The table of sections for such part is amended by striking out the item relating to section 12 and inserting in lieu thereof the following:

"Sec. 12. Foreign oil related income.
"Sec. 13. Cross references relating to tax on corporations.".

(c) The amendments made by this section apply to taxable years beginning after the date of enactment of this Act.

Mr. HARTKE. Mr. President, this amendment deals with the repeal of the foreign tax credit. I just wished to get the measure before the Senate. I am not interested in proceeding any further this evening.

EARTH DAY

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate a message from the House on House Joint Resolution 258.

The PRESIDING OFFICER. The joint resolution will be stated.

The Legislative Clerk read as follows:

A resolution (H.J. Res. 258) to designate March 21, 1975, as "Earth Day."

The PRESIDING OFFICER. Without objection, the joint resolution will be considered as having been read twice by title.

Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HATFIELD. Mr. President, I wish to indicate to the Senate that this is a resolution that has passed the House of Representatives. It designates March 21, 1975, as Earth Day. The Senator from Wisconsin (Mr. NELSON) would like to be recorded as sponsoring this rather unusual parliamentary procedure at this time, in order to meet the deadline of March 21.

I take this occasion to thank the leadership, both the majority and minority, for their cooperation in this matter.

Mr. FORD. Mr. President, will the Senator please use the microphone?

Mr. HATFIELD. Mr. President, the resolution calls for the designation of March 21, which is this week, as Earth Day. It is to be an educational opportunity to consider the environmental problems of today and will be celebrated in whatever procedure or whatever activity may best suit the individuals and organizations who engage in this kind of celebration.

The President of the United States is authorized under this particular resolution to issue a proclamation calling for the observance of such day, with appropriate ceremonies and activities.

The Senator from Wisconsin (Mr. NELSON), as I indicated earlier in my comments, who has been very much in the forefront of establishing observation of Earth Week in April, is interested in having this determined at this time and supported by the Senate as a joint action with the House of Representatives.

The joint resolution (H.J. Res. 258) was ordered to a third reading, read the third time, and passed.

PRIVILEGE OF THE FLOOR—H.R. 2166

Mr. BELLMON. Mr. President, I ask unanimous consent that during the further consideration of H.R. 2166, Mr. Oakley of my staff be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:30 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The foregoing order was subsequently changed to provide that the Senate recess until 9:15 a.m.)

UNANIMOUS-CONSENT REQUEST—H.R. 4592

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow, the Senate proceed to the consideration of H.R. 4592, on which there is a time limitation, and that a final vote occur on that measure at 2 o'clock tomorrow. This is in accordance with the request——

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object.

I ask the Senator from West Virginia is that the foreign aid appropriation bill?

Mr. ROBERT C. BYRD. Yes.

Mr. HARRY F. BYRD, JR. I say to the Senator that the committee report was available only at around 12 or 1 o'clock today. The committee hearing is very voluminous. The Senator from Virginia stayed on the floor all day today doing two things: One, attempting to listen to the debate on the tax bill; and second, trying to digest some of the matters involved in the foreign aid appropriation bill. It is a $3.3 billion bill. There are many parts of the bill that are not entirely clear. The amount of money is tremendous. There are a number of questions that I wish to put to the manager of the bill, and there may be a few amendments I would like to present to the bill.

May I ask the distinguished Senator from West Virginia, the majority whip, just what the time agreement is? I realize that the leadership is trying to channel legislation for the benefit of the Senate and the benefit of the country and trying to keep things going. I hope, however, that on a tremendous appropriation bill such as this, we do have adequate time to go into the vast sums involved.

Mr. ROBERT C. BYRD. Mr. President, the distinguished Senator from Virginia is always most cooperative and understanding. The time limit on the bill is 1 hour, with 20 minutes on any amendment, 10 minutes on any debatable motion or appeal, with 30 minutes, I believe, allotted to the Senator from Virginia.

The PRESIDING OFFICER. Twenty minutes.

Mr. ROBERT C. BYRD. I ask unanimous consent that that be 30 minutes.

The PRESIDING OFFICER. Without objection, it will be 30.

Mr. HARRY F. BYRD, JR. I say to the Senator from West Virginia that I appreciate that. When I requested the 20 minutes, it was before the committee report was available. Once the committee report became available, it raised some questions in my mind. I am wondering whether it is essential to bring this bill up tomorrow, and if it is brought up tomorrow—I have no objection to its being brought up—whether more time could be allotted to it.

Mr. ROBERT C. BYRD. The distinguished Senator from Hawaii (Mr. INOUYE) wanted to bring this bill up today, but because of the fact that there are Senators in the same situation as is the Senator from Virginia, the distinguished Senator from Hawaii decided to put it over until tomorrow to give Senators a further opportunity to study it. With the tax bill being in the status that it presently stands in, it is virtually necessary for the leadership to bring up the appropriations bill in the morning so that we can proceed to conference with that while we are continuing our work with the tax bill. I hope that the distinguished Senator will not object to our bringing it up in the morning. If he wants more time personally on the bill, I am sure that there will be no objection to that.

Mr. HARRY F. BYRD, JR. As I understand the procedure, when the bill is brought up, then the procedure would be to take up each committee amendment as it occurs in the bill?

Mr. ROBERT C. BYRD. Yes.

Mr. HARRY F. BYRD, JR. Is there a time limitation on discussing those amendments?

Mr. ROBERT C. BYRD. A time limitation of 20 minutes on any amendment. There is an hour on the bill from which the managers could yield additional time to any amendment.

Mr. HARRY F. BYRD, JR. Does the hour include the 30 minutes of the Senator from Virginia?

Mr. ROBERT C. BYRD. No.

Mr. HARRY F. BYRD, JR. That is in addition?

Mr. ROBERT C. BYRD. That is in addition, yes.

It is my intention further to request that the final vote on that measure occur at 2 o'clock tomorrow. This will be in accordance with the request of the distinguished Republican leader, and this was agreeable to Mr. INOUYE and to Mr. YOUNG and to Mr. McCLELLAN, I believe. I believe I am stating it correctly.

Mr. HARRY F. BYRD, JR. I thank the Senator. I certainly do not want to hold the legislation up in any way.

I do want to say that, again, there is $3.3 billion involved in this bill, but I will be governed by the judgment of the leadership. I will not object, of course, to its being called up.

On another matter, I wanted to speak for 15 minutes on another matter earlier in the morning. May I ask the Senator from West Virginia, would it be possible to work that in?

Mr. ROBERT C. BYRD. Yes. Would the Senator like to speak at 9:15? Or if he would prefer to wait until 9:30, we will start at 9:30 with his speech and then, immediately following, go to the foreign aid appropriation bill. Would the Senator like to start at 9:15?

Mr. HARRY F. BYRD, JR. Yes, that will be fine.

ORDER FOR RECESS UNTIL 9:15 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes it business today, it stand in recess until 9:15 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., AND UNANIMOUS-CONSENT AGREEMENT FOR THE CONSIDERATION OF H.R. 4592 TOMORROW

Mr. ROBERT C. BYRD. I ask unanimous consent that after the two leaders have been recognized under the standing order, the Senator from Virginia be recognized for not to exceed 15 minutes, that immediately thereafter the Senate proceed to the consideration of H.R. 4592, a bill making appropriations for foreign assistance, and that the vote thereon occur at the hour of 2 p.m. tomorrow, with a waiver of the provisions of rule XII.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE RESUMPTION OF THE UNFINISHED BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the expiration of all the time and the dispohition of all amendments to H.R. 4592, if there is remaining time between that point and the hour of 2 o'clock, the Senate at that point resume the consideration of the tax measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. CURTIS. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. Yes.

Mr. CURTIS. At about what time will the tax bill be resumed, in order that we might be here and plan our work accordingly?

Mr. ROBERT C. BYRD. Well, I think it would be impossible to say exactly. I do not know how many amendments there will be to the foreign aid bill, may I say to the distinguished Senator. There is only 1 hour on the bill. The Senator from Virginia has 30 minutes and there will be 20 minutes on each amendment, so I do not know how many amendments will be called up.

Mr. CURTIS. The final vote will be at 2 o'clock?

Mr. ROBERT C. BYRD. The final vote will be at 2 o'clock; yes.

Mr. CURTIS. But debate will be completed?

Mr. ROBERT C. BYRD. Yes; we will be completing debate and votes on amendments to the bill prior to that time.

Mr. CURTIS. And we are coming in at 9:30?

Mr. ROBERT C. BYRD. We are coming in at 9:15, to start on the bill around 9:30.

Mr. CURTIS. So it will be 11 or 12 o'clock before we reach the tax bill?

Mr. ROBERT C. BYRD. Yes; I think that would be a fair estimate.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. I yield.

Mr. HELMS. My understanding is there will be 1 hour of debate on the foreign aid bill of $3.3 billion.

Mr. ROBERT C. BYRD. That is correct.

Mr. HELM. That means we will be devoting approximately 1 minute to each $55 million; is that correct?

Mr. ROBERT C. BYRD. I assume that would be correct. I accept the Senator's calculations.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. HARRY F. BYRD, JR. When we start the votes on amendments tomorrow, I assume it would be agreeable if perhaps one or two amendments might be debated, but voted on nearer the hour of 2 o'clock?

Mr. ROBERT C. BYRD. I would certainly be glad to try to obtain unanimous consent to do that at the time, if the Senator will so request.

Mr. CRANSTON. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes, I yield. I appreciate the courtesy and patience of the Senator from California.

Mr. CURTIS. I thank the Senator from West Virginia very much.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. CRANSTON. Mr. President, I modify the text of my amendment to amend title V of the pending tax bill, H.R. 2166, by changing the "V" to "IV" and by redesignating subsequent title numbers accordingly.

Mr. CURTIS. This is just a change of numbers?

Mr. CRANSTON. Yes.

The PRESIDING OFFICER. The amendment is so modified.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

OFFICIAL INVITATIONS RECEIVED FROM FOREIGN GOVERNMENTS OR PARLIAMENTARY BODIES

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Resolution 86.

There being no objection, the Senate proceeded to consider the resolution (S. Res. 86) to authorize the Senate to respond to official invitations received from foreign governments or parliamentary bodies and associations, which had been reported from the Committee on Rules and Administration with amendments.

The amendments were agreed to.

The resolution (S. Res. 86) as amended, was considered and agreed to as follows:

Resolved, That the President of the Senate is authorized to appoint as members of official Senate delegations such Members of the Senate as may be necessary to respond to invitations received officially from foreign governments or parliamentary bodies and associations (including the Commonwealth Parliamentary Association) during the Ninety-fourth Congress, and to designate the chairman or cochairmen of said delegations.

SEC. 2. (a) The expenses of the delegations, including staff members designated by the chairmen to assist said delegations, shall not exceed $35,000 for each such delegation, and shall be paid from the contingent fund of the Senate upon vouchers approved by the chairmen of said delegations.

(b) The expenses of each delegation shall include such special expenses as the chairman may deem appropriate to carry out the purposes of this resolution, including reimbursements to any agency of the Government for (1) expenses incurred on behalf of each delegation, (2) compensation (including overtime) of employees officially detailed to each delegation, and (3) expenses incurred in connection with providing appropriate hospitality to foreign delegates.

(c) Each member or employee of each delegation shall receive subsistence expenses in an amount not to exceed the maximum per diem rate set forth in section 502(b) of the Mutual Security Act of 1954, as amended.

(d) The Secretary of the Senate is authorized to advance funds to the chairman of each delegation in the same manner provided for committees of the Senate under the authority of Public Law 118, Eighty-first Congress, approved June 22, 1949.

INTERCHANGE AND RECEPTION OF CERTAIN FOREIGN DIGNITARIES

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Resolution 91.

There being no objection, the resolution (S. Res. 91) relating to the activities of the Committee on Foreign Relations in facilitating the interchange and reception of certain foreign dignitaries was considered and agreed to, as follows:

Resolved, That (a) effective on the date on which this resolution is agreed to, the activities authorized by S. Res. 247, Eighty-seventh Congress, agreed to February 7, 1962, are extended to include the interchange and reception in the United States of prominent officials of intergovernmental organizations.

(b) Effective for the fiscal year ending June 30, 1975, and for each fiscal year thereafter, the fiscal year limitation on expenses incurred under such S. Res. 247 is increased to $10,000.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 9:15 a.m. tomorrow, following a recess.

After the two leaders or their designees have been recognized under the standing order, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) will be recognized for not to exceed 15 minutes, after which the Senate will proceed to the consideration of H.R. 4592, a bill making appropriations for foreign assistance. There is a time limitation agreement on that bill. Rollcall votes will occur on amendments thereto during the morning and early afternoon, with a final vote on the measure occurring at the hour of 2 p.m. tomorrow.

If there is an interim between the expiration of the time for debate and any votes on amendments prior to the hour of 2 o'clock, the Senate will resume the consideration of the tax cut bill, and of course will immediately resume the consideration of the tax cut bill after the final vote at 2 p.m. on the foreign aid appropriation bill.

Rollcall votes will occur throughout the day tomorrow, and the Senate may expect, I would assume, another long session.

RECESS UNTIL 9:15 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 9:15 a.m. tomorrow.

The motion was agreed to, and at 8:28 p.m. the Senate recessed until tomorrow, Wednesday, March 19, 1975, at 9:15 a.m.

EXTENSIONS OF REMARKS

TRIBUTE TO GROVER COBB

HON. KEITH G. SEBELIUS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. SEBELIUS. Mr. Speaker, a week ago last Friday, the citizens of Great Bend, Kans., and people throughout Kansas were saddened to learn of the passing of Grover Cobb, a man who had become a legend in the Kansas broadcasting industry.

Grover Cobb's personal life and his career in the broadcasting industry were such that he touched the lives of many Kansans. In doing so he not only enjoyed the personal friendship and admiration of everyone who knew him but also was a leader in his chosen field and truly set an example for others to follow.

I knew Grover Cobb and like many others feel a sense of personal loss by his untimely death. In paying tribute to this man, Thad M. Sandstrom of WIBW Radio and TV, a friend and colleague of his, recently broadcast a "memorial" tribute to Grover. Thad said in accurate and eloquent terms what Grover's life meant to him, to his colleagues, and to the people of Kansas. The memorial tribute follows:

WIBW EDITORIAL—TRIBUTE TO GROVER COBB

When I arrived for my first radio job as an announcer at KSAL in Salina in 1943, the name Grover Cobb was a legend. Grover had started as an announcer at KSAL in 1939 while a student at Kansas Wesleyan. He went off to fight in the war, but the folks still talked about Grover Cobb. Later while I managed KSEK at Pittsburgh, Grover was general manager of KVGB at Great Bend.

In 1951, Grover Cobb took the lead in calling together a group of Kansas radio broadcasters to talk about the need to form a state broadcasters association. The rallying cry—broadcasts of KU and K-State football and basketball games. There was on economically practical way in 1951 to beam a broadcast from Lawrence or Manhattan to the outreaches of Kansas at Pittsburg, Great Bend, Garden City and Colby. Everybody nodded in agreement when someone said we needed to make Ben Ludy, General Manager of WIBW, the first president of the Kansas Association of Radio Broadcasters. But everybody knew in his heart that the first president should have been Grover Cobb. He served as president later—putting the good of the association ahead of personal goals.

Grover loved life. He loved the broadcasting business. He loved Kansas. He loved his family—his wife, Fan, and seven children—four boys and three girls. He loved sports, too. Grover, with his sidekick, Bob Hilgendorf, used to travel all over the nation broadcasting the NCAA Basketball Championships on radio whether KU or K-State played or not. We've always suspected the reason was not so much because Grover thought the folks in Great Bend needed to hear the NCAA finals as it was that he wanted to see the games.

Grover's interest in the Kansas broadcasters association led to his election in 1964 to the Board of the National Association of Broadcasters. He became Chairman of the Board in 1967. Who would dream that a radio broadcaster from a small town of Great Bend, Kansas, would rise to be Chairman of the Board of the major trade association of the broadcast industry—which speaks for radio and television stations large and small—as well as for all the major networks? Grover Cobb did just that.

He was lured away from Great Bend in 1969 by an offer from the Gannett Company of Rochester, New York, to manage their broadcast properties. But soon the NAB beckoned again. The call of service to the broadcast industry was one Grover could not resist. Off he went to Washington in 1971 where he became Senior Executive Vice President of the National Association of Broadcasters. He was the broadcasting industry's chief spokesman on Capitol Hill as an advocate of free broadcasting. An efficient organizer, he was persuasive and effective. If he had been a lawyer, he surely would have been another Perry Mason for he was an excellent debater. If he had been a preacher, he might well have been a Billy Graham for he had the ability to hold an audience with his speeches.

The name Grover Cobb probably doesn't mean much to most WIBW listeners and viewers. But to the men and women at the management level of the broadcast industry, the name is gospel. Grover had a history of heart attacks. But you couldn't hold him down. In true western Kansas style, he died with his boots on in Washington Friday morning. He was 53. Grover suffered a heart attack while attending a meeting with the Chairman of the Federal Communications Commission discussing deregulation of radio broadcasting. Ironically, one of those at the meeting was Dick Painter, a broadcaster from Mankato, Minnesota, who used to work for Grover at Great Bend. He was at Grover's side when the end began. They'll bury Grover Cobb today at Great Bend. Some of the biggest names in broadcast management from across America will be there. The industry is going to miss him. Free broadcasting in America will be there. The industry is going to miss him. Free Broadcasting in America is better today because of the things Grover Cobb stood for and did.

THE POLITICS OF THE GREAT REBATE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, March 17, 1975

Mr. CRANE. Mr. Speaker, the advocates of the tax reduction bill currently receiving the support of many, perhaps most, Members of Congress argue that such a tax reduction will help to "prime the pump" of the economy. It is their thesis that returning approximately $21.3 billion in tax relief, while keeping spending rates at least at current levels—and probably at much higher levels—will ease our economic difficulties and lift us out of our current dilemma of concurrent inflation and recession.

This approach represents a fanciful economic theory. We can continue, its advocates argue, to spend far more than we have, causing an artificial increase in the money supply, which produces inflation, while producing a still greater imbalance through tax rebates, and never have to worry about the consequences. According to this notion, we will, somehow, spend out way out of both recession and inflation.

All of this may appear to be good politics for the moment, but it is disastrous economics.

Discussing the proposals now before the Congress, Patrick Buchanan notes that:

> Under the House-enacted bill, 4.6 million Americans would be dropped from the tax rolls, and reassigned to the expanding army of citizens who pay nothing in federal income taxes for the broad and widening array of social benefits they enjoy.

Mr. Buchanan points out that:

> We have been creating a new class in America, a vast constituency of millions with no vested interest whatsoever in reducing the programs and power of government and every incentive to support its continued growth.

Congress is now planning, through its tax measure, to stifle the initiative of business, industry, and our most productive individuals. This is not the path of economic recovery. It it, instead, a prescription for economic stagnation.

Mr. Buchanan, in this connection, notes that:

> The 1974 rebates and the 1975 tax reduction proposals for individuals were restructured completely to favor the lower income groups . . . The accent of the legislation was shifted away from savings and toward consumption. As for the most productive and successful of Americans . . . they were left out in the cold.

I wish to share Patrick Buchanan's thoughtful analysis, "Politics of the Great Rebate," as it appeared in the Chicago Tribune of March 6, 1975, with my colleagues and insert it into the RECORD at this time:

[From the Chicago Tribune, Mar. 6, 1975]

POLITICS OF THE GREAT REBATE

(By Patrick Buchanan)

WASHINGTON.—When the emergency tax reduction bill arrives on the Senate floor, perhaps the phrase, welfare reform, can be inserted in the title. For the redistribution of wealth, downward, is what much of this $21.3 bililon worth of "tax relief" is about.

Under the House-enacted bill, 4.6 million Americans would be dropped from the tax rolls, and reassigned to that expanding army of citizens who pay nothing in federal income taxes for the broad and widening array of social benefits they enjoy.

We have been creating a new class in America, a vast constituency of millions with no vested interest whatsoever in reducing the programs and power of government, and every incentive to support its continued growth. The political and social ramifications of this ongoing process, for the future of this Republic, have never really been explored.

In the final rewrite of the tax bill in the House, it was, quite evidently, the ideology of the McGovern wing of the Democratic Party which prevailed.

The "negative income tax,"—a subsidy for the nontaxpaying "working poor"—which the President had suggested, was seized upon and expanded. The recommended cut in the corporate tax rate from 48 per cent to 42 per cent was discarded.

The 1974 rebates and the 1975 tax reduction proposals for individuals were restructured, completely, to favor the lower income groups. The 22 per cent oil depletion allowance was repealed. The accent of the legislation was shifted away from savings and toward consumption.

As for the most productive and successful of Americans, that fifth of a nation which earns more than $20,000 a year, they were left out in the cold. Their rebates will be less than $200 and the tax relief recommended for this segment of society is by far the least significant.

Conscious discrimination against the middle class faithfully reflects the soak-the-rich, redistribute-the-wealth philosophy of the national Democrats. But does it reflect the needs of the economy? Who do the Democrats expect to buy all those autos and "big ticket items," the backlogs of which have caused such sweeping unemployment in the working class?

President Ford had a better idea. His program was designed with a dual purpose: Protest the weak from the impact of inflation and provide the productive sectors of society with the stimulus to pull us all out of recession. The House emphasized the first, almost to the exclusion of the second.

The saving grace of the House package—in terms of economic incentives—is the $5.1 billion in business tax relief. But even here the reforms are modest or misdirected.

Doubling to $50,000 the level of corporate income taxed at 22 per cent rather than 48 per cent is a nice booster shot for small business. But the maximum of $6,500 in tax relief provided a single corporation is of major importance only to the smallest of firms.

As for repeal of the oil depletion allowance, which the House Democratic Caucus literally ordered onto the tax bill, this is not an issue on which liberal Democrats are expected to be rational. To the Left, the oil industry is the prince of devils; the depletion allowance the means by which it works its will.

Yet, what would repeal accomplish, other than transfer $2.5 billion of potential investment capital out of the energy industry and into the U. S. Treasury?

If America is ever to become independent of foreign oil, hundreds of billions of dollars will have to be invested in research, exploration, production, and distribution. For reasons of both efficiency and political principal, Republicans should prefer that this enormous investment be directed by the men of business, not the men of government. Therefore, it would seem, the Ford administration has no genuine interest in sustaining the theological position of the House caucus.

Opportunity beckons. Surely, the President would prefer to see that tax bill rewritten closer to his original guidelines and purpose. The oil state senators have promised us an "extended debate" to protect their half-century-old depletion allowance. The two objectives are not mutually exclusive; perhaps an accommodation, beneficial to both, and us all, can be reached.

GOLD STRIKE IN PENTAGON

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mrs. SCHROEDER. Mr. Speaker, an "extra" $21.5 million has been found in U.S. accounts to send military aid to Cambodia, the Ford administration claimed yesterday.

I must say that, in view of such diligence, I am inclined to suggest that Congress present the "administration officials," anonymous but appreciated, a "finder's fee" so that they will be encouraged in their work. We need their help in finding money to cover the national debt, so that we may balance the budget, or to fund Head Start adequately at least.

These "anonymous but appreciated" public servants have quite a history in "finding" unnoticed and unaccounted-for moneys. We should entrust them with this responsibility on a full-time basis so that our economic crisis can be solved.

In this connection, I am reminded of Art Buchwald's column of last year:

> GOLD STRIKE IN PENTAGON
>
> (By Art Buchwald)
>
> It received hardly a mention in the newspapers, but the Pentagon last week just happened to "find" $266 million it didn't know it had.
>
> It seems that the Defense Department had asked for $1.6 billion for aid to South Vietnam, but Congress had voted only $1.2 billion. Instead of the Pentagon getting upset by the cut in funds it announced that had "found" $266 million which could make up the difference.
>
> How did the Pentagon find the money? It's a very interesting story.
>
> Two weeks ago two cleaning women in the Pentagon were working late at night in the basement of the building. One of the ladies was a new employee and she opened what she thought was a broom closet. Instead of brooms and mops she saw neatly piled stacks of brand-new $100 bills.
>
> "Henrietta," she said to the lady she was working with, "there ain't no brooms or mops in that closet. How am I supposed to get my work done when all they keep in there is money?"
>
> Henrietta came over and looked in. "Heavens to Betsy, you're right. They expect us to clean the floors, mop the halls and dust the furniture, and they don't even give us the tools to do it with. Let's find the supervisor."
>
> They brought the supervisor back. He peered into the closet and became angry. 'If I told them once I told them a 100 times the only thing I want to see in broom closets is brooms. I'm going to get the duty officer."
>
> The duty officer, a colonel, was asked to come to the basement. When he showed up he couldn't believe his eyes. "How much money do you think there is in that closet?"
>
> " 'Bout $266 million," Henrietta said. "Now what about our mops?"
>
> The colonel rushed off to call his supervisor at home. "General, the cleaning women just found $266 million in a broom closet in the basement."
>
> The general was furious. "Why are you bothering me at home at this hour about $266 million? Turn it over to lost-and-found."
>
> "Yes, sir," the colonel said.
>
> The next day the lost-and-found officer put out notices on all the bulletin boards in the Pentagon which read: "If anyone has lost $266 million in new $100 bills, kindly pick it up as soon as possible at lost-and-found. If the money is not claimed within the week, it will be turned over to the South Vietnamese Government."
>
> Although there are thousands of people working at the Pentagon, no one admitted to owning the money. This caused some wild speculation. The Army said the Navy had hidden the cash in the broom closet so they could buy an extra submarine when no one was looking. The Navy said the Air Force had stashed it away for the next overrun on a new Lockheed cargo plane.
>
> In any case, no one claimed the cash and it was turned over to six cadets of the South Vietnamese Marine Corps who were returning to Saigon after a visit to Parris Island.
>
> But the discovery of the money caused a storm at the Pentagon. The Secretary of Defense, in a very tough memo to all personnel, said, "There will be no more storing of unaccounted funds in broom closets.
>
> "These closets will be used in the future solely for cleaning utensils. If there is one thing I will not stand for as long as I am Secretary it's a dirty Pentagon."

NATIONAL TRANSPORTATION WEEK

HON. THOMAS F. EAGLETON

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Tuesday, March 18, 1975

Mr. EAGLETON. Mr. President, few things are as vital to the economic welfare of the people of Missouri as adequate transportation, Missouri has prospered largely because of its superior network of highway rail, air, pipeline, and waterway transportation facilities. All communities in Missouri, from metropolitan areas to the smallest farm centers, share equally in the good things of life, because of the unparalleled transportation system serving the American people everywhere.

Transportation plays a significant role in virtually every facet of the production, distribution, and consumption of goods. While the contributions of transportation to the national economic well-being take precedence over other considerations, a people's political and military success are directly related to the facilities for moving people and property from one locality to another. Also, good transportation, along with efficient communication, makes possible unity and cooperation among scattered peoples.

Economic factors are in general the most important in the development of a nation's transportation. Commercial and industrial growth stimulate invention and innovation in agriculture, mining, and manufacturing, which in turn, tend to increase demand for transportation. Mechanization makes possible a greater division of labor, which increases productivity. Large scale production becoms possible if extensive markets can be developed; this calls for the interacting effects of industrial and commercial progress.

Transportation is both a cause and a result of an advancing society. Especially in modern times, transportation development has reflected the rate of advance of a country.

Transportation has had a profound influence on the currents of history. What nation has become great that did not give major attention to the development of transportation?

Human beings have demands, both personal and collective, that can be satisfied only by transportation services.

Solving transportation problems of the future will depend largely on viewing transport as a whole, without favoring one from the other. Also, any successful transportation plans and policies will need to be an integral part of a broad economic and social development plan.

No man is an island unto himself nor is transportation, but rather we are dependent one upon the other.

Good transportation is a main artery of progress, it is therefore most fitting that we salute the dedicated men and women making up our vast transportation systems on the occasion of National Transportation Week, May 11 to 17, 1975.

National Transportation Week is a nationwide project of Traffic Clubs International, sponsored in conjunction with the National Defense Transportation Association, shipper and business groups and chambers of commerce, and the Department of Transportation, to focus attention on both the achievements and the challenges of the transportation industry in the United States, and otherwise help to create a better understanding and appreciation for its capabilities and objectives.

DR. PETER TOMA

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BOB WILSON. Mr. Speaker, Dr. Peter Toma, a respected scientist and a member of my constituency, has devoted 19 years of his life to the creation and realization of the first large-scale universal computer translation system. This system is SYSTRAN. It adds to the scientific prestige of the United States, because it places this country ahead of all others in overcoming language barriers automatically. Its Russian-English system has been used by our Air Force daily since 1970 to translate Soviet material; both its Russian-English and English-Russian systems will play important roles during the forthcoming Apollo-Soyuz joint space maneuvers. Meanwhile, the Soviets are still working on their own English-Russian system, but have not been able to bring it up to the level of SYSTRAN, the U.S. system.

SYSTRAN also has Chinese-English and German-English systems which have been demonstrated to Government officials and, in addition, an English-French system which is being considered for use by a private contractor.

As head of a small business concern, and as an inventor, Dr. Peter Toma needs protection. But because a patent application for a much smaller and far less complex computer program was denied—and later appealed before the Supreme Court, which sustained the denial because of the simplicity of the program—the Patent Office denied Dr. Toma's application, despite the great differences between the simple program which set the precedent and the immense complex of programs for which Dr. Toma seeks patent protection.

The general counsel of the Department of Commerce reviewed Dr. Toma's application and recommended against enactment of H.R. 7769 on the basis of the precedent mentioned earlier and on the patent examiner's interpretation of 35 U.S.C. 101 and 35 U.S.C. 112. Subsequently, Dr. Toma's patent attorney, Mr. Bruce Prout, refuted the arguments presented by the general counsel and found numerous instances of discrepancies and misrepresentations in the general counsel's arguments: for example, the patent officer had withdrawn his objection based on 35 U.S.C. 112. In addition, the general counsel totally overlooked the Court of Customs and Patent Appeals' decision in *In re Knowlton*, 178 USPQ4 486, which did allow that the appellant's computer program was patentable.

Counsellor Prout concluded that—

> It is now time for the Congress to act and call not only the Patent Office's attention but the Court's attention to the express language of 35 U.S.C. 100, 101, which authorize patents for a "new and useful—machine" and a "new use of a known—machine" which would clearly encompass a program method for operating a computer machine.

It should be pointed out that this reflects the opinion delivered by Mr. Justice Douglas in the precedent-setting case referred to earlier. Mr. Justice Douglas, in his summary, concluded with the words:

> The technological problems tendered in many briefs before us indicate to us that considered action by the Congress is needed.

TENNESSEE RIVER VALLEY ASSOCIATION BACKS NUCLEAR POWER DEVELOPMENT

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. EVINS of Tennessee. Mr. Speaker, the Tennessee River Valley Association, composed of business, civic, and power distributor leaders from throughout the Tennessee Valley, has announced its support of nuclear power development.

Certainly the support of this distinguished and influential group is vitally important, and because of the interest of my colleagues and the American people in this most important matter, I place in the RECORD an article by Reporter Nat Caldwell in the Nashville, Tenn., Tennessean:

RIVER GROUP BACKS N-PLANT AT HARTSVILLE

(By Nat Caldwell)

The Tennessee River Valley Association yesterday approved TVA's Hartsville nuclear plant, in particular, and TVA's program for building 17 nuclear plants, in general.

The association, a valleywide business, civic, and power distributors' group, whose chief goal is industrial development, held its quarterly meeting here yesterday and Monday.

The pro-Hartsville nuclear plant resolution was sponsored by two electric cooperative managers, Charles Stewart, Bowling Green, Ky., and Louis Wise, Columbus, Miss.

Because several supporters of their position and several who urged caution in the nuclear advance sought an amendment urging a speed up in coal research and encouragement of coal mine expansion, the sponsors agreed to leave a final drafting of both positions to the association's executive committee.

Al Smith, Russellville, Ky., publisher, and Ralph Minor, Virginia cooperative manager, both urged that expedited research on coal gasification, liquefaction, and MHD be speeded up to offer alternatives to nuclear power.

On Monday night, John Seigenthaler, publisher of the *Tennessean*, had warned the group that all the answers on nuclear power are not in yet. He said:

"I am not yet satisfied with all of the answers that the TVA board has offered to questions raised by some nuclear scientists as to the safety of radioactive waste materials, transportation of nuclear fuels, or the prospects of a so-called class nine accident."

The publisher said that "this does not mean that there are answers to be found . . . the developing technology may provide adequate answers."

Seigenthaler continued:

"As a representative of the press, this is one area where I intend to continue to question . . . because the destructive power of nuclear energy is well known . . . just as its constructive uses may be boundless."

The association president, Tom Green, president of the Third National Bank of Nashville, said that he considered that—from now on—the group's chief goal should be developing the Tennessee Valley into the energy capital of the United States.

Green insisted that the odds "are very good that the people and their institutions are capable of achieving this goal, if they will get in step and work toward it."

"SPIRIT OF '76"

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. GILMAN. Mr. Speaker, recently I was pleased to have conducted a contest for high school seniors in the 26th District of New York on the subject of the "Spirit of '76" and what it means to them as citizens.

Because of the intense feeling of pride that these essays exhibit for accomplishments of our Nation in the 200 years since our Nation was founded, it is my privilege to submit for the review of my colleagues, three essays which won honorable mention in the contest. These essays were written by Calvin Mendelsohn of the senior class of Nanuet Senior High School, Nanuet, N.Y.; Kerry Ann Metzler of the senior class of Marlboro Central High School, Marlboro, N.Y.; and David Ehrman of the senior class of Suffern High School, Suffern, N.Y. The essays follow:

OUR NATION'S BICENTENNIAL

(By Calvin Mendelsohn)

Ten score years ago, the founders of our land wrested power from their colonial rulers through revolution. The principal aim of this revolution was to establish a working democracy in which the average citizen could exist with minimal interference from the government. To insure this, freedoms of press, speech, and religion were assimilated into our government in the Bill of Rights.

Those freedoms guaranteed above served as an impetus for immigrants to flock to our shores. Those who came valued personal freedom over the realities of an immobile hierarchy in Europe. They strove hard to preserve that freedom which we hold so dear by bearing hardships such as climatic extremes, crop failures, and economic hard times.

And our democracy flourished. Those who

came learned that they actually *could* influence governmental decisions and *would* be listened to if they suggested governmnetal reform in our system. Our citizens learned how to effect change through direct participation in government.

It is through the implementation of constitutionally guaranteed freedoms that our nation stands today. This tradition of free participation in government must continue, if we are to successfully handle the urgent economic problems of today. Only by putting our minds together therefore, will our nation be self-sufficient and truly prosperous. By doing this, we will secure the future and self-esteem of our glorious democracy, on the dawn of our nation's bicentennial.

SPIRIT OF '76

(By Kerry Ann Metzler)

America's Bicentenial means many things to me, but most outstanding is the phenomenal rate that our country has grown in 200 years. We have managed to maintain a level of growth and achievement second to none. This is proof positive that our system of government not only works but works well.

The most important reason for success was a democratic government set up "by the people". The Bill of Rights was the key ingredient needed to spur growth in our young land. The government granted certain inalienable rights to all citizens, and this inspired them to rise to their fullest potential. This benefited not only the individual but the Nation as a whole. This, in my opinion, is the reason for the United States attaining its present world position.

We were indeed fortunate not to be repressed or enslaved as many peoples of the world were (and still are). Instead, our resources, both physical and mental, were tapped to the fullest by one driving force—freedom. It was this inherent need for freedom that brought about the colonization of America, and it continues as the dominant factor in our lives today.

Where do we go from here? We must not be content to stand still and become complacent. Our forefathers set an example for us to follow. Hard work, long hours, sacrifices—these are all words we hear today and we complain. If we all pull together we will be able to celebrate our Bicentennial with pride. We should all realize that growth is the key to success, and success is attained through good government.

SPRIT OF '76

(By David Ehrman)

The United States was founded on the concept of democracy—with liberty and justice for all. There is a gap between the concept and its fulfillment. But it is important to realize that we're progressing along these lines. Throughout our history Americans have strived for a society characterized by liberty and justice. The trend of American social change definitely shows us how society and goverment have been improved, with more Freedom and responsibility delegated to the people. This trend is illustrated by Constitutional Amendments.

This progressive trend, and other institutions, have ingrained in Americans a great sense of moral ethics. There are few governments that when confronted with a crisis like Watergate, rise to the occasion and resolve the problem with integrity and honesty prevelant, America staunchly defends what is right, while lesser nations bow to economic pressures.

As our Bicentennial approaches, Americans can look at themselves and see a great nation. One that has remained true to it's original ideals. Today times are turbulent as they've ever been. People the world over are giving up hope. But Americans believe in democracy, which places importance on individuals, and is characterized by cohesive groups and personal relationships. This has helped Americans respond better than other peoples in the past. Today we have people of all races working to continue our progressive trend. They have the ingredients it takes to bring peace and stability in our world.

A CASE AGAINST TAMPERING WITH TAX EXEMPTION

HON. JAMES R. MANN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. MANN. Mr. Speaker, Grady L. Patterson, Jr., distinguished treasurer of the State of South Carolina for over 8 years, is well known for his acute understanding of the financial complexities of the federal system of government. He has been active in the fight against tampering with or destroying the tax exempt status of State and municipal bonds, an issue which has come up repeatedly in the House Ways and Means Committee's periodic consideration of general tax reform legislation. In the January 1, 1975, edition of the Municipal Finance Officers Association's Special Bulletin, Mr. Patterson compiled some convincing constitutional and practical arguments against the modification, alteration or destruction of the tax exemption of State and municipal bonds. The entire article, which is somewhat lengthy, is available from my office. In view of the tax hearings coming up this summer, however, I think it appropriate and worthwhile to share Mr. Patterson's well-reasoned conclusions with my colleagues.

A CASE AGAINST TAMPERING WITH TAX EXEMPTION

(By Grady T. Patterson, Jr.)

CONCLUSIONS

In conclusion, the legal basis for the tax exemption of interest paid on state, municipal and political subdivision bonds is anchored in the bedrock of the United States Constitution. This legal principle has been recognized by the U.S. Supreme Court since the early beginning of this Republic (*McCulloch* v. *Maryland*, 1819) and has been enunciated often times over the years since then. The principle is interwoven into the very fabric of the U.S. Constitution.

The record surrounding the adoption of the 16th Amendment to the U.S. Constitution is clear and convincing beyond any doubt that the Congress was not given new authority to tamper with the tax exemption of state and municipal bonds. Indeed, the overriding, compelling conclusions by almost all who spoke to the issue shows that tax exemption was not to be altered, modified or destroyed (by the 16th Amendment). Any optional or voluntary taxable bond arrangement would do violence to the same constitutional principles. The very heart of the issue is sovereignty and separation of powers. It cannot be mandatorily taken away by Congress. Neither can it be optionally or voluntarily bartered away in the form of a federal subsidy.

Thus, any alteration, modification or tampering with tax exemption will be met immediately by court challenge which will cause chaos in the bond market for an extended period of time. There is no showing of a need to broaden the municipal bond market. Indeed, the record of bond sales over recent years indicates municipal bond sales have decreased.

Taxes will be increased under any taxable bond arrangement, either at the state level or the national level. This fact is blandly brushed aside by the proponents of a taxable bond. There is no way to make a tax exempt bond taxable without increasing the cost to the taxpayers. Even proponents of a taxable bond admit that the subsidy arrangement would cost the taxpayers more in interest payments than it would recover in taxes on the proposed taxable interest.

Actions of the past are best indications of the future, and one only has to recall any federal program to visualize what the Federal Government would do with an interest subsidy on a dual coupon arrangement. The very life blood of the several states would be strangled and the states would be reduced to federal districts comparable to those which exist in France and other nations.

Among the greatest threats of all would be the threat of repeal of a taxable bond arrangement, or interest subsidy. There would be nothing to prevent a subsequent Congress from repealing a subsidy established by a former Congress, or if the subsidy payouts should far exceed the expectations of Congress, it [Congress] could place a limit on the amount of the subsidy to be paid out, which would then bring on delays in issuing state bonds, as well as priority determinations by the Federal Government and many other problems.

There is nothing evil or wrong with commercial banks, property and casualty companies and individuals buying municipal bonds. State and municipal bonds are issued for desirable, legitimate and worthwhile public purposes. Commercial banks are supervised in the public interest. What is wrong with institutions chartered in the public interest buying securities and bonds issued by public entities in the public interest in a free enterprise and open marketing system?

We have a free enterprise and open municipal bond marketing system which is working very well and has worked very well since the founding of the Republic. I vigorously reject efforts by a few persons continually attempting to brainwash the Congress and the public into believing that Congress should tamper with tax exemption and destroy it. As I told the Committee on Ways and Means, U.S. House of Representatives, on April 2, 1973, "Frankly, I do not want the Congress to do us any favors. We are satisfied with the present public securities marketing procedures. Most people come here and appear before your Committee wanting something. We do not want a thing. We just want to be left alone."

CARGO THEFT

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. PICKLE. Mr. Speaker, for several years now I have been closely studying the vast impact that cargo theft has on the American public. Businesses involved in transportation, and ultimately, the consumer, have had to pay billions over the years because of this continuing plague.

There is plenty of blame for all groups involved—the industry, the unions, the Congress. The only side which seems to be doing an admirable job in dealing with cargo theft are the thieves, representatives of the Nation's greatest profiteers, organized crime.

Hopefully the 94th Congress will come up with viable legislation which can reduce the tremendous losses caused by these culprits who prey upon the transportation industry. It is long overdue. DOT has turned away from action. The DOT and Justice are delaying and postponing.

An Associated Press article in the Washington Post describes how this insidious practice works, and I insert it in the Record.

Hijack Centers Trucks in Greatest Danger in New York, New Jersey

(By Joseph Di Leo)

A quarter-mile off Route 28 in Somerville, N.J., a truck-driver from Fort Lee is chained to a tree. He's hungry and cold. His rig, loaded with whisky from a ship docked in Hoboken, has been stolen.

They grabbed him on Route 440 in Bayonne. Three guys. One of them, the gunman, had jumped onto the running board of his rig and ordered him to stop. Then they took the driver to Somerville and chained him to the tree. It was midwinter and very cold, but the driver survived.

The Bayonne hijacking is just one of nearly 50 in New Jersey in the last two years. The FBI calls hijacking one of the major federal crimes in New Jersey, a trucking corridor state between the business and industrial centers of New York and Philadelphia.

"Hijacking in the New York-New Jersey area is worse than anywhere else in the country," an FBI spokesman said. "This is because of the volume of trucking and the number of trucking outlets. Hijackings don't occur too often in places like Alabama. But here, with all the trucks on the road, a hijacked trailer can be hauled away in traffic without being noticed."

The spokesman said the FBI does not compile a dollar figure on the amounts hijacked, but noted that thieves stole 175 parked trailers in the past two years in addition to the hijacks.

According to the Interstate Commerce Commission, hijacking and truck pilferage losses for 700 major carriers in the country totaled $6.4 million in 1973.

Many times, a hijacking begins on the street, with nonprofessional thieves the police call "cowboys." They hang around poolrooms and bars, waiting for a job. Often employment comes from another cowboy with information about a valuable load being shipped somewhere.

Then there are others, semiprofessionals or men connected with organized crime. They make it their business to know which rig is carrying Chivas Regal or color television sets, what time it is due to depart or arrive at the terminal and where the driver stops for breakfast.

"They have to have some sort of connections—an inside man—to pull a successful hijacking," said a spokesman for the Waterfront Commission of New York Harbor. "And they have to have a place to get rid of the stuff."

The hijackings in New Jersey generally follow a pattern: The truck driver is pulled over, usually at gunpoint, and ushered to a waiting car. Sometimes he's locked in the trunk. The gunman then takes the rig while one or two confederates drive the trucker around the countryside and eventually drop him off. Sometimes the driver is tied to a tree or left naked. Rarely is he hurt.

"Most hijackers will take the driver's license and threaten to kill him, because they know his name and address, if he calls the police too soon," Chief of Detectives Martin Greenberg of Hudson County said.

One New Jersey trucking industry spokesman said some firms are having difficulty obtaining insurance because of hijacking and pilferage. ICC regulations require all common carriers to have cargo insurance.

But a spokesman for the American Trucking Association in Washington said: "I don't know of any companies that have complained because of an extraordinary high cost for cargo insurance." He said firms paying high premiums might not want to talk about it because it might lead shippers to believe they were not security conscious.

Some trucking firms say they have gone to great lengths to beef up security.

John Mazzei, security chief for Transcon Lines, one of the nation's largest truckers, said companies now send valuable loads with an armed escort.

"Usually, it will be one or two men following the truck in a car," Mazzei said, noting the escorts often carry shotguns. He said some firms use off-duty policemen or private detectives as escorts.

An American Trucking Association spokesman in Washington says the security technique depends on the load and its value.

"For instance, with distilled spirits, cigarettes, electric razors, televisions, many companies require the driver to check in with them periodically when he's in a major metropolitan area," the spokesman said. "The finished garment carriers have alarms in the trailer which go off when the trailer is opened.

"Another system that frankly we're trying to promote is the use of roof-top numbers that would identify each trailer. This would facilitate identification from police helicopters."

Even with such strict security, hijackings occur frequently in New Jersey. A spokesman for the Waterfront Commission said a load of whiskey recently was hijacked on Route 22 near Plainfield despite the fact it was part of a three-truck convoy being followed by an armed escort.

"Someone in a car cut off the escort vehicle, forcing it to catch a red light," he said. "Then someone hijacked the third truck and drove it around a corner while the two other trucks were rounding a curve."

An FBI spokesman tells a story about a botched-up hijacking by a group of inept cowboys. The thieves heisted a truck loaded with magazines and had no place to fence them. Poor planning.

"Usually the hijackers know what they are going to do with a load before they steal it," said J. Wallace LaPrade, head of the FBI in New Jersey.

LaPrade said that usually there is a market for anything that is hijacked. He said that hijackers prefer to sell their "swag," or hijacked goods, in bulk lots, often to retail stores or professional people who need the particular goods.

For example, according to one police source, a load of X-ray film hijacked in New Jersey recently was peddled to a handful of doctors. Chief Greenberg said would-be hijackers, many with inside information, look for merchandise that is in scarce supply or selling at high prices at legitimate retail outlets.

"At one time, a major item was meat," Greenberg said. "Now sugar is popular, and often the hijackers sell it directly to bakeries." A year ago, it was gasoline, he said.

LaPrade said some fast-moving items are standard. These include whisky, cigarettes, clothing, metals that can be melted down, antifreeze and toys.

Other items fluctuate in popularity. A hot item in New Jersey this winter, according to police, is the pocket calculator. Another is the digital clock radio.

Once a load is hijacked, it must be transferred to another trailer, stored in a warehouse or sold to a fence.

Items such as television sets can be stored until all are fenced or sold at the expected price. Perishable stuff, such as food, must be sold quickly.

Sometimes the swag is peddled through fences, who have a regular flow of stolen merchandise, along with a list of regular customers. Some New Jersey fences even take orders and operate their own retail stores. In one such place in Jersey City, toothpaste sell for 25 cents, color TVs for $250, cigarettes for $3 and a bar of soap for a nickel.

You name it, these stores have it, or can get it: shoes, coats, umbrellas, electric mixers, toasters, television sets, tennis racquets and socks.

The swag also is peddled through social clubs and fraternal organizations, where the members—who are tight-lipped about internal matters—get first crack at it.

"Once the stuffs sold, it is difficult to trace," LaPrade said. He said that many shipments carry serial numbers only on bulk lots.

VETERANS DAY AND MEMORIAL DAY

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BURKE of Florida. Mr. Speaker, I am today introducing two bills—one to retain May 30 as Memorial Day, and the other will designate the 11th of November, of each year, as Veterans Day.

Since 1968, when the Monday holiday law was passed, I have endeavored to restore these holidays, which are significan to many, many, Americans to the dates as they were originally namely—May 30 as Memorial Day and November 11 as Armistice Day or Veterans Day.

For many years we celebrated these 2 days with solemn observances with our veterans organizations. Somehow however, the changing of these dates took something away from the spirit and reason for the observance of these days. Our young people are seldom taught what these dates stand for, or when they are it is difficult for them to understand how then, the Congress could change them. Every child knows his birth date and he knows it cannot be shifted. That is a holiday and celebration he can count on annually. We used to be able to count on Memorial Day being May 30, and Veterans Day being November 11, but now each year we have to consult a calendar to figure out what Monday these days will be observed.

Currently there are 41 States, including Florida, which celebrate Veterans Day on November 11 despite the Federal Monday holiday law. This is strong evidence that the majority of our people do not like the redesignation of Veterans Day. As a veteran I can understand this.

The American Legion and other veterans organizations have been urging for years that these 2 days be restored to their proper dates.

I think, therefore, that it is time that we take affirmative action to restore meaning to these two holidays and return them to their original dates. November 11 is a day both unique in history and appropriate for honoring the Americans who have served in our armed services in defense of freedom around the world. It was selected as Veterans Day, because it was at the 11th hour of the 11th day of the 11th month in 1918 that the armistice was signed which ended World War I.

The Monday holiday law did not change Christmas from December 25 or Thanksgiving from the last Thursday in November, and it should not have changed these 2 days sacred to the men and women who have fought to preserve our way of life.

"CAP'N BOB" GRAY PASSES AT AGE OF 93; SERVED IN FLORIDA CABINET 31 YEARS

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. FUQUA. Mr. Speaker, one of the Nation's greatest statesman has passed from our midst. R. A. "Cap'n Bob" Gray died last Thursday at the age of 93.

A distinguished journalist as a young man, he was to serve as Secretary of State for Florida for 31 years. I came to know this gentleman when I was a member of the Florida Legislature for two terms. If there were two things for which I will remember him always, they were his love of his fellow man and his integrity.

It is interesting to note that he served in the office of U.S. Senator Park Trammell at one time.

The hearts of all Floridians are saddened at his passing. I can only add that my life has been brightened by the many letters he wrote to me, even during these past few years. He was a thoughtful gentleman and all of us who knew him will never forget his example.

As a further tribute to this distinguished gentleman, I would like to add the following story from the Tallahassee Democrat of March 13, 1975.

R. A. GRAY, EX-OFFICIAL, DEAD AT 93

R. A. "Cap'n Bob" Gray, 93, died at 2 a.m. today at Tallahassee Memorial Hospital after a brief illness.

Gray was secretary of state for 31 years, from 1930 to 1961 when he retired. He had held the post longer than any other secretary.

On learning of his death, former Gov. Millard Caldwell, with whom Gray had served on the Cabinet, commented: "Cap'n Bob can be regarded as a first class citizen. He did a good job, he was always dependable. He was a fine public servant."

Gray was born in 1882 on the Gaines Plantation in Grady County, near the Georgia-Florida line, the son of a Methodist preacher.

When he was six months old, his parents, the Rev. and Mrs. W. J. Gray, moved to Florida where his father preached in several communities in Wakulla, Gadsden and Liberty counties.

Captain Bob atended school in a one-room, log-schoolhouse. Three quarters of a century later he would recall, "We moved around a lot, usually around Christmas. In the new place, the books were different. My father would say it cost so much to move we couldn't afford the books right then. I had to study looking over my deskmate's shoulder."

Gray's political career began early as a clerk in the House of Representatives and in the Senate. He was elected to the Legislature in 1911 from his home county of Gadsden.

During his first session he sponsored the uniform textbook bill which became law and is still on the books.

Later became secretary to U.S. Sen. Park Trammell from Florida and attended Georgetown University Law School while in Washington, D.C.

He held numerous honorary degrees and titles, including LLD. A descendent of Civil War heroes, he was a captain in the army in World War I, and was married to the late Grace Mullins of Bartow. She died in 1955.

Gray was a Mason, having taken both York Rite and Scottish Rite degrees, and a member of the Shrine. He was Past Master of Jackson Lodge No. 1, and a member of the Elks, Woodmen of the World, Grotto' Moose, Knights of Pythias and the Order of Eastern Star where he served as Worthy Grand Patron.

He was a Methodist and served on the official Board of his Church for 40 years. He was a trustee of Wesleyan College in Macon and served as Chancellor of Florida Southern College in Lakeland.

He was a charter member of the Tallahassee Rotary Club and a past president. He was executive chairman of the Tallahassee Centennial in 1924.

July 30, 1972 was celebrated as "R. A. Gray Day" in Tallahassee, honoring more than 60 years of service to the city and state.

Survivors include several nephews and their families. Funeral services are set for 2 p.m. Saturday at Trinity Methodist Church with burial in Oakland Cemetery. Officiating will be the Rev. Ed Norman of Trinity and Dr. Ed Hartz of Florida State University. Culley and Sons Funeral Home is in charge of arrangements.

NATURAL GAS CURTAILMENTS

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. UDALL. Mr. Speaker, I would like to bring to my colleagues' attention a critical energy problem now facing the State of Arizona and a number of other Western States.

The problem concerns the disruption of western agriculture which will almost certainly occur as the result of a recent decision by the Federal Power Commission in a natural gas curtailment proceeding. This decision, Opinion 697-A, requires the El Paso Natural Gas Co. to reclassify gas used for irrigation pumping from priority 2 to a lower priority industrial classification. This action increases the likelihood that irrigation pumping will be subject to curtailment as early as the winter of 1975-76.

The States affected by this specific ruling are Arizona, California, Nevada, New Mexico, and Texas. Yet as this policy is applied to other pipeline companies over which FPC has jurisdiction, other States in the West and the Great Plains will also be affected.

ACREAGE AFFECTED

We are only now beginning to receive detailed information on the probable effects this ruling may have on the farm sector. The information we have so far has had to be developed following the FPC's ruling since to the best of our information the FPC's decision was unilateral and made without the benefit of hearing evidence. We have found, for example, that irrigated cropland harvested represents more than half the cropland harvested in each of seven Western States. In two of these States, plus three Midwestern States and Louisiana, natural gas is the fuel source for 20 percent or more of the irrigation power units. A detailed listing is given in table 1.

TABLE 1.—PRINCIPAL STATES USING NATURAL GAS FOR IRRIGATION

State	Percent of irrigation power units using natural gas[1]	Acreage irrigated (thousands)[2][4]	Percent of cropland harvested which is irrigated[3]
Kansas	60	2, 361	8
Texas	60	8, 500	32
Oklahoma	40	758	6
New Mexico	30	1, 069	65
Arizona	20	1, 150	100
Louisiana	20	676	21
Nebraska	15	5, 338	20
Colorado	7	3, 140	42
Arkansas	5	1, 699	15
Wyoming	4	1, 798	66
California	2	8, 759	83
Idaho	2	3, 872	58
Utah	2	1, 680	72

[1] "Irrigation Journal", survey issue, 1974.

Ibid.

[3] "1969 Census of Agriculture," vol. IV, chart 6, 1973.

[4] Includes acreage irrigated by methods other than natural gas.

AGRICULTURAL PRODUCTION AFFECTED

The States listed in Table 1 include some of the most productive agricultural regions in the United States, in terms of both livestock and crop production. In fact, irrigated acreage in eight of the States most heavily dependent on natural gas, produces 25.2 percent of the Nation's cotton, 47.5 percent of the orchards, 40.5 percent of the grain sorghum and 47.6 percent of the vegetables. These estimates were developed recently by Prof. James E. Osborn, chairman of the Department of Agricultural Economics at Texas Tech University. His more complete analysis is contained in Table 2.

TABLE 2.—PRELIMINARY ESTIMATES OF PERCENT OF PRODUCTION OF AGRICULTURAL COMMODITIES FROM IRRIGATED ACRES IN 8 STATES[1]

[By James E. Osborn][2]

Commodity (units)	Total (thousands)		8 States as a percent of United States
	8 States	United States	
Alfalfa (tons)	10, 814	78, 343	13. 8
Barley (bushels)	44, 370	430, 181	10. 3
Corn (grain) (bushels)	488, 421	5, 643, 256	8. 6
Corn (silage) (tons)	11, 765	109, 848	10. 7
Cotton (bales)	3, 268	12, 958	25. 2
Irish potatoes (hundredweight)	19, 961	297, 352	6. 7
Orchards (dollars)	786, 802	1, 656, 130	47. 5
Sorghum (grain) (bushels)	377, 670	936, 587	40. 5
Vegetables (dollars)	590, 979	1, 242, 600	47. 6
Wheat (bushels)	66, 180	1, 716, 993	3. 8

[1] Arizona, California, Colorado, Kansas, Nebraska, New Mexico, Oklahoma, and Texas.

[2] Professor and chairman of the Department of Agricultural Economics, Texas Tech University.

If irrigation gas curtailments actually take place over the next year or two, the spectacle facing us may include the severe disruption of the Nation's food and fiber supply as well as the heavy losses incurred by many individual farms and farmers.

Farmers who plant their crops run the risk that gas shortages may lead to curtailed irrigation operations and therefore crop damage and losses.

Other farmers may simply be unable to plant if the possibility of water shortages leads banks to withhold their usual lines of farm credit.

The Southwest Natural Gas Consumers Association—SNGC—has already obtained sworn testimony illustrating the farm credit problems that may arise. Here are some excerpts from the February 28, 1975, exchange between Mr. Larry L. Lamb, an attorney retained by SNGC, and Mr. Don Workman, senior vice president in charge of all agricultural lending for the First National Bank of Lubbock, Tex.:

LAMB. Mr. Workman, in the Plains area of Texas, what are the two largest agricultural centers?

WORKMAN. The First National Bank of Amarillo and our bank are one and two, in agricultural lending in the State . . .

LAMB (later). Do you, as a banker, feel that eighty to one hundred million dollars of your current loans might be in jeopardy in the event that the Federal Power Commission decision to curtail natural gas goes into effect?

WORKMAN. I would say at least half of that amount would be, forty to fifty million dollars, because those would be the long-time loans we have made depending on a constant flow of gas.

The other thing would be our operating loans that are just getting started. We wouldn't approve them, the majority of them. And our loans would be smaller throughout the year than they would be, plus the unfairness to the farmer on inability of him to get financed. And I would expect the only place he could get financed is through the Farmers Home Administration without reliance on some form of constant flow of gas.

CONVERSION TO OTHER ENERGY SOURCES

Farmers seeking to avoid curtailment by converting to other fuel sources will be confronted by many difficult problems, including: high capital costs of conversion, higher operating costs, and shortages of alternate fuels or electric generating and distributing capacity.

The Arizona State Fuel and Energy Office estimates the capital cost of converting to gasoline or diesel fuels would fall somewhere between $2.3 million and $27.8 million in Arizona alone. The Office points out this is for engine conversion only and excludes the costs of storage tanks. These estimates were developed using the following assumptions:

Small engines (70 hp or less): engine replacement cost=$1500 to $3000. Engine conversion cost=15 to 20 percent of replacement cost.

Large engines (125 to 500 hp): engine replacement cost=$6000 to $30,000. Engine conversion cost=30 to 50 percent of new engine cost.

Ths Office has also developed estimates of operating costs using other fuel sources. The $10.6 million Arizona farmers now pay each year for 11.3 million MCF of natural gas would rise to $29.2 million using No. 2 fuel oil—diesel—or $94.5 million for electricity.

Unfortunately, these other energy sources may simply be unavailable in a number of States and local areas. In New Mexico the State fuel allocation officer has already officially certified the State's supplies of gasoline, diesel, propane, and electric energy would be inadequate if called upon to substitute for all the natural gas used by New Mexico's irrigation wells. In Arizona the Sulphur Springs Valley Electric Cooperative has advised us it has sufficient capacity to absorb only 14 percent of the horsepower load now served by natural gas in its service area.

A final problem concerns the availability of replacement engines and equipment. While some conversions could no doubt be undertaken within existing inventories, it is unlikely that widespread conversion could be accomplished simultaneously in several States, especially in time for the next growing season.

STATUS OF THE FPC RULING

On February 26, 1975, the FPC advised me that three petitions for judicial review of Opinion No. 697–A had been filed: by Pacific Gas & Electric, San Diego Gas & Electric, and the Arizona Public Service Co. In addition SNGC has filed a motion with FPC requesting that it be allowed to intervene in the El Paso proceeding:

SNGC, if granted leave to intervene . . . , will move for a reconsideration of the priority afforded natural gas for irrigation pumping . . . , or in the alternative for an order postponing implementation of the reclassification . . . for the duration of the 1975 growing season, and requesting a Hearing.

It is my understanding that other parties also may have filed petitions with FPC requesting reconsideration, clarifying orders, or rehearings.

Of course, it is not possible to foresee when and how these various petitions and motions will be resolved. However, the alleged mishandling of the irrigation pumping issue, along with the important national interest in seeing that FPC properly allocates a scarce national resource, both argue for further evaluation of the curtailment program. In this regard, I am pleased to note that Representative DU PONT some months ago called for an evaluation to be undertaken by the General Accounting Office—GAO. The GAO review, which should be completed in a few months, will report on the adequacy of FPC's regulation of the curtailment activities of the interstate natural gas pipeline companies.

ACTIONS NEEDED

Pending the outcome of the previously described legal actions, there are six steps each of us might consider taking to insure fair treatment for the farmers.

First. Apprise the State public utility commissions of the potential regional and national impact of the irrigation pumping problem so that natural gas needs for irrigation can be comprehensively evaluated. This is an important step since FPC's curtailment priorities extend only to determining how much gas each utility receives from an interstate pipeline. How each utility distributes its gas within a State is governed by each State's public utility commission.

Second. Work with the State public utility commissions and State energy offices to clarify their responsibilities, under FPC regulations, for determining the existence of "alternative fuel capabilities" within each State. The existence of alternative fuels is a prime determinant of whether the local utility and the FPC will grant an irrigation customer emergency relief from curtailment. Yet considerable uncertainty now surrounds the applicability of this clause.

Third. Urge the FPC to act, prior to curtailment, on petitions for extraordinary relief so that relief will be available on a "standby" basis. The idea of granting standby relief would be to speed up the process by which relief is granted. It would offer greater protection, in the event of curtailment, for a farmer whose crop might be damaged within the time required for adjudication of a relief petition, or even the granting of temporary emergency relief.

Fourth. Support the petitions filed with FPC requesting reconsideration or clarification of Opinion 697–A as it affects irrigation pumping. In view of allegations that FPC reclassified irrigation pumping without hearing evidence, it is important that a full and fair reconsideration of this decision be pursued.

Fifth. Support legislation authorizing federally guaranteed loans made for the purpose of converting natural gas-fired irrigation pumps to other energy sources. The farm production and real estate loan programs of the Farmers Home Administration may be suited to this purpose. However, increased funding in fiscal years 1975 to 1977 would most likely be necessary.

Sixth. Evaluate the need for legislatively prescribed changes in FPC's curtailment program which may be recommended in the forthcoming review by the General Accounting Office.

Mr. Speaker, at this point I would like to include in the RECORD the recent exchange of correspondence between my office and the Federal Power Commission:

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 11, 1975.
Hon. JOHN N. NASSIKAS,
Chairman, Federal Power Commission
Washington, D.C.

DEAR CHAIRMAN NASSIKAS: I am greatly concerned by the implications of the Commission's recent opinion (697–A) which requires the El Paso Natural Gas Company to reclassify gas used for irrigation pumping from Priority 2 to a lower priority industrial classification.

This action, which has the effect of increasing the likelihood that irrigation pumping will be subject to curtailment, has serious consequences for the nation's agricultural activities, particularly in my home State of Arizona and other parts of the southwest.

I fully share your view that the problem of curtailments must be dealt with in the long run by increasing gas supplies and encouraging conversion to other fuel sources. In the meantime, however, we must insure that vital irrigation and agricultural operations are not disrupted. I would ask therefore that you undertake the following steps:

1. Consider granting a rehearing on the reclassification of irrigation pumping customers, in response to requests you will undoubtedly receive asking for such a rehearing.

2. Provide my office with detailed information concerning the process by which

individual irrigation pumping customers may seek their legal rights for clarification of their classification, exemption from the reclassification order, and any other opportunities for temporary or permanent relief from the order.

3. Provide my office with clarification of the potential application of the "alternate fuel capabilities" clause, including:

a. How, when and by whom is the applicability of this clause determined?

b. If it is technically feasible for a customer to convert to an alternate fuel, but such conversion would require the customer to incur expenses he could not reasonably expect to recover, does he have a basis for arguing that an alternate fuel capability does not exist? What is the process by which such a customer could present his case?

c. If conversion to an alternate fuel is both technically and economically feasible, but time is needed to purchase, deliver and install the new equipment, can the customer seek temporary relief until installation is complete?

d. If conversion to electricity, for example, is the only technically and economically feasible option but the local power company has insufficient additional generating capacity available, would the customer be treated as if he had no alternate fuel capability?

4. Provide my office with your best estimate of the likelihood of curtailment of Arizona's irrigation pumping customers classified in Priority 2. Priority 3.

In view of the urgency with which this matter is viewed in Arizona, it is my hope that this request will receive prompt attention.

Sincerely,

Morris K. Udall.

Federal Power Commission,
Washington, D.C., February 26, 1975.

Hon. Morris K. Udall,
House of Representatives,
Washington, D.C.

Dear Congressman Udall: This is in reply to your correspondence of February 11, 1975, expressing concern regarding the effect of Commission Opinion No. 697-A on the curtailment priority classification for irrigation pumping.

The serious energy shortage which the country is facing is nowhere more apparent than in our natural gas supply. Major pipeline companies have not only been forced to stop accepting new service contracts, but have also found it necessary to curtail the supply of gas to their existing customers.

With regards to your request for a rehearing on the priority classification for irrigation pumping, pusuant to Section 1.4 of the Commission's Rules of Practice and Procedure, your comments will be included in the public file associated with this proceeding, but separate from the record material upon which the Commission may rely in reaching a decision. As of this date, three petitions for judicial review of Commission Opinion No. 697-A have been filed: a December 19, 1974 petition filed with the United States Court of Appeals for the Ninth Circuit by the Pacific Gas and Electric Company, a January 13, 1975 petition also filed with the Ninth Circuit by the San Diego Gas and Electric Company, and a January 9, 1975 petition filed with the United States Court of Appeals for the District of Columbia Circuit by the Arizona Public Service Company.

A party seeking to qualify for a higher priority under an interstate pipeline company's curtailment program or seeking to obtain a declaratory order by the Commission may file a petition in accordance with the provisions of Section 1.7 of the Commission's Rules of Practice and Procedure (18 C.F.R. Section 1.7). Several procedures are available for seeking relief from natural gas curtailment and these are summarized in the attached "Curtailment Relief Procedures."

In reference to your third inquiry, the Commission ruled in Opinion No. 697-A (enclosed) that the definition of the term "alternate fuel capability" utilized in El Paso's permanent curtailment plan tariff should be in accord with the provisions of Commission Order No. 493-A. Order No. 493-A defines alternate fuel capabilities as follows:

"A situation where an alternate fuel could have been utilized whether or not the facilities for such use have actually been installed. Provided however, where the use of natural gas is for plant protection, feedstock or process uses and the only alternate fuel is propane or other gaseous fuel, then the consumer will be treated as if he had no alternate fuel capability."

This definition of alternate fuel, capability is to be incorporated with the Commission's statement that: "if a particular irrigation pumping use of natural gas involves a use for which atlernate fuels are not technically feasible, and if otherwise consistent with the definition of 'process gas', those requirements would qualify for inclusion in Priority 2 as 'process gas.' "

The initial determination as to a natural gas user's priority classification, a determination which is based in part on the distributor's assessment of the user's alternate fuel capabilities, is made by the local natural gas distribution company which serves him. As mentioned above, procedures have been established whereby relief may be sought from an interstate pipeline company's curtailment program. Thus, given the hypotheticals postulated in paragraphs 3b, c, and d of your letter, the appropriate procedures to be followed by a party seeking relief are determined by Commission Order No. 467-C (enclosed). Concerning the transition period experienced during a natural gas user's conversion to an alternate fuel, temprorary extraordinary relief *pendente lite* may be sought pursuant to Order No. 467-C.

Regardless of whether a petitioner's request for relief is based on factors such as the high cost of conversion to an alternate fuel system (as hypothesized in your paragraph 3b) or the difficulty in obtaining electrical power (as hypothesized in your paragraph 3d), the extent of a natural gas user's alternate fuel capabilities for the purposes of determining whether extraordinary relief is warranted must be developed on the basis of a formal record in the context of an individual adjudication. A statement of general guidelines other than those issued in Opinion No. 697-A in conjunction with Order No. 493-A would run the risk of prejudging a final determination by the Commission.

In response to your paragraph 3d hypothetical, the language defining alternate fuel capability deserves reiteration: "where an alternate fuel *could* have been utilized (emphasis added)." Thus, if a petitioner is able to make a factual presentation on the record in the context of a formal adjudication satisfactorily documenting that no technically feasible alternate fuels are available, then the petitioner's requirements may qualify for inclusion in Priority 2.

Your final inquiry pertains to the likelihood of Arizona's Priority 2 or 3 irrigation pumping customers being curtailed. The statements concerning anticipated curtailment by El Paso that follow should be prefaced by the remark that the jurisdiction of the Federal Power Commission is limited under the Natural Gas Act to producers and pipelines that transport natural gas in interstate commerce or sell gas in interstate commerce for resale. Thus, the curtailment priority guidelines established in Commission Opinions No. 697 and 697-A apply only to deliveries by jurisdictional pipeline companies, but do not apply to deliveries by local natural gas distribution companies to their customers. The disposition and curtailment of natural gas once it reaches the local distributor may be subject to the authority of the Arizona Corporation Commission, Capitol Annex Building, Phoenix, Arizona 85007. You may wish to contact the Arizona Commission in order to determine their policy concerning natural gas service for irrigation purposes.

According to information available to the Commission, El Paso anticipates curtailing into its Priority 5 service during the summer months, this curtailment being primarily for storage purposes. Thus, neither Priority 2 nor Priority 3 customers should be curtailed during the summer. El Paso anticipates curtailment of a portion of its Priority 3 service on an average day basis during the winter and may even curtail into Priority 2 service on peak days.

I hope that this information will be of assistance.

Very truly yours,

Kenneth F. Plumb,
Secretary.

Curtailment Relief Procedures

The Federal Power Commission has issued a Policy Statement which, together with its amendments, sets forth priorities for natural gas service during periods of curtailment by interstate pipelines. These priorities are based upon end-usage of the gas which this Commission believes will best serve the public interest. Under these guidelines, the highest priority is accorded to residential and small commercial users. Most pipelines under FPC's jurisdiction are curtailing under these guidelines.

Several procedures are available for seeking relief from natural gas curtailment depending upon whether the natural gas supply originates with an interstate pipeline company, and whether the user purchases gas directly from an interstate pipeline or from a local gas distribution company which is supplied by an interstate pipeline company.

If the natural gas supply originates with an intrastate pipeline company, no remedy is available through this Commission. Requests for relief in these cases should be directed to the appropriate state authorities, usually the state public utility commission.

Direct customers of an interstate pipeline company have two avenues for seeking relief from their pipeline supplier. This Commission has authorized interstate pipeline companies, where appropriate, to unilaterally grant emergency relief. Thus, a direct customer such as an industrial company or a distribution company on behalf of its customer(s) may request immediate relief from its interstate pipeline supplier to forestall irreparable harm to life or property.

Alternatively, if the relief sought by a direct customer is denied by the pipeline, or if the relief sought does not relate to irreparable harm, a petition for extraordinary relief may be made to this Commission in accordance with the requirements of Order No. 467-C, enclosed. Interim relief may be granted by the Commission if the petition is set for formal hearing, provided the immediacy of the need is demonstrated and the facts warrant it.

A customer of a local distribution company seeking relief from a curtailment program should first petition the local distributor and, if relief is denied, should then seek assistance from the appropriate state authorities, usually the state public utility commission. Once state and local remedies have been exhausted, a local distribution company purchasing its natural gas supplies from an interstate pipeline may petition this Commission for extraordinary relief on its customer's behalf.

YOUNGEST MAYOR TAKES OFFICE

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. MINETA. Mr. Speaker, I rise today to pay a well-deserved tribute to an amazing young man whom I have had the pleasure to know and work with for a long time.

Mr. Russell J. "Rusty" Hammer will be sworn in as mayor of Campbell, Calif., on March 24. He will be one of the youngest mayors to ever serve a city in the United States and the youngest mayor in California. At the age of 18, he became the youngest elected public official in the country when he won a seat on the Campbell City Council.

I have personally had the privilege of working with Rusty on the Santa Clara County Planning Policy Committee, the League of California Cities, and the Santa Clara County Inter-City Council. He has also held numerous other positions of responsibility, such as treasurer and board member of Economic and Social Opportunities, Inc., and commissioner of the Santa Clara County Airport Land Use Commission.

Rusty Hammer is truly devoted to serving his community and has actively participated in such organizations as the Campbell Jaycees, the Campbell Chamber of Commerce, and the Southwest YMCA.

Most remarkable of all, is the fact that in addition to his political and community activities and commitments, Rusty attends the University of Santa Clara on a full-time basis and will receive his bachelor of political science degree in June of this year.

Mr. Speaker, I would like to take this opportunity to extend my best wishes to Rusty and to thank him for the many fine contributions he has made to the people of Campbell. I am confident that the citizens will continue to benefit from his leadership and involvement.

THE MISPLACED LIBERAL SYMPATHY FOR CRIMINALS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. CRANE. Mr. Speaker, as crime mounts in cities across our country, the possibility of a criminal escaping responsibility for his acts is increasing.

In January, 1975, The New York Times did a study of all homicide indictments in 1973 which, at that time, had been resolved in the city's courts. The Times discovered that almost 6 of every 10 defendants who are accused of murder in New York and who plead guilty are freed on probation or receive a prison term of less than 10 years. Of those receiving a maximum 10-year term, most will be eligible for parole in 3 years.

Of those adults indicted, only 4 percent of the defendants who were convicted by juries or who pleaded guilty to the most serious charge of murder, got the maximum potential term of life imprisonment. Of those sentenced on lesser charges of manslaughter or attempted manslaughter, 20 percent were released on conditional discharges or probation. A probationary sentence usually means no further imprisonment, unless the defendant is arrested again.

Through plea bargaining and a variety of other legal and judicial devices, killers are placed almost immediately back on the streets. Prof. Gordon Tullock made some extrapolations on the rationality of crime as a profession and calculated, on the basis of 1965 figures—which are much worse today—that if you commit a crime, your chances of being arrested are only one in seven, and if you are convicted, only one in 60 that you will be sent to prison.

Despite the fact that our cities have become increasingly dangerous places, there are some in our society who reserve most of their sympathy for the perpetrators of crime rather than for its victims.

Columnist Raymond Price reported on a case in which a professor at San Francisco State University, Theodore W. Keller, had witnessed a case in which a young, black, unemployed clerk was charged with shooting a 71-year-old man during a holdup attempt. Mr. Keller was a witness and, in fact, helped to catch the suspect.

Discussing the case, Mr. Price writes that,

> He testified before the grand jury that brought the indictment. But, he now explains, "I soon began to have second thoughts. I couldn't accept a framework in which the only relevant question was whether the defendant is guilty or not guilty, About 85 percent of the crimes like this in San Francisco are done by minorities from the ghetto. Either you have to say it's genetic or a product of the social system. I believe it's the latter, and that we all share in the guilt."

Mr. Keller, accordingly, refused to testify. The thinking expressed by individuals such as this, Raymond Price notes,

> Is not just that society's to blame, but that it's terrible to prosecute a person merely for shooting a man in the throat while trying to rob him. Don't prosecute him, prosecute us.

Those who want to know why crime is mounting should consider the fact that criminals have the confidence that they can escape punishment for their acts and that, even when they are caught, there are enough sympathizers such as Mr. Keller to make the odds in favor of their avoiding any punishment that much greater.

I wish to share with my colleagues the column, "The Prof Declines," which appeared in the Washington Star of March 6, 1975, and insert it into the Record at this time.

[From the Washington Star, March 6, 1975]

The Prof Declines

(By Raymond Price)

Every once in a while something that had seemed gone, past, a bygone relic of the 60s, suddenly crops up again, as squiggly fresh as ever. And sure enough, in San Francisco the other day a college professor (of international relations and speech, at San Francisco State University) became a celebrity of sorts by going to jail.

Nothing passe about that—but it's what he was going to jail for that seemed straight out of the 60s. He refused to testify in a criminal case. Nothing passe about that, either, you might object—just ask Gordon Liddy. But this was a case in which a young, black, unemployed clerk was charged with shooting a 71-year-old man during a holdup attempt. The balky professor, Theodore W. Keller, was a witness. He helped catch the suspect. He testified before the grand jury that brought the indictment. But, he now explains, "I soon began to have second thoughts. I couldn't accept a framework in which the only relevant question was whether (the defendant) is guilty or not guilty. About 85 percent of the crimes like this in San Francisco are done by minorities from the ghetto. Either you have to say it's genetic or a product of the social system. I believe it's the latter, and that we all share in the guilt for maintaining a society that grinds these people out." Having had those second thoughts, he refused to testify at the trial.

So there we have it, crystallized, epitomized: not just that society's to blame, but that it's terrible to prosecute a person merely for shooting a man in the throat while trying to rob him. Don't prosecute him, prosecute us.

It's tempting to ask: "Don't we ever learn?" But that would be unfair. By and large, the public has learned, and treats this sort of blather as the nonsense that it is. The judge would have none of it. He ruled that the saintly professor was "depriving both the defense and the prosecution of a fair and impartial trial," and sent him to jail for 15 days.

Yet, still, as the Keller example illustrates, this notice of the unfairness of punishing criminals who can be seen as victims of their social environment persists.

The answer that it doesn't offer much comfort to the victims of such crimes is both obvious and familiar. But there's another dimension which is equally important, and, in terms of prevention, probably more so.

Let's accept the argument that to some extent, society does not share the blame, and that slum conditions do encourage crime. But then look at it from the perspective not just of the gun-wielder himself, but of his non-gun-wielding neighbor in the same crime-ridden slum—the neighbor trying to live in safety, and trying to raise his children to stay within the law. In a community where crime and violence are the norm, it's tough to train children away from it, and this invites compassion toward those who fail. But it's doubly tough unless the parent trying to do so can point convincingly toward proof that crime doesn't pay, that it really is wrong, that each person is going to be held responsible for his own life and his own actions, and that yielding to the temptations that surround him on all sides is not something society is going to excuse simply because the temptations were there. The real sin of the well-meaning Kellers of the world is not against the courts, but against those parents, who need every bit of help they can get—the stick as well as the carrot—in persuading their children to go straight.

Slums do breed violent crime, but they'll breed less if we give more of a helping hand to those within them who have the courage to stand their ground against the pressures pushing them toward crime. And this means, quite specifically, being resolute in using the full force of the law against those who don't stand their ground.

AMENDING THE SOCIAL SECURITY ACT

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. KASTEN. Mr. Speaker, I am introducing a bill today which will remedy an inequity in the social security system that affects families of deceased beneficiaries. The current law provides that benefits paid to a social security beneficiary during the month he dies must be returned in full by the family, even when the recipient dies 2 days before the end of the month. My bill would revise this provision so that benefits will be prorated based on the date of the recipient's death. A family would receive full benefits for the time in which their loved one was alive. They would not receive benefits after the date of his death.

This bill is simple and long overdue. It only makes sense that a beneficiary who dies at the end of the month should expect his family to receive benefits for that month. We must consider the situation of the family which now is deprived of needed support. It especially would aid young widows and widowers and children under 18 years of age. My bill, in effect, would carry out the real purpose of the social security's survivor and dependent program by assuring beneficiaries and families benefits due them as an earned right.

I am aware of the fact that this amendment does involve a cost element to the system. But, I am convinced that it is a small price to pay when compared to the inequitable effects of the current law. We must realize that social security program is not a Government handout. Rather, it is an insurance-like program which Congress devised to assure its citizens protection against economic hardship.

Now we must move to rectify some of the small gaps that still are evident in the program. I urge Congress to support this legislation.

THE 56TH BIRTHDAY OF THE AMERICAN LEGION

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BURKE of Florida. Mr. Speaker, on March 15, 1919, in Paris, France, delegates from the 1st American Expeditionary Force founded the American Legion to "uphold and defend the Constitution of the United States of America; to maintain law and order; to foster and perpetuate 100 percent Americanism; to preserve the memories and incidents of our associations in the great wars; to inculcate a sense of individual obligation to the community, State and Nation; to combat the autocracy of both classes and the masses; to make right the master of might; to promote peace and goodwill on Earth; to safeguard and transmit to posterity the principles of justice, freedom, and democracy; to consecrate and sanctify our comradeship by our devotion to mutual helpfulness."

Perhaps the best thing that can be said about the American Legion is that it has been successful in making good its intentions. I am proud to be a member of this organization, and I am proud to have served as a commander of the American Legion post in Hollywood, Fla. I am also proud that the Legion gives patriotism a good name.

The Legion conducts an annual national high school oratorical contest and the winner receives a college scholarship. The purpose of the contest is to inspire a deeper knowledge and understanding of the Constitution of the United States on the part of high school students. The Legion puts out a handbook on aid that is available to students for continuing their education. I am proud of all Legionnaires who have accepted the challenges and who support work for community service, youth development and educational advancement of our children within the parameters of the Legion preamble.

I want to take this opportunity to wish the American Legion and all Legionnaires a happy birthday and many, many more.

PERSONAL SAFETY FIREARMS ACT OF 1975

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. DRINAN. Mr. Speaker, I have today reintroduced the Personal Safety Firearms Act of 1975, a bill which would require the registration of all guns and the licensing of all gun owners. In addition, the bill prohibits the sale or delivery of "Saturday Night Specials," deadly but inexpensive handguns.

I am pleased to announce, Mr. Speaker, that 11 cosponsors have joined me in filing this needed legislation. They include Mr. ROSENTHAL, Mr. WAXMAN, Mr. HARRINGTON, Mr. HELSTOSKI, Mrs. COLLINS of Illinois, Ms. ABZUG, Mr. HAWKINS, Mr. STARK, Mr. DIGGS, and Mr. SOLARZ.

I believe that the Congress can no longer avoid its constitutional duty to protect and promote the general welfare of the people. Our gun homicide rate is 5 times Canada's, 20 times Denmark's, 67 times Japan's, and 90 times the Netherlands. In the United States, one out of every hundred deaths—including natural deaths—is caused by a gun. On any given day an average of 69 people are killed by firearms, or almost 3 per hour.

Effective gun control laws are clearly needed to reduce the easy availability of firearms in our society. Statistics show that the great majority of gun related injuries and deaths result from the wholesale availability of these weapons. Approximately three out of four murders are crimes of passion, the victim being killed by someone he or she knows. And the greatest tragedy is that 25 percent of the homicide rate occurs within families, stemming from an argument or a fight. The gun probably would not have been used were it not within easy reach of the bed, in the closet, or in a nearby drawer.

The above statistics and many more like them dramatically illustrate the need for the Congress to enact tough, new gun control laws. Toward this end, a number of colleagues and myself have introduced legislation which would greatly limit the sale or possession of handguns. I clearly support this approach, as another of my bills, H.R. 1601, indicates. However, guns include not just handguns, but firearms of all sizes and lengths. If we address ourselves only to handguns, we will be attacking only part of the problem. Neither will we close the many loopholes in the 1968 act which make its overall impact less than satisfactory.

It is my contention that we will not have accomplished our end of bringing about real gun control until: First, the great majority of firearms are registered in the names of their true owners; and, second, every individual gun bearer is satisfactorily licensed. In this way, we can insure that only competent individuals are able to purchase both firearms and ammunition, and that these firearms are registered in their names.

The gun control goals which I have specified above can be realized through my legislation by licensing gun purchasers and owners only after they have presented proper identification. Included within the identification process would be validating statements by local law enforcement agencies, a physician, and the applicant, stating that the person meets certain minimal standards. Then, these licenses or permits would have to be presented whenever a gun or ammunition is bought. Improving a major deficiency of the 1968 law, new registration certificates would also have to be executed prior to transferring ownership of a weapon.

By enacting tight registration and licensing provisions, I believe that the Congress would go a long way towards remedying major loopholes in our gun control laws. Cities like New York, with the toughest controls in the Nation, would no longer be circumvented in their efforts to curtail the free availability of firearms. Incompetents and felons could not buy guns with hardly a question asked. And the Federal Government would at last be going on record as meaningfully opposing the suicidal increase of firearms on our streets today.

Mr. Speaker, I do feel that the enactment of handgun legislation is important in our gun control campaign. But let us not overlook the great importance of enacting an effective registration and licensing law as well,

For the benefit of my colleagues, I would now like to insert a number of articles and editorials bearing on the need for the Congress to enact tough gun control laws:

[From the Washington Star, Mar. 14, 1975]

FORTY MILLION GUNS WRONG, MURPHY SAYS

(Patrick V. Murphy—president of the Police Foundation and former public safety official here and in New York—was interviewed by Washington Star Staff Writer Orr Kelly.)

Question: You've said that gun control legislation was needed to disarm the American people. What do you mean by that?

Murphy: I mean that the 40 million or so guns that it's estimated we have in highly congested, urbanized society are a threat to the safety of law-abiding people because so many of these guns are being used not only to assault and kill people but accidentally and in family arguments. They're a great menace.

Q: Do you think that actually all the guns should be taken away from the American people or most of them?

A: Yes. We're talking about handguns, I think the long gun is another matter. I don't want to interfere with a hunter who uses his rifle or shotgun legitimately for hunting. But small guns, handguns, I think should only be possessed by people who need them and they should register them. People who don't have a need for them shouldn't have them. That would limit them to the police and very few people beyond that who have a legitimate need for protecting valuable property or in rare cases, maybe their own safety.

Q: Then you would disarm the shopkeepers as well as the hoodlums?

A: I've always recommended to shopkeepers that they not have guns because, in my experience, what happens more often than not, is violence begets violence. When we look at the total picture, I think that shopkeepers are killed more often or injured more often when they draw a gun. And most criminals would flee without violence if they get the loot they're after. Of course, what we tend to read about in the newspaper is the more exceptional case where the gunman may kill somebody even though he has received the property without violence. But looking at it in the long range and statistically, I think you're safer as a small store owner not to have a gun.

Q: The crime rate, as you know, has been rising very rapidly—something like 16 percent and the bank robbery rate is up 52 percent over a year ago. Do you think unemployment is responsible for this rise and if it is, does this mean we're in for sharply increased rates?

A: I don't think we can attribute the increases in 1974 and 1973 to unemployment because we had relatively low unemployment rates and still crime was escalating. Now, whether it will get even worse I don't know. Even in the prosperity we've had in recent years crime has continued to go up. So it's not just economic. Whether it will get even worse now is a possibility but we don't have strong evidence about it.

[From the Christian Science Monitor, Jan. 9, 1975]

GUN CONTROL, 1975

Strong federal gun control remains long overdue in the United States. Its advocates have new reasons for hope this year—and commensurate responsibilities for taking full advantage of them.

If such legislation can begin saving lives by 1976, the nation will have that much more genuine cause for celebration on its 200th anniversary. In this century alone, at least 800,000 Americans have been killed by privately owned guns—more than the battle deaths in the Revolution and all later wars together.

Opponents of strict licensing and limitation of ownership argue that people—not guns—are the murderers. Clearly the fundamental answer to gun violence is human reform, and the fundamental means of preventing gun accidents is taking proper care.

But guns, especially handguns, are uniquely dangerous. And in today's society the more guns available, the more gun violence.

Striking confirmation of this view appears in this month's Journal of Legal Studies. After exhaustive research sponsored by the National Science Foundation, here is one of the conclusions by Prof. Franklin Zimring of Chicago University Law School:

To reduce handgun violence, there must be not only a reduction of the average number of handguns in private hands but a reduction that goes far enough to reduce the easy availability of such guns to those most likely to use them violently.

Earlier studies have dramatized the lower levels of gun ownership and of gun violence in countries with stricter regulations than the U.S. Various other factors may enter in. But the impact of regulation cannot be discounted when London records only two handgun murders in 1972, and when more handgun murders take place every day and a half or so in the U.S. than the number of murders by all firearms in England during that whole year. In 1968, the year of Congress's last major gun legislation, the U.S. had a gun homicide rate more than 200 times that of Japan, which does not allow private ownership of handguns.

More than half of America's violent killings are committed with handguns, and such killings are estimated to have doubled in the past 10 years. These guns—their total of some 40 million is growing fast—play a part in more than 200,000 crimes a year.

And while the public flocks to movies glorifying citizens who take the law into their own hands, studies show that privately owned guns add up to more of a hazard for the innocent than a protection against criminals.

Yet amid the tremors of an election year, the last Congress could not pass even a bipartisan amendment requiring the registration of all civilian-owned handguns and the licensing of their owners. This would seem to be the absolute minimum to be sought in the light of increasing expert testimony from police and others in favor of going further—to the banning of handguns from all except the police and the military. A 10-year program to achieve this was recommended by the National Advisory Commission on Criminal Justice Standards and Goals.

"If something isn't done to stop the proliferation of handguns to the public, no law can stop criminals from getting guns," said Sheriff Peter Pitchess of Los Angeles County a year ago. He was quoted in a Wall Street Journal article about the skyrocketing rise in gun thefts since the 1968 law seeking to keep guns from felons, drug addicts, and other "undesirable" categories.

Opponents of gun control cite the thefts as evidence that criminals can continue to obtain guns while law-abiding citizens are restricted from them. But gun-control advocates offer the more pertinent interpretation that the vast numbers of guns in private hands facilitate theft.

What is needed is national regulation of sales and ownership so that weak laws in one state no longer make a mockery of better laws in the next.

Several developments give more hope for gun control this year than last. They were signaled by last November's National Handgun Forum in Detroit, the first national conference of the kind. It indicated both the need for united efforts toward gun control and the already mounting sentiment for it in the face of well-organized opposition lobbies.

There is at least the possibility of strengthened national leadership for gun control with the reassignment of Attorney General Saxbe, who has passed off effective gun control as an "idealistic dream." And, as the handgun forum was told, at least two proponents of gun control—a sheriff in Massachusetts and an attorney general in Rhode Island—showed they could be elected despite the opposition of anticontrol groups.

Last month, looking toward the new year, a survey by this newspaper found gun-control advocates noting such positive signs as the increasing number of gun-control lobbies, polls consistently favorable to gun controls, changes in Congress indicating a net increase in gun-control supporters, re-election of every congressman strongly favoring gun control, and citizen efforts to put handgun control on state ballots.

Professor Zimring says that "there is sufficient mandate for a new gun law." But in his report he emphasizes the persistent lack of interest and information in Congress which could continue to delay passage of effective laws.

Meanwhile, improved enforcement of present regulations is essential. Those in and out of government who belittle the potential gains ought to at least support an attempt such as the one suggested by Professor Zimring to see the effects of increased enforcement and regulation in a test situation. He suggests a "tight-control jurisdiction" such as New York, whose best state efforts have been undermined by guns coming from such loosely regulated "sending areas" as Florida and the Carolinas. If extra federal enforcement and regulatory attention could be given to both ends of this grisly traffic, the potentialities and shortcomings of the present law might be gauged while the country works toward something better.

[From the Boston Globe, Feb. 17, 1975]

A NATION SLOW TO LEARN

Two events merged last week proving once again that we are a nation of slow learners. We celebrated the birthday of a President who was shot to death with a pistol and we witnessed the annual legislative charade of hearings on a bill to outlaw the private ownership of handguns. Apparently our history in the 110 years since Lincoln was killed hasn't been enough time for any committee to study the dangers of handguns.

Consider a few items from recent news wires:

Item—A 34-year-old Norwood businessman and a 57-year-old Westwood policeman are shot to death with a .38 caliber handgun.

Item—A 17-year-old Washington, D.C., girl is shot to death by her father for skipping school. Daddy used a handgun.

Item—A Los Angeles father of five pumps six bullets into his wife after fighting with her about a piece of burnt toast.

According to official FBI figures, more than 72 percent of all handgun homicides are non-felony murders between friends or man and wife. In 1972, 10,000 Americans were murdered with this weapon that our legislature refuses to ban.

One positive step taken toward real gun control—the Bartley-Fox bill calling for a one year mandatory prison sentence for persons convicted of illegally carrying a handgun—has had its implementation postponed until April 1. And while this is progress, it is also too weak a piece of legislation to do the job.

It is estimated that there were nearly 3 million handguns sold in the United States last year alone. There are nearly 200,000 handguns on the loose in Massachusetts. Many of them are stolen. Many others are privately owned.

All of them result in violence. We have an average of 50 times as many murders as England, Japan and Germany combined. We live in a violent age, in a violent land, and no gun will prevent its increase. A gun can only add to it.

The answer isn't one year prison terms. It's not the registration of people or guns or criminals. It's not enforcing existing laws that too many think are strong enough. The only answer is a complete and total ban of the sale and private ownership of handguns.

The Constitution of the United States does not say that any citizen has a right to "keep and bear arms." The phrase from the Second Amendment is clear to all who can read: "A well regulated militia, being necessary to the security of a free State, the right of the people to keep and bear arms shall not be infringed." The Supreme Court has ruled that this amendment "was not adopted with individual rights in mind."

But a powerful, arrogant and well financed gun lobby has worked wonders with spineless legislators who are more afraid of the votes of "sportsmen" than they are of the daily tales of senseless carnage that trickle off the news wires. Their stand is rooted in ignorance and cowardice.

"Hunting is a sport and these people have a right to own a handgun," they tell us. This argument will hold water when a deer can shoot back.

"It's the criminal not the handgun that is the real problem," they add. And they probably believe that Henry Aaron can hit home runs without a bat in his hand.

It's the handgun.

It's the gun that is taken in a house break and sold on the streets and is used to kill people; the gun that's bought by someone with a fake ID; the gun that can be hidden in a paper bag or a pocket; the gun that makes no sense . . . only death.

You could hang a handgun around a kaleidoscope of recent American history; assassinations, cops' funerals, people burying others who might have lived had not a gun been as handy and as available as a power saw.

And in addition to the violence of the handgun, you can tack on the more subtle and lasting violence of legislators who refuse to respond to the slaughter on the streets. Put them both together and it adds up to Murder Inc.

[From the Boston Globe, Jan. 26, 1975]

For Handgun Control

President John F. Kennedy, Sen. Robert F. Kennedy and Dr. Martin Luther King were murdered by firearms. Those terrible events provided enough impetus in Congress for passage in 1968 of the Gun Control Act, which was designed to "provide support to Federal, State and local law enforcement officials in their fight against crime and violence."

Unfortunately, as Prof. Franklin Zimring of the University of Chicago points out in the January issue of The Journal of Legal Studies, "the symbolism of gun control seemed more important to the vast majority of Congress than the specifics of regulation." The Gun Control Act of 1968 has been a failure partly because Congress even then feared the wrath of the gun lobby more than it cared about protecting the citizens.

The Act had no bearing at all on sportsmen's use of guns, which are not handguns.

The Act had three major objectives: to ban interstate shipments of firearms between unlicensed parties; to keep them out of the hands of minors, felons and mental defectives, and to end the importation of all surplus military firearms and other guns that had not been certified by the Secretary of the Treasury as "particularly suitable . . . for sporting purposes."

In the law's more than six years of existence, interstate traffic in firearms has proceeded along merrily (and illegally), the number of weapons, especially handguns, has increased so that they are more available to those who want them than ever before, and the domestic manufacturers have more than made up for the drop in imports of "nonsporting" weapons (meaning small, cheap handguns).

It was hoped that the law would reduce handgun possession by slowing the flow of guns from states with loose gun laws to states with tight laws. However, according to Dr. Zimring's study, "tight" states like New York and Massachusetts are increasingly becoming the victims of latter day gun-runners from "loose" states like South and North Carolina. Investigations by the Bureau of Alcohol, Tobacco and Firearms suggest that "large scale dealer transfers—involving more than 1000 handguns during the period of investigation—are an important source of New York street weapons." Smaller transactions of 10 to 100 handguns "involve New York City residents coming south to purchase handguns for a return trip, and southerners buying guns for personal transport north, by means as mundane as Greyhound bus."

Handgun imports, according to Census Bureau figures, did drop after the law went through (from more than a million in 1968 to under 309,000 in 1973), though ATF figures come out differently. They demonstrate a steady climb of imports from 358,000 in 1969 to 900,000 in 1973. The domestic manufacture of handguns, the ATF estimates, went from just under 500,000 in 1964 to 1.6 million in 1973. In any case, handguns are being manufactured, imported and purchased at a bewildering rate and, as might be expected, the homicide rate is keeping pace.

"Without doubt," Zimring writes, "the role of firearms in American violence is much greater in 1974 than in 1968. Rates of gun violence and the proportion of violent acts that are committed by guns have increased substantially isnce the Gun Control Act went into effect . . ."

Some of those who oppose the further regulation of handguns may feel that the Zimring study proves that nothing much can be done—that people who want guns will get guns. However, it can also be concluded from the study that there has been no really substantial effort to make the law work. "No committee of the Congress has paid sustained attention to the administration of the Act," Dr. Zimring points out, nor has there been a serious attempt to cut down the gun-running at its source.

The eventual solution to the handgun menace is a total ban on the private ownership of handguns just as we banned machine guns and sawed off shotguns. In the meantime Congress should act to brace up the Gun Control Act of 1968 with more funds for the ATF and amendments which may give the law more teeth. The last election seemed to indicate that politicians no longer must fear the gun lobby as they once did. Not one congressman who sponsored firearms legislation lost at the polls in November and 27 who supported bills favorable to firearms owners lost out. Perhaps the fear that so often leads to owning a gun is not as strong as the fear of the damage guns do.

THE MILITARY OBLIGATION—IS 6 YEARS TOO LONG?

HON. WILLIAM L. ARMSTRONG

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ARMSTRONG. Mr. Speaker, in 1973, Congress decided to establish the military forces of this country on a voluntary basis and abolished the involuntary draft.

Now it is time to deal with another question raised by the abolition of the draft.

I refer to the present 6-year military obligation.

To rectify this situation I have introduced legislation to reduce the military obligation of armed service members from 6 to 3 years, unless they have voluntarily agreed to serve a longer period on active duty to repay the services for specialized training or for other considerations.

The National Guard should benefit especially from this bill, since it is becoming harder and harder to interest Americans in attending drills and training duty for a 6-year period. To ask an 18-year-old to commit a period of time longer than college, and amounting to a third of his age, is asking more than many devoted and patriotic young Americans feel they can commit. In a sense, a 6-year obligation asks for a long term commitment without experience, without testing.

Our military forces should be dedicated enough, interesting enough, and good enough to attract young Americans without demanding a long term commitment—sight unseen.

In addition, a shorter obligation could attract volunteers who are not willing to commit to a 6-year enlistment but who might change their mind after becoming members of the Armed Forces.

For these reasons, among others, Mr. Speaker, I urge support of this legislation.

TANKS FOR ASKING

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. McDONALD of Georgia. Mr. Speaker, one of the acknowledged deficiencies of our armed services is the shortage of tanks. It is a well known fact that our inventory of tanks was seriously depleted as a result of shipments to Israel. Now these tanks need to be replaced, our National Guard forces need to be modernized, and a brand new tank needs to be developed to meet the threat of the new Soviet M–1970 tank. None of these things will be accomplished easily since we only have one plant producing tanks and its production line can only be expanded slowly. The setting up of additional production facilities will be a long and costly process. Recently, the Review of the News, in its January 29, 1975, edition, published a very excellent article on this topic by Mr. William P. Hoar. I commend the article to the attention of my colleagues who are sincerely concerned for the safety of this great Nation of ours. The article follows:

Tanks for Asking

(By William P. Hoar)

America's already understrength tank inventory has been reduced by 10 percent since the Yom Kippur War of 1973. This vital armor has been shipped abroad for the use of foreigners. Primarily the Israelis. We have stripped ourselves of two years of tank production, and yet Secretary of Defense James Schlesinger[1] has approved shipment of an additional 495 tanks, including 111 of our main battle tanks in the M60 Series. These are our "prime asset" combat vehicles, with the diesel engines and 105mm guns (or better) necessary to deal effectively on the battlefield with current Soviet tanks. Assistant

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[1] In their just-released volume, *Kissinger On The Couch* (Arlington House), Admiral Chester Ward and Phyllis Schlafly note the "strange" appointment of James Schlesinger as Secretary of Defense after a short tenure as boss of C.I.A., where he caused the removal of hundreds of anti-Communists. They observe:: "Without the unique diversion of Watergate to distract President Nixon, not even Henry Kissinger's unprecedented power could have accomplished this—because Schlesinger was a career-long protégé of Daniel Ellsberg, all the way from Harvard to RAND."

Secretary of the Army Harold Brownman admits that our arsenal of prime asset tanks is drastically low. He acknowledges that we now have less than half of the M60s the U.S. Army requires to meet our defense needs.

And, according to the *Army Times* for December 4, 1974, the Army is now producing only forty M60 tanks a month while Secretary of State Henry Kissinger "is giving them away at a 60-a-month rate." The Pentagon informs us that the Army is making an "extensive examination" in the hope of greatly increasing production of the M60s. It has, however, encountered a "serious problem." According to Arthur Mendolia, Assistant Secretary of Defense for Installations and Logistics: "The problem here has been that the supply situation of certain vital tank components, which involve metal castings, has become increasingly tight." The Assistant Secretary identified as a cause of this shortage the new environmental standards demanded for foundries by the government. He noted that a number have gone out of business, citing the ecology regulations as being partially responsible. Indeed, sources within the industry inform us that from 200 to 300 foundries a year have been shut down in the last several years.

So serious is the situation, according to a Materiel Acquisition spokesman at the Department of Defense, that the Army's *only* current source for tank armor is the Blaw-Knox Foundry in East Chicago, Indiana. The spokesman said he hoped Birdsboro, Pennsylvania, will be reopened soon, but added that it must first find a way to meet the expensive standards of the Environmental Protection Agency.[2]

A spokesman for the House Committee on Armed Services confirmed for us the possibility that the second armor-production source at Birdsboro will be reopened, and expressed concern that the Army is "very low" on tanks. Nearly $86 million in reprogramming authority has been approved by the Committee to increase output from the pre-Yom Kippur schedule of thirty a month, past the current rate of forty a month, to 103 tanks per month by 1978. Contrast this in the face of the emergency with the fact that a single plant in Michigan in 1942 produced 896 tanks a month.

What does the Army plan to do? It hopes to salvage hundreds of unusable gasoline-powered M48 "Patton" Series tanks built in the Fifties by fitting them with more powerful armaments and new diesel engines. Currently it has thousands of these unserviceable 90mm M48 tanks that are being used primarily for Reserve training. The problem is that according to Assistant Army Secretary Brownman these "will not reliably defeat Soviet armor except at close range." Even when upgraded the converted M48A5s will not be as good as the M60s that we are so freely providing to others.

And what are the Soviets doing while we worry about immaculate air and the color of our fireplugs? They are mass-producing thousands of tanks to our hundreds. Dr. Malcolm R. Currie, Director of Defense Research and Engineering, described the armor threat in Senate Hearings on the Budget for Fiscal Year 1975: "Not only do the Warsaw Pact forces have numerical superiority over NATO in tanks, but they are also modernizing this tank inventory with the T–62 and the new M1970 battle tanks. Additionally, the Pact continues to produce tanks at a higher rate than the NATO nations." You can bet the Soviets are not mass producing for defense against invasion by Luxembourg.

The United States is not standing completely still, of course. It just seems that way because of failure to produce the vitally needed M70 tank after expenditure on its design of millions of dollars and thirteen years of planning. In 1971, with the research and development done (and available for theft by the Soviets), we just gave up on ever producing the modern M70s. Now the U.S. Army Matériel Command informs us that plans for construction of a completely new tank, the XM–1, are "on schedule." That one will supposedly have special armor that will make it twice as "survivable" as our M60s, and will be twice as accurate while on the move. However, a decision for full-scale development of the XM–1 will not be made until mid-1976, and there is slim assurance that the XM–1 will be built, either, since the Army must contend with such anti-Defense demagogues as Congressman Les Aspin (D.-Wisconsin).

Official sources state that the current weapons inventory of the U.S.S.R. is considerably larger than ours. But, based on performance in the Middle East war, Defense still claims our main battle tanks are generally superior to the Soviet systems.[3] Given the rate at which we are being stripped of what few we produce, this is hardly reassuring.

Certainly there is a legitimate question concerning *whose* defense should be provided by our taxes and our Defense Department. The State Department became amazingly secretive when we inquired how many tanks we had sent to Israel. It needn't have bothered. In testimony before the Senate Appropriations Subcommittee in June of 1974, Defense Secretary Schlesinger stated: "I would point out that in the last 7 months we have drawn down our own tank inventories by something on the order of 600 tanks for the Israelis and that is a very substantial fraction of our modern tank inventory." According to Secretary of the Army Howard Callaway, our transshipped combat equipment came from "prepositioned contingency stocks and from active forces in Europe, as well as from depot stocks and combat units in the United States. This resulted in units from which major items were withdrawn, dropping to lower levels of readiness. Some critical shortages were generated . . . ."

We are cutting into our own military stockpile in numerous ways. In addition to the tank drain, our government has reportedly sent nearly half of our newly developed T.O.W. antitank missiles to the Israelis. The T.O.W. (Tube-launched, Optically-tracked, Wire-guided) missile can knock out an enemy tank at two miles. Yet, with our tank forces outnumbered by the Soviets by 15,000 to 20,000 tanks, foreigners (including Lebanon!) have been given a higher priority than our own military. We sell such missiles, according to *U.S. News & World Report* for January 20, 1975, to fourteen nations and give them away to three others, but T.O.W.s are in such short supply for American forces "that the Marine Corps won't receive its first 100 TOW launchers until December." That is *next* December!

This sort of thing is, if not treason, utterly outrageous. And it is common. Consider the F4 aircraft. Syndicated columnists Rowland Evans and Robert Novak disclosed in mid-November of 1974 that "the Air Force today is short of the small percentage of F4 fighter aircraft—the mainstay of Israel's air force—that is equipped with extremely costly electronic counter measures (ECM). 'A high percentage of the very small number of these aircraft we had went to Israel,' a Pentagon official told us." Israel comes first.

And, after all, there is détente. We are told the Soviets are now the friend of all humanity. Do we really need to be reminded that the constant threat of war is in the interest of the Soviet Union, regardless of the meaningless pronouncements of its propagandists concerning peace? It is a fact so obvious that even Secretary Schlesinger has admitted:

"Soviet actions during the October 1973 Middle East War show that détente is not the only, and in certain circumstances not the primary, policy interest of the USSR. The immediate Soviet arms shipments to Egypt and Syria at the outset of hostilities, the deployment of nuclear-capable SCUD missile launchers, the peremptory Soviet note to the United States Government implying the possibility of direct Soviet military intervention with ground and air forces, and the forward deployment of sizeable Soviet naval forces—over 90 Soviet ships in the Mediterranean at the height of the hostilities and smaller naval forces in the Indian Ocean—provided another lesson in Soviet willingness to take risks with world peace."

Since the Yom Kippur War, the Soviets have resupplied Syria heavily, with American intelligence estimating that by April or May all of Syria's losses will have been replaced. We will have done the same for Israel, and by spring both forces are expected to be in peak combat condition. The so-called mandates of the United Nations "peace-keeping" troops on the Sinai Peninsula and Golan Heights expire on April 24th and May 31st respectively. The U.N. Secretary-General has openly expressed doubt that the "mandates" for the tiny 5,750-man force will be extended.

Meanwhile, the military buildup continues. The Soviets reportedly have provided Syria with more than 1,000 T–62 tanks, 300 warplanes, missiles capable of hitting Tel Aviv and other cities, and other heavy arms. Furthermore, Israeli Defense Minister Shimon Peres has stated that several thousand Soviet Army personnel, some with their families, have been stationed in Syria and are operating, among other things, a missile system around Damascus. The C.I.A. has acknowledged such a Russian presence. In fact according to the Syrian Communist Party leader Khaled Bakdash (as quoted in *Al Ittihad*, an Arab-language publication of Israel's Communist Party), during the last Arab-Israeli conflict: "The masses of the people saw with their own eyes in the city of Latakia during the first days of the war how Russian soldiers drove the tanks to the staging area and they cheered the Russians." Indeed, for all practical purposes, Syria is a Soviet satellite.

On the other hand, at times it appears that we are acting as an Israeli satellite. Surely it is in the interest of both Israel and the Soviet Union to drive a wedge between our relations with the oil-rich Arab world, many of whose leaders long followed a course that was both pro-West and anti-Communist. The Arab position is virtually ignored in our mass media. And none dare call it baloney when prominent and influential members of our "Liberal" Establishment, still dovish over the Communist takeover of Southeast Asia and reminding us that we cannot be the world's policeman, bluster like Colonel Blimp that Israel's interests must be defended at any cost to ourselves.

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[2] When such environmental "protection" hurts national defense, one wonders about our government's priorities. On a related but lighter theme, consider the dilemma of the Holston Defense Corporation. Since it operates on an Army installation, Holston's fireplugs must be yellow as specified by Army regulations. However, O.S.H.A. contends that as a private company Holston must have red fireplugs. What to do?

[3] The vulnerability of the Soviet T–62 tank is increased because its fuel cells are mounted outside. Nevertheless, according to Ward and Schlafly in *Kissinger On The Couch*, "in the military competition for supremacy in tanks, the Soviets now probably have some 15,000 to 20,000 more than the United States. More important, theirs are newer than ours and outgun us. Their T–62 model is at least five years newer than our standard tanks and is in continuing mass production. They have attained an era of tank 'plenty' that has permitted them to add, in the last months of 1972 and early 1973, more than 3,000 new T–62s to their already massive tank forces in East Germany and Czechoslovakia. These Soviet T–62 tanks were the main force of the Arab surprise attack against Israel in October 1973."

Why? One remembers the reason former Senator William Fulbright gave for his opinion that the U.S. would not discontinue support for Israel *regardless* of our national interests. ". . . [*T*]he United States government is not capable of doing that, because the Israelis control the policy of the Congress and the Senate," the "Liberal" Senator contended. "On every test on anything the Israelis are interested in in the Senate—and I have on several occasions for different reasons brought this question up—the Israelis have 75–80 votes."

That apparently fatal Fulbright remark on CBS's "Face The Nation" stirred up nothing like the more-recent furore surrounding General George Brown, Chairman of the Joint Chiefs of Staff. You will remember that it was General Brown who was in charge of the vast October 1973 airlift of arms to Israel which was so highly praised for its efficiency by the Israelis. Nevertheless, considering the shortages in our own military supplies, the general dared to comment. "We have the Israelis coming to us for equipment. We say we can't possibly get the Congress to support a program like this. And they say, 'Don't worry about Congress. We'll take care of the Congress.' Now this is somebody from another country, but they can do it."

If we are going to assert power in the world, let it be first in our own best interests—politically and economically. Otherwise, involvement in the Middle East may well lead to yet another "no-win" war in which we are drawn into opposing the Soviet's client-states even as we ship our technology to the Soviet Union.[4]

Certainly no reasonable person can condone the tactics of terrorists like Yasir Arafat who are attempting by every criminal act to destroy Israel. Yet, Arabs are also threatened by these thugs. For instance, one Abu Iyad, a ranking member of the bloody Al Fatah movement, recently confirmed in a Tunisian newspaper that there was a Black September plot to assassinate Jordan's King Hussein at the Arab's summit conference in Rabat. And let us not forget that the Israelis also have a history of guerrilla terrorism. One remembers such Israeli terrorists as the Irgun and the Stern Gang with disgust and shame that so few of us protested their many murders of innocent Arabs, Jews, and Britons. In guerrilla combat, one man's terrorist is another man's freedom fighter.

By way of example, consider the pro-Israel volume *O, Jerusalem!*, by Larry Collins and Dominique Lapierre (Simon and Schuster, 1972). The authors described the Jewish guerrilla group known as Haganah, as follows: "Yitzhak Sadeh was the spiritual father of the Haganah and the founder of its elite striking force, the Palmach. He had molded the Palmach on his own Marxist-Socialist principles. It was an army without insignia, indifferent to uniform and drill, relaxed in its discipline; an army in which rank had only one privilege, that of getting killed first." And Israel's current Prime Minister Yitzhak Rabin and Foreign Minister Yigal Allon were both leaders of the Palmach guerrillas.

Certainly the mass media in our country have not been even-handed in reporting on the Middle East. One study indicating as much was published by Eastern Michigan University in its Journal Of Palestine Studies for Autumn 1974, Janice Terry and Gordon Mendenhall tell how in a survey they conducted of the war reporting in 1973 they discovered that the New York Times, Washington Post, and Detroit Free Press "again reveal a rather consistent pro-Israel and anti-Arab bias." That should surprise no one who reads those newspapers. For instance, in a Times report from Israeli-occupied lands on January 13, 1975, Terence Smith disclosed perfunctorily: "Newspaper articles about the oil situation, including this one, are subjected to rigorous censorship." Imagine the uproar if, say, Saigon tried to censor the New York Times!

Propaganda aside, support of Israel is not only subjecting us to economic assault and a stripping of our military preparedness, it is costing us billions in cold cash. When we asked the State Department the extent of aid we have provided to Israel the response was that between 1949 and 1973 such economic assistance totaled $3.1 billion. Other tabulations place the figure much higher, but even accepting State's figures this amounts to U.S. aid at the fantastic rate of approximately $1,000 per Israeli. They want more. Much more. On January 9, 1975, the Philadelphia Inquirer reported that Israel had submitted "its request for financial aid to the United States. Radio Israel said the government wanted $2.5 billion for the fiscal year beginning July 1. It said $1.5 billion was earmarked for defense." American taxpayers are also asked to help resettlement of Soviet Jews (including of course K.G.B. agents) sent to Israel.

And we pay belligerents on both sides of the Middle East battle. Since the end of World War II, Americans have given military aid not only to Israel, but also to Iraq, Jordan, Lebanon, Libya, Morocco, Saudi Arabia, The Sudan, Syria, Tunisia, and Yemen. This year Henry Kissinger has promised to ship food to Egypt and Syria even as the Russians send them arms. Apologists call this tactic "neutralizing Soviet influence."

What is in store for us in the Middle East? One possible scenario is described in the January 1975 issue of *Foreign Affairs*, the magazine of the influential Council on Foreign Relations that is formally committed to putting an end to U.S. sovereignty. In his article entitled "After Rabat: Middle East Risks And American Roles," C.F.R. Director of Studies Richard Ullman, a Professor of International Affairs at Princeton, maintains one "solution" might be for the Soviet Union and the United States to send regular troops into demilitarized zones in the area as a demonstration of *force majeure*. However, Professor Ullman recognizes that ". . . Soviet influence within the Arab world almost certainly [*depends*] upon the continuation of high levels of Arab-Israeli hostility. . . ." So, since the Soviets are not likely collaborators in enforcing any such "peace," Mr. Ullman contends that the United States might best end its role of "ambiguity" in the Middle East. He says the answer may lay in the following course:

"Since the United States finds it politically impossible to wash its hands of Israel, . . . an overt and explicit commitment to Israel's defense—including even the stationing of U.S. military contingents in Israel—remains the most logical choice for those who would prevent a new war."

Of course we have no treaty with Israel, nor in the face of petroleum and other strategic politics are her interests and those of the United States identical. Nor should we forget that the British Mandate of Palestine ended in disaster, as would any American Mandate. Groups like the Communist-led Palestine Liberation Organization would like nothing better than to snipe at and sabotage American forces. Nonetheless, as the temperatures drop outside and the oil prices rise, watch for a spate of anti-Arab publicity presented by the wonderful folks who brought us "no-win" wars in frigid Korea and the rice-paddies of Vietnam. We surely don't need a rerun in the desert.

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[4] The technology necessary, for instance, for the building of the Soviet tank industry came from the United States; armor built with our assistance was then used against Americans in Vietnam and Korea and to crush the Hungarian Freedom Fighters in 1956. Details can be found in Professor Antony Sutton's excellent book *National Suicide* (Arlington House, 1973).

AMERICA'S NO. 1 SPORTSMAN'S MAGAZINE

HON. CHARLES E. WIGGINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. WIGGINS. Mr. Speaker, an issue that should be considered with the greatest of care by all Americans in these difficult times concerns the delicate balance between the conservation of our Nation's great beauty and the utilization of its vital natural resources.

In February of this year, one of this country's foremost outdoor periodicals, Field & Stream, presented, in editorial form, a particularly thoughtful view of this matter. I hope that my colleagues will read and reflect upon what follows very carefully:

[From Field & Stream, February 1975]

America's No. 1 Sportsman's Magazine

Field & Stream has spearheaded the conservation movement in this country for almost eighty years. We, along with the millions of concerned sportsmen and sportswomen of this country, can be proud that *we* have paid for our wildlife resources.

We were there when there were few antelope, elk, deer, prairie chickens, and the waterfowl were verging on extinction just before the turn of the century. We were there when only the sportsmen were left to bring back ducks and geese in the 1930s. We were also there at Prudhoe Bay and Valdez, Alaska, in 1970 when the oil companies asked us for an opinion on the feasibility of the Alaska Pipeline. We were one of the groups that secured a one-year moratorium on the building of the pipeline—until the necessary safeguards were put in. We never said that no pipeline could supply us vitally needed oil. We just said we thought it should be done right. Preservationist groups on that same trip said, in effect, no oil pipeline shall *ever* be built.

A concerned conservationist does not have a closed mind. Our nation has its energy problems, and the welfare of 200 million depends upon us working *with* our vital industries to see that the environment is protected, not upon forcing those industries to come to a complete halt.

Our 8 million Field & Stream readers love the outdoors—hunting, fishing, camping, boating, and the related sports. We are outdoorsmen, yes, but we are *citizens* first.

Of course we deplore the indiscriminate practice of strip mining, but we believe it is possible to mine coal and metals without ravaging our land. Certain forms of clear-cutting timber are injurious, but timber *can* be harvested correctly—and we need it. The Santa Barbara oil spill was a disaster, but that does not mean that this nation must *completely* stop exploration and drilling for oil. *Conservation* is necessary and we will fight for it as long as we are in print. *Blind preservation* is like an ostrich with its head in the sand.

During World War II we saw the German and Japanese military grind to a halt because of the lack of such basics as oil and ball bearings to run war machines. Conserve our resources, yes. But consider what it would be like to be dependent upon the Arab nations for oil in case of an emergency. We are in a serious recession now. But stop all development of resources in the name of preservation only and we answer to the several million unemployed. Tell *them* that there shall be no pine cone touched, that no commercial jet aircraft shall fly over California because the condor is in danger of becoming extinct, that no forest shall be selectively cut for homes and industry, no wells drilled offshore no matter how much care is taken, no mine dug under any circumstances, no chemical of any sort used in agriculture.

Tell it to the guy next door—the guy with the four kids—who just got laid off after twelve years with his company, with no pension and no future. Sure, he believes in conservation and he loves the outdoors, the same as you and I. But, today, his kids are hungry and his house is cold and he needs a job. He needs that job in industry . . . vital industry we need so that all of us can *afford* to enjoy our outdoor heritage. This doesn't mean that we should turn a blind eye to the problems of industrial pollution or commercial misuse of our environment and resources. But we shouldn't turn a blind eye to reasonable development either.—Jack Samson.

DR. GEORGIANA HARDY RETIRES FROM LOS ANGELES CITY BOARD OF EDUCATION

HON. THOMAS M. REES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. REES. Mr. Speaker, I should like to bring to your attention the pending retirement of Dr. Georgiana Hardy after more than two decades of dedicated service on the board of education of the Los Angeles City Unified School District.

Dr. Hardy, who retires this June from the board has the longest record of tenure, having been elected for five consecutive terms. She served as president of that body in 1958–59, 1963–64, and 1967–68. During the years in which Dr. Hardy served on the board of education, the districtwide enrollment increased nearly 50 percent from 430,000 students to more than 600,000, which ranks Los Angeles as the second largest school district in the Nation.

Dr. Hardy's involvement in education also extended beyond the school district. She has served as member and president of the California School Boards Association, a member of the National School Boards Association, past chairman of the State Advisory Committee on Adult Education, a former member of the U.S. Attorney General's Conference on Juvenile Delinquency, and a member of the White House Committee on Youth.

Dr. Hardy has also been actively involved in worthy civic groups including the Advisory Board of the Junior Arts Center, the District Attorney's Advisory Council, the United Way, the National Red Cross, and the National Girl Scouts.

We commend Dr. Georgiana Hardy for her significant contributions to education in Los Angeles, Calif., and the Nation, and wish for her a most gratifying and personally rewarding retirement.

VENEZUELANS DISLIKE CHOICE OF SHLAUDEMAN TO BE AMBASSADOR

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. HARRINGTON. Mr. Speaker, last week the Senate confirmed Harry W. Shlaudeman to be Ambassador to Venezuela. Shlaudeman, who was Deputy Chief of Mission in Santiago, Chile, until just before the coup that ousted Salvadore Allende in 1973, is widely considered an ill-advised choice. Being among the critics of the nomination, I testified against his nomination during the Senate hearings and pointed out that he had not honestly explained the U.S. role in the so-called "destabilization" of Allende's democratically elected government when he appeared before House Foreign Affairs Subcommittee in 1974.

While I confined myself to the question of Mr. Shlaudeman's integrity, another witness, an American priest working in Caracas, explained that the Venezuelans were disappointed in the choice although they had accepted the nomination. Because the hearings on the nomination will not be printed and hence not readily available to my colleagues, I am inserting in the Record a copy of Fr. Driscoll's testimony and his subsequent dialog with the chairman of the Foreign Relations Committee, Senator John Sparkman. From these transcripts emerge a sharp picture of the not infrequent insensitivity of U.S. foreign policy in Latin America.

The text follows:

Testimony on the Nomination of Mr. Harry Shlaudeman as Ambassador to Venezuela

My name is Daniel Driscoll from Louisville, Ky., a priest member of the Catholic Foreign Mission Society of America, popularly known as Maryknoll. For the past eight years I have been privileged to serve in six different barrios in the capital city of Caracas, Venezuela.

I abruptly left the people with whom I work for the sole purpose of testifying here today because of the vital importance of this issue. I come not only as an individual but also as a representative of several Christian missionary groups. They include: The Maryknoll Fathers in Venezuela; The Diocesan Mission of St. Paul, Minn.; The Franciscan Sisters of St. Cloud, Minn.; The Edmundite Fathers of Venezuela; the Diocesan Mission of St. Cloud, Minn.; The Lutheran Missionary Staff in Venezuela, and the Rev. Robert Seal, a Presbyterian missionary in Venezuela. A total of forty U.S. Christian missioners, representing seven different groups of three distinct Churches have sent me to express our concern over the nomination of this new ambassador to Venezuela.

I want to emphasize that these Christian missioners, all United States citizens, work in a variety of different circumstances that put them in contact with a broad spectrum of the Venezuela Society, incorporating the upper class, the working class and the very poor. Some work in the capital and others in the interior of the country. They all agreed to this position of concern immediately and with an enthusiasm that quite frankly surprised me.

Why has this long trip to testify before your committee seemed of such utmost importance to us who work with the Venezuelan people?

Basically, because this nomination affects both our home country, the United States of America, and our adopted country, Venezuela. I have been sent to express our confidence in the people of the United States and the democratic process that makes ours a great nation, a nation which has given us life, education, vision and hope. It is here that our families and friends live. At the same time we have acquired a deep respect and affection for the Venezuelan people. After a long and difficult history of oppression and dictatorship, Venezuela has begun, and made remarkable progress in, the establishment of a democratic system of government. It is presently in its seventeenth year of a duly-elected democratic government making it the most stable democratic country in Latin America.

Recently, however, the relations between the United States and Venezuela have become strained. The reasons are many. Perhaps the most serious is that President Ford, before the United Nations and upon the inauguration of the World Energy Conference in Detroit, felt obliged to use 'doomsday language.' In subsequent statements the President and Secretary of State Kissinger made it clear that the use of military force against oil exporting countries is not ruled out by the United States in the case of grave danger to its economy. These words are extremely frightening to a country like Venezuela. Such a threat from a country twenty times the size of our own would also frighten us.

I have brought a number of clippings from the Venezuelan press which highlight the concern of the Venezuelan people regarding the nomination of the new American ambassador, which represents writers and politicians of all major parties. All express their opposition to the nomination. El Nacional, one of the two most respected and prestigious Caracas daily newspapers, on Dec. 28, 1974, said, "Political figures, representing all the political ideologies of the country, who were consulted by the reporters of this newspaper, expressed—some more than others, but with a rare unanimity—their preoccupation and uneasiness over the nomination of a figure considered in his own country as an expert in Latin American affairs, which could be of great advantage for good relations, if at the same time his past record in Santo Domingo and Chile did not force one to fear other possibilities."

This indicates an impression among the Venezuelan people that the United States is an ugly black cloud, a constant threat which is always present, always hanging over the horizon.

What has affected the people of Venezuela even more is the United States participation in the events that led to the overthrow of the duly elected Chilean President Salvadore Allende.

People with whom I talked in the barrio where I lived and worked at the time immediately mentioned the involvement of the CIA in Chile, involvement which directly led to the overthrow. One year later the President of the United States confirmed their suspicions. I speak for all the Christian missioners who have sent me to say that as American citizens it was abhorrent and appalling to learn, on the public admission of our President, that the United States had intervened in the internal affairs of another democratic country. For us the intervention of the CIA in Chile was immoral, unjust, disgraceful and against every democratic principle upon which our nation was founded and has grown. It caused us sadness and shame. Just last Thursday twenty-six political exiles, including ex-ministers of the Allende government, arrived in Caracas seeking asylum. Thus, this is still a burning issue in Venezuela. The Chilean coup and the U.S. role in it are still in the present tense in Venezuela.

These same poor people in my area were deeply affected and disillusioned. They said such things as, "You see, Father, democracy is a farce. Just look what it got Allende." Others said, "We had great hopes in Allende, but now we know that the democratic system can never bring us real changes, much less justice." The result of this disillusionment is that it not only adds to the hopelessness and apathy which many slum dwellers already feel, but it either eliminates or noticeably weakens any serious hopes in the democratic way of life.

Mr. Chairman, we cannot overly exaggerate the evil effects of United States interference in Chile. It considerably weakens the hopes and aspirations of the Venezuelan people that effective changes can ever be brought about in a peaceful and democratic fashion. It has also tarnished the democratic image of the United States in Latin America.

There are serious and grave doubts about the nominee because he carried out his diplomatic duties as Deputy Chief of Mission, the number two post in the embassy, during the admitted CIA intervention in Chile.

The public is aware that the C.I.A. is currently under investigation by the United States Senate for illegal operations within our own country. Furthermore, the Associated Press reported that on January 22, former C.I.A. director, Mr. Richard M. Helms, had acknowledged before this very committee that he had withheld information concerning the Agency's covert operations in Chile against the government of President Allende. The New York Times, of February 16, indicates that the United States intervention in Chile was much more extensive than the C.I.A. involvement and laid the blame directly on the Nixon administration. It also suggests that the Congress will attempt to uncover the entire Chilean story in its current investigation of the C.I.A.

Therefore, in light of the above, namely:

1. The existing strained relations between the United States and Venezuela;
2. The unanimous opposition of all political parties and the student protests which have already taken place against the arrival of the new ambassador;
3. The devastating effect of the United States intervention in Chile to de-stabilize the duly-elected democratic government of President Allende;
4. The grave doubts that exist regarding C.I.A. policies both at home and at abroad that are still under investigation by this branch of Congress;

We as the Senate of the United States of America not to confirm the nomination of Harry Shlaudeman as Ambassador to Venezuela.

Our concern is that amid such an atmosphere of confusion, suspicion, mistrust, and tension, his appointment would present, at best, an ambiguous image of the United States' policy toward Venezuela, and more realistically, a confirmation of the fears and suspicions of many Venezuelans.

We want to see the steady, constant growth of our adopted country, Venezuela, still in the youth of its democratic process, so that it can achieve a lasting peace built on justice for all its citizens.

We want to see a positive image of our home country, the United States of America, but a positive image based on the reality of its fairness and friendship to a neighboring democratic country.

DIALOG BETWEEN CHAIRMAN JOHN SPARKMAN AND REVEREND DANIEL DRISCOLL

Senator SPARKMAN. Thank you very much, Fr. Driscoll.

Let me ask just this question. You presented a very clear statement and we appreciate it. If the people of Venezuela are opposed to this appointment, why would you think that the government of Venezuela signified its acceptance?

Fr. DRISCOLL. Well, Mr. Chairman, I obviously am not in the position to respond for the Venezuelan government, and I am sure that the Venezuelan government is more than capable of expressing itself and is more than capable of responding to whatever problem or strain would be brought up by this nomination.

However, what is indicated in the newspapers is that in an article of the Washington Post which I have here of the 30th of December, it suggests that the Venezuelan government preferred good relations with this country instead of getting into a fight over a nomination, particularly in light of the fact that, as I mentioned, relations between Venezuela and the United States have become somewhat strained.

As you recall, sir, it was Venezuela together with Ecuador which led the opposition to Title V of the Trade Bill, which led to the postponement of that meeting of the foreign ministers which was to take place in Buenos Aires next month. And so apparently the feeling was, as expressed in the article of the Washington Post, that they felt that the good relations between the two countries were more important.

However, what I am here to try to express to you through the group that I represent is the concern of the Venezuelan people. And it is interesting to note that from the very beginning all of the political parties opposed this nomination.

I have here, sir, I brought a whole page from this newspaper El Nacional, which is very interesting because on the one hand you see an article saying that politicians quoted, including one from Accion Democratica, which is the party in power. Down here in the lower righthand side you have the Youth League of that same party from the State in which the oil is extracted also protesting, but up here you have the article saying that the government gave a placet.

So of course after this date the government party backs off. They have been interviewed before they knew the government gave the placet. Nonetheless the impression that is given is that to foster these good relations it is better just to let this nomination pass, although I have one quote here that is very interesting from Dr. Gonzalo Burrios, who is the President of the Congress who belongs to the Accion Democratica, the party now in power, and this is from the other big newspaper in Caracas, El Universal. And he states that what the government has been saying is the important things the policy between its two countries, not so much the individual. But then at the end he adds this very interesting statement: "But there is one thing for sure," as I am translating from the Spanish, "one thing for sure, we have to be on our toes to avoid that this new Ambassador does what he pleases, if doing what he pleases is his intention."

So you see that what comes through is not particularly, that they are not particularly delighted by the appointment and they have their reserves. You have the Christian Democrats, the other big party, also opposing it.

Now I think the other thing that we who are Christian missionaries who are working in Venezuela want to convey to this Committee, that the Venezuelan people of all classes really take this as an affront. They would say one of three things: either the states are stupid and we do not know where this man has been; or do they want to threaten us, or do they really want to continue the covert activity that went on in Chile? Do they want to move that to Venezuela now, especially since we are going to nationalize the oil?

Now as I mentioned in my testimony I was personally surprise at how quickly and how unnanimously all of these Christian missionaries responded to this concern and signed the letter that we sent to you, sir, and approved of my coming here. Just to give you an example: I called up the Presbyterian minister, Rev. Bob Seal, and I was going over to his place with the letter and my car broke down, so I had to call him back and he said, "It does not matter whether I see the letter or not. Put my name down because the Venezuelans are so opposed to this nomination that I am against it."

And what impressed me was he works in an upper class section and I have worked in barrios and slum sections and it was a real revelation to me to see how this cut across all levels of life, government housing, upper class, lower class, people in Caracas, people outside of Caracas. And I think that we want to bring this information to you, sir, and to your Committee.

Senator SPARKMAN. Well, of course we are very glad to have all of the information. By the way, we have the clipping from the Washington Post that you referred to. This nomination was made and before the President sent it up here, it was referred to the Venezuelan government and the Venezuelan government said that he would be acceptable.

Now that is the official word, and by the way, I noted with interest in your statement the very fine compliment that you paid to the present Venezuelan government. You said "it is presently in its seventeenth year of duly-elected democratic government making it the most stable democratic country in Latin America."

Now I would like to think that a government like that would deal fairly and frankly with another government, our government, and that if, for any reason, they decided to support what was not acceptable, they would have let us know.

Fr. DRISCOLL. It is very interesting that you touched that point, Mr. Chairman, because—and once again, I am not here, I am not competent on a level of government-to-government. We have come as a group of United States citizens, who, I guess we are basically concerned about two things, is this. First of all—and it is most interesting that you mention or refer to what I said about Venezuela being the oldest democratic government because you know that before that the oldest democratic government was Chile. Before there was a coup, Chile had a much longer history of democratic process that Venezuela. And can you not see the incredible implications of taking a man who is at the number two post of the embassy in this democratic country at the time when the coup took place and it is later admitted by the President of this country that there was covert activity by the CIA, where it is suggested by some responsible sources that it might have been much broader than that. While this whole can of worms, shall we say, has not been opened, a man is sent from what was the oldest democratic country in Latin America.

And the thing is that this, to the Venezuelan people, as I say it makes them think what happened? What is going on? And I think one thing is very important, Mr. Chairman. One of the reasons this thing affected Venezuela so much was that Venezuela was in an election process when Allende fell. You see, Carlos Andres Perez was elected President on December the 9th, 1973, so that in September, I guess September the 11th when Allende fell, the campaign was in full swing.

So I know people who said to me, "Well, what does my vote mean if I vote to the Left and the United States government and big business interests do not like it? They are going to pull the same thing they did in Chile."

So people really even question the value of their vote, and even more so of the democratic system.

So I think that precisely because Venezuela is a democratic country and precisely because the United States failed so dismally with the other oldest democratic government, we should really go out of our way to make clear that we do favor the democracy of Venezuela. This is our concern.

Senator SPARKMAN. Well, I thank you. You have given us a very clear statement. We are pleased to have it and we thank you very much.

Fr. DRISCOLL. Might I just add one other point?

Senator SPARKMAN. Yes.

Fr. DRISCOLL. I think our basic interest as priests, as ministers, and also the Sisters I represent is in the moral question of the human rights of the Venezuelan people and of the right to its own self-determination that Venezuela has. But there is another big concern we have. We are United States citizens and quite frankly, we do not go to Venezuela to represent this country or for patriotic motives. We go for Christian motives.

On the other hand, we are getting a little bit tired of seeing the United States being the whipping boy, being accused of everything, and unfortunately, it is not just rumor-mongery; it has a very deep basis in fact.

And our concern is to make it known to your Committee that Venezuelans read the press. They are aware, for example, of where Mr. Shlaudeman has worked. They are aware of what President Ford has admitted. They are aware of all these things I mentioned. Representative Harrington's views were on the front page. I have the clipping here. People know that Mr. Shlaudeman has been accused of very serious things. And so if he is sent without those things at least being cleared up, then the impression is given that the United States either does not care that it really wants to put, as many of the journals and newspapers suggest, wants to put on the real tough political pressure, or that it wants to carry on covert activity. And we, as U.S. citizens, frankly, you know, this is not going to kill me; that is not why I am there. But really, what can I say, sir, to a Venezuelan who is saying, who refers to the United States as the monolithic giant, as the imperialistic power, after what happened in Chile, and now that a man who was in a very important post in the Chilean embassy is going to Venezuela? What can I say?

And as American citizens that does concern us. And we would hope very seriously that, knowing that democracy is for the people, in dealing with another democratic country, we would seriously hope that that is taken into consideration.

Senator SPARKMAN. Well, let me say that we give you full credit for speaking your own mind, and we know that you have been sincere and we are glad to have your testimony before us.

Thank you very much.

Fr. DRISCOLL. You are welcome.

LETTER TO SECRETARY ROGERS C. B. MORTON

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. DINGELL. Mr. Speaker, pursuant to permission granted I insert into the RECORD a letter sent by the Honorable HENRY S. REUSS and me to the Honorable Rogers C. B. Morton on March 14, 1975. The letter is as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 14, 1975.

HON. ROGERS C. B. MORTON,
Secretary, Department of the Interior,
Washington, D.C.

DEAR SECRETARY MORTON: On February 5, 1975, Deputy Under Secretary of the Interior W. W. Lyons advised your Assistant Secretaries for Land and Water Resources and for Fish and Wildlife and Parks that you "had decided" that the Bureau of Land Management should administer "exclusively" the Kofa Game Range in Arizona, the Charles Sheldon Antelope Range in Nevada and the Charles M. Russell National Wildlife Range in Montana. Each of these areas are part of the National Wildlife Refuge System established by Congress on October 15, 1966 (16 U.S.C. 668dd).

For years, these areas have been administered jointly by the BLM and the Fish and Wildlife Service. Indeed, each of the Executive orders establishing these game ranges in the 1930's provided that they "shall be under the joint jurisdiction of the Secretaries of Interior and Agriculture." At that time, fish and wildlife functions resided in the Agriculture Department.

We think your recent decision to abandon this practice after more than 40 years and place these areas under the exclusive administrative jurisdiction of the BLM is ill-advised, contrary to the public interest, and in violation of the Congressional intention and understandings of the 1966 Act. In addition, your decision ignores the requirements of the refuge revenue sharing provisions of 16 U.S.C. 715s and it was made without compliance by your Department with the requirements of the National Environmental Policy Act of 1969.

The basic purpose of section 4 of the 1966 statute which your Department first proposed as a "draft bill" to the Congress on June 5, 1965, was to give statutory recognition to the then existing five types of areas that constituted what was called the national wildlife refuge system, namely the wildlife refuges, game ranges, wildlife management areas, waterfowl production areas, and wildlife ranges. In addition, it added a sixth area for endangered species, and provided "sanctions and enforcement provisions designed to protect the needs of fish and wildlife conservation in all areas of the system." (H. Rept. 89–1168; Oct. 15, 1965, p. 2).

When the legislation was being considered by Congress, we were informed by the Interior Department that some areas of the then existing System were being "jointly administered" by Interior and "various Federal agencies." We were also told that Interior was "reviewing the present status of the public lands" included in the then established System "to determine whether any of them should be managed on multiple use principles under the general public land laws." The Department assured the Congress that its draft bill did not "portend any different policies, practices, or procedures from those now being pursued" (i.e., in 1965). (H. Rept. 89–1168, *supra*, p. 16).

Thus, the legislation was enacted by the Congress with these understandings. Congress did not object to joint administration of some areas or to the possibility of multiple use of some areas under the general public land laws. Indeed, Congress specifically provided in the statute that the mining and mineral leasing laws continue to apply and authorized the Secretary to permit use of any area in the System "for any purpose, including but not limited to . . . recreation and accommodations, and access." In fact, virtually any use was authorized which is "compatible" with the major purpose for which the areas were established.

When the 1966 Act was enacted, section 3(d)(2) of the Fish and Wildlife Act of 1956 (16 U.S.C. 742b(d)(1)) specified that the then Bureau of Sport Fisheries and Wildlife "shall be responsible" within Interior for such matters as "migratory birds, game management, wildlife refuges," etc. Thus, Congress did not contemplate, nor did Interior suggest, the possibility that Interior would interpet this new statute as allowing it to transfer several areas of the System to the "exclusive" administration of an agency (namely the BLM) not particularly noted for zealously conserving and protecting wildlife and thus eliminating any role for the Fish and Wildlife Service.

Your Solicitor pointed out in a November 27, 1974, memorandum to the Under Secretary that under your decision the BLM "would be free to adopt regulations governing the administration" of these areas *"of a different form and content than those adopted by the Fish and Wildlife Service."* (Emphasis Supplied.) The Solicitor warned:

"As a consequence, two parallel systems of Wildlife Refuge regulations could result from the proposed delegation."

Such a "result" was never intended by Congress, particularly since it could mean that the BLM would provide less protection to wildlife than would the Fish and Wildlife Service.

The transfer of administration over these ranges to the Bureau of Land Management will deprive the treasury of funds which under a 1964 statute must be covered into the treasury each year and reserved in a "separate fund" for payments to counties for public schools and roads, "for management" of the System and for "enforcement of the Migratory Bird Treaty Act." This Act, enacted on August 30, 1964 (78 Stat. 701) amended section 401 of the Act of June 15, 1935 (64 Stat. 595, 693–694; 16 U.S.C. 715s) to provide that all revenues received by Interior from the "operation and management" of areas within the National Wildlife Refuge System "that are solely or primarily administered" by the Secretary of the Interior, *"through the United States Fish and Wildlife Service,* shall be covered into the treasury" for dispostion to counties and for the other purposes mentioned above. Transfer of "exclusive" administration of these three areas to the BLM by Secretarial fiat will result in these revenues being covered into the treasury as miscellaneous receipts, not as funds reserved for the purposes stated above, and none of the money will go to the counties or these other purposes.

We think that such a result was clearly not intended by Congress in 1964. Congress did not expect that Interior would deprive this "fund" of revenues through the device of placing the ranges under the exclusive administration of an agency other than the F&WS. We note that the Solicitor's November 1974 memorandum did not mention the 1964 Act or the effect which the proposed transfer would have on the funds which that law requires to be covered into the treasury as a "separate fund" for the purposes mentioned above.

You will recall that only a few weeks ago the National Park Service sought to circumvent NEPA in the case of its proposal to abolish parking and eliminate roads on the Mall in Washington, D.C. and substitute a shuttle bus service to and from R. F. Kennedy Stadium. We promptly urged that the NPS prepare an environmental impact statement. When the NPS refused to do so, interested citizens sued Interior. Judge Waddy enjoined the proposal until an EIS was prepared, and now the National Park Service has agreed to prepare the EIS as directed by the court.

We believe that the Department's failure to prepare an environmental impact statement violates the National Environmental Policy Act. The decision to transfer all administrative jurisdiction of these areas from the Fish and Wildlife Service to the Bureau of Land Management with the attendant possibility of a "parallel" system of regulations that could be different in "form and content" and with an adverse affect on the revenue sharing provisions of 16 U.S.C. 715s is a major Federal action that will have a significant effect on the human environment.

Indeed, on February 11, 1975, the Assistant

Secretary for Fish and Wildlife and Parks expressed strong reservations about this "decision", stating that it will be "most controversial and will obviously require an environmental impact statement and public hearings." We understand that on February 18, 1975, Deputy Under Secretary Lyons asked the Solicitor for an "opinion as to the need for a 102 [EIS] statement for any or all of the three game ranges to be transferred to BLM."

1. We urge that you promptly revoke your transfer decision. Before any further attempt is made to transfer the administration of any area of the System exclusively to the BLM or any other agency, we request that an adequate environmental impact statement be prepared and hearings held thereon.

2. Please provide to us a copy of (a) the Solicitor's opinion requested by Mr. Lyons, (b) the Solicitor's memorandum of February 19, 1974, and (c) all other memoranda, notes, letters, etc., concerning these matters.

We are sending a copy of this letter to Congressman Robert L. Leggett, Chairman of the Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Committee on Merchant Marine and Fisheries. Please provide a copy of your reply to him.

Sincerely,

JOHN D. DINGELL,
Member of Congress.
HENRY S. REUSS,
Member of Congress.

SENATOR GAYLORD NELSON MAKES SENSE IN DAIRY PRICES

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. OBEY. Mr. Speaker, before Members make up their minds on the farm bill, I hope they will read the following statement from Senator GAYLORD NELSON.

Wisconsin is a State of 4½ million people, but there are only 50,000 dairy farms in the State. In my own district of 500,000 people, I represent only 12,000 dairy farmers, so my consumers far outnumber my farmers, but I want to share with you some good, solid, proconsumer reasons for supporting the dairy provision of the agriculture bill we will be voting on next week.

The following statement of Senator NELSON's is the best statement on dairy problems I have seen. It is a statement from a man who, like I, has not just supported the interests of rural America, but has supported mass transit, minimum wage, OSHA, legal services, land use, and consumer protection legislation.

I have received a Dear Colleague letter suggesting, in part, that the dairy section should be opposed, because it will increase prices somewhat. Let me point out to you that minimum wage legislation, OSHA legislation, and environmental legislation all have increased costs somewhat but we have voted for them, because they are in the national interest and because we recognize that in the workplace and in the environment the situation is similar to agriculture—there is no free lunch.

I hope Members will read the following and then agree with me that it is in the consumers' interest to support the dairy section of that farm bill.

Senator NELSON's statement follows:

WASHINGTON, D.C.
March 13, 1975.

DEAR COLLEAGUE: The important question that faces our nation in terms of the dairy price support proposals now before the House is simply this: Can we continue government policies that appear almost certain to result in this nation's losing self-sufficiency in what represents 25 percent of its food supply?

The importance of that question prompts me to impose upon your good graces to set forth the dimensions of the crisis facing America's dairy farmers and the importance, therefore, of passing the proposed legislation.

The American dairy farmer is faced with an economic crisis that is bankrupting him, and unless that crisis is resolved, our grandchildren, as one expert put it, may have to take their children to zoos to see dairy cows.

That is not an exaggeration. Since 1951, 60.3 percent of the nation's dairy farmers have quit. In the 1969 to 1973 period, 56 percent quit. In Wisconsin alone, the number of dairy herds decreased from 132,000 in 1951 to just over 53,000 at the end of 1974.

The number of milk cows in the United States has decreased by almost 10 percent since 1969. Most distressing, our national milk production is declining at a rate that indicates, according to a University of Illinois study, that we will no longer be self-sufficient in the production of dairy products as early as 1980.

The American consumer must be made to understand that unless we institute a constructive policy for our dairy farmers that does away with boom and bust by putting a floor under their income, consumers will one day, and soon, be faced either with massive dairy shortages or exhorbitant prices for those dairy products that are available.

As the expert who predicted the zoo situation added, "The nation will take another notch in its belt because the source of 25 percent of the food supply will have vanished."

For too long all of us have taken for granted the abundance of food at low prices that American farmers have provided us. We have not realized that the miracle of production was made possible not only through the productive genius of our farmers, but by their willingness to subsidize the rest of us in the process.

That is right—the American dairy farmer has been subsidizing the American consumer. He has done that by working longer hours than the rest of us, by accepting a lower return on his investment than any other continuing segment of American business, and by pressing himself and his family into a labor team that is the lowest paid in the nation.

Several facts dramatize this situation all too well:

The dairy farmer does not control the price he receives for his product. While inflation has continually and insidiously raised his cost of production, government policy in recent years has almost never set a price support level for milk that will insure him a profit.

In 1973, for example, it cost the average Wisconsin dairy farmer with a herd of less than 50 cows, $7.75 to produce a hundredweight of milk for which he received $6.87 under the federal support program. While his income improved some during early 1974, it has been on the decline ever since, and in my state in January, 1975, the average price received was back down to $6.80 a hundredweight.

Needless to say, the cost factors that totalled $7.75 in 1973 have continued to spiral since then, so that the Wisconsin dairy farmer is losing more money now than ever. As a result, thousands of them are attempting to sell off their herds and get out of the dairy business.

In January of this year, after the President vetoed a bill passed overwhelmingly by the Congress that would have increased price supports to 85 percent, the Department of Agriculture did readjust the figure set April, 1974, to once again represent 80 percent of parity in January, 1975.

But the Department also announced then that it would not make another price support adjustment until April 1, 1976.

Even now the 80 percent January adjustment is delivering very little help to the hardpressed Wisconsin dairy farmer. It should mean that he will receive $7.10 a hundredweight for about 75 percent of the milk produced in the state. In actuality, in January he received less than that.

The question naturally arises then, why and how do dairy farmers stay in business. The answer is two-fold; thousands of them are not—they are getting out as fast as they can, at a rate that has farm auctioneers in Wisconsin booked for months ahead; and those who are remaining in business do so by asking their families to make sacrifices that would be unheard of in other industries.

That is how the farmer subsidizes the consumer.

Other countries have recognized this problem and have acted to assure themselves of viable dairy industries with their farmers assured of a liveable income. Canada, for example, from October of last year set price supports at $9.41 a hundredweight and has just now increased that to $10.12. The Common Market, which adjusts the rate from nation to nation, has had an average support level of $8.10 per cwt., increased that to $8.59 on February 1, and announced a further increase to $8.99 for September 16, 1975.

American dairy farmers' wage earnings are a scandal. If the farmers went on strike and properly told their story, their cause would have the enthusiastic support of organized labor, the nation's clergy, and even substantial portions of the nation's press.

Certainly at the present support level, the average dairy farmer will be forced to quit production. Not all of his cows will go out of production, but the rate at which farmers are quitting and cows are leaving production, it is apparent that consumers are in for trouble. We can lose self-sufficiency, we can destroy the productive capacity for 25 percent of the nation's food.

Other than the critical loss of 25 percent of our food, the general public would suffer otherwise if our dairy industry is destroyed. Our dairy farms earn $1.3 billion each year, which in turn generates an additional $47 billion in the gross national product. Every one of the 490,000 dairy farms in the nation generates an additional five jobs in related industries, a total of 2½ million jobs throughout the country that could be jeopardized.

There are encouraging signs that American consumers and their representatives in Congress are beginning to understand their own personal stake in these matters. The huge majority in the Congress that supported the 85 percent parity bill late last year points to this. Renewed interest of urban representatives to serve on the congressional committees on agriculture give additional testimony.

That is promising, but time is of the essence. If we do not stabilize our dairy industry by providing an income floor, our dairy farmers will be forced to quit. That would be an outright disaster for them personally. It would be an absolute catastrophe for the American consumer.

Sincerely,

GAYLORD NELSON,
U.S. Senator.

EMERGENCY EMPLOYMENT APPROPRIATIONS BILL

HON. PHILIP E. RUPPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. RUPPE. Mr. Speaker, as a Representative from the State of Michigan, I am deeply concerned about the human and economic costs of unemployment and believe that the Congress has a heavy responsibility to formulate rational, far-reaching programs to combat joblessness. In an effort to fulfill this responsibility, the House of Representatives has just passed a whopping $6 billion emergency employment appropriations bill.

While I believe that this bill has some commendable features, I am distressed about the fact that it appropriates another $1,625 million for title VI of the Comprehensive Employment and Training Act. As we all know, public service jobs help to relieve the sympoms of unemployment by massive infusions of Federal dollars, but do nothing to eradicate its cause. As soon as the medicine is gone, unemployment is likely to rise again. That is, of course, unless the Congress capitulates to the powerful pressures which will be on it to renew the prescription.

Moreover, our public service jobs program will only employ a small percenage of the jobless—4 percent at the most—while its cost will be inordinately large. It takes $800 million to employ 100,000 people in public service jobs, or three times as much as it would cost to provide them with extended employment benefits; and public service jobs have little ripple effect to redeem them. I am concerned, too, about the fact that public service job moneys have been notoriously misused and mismanaged. Studies have shown that 55 to 65 percent of all municipal public employment jobs are really recalls—local employees who are "fired" and then rehired at Federal expense—and there are reports that some communities are already beginning to lay off workers in preparation for the arrival of Federal funds.

At a time when there are millions of Americans who are genuinely in need of work and at a time when there is no shortage of useful work to be done—upgrading our dilapidated railroad beds comes immediately to mind—I believe that it is unconscionable to target such a large portion of our reconstruction dollars on public employment programs. In my view, this is a dangerously shortsighted approach which does a disservice to the employed and unemployed alike. I consequently voted in favor of the Myer amendment to delete the entire $1.625 billion for title VI of CETA and deeply regret the fact that this amendment was not successful.

I did, however, vote for passage of the bill as a whole because I felt that the $3.675 billion which it appropriates to accelerate Federal construction and purchasing programs would put people to work on productive tasks and help to stimulate private industry. For example, this money would step up the purchase of 121,000 vehicles for Government use, expand the Small Business Administration's loan authority, increase funding for the Economic Development Administration, accelerate public works construction, and provide additional money for rural water and sewer construction. Studies estimate that more than 600,000 jobs would be directly created by these construction and purchasing programs and indicate that large multiplier effects would also be generated. I therefore believe that this is the most effective way to combat unemployment and hope that future legislation will deemphasize the costly and inefficient public service jobs approach in favor of an approach which provides the jobless with meaningful and productive employment.

FEDERAL BUDGET PRIORITIES FOR CHILDREN AND YOUTH

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mrs. SCHROEDER. Mr. Speaker, our children and youth represent America's greatest human resources. Although the majority of us agree to the inestimable value of our children and their contribution to our future society, in our national priorities this is often not evident.

I am alarmed that the President's proposed budget for 1976 does not include two programs that are essential to the well-being of our children and youth. I speak of the women, infant and children—WIC—program and the supplemental food program for families.

This is of particular concern in my district. The Denver Department of Health and Hospitals has participated in the USDA Commodity Supplemental Food Program since late 1969. It was designed to provide highly nutritious foods to those groups considered most vulnerable to malnutrition, for example, women during pregnancy and up to 1 year after and children under 6 years of age. This is vital to children. Any infant who is malnourished in early life or whose mother is malnourished may have irreversible brain damage. The commodity supplemental food program is in the end less costly and certainly more humane than undernourishment and hunger. Underinvestment in children generates a viscious cycle of poverty and welfarism.

Michael S. March, who has retired from a senior career position in the U.S. Office of Management and Budget after 33 years of Federal service, has accepted a joint appointment as assistant vice president for budgeting and planning of the University of Colorado Medical Center at Denver and as professor of public affairs in the University's Graduate School of Public Affairs. During 28 years as a staff member of the Bureau of the Budget and the Office of Management and Budget, he was engaged in legislative and program analysis in a wide range of fields, including labor and welfare, education, manpower, income maintenance, and science programs. Dr. March presented the following comments to the Citizens for Children at Portland, Oreg.:

FEDERAL BUDGET PRIORITIES AND CHILDREN AND YOUTH

(Comments by Dr. Michael S. March)

I have been asked to talk about Federal programs and priorities as they affect children and youth. This is a vital topic which deals with the central issue of creating a just society. My comments, cf course, are my personal views as a professional analyst of national priorities.

Let us consider the gap between our professed national attitudes toward children and our national performance in assuring them full opportunities for their development.

We have had plenty of pronouncements regarding children and youth from many forums since 1909. There have been seven decennial White House Conferences on Children and Youth. We have had the Federal Interdepartmental Committee on Children and Youth, and the National Council of State Committees for Children and Youth, and many other private and public organizations to promote the welfare of children.

In these organizations we have clearly seen that the quality of the United States as a society is being shaped for the decades ahead by how we rear and educate our children and youth. The attitudes and the capabilities of our 80 million young people are the most important guaranty we have that our society and our constitutional form of government will last through the decades ahead.

The people who attended the successive White House Conferences were intelligent and very dedicated. They made many perceptive statements and they were influential in coloring the pronouncements of national leaders. The 1930 Conference, for instance, boldly proclaimed "the children's chapter", which was an admirable statement.

All the Presidents since Theodore Roosevelt have responded by making strong verbal commitments on behalf of children in their messages and press releases. President Nixon, in 1969, called, for example, for a "national commitment to providing for all American children an opportunity for healthful, stimulating development during the first five years of life . . .". But then in 1971 he vetoed the Child Development bill for day care of preschool children.

Broadly speaking, the implementation of the lofty promises made in the last 60 years regarding programs for children has been poor. President Johnson's "Great Society" efforts made a good start in the anti-poverty and education areas, but social progress was side-tracked in favor of prosecuting the costly and divisive Vietnam War. By any reasonable standard of feasible humanitarian performance for this affluent country, the United States has failed its children and youth. The parents in the past have failed them in distressingly large numbers—and deterioration of the family structure augurs ill for the future. Many school districts and communities have failed their children. I doubt that any State can say it has succeeded in doing a proper job. Certainly the Federal Government has failed to do its fair share. The failures have been the result of inadequate commitment to goals, poor organization, and allocation of insufficient money.

The record has bright spots, to be sure. Let me cite two.

We have conquered most communicable diseases and have sharply reduced infant and child mortality. We are also the most educated, if not the best educated, country in the world.

Yet one of the principal findings of the 1970–71 White House Conference was the shocking conclusion that the Nation is still neglecting its children. Considerable data on the failure were assembled in a series of 8 background studies which were prepared under my direction for the Conference. Because of the interest shown by Senator Ribicoff, these were subsequently published in September 1971 by the Senate Committee on Government Operations under the title of "Government Research on the Problems of Children and Youth."

Consider also and explain the following phenomena with respect to our nation's children and youth:

Poverty has been reduced, but still about 12 million children and youth under age 21 were living in poverty in 1972 in families or as individuals. There were 7.8 million children on the welfare rolls in late calendar 1973—five times the number in 1950. Despite the rapid expansion of federal food programs in the last 7 years, many of these children receive inadequate nutrition for proper human development, and some of them still live in actual hunger.

Children are the largest group among the American poor. They were 47 percent of the 24.5 million poor in 1972. A disproportionately large number of deprived children are from minority groups who bear the effects of economic and social discrimination. The recent double-digit inflation and the simultaneous rise of unemployment to 6 percent will escalate the number of poor and inflict hardship on many children, including children from former middle class families and especially the children of minority families. Welfare rolls will rise.

The condition of our health care system is deplorable. Some 40,000 infants in deprived families die each year who could readily be saved by maternal and infant health care of the quality available today to most families. Most States today tolerate huge inequalities in infant death rates in their boundaries.

National education achievement has risen markedly and this is essential because schooling is an absolute necessity for effective social and economic participation in today's world. Nevertheless, about one-fifth of all youth still drop out before finishing high school. And many who graduate are functionally illiterate by objective military entrance tests. As a result, based on data Office of Education technicians gave me in 1971, an estimated one-fourth of our young adults—approaching one million each year—leave the educational system unequipped with a 10th grade education, the level which experts adjudge is necessary to function effectively in our complex society.

Taken altogether, the mental and health deficits accrued by many of our children and youth are so substantial that a few years ago it was estimated that one-third of all young males could not meet regular military entrance standards. Military entrance standards have been relaxed to meet quotas of the new volunteer Army.

We have a national paradox of lofty ideals and low-level performance when it comes to children. This problem begins in our homes, but much of it carries over to our public policies in local school districts and counties, States, and Federal agencies.

The United States was founded on the principles of freedom and the worth and dignity of the individual. We subscribe readily to the philosophy that our country should assure opportunity for the fullest development of the potentialities of each and every child.

Notwithstanding our ideals, our actual priorities, private and public, refute our philosophy of equality and full opportunity for children and youth. Our social, economic, and political institutions fail to deliver the opportunities our children need and which our national leaders promise for them. Our failure as a nation in this respect is hurtful to our national strength and subtracts from the common welfare. Proper development of our children and youth is probably the only feasible way to prevent a substantial degree of poverty, delinquency, violence, and social and political breakdown. It is hard to visualize a category of public programs which is more important to the prevention of social and economic ills in our society.

Hundreds of thousands of our children are virtually condemned to failure on the day they are born because of the social and economic disadvantages of their parents and inadequate communities.

We are all concerned, for example, with rising crime rates—for which youths are very largely responsible. However, few of us are cognizant of the basic causes of crime. A recent study of the Colorado State Division of Youth Services analyzed 444 entrants committed to the State's Lookout Mountain School for Boys and the Mount View Girls School from July 1, 1972 to May 1, 1973. Over 90 percent of these "certified" delinquents had learning disabilities—such as inability to read, inability to think abstractly, and so forth. The average number of learning disabilities was 2.4 per youth. No wonder they failed in normal school pursuits and went into crime in the streets. The question left is: What did our society do to identify their basic problems and correct them before these youths became antisocial? Did we give them a fair start in life?

When children are allowed to be born handicapped or to become so, it costs the public dearly. Education for a handicapped child is two or three times as expensive as for a normal child—and the results are smaller. A crime career costs the society $500,000.

It seems clear that when the futures of children are blighted, the nation's security and welfare are impaired and its future is short-sighted. Our national priorities need to be reordered to give children a better chance in life. Somehow we must find a way to close the gap between the big promises and the meager performance. This is a problem which the Federal Government faces, but also one which afflicts States, cities and counties—and individual families, too.

THE GEORGIA POWER PROJECT: A STRATEGY FOR SOCIALISM—PART V

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. McDONALD of Georgia. Mr. Speaker, I am presenting today the fifth part of my report on the Georgia power project and its supporters who are attempting to use the energy crisis as an organizing tool to promote Marxist socialism in this country:

THE GEORGIA POWER PROJECT: A STRATEGY FOR SOCIALISM

THE NATIONAL LAWYERS GUILD (NIG)

A Staff Study in the House Committee on Internal Security hearings entitled "Revolutionary Activities Directed Toward the Administration of Penal or Correctional Systems," Part 3, p. 1301 (1973) on the NIG reads:

"The National Lawyers Guild was formed in 1936 with the assistance of the International Labor Defense (the American section of the International Class War Prisoners Aid Society), an agency of the Comintern. It is still affiliated with the International Association of Democratic Lawyers, an international communist front controlled by the Communist Party of the Soviet Union. In a 1950 report, the former House Committee on Un-American Activities characterized the National Lawyers Guild as 'the foremost legal bulwark of the Communist Party, its front organizations, and controlled unions.' The Subversive Activities Control Board found on April 20, 1953, that the Communist Party, USA is 'substantially directed, dominated, and controlled by the Soviet Union.'

"The executive secretaries of the NIG from 1940 to 1961 were all identified members of the Communist Party, as were the 1960–61 and 1970–71 national presidents. Although originally composed solely of lawyers, the NIG admitted law students as members in 1970 and 'legal workers' and 'jailhouse lawyers' in 1971. It claims about 3,500 members who are organized in six regions and in 18 city chapters and 20 or more law school and independent chapters. One of the largest chapters, with 600 members, is in the San Francisco Bay area.

"After the 1971 convention the NIG set up a Southeast Asia law project which military authorities accused of creating dissention and disloyalty among servicemen.

"The current political orientation of the NIG is exemplified by statements at its 1971 convention to the effect that we are a body of radicals and revolutionaries who propose to carry the struggle for social change into our lives and our professions; a statement by Attorney William Kunstler that 'I want to bring down the system through the system'; and a statement concerning the NIG members' role in the prison movement which was described as 'to relieve physical and political conditions with an eye toward the destruction of the capitalist prison system.' In the 1973 convention, the NIG took the position that 'the main component of the socialist revolution in the United States will be an organized revolutionary working class, including a neutralized revolutionary military * * *. We of the guild are attempting to support those organizing within the American working class since we believe it is only the workers who have the power to seize control of the means of production * * *.' "

The National Lawyers Guild Referral Directory, 1973, & Supplements contains the following listing under Georgia:

M–L Court Reporting and Paralegal Services, Inc., 956 Juniper St., N.E., Atlanta, Ga. 30309. (404/872–2930).

Barbara Aiken—legal worker, court reporter.

Ginny Boult—legal worker, court reporter.

Roger Friedman—legal worker, legal secretary, legal research, court reporter.

The NIG Referral Directory also lists among others:

Al Horn, 15 Peachtree St., N.E., Atlanta, Ga. 30303. 404/524–6878. Labor, criminal law, general.

Mary Joyce Johnson, 551 Forrest Road, N.E., Atlanta, Ga. 30312. 404/552–9135. General practice.

Doyle Neimann, 624 N. Highland Ave., N.E., Atlanta, Ga. 30312. 404/873–5851. Legal worker.

Guild Notes, the official national publication of the NLG, in January, 1974, listed Roger Friedman, 393 Fifth Street, NE, Atlanta, Ga. 30309. 404/876–0608 as a member of the National NLG Finance Committee.

Guild Notes, Feb. 1973, lists the NLG Atlanta Regional Office as 956 Juniper St., N.E., Atlanta, Ga. 30309. 404/872–2930.

The Great Speckled Bird, 7/9/73, listed among its staffers Doyle Niemann, Barbara Aiken, Ginny Boult, Stephanie Coffin, Steve Wise and Pam Beardsley.

It is noted that the estranged husband of Ginny Boult, Reber Boult, preceded Gene Guerrero as executive director of the Georgia chapter of the American Civil Liberties

Union. Reber Boult was one of the leaders of the NLG Southeast Asia law project which attempted to create dissension and disloyalty among U.S. servicemen.

The *Great Speckled Bird,* an Atlanta "underground" newspaper formed by former members of the Southern Student Organizing Committee (SSOC) and SDS, on January 23, 1975, contained an interview conducted by Steve Wise with Mary Joyce Johnson, 28, vice-president of the National Lawyers Guild and formerly a lawyer with the Atlanta Legal Aid Society who had just returned from a trip to North Vietnam.

It is noted that the Georgia Power Project position paper distributed during 1974, "The Fight Against the Georgia Power Company," stated that at the GPP's formation in 1972, the GPP "included in our ranks a Legal-Aid worker who had experience working on power cases before and who either knew much of the procedure or had access to those who did."

The *Bird* article stated:

"Mary Joyce Johnson * * * travelled in Vietnam under the auspices of the Vietnamese Lawyers Association (VLA) as part of a four-person delegation sent by the International Association of Democratic Lawyers (IADL), a progressive international organization to which both the NLG and the VLA belong. Others in the delegation were the General Secretary of the Algerian Bar Association, a professor of international law from the University of Belgium, and a professor of international law at the International Institute in the Soviet Union.

"The VLA had requested the IADL to send the delegation as part of a build-up to an IADL conference on the situation in Vietnam held in Paris, France, Jan. 18–19."

The February, 1975, issue of the *Southern Regional Guild Newsletter* published the NLG's account of various Georgia Power Project and *Great Speckled Bird* lawsuits against the Georgia Power Company.

NATIONAL CITIZENS COMMITTEE FOR BROADCASTING

The National Citizens Committee for Broadcasting (NCCB) has its offices as 1914 Sunderland Place, N.W., Washington, D.C. 20036 (202/466–8407). NCCB states it is a "public interest" organization. Its head is former Federal Communications Commissioner Nicholas Johnson.

In the context of the Citizens Energy Conference and the Georgia Power Project, the NCCB made a presentation at the conference detailing the methods by which local activist groups can obtain free time on radio or television to reply to broadcasts with which they disagree.

NCCB works closely with the Media Access Project (MAP) which also was actively present at the conference. In 1972, the Media Access Project filed a brief with the FCC seeking equal time for the Georgia Power Project, the Georgia chapter of the National Tenants Organization, the local affiliate of the National Welfare Rights Organization, and the Atlanta Labor Council, AFL–CIO to refute Georgia Power Company paid advertisements.

The MAP operates on a $110,000 budget from grants from the radical-supporting Djb, Eldridge and Playboy foundations, as well as the Rockefeller Family Fund. MAP's executive director, Tom Asher, an attorney, was one of the leading speakers in Atlanta at the Power Project's 1973 Conference on the Energy Crisis.

NEW AMERICAN MOVEMENT

Members of the New American Movement (NAM) have been involved in "energy-organizing" projects for the past two years in Georgia, North Carolina and Maryland. With a national headquarters at 2421 E. Franklin Avenue South, Minneapolis, MN 55406 (612/333–0970), NAM lists over 40 chapters and "prechapters," and claims more than one thousand members.

During 1974, NAM was joined by a large contingent of former Communist Party, U.S.A. (CPUSA) members led by Dorothy Healey, expelled in 1973. In conjunction with Arthur Kinoy's National Interim Committee for a Mass Party of the People, the New American Movement has been holding theoretical discussions with the Congress of Afrikan Peoples (CAP), led by LeRoi Jones. Jones and his group has recently abandoned advocacy of "black nationalism" for Maoist communism. The joint discussions are in preparation to forming a new Maoist communist party in the U.S.

In the prospectus of its East Bay Socialist School in California in September, 1974, NAM stated its principles as including:

"That the disintegration and oppressiveness of American society are rooted in the capitalist system;

"That a socialist revolution will be necessary to solve the problems of the U.S.; and

"That such a revolution will require a mass socialist movement which includes people from all sections of the working class."

In an internal document, NAM has stated its goal as the development of a movement "sufficiently broad to include people who are not positive they would be willing to pick up the gun for a revolution."

In its position papers distributed at the Citizens Energy Conference in 1974, NAM stated its position there was "related to he organization of a mass movement for domestic socialism in the U.S." NAM's literature stated:

"* * * Our aim is to establish working class control over the enormous productive capacity of American industry, to create a society that will provide material comfort and security for all people and in which the full and free development of every individual will be the basic goal. Such a society will strive for the decentralization of decision making, an end to bureaucratic rule, and the participation of all people in shaping their lives and the direction of society."

More specifically directed to the Citizens Energy Conference, the New American Movement sought "mass transit, not highways;" protection of the environment; public auditing of energy companies; support for miners striking the Duke Power Company in North Carolina through its subsidiary, Brookside Mine; "no military intervention in the Middle-East;" and a reduction in military spending. NAM stated, "We must not let the energy crisis serve as an excuse to start another Vietnam war. The military budget should be cut to finance mass transit and energy research."

Additional NAM policy statements included:

"Public ownership and democratic control of the energy industry. It is clear that the irrational and inhumane system of production for profit at the expense of human need must end. The ultimate solution to the energy crisis requires public ownership of energy, and control of both oil companies and local utilities by democratically elected boards of workers and consumers. This is not to advocate bureaucratic state ownership, but to begin to create the basis for a socialist democracy."

THE OCTOBER LEAGUE, MARXIST-LENINIST

The October League, Marxist-Leninist (OL) was formed in Los Angeles in 1972 by former Students for a Democratic Society leader Mike Klonsky as a "democratic-centralist" organization following the Maoist form of communism.

The OL stated its name was selected "because October has two important anniversaries—the Russian revolution in October 1917 and the founding of the People's Republic of China in October 1949."

Active across the country, the October League merged with the Maoist communist Atlanta group known as the Georgia Communist League, formed by former activists with the Southern Student Organizing Committee and the RYM II faction of SDS.

Revolutionary by definition, the October League has attempted to involve itself in Atlanta area labor disputes and in anti-police agitation.

Several members of the October League, such as James Douglas Skillman, and the veteran communist Nanny Leah Washburn, have actively supported the Georgia Power Project. In addition, the GPP is a member of the Stop the Coal Coalition in which the October League plays a major role.

The Stop the Coal Coalition, the Atlanta Labor Action Alliance and the Atlanta Anti-Repression Coalition, all of which have October Leaguers among their most active members, share a common phone number [404/525-2922].

Among the other groups active in the Stop the Coal Coalition are the African Liberation Support Committee, a Negro Maoist organization; the Black Labor Action Committee; and the Southern Conference Educational Fund, until 1973 a Communist Party, U.S.A. operation, but now run by a Maoist dominated coalition. Among SCEF's board members is Mary Joyce Johnson, vice-president of the National Lawyers Guild.

On February 1–2, 1975, SCEF, OL, ALSC, the Black Workers Congress, the Revolutionary Union and other Maoist organizations held a Stop the Coal conference in Atlanta to show "the connection between the struggles of workers and oppressed peoples in the U.S. and Southern Africa," to develop "concrete support for the liberation struggles in Southern Africa" and to relate "the coal imports to the current crisis of imperialism." The groups object to the import of low-sulfur coal by the Georgia Power Company's parent corporation, the Southern Company.

BROWARD COUNTY, FLA., NEEDS A NATIONAL CEMETERY

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BURKE of Florida. Mr. Speaker, Broward County, Fla., is the fastest growing county in the United States, and as the Representative from the 12th Congressional District which contains most of the county, I am aware that many of those moving to Broward are veterans who have retired.

The Veterans' Administration Study of the National Cemetery System issued on January 22, 1974, selected three basic alternatives for camparison. Alternative No. 1 is to continue the status quo by retaining the present system and number of cemeteries, and retaining the existing eligibility requirements for the burial allowance. Alternative No. 2 is cemetery expansion by providing one cemetery in each State, and retaining the existing eligibility requirements for the burial allowance. Alternative No. 3 is to set up regional cemeteries; contract burial for the needy, federally assisted State cemeteries; nonduplicative burial allowances; and columbaria construction. The Veterans' Administration is in favor of alterative No. 3. The region they are talking about is region IV which contains the States of North Carolina, South

Carolina, Kentucky, Tennessee, Mississippi, Alabama, Georgia, and Florida. Needless to say if the Veterans' Administration goes through with this plan there is little chance for another national cemetery in Florida, and an even slighter chance for one in Broward County.

Since March 1969 I have introduced legislation, and repeatedly urged that a national cemetery be located in Broward County. Florida is an attractive place for our citizens to retire. Many retired military, as well as veterans of either World War I or World War II have found their way to Florida to live out the remainder of their lives. The mild climate and the casual style of living eases the weight of time. For many veterans, the most important thing in their lives is their military service for our country. The memory of securing liberty and our democratic way of life for themselves and all other Americans is the most cherished memory of their lives.

Death is preeminently a family matter. Funeral and cemetery arrangements, and economic adjustments are a highly personal domain. Historically, Federal responsibility to veterans has been confined to those cases where the family could not cope with the costs of burial and the income loss of a breadwinner. As a nation we have shown our concern that some means be found to accord public honor and recognition to veteran dead—particularly to those who died in the military service of the country.

However, no one denies that our present national cemetery system is inadequate, but it is hard to persuade the Veterans' Administration to put cemeteries where veterans want them and not to pick out central locations and statistical sure things. The study of the national cemetery system showed that the most important factors in the use patterns of Federal cemeteries were: First, supply of graves; second, willingness to travel; and third, distance of cemeteries to residence. Of all the ground burials in the contiguous United States, 16 percent were in Federal cemeteries. Where residence at time of death was within 50 miles of a Federal cemetery, 28 percent were Federal burials. Where the residence was 50 to 100 miles from a Federal cemetery, 6 percent were buried in a Federal cemetery. And where residence was more than 100 miles from any Federal cemetery, 4 percent were Federal burials.

The only Federal cemetery in Florida is Barrancas National Cemetery in Warrington, Fla. This cemetery is approximately 650 miles northwest of Broward County. Most of Florida's population is in south Florida. Dade and Broward County are by far the most populous in the State, and as I stated previously, both are growing faster than most other counties in the Nation; Broward County is the fastest growing in our Nation. Many veterans who want to be buried in a national cemetery simply cannot do so because of the distance of the existing national cemetery from their homes.

I sincerely hope that the Veterans' Affairs Committee will look closely at the recommendations of the Veterans' Administration with regard to the location of new national cemeteries and consider the millions of veterans in south Florida who would benefit from a national cemetery in south Florida.

OUR ARMS TRADE INVOLVEMENT AND GROWING TIES WITH IRAN

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring the following topical articles to the attention of my colleagues.

Both columns were written by my constituent, Mr. Henry Huglin of Santa Barbara, Calif.

The articles follow:

OUR ARMS TRADE INVOLVEMENT

(By Henry Huglin)

Neo-isolationists and ivory-tower wishful thinkers are increasingly opposing our nation's trafficking in arms—except to the few regimes that pass their litmus test of approval.

In doing this, these people are ignoring the realities of the world—the greeds, enmities, and ego trips which motivate most of us humans and which, deplorably, are reflected in nations' armaments.

Critics claim that, by a cutoff of our "security assistance" arms deals, we could help avoid wars or threats of war. But this isn't necessarily so. The causes of tensions and wars are not armaments themselves but are nations' conflicting objectives.

Nations acquire arms for various reasons: for defense against perceived threats, as with both Israel and neighboring Arab countries; or for symbols of power and prestige, as with Iran currently and with many Latin American countries for decades; or for aggressive expansionism, as with Nazi Germany and North Vietnam.

In the Mideast, the newly-rich oil nations are on an arms buying spree. And we are supplying many of them—to achieve hoped-for stability in the area and enhanced influence for us, and to help balance our payments of their quadrupled oil prices.

And we have just lifted a ten-year moratorium on arms sales to Pakistan and India—when it became evident tha it was unfairly handicapping Pakistan and encouraging expanded links between Indian and Soviet Russia.

Also, old and new enmities, excessive nationalism, internal political instabilities, and leaders' egos all fuel the growing demand among many nations for new arms.

Politically, some of our arms trade results from our nation having to choose the least bad of the alternatives—when it is quite clear that many nations are going to acquire arms somewhere. If we don't supply them, we don't avoid their getting arms; they just turn to Soviet Russia, China, France, or Britain. And, in that process, we lose the opportunity to moderate their greed for arms, as well as their ambitions and actions—and, sometimes, to secure important base rights for us.

With arms go training missions, advisory groups, and a logistics pipeline which can be shut off. From such interdependent webs diplomatic influence derives. And it is through such influence that our country has exerted effective moderating pressure, dampened down enmities, and prevented wars or snuffed them out when they started—and, sometimes, thereby helped avoid a crisis confrontation with Soviet Russia.

Further, for us as a superpower, the arms trade is an unavoidable part of the grim game of power politics which we simply have to play and play well.

Even so, involvement through arms trafficking—though giving us important leverage—can complicate the deep dilemmas we sometimes face, as with the Greeks and Turks over Cyprus last year and now with the Ethiopians over Eritrea.

But it is simply an ostrich-like "cop-out" to believe that, by shunning such involvement, we will thereby escape the problems of the world. More likely, we would just be faced with the problems at a later, more critical stage, when we would then have less means of coping effectively with them without a grave crisis or war.

Of course, we don't want to be a party to the suppression by an authoritarian regime of true patriots struggling for liberty. But let us not transpose the image of our forefathers at Bunker Hill and Valley Forge onto the so-called "freedom fighters" many places in the world. Most of them are no liberty seekers. And their seizure of power, with arms generously supplied by the Soviets or Chinese, can lead to repression of the "liberated" people worse than that of the regime they want to overthrow—and to another nation opposed to our and our allies' interests.

A key to our playing our unavoidable arms trade role prudently and responsibly is for the President, after consultation with Congress, to decide each case on its merits—in terms of how best to advance our interests through promoting peaceful progress and political stability without repression, and avoiding arms races in any area. Also we need to seek agreements with the Soviets on mutual restraints on regional arms deals.

Further, our country has not been, and must not be, engaged in indiscriminate huckstering of arms simpy for profit. In the judgments to be made, vital geopolitical purposes and potential consequences have to be the determining factors.

So, we ought to disregard the demands—which are based on idealistic, impractical, or isolationist dreaming—of our getting out of the arms trade. To do so would not help solve mankind's problems, nor encourage the Soviets' restaint, nor avoid our eventual involvement. It would only increase the chances of situations worsening in the long run.

There is just no way out of arms trafficking for us for the foreseeable future. Copyright 1975 by Henry Huglin.

GROWING TIES WITH IRAN

(By Henry Huglin)

Early in March our government signed a five-year, $15 billion trade agreement with Iran. It was the largest such agreement ever signed between two countries.

This agreement reflected, according to Secretary of State Kissinger, the growing "interdependence" between our country and Iran.

Then, what is the significance of this growing interdependence with now another nation—and one about which most Americans know little and may care less?

Well, this development can be quite significant; it is based on vitally important factors of oil, money, and geopolitics.

Certainly, this growing relationship involves us more deeply in the Mideast and in its changes and challenges. Hence, isolationists will worry about such a further entanglement, and idealists about our dealing with another undemocratic regime.

But, the course we are embarked on with Iran is prudent, even though it has potential risks—as do many of the courses which our country, as a superpower, of necessity, must choose from among the feasible alternatives available to us.

Iran—which was long called Persia—is strategically located in the heart of the Mideast. She shares borders with Russia, Afganistan, Pakistan, Iraq, and Turkey. Her area is four times as large as California. Her 33 million people, though Moslem, are Aryan and not Arab; only one third of them can read and write.

Iran is rich in oil, having reserves exceeded only by Saudi Arabia, Kuwait, and Russia. She has the second largest annual income of the oil-exporting nations, $18 billion annually. And this year she is expected to have a $10 billion trade surplus.

Only 13 years ago, Iran was on the verge of bankruptcy. Now she is rolling in money from oil. And she was the leader in the quadrupling of the price of crude oil.

Iran is run by 55-year-old Shah Mohammad Reza Pahlavi. He is a constitutional ruler; but, in effect, he is an autocrat, although a relatively enlightened one.

To modernize the country, the Shah has instituted widespread political, economic, and social reform—a so-called "White Revolution." It is a combination of socialism and capitalism in which natural resources, such as oil, are nationalized, but industries are largely run by private enterprise.

This peaceful revolution is to include a massive development program for which, in just the next five years, $68 billion are to be invested—for industries, highways and port facilities, and health and education systems.

The Shah also seeks prestige for Iran comparable to that of the ancient Persian Empire. As a major step to that end, he is embarked on making Iran the most powerful country militarily in the Mideast.

Iran has spent about $6 billion on American-made armaments during the past two years. And one third, or $5 billion, of this new trade agreement is for arms.

Iran's rapidly growing military strength and ambitions are of major importance to our country, as a superpower; they are also of particular importance to the oil-importing nations. This is because from Iran's coast can be controlled the world's most important sea artery—the strategic passage of the Persian Gulf, Strait of Hormuz, and Gulf of Oman—through which daily move tankers carrying from Saudi Arabia, Kuwait, and Iran 20 million barrels of oil, or nearly half of the non-Communist world's consumption. How critically important it is that these waters not be controlled by any power unfriendly to our country, Western Europe, and Japan, which are so dependent on this flow of crude oil!

Already Iran is starting to play an active power politics role in her area. For example, she is helping Oman—whose coast is the other side of the Strait of Hormuz and the Gulf of Oman—combat the Marxist rebels trying to seize power.

So, a major purpose of our growing interdependence with Iran is to be able to influence her always to use her military strength to promote geopolitical stability—with peaceful progress—in the Mideast and southwest Asia, and to use her wealth in oil and capital to help promote sound trade and cope with the world's monetary problems.

Hence, it is important that our country pursue the growing ties and Iran's excellent friendly feelings toward us, which were expressed recently by the Shah: "You stood by us and helped us when we badly needed it. So, the only thing we can remember about the U.S. is friendship. And I think that not only we, but most of the Free World, could not get along without the U.S."

The great Persian philosopher-poet, Omar Khayyam, wrote 200 years ago: "The worldly hope men set their hearts upon turns ashes—or it prospers; and anon, like snow upon the desert's face, lighting a little hour or two—is gone." As a superpower, in a complex troubled world, we can but do our best to play our evolving leadership role as wisely and well as possible, lighting our hour or two. May the world hope we have set with Iran prosper and not turn to ashes or soon melt like desert snow!

DRINAN SUCCESSFUL IN FIGHT FOR MEDICAL FUNDS

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. HARRINGTON. Mr. Speaker, criticism is often aimed at certain Members of Congress, some from New England, for failure to pay adequate attention to issues of local concern, particularly those of an economic nature. An article, "Health Research in Boston to Get Boost From U.S. Funds," by David Nyhan appeared in the March 17 issue of the Boston Globe. The article explained that thanks to the efforts of Congressman Drinan, an order will shortly be forthcoming from the Department of Health, Education, and Welfare to start spending $351 million in health research funds that the administration had not intended to spend.

These funds are critically important at this time, not only because they will help save lives in the long run, but because of the economic decline now experienced in Massachusetts, and the jobs these funds represent, especially at Harvard, Tufts, Boston University, and other major medical facilities in Massachusetts. As explained in the article, Congressman Drinan was largely responsible for leading the fight to see that these funds are expended, and deserves the appreciation not only of his colleagues in Congress but of people in Massachusetts.

Because of the importance of this development, I would like to insert a copy of the article in the Record as this time, and express my appreciation for the recent action of the House.

The text follows:

Health Research in Boston To Get Boost From U.S. Funds

(By David Nyhan)

Washington.—Sometime today a message will be sent across town from Federal money managers to the Department of Health, Education and Welfare.

Stripped of bureaucratic jargon, the message will be an order to start spending $351 million in health research money that President Ford tried not to spend.

The green light, flashed most reluctantly by the White House's budget-controlling Office of Management and Budget (OMB), represents another of the nearly unbroken string of victories in the congressional battle to win back control of the Federal pursestrings from the White House.

For the most part, these are dull, backstage struggles. that cause commentators to yawn and leave constituents with the vague feeling that it's merely some kind of semantic battle between accountants.

But for hundreds of medical researchers and technicians in and around Boston, today's message is a meal ticket. They will not be laid off. For the patients who may ultimately benefit from the research pushed forward, the message will mean much more in the future. Dollars save lives. More to the point, millions of dollars in health research saves thousands upon thousands of lives.

Act I of the great impoundment battle between Congress and the presidency began when Richard Nixon decided he didn't want to spend all the money the Democratic-controlled Congress authorized. He acted in the name of economy.

Act II ended last year, when Congress passed the Impoundment Control Act. It set up legislative machinery whereby Congress could overrule a President, and in effect force him to spend money Congress wanted spent.

Act III is still under way. It involves a series of skirmishes between OMB and Congress, specifically U.S. Rep. Robert F. Drinan (D-Mass.).

Drinan began receiving complaints from Bay State medical researchers in January. He discovered that the National Institutes of Health, the major government source of medical research grants, was withholding money from the grant pipeline, which reaches into medical schools, hospitals and research laboratories all over the country.

The problem was particularly acute around Boston, which has three medical schools (Harvard, Tufts, Boston University) and major medical research outfits.

Today is an important day, because it represents the expiration of the 45-day deadline during which Congress had to decide whether to approve President Ford's rescission (deletion) of more than $1.2 billion in assorted cuts. Mr. Ford has argued that while health research programs are valuable, the strained Federal budget cannot support all of the research Congress wants.

Last Monday, the House voted 371–17 against the Administration's contention. But along the way, Drinan had discovered that the White House was playing outside the rules laid down last year. OMB, deciding to take advantage of what its lawyers felt was a loophole in the Impoundment Control Act, ordered the National Institute of Health not to spend any of the $351 million Mr. Ford was recommending for rescission. Drinan began complaining on the House floor.

OMB's acting chief legal counsel, William M. Nichols, spent 90 minutes in Drinan's office, thrashing out legalisms with the former Boston College law school dean.

The upshot was that Nichols wrote him later, admitting that OMB had erred. While Nichols held that it was still a difference of legal interpretation of the law that allowed OMB to withhold grants while Congress was debating impoundment of specific cuts, he acknowledged that OMB missed its legal deadline of Jan. 6 for apportioning the money.

"An unavoidable administrative overload which plagued the Executive branch in December and January," is the way he put it, saying the OMB experts were trying to crank out the President's budget during that period, and thus missed the deadline.

Drinan had charged on the House floor that Mr. Ford had come up with "a new version of how to play the game of impoundment." Nichols disputed this. But Drinan charged that the delays in spending the money, which Congress would force the White House to spend anyway, was snuffing out medical research teams all over the country.

He displayed letters from researchers around Boston; they complained that vital projects were floundering for lack of grant money, that medical teams assembled with great care over the years were being forced to disband as sponsors ran out of money for salaries.

"Loss of these funds at this facility," wrote one Boston researcher, "will mean the firing of several individuals and this outccme will be (the same) at most institutions. It makes no sense to appropriate billions to create makeshift jobs on one hand while driving others out of useful health-related research . . . on the other.

A blood coagulation expert from Massachusetts wrote that his work on hemophelia was threatened. Another Boston researcher asked, "Should the President put these trained technicians doing valuable biomedical work for the nation out of jobs, and then rehire them on some contrived welfare project?"

Still another asserted that "biomedical research in this country is in a state of limbo," and worried that "It will become increasingly difficult for the younger, developing scientist to survive and produce significant research."

These complaints, and similar ones reaching other Democratic congressmen, fueled the massive vote repudiating Mr. Ford's economy cutbacks.

But Drinan, who has made the complex impoundment field his biggest project since last year's impeachment struggle, realized that the wording in last year's Impoundment Control Act needed to be strengthened, to close the loophole that lawyer Nichols of OMB claimed was "ambiguous."

So Drinan filed legislation designed to close that loophole. His bill would require that spending on all impounded programs must continue at the appropriated (congressionally-approved) level until Congress has in fact approved a recission of funds requested by the President.

This would strip Mr. Ford of the 45-day delaying period exercised over the health money.

Drinan won powerful allies on the House floor during debate last week, Majority Leader Thomas P. O'Neill Jr. (D-Mass.) rose to co-sponsor the measure, saying: "These teams of scientists, these teams of research experts have been working together, and are waiting for funds. Holding them up for 45 days will result in the teams falling apart and then we will have difficulty getting them back."

In effect, O'Neill contended that disbanding the research teams by delaying funds would be like disbanding the Boston Celtics for six weeks during the middle of the season, then trying to reassemble the team in time win the pro basketball playoffs.

Another leadership spokesman, Whip John McFall (D-Calif.), and the new chairman of the Banking and Currency Committee, Henry Reuss (D-Wis.), became co-sponsors, materially enhancing chances for passage of the measure.

COMMEMORATIVE LEGISLATION

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mrs. SCHROEDER. Mr. Speaker, as chairman of the House Census Subcommittee which has jurisdiction over commemorative legislation, I am today introducing a bill which would, in effect, take Congress out of the business of designating special days, weeks, or months for national observances.

The main reason for seeking the elimination of part of my subcommittee's jurisdiction is because of my recently acquired awareness of just how much time is wasted—both by Members of Congress and their staff—on this type of legislation. Almost 500 commemorative bills were introduced in the 92d Congress; almost 600 in the 93d Congress, and, now, in the first 2 months of the 94th Congress well over 100 bills have already been introduced.

The paperwork produced by this output is enormous—over $100,000 was spent just to print up these bills during the 92d and 93d Congress. But it is more than just paper, and computer printouts, and bill status reports, and committee calendars, and legislative digests, and space in the Congressional Record, and tens of thousands of letters, and thousands of phone calls that are devoted to these bills—there is also the diversion of a considerable amount of staff time, as well as the personal attention of Members of Congress used up on these bills.

In a word it is "mind-boggling" that with the problems facing the people of the United States, we find the time to introduce, let alone consider and push for most of these bills. Do such bills as "July Belongs to Blueberries Month" or "Fiddle Week," or "Clown Week" or "D for Decency Week," really deserve serious congressional consideration?

And, in the meanwhile, for those few commemorative bills which do deserve consideration, it has now become almost impossible to process more than three or four of these during any Congress due to objection to the use of the Consent Calendar. Therefore, for all concerned, it is certainly time that we simply deal ourselves out of this game. Even if the legislation being introduced deserves congressional recognition, the fact is that the legislation cannot be processed.

The legislation which I am introducing today is designed to break this legislative logjam by giving the Office of Management and Budget the authority to make recommendations to the President based upon proposals which meet the following criteria:

First, only proposals concerning individuals, groups, and events of national appeal and significance shall be considered.

Second, the following types of proposals shall not be considered: any proposal concerning a commercial enterprise, specific product, or fraternal, political or sectarian organization; a particular city, town, county, school, or institution of higher learning; a living person.

Mr. Speaker, the full text of the legislation follows:

H.R. 5125

A bill to require the Director of the Office of Management and Budget to make recommendations to the President with respect to national observances, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) any person may submit a proposal to the Director of the Office of Management and Budget requesting that a particular period be established as a national observance.

(b) The Director of the Office of Management and Budget shall—

(1) review each proposal submitted pursuant to subsection (a) to determine, based on the criteria established by or under section 3, whether such proposal merits recommendation to the President as a national observance;

(2) from time to time, submit a listing of recommended proposals to the President and request that the President issue an appropriate proclamation designating the period requested in each such proposal as a national observance; and

(3) inform each person who submits a proposal pursuant to subsection (a) of the final disposition of such proposal.

Sec. 2. The Director of the Office of Management and Budget shall review all existing national observances which have been designated by the Congress or proclaimed by the President and submit a listing to both Houses of the Congress of the national observances which fail to meet criteria established by or under section 3, together with such recommendations for legislative or other action as the Director may consider appropriate.

Sec. 3. (a) In determining which of the proposals submitted pursuant to paragraph (1) of the first section of this Act shall be recommended to the President, the following criteria shall be used by the Director of the Office of Management and Budget as the basic standard of eligibility:

(1) Only proposals concerning individuals, groups, and events of national appeal and significance shall be considered.

(2) The following types of proposals shall not be considered:

(A) any proposal concerning a commercial enterprise, specific product, or fraternal, political, or sectarian organization;

(B) any proposal concerning a particular city, town, county, school, or institution of higher learning; and

(C) any proposal concerning a living person.

(b) The Director of the Office of Management and Budget may prescribe by regulation such additional criteria as are considered necessary to carry out the purposes of this Act.

Sec. 4. A listing of the recommended proposals submitted to the President under paragraph (2) of the first section of this Act shall be printed in the Congressional Record and in the Federal Register.

Sec. 5. The Director of the Office of Management and Budget may make such regulations as are considered necessary to carry out the purposes of this Act.

UNEMPLOYMENT HIGH AMONG BLACK YOUTH

HON. PAUL E. TSONGAS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. TSONGAS. Mr. Speaker, the Nation's economic plight is a concern to us all. While our sagging economy hurts all income groups, the hardest hit remain the Nation's poor. The following article by James Reston of the New York Times contains some valuable insights into one of the most serious aspects of our employment crisis:

[From the New York Times, Feb. 25, 1975]

Forty-one Percent of Young Blacks Jobless—Trouble Ahead

(By James Reston)

Chapel Hill, N.C.—In the càpital of the United States the economic slump is statistics and politics, but out here in the country, it's people: anxiety over jobs, lay-offs, deficits, bankruptcies, drop-outs and crime.

The federal government, which is seldom excessively pessimistic, tells us that we can expect abnormally high unemployment for at least three years, and to take just one of its startling figures, that 41.1 per cent of all black teenagers in the country—repeat 41.1 per cent—are now out of work.

Already, some of the labor union leaders, meeting in Miami Beach, are talking about bringing the unemployed workers "into the streets," which sounds like a formula for making things even worse than they are, but the social and political consequences, of a prolonged period of excessive unemployment in the black ghettos could be much more serious than the Ford administration has ever considered.

Total unemployment country-wide was 8.2 per cent in mid-January, but it is higher now, worse than the national average in industrial New England and in the south, much worse among the young in general and the black young in particular.

If anybody thinks this country can have over 40 per cent of its black teen-agers out of work for three years without serious trouble in the streets, I haven't met him. But while the Ford administration has published the figures, and talked about public service jobs, it has merely trifled with the problem.

The national statistics are deceptive. They give us general averages for the continent, but the unemployment is uneven, and social turmoil often comes out of concentrated urban pockets of despair.

Wherever you go in this country, you see wild disparities between rich and poor communities in every state, and often within a single town or city. There is a lot of money around in the big cities—fantastic prices being paid at the top of the economic scale—but serious problems among the average folk at the beginning and at the end of married life.

The situation here in North Carolina illustrates the crankiness of things, the element of accident, as Jack Kennedy once said, the "unfairness of life." This state is following accurately enough the national economic pattern: over 8 per cent unemployed but spotty.

In government towns, like Raleigh, and university towns like Durham and Chapel Hill, it is below the national unemployment average, but in the mill towns and furniture towns, it is, as they say here, "hurting bad."

The university in Chapel Hill reports few drop-outs so far, white or black, but the preregistration for the spring semester, particularly from the poorer parts of the state and in the Appalachian branch units, is down, and the pressure from the state legislature to cut the university system budget is severe.

The southeast of the country in general, which was booming before the slump, is now falling below the national average in construction, and all the industries that go with it: textiles, furniture, etc. And this is particularly hard on the one-industry towns in the Carolina piedmont.

All this makes the problem of policy for the President and the Congress extremely difficult. For an energy problem that fits one area of the country doesn't fit the problems of totally different areas, and a policy that deals with 8 per cent or even 10 per cent unemployment in general, does not deal with 41 per cent black teen-age unemployment, mainly in the guts of the big cities.

President Ford has paid his respects to all these problems. He has suggested public service jobs, in a limited way, and tax rebates, and other aids to the poor, but he has not really dealt with his own most disturbing statistic, that 41 and soon 50 per cent of the young blacks will be out of work, and that their hope of getting jobs for three years is pretty dim.

Somehow, in the planning of the next year and the authorization and appropriation of money, this problem of young black urban unemployment is going to have to get a higher priority than it now has.

The President has all kinds of models before him: the Civilian Conservation Corps of the old New Deal days, the Comprehensive Employment and Training Act of 1973, and dozens of other experimental programs, old and new, good and bad. But at some point he has to put his money behind a program that will deal with a roving unemployed black teen-age population—almost half the young blacks in the nation.

The President has recognized it, and fiddled with it, but he has not really grappled with it or funded it. And if his figures are right—and over 40 per cent of the young blacks are going to be out of work for the next three years—this could be more of a violent energy problem than he now has in the Middle East.

THE 10TH ANNIVERSARY OF COMMUNITY COLLEGE OF PHILADELPHIA

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. EILBERG. Mr. Speaker, on April 1, the Community College of Philadelphia will mark its 10th year of operation. This institution has become one of the finest community colleges in the Nation and it has served the needs of the people of Philadelphia exceedingly well.

At this time I enter into the RECORD a letter sent to me by the president of the college, Allen T. Bonnell, which notes the schools accomplishments:

COMMUNITY COLLEGE OF PHILADELPHIA,
Philadelphia, Pa., March 14, 1975.

HON. JOSHUA EILBERG,
House of Representatives,
Washington, D.C.

DEAR REPRESENTATIVE EILBERG: On April 1, 1975, Community College of Philadelphia will begin a ten-day observance of the tenth anniversary of its official opening. On April 1, 1965 the College consisted of a Board of Trustees, a newly appointed President, and open floor space in the vacant Snellenberg Department Store. Five months later, the store had been renovated for educational purposes and the College was fully operational with an enrollment of 1,200 full-time and part-time students.

Today, the College serves over 10,000 students in facilities in the former department store, in the old U.S. Mint Building, and in several adjunct sites in the City. The first permanent campus is taking shape at and adjacent to the Old Mint Building at 16th and Spring Garden Streets. More than 40,000 Philadelphians have completed one or more courses at the College and its graduates each year number nearly 1,000. It is fifth in size among the institutions of higher education serving Greater Philadelphia.

From the outset, the mission of the College has been to help people to become all they are capable of being. Its doors have been open to Philadelphians of all creeds, colors, ages, and backgrounds. It has encouraged the needy and reinforced the poorly prepared. It has reached out into the community to identify local needs and to serve them. It is in and of the community, a true Community College.

Preparing its graduates for employment in the businesses, industries, and professions of its own area as well as for transfer to other educational institutions throughout the country, the College has, in its short history, established its place as a unique educational force in Philadelphia.

With kindest regards.

Cordially,

ALLEN T. BONNELL, *President.*

THE QUEST FOR CORPORATE SOCIAL RESPONSIBILITY

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. RANGEL. Mr. Speaker, the question of corporate social responsibility is exceptionally relevant during this time of economic recession. As American corporations have grown to multinational giants, the American public has demanded that they play an increasing role in solving our social problems.

In his article "The Quest for Corporate Responsibility: Altruism, Necessity or Opportunity?", Harold Sims, director of corporate affairs for Johnson & Johnson, explores many of the problems and implications that this question involves.

I would like to share with my colleagues this thought provoking piece which I feel will greatly add to our knowledge of this very important topic:

THE QUEST FOR CORPORATE SOCIAL RESPONSIBILITY: ALTRUISM, NECESSITY OR OPPORTUNITY?

(By Harold R. Sims, director, corporate affairs, Johnson & Johnson)

"Profit takes on a new meaning for enlightened businessmen who know that unless today's profits are in part used for important social ends, there may be no profits tomorrow." Whitney M. Young, Jr., from Beyond Racism, 1969.

Nowadays, it seems that everyone is talking about corporate social responsibility. From every spectrum of the American ideological span, from Milton Friedman to Michael Harrington, debates and discussions ensue about the proper or improper role business must increasingly play or not play in using its resources to become more directly involved in the nations' new campaign to improve the quality of life.

In many ways, this is a curious and unbalanced debate. On the more visible side, the American corporation is often portrayed as a greedy, insensitive power broker which only reacts to short-term profits, government decree or consumer threat. Yet, on the less visible side, many of the principal architects of these negative or cynical portrayals have been empowered to effectively challenge the corporations from the very resources and technology which the corporations generate.

This latter point—the funding or enabling by American business of the institutions which have been among its most effective critics—may be among its greatest contributions to the free enterprise system to date.

In some ways, this unbalanced debate is part of the overall disenchantment with established institutions of any kind within the public cynicism and distrust of our times.

In other ways, these portrayals may also suggest that in view of the failure of other major, non-profit and tax-supported American institutions to stabilize or reverse our national drift towards social mismanagement and human resource abuse, the American public has turned to the business corporation to demand that it play an increased role in solving the human and social problems that are currently undermining America's present and future and the very survival of its marketplace. This conclusion was best articulated by the eminent humanist and social thinker, Dr. Kenneth Clark, when he concluded that: "Business and industry are our last hope. They are the most realistic elements in our society."

Whatever the rationale, there is widespread recognition today that business corporations must take a more active role and an increased involvement in more directly pursuing and meeting the social, consumer and citizenship challenges of these times.

To aid in this contemporary quest for the "why to" and the "how to" of greater corporate social response, this article will examine this emerging challenge from these overlooked or new prespectives: (1) The historical role of business corporations as fundamental social institutions; and (2) the unique role of the Black American experience as a key barometer to social change and opportunity.

HISTORIC ROOTS AND SOCIAL FRUITS

"Commerce is generally understood to be the basis on which the power of this country hath been raised, and on which it must ever stand"—Benjamin Franklin.

In the quest for corporate social responsibility, one of the greatest barriers is a limited understanding of the primary and historic roles the business corporation has played in the evolution of Western society and the non-Western world. This limited understanding has led to a great deal of ethnic and human amnesia, propaganda and guilt about how the United States was made and the role economics played in it.

Without clarifying that evolutionary framework, it will be almost impossible for corporations to move beyond reaction to affirmatively and aggressively learn how to better relate social responsibility to its bottom line.

Carefully and creatively reexamined then, this excluded history reminds us that:

America is fundamentally an economic system.

It was an economic system long before it was a political or a democratic system.

In the 470 odd years since that system was planted in North America, economic considerations have tended to dominate all or most other concerns, whether spiritual, political or ideological.

The earliest and most enduring instrument of this European-launched economic system was the foreign-owned, European-based trading company—the forerunner to today's multinational, multi-geographic corporation.

This trading company or foreign-controlled, state-owned corporation, born in the post-Marco Polo age, became the greatest and most effective weapon of conquest (called colonialism), as well as economic development, in the history of humankind. By dividing and pacifying people on the basis of relative need, supply, demand and exchange, it separated relative from relative, nation from nation, tribe from tribe—rearranging civilizations on the basis of markets and resources rather than custom and tradition.

Slavery then existed in America for economic necessity or cause, not for racial or moral reasons, and when it became uneconomical it died—notwithstanding the instrument of war.

Segregation existed in America for economic not political reasons, and when it became uneconomical it died—notwithstanding the instruments of organization, philanthropy, protest and Black Messiahs.

Today, those same economic forces which permitted and encouraged a nation founded on principles to undermine its very inception with evil and misdeeds now demands that, to survive, it must *include all* Americans, as ruthlessly as it *excluded some* Americans. It must *pursue humanity* for all, as relentlessly as it *tolerated inhumanity* to many.

Commerce or business is the very heart of the American system. Not only was it a principal cause of the nation's revolution and the foundation of the Republic, but the individuals who wrote and shaped its Constitution and institutions were all essentially businessmen.

The real enduring strength in America's private enterprise system lies not in its mythological exhortations about so-called self-made men but in what Paul N. Ylvisaker calls "creative aristocracy." That is, business' ability to accommodate, include and utilize enormous diversity based on talent and performance rather than heredity, race, sex and class, at the right places, at the right time.

For example, throughout its early history American business was an exclusive club, run by owner/managers and frequently dominated by men from Great Britain and other points in Western and Central Europe. The alienated and restless minorities which violently and noisily confronted that system in the "isms" and "movements" of the time were basically the late arrivals with the funny names and wrong religions from the wrong parts of Europe—East and South.

Ever since 20th century American business "cut in" these excluded Europeans to avoid being "cut out," it has become richer, more powerful and more influential than ever envisioned. But significantly and tragically, American business erected these new manager/professionals as barriers between the long-time excluded Americans (primarily women and non-Whites) and the heirs of these original owner/managers—thereby allowing their heirs to move in a single generation from liberal advocates to conservative resisters.

Despite the amnesia being practiced against the female and non-White consumer citizen by the "new immigrant"—himself just one generation removed from the urban ghetto, one step from the boat dock, and one home mortgage from poverty—inclusiveness has still proven to be the one unchanging and effective fact in the continuing evolution of America's stability, wealth and growth. In fact, there has never been a single instance when expanding or "cutting" people into a critical U.S. system has not made the system richer, wiser and more productive for all included in it.

We must conclude, therefore, that the most historically sound, socially significant thing that corporations must and can do now is to include all of its currently excluded consumer citizens (especially women and those of African, Asian, Native American and Latin descent) into the total reward and responsibility system of the business corporations which their dollars and needs support—and to do so without delay.

BLACK BAROMETER—SOCIAL CHANGE

"If American history means anything, it proves that great ability may appear among the sons and daughters of unsuccessful or very ordinary parents. Any system that promises well for our future must guarantee these young people the opportunity they deserve"—Robert Wood Johnson, 1947.

The key catalyst in triggering this current movement by business toward economic inclusiveness today is Black America. As a direct result of the urban-racial disturbances of the 1960s, most American corporations entered the quest for social responsibility late and, even then, through reaction rather than desire. Responding to the findings of the Kerner Commission Report, the password was "jobs"—jobs for the Black unemployed, under-employed and outraged.

In this climate, social responsibility came to mean in the minds of many such things as "exceptions for Blacks," "riot prevention," "ghetto handouts," "women's lib," etc., rather than an increased willingness on the part of business to confront and participate in the solution of certain cost-related social problems. No pragmatic attempts were made to seriously seek the relationship of this new movement to the changing consumer market climate, taxes, capital investment, talent shortages and other known business opportunities and threats.

Business managers were asked to hire Black workers for racial reasons rather than for business reasons. The Federal government reinforced this request with threats of economic sanctions and court cases. Alien communications techniques and internal structures were created within large corporations to effect social responsibility efforts on the periphery rather than in the mainstream of corporate power. These forces led many businesses to regard social responsibility as pie-in-the-sky altruism and forced government intervention. This led to defensiveness and resistance by some businesses, which generated increased public pressure and new government regulations.

Black America, too, saw the corporate social responsibility movement through limited and reactionary eyes. Yielding to the pain and glory of the 1960s, they began to view it as tokenism, deception and other insincere efforts, won by fear rather than commitment to the liberation of human talent. Civil rights were glorified and economic rights were underplayed. Black achievers in politics were publicized and highlighted out of proportion to their actual accomplishments; while Black achievers in business were largely ignored or viewed as powerless, selfish compromisers out of proportion to their real value, emerging role and critical necessity. The inseparable relationship between the survival of Black political power and the acquiring of Black economic power was largely ignored or unattended.

Despite these conditions, Black America's efforts and sensitivities once again predicted the course of action and goals for all other excluded minorities and women in the 1970s. As it was during the Civil War and its Reconstruction, the peculiar and complete interweaving and interaction of the Black American within the total institutional framework of the American society still makes them the most accurate and sure predictor of the nation's social future.

For example, the origins of the American labor union, the Susan B. Anthony movement, the "New Deal" programs, the full employment struggle, the Equal Opportunity movement, the War on Poverty, the humanization of the Army, etc., were all conceptualized, demanded and often initiated in the Black community, long before political parties or majority representatives even conceived of or supported the idea or the deed. Even the artistic fashion and social lifestyle of America is often seen and lived in Harlem before it ever reaches Broadway. Gunnar Myrdal made this point in *An American Dilemma*, when he argued that Black America's impact on White America is as great as White America's control of Black America.

To paraphrase Mayor Kenneth Gibson, "Wherever America is going, Black America will get there first."

Viewed in these terms, it is critical for business to understand that you cannot uplift Black America without uplifting all America. Particularly vital here is the role of the Black woman as the link between the struggles for racial equity and sex equality. *Strategies which propose to neglect Blacks for other minorities or women beg for delayed disaster rather than shared progress.*

Black America, on the other hand, must come to grips with the importance, resources and vulnerability of the American business community to the changing economic climate at home and around the world. Continued rhetoric or strategies which treat corporations and minorities in it as persons to be used rather than co-equally supported may lead once again to the loss of hard-fought rights, due to the failure to seize and retain the power to influence those free enterprise, life-supporting systems which fundamentally shape America.

Both Black Americans and corporations must understand that their collective unity ensures the advancement of all excluded classes and the maximization of talent utilization and market expansion. Economics, like the world, is round.

VISION TO TRANSFORM THE MARKET PLACE

America then is fundamentally a business or economic society, whose economic institutions lay the foundation for freedom as we perceive it; whose roots are in its very constitutional framework of existence.

Economic development, as a vision, means that the world expects now and will demand tomorrow that business also do its work for the good of the society or the marketplace which sustains it, while continuing to make a competitive profit. Economic nationalism has moved multinationally and transnationally in pursuit of an economic result, which improves the quality of life and the percentages for survival.

The expressions and expectations of this new vision have transformed the marketplace.

In such a climate, reducing the uncontrollable circumstances or the environmental risks of doing business becomes as important to marketing as increasing sales. For example, profit yields to market uncertainty which sets lower limits on investment return. In fact, marketing pioneer Naylor Fitzhugh of Pepsi Cola argues that the formula for profit today and tomorrow must subtract risk cost after all other cost has been made to realistically determine real earnings or real profits and actual value.

One can easily speculate, for example, on how favorable the American marketplace could be in terms of tax-load, environmental health, consumer purchasing power, balance of payments, productivity, skill availability, safety, security and general peace of mind, if we in business had viewed Whitney Young's call for a domestic Marshall Plan as our first order of business in the 1960s and in our vested and urgent interest.

We can therefore summarize our examination of the quest for corporate social responsibility with these conclusions:

Corporations and business are historically the foundation of our economic system and, fundamentally, social institutions with tremendous impact upon the fabric and lifestyle of modern society. As such, they incur major responsibilities which in turn present major opportunities for market growth and survival through innovative social investment.

Corporations must understand that black Americans are the key barometers to social change and economic progress in America as well as in developing countries abroad. They are the way to reducing the risk climate and improving the environment for better and more secure business performance.

Black Americans must learn to *independently* assess and better appreciate the business corporation so that the creative resources of business, minority and female America can move from confrontation to conciliation to mutual rewards through cooperation. The struggle for social justice and respect in America has shifted to the corporate inside. Whitney Young has been multiplied manyfold.

Black women have a critical role in this emerging coalition for change. They must negotiate the dangerous barriers between racial aspiration and female self-assertion.

Corporate social responsibility then is an idea whose time has come. It affirms that business must learn to manage change or it will be controlled by change. It recognizes that in today's marketplace, social responsibility has joined the marketing team in its quest to help business survive and prosper.

However, to survive and profit from these new challenges to the American economic system in a free world marketplace, both business and its society—especially its Third World, female and youth components—must demonstrate, through a new code of action-oriented results, that:

The price of peaceful progress is to make progress in peaceful times.

The price of profit today is reinvestment in tomorrow.

The price of keeping power is sharing power.

The price of independence is interdependence.

RIGHT TO OWN FIREARMS FACES SERIOUS CHALLENGE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ASHBROOK. Mr. Speaker, a story in the Christian Science Monitor has posed the question: "Is 1975 to be the year of decisive gun control in the U.S.?" There is strong justification for asking this question. Every indication is that 1975 will be a critical year for those who support the right to own and use firearms.

Gun control lobbies are springing up across the Nation. At least eight statehouses already have such lobbies. This is twice as many as in 1973. In addition, two national lobbies are operating in Washington, D.C., one promoting strict gun registration and the other a complete handgun ban. Another group is recruiting church, civic, educational and other organizations into a type of "gun control Common Cause."

Gun control advocates have strong support in the Democrat-dominated Congress. Registration of firearms is expected to be given high priority by the Judiciary Committee on which I serve. The Judiciary Subcommittee on Crime, chaired by gun control enthusiast John Conyers of Michigan, already has begun hearings on firearms legislation.

I think my position on gun control legislation is well known. I am absolutely opposed to the confiscation or registration of firearms. There are legitimate uses and legitimate users of firearms. I will continue to resist any effort to unduly hinder these legitimate uses in attempting to get at the abuses.

The misuse of firearms certainly is a proper object of legislation. Such legislation, however, should be aimed at the criminal—not the gun. Congress should focus its attention on the lawbreaker rather than the law-abiding citizen.

In the past, I have introduced legislation directed at the criminal use of firearms. These bills provided mandatory sentences without probation or suspension for criminal convictions where the accused was armed with a firearm. Increasing the penalties for misuse of guns is the type of legislation that is needed, not registration or confiscation.

Those who advocate gun control, however, would treat the hunter and the sportsman as potential felons. I cannot understand this reasoning. Responsible citizens certainly have the right to own and use firearms for purposes of defense, marksmanship, training and sport. The second amendment of our Constitution clearly guarantees Americans the right to bear arms. We must never sacrific this basic right.

It is naive to think that legislation to register or otherwise make it difficult to acquire firearms for legitimate purposes would in any way impede the unlawful conduct of the criminal or prevent him from securing a gun. This position has been backed by the California Peace Officers Association. In 1969, the Association stated:

> We have been unable to discover any evidence which would indicate that there is any direct relationship between the registration of firearms or the licensing of gun owners and the reduction in crime committed by the use of firearms.

This should not be too surprising. The firearms used in crime are usually stolen or obtained from illegal sources. You can be sure that criminals are not going to rush to the local police department to register their guns. Congress can make it more difficult for reputable citizens to get firearms but this will help very little in fighting crime.

Charles Lee Howard, who has been serving time in the Ohio State Penitentiary, might well be called an expert on this subject. Mr. Howard has written:

> It's baffling that the people who want to prevent criminals like me from getting hold of guns expect to accomplish this by passing new laws. Do they forget that the criminal makes a business of breaking laws? No criminal would obey a gun law while committing a crime of equal or greater seriousness.

The lesson of Charles Lee Howard should be clear to everyone. Any person that is willing to risk the penalties for murder, burglary or assault is not going to worry about the penalty for possessing an unauthorized weapon.

It is essential for Congress to maintain the distinction between the firearm and the user. The gun enthusiast, the sportsman, or the person who wants a gun for his self-defense must never be placed in the same class as the criminal.

WASTED SCIENCE DATA

HON. GARY A. MYERS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. MYERS of Pennsylvania. Mr. Speaker, the Pittsburgh Press, one of the Nation's leading newspapers, recently published a guest editorial by the able chairman of the Committee on Science and Technology, on which I have the honor to serve. The editorial by my colleague, the distinguished Member from the State of Texas, Chairman Olin E. Teague, is a reminder to us all and worthy of our collective attention.

The article follows:

WASTED SCIENCE DATA

Guest editorial by U.S. Rep. Olin E. Teague of Texas, chairman of the House Science and Astronautics Committee:

"Abundant evidence has shown that information management today is resulting in wasteful neglect of available knowledge and the funding of needless research to repeat findings already in the literature. This waste is no longer tolerable.

"Some students of the future predict that national strength in the next century will be determined by the skill with which the nations of the world management their information resources.

"This is not hard to believe. We were fortunate, for example, in World War II that the scientific information was so bady neglected in Germany that its considerable advantage in early atomic science never won credence in the upper reaches of the Nazi government.

"Sometimes we in Congress, in our efforts to promote efficiency and economy, have tended to constrain the dissemination of scientific and technological information by government agencies. But this is a clear example of penny wise, pound foolish.

"When we pay millions for a piece of research, we should be willing to pay a sufficient fraction of that amount to insure that the fruits of the investment are fully utilized."

ON ST. PATRICK'S DAY EVERYONE IS IRISH

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BIAGGI. Mr. Speaker, on March 17 of each year, we pay tribute to the Irish. It is incredible when you stop and think how small the Emerald Isle is, yet how pervasive its influence has been on this country alone. On St. Patrick's Day, everyone is Irish.

This phenomena did not evolve accidentally. Two things precipitated it—the indefatigable spirit associated with the Irish and their multifarious accomplishments. There are numerous tales that relate the notion of what it is to be Irish. Few portray that spirit as dramatically as the tale of the "Nine Famous Irishmen"—forced from their native land to escape oppression but full of Irish spirit, a spirit vibrant enough to enkindle in the lands to which they were driven.

Captured, tried and convicted of treason in the Irish disorders of 1848, and sentenced to death, the nine were: John Mitchell, Morris Lyene, Pat Donahue, Thomas McGee, Charles Duffy, Thomas Meagher, Richard O'Gorman, Terrence McManus, and Michael Ireland.

Before passing sentence, the judge asked if there was anything that anyone wished to say. Meagher, speaking for all said:

> My lord, this is our first offense but not our last. If you will be easy with us this once, we promise, on our word as gentlemen, to try to do better next time. And next time—sure—we won't be fools enough to get caught.

Thereupon, the indignant judge sentenced them all to be hanged by the neck until dead and drawn and quartered. Passionate protest from all the world forced Queen Victoria to commute the sentence to transportation for life to far away Australia.

In 1874, word reached the astounded Queen Victoria that the Sir Charles Duffy who had just been elected Prime Minister of Australia was the same Charles Duffy who had been transported 25 years before. On th Queen's demand, the records of the rest of the transported men were revealed and this is what was uncovered: Thomas Francis Meacher—the same Thomas Meagher—Governor of Montana; Terrence McManus, brigadier general, U.S. Army; Patrick Donahue, brigadier general, U.S. Army; Richard O'Gorman, Governor General of Newfoundland; Morris Lyene, Attorney General of Australia, in which office Michael Ireland succeeded him; Thomas D'Arcy McGee, Member of Parliament, Montreal, Minister of Agriculture and President of Council, Dominion of Canada; John Mitchell, prominent New York politician. This man was the father of John Purroy Mitchell, mayor of New York at the outbreak of World War I.

There are others too, countless Irishmen, who perhaps do not share the same ignominious start of the "Nine," yet who equal or surpass their achievements. Names of great Irish Americans, come quickly to mind: John Paul Jones, the founder of the American Navy; Robert Fulton, who made steam navigation a reality; James Butler, organizer of the first chain grocery store; George M. Cohan, who sang his way to greatness; F. Scott Fitzgerald and Eugene O'Neill, great novelist and playwright respectively; Colin Kelly, who drove his aircraft into the smokestack of a Japanese battleship in World War II; John F. Kennedy, war hero and President of the United States, and so many other heroes, Presidents, mayors, stage and screen personalities, business leaders, inventors writers and artists of fame and renown.

The Irish have held a special place in the hearts of Americans, and in reflecting upon just this little bit of history it is easy to see why. On St. Patrick's Day, at least those of us who are not of Irish descent can share for a day that noble heritage by being Irish too.

TAX CUT DOES NOT PROVIDE RELIEF FOR ALL

HON. ROBERT W. DANIEL, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ROBERT W. DANIEL, JR. Mr. Speaker, 2 weeks ago the House of Representatives passed the Tax Reduction Act of 1975. I found that I could not vote for it on final passage. It was a difficult decision to make, but I do not believe this bill provides genuine tax relief for all working Americans.

Almost one-half of the taxpayers who earn between $10,000 and $20,000 will receive no tax reduction at all. This bill will give, however, a cash payment to individuals who paid no taxes. This, in my judgment, is not the kind of legislation we need. The Congress has taken a good idea, a tax cut for Americans who work and pay taxes, and twisted it into another Federal give-away.

I did vote for a substitute tax reduction bill which would have provided a one-time $12 billion rebate of 1974 income taxes with an increased maximum rebate of $430 for individual, middle-income taxpayers. The rebate would have been aimed principally at middle-income taxpayers.

I have long supported cuts in Federal income taxes. The need for an individual tax cut would be clear even if Americans were not suffering the ravages of inflation and recession. In 1973, according to Commerce Department data, Americans paid more in State, local, and Federal taxes than they did for food, clothing, and housing.

LESSONS IN GOVERNMENT

HON. DONALD D. CLANCY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. CLANCY. Mr. Speaker, the gentleman from the First District of Ohio (Mr. GRADISON) and I have great pleasure in presenting members of the Fourth Annual Congressional Scholarship Program of Cincinnati, Ohio.

These 66 high school students, mostly seniors, are spending this week in the Nation's Capitol, attending meetings and seminars arranged by Congressman GRADISON and myself. In Cincinnati, the fourth annual program was organized and coordinated by the Greater Cincinnati Chamber of Commerce.

During this week, these scholars—who were selected for their interest in good citizenship and government—will meet with selected numbers of our colleagues, Members of the U.S. Senate, a U.S. Supreme Court Justice, newspapermen, members of the executive branch and lobbyists. They will tour the Capitol, the White House, Australian Embassy, Smithsonian, Archives, National Gallery of Art, Arlington Cemetery and Mount Vernon.

In sum, they will gain a better understanding of our Government through personal contact with some of its members and some of the historical places out of which it has evolved. This surely will assist them in assuming their responsibilities as adult citizens.

The schools and their student representatives in the Congressional Scholarship Program this year are: Aiken High School, Lesa Gail Profitt, Douglas R. Vice; Colerain High School, Todd Portune, Tara Gosser; Diamond Oaks High, Renee Rolinger.

Elder High School, James Kiffmeyer, Joseph Healey; Finneytown High, Thomas Stevens; Greenhills High, Thomas K. Nottingham; William H. Harrison High, Pete Nolan; Hughes High, Michale Wright, Kandace Krugger; LaSalle High, Mark Krueger; McAuley High, Karen Wesdorp.

Mother of Mercy High, Therese Murdock; Mount Healthy High, Kathi Henshaw, Barbara Meridieth; North College Hill High, Gary Brush; Northwest High, Patricia Ann O'Hern; Oak Hills High, Janice Church, Dirk Williams; Our Lady of Angels High, Karen Shulte; St. Xavier High, Roger A. Silbersack.

Seton High, Karen Kraft; Taft High, George Lee; Taylor High, Thomas P.

Corry; Western Hills High, Maryann Jacobs, Elizabeth Binhammer; Wyoming High School, Mark Fuller.

Anderson High, John Hayden, Terri Heekin, Bill Nester, Lori Haas; Deer Park High, Vernon Stulz; Forest Park High, Terry Abaray, David B. Jones; Indian Hill, Sally A. Moore; Live Oaks Joint Vocational, Christopher McVicker; Loveland Hurst High, Mike Schmees; Lockland High, Patricia Waldman.

McNicholas High, John Linneman; Madeira High, Scott Brown, Paul Lawrence; Marian High, Kathy Mackzum; Mariemont High, John Srofe; Moeller High, James A. Donnellon; Mount Notre Dame High, Lynn E. Rohr; Norwood High, Joan Tepe; Princeton High Cynthia A. Renz, Nancy Hiller.

Purcell High, Mark Rielly; Reading High, Mark Schulte; Regina High, Teresa Hehemann; Roger Bacon High, Dennis Krause; St. Bernard High, Mike Webb; Scarlet Oaks Career Development Center, Nancy Ann Steele; St. Ursula Academy, Pam Benken; Seven Hills High, Mary Helmsworth.

Summit Country Day, Karen Horan; Sycamore High, Bryan Fort; Walnut Hills High, Marsha Lindsey, Ken Brown; Withrow High, Ed Eakin, Jenny Oester; Woodward High, Michael Rosenfarb, and Mark A. Muldrow.

PENSION FOR WORLD WAR I VETERANS

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. BURKE of Florida. Mr. Speaker, almost 57 years have passed since the end of the First World War. Of the 4,744,000 U.S. participants it is estimated that only a million are still living. Even so the average age of surviving World War I veterans is more than 80 years.

I have previously introduced two separate bills urging that these veterans be given a pension. One of my previous bills would have established a new general service pension for World War I veterans. The other previous bill would have amended the existing Veterans' Administration program which has long been in force for Spanish-American War veterans and their survivors. Frankly, I would be happy with passage of either bill. The result would be the same—a pension would be given to World War I veterans. However, I personally favor setting up a new program for World War I veterans. They are a unique part of our past and they deserve unique treatment. The program for the Spanish-American War veterans will probably fit them about the same way the styles of 1917 would fit 1975 people. That is they would be serviceable but highly uncomfortable.

The Committee on Veterans' Affairs has traditionally had reservations about an unrestricted pension for World War I veterans and their dependents, and has resisted strong support from many Members of Congress for such a program. Veterans of every war prior to World War I have been awarded an unrestricted pension, and I believe World War I veterans, at an average age of 80 years deserve a pension.

In 1917, President Wilson called the young men of the United States into the bloodiest war in human history; 81,000 men did not return. Many came back injured. It is too late to repay most for their service to our country, but we can still do something for those still with us today.

It is my sincere hope that the 94th Congress will enact a pension for World War I veterans, and hence I am today, reintroducing legislation which I sponsored in previous Congresses to provide for this much-needed income to these very special senior citizens.

100 MEMBERS SUPPORT OPEN HOUSE REFORMS

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ANDERSON of Illinois. Mr. Speaker, today I am reintroducing my package of nine "open House" reforms with 40 cosponsors, bringing to 100 the total number of House Members who have sponsored some or all of these measures. I am gratified and encouraged that we now have such a large, bipartisan group of cosponsors. This is a clear indication that a substantial number of House Members recognize the need to further open House proceedings and improve our procedures. My package of rules changes would do this by permitting broadcasting of floor proceedings, requiring more public committee meetings and House-Senate conferences, eliminating proxy and binding party caucus votes, and requiring more recorded votes in committees and public access to records of committee actions. In addition, my proposed reforms would tighten up on the use of the suspension procedure, and permit ample time at the beginning of a new Congress for the House to debate and amend its own rules.

Mr. Speaker, with the public performance approval rating of the Congress at an all-time low, it is obvious that we must make an all-out effort to restore public confidence by taking the Congress to the people. While much of the criticism of Congress is valid, we also suffer greatly due to a lack of public understanding of the legislative process. We have ourselves to blame for the "bum raps" laid to us, and we have it within our powers to exonerate ourselves by going public. By giving the people an electronic ear and eye to the House floor and by otherwise opening up our proceedings, the public image of Congress will be brought into sharper focus, and increased pressure will be on us to improve that image through better performance. While sunshine alone will not necessarily boost our popularity ratings, its rays should sting us into being more responsive and accountable.

At this point in the RECORD, Mr. Speaker, I include a summary of the nine "open House" amendments and the number of cosponsors of each, plus a list of the House Members who have cosponsored some or all of these reforms:

SUMMARY OF ANDERSON "OPEN HOUSE AMENDMENTS OF 1975"

(1) *Broadcasting House Floor Proceedings.*—This resolution authorizes and directs the Speaker to take immediate action to implement a plan for the audio and video broadcasting of House floor proceedings, to be made available to commercial and public broadcasters for news and public affairs programs following 60-day trial period—60 cosponsors.

(2) *Prohibit Binding Party Instructions.*—This resolution amends clause 1 of House Rule VIII to prohibit a party caucus or conference from issuing binding instructions on a Member's committee or floor votes contrary to his conscience, and provides that any Member so bound may raise a point of order—90 cosponsors.

(3) *Public Access to Committee Records.*—This resolution amends clause 2(e)(1) of House Rule XI to provide that all records of committee action be made available for public inspectiol except for such material which may endanger national security or violate any law or House rule. Present rule only provides that record of rollcall votes shall be open to public—82 cosponsors.

(4) *Proxy Voting Ban.*—This resolution amends clause 2(f) of House Rule XI to completely prohibit proxy voting in committee—91 cosponsors.

(5) *Open Committee Meetings.*—This resolution amends clause 2(g)(1) of House Rule XI to require that all committee meetings be open unless the committee, by majority vote in open session, determines meeting should be closed because public disclosure of matters to be considered would endanger the national security or violate a law or rule of the House. Committees would still be permitted to meet in private for internal budget or personnel discussions—87 cosponsors.

(6) *Rollcall Votes in Committees.*—This resolution would amend clause 2(1)(2) (A) and (B) to permit any Member in committee to demand a rollcall vote on any proposition, and to require a rollcall vote on all motions to report a matter—78 cosponsors.

(7) *Suspension of Rules.*—This resolution would amend clause 1 of Rule XXVII to require that either the chairman and ranking minority Member of a committee or a committee majority, by rollcall vote, must request that a matter reported be considered under a suspension of the rules—84 cosponsors.

(8) *Open Conferences.*—This resolution amends clause 6 of House Rule XXVIII to require that all House-Senate conferences be open to the public and that each conference report contain a statement to that effect—73 cosponsors.

(9) *Consideration of House Rules.*—This bill would amend Title 2 U.S.C. Chapter 2 ("Organization of Congress") to require that, at the convening of a new Congress, ten-hours of general debate be allocated on proposed House rules resolution, equally divided between the majority leader and minority leader, and that amendments to the resolution shall be in order—88 cosponsors.

NOTE.—Forty House Members have cosponsored the entire package of nine reforms.

SPONSORS OF OPEN HOUSE REFORMS

Hon. James Abdnor (S. Dak.) *
Hon. Bella S. Abzug (N.Y.)
Hon. John B. Anderson (Ill.) *
Hon. Mark Andrews (N. Dak) *
Hon. Bill Archer (Tex.)
Hon William L. Armstrong (Colo.)
Hon. L. A. (Skip) Bafalis (Fla.) *
Hon. Robert E. Bauman (Md.)
Hon. Alphonzo Bell (Calif.)
Hon. Edward G. Biester, Jr. (Pa.) *

Hon. William S. Broomfield (Mich.)
Hon. Clarence J. Brown (Ohio) *
Hon. James T. Broyhill (N.C.)
Hon. John Buchanan (Ala.)
Hon. Clair W. Burgener (Calif.) *
Hon. Tim Lee Carter (Ky.)
Hon. Del Clawson (Calif.)
Hon. James C. Cleveland (N.H.) *
Hon. Thad Cochran (Miss.)
Hon. William S. Cohen (Maine)
Hon. Barber B. Conable, Jr. (N.Y.)
Hon. Silvio O. Conte (Mass.) *
Hon. Lawrence Coughlin (Pa.) *
Hon. Samuel L. Devine (Ohio)
Hon. William L. Dickinson (Ala.)
Hon. Thomas J. Downey (N.Y.)
Hon. Pierre S. du Pont (Del.)
Hon. Robert W. Edgar (Pa.)
Hon. David F. Emery (Maine) *
Hon. John N. Erlenborn (Ill.) *
Hon. Marvin L. Esch (Mich.)
Hon. Edwin D. Eshleman (Pa.) *
Hon. Millicent Fenwick (N.J.) *
Hon. Paul Findley (Ill.)
Hon. Hamilton Fish, Jr. (N.Y.)
Hon. Edwin B. Forsythe (N.J.)
Hon. Bill Frenzel (Minn.) *
Hon. Louis Frey, Jr. (Fla.) *
Hon. Sam Gibbons (Fla.)
Hon. Benjamin A. Gilman (N.Y.) *
Hon. William F. Goodling (Pa.) *
Hon. Charles E. Grassley (Iowa)
Hon. Gilbert Gude (Md.) *
Hon. Tennyson Guyer (Ohio)
Hon. Tom Hagedorn (Minn.) *
Hon. James F. Hastings (N.Y.) *
Hon. Andrew J. Hinshaw (Calif.)
Hon. Marjorie S. Holt (Md.)
Hon. Frank Horton (N.Y.) *
Hon. Henry J. Hyde (Ill.) *
Hon. James Jeffords (Vt.) *
Hon. Albert W. Johnson (Pa.)
Hon. James P. Johnson (Colo.) *
Hon. Robert W. Kasten, Jr. (Wis.)
Hon. Richard Kelly (Fla.)
Hon. Jack F. Kemp (N.Y.) *
Hon. Thomas N. Kindness (Ohio)
Hon. Robert J. Lagomarsino (Calif.) *
Hon. Delbert L. Latta (Ohio)
Hon. Norman F. Lent (N.Y.)
Hon. Trent Lott (Miss.)
Hon. Manuel Lujan, Jr. (N. Mex.) *
Hon. Robert McClory (Ill.) *
Hon. Larry McDonald (Ga.)
Hon. Robert C. McEwen (N.Y.)
Hon. Stewart B. McKinney (Conn.) *
Hon. Andrew Maguire (N.J.)
Hon. James G. Martin (N.C.)
Hon. Spark M. Matsunaga (Hawaii)
Hon. Robert H. Michel (Ill.)
Hon. Abner J. Mikva (Ill.)
Hon. Clarence E. Miller (Ohio)
Hon. Donald J. Mitchell (N.Y.)
Hon. W. Hinson Moore (La.)
Hon. Carlos J. Moorhead (Calif.) *
Hon. Charles A. Mosher (Ohio)
Hon. George M. O'Brien (Ill.) *
Hon. Peter A. Peyser (N.Y.)
Hon. Joel Pritchard (Wash.) *
Hon. Ralph S. Regula (Ohio)
Hon. John J. Rhodes (Ariz.) *
Hon. Philip E. Ruppe (Mich.)
Hon. Ronald A. Sarasin (Conn.) *
Hon. Patricia Schroeder (Colo.)
Hon. Richard T. Schulze (Pa.)
Hon. Keith G. Sebelius (Kans.) *
Hon. Garner E. Shriver (Kans.) *
Hon. Paul Simon (Ill.)
Hon. Gene Snyder (Ky.)
Hon. Stephen J. Solarz (N.Y.)
Hon. Floyd Spence (S.C.)
Hon. J. William Stanton (Ohio) *
Hon. Fortney H. Stark (Calif.)
Hon. Alan Steelman (Tex.) *
Hon. William A. Steiger (Wis.)
Hon. Burt L. Talcott (Calif.)
Hon. Charles Thone (Nebr.)
Hon. David C. Treen (La.)
Hon. William Whitehurst (Va.)
Hon. Bob Wilson (Calif.)
Hon. Larry Winn, Jr. (Kans.)
Hon. C. W. Bill Young (Fla.)

***Denotes Members who have cosponsored all nine reforms.**

LEE HAMILTON'S FEBRUARY 26, 1975, WASHINGTON REPORT, "AGRICULTURE, 1975"

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. HAMILTON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include my February 26, 1975, Washington Report, "Agriculture, 1975":

AGRICULTURE, 1975

During these winter days farmers are making critical choices about plantings and crops. As they do, their unease is apparent. They are already smarting from rising costs and weakened commodity prices, and they correctly sense that American agriculture is at a watershed.

In the 1960's excess production and burdensome stocks were common, with a downward drift in real prices. In the 1970's the long trends are moving in a different direction. The excess capacity in American agriculture has declined. Productivity gains are slowing, and the supply of labor is in better balance with demand. There is an increase in demand for U.S. agricultural output. The world agricultural situation has worsened, with total agricultural output declining in 1972 after two decades of steady growth and the preliminary data for 1974 indicating no increase over 1973. Moreover, agricultural products appear to be entering a period of greater price instability, as large agricultural surpluses and a land reserve held from production have disappeared and world trade has intensified fluctuations in price. Prices are now more subject to changing market conditions.

In recent years the government has shifted to a market-oriented farm policy. The government is retreating from intervention in agriculture, planting restrictions are ending, and spending to boost farm prices is sharply down.

Despite the changes in trends and policies, 1974 was, by any measure, a disappointment in agriculture. It was the year of lower crop production, a decline in cattle prices, and record high prices for fertilizers, seed, and fuel. Net farm income dropped 17% to $27 billion from the record $32.5 billion of 1973. Farm exports reached a record $21 billion (which is expected to be repeated in 1975).

In 1974 grain farmers did all right, but livestock and dairy farmers suffered. For over three months now, farm prices have been falling. Since October, corn is down by about ¼, and soybeans and soymeal are down more than ⅓. Consumer resistance to high prices at the grocery store, a cutback in the number of cattle, and exports simmering down a bit have all contributed to the decline.

All is not well, then, in American agriculture. Farm prices are going down and food prices are going up, making both farmers and consumers unhappy. Farmers face an uncomfortable squeeze between rising costs and declining prices this year, with a sizeable drop in net farm income expected in 1975.

To help the farmer, the Congress is seriously considering some major changes in agricultural policy, including an increase in price guarantees and support loan levels, emergency loans, a national reserve of grain to cushion shortages and stabilize prices, an effort to monitor grain exports closely to prevent a drain on U.S. supplies, and an investigation of the lack of competition in the food industry.

Not all of these suggestions will meet with the approval of President Ford. In his economic message to the Congress, the President said that raising price guarantees would be a "backward" move for farm policy. He fears that boosting target prices for crops will cost the government billions of dollars a year if prices fall and could lead to new farm surpluses, large government payments, and even production controls.

Nevertheless, Congress is moving ahead to boost crop price protection levels, and the debate will be over the amount of the increase. A debate is also shaping up over a national reserve for wheat, feed grains, cotton, and soybeans for use when supplies are tight and to help stabilize prices. Some want the government to manage the reserves; others, including the President, want the grain companies and the farmers to handle it; and still others support a compromise proposal for a reserve that would be held partly by government, partly by the grain companies, and partly by the farmers. Although it is widely agreed in the Congress that steps must be taken to give farmers priority in energy and fertilizer, a debate in the Congress will occur on food prices, which jumped 15% last year and will jump again this year Consumer advocates want to curtail increases by giving the President the power to delay food price increases. The outcome of these debates is very much in doubt. The struggle over the new approaches may not reach a showdown, because eventual compromise is possible.

In my view government policy must work to alleviate the price instability problem through improved information and analysis to farmers, freer trade of agricultural products, improved coordination among countries in the conduct of their agricultural policies and in building and maintaining grain stocks for use in emergencies and in years of crop shortfall.

Producers and consumers have a common interest in price supports high enough to assure farmers a profitable operation at the high volumes the country needs and national stocks of grain as insurance against an emergency and to dampen inflationary price increases. Such policies will help avoid inflation in the supermarkets and waves of panic on the farm over wide fluctuations in prices.

INTRODUCES LEGISLATION TO AMEND FREEDOM OF INFORMATION ACT

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mrs. SPELLMAN. Mr. Speaker, today I am introducing legislation to amend the Freedom of Information Act to secure to Federal Government employees the right to disclose information which is required by law to be disclosed by Federal agencies, and to make disclosures of other information to Congress if such disclosures are made pursuant to a written request for such information made by Congress.

Specifically, this legislation would: First, afford employees the right to bring a civil action in Federal district court to obtain redress for any agency actions taken against them in retaliation for the exercise of their right to disclose information; and second, provide that in all cases that arise under the bill the taking of a personnel action against any employee within 1 year after he discloses information covered by this bill shall create a rebuttable presumption that the action was taken because of the disclosure of information.

This bill, in my belief, will safeguard Federal Government employees against employer retaliation when they legally disclose information which their superiors, in violation of the Freedom of Information Act deny to the public. It will also guarantee the public's right to know.

Mr. Speaker, Senator EDWARD KENNEDY has introduced this legislation in the Senate. Together, we hope to enact it into law.

WORLD WAR I DEBTS AND SENATOR BYRD OF VIRGINIA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the fact that this Nation domestically is in serious economic trouble is no secret. It is also becoming fairly well known that the dollar is in trouble abroad. For decades now, the United States has been handing out money to foreign nations, and even when honest debts come due, we either ignore them or negotiate some lower payment figure. This has all been to the detriment of the dollar and the poor American taxpayer. Therefore, I was pleased to read the other day that at least one Member of the other great body of the Congress is still concerned over the debts owed us by foreign nations. This information appeared as an editorial in the Richmond Times-Dispatch on January 24, 1975, and was entitled: "Needed: More Nuts." Nuts refers to a comment made by a State Department official who is bored with the subject of debts owned the United States. I commend this editorial to the attention of my colleagues and wish to go on record as being a "nut" who is interested in collecting those debts. The article follows:

[From the Richmond Times Dispatch
Jan. 24, 1975]

NEEDED: MORE "NUTS"

In his fight against wasteful, irresponsible federal spending policies, Virginia Sen. Harry F. Byrd Jr. often finds himself alone in the trenches, waging a solitary battle against an enemy that seems to frighten few others. This was precisely his predicament when his Subcommittee on International Finance and Resources held a hearing last week on an agreement between President Ford and President Valery Giscard d'Estaing of France to reduce a NATO-related French debt to the United States.

Of the seven members of the subcommittee, three did not appear for the meeting. Three left early. In the end, only Senator Byrd, the chairman, remained to question State Department officials about the agreement.

After the hearing, one of the witnesses, Deputy Secretary of State for European Affairs James G. Lowenstein, told reporters that he had found the hearing "monumentally boring." And as if that display of bureaucratic superciliousness were not disgusting enough, he added that he had been told "Harry Byrd is a nut on World War I debts."

Well, if Harry Byrd is a "nut," this country clearly and urgently needs more "nuts" in Congress. If enough congressmen shared his profound concern about excessive federal spending and federal mismanagement of the taxpayers' money, the nation would be in far better condition.

Consider the French NATO debt, incurred when France expelled that organization in 1967. Though the United States had invested more than $900 million in military funds in France for NATO and NATO-related purposes, Washington originally decided that France need pay only $378 million for the American installations it took over following NATO's expulsion. At their meeting in Martinique last month, Presidents Ford and Giscard agreed to reduce the obligation to $100 million—free of interest. Such a settlement, Senator Byrd has noted, would amount "to 27 cents on the dollar."

As for France's World War I debt to the United States, that totals $6 billion. Yes, $6 billion!

No wonder Harry Byrd is incensed. All of us should be, for this is our money. Money owed to the United States by France or by any other country is money that belongs to the American people. For his determination to challenge agreements that shortchange this nation, Senator Byrd deserves the gratitude of every taxpayer.

Despite the loneliness of his position and the insufferable arrogance of some of the bureaucrats he questions, Senator Byrd, we hope, will persevere. And this he apparently intends to do. In a Senate speech inspired by Secretary Lowenstein's insulting remarks, the senator promised to continue to "bore" high government officials with committee hearings, for "there is too much waste, extravagance and, indeed, incompetence in the handling of funds of the American taxpayer." Let us hope that Senator Byrd will prove to be "boring" enough to chase at least some of the irresponsible spenders out of the government, making room for more officials who respect the taxpayer and his money.

DR. WILLIAM E. MOSHER, OF ERIE COUNTY, ANNOUNCES RETIREMENT EFFECTIVE JULY 1

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. NOWAK. Mr. Speaker, for a quarter century, Dr. William E. Mosher has served in the Erie County Health Department, the last 16 years as its commissioner. He has earned a reputation as a "pioneer" and farsighted administrator in the public health field. Last week, this outstanding public servant announced he will retire from government service effective July 1.

As a tribute to Dr. Mosher, I would like to bring to my colleagues' attention the following articles from two Buffalo, N.Y., newspapers, which detail some of his accomplishments.

The first article appeared March 12, 1975, in the Buffalo Evening News and the second appeared March 13, 1975, in the Buffalo Courier-Express:

DR. MOSHER WILL RETIRE ON JULY 1 AS COUNTY HEALTH COMMISSIONER

Dr. William E. Mosher, Erie County Health Department commissioner for the past 16 years, will retire July 1.

Dr. Mosher, 65, an employe of the department for 25 years, informed County Executive Regan of the decision Tuesday afternoon.

Terming the decision "difficult," Dr. Mosher said in a letter to Mr. Regan that "it is time for me to seek a less demanding way of life than that of a public official in charge of a large department."

Referring to his work with the county, he added that "these years have been the most rewarding period of my life and I am happy to have played a role in the development of the Erie County Department of Health."

Dr. Mosher told The Buffalo Evening News that he has considered retiring for several years.

"After 38 years of public life, I think I've had enough. I've decided to live a more quiet life and do some consulting and perhaps some part-time teaching."

County Executive Regan said he was "disappointed" that Dr. Mosher would consider retiring and admitted he had tried to talk him into reversing the decision.

"He has been absolutely a superb commissioner of health," Mr. Regan told The News. "It's going to be not quite the same here without Bill Mosher and it will be very difficult to find someone else of his caliber."

A native of Ohio, Dr. Mosher received his medical degree from Syracuse Medical School in 1936 and his master's degree in public health from the Harvard School of Public Health in 1939.

Except for a period from 1943–46 when he served in the Navy, Dr. Mosher has worked in public health since 1937 when he joined the State Health Department as an epidemiologist-in-training.

He served as an assistant district health commissioner with the department from 1939–41 and as health commissioner for Cortland County from 1941–43 and 1946–50.

Dr. Mosher was appointed a deputy health commissioner for Erie County in 1950, first deputy commissioner in 1954 and health commissioner in 1959.

Under his leadership, the department expanded its work in case finding, treatment and prevention of tuberculosis and has attracted state and federal grants totaling more than $5 million

Programs instituted under him include surveillance of radiologic equipment used by local health facilities, the establishment of community health centers and programs dealing with such varied subjects as rodent control, sickle cell anemia, lead poisoning and family planning.

The author of several scientific papers and a co-author of the book, "Long-Term Childhood Illness," he received the Hermann M. Biggs Award for his outstanding work in public health from the New York State Public Health Association in 1972.

He is president of the association's Western New York affiliate, the Niagara Frontier Environmental Research Foundation Inc. and the J. Sutton Regan Cleft Palate Foundation.

A diplomate of the American Board of Preventive Medicine and Public Health, he is a clinical professor of social and preventive medicine at the State University of Buffalo.

Dr. Mosher was named an outstanding citizen by The Buffalo Evening News in 1960 and in 1965 received a brotherhood award from the National Conference of Christians and Jews.

DR. MOSHER TO RETIRE JULY 1 AS COUNTY HEALTH DEPARTMENT CHIEF

(By Richard Beer)

Ike was in the White House, polio was being overcome and tuberculosis was a major medical problem when Dr. William E. Mosher became Erie County commissioner of health in 1959.

After 16 years in that position, Dr. Mosher announced on Wednesday he is retiring, effective July 1.

"He's going to be enormously difficult to replace," commented County Executive Edward V. Regan in accepting Dr. Mosher's letter of retirement. "He's been a real pioneer" in the public health field, Rogers added.

With his retirement, Dr. Mosher, 65, will round out a career in public health service which has spanned five decades.

He went to work with the State Health Dept. in 1937 after completing his medical training and came to the Erie County Health Dept. in 1950, only two years after it was formed as a replacement for the old Buffalo City Health Dept.

Looking back on those decades of delivering health care to the public, Dr. Mosher said "our greatest accomplishments have been where we've been able to do it on a mass basis."

He cited the eradication of such dreaded infectious diseases as polio and diphtheria and the almost total extinction of tuberculosis as solid accomplishments.

On tuberculosis, Dr. Mosher noted in 1955 Erie County spent $1.5 million a year for hospitalization of persons with the disease, but last year, even with hospital costs far higher than in 1955, only $100,000 was spent for TB patients.

Dr. Mosher also pointed to tremendous strides in controlling other infectious diseases, particularly those affecting children.

"In the last 10 years," he said, "we've had measles vaccine, German measles and mumps vaccine" which have limited the incidence and severity of those illnesses.

With those diseases, which once struck down so many children, under control, Dr. Mosher said, "now the healthiest time of life is ages one to 20."

"What we're left with today," after bringing most serious infectious diseases under control, "is a different type of problem," Dr. Mosher observed.

"Accidents and major chronic diseases" have moved to the fore as health menaces, Dr. Mosher said, and so far they've proven quite difficult to cure.

Heart disease, high blood pressure, arthritis and cancer are among the leading health concerns now but, as Dr. Mosher pointed out, "The only mass technique we have is education . . . get people to stop smoking, give up drinking and so on."

Along with the education has been "mass screening" for these diseases, giving persons tests, usually free of charge, in locations all around the county.

Screening itself isn't enough, Dr. Mosher said, so the department has set up neighborhood health centers, bringing basic health care to persons in areas lacking doctors, such as Buffalo's inner city and Lackawanna. "We've led the nation in neighborhood health," he said proudly.

As for his immediate future, the commissioner said, "I think Mrs. Mosher and I would like to do some traveling" and spend time at their summer retreats in New Hampshire and Georgian Bay, Ont.

After that, Dr. Mosher said he may do some part-time consulting work or teach at the University of Buffalo medical school.

In looking for a successor to Dr. Mosher, Regan said "the search will be statewide, if not beyond the borders of New York state." However, he did not rule out elevating someone from within the department.

Regan, a Republican, is empowered to choose a new commissioner, but his nomination is subject to approval by the Democratic-controlled County Legislature.

Regan said the search for a successor will be difficult because "the requirements are so high and the salary is so low."

The commissioner, who must be a physician with a degree in public administration too and at least four years' experience as an administrator, receives $38,362 a year. That's considerably less than most physicians can earn in private medical practice.

Regan said he does not have any successors in mind. "Right now we're going to get a list from the state of all persons who are eligible for the job," he said.

A possible successor, though, would be Dr. Donald B. Thomas, now the department's first deputy commissioner, in charge of local health service.

He is reportedly the only person in the department besides Dr. Mosher who meets the strict requirements for the commissioner's post.

As first deputy, Dr. Thomas fills in as commissioner whenever Dr. Mosher is out of town and will take over on an acting basis if no successor is chosen by July 1.

Dr. Mosher held the same post Dr. Thomas now holds for three years before being elevated to commissioner.

It is impossible to capsulize in words the cumulative beneficial impact Dr. Mosher has had on our community and its well-being. On behalf of the citizens of Erie County, however, I would like to express our thanks for his dedicated service and wish him well as he looks forward to the deserved benefits of a fruitful retirement.

CONGRESSMAN'S CONGRESSMAN

HON. JIM LLOYD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. LLOYD of California. Mr. Speaker, The sadness of Jerry Pettis' tragic and untimely death still lingers in my heart and I am sure in the hearts of his many friends in this House. Tributes to Jerry have been many and heartwarming. I would like to add another such tribute, which appeared in the Ontario Daily Report, written by Editor John Jopes. It expresses so well what Jerry meant to us:

CONGRESSMAN'S CONGRESSMAN

In a personal letter to a friend and journalist some years ago Jerry Pettis said, "I've always thought of you as a newspaperman's newspaperman."

It was, in his estimation, the highest compliment he could pay his friend.

Now, in the wake of his death Friday and on the eve of his funeral it is proper to say Jerry was a congressman's congressman, a politician's politician, and certainly was destined to become a stateman's statesman.

Jerry Pettis, the tall, quiet, dignified man that he was, was in the midst of that strange and wonderful transition in which a man stops being simply a representative from such and such a district, and becomes a congressman of the United States.

It happens to comparatively few members of the House.

His stature among all political parties in the Congress had grown immensely, but not surprisingly, in the past four years.

He was a counsel to the President of the United States, a friend to those who needed him, and a great contributor to the nation's legislative process.

Jerry Pettis was a respected adversary in the arena of congressional debate, and a master of reasonable compromise—the mother of political progress.

Above all, he was his own man. Early in his career he was generally described as a conservative Republican. Then later he was regarded as more moderate. Some in his own party even believed him to be a bit too liberal in some areas.

Actually, he was none of these and all of these.

He believed in every issue there was a course to be found that would be best for all. He never ceased searching for that course. Once having found it, he remained true to his conviction.

That is why he was everyone's congressman—why he earned around 75 percent of the vote the last time he ran for election.

Jerry Pettis was many more things—a friend, a great family man, a church worker, educator and farmer.

But fundamentally he was a congressman—

A congressman's congressman.

HOUSE OF REPRESENTATIVES—*Wednesday, March 19, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, offered the following prayer:

Let us search and try our ways and turn again unto the Lord.—Lamentations 3: 40.

Eternal Spirit, who art a strong tower of defense to all who put their trust in Thee, have mercy upon us as we bow in prayer before Thee and make us ready for the tasks of this new day. Grant that in all our moods, high and low, we may keep faith with Thee in whom alone true life is to be found.

Help us to accept our privileges with gratitude, our troubles with fortitude and our responsibilities with fidelity. Deliver us from worries which wear us out, from frictions which render our efforts futile, and from low desires which dissipate our devotion to the best interests of our country.

Make us gloriously equal to every experience and truly adequate for every task to keep freedom for all, justice for all, and good will for all alive in our Nation and our world.

In the spirit of Him who went about doing good we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Marks, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J. Res. 258. Joint resolution to designate March 21, 1975, as "Earth Day."

RESIGNATION AS MEMBER OF BOARD OF VISITORS OF U.S. AIR FORCE ACADEMY AND APPOINTMENT AS MEMBER OF BOARD OF VISITORS, U.S. AIR FORCE ACADEMY

The **SPEAKER** laid before the House the following communication:

WASHINGTON, D.C.,
March 13, 1975.

Hon. CARL ALBERT,
Speaker of the House,
Washington, D.C.

DEAR MR. SPEAKER: I have just learned that the scheduled meeting of the Board of Visitors of the USAF Academy has been changed to dates on which it is impossible for me to attend.

In order to permit someone else to be appointed and to participate in this meeting, I hereby tender my resignation as a member of the Board of Visitors.

Sincerely yours,
WILLIAM L. ARMSTRONG.

The **SPEAKER**. Without objection, the resignation is accepted.

There was no objection.

The **SPEAKER**. Pursuant to the provisions of title 10, United States Code, section 9355(a), the Chair appoints as a member of the Board of Visitors of the U.S. Air Force Academy the gentleman from California, Mr. GOLDWATER, to fill the existing vacancy thereon.

AUTHORIZING PAYMENT OF COMMITTEE STAFF SALARIES DURING APRIL 1975

Mr. **HAYS** of Ohio. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution (H. Res. 338) providing for the continuation of paying committee staffs for the period April 1 through April 30, 1975.

The Clerk read the title of the resolution.

The Clerk read the resolution as follows:

H. RES. 338

Resolved, That (a) there shall be paid out of the contingent fund of the House of Representatives for the period beginning April 1, 1975, and ending at the close of April 30, 1975, such additional sums as may be necessary for the continuance of the same necessary projects, activities, operations, and services, by contract or otherwise (including payment of staff salaries for services performed), and the accomplishment of the same necessary purposes, undertaken by each standing or select committee, subcommittee, force or system of the House in the calendar year 1974 on the same basis and at not to exceed the same rates utilized in 1974 which have not been previously provided funds for the First Session of the 94th Congress by a primary expense or other resolution of the House.

(b) Payments of salary for services performed in the period beginning April 1, 1975, and ending at the close of April 30, 1975, shall be made to each person—

(1) who, on January 2, 1975, was employed by a standing or select committee in the Ninety-third Congress and whose salary was paid under authority of a House resolution adopted in such Congress; or

(2) who was appointed after January 2, 1975, to fill a vacancy, existing on or occurring after such date, in a position created under authority of such House resolution, if any such person employed as described in paragraph (1) or appointed as described in paragraph (2) is certified by the chairman of the committee involved as performing such services for such committee during such period.

(c) Salaries authorized to be paid under subsection (b) shall be paid to persons certified under subsection (b)—

(1) at a rate not to exceed the rate any such person was receiving on January 2, 1975;

(2) in the case of a person appointed after January 2, 1975, to fill a vacancy described in subsection (b)(2), at a rate not to exceed the rate applicable on January 2, 1975, to the vacant position; or

(3) in the case of a person appointed to fill a new position established by the amendments made by the Committee Reform Amendments of 1974 (H. Res. 988, Ninety-third Congress, adopted October 8, 1974), at a rate fixed by the chairman of the committee involved, which does not exceed the highest rate of basic pay, as in effect on the date of such appointment, of level V of Executive Schedule in section 5316 of title 5, United States Code.

SEC. 2. Regulations established by the Committee on House Administration under section 4 shall take into account any change in the jurisdiction or status of any standing committee of the House which was in existence as a standing committee during the Ninety-third Congress, or of any select committee of the House which was in existence as a select committee during the Ninety-third Congress.

SEC. 3. There shall be paid out of the contingent fund of the House of Representatives for the period beginning April 1, 1975, and ending at the close of April 30, 1975, such sums as may be necessary for the operation during such period of any standing committee which was not in existence as a standing committee on the first day of the second session of the Ninety-third Congress, or of any select committee which was not in existence as a select committee on the first day of the second session of the Ninety-third Congress.

SEC. 4. Funds authorized by this resolution shall be expended pursuant to regulations established by the Committee on House Administration in accordance with law.

Mr. **HAYS** of Ohio (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The **SPEAKER**. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The **SPEAKER**. Is there objection to the present consideration of the resolution?

Mr. **SYMMS**. Mr. Speaker, reserving the right to object, I wonder if the gentleman would explain what this is about.

Mr. **HAYS** of Ohio. This is a continuing resolution. There are about six committees on which we have not passed funding resolutions.

I might say that I anticipate all but two will be passed this week, but there may be a delay on the two because of bookkeeping adjustments, and this would permit them to pay their staffs for April at the same rate they had paid them previously.

Mr. **SYMMS**. Mr. Speaker, I thank the gentleman. Which two committees are those?

Mr. **HAYS** of Ohio. The Task Force on Aging and the House Information Service. In other words, the computer section of the House Administration Committee.

Mr. **SYMMS**. I thank the gentleman.

Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER**. Is there objection to the present consideration of the resolution?

There was no objection.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON HOUSE ADMINISTRATION TO FILE CERTAIN PRIVILEGED RESOLUTIONS

Mr. **THOMPSON**. Mr. Speaker, I ask unanimous consent that the Committee on House Administration may have until midnight tonight to file certain privileged resolutions.

The **SPEAKER**. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

EMERGENCY USE OF ELEVATORS IN CANNON AND LONGWORTH BUILDINGS

(Mr. **RONCALIO** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **RONCALIO**. Mr. Speaker, I find that certain elevators in both the Cannon and Longworth Buildings are being repaired and are shut down. There are dozens of constituents and other citizens waiting at elevators to move from floor to floor and the elevators are passing them by so that the Members may get to the floor for a quorum call or a rollcall. Members, of course, have 15 minutes to arrive on the floor for a call or record vote. Crowds waiting at elevators seem larger than in past years.

I wonder if it would not be best for us all if House officials alter that rule and let the elevators be used by all who desire to use them.

I, for one Member, would favor this change.

CHAIRMAN ULLMAN'S ENERGY PROPOSALS SHOULD BE SUPPORTED

(Mr. **VANIK** asked and was given permission to address the House for 1 minute, to revise and extend his remarks.)

Mr. VANIK. Mr. Speaker, yesterday, the Ways and Means Committee began markup sessions on H.R. 5005, the Energy Conservation and Conversion Act introduced by Chairman ULLMAN. While I do not agree with all the details of the Ullman energy plan, I am in substantial agreement with his program. I think it is the right overall approach to our national energy problem.

Congress is facing a deadline of May 1 to develop its own energy proposals. There is little likelihood the President will delay the implementation of his own program substantially beyond that date. Chairman ULLMAN is squarely confronting this time schedule. I am shocked to see many of my colleagues accept the concept that our energy problem can be solved with soft and easy solutions. There is no more time left for indifferent, shortsighted or unrealistic attitudes. We must begin now to work out the details of Chairman ULLMAN's proposals, because it is the only viable alternative Congress has to the President's energy plan.

We must realize that if we do not begin to make hard choices on energy policy, we will accept by default the President's program. This policy is abhorrent because it arbitrarily ratifies the artificial manipulations of the OPEC cartel. It provides for the precipitous decontrol of prices on domestic oil, enrichment of the oil companies and a gouging of the consumer by at least $50 billion. It is simply not realistic to expect that Congress will ever construct a sufficient windfall profits tax to correct all these abuses.

Mr. Speaker, the hour is getting late. We must begin work now to develop the details of a congressional energy plan. I urge every Member of the House to acquaint himself with Chairman ULLMAN's carefully developed proposals.

MEDICAL MALPRACTICE INSURANCE

(Mr. STAGGERS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STAGGERS. Mr. Speaker, as most of my colleagues know, the problem of medical malpractice has recently reached crisis proportions. Premiums for malpractice insurance have risen in the last few years by as much as several hundred percent. In some States malpractice insurance may become entirely unavailable to some physicians. While a few injured patients have achieved enormous settlements, the statistics show that most injuries are never compensated and that many of those which are compensated are done so years after they occur and inadequately.

Many of the State legislatures are actively seeking solutions to this problem and many of the affected organizations have urged the consideration of Federal legislation to assist in solving the problem. Several of my colleagues have introduced legislatve proposals and Mr. HASTINGS, of New York, a member of the Interstate and Foreign Commerce Committee, has organized a conference on the subject to be held later this week.

Because of the acuteness of the problem, and the need to give it full and frank debate, I am today introducing three different proposals for a Federal response. One of these would provide for the implementation of a partial, no-fault approach, the second of an arbitration approach, and the third of a Federal reinsurance approach. It is my hope that the Interstate and Foreign Commerce Committee will undertake to explore this problem in the very near future and that each of the possible approaches which I have introduced today will be given full and free discussion at that time.

Since this is a growing emergency on which the Commerce Committee will take action in the near future, I urge each of my colleagues to consider the possibilities which I am suggesting today by introducing these bills.

REQUEST FOR APPOINTMENT OF CONFEREES ON H.R. 3260, TO RESCIND CERTAIN BUDGET AUTHORITY

Mr. MAHON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3260) to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. WRIGHT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

UNABLE TO VOTE FOR THE SURFACE MINING CONTROL AND RECLAMATION ACT

(Mr. ROBERT W. DANIEL, JR., asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROBERT W. DANIEL, JR. Mr. Speaker, yesterday the House passed H.R. 25, the Surface Mining Control and Reclamation Act.

On final passage I could not vote for a bill which would reduce coal production and drive up electric rates across the Nation by over $279,000,000.

Virginia consumers have already seen their electric bills increase by as much as 125 percent over the past 12 months. The Virginia Electric & Power Co. is presently petitioning the Virginia State Corporation Commission for another $137 million permanent rate increase to cover the increased fuel costs needed to generate electric power.

The Federal Bureau of Mines estimates that H.R. 25 would reduce coal production by 187 million tons in 1975 and 251 million tons in 1980. VEPCO customers would be hard hit, as VEPCO uses a significant amount of coal annually to generate electricity.

Surfaced-mined coal is used predominately in the generation of electric power.

Assistant Secretary Carlson of the Interior Department has testified in hearings on this bill that coal costs would have to be increased by 85 cents per ton. Applying this 85-cent increase to the amount of coal needed by American electric companies annually, 328 million tons, the total cost increase to producers would be $279 million.

Although I believe that surface mining should be conducted with due care and attention to its environmental impact, I cannot support legislation which would significantly reduce the Nation's coal base over the long run, cut existing coal production, and force electric power rates up even higher.

RETURNING VETERANS DAY TO NOVEMBER 11

(Mr. WYLIE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WYLIE. Mr. Speaker, the 90th Congress passed a law which designated Veterans Day as the last Monday in October. The last Monday in October means nothing except for the material benefit of a long weekend.

November 11 has historical meaning as a patriotic day. It was on the 11th hour of the 11th day of the 11th month in 1917 that the Armistice was signed ending World War I.

Every veterans' organization in the United States and most veterans as well as most nonveterans would prefer to have Veterans Day celebrated on November 11 of each year. It is my understanding that the Senate has passed a bill identical to the one I am introducing today which would return Veterans Day to November 11.

My purpose in introducing this bill is partly in response to the many requests from constituents, veterans, and veterans' organizations asking that I do this. But introduction of this bill reflects my own personal view that Congress made a mistake when it changed Veterans Day from November 11 to the last Monday in October and I am certainly glad I voted against the law which made the change.

It is respectfully requested that the Committee on Post Office and Civil Service give prompt, immediate and favorable attention to reporting such a measure to the House floor where it will pass overwhelmingly.

PERMISSION FOR COMMITTEE ON ARMED SERVICES AND ITS SUBCOMMITTEES TO SIT TODAY DURING THE 5-MINUTE RULE

Mr. HICKS. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services and its subcommittees be permitted to proceed this afternoon with their hearings on H.R. 3689, the fiscal year 1976 Department of Defense appropriation authorization request, during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

CALL OF THE HOUSE

Mr. HILLIS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Without objection, a call of the House is ordered.

There was no objection.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 63]

Abdnor
Addabbo
Archer
Bingham
Breckinridge
Chisholm
Conyers
Coughlin
de la Garza
Dingell
Duncan, Oreg.
Esch
Ford, Tenn.
Gibbons
Harsha
Hébert
Horton
Martin
McKinney
Michel
Mills
Mink
Murphy, N.Y.
O'Brien
Rodino
Satterfield
Scheuer
Sikes
Skubitz
Stark
Steed
Stokes
Treen
Ullman
Waxman
Wilson, Charles, Tex.

The SPEAKER. On this rollcall 396 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AMENDING RULES TO CHANGE NAME OF COMMITTEE ON FOREIGN AFFAIRS TO COMMITTEE ON INTERNATIONAL RELATIONS

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 163 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 163

Resolved, That (a) clause 1(h) of rule X of the Rules of the House of Representatives is amended by striking out "Committee on Foreign Affairs." and inserting in lieu thereof "Committee on International Relations.".

(b) Clause 3(d) of rule X of the Rules of the House of Representatives is amended by striking out "Committee on Foreign Affairs" and inserting in lieu thereof "Committee on International Relations".

With the following committee amendment:

On page 1, after line 4, insert the following:

(b) Clause 1(h) of rule X of the Rules of the House of Representatives is redesignated as clause 1(k) and clauses 1(i) through 1(k) of rule X are redesignated as clauses 1(h) through 1(j) respectively.

On page 1, line 5, strike out the designation "(b)" and insert the designation "(c)".

The committee amendment was agreed to.

Mr. MOAKLEY. Mr. Speaker, I yield the usual 30 minutes to the minority to the distinguished gentleman from Mississippi (Mr. LOTT), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 163 amends the Rules of the House of Representatives by changing the name of the Committee on Foreign Affairs to the Committee on International Relations. There is no controversy that I know of regarding this resolution. It was unopposed in the Rules Committee and I believe that there are no members of the committee opposing the name change.

The committee has changed the scope of operations of their subcommittees, and also the names of their subcommittees, to include the word "International" in the title of all their subcommittees. This is one of the reasons for the change in the committee name.

Mr. Speaker, Chairman MORGAN and Mr. FRASER have indicated their support for the resolution and I urge all Members to vote for passage of the resolution.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield for a question?

Mr. MOAKLEY. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, being somewhat of a traditionalist myself, I always like to be presented with adequate justification for a change from time-honored tradition. Of course, I have no objection if it makes the members of the committee happier to have "relations" rather than "affairs," but what is the reason for the change? Is it going to save the taxpayers some money on junketing abroad or what is the reason?

Mr. MOAKLEY. Mr. Speaker, I yield to the gentleman from Minnesota (Mr. FRASER) to reply to that.

Mr. FRASER. Mr. Speaker, in the extensive discussions that were undertaken in relation to the reorganization of the subcommittee structure of the House Foreign Affairs Committee, this question came up on a number of occasions and when we were through with reorganizing we had renamed almost every subcommittee as the "International Subcommittee" on such and such, for instance the Subcommittee on International Operations headed by the gentleman from Ohio as chairman (Mr. HAYS) and the Subcommittee on International Trade, and so on. It was the consensus of our people that the change in the name would more accurately reflect the organization of the committee as it was agreed upon by the committee itself.

Mr. BAUMAN. Mr. Speaker, if the gentleman will yield further, I would say to the gentleman that if the phrase "foreign affairs" meant the committee would consider what was best for the United States of America first and if the committee's concern, after the name change, is going to shift to the balance of the world first, I certainly would not be in favor of the change, but I do not think any cosmetic application of a phrase is going to change the activities of this group.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Speaker, I was not very enthralled with the change but I would say to the gentleman from Maryland that I doubt he has the competence to criticize the Foreign Affairs Committee. I know he considers himself to be an expert on many things. Yet I attended a pheasant plucking contest last night that he threw. I know he is expert at picking chickens and things like that, but I think he ought to let the Committee on Foreign Affairs take care of its own business.

Mr. BAUMAN. Mr. Speaker, if the gentleman will yield further, I may have to accept partially the characterization of the gentleman from Ohio, because if anyone is an expert at plucking, it is the gentleman from Ohio.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Speaker, as a member of the committee, but not one who actively endorsed this change, I think it is basically an innocent little change, although for the record I would wish to point out that by changing the name, we are going to lose three places on the call for Calendar Wednesday, so should Calendar Wednesday ever be used we, as the former Foreign Affairs Committee, would be down three notches in our utilization of Calendar Wednesday.

The other thing I might suggest is I commend the interest of the gentleman from Maryland and also I commend him for his interest in saving funds. I do suggest to him that one of the ways we on the committee best save public funds is to travel extensively abroad so we know how to effect major savings. It is a good investment in overall public savings to have the members of our committee be thoroughly familiar in the field of foreign affairs.

If the gentleman, at sometime, wishes to join the committee, he will find it very stimulating, enlightening, and educational, and it will cut the taxpayer's investment.

Mr. BAUMAN. Mr. Speaker, if the gentleman from Massachusetts will yield, I would only say if there is a direct correlation between saving the taxpayers' money and traveling abroad, which I doubt, the gentleman from Illinois (Mr. DERWINSKI) should be responsible for saving literally billions of dollars, based on his record of foreign travel.

Mr. DERWINSKI. I accept that as a testimonial of endorsement.

Mr. MOAKLEY. Mr. Speaker, I yield to the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, there has already been more said about this resolution than I thought there would be. I did not realize that the distinguished gentleman from Ohio and the distinguished gentleman from Illinois would add so much color to the resolution.

It is a simple resolution. As has been noted, it does nothing other than to change the name of the Committee on Foreign Affairs to the Committee on International Relations.

I certainly do not see this as one of the burning issues of our time. It was introduced by 22 of the 34 members of the Committee on Foreign Affairs, including the chairman, and the ranking Republican member of the commttiee.

It has been argued that the committee has a right to change its own name, but there are a couple of points to be brought out. It is a resolution from the Committee on Rules. It is, therefore, privileged and no rule is necessary for the House to consider it.

The gentleman from Minnesota argued that 7 of the 10 subcommittees of the House Committee on Foreign Affairs have already included the word "international" in their names. I submit that perhaps the names of the subcommittees have been changed in order to change the name of the full committee. Also, he said, the word "international" has a more positive connotation. Actually, the dictionary definition, in my opinion, gives it a more negative connotation.

As far as the cost of this resolution, there should be none, except perhaps for some administrative costs in the committee.

There has been one technical change. The committee would lose its position on the call of the roll on Calendar Wednesday day.

It is apparently noncontroversial and, unfortunately, there is not even too much interest on the part of our committee members in expressing their opinions as to why it is being changed.

I yield the balance of my time.

Mr. MORGAN. Mr. Speaker, I rise in support of House Resolution 163 which would change the name of the Committee on Foreign Affairs to the Committee on International Relations.

As chairman of the Foreign Affairs Committee, I was very interested when the gentleman from Minnesota (Mr. FRASER) came forward to discuss changing the name of the committee.

Because his arguments made sense, I agreed to cosponsor the legislation with him.

I believe that now is the proper time for the change because it is appropriate and pertinent to the recent changes in the committee jurisdiction made by House Resolution 988, the Committee Reform Amendments of 1974, and to subsequent changes made earlier this year by our committee to the subcommittee structure.

As a result of the latter changes, of 10 subcommittees, no less than 7 of them—including all of the legislative subcommittees—incorporate the word "international" in their titles.

They are:

Subcommittee on International Security and Scientific Affairs;

Subcommittee on International Operations;

Subcommittee on International Political and Military Affairs;

Subcommittee on International Resources, Food and Energy;

Subcommittee on International Economic Policy;

Subcommittee on International Organizations; and

Subcommittee on International Trade and Commerce.

None of the subcommittees, on the other hand, incorporates the term "foreign affairs" in its title.

For the sake of consistency, and in order that the formal title of the committee will reflect its scope and structure, we are asking that the House agree to changing the committee name.

I urge my colleagues to vote their approval of this proposal.

Mr. FINDLEY. Mr. Speaker, since the Foreign Affairs Committee was established, technology has in effect shrunk the size of the world. Events halfway around the world which a century ago would seem foreign to our national interests are not so viewed today. In the literal meaning of the word "foreign," very few events worldwide are truly foreign.

Therefore, I view the name change as appropriate.

Mr. MOAKLEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. MOAKLEY. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks on the resolution just passed.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MOAKLEY. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PROVIDING FOR THE CONFIRMATION OF THE NOMINATIONS FOR THE APPOINTMENT OF THE SIX MEMBERS OF THE FEDERAL ELECTION COMMISSION

Mr. HAYS of Ohio. Mr. Speaker, by direction of the Committee on House Administration, I call up House Resolution 314 and ask unanimous consent for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 314

Resolved, That pursuant to the Federal Election Campaign Act Amendments of 1974, Public Law 93–443, the following named individuals be confirmed for appointment to the Federal Election Commission:

(a) Joan D. Aikens of Pennsylvania for a term ending on the April 30 first occurring more than six months after the date on which she is appointed;

(b) Robert O. Tiernan of Rhode Island for a term ending one year after the April 30 on which the term of the member referred to in clause (a) immediate above ends;

(c) Neil O. Staebler of Michigan for a term ending two years thereafter;

(d) Thomas E. Harris of Virginia for a term ending three years thereafter;

(e) Vernon W. Thomson of Wisconsin for a term ending four years thereafter; and

(f) Thomas B. Curtis of Missouri for a term ending five years thereafter.

Mr. HAYS of Ohio (during the reading). Mr. Speaker, I ask unanimous consent that the resolution be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. DICKINSON. Mr. Speaker, reserving the right to object, and I do not think I will object at this time, but I would like to ask the distinguished chairman of the committee a question.

It is my understanding that there will be approximately 1 hour of debate, which the gentleman from Ohio has agreed to share with the minority?

Mr. HAYS of Ohio. That is correct.

PARLIAMENTARY INQUIRY

Mr. DICKINSON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DICKINSON. Mr. Speaker, is this resolution, as it is presented at this time or later, divisible so that we can demand a separate vote on one or all of the six nominees?

The SPEAKER. If consent for the consideration of the resolution is given, the resolution is subject to a division of the question with respect to the various nominations.

Mr. DICKINSON. And at that time it will be proper for me, or any other Member, to ask for a separate vote on any one or more of the nominees?

The SPEAKER. If consent is granted for the consideration of the resolution, any Member can ask for a division of the question at the proper time.

Mr. DICKINSON. I thank the Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. SYMMS. Mr. Speaker, I object.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman reserve his objection?

Mr. SYMMS. Mr. Speaker, I reserve the right to object.

Mr. HAYS of Ohio. Mr. Speaker, I would ask the gentleman to seriously consider not objecting, because this will come up under the rules in a couple of days anyway. The House has been criticized already in the press for delaying consideration of this resolution. The other body is going to do it in a couple of days. We can do it under the rules.

The reason I am asking that it come up today is because I have made plans so that I can go to my daughter's graduation from the Ohio State University tomorrow, and it could come up under the rule. If necessary, I can cancel those plans and bring it up tomorrow, but I would ask the gentleman if he would consider not objecting.

I am going to give the minority half the time. I do not see what is to be gained by presenting the objection.

Mr. SYMMS. Mr. Speaker, I would not like to inconvenience the gentleman attending his daughter's graduation. I think the problem is that we would like to have a little more time to get the word out on the individual we would like to have a vote on.

For that reason, I would like to delay this until tomorrow or next week, or any day other than today.

Mr. HAYS of Ohio. As I said to the gentleman, I will stay here and bring it up tomorrow, but we have got the votes to confirm him whether it is today, tomorrow, or next year, and the gentleman is really serving no purpose.

He can get the word out and have a reasonable debate, and his side will have a chance to say all the things they wish to say. I would request it as a favor to let it go ahead today. I cannot see that the gentleman's interest is going to be prejudiced in any way.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, I would like to second the request of the distinguished gentleman from Ohio that we go forward on this nomination today. I do not see that a couple hours' extra time is really going to serve any useful purpose. There are the votes available for the confirmation of these people.

The gentleman can have all the time he wants to talk about them and to marshal votes against them, but the law the Commission is supposed to supervise became effective January 1, and we have got to get this Commission in place. I think we are going to be subject to justifiable criticism on this if we do not confirm promptly.

Mr. HAYS of Ohio. I do not think our side is going to take more than 10 minutes, and I will be glad to yield to the gentleman's side. I have already agreed to yield 30 minutes to the gentleman from Alabama, and I will be glad to yield additional time so that the gentleman can make his point.

Mr. SYMMS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. HAYS of Ohio. Mr. Speaker, I yield myself such time as I may consume.

PARLIAMENTARY INQUIRY

Mr. DICKINSON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. Does the gentleman from Ohio yield to the gentleman from Alabama?

Mr. HAYS of Ohio. I yield to the gentleman from Alabama.

The SPEAKER. The gentleman will state it.

Mr. DICKINSON. Mr. Speaker, I wanted to make sure I understood, and I would ask the Chair, when is the proper time to ask for a division of the question?

The SPEAKER. Now, or when the previous question is ordered.

Mr. DICKINSON. Mr. Speaker, I will at this time ask for a division of the nominees individually.

The SPEAKER. The gentleman asks for a division on all the nominations, and the question will be divided when put.

Mr. HAYS of Ohio. Does the gentleman want to vote on every one individually, or just one?

Mr. DICKINSON. I would say that rather than singling out any particular individual, I intend to ask for a rollcall on every one.

Mr. HAYS of Ohio. I have no objection to that.

The SPEAKER. The gentleman from Ohio is recognized.

Mr. HAYS of Ohio. Mr. Speaker, I want to thank the distinguished gentleman from Idaho for withdrawing his objection. I appreciate it very much. It was a generous gesture on his part. I want to thank him publicly.

Mr. Speaker, I want to first announce, before anything else, that, although the report on this is very short, there is a typographical error in it, which is about par for the course down at GPO these days.

House Report No. 94–69 on House Resolution 314 contains an error. The rollcall vote on Ms. Aikens reads, "19 ayes and no nays," and it should read, "By rollcall vote of 18 ayes and no nays," the same as most of the others.

Mr. Speaker, at long last we are ready to put Watergate totally behind us. With action today, the House will confirm nominations of six distinguished citizens to the new Federal Election Commission, the agency which is to enforce the campaign reform laws that we passed last year.

The Committee on House Administration scheduled hearings for later this month, just as soon as the names of the six nominees were known, even before the official papers were sent to us by the White House.

We now recommend the confirmation by the House.

I understand the Senate will follow our lead, within a week, so that the new agency may begin its work immediately.

Mr. Speaker, this new Commission is a product of legislative compromise. I might say that I am not very keen on setting up new commissions. I think we have too many commissions in this town already. But that was the will of the majority of the House and the majority of the Senate, and we compromised on it.

It promises to be as independent a body as can be, in the political climate of the democratic electoral system. Its Members are not beholden to the President and they are not beholden to the leaders of Congress.

The Commission is authorized under Public Law 93–443, which was enacted last year, after the Nation went through the agony of having its two highest officials resign from office.

The American public was ashamed, and they wanted action. Here in the House, after long debate, during which we weighed all of the campaign problems in our free society, our committee brought out the reform bill, which passed the House 355 to 48, almost unanimous. When we came back from conference only 17 votes were recorded against it. In this bill was this Federal Election Commission, which we guaranteed would be independent. The President appoints two members, the Speaker of the House appoints two members, and the President pro tempore appoints two members. In each case, no one could make the two appointments from the same political party, and the Chairman was chosen on the recommendations of the majority and minority leaders. The members are to serve staggered terms of 6 years, and the Clerk of the House and the Secretary of the Senate are to serve on the Commission ex officio.

The integrity of future campaigns is now in the hands of this Commission. As every Member of this body knows, a new agency is frequently launched with a lot of high-sounding rhetoric. Sometimes new commission members proceed to rewrite the legislation they were appointed to administer.

As students of government know, oversight function regarding departments, agencies, and commissions rests with the Congress.

We sometimes think our function is completed after we vote on the bill. For example, the FBI and CIA; proper supervision by Congress might have prevented that situation.

The Department of Labor is accused of not administering the Comprehensive Safety and Health Act as recommended by Congress and signed into law by the President. It took months of legal action to undo the damage of the Office of Management and Budget after impoundment of the funds the Congress appropriated. In case after case, the intent of Congress has been bent, if not actually broken.

In this new campaign legislation, we are employing a new oversight approach.

The Federal Election Commission must write the rules and regulations for interpreting this complex law. But before these guidelines take effect each House of Congress will have 30 days to veto anything that does not conform with the Federal Election Campaign Act, as amended.

Mr. Speaker, the intent of Congress is to renew the faith of the American people in the election process. The intent of Congress is to reduce the role of money in the political process.

The six nominees have been subject to some criticism because they have been involved in partisan politics and because they have been members of politically active groups. While I do not agree with the philosophy of some of these affiliations, I think their involvement is one of the reasons why they are going to do a good job. They have not spent their lifetimes in ivory towers wondering why the Government did not function better; they got out and tried to improve the system by getting involved in the political process.

Mr. Speaker, in my judgment these men and women have ability and integrity. I think they will serve their country well.

Mr. Speaker, I urge their confirmation and wish them well in their new task.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The gentleman from Ohio (Mr. Hays) has consumed 6 minutes.

Mr. HAYS of Ohio. Mr. Speaker, I yield

30 minutes to the gentleman from Alabama (Mr. Dickinson) for the purposes of debate and to be controlled by him.

Mr. DICKINSON. Mr. Speaker, I thank the gentleman. I yield myself such time as I may consume.

Mr. Speaker, it is my intent to ask for a rollcall vote on one of the nominees here. I would like to say that I never had the pleasure of serving with or knowing Mr. Staebler personally. As far as I know, he is a fine gentleman. He has many close friends on the floor, and there is certainly nothing personal, from my standpoint, involved here.

I am concerned, Mr. Speaker, with the background of this particular nominee, who is picked to serve in the capacity of a judge and jury on the new Election Commission and who is going to sit in judgment on violations and who has to make determinations between liberal and conservative factions and relating to labor, and so forth. I am very much concerned, Mr. Speaker, in addition to his very ultraliberal background, with what appears to me to be a fault in that he has lacked the judgment to be in such a serious and such an important position.

Speaking about his background, I have his biography here which has been presented before our committee, and it ranges in spectrum from the left to the far left. I notice in 1933 that he was a candidate on the Socialist ticket.

In listing his affiliations, none of which is bad in and of itself, he lists himself as a member of the Unitarian Church, a member of the National Municipal League, the American Political Science Association, the United Conference of Christians and Jews, the American Civil Liberties Union, the American Economic Association, and a life member of the Association for the Advancement of Colored People, and others.

But more importantly, Mr. Speaker, is the fact that he is a member and a very active member and has testified as a witness for the organization known as Common Cause.

Mr. Speaker, I think that anybody serving in this capacity should have the judgment to have already decided that it would be a conflict of interest to be a member of an organization whose purpose is to affect legislation and to affect the outcome of votes on the floor, as well as the election of individuals.

I refer to our conversation and to the verbatim transcript I have here when Mr. Staebler came before our committee for confirmation. The conversation between Mr. Staebler and myself ran as follows:

Mr. Dickinson. Let me second what the chairman has said. We do not want members of the Commission to live in a vacuum. I think the biggest asset is the experience you nominees have in politics. So you can appreciate the real and pragmatic problems a candidate is faced with, as opposed to someone who has never dealt with these problems.

I notice in your affiliations you have a very impressive list, YMCA, Municipal League, Civil Liberties Union, NAACP, and others. Do you anticipate you would continue all these affiliations?

Mr. Staebler. I believe I would retain membership in committees of that sort. The things I visualize resigning are the obvious ones, the Democratic Committee, my officer commission in the Democratic Central Committee, the co-chairmanship of our 500 Club in Michigan, those are the things I think I ought not to carry on with. But I would hope all the other connections would be very relevant.

Mr. Dickinson. Well, I would hope they all will not be relevant.

Mr. Staebler. Maybe it will be helpful for you to point these out.

Mr. Dickinson. Do you have memberships in any political organizations or other groups whose activity it is to fashion legislation? Let us start with Common Cause.

Mr. Staebler. I am a member of Common Cause.

Mr. Dickinson. You would anticipate continuing your association with Common Cause as a member of the Commission? Do you not see any conflict in not just Common Cause, but in other organizations whose job it is to influence legislation?

Mr. Staebler. I will listen to the members of the Commission on that and if that is your opinion, I will, of course, withdraw.

Mr. Dickinson. From what?

Mr. Staebler. From Common Cause.

Mr. Dickinson. I am not just picking Common Cause.

Mr. Thompson. The next organization, please.

Mr. Hays of Ohio then asked:

Will the gentleman yield to me?

I will not read Mr. Hays' colloquy, but he points out that this is a matter of very legitimate concern for all of us who are trying to select the nominees, the people to sit on the Commission, to sit in seats of judgment in election disputes that may or may not have a background of continued associations, whose sole function it is to influence the outcome of elections.

For this reason, Mr. Speaker, and certainly not on a personal basis, but for this reason, I think I have a very serious reservation as to the soundness of the judgment of this particular nominee. If he cannot, without it being pointed out to him, readily understand the conflict of interest that is innate, that is built in here, if he cannot, of his own free will and volition, discern the problems that he would encounter, the criticism that would be leveled at the Commission, then I just think that he lacks the necessary judgment. I would like to see someone else in that position.

For that reason, Mr. Speaker, I am going to oppose his nomination. For that reason, I am going to vote against it. For that reason, I would like the membership to be aware of his background, and I would hope that this one nominee, who is the President's nominee and the nominee of the head of my party, would not be confirmed.

Mr. Speaker, I include at this point some biographical data on Mr. Neil Staebler.

The biographical data referred to follows:

BIOGRAPHICAL: NEIL STAEBLER

Office: 408 Wolverine Building, 202 East Washington Street, Ann Arbor, Michigan 48108; (313) 662-4406.

Residence: 601 Huron View Boulevard, Ann Arbor 48103.

Born: July 11, 1905, Ann Arbor.

FAMILY

Married: 1935, Burnette Bradley of Chicago; Community Theater Director; former pres. League of Women Voters of AA; former member Michigan Cultural Commission; former pres. Ann Arbor Civic Theater; former ch. AA Third Ward Democratic Committee.

Children: Elizabeth 34 (Mrs. Elizabeth S. Roche). Michael B. 32, married Sally Wasserman; both practicing law in Detroit.

Grandchildren: Five.

Father: Edward W. Staebler, 1873–1946; Democratic Mayor of AA, two terms.

Mother: Magdalena Dold Staebler, 1873–1958 former co-ch. County Democratic Committee.

EDUCATION

University of Michigan, AB 1926.

Honorary Doctor of Laws Degree, University of Michigan 1962.

BUSINESS

Former oil distributor; former coal dealer; house construction; at present: Staebler and Son, land development; pres. Michigan Capital and Service, Inc., a small business investment company.

PARTY SERVICE

Precinct worker; member City, County, and District Committees 1948–1971;

Delegate to County and State, and 1952, 1956, 1960, 1964, and 1968 National conventions;

Chairman, Michigan Jefferson-Jackson Dinner Committees 1949, 1950;

Michigan Finance Director for National Committee 1949–1950;

Chairman and co-chairman Michigan 500 Club;

Chairman, Democratic State Central Committee of Michigan 1950–61;

Democratic National Committeeman from Michigan 1961–64; 1965–68; 1972—;

Chairman, Democratic National Advisory Committee on Political Organization, 1955–60;

Chairman, Subcommittee on Planning and Techniques of the Democratic National Planning Committee for 1960;

Director, Special Projects Division, Democratic National Committee 1960;

Member, Democratic National Finance Council, 1971—;

Member, National Democratic Charter Commission, 1972–4;

Candidacies for Public Office: 1933 Socialist candidate for Alderman, Ann Arbor; 1962 Democratic candidate for Congressman-at-Large, Michigan, 1964 Democratic candidate for Governor of Michigan against George Romney.

Associate Democratic National Committeeman, Michigan 1968–71;

GOVERNMENT SERVICE

Chief, Building Materials Branch, Office of Price Administration, Washington, 1942–43;

Consultant to Federal Housing Expeditor, 1946;

Lieutenant, U.S. Navy, Fuel Division, 1943–45 (Navy Reserve, 1946—);

Member, President's Commission on Campaign Costs, 1961–62;

U.S. Congressman at Large, Michigan, 1963–64;

Member of House Committee on Science and Astronautics, 1963–64.

OTHER

Organizer, Ann Arbor Citizens' Council, 1935;

Chairman, State Campaign for Legislative Reapportionment, 1941;

Chairman, Ann Arbor Junior Chamber of Commerce for City Charter Revision, 1938;

Organizer, Ann Arbor Citizens School Committee, 1941;

Visiting Professor of Practical Politics, University of Massachusetts, 1962;

Director at Large, National Training Laboratories for Applied Behavior Science, 1964–70;

Co-chairman, International Development Conference, 1965– ;

Trustee, Detroit Area Council on World Affairs, 1958–72;

Trustee, Citizens Research Foundation, 1968– ;

Member, Board of Governors, Greater Michigan Foundation, 1966–69;

Member, State Commission on Michigan Week, 1966–69 (co-chairman with Romney and then with Milliken, of Government Day, 1966, 67, 68);

Vice Chairman, Twentieth Century Fund's Task Force on Financing Congressional Campaigns, 1968–70;

Board Member, Youth for Understanding, 1972– ;

Executive Committee, Friends of Michigan Historical Collections, 1971– ;

Commission Member, Ann Arbor Sesquicentennial, 1973–74;

Fellow, Institute of Politics, John F. Kennedy School of Government, Harvard University, 1975;

Member, President's Club, University of Michigan;

Author: How to Argue with a Conservative, (1966);

Author: "Management of State Political Parties" in *Practical Politics in the United States* (1967);

Author of papers on politics of India, Japan, Chile, Vietnam, Philippines;

Author of general papers on Mexico, Russia.

AFFILIATIONS

Unitarian Church; YMCA;

National Municipal League;

National Planning Association;

American Political Science Association;

National Conference of Christians and Jews;

National Bureau of Economic Research;

American Civil Liberties Union;

American Economic Association;

American Veterans Committee;

National Association for the Advancement of Colored People, life member;

Economic Club of Detroit.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Speaker, as this body decides the fate of the six nominees to the Federal Elections Commission, I will abstain from voting.

Under the Federal Election Campaign Act Amendments of 1974, Public Law 93–443, this Commission has been granted broad powers to administer and enforce our Federal election laws, and to make rules and regulations relating to reporting and disclosure.

I have long supported the idea of an independent elections commission, and my decision to abstain should not be interpreted as an objection to the individuals nominated to this board. I wish them well in a demanding and difficult assignment.

I abstain from voting because I believe the method of appointment of this commission, as set forth in Public Law 93–443, violates the constitutional separation of powers.

Article 2, section 2, paragraph 2 of the Constitution provides:

> The President . . . shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

Mr. Speaker, the members of this Commission have substantial powers. They cannot be regarded as inferior officers. Thus, I find it necessary to note that their appointment should come solely from the Executive and their confirmation solely "by and with the Advice and Consent of the Senate."

Mr. DICKINSON. Mr. Speaker, at this time I yield 5 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, today, we are taking up a most important task—the confirmation of the members of the Federal Election Commission. Final confirmation marks a beginning—the creation of an independent agency to administer and enforce Federal election law.

The establishment of the Commission also represents a culmination of 5 years of work by the House on Federal Election law. In 1971, the House Administration and Interstate and Foreign Commerce Committees held hearings on campaign finance reform legislation. In 1972, the Congress passed and the President signed the Federal Election Campaign Act of 1971. In 1973, the House Administration Committee once again held hearings on campaign reform legislation. The Congress then passed the Federal Election Campaign Act Amendments of 1974, which was signed into law by the President on October 15 of last year.

Many Members of the House, especially those on the House Administration Committee, have played an active part in and have worked hard on this legislation. But our task is not yet finished. The 1974 act requires the Congress to have a continual, ongoing role in the development and implementation of the law, including the power to disapprove regulations written by the Commission.

The nominations have been a long time in coming. Even though the House has responded to the nominations promptly and the Senate is expected to move quickly, the Commissioners will not be confirmed until almost 3 months after the law went into effect and 5 months after it was signed into law.

I would like to offer special congratulations to the chairman of the House Administration Committee, and to the ranking minority member, Mr. DICKINSON, for his promptness in scheduling hearings and bringing these nominations to the floor for quick action.

In the House Adminisration Committee, the vote in favor of five of the nominees was unanimous. The vote for one nominee, Mr. Staebler of Michigan, nominated by President Ford, was 13 to 5. I have never met Mr. Staebler personally, but I do urge that the House, and especially its Republican Members, confirm his nomination as enthusiastically as it confirms all the rest.

There is always a temptation to vote against persons whose political philosophy may differ from one's own. However, the Federal Election Campaign Act was designed in such a way to put people of different political philosophies on the Commission. The nominators have fulfilled the original intent, and consequently, the nominees represent a broad spectrum of the political process.

Members should vote for each nominee on the basis of his or her qualifications to carry out the Commission's responsibilities under the act. I have previously expressed concern that individuals of high quality be appointed to this Commission. I believe that each nominee is qualified and deserving of an affirmative vote.

Our choice at this time is similar to the situation we had with the confirmation of Gerald R. Ford as President and NELSON ROCKEFELLER as Vice President. Many Members of Congress voted confirmation even though they may have been unwilling to vote for either person in a Presidential election. Just as Mr. Ford and Mr. ROCKEFELLER earned their confirmations, I believe that all six nominees have earned their confirmations.

I would like, at this time, to call attention of the Members to two other urgent matters concerning the Commission. The Commission presently does not have any funds to begin operation. The President has asked for $500,000 for the Commission for the remaining of the fiscal year. Senator KENNEDY and myself testified before the Appropriations Committee that a more suitable figure would be $2 million. I hope the Congress will act quickly to pass a supplemental appropriation which will give the Commission sufficient funds to operate effectively.

In addition, the authorization for the Commission expires on June 30. I hope the House Administration Committee will act quickly and bring a further authorization to the floor.

ROLE OF THE COMMISSION

The Federal Election Campaign Act Amendments of 1974 create an independent Federal Election Commission to oversee and monitor Federal election law. The Commission is charged with supervising the administration and enforcement of the 1974 act, the Federal Election Campaign Act of 1971, the Presidential Election Campaign Fund Act, the Presidential Primary Matching Payment Account Act and sections 608, 610, 611, 613, 614, 615, 616, and 617 of chapter 29 of title 18, United States Code.

In the past, an important reason for the failure of campaign finance reform legislation has been the lack of an effective enforcement agency or mechanism. The new law attempts to remedy this problem by providing a vehicle for fair, vigorous, equitable enforcement. The Commission has several main goals:

First. Restore public confidence. The goal of overriding importance for the Commission should be restoring public confidence in our political process. With the passage of the 1974 act and establishment of this Commission, the Congress has made a most important official move to recognize, and to begin to redress the dangerous lack of public confidence in politics and government at all levels. By judiciously enforcing campaign reform legislation, the Commission can increase public confidence in the effectiveness and fairness of election reform laws, and indirectly, in public officials themselves.

Second. Eliminate conflict of interest. Under the old law, a potential conflict of interest situation existed in which employees of the House and Senate were charged with identifying and reporting possible violations of the law committed by their employers. Even with the most conscientious and well-intentioned Clerk of the House and Secretary of the Senate, the public was certain to be skeptical and to question the objectivity and zeal of the enforcement efforts against persons to whom they owed their jobs.

Third. Reversing the past history of nonenforcement. Historically, campaign finance reform legislation has been a failure at least partly because of the lack of effective enforcement.

Fourth. Increase coordination. Before enactment of the new law, four separate agencies—the Clerk of the House, Secretary of the Senate, Comptroller General, and the Justice Department—were charged with enforcing the law. This made it difficult to achieve fair, consistent, and coordinated supervision and enforcement of the law. Such matters as preparation of reporting forms or interpretations of the law were sometimes treated differently by each entity and required burdensome and extensive consultation to achieve consistency. A single Commission should eliminate many of these problems.

Fifth. Visibility. The Commission will have much greater visibility than an office or agency buried within the Clerk, Secretary, GAO, or Justice Department. The press, the public, elected officials, the parties, and political committees will be able to carefully scrutinize the Commission's actions and lay the blame for any failure squarely with the Commission. With a highly visible Commission, the public would expect and have confidence in nonpartisan, vigorous enforcement of the law.

Sixth. Assure expeditious enforcement of the law. Any administration and enforcement mechanism should provide for continuous, smooth coordination between the administrators and enforcers of the law. Without it, many serious violations that could be disclosed before the election—when enforcement is most effective—will not be made public until long after the election is over.

COMMISSION STANDARDS

I would like to suggest several guidelines and standards which the Commissioners may find helpful in carrying out their duties.

Full-time. The job of Commissioner is full time. The many duties and responsibilities of each member will require the devotion of both time and effort on the part of the Commissioners. Commissioners should not be surprised if they find themselves working, in addition to the normal working hours, evenings and weekends as well.

Outside activities. The time demand placed on the members will out of necessity curtail outside associations and activities. The Commissioners, however, should disassociate themselves fully, promptly and completely from any outside activities that might create a potential conflict of interest or lend credibility to any assertion that a member was not acting impartially because of those outside activities. The role of the Commissioner should resemble that of a judge, insulated from outside pressures.

The effectiveness of this new law will rest in the hands of the Commissioners. In times of less public cynicism and disillusionment, ties to organizations engaged in lobbying and other political activities might be permissible. But in times such as these, where public suspicion is so great, such ties are unacceptable.

Visibility and access. To the greatest extent possible, the Commission's activities should be open to the widest possible public view. Sunshine and openness are prerequisites to the public's perception that the law is being effectively and equitably enforced. Public relations must be excellent, but should not rely on political strategy and "gaming." Instead, these relations must be founded on openness, honesty and trust. The establishment of such relationships, based on integrity and competence, will go a long way toward alleviating public suspicions and concerns about our system of campaign financing and the effectiveness of its enforcement mechanism.

Commission visibility and efforts to educate the American people about politics, participation and campaign financing, will help overcome public perceptions that the elections process is a mysterious, subterranean maze to be understood by only an elite few. Such efforts should help further citizen participation in our political process.

Role of the staff. The law clearly states that the Commissioners shall not delegate any of their powers and authority to the staff. This provision does not mean that each Commissioner should become involved in all the myriad details that must be performed by the Commission, but rather that Members, and Members alone, must exercise the important powers and authority vested in them. Commissioners will probably wish to find time to philosophize, but they also must be involved in all of the important decisions made by the Commission.

The onerous duties and responsibilities imposed on the Commission will require the hiring of a highly competent, professional staff. Staff members should be free from partisan and political pressures. The Commission should take positive actions to insulate the staff from outside interference and pressures.

Education. I hope the Commissioners will take considerable time to educate themselves about the intricacies of this legislation and the subject of election law. I recommend reading of the committee reports and floor debate as well as the statute itself. The Commission should undertake to establish a library and reference area containing all of the important work and writings on election law and campaign financing. The Commissioners should familiarize themselves with this body of literature.

An important general responsibility of the Commission is to educate the general public and assure that all interested and affected parties are informed of their duties and responsibilities under the act. The new law is often technical, complicated and imprecise. Penalties for violations can be severe. The Commission must do everything within its power to educate candidates, campaign workers and other groups and individuals to assure that as few violations as possible are unintentional and unwitting. If the Commission becomes bogged down in policing violations that are committed out of ignorance, intentional and serious violators may be able to escape punishment.

The law requires the Commission to publish a manual for uniform accounting and bookkeeping. Hopefully, it will expand the manual to include uniform methods for easy compliance with all of the provisions of the law. A pamphlet for the typical layman and volunteer should be prepared explaining the new law in relatively simple terms so that political amateurs are not scared out of participating in politics. In addition, the Commission should publish other manuals, fact sheets and aids to help further compliance with and public knowledge of the new law. A weekly bulletin of Commission activities and decisions is also essential to help inform the press, public, parties and candidates of the latest rulings and important actions.

Participation. A most important goal and duty of the Commission will be to increase citizen participation in the political process. There does not presently exist any agency which assumes that task as one of its major responsibilities.

The sheer length and complexity of this bill may actually discourage citizen participation. By simplifying forms and making regulations easy to understand, the Commission can encourage citizen interest. The Commission should undertake a study and investigation of ways of bringing more American citizens into the political process.

Liaison. Effective administration and enforcement of the law will be greatly dependent on the quality of the Commission's liaison with numerous government departments and agencies. Especially important is the liaison with the Justice Department. Almost daily consultation is practically an absolute necessity. Input into the advisory opinion process by the Department is vital. Since the Department will have final say as to whether someone is prosecuted, its interpretation of the law supercedes that of the Commission.

A second important liaison will be with Congress. The Commission will have to gain approval of all regulations and legislative recommendations from the Congress. Good relations with all members, and especially with key members on election-related committees, will be essential if the Commission is to be effective.

The Commission will also have to maintain a more limited liaison with other Government departments, such as Treasury, Labor, and Commerce Departments, FCC, ICC, and CAB.

Personal views. The Commissioners should not hesitate to make their personal views known on issues such as the contribution limits, spending limits, disclosure and public financing. These views, however, should in no way interfere with the manner in which each Commissioner seeks to judiciously administer and enforce the law.

Partisan considerations. Partisan considerations have absolutely no role in Commission decisions and deliberations. Although the nominees come from a variety of political backgrounds, some of them highly partisan in nature, these past experiences should not be allowed to affect Commission decisions in a partisan manner.

Headquarters. The law requires the Commission's principal office to be located in or near the District of Columbia. The Commission's location should be easily accessible with ample provision for public inspection of records. A location near the Capitol may prove to be the most convenient and accessible.

PRIORITIES

In addition to adhering to the standards and guidelines listed above, the Commission will have to set priorities for its activities. Hopefully, the Commission will quickly set an agenda and timetable. The following are some urgent priorities in approximate order of impending importance:

First. Selection of Chairman and Vice Chairman. The Commission is required, by law, to elect a Chairman and a Vice Chairman.

Second. Budget. There are presently no funds available to fund Commission activities. The Commissioners should, immediately upon confirmation, make an estimate of how much money they will need for the rest of the fiscal year and submit the estimate to the Congress. The Congress should promptly approve this request.

Third. Staff director and general counsel. The Commissioners are required to select a staff director and general counsel. Their selection will be most important, because they will be instrumental in setting the tone and pace for the Commission.

The staff director will need considerable administrative experience in order to hire and handle the 100 to 250 people that will eventually be employed by the Commission. He will need to be personable and willing to work long hours to help the Commissioners meet the almost impossible deadlines that await them. Ideally, he should have some knowledge of the law, but such knowledge is not a necessity. His management, administrative, budgetary, and personnel skills should be superb.

The general counsel should be intimately familiar with the provisions of the law. He will be responsible for writing an entire set of regulations during his first 5 months. He should have some management skills and be savvy in handling other people. Knowledge of litigation procedures and rulemaking and regulation procedures is essential.

Fourth. General administration. The Commissioners will, almost immediately, have to begin making thousands of staffing, budgetary, equipment, space and supply decisions. Procedures for these decisions should be set down and caution exerted. Mistakes made early will be greatly magnified as the development and implementation of the Commission proceeds.

Fifth. Staff guidelines. If a competent, professional staff is to be hired, guidelines for hiring must be quickly established. A personnel system will be needed, including a classification system, direct hire authority and annual leave, sick leave, and retirement benefits that are comparable to other Government agencies and the private sector.

Sixth. Constitutional challenges. The Commission will need to immediately begin defending itself against the constitutional challenges contained in the Buckley-McCarthy suit. The Commission is the primary defendant in the suit. It will probably rely heavily on the Justice Department for advice and expertise, but will also need counsel of its own. The Commission may decide to contract out for such services.

Seventh. Clearinghouse contracts. The Commission will have to decide upon the disposition of three clearinghouse contracts which expire at the end of March. These projects provide summaries of campaign finance and election law at both the national and State level. Close supervision of clearinghouse contracts is most important, because the clearinghouse is the only thing the Federal Government does for State and local officials to help them comply with Federal requirements and run their own elections.

Eighth. March 31 report. A March 31 report is required of the Commission. Since sufficient time will not have elapsed for the Commission to have done anything significant, the Commission may wish to ignore this requirement, file a one or two-page report on the confirmation and preliminary discussions, or file a more detailed report within a few months.

Ninth. Convention financing. The national political parties are eligible for receiving funds for their national conventions from the dollar checkoff on July 1. The Commission should quickly, but thoroughly submit regulations for this provision to the Congress.

Tenth. Excess campaign funds. Federal officeholders and candidates need to know what purposes they may use excess campaign funds for. By advisory opinion or regulation, the Commission should set down guidelines for the use of these funds.

Eleventh. Debts. Candidates and their committees will need to know if they may exceed the contribution limitations to satisfy debts incurred in previous campaigns and whether satisfying a debt will count toward the expenditure limitation in the next election.

Twelfth. Honorariums. Public officials will need to know what the rules and guidelines are for the acceptance of honorariums.

Thirteenth. Forms and manual. The Commission will be responsible for redesigning and simplifying the forms and for rewriting and improving the manual for uniform bookkeeping methods. The manual should summarize and explain the law, including the tax changes enacted late in 1974.

Fourteenth. $25,000 contribution limit. Political parties and special interest groups need to know if the $25,000 limit applies to every election period or on an annual basis.

Fifteenth. Administrative expenses. Candidates and committees need to know if the administrative expenses for multicandidate committees can be applied to and credited toward the candidates' contribution and expenditure limitations.

Sixteenth. Presidential primary guidelines. The Commission will have to set down some interim guidelines for Presidential primary candidates under the matching payment account until the regulations are approved.

Seventeenth. Rules and regulations. All rules and regulations should be completed by September 1, if they are to be approved by Congress and the vetoed regulations resubmitted and approved prior to January 1.

Eighteenth. Auditing. Until a full-scale auditing program can be set up, a small scale program will be needed to assure compliance with the law.

CONCLUSION

The Commissioners have a difficult, tough challenge ahead. To further indicate some of the problems that lie ahead, I am including below the excellent statement by the Center for Public Financing before the Senate Committee on Rules and Administration and a statement on the duties and responsibilities of the Commission that I inserted in the RECORD of November 20, 1974.

I would like to conclude with a quote from the Center for Public Financing's statement:

> An Election Commission dedicated to upholding the spirit, as well as the letter of the law, itself uncompromised by partisan consideration, functioning equitably and openly, can ask the same standard from others. The new Commissioners have a terrible responsibility; it is also a tremendous opportunity to reinvigorate a badly sagging national image in this bicentennial season.

I sincerely hope that the Commissioners will seize this great opportunity. I wish them well in their work. The American people want and deserve a clean, honest, open, fair election in 1976.

Mrs. FENWICK. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Speaker, I rise in support of the nominations and in support of the position taken by the previous speaker. I do not remember all of the list of the organizations, and I do not happen to belong to any of them, but if the only objection to a gentleman is that he belongs to those organizations—I certainly do not think we can disqualify people in this Nation simply because they belong to perfectly legitimate organizations.

If this is all there is against this man, then I urge this House to vote favorably on the nomination of this man.

Mr. FRENZEL. I thank the gentlewoman.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Speaker, I subscribe to the sentiments that the gentleman in the well and the gentlewoman from New Jersey (Mrs. FENWICK) have expressed.

I understand that the concern about Mr. Staebler relates mainly to his continued membership in Common Cause.

Is it the attitude of the gentleman from Minnesota that a member of the Commission should not even retain a membership in an organization whose objectives the gentleman does not support? And, in asking the question, I know that the gentleman, as well as I, distinguish between membership payments and dues in an organization on the one hand, and occupying a position of policy and decisionmaking with an organization on the other.

Mr. FRENZEL. It is my judgment, Mr. Speaker, that in the case of the subject organization, Common Cause, that any member of the Commission should disassociate himself. He or she should resign because Common Cause is one of those organizations which will be appearing before the Commission inasmuch as it has a very strong interest in the election process. Therefore, to avoid even the aspect of a conflict of interest I believe all of those people should resign from that kind of organization. They can be affiliated as a former member, if they wish.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. FRENZEL. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Speaker, we believe, and we so advised Mr. Staebler, that he should resign from Common Cause, and any other organization which is registered as a lobbying organization.

The gentleman understood, as do the others, that no one need resign from the political party they belong to, or that they should not be active at the local level, but we did advise them that we did not think they should be a State chairman, for example, or something like that. But any organization that is registered to influence legislation, we told them flat out that we did not think they ought to be a member.

Mr. FRENZEL. I think that is a good explanation, and one to which I would subscribe.

Mr. DICKINSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think, evidently, from the comments that have been just made, that I failed to make my point clear.

I do not care what organization a person belongs to. Whatever he does is his business. My main objection, and the objection which I have now, and will continue to have, is that if anybody nominated to this position as a Commissioner cannot readily understand and appreciate the inevitable conflict of interest by serving on these types of organizations that are designed as lobbying organizations, then I just do not think that his judgment is too good.

I now yield 5 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I believe the reason I am concerned about the issue of Mr. Staebler's membership on this Commission, which services not only the public, but also all elected officials under Federal law, are the legitimate points of: First, conflict of interest; and, second, disqualification because of apparent unwillingness of the candidate to assume a mantel of uninvolvement in fair adjudication.

It is the ongoing or continuing membership in groups of advocacy, that becomes the concern to many of us as we listened to the testimony before the House Committee on Administration. I can imagine what the feeling would be here today if a person—and I realize that this would not have happened—who had been recommended to this Commission who had belonged to some conservative organization, or maybe even some far-out leftist organization like the Nazi Party, what the cries of concern would have been if that individual candidate said, "I will keep that membership." In that instance I am sure the ability of that individual to serve in a "nonpartisan" and "judicial" way. Would have been aggressively challenged.

I am concerned because I was present for the testimony when many of these gentlemen and gentlelady were testifying before the House Committee on Administration. I want to hear for myself for example the gentleman, Mr. Harris, from the AFL–CIO said he would terminate his membership in that organization, and that other than for his pension, he would not receive any remuneration of expenses from the AFL–CIO, which I thought was a correct position. But when it came to Mr. Staebler, he basically moved away from a willingness to say that he would terminate his activity with Common Cause and some of the other advocate organizations. My main concern is clearly with Common Cause and these other advocate organizations, because they are major lobbists before this Congress relating to election laws, and will be before this Commission. And I am sure they will all appear many times.

As a matter of fact, these organizations solicit funds on the basis that they will be major advocates before the Congress and State legislative bodies, and, now this Commission. In my judgment, that is enough reason for disqualification. I know that I will vote against the gentleman from Michigan to this Commission because, unlike the other candidates for this Commission, he was, as I heard in the hearings, unwilling to remove himself of those present associations during the time that he is serving on this supposedly semijudicial Commission.

I tend to agree with my colleague, the gentleman from Ohio, that local membership probably does not necessarily mean that he would be an advocate; but, of course, he has been a major testifier many times before committees of Congress representing Common Cause and other advocate organizations. I believe that the gentleman from Michigan has disqualified himself, and I will so vote on that issue.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I can hardly resist the temptation to get a headline by defending Common Cause, but I will resist it.

Mr. ROUSSELOT. Go ahead; I would like to hear it.

Mr. HAYS of Ohio. I think what we are talking about is the fact that Mr. Staebler did ask the question—maybe he should not have asked it, but he did. I do not find it difficult to accept his reasoning on it. Did the committee think he ought to sever all those kinds of relationships, and the community said pretty unanimously and directly it did. Then he said, "I will be guided by the wishes of the committee."

I think we made it perfectly clear to him we did not even expect him to join Common Cause for $15 a year, or whatever the going rate is that they can get suckers for these days, but I do not think his past association with any organization ought to condemn him, since he has indicated that he was willing to sever his connections.

I know Mr. Staebler well. I served here with him. He is probably as honest a man as ever came down the road from anywhere. He even listed the fact, which the gentleman made mention of, that he was a Socialist candidate for mayor back in the thirties.

The Members can just bet in my biography I did not put in everything I did back in the thirties. I hope nobody remembers some of those things. But being the kind of man he is, Mr. Staebler put it all in, and I do not think we ought to condemn him for that. I appreciate the gentleman's position.

Mr. Speaker, I yield the gentleman from California an additional 2 minutes.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman from Ohio for yielding me the additional 2 minutes.

Mr. Speaker, I do not think many of us can be critical of Mr. Staebler's willingness to state his past associations. That was not my argument. My concern became this: that this new body, this new Elections Commission has judicial responsibilities and authorities, and I feel under that kind of circumstance it becomes important that an individual be willing to terminate "conflict of interest memberships" of that type—as he said he would be willing to terminate his basic membership in various Democratic clubs at home though I do not consider that type to be as important. I would not object to that as strenuously because the voluntary Democratic clubs in his home area of Michigan do not lobby that much here in Washington. My concern is that several of the organizations of which he very readily stated he is a member and is proud of these memberships but is unwilling to disassociate himself when he assumes this new mantle of judicial responsibility. That is my concern. Although I would not agree with his Socialist affiliations and philosophy, that would not be enough justification for me to vote him down. I believe he disqualifies himself in my judgment when he becomes unwilling to disassociate himself from these aggressive advocate groups while he serves on this Commission.

Mr. FINDLEY. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Speaker, I commend the gentleman for his remarks. But why should a distinction be made between one of the major parties, Democrat or Republican and membership therein, membership in those parties which seek to influence elections and win elections, and another organization like Common Cause which would seem to have pretty much the same objectives?

Mr. ROUSSELOT. I think the gentleman raises a good point. The difference as I see it is that the local Democratic organizations do not spend as much of their time, effort, and money lobbying here in this Congress and will not be before this Commission and before various State legislatures as does the Common Cause or some of the other organizations which have been mentioned. Mr. Staebler evidently has decided he is unwilling to be disassociated with. These groups even though they will be before the Commission on which he will sit.

That would be my concern. As the gentleman knows, many members of the Judiciary when they go on the Bench and become sitting Justices disassociate themselves from vast numbers of organizations because they do not want the slightest indication that they would be in any way prejudicial in their decisionmaking responsibilities on the Court.

I think this Commission has that kind of critical mandate and that kind of disassociation is required. I do appreciate the honesty of Mr. Staebler in saying that he was wholly disinclined to disassociate from any of those groups and I think he is to be commended for being that candid; but I believe this Commission, if it is to serve in the way Congress indicated that it should as a judicial-type Commission we need a better individual commitment to nonpartisanship. I believe the gentleman has disqualified himself by his own statements to the committee.

Mr. HAYS of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania (Mr. Dent).

Mr. DENT. Mr. Speaker, I regret that this action is being taken at this point in the so-called vote on and endorsement of these gentlemen and the lady who have been named to this very important post. The first name on the list is a young lady from Pennsylvania who was named by the Republican floor leader, the minority floor leader of the Senate, an old friend of mine, the gentleman from Pennsylvania, Senator Scott. I never knew the lady but I took into consideration the judgment that I knew Senator Scott would exercise. I regret that the President of the United States is not given as much faith and trust as what I gave Senator Scott.

In the first place, Neil Staebler was a Member of this Congress at one time. He ran at large. He was elected as a Member of this body. His is the only record I know of that has been gone into in depth as to the little minute details of his private life and of his political life.

I remember the thirties very well. I was not exactly a youngster in those days. I was registered to vote and I remember an incident that might have happened to him in his beginning the same as it happened to me. I was in a particular ward that had 1,700 votes in it and there were only two Democrats. My father was one of them. When I went in to register, the registrar there was an old-timer who had been in there ever since he was old enough to vote and he was an old registrar there. He said to me: "You are taken care of, Johnny. I have known you since you were a boy. Here is your card. I filled it in for you. You are registered Republican."

I did not like it very well and I said to him, "I do not want this."

I said, "I am going to register my own way."

He said, "I guess you are going to follow that renegade pap of yours."

I said, "No one is telling me how to register. I'm going to register as a Socialist." I did not really know what that meant then.

When I got home, of course, my father changed all that. He did not think that was right, so I became a Democrat.

I think it is wrong to pick one person out of these six honored persons that have been named by the President of the United States.

I think this is the kind of action that breeds reactive action and causes us to get into situations that we wish we had never entered into.

I have nothing against anyone on this particular list and I certainly do not believe he ought to be selected out of the six, as he was in the Committee on House Administration to be the only one that had negative votes against him on what I think are darned unsound grounds.

Mr. DICKINSON. Mr. Speaker, the gentleman from Ohio (Mr. Hays) had commented that Mr. Staebler had said that if our committee asked him to resign, he would resign. Perhaps that is what it sounded like.

Reading his verbatim testimony, however, the question was:

> You would anticipate continuing your association with Common Cause as a member of the Commission? Do you not see any conflict in not just Common Cause, but in other organizations whose job it is to influence legislation?

Mr. Staebler replied:

> I will listen to the members of the Commission on that and if that is your opinion, I will, of course, withdraw.

Perhaps that was a misquote of the comments of the gentleman from Ohio (Mr. Hays), but I was just reading it from the record.

Mr. HAYS of Ohio. Mr. Speaker, if the gentleman from Alabama will yield, I thought he said he was listening to the members of the committee. Since we have oversight, I will endeavor to convey to him that the membership of the committee almost unanimously thinks he should disassociate himself with any organization involved with lobbying.

Mr. DICKINSON. Mr. Speaker, I thank the gentleman.

I might say with respect to singling anyone out, we did not single out any Democratic nominees or anyone coming from the House; but I as a Member have the right to question anyone. I do not have to accept anyone at face value. I think it is absolutely legitimate and incumbent on me to exercise these rights and therefore, I am going to oppose this.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I think it should be made clear, the gentleman from Pennsylvania (Mr. Dent) tried to indicate there might have been some disagreement because of past membership in the House of Representatives. I do not think anybody here would lodge that complaint. There is no suggestion that the reason we object to the confirmation of Mr. Staebler is because we disagreed with him while he was here in Congress. That has nothing to do with it.

The issue is ongoing or continuing membership in organizations that have heavy lobbying operations here in the Congress of the United States. It is truly "conflict of interest."

Mr. DICKINSON. I feel anyone of good judgment could readily perceive a conflict of interest here.

Mr. HAYS of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. Ford).

Mr. FORD of Michigan. Mr. Speaker, I am sure the gentleman from Alabama had expected that we from Michigan would be listening very carefully to his remarks. I am saddened, and disappointed however, by the test that he suggests that this body follow in confirming the members of this very important Commission which we are holding out to the American public as the guardian of purity and honesty in Federal elections. We have said to the American public that the Congress, responding to deep concerns brought about by the actions of people who formerly occupied the White House and those around them, had so eroded citizen confidence in our governmental institutions and in the whole business of politics that something had to be done to insure against these sordid practices ever happening in our country again.

So, we agonized through most of last year to write legislation that was finally overwhelmingly passed by a majority of both political parties. We sought to devise a mechanism to protect the American political system against the abuses it had so recently suffered. The Members of the party of the gentleman from Alabama were as enthusiastic and hardworking in their support of developing this legislation as anybody on our side of the aisle, but he now suggests to us that we should throw all that out and apply, as a test of whether these people are fit to sit in this position of responsibility, past associations and political name tags.

Mr. Speaker, I suggest to the gentleman that if we were to lower our sights to accept that kind of a test, a majority of the people on my side of the aisle would be likely to find the past and present associations of the three Republican members of this Commission as bothersome as he finds the associations of the three Democrats, and particularly the one he has singled out for this unwarranted attack. If we were then to be guided in our voting by what their associations had been, we need only look at the partisan makeup of the House to see the end of this question. It is very obvious, to me, that we would, by taking that course, destroy any confidence that the American people has in our sincerity in trying to work out a bipartisan Commission to enforce the law.

I am shocked to hear the gentleman from Alabama suggest that a person who belongs to the Unitarian Church, the National Municipal League, the National Planning Association, the American Political Science Association, and—lo and behold—the Economic Club of Detroit, belongs to what he describes, and I quote, as "left and far left organizations."

I mention that only to indicate how terribly irresponsible it is or would be for us to start down the road of picking out and classifying the associations of people who have been active in their community, active in their State, and active in their country. I see some of the Republican Members from Michigan here who have had occasion to compete with Neil Staebler in tough political campaigns in the past. I would say, without consulting any of them in advance, if you would have the measure of this man, ask and they will tell you that he has been an active partisan Democrat in his career, but they will also tell you that he has been one of the most honorable campaigners in Michigan in either political party.

With pride we point out to the rest of the country that we have not had political scandals in our State in either party. We fight hard; we win sometimes on one side and sometimes on the other. We know the Democrats that are active; we know the Republicans that are active, but ask my colleagues from Michigan how Neil Staebler's entire public career stacks up in their view as a person who is the kind of person with a deep concern for this country and the honest dignity of its institutions.

He has set the kind of example that makes it possible to participate with pride in partisan politics in Michigan.

In fact, if we pursue his theory, we would have to find neuters and public nonentities for this Commission. Avoid the problems the gentleman is troubled about.

He is talking about a former Member of this body. Five of the six who have been named by Congress and the President are former Members of this body, and every one of them has served according to his own conscience with honor and distinction. Ask any Member on either side of the aisle who served here with Neil Staebler if he is the kind of man that we would want assuming this heavy responsibility. I think I would defer to their judgment and their fairness to affirm that this is the basis upon which the decision should be made and their endorsement of Neil Staebler will, I am sure, be forthcoming.

Mr. TRAXLER. Mr. Speaker, will the gentleman yield?

Mr. FORD of Michigan. I yield to my colleague from Michigan.

Mr. TRAXLER. Mr. Speaker, I wish to associate myself with the remarks of the gentleman in the well, and to say that I agree with his statements.

This is probably one of the finest nominations the President has ever sent to the Congress, and I trust that my distinguished colleagues and Members on the other side of the aisle will rise up in support of this nomination.

Mr. CARR. Mr. Speaker, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Michigan.

Mr. CARR. Mr. Speaker, I would like to associate myself with the remarks of the gentleman from Michigan.

Mr. Speaker, I rise in support of the confirmation of Neil Staebler of Michigan to the Federal Election Commission.

Mr. Staebler is a man of great personal integrity. He also is renown for his commitment to the well-being of his Nation and the integrity of its governmental processes.

I have personally experienced Mr. Staebler putting that commitment to work in his party, in his community and through his membership in many groups working for the cause of good government. One group, in whose membership Mr. Staebler's opponents find objection, is Common Cause.

I now find it ironic, Mr. Speaker, that Mr. Staebler is singled out from among the six nominees for objection because he stated before the committee that he saw no conflict in his membership in good government groups and his prospective membership on a commission designed to guarantee us good government. I think it is all too apparent that the real objection is not with Mr. Staebler or the fact that he saw no conflict in interest where there was indeed a compatibility of interest; the real objection is to the groups like Common Cause which have been instrumental in helping this body into more responsive government. That is not to say, Mr. Speaker, that members of Common Cause like Mr. Staebler and myself do not sometimes disagree with their program, but their thrust and effect is undeniable.

Now I know that Mr. Staebler stated that he would drop his membership in good government groups if that was the desire of the committee. And the committee has apparently asked him to do so. I would urge the committee and Mr. Staebler to reconsider that policy. We need active participation of committed citizens like Mr. Staebler and should welcome, as a sign of their commitment, their continuing involvement with other citizens of like concern.

I urge the House to confirm Mr. Staebler's appointment to the Federal Election Commission by an overwhelming majority.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Michigan.

Mr. DINGELL. Mr. Speaker, I rise to associate myself with the remarks of my good friend from Michigan, and I urge my colleagues to endorse enthusiastically the appointment of Neil Staebler to this commission.

Mr. DICKINSON. Mr. Speaker, if I might have the attention of the gentleman who just spoke in the well, I must say that either the gentleman is unable or is unwilling to understand simple English.

Nowhere have I said that he should be disqualified for his affiliations, past or present. As a matter of fact, I have twice gone out of my way, very pointedly, to point out it was not on the basis of past relationships, but the inability to discern what is obviously a conflict of interest.

The gentleman resorts to demagoguery, or what appears to be demagoguery, by tying this to a church affiliation and other affiliations, which I have twice said is not the basis of my objection. That is obscuring the issue. My objection is what I said, and nothing more. The gentleman made his argument and the gentleman misquoted me as the RECORD will show.

Mr. HAYS of Ohio. Mr. Speaker, I yield 1 additional minute to the gentleman from Michigan (Mr. FORD).

Mr. FORD of Michigan. Mr. Speaker, if any other Member of the House had accused me of demagoguery I would have asked to have his words taken down. But considering the origin of the insult, I decline to dignify it by responding to it.

The gentleman is the one who is having trouble with the English language. The gentleman will recall that I sat next to Mr. Staebler, when he was before him in the committee and I heard with my own ears his response, when asked by members of the committee, "If a continued membership of an organization would come into conflict with the duties required of you in this position, would you resign?" and he said, "I would be guided by the will of the committee on that point."

I heard that very clearly. If the gentleman from Alabama could not understand it, he has a problem, not me.

Mr. DICKINSON. I just read that into the record, if the gentleman would have listened.

Mr. HAYS of Ohio. Mr. Speaker, in conclusion, I do not have any more requests for time. I would just like to say that I hope all six of the people will be confirmed. The first name on the list, I believe, is Mrs. Aikens. She has had a very active history in the Republican Party, and I think this qualifies her, as I think the history of the other candidates being active in politics qualifies them, to sit on this most important Commission.

I would just like to comment for a minute on the remarks of the gentleman. I think the gentleman from California, or someone, mentioned Mr. Staebler had been a Socialist candidate for mayor.

I never was a Socialist candidate for anything, but I was at Ohio State University in 1932 when Franklin D. Roosevelt was running for President against Herbert Hoover. I remember the discussion in my fraternity house, those of us who were old enough and those of us who were almost old enough to vote—and we were all nearing that age—and the whole concensus—and there was not a member of that fraternity who did not come from a Republican family—was whether or not we would vote for Norman Thomas and give half a vote to Hoover, or whether we would vote—and it seems strange to say this now—for that rather obscure gentleman, Franklin D. Roosevelt, the Governor of New York, and cast a full vote against Herbert Hoover. The general consensus was that we had better vote for Roosevelt, if we could vote, because otherwise we would be helping Hoover.

The reason I bring that up is that people's views do change over the years, and I suspect that Norman Thomas, who I later got to know personally, is probably revolving in his grave at this very moment to think that a Republican President is proposing a deficit of $50 billion.

So what was true in 1932 is not necessarily true in 1975. As I say, I think if I were Mr. Staebler I would have left that off of my biography, but you have to give a fellow a chance to have at least one or two mistakes, and I think Neil Staebler will make a good member of the Commission.

Mr. SYMINGTON. Mr. Speaker, it is a pleasure for me today to participate in confirming the appointment of my good friend and predecessor, Thomas B. Curtis, to the Federal Election Commission. As a former Member of the House for 18 years from the Second Congressional District in Missouri, Tom gained the admiration and respect of his colleagues on both sides of the aisle. Tom's appointment by the President confirms his reputation for honesty and good judgment. During his term in Congress, Tom gained wide recognition throughout the country for his knowledge of economic and political matters and will provide the Commission with the expert guidance it deserves. I know Tom Curtis will serve the public during his 6-year term on the Commission with the same dependable trust he provided his district.

Mr. VANDER VEEN. Mr. Speaker, I wish to speak on behalf of Neil Staebler's appointment to the Federal Election Commission.

Mr. Staebler has been chairman of the Michigan Democratic Party and more recently Democratic national committeeman from Michigan for the last 27 years.

As is indicated by the identity of his sponsor, President Ford, Mr. Staebler is well known to members of both political parties across the Nation as well as in his home State of Michigan as a philosopher statesman who has had a lifelong concern for making our political process fulfill the dreams of its founders.

In his political activities in Michigan he has striven to motivate the ordinary citizen to behave in a politically responsible way, not only to exercise the great privilege of franchise but also to participate in the development of the issues and platforms which the members of a free society must decide in maintaining their freedom.

He has sought to counter the politically erosive influence of privilege and large contributions by encouraging broad-based financial support for political activity.

Mr. Speaker, in the perspective of his devotion to the successful working of our free, democratic system I can think of no more appropriate person for service on the Federal Election Commission than Neil Staebler.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. Pursuant to the request of the gentleman from Alabama (Mr. DICKINSON), the question on the adoption of the resolution will be divided.

The Clerk will report the first portion of the resolution.

The Clerk read as follows:

Resolved, That pursuant to the Federal Election Campaign Act Amendments of 1974, Public Law 93-443, the following named individuals be confirmed for appointment to the Federal Election Commission:

(a) Joan D. Aikens of Pennsylvania for a term ending on the April 30 first occurring more than six months after the date on which she is appointed;

The SPEAKER. The question is on the part of the resolution including the nomination of Joan D. Aikens.

The first part of the resolution was agreed to and the nomination was confirmed.

The SPEAKER. The Clerk will report the next portion of the resolution.

The Clerk read as follows:

(b) Robert O. Tiernan of Rhode Island for a term ending one year after the April 30 on which the term of the member referred to in clause (a) immediate above ends;

The SPEAKER. The question is on the portion of the regulation which includes the nomination of Robert O. Tiernan.

Clause (b) of the resolution was agreed to and the nomination was confirmed.

The SPEAKER. The Clerk will report the next portion of the resolution.

The Clerk read as follows:

(c) Neil O. Staebler of Michigan for a term ending two years thereafter;

The SPEAKER. The question is on the portion of the resolution which includes the nomination of Neil O. Staebler.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. DICKINSON. Mr. Speaker, on that I demand the yeas and nays.

The vote was taken by electronic device, and there were—yeas 366, nays 43,

The yeas and nays were ordered.

answered "present" 3, not voting 20, as follows:

[Roll No. 64]

YEAS—366

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Ashley
Aspin
Badillo
Bafalis
Baldus
Barrett
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Carr
Carter
Casey
Cederberg
Chisholm
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Conable
Conlan
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Diggs
Dingell
Downey
Downing
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frenzel
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan

Karth
Kastenmeier
Kazen
Kemp
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Madigan
Maguire
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Wiggins
Wilson, Bob
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—43

Archer
Ashbrook
Bauman
Beard, Tenn.
Buchanan
Burgener
Butler
Chappell
Clancy
Clawson, Del
Collins, Tex.
Crane
Daniel, Robert W., Jr.
Devine
Dickinson
Duncan, Tenn.
Frey
Goodling
Hansen
Harsha
Holt
Kelly
Ketchum
Latta
Lott
McDonald
Mathis
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Quillen
Robinson
Rousselot
Satterfield
Shuster
Spence
Steiger, Ariz.
Symms
Whitehurst
Whitten
Young, Alaska
Young, Fla.

ANSWERED "PRESENT"—3

Kasten
Steiger, Wis.
Vander Jagt

NOT VOTING—20

AuCoin
Baucus
Bingham
Dodd
Forsythe
Hébert
Leggett
Martin
Mills
Mink
Murphy, N.Y.
Myers, Ind.
Rodino
Ryan
Skubitz
Steed
Stephens
Teague
Wilson, Charles H., Calif.
Wilson, Charles, Tex.

Clause (c) of the resolution was agreed to and the nomination was confirmed.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next portion of the resolution.

The Clerk read as follows:

(d) Thomas E. Harris of Virginia for a term ending three years thereafter;

The SPEAKER. The question is on clause (d) of the resolution including the nomination of Thomas E. Harris.

Clause (d) of the resolution was agreed to and the nomination was confirmed.

The SPEAKER. The Clerk will report the next portion of the resolution.

The Clerk read as follows:

(e) Vernon W. Thomson of Wisconsin for a term ending four years thereafter; and

The SPEAKER. The question is on clause (e) of the resolution which includes the nomination of Vernon W. Thomson.

Clause (e) was agreed to and the nomination was confirmed.

The SPEAKER. The Clerk will report the final portion of the resolution.

The Clerk read as follows:

(f) Thomas B. Curtis of Missouri for a term ending five years thereafter.

The SPEAKER. The question is on the final clause of the resolution including the nomination of Thomas B. Curtis.

Clause (f) was agreed to and the nomination was confirmed.

A motion to reconsider the votes whereby the various parts of the resolution were agreed to was laid on the table.

The SPEAKER. The Clerk will notify the Senate of the action of the House.

GENERAL LEAVE

Mr. HAYS of Ohio. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the resolution just considered.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

AMENDING RULE XXI OF THE RULES OF THE HOUSE TO CHANGE THE NAME OF THE COMMITTEE ON FOREIGN AFFAIRS TO THE COMMITTEE ON INTERNATIONAL RELATIONS

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to amend rule XXI, clause 4 of the rules of the House of Representatives to conform with the earlier action of the House in adopting House Resolution 163 to change the name of the Committee on Foreign Affairs to the Committee on International Relations.

In clause 4, rule XXI, strike out "Foreign Affairs" and insert in lieu thereof "International Relations."

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, do I understand that a resolution was brought before the House and it was not correct?

Mr. MADDEN. Yes, it was a minor technicality, "the Committee on Foreign Affairs."

Mr. ROUSSELOT. You mean we were previously amending the House Rules and changing the name of a major committee and the resolution just voted upon was not written correctly?

Mr. MADDEN. It has already been done this morning in the resolution. This is a minor technicality, but it is just changing a mistake, and putting in "International Relations" instead of "Foreign Affairs".

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, I am very disturbed that with the conditions of correct parliamentary procedure under which we are supposed to operate, we cannot even get a simple resolution out in which the name of a committee is correct. Can we be assured we will not have these kinds of continuing mistakes in more complicated legislation?

Mr. MADDEN. I will give the gentleman my personal assurance.

Mr. ROUSSELOT. That gives me a new found confidence to know that the gentleman will give me his personal guarantee. I hope the American public will gain a new sense of hope.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

REFORM OF FINANCIAL INSTITUTIONS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94-47)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committees on Banking, Currency and Housing and Ways and Means and ordered to be printed:

To the Congress of the United States:

I announced a number of initiatives last October to speed the Nation's return to economic health. Part of that important effort is a careful review of Government regulations. Some of these are outdated and have outlived their usefulness. They now impose a greater cost on the American consumer than they provide in benefits. A key element of my program of reform concerns our financial institutions.

The United States depends on a unique system of private financial institutions and markets to serve its citizens and promote sound economic growth. Compared to other nations, we have a large number of different financial institutions—such as commercial banks, savings and loan associations, mutual savings banks, and credit unions. Through the years, our Government has tended through regulation and legislation to restrict the activities of each class to specialized functions.

However, the regulation of our financial institutions has not been fully responsive to either the changing needs of our economy or to the changes in the scope and function of our financial institutions. During the past 9 years, the cyclical movement of interest rates has imposed major strains on the institutions that serve savers and finance housing. Initial attempts to deal with this problem took the form of interest rate ceilings on the rates that financial institutions could pay to their depositors. The experience of the past several years shows that such ceilings penalize the small saver, and reduce the volume of savings available to finance homebuilding. Nor have the efforts by Government to provide subsidies to support more housing construction succeeded very well. In fact, these programs requiring the Government to borrow in the capital markets have contributed to the problem by adding to upward pressure on interest rates.

At the peak of our financial crisis last summer, home mortgages were virtually unavailable in many parts of the country. And small savers were being heavily penalized because Government rules limited the interest rates they carried on their savings deposits to far less than the rates carried by wealthier individuals with deposits of $100,000 or more. At the same time the availability of much higher rates of interest on their investments outside of the savings institutions caused individuals to shift their funds out of mortgage-lending institutions. As a result, savers, mortgage borrowers, and the housing industry have all been penalized by these obsolete regulations.

Five years ago, a Presidential commission undertook the study of the problems experienced by financial institutions. In 1973, the conclusions of this study led to the introduction of the Financial Institutions Act. The act encourages greater competition and responsiveness to the changing needs of depositors and borrowers. Last year, I endorsed that legislation and urged that the Congress give it priority. Extensive hearings were held in the Senate. Representatives of financial institutions and the concerned public have expressed their views.

Today, I am resubmitting the Financial Institutions Act, with the assurance that the many months of debate and consideration have brought all of us nearer to basic agreement on this important reform.

This bill contains certain notable changes from the legislation put before you in 1973. But the overall objectives remain the same—providing new opportunities for savers to earn a competitive return on their investment, and providing homebuyers with greater assurance that the flow of funds for home mortgages will not be dramatically disrupted during periods of high interest rates. To achieve these objectives, the bill permits institutions engaged in serving small depositors more flexibility both in obtaining and investing funds. It will permit the payment of higher interest rates to small savers, and it will also offer a new tax incentive to most financial institutions to make residential mortgage loans.

New safeguards will require banks to conform to basic standards of Truth-in-Savings to insure that competition between institutions is fairly and accurately advertised. Nor will there be any decrease in the Government's regulation of accounting or security measures. Increased competition between financial institutions will not be allowed to obscure the need for prudent management necessary to safeguard depositors.

If the Congress will enact this bill into law, our financial institutions will benefit from the ability to offer new services and enter new markets; and their customers, both depositors and borrowers, will share these benefits.

Savings and loan associations and mutual savings banks will be permitted to offer checking and negotiable orders of withdrawal (N.O.W.) accounts to individuals and businesses, while diversifying a portion of their investments into consumer loans, unsecured construction loans, commercial paper, and certain high-grade private debt securities.

Commercial banks will be permitted to offer corporate savings accounts and N.O.W. accounts. Credit unions will be permitted to offer mortgage loans to members, make a wider range of loans at more varied interest rates, and to set up an emergency loan fund on which to fall back.

To improve the availability of mortgage credit, commercial banks, savings and loan associations, mutual savings banks, and other taxable financial institutions will be granted a new tax incentive to enlarge their volume of mortgage loans. Finally, the act provides for the gradual elimination of interest rate ceilings on all types of savings over a five-and-one-half-year period.

This legislation differs in two principal ways from the bill previously submitted to the Congress:

First, the abolition of interest rate ceilings on deposits will still occur five-and-one-half years after the passage of the act. However, prior to the removal of ceilings, the Administration will conduct an intensive investigation to examine the economic and financial picture at that time. The President and the Congress will then have the opportunity, if appropriate, to make any final improvements in the direction of the legislation.

Second, the mortgage tax credit is included in the act as before, but savings and loan associations and mutual savings banks will be given a one-time option until 1979 to decide when to substitute this tax measure for their current bad debt loss deduction. By 1979, all savings institutions will be required to shift to the mortgage interest tax credit.

While the amended bill contains modifications designed to emphasize the areas of agreement produced during the hearings and recent discussions between Administration officials and the public, the basic objectives are to increase the level and quality of service for the consumer saver, and to maintain or expand the flow of credit to the housing sector.

I urge the Congress to give these proposals prompt and favorable consideration.

GERALD R. FORD.

THE WHITE HOUSE, *March 19, 1975*.

REPORT OF SECRETARIES OF DEFENSE AND TRANSPORTATION ON AWARDS MADE DURING FISCAL YEAR 1974 TO MEMBERS OF ARMED FORCES FOR SUGGESTIONS, INVENTIONS, AND SCIENTIFIC ACHIEVEMENTS—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Armed Services:

To the Congress of the United States:

Forwarded herewith in accordance with the provisions of 10 U.S.C. 1124 are reports of the Secretary of Defense and the Secretary of Transportation on awards made during Fiscal Year 1974 to members of the Armed Forces for suggestions, inventions and scientific achievements.

Participation by military personnel in the cash awards program was authorized by the Congress in 1965. More than 1.6 million suggestions submitted since that time attest to the success which the program has had as a means of motivating military men and women to seek ways of reducing costs and improving efficiency. Of those suggestions submitted, more than 255,000 have been adopted with resultant tangible first year benefits in excess of $799,000,000.

Of the nearly 146,009 suggestions which were submitted by military personnel during Fiscal Year 1974, 19,810 were adopted. Cash awards totaling $1,358,818 were paid for these adopted suggestions, based not only on the tangible first-year benefits of $71,461,841 which were realized therefrom, but also on many additional benefits and improvements of an intangible nature. Enlisted personnel received $1,103,693 in awards which represent 82 percent of the total cash awards paid. The remaining 18 percent was received by officer personnel and amounted to $255,125.

Attached are reports of the Secretary of Defense and the Secretary of Transportation containing statistical information on the military awards program and brief descriptions of some of the more noteworthy contributions during Fiscal Year 1974.

GERALD R. FORD.

THE WHITE HOUSE, *March 18, 1975*.

EMERGENCY PRICE SUPPORT FOR 1975 CROPS

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 85 percent of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Washington.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 4296, with Mr. BRADEMAS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Washington (Mr. FOLEY) will be recognized for 1 hour and the gentleman from Virginia (Mr. WAMPLER) will be recognized for 1 hour.

The Chair recognizes the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, H.R. 4296 as reported by the Agriculture Committee accomplishes several things. First, the bill increases the target price and loan rate to $3.10 per bushel and $2.50 per bushel for wheat, $2.25 per bushel and $1.87 per bushel for corn—with other feed grains adjusted accordingly—and 48 cents per pound and 40 cents per pound for cotton.

The bill also mandates a loan rate for soybeans to reflect the historical average relationship to corn support levels prevailing during the immediately preceding 3 years and currently would approximate $3.94 a bushel.

Further, the bill provides that upland cotton loans may be extended at the option of the producer for an additional 8 months beyond the current 10-month period. It also requires the Secretary to adjust interest rates on CCC commodity loans quarterly to reflect the cost of money to the U.S. Government, and it requires the Secretary to establish by regulation the same terms and conditions concerning interest and storage costs for upland cotton loans as are in effect for grain.

Finally, the bill provides for price support of milk at 85 percent of parity, adjusted quarterly, with the additional provision directing the Secretary to make announcements of adjustments within 30 days prior to the beginning of each quarter.

H.R. 4296 received broad, bipartisan support in committee and was reported by an overwhelming vote of 32 to 8.

Testimony before our committee indicated that this emergency legislation is necessary because the economic problems of our society have engulfed agriculture and are threatening production. The committee found that even though gross farm income in 1974 was at record heights, farm production expenses increased $10 billion over 1973 figures, which resulted in an actual decline in net farm income of $5 billion in 1974 from 1973 figures. There is every indication that the cost of production will continue to increase in 1975. This, coupled with the uncertain domestic and world economic situation, has put our agricultural producers in a difficult situation and has forced many, in all parts of the country, to threaten to reduce production.

This must not be allowed to happen. Our economy is in dire straits. The Joint Economic Committee has projected a third straight year of recession, with joblessness over 10 percent if the economy fails to receive the necessary stimulus. At a time when the gross national product fell at an annual rate of 9.1 percent in the fourth quarter of 1974 and the country faces a depression, the committee felt that it was imperative that it act to insure continued production of agriculture commodities in the United States.

Further, the committee is convinced that prompt enactment of this legislation will have two additional important effects on our Nation's economy. First, by increasing the loan rate for commodities covered in this bill, the committee is making it easier for agricultural producers to obtain production loans, thus insuring a continued flow of money in our economy. In 1974 alone, according to Department estimates, the agriculture community borrowed approximately $46.7 billion in production loans. For a viable economy, these producers must continue to be able to secure these loans.

The Members must realize that our farmer, like any other producer in America, must mortgage a portion of his future if he desires to increase his production and thereby his profit. H.R. 4296 would help him in this endeavor by making credit easier for him to obtain.

I am certain that the Members are aware that agriculture export sales resulted in a flow of an estimated $21.5 billion into this country from foreign sources in 1974. This helped to pay for the lion's share of our petroleum imports in that same period. An additional $0.5 billion was obtained through concessional sales of our agricultural commodities to needy countries abroad. By encouraging our producers to maintain production of these commodities, H.R. 4296 will insure that the United States maintain its fair share of the world market.

Let me speak frankly to an issue that concerns many of our colleagues—U.S. food aid to assist the starving peoples of the world. There is no evidence available to our committee to indicate that those nations which have the greatest demand for our agricultural commodities will be able to provide for their own needs in the near future.

Thus, if this Congress adopts a policy advocating continued U.S. leadership in food aid programs, it is also necessary to support legislation such as H.R. 4296 to encourage continued domestic production.

Finally, Mr. Chairman, we recognize that there is some controversy over certain provisions of this bill; however, we feel that it is good legislation in the best interests of the American people.

I do not want to assure the Members that our committee carefully and judiciously approached this issue and concluded that an emergency situation does exist which this legislation is designed to remedy if enacted promptly before the completion of the planting season for the 1975 crop year.

It is supported by 13 major farm organizations. It has the conditional support of the AFL-CIO, the UAW, and the Consumer Federation of America.

It is supported by the Democratic leadership as in keeping with the overall program adopted to both stimulate the economy and preserve those existing areas of relative strength.

I urge our colleagues to join in support of this bill.

Mr. Chairman, at this point I yield to the gentleman from Texas (Mr. POAGE).

Mr. POAGE. Mr. Chairman, I know that Members are ofttimes impatient with the Committee on Agriculture for bringing in so many bills so consistently changing support prices. Members naturally ask why we cannot arrive at something more permanent. Briefly, we cannot develop permanent figures; first, because our colleagues have not seen fit to let us tie farm prices to parity. If we could relate farm prices to farm buying power it would not be necessary to change the law so frequently. In the second place, farm prices are among the most sensitive of all the segments of our price structure and they are constantly moving up and down like a yo-yo. This bill seeks to establish some degree of stability.

Although the changes in the price of cotton and livestock have been even more severe, my subcommittee had the responsibility for wheat and feed grains. All of these grains are today bringing only about two-thirds of what they did just 1 year ago, and soybeans are bringing little more than one-half as much as they did last summer. That is a greater loss than most unemployed workers are suffering between the wages they were earning and the unemployment compensation which most of them are now receiving.

Now, what we are trying to do with this bill is to stabilize some of those prices. We could have a price structure that gave the farmer $7 wheat in January and $3 wheat in May and $1 wheat in July, and he could average out as much as $5 a bushel and it would not be worth as much to the farmer as a stable price of $3.50.

Stability is one of the essentials of farm pricing, and therefore one of the essentials of farm production. Few industries require as much credit as agriculture production. What we are trying to get here is some stability in this very unstable market.

Chairman FOLEY has pointed out the various figures by which we have sought to stabilize these loans and target prices. I feel that Members should understand the difference between the "target" prices and the "loan" figures. The target price does not fix the price that somebody has to pay for the commodity. The target price is the figure at which we feel we can get adequate production, and we attempt to say that in the case of wheat that figure should be approximately $3.10 and in the case of corn it is set at $2.25, with all other feed grains and soybeans in proportion. But there is no effort to fix prices this high. It is the loan figure which will establish the market. In effect the difference between the target price—the price needed to get full production—and the loan figure—which will establish the price—is a direct consumer subsidy. Surely, without such a subsidy the cost to consumers should begin to rise as soon as wheat drops to $3.10—the target price. Under this bill wheat can drop to $2.50 before the consumer would be affected—if indeed the consumer is actually affected by farm prices.

We provide a loan figure of only $2.50. That means wheat would have to drop to $2.50 before the Government begins to offer the farmer a loan and before it begins to affect the price of the commodity.

The price of wheat has come down by at least $1.50 in the last 6 months. How much has bread come down? The Members were told last spring when wheat was going up that it was going to take the price of bread up, and it did. But, since it has gone down, how many Members have observed a material reduction in the price of bread? Since it is clear that there has been a considerable drop in the price of bread, without any benefit to the consumer, should it not be equally clear that the stabilization of wheat prices will not of itself result in an increase in prices to consumers?

Now let us follow this bill just a little further. Let us bear in mind that the grain prices in this bill are all well below present market prices. Now the Department of Agriculture seems to say, and I think correctly so, that we will need more grain, not less. The only way I know of getting more is to assure farmers they will not suffer the kind of disaster which has befallen the cotton farmer and the livestock grower. And just as clearly the grain sections of this bill cannot possibly cost the Government 1 dime if the estimates of the Department of Agriculture are even remotely accurate.

Nobody can figure the exact individual cost of production. This cost varies from farm to farm. The committee has sought to achieve a consensus on that figure, and I believe we have arrived at a pretty fair level of compromise. There are a great many people who feel that these grain prices and milk prices should be a great deal higher. Others feel that some of these figures are too high. The committee sought a reasonable compromise. The figures are not all those which I would have used but they are probably as nearly correct as anyone could present.

Our Committee on Livestock and Grains recognized that cattle prices are at desperately low levels. We included a provision limiting imports but the members of the Ways and Means Committee expressed opposition on the grounds that jurisdiction over that matter belonged to their committee. Since jurisdiction does clearly fall with the other committee, there was nothing we could do but drop this provision. We hope the Ways and Means Committee will recognize the pressing need for immediate relief and take action to stop these unnecessary imports.

I shall support the bill and I urge you to do likewise.

Mr. WAMPLER. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I rise in support of this farm bill. I urge my colleagues to work their will on this bill—but do so in a way that will result in something that can be enacted into law.

Let me give you some of the benefit of our discussions and hearings in committee on this bill as I view it.

First, let me say that America's farmers have worked a near miracle in the last couple of years. They have responded to a call for increased agricultural products for domestic and foreign consumption by increasing their productivity such that there is an abundance of food in the domestic marketplace and our foreign exports amounted to approximately $22 billion in 1974.

One might ask what would have happened to us this last year were it not for the farmer? Our balance of payments which was in a deficit position by about $2 billion—our imports amount to $24 billion—would have been much worse. So while the productivity of our industrial workers has been declining, exposing our domestic manufacturers to a loss not only in world markets but an inability to compete in the United States with imported products from foreign countries, our farmers have permitted this country to avoid an aggravated international financial crisis by virtually assuring a nearly even balance of payments between our exports and imports.

Meanwhile, what has happened to the farmer's financial plight while he has been rescuing the country, at least temporarily, from an even more exaggerated financial plight that it finds itself in because of a worldwide recession precipitated by the energy crisis. What has happened is that the farmer has been placed in a cost-price squeeze from which only congressional—a bill modified some as I will indicate hereinafter—action in the way of legislative relief will rescue them.

The type of bill that I hope we can pass on this floor is one that will be enacted into law. Certainly an increase in target prices and loan levels for corn and wheat and the establishment of a loan level for soybeans is warranted. Exactly where these prices and loan levels will be set by this Body will be resolved in our debates. I can support the prices set in the bill if it means we will get a bill that can be enacted into law.

As to the dairy price support provisions in this bill setting the price of milk at 85 percent of parity, adjusted quarterly through January 1, 1975. I strongly support these provisions, because I believe and submit to you that the dairy farmers are in a position much more adverse than other farmers. His problem is compounded and he cannot cut back his production of milk unless he sells his cows. He is generally prevented from selling his cows because the cattle market has declined tremendously in recent months. So he is on the horns of a dilemma. He is urged to produce milk at a high rate. He has increased his productivity to about the maximum. But, with milk parlors and equipment that is costly, while his productivity has increased and is great, his costs of production continue to go up and can only be paid through a reasonable price obtained for his product—milk. It is costly and difficult to build up a herd of cows. Once herds are established as they are now, they are and will remain an important national resource. We will drive dairymen out of business with low prices for their product—but we do so at great hazard to our national diet and a lack of foodstuffs for foreign sale or export as foods for peace.

Moreover, and I will have more to say about this later, while wages are going up constantly for the middlemen and retailers of milk products, the milk producer is looked upon as the one to take the financial "lumps" for the entire economy. I say let us be fair, let us insure a reasonable support price for milk to insure an abundance of dairy products and prevent financial calamity in the dairy farm industry.

As to the target prices and loan levels for cotton, I would vote for and support an attempt to lower them—and if they are lowered, I believe it will enhance the passage of this bill. Increasing the target prices and loans levels for cotton when we have a huge inventory carryover from the 1974 crop will only result in the Government buying and storing cotton as was done so unsuccessfuly in prior years. This can only, in my opinion, be against the long-term interests of cotton farmers. If moderation is not exercised in this bill on cotton target prices and loan levels, Government stocks which are bought up in 1975 will hang over the market for years to come.

Moreover, unlike food stocks which the Government may hold, fiber stock is not going to be used by and large to meet famines and other natural disasters.

In addition, we are told that without the rather high target prices and loan levels for cotton contained in this bill, cotton farmers will divert acreage to soybeans. Acreage of cotton will probably be reduced from 11 million or better acres to about 9.5 million acres with a reduced target price and loan level.

Mr. Chairman, planting time is here for farmers. They need relief and they need it quickly so that they might make their plans. I urge you to resist any temptation to vote for a bill which may give you an issue and the farmers no relief when they are badly in need.

I insert in the RECORD at this point the relevant portions of my separate views as set forth in the report accompanying this bill:

> American farmers are to be commended for the abundance as well as the efficiency of their production. Our farmers in 1974 not only supplied consumers with adequate supplies of food and fiber, but they have—through hard dollar sales of agricultural exports of approximately $22 billion—nearly provided us with a balance of payments to offset the nearly $24 billion in imports of crude oil needed to meet our energy crisis. The high productivity of our nation's farmers has permitted this country to be competitive in world markets such that our commodities were readily saleable despite sizeable donations of food products to foreign countries in 1974.
>
> The United States farmers, however, are faced with a cost-price squeeze (a persistent problem in farming), which has been aggravated over the last two years by double-digit inflation combined with a world-wide recession that has caused sharp reductions in recent months in the prices that farmers are receiving for their products. Farmers are entitled to and must be given some relief in these circumstances.
>
> H.R. 4296, which accompanies this report, has been generally referred to as emergency legislation. I am concerned that Congress not over-react to what has been characterized in hearing testimony and the press as an emergency. While the situation is such that it warrants quick action, the action must be accompanied, in my opinion, by sound economic and political judgment that results in legislation and not the undesirable consequences of a possible Presidential veto, a political issue for some, and no near-term

answer or solution to the problems of either the farmers, the consumers, or the taxpayers.

I am not convinced that the amendments in this bill, anymore than the Agriculture and Consumer Protection Act of 1973, should be characterized as a minimum farm income guarantee through the expedient of adjustment to target prices, loan and purchase levels on certain commodities and the provision of increased price supports for milk. Such thinking and such a rationale for this or similar farm legislation will surely hasten or insure a federally "controlled" farm economy.

The 1973 Act, and the amendments contained in the bill accompanying this report, provided for an escalator for target prices and loan levels based on changes in "the index of prices paid by farmers for production items, interest, taxes, and wage rates," and also provided that any increase was to be adjusted to reflect changes in yields per acre. It was never intended, in my opinion, nor does the legislative history of the 1973 enactment so reflect, that farmers should be guaranteed an income that would permit them to recover the costs of their production. Farmers, by and large, are an independent group of individuals who much prefer free markets to subsidization, farm controls and a federal government seemingly out of control over its budget.

Nonetheless, farmers are entitled to some relief in an economy dominated and controlled by the Federal government in other areas such that floors are placed on wages; that large government deficits result in increased prices for manufactured products that farmers purchase; and export monitoring and substantial imports on certain farm products (such as cheese and beef) operate as a whipsaw on differing segments of the farm economy trying to make a profit on their operations. The relief to which the farmers are entitled to help them meet the financial risks, some of which have arisen because of governmental action either directly or indirectly, involved in the production of their products is largely judgemental and must, I believe, be disassociated from guaranteed income, recovery of the costs of production, etc., or the farmer and the Federal government will once more march down the road to subsidies, set asides, and a loss of our world markets. Farmers are, in my opinion, more favorably disposed to reasonable loan levels that will permit them to control their own production to a large extent.

The figures for target prices, loan levels and support prices for milk as contained in H.R. 4296, as amended, are the judgment of the majority of this Committee as to what the farmer should receive. It does not agree with the judgment of others on the Committee who claim to represent primarily consumer, as opposed to farm, interests. The Agriculture Department opposes the prices arrived upon by the majority of the Committee as noted in correspondence inserted in the main part of this Report. This opens speculation that even though the majority of the Congress were to agree with the prices agreed upon by the majority of the Committee, the President, who speaks for the Executive arm of the government, may through a balancing of the interests of farmers, consumers and taxpayers reach different judgment, equally valid in the eyes of many, as to exactly what price should appear in the bill, Thus, unless the votes are there to override such a position by the President, if, as and when it may come, we will have passed an issue bill and the farmers for whom the relief is sought will not have averted its undesirable consequences—no bill or a bill enacted too late in the growing season to be of optimum assistance. On my part, I believe and want a bill drafted and designed to insure enactment at an early date.

Mr. POAGE. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi (Mr. BOWEN).

Mr. BOWEN. Mr. Chairman, the United States and world cotton industry is suffering from a temporary worldwide textile recession, which is a part of the general recession that is afflicting this country and many others in the world today. The cotton industry in this country is, however, and has been traditionally a growing, thriving industry. It is flexible, and it is perfectly capable of adjusting to normal shifts in the economy.

World production has steadily gone up, averaging about 1 million bales a year, increasing production to a high of some 61½ million bales, which, because of this recession, has temporarily dropped back to about 59 million bales a year. The American cotton grower is reacting by cutting back almost 30 percent on his cotton planting this year.

As an indication of the adjustment of the cotton industry in this country during the last 25 years, in that period of time acreage planted to cotton has gone down from some 18.8 million to 12.5 million acres, and the number of farmers has been cut from 1¼ million to one-quarter million farmers growing cotton.

It is a streamlined industry, and I hope that no one will assume that this is the kind of an industry that is trying to hold onto any kind of preferential protection, because that is certainly not true of the cotton industry in this Nation. It is a competitive industry, and we are certainly determined that it will stay that way.

However, because of unusually bad weather and harvest last year and consequent credit problems this year and because of the especially high costs of production facing the cotton farmers in this country—it has been estimated by the Department of Agriculture that the coming crop will run about 50 cents a pound—and the act of 1973 is not designed to make adjustments in the new, higher, cost of production, cotton farmers in this country in large numbers face real disasters, and this Congress must do something to provide assistance to them.

The levels which are set in this bill, both the loan level of 40 cents and the target price of 48 cents, are designed to insure credit for planting crops this year, insure orderly marketing and minimize the cost to the Government, as well as to give the consumer the best possible break.

Mr. Chairman, there is no inflationary impact in this legislation on cotton. Right now the mills of this country are holding cotton in storage which was purchased at considerably higher prices than this, cotton which was purchased at 60 and 70 cents a pound. In terms of cost, if the mills of this Nation could buy its cotton which is to be produced in this country at 40 cents, it would be one of the greatest bargains in this century. That level is, of course, well below the cost of production.

There is no likelihood that the farmers of this Nation are going to grow cotton for the Government loan at the unusually low level of the 40-cent loan rate, simply because they cannot make money at that level. I do not think anybody in the country can really make money growing cotton at that level.

This bill is not giving preferential treatment to cottongrowers, I want to assure the Members of that. I think some people may feel that it does give preferential treatment, but it does not. It may have been true historically on some occasions in the past, but it is not true today.

For example, in this bill, in relationship to parity, the target price in this bill runs about 64 percent of parity, whereas wheat is about 70 percent of parity and corn is 79 percent of parity.

In terms of cost of production, the target price for cotton is at 96 percent, wheat is 103 percent of the cost of production, and corn is 112 percent. The cotton target price itself has increased from the 1973 Farm Act only 21 percent, while at the same time wheat is up 34 percent and corn 38.6 percent.

The maximum cost to the taxpayer of cotton in this bill is only about one-fourth of that of wheat and about one-tenth of that of corn. Therefore, I think the Members will see that cotton is really receiving the least favorable treatment of any commodity in this bill. Also, there is certainly nothing in here to provide any kind of incentive for excessive production, and I think I will be able to point out in the course of debate that stocks in this country and abroad are such that we will be able to maintain a normal level of carryover to insure continued exports and adequate protection against an upturn in demand, which without sufficient carryover would send prices back up to the ceiling again.

Incidentally, I would like to point out that the food value of cottonseed is something often overlooked. Ten percent of the edible oil in the United States is produced from cottonseed. It is almost one-half as much as is produced from soybeans from 1 acre of production. Six percent of the total world supply of protein comes from cottonseed, and you get three to six times the amount of protein out of cottonseed as he does from grains on an acre, and you get about eight times as much protein as you do from cattle production on that acre.

There is even now a very active cottonseed flour mill at work in this country producing and selling it for high protein supplements to bread, cakes, pastries, and meat products.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BOWEN. I thank the Chairman.

I would like to urge the Members of this House to support this legislation in the interests of both the consumer and the producer as well as of the American economy and a rapid recovery from the recession which grips this Nation.

Mr. STAGGERS. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee (Mr. JONES).

Mr. JONES of Tennessee. Mr. Chairman, H.R. 4296 contains in it a provision for increased price supports for those farmers engaged in the production of milk and dairy products, a provision that was overwhelmingly approved just 4 short months ago by this distinguished body. Then, as now, the need for this legislation is great due to the unprecedented high prices that the farmer must pay for his production and the low rate of return that he is receiving for his product.

I have heard all of the debate on the rules regarding hearings before the Committee on Agriculture. Let me assure you that the situation has not gotten any better since hearings on this subject were held in September and October of last year. If any change can be shown for developments in the dairy industry over the past several months, it is surely evident that the situation on this country's dairy farms has gotten worse, not better. When an alarm for a fire rings in the stationhouse of a fire department, they do not wait for it to ring twice and I do not think we need to spend taxpayers' dollars to duplicate the effort to gain information that we already have.

Price indexes of goods purchased by the farmer for use in the operation of his farm have risen substantially over the past 3 years and show no indication that such increases will slow down in the future. In fact, USDA in its annual Agriculture Outlook says that the dairy farmer is in a severe cost-price squeeze and further paints a cloudy and uncertain picture as to what that farmer can look forward to for the balance of this year.

Based on the years 1910 through 1914, the increases in the price indexes of goods and services required by the farmer have risen 600 percent, and 200 percent in the past 3 years. In February of last year, that index stood at 545; this past February, it rose to 615, an increase of 70 points in less than 12 months.

During the same period, the dairy industry lost about 20,000 of its producers, a trend that cannot be allowed to continue if this Nation is to have an adequate supply of dairy products for its people.

The Department of Agriculture indeed did raise the support prices of milk in January, but the dairy farmers have not received the announced price support of $7.24 per hundredweight since that increase was announced. Last month, he received $6.98 per hundredweight, a full 26 cents below the support level. That figure represents only 75.7 percent of parity.

Now, the Department has presented some figures that are both misleading and being used in the wrong context. Opponents of this legislation will tell you that if this bill is passed today, the price of milk will rise next week by 8 cents per gallon. Nothing could be further from the truth. Let us use our heads for a moment and take a look at what normal market forces will do to milk, butter, and cheese.

In the absence of action by this body, dairy economists can effectively predict that milk will rise 6.1 cents per gallon, butter will rise 11.8 cents per pound, and cheese will rise 12.6 cents per pound by the end of this year. Returning to the Secretary's projections then, it will show that the results of this bill will cause a net increase in the price of milk of 1.9 cents per gallon, in cheese a 2.2-cent increase, and in butter a 2.5-cent increase. And, remember that those are only projections. Under the last increase in the dairy price supports, milk actually went down in price to the consumer according to the Consumer Price Index.

According to my research, milk has gone down in price to the consumer anywhere from 5 to 7 cents per gallon—and the reason? The parity prices also are tied to the costs of other commodities used in the production by the dairy farmer such as feed grains which have decreased in price during recent months.

It is impossible to project what could happen to the dairy industry if this bill fails to gain approval of this body, but we can take a look at the historical developments in the industry when similar occurrences have surfaced. During 1973 and 1974, when milk/feed ratios fell to levels that are being projected for the next year, the American dairy industry slid into one of the most severe declines ever. Are we prepared to shoulder the burdens of the American people if that is allowed to occur again?

I am not. The opponents of this bill have attempted to pit the consumer against the farmer. I am one Congressman who represents both of those sectors of the economy. We must have farming in order for those living in the cities to eat, survive, and work at other jobs of importance. Some of my colleagues do not seem to understand that all must have a decent living and a decent income.

In this time of recession and inflation, when unemployment in our cities is rampant, it is not the time to ignore the farmers while offering various forms of assistance to other sectors of the economy. For the long-term effect of reducing inflation, we must have him stay in business and be able to continue his production. For the trend of huge numbers of dairy farmers to sell out or go broke to continue would invite a disaster in the farm industry, and the resulting scarcity would give our consumers a new calamity with which to cope.

And, let me assure you, my fellow colleagues, neither farmers nor businessmen will continue to produce without at least covering his own cost of production and not many would continue to work long 7-day weeks, in good weather and bad, to produce milk without making some profit.

I implore you to give favorable consideration to this bill and all of the provisions contained in it for a continued strong and viable farm industry, and for more stable prices in the consumer market. Let us take action now to again gain some control over the commodity markets and prevent another huge wave of inflation from befalling this Nation's food markets a year or two down the road when, hopefully, we will have regained economic stability.

Mr. BALDUS. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Wisconsin.

Mr. BALDUS. Mr. Chairman, I would like to associate myself with the remarks of the gentleman in the well.

Mr. Chairman, I would like to express my concern today about the lack of reference to the make allowance problem on the Agriculture Committee Report on Emergency Agriculture Price Support Legislation, H.R. 4296.

It is my intention, and I am sure the intention of members of the Dairy and Poultry Subcommittee, that the dairy provisions of the bill insure 85-percent price support of milk to the farmer. It is the last phrase I wish to emphasize—to the farmer.

At the present time, because of USDA's failure to adjust make allowances of milk processors adequately, price support payments are being taken out of the pockets of farmers and used to cover increased processor costs.

The make allowance, if adjusted properly, could raise milk prices by as much as 26 cents per hundredweight without raising the price support level a cent. The increased prices due to inflation of processor's costs lately require that the make allowance problem be fully understood.

The Federal Government supports farm milk prices by standing ready to purchase cheese, butter, and nonfat dry milk at price levels USDA believes will return the announced farm price to dairymen for their milk. If the Government is prepared to make these purchases at a certain price, the dairy processing plant—assured a market—can pay a certain price for the milk it needs to make those products.

On January 3, when the new support level of $7.24 became effective, USDA also announced new CCC purchase prices for cheddar cheese, 77.25 per pound; nonfat dry milk, 60.60 cents, and butter, 69.50 cents. These purchase prices are calculated by taking into account the support price, processing costs and the yield—pounds of each product manufactured from 100 pounds of milk.

I urge you to take a look at cheese to see how the system works. One hundred pounds of average test milk will yield about 10.1 pounds of cheese and a small amount of whey fat and other whey solids. The 10.1 pounds of cheese at the purchase price of 77.25 cents is worth $7.80. At the time of the calculations, the whey fat and other whey solids from 100 pounds of milk had a market value of about 31 cents. Therefore, the total return a plant could expect from 100 pounds of milk it manufactured into cheese was $8.11. The difference between $8.11 and $7.24—87 cents—is frequently called a "make allowance" or "processing allowance." The Department of Agriculture officially refers to this difference as a "processing margin."

This 87 cents, included in the purchase price formula, is meant to cover the costs of converting 100 pounds of milk into cheese. The 87-cent level was set March 1, 1973, and has been 77 cents for several years prior to that. It is included to cover labor costs, fuel, packaging, and related costs of operating a cheese plant and producing product. Unfortunately, inflation has taken a toll at the processing level, just as it has raised havoc with milk production costs on your farm. Eighty-seven cents simply doesn't pay the bills for most plants anymore.

Similar calculations are used to determine the purchase prices for butter and nonfat dry milk which come from the same 100 pounds of milk. These calculations are based on a yield of 4.48 pounds of butter and 8.13 pounds of nonfat dry milk per hundred pounds of milk and allow for a "processing margin" of 72 cents.

What happened to $7.24 per hundredweight? It is a national average price, processing costs have increased, and butterfat content varies. This all adds up to—or subtracts down to—less than $7.24 for dairy farmers when wholesale dairy product prices are at the current purchase price levels.

It is not enough to generally support the price of milk. The price of milk must be supported effectively to the farmer. That is the intent of my efforts here; that is the interest of the members of the Dairy and Poultry Subcommittee; that is the intent of this legislation.

I would expect a concurrent commitment from the Department of Agriculture and from the Secretary to insure such price support to the farmer.

Further, Mr. Chairman, on Monday, Congressman Berkley Bedell, several staff people, and I went to USDA to discuss with the responsible people their projected costs of the bill to consumers.

The result of our meeting was the discovery that the costs reported by USDA were inflated and unrealistic.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Kansas (Mr. Sebelius).

Mr. SEBELIUS. Mr. Chairman, having the privilege of representing the world's largest wheat-producing area, I appreciate very much this opportunity to discuss H.R. 4296, emergency food legislation.

Let me emphasize from the farmer's point of view, we are truly in an emergency situation. Last weekend I had the privilege of visiting with over 1,000 farmers in my district in several separate meetings. I would like for my colleagues to realize and understand the man whose job it is to feed America and to help feed a troubled and hungry world is more concerned and more frustrated today than at any time since I have had the privilege of representing him in this Congress.

Farmers in western Kansas today are planning on plowing up wheat and in reviewing their scratch sheet costs and production plans over the past months, one can readily see they really have no alternative but to take matters in their own hands.

In visiting with farmers this past weekend, I made the comment it was time for the administration and the Congress to "get off the dime" and determine the future of American farm policy. I would suggest to my colleagues that today is the day we can get to the business of doing just that.

I believe it is vitally important to the welfare of the American farmer and the American consumer and to citizens throughout the world that we enact target price legislation that will give the farmer assurance he will be able to meet the minimum requirements of financing the Government's call for full production.

I think it equally important for the President and this administration to actively renew a policy of a strong and expanded export program and to end Government manipulation of farm exports. The administration should go on record and let the farmer know it supports an aggressive farm export program free from Government interference. The alternative is a return to Government-controlled agriculture. I do not believe the farmer, the consumer, or the taxpayer wants to go down that road again.

I would like to take this opportunity to tell my colleagues just what the farmer has been telling my office for the past few months in a record amount of mail and number of telephone calls. We have witnessed a disastrous drop in farm prices in the last 4 months.

Kansas City Hard Red Winter wheat futures in March closed at $3.70 a bushel Monday. That is down from a season high of $5.43 a bushel and represents a drop of 30 percent. Chicago corn futures closed at $2.91 a bushel Monday or down about 30 percent from the season's high of $4.09 a bushel. There have been greater declines in the price of cotton and soybeans.

Let me emphasize those prices are not what the farmer out in the country receives. The farmer's price is considerably less due to transportation, handling, and storage costs. Today, the market price for wheat in Dodge City, Kans., is about $3.22. I do not know of anyone in the entire American economy that has seen his production costs go up about 100 percent and the price of what he sells go down 30 percent just before tax time and during this time of inflation and recession. I realize getting into the comparison business is sometimes like comparing apples and oranges but I wonder what the mood of my colleagues would be if we woke this morning to find our annual salary adjusted to $29,750 or a 30 percent drop.

The other side of the coin has been skyrocketing production costs. Since the Agriculture and Consumer Protection Act of 1973 was signed into law August 10, 1973, the farmers' production costs have increased in some cases up to 100 percent. I have lost track of the number of telephone calls we have received asking if Members of this body are aware of the cost of farm equipment, fertilizer, fuel, and all of the rest of the items the farmer must have to stay in business.

Yet, this legislation has established a target price for wheat that is increased only 50 percent and for corn 63 percent. In other words, these levels reflect relatively the same support levels that the Congress approved in the 1973 act by a vote of 252 to 151.

What is important for consumers to realize is that the recent grain market collapse has prompted farmers to dramatically cut back their planting intentions for all major crops from their planting intentions of just 2 months ago. I should emphasize that winter wheat acreage was planted last fall and was not affected by the survey although there has been growing support for using wheat production for grazing or hay or totally abandoning a percentage of planted acreage due to the decline in market prices. Spring wheat acreage was down 5 percent from the January 1 planting intentions.

Let me emphasize that this bill is designed to prevent further reductions and to prevent today's food price problems from becoming tomorrow's food shortage problems.

There is another aspect to the farmer's current dilemna that I feel should be discussed. The farmer is also most frustrated by recent export policy for farm products. After calling for all out production last fall at planting time, wheat farmers feel betrayed by Washington and their Government. This administration, faced with rising pressure from this Congress for complete export controls, imposed export monitoring regulations, asked certain governments to defer purchases and waited until the market collapsed to terminate intervention in the export market.

I remember well telling my colleagues last summer that we use only 30 percent of our annual wheat crop here at home and that we must export significant portions of our wheat carryover or we would be right back into the business of government surpluses. An aggressive farm export program improves farm prices, help the economy, insures the consumer increased food production and helps pay for the cost of imported oil. We are not going to run out of wheat with an aggressive export program. We are in far more danger of experiencing higher food prices and permanently damaging our capacity to produce without an aggres-farm export program.

I again want to stress the fact this bill will be of benefit to our entire economy. The farm price declines we are experiencing not only directly affects the farmer but indirectly the pocketbook of the manufacturer of farm machinery, the small businessman in our rural areas and the workingman. The farmer is the Nation's largest consumer of goods and services. Each year, the farmer purchases over $5.2 billion in new farm tractors, machinery, farm vehicles, and equipment. One out of every five jobs in our entire economy is related to agriculture. These kinds of facts put into perspective the working man's stake in the successful passage of this bill.

Let me stress too that the grain support levels in this legislation are below the cost of production and below current market prices. The farmer will not be in the business of producing for the Government as a result of this bill. However, the support levels are at least realistic from the standpoint of giving farmers some protection and will encourage farmers to produce at optimum levels in line with the humanitarian need to feed the hungry and malnourished both at home and abroad. Most important, these support levels will also help make credit available for the farmer to purchase the costly items necessary to achieve this level of production.

I think it is important to discuss these support levels in light of the misinformation regarding the alleged consumer cost that this bill will involve. Let me say from the outset I am not aware of any computer in any bank in New York City that has produced 1 bushel of wheat or one item of food for the American consumer. The recent report from the Subsidiary of the Chase Manhattan Bank claiming that this bill could result in a total cost to the consumer of $4 billion was simply not correct. I am pleased these assumptions have now been withdrawn.

As an aside, I would point out that farmers in my district are tired of alleged financial experts and government bureaucrats dictating farm prices and farm policy. I submit the coalition of 13 major farm organizations supporting this legislation knows more about farm production than a New York computer. The farmers these organizations represent will produce and this bill will, in part, help assure the farmer he will be able to stay in business so that he can produce. That, to me is not a cost, it is an investment.

I urge my colleagues to support this legislation and to invest in the future of food and fiber for this Nation.

Mr. FOLEY. Mr. Chairman, I yield 5 minutes to the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Chairman, whether or not this bill passes, I think it is important for the Members to know some of the background of the farm economy's vicious cost-price squeeze which this bill is supposed to help ameliorate. If it all sounds familiar, it may be because a number of us tried to stress these facts during the debate 23 months ago when the House was considering the Economic Stabilization Act Amendments of 1973.

I urge some of my good friends from the agricultural areas to go back to the CONGRESSIONAL RECORD of April 16, 1973, and read some of that debate. And they should note particularly how they voted then on the price control and—I stress this—the cost control features of the bill reported by the Committee on Banking and Currency to roll back all prices, including agricultural prices, rents, and interest rates to the levels prevailing January 11, 1973. January 11, 1973, was the date of the start of the Nixon administration's disastrous phase III price decontrol program. That is when the worst of our inflation was ignited and took off like a roman candle.

FARM PRICES SOARED—COSTS FOLLOWED

By April of 1973, farm prices were well above January levels and commodity futures quotations indicated a real bonanza was in the offing for the farmer, while consumers throughout the country were already suffering a substantial loss in real income and buying power which would get much worse, and wages were being held under tight controls.

What the spokesmen for many of the farm groups did not see, or apparently did not want to see in April 1973, was that the costs of agricultural production would also go up sharply in the absence of any real restraints on prices; and these costs would probably stay high or go even higher when the inevitable turndown occurred in agricultural prices. And that is just what happened.

Raw agricultural prices had never been placed under price control by the Nixon administration during the period price and wage controls were in effect. The bill reported by the Banking Committee in 1973 would have placed ceilings on all prices, including those in the agricultural segment. And this was bitterly opposed by virtually all of the farm groups, and by Members here who reflected farmer sentiment.

As a result of a coalition of nearly all Republicans and of many Democrats from farm areas, the House on April 16, 1973, killed the Banking Committee rollback bill and passed instead a simple extension for 1 year of the price and wage control law then in effect which the Nixon administration had administered so badly after January 10, 1973.

As I said on April 16, 1973, after the House defeated the previous question on the rule in order to make the Republican substitute for a simple extension in order, it looked as though a majority of the House Members were satisfied with the way the Nixon administration was administering price and wage controls and were more than satisfied with the rising price levels and the tightly controlled wage policy.

EXCERPT FROM 1973 DEBATE ON PRICE CONTROLS

And then I added this, Mr. Chairman:

> For years the urban Members of this House have supported legislation to provide the farmer with what amounts to a minimum wage—floors on agricultural prices—so that the farmer could obtain a reasonable return for his products. These floors raised consumer prices somewhat, but the price supports have helped to assure an abundance of agricultural production, by assuring the farmer that his surplus output would not ruin him. We used those surpluses to feed the hungry all over the world. We passed a food stamp program to make sure the needy in this country could also share in that agricultural abundance. Most of the Members know that the only way we were able to get a food stamp program enacted was as part of a package to help the farmer.
>
> But from what we have seen during the past week or so, in connection with this legislation to stop inflation, the farmer apparently does not want or need our help any more, and does not want to help us stop the skyrocketing cost of food. The consumers of this country paid taxes for two generations to help the farmer derive a better income than he could have obtained from market forces alone. Apparently, the agricultural community thinks that the millenium has now arrived. Cattle prices have jumped over the moon; fruit and vegetable prices are up in the stratosphere; and the spokesmen for the farmers tell us that only now—for the first time—are agricultural prices "just right"—just where they should be.
>
> And so they want to keep them there—without any interference by price control. President Nixon has exempted agricultural prices from any controls at all. In this legislation, we are trying to bring them under control. If we fail, I hope the Members will remember this debate when the inevitable wage increases begin to pile up this summer. And I hope they will remember it, too, when the inevitable downturn in farm prices occurs in the next recession.

COSTS UP NOW BUT FARM PRICES FALL

Mr. Chairman, as I tried to bring out in the debate on April 16, 1973, letting agricultural prices run rampant would, in the long run, be a devastating disservice to the farmer, because his costs would soon follow his prices upward but would not follow them downward when they started to fall. And that is the situation today, 2 years later, and we are being asked to bail out the suffering farmer.

If Congress does so, out of a sense of concern for the farmer's ability to remain in business, then there must be a recognition on the part of those who speak for the farmers that the agricultural price inflation which so seriously damages the consumer's food buying power is in the long run a disaster for the farmer, too, and that in those circumstances when we must control prices, we must control all prices which contribute to inflation, including farm prices, along with interest rates, rents and other inflationary costs. Had we prevented the inflation which was generated by phase III after January 11, 1973, the farmer's costs of production would have been effectively held in control, too. And the farmer wouldn't be in here today begging for higher price supports as relief from his high costs.

MOST FARM GROUPS TRIED TO BLOCK FOOD STAMP BILL

I have throughout my career in Congress voted to help the farmer meet the unpredictable and devastating boom-and-bust factors which lead to farm bankruptcy. In fact, the existence of the food stamp program can be attributed to a large extent to my desire as a freshman Member of the House in 1954 from a completely urban district to support Democratic Party farm policy involving farm price supports.

Under that program, surpluses were building up in enormous volume that it cost then about $1 million a day just to store the commodities, yet we had widespread malnutrition among the poor and needy in our recession-hit cities. I felt than an effective method of distributing some of that surplus food to the poor through the grocery stores would not only be a humanitarian use of our food abundance but would expand markets for farm commodities, and thus reduce or eliminate the expensive costs of processing and storing surplus food in dried and powdered form in Government warehouses.

Interestingly enough, most of the farm groups—not all, because the National Farmers Union and the Grange favored the food stamp plan, but most farm groups—opposed the whole idea. The dairy industry, which comes in today hat in hand for this bill, was one of the leading opponents of the food stamp legislation. It feared that if the needy consumer had a choice of buying his or her own food at the grocery stores under a food stamp program, the consumer might buy margarine instead of butter, whereas butter was being bought up by the Government in vast quantities and was being given away to anyone who stood in line for a free pound of butter.

It is hard to erase some of these recollections from one's mind when we take up a bill like this to bail out the farmer, especially with the farmers now saying they will reduce their planting by some 10 to 20 percent and not attempt to get full production on their farms. Before voting for this bill I want some answers as to what the farmers really want—when prices for their crops are high they say "Let us alone." But when these prices drop—they ask the Government to bail them out. What is the answer? What does the farmer want? I hope this debate will tell us who represent the urban areas of this country, what the real facts are.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Nebraska (Mr. THONE).

Mr. THONE. Mr. Chairman, I support H.R. 4296 and am convinced that its prompt enactment will be beneficial to American agriculture and the U.S. economy generally and most certainly to the direct long-range interests of all consumers of agricultural products.

Mr. Chairman, I agree with Secretary Butz when he says that our farm program should provide "maximum production with protection." I do not, however, feel that the existing act provides enough protection to insure the production necessary to meet domestic needs, at reasonable prices, and also provide enough commodities to maintain the U.S. position in the world market. On the other hand, the bill reported by the committee will increase this protection given our farming community without unnecessarily exposing the Treasury to massive support payments or the American consumer to increased costs.

It is evident that there is a world food shortage and that markets exist for agricultural commodities produced in this country. Some, including members of the committee and leading editorial writers, have urged that we make every effort to help those people starving in the underdeveloped nations of the world. Fortunately, those writers recognize that this can be accomplished only through intensive farm management. This, however, will increase the cost of production of these crops dramatically, thus emphasizing the necessity of increasing the protection afforded the farm production by the General Farm Act.

As is pointed out in the committee report, gross farm income last year reached its highest point in history; however, production expenses increased so dramatically that net farm income fell in 1974.

There is every indication that these production expenses will continue to increase in 1975. This will be further complicated should this Congress adopt a policy to provide necessary food assistance to the starving people of the world. Thus, this legislation is essential to protect the farming community if they are to continue to produce commodities necessary to meet domestic demand at reasonable prices and have a sufficient supply to provide necessary food assistance to the world's starving.

Finally, I need not remind you that our economy is in a depressed state and that it behooves us as elected representatives of the people to take whatever steps necessary to encourage production. As the committee report points out, the gross national product fell at an average rate of 9.1 percent in the last quarter of 1974, and the Joint Economic Committee is predicting continued fall if there is not sufficient stimulus to encourage production.

As the Members may be aware, there are farmers in the Midwest, especially in my State of Nebraska, and in all parts of the country, that are threatening and actually making plans to reduce production and plow back crops if this Congress does not act to increase support. The legislation reported by the committee provides the support needed by our farmers and thus would avert such an action, which would have disastrous effects on our economy and on the American consumer.

In addition to this aspect of the effect of this legislation on our national economy, I would also remind our colleagues that farming for most producers is a credit operation. Prompt enactment of this bill would ease the credit problems that are confronting our agricultural producers and thus insure continued flow of money in our economy.

For these reasons, and others, Mr. Chairman, I urge our colleagues to support H.R. 4296 as duly processed by this committee. It will stimulate maximum production with a fair amount of protection.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, at this point in the RECORD I would like to place the text of editorials from four newspapers, together with the text of a speech by the distinguished Undersecretary of the Agriculture. I will state to the chairman that before we went into the Committee of the Whole I did get permission from the Speaker for this purpose.

Mr. Chairman, the editorials and speech follow:

[From the Chicago Tribune, Mar. 17, 1975]

A FARM BILL TO PLOW UNDER

Milk prices up 8 cents a gallon; cheese up 10 cents a pound; butter up 20 cents a pound! A $1 billion increase in consumer expenditures for dairy products!

As if things weren't bad enough now, these could be among the consequences of a one-year emergency farm bill approved last week by the House agriculture committee. But that's not all. Additional costs to the government, which means taxpayers, would go up $840 million, according to the Department of Agriculture.

The bill is supported by a new coalition including liberal freshmen Democrats from the Midwest, urban liberals, and the traditional farm bloc that includes some Republicans. It would raise price guarantees for dairy products, authorize hefty increases in both target prices and loan rates for grains and cotton, and mandate a high loan rate for soybeans.

Setting a target price authorizes the government to pay farmers the difference between the market price and the target price whenever the former is lower. Loan rates determine the amount of money the farmer can borrow from the government by pledging his crops as security. When market prices are below loan levels, the farmer can simply keep the loan and let the government take his crop.

As recently as 1972, under the loan program, the government was paying farmers $4 billion a year in subsidies, mostly for not growing crops, and $1 million a day to store surpluses. Last year the subsidies were below $500 million and surplus storage costs were near zero as a result of changes in the 1973 Farm Act. This act was designed to free farmers from government interference and let them produce for the market instead of for government warehouses.

Except for cotton, market prices today are well above both the target and loan levels proposed in the House bill, which is scheduled for a vote this week. Proponents, however, are using a curiously inconsistent set of arguments in support of the measure.

On one hand, they say high targets are needed to induce farmers to produce more food. On the other, they say high targets are needed to protect farmers' incomes from the depressing effects of the big crops expected to be planted this year. If farmers are in danger of being clobbered by overproduction, it hardly makes sense to argue that they need to be induced to produce yet more.

Rep. James Weaver, one of the freshmen Democrats who comes from a nonfarm district in Oregon, may have tipped the committee's hand. "This is a consumer bill," he said, "and I'm voting for it because it guarantees we'll get farmers to grow more food and bring prices down."

If Rep. Weaver is right, the bill would almost surely be self-defeating, particularly if it were later extended beyond a year. The high loan levels would price American farm products out of the market; supplies that should go to hungry people would again pile up in storage; the U.S. would again become a residential supplier in foreign markets; and taxpayers would again be stuck paying billions of dollars annually in subsidies.

This is why Secretary of Agriculture Butz calls the bill "totally unacceptable" and says he will recommend a veto if Congress approves it. Mr. Butz is right. The last thing we need is to be plunged into a new round of costly and inflationary farm programs.

[From the New York Times, Mar. 13, 1975]

FARM FOLLIES

For more than four decades, the Federal Government by one procedure or another has guaranteed a minimum price for many of the basic farm products. But unless taxpayers and consumers were willing to assume astronomical financial burdens, this guarantee could not legitimately be construed as an all-purpose insurance policy for farms against any economic losses. Yet now that farm prices are coming down from the stratospheric levels of a year ago, farmers are naturally bringing all their political influence to bear in an effort to push them up again by legislative action.

The House Agriculture Committee has reported a bill that would raise guaranteed Government prices for wheat and corn by approximately 50 per cent—from $2.05 to $3.10 a bushel for wheat and from $1.38 to $2.25 a bushel for corn. Cotton prices would also be raised substantially. The actual market prices for these major commodities are now at or above the proposed higher levels. If market prices fall below these so-called "target" prices, however, the Government would be required to make up the difference with direct payments to farmers.

The bill would also increase the price support for milk products to 85 per cent of parity from 80 per cent. According to Agriculture Department Economists, such an increase would raise the price of milk by eight cents a gallon, of cheese by ten cents a pound, and of butter by twenty cents a pound.

With the cost of living continuing to rise despite the worsening recession, increases of this magnitude in staple foods would be a shocking blow to million of moderate-income families. At the same time, by encouraging a jump in production, the change in the guaranteed price level runs the risk of putting the Government back into the futile, uneconomic game of storing surplus butter.

This bill, pushed by one of the strongest lobbies in Congress, has strong support in both parties. But, as Representative Peyser, Republican of Westchester, has pointed out, urban Congressmen will find it exceedingly difficult to explain their support for such a steep increase to their own constituents. Secretary of Agriculutre Butz has warned that if the bill passes in its present form, he will strongly recommend a Presidential veto. The wholly unacceptable cost of this measure in direct payments by the Treasury and in higher prices paid by consumers would certainly justify such a veto.

[From the Washington Post, Mar. 16, 1975]

Wheat, Corn and Milk

Grain prices, sinking rapidly for the past five months, offer the latest example of the dangerous instability that has overtaken American agriculture. The House Agriculture Committee has responded in a manner that is as conventional as it is narrow and inadequate. The committee has reported out an emergency bill that merely raises and broadens price supports for one year. The result is an equally conventional political quarrel. Some of the farmers angrily charge that even the committee's higher supports would not cover their production costs. Consumers' organizations denounce the bill because it would raise some prices and prevent others from sinking. The Ford administration is threatening a veto because the higher subsidy levels would cost the federal government nearly a billion dollars. Nobody seems to be thinking much about what has gone wrong in our agricultural system over the past several years or how a durable remedy might be consructed.

There is no great mystery about the basic reasons for the wild swings in farm prices since 1972. This country has largely sold off its grain reserves, and it is producing increasingly for foreign buyers. The administration zealously pursues its ideal of a free market in a business where the biggest operators are state trading corporations—of which the most important and most unpredictable is that of the Soviets. With low reserves and uncertain foreign demand, even a small shortfall sends prices soaring and even a small surplus turns them skidding downward. These fluctuations in grain prices set off massively inflationary disruptions in American meat and poultry production which, particularly in the case of beef, can take years to work themselves out. You don't need a PhD in economics to see that merely raising the grain support prices will do very little to stop this seasawing.

The House Agriculture Committee's bill is particularly unfortunate in its tendency to set farmers and consumers against each other. The two sides have a strong common interest in stabilizing prices. Wheat and corn growers liked the idea of a swinging market as long as it kept swinging upward. But now that it has turned and the farmers perceive their peril, it becomes possible—in political terms—for Congress to work toward a comprehensive national farm policy.

If farmers want government insurance against sudden drops in prices, they are going to have to concede that consumers have an equal right to insurance against sudden leaps in prices. Consumers, for their part, are going to have to get used to the idea that food prices cannot safely be pushed down much. This country has now made a sound decision to work toward unprecedentedly high grain production. Prices are going to have to be held high enough to cover extremely intensive cultivation. While there is a compelling case to be made for higher price supports for grain, there is an equally strong case for federal intervention to keep erratic and unexpected foreign purchases from deranging the market. That means either export controls or higher reserves, and perhaps a combination of the two.

The case of the dairy industry is quite different, and here the Agriculture Committee's bill is on altogether the wrong track. While the country needs more grain to meet worldwide demand, we already have a substantial surplus of milk. The effect of the committee's generosity in raising dairy supports is to increase that oversupply at great expense to the consumer. The Agriculture Department estimates that the effect of the committee's formula, by the end of the year, would be to raise the price of milk 8 cents a gallon, the price of cheese 10 cents a pound and the price of butter 20 cents a pound. The dairymen's distress last year was mainly owed to the steady rise in the cost of feed for their cows. But since last fall the decline in grain prices has transferred the distress to the grain producers and brought a significant measure of relief to the dairy industry.

The United States cannot expect to return to the kind of stability in food prices that it enjoyed before 1972, when we deliberately held our domestic prices far above world levels. The rest of the world is richer now, and well able to bid on our markets. But neither does this country have to endure indefinitely the kind of midnight raids, speculative pounces, and unexpected shortages that our markets have suffered over the past several years. The House committee has wasted its opportunity to adapt American agricultural policy to these new circumstances. It is up to the Senate to take a broader view.

[From the Washington Star, Mar. 18, 1975]

Farm Prices and Politics

Finding reason to praise Agriculture Secretary Earl Butz affords a novel satisfaction, like finding a needle in a haystack. His capacity for gratuitously dispensing rhetorical cockleburs is endless. But he's right on target this time, in proposing that President Ford veto the legislation—if it passes Congress—that would raise farm price supports again, and thereby stick the consumers with higher grocery costs.

At last, the public is getting a taste of some lower food prices, and this strikes stark fear into farmers—fear that the law of supply and demand may be starting to work, after all these years, in the consumer's favor. Of course the farmers have excruciating economic problems of their own: their production costs continue to inflate and they get too small a share of the final food dollar. But any federal remedy for their distress should be of the kind that doesn't drive food prices up again.

That's what new legislation approved overwhelmingly by the House Agriculture Committee would do. This one-year "emergency" bill—a response to lowering prices and the political muscle of a dozen powerful farm organizations—would boost the price supports for milk and dairy products, and raise the government-guaranteed floors on prices of wheat, corn and cotton. All together, it could very well increase consumer costs by $4 billion a year, according to one private research report. Brought down to specifics, the Agriculture Department thinks it could kick the price of milk up eight cents a gallon, the price of butter up 20 cents a pound, and so forth down the line. By estimate of its own proponents, the measure might cost the government $3.7 billion if increased farm production causes prices to decline a bit more.

But that's the whole point of the higher production levels which the government has been trying to stimulate—to put the brakes on food inflation. We trust that consumers will be watching House members very keenly when this inflationary bill comes to a floor vote, probably today or tomorrow. They are, after all, supporting farm prices already to the tune of several billions. The amazing thing is that those fresh new liberal congressmen from the grain belt seem to be cultivating a fine back-scratching arrangement with some liberal urban lawmakers, to put this plan through. The new Congress may be learning the old methods very well.

Let's Learn From History

(Address by Secretary of Agriculture Earl L. Butz before the National Grain and Feed Association Annual Convention, Honolulu, Hawaii, March 17, 1975)

Over the past year, a best-selling book has reminded us of the down-to-earth wisdom of former President Harry Truman. This oral biography of Harry Truman also reminds us that the late President had a penchant for calling the shots as he saw them and letting the chips fall where they may.

He was a great student of history. He often drew on historical lessons to guide him in the White House.

One of his favorite sayings, and often quoted, is this: "The only new thing in the world is history you haven't read."

It's time right now for all of us to dust off the history of economics and farm programs and review the lessons they tell.

Commercial agriculture emerged when farmers produced more than they needed for subsistence. Ever since, society has sought a marketing and distribution system that would reward the producer and at the same time distribute the product to non-producer consumers as equitably and economically as possible.

Economists and political scientists for centuries have debated over the best system. Adam Smith, with his Wealth of Nations published in 1776, proclaimed the advantage of "Laissez Faire" as a means of maximizing human satisfaction for the broader society.

Seven decades later, Karl Marx wrote his *Das Kapital,* extolling the virtues of central state management—virtually at the other end of the spectrum from Adam Smith. At both of these extremes and all the way in between, various governments and various economic and social organizations have attempted to achieve Utopia. None has succeeded, though some have come nearer than others.

It may not have been completely coincidental that Adam Smith wrote his Wealth of Nations in the very same year that a group of American patriots attached their signatures to the Declaration of Independence. These were indeed two great landmarks in the course of human history. These documents were similar in that both proclaimed feerdom—one in the economic sphere and the other in the political sphere. Clearly, political and economic freedom are inseparably linked. It would be very difficult, if not impossible, to achieve political freedom without economic freedom, or vice versa.

But even more than that, history is replete with evidence that man can achieve his greatest dreams of peace and prosperity when he enjoys a maximum degree of personal freedom, whether it be economic or political.

It is therefore no accident of history that Americans enjoy the highest level of affluence for the greatest number of people that we know anyplace in the world. Ours has been a system of incentives. Ours has been a system that rewarded innovation, experimentation, new ventures, and new investment. Ours has been a system where relatively free prices in an open market have essentially called the signals. Ours has been a system where price signals motivated producers to increase or decrease their output; to shift from product A to product B; to modify the character of their products; or aggressively to seek new markets.

Of course, this system is anything but perfect. If we want the "perfect" system, we can ask for a description from the theoretical analyst as he theorizes on the efficiency of the all-powerful socialist state with central planning and central direction. Or, we might recall the "perfect" systems of Hitler's Germany and Mussolini's Italy where boasts were made of how the trains "ran on time."

The only trouble with the state planner's utopia is that "something always went wrong with it in practice." Witness, for example, the movement in recent years among socialist economies toward the introduction of some form of incentive for individual producers in agriculture. The trouble with having the trains "run on time" in Germany and Italy was the enormous loss of freedom that went along with the so-called progress.

What does history teach us about the government's role in American agriculture?

Government has been heavily involved in farm commodity programs ever since the creation of the Federal Farm Board in the Hoover Administration in 1929. This attempt to stem the falling price of wheat in the world markets was a costly debacle. It failed.

Then came the New Deal of FDR's days. Farm programs grew like Topsy. We had the cotton plow-under program. We had the slaughter of six million baby pigs. We had "birth control" programs proposed for sows and cows. We had potato destruction with kerosene oil.

Then, these programs took lives of their own. We saw the growth of diversion programs, quotas, allotments, cutbacks, foreign dumping programs, and billions of dollars piled on top of other billions in futile efforts to curtail output. Production patterns were frozen, marketing quotas were assigned on a historical basis, some of which persist today though their monetary value has been capitalized into the price of land.

Then there was the development of an extensive bureaucracy that covered America and reached into the affairs of every individual farmer. There was the substantial domination of commodity markets by policies and programs of the Commodity Credit Corporation—a situation where a chance remark by the Secretary of Agriculture could shove markets up or down a dime in Chicago within an hour.

For four decades prior to a couple of years ago, the philosophy of central planning was predominant. The farmer played the government's game in order to share in the Federal largess.

These farm programs interfered with the traditional functioning of free markets and free prices. They made it difficult for individual farmers to manage their farms effectively for maximum efficiency, and indeed for maximum income. They made market expansion both at home and abroad difficult, and sometimes impossible. They brought prosperity to our farmers only in short wartime periods—a price we never again should pay for prosperity.

I regret that during this period, the farmer was given a public relations black eye that will not soon be forgotten. Under the previous system taxpayers were dishing out upwards of $4 billion a year to farmers. This was about the worst public relations American agriculture ever had. That three-fourths of the American population not engaged in agriculture developed all kinds of sneering derogatory epithets about farmers.

It was not so long ago that we read those scathing editorials and cartoons and heard those demagogic speeches about farmers with their snouts in the public trough, about driving in their luxury cars to pick up government payments, about withholding production from a hungry world, and about milking the taxpayer while not producing milk for hungry babies.

Thank goodness, this situation has now changed. Today the farmer is a respected person. He's a businessman on his own. He's making a great contribution to feeding America and the world. His public image has improved markedly. He even regards himself as a first class citizen. Only a few years ago many farmers felt an inward sense of shame for the kind of system in which they had to operate. Now they no longer can be accused of being a burden living off the public pablum.

The reversal of the direction of agricultural policy in America started when the Agricultural Acts of 1964 and of 1965 began to de-escalate government interference in wheat, corn, and cotton and moved our farmers in the direction of freedom to plant and sell as they chose, with freedom to manage their farms prudently.

This progress continued under the Agricultural Act of 1970 and the Agricultural Act of 1973. Things have turned around from a basic philosophy of scarcity to a national goal of plenty. We are achieving geographical shifts in production that result in increased overall efficiency for agricultural production. We are making our agriculture competitive in the markets of the world. Indeed, we have opened up the world to the products of our farms.

One mechanism which has enabled us to achieve this progress is the government guarantee that farmers will not be thrown to the mercies of drastically declining markets. Under the 1973 Act this is a mechanism we call target prices. These prices admittedly are not high enough to achieve profitable farming; nor should they be. They are indeed substantially below present market prices, even after the price declines of the last few months.

But today I wonder if we have learned from history.

Efforts have already been mounted to increase target prices substantially. Such action by the Congress would be a mistake. We must resist every effort to move target prices into the position of becoming incentive prices. We must not get our farmers into the position of producing for a government guaranteed price, anymore than they want to produce for a government warehouse or government granary. The two go together.

When government loans and price supports were established as the incentive level, we paid a price for the government's involvement in the commodity business. Surpluses overflowed, and the taxpayer kicked out a million dollars a day just for storage. Foreign producers undersold us in the world markets just enough to clear their supplies. The American taxpayer also performed the inventory function for the world. The American farmer suffered because the surpluses held by his government constituted a price ceiling which he could not pierce in those years that markets did improve.

Some politicians and agricultural leaders are once again peddling the sweet nectar of higher target prices. They argue that higher target prices are needed to assure full production in these years when we struggle to meet world food needs. But they overlook the fact that the most powerful incentive we have for full production is free market prices substantially above the levels that prevailed under the old farm program.

Target prices, as defined by the law, are a misnomer. They are not really "target" prices at all. My concept of a target price is a free market price sufficiently high to indicate some prospect of profit for the individual producer. That market price level must always be above a so-called "target" price as defined in the law.

As an industry, we must always pursue vigorously the goal of expanded markets at home and abroad. As an industry, we must always be able to bid for world markets on the same basis that any other foreign supplier can do. We must never again let ourselves become the residual supplier able to sell only when everybody else has disposed of his product. We must never again let the government become as heavily involved in the commodity business as it was over the last four decades. We must have the courage to recognize that free market prices operate in an incentive system with a minimum of government interference and provide the best guarantee for full production, for full market participation, and for satisfactory incomes.

It is true that prices in the free market will fluctuate through a wider range than under a system of high government price guarantees. Again, we must be pragmatic enough to realize that fluctuating prices, within reasonable limits, are part and parcel of the free market system. But what is the alternative? In the kind of consumer-dominated political structure in our country today, we may write it down as fact number one that governmentally-set prices will be below those that will prevail in a free market situation.

Attempts are being made this very moment to make the government once again a senior partner on the farm. During this period, we must maintain cool heads and clear thinking in order to reach sound and courageous conclusions.

We will work ourselves out of the areas of distress in American agriculture today. They are temporary. If we surrender again to a myriad of government controls that are inevitably associated with high price guarantees, we will move once more down the blind alley of mediocre incomes and blighted hopes for agricultural producers.

Farm income two years ago reached a record high by a very substantial margin. Last year, although not quite as high, we had the second highest income on record. Nineteen seventy-five will still be among the high three, by a substantial margin.

Let us stay out of the wilderness of heavy Federal domination which is associated with high price guarantees. Let us not forget that the Siamese twin of high price guarantees is always rigid control—the two go together. No economic or political surgeon can separate them.

In these days as pressures grow to raise our target prices to uneconomic levels, we should carefully read the history of farm programs in the last four decades. They didn't work. They never brought prosperity to farm people or to rural America. They never brought plenty to consumers in the sense that American agriculture is doing now. They never moved American agriculture anywhere near its present position of number one earner of foreign exchange. They never brought agriculture to the place where it constitutes a powerful tool in America's effort to be peace broker of the world. They were an affront to the dignity of the farmer. They needlessly drove hundreds of thousands of farmers off their land.

> Santayana reminded us that those who don't read history are condemned to repeat it.
>
> This is no time to repeat our historical mistakes of high price supports and of rigid production quotas. Let us not invite the dead hand of bureacracy back onto the shoulder of the individual farmer.
>
> This time, let us learn from history.

Mr. Chairman, this is an unnecessary piece of legislation, one that I think is thoroughly against the interests of the American people as farmers and as consumers and taxpayers, and it should be defeated. But, in all candor, I must say that the outlook for defeat of the bill is not very promising. There are several reasons that lead me to that conclusion. One is the popularity of the esteemed chairman of the Committee on Agriculture, Mr. FOLEY, a man for whom I have great respect and affection, with many of my colleagues, I suspect, I share the impulse to support a bill that, on its merits, I would be inclined to oppose. I am struggling mightily to overcome this impulse, and I might say that so far I have conquered it, but I am sure it is an impulse that comes forth deeply and persuasively with many of my colleagues, and for good reason.

We are all proud of the fact that one of the young Members has advanced in our body and has come to the position of chairmanship of a standing committee. I am sure there will be an impulse on the part of many Members to insure that he does not suffer defeat on this first major bill to come out of his committee.

There is another, second reason, and that is the role of the caucus in the scheme of things. Instead of settling things out in the open here on the floor or in full committee, we seem to settle—I should not say "we" because it is strictly the Democratic majority that has changed the scheme of things where basic issues are settled behind closed doors. We might as well face the plain and simple fact that the bill we will vote on, when the time comes to vote, is not the bill as reported by the Committee on Agriculture.

It is plain to everyone that agreement has been reached under which an amendment will be supported to lower the price supports for dairy, and also to make a change in the target price and loan rate for cotton, so we might just as well not waste time considering the parts of the bill that relate to dairy and cotton because these will be changed by general agreement through the Democratic Caucus procedure.

With that in mind, I ask the Members to consider the effect of just the dairy section. It is something all members of the committee should take seriously, whether we have dairy farmers or not in our districts. We are all consumers; we are all taxpayers.

In my view, the dairy section under the caucus amendment is bad news. Some people say George Meany is now the unofficial Secretary of Agriculture of the Democratic Caucus. I am not sure that is correct, but if he is the Caucus Agriculture Secretary it might be appropriate to call it the "Meany Amendment on Dairy."

In any event, at 80 percent of parity, what does the provision really mean to the American people, especially to dairy farmers? It will amount to an incentive to produce when the proper answer of the dairy industry to the present cost-price squeeze is a cut in production. The 80-percent support level will induce production, and thus get dairies into deeper trouble than they are today.

I have done my best to search through the hearings record of the House Committee on Agriculture to find some reference to the dairy section, some lone witness who expressed his view as to the effect of the recommendations of the committee, and of course there is no record of hearings, not one witness was heard, no one was called before the committee to consider the impact on the dairy industry or the American people in their other capacities as consumers and taxpayers.

The only place we can turn in that circumstance is to the Department of Agriculture, and naturally that is where I have turned. I secured the very best estimate that the career specialists of the dairy division of ACS, Department of Agriculture, were able to supply as to the effect of the caucus compromise on dairy supports, the 80 percent of parity support.

The USDA contends that, in light of market conditions today, the price of milk will go up during this year 6 cents a gallon, butter will go up 15 cents a pound, and cheese will go up 7 cents a pound. In all, during this 1 year—and, of course, this is only a 1-year bill—the USDA estimates that this will cost consumers $495 million more for dairy products.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I will be glad to yield to the distinguished Speaker.

Mr. ALBERT. Did they tell the gentleman what it would cost if about 25 or 30 percent of the dairy farmers of the Nation went out of business?

Mr. FINDLEY. Mr. Chairman, I will say to my friend, the distinguished Speaker and former member of the House Committee on Agriculture, that in marketplace conditions, which, hopefully, we still have in this Nation, the answer to excess production is less production.

If we seek to bring down production, farmers should pull out their dairy herds. That is the proper response of the marketplace and the way we should go.

Mr. BERGLAND. Mr. Chairman, I yield 3 minutes to the gentleman from Missouri (Mr. HUNGATE).

Mr. HUNGATE. Mr. Chairman, I have heard a lot about this caucus race the last few months. I would like to direct the Members to Galloway's authoritative book on the Congress.

Mr. Chairman, when the 51st Congress convened on December 2, 1889, Reed was elected Speaker. Several election contests were pending and the Democrats caucused on January 24 and the Republicans on the 27th.

Speaker Reed interpreted his victory in the great quorum battle as a verdict in favor of majority rule and party government in the House of Representatives. On February 5, the House Republicans held an extended caucus on the new code of rules that was largely Reed's own handiwork and the next day the "Reed rules" were reported to the House. The new code revolutionized House procedure by outlawing dilatory motions, which the Speaker was forbidden to entertain, thus setting up safeguards against obstruction; by authorizing a count of Members present in the hall of the House in determining the presence of a quorum; by reducing the quorum in Committee of the Whole to 100 Members; by authorizing that Committee to close debate on any section or paragraph of a bill under consideration; and by completely revising the order of business.

The net effect of the Reed rules was a great increase in the powers of the Speaker. Reed ruled the House with an iron hand for 6 years:

> He established beyond dispute the principle of party responsibility in the lower Chamber . . . as a parliamentary leader he was the greatest ever produced by the Republican Party, perhaps by any party in American history.

Reed's own view of the effect of the reforms of 1890 was summed up in this statement to his own constituents:

> Party responsibility has begun, and with it also the responsibility of the people, for they can no longer elect a Democratic House and hope the minority will neutralize their action or a Republican House without being sure that it will keep its pledges.
>
> If we have broken the precedents of a hundred years, we have set the precedents of another hundred years nobler than the last, wherein the people, with full knowledge that their servants can act, will choose those who will worthily carry out their will.

In 1925, Mr. Longworth of Ohio, the Republican floor leader who was elected Speaker at the opening of the 69th Congress, raised the question of the party status of some 13 Republican insurgents who had supported La Follette for President in 1924. The bolters should be disciplined, he thought, for deserting the Republican Party in the Presidential election. Ten of the insurgents were from Wisconsin and their leaders, Representatives Frear and Nelson, were ousted from their seats on the Ways and Means Committee and the Rules Committee respectively, before the new House met in December 1925. Discipline of the other insurgents would depend, Longworth indicated, upon how they voted on the speakership and on restoring the strict discharge rule. When the insurgents failed to satisfy these acid tests of sound Republicanism, holding instead their own caucus and voting again for Cooper for Speaker and against the discharge rule, they were excluded from the Republican Party Caucuses and demoted on their committees to the bottom of the list. Later on, however, on the eve of the organization of the 70th Congress, the insurgents were restored to their party councils.

Mr. WAMPLER. Mr. Chairman, I yield

1 minute to the distinguished gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, I am indebted to my friend, the gentleman from Missouri (Mr. HUNGATE), for recalling for us an episode from the 19th century. My only advice to the gentleman is to examine his record even more carefully, and if he does, he may learn that at least in those days Republicans did make a public record of their proceedings so at least the people could read what happened.

But I suppose my main message to my friend, the gentleman from Missouri, is to advise him to quit citing bad Republican precedents from the 19th century as a guide to the present day Democratic leadership.

Mr. HUNGATE. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Missouri.

Mr. HUNGATE. Mr. Chairman, I am simply disappointed that my friend, the gentleman from Illinois, cannot agree with me that Speaker Reed was one of the great Speakers of the House.

Mr. FINDLEY. Yes, he was, but he certainly set a bad standard for us in this instance. I would hope that we could both move into the 20th century and that the caucus would at least open its doors to the public so that the public could see what is happening.

Mr. HUNGATE. Mr. Chairman, if the gentleman will yield further, I will remind the gentleman that Speaker Longworth was of the 20th century.

Mr. FINDLEY. And he was a good man.

Mr. HUNGATE. Mr. Chairman, if the gentleman will yield further, he was the one that threw them all out for not supporting the caucus.

Mr. WAMPLER. Mr. Chairman, I yield 6 minutes to the distinguished gentleman from Vermont (Mr. JEFFORDS).

Mr. JEFFORDS. Mr. Chairman, I rise in support of the dairy section of this bill, which is reasonable and fair, both for farmers and for consumers. The legislation would implement, for 1 year, the same provisions as a bill (S. 4206) which this body passed overwhelmingly last session. We only propose to return the farmer's base price for milk, over the next year, to a level below what it was at the beginnnig of 1974, more than a year ago.

This bill does not even attempt to compensate the farmer for the 17-percent increase in costs which he suffered in 1974, according to USDA figures. In other words, when this bill expires on April 1, 1976, the farmer will still get less for his milk than he did in the winter of 1974. This is in terms of dollars whose value has been reduced by inflation. In terms of real dollars, he will be getting much, much less a year from now than he did a year ago.

For the record, here are the figures. The base price in March 1974, was $8.28 per hundredweight. The present base price is $7.24. If this bill passes, the USDA estimates the base price from January through March of 1976 will be $8.19. In terms of quart prices, the base for March of 1974 was 17.8 cents per quart, and has dropped to 15.5 cents per quart now. In January through March of 1976, if this bill passes, the price will be 17.6 cents per quart.

It is clear that the base price for farmers' milk has plummeted, while other prices, including farmers' expenses, have skyrocketed. Is it wrong to bring the farmer's price back, next year, to where it was a year ago?

It is true that the retail price of milk went up slightly during that period. But it is also clear that the farmer did not get this increase. Do not blame him. Where did those increases go? To the middleman.

Let us examine the differences in the price the farmer received during last year for cheese and for milk, and the price paid by the consumer. Consumer prices for cheese last year increased 6 percent. The price the dairy farmer got for the milk which went into cheese decreased 15 percent. The margin between the price paid to farmers and the price paid by consumers increased 32 percent over the course of the year. For fluid milk, the farmer's price went down 9 percent, the consumer price went up 5 percent, and the margin increased 20 percent.

Whether these increases in revenue to the middlemen went for expenses or for profit I do not know. What I do know is that the middleman's revenue increased, while the farmer's decreased. When you consider that the dairy farmer's expenses rose 17 percent during 1974 and are projected to rise substantially again during 1975, can it be unfair just to bring the farmer's revenues back in 1976 to what they were in 1974? That is all this bill does. The bill provides no compensation for the farmer's increase in expenses.

One message should be clear. The farmer is the victim of inflation, not the cause of it.

Having discussed the minimal relief to the farmer, let us turn now to the cost to the consumer. When I read accounts in various newspapers about the costs of these provisions, I am deeply concerned by inaccuracies.

Some of these inaccuracies are due to the complexity of milk pricing, I am sure. On the other hand, part of the confusion is due to misleading figures issued by the USDA, an avowed enemy of the small farmer. I will attempt to focus on the facts.

The projected increases in the prices milk, cheese, and butter publicized by the USDA have been taken to mean that the consumer will pay that much extra for the retail dairy products. This has been the interpretation of such notable analysts as the editors of the New York Times, some consumer groups, and the authors of dissenting views in the Agriculture Committee's report on this legislation.

In fact, this is not at all what the figures really mean. First, the 8 cents per gallon for milk, 10 cents per pound for cheese, and 20 cents per pound for butter, are not increases to the consumer. Rather, they represent increases paid to the farmer for manufacturing and drinking grade milk, as determined by the Federal milk orders. This central misunderstanding is not surprising, because the USDA has used retail measures—gallons and pounds—to talk about farmers' prices, which are always represented in hundredweights. The figures I have already mentioned should make it clear that consumer prices do not directly reflect farmers' prices.

Second, these prices released by the USDA are not immediate increases in farmers' prices. They are projected for a year from now.

The third basic point is that since these prices are tied to the parity formula, they include the effects of inflation. In fact, much of the projected price increase is due to inflation, pure and simple.

Considering the number of Federal programs attempting to compensate for inflation, such as social security or minimum wage, is it wrong to provide some minimal relief for the farmer in this area? Again, remember that the full impact of this bill, according to USDA figures, is only to bring the farmer's base price for milk, in 1976, back to a level lower than it was in 1974. In no sense is there any actual compensation for inflation in this bill.

To see how the facts have been further distorted, let us examine the projected increases for fluid milk, the milk you have in your refrigerator at home. The figures released by the USDA indicate an 8 cents per gallon rise in the milk price paid to the farmer in 1976. At present, the vast majority of fluid milk prices are well above the support price. In fact, the average over-order price is about equal to 8 cents per gallon. Consumer resistance must be anticipated with any price increase. It is unlikely that much, if any of the increase in support prices will be passed through.

An independent analysis by Chase Econometric Associates indicates that no more than 3 cents of the increase will be passed on to consumers. The total consumer cost projections are likewise overstated.

The projected increases in the price of butter represent perhaps an even more glaring misrepresentation. The 20 cents per pound figure, publicized by the USDA, is ridiculous. Actually, in its program to bolster the price of manufacturing milk, the Department has options as to the increase in price it can place on various commodities. Right now, the Department buys proportional quantities of butter and powdered milk. Last year, the Department increased the valuation of powdered milk and did not increase butter at all. If the Department continued its present policy of placing proportional valuation on butter and powdered milk, the Department's projected increase would be cut in half.

Why did the farmer's prices fall during 1974? Why should the Government assist him now? The answers to both questions lie in Government policies, and its interference in the free market system.

The depressed price and increase in commodity purchases are primarily the result of a conscious administration policy. In 1973 and 1974 the import quotas for dairy products were temporarily increased, by a substantial amount. In 1973, 1.1 billion pounds of milk equivalent were imported. From January to July of 1974, 2 billion pounds were imported. This tremendous increase, coming at the time of the spring flush, when cows record their highest production, created such a surplus that the price for milk plummeted in the spring, and by midsummer it stood a full $1.74 per hundredweight below the March prices.

Meanwhile, the farmer has found himself having to pay great increases in expenses. To a large extent, the increases are due to raises in grain costs, which resulted from the administration's irresponsible record in grain exports.

The milk imports which destroyed the 1974 milk market were substantially subsidized by foreign governments. No American industry can be expected to compete with the treasuries of other nations. If we allow the farmer enough revenue to meet expenses and survive this crunch period, he will return to a healthy market position. This is why the legislation is an emergency bill this year.

The U.S. farmer is not afraid to compete on the world market, on an equal basis with the farmers of other nations. With the possible exception of New Zealand, no country can produce dairy products as inexpensively as our farmers. Present prices and foreign support levels demonstrate this. For example, Canada, last October, set price supports at $9.41 a hundredweight and has just increased the figure to $10.12. The common market, which adjusts the rate from nation to nation, has had an average support level of $8.10 per hundredweight, which went up to $8.59 in February, and will rise again to $8.99 in September. The price supports in this bill for 1976 are well below those prices. Compare, to the levels adopted by foreign countries, our proposal to set support prices at $8.19 per hundredweight in 1976.

Before examining evidence of need, let us reexamine the dairy policy as set forth in the 1973 act. Incidentally, this policy is significantly different from the policy stated in Secretary Butz' letter to the committee. The 1973 act states the policy as follows. The support price should be set where it would "meet current needs, reflect changes in the cost of production, and assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs."

Let us examine the present and immediate past to see if our present policy is accomplishing those goals. In 1974, 20,000 dairy farms went under. Wisconsin alone lost 5,000, Minnesota 3,400. In my home State of Vermont, many farms are on the brink of folding. I have received well over 1,000 letters from Vermont farmers who are extremely concerned about their economic plight. One farmer called me yesterday, in desperation. He said 46 farmers in his part of the State have put their herds up for auction. He has let his help go and is struggling alone.

This farmer said he did not understand why the general public fails to get upset by high profiteering on luxury items, but a hue and cry is raised when farmers try just to break even. Mr. Speaker, I do not understand that either.

It is a cruel fact that the young farmer is being hit hardest. His mortgage payments are the highest. When I was in Vermont during February, I examined situation after situation in which grain bills and FHA payments exceeded the milk checks. A lack of congressional action now would be felt for years to come.

Is it too much for us to tell these young farmers that next year we will see that he gets almost as much as he got in 1974? This bill will not give him anything to compensate for his 17-percent increase in expenses in 1974, or his further increase in expenses in 1975. Compare the $162 million cost to the taxpayer, under this legislation, with the billions we have spent for jobs in other areas.

Mr. FOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. NOLAN).

Mr. NOLAN. Mr. Chairman, in considering the emergency farm bill of 1975, the Congress of the United States may well be determining the cost and the amount of nutritious food on the world's tables for years to come.

I want to make it clear from the outset that I do not feel loan levels of $1.87 per bushel for corn, $2.50 per bushel for wheat, and $0.40 per pound for cotton are adequate. Neither do I believe we are giving our farmers the support they need with target prices of $2.25 a bushel for corn, $3.10 for wheat, and $0.48 per pound for cotton. And I certainly would not be representing the rural, heavily dairy, Sixth District of Minnesota if I did not reiterate again to this body the absolute need to raise and keep milk price supports at 100 percent of parity, instead of the 85 percent called for in this bill.

Throughout an exhaustive week of committee sessions, I argued for higher prices. And I intend to continue that effort. But we are considering today a compromise bill. I am supporting this legislation, because I have reluctantly and disappointedly come to the conclusion it is the best we can pass at this point.

And we must pass a bill.

The stakes are high. Ten million farm industry workers are vitally concerned that equipment purchases will plummet along with the farm income. The Nation's bankers and finance companies are nervously contemplating the $95 billion farmers owe. And, of course, the world's consumers, beset by already double-digit inflation and devastating recession, are looking to the farmer and the Congress for a fair solution for all concerned.

The bill we are considering today may not be the best solution for all, because many segments of this multifaceted consumer-producer circle have special interests in higher or lower support prices. The bill is, however, a fair solution which should help to encourage maximum production at minimum cost to the Government and the taxpayer. Why the increase in support prices for corn, wheat, soybeans, and milk? The answer lies in the circumstances with which American farmers are now dealing:

Department of Agriculture figures show farm production expenses increasing $10 billion during 1974 to an all-time high of $74.8 billion.

Fertilizer prices jumped 70 percent in 1974 over 1973.

Fuel prices went up 80 percent during the same period.

Meanwhile, gross farm income dropped $5 billion in 1974. According to the Department of Agriculture, total income from all farm sources dropped 20 percent, while nonfarm earnings rose one-tenth.

Projections for the next 2 years are even bleaker. Testimony before our committee indicated 1975 farm prospects have weakened. Major crop prices are not showing the kind of stability predicted last fall, and indications are net farm income will decline again this year.

The problem is most acute among dairy producers. Last year alone, 3,400 Minnesota dairy farmers went out of business. Wisconsin lost 5,000, and the entire Nation some 20,000. The figure is hardly surprising when one notes that from March-December of 1974, the Minnesota-Wisconsin base price fell from $8.15—85 percent of parity—per hundredweight to $6.41—67 percent of parity—per hundredweight. Nationwide, farm costs rose 17 percent in 1974, while the price dairy farmers received for their product dropped 20.8 percent.

Opponents of the quarterly adjusted 85 percent milk parity clause argue that the resulting price increases would be prohibitive to consumers. The USDA estimates by the end of the year, milk will have gone up 8 cents per gallon, cheese 10 cents per pound, and butter 20 cents per pound.

These figures are misleading and distorted. The Department itself admits that fully a third of these increases would occur not because of this legislation, but because of inflation. If prices do rise, the effect will be gradual and expected—a better situation than exists in most other sectors.

The prices of milk and cheese have historically lagged far behind the Consumer Price Index. The Department of Agriculture estimates that by the end of 1975, the projected price of $8.19 per hundredweight will be $0.09 below the price farmers were getting in January of 1974. The Nation's best economists project a 20-percent raise in inflation during that same time. How can this bill be excessive when it does not even bring the dairy farmer's income back to his January 1974 level, to say nothing of compensating him for his increase in expenses?

Without this help for dairy farmers, we will be facing either short supply or dependence on foreign imports. This is not an exaggeration; 60.3 percent of the Nation's dairy farmers have quit since 1951, and the number of milk cows in the United States has decreased by almost 10 percent since 1969.

If our milk production continues to decline at its present rate, a recent University of Illinois study declares that we will no longer be self-sufficient in the production of dairy products by as early as 1980. The recent oil crisis should have taught us the unfortunate consequences of that kind of situation.

In a larger sense, this emergency legislation will make a substantial contribution to the recovery of the American economy. Our unemployment lines are long enough without adding thousands of farmers. These supports will give farmers the confidence to plant enough to meet our domestic needs, with enough left over to make a positive impact on our balance of foreign payments.

The target and loan rates for corn and wheat are fair and reasonable. The average conservatively estimated cost of corn production, as computed by State universities in the five major corn-producing States, is $2.01 per bushel—or $0.14 above to loan rate in the bill. Corresponding figures from the five leading wheat-producing States show that it costs about $3.01 to produce a bushel of wheat—or some $0.51 more than the loan which the bill provides. Farmers live and produce year to year. This legislation only guarantees a return if the bottom literally drops out of the market.

The Washington Post reported on January 30 that the price of corn nationwide has dropped one-fourth since October. In the past 2 years, the price of a bushel of wheat has gone from $1.50 to $6 and now back to about $4. The market is volatile. Credit is threatened and farmers are angry and confused.

Testimony before the Agriculture Committee indicated the coming need for nonrecourse loans on soybeans—in recent months victimized by instability and quick change.

The cotton-producing States have also asked for help. Planting time for that essential crop is near, and farmers across the South are waiting for an expression of support from the Congress. Remember, also, that cotton is a natural product—not a synthetic made from precious petroleum.

Producers and consumers are watching the Congress of the United States—watching to see emerge a fair bill to keep farmers producing and all of us eating well and economically. This bill is a vehicle to that end. I urge quick and positive action.

Mr. FOLEY. Mr. Chairman, I yield 30 seconds to the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. Mr. Chairman, I rise in strong support of the bill under consideration and urge its adoption by my colleagues. While many have labeled this legislation as a bailout for farmers, it is not that at all. It is in the long range best interest of the consumers of this Nation who are dependent on the farming segment of our society for their food and fiber. What we are trying to do with this measure is to insure continued production of necessary commodities and also to insure that more farm families are not forced out of business by the current cost-price squeeze.

What many of my urban colleagues tend to forget is that if we continue to lose small farm units, we are only contributing to an eventual shortage of farm products. We frankly cannot afford any further shortages, especially of food commodities, in these days of high demand. We must take those steps necessary to give our farmers assurances that they will receive an equitable price for the commodities they produce. Otherwise, they will throw up their hands in despair and begin looking for other jobs that only require 40 hours a week of work for a much higher wage than they are currently receiving for their toils.

Mr. Chairman, the farmers of this Nation are a unique group of people. Over the years they have exhibited a dedication to their work that cannot be found in other industries. They literally work from sunup to sundown many times making less than the minimum wage. They have no retirement program and they have no hospital or medical benefits program. Their success or failure is largely dependent on the weather and dreaded diseases and insects that oftentimes attack crops. They also have no paid vacations or holidays. Yet our farmers are in the fields day after day after day trying to produce the food and fiber the consumers of America and other nations need and demand. They are not asking for a pot of gold. They are only asking that they can be assured of selling their crop once it is harvested at an equitable price—a price that will allow for a small profit to feed and clothe their own families and enjoy some of the same luxuries enjoyed by their city brethren who work only 40 hours a week with a guaranteed wage much higher than theirs.

I commend members of the Agriculture Committee who have risen today to take exception to the misleading facts being put out by Secretary Butz and the Department of Agriculture. It has been noted that their figures simply do not reflect the real situation and grossly overstate the alleged inflationary impact of the bill.

Mr. Chairman, one point that Secretary Butz and his associates have definitely overlooked is the inflationary impact that will result if this legislation is not passed and our farmers are forced out of business. If we ever reach a situation where production is significantly lower than at present, we will find demand of consumers for the essential commodities pushing prices to levels that no one ever imagined. I am not dealing in hypothesis as much as I am relating the feelings of the farmers I have the privilege to represent. They point out to me that they simply cannot remain in business as long as the cost of production vastly outstrips the prices they are receiving for their products.

I would like to make one final point and that is that this legislation is supported by the Mississippi Farm Bureau and Mississippi farmers contrary to what the National Farm Bureau would have you believe.

Mr. Chairman, in the interest of the American consumer I urge passage of the Agricultural Act Amendments.

Mr. FOLEY. Mr. Chairman, I yield 30 seconds to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, I believe the time has finally come to lay at rest that old myth that somehow consumers and farmers are bitter enemies whose interests can never by reconciled. I was born and raised in a farming community, and for the past two decades I have listened to politicians who represent rural areas weep and moan for the fact that small farmers were leaving the farms. I have heard them cry out with great fervor that if they were elected to office they would work to reverse this trend. During the same two decades, I have heard politicians from the urban areas point their fingers at the farmers and our rural citizens and cry out with equal fervor that they were to blame for all of our troubles. During the same two decades, I have seen hundreds and thousands of farmers forced from their farming, forced out of the rural areas, forced into the cities where they became unknown individuals and appeared only as statistics on unemployment rolls.

In the February 1975 issue of the Farm Journal appeared a story entitled "The Last Farmer." It is a tongue-in-cheek look at where we might end up in this country if farmers continue to "get big or get out":

THE LAST FARMER

(By Gene Logsdon)

Hardly anyone believed the shocking report that the USDA leaked to the press back in 1976. "A source close to the Secretary of Agriculture revealed yesterday the existence of an hitherto suppressed study," said the *Times* earnestly. "The study proves with mathematical certainty that by the year 2053, there will be only one farmer left in the U.S."

Politicians denounced. Bureaucrats disclaimed. Economists scoffed. "Ridiculous," they said as of one voice. "Farm numbers will stabilize about the turn of the century."

But the year 2000 came and went with no letup in the attrition of farmers from farming. To agribusinessmen, the question was no longer *if* only one farmer would remain, but far more interesting, whose customer would he be???

Not many would have bet that Marvin Grabacre of Illinois would end up being the sole survivor.

"Marvelous Marv," as the folks came to call him, was only four years old in 1976. In hindsight, there were signs from the very beginning that Grabacre was a cut above even the select group that would become 21st Century farmers. At the tender age of 11, given the job of mowing the extensive family lawn, Marv talked a local repair shop into selling him four worn-out riding mowers for $10 each. He repaired the mowers, hooked them in tandem, and mowed the whole two-acre lawn in 15 minutes.

His crowning achievement was in talking old Mrs. Lacey into letting him cut down two trees and tear out a fence around her lawn so he could mow faster.

That project established the pattern that would carry Grabacre to the top. Reduced to simplest terms, his winning philosophy was: "If you have a problem, your machinery's not big enough." As a result, he bought the biggest equipment made, and if that wasn't enough (which it never was), he'd make his own. He was the only person ever to try to build a corn combine that could be used in the off season to cut and shred fencerows—trees, brush, fence, posts and all—at 5 mph. He was also the first to pipe a navigable stream underground so he could farm over the top in longer rows, and fly on wheat with a four-engine bomber.

You could always tell a Grabacre operation. Shortly after he moved in on some newly purchased ground, all trees, fencerows, buildings, woodlots, steep hills and even streams vanished, leaving only an unbroken expanse of dirt.

Grabacre's idea of happiness was to start out in the morning on one of his big tilling and planting rigs and not have to turn around until sometime next week.

His holdings grew rapidly from the original 10,000 acres, which he inherited from his father, until by 2000 he was farming 500,000 acres of his own and renting that much more. It was just as easy to double 500,000 as it was to double 50, he found.

Absurd as it may sound, Grabacre woke up one morning to find that he owned, or at least operated, all the farm land east of the Mississippi. He no longer figured his cost per acre, but cost per county, or cost per state, or sometimes, as with Maryland and Delaware, cost per region.

But of course, for tax purposes, he still just barely broke even. When Ohio showed a good profit, sure as hell Alabama showed a bad loss.

His project to pipe the Ohio River underground so he could plow the whole valley unimpeded was costing him more money than SCS and the Army Engineers had estimated—even though the government was cost-sharing 85% of the bill to rid the Ohio Valley once and for all from the danger of floods.

"You've got to get more efficient," said Grabacre's attorney, who was making $285,000 a year and spending winters on the Riviera—exactly what Grabacre intended to do once he got ahead of the game.

"I must be doing something wrong," he decided. He went to Washington to check with USDA.

Strangely enough, USDA was bigger than ever, doing what it had been trying to do for 100 years: "helping keep small farmers in business."

"Well, it was necessary to increase staff and budgets when the number of farmers dropped from a million to a half a million," explained the Secretary of Agriculture to the General Accounting Office in 2051. "Obviously we must continue to expand when the number drops from half a million to one."

Everybody in Washington understood that kind of logic. But it was little consolation to Grabacre.

So he used his farm magazines to see what his neighbors were doing.

There was only one neighbor left—the guy who owned everything west of the Mississippi. A little column in the back of one of the journals caught his eye. The gist of the piece was that regardless of what a few old-fogey economists thought, the eastern half of the United States just was *not* a viable economic farm unit anymore.

"While we believe firmly in the family farm," the article stated, "there's no reason at all why such a farm should remain as small as only half of our nation. The farmer must eventually get big or get out."

So Grabacre flew out over the Mississippi looking for states where broken-down fences and shabby barns might indicate a chance to buy land cheap. The drought was still putting a squeeze on the Great Plains; cattle were still losing money, the labor unions were still on strike in California, and the Inland Empire was still running out of water. Grabacre shook his head sadly. That other farmer wasn't keeping up with the times. He'd be better off in some other line of work.

By then Grabacre had consolidated all the bankers of the Farm Credit System, under his own name. But when he asked them for another loan, they informed him that he had already borrowed all the money they had available.

So he talked a consortium of Middle East oil barons into lending him the money, and he bought his last neighbor out. Actually it was just business as usual for Grabacre. He sold most of Arizona, Utah and New Mexico to developers at an outrageous price to get the downpayment.

And so in 2051, two years ahead of the computer projection, agriculture was at last united and could speak with one voice—Grabacre's.

But Grabacre was too busy to speak with one voice or any voice at all. Unable to find a man equal to the task of taking over his empire, he was installing a computer in Kansas City to do the job so he could retire.

It was no big deal actually, because the programming was so simple. All the computer needed to know was: If you have a problem, your machinery isn't big enough.

The first move the new computer made was to buy China. "I know I can swing the deal by selling half of Manchuria to Russia and half to Japan," the computer told Grabacre. "We can level the mountains on the rest of it, pipe the Yangtze and Yellow rivers underground and make a clean 15% profit putting the whole works into soybeans."

Grabacre grinned. The future of agriculture was in good hands.

I believe that it is in the best interests of our society to develop policies and programs that insure that small and independent farmers continue to provide the food and fiber for domestic and export purposes.

I do not buy the theory that farmers and consumers are natural enemies. I believe they share equal concerns and that the interests of both can be served by rational and progressive policies. I believe there is more that binds consumers than divides them.

Of course, I come from a rural area, and I represent a very rural district. Our main industry is agriculture; however, prior to being elected to Congress, I also served as a board member of the Iowa Consumers League, a member of the Consumer Federation of America, and I also worked as an attorney for legal services. In that job I dealt with the day-to-day problems of our less fortunate citizens, and especially the problems they encountered in the consumer field. So I believe I have an understanding, not only of farmers, but also of our consumers, especially our low income consumers.

The bill that we have before us, H.R. 4296, the Emergency Farm Act for 1975, is a bill that serves both the interests of our consumers and of our small, independent farmers. I know that some have asked how it can be possible that by raising the price support for feed grains, cotton, wheat and dairy, how that can possibly work to the benefit of the consumer. Well really, if you look down the road a little bit, you can see that it is quite simple. Farmers throughout the country, and especially in my district, are gathering in meetings to discuss the cutback in production this year of anywhere from 10 to 20 percent. In my district, 2 days from now, on Thursday, hundreds, perhaps thousands, of farmers will be meeting to discuss and perhaps sign up as a pledge to cut back their production between 10 and 20 percent.

What does this mean for the consumer? It can only mean one thing: Shortages of products and higher prices leading to more inflation for our whole economy. Inflation on one hand and yet a deepening of the recession on the other hand—this is because farmers are the best consumers that we have in our society. When they are in a profitmaking situation, they spend their money. They buy tractors, pickups, and cars, they clothe their families, they shop in grocery stores just like people in the cities do. In other words, they spend their money to keep other people employed in the urban areas. The fact is that our agricultural industry buys more of the manufactured items in this country than any other single industry. If agriculture does well, so does our country. If the farmers are apprehensive and uncertain as to their profits in the near future, they will begin to cut back their orders for these manufactured items, such as machinery, tractors, chemicals, et cetera. And that is what is happening right now. Farmers are cutting back on their orders. And that is resulting in more layoffs in the urban areas.

Agricultural exports make up over 25 percent of our total export income. Last year this amounted to about $22 billion that our country received from the export of our agricultural products. This is just about equal to the total amount of petroleum products that we imported during 1974. What will happen if farmers cut back their production this year as may be anticipated if this bill does not pass? Dr. Earl Heady, world-renowned agricultural economist and distinguished professor at Iowa State University, recently did a computer study on the effect of a cutback in production this year. The results of his study show that if corn acreage is cut back by 9 percent, this would lead to a 46-percent increase in prices down the line. The following article which appeared in the March 9, 1975, Des Moines Register highlights and points out the results of Dr. Heady's study:

COMPUTER SEES 46 PERCENT RISE FOR CORN WITH ACREAGE CUTBACK OF 9 PERCENT

(By Arlo Jacobson)

The price of corn would increase approximately 46 per cent with a U.S. acreage reduction of 9 per cent and exports and domestic use were to remain unchanged, an Iowa State University computer study shows.

And there would be comparable price increases for other crops, according to researchers Earl O. Heady, distinguished professor of economic, and Dennis Thomas, research associate.

Just what this would do to consumer prices for food is not certain, but it is assumed they would rise to some degree.

A 46 per cent increase over the early March price of corn in central Iowa of $2.32 would peg corn at $3.38 a bushel, approximately where it was before export monitoring began last fall.

In the study 13 different export levels were used for corn, wheat and soybeans; but other feed grains and cotton were held at average export levels (1969–71 period).

Normal weather conditions were assumed for 1975 and all land formerly retired under federal farm programs was returned to production.

Corn, wheat and soybean exports at the 1969–71 average resulted in national prices per bushel of only $1.14 for corn, $1.60 for wheat, and $2.27 for soybeans — on total exports of 608.5 million bushels of corn, 658.7 million bushels of wheat, and 604.2 million bushels of soybeans.

At these prices, Heady and Thomas noted, a federal farm program would be needed to supplement farm income.

When exports were allowed to double in the study from the 1969–71 level, the per bushel prices increased to $2.32 for corn, $3.64 for wheat, and $6.40 for soybeans.

Also the ISU study showed the potential volatile price action which might be expected if exports yo-yoed in the future, and the "whiplash" effect on farm income and consumer food costs.

AT FULL CAPACITY

"Russia and developing countries may step into the market for more of our products when they have incidents of drought, then retreat with good weather," the researchers say.

"At full capacity of U.S. agriculture, a 20 percent increase in export demand could cause prices to jump without speculation to around $3.70 for corn and $5.80 for wheat—then plummet back to about $1.15 per bushel for corn and $1.60 for wheat when our full production capacity was not needed to meet the export demand," they add.

"These 'whiplash' possibilities emphasize the need for grain reserves which may prevent both 'run-away' prices during crop shortfalls and complete collapse of farm prices and income under favorable weather conditions," Heady and Thomas conclude.

The ISU study is detailed in a publication entitled "Alternative Crop Exports, Land Use, Production Capacity, and Programmed Prices of Agriculture for 1975."

Copies of Card Report 50 are available from the Center for Agricultural and Rural Development, 578 East Hall, ISU, Ames, 50010. The price is $2.

Figures from the study could provide more incentive for the current grassroots movement to cut down on corn production in 1975. In fact, the cutback move appears to be building even though skeptics say such voluntary plans have never worked in the past and probably will not work in 1975.

Farmers responding to the cutback effort may be subconsciously reacting to the same statistics fed into the computer at ISU's Center for Agricultural and Rural Development (CARD).

MASS MEETING

They have been trying to put across the same points, but they haven't had a computer to help them out.

One of their greatest concerns is that the export market will not materialize. (For another viewpoint on farm exports see story at left.)

The effort to cut back on corn production is on the move in several areas, independent of any farm organization.

A meeting was held in Des Moines last week and another in Rockwell. Others are scheduled: LeGrand, Tuesday, at 7 p.m. in the school; Wednesday at 7 p.m. at the sale barn in Perry; and March 18 at 8 p.m., USDA Building, Indianola.

The effort in each case is the same: Determine local farmer opinion on cutting back corn acreage and crystalize it in a mass meeting to be held at 1 p.m., March 20, at Adventureland, northeast of Des Moines at Altoona.

The movement is not confined to Iowa. Nebraska farmers say they are going to organize every county in the state, and 60,000 farmers and landlords are expected to be reached.

Wayne Barnett of Shipman, Ill., has been spearheading the movement in that state, and meetings have been held in such communities as Benton, Farina, Ullin, Woodlawn and Carlinville.

The Agriculture Commissioner in Minnesota has endorsed the cutback movement and is urging farmers to give it serious consideration.

DOWN A DOLLAR

Other meetings have been held in Ohio and Indiana.

The cutback is aimed at bolstering corn and soybean prices, which have been slumping since the federal government established monitoring on exports on Oct. 16 (see graph).

But after the government curb on exports was lifted last week prices rebounded considerably.

Cattle feeders are also concerned. Many have dropped out of that enterprise and have gone to selling cash grain from the 1974 harvest as a means to recoup.

"For the first time in my life, I sold grain last fall," said Boyd Kimberly, 53, of Maxwell. "I took such a loss in cattle last year, I couldn't see going back into that.

"Now I see the same thing coming to grain farmers that happened to beef producers.

"High-priced corn has always made me money feeding cattle," Kimberly said. "Wealth comes out of the soil, and if you keep the value high the livestock situation will balance itself out."

Kimberly has joined the corn cutback movement with a vengeance, and said 90 percent of grain farmers in that area will go along with the action.

"They're really behind it," he said. "Six of us went out, and in five hours we got some 150 signatures. Only four farmers turned us down.

"And it wasn't because the farmers didn't believe in it, but because their landlords said don't do it.

"If the rest of the state is as strong for the cutback as around here, we're going to blow the lid off with millions of acres of grain to be cut from production.

"If we get that kind behind us, we're going to come into big acreages pretty fast. Might even make the ticket tapes."

Kimberly noted that Iowa corn farmers were behind those in Nebraska and Illinois in getting the cutback effort underway.

Secretary Butz and the Ford administration are urging farmers to plant to full production this year. However, they are not willing to put any kind of a floor under the prices the farmers receive when the crop is harvested this fall. The present target price on corn, for example, is $1.38 a bushel and the loan rate is $1.10 a bushel.

I recently held a series of 11 meetings with farmers in my district in Iowa. I also sent a questionnaire to nearly every farmer in my district. The results of that poll show quite clearly that farmers believe this bill is needed to increase target prices and loan rates. Eighty-eight percent of the farmers who responded indicated they were in favor of this. I believe the results of that poll will give a good indication of how farmers in my area feel about the issues concerning agriculture:

REPRESENTATIVE HARKIN'S FARM POLL RESULTS (25 COUNTIES) MARCH 13, 1975, FIFTH DISTRICT OF IOWA

Respondents=2514.

[In percent]

1. The target price and loan rate for corn should be raised.

Agree	88
Disagree	8
No opinion	4

2. The government should increase its beef purchases for school lunch programs and for the military.

Agree	89
Disagree	5
No opinion	6

3. Beef packers should be bonded.

Agree	96
Disagree	2
No opinion	2

4. Which of the following do you agree with?

(a) There should be a grain reserve.

Yes	84
No	16

(b) A grain reserve should be held by the Government.

Yes	18
No	82

(c) A grain reserve should be held on farms, by farmers.

Yes	90
No	10

(d) There should be a small international grain reserve, kept out of the market, to cover short-term disasters.

Yes	78
No	22

(e) There should be no grain reserve.

Yes	25
No	75

5. Earl Butz is doing a fine job as Secretary of Agriculture.

Agree	19
Disagree	70
No opinion	11

6. In order to cut operating costs, the USDA should consolidate its local offices (for example, its ASCS offices), and have regional offices serving several counties rather than an office in each county.

Agree	29
Disagree	64
No opinion	7

7. The government should place a lower limit on the amount of beef that is being imported.

Agree	88
Disagree	7
No opinion	5

8. The REAP program should be discontinued.

Agree	19
Disagree	43
No opinion	38

9. Congress should pass a law to keep corporate conglomerates out of farming.

Agree	91
Disagree	6
No opinion	3

10. Should the government *allocate and ration* oil and gasoline, or should it *raise tariffs* (and so raise oil and gasoline prices) as President Ford has proposed?

Allocate and ration	59
Raise tariffs and prices	29
No opinion	12

I can tell you that if prices of corn drop to these levels this fall, you will see bankruptcies on farms like we have not seen since the Great Depression. Why is this so? Because the costs of production have skyrocketed in just the last 2 years. For example, the average cost of production of corn in my area is something around $2.25 a bushel, not $1.38 a bushel. The inputs for harvesting a bushel of corn have risen dramatically. One example of this is fertilizer. Two years ago when the 1973 act was passed, nitrogen fertilizer sold for around $80 a ton. Now you cannot buy it for less than $300 to $320 a ton, over four times as much. Seed corn that last year sold for $30 to $35 is now selling for as much as $50 to $52. The costs of machinery are up. A combine that cost $21,000 just last year is now costing well over $26,000 in just 12 months. And I need not tell you how much the cost of fuel has gone up. And let us face it, tractors and combines do not run on air. So, to make it short, if a farmer goes out and plants to full production, with the increased costs that he has, and harvests that crop this fall, and the prices drop out of the bottom to the levels below $2.25—that means only one thing—bankruptcy. Farmers are worried. Their worries are justified. The following editorial appeared in the February 26, 1975, Des Moines Register and is entitled "Farmers Are Worried." I believe it points out the reasons for the farmers' apprehension:

FARMERS ARE WORRIED

Farmers in several important corn states, including Iowa, Nebraska and Illinois, are growing worried about the price of their main product. They are trying to mobilize farmers into an agreement to reduce acreage planted to corn this year.

Although corn production fell off drastically last year because of bad weather, the price of corn has sagged since harvest time. The sharp reduction in cattle feeding and weaker export demand for corn, due to the worldwide recession, have brought prices down. This alarms the corn producer, quite understandably.

The cost of producing corn has increased enormously in the last year, and there are no indications cost factors will come down this year. Fertilizer, insecticide, herbicide, power, labor—everything will be higher. Many capable farmers think they can barely make a profit at present prices of around $2.50 a bushel in central Iowa. They fear that a big harvest in 1975 would send prices below $2. (In October, corn was well above $3.)

The concern of farmers about future prices is warranted. The odds favor a big crop this year. If the weather is normal, and if planted acreage increases as expected, a crop of 6.5 billion bushels or more could be harvested. This would be about a billion bushels more than ever harvested before. The record is 5.6 billion in 1973, and the 1974 crop was 4.6 billion.

A billion-bushel increase in output would send prices down far below the cost of production. So farmers are trying to get together to cut acreage. It is obvious that the government will not activate the feed grain program and call for an acreage reduction.

We can thoroughly understand the fears of farmers and their purpose in reducing production. But it is a hopeless task to try to get the job done that way. Not enough farmers would cooperate to make the plan work. It would be impossible to get even a semblance of equality in acreage reduction.

To the extent that it did work, the plan would benefit most those farmers who did not cooperate. Under the federal program, every farmer who cuts acreage at least gets a payment for doing it. Attempts at voluntary production control by producers of a crop grown nationwide, such as corn or wheat, have always failed. The only possible way to get supply management in these crops is through government.

But is it wise to cut corn production this year, by whatever means? We think not. The world's granaries are nearly empty. Instead of trying to reduce output, every means ought to be taken to increase it. Let us get the 6.5-billion-bushel crop of corn if possible.

But it is unfair to ask the farmer to take the whole risk. The present corn loan and present level of "target" prices under the feed grain program are ridiculously low. The target price of $1.38 a bushel is far below the level that would provide assurance against risk for a farmer.

Therefore, we suggest that Congress substantially raise the corn loan from the present $1.10 to about $2 a bushel. The target price could be about the same or perhaps a little higher. These guarantees would give the producer confidence that a further severe break in corn prices would not be ruinous.

But will bankruptcy happen? It might if the bill before us does not pass or if President Ford sees fit to veto the bill and we do not override his veto. This will lead to further instability in our society and more and more people on the unemployment rolls. On the other hand, if farmers cut back their production by 10 to 20 percent, prices will skyrocket, shortages will occur, and this will seriously curtail our quantity of agricultural commodity for export. This will seriously hurt our world economic situation and cause another tremendous round of inflation.

In other words, what we aim to do in the bill is to provide stability. To provide stability by insuring that our independent farmers do not go broke, but instead have a reasonable and fair—and I emphasize fair—return for their investment and labor. And fair in terms of providing food and fiber for our people at reasonable prices. Therefore, I think we do need a good level of production this year. The question revolves around one of policy. Is it fair to make the farmer alone bear the burden of both recession and inflation? I think not. Is it fair to make the farmers pay for maintaining our position in the world economy? I think not. These burdens must be spread across our population as a whole. It is the only fair way to do it.

Farmers are the greatest producers in the world. They have always met their responsibilities to feed and clothe our people. They have done so in the face of tremendous risks and in the face of governmental policies that are aimed at providing cheap food at the expense of the farmer. Our farmers will continue to meet their responsibilities, but it is unfair and it is economic suicide to ask the farmers to produce the food and fiber that we need—and go broke in the process.

And one other thing, many consumers or consumer groups have said that the farmer is responsible for the high cost of food. Again, that is not true. For example, in 1973 farmers enjoyed a record net income for that year of about $32 billion. Last year, 1974, that net income dropped $5 billion to $27 billion. This year it is estimated that net income to farmers will drop to $20 to $22 billion. Yet with these drastically dropping prices, the prices paid by consumers at the checkout counter still remain high.

The real culprit is the middleman, the people that buy from the farmer and sell to the consumer. Even the spokesman for the administration will admit this. In a press conference held just last week, Albert Rees, Director of the White House Council on Wage and Price Stability, acknowledges that a major reason for higher food prices is the increasing margin charged by industry middlemen. But, he said the administration is pinning its hopes for food price reductions on lower prices received by farmers for their products. I guess they feel that it is easier to take on hundreds of thousands of individual farmers than it is to take on the food monopolies. The following article appeared in the March 14, 1975, Des Moines Register and quite clearly points out that the administration is going after the farmer for cheaper prices.

WHITE HOUSE FIGHTS FARM SUPPORT RISE—WARNS OF INCREASES TO CONSUMERS

(By George Anthan)

WASHINGTON, D.C.—The Ford administration Thursday escalated its battle with congressional Democrats over increased price supports for farmers.

Officials called a press conference to warn consumers that the aid measure would result in sharply increased food prices just as inflation is beginning to subside.

The officials said that if the bill passes it would lead to price increases of 8 cents a gallon for milk, 10 cents a pound for cheese and 20 cents a pound for butter.

TARGET PRICES

The bill, which the administration fears could reverse the recent trend toward less government involvement in agriculture, calls for increasing socalled "target prices," or support levels, by more than 50 per cent on corn and wheat * * *

"NO OPPORTUNITY"

The administration's attack on the farm bill came in a press conference called by Gary Seevers of the President's Council of Economic Advisers, and Albert Rees, director of the White House Council on Wage and Price Stability.

Rees said he had called the meeting with reporters because "there was no opportunity for us to put our objections on the record in hearings before the House committee on agriculture."

Rees was reminded by reporters, however, that a House subcommittee conducted several days of public hearings on the bill and that the Senate Agriculture Committee conducted two weeks of public hearings on agricultural problems, including federal price supports.

PUBLICITY CAMPAIGN

Seevers then explained that because Rees "has a whole range of things to do" and "has a very small staff," he was not aware of the hearings.

Some congressional Democrats, however, charged the administration with attempting to maximize publicity for its position among urban consumers.

Representative Tom Harkin (Dem., Ia.), who introduced the bill to raise farm target prices, said Agriculture Committee officials "time and again emphasized that anybody could be heard on the bill. It was even published every morning. Don't they read the newspapers? It just shows you how damn dumb they (administration officials) are, and you can quote me."

SMITH COMMENT

"They're playing dog in the manger. It's a public relations deal," said Representative Neal Smith (Dem., Ia.).

The question of increasing government commodity price guarantees to farmers is brewing as a significant fight on the House floor, with action expected some time next week.

Democratic leaders predict the bill will pass, with backing of a coalition of liberal freshman Democrats from the Midwest, urban congressmen who want to maintain full agricultural production, and traditional farm bloc lawmakers of both parties.

BUTZ ADVISES VETO

However, Agriculture Secretary Earl Butz said he will recommend that President Ford veto the bill. In its present form, the measure would increase the target price on corn from $1.38 a bushel to $2.25; on wheat from $2.05 a bushel to $3.10, and on cotton from 38 cents a pound to 48 cents.

The bill also would increase supports for milk producers from 80 per cent of parity to 85 per cent. Parity is a level judged to be fair for farmers in relation to their costs.

Rees, of the White House Wage and Price Council, said that "if crops are good and export markets are weak," the government would have to pay farmers up to $4 billion in price supports under the proposed bill.

USDA ESTIMATE

On Wednesday, however, the U.S. Department of Agriculture estimated that an emergency farm relief bill approved by the House Agriculture Committee and by House Democratic leaders would cost $882 million this year.

Both Rees and Seevers declined to predict that export markets would weaken and that agricultural prices would suffer a major drop. Butz and other officials have contended this won't happen, and they say the increased target prices are not needed.

Rees acknowledged that a major reason for higher food prices is the increasing margin charged by industry middlemen. But he said the administration is pinning its hopes for food price reductions on lower prices received by farmers for their products.

A 15 PER CENT DROP

Rees said he does not intend to seek reductions in wages for food industry employes as a means of moderating retail prices.

Butz reported to President Ford at a Cabinet meeting Wednesday that the prices farmers receive dropped 15 per cent in mid-January from a year earlier, while their costs rose by 12 per cent. Butz also said that while retail food prices increased 14 per cent in 1974, about 80 per cent of the increase was eaten up by higher processing, transportation and other costs after the food left the farm.

The farm bill was approved in a 32–8 vote by the House committee last week and has been endorsed by the Democratic steering committee. It was discussed briefly at a House Democratic caucus Thursday, but no vote was taken.

"CONSUMER BILL"

While proponents are predicting passage by the full House, Representative Peter Peyser (Rep., N.Y.), who leads the opposition, said he's confident it will be defeated.

Harkin said he has discussed the measure with urban congressmen and has emphasized "this is a consumer bill because it will ensure full production and stable prices."

Smith said: "This can't affect consumer prices. If corn drops a nickel below $2.25, the farmer gets a five-cent payment from the government, five months later. It has nothing to do with consumer prices, it just has to do with sharing the risk we're asking the farmer to take in all-out production."

Butz, Seevers and Rees said they fear the higher target prices would cause "distortions" and would result in overplanting of cotton, instead of shifting to grain crops.

Well, if the administration has not got the guts to take on A & P, Safeway, and other food monopolies, then I think that Congress will have to do it. But, ladies and gentlemen, that is the place to attack the inceasing food prices, not the farmer. What this bill will do is establish stable prices. Stable prices lead to a stable economy. And a stable economy will lead to employment in our factories and in our cities. A stable economy will give us a better position in world trade.

Just remember one principal economic fact: Whether we are talking about prosperity or depression, it all begins on the farm.

Mr. FOLEY. Mr. Chairman, I yield 30 seconds to the gentleman from Texas (Mr. HIGHTOWER).

Mr. HIGHTOWER. Mr. Chairman, during the past few days such respected publications as the Washintgon Post, the New York Times, Barron's, and others have provided us with detailed analyses and commentary concerning the legislation we are considering today. They have attempted to present a wide range of viewpoints from officials in the administration, selected Members of Congress, and agricultural and consumer organizations.

I have read these carefully, Mr. Chairman, and have found them informative, enlightening, and infuriating.

The persons least quoted, least sought for their viewpoints and least understood are those most directly affected—the individual farmers and dairymen.

I listen to them. I believe that I understand them. I represent them. And I get angry when the message they deliver is not heeded.

Barron's stated:

> Demagogues prate of the family farm, warn of impending crisis and all but conjure up the Dust Bowl.

If it is demagoguery to represent the view of my constituents, I qualify.

The lead editorial in Sunday's Washington Post berated the House Agriculture Committee for "wasting its opportunity to adapt American agricultural policy" to present-day circumstances.

Present-day circumstances prompted this legislation, Mr. Chairman. All publications and commentators properly refer to this legislation as an emergency bill, but they ignore the adjective. On the day the Agriculture Committee recommended the bill Chairman FOLEY said that time was of the essence, "so we tried to keep the items included to a minimum in the hope of speeding up passage." He assured us that more detailed proposals for changes in the existing Farm Act would be taken up in subsequent legislation.

When my constituents report that seldom a day passes without receiving notice of another farm sale, I listen.

When they tell me bankers are reluctant to loan the money necessary to plant this year's crops, I listen.

When they tell me a ruling by the Federal Power Commission could cause their supply of natural gas for irrigation to be cut off, I listen.

When they tell me seven feedyards in the Texas Panhandle have closed, forcing a layoff of 1,240 feedyard personnel and 800 from allied industries, I listen.

When they tell me that the number of dairies in one area of the Panhandle has dropped from 12 to 2, I listen.

When grain sorghum producers in my area tell me they are willing to underplant their alloted acreage by 25 percent this year in an effort to stabilize prices, I listen.

The agricultural economy operates in a rather unique form—pure competition. No one farmer is big enough to influence total supply. He alone cannot influence the marketplace. However a slight decrease in total supply can cause a dramatic increase in price. A slight increase in supply can cause a disproportionate decrease in the price.

Secretary Butz has advised the farmers to plant "fence to fence," while on the other hand President Ford has expressed strong opposition to higher target and loan prices because he fears it would cause overproduction. If the farmers are confused at this point, their confusion is justified.

All segments of our economy are in difficulty, Mr. Chairman. But another unique characteristic about the agricultural economy is its continual uncertainty. Despite the higher rate of unemployment, the vast majority of our population knows when payday comes what their take-home pay will be. A farmer contends each day with Mother Nature. The Farm Belt is often equated with the Bible Belt. There is strong justification for this, Mr. Chairman. The farmer has to battle the elements of nature every day. One hail storm can eliminate his crop. One strong wind can collapse every stalk of grain. One period of heavy rain can prevent his harvesting his crop or can ruin his cotton. A period of prolonged dryness forces irrigated farmers to run their wells round the clock, for months at a time, and will eliminate any hope of a crop for the dryland farmer. The farmer communicates with his God because he relies upon Him.

Despite the variables of nature, the greater uncertainty the farmer faces is what he will actually receive for his product when he has finally harvested the crop.

The purpose of this legislation is to reduce that uncertainty. Today the farmer can go to his banker in quest of a loan for this year's planting. When the banker asks him what his anticipated income will be, he cannot now answer with any certainty, nor can he accurately predict what his costs will be.

Crop production is a gamble, and the farmer hopes his banker will share that gamble with him. A large percentage of farmers have decided not to plant their full acreage this year due to bank pressure and the insecurity of producing without protection.

That protection is what we are attempting to provide with this legislation.

We are not pitting the farmer against the consumer, because they are one and the same. As I stated in an earlier speech, I am a consumer. And just like my 432 colleagues in the House of Representatives, I represent approximately 470,000 other consumers, with the number varying slightly in each district.

Our deliberations and decisions concerning this legislation will affect every constituent, every consumer. However, if we were to accept the possibility of negative conditions for the farm economy this year and thus accept estimates by both the Agriculture Committee and the Department of Agriculture that the upper limits of the bills cost would be $882 million, we must realize those costs would be paltry compared to the increased prices we the consumers would have to pay for what we consume if the farmer could not produce his crop.

What is our greater concern, Mr. Chairman, the deep concern shared by all of us about a possible increase in the cost of food and clothing, or the deeper concern about an inadequate supply of food and clothing? If we put this question to our constituents, I believe we can predict the answer.

Mr. FOLEY. Mr. Chairman, I yield myself 1 minute. Mr. Chairman, I would like to publicly express my gratitude to the gentleman from Illinois (Mr. FINDLEY) for his very kind and generous remarks, but I would want to correct in the RECORD a possible misinterpretation or mistake concerning any Democratic Caucus action on the subject.

The Democratic Caucus met last week and was scheduled to consider a resolution in support of this legislation, but because inadequate time and the necessity for the caucus to adjourn at 11:45, there was no discussion and no action on that resolution.

Also, there has been no action taken with respect to any amendments by the Democratic Caucus of the House or by the Democratic Caucus of the Agriculture Committee.

The majority of the committee on the Democratic side, as well as the majority of the committee together on both sides of the aisle, support the bill as reported.

I might add that before the gentleman from Illinois returned to the Chamber I had expressed my appreciation to the gentleman for his very generous remarks.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. FOLEY. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I thank the gentleman from Washington for this clarification.

I am sure the gentleman will understand how an outsider like myself, not having access to the CIA and the FBI, how difficult it is to get correct information about caucus proceedings.

Mr. FOLEY. I know, and I can tell the gentleman from Illinois that there is one way to get the correct information, and that is to come to the Democratic Caucus as a member, and we would be delighted to welcome the gentleman.

Mr. FINDLEY. Will the gentleman from Washington permit the intrusion of a Republican at the Democratic Caucus? If so, I would be glad to come.

Mr. FOLEY. There is always much more joy over the conversion of one who has been lost and is saved than the multitude who have never strayed.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from New York (Mr. PEYSER).

Mr. PEYSER. Mr. Chairman and my colleagues, I have been trying to think what would really be a good name for this piece of legislation. I think we can perhaps best describe it as the reaping of the American public. I really think that is what is happening here.

The Members, I am sure, know that we had 19 months ago passed, the Agricultural Consumer Protection Act of 1973—only 19 months ago. In the 19 months since that bill has been in effect we have had the highest farm exports and farm incomes have been at the highest levels ever. The taxpayer has been saved nearly $3 billion in farm subsidy payments.

Now, today, instead of staying with this bill, the Agricultural Act of 1973, we are moving into the same old area that we have occupied before, the same type of thing that brought about the so-called reform in the Agricultural Act of 1973.

In committee I suggested that perhaps what we could do is to accelerate the Agricultural Act of 1973 and move, in effect, the 1976 payments in 1975. This would have produced a very substantial increase, not nearly the increase that has been suggested here, of course. But this was turned down out of hand, absolutely no consideration.

I think this is a shame that a piece of legislation that has done an outstanding job for the American people and the American farmers and consumers is now being junked.

I just do not understand it.

Yesterday—and I am sure this will be coming up again today—a reference was made to the sugar bill. The sugar bill is not part of this act. But I thought, having been connected with the sugar bill, because I, among others, helped lead in the defeat, that the people might say, "Well, do you want to go along with him again? Look what happened to sugar."

Yesterday I heard on the floor of the House a statement made that when the sugar bill was in effect we kept sugar prices stable. And then, look what happened, when the gentleman from New York took the lead to defeat that bill. Now look at the sugar prices.

Let me read some sugar prices. The sugar bill was defeated in June 1974. In January 1974, the price of sugar per one hundredweight was $12.63. This is when the sugar bill was in full force and nobody thought the sugar bill was ever going to be defeated.

In February the price was $17.04. In March it was $18.11. In April it was $19.25. In May it was $23.05. In June—and this is the June price when the sugar bill was defeated—it was $26.50. The sugar bill was defeated and the price has continued to soar.

Mr. Chairman, the prices were soaring all through the time when the sugar bill was in effect and nobody thought it would be defeated. Let me tell my colleagues something that is happening right now from the high point in November 1974.

In December—and this is after sugar was up at $57.00—in December—sugar came down to $46.00; in January, $40.00; in February, $36.00; and yesterday it was $28.75.

Mr. Chairman, the defeat of the sugar bill was the best thing the Congress could have done.

Mr. ANDREWS of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from North Dakota.

Mr. ANDREWS of North Dakota. I appreciate the gentleman's yielding.

I am delighted the gentleman feels that this act that we passed 18 months ago, and now seek to update to make it continue to operate satisfactorily in the future, has had such a fine and wonderful influence for agriculture, and for the consumers, but I think it is important to note that the gentleman in the well did not vote for this farsighted bill 18 months ago, and is now opposing our efforts to properly update it.

In the case of the Sugar Act what we were trying to do was to protect the consumers and the farmers against the roller-coaster effect we have had in the last few months because of the killing of the Sugar Act.

The CHAIRMAN. The time of the gentleman has expired.

Mr. FOLEY. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. RICHMOND).

Mr. RICHMOND. Mr. Chairman, I am the only urban Democrat on the Committee on Agriculture. I sought to get on the committee because I felt that some urban Democrat ought to represent and speak for the consumers on this committee. I feel that I am trying to represent the consumers and work out a fair consumer-farmer coalition bill.

I rise in support of H.R. 4296 subject to two amendments. One amendment has to do with dairy and will be presented by me along with my colleague, the gentleman from New Hampshire (Mr. D'AMOURS). Another amendment has to do with cotton which will be presented by the gentleman from California (Mr. KREBS).

This is a very good bill. The farmer needs a floor. In the same way as the consumer has a minimum wage, the farmer needs a floor. If the farmer does not have a floor, he is not going to plant. Right now the Nation has no surplus wheat, no surplus soybeans, and no surplus corn. We know that wheat, corn, and soybeans are the No. 1 export commodity of the United States. We know that we could sell any amount of corn to countries who need it, but we do not have anything to sell. As a consumer representing consumers I understand the importance of having these standby supplies. Furthermore, we must legislate a floor for the farmer in order to encourage the farmer to plant the soybeans, wheat, and corn America needs. This is an obligation. This is our obligation to the consumer as well as to the farmer because without adequate supplies consumer prices would go right through the ceiling.

The common interests for consumers and farmers lies in a food policy which encourages production but does not cause consumer prices to rise. This farm bill would encourage producers to produce because they would at least be assured of not going bankrupt. Consumers benefit from an adequate supply of food through lower prices for commodities.

The pursuance of a free market policy, while it may in the abstract be desirable, has resulted in a bad deal for farmers and consumers over the past few years.

For example, when last year it was thought that there would be a shortage of sugar, the large sugar corporations exploited the consumer's fear of a lack of supply and raised sugar prices right through the ceiling. That kind of corporate manipulation of our country's food supply neither serves the interest of the consumer nor the farmer.

The Federal Government must play the role of umpire and make certain that neither consumers nor farmers are exploited by corporate food middlemen.

The food policy of our Nation must be geared to forging coalition between the urban consumer and the small farmer. As a first step, we must realize that price supports are as essential to farm income as minimum wages are to the urban laborer.

These supports must realistically reflect the economic well-being of the farmer and the ability of consumers to pay for his food. The plight of the farmer who is facing rising costs and lessening returns mandates that the Federal Government establish a price support policy.

Some consumer advocates as well as Ford administration officials want to eliminate price supports completely from our economic farm policy. That would be a drastic mistake. Rather, we should selectively gear these supports to farmers whose need is documented.

The Congress, however, cannot neglect the needs of millions of consumers living in large urban areas who would be forced to pay higher prices for dairy products due to the provisions of the Emergency Farm Act.

For those reasons, I am recommending that Congress reject the milk price support at 85 percent of parity. That measure alone would raise the cost of milk to the consumer by 8 cents a gallon, increase the price of cheese by 10 cents per pound, and increase the price of butter by a staggering 20 cents per pound. In all, the price support for milk of 85 percent of parity would force consumers to pay more than $953 million for these three dairy products.

An increase in milk, cheese and butter would strike deeply into the pocketbooks of urban and rural consumers alike. It will undoubtedly mean less food on the tables of the middle class, the poor, and elderly who are already faced with the dilemma of increasing food prices and decreasing real incomes.

As far as cotton goes, we must legislate anything possible to discourage the cotton farmer from growing cotton. We have too much cotton.

First. The market price of cotton is now below the loan level. Therefore, it is clear that if the loan remains at this artificially high level, cotton farmers will be producing cotton America does not want and the Government will be buying it at an unreasonable price.

Second. There is no overseas market for cotton. Fifty other countries produce the crop and worldwide demand is falling.

Third. The alternative crop for most cotton farmers is feed grain. To encourage farmers to grow cotton when nobody wants it, when they could be producing food that would help lower consumer prices, is bad food policy for America.

Fourth. There are now 6 million bales of cotton in storage in this country. This bill will result in an additional 4 million bale surplus. There is no justification for keeping more than a year's supply of cotton in storage.

Fifth. If at the end of the loan period the Government is forced to take possession of this loaned cotton, it will cost the taxpayer $10 million a month until it is sold.

Cotton growers need some protection, which I believe the lowered levels will afford them. If we do not pass this bill with the 38 cent loan and 45 cent target price, many cotton farmers will not be able to survive. And, while they can convert to alternate crops, that takes time and money. In addition should there be another oil embargo, we must have cotton on hand, since it uses five times less oil than synthetic fibers do in production.

But I will leave that to my colleague, the gentleman from California (Mr. KREBS) to amend.

With these two amendments this bill has been approved by the Consumers Federation of America, which is the largest consumer group in the country, and by the AFL–CIO. With these two amendments there will not be one penny of additional cost to the consumers of America.

I think we ought to take into account the entire piece of legislation we are considering today. The two amendments, which are relatively minor, will result in a good solid bill for the farmers and no additional cost to the consumers. It will be a help in stabilizing the wildly fluctuating markets for the farmers and a good first step toward a sound food policy for America.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Colorado (Mr. JOHNSON).

Mr. JOHNSON of Colorado. Mr. Chairman, I would like to focus the attention of the committee upon the cost of production figures which have been floating around and have been used as justification for the new target prices. If the target prices were escalated according to the regular escalation index which is not to go into effect until 1976—and I thought that was an error in 1973—if those escalated prices were in effect today, the target price for wheat would be $2.51 a bushel; for corn $1.68 a bushel; for cotton 44 cents a pound. That would be under the escalator.

Why then are we going, instead of $2.51 for wheat, to $3.10? Why are we going to $2.25 for corn instead of $1.68?

Cotton, in this bill, is right in line with the cost of production. It is pretty hard to argue the target price proposed is too high here.

The cost of production figures vary all over the lot. The USDA has come up with figures. I think we have to examine every set of statistics to determine whether or not we agree that these figures are valid. The USDA's figures, for example, on the cost of producing a bushel of corn is $1.79; on wheat it is $2.50; and on cotton, 48 cents.

There are other people who say it costs $3.15 to produce a bushel of wheat. The gentleman from Minnesota says it costs him $1.77. For example, for corn there are people who say it costs them $2.34 to produce a bushel of corn. Now let us take a look at where they get the figures.

Mr. BERGLAND. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Minnesota.

Mr. BERGLAND. Mr. Chairman, I thank the gentleman from Colorado for yielding.

Mr. Chairman, the $1.77 figure was based on my land debt incurred 27 years ago. My land debt is one-third of what it would cost my friend today and were he to take over my farm, his cost would be at least $1 a bushel higher than mine. The gentleman knows that. I wanted the record to show that.

Mr. JOHNSON of Colorado. The gentleman is correct. I was going to make that point. I was not trying to embarrass the gentleman.

I wanted to show that it costs one man $1.77 and it will cost another man $3.50. When we start to consider raising the price targets we ought to consider all the elements on which we base the target price. We have to consider what those should be.

The National Corn Growers Association says it costs $2.34 for a bushel of corn based on labor at $9.52 an hour. How many of the Members know a man who pays $9.52 an hour for farm labor?

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Colorado. I yield to the gentleman from Colorado (Mr. EVANS).

Mr. EVANS of Colorado. Mr. Chairman, that is the price one would have to pay to hire somebody to sit on that kind of equipment and operate it for a number of hours to produce the corn if the farmer didn't do it himself. It is not what a farmer pays out of pocket for somebody to come on his land and run one of his tractors.

Mr. JOHNSON of Colorado. If the gentleman will look on page 46 of the report, he will see the figures provided by the National Corn Growers Association. That is the figure.

Mr. EVANS of Colorado. Yes; that relates to whoever is sitting on the tractor.

Mr. JOHNSON of Colorado. That once again shows the fallacy of these figures that include travel costs of going to town and the cost of workmen's compensation.

They say they capitalize an acre of land at $1,350 times 8½ percent, which means they get their return in less than 9 years, they double their investment in less than 9 years at 8½ percent compounded. That leaves this $2.34.

If we take out the land cost, we come down to a per-bushel cost of $1.42.

Here are some other things that occurred. The cost of land in Iowa is estimated to vary by up to $450 per acre. Depreciation of machinery is based on replacement costs in some of these estimates rather than on the purchase price, they include marketing costs, they include management charges; but the biggest pitfall of all is the idea that the Government is going to guarantee the cost of buying a man's land. What we are doing, if we take the USDA cost of production of either wheat or corn, is paying a man for the out-of-pocket costs. What we are paying for corn land at $900 an acre and $200 an acre of wheat, plus guaranteeing a profit of 20 or 25 percent.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. WAMPLER. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. JOHNSON of Colorado. Mr. Chairman, if we do it for wheat and corn, how can we avoid doing it for farmers who grow tobacco, rice, peanuts, fruit, vegetables, and all other commodities? If we can guarantee that for wheat and corn farmers how can we avoid doing it for every other grower in the market who is just as deserving, when we are providing operating subsidies and capital subsidies and a profit to boot?

We are making a far departure from the farm program. The farm program for 1973 worked very well. I do not know why we want to change it so drastically and I urge amendments to reduce these target prices down to a more realistic level.

Mr. FOLEY. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Chairman, I serve on the Committee on Agriculture with my colleague from New York who serves in an urban district. I serve a lumber district. It is perhaps the most populous congressional district in the United States, almost 600,000 people, all of whom are consumers.

The fundamental element of this agricultural bill today is that it is a consumer bill. This bill provides what I told my constitutents I wanted to see in an agricultural bill and that is an incentive for farmers to grow all they possibly can and yet protect the farmer from the very glut that he is producing by guaranteeing him a fair break in his income. At the same time, it will allow food prices at the supermarket to decline because of the abundance of food.

I support this bill in behalf of every consumer in my district.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Idaho (Mr. SYMMS).

Mr. SYMMS. Mr. Chairman, as a Representative who comes from an agricultural district where we grow a lot of wheat, feed grains, and dairy products, I become nervous when I find that Secretary of Agriculture, George Meany of AFL-CIO fame, and the great agricultural expert Ralph Nader, are in favor of this bill; it causes me a little concern over just what it is we are getting the farmer into by passing the 1975 cost escalators legislation.

I think that the major problem the farmers are facing comes from a policy that has been developing with regard to trade. We have allowed dairy products to be dumped on to our markets which are subsidized by foreign governments. This is the real problem that the American dairyman faces, and these actions we are taking here today with this legislation are only cosmetic.

The only thing which gives me hope and heart is that well intentioned politicians have tried these schemes since 2800 B.C., to regulate wages and prices by government edict and interfere with the free market, always ending in dismal failure. I think what our farmers in this country need is freedom from too much Government, and to allow the marketplace to work. If this would happen, I think this would be the best thing we could do for them. This is not the case, and this is why we are here today, to have one Government action offset another Government action, with of course monetary inflation being the root cause of all these problems.

Mr. Chairman, I am going to offer three amendments which would substantially improve the bill, probably to the point I could support the bill, although I am opposed to the legislation because of basic philosophic reasons, which come from a strong dislike for authoritarianism both economically and personally.

My first amendment would be a sense of Congress resolution which would say that the Treasury shall impose counter duties immediately on any foreign agricultural products which are dumped on the American market, which are subsidized by a foreign government.

My second amendment would be that there could be no export controls imposed upon feed grains and wheat and corn without a vote of the Congress. These are two very critical areas which have caused part of the problems we have.

My third amendment is a very important amendment. It addresses the point the gentleman from Colorado (Mr. JOHNSON) so eloquently and articulately pointed out, that we are not allowing a person the opportunity to go broke in our free market economy any more. If we are going to do this for farmers, we are going to have to do it for everybody else, such as Lockheed Aircraft or whoever it is.

Mr. Chairman, I think we should lower the target prices back to where they would have been if the 1973 Farm Act would have had escalators put in the bill. I was one of those—I will say this for the benefit of my friend from North Dakota (Mr. ANDREWS) who did vote against the 1973 Farm Act—but in the committee I supported the cost escalators which I still think were a fair proposition, and should be part of this law.

If we had had them in the farm bill in 1973, we would not be here today trying to jack up these prices to an excessive level. So, at the appropriate time I will be offering an amendment which would bring the target price in line with where we would have been in 1973 had we passed escalators.

That would be cotton, 44 cents a pound; corn, $1.68 a bushel; wheat, $2.51 a bushel; with the loan prices being the same as at present for cotton, $34.27; corn, $1.34; wheat, $1.67.

I think this is very important that this amendment be accepted. The reason I say that is that we can keep the Government from getting back into the business of holding and owning cotton and keep the Government from owning wheat and feed grains.

In my district, the producers have done a great job of going out on their own and exporting soft white wheat in Asian countries, but once we start getting Government back in the business, once we get target prices too high and lower prices and start having production stimulated to meet the lower price level, the Government will own the wheat again, own the dairy products, and we will have a situation where Mr. Nader and his group will say, "Let us dump these products and lower prices."

So, I think those Members who represent farm districts should take a long, hard look at this legislation before they vote, if they really want to do something for their farmers.

Last but not least, this bill is raw politics. We are seeing a coalition here where, "You vote for my bill and I will vote for yours later on," and this is where $100 billion budget deficits come from; a $100 billion deficit which very likely can come out of this Congress this year and is very likely going to have a depreciating effect on the American dollar. American farmers have as much to lose as all Americans on this type of logrolling proposition; inflation of our money is our real problem and this legislation has a much higher cost to it than meets the eye if a National Democratic Farm/Labor Coalition Party is allowed to work its will here today.

That hurts all Americans, and farmers are also Americans. It is inflationary. It could have a tremendous effect on the taxpayer and on the inflation and deficit of this country, not from this bill itself, but from the effects it will have on future legislation that is yet to come up, where the deals are being made on this.

I hope that this legislation is voted down.

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. VIGORITO).

Mr. VIGORITO. Mr. Chairman, I rise in support of this legislation.

Mr. Chairman, as a member of the

Agriculture Committee from a district which encompasses substantial urban and rural constituencies, I would like to explain why I voted in favor of reporting H.R. 4296 to the House floor. I also want to reiterate my strong support of the bill on the floor.

First, I would like to raise several points about the necessity to retain the dairy price supports at 85-percent parity targeted in the bill. Mr. Butz maintains that present prices are adequate to continue dairy production. However, what he does not state is that, at present, many dairy farmers are locked into the dairy business. Presently, beef prices are low, so that dairy farmers cannot liquidate their herds but should beef prices again increase, many farmers will be able to sell their herds profitably and get into grain production, or out of agriculture all together. If beef and grain prices increase, we can look down the road several years and see a drop in the number of dairy animals, which will also bring a drop in production. With reduced production, we will have shortages which will in the long-run drive up prices for consumers. It is my belief that the 85-percent parity price will stem the departure from dairy production. Finally, the Secretary says that 85-percent parity will push price levels to $8.19 per one hundredweight. He does not tell us that price levels were nearly that high in February of 1974 when they were at $8.14 per one hundredweight.

Second, we are in a period of international grain shortages, when farmers are being urged to raise more grain products. However, it appears that the same individuals who are urging increased production are at the same time reluctant to create safeguards and incentives for those who must take the risk of production. The New York Times of March 17 disclosed a CIA report which was written shortly before the World Food Conference. The report stated:

> In bad years when the United States could not meet the demand for food of most "would-be" importers, Washington would acquire virtual life and death power over the fate of multitudes of the needy.

Secretary Butz states that the targets would encourage production and I agree, but in light of the present world food situation, I am confident a surplus policy is justly demanded of the United States.

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. MURTHA).

Mr. MURTHA. Mr. Chairman, I just want to repeat and emphasize the fact that this bill will not increase milk prices more than 1 cent per quart and 4½ cents per pound of butter.

The danger in not passing this bill is the continued depletion of the number of small farms in Pennsylvania and the United States.

It is essential for the long-range future of our agriculture industry to have a floor which will stabilize this essential industry and help to keep the small farmer in business.

In the long range this is a consumer bill.

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California (Mr. KREBS).

I see no need to encourage farmers to increase their cotton acreage when there is an 11-month surplus. By setting target prices at 45 cents and the loan rate at 38 cents, we will insure a sufficient cotton supply while enabling some cotton lands to be freed for other needed agricultural products. We must not encourage farmers to grow cotton simply to meet the loan level instead of the market.

Mr. Chairman, I do intend, however, to support the remainder of H.R. 4296 as is. I do not have to look very far to see dairy farmers struggling to keep in business. In my native Salem County and adjoining Cumberland County dairy farmers cannot afford feed, while at the same time they cannot afford to sell out due to the low prices they would receive for their dairy cows on the butcher's block.

America must look to the long haul: We must encourage farmers to produce. Last year, farm products accounted for $21 billion of exports—to help pay for such imports as overpriced Arab oil.

No longer are we independent of the Arab shiekdoms for oil. To allow for foreign dependence on agricultural products would constitute irresponsibility of the greatest magnitude. As we have learned from the oil experience, such dependence is prohibitively costly—in the long run—to the consumer. Shortsightedness today will result in a terrible dependence and increased prices for everyone tomorrow.

So, Mr. Chairman, my concern for the farmer and the consumer prompts me to support the amendment offered by the gentleman from California—to discourage production where supply is already excessive—while favoring the remainder of H.R. 4296 which will insure food supplies by dependable domestic producers. It is high time that we started planning ahead in agriculture and other fields, instead of simply reacting to crisis situations.

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from Indiana (Mr. FITHIAN).

Mr. FITHIAN. Mr. Chairman, I rise in strong support of this bill.

Mr. WAMPLER. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from North Dakota (Mr. ANDREWS).

Mr. ANDREWS of North Dakota. Mr. Chairman, I thank my colleague for yielding.

We have heard a lot during this debate. We have heard a lot of talk about the free market, how the farmer is doing well under the free market, and how the Government should not interject its dead hand in something that is working well. But let us not kid ourselves. This is not a free market. We have seen export controls, not too long ago imposed, that pretty well loused up the market structure. We have seen subsidized imports affecting our dairy farms, and that means that the dairy farmer of America is competing not against dairy farms in America, or other countries even, but competing against other governments. That raises the stakes pretty high, and gives a totally different look to things.

The consumers of America ought to be aware those imports coming in from overseas might make low-cost butter, cheese, and milk products but foreigners are not going to subsidize these prices after they drive half of the American dairy farmers out of business, and the American consumer will pay much more if we do not keep the dairy farmers on the land.

Our farmers are being asked to produce. The Secretary of Agriculture is saying, "Produce. We need this production." And all farmers are asking, by requesting the updating of this bill is, "By golly, if you want us to produce, we will produce; but put your money where your mouth is so we do not produce ourselves into bankruptcy." It is about that plain.

Let us take a look at the cost of production. We passed the 1973 bill which resulted in a $2.04 target price for the price of wheat. I know something about wheat. My district raises more wheat than any other Member's district, with the exception of my colleague from Kansas. I am not quoting the figures of cost of production by a farm organization or chamber of commerce figure, but by a North Dakota State University study, which is unbiased, and certainly knowledgeable.

This study lists the cost of production for wheat in my State as varying today from $2.85 a bushel to $3.27 a bushel. That is out-of-pocket cost of production, and you can very well include a land charge. How can you take care of the tenant farmer—and half of the farmers in this country rent land—if you do not cover a rental payment, which is out-of-pocket payment?

I think we should also take a look at some of the phony baloney injected in this thing, particularly by the Washington Post and the Chase Manhattan Bank.

It is amazing how these big bankers become agricultural experts overnight. They say that if we pass this updating amendment, then we are going to add billions of dollars to the taxpayer's costs.

Last week the Secretary of Agriculture testified before my subcommittee. Let me quote from the record. I said:

> I want the Secretary of Agriculture to play it straight with the American farmer because some of the American farmers still have a good deal of confidence in whomever happens to be Secretary of Agriculture. When the Secretary says that this production is needed, it is needed for a hungry world, it is needed for the people here at home, they assume that they can take you at your word and they assume that you mean that it is needed at or about a fair price.
>
> Now, just now you told us that your assumption goes that that will be loaned against, if we have full production this year, at about $2.50. I don't think the average farmer has that feeling.
>
> Secretary BUTZ. Oh, no; I never said we are going to market our wheat out at $2.50 this year. We will market it out at substanti-

> ally above that. The best judgment of the market right now indicates it is going to be $1.25 above that price this year.
>
> Mr. ANDREWS. If it is $1.25 above that price, where is the risk to the Government in setting a target price at the $3.10 figure?
>
> Secretary BUTZ. I presume the risk is that once we learn, the body politic in America, you can raise target prices by $1.25 a year later you come in for a $1.25.

Mr. Chairman, that was the Secretary of Agriculture testifying before our subcommittee last week and saying that there will be no anticipated cost to the Government by setting this wheat loan at $2.50 a bushel.

Mr. Chairman, I think we must realize that farmers are not in the same position they were in 2 generations ago. At that time if we had a collapse in prices, they would take it out of their hides; they could feed their horses the hay they produced themselves, and they did not have the high fertilizer and fuel costs. That is no longer true.

Today they have high capital requirements, and they have to go to their banks, and if their prospect is for a bankruptcy-level price, they are not going to get the credit to produce.

USDA's own figures which were let out this week show the farmers in my State are anticipating a 10-percent drop in production. If this grain is needed by our consumers here and by consumers overseas, then we had better get that production, and we are not going to get it if we in the Congress do not perform in good faith with the farmers and if we are not going to adjust the target price.

Mr. Chairman, I think it is in the interest of the consumer and the farmer that we pass these updating amendments.

Mr. BERGLAND. Mr. Chairman, I have no further requests for time, and I reserve the balance of my time.

Mr. WAMPLER. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Maryland (Mr. GUDE).

Mr. GUDE. Mr. Chairman, I am opposed to this bill because it is a bill that once again makes the already hard-pressed consumer the scapegoat of our agricultural marketing system by raising retail prices in an effort to bail everybody else out. Of all the statistics frequently cited on farm issues I think the most significant ones relate to the farm-retail spread, the difference between the money the farmer gets for his product and the money the consumer pays for it, and related to that the share of the consumer's dollar which goes to the farmer, as opposed to the share which goes to processors, wholesalers, and retailers. In the latter case, a high point of sorts was reached in August 1973, when the farmer's share of the consumer dollar was 50.5 cents, and the "middleman" share, 49.3 cents. It has been all downhill from then on, to the point where, in December 1974, the farmer's share of that by now inflated dollar was 40.2 cents and the "middleman's" share had risen to 59.8 cents. This represents a decline of some 20 percent for the farmer's share, at the very time when the value of that dollar is also being rapidly decreased by inflation.

I cite these figures first, to point out that the farmer does have some problems, and I am neither unaware of them nor unsympathetic to them. The question for debate at this point, however, is whether the approach in this bill provides any fair and meaningful solution. Certainly it will raise farm income, but it will do it by raising consumer prices, despite the fact, as evidenced by the numbers I have cited, that it is not the consumer who is to blame for the farmer's situation, and that in fact the consumer is as much a victim as the farmer. To bail out the farmer at the consumer's expense is not only patently unfair, but it will not help to solve the basic problems we are experiencing.

While some price fluctuations in agriculture are probably inevitable, and while I certainly feel it is the responsibility of the Government to intervene appropriately to insure fair price levels and to protect against severe fluctuations in farm income, I would suggest that much of the problem lies in the marketing structure for farm products, an area this bill completely ignores. I would suggest that what has been developing over a period of time in this country is a series of effective market oligopsonies in which the farmer has few if any choices in how to dispose of his product, and as a result ends up at the mercy of the pricing policies of his buyers. I would draw my colleagues' attention to the recent price-fixing judgment awarded against A. & P. on the west coast as an example of what I am talking about. As in the case of the A. & P. case on the west coast where A. & P. was convicted of conspiring with other meat buyers to fix the price at which the food chains would buy meat. It was alleged that this conspiracy had been carried out successfuly over a period of years and that it had resulted in artificially depressed meat prices for cattlemen—without, I might add, significant benefits to consumers—causing severe economic difficulties for them.

To my mind that case represents a good example of what is wrong with our farm marketing structure, and I think it points out the inadequacy of this bill in dealing with that problem. This bill's approach would be to simply raise prices for the hardpressed consumer, thus pleasing the farmer over the short run, but in no way remedying any of the basic flaws that exist. One solution, of course, is more aggressive prosecution of violations of the law by the Department of Justice and the Federal Trade Commission. Successful prosecutions, however, are going to be dependent on the ability to prove conspiracy or some overt illegal act, which has proved quite difficult. The existence of a concentrated sector of the economy, of an oligopoly or oligopsony, in and of itself, has not justified court action. This is an area where further legislative work is needed, and I would suggest that the solution to our agricultural problems may very well lie with the Judiciary Committee and a more comprehensive development of antitrust law. That course, though admittedly long term and full of difficulties is still a better solution to the "farm problem" than the passage of this bill.

Mr. WAMPLER. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Chairman, I rise in opposition to H.R. 4296. The purpose of this bill is to increase commodity loan levels and price supports for selected farm products. It is therefore being offered as a farm bill.

In actual effect, the bill will help no one, except a select few, and those only on a short-term basis. In the long range, this bill is going to hurt the farmer, the consumer, and the taxpayer.

The taxpayer suffers under this proposal because he pays the bill. The consumer suffers at the supermarket, with higher prices. And the American farmer suffers with the loss of world markets.

Mr. Speaker, food is one of the few commodities in which the United States holds an edge. Our farm industry is the envy of the world. It is a natural resource even more important than petroleum. Through shortsightedness, we have squandered our self-sufficiency in oil. Let us not make the same mistake with food.

I wonder how many people know that farm exports last year contributed $20 billion to our balance of trade, without the benefit of increased price supports. In places where the dollar was sinking, farm exports buoyed it up. This helped us on the world market, where our dollars were being drained for petroleum, and it helped us at home, with jobs for thousands of workers off the farm in trucking, warehousing, and other industries. The key to this market coup was the competitive price of American farm products.

By artificially supporting farm prices on a selective basis, we will destroy our export market for those crops. What's more, we will cause a distortion in our farm output as growers shift to the supported crops and abandon non-supported crops. There will be a glut in certain commodities and no market. Yet the consumer will pay more at the grocers. And the taxpayer foots the bill. It was this same type of Alice in Wonderland thinking which got us into the mess we were in in the 1950's and 1960's. Let us not make the same mistake twice. Vote against this bill, and do your constituents—farmers, consumers, and taxpayers—a favor.

Mr. WAMPLER. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from South Dakota (Mr. ABDNOR).

Mr. ABDNOR. Mr. Chairman, I rise in support of H.R. 4296.

This measure is necessitated by the rampant inflation which plagues our Nation and which affects the farmer like every other consumer. Inflation is more devastating to farmers, however, than to nearly any other economic group. This is true for a number of reasons.

First, the cost of farm production input has risen much faster than the general rate of inflation.

Second, farming is unique in being a way of life as well as a means of earning a living. Downturns in farm market prices, therefore, hurt farm families much more than reduced income in other industries hurts laborers.

Laborers work for a set wage and have

unemployment benefits available to them. There are no unemployment benefits for farm operators. In fact, when farm prices fall, and this is most apparent in the livestock segment of the industry right now, farmers actually lose money and are in effect paying out their hard earned capital assets simply for the privilege of remaining on the farm. Furthermore, it should be pointed out that the livestock industry had been deep in recession long before it began to have an impact on other segments of the economy.

There has been much talk of taxpayers subsidizing farmers, but in truth, as is known to those who understand the matter, farmers have subsidized the rest of the economy for years.

Third, farm families cannot pass on their increased costs to consumers. Unlike nearly any other business, farmers must accept the price the market will pay for their products regardless of what they cost to produce.

If farming were merely a way of making a living, few producers would remain in business because monetary rewards would be much greater elsewhere. But farming is truly a way of life, and forcing farm families off the farm due to bankruptcy prices will serve no one's interest when their dedication is replaced by the monetary motivation of the corporate operations which will remain.

Finally, I would hasten to point out that it was not long ago that we were concerned that there would not be enough grain to serve the needs of our own country alone much less the needs of the starving peoples of the world.

Even while USDA exhorted farmers to produce all out, export embargoes were contemplated and effective restraints were imposed. Consequently, farmers who are quick to try to serve the needs of the country and the world and want to produce to meet the true market demand, move to do their part and are once again in economic straits due to Government manipulation of market forces.

One might think, judging from all the talk about a national farm policy, and the number of farm bills passed over the years, that the Federal Government is vitally concerned with the welfare of farm families. The record will show, however, that farm programs, purported to maintain farm income, have in reality maintained cheap food for consumers and a substandard living for farmers. A vote for H.R. 4296 today will not be sufficient to reverse this disturbing policy, but a vote against H.R. 4296 will surely help to maintain a national farm policy which pays little heed to the needs of farmers.

As I have said, farm families are dedicated to maintaining America's largest industry as the best agricultural system in the world. But there is a point at which dedication will no longer suffice. Food prices may be up, but farm prices are down. Farmers are clearly not responsible for food price inflation.

Exposing farmers to ever increasing economic difficulties without reasonable price protection is, therefore, not only unfair to them but irresponsible with regard to maintaining a viable industry to meet the challenge of a hungry world.

I urge my colleagues to vote for H.R. 4296.

Mr. WAMPLER. Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. Mr. Chairman, I want to thank the gentleman from Virginia (Mr. WAMPLER) for giving me this opportunity to speak.

Mr. Chairman, the emergency farm price support bill is one of the worst pieces of legislation ever reported to the House floor. I urge my colleagues to defeat it.

As one farm expert said, this bill "would bring a repetition of the policy mistakes of yesteryear."

This is a bill full of boondoggles and loopholes. It does not present a formula for curing agricultural problems.

Take the dairy farmer, for instance. I have several score dairymen in my district, and I have spent many hours in recent months listening to their problems. To survive, they must cut costs. They cannot raise prices, because consumer demand for their product goes down with every increase. In the past 2 years, they have had to raise prices frequently as the price of hay, fertilizers, fuel, electricity, and everything else required to run a dairy farm has skyrocketed. They have now come to the limit on the price that consumers will pay.

How does the dairyman fare under this bill? After all the deals are made and amendments are passed, dairy farmers will wind up with little more than they have already—80 percent of parity with quarterly adjustments. But with the slightly higher price support, they will have a new burden—higher prices for feed grains because of the new target prices and loan levels. The dairy farmer is being priced out of the market. With the higher price support level envisioned in this bill, dairy product consumption in the United States could drop by 1 billion pounds this year, thereby creating a serious oversupply of dairy products.

Solutions like this committee bill are squeezing the dairymen of America into utter extinction. We have lost 20,000 dairy farmers in the past year. With this bill, we will lose a lot more.

Or let us look at the cotton section of this three-page bill. This is a bailout bill so baleful it seems intentionally designed to destroy the domestic cotton industry.

The supply of cotton this marketing season will exceed demand by 3 million bales. So by August 1, 1975, the carryover of the cotton surpluses will be over 6½ million bales—or enough to meet domestic demand for an entire year.

The extremely high loan and target price levels proposed by this bill would perpetuate the excessive cotton surplus now glutting our markets. Once large surpluses are accumulated, large stockpiles will come into Federal control. Large subsidies will be paid to fiber farmers to keep prices artificially high, and then huge export subsidies will have to be paid to get rid of the glut.

Let me quote from the column of a well-respected cotton expert, Duane Howell, who writes for the Avalanche-Journal in Lubbock, Tex. In a column on February 20, he wrote that under this bill:

> The loan for U.S. cotton again would be elevated above world market conditions, would stimulate foreign production, making less room in the world market for the American fiber crop. U.S. cotton again would stack up in Government inventories, locked away from the market, while other growths moved into consumption channels. Moreover, a higher target price, as some have proposed, would be an artificial stimulus to excessive price-depressing U.S. production. The blunt truth is that, with stocks already rising under slow market demand, plants of nine and a half million acres, down from 13.9 million in 1974, can produce all the cotton we need this year.

Mr. Chairman, on Monday, the Department of Agriculture published its official forecast of cotton plantings for 1975: 10 million acres. This guarantees another surplus crop of cotton. And it indicates that many cotton farmers have been sufficiently encouraged by the liberal target price and loan levels of this bill to believe they can grow too much cotton, sell it to the Federal Government, and still make more money than by growing another crop.

Mr. Chairman, I could go on citing the inconsistencies and loopholes of this bill. I will mention just two more.

The most curious is the provision establishing a soybean loan program. I have searched high and low in the committee report and elsewhere for any evidence that such a program is needed—or was even asked for. The answer is almost funny: there were no hearings on soybeans; there was no testimony by any soybean farmer; and, there was not a single witness who asked the committee to establish a soybean loan program.

It seems apparent that the committee markup was a game of "Let's Make a Deal." None of the dairy, cotton, or feed grain sections could stand up by itself. We have another big giveaway farm subsidy bill.

I urge my colleagues to defeat it.

Mr. WAMPLER. Mr. Chairman, I have no further requests for time, but I reserve the balance of my time.

Mr. FOLEY. Mr. Chairman, I yield 6 minutes to the distinguished gentleman from Louisiana (Mr. LONG).

Mr. LONG of Louisiana. Mr. Chairman, I would like to take this time to commend the gentleman from Washington (Mr. FOLEY) and the Committee on Agriculture for bringing this bill to the floor of the House.

As a member of the Joint Economic Committee, I view this legislation as in keeping with our recommendations to provide the economy with the needed stimulus to recover from its depressed state. First, it will encourage production with protection without exposing the American public to excessive loss because of possible drain on the Treasury or through increased consumer costs. As testimony before the Joint Economic Committee indicated, the gross national product, GNP, fell at an average rate of 9.1 percent in the last quarter of 1974. This has not improved, and our committee is predicting a third straight year of recession, with joblessness over 10 percent if the economy fails to receive the necessary stimulus. Agriculture remains a viable commodity in demand on the world market. To allow production to decline in this industry is to invite a further slide toward a full-blown depression.

Second, as a Representative from a rural area, I am aware of the fact that farming is a credit operation. As the committee correctly points out, agriculture is our largest industry and, in 1974 alone, was responsible for a tremendous flow of money in our economy. At the end of 1974, the agriculture community had an estimated total outstanding debt of $94.9 billion, of which $47.4 billion was secured by farm real estate, $46.7 billion was for production expenses, and $0.8 billion represented nonrecourse loans with the Commodity Credit Corporation. I know that my small farmers are having difficulty obtaining loans for this year's crops. It is my understanding that testimony before the Agriculture Committee indicated that this is a problem that is occurring nationwide. This must not be allowed to happen if our economy is to recover and we are to regain our position in the world economy.

Finally, I would point out to our colleagues that the legislation reported by the Agriculture Committee is similar to bills considered by the House earlier this year from the Committee on Banking, Currency and Housing, and the Committee on Ways and Means. Certainly this bill from the Agriculture Committee represents the same type of stimulus to the economy as that which the House approved from Banking, Currency and Housing to direct the Federal Reserve to conduct a monetary policy to ease the credit situation to help the housing industry in that it eases credit problems confronting agriculture producers. It is also similar to the emergency tax bill approved by the House as reported by the Committee on Ways and Means in that it provides an increased stimulus for the flow of money in our economy.

It is clear, therefore, Mr. Chairman, that H.R. 4296 represents another effort on the part of this Congress to provide the necessary stimulus to our economy. Furthermore, Mr. Chairman, the position of American agriculture in maintaining our balance of trade cannot be overemphasized. Thus, in all aspects, the legislation represents an overall effort by the Agriculture Committee to help our economy through increased production and through maintaining our world trade. It is, as I indicated, clearly in keeping with the program endorsed by this Congress and should be adopted.

Mr. WAMPLER. Mr. Chairman, I yield such time as he may consume to the gentleman from Minnesota (Mr. HAGEDORN).

Mr. HAGEDORN. Mr. Chairman, I rise to voice my support for H.R. 4296 because of the threatening possibility of a disastrous price decline on the 1975 crop which will compound the present market situation as it exists today. American farmers find themselves in a unique position of being the most productive and efficient producers of agriculture commodities and foodstuffs in the world.

It would be wrong for the U.S. Government to let that great productive capacity be to the farmers disadvantage rather than advantage in a time of not only alleged shortages here in the United States but also in the world.

On numerous occasions the Department of Agriculture has prohibited large orders of farm commodities from going abroad because of so-called shortages and yet they today resist this legislation which would merely provide cost of production protection and certainly does not allow for any profits.

As a "tiller of the soil" myself, let me speak for my fellow farmer colleagues across the breadth of this great Nation. We are proud of our place in society where less than 5 percent of us are able to feed not only our fellow citizens here in America but also many of the undernourished and underfed people of the world. We are proud of the role we have had in holding down huge balance-of-payment deficits the past 2 years. However, today the need for this legislation comes about because after market opportunities were denied and prices declined, the American farmer is faced with his own balance-of-payment deficits; balance-of-payment deficits because of skyrocketing fertilizer prices, balance-of-payments deficits because of higher fuel prices, balance-of-payment deficits because of higher machinery prices, balance-of-payment deficits because of higher interest rates.

This legislation will only serve as a buffer against economic disaster for the dairy farmer, the feed grain farmer, the wheat farmer, and the American consumer who in the end will pay the real price of inadequate supplies or controlled supplies by the large conglomerate producers.

Mr. WAMPLER. Mr. Chairman, I yield such time as he may consume to the distinguished gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, the distinguished gentleman from Texas (Mr. POAGE) suggested H.R. 4296 should be passed to stabilize prices somewhere near the cost of production, and he emphasized that stability is one of the essentials of a farm marketing and pricing system.

Although I am supporting H.R. 4296 I am not doing so for the reasons suggested by the gentleman from Texas. If I thought this bill was going to stabilize the price of corn around $2.25 a bushel I would feel I was doing a great injustice to the farmer. The American farmer must receive more than that amount for corn if he is going to prosper and have incentive to produce.

The farmer had stability at the marketplace in the decades of the fifties and sixties when the Government loan for corn was around a dollar a bushel and the price never rose much above the loan price.

That period of time saw the greatest exodus of people from the farm. That sort of relationship between the American farmer and the Government cannot be repeated. We cannot return the farmer to the position being a serf of the Government. We must have a Government program that holds open the possibility of the farmer prospering.

H.R. 4296 has my support because it provides a reasonable expectation that it will not encourage overproduction and consequently guarantee a price for grain way above the loan and target levels.

I do not want to trade short-term security to the long-term detriment of the farmer. Such was the essence of the farm programs of the fifties and sixties. H.R. 4296 does not go that far and consequently is a good bill. Security obliterates freedom. It is the freedom of the farmer and his ingenuity that has given the consumer of America the best deal on food in the world. Nowhere else in the world does the consumer get by as cheaply as spending only 16 percent of his income on food. We must not transfer from the minds of the individual farmer to the economy managers in Washington—both bureaucrat and politician in Congress—the management decisions of what to plant, and when to sell. Such a transfer of decisionmaking is no good for either the farmer or the consumer.

To any Member who thinks the grain farmer wants to trade the security he had during the fifties and sixties for the prosperity of the last few years, I suggest that he is not talking to the same farmers I am. Any farmer would rather have fluctuations of the last few years in grains than to have a steady price of $2.25 a bushel for corn.

Additionally, I would suggest that members of the administration who do not want Government involvement in agriculture refrain from urging and promising all out production. Such comments have an inordinate impact on farmers and politicians and invite further Government involvement above and beyond that of H.R. 4296. If there was any one excuse given for the passage of this 1975 farm act it was that farmers are being urged to produce all they can. For reasons aforementioned, a decision of all-out production is better left to those doing the producing.

Mr. WAMPLER. Mr. Chairman, I yield such time as I may have remaining to the distinguished gentleman from New Jersey (Mr. RINALDO).

Mr. RINALDO. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to this legislation. At a time when the average American family is faced with the most difficult economic situation since the Second World War, I do not believe that Congress should pass legislation that will increase the cost of basic food supplies.

I think that one of the chief accomplishments of Congress and the administration in recent years has been the change in direction of our agricultural programs. At the peak of our old agriculture programs, the Government was paying out $4 billion annually. Much of this money was going to pay farmers to take land out of production. With the reversal of this policy we have added 60 million acres of productive crop land and have reduced subsidy payments to only $525 million in calendar year 1974.

While the farmer today is faced with

rising prices, so is every other sector of the economy: But unlike the automobile workers or the construction worker, the farmer is fortunate enough to have an ever-present demand for his product.

This bill is not only opposed by consumer groups and the citizens lobby group, Common Cause, but is also opposed by the American Farm Bureau, which has long fought for removal of Government controls from farm programs.

As other speakers have pointed out, passage of this bill will mean that the basic dairy prices paid by the American consumer will rise significantly. When our Nation is faced with a high rate of inflation and an ever increasing unemployment rate, I seriously question increasing the price of milk, which is such a basic part of the American diet.

It is now estimated that the budget deficit will be in the neighborhood of $80 billion. With this high level of Government debt, it is essential that the Congress carefully consider the budgetary impact of each bill we enact. In a time of unemployment this bill will not provide jobs, and in a time or inflation this bill will increase the price of basic food products.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. RINALDO. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague's bringing out the issue of the ultimate costs to the consumer, which nobody who favors the bill denies will occur—that is food and fiber prices will go up for the consumer. But the estimates, though they are varied, that the ultimate cost to the consumer could run anywhere from $1 billion to $2½ or $3 billion at the retail level, I think are enough reason alone to be concerned and oppose this legislation.

I think my colleague, the gentleman from New Jersey, who comes from an area that is deeply concerned about prices at the retail level, is correct in making an important and major issue of the fact that this bill does nothing to help our consumers who are in deep trouble.

Mr. RINALDO. I thank the gentleman. Certainly this is my main concern, the consumer. Since the New Deal the Government has been experimenting with different agricultural subsidy programs. During my service in Congress I have supported efforts to return the agricultural sector of our economy to the free market with the removal of Government controls. I am convinced this is the best policy for both the American consumer and the American farmer.

For all of these reasons I urge the defeat of this bad piece of legislation.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. RINALDO. I yield to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I thank the gentleman for yielding and I am happy to join my distinguished colleague, the gentleman from New Jersey, in the expression of his remarks.

As a consumer advocate and director, as I was in my home State, I certainly have not come to the Congress to allow the consumer to be trampled in this way.

But I would like also to say a word for the farmer. The farmer is not getting the rise in the price. We must, in this Congress, examine—those of us who are concerned about farmers, as indeed I am—into what happens in the enormous gap between what the farmer receives and what the consumer pays.

The answer is not to increase the price to the consumer for milk and for all the things that are needed, which is intolerable, but the answer is that the farmer should get a larger proportion of the price for what he produces.

Mr. FOLEY. Mr. Chairman, I yield such time as he may consume to the gentleman from North Carolina (Mr. FOUNTAIN).

Mr. FOUNTAIN. Mr. Chairman, I rise in support of H.R. 4296, the Emergency Farm Act, and commend the distinguished and able chairman, Mr. FOLEY and his colleagues on the Agricultural Committee for bringing this legislation up for our consideration, and hopefully, passage by a big majority in this body.

All the farmers of America want is a fair chance to survive and produce the food and fiber necessary for our country's survival.

All the consumers of America want is fair prices and no shortages of the necessities of life.

These are reasonable expectations, and the legislation before us today is designed to encourage the achievement of both of them. It is designed to help both consumers and farmers of our country.

The opponents of this measure—from the halls of power in the U.S. Department of Agriculture to the halls of the Capitol—have had a glorious time in the last few days playing with numbers—with statistics. They have predicted all sorts of increases in consumer prices as a result of the passage of this bill. What they have not talked about is the unbelievably high prices we can expect if this bill is not passed.

The true cost of this legislation to the taxpayers in dollars will be in the neighborhood of $700 million, not billions. And the cost to the Nation will be incalculably greater if we do not pass this legislation today.

Look at what happened to sugar prices after the much maligned sugar program was gutted. Sugar prices skyrocketed. Ask what was paid for a bag of sugar the last time someone in your house shopped for groceries.

What is the situation on the farm today? The farmer looks around and sees that farm income has dropped precipitously, but that retail costs are still high.

He looks further and sees that the price of everything he must buy in order to produce has gone up.

He sees that farm wages are up.

He finds that operating money is hard to borrow and that interest rates are high.

He encounters shortages of necessities such as fertilizer.

Can you blame him if he gets upset and seriously thinks about cutting back on his production plans for 1975 when he adds everything up and realizes that without appropriate adjustments in the farm program he may well be producing at a loss this year.

If our farmers cut back on production—and remember they are making their planting decisions right now—then shortages will certainly occur again this year.

When shortages develop, retail prices naturally go up—way up. The old law of supply and demand sees to that. Then our consumers start to howl.

But, when the consumers start to howl it is too late to do anything about it. Farming is a seasonal business and shortages only show up after the growing season is over.

Consequently, we have no choice but to plan ahead and to enact responsible legislation now—today—to help our consumers.

The emergency farm bill before us now represents a responsible attempt by the Agriculture Committee to insure that the cost of production is taken into account in the 1975 target prices and loan levels. As you know, the current and statutory levels were set up back in 1973—set up before rampant inflation took hold, before the Arab oil embargo and the energy crisis, and before the recession began to create all kinds of dislocations in the economy.

The old target prices and loan levels are just not realistic today. They must be revised because production costs have increased fantastically.

National leaders, USDA spokesmen, and congressional leaders have all been sounding the clarion call for all-out farm production in 1975. All agree that American production this year must be greater than ever before if we are to adequately feed and clothe ourselves this year, and if we are to be able to export—to sell—the food and fiber the rest of the world depends upon us to produce.

Accordingly we cannot tolerate low production plans this year. We must produce more and to produce more we have got to plant more—now.

Let us pass this legislation and demonstrate our concern for our farmers and our consumers. Let us buy a measure of insurance against shortages and higher prices. Let us help the American farmer help America.

Remember, all this bill does is give a basic guarantee to the farmer—a basic guarantee just above the cost of production. The cost to the taxpayers will be very little, especially when compared with some of the very expensive programs this House has already passed this session, and it may well be the best money spent by Uncle Sam all year long.

Our very survival depends upon an active, productive agricultural system. If American agriculture goes into bankruptcy, then the future of America is bleak indeed. Agriculture is the basis upon which civilization is built. We have to eat to survive.

The number of people involved in farming today is small, partly because of the amazing productivity of the American farmer, but also because so many small farmers have not been able to survive fianancially. One of these days, we are going to miss them much more than we ever thought. Not as many people are needed to keep our grocery stores filled to overflowing with the finest array of food available in any country in the world at the lowest prices—at the lowest prices, mind you.

Because so few people are on our farms today, there is no powerful farm lobby, contrary to what some misinformed people may be saying. The only lobby the American consumer and farmer has is us—the elected Members of Congress. And, remember, farmers are the biggest consumers of much that is manufactured in the nonfarming areas of the country. The farmer and the consumer cannot depend upon the Secretary of Agriculture. He and his Department have done and are doing everything they can to undermine the system of agriculture which has been of such benefit to all of our people—all. Consequently, we are the only people who can make the kind of decisions which will help keep America well fed. And in my opinion, the President of the United States would do well and be wise to sign this bill into law, after this House and the Senate have worked their wills.

Mr. Chairman, the answer to the question facing us today is clearcut. We must pass this bill and by so doing help to insure a fair deal for the American consumer and farmer in 1975. It is not permanent legislation. It is badly needed emergency legislation and I sincerely hope the House will pass it by an overwhelming majority.

Mr. **ASHLEY**. Mr. Chairman, I rise in opposition to the emergency farm price supports bill and urge that it be sent back to committee for further work. This flawed legislation simply will not do what its sponsors claim it will, and there is ample evidence that its cost to the taxpayers will be far in excess of the committee estimate. The one thing it is sure to do is impose unacceptably higher food prices on a consuming public already burdened by a constantly rising cost of living.

The most incomprehensible part of H.R. 4296 is the provision for an increase in support levels for milk. Raising milk price supports to 85 percent of parity will cost consumers more than $1 billion in the coming year in higher prices for milk, cheese, and butter, including Government purchases. Yet dairymen in my district advise me that there is a surplus of milk on the market today. At a time when the food price index is 70 percent above the 1967 base year and with no scarcity as justification, I simply cannot support a program which will raise the price of a gallon of milk 8 cents, a pound of cheese 10 cents, and a pound of butter 20 cents. Not only has the committee not made a case for this proposal, but it did not even deign to hold hearings on milk price supports before reporting out this bill.

These amendments also increase cotton subsidies at a time when we expect to have a surplus of 5.6 million bales by August 1. Should the market price for cotton drop as a result of excess supplies, each cent of decline will cost the American taxpayers $50 million. This does not make economic sense, and I can see no justification for passage of legislation that could end up costing us hundreds of millions of dollars when there is no need for incentives to plant additional cotton.

Mr. Chairman, I sympathize with the American farmer. I know that farm earnings declined by $5 billion in 1974. I am aware that while food prices have skyrocketed, farmers' share of the income from their production has dropped from 46 percent a year ago to 40 percent this January, the highest farm retail spread in history according to the Consumer Federation of America. I could support reasonable legislation to assist farmers threatened with bankruptcy and to assure a stable future supply of vital commodities. But I feel strongly that it is manifestly unfair to shift the costs of rising nonfarm profits onto the beleaguered public through a bill like this one.

If my friends on the Agriculture Committee are truly concerned over farmers' income—and I know they are—I urge them to address themselves to the question of why farm earnings are in decline at a time of record high retail food prices. I urge the committee to withdraw this bill and come back with a product that will justify the title of Agriculture and Consumer Protection Act amendments. The legislation before us falls far short of the mark, Mr. Chairman. It should be recommitted with a mandate to the committee to draft a workable and economically justifiable bill that will benefit the American consumer and the farmers who produce our food and fiber.

Mr. **FRENZEL**. Mr. Chairman, I am opposed to H.R. 4296, which would increase target prices and loan levels for corn, wheat, soybeans and cotton and also increase the price support for milk to 85 percent.

Proponents of this bill point to the increased cost of farm production as the reason for this legislation. However, to enact this bill it will cost those same people upwards to $882 billion as taxpayers to support the price levels or as consumers who pay for the goods at the supermarket. And, if the escalator clause in the 1973 act is used to raise target prices again in 1976 and 1977, it could exceed $5 billion by 1977.

Another aspect of this legislation which disturbs me is its impact on international agricultural markets. The act of setting a higher price for our grains and other crops practically advertises to our competitors the levels they must undercut if they want to beat us out for the sale. The United States presently exports two-thirds of its agricultural production. We have the major share of the world's markets and one of the reasons is that we have given our farmers the incentive to produce. Raising these price supports allegedly provides additional incentives, but actually it runs the risk of settling us back into the comfort of not having to worry about our costs, and that can only hurt our competitive edge. Our customers are already nervous about the United States as a reliable source, because of export controls in the past. They are looking to others. I do not support export controls. But I am afraid that these supports will further reduce our competitiveness.

I am also concerned that we are responding to a situation which is less than an emergency. Despite some difficult sectors, agriculture is faring reasonably well in the face of a worldwide recession. Although it certainly can be said that grain prices have fallen off in recent months, they are at a higher level than those of 3 or 4 years ago. The cotton growers are suffering, however, it seems that the solution would not be to encourage more production of cotton for the Government when we already have more than a year's supply in surplus. All we do by the subsidy is to pile up larger surpluses which depress the market for years to come.

As one who is increasingly troubled by the expanding size of our deficit, I cannot in good conscience support this bill. We will, including office budget items, spend perhaps 100 billion more dollars in the next fiscal year than we take in. This bill simply compounds that problem.

Consumers do not object too much to paying a reasonable market cost for the food they buy. They do, however, have a legitimate complaint if through our foolish, spendthrift policy we load their purchases with extra costs. I believe that the glory of American agriculture is its ability to produce greater amounts each year at reasonable unit costs. We have made good progress in getting rid of the Federal programs which inhibit production. Putting these wasteful programs back into operation will merely distort the market forces that have made our agriculture great.

Mr. **KRUEGER**. Mr. Chairman, because of the tremendous increase in the cost of production of agricultural commodities during the past year, the Agriculture Act of 1973 no longer provides the protection to the producer that is necessary to insure maximum production. As pointed out in a recent editorial by the San Angelo Standard-Times—

> Farm production expenses, at $74.8 billion for 1974, were up $10 billion from 1973. Prices paid for farm items, interest, taxes, and wage rates jumped 15 percent last year. Fertilizer prices averaged some 70 percent above 1973. Fuel prices also zoomed upward, resulting in much higher outlays by farmers. And prices, reflecting tight supplies, were up one-third.

Strong agriculture is fundamental to the Nation. Farmers and ranchers, being highly independent, dislike governmental interference. It is therefore essential to have agricultural policies which move us toward a supply-and-demand economy that encourages rather than discourages production. At the same time, the farmer must be afforded some protection against short-term plummeting of prices. We must not go back to the unnecessary surpluses of the 1950's, but we must plan so that consumers neither run short of food and fiber nor find it priced beyond their reach.

In an effort to accomplish this end, the Agriculture Act of 1973 established a new "target price" concept. Previously, farm subsidies were fixed and bore little relationship to the market price of a particular commodity. Target prices were established under the 1973 act to simultaneously encourage full production and protect farm income. Under the target price system, if market prices for wheat, feed grains, and cotton drop below specified "target" levels, farmers receive the difference between the market price and the target price in payments from the Federal Government.

The act also continued the concept of a price floor or minimum support level through the use of loan rates. Under this system, the Government offers to loan a farmer an amount for his commodity equal to the minimum support price—or loan level—established under the act. Loans to eligible producers are "nonrecourse"; if market prices rise above the loan level, producers can pay off their loans and market their commodity; if market prices do not exceed the loan level, producers can deliver their crops to the Commodity Credit Corporation and discharge their obligations in full.

The 1973 act provided that the established target prices and loan rates would remain in effect through the 1975 crop year. For the 1976 and 1977 crop years, target prices would be adjusted to reflect changes in production costs and productivity.

Because of the drastic upward trend of production costs, coupled with a significant steady drop in market prices from the record prices received in 1972, the target prices set by the 1973 act must be now reevaluated.

I am firmly convinced that the target and loan price levels set by H.R. 4296 as reported from the Agriculture Committee for cotton, corn, wheat, and feed grains provide this balanced approach necessary to achieve maximum production and a sound farm policy which benefits both consumers and farmers. I therefore urge my colleagues to support passage of H.R. 4296.

Mr. MICHEL. Mr. Chairman, today, in consideration of this bill, H.R. 4296, we are not confronted with the kind of situation we have had on several previous occasions where our choice was simply take this bill or have no bill. The basic law does not expire until the end of 1977 and this measure before us is temporary legislation to amend the basic law for a period of 1 year.

On the one hand you can argue that it cannot be all that bad if it is only for the 1-year period, but it is bad if you are trying to make some long-range plans.

If we reject this bill, and I believe we should, we still have law—the same one farmers have been operating under for the past 2 years—nothing more, nothing less.

I am opposed to the bill for several reasons. In the first place, the loan levels set in this bill, in my opinion, are too high. They set a new guaranteed minimum which farmers would receive—a minimum which is above the cost of production for most farmers. At this level they then become an inducement to overproduction.

Such overproduction in itself is bad enough for farmers, but because the loan levels operate in conjunction with nonrecourse loans, any other production ends up in the hands of the Federal Government. If there is anything we have learned from nearly 35 years of experience it is that we ought not return to those days when we had commodities and surplus coming out of our ears and prices of these commodities were not determined freely in the marketplace, but by what the bureaucracy here in Washington dictated by dumping its surplus commodities on the market as it chose.

Surplus commodities in the hands of the CCC not only depresses the prices farmers receive for their crops, but it is also mighty costly to the taxpayer.

When I first came to the Congress, we were being criticized day after day for the fact that our wheat stocks alone were costing taxpayers more than $1 million a day just for storage. We had to build bins and provide sites all around the country and even use old Liberty ships to store wheat.

Later we ran into similar problems with corn and cotton. At one time we had nearly 1 year's production of cotton in Government storage. The farmers market was destroyed and taxpayers paid and paid and paid.

Geographically, I represent a predominantly agricultural district and I did not like the unjust criticism that was directed toward the agricultural community. My farmers were willing to take their chance in a free market and I have time and time again spoken up for them in this regard. Happily we did turn the old discredited program around and began producing for the marketplace instead of Government storage bins. And for those of you newcomers to the Congress, particularly those who may never have had a kind word to say about Secretary of Agriculture Earl Butz, let me tell you very pointedly what has taken place in this transition from the old to the new.

It was only a few years ago that those storage costs for our surplus commodities—some of which with carrying charges went back as far as 7 and 8 years—together with payments to farmers not to grow—totaled some $3½ billion to $4 billion.

In this year's agricultural appropriation bill you will find that very same $4 billion going into the purchase of food stamps for the poor and needy—and I regret to say some not so poor or needy.

This is just one good example of the good that has resulted from our reliance on a free market.

Now let me turn to these so-called target prices and how they relate to world prices—and you cannot divorce the two. If we encourage overproduction here at home, it automatically depresses the world price and where does that put this country then in terms of our balance-of-payment problem. You know the figures—or should—they are here for all to examine. In this past year we exported more than $21 billion worth of our agricultural commodities.

Every one of us in this House is concerned about the high cost of imported sources of energy, and we should be. But if world market levels of our food and fiber are cut in half, where do we propose to earn the foreign exchange with which to buy energy supplies in world markets? The question of domestic food policy and the energy needs of this country are interrelated and we should not ignore that fact. If it had not been for our exports of food and fiber last year, the dollar might well have collapsed in the world market in response to our demand for oil.

The higher target prices embodied in this bill pose another serious threat to our posture in world trade. Only last week Secretary Simon recommended to President Ford that he impose countervailing duties on imports of cheese from the EEC because that cheese was being subsidized as a result of EEC agricultural policies. American dairymen welcome that recommendation and are urging the President to follow Secretary Simon's recommendations. But where would we be if similar agricultural policies were at work on our own farm products which we are seeking to export? Could we object to these EEC practices if we were guilty of those same practices? American farmers and ranchers are prepared to compete for markets around the world. If we increase loan rates and target prices as proposed in the bill before you, in my opinion we will be denying them that opportunity.

In conclusion I do not deny that farmers and ranchers have some problems. But those problems are related more to their costs than to the prices they are receiving. Inflation, for which the Congress must take much of the blame, has hurt farmers. The effects of price and wage controls are still being felt. Environmental standards and new labor standards imposed by their government are costly. We would do farmers and all Americans a great service if we concerned ourselves more with these problems and less with the type of economic manipulation provided for in this bill.

Mr. BEDELL. Mr. Chairman, I rise in support of H.R. 4296, the Agriculture and Consumer Protection Act Amendments of 1975. In my view, this bill is a necessary and responsible piece of legislation, and I urge its prompt enactment into law.

For many, the initial reaction has been to view this legislation as a special interest, anticonsumer measure. Nothing could be further from the truth. In fact, I believe that, upon closer examination, it will be quite apparent that all Americans have a common stake in the prompt enactment of this bill. Let me take a moment to explain.

H.R. 4296 is an emergency measure which would establish a realistic and meaningful price support program for the 1975 crop or commodity year for upland cotton, wheat, feed grains, soybeans, and milk. It is designed to assure the production of adequate supplies of these commodities at reasonable prices to consumers. It seeks to achieve this end by insuring producers against losses if their expanded production results in prices below the target levels. Enactment of this legislation will allow producers to maintain viable operations in the face of mounting production costs, thus assuring the American consumer of adequate supplies of food at reasonable prices.

Many have asked why farmers need these increased price supports. After all, did not the Congress enact a price support program for the farmer just a year and a half ago?

Yes, the Congress did pass such a program in the summer of 1973. However, a series of factors which were largely beyond the farmer's control have served to antiquate the 1973 farm bill. Its concept is sound. But it must be revised to make it responsive to current conditions.

The 1973 farm bill, in the words of Department of Agriculture Secretary Earl Butz, was designed to insure "maximum production with protection." It established target prices and loan levels which provided protection for the 1974 crop year. Unfortunately, circumstances in 1975 are vastly different from what they were, or, for that matter, from what they could have reasonably been foreseen to be, at the time the 1973 farm bill was drafted and enacted. As a result, the 1973 bill no longer offers the producer the protection it was intended to provide.

The main cause of this development has been the unprecedented increases in the farmer's cost of production which occurred in the last year. Burdened with our own economic worries, it is all too easy to forget that stagflation has not spared the American farmer either.

According to the Department of Agriculture's figures, farm production expenses increased 15 percent in 1974 over what they were in 1973, up to a total of $74.8 billion. Fertilizer costs alone were up 70 percent, resulting in an additional expenditure of $2.7 billion over 1973. Seed prices increased 33 percent, or a rise of $1 billion in outlays for that purpose over 1973. The cost of hired labor rose by $600 billion from 1973 to 1974. And, no one need tell us about the magnitude of recent increases in fuel prices, repair costs and interest rates. Their impact on the farmer has been devastating.

The tremendous increase in the cost of production of agricultural commodities has rendered the 1973 farm bill punchless and devoid of substance. It simply no longer provides the producer with adequate protection. To make matters worse, it appears very likely that production costs will continue to increase in 1975. This outlook, coupled with the uncertain domestic and international economic situation, has put our agricultural producers in a difficult position which may lead to a reduction in production. With inflation pushing their cost of production up at astronomical rates and with surplus production driving wholesale prices down, the average American farmer is finding himself in an untenable position. Without Federal assistance to assure that his operation will at least yield a return equal to his cost of production, many producers are being forced to contemplate curtailing output. Others are facing the prospect of bankruptcy and loss of their livelihood. This widespread uncertainty about the future has serious repercussions on the entire farm community which are sure to reverberate through the whole American economy.

Our economy is highly integrated. The impact of aberrations in one sector will inevitably be felt in others. This is particularly true in the case of agriculture.

Agriculture is our Nation's largest industry. Further declines in farm incomes at this point in time would contribute heavily to the recessionary pressures already at force in our economy. There is considerable reason to believe that continuation of current conditions would result in the forced abandonment of many family farming operations. Such a development would intensify the trend toward fewer farms and larger landowners and would add countless numbers to the unemployment rolls. And further, it could not help but have a serious impact on that wide cross section of American industry which is so heavily dependent on farm purchases of factory made items.

Also, perpetuation of this unstable farm situation would invite further food market instability and would be reflected in higher prices at the grocery store. The enactment of H.R. 4296, by authorizing a level of price supports sufficient to guarantee the farmer a return which is at least equal to his cost of production, should do much to encourage the level of production that our Nation needs to discourage further inflation at the retail level. It would also insure the kind of income that will provide for orderly replacement of machinrey, thus assuring continued jobs for American laborers and farmers.

This bill also has international implications. In this era of Arab petrodollars and foreign oil cartels, American agriculture is critical to improving our balance of trade. In 1974, agricultural sales to foreign sources brought an estimated $21.5 billion into the American economy. An additional $5 billion was secured through concessional sales of our agricultural commodities to needy foreign nations. No other industry has the proven capability or the future promise that agriculture does for improving our balance of trade. A high level of agricultural production, particularly grain production, is a crucial element in planning for continued American preeminence in world trade.

The present world food situation is critical and it is contingent upon us as a nation concerned about human suffering to make a substantial contribution to heading off mass starvation abroad. However, we must do so without sacrificing the needs of Americans here at home. Enactment of H.R. 4296, with the protection for the farmer it provides, will enable our agricultural industries to meet this challenge. Without it, we cannot guarantee the production levels necessary to do so.

There can be no doubt that a precarious instability has overtaken American agriculture. This situation has ominous implications for all Americans. The basic question we are addressing today is a simple one. How can we provide farmers with meaningful protection against falling prices without stimulating further inflation at the consumer level?

I believe that H.R. 4296 provides a responsible solution to this dilemma. As a member of the House Agriculture Committee, I was actively involved in the drafting of this legislation, and I feel very strongly that, if it is to be properly understood, it must be viewed in its national context. This bill is not a special interest piece of legislation. It addresses a very real and serious problem in the agricultural sector of our economy, assesses its implications for the total economy and the Nation, and establishes a program that will deal with it fairly and responsibility in the best interest of all Americans. If it is not enacted, the effect will be disastrous. We will see more and more small producers forced off the land. We will see the continued growth of corporate farming, and increased monopoly practices and price fixing. And, in the end, we will see further increases in the prices at the grocery store.

H.R. 4296 is an emergency measure which attempts to stabilize an increasingly fluid and unstable agricultural situation. If enacted, it will provide Congress with the time necessary to take an in-depth look at our production and consumption policies with an eye toward constructing a comprehensive national farm policy that will effectively and responsibly deal with the highly volatile agricultural market. Instead of pitting producer against consumer, we should address ourselves to the root causes of the perplexing dilemma we are currently facing; that is, declining farm profits and rising food prices. To do so, we must revamp our agricultural policy and direct our attention to the problems inherent in massive concentration in the food industry and in the exploitation of small producers and consumers by powerful and mysterious middlemen.

Before closing, I would like to make one final point. We are living in very difficult times and we are confronted by many extremely complex problems. We have entered an era when we can no longer afford to view legislation through the narrow perspective of a purely regional lens. We must set sectionalism and special interest aside and act in the broader national interest. I believe that, in the 94th Congress, the House has demonstrated its acceptance of and commitment to this view. I am thus very disappointed by the attempts which have been made during consideration of H.R. 4296 to split the House into urban and rural, or consumer and nonconsumer factions. I believe that this is a most unfortunate and shortsighted tactic that is not in the best interest of the Nation as a whole. I have outlined the reasons why I feel that the emergency farm bill is important to all Americans. I urge you to cast your vote to enact it into law.

Mr. Chairman, I would like to take a brief moment to emphasize my support for the feed grains provisions of this bill.

The legislation we are considering today would raise the target price on corn to $2.25 a bushel and on wheat to $3.10 a bushel, and it would set the loan levels at $1.87 on corn and $2.50 on wheat. These adjusted target prices and loan levels are vital to midwestern grain farmers and, in turn, for the Nation as a whole.

Earlier today, I spoke at some length about the implications of the emergency farm bill for both the producer and the consumer. With high yields anticipated, grain farmers are faced with the very real possibility of plummeting prices later this year. They need some insurance against this eventuality so that they can produce at levels which will assure an adequate supply of food for domestic consumption and enough additional commodities to make a positive impact on our balance of payments.

With grain production costs rising rapidly and prices falling, several farm groups have been talking about holding down production. In light of the tremendous losses suffered by livestock farmers, similar losses for grain farmers would be catastrophic, not only to the farm economy but to the total American economy as well.

In addition, failure to enact meaningful adjustments in target prices and loan levels could spell disaster for the small family farmer. It would very likely drive many small producers off the land and intensify the disturbing trend toward corporate dominance of American agriculture. Such a development would serve to curtail competition and encourage monopoly practices, inevitably resulting in higher prices at the grocery store.

What we are seeking here is a program that will guarantee the producer a return that will at least equal his cost of production. The target prices and loan levels for feed grains authorized by this bill are based on the average figures for the cost of production computed by the State universities in the five leading corn- and wheat-producing States. They are both well below current market prices.

The tremendous contribution which American's grain farmers have made to our economy over the years cannot be disputed. What is needed now is a meaningful price support system that will allow them to continue to add to America's prosperity. This bill, if enacted, will go a long way toward guaranteeing the stable farm economy that we all desire.

Mr. RHODES. Mr. Chairman, there is a great deal of controversy over H.R. 4296, the Emergency Agricultural Act of 1975, and I believe it is important that Members of the House are aware of the position taken on this bill by the administration. I have received this morning a letter from Secretary of Treasury Simon supporting Secretary Butz in opposition to H.R. 4296.

In order to share Secretary Simon's position, the text of the letter follows:

THE SECRETARY OF THE TREASURY,
Washington, March 18, 1975.

Hon. JOHN J. RHODES,
House of Representatives,
Washington, D.C.

DEAR JOHN: The Committee on Agriculture has reported out a bill entitled "The Emergency Agricultural Act of 1975." The House is scheduled to begin debate on this bill on March 19.

The Administration is strongly opposed to the bill and Secretary Butz has indicated that he would strongly recommend that President Ford veto the bill. I also will recommend a veto.

This bill would reverse the significant progress we have made over the past two years in reducing the Federal Government's role in agricultural markets. The bill also would adversely affect the competitiveness of U.S. farm products in world markets, reduce U.S. exports, worsen the U.S. balance of payments, lead to inflationary budget deficits, cause direct increases in food prices, and lead to future governmental restrictions on food prices.

Even though this bill is for one year it would likely result in a precedent that would be extremely difficult to reverse and would eventually cause budget costs of several billion dollars per year. Also it would represent another step towards the indexation of incomes in a particular sector of the economy which will frustrate our efforts to curb inflation.

The most important immediate effects include:

(1) Government costs for the cotton program could total $700 million in 1975/76.

(2) Government purchases of dairy products would likely total an estimated $160 million.

(3) Consumer prices of dairy products would be forced up by 2 to 4½ percent.

(4) U.S. cotton exports will probably decline because the U.S. support price will be higher than world market prices.

(5) Total government outlays could reach more than $4 billion if crops are favorable and demand weakens.

In subsequent years the government may be forced to restrict crop production to avoid even higher government outlays. The lower output would cause higher grain prices, less animal feeding, lower meat production and sharp increases in meat prices.

I hope this information will be useful to you in your discussions with other members of the House of Representatives to prevent the passage of this highly unacceptable piece of legislation.

With best regards,
Sincerely yours,
WILLIAM E. SIMON.

Mr. BOLAND. Mr. Ghairman, I rise in opposition to H.R. 4296, the Emergency Agricultural Act of 1975. This legislation has been hastily drawn. The Committee has not sufficiently resolved the very significant question that this bill has raised. It has failed to solicit the opinions of expert witnesses in the fields of economics, international trade and consumer affairs. As a result, the bill before us today is unreasonable and parochial.

It is also highly inflationary. Estimates vary as to the expected cost of increasing target prices and loan-purchase levels for domestic crops of upland cotton, corn, wheat, soybeans and milk. Their range, however, is staggering. Fully $1 to $4 billion in increased costs to the consumer could result. This translates, with variations depending on which economist you consult, in an increase of 3 to 8 cents per gallon of milk, 10 cents per pound of beef, 10½ cents per pound of pork, and a penny more per pound of chicken or per dozen eggs. Meanwhile, the high target price subsidies and loan levels the Federal Government will be paying will further deepen our national deficit and drain increasingly scarce tax dollars from other more crucial Government priorities.

Mr. Chairman, I do not oppose farm subsidies per se. I am aware, as is every Member of this body, that the Government first got into the business of agricultural supports long years ago in an effort to assure the American farmer a stable income despite the boom-bust nature of agricultural production. It certainly is not unreasonable of farmers to want some guarantee that they can continue to operate with a modest profit from year to year. That is the object of all agricultural subsidies—to insure reasonable price levels for domestic agricultural products—and of the Agricultural and Consumer Protection Act of 1973. It has been the policy of recent administrations under that act to attempt to diminish the Federal Government's presence in U.S. agriculture. This bill not only reverses that trend dramatically, it does so in a way that is arbitrary and unreasonable.

Target prices under the 1973 act were intended to offer a guarantee against disaster for farmers, not operating or capital subsidies. In this bill, however, supports have in most instances been raised prematurely and haphazardly escalated. Reasonable guarantees to producers have been replaced by levels which which will hurt consumers and seriously injure national agricultural policy.

Costs used to determine some crop target prices include unheard of figures for labor and land capitalization. Parity figures differ for each product. My conclusion and that of others who oppose this bill—is that these figures deserve a much healthier and skeptical examination than they seem to have received from the committee. In the case of milk supports, there were no hearings at all.

An example of disastrous farm policy is the cotton target price and loan levels. Cotton is now selling at a very low price worldwide. For a number of reasons it is a glut on the market. The new price supports, however, will have the effect of encouraging more cotton planting instead of less. Farmers will, in effect, by planting for the Government instead of reacting to market forces. They will therefore produce much higher yields than the market can presently absorb and the Government will end up buying this production. The USDA currently estimates that 6 million bales of surplus cotton are now in storage throughout the country. The bill before us today will add to that figure another 4 million bales. The combined total greatly exceeds the amount of U.S. consumption for 1 year.

We do not need all that cotton, but we could very well use various feed grains or other crops that might otherwise have been planted by farmers if cotton target prices had not encouraged their decision to sow cotton seed. The resulting situation represents the folly that this legislation produces in place of the agricultural policy we are now following. The natural effect of agricultural supply and demand—which forces we have slowly been trying to reassert in U.S. agriculture—are interfered with.

Consumer prices cannot help but rise—in some cases astronomically. The Federal expenditure levels—budget priorities and the national debt will all be adversely affected.

Mr. Chairman, the sum of all these costs is a monstrous price to ask Americans to pay with unemployment and inflation pushing them to the poverty point now. Target prices in this bill are just too high. They are, in addition, ill considered and do not advance the overall goals of Federal agricultural policy. The plight of some farmers is undeniable, but the consumer also has his troubles—and serious ones at that. I cannot support an agricultural assistance bill which so casually ups the prices of the second most inflationary item for every household—food. I urge that this bill be defeated and that the Committee on Agriculture be urged to hold new and more representative hearings on this subject. Every American—farmer and consumer alike—deserves a full, fair hearing.

Mr. VANIK. Mr. Chairman, I am strongly opposed to this price-support bill. It is another heavy blow to the consumer. It will cost the taxpayer at least $882 million in 1975 and by 1977 the cost of this program could exceed $5 billion. It will result in the planting of more acreage in cotton—even though we will soon have nearly a year's supply or 5.6 million bales of cotton in storage—even though the world needs more acreage planted in food rather than cotton. The dairy price supports will raise the price of milk by at least 8 cents per gallon, the price of cheese by 10 cents per pound, and the price of butter by 20 cents per pound. Such price increases are self-defeating to the dairymen, since the consumer is expected to reduce dairy consumption by 1 billion pounds.

It is argued that the costs of production facing America's farmers have increased dramatically and that farmers' 1974 net income dropped $5 billion from the 1973 level. But the problem of increased prices is one facing all Americans. The real income of American workers has declined. One out of every 12 workers is unemployed. It is not fair to burden the rest of the American society with this new agricultural price-support program.

I frankly oppose target prices or base prices if they are adopted without some program of consumer protection.

In my time in this body, I have supported over $100 billion in subsidy and help for American agriculture. For almost 40 years the urban resident and the American farmer benefited from agricultural programs which gave the farmer a minimum guarantee and which provided the American consumer with adequate supplies at moderate prices.

This all worked well until the advent of Secretary Earl Butz who seemed determined to create a permanent schism between the urban and agricultural sectors. He advocated free market principles and urged the subsidized export of American foods to a point of scarcity and high prices.

The farmers enjoyed the export opportunities and the high prices which resulted. There was absolutely no concern about the domestic consumer and his long-term support of agriculture subsidies. The free market for agricultural products was joyful as long as prices continued upward. Protection for the farmer on the downside of prices can be justified only when there is some protection for the consumer on the upswing. Somehow we should be able to develop a formula "frame" for prices for the benefit of both sectors of our economy.

Mr. Chairman, the present bill has come before the House because farmers think that they are not getting enough for their produce. My constituents oppose the bill because they believe that food prices are too high.

It is time that we began to solve the problem of low prices on the farm and high prices on the grocery shelves.

The Secretary of Agriculture and I seldom agree on anything—but I do share his concern about the tremendous increase in farm prices once the produce leaves the farm. The Secretary recently reported that 80 percent of the increase in food prices came after the products left the farm.

There is evidence of an alarming absence of competition in the food industry. Statistics on market concentration in the various food sectors indicate that competition has eroded in the preparation and processing of food. At first glance, the canning industry, with 1,196 members, might appear to be competitive. But the Federal Trade Commission found that 4 big companies—Campbell, Heinz, Del Monte, and Libby—had 80 percent of the industry profits. That does not leave much for the other 1,192 competitors.

This same kind of competition prevails in the food manufacturing sector. The 1967 Census of Manufacturing counted 32,500 food manufacturing firms. That, too, by sheer numbers sounds like a competitive industry. But a 1966 FTC study showed that a mere 100 of those firms had 71 percent of the industry's profits. In fact, the top 50 firms had 60 percent of the profits. This 1966 FTC study has found further that in the common food lines, four firms control 55 percent of the relevant market. In many food lines four firms had overwhelming market power:

[In percent]

Food line:	*Market Share of four-largest firms (1966)*
Cereal preparations	87
Chocolate cocoa products	85
Bread and prepared flour	75
Biscuits, crackers, and cookies	70
Wet corn milling	67
Fluid milk	60

[From National Commission on Food Marketing "The Structure of Food Manufacturing" FTC prepared June 1966.]

These statistics do not mean too much until they are translated to show their effect on consumers. In 1972, a confidential study by the FTC Bureau of Economics staff found that lack of competition in 13 selected food lines causes the firms involved to reap bloated profits and waste billions of dollars a year through inefficient operations. The statistics lead to the conclusion that food products are overpriced by $2.1 billion because of monopoly power. Given the food price inflation of the past three years, the consumer is now losing nearly $3 billion per year because of monopoly privilege:

Food line	FTC adjusted monopoly margin	Monopoly overcharge to consumers
1. Meat packing plants	3.10	$483,900,000
2. Fluid milk	3.28	256,700,000
3. Soft drinks	7.31	247,800,000
4. Malt liquors	6.76	198,000,000
5. Bread, cake and related products	3.76	191,900,000
6. Canned fruits and vegetables	4.14	143,600,000
7. Confectionery products	5.05	$94,400,000
8. Flour and other grain mill products	3.60	88,500,000
9. Distilled liquor, except brandy	6.47	88,300,000
10. Frozen fruits and vegetables	4.08	84,900,000
11. Cane sugar refining	5.20	71,500,000
12. Canned specialties	5.23	71,200,000
13. Crackers and cookies	4.29	57,300,000
Monopoly overcharge in 13 food lines		2,078,000,000

Source: Paul D. Scanlon, "FTC and Phase II: The McGovern Papers." Antitrust Law & Economics Review, Spring 1972, (vol. 5, No. 3). Table 1. pp. 33–36.)

This abuse of the consumer may seem bad enough, but there is a prediction of even greater overcharges in the future if we let the vertical integration process continue on its present course. Inroads have been made in the past few years into the last bastion of competition—the independent family farmer in the production sector of agriculture. By vertical integration, the noncompetitive sectors of processing, marketing, and retailing will absorb the production sector into their own, noncompetitive food systems.

Already nearly a fourth of total U.S. agricultural production is vertically integrated with these as representative:

Crop	A leading corporate integrator	Percent integrated
Fresh vegetables	Tenneco	51
Processing vegetables	Del Monte	95
Potatoes	French's	70
Citrus fruits	Coca Cola	85
Seed crops	Purex	80
Broilers	Pillsbury	97
Turkeys	Ling-Temco-Vought	54

Source: [North Central Regional Extension Service "Who will control U.S. agriculture?" special publication 27, University of Illinois at Urbana (August 1972)].

Farmers may soon be wiped out in view of the virtually unhampered capacity of huge corporations to merge, to vertically integrate, to attract capital and to advertise. Their ability to compete may also be overwhelmed by the unfair tax advantages such corporations enjoy. The ability to offset agricultural losses against nonfarm income and the special farming tax rules that have their greatest effect on a high bracket taxpayer, give corporations a governmental subsidy small farmers could never enjoy.

If the noncompetitive sectors of processing, marketing and retailing accounted for 80 percent of the increase in food prices last year, imagine what effect monopoly in the production sector can have on prices.

It is not a problem that will solve itself. Things can only get worse. Can a farmer possibly compete with a corporation which can in theory own or control every phase of a food supply system? The giant corporation can plant its own acreage. It can plow those fields with its own tractors, which can be fueled with its own oil. It can spray its crops with its own pesticides and utilize its own food additives. It then can process its food products in its own plants packing them in its own containers and distributing them through its own marketing system.

That same 1972 FTC study indicates that to study monopoly overcharges in the 13 food lines merely scratches the surface. Monopoly overcharges in four selected food input industries resulted in more than half a billion dollars in overcharges to consumers:

FTC ESTIMATES OF MONOPOLY OVERCHARGES IN 4 FOOD INPUT INDUSTRIES

	Percent	Amount (millions)
1. Farm machinery	5.84	$251,100,000
2. Prepared feeds for animals and fowls	4.20	201,500,000
3. Sanitary food containers	5.85	64,100,000
4. Food products machinery	4.64	38,500,000
Overcharge in 4 food input industries		555,200,000

There is not too much we can do about the $2.6 to $3.6 billion we have been annually paying to the food monopolies in the past. But we can begin to take steps so that those overcharges could be eliminated in the future. There must be more vigorous enforcement of existing antitrust laws or the antitrust laws should be strengthened to reach the abuse. Both the Department of Justice and the Federal Trade Commission should give more active attention to enforcing competition in the food industry and discouraging oligopolistic control of the "food chain."

To prevent the production sector of the industry from following the noncompetitive route of the processing and marketing firms, legislation must be passed to protect the independence and competitiveness of family farmers. Those legislative efforts can start by reforming the Tax Code which gives corporations unfair tax advantages over the small, independent farmer.

Mr. TAYLOR of Missouri. Mr. Chairman, I rise today in support of this legislation, even though I have misgivings about some of its features. However, the urgent need to provide financial assistance to the dairy farmers of this Nation by setting the minimum price support on milk at 85 percent of parity overshadows the objectionable parts.

Last October 8, I flew to Chicago, Ill., to participate in hearings conducted by the Agricultural Marketing Service. At that time, I warned that if steps were not taken immediately we would see an erosion of the milk production capacity on the farms of this country such as we have never witnessed.

Unfortunately, that prediction is now coming true, with many farmers being forced to liquidate their herds and shift to other lines of agricultural production or leave the farm altogether. Others have already made the decision to sharply reduce the rate of feeding and to cull their herds closely.

Mr. Chairman, there are those in these Chambers today who say that it will be inflationary to increase parity. I say it will be inflationary if we do not. The only way we can assure a degree of stability in food prices is to assure that there will be adequate production of basic farm commodities. Under today's conditions there is no way that we can assure this in milk.

Mr. Chairman, my files are jammed with letters from dairy farmers in southwest Missouri who want to farm, who love to farm, who want to provide good milk for strong bodies, but are unable to do so because they cannot make enough money to pay their feed bill. I might add that the feed stores in my district have been most generous in extending credit to these farmers, but even they have reached a point where they have gone as far as they can.

As I said before, there are parts of this bill that are overdone, but there are parts that are vital to the dairy producers of the United States. I intend to vote for the bill and encourage my colleagues to do likewise.

Mr. ULLMAN. Mr. Chairman, as we consider the emergency amendments today to the Agriculture and Consumer Protection Act, I would like to cite the thoughtful remarks of Don Woodward, president of the National Association of Wheat Growers. In an address yesterday Mr. Woodward, a fellow Oregonian and one of my constituents, laid out in very understandable terms the importance of this legislation both to farmers and to consumers. He also points out the zigzag course the administration and the Department of Agriculture have pursued the last 2 years on export policy, and the uncertainties and problems this has created for American farmers. I am including Mr. Woodward's remarks for all to read, and recommend they be studied as we consider this vital legislation today.

Remarks of Don Woodward, President, National Association of Wheat Growers

It is certainly a privilege for me to address this assembly of distinguished Members of Congress, USDA officials, fellow wheat farmers and friends.

I know that a number of our Congressional guests have other important commitments this morning, and I would like to move directly to the most pressing issue facing wheatgrowers today—passage of HR 4296, the emergency farm bill reported by the House Committee on Agriculture, chaired by Congressman Tom Foley.

Chairman Foley, wheatgrowers are proud of you and your leadership role in Congress and we want you and the other Members of Congress with us today to know that the National Association of Wheat Growers strongly endorses HR 4296. We are urging prompt action by the House, the Senate, and the President. This legislation is also endorsed by the National Farm Coalition, representing 13 farm and commodity organizations across the nation. We are a member of the Farm Coalition and are pleased to join them in support of this essential legislation.

Farmers are now in the field preparing their land for production of 1975 and 1976 crops, and this legislation contains the minimum assurances that are needed to enable farmers to provide adequate production to meet our domestic and export requirements. For wheat, it provides a $3.10 target price and a national average loan level of $2.50 per bushel.

The National Association of Wheat Growers and the Farm Coalition feel that farmers have never before been unprotected against so many uncertainties as they are today:

The uncertainties of price

The uncertainties of production costs and supplies

The uncertainties of weather

The uncertainties of government action or inaction

The uncertainties of international developments.

The collective burden of these uncertainties and the extent to which they can be shared will determine the economic future of farmers for 1975 and beyond.

The situation farmers currently face is indeed an emergency. Wheat prices have declined almost 40% while farm costs have continued to pyramid. Added to these gripping pressures is the vital need for credit and the inability of many farmers to secure the necessary levels of financing needed to meet production and operating expenses in the months ahead.

The emergency farm bill is directed towards these immediate problems, and it is imperative that it be passed with a plurality which insures that it will become law in the next few weeks and in time to take effect for the 1975 crop. We urge strong Congressional support and quick approval on this legislation.

Now I would like to move to some of the broader issues affecting food production and the ability of wheat producers to weather these harsh economic times and still be able to provide adequate production for our important markets here at home and overseas.

The wheat problems of today are entwined with the problems of yesterday. When I was a boy growing up on a wheat farm in Eastern Oregon in the 20's and early 30's, I remember very vividly the problems facing my father. He was plagued with the chaotic problems of prices which ranged from a high of over $3.00 per bushel to a low of less than $.25 per bushel. This seemingly never ending cycle was disastrous to the economic well-being of the wheat producer. In the period of high prices, more land would go into production, putting the supply high above demand and consequently lowering prices to disastrous levels. Low prices would force farmers into bankruptcy and land would then go out of production. These destructive swings are what wheat producers fear in the future, and the importance of having adequate food supplies requires that producers and consumers both work to establish sound national agricultural policy.

The 1970 Agriculture Act established the concepts and mechanisms for a market-oriented agriculture which were later extended and modified by the Agriculture and Consumer Protection Act of 1973. Wheat producers, on the whole, are pleased with the "free market" direction taken by these programs, but they also have been quick to recognize that markets have not been permitted to operate freely, and that the Government has intervened in the marketplace.

Nearly two years ago our government projected a short supply of wheat worldwide due to poor weather conditions. This came at a time when the world consumption of wheat was at an all-time high and there were definite food shortages. In order to help with the situation, our Administration encouraged the American wheat farmer to go for all-out production. This decision to plant and harvest record wheat crops was done under the assumption that the producer would have free access to the international markets, under a free market concept of supply and demand. This access was denied them by the actions of our Government to restrict export sales and encourage buyers of our wheat to defer or reduce their purchases. These actions upset the supply demand situation for wheat and severely disrupted market competition resulting in depressed prices for our product. We feel that it is grossly unfair for our Government to establish a "free market" policy for farmers and then itself apply conditions and limitations on the operation of markets.

The Agriculture and Consumer Protection Act of 1973 sought to provide the protection and market assurances that farmers must have to produce; however, skyrocketing inflation rendered its provisions virtually meaningless even before the program went into operation. This legislation must now be up-dated through passage of emergency legislation followed by the more comprehensive bill being developed by the Senate to meet our long term needs. The two bills are essential to provide adequate incentives for farmer production and to meet the needs of producers and consumers.

The National Association of Wheat Growers appreciates your attendance here this morning, and encourages you in your efforts to broaden support for the emergency farm legislation being considered by the House today.

It is with the sincerest hopes for the future of our industry that I thank you ladies and gentlemen for this opportunity to express our views.

Mr. LEHMAN. Mr. Chairman, I rise in opposition to H.R. 4296, the emergency farm bill, as reported by the Agriculture Committee.

The "target price" system is based on the philosophy that farmers who grow corn, grain, sorghum, barley, wheat, and upland cotton are entitled to receive Government payments in the event that the market price for their produce is lower than what the Federal Government sets as a fair price. The absurdity of all this is clearly evident when we realize that the target prices are not the result of some careful calculations but simply an arbitrary level set several years ago. Therefore, this unsound pricing system should not be expanded to provide greater subsidies for growers and dairy farmers at a time when the American consumer is already hard pressed to pay his current grocery bill.

Mr. Chairman, the Agriculture Committee's bill as reported contains many deficiencies but its greatest adverse impact will be on the prices the average consumer will have to pay at the market. According to the USDA's own figures, an increase in the dairy support will increase the price of a gallon of milk by 6 cents. A pound of cheese can be expected to cost an extra 7 cents per pound. Butter, which is included in most Americans' diets would shoot up an incredible 15 cents per pound. In total, these three price support increases carry a price tag for the consumer at approximately $500 million. The cotton provisions of the bill are an equally horrendous boondoggle and subsidy that the American taxpayers will have to underwrite.

The impact on the budget deficit is equally significant. Actual outlays under the bill will total an additional $211 million over the fiscal year 1976 budget request of $671 million. According to some experts, this constitutes a very conservative estimate, especially if one considers that the maximum liability for the Federal Government would exceed $4 billion, or nearly double the current liability.

The proposed support increase for cotton would, in effect, encourage growers to raise cotton for Government consumption rather than the open marketplace. By so doing, we are creating an artificial market—and the Federal Government has no business being the purchaser of last resort. Besides, the benefits would accrue to only that segment of the growers who can no longer produce cotton efficiently. In addition, we are tying up productive farmland with the surplus production of a nonedible crop. Instead, we should encourage our farmers to raise badly needed food crops.

Mr. Chairman, this is special interest legislation, and while I sympathize with the farmers of this country I am convinced that this measure would be counterproductive and most injurious to the consumers of this Nation who would be expected to foot the bill for the increased price supports. I urge my colleagues to consider the impact of this legislation in their own congressional districts and then join with me in rejecting this unjustified increase in farm price supports.

Mrs. HOLT. Mr. Chairman, in the Agriculture and Consumer Protection Act of 1973, we attempted to reduce the involvement of government in agriculture. Now the House Agriculture Committee offers us H.R. 4296, which will reverse what we attempted to accomplish 2 years ago.

Worse yet, this price support legislation could cost consumers as much as $4 billion at a time when economic troubles afflict millions of American families.

Mr. Chairman, government should not be forcing artificial increases in prices of agricultural products. Prices should be subject to the demand in the marketplace.

I note with interest that the American Farm Bureau Federation, which has an abiding interest in maintaining the freedom of the American farmer, objects to H.R. 4296.

At its annual meeting in January, the Federation adopted a policy statement that "farm programs should be designed and administered to enhance market opportunities, to the end that in the future farmers will not be dependent on government payments and will earn higher incomes in the marketplace."

The Federation is concerned with the future of American agriculture, recognizing that a government which purports to help the farmer today could use the same power to destroy the independent farmer in the future.

Mr. HANLEY. Mr. Chairman, many Americans are understandably confused over some of the provisions of the emergency farm bill just approved by the House. The debate on the measure was heated, and charges and counter charges about the purposes and effects of the measure abounded.

I supported the proposal because I believe that it is necessary to provide the American farming community a measure of protection against the disastrous impact on farm income which results from overproduction.

Our intent is to stimulate American agricultural production, and in my judgment, this expanded production will not take place unless protections are built into the program.

Agriculture economics are extremely complicated, but I believe it is possible to work for expanded production which can involve lower food prices for consumers and a steady and reasonable return to the farmer.

Overseas demand for American farm products is strong, last year, the value of our agricultural exports exceeded $21 billion. Expanded foreign demand, the infamous Russian grain deal, bad weather and other factors have resulted in the virtual elimination of our once great storehouse of surplus farm commodities. To help stabilize prices at home, to help meet foreign purchase demand, to help the United States provide expanded assistance to starving millions around the world, and to help create surpluses for emergencies, farm production must be expanded. This is the purpose of the bill.

The measure raises target prices for grain and corn and establishes a floor price for soybeans. To assure the farmer that he is not taking all of the risk in expanding production to satisfy national policy and consumer demands, he needs protection should the foreign demand drop suddenly and the prices paid for products falls in response to lower demand.

Target prices are necessary so that the Government can intervene in the marketplace as a purchaser of farm products in order to prevent the disastrous overproduction-underproduction cycle which leads to very low and then very high prices for food. At least under the target price system, the Government can make up for falling demand by direct purchases of food which then can be distributed to the needy at home and overseas.

Another important aspect of this legislation provides emergency relief to the dairyman. That relief is absolutely necessary. Because the prices paid to farmers for milk have not kept pace with the greatly increased costs of producing milk, the dairy farmer is in trouble. The danger here is that large scale failures of dairy farms will result in a serious shortage of milk, and consequently very high prices at the supermarket.

The system in milk pricing which is designed to prevent a serious decline in production is called the parity price. Parity is a designated fair price to the farmer computed on a certain base year price and adjusted to reflect increased production costs and other factors. I strongly endorsed and supported an 85 percent parity price, but the majority of the House decided on an 80 percent figure, which is what we have in effect now. I hope that the Senate adopts the 85 percent figure. Fortunately, the House has agreed to making adjustments in the price every 3 months, to reflect rising or declining costs of production, but I am seriously concerned that this is not enough to prevent further decline in milk production.

There was one aspect of the emergency farm bill which I was unable to support, and that related to increases in the target prices for cotton. It was interesting to me that cotton growers in the Western part of the United States have opposed increases in the support price, largely because they grow a high quality product and conduct a vigorous marketing program. Moreover, the Federal Government already has an 11-month supply of cotton on hand.

Mr. GUDE. Mr. Chairman, of all the parts of this bill, the cotton section is the worst. In the face of declining world markets for cotton, a declining U.S. share of those markets, declining exports of cotton, declining acreage planted with cotton, and an estimated 5.6 million bale surplus by next August, this bill proposes to increase target prices and loan levels for cotton. The result of that action would be to increase even further the surplus—which apparently cannot be completely sold on world markets and for which there is already insufficient demand within this country—reduce cotton prices even further and cost the U.S. taxpayers as much as $550 million in payments to cotton growers lured into increasing their planting for no purpose. This is a classic case of a supply-demand imbalance, and rather than allowing for even a modicum of free market correction, this bill proposes to solve the problem by increasing the surplus. No one is going to buy the surplus so the Government, and thereby the taxpayers, are stuck once again.

I might add that from my own point of view, this is doubly tragic because of the alternative crops which could be planted instead of the unnecessary cotton, particularly soybeans, and other food crops. At a time of severe world food shortage, famine in the hardest hit corners of the globe that promises to continue, we would do well to seek to increase our food production, both for humanitarian purposes and because of its value as an export product, rather than try to grow more of something no one wants. The days when we had plenty of land, so much that some of it had to be taken out of production, and great flexibility in planting because there was more than enough of everything to go around, are long over. Clearly we can feed ourselves with plenty left over—although rising food prices have seriously affected the quality of diet of many poor persons—but this country has always attempted to meet its international responsibilities, one of which at this time is clearly to supply greater quantities of food aid. Starvation and malnutrition are tragedies, but they are doubly tragic when there is something we could be doing about it that would work to our own benefit as well. Growing more cotton will only help to increase the worldwide glut and lower prices further. Leaving such fertile land idle is a waste of one of nature's most precious—and increasingly rare—resources. Rather it makes good sense to encourage farmers to grow soybeans and other food crops for which there is still strong world demand, which will help farm income as well as our balance of trade.

It would seem to me, Mr. Chairman, that it is both in our own interests and in the interests of the rest of the world to support the Heckler substitute and thereby encourage the further development of food crops.

Mr. FOLEY. Mr. Chairman, I have no further requests for time and I yield back the balance of my time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That title I of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof the following new section 108:

"SEC. 108. (a) Notwithstanding sections 103, 105, and 107 of this Act, the established price for the 1975 crops of upland cotton, corn, and wheat shall be 48 cents per pound, $2.25 per bushel, and $3.10 per bushel, respectively, and the Secretary shall make available to producers loans and purchases on the 1975 crops of upland cotton, corn, and wheat at 40 cents per pound, $1.87 per bushel, and $2.50 per bushel, respectively: *Provided*, That the rates of interest on commodity loans made by the Commodity Credit Corporation to all eligible producers shall be established quarterly on the basis of the lowest current interest rate on ordinary obligations of the United States: *Provided further*, That the nonrecourse loan for 1975 crop upland cotton as set fourth in section 103(e) (1) of the Agricultural Act of 1949, as amended, shall be made available for an additional term of eight months at the option of the cooperator.

"(b) Notwithstanding the provisions of section 301 of this Act, the Secretary shall make available to producers loans and purchases on the 1975 crop of soybeans at such levels as reflect the historical average relationship of soybean support levels to corn support levels during the immediately preceding three years.".

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 2, line 15, after the word "cooperator" strike the period and insert ", except that for the 1975 crops of upland cotton, feed grains and wheat, the Secretary shall establish, insofar as is practicable, the same terms and conditions relative to storage costs and interest rates on all nonrecourse loans extended on such crops.".

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. KREBS

Mr. KREBS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KREBS: Page 2, line 2, strike the figure "48 cents" and insert in lieu thereof the figure "45 cents".

Page 2, line 6, strike the figure "40 cents" and insert in lieu thereof the figure "38 cents".

Mr. KREBS. Mr. Chairman, I am a little leery of standing before the House and saying that I have a simple amendment, because that connotation itself no doubt is going to raise a certain amount of suspicion. What places me at a further handicap is that I had the privilege of listening to considerable oratory this afternoon from the same sources that have been talking about the free market, the free market that has placed the farmers of this country in the shape they are in today, telling us that there is some sort of conspiracy because, hopefully, if these rumors are correct, my amendment stands a good chance of being adopted. If this, indeed, is the case, I wish to plead not guilty, because neither Mr. Meany nor his nemesis nor anybody else has asked me to offer this amendment, an amendment which I offered for the first time in the Cotton Subcommittee, of which I am a member. I offered it at the time and I offer it today, as I offered it in the full committee when I received the support of 14 coconspirators from both political parties.

I offered it at the time and I offer it today, because I feel in all sincerity that it represents a reasonable compromise at a time that I feel we need compromise in this Congress, not only on this issue, but on other issues as well.

Obviously, time does not permit me to belabor this point; but as I stated approximately a month ago when we discussed the subject of energy, I was not sent to this Congress to engage in confrontation with anybody, whether it is the President of the United States or the chairman of any committee, or if I may be pardoned for the expression, the Secretary of Agriculture.

So I submit that the sole reason for offering this amendment is that I feel in all sincerity that it is the type of amendment that consumer and farmer alike can live with. It is the type of amendment that is going to do the most for the largest group of people of this country, be it the farmers or the consumers.

I think it is the type of amendment that is not going to encourage cotton farmers to produce for the target price or loan rate. It is an amendment that is going to save approximately $300 million over the proposed figures included in this bill.

It is in this spirit and not in the spirit of a deal behind any closed doors that I offer this amendment.

If we want to see farm legislation adopted in this Congress, and it is, after all, farm legislation for 1 year only, I urge support for this amendment, because without farm legislation the farmer, no matter where he farms, whether in the Far West, in the South or in the Midwest is going to be in more serious trouble than he is in today.

So again in closing, let me say that in my opinion it is in the best interest of everybody concerned to have this amendment adopted.

After all, may I remind this House that the 45 cents figure represents only 1 cent, as far as the target price is concerned, above what the figure would be, if the escalator was applied in line with the 1973 legislation.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. KREBS. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I am sure the gentleman heard, as I did, the distinguished vice-chairman of the House Committee on Agriculture state that cotton is currently hardly selling, and I use his words I believe accurately, hardly selling at 35 cents a pound. The amendment the gentleman has offered would put nonrecourse loans and therefore the domestic price at 38 cents.

How does the gentleman account for that difference, and can he give us assurance that this higher level of cotton price support will not get cotton into even deeper trouble than it is today?

Mr. KREBS. I am glad the gentleman from Illinois reminded me of something. Since he mentioned the figure of 35 cents, let me say that I received a figure of 40 cents from the Department over the last 2 days. I will have to admit in all fairness that on the basis of experience I have had during the last 72 hours with that Department under the chairmanship of Mr. Butz, I really do not know which figures I can believe, because the gentleman would not believe the divergent figures I have received on the same subject.

Mr. FINDLEY. I was quoting the gentleman from Texas (Mr. POAGE).

Mr. WAMPLER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, during consideration of the amendment offered by the gentleman from California in full committee, I supported it because I think it indeed represents a fair compromise. Speaking only for myself, I intend to support the gentleman's amendment.

Mr. PEYSER. Mr. Chairman, I rise in support of this amendment. However, I would like to say that I am supporting this amendment not on the basis that this is a good amendment, but that it is a better situation than we have in the existing bill.

When the Members vote for this amendment, which I hope they will, and I hope they will carry this point and have to recognize that potentially they are voting a cost this year of several hundred million dollars—do not be misled that this is not going to cost anything because unless the market falls dramatically, it will cost a great deal.

However, although I am supporting the amendment, I received a call this morning from some people involved in the export of cotton, where obviously a good deal of our market lies, and they pleaded with me not to support any amendment here, but to really defeat this bill, because this amendment, they feel, as well as the bill itself, will remove cotton as a competitive force for the United States in the international market.

However, I do want to say that I will support the amendment. I hope when we have finished the various amending processes, which are going to go on for some time today, when every Member gets a look at what is happening to this bill and recognizes that without the amendments that are going to be offered, that this committee really means to have the bill, again perhaps the Members will vote against the entire bill.

Mr. BOWEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to point out to the members of this committee that we labored very long and arduously in order to arrive at a fair compromise in terms of a figure which we felt would be defensible and would insure adequate cotton production and adequate carryovers for the possibility that we might find ourselves in an upturn from this recession, and might very badly need the additional cotton production.

We had 3 days of testimony, and no producer in the Nation came forth to indicate that he wanted a loan level lower than that which the committee recommended, namely 40 cents. We feel that in terms of the spread between the loan level which the committee has recommended and the target price that we have given maximum protection to the taxpayer, the actual differential between these in terms of cost is only about 5 cents spread, rather than 8 cents spread between loan and target. We feel that the compromise is one which certainly is not satisfactory to everyone. There are those who wanted much more protection. We have discovered since we did report this bill out that there are some cotton growers who would like to have less of a loan than this and less of a target level than this. But, I feel we have arrived at a fair and balanced figure.

Certainly, the present law is totally inadequate. There is no escalator in the present legislation at all, and the target price level under the 1973 law is 38 cents. When we consider the fact that the Department of Agriculture has predicted a cost of production of about 50 cents a pound during this coming year, I think the Members can see that the target price is totally inadequate, and the loan level announced by the Department of 34.27 cents is also inadequate. We should accept the fact that the present law is completely inadequate. I would certainly accept the fact that the amendment by the gentleman from California (Mr. KREBS) is a decided step forward from the present law, but I do feel the committee position should be supported. It passed the full committee by a vote of 25 to 15. I certainly intend to support it, and I hope the Members will do so also.

Mr. BREAUX. Mr. Chairman, will the gentleman yield?

Mr. BOWEN. I yield to the gentleman from Louisiana.

Mr. BREAUX. Mr. Chairman, I think a lot of the talk and a lot of the discussion about how outrageously high the loan level for cotton is has gone on, but I think it is very important that we try and place the committee figures in perspective.

I would like to ask the gentleman from Mississippi, it is my understanding that the loan level for cotton as awarded by the committee is substantially lower than the cost the cotton farmer has to put in to get a cotton crop out.

Mr. BOWEN. That is quite right. As the gentleman said, the Department of Agriculture will push the cost of production figure up around 50 cents. The gentleman said 48 cents, midforties, whatever the gentleman said. It will be well above the 40-cent loan level that is in the bill we are discussing right now. There is no way anybody is going to grow cotton at 40 cents.

We feel it is a fair and defensible figure and, as I say, I hope this House will support it.

AMENDMENT OFFERED BY MRS. HECKLER OF MASSACHUSETTS TO THE AMENDMENT OFFERED BY MR. KREBS

Mrs. HECKLER of Massachusetts. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mrs. HECKLER of Massachusetts to the amendment offered by Mr. KREBS: Strike the figure "45 cents" and insert "38 cents", and strike the figure "40 cents" and insert "34 cents".

Mrs. HECKLER of Massachusetts. Mr. Chairman, this bill which we are currently debating is called the emergency price support act for 1975 crops. I think what it really does is to create a financial emergency for the American consumer and for the American taxpayer. But if we can separate the more onerous provisions of the bill from those that seem to have more merit, then perhaps we will be doing a public service.

It seems to me that the most onerous provision of this bill is the cotton section. The proposal that I make, as an amendment to the amendment of the gentleman from California, would be to keep the cotton supports exactly where they are today.

My amendment is a response to the fact that there currently is a worldwide glut of cotton. Production has been rising for 10 years, at a time when worldwide demand is dropping.

On a world-wide basis, the current crop will be 63 million bales and worldwide demand this year will be 59.2 million bales. The result of last year's production in the United States is that about half is still sitting in American warehouses, unsold.

What is the justification for providing an incentive to further increase the production of cotton?

Domestic cotton demand is dropping sharply. In the 1973–1974 crop year, the U.S. markets consumed 7.5 million bales of cotton. This year we will consume only 5.7 million bales. In 1973 and 1974 we had in storage 4 million bales. The projected storage for 1975 is 6 million bales of cotton.

Granted, the storage at this time is in private hands. What this bill envisions will be the increase in production of cotton which will not be held ultimately in private hands but will be held by the Government; and, as a result of that, public funds will pay for the storage of this excess cotton. What we should be doing, if we want to be fair to the farmer, is to motivate him to produce other crops, possibly soybeans, which will be equally suitable for their land and climate conditions.

The cotton farmers know the situation, in fact. The planting forecast published by the Department of Agriculture this Monday shows a planned reduction in cotton planting of 29 percent.

Yet certain segments of the cotton industry are asking Congress to increase the guaranteed price. This will stimulate production at a time when it should be cut back. These special interests are asking the American taxpayer to spend $550 million to buy a crop which they cannot sell elsewhere.

Mr. Chairman, I raise the question of windfall profits. What is to be done with the cotton which is already being stored? Would it not be wise for those who have ownership of that commodity to withhold bringing the commodity to the market and enjoy the very generous provisions of this bill and enjoy a very substantial windfall profit on their crop?

The proponents of the subsidy are ignoring the implications for the U.S. position in the world cotton market where we are losing ground. In 1974 the United States had 31 percent of the world trade in cotton; this year we will have only 20.5 percent. The reason is that our cotton is 3 or 4 cents more expensive than other cotton on the world market. If we increase price supports now, the Government will be even less able to sell cotton on the world market. We are returning to the programs of the 1950's.

Are we being fair to the consumer, to the taxpayer, or the farmer under those circumstances?

The end result of this whole program will be the increase in production of cotton, an increase in the subsidies, and the erosion of the U.S. world market position and a further burden on the Government. We will pay for the warehousing of the extra cotton, we will pay for the transportation, and ultimately we will even have to pay to dump it on the world market, because we are probably going to then pass an export subsidy bill because the cotton will still not be competitive on a worldwide basis.

Mr. Chairman, I think we can avoid these pitfalls by voting to strike the proposed increases in the gentleman's amendment. The gentleman's amendment does something to modify the severe damage that the bill itself proposes, but I think even his proposal subsidy levels are too high.

I think the rational policy on cotton is to encourage and motivate the cotton farmer, to produce other crops in those areas where cotton production is of marginal value, and thereby provide a better return for himself and a better contribution to the economy.

Mr. RICHMOND. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California (Mr. KREBS) and in opposition to the amendment to the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER).

Mr. RICHMOND. Mr. Chairman, the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER) wipes out any benefit to the cotton farmer whatsoever. With respect to this amendment, when we consider these last 19 months of inflation, during which time autoworkers have gotten cost-of-living increases, during which time nearly every industrial worker has gotten a cost-of-living increase, during which time many consumers have gotten cost-of-living increases in some form or another, and during which time even people on social security have gotten cost-of-living increases, under the formula we have just heard the cotton farmers would not get any cost-of-living increase. I think that is unfair. It is unreasonable, and I think we ought to understand that under the present law there is no escalation provided.

If there had been escalation provided, I can well see how the gentlewoman's amendment might have some validity.

I would like to speak in favor of the amendment offered by the gentleman from California (Mr. KREBS). This present amendment sets the loan price of cotton at 38 cents, which is well below the cost of production. We all understand that we want to do nothing to encourage the cotton farmers to produce cotton this year. We know we will have a surplus of cotton. We know there are 40 million acres of land which could be grown in cotton, and we hope only 10 million acres will actually be used for this purpose.

Mr. Chairman, this present amendment reduces the loan price to 38 cents, which is at least 8 or possibly 10 cents below the cotton farmer's actual cost of production. Anything we can do to discourage the cotton farmers from growing cotton is going to help the United States and it is going to help the entire economic picture.

On the other hand, we do not want to destroy the cotton farmer. We should remember that if we had another Arab boycott, suddenly cotton would become very much in demand again. It requires one-fifth of the petroleum to produce cotton that it does to produce polyester or rayon or any other type of synthetic fabric. So we can imagine how valuable cotton will become if we have another Arab oil boycott.

Mr. Chairman, I urge everyone here to vote down the amendment of the gentlewoman from Massachusetts (Mrs. HECKLER) and support the Krebs amendment as a fair return to the cotton farmer, but enough to discourage him from growing cotton and encourage him to grow feed grains.

(On request of Mr. FOLEY and by unanimous consent, Mr. RICHMOND was allowed to proceed for 1 additional minute.)

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. RICHMOND. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I want to join this gentleman in opposition to the Heckler amendment because the gentleman correctly says it will remove any benefit of this bill from the cotton section.

Actually, as I understand the amendment of the gentlewoman from Massachusetts, it would have the effect of even lowering the present loan rate for cotton, make it marginally lower than where it is even today, since the present loan rate will probably average slightly above 34 cents, and the amendment of the gentlewoman from Massachusetts would be a maximum of 34 cents. Therefore, I think certainly the gentleman is correct in opposing that amendment to the amendment.

Mr. FINDLEY. Mr. Chairman, I rise in support of the Heckler amendment.

Mr. Chairman, there are two very glaring defects to this bill. One has to do with dairy. The dairy provision would sock the consumers of the United States, by USDA estimate, with one-half billion dollars in extra costs this year. The other glaring defect is the section on cotton as advanced by the Krebs amendment, not the one advanced by the committee bill, but the one advanced by the language offered by the gentleman from California (Mr. KREBS).

This amendment would impose upon the taxpayers of this country an additional cost beyond those expected that year under existing law in the amount of one-half billion dollars. It is strange, indeed, that the gentleman from Mississippi (Mr. BOWEN), in arguing for this position, would describe this amendment as one fair to the taxpayers. There is no question but what this would cause increased costs to the Government, both with respect to the loan and inventory costs as well as with respect to the direct payments cost.

Under the amendment offered by the gentleman from California (Mr. KREBS) and according to the estimates of the U.S. Department of Agriculture, cotton division, the professional career people in that branch, this amendment, contrasted with existing law, would increase Government costs by exactly $500 million, this one provision on cotton.

Here is how it breaks down: It is $369 million for direct payments, the so-called deficiency payments, which go directly to the farmers, to match the difference between nonrecourse loan level and the price parity level—$369 million for that purpose.

In addition to that, there is an increased cost in the amount of $139 million for loan and inventory expenses.

This amendment would get cotton into the same type of deep supply trouble that it experienced about 10 years ago.

The distinguished chairman of the Committee on Agriculture of the House, the gentleman from Texas (Mr. POAGE), said that under today's marketing conditions the United States is selling hardly any cotton at 35 cents. Yet, this amendment offered by the gentleman from California (Mr. KREBS) would peg the nonrecourse loan level at 38 cents, and, of course, set a target price even higher. Therefore, obviously, if we are having difficulty in marketing cotton at 35 cents, what is going to happen at 38 cents or even higher, which is the result of this amendment? We will have cotton running out of our ears at great expense to the taxpayers of this country.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Iowa (Mr. BEDELL).

Mr. BEDELL. I thank the gentleman from Illinois for yielding.

Is the gentleman saying that loans should be considered as costs to the Government; is that correct?

Mr. FINDLEY. Loans should be considered costs to the Government?

Mr. BEDELL. Yes. In the figures the gentleman gave, he gave $139 million of Government loans which he said was the cost to the taxpayers.

Mr. FINDLEY. Those costs would be experienced because of Government takeover of cotton under the nonrecourse loan procedure. They represent net losses to the taxpayer and they ought to be distinguished from an ordinary commercial loan.

Mr. BEDELL. Is this what the Department of Agriculture told the honorable gentleman from Illinois?

Mr. FINDLEY. Yes, indeed. This is exactly the information supplied to me today by the cotton division of the USDA.

Another thing I want to call to the attention of the gentleman is the curious comment of our friend, the gentleman from New York (Mr. RICHMOND).

The gentleman said that anything we can get into the bill to discourage farmers from growing cotton and to shift them over to feed grains, as I understand the gentleman's argument, is desirable.

The effect of the amendment offered by the gentleman from California (Mr. KREBS)——

Mr. RICHMOND. Mr. Chairman, would the gentleman yield?

Mr. FINDLEY. Did I misinterpret the gentleman's statement?

Mr. RICHMOND. Yes.

Mr. FINDLEY. Would the gentleman repeat his statement?

Mr. RICHMOND. Mr. Chairman, I said it is desirable to discourage the cotton farmers from growing cotton, and encourage them to grow feed grains. We do not want to destroy the cotton industry. It is a very necessary industry in the United States. We will need 6 million bales of cotton in the United States, and we will export 3 million bales next year, so we will need 9 million bales.

I do not want to destroy the cotton farmers.

Mr. FINDLEY. May I say, Mr. Chairman, that it is absolutely absurd to argue that raising Government price supports for cotton will discourage cotton farmers from growing cotton. In fact, the cotton division of USDA told me the most recent intentions report shows that plantings will be one-half million acres higher than the most recent earlier report. Higher price supports will bring higher production and higher costs to the taxpayers, and it will be more difficult for the cotton farmers to find a sound market at home and abroad for his product.

Mr. BEDELL. Mr. Chairman, if the gentleman will yield, I would like to call the attention of the committee that yesterday we had Mr. Ken Fricke from the Department of Agriculture in my office and, in the presence of the gentleman from Iowa (Mr. HARKIN) and the gentleman from Vermont (Mr. JEFFORDS) from your side of the aisle, he agreed to the statement that the Commodity Credit Corporation loans were listed as expenses in the USDA cost analysis and, if necessary, I would like to have that confirmed.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. HECKLER of Massachusetts. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Ninety-three Members are present, not a quorum.

The Chair announces that he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and one Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. SMITH of Iowa. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we do not grow any cotton in Iowa and I am much more interested in other parts of this bill, but some things were said that I think call for a few remarks at this time. The gentleman from Illinois said the cotton planting intentions are up a half million acres over what they were earlier. Let me give the Members the full figures. Last year farmers planted 14 million acres. Earlier it had been indicated the plantings would drop down to 10 million, and now they are up to 10.5 million. It still means the intentions to plant are 3.5 million acres or 25 percent less for cotton.

The gentlewoman from Massachusetts made some conclusions that were based upon some statistics, but she failed to crank in one very important consideration. That is that when we have a recession, textiles are one of the first things that people do not buy. Instead of keeping 18 pairs of underwear in the drawer, as they wear out they permit the supply to 12 or they do not replace sheets that wear out. Then when the economy turns around, the first thing people stock up on are the textiles they failed to buy when he had a recession.

Some day I would hope, and especially after the experience we have had in the last 4 or 5 years, I would hope that we would plan ahead once in this country.

There are only two really new sources of wealth in the world of any significance. One is mining, including oil. We do not have that to export. The other happens to be farm products. That is our export product. We have got to have this source of new wealth to export in order to offset the cost of mining products or the oil which we import.

So we really ought to have some stability. That is the word: stability, more stability is what we want in agriculture.

When there is a recession such as we have now, the purchase of textiles is way down. But that is when we should accumulate some of the raw product, which is cotton, so that when the economy turns around we will have the cotton for the textile mills when demand returns so they can go back to work. The demand will not be for just the normal amount of textiles at that time but the demand will be to produce more textiles than normal. If we do not have the raw material, cotton at that time, then imports of the end product will be increased from some place such as Taiwan or other places. Members can bet those places will stock up and await the opportunity. Especially, since the loan rate the amendment would reduce is lower than the 3 year market average, I urge defeat of the amendment. I say we should not have a big reduction in the 1974 crop and that we should plan ahead so we will not have these shortages in foods and fibers.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I associate myself with the remarks of the gentleman from Iowa.

I urge the Members to defeat both of these ill-advised amendments.

Mr. SMITH of Iowa. Mr. Chairman, I urge the Members to consider that we are considering jobs in this bill. When the economy picks up and the demand for textile increases, we cannot have the jobs in the mills to produce the textiles if we do not have the raw material in the barns. We should go ahead and produce the raw materials in reasonable amounts.

Mr. JONES of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Iowa. I yield to the gentleman from Tennessee.

Mr. JONES of Tennessee. Mr. Chairman, I share the gentleman's viewpoint as he has expressed it in his comments. The gentleman is exactly right. I support the remarks the gentleman has made.

Mr. SMITH of Iowa. Mr. Chairman, I urge the Members at the very least to defeat the Heckler amendment. That is the very least we should do at this time.

Mr. PEYSER. Mr. Chairman, I rise in support of the amendment offered by the gentlewoman from Massachusetts.

Mr. Chairman, I think one thing seems to have been forgotten in this bill, the Agriculture Act of 1973 addresses the very problem we are now discussing. The Agriculture Act of 1973, which the Members passed 19 months ago, is just increasing the loan value of cotton from 26 cents, where it was last year, and it will be, according to the Department of Agriculture announcement, increasing the loan price of cotton this year to 34 cents.

Now, that is a substantial increase. In 1 year under the bill they are moving it up from 26 cents to 34 cents. I think this is correct that this action be taken in keeping with that act.

I, therefore, urge support for the amendment to the amendment.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, question has been raised about two things. One is the planting intentions. The report of planting intentions in March show that cotton farmers at that time planned to put into cotton production one-half million more acres than they did in January. In other words, the prospect of higher supports, higher payments under this program, has already induced a substantial increase in prospective cotton production which, of course, means a higher cost to the taxpayers.

The question has already been raised about the accuracy of my statement that the Krebs amendment means a $500 million new load on the taxpayers for this 1 year, contrasted with present law.

The major part of the cost is direct payments to cotton growers. That comes to $369 million, most of the $500 million figure.

Most of the balance is for loan and inventory costs. It is true that some of this ultimately will be recovered. Just how much depends upon how soon Commodity Credit can sell and at what price and thus get part of the costs back; but a substantial part of that will be a dead loss to the taxpayers.

What I did not mention is an added tax burden represented by the Krebs amendment. Under the existing law in the case of disaster, a cotton farmer is entitled to a payment amounting to one-third of what he would have received in a direct payment had he been able to plant his crop, so that is an additional burden on the taxpayer that I did not even mention. So it is very clear that $500 million—one-half billion dollars is the price tag of the Krebs amendment.

Mr. PEYSER. Mr. Chairman, I wonder if the gentleman would answer a question that has troubled me? Under this bill is there any limit as to the amount of loans that cotton growers can get from the United States; is there any dollar limit?

Mr. FINDLEY. There is no dollar limit. Of course, there is a limit related to his historic base. That is the only limitation.

Mr. PEYSER. It is my understanding, and I think it is important for everyone to recognize that there is no ceiling on how much a cotton grower can put into this loan in case he is growing his full amount of allocation.

Mr. FINDLEY. If the gentleman will yield further, what is ludicrous is for any Member, as did another Member a few minutes ago, to state that this amendment is fair to the taxpayer.

The CHAIRMAN. The time of the gentleman from New York has expired.

(At the request of Mr. POAGE and by unanimous consent, Mr. PEYSER was allowed to proceed for 1 additional minute.)

Mr. POAGE. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Texas.

Mr. POAGE. Mr. Chairman, I want to take the opportunity to suggest to the gentleman from Illinois who has aptly but inaccurately explained the reason for the increase in the planting estimates. It is simple. If he lived in a county where he was planting cotton and had only a choice of planting cotton or milo maize or soybeans, he has seen the price of milo maize and soybeans and all other feed grains go way down, so cotton does not look as bad to him as it did before. It is not because cotton looked any better. It is because all the alternatives look so much worse than they did just 2 or 3 months ago. What we are here trying is to put a stop to this decline, so his soybeans and his feed grains will not drop clear into the Atlantic Ocean.

Mr. FINDLEY. Mr. Chairman, if the gentleman will yield, I am sure my friend, the gentleman from Texas (Mr. POAGE) will not dispute this contention: that higher price support induce higher uneconomic production and that we're getting the cotton farmer in more trouble than he is in now.

Mr. MATHIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I really do not think it is necessary to prolong this debate much more than what we have already engaged in so far, but I would like to ask some of my friends who are supporting these two amendments before us, the cotton expert from Massachusetts (Mrs. HECKER) and the cotton expert from New York (Mr. PEYSER) if either one of them might tell me how a loan rate of 40 cents is going to encourage production of cotton which costs 50 cents a pound to produce.

Mr. PEYSER. Mr. Chairman, if the gentleman will yield, I would like the opportunity to answer my friend from Georgia.

In the first place, the argument that we need this 40 cents in order to give the cotton farmer a chance to grow his cotton which is costing him 50 cents—if I were a cotton farmer and it was costing me 50 cents a pound to produce this cotton, and I knew that the loan I would get was 40 cents, I would not grow the cotton. It would not make any sense.

So, if that is a true figure of the cost, then I think the cotton farmer ought to go out of that business right now.

Mr. MATHIS. Let me say to my friend from New York that of course those figures may not be true. They are furnished to us by the Department of Agriculture, a source the gentleman consistently cites for his authority in agricultural matters, and they are wrong more often than they are right. Thank goodness the gentleman is not a cotton farmer, at least in my district. I would not want to get mail from him.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, the answer to the gentleman's question is that the loan rate today is 34 cents and has been for the past year, and cotton production has been far beyond the market requirements. So, there has been no lack of incentive for production.

Mr. MATHIS. The gentleman knows full well that the market price for cotton was well above 34 cents or 50 cents when last year's crop was planted. It was extremely high. Market conditions were good then, economic conditions were much better at that time.

The gentleman from Iowa (Mr. SMITH) pointed out very articulately that we are in the midst of an economic recession. Now, none of us know what the economic conditions are going to be like 12 months from now. We in this body are working on this recession and hope to make conditions better, and when that time comes, we do know that cotton is going to go back up.

In the meantime, what are we going to do except put a number of cotton farmers out of business who will not be around to produce the cotton this Nation needs 2 years, 3 years, 4 or 5 years from now. All we are looking for is stability.

Mr. FINDLEY. That is the same message I heard 14 years ago when I first came to this Chamber.

Mr. MATHIS. It was valid then and it is valid now.

Mr. FINDLEY. There has been cotton program after cotton program, and cotton seems to get deeper into trouble all the time.

Mr. MATHIS. Let me suggest to all my friends who want to follow the leadership of the gentleman from Illinois, follow the leadership of the cotton experts from Massachusetts and New York or Illinois, that they will do something for the consumer by assuring that we will have a stable source of fiber for this Nation in years to come by supporting the committee position on this bill.

Mr. BOWEN. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Mississippi, the distinguished chairman of the Subcommittee on Cotton.

Mr. BOWEN. Mr. Chairman, I would like to point out, that in the 1970 Farm Act, there is language which requires that we carry over one-half our average consumption of the past 3 years of cotton. In the last 3 years, 12.2 million was the average take, or consumption. Half of this is 6.1 million bales. Based on figures released by the Department of Agriculture yesterday, at the conclusion of this 1975–76 growing season we will probably have between 5.3 million and 6.3 million bales of carryover, which is certainly not an excessive amount and is barely adequate to meet the requirements of the 1970 Agricultural Act.

Mr. MATHIS. I appreciate the gentleman's contribution.

Mr. Chairman, again I urge defeat of these two amendments. Let us do something for the cotton farmer, the consumer, and for the economy of my district and for that of several other cotton States as we have done by supporting the subsidy for Penn Central for my friends in Massachusetts.

Mr. JENRETTE. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from South Carolina.

Mr. JENRETTE. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California.

He has argued that cotton farmers can plant feed grains. The main feed grain we are talking about here is soybeans. If these farmers turn to soybeans, it will overburden the soybean market; therefore, we would only be shifting the problem from one place to another.

We must face these problems head-on. This country is facing a very serious unemployment problem. Just last week, this body passed a $5.9 billion emergency employment package to provide jobs for the already disastrous numbers of unemployed persons. There are 17 million persons in the United States whose jobs directly and indirectly depend on the production, processing, and marketing of cotton and cotton products. Hundreds of thousands of these people could be left jobless if cotton production in the United States is largely curtailed, as would be the case should cotton producers not be provided a minimum incentive to plant.

Cotton production requires special equipment for growing and harvesting a crop, and it cannot be used in other enterprises. A cotton picking machine today costs $45,000. Once a farmer gives up producing cotton, he cannot easily return to cotton production, because of enormous initial investment costs.

I supported the Emergency Employment Assistance Act which primarily aids urban areas. Most of the agriculture workers in my district are not covered by unemployment insurance. Now I ask your support for the people of my district and other rural areas.

This amendment is unjust and hypocritical, and if you support it, you are telling me and those I represent that you support unemployment.

The subject of excess cotton on hand has been discussed at length. On August 1, 1974, the carryover from the previous year was 3.8 million bales, and total production including imports was 11.7 million bales, resulting in a total supply of 15.5 million bales of cotton. At 3:30 yesterday afternoon, the U.S. Department of Agriculture estimated domestic consumption to be 5.8 million bales. Exports are expected to be 3.5 million bales, and the total off-take is expected to be 9.3 million bales. Accordingly, on August 1, 1975, the first day of the new cotton year, we will have 6.3 million bales of cotton to carry over. There are 9.8 million acres of cotton being planted which are expected to yield 9.5 million bales of cotton. Therefore, if we only maintain last season's off-take, we will not increase the amount of cotton in storage.

We must remember we are in a recession in the textile industry, and, hopefully, it will make an upturn by the end of the year, thereby creating a need for more cotton.

My friend has argued that the taxpayers will be forced to pay $10 million a month in storage costs for cotton until it is sold. This is totally absurd. In section 407 of the Agricultural Act of 1949, as amended, the Commodity Credit Corporation minimum sales price is set at 110 percent of the loan rate, plus reasonable carrying charges which include the storage costs. At the present time, Commodity Credit Corporation stocks value $200 million; however, only $2,000 worth represent cotton. Therefore, the $10 million storage cost figure has no basis in fact.

Furthermore, in computing the total cost to the Government, the Department of Agriculture included in their figures some $213 million of loans. Loans are not costs, they are loans, and the Department agreed that most of them will be repaid. As my friend Mr. BEDELL has asked, can you imagine what a bank's statement would look like if it listed loans as costs?

This country is extremely concerned about the rising costs of energy and its effects on the economy. It requires one-fifth of the energy needed to produce 1 pound of synthetic fibers to produce 1 pound of cotton. Once a large portion of cotton has been eliminated, synthetic fiber prducers will no longer have a competitive reason for keeping the prices down. Already the price of synthetic fibers in Japan are twice that in the United States. The 15 largest cotton farmers in the United States produce only 2 percent of the cotton here, but the 15 largest producers of synthetic fibers produce 98 percent of the synthetic fibers in the United States.

They will have no competition; therefore, they can set their own prices. Cotton production, too, will have decreased drastically, and prices for that cotton which will be produced by the few surviving farmers, will also have skyrocketed. It is totally ridiculous to encourage the consumption of Arab and other foreign oil to produce synthetic fibers, while at the same time you are throwing hundreds of thousands of Americans out of work.

Cotton is important to the economy of our Nation, and we must do whatever is necessary to save this important enterprise. Farming is no longer just a way of life; family farmers have a tremendous amount of capital invested. They must make a reasonable profit, or they will go broke. Our cotton growers must have some protection to assure them that they can stay in business. We are not asking you to support legislation to create a great surplus, but we are asking for a loan rate that would give some protection and some assurance that they can stay in business. Cotton farmers, as are other workers in our country, are victims of the world's chaotic economic conditions.

Per capita incomes in cotton-producing counties in my district range from 50 to 75 percent of the national average. We have a great deal of suffering due to economic deprivation. I have supported legislation to alleviate suffering in other parts of the country. I will be deeply disappointed if my colleagues take action to increase suffering in my district.

I respectfully urge my fellow colleagues to vote against this amendment.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, I rise in opposition to the Heckler of Massachusetts amendment.

Mr. Chairman, I urge the House to reject the Heckler amendment to the Krebs amendment, which would reduce the provisions of H.R. 4296 on cotton by lowering the loan rates below presently allowed and only 1 cent above the present target price as provided in present law. In support of my position I cite a telegram which hundreds of farmers in Reeves County sent me in February, urging some relief on the target price and the loan rate. The telegram reads as follows:

Hon. RICHARD C. WHITE,
House Office Building, Capitol Hill, D.C.:

Situation critical in Pecos, Reeves County, Texas. Farming operations inoperative due to lack of financing. Urgent that emergency legislation be effected immediately. Cotton target must be hiked from the present 38 cents a pound to sliding scale rate related to spiraling cost of production. Crop loan rates should be boosted with within 15 percent of proposed new target prices. This minimizes the need for Government payments to farmers if market prices average below the support prices. Businesses related to farming in process of closing. This is a farming community.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. MATHIS. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I will state to my friend from Georgia that the most convincing part of his argument was the last sentence about the Penn Central Railroad.

Mr. MATHIS. I thought it was pretty good.

Mr. CONTE. Mr. Chairman, I rise to support the amendment to the amendment.

Mr. CONTE. Mr. Chairman, I rise in support of the amendment to the Krebs amendment. The aim of this amendment is to prevent big growers from using the loan program to produce cotton for Federal warehouses instead of the marketplace. Growers are already barred from receiving more than $20,000 under the target price program.

The cotton loan program—if allowed to stay at 40 or 38 cents per pound—would offer an irresistible loophole to producers that would raid the Federal Treasury, inflate prices, and destroy our competitive ability to sell cotton on the world market. Artificially higher price support levels would also bring overproduction of cottom which is already in surplus, at the expense of needed food production.

Cotton loans are different from other farm loan programs. It is a nonrecourse loan. That means it does not have to be paid back. It offers cotton growers a convenient bail out when the market price falls below the loan level.

The proposed loan level in the committee bill guarantees a large profit for most large cotton growers. I do not believe it is the business of the Congress to insure growers will always be entitled to big profits. Especially, now, with the economy in sad shape and the cotton market glutted with a surplus that could fulfill domestic demand for the rest of this year.

So, to put it bluntly, large cotton growers—thwarted by the payment limitation on direct subsidy payments—are attempting a back door raid on the Federal Treasury through the use of high loan rates.

Under the 1973 act, there is no limit on the amount of Federal funds that a grower can draw upon under the guise of a nonrecourse loan. So if a borrower chooses not to repay the loan, the Federal Government has no claim on the assets of the borrower other than the commodity he pledged for the loan. And the commodity he pledged is his cotton crop. Inevitably, cotton growers will default on these Federal loans whenever the market price falls below the Federal loan rate. This will give cotton growers an extra profit—at the taxpayers' expense—and forgiveness from repaying the principal of the loan or any interest on the loan.

H.R. 4296 would increase the loan rate for cotton from last year's level of 25 cents a pound to 40 cents a pound this year. That is a jump of 60 percent. At this lucrative level, which is well above both domestic and world market prices, the opportunity to "borrow" hundreds of thousands of dollars is highly attractive to these huge growers.

For the $20,000 payment limitation on direct subsidies to have any meaning at all, some control on the exposure of the Federal Treasury to nonrecourse loans must also be imposed. Limiting the Federal loan level for cotton to a price reflecting both the cost of production and the world market price provides a reasonable and sensible solution.

I urge my colleagues to adopt this amendment.

We have worked 16 years, some of us, in this Congress to bring the cotton program under some sensible program, and I hope we will not ruin it here today.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to my good friend.

Mr. FINDLEY. I congratulate my good friend on his statement. I just want to remind my colleagues that the cotton program, even in the absence of any action by this Congress, will be expensive this year. It is going to run into millions of dollars. But the effect of the Krebs amendment is to impose on the taxpayers another burden of half a billion dollars. That is what it comes down to.

Mr. CONTE. Mr. Chairman, I thank the gentleman from Illinois for his comments.

Mr. WHITTEN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I hate to see this amendment offered after the members of the legislative Committee on Agriculture have tried so hard to strike some balance here. I take the floor because I have had the privilege of serving as chairman of the Subcommittee on Appropriations of the Committee on Agriculture for quite a long time.

I think that because cotton happens to be grown only in the southeastern part of the United States and in Arizona, California, and a few other States, we see many Members jump on this particular commodity in our area, even though it faces all the same problems the others do.

Mr. Chairman, I would like to point out that the original farm program was passed not as a relief program but to restore purchasing power and thereby set in motion a restoration of the general economy. A few of us here are real farmers; I am not. But few of us realize that agriculture is the biggest market and the biggest asset to labor and that the original act was passed to restore purchasing power and restore the economy of the United States.

We have inflation. How can you pick out one commodity and ignore the inflationary trend there in costs, while providing for other commodities? I cannot understand.

My district is highly diversified. It extends from Appalachia to Arkansas. In some counties the lives and the livelihoods of farmers are tied to producing cotton. With the dependence on equipment I have seen a producer with a tremendous crop, lose it because of rainy weather which prevented him from using his $40,000 cotton picker.

My friend, the gentleman from Illinois (Mr. FINDLEY), says, "Why do they not quit growing cotton and do something else?"

That is like a fellow with a shoe store; he finds he is losing money and somebody asks him, "Why don't you close down your shoe store and open a Woodward & Lothrop general merchandise store?"

This farmer has expensive machinery for cotton. Another farmer has equipment for other commodities. Actually today it takes on the average $188,000 to get into farming. This equipment is highly specialized. For a farmer to change from one commodity to another he will likely have to take the equipment back to the dealer from whom he bought it and to whom he owes money, and he is going to in turn have his note called at the bank, and then the fellow who got out of the cotton business and to get into something else is not going to have the money to buy the equipment it takes to shift from one commodity to another. If it were that simple, a good many more folks would be doing it. I have pointed out these facts many times.

I voted against the direct payment of money years ago because I thought it was unsound. It was unsound, and it has created a national feeling against agriculture generally. I said then that to leave the farmers to pay U.S. cost, sell at world price, and look to Congress for annual appropriation for a part of his cost and all his profit would not work. I was right.

I pointed out to the Members and I urge the Members to recognize that in cotton growing, as in all other endeavors, we as a Nation need reserves for the consumer. If we have nothing to consume, that is it.

Mr. Chairman, I will close with this statement: We just received a report on the investigation of the energy crisis. From 1973 to 1974 the price of oil went up 196 percent. Listen to this. From the year 1973, when the other farm bill was passed, to 1974, the price of oil went up 196 percent.

The amount of oil that is used in agriculture is of such consequence that this one item alone would justify the Committee on Agriculture in bringing in this bill. We tried to bring this up as fast as we could on the basis it is not agriculture we are doing something for. It is not doing something for the farmers; it is to retain and restore and regain the stability of our economy. I hope the Members vote against this amendment.

I could go after things that my friend, the gentleman from Illinois (Mr. FINDLEY,) has said. I can tell the Members that with all the work he has done he has not shown any understanding of the growing of cotton, because the investment is so tremendous and to change without great loss impossible. A farmer cannot just walk away from his present commodity and produce another, however much he may wish to.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I will ask the gentleman this:

How much of a reserve in cotton does the gentleman think we should have? It amounts to 5½ million bales right now.

Mr. WHITTEN. Mr. Chairman, I can tell the gentleman that in 1954 and 1955—and I have the record here—we never did have any surplus as far as the world's need was concerned. Our Government refused to sell our cotton in world trade. When we did get them to offer it for sale, they sold. They sold over a million bales in 5 weeks. They wanted to sell over 8 million bales; they claimed they could not sell. According to my recollection they sold it in less than a year.

So we never did have all this surplus to world needs, though perhaps it was surplus to domestic needs.

Mr. Chairman, I will tell the gentleman that if we let conditions get down to the point that we are in a depression, we will then be mighty glad for every dollar we can get from our surpluses.

Mr. STEIGER of Arizona. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Heckler amendment.

Mr. Chairman, I find myself in a rather unique position.

Unlike the distinguished speaker immediately preceding me, I am a farmer, not a cotton farmer, I am happy to say, but I am a farmer.

Normally I would sympathize completely with those who would object to the Heckler amendment. I will tell the Members that I am able to speak my mind because I have been freed by my cotton growers to do so. It is no display of courage when I tell the Members what I believe in.

I must confess that it is a far more comfortable position for me at this point to be in than I was at any other time when this bill has been considered in my rather brief career, but there are some specific facts that have nothing to do with rhetoric which I hope the Members will consider, and the source is from a large, significant, cotton-growing State.

The fact is that under the target price, if we raise the target price so high as to make the production of cotton attractive based on the target price, we are probably going to get another million and a half acres in cotton production that would normally be used for some other kind of production, which is ludicrous in the face of the world food shortage. But much more importantly, we doom cotton to a depressed state in the world market in the foreseeable future, certainly for the next crop year.

Cotton above the 38-cent level, whatever it costs to raise it, is not competitive with the manmade fiber. This is something that cotton growers everywhere either do not like to confront or pretend to ignore. However, the competition with manmade fibers is not only a qualitative matter, but it is a cost matter. When cotton is produced in excess of demand and is supported artificially, it is not competitive.

Mr. Chairman, my main concern is the fact that if we adopt the amendment of the gentlewoman from Massachusetts, there will be less cotton planted this year, and that, in turn, will insure a stable market for the future crop year, a market based on supply and demand and not based on whatever the genius is of any political agricultural committee which, I submit, is not equal to the genius of the marketplace. For some 43 years we have attempted to outguess the marketplace in this body, and we have done a lousy job.

My friends and colleagues, I say this, that we do no favor to the country, we do no favor to the farmer himself, and we defeat the purpose of the target price concept if we make the target price so high as to create the production of food or fiber in a world market that is crying for neither. Therefore, on the basis of reason and logic and not to appease any consumer god or any other kind of god, let us understand what we do and understand that those who are urging the highest target price are doing so in completely good faith, but in this instance I believe they are wrong.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from Pennsylvania (Mr. Goodling).

Mr. GOODLING. Mr. Chairman, since it would appear all are looking out for their own constituents for the benefit of my constituents back home, I would like to ask those who have written the bill whether they are taking care of my bankrupt broiler operators and whether they are taking care of my bankrupt poultry businesses back home. I have not read that in the bill. I would just like some response to that before I vote on any of these amendments or on the bill as a whole.

Mr. STEIGER of Arizona. I will tell the gentleman that I am not qualified to give response to that. I am a member of the committee that has bankrupted the energy supply of the country and bankrupted the mine resources of this country. However, I do not have anything to do with bankrupting the poultry industry. I will tell my friend that to the best of my knowledge, we have not rescued the poultry industry.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from Mississippi.

Mr. WHITTEN. Mr. Chairman, I would like to say that the farm program does have financing for that purpose. It provides section 32 funds to buy perishables.

I suppose in the last 10 years that we have purchased beyond $50 million worth of poultry, and that has been diverted, then, to the school lunch programs throughout the United States, so we do have a program for purchasing surplus items in the perishable field, and poultry has been one of the big ones.

Mr. STEIGER of Arizona. Mr. Chairman, I would like to indulge in a little bit of rhetoric and advise that there is no equation between the marketplace and spending a bankrupt nation's money to sustain improperly an industry.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BEDELL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have taken this time in order to ask the gentleman a question, since his time was up before he could do so.

The gentleman said that cotton was more expensive than synthetic fibers at this time. Would the gentleman tell me what the present market price is on cotton?

Mr. STEIGER of Arizona. What the present market price of cotton is?

Mr. BEDELL. That is correct.

Mr. STEIGER of Arizona. The present market price of cotton is approximately 38 cents for upland cotton.

Mr. BEDELL. What is the market price at this time on nylon fiber?

Mr. STEIGER of Arizona. I am informed by the cotton producers that nylon, the entire spectrum of the fossil fuel derivatives, is very close now to the equation that equals 38 cents. If we exceed the 38-cent value arbitrarily it will be put out of the competitive range with the manmade fibers.

Mr. BEDELL. Who told the gentleman that?

Mr. STEIGER of Arizona. The cotton producers.

Mr. BEDELL. Would the gentleman be interested in knowing that the present price of nylon yarn is 90 cents as compared to 38 cents per pound for cotton? I think that maybe we should be careful on our statements, and the gentleman, I believe, should be careful as to the statements the gentleman is making.

Mr. STEIGER of Arizona. Will the gentleman yield further?

Mr. BEDELL. Surely.

Mr. STEIGER of Arizona. I would simply point out that this is a kind of an inappropriate apples-versus-oranges argument, and that that possibly might be used with some of the less sophisticated Members of the House, but let me say that a pound of nylon cannot be compared with a pound of unfinished cotton. I would tell my friend—and I understand what the gentleman is saying—but the value involved for the finished product of nylon cloth and the other fossil-fuel derivative cloths, as opposed to cotton, is very close.

Now, the gentleman does not have to accept this, but I accept it from the people who want their cotton to be competitive in the market.

Mr. BEDELL. The gentleman accepts that the price of nylon yarn is 90 cents; is that correct?

Mr. STEIGER of Arizona. I will tell the gentleman that I have no idea of what the price of nylon yarn is. I accept the fact that the gentleman has told me what the price of nylon yarn is.

Mr. BEDELL. The gentleman accepts the fact that he has no idea what the price of nylon yarn is, and I accept the gentleman's statement.

Mr. WAGGONNER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentlewoman from Massachusetts (Mrs. Heckler).

Mr. Chairman and my colleagues of the committee, I hope that you have paid particular attention to the answer of my good friend, the gentleman from Arizona (Mr. Steiger), that was given to the gentleman a minute or two ago when he asked him to yield. The gentleman from Arizona (Mr. Steiger), in response to the question, said that he was a member of the committee which is out to bankrupt miners and the people in the energy business.

I would agree that if this Congress continues to view mining and the producers of energy as they are doing at the present time that we are going to make Penn Centrals out of all those who are engaged in the production of energy in this country.

But the gentleman from Arizona, unwittingly, in spite of the fact that he is one of the wits of this House, and he is fast on his feet in plying that wit, has laid before the Members the crux of this matter. In the interest of this country we cannot put the producers of manmade fibers at the mercy of foreigners.

We are importing 40 percent of our petroleum needs in this country today, and from that crude oil imported we get these synthetic fibers. Where would this country be if we had no reserve and the production of synthetic fibers did not meet the demand; if they turned that valve again and we had a shortage of crude and thus of synthetic fibers, which is what will happen if we have another embargo. We will have no access to synthetic fibers nor any of these other plastics that come from crude oil, which is the source of these synthetic fibers. We must have an adequate supply of cotton and a healthy cotton industry. It is sick, sick, sick now.

It is in the interest of national security that we continue in a healthy way the producers of both natural and synthetic fibers. It is in the interest of this country and the cotton industry, which has been the source of our natural fiber from time immemorial in this country. We must have both, and we will not have a sufficient supply of synthetic fibers if we have a shortage of crude oil and energy. Do not destroy the cotton industry. While they may turn that valve overseas and produce that shortage, just remember that here at home every day there is a decline in domestic production of crude oil, reducing the supply here.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. WAGGONNER. I yield to the gentleman from Texas.

Mr. MAHON. Mr. Chairman, I am opposed to the two amendments to the emergency farm bill now before the House, and I urge Members to vote against the amendments.

The bill presented to the House by the Committee on Agriculture is a compromise measure. It was the best that could be agreed on by the committee.

I have declared my support of the compromise measure, and I cannot support either of the two amendments now before us.

If farmers are to produce farm crops for this country and for the hungry world, they must have some degree of stability in domestic prices. The producer is confronted with escalating costs of production. Machinery costs, fertilizer costs, and costs otherwise have risen sharply. There must be some degree of incentive and some stability in price if the farmer is to meet the challenge of all-out production. The amendments should be defeated.

Mr. WAGGONNER. Mr. Chairman, those of you who are disturbed at the prospect of a little surplus cotton ought to remember that this surplus is really nothing at all. Then the gentleman from Arizona again speculated. He did what the fear peddlers do. He said it would "probably." He did not make the flat-footed statement, but he said it would "probably" cause the planting of another additional 1½ million acres. He simply does not know what he is talking about. I am glad he knew more about the mining bill yesterday than he does this, because if he did not, I followed him blindly. I voted with him yesterday.

Mr. NICHOLS. Mr. Chairman, will the gentleman yield?

Mr. WAGGONNER. I yield to the gentleman from Alabama.

Mr. NICHOLS. Mr. Chairman, I have listened to much discussion here this afternoon for and against this legislation. I respect the opinions of those who differ from my own persuasion on the issues involved. I shall address my remarks only as the bill pertains to cotton for it is on this subject that I believe that I have some knowledge.

It was my honor during my first term as a Member of this body to be a member of this fine House Committee on Agriculture and I compliment them on bringing this bill to the floor by an overwhelming 32 to 8 vote.

Mr. Chairman, I am one of the few Members of this body who still grows a little cotton and admittedly it is very little, but it affords me the opportunity of visiting and sharing experiences with cotton producers throughout the State, and I tell you they are a discouraged group.

In all of my experience associated with agriculture in my State of Alabama, I have never seen farmers more discouraged. Today is March 19, and in south Alabama some cotton would normally go in the ground as early as next week. Fertilizer trucks ought to be rolling along Alabama's highways but such is not the case. In fact, Mr. Chairman, farming operations in my State are virtually at a standstill. The fertilizer plants are full of fertilizer, cotton planting seed have not moved and there is a clear state of indecision that I observe among farm people. There is considerable talk among farmers of not planting at all this year. Other cotton farmers are saying we will not decide until planting day whether to plant any cotton at all—"we might decide to put it all in beans." There is a rebellion on prices and the general mood of farm people in my State is one of hesitation. Farming plans are at a standstill.

Now what has brought this about stems from two things. In the first place last fall's cotton prices were disastrous. Most every good cotton farmer in my State will tell you that it cost him in the neighborhood of 50 cents a pound to produce cotton in 1974. These are the good cotton farmers all with yields well above a bale per acre. Their fertilizer prices have tripled and quadrupled—insecticides have gone out of sight and, of course, we can no longer use DDT because our environmental people claim it may be harmful to food crops. Tractors, farm equipment, and in fact every increment going into the production of cotton has skyrocketed. Mr. Chairman, everything has gone up except the price of cotton.

In the 1973 farm bill—before prices of everything the farmer buys had gone up so high, the Congress established a target price of 38 cents per pound on cotton. Most farmers assumed that they were protected at the 38-cent price, but we failed to correctly interpret that section of the bill which says that this price becomes effective only if the average price of the crop in the previous year falls below this figure and, of course, such was not the cast last year. Much of last year's crop in my State and throughout the Cotton Belt remains unsold for farmers would take a tremendous beating if they sell at today's prices. I know of one lot of 100 bales of cotton which sold yesterday in Alabama at 32 cents to the producer. The best offer I have been able to get on my own small crop in recent weeks is 35 cents per pound. And so you can see why my cotton farmers are an extremely depressed group.

Mr. Chairman, I hope that our city friends may realize that they do have a vital stake in farm prices for unless the American farmer can have the assurance that as a minimum he will be able to recoup his out-of-pocket costs on seed, fertilizer, and labor, then how in the name of Heaven can we expect him to continue to take the inherent risks that are associated with every farming operation. I am not one who would wish to return to any program which would put our Government back in the cotton business of storage and warehousing and the wholesale marketing of cotton, which admittedly has been an expensive procedure and has caused many headaches to the private cotton trade. I do not view the present bill as doing this, but I do see this emergency legislation as being most necessary as a means of putting some measure of stability into American agriculture which is literally floundering here at planting time.

Our Government and our Secretary of Agriculture is begging farmers to plant more and has promised the consuming public that this is the best avenue toward getting prices down in the marketplace. I share many of these views, but I hasten to assure the Secretary that it is most unreasonable to expect our farm people to plant and to produce, which we can do so well, unless our farmers have some assurance that they will not go bankrupt in the process of doing so.

I am persuaded, Mr. Chairman, that both the American farmer and the American consumer needs this bill. I am proud to be listed in the Congressional Directory as a farmer. Surely they are God's noblest people and the average American, and in fact the world, owes the American farmer a tremendous debt for his labors and his ability to feed and clothe a hungry world. Let us pass this bill and provide for him just the small measure of security to which he is entitled.

Mr. WAGGONNER. Mr. Chairman, I urge defeat of the Heckler and Krebs amendments.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Massachusetts (Mrs. HECKLER) to the amendment offered by the gentleman from California (Mr. KREBS).

RECORDED VOTE

Mrs. HECKLER of Massachusetts. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 159, noes 260, not voting 13, as follows:

[Roll No. 65]

AYES—159

Abzug
Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Armstrong
Ashbrook
Ashley
Badillo
Bafalis
Bauman
Bell
Bennett
Biaggi
Biester
Bingham
Boland
Brown, Mich.
Brown, Ohio
Burgener
Butler
Byron
Carr
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cohen
Conable
Conlan
Conte
Conyers
Cotter
Coughlin
Crane
Danielson
Delaney
Dellums
Derwinski
Devine
Downey
Drinan
du Pont
Early
Emery
Erlenborn
Esch
Eshleman
Fascell
Fenwick
Findley
Fish
Forsythe
Frenzel
Gilman
Goldwater
Goodling
Gradison
Green
Gude
Guyer
Hanley
Harrington
Harsha
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hillis
Holt
Holtzman
Horton
Howard
Hutchinson
Hyde
Jacobs
Jarman
Karth
Kasten
Kelly
Kemp
Ketchum
Keys
Koch
Lagomarsino
Latta
Leggett
Lent
Long, Md.
Lujan
McClory
McCloskey
McCollister
McDade
McDonald
McEwen
McKinney
Macdonald
Madigan
Maguire
Martin
Matsunaga
Mazzoli
Michel
Milford
Miller, Calif.
Miller, Ohio
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moorhead, Calif.
Mottl
Myers, Pa.
Nowak
O'Brien
Ottinger
Peyser
Pike
Railsback
Regula
Riegle
Rinaldo
Roe
Rogers
Rosenthal
Rousselot
Ruppe
St Germain
Sarasin
Sarbanes
Scheuer
Schneebeli
Schroeder
Schulze
Shuster
Smith, Nebr.
Snyder
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stratton
Studds
Symms
Talcott
Vander Jagt
Vanik
Walsh
Whalen
Whitehurst
Wiggins
Wolff
Wydler
Wylie
Yates
Young, Fla.
Zeferetti

NOES—260

Abdnor
Adams
Alexander
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Aspin
AuCoin
Baldus
Barrett
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bergland
Bevill

Blanchard
Blouin
Boggs
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Buchanan
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carter
Cederberg
Chappell
Chisholm
Clay
Cochran
Collins, Ill.
Collins, Tex.
Corman
Cornell
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Davis
de la Garza
Dent
Derrick
Dickinson
Diggs
Dingell
Dodd
Downing
Duncan, Oreg.
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
English
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Frey
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Grassley
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hannaford
Hansen
Harkin
Harris
Hawkins
Hayes, Ind.
Hefner
Henderson
Hicks
Hightower
Hinshaw
Holland
Howe
Hubbard
Hughes
Hungate
Ichord
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Kastenmeier
Kazen
Kindness
Krebs
Krueger
LaFalce
Landrum
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
McCormack
McFall
McHugh
McKay
Madden
Mahon
Mann
Mathis
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Mineta
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Oberstar
Obey
O'Hara
Passman
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Randall
Rangel
Rees
Reuss
Rhodes
Richmond
Risenhoover
Roberts
Robinson
Roncalio
Rooney
Rose
Rostenkowski
Roush
Roybal
Runnels
Russo
Ryan
Santini
Satterfield
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Spence
Staggers
Stanton, James V.
Stark
Stephens
Stokes
Stuckey
Sullivan
Symington
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Veen
Vigorito
Waggonner
Wampler
Waxman
Weaver
White
Whitten
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wirth
Wright
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—13

Broomfield
Broyhill
Casey
Hays, Ohio
Hébert
Mills
Mink
Mosher
O'Neill
Rodino
Skubitz
Steed
Udall

So the amendment to the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. KREBS).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. FINDLEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 321, noes 97, not voting 14, as follows:

[Roll No. 66]

AYES—321

Abdnor
Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
AuCoin
Badillo
Bafalis
Barrett
Baucus
Bauman
Beard, R.I.
Bell
Bennett
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Brodhead
Brown, Calif.
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Cederberg
Chisholm
Clausen, Don H.
Clawson, Del
Clay
Cleveland
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Delaney
Dellums
Dent
Derwinski
Devine
Diggs
Dingell
Dodd
Downey
Downing
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Erlenborn
Esch
Eshleman
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Fraser
Frenzel
Frey
Gaydos
Giaimo
Gibbons
Gilman
Goldwater
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harrington
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Holt
Holtzman
Horton
Howard
Howe
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kasten
Ketchum
Keys
Kindness
Koch
Krebs
LaFalce
Lagomarsino
Latta
Leggett
Lehman
Lent
Lloyd, Calif.
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McFall
McHugh
McKinney
Macdonald
Madden
Madigan
Maguire
Mann
Martin
Matsunaga
Mazzoli
Meeds
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Neal
Nedzi
Nix
Nowak
O'Brien
Ottinger
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Robinson
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shriver
Shuster
Simon
Sisk
Slack
Smith, Nebr.
Snyder
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Wis.
Stokes
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Traxler
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vanik
Walsh
Wampler
Waxman
Weaver
Whalen
Whitehurst
Wiggins
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wirth
Wolff
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Zeferetti

NOES—97

Alexander
Andrews, N. Dak.
Aspin
Baldus
Beard, Tenn.
Bedell
Bergland
Bevill
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Burleson, Tex.
Burlison, Mo.
Chappell
Clancy
Cochran
Cornell
Davis
de la Garza
Derrick
Dickinson
English
Evans, Colo.
Evins, Tenn.
Flowers
Flynt
Foley
Fulton
Fuqua
Ginn
Gonzalez
Goodling
Harkin
Hechler, W. Va.
Hightower
Holland
Hubbard
Jenrette
Johnson, Colo.
Jones, Ala.
Jones, Tenn.
Kastenmeier
Kazen
Kelly
Krueger
Landrum
Levitas
Litton
Lloyd, Tenn.
Long, La.
Lott
McKay
Mahon
Mathis
Melcher
Michel
Mitchell, N.Y.
Montgomery
Moore
Myers, Ind.
Nichols
Nolan
Oberstar
O'Hara
Obey
Passman
Patman
Pickle
Poage
Risenhoover
Roberts
Rose
Runnels
Schneebeli
Shipley
Sikes
Smith, Iowa
Spence
Steiger, Ariz.
Stephens
Stratton
Stuckey
Teague
Thornton
Treen
Vander Veen
Vigorito
Waggonner
White
Whitten
Wilson, Bob
Wydler
Young, Ga.
Young, Tex.
Zablocki

NOT VOTING—14

Broomfield
Broyhill
Casey
Hays, Ohio
Hébert
Kemp
Mills
Mink
Mosher
O'Neill
Rodino
Skubitz
Steed
Udall

So the amendment was agreed to.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. MELCHER

Mr. MELCHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MELCHER: On page 2, after line 25, add the following new subsection:

"Notwithstanding any other provision of this Act, the loan or purchase rate for wheat made available to producers in any county in the United States under subsection (a) of this section shall not be less than $2.42 per bushel."

Mr. MELCHER. Mr. Chairman and members of the committee, when this bill is read by the public and by many farmers, the conclusion that is drawn is that the wheat loan rate will be $2.50 per bushel for all wheat farmers. Let me say to the members of the committee that that is not the truth at all, because under the law the Department then figures out, on the basis of freight rates, what will be the loan rate for each county in each State, so that some farmers will get a rate of $2.50 while some will get more than $2.50 and some will get less than $2.50 per bushel for the loan rate. In our case in Montana we do not have any counties that would qualify under this bill to get a loan rate as high as $2.50 per bushel.

Mr. Chairman, what we are asking for in this amendment is simple equity, opportunity for farmers who are remote from marketing areas, such as the head of the lakes, for instance, or remote from Portland on the west coast, an export center and on the gulf, also an export center, to have an opportunity to get a decent loan rate for their crops. In many cases in Montana, where we are about equally distant from either Portland or the head of the lakes, we pay a higher freight rate, and that is deducted under a system, a formula, that the Department has, from the loan rate.

What I am saying in the amendment is, all right, we are not going to have it as good as somebody else has in the Red River Valley, or eastern North Dakota, or in Minnesota, or we are not going to have it as good as somebody in the lower plains area, or those close to the gulf, or out in many areas west of Spokane, nearer Portland. What we are asking is that in all equity we do not have any loan rates for any of our counties less than $2.42 per bushel, while will be below the proposed average, but which will also give our wheat growers a little better break. It does not add to the cost of the bill, but it does create some equity for our producers and, I might add, for the producers who are in Colorado, and for some of the producers in western North Dakota, and for some of the producers in western Nebraska.

I hope that the committee can accept the amendment on behalf of equity for Western wheat growers.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Kansas.

Mr. SEBELIUS. Mr. Chairman, I would like to associate myself with the remarks of the gentleman from Montana. I might add that we have the same situation in Kansas, and as we get farther west. I think it is a good amendment.

Mr. EVANS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from Colorado.

Mr. EVANS of Colorado. Mr. Chairman, as a Member from one of the States that has suffered so long, because of this freight disadvantage as in the gentleman's section of the country, and in Nebraska, Kansas, and other areas, let me say that I rise in support of the amendment, and hope that the committee will support the amendment.

Mr. ANDREWS of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. MELCHER. I yield to the gentleman from North Dakota.

Mr. ANDREWS of North Dakota. Mr. Chairman, I thank the gentleman for yielding to me, and I want to associate myself with the gentleman's remarks, and in support of the amendment.

I would also like to point out, Mr. Chairman, that the consumers will benefit from this amendment, because a loan rate that is more equitable encourages a farmer to keep his wheat on the farm, and in an orderly transition, rather than having to put it on the market all at one time, and run the supply down to the low ebb we had last summer. So this will provide a more orderly pricing, a more orderly marketing structure that we need very badly in this country.

Mr. MELCHER. I thank the gentleman.

Mr. Chairman, I urge the committee to accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Montana (Mr. MELCHER).

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 52, noes 56.

Mr. MELCHER. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. SYMMS

Mr. SYMMS. Mr. Chairman, I offer an amendment.

Amendment offered by Mr. SYMMS: Page 1, line 6, strike out line 6, and page 2, line 1, strike out lines 1 through the word "respectively:" on line 7 and insert in lieu thereof the following:

"SEC. 108. Notwithstanding the provisions of sections 103, 105, and 107 of the Act, the established price for the 1975 crops of upland cotton, corn, and wheat shall be the established price in effect for each such 1974 crop, adjusted to reflect any change during the calendar year 1974 in the index of prices paid by farmers for production items, interest, taxes, and wage rates; and the Secretary shall make available to producers, loans and purchases on the 1975 crops of corn and wheat at no less than $1.34 per bushel and $1.67 per bushel, respectively:"

Mr. SYMMS (during the reading). Mr. Chairman, I ask unanimous consent that the amendent be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Idaho?

Mr. FOLEY. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

The Clerk concluded the reading of the amendment.

Mr. SYMMS. Mr. Chairman, this is an amendment that my colleagues can vote for and they will be voting for something that most likely will become law. It is very easy to see if we look at a computerized breakout on our House Agriculture Committee that naturally, having agricultural interests represented on the Committee on Agriculture, it is very difficult to get the Committee on Agriculture to come out for recommendations that are maybe a little bit less than our farmer friends are asking for. I submit for the RECORD the following data:

HOUSE AGRICULTURE COMMITTEE 1975-76—
RANKING FOR WHEAT

RANK IN 94TH CONGRESS, REPRESENTATIVE, AND
ALLOTMENT ACRES

1. Sebelius, 7,741,413.
3. English, 4,025,411.
4. Melcher, 3,252,535.
5. Hightower, 2,571,261.
8. Foley, 1,620,511.
10. Johnson, 1,124,458.
13. Thone, 819,302.
17. Bergland, 751,083.
29. Symms, 343,011.
31. Litton, 312,513.
32. Findley, 308,546.
41. Fithian, 212,616.
56. Madigan, 137,946.
59. Brown, 125,936.
60. Nolan, 121,061.
76. Hagedorn, 87,584.
99. Harkin, 49, 552.
100. Poage, 48,808.
128. Jones (Tenn.), 29,445.
136. Jenrette, 25,230.
137. Jones (N.C.), 25,160.
151. Bedell, 21,146.
163. Rose, 18,768.
164. Vigorito, 18,304.
167. Bowen, 17,261.
171. Breckinridge, 16,647.
189. Weaver, 13,042.
200. Mathis, 9,924.
203. McHugh, 9,522.
209. Wampler, 8,167.

But for the benefit of the Members who were not here during the 1973 year, we had a clause which we tried to incorporate into the 1973 Farm Act which was called the escalator clause. This amendment, if it passes, is based on the fact that, if the escalator clause had been adopted in 1973, this is where the price target levels and the loan levels would be for wheat, corn, and cotton. I think it is a very responsible amendment. It gives the farmers the same kind of cost escalation that others in our society are getting and I think it is an amendment which would become law if it is adopted today.

I think what we have done in the committee has been somewhat out of hand. I do not condemn the leadership of the committee on this. But if we read down the list of members on this Committee on Agriculture we will see that the district which the gentleman from Kansas (Mr. SEBELIUS) represents ranks first in the Congress in the production of wheat, the district represented by the gentleman from Oklahoma (Mr. ENGLISH) is third, the district represented by the gentleman from Montana (Mr. MELCHER) is fourth, the district represented by the gentleman from Washington (Mr. FOLEY) is eighth, and the district represented by the gentleman from Colorado (Mr. JOHNSON) is 10th, and the district represented by the gentleman from Nebraska (Mr. THONE) is 13th, that represented by the gentleman from Minnesota (Mr. BERGLAND) is 17th, that represented by the gentleman from Idaho (Mr. SYMMS) is 29th, and so on down the list.

We are naturally inclined to support our constituents. That is the way it works here. The Armed Services Committee gets more pro-armed services and the Agriculture Committee gets more pro-agriculture, as is par for most House committees. It is only my Committee on the Interior that seems to get more anti the interests of energy production that we represent.

Mr. KETCHUM. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from California (Mr. KETCHUM).

Mr. KETCHUM. Mr. Chairman, would the gentleman not agree that if we had adopted this in the legislation in 1973, we would not be here today having to do it?

Mr. SYMMS. I agree. We would not be here today if this had been adopted in 1973. I thank the gentleman for this important point.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from New York.

Mr. PEYSER. Mr. Chairman, I think it is important to recognize this is really part of the 1973 act except it is accelerating it by 1 year. These are substantial increases in the prices and we really can stay with the legislation that most of us voted for. I would urge support for this amendment.

Mr. SYMMS. I thank the gentleman for his contribution.

I would say that Government is out of control. This is an opportunity for us to do something responsible in this Chamber. How are we going to pay for the higher prices in the bill? We will be paying for them with printing presses downtown. We will have a $100 billion deficit. This legislation on the floor today is the kind of legislation that brings on the $100 billion budget deficits. We have a President with a 25-year record of being conservative and he has submitted a budget with a $52 billion deficit. When we get through with this Congress the deficit will be $100 billion. We will have to pay for it with inflated currency, which will be hard on the farmers and everyone else.

I urge the Members to take a look at this amendment. It is important. The Members can vote for this amendment. It will help the farmer districts and it will help the consumer districts. A vote for this amendment means we are voting for lower farm subsidies, than are in the bill itself. It is that simple.

I urge the Members to take a look at this amendment.

I have not talked personally with the President or with the Secretary of Agriculture about this, but I think this amendment would be signed into law and we would have done something for the farmer.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I congratulate my colleague on this amendment. It will avoid a great deal of the substantially increased cost and it will aid the farmers. I hope the amendment will prevail.

Mr. BERGLAND. Mr. Chairman, I rise to oppose the amendment.

Mr. Chairman, the bill the committee brought is a compromise between those of us who have preferred even higher loan and target prices and those who preferred no increase whatsoever.

The committee recommendations represent a midpoint between the current market prices and the current law.

The world is crying for grain. We today have a population of 4 billion and in 30 years time it will be 6 billion more.

Our Government has proposed to meet some of this demand by asking all farmers to go all out to produce every last bit of grain possible.

We currently feed ourselves and 500 million who are less fortunate in this world. If we are to meet the growing international demand, it is imperative that we provide the grain growers some minimal protection against the vagaries of worldwide weather and economic conditions.

As a matter of fact, the price of wheat in the United States is going to be governed by the weather in the Soviet Union. The price of soybeans will be governed by the economic and political policies of places like Japan. The American farmers should not be asked to run the risk of disaster and ruination due to factors and conditions beyond their control.

So this bill would provide minimal protection against those kinds of hazards, and would attempt to eliminate the boom and bust conditions that have characterized the commodity markets in the last few years, that do not serve the needs of the consumers or the producers.

Mr. Chairman, I urge defeat of the amendment of the gentleman from Idaho. We ought to seek to build a sounder policy.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. BERGLAND. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I would say to the gentleman that his first statement about those that really want to have a compromise position, and I know the gentleman thinks his position is a compromise, but I consider my position one of compromise. I am so serious over this amendment that I intend to vote for this legislation if it is adopted, and that as the gentleman well knows is a compromise.

Mr. BERGLAND. Mr. Chairman, if I may comment on that, this represents rock bottom of the range of cost of production data studied by the committee. It is important that these levels be somewhere near the cost of production and that is what our committee proposes to suggest.

Mr. JOHNSON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BERGLAND. I yield to the gentleman from Colorado.

Mr. JOHNSON of Colorado. Mr. Chairman, the gentleman observed that in 1973 the market price system was a good one and I went along with it. The gentleman in the well was one of the most eloquent spokesmen for the target-price concept in the 1973 bill.

It seems to me inconsistent with the gentleman's position 2 years ago to adopt the concept now and increase the result or increase the cost of production.

I do not understand why we are departing from that system. Right now we are giving more to wheat than to cotton, more to wheat than we are giving to cotton, and we are departing from that system we had in 1973. We are not even on the cost-of-production figure.

Here is a consistent position that makes sense. I would like the gentleman's comment on that.

Mr. BERGLAND. In my judgment, the levels recommended in 1973 were subminimal. Conditions have since grown from bad to worse.

In 1973 we were still concerned with excess productions, now we are asking for increased production to meet the exploding world demand.

Mr. SEBELIUS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is with some reluctance that I rise, because actually the substance of that amendment is available that I earlier introduced before we realized the lack of what it would do as far as the present situation is concerned.

I would like to read from the ticker tape that came out this afternoon.

The Department of Commerce announced that personal income rose $2.9 billion in February.

However, it says the big declines in personal income in February were restricted to manufacturing and commodity-producing industries and farmers.

It said further:

> Farm income fell for the fifth consecutive month. It was estimated at $32.9 billion in February, down $2.9 billion from January.

The point I would like to make is that my farmers are scared. They are scared of what might happen. The Government asked them to grow to their limit. They did not put on any restrictions, and my farmers have done that. Now that we perhaps are going to have a bumper crop at the present time, it does not indicate that it is above these target prices, but with that hanging over their heads, they need this assurance. If it does not, then it will not cost anybody anything, but I strongly urge that we stick to the figure we had in the bill.

Mr. ANDREWS of North Dakota. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think it is important, as a matter of simple equity, that we read the amendment of the gentleman from Idaho. In reading the amendment of the gentleman from Idaho, we hear that his language says:

> . . . just to reflect any change during the calendar year 1974 in the index of prices paid by farmers for production items, interest, taxes and wage rates;

Now, the colloquy that has gone on in the past few moments states that, if these target prices were fair when the Congress passed them in July, 1973, and we adjusted them, then they should be fair today. There is a good deal of merit in that argument except for the fact that the biggest boost in fuel cost; the biggest boost in machinery cost; the biggest boost in fertilizer cost came in those 7 months of 1973 after the Congress passed the bill, and which are not included in this amendment.

I would like to point out to the members of the committee before they vote on the amendment that this then, in fact, does not adjust for the increases in cost of production that have occurred to the farmers of this Nation since Congress passed the original act 18 months ago.

Mr. FOLEY. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I am glad to yield to the distinguished chairman of the committee, the gentleman from Washington.

Mr. FOLEY. Mr. Chairman, I want to compliment the gentleman from North Dakota whose expertise in this area has been proven again. He is exactly right in his analysis of this legislation, and I join with him and with the gentleman from Kansas and others who are urging that this amendment be rejected.

It does not provide what would be an escalation for the 1973 levels. In fact, those levels, as the gentleman from Minnesota (Mr. BERGLAND) indicated here, that those were very much inadequate in retrospect. I hope the amendment will be rejected.

Mr. SEBELIUS. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Kansas.

Mr. SEBELIUS. That is exactly the situation when I introduced the bill in 1973, and I thought it included the escalator, but it did not.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. ANDREWS of North Dakota. I yield to the gentleman from Idaho.

Mr. SYMMS. I say that I am not sure the matter included the 6 or 7 months of 1973, but was enacted into law in January 1974. Since that time, we have had approximately a 20 percent increase in escalator prices here, so there is a substantial increase over what farmers are now getting. I think it is realistic and should become law.

I also think it will keep the market price, and the ceiling price from coming together—these are supposed to be floor level prices; we have never had them come together. My objection is that once they get together we are going to have a floor and it will become a ceiling instead of a floor.

Mr. ANDREWS of North Dakota. My colleague is accurate when he points out that under his amendment they will get more than they get under the present law. My point is the fact that they will not, in fact, get the full increase in the cost of production from the time the act was passed by Congress in 1973, at which time during debate I questioned not having escalator clauses because we could see what was going to happen to the cost of fuel and the cost of fertilizer. By eliminating this 6 months from his amendment, he throws the escalator concept all out of whack.

I appreciate the gentleman's comment.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I appreciate the remarks my colleague from North Dakota has made that this amendment would have merit except for the fact that there was a substantial increase in the price of petroleum and other energy projects not to mention machinery. That same increase has occurred everyplace. It was not just agriculture which experienced that tremendous increase. As the gentleman from Idaho has said, that 1973 Act did not go into effect until January 1974, so that other industries would then be put in a disadvantaged position if we did not accept the gentleman's amendment.

Mr. SYMMS. I thank the gentleman for yielding.

My contention is that the American farmer is willing to pay his share.

We have heard all kinds of arguments here today, that we subsidize things like the Penn-Central Railroad and many others. The point is, we are getting a raise from $2.05 to $2.51. That is better than a 40 cents a bushel increase. That is a 20-percent increase, and is a substantial increase and support for the farmer. I think it is just not quite fair to play this down as though that is conservative, just because it is an increase. I am compromising my position to even support this legislation; because I voted against it in the 1973 Act.

Mr. ANDREWS of North Dakota. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman.

Mr. ANDREWS of North Dakota. Mr. Chairman, what I was trying to do was to point out that if you take the figure at the time we passed it in July 1973, and ask for the production cost inputs from that time, you do not come up with a figure that is in the amendment offered by my colleague from Idaho.

If this Government is demanding additional production, I should say that the Government ought to be willing to put its money where its mouth is and update the formula. If the Nation wants this extra production, the farmers have to be paid for it. They are not going to get it if they are not willing to stand up for what is right.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, the gentleman is on the Appropriations Committee, and he knows what the pressures are on the House Committee on Appropriations. Everybody is in wanting more money, and there is only so much real money in the United States or in any country to go around. What we are trying to do is create a fiat currency, that somehow we are going to improve the standard of living by passing arbitrary rules and regulations. In the long run we are not going to do anybody any good. We have got to get the Government and overspending under control. It is incumbent upon this body, the Congress, to get the Government and spending under control, and this amendment is a step in that direction, which will help to control the constantly running up of this budget.

Mr. ROUSSELOT. Mr. Chairman, I understand my colleague from Idaho is also trying to reduce the impact on the consumer who must ultimately pay for the cost of food and fiber in the marketplace. That is who pays in this bill.

Mr. SYMMS. Mr. Chairman, I am equally concerned, however, about the impact of inflation on the farmers in this country.

Mr. BERGLAND. Mr. Chairman, will my colleague yield on this point?

Mr. ROUSSELOT. I will be glad to yield to my colleague from Minnesota.

Mr. BERGLAND. Mr. Chairman, I am wondering from which source farmers derive their income. There are objections to deriving income from the marketplace, on the grounds that it is inflationary. There are objections to deriving any income upon the grounds it is a burden to the taxpayer.

Mr. ROUSSELOT. Since the gentleman asked the general question, I will yield to my colleague from Idaho.

I can tell the gentleman this: The basic consumers of this Nation do not expect to run up the kind of deficits we are running up in the Federal Treasury. The way this bill is drawn, we will not be providing equity unless we accept the gentleman's amendment. He is trying to provide that equity.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Idaho (Mr. SYMMS).

The question was taken; and the chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ANDREWS of North Dakota. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 105, noes 306, not voting 21, as follows:

[Roll No. 67]

AYES—105

Anderson, Ill.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Bell
Bennett
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Fla.
Butler
Byron
Clancy
Clausen, Don H.
Clawson, Del
Cleveland
Cohen
Conable
Conlan
Conte
Coughlin
Crane
Daniel, Dan
Daniel, Robert W., Jr.
Delaney
Derwinski
Devine
Downing
Drinan
du Pont
Emery
Erlenborn
Fascell
Fenwick
Findley
Fish
Forsythe
Frenzel
Frey
Gilman
Goldwater
Goodling
Gradison
Gude
Hastings
Hechler, W. Va.
Heckler, Mass.
Hinshaw
Holt
Horton
Hutchinson
Hyde
Jacobs
Jarman
Johnson, Colo.
Johnson, Pa.
Kasten
Kelly
Kemp
Ketchum
Lagomarsino
McClory
McDonald
McKinney
Madigan
Martin
Michel
Mitchell, N.Y.
Moorhead, Calif.
Myers, Pa.
Nichols
O'Brien
Peyser
Pritchard
Railsback
Regula
Rinaldo
Robinson
Rogers
Rousselot
Sarasin
Satterfield
Schneebeli
Schulze
Shuster
Snyder
Steelman
Steiger, Ariz.
Stratton
Stuckey
Symms
Talcott
Treen
Walsh
Wampler
Whalen
Whitehurst
Wiggins
Wilson, Bob
Wylie
Young, Alaska
Young, Fla.

NOES—306

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Casey
Cederberg
Chappell
Chisholm
Clay
Cochran
Collins, Ill.
Collins, Tex.
Conyers
Corman
Cornell
Cotter
D'Amours

Daniels, Dominick V.
Danielson
Davis
de la Garza
Dellums
Dent
Derrick
Dickinson
Dingell
Dodd
Downey
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
English
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hayes, Ind.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Holland
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jeffords
Jenrette
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
Macdonald
Madden
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
Ottinger
Passman
Patman
Patten
Patterson, Calif
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Quie
Quillen
Randall
Rees
Reuss
Rhodes
Richmond
Riegle
Risenhoover
Roberts
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Sebelius
Seiberling
Sharp
Shipley
Shriver
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steiger, Wis.
Stephens
Stokes
Studds
Sullivan
Symington
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Weaver
White
Whitten
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—21

Broomfield
Broyhill
Diggs
Duncan, Oreg.
Eshleman
Fulton
Hawkins
Hays, Ohio
Hébert
Mills
Mink
Mosher
O'Neill
Rangel
Rodino
Sikes
Skubitz
Stark
Steed
Udall
Waxman

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. FOLEY. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Brademas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4296) to adjust target prices, loan, and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 85 percent of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks on H.R. 4296, the bill under consideration, with respect to today's proceedings.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4592. An act making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4592) entitled "An act making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. Inouye, Mr. Proxmire, Mr. McGee, Mr. Chiles, Mr. Johnston, Mr. McClellan, Mr. Brooke, Mr. Hatfield, Mr. Mathias, and Mr. Young to be the conferees on the part of the Senate.

The message also announced that Mr. McIntyre was appointed a conferee on the concurrent resolution (H. Con. Res. 133) entitled "Concurrent resolution to lower interest rates," in vice of Mr. Sparkman, resigned.

CONCURRENT RESOLUTION TO LOWER INTEREST RATES

Mr. REUSS submitted the following conference report and statement on the concurrent resolution (H. Con. Res. 133) to lower interest rates:

Conference Report (H. Rept. No. 94–91)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 133) to lower interest rates, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the concurrent resolution and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That it is the sense of Congress that the Board of Governors of the Federal Reserve System and the Federal Open Market Committee—

(1) pursue policies in the first half of 1975 so as to encourage lower long term interest rates and expansion in the monetary and credit aggregates appropriate to facilitating prompt economic recovery; and

(2) maintain long run growth of the monetary and credit aggregates commensurate with the economy's long run potential to increase production, so as to promote effectively the goals of maximum employment, stable prices, and moderate long term interest rates.

Pursuant to this resolution, and taking into account the international flows of funds and conditions in the international money and credit markets, the Board of Governors shall consult with Congress at semiannual hearings before the Committee on Banking, Housing and Urban Affairs of the Senate and the Committee on Banking, Currency and Housing of the House of Representatives about the Board of Governors' and the Federal Open Market Committee's objectives and plans with respect to the ranges of growth or diminution of monetary and credit aggregates in the upcoming twelve months. Nothing in this resolution shall be interpreted to require that such ranges of growth or diminution be achieved if the Board of Governors and the Federal Open Market Committee determine that they cannot or should not be achieved because of changing conditions. The Board of Governors shall report to the Congress the reasons for any such determination during the next hearings held pursuant to this resolution.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the preamble and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"Whereas article I, section 8, of the Constitution provides that Congress shall have the money power, namely to coin money and regulate the value thereof';

"Whereas Congress established the Federal Reserve Board as its agent, and delegated to its agent the day-to-day responsibility for managing the money supply;

"Whereas the United States economy is now suffering from excessively high unemployment and a decline in production and the gross national product, together with inflation; and

"Whereas the economy's performance in part is affected by changes in the rate of growth of the monetary and credit aggregates: Now, therefore, be it"

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the resolution, and agree to the same.

Henry S. Reuss,
Wright Patman,
Harold Ford,
Mark W. Hannaford,
Stephen L. Neal,
James J. Blanchard,
William A. Barrett,
Albert W. Johnson,
John B. Conlan,
George Hansen,
Willis D. Gradison, Jr.,
Managers on the Part of the House.

William Proxmire,
Thomas McIntyre,
Harrison A. Williams,
John Tower,
Jesse Helms,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the concurrent resolution (H. Con. Res. 133) submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House Resolution called upon the Federal Reserve to "conduct monetary policy in the first half of 1975 so as to lower long term interest rates." The Senate Resolution called upon the Federal Reserve to "pursue policies in the first half of 1975 so as to encourage expansion in the monetary and credit aggregates."

The conferees agree to incorporate the House language regarding lower long term interest rates into paragraph (1) of the Senate Resolution, thereby calling on the Federal Reserve to, "pursue policies in the first half of 1975 so as to encourage lower long-term interest rates and expansion in the monetary and credit aggregates appropriate to facilitating prompt economic recovery."

The conferees agree with the language of the House report that the choice of policies pursued to encourage lower long term rates "is an administrative matter more properly left to the Board of Governors of the Federal Reserve System and the Federal Open Market Committee." Policies which the Federal Reserve might take to encourage a reduction in long term interest rates include a policy of expanding the monetary and credit aggregates and a policy of increasing the Federal Open Market Account's holdings of long term U.S. securities and of the debt instruments of Federal agencies—such as the Federal Home Loan Bank Board, the Federal National Mortgage Association, and the Federal Land Bank. Any such policy of purchasing long term rather than short term securities should be tempered by the need to insure that financial intermediaries do not suffer another round of disintermediation due to a substantial increase in short term interest rates.

The conferees recognize that the extent to which long term interest rates can be expected to decline in the near future will depend upon both Federal Reserve policies and external factors beyond the Federal Reserve's control.

The Senate Resolution also sets forth a long-term guideline for the conduct of monetary policy. The House Resolution contained no such provision. The conferees agreed to the Senate language contained in paragraph (2) setting forth the long-term guideline.

The House Resolution called for the Federal Reserve to report every three months on its progress towards lowering long term interest rates by actions taken in the first half of 1975. The Senate Resolution called for semi-annual hearings before the Committees on Banking of the House and the Senate about "objectives and plans with respect to ranges of growth or diminution of monetary and credit aggregates in the upcoming twelve months."

The conferees agreed to the Senate language which embraces the House procedure. It is anticipated that hearings will be held soon after April 1, 1975, and after July 1, 1975, to inform the above Committees and the Congress on the policies pursued during the first half of 1975 and to consult about "objectives and plans with respect to ranges of growth or diminution of monetary and credit aggregates in the upcoming twelve months." Hearings are expected to be held in the House and Senate semi-annually thereafter.

The Senate Resolution contains a final sentence to assure the Federal Reserve flexibility in adapting to changing conditions. The conferees agreed on the need for such provision and agreed further to add the following sentence.

"The Board of Governors shall report to the Congress the reasons for any such determination during the next hearings held pursuant to this resolution."

Nothing in this language would, of course, preclude the Board from reporting to the Congress on a more frequent basis.

Finally, the conferees agreed to edit the Preamble in the Senate Resolution by

(1) striking the paragraph referring to anticipated budget deficits and their possible effects on higher interest rates in the absence of reasonable growth in monetary and credit aggregates, and

(2) modifying the paragraph referring to the effect which monetary and credit aggregates have on the economy's performance by deleting the words "Congress had received expert evidence that" and inserting "in part" after the word "performance".

HENRY S. REUSS,
WRIGHT PATMAN,
HAROLD FORD,
MARK W. HANNAFORD,
STEPHEN L. NEAL,
JAMES J. BLANCHARD,
WILLIAM A. BARRETT,
ALBERT W. JOHNSON,
JOHN B. CONLAN,
GEORGE HANSEN,
WILLIS D. GRADISON, Jr.,
Managers on the Part of the House.

WILLIAM PROXMIRE,
THOMAS MCINTYRE,
HARRISON A. WILLIAMS,
JOHN TOWER,
JESSE HELMS,
Managers on the Part of the Senate.

REQUEST FOR APPOINTMENT OF CONFEREES ON H.R. 4592, FOREIGN ASSISTANCE, AND RELATED PROGRAMS APPROPRIATIONS, 1975

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. BAUMAN. Reserving the right to object, Mr. Speaker, I wonder if the gentleman could withhold his request until tomorrow to give some of us a better opportunity to study the action of the Senate.

Mr. PASSMAN. If the gentleman will yield, it is my understanding that the Senate schedule calls for them to recess on March 21, and we want to get away approximately on March 26. Unless we get unanimous consent to take this to conference, I am awfully afraid there will not be time left to have a conference and get the bill back to both Houses.

Mr. BAUMAN. Further reserving the right to object, the gentleman can certainly make his request in the House tomorrow; can he not?

Mr. PASSMAN. There are a lot of things in controversy in maintaining the House position and we need all the time available.

Mr. BAUMAN. If I understand correctly, the Senate has added over half a million dollars to the House-passed foreign aid bill.

Mr. PASSMAN. It is my understanding they have added very substantially to the House-passed bill.

Mr. BAUMAN. May I suggest again that the gentleman withhold his request until tomorrow.

Mr. PASSMAN. I would hope that the gentleman would permit us to go to conference because, as I say, this may be a very difficult conference for the House conferees. We are going to do everything in our power to hold the House position. We are not going to be capitulating very easily to any additional funding the other body may have added.

Mr. BAUMAN. I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will the gentleman explain why it would make such a huge difference if we go to conference right now or whether this request is made the first thing tomorrow?

Mr. PASSMAN. If the gentleman will yield I thought I had mentioned the fact that the Senate indicated they would take a recess on the 21st of this month for Easter and we are scheduled to take ours on the 26th, and it will take many long hours to reach agreement on this bill and we are short of time.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, does the gentleman intend to go to conference tonight?

Mr. PASSMAN. We are not going to conference until we set up an agreement with the other body as to when they will agree to go to conference.

Mr. ROUSSELOT. Further reserving the right to object, if the gentleman made this same unanimous consent first thing tomorrow, then he could go to conference tomorrow.

Mr. PASSMAN. If we could get unanimous consent now, in all probability we could go to conference tomorrow morning. I cannot assure the gentleman we will be going to conference tomorrow morning, but we could.

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Texas.

Mr. MAHON. One of our problems is that the continuing resolution expires on March 25. If we can appoint the conferees and go to conference tomorrow we can try to reach agreement with the other body and clear the bill before the continuing resolution expires.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, as the gentleman knows, there was a very close vote in the House on the passage of the bill, and since the Senate has added a substantial amount of money to the bill and, of course, I appreciate the gentleman's comment that the law expires on the 25th, does that really have so much to do with the difference between going to conference tomorrow, which the gentleman from Louisiana says cannot occur until tomorrow anyway.

Mr. Speaker, I really do not understand the great necessity for agreeing to this request at this time.

Mr. PASSMAN. Mr. Chairman, will the gentleman yield?

Mr. MAHON. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to the gentleman from Louisiana and then I will yield to the gentleman from Texas.

Mr. PASSMAN. Mr. Speaker, if the gentleman will yield, if we delay going to conference it may necessitate a Saturday session if we are to have a bill before the Easter recess.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, I cannot really comprehend, if the gentleman cannot convene a conference until tomorrow, why then can we not have the unanimous-consent request made tomorrow. I will be glad to tell the gentleman I will not object to such a unanimous-consent request tomorrow, if that in his concern. A great many of the Members have left for the day. They were pretty much assured the committee was going to rise on the agriculture bill and evidently quite a few of the Members had committed themselves to other things. I do not quite understand yet why it makes such a great difference.

Mr. PASSMAN. Mr. Speaker, if it will accommodate the distinguished gentleman from California, then I withdraw my unanimous-consent request and I will make it again tomorrow.

Mr. SHRIVER. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Kansas.

Mr. SHRIVER. Mr. Speaker, I think we would be saving money if we could go ahead and work on it right now because the House-passed bill is much less than the Senate-passed bill, and believe me, the conferees will be standing by the House-passed position.

Mr. ROUSSELOT. I have no doubt my colleague, the gentleman from Kansas, will make sure that we do not have a great many add-on's to this bill as it has come from the Senate, and also the fact that 80 percent of the American people think we should not increase.

Mr. PASSMAN. Mr. Speaker, if the gentleman will yield further? Inasmuch as I asked the unanimous-consent request to appoint conferees, I said that to accommodate the gentleman. I was going to wait and make the same request tomorrow.

Mr. ROUSSELOT. I appreciate the gentleman's comment, but I did promise to yield to the gentleman from Texas (Mr. MAHON) and I yield to him now.

Mr. MAHON. Mr. Speaker, the point is the House and the Senate are supposed to have an Easter recess, and the recess of the other body is before this body plus the continuing resolution expires on March 25 so we are going to have to come to an agreement rather rapidly. We have to settle this issue before we go on the Easter recess, because we cannot afford to go on an Easter recess wtihout passing the bill or having a new continuing resolution.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, does that mean all the conferees from the other body are going to disappear tomorrow and, therefore, it means that we are going to have to bring the conference to a conclusion on Friday? Am I to understand that?

Mr. MAHON. If we can meet in the morning and begin the conference it would be much better than having to wait until noon.

Mr. ROUSSELOT. Mr. Speaker, knowing the parliamentary capability of the gentleman from Texas and the other members of the committee, I am sure they will be able to establish contact with the potential conferees, and they have probably been named anyway.

I am sure discussions can start before the unanimous consent is requested tomorrow after the House goes into session at noon.

I appreciate the willingness of my colleague, the gentleman from Louisiana, to withdraw his request.

Further reserving the right to object, I will yield again to my colleague, the gentleman from Louisiana.

Mr. PASSMAN. May I make this observation.

Mr. ROUSSELOT. I would be glad to have the observation.

Mr. PASSMAN. The House passed a bill. The Senate passed a bill.

Mr. ROUSSELOT. I understand.

Mr. PASSMAN. We have to go to conference to dispose of this foreign aid bill. We have to get unanimous consent to waive the 3-day rule. We have to get unanimous consent to file a report by midnight tomorrow. As I said earlier, I am of the opinion that this is going to be a long difficult conference. The House conferees are not going over there with the intention of capitulating to the other body.

Mr. ROUSSELOT. I understand that.

Mr. PASSMAN. But if we are given the chance to move rapidly, it may be to the advantage of the House and all of us to name the conferees now.

Mr. ROUSSELOT. I understand that no matter what happens that the conference is not going to go beyond Friday.

Mr. PASSMAN. It cannot if the Senate is going to go on recess.

Mr. ROUSSELOT. I appreciate that. Therefore, I take it there is a willingness on the part of the gentleman to put the unanimous consent over to tomorrow on the basis that the conference will not go beyond Friday anyway.

Mr. PASSMAN. Could the gentleman withdraw his objection to having the conferees appointed tonight?

Mr. ROUSSELOT. Mr. Speaker, I think I have made the point.

Mr. PASSMAN. We have both made points. Let us be reasonable.

Mr. ROUSSELOT. I obtained the agreement I would like to have that this be brought up for unanimous consent tomorrow on the basis that many Members have gone home or left the Chamber. This is an important bill. There was a very close vote, as the gentleman knows, in the House. The Senate has added on a substantial amount.

The gentleman has guaranteed to us tonight that he and the other conferees in the House will stand very firm in preventing that add-on. I appreciate the gentleman taking a firm position for the House, but I also appreciate his willingness to put this over until tomorrow.

Mr. SHRIVER. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Kansas.

Mr. SHRIVER. This is, after all, a conference position. This is the legislative process.

Mr. PASSMAN. Mr. Speaker, we will accommodate the gentleman.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. ROUSSELOT. Mr. Speaker, I thought the gentleman was going to withdraw his unanimous-consent request until tomorrow.

The SPEAKER. There was a lot of talking. The gentleman from California reserved the right to object after the Chair thought that the gentleman from Louisiana withdrew the request.

Mr. ROUSSELOT. Is the gentleman from Louisiana withdrawing his unanimous-consent request?

Mr. PASSMAN. Mr. Speaker, I have no alternative, if the gentleman insists on his reservation.

The SPEAKER. The gentleman from Louisiana withdraws his unanimous-consent request.

A PLAN TO DIVIDE TEXAS INTO FIVE STATES

(Mr. COLLINS of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. COLLINS of Texas. Mr. Speaker, the people of Texas are concerned about the need for a greater voice from the Southwest to be heard in this country. Two of our State leaders have taken action on the contemplated plan that Texas divide itself into five States. The action has been recommended to the Texas State Legislature by State Representative Fred Agnich of Dallas and State Senator Bob Gammage of Houston. They have introduced legislation providing that Texas have a referendum by the voters in 1976.

So that my colleagues would be familiar with the constitutional authority, I am including in the RECORD the action of the 28th Congress of the United States on March 1, 1845. Congress approved Joint Resolution No. 8 for annexing Texas into the United States. You will also note the stipulation that Texas had to keep its debts, which we paid off, and also maintain its State lands.

Here is the resolution as passed by Congress on March 1, 1845:

NO. 8. JOINT RESOLUTION FOR ANNEXING TEXAS TO THE UNITED STATES

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress doth consent that the territory properly included within, and rightfully belonging to the Republic of Texas, may be erected into a new State, to be called the State of Texas, with a republican form of government, to be adopted by the people of said republic, by deputies in convention assembled, with the consent of the existing government, in order that the same may be admitted as one of the States of this Union.

2. *And be it further resolved*, That the foregoing consent of Congress is given upon the following conditions, and with the following guarantees, to wit: *First*, Said State to be formed, subject to the adjustment by this government of all questions of boundary that may arise with other governments; and the constitution thereof, with the proper evidence of its adoption by the people of said Republic of Texas, shall be transmitted to the President of the United States, to be laid before Congress for its final action, on or before the first day of January, one thousand eight hundred and forty-six. *Second*. Said State, when admitted into the Union, after ceding to the United States, all public edifices, fortifications, barracks, ports and harbors, navy and navy-yards, docks, magazines, arms, armaments, and all other property and means pertaining to the public defence belonging to said Republic of Texas, shall retain all the public funds, debts, taxes, and dues of every kind, which may belong to or be due and owing said republic; and shall also retain all the vacant and unappropriated lands lying within its limits, to be applied to the payment of the debts and liabilities of said Republic of Texas, and the residue of said lands, after discharging said debts and liabilities, to be disposed of as said State may direct; but in no event are said debts and liabilities to become a charge upon the Government of the United States. *Third*. New States, of convenient size, not exceeding four in number, in addition to said State of Texas, and having sufficient population, may hereafter, by the consent of said State, be formed out of the territory thereof, which shall be entitled to admission under the provisions of the federal constitution. And such States as may be formed out of that portion of said territory lying south of thirty-six degrees thirty minutes north latitude, commonly known as the Missouri compromise line, shall be admitted into the Union with or without slavery, as the people of each State asking admission may desire. And in such State or States as shall be formed out of said territory north of said Missouri compromise line, slavery, or involuntary servitude, (except for crime,) shall be prohibited.

3. *And be it further resolved*, That if the President of the United States shall in his judgment and discretion deem it most advisable, instead of proceeding to submit the foregoing resolution to the Republic of Texas, as an overture on the part of the United States for admission, to negotiate with that Republic; then,

Be it resolved, That a State, to be formed out of the present Republic of Texas, with suitable extent and boundaries, and with two representatives in Congress, until the next apportionment of representation, shall be admitted into the Union, by virtue of this act, on an equal footing with the existing States, as soon as the terms and conditions of such admission, and the cession of the remaining Texan territory to the United States shall be agreed upon by the Governments of Texas and the United States: And that the sum of one hundred thousand dollars be, and the same is hereby, appropriated to defray the expenses of missions and negotiations, to agree upon the terms of said admission and cession, either by treaty to be submitted to the Senate, or by articles to be submitted to the two houses of Congress, as the President may direct.

Approved, March 1, 1845.

AWARD PRESENTED FOR BRAVERY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DON CLAUSEN) is recognized for 5 minutes.

Mr. DON CLAUSEN. Mr. Speaker, I rise to bring to the attention of the House the recent presentation of the California Highway Patrol's Certificate of Commendation to a man of extraordinary bravery, Mr. Martin Pickle of Crescent City, Calif.

Mr. Pickle risked his life in January of this year to pull Kathryn Hawley from the flooding Smith River where she was trapped in her car.

Mr. Pickle showed no hesitation in rising to the challenge he faced and he has been justly honored by all who have heard the story of his actions.

His exploits should be an inspiration to all who understand the necessity that everyone be willing to make an extra effort on behalf of another human being.

I am inserting an article from the Del Norte Triplicate which tells Mr. Pickle's story in detail, and I am sure all Members of Congress will join me in saluting Martin Pickle for his heroism in the face of danger:

FOR RIVER RESCUE: MARTIN PICKLE RECEIVES CHP BRAVERY AWARD

"You will always be a hero to me, and I shall never forget your act of bravery in rescuing me from the Smith River, which permits me to be here today to personally thank you."

With these words and with tears welling up in her eyes, Kathryn Ann Hawley of Eugene, Oregon faced the man who made it possible for her to be rescued from the raging Smith River when her car plunged off U.S. 199 in the Smith River Canyon on Jan. 7, 1975.

On Feb. 24, Miss Hawley, in company with her father, Dr. Robert Hawley, a retired veterinarian from Portland, Ore., came to Crescent City upon invitation from Lt. Gordon A. Bechtold, Crescent City commander of the California Highway Patrol. She was to become part of the brief ceremonies in which her rescuer, Martin Pickle of Crescent City, received the CHP's Certificate of Commendation for Community Service.

This was the first time that Miss Hawley had faced her rescuer since she was pulled from the raging Smith River on that near-fatal day in January.

Likewise, it was almost near as touching to Pickle, as this was the first time he had seen the woman since the day he had gone into the river twice to effect her rescue.

Pickle had no idea he was to be honored at the local CHP office, and did not know that Miss Hawley was even in Crescent City. His wife Linda had been told of the upcoming presentation and had managed to get her husband to appear at the CHP office to receive his commendation, without his knowledge.

In making the presentation on behalf of the CHP, Lt. Bechtold told those attending, in his words, "We are here to honor Martin Pickle for his courageous and successful efforts in effecting the rescue of Miss Hawley. He had to make two attempts in getting to the partially submerged vehicle. He nearly drowned in his first attempt as he was battered by the chilling waters and had to be pulled back to shore where he tried a second time to reach the vehicle, this time being successful."

Just seconds after Miss Hawley was pulled to shore by willing hands, her vehicle washed off its precarious perch on top of a large boulder and floated down stream. It was later recovered several hundred yards down stream and had been battered into a "ball of metal" as it bounced along the rock strewn river bed.

Lt. Bechtold added, "In all probability, had not Mr. Pickle taken the immediate action that he did, Miss Hawley would no doubt have been drowned in the water and would not be here today."

The accident was reported about 1:50 p.m., Jan. 7, after two CalTrans employees, Superintendent Lincoln Martin and Assistant Superintendent Jim Bongetta, "almost miraculously" spotted something in the water that resembled a car. Stopping to investigate, they spotted the small foreign vehicle and could see a person inside.

The two radioed their office in Crescent City advising of the accident. Meanwhile, other motorists driving along the crooked Smith River Canyon road saw the group of people and stopped to see if they could be of assistance.

Two of these were Martin Pickle and his brother Orlen, who were driving back to Crescent City from their job near O'Brien, Oregon. Both men are loggers for West Log Company of Smith River, and had quit work early because of the steady rains that had been falling for several days.

With a rope provided by the CalTrans men, and Miss Hawley sitting helplessly in her vehicle which by this time was submerged in water above the arm rests in her car, several casts were made before they were successful in getting the rope weighted with a binder hook to become attached to the front of the car.

Taking off his shoes, Martin plunged into the rapidly-rising "white water" and made his way to the partially submerged car. However, before he could get to the car, he was pulled under the swirling waters and had to be pulled back to shore. Other willing hands tied the rope to a vehicle and Pickle again made an attempt to reach her. This time he was successful, and as Miss Hawley saw him approaching hand over hand she wound down her window so that Pickle could wrap his arm around the door post. After several attempts, he managed to catch a rope that was tossed from shore and helped Miss Hawley tie it around her body. After ascertaining that it was tied securely, Pickle was pulled back to shore by men on the bank, with Miss Hawley right behind him as she, too, was pulled to safety by use of the second rope.

Just as she reached shore, the river, which had risen about six inches in the last half hour, washed her vehicle from the rock and it disappeared down-river.

In effecting the rescue, Pickle cut his foot and later had to have fifteen stitches taken to close the cut.

Miss Hawley told those attending the brief ceremonies that she was returning from Eureka that day and was headed for her home in Eugene when her car slid off the wet road and over the steep bank, landing in the water about 40 feet out from shore. She said she doesn't know what caused the car to slide, other than it could have been some mud she encountered that had washed off an embankment.

She said the next thing she knew, she was in the river, and instinctively she tried to steer the car as it bobbed along the rocky bed. Her car went into the river possibly a hundred yards up-stream from where the CalTrans men first noticed her predicament. She was in the river for almost an hour and a half before she was pulled to safety.

She saw many cars pass on the road above, but because of her position, it would have been almost impossible to spot her unless someone had looked backwards out the rear window. She wondered just how long it would be if ever, before someone noticed her. She said when she saw the two CalTrans men (later identified as Martin and Bongetta) she said her prayers had been answered, at least someone knew where she was.

She said, "when no one stopped, I felt that no one would spot me from the road. At that point, I tried to prepare myself psychologically and mentally for spending the night in the river." She said this definitely had to be done, as she can't swim, and has a deadly fear of water.

If she had to spend the night in the car, sitting on a suitcase she managed to get onto the seat, she fished two apples out of the water that she might be able to eat later. However, she said she never did eat them, because "my appetite wasn't exactly hearty at that time."

Speaking directly to Pickle, Miss Hawley said, "You have no idea how many letters I had started, then tore them up, not being able to come up with the correct words. It's extremely hard to say 'thank you' for saving my life, but I don't know how else to express myself. Someday, when your children grow up and fully understand what you did that day, they will know what a truly brave man you are!! What else can I say?

"At a time like this, it is difficult to find words with which to convey the depth of one's feeling. It takes a man with Mr. Pickle's bravery and fortitude to risk his life twice for a total stranger. People often talk about heroism, bravery and courage, and because of his unselfish rescue efforts I am alive today."

Then, as her voice wavered and tears filled her eyes, Miss Hawley gently kissed Pickle on one cheek and uttered a barely understandable "Thank you. You are my hero."

The California Highway Patrol Certificate of Commendation, presented by the Patrol in recognition, stated in part, ". . . you entered the swift and rapidly rising water and were able to rescue the driver. You have shown great concern for the life of another and are a credit to your community. You are commended for this outstanding courageous act." The citation was signed by D. Lanza, Commissioner, California Highway Patrol.

Lt. Bechtold said that on only one previous occasion during his tour of duty in Crescent City has the CHP given a similar award to private citizens for acts of bravery in aiding or attempting to aid another citizen during an emergency situation.

This was when two Crescent City truck drivers James A. Mendez and Bill Smith, drivers for Timber Transport, came upon an overturned camper-pickup rig on the Klamath Freeway on August 26, 1970. They found a fire had broken out under the pickup seat, and the two occupants, Ingolf Aarset and his wife Virginia from Sacramento, were pinned in the over-turned vehicle still hanging in their seat belts. The two truck drivers managed to free both victims just as the flames reached them and they survived what might have been a fatal accident had it not been for the bravery of the two men.

Pickle's wife Linda and their four small children, not being fully aware of what Daddy was doing with another lady besides their Mommie, and why all the officers present were shaking hands with Daddy, also enjoyed the brief ceremonies, especially the donuts they ate while sitting in the squad room.

Miss Hawley and her father left following the ceremonies, as she had to return to her position as a legal secretary for the law firm of Butler, Husk and Gleaves in Eugene.

She said she wanted to drive back up the Smith River Canyon, wanting to look at the spot which nearly claimed her life. However, as she said, "You can bet I'm not going to drive over that same spot. I'll let my Dad do the driving!"

NEWARK CELEBRATES ST. PATRICK'S DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. RODINO) is recognized for 5 minutes.

Mr. RODINO. Mr. Speaker, last Sunday it was again my proud privilege to take part in the city of Newark's annual commemoration of St. Patrick's Day. Over 60,000 people, led by Grand Marshal Thomas P. Giblin and Deputy Grand Marshal Rosetta M. Duffy, joined in the celebration which included seven parades and other festivities.

This year was a particularly moving and significant occasion. For not only did we pay tribute to Ireland's patron saint, but we also honored the Most Reverend Peter Gerety, Archbishop of Newark. Archbishop Gerety was consecrated in that high office last year, so this was the first opportunity Newark had to dedicate its St. Patrick's Day celebration to him.

We all know well the history of St. Patrick, the courageous Irish saint who brought Christianity to Ireland. One thinks of the problems of that unhappy country today and can only wish that we had a modern day St. Patrick to carry out another sainted accomplishment by ending the tragic dissention and violence that pervade Ireland and by bringing for all the people of Ireland—north and south—a better day and a better life in peace and good will.

Fortunately, we in the United States can celebrate St. Patrick's Day joyously. It is an appropriate time to pay tribute to the Irish Americans throughout our history who have had an important role in building our Nation, fighting for our Union and freedom, contributing sagacity and leadership in politics, humor and pathos in the arts, and a spirit of human warmth and brilliance to the daily lives of all of us at work and in leisure. Somehow, on St. Patrick's Day, citizens of all heritages are infused with the Irish spirit and feel that it is a special day for them.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. FORD) is recognized for 5 minutes.

Mr. FORD of Michigan. Mr. Speaker, on February 20, 1975, I was recorded as not voting on final passage of House Joint Resolution 210 the supplemental appropriations bill for fiscal 1975. At the time of the vote I was addressing the annual legislative conference of the Michigan Municipal League in Lansing via telephone. Had I been present and voting, I would have voted "yea."

EASTER-PASSOVER RECESS OPPOSED

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia (Mr. LEVITAS) is recognized for 10 minutes.

Mr. LEVITAS. Mr. Speaker, as we approach the scheduled Easter-Passover recess, I feel I must clearly set forth my opposition to that break in congressional activity, at this time and under existing circumstances of economic crisis.

I did not favor the recess during the Lincoln Birthday period for the reason that I believed foregoing the recess would permit the public to feel and see that Congress was proceeding with dispatch to deal with problems that we have described as being conditions of urgent need in terms of recession and unemployment.

While many people have said that nothing useful could have been done in Congress during the recess and that the work of Congress would not be slowed, I feel that Congress has another obligation: leadership and the setting of a tone to the direction in which America is moving. That tone now means that all Americans should realize the seriousness of our economic situation and the human hardship of millions of unemployed, able-bodied citizens—white-collar and blue-collar alike. By canceling or shortening that recess, Congress would be performing that role of leadership.

Consequently, I again urge that Congress take no extended recess until it has completed work on the emergency energy, economic, and tax programs. While much progress has been made to date, final action has not yet been taken. Therefore, I would recommend that Congress adjourn on Wednesday, March 26, and get back to work on Monday, March 31. This would accommodate the religious observance needs of Passover, Good Friday, and Easter.

We need to communicate a sense of urgency to the American people and let them feel that we—and they—are moving toward solutions as rapidly as possible.

Mr. Speaker, I commend the leadership of the House on both sides of the aisle for the excellent schedule of work which was developed this year for congressional activity. The main thrust of the schedule was to afford Members of Congress ample and predictable time to meet with their constituents at home to find out what is on their voters' minds. But, I find that, at this time, the main thing on people's minds is the need to get these major energy and economic problems dealt with—now.

I think our constituents will forgive us—indeed, appreciate—our recognizing their feelings of urgency by changing this schedule because of the direly changed circumstances in this year of unemployment, fear and economic difficulty.

Frankly, I am surprised that more of us in Congress have not gotten the message yet: the people of America are today looking for action, not delays. Recesses mean delay. When there is a plugged toilet in your house and water on the floor, you do not want the plumber to take his coffee break—or his refresher training course—right then. Let us plug the leak first.

I realize that many Members have already scheduled appearances and appointments during the recess. I have, too. But, without desiring to inconvenience anyone, I still believe the necessity of the times and of our congressional responsibility to provide strong national leadership should encourage us to experience some inconvenience at this time. In short, we should modify the schedule to accommodate the problem and to inspire public confidence in Congress and the economy—which is so desperately needed.

CHASE MANHATTAN BACKS DOWN, ADMITS BAD COMPUTER DATA ON FARM BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. Rose) is recognized for 10 minutes.

Mr. ROSE. Mr. Speaker, one of the sorriest spectacles of the debate over the emergency farm bill we begin considering today is the way facts and figures are being manipulated.

A subsidiary of the Chase Manhattan Bank—an institution not noted for its concern for the consumer—put out a press release to the effect that this bill would cost the consumer $4 billion. The Washington Post, on the eve of our debate, took this week-old press release and used it as the basis of a page one story. The same erroneous data was then used by the Washington Star in an editorial urging the bill's defeat.

When the Post story appeared, I began trying to find out what Chase Econometrics had used as its data base to come up with such a convoluted conclusion. Members of my staff, working with agricultural economists from the Library of Congress, telephoned Chase's director of agricultural economics, Raymond Daniel, in Bala-Cynwyd, Pa., to find out what assumptions he made.

My interest was two-fold: Not only was I appalled by the misleading Post story, I was also concerned about the misuse of computer technology evident in the Chase conclusions.

As chairman of the House Administration Committee's new Ad Hoc Computer Subcommittee, I endorse the idea of using advanced technology in our economic forecasting. But when such forecasts are made and reported in the press, we should also be informed of the assumptions on which the data are based.

I feared that many of my colleagues would only see the Post headline: "Farm Bill Study Foresees $4 Billion Cost to Consumer" and the source of the study, "a well-known private research organization."

I also became curious about why the Post would put such a story on the front page of March 17, quoting data that was put out by Chase in a press release dated March 11. Could it be that someone from the administration was calling it to the reporter's attention? Was the media being manipulated?

Conversations with the Chase economist revealed that one of his assumptions was that passage of the bill would create market speculations such as we have had over the past 3 years, with giant companies secretly buying up huge surpluses of grain. Well, I did not agree with that. In fact, I think quite the opposite is true. I think hundreds of farmers who got burned by the speculators the last time out are going to respond more cautiously. And I think the speculators whose orders are being reduced or cancelled are going to proceed in a very different way.

Chase also draws conclusions on food prices for a full year based on projections for a single marketing quarter. I think this is a very unrealistic approach to forecasting food prices—for either the farmer or the consumer. Another assumption was that the bill would provoke huge increases in farm prices, even though the support prices proposed in H.R. 4296 are far below the current market prices of most commodities.

In its press release, Chase erroneously listed its projected price support levels as "present support levels" and concluded that meat prices, egg and poultry prices, and milk prices all would go up because feed grains would increase.

I sent out a letter to each Member of Congress reporting this finding and noting that every company in the business of selling studies based on econometric model usage was having problems with their forecasts. I said the data was useful, but not gospel. I observed that most companies have made colossal blunders, including Chase Econometrics itself, which was predicting a year ago that retail food prices would decline.

Mr. Speaker, I was glad to see this morning that Chase Econometrics—as a result of my protests and those of many of my colleagues—decided to withdraw its estimates. Of course, the Post did not put this retraction on the front page as they did the original misleading data.

But the Chase economist, Mr. Daniel, is quoted as saying:

> We may be on weaker ground than we had expected.

He even admits:

> New, tentative computer projections indicate the bill could boost dairy and cotton prices, but not grains.

I am happy to see this affiliate of Chase Manhattan Bank back down. I hope Secretary Butz and other members of the administration who have been busy peddling this story around town will also admit the error of their ways.

I welcome the use of computer technology in solving the complex legislative problems that face the Nation today. But that use does not consist of press releases by computer companies attempting to influence legislation.

Mr. Speaker, I include at this point in the Record the Chase Econometrics press release and articles from the Washington Post of Monday, March 17, and Wednesday, March 19:

[Press release from Chase Econometric Associates, Inc., a subsidiary of Chase Manhattan Bank, N.A.]

Agriculture Committee Bill Would Raise Farm Income $2.2 Billion But Cost Consumers $4 Billion, Says Chase Economist

A bill raising price supports for major farm commodities would increase net farm income by $2.2 billion in 1975, according to estimates by Raymond Daniel, Director of Agricultural Economics for Chase Econometrics.

The bill, which would increase government price supports for wheat, corn, cotton and soybeans, was recommended to the House of Representatives last week by the House Agriculture Committee, chaired by Representative Thomas Foley (Dem.-Wash.).

Using the Chase Econometrics Agricultural Model, Daniel estimated that gross farm income in 1975 would increase from $89.2 billion at present support levels to $92.5 billion under the support levels proposed by the committee, and that net farm income would increase from $25 billion to $27.2 billion.

Daniel estimated that each of the four farm commodities covered by the bill would rise in price (see Table A), and that livestock prices, which are not government-supported, would be forced higher by the increase in grain prices (see Table B).

Under the assumption that two-thirds of all agricultural price increases are immediately passed on to the consumer, Daniel estimated that if the new support program was enacted into law, consumers would be paying 4½¢ per pound more for beef, 10½¢ per pound more for pork, 3¢ per gallon more for milk. Poultry prices would increase 1¢ per pound, and eggs would rise 1¢ per dozen.

According to Daniel, the total cost to the consumer would be approximately $4 billion.

TABLE A.—ESTIMATED 1975 COMMODITY PRICES (HARVEST QUARTER)

	Present support levels	Proposed support levels	Price increase
Wheat (bushel)	$3.54	$4.52	$0.98
Corn (bushel)	2.36	2.52	.16
Soybeans (bushel)	5.84	5.96	.12
Grain Sorghum (bushel)	2.05	2.41	.36
Cotton (bushel)	.46	.51	.05

TABLE B.—ESTIMATED 1975 LIVESTOCK PRICES (FOURTH QUARTER)

	Present support levels	Proposed support levels	Price increase
Beef cattle (hundredweight)	$38.31	$39.20	$0.89
Hogs (hundredweight)	46.24	47.48	1.24
Poultry (pound)	.21	.23	.02
Eggs (dozen)	.56	.58	.02
Milk (hundredweight)	8.84	9.19	.35
Price of livestock	40.61	43.60	.99

Farm Aid Called Costly

(By Dan Morgan)

The emergency farm bill that the House is scheduled to take up Tuesday could cost consumers $4 billion—a total higher than estimates by the measure's opponents in the administration—according to a well-known private research organization.

The estimate, prepared by Chase Econometric Associates, Inc., a Chase Manhattan Bank subsidiary, concluded that consumers will have to pay 4½ cents more for a pound of beef, 10½ cents more for a pound of pork, a penny more for a pound of chicken, 3 cents more for a gallon of milk and a penny more for a dozen eggs if Congress enacts the legislation in its present form.

"I don't think they're going to get away without a price impact," said Chase agricultural economist Raymond Daniel.

The measure would increase price-support levels for corn, wheat, soybeans, cotton and milk. It also would raise income guarantees for farmers in many sectors.

Secretary of Agriculture Earl L. Butz said last week that the bill would "wreck" his efforts to reduce government involvement in agriculture and added that he would "strongly argue" for a presidential veto.

Consumer and labor union forces indicated last week they would back the legislation if the cotton and dairy sections are toned down.

The administration has warned that the legislation would boost prices of cotton and dairy products.

While strongly opposing the bill, the Department of Agriculture has maintained that the new support level probably wouldn't escalate grain prices. That is because the market for corn and wheat is above the price floor set in the new bill. Grain prices can affect costs of flour and bread, and corn-fed animals such as hogs and chickens.

The Chase Research challenges that view. Chase analysts said grain prices would likely be boosted because of short-term psychological responses to the across-the-board higher support and income levels contained in the bill.

The bill would increase net farm income by $2.2 billion, Chase estimated.

In introducing income guarantees called "target prices" in 1973, Congress was trying to set up a system to protect farmers against falling prices without raising support levels and hurting consumers. When the selling price drops below a target price for a given commodity, the government agrees to pay the difference, but not to support the price at that level. Only if the price drops still lower are supports triggered.

Farm organizations and many legislators on Capitol Hill agree that target prices in existing law are too low to protect farmers against rising expenses and falling prices of wheat, corn and other commodities. They say farmers shouldn't have to bear all the risks of growing enough to hold down prices at home and supply customers abroad.

However, some congressional liberals, such as Sen. Hubert H. Humphrey (D-Minn.), who seldom sides with Butz, are concerned about the potential high cost of the program in income guarantee payments to farmers and higher prices of some products.

Humphrey and other Senate liberals want the emergency legislation broadened to include a domestic reserve that could soak up surplus grain output this summer.

Humphrey's idea is for the government to take advantage of declining prices to begin accumulating reserve stocks of grain through cash purchases.

Backers of the idea say it would head off some new raid soon by foreign buyers while the American grain price is fairly low. Also, the reserve supposedly would stabilize grain prices at a point low enough so that hard-pressed grain-using livestock producers could start to recoup their losses of 1974, but not so low that cheap feed would encourage a new cycle of livestock overproduction.

Humphrey's plan calls for the private sector to hold a substantial reserve stock. To make sure the private sector was holding adequate stocks, a government system of allocating stocks among domestic and foreign customers would take effect when the stocks dipped too low.

Chase Manhattan Withdraws Estimates of Grain Cost Rise

(By Dan Morgan)

A Chase Manhattan Bank research organization yesterday withdrew computer-based estimates suggesting that emergency farm legislation in the House could substantially increase grain prices and result in a $4 billion total cost to consumers.

Raymond Daniel, director of agricultural economics for Chase Econometrics, said, "We may be on weaker ground than we had expected."

He said it appeared that the computer estimates had "everweighted" the potential speculative pressures in commodity markets resulting from the new bill's higher price supports and income guarantees to farmers. He said new, tentative computer projections indicate the bill could boost dairy and cotton prices, but not grains.

The estimates were distributed last week to clients of the Chase research service and summarized in press releases.

The findings were challenged this week by supporters of the bill, which is due to go before the House today.

In his report to the full House, Rep. Thomas S. Foley (D-Wash.), chairman of the House Agriculture Committee, said there was no indication the measure would have "any inflationary effect whatsoever" on wheat, feed grains and soybeans.

He said it could have "minor inflationary impact" on consumer prices and costs of cotton and dairy products. But he added that the committee was convinced that those drawbacks were more than offset by beneficial effects on the nation's economy.

The bill has caused some division in the ranks of both farmers and consumers.

The National Consumers Congress is strongly opposed to the bill because of its potential inflationary impact.

However, the Consumers Federation of America endorsed the measure provided support measures for cotton and dairy products were scaled down.

While Southern cotton growers back the higher price supports, many California cotton growers are opposed to them. They say that the higher supports could worsen the country's cotton glut and force the government to limit the acreage eligible for planting.

One organization, the National Farmers Union, maintains that the support levels are still too low across the board to cover higher farm costs.

The original Chase computations were denounced yesterday in a statement by Rep. Fred Richmond (D-N.Y.).

"I think that the inconsistency of these figures throws the whole method of predicting the impact of this legislation by computer into doubt," he said.

Daniel said the Chase estimates sparked numerous calls from House backers of the bill, as well as from traders in commodity futures, all questioning the predictions.

The Agriculture Department, while opposing the bill, has taken the position that the measure will not have an escalating effect on grain prices because they probably will stay well above support levels.

Daniel said Chase was withdrawing its original estimates for 1975 fall wheat and corn prices pending further computer analysis. He said new predictions will be issued in the near future.

IMPACT AID

(Mr. PERKINS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PERKINS. Mr. Speaker, I am today introducing a bill which would delay until October 1, 1976, the effective date for the implementation of various amendments to the impact aid program, Public Law 874, adopted by Congress last summer in the Education Amendments of 1974, Public Law 93-380.

Those amendments in Public Law 93-380 would have caused a substantial restructuring of the impact aid program. Their original effective date, however, was delayed until July 1, 1975, so that the Department of Health, Education, and Welfare would have sufficient time to analyze the amendments and to produce data by school district showing Congress the results of those amendments.

Mr. Speaker, I must report to the House that the Department of Health, Education, and Welfare has failed to produce this data. And, it seems in all likelihood that the earliest it will be able to do so will be around May 1, a mere 60 days before the amendments are scheduled to go into effect.

I am extremely disappointed that HEW has taken so lightly such a clear expression of congressional intent concerning these serious amendments to the impact aid program. This administration, as well as a number of other administrations in the past, has proposed changes in the impact aid program; and yet, when the Congress enacts substantial changes in the program the administration does not see fit to collect data in order to analyze the effects of those amendments.

I, therefore, feel compelled to introduce legislation delaying the effective date of most of those amendments for another fiscal year. If the Congress approves this legislation, as I hope it will promptly, HEW should understand that it is on notice to take its responsibility seriously and to produce data for us within the next 6 months on the effects of the amendments to impact aid contained in Public Law 93-380.

If we do not enact this bill soon, school districts receiving impact aid throughout the country will be confused and uncertain in their budgeting due to this negligence on the part of HEW. Uncertainty in Federal aid to education has been our greatest problem to date, and we ought not to add further to that confusion.

Mr. Speaker, in addition to delaying the effective date, my bill would do the following:

Guarantee school districts $63 million in impact aid for public housing children in fiscal 1976 and "hold-harmless' all other impact districts if they should lose funds due to this guarantee;

Continue the military base-closing "hold-harmless" provisions; and

Make effective July 1, 1975, the amendment giving additional payments for handicapped children of military parents.

THE FOOD AND DRUG RECALL AND REMEDY ACT OF 1975

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with 39 colleagues, I am today introducing a bill which will improve the remedial authorities of the Food and Drug Administration. The bill is an expansion of legislation which I introduced in the last Congress to empower FDA to order recalls of food, drugs, devices, and cosmetics which fail to meet the requirements of Federal law; thus imperiling the public health. I introduced this legislation after learning that present law provides FDA with no explicit authority to order unsafe articles to be recalled.

The Food and Drug Recall and Remedy Act of 1975 includes the mandatory recall authority previously proposed, but also incorporates other features designed to enhance the effectiveness of recalls.

Processors of food, drugs, devices, and cosmetics would be required to develop and maintain adequate recall systems—thus preparing in advance for the possibility that a defective product may be produced and have to be recalled. These provisions will help address what the FDA considers the most important problems with recalls—the lack of adequate industry procedures to trace products and remove them from the market—making recalls, when they occur, an arduous and haphazard effort for both industry and Government. In addition the bill corrects a number of deficiencies in FDA's present remedial authority. FDA's inspectors would be permitted to order temporary detention, or embargo, of suspect products pending a determination that a recall or other action is necessary.

The bill increases criminal penalties under the act and allows FDA to initiate legal actions directly, instead of requiring the Department of Justice to initiate the action. The legislation also affords the "processor"—manufactured, distributor, et cetera—an opportunity for an informal hearing regarding procedures against any article the Food and Drug Administration deems a "significant or potentially significant risk to health."

In addition, the bill reduces the time required to undertake seizure action by allowing for multiple seizure of misbranded articles where the articles present any significant or potentially significant risk to health. Under present law, a separate seizure action against each lot of goods in each different locale is necessary to take a misbranded product off the market.

The Food and Drug Administration has provided me with information concerning its current procedures, and the legislation takes these into account.

Mr. Speaker, this legislation provides a badly needed comprehensive reform of the inadequate recall procedures currently available to the Food and Drug Administration. The aim of the bill is to protect the health of Americans. I am hopeful that these changes will be enacted.

FOOD AND DRUG RECALL AND REMEDY ACT OF 1975

Cosponsors of the Food and Drug Recall and Remedy Act of 1975 are Representatives BADILLO, BROWN of California, BURKE of California, CHISHOLM, COLLINS of Illinois, CONYERS, Jr., CORNELL, DELLUMS, DOWNEY, DRINAN, FASCELL, FORD of Tennessee, FRASER, GILMAN, HARKIN, HARRINGTON, HAWKINS, HECHLER, HELSTOSKI, HOLTZMAN, MCHUGH, MATSUNAGA, MOORHEAD of Pennsylvania, NIX, OTTINGER, PATTISON of New York, RANGEL, RODINO, Jr., ROE, ROSENTHAL, RYAN, SCHROEDER, STARK, STOKES, TSONGAS, WAXMAN, and WON PAT.

I include the following:

FOOD AND DRUG RECALL AND REMEDY ACT OF 1975: SECTION-BY-SECTION ANALYSIS

RECALLS, DETENTION, JURISDICTION, AND LEGAL ACTIONS

Sec. 2 amends Chapter 3 of the Food Drug and Cosmetic Act (relating to Prohibited Acts and Penalties) to add four new sections: section 308, relating to recalls; section 309, relating to administrative detention of suspect products; section 310, relating to the jurisdiction of the Food, Drug, and Cosmetic Act; and section 311, relating to authority to initiate legal actions.

RECALL SYSTEMS, STANDARDS, AND REGULATIONS

New section 308(a) requires every processor of foods, drugs, devices and cosmetics to develop and maintain adequate recall systems for adulterated or misbranded products. The Secretary of Health, Education, and Welfare (i. e., FDA) is authorized to issue recall standards where he finds that existing recall systems developed by processors are inadequate to assure effective removal of adulterated or misbranded products from the market. Also included are provisions relating to recordkeeping, reporting, record inspection, and product coding to aid FDA in monitoring the effectiveness of recalls.

This subsection will assure that the industry, which ultimately is responsible for producing safe products, develops adequate preventive measures, in advance, anticipating the possibility that bad products may be produced and may have to be recalled. The subsection also recognizes that where processors of food, drugs, devices, and cosmetics fail to develop adequate preventive systems of their own, the FDA should be authorized to step in and require compliance with regulations establishing adequate recall systems.

NOTIFICATION BY PROCESSORS

New section 308(b) requires every processor who discovers adulterated or misbranded food, drugs, devices, or cosmetics to notify FDA indicating the actions planned to be taken to assure effective removal of the product from the market along with a description of the violation and an evaluation of any risk to health and measures to be taken. Processors must also notify FDA of any recalls, providing a clear description of the reasons for the recalls, an evaluation of any risk to health and a statement of the measures to be taken. This subsection will assure that FDA learns of instances where defective products are produced and of all recalls undertaken voluntarily by producers. Under present law there is no requirement of any notification of FDA in these situations except with respect to certain drugs. These notifications will enable FDA to evaluate the degree of risk involved and the action to be taken.

NOTIFICATION OF PUBLIC

New section 308(c) authorizes FDA to require processors to provide the public with adequate notification concerning defective products. FDA may issue publicity in connection with or in lieu of notification by the processor. FDA is required to disclose to the public information obtained under the recall authority, but shall not disclose trade secrets except where FDA determines that disclosure is necessary to carry out the purposes of the recall authority.

This subsection provides FDA with flexible authority designed to help the agency to provide the public with sufficient notification of risks to health due to defective products. This authority would normally be used in conjunction with recalls. Notification may be made by industry, by FDA, or both and may be in the form of press releases, letters to health professionals, retailers or home purchasers, or publicity in printed or electronic media.

REMOVAL ORDERS

New section 308(d) authorizes FDA to issue "removal orders" to processors of a food, drug, device or cosmetic which the Secretary determines is adulterated or misbranded or otherwise fails to comply with the Act. The term "removal order" includes, but is broader than, mandatory recall. A removal order may include requirements that production or distribution of the article be ceased, processing procedures be corrected, articles be recalled to the wholesale, retail, or consumer level, and other measures be taken to assure an effective recall or other action. Summary removal orders (i.e., without a prior hearing) may be issued where the article may present a significant risk to health. In other cases, a removal order may be issued only after an opportunity for an informal hearing. An informal hearing is defined in Sec. 308(p) as an open hearing, informal in nature, presided over by an impartial officer appointed by the Commissioner of the Food and Drug Administration.

The presiding officer must prepare a written report of all information presented at the hearing which is subject to both review and correction by all participants in the informal hearing and upon completion is to be published in the federal register. The commissioner of the Food and Drug Administration must act upon the presiding officer's report, the findings of which are also to be published in the Federal Register.

Other requirements which may be included in recall orders, after an opportunity for an informal hearing, are that the processor reimburse FDA for expenses incurred by FDA due to the processor's failure to diligently assure effective product removal; that articles be destroyed or reconditioned under FDA supervision (with expenses born by the processors); or that refunds be made to purchasers (in the case of device, repair, or replacement may be ordered in lieu of refund). The subsection establishes a revolving fund consisting of sums collected from processors for FDA supervision of recalls and for FDA expenses in supervising industry efforts to comply with certain existing sections of the Act: Sec. 302 relating to injunctions, Sec. 304 relating to seizures, and Sec. 801 relating to violative products detained at the border. This fund would be available to FDA without fiscal year limitations to assist in its enforcement responsibilities under these sections. There must be due regard for any environmental impact when articles are ordered destroyed under these sections.

APPEAL OF ORDERS

New section 308(e) provides for review of FDA orders in the appropriate United States court of appeals. FDA findings shall be set aside if unsupported by substantial evidence. The subsection also includes a provision for compensation of processors in instances where the FDA makes an erroneous decision to order recall or other action concerning a product. This is done by conferring jurisdiction on the United States Court of Claims to order payment of damage expenses, including attorneys' fees, for actual losses in those cases where a court or the Supreme Court has set aside the findings of the Secretary.

This subsection provides for the same kind of judicial review as is typical of that given most administrative agency orders. In addition, the bill provides new authority to indemnify industry victims of government mistakes, recognizing that FDA is being given broad power to take actions it considers necessary to protect consumers and that there will necessarily be instances in which the agency, faced with an emergency, makes an erroneous judgment, thus causing unfair loss to the processor whose product did not, in fact, violate the law. This provision goes beyond claims against the Government authorized by the Federal Tort Claims Act. The type of claims addressed by this provision are now generally handled only through private bills in Congress. Payments under this provision would be made out of the general treasury of the United States.

EXEMPTIONS

New section 308(g) authorizes FDA to exempt processors from any requirements under section 308 when these requirements are not necessary for the protection of public health.

RELATION TO OTHER AUTHORITY

New section 308(h) assures that section 308 shall not be construed to limit FDA's authority to order recalls or to take other action. Also the subsection assures that the action shall not be read as creating an implication that Federal courts issuing injunctions under section 302 of the Food, Drug, and Cosmetic Act lack authority to order recalls as a form of additional relief in connection with an injunction.

The subsection also includes language to assure that processors do not in any way attempt to rely on subsection 308 as implying any lessening of their duties under consumer protection law.

SMALL BUSINESS ASSISTANCE

New section 308(i) requires FDA cooperation with the Small Business Administration with respect to applications for loans to assist affected small business concerns to comply with the requirements of section 308.

ADMINISTRATIVE DETENTION

New section 309(a) authorizes FDA representatives to order detention of food, drugs, devices, and cosmetics suspected of being adulterated, misbranded, or otherwise in violation of the Act. Detention is allowed for up to 20 days, which may be extended for an additional 10 days when FDA finds that such action is necessary to institute suit for injunction under section 302, seizure action under section 304 or a removal order under section 308.

New section 309(b) authorizes appeal of detention orders to a superior of the FDA employee who ordered the detention. The superior official is required to provide an opportunity for such person to present his views on the matter and confirm or revoke the detention within five days of the appeal.

Section 309 is designed to provide FDA with an effective temporary remedy to assure that products suspected of violating the law are not shipped while FDA is conducting necessary tests and deciding what action is necessary. This section will correct a deficiency in food and drug law which was identified by the General Accounting Office in 1972. The GAO discovered that products were reaching the consumer market because there was a lack of authority to order temporary detention of the products. After the period of detention ends, FDA can either issue an appropriate removal order or go to court seeking seizure or injunction.

JURISDICTION OF THIS ACT

New section 310 changes present law by placing upon the party contesting FDA's action the burden of proof in establishing that the articles involved are not harmful and therefore not subject to the Act. Under present law, FDA is required to establish a connection with interstate commerce in every single legal action it takes. This is a wasteful drain upon FDA resources, particularly considering the fact that nationwide distribution channels for products under the Act are the rule rather than the exception. The party contesting FDA is also in a better position to have information bearing on the product's connection with interstate commerce.

AUTHORITY TO INITIATE LEGAL ACTIONS

New section 311. Authorizes FDA to initiate, defend, or appeal any court action arising under the Federal Food, Drug, and Cosmetic Act through his own legal representative or through the Attorney General.

At present FDA is required to go through the Department of Justice or the United States Attorney General's office in order to take legal action. FDA, like other regulatory agencies, needs authority to go directly to court on its own.

Section 2(b) amends section 304 of the Act to make it clear that seizure actions may be initiated by FDA as well as by the United States Attorney for the district in which a violative product is found.

PROHIBITED ACTS

Section 3 adds two new categories of prohibited acts to the Federal Food, Drug, and Cosmetic Act.

New section 301(q). Makes it a prohibited act to fail to

Develop, maintain, or make excessive recall systems required by section 308(a);

Comply with recall systems or recall standards required by section 308(a);

Maintain or make available records or reports as required by section 308(a);

Comply with coding requirements under section 308(a);

Furnish notification under section 308(b) or (c);

Comply with any removal orders under section 308(d).

New section 301(r). Prohibits the unauthorized movement of a detained article or the removal of tags marking the article as detained.

INCREASED CRIMINAL PENALTY

Section 4. Amends section 303(a) of the Act to raise the fine for each criminal violation from $1,000 to $5,000.

MULTIPLE SEIZURE OF MISBRANDED ARTICLES

Section 5. Amends section 304 of the act relating to the seizure of violative products. Under present law a separate seizure action against each lot of goods in each different locale is necessary to take a misbranded product off the market. Section 5 reduces the time required to undertake seizure action by allowing for multiple seizure of misbranded articles where the articles present any significant or potentially significant risk to health.

EFFECTIVE DATE

Section 6. Specifies that the amendments made by this Act shall take effect on the date of enactment and requires FDA's initial regulations to be promulgated within six months of the effective date of the amendments.

HOME HEALTH CARE—PART III

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, together with 60 House cosponsors, I have introduced H.R. 4772 and H.R. 4774, the National Home Health Care Act of 1975. The bill has been given equally strong support in the Senate where it has been introduced as S. 1163 by Senators FRANK MOSS and FRANK CHURCH, respective chairmen of the Senate Subcommittee on Long Term Care and Committee on Aging, HUGH SCOTT, Senate minority leader, and Senators WILLIAMS, DOMENICI, and TUNNEY.

To discuss the need for home health care and the public support of this proposal is receiving, it is my intention to place statements in the RECORD several times a week by experts and lay persons commenting on the legislation.

This is the third in the series.

STATEMENT BY MARY YANKAUER, EXECUTIVE DIRECTOR, THE BURDEN CENTER FOR THE AGING, MARCH 1, 1975

ALTERNATES TO NURSING HOME CARE—WHAT, HOW, WHERE, WHEN

In a recent paper I stressed that nothing would really change the care of our older citizens until this nation's attitudes about the aged were altered. I stressed that Government officials—Federal, State and local must take the lead in this change since they are at once the leaders of and those led by our electorate. In reading history we can see the disregard of age most clearly. From the work houses and Sairy Gamps of Dickens to our "country poorhouses" to the warehouses of today, this country's attitudes have been hid'em, ignor'em and they'll go away. Well they're not going away. Our older population is growing. Somehow most of the citizens get all wrought up over children, prisoners and the young poor but treating the aged as the Bible tells us to—"honor thy father and thy mother" is completely forgotten.

Nursing Homes are needed. They must be there and they must be forced to give good care and not be places of slow starvation, or death by neglect. But many are dumped there for lack of other means of care. To provide these other means of care, we must think of the older person as a whole being. It does no good for government to raise Social Security dollars and fail to see that by doing so, medical treatment is denied many—the increased income disqualifies them for Medicaid, but the increase is far from enough to pay for 70% that Medicare does *not* pay for.

What is the use of providing housing dollars for Nursing Homes when those brick and mortar shells are poorly staffed and the profit seeking owners starve clients. Why provide for payments for providers of care without making sure that care is given. In short, we, you, elected officials and us—citizens of all ages (and we are all aging—) must say to ourselves—What do the older people need? How can we provide it and then provide it as an entire package. In other words, instead of looking only at housing, only at medical needs, only at nutritional needs, only at social needs, look at the whole person.

Alternatives to Nursing Home care are many, depending on the need of a person at a given moment of life. We in this Center being advocates, touch all bases in the life of the aging. We find that if they can stay in their own familiar community, in their own apartments, until that environment no longer meets their needs, they are much better off. So we call into play every bit of help possible. We find many of those bits lacking or difficult to find.

Here in New York City, this Center is located in what is called "The Gold Coast". Our catchment area stretches from 59th to 96th Streets, from 5th Avenue to the River. Its population is about 202,000—a small city in itself. 17% of that population is over 65, 7% between 60 and 64—46,000 people. Most of them have incomes *under* $3500 per year—many have incomes of $2400–2500 per year. They are poor, they are former workers and widows of workers. They have no families or families who cannot help them. They have great pride and they want to stay in this community where many have lived since coming to America or since birth.

Their main problem is money. The second problem is housing and after that is delivery of medical (physical and mental) services. The lack of money begets other serious things like increased illness, malnutrition, withdrawal and increased mental disturbance. As a result, many wind up in Nursing Homes. If you are forced out of your home and there is no place to go that you can afford, where do you go? To a strange hotel where you are cut off from all you know, to have your illness aggravated severely, to become another person to be warehoused—a Nursing Home statistic—your allotted lifespan cut off. If you no longer can climb the 4-5 flights to your apartment and there is no cheap rent—what then? You stay in your apartment and most likely die there or stay until some person alerts the authorities and then you are placed in a strange home and forgotten.

As the older person becomes frailer, more services are needed to maintain him. If certain services were readily available where and when needed, the ultimate cost of care might be somewhat reduced and certainly the national conscience—if we still have one—would rest easier.

We have found that some of what is needed includes money for housing—apartments at low rents—congregate facilities—small medium size equipped with facilities for one congregate meal per day, advocacy help (includes social service), medical supervision and access to communities facilities and events. Medical services—available without the horribly complex forms and restrictions now imposed on the aging, including mental health services and home visits available by doctors, nurses, aides, podiatrists, therapists and other providers. Home services by an entire range, from heavy cleaners, housekeepers to home attendants and aides.

We have very little housing available. Recently over 4000 requests were filed for a total of 146 apartments. We have no congregate facilites. We have comparatively few resources for home care. Doctors won't visit. The Visiting Nurse Services are over-worked as are the Public Health nurses; there are few homemakers or aides and fewer still, well trained thoughtful ones. To obtain those few, the client must be very poor or very sick. Medicaid limits are very low and if a client is over incomed he is forced to spend 1/12 of the overage each month regardless of the cost of normal living (rent, utilities, phone, food, etc.) An example is a couple who needed a housekeeper. They would have had to spend down "x" dollars per month, then the rest of the cost would be picked up—but to spend those "x" dollars meant they would have had to cut back on essentials. The rent and utilities were high in comparison to income but no cheaper quarters could be found. Result—no housekeeper. Result six months later a move to a Nursing Home out of the community. We found a good one. They could have been kept in the community a great time longer if the available help could have been obtained. Another example—an elderly amputee on the fifth floor of a walk-up. Housekeeping help was obtained but the apartment was not suited to his abilities. It took months of work before suitable low-rent housing with elevator and proper devices could be found.

We need housing regardless of the loss of tax dollars, sponsored by non-profit groups, in this community. We need a direct subsidy to the individual to limit the proportion of income spent for rent. We need laws and regulations that permit us to look at the entire circumstance of a person so as to provide the help needed. We need a phalanx of trained persons to give those services. We need, if necessary, the mandating of service to aging by professionals as part of their obligation to the society which they profess so to serve. We also need to have the means to check and monitor those services but not by complicating the lives of older people so as to present their obtaining services. Home care services including nutrition must be available. It may cost us some money but it will also produce jobs and those jobs produce income for our economy. In short, we need to overhaul our laws.

Medicare as presently constituted is not good enough. It pays less than 40% of costs of care. In 1970 we did a survey on elderly in each block and the average cost of drugs was then $15.00 per month.

Medicaid covers only the poorest—those just over the limit are suffering badly—The cost of comprehensive services to the aging would be less than the Nursing Home costs of $1,500 per month for no care or poor care.

Dental help for the aged is a must. If one can't chew one aggravates an already tender digestive system. The restrictions on dental services for the aging must be relaxed and those services made available. For example, broken plates should be repaired or replaced without the client having to wait weeks for approval or having to travel far out of his community to have this work done.

We should have available physicians' assistants or nurse practitioners for emergency home calls especially at night. Many times the rush to the hospital and the trek back home might be avoided. By virtue of proper homemaking or home health aid service, hospitalization might be avoided.

We ought to be able to have a client evaluated in his home by a doctor or a psychiatrist, or a nurse and not have to spend hours persuading a client to go to a clinic. Many times we cannot persuade a client and to obtain help is very hard. Many aged are terrified to visit a hospital for fear they will have to stay there and consequently lose their homes. This is a real fear because of Social Security, SSI rules and Medicaid complications.

The alternative to Nursing Homes are many and far reaching. Somehow we must come up with provisions for care that encompass much and cover that vast majority of older persons who have low incomes, frail bodies and great pride. The care of our aging is not welfare. It is not charity. It is our obligation and to be quite candid our own protection. There are, particularly in our urban areas where the great numbers of aging live, very few who can pay the cost of care. Only one in five of our aging have incomes over $5000. In the future the dollar figures may change but the proportion of poor or sick will increase. Right now $10,000 will pay for quite a bit of home care. It will pay for perhaps six to eight months in a Nursing Home. Mighty few aged have $10,000 in resources.

CHAIRMAN WILLE OF FDIC: ALL IS WELL THAT ENDS WELL

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, on March 4, I placed in the RECORD the correspondence I had had with Chairman Frank Wille of the Federal Deposit Insurance Corporation. Today, I received another letter from Chairman Wille in which he clarified the contents of his first communication. Although I would have placed Chairman Wille's letter in the RECORD as a matter of course, I am doing so today specifically at his request. The entire correspondence follows:

FEDERAL DEPOSIT INSURANCE CORP.,
Washington, D.C., February 28, 1975.
Hon. EDWARD I. KOCH,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. KOCH: In light of Congressional inquiries concerning procedures followed by this Corporation in the processing of applications, I am pleased to provide the following information which I trust will be helpful to you and your staff.

On occasion, Members of Congress write to the Corporation expressing a view on the merits of a pending application. We welcome all such communications—from the Congress as well as from the general public. In expressing your views, however, you should be aware that under the Freedom of Information Act there are instances in which such a communication may become a matter of public record, depending upon the nature of the application.[1]

Under our application procedures, all members of the public are afforded an opportunity to present their views on applications subject to these procedures. Such views become a part of a public file which contains pertinent information and relevant communications regarding the application. The public file, with limited exceptions relating to the financial condition of the bank or individual members of the management, contains all written information submitted by interested persons, including Members of Congress, on the merits of the proposed application.

In the event you wish merely to inquire as to the status of an application, or the approximate date of action on it by the FDIC Board of Directors, I suggest you telephone our Congressional Liaison Office (389–4444).

Sincerely,

FRANK WILLE,
Chairman.

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 4, 1975.
Chairman FRANK WILLE,
Federal Deposit Insurance Corporation,
Washington, D.C.

DEAR CHAIRMAN WILLE: I have your letter of February 28th and in all candor I must express disagreement with its import. As someone who has supported the opening to the public of government files, I would oppose any attempt to evade the spirit of these laws and the regulations promulgated to effect their intent.

Your suggestion that Members of Congress could avoid having their names disclosed by making telephone inquiries instead of writing would appear to undermine the intent of the law. I believe it is incumbent that any file you have on which there has been an inquiry, Congressional or otherwise, should include a notation indicating who called and the nature of the inquiry.

I would appreciate your comments on this request.

Sincerely,

EDWARD I. KOCH.

FEDERAL DEPOSIT INSURANCE
CORPORATION
Washington, D.C., March 18, 1975.
Hon. EDWARD I. KOCH,
House of Representatives,
Washington, D.C.

DEAR MR. KOCH: My letter of February 28, which was sent to each Member of the Congress, was intended solely to inform the 102 new Members of the House and Senate, and to refresh the understanding of reelected Members, about the procedures which the Federal Deposit Insurance Corporation follows in processing certain types of applications filed with it by the nation's 8,800 insured State banks which are not members of the Federal Reserve System. Briefly stated, they are that any letter sent by a Member on the merits of such an application will be made a part of the public file. My letter further stated that if a Member wished "merely to inquire as to the status of an application, or the approximate date of action on it by the FDIC Board of Directors," he or she should telephone our Congressional Liaison Office.

I neither implied nor suggested that Members of Congress could evade the Freedom of Information Act by a nonwritten communication on the merits of an application. That implication or suggestion first came to my attention in your own remarks in the Congressional Record for March 4, and in your letter of the same date.

As a former member of the House Banking and Currency Committee, you were, I assume, aware of the procedures described in my letter of February 28. Other Members of Congress may not have been prior to the receipt of that letter. In retrospect, I should have added that even the receipt of telephone inquiries from Members merely as to the status of an application or the likely timetable for final agency action are logged and would no doubt be released to the public upon proper request. This procedure has been scrupulously followed ever since I became Chairman in 1970. Indeed, during the past five years, this agency has taken many voluntary steps to disclose relevant portions of application files as well as condition reports filed with us by insured nonmember banks—even when such information was clearly exempt from compulsory disclosure under the Freedom of Information Act. Your expressed concern that agencies not evade the spirit of the Freedom of Information Act is, I believe, misdirected insofar as it includes the FDIC.

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[1] See 12 C.F.R. § 303.14, Application Procedures. The applications subject to this section are (1) applications for deposit insurance by proposed new banks, (2) applications by insured State nonmember banks to establish branches, (3) applications by insured State nonmember banks to relocate their main office or branch offices, and (4) any other application requests or submittals which the FDIC Board of Directors deems appropriate.

In order that the issue you raised in your letter might be clarified for other Members of the Congress, I would very much appreciate it if you would enter this response into the Congressional Record.

Sincerely,

FRANK WILLE.
Chairman.

MONTHLY LIST OF GAO REPORTS

(Mr. BROOKS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BROOKS. Mr. President, I ask unanimous consent to extend my remarks in the RECORD and to include therein extraneous material, notwithstanding the fact that it exceeds two pages and is estimated by the Public Printer to cost $978.

MONTHLY LIST OF GAO REPORTS: COMPTROLLER GENERAL OF THE UNITED STATES

AGRICULTURE AND RURAL DEVELOPMENT

Food Labeling: Goals, Shortcomings, and Proposed Changes. Departments of Health, Education, and Welfare; Agriculture; and Commerce. January 29. MWD–75–19. Improvements are needed so that food labels tell consumers what they need to know to compare and select those products suited to their needs or wants, even though most products comply with Federal packaging and labeling laws and regulations.

On the basis of a comprehensive review and report, GAO said the Congress should consider amending food packaging and labeling laws to:

Require full disclosure of all ingredients on packaged food products.

Authorize the Food and Drug Administration to require food labels to specifically identify spices, flavorings, and colorings where a proven need exists.

Establish a uniform open-dating system for perishable foods.

Establish a unit pricing program, including guidelines for the design and maintenance of unit pricing information and the education of consumers about its use and benefits.

A summary of this report is also available, free of charge. Request: Food Labels: Do They Tell Enough? January 29. MWD–75–19A.

National Rural Development Efforts and the Impact of Federal Programs on a 12-County Rural Area in South Dakota. Department of Agriculture and other Federal agencies. January 8. RED–75–288. GAO wanted to determine how the Rural Development Act of 1972 was being carried out and to evaluate its impact on problems concerning residents of a specific rural area in South Dakota.

While the statutory commitment to rural development is impressive, it has not been fully supported by Government actions.

The Department of Agriculture needs to quantify employment, income, population, housing, and community services and facilities goals called for by the act, on both national and regional bases, so that progress toward their attainment can be measured and reported on.

GAO believes its findings and conclusions regarding South Dakota are applicable to other Great Plains areas, with similar characteristics.

Reduction in Federal Expenditures Possible Through Commodity Credit Corporation's Assumption of Insured Warehousing Risks. Department of Agriculture. January 10. RED–75–320. During the 5 years ended June 30, 1972—the most recent period for which data were available—the Corporation incurred $22.6 million in insurance costs. If the Corporation had assumed its own insurable risks, it would have saved about $17.1 million.

As a large Federal operation, the Corporation has ample resources to absorb insurable losses. Its activities are financed largely by borrowings under a statutory authorization of $14.5 billion. Its operating losses, several billion dollars annually, are reimbursable through congressional appropriations.

The report said, "It is difficult to conceive of an organization better prepared to assume its own risks."

Examination of the Rural Telephone Bank's Financial Statements for Fiscal Year Ended June 30, 1974. Department of Agriculture. January 23. FOD–75–5. Through June 30, 1974, the Bank approved loans to 269 borrowers for about $397.3 million, an increase of 55 borrowers and about $156.4 million since June 30, 1973. Advances totaled about $144.3 million to 178 borrowers—an increase of about $98.7 million and 85 borrowers since June 30, 1973.

The Bank's financial statements present fairly its financial position at June 30, 1974, and the results of its operations, and changes in financial position for the year then ended.

Audit of Federal Crop Insurance Corporation Fiscal Year 1974. Department of Agriculture. January 20. FOD–75–7. For the first time in the Corporation's history, coverage of insured crops exceeded $1 billion.

Premium income of $47.5 million exceeded indemnity payments by $19.1 million. Expenses totaled $18.9 million, $12 million of which was covered by fiscal year 1974 appropriated funds. Such appropriations now exceed $200 million.

The Corporation has a yearend capital surplus of $2.7 million, compared with a $9.6 million capital impairment at the beginning of the year. This is the first time since 1965 that the Corporation has been in a capital surplus position.

COMMERCE AND TRANSPORTATION

Alleged Discrimination and Concessions in The Allocation of Railcars to Grain Shippers. Interstate Commerce Commission. December 30, 1974, released January 7 by Representative John Melcher. GGD–75–24. Grain companies having available rail transportation were able to buy grain from independent elevators at prices below those quoted in some markets. ICC was aware of the grain car shortage and instituted measures to encourage better allocation of available cars. The measures taken do not seem to have been effective as the grain car shortage affected the ability of independent elevator operators to carry on business as they had in the past.

This report provides a detailed discussion of what appears to be the central issue: lawful tariffs that allow grain companies to retain control of large numbers of grain cars for extended periods. Because GAO has no legal authority to audit the records of private sales of the companies involved, it was not able to verify alleged concessions or discriminations between railroads and grain shippers.

Vessel Traffic Systems—What is Needed to Prevent and Reduce Vessel Accidents? U.S. Coast Guard, Department of Transportation. January 21. RED–75–319. Accidents in U.S. waters in 1974 included 1,700 vessel collisions, rammings, and groundings, generally considered preventable by vessel traffic systems. These resulted in about $80 million in damages to vessels, cargo, and other property and 303 persons killed or injured.

Since 1972, the Coast Guard has been developing or operating vessel traffic systems in six U.S. ports using various combinations of electronic surveillance. However, it has made limited use of its authority to regulate vessel movements in U.S. ports and waterways. Regulations can play an important role in improving the safety of marine traffic in U.S. ports and waterways.

District and local Coast Guard officials said there had been little direction from headquarters to develop regulations. Officials said at one district they did not follow up recommendations for additional regulations made in Coast Guard studies because they had not been directed to do so by headquarters. Officials say development of regulations is controversial because of the maritime industry's reluctance to relinquish any degree of control over vessel operation.

COMMUNITY DEVELOPMENT AND HOUSING

Summary Information on HUD-Held Multifamily Mortgages. Department of Housing and Urban Development. April 10, 1974, released January 17, by the Chairman, Subcommittee on Legal and Monetary Affairs, House Committee on Government Operations. RED–74–224. This report on HUD's management of its portfolio of assigned multifamily morgtages contains detailed summaries of information on five of the six HUD projects. The review was made at HUD area and insuring offices in St. Louis, Phoenix, Los Angeles, Dallas and Fort Worth.

GAO's examination of cash receipt and disbursement transactions included a determination of whether:

Rental and other income was properly accounted for and deposited into appropriate bank accounts in the name of the project, and

Cash disbursements were made in line with provisions of the plan established by HUD to reinstate the delinquent mortgage.

Housing For the Elderly—Factors Which Should be Evaluated Before Deciding on Low- or High-Rise Construction. Department of Housing and Urban Development, January 9. RED–75–308. HUD does not identify factors to be considered by local housing authorities in determining whether low- or high-rise buildings should be constructed, nor does it require them to make analyses to determine which building is the most suitable.

Before applying to HUD for financial assistance, local authorities should make thorough analyses of both low- and high-rise buildings to determine which type is most suitable. Analyses should include cost of construction, operating, and maintaining each type of structure and availability, location, and cost of land.

EDUCATION AND MANPOWER

Evaluation of Comments on Report on Problems in Filling Job Orders and Placing Job Applicants in Masachusetts. Department of Labor. To Representative Michael J. Harrington, January 23. MWD–75–49. Both Labor and the Massachusetts Division of Employment Security indicated action has been taken on GAO's October 30, 1974, recommendations to improve placement activities. Most actions, dealing with purging of applicant files, improving accuracy of data in the files, increasing job matching, increasing referrals and making them more timely, increasing job development efforts, and specializing personnel by occupation, were taken after this GAO review was completed. These actions, if taken properly, will help improve the State's placement performance.

GENERAL GOVERNMENT

Civil Agencies Make Limited Use of Cost-Benefit Analysis in Support of Budget Requests. January 14. FGMSD–75–10. Of 19 budget requests totaling $18.6 billion for fiscal year 1973, GAO found that 3 studies qualified as cost-benefit analyses.

Recognizing that all budget items are not susceptible to cost-benefit analysis, GAO believes some programs for which such analysis had not been done were susceptible to this analytical technique.

OMB Circular A–11 encourages agencies to submit analytical data, including cost-benefit analysis, but does not make such analysis mandatory, and, in the majority of cases in which GAO believes such analysis is practical, it has not been done.

Summaries of GAO Conclusions and Recommendations on Appropriation Matters for Civil Departments and Agencies. To the Chairman, House and Senate Committees on Appropriations. January 2. MWD–75–42. This is GAO's first annual report of summaries of GAO conclusions and recommendations on Federal civil departments and agencies operations which it believes will be of interest to the Senate and House Appropriations Committees in the review of budget requests for fiscal year 1976. These reports have previously brought these matters to the attention of the Congress and departmental officials.

This report replaces GAO's previous annual report of significant audit findings in the Federal civil departments and agencies. A report of conclusions and recommendations concerning DOD is being submitted separately.

Need for a Uniform Method for Paying Interest on Government Trust Funds. Department of the Treasury. January 10. GGD–75–34. GAO reviewed the investment of 17 major trust funds such as those pertaining to social security programs, unemployment, highways, and civil service retirement.

Government trust funds are accounts maintained to record the receipts, expenditures, and balances of funds held in trust by the Government for use in carrying out specific purposes or programs in accordance with authorizing legislation. Trust fund receipts not needed for program purposes are invested in Government obligations. As June 30, 1974, these funds had about $124 billion invested in Government obligations of which about $111 billion was invested in special issues.

Special issues are nonmarketable Government obligations designed for direct issuance to the trust funds. For 11 of the 17 major funds the bases for the assigning of interest rates is prescribed by statute; the rates for the remaining six are established administratively.

The bases for assigning the interest rates are not the same and result in inequities in the assignment of interest rates. Different interest rates are assigned to the investments of the major trust funds in special issues of the same maturity. For example, at June 30, 1974, three different interest rates—6.5 percent, 7 percent, and 8 percent—were assigned to the 1-year special issues maturing in 1975 issued to four trust funds; and four different interest rates—ranging from 5.875 to 8 percent—were assigned to the special issues maturing in 1981 acquired by nine trust funds.

GAO recommended that the Congress consider enacting one law for the investment of the major trust funds. GAO recommended that the legislation provide that trust funds not be invested in specific Government securities but instead be paid interest on the trust fund balances used for nontrust purposes. The rate assigned to each fund should be the same and in line with the cost of borrowing by Treasury from the public.

Need to Improve Management and Operations of Regional Printing Procurement Offices, Government Printing Office. February 20, 1974, released January 10 by the Chairman, Joint Committee on Printing. LCD–74–404. Improper awards in procuring commercial printing for Federal agencies could be reduced if automatic data processing were used to evaluate responsive bids. During FY 1973, regional offices procured commercial printing valued at about $56 million.

Regional offices spend inordinate amounts of time in processing low-value contracts. Prices charged clients are not sufficient to cover costs incurred in obtaining this printing. GPO should encourage agencies to obtain low-value printing on their own.

Use of Surety Bonds in Federal Construction Should be Improved. January 17. LCD–74–319. Lacking comparable quantitative data, GAO could not develop measurable evidence supporting either elimination or retention of the current bonding system.

Federal agencies' lack of experience in performing certain surety-type services prevented agencies from estimating the cost if the Government assumed such services.

Most preaward survey work done by agencies to determine a contractor's responsibility is an unnecessary duplication of the underwriting work done by surety companies.

Solid Waste Disposal Activities. District of Columbia Government. September 26, 1974, released January 8 by the Chairman, Subcommittee on the District of Columbia, Senate Committee on Appropriations. GGD–75–12. The District has not completed its long-range solid waste disposal plan or precisely defined its total cost implications.

After GAO completed its fieldwork, the District prepared a Solid Waste Disposal Action Program covering activities through fiscal year 1977. The program deals with alternatives to current disposal processes; improvements to transfer stations; resource recovery facility construction; phaseout of incineration of solid waste; equipment procurement; and separate collection and disposal, through sale, of newsprint.

HEALTH

Improvements Needed to Speed Implementation of Medicaid's Early and Periodic Screening, Diagnosis, and Treatment Program. Social and Rehabilitation Service, Department of Health, Education, and Welfare. January 9. MWD–75–13. Under this congressionally mandated program, States are required to get more actively involved in preventive health care by identifying and treating medical problems early. In the long run this approach has great potential for reducing the incidence of long-term, costly medical care.

However, HEW has not been agressive in trying to make States comply with the law and has been slow in developing regulations. As a result, only a small percentage of an estimated 10 million eligible children under 21 have been screened. If emphasis were placed on informing families about the program and if allied health professionals were used more in areas with a shortage of physicians, more children could be screened.

HEW concurred with GAO's recommendations and described actions that had been, or will be, taken. HEW said these plans necessarily are contingent upon the availability of staff.

INCOME SECURITY

Further Improvements Needed in Processing Widows' Claims for Black Lung Benefits. Social Security Administration, Department of Health, Education, and Welfare, December 31, 1974, released January 8 by the Chairman, Special Studies Subcommittee, House Committee on Government Operations. MWD–75–44. A study of 100 cases showed that after an application was filed it often took almost 12 weeks to complete processing even though HEW received most of the applications within a week after filing.

To expedite claims processing, HEW agreed to GAO's suggestion for improving the existing manual process by using a teletype network, instead of surface mail. This change could reduce the median conversion time from 6 to about 4 weeks.

The conversion process can be further improved by using a fully automatic death-termination and benefit process and a joint payment procedure similar to that authorized by the Social Security Act for the Old-Age Retirement and Survivors program that would permit a surviving widow to cash her husband's benefit check.

INTERNATIONAL AFFAIRS AND FINANCE

A Progress Report on United States-Soviet Union Cooperative Programs. January 8. ID–75–18. The Moscow Summit in May 1972 laid the foundation for agreements on cooperative efforts between the United States and the Soviet Union in the fields of health, environmental protection, space exploration, and science and technology. To date the exchange of information has been limited and of little technical benefit to the U.S.

Poor communications, differing priorities, misunderstandings, and security concerns delayed many projects during the first 18 months. Such matters as funding, language translating facilities and travel costs of visiting scientists should have been resolved during this period but were not. The space project is demonstrating that these problems can be overcome.

The Congress should consider the desirability of an annual progress report on each agreement.

Bolivia—An Assessment of U.S. Policies and Programs. January 30. ID–75–16. The U.S. has provided $650 million to support Bolivia's social, economic, and military advancement in the past 20 years. International agencies, to which the U.S. contributes, have provided assistance totaling $360 million. During FYs 1972–74, U.S. assistance totaled $150 million—exceptionally high considering Bolivia has 5 million inhabitants.

Developments within Bolivia have a great impact on the Latin American community. Political stability has been the overall U.S. objective in Bolivia. Since the August 1971 revolution this stability has increased.

The Bolivian Government has reached agreement on compensation with all major U.S. firms it had nationalized, and has acted to increase foreign investment.

Bolivia's economic and social development can be accelerated and can derive greater benefits from external assistance if the United States considers observations contained in this report when planning and implementing programs.

Reimbursements from Foreign Governments for Military Personnel Services Provided under the Foreign Military Sales Act. Department of Defense. August 16, 1974, released January 27 by Representative Les Aspin. ID–75–6. Air Force personnel services reimbursed in connection with military sales programs during fiscal years 1973 and 1974 totaled $28.8 million and involved an estimated 2,865 man-years. Twenty-six countries are involved, with Iran and Germany making up more than half of the total dollars. Most services performed were for pilot training.

In contrast to procedures followed by the Air Force in crediting moneys received to its military personnel appropriation account, the U.S. Army deposits reimbursements for similar services into the miscellaneous receipts account of the U.S. Treasury. Efforts are underway to resolve this inconsistency by requiring each military service to follow the Air Force procedure.

NATIONAL DEFENSE

Substantial Staff and Cost Reductions Possible at Military Telecommunications Centers Through Use of Uniform Staffing Standards. Department of Defense. January 7. LCD–74–120. Some 900 telecommunications centers are staffed with an estimated 20,000 military and civilian employees whose salaries and related benefits cost the Government about $200 million annually.

Using a composite standard, GAO estimates that net overstaffing totaled about 2,170. Monetary impact of this overstaffing is $21.7 million each year in increased operating costs. Such costs and personnel could be applied to improve combat effectiveness within the military departments.

GAO's study indicated that introducing automated equipment has not resulted in the staffing reductions at these centers that could be achieved.

Methods of Purchasing Food for the Military Services are Costly and Inefficient. Department of Defense. January 14. LCD–74–430. DOD's inability to respond effectively to market conditions and depart from rigid specifications quickly results in higher costs and in shortages of required items.

For the DOD to improve its ability to compete in the marketplace with other food buyers, it needs (1) authority to substitute alternative styles, forms, and grades and (2) product specifications and purchase descriptions that do not contain nonessential requirements.

Apparently DOD does not recognize any problem in its current subsistence procurement procedures. Lack of adequate response to its bid solicitations resulting in shortages in DOD food items and in increased costs is important enough for DOD to reexamine its entire food procurement role.

Marine Corps Logistics System Could Be Drastically Reduced by Greater Reliance on Intergrated Managers Department of Defense. January 14. LCD–74–434. DOD's systems for providing logistical support to all military services are well developed and can adequately respond to the Corps' wholesale supply and depot maintenance requirements.

Supplies over and above those provided from war reserves could be provided by integrated managers without need for the Corps to maintain a separate wholesale supply system.

Savings from greater reliance on other logistical systems would be immediate. Investment in the inventory of supply support items could be reduced by about $300 million. A large part of the $22 million annual expenditure for operating Corps storage depots could be reduced.

Need for and Uses of Data Recorded on DD Form 214 Report of Separation from Active Duty. Department of Defense. January 23. FPCD–75–126. Since Report Form 214 can contain derogatory information, the practice of providing it to all individuals released from military service does not safeguard their privacy. The majority of individuals who serve in the military do well, and the separation report they receive does not adversely affect them in civilian life.

For those who do not perform well and whose separation report reflects this, the report can adversely affect them, particularly in seeking civilian employment. The separation report would not be needed by veterans if:

The VA's system provided all veterans with information concerning their eligibility for veterans benefits.

Military central depositories for personnel records were required to provide timely responses to inquiries, and

A document describing an individual's work experience, training, and education would benefit all veterans seeking civilian employment and would conform to data normally exchanged between civilian employers.

Support of Hunting and Fishing at Matagordo Island, Texas. Department of the Air Force. January 6, released January 9 by Senator William Proxmire. FPCD–74–109. In the 19 months from October 1972 to May 1974, the Air Force spent over $218,000 in appropriated funds and $29,000 was spent from non-appropriated funds, on Matagorda Island for recreational activities. Costs were for an average of 25 recreational employees, guides, game cleaners, cooks and assistants. Air Force personnel came from on-duty units throughout the country during the hunting and fishing seasons.

From 1971 to 1973, a total of 989 military personnel and a few civilians used Matagorda Island for hunting and fishing. This number included 48 generals, 508 other officers, 349 enlisted men, 30 dependents, and 55 civilians. Official records indicated that 14 generals made 20 visits to Matagorda from January 1970 to December 1972 but charged leave only 7 times.

Information on the Number, Location, and Cost Associated With Construction and Operation of Military Golf Facilities Throughout the World. Department of Defense. November 18, 1974, released January 20 by Senator William Proxmire LCD–74–404. In this tabulation, GAO reports the number, location, and costs associated with construction and operation of DOD golf facilities wherever located in the world. GAO, as requested,

Obtained financial operating information relative to sales, cost of sales, and user fees the golf facilities collected, and

Identified the number of 9- and 18-hole public golf courses within a 25-mile radius of military installations responsible for golf facilities.

Military Hospitals Should Be:—Provided Criteria for Presidential VIP Accommodations;—Instructed to Discontinue Separating Officer and Enlisted Patients. Department of Defense. December 24, 1974, released January 25 by the Chairman, Subcommittee on Priorities and Economy in Government, Joint Economic Committee. MWD–75–38. Costs of contruction or modification of presidential suites ranged from $500 at Fitzsimons to $215,000 at Bethesda. Costs of furnishings ranged from $1,800 at Fort Gordon to $25,000 at Camp Pendleton. Size of the suites ranged from 600 square feet at Fort Gordon to 6,543 square feet at Bethesda.

GAO's review at Air Force and Army hospitals showed officer and enlisted patients were assigned on the basis of medical needs, such as surgical patients to a surgical unit and medical patients to a medical unit.

At Navy hospitals GAO visited, however, officer and enlisted patients were assigned to separate nursing units because of Navy tradition. The Navy hospitals which separated officers from enlisted personnel generally provided:

More space to officers,

More expensive furnishings to officers, and

A higher ratio of nursing staff to officers.

NATURAL RESOURCES AND ENVIRONMENT

Implementation of Federal Water Pollution Control Act Amendments of 1972 is Slow. Environmental Protection Agency. December 20, 1974, released January 23 by the Chairman, Subcommittee on Environmental Pollution, Senate Committee on Public Works. RED–75–291. The 1972 amendments required grantees to meet many new and changing requirements. Many States and municipalities did not meet EPA's requirements implementing legislative provisions and were unable to qualify projects for available Federal funds.

Impoundment of $9 billion of the $18 billion authorized by the Congress could seriously hamper achieving the goal of eliminating discharge of pollutants into navigable waters by 1985 once administrative and legislative requirements are met.

VETERANS BENEFITS AND SERVICES

Need for Improved Outreach Efforts for Veterans in Prison or on Parole. Veterans Administration. December 30, 1974, released January 27 by Representative Charles B. Rangel. MWD–75–48. VA has no uniform system to be followed by its regional offices for reaching veterans in penal institutions to encourage them to take advantage of the VA benefits available to them. VA Regional Offices had a policy of visiting penal institutions only upon specific request by prison officials. GAO's discussions with a number of imprisoned and recently paroled veterans showed many of them were not aware they were still entitled to VA benefits.

Examination of Financial Statements of Veterans Canteen Service for Fiscal Year 1974. Veterans Administration. January 20. FOD–75–6. During FY 1974 the Service operated 171 canteens—1 in each VA hospital and home—located in the U.S. and in Puerto Rico. Services were available to a daily average of about 88,000 hospitalized veterans, 10,000 veterans in VA homes, and about 37,000 veteran outpatients.

Financial statements included in the report present fairly the financial position of the service at June 30, 1974, and results of its operations and changes in financial position for the year then ended.

Low Rents Charged at Personnel Quarters of the Veterans Administration Hospital, Hines, Illinois. Veterans Administration, Department of Housing and Urban Decelopment, December 6, 1974, released January 17 by the Chairman, Subcommittee on Housing and Urban Development, Space, Science, Veterans, Senate Committee on Appropriations. LCD–75–302. The rental rates for quarters provided to employees of Hines were lower than prevailing rates for comparable housing in nearby communities. Basic rental rates at Hines were adjusted downward for allowances that could not be justified within the framework of the OMB Circular A–45 which prescribes how such rates are to be set. The downward adjustments subsidized employees improperly and resulted in rental income losses of as much as $123,000 annually.

LETTER REPORTS

A report of a delay in apportioning funds appropriated to the Departments of Labor and Health, Education, and Welfare—to the Speaker of the House and President of the Senate. January 10. ACG–75–9.

GAO comments on deferral actions transmitted to the Congress by the President December 27, 1974—to the Speaker of the House and President of the Senate. January 16. ACG–75–10.

Department of Labor procedures for procuring audit services from licensed public accounting firms—to the Chairman, Intergovernmental Relations Subcommittee, House Committee on Government Operations. January 13, released January 16. MWD–75–43.

The Model Cities program in Dayton, Ohio—to Representative Charles W. Whalen. Jr. December 23, 1974, released January 8. RED–75–317.

U.S. sale of wheat to Egypt—to Representative Joshua Eilberg. December 6, 1974, released January 13. ID–75–34.

Procedures for selling excess military helicopters—to Representative Henry S. Reuss. October 25, 1973, released January 10. B–173873.

Problems in the Securities and Exchange Commission's accounting system—to the Chairman, SEC. January 2. FGMS–75–14.

Violation of the Antideficiency Act in obligating FY 70 military personnel funds—to the Secretary of Defense, January 6. FGMS–75–4.

Proposed modernization program at Rock Island Arsenal—to the Secretary of the Army. January 20. LCD–75–427.

Recommendations concerning planned procurements by the Departments of Agriculture, Commerce, and the Interior for the Earth Resources Technology Satellite program—to the Administrator, National Aeronautics and Space Administration. January 27. PSAD–75–51.

Defense Supply Agency's use of requirements contracts to satisfy wood products needs of military installations—to the Secretary of Defense. January 27. PSAD–75–49.

HOW TO OBTAIN GAO AUDIT REPORTS

Copies of these reports are available from the U.S. General Accounting Office, Room 4522, 441 G Street, NW, Washington, D.C. 20548. Phone (202) 386–6594.

Copies are provided without charge to Members of Congress and congressional committee staff members; officials of Federal, State, local, and foreign governments; members of the press; college libraries, faculty members, and students; and non-profit organizations.

The price to the general public is $1.00 a copy, except as noted. There is no charge for copies of letter reports.

Please use the order form on the next to the last page to request reports by mail.

LEGAL DECISIONS AND OPINIONS

In addition to the reports listed in this publication, the Comptroller General issues some 5,000 formal decisions and advisory opinions annually to the Congress, executive branch agencies, and, in some cases, the public, dealing with the legality of public fund expenditures by the Federal Government. The formal decisions are reported and published separately.

Besides an annual bound volume of the Decisions of the Comptroller General, available through the Government Printing Office, GAO issues monthly pamphlets of the published decisions and quarterly digests of "unpublished" decisions in the areas of Procurement Law, Personnel Law (both Civilian and Military), General Government Matters Law and Transportation Law. Manuals covering annotations of decisions in these areas are available. In addition, all published decisions of the Comptroller General, together with the digests of all "unpublished" ones, are available on the U.S. Air Force's computer research program, Project LITE.

For further information regarding decisions of the Comptroller General, call (202) 386-3056 or write to the General Counsel, U.S. General Accounting Office, Washington, D.C. 20548.

MALNUTRITION IN THE UNITED STATES AND H.R. 48—THE ANIMAL FOODS PURCHASE BILL

(Mr. MELCHER asked and was given permission to extend his remarks at this point in the Record).

Mr. MELCHER. Mr. Speaker, if we take the word of those who do not want to provide an adequate minimum diet for the poor, or of weary bureaucrats who do not want to make any additional effort to meet human needs, it is not difficult to conclude that there are not adequate outlets for the meat and animal food products some of us have proposed to buy and distribute in H.R. 48.

But if we dig into the real nutrition situation, it is easy to identify a need for all of the meat and animal food products this bill would provide through a $1 to $2 billion purchase program. Because the statement has been made that we would have difficulty to dispose of the products H.R. 48 would have the Department of Agriculture buy, I have had two staff members making a telephone survey of need for additional food around the country, and there is no question the need is there.

We talked yesterday with welfare officials in Detroit, Mich., as an example. They have 22-percent unemployment within the city limits, and 50-percent in the core, or inner city. They have just completed a careful survey on which to base a plea for food assistance and found that between 105,000 and 110,000 citizens of Detroit are undernourished and in need of additional food. Their nutritionist advised that a pound of meat or other animal food products each week for each of them would be a "Godsend."

Out in Seattle, Wash., Mrs. Peggy Maze of the Neighbors in Need program which handles direct distribution in that city, told me that they are "not scratching the surface" of need with available food; that requests for food assistance are running 80,000 to 120,000 per month in King County and substantial amounts of additional food aid are needed.

Los Angeles County, with 9.1 percent unemployed and 670,000 people on food stamps, advised us that they have a real need for direct distribution food products. The Salvation Army there is serving 6,000 a day and they have 9,000 licensed boarding homes and institutions for the elderly where need for better nutrition is great.

San Diego reports 11-percent unemployment, 26,000 on food stamps, and estimated to us that they could use 300,000 pounds of meat and other animal food products a month with about 55,000 people. One of their problems is migrant workers, who fear applying for food stamps because of their status as immigrants.

The State of Massachusetts has not provided us with an estimate of need, but officials there say it is extensive and they would have no problem in distributing a large amount of food if the products were made available to them.

Telephone inquiries around the country bring unanimous agreement that there is extensive need. There is a reluctance in some places to undertake any additional effort to reach the needy, although the need exists. It would mean some additional effort and entail some additional expense.

I have obtained one projection from a highly placed individual in our Federal nutrition programs that, with continuing unemployment at present rates, existing distribution programs could use 934 million pounds of dairy products and 821 million pounds of meat food products, beyond existing distribution, without waste, in the coming year.

That estimate is based on human need, of course, and not on what the Office of Management and Budget or other high officials would like to undertake.

The fact is that our present food distribution programs are inadequate by any standards.

The Department of Agriculture has been economizing at the expense of the hungry. Their own figures show that food provided to schools for school lunch programs were cut back last year from the 1972 contribution level of $925 million to $844 million.

Distribution to institutions, which reached $180 million back in 1962, was at a $108 million level last year.

Two responsible recent surveys of the food stamp program indicate that only 46.6 percent of persons eligible are receiving food stamps, and the Senate Nutrition Committee reports that benefits have fallen so far behind inflation that recipients now get less than 80 percent of a nutritionally adequate diet. The committee report adds:

> The nutritional benefits of millions of newly unemployed, elderly and poor continue to be inadequate.

Janet Wagner of the American Association of Retired Persons, one of our leading elderly organizations, advises that there are 7 million elderly who need additional food, including 1 million in institutions and others now getting food once a day through the title 7, food for elderly, program.

Administrators of the title 7 program in the Older Americans Act estimate that they could use $80 to $100 million worth of food next year out of this H.R. 48 program, but more realistic estimates of what our elderly need show that at least $400 million in food for this program could be used, which would amount to only about $55 per person per year in animal food products.

FIFTY MEMBERS OF CONGRESS COSPONSOR ENERGY INDUSTRY DECONCENTRATION ACT

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, 50 other Members of Congress are joining me today in sponsoring the Energy Industry Deconcentration Act, which is intended to restore competition in the energy industries.

The anticompetitive structure and behavior of the huge integrated oil companies have contributed to today's energy shortage and high prices of gasoline, heating oil, and utilities. While the taxpayers and consumers have made all the sacrifices in the economic crisis, the oil companies have used their economic power to raise prices and make unprecedented profits. It is time for us to legislate a restructuring of the energy industry, especially of the oil companies.

The Energy Industry Deconcentration Act would prohibit the vertical integration which exists in the major oil companies. Under the bill, no corporation or its affiliates could engage in more than one of the phases—production, refining, transportation, and retail sales—of the oil and natural gas industries. This prohibition is needed to allow the entry by potential competitors at the production and refining stages. The Federal Trade Commission has concluded that the major oil companies use vertical integration to restrict such competitors.

In addition, the legislation would prohibit oil and natural gas companies from owning coal or uranium deposits. Through acquisitions and mergers, the oil companies have actual control of 30 percent of the Nation's privately held coal reserves and 50 percent of the uranium reserves. This means that the oil companies have developed the power to keep oil prices and profits high simply by restricting the output of coal and uranium, which are the main sources of competition to oil and natural gas. Even now, Cities Service Co.—CITGO—is trying to acquire Peabody Coal, the Nation's largest coal producer. Production levels and prices for coal and uranium should be determined by free market forces, not by arbitrary decisions of oil company executives.

The bill's prohibition on multiple ownership of competing types of energy sources is essentially a conflict-of-interest statute intended to insure that coal and uranium decisions are independently made. This goal is strengthened by the bill's provision that no person may be an officer, director, or employee of two or more energy companies.

Free and vigorous competition is the cornerstone of our free enterprise system. This legislation is designed to restore that type of competition within the energy industry. It will provide an economic incentive to stimulate the development of new energy sources, and it will make it possible for the marketplace to force down the prices of gasoline, heating oil, and utilities.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Steed (at the request of Mr. O'Neill), on account of official business.

Mr. Mosher (at the request of Mr. Rhodes), after 4:30 p.m., today and the balance of the week, on account of official business.

Mr. Broyhill (at the request of Mr. Rhodes), after 2 p.m., today, on account of death in family.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Hyde) to revise and extend their remarks and include extraneous material:)

Mr. Don H. Clausen, for 5 minutes, today.

Mr. Armstrong, for 60 minutes, March 25, 1975.

(The following Members (at the request of Mr. Hayes of Indiana) to revise and extend their remarks and include extraneous material:)

Mr. Rodino, for 5 minutes, today.

Mr. Ford of Michigan, for 5 minutes, today.

Mr. Krueger, for 5 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Koch, for 10 minutes, today.

Mr. Levitas, for 10 minutes, today.

Mr. Rose, for 10 minutes, today.

Mr. Matsunaga, for 15 minutes, Friday, March 21.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Brooks, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $978.

Mr. Findley, and to include extraneous matter, during consideration of H.R. 4296 in the Committee of the Whole.

Mr. Harkin, during general debate on H.R. 4296 and to include extraneous matter.

(The following Members (at the request of Mr. Hyde) and to include extraneous matter:)

Mr. O'Brien.

Mr. Derwinski in two instances.

Mr. Schulze in two instances.

Mr. Jeffords.

Mr. Crane.

Mr. Carter in two instances.

Mr. Whitehurst.

Mr. Frenzel in two instances.

Mr. Cohen.

Mr. Conte.

Mr. McClory.

Mr. Burke of Florida.

Mr. Taylor of Missouri.

Mr. Ashbrook in two instances.

(The following Members (at the request of Mr. Hayes of Indiana) and to include extraneous matter:)

Mr. McDonald of Georgia in three instances.

Mr. Dominick V. Daniels.

Mr. Madden in five instances.

Mr. de Lugo.

Mr. Dodd in two instances.

Mr. Bedell in two instances.

Mr. Carney in two instances.

Mr. Downey in five instances.

Mr. Byron in 10 instances.

Mr. Mazzoli.

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. Ginn.

Mrs. Schroeder.

Mr. Levitas in two instances.

Mr. Murtha.

Mr. Johnson of California.

Mr. Teague.

Mr. Brodhead.

Mr. Eilberg in two instances.

Mr. Rangel.

Mr. Bingham.

Mr. Evins of Tennessee in four instances.

Mrs. Spellman.

Mr. Vanik in five instances.

Mr. Bonker.

Mr. Dellums in two instances.

Mr. Duncan of Oregon in five instances.

Mr. Zeferetti in two instances.

ENROLLED JOINT RESOLUTION SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a joint resolution of the House of the following title, which was thereupon signed by the Speaker:

H.J. Res. 258. Joint resolution to designate March 21, 1975, as "Earth Day."

A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a joint resolution of the House of the following title:

H.J. Res. 258. Joint resolution to designate March 21, 1975, as "Earth Day."

ADJOURNMENT

Mr. HAYES of Indiana. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 42 minutes p.m.) the House adjourned until tomorrow, Thursday, March 20, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communcations were taken from the Speaker's table and referred as follows:

604. A letter from the Secretary of Agriculture, transmitting the Department of Agriculture's analysis of the effect of the Emergency Agricultural Act of 1975 (H.R. 4296); to the Committee on Agriculture.

605. A letter from the Secretary of Defense, transmitting a report on the real and personal property of the Department of Defense, as of June 30, 1974, pursuant to 10 U.S.C. 2701(b); to the Committee on Armed Services.

606. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting proposed amendments to the regulations governing the guaranteed student loan program, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

607. A letter from the Director, Federal Mediation and Conciliation Service, transmitting the annual report of the Service for fiscal year 1974, pursuant to section 202 (c) of the Labor Management Relations Act, 1947 [29 U.S.C. 172(c)]; to the Committee on Education and Labor.

608. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to provide an authorization for an ex gratia payment to the people of Bikini Atoll, in the Marshall Islands of the Trust Territory of the Pacific Islands; to the Committee on Interior and Insular Affairs.

609. A letter from the Acting Assistant Secretary of the Treasury, transmitting an addendum to the report on developing countries' external debt and debt relief provided by the United States; to the Committee on International Relations.

610. A letter from the Comptroller, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Air Force to offer to sell certain defense articles or services to the Government of Iran, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

611. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to improve judicial machinery by amending title 28, United States Code to broaden and clarify the jurisdiction of the U.S. magistrates; to the Committee on the Judiciary.

612. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to authorize one additional judgeship for the eastern district of Kentucky and for other purposes; to the Committee on the Judiciary.

613. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to improve the administration of criminal justice by facilitating the trial of petty offense cases before U.S. magistrates; to the Committee on the Judiciary.

614. A letter from the National Commander, Civil Air Patrol, transmitting the annual report of the Civil Air Patrol for calendar year 1974, and the financial report of the organization as of June 30, 1974, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

615. A letter from the National Commander, Veterans of World War I of the U.S.A., Inc., transmitting the financial report of the organization as of September 30, 1974, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

616. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on Federal activities related to welfare programs during fiscal year 1974, pursuant to section 704 of the Social Security Act; to the Committee on Ways and Means

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TEAGUE: Committee on Science and Technology. H.R. 37. A bill to authorize appropriations to carry out the Standard Reference Data Act (Rept. No. 94–62, pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE: Committee on Science and Technology. H.R. 4700. A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes (Rept. No. 94–63, pt. II). Referred to the Committee of the Whole House on the State of the Union.

Mr. THOMPSON: Committee on House Administration. House Resolution 150. Resolution providing funds for the Committee on Rules with amendment (Rept. No. 94–88). Referred to the House Calendar.

Mr. THOMPSON: Committee on House Administration. House Resolution 287. Resolution to provide for the expenses of the investigations and studies to be conducted by the Permanent Select Committee on Aging, with amendment (Rept. No. 94–89). Referred to the House Calendar.

Mr. THOMPSON: Committee on House Administration. House Resolution 295. Resolution to provide funds for the expenses of the investigations, studies, oversight, and functions of the Committee on Government Operations (Rept. No. 94–90). Referred to the House Calendar.

Mr. REUSS: Committee of Conference. Conference report on House Concurrent Resolution 133 (Rept. No. 94–91). Ordered to be printed.

Mr. THOMPSON: Committee on House Administration. House Resolution 315. Resolution to provide for the expenses of the Committee on Foreign Affairs for the investigations and studies to be conducted pursuant to rule XI of the Rules of the House of Representatives (Rept. No. 94–92). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 340. Resolution for the consideration of H.R. 37. A bill to authorize appropriations to carry out the Standard Reference Data Act. (Rept. No. 94–93). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 341. Resolution providing for the consideration of H.R. 3922. A bill to amend the Older Americans Act of 1965 to extend the authorizations of appropriations contained in such act, and for other purposes (Rept. No. 94–94). Referred to the House Calendar.

Mr. YOUNG of Georgia: Committee on Rules. House Resolution 342. Resolution providing for the consideration of H.R. 4005. A bill to amend the Developmental Disabilities Services and Facilities Construction Act to revise and extend the programs authorized by that act (Rept. No. 94–95). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 343. Resolution providing for the consideration of H.R. 4700. A bill to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes (Rept. No. 94–96). Referred to the House Calendar.

REPORTS OF COMMITTEE ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FLOWERS: Committee on the Judiciary. H.R. 1401. A bill for the relief of Robert M. Johnston (Rept. No. 94–82). Referred to the Committee of the Whole House.

Mr. DANIELSON: Committee on the Judiciary. H.R. 1421. A bill for the relief of Stephanie Kahn and Barbara Heyman (Rept. No. 94–83). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 1649. A bill for the relief of Howard D. Harden; with amendment (Rept. No. 94–84). Referred to the Committee of the Whole House.

Mr. FLOWERS: Committee on the Judiciary. H.R. 2109. A bill for the relief of Capt. George Moore, Jr., of the U.S. Air Force; with amendment (Rept. No. 94–85). Referred to the Committee of the Whole House.

Mr. DANIELSON: Committee on the Judiciary. H.R. 2946. A bill for the relief of Mrs. Dorothy Hinck (Rept. No. 94–86). Referred to the Committee of the Whole House.

Mr. PATTISON of New York: Committee on the Judiciary. H.R. 3526. A bill for the relief of Randall L. Talbot; with amendment (Rept. No. 94–87). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROOMFIELD:

H.R. 5157. A bill to improve the coordination of Federal reporting services; to the Committee on Government Operations.

By Mr. PHILLIP BURTON:

H.R. 5158. A bill to provide an authorization for an ex gratia payment to the people of Bikini Atoll, in the Marshall Islands of the Trust Territory of the Pacific Islands; to the Committee on Interior and Insular Affairs.

By Mr. CASEY (for himself, Mr. Ashbrook, Mr. Burgener, Mr. Chappell, Mr. Collins of Texas, Mr. Duncan of Tennessee, Mr. Hammerschmidt, Mr. Latta, Mr. Lent, Mr. Martin, Mr. Rhodes, Mr. Sikes and Mr. Waggonner):

H.R. 5159. A bill to amend the Clean Air Act to prohibit the Administrator of the Environmental Protection Agency from requiring an indirect source emission review as a part of any applicable implementation plan; to the Committee on Interstate and Foreign Commerce.

By Mr. COCHRAN:

H.R. 5160. A bill to amend the Internal Revenue Code to provide an investment tax credit for property used in certain livestock packing operations, and to establish the amount of such credit; to the Committee on Ways and Means.

By Mr. CORMAN:

H.R. 5161. A bill to amend section 451 of the Internal Revenue Code of 1954 to provide for a special rule for the inclusion in income of magazine sales for display purposes; to the Committee on Ways and Means.

By Mr. DRINAN (for himself, Mr. Dellums, Mr. Diggs, Mr. Edgar, Mr. Gibbons, Mr. Hannaford, Ms. Holtzman, Mr. Maguire, Mr. Metcalfe, Mr. Riegle, and Mr. Stokes):

H.R. 5162. A bill to require the submission of reports to the Congress prior to the issuance of a license for the export of certain arms, ammunition, or implements of war; to the Committee on International Relations.

By Mr. ESCH:

H.R. 5163. A bill to provide for career guidance and counseling plans and programs for States and local educational agencies; to the Committee on Education and Labor.

H.R. 5164. A bill to amend the Internal Revenue Code of 1954 to provide income tax incentives to improve the economics of recycling wastepaper; to the Committee on Ways and Means.

By Mr. FRASER (for himself, Mr. Diggs, Mr. Dodd, Mr. Hechler of West Virginia, Ms. Heckler of Massachusetts, Mr. Koch, Mr. Seiberling, Mr. Stokes, and Mr. Traxler):

H.R. 5165. A bill to establish an emergency health benefits program for the unemployed; to the Committee on Interstate and Foreign Commerce.

By Mr. GUDE (for himself and Mr. Robinson):

H.R. 5166. A bill to authorize the voluntary withholding of Maryland, Virginia, and District of Columbia income taxes, pursuant to agreements subject to review by the Committee on House Administration of the House of Representatives, in the case of certain legislative offices and employees; to the Committee on House Administration.

By Mr. JACOBS:

H.R. 5167. A bill to amend the Internal Revenue Code of 1954 to deny the business deduction for any amount paid or incurred for regularly scheduled air transportation to the extent such amount exceeds the normal tourist class fare for such transportation; to the Committee on Ways and Means.

By Mr. HELSTOSKI:

H.R. 5168. A bill to amend section 8191 of title 5, United States Code, to extend benefits thereunder to officially recognized or designated members of a legally organized volunteer fire department, ambulance team, or rescue squad not employed by the United States who are killed or totally disabled in the line of duty; to the Committee on the Judiciary.

By Mr. KETCHUM:

H.R. 5169. A bill to direct the Secretary of Defense to continue to operate and maintain the commissary stores of the agencies of the Department of Defense; to the Committee on Armed Services.

By Mr. KOCH (for himself, Mr. Badillo, Mr. Brown of California, Mrs. Burke of California, Mrs. Chisholm, Mrs. Collins of Illinois, Mr. Conyers, Mr. Cornell, Mr. Dellums, Mr. Downey, Mr. Drinan, Mr. Fascell, Mr. Ford of Tennessee, Mr. Fraser, Mr. Gilman, Mr. Harkin, Mr. Harrington, Mr. Hawkins, Mr. Hechler of West Virginia, Mr. Helstoski, Ms. Holtzman, Mr. McHugh, Mr. Matsunaga, Mr. Moorhead of Pennsylvania, and Mr. Nix):

H.R. 5170. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the recall or detention of food, drugs, devices, and cosmetics which are adulterated or misbranded or otherwise fail to comply with the act, and to otherwise improve the administration and enforcement of the act; to the Committee on Interstate and Foreign Commerce.

By Mr. KOCH (for himself, Mrs. Heckler of Massachusetts, Mr. Maguire, Mr. Ottinger, Mr. Pattison of New York, Mr. Rangel, Mr. Rodino, Mr. Roe, Mr. Rosenthal, Mr. Ryan, Mrs. Schroeder, Mr. Stark, Mr. Stokes, Mr. Tsongas, Mr. Waxman, and Mr. Won Pat):

H.R. 5171. A bill to amend the Federal Food, Drug, and Cosmetic Act to provide for the recall or detention of food, drugs, devices, and cosmetics which are adulterated or misbranded or otherwise fail to comply with the act, and to otherwise improve the administration and enforcement of the act; to the Committee on Interstate and Foreign Commerce.

Mr. McFALL (for himself, Mr. Harris and Ms. Holtzman):

H.R. 5172. A bill to establish a National Energy and Conservation Corporation (AMPOWER), and for other purposes; jointly to the Committees on Interior and Insular Affairs, and Science and Technology.

By Mr. MELCHER (for himself, Mr. Johnson of California, Mr. Steiger of Arizona, Mr. Udall, Mr. Skubitz, Mr. Don H. Clausen, Mr. Byron, Mr. Young of Alaska, Mr. Santini, Mr. Johnson of Colorado, Mr. Tsongas, Mr. Risenhoover, Mr. Patman, Mr. Bell, Mr. Taylor of North Carolina, Mr. Ruppe, Mr. Kastenmeier, Mr. Lujan, Mrs. Mink, Mr. Sebelius, Mr. Meeds, Mr. Steelman, Mr. Bingham, and Mr. Ketchum):

H.R. 5173. A bill to authorize the Secretary of the Interior to establish on certain public lands of the U.S. national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MELCHER (for himself, Mr. Bell, Mr. Anderson of California, Mr. Anderson of Illinois, Mr. Badillo, Mr. Biester, Mr. Brown of California, Mr. Burgener, Mrs. Burke of California, Mr. Del Clawson, Mr. Cleveland, Mr. Conte, Mr. Corman, Mr. Coughlin, Mr. Danielson, Mr. Drinan, Mr. Duncan of Tennessee, Mr. Fascell, Mr. Forsythe, Mr. Fraser, Mr. Frenzel, Mr. Guyer, Mr. Hannaford, Mr. Harrington, and Mr. Lloyd of Tennessee):

H.R. 5174. A bill to authorize the Secretary of the Interior to establish on certain public lands of the U.S. national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MELCHER (for himself, Mr. Bell, Mr. Lloyd of California, Mr. McCloskey, Mr. McKinney, Mr. Matsunaga, Mr. Mitchell of Maryland, Mr. Moorhead of California, Mr. Oberstar, Mr. Pepper, Mr. Pritchard, Mr. Quie, Mr. Regula, Mr. Riegle, Mr. Rousselot, Mr. Roybal, Mr. Ryan, Mr. Sarasin, Mr. Sisk, Mr. Stark, Mr. Talcott, Mr. Van Deerlin, Mr. Vander Veen, Mr. Wiggins, and Mr. Young of Georgia):

H.R. 5175. A bill to authorize the Secretary of the Interior to establish on certain public lands of the U.S. national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MELCHER (for himself, Mr. Bell, Mr. Broomfield, Mrs. Fenwick, Mr. Ford of Tennessee, Mr. Holland, Mr. Kindness, and Mr. Krebs):

H.R. 5176. A bill to authorize the Secretary of the Interior to establish on certain public lands of the U.S. national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; to the Committee on Interior and Insular Affairs.

Mr. MELCHER (for himself, Mr. de Lugo, Mr. Bauman, Mr. Eckhardt, Mr. Symms, Mr. Benitez, Mr. Lagomarsino, Mr. Howe, Mr. Carr, and Mr. Bell):

H.R. 5177. A bill to authorize the Secretary of the Interior to establish on certain public lands of the U.S. national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MITCHELL of Maryland:

H.R. 5178. A bill to provide a moratorium on increases in rent, utilities, and related costs for tenants of federally assisted rental housing, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. MONTGOMERY (for himself, Mr. Roberts, Mr. Teague, Mr. Hammerschmidt, Mr. Wylie, and Mr. Hillis):

H.R. 5179. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and to increase the rates of dependency and indemnity compensation; to the Committee on Veterans' Affairs.

By Mr. OBERSTAR:

H.R. 5180. A bill to regulate lobbying and related activities; jointly to the Committees on the Judiciary, and Standards of Official Conduct.

By Mr. PERKINS (for himself and Mr. Rose):

H.R. 5181. A bill to amend the Education Amendments of 1974 to delay the effective date of certain amendments to the act of September 30, 1950 (Public Law 874, 81st Congress), and for other purposes; to the Committee on Education and Labor.

By Mr. RANGEL:

H.R. 5182. A bill to amend title 13, United States Code, to require the Secretary of Commerce to conduct surveys to determine the numbers of individuals not counted by each census, to require Federal agencies using census data for Federal assistance formulas to take into account data from such surveys, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. STAGGERS:

H.R. 5183. A bill to amend the Public Health Service Act to provide for a national program of medical injury compensation insurance; to the Committee on Interstate and Foreign Commerce.

H.R. 5184. A bill to authorize the Secretary of Health, Education, and Welfare to establish a medical malpractice reinsurance program, and to conduct experiments and studies on medical malpractice; to the Committee on Interstate and Foreign Commerce.

H.R. 5185. A bill to amend the Public Health Service Act to provide for a national program of medical malpractice insurance and arbitration of medical malpractice claims; to the Committee on Interstate and Foreign Commerce.

By Mr. SYMMS (for himself, Mr. Young of Alaska, Mr. Hightower, Mr. Burlison of Missouri, Mr. Kemp, Mr. McDonald of Georgia, Mr. Treen, Mr. Bevill, Mr. Steiger of Arizona, Mr. Abdnor, Mr. Murtha, Mr. Johnson of California, Mr. Schulze, Mr. Krueger, Mr. Walsh, Mr. Goldwater, Mr. Runnels, Mr. Hagedorn, Mr. Eshleman, Mr. Montgomery, Mr. Sebelius, Mr. Bauman, Mr. Lagomarsino, Mr. Henderson, and Mr. Lent):

H.R. 5186. A bill to prohibit the Consumer Product Safety Commission from restricting the sale or manufacture of firearms or ammunition; to the Committee on Interstate and Foreign Commerce.

By Mr. TSONGAS (for himself, Mr. AuCoin, Mr. Brown of California, Ms. Burke of California, Mr. Carr, Mr. Derwinski, Mr. Downey, Mr. Drinan, Mr. Edgar, Mr. Ford of Tennessee, Mr. Ford of Michigan, Mr. Hannaford, Mr. Hicks, Mr. Jenrette, Ms. Keys, Mr. Koch, Mr. LaFalce, Mr. Lagomarsino, Mr. Lloyd of California, Mr. Long of Maryland, Mr. Mazzoli, Mr. Meeds, Ms. Meyner, Ms. Mink, and Mr. Mitchell of Maryland):

H.R. 5187. A bill to confer U.S. citizenship on certain Vietnamese children and to provide for the adoption of such children by American families; to the Committee on the Judiciary.

By Mr. TSONGAS (for himself, Mr. Rees, Mr. Richmond, Mr. Riegle, Mr. Ryan, Ms. Schroeder, Mr. Simon, Mr. Solarz, Mr. Stark, Mr. Whitehurst, Mr. Charles Wilson of Texas, Mr. Harrington, and Mr. Matsunaga):

H.R. 5188. A bill to confer U.S. citizenship on certain Vietnamese children and to provide for the adoption of such children by American families; to the Committee on the Judiciary.

By Mr. WAMPLER:

H.R. 5189. A bill to amend the Internal Revenue Code to encourage the continuation on family farms, and for other purposes; to the Committee on Ways and Means.

By Mr. WAMPLER (for himself and Mr. Butler):

H.R. 5190. A bill to amend the Appalachian Regional Development Act of 1965 to include certain cities and counties in the State of Virginia; to the Committee on Public Works and Transportation.

By Mr. WYLIE:

H.R. 5191. A bill to redesignate November 11 of each year as Veterans Day and to make such day a legal public holiday; to the Committee on Post Office and Civil Service.

By Mr. PHILLIP BURTON:

H.R. 5192. A bill to amend section 2 of the act of June 30, 1954, providing the continuance of civil government for the trust territory of the Pacific Islands; to the Committee on Interior and Insular Affairs.

By Mr. PHILLIP BURTON (for himself, Mr. John L. Burton, Mr. Haley, Mr. Udall, Mr. Kastenmeier, Mrs. Mink, Mr. Kazen, Mr. Vigorito, Mr. Melcher, Mr. Roncalio, Mr. Bingham, Mr. Seiberling, Mr. Runnels, Mr. Won Pat, Mr. de Lugo, Mr. Eckhardt, Mr. Byron, Mr. Benitez, Mr. Weaver, Mr. Carr, Mr. Miller of California, and Mr. Risenhoover):

H.R. 5193. A bill to amend the act of October 2, 1968, an act to establish a Redwood National Park in the State of California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. COCHRAN (for himself, Mr. Montgomery, Mr. Whitten, Mr. Beard of Tennessee, Mr. Flowers, Mr. Bowen, Mr. Duncan of Tennessee, Mr. Jones of Tennessee, and Mr. Lott):

H.R. 5194. A bill to authorize the financing of parkways from the highway trust fund, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. FINDLEY (for himself, Mr. O'Hara and Mr. Dominick V. Daniels):

H.R. 5195. A bill to terminate age discrimination in employment; to the Committee on Education and Labor.

By Mr. GAYDOS:

H.R. 5196. A bill to terminate the Airlines Mutual Aid Agreement; to the Committee on Public Works and Transportation.

By Mr. LEGGETT:

H.R. 5197. A bill to authorize the employment of certain foreign citizens on the vessel *Seafreeze Atlantic*, Official No. 517242; to the Committee on Merchant Marine and Fisheries.

By Mr. LITTON (for himself, Mr. Sarasin, Mr. Lagomarsino, Mr. Abdnor, Mr. Carney, Mr. Pritchard, and Mr. Hawkins):

H.R. 5198. A bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes; to the Committee on Ways and Means.

By Mr. McCLORY (for himself, Ms. Fenwick, Mr. Conyers, Mr. Kemp, Mr. Whitehurst, Mr. Hicks, Mr. Richmond, Mr. Fascell, Mr. Forsythe, Mr. Long of Maryland, Mr. Thompson, Ms. Schroeder, Mr. Rees, Mr. Boland, Mr. Riegle, Mr. Carr, Mr. Anderson of Illinois, Mr. Ottinger, Mr. Hinshaw, Mr. Mann, Mr. Symms):

H.R. 5199. A bill to repeal exemptions in the antitrust laws relating to fair trade laws; to the Committee on the Judiciary.

By Mr. McKINNEY (for himself, Mr. D'Amours, Mr. Eilberg, Mr. Flood, Mr. Giaimo, Mr. Harrington, Mr. Mitchell of New York, Mr. Mitchell of Maryland, Mr. Mottl, and Mr. Sarasin):

H.R. 5200. a bill to amend the Internal Revenue Code of 1954 to exclude from gross income amounts won in State lotteries; to the Committee on Ways and Means.

By Mr. McKINNEY (for himself, Mr. Gilman, Mrs. Heckler of Massachusetts, Mr. Mollohan, Mr. Pattison of New York, Mr. Simon, and Mrs. Spellman):

H.R. 5201. A bill to amend the Clean Air Act to provide certain motor vehicle emission standards for the model years 1977 through 1981 and to amend the Internal Revenue Code of 1954 to impose an excise tax for model years 1979 through 1981 on the sale of passenger automobiles based on fuel efficiency, and for other purposes; jointly to the Committees on Interstate and Foreign Commerce and Ways and Means.

By Mr. MACDONALD of Massachusetts:

H.R. 5202. A bill to establish a framework for the formulation of national policy and priorities for science and technology, and for other purposes; to the Committee on Science and Technology.

H.R. 5203. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

H.R. 5204. A bill to amend the Internal Revenue Code of 1954 to eliminate, in the case of any oil or gas well located outside the United States, the percentage depletion allowance and the option to deduct intangible drilling and development costs, and to deny a foreign tax credit with respect to the income derived from any such well; to the Committee on Ways and Means.

H.R. 5205. A bill to amend the Social Security Act and the Internal Revenue Code of 1954 to provide for Federal participation in the costs of the social security program, with a substantial increase in the contribution and benefit base and with appropriate reductions in social security taxes to reflect the Federal Government's participation in such costs; to the Committee on Ways and Means.

By Mr. MELCHER:

H.R. 5206. A bill to authorize recomputation at age 60 of the retired pay of members and former members of the uniformed services whose retired pay is computed on the basis of pay scales in effect prior to January 1, 1972, and for other purposes; to the Committee on Armed Services.

H.R. 5207. A bill to amend title 38 of the United States Code to liberalize the service requirement for pension eligibility based on World War I Service; to the Committee on Veterans' Affairs.

H.R. 5208. A bill to amend title 38 of the United States Code so as to entitle veterans of the Mexican border period and of World War I and their widows and children to pension on the same basis as veterans of the Spanish-American War and their widows and children, respectively, and to increase pension rates; to the Committee on Veterans' Affairs.

By Mr. PRICE (for himself and Mr. Bob Wilson) (by request):

H.R. 5209. A bill to authorize appropriations for support of military family housing including operating expenses and maintenance of real property; to the Committee on Armed Services.

H.R. 5210. A bill to authorize certain construction at military installations, and for other purposes; to the Committee on Armed Services.

By Mr. SEIBERLING (for himself, Ms. Abzug, Mr. Bingham, Mr. Brown of California, Ms. Burke of California, Mr. John L. Burton, Mr. Carney, Mr. Conyers, Mr. Downey, Mr. Drinan, Mr. Duncan of Oregon, Mr. Edwards of California, Mr. Eilberg, Mr. Fascell, Mr. Ford of Michigan, Mr. Gibbons, Mr. Gude, and Mr. Hannaford):

H.R. 5211. A bill to amend the Clayton Act to prohibit undue concentration in the energy-producing industries, and for other purposes; to the Committee on the Judiciary.

By Mr. SEIBERLING (for himself, Mr. Harrington, Mr. Harris, Mr. Hechler of West Virginia, Mr. Hicks, Ms. Holtzman, Mr. Jeffords, Mr. Jenrette, Mr. Koch, Mr. Long of Maryland, Mr. Maguire, Mr. Matsunaga, Mr. Mezvinsky, Mr. Mikva, Mr. Miller of California, Ms. Mink, and Mr. Mitchell of Maryland):

H.R. 5212. A bill to amend the Clayton Act to prohibit undue concentration in the energy-producing industries, and for other purposes; to the Committee on the Judiciary.

Mr. SEIBERLING (for himself, Mr. Moakley, Mr. Mosher, Mr. Mottl, Mr. Neal, Mr. Nix, Mr. O'Hara, Mr. Ottinger, Mr. Richmond, Mr. Rosenthal, Ms. Schroeder, Mr. Solarz, Mr. Stark, Mr. Studds, Mr. Udall, Mr. Waxman, Mr. Charles Wilson of Texas, and Mr. Won Pat):

H.R. 5213. A bill to amend the Clayton Act to prohibit undue concentration in the energy-producing industries, and for other purposes; to the Committee on the Judiciary.

By Mrs. SPELLMAN:

H.R. 5214. A bill to extend and amend section 312 of the Housing Act of 1964; to the Committee on Banking, Currency and Housing.

By Mr. STEIGER of Arizona:

H.R. 5215. A bill to provide an authorization for an ex gratia payment to the people of Bikini Atoll, in the Marshall Islands of the Trust Territory of the Pacific Islands; to the Committee on Interior and Insular Affairs.

H.R. 5216. A bill to amend section 2 of the act of June 30, 1954, as amended, providing for the continuance of civil government for the Trust Territory of the Pacific Islands; to the Committee on Interior and Insular Affairs.

By Mrs. SULLIVAN (for herself, Mr. Ruppe, Mr. Biaggi, and Mr. du Pont):

H.R. 5217. A bill to authorize appropriations for the Coast Guard for the procurement of vessels and aircraft and construction of shore and offshore establishments, to authorize appropriations for bridge alterations, to authorize for the Coast Guard and end-year strength for active duty personnel, to authorize for the Coast Guard average military student loads, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. VAN DEERLIN (for himself, Mr. Rees, Mr. Corman, Mr. Patterson of California, Mr. Hannaford, Mr. Ketchum, Mr. Burgener, Mr. Ryan, Mr. Bob Wilson, and Mr. Hinshaw):

H.R. 5218. A bill to amend the Clean Air Act to provide certain limitations with respect to land use, transportation, and certain other controls under air quality implementation plans and to permit an extension of time for the attaining of certain standards; to the Committee on Interstate and Foreign Commerce.

By Mr. VAN DEERLIN (for himself, Mr. Rees, Mr. Corman, Mr. Patterson of California, Mr. Hannaford, Mr. Ketchum, Mr. Burgener, Mr. Ryan, Mr. Bob Wilson, and Mr. Hinshaw):

H.R. 5219. A bill to amend the Clean Air Act to impose certain procedural requirements on decisionmaking with respect to State implementation plans; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of California (for himself, Mr. Ottinger, Mrs. Burke of California, Ms. Abzug, Mr. Koch, Mr. Pattison of New York, Mr. Drinan, Mr. Stokes, Mr. Bingham, Mr. Hechler of West Virginia, Mr. Rosenthal, and Mr. Seiberling):

H.R. 5220. A bill to amend the Clean Air Act; to the Committee on Interstate and Foreign Commerce.

By Mr. DEVINE:

H.R. 5221. A bill to provide employment opportunities for unemployed and underemployed persons and to promote safe and efficient service by rail, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. du PONT:

H.R. 5222. A bill to amend the Outer Continental Shelf Lands Act to provide for consultation with interstate advisory boards in the granting of oil and gas leases; jointly to the Committees on the Judiciary and Interior and Insular Affairs.

Mr. NATCHER:

H.R. 5223. A bill to amend the Vocational Education Act of 1963; to the Committee on Education and Labor.

By Mr. RUPPE (by request):

H.R. 5224. A bill to provide for the management, protection, and development of the national resource lands, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. St GERMAIN:

H.R. 5225. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mr. BROOMFIELD:

H.J. Res. 333. Joint resolution to designate April 24, 1975, as "National Day of Remembrance of Man's Inhumanity to Man"; to the Committee on Post Office and Civil Service.

By Mr. CASEY:

H.J. Res. 334. Joint resolution proposing an amendment to the Constitution of the United States to prohibit the forced busing of schoolchildren; to the Committee on the Judiciary.

By Mr. FOLEY (for himself, Mr. Wampler, Mr. Bergland, and Mr. Madigan):

H.J. Res. 335. Joint resolution to extend the effective date of certain provisions of the Commodity Futures Trading Commission Act of 1974; to the Committee on Agriculture.

By Mr. MACDONALD of Massachusetts:

H.J. Res. 336. Joint resolution proposing an amendment to the Constitution to provide for the direct popular election of the President and Vice President of the United States; to the Committee on the Judiciary.

By Mr. OBERSTAR (for himself and Mr. Murtha):

H.J. Res. 337. Joint resolution proposing an amendment to the Constitution of the United States with respect to the right of life; to the Committee on the Judiciary.

By Mr. SYMMS:

H.J. Res. 338. Joint resolution proposing the Bricker amendment to the Constitution of the United States relative to force and effect of treaties and Executive agreements; to the Committee on the Judiciary.

By Mr. EARLY:

H. Con. Res. 186. Concurrent resolution

expressing the sense of Congress concerning recognition by the European Security Conference of the Soviet Union's occupation of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. O'NEILL (for himself and Mr. RHODES):

H. Res. 339. Resolution to provide for additional staff assistance for the leadership; to the Committee on House Administration.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

63. By the **SPEAKER**: Memorial of the Senate of the State of Hawaii, relative to social security benefits limitation; to the Committee on Ways and Means.

64. Also, memorial of the House of Representatives of the State of Oklahoma, relative to the oil depletion allowance; to the Committee on Ways and Means.

65. Also, memorial of the House of Representatives of the State of Oklahoma, relative to the oil depletion allowance; to the Committee on Ways and Means.

66. Also, memorial of the House of Representatives of the State of Oklahoma, relative to exempting small hospitals from the provisions of Public Law 92-603; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LLOYD of California:

H.R. 5226. A bill to authorize the appointment of Col. Roy C. Weinstein, U.S. Air Force Reserve, to the grade of brigadier general, and for other purposes; to the Committee on Armed Services.

By Mr. J. WILLIAM STANTON:

H.R. 5227. A bill for the relief of Frank M. Russell; to the Committee on the Judiciary.

By Mr. THONE:

H.R. 5228. A bill to create a body corporate known as Daughters of Union Veterans of the Civil War, 1861-65; to the Committee on the District of Columbia.

FACTUAL DESCRIPTIONS OF BILLS AND RESOLUTIONS INTRODUCED

Prepared by the Congressional Research Service pursuant to clause 5(d) of House rule X. Previous listing appeared in the CONGRESSIONAL RECORD of March 13, 1975 (page 5921):

H.R. 3000. February 6, 1975. Post Office and Civil Service. Prohibits, with certain exceptions, employees of executive agencies from requesting or receiving from Federal officials or employees anything of value for political purposes.

Permits employees of Federal executive agencies or the District of Columbia government to participate in political management or in political campaigns.

H.R. 3001. February 6, 1975. Interstate and Foreign Commerce. Amends the Federal Trade Commission Act to exempt from the antitrust laws, under certain circumstances, exclusive territorial agreements made pursuant to a contract for the distribution or sale of a trademarked private label food product.

H.R. 3002. February 6, 1975. Veterans' Affairs. Specifies that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits.

H.R. 3003. February 6, 1975. Foreign Affairs. Amends the United Nations Participation Act to permit the President to apply the sanctions contained therein notwithstanding certain provisions of the Strategic and Critical Materials Stock Piling Act.

H.R. 3004. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a credit against the income tax certain amounts paid or accrued by the taxpayer during the taxable year as qualified insulation and heating improvement expenses.

H.R. 3005. February 6, 1975. Ways and Means. Amends the Social Security Act by increasing benefits to certain married couples; changing the eligibility requirements for certain Old-Age, Survivors and Disability Insurance benefits; and establishing father's insurance benefits for widowers with minor children.

H.R. 3006. February 6, 1975. Ways and Means. Amends the Social Security Act to prohibit termination of widow's, widower's or parent's insurance benefits if the recipient remarries.

H.R. 3007. February 6, 1975. Interstate and Foreign Commerce. Establishes a National Commission on Regulatory Reform to study and make recommendations on the activities and effect on the economy of certain Federal regulatory agencies.

H.R. 3008. February 6, 1975. Agriculture. Provides that under the Agricultural Act of 1949 the price of milk shall be supported at not less than 85 percent of the parity price.

H.R. 3009. February 6, 1975. Ways and Means. Amends the Social Security Act by entitling individuals who perform homemaker service, not for remuneration, to Old-Age, Survivors, and Disability Insurance coverage.

Amends the Internal Revenue Code of 1954 by redefining self-employment for the purpose of social security taxation to include performing homemaker service.

H.R. 3010. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to require a payment or permit a credit against the income tax to eligible individuals based on their income.

H.R. 3011. February 6, 1975. Agriculture. Directs the Secretary of Agriculture to develop and promulgate a system of retail quality grade designations of consumer food products, after consultation with consumers, producers, and processors and considering the nutritional quality, wholesomeness, and acceptability of the products.

H.R. 3012. February 6, 1975. Armed Services. Authorizes recomputation of retired pay for members and former members of the Armed Forces who are 60 years of age or older or who are retired because of a physical disability.

H.R. 3013. February 6, 1975. Government Operations. Amends the Employment Act of 1946 to include price stability as one of the goals of the Act.

H.R. 3014. February 6, 1975. Interstate and Foreign Commerce. Prohibits, under the Fair Packaging and Labeling Act, any manufacturer, or retail distributor from distributing or selling a perishable or semiperishable food unless the food package shows the pull date for such food and the optimum temperature and humidity conditions for its storage.

Prohibits the selling of any food whose pull date has expired unless such food is fit for human consumption and it is segregated from other food.

H.R. 3015. February 6, 1975. Interstate and Foreign Commerce. Requires packaged consumer food products to be labeled by the processor with certain information.

H.R. 3016. February 6, 1975. Interstate and Foreign Commerce. Amends the Federal Food, Drug, and Cosmetic Act to require that labels of certain packaged goods contain a disclosure of the manufacturer, packer, and distributor of each such good.

H.R. 3017 February 6, 1975. Interstate and Foreign Commerce. Amends the Fair Packaging and Labeling Act to require certain retailers to display the unit price of packaged consumer commodities offered for sale by such retailer.

H.R. 3018. February 6, 1975. Interstate and Foreign Commerce. Requires manufacturers of durable consumer products to disclose on a label or tag the performance life expectancy of each item to be sold at retail.

H.R. 3019. February 6, 1975. Interstate and Foreign Commerce. Requires, under the Federal Food, Drug, and Cosmetic Act, that labels on foods bear the name of the food specified in the definition and standard promulgated by the Secretary of Health, Education, and Welfare; list each of the ingredients present in such food; and state any changes in its ingredients, or such food shall be deemed to be misbranded.

H.R. 3020. February 6, 1975. Interstate and Foreign Commerce. Requires manufacturers to label products as to month and year of manufacture for those goods whose design and performance features change at such a frequency as to make its date of manufacture part of its relevant description.

Empowers the Federal Trade Commission to enforce this Act.

H.R. 3021. February 6, 1975. Judiciary. Prohibits the sale of certain types of handguns in the United States.

H.R. 3022. February 6, 1975. Post Office and Civil Service. Enumerates procedures to be followed for resolving labor disputes within the United States Postal Service. Prohibits Postal employees from being reduced in rank or pay because of membership in certain organizations or presenting a grievance to Congress. Requires that certain mail be delivered during strikes.

H.R. 3023. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to establish the Internal Revenue Commission to administer the internal revenue laws. Transfers all functions relating to the administration and enforcement of the Internal Revenue Code from the Secretary of the Treasury or his delegate, to the Internal Revenue Commission.

H.R. 3024. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to include as tax exempt organizations condominium associations, homeowner associations, and other similar corporations and organizations, not organized for profit.

H.R. 3025. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from the gross income of an employee amounts received as payment or reimbursement for legal services under group legal services plans, the value of legal services rendered under such plans, or contributions by employers to such plans.

H.R. 3026. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to exempt from Federal tax that portion of costs paid for communications services attributable to taxes imposed by State and local governments.

H.R. 3027. February 6, 1975. Public Works and Transportation. Terminates the Airlines Mutual Aid Agreement.

H.R. 3028. February 6, 1975. Merchant Marine and Fisheries. Interior and Insular Affairs. Amends the Fish and Wildlife Coordination Act to require permits from the Secretary of the Interior for the exploration or mining of oil and gas underlying the navigable waters of the United States.

H.R. 3029. February 6, 1975. Ways and Means. Permits a taxpayer who has donated his own blood to specified organizations to deduct, under the Internal Revenue Code, as a charitable contribution an amount specified for each pint donated.

H.R. 3030. February 6, 1975. Interior and Insular Affairs. Designates certain lands in the Angeles and San Bernardino National Forests in California as the Sheep Mountain Wilderness.

H.R. 3031. February 6, 1975. Appropriations. Rescinds various budget authorizations for specified Federal departments and agencies which were recommended by Presidential message transmitted under the Impoundment Control Act of 1974.

H.R. 3032. February 6, 1975. Ways and Means. Amends the Social Security Act by requiring that the amount of outside earnings allowed while receiving Disability Insurance benefits be the same as the amount of outside earnings allowed while receiving Old-age and Survivors Insurance benefits.

H.R. 3033. February 6, 1975. Foreign Affairs. Authorizes the Secretary of Agriculture, under the Agricultural Trade Development and Assistance Act of 1954, to use some part of the exportable supply of the Commodity Credit Corporation to safeguard usual marketings and to avoid displacing any sales of the United States agricultural commodities which the Secretary finds would otherwise be made for cash.

H.R. 3034. February 6, 1975. Public Works and Transportation. Terminates the Airlines Mutual Aid Agreement.

H.R. 3035. February 6, 1975. Banking, Currency and Housing. Amends the Federal Reserve Act and Federal Deposit Insurance Act to require commercial banks to pay interest to the Treasury Department on United States funds in excess of an amount specified by the Treasury. Authorizes the Secretary of the Treasury to pay commercial banks for fiscal services performed for the Treasury by such banks.

H.R. 3036. February 6, 1975. Education and Labor. Amends the Vocational Education Act of 1963 by directing that Federal aid under the Act shall be divided between vocational and occupational education. Requires each State to establish a local coordinating committee for each of its localities to make a continuing study of vocational and occupational education needs. Authorizes Federal financial assistance for planning, applied research, curriculum development, and program improvement in vocational and occupational education.

H.R. 3037. February 6, 1975. Education and Labor. Amends the Vocational Education Act to (1) extend and change the level of appropriations for various programs; (2) require that States receiving funding designate the State Board as the administrative agency for vocational education; (3) redefine vocational education to include services given by private nonprofit or proprietary schools under contract with a State Board; and (4) establish new programs under the Act.

H.R. 3038. February 6, 1975. Interior and Insular Affairs. Establishes the National Conservation Area of the California Desert. Directs the Secretary of the Interior to develop and implement a comprehensive plan for the management, use, and protection of the natural resource lands within the conservation area.

H.R. 3039. February 6, 1975. House Administration. Establishes an American Folklife Center in the Library of Congress.

H.R. 3040. February 6, 1975. Interstate and Foreign Commerce. Amends the Federal Trade Commission Act to exempt from the antitrust laws certain market allocation agreements made as part of a licensing contract for the manufacture, distribution or sale of trademarked soft drink products.

H.R. 3041. February 6, 1975. Interstate and Foreign Commerce. Amends the Emergency Petroleum Allocation Act of 1973 to exempt State-owned crude oil from mandatory allocation regulations.

H.R. 3042. February 6, 1975. Armed Services. Reorganizes the Army Dental Service. Directs the Secretary of the Army to execute the reorganization with the advice of the newly established Chief of the Dental Corps. Directs the Chief of the Dental Corps to administer the Dental Service.

Establishes a Dental Service in the Air Force to be administered by a Chief of the Dental Service.

H.R. 3043. February 6, 1975. Government Operations. Establishes in the executive branch a Department of Education and Manpower. Transfers to the Secretary of Education and Manpower all functions of the Office of Education and certain education and manpower related functions of other Federal agencies including the Department of Labor, the Office of Economic Opportunity, and the Department of Health, Education, and Welfare.

H.R. 3044. February 6, 1975. Judiciary. Authorizes the Federal Prison Industries to make grants and loans to qualified applicants for the purpose of training and/or employing Federal offenders. Authorizes the Attorney General to make grants to the States for the training and/or employment of offenders in State correctional institutions.

H.R. 3045. February 6, 1975. Judiciary. Standards of Official Conduct. Requires lobbyists to: (1) register with the Federal Election Commission; (2) make and retain certain records; and (3) file reports with the Commission regarding their activities.

Requires certain officials of the executive branch to record their communications with lobbyists.

Repeals the Federal Regulation of Lobbying Act.

H.R. 3046. February 6, 1975. Judiciary. Standards of Official Conduct. Requires lobbyists to: (1) register with the Federal Election Commission; (2) make and retain certain records; and (3) file reports with the Commission regarding their activities.

Requires certain officials of the executive branch to record their communications with lobbyists.

Repeals the Federal Regulation of Lobbying Act.

H.R. 3047. February 6, 1975. Judiciary. Standards of Official Conduct. Requires lobbyists to: (1) register with the Federal Election Commission; (2) make and retain certain records; and (3) file reports with the Commission regarding their activities.

Requires certain officials of the executive branch to record their communications with lobbyists.

Repeals the Federal Regulation of Lobbying Act.

H.R. 3048. February 6, 1975. Judiciary. Standards of Official Conduct. Requires lobbyists to: (1) register with the Federal Election Commision; (2) make and retain certain records; and (3) file reports with the Commission regarding their activities.

Requires certain officials of the executive branch to record their communications with lobbyists.

Repeals the Federal Regulation of Lobbying Act.

H.R. 3049. February 6, 1975. Post Office and Civil Service. Amends the Federal Salary Act of 1967 by making certain recommendations of the President regarding salary levels for certain Federal employees effective within a certain time period unless the Congress adopts a resolution disapproving all or part of such recommendations. Specifies procedures for adopting such a resolution.

H.R. 3050. February 6, 1975. Post Office and Civil Service. Prohibits certain Federal employees from participating in any Federal regulatory action or policy decision involving any group, organization, corporation, or industry which is regulated by or affected by policies of the Federal Government, if such Federal employee had a substantial economic involvement with such group, organization, corporation, or industry within a certain stated period of time.

H.R. 3051. February 6, 1975. Post Office and Civil Service. Prohibits certain Federal employees from participating in any Federal regulatory action or policy decision involving any group, organization, corporation, or industry which is regulated by or affected by policies of the Federal Government, if such Federal employee had a substantial economic involvement with such group, or organization, corporation, or industry within a certain stated period of time.

H.R. 3052. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from income all gains on the lapse or termination of options, written by the organization in connection with its investment activities.

H.R. 3053. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to exempt from the Federal wagering tax, lotteries conducted by an agency of a State.

H.R. 3054. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to reduce the Federal excise tax on beer for certain qualified breweries.

H.R. 3055. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to exempt gin or vodka for export from the trademark requirements otherwise imposed.

Permits a drawback of the taxes paid on distilled spirits or wines which have been exported or returned to bonded premises pending exportation. Permits distilled spirits to be returned to bonded premises for storage under certain circumstances.

H.R. 3056. February 6, 1975. Banking, Currency and Housing. Directs the Comptroller General to audit annually the Federal Reserve Board, Federal Reserve banks and their branches.

Amends the Federal Reserve Act to (1) require Congressional approval of changes in the rediscount rate and reserve requirements; (2) require that the annual report of the Federal Reserve Board include the identification of each member bank and an accounting of that year's issuance of Federal Reserve notes; and (3) declare the Federal Reserve Board to be an agency of Congress.

Directs annual reviews of reserve requirements by Congress.

H.R. 3057. February 6, 1975. Ways and Means. Interstate and Foreign Commerce. Amends the Social Security Act by abolishing the Professional Standards Review Organizations which were established to review services covered under the Medicare and Medicaid programs.

H.R. 3058. February 6, 1975. Post Office and Civil Service. Requires that candidates for the positions of Postmaster General and Deputy Postmaster General be confirmed by the Senate.

H.R. 3059. February 6, 1975. Banking, Currency and Housing. Amends the United States Housing Act of 1937 to require that future increases in social security benefits be excluded in determining the eligibility of an individual or family for admission to, or occupancy of, low-income housing and the amount of rent payable for accommodations in such housing. Requires a similar exclusion under other federally assisted housing programs.

H.R. 3060. February 6, 1975. Public Works and Transportation. Terminates the Airlines Mutual Aid Agreement.

H.R. 3061. February 6, 1975. Foreign Affairs. Directs the President to establish a Soybean Research Institute jointly supported by the United States and the People's Republic of China, and authorizes the President to bring together representatives from the two countries for the purpose of planning for and establishing a Sino-American Soybean Research Institute.

H.R. 3062. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to impose a tax upon every passenger automobile sold by the manufacturer, producer, or importer and based on its fuel consumption rate.

Requires the Administrator of the Environmental Protection Agency to determine the fuel consumption rate of all automobiles taxable under this Act, and to make this information available to the public and the Secretary of the Treasury.

H.R. 3063. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to impose a tax upon every passenger automobile sold by the manufacturer, producer, or importer and based on its fuel consumption rate.

Requires the Administrator of the Environmental Protection Agency to determine the fuel consumption rate of all automobiles taxable under this Act, and to make this information available to the public and the Secretary of the Treasury.

H.R. 3064. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to allow a limited credit against tax or a limited deduction from income equal to the ordinary and necessary expenses paid during the taxable year for the improvement of the thermal design of the principal residence of the taxpayer.

H.R. 3065. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to allow a deduction from gross income for costs paid by the taxpayer for the custodial care of a dependent incurred as a result of Down's syndrome.

H.R. 3066. February 6, 1975. Government Operations. Conveys to the Texas National Guard Armory Board all right, title, and interest of the United States in certain land heretofore conveyed to the State of Texas in 1957.

H.R. 3067. February 6, 1975. Public Works and Transportation. Directs the heads of executive branch departments, agencies and instrumentalities who have jurisdiction for public works programs and projects to reduce or eliminate any procedural requirements, including but not limited to time, hearing, reporting and publication requirements, when such action would appreciably speed up the initiation or completion of such programs and projects.

H.R. 3068. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a limited credit against the income tax the expenses paid by an individual during the taxable year to institutions of higher education for himself or for any other individual.

H.R. 3069. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to allow a limited deduction from gross income for amounts paid by a taxpayer during the taxable year to rent his principal residence.

H.R. 3070. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction from gross income all the ordinary and necessary expenses paid or incurred by an individual during the taxable year for the use of mass transportation facilities in traveling between such individual's principal residence and principal place of employment.

H.R. 3071. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction any taxicab fares paid by a disabled individual during the taxable year for his transportation.

H.R. 3072. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income pensions or annuities received by policemen or firemen or their dependents or survivors, for services performed in the employ of a Federal, State or local government.,

H.R. 3073. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to permit a deduction from gross income for losses due to theft and the expenses for theft prevention devices, and for uncompensated medical expenses or funeral expenses resulting from the commission of a crime.

H.R. 3074. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income a limited amount received during the taxable year as a pension or annuity or other benefit under a public retirement system or by any individual sixty-five years of age or over.

H.R. 3075. February 6, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income the interest on deposits in certain savings institutions.

H.R. 3076. February 6, 1975. Education and Labor. Ways and Means. Authorizes the Secretary of Health, Education, and Welfare to make grants to the States for public elementary and secondary education equalization.

Allows an income tax credit for the tuition paid for enrollment or attendance of a dependent at a private nonprofit elementary or secondary school.

H.R. 3077. February 6, 1975. Veterans' Affairs. Allows each veteran of World War II or the Korean conflict who was eligible for Veterans' Administration educational and training benefits to tansfer the months of entitlement which he has not used to any of his children in such amounts as he desires.

H.R. 3078. February 6, 1975. Interior and Insular Affairs. Establishes the Chattahoochee River National Recreational Area in the State of Georgia.

H.R. 3079. February 6, 1975. Interior and Insular Affairs. Rules. Amends the Outer Continental Shelf Lands Act to establish a procedure for Congressional disapproval of offshore oil and gas leases issued by the Secretary of the Interior.

H.R. 3080. February 6, 1975. Interstate and Foreign Commerce. Amends the Clean Air Act to prohibit the requirement of an indirect source emission review as part of an implementation plan under the Act.

H.R. 3081. February 6, 1975. Interior and Insular Affairs. Requires that the Director of the National Park Service be appointed by the President, with the advice and consent of the Senate.

H.R. 3082. February 6, 1975. Ways and Means. Amends the Social Security Act to extend Medicare hospital coverage to include drugs. Establishes a Formulary Committee within the Department of Health, Education, and Welfare to prepare and maintain a listing of qualified drugs.

H.R. 3083. February 6, 1975. Ways and Means. Excludes general and cost-of-living increases in Old-Age, Survivors and Disability Insurance benefits from being considered income for the purpose of determining an individual's eligibility for supplemental security income benefits, Federal-State public assistance, public housing, food stamps, veterans' pensions and dependency and indemnity compensation for parents of deceased veterans.

H.R. 3084. February 6, 1975. Foreign Affairs. Authorizes the President to make grants to land-grant universities to enable them to offer assistance to land-grant type universities in agriculturally developing nations.

Establishes an International Land-Grant University Advisory Board to assist the President in carrying out the purposes of this Act.

H.R. 3085. February 6, 1975. Interstate and Foreign Commerce. Prohibits the acquisition of a controlling interest in a United States petroleum-related or energy-producing industry by any person or organization of any petroleum-exporting country.

Requires the Securities and Exchange Commission to report to the Attorney General certain purchases by persons or agents of any petroleum-exporting country of securities of any business in the petroleum or energy-related field.

H.R. 3086. February 6, 1975. Judiciary. Prohibits the importation, manufacture, sale, purchase, transfer, receipt, possession or transportation of handguns except as authorized by the Secretary of the Treasury or by members of the Armed Forces and law enforcement officials.

H.R. 3087. February 6, 1975. Ways and Means. Excludes general and cost-of-living increases in Old-Age, Survivors and Disability Insurance benefits from being considered income for the purpose of determining an individual's eligibility for supplemental security income benefits, Federal-State public assistance, public housing, food stamps, veterans' pensions and dependency and indemnity compensation for parents of deceased veterans.

H.R. 3088. February 6, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States for damages and expenses incurred in obtaining a determination of such individual's grievance incident to employment at the Department of State.

H.R. 3089. February 6, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3090. February 10, 1975. Education and Labor. Amends the Emergency Jobs and Unemployment Assistance Act of 1974 to provide increased unemployment benefits. Authorizes the Secretary of Labor to make grants to the States for unemployment benefit assistance to eligible individuals.

H.R. 3091. February 10, 1975. Ways and Means. Amends the Internal Revenue Code to authorize real property to be valued for estate tax purposes at its value as farmland, woodland, or open land rather than at its fair market value.

Increases the estate tax exemption.

H.R. 3092. February 10, 1975. Judiciary. Sets forth criteria for certain aliens illegally in the United States to have their status adjusted to that of permanent residents.

H.R. 3093. February 10, 1975. Foreign Affairs. Sets forth regulations for the processing of grievances by Foreign Service officers, employees, or their survivors. Directs the Secretary of State to establish a board to consider and resolve such grievances.

H.R. 3094. February 10, 1975. Foreign Affairs. Limits the assessed and voluntary contributions of the United States to the United Nations and its affiliated agencies to an amount not to exceed an amount which bears the same ratio to the total budget of the United Nations as the total population of the United States bears to the total population of all the member states of the United Nations.

H.R. 3095. February 10, 1975. Ways and Means. Exempts petroleum products to be used as petrochemical feedstocks from any import adjustment action taken by the President with respect to such products under the Trade Expansion Act of 1962 or the Trade Act of 1974.

H.R. 3096. February 10, 1975. Interstate and Foreign Commerce. Amends the Clean Air Act to suspend motor vehicle emissions controls in all parts of the United States except for certain designated air quality control regions.

Prohibits the Administrator of the Environmental Protection Agency and the States from enforcing motor vehicle emissions control standards in areas outside designated regions during the suspension period.

H.R. 3097. February 10, 1975. Veterans' Affairs. Specifies that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits.

H.R. 3098. February 10, 1975. Government Operations. Expands the membership of the Advisory Commission on Intergovernmental Relations to include elected school board officials.

H.R. 3099. February 10, 1975. Interstate and Foreign Commerce. Authorizes the Secretary of Health, Education, and Welfare, under the Public Health Service Act, to enter into contracts and to make grants for the establishment and operation of voluntary Tay-Sachs disease screening, counseling, and information services.

H.R. 3100. February 10, 1975. Government Operations. Prohibits Federal agencies from purchasing, hiring, leasing, operating or maintaining limousines, and from employing chauffeurs to operate such limousines, except for certain designated Federal officers.

H.R. 3101. February 10, 1975. Interstate and Foreign Commerce. Extends the maximum term of license and license renewal for the operation of broadcasting stations from three to five years.

H.R. 3102. February 10, 1975. Interior and Insular Affairs. Establishes the Potomac National River in Maryland, Virginia, West Virginia, and the District of Columbia.

H.R. 3103. February 10, 1975. Veterans' Affairs. Requires the Secretary of the Army to permit burial in Arlington National Cemetery of all eligible veterans and their eligible survivors.

H.R. 3104. February 10, 1975. Interstate and Foreign Commerce. Establishes a National Commission on Regulatory Reform to study and make recommendations on the activities and effect on the economy of certain Federal regulatory agencies.

H.R. 3105. February 10, 1975. Judiciary. Establishes a Federal minimum death and disability benefit to be paid to Federal, State or local law enforcement, corrections and firefighting personnel or their surviving dependents.

H.R. 3106. February 10, 1975. Post Office and Civil Service. Creates the Federal Labor Relations Authority to oversee labor relations between Federal agencies and civilian Federal employees. Enumerates unfair labor practices and empowers the Authority to prevent such practices.

Directs the Authority and the Federal Mediation and Conciliation Service to provide assistance to agencies and labor organizations in resolving negotiation disputes.

H.R. 3107. February 10, 1975. Post Office and Civil Service. Increases the contribution by the Federal Government to the cost of Federal employees' group life and health benefits insurance.

H.R. 3108. February 10, 1975. Ways and Means. Revises the administration of Old-Age, Survivors, and Disability Insurance, Medicare, and Supplemental Security Income under the Social Security Act. Transfers the responsibility for administering these programs and the health standards provisions of the Federal Coal Mine Health and Safety Act from the Department of Health, Education, and Welfare to a newly established Social Security Administration.

H.R. 3109. February 10, 1975. Interior and Insular Affairs. Authorizes appropriations for the saline water conversion program for fiscal year 1976 and the Saline Water Conversion Act of 1971.

H.R. 3110. February 10, 1975. Interstate and Foreign Commerce. Prohibits the United States Consumer Product Safety Commission from making any ruling that restricts the manufacture or sale of firearms or firearm ammunition.

H.R. 3111. February 10, 1975. Interior and Insular Affairs. Science and Technology. Establishes a National Energy and Conservation Corporation to undertake programs of exploration, development, and production of public land and tideland oil, natural gas, oil shale, and coal resources. Directs the Corporation to administer programs consistent with objectives of land use planning, conservation, and environmental protection.

H.R. 3112. February 10, 1975. Ways and Means. Interstate and Foreign Commerce. Requires skilled nursing and intermediate care facilities participating in Medicare and Medicaid programs under the Social Security Act to publish a statement of the rights and responsibilities of their patients.

H.R. 3113. February 10, 1975. Judiciary. Requires court orders for the interception of communications by electronic and other devices, for the entering of any residence, for the opening of any mail and for the inspection or procurement of telephone, bank, credit and other records. Requires reports to Congress and to the Administrative Office of the United States Courts concerning court orders requested, denied, and approved.

H.R. 3114. February 10, 1975. Ways and Means. Amends the Social Security Act to extend medicare hospital coverage to include drugs. Establishes a Formulary Committee within the Department of Health, Education, and Welfare to prepare and maintain a listing of qualified drugs.

H.R. 3115. February 10, 1975. Education and Labor. Amends the Federal Coal Mine Health and Safety Act of 1969 by: (1) revising procedures and eligibility standards for receiving black lung disability benefits; (2) creating a Black Lung Disability Insurance Fund and requiring coal mine operators to pay premiums into such fund; (3) transferring certain functions under the Act from the Secretary of Health, Education, and Welfare to the Secretary of Labor; and (4) revising the name, membership, and responsibilities of the committee on coal mine health research.

H.R. 3116. February 10, 1975. Ways and Means. Amends the Internal Revenue Code to impose an excise tax on automobiles based on the rate at which such automobiles consume fuel.

Allows a credit against the income tax for the purchase of every new automobile for use within the United States, based on the rate at which such automobile consumes fuel.

H.R. 3117. February 10, 1975. Education and Labor. Amends the National Labor Relations Act to stipulate that the duty to bargain collectively includes bargaining with respect to retirement benefits for retired employees.

H.R. 3118. February 10, 1975. Interstate and Foreign Commerce. Science and Technology. Amends the Clean Air Act to require the Administrator of the Environmental Protection Agency, with the assistance of other agencies, to determine the effect on public health and the environment of the discharge of chlorofluoromethane into the ambient air.

Prohibits, subject to such determination, the introduction into commerce of any aerosol spray container which discharges chlorofluoromethane into the ambient air.

H.R. 3119. February 10, 1975. Interior and Insular Affairs. Establishes the Office of Surface Mining Reclamation and Enforcement in the Department of the Interior to regulate surface coal mining operations through a permit program administered by the Secretary of the Interior through the Office. Requires applicants to meet minimum environmental protection performance standards. Allows States to establish surface mining control programs at least as stringent as minimum Federal standards.

Includes provisions for the acquisition and reclamation of abandoned mine sites by the United States.

H.R. 3120. February 10, 1975. Public Works and Transportation. Prohibits commercial flights by supersonic aircraft in the navigable airspace of the United States until Congress approves findings of the Administrator of the Environmental Protection Agency that such flights will have no detrimental effect on the persons and environment of the United States, and the Secretary of Transportation certifies that the operation of such aircraft meets all standards prescribed by the Secretary for the operation of supersonic aircraft in the United States.

Requires supersonic aircraft to meet noise, environmental, and safety standards at least equal to those already established for other commercial aircraft.

H.R. 3121. February 10, 1975. Judiciary. Declares certain individuals lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3122. February 13, 1975. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare, under the Public Health Service Act, to establish and implement a program of national medical malpractice insurance. Allows a State to establish a program for arbitration of medical malpractice claims, if such program conforms to the requirements of this Act.

H.R. 3123. February 13, 1975. Interior and Insular Affairs. Amends the National Trails System Act to designate the Potomac Heritage Trail in Maryland, Pennsylvania, Virginia, West Virginia, and the District of Columbia, as a component of the National Trails System.

H.R. 3124. February 13, 1975. Merchant Marine and Fisheries. Amends the Coastal Zone Management Act of 1972 to authorize financial assistance to coastal States to assess impacts associated with the development of Federal energy resources in the Outer Continental Shelf area. Authorizes grants to States for interstate coordination of coastal zone planning.

H.R. 3125. February 13, 1975. Interior and Insular Affairs. Establishes the Channel Islands Marine National Park in California. Authorizes the Secretary of the Interior to lease the necessary land to establish boat harbors and docking facilities at such park.

H.R. 3126. February 13, 1975. Interstate and Foreign Commerce. Requires, under the Fair Packaging and Labeling Act, that a retail distributor of packaged consumer commodities which have been distributed in commerce or which if distributed would affect commerce must plainly mark its total selling price by a stamp, tag, or label before such commodity may be offered for sale.

H.R. 3127. February 13, 1975. Interior and Insular Affairs. Authorizes the Secretary of Agriculture to acquire lands within certain National Forests in order to provide for the preservation of the scenic, environmental and outdoor recreational values of the Lake Tahoe Basin in California and Nevada.

H.R. 3128. February 13, 1975. Merchant Marine and Fisheries. Amends the National Environmental Policy Act of 1969 to permit a Federal official to delegate the responsibility for the preparation of an environmental impact statement to an appropriate State agency or official.

H.R. 3129. February 13, 1975. Public Works and Transportation. Authorizes the Secretary of Transportation to delegate to the State which proposes a Federal-aid highway project the responsibility for preparing the required environmental impact statement.

H.R. 3130. February 13, 1975. Merchant Marine and Fisheries. Amends the National Environmental Policy Act of 1969 to permit a Federal official to delegate the preparation of an enviromental impact statement to an appropriate State agency, official, or qualified consultant.

H.R. 3131. February 13, 1975. Interstate and Foreign Commerce. Ways and Means. Amends the Emergency Petroleum Allocation Act to direct the President to establish a program of end-use allocation for gasoline. Imposes an energy conservation tax on gasoline sold to end-users which was not specifically allocated under the rationing program. Exempts certain specific uses of gasoline from the energy conservation tax.

H.R. 3132. February 13, 1975. Judiciary. Incorporates the Italian American War Veterans of the United States.

H.R. 3133. February 13, 1975. Banking, Currency and Housing. Establishes the Smaller Communities Administration as an independent agency in the executive branch to coordinate Federal assistance to small communities. Establishes an Office of the Smaller Community Ombudsman within the Administration to assist small communities in their application for Federal financial assistance.

H.R. 3134. February 13, 1975. Armed Services. Authorizes appropriations to the Department of Defense for fiscal year 1976. Prescribes the authorized personnel strength for each active duty and selected Reserve component of the Armed Forces, and of civilian personnel of the Department of Defense. Authorizes military training student loans.

Requires that expenditures for support to South Vietnamese military forces be made from the single Department of Defense appropriation authorized by this Act.

Regulates the transfer of certain defense articles from the Department of Defense inventory to foreign countries under the Foreign Assistance Act of 1961 or the Foreign Military Sales Act.

H.R. 3135. February 13, 1975. Banking, Currency and Housing. Amends the Federal Reserve Act to require each member bank, nonmember bank, and other financial institutions to deposit in the appropriate Federal Reserve Bank, a percentage of the difference between the assets of such commercial bank or financial institution at the close of its most recent fiscal year and its assets at the close of the previous fiscal year.

Authorizes the withdrawal of such reserves for the purpose of purchasing mortgages or mortgage-backed paper.

H.R. 3136. February 13, 1975. Agriculture. Increases the amount authorized to be appropriated for the forestry incentive program under the Agricultural Act of 1970.

H.R. 3137. February 13, 1975. Agriculture. Increases the size of the tract which may be affected by the forestry incentive program under the Agricultural Act of 1970.

H.R. 3138. February 13, 1975. Ways and Means. Authorizes semiannual computation of cost-of-living increases in Old-Age, Survivors and Disability Insurance benefits under the Social Security Act.

H.R. 3139. February 13, 1975. Ways and Means. Amends the Social Security Act by lowering the age at which an individual becomes eligible for full and reduced widow's or widower's insurance benefits under the Old-Age, Survivors, and Disability Insurance program.

H.R. 3140. February 13, 1975. Ways and Means. Amends the Internal Revenue Code to increase the amount of retirement income eligible for the tax credit for retirement income.

H.R. 3141. February 13, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3142. February 13, 1975. Ways and Means. Directs the Bureau of Labor Statistics to prepare a monthly Consumer Price Index for the Aged and Other Social Security Beneficiaries. Amends the Social Security Act by requiring that this special index be utilized in lieu of the Consumer Price Index in computing cost-of-living benefit increases when such use will yield a greater increase.

H.R. 3143. February 13, 1975. Ways and Means. Amends the Social Security Act to prohibit termination of widow's, widower's or parent's insurance benefits if the recipient remarries.

H.R. 3144. February 13, 1975. Ways and Means. Amends the Social Security Act to include coverage for prescription drugs under the Medicare supplementary medical insurance program.

H.R. 3145. February 13, 1975. Ways and Means. Amends the Internal Revenue Code to revise the foreign tax credit provisions of the Code. Includes in the gross income of a United States shareholder a portion of a controlled foreign corporation's earnings and profits.

Terminates the special tax treatment of Western Hemisphere trade corporations and of domestic international sales corporations.

Decreases the geographical area in which property may be used in international and territorial waters to qualify for the investment tax credit.

H.R. 3146. February 13, 1975. Interstate and Foreign Commerce. Directs the President to exercise authority granted to him under the Emergency Petroleum Allocation Act of 1973 in order to equalize the ceiling price throughout the United States at which residual fuel oil is sold or exchanged, consistent with reasonable variations in such prices.

H.R. 3147. February 13, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claims against the United States for expenses incurred in attempting to obtain correction of certain medical entries in such individual's military records.

H.R. 3148. February 17, 1975. Ways and Means. Amends the Internal Revenue Code to reduce by a limited amount the taxes due on individual income for the 1974 taxable year. Increases the low income allowance and the percentage standard deduction. Permits a limited credit against the income tax for earned income.

Revises the tax on business income to increase the investment credit and the corporate surtax exemption.

H.R. 3149. February 17, 1975. Ways and Means. Revises the tax rate for Old-Age, Survivors and Disability Insurance and hospital insurance under the Internal Revenue Code of 1954. Raises the ceiling on income taxable for Old-Age, Survivors and Disability Insurance under the Social Security Act and Internal Revenue Code of 1954.

Provides that one-third of the cost of the Old-Age, Survivors and Disability Insurance program be borne by the Federal Government.

H.R. 3150. February 17, 1975. Ways and Means. Amends the Social Security Act by removing the limitation on the amount of outside income which an individual may earn while receiving Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3151. February 17, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income a certain amount received during the taxable year as an annuity, pension or other retirement benefit by an individual or married couple.

H.R. 3152. February 17, 1975. Armed Services. Establishes an Optometry Corps in the Army and the Navy. Directs that optometric functions in the Air Force be performed by optometry officers.

H.R. 3153. February 17, 1975. Ways and Means. Amends the Internal Revenue Code to increase the estate tax exemption, and to increase the estate tax marital deduction.

Permits the executor of an estate to elect an alternate valuation of certain lands used for farming, woodland or scenic open space.

H.R. 3154. February 17, 1975. Judiciary. Prohibits the importation, manufacture, sale, purchase, transfer, receipt, or transportation of handguns or handgun ammunition except as authorized by the Secretary of the Treasury.

H.R. 3155. February 17, 1975. Public Works and Transportation. Amends the Urban Mass Transportation Act of 1964 to (1) assist projects in nonurbanized areas, (2) extend the availability of study fellowship grants in the urban mass transportation field to private transportation operators, (3) require all new federally assisted mass transportation facilities to be designed to accommodate elderly and handicapped passengers, (4) require that studies in support of local transportation planning include accommodation of the elderly and handicapped, and (5) establish a national Advisory Council on Accessibility of Mass Transportation to advise the Secretary of Transportation on matters relating to the elderly and handicapped.

H.R. 3156. February 18, 1975. Judiciary. Prohibits the destruction, burning, or damaging of the property of an employer, or other person near any place where work or business of the employer or owner is conducted. Redefines the term "extortion" to include actual or threatened force or violence used to induce consent in the course of a legitimate labor dispute.

H.R. 3157. February 18, 1975. Judiciary. Prohibits the destruction, burning, or damaging of the property of an employer, or other person near any place where work or business of the employer or owner is conducted. Redefines the term "extortion" to include actual or threatened force or violence used to induce consent in the course of a legitimate labor dispute.

H.R. 3158. February 18, 1975. Agriculture. Directs the Secretary of Agriculture to determine the amount of sugar required by consumers and to levy appropriate quotas on the importation of sugar. Sets forth procedures and penalties to assist the Secretary in administering this Act. Allows the proration of unmet quotas of foreign countries.

H.R. 3159. February 18, 1975. Interior and Insular Affairs. Amends the National Trails System Act to authorize a joint feasibility study by the Secretaries of Interior, Agriculture, and Transportation, for the establishment of certain bicycle trails.

H.R. 3160. February 18, 1975. Banking, Currency and Housing. Requires the Federal Reserve Board to conduct monetary policy in the first half of 1975 so as to lower long-term interest rates and to make monthly reports to Congress on its progress toward achieving this goal.

H.R. 3161. February 18, 1975. Banking, Currency and Housing. Directs the President to present to Congress a listing of credit uses categorized as inflationary or as national priority uses.

Authorizes the President to empower the Federal Reserve Board to impose an additional reserve requirement on inflationary assets, and to allow credit against such reserves for investments in the noninflationary category. Authorizes the President to review the portfolios of certain banks and to require them to adopt a program of shifting of assets from the inflationary or non-national priority to the noninflationary or national priority categories.

H.R. 3162. February 18, 1975. Appropriations. Appropriates funds for construction of the Natchez Trace Parkway.

H.R. 3163. February 18, 1975. Post Office and Civil Service. Requires that proposed changes in postal rates and classes be approved by a concurrent resolution of Congress.

H.R. 3164. February 18, 1975. Ways and Means. Amends the Internal Revenue Code to allow an additional personal exemption for a taxpayer or spouse who is deaf.

H.R. 3165. February 18, 1975. Interstate and Foreign Commerce. Amends the Public Health Service Act to establish a health insurance benefits program for unemployed individuals, if they would have had such benefits from their prior employer, for their dependent spouse, and for their dependent children. Directs the Secretary of Health, Education, and Welfare to enter into contracts with carriers who will provide such insurance benefits.

H.R. 3166. February 18, 1975. Interstate and Foreign Commerce. Amends the Public Health Service Act to establish a health insurance benefits program for unemployed individuals, if they would have had such benefits from their prior employer, for their dependent spouse, and for their dependent children. Directs the Secretary of Health, Education, and Welfare to enter into contracts with carriers who will provide such insurance benefits.

H.R. 3167. February 18, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3168. February 18, 1975. Agriculture. Prohibits the shipment in interstate commerce of dogs intended to be used to fight other dogs for purposes of sport, wagering or entertainment. Makes it unlawful to promote or in any way assist in the promotion of dog fights.

H.R. 3169. February 18, 1975. Interstate and Foreign Commerce. Defines the term "food supplement" as it appears in the Federal Food, Drug, and Cosmetic Act. Prohibits the Secretary of Health, Education, and Welfare from limiting ingredients in food supplements unless such article is injurious to health in the recommended dosage.

H.R. 3170. February 18, 1975. Ways and Means. Prohibits reductions in benefits under Federal or federally assisted programs as a consequence of general increases in Old-Age, Survivors, and Disability Insurance benefits under the Social Security Act.

H.R. 3171. February 18, 1975. Ways and Means. Amends the Internal Revenue Code to tax married and unmarried individuals at the same rate as married individuals filing jointly.

H.R. 3172. February 18, 1975. Ways and Means. Amends the Internal Revenue Code to extend the period during which expenditures to rehabilitate low-income rental housing may qualify for five-year amortization.

H.R. 3173. February 18, 1975. Foreign Affairs. Prohibits assistance under the Agricultural Trade Development and Assistance Act to any country which the President determines is not making reasonable and productive self-help efforts to stabilize population growth, and thereby reduce the need for assistance under the Act.

H.R. 3174. February 18, 1975. Interstate and Foreign Commerce. Requires manufacturers of farm tractors for sale in interstate commerce to mark the engine block with a permanent identification number.

H.R. 3175. February 18, 1975. Ways and Means. Amends the Social Security Act by removing the limitation on the amount of outside income which an individual may earn while receiving Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3176. February 18, 1975. Ways and Means. Amends the Supplemental Security Income provisions of the Social Security Act by (1) authorizing emergency and temporary grants; (2) authorizing cost-of-living increases in benefits; (3) revising the method of determining income for the purposes of the program; (4) eliminating the third-party payee requirement for certain recipients; and (5) entitling recipients to participate in the food stamp and surplus commodities programs.

H.R. 3177. February 18, 1975. Post Office and Civil Service. Permits a labor organization to be certified as the representative of a bargaining unit comprised of Postal Service security guards if such labor organization meets certain conditions.

H.R. 3178. February 18, 1975. Agriculture. Prohibits the importation of any dairy product into the United States unless it has been inspected and found to be wholesome, and unless the foreign farms and plants in which such products were produced comply with all inspection, grading and other standards prescribed by the Secretary of Agriculture.

H.R. 3179. February 18, 1975. Post Office and Civil Service. Grants additional preference to veterans with service-connected disabilities for purposes of retention whenever there is a reduction in force in the Federal civil service.

H.R. 3180. February 18, 1975. Veterans' Affairs. Grants discretion to the Administrator of Veterans' Affairs to determine a reasonable period of eligibility for vocational rehabilitation based upon the veterans' disability and need for vocational rehabilitation.

H.R. 3181. February 18, 1975. Veterans' Affairs. Stipulates that anatomical loss or loss of use of both kidneys or the surgical transplant of the heart or kidney of a veteran shall be deemed total disability for insurance purposes under the National Service Life Insurance program.

H.R. 3182. February 18, 1975. Veterans' Affairs. Specifies that where an eligible veteran is enrolled in a program of education and is required, due to complications of a service-connected disability, to discontinue such program during a quarter, term, or semester, the expired portion of such quarter, term, or semester shall not be charged against such veteran's entitlement, nor shall he be required to make reimbursement for benefits paid to him for such period.

H.R. 3183. February 18, 1975. Interior and Insular Affairs. Revises the boundary of the Saguaro National Monument in Arizona. Authorizes the Secretary of the Interior to acquire the lands necessary to carry out the purposes of this Act.

H.R. 3184. February 18, 1975. Interior and Insular Affairs. Designates certain land as the Blue Range Wilderness and makes it part of the Apache National Forest in the States of Arizona and New Mexico.

H.R. 3185. February 18, 1975. Interior and Insular Affairs. Designates certain lands in the Saguaro National Monument in Arizona as wilderness.

Requires the Secretary of Agriculture to review certain land in the Coronado National Forest in Arizona as to its suitability or nonsuitability for preservation as wilderness.

H.R. 3186. February 18, 1975. Interior and Insular Affairs. Designates certain lands within the Chiricahua National Monument in Arizona as wilderness.

H.R. 3187. February 18, 1975. Agriculture. Establishes new loan rates, under the Agriculture Act of 1949 and the Agriculture and Consumer Protection Act of 1973, for the 1974 and 1975 crops of corn, cotton, wheat, and soybeans.

Authorizes foreign sales of any agricultural commodity by the Commodity Credit Corporation when the quantity of any agricultural commodity is sufficient to meet domestic needs.

H.R. 3188. February 18, 1975. Interior and Insular Affairs. Transfers to specified individuals all right, title, and interest of the United States in any prosphate in certain real property in Florida.

H.R. 3189. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to permit taxpayers to defer reporting as income, payments received under the Agricultural Act of 1949 for losses to crops until the taxable year in which the income from the crops would have been reported.

H.R. 3190. February 19, 1975. Interstate and Foreign Commerce. Authorizes the Secretary of Health, Education, and Welfare, under the Public Health Service Act, to enter into contracts and make grants for the establishment and operation of voluntary Tay-Sachs disease screening, counseling, and information services.

H.R. 3191. February 19, 1975. Rules. Declares that the House of Representatives of the 95th Congress and each succeeding Congress shall consider and adopt the rules of its proceedings. Specifies the procedure for such consideration and adoption.

H.R. 3192. February 19, 1975. Rules. Declares that the House of Representatives of the 95th Congress and each succeeding Congress shall consider and adopt the rules of its proceedings. Specifies the procedure for such consideration and adoption.

H.R. 3193. February 19, 1975. Rules. Declares that the House of Representatives of the 95th Congress and each succeeding Congress shall consider and adopt the rules of its proceedings. Specifies the procedure for such consideration and adoption.

H.R. 3194. February 19, 1975. Judiciary. Prohibits the importation, manufacture, sale, purchase, transfer, receipt, possession or transportation of handguns except as authorized by the Secretary of the Treasury or by members of the Armed Forces and law enforcement officials.

H.R. 3195. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow a credit against the income tax for a limited amount of the purchase price of each new motor vehicle purchased by the taxpayer during the calendar years 1975 and 1976.

H.R. 3196. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a credit against the income tax a limited portion of the purchase price of a recently constructed or reconstructed principal residence.

H.R. 3197. February 19, 1975. Banking, Currency and Housing. Authorizes and directs the Secretary of Housing and Urban Development to make repayable emergency mortgage relief payments on behalf of distressed homeowners.

H.R. 3198. February 19, 1975. House Administration. Authorizes each Member of the House of Representatives to appoint a person to the position of ombudsman, to find and act upon problems encountered by residents of such Member's district with any governmental agency or entity.

Creates the Ombudsman Center, to be located in the District of Columbia, to train, assist, certify and review the qualifications of ombudsmen appointed pursuant to this Act.

H.R. 3199. February 19, 1975. Education and Labor. Authorizes the Secretary of Labor to provide financial assistance to eligible agencies to provide public service employment jobs for unemployed and underemployed persons.

H.R. 3200. February 19, 1975. Judiciary. Establishes minimum rules and standards for the treatment of prisoners in Federal correctional institutions. Directs the Attorney General to establish a grievance procedure for prisoners.

H.R. 3201. February 19, 1975. Interior and Insular Affairs. Establishes the Santa Monica Mountains and Seashore Urban National Park in the State of California. Authorizes the Secretary of the Interior to acquire the lands, waters, or interests therein which are located within the proposed boundaries of the park.

H.R. 3202. February 19, 1975. Judiciary. Prohibits the importation, manufacture, sale, purchase, transfer, receipt, possession or transportation of handguns and handgun ammunition except as authorized by the Secretary of the Treasury or by members of the Armed Forces and law enforcement officials.

H.R. 3203. February 19, 1975. Banking, Currency and Housing. Amends the Flood Disaster Protection Act of 1973 by making compliance with its provisions voluntary.

H.R. 3204. February 19, 1975. House Administration. Designates and adopts the Luther Burbank Shasta Daisy as the national flower of the United States. Requests the President to declare such designation and adoption by proclamation.

H.R. 3205. February 19, 1975. Interstate and Foreign Commerce. Establishes, within the Department of Health, Education, and Welfare, a Health Education Administration for the purpose of studying and investigating the status, benefits, and methods of dissemination of health education and information and to make grants to public or nonprofit private entities for the purpose of developing or evaluating specific educational and informational techniques for the dissemination of health information.

H.R. 3206. February 19, 1975. Public Works and Transportation. Amends the Federal Water Pollution Control Act to allow the Administrator of the Environmental Protection Agency, in furtherance of the purposes of the Act, to make grants to persons for training projects and to provide for the conduct of training without regard to standard government contracting procedures regarding advertisement for bids and payment not exceeding the value of services rendered.

H.R. 3207. February 19, 1975. Small Business. Permits the head of any executive agency to terminate any fixed-price contract between that agency and a small business concern pursuant to an application by such small business concern for contract termination.

H.R. 3208. February 19, 1975. Ways and Means. Amends the Social Security Act by extending medicare benefits to unemployed individuals, and their dependent spouses and children, who are entitled to weekly unemployment compensation benefits.

H.R. 3209. February 19, 1975. Ways and Means. Creates a national system of health insurance. Establishes a Health Security Board in the Department of Health, Education, and Welfare to administer such health insurance program.

Repeals the Medicare provisions of the Social Security Act and all health benefit plans for employees of the Federal Government. Amends various other provisions of the Social Security Act and the Public Health Services Act.

H.R. 3210. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to tax unmarried individuals at the same rate as married individuals filing jointly, and to apply the same requirements for requiring a declaration of estimated income tax and for withholding income tax from wages.

H.R. 3211. February 19, 1975. House Administration. Forbids the States from denying citizens the right to vote in a Federal election solely because they are outside the United States during such election.

Directs the States to follow certain enumerated procedures in supplying citizens with absentee ballots.

H.R. 3212. February 19, 1975. House Administration. Establishes a Voter Registration Administration within the General Accounting Office for the purpose of administering a voter registration program.

H.R. 3213. February 19, 1975. Foreign Affairs. Requires the President to submit a report to Congerss prior to the issuance of a license for the export of arms, ammunition, or implements of war under the Mutual Security Act of 1954.

H.R. 3214. February 19, 1975. Interstate and Foreign Commerce. Amends the Railroad Unemployment Insurance Act to increase unemployment and sickness benefits, and to raise the contribution base.

H.R. 3215. February 19, 1975. Interstate and Foreign Commerce. Amends the Railroad Unemployment Insurance Act to increase unemployment and sickness benefits, and to raise the contribution base.

H.R. 3216. February 19, 1975. Post Office and Civil Service. Entitles Federal employees to credit service rendered as an employee of certain local agricultural committees in computing length of service for purposes of retention whenever there is a reduction in force in the Federal civil service.

H.R. 3217. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow a depletion deduction for any treatment process necessary to the conversion of coal to a low-sulphur synthetic fuel.

H.R. 3218. February 19, 1975. Ways and Means. Revises the administration of the Social Security Act by requiring that hearings regarding claims arising under the Old-Age, Survivors, and Disability Insurance and Medicare provisions of the Act be presided over by an administrative law judge and conducted on the record. Requires that the claimant be given notice and an opportunity to be heard.

H.R. 3219. February 19, 1975. Education and Labor. Amends the Occupational Safety and Health Act of 1970 by requiring the Secretary of Labor to recognize differences between the light residential construction industry and the heavy construction industry.

H.R. 3220. February 19, 1975. Education and Labor. Amends the Occupational Safety and Health Act of 1970 by (1) redefining certain terms; (2) permitting employers to maintain safety committees; and (3) enumerating affirmative defenses for employers to proceedings brought under the Act.

Directs the Secretary of Labor to assist certain employers in complying with the Act.

H.R. 3221. February 19, 1975. Government Operations. Authorizes Federal payments to county governments to compensate for the tax immunity of Federal lands within their boundaries.

H.R. 3222. February 19, 1975. Interstate and Foreign Commerce. Defines the term "food supplement" as it appears in the Federal Food, Drug, and Cosmetic Act. Disallows the requirement of warning labels for and the limiting of ingredients in "food supplements" by the Secretary of Health, Education, and Welfare unless such article is intrinsically injurious to health in the recommended dosage.

H.R. 3223. February 19, 1975. Judiciary. Makes the use or carrying of a firearm during the commission of a felony a Federal crime and imposes penalties for such actions.

H.R. 3224. February 19, 1975. Public Works and Transportation. Increases the maximum Federal share of the cost of shore restoration and protection projects.

H.R. 3225. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to require that a private school shall not be denied tax exempt status, nor shall a deduction for a gift or contribution be denied on account of the admission policies or composition of the student body or faculty, unless a court of the United States determines that the Constitution or laws of the United States prohibit such deduction or such tax exempt status.

H.R. 3226. February 19, 1975. Ways and Means. Interstate and Foreign Commerce. Amends the Social Security Act by abolishing the Professional Standards Review Organizations which were established to review services covered under the Medicare and Medicaid programs.

H.R. 3227. February 19, 1975. Agriculture. Amends the Food Stamp Act of 1964 by making individuals who are engaged in a labor strike ineligible for food coupons.

H.R. 3228. February 19, 1975. Interstate and Foreign Commerce. Amends the Emergency Jobs and Unemployment Assistance Act of 1974 to authorize a health insurance benefits program for unemployed individuals, if they would have had such benefits from their prior employer, for their dependent spouse, and for their dependent children. Directs the Secretary of Health, Education, and Welfare to enter into contracts with insurance carriers who will provide such insurance benefits.

H.R. 3229. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction from gross income amounts paid by an employer as dividends on employer securities and as contributions to an employee stock ownership plan.

Allows as a charitable deduction, a contribution, bequest, or similar transfer of employer securities to an employee stock ownership plan.

H.R. 3230. February 19, 1975. Veterans' Affairs. Stipulates that recipients of dependency and indemnity compensation or veterans' pension benefits shall not have the amount of such benefits reduced because of cost of living increases in social security benefits or benefits under other Federal retirement programs.

H.R. 3231. February 19, 1975. Veterans' Affairs. Authorizes and directs the Administrator of Veterans' Affairs to construct a Veterans' Administration hospital in Brevard County, Florida.

H.R. 3232. February 19, 1975. Veterans' Affairs. Directs the Administrator of Veterans' Affairs to pay service pensions to certain World War I veterans, their widows, and their children.

H.R. 3233. February 19, 1975. Public Works and Transportation. Amends the Federal Water Pollution Control Act to direct the Administrator of the Environmental Protection Agency to approve waste treatment works user charge systems based upon ad valorem taxation if specified conditions are met.

H.R. 3234. February 19, 1975. Ways and Means. Amends the Social Security Act by prohibiting states from considering general increases in benefits under a Federal retirement or disability program in determining eligibility for Federal-State public assistance.

H.R. 3235. February 19, 1975. Judiciary. Establishes standards to be followed by organizations maintaining an information system containing personal information on private citizens.

Establishes a Federal Privacy Board to oversee compliance with this Act.

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Establishes a Federal Privacy Board to oversee compliance with this Act.

H.R. 3238. February 19, 1975. Post Office and Civil Service. Revises regulations regarding creditable service for civil service retirement purposes with respect to National Guard technicians.

H.R. 3239. February 19, 1975. Post Office and Civil Service. Authorizes certain Federal employees, whose pay is subject to a special statutory limitation, to be credited for civil service retirement purposes with the full amount of basic pay they would have been entitled to receive in the absence of such limitation.

H.R. 3240. February 19, 1975. Education and Labor. Authorizes the Commissioner of Education to make grants to the States for the equalization of educational opportunity.

H.R. 3241. February 19, 1975. Education and Labor. Amends the Fair Labor Standards Act of 1938 by delimiting circumstances under which an employer employing employees subject to that Act may have wage differentials based on sex of the employees.

H.R. 3242. February 19, 1975. Ways and Means. Amends the Social Security Act by allowing an eligible individual to receive both an old-age or disability insurance benefit and a widow's or widower's survivors insurance benefit under the Old-Age, Survivors, and Disability Insurance program.

H.R. 3243. February 19, 1975. Ways and Means. Amends the Social Security Act by removing the limitation on the amount of outside income which an individual may earn while receiving Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3244. February 19, 1975. Ways and Means. Redefines "widow" and "widower" for the purpose of determining eligibility for Old-Age, Survivors, and Disability Insurance benefits under the Social Security Act.

H.R. 3245. February 19, 1975. Agriculture. Amends the Agriculture Act of 1949 by establishing the price support for milk at not less than 85 percent of the parity price therefor. Directs the President to take action to limit meat imports and to issue a proclamation that dairy import quotas shall not be increased.

H.R. 3246. February 19, 1975. Interstate and Foreign Commerce. Prohibits the introduction of nonreturnable beverage containers in interstate commerce. Authorizes the Administrator of the Environmental Protection Agency to establish such regulations as are necessary for the purpose of this Act.

H.R. 3247. February 19, 1975. Judiciary. Amends the Voting Rights Act of 1965 by prohibiting voting eligibility tests in jurisdictions covered by the Act for an additional ten years. Extends the prohibitions against such tests to additional jurisdictions.

H.R. 3248. February 19, 1975. Veterans' Affairs. Extends the maximum period of veterans' eligibility for educational benefits from thirty-six months to forty-five months.

H.R. 3249. February 19, 1975. Judiciary. Standards of Official Conduct. Requires candidates for Federal office, Members of the Congress, and certain officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions.

H.R. 3250. February 19, 1975. Judiciary. Standards of Official Conduct. Requires candidates for Federal office, Members of the Congress, and certain officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions.

H.R. 3251. February 19, 1975. Post Office and Civil Service. Declares that accumulated annual leave lost by a Federal employee because of an unwarranted or unjustified personnel action shall be restored to such employee in the same manner as if lost because of administrative error.

H.R. 3252. February 19, 1975. Interstate and Foreign Commerce. Establishes a National Voluntary Medical and Hospital Services Insurance Agency charged with the responsibility to make all necessary preparations to offer subscriptions and enrollments, and to commence payment of claims for benefits claimed by enrollees under a National Voluntary Medical and Hospital Services Insurance Plan. Preempts all similar or duplicate hospital and medical service insurance benefits or payments provided by any other agency of the United States.

H.R. 3253. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to tax unmarried individuals at the same rate as married individuals filing jointly, and to apply the same requirements for requiring a declaration of estimated income tax and for withholding income tax from wages.

H.R. 3254. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to tax married and unmarried individuals at the same rate as married individuals filing jointly.

H.R. 3255. February 19, 1975. Ways and Means. Amends the Social Security Act by allowing a state to terminate social security coverage for policemen and firemen without affecting the coverage of other public employees.

H.R. 3256. February 19, 1975. Education and Labor. Establishes an Agricultural Labor Relations Board to determine the unit appropriate for collective bargaining, to provide for hearings, to determine whether a question of representation exists, and to direct an election and certify the results thereof. Enumerates a list of various unfair labor practices for agricultural employers and for agricultural labor organizations or their agents. Grants the district courts jurisdiction to enjoin any unfair labor practices upon petition from the Board or its representatives.

H.R. 3257. February 19, 1975. Agriculture. Revises the eligibility requirements for food coupons under the Food Stamp Act of 1964 to exclude individuals who receive one-half of their income from an individual who is not eligible for food coupons.

H.R. 3258. February 19, 1975. Education and Labor. Amends the Occupational Safety and Health Act of 1970 by authorizing the Administrator of the Small Business Administration to render onsite consultation and advice to certain small business employers to assist such employers in complying with the health and safety standards of the Act.

H.R. 3259. February 19, 1975. House Administration. Amends the Legislative Reorganization Act of 1970 by directing officers of the House of Representatives to prepare and conduct seminars for freshmen Members of Congress. Authorizes freshmen Members to employ an interim staff during the period beginning on the day such freshman is declared elected and the first day of the regular session of Congress.

H.R. 3260. February 19, 1975. Appropriations. Rescinds budget authorizations, pursuant to the Impoundment Control Act of 1974, for the Department of Defense, State, Justice, Commerce, and Treasury, the Executive Office of the President, and the General Services Administration.

H.R. 3261. February 19, 1975. Interior and Insular Affairs. Directs the Secretary of Health, Education, and Welfare to make grants and provide scholarships to Indians enrolled in health-related training programs. Authorizes the Secretary to expend funds to meet Indian health care needs, to provide hospitals and other health facilities, and to supply unmet needs for safe water and sanitary waste disposal facilities. Requires the Secretary to contract with urban Indian organizations to assist such organizations to establish and administer health programs to benefit urban Indians.

H.R. 3262. February 19, 1975. Interior and Insular Affairs. Declares that certain privately owned irrigable lands in the Milk River project in Montana shall be deemed to be excess lands and no water shall be furnished to such lands through the Milk River project.

H.R. 3263. February 19, 1975. Interior and Insular Affairs. Authorizes the Secretary of the Interior to enlarge the Beartooth Highway in Montana and Wyoming to a scenic parkway and to designate such parkway as the James E. Murray Memorial Parkway.

H.R. 3264. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to permit taxpayers to defer reporting as income, payments received under the Agricultural Act of 1949 for losses to crops until the taxable year in which the income from the crops would have been reported.

H.R. 3265. February 19, 1975. Interior and Insular Affairs. Amends the Mineral Leasing Act of 1920 to require inclusion of certain lands to be leased in a comprehensive land use plan and to insure protection of the environment as a condition to issuance of exploration licenses.

H.R. 3266. February 19, 1975. Education and Labor. Amends the Comprehensive Employment and Training Act of 1973 to reduce from one hundred thousand to fifty thousand the population required for a unit of general local government to qualify as a prime sponsor for the purpose of receiving Federal financial assistance under the Act.

H.R. 3267. February 19, 1975. Public Works and Transportation. Authorizes the Secretary of the Army to study and undertake remedial measures to provide relief from shore damages attributable to high water levels in the Great Lakes.

H.R. 3268. February 19, 1975. Interstate and Foreign Commerce. Revises and extends, under the Public Health Service Act, programs for nurse training assistance, including financial distress grants and capitation grants for nursing schools, and student loan and scholarship programs.

H.R. 3269. February 19, 1975. Education and Labor. Amends the Vocational Education Act of 1963 by directing that Federal aid under the Act shall be divided between vocational and occupational education. Requires each State to establish a local coordinating committee for each of its localities to make a continuing study of vocational and occupational education needs. Authorizes Federal financial assistance for planning, applied research, curriculum development, and program improvement in vocational and occupational education.

H.R. 3270. February 19, 1975. Education and Labor. Establishes an Office of Career Guidance and Counseling in the United States Office of Education.

Establishes a National Advisory Council on Career Guidance and Counseling to advise the Secretary of Health, Education, and Welfare, and Commissioner of Education on the administration of this Act.

Directs the Council to assess the status of school and nonschool career guidance in the United States.

Authorizes the Commission to grant funds to States for approved counseling programs and related equipment, to contract with educational agencies for the training of guidance personnel, and to demonstrate new, and evaluate existing, guidance techniques.

H.R. 3271. February 19, 1975. Education and Labor. Amends the Vocational Education Act to (1) extend and change the level of appropriations for various programs; (2) require that States receiving funding designate the State Board as the administrative agency for vocational education; (3) redefine vocational education to include services given by private nonprofit or proprietary schools under contract with a State Board; and (4) establish new programs under the Act.

H.R. 3272. February 19, 1975. Science and Technology. Authorizes continued experimentation with earth resources remote sensing satellite systems.

H.R. 3273. February 19, 1975. Interstate and Foreign Commerce. Directs the Federal Power Commission to review and modify plans submitted by natural gas companies for curtailing sales to specific customers and authorizes the Commission to direct transfers of available supplies of natural gas in order to meet regional needs.

H.R. 3274. February 19, 1975. Atomic Energy. Authorizes appropriations to the Nuclear Regulatory Commission for fiscal years 1976 and 1977 to carry out certain provisions of the Atomic Energy Act of 1954, and the Energy Reorganization Act of 1974.

H.R. 3275. February 19, 1975. Atomic Energy. Authorizes appropriations to the Nuclear Regulatory Commission for fiscal year 1975.

H.R. 3276. February 19, 1975. House Administration. Establishes an American Folklife Center in the Library of Congress.

H.R. 3277. February 19, 1975. Judiciary. Standards of Official Conduct. Requires Lobbyists to: (1) register with the Federal Election Commission; (2) make and retain certain records; and (3) file reports with the commission regarding their activities.

Requires certain officials of the executive branch to record their communications with lobbyists.

Repeals the Federal Regulation of Lobbying Act.

H.R. 3278. February 19, 1975. Post Office and Civil Service. Designates the last Monday in April as American Business Day and makes it a legal public holiday.

H.R. 3279. February 19, 1975. Interstate and Foreign Commerce. Repeals the authority under the Public Health Services Act to make grants for the construction of health research facilities. Authorizes appropriations for the construction of teaching facilities for health-related occupations. Revises the conditions and extends the appropriations for loans to students. Authorizes appropriations for the construction of schools for health professionals and for special project grants to health-related programs. Directs the Secretary of Health, Education, and Welfare to establish accredited medical residency training program. Excludes alien health professions from admission to the United States in certain circumstances.

H.R. 3280. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a deduction the ordinary and necessary expenses paid during the taxable year for the repair or improvements of property used by the taxpayer as his principal residence. Permits an owner of rental property as an option to amortize expenditures for restoration of rental housing.

H.R. 3281. February 19, 1975. Agriculture. Amends the Commodity Exchange Act to require persons selling commodities for export to inform the Commodity Exchange Commission within forty-eight hours of the sale price, name of the buyer and country to which the commodity is to be shipped. Directs the Commission to revoke the license of any commodity futures merchant who violates such reporting requirement or who does business for another merchant who has violated such requirement.

H.R. 3282. February 19, 1975. Interstate and Foreign Commerce. Amends the Rail Passenger Service Act of 1970 to authorize additional appropriations.

H.R. 3283. February 19, 1975. Interstate and Foreign Commerce. Amend the Railroad Retirement Act of 1974 to appropriate to the Railroad Retirement Account and Railroad Retirement Supplemental Account sufficient funds from the taxes collected under the Railroad Retirement Tax Act to provide for the payment of benefits and administrative expenses under the Act.

H.R. 3284. February 19, 1975. Judiciary. Prohibits any civil officer of the United States or any member of the Armed Forces from using the Armed Forces to exercise surveillance of civilians or to execute civil laws.

H.R. 3285. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to increase the estate tax exemption, and to increase the estate tax marital deduction. Permits the executor of an estate to elect an alternate valuation of certain lands used for farming, woodland or scenic open space.

H.R. 3286. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income limited amounts received as dividends or interest on deposits in a savings institution.

H.R. 3287. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow a deduction from gross income for expenses incurred in connection with the adoption of a child by the taxpayer.

H.R. 3288. February 19, 1975. Banking, Currency and Housing. Requires the Federal Reserve Board to submit to Congress semiannual reports describing the state of the economy and projected actions in the field of monetary policy necessary to achieve and maintain national economic goals.

H.R. 3289. February 19, 1975. Banking, Currency and Housing. Defines certain uses of credit as "national priority" uses and others as "speculative and nonproductive" uses.

Directs persons who extend credit to channel available funds into national priority uses and to avoid extensions for uses which contribute to inflation.

Directs the Board of Governors of the Federal Reserve System to enforce the provisions of this Act and to report its progress to Congress.

H.R. 3290. February 19, 1975. Banking, Currency and Housing. Prohibits Federal assistance to (1) rental housing projects where tenants are not allowed to have pets, and (2) local governments which do not permit pets in rental housing.

H.R. 3291. February 19, 1975. Education and Labor. Amends the Fair Labor Standards Act of 1938 to reduce and then repeal the credit against the minimum wage which is based on tips received by tipped employees.

H.R. 3292. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income limited amounts received as dividends or interest on deposits in a savings institution.

H.R. 3293. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a credit against the income tax the employment-related expenses of an individual who maintains a household which includes a qualifying spouse or dependent.

H.R. 3294. February 19, 1975. Merchant and Fisheries. Amends the Fish and Wildlife Act of 1965 to authorize the Secretary of Commerce to make low-interest loans whose maturity is not to exceed ten years to areas of the commercial fishing industry facing imminent economic disaster.

H.R. 3295. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow an individual a credit against the income tax for the amount of any disaster evacuation expenses paid by the taxpayer during the taxable year.

H.R. 3296. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a limited credit against the income tax the amount of any disaster preparation expenses paid by the taxpayer during the taxable year.

H.R. 3297. February 19, 1975. Ways and Means. Amends Tariff Schedules of the United States to impose quantitative limitations on the importation of shrimp into the United States during calendar years 1975 and 1976, and to impose a duty on imported shrimp.

H.R. 3298. February 19, 1975. Agriculture. Transfers all functions of the Secretary of Agriculture under the Food Stamp Act of 1964 to the Secretary of Health, Education, and Welfare.

H.R. 3299. February 19, 1975. Post Office and Civil Service. House Administration. Reduces retirement benefits for Members of Congress who remain in office after attaining seventy years of age.

H.R. 3300. February 19, 1975. Veterans' Affairs. Extends dependency and indemnity compensation to the survivors of any veteran who dies from a service-connected disability or who was in receipt of or entitled to receive compensation at time of death for a total and permanently disabling service-connected disability.

H.R. 3301. February 19, 1975. Post Office and Civil Service. House Administration. Reduces retirement benefits for Members of Congress who remain in office after attaining sixty-five years of age.

H.R. 3302. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow a deduction from gross income for expenses incurred in connection with the adoption of a child by the taxpayer.

H.R. 3303. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow a deduction from gross income for expenses incurred in connection with the adoption of a child by the taxpayer.

H.R. 3304. February 19, 1975. Post Office and Civil Service. Revises the date at which recommendations of the President regarding changes in the rates of pay for Members of Congress and certain Federal officials become effective under the Federal Salary Act of 1967.

H.R. 3305. February 19, 1975. Standards of Official Conduct. Requires each Member of Congress and certain employees of Congress to file certain financial information with the Comptroller General.

H.R. 3306. February 19, 1975. Ways and Means. Interstate and Foreign Commerce. Directs the Secretary of the Treasury to determine the dollar amount of petroleum which may be imported annually. Directs the Administrator of the Federal Energy Administration to regulate petroleum importation and the allocation of imported petroleum among domestic refiners.

H.R. 3307. February 19, 1975. Banking, Currency and Housing. Amends the Export-Import Bank Act of 1945 and the Trade Reform Act of 1974 to remove certain limitations on credits to be made available for export sales of American goods to the Union of Soviet Socialist Republics.

H.R. 3308. February 19, 1975. Post Office and Civil Service. Reduces the Compensation of Members of Congress.

H.R. 3309. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to increase the retirement income credit.

H.R. 3310. February 19, 1975. Post Office and Civil Service. Revises the method of determining cost-of-living increases payable to civil service annuitants.

H.R. 3311. February 19, 1975. Veterans' Affairs. Establishing a mortgage protection life insurance program for veterans unable to acquire commercial life insurance because of service-connected disabilities.

H.R. 3312. February 19, 1975. Veterans' Affairs. Establishes a mortgage protection life insurance program for veterans unable to acquire commercial life insurance because of service-connected disabilities.

H.R. 3313. February 19, 1975. Veterans' Affairs. Establishes a mortgage protection life insurance program for veterans unable to acquire commercial life insurance because of service-connected disabilities.

H.R. 3314. February 19, 1975. Veterans' Affairs. Establishes a mortgage protection life insurance program for veterans unable to acquire commercial life insurance because of service-connected disabilities.

H.R. 3315. February 19, 1975. Education and Labor. Ways and Means. Amends the Employees Retirement Income Security Act of 1974 by requiring that all private pension plans have the effect of a qualified joint and surviving annuity.

Revises the requirements for a qualified trust under the Internal Revenue Code of 1954 to conform to such amendment.

H.R. 3316. February 19, 1975. Armed Services. Prohibits changes in the classification of any member of the Armed Forces who is in a missing status unless (1) the President has taken all reasonable measures to account for all such members and to enforce certain provisions of the Paris Peace Accord of January 7, 1973; and (2) the next of kin of such member have not filed an objection to the reclassification.

H.R. 3317. February 19, 1975. Agriculture. Amends the Agriculture Act of 1949 by establishing the price support for milk at not less than 90 percent of the parity price therefor and to provide for the quarterly adjustment of the price support to reflect any change in the cost of production.

H.R. 3318. February 19, 1975. Agriculture. Adjusts the established price for feed grains, wheat, and cotton, under the Agricultural Act of 1949, for the purposes of determining loan levels for such crops.

H.R. 3319. February 19, 1975. Government Operations. Prohibits Federal agencies from purchasing, hiring, leasing, operating or maintaining limousines, and from employing chauffeurs to operate such limousines, except for certain designated Federal officers.

H.R. 3320. February 19, 1975. Agriculture. Revises the eligibility requirements for food coupons under the Food Stamp Act of 1964 to exclude individuals who receive one-half of their income from an individual who is not eligible for food coupons.

H.R. 3321. February 19, 1975. Education and Labor. Amends the Occupational Safety and Health Act of 1970 by authorizing the Administrator of the Small Business Administration to render onsite consultation and advice to certain small business employers to assist such employers in complying with the Health and Safety Standards of the Act.

H.R. 3322. February 19, 1975. Interstate and Foreign Commerce. Prohibits distributors and refiners of petroleum products from cancelling franchises without cause and without prior notice.

H.R. 3323. February 19, 1975. Interstate and Foreign Commerce. Prohibits distributors and refiners of petroleum products from cancelling franchises without cause and without prior notice.

H.R. 3324. February 19, 1975. Interstate and Foreign Commerce. Prohibits distributors and refiners of petroleum products from cancelling franchises without cause and without prior notice.

H.R. 3325. February 19, 1975. Judiciary. Increases the penalties for the use of a firearm in the commission of a felony.

H.R. 3326. February 19, 1975. Judiciary. Repeals the Gun Control Act of 1968.

H.R. 3327. February 19, 1975. Ways and Means. Amends the Clean Air Act to postpone the imposition of reduction requirements on motor vehicle emissions. Requires certain motor vehicle emission standards for model years 1977 through 1981.

Amends the Internal Revenue Code to impose a tax on gasoline-powered passenger automobiles for the model years 1979 through 1981, based on the rate of fuel consumption of such automobiles.

H.R. 3328. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow as a credit against the income tax a limited amount of medical expenses paid by an individual during the taxable year.

Requests the President to study the adequacy of a refundable tax credit to meet the health care needs of the Nation.

H.R. 3329. February 19, 1975. Education and Labor. Amends the Vocational Education Act of 1963 by increasing and extending the appropriations for various programs under the Act.

H.R. 3330. February 19, 1975. Interstate and Foreign Commerce. Modifies the packaging and labeling requirements for colored oleomargarine or margarine.

H.R. 3331. February 19, 1975. Post Office and Civil Service. Redesignates the dates for the observance of Memorial Day and Veterans' Day.

H.R. 3332. February 19, 1975. Public Works and Transportation. Establishes within the General Services Administration a police force to be known as the Federal Protective Service, to enforce laws and regulations in public buildings and other areas under the Jurisdiction of the General Services Administration.

H.R. 3333. February 19, 1975. Education and Labor. Amends the Federal Coal Mine Health and Safety Act of 1969 by (1) revising the procedures and eligibility standards for receiving black lung disability benefits; (2) creating a Black Lung Disability Insurance Fund and requiring coal mine operators to pay premiums into such fund; (3) transfering certain functions under the Act from the Secretary of Health, Education, and Welfare to the Secretary of Labor; and (4) revising the name, membership, and responsibilities of the committee on coal mine health research.

H.R. 3334. February 19, 1975. Public Works and Transportation. Amends the Federal Highway Act of 1963 to increase the appropriations for Federal-aid highways in rural areas, and for bridge replacement and reconstruction.

Establishes a program of Federal aid to State and county road and highway authorities for the replacement of unsafe or inadequate non Federal-aid highway bridges which are important to the area they serve.

Increases the appropriations for projects to eliminate or reduce significant highway hazards and authorizes a percentage of Federal-aid funds to be used for non Federal-aid roads. Changes the term "rural area" to "country side area" throughout the laws on Federal-aid highways.

H.R. 3335. February 19, 1975. Education and Labor. Amends the Age Discrimination in Employment Act of 1967 by prohibiting discrimination on the basis of age within the Federal Government. Redefines the term "employer" under the Act to include States and political subdivisions of the States. Increases the appropriations authorized to carry out the Act.

H.R. 3336. February 19, 1975. Post Office and Civil Service.

Permits officers and employees of the United States to waive the receipt of any portion of compensation to which they are entitled. Requires any such officer or employee who elects to waive such compensation to so notify the Secretary of the Treasury.

H.R. 3337. February 19, 1975. Veterans' Affairs. Authorizes recomputation of retired pay for members and former members of the Armed Forces who are 60 years of age or older or who are retired because of a physical disability.

H.R. 3338. February 19, 1975. Veterans' Affairs. Extends the maximum period of veterans' eligibility for educational benefits from thirty-six months to forty-five months.

H.R. 3339. February 19, 1975. Interstate and Foreign Commerce. Prohibits distributors and refiners of petroleum products from canceling franchises without cause and without prior notice.

H.R. 3340. February 19, 1975. Judiciary. Makes it a Federal crime to kill or assault a fireman or law enforcement officer engaged in the performance of his official duties when the offender travels in interstate commerce or uses any facility of interstate commerce for such purpose.

H.R. 3341. February 19, 1975. Ways and Means. Amends the International Revenue Code to allow a limited credit against the income tax for the expenses of education above the twelfth grade paid by the taxpayer for providing an education for himself or any other individual.

H.R. 3342. February 19, 1975. Judiciary. Amends the Voting Rights Act of 1965 by increasing to twenty years the time period during which a declaratory judgment that no voting test or device has been used to abridge the right to vote on account of race or color may not issue in a case brought by a State or local political subdivision.

Stipulates that no citizen shall be denied, because of his failure to comply with any test or device, the right to vote in any Federal, State, or local election.

H.R. 3343. February 19, 1975. Judiciary. Amends the Voting Rights Act of 1965 by increasing to twenty years the time period during which a declaratory judgment that no voting test or device has been used to abridge the right to vote on account of race or color may not issue in a case brought by a State or local political subdivision.

Stipulates that no citizen shall be denied, because of his failure to comply with any test or device, the right to vote in any Federal, State, or local election.

H.R. 3344. February 19, 1975. Judiciary. Amends the Voting Rights Act of 1965 by increasing to twenty years the time period during which a declaratory judgment, that no voting test or device has been used to abridge the right to vote on account of race or color, may not issue in a case brought by a State or local political subdivision.

Stipulates that no citizen shall be denied, because of his failure to comply with any test or device, the right to vote in any Federal, State, or local election.

H.R. 3345. February 19, 1975. Armed Services. Requires the Secretary of Defense to establish within the Department of Defense a center for research regarding the diseases, disabilities, and other medical and psychological problems of prisoners of war.

H.R. 3346. February 19, 1975. Veterans' Affairs. Directs the Administrator of Veterans' Affairs to prescribe such rules and regulations as he deems necessary to establish first priority for outpatient treatment to any veteran for a service-connected disability.

H.R. 3347. February 19, 1975. Veterans' Affairs. Revises the nature and extent of medical benefits that the Administrator of Veterans' Affairs may furnish and the conditions for veterans' eligibility for such benefits.

H.R. 3348. February 19, 1975. Veterans' Affairs. Credits proceeds derived from the use by the surrounding medical community of facilities established in Veterans' Administration hospitals, to provide an electronic link to major medical centers, to the appropriate Veterans' Administration medical appropriation.

H.R. 3349. February 19, 1975. Veterans' Affairs. Directs the Administrator of Veterans' Affairs to permit a veteran, who is not a patient in a Veterans' Administration facility, to determine the means whereby such veteran shall be supplied with, or reimbursed for, such drugs or medicines as he may require.

H.R. 3350. February 19, 1975. Veterans' Affairs. Includes podiatrists' services under the term medical services for the purposes of veterans' compensation. Revises the list of compensable veterans' disabilities.

H.R. 3351. February 19, 1975. Interior and Insular Affairs. Directs the Secretary of Health, Education, and Welfare to make grants and provide scholarships to Indians enrolled in health-related training programs. Authorizes the Secretary to expend funds to meet Indian health care needs, to provide hospitals and other health facilities, and to supply unmet needs for safe water and sanitary waste disposal facilities. Requires the Secretary to contract with urban Indian organizations to assist such organizations to establish and administer health programs to benefit urban Indians.

H.R. 3352. February 19, 1975. Banking, Currency and Housing. Authorizes the Federal Deposit Insurance Corporation to terminate the insurance of any bank which fails to pay the Federal funds interest rate on all tax and loan accounts maintained at such bank.

H.R. 3353. February 19, 1975. Banking, Currency and Housing. Authorizes the Federal Deposit Insurance Corporation to terminate the insurance of any bank which fails to pay the Federal funds interest rate on all tax and loan accounts maintained at such bank.

H.R. 3354. February 19, 1975. Veterans' Affairs. Specifies that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits.

H.R. 3355. February 19, 1975. Interior and Insular Affairs. Authorizes the Secretary of the Interior to study the feasibility of a national park, recreation area, or wilderness area in the Ridgelands east of San Francisco Bay in California.

H.R. 3356. February 19, 1975. Education and Labor. Requires the President to submit to Congress annually a report on American youth and Federal youth programs. Establishes a Council on Youth in the Executive Office of the President to assist in the preparation of the annual report and review Federal programs and regulations affecting youth.

H.R. 3357. February 19, 1975. Ways and Means. Amends the Tariff Schedules of the United States to suspend until June 30, 1976, the duty on catalysts of platinum and carbon used in producing caprolactum.

H.R. 3358. February 19, 1975. Post Office and Civil Service. Designates the birthday of "Susan B. Anthony" as a legal public holiday.

H.R. 3359. February 19, 1975. Post Office and Civil Service. Designates the birthday of "Susan B. Anthony" as a legal public holiday.

H.R. 3360. February 19, 1975. Ways and Means. Amends the Social Security Act by removing the limitation on the amount of outside income which an individual may earn while receiving Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3361. February 19, 1975. Ways and Means. Amends the Tariff Schedules of the United States to suspend the duty on open-top hopper cars exported for repairs or alteration on or before June 30, 1975.

Extends such suspension retroactively to liquidate the duty paid on such cars after September 1, 1974.

H.R. 3362. February 19, 1975. Interstate and Foreign Commerce. Establishes a National Commission on Regulatory Reform to study and make recommendations on the activities and effect on the economy of certain Federal regulatory agencies.

H.R. 3363. February 19, 1975. Armed Services. Directs the Secretary of Defense to continue to operate and maintain the commissary stores of the agencies of the Department of Defense.

H.R. 3364. February 19, 1975. Merchant Marine and Fisheries. Amends the Merchant Marine Act of 1920 by establishing a program of grants under the Secretary of Commerce to enable State and local governments and agencies to bring public ports into compliance with federally imposed requirements relating to environmental protection, public health and safety, or port cargo or security.

Directs the Secretary to conduct a study of the needs of United States public ports to meet requirements described above and for necessary expansion and modernization.

H.R. 3365. February 19, 1975. Interstate and Foreign Commerce. Defines the term "food supplement" as it appears in the Federal Food, Drug, and Cosmetic Act. Disallows the requirement of warning labels for and the limiting of ingredients in "food supplements" by the Secretary of Health, Education, and Welfare unless such article is intrinsically injurious to health in the recommended dosage.

H.R. 3366. February 19, 1975. Ways and Means. Amends the Internal Revenue Code to allow a deduction from gross income for costs paid by the Taxpayer for the custodial care of a dependent incurred as a result of Down's syndrome.

H.R. 3367. February 19, 1975. Interior and Insular Affairs. Authorizes an appropriation to the Secretary of the Interior for the extension of credit to Guam to assist in the development of school facilities, water project, and sewer projects on Guam.

H.R. 3368. February 19, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claim for refund of certain amounts paid to the Internal Revenue Service.

H.R. 3369. February 19, 1975. Judiciary. Authorizes classification of certain individuals as children for purposes of the Immigration and Nationality Act.

H.R. 3370. February 19, 1975. Judiciary. Specifies the tax treatment of a certain corporation under the Internal Revenue Code.

H.R. 3371. February 19, 1975. Judiciary. Authorizes the admission of a certain individual to the United States for permanent residence.

H.R. 3372. February 19, 1975. Judiciary. Authorizes classification of a certain individual as a child for purposes of the Immigration and Nationality Act.

H.R. 3373. February 19, 1975. Judiciary. Declares a certain individual lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3374. February 19, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claim against the United States for unwarranted treatment by Naval medical personnel.

H.R. 3375. February 19, 1975. Judiciary. Stipulates that a certain individual shall be classified as a nonimmigrant alien under the Immigration and Nationality Act.

H.R. 3376. February 19, 1975. Judiciary. Authorizes classification of certain individuals as children for purposes of the Immigration and Nationality Act.

H.R 3377. February 19, 1975. Judiciary. Allows presentation of a certain claim to the Secretary of Labor notwithstanding specified time limitations.

H.R. 3378. February 19, 1975. Judiciary. Declares certain individuals lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3379. February 19, 1975. Judiciary. Declares certain individuals lawfully admitted to the United States for permanent residence, under the Immigration and Nationality Act.

H.R. 3380. February 19, 1975. Judiciary. Directs the Secretary of the Treasury to pay a specified sum to a certain individual in full settlement of such individual's claim against the United States for injuries sustained while a Federal employee.

H.R. 3381. February 19, 1975. Judiciary. Directs the Administrator of Veterans' Affairs to pay disability compensation to a certain individual.

H.R. 3382. February 19, 1975. Judiciary. Authorizes the United States Postal Service to compromise, release, or discharge the liability of a certain employee for a specified amount.

H.R. 3383. February 20, 1975. Interstate and Insular Affairs. Authorizes the Secretary of the Interior to construct, operate and maintain the Pollock-Herreid unit, South Dakota pumping division, Pick-Sloan Missouri Basin program, South Dakota.

Prohibits the use of water from the unit authorized by this Act to irrigate lands for the production of certain agricultural commodities for a period of ten years.

H.R. 3384. February 20, 1975. Post Office and Civil Service. Revises the method by which appropriations are authorized to the United States Postal Service. Requires that all revenues and fees collected by the Postal Service be deposited in the general fund of the United States Treasury.

Prohibits the construction of Postal Service facilities without notice to State and local governmental units affected by such construction, and without a hearing on such proposed construction.

Revises Postal Service employment and personnel policies.

H.R. 3385. February 20, 1975. Banking, Currency and Housing. Amends the Housing and Community development Act of 1974 to include within the meaning of the term "city" those closely settled towns and townships which perform functions similar to units of local government classified as municipalities by the United States Bureau of the Census whether or not such towns and townships contain within its boundaries incorporated places as defined by the Bureau of the Census.

H.R. 3386. February 20, 1975. Banking, Currency and Housing. Extends the prohibited grounds of discrimination of the Equal Credit Opportunity Act with respect to credit transactions to include discrimination on the basis of race, color, religion, national origin, and age.

Directs the Federal Reserve Board to establish an advisory committee with respect to the Board's functions under the Act.

H.R. 3387. February 20, 1975. Education and Labor. Repeals the Davis-Bacon Act.

H.R. 3388. February 20, 1975. Government Operations. Directs the Administrator of General Services to assist Federal agencies with respect to records creation, maintenance, use, and disposition. Directs the Administrator to make inspections and formulate rules regarding Federal records. Establishes a Records Review Board to review orders issued by the Administrator. Grants the Administrator custody and control over the National Archives Building and its contents.

H.R. 3389. February 20, 1975. Government Operations. Directs the Administrator of General Services to assist Federal agencies with respect to records creation, maintenance, use, and disposition. Directs the Administrator to make inspections and formulate rules regarding Federal records. Establishes a Records Review Board to review orders issued by the Administrator. Grants the Administrator custody and control over the National Archives Building and its contents.

H.R. 3390. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to increase the corporate surtax exemption.

H.R. 3391. February 20, 1975. Judiciary. Imposes minimum penalties for use of a firearm or destructive device in the commission of certain crimes of violence.

H.R. 3392. February 20, 1975. Public Works and Transportation. Directs that no State shall receive less than 50 percent of the amount paid by that State into the Highway Trust Fund.

H.R. 3393. February 20, 1975. Ways and Means. Excludes general and cost-of-living increases in Old-Age, Survivors and Disability Insurance benefits under the Social Security Act from income for the purpose of determining an individual's eligibility for any Federal or federally funded State program.

H.R. 3394. February 20, 1975. Ways and Means. Excludes general and cost-of-living increases in Old-Age, Surviviors and Disability Insurance benefits under the Social Security Act from income for the purpose of determining an individual's eligibility for any Federal or federally funded State program.

H.R. 3395. February 20, 1975. Ways and Means. Excludes general and cost-of-living increases in Old-Age, Survivors and Disability Insurance benefits under the Social Security Act from income for the purpose of determining an individual's eligibility for any Federal or federally funded State program.

H.R. 3396. February 20, 1975. Judiciary. Amends the Immigration and Nationality Act make it unlawful for persons to knowingly employ or refer for employment aliens who have not been lawfully admitted to the United States for permanent residence.

Directs that the Immigration and Naturalization Service shall increase its staff.

H.R. 3397. February 20, 1975. Armed Services. Authorizes the Administrator of General Services to dispose of cadmium from the national stockpile and the supplemental stockpile.

H.R. 3398. February 20, 1975. Interstate and Foreign Commerce. Prohibits or restricts the ownership or control by foreign interests of certain issuers of securities, corporations, real estate, or natural resources deemed to be vital to the economic security and national defense of the United States. Establishes the National Foreign Investment Control Commission to supervise and regulate foreign investments in domestic interest.

H.R. 3399. February 20, 1975. Interstate and Foreign Commerce. Prohibits distributors and refiners of petroleum products from cancelling franchises without cause and without prior notice.

H.R. 3400. February 20, 1975. Post Office and Civil Service. Redesignates Veterans' Day as November 11.

H.R. 3401. February 20, 1975. Rules.

Creates a Congressional Joint Committee on Foreign Investment Control in the United States to study the manner in which the National Foreign Investment Control Commission established by the "Foreign Investment Control Act of 1975" fulfills its functions.

H.R. 3402. February 20, 1975. Ways and Means. Amends the Social Security Act to require that Old-Age, Survivors and Disability Insurance benefits be paid for the month during which a beneficiary dies.

H.R. 3403. February 20, 1975. Banking, Currency and Housing. Amends the Truth in Lending Act to prohibit discrimination on account of age in credit card transactions.

H.R. 3404. February 20, 1975. Interstate and Foreign Commerce. Declares it an unfair practice under the Federal Trade Commission Act for any person, partnership, or corporation engaging in sale at the retail level of any consumer commodity which has been distributed in commerce to increase the price for such consumer commodity once a price is affixed by such person, partnership, or corporation to such commodity.

H.R. 3405. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to permit a taxpayer to deduct as an expense during the taxable year expenditures for the purpose of making any facility owned or leased by the taxpayer for use in connection with his trade or business more usable by handicapped and elderly individuals.

H.R. 3406. February 20, 1975. Judiciary. Permits the deposit of newspapers and political campaign literature in mailboxes without the payment of postage.

H.R. 3408. February 20, 1975. Education and Labor. Authorizes appropriations for fiscal year 1976 for carrying out provisions of the Comprehensive Employment and Training Act of 1973.

H.R. 3408. February 20, 1975. Education and Labor. Establishes in the Office of the Secretary of Health, Education, and Welfare an Office of Youth Camp Safety. Requires that Federal youth camp safety standards be developed and enforced

H.R. 3409. February 20, 1975. Education and Labor. Authorizes appropriations for fiscal year 1976 for carrying out provisions of the Comprehensive Employment and Training Act of 1973.

H.R. 3410. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to allow a credit against taxes for certain amounts deposited by a taxpayer in an educational savings plan for himself or a dependent to pay the expenses of postsecondary education.

H.R. 3411. February 20, 1975. Judiciary. Eliminates the antitrust exemption for certain resale price maintenance (fair trade) agreements under the Sherman Act and the Federal Trade Commission Act.

H.R. 3412. February 20, 1975. Merchant Marine and Fisheries. Establishes the United States fisheries zone within a boundary line drawn two hundred miles from the inner boundary of the territorial sea.

Authorizes the Administrator of the National Oceanic and Atmospheric Administration to promulgate fisheries regulation and management plans with measures for conservation of fisheries within the United States zone, anadromous species, and Continental Shelf fisheries resources.

Establishes National and Regional Advisory Boards and Councils to advise the Administrator on fisheries management issues.

Directs the Secretary of State to assure that international provisions of this Act are carried out.

Directs the Coast Guard to enforce regulations issued under this Act.

H.R. 3413. February 20, 1975. Education and Labor. Amends the Federal Coal Mine Health and Safety Act of 1969 by: (1) revising the membership of the Advisory Committee on Coal Mine Health Research; (2) redefining the term "total disability"; (3) revising presumptions of disability due to pneumoconiosis; (4) revising procedures for filing and reviewing black lung benefits claims; and (5) authorizing appropriations for clinics for the treatment of pneumoconiosis and other pulmonary ailments.

H.R. 3414. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income moving expenses which were paid by the taxpayer's employer, and to disallow a deduction for such reimbursed expenses.

H.R. 3415. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to exempt from the income tax cooperative housing corporations and condominium housing associations.

H.R. 3416. February 20, 1975. Education and Labor. Amends the Age Discrimination in Employment Act of 1967 to apply the prohibitions of the Act to all persons over 40.

H.R. 3417. February 20, 1975. Foreign Affairs. Authorizes the President to make grants to land-grant universities to enable them to offer assistance to land-grant type universities in agriculturally developing nations.

Establishes an International Land-Grant University Advisory Board to assist the President in carrying out the purpose of this Act.

H.R. 3418. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to tax married and unmarried individuals at the same rate as married individuals filing jointly.

H.R. 3419. February 20, 1975. House Administration. Revises certain criminal provisions of Federal election laws. Enumerates and defines Federal election crimes.

Amends the Federal Election Campaign Act of 1971 by: (1) requiring political committees to approve expenditures by Presidential and Vice-Presidential candidates; (2) repealing the authority of Congress to veto rules and regulations proposed by the Federal Election Commission.

Amends the Communications Act of 1934 by exempting from the equal time requirement of such Act time offered to candidates for Federal elective office.

Prohibits certain intelligence gathering activities by employees of the Executive of the President.

Amends the Internal Revenue Code with respect to access to income tax returns.

H.R. 3420. February 20, 1975. Interstate and Foreign Commerce. Establishes the Controlled Substances Administration and transfers to it the drug-related responsibilities for the regulation of controlled substances from various other authorities.

H.R. 3421. February 20, 1975. Interstate and Foreign Commerce. Amends the Controlled Substances Act to increase the penalty for the distribution of heroin to a person 21 or older by a person not himself an addict. Authorizes pretrial detention of persons charged with the unlawful distribution of, or possession with intent to distribute, heroin.

H.R. 3422. February 20, 1975. Interstate and Foreign Commerce. Amends the Comprehensive Drug Abuse Prevention and Control Act of 1970 by establishing minimum mandatory sentences for persons convicted of offenses involving narcotic drugs. Details procedures to be used in determining whether to grant pretrial and posttrial release of persons charged with offenses involving certain narcotic drugs.

Makes all moneys used, or intended for use in illegally manufacturing, distributing, dispensing, or acquiring any controlled substances subject to forfeiture to the United States.

H.R. 3423. February 20, 1975. Veterans' Affairs. Requires the Administrator of Veterans' Affairs to pay pension benefits to each veteran who served in the active military, naval, or air service at any time during World War I and who is otherwise not eligible for pension or to the widow and children of such veteran.

H.R. 3424. February 20, 1975. Interstate and Foreign Commerce. Amends the Securities Exchange Act of 1934 (1) to prohibit persons who are not citizens of the United States from acquiring more than five percent of the voting securities or thirty-five percent of the nonvoting securities of any issuer whose securities are registered under the Act; (2) to prohibit any person not a citizen who now owns securities in greater percentages than stated above from acquiring any more of such securities; and (3) to direct the Securities and Exchange Commission to require the registration of persons not citizens before their acquisition of securities registered under the Securities Exchange Act of 1934.

H.R. 3425. February 20, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of outside income which an individual may earn without a reduction in Old-Age, Survivors, and Disability Insurance benefits.

H.R. 3426. February 20, 1975. Education and Labor. Establishes a National Commission for the Preservation of Language Resources to evolve an active program for the conservation of the language resources of the United States.

H.R. 3427. February 20, 1975. Banking, Currency and Housing. Directs the Secretary of the Treasury to strike and furnish to the Baltimore Museum of Art, in Baltimore, Maryland, medals commemorating the two hundredth anniversary of the signing of the Declaration of Independence by Charles Carroll.

H.R. 3428. February 20, 1975. District of Columbia. Grants the consent of Congress for the State of Maryland, the Commonwealth of Virginia and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact to authorize the Washington Metropolitan Area Transit Authority to establish and maintain a regular police force, to be known as the Metro Transit Police.

Empowers the Authority to adopt rules an regulations designed to promote the safe and orderly use of transit facilities under the jurisdiction of the Authority.

H.R. 3429. February 20, 1975. Interstate and Foreign Commerce. Defines the term "food supplement" as it appears in the Federal Food, Drug, and Cosmetic Act. Disallows the requirement of warning labels for and the limiting of ingredients in "food supplements" by the Secretary of Health, Education, and Welfare unless such article is intrinsically injurious to health in the recommended dosage.

H.R. 3430. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to increase the corporate surtax exemption.

H.R. 3431. February 20, 1975. Education and Labor. Amends the Federal Metal and Nonmetallic Mine Safety Act of 1966 to eliminate the Federal Metal and Nonmetallic Mine Safety Board of Review. Allows for judicial review by the U.S. Court of Appeals of final orders issued under the Act by the Secretary of the Interior.

H.R. 3432. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to disallow a deduction from gross income of expenses for the advertising of alcoholic beverages.

H.R. 3433. February 20, 1975. Post Office and Civil Service. Redesignates Veterans Day as November 11.

H.R. 3434. February 20, 1975. Education and Labor. Amends the Employees Retirement Income Security Act of 1974 by requiring that all private pension plans have the effect of a qualified joint and survivor annuity.

Revises the requirements for a qualified trust under the Internal Revenue Code of 1954 to conform to such amendment.

H.R. 3435. February 20, 1975. Banking, Currency and Housing. Amends the Emergency Home Purchase Assistance Act of 1974 by authorizing the Secretary of Housing and Urban Development to purchase mortgages covering more than four-family residences or single-family units in condominium projects which are not insured under the National Housing Act or guaranteed under the Laws relating to homeownership by veterans.

H.R. 3436. February 20, 1975. Education and Labor. Establishes a Presidentially appointed Senate confirmed Federal Full Employment Board to review industrial, economic, and governmental programs and policies which affect the level of employment in the United States, and to recommend to the President and Congress annually a program to achieve full employment.

H.R. 3437. February 20, 1975. Interstate and Foreign Commerce. Directs the Secretary of Health, Education, and Welfare, under the Public Health Service Act, to establish and implement a program of national medical malpractice insurance. Allows a State to establish a program for arbitration of medical malpractice claims, if such program conforms to the requirements of this Act.

H.R. 3438. February 20, 1975. Interior and Insular Affairs. Amends the Water Resources Planning Act to increase the maximum rate of compensation for certain experts and consultants.

H.R. 3439. February 20, 1975. Interior and Insular Affairs. Amends the Mineral Leasing Act of 1920 to require that funds acquired by lease or sale of public lands be used for public facilities and public services.

H.R. 3440. February 20, 1975. Public Works and Transportation. Authorizes the Administrator of the Federal Aviation Agency to grant release from any of the terms, conditions, or restrictions contained in the deed of conveyance under which the United States conveyed certain property to the city of Grand Junction, Colorado.

H.R. 3441. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to exempt from Federal tax that portion of costs paid for communications services attributable to taxes imposed by State and local governments.

H.R. 3442. February 20, 1975. Judiciary. Standards of Official Conduct. Requires Federal employees to file with the Office of the Federal Register a statement with respect to certain gifts made or received by such employees.

Directs the Office of the Federal Register to compile and publish annually such statements.

H.R. 3443. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to increase the maximum period which may elapse between the sale of a residence and the purchase of another in order that gain from such sale will be excluded from gross income.

H.R. 3444. February 20, 1975. Agriculture. Authorizes and directs the Secretary of Agriculture, through the Commodity Credit Corporation, to make expenditures for the purchase of food animals and animal food products for contribution to domestic and foreign food programs.

H.R. 3445. February 20, 1975. Ways and Means. Amends the Social Security Act by increasing the amount of the lump-sum death payment.

H.R. 3446. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income limited amounts received as dividends or interest on deposits in a savings institution.

H.R. 3447. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to allow an additional income tax exemption for a taxpayer, his spouse, or any dependent of the taxpayer who is handicapped.

H.R. 3448. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to allow an additional income tax exemption for a taxpayer, his spouse, or any dependent of the taxpayer who is handicapped.

H.R. 3449. February 20, 1975. Ways and Means. Directs the Bureau of Labor Statistics to prepare a monthly Consumer Price Index for Senior Citizens and Other Social Security Beneficiaries. Amends the Social Security Act by requiring that this index be utilized in lieu of the Consumer Price Index in computing cost-of-living benefit increases when such use will yield a greater increase.

H.R. 3450. February 20, 1975. Veterans' Affairs. Classifies any death from natural causes, when the veteran was in receipt or entitled to receive compensation at the time of death for a service-connected disability permanently and totally disabling for ten or more years, as a service-connected death for death compensation and dependency and indemnity compensation purposes.

H.R. 3451. February 20, 1975. Veterans' Affairs. Entitles a veteran with a service-connected disability rated 90 percent or less disabling to receive the full disability compensation to which he is entitled and the amount of any pension he is eligible for, reduced by an amount which bears to the amount of such pension the same ratio as his service-connected disability rating bears to 100 percent.

H.R. 3452. February 20, 1975. Veterans' Affairs. Increases the disability compensation for any veteran who has suffered the anatomical loss or loss of use of a hand or foot in combination with total blindness.

H.R. 3453. February 20, 1975. Veterans' Affairs. Lists certain serious service-connected disabilities for which the monthly compensation to veterans shall be $727.

H.R. 3454. February 20, 1975. Veterans' Affairs. Prohibits payment by the United States for a mentally incompetent veteran, having neither wife nor children, and who is receiving hospital, institutional, or domiciliary when his estate equals or exceeds $2,000, and proscribes further payment until his estate is reduced to $1,000.

H.R. 3455. February 20, 1975. Veterans' Affairs. Defines peacetime service and authorizes payment of: (1) a non-service-connected disability pension to a veteran who served during such period or; (2) a service-connected disability pension to such veteran's widow or children.

H.R. 3456. February 20, 1975. Veterans' Affairs. Allows emergency officers, regular, or reserve retirement pay to be paid to any veteran concurrently with compensation for any service-connected disability rated 30 percent or more in degree disabling, unless the former payments are based on the same disability.

H.R. 3457. February 20, 1975. Veterans' Affairs. Presumes that multiple sclerosis or progressive muscular atrophy developing a 10 percent degree of disability or more within seven years from the date of separation from the service is a service-connected disability.

H.R. 3458. February 20, 1975. Veterans' Affairs. Authorizes additional veterans' benefits for a veteran who has suffered the loss or loss of use of one lung or one kidney.

H.R. 3459. February 20, 1975. Veterans' Affairs. Requires the Administrator of Veterans' Affairs to submit any changes in the ratings of reductions in earning capacity due to service-connected disabilities to the Congress which shall have ninety days to disapprove the change or readjustment.

H.R. 3460. February 20, 1975. Veterans' Affairs. Exempts certain social security payments to a widow of a World War I veteran from consideration in determining annual income for the purposes of paying a death pension to such widow.

H.R. 3461. February 20, 1975. Veterans' Affairs. Includes World War I veterans in the provisions granting veterans eligibility for assistance for automobiles and adaptive equipment for disabled veterans.

H.R. 3462. February 20, 1975. Veterans' Affairs. Grants discretion to members of Servicemen's Group Life Insurance to choose conversion to an individual policy instead of conversion to Veterans' Group Life Insurance.

H.R. 3463. February 20, 1975. Interior and Insular Affairs. Regulates surface coal mining operations through a permit program administered by the Secretary of the Interior. Requires applicants to meet minimum environmental protection performance standards. Allows States to establish surface mining control programs at least as stringent as minimum Federal standards.

Includes provisions to fund mineral resources research programs and to provide for reclamation of abandoned mine sites. Authorizes the Secretary of Labor to extend unemployment assistance to individuals left jobless as a result of enforcement of surface mining requirements.

H.R. 3464. February 20, 1975. Judiciary. Standards of Official Conduct. Requires lobbyists to: (1) register with the Federal Election Commission; (2) make and retain certain records; and (3) file reports with the Commission regarding their activities.

Requires certain officials of the executive branch to record their communications with lobbyists.

Repeals the Federal Regulation of Lobbying Act.

H.R. 3465. February 20, 1975. Armed Services. Authorizes the Administrator of General Services to dispose of sperm oil from the national stockpile. Exempts subsequent holders of such sperm oil from the prohibitions against sale dictated by the Endangered Species Act of 1973.

H.R. 3466. February 20, 1975. Merchant Marine and Fisheries. Amends the Merchant Marine Act, 1936, to authorize the Secretary of Commerce to aid private United States ship builders and owners to build up to three nuclear-powered merchant ships by financing the excess of the construction costs of such ships over the cost of comparable conventional ships. Authorizes the Secretary to provide training for the merchant marine officers and crew for such ships. Directs the Secretary and the Atomic Energy Commission to dispose of spent nuclear components and to apply disposal costs against the owner's outstanding loan balance.

H.R. 3467. February 20, 1975. Judiciary. Requires court orders for the interception of communications by electronic and other devices, for the entering of any residence, for the opening of any mail and for the inspection or procurement of telephone, bank, credit and other records. Requires reports to Congress and to the Administrative Office of the United States Courts concerning orders requested, denied, or approved.

H.R. 3468. February 20, 1975. Interstate and Foreign Commerce. Requires independent regulatory agencies to (1) submit their budget estimates and requests to Congress at the same time they submit those items to the President; and (2) submit their legislative recommendations directly to Congress.

Revises regulations governing such agencies with respect to (1) supplying documents to committees of Congress; (2) control of litigation; and (3) appointment and tenure of chairmen and the tenure of members.

Declares that the appointment of any person to the staff of such agencies shall not be subject to approval by the Office of the President, or any office or agency other than the Civil Service Commission.

H.R. 3469. February 20, 1975. Judiciary. Amends the Sherman Act by redefining "person" to include marketing cooperatives.

H.R. 3470. February 20, 1975. Education and Labor. Amends the Higher Education Act of 1965 to authorize the Commissioner of Education to make annual cost-of-education payments to each institution.

H.R. 3471. February 20, 1975. Education and Labor. Amends the Higher Education Act of 1965 to (1) extend appropriations for various student financial aid programs for postsecondary education; (2) change the level of appropriations for the programs; (3) revise standards for eligibility under such programs; (4) change the criteria to be utilized for the allotment of money to States for State Student Incentives; (5) require institutions of higher education to establish a tuition refund policy in order to be eligible for assistance under this Act; and (6) include veterans in the special programs for disadvantaged students.

H.R. 3472. February 20, 1975. Interior and Insular Affairs. Regulates surface coal mining operations through a permit program administered by the Secretary of the Interior. Requires applicants to meet minimum environmental protection performance standards. Allows States to establish surface mining control programs at least as stringent as minimum Federal standards.

Includes provisions to fund mineral resources research programs and to provide for reclamation of abandoned mine sites. Authorizes the Secretary of Labor to extend unemployment assistance to individuals left jobless as a result of enforcement of surface requirements.

H.R. 3473. February 20, 1975. Education and Labor. Amends the Vocational Education Act of 1963 by directing that Federal aid under the Act shall be divided between vocational and occupational education. Requires each State to establish a local coordinating committee for each of its localities to make a continuing study of vocational and occupational education needs. Authorizes Federal financial assistance for planning, applied research, curriculum development, and program improvement in vocational and occupational education.

H.R. 3474. February 20, 1975. Atomic Energy. Science and Technology. Authorizes appropriations to the Energy Research and Development Administration in accordance with provisions of the Atomic Energy Act of 1954, the Energy Reorganization Act of 1974, and the Federal Nonnuclear Energy Research and Development Act of 1974.

H.R. 3475. February 20, 1975. Veterans' Affairs. Extends the maximum period of veterans' eligibility for educational benefits from 36 months to 45 months.

H.R. 3476. February 20, 1975. Education and Labor. Authorizes the Secretary of Health, Education, and Welfare to make grants for summer youth sports programs.

H.R. 3477. February 20, 1975. Government Operations. Directs the head of a public agency, when considering bids or offers to furnish articles, materials, or supplies mined, produced, or manufactured in the United States, not to consider unreasonable any bid or offer to furnish such articles if it does not exceed the lowest bid by more than fifty percent.

Clarifies the right of any State to give preference to domestically produced goods in purchasing for public use.

Requires all federally financed contracts to comply with this Act.

H.R. 3478. February 20, 1975. Government Operations. Authorizes the Administrator of General Services to assign surplus Federal property to the Secretary of Commerce for disposal of such property to States and local areas threatened by unemployment as a result of the closing of Federal facilities. Requires that such property be used by the transferees for economic development purposes.

H.R. 3479. February 20, 1975. Judiciary. Directs, under the Omnibus Crime Control and Safe Streets Act of 1968 that a gratuity be paid to survivors of certain public safety officers who die in the performance of duty.

H.R. 3480. February 20, 1975. Judiciary. Grants an exemption from antitrust liability to professional retail pharmacists who negotiate collectively for reimbursement for dispensing prescription drugs under a government or private prepaid prescription program.

H.R. 3481. February 20, 1975. Merchant Marine and Fisheries. Amends the Coastal Zone Management Act of 1972 to authorize financial assistance to coastal States to assess impacts associated with the development of Federal energy resources in the Outer Continental Shelf area. Authorizes grants to States for interstate coordination of coastal zone planning.

H.R. 3482. February 20, 1975. Small Business. Stipulates that certain nonprofit organizations which provide economic benefit or valuable service to their members shall be considered small businesses for purposes of the Small Business Act.

H.R. 3483. February 20, 1975. Small Business. Stipulates that an agribusiness shall be considered to be a business for the purposes of the Small Business Act.

H.R. 3484. February 20, 1975. Veterans' Affairs. Extends the maximum period of veterans' eligibility for educational benefits from thirty-six months to forty-eight months. Extends the aggregate period of eligibility under two or more programs of educational assistance from 48 months to 96 months.

H.R. 3485. February 20, 1975. Interstate and Foreign Commerce. Authorizes the Secretary of Health, Education, and Welfare, under the Public Health Services Act to make grants and enter into contracts for projects to provide Huntington's disease screening, and research in the diagnosis, treatment, and prevention of Huntington's disease. Directs the Secretary to disseminate information on Huntington's disease and to provide voluntary screening, counseling, and treatment therefore within the Public Health Service.

H.R. 3486. February 20, 1975. Ways and Means. Amends the Social Security Act to prohibit termination of widow's, widower's or parent's insurance benefits if the recipient remarries.

H.R. 3487. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to allow the lessee of qualified urban mass transit property owned by a governmental unit to be eligible for the investment tax credit.

H.R. 3488. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income limited amounts received as dividends or interest on deposits in a savings institution.

H.R. 3489. February 20, 1975. Ways and Means. Amends the Internal Revenue Code to exclude from gross income limited amounts received as dividends or interest on deposits in a savings institution.

H.R. 3490. February 20, 1975. Education and Labor. Directs the Commissioner of Education to allot funds appropriated by this Act to local educational agencies to assist in reducing crime against the children, employees and facilities of their elementary and secondary schools.

H.R. 3491. February 20, 1975. Education and Labor. Authorizes the Commissioner of Education to make grants to elementary and secondary schools and other educational programs and training and evaluation activities concerning the use of drugs. Establishes an Advisory Committee on Drug Abuse Education to advise the Commissioner on carrying out the purposes of this Act.

H.R. 3492. February 20, 1975. Education and Labor. Amends the Education for the Handicapped Act to authorize the Commissioner of Education to make grants for the development and implementation of tutorial programs for homebound handicapped children. Stipulates that such programs should make a special effort to utilize veterans and handicapped students as tutors.

H.R. 3493. February 20, 1975. House Administration. Declares that all objects and materials prepared for or by the President or Vice-President of the United States in connection with public business shall be the property of the United States.

Directs the Administrator of General Services to deposit such objects and materials in the National Archives. Authorizes the Administrator to donate such objects and materials to an educational institution at the request of the President or Vice-President.

H.R. 3494. February 20, 1975. Interstate and Foreign Commerce. Prohibits the shipment or sale in interstate commerce of nonreturnable beverage containers for which no reasonable refundable money deposit is required.

Directs the Secretary of Health, Education, and Welfare to define the term "nonreturnable containers."

H.R. 3495. February 20, 1975. Interstate and Foreign Commerce. Prohibits the introduction into interstate commerce of aerosal cans which fail to conform to Federal safety standards to be established by the Consumer Product Safety Commission.

H.R. 3496. February 20, 1975. Judiciary. Confers United States citizenship on certain Vietnamese children fathered by United States citizens. Requires the Department of State to expedite the adoption of such children.

H.R. 3497. February 20, 1975. Judiciary. Amends the Civil Rights Act of 1964 to prohibit discrimination on the basis of physical or mental handicap in federally assisted programs.

H.R. 3498. February 20, 1975. Public Works and Transportation. Terminate the Airlines Mutual Aid Agreement.

H.R. 3499. February 20, 1975. Ways and Means. Requires search warrants in connection with body searches of persons entering the United States from foreign countries. Stipulates that any medical doctors may search body cavities.

H. Res. 171. February 17, 1975. Directs the appointment of 70 Members of the House of Representatives to attend the funeral of the Honorable Jerry L. Pettis.

H. Res. 172. February 18, 1975. Rules. Amends the Rules of the House of Representatives to establish a Select Committee on Energy to conduct studies of development, application, use, and control of all forms of energy.

H. Res. 173. February 18, 1975. Authorizes the consideration of H.R. 2051, amending the Regional Rail Organization Act.

H. Res. 174. February 18, 1975. Authorizes consideration of H. Res. 138, establishing a House Select Committee on Intelligence.

H. Res. 175. February 29, 1975. Elects Les Aspin as a member of the Committee on Government Operations. Elects Timothy E. Wirth as a member of the Committee on Science and Technology. Elects Herman Badillo and Jack Hightower as members of the Committee on Small Business.

H. Res. 176. February 19, 1975. Rules. Authorizes and directs the Speaker of the House of Representatives to implement a plan for audio and video broadcasting of the proceedings of the House of Representatives.

H. Res. 177. February 19, 1975. Rules. Authorizes and directs the Speaker of the House of Representatives to implement a plan for audio and video broadcasting of the proceedings of the House of Representatives.

H. Res. 178. February 19, 1975. Amends the Rules of the House of Representatives to prohibit a party caucus or conference from issuing binding instructions on a Member's committee or floor votes. Permits a Member so bound to raise a point of order.

H. Res. 179. February 19, 1975. Rules. Amends the Rules of the House of Representatives to prohibit a party caucus or conference from issuing binding instructions on a Member's committee or floor votes. Permits a Member so bound to raise a point of order.

H. Res. 180. February 19, 1975. Rules. Amends the Rules of the House of Representatives to prohibit a party caucus or conference from issuing binding instructions on a Member's committee or floor votes. Permits a Member so bound to raise a point of order.

H. Res. 181. February 19, 1975. Rules. Amends the Rules of the House of Representatives to require that the record of committee action be made available to the public, with certain exceptions.

H. Res. 182. February 19, 1975. Rules. Amends the Rules of the House of Representatives to require that the record of committee action be made available to the public, with certain exceptions.

H. Res. 183. February 19, 1975. Rules. Amends the Rules of the House of Representatives to prohibit the use of proxy voting in committees.

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H. Res. 187. February 19, 1975. Rules. Amends the Rules of the House of Representatives to require that all committee meetings be open to the public, with certain exceptions.

H. Res. 188. February 19, 1975. Rules. Amends the Rules of the House of Representatives to require that all committee meetings be open to the public, with certain exceptions.

H. Res. 189. February 19, 1975. Rules. Amends the Rules of the House of Representatives (1) to allow any member in committee to demand a rollcall vote on any matter, and (2) require a rollcall vote on any motion to report a bill or resolution of a public character from committee.

H. Res. 190. February 19, 1975. Rules. Amends the Rules of the House of Representatives (1) to allow any member in committee to demand a rollcall vote on any matter, and (2) to require a rollcall vote on any motion to report a bill or resolution of a public character from committee.

H. Res. 191. February 19, 1975. Rules. Amends the Rules of the House of Representatives (1) to allow any member in committee to demand a rollcall vote on any matter, and (2) to require a rollcall vote on any motion to report a bill or resolution of a public character from committee.

H. Res. 192. February 19, 1975. Rules. Amends the Rules of the House of Representatives to prohibit suspension of the rules for considering a matter reported from a committee unless the suspension is requested by the chair and ranking minority member of the committee, or a majority of the committee, in open session, with a quorum present, by rollcall vote.

H. Res. 193. February 19, 1975. Rules. Amend the Rules of the House of Representatives to prohibit suspension of the rules for considering a matter reported from a committee unless the suspension is requested by the chair and ranking minority member of the committee, or a majority of the committee, in open session, with a quorum present, by rollcall vote.

H. Res. 194. February 19, 1975. Rules. Amends the Rules of the House of Representatives to prohibit suspension of the rules for considering a matter reported from a committee unless the suspension is requested by the chair and ranking minority member of the committee, or a majority of the committee, in open session, with a quorum present, by rollcall vote.

H. Res. 195. February 19, 1975. Rules. Amends the Rules of the House of Representatives to require that all conference committee meetings be open to the public.

H. Res. 196. February 19, 1976. Rules. Amends the Rules of the House of Representatives to require that all conference committee meetings be open to the public.

H. Res. 197. February 19, 1975. Foreign Affairs. Commends the Vladivostok agreement. Advises the President to attempt to complete negotiations resulting from the agreement with respect to (1) restraints on the development and deployment of strategic weapon systems by the United States and the Soviet Union, (2) mutual reductions in the total numbers of such weapons, and (3) continuation of negotiations regarding arms limitation.

H. Res. 198. February 19, 1975. House Administration. Directs that "The History and Operation of the House Majority Whip Organization (94th Congress)" shall be printed as a House document. Requires the printing of 10,000 additional copies for the use of the House majority whip.

H. Res. 199. February 19, 1975. House Administration. Make funds available to the Democratic caucus and the Republican conference of the House: (1) for office equipment, stamps, and communications; and (2) for two professional and two clerical staff members. Authorizes these payments from the House contingent fund.

H. Res. 200. February 19, 1975. Rules. Assigns top priority within the House of Representatives and House committees to legislation relating to the solution of economic and energy problems.

Directs House committees to work at least 5 days each week within the 90-day limit on deliberation of such bills.

Prohibits further House recesses until all necessary action on such bills is complete.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4296

By Mr. CONTE:

Page 2, after line 25, add this new section:

"(c) Notwithstanding the provisions of section 301 of this Act or common sense, the Secretary shall make available to producers loans and purchases on the 1975 crop of fruit nuts at such levels as reflect the historical average relationship of fruit nut support levels to dingleberry support levels during the immediately preceding one hundred and ninety-nine years.".

SENATE—*Wednesday, March 19, 1975*

The Senate met at 9:15 a.m., on the expiration of the recess, and was called to order by Hon. RICHARD STONE, a Senator from the State of Florida.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Before the mountains were brought forth, or ever Thou hadst formed the earth and the world, even from everlasting to everlasting Thou art God.—Psalms 90: 2.

O Thou God of the centuries and of this very day, may Thy will be done in and through us, that the generations yet to come may be heirs of "one nation under God." And to Thee shall we ascribe all praise and thanksgiving. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The second assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 19, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. RICHARD STONE, a Senator from the State of Florida, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. STONE thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Tuesday, March 18, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD subsequently said: Mr. President, I ask unanimous consent that the order that all committees be authorized to meet during the session of the Senate today be negated.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. I think that, in view of the difficult session that we have ahead, it is perhaps at least as important to be on the floor of the Senate during the consideration of specific legislation as it is to be in the committees.

I make this request reluctantly, but I am sure that the Senate will understand.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nomination will be stated.

SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

The second assistant legislative clerk read the nomination of Frederick B. Dent, of South Carolina, to be Special Representative for Trade Negotiations, with the rank of Ambassador Extraordinary and Plenipotentiary.

Mr. HARRY F. BYRD, JR. Mr. President, I commend the nomination of the former Secretary of Commerce, Mr. Frederick Dent, for the position to which he has been appointed. It is a vitally important one. It has just been given Cabinet status, and I think justifiably so.

I supported the trade reform legislation which was enacted by Congress last year. I think, however, that the success of that legislation, from the point of view of the United States, will be determined to a major extent by the ability and the courage of the special trade negotiator.

I think our country is fortunate to have in this important position former Secretary Dent, and I commend his nomination.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

GENEVA A. JOHNS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to consideration of Calendar No. 5, Senate Resolution 115.

The resolution (S. Res. 115) was read, considered by unanimous consent, and agreed to as follows:

S. Res. 115

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay, from the contingent fund of the Senate, to Geneva A. Johns, widow of Fred A. Johns, an employee of the Architect of the Capitol assigned to duty in the Senate Office Buildings at the time of his death, a sum equal to three months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the acting minority leader desire recognition?

Mr. GRIFFIN. No, Mr. President.

Mr. MANSFIELD. Mr. President, I seek recognition on the time allotted to the leadership.

The ACTING PRESIDENT pro tempore. The Senator from Montana is recognized.

SUBSTITUTION OF A CONFEREE—HOUSE CONCURRENT RESOLUTION 133

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from New Hampshire (Mr. McIntyre) be substituted for the Senator from Alabama (Mr. Sparkman) as a conferee on House Concurrent Resolution 133.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia (Mr. Harry F. Byrd, Jr.) is recognized for not to exceed 15 minutes.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Mr. President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator has 3 minutes remaining.

Mr. HARRY F. BYRD, JR. I ask unanimous consent that I might transfer 10 minutes from the time that has been allotted to me on the foreign aid bill to my present discussion of the tax bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. That, as I understand it, would give the Senator from Virginia 13 minutes at this point.

The ACTING PRESIDENT pro tempore. That is correct.

THE TAX REDUCTION BILL

Mr. HARRY F. BYRD, JR. Mr. President, a good case can be made for a reduction in taxes to stimulate the economy in time of recession provided—provided—excessive Government spending has been brought under control.

But such is not the case at the present time.

In fact, the situation is just the opposite.

What is being proposed is that taxes be reduced by $30 billion and spending increased by $40 billion, with a resulting deficit of more than $70 billion.

I do not regard it as logical or wise to reduce taxes without getting excessive spending under control. Unless spending is cut, the tax reduction will be illusory.

It will actually be paid for by another tax, the hidden and cruel tax of inflation—which hits hardest those on fixed incomes and those in the lower and middle economic brackets.

As popular as a tax cut may be, I have concluded that I must vote against it under existing conditions.

In voting against the $30 billion tax cut, I realize I am substituting my own judgment for that of the experts.

But my experience with the experts in Washington, D. C., is that they have been wrong more often than they have been right.

It was only 3 years ago that the same experts, wildly applauded by the same politicians, recommended a reduction in 1972–73 taxes of $21 billion—along with an increase in Federal spending.

The reasons were precisely the same as the reasons now: to stimulate the economy, to reduce unemployment, and to relieve the hardships imposed by inflation. We need bigger deficits, they said. Reference: Committee testimony and report accompanying H.R. 10947 enacted at the end of 1971.

The Congress approved that tax reduction of $21 billion.

Yet today, unemployment is substantially higher and inflation has doubled.

So what do they now propose? More of the same.

But this time, we will have even greater deficits.

Just about the only solution Washington has had for any of the Nation's problems during the past decade or so, has been more Federal controls and more Federal spending.

All the while the cost of living has increased and the value of the wage earners' dollar has decreased.

Washington's current economic program provides for Federal spending at the rate of almost $1 billion a day—with deficits of more than $1 billion a week.

It is in this context that a reduction in taxes is being proposed.

A family would benefit to the extent of about $3 a week. This reduction could be important to many families and I would like to see it achieved.

But if such a reduction, along with substantial reductions for the Nation's corporations, should result in accelerated inflation—as I am convinced it will—then the cost of living is likely to increase more than the $3 a week tax reduction now contemplated.

Is the Congress being fair with the American public to encourage the belief that excessive spending can continue indefinitely—and no one need pay for it?

Such a theory is a bonanza for the politicians, but in my judgment it is a cruel hoax for the working people, the elderly, the vast majority of our citizens who have seen their income and savings eroded in value while the cost of living soars even higher.

Our Nation is on an unsound basis, and has been for a long time. The Government is overextended, too many banks are overextended, too many individuals are overextended.

We are, I think, in the position of one who drinks too much whiskey. The next day he must go through the discomfort of a hangover or start drinking again.

If he continues the drinking process, he becomes an alcoholic.

The Federal Government has become a spend-a-holic. The prevailing Washington view is that if two pints of whiskey would not sober the alcoholic, six pints surely should do the job.

Undoubtedly, a $70 billion deficit will stimulate the economy temporarily.

But the $30 billion tax cut coupled with huge increases in Federal spending will, in my judgment, lay the foundation for greater difficulties in the future.

This past Sunday night I journeyed to Portsmouth, Va., and at 7 o'clock Monday morning went to the General Electric plant where I talked with the employees of that plant.

I went there to thank them for a petition signed by 2,588 of the 3,000 employees.

This petition impressed me because it represents a philosophy far more sound than that prevailing in Washington.

The petition said simply: We ask Congress and the President to do something about burdensome taxes, high interest rates, and excessive Government spending.

The 2,588 working people who signed that petition recognize what Washington refuses to recognize: That taxes, interest rates and spending are tied together—with the key being excessive Government spending.

It is Government spending that keeps taxes high, and Government borrowing that makes money hard to get and keeps interest rates high.

In recent years the Federal Government has consumed larger and larger shares of the capital markets. In 1970, the Federal Government consumed 38 percent of total funds lent. In the current year, the percentage is 62, and next year it will hit 66.

The combination of increasing spending and reducing taxes will raise the level of Federal borrowing, and that will mean a greater domination of the money markets by the Government, greater pressure for rapid expansion of the money supply, and greater inflation.

What is needed to achieve true economic recovery is to restore confidence—consumer confidence and business confidence. Confidence is not likely to be restored by perpetuating unsound financial policies in Washington.

The public, I feel, realizes there is something phony about reducing taxes by $30 billion and simultaneously increasing spending by $40 billion.

It is my deep conviction that we will not get the cost of living under control until we get the cost of Government under control.

Mr. President, I reserve the remainder of my time.

QUORUM CALL

Mr. INOUYE. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR—H.R. 4592

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that John I. Brooks and Peter Hughes be granted privilege of the floor during the discussion on H.R. 4592.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

QUORUM CALL

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. INOUYE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS ACT, 1975

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the considerations of H.R. 4592, which the clerk will state.

The assistant legislative clerk read as follows:

A bill (H.R. 4592) making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Appropriations with amendments.

Mr. INOUYE. Mr. President, I am pleased to report the foreign assistance and related programs appropriation bill for fical year 1975, which, incidentally, will end in about 3 months.

The delays attendant to this action have been many and have previously been reported in detail. However, they relate primarily to tardy enactment of an authorization bill on December 30—6 months into the fiscal year—and more recently, the administration's efforts to increase funding for Southeast Asia.

The committee's recommended bill totals $3,864,346,982. This amount is $1,966,362,018 less than the 1974 appropriation and $2,082,113,927 less than the President's total request. It is, however, $365,926,982 more than the amount provided in the bill that passed the House only last Thursday.

The bill is accompanied by report No. 94–39, which I believe to be the most detailed and comprehensive ever issued by our committee, or to my knowledge, any committee. It is the product of an extensive examination which has addressed both the overall assumptions governing U.S. foreign assistance and the details of individual programs.

Mr. President, in past years we have had a difficult time obtaining departmental understanding of the committee's position and the position of the Senate regarding foreign assistance appropriations.

This I believe has occurred because our committee report has received only limited distribution. Therefore, this year I propose that the departments, agencies, and bureaus concerned with carrying on our foreign assistance program, as well as the international banks, obtain sufficient copies of the report for distribution to each of their employees.

Mr. President, I would like to relate to you some of the thoughts I have on U.S. foreign assistance.

From the time this Nation was born, the American people have been a source of comfort to those in need. Since the end of the Second World War, the United States has supported a vast program of foreign assistance which has directly benefited most of the nations in the world. Through 1973, the United States had provided over $194 billion in assistance to foreign nations. With the amount provided last year and to be provided in this bill, that total will rise to well over $200 billion. The U.S. response to the challenge of disease and despair facing the needy peoples of the world is, and of rights should be, a source of wholesome pride to the American people. Though America has once again come upon hard times, we must continue to uphold this humanitarian tradition. Those who need our assistance live in desperate times. But, we will have to adjust to the realities imposed by our economy. In making appropriations for foreign assistance, we must adjust our policies and programs both to the needs of others and to our more limited ability to meet those needs.

We must recognize both what we have done and what we can do. Now is the time for a fundamental change in our relationship with developing countries and with those who have achieved prosperity. Too long has America indiscriminately parceled out its foreign assistance to the world. Too long have other nations continued to let us bear the brunt of the burden assuming the American largess would never cease. Too long has America been asked to provide funds and then been told how they would be spent.

Now we must assist only those among the needy who have demonstrated a willingness to help themselves.

Now we must call upon those whom we have assisted in past years and are now prosperous and self-sufficient to join with us in helping others. They must recognize that with prosperity comes the responsibility to assume an equitable burden for world security and development.

We should recognize that we cannot presume to direct how developing countries budget their resources. We can and should, however, have a larger voice in how our resources are spent. In our concern to avoid offending the sensibilities of sovereign nations we must not forget a most basic fact—we, too, are a sovereign nation.

Mr. President, the committee report provides summary information concerning the totality of U.S. foreign assistance. The committee also notes the large portion of the cost of international banks and other international organizations which is underwritten by the United States.

The committee report speaks to what has become a heated moral and political issue—assistance to autocratic governments. The committee statement on this issue is a reasoned judgment as to the proper role of our assistance in our relations with these governments. I invite my colleagues to read this statement.

One of the most disturbing things uncovered by our investigation is the existence of certain personnel problems of the Agency for International Development. Pursuant to the committee's request, the General Accounting Office conducted a thorough and detailed review of the Agency's personnel costs and the following:

Of the 645 Foreign Service Reserve officers assigned as of January 14, 1974, to AID headquarters in Washington, 415—64 percent—were assigned to positions rated for personnel one to four grades below the grade for which they were being paid.

While only 20 percent of the U.S. nationals employed by nine American voluntary agencies engaged in overseas relief and development receive more than $14,500, 68 percent of AID's personnel receive more than this amount.

AID's personnel in Washington awaiting permanent assignments averaged over 150 between December 1973 to September 1974 at an annual cost estimated to be in excess of $4.5 million. A sampling of these employees revealed that over 40 percent had been waiting for assignments for over 6 months and that a number of employees had not even been given temporary work assignments for periods of from 6 weeks to 3 months. Furthermore, one employee—a class one Foreign Service Reserve officer—$36,000 per annum—had been regularly paid although he had not performed any service or even reported for duty for over 6 months.

While the committee expects AID's fiscal year 1975 personnel report to be substantially improved, we find the occurrence of these problems distressing. It is the opinion of the committee that these problems occurred, because of certain management practices of the Agency for International Development. Substantial portions of the Agency's personnel and operating costs were funded through the programs accounts thereby denying effective congressional oversight. For this reason, the committee has firmly resisted the attempt to submerge all personnel and operating costs under the program accounts. I will return to this subject when discussing the committee's recommendation of AID's administrative expenses.

Mr. President, the committee's recommended bill provides $649,500,000 for the five functional categories. This amount is $151,000,000 above the House allocation, but is $223,800,000 below the budget estimate.

For food and nutrition, development assistance, the committee recommends the appropriation of $350 million. We have examined this category thoroughly and have found the program wanting. In Africa, for example, we found that only 4.7 percent of the assistance to be provided under food and nutrition will actually get food to hungry people within this fiscal year. The committee report challenges this program and directs that the Agency become more responsive to the immediate needs of the hungry of the world. In this regard, I direct your attention to the section of the report entitled "Nations Most in Need of Assistance." In the preliminary sections of the report, the committee discusses the problems attendant to the world food shortage and offers some suggestions as to the better ordering of the American response.

For population planning and health, the committee recommends $140 million. The committee believes this to be a most important part of our foreign assistance effort. However, we have found the Agency's program laden with high costs for personnel services and consultants. The report contains a discussion of AID's population program, as well as a concise statement of how rapid population growth becomes a barrier to development.

For education and human resources, development assistance, the committee recommends $82 million. In its examination of this program the committee strongly questioned AID's priorities. In Ethiopia, for example, we note that the average life expectancy is but 40 years. There are 71,200 people per doctor. In the field of education, only 5 percent of the people are literate and only 9 percent of the 5 to 19 age group are students. This statistical profile of despair caused the committee to wonder, how does it come about that AID's major project for Ethiopia, in the education and human resources category, is general support of the Haile Selassie I University. Is this extending basic education? Is this reducing illiteracy? Is this increasing manpower training in skill related to development? The committee cannot answer yes to these questions.

For selected development problems, the committee recommends $40,500,000. The committee found, and documents in its report, a record of abuses in this category. The Agency for International Development has presented such an entanglement of programs under this category as to deny proper congressional oversight.

For selected countries and organizations, the committee recommends $32 million. This appropriation provides funds for development activities carried on by private and voluntary organizations and certain international organizations. The committee has recommended a modest cut from the budget estimate for this account. We continue to be concerned by the disproportionate share the United States contributes to the Organization of American States—some 66 percent of total contributions. The committee has also noted that the Agency for International Development continues to request funding for the African Development Bank under this appropriation. The committee recommends that the Congress deny this—$1 million—request and reiterates its view that the proper medium for making U.S. contributions to the international banks is through the President's budget submission for international financial institutions.

For international organizations we provided $140 million, an increase of $25 million over the House. This appropriation provides for voluntary contributions to United Nations and related agencies.

For American schools and hospitals abroad, $10 million plus report language urging better distribution of the funds which have heretofore been concentrated in the Middle East. We also noted that last year $3,175,000 of the $19 million available was obligated to the American hospital in Paris.

Because of past abuses we recommend only $1,800,000 for the Contingency Fund and recommend its discontinuance in the future. The $1,800,000 is to cover funds already obligated for the gift of a Presidential helicopter. Prior abuses are set forth in the committee report.

For international narcotics control, a reduction of $10 million from the House. It should be borne in mind, however, that an additional $15 million is available from unexpended fiscal year 1974 funds and only $12 million had been obligated as of January 1, 1975.

For famine or disaster relief, $35 million with $25 million of this amount earmarked for Cyprus.

For Portugal and Portuguese colonies, the full $25 million authorized.

We allowed nothing for AID administrative expenses because of an unwillingness on the part of the administration to break these costs out into a separate appropriation account. The account as it has been presented in the past misrepresents AID's cost of doing business which is actually $237 million or more than five times the budget estimate for administrative expenses.

For Indochina postwar reconstruction, which is no more than direct budget support, we recommend $499 million, the amount available under the continuing resolution.

For security supporting assistance and Middle East peace programs, we provided $660 million, earmarking for Israel, $324 million; for Egypt, $250 million; and for Jordan, $77.5 million.

The ACTING PRESIDENT pro tempore. The time allotted for the Senator from Hawaii has expired.

Mr. INOUYE. Mr. President, I ask unanimous consent that I be allowed 5 additional minutes.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. INOUYE. For military assistance, we recommend $450 million, a reduction of $40 million below the House and bill language reducing the number of general and flag officers attached to the military assistance program and the military credit sales program from 31 to 20.

Foreign military credit sales are $300 million with $300 million of the total $872.5 million including private financing earmarked for Israel. Repayment of the first $100 million of the Israeli sales will be forgiven.

For the Peace Corps now plagued with

many problems in its top administration, we recommend $80 million; however, we earmarked the relatively small portion of this amount—$46.8 million budgeted for direct support of volunteers to insure that it is not drained off into far too expensive an overhead.

We recommend for the fourth and last time that refugee activities be consolidated and a reduction of $1 million in the appropriation for migration and refugee activities. This reduction should be taken primarily in the Intergovernmental Committee for European Migration's Latin American program which is addressed in some detail in the report.

For refugees from the Soviet Union, we recommend $25 million, a reduction of $15 million from the House allowance. This matter also is addressed in some detail in the report.

For Palestinian refugees, $10 million—an amount approved in the December 31, 1974, continuing resolution, but peculiarly lacking in the support of a budget amendment or Department of State or AID support.

For the Asian Development Bank we provide $74,126,982—$24,126,982 in paid-in capital and $50 million in soft loans.

The United States contributes 67.9 percent of the soft loans of the Inter-American Development Bank. For this account we recommend $350 million with special earmarking of $50 million for cooperatives, credit unions, and savings and loan associations directing that it be utilized to promote production and low-cost housing.

I believe that this is a good bill, a balanced bill, and one that we can stand up and defend. I commend it to the Senate.

Mr. BROOKE. Mr. President, the distinguished chairman of the Foreign Operations Subcommittee has briefly outlined the major characteristics of the fiscal year 1975 foreign assistance appropriations bill. I will confine my brief remarks to several comments on the magnitude of the reductions recommended by the committee.

Before doing so, I want the distinguished Senator from Hawaii to know of my great respect for him and my appreciation for the leadership he provides the subcommittee upon which I am privileged to serve as the ranking Republican. I also want to thank the staff of the subcommittee, Mr. William Jordan and the others for their diligent efforts in providing members with detailed, intelligent analysis of the various programs funded under this bill. The committee report before you is the finest testimony of the quality work of the subcommittee staff. I encourage each of my colleagues to read it carefully if they desire to understand both the opportunities and the problems involved in our foreign aid efforts.

It is common practice to analyze appropriations bills in terms of dollar amounts. I would like to depart from the norm and use percentages in evaluating what the committee has done. The administration's request for new obligational authority for foreign assistance was approximately $5.9 billion. The amount of funds recommended by the committee is 65 percent of the budget request, a 35-percent reduction. It is only 66.3 percent of fiscal year 1974 appropriations for the same programs, a 33.7-percent reduction. While I recognize that many perceive the foreign aid bill to be little more than a convenient means to slash the budget, I think all will agree that the cuts recommended by the committee are ample to satisfy that tendency.

The House cut 41.2 percent from the budget request. Some in this body may desire for various reasons to cut the budget requests to the House level or even lower. However, I am convinced that anyone making an objective examination of the committee's recommendations would agree that it makes little sense to do so. Indeed, I personally believe that a strong case can be made for increases in such categories as food and nutrition, which we have already increased, assistance for Soviet refugees, international organizations and programs, and famine or disaster relief assistance. However, in the main I believe the committee's recommendations represent a judicious allocation of our resources for foreign assistance to other countries. And make no mistake, the nature of international relations and the position of the United States in the world requires us to make such allocations if we truly desire to maintain our own vital interests and foster greater adherence to our ideals by others.

The bill as recommended by the committee indicates congressional priorities for our foreign assistance. First, we desire peace in the Middle East. As an indicator of that desire, we have provided over $750 million for programs in that part of the world. Second, the Congress and the American people place significant emphasis on helping the poorest individuals in the developing world. Both our bilateral and multilateral assistance programs have this goal as their primary purpose.

Third, the committee recommends a significant level of funding for U.N. and related programs. Our interests in that organization are well known to everyone here.

Finally, I want to call specific attention to the funds provided for assistance to Portugal and Portuguese territories soon to become independent states.

The bill as reported out by the committee recommends $25 million for this program. Of this amount $10 million is earmarked for assistance to the territories. Specifically, $5 million would be made available for the Cape Verde Islands, a Portuguese territory, soon to be independent, situated off the West Coast of Africa. The other $5 million would provide funds for projects in Angola, Mozambique, and Guinea-Bissau. The remaining $15 million would be available for projects in Portugal.

The funds for projects in Portugal are clearly designed to exhibit to the present Portuguese Government that the United States is willing to assist in its development efforts so long as conditions in that country make it possible to do so. In this regard, most of us are concerned over the turbulent political situation in Portugal. There is the danger that the Portuguese Government may adopt such a radical posture as to make its continued participation in NATO unlikely. This would naturally have serious implications for our own security, given certain base agreements we have with Portugal.

I am not in a position to predict what the future holds for Portugal. But I do believe it is in the interest of the United States to maintain positive relations with the Portuguese Government if at all possible without sacrificing any of our basic interests. Moreover, anyone aware of conditions in Portugal will readily understand that the modest aid proposal can be used effectively in improving conditions for the poor of that country.

The funds allocated for Mozambique, Angola, and Guinea-Bissau will also indicate to the inhabitants of those areas that as they achieve political independence the United States is desirous of aiding them to also achieve economic viability. While $5 million is not a great sum, I believe it will have an important positive impact on our relations with these countries as they gain independence.

Regarding the Cape Verde Islands, I recognize that very few people in the United States have ever heard of this area. Yet many have heard of the Sahel region of Africa which has suffered tremendously from years of drought. The same drought that affected the Sahel also created great hardships for the inhabitants of the Cape Verde Islands. The United States has provided emergency relief for the Sahelian countries; we should be equally concerned about the Cape Verdeans. The $5 million recommended by the committee indicates that we are concerned.

On July 5, 1975, the former Portuguese colony of the Cape Verde Islands will achieve its independence after a struggle that has continued for almost 20 years. Independence will be preceded by elections to be held on June 30, for a national Assembly. It is likely that the islands will eventually be associated in some form of political union with the Republic of Guinea-Bissau, on the mainland of West Africa, itself a former Portuguese colony now newly independent. This is the country to which most Cape Verdeans owe their ancestry. Nevertheless, because of their geographic isolation, the islands have a set of economic and technical problems which are peculiar to themselves, and for which it appears valid to attempt to devise specific strategies.

GEOGRAPHY AND POPULATION

The Cape Verde archipelago is located off the west coast of Africa, and consists of 10 major islands and five islets. The 1970 census indicated a total population of 272,000; 128,000 are settled on the one island of Sao Tiago, mainly in the capital city of Praia, with some peasants scattered across the hilly countryside. Ethnic population distribution is estimated to be about 70 percent Mestizo, 28 percent African, and 2 percent white. There is a common language, Creole, which contains strong strains of African languages, and Cape Verdean culture too reflects a dominant African heritage.

ECONOMIC DEVELOPMENT: PRESENT AND POTENTIAL

For over 500 years the history of Cape Verde has been one of Portuguese settlement and domination. It seems probable that the islands were only sparsely and temporarily inhabited until the arrival of the Portuguese in the mid-15th century. Then a system of sugar and cotton plantations was developed with African slaves imported from the Guinea mainland. Despite considerable brutality the system did not flourish and produced little prosperity for the islands. For several centuries during their history the islands were also used as a slave depot by the Portuguese. There has been only minimal development of any economic resources, with one or two minor exceptions, and the islands are held in the grip of extreme poverty.

1. AGRICULTURE

It has been estimated that of the approximately 1,500 square miles of land surface only 1.65 percent has realistic agricultural potential—much of this available land being located in small plots. Traditional farming methods which still prevail are generally based on the use of very simple hand held tools. In addition several of the islands suffer from an acute and permanent water shortage, which has historically been an important limiting factor in agricultural development. The lack of water is aggravated by the fact that most of the original forest cover was removed during the slave plantation period. Rainfall is very seasonal and extremely irregular, the islands lying along the same degree of latitude as much of the Sahel region. Cycles of famine and drought have characterized the islands' history. It is estimated that in the last 200 years famine has killed some 250,000 people, and Cape Verde is currently in the grip of a drought which has meant no rain for 6 years.

The impoverished soil, poor systems of land distribution and use, shortage of water, have all meant that Cape Verde has yet to reach self-sufficiency in basic food staples such as corn.

2. FISHING

An obvious natural resource of the islands is the surrounding ocean. The Portuguese have only recently made any significant investment in fishing, as in general it was not their policy to make any considerable development investments in their colonies.

3. MINERAL RESOURCES

There has been little exploration of possible mineral resources. There are salt pans on the island of Sal; these have been exploited for both local and export use. Lime and a substance known as puzzolane, used in the manufacture of cement are both known to be available, but would require considerable capital for their development.

Under Portuguese colonial rule the island economies were grossly neglected—with almost no investment in essential infrastructure such as roads, transport and communication facilities, health and education services. The only area of the budget that showed a consistent increase in recent years was that devoted to internal security. From 1967 to 1971 the annual military budget grew from $700,000 to $1,350,000.

The extreme poverty of the islands has produced only one continuous export—human labor. For over a century Cape Verdeans have been signing contracts for labor in the other Portuguese colonies, as well as for work in Europe and North America, where they often became agricultural workers. There has also been a high level of emigration and a long established tradition of Cape Verdeans serving in the fishing fleets of other nations. Remittances home from relation abroad figure importantly in sustaining much of the island populations.

In regard to the migration of Cape Verdeans to other parts of the world I am particularly proud of those who for decades have contributed to the betterment of my State—Massachusetts. In years past they were an integral and indispensable part of New England's whaling and fishing industries. Today, they are involved in every aspect of the State's life. I know that they share my desire for Cape Verde—to see the people of the islands have the opportunity to choose both their economic and political way of life for the future.

U.S. assistance to the Cape Verdeans will help meet certain needs. The most obvious of these is drought relief. This could involve both immediate shipments of emergency food, and the provision of assistance for the development of improved permanent water sources. Hydrological surveys have been proposed and could be carried out; there is one desalination plant in operation, the value of others should be investigated. There is much which must be done to insure an adequate water supply for drinking, sanitation, and agriculture.

There is an urgent need for the development of some basic infrastructure. In many areas roads are totally inadequate, so that commerce is difficult, and providing health and educational services for the population is almost impossible. Development aid in such areas could fill a critical gap.

THE UTILIZATION OF AID

As the struggle for independence in Guinea-Bissau intensified, while conditions of life continued to deteriorate on the islands, there was increasing identification among Cape Verdeans with their African heritage. The PAIGC, the party leading the struggle for self-determination on the mainland also developed a strong political following on the islands. This will be important in the coming period. It indicates the existence of a nationally aware population which will be responsive to mobilization for development projects that can be demonstrated as in the common interest. This will help overcome one of the most common and serious obstacles faced by development planners in envisioning aid utilization—the inability of indigenous structures to display the initiative and systematic organization required for the maximum utilization of aid.

It should be noted that none of the funds recommended for assistance for Portugal and Portuguese territories will be obligated without prior scrutiny by the Appropriations Committee. The administration has been made increasingly aware that the Congress will insist on effective oversight of every foreign aid program for which it provides funds. I believe the distinguished Senator from Hawaii and myself can assure the entire Senate that such oversight will be exercised regarding this program.

Since time is a precious commodity this week, I will not undertake to discuss any other programs in detail. I want to reiterate in closing that I believe that the bill recommended by the committee represents a prudent, intelligent approach to foreign assistance. While some adjustments will occur because of floor action today, I hope that the basic integrity of the committee's recommendations will be preserved.

AID FOOD AND NUTRITION PROGRAMS IN OREGON

Mr. HATFIELD. Mr. President, in considering the amount of funding for foreign assistance programs, we tend to debate the grand strategies of foreign policy and pay little attention to the individual programs that contribute to the overall effort. Yet it is these relatively small projects that have the most direct impact on the lives of people in foreign countries and in these United States as well. Two such programs are underway or being planned at Oregon State University in Corvallis as part of AID's world food program.

The first of these is a weed control research project funded by AID on a contract basis at about one-third million dollars a year. Oregon State has become a "center of excellence" for research on weed control, and serves as a world clearinghouse for weed control information. Pilot projects in Colombia, Brazil, and El Salvador have been outstandingly successful in demonstrating the importance of weed control in boosting agricultural production to meet the world food need. If we fail to fund AID's food and nutrition program adequately, this program may be terminated.

Another AID program operating out of Oregon State is now in the final planning stages. The proposal involves a 5-year grant of $1 million to continue research in "dry land" agriculture, in order to provide countries in Africa, the Near East, and other areas with negligible rainfall with technical assistance on difficult agricultural problems. Dry land agriculture research has already resulted in the development of new wheat strains that can flourish in arid eastern Oregon and have made a $20 million contribution to Oregon's economy. Preliminary test results in Turkey show similar promise.

Obviously, this research program can render invaluable service in the fight against world hunger by improving the agricultural production in areas perennially beleaguered by drought. I remind my colleagues that the United States is committed by a resolution of the World Food Conference to participation in an international effort to eliminate world hunger by 1985. These programs at Oregon State University can play a very important role in that task at a relatively small expense. They illustrate the value of AID's food and nutrition programs, and I sincerely hope my colleagues will see fit to join me in supporting the maximum funding level possible for food and nutrition programs in H.R. 4592, the foreign assistance appropriations bill.

Mr. INOUYE. Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc and that the bill as thus amended be regarded for the purpose of amendment as original text, provided that no point of order shall be considered to have been waived by reason of agreement to this order.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object I do not like to object, but inasmuch as we are operating under a time limitation, I think I must object. Many of the amendments added by the committee increase the amounts in the original bill. For that reason, I should like to discuss each amendment. For that reason, I must object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. BROOKE. Mr. President, I send to the desk a technical amendment and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. Until the committee amendments are agreed to, floor amendments are not in order.

The clerk will report the first committee amendment.

The legislative clerk read as follows:

On page 2, in line 10, strike out "$234,000,000" and insert "$350,000,000".

Mr. BROOKE. Mr. President, I withdraw my request for immediate consideration of the amendment at this time.

Mr. HARRY F. BYRD, JR. Mr. President, as I understand it, there is a 20-minute limitation on each committee amendment.

The ACTING PRESIDENT pro tempore. That is correct.

Mr. HARRY F. BYRD, JR. I ask the distinguished manager of the bill why that item should be increased from $234 million to $350 million.

Mr. INOUYE. Mr. President, the administration requested that the full amount of this account be restored. However, because of some shortcomings in the program, we felt that $350 million would be sufficient. This is the program that provides assistance to those countries in greatest need, to assist them in the production of food.

It should be noted that this is not in the direct delivery of food to the mouths of the hungry. We have other programs, such as Public Law 480 whereby food is directly presented to the starving people.

In this section, we have been rather successful. There are many countries that had levels of starvation 3 or 4 years ago and are now reporting that they are now more able to provide food to their people. I believe this is one area that deserves support. This is one area we often speak of when we refer to humanitarian assistance. So I hope that the Senate will go along with this recommendation of $350 million.

Mr. HARRY F. BYRD, JR. If the Senator will yield for a further question, this says food and nutrition and development assistance. How much of the $350 million is for food and nutrition and how much for development assistance?

Mr. INOUYE. The entire program is development assistance. As I noted in the report, less than 5 percent of the effort has resulted in directly feeding hungry people. These needy nations are now developing farms and are developing means to deliver the food. There is no use having a farm, with no infrastructure capable of delivering the food to starving people. This is what is involved in the $350 million.

Mr. HARRY F. BYRD, JR. Does that money go directly to foreign governments? Where does it go?

Mr. INOUYE. Foreign governments submit projects to AID, and these projects will have to be tested for their feasibility. Once the feasibility test has been resolved and AID feels that this program is worthy of our support, arrangements are made to approve the project.

Mr. HARRY F. BYRD, JR. I ask one more question: I note that the committee increases the House figure by $116 million. That is a very substantial increase. It is a more than 50-percent increase over what the House allowed.

Mr. INOUYE. It also should be noted that this amount is less than we appropriated in the last fiscal year.

I point out, further, that the bill we are presenting to the Senate is $2 billion less than that requested by the President of the United States.

Mr. HARRY F. BYRD, JR. But is it not correct that the total bill presented to the Senate is $3.8 billion?

Mr. INOUYE. The Senator is correct.

Mr. HARRY F. BYRD, JR. If the Senator will yield, I want to commend the Senator from Hawaii. I think he has gone into this matter with great thoroughness, just as he does on all matters assigned to him. I think he has greatly improved the proposals submitted by the administration.

It is due greatly to the perseverance and the ability of the Senator from Hawaii that the figure requested by the administration of $5.5 billion has been reduced to $3.8 billion. I wish the RECORD to show my strong commendation for the Senator from Hawaii.

I just cannot understand how an administration dedicated to balancing a budget and getting spending under control could advocate a $5.5 billion foreign aid program. It shows how far out of line that request was when the Senate committee, and also the House, reduced that to $3.8 billion. So I commend the Senator from Hawaii for the work that he has done in this field.

Mr. INOUYE. If the Senator will yield, we have frequently been questioned as to what our national interest is in assisting those in need. I believe it is well for us to recall, at this time, that in this world, if we divide the people into "haves" and "have-nots," we will note that approximately 30 percent are in the "have" category, such as those of us in the United States, and about 70 percent in the "have-not" category. These are men and women with per capita incomes of less than $300 a year. As population increases and as food resources dwindle, it is estimated that by the year 2000, unless we do something about this, the ratio will change to 10 percent "haves" and 90 percent "have-nots."

If we study the history of this world rather carefully, especially in this century, we will note that many of the problems have been caused by imbalance in this ratio. After all, those who are in the "have-not" category have good reason to strive to come within the "have" category. Too often, this has resulted in war. It is in the interest of the United States to have, throughout this world, as much stability as possible. Hunger, disease, despair, and this large imbalance of "have-nots" do not provide the stability which is necessary for the proper growth of the people of the United States.

Mr. HARRY F. BYRD, JR. I agree 100 percent with virtually everything the Senator from Hawaii has said. Where we may differ is that by appropriating more Federal funds, we will cure that situation. As the excellent committee report points out, and it gives more detail, I think, than has any other committee report, the United States has spent more than $190 billion trying to accomplish just what the Senator from Hawaii has stated, statements with which I agree. Yet I do not find the situation any better today, really, than it was when it was begun.

What concerns me is whether this money that the taxpayers of the United States are putting up, and Congress is appropriating, is getting down to helping the people that Congress wants to help, and how much of that is being siphoned off in one way or another by the leaders of government in other areas.

Mr. INOUYE. This committee, as the Senator from Virginia is well aware, has tried its best to make detailed studies of every account. Wherever we have found corruption, we have reported it. Wherever we have found misuse of funds or inefficient use of funds, we have reported them accordingly.

I think it would be well to recall that of the $194 billion provided in assistance to foreign nations as of 1973, or the more than $200 billion we will have provided by the time we celebrate our Bicentennial, the initial provision of assistance began in 1947. A large portion of our early assistance effort came under what we call the Marshall plan.

The Marshall plan was instituted soon after World War II to help our European allies come to their feet again. This was the biggest appropriation that we had when we began this assistance program. I am certain that the Senator will agree with me that if it were not for the Marshall Plan, many more of our friends in Europe would have fallen under the influence and control of the Soviet Union. I think we have been successful in restoring many of the economies of these countries; we have been successful in furthering the cause of capitalism in that part of the world.

I should like to report that as far as I am concerned, although it is true that some funds have been wasted and some used for corrupt purposes, for the most part, funds used under the foreign assistance program have borne good fruit for the United States.

Mr. HARRY F. BYRD, JR. What the Senator from Hawaii says, though, goes back mostly 15 or 20 years, when the Marshall plan was used to rebuild the economies of Europe and of Japan. What the Senator from Virginia objects to is this continued heavy outlay for foreign aid, which, as the committee report so specifically points out, is in the neighborhood of $9 billion this year.

It was $9 billion the year before last, it was $9 billion last year, it will be $9 billion this year.

We seem to have got in a rut of $9 billion every year that has to go out to foreign nations at a time when this country is in a very serious financial condition in my judgment.

Mr. ROBERT C. BYRD. Will the Senator yield to me without losing his right to the floor and for not to exceed 3 minutes?

Mr. HARRY F. BYRD, JR. I yield to my good friend from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent to speak out of order for not to exceed 3 minutes and that the 3 minutes not be charged to the time of the distinguished Senator from Virginia.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

THE FBI AND PRIVATE CITIZENS

Mr. ROBERT C. BYRD. Mr. President, this morning's Washington Post carried a story of the forced entry into a young woman's apartment by agents of the Federal Bureau of Investigation. All law enforcement agencies have warned private citizens against opening the doors of their homes or apartments to strangers who refuse to identify themselves. The newspaper account of the incident at the young women's apartment in Alexandria, Va., claims that the agents failed to show their identification and followed up their refusal by forcing their way inside. In other words, a private citizen, doing exactly what responsible law enforcement agencies have advised private citizens to do in the past, found themselves surrounded by armed men who, without a search warrant, barged into their residence, as they did into the residence of these young ladies.

I need not remind my fellow Senators of the loss of prestige suffered by the Federal Bureau of Investigation in recent years. Nor do I need to remind my fellow Senators of my strong belief that an effective, responsible FBI is an essential part of the law enforcement structure of this Nation. I have long been impressed by the job that the FBI was doing in the past and I have been impressed by the job that the FBI has been doing under Director Kelley, although I have had some questions, and I think they have been substantiated by events, with respect to the activities of the FBI under Acting Director L. Patrick Gray. But I have been impressed with the job Mr. Kelley has been doing as Director, feeling that the FBI, under his leadership, has been regaining the respect of the citizens of this country.

If the newspaper report on the Alexandria breakin is correct, I find the actions of the FBI in this instance to be inexcusable. Such incidents can only endanger private citizens and retard very considerable efforts of the present Director at restoring the credibility of the FBI. I assume that the present Director, Mr. Kelley, is conducting a full investigation of the incident. In any event, I am writing to the Director today to urge that such an investigation be conducted if it is not already underway, and I assume that it is. I think that if the agents acted wrongly, as it appeared that they did, then I certainly hope that they will be disciplined.

I do not think that the country can stand much more of this kind of activity on the part of FBI agents. I think they should identify themselves. If they are going to say they are FBI agents, they certainly ought to show their identification, because if FBI agents can do this without identifying themselves, any others citizens can break into apartments claiming that they are FBI agents and, without identification, force their way into apartments of young women.

I thank the Senator for yielding.

Mr. HARRY F. BYRD, JR. Mr. President, I wish to associate myself with the remarks just made by the distinguished Senator from West Virginia (Mr. ROBERT C. BYRD).

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS ACT, 1975

The Senate continued with the consideration of the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

The ACTING PRESIDENT pro tempore. The time on the committee amendment of the Senator from Virginia has expired. The Senator from Hawaii has 10 minutes.

Mr. HARRY F. BYRD, JR. Mr. President, would the Chair repeat the statement he just made?

The ACTING PRESIDENT pro tempore. Yes. The time allotted for this amendment to the Senator from Virginia has expired. Of the time for this amendment allotted to the Senator from Hawaii, there is 10 minutes remaining.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Hawaii yield for a question?

Mr. INOUYE. I am happy to.

Mr. HARRY F. BYRD, JR. I have two questions in regard to this matter. First, to which countries does the bulk of this $350 million go?

Mr. INOUYE. In Africa, the largest amount will go to the central west region, which is the Sahel region. Of the individual countries, Ethiopia will receive $19 million; Morocco, $14 million; Tanzania, $10 million—these are the large items.

In Asia, Bangladesh will receive $62 million; India, $75 million; Indonesia, $52 million; Pakistan, $56 million; the Philippines, $38 million; and Turkey, $17 million.

In Latin America, the larger amounts: Bolivia, $8.8 million; Chile, $25.8 million; El Salvadore, $15.4 million; Guatemala, $15 million; and Honduras, $12 million.

Mr. HARRY F. BYRD, JR. I thank the Senator. As I understand it from the Senator's reply, the largest share, approximately 25 percent, will go to India; namely, $75 million will go to India?

Mr. INOUYE. The largest individual item will be India, yes.

Mr. HARRY F. BYRD, JR. And then the next largest, if I heard the figures accurately, would be the Philippines, $38 million?

Mr. INOUYE. No, it would be Bangladesh, $62 million.

Mr. HARRY F. BYRD, JR. Bangladesh, $62 million; and then the Philippines?

Mr. INOUYE. No, there are others in there. Pakistan, with $56 million, Indonesia, with $62 million.

Mr. HARRY F. BYRD, JR. I thank the Senator. Now, one final——

Mr. INOUYE. It should be noted that these were the original requests made by the President of the United States. Since we have reduced the President's request rather drastically, these items will be automatically reduced.

Mr. HARRY F. BYRD, JR. The point I am suggesting is that this $350 million will not be reduced. If the committee amendment is approved, the $350 million will be the total. Is this not what——

Mr. INOUYE. The sum of $350 million is the total, but the President's request far exceeded $350 million.

For example, the President's requests had called for $344 million to be spent in Asia alone. Since the total program is now $350 million, the President will have to make comparable cuts. If the President provided all of the estimated amounts to Asia, then he would have none left for Africa or Latin America.

Mr. HARRY F. BYRD, JR. How much did the President request?

Mr. INOUYE. The total request was $675 million.

Mr. HARRY F. BYRD, JR. I thank the Senator.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the committee amendment.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. HUMPHREY. As I understand it, we are going to take up this bill committee amendment by committee amendment. Is that correct?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. HUMPHREY. I send to the desk an amendment relating to the item now before us.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

> On page 2, line 10, in the appropriation for Food and Nutrition Development Assistance, in lieu of the "$350,000,000" proposed to be inserted, insert "$450,000,000".

Mr. HUMPHREY. Mr. President, the amendment that I have sent to the desk in behalf of myself and Senators CLARK, MCGEE, JAVITS, KENNEDY, TUNNEY, MCGOVERN, and HATFIELD is related to the section of the bill which is known as the food and nutrition section. It is this particular section of the Foreign Assistance Act which has been under discussion this morning between the distinguished Senator from Virginia and the distinguished Senator from Hawaii.

I call to the attention of Congress, and particularly here of the Senate, that we authorized in December some $500 million for food and nutrition development. We did that after extensive hearings, and in light of the developments which have taken place worldwide known as a food emergency or food crisis. We did it also following the commitments of the Secretary of State, Mr. Kissinger, at the Rome Food Conference.

We recommended this authorization of $500 million for food and nutrition, which was subsequently adopted by Congress, in light of the very important fact of developing food production capacity in the less developed countries.

We have two ways to meet a food crisis. I suppose you could say there are three. One is to ignore it, which I hope will not be the position of this great country of ours. The second is to give food aid, known as Public Law 480, and the third is to provoke and develop the capacity in the food deficit countries for them to be more self-sustaining.

We believe that a limited amount of food aid, known as our Public Law 480 food for peace program, to meet emergency situations, is helpful, but we know that if we are going to meet the long-term problem of a scarce food supply, particularly in the countries that are afflicted by poverty and underdevelopment, we are going to have to be of some help in encouraging the modern technologies or the modern techniques of agriculture.

In these less developed countries their most labor-intensive industry is agriculture. It is in these developing countries, afflicted by heavy unemployment, that agricultural development permits the absorption of workers into gainful employment.

The countries about which we are talking under this particular section of the Foreign Assistance Act are, as has been described by the Senator from Hawaii, countries that are very poor, where the per capita income is under $350 a year. They are countries that are generally in short supply of food. These are likewise countries that have been seriously affected by the high cost of oil. These are countries that desperately need fertilizer, which has skyrocketed in price. These are countries that need seed for the planting of their crops; they need pumps and irrigation systems for the growing of their crops, and they need at least minimal tools for the harvesting and the distribution of their crops.

Mr. President, we are talking here about a life-giving program, not a life-taking program. We are talking here about U.S. assistance to the poorest of the poor countries, for the development of an agricultural economy that can be helpful in feeding the population of those countries.

This year we have granted $1.5 billion in food aid, $1.5 billion in aid to feed people for just a few months.

The program that we are talking about here in the Foreign Assistance Act is designed to develop a basic agricultural structure for family-sized farms in the poverty-ridden sections of the world, so that people can feed themselves rather than having to come to us asking for charity or what we call concessional food aid.

I cannot imagine that we would do less than has been asked of us. If there was ever a program where we ought to spend our money or, to put it more succinctly, to invest our resources, it is in food and nutrition at home and abroad. I repeat, at home and abroad.

I have been listening to the comments of those who are even resisting sensible agricultural assistance in the United States. I read in the morning press of how the Secretary of Agriculture feels that any aid that we extend to our own farmers will be costly.

Well, I want him to know that the most costly thing is the bankruptcy of American agriculture; and the second most costly thing is the high price of food to the American consumer.

The people who have so little vision, who cannot see the importance of the American farmer in this instance that I speak of, having an enterprise, agricultural enterprise, that can at least yield a fair return on investment and labor, people of such little vision ought to get out. They are not needed. They are destructive. I wish they would self-destruct.

Now, let us talk about food assistance overseas. It is more difficult to help overseas than it is at home. First of all, like any other program, its success will be determined in large measure by the competence, the education, the ability of the people that it seeks to help.

Quite obviously a good deal of our foreign assistance goes to people who are illiterate, who are backward in terms of modern science and technology. But they are people who would like to be self-reliant.

This program, and this particular title of our Foreign Assistance Act, to me is doing the work of the Lord. It is the best that we have to offer. We have in this Foreign Assistance Act three or four segments that have changed the whole sense of direction of foreign assistance development.

We have, No. 1, food and nutrition. We have, No. 2, population planning and health. We have, No. 3, education and human resources development and, finally, we have some selected development programs which relate to the earlier three.

The whole direction of the Foreign Assistance Act now is to those countries that are desperately poor, and yet they represent vast segments of the human family. We cannot turn our back upon these people.

Now, the foreign aid act of this year has the lowest appropriation of any bill that we have had, I believe, since the beginning of foreign assistance, and I commend the distinguished chairman of the subcommittee for his valiant efforts.

It is a fact that the House did appropriate or did recommend the sum of $234 million for food and nutrition, for agricultural development, to put it simply. This was a 57-percent cut of the request made by the administration, and a 53-percent cut out of the authorization made by Congress.

The full House approved the bill as reported by a very narrow margin of 212 to 201.

Now, the Senate Appropriations Subcommittee on Foreign Operations has reported out a bill with $350 million for food and nutrition. The amendment that I have offered on behalf of my colleagues and myself would increase this sum to $450 million. This would be $214 million above the House level; it would be $50 million or 10 percent below the authorization level, and it would be substantially less than the administration has requested of us.

Congress has made it clear in a number of acts and resolutions that had been adopted in both bodies of Congress that we had a particular interest in, and were willing to make a substantial contribution to, alleviating the food emergency that afflicts the world today.

If we close our eyes to the severity of the food crisis, we will be doing it at our peril. Food reserves in the world, Mr. President, have come down since the mid-1960's from 65 million tons of feedgrains in reserve to 21 million as we speak here today.

Population continues to go up. The pressure upon food supply continues to rise and, from time to time, we see very serious disruptions in the food supply.

Now, it is entirely probable that in the ensuing year we may get a little extra production because of weather patterns being favorable to food production. But the trend is unmistakable, and if we close our eyes to this trend, we will do it at our peril.

Mr. President, I say that we closed our eyes to the energy crisis, and we are paying the price. We knew 10 years ago what is happening today. It was brought out right here in this Congress.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. HUMPHREY. Do we not have 20 minutes?

The ACTING PRESIDENT pro tempore. Ten minutes to the side per amendment.

Mr. HUMPHREY. I am going to ask for a minute later on from my beloved friend from Hawaii.

Mr. INOUYE. I will be happy to yield.

Mr. HUMPHREY. No, go on.

Mr. INOUYE. Mr. President, I find it extremely difficult to speak in opposition to my very dear friend, but the subcommittee feels very sincerely that the amount recommended, $350 million, is very adequate for this purpose.

First, I believe we should recall that this is the last quarter of the fiscal year. Three-quarters of the fiscal year have already expired.

Second, I agree with the two important phrases used by my distinguished colleague in his eloquent support. The first, that this program should make these poor countries self-sufficient, to make their people able to feed themselves. Second, that these projects should be labor-intensive to provide useful employment for these people.

This appropriations committee has made a very thorough study of all of these projects, and we find that some of these projects have not carried out the intent set forth in the Senator's eloquent statement, and I will cite examples.

In Botswana in Africa and Kenya in Africa we have two projects, very expensive projects, supported by AID. In both these countries we are supporting the efforts of these people to establish a beef industry.

If we look at the fine print, this industry is for export purposes. Very little of that beef will be eaten by the Kenyans or the Botswanans.

I agree with the Senator from Minnesota that food and nutrition projects should be geared in such a manner that they will finally someday feed the people of the country.

The meat is now being sold in Europe and in other more affluent countries, and I do not think that that was the intention of the authorizing committee, on which my distinguished colleague sits, nor of the Congress of the United States.

Second, there are six projects in Pakistan totaling $1,344,000. Of that sum, $999,000 has been spent for personnel costs, that is for AID personnel costs and the services of consultants. Less than one-third of the project funding is set aside to buy what the Senator has listed: seeds, farming implements, and the training of Pakistani nationals.

Mr. HUMPHREY. Will the Senator yield?

Mr. INOUYE. Yes.

Mr. HUMPHREY. I visited those projects in Pakistan and may I say that we are going to ask for more. These are professional. In fact, if I can get my way here, we are going to try to enlist our land grant colleges into a massive effort to lend their kind of professional competence to these areas.

As I recall, in Pakistan, either Indiana or Purdue University has a number of personnel in that country.

But we do bring in people who know something about agronomy, animal husbandry, soil chemistry. These are highly technical people and they are needed; they are desperately needed. They are much more important, may I say, than even a bushel of grain because these are the people, may I say most respectfully, who try to make this economy, agricultural economy, work.

The biggest problem overseas is the lack of professional talent.

Mr. INOUYE. In some of these projects, talented men and women from our great universities have tried to find the secret of the so-called miracle grain or the miracle rice. We have actually been very impractical.

We have found throughout the last 10 years, every year, some miracle grain. We provide these miracle seeds to these recipient countries for planting new crops and we find to our horror that these seeds and these crops are vulnerable to certain diseases or insects. When disease strikes the crop it may be totally destroyed.

Now, under the so-called primitive method that the natives have been following for centuries, there are usually three or four different strains. So if the insects or plant disease should destroy one strain, at least they have two other strains growing.

Mr. HUMPHREY. Will the Senator yield again?

Mr. INOUYE. I am pleased to yield.

Mr. HUMPHREY. I certainly respect the Senator's judgment on these matters and his knowledge, but I served as the chairman of the Foreign Agricultural Subcommittee and the Committee on Agriculture and we have been holding hearings and studies on America's exports overseas in agriculture.

I am primarily interested in what we do in agriculture overseas. I am not interested in a lot of steel plants, I do not think they know how to run them.

I am not particularly interested in seeing a foreign country we seek to assist get a big fleet of airplanes they cannot afford. We cannot even afford our own.

I am interested in seeing that they get experiment stations, that they have outreach programs such as we call our county agents. I am interested in the study of soil chemistry, I am interested in the experiments in herbicides and pesticides that will take care of particular plant diseases and infestation in these tropical areas and these arid areas.

The real truth is, Mr. President, we know very little about tropical agriculture. We know very little about arid agriculture.

We know more about dryland agriculture because of our Southwest and because of our Rocky Mountain States, but when it comes to tropical agriculture we are relatively ill-informed, and we are beginning now to do something about it. It is going to take some time.

I wish to give an example of the breakthroughs we have got.

Mr. INOUYE. Will the Senator yield?

Mr. HUMPHREY. The Mexican wheat has increased the yield of a wheat that has a higher protein which can be planted in many areas of the world, such as Pakistan, for example.

We have purchased a new strain of wheat, even in the State of Kansas, which can be used in similar soil, that has an increase in the protein content that is fantastic, so that we get a much more nutritious product.

Now, this is the sort of thing that is in this bill.

I just want to say another thing. We have the Lutheran World Service, Church World Service, the Catholic Relief Service, and the Lutheran World Relief that have these developmental programs on the basis of our voluntary agencies. Those programs will be jeopardized if this cut goes through.

Secondly, much of the so-called ocean freight for the supplies is in this budget. That program will be jeopardized. That is why I offer my amendment. I do not deny mistakes have been made or that at times we drop the ball. This is an experimental program.

Mr. INOUYE. Mr. President, I wish to assure my colleague that I agree with him as to the needs of our poor brothers and sisters in other parts of the world, but at the same time I feel that as chairman of the subcommittee I owe it to my colleagues to present as tight a budget as possible.

We have tried our best to eliminate what we consider to be waste or inefficiencies. For example, the Senator spoke of experts from our college campuses.

Mr. HUMPHREY. Or might I add, from our private groups.

Mr. INOUYE. Private groups.

Mr. HUMPHREY. For example, the Wheat Growers Association, Corn Growers Association, Soybean Association, and nutrition groups.

Mr. INOUYE. One of the dire shortages in Indonesia happens to be rice, so AID decided that Indonesians needed expert help. So they got expert help from the United States by contracting with faculty members at the University of Kentucky. I did not know the University of Kentucky had——

The ACTING PRESIDENT pro tempore. Time on the amendment has expired.

Mr. HARRY F. BYRD, JR. Mr. President.

Mr. BROOKE. Mr. President.

The ACTING PRESIDENT pro tempore. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that I might direct one question to the manager of the bill.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JAVITS. Mr. President——

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. JAVITS. Mr. President, I will not object. I, too, would like, if this unanimous consent is granted, to ask for 2 minutes on this particular amendment.

The ACTING PRESIDENT pro tempore. First of all, the Senator from Virginia still has time on the bill.

Mr. HARRY F. BYRD, JR. I do not want to use my time on the bill. I am directing my attention to the amendment.

The ACTING PRESIDENT pro tempore. Very well. Time on the amendment has expired.

Mr. INOUYE. Mr. President, I ask unanimous consent for time for one question.

The ACTING PRESIDENT pro tempore. On whose time?

Mr. INOUYE. Additional time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. Is the Sentor from Virginia correct in this statement, the House of Representatives approved $234 million for this item. The Senate Committee on Appropriations approved $350 million for this item.

Now, the Senator from Minnesota has presented an amendment to the committee amendment in what amount?

Mr. INOUYE. To increase that by another hundred million to $450 million.

Mr. HARRY F. BYRD, JR. To $450 million.

Is that the pending amendment now, to increase to $450 million from the $350 million?

Mr. INOUYE. The Senator is correct.

Mr. HARRY F. BYRD, JR. Mr. President, I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that I may proceed for 1 minute in respect to the amendment.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I have joined in cosponsoring this amendment because of my experience in a trip that I took to the Sahel area about a year ago, the principal starvation area in Africa.

I know of none of our programs which is more basically productive than this one because it deals with the fundamental ability of people to look after their own needs.

I do not believe the world is going to starve. I think it is just inefficiently utilizing its food potential resources, and this is an effort to correct that great imbalance.

If there is any element of our foreign aid program that is right, it is this one. I hope very much that looking down the road as to where this world is going, we will give it the amount that it needs as moved by the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the Record a statement by the distinguished Senator from Massachusetts (Mr. Kennedy).

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

STATEMENT OF SENATOR KENNEDY

I am pleased to join Senator Humphrey in sponsoring this important amendment to increase funding for Food and Nutrition projects in the Foreign Assistance program. This amendment is in keeping with numerous previous efforts by Congress to place priority in our foreign assistance effort on humanitarian and developmental programs, such as agricultural and rural development, rather than on military and security assistance.

This amendment simply extends action taken on Monday by the Appropriations Committee in increasing funds for food and nutrition. I want to commend the Committee, and particularly the Chairman of the Foreign Operations Subcommittee, the distinguished Senator from Hawaii, Mr. Inouye, for his efforts in restoring funding cuts in a number of important humanitarian and developmental programs funded by the pending bill.

Mr. President, the amendment before us today to increase the appropriation for Food and Nutrition programs close to that amount already authorized, is important not only because it clearly reflects the established priority of Congress and what the American people will support, but also because these funds are critically needed this year. For the first time in modern history the world has experienced worldwide scarcities in food, which over the past two years imperiled the health and well-being of millions of people. In fact, hundreds of thousands have died.

Unlike the strong reaction to the world energy problem, only within the last year did world leaders, in the World Food Conference, express great concern over the crisis in food. Unlike the energy crisis, the world food situation carried the silent and deadly hand of starvation and famine, which silences people, not simply machines, and which may still condemn millions to face malnutrition and sudden death. Only those who cannot be heard suffer malnutrition in silence, or die of famine—and today that is a growing majority of the Third World.

The World Food Conference helped to break the world's silence on the food crisis, and it, and related efforts, have now given some momentum to programs designed to increase food production and to address the medium and longer-term problems of food and nutrition and health. Other developed nations are responding to this new priority in foreign assistance, even as many developing nations have been shocked by the food crisis into launching new efforts in agricultural production.

It is in support of these trends that the Food and Nutrition effort of A.I.D. is targeted, by Congressional mandate. For us to fail to fund this program near the level authorized by Congress, would be to contradict our own stated priorities and to undermine the mandate given the Executive Branch by Congress and the American people in 1974.

Mr. President, food is the most fundamental commodity to sustain human life—more so than oil, or gas, or similar energy resources. And the threat of world shortages in food is menacing to everyone—not only to the physical and mental health of the people involved, but also to the stability and the social and economic development of individual countries and entire regions of the world, including our own.

The recent history of people around the world tells time and again that threats to the peace are more than just arms races or military confrontations. Famine can be a threat to peace and stability. Massive humanitarian problems and refugee movements can unbalance peace. And natural disasters can create havoc worse than war.

The American people understand this. They know that people problems cannot be ignored, not only because it is part of America's long humanitarian tradition, but also because the health and well-being of people is an essential ingredient in building a structure for peace. In several recent polls, it is clear that most Americans understand this.

For example, in the recent Louis Harris poll, the American people by an overwhelming 75% to 23% majority said they were willing to sacrifice in order to send more food abroad to help nations with food shortages. And in a Chicago poll well over half of the American public supported the principle of economic assistance, and the vast majority enthusiastically support humanitarian and emergency aid.

It is time, Mr. President, that we act to see that these humanitarian priorities are clearly reflected in our funding of the foreign assistance program. It is not the American people who are growing in-ward or isolationist from the problems of people—they have not rejected assistance to hungry people in need—rather, it has been the Administration's budget requests and some in Congress who have given priority to money for armies and military assistance, instead of funding programs for food and nutrition, for population and health, for refugee relief and rehabilitation, among others.

If the Senate fails to adopt this amendment we will spend more A.I.D. funds this year on Indochina than we will appropriate for all of the food and nutrition and population and health programs around the world. This hardly reflects the will of the American people.

Mr. President, let me add a word in reference to some other humanitarian programs dealt with in the report of the Appropriations Committee. I fully share the concern, and have attempted since 1968 to bring attention to the need for our country, in concert with the international community, to develop more efficient mechanisms for responding to refugee and humanitarian problems overseas. The Appropriations Committee report echoes the findings of the Subcommittee on Refugees, which I serve as Chairman. Subcommittee reports since 1969 underscore the inefficiency and lack of coordination in our government's multifaceted programs for refugees and related humanitarian problems, and the need for the creation within our government of a focal point to coordinate and give greater priority to our humanitarian efforts abroad.

I look forward to the days ahead to working with the Chairman of the Foreign Operations Subcommittee, and others in the Senate, in attempting to create what I have called a Bureau of Humanitarian and Social Services within the Department of State. The Senate has already gone on record in supporting this concept, by passing my amendment, recommending such action, to foreign assistance authorization legislation a couple of years ago. But repeatedly the amendment was lost in conference.

In the weeks ahead, the Subcommittee on Refugees and the Subcommittee on Health will continue to press ahead in their joint inquiry into this important area of public policy—offering positive recommendations concerning the growing problem of world hunger, health and refugee problems.

Mr. President, I once again commend the Appropriations Committee for its effort to restore drastic funding cuts in a broad range of humanitarian and developmental programs, and I urge passage of the bill. But I also believe this amendment is essential in order to further strengthen our country's ability to contribute to urgent food and nutrition programs around the world.

Mr. BUCKLEY. Mr. President, I shall vote against the Humphrey amendment with reluctance. Had I been given adequate advance notice, I could have determined whether this addition to what the relevant committees had deemed appropriate was desirable. However, when confronted with an unprinted amendment on the one hand, and a deficit approaching $70 billion on the other, I must vote against the increase.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. HARRY F. BYRD, JR. As I understand it, the amendment by the Senator from Minnesota would add $100 million to the figure submitted by the Senate Appropriations Committee.

The ACTING PRESIDENT pro tempore. That is correct.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER (Mr. Leahy). The Senate will please be in order. Please clear the well. The Senators will take their seats.

The clerk will suspend the calling of the roll.

The Senators will take their seats, please, other than those seeking recognition from the Chair.

The legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Colorado (Mr. Gary W. Hart), and the Senator from Massachusetts (Mr. Kennedy) are necessarily absent.

Mr. GRIFFIN. I announce that the

Sentor from Maryland (Mr. Mathias), and the Senator from Pennsylvania (Mr. Hugh Scott) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Maryland (Mr. Mathias), and the Senator from Pennsylvania (Mr. Hugh Scott) would each vote "yea."

The result was announced—yeas 53, nays 41, as follows:

[Rollcall Vote No. 73 Leg.]

YEAS—53

Abourezk
Baker
Bayh
Beall
Bentsen
Biden
Brooke
Bumpers
Burdick
Case
Church
Clark
Cranston
Culver
Dole
Domenici
Eastland
Fong
Ford
Glenn
Griffin
Hart, Philip A.
Hartke
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Jackson
Javits
Leahy
McGee
McGovern
McIntyre
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pearson
Pell
Percy
Schweiker
Sparkman
Stafford
Stevenson
Thurmond
Tunney
Weicker
Williams

NAYS—41

Allen
Bartlett
Bellmon
Brock
Buckley
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Curtis
Eagleton
Fannin
Garn
Goldwater
Gravel
Hansen
Haskell
Helms
Inouye
Johnston
Laxalt
Long
Magnuson
Mansfield
McClellan
McClure
Metcalf
Montoya
Pastore
Proxmire
Randolph
Ribicoff
Roth
Scott,
William L.
Stennis
Stevens
Stone
Symington
Talmadge
Tower
Young

NOT VOTING—5

Hart, Gary W.
Kennedy
Mathias
Scott, Hugh
Taft

So Mr. Humphrey's amendment to the first committee amendment was agreed to.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HARTKE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BROOKE addressed the Chair.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. BROOKE. I yield.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended. All those in favor, signify by saying aye; all those opposed, no.

The Chair is in doubt.

Mr. BROOKE. Mr. President——

The PRESIDING OFFICER. All those in favor, stand and be counted.

Mr. BROOKE. Mr. President——

Mr. MANSFIELD. Mr. President, will the Chair recognize the Senator from Massachusetts?

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. HARRY F. BYRD, JR. Mr. President, may we have order?

Mr. BROOKE. Mr. President, I yield to the distinguished majority leader.

Mr. HELMS. Mr. President, we cannot hear. May we have order?

The PRESIDING OFFICER. The Senate will be in order.

The Chair has announced a doubt on the voice vote on the committee amendment, as amended, and therefore asks all those in favor to please stand and be counted.

Mr. GLENN. Mr. President, a point of inquiry.

Mr. ROBERT C. BYRD. Mr. President, what is the question on which we are voting?

The PRESIDING OFFICER. On the committee amendment, as amended.

Those in favor of the first committee amendment, as amended, will stand.

Mr. HUMPHREY. Mr. President, I ask that we have a voice vote. This is on the committee amendment, as amended. It is the one upon which we just completed action. There was a voice vote. After the voice vote, the Chair was in doubt.

Mr. JAVITS. Mr. President, I demand the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that there be a standing vote. Those in favor of the committee amendment as amended, please stand.

The PRESIDING OFFICER. That is what the Chair was doing.

Mr. MANSFIELD. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Mr. President, the Senator from Minnesota is not in the Chair, and he cannot put the question.

Mr. HUMPHREY. I just asked unanimous consent. I am suggesting it.

The PRESIDING OFFICER. The Senate will be in order. That is what we are attempting to do.

All those opposed, now stand and be counted.

The "nays" appear to have it.

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays.

Mr. PASTORE. Yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

TIME LIMITATION AGREEMENT— S. 1236

Mr. MANSFIELD. Mr. President, if the Senator will withhold that vote, I was going to make a unanimous-consent request before the vote occurred.

I ask unanimous consent, Mr. President, that when the Senate takes up Calendar 43, S. 1236, the bill to extend and amend the Emergency Livestock Credit Act of 1974, which, until a few moments ago, was unanimously approved on both sides, and I think reported unanimously by the Committee on Agriculture and Forestry, there be a time limitation of 30 minutes on the bill itself, the time to be equally divided between the Senator from Georgia (Mr. Talmadge) and the Senator from Kansas (Mr. Dole) or their designees; 20 minutes on each amendment; and 10 minutes on amendments to amendments, motions, appeals, and the like; and that rule XII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that, if the Senator will yield——

Mr. HARRY F. BYRD, JR. Will the Senator indicate what that bill is?

Mr. MANSFIELD. Yes, it is the Emergency Livestock Credit Act of 1974.

The PRESIDING OFFICER. The Senate will be in order, please.

Mr. PASTORE. Mr. President, may we have order? Cannot the Senators take their seats and avoid all this confusion? This is getting to be a charade.

The PRESIDING OFFICER. Will the Senators take their seats so we may have order in the Senate?

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, earlier today, objections were made to committees meeting during the session of the Senate. Several committee chairmen have indicated that they have witnesses scheduled to appear who have traveled distances to be here today. I, therefore, ask unanimous consent again that committees be permitted to meet during the session of the Senate today, with the understanding that on tomorrow and Friday, there may be difficulty in getting this permission.

Mr. GRIFFIN. Mr. President, reserving the right to object, and I shall not object, I wish to indicate that the objection earlier today was lodged by the junior Senator from Michigan in his leadership capacity, reflecting the concern of several other Senators, particularly with respect to the committees meeting while the Senate is on the tax bill. Today, we are not on the tax bill, but we are on a very important bill under a time constraint—1 hour on the bill, 20 minutes on amendments. I think that when we are meeting in the morning, particularly, it puts Senators in an impossible position, particularly since every Senator is assigned to a number of committees and he finds it difficult even to cover his committee assignments without also being on the floor. I think that when we get back on the tax bill, particularly, there would be objection, if the Senate meets in the morning, to a request that committees also be allowed to meet.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from West Virginia? Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I hope that the Chair will be able to observe order in the Chamber. The Senators have been jumping around like a bunch of jackrabbits, and I wonder what the schoolchildren of the country are going to think about the U.S. Senate and what the others in the gallery are going to think. It looks like we have been having a charade in the Senate, and I hope we will settle down and conduct this body as the great deliberative body that it should be.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS ACT, 1975

The Senate continued with the consideration of the bill (H.R. 4592) making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

Mr. BROOKE. Mr. President——

Mr. JAVITS. Mr. President——

The PRESIDING OFFICER. The amendment is not debatable. The question is on——

Mr. JAVITS. Mr. President, I have a unanimous-consent request.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Mr. President, I ask unanimous consent that Frank Ballance of my staff have the privilege of the floor during consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that Caroleen Silver of my staff be accorded the privilege of the floor during the discussion of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRIFFIN. Mr. President, I make the same request in behalf of Robert Turner of my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE. Mr. President, the same request for Stephen Bryen of my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. And for Dan Speigel of my staff.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the committee amendment, as amended. On this question, the yeas and nays have been ordered——

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Is the Senator from Virginia correct in his understanding that the vote now recurs on the committee amendment, namely, the $350 million, as amended by the amendment by the Senator from Minnesota, adding $100 million, and that if the vote is in the affirmative, then the $450 million will be the figure in the legislation, and if the vote is in the negative, then the $234 million as approved by the House of Representatives will be in the legislation?

The PRESIDING OFFICER. The $350 million has been stricken. The committee amendment now reads $450 million.

Mr. HARRY F. BYRD, JR. A further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. The vote, then, is on whether to accept the figure of $450 million or $234 million, as is in the House bill?

The PRESIDING OFFICER. The Senator is correct.

Mr. HARRY F. BYRD, JR. I thank the Chair.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that Norville Jones of the staff of the Committee on Foreign Relations be accorded the privilege of the floor during the consideration of the pending business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER (Mr. LEAHY). The question is on agreeing to the committee amendment, as amended. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Michigan (Mr. PHILIP A. HART), the Senator from Colorado (Mr. GARY W. HART), the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Missouri (Mr. SYMINGTON) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. MATHIAS) and the Senator from Pennsylvania (Mr. HUGH SCOTT) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Pennsylvania (Mr. HUGH SCOTT) would vote "yea."

The result was announced—yeas 62, nays 30, as follows:

[Rollcall Vote No. 74 Leg.]

YEAS—62

Abourezk
Baker
Bayh
Beall
Bentsen
Biden
Brooke
Buckley
Bumpers
Burdick
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Eastland
Fong
Ford
Glenn
Griffin
Hartke
Haskell
Hatfield
Hathaway
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Leahy
Long
Magnuson
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Percy
Schweiker
Sparkman
Stafford
Stevens
Stevenson
Thurmond
Tunney
Weicker
Williams
Young

NAYS—30

Allen
Bartlett
Bellmon
Brock
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Curtis
Eagleton
Fannin
Garn
Goldwater
Gravel
Hansen
Helms
Laxalt
Mansfield
McClellan
McClure
Montoya
Nunn
Proxmire
Randolph
Ribicoff
Roth
Scott, William L.
Stennis
Stone
Talmadge
Tower

NOT VOTING—7

Hart, Gary W.
Hart, Philip A.
Kennedy
Mathias
Scott, Hugh
Symington
Taft

So the first committee amendment (page 2, line 10), as amended by Mr. HUMPHREY's amendment, was agreed to.

Mr. HUMPHREY. Mr. President, I move to reconsider the vote by which the committee amendment as amended was agreed to.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, even with this increase in funds for food and nutrition developmental projects throughout the globe, let me bring to the Senate one fact which will put these matters into some perspective. This bill now appropriates $450 million for food and nutrition assistance under our foreign aid program; this same bill, however, appropriates $499 million in so-called Indochina postwar reconstruction assistance. This is money given to support the regime of Mr. Thieu, primarily. About $350 million will be given to his government, with the remainder going to Cambodia and Laos.

The absurdity of appropriating funds for "postwar reconstruction" in Indochina should be clear to anyone who has read the morning paper. You cannot reconstruct a society economically from the ravages of war while that war continues to rage. The effect of these funds, then, and the true purpose, is for the further propping up of these regimes. So let us look at this matter clearly. The priorities of this bill make clear that support for our policies in Indochina require a greater portion of our resources given in economic aid than do all the funds, given worldwide, to encourage rural development and agricultural assistance, under the food and nutrition category of this bill.

Now from where do the greater threats to security come? From the internal weaknesses of governments in Southeast Asia that have been totally dependent upon our resources? Or from the scourge of hunger and famine which grips the globe?

CHANGE OF REFERENCE—S. 1191

Mr. MANSFIELD. Mr. President, I ask unanimous consent, and I do this with approval of the chairman and the ranking member of the Committee on Labor and Public Welfare, and also the distinguished Senator from Alabama (Mr. ALLEN), that S. 1191, Calendar 38, be referred to the Committee on Labor and Public Welfare, but that it be returned to the Senate calendar within 2 weeks.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. CANNON. Mr. President, I ask unanimous consent that my staff member, John Cevette, be granted privilege of the floor during the discussion of H.R. 4592 and H.R. 2166.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS ACT, 1975

The Senate continued with the consideration of the bill (H.R. 4592) making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the second committee amendment. The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 2, in line 17, strike out "$115,000,000" and insert "$145,000,000".

Mr. HARRY F. BYRD, JR. Will the Senator from Hawaii yield for a question at this point?

Mr. INOUYE. Yes.

Mr. HARRY F. BYRD, JR. I note that this amendment also involves development assistance and increases development assistance in the field of population planning and help from the $115 million figure approved by the House to $144 million.

Would the distinguished Senator from Hawaii indicate the need for that increase?

Mr. INOUYE. I believe most people will agree that one of the most severe problems facing this world is the rapid growth of population. I realize that this is a very controversial matter, oftentimes highly emotional, but if the population growth of this world is permitted to proceed without any abatement, without any educational program, we may find our population doubling before we see the end of this century.

At the same time, as it was noted in the debate prior to the last vote, resources of food are not keeping up with the population growth.

Of the many programs in this bill, the subcommittee considers this program to be one of the most important. I hope that the Senate of the United States will concur with this.

It provides moneys for contraceptive devices, it provides moneys for consultation and expert advice to nations, it provides technical assistance, doctors and nurses.

Mr. HARRY F. BYRD, JR. May I ask another question——

Mr. PERCY. If the distinguished Senator will yield for just a comment before we go on to the next phase of this, I certainly concur with the manager of the bill.

As a matter of fact, we have a figure of $145 million in here, but I believe that $15 million of that is for medical services. So that we really get down to only $130 million for population.

Where the distinguished Senator said that this is a controversial issue, it is if we get into such areas as abortion, but we are talking about population planning which I do not think this is controversial. At the World Population Conference in Bucharest, which I attended on behalf of the Senate, there was literally no controversy about the fact that population planning projects are needed.

Within the restrictions of religious belief, we can carry on planning and I do not know of any religion that has any restrictions on that kind of planning and control effort.

The World Population Conference showed that the world has moved a long way toward accepting the need for population planning and for programs to reduce population growth rates. The United Nations overwhelmingly supports the types of efforts.

Yet with the House allowing only $115 million for population planning and health this year, there is a major possibility that the final appropriation will be even less this year than the 1974 appropriation of $135 million. When the world has moved so far ahead with regard to views on population planning, the United States certainly should not regress in our efforts to be of assistance in this field.

I had hoped that we would stay with our figure originally authorized in appropriations and would certainly urge we not in any way reduce this figure.

Mr. HARRY F. BYRD, JR. Mr. President, if the Senator from Hawaii will yield for one or two questions, to what countries will these funds be given?

Mr. INOUYE. The list appears on pages 56 and 57 of the committee report.

I would like to point out the major recipients. Pakistan $20 million. This is the budget estimate. Indonesia, $17,600,000. Philippines, $11,700,000.

I am indicating out the large areas.

Mr. HARRY F. BYRD, JR. I thank the Senator.

I have just one additional question. I believe the next question would apply to the next amendment, which is to strike.

I have no further questions on this particular amendment.

The PRESIDING OFFICER. Is all time yielded back?

Mr. INOUYE. Yes.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The assistant legislative clerk read as follows:

On page 2, in line 21, strike out the colon and the words "*Provided further*, That not more than $100,000,000 appropriated or made available under this Act shall be used for the purposes of section 291 during the current fiscal year."

Mr. HARRY F. BYRD, JR. Will the Senator yield at that point for a question? The part which the committee proposes to strike says:

Provided further, That not more than $100 million appropriated or made available under this Act shall be used for the purposes of section 291 during the current fiscal year.

May I ask what is section 291?

Mr. INOUYE. The House set this limitation of not more than $100 million to be spent for population control, population planning. We lifted that to make it possible for AID to spend more than $100 million for that purpose.

Mr. HARRY F. BYRD, JR. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The assistant legislative clerk read as follows:

On page 3, in line 9, strike out "$37,000,000" and insert "$40,500,000".

Mr. INOUYE. May we pass this for a moment? Senator MUSKIE would like to propose an amendment concerning the National Association of the Partners of the Alliance, Inc.

Mr. HARRY F. BYRD, JR. I have no objection.

Mr. INOUYE. May I submit a voice amendment to this?

The PRESIDING OFFICER. Are you asking for unanimous consent to offer an amendment?

Mr. INOUYE. I ask unanimous consent that the amendment on page 3, line 10, be passed over at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INOUYE. The Senator from Virginia has no objection to the amendment on line 9. May we have the vote on that?

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. INOUYE. May we have the next amendment?

The PRESIDING OFFICER. The clerk will report the next amendment.

The assistant legislative clerk read as follows:

On page 3, in line 18, strike out "$30,000,000" and insert "$32,000,000".

The PRESIDING OFFICER. Is all time yielded back?

Mr. INOUYE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next amendment.

The assistant legislative clerk read as follows:

On page 3, beginning with line 23, strike out Loan allocation, Development Assistance: Of the new obligational authority appropriated under this Act to carry out the provisions of sections 103, 107, not less than $175,000,000 shall be available for loans.

Mr. HARRY F. BYRD, JR. Will the Senator from Hawaii yield for a question?

Mr. INOUYE. Yes.

Mr. HARRY F. BYRD, JR. Will the Senator explain the purpose? It is not clear on its face?

Mr. INOUYE. This would have limited the amount which would have been available under this section. It would have limited the grant program by imposing a limitation on the loans. We felt that the AID should be granted a little more flexibility than that.

Mr. HARRY F. BYRD, JR. What type of loans?

Mr. INOUYE. Most of these loans under AID would provide for 2 percent interest for the first 10 years and 3 percent for the next 20 years.

If the Senator will look at pages 61 and 62, he will notice each category of grants and loans. If limitations are made, some of the programs set forth for some of these needy countries would not be carried out.

Mr. HARRY F. BYRD, JR. Then the House would limit the long-term, low-interest rate to $175 million, and the Senate committee would take off that limitation?

Mr. INOUYE. Yes, we would.

Mr. HARRY F. BYRD, JR. Will the Senator again state the interest rate for these loans?

Mr. INOUYE. Two percent for the first 10 years and 3 percent for the remaining 20 years.

Mr. HARRY F. BYRD, JR. Is any repayment required during the first 10 years?

Mr. INOUYE. No.

Mr. HARRY F. BYRD, JR. No repayment is required in the first 10 years?

Mr. INOUYE. No, not for the first 10 years.

Mr. HARRY F. BYRD, JR. Are these loans to foreign governments?

Mr. INOUYE. To foreign governments, yes, sir.

Mr. HARRY F. BYRD, JR. These are loans at 2 percent to foreign governments, 30-year loans, with no principal repayment for the first 10 years, and the interest rate is 2 percent.

Mr. INOUYE. It is between 2 and 4, but generally it is about 2 percent. I thought I would be candid with the Senator.

Mr. HARRY F. BYRD, JR. The Senator from Hawaii is always candid. That is one of the many qualities that I appreciate in the Senator from Hawaii.

I move to strike the amendment.

Mr. INOUYE. Does the Senator move to reject the committee amendment?

Mr. HARRY F. BYRD, JR. Yes.

The PRESIDING OFFICER. Is all time yielded back?

Mr. INOUYE. I yield back the remainder of my time.

Mr. HARRY F. BYRD, JR. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next amendment.

The legislative clerk read as follows:

On page 4, line 4, after "301", strike all down through line 9, and insert "$140,000,000."

Mr. HARRY F. BYRD, JR. Will the Senator from Hawaii yield for a question?

What is the purpose of striking out "of which not more than"——

Mr. INOUYE. This is to restore the authorization of the Congress in the past $18 million for UNICEF.

Mr. HARRY F. BYRD, JR. I did not catch the figure.

Mr. INOUYE. $18 million for UNICEF.

Mr. HARRY F. BYRD, JR. There are two parts to this, as I read it. It strikes out "of which not more than $15 million shall be available to the United Nations Children's Fund."

Mr. INOUYE. The original authorization was for $18 million. With this $15 million limitation, we could not go up to $18 million. With the deletion of the limitation, we can go up to $18 million.

Mr. HARRY F. BYRD, JR. I thank the Senator.

The second question is the second part of that amendment, "Provided, that none of the funds appropriated or made available pursuant to this Act shall be used to supplement the funds provided to the United Nations Development Program in fiscal 1974." Why would that be stricken?

Mr. INOUYE. This section was stricken to make it possible for the U.S. Government to pay to the United Nations Development Fund from fiscal year 1975 funds those funds which we had promised in the prior fiscal year and which we had not paid.

Mr. HARRY F. BYRD, JR. The Senator from Hawaii says that those are funds we had promised. I do not recall that Congress ever promised those funds, because Congress never appropriated the funds.

Mr. INOUYE. This is what the administration had promised.

Mr. HARRY F. BYRD, JR. Congress has the responsibility for the appropriation funds. I have no doubt that the administration has promised funds all over the world, but that does not necessarily mean it is an obligation of Congress.

Mr. INOUYE. The Senator is correct.

Mr. HARRY F. BYRD, JR. This matter deals with the question of funding for the United Nations.

Mr. INOUYE. If the Senator from Virginia will yield, this is a section that was stricken at the request of the distinguished Senator from Wyoming (Mr. McGEE).

Mr. HARRY F. BYRD, JR. I think that perhaps he should be here when this is taken up.

Mr. INOUYE. Mr. McGEE, as the Senator from Virginia knows, served with great distinction as our special representative to the United Nations.

Mr. McGEE. We are talking now about the section on the UNDP allocation. My concern, which I discussed privately with the distinguished Senator from Virginia, was that 2 years ago we had a continuing resolution that went on through most of the fiscal year, as a result of which our commitment to the UNDP was at the figure that had been budgeted, on which the Senate acted. But the House cut this to a lower figure, $70 million, instead of the $90 million figure that had been committed.

The consequence was that by continuing resolution, instead of action of Congress, we had to revert to the lowest figure under the law. That left us $20 million short for our contribution to UNDP. By agreement, after preconsultation with Congress and the committee, the UNDP commitment of the United States was achieved by drawing down on the calendar year for $20 million. But we have been that $20 million behind ever since. This is simply a matter of closing the gap on what was no intention of Congress at the time to deny a full contribution to UNDP. It was the inadvertence of the rule we observed under the continuing resolution process. The continuing resolution occurred not because of this item but because of other matters, as the Senator will recall.

I am asking for the consideration of returning this figure to $153.9 million, so that we could clear it up once and for all, instead of dragging it along half a calendar year behind, as we try to keep that commitment.

Mr. HARRY F. BYRD, JR. The committee has increased that fund, or proposes to increase that amount, by $25 million, from $115 million to $140 million. That is a $25 million increase. Why should there be a $25 million increase over what the House has proposed?

Mr. McGEE. The chairman can explain that. There are other funds in that general fund category besides UNDP. There were others which experienced a shortfall, too.

There are some other gaps in these international organizations. I think this is the most important one, for the reason of the commitment that was undertaken at the time, and it was no fault of those who gave the commitment.

I think there is another point which should be made, in order to update information. The OPEC countries, which have dragged for a long time in upgrading their contributions—especially in contrast to their capabilities—in their commitment for calendar year 1975, have increased their commitments considerably. Iran has increased theirs 300 percent. Arab Emirates have increased theirs by more than 100 percent; Nigeria by 97 percent. All of them have not done as much as they should, but they are going in the right direction, which makes the commitment, in the long run, less burdensome for us. It is an area in which we have tried to get other nations of the world to commit themselves.

Mr. HARRY F. BYRD, JR. What is the total amount that the United States is appropriating for fiscal 1975 for the operations of the General Assembly and the Security Council of the United Nations?

Mr. McGEE. In the regular budget, that sum is $63 million or $64 million. The Senator is talking about the regular budget, not the volunteer program?

Mr. HARRY F. BYRD, JR. Not the volunteer program.

Mr. McGEE. As the Senator knows, we were successful in lowering our assessed contributions to the 25-percent level, which I was instrumental in achieving while at the U.N. I think our total was about $63 million. I can supply the precise figure for the record so that it is accurate, but it is approximately that.

Mr. HARRY F. BYRD, JR. $63 million for the general operations of the United Nations?

Mr. McGEE. That is right.

Mr. HARRY F. BYRD, JR. I note in the committee report that the committee recommends a total appropriation for international organizations of $140 million. I ask the distinguished manager of the bill whether I am correct in assuming that within that $140 million will come all appropriations by the United States to the United Nations in all international organizations and programs. Would that be correct?

Mr. INOUYE. No; the Senator is not correct. There are other programs not set forth in this category, such as Indus basin, for which we have set aside $9 million. Then we have the one we just passed upon, population planning, part of which goes to the United Nations.

We have international narcotics control, which in part, provides for the U.S. contribution to U.N. fund for drug abuse, and United Nations forces in Cyprus.

So this amount of $140 million is not the total U.N. package.

Mr. HARRY F. BYRD, JR. May I ask, what is the full United Nations package?

Mr. INOUYE. The amount assessed to the United States is set forth on page 72 of the report. It is $215 million, sir.

Mr. HARRY F. BYRD, JR. How much of that is being appropriated?

Mr. INOUYE. The amounts that we have been appropriating for purposes associated with the United Nations are all set forth in the bill.

Mr. HARRY F. BYRD, JR. What I am trying to establish is how much money are the American taxpayers giving to the United Nations, in whatever form?

Mr. INOUYE. Is the Senator speaking of this fiscal year?

Mr. HARRY F. BYRD, JR. Yes, 1975.

Mr. INOUYE. I shall do some addition: $140 million to the international organizations; $5 million for the United Nations environment program; the Indus Base Development Fund—it is not a U.N. program, but it is still an international program. Would the Senator like to include that in U.N.?

Mr. HARRY F. BYRD, JR. Perhaps we could stay just on United Nations at this point.

Mr. INOUYE. $18 million for population planning; $2 million for the United Nations drug abuse control.

Mr. HARRY F. BYRD, JR. Excuse me, $2 billion did the Senator say?

Mr. INOUYE. $2 million; $1.6 million for the U.N. forces on Cyprus.

The total is $176.6 million, sir. In the continuing resolution, the Senator recalls, we had $10 million for UNRRA to assist the Palestinian refugees.

Mr. HARRY F. BYRD, JR. Does that include the operating expenses the U.S. contributed?

Mr. INOUYE. This is the total, sir.

Mr. HARRY F. BYRD, JR. Does that include the $61 million for operating expenses?

Mr. INOUYE. That would come under the assessed figure. It is not covered in this bill, sir.

Mr. HARRY F. BYRD, JR. What bill would that be covered in?

Mr. INOUYE. It comes under the Department of State, sir.

Mr. HARRY F. BYRD, JR. It is appropriated to the Department of State?

Mr. INOUYE. Yes, sir.

Mr. McGEE. Will the Senator yield?

Mr. HARRY F. BYRD, JR. Yes.

Mr. McGEE. One item is left out of this budgeting device, I think. That is that there also comes into New York now about $126 million, as of last year, income from having the U.N. there because of all the delegates that live there, the money they spend there, this sort of thing. It is not a one-way budget. That is not the reason for the U.N., but it is one of the fringe benefits that fall out from it.

Mr. HARRY F. BYRD, JR. If the Senator from Wyoming will yield, it is a one-way budget so far as the U.S. taxpayer is concerned.

Mr. McGEE. I think that is open to question, if I may say so, out of respect to my colleague, because the people who live in New York happen to be U.S. taxpayers, also.

Mr. HARRY F. BYRD, JR. Is it not also true that the people of New York have additional policing obligations and things like that because of the U.N. being in New York?

Mr. McGEE. Yes, they do, They feel this is a net gain to the city of New York of $126 million.

That is no reason for having the United Nations, I hasten to add. That is simply a fallout benefit from its presence there.

Mr. HARRY F. BYRD, JR. We might let the city of New York, which benefits so much from it, pick up this tab, then. I think the people of Virginia regard it as a one-way street so far as their taxes are concerned.

Mr. McGEE. The U.N. is not a State institution. It is an international institution of many nations and it serves the United States, and Virginia may even still be in the Union.

Mr. HARRY F. BYRD, JR. Virginia, I dare say, is very much in the Union. I think Virginia is not only in the Union, but I think it is probably the soundest State in the Union.

Mr. McGEE. I hasten to add, it has also been reconstructed.

Mr. HARRY F. BYRD, JR. To get back to the question of the locality, I did not bring up the locality, the Senator from Wyoming brought up the locality.

Mr. McGEE. I simply meant it is not a one-way street.

Mr. HARRY F. BYRD. JR. I am well aware that the United Nations is not a city proposition, not a State proposition, it is an international organization. I am well aware of that. It is not I who brought up the question that the city of New York gains by having the United Nations there. The Senator from Wyoming brought it up.

The PRESIDING OFFICER. The 20 minutes allotted to the committee amendment have expired.

Mr. HARRY F. BYRD, JR. Mr. President, may I ask the manager of the bill and the distinguished Senator from Wyoming if we may adopt the same procedure for this that we adopted for the previous amendment that the Senator from Maine is interested in, so that we may have an opportunity to meditate a little bit on the points raised in the discussion? In other words, temporary——

Mr. INOUYE. I ask unanimous consent that the vote on this amendment be deferred until a later time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARRY F. BYRD, JR. I thank the Senator.

Mr. INOUYE. Mr. President, I ask unanimous consent that at this time, the amendment relating to the National Association of the Partners of the Alliance be brought up. It appears on page 3, line 10.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

On Page 3, line 10, strike the numeral and insert "$500,000".

Mr. MUSKIE. Mr. President, I call up my amendment to this committee amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Maine will be in order following action on the amendment presently before the Senate. The question is on agreeing to the committee amendment.

Mr. INOUYE. The Senator from Maine has an amendment.

Mr. MUSKIE. Yes, I call it up.

The PRESIDING OFFICER. The ayes appear to have it.

The amendment was agreed to.

The PRESIDING OFFICER. The amendment of the Senator from Maine will be stated.

The legislative clerk proceeded to read the amendment.

Mr. MUSKIE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, beginning on line 9 and continuing to line 11, strike the words "of which not more than $500,000 shall be available for the National Association of the Partners of the Alliance, Inc."

On page 4, between lines 23 and 24, insert the following: "National Association of the Partners of Partners of the Alliance, Inc.: For necessary expenses to carry out the provisions of Section 252(b), no less than $750,000."

Mr. MUSKIE. I have discussed this briefly with the distinguished floor manager, and I should like to take 2 or 3 minutes to explain its essence.

Mr. President, at a time when foreign assistance has come under serious scrutiny in this Congress, my amendment which increases the amount for the Partners of the Americas from the $500,000 approved by the committee to the $750,000, which is the current level of appropriation, is a program which will provide the greatest benefit for the least dollars and which involves our citizens in friendly relations with the nations to our south. The amendment provides a line item for the National Association of the Partners of the Alliance, Inc., otherwise known as the Partners of the Americas.

As its name applies, the Partners of the Americas is a two-way sharing of skills by the people of the Americas. It complements our official aid programs by linking volunteer private citizen groups in 43 of our States with counterpart volunteer organizations in 18 nations of Latin America and the Caribbean to conduct self-help projects in agriculture, nutrition, health, education, community development, disaster relief, trade and investment, rehabilitation, and other areas.

The combined value of these partnership projects since 1964 now exceeds $38 million, a figure that represents only cash contributions for school and hospital construction, scholarships, airplane tickets, hospitality costs, and the value of donated equipment and supplies, but in no way measures the value of the outstanding services rendered by distinguished volunteer specialists or the incalculable goodwill they have generated for our country in this hemisphere.

Emerging from the idealism of the early sixties as the private citizen component of the Alliance for Progress, Partners now stands as a fine expression of the "policy of the good partner" articulated by Secretary of State Henry Kissinger last year as the goal of our relations with other nations of the Americas. Over 38,000 volunteer technicians, specialists, agronomists, physicians, educators, students, city planners, and others have traveled to their partner area to conduct 5,700 projects affecting hundreds of thousands of people throughout the hemisphere.

In one project alone, over 50,000 Utah schoolchildren particpate each year in the construction of schools on the rugged Bolivian Altiplano. In the past 5 years they have raised $62,000 to help build 65 elementary schools for 12,000 Bolivian peasant children, sharing costs with the Bolivian communities themselves which put up most of the materials and all of the labor. Recently, the Utah-Bolivia partners expanded this program to include the constuction of a total medical-dental clinic in each village. The project also includes an integrated community education and adult literacy effort now extending to 450,000 villagers via educational television.

The direct Government investment in the above project came to a grand total of $5,700 in volunteer technician travel. This is, indeed, a dramatic example of how the Partners can get impressive results for very little money.

All of this was done by volunteers in cooperation with their counterparts in Latin America, but administrative support, in terms of training of volunteers, location of resources, administrative support, and the administration of travel funds came from NAPA, the central organization. Obviously, the pro-rata portion of such administrative costs for the above project was incredibly small.

Historically, AID has provided a substantial portion of the NAPA administrative and travel funds. In the early days AID actually provided personnel and services. More recently, AID has endeavored to cut back on NAPA funding, apparently on the theory that NAPA should receive more of its funds from the private sector. Unfortunately, however, it is more difficult to raise funds for generalized and administrative purposes from private sources than it is to secure funds for the relatively more appealing project purposes. Both corporations and foundations wish to see the immediate impact of a particular project or at least the results of a broad specialized program rather than spending their funds on office personnel and unglamorous overhead.

In recognition of the above, the Congress in 1974, authorized a line item for NAPS and appropriated $750,000 pursuant to that line item so as to provide the necessary administrative and travel funds.

But the program will be in serious jeopardy this year unless a line item in the amount of $750,000 is included for NAPA in this foreign aid appropriations bill.

Mr. President, I ask unanimous consent to have printed in the RECORD material which documents in detail the kind of projects and the kind of effort on a voluntary basis which will be accomplished under the partners program.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE PARTNERS OF THE AMERICAS—THE NATIONAL ASSOCIATION OF THE PARTNERS OF THE ALLIANCE, INC.

I. INTRODUCTION

The National Association of the Partners of the Alliance, Inc., which is generally known as the "Partners of the Americas", is a voluntary non-profit organization dedicated to the improvement of relations with the people of Latin America. There are some 45 United States partnerships operating in 43 states which, in turn, are coupled with 45 partnerships based in nations, regions or states in Latin America and the Caribbean.

The Partners are dedicated to the provision of developmental and technical assistance in the form of voluntary services and privately contributed materials utilizing both AID and private funds for administrative support. The Partners are also engaged in other people-to-people programs in the sports and cultural areas but these programs are not AID funded. All of these programs are carried out by volunteer technicians and participants.

For each dollar provided by this appropriation, there are some $50 to $90 in goods and services being provided by volunteers, both here and abroad. The leverage is tremendous.

In addition it should be taken into account that a $750,000 appropriation would only result in a total availability to NAPA of only some $17,000 to support each of the 45 Partnerships.

II. HISTORY AND BACKGROUND

The Partners were established by administrative action of AID in 1964 and were intended to be the private sector component of the Alliance for Progress. It was intended that the organization involve individuals and groups in providing technical and development assistance and in developing good relations and people-to-people contacts with Latin America. The Partners have since that time been serving as a mechanism through which private citizens of the United States and Latin America work directly together not as donor-receivers, but on a people-to-people basis, as "Partners"—to improve understanding and cooperation in the Americas, while carrying out specific continuing self-help programs of development.

The Partners were originally operated out of and by AID but in 1970 the Partners became operationally independent of AID even though they continued to receive their funding from AID. Since 1970 the administrative and servicing functions of the Partners have been carried out by the National Association of the Partners of the Alliance, Inc. ("NAPA"), a private organization.

In 1974 the Foreign Assistance Act (P.L. 93-189) in recognition of the difficulties inherent in the private raising of administrative funds, included a line item authorization of $934,000 for each of the fiscal years 1974 and 1975. Pursuant to that authorization an appropriation of $750,000 was granted to NAPA last year in the 1974 Foreign Assistance Appropriation Act (P.L. 93-240).

This year the House Appropriations Bill placed NAPA in the "Selected development problems" category and placed a ceiling on expenditures of $250,000. The Senate Appropriations Bill, however, earmarked $500,000 for NAPA.

III. NUMBER, LOCATION AND COMPOSITION OF PARTNERSHIPS

There are some 45 Partnerships in the United States operating out of 43 of our states. Each of these Partnerships has a counterpart Partnership in Latin America or in the Caribbean. The 45 Latin American and Caribbean Partnerships are with states, countries or regions located in some 18 nations.

It is fairly obvious that the geographical distribution of the Partnerships both in the United States and in Latin America and the Caribbean is broad. There is attached hereto as Appendix A a map showing the affiliations of the various United States Partnerships.

The Partnerships on the United States side are composed of private volunteers although in some instances Federal or state officials and state university officials are involved on a purely voluntary basis. The members include attorneys, physicians, dentists, businessmen, professors, agronomists, public administrators, students, civic club leaders, legislators and just plain ordinary people. They do, however, tend to be leaders in their communities.

The status of the Partners can be seen by the fact that no less than 32 governors of states in the United States are honorary chairmen of their respective Partnership and indeed in many cases are actively engaged in Partnership matters. There are a number of Senators who have previously been active in the Partners.

IV. ACTIVITIES OF THE PARTNERSHIPS

The Partners are engaged and will use the funds provided by AID in the carrying out of mutual self-help projects in the areas of agriculture, health programs, rehabilitation, education, community development and emergency relief. Aside from the AID funded activities the Partners also carry out cultural exchange, sports and other similar people-to-people activities, utilizing non-AID funds exclusively.

Although the dollars requested are relatively small the programs have far-reaching benefits and results.

For every dollar provided by AID some $15 to $20 in goods and services are contributed by United States citizens. Our Latin American and Caribbean friends contribute additional goods, materials and services so that for every dollar provided by AID the non-governmental funds provided amount to some $50 to $100. This leverage is incredibly high in comparison with most other programs carried out by the Federal Government.

It is impossible to fit the projects carried out by the individual Partnerships into a mold since each project is specifically developed by the United States and Latin American or Caribbean groups, taking into account the voluntary nature of the program, the particular need of the Latin American or Caribbean areas, and the particular human and material resources available for carrying out each project.

The range of projects include cooperative self-help development programs such as the construction of schools, the improvement of hospitals, the training of medical technicians, the improvement of communications and the like as well as the improvement of agricultural techniques, the improvement of educational methods and systems and many, many others.

There is attached hereto as Appendix B a description of typical projects currently in process or carried out during the past few years. It will be seen that these projects cover a wide range of activities.

The Partners are affiliated with numerous other volunteer organizations and groups in carrying out joint programs. Included among these groups are the Rotary, Lions, Jaycees, American Dental Association, the Boy Scouts and numerous others. Those organizations with which the Partners are affiliated are listed in Appendix C.

In view of the high leverage provided by the Partners and in view of the people-to-people contacts and the development of international understanding achieved by the Partners they become particularly valuable when the resources available for such undertakings shrink.

Indicative of the success of the program and of the high esteem in which it is held by the agencies of the United States Government are the following programs which are either currently underway or have been requested:

(1) Requests for short-term technical assistance from Latin American missions of the *U.S. Agency for International Development*, such as:

(a) training in highway safety procedures for officials of the Brazilian Ministry of Transport, provided by the State Partnership in Louisiana, Illinois, Michigan and Maryland;

(b) training in the care and breeding of rabbits as a high-protein low-cost food for rural Panamanian families, provided by Delaware Partners;

(c) technical services of a geographer to assist in national land-resource conservation and planning in Costa Rica, to be provided by Oregon;

(d) training in solution to problems of mass transit in Sao Paolo, currently being studied by Illinois.

(e) suggestion from the USAID Mission in Brasilia to the Partners that discussion be held concerning the possibility of having the 18-state Partner framework with Brazil serve as the primary vehicle for technical assistance to Brazil after the planned phase-out of AID activities in 1978.

(2) Requests from U.S. Ambassadors in Latin America, such as:

(a) a recent request from Ambassador William Stedman in Bolivia to provide hospital equipment for the Viedma Hospital in La Paz;

(b) a direct request from Ambassador Turner Shelton in *Nicaragua* to provide emergency aid to victims of the Nicaragua earthquake in 1972;

(3) The regular use of the Partners framework by the *Bureau of Educational and Cultural Affairs of the State Department* for its international visitor program. Over the past two years more than 200 Latin American leaders from 16 countries have visited their U.S. Partner states through this liaison.

(4) The frequent presentation of community-level projects to the Partners by volunteers of the *U.S. Peace Corps*, seeking technical and material support from the U.S. Partner state. Approximately 50 projects per year originate with Peace Corps volunteers.

Aside from the development and technical assistance provided in Latin America and aside from the people-to-people contacts there are also benefits for United States citizens participating in the program, such as unique opportunities for research and study in tropical agriculture and medicine, archaeology, architecture, Spanish and Portuguese, Latin American history, malnutrition, and mental retardation, to name a few. Innovative techniques used in Latin America health and welfare systems have also been applied with great success in several U.S. Partner states.

V. THE REASON FUNDS ARE NEEDED

The funds provided by AID and by the line item are used for the following purposes:

(a) Administrative.
(b) Program Spending.
(c) Travel.
(d) Fund Raising.

As an administrative matter the NAPA office handles and accounts for the Federal funds and for the private funds, other than project funds, provided to the organization. The requirement for central accounting is obvious. In addition, the NAPA central office also controls the expenditures of all travel funds and supervises and administers the provision of staff and other support to NAPA program activities.

On the program side, the NAPA central office provides a clearing house for the location of resources and for the spreading of project ideas. It also maintains communications, providing newsletters, publications, and the like. Its staff includes specialists in a number of areas, including agriculture, health and rehabilitation and others. The staff assists in the training of Partnership volunteers and in the conduct of workshops where interested Partners from the various Partnerships get together and trade ideas (in methods and in the kinds of projects to be undertaken in Latin America and the Caribbean). It also maintains vital links and liaison with other national and international organizations engaged in or interested in the provision of technical assistance, development, assistance and people-to-people contacts in Latin America and the Caribbean.

The most useful purpose served by the funds provided by AID is the provision of travel for volunteers. When an agricultural expert goes to Latin America to assist in the development of an experimental station or when a physician goes there to assist in the establishment of rural clinics, the funds provided by AID are used to pay for air fare and some other travel expenses. It should be noted and emphasized, however, that many, many volunteers travel on their own funds without even this modest assistance. The travel funds are, therefore, the means of moving the technician or specialist to where he can help or to bring the trainee from Latin America or the Caribbean here.

The staff is also active in the important task of endeavoring to raise funds from the private sector. A considerable amount of time and effort is spent in this task.

The justification for the line item in 1974 and for the appropriation pursuant thereto was and continues to be the fact that the private sector of the United States' economy, including individuals, foundations and corporations, are willing to provide support for specific programs and projects but are unwilling to provide administrative and general funds. It is extremely difficult to secure support for administrative costs and for the generalized activities carried out by the NAPA headquarters. There is simply a reluctance to provide money for office workers and non-glamorous undertakings. Corporations are more interested in "impact" projects while foundations are more interested in the type of project where the results are readily visible. NAPA has, of course, had some success in raising funds in the private sector. For example, the Lilly Foundation in 1974 committed some $62,000 to NAPA but even those funds were limited to the provision of staff specialists in the restricted areas of basic agriculture, rehabilitation and health.

The problem described above is highlighted and becomes much more difficult in times such as these where corporate profits are falling, individuals are hoarding their resources and foundations are facing rapidly falling incomes. Particularly at this time, there simply is not the type of money available to support NAPA administrative and travel costs without AID funding.

Without adequate funding it is quite probable that this exceedingly valuable program would disappear except in a very few states. This would occur at the very time that the program is growing. Additional states and countries are requesting admission to the program and the demand for volunteer technicians has doubled over the past year.

A reduction in the funding of the Partners would have a serious impact on several levels. It is important to remember that NAPA leverages every dollar of the Government's investment.

Dramatic examples can be shown of cases where the cost-benefit ratio exceeds 1 to 140 or 150. On the average over the past several years, for every dollar of U.S. funding there is a U.S. private investment of 10 to 15 dollars. There is also a further increase in benefits from private Latin American contributions, averaging 5 to 6 times the total U.S. benefits not even counting the value of the professional time of the expert volunteer technicians. Thus, on the average, every dollar of U.S. Government investment results in "matching" benefits of $50 to $90. And, of course, conversely for every dollar of reduction, the benefits are reduced by 50 to 90 dollars. This multiplier effect is critical. It means, for example, that a reduction of $100,000 could reduce the benefits of the program by $5 million to $9 million.

VI. FUNDRAISING EFFORTS

The criticism has frequently been made that the Partners have not made adequate efforts to raise funds privately. The Partners admit that such efforts in the past have not been as fruitful as would be desired. Nevertheless, the trend is up. To demonstrate the improvement there follows a tabulation showing the private funds (program and administrative) raised by NAPA for each fiscal year since 1970:

BREAKDOWN OF FUNDS RECEIVED FROM SOURCES OTHER THAN AID, FISCAL YEAR 1971–74

	Funds received for projects		Funds received for administration		Total non-AID funds received	Gifts in kind received [1]
	Government sources	Private sources	Government sources	Private sources		
Fiscal year:						
1971	0	$17,143	0	0	$17,143	0
1972	0	4,146	0	0	4,146	13,300
1973	$41,680	29,893	0	0	71,573	43,924
1974 (to April 30)	124,275	[2]318,646	$31,525	$73,633	548,079	26,440

[1] Includes only those products, airline tickets and services used for nonproject administrative purposes by the NAPA office that would have to have been purchased by NAPA if not received in-kind.

[2] Includes $265,000 realized from the sale of a donated aircraft.

The largest single administrative item in the tabulation presented above is the $73,633 in administrative funds raised privately in 1974. Of this amount $62,000 represents a single grant by the Lilly Foundation which has as its primary purpose the establishment of staff positions in the fields of nutrition and agriculture, rehabilitation and culture, which positions are intended to stimulate increased activities by the Partners in those areas. All other FY 74 administrative funds shown in the table above are earmarked for administrative support to sports activities and to rehabilitation exchanges.

There have been failures in the past. For example, NAPA endeavored to conduct a direct mail campaign. The results were pitiful. Repeated efforts have been made in the corporate and foundation areas to secure non-earmarked funds. Again, the results have been frequently discouraging. Nevertheless, the trend is definitely up and it is anticipated that the trend will continue upward.

VII. CONTINUING NEED FOR GOVERNMENT SUPPORT

As demonstrated above, NAPA during the past has made and is continuing to make efforts to raise general funds for administrative purposes as opposed to project funds. To date, however, the funds so raised have been inadequate for the purpose. Every effort will continue to be made in fund raising. There is no assurance, particularly in these hard times, that the organization can raise sufficient funds for non-project purposes so as to be totally independent of AID support by a date certain.

PARTNERS OF THE AMERICAS

WHAT IT IS

An organization committed to fostering a closer relationship and understanding between the people of the United States and the people of Latin America through involvement in self-help projects.

HOW IT WORKS

Through technical assistance programs of economic, social, and cultural development. A "partnership" links a state in the U.S. with a counterpart state, region, or country in Latin America—i.e., Utah-Bolivia, Iowa-Yucatan (Mexico), Maine-Rio Grande do Norte (Brazil). All projects are based on a sharing of skills and on mutual self-help. To build a school, for example, one Partner committee contributes the land and labor, and the other provides the equipment or funds.

ITS MEMBERS ARE

Many thousands of private citizens in the United States and Latin America, including educators, businessmen, physicians, students, housewives, civic leaders, agronomists, and engineers. The governors of 34 states actively support the Partners program. More than 3,400 people visited their Partner areas on project work last year.

KEY AREAS OF INTEREST

Education, public health, agriculture and rural development, rehabilitation, trade and investment, sports, community development, cultural exchange, emergency relief, and tourism.

INVOLVEMENT

Partners of the Americas offers individuals and organizations a specific, continuing geographic focus for development activities—the Partner area in Latin America. More than 80 national and international organizations use the Partners framework. Hundreds of elementary and high schools, 50 cities, and 22 state university systems conduct projects through the Partners.

SUPPORT

Partners activities are supported by foundation and corporate grants, membership dues, tax-deductible contributions, gifts-in-kind, and donated professional services. A U.S. foreign aid grant supports administrative services and volunteer technician travel. All partnerships are autonomous. The Partners national association functions as a servicing and advisory agency with an administrative budget of approximately four percent of the total program.

PARTNERSHIPS

Eighty-four Partner committees are active today—41 in the United States and 43 in 18 Latin American countries. Brazil has 18 Partner committees. Several other Latin American countries also have more than one partnership with the U.S.

PROJECTS' DOLLAR VALUE

More than $30 million (1964–74), which includes the value of all equipment, material, and cash contributions, but does not include the professional services donated by Partner technicians. No estimate could measure the value in human relations and mutual understanding created by the Partners.

PROJECT EXAMPLES

Children in the Altiplano region of Bolivia are now attending 60 new schools where there were no schools before. Over 50,000 school children in Utah helped to raise the money to build the schools while learning about Bolivia. The Bolivian Partners and Bolivian government are providing the land, labor, and teachers.

The Wisconsin Partners, in cooperation with the U.S. Jaycees, spearheaded a nationwide relief operation after a destructive earthquake hit Managua, Nicaragua. Gov. Patrick Lucey, honorary chairman of the Wisconsin-Nicaragua Partners, made radio and television appeals for assistance, resulting in more than $1 million in cash and in-kind contributions. Air national guard cargo planes made seven flights to Nicaragua to deliver supplies to earthquake refugees.

A 10-day mass exchange of 200 Georgians and 200 Pernambucans via chartered jet provided homestays and project opportunities for a cross-section of people, including physicians, journalists, agronomists, educators, housewives, city engineers, and vocational rehabilitation specialists.

SPECIAL PROGRAMS

PREP—Partners Rehabilitation and Education Program, a cooperative venture providing treatment, vocational rehabilitation, and improved services for the mentally, physically, and socially handicapped in 32 U.S. states and 17 Latin countries.

Inter-American Sports Exchange—A two-way educational exchange of sports skills for coaches and players in basketball, soccer, baseball, track, and tennis.

ORGANIZATION ESTABLISHED

1964: Partners of the Alliance. 1966: National Association of the Partners of the Alliance, Inc. (Partners of the Americas). Private, nonprofit, tax-exempt organization. Member, Advisory Committee on Voluntary Foreign Aid of the Agency for International Development. All contributions to Partners of the Americas are tax-deductible.

FOR MORE INFORMATION CONTACT

Partners of the Americas, 2001 S Street, N.W., Washington, D.C. 20009. (202) 332-7332.

PARTNERS OF THE AMERICAS

THE PARTNERSHIPS

Alabama—Guatemala.
Arkansas—Santa Cruz, Bolivia.
California—Baja California, Sinaloa, Morelos, Nayarit and Puebla, Mexico.
Colorado—Minas Gerais, Brazil.
Connecticut—Paraiba, Brazil.
Delaware—Panama.
District of Columbia—Brasilia, Brazil.
Florida—Northern Colombia.
Georgia—Pernambuco, Brazil.
Idaho—Mountain Region, Ecuador.
Illinois—Sao Paulo, Brazil.
Indiana—Rio Grande do Sul, Brazil.
Iowa—Yucatan Peninsula, Mexico.
Kansas—Paraguay.
Kentucky—Highlands, Ecuador.
Louisiana—El Salvador.
Maine—Rio Grande do Norte, Brazil.
Maryland—Rio de Janeiro (state), Brazil.
Massachusetts—Antioquia, Colombia.
Michigan—Belize (British Honduras) and Dominican Republic.
Minnesota—Uruguay.
Missouri—Para, Brazil.
Nebraska—Piaui, Brazil.
New Hampshire—Ceara, Brazil.
New Jersey—Alagoas, Brazil.
New Mexico—Tabasco and Chiapas, Mexico.
New York (Buffalo—Niagara)—Jamaica.
North Carolina—Cochabamba, Bolivia.
Ohio—Parana, Brazil.
Oklahoma—Chihuahua, Coahuila, Colima, Jalisco, Sonora and Tlaxcala, Mexico.
Oregon—Costa Rica.
Pennsylvania—Bahia, Brazil.
Rhode Island—Sergipe, Brazil.
South Carolina—Cauca Valley, Colombia.
Tennessee—Amazonas, Brazil and Venezuela.
Texas—Peru.
Utah—La Paz and Altiplano, Bolivia.
Vermont—Honduras.
Virginia—Santa Catarina, Brazil.
Washington—Guayas and Los Rios, Ecuador.
West Virginia—Espirito Santo, Brazil.
Wisconsin—Nicaragua.
Wyoming—Goias, Brazil.

COOPERATING INSTITUTIONS

Partners of the Americas expresses its appreciation to the cooperating institutions, organizations, and corporations who supported our work during 1974:

Agriculture nutrition

Future Farmers of America.
Inter-American Rural Youth Program.
National Association of State Departments of Agriculture.
National Council of State Garden Clubs.
National 4-H Foundation.
World Hunger Action Coalition.

Civic and government

Action/U.S. Peace Corps.
Agency for International Development.
General Federation of Women's Clubs.
Inter-American Foundation.
Junior Chamber International.
Lions International.
Maine Maritime Academy.
National Governors' Conference.
Operation Handclasp, U.S. Navy.
Rotary International.
U.S. Jaycees.

Cultural and sister cities

American Revolution Bicentennial Administration.
Bureau of Educational and Cultural Affairs.
U.S. Department of State.
Governmental Affairs Institute.
International Association of Fire Chiefs.
National Council for Community Service to International Visitors (COSERV).
Town Affiliation Association.
U.S. Information Agency.

Education

American Association of State Colleges and Universities.
Boy Scouts of America.
CARE, Inc.
Experiment in International Living.
Girl Scouts of America.
Inter-American Commission of Women.
Organization of American States.
International Education Division, Office of Education.
U.S. Department of Health, Education, and Welfare.
Office of Technical Assistance and Scientific Cooperation, Organization of American States.
Tools for Freedom.
Youth for Understanding.

Health and medical services

American Heart Association.

American Hospital Association, International Division.

American Medical Association, International Division.

Catholic Relief Services, Inc.

Direct Relief Foundation.

Health Services, Mental Health Administration, U.S. Department of Health, Education, and Welfare.

Mennonite Central Committee.

Office of International Health, National Institute of Mental Health.

Pan American Development Foundation.

Pan American Health Organization.

Women's Auxiliary of American Medical Association.

Investment and tourism

American Association of Chambers of Commerce of Latin America.

American Institute of Planners.

Council of the Americas.

Inter-American Development Bank.

Rehabilitation and special education

American Foundation for the Overseas Blind.

American Psychological Association.

Association for Children with Learning Disabilities.

Council of International Programs for Youth Leaders and Social Workers.

Council of State Administrators of Vocational Rehabilitation.

Goodwill Industries International.

National Association for Retarded Citizens.

National Association of State Directors of Special Education.

National Rehabilitation Association.

Organization of American States.

People-to-People Committee for the Handicapped.

President's Committee on Employment of the Handicapped.

President's Committee on Mental Retardation.

Rehabilitation International and Rehabilitation International U.S.A.

Rehabilitation Services Administration, U.S.

Department of Health, Education, and Welfare.

Social and Rehabilitation Service, U.S. Department of Health, Education, and Welfare.

Sports

Amateur Athletic Union.

Amateur Softball Association.

A.M.F. Voit Company.

Basketball Federation of the U.S.A.

Braniff International.

Brazilian Basketball Confederation.

Coca-Cola/Latin America.

Converse Rubber Company.

Fellowship of Christian Athletes.

Missouri Valley Conference.

National Association of Basketball Coaches.

National Association of Intercollegiate Athletics.

National Collegiate Athletic Association.

National Soccer Coaches Association.

National Wheelchair Basketball Association.

U.S. Baseball Federation, Inc.

U.S. Department of State.

SPONSORS

Partners of the Americas wishes to offer a special tribute to the following sponsors. Without their support our program would not have been possible:

Agency for International Development, U.S. Department of State.

A.M.F. Voit.

Arthur Andersen & Company.

Braniff International.

Brazilian Basketball Confederation.

Bureau of Educational and Cultural Affairs, U.S. Department of State.

Charles Delmar Foundation.

Coca-Cola/Latin America.

Coca-Cola Industries Ltda./Brazil.

Converse Rubber Company.

Inter-American Foundation.

Jack Wolfram Foundation.

Lilly Endowment, Inc.

Missouri Valley Conference.

Organization of American States.

Pan American Development Foundation.

Pan American Health Organization.

Rehabilitation Services Administration, U.S. Department of Health, Education, and Welfare.

Summa Corporation.

PROJECTS OF MAJOR IMPACT CONDUCTED BY THE PARTNERSHIPS IN THE PARTNERS OF THE AMERICAS PROGRAM

The Partners of the Americas program, by generating support from citizens and institutions throughout each state, has had a major impact upon grass-roots agricultural education, health, community development, and disaster relief programs in several Latin American countries over the years with a minimum seed investment provided by the federal government.

Since 1964, the 45 partnerships have conducted approximately 5,700 projects in 18 Latin and Caribbean countries and 43 U.S. states with a total value now exceeding $38 million, a figure that includes only actual out-of-pocket cash expenditures such as airplane tickets, scholarships, 2,700 tons of donated equipment, hospitality costs, etc., and does *not* include the value of services provided. In the same period of time over 34,000 U.S. and Latin American citizens have traveled to their Partner area on specific project work affecting literally hundreds of thousands of people throughout the hemisphere. Some of these accomplishments are:

BELIZE (BRITISH HONDURAS): MICHIGAN

1. The organization of a nationwide system of 4–H clubs and agricultural extension agencies with technical assistance provided by Michigan Partners and 4–H youth workers, plus the development of a major livestock breeding and demonstration center in Belmopan. This model project has been so successful that it is now being extended to seven other partnerships in the Central American and Caribbean area.

2. Over $300,000 in scholarships have been provided to Belizan students during the past nine (9) years for studies conducted in Michigan, and a program has now begun to assist the national secondary school system with 35 student teachers from Michigan.

BOLIVIA: UTAH

1. The construction of 60 rural elementary schools for 12,000 students on the Bolivian altiplano with funds contributed by 200,000 Utah school children over the past five years, supplemented now by the construction and equipping of 40 medical-dental clinics attached to the schools and a nationwide program of adult literacy and community education now reaching approximately 12,000 Bolivian campesinos per year.

NICARAGUA: WISCONSIN

1. The improvement of the whole rural health delivery system in Nicaragua with resources provided by the University of Wisconsin, plus the increased involvement of Wisconsin medical studies in rural health programs in Wisconsin as a result of training they received in Nicaragua as part of their medical studies.

2. Co-sponsoring a major initiative to in-Wisconsin medical students in rural health programs throughout Latin America by conducting in Puerto Cabezas a five-day seminar on rural health, attended by 50 physicians and medical school educators from 13 U.S. states and eight Latin American countries, followed by visits to their respective Partner countries for the U.S. delegates to develop long-range institutional links.

YUCATAN (MEXICO): IOWA

1. The provision of nutritious school breakfasts every day for 50,000 schoolchildren in Merida, thanks to $100,000 worth of dairy processing equipment donated to the National Institute for Children by the Iowa Partners.

2. The continued improvement of corn and sorghum seed to increase yields for 100,000 Yucatecan farmers, through demonstration work done over a four-year period by Iowan agronomists and plant entomologists.

EL SALVADOR: LOUISIANA

1. The construction of a $500,000 intensive care burn unit at the Social Security Hospital in San Salvador, following studies and recommendations made by Louisiana Partner hospital technicians and administrators.

2. The modernization of administrative, record-keeping and grading system in the entire national elementary and secondary school system, plus upgrading of curriculum in vocational training, due to recommendations made to the Ministry of Education by a team of Louisiana educators.

3. Hearing and vision tests administered by a team of Louisiana audiologists and eye specialists to over 2,400 primary school children, plus a structured training program for all of the country's elementary school teachers in ear and vision testing.

RIO GRANDE DO NORTE, BRAZIL: MAINE

1. Educational television programming for 150,000 elementary schoolchildren in northeast Brazil, resulting from a donation of a 15,000 lb. television transmitter by Maine Partners.

VENEZUELA

1. Training in petroleum-related technologies and English for 200 Venezuelan university students in Tennessee in a program arranged by Tennessee Partners and financed by approximately $800,000 in petroleum revenues of the Venezuelan government.

National Association of the Partners of the Alliance, Inc.—Breakdown of funds received from sources other than AID, Calendar 1974

Funds received for projects:	
Government sources	$104, 750
Private sources	95, 311
Funds received for administration:	
Government sources	24, 800
Private sources	67, 500
Total non-AID funds received	292, 361
Gifts in-kind received [1]	23, 500

[1] Includes only those products, airline tickets and services used for project and administrative purposes by the NAPA office that would have to have been purchased by NAPA if not received in-kind.

FACTS ABOUT THE ADMINISTRATIVE AND PROGRAM COSTS OF THE NATIONAL ASSOCIATION OF THE PARTNERS OF THE ALLIANCE, INC.

Administrative and program costs of NAPA have decreased significantly over the past five years as a percentage of total revenues on administration. In FY 1974, NAPA spent only 37.1% of its total revenues on administration.

During the past three years, NAPA's administrative and program costs have only averaged 6.4% of the total Partners program, which includes school and hospital construction costs, air travel expenses, scholarships, and other cash contributions.

Over 57% of the costs listed under "administration" in the NAPA budget for CY 1975 are in fact program costs, such as newsletter publication costs, fact sheets, brochures, workshop costs, field visitations, etc.

FIVE-YEAR CAPSULE FINANCIAL INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30

	1970	1971	1972	1973	1974
Revenues from AID	$398,749	$521,243	$449,863	$480,001	$638,574
Revenues from non-AID sources	755	17,143	4,164	71,573	431,985
Total revenues	399,504	538,386	454,027	551,574	1,070,559
Volunteer travel expenditures	117,132	159,395	177,710	234,515	372,655
Total administrative expenditures	293,030	362,907	272,345	283,049	397,002
Total expenditures	410,162	522,302	450,055	517,564	769,657
Excess of revenues over (under) expenses	(10,658)	16,079	3,972	34,010	300,902
Total fund balances at end of period	230,461	87,820	83,352	167,375	484,203

	1970	1971	1972	1973	1974
RATIO HIGHLIGHTS					
Percent increase in revenues		34.8	(15.7)	21.5	94.1
Percent of revenues from non-AID sources	0.2	3.2	.9	13.0	40.4
Percent of fund balance from non-AID grants	0	20.1	12.5	42.1	71.3
Administration expenses as a percent of total expense	71.4	69.5	60.5	54.7	51.6
Travel expenses as a percent of total expense	28.6	30.5	39.5	45.3	48.4
Percent increase in travel expenses		36.1	11.5	32.0	58.9
Administrative costs as a percent of revenues	73.3	67.4	60.0	51.3	37.

PARTNERS OF THE AMERICAS—PROGRAM INPUTS, FISCAL YEAR 1972–74

	Fiscal year—						
Source	1974 totals	Percent 1974 totals	1973 totals	Percent 1973 totals	1972 totals	Percent 1972 totals	Percent change 1972–74
A. From the partnerships:							
1. Self-financed travel costs borne by travelers	$1,971,375	44	$2,280,045	34	$1,372,598	37	+43
2. Value of donated equipment	713,776	16	2,342,903	35	1,110,071	30	−36
3. Scholarships, hospitality, other cash contributions	1,003,245	22	1,589,764	23	760,865	21	+32
Subtotals	3,688,396	83	6,212,712	92	3,243,534	88	+13
B. From NAPA, Inc.:							
1. For volunteer travel:							
(a) From AID grant	$276,080	6	$197,562	3	$177,710	5	+55
(b) From other sources	96,575	2	36,953	1	192		+50,000
Subtotals	372,655	8	234,515	4	177,902	5	+110
2. For administration:							
(a) From AID grant	362,468	8	282,439	4	272,153	7	+33
(b) From other sources	34,534	1	610				
Subtotals	397,002	9	283,049	4	272,153	7	+46
Subtotal	769,657	17	517,564	8	450,055	12	+71
Total	4,458,053	100	6,730,276	100	3,693,589	100	+21

Answers to possible questions

Administrative costs	1
Sports and cultural programs	2
Direct mail	3
Salary	4

ADMINISTRATIVE COSTS

Most of the administrative costs are actually "program costs." They include costs of newsletters, program staff, accounting and auditing so necessary to government funding, in addition to office rent, etc. The total staff, including secretaries, of the Partners is only 12 people. This staff services a 45 partnership 18 country network.

Staff support is provided to the states in leadership development and training, fund raising, public relations and promotion, as well as maintaining liaison with over 80 national and local organizations.

As a percentage of total, the administrative or program costs of Partners have actually dropped as the program has grown. As an example, where five years ago administrative costs were 73% of total revenue, this past year they dropped dramatically to only 37%. Partners are making progress.

These program or administrative costs actually support a 45 partnership 18 country network. When you divide the whole sum of money by the 45 partnerships, the administrative or program costs are right around $9,000 per unit, and that is a pretty inexpensive way to support a major national and international movement as effective as the Partners.

SPORTS AND CULTURAL PROGRAMS

I am pleased to report that these kinds of exchanges are funded entirely from sources other than the Agency for International Development.

Sports and cultural exchanges are an integral part of any people to people program.

The value of these kinds of projects is that they help focus attention on other developmental types of needs—such as food, nutrition, and basic health.

Partners now puts the full emphasis of its AID funded program behind projects in health, agriculture, and other basic low-income priorities.

DIRECT MAIL

In an effort to increase membership and more private support for the program, the Partners last summer initiated a direct mail campaign.

Unfortunately, the giving atmosphere in the country was undoubtedly greatly influenced by the economy and the campaign was disappointingly unsuccessful. It was immediately discontinued.

The actual cost of the campaign was $24,000, and revenues were $2,700.

I understand this is not an unusual situation since there were many other organizations attempting similar drives at the same time, and contributions were down all over the country for many different causes.

While the direct mail campaign did not meet expectation, the results of other fundraising efforts in 1974 exceeded the projected target of $250,000 agreed upon between NAPA and AID.

SALARY

This has been a matter of some concern to Senator Inouye who has stated that Alan Rubin's salary is more than the salary of the Mission Director in Saigon. Alan Rubin's salary is $39,600. It has been this figure since May 1973.

The salary does not carry with it the fringes and perquisites which are available to a Mission Director or to a career government employee—e.g., extensive insurance and health benefits, retirement program, use of an automobile, housing allowance, dependent educational subsidies and the like.

The salary matter has been discussed and resolved with AID, subcommittee staff, and in correspondence with Senator Inouye during June 1974.

It would be impossible to recruit qualified and experienced executives from the private sector, if the attitude of the Senator and the subcommittee staff was adopted.

AMERICAN REVOLUTION BICENTENNIAL ADMINISTRATION,
Washington, D.C.

Mr. ALAN A. RUBIN,
President, Partners of the Americas, Washington, D.C.

DEAR MR. RUBIN: It is my pleasure to inform you that the American Revolution Bicentennial Administration has accorded Official Recognition to the Partners of the Americas Bicentennial Program for its contribution to the national Bicentennial effort. I would further like to congratulate you and all of those who have given their time and energy to the important programs of your organization on the occasion of the Partners of the Americas Tenth Anniversary.

As the Partners enters its second decade and this country prepares to enter its third century, your Bicentennial efforts in the areas of the arts and citizen exchange will play an important role in highlighting the shared cultures of the U.S. and Latin America. The Bicentennial also provides the opportunity to continue to expand the varied on-going cooperative programs of the many partnerships that underscore the interdependence of the peoples of all countries.

I look forward to continued ARBA—Partners of the Americas cooperation in achieving your goals for the Bicentennial era.

In The Spirit Of '76,

JOHN W. WARNER,
Administrator.

P.S.—Please note new address:
American Revolution Bicentennial Administration,
2401 E Street, N.W.,
Washington, D.C. 20276

NATIONAL EMERGENCY COMMITTEE,
June 21, 1974.
Mr. ALAN RUBIN,
President, National Association Partners of the Americas, Washington, D.C.

DEAR MR. RUBIN: I wish to thank you on behalf of the Nicaraguan people and on my behalf for the badge which you have given me to honor my endeavor in assisting my countrymen, both in my private and public life. May I add, that anyone else in my place would do the same, so there is really no merit to it, but the generosity of your warm hearts.

The Program "Compañeros de las Américas" has made great impact in many Latin American countries, as well as in the United States. Nicaragua acknowledges its merits, for it was due to its positive cooperation that our people on the Atlantic Coast were alleviated during the hurricanes Edith and Irene. The tragedy that befell Managua, in 1972 was another occasion when we experienced the friendly assistance from your organization.

Allow me, therefore, to express my sincere gratitude for such noble cause. I wish to reiterate to you, as President of this Program, the best success possible in benefit of the three Americas, which strengthens the fraternity and unity which already exists between our countries.

Most cordially,
ANASTASIO SOMOZA D.,
President.

EMBAJADA DE NICARAGUA,
Washington, D.C., June 7, 1974.
Mr. ALAN A. RUBIN,
President, Partners of Americas,
Washington, D.C.

DEAR MR. RUBIN: Many thanks for your kind letter of May 20, extending your greeting to my Government and me on the occasion of the tenth anniversary of the Partners of the Americas, and enclosing informative material on the growth of this commendable project, which I have read with great interest.

As you state, the special relationship between Nicaragua and Wisconsin is an example of what Secretary of State Dr. Henry A. Kissinger termed the "Good Partner" concept at its best, inasmuch as it has not only conducted community projects, but Wisconsin has also acted as the "Good Samaritan" and "A Friend in Need" when a tragic earthquake devastated Managua in December of 1972, which has resulted in strong ties of goodwill and mutual understanding between Wisconsin and Nicaragua.

I am in agreement with you that, as this partnership continues to develop, we should meet at a mutually convenient time to discuss future plans. I would therefore suggest that your office kindly contact Mr. Armando J. Calonje, First Secretary of the Embassy, and arrange an appointment in the near future. I appreciate your invitation to have a representative of the Embassy visit your offices at any time, and will be glad to take advantage of your gracious offer as soon as circumstances warrant it.

With the assurance of my high esteem and consideration, I remain,

Sincerely yours,
GUILLERMO SEVILLA SACASA,
Ambassador of Nicaragua.

EMBAJADA DE COSTA RICA,
Washington, D.C., July 11, 1974.
Mr. ALAN A. RUBIN,
President, Partners of the Americas, Washington, D.C.

DEAR MR. RUBIN: I am grateful for the message you sent me on the occasion of the tenth anniversary of the Partners of the Americas program.

The work that has been accomplished through this program is, indeed, most significant and it represents a genuine contribution towards what is known today as the "Policy of the Good Partner."

I agree with you wholeheartedly that the relationship Costa Rica has established with the State of Oregon has been most profitable and successful, particularly as a means of bringing about strong personal ties of goodwill and mutual understanding between our peoples.

Let me express my warm congratulations and best wishes for the continued success of the program.

Sincerely,
MARCO ANTONIO LÓPEZ,
Ambassador.

DEPARTMENT OF STATE,
Washington, DC., November 12, 1974.
Mr. CHARLES ROEMER II,
Chairman, Partners of the Americas,
State Capitol Building,
Baton Rouge, La.

DEAR MR. ROEMER: On the occasion of your Partners of the Americas Board meeting, I wish to extend my best wishes both for a fruitful conference and for another successful year. I have had the privilege of working with the Partners in a number of your programs during the past year and have been much impressed by your progress.

Those of us on the official side of U.S. diplomacy are grateful for the commitment of private groups contributing to U.S. foreign relations and therefore were most pleased that following Secretary Kissinger's announcement this spring of a new dialogue with Latin America, the Partners responded in several important ways. The real substance of this initiative is the ongoing interaction between the peoples of United States and Latin America. The Partners has demonstrated great ability to harness the capacity for commitment of the American people and engage them and their voluntary organizations in meaningful people-to-people relationships with counterparts of Latin America.

While I have not had the opportunity to meet personally all the members of your Board of Directors, I have become aware through Mr. Alan Rubin and his staff of how fortunate the Partners is to have such a dedicated leadership group. I might add that it also has been a pleasure for us here in the Department of State to cooperate with Mr. Rubin and his colleagues in carrying out several Partners programs. They have been doing an outstanding job of which I am sure you and your Board are proud. In addition to the technical assistance which has been so important, the Partners of the Americas has carried out academic, professional, sports cultural, rehabilitation, and many other two-way exchange programs.

I have come to admire the approach of the Partners in engaging other American organizations and individuals within the partnership framework; it is an outstanding example of promoting, in the best sense, international mutual understanding so important to all of us in an increasingly interdepedent world.

With all good wishes,

Sincerely,
ALAN A. REICH,
Deputy Assistant Secretary for Educational and Cultural Affairs.

PENNYWISE PARTNERS

(By Gary J. Neeleman)

SAN AGUSTIN, BOLIVIA.—"When you return to Utah, Senor Neeleman, please tell the Utah children how much we love them." The old peasant's liquid brown eyes were steady, and his large, rough hands held my hand tightly as he spoke.

In the courtyard in front of the bright pink, adobebrick school, the local band was still playing the haunting, rhythmic music of the Andean plain, and villagers were still dancing and passing around colored popcorn balls. As we stood visiting, village elders would pass by, stop and sprinkle handfulls of confetti in our hair, wrap curling strands of serpentine around our necks, and then give us a traditional Bolivian embrace.

This was a big day for the people of San Agustin. At long last, they were inaugurating a school for their 300 illiterate children. And, at the same time, they were honoring those who made that school possible. They were honoring the school children of Utah who had provided key funding which made the school a reality, and they were grateful. In the solemn meeting that preceded the merrymaking, village leaders spoke of their deep gratitude "to the children across the sea who had loved us enough to want to help us."

This unusual example of peoule-to-people diplomacy has its roots in a hemispheric organization of volunteers called "Partners of the Americas." Utah and Bolivia form one of 43 partnerships between States in the United States and 18 countries in Latin America and the Caribbean. Founded in 1964 as the people-to-people component of the Alliance for Progress, Partners of the Americas works to build understanding on both sides of the border through self-help projects in health, education, agriculture, rehabilitation, community development, emergency relief, and cultural exchanges.

Building schools is nothing new to some 50,000 Utah children. Over the past 5 years they have helped Bolivians of the Altiplano region build 60 schools, and there seems to be no end in sight. The partnership plans to build 200 schools over a 10-year period, but they are currently running well ahead of schedule.

The beauty of this program is that it seems to be a true partnership. The Utahans know they can't do it all, and the Bolivians, with an annual income of around $10 a year in this area, know they need help. So they work together.

The Utah school formula is surprisingly simple, which probably accounts for its great success among the normally suspicious campesinos. If help is to come from Utah, the village must be willing to provide land for the construction, all building materials, and all the labor. In the case of San Agustin, every man, woman, and child in the village was assigned 65 adobe bricks. In less than 90 days, they had produced 26,000 bricks for their two-story school. In addition, they hand-removed over 30 tons of earth from the donated land to level the construction site. They cleared a 5-mile road through the forest so building materials could be delivered. And they organized a band.

The story of San Agustin is typical. While Bolivian villagers work to keep their end of their bargin, Utah school children are also on the move. They organize cake-walks and auctions. They gather and sell thousands of pounds of old newspapers, cans, and bottles. They cut lawns and shovel snow and pledge personal weekly allowances.

The average Utah school contribution is around $700. This relatively small but well-managed sum usually nets a $10,000 school. As a further token of their gratitude, the Bolivians name the new school after the Utah counterpart. Therefore, there is Rosslyn Heights School in Cocotani, American Fork Junior High in Sancajahiura, and Windsor School in Hualta Grande, Bolivia.

In Bolivia, the effect is obvious. Word travels across the country by the time-tried method of person-to-person communication. The rumbling Chola trucks, stacked with commuting campesinos, spread the word from the green depths of the tropical Yungas to the wind-swept plains of the 13,000-foot Altiplano. More and more villages are asking to join the program.

In La Paz, the effort does not go unnoticed. One local newspaper, *Presencia*, recently editorialized.

"The help of the students and citizens of Utah that comes to Bolivia without conditions, except that the Bolivians help themselves, is indeed significant. With the members of a given community contributing labor and other kinds of work and materials, we have a union of near perfect cooperation between two communities with the same purpose. Utah and the rural centers of Bolivia are partners in the same objective—a desire to give our children a school if they do not have one.

"Decisions like the one the people of Utah have taken give us an accurate picture of the North American people that sometimes, without understanding, can be twisted. When help like this comes under these conditions, one can have more faith in man and his feelings of cooperating with his neighbor. This help becomes an evangelistic thought which cries that the conscience cannot be at peace when one is aware of the needs of other people."

Bolivia's influential *Ultima Hora* in La Paz said:

"Our purpose here is to give a modest and fleeting vision of the state of Utah, where children save their pennies so other children may have the opportunity to learn their first letters. This we may call an alphabet of generosity. In behalf of three thousand children of Bolivia, somebody must thank the Utah children. Thanks, again, for the rural schools for the Bolivian children."

Utahans are quick to point out the project is not one-way. They too feel they benefit. Imagine a situation where, after 9 months of continuous effort, a young sixth grader stands before a packed gymnasium and presents the Utah School Committee a check for $1,400 while young voices sing "Let There Be Peace on Earth and Let It Begin With Me." As one proud and pleased father put it, "my son had lost all interest in school until they started the Bolivian project. Now we couldn't keep him home if we wanted to."

Reaction from teachers and faculty is much the same. "Children either contribute to solutions to problems or they create problems," said one enthusiastic school principal. "With all that energy, there is no middle ground, and this project does more to motivate young people than anything I have seen in all my years in education."

With the building program booming, school committee cochairmen Ted Wilson and Fern Wiser are now turning to instructional problems. "There is still so much to do," they say, "and this is just the beginning."

Although the Utah-Bolivia school program is among the most active projects, it is by no means the whole picture.

Through the cooperation of Western Dental Supply and Rocky Mountain Dental Supply, both in Salt Lake City, Utah dentists have organized and equipped 12 regional dental centers in Bolivia. More than 30,000 children have been treated in these centers in the past 4 years. For Dr. Richard D. Christensen, dental committee chairman, better dental hygiene and care for the Bolivian campesinos has become an obsession. This program is also based on the self-help concept.

Dr. Christensen visited Bolivia a few years ago with his wife. They were tourists, but the Utah dentists took time to visit some of the villages of the Altiplano where he examined the mouths and teeth of dozens of campesino children. Dentists are unheard-of in these back areas of the Altiplano. Dr. Christensen was so moved by what he saw that he returned home with a determination to do something about it. He has.

The Utah dental committee has gathered over $50,000 worth of used, but functional, dental equipment. After the equipment is installed, Bolivian dentists in La Paz pledge their support and, through a program developed by the partnership, contribute time each month to one or more of the centers.

"The combined Utah-Bolivia effort has enabled us to help our people," said Dr. Feliz Alipaz, chairman of the dental committee in La Paz.

Nearly 15 tons of equipment have been moved to land-bound Bolivia by the Utah Partners over the past 4 years. Technical advisers provided by Western Dental Supply have done most of the installations, but they are now teaching the Bolivians to do it. Utah dentists make frequent trips to Bolivia to conduct clinics and formulate future programs with their counterpart committees.

There is also new activity in the medical area. Utah orthopedic surgeon Dr. Glen Momberger said, "For the first time in my life, I had a glimpse of what the Savior must have felt as He looked over the sick and needy, knowing how much needed to be done, and realizing only He could do the job." Orthopedic surgeons in Utah are now involved in equipping the orthopedic wing of the Children's Hospital in La Paz. Working through the Bolivian Partners Chairman Dr. Hugo Palazzi, the Utah doctors plan to help develop an extensive program in orthopedics.

The tough, mountain farmers of Utah are also making their contribution to the partnership. A team of agricultural specialists from Utah State University in Logan, Utah, is currently based in La Paz under a U.S. A.I.D. contract. This team has joined the Partner effort on a volunteer basis, and has been responsible for everything accomplished in the area of agriculture.

Another project now under way, with great future possibilities, is the Utah-Bolivia "College of the Compesinos." This complex, costing over $6,000 contributed by a single donor in Utah, will be the first school of its kind in the area. Its construction and ultimate operation will be on the same basis as the other schools. Land for the facility was contributed, and the multiple-structured complex is being built by the campesinos in the region.

Utahans are now in the process of developing a unique study program by dusting off Utah State University agricultural books from the turn of the century, which deal with many of the problems facing the Bolivian campesino today. In addition, agricultural organizations in Utah are studying ways and means to supply the school with needed equipment, including seeds. If this project is successful in its pilot form, others will be planned for other areas of the Altiplano. As one Utah farmer put it, "In this program, our only limitation is our imagination."

Probably among the most successful projects produced by the partnership was the 1971 visit to Bolivia by the Utah Symphony Orchestra. During that time Bolivia was experiencing serious economic and political unrest. Following the visit, Bolivia's Partner Chairman Mario Benavides wrote to Utah: "The Utah Symphony became the symbol of the many things we believed in and were fighting for—freedom of expression, free enterprise, justice . . . freedom from fear." He said:

"The Utah Symphony was a representative of your democracy. . . . In those dark days, the effort gave life to our organization, and when President Torrez arrived at the concert, we felt that something had already been accomplished. But when the orchestra played the Bolivian national anthem so beautifully, there were many that cried silently for our country, but at the same time, new energies were given to continue the silent struggle." Proceeds from the symphony performance in La Paz were contributed to the school fund.

One of the group's more challenging projects involves the cooperative building of a closed and open educational television system. The closed-circuit system is to operate within Bolivia's nine universities. The open system will cover most of the Altiplano with the help of a small transmitter system.

The project is moving. The Bolivian Council of Higher Education has bought much of the necessary closed-circuit equipment, and the Utahans have located a 25kw black-and-white transmitter which they hope to ship down in the near future. September marks the opening of a school fund-raising campaign to send "Sesame Street" to Bolivia as part of the open system program. Naturally, the popular TV program has been adapted to Bolivia. The "Send Big Bird to Bolivia" campaign will be carried out by many of the same children involved in the school building project.

Utah universities have been approached by the Partners to grant access to their large video-tape libraries, which could expand the instructional base of the university system by as much as 20 percent at practically no cost. The Bolivians will provide the tapes. The Utahans will provide the technical assistance for recording the master tapes, and the subject matter.

Wind-current studies are now under way on the Altiplano to determine the feasibility of windmill generators to power the television sets in each school. "It's a rare opportunity when a little State like ours can help determine the direction of education in another nation," said one Utah educational TV specialist.

In recent weeks, the Utah-Bolivia Partners made the national press with the "Nixon twins" episode. When the President visited Bolivia in 1958 as the Vice President, he held 3-year-old twin girls in his arms and promised that someday they would receive an education in the United States. With the help of Partners, the mother of Ruth and Judith Leonardini didn't let the President forget his promise.

Choosing Utah over 27 other full scholarship offers, the twins, now 18, arrived in Provo, Utah, in mid-June to begin that promised education at Brigham Young University. Their first exposure to the United States was a stopover in Los Angeles, where they saw the Lion-Country Safari and Disneyland, among other things.

It was a dazzling first 24 hours for the young Bolivian girls, who had never been more than 50 miles from their home in the rarefied atmosphere of the Bolivian High Plain. After seeing their first freeway, their first lion and elephant, and shaking hands with Mickey Mouse and Donald Duck, the twins were asked what had impressed them most in this first glimpse of the United States. Both were quick to respond. "The people of Utah," said Judith. "Yes," said Ruth, "you Utahans who have made all this possible for us."

FRIENDSHIP FIRST

Advisory Commission member David R. Derge, President of Southern Illinois University, led a delegation of two collegiate basketball teams on a visit to the People's Republic of China (P.R.C.) in June. They were accompanied by Alfred Harding, P.R.C. program officer in CU, and others. The delegation was there at the invitation of the all China Sports Federation and was part of the U.S.-P.R.C. agreement announced by Dr. Henry Kissinger on February 22, 1973. Derge is shown here in a meeting with Chiang-Ching, wife of Chairman Mao. Here are a few of Derge's comments on the trip.

"Chinese banners proclaiming 'Friendship First, Competition Second' well described the tone and outcome of the U.S. basketball teams' visit to the P.R.C. Coach Gene Bartow's men's collegiate all stars won over the Chinese, running up an 8–0 record, while the Chinese women won over our John F. Kennedy College Patriettes (Wahoo, Nebraska). The spirit was excellent on both sides and the Chinese people clearly enjoyed the games.

"The pace of U.S.-P.R.C. exchanges continues to please and surprise those who have long advocated opening educational and cultural doors to and from that country. What we saw and heard was both encouraging and cautioning.

"All Chinese we came into contact with were genuinely interested in learning about us and justifiably proud of what they have to share. The distance between our ideological poles was not narrowed perhaps, but open exchanges of views cleared the air. The opportunity to discuss (sometimes nearly debate) changes and achievements of the past quarter century may go a long way toward dispelling the darkness of that period.

"There are hundreds of hopeful visitors for every visa issued to the P.R.C. and facilities problems lie behind much of this problem. Ground and air transport, hotel space, and other facilities for large numbers of foreigners simply are not there and likely will not be as extensive as Western facilities for a long time. We also must remember that the P.R.C. also has thousands of visitors from Africa, Asia, Europe, and Latin America.

"Language barriers are naturally more severe than in other parts of the world. So U.S. college and high school educators should anticipate a heavy demand for Chinese-speaking businessmen, government officials, and scholars and add the Chinese language to the curriculum soon.

"Finally, Chinese universities are making progress after years of being shut down during the cultural revolution. Those we visited were operating at about 20 percent of capacity, and had no graduate programs restored as yet. Political concerns still predominate in both admissions and curriculum. Hopefully exchanges of students and scholars will not be far off. Now is the time for American educators to press their Chinese counterparts for early negotiations and pilot exchanges, so we can accelerate the program once the doors are more fully opened."

[From the Journal of Rehabilitation, September–October 1974]

PREP—REHABILITATION MEANS GOOD NEIGHBORS

(By John E. Jordan)

A fundamental issue confronting all nations of the world today is the necessity to deal with the increasing percentage of persons who are handicapped or disadvantaged.

Since World War II the number of such people in Latin America, including the Caribbean area, has increased from perhaps 10% prior to World War II to a current conservative estimate of almost 20%. Some research indicates that disability/handicap may reach 30 to 40 percent in some developing areas of the world due to nutritional deficits and its complex interrelationships with cultural and educational aspects of particular nation-states. The figure of 20% is approximately the same as those given by the U.S. Office of Education for the numbers of handicapped and disadvantaged people in the United States.

However, the United States "acquired" its disabled population through the 300-year history of its existence with concurrent programs to at least partially provide for education and vocational rehabilitation.

Since World War II, the percentage of handicapped people in the developing nations of the world have increased dramatically, due primarily to the increase in medical and public health services in these nations. In other words, the sciences of medicine, public health, and pharmacology have increased the numbers of handicapped people in developing nations through identification and life saving practices. This population is now numerically significant, but often economically nonproductive. The developing nations are increasingly becoming aware that they can no longer afford to add another 20% non-productive segment of their citizens to an economy which is already "in difficulty."

The educator, the educational planner, and the politician or government official are increasingly aware that something must be done about the problems of handicapped and disadvantaged people. It is also becoming increasingly evident that this is one of the few areas in which there are almost no politically adverse reasons preventing cross-cultural or international cooperation. This is especially so when the private sector and voluntary efforts are used to work toward the application of knowledge to the problems of people.

PARTNERS FORMED

The Partners Rehabilitation and Education Program (PREP) is a project of the Partners of the Americas. In August 1961, the Alliance for Progress was formed to work in the total hemisphere on social and economic development. It soon became apparent that the Alliance (which was a government-to-government operation), while necessary, was not sufficient since it left out the private sector with its own unique and compelling motivations. In 1964, the Partners organization was formed to aggregate the local, state-level, nonfederal governmental resources in support of the social and economic development of the hemisphere. In short, the primary objectives of the Alliance for Progress and the Partners are essentially the same, Although approaching the task from rather different viewpoints; one emphasizes government-to-government and the other, people-to-people.

The Partners of the Americas is now the nation's largest people-to-people program with Latin America, linking 41 of the United States with 18 Latin nations in state-country/state "partnerships" (i.e., Kansas-Paraguay, Delaware-Panama, Michigan-Belize and the Dominican Republic). Partners work in all fields of development—agriculture, health, education, cultural arts, and sports. The combined value of their projects between 1964 and 1974 exceeded $34 million.

PREP began as a formalized Partners project in the Michigan-Belize (British Honduras) Partnership in 1966. Between 1966 and November 1968, the Belize-Michigan PREP Program, in cooperation with the government of Belize, was instrumental in building the first school for mentally retarded people in the history of the nation of Belize. They furnished this building, held several conferences in Belize concerned with aspects of disability, provided scholarship training in the United States, and provided in-service training for local people "on-site" in Belize.

CONFERENCE HELD AT M.S.U.

In November 1968, a conference was held at Michigan State University by the Partners of 10 states (Colorado, Florida, Georgia, Illinois, Kentucky, Maryland, Michigan, Minnesota, Ohio, and Texas) to investigate developing a national program based on the PREP model between Michigan and Belize. All of these original ten states have sent people to visit with their counterpart professional in their respective Latin American Partner locations. Of the 43 Partnerships that exist in 1974, more than half have been active in PREP, and more than 38 are now involved to some extent.

In summary, PREP started in 1966 in Michigan, expanded to a ten-state operation between 1968 and 1970, and in January 1970 was approved by the executive committee of the Partners to be developed in all the Partnerships; which in 1974 number 43.

OBJECTIVES OF PREP

The basic objective of PREP is the application of knowledge to the personal problems of people—in this specific instance to the problems of people with handicapping conditions.

PREP proposes to implement the principles of the "application of knowledge to the personal problems of people" by the following five avenues: (1) human resource development through institutional development, (2) consultation services, (3) direct services, (4) research, and (5) public education.

Private sector resources

The greatest potential of PREP rests in its ability to aggregate the private sector resources for human resource development or training. PREP has thus far demonstrated that it can locate within the Partnerships, both U.S. and Latin, those highly trained professional people who are "willing" to work on a voluntary basis in their own professional specialties to develop resources and train people in Latin America. PREU has also demonstrated that it can achieve scholarship training opportunities in the respective U.S. Partner states for persons from Latin America in the areas of blindness, and deafness, as well as for other handicapping conditions. These scholarship opportunities, both short and long term, can be obtained thorugh the voluntary sector with no governmental and/or private foundation support needed except travel funds from the respective Latin American states to their United States counterpart state.

The second way in which PREP proposes to apply present knowledge to the personal problems of people is through consultation services. Various disability groups are represented.

The *third* area is through the provision of supplies and services such as teaching materials and equipment for blind, deaf, and emotionally disturbed people. Minimal emphasis is placed upon providing capital outlay for buildings. PREP thus far has attempted to work in the medical area in each of the states by coordinating its activities with the medical committee, which usually exists as a separate committee within the Partners operation in each state.

A place for research

The *fourth* emphasis of PREP is in the area of research. By this is implied both applied and basic research, chosen cooperatively by the respective PREP committees in the individual Partnerships. Studies concerning the incidence of disabilities in certain countries, public attitudes toward rehabilitation, the education of handicapped children, and factors affecting employment of the handicapped are some of the research areas that have been undertaken by PREP.

The *fifth* major concern of PREP is public education. In several countries PREP has been instrumental in developing a national mental health week, a national day for the handicapped, and other public forums for presenting the cause of handicapped people. Public education has been conducted through in-service training of professionals in the field of disability and through short term training for regular teachers. Such a service was conducted for 700 regular teachers in Belize on the care of the handicapped child in the regular classroom.

PREP aspires to serve as a "facilitator" between persons, organizations, and/or resources in specific disability or handicapping areas. In other words, the Partners and PREP, by virtue of the 41-state organizational structure, are in the unique position of being able to aggregate the local state-level voluntary people-to-people resources in each of the handicapping or disability areas.

For example, the Council of State Administrators of Vocational Rehabilitation and the National Association of State Directors of Special Education Inc. are now involved at the state level with PREP and at the national level in activities such as the symposium on "Partners in Rehabilitation," which is held in conjunction with the annual meetings of the President's Committee on Employment of the Handicapped. In 1973, the Symposium had 52 delegates from 13 Latin nations and 14 of the United States, and in 1974, 260 delegates came from 16 nations, 38 states, and 36 national, international, and federal agencies, dealing with handicapped individuals.

PREP, through cooperation with each of the disability areas, can help these organizations to achieve their international objectives in Latin America. It is common knowledge that most of the disability areas—such as mental retardation and blindness, have various kinds of international programs and/or aspirations. Service clubs are internationally known for their work with the disabled; for example, the Lions Clubs are known for their work with the blind and the Rotary Clubs for their work with physically disabled people.

Another aim of PREP is to achieve international cooperation throughout the Americas by the establishment of colleagueship or international cooperation in the professional areas. It is the contention of PREP that cross-national and/or cross-cultural boundaries have little meaning to those who are linked by a common bond such as the parents of mentally retarded people, teachers of the blind, or Lions Club members interested in helping the cause of the blind.

In summary, the three primary objectives of PREP are: (1) the application of knowledge to the personal problems of people, (2) the facilitation of specific disability program interests, and (3) the development of international cooperation and/or colleagueship in specific disability areas such as mental retardation, blindness, deafness, and the physical disabilities.

ORGANIZATION AND STRUCTURE OF PREP

The national Partners association appoints the national director of PREP. Funding operations are administered by the Partners office in Washington since PREP is an integral program of the Partners. The national office also maintains secretarial and other staff services. The national director is a voluntary, nonpaid position.

PERSONNEL OF PREP

The primary staff resources rest in the voluntary personnel of the 43 Partnerships. PREP operates in each Partnership via a committee. The committee structure in each of the Partnerships is left to the discretion of the Partnerships, with the provision that each director, both U.S. and Latin, be strongly urged to at least appoint a person in the Partnership to be the coordinator of the PREP operation. An ideal U.S. PREP Committee "should" include the state directors of vocational rehabilitation and special education, or their designates, a representative from the Governor's Committee on Employment of the Handicapped, a handicapped person, and someone from a university training program in rehabilitation or special education. Individual Partnerships may add other people according to their own circumstances.

The above rather informal organizational approach is consonant with the basic philosophy of the Partners: It is people! The basic philosophy is to locate within each state in the United States and in each of the Latin American Partnerships those persons who are "dedicated to the cause of the disabled or handicapped" and use the organizational structure of PREP to allow people to realize their own professional program interests. The outcomes of PREP, thus, far, indicate that this does indeed work.

SUMMARY—ACCOMPLISHMENTS OF PREP

The following 21 summary statements represent areas of accomplishments of PREP. Each of these areas could be magnified many times, and the total dollar value, if the professional time of the U.S. and Latin professionals were included, would actually amount to several million dollars since PREP started in 1966.

Training Seminars—A number of "on-site" seminars have been conducted in Belize, Sao Paulo, Brazil, Costa Rica, Uruguay, Brasilia, Brazil, Pernambuco, Brazil, and several other Latin Partnerships. Last year over 700 Latin specialists were trained in these seminars.

Formal Training—A number of Partnerships have offered formal training, from a few weeks to a full university degree, undergraduate and graduate, in various areas of special education and rehabilitation.

The *Costa Rica Department of Special Education*—The University of Costa Rica, in cooperation with the Costa Rica-Oregon Partnership program, has initiated a fully based university degree program in special education.

Ministry of Education Development—PREP has been instrumental in working with a number of the Latin Partnerships in developing and expanding the staff and functions of the special education area within the regular national Ministries of Education.

Public Awareness—The PREP activities, both in the United States and in Latin America, have created added public awareness of disability problems as well as awareness of the general problems and concerns of the Americas.

In-Service Training—Many examples of in-service training have been carried by PREP. An orthopedic team from Louisiana annually goes to El Salvador and actually conducts operations, e.g., illustrating the procedures of immediate post-surgical fitting of prostheses, which enable walking within 24 hours rather than spending weeks in bed as previously practiced. Over 130 PREP specialists conducted related kinds of training activities in their Partner countries last year.

Consultation—Consultation in many aspects of building design, curriculum construction, and diagnostic procedures has been provided. One of the outstanding ones was that of Dr. Leona Tyler, immediate past president of the American Psychological Association. Dr. Tyler served as a consultant to the University of Costa Rica and related agencies in developing new approaches to psychological curricula within the university including those training programs affecting handicapped people.

Direct Services to Children and Adults—A number of specific situations involving orthopedic operations, prostheses, and hearing aids are examples of direct services to children that have been provided within the PREP framework.

National Mental Health Week—The activities of PREP, particularly in Belize, were partially responsible for the development of a National Mental Health Week in Belize.

Inter-American Colleagueship—PREP has been instrumental in developing close and lasting ties between professionals in all aspects of special education and rehabilitation in many of the Partnerships.

Research—PREP has been involved in research in limited areas such as prevalence and incidence of disability and public attitudes or awareness of the needs of handicapped and employer attitudes affecting employment.

U.S. Professional Recognition—PREP has been able to enlist and/or inspire cooperation from major U.S. professional groups. The recognition and cooperation of these groups provides the back-up professional staff that become the State level cadre of personnel of the many PREP projects carried out in the various partnerships.

U.S. Professional Awakening—One of the benefits of PREP to the United States is the awareness that "we have no corner on knowledge." Research and demonstration projects on the relationships between nutrition and intelligence, population problems and disability, and poverty and handicap are often examples of new frontiers to the North American partner as he works with his Latin partner. The U.S. partner often gains, in the cross-cultural setting, new insight into subcultural rehabilitation problems that, in the words of one U.S. agency administrator, "ten years of university training had not taught him."

International Agency Cooperation—PREP is increasingly being contacted and/or receiving requests from International Agencies such as the Pan American Health Organization (PAHO), the International Labor Organization (ILO), and the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Cooperation between PREP and these international agencies has a multiplying effect, both for PREP and the agencies.

Formation of National Councils—PREP has been instrumental in certain countries, such as Costa Rica, in working with local groups to assist in the development of a National Council for the Welfare of the Handicapped which includes most of the agencies dealing with handicapped people in that nation.

Private Foundation Support—PREP. illustrating the Harry Reasoner ABC radio comment about the Partners that "It's nice to see a good idea work," has been able to recently achieve financial backing from the Lilly Foundation. This will enable PREP to professionalize its central office staff which will enable better coordination with the national voluntary professional staff personnel.

Relationships Between Disability and Economic Development—PREP is vividly illustrating the necessity for the developing nations, such as Latin America, to recognize the urgency to do something for the increasing numbers of handicapped persons who now live in these nations with the potential of becoming an economic liability. PREP emphasizes not only the medical "restoration" of the disabled but the educational preparation and vocational placement for self-reliance and economic productivity of handicapped persons.

A World Model—PREP, because of its direct sevice and people-to-people emphasis, is increasingly becoming a world model of cooperation between professional groups. Other U.S. voluntary agencies are examining the possibility of attempting to set up similar models of cooperation between their own disability interest areas and other geographic regions of the world based on the same principles of PREP. The educational publication of UNESCO, Prospects, is scheduled to carry an article in 1975 discussing PREP as a model of people-to-people development principles in the developing nations.

[From the Athol (Mass.) News, Jan. 8, 1975]

Artists From Latin America Share Culture Through Exchange Program

WASHINGTON.—Out in Iowa, a Mexican performer with an Irish brogue is drawing enthusiastic audiences with poetry recitations, lectures and guitar concerts.

Down in Kentucky, a woodcarver from Ecuador is demonstrating and conducting workshops in a craft which has declined over the years—the rich tradition kept alive by isolated artists like himself.

Up in Maine, a Brazilian poet and composer of operatic, religious and folk music is giving performances, accompanied by his wife on the flute.

And in Ohio, another Brazilian, a folk dancer, is instructing and participating in theater and the dance at a Cleveland community arts center known as Karamu House.

Fernando Marrufo, poet, lecturer, guitarist; Jorge Rivadeneira Almeida, woodcarver; Robert Lima de Souza, poet, composer; and Julia Pereira de Mello, folk dancer, are among the Latin American artists who have started to come to this country through the Artist-In-Residence program.

Begun this year, the program is sponsored by the Partners of the Americas people-to-people organization and supported by funds from the Bureau of Educational and Cultural Affairs of the U.S. State Department.

The Artist-In-Residence program is providing an opportunity for gifted Latin Americans to share their native cultures by teaching, performing and lecturing in small towns as well as big cities.

The program is designed to build a greater mutual understanding and communication between the cultures of Latin America and our country, explains Alan Rubin, president of the Partners of the Americas.

Through that organization, 41 U.S. states maintain direct, highly personal working relationships with 43 Latin American states or areas in 18 countries.

And through this relationship people are helping other people raise their quality of life with programs in public health and medicine, education, agriculture and sports, as well as the cultural exchange, Rubin points out.

Selection of the artist is made by the Latin American Partner state. The U.S. Partner state then follows by arranging with a university or college in its state to provide the three month's residency for the artist.

Outlets for the artist's talents include not only the campus but the community as well.

Augusta College in Georgia was the first of the schools to serve as an artist's residence. Joao Batista de Querios, a Brazilian from the state of Pernambuco, conducted the school's first course in sculpture and helped design the college's first studio for sculpture.

Partners plans to extend participation to more states, to provide a broader mix of artists' skills, and to expand the program, with artists visiting more than one state.

Beginning next year, U.S. artists will be visiting Latin America under a Partners of the Americas program which complements the Artist-In-Residence program.

The "Sharing American Folklore" program, as it has been named, will seek greater mutual understanding and communication. It, too, is being made possible through a grant from the Bureau of Educational and Cultural Affairs at the State Department.

The program will cover a broad range of talents. Among them: folk singers, craftsmen, modern dancers, barker-shop quartets, spiritual or soul groups, square-dancers, choral groups, bluegrass artists, marching bands, members of Indian tribes performing traditional dances and folk art teachers.

"Sharing American Folklore" also hopes to stimulate and involve private citizens in the broader problems of health, education, nutrition, rehabilitation and adequate social services by means of cross-cultural exchange, and share the creative spirit and cutlural heritage of Partners states with the Partner country as part of the Bicentennial celebration, Rubin says.

[From the Williamsport (Pa.) Grit, June 9, 1974]

AID PROGRAM IN LATIN AMERICA PRAISED FOR ITS ACHIEVEMENTS

Concerned citizens in Wisconsin are helping rebuild a Latin-American city ravaged by an earthquake. In Utah more than 50,000 students have come up with money to help build schools in Bolivia.

It's all part of work done by an organization called Partners of the Americas. It involves persons in 41 states of the U. S. working with others in 43 Latin-American states in 18 countries. Its purpose is to improve the quality of life in the hemisphere.

OFFERS OUTLET

Partners—a nonprofit, nonpolitical, volunteer organization—offers an outlet for persons who want to do more than donate money for some worthwhile cause.

"To some people, Partners represents an opportunity for short-term international service," said David Luria, an associate director. "Besides wanting to become involved in aid programs, most people just can't take off two years to join the Peace Corps."

Among members of the organization are educators, businessmen, physicians, students, housewives, civic leaders, agronomists, engineers, and governors.

The students in Utah helped raise money to build 55 Bolivian schools. Land, labor, some of the materials, and teachers are being provided in Bolivia.

The same cooperative setup is used in other Partners projects, including one involving persons in Wisconsin. The Wisconsinites, including Governor Patrick J. Lucey, are raising money to help restructure the health service and mental health delivery system of Managua, Nicaragua, which was devastated by an earthquake more than a year ago.

EFFECTS BENEFICIAL

"No other voluntary program is having a greater impact on the lives of so many people in so many countries at so small of a cost," said Galo Plaza, secretary general of the Organization of American States.

Partners projects are in the fields of public health and medicine, education, agriculture and rural development, rehabilitation, trade and investment, sports, community development, cultural exchange, and emergency relief. One unusual project seeks to preserve the famed Mayan ruins at Copan, Honduras.

PARTNERS OF THE AMERICAS ELECT OFFICERS

Partners of the Americas, formerly Partners of the Alliance for Progress, Illinois-São Paulo Group, met at the National Club on Jan. 9 to elect officers and committees for the coming year. The organization's objectives are to further good relations between Brazil and the USA, and in particular between the States of Illinois and São Paulo, through, arts, sciences, education and sports.

Officers elected were president, Jorge P. Correa; 1st vice pres., Hélio Martins de Oliveria; 2nd vice pres., Paulo Suplicy; 1st secretary, Per Hom, 2nd secretary, Maria Antonia Cowles; 1st treasurer, Jaroslav Dedina; 2nd treasurer, Frances Van De Putte. Directors are: João Paulo Camassa, J. V. Rui Barbosa, Cirley M. Colangelo, Michael Mary Nolan, and José F. S. de Araújo is for present of Partners.

The new Board of Trustees is headed by president, Jubert Fonseca. Other officers include 1st vice president, Paulo da Rocha Camargo; 2nd vice president, Ricardo Veronesi; 1st secretary, J. V. Rui Barbosa; and 2nd secretary, Gilberto S. Telles.

The various committees are headed by João Paulo Camassa, José Francisco Soares de Araújo, Paulo Nathanael P. Souza, Paulo C. Suplicy, J. A. César Salgado, Helio Martins de Oliveira, J. V. Rui Barbosa, and Jean Cohn.

The Partners has worked on health problems, especially in the field of rehabilitation. They have cooperated with the HOPE project. Their work in sports included sending soccer coaches to Illinois. And recently in December, they sponsored "Brazil Week" in Chicago, during which they staged style shows and art exhibitions, and climaxed the "Week" by bringing Maestro Camargo Guarniery, Brazilian conductor and composer, to conduct the Chicago Symphony.

[From the Hilo (Hawaii) Tribune-Herald, Mar. 14, 1975]

EFFECTIVE PARTNERSHIPS

This month an organization called Partners of the Americas observes its 10th anniversary.

Founded in 1964 as a means by which private citizens in the United States and Latin America could act directly together to help one another raise the quality of life, Partners of the Americas now has committees in 41 U.S. states working with 43 counterparts in 18 Latin American nations in projects involving education, public health, agriculture, sports and cultural exchange, emergency relief and much else.

—More than 50,000 Utah school children, for example, have helped to build over 50 schools to date in Bolivia's Altiplano region where there were no schools before. The Bolivian Partners and Bolivian government are providing the land, labor and teachers.

—Iowans have introduced new techniques in agriculture, livestock and poultry raising in Yucatan that are expected to have multi-million-dollar impact on that region's economy.

—Wisconsin Partners are helping to rebuild Managua, Nicaragua, and restructuring its health-care system following that city's devastating earthquake.

All told, the 43 partnerships in 1972–73 conducted 57 programs totaling $6.4 million in value, exchanging 3,444 people and shipping 589 tons of equipment and supplies to Latin America. Worth noting is that for every dollar provided by the federal government through the Agency for International Development, the partnerships produced $13 in self-financed travel, donated equipment and supplies, scholarships, disaster relief and other cash contributions.

Summing it up, "We're what you might call an adult Peace Corps," says David Luria, an associated director of Partners. "A lot of people would like to be involved in aid programs, but they just can't take off two years to join the Peace Corps. They might be able to take off a few weeks or a month, however. And that's what Partners offers."

It may well be that the people-to-people philosophy and programs of Partners of the Americas will turn out to be the most effective way of bringing the nations of the Americas closer together.

[From the Denver Post, Feb. 5, 1975]

YOUTH EXCHANGE PROGRAM: LAMM ENTERTAINS BRAZILIAN VISITORS

The visit of a pretty Brazilian girl and a political reporter from that country gave Gov. Dick Lamm a chance to let his mind stray Tuesday from the business of running Colorado to his 1963 honeymoon in South America.

Paying a call on the governor were Rosangela Cialdini, whose uncle is governor of Minas Gerais, Colorado's sister state in Brazil, and Milton Lucas de Paula, also from Minas Gerais.

Miss Cialdini is one of five young adults from Brazil currently in Colorado on a youth exchange program sponsored by the Lions Clubs International.

GO TO FLORIDA

She is staying with the Clyde Clayburn family of Wheat Ridge until later this month, when she and the four other visitors will go to Florida for a one-week stay at Disney World.

De Paula is on a tour of the United States as part of the International Visitor Program of the U.S. State Department.

Lamm said he hadn't been to Minas Gerais, which has been Colorado's sister state since 1966 under a Partners of the Americas program, but he told his Brazilian visitors and their escorts his fond memories of South America.

"What a big, beautiful country," he said of Brazil. "I'll never forget it. I'd love to go back."

Lamm called Brazil "a country much like ours" in its diversity and searched his mind for names of some of the places on the Lamm honeymoon itinerary a dozen years ago.

Miss Cialdini, 19, presented the governor with a large white aquamarine stone from Minas Gerais, and she and de Paula urged him to visit their state and its capital city, Belo Horizonte.

As an advocate of land-use planning and environmental concerns, Lamm might enjoy that. Belo Horizonte is Portuguese for "beautiful horizon."

[From the Council Bluffs (Iowa) Nonpareil, Mar. 15, 1974]

PARTNERS MAKE GOOD NEIGHBORS

(By Don Oakley)

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[From the Oklahoma City, Oklahoma Journal, Dec. 10, 1974]

WELCOME, PARTNERS

Oklahoma's University Medical Center will be hosting for the next several days between 30 and 40 senior medical students from the University of Chihuahua as part of a volunteer cultural, social and technical exchange program that is strengthening ties between the United States and Latin America.

The group of visitors, composed of both young men and women, will attend lectures at the University Medical Center and in their space time see the sights of the city.

They have also expressed a desire to "meet the Oklahoma Big Red Football Team" and to see some "cowboys and Indians."

John E. Kirkpatrick has volunteered to conduct them on a tour of the Cowboy Hall of Fame and before leaving the state they will stay at one of Oklahoma's lodges in western Oklahoma.

Here is a program that gives scope to the aims and ideals we feel best expressed in our part of the country.

It is an organization of individual citizens who place emphasis on the importance of private initiative as the basic tool by which the United States and Latin America can work together for economic and social self-help.

In eight years of existence, Partners of the Americas has grown to 42 partnerships between 40 U.S. states, including the District of Columbia and 42 states or areas in 18 Latin American, Central American, Caribbean countries and Mexico.

Non-profit, volunteer committees meet frequently to develop programs of technical assistance in economic, medical, educational, agricultural and social development fields. The projects are as diverse as the needs of the people: supplies for hospitals; emergency relief for a polio-stricken village; marketing advice for native handicrafts; student, teacher, doctor, dentist and nurse exchanges; farm equipment and supplies for a rural community.

The partner concept of mutual cooperation between the peoples of the Americas has proven its effectiveness with a project value in dollars of more than $20 million and a value in human relations that is unmeasureable.

Oklahoma Partners of the Americas are associated with the Mexican states of Tlaxcala, Colima, Coahuila, Sonora and Chihuahua.

Medical and dental teams of doctors and dentists have conducted seminar, performed services and exchanged ideas with their Mexican counterparts in Tlaxcala and Chihuahua.

Cultural and social exchanges have been conducted with the states of Tlaxcala and Colima where students, teachers and entire families from both countries have participated.

School equipment has been furnished to the state of Coahuila and an assisting project is now underway to add a new classroom to a school for underprivileged children in the city of Villa Acuna.

The Oklahoma Partners have helped sponsor western type rodeos in the states of Colima and Tlaxcala using Oklahoma cowboys. The Mexican states have reciprocated by sending charros, mariachi musicians and a Ballet Folklorico from the University of Colima to Oklahoma.

One of the larger projects has been assisting in the construction and equipping a hospital in Agua Prieta, Sonora.

Now, for the first time, a trip has been worked out for Chihuahua University medical students to hear lectures at the University Medical Center and to tour the city for purely social and cultural purposes.

We extend a hearty welcome to our partners from south of the border and hope their stay here will be a rewarding one.

[From the Brazil Herald, July 4, 1974]

'PARTNERS' EXCHANGE HEALTH CARE, CULTURE AND EDUCATION

BRASILIA.—With the Partners of the Americas program celebrating its tenth anniversary this year, 18 Brazilian states from as far as Rio Grande do Sul to Amazonas have partners in the United States.

First of the Brazilian-U.S. partnerships was established in November, 1964, between the states of Maryland and Rio de Janeiro.

The partners committees agreed that the best way to accomplish the goals of the program would be the exchange of people immediate plans got under way for the implementation of the Maryland-State of Rio Student Exchange Program.

Involvement of the students in knowing their Partners on a firsthand basis has inspired many of them to take leadership roles in their Maryland high schools to raise money for Partners projects. These funds have helped build 10 schools in Niteroi, capital of the State of Rio.

In January, 1965, the second Brazilian partnership was initiated between the northeastern state of Alagoas and the state of New Jersey. During the initial visit of New Jersey business and professional men to Alagoas, requests for school and hospital equipment were received. With the assistance of Rotary, Lions, the International Ladies Garment Workers Union, and Humble Oil and Refining Company, 32 tons of school desks, hospital beds and other equipment were quickly rehabilitated and sent to schools and hospitals in Alagoas.

The following years saw the establishment of 16 more partnerships in Brazil, the most recent being that of New Hampshire and Ceará.

Others are Amazonas—Tennessee; Bahia—Pennsylvania; Brasilia—National Capital Area; Espirito Santo—West Virginia; Golas—Wyoming; Minas Gerais—Colorado; Para—Missouri; Paraiba—Connecticut; Parana—Ohio; Pernambuco—Georgia; Rio Grande do Norte—Maine; Rio Grande do Sul—Indiana; Santa Catarina—Virginia; São Paulo—Illinois; Sergipe—Rhode Island.

Each state is a member of the Brazilian Association of the Partners of the Americas presided over by Dr. Darcy Mesquita da Silva at the Edificio Carloca in Brasilia.

U.S. president is Alan A. Rubin, with headquarters in Washington. President Richard M. Nixon is honorary chairman.

Projects of special interest currently under way in the 18 Partnerships include the following examples.

EDUCATION

Partners in Maine delivered 1,200 school desks to Rio Grande do Norte on board the State of Maine Maritime Academy Training Ship, manned by 400 Maine cadets.

Universities and colleges in Connecticut, Pennsylvania, Ohio, Maryland, Missouri, and Colorado have established Brazilian studies programs with faculty from their Brazilian states.

The Colorado School of Mines maintains an active exchange of technical information and professional expertise with the Faculty of Mines at the University of Minas Gerais.

An RCA TT 5 television transmitter acquired by the Maine Partners has been installed at the University of Rio Grande do Norte for use in educational TV programming for rural elementary schools throughout the state.

Education specialists from Pennsylvania have conducted teaching seminars at the Federal University at Bahia.

A Maine high school teacher has written a text book on Rio Grande do Norte for use in the fifth and sixth grades in the Maine school system.

SPECIAL EDUCATION

Illinois Jaycees and the Illinois Federation of Women's Clubs participate in a drug abuse education program conducted for high school students in São Paulo;

Rehabilitation specialists from Georgia University have given seminars on special education techniques to 400 teachers of the handicapped in Recife;

The executive director of Goodwill Industries in central Ohio assisted local welfare authorities in Curitiba, Paraná, in establishing a similar industry for the handicapped;

The University of Denver provides scholarships each year for six special education teachers from Minas Gerais.

HEALTH

Over 150 tons of hospital equipment are shipped each year by the 18 states that have Partners in Brazil. New Jersey's recent shipment of 25 tons of equipment included 170 hospitals beds. Maine Partners shipped $300,000 worth of medical supplies on board the State of Maine and recently purchased a new respirator for a hospital in Natal. Wyoming Partners obtained an iron lung for Goias.

Ten leading dental educators from Virginia and West Virginia conducted seminars on the latest techniques of dental surgery, orthodontics, and periodontial care for 630 Brazillian dentists at the universities of Florianopolis and Parana.

Hospitals in Connecticut each year provide six residencies for doctors from Paraiba.

A team of medical students and physicians from the University of Maryland Medical School assisted local authorities in the state of Rio de Janeiro in a mass immunization campaign on the outskirts of Niteroi.

Maine and Rio Grande do Norte Partners have provided supporting services to the HOPE Ship before and during her nine-month stay in Natal.

Partners assist in medical emergencies in Brazil on a regular basis. Recently the doctor of a girl in Fortaleza suffering from a rare fungal infection known as torulosis, was connected with a top infectious disease specialist at the National Institute of Health via a Partners amateur radio hook-up.

CULTURAL AND STUDENT EXCHANGE

Approximately 200 students of high school and college age participate each year in student exchanges conducted by the 18 Partnerships in Brazil.

Maryland conducts an annual summertime exchange of 40 students, and then asks its returned students to participate in a "Partners for Peace" program, raising money upon their return home to build rural elementary schools in Niteroi.

Ohio's program, now in its fifth year, brings 40 Parana students to Miami University and the University of Cincinnati each year, and sends 15 college students to the University of Parana.

Rhode Island Partners pared a $20,000 film on Sergipe which is shown regularly on television stations throughout Rhode Island.

A Venezuela University choral society, Scola Cantorum, performed throughout the state of Tennessee and received the highest critical acclaim.

Paintings by prominent artists in the state of Goias are on display at the Governor's Mansion in Wyoming.

Fifteen hundred pieces of art work done by Rhode Island school children are on display at schools in Sergipe.

Bates College each year plays host to an artist-in-residence from Rio Grande do Norte. Recent participants from Natal have been a woodcarver, a guitarist, a pianist, and a soprano, playing, teaching, and lecturing throughout the state of Maine.

A curator from the National Zoo in Washington, D.C., helped the officials of the Brasilia Zoo establish a North American wing.

Barzilian Partners each year assist the American Institute of Planners in arranging a tour of Brasilia, Sao Paulo, Rio de Janeiro, Salvador, and other cities for groups of architects and urban planners.

COMMUNITY DEVELOPMENT

Connecticut Jaycees are raising money to construct a 12 room school in rural community of Itaporanga, Paraiba;

Pennsylvania Partners, with assistance from Atlantic Richfield, have contributed $2,000 to the construction of a community center in Alagadoas, Bahia, and have sent a generator to the community of Cansancao.

Indian Partners and Jaycees obtained $31,400 in materials and supplies for rural community centers in Rio Grande do Sul.

An entomologist from the University of New Hampshire is assisting the state of Ceara in the eradication of the sauva ant.

Pennsylvania farmers contributed 4 Cheviot sheep to an agricultural breeding station near Salvador, Bahia. The sheep were delivered courtesy of the Brazilian Airforce.

The Wyoming Dept. of Agriculture is assisting the state of Goias in control of the berne warble fly which seriously affects the crops in that central Brazilian state.

A 4–H'ERS VIEW

(By Susan Wasserman)

Life as a YDP (member of the 4–H Youth Development Project) can be rather frustrating at times—like when questions are fired in a rapid Spanish-Guarani mixture and you feel you've been doing well with one new language, not to even mention the second. Or you have worked hard preparing a 4–C meeting and finally get there despite being stuck once and having to push the truck out—and no one shows up at the meeting. Then comes the day a young 4–C member brings a recipe to a meeting and asks, "If we bring everything we need, can we make this next time?" Or the homemaker whose fogon (stove) has just been completed for the first time and has a stove where more than one pot can be cooking at the same time. Other feelings leave as you share their happiness.

As a 1973 and 1974 YDP I spent 16 months in Latin America, 2 months in Costa Rica and 14 in Paraguay. Spanish classes for several hours a day, followed by more technical training in Latin living such as gardening and cooking, were five-day-a-week activities for the 15 of us in Spanish-speaking countries. Learning didn't stop there because we lived with Costa Rican families and had opportunities to participate in their daily lives.

While in Paraguay I worked with two young Paraguayan women who are home economists. Much of their time is spent with girls' 4–C club projects. In Paraguay boys and girls clubs meet separately and are usually organized as project clubs.

Through the Inter-American Rural Program office in San Jose, Costa Rica, and the W. K. Kellogg Foundation grant, YDPs are able to work with their counterparts on various projects which include greater production and use of corn and soybeans and the building of stoves.

In the southern part of Paraguay where I lived, a good acreage of soybeans are raised each year but they have been sold as a cash crop rather than used as food by most families. Soybean recipes have been compiled by the Paraguayan Extension Service so these were used at 4–C meetings and public cooking classes. As a finale to soybean cookery my counterpart, Antonia, 4–C socias, Rotary ladies, and I held a Soybean Exposition for the townspeople of San Ignacio. Each member brought one food that she had prepared from soybeans to be displayed, and what a variety we had from soybean coffee, to cookies, to soup and soybean cheese made of soy milk.

A national campaign to build brick, wood-burning stoves was underway in Paraguay while I was there. This stove was being built as an improvement over the campfire type of cooking facilities still in use in many campo homes. Through the fogon project, 4–H'ers and individuals in other interested groups are able to get involved in international 4–H. Contributions from these groups are used to buy iron stove-tops and chimneys which are given to families to use. They provide the bricks for the stove, and as they are able to repay for the tops and chimneys, $1 for $1, the money is put into a revolving fund to build more stoves. With $30 or $35 a Paraguayan campo family can have a greatly improved cookstove.

A former Reno County 4–H'er, Cheryl Blank, is now in Paraguay as a YDP and will be there until August, 1975. Cheryl is also involved with the stoves and writes that the project is going well and plans are being made to start a latrine project. I'm sure Cheryl would appreciate any financial support or letters from interested 4–H'ers.

PARTNERS OF THE AMERICAS: LINKING KANSAS TO PARAGUAY

(By Nancy Granovsky)

Mention Paraguay and many Kansans will stop, think, and say, "Paraguay . . . it's a small country in South America, isn't it?" Of course this is true, but mention Paraguay to some other Kansans and they will say, "Of course . . . Paraguay and Kansas share a special partnership."

What is the partnership and what makes it so special? Few Americans know that the Partners of the Americas, brain-child of President John F. Kennedy, was established to set up a people-to-people involvement between the citizens of this country and Latin America. Today 41 states are linked with 43 partner committees in 18 Latin American countries. The partnerships are committed to fostering a closer relationship and understanding between people through involvement in self-help projects in the areas of education, public health, agriculture and rural development, rehabilitation, trade and investment, sports, community development, cultural exchange, emergency relief, and tourism. Through the partners framework, private citizens can carry on person-to-person foreign aid.

Kansas became the 34th state to form a partnership by choosing Paraguay as her "sister state" in 1968. The two share several striking similarities: both Kansas and Paraguay are land-locked; both depend heavily on an agricultural economy—Paraguay has great potential for growing wheat and both Paraguay and Kansas are major cattle producing areas; both have almost the same number of people; and Paraguay is a reflection of our own earlier pioneer times with much unexplored terrain and untapped potential. The Kansas Partnership was founded by volunteer, bi-partisan representatives from all walks of life. Activities are carried out in conjunction with a counterpart committee in Asuncion.

During 1973 alone, more than a quarter million dollars was spent supporting Kansas-Paraguay people-to-people exchanges and activities. Some of these activities were:

A Paraguayan official observed water conservation and irrigation projects in Kansas.

Farm equipment was donated to a Paraguayan agricultural school by the Hesston Corporation.

A Kansas 4–H'er spent a year coordinating 4–H work in Paraguay.

A special music education program was developed in Paraguay as a result of Kansas assistance.

Kansas Rotary Clubs raised funds to provide school supplies and scholarship funds for Paraguayan elementary school children.

Hospital supplies including 20,000 pair of eyeglasses, antibiotics, and medical equipment were shipped to Paraguay.

Paraguayan specialists visited mental health centers and rehabilitation institutions for the blind in Kansas and a Kansas partner helped equip and train the staff of a new rehabilitation center for the blind in Asuncion.

Paraguayan partners visited the Hutchinson State Fair to observe prize-winning livestock, produce and grain; gardening and farm machinery; 4-H exhibits; and home economics displays.

An art exchange program between school children in Kansas and Paraguay is being initiated.

In 1975, Kansas will host an artist-in-residence, the well-known Paraguayan guitarist, Sila Godoy, who will spend three months performing throughout the state.

Expansion of partner cities will be encouraged. At present, Topeka-Asuncion, Newton-Sapucai, and Hays-Santa Maria have been paired. As Kansans' awareness of the partnership expands so may the number of partner cities. The importance of agriculture, nutrition, and youth activities are being emphasized by the National Association of the Partners. An entomologist and a youth specialist, partnership members from Kansas State University, have already initiated projects in Paraguay.

How can Kansas 4-H'ers become an important link in the partnership? Through involvement! Here are some ideas for starters:

Form partner clubs—4-H to 4-C (4-C is the Paraguayan version of the 4-H movement).

Adopt a special 4-H club project to inform the people of your community about Paraguay and the partnership.

Encourage your community to become a partner city.

Learn something about the people and customs of Paraguay; sponsor special programs highlighting Kansans' experiences in Paraguay.

Help the Kansas-Paraguay Partnership Committee grow by becoming an active member of the group.

For more information about the partnership, contact:

Mrs. Francine Neubauer, Executive Secretary, Governor's Committee on the Partnership Program, Room 407, Mills Building, 109 West 9th Street, Topeka, Kansas.

For more information about how 4-H members can become involved, contact:

Mrs. Marjorie Area, Extension Specialist, 4-H and Youth, Umberger Hall, Kansas State University, Manhattan, Kansas 66506.

Through your awareness and interest, you can help inform Kansans so more will be able to say, "Paraguay? Of course . . . Paraguay and Kansas share a special partnership and I'm an involved partner."

Mr. MUSKIE. I know that the distinguished floor manager of the bill is a supporter of this program, and has been of assistance last year and this year.

What my proposal would do is simply allow the association to continue operating its program at the same level as last year, with no allowance for the inflated cost of doing business. It will permit the Partners to meet the increasing demands from the partnerships for specialized regional workshops in agricultural, health services, and vocational training, to develop at least two new partnerships for States and countries not as yet involved, to meet the rising costs of volunteer technician travel, and to provide proper management, fund raising, and promotional service to committees in 43 States and 18 countries. This important segment of our total aid program needs and deserves continued Federal support.

With the encouragement and guidance they receive from the Agency for International Development, the Partners are working hard to meet the development priorities of the Americas. One of their approaches to the problem of insufficient agricultural production has been to change traditional agricultural methods by working through rural youth.

In Belize, for example, Michigan 4-H and agricultural extension workers have been working for 3 years to build a nationwide network of 4-H clubs linked directly with clubs in Michigan in order to share the latest techniques of rabbit farming as a low-cost, high-protein food, of vegetable gardening, of livestock and poultry production. The model has been so successful in Belize that it is now being extended to seven other partnerships in the Caribbean and Central American area. It has also been expanded to include other rural youth organizations such as the Future Farmers of America.

The Partners are also focusing their attention upon improved health services, especially in the rural areas of Latin America. Recently they launched a major drive to involve the great medical schools and outstanding State public health services of our country in this process by convening the first Partners Inter-American Seminar on Rural Health in Nicaragua, attended by 50 physicians, medical school educators, and public health personnel from 13 States and 8 countries of Central America, Panama, Mexico, Colombia, and Venezuela. Following 5 days of intensive discussion of the priorities of rural communities and a review of the University of Wisconsin Medical School project for its senior year medical students in Puerto Cabezas, the U. S. delegates proceeded on to their respective Latin Partner countries for immediate project work and to make contacts leading to long-term institutional linkages.

Ignorance and illiteracy continue to plague the hemisphere due to inadequate educational facilities. With enthusiasm and resourcefulness Partners in Maine sought to alleviate this problem in Rio Granda do Norte, Brazil, several years ago by acquiring, free of charge, a fully operable $90,000 television transmitter for the educational television network being established in northeast Brazil. The 15,000-pound unit was transported to Portland by the Maine Trucker's Association, flown to Washington, D.C., by the Maine Air National Guard, and then on to Natal by the Brazilian Air Force. It now serves 150,000 elementary schoolchildren with educational programs.

Similarly, because they saw a need and wanted to help, the Partners in Iowa obtained $100,000 worth of dairy processing equipment and shipped it to Merida, Yucatan, where it is now producing nutritious school breakfasts every day for 50,000 schoolchildren. Partners in Florida and Wisconsin have shipped whole fire engines to rural communities in Colombia and Nicaragua, respectively. Partners in Kansas have shipped 35,000 pairs of eyeglasses to Paraguay. Partners in Delaware have shipped 38 pairs of breeding rabbits to rural health centers in Panama, and three 60-bed emergency field hospitals have been delivered to the Dominican Republic by Michigan Partners.

It is estimated that handicapping conditions affect approximately 20 percent of the population of the Americas, and the Partners have also undertaken to meet this challenge through the Partners rehabilitation and special education program, PREP. For the past 2 years, audiologists and vision specialists from Louisiana have been conducting hearing and vision tests among schoolchildren throughout El Salvador, testing as many as 1,200 students a week while training their teachers to conduct the tests for other students. Working closely with the Ministry of Health, the Ministry of Education, and the Social Security Institute, the Louisiana team has set up structured programs for the prevention of blindness.

Our official diplomatic corps also works hard to strengthen these State-country partnerships, because it makes their own job easier. Recently, for example, Ambassador Philip Sanchez traveled from his post in Honduras to thank the people of Vermont for the outstanding role they had played following the Hurricane Fifi disaster in September 1974. On his way home to El Salvador from Washington, Ambassador John Campbell met with Louisiana Governor Edwin Edwards, spoke to the State legislature and addressed a luncheon of 60 prominent businessmen in New Orleans.

Mr. President, our Nation is approaching its 200th birthday. I can think of no better way to celebrate our Bicentennial than to share with our closest neighbors and friends in Latin America the vast reserves of technical skills our own citizens have acquired over the past 200 years, without strings attached and without bureaucracy. We can do this through the Partners of the Americas.

As Harry Reasoner of ABC News said of the Partners program, "It's nice to see a good idea work." My amendment seeks to keep that good idea alive.

Mr. MOSS. Mr. President, I am very pleased to join with the Senator from Maine and others in sponsoring this amendment.

President John F. Kennedy was the originator of Partners of the Americas. His idea was to set up a foreign aid program that would bypass the usual bureaucratic entanglements and that instead would be based on direct involvement between people of the United States and people of Latin America.

Let me say that this idea has worked remarkably well. People in 43 States have helped to initiate a wide range of projects in Central and South American countries, and in turn, a large number of people in these countries have become involved in the projects to carry out their side of the partnership.

The State of Utah and its partner, Bolivia, provide an excellent example of the way the program has been working. Some 50,000 Utah students have become involved in helping the Bolivians build schools. In the past several years, these students have held raffles, run car washes, initiated paper drives, and through these ventures, have raised more than $50,000 to go toward the building of schools in Bolivia.

The Bolivians have responded by providing labor, materials, and land. As a result, the Utah-Bolivia project can now be credited with about 60 new schools.

Mr. President, if it is necessary for us to make cuts in the funds for foreign assistance, the Partners of the Americas is not the place where the cuts should be made. This amendment would increase by $250,000 the already allotted $500,000 for program administration, travel expenses, and program expansion in several States. This relatively small investment is nonetheless critical to the continued effectiveness of a small organization like the Partners.

The return on this particular investment is extremely high, since the Federal money simply provides the administrative groundwork on which contributions by the people of the United States and the people of Latin America can be built. The worth of visits by Partners volunteers, and the financial and material support furnished to Latin American partners, exceeded $4.4 million in fiscal year 1974. On the average, Federal seed money has yielded returns from volunteer contributions of over 15 to 1.

At a time when there are serious questions about the basic worth of many of our foreign assistance programs, Partners of America obviously is one that is worth every penny we spend on it. In fact, the worth of this program is probably even greater than any price tag that can be put upon it because it involves cooperation among people at a basic, human level.

Mr. President, I am pleased to join Senator MUSKIE and others in cosponsoring the amendment to increase Federal funds for this worthwhile and successful program.

Mr. INOUYE. Mr. President, the committee will accept the amendment submitted by our distinguished colleague from Maine.

However, in so doing, I wish to recall for the Senate the conference report on foreign assistance appropriations for fiscal year 1974, dated December 19, 1973. This relates to the National Association of the Partners of the Alliance. On that day, the Senate and House conferees said the following:

> In agreeing upon the separate $750,000 appropriation for the Partners of the Americas, the managers on the part of the Senate and the House of Representatives concur that this program should, as was originally agreed, be funded solely from nongovernment sources after fiscal year 1976.

I hope that the distinguished Senator is aware of that cutoff date.

Mr. MUSKIE. Without agreeing to it, I am aware of it. The material I have placed in the RECORD indicates the results of a vigorous effort to seek increased aid from nongovernment sources. But it is difficult to obtain for nonproject purposes. It is relatively easy to get money for project purposes, that are visible and that you can point to, but for the administrative expenses which are necessary to keep these programs going it is more difficult, in many cases. I hope that the committee understands the difficulty.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. INOUYE. I yield.

Mr. BROOKE. I join with my distinguished chairman, the Senator from Hawaii (Mr. INOUYE) in supporting this increase. I am also aware of the language which was read from the conference report. I have talked with Mrs. Frances Sargent, who worked with the Partners. They are well aware of this language, and are trying to do everything they can to meet the deadline of 1976. We all hope they do, but I certainly commend the distinguished Senator from Maine for proposing this amendment, because this is one of the most outstanding programs we have.

Mr. MUSKIE. I appreciate the Senator's comments very much.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Maine.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The legislative clerk read as follows:

> On page 4, in line 16, strike out "$17,500,000" and insert "$10,000,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The legislative clerk read as follows:

> On page 5, in line 10, strike out "$5,000,000" and insert "$1,800,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The legislative clerk read as follows:

> On page 5, line line 14, strike out "$27,500,000" and insert "$17,500,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The legislative clerk read as follows:

> On page 5, in line 17, strike out "$30,000,000" and insert "$35,000,000".

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The legislative clerk read as follows:

> On page 5, in line 23, strike out "$20,000,000" and insert "$25,000,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The legislative clerk read as follows:

> On page 6, beginning with line 13, strike out: "Administrative expenses: For necessary expenses, $40,000,000, to be used for the purposes set forth in section 637(a)."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Hawaii yield at that point?

Mr. INOUYE. I yield.

Mr. HARRY F. BYRD, JR. Which committee amendment is this?

Mr. INOUYE. We are speaking of the committee amendment on page 6, lines 13 to 15.

Mr. BROOKE. That is the one I gave to the Senator from Virginia, the technical amendment. This was an error.

Mr. INOUYE. Mr. President, I ask unanimous consent that this amendment be temporarily passed over.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the next committee amendment.

The legislative clerk read as follows:

> On page 6, at the beginning of line 21, strike out "Unobligated" and insert "Except for the Contingency Fund, unobligated".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The Chair recognizes the Senator from California.

Mr. CRANSTON. Mr. President, I ask unanimous consent that Bill Jackson of my staff be accorded the privilege of the floor during the further consideration of this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the next committee amendment.

The legislative clerk read as follows:

> On page 8, in line 5, strike out "$440,000,000" and insert "$499,000,000".

Mr. INOUYE. I ask unanimous consent that this matter be passed over temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the next committee amendment.

The legislative clerk read as follows:

> On page 8, beginning at the end of line 8, after "Egypt", insert "and not less than $77,500,000 shall be allocated to Jordan".

Mr. INOUYE. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The legislative clerk read as follows:

> On page 8, at the end of line 25, strike out "$490,000,000" and insert "$450,000,000".

Mr. INOUYE. Mr. President, I ask unanimous consent that this amendment be passed over temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the next committee amendment.

The legislative clerk read as follows:

> On page 9, in line 2, after "States", insert a colon and the following: *Provided further*, That the total number of flag and general officers of the United States Armed Forces assigned or detailed to military assistance advisory groups, military missions, or similar organizations, or performing duties primarily with respect to the Military Assistance Program and the Foreign Military Sales Program shall not exceed twenty after May 1, 1975.

Mr. INOUYE. I yield back the remainder of our time.

The PRESIDING OFFICER. The question is on agreeing to this amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The legislative clerk read as follows:

> On page 10, at the end of line 2, strike out "$500,000,000" and insert "$10,000,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The legislative clerk read as follows:

On page 13, in line 25, after "Programs,'" insert "'United Nations Environment Fund,'".

On page 14, in line 1, after "Abroad," insert "Indus Basin Development Fund,".

On page 14, in line 4, after "independence," insert "Administrative expenses, Agency for International Development,".

On page 14, in line 8, after "ance," insert "Inter-American Foundation," "Peace Corps,".

On page 14, at the end of line 8, strike out "or".

On page 14, in line 9, after "assistance," insert "Assistance to Refugees From the Soviet Union," **or Assistance to Palestinian** Refugees".

On page 14, at the end of line 12, strike out "**unless the Committees on Appropriations of the Senate and House of Representatives are previously notified five days in advance**" and insert "not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings for the current fiscal year without the express approval of the Appropriations Committees of both Houses of the Congress."

Mr. INOUYE. Mr. President, I ask unanimous consent that section 113 be set aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the next committee amendment.

The legislative clerk read as follows:

On page 15, line 9, strike out "$77,000,000" and insert "$80,000,000: *Provided,* That of this amount $46,846,000 shall be available only for the direct support of volunteers."

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Have we passed over the material on page 14, line 15?

Mr. INOUYE. Yes, we have.

The PRESIDING OFFICER. The Senator is correct.

Mr. JAVITS. Are we going to return to it?

The PRESIDING OFFICER. We will return to it.

Mr. JAVITS. I thank the Chair.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The legislative clerk read as follows:

On page 16, at the end of line 7, strike out "$9,420,000" and insert "$8,420,000".

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The legislative clerk read as follows:

On page 16, line 18, strike out "$40,000,000" and insert "$25,000,000".

On page 16, beginning with line 19, insert:

ASSISTANCE TO PALESTINIAN REFUGEES

For necessary expenses to provide assistance to Palestinian Refugees, $10,000,000.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The legislative clerk read as follows:

On page 17, in line 8, strike out "$50,000,000" and insert "$74,126,982, of which $24,126,982 will be for paid-in capital and $50,000,000 for special funds".

Mr. INOUYE. Mr. President, I move that we reject the committee amendment, and I have an amendment to that with technical amendments.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

On page 17, strike out lines 4 through 10 and insert in lieu thereof the following:

For payment by the Secretary of the Treasury of the United States to be contributed to the Asian Development Bank $74,126,982, of which $50,000,000 will be contributed to the Special Funds Resources of the Bank as authorized by the Act of March 10, 1972, as amended (Public Law 92–245), and of which $24,126,982 will be paid for an increase in the United States subscription to the paid-in capital of the Ordinary Capital of the Bank, as authorized by the Act of December 22, 1974 (Public Law 93–537).

On page 17, line 18, the "P" in the word "Provided" and the "T" in the word "That" should be lower case.

On page 17, line 22, the "P" in the word "Provided" and the "T" in the word "That" should be lower case.

On page 18, line 2, the "P" in the word "Provided" and the "T" in the word "That" should be lower case.

Mr. INOUYE. Mr. President, these amendments are all very technical. They just carry out the intent of the committee. They do not change the dollar figures at all. It was done with the advice of the legislative counsel. Furthermore, it was done at the suggestion of the Government Printing Office. They say that the word "that" should not be capitalized; and "provided" should not be capitalized so the capital letters are now brought down to the lower case.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield for a question, not on the technical amendment, but I am wondering why the committee increased by $24 million the appropriation going to paid-in capital?

Mr. INOUYE. I would be very happy to, sir. If the Senator will recall, 2 years ago this subcommittee recommended that we not appropriate a penny for use in the Special Fund for the Asian Development Bank. The reason was very simple. It was felt at that time that the Asian Development Bank in its procurement practices had somehow forgotten to purchase American products. Since that time the Asian Development Bank has had a change of heart, and I am pleased to report to the Senator that of the $50 million that we are appropriating, plus the $50 million we appropriated the last fiscal year, every penny of that will be used to purchase goods and services in the United States.

As for the paid-in capital, it is part of an original agreement we made in establishing the bank, and this has been long overdue, sir.

The PRESIDING OFFICER. Without objection, the amendment will be considered in order; and, without objection, the amendment is agreed to.

The clerk will report the next committee amendment.

The legislative clerk read as follows:

On page 17, in line 17, strike out "$150,000,000" and insert $350,000,000".

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield at that point?

Mr. INOUYE. Yes.

Mr. HARRY F. BYRD, JR. That is a tremendous increase from $150 million to $350 million. The House felt that $150 million was all that was needed, and here the Senate committee comes along and not only doubles it but goes way beyond that to $350 million.

I was wondering if the Senator would indicate why such a tremendous increase is justified.

Mr. INOUYE. The funds provided for in this section will be appropriated to the Inter-American Development Bank, the bank involved in the development of industries, development of projects in the more needy countries in Latin America.

I am certain the Senator from Virginia will agree that our neighbors to the south are in great need of assistance in their development programs. It was felt that the $150 million provided for in the House bill would be insufficient to carry out the projects, the worthy projects, that we have been supporting in the past.

Second, the State Department and the President of the United States strongly advocated that we increase the House figure because it was felt that if we sustained the House figure it would be interpreted by our neighbors to the south as an indication of our unwillingness to support their activities and their efforts.

It was felt that this was a very proper and very efficient expenditure and an investment not only in assistance but in friendship.

It should also be noted that of this amount, $50 million has been earmarked for use in the credit unions, savings and loans and co-ops, which would guarantee that the funds will go directly to the most economically disadvantaged people.

Mr. HARRY F. BYRD, JR. I do not know that that necessarily guarantees that the funds will go directly. The credit unions and the savings and loans are in business for a profit, and I am not sure that all of our tax funds would be appropriately used just because they are going to some savings and loan organizations.

I agree with the Senator from Hawaii as to the importance of Latin America to the United States. It is a wonderful area, wonderful people, and very important to the United States. But I submit that the United States has done a tremendous amount for Latin America.

I might ask at this point whether it is not correct that this $350 million which the committee is recommending is only a portion of what already has been contributed by the United States to the Inter-American Development Bank?

Mr. INOUYE. The Senator is correct, sir, and if the Senator wishes to know further, our contribution to the Fund for Special Operations of this Bank at the present time amounts to 67 percent of all contributions.

Mr. HARRY F. BYRD, JR. In other words, the United States is contributing 67 percent of all the contributions to the Inter-American Bank; is that what the Senator from Hawaii said?

Mr. INOUYE. That is correct, sir, to the Fund for Special Operations.

Mr. HARRY F. BYRD, JR. Well, I wonder if the Senator from Hawaii would be willing to consider reducing that figure some. This does not seem very reasonable to me for the United States to put up 67 percent of all the funds in that Bank. Some of those funds go into savings and loans, and maybe many of them, far more than appear in this bill, are going to savings and loans.

Mr. INOUYE. I can assure the Senator, up until now only a few million dollars—this was in 1962—had been set aside for credit union purposes. Other than that, nothing has been set aside for credit unions, co-ops, or savings and loans.

It should be pointed out that there is adequate rationale for the U.S. predominant involvement in this area. The Latin American countries look upon the United States as their chief trading partner. At the present time, our neighbors to the south purchase more from us than we purchase from them.

The economists all suggest to us that if we are to survive as an affluent country, people must buy our products, and before people can buy our products they must have sufficient wherewithal to do the purchasing. Therefore, it would be in our best interest to assist in the development of these countries.

When we develop industries, we provide employment and then we provide foreign credit. That, in turn, is used to purchase American goods and services. It is felt that the investment we have made in this Bank is returned twofold.

Mr. HARRY F. BYRD. This does not include what credit may be extended by the Export-Import Bank?

Mr. INOUYE. The Export-Import Bank is a separate entity, sir.

Mr. HARRY F. BYRD, JR. A separate entity; and a great deal of credit, as the Senator mentioned credit, a great deal of credit, a great amount of credit has been extended by the Export-Import Bank to Latin American countries, also it does not include what is done through the World Bank. There, again, it is a separate organization.

I feel that the American people have done a tremendous amount and I am just wondering how long we are going to have to continue this.

There is no quarrel on my part as to the importance of Latin America and as to the very fine people who live in those nations.

I am not certain whether all of this money we are pouring out to Latin America is getting down to help the people, however.

I wonder, would the Senator——

Mr. INOUYE. I would wish to advise the Senator that when this program was started over 10 years ago, over 95 percent of the contributions to the Fund for Special Operations came from the United States, because admittedly at that time the United States was almost the sole trading partner for most of the countries there.

Since the European countries and Japan have been involved in trade with Latin America, we have called upon them to contribute toward the activities of this Bank. Therefore, our contributions have been brought down to 67 percent. We hope that in the next 2 fiscal years it will be down to about 50 percent.

Mr. HARRY F. BYRD, JR. Would be 50 percent of what?

Mr. INOUYE. All contributions to the Fund for Special Operations.

Mr. HARRY F. BYRD, JR. You mean, instead of $350 million it would be down to $175 million?

Mr. INOUYE. Instead of 67 percent it would come down to 50 percent.

Mr. HARRY F. BYRD, JR. Oh, of the total contributions of the Bank.

How long have we been contributing to the Inter-American Development Bank?

Mr. INOUYE. It began under the alliance for progress program. It should be about 1962, sir.

Mr. HARRY F. BYRD, JR. So we have been contributing to this Bank then——

Mr. INOUYE. Thirteen years.

Mr. HARRY F. BYRD, JR. For 13 years.

Mr. INOUYE. Twelve years.

Mr. HARRY F. BYRD, JR. Twelve years.

And including this $350 million, how much have we contributed during that time?

Mr. INOUYE. I will get those figures, if the Senator wishes.

Mr. HARRY F. BYRD, JR. Very well.

Mr. INOUYE. We have to go back to the 10 years.

The total contributions to the Bank by all countries, $9,035 million. Of that amount the United States has contributed, paid in, and for special operations, the grand sum of $4,998,000,543.

Mr. HARRY F. BYRD, JR. So the United States already has contributed to this Bank in round figures $5 billion?

Mr. INOUYE. The Senator is correct.

Mr. HARRY F. BYRD, JR. And this would add an additional $350 million?

Mr. INOUYE. The Senator is correct, sir.

Mr. HARRY F. BYRD, JR. I wonder if the Senator from Hawaii would be willing to set this amendment aside, the Senator from South Dakota has a matter he would like to bring up at this point.

Mr. INOUYE. Mr. President, I ask unanimous consent that this amendment be set aside temporarily.

Mr. JAVITS. Mr. President, reserving the right to object, would the Senator also ask similar consent to go back to page 14, at my request, I think we can dispose of this.

The PRESIDING OFFICER. Is there objection?

Mr. INOUYE. Any time the Senator is ready, we would be ready to take it up.

Mr. JAVITS. After Senator McGOVERN, yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McGOVERN. Mr. President, I want, first of all, to commend the Senator from Hawaii for a very conscientious and competent job in handling this bill both in committee and here on the floor.

On page 8, at the top of the page, the bill contains a provision under which the Senate committee proposes to increase the amount of money for what is referred to as Indochina postwar reconstruction assistance from $440 million to $499 million, approximately a $60 million increase.

Mr. President, I oppose this committee amendment, and in doing so it is my understanding that I am actually coming down on the side of where the Senator's subcommittee was a short time ago, both the House and the Senate subcommittees chaired by the distinguished Senator from Hawaii had agreed on a figure of $440 million and that amount was raised in the full committee to $499 million.

I would like to make the observation, first of all, Mr. President, that it is a kind of misnomer to refer to Indochina postwar reconstruction in the middle of a war.

I am perfectly willing to recognize that this country has an obligation once the bloodshed and the fighting has stopped to do what we can to repair some of the damage that we have done in Indochina under our bombers, heavy artillery, and other things we have sent over there supposedly to make life easier for the people in that part of the world.

I am not proposing that we knock out this section of the bill. I am simply proposing that we do not increase it beyond the level approved in the other body, and previously approved by the Senate subcommittee.

If we were to go to the figure proposed in the committee amendment, to nearly $500 million, that would be $50 million for Indochina alone above what we are doing for the entire world in terms of food and nutrition.

We approved earlier this morning an amendment offered by Senator HUMPHREY to increase the food and nutrition component in the bill for the whole world to $450 million, and I supported that. But I do not follow the logic of providing $50 million more, almost a half billion dollars, for two or three tiny little countries in Southeast Asia than we provide for all the rest of the globe.

It is very difficult, Mr. President, to conceive of a successful postwar reconstruction program under the conditions that now prevail in South Vietnam.

We read in the press this week that three entire provinces have just been surrendered by General Thieu's government to the North Vietnamese and the Vietcong. I do not know whether those three provinces have had the benefit of our postwar reconstruction program or not. If they have, we simply paved the way for others to enjoy the benefits of our generosity.

I am very hopeful that this amendment

now before us will be rejected, and that we can return to the level in the original bill.

I would also hasten to add that there is nothing in what I am proposing here that jeopardizes the humanitarian aid component in this bill. It would still leave $440 million. To my understanding, only a very small percentage of that was earmarked for what we would describe as humanitarian purposes. Most of it is in the nature of industrial and agricultural development which, in my judgment, could be better carried out after the fighting has stopped.

I would just add one further note, Mr. President. There is some evidence that the government in Saigon, as well as the other side, has been reluctant to move ahead to implement the Paris Peace Agreement. In increasing funds, as the committee amendment would do, we simply encourage, by this kind of budget support for Saigon, a more recalcitrant attitude on their part in implementing the terms of the Paris Peace Treaty.

For all of those reasons, I would urge the Senate to reject this $59 million increase in the so-called Indochina postwar reconstruction program.

Mr. INOUYE. As always, Mr. President, I find it extremely difficult to oppose my distinguished friend, but in this case I believe the committee's position is the correct one.

First of all, I realize there is much confusion by bringing up this bill at this time. This is the appropriation bill for the fiscal year ending on June 30, 1975. This is the bill to pay for all our activities and expenses beginning on July 1, 1974.

The committee was prepared to bring this bill up on July 2. But, as the Senator knows, we have had to operate under a full continuing resolution.

What we have remaining for this fiscal year are 3 months—April, May, and June.

If we take the sum of $440 million, the Senator will find that, for the most part, the total amount has already been obligated and spent, which would almost leave a zero amount for the remaining 3 months. Under the continuing resolution we were spending at the rate of $499 million. I think it would be well for us to recall that the administration had requested the sum of $939.8 million.

Furthermore, the authorization was at $617 million.

We feel that to continue the rate that we had approved under the continuing resolution would be a proper amount.

Mr. McGOVERN. Could I ask the Senator for a little more clarification on that point? I have some figures from the Agency for International Development indicating that the obligated funds for South Vietnam, which I take it is the major country that we are talking about here, as of the end of calendar 1974, stood at $148 million. I cannot say what we have spent since then. I do not have those figures.

Is the Senator suggesting that we have obligated funds at a rate since January 1 that would have depleted the available funds to the point where $440 million will not finish out this current fiscal year? We are only talking about another 3 months, as the Senator has said.

Mr. INOUYE. Under the continuing resolution, the agency is permitted to spend at the rate of one-fourth every 3 months.

Mr. McGOVERN. But they have not really done that, have they?

Mr. INOUYE. They have. The Senator is speaking of calendar year 1974.

Mr. McGOVERN. That is correct.

Mr. INOUYE. At that point they spent about half. Since then they have committed another quarter, leaving the remaining quarter.

Mr. McGOVERN. In view of the fact that we are still not in the final quarter of the year——

Mr. INOUYE. It will begin in a few days.

Mr. McGOVERN. I understand that. But many of us here in the Senate, as the Senator knows, are opposed on principle to doing anything that is going to give encouragement to the continuance of this war. I think it is fair to say that budget support of this kind does precisely that. There is considerable evidence that the administration in Saigon has not been eager to move ahead on implementing the Paris Peace Agreement. They are looking for every sign that we are willing to continue this support and continue the military effort. While I recognize this is not labeled military support, it has the effect of shoring up the budget of the regime in Saigon at a time when peace negotiations have not been pressed. For that reason, I would like to urge the Senate to stay with the original amount in the bill, $440 million.

I ask the Senator if that was not the finding of his own subcommittee.

Mr. INOUYE. The subcommittee recommended $440 million, but in further discussing this matter with administration officials and with the full committee, it became apparent to us that if we insisted upon $440 million, it would, for all intents and purposes, bring these projects to a screeching halt for the last 3 months in the fiscal year.

As the Senator indicated, I think it should be emphasized that this is not a military assistance program, if you look at that section, there is actually less than $20 million unobligated, remaining under our control, which, to all intents and purposes, would put that program out of business for this fiscal year.

Mr. BROOKE. Will the Senator yield?

Mr. McGOVERN. Yes.

Mr. BROOKE. I agree with the Senator that reconstruction is a misnomer. On this issue two of my colleagues who want to be heard, will likely not be here within the 20-minute time limitation. They are strongly opposed to a reduction in the subcommittee's proposal.

Their argument is that this is humanitarian assistance. The money is earmarked for refugee relief, child care, health care, agricultural assistance, fertilizer, POL, insecticides, pesticides, agricultural machinery and equipment, rural credit, canal dredging, low lift pumps, and fish farm development, and that none of this money will be used for military assistance at all. I think that their arguments should be heard, although I quite agree that when we talk about reconstruction when a war is still going on, it is a misnomer. For my colleagues, I want to put that in the RECORD.

The PRESIDING OFFICER (Mr. CULVER). The 20 minutes on the committee amendment have expired.

Mr. McGOVERN. Mr. President, I ask for the yeas and the nays, and I urge that the amendment be defeated.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. JAVITS. Mr. President, will the Senator allow me to dispose of something within 5 minutes?

Mr. McGOVERN. I have no objection, if we can come back to this.

Mr. INOUYE. Mr. President, I ask unanimous consent that the vote on the amendment of Senator McGOVERN be set aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I ask unanimous consent that the amendment on page 14, lines 15 to 19, inclusive, be called up.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 14, at the end of line 12, strike out "unless the Committees on Appropriations of the Senate and House of Representatives are previously notified five days in advance" and insert:

"Not justified or in excess of the amount justified to the Appropriations Committees for obligation under any of these specific headings for the current fiscal year without the express approval of the Appropriations Committees of both Houses of the Congress."

Mr. JAVITS. Mr. President, may I take most of my 5 minutes to pay a tribute which is really a boundless admiration for the work of Senator INOUYE and Senator BROOKE and their colleagues in this report, which is just the way a report should be. It really gives one the story. Senator HARRY F. BYRD, JR., has mentioned that already. It is an extraordinary job. The more the American people realize how much we are doing, in my judgment, the better informed and the more convinced they will be as to the desirability of doing what we are. The country owes them a great debt for this undertaking, and I have been at this, man and boy, for almost 30 years.

As to this particular provision, it is a procedural matter, but a very important one, because the provision, if it were permitted to stand, would give to the Appropriations Committees of both Houses of Congress the express right to approve what may not have been justified before them on a whole series of programs referred to in this bill, from line 18 on page 13, to line 12 on page 14.

In the first place, the word "justified" is a word which is extremely difficult to define. The committee would have to define it as it chose. It is a conclusory word. It does not give one a criterion. If they believe it was justified, then they say, "OK, we won't stop you from doing what you want to do." If they do not believe it is justified, they say, "You have to get our approval."

These are servants, not masters, of the House and Senate. Yet, they are the ones who are going to approve, whereas the House and the Senate should.

The provision which this provision displaced required notice, and I thoroughly agree with that. That is as it should be. But to take over the authority of both the House and the Senate, I do not think we can agree to that.

Mr. President, this provision undoubtedly is subject to a point of order. I hope it will not be necessary to make that point of order, because I have such admiration for the job that has been done. I would like to show the greatest respect and regard for the committee. Therefore, I hope that the manager of the bill will allow this amendment to be rejected, perhaps on a voice vote, which would mean that we would go back to the House language.

In that connection, I ask Senator INOUYE whether he will agree, as the staff of the Committee on Foreign Relations feels, that this is the very kind of thing we should be notified about—if the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs were written into what would then be the remaining provision, so that they, too, would get notice.

Mr. INOUYE. Mr. President, will the Senator yield, on my time?

Mr. JAVITS. I yield.

Mr. INOUYE. Would the Senator be willing to take an amendment to the committee amendment, by putting a period after "fiscal year" and deleting the remainder?

Mr. JAVITS. Mr. President, the difficulty is that that is a question of judgment, too. In other words, will any action of theirs be illegal, and how are they ever going to ascertain that it is legal or illegal?

I am told by the Agency that they have never—and that is a very strong word to use—run counter to what Senator INOUYE, as chairman of that subcommittee, has wanted of them. I believe, as I think Senator INOUYE knows, that we would back him to the hilt. If the Senator feels that 5 days is not adequate notice, we can make it 10 or 15 days. But it seems to me that if we left it the way he has it—that is, to omit the express approval but make it as a matter of law that they cannot make an obligation with the criterion so absolutely indefinite that it was not justified before the Appropriations Committee—they could not do anything. They would be completely immobilized pro or con. I say this as a lawyer.

So perhaps Senator INOUYE would consider lengthening the time—10 days, 15 days—so that he would have plenty of time to come back to us, if they were recalcitrant about what the Appropriations Subcommittee wanted, and say, "Look, we have to act on this affirmatively and either nullify the appropriation or in some way deal with withdrawing the authority." I am sure there will be no such occasion. The AID has made this representation to me respecting the way in which they have sought to comply with the wishes of the subcommittee.

In any case, when we act, we should act in a legal, intelligent way. It seems to me that the best way is to require notice and enough time to react.

Mr. INOUYE. Mr. President, I agree that we should act in a legal, intelligent way.

All this amendment attempts to do is to give the Congress of the United States an opportunity to carry out its responsible oversight function. All we are saying is that at any time an agency wishes to spend more than what has been justified before the committee, they must receive approval from both Houses of Congress. I do not think this is too much to ask of them.

I point this out: For fiscal year 1975, in the authorization request submitted to Congress, the amount justified for Cambodia, for military assistance, contains an item called "military assistance program supply operations," and the amount requested before Congress was $27.5 million. This is what Congress approved.

As of February 12, 1975, under that account, the Department of Defense has already spent $53.8 million. If we are just seeking notification, all they will have to do is to give us notice of 5 or 10 days to tell us, "We have violated our justification. We did not tell you honestly what we really intended to spend, and this is what we spent." They asked for $27.5 million; they have already spent $53.8 million.

Friday afternoon, at 5 o'clock, the few Members of Congress who remained in the city of Washington received notification that, somehow, "We came across $21.5 million to be used for military assistance programs." That is all they did—notify us.

I think the least we should be able to do, as Senators and as Members of Congress, would be to exercise this oversight responsibility and have them come before us and seek justification and argue, if they wish to spend more than they requested originally. This is very current.

For fiscal 1975, under the MAP program, a request was made for the $27.5 million for the supply operations. As of February 12, 1975—this is in this fiscal year—they have already spent $53.8 million. This is the type of transfer of funds reprograming which we hope to control under this section.

If the Senator does not wish to delegate the approval or disapproval power to the Appropriations Committee, I will not mind having this—with the express approval of Congress.

Mr. JAVITS. If we do that, we are really undoing the bill. If the Senator is right, then where do we stop? How can we possibly appropriate anything, if we assume the executive department is going to be illegal in what they use the money for. We simply would nullify the whole bill.

Mr. INOUYE. Will the Senator yield?

Mr. JAVITS. If I may explain that to the Senator, the words "justify" or "not justify" are words that have no beginning and no end. How does one define "justify"? The fact that they testified before the Senator and he thinks they did or did not justify is a matter in his own mind. It has no criterion or standard whatsoever.

Mr. INOUYE. It is not "justify" in the sense that the Senator expresses, sir. Under the appropriations process, if a witness comes before us and says, "Mr. Chairman, we are requesting $100 million, of which $75 million will be spent for the purchase of trucks, $10 million for rifles, and $15 million for mortar shells," this is what has been justified. When we appropriate $100 million, we expect $75 million to be spent for trucks, $10 million for rifles, and $15 for mortar shells. But if they come forth and spend $10 million for trucks and $75 million for rifles, then something is wrong.

I think we should have some say over this, sir.

Mr. McGOVERN. Will the Senator yield just for a request for the yeas and nays on an earlier matter?

Mr. JAVITS. Certainly.

Mr. McGOVERN. Mr. President, I ask for the yeas and nays on the committee amendment at the top of the page, page 8, line 5, on Indochina.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. JAVITS. Mr. President, if I may, I point out that if authority vested—and Senator INOUYE already agrees that it should not be vested in the Committee on Appropriations—if vested in Congress would relate to obligation for activities, programs, projects, countries, or other operations. It seems to me that that really involves vast amounts of administrative discretion, with no deviation whatever unless we come back, in this case to Congress if we concede that, and then we pass this bill all over again.

The idea of oversight is that we see what they are doing and we can move to stop them. But we should not give to committees of Congress the powers of Congress, which is what this does if it stands—if I ever saw legislation that does that, this is it—on an appropriation bill, or to double back on ourselves and say that what we have approved, we are going to approve every time again in individual situations.

We have found, and I am also a ranking member of an important committee, that legislative oversight is very effective if we know what is being done, and if we call a hearing and put our foot down, it is not done. If any effort is made to muscle a thing through, we can always come back to the body with which we are connected in order to address it. No department that I know of has ever tried to do this.

It seems to me if we do this, we will give one subcommittee or one committee or one House the opportunity to undo all the work which has been done in passing the law.

Mr. President, as I said, at the very least, this is a matter that should have hearing and discussion and consideration in a legislative way by the Committee on Armed Services. There is no question about the fact that it is legislation on an appropriations bill. As I said, I hesitate to make the point of order, but I shall have to make it because, in conscience, it should be made if I am compelled to. But I hope that we can agree on a longer period of time and also to give notice to the Committees on Foreign Relations and Foreign Affairs, thus giving a higher barrier to any capricious conduct in respect to this appropriation.

Mr INOUYE. Will the Senator yield for a question?

Mr. JAVITS. Yes.

Mr. INOUYE. I believe the Department notified the Committee on Foreign Relations of the $21.5 million on Cambodia.

Mr. JAVITS. It just did.

Mr. INOUYE. I further believe that the committee disapproved of the spending of this amount.

Mr. JAVITS. Well, now, we are going to write that in our report. I believe that that is the present disposition. I cannot say that absolutely. I am just unable to say.

Mr. INOUYE. I believe I am correct that the committee decided that the Department of Defense should not spend that amount.

Mr. JAVITS. Yes, I think that is correct.

Mr. INOUYE. I believe I should notify the Senator that most of that amount has already been spent. What would he do now?

Mr. JAVITS. Mr. President, we have a lot of business with the Department of Defense. We can approach them in this program or another program. We have made plenty of rescissions and cancellations. We have a way of punishing departments here if we want to.

The PRESIDING OFFICER. All of the time on the amendment has expired. The question is on agreeing to the amendment.

Mr. JAVITS. Mr. President, I make the point of order that this is legislation on an appropriations bill.

The PRESIDING OFFICER. The point of order is well taken.

Mr. JAVITS. Mr. President, I send an amendment to the desk and ask that it be reported.

The PRESIDING OFFICER. Until the committee amendments have been disposed of, floor amendments are not in order.

Mr. JAVITS. Mr. President, I ask unanimous consent that this amendment, which deals solely with the matter of giving more time to the committees and including two other committees, may be considered at this time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The clerk will state the amendment.

The assistant legislative clerk read as follows:

On page 14, line 16, after the word "committees", insert the following: "and the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs", and on line 19, insert before the period "and the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs"; and on line 14, strike out "5" and insert "15".

The PRESIDING OFFICER. The Chair is informed that line 16 on page 14 is no longer in the bill. It was stricken on a point of order.

Mr. JAVITS. Mr. President, with all due respect, it was lines 15 to 19 that were stricken on a point of order.

The PRESIDING OFFICER. Lines 15 to 19 include line 16.

Mr. JAVITS. The amendment I sent to the desk relates to—Mr. President, I suggest the absence of a quorum on my time.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. INOUYE. Mr. President, I ask unanimous consent that the Senator from Rhode Island be given 5 minutes.

The PRESIDING OFFICER. A quorum is in progress.

Mr. INOUYE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INOUYE. Mr. President, I ask unanimous consent that I be recognized for 5 minutes.

The PRESIDING OFFICER. The Senator from Hawaii is recognized for 5 minutes.

Mr. INOUYE. I yield to the Senator from Rhode Island.

Mr. PELL. I thank the Senator very much and congratulate him on the work he has done on this bill. There is one detail here. That is that in Public Law 93-312, last year, Congress increased the annual authorization to the International Committee of the Red Cross from $50,000 a year to $500,000 a year. We all know, without going into length, the wonderful job the International Committee of the Red Cross has done for our own and other prisoners of war and has done for victims of war all over the world. I am sure there was no intention on the part of the committee to reduce the amount of our annual contribution to the International Committee of the Red Cross. I wish to ask the chairman of the subcommittee if I was correct in that assumption.

Mr. INOUYE. This bill has no intention of changing the legislative intent of the Congress of the United States.

Mr. PELL. That would apply to this commitment to the International Committee of the Red Cross as well as to any other item?

Mr. INOUYE. The budget actions submitted by the administration called for $50,000. I am certain that the administration will take note of the legislative intent of Congress.

Mr. PELL. That is right, and I trust the administration will take note of the intent of Congress in its passage of the public law contributing $500,000 annually to the International Committee of the Red Cross.

I yield the floor.

Mr. JAVITS. Mr. President, I modify my amendment and send it to the desk.

The PRESIDING OFFICER. The amendment as modified will be stated.

The assistant legislative clerk read as follows:

On page 14, line 13, after the word "Committees" insert the following: "Foreign Relations and Foreign Affairs."

On line 14, strike out "5" and insert "15".

Mr. JAVITS. Mr. President, the purpose of the amendment is to give more notice and to include the Foreign Relations and Foreign Affairs Committees in the notice for all the reasons explained, and I hope very much that at least for this moment, while hereafter the committees may decide to go some other way in an appropriate bill, the managers of the bill will consider this an improvement and allow the amendment to be adopted.

Mr. INOUYE. Mr. President, we accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York, as modified.

The amendment, as modified, was agreed to.

Mr. JAVITS. I thank the chairman very much.

The PRESIDING OFFICER. The Senate will now return to the consideration of the committee amendments that have been passed over.

Mr. McGOVERN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McGOVERN. Do we not have an order for the yeas and nays on the committee amendment at the top of page 8? Is not that the pending question?

The PRESIDING OFFICER. We have an order for the yeas and nays, but we are not on the amendment in question.

Mr. McGOVERN. Mr. President, I ask unanimous consent that we now have the rollcall as previously ordered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota? Without objection, it is so ordered.

The question is on agreeing to the committee amendment at the top of page 8. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PELL. Mr. President, am I recorded?

The PRESIDING OFFICER. The Senator is recorded in the affirmative.

Mr. PELL. I thank the Chair.

The legislative clerk resumed and concluded the call of the roll.

Mr. McGOVERN. Mr. President, before the announcement of the vote, would the Chair withhold that for a moment?

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I vote "no."

Mr. ROBERT C. BYRD. I announce that the Senator from Alaska (Mr. GRAVEL) and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. MATHIAS) is necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

The result was announced—yeas 30, nays 65, as follows:

[Rollcall Vote No. 75 Leg.]

YEAS—30

Baker
Bartlett
Beall
Bellmon
Buckley
Case
Chiles
Clark
Domenici
Eastland
Griffin
Hruska
Huddleston
Inouye
Jackson
Johnston
Long
Magnuson
Mansfield
McClure
McGee
Morgan
Nunn
Scott, Hugh

Sparkman
Stennis
Stone
Thurmond
Tower
Williams

NAYS—65

Abourezk
Allen
Bayh
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Church
Cranston
Culver
Curtis
Dole
Eagleton
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Hansen
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Humphrey
Javits
Laxalt
Leahy
McClellan
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott,
  William L.
Stafford
Stevens
Stevenson
Symington
Talmadge
Tunney
Weicker
Young

NOT VOTING—4

Gravel
Kennedy
Mathias
Taft

So the committee amendment at the top of page 8 was rejected.

TAX REDUCTION ACT OF 1975

TIME LIMITATION REQUEST

The **PRESIDING OFFICER**. The Senator from Louisiana.

Mr. **LONG**. Mr. President, I have been having discussions with Senators, trying to discuss the possibility of a unanimous-consent request in order to, hopefully, conclude action on the tax bill this week, hopefully before the close of business on Friday.

Here is the plan I had proposed, and so far as there is no objection to it I am hoping that the Senate will be able to agree to it. If not, I think maybe we can agree on what we can agree to.

I am going to propose that when we return to the tax bill, the Senate proceed to perfect the committee amendment to the tax bill, that there be a 1-hour limitation on amendments that are offered which are germane to the committee amendment, and further that at the conclusion of the vote on amendments with regard to which Senators are willing to limit themselves to 1 hour the Senate will then proceed to consider amendments that are not germane to the committee amendment and with regard to which there will be no limitation until the Senate agrees, if it wishes to do so, to limit debate.

Now the Senator from Indiana (Mr. HARTKE) had his amendment pending and this unanimous consent would include the request that at that point the Senator from Indiana would then be recognized to offer his amendment to the committee amendment, and that his amendment would be an amendment dealing with the foreign tax credit, and that thereafter the Senator——

Mr. **HARTKE**. Mr. Chairman, I have two amendments, one dealing with tax credit, one with tax deferral. They both are very closely affiliated.

Mr. **LONG**. Well, the Senator will then be permitted to offer his amendment on tax credit and on tax deferral.

Mr. **HARTKE**. All right.

Mr. **LONG**. That thereafter the Senator from California be recognized to offer his amendment that has to do with depletion, if he wishes to offer an amendment on depletion.

Mr. **HOLLINGS**. I will have a perfecting amendment. Mr. President, I will have a perfecting amendment to the Cranston amendment, probably just draw down the amendment in the nature of a substitute now, unless the chairman would want—I think we have it pretty clear. I think it has served its purpose. But I want to make certain I offer it to the committee amendment, not just to the bill, because as I understand it the Finance Committee amendment is in the nature of a substitute and would wipe out all amendments to the bill.

Mr. **LONG**. Please understand, Senator, I am trying to protect the rights of all Senators. I am certainly trying to protect those of the Senator from South Carolina and all I am suggesting is that the Senate proceed to perfect the committee amendment, insofar as there are germane amendments, that Senators want to offer and with regard to which they are willing to agree to a 1-hour time limitation.

Now, that does not prevent anyone from offering amendments. Anyone has a right to offer amendments not germane thereafter.

Now, I would anticipate if we do that we will then be a long way down the road toward passing the tax bill.

Then we would offer the Senator from Indiana the opportunity to offer the two amendments he has in mind, one of which would deal with the foreign tax credit and the other which would deal with tax deferral.

Then when that has been voted on, we would offer the Senator from California the opportunity to offer his amendment, which is pending now, as a substitute, as a strike-and-insert, but he may want to perfect his amendment somewhat based on what the Senate has done up to now.

Thereafter, the Senator from South Carolina might want to further perfect his amendment. He can do so, and I would ask that he then be recognized to offer whatever amendment he wants.

Mr. **HOLLINGS**. Perfect the amendment of the Senator from California, not mine.

Mr. **CRANSTON**. Will the Senator yield?

Mr. **LONG**. Yes.

Mr. **CRANSTON**. I would like to ask a question of the Senator from South Carolina since we had a collision yesterday over the order in which we were doing things, and I think it was my fault. I want to make certain this time it is done in a way that is satisfactory to the Senator. Whichever way the Senator wants.

Mr. **HOLLINGS**. Just the way the chairman is outlining it right there.

Mr. **LONG**. Then——

Mr. **CURTIS**. Will the Senator yield?

Mr. **LONG**. If we can agree to that, please understand at that point there would be no limitation on debate, although I would hope thereafter we could reach some, but there would be no limitation.

I believe if we go that far we can pass this bill.

I yield to the Senator from Nebraska.

Mr. **CURTIS**. The Senator from Nebraska wishes to cooperate with the chairman and it may well be that we can agree to such a time limitation.

I would appreciate it if it would be withheld for a few minutes so I could ascertain from our colleagues whether it is acceptable to them.

Mr. **LONG**. That is all right with me, but I would just like to make it clear, Mr. President, what I am trying to do is to offer the Senate the opportunity to move expeditiously and to express its judgment on the committee amendment, which, if course, is really a number of committee amendments, 20 committee amendments to the House bill.

After that, Senators who have amendments that do not deal with depletion have the opportunity of calling their amendments up and reaching an early conclusion on those. Then when we have achieved all that, I am confident that we could probably resolve whatever the Senate wants to do about the oil issue, including the foreign tax credit and the matter of deferral, and then I should think we would be in shape to move this bill to a conclusion.

Mr. **HOLLINGS**. Mr. President, on that particular point, the Senator from Louisiana and I have the same intent, to move the bill along.

No. 1, we do have a cloture motion and it may well be inappropriate tomorrow if we can get this agreement. On the other hand, it may be very appropriate. I will have to discuss this with my colleagues, so this would not vitiate that.

No. 2, the amendment of the Senator from California (Mr. CRANSTON) is to the House bill and not to the Finance Committee's amendment in the nature of a substitute and I would not want to go down the Cranston road and then find him wiped out and laughed after.

I want to be sure that when I perfect the Cranston amendment, that with this agreement we have a chance to put that on the Finance Committee amendment. It is in the nature of a substitute, which will wipe the House bill clean and be the law.

Mr. **LONG**. As the Senator well knows, I am sure—he is a good parliamentarian with years of experience—when we perfect the committee amendment, under this agreement, there would still be no limitation as to how many amendments could be offered to the committee amendment, nor would there be any limitation as to the amendments which could be offered to the House bill. Senators would still have all their options open to them. We will resolve that based on what the Senate wants to do.

As far as the Senator from Louisiana is concerned, what I want to do, as manager of this bill, is to do whatever 51 percent of the Senate wants to do. I believe in that fashion we will resolve that matter and reach a conclusion at the earliest time. That is why I think that that would be the best way to protect everyone's rights and still to make progress. I hope it will be very considerable progress in the next 2 days.

Mr. **CURTIS**. If the Senator will yield further, again, I hope we can enter into an agreement, but I want a few minutes to check with interested Senators. I want to make sure what is embodied in the proposed unanimous-consent request. Is it that we regard the committee amendment as an original text?

Mr. LONG. No, not at all. If this consent is agreed to, after we have considered the germane amendments on which Senators are willing to limit themselves to 1 hour, we would then have the committee amendment before us and we would have the parliamentary situation that we had prior to that time. A Senator could offer an amendment to the House bill or could offer an amendment to the committee amendment, in which case you would vote on the amendments to the House bill first and then you would vote on the amendments to the committee amendment.

When the Senate has acted on a committee amendment and voted to keep that which it liked and to reject that which it does not like, by that time the Senator knows, as I do, that you want your amendment, if you want it to become law, on the committee amendment. So when the Senate has agreed to everything that is in the committee amendment, it is traditional and happens almost without fail that the Senate then agrees to the committee amendment when it votes on it.

Everybody would have all of his parliamentary rights, though.

Mr. CURTIS. And the limitation is 1 hour on each amendment?

Mr. LONG. Only so long as Senators are willing to offer amendments subject to the 1-hour limitation. When we have disposed of all of those, Senators would still have the same right they had prior to that time, to offer any amendment they wanted to. I would hope thereafter we could then obtain a further unanimous consent agreement at a future date.

Mr. CURTIS. One matter that is in my mind is this: a 1-hour limitation is a notice for everyone to leave the floor for 1 hour. Some of these items can be stated in 10 minutes.

Mr. LONG. The Senator knows that once we have a 1-hour limitation, it is easy enough to get Senators who need 5 minutes to explain something on each side to only use 5 minutes.

Mr. HARTKE. Will the Senator yield?

Mr. LONG. Yes.

Mr. HARTKE. At the present time, is the foreign tax credit amendment the pending business when we return to the tax bill?

Mr. LONG. It is.

Mr. HARTKE. It is my understanding in general that, under the proposal that the Senator from Louisiana makes, that type of amendment would not be germane and, therefore, a point of order could be sustained any time an amendment of that nature were offered.

Mr. LONG. Only up until the time the Senators were finished with offering amendments, at which time they would limit themselves to the 1 hour on those that would be germane.

Mr. HARTKE. I would not want to get myself in a position where we get something else messing up what I think is a very clear-cut issue at this moment, on which I think there will not be much debate and there will be affirmative action so far as I am concerned.

Mr. LONG. I want to preserve the Senator's right, but I also want to give him the opportunity to make his proposal law, if the Senate wants to do that.

Mr. HARTKE. That is right. All I want to do is make sure that after we have finished up the perfecting of the Finance Committee amendment, after that has been done, then the pending business will be the pending business as of now, which is the foreign tax credit amendment offered by the Senator from Indiana, with the understanding that the next order of business would be the authority for me to move with the tax-deferral elimination. Is that correct?

Mr. LONG. That is correct.

The PRESIDING OFFICER. The Senate will be in order.

The Senator from Louisiana has the floor.

Mr. LONG. I yield to the Senator from Oregon.

Mr. PACKWOOD. I will be offering an amendment in the nature of a substitute for the entire committee bill. Will that be germane under the rule the Senator is offering? I am willing to limit the debate, but will it be germane subject to being offered and not be put off until later?

Mr. LONG. At the time we are through perfecting the committee amendment with perfecting amendments to the committee amendment, then it will, of course, be in order for the Senator to offer a substitute for the entire committee amendment; yes.

Mr. PACKWOOD. Then I would object, because I do not want to wait until we are finished with the perfecting amendment before offering this. I thought the Senator would offer this tonight. I do not know how long the Senator will be on the perfecting amendments.

Mr. LONG. I am not trying to foreclose the Senator. I am trying to get him the opportunity to offer his amendment. We cannot bring about a vote——

The PRESIDING OFFICER. The Senate will be in order. Will Senators kindly take their seats and abstain from conversation?

Mr. LONG. May I say to the Senator, I am sure the Parliamentarian will advise him that we cannot have a vote on an amendment in the nature of a substitute to the committee amendment until the committee amendment has first been perfected.

All I am trying to do is perfect the committee amendment so it would then be in order for the Senator to offer his amendment. Prior to that time the amendment cannot be considered. All someone has to do is offer a perfecting amendment and we have to wait until we act on that before we can act on the Senator's amendment. I am trying to get to the point where the Senator can offer it.

Mr. PACKWOOD. My amendment is in the nature of striking everything after the enacting clause and substituting my amendment. I want to know where in the unanimous-consent request that comes in the order of priority.

Mr. LONG. I will ask the Parliamentarian. Where in the order of priority would an amendment to strike—does the Senator ask about striking everything in the committee amendment——

Mr. PACKWOOD. Yes.

Mr. LONG (continuing). And to insert a substitute therefor, where would that fall?

The PRESIDING OFFICER. It is in the nature of a substitute for the committee amendment?

Mr. PACKWOOD. That is correct.

The PRESIDING OFFICER. Perfecting amendments to the committee amendment would take precedence over the substitute to the committee amendment.

Mr. PACKWOOD. I will object, then, until I take a look. I want to see the exact form of the way we introduced it. I will object for about 15 minutes.

Mr. LONG. The Senator can, but I am trying to make it clear to the Senator that he can offer his amendment in a day or so. If we cannot get this consent, the Senator may have to wait a week or so.

Mr. PACKWOOD. If worse comes to worst, I am prepared to. But I want to take a look at it.

Mr. LONG. I want the Senator to assure himself that he would not in any way be prejudiced by such a consent request. I am positive that what I am suggesting helps to move us to the point that the Senator wants us to reach. It stands now that amendments to perfect the House bill take precedence over the committee substitute. Then amendments on the committee substitute to perfect that take precedence over an amendment in the nature of a substitute.

So there are two tiers of amendments that would take precedence to the Senator's amendment. I am sure that the Senator would like to see us move to the point that his amendment would be in order. What I am trying to do would help move us to that point.

Mr. PACKWOOD. I am going to object for the moment.

Mr. LONG. I understand. I will renew the request later on.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MANSFIELD. Mr. President, I had anticipated that we would have completed the pending business by this time. In view of the fact that we are close to the finish, I would ask unanimous consent that we complete the pending business before returning to the tax bill, as expeditiously as possible.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS ACT, 1975

The Senate continued with the consideration of the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

The PRESIDING OFFICER. The clerk will state the next committee amendment.

The legislative clerk read as follows:

Page 4, line 4, after "301," strike out all down through line 9 and insert "$140 million".

Mr. McGEE. Mr. President, I call up

my amendment to the committee amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk proceeded to read the amendment.

Mr. McGEE. Mr. President, I ask unanimous consent that we dispense with the reading.

The amendment is as follows:

> On page 4, line 10, in the appropriation for International Organizations and Programs, in lieu of the language to be inserted by the committee amendment insert "$153,900,000: *Provided*, that of the funds made available to carry out this section, $20,000,000 is to be obligated for the completion of the calendar year 1974 United States pledge of $90,000,000 to the United Nations Development Program and the balance of funds allocated to the United Nations Development Program shall be used to partially fund the calendar year 1975 United States contribution of $107,000,000";

Mr. McGEE. I can summarize the purpose of the amendment quickly to save the Senate's time.

This amendment deals with the United Nations Development Program. The House set forth a total of $115 million in this general, broad category. The Senate committee raised that to $140 million.

I am asking that it go to the budget-requested figure of $153.9 million, for one reason only: It is to correct a development that occurred 2 years ago. Two years ago, when the Senate acted upon this matter, the U.S. commitment to the UNDP was $90 million. But that year we got bogged down over the military aid program, and we funded foreign assistance on a continuing resolution instead of acting on the bill. Under the rules of the two bodies, if you are on a continuing resolution, you revert back to the lowest figure then prevailing in that program for the year before, and that figure was $70 million. That did not address itself to the action of the U.N. or this body in the year of the continuing resolution. In order to meet that commitment, we had to borrow $20 million from the next calendar year, in order to meet that kind of obligation.

The result is that we end up now, for a little over a year and one half, being $20 million behind on the commitment. The purpose of this amendment to add to the $153.9 million is to close that gap, so that our commitment credibility is maintained.

This is simply to correct the consequence of a continuing resolution, and the amendment would increase that to $153.9 million, out of which would come the necessary additional funds to close that $20 million gap.

Mr. INOUYE. Mr. President, speaking in behalf of the committee—much as I am influenced by the arguments of the Senator from Wyoming—I find that I must speak in opposition.

I think we should be reminded that our per capita gross national income is $6,127, and as such, we have never, from its very inception, sought any assistance from the UNDP program. On the other hand, I believe it would be interesting for the Senate to learn that Saudi Arabia contributed $350,000 to UNDP in 1973 and received in 1973 $1,911,000. Iran in 1973 pledged $1 million to UNDP and received $4,549,000.

It is true that last year they increased their contributions, but as of this moment, these two very wealthy countries—Saudi Arabia and Iran—are still net recipients.

The same situation prevails with Brazil, which pledged $1,300,000 and in return received $4,855,000.

Mr. President, I am convinced of the great merit of the UNDP program. I support it. But I believe there is still some room for improvement. I feel that the sums recommended by the committee would be sufficient for the remainder of the fiscal year.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. INOUYE. I yield.

Mr. BROOKE. Mr. President, with all due respect to my chairman, I think it is important to point out that Saudi Arabia and Iran will likely be important net contributors in future years. In 1973, they did not have the cash reserves that they have at the present time. The UNDP funds they have received is seed money in that it should be an important incentive for them to now become substantial net contributors for many years to come. I think the record should reflect that.

Mr. INOUYE. Mr. President, the distinguished Senator from Massachusetts is correct. But as of this moment, in the year 1975, Iran and Saudi Arabia are still net recipients. We are hoping, because of their new-found wealth, that they will share a greater burden toward this most meritorious program.

Mr. McGEE. Mr. President, to follow on what the chairman has said, I am a member of his committee, and I am speaking for some members of the committee, too.

We have a mixed problem here. The problem is that at this moment, even as we are compelled to pick up this $20-million gap that the Senate did not produce, that Congress did not produce—except as it fell into a continuing resolution inadvertently over another matter, and therefore we could not meet our obligations. This requires, it seems to me, a good faith effort in that international body, that we try to close that gap without wiping out other kinds of programs that are not even the issue here, and this permits that.

At this moment, as I speak here, we now have a new ray of light that is in fact committed, and that is the new increased commitment for the calendar year 1975 from the OPEC countries. That new commitment, unlike the information carried in the committee report, which is for the year 1973—the new calendar year commitment from OPEC—includes an increase by Iran of 300 percent over the figure that was included in the committee's report. It includes a 108-percent increase in the Arab Emirate States. It includes a 97-percent increase from Nigeria. It includes proportionate increases in several other smaller OPEC countries.

The point is that for many years we have been trying to get other nations to help carry the load in economic development on a multinational basis, and it is now beginning to work.

This year, as all the delicate efforts are underway in trying to do something about the OPEC cartel, we find that for the first time they are beginning to up their contribution.

So for those two reasons, Mr. President—one, picking up the gap in our commitment in UNDT and, two, to encourage at this psychological moment the Arab states to come in still further in helping to fund this meritorious program—we should be able to take this figure to conference and do the best we can with it.

I remind the Members of this body that the U.N., likewise, is bearing—with part of the expense coming from us—the cost of policing the truce in the Middle East. The alternative to that is whether we do that with the Soviets or we do it alone—however we choose to approach it, at great cost to ourselves. Had it not been for the presence of the United Nations as a buffer, we might have faced a United States-Soviet confrontation in the Middle East.

We have now achieved what we always said we believe in, and that is to work out a truce through a world organization to take on this onerous and volatile responsibility. It is now working. We are a part of it through the U.N.

So I petition my chairman to be willing to take this matter to conference so that we can do the best we can with it.

Mr. HARRY F. BYRD, JR. Mr. President, I shall be very brief.

I support the position taken by the manager of the bill, the Senator from Hawaii (Mr. INOUYE), in opposing the amendment offered by the distinguished Senator from Wyoming.

May we have order, Mr. President?

The PRESIDING OFFICER (Mr. HANSEN). The Senate will be in order.

Mr. HARRY F. BYRD, JR. Mr. President, if the amendment of the Senator from Wyoming is adopted, it will mean that the Senate will be voting to increase United Nations contributions by 23 percent over last year. How can we justify to the American people increasing appropriations to the United Nations by 23 percent in one year?

I support the position taken by the manager of the bill, the Senator from Hawaii (Mr. INOUYE). I think his position in opposing this amendment is sound, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that two members of my staff, Mr. Charles Gentry and Mr. Frank Gorham, be granted privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, I ask unanimous consent that a member of my staff, Mr. Andrew Carron, be granted privileges of the floor during the proceedings on the tax bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INOUYE. Mr. President, I yield back the remainder of my time.

Mr. McGEE. I yield back the remainder of my time.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. The pending question is on the amendment offered by the Senator from Wyoming; is that correct?

The PRESIDING OFFICER. The amendment of the Senator from Wyoming is the pending question.

The question is on agreeing to the amendment; the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Kentucky (Mr. Ford), the Senator from Alaska (Mr. Gravel), the Senator from Massachusetts (Mr. Kennedy), and the Senator from Louisiana (Mr. Long) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. Mathias) is necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting the Senator from Maryland (Mr. Mathias) would vote "yea."

The result was announced—yeas 28, nays 65, as follows:

[Rollcall Vote No. 76 Leg.]

YEAS—28

Abourezk
Brooke
Case
Clark
Cranston
Culver
Fong
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Hathaway
Huddleston
Humphrey
Javits
McGee
McGovern
Metcalf
Moss
Muskie
Nelson
Pell
Percy
Schweiker
Scott, Hugh
Sparkman
Stevenson
Williams

NAYS—65

Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Buckley
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Church
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Garn
Glenn
Goldwater
Hansen
Haskell
Hatfield
Helms
Hollings
Hruska
Inouye
Jackson
Johnston
Laxalt
Leahy
Magnuson
Mansfield
McClellan
McClure
McIntyre
Mondale
Montoya
Morgan
Nunn
Packwood
Pastore
Pearson
Proxmire
Randolph
Ribicoff
Roth
Scott,
  William L.
Stafford
Stennis
Stevens
Stone
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NOT VOTING—6

Ford
Gravel
Kennedy
Long
Mathias
Taft

So the amendment was rejected.

The PRESIDING OFFICER. The question now recurs on agreeing to the committee amendment.

Mr. INOUYE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. INOUYE. Which committee amendment are we on?

Mr. HANSEN. We are on committee amendment No. 8 on page 4 [putting the question].

The amendment was agreed to.

The clerk will state the next committee amendment.

The legislative clerk read as follows:

On page 6, strike lines 13 through 15.

Mr. INOUYE. Mr. President, I ask that the Senate reject the committee amendment, and I would like to explain why we recommend this action.

Mr. President, the committee struck the $40 million provided by the House bill for AID Administrative Expenses because of AID's failure to request authorization and appropriation of operating expenses as a discrete appropriation and to avoid confusion as to the true dimension of AID's cost of doing business.

Since the full committee's action yesterday, AID has discovered that it will now be possible to comply with the committee's request beginning with fiscal year 1976.

I request unanimous consent two letters from the Administrator of the Agency for International Development clarifying the agency's position be included at this point in the Record:

There being no objection, the letters were ordered to be printed in the Record, as follows:

Department of State, Agency
for International Development,
Washington, D.C., March 18, 1975.

Hon. Daniel K. Inouye,
Chairman, Senate Appropriations Subcommittee on Foreign Operations, Washington, D.C.

Dear Mr. Chairman: With reference to my letter of March 17 in which I outlined A.I.D.'s plans for the treatment of Operating Expenses in FY 1976, I am now pleased to inform you that the plan as presented to you has been approved by the Director of the Office of Management and Budget.

We will, therefore, proceed exactly as indicated in my letter. With this assurance, I trust that you will see your way clear to appropriate the full $45 million authorized for Administrative Expenses for FY 1975.

Sincerely yours,
Daniel Parker,
Administrator.

Department of State, Agency
for International Development,
Washington, D.C., March 17, 1975.

Hon. Daniel K. Inouye,
Chairman, Senate Appropriations Subcommittee on Foreign Operations, Washington, D.C.

Dear Mr. Chairman: Among the items discussed with you during John Murphy's and my visit to your office on March 14, 1975 was our plan for seeking authorization and appropriation for Operating Expenses of A.I.D. for Fiscal Year 1976. This letter confirms our oral advice.

As a result of recent action of the House Appropriations Committee, as expressed in its Report 94-53, and of our understanding of the strong position of your Committee, we will propose alteration of the President's FY 1976 Budget to establish an Operating Expense account for A.I.D. We have in mind that budget provision will be made available for this account by transferring funds from other accounts administered by A.I.D. so that no overall increase in the budget will be involved. Assuming approval by the Executive Office of the President, the proposed authorizing legislation to be submitted to the Congress for FY 1976 will reflect this change and we will request that necessary budget amendments be submitted at the appropriate time.

Sincerely yours,
Daniel Parker,
Administrator.

Mr. INOUYE. Mr. President, this action will restore the $40 million included in the House bill for AID's administrative expenses for the current fiscal year.

I yield back the remainder of my time.

The PRESIDING OFFICER. Has all time been yielded back?

The question is on agreeing to the committee amendment. [Putting the question.]

Mr. INOUYE. Mr. President, by an aye vote, are we supporting the committee amendment?

The PRESIDING OFFICER. The question is on agreeing to the committee amendment. A negative motion is not in order.

Mr. INOUYE. I am requesting that we reject the committee amendment.

The PRESIDING OFFICER. That was the Chair's understanding.

Mr. INOUYE. So, to restore the House language the vote should be "no."

The PRESIDING OFFICER. That is correct.

The question is on agreeing to the committee amendment. [Putting the question.]

The committee amendment was rejected.

The PRESIDING OFFICER. The clerk will report the next committee amendment.

The legislative clerk read as follows:

On page 8, line 25, strike the numeral and insert $450 million.

Mr. INOUYE. Mr. President, at this juncture I ask unanimous consent that all remaining committee amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The amendments are considered and agreed to en bloc.

Mr. INOUYE. I believe the Senator from Massachusetts has a technical amendment.

Mr. BROOKE. Yes, Mr. President.

I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. Brooke) proposes an amendment on page 5, line 19, after "paragraph," insert in Roman figures and line type the following:

"$20,000,000"

to be followed by "$25,000,000" in italics.

Mr. BROOKE. Mr. President, this is merely a technical amendment. There was an error in the printing of the bill, thus necessitating this amendment.

I yield back the remainder of my time.

Mr. INOUYE. Mr. President, I ask that the bill be considered as original text with the committee amendments.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. INOUYE. So that amendments will be in order at this time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts, which is now in order.

Mr. BROOKE. I yield back the remainder of my time.

The amendment was agreed to.

Mr. PERCY. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

> The Senator from Illinois (Mr. PERCY) proposes an amendment on page 2, after line 24, insert the following:
>
> "*Provided further*, That of the amounts provided for under section 203, not less than $20,000,000 shall be available solely for grants to carry out the purposes of section 291 during the current fiscal year."

Mr. PERCY. Mr. President, earlier today I noted with concern that the bill as reported only appropriates $145 million for population planning and health programs. This is $20 million below the authorized amount. Last August I attended the World Population Conference in Bucharest. One hundred and thirty-six nations agreed there on a world population plan of action.

I think it would be unconscionable for us to move backward and regress in this field, and certainly I think we should at least hold our own if not move forward.

The world population plan of action calls for greater international cooperation and support for population programs. I can personally report to my colleagues that there is greatly increased interest among government leaders from developing countries in every region of the world for population and family planning projects.

A decade ago, in 1965, less than 20 developing countries supported the provision of family planning services to their citizens. Today, over 60 developing countries support the provision of family planning services. Over three-fourths of the people of the developing world live in countries which support family planning. This is remarkable progress made in a very short time. I cannot understand why we are not appropriating the full authorized amount of $165 million for population planning and health programs. New requests from low-income countries for population projects, which are a result of the interest and enthusiasm generated at the World Population Conference, are running considerably higher than in previous years. We cannot turn back the clock. The United States took a leadership role in initiating the World Population Conference. We must continue to help those countries which ask us for assistance to initiate or to expand population and family planning projects.

The purpose of this amendment is simply to provide that of the amount provided for under section 203, not less than $20 million shall be available solely for grants to carry out the program and purposes of section 291. I think there are $260 million available. This amendment would earmark $20 million of that which would then bring our amount for population planning and health up to the full authorized amount, and carry out a program which, I think, we all feel is absolutely essential. If we are to arrest the trend toward constant assistance, constant food aid to a global population that is increasing so fast that we simply cannot keep up with it, we must do all we can to assist the nations of the world that have now agreed to meet this crisis head on through population planning.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. PERCY. Yes.

Mr. BROOKE. Mr. President, I think this is a good amendment. It does not add additional money to the bill, and I hope that our distinguished chairman will accept it.

Mr. INOUYE. As noted, Mr. President, this is just earmarking action. It does not add anything to the appropriation bill, and the committee is prepared to accept this.

We yield back the remainder of our time.

Mr. HUMPHREY. Mr. President, will the Senator yield? Is it earmarked or reflowed?

Mr. INOUYE. It is earmarked.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment was agreed to.

THE AMERICAN UNIVERSITY AT BEIRUT

Mr. PERCY. Mr. President, I wish to express my great disappointment at the smaller amount placed in this bill for the American University at Beirut.

This university has had a tremendous impact throughout the Middle East, and I certainly hope in conference the Senate conferees would yield to the House, and appropriate the full amount that the House has allowed. If the conferees would so do, this Senator, from his firsthand experience, would testify to the outstanding nature of the university, the great work that it is doing in the Middle East to bring peace and understanding in that very troubled part of the world.

I thank my distinguished colleague.

Mr. HUMPHREY. Mr. President, is there any time on the bill or must I offer an amendment to get time?

The PRESIDING OFFICER. There is time on the bill. Otherwise the Senator from Minnesota will have to offer an amendment.

Mr. HUMPHREY. Mr. President, I offer an amendment, on page 16, line 8, change the figure "$8,420,000" to "$9,000,000."

The PRESIDING OFFICER. Would the Senator please send his amendment to the desk?

Mr. HUMPHREY. I do not have it written out, Mr. President. I will be glad to do it if somebody will give me a piece of paper.

I offer the amendment. It is printed here in the legislation before us, and my colleagues know where it is. It is in line 8, page 16, $8,420,000.

I offer an amendment to increase it to $9,000,000.

The PRESIDING OFFICER. The Senator has 10 minutes. Could the Senator reduce it to writing?

Mr. HUMPHREY. It will be reduced to writing and sent to the desk promptly.

May I start on my 10 minutes.

The PRESIDING OFFICER. The Senator is beginning his time.

Mr. HUMPHREY. I thank the Chair.

Mr. President, I offer this amendment to get some explanation from the manager of the bill. I have had a number of messages and telegrams from voluntary agencies representing the Committee on Migration and Refugee Affairs of the American Council of Voluntary Agencies for Foreign Service.

They have drawn my attention in a rather urgent and definitive manner to some of their concerns about the appropriation for the Office of Refugee Affairs of the State Department.

The amount that was originally requested has been reduced and I notice here that the House figure, $9,420,000, has been reduced by $1 million to $8,420,000.

I would like to just ask the distinguished chairman of the subcommittee, what is the rationale for this in light of the plea that is being made by these organizations that have this heavy responsibility dealing with refugees and migration; would the Senator care to give me his comment on that?

Mr. INOUYE. I would be very happy, sir.

In studying the refugee and migration program, we noted that the Intergovernmental Committee for European Migration, usually called ICEM——

Mr. HUMPHREY. Yes.

Mr. INOUYE (continuing). Was formally established in October 1953, at a time when many European countries were in the last stages of recovery from the devastation of the Second World War.

As the Senator will recall, many thousands fled from Eastern Europe to the West and it presented a problem of surplus population in Western Europe.

At that time, it was decided that this movement from the East to the West created a problem of such magnitude as to present a serious obstacle to economic viability and cooperation in Europe.

One of the motive forces for the creation of ICEM was the orderly emigration of people within Europe and from Europe to the developing countries where their skills could be used.

It was firmly believed, again in the words of ICEM's constitution, that the international financing of European migration should contribute not only to solving the problem of population in Europe, but also stimulate the creation of new economic opportunities in the countries lacking manpower.

In the 25 years of ICEM's history, the United States has been a major contributor to ICEM programs, particularly the Latin American program which supports the immigration of Europeans to Latin America and our support in this program at times has exceeded 60 percent of the total contributions.

Now, as ICEM's constitution stated in 1953, if the Senator from Minnesota is interested——

Mr. HUMPHREY. Yes.

Mr. INOUYE. It was to send Europeans to developing countries in Latin America.

Mr. HUMPHREY. Very right.

Mr. INOUYE. So that their skills could be used to assist these developing countries and to improve their economies.

Well, it just happens that most of the emigrants leaving Europe to go to the developing countries have not gone to the developing countries. Instead, they have gone to the developed countries.

Argentina, for example, is a highly developed country. From 1952 to 1974, 120,997 Europeans migrated there. Venezuela, a developed and wealthy country, had 73,700 Europeans immigrants.

In those countries where they need the talent, such as Bolivia, only 1,229 Europeans immigrated; Paraguay—no one seems to want to go there—just 1,036; and I believe last year in Paraguay less than 20 immigrants.

So it was felt that we should express our concern in our committee report and also in the bill to the effect that we did not feel the funds were being properly used.

Naturally, this will be in conference because this is less than the House figure.

Mr. HUMPHREY. Yes.

Mr. INOUYE. But much as I support these immigration and refugee programs, I would like to see that taxpayers' moneys are efficiently and properly used and we did not feel that they were being used in carrying out the original intent of 1953.

Mr. HUMPHREY. I want to thank the distinguished chairman.

I offered the amendment, Mr. President, because under the time constraints it was the only way I felt we could get a discussion of this.

The organizations that have wired me and have been in touch with me are the American Fund for Czechoslovakian Refugees, Church World Service, International Rescue Committee, Lutheran Immigration and Refugee Service, Migration and Refugee Services, U.S. Catholic Conference, Tolstoy Foundation, and the United Hias Service, representing people of Jewish faith, and they were all very concerned over these substantial costs—over these costs, I do not think it is that substantial.

Mr. President, I ask unanimous consent that the telegram be printed in the RECORD.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

TELEGRAM TO ALL SENATORS—MARCH 19, 1975

The undersigned voluntary agencies' representatives of the Committee on Migration and Refugee Affairs of the American Council of Voluntary Agencies for Foreign Service urgently draw your attention to the following appropriations reported out by the Senate Committee on Appropriations:

1. The budget for the Office of Refugee Affairs of the State Department for $9.47 million was reduced in committee by $1,050,000. We draw your attention to our expressed conviction that State's budget request ($9.47 million) was from $8–10 million under the sum required for minimum effectiveness in handling the continual flow of refugees. The Senate Committee's recommendation, we believe, is totally out of proportion to the need. The Latin American manpower program was reportedly deleted in committee. Thus would only undo decades of work for achieving the flow of skilled immigrants so desperately needed in that area of the world.

2. The reduction of the grant of $40 million to Israel for the resettlement of Soviet refugees to Israel and other areas to $25 million is inconsistent with the encouragement we as a people have given these refugees to emigrate if that is their desire. We urgently request that this amount be restored by the full Senate to $40 million.

Signed:

The American Fund for Czechoslovakian Refugees, Jan Papanek, President.

Church World Service, Immigration and Refugee Program, John Schauer, Director.

International Rescue Committee, Charles Sternberg, Executive Director.

Lutheran Immigration and Refugee Service, Donald E. Anderson, Director.

Migration and Refugee Services, U.S. Catholic Conference, John E. McCarthy, Director.

Tolstoy Foundation, Tatiana Schaufuss, Executive Vice President.

United Hias Service, Gaynor I. Jacobson, Executive Vice President.

Mr. HUMPHREY. Am I correct, Senator, that the Latin America manpower program is not deleted, it is simply reduced?

Mr. INOUYE. The Senator is correct, sir.

Mr. HUMPHREY. Finally, might I just ask this question in reference to the reduction of the grant of $40 million to Israel for the resettlement of Soviet refugees in another area to $25 million, what is the rationale behind the committee's decision there?

Mr. INOUYE. First of all, since the authorization was made it has come to our attention that the numbers leaving the Soviet Union for Israel have dropped, and actually it is almost cut in half. So we felt the $25 million was more than sufficient.

Second, I think it is well that this Congress make a very thorough study of the whole refugee problem. There are Cambodian refugees, there are Palestinian refugees, there are Jewish refugees, there are refugees from many lands.

It may interest the Senator to know that we are spending something like $5 per refugee in Cambodia, moving from one village to another, providing food and a simple shelter. We are providing something in the neighborhood of $18 per Palestinian refugee.

Mr. HUMPHREY. Yes.

Mr. INOUYE. There is not much transportation involved.

For the Soviet refugee leaving the Soviet Union and going to Israel, we are spending slightly more than a thousand dollars.

Mr. HUMPHREY. Well, Senator——

Mr. INOUYE. There is a lot of difference and I think this is deserving of very serious consideration. We felt that the $40 million requested was a bit too heavy at this time when one considers our economy and we felt $25 million would be more than sufficient.

Mr. HUMPHREY. I thank the Senator for his explanation.

I felt that this record ought to have that explanation because of the concern expressed by a number of agencies, or voluntary agencies.

I might ask the Senator, if the situation does develop, particularly in reference to Soviet refugees, a larger migration, which, of course, is the hope expressed by this Congress in a number of resolutions, would the Senator feel sympathetic toward a supplemental appropriation request?

Mr. INOUYE. Certainly.

Mr. HUMPHREY. I think that is the assurance we need.

Let me just conclude my comment on this by joining with the Senator from Illinois (Mr. PERCY) in the hope that the funds for American schools overseas, particularly the universities and the technical schools and colleges that we have sponsored, be maintained at the House figure.

I regret to see the Senate figure as low as it is. I have had a chance to talk with some of the Members in the other body, and they feel rather adamant about it. My experience with House Members is when they are adamant they are adamant. That is very reassuring in this. I want it clear, only in this instance.

That has been a good program. The American university in Beirut, and the other great colleges we have had, the technical schools, I think have been the better part of our foreign aid program. That and our food program are very, very good.

I thank the Senator from Hawaii.

The PRESIDING OFFICER. Does the Senator withdraw his amendment?

Mr. HUMPHREY. I do withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn. The bill is open to further amendment.

Mr. MANSFIELD. A third reading.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. Do the Senators yield back their time?

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, because of arrangements which have been made for a swearing-in ceremony at 5 o'clock this afternoon, I ask unanimous consent to call up the three ERDA nominations pending at the desk, which were reported earlier today.

The PRESIDING OFFICER. Without objection, it is so ordered.

ENERGY RESEARCH AND DEVELOPMENT

The assistant legislative clerk read the nomination of Robert W. Fri, of Maryland, to be Deputy Administrator; James L. Liverman, of Maryland, to be Assistant Administrator, and John M. Teem, of Connecticut, to be Assistant Administrator, reported from the Committee on Interior and Insular Affairs and the Joint Committee on Atomic Energy.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered, and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. **MANSFIELD.** Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS ACT, 1975

The Senate continued with the consideration of the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

Mr. **INOUYE.** I ask on final passage, Mr. President, that the yeas and nays be ordered.

The **PRESIDING OFFICER.** Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The **PRESIDING OFFICER.** The Senator from Virginia.

Mr. **HARRY F. BYRD, JR.** Mr. President, I shall be brief.

Mr. President, I shall vote against the pending foreign aid legislation.

It is a $3.9 billion bill.

Of course, this does not represent the total foreign aid given by the United States to other countries.

The total bill for fiscal year 1975 will be, in round figures, $9 billion. That is approximately the same amount that has been given to foreign countries in fiscal 1973 and fiscal 1974.

It is significant to me that there is never any reduction—never any reduction—in the total amount of foreign aid which the American taxpayers are asked to contribute to other nations.

I want to pay tribute to the chairman of the subcommittee which handled this legislation, and I want to commend him. It was his spearheading of the drive that presented to the Senate the most comprehensive report dealing with our foreign aid commitments, past and present.

At a later time in my comments this afternoon I shall ask that certain pages from this report be printed in the RECORD following my remarks.

Mr. **BROOKE.** Mr. President, may we have order?

The **PRESIDING OFFICER.** The Senate will be in order.

Mr. **HARRY F. BYRD, JR.** Mr. President, this report makes clear the tremendous sums of U.S. tax funds that have been sent overseas. The disturbing aspect is the continuation of the vast foreign aid programs.

The total foreign aid figure of $9 billion which I mentioned does not include the Export-Import Bank. If those figures are included—and, frankly, I am not certain that they should be—then the total foreign aid bill to the people of the United States for fiscal 1975, the fiscal year ending June 30, 1975, will be $15 billion.

While I am not sure that the Export-Import Bank figures should be added as a total cost of foreign aid, I will point out that the more the Export-Import Bank goes into the money markets to borrow the funds to give to other countries or to lend to other countries at low-interest rates, the greater the pressure is on the interest rates; the greater the competition for a limited amount of money available.

I submit that the foreign aid program—and the Export-Import Bank program, for that matter—plays an important part in the high-interest rates which this Nation is suffering from today.

The more the Government goes into the money markets for funds, the greater the competition there is for money and the higher the interest rates will be.

I have concluded that I cannot support this foreign aid bill of $3.9 billion on which the Senate will vote in a few moments.

I point out again that that is not the total of the amount of foreign assistance which the United States gives to other countries. The transfer of U.S. resources to foreign nations in this fiscal year will be, in round figures, $9 billion, not including the loans from the Export-Import Bank.

Mr. **BROOKE.** Will the Senator yield?

Mr. **HARRY F. BYRD, JR.** I yield to the Senator from Massachusetts.

Mr. **BROOKE.** I think the distinguished Senator from Virginia has made a worthwhile point. However, I would like to point out, without debating this subject, that even though the money figures, the dollar figures, are relatively the same between the 1974 fiscal appropriation and 1975, inflation has hit foreign aid as it has hit everything else. So actually in constant dollar purchaseing value the committee bill is beneath the 1974 fiscal year appropriations. I am sure the Senator from Virginia recognizes the inflation that is built into every bill. We tried to keep the bill at the same constant dollar level. As a matter of fact, we are practically at the same dollar level if special assistance to Israel is factored out for purposes of comparison. With inflation, I suggest to the Senator from Virginia that we are actually below the 1974 fiscal year appropriation level.

Mr. **HARRY F. BYRD, JR.** I thank the Senator.

Mr. **HUMPHREY.** Will the Senator yield for one clarification?

Mr. **HARRY F. BYRD, JR.** Yes.

Mr. **HUMPHREY.** Did I understand the Senator from Massachusetts to say the fiscal 1974 appropriations were about the same as appears to be the fiscal 1975?

Mr. **INOUYE.** In constant dollars.

Mr. **BROOKE.** When adjusted for the money to Israel.

Mr. **HUMPHREY.** With the $2 billion out.

Mr. **BROOKE.** That is correct assuming one also factors out for purposes of comparison security supporting assistace for Israel in this year's bill in excess of the amount provided that country last year from the same account.

Mr. **HUMPHREY.** So, really, what the Senator is saying is that without the money for Israel, it is about the same, except for the fact that with the foreign aid program, the items that are included have been the victim of inflation.

Mr. **BROOKE.** Yes.

Mr. **HUMPHREY.** For example, fertilizer, which is a large segment of the food and nutrition program, has gone up 300 percent, not 14 percent.

Mr. **BROOKE.** That is correct. And other items have been subjected to incredible inflation as well.

Mr. **BROCK.** Mr. President, will the Senator yield?

Mr. **HARRY F. BYRD, JR.** I yield.

Mr. **BROCK.** The Senator used the figure of $3.9 billion for this bill, plus about $5 billion, to take it to a total of $9 billion. Where did the Senator get the $5 billion?

Mr. **HARRY F. BYRD, JR.** On page 5 of the committee report, at the top of the page, are two figures—one entitled "Security Assistance" of $3.9 billion, and another, "Development and Humanitarian Assistance," of $4.9 billion, making a total of $8.8 billion.

Mr. **BROCK.** I thought that was the case. The Senator does not include, then, the administration's request for $7-plus billion to contribute to the financial safety net for European and other industrial nations that might be impacted by the economic disadvantage coming from the oil situation.

Mr. **HARRY F. BYRD, JR.** The chairman of the committee could answer that better. I doubt that that figure would be included in the figures in the committee report.

Mr. **INOUYE.** That amount is not included in this bill.

The Senator from Virginia is attempting to advise the Senate that this bill is not the total foreign aid package. For example, for the United Nations, there are operation costs. That amount is in the State-Justice appropriation bill. It is not in this bill. For example, we have Public Law 480, the Food for Peace program, which should be a foreign aid program, but that is in the Department of Agriculture.

Mr. **BROCK.** That would come under the development and humanitarian assistance section on page 5, as part of the $4.8 billion.

Mr. **INOUYE.** Yes.

Mr. **BROCK.** What I was trying to point out is that the $9 billion that the Senator mentioned may be considerably under the actual expenditures, if we were to fulfill the President's proposed commitment with regard to the financial safety net, as it was described, and if the Export-Import Bank, for example, does, as the Senator mentioned, go into the marketplace to a considerable degree.

I think it might be interesting for the Senator to consider, for example, whether or not the Export-Import Bank should not borrow some of its money from other sources. The Senator from Virginia might like to explore with me the possibility of letting them borrow money for the export of American products from OPEC nations or the Eurodollar market. It might be interesting for the American people to take that financial burden off our market.

The Senator is correct that whether

or not that figure is in the budget, when the Export-Import Bank goes to the marketplace, they are competing with the housewife who buys a refrigerator, with the worker who buys a car, or with the family who buys a home. All of us, in terms of higher interest rates, enter the consumer marketplace, and that is something I do not think we have discussed adequately in this body.

I appreciate the Senator's statement. I associate myself with him, and I intend to follow his example with regard to the bill itself, because I cannot support a bill of this magnitude, with the financial duress this Nation now faces.

Mr. HARRY F. BYRD, JR. I thank the able Senator from Tennessee. I think he raises very good points in his comments.

I believe, as does the Senator from Tennessee, that these figures may not in the end represent the total foreign aid commitments of the United States.

The Senator from Hawaii mentioned the United Nations. I wish to make just a few comments on that and then conclude my remarks.

As the Senator from Hawaii pointed out, this bill includes about $177 million for United Nations. But that is not the total U.S. contribution, by any means. Part of the U.S. contributions to the United Nations is in the State Department appropriation bill. The debate this morning brought out that the operating cost to the United States for the United Nations is in the neighborhood of $61 million.

With regard to the United Nations, I point out, also, that the United Nations staff now enjoys an average take-home pay nearly 40 percent higher than that of the U.S. Federal employees.

A middle-level married United Nations employee in New York City, for example, has a take-home pay of up to $25,639, compared to $18,911 for a U.S. Federal worker with the same civil service grade.

I hope that Congress will give that matter some consideration when it next is called upon to appropriate funds.

Mr. President, I ask unanimous consent to have printed in the RECORD pages 4, 5, 10, 11, and 12 of the committee report.

There being no objection, the pages were ordered to be printed in the RECORD, as follows:

BILL TOTALS

A total of $3,864,346,982 in new obligational authority is recommended for the programs and agencies included in this bill. This total compares to $5,830,709,000 appropriated in fiscal year 1974, $5,946,460,909 in amended budget estimates for the current year, and $3,498,420,000 included in the House bill.

A NEW LOOK AT THE SIZE AND DIMENSIONS OF UNITED STATES FOREIGN ASSISTANCE

Since the end of World War II the people of the United States have shouldered a foreign assistance burden whose true dimensions have never been fully understood or recognized. In the past, an unnecessary fragmentation of U.S. foreign assistance has been the source of much confusion and has led many to charge that the United States is doing less than its fair share in responding to the needs of the world's less fortunate nations.

This misunderstanding of the true dimensions of U.S. foreign assistance is occasioned by two separate but related factors. First, much of the confusion arises from the fact that major components of U.S. foreign assistance are considered in several different authorization and appropriations bills. In annual budget presentations, the multitude of agencies and departments which administer foreign assistance programs quite naturally justify only their part of the total program, often neglecting its relation to the whole. This separate and selective justification of individual programs frequently blinds the Congress and the American public to the totality of foreign assistance.[1]

For this reason, this Committee has, over the past two years, argued for an integrated approach to U.S. foreign assistance. In pursuit of this end, and to better inform the Congress and the people, this Committee has adopted the practice of requesting from the agencies concerned a comprehensive table of all transfers of U.S. resources—from whatever source and however funded—by year and by country. Even though there is evidence that some estimates have been understated, this integrated approach has been of inestimable value in advancing the recognition of the totality of U.S. foreign assistance and of how it is distributed.

Table 1 which presents summary information based on actual fiscal year 1973 figures, estimated fiscal year 1974 figures and projected fiscal year 1975 figures is a reflection of that totality.[2]

TABLE I.—TRANSFER OF U.S. RESOURCES TO FOREIGN NATIONS

	Fiscal year—		
	1973 (actual)	1974 (estimated)	1975 (projected)
Security assistance	$5,492,936,000	$5,215,554,000	$3,963,494,000
Development and humanitarian assistance	3,464,367,000	4,033,303,000	4,862,802,000
Grand total foreign assistance	8,957,303,000	9,248,857,000	8,826,296,000
Export-Import Bank	4,328,187,000	5,250,877,000	6,413,328,000
Total (including Export-Import Bank)	13,285,490,000	14,499,734,000	15,239,624,000

The original fiscal year 1975 request for funding of programs administered by the Agency for International Development is $2.8 billion. By way of contrast, if all U.S. foreign assistance projected for fiscal year 1975—from whatever source and however funded—is totaled, the request becomes $8.8 billion. The presence of a gap of this size is indicative of the problem we address. It also underscores the need for an integrated approach to foreign assistance—one which recognizes the very real burden which the American people are called upon to bear in order to assist their less fortunate friends and neighbors overseas.

When viewed from the perspective of this integrated approach, the amount of assistance provided by the United States over the past thirty years assumes a magnitude heretofore unseen. Through 1973 the U.S. has provided over $194 billion in a vast program of foreign assistance which has directly benefited most of the nations of the world. (See the following section of this report entitled "Historical Totals of U.S. Economic and Military Assistance.") The United States response to the challenge of disease and despair facing the needy peoples of the world is, and of rights should be, a source of wholesome pride to the American people.

Nonetheless, there are those who, perhaps overzealous in their urge to have the United States substantially increase individual portions of its foreign assistance, denegrate this unflagging generosity by unfavorable comparisons to the efforts made by others in certain specified but limited areas of assistance.

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HISTORICAL UNITED STATES FOREIGN ASSISTANCE[1]

SUMMARY FOR ALL COUNTRIES

Total, Economic and Military Assistance, FY 1946–1973	$163,694,600,000
Total, Other U.S. Loans and Grants, FY 1946–1973	21,361,000,000
Estimated total, Foreign Assistance, FY 1974	[2] 9,248,857,000
Grand total, U.S., Foreign Assistance, FY 1946–1974	[3] 194,304,457,000

Footnotes at end of article.

I. DETAILS FOR LESS DEVELOPED COUNTRIES BY REGION AND COUNTRY (FY 1946–73)[4]

A. Near East and South Asia (total)	$33,535,800,000
Afghanistan	454,000,000
Bangladesh	446,700,000
Cyprus	28,400,000
Egypt	866,800,000
Greece	4,181,800,000
India	8,895,700,000
Iran	2,128,900,000
Iraq	93,300,000
Iran	2,128,900,000
Israel[5]	2,677,400,000
Jordan	973,500,000
Lebanon	145,800,000
Nepal	193,600,000
Pakistan	4,890,100,000
Saudi Arabia	326,500,000
Sri Lanka	208,100,000
Syria	61,400,000
Turkey	6,438,900,000
Yemen Arab Republic	45,900,000
Yemen, Democratic Republic of	2,900,000
Central Treaty Organization	52,400,000
Near East and South Asia Regional	423,800,000
B. Latin America (total)	13,572,000,000
Argentina	372,000,000
Bahamas	300,000
Barbados	1,000,000
Belize	6,600,000
Bolivia	609,500,000
Brazil	2,845,100,000
Chile	1,100,400,000
Colombia	1,427,700,000
Costa Rica	189,600,000
Cuba	16,400,000
Dominican Republic	503,900,000
Ecuador	342,400,000
El Salvador	151,600,000

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[1] Major foreign assistance programs proposed for fiscal year 1975 which are not funded in this bill include the following: Military Assistance Service Funded ($1,450,000,000), Public Law 480 ($995,928,000); Excess Defense Articles ($150,000,000); Pan-American Highway ($35,000,000). For a more comprehensive listing see Appendix I of the Committee's fiscal year 1975 hearings beginning on page 1403.

[2] A more comprehensive table, presenting actual fiscal year 1973 figures, estimated fiscal year 1974 figures, and projected fiscal year 1975 figures by country and by region, is presented in detail as Appendix I of the Committee's fiscal year 1975 hearings beginning on page 1403.

I. DETAILS FOR LESS DEVELOPED COUNTRIES BY REGION AND COUNTRY—Continued

B. Latin America—Continued	
Guatemala	323,300,000
Guyana	80,300,000
Haiti	110,500,000
Honduras	141,800,000
Jamaica	86,700,000
Mexico	297,500,000
Nicaragua	207,200,000
Panama	288,800,000
Paraguay	160,700,000
Peru	565,000,000
Surinam	5,800,000
Trinidad and Tobago	40,200,000
Uruguay	207,700,000
Venezuela	329,300,000
Other West Indies	11,600,000
ROCAP	246,700,000
East Caribbean Regional	32,800,000
Latin America Regional	2,870,000,000
C. East Asia (total)	50,061,900,000
Burma	184,900,000
Cambodia	1,090,100,000
China, Republic of	5,611,600,000
Hong Kong	43,800,000
Indochina, Undistributed	1,542,500,000
Indonesia	1,881,600,000
Korea	11,592,600,000
Laos	2,153,100,000
Malaysia	109,000,000
Philippines	2,292,100,000
Ryukyu Islands	413,700,000
Singapore	23,400,000
Thailand	1,798,400,000
Vietnam	20,916,800,000
Western Samoa	3,300,000
East Asia Regional	404,100,000
D. Africa (total)	5,377,500,000
Algeria	180,400,000
Botswana	30,900,000
Burundi	10,000,000
Cameroon	32,800,000
Central African Republic	6,400,000
Chad	11,100,000
Congo (Brazzaville)	4,900,000
Dahomey	14,600,000
Ethiopia	478,000,000
Gabon	7,600,000
Gambia, The	5,200,000
Ghana	279,300,000
Guinea	100,700,000
Ivory Coast	34,000,000
Kenya	98,000,000
Lesotho	15,400,000
Liberia	223,700,000
Libya	228,000,000
Malagasy Republic	15,600,000
Malawi	30,300,000
Mali, Republic of	36,100,000
Mauritania	7,800,000
Mauritius	9,700,000
Morocco	918,000,000
Niger	25,900,000
Nigeria	403,900,000
Rwanda	8,300,000
Senegal	43,200,000
Seychelles	500,000
Sierra Leone	42,100,000
Somali Republic	77,100,000
Southern Rhodesia	7,000,000
Sudan	115,300,000
Swaziland	6,600,000
Tanzania	86,000,000
Togo	20,700,000
Tunisia	787,700,000
Uganda	43,000,000
Upper Volta	25,200,000
Zaire	496,500,000
Zambia	33,600,000
Central and West African Regional	73,100,000
East African Regional	33,700,000
Southern Africa Regional	39,400,000
Africa Regional	230,200,000
E. Europe (total)	4,637,200,000
Malta	33,300,000
Spain	1,856,500,000
Yugoslavia	$2,747,100,000
F. Oceania (total)	464,100,000
Papau & New Guinea	300,000
Trust Territory of the Pacific Isles	455,500,000
Other Oceania	8,300,000
G. Interregional (total)	10,859,200,000

FOOTNOTES

[1] Basic data (FY 1946–1973) taken from U.S. Overseas Loans and Grants as compiled by the Agency for International Development. See this publication for explanation and detail. Summary totals may differ slightly due to the use of full numbers. Detailed country totals for fiscal year 1974 were not available at time of printing.

[2] Reflects Committee estimates of total resource transfers.

[3] Does not reflect repayments and interest of $14,992,000,000 for Economic and Military Assistance or $13,658,000,000 in repayments and interests for other U.S. Loans and Grants.

[4] In developing its list of "less developed countries" the Agency for International Development has accepted the criteria used by the Development Assistance Committee of the Organization for Economic Corporation and Development in compiling its statistics on the flow of financial resources. As indicated in the preceding text, the Committee finds this criteria inadequate.

[5] Estimated assistance to Israel in fiscal year 1974 is $2,581,500,000. Total estimated assistance for fiscal years 1946–1974 is $5,258,900,000.

II. DETAIL FOR DEVELOPED COUNTRIES BY REGION AND COUNTRY

A. Europe (total)	$38,030,800,000
Albania	20,400,000
Austria	1,251,000,000
Belgium-Luxembourg	1,853,100,000
Czechoslovakia	193,000,000
Denmark	907,900,000
East Germany	800,000
Finland	56,900,000
France	8,273,500,000
Germany (Federal Republic)	4,979,800,000
Berlin	131,900,000
Hungary	32,700,000
Iceland	82,400,000
Ireland	146,500,000
Italy	5,688,800,000
Netherlands	2,282,800,000
Norway	1,216,100,000
Poland	539,300,000
Portugal	504,700,000
Romania	9,700,000
Sweden	109,000,000
United Kingdom	8,730,900,000
U.S.S.R	186,400,000
Europe Regional	833,000,000
B. East Asia (total)	3,834,200,000
Japan	3,834,200,000
C. Africa (total)	1,300,000
Republic of South Africa	1,300,000
D. Canada (total)	30,600,000
E. Oceania (total)	139,300,000
Australia	130,700,000
New Zealand	8,600,000
F. Interregional (total)	3,150,700,000

Mr. HUMPHREY. Mr. President, will the Senator from Hawaii yield me 3 minutes on the bill?

Mr. INOUYE. I have no time remaining.

Mr. HUMPHREY. Does the Senator from Virginia have time?

Mr. HARRY F. BYRD, JR. I yield 3 minutes to the Senator.

Mr. HUMPHREY. I thank the Senator from Virginia.

Mr. President, I know the deep concern of the Senator from Virginia over the expenditures for foreign assistance. That concern, I am certain, reflects much of the attitude of the American public as well as the Congress of the United States.

As one who has been priviliged to handle the foreign aid authorization bill on the floor of the Senate, I believe we have been making genuine progress in tightening up on our foreign aid program, in its administration particularly, and in a sensible systematic reduction of amounts that are programmed for foreign assistance.

For example, in the Foreign Assistance Act of 1974, which would carry us through up to June 30, 1975, the overall reduction from the administration's request was 20 percent. No other budget request had that amount of reduction in this body.

Second, on military aid, we reduced it 50 percent. That is a substantial reduction. Indochina aid was reduced by 40 percent.

So I just want to indicate that progress has been made. The Committee on Foreign Relations has set up a Foreign Assistance Subcommittee with legislative jurisdiction and with legislative oversight. One of the duties of that subcommittee will be to hold intensive and exhaustive hearings on the entire subject of foreign assistance, in terms of programs and policies.

I have just spoken to the able and distinguished Senator from Hawaii, who handles the foreign assistance appropriations. We will cooperate. We shall work together, particularly in this year, to go over these programs item by item. We are indebted to the Senator from Hawaii and his subcommittee for meticulous investigation into these foreign assistance projects. I merely wanted the RECORD to be clear.

One other point that should be made is that oftentimes there is a difference between what is in an authorization act in a particular year and what actually comes to the subcommittee on foreign assistance appropriations. For example, in the appropriation bill before the Senate, there is $750 million, I think, for international financial institutions. That was not in the authorization act of 1974. So that the authorization bill sometimes is different from the appropriation bill. That authorization was made 2 years ago for IDA, for example, the International Development Administration.

I have nothing else to say except that I believe that we have had a very constructive debate here, a sensible and responsible discussion of foreign assistance. We have an obligation in this area and we need to perform it with prudence and with care.

Mr. WILLIAM L. SCOTT. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to the distinguished junior Senator from Virginia.

Mr. WILLIAM L. SCOTT. I wish to commend my distinguished senior colleague for the comment he has made with regard to this foreign assistance appropriations bill for this year. I share his concern about what H. R. Gross, in the House of Representatives, always called the foreign giveaway bill. I feel that a time must come when we quit this broad-brush foreign aid program, reserving our aid to individual nations for individual reasons, rather than just having funds in it for so many nations of the world.

I inquire if the distinguished Senator made any mention of a $7 billion item that is in the budget for the next fiscal year that has to do with helping nations throughout the world with their energy problems. Was that mentioned?

Mr. HARRY F. BYRD, JR. No, I say to my distinguished colleague from Virginia, that was not mentioned and that is not involved in the figures that I cited today.

If and when appropriations for that purpose are made, then, of course, the cost of foreign assistance and the transfer of U.S. resources to foreign nations will be greatly increased.

Mr. WILLIAM L. SCOTT. If the Senator will yield further, the only reason I mention it—and of course, he is correct; that is not for this fiscal year. It seems to me that it shows a trend, insofar as our Government is concerned, to not being, in my opinion, as careful about our domestic economy as the administration might well be and being more concerned, oftentimes, with the welfare of other nations of the world.

As I understand it, having read from the budget request, it would set up some sort of international office funded by $25 billion, of which this country would contribute $7 billion. I think it is like some of these other international banks: we put the money in and somebody else draws it out. So we would put in $7 billion and if such an institution is established, I doubt very much that this country, for energy needs, would get anywhere near the amount of money it puts in.

I think, once again, that the distinguished Senator is to be commended for the statements he has made, but there are other things that, even in his research, he may have omitted. There are some facets to this where the Federal Government is putting out money to other nations. I think that at some time, we must start thinking about the welfare of this country and put it ahead of the international welfare program.

Mr. HARRY F. BYRD, JR. My distinguished colleague, in my judgment, is so right. We have tremendous problems in the United States.

As a matter of fact, I doubt if the treasury of any other nation is in as bad shape as is the Treasury of the United States.

When we appropriate this $3.9 billion, as we plan to do in just a few moments, we do not have that money now. We have to go out and borrow that money in order to give it away. With regard to the $7 billion that my able colleague from Virginia mentioned, if and when it comes to appropriating that, we shall have to borrow it in order to give it away.

I think my colleague from Virginia has made an excellent point and I hope that the administration, when it sends up its new budget, will begin to reduce it sharply.

Mr. WILLIAM L. SCOTT. If the Senator will yield briefly further, I saw a paper that was put on the desks of the individual Senators, at least on this side of the aisle, speaking of the commitment of the American people. Mr. President, all the surveys that I have seen indicate that the American people are not committed to foreign aid. It is the administration, and perhaps it is the Senate and the House of Representatives that are committing the people, rather than the people themselves. There is no more unpopular program that we consider than this foreign aid program. I do not have the slightest intention of voting for it. I never have voted for it since I have been in Congress. I doubt that I ever will.

I thank the Senator again for yielding.

Mr. HARRY F. BYRD, JR. I thank my colleague for his remarks. Just one last word and I shall yield the floor.

The distinguished Senator from Minnesota mentioned the international organizations. There again, we have poured and are still pouring hundreds of millions of dollars into these international financial institutions. The Senator from Minnesota mentioned a figure of $750 million for this year. There again, the United States is going into the money markets to borrow that money at high interest rates in order to turn it over to the international financial institutions, which, in turn, lend those funds to other nations at very low interest rates.

Mr. MONTOYA. Mr. President, today we are considering the expenditure of taxpayer dollars overseas in other countries. As I have for several years, I will vote against this bill.

I want to make it clear that my vote does not indicate neoisolation, as the President has suggested is true of those who oppose foreign aid. It does not mean that I am unaware of the humanitarian needs of the poor in underdeveloped countries. It does not mean that I would willingly refuse to help an ally, or that I believe we live in the world alone.

My vote, Mr. President, is very easily explained. The people of my State are understandably confused by this foreign assistance bill, as they have been for several years. I am unable to explain this bill to them in a way which it is possible for them to understand. There are too many unexplained expenditures in this bill—taxpayer dollars which go into funds with fine sounding names, but very foggy purposes.

I believe that the same questions which are being asked about the expenditure of tax dollars for Federal domestic programs must be asked about money we spend abroad. I believe that no money should be appropriated until we have clear and understandable answers to those questions.

Unfortunately, it has been many years since that has been possible in regard to foreign aid.

What are those questions? As a member of the Appropriations Committee I have asked the same kind of question many times, over the years, about various Government programs. Basically, I want to know the following:

Exactly what is the money being spent for?

Who will be the beneficiary?

Why will the spending of the Federal dollar for this particular program be of benefit to all American taxpayers?

Exactly how will this expenditure provide for a better future for this country?

Who will be responsible to report back to the Federal Government—and the taxpayer—about the spending of this money and the progress resulting from that spending?

What is the length of time of the commitment the Federal Government is making? When will the task have been completed and the taxpayer be able to stop contributing his tax dollar to this particular commitment?

That is the kind of question we have to ask about domestic spending. Sadly, it is the kind of question we have stopped asking about our foreign aid.

There are many reasons why the United States might want to spend money abroad, of course. We may need to use our tax dollars to defend the United States—by encouraging the alliance of a nation which is located in a geographical area of strategic importance to us. We may want to help in the development of a poor nation which will, if developed, become a customer for our goods. We may want, quite simply, to help a people who have been caught in a natural disaster and are in need of emergency assistance.

I believe, Mr. President, that the original stimulus for many of our foreign assistance programs began with one of those very good reasons. However, as we all know, some programs which are started for very good reasons originally seem to continue for no reason at all—but simply because they are there. That has been true for too many of our foreign aid programs. Started for one reason, they have now evolved into complicated programs which continue simply because it would be too upsetting to the status quo to discontinue them.

Let me give you an example, Mr. President. The aid which the United States has given to Arab refugee camps, through the United Nations, has continued for many years. Originally this aid was intended to be emergency aid, and was humanitarian in nature. Gradually, over the years, it has become a political keg of dynamite. It is highly questionable if we have, in the long run, really helped these people at all, although almost their entire support for many years has come from the United States. In the last few years it has become clear that, far from being grateful for our help, they have learned to hate us for it. Why, then, does the administration want us to continue that aid? The Arab nations have, for the most part, not supported those refugees in past years—not with money.

It is the American taxpayer who has kept them alive, kept them in existence, and, in the process, has unwittingly created a terrible source of unrest and threat to the peace in the Middle East.

There are many other examples we might give—even if we do not go into the ugly question of our spending in the Vietnamese war and in Southeast Asia. We have given $20 billion to India over the past years—and for such a variety of reasons and goals that it is now impossible to assess the results of that expenditure. There is no clear way to report to the American people as to why such a large amount of their money has been spent and what they purchased with that expenditure.

It is very fashionable to say that the American voter is too simple and uneducated to understand these very sophisticated and complicated foreign policy matters. I do not agree with that analysis. The American taxpayer is the man who pays—and he is perfectly capable of understanding what he is paying for.

I think our entire foreign aid program must be analyzed and rethought. I believe it is time for us to ask the really hard questions about every single dollar we spend in foreign assistance. I believe that we must begin an agonizing reappraisal of our goals in using tax dollars abroad.

If a particular foreign assistance program is designed for the strategic protection of the United States in an unfriendly or dangerous world, let us mark it as that kind of foreign assistance, and be clear about what we are doing.

If a particular foreign assistance program is designed to stimulate the development and growth of another nation for the purposes of future sales of American goods and a better balance of world trade, let us clearly understand that, and explain it in that way to the American people.

If our foreign aid assistance is needed on an emergency basis to help a group of people in desperate need, let us say so—and let us put a time limit on the aid we will give away.

Most important of all, let us be sure that we are not labeling a program as humanitarian when we really mean military—or emergency when we really mean long term.

The Constitution of the United States gives a very clear picture of how the Congress of the United States is to participate with the Executive in making foreign policy. One of our most important functions as members of the Federal Government team is to be responsible for the expenditure of money—responsible to the American people. No commitment can be made to another nation without the approval of the Congress. Certainly no money can be promised to any other nation without the agreement and approval of the Congress. We do not have the right to turn that responsibility over to the President, or to the Secretary of State, or to any military commander. We are responsible. We must begin to accept that responsibility, and to accept the parallel responsibility of explaining to the taxpayer exactly how and why we are spending his money.

If we cannot do that easily, then we must begin to wonder if we are not making a mistake.

That is why, Mr. President, I must vote against this bill today. That is why I have voted against many foreign aid bills in the past.

It is time to level with the taxpayer. It is time for the administration and the Department of State to level with the Congress. It is time to call a halt to automatic increases in foreign aid programs which have dubious goals and even more dubious records of achievement.

Let us begin to put our commitment to the American taxpayer ahead of our commitments to the rest of the world. It is time for a real explanation to the man who pays the bill.

Mr. BAYH. Mr. President, while supporting basic humanitarian assistance to deserving countries, I have felt it necessary on several recent occasions to oppose foreign aid bills which were too costly or which placed too great an emphasis on military, rather than humanitarian, assistance.

Fortunately, the bill reported from the Appropriations Committee for foreign assistance programs in the current fiscal year avoids both of these pitfalls.

First, the recommended spending level of just under $4 billion is approximately $2 billion below the fiscal 1975 budget request and the fiscal 1974 appropriation. Obviously, the Appropriations Committee showed good judgment in resisting the excessive budget request.

Second, a significant portion of the reduction from the budget request was taken in the military assistance program.

This is not to say that the bill is perfect in all respects. But it is definitely consistent with my overall view of the purpose of a limited foreign aid program. Consequently, I am prepared to support this appropriation.

While I should like to detail in a moment, Mr. President, those aspects of the appropriation that do cause me some concern, I would first like to comment on the bill in light of an address President Ford delivered earlier this week at the University of Notre Dame in South Bend, Ind.

I was present for the President's speech, and was gratified by the stress—in his prepared remarks—on the need for the United States to continue its policy of providing humanitarian assistance to needy nations. I agree with the President that this Nation cannot run the dangerous risk of neoisolationism, turning our backs on the millions of people who benefit from U.S. food, medical, and other similar aid programs. So, after listening to the President's formal remarks, I was able to express my support of the view that we should maintain a reasonable humanitarian aid program.

But subsequent to his speech the President held a press conference in which he went far beyond the high-sounding tone of his speech at the Notre Dame convocation. The President used his press conference as a platform to restate the longstanding but thoroughly discredited notion that a diverse group of Asian nations are nothing but a set of dominoes ready to topple over if Cambodia, or South Vietnam, or any other country in that part of the world would fall to Communist insurgents. The President is wrong; history has proven this theory to be invalid, and I was distressed to read that after his appropriate speech at Notre Dame the President retreated to this inappropriate theory.

That is especially so since there is ample evidence that the President revived the domino theory to bring pressure to bear on the Congress to enact his supplemental request of more than half a billion dollars in military aid to South Vietnam and Cambodia. As history has rejected the domino theory so must we reject this supplemental request which, I emphasize, is not included in the bill before us, but which the administration persists in pushing despite wide, bipartisan opposition in the Congress. To pour hundreds of millions of dollars of additional military aid into Indochina during this year is to do an injustice to the humanitarian aid programs that deserve our support.

Turning to the specifics in the bill now before us, I want to reiterate that the funding level in this appropriation is in much closer concert with our ability to provide foreign assistance than the significantly higher budget request. But there are certain provisions in the bill that do trouble me.

Foremost among my concerns is the $100 million for the Middle East special requirements fund. This money is earmarked for Syria, and I fail to understand why we are providing this money to a nation that has consistently adopted anti-American positions. In addition, Syria has proven to be a major stumbling block to our efforts to negotiate a lasting peace in the Middle East. I am pleased that the authorizing legislation does provide an opportunity for Congress to disapprove of the planned expenditure of these funds by concurrent resolution, and urge my colleagues to join with me in keeping a careful eye on the administration plans to spend this money.

I am also concerned, Mr. President, by the fact that the bill as reported from the full committee contains approximately $60 million more in assistance for rebuilding Indochina than the House bill and the subcommittee recommendation. The House figure of $440 million for this program seemed quite adequate and I do not understand the need to increase that level of funding recommended by the Senate subcommittee.

In another direction, Mr. President, I must wonder whether the bill provides adequately for food and nutrition assistance which, after all, is the most basic form of humanitarian aid. The $350 million committee recommendation is about $200 million below the budget request for this program, and it seems to me that this is one area in which too deep a cut would be inconsistent with the fundamental principles of foreign aid.

Over the years, Mr. President, I have received a great deal of objection from my constituents to overly expensive foreign aid programs, especially unnecessary military aid and wasteful programs. But this year I have received a great deal of correspondence from my constituents urging an adequate level of humanitarian aid. The attitude expressed by my constituents is consistent with the view that the President expressed earlier this week in his remarks at Notre Dame. I concur with that position and hope we will continue to view all foreign aid measures in this constructive light.

Finally, Mr. President, I want to endorse a portion of the committee report regarding the situation in the Middle East. I previously expressed my concern regarding the $100 million special requirements fund which is clearly targeted for Syria. There are in this bill substantial funds for other Middle East countries, but in weighing these appropriations the committee and the Senate have had to rely on sketchy information from the administration on the situation in the Middle East. As the committee report observes:

> In considering this appropriation, the Committee has been hampered by the considerable difficulty we have had in obtaining precise and timely information concerning "understandings" and possible agreements negotiated by the United States and various countries of the Middle East. This Committee was not privileged with consultation prior to the negotiations. Nonetheless, extensive press coverage of these "understandings" has placed the Congress and, in particular, this Committee under considerable pressure to accede to the Administration's request. Under such circumstances, much of the presentation of Security Supporting Assistance programs takes on the character of a *fait accompli*.

Mr. President, this is not the correct way to conduct the international relations of this country. I will support the bill before us. But in doing so I want to emphasize that the Congress has the right and the responsibility to require better cooperation hereafter from the administration in such crucial areas as the level of assistance for the Middle East.

Mr. BROOKE. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Senator KENNEDY which is in support of the provisions of H.R. 4592 that provides assistance to Portugal, and to the African countries that were under colonial Portuguese rule prior to April 25, 1974.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KENNEDY

I am pleased to have this opportunity to express my support for H.R. 4592, which makes appropriations for the fiscal year ending June 30 for the Foreign Assistance Act.

Last December, the Congress approved an amendment that I offered to the foreign aid bill, authorizing economic assistance for Portugal and for the Cape Verde Islands, Angola, Mozambique, Guinea Bissau, and Sao Tomé.

When the Congress approved that measure, I emphasized the need for our government to be responsive both to the democratic experiment in Portugal and to the needs of the people in the African countries that are emerging into full independence and statehood.

The progress of these African states towards full independence is complicated by poverty, illiteracy, disease, and lack of skilled manpower.

Cape Verde, for example, is physically a desolate, barren chain of islands that seems to offer little hope for the support of a viable society. Yet, Cape Verde has nurtured generations of a people whose contributions to its own culture and to that of the United States are exceptional.

Massachusetts has been the home of Cape Verdean emigrants for decades. Our whaling and fishing industries were sustained by the industrious people who came to Massachusetts from this tiny archipelago off the West Coast of Africa.

Many people left those islands to escape the restrictions they suffered under the old colonial Portuguese rule. Cape Verde is now scheduled to realize full independence on July 5 and the new island nation must depend upon other nations for vital support.

The appropriations measure before the Senate at this time includes $5 million in economic assistance for the people of Cape Verde, to help them on the long and difficult path of economic development.

Cape Verde's most important resource is its people. Yet drought, inaccessibility and Portuguese neglect stifled the development of this land and people for too many years.

When the day of independence arrives, Cape Verdeans will have the chance to chart their own future. And I hope that the United States will be a significant supporter of that effort.

Among all the nations gaining independence from Portuguese rule, Angola possesses the broadest range of economic and natural resources. Mozambique has useful and important port facilities that could serve both the countries of Southern Africa and the needs of the United States and Western Europe. Yet, the eight million citizens of Mozambique remain uneducated and untrained.

Problems of health, education and housing are the principal issues confronting Mozambique at this time. Economic assistance from our government can be an important force in developing self-sufficiency in the communities of that new nation.

Finally, I believe that showing our concern for Portugal now—at this critical time in its history—will also increase the chances that Portugal will continue its close association with the Western Alliance and this country. In particular, I believe that a positive demonstration of concern for Portugal's democratic experiment—and for its economic development will help in reinforcing Portugal's attempts to establish a free and open society for all of its people.

What Portugal did in the first months, since the overthrow of the Caetano regime last April 25, accorded with the hopes expressed over many years by many members of the Senate. We opposed the tyranny in Lisbon; we opposed continuing colonial rule. For this reason alone—that Portugal has taken actions many of us in the Senate long supported—I believe it deserves our support for democracy.

Portugal has been struggling to create democratic institutions that will lead it out of nearly five decades of repressive government. This is proving to be a difficult process for a country without a tradition of a free press, free unions, free universities, and free elections.

Events in Portugal during the past few days have troubled many observers and raised profound doubts that the democratic experiment will succeed. During this period of change and instability, we cannot know what elements will survive the struggle for power. But it is clear that with no hope of support from those who believe in democracy and personal liberties, there will be even less chance for the development of a free and independent society in the new Portugal.

I am encouraged that there are still democratic forces at work in Portugal, seeking to bring that country into the mainstream of West European political democracy, while rejecting political extremes of either the right or the left. Whether or not they will succeed will be largely determined in the coming weeks—in particular, between now and elections for the constituent assembly now scheduled for April 12th. Thus, I believe that it continues to be important for us to act now, while the issue hangs in the balance.

Perhaps in the next few weeks our worst fears will be realized, and Portugal will sink into a new tyranny. If so, then we will need to review our commitment of support for that country. The Senate—through the Appropriations Committee—will retain the authority to do so. No money will be obligated without its approval, which should be contingent upon what happens now. Yet I believe that the United States must have the flexibility to act in support of Portugal, if there continues to be any hope that the democratic experiment can succeed.

It is in this spirit—and in the spirit of supporting decolonialization—that I urge the Senate to approve aid for Portugal, and for the African states now emerging from colonial rule.

Mr. HATFIELD. Mr. President, as the Senate today considers the foreign assistance appropriation bill, I believe it vitally important that emphasis be placed on exactly how and where this money is being spent.

Despite the clear and tragic evidence that the human condition is dangerously deteriorating in impoverished areas throughout the world, despite the starvation facing hundreds of millions in underdeveloped nations, we are today confronted with a foreign aid bill which designates over half of the appropriated funds for political and military purposes.

Some $2 billion has been appropriated for such suspect programs as Indochina postwar reconstruction assistance, the Middle East special requirements fund, security supporting assistance, the military assitance program, and foreign military credit sales.

These programs are political in nature, often serving only to assist military governments in the exercise and control of their political power. Such programs have little place in a bill designed to assist in the economic and humanitarian relief of countries that have so recently been staggered by worldwide inflationary pressures.

Less than half of the moneys appropriated under this act—$1.7 billion—will be directed toward all forms of economic and humanitarian relief. This includes an appropriation level of $897 million under title I of the bill.

However, of this $897 million the Agency for International Development indicates that only 51 percent of our bilateral assistance will be sent to nations within the world's "poverty belt," where the concentration of starvation and human misery is greatest.

I join the committee in the belief that far greater emphasis should be placed in the future toward allocating these moneys to the people of these impoverished nations.

It should also be noted that the Senate has approved the level of funding for Indochina reconstruction assistance at $440 million. This $440 million is roughly equal to the amount of economic and humanitarian aid directed under title I toward all nations within the world's poverty belt.

This level of economic aid to Indochina occurs as the war in South Vietnam and Cambodia rages on.

As aid programs in the past have shown, significant economic development in the middle of a war is impossible. It is now clear that the Vietnamese economy is in a shambles, that this economic aid is used largely to promote the economic and military influence of Mr. Thieu, and that only the smallest fraction of these funds have been used in the past for humanitarian programs.

I was firmly opposed to any increase in Indochina reconstruction funds above the $440 million appropriated by the House. When the war is over, it will be time to speak of development and reconstruction. For now, our efforts must be directed toward those who lie wounded and starving as a result of the senseless and tragic continuation of this war.

Mr. President, it is my hope that a shift in the priorities of the Foreign Assistance bill toward humanitarian purposes, and away from political and military considerations, will begin to occur. Only through such a change can our foreign assistance again serve to establish America's commitment toward helping the people of the world who desperately need both our charity and wisdom.

IDA APPROPRIATIONS AND VIETNAM

Mr. McGOVERN. Mr. President, the replenishment of the World Bank has taken more than a year to move through Congress. For even longer, the executive branch has been at work to persuade IDA to allocate some of its scarce development credits to the government of Nguyen Van Thieu in Saigon. This effort is still going on and with this appropriation, IDA will at last have the funds to consider such a project.

This is a most ill-advised policy for both the United States and the World Bank. The Paris agreement holds that the PRG, the Third Force, and Thieu are to share equally in a transitional national council. For the World Bank to help one party against the others would be a grave political intrusion totally contrary to its mandate. How will other poor tropical societies react to the political allocation of these united funds? They know that no serious development is going to take place in South Vietnam until the war is over.

Nevertheless the World Bank is moving ahead. An internal IDA document, dated December 1974, projects $220 million to be allocated to Vietnam between 1975 and 1979, with the first $50 million this year. On March 7, Le Monde reported that the next meeting of the Vietnam aid consortium will be in Manila in June. This consortium now contains only the United States, Canada, and Japan. It does not pass on loan applications, but works to channel bilateral aid. Nevertheless it will give an aura of respectability to the enterprise as a whole.

Meantime, I am informed that another Bank mission has just gone to Saigon to provide an update of the Bank's January 1974 report on economic conditions and potential. Thieu's loan application sits at the World Bank, and some of its officials are at work trying to devise alternate conduits for Thieu like a Mekong Delta Committee.

There are forces and countries within the World Bank opposing such aid to Thieu. The Congress should work to assist them. The Vietnamese need peace and a socially responsible government before either bilateral or multilateral foreign aid will be able to reach and assist the poor majority.

Mr. MANSFIELD. Vote, Mr. President.

Mr. BROOKE. Vote, Mr. President.

Mr. INOUYE. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? The yeas and nays have been ordered.

Do all Senators yield back their time?

Mr. BROOKE. Yes, Mr. President; I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is, Shall the bill pass?

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Massachusetts (Mr. KENNEDY) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

The result was announced—yeas 57, nays 40, as follows:

[Rollcall Vote No. 77 Leg.]

YEAS—57

Baker
Bayh
Beall
Bentsen
Brooke
Buckley
Bumpers
Case
Chiles
Clark
Cranston
Culver
Domenici
Fong
Ford
Glenn
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Leahy
Long
Magnuson
Mathias
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Pastore
Pearson
Pell
Percy
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stevenson
Stone
Thurmond
Tower
Tunney
Williams

NAYS—40

Abourezk
Allen
Bartlett
Bellmon
Biden
Brock
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Church
Curtis
Dole
Eagleton
Eastland
Fannin
Garn
Goldwater
Gravel
Hansen
Helms
Hollings
Hruska
Laxalt
Mansfield
McClellan
McClure
Montoya
Nunn
Packwood
Proxmire
Randolph
Roth
Scott,
  William L.
Stennis
Stevens
Symington
Talmadge
Weicker
Young

NOT VOTING—2

Kennedy
Taft

So the bill (H.R. 4592) was passed.

Mr. INOUYE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. INOUYE. Mr. President, I move that the Senate insist on its amendments and request a conference with the House thereon, and that the Chair appoint——

The PRESIDING OFFICER. The Senator will suspend until we have order.

Mr. INOUYE. Mr. President, I move that the Senate insist on its amendments and request a conference with the House of Representatives on the disagreeing votes thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer appointed Mr. INOUYE, Mr. PROXMIRE, Mr. McGEE, Mr. CHILES, Mr. JOHNSTON, Mr. McCLELLAN, Mr. BROOKE, Mr. HATFIELD, Mr. MATHIAS, and Mr. YOUNG conferees on the part of the Senate.

Mr. HATFIELD. Mr. President, with regard to Indochina, let me bring one other matter to the attention of the Senate. It is my understanding that the administration has been pressuring the World Bank to approve a developmental loan to South Vietnam of about $50 million, and get the Bank committed to a long-term program of lending to the Saigon government. I view such a prospect with deep and grave concern. Such a step would cause substantial political problems for the World Bank, for it would, in effect, involve the Bank on one side of a highly political issue. This would only be injurious to the World Bank's intended purpose of remaining neutral in political disputes, and focusing their efforts purely on assisting the needs of people.

From a purely economic point of view, the report accompanying this bill states very clearly, with reference to South Vietnam, "This is not a time for grand schemes of development." The report makes clear that it is highly inappropriate to consider plans for long range economic development requiring massive infusions of aid from outside sources while the nation of South Vietnam is still gripped in a raging and costly war.

It is my firm hope that the administration and the appropriate officials of the World Bank will take these sentiments, and the recommendations of committee with respect to economic conditions in South Vietnam, into full account, and thus refrain from any developmental loan until such a time that conditions in that country will better insure its effective utilization.

TAX REDUCTION ACT OF 1975

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, H.R. 2166, which the clerk will state by title.

The legislative clerk read as follows:

> A bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

The Senate resumed the consideration of the bill.

Mr. LONG. Mr. President, I have discussed the unanimous-consent request that I am about to make, and I ask the attention of Senators. I have reason to hope that this can be agreed upon in order to get us on with the tax cut aspect of this measure before us, and in order to perfect the committee amendment, reserving the right to all Senators to offer any amendment they want relating to oil, the foreign tax credit, or matters of that sort thereafter.

UNANIMOUS-CONSENT AGREEMENT

Mr. LONG. Mr. President, I ask unanimous consent that the Senate proceed to perfect the committee amendment in the nature of a substitute for H.R. 2166; that time for debate on any amendment thereto be limited to 1 hour; that such germane amendments have precedence, and that other amendments to the committee substitute then be in order, and that at that point the Senator from Indiana (Mr. HARTKE) be recognized to offer an amendment dealing with foreign tax credit and tax deferral.

The PRESIDING OFFICER. Is there objection?

Mr. GRAVEL. Mr. President, reserving the right to object——

Mr. LONG. If the Senator would be willing to offer the two amendments at the same time, we could have a division vote on first one and then the other.

Mr. HARTKE. I do not want to do that. The agreement was that we have two amendments.

Mr. LONG. That the Senator be recognized to offer first an amendment relating to the foreign tax credit, and then an amendment relating to tax deferral.

The PRESIDING OFFICER. Is there objection?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. GRAVEL. Mr. President, I have an unusual dilemma in this regard. The cloture motion having been filed, the amendment I have, No. 129, which was printed and at the desk since writing, in my mind, is a germane amendment to the issue in question. However, because of the Parliamentarian's literal construction within cloture, if it is invoked tomorrow, it will not be germane, so the work that I have done, the committee work that goes to almost 10 days of hearings, over 30 days of my own labors, in an amendment where my presentation would be less than a half-hour, I would be precluded from doing this. I think the amendment is most momentous to the occasion, because of the literal situation that exists because of the Parliamentarian.

So, if I agree to this, I would not be permitted to then offer my amendment, and all I want on my amendment is a short period of time to make a representation in an up and down vote on the issue.

Mr. LONG. Mr. President, what the Senator from Louisiana is trying to do would assure the Senator from Alaska the opportunity to offer his amendment.

Mr. GRAVEL. Not as I understand the rules.

Mr. LONG. Well, Mr. President, anyone knows that the Senate is not going to vote for cloture while the Senate is proceeding under a limitation of debate imposed on itself by unanimous consent.

Now, after we get through considering the amendments that are germane to the bill, on which we can agree, on which everyone is willing to agree to a 1-hour limitation, then we can go back to the amendments that are not germane, and these amendments will not be subject to a limitation. At that point every Senator can offer all the amendments that he wants to offer.

I do not think one needs to worry about the Senate's voting cloture as long as the Senate is proceeding under an arrangement whereby every Senator is willing to settle for 1 hour on his amendment and, thereafter, we will talk about the amendments that are not limited to 1 hour.

Mr. GRAVEL. My colleague could accommodate me very easily, by removing the germaneness rule on amendment 129, which has been printed and been at the desk——

Mr. LONG. Well, now, Senator, if I do that, then that means during the next 2 days, trying to vote on the tax cut, we will be swimming for the next 2 days.

All I am trying to do is get off the subject of oil for 2 days, just give us 2 days on tax cuts before we get back to the oil business.

Mr. GRAVEL. If the Senator would permit me, I am prepared to do that. All I am asking is that the Senator give me some rights to go ahead, out of oil, on taxes. I am not asking for very much, just saying automatically to tell me the Senate will not vote cloture——

Mr. LONG. Is that an amendment that is not—is the Senator's amendment one that is not an oil amendment?

Mr. GRAVEL. It is an oil amendment.

Mr. LONG. That is the point.

Mr. GRAVEL. I do not wish to offer it now, I am prepared to accommodate the Senator on his request. All I am saying is that this amendment, because of the nature of it, is going to be construed by the Parliamentarian as not germane if we vote cloture.

I think it is very clear. I think the Senate, if they heard it would know it is oil.

All I am saying, I would agree to the unanimous consent, just permit me——

Mr. LONG. Mr. President, I ask unanimous consent, in the event cloture be voted, that the amendment of the Senator from Alaska be regarded germaine.

The PRESIDING OFFICER. Is there objection?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. BENTSEN. Mr. President, my question is concerning my amendment which was passed on last night. We marched up that hill and apparently we will march down it again, and march up it again, but that was passed and voted on by the Senate and I note it was voted on as an amendment of the original bill coming over from the House.

Now, if we had normal procedure, we would have amended our own committee report, and then substituting that for the House bill, everything after the enactment clause, but I recognize I will have to do it again, and having a lengthy debate, it would seem to me we could dispose of that relatively soon and I would like to have it as the first priority when we get to those that involve the industry again.

Mr. LONG. Well, Mr. President, I would like to accommodate the Senator, but the Senator from California has the same view with regard to his amendment, and other Senators might have a similar view.

The only exception I am making in asking for the consent is with regard to what the Senator from Indiana had been trying to do, because at the time I made the consent, even though consent is given, the Senator from Indiana has his amendment, it is the pending amendment anyway, so we would simply restore the position of the Senator from Indiana as the pending amendment after we get through with amendments germane to the committee amendment.

In any event, the Senator from Texas will have to take his chances to get recognition. So that I really do not see that he is in anywise prejudiced by the unanimous-consent agreement.

In other words, the Senator from California or the Senator from South Carolina has every bit as much right to demand recognition and offer their amendments relating to depletion as does the Senator from Texas, notwithstanding the fact that the Senate did vote for the amendment of the Senator from Texas. It has not been agreed to on the committee amendment, and I would urge the Senator to let us get on with the tax cut part and maybe some of these things can be resolved while we are working on the tax cut.

If not, I would suggest the other Senators not willing to agree to stand aside to note their rights, too, and that the Senator could take his chances along with the rest of us.

Mr. ROBERT C. BYRD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. HANSEN). The Senator will state it.

Mr. ROBERT C. BYRD. Has the request made by the distinguished Senator from Louisiana with respect to this been granted?

The PRESIDING OFFICER. It has been.

Mr. ROBERT C. BYRD. It has?

The PRESIDING OFFICER. It has been.

Mr. ROBERT C. BYRD. I did not hear the Chair.

The PRESIDING OFFICER. The Chair said, "Is there objection?"

Mr. HOLLINGS. Mr. President, wait a minute, that has not been ruled on.

The PRESIDING OFFICER. The Chair would like to inform——

Mr. HOLLINGS. Let me say this——

The PRESIDING OFFICER. The Chair would like to inform the Senator that he did rule on it. The Senator from Louisiana asked unanimous consent that the amendment proposed by the Senator from Alaska might be considered germane. The Chair ruled, without objection.

Mr. ROBERT C. BYRD. May I say to the Chair that I certainly do not question the Chair's statement.

The PRESIDING OFFICER. I appreciate that.

Mr. HOLLINGS. I did question the Chair, because I was listening and both the Senator from California and I can stand on our feet to get recognition, to try to go along and have it clearly understood.

Now, the request this morning, we were agreeing upon would be without prejudice to the cloture motion to come due on tomorrow and without prejudice that after being recognized, that is, the Senator from Indiana and the Senator from South Carolina being recognized for his perfecting amendment, and that the Senator from California—these are the things being left out and then when the Chair makes his germane, the Chair has overruled the understanding that we had with the distinguished leader of the bill that, by gosh, it would not be prejudicial to the cloture motion.

I was listening and watching the Chair, and I have yet to hear the Chair make that ruling. The Chair must have made it to himself up there. I say that most respectfully.

Mr. LONG. Well, Mr. President, I want to accommodate every Senator, and I do not want any unanimous consent that every Senator is not freely willing to agree to. I had thought we had agreement at one point, but that was before—I thought we had agreement at one point that—but apparently, the Senator from Texas was not here at the moment when I thought we had an agreement that we would recognize the Senator from Indiana to offer his amendment, that after we disposed of the germane amendments we recognize the Senator from Indiana, and the Senator from California with his amendment, and the Senator from South Carolina with his amendment, and——

Mr. BENTSEN. Mr. President, I would have to object to that.

Mr. LONG. I am not even asking for anything right now.

Mr. BENTSEN. All right.

Mr. LONG. I thought we had agreement to that effect.

And then the Senator from Texas was not, apparently, aware of that. It is plain to me he felt that prejudiced his right, because his amendment had been agreed to on the House bill.

That being the case, I thought I had agreement with the Senator from California and the Senator from Texas, and at that point the Senator from South Carolina was not here, that we just would recognize the Senator from Indiana, who already had his amendment pending, that he could have his amendment be the pending business after we get through with these germane amendments on the tax cut and that we recognize him for that amendment and for his next amendment.

Now, I did not go beyond that, because I thought we had agreed with all those here, the Senator from California and the Senator from Texas I thought were willing to agree to take their chances on whoever could get recognized after we voted on the germane amendments and after we got back onto the oil taxation questions.

Now, I am willing to do anything the people can agree upon but——

Mr. BENTSEN. Let me say, Mr. Chairman, in trying to help get the request here——

Mr. LONG. If we could get off the oil business for a while and get onto the tax cut part of the bill, it is costing 500,000 laboring men their jobs every day, we would like action on this bill.

Mr. BENTSEN. Mr. President, we are about to come to an agreement.

Mr. LONG. And costs in production.

Mr. BENTSEN. Let me say, if we can come to an agreement, if these gentlemen feel that way, I will take my chances after the—if that is agreeable to the Senator from South Carolina and the Senator from California.

Mr. GRAVEL. Mr. President——

Mr. PASTORE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Louisiana has the floor. He has yielded, I understand, to the Senator from Texas for a question, for an observation.

Mr. PASTORE. Will the Senator yield?

Mr. LONG. I yield.

Mr. PASTORE. Mr. President, I think what we are discussing here is making germane certain amendments which ordinarily may not be considered germane if cloture is invoked.

Is that correct?

Mr. LONG. That is what we were talking about.

Mr. PASTORE. I understand that was agreed upon with the Senator from Alaska.

Mr. GRAVEL. Will the Senator yield?

Mr. LONG. There is a difference about that, Senator.

The PRESIDING OFFICER. May the Chair observe that the request for a unanimous consent is not debatable. Is there objection to the unanimous-consent request?

Mr. PASTORE. I reserve the right to object, Mr. President, and I would like to be heard on my reservation.

Mr. President, I am offering an amendment to help the people who need to be helped the most—those who are on social security. The ad hoc committee went into quite an exhaustive study. We came up with a recommendation that we would grant these people an 8.7 percent increase retroactive to January 1 to be paid out of the general fund. The bill that has been reported by the Finance Committee is taking care of Pan Am and a lot of other big conglomerates.

These are the people who, if they get the money, Mr. President, will spend the money. Where will they spend it? On food, on clothing, on rent, on gas bills, and electric bills. It is going to cost $2.4 billion, which is only a small part of the $29 billion that was reported out of committee.

I would like to know, Mr. President, will this amendment be germane in the event cloture is invoked tomorrow?

The PRESIDING OFFICER. Will the Senator from Rhode Island state his parliamentary inquiry?

Mr. PASTORE. My parliamentary inquiry is: Would an amendment allowing an 8.7 percent increase to social security recipients out of the general Treasury, amounting to $2.4 billion, be considered germane?

The PRESIDING OFFICER. There is nothing either in the committee substitute nor the House tax bill to indicate that it would be germane. It would be the ruling, therefore, of the Chair that it is not germane.

Mr. PASTORE. A further parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. PASTORE. If the Senator from Rhode Island asked for unanimous consent that it be considered germane, would it become germane?

The PRESIDING OFFICER. If it were granted, it would become germane.

Mr. PASTORE. I ask unanimous consent——

The PRESIDING OFFICER. Is there objection?

Mr. HARTKE. Reserving the right to object——

Mr. DOLE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HARTKE. Will the Senator yield?

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. LONG. Mr. President, I do not think the Senators need worry about the germaneness of amendments if cloture is going to be invoked, because I do not think the Senate will invoke cloture at a time when Senators will agree to a 1-hour time limitation on their amendments. If we get to the point, which may very well happen, that we are not able to agree on something, and those who are opposing something that seems to have the support of the Senate will not permit it to come to a vote, then I would think the Senate might be willing to invoke cloture. I honestly do not think the Senate is going to invoke cloture.

Mr. PASTORE. Will the Senator yield?

Mr. LONG. Yes.

Mr. PASTORE. I understand the Senator's unanimous-consent agreement to be 1 hour limitation on each amendment.

Mr. LONG. Each amendment which is germane. After we vote on the amendments with regard to which each Senator is willing to agree to a 1-hour limitation, we will then proceed to consider amendments which may not be germane. There is no limitation on those. If the Senator wants to offer his amendment, after we get through with the germane amendments, the Senator can offer his amendment or any other amendment. It can be anything besides a constitutional amendment and still be offered in connection with this bill. I am trying to make some progress with regard to what the Senators are willing to agree to.

Mr. PASTORE. All I want to know is if the Senator from Rhode Island holds up his amendment until after the unanimous-consent agreement is agreed to, will his amendment be in order to be voted upon by the Senate? That is all I want to know.

Mr. LONG. After we have disposed of the germane amendments with regard to which Senators are willing to accept a 1-hour limitation, it will then be in order.

Mr. PASTORE. In other words, the unanimous-consent agreement does not confine us to only germane amendments.

Mr. LONG. It does not.

Mr. PASTORE. That is all I want to know.

Mr. LONG. It simply says that the germane amendments will be considered first. That is all.

The PRESIDING OFFICER. Is there objection?

Mr. CRANSTON. Reserving the right to object, I have a parliamentary inquiry which relates to the same question asked by the distinguished Senator from Rhode Island.

The PRESIDING OFFICER. The Senator will state it.

Mr. CRANSTON. I agree with the Senator from Louisiana. We will probably not vote cloture tomorrow. But in the event cloture is voted tomorrow, which is conceivable though not probable, would amendments relating to the oil depletion allowance be considered germane under rule XXII?

The PRESIDING OFFICER. There is a section in the House text which deals with oil depletion. It would be the ruling of the Chair that it would be germane.

Mr. CRANSTON. Would that be true even though we would be considering the Senate amendment in the nature of a substitute?

The PRESIDING OFFICER. Since cloture would be invoked on the bill, amendments would only have to be germane to the bill.

Mr. CRANSTON. We are talking if cloture is filed on the House bill, that would make any amendments relating to oil depletion germane, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HOLLINGS. Mr. President, is the Cranston amendment considered germane? That has foreign tax credits. We have all agreed to try to limit these debates on amendments to 1 hour. We do not want to find ourselves in the position that all of a sudden the Cranston amendment is found nongermane on account of the foreign tax credit section. Then, if his falls, we are back to the amendment of the Senator from Texas, and then we are in a different position on perfecting amendments, which is what I am concerned about.

The PRESIDING OFFICER. The Chair needs to reflect for a moment.

Mr. LONG. I believe I can make that clear to the Chair. There is nothing in the bill on the foreign tax credit so the amendment would not be in order under cloture.

Mr. HARTKE. Will the Senator yield?

The PRESIDING OFFICER. The amendment would not be germane.

Mr. HARTKE. Mr. President, that presents an entirely different matter. I would be forced to object, unless I could see some clear way in which we can have a vote on the foreign tax credit amendment.

Senators may recall during the trade bill the cloture motion prevented me from presenting an amendment at that time. I do not want to find myself in the same position again. I would be forced to object unless I could have some type of assurance that there is going to be a vote on that matter.

Mr. LONG. I am trying to insure the Senator a vote on his amendment. I am trying to get to it. But there are certain things I cannot do anything about. This is in the event the Senate votes cloture, it would preclude the amendment of the Senator being offered.

Mr. HARTKE. Then I would be forced to object. That is the only reason.

Mr. LONG. The Senator would be forced to vote against the cloture motion.

Mr. HARTKE. No; I would be forced to object at this time. I have the floor now. What I am doing is being willing to accommodate the chairman.

Mr. MANSFIELD. Will the Senator yield there?

It is my understanding, and I ask the Chair, that up until cloture is invoked, if it is invoked, the amendment of the Senator from Indiana would be germane and would be eligible for calling up.

Mr. HARTKE. Mr. President——

The PRESIDING OFFICER. The Senator from Montana is informed by the Chair that there is no germaneness ruling up until cloture is invoked. The Senator from Montana is correct.

Mr. MANSFIELD. So the amendment of the Senator from Indiana could be brought up today.

The PRESIDING OFFICER. That is correct.

Mr. HARTKE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARTKE. Is the amendment on tax credit introduced by the Senator from Indiana the pending business?

The PRESIDING OFFICER. It is the pending business.

Mr. HARTKE. I am in the position now where I can make sure I get a vote upon this measure. If I accommodate the chairman of the Committee on Finance and if cloture becomes invoked, then if that amendment is not adopted it is precluded from consideration. That is a parliamentary procedure and under such a circumstance I would have to object.

Mr. LONG. Mr. President, permit me to make this point, please.

We are trying to have the opportunity to vote on the committee amendment and on amendments that are germane to the committee amendment, simply giving them a preference. Just let them precede the nongermane amendments or the amendments with regard to which Senators are not willing to agree to a 1-hour limitation.

The PRESIDING OFFICER. Will the Senator suspend until the Senate is in order?

The Senator may proceed.

Mr. LONG. Permit me to explain this. In the event that cloture is invoked tomorrow, then, of course, it would bar any Senator from offering any amendment that is not germane, and that just happens to be a fact of life. I doubt very much that cloture will be invoked tomorrow, if the Senate will give unanimous consent to vote on something. But if it will not give unanimous consent to vote on anything, then I guess there is no option to the Senate but to go ahead and vote cloture, and that cuts off amendments on social security and the foreign tax credit and many other things, because if you cannot get anything to a vote, you have to move then to try to invoke cloture, to move the bill along.

Then, of course, Senators wanting to offer amendments that are not germane by strict germaneness tests could not offer amendments.

I hope we do not have to get around to all that. The way to avoid all that is to have unanimous consent that we vote on something for a change—just vote—rather than spend a half day, as we did yesterday, debating about whether we are going to postpone consideration for 2 days by recommitting the bill.

I assure the Senator that I will do everything in my power to see that he has a chance to offer his amendment and to have it voted on, if he permits us to proceed with the bill.

Mr. HARTKE. I would be willing to limit debate upon both amendments I intend to offer, the one which is the pending business and the other, and that way the bill will not be delayed. I would be willing to do that now. I think this is a very clear cut issue, and it is not going to take a lot of time on my part.

Mr. LONG. Can we agree that after that, we will have unanimous consent on the rest of it?

Mr. HARTKE. After I get through with my amendments, I am not going to hold up the business of the Senate.

Mr. LONG. If we have unanimous consent to vote on the Senator's amendment, can we have unanimous consent that, as I have requested, the Senate then proceed, after we have voted on the two amendments offered by the Senator from Indiana and after voting on those two amendments, to consider the amendment in the nature of a substitute to H.R. 2166; that time for debate on any germane amendment thereto be limited to 1 hour; that such germane amendments have precedence over any other amendments to the committee substitute; and that other amendments to the substitute then be in order?

The PRESIDING OFFICER. Is there objection?

Mr. CRANSTON. Mr. President, reserving the right to object, it is now not clear to me whether my amendment, if divided—and it could be divided—would be germane in both parts, since one relates to foreign tax credits, if cloture is voted. I understand that cloture probably will not be voted, but it could be. I therefore ask that the Senator add that any amendments pending at the desk at the time cloture is invoked be considered germane under rule XXII.

Mr. LONG. Mr. President, I cannot agree to that. I could not agree to it, and I will not ask it.

It is a far better procedure, if one wants to invoke rule XXII, to offer his amendment and ask that cloture be invoked on his amendment. Simply file a cloture motion on that.

When rule XXII is invoked, Senators have a right to have at least a vague idea of what they are likely to be asked to vote upon, and it is a dangerous precedent to invoke rule XXII. Anything conceived by the mind of man could be offered, and the Senate could be locked into voting on something when no one has more than an hour to speak; and conceivably we would just find ourselves with something with which we would be completley unhappy. I think that would be a bad precedent, and it has dangers that no one at this moment can predict.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. CRANSTON. Mr. President, I have a compromise. Will the Senator grant to my amendment the same privileges granted to the amendment of the Senator from Alaska and qualify it under cloture, if cloture is voted?

Mr. BENTSEN. Mr. President, I would have to ask for the same privilege.

Mr. LONG. Mr. President, I ask unanimous consent that in the event cloture is invoked, the amendment of the Senator from California and the amendment of the Senator from Texas—and I assume that it would cover the ones at the desk——

The PRESIDING OFFICER. The Chair, for the benefit of everyone, asks whether there is objection to the unanimous-consent request.

Mr. PASTORE. Mr. President, reserving the right to object——

Mr. GOLDWATER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. LONG. Mr. President, I just entertain the hope that the Senate might be willing to make some progress on a tax cut bill. So far, we have been here for 24 hours. We are told that this matter is of the greatest national urgency, and I have no doubt about it. It is costing 500,000 workingmen their job every day we tarry, notwithstanding which we have not been able to vote on the first aspect of the tax cut bill. All we have been able to vote on is whether to delay for 2 more days the decision to vote on anything. All we have been voting on is tax increase amendments and a tax cut bill relating to oil.

If Senators are successful in recognizing the fact that it is clearly the judgment of the Senate that we should repeal the depletion allowance for the major companies and save it for the independents, the area in which we are arguing involves $600 million. With 6 days' delay on this bill, the Nation loses $600 million. That is how much it is costing the economy. This fiddling and faddling day after day, arguing about whether the depletion allowance should be on this much gas or this much oil or on a fellow producing 1,000 barrels or 3,000 barrels is costing Americans their jobs, while people try to grab some advantage of position.

All I am trying to do is to give everybody a chance to have his amendments voted on, whether it be a tax increase or a tax cut, and I run into endless objections because somebody wants an advantage. I want everybody to have an equal chance. I do not know why we cannot get an agreement that we proceed on a germane basis to consider the amendments that are germane and then pick up the amendments that are not germane.

I tried to accommodate the Senator from Indiana, but the Senator insists that if anybody elses amendment is permitted to be considered, his has to be next in line. Fine; great. The next thing I know, he says that if cloture is invoked, the amendment has to be germane. I am against cloture. I am going to vote against the fool thing. Why should I vote cloture on somebody when everybody around here is willing to limit himself to a half-hour to speak for his amendment, with the opposition having a half-hour? Nobody in his right mind would want to do that.

I hope that we can accommodate the Senator from Indiana, who is first in line at this point with his amendment, and that other Senators will be willing to take their chances on being recognized to offer other nongermane amendments.

So, Mr. President, I ask unanimous consent that there be a 1-hour limitation on the amendment offered by the Senator from Indiana, to be equally divided between the manager of the bill and the Senator from Indiana; that there be a 1-hour limitation on a subsequent amendment to be offered by the Senator, dealing with tax deferral; that then the Senate proceed to perfect the committee amendment in the nature of a substitute to H.R. 2166; that debate on any germane amendment thereto be limited to 1 hour; that such germane amendments have precedence; that other amendments to the committee substitute then be in order.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object——

Mr. GOLDWATER. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. LONG. Mr. President, that is just great. We will just do the best we can.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. MANSFIELD. Mr. President, what is the pending business, and who has the floor?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Indiana.

Mr. MANSFIELD. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Colorado has the floor.

Mr. MANSFIELD. Mr. President, if the Senator will yield, I wish to make a unanimous-consent request.

As long as the Senator from Indiana has an amendment pending, I ask unanimous consent that it be limited to 1 hour, the time to be equally divided between the sponsor of the amendment and the manager of the bill.

The PRESIDING OFFICER. Is there objection?

Mr. HASKELL. Reserving the right to object, Mr. President, I wish to inquire of the majority leader.

I have a substitute amendment to one of the amendments of the Senator from Indiana. I have no objection to a time agreement, but I wanted that to be recognized in the unanimous-consent agreement.

Mr. MANSFIELD. Mr. President, then I amend my request to include the one-half hour on amendments, motions, or appeals to the Hartke amendment.

Mr. LONG. Mr. President, I object.

The PRESIDING OFFICER. There is objection.

Mr. HARTKE. Mr. President, may I proceed?

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. HARTKE. Mr. President, I think the amendment was read last night but just for purposes of making it very clear, my amendment, which is Amendment No. 162, closes the tax loophole of $1 billion. That is $1,000 million.

It eliminates the foreign tax credit for taxes paid on foreign oil and gas related income. It allows these taxes to be taken as a deduction, as an ordinary and necessary business expense, rather than as a credit. At the same time, it reduces the U.S. corporate income tax rate insofar as that income is concerned to 24 percent, one-half of the present corporate tax rate. The reduction of the tax rate to 24 percent on this income avoids treating these companies punatively.

My amendment is more complete than the Cranston amendment in eliminating the gigantic tax loophole which foreign tax credits provide. This is reflected in the revenue impact of the two provisions. The Cranston foreign tax credit provision would produce $460 million; my amendment would produce $1 billion.

This is precisely the same as an amendment I offered last December on the foreign trade bill. At that time, many of my colleagues in the Senate voiced support for this amendment, but said they thought it should not be attached to the trade bill. They pledged to support the measure when offered at the appropriate time on a tax bill this year. Mr. President, I am offering this amendment now to give my colleagues an opportunity to vote in that fashion.

Our tax laws make an overseas investment more attractive than one in Indiana or in any other State in the Union. For example, profits earned by a foreign subsidiary of an American firm are not taxed until they are repatriated. To the extent that the firm does pay taxes to a foreign government, these taxes count as a dollar-for-dollar credit against any Federal tax liability. Profits made in Indiana are taxed when earned, and taxes paid to the State of Indiana can only be taken as a deduction against gross income rather than as a Federal tax credit.

The result of these tax provisions is to make investment abroad more profitable than investment at home. We are, in effect, paying our corporations to leave the United States.

John Nolan, formerly Deputy Assistant Secretary of the Treasury for Tax Policy, told the President's Commission on International Trade and Investment:

> There is a clear-cut bias in our existing tax structure favoring the manufacture of goods abroad through foreign subsidiaries as opposed to exporting, in order to benefit from the deferral of U.S. taxes . . . the distortion in our tax system simply makes no

sense at a time when the United States has substantial balance of payments deficits.

The result of the present tax provisions is that the American people and the U.S. Treasury pay the bill for economic losses to the U.S. economy due to the expansion of multinational oil corporations abroad. Because of these tax provisions, American taxpayers will continue to help subsidize the treasuries of foreign countries and the expansion of U.S.-based oil firms abroad.

American tax law has established a legal framework within which it is more profitable to operate overseas than in the United States. The tax law of the United States effectively offers positive dollar incentives and what could be a more powerful stimulus to corporate managers? For relocating the sources of corporate income outside the United States.

The tax provisions which are the most offensive in this regard are the foreign tax credit. It is especially true as it applies to oil and gas income, the percentage depletion allowance on foreign mineral production which the Bentsen amendment eliminates, and the allowance of tax deferrals on foreign income.

One of the main reasons that the United States is now dependent upon the Arab world for our supplies of oil and gas is the increased profits realizable only abroad by the use of the foreign tax credit and deferral.

The mutinational oil companies earned $1.085 billion on mining and oil operations abroad in 1970, but because of their use of these tax loopholes, these firms paid not 1 cent in U.S. taxes on that income.

The Arabian American Oil Co.—Aramco—which is a huge oil producing consortium consisting of Exxon, Texaco, Mobil, Standard Oil of California, and the Saudi Arabian Government, is the world's largest oil petroleum producer and the world's biggest money maker. In 1973, the company had profits after taxes of $3.25 billion. How much did the United States get from them in taxes? Not 1 penny of income tax and a meager $2.7 million in payroll taxes.

Recently, we have been provided additional and more detailed information on the tax status of the mutinational oil companies by my distinguished colleague from the State of Washington (Mr. Jackson). On December 2, Senator Jackson summarized on the floor of the Senate the report of the permanent subcommittee on investigations entitled "Analysis of Tax Data of Seven Major Oil Companies." The report analyzes the tax returns of seven major U.S. oil firms from 1968 through 1972.

Mr. President, because Senator Jackson's remarks are so important and astute on this topic, I should like to quote extensively from his remarks. He said, in part:

> The results of our examination are both startling and disturbing.
>
> For each of the years 1968 through 1972 the seven companies aggregated had an effective U.S. tax rate—that is the percentage of net income actually paid in federal income taxes—of five percent or less. However, for the same five years, these companies paid foreign taxes at an effective tax rate of between twenty percent and twenty-nine percent.
>
> The study identifies each individual company by random alphabetical letters to protect the confidentiality of their tax returns. Using this convention, Senator Jackson revealed how little the oil companies profits have benefited the U.S. Treasury and how much they have contributed to the treasuries of the operating countries, as follows:
>
> Company E paid an overall effective income tax rate of 28.70 percent but only 1.32 percent went for U.S. taxes while 27.37 percent went for foreign income taxes.
>
> Company D paid an overall effective income tax rate of 27.90 percent but only 2.30 percent went for U.S. taxes while 25.59 percent went for foreign income taxes.
>
> Company C paid an overall effective income tax rate of 33.77 percent but only 2.32 percent went for U.S. taxes while 31.44 percent went for foreign income taxes.
>
> The dollar figures are even more convincing. In 1972, the pretax net income of the seven companies combined totaled $10.2 billion. They paid $2.9 billion in foreign "income taxes" and only $450 million in U.S. income taxes.

The report on which Senator Jackson based his remarks contained a table, table 1–B, which shows the aggregate amount of foreign and U.S. taxes paid by these seven oil firms from 1968 through 1972. The table reveals that foreign tax payments of these companies varied from 19.5 percent of foreign net income in 1968 to 28.7 percent of foreign net income in 1972. At the same time, U.S. tax payments of these corporations ranged from 2.6 percent of foreign net income to 5.4 percent.

Mr. President, I ask unanimous consent that the table to which I have referred be printed in the Record at this point.

There being no objection, the table was ordered to be printed in the Record, as follows:

TABLE 1.—B. AGGREGATE—7 COMPANIES

[In thousands of dollars]

Year	Pretax net income [1]	Foreign income taxes [2]	U.S. income taxes [3]	Total U S. and foreign income taxes	Effective rate: Foreign income taxes	Effective rate: U.S. income taxes	Effective rate: Total income taxes
1968	$7, 576, 607	$1, 477, 056	$294, 018	$1, 771, 074	19. 49	3. 88	23. 88
1969	8, 161, 889	1, 623, 103	208, 500	1, 831, 603	19. 89	2. 55	22. 44
1970	8, 848, 243	1, 735, 324	474, 570	2, 209, 894	19. 61	5. 36	24. 98
1971	9, 460, 257	2, 522, 981	467, 467	2, 990, 488	26. 67	4. 94	31. 61
1972	10, 236, 458	2, 938, 012	450, 985	3, 388, 997	28. 70	4. 41	33. 11

[1] Net income per book plus provision for Federal income taxes plus foreign creditable income taxes paid and deemed paid.

[2] Taxes paid and deemed paid.

[3] Regular plus minimum income tax.

Mr. HARTKE. Senator Jackson's conclusion from this evidence was particularly succinct:

> The United States Government, through its tax policy, has helped to finance the international oil cartel which now threatens to destroy our economic system.

Senator Jackson went on to compare the tax contributions of the multinational oil companies to the tax payments of the average family and the average U.S. corporation. From 1972 Internal Revenue Service statistics, he concluded the average effective tax rate on all returns filed by individuals was 13 percent of adjusted gross income. Considering corporate taxes, Senator Jackson revealed:

> The average effective Federal corporate tax rate for 100 industrial corporations selected from the "Fortune 500" list was 29 percent.

From this comparison with U.S. taxes paid by the multinational oil companies of less than 5 percent each year, Senator Jackson drew his second conclusion:

> The major oil corporations are not paying their fair share of taxes to the United States.

The remarks of Prof. Glenn Jenkins of Harvard University, before the Subcommittee on Multinational Corporations on January 30, 1974, are especially pertinent in analyzing the effect of the foreign tax credit on multinational oil companies. Professor Jenkins said:

> Although the foreign tax credit is a provision which applies to foreign earned income from many types of foreign investments, its impact in reducing United States tax liabilities is greatest in the cases of the petroleum and mining sectors. The petroleum industry has particularly benefited by the United States Treasury's acceptance as creditable foreign taxes the artificially constructed income taxes which have been levied by major petroleum exporting countries."
>
> "Instead of levying a large royalty or bonus payment to extract the economic rent from low cost-oil reserves, as would a domestic land owner in the United States, these countries have levied a tax as a percentage of the difference between a non-market posted price and a fixed per unit cost of production. These taxes are essentially a tax per barrel of oil produced and have little relationship to the profits generated by investments made in the production process. Yet they are allowed to be credited against United States tax liabilities. If instead a royalty or bonus payment had been levied, these payments could only be reduced from gross revenue as expenses.

Mr. President, the operation of the foreign tax credit, like the depletion allowance, creates perverse incentives for the oil industry. In the years after World War II, domestic involvement in foreign production increased considerably. With this increasing involvement, foreign governments placed growing pressure on the oil companies to increase their royalty payments.

To the oil companies, the advantage of claiming these increased payments as taxes rather than royalties was clear. A tax payment can be credited against a U.S. tax liability, whereas a royalty payment must be treated as a deductible business expense when computing U.S. taxes. It was in the interest of the U.S. oil companies to persuade their host governments to enact income tax statutes to replace their royalty claims. In 1954, King Saud changed the royalty payments into a tax, as requested by the industry, so that the companies could benefit from the foreign tax credit.

The impact of the ruling has been to create an artificial incentive for investment abroad. Whereas the domestic producer must pay for mineral rights to land through royalty payments, which are treated as a business expense, the same payments by a foreign producer qualify as a tax credit.

Mr. President, there is an even more perverse aspect of the foreign tax credit in its application to multinational oil companies which I do not think has received sufficient attention. This is the fact that, because of the high "taxes" imposed on the companies by the operating countries, the companies accumulate vast amounts of excess foreign tax credits. These excess foreign tax credits may be carried backward 2 years or forward 5 to offset additional foreign taxable income. The very large accumulation of excess foreign tax credits by these corporations creates a strong tax incentive for the companies to enter into new massive investment programs abroad to generate new foreign income. This is the only way the excess tax credits can be used—to offset additional foreign income.

Professor Jenkins, whom I quoted a moment ago, also offered considerable testimony on this point which I should like to quote. He said:

> In every year since at least 1962, the aggregate value of the foreign tax credits available to the United States petroleum industry has been greater than the United States tax liability on its foreign income. In 1968 the excess foreign tax credits were equal to 32 percent of the total creditable foreign taxes and by 1971 the excess foreign tax credits equaled approximately fifty-five percent of the total foreign taxes paid. It is important to note that in 1968 over eighty-eight percent of the total foreign tax credits available to American petroleum corporations came from these quasi-income taxes levied by the petroleum producing countries, yet only twenty-eight percent of the net book value of the United States petroleum investments abroad were located in these areas. These taxes are now several times greater than the true corporation income that is generated by the investments located in these countries.
>
> The existence of large amounts of excess foreign tax credits, combined with the way in which the taxes are levied in the producing countries, provides an incentive for the American petroleum companies to shift income for tax purposes out of the consuming countries by transfer pricing to either the producing areas or tax haven countries. By doing this, they avoid paying the substantial income taxes that would be levied by the foreign consuming countries on the earnings of the investments located within their tax jurisdictions. This income can then be brought back to the United States along with some of the excess foreign tax credits from the producing countries to cancel out the United States income tax liability. By this procedure, investments made by the American petroleum companies in the foreign consuming countries, will often face a lower total tax bill (United States plus foreign tax) than would the identical investment if it were made in the United States. This has, in recent years, been one factor in making the construction of refineries and petrochemical plants in the United States relatively less attractive than in foreign countries.
>
> By 1971 approximately sevently percent of the net foreign assets of the American petroleum companies were associated with nonproduction activities such as refining, petrochemicals, tankers, marketing, and pipelines. During the five years from 1966 to 1971, these corporations have increased their net capital stocks in refineries and petrochemical plants located in foreign consuming countries by eighty-three percent and ninety-three percent respectively. In comparison, over this period the United States domestic net capital stocks in refining and petrochemicals have increased by only forty-four percent and twenty-five percent. In both cases, the absolute amounts of investment carried out by American companies in the foreign consuming countries were greater than that made in the United States.

Mr. President, the forward and backward carryover of surplus tax credits, together with the principle of consolidation, has the effect of virtually forcing U.S. multinational oil companies into increased overseas investment. This encouragement is particularly strong where U.S. firms pay a very large "tax" burden in certain lines of their overseas operations.

In effect, the "American" international petroleum companies are being handed huge tax-free profits in the form of surplus tax credits—but only if they can use them up against income from other foreign operations which have lower national tax rates. If these other foreign operations do not exist, then the company is under a very strong dollar incentive to create them with new investments before the expiration of the carryover period. This means the oil companies can have this tax free profit only by expanding their refining, shipping and marketing interests outside the United States or by expanding abroad in unrelated industries.

Even a rough estimate of the amount of overseas income which can be sheltered by these tax credits is staggering. According to the figures computed by Stanley Ruttenberg and Associates, the surplus tax credit on Arab oil was $0.54 per barrel in 1972 and $2.44 in January, 1974. On the basis of just the Arabian production of U.S. companies of 3.5 to 4 billion barrels in 1972, and about 5 billion barrels in 1974, the U.S. multinationals would have accumulated about $2 billion in excess tax credits for 1972, and $12 billion in 1974. This is the amount of overseas profit which can be earned absolutely free of U.S. taxation by these companies because of the foreign tax credit. When one takes these figures and estimates the amount of overseas sales and gross income which can be earned free of U.S. taxes because of the tax credit the results are astounding. The results depend on the foreign tax rate on the overseas earnings and on the profit rate of the companies involved, but the results must be stated in the terms of hundreds of billions of dollars. As an example, using the figure of $12 billion in excess foreign tax credits in 1974, if the oil companies invest in other foreign countries in operations which will produce a 10 percent profit margin—based on gross income—and will be taxed by foreign countries at a rate of 30 percent, the excess foreign tax credits would shelter approximately $600 billion of foreign sales and gross income.

Mr. President, this figure is three times the total sales by all affiliates by all U.S. multinations in all industries. We are giving the multinational oil companies tax credits on their foreign earnings much faster than they can even use them. The incentive for these companies to invest abroad, and earn this profit free of U.S. taxation, rather than invest here in the United States, is indeed gigantic.

Mr. President, the termination of the foreign tax credit would put domestic production in a more competitive position with foreign development. And this is exactly what this amendment will do. The U.S. Geological Survey states that there are still 440 billion barrels of producible and undiscovered oil in the United States. This is enough to meet America's need well into the next century. The shift of the foreign tax credit to a deduction as proposed in my measure might well have provided the impetus to domestic production which, by this time, would have made us dependent on no one for oil.

We have now removed the depletion allowance on foreign oil; but it is crucially important that we also eliminate the tax credit. This is because the foreign tax credit works hand in glove with other tax advantages used by the multinational oil companies. If I may once again quote from the speech on the floor of the Senate on December 2 by my colleague, Senator JACKSON, he explained this point by saying:

> Our study shows, the impact of the foreign tax credit is far understated in relation to the percentage depletion deduction because the foreign tax credit is computed last. Remove percentage depletion on foreign production but retain the foreign tax credit and there would be very little revenue gains. Remove the foreign tax credit and retain the percentage depletion on foreign production and, again, little change in the overall taxes due in this country would result. Only if both percentage depletion and the ability to credit foreign taxes were removed would there be a large increase in taxes accruing to the benefit of the United States.

Senator JACKSON went on to state what he termed lesson No. 3 as follows:

> Lesson No. 3: Special deductions available to oil companies have practically wiped out their tax liability domestically. There is an interrelationship between various deductions and credits benefiting the oil companies—specifically between percentage depletion and the foreign tax credit—and only an overall revision of tax benefits presently available will result in a substantially increased United States tax liability.

Mr. President, I wholeheartedly agree with Mr. JACKSON on this matter and this is why I am offering this amendment.

In conclusion, the foreign tax credit allows multinational oil companies to earn gigantic profits and at the same time pay miniscule taxes to the United States. In the past year the profits of the major oil companies have increased at phenomenal rates, between 20 percent and 269 percent—at a time when the rest of us are suffering from the worst recession simultaneously with the worst inflation we have seen in decades. Yet despite these huge profits these companies pay taxes to the United States at an effective tax rate of only about 5 percent.

The foreign tax credit also is a strong incentive for our oil corporations to invest abroad rather than at home. The enormous excess tax credits they generate are, in effect, subsidies from the U.S. Government for investment and production abroad. Subsidies for exporting American capital, American technology, and American jobs to foreign lands.

Mr. President, I think it is high time these absurdities be ended.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. LONG and **Mr. HASKELL** addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HASKELL. I would yield for a comment from the Senator from Louisiana, without losing my right to the floor.

Mr. LONG. Mr. President, does the Senator desire to offer an amendment to the amendment?

Mr. HASKELL. I send to the desk an amendment in the nature of a substitute to the amendment of the Senator from Indiana on behalf of myself and the Senator from Virginia (Mr. Harry F. Byrd, Jr.).

The PRESIDING OFFICER. The Senator will please send his amendment to the desk.

The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. HASKELL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted by the Senator from Indiana (Mr. Hartke), insert the following language:

Sec. 105. FOREIGN TAX CREDIT.

(a) Royalties.—

(1) In general.—Section 903 of the Internal Revenue Code of 1954 (relating to definition of creditable taxes) is amended to read as follows:

"(a) In General.—For purposes of this subpart and sections 164(a) and 275(a), the term 'income profits, and excess profits taxes' means a tax paid in lieu of a tax on income, war profits, or excess profits otherwise generally imposed by any foreign country or by any foreign possession of the United States.

"(b) Royalties.—

"(1) In General.—For purposes of this subpart and sections 164(a) and 275(a), in the case of taxes paid or accrued to any foreign country with respect to income derived from the extraction, production, or refining of oil or gas in such country, the term income, war profits, and excess profits taxes' does not include any amount paid as a royalty.

"(2) Determination by secretary or his delegate.—The Secretary or his delegate shall determine, in accordance with the provisions of paragraph (3), with respect to payments made to any foreign country in connection with income from the extraction, production, or refining of oil or gas in such country, what portion (if any) of that payment constitutes the payment of a royalty.

"(3) Basic rules.—In the case of any foreign country which imposes an income, war profits, or excess profits tax on income from activities other than the extraction, production, or refining of oil or gas in that country, any part of a payment made to that country as an income, war profits, or excess profits tax which is not reasonably similar (in terms of the rate of tax, or of the amount of tax paid for the income or profits involved) to the amount payable with respect to income or profits arising out of other activities, as determined by the Secretary or his delegate, is considered to be a royalty payment. In the case of any other foreign country, any part of a payment made to that country as an income, war profits, or excess profits tax which is determined by the Secretary or his delegate, on account of the manner in which it is determined, the rate or amount involved, or any other reason, to constitute the payment of a royalty is considered to be a royalty payment.".

(2) Carryovers.—

(a) For Taxable Years Ending After the Enactment of the Tax Reduction Act of 1975.—Secretary 904(d) shall be amended by adding to the end thereof: "No carryback or carryover of excess foreign taxes shall be allowed for foreign taxes paid after the enactment of the Tax Reduction Act of 1975.".

(b) For Taxable Years Ending After Enactment of the Tax Reduction Act of 1975.—Section 905(a) shall be amended by adding to the end thereof: "As specified in section 904(d) no carryback or carryover of excess foreign taxes shall be allowed for foreign taxes paid after the enactment of the Tax Reduction Act of 1975.".

(b) Repeal of Overall Limitation.—

(1) In general.—Section 904 of the Internal Revenue Code of 1954 (relating to limitation on credit) is amended—

(A) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) Limitation.—The amount of credit in respect of tax paid or accrued to any foreign country or possesison of the United States shall not exceed the same proportion of the tax against which such credit is taken which the taxpayer's taxable income from sources within such country or possession (but not in excess of the taxpayer's entire taxable income) bears to his entire taxable income for the same taxable year.";

(B) by striking out subsection (b);

(C) by redesignating subsection (c) as (b) and by striking out "applicable" in that subsection;

(D) by redesignating subsection (d) as (c) and by striking out "applicable" each time it appears in that subsection;

(E) by striking out subsection (c);

(F) by redesignating subsection (f) as (d) and by striking out "(c), (d), and (e)" in paragraph (1) of that subsection and inserting in lieu thereof the following: "(b) and (c)";

(G) by striking out subsection (d) (3) (as redesignated under paragraph (6));

(H) by redesignating subsection (d) (4) (as redesignated under paragraph (6)) as (d) (3) and by striking out "(d)" each time it appears in that subsection and inserting in lieu thereof "(c)";

(I) by redesignating subsection (d) (5) (as redesignated under paragraph (6)) as (d) (4) and by striking "(1)" after "(a)"; and

(J) by striking out subsection (g) and insertiing in lieu thereof the following:

"(e) Cross Reference.—

"For increase of limitation under subsection (a) for taxes paid with respect to amounts reecived which were included in the gross income of the taxpayer for a period taxable year as a United States shareholder with respect to a controlled foreign corporation, see section 960(b).".

(2) Technical amendments.—

(A) Section 901 of the Internal Revenue Code of 1954 (relating to taxes of foreign countries and of possessions of the United States) is amended—

(i) by striking out "applicable" the first time it appears in subsection (a); and

(ii) by striking out "applicable" the first time it appears in subsection (b).

(B) Section 960 of such Code (relating to special rules for foreign tax credits) is amended by striking out "applicable" each time it appears in subsection (b);

(C) Section 1503 of such Code (relating to computation and payment of tax) is amended—

(i) by striking out "(a) General Rule.—"; and

(ii) by striking out subsection (b).

Mr. HASKELL. Mr. President, there are three parts to the substitute amendment that I have now offered. The first part was contained in a bill introduced in the last session, S. 3095, and sponsored by the distinguished Senator from Idaho (Mr. Church), myself and seven other of our colleagues, and is also contained in a bill I have introduced in this session, S. 512.

Part 2 and part 3 are also contained in another bill, S. 651, sponsored by the distinguished Senator from Idaho (Mr. Church), the Senator from Connecticut (Mr. Ribicoff), and myself.

The first part of the amendment, instead of taking the approach taken by the Senator from Indiana and disallowing all foreign taxes as a credit, gives the Treasury Department the authority to prescribe rules to determine that portion of the so-called tax paid to the foreign country which, in fact, is a royalty payment. Royalty payments would henceforth be deducted, rather than credited against taxes due the Federal Government.

The portion which is truly a tax is permitted to be credited as a tax. Differentiating taxes and royalties should present no real problem to the Internal Revenue Service. It may choose to examine and place royalty values on the foreign wells just as it now, for example, values closely held stock and unique assets in decedent's estates. In the event that the foreign country taxes corporate income generally, a comparison of the tax it appiles generally with its tax on oil-related corporate income will serve as the basis for determining the existence of a royalty payment. Per-barrel or other taxes measured by volume would, of course, not be regarded as income taxes and would, hence, only be deductible.

To me it is a more evenhanded approach than is that proposed by the Senator from Indiana. I personally believe that tax neutrality requires that what are truly foreign taxes should be allowed as a credit. I think the only objectionable fact that we have run into here is that some companies have, in fact, gotten foreign governments to adopt laws saying that such and such is a tax when it is really a royalty.

As a matter of fact, I ran into a gentleman the other day who practices in a law firm in New York. When he got out of law school, he went and got interviewed for a job. The man who was interviewing him was representing a major company, and he could not spend much time with him because he was just packing his bags to go over to Libya to write its tax code.

This is the type of thing that happens, and with much planning these foreign countries' tax codes are sometimes written by some of our domestic corporations.

The only objectionable feature is that payments which are not truly taxes are called taxes. So I would permit as a credit payments which are truly taxes, but merely allow as a deduction that portion of the payment which is a royalty. That is point No. 1.

Point No. 2 is very simple. I would merely eliminate the "overall limitation" on foreign tax credits and say, "You must do it on a country-by-country basis."

Under the present system you can aggregate all foreign income and all foreign taxes.

My amendment would require that the Libyan tax could be credited only against that portion of our tax attributable to Libyan income.

The third item in my amendment would bar carrybacks and carryforwards of excess foreign tax credits.

Right now, certain companies have an accumulation of tax credits which are extremely substantial, and again looking at the annualization concept underlying the tax laws we should allow foreign taxes to be credited, but let us do it on an annual basis and not carry forward or backward excess taxes.

That, Mr. President, is the bare bones of this amendment. The provisions are contained in bills that have been previously introduced.

At this stage I will yield the floor for any further comment.

Mr. HARRY F. BYRD, JR. Will the Senator yield?

Mr. HASKELL. Yes, I yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. I am very much interested in this subject. I think it is important that something be done about the tax credits.

May I ask the Senator how his amendment differs from the amendment offered by the Senator from Indiana, and second, how his amendment differs from the amendment offered by the Senator from California?

Mr. HASKELL. I can comment on how my amendment differs from the amendment of the Senator from Indiana. He approaches the problem this way. He says that foreign taxes should not be allowed as a credit; they must be taken as a deduction.

I say that we should determine what part of the foreign taxes are truly taxes and allow that as a credit. The balance would presumably be a royalty since we are talking about oil income and would be permitted as a deduction the way domestic royalties are treated now.

Mr. HARRY F. BYRD, JR. So that the taxes that are truly taxes could be credited as taxes?

Mr. HASKELL. The Senator is correct.

Mr. HARRY F. BYRD, JR. But if it is a royalty, then instead of it being a tax credit, it would be a tax deduction?

Mr. HASKELL. The Senator is correct.

Now, I say to the Senator from Virginia, I am unable to comment on the difference between my amendment and that of the Senator from California because I have not read the amendment of the Senator from California in this regard and it might be useful to ask the Senator from California how mine does differ from his.

Mr. HARRY F. BYRD, JR. Yes, I will, if I may ask one other question.

What revenue would be involved in the Senator's amendment?

Mr. HASKELL. Well, I asked the Treasury Department last fall for an estimate and they said they were unable to estimate. Whether they are still unable I do not know.

The Senator from Idaho (Mr. CHURCH) in his Multinational Subcommittee work estimated recently that it would be somewhere between $1.5 billion and $2 billion.

Mr. HARRY F. BYRD, JR. Well, part 1 of the——

Mr. HASKELL. This would be for all three of the portions of my amendment and includes the portion for which I said the Treasury was unable to give me an estimate last fall. But the Senator from Idaho (Mr. CHURCH) in his Multinational Subcommittee took all three parts of my amendment, and comes up with a $1.5 billion to $2 billion revenue estimate. But I am relying on his revenue estimate, not on the Treasury Department.

Mr. HARRY F. BYRD, JR. Then, as I visualize the amendment offered by the Senator from Colorado, it actually would be less restrictive or less all-embracing than the amendment offered by the Senator from Indiana?

Mr. HASKELL. I think the Senator is correct when we talk about part 1.

I have two other parts in my amendment which I do not think are treated in the amendment of the Senator from Indiana.

One is the overall limitation and the other is the barring of carryback and carry-forwards of foreign tax credits.

When we talk about whether foreign taxes can be credited or deducted, I would agree with the Senator that my amendment does not go as far as does the amendment of the Senator from Indiana.

Mr. HARRY F. BYRD, JR. Well, for the purpose of clarifying just the other point I raised, would the Senator permit me to ask the Senator from California how his amendment differs from the Senator's amendment, or vice versa?

Mr. HASKELL. I am very pleased to have the Senator do that.

Mr. HARRY F. BYRD, JR. It is a very important issue, I think.

Mr. HASKELL. It is.

Mr. CRANSTON. I think one of the problems that I feel exists with the Haskell amendment is that it is not exactly clear how it will be implemented.

I think it will cause a lot of litigation and I believe that the people who benefit from the present circumstances will restructure their ways of doing things to avoid paying the taxes we would hope to pick up.

Mine is clearly and firmly written to pick up what is appropriate to pick up and no more.

Mr. HARRY F. BYRD, JR. I favored the amendment of the Senator from California, as the Senator knows, but it seems to me that the Senator from Colorado has a very desirable amendment also. I thank the Senator from California and the Senator from Colorado.

Mr. HASKELL. I would like to ask the Senator from California, Mr. President, who has expressed the opinion that his amendment is preferable to the one I have offered, what does his amendment do?

Mr. CRANSTON. Let me say, while we are looking for an outline that will tightly summarize what it does, I think the consequence of the amendment of the Senator from Colorado would be that companies would not all be on an equal footing, one with another. The U.S. oil companies would not be on an equal footing with foreign oil companies and there would be disparity between the treatment of the American oil companies and companies that are in other businesses abroad.

The precise provisions of my bill in this particular respect are that foreign tax credits taken for tax payments for oil and gas extraction are limited to 48 percent of foreign-earned income. This provision has the effect of wiping out "excess" foreign tax credits which can be used to shelter other foreign income earned in tax haven nations. The revenue gain would be $460 million.

The amendment also eliminates the "per country" limitation. That means that U.S. corporations must treat their foreign-earned income on a worldwide or overall basis. The "per country" limitation up to now permitted the oil companies to deduct start-up costs and other losses against U.S. income.

Under my amendment, companies must offset foreign losses against foreign income on a worldwide basis, not a country-by-country basis, and the gain there is $120 million.

Also, to the extent that foreign losses offset domestic source income, the amendment provides for a recapture in subsequent years when foreign income is earned or the foreign assets are disposed of. There is no gain in 1975, but an estimated gain in future years of $20 million.

My amendment also repeals DISC as it leads to or facilitates and makes more profitable the export of energy and the investment tax credit is denied in my amendment for drilling rigs operating in international and territorial waters of the Southern Hemisphere, to keep things home where we need them, and that would save another $10 million.

Mr. HASKELL. I appreciate the Senator's explanation.

I would merely make the comment, Mr. President, that one mistake in the amendment of the Senator from California is his arbitrary assumption that every corporate rate around the world is 48 percent.

I think there should be flexibility and our corporations should be allowed a credit for whatever, in truth and in fact, is the tax of that particular country, if any.

Perhaps that country has no income tax at all, and the proper determination is that the payment is all royalties. Perhaps it has a 60-percent income tax, in which case it ought to be 60 percent.

Mr. DOLE. Will the Senator yield?

Mr. HASKELL. Let me finish.

That would be my comment on the Senator's first amendment.

My comment on the second portion of the amendment is that I think it is going exactly in the wrong direction. The Senator from California apparently would make corporations aggregate their foreign income and get the benefit of the aggregated taxes paid to foreign countries. I believe this is going in the wrong direction. If corporation X is selling in Costa Rica, I think it is fair that the Costa Rican taxes be credited against Costa Rican income. I do not think it is proper that Costa Rican taxes be credited against U.S. taxes owing by virtue of Nigerian income. Therefore, I would oppose the direction that the Senator from California takes on that particular item.

The other items that the Senator from California has enumerated in his amendment are additional items not paralleled in mine, but I think this draws the issue.

Did the Senator from Kansas have a question?

Mr. DOLE. The Senator from Kansas is trying to understand. There are three amendments, and there may be others, dealing with the foreign tax credit. As I understand the distinguished Senator from Indiana, the revenue estimate from his amendment would be approximately $1 billion. As I understand the distinguished Senator from California (Mr. CRANSTON), the revenue estimate of his is about $630 million. I am not certain I understand the Senator from Colorado to have an estimate.

Mr. HASKELL. I have an estimate for all three portions of my amendment lumped together, which I have derived from Senator CHURCH's subcommittee on Multinational Corporations. I do not have an estimate on each part. The total estimate is somewhere between $1.5 billion and $2 billion. But, we are comparing apples and oranges because the Senator from California has things in his amendment which I do not have in mind, and vice versa. The same thing is true with respect to the amendment of the Senator from Indiana. I think revenue estimates are not very meaningful on a comparative basis in this context.

Mr. DOLE. Insofar as the amendments of the Senator from California, with the exception of the last three points of his 5-point program, they are quite similar.

I would appreciate the Senator from Indiana explaining the difference between the $1 billion and $1 or $2 billion.

Mr. HARTKE. Let me explain the situation in which the Treasury Department uses these figures.

Mr. BAYH. Will the Senator yield for a unanimous-consent request?

Mr. DOLE. Yes.

Mr. BAYH. Mr. President, I ask unanimous consent that Tom Connaughton and Howard Paster be granted the privilege of the floor during the debate and votes on H.R. 2166, the tax bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. I think it is fair to assume that the Trade Department and the Joint Committee on Taxation have a fair statement of how much revenue is presently available. That amount, according to the Treasury and the Joint Committee on Taxation, is roughly $2 billion. If we want to start out that it is $4 billion, then we have to make a difference of adjustment of everyone's figures. But I believe the $2 billion is fair.

The big difference here is the fact that what we are dealing with in the Cranston amendment and in the Haskell amendment is that they are retaining the foreign tax credit concept. My amendment eliminates the foreign tax credit concept and, therefore, changes it to a deduction. It puts it on the same basis as a domestic corporation. It treats them exactly like you would a company here at home.

This is a special benefit which was created in the law for foreign investments when we were trying to encourage investments abroad.

On the amendment by Senator HASKELL, the reason they cannot get an estimate on the first part is very simple: there is no way to define what is royalty and what is tax. The Treasury Department says they could not define it. Therefore, they cannot give an estimate on it. That is what the Senator from California (Mr. CRANSTON) said, and I believe he is right. It is so confusing that it could not be done.

Senator HASKELL said that his amendment has the second and third part, some provisions which are not in the amendment of the Senator from Indiana. He is exactly right. It is for the very simple reason that they deal with tax credits. Since the amendment which is pending before the Senate, the amendment of the Senator from Indiana, eliminates tax credits and, therefore, only deals with deductions, there is no necessity to try to juggle the question of optional overall limitation on foreign tax credits or the carryback and the carryforward of tax credits becaue they are eliminated. This is exactly the way all the people in Kansas, all the people in Louisiana, oil companies and other companies have to do business here at home. All I am saying is can you be just as fair to your domestic people as you are to the foreigners? If you want to give them a tax credit, then let us switch it all around and start giving it to the domestic people, too. Either go one way or the other but do not provide the special ripoff. That is what it is.

Mr. DOLE. A special writeoff?

Mr. HARTKE. Ripoff.

Mr. CURTIS. Will the Senator yield?

Mr. HARTKE. It is the biggest tax loophole. It is the biggest single tax loophole. There can be arguments made that it would affect their profit picture. I guarantee you they are right, because their profits are unconscionable. This deals with them effectively.

Mr. DOLE. I am not quarreling, but I think the Senator from Colorado has the floor. I could respond by saying that we are trying to get an estimate on the amendment of the Senator from Colorado from the Treasury Department.

Mr. HASKELL. If I may, the first one of the three parts of my amendment is comparable to the amendment of the Senator from Indiana and a portion of the amendment of the Senator from California. Without any doubt in my mind, the amendment of the Senator from Indiana is going to raise more revenue than either that portion of my amendment or the comparable portion of the Cranston amendment. I do not think there is any question about it. It just disallows completely the credit for all foreign taxes.

The Senator from Indiana has said that the Treasury Department did not give me an estimate because they could not figure it out. As a factual matter, that is not accurate. The Treasury Department said that they would have to examine the tax structure of each foreign country to make a comparison. For example, did that foreign country have other income taxes on other lines of endeavor? If so, then it is a cinch to say what portion of the oil company's taxes are real taxes and which are not. But it was the fact that they had to go into it on a country-by-country basis which prevented the estimate.

There is no question that the amendment of the Senator from Indiana is going to raise more revenue. There is no doubt about it.

Mr. DOLE. If the Senator will yield further, I think the Treasury estimated that the amendment of the Senator from Indiana would raise about $800 million. The Senator from Indiana indicates about $1 billion. The Senator from Kansas has just been informed that they still cannot estimate the revenue from the so-called Haskell substitute.

Mr. HASKELL. I do not have a Treasury estimate on that for the reason that I told you. I asked the Treasury Department and they said they would have to examine each country on a country-by-country basis and build it up. But the Senator from Idaho has a revenue estimate of $1.5 billion.

Mr. HARTKE. Will the Senator from Colorado yield for a clarification?

Mr. HASKELL. Certainly.

Mr. HARTKE. I ask the chairman of the committee if the statement of our own Joint Committee on Taxation is the source of my $1 billion estimate.

Mr. LONG. That is correct.

Mr. CURTIS. Will the Senator yield?

Mr. HARTKE. Is it also fair to say that they have no estimate on the amendment of the Senator from Colorado?

Mr. LONG. Mr. President, I have been trying to get an estimate of the amendment of the Senator from Colorado. I regret to say that no one can even give an educated guess. I am sure the Senator has some idea, but I do not think anybody really does.

His amendment states:

> any part of a payment made to that country as an income, war profits, or excess profits tax which is not reasonably similar (in terms of the rate of tax, or of the amount of tax paid for the income or profits involved) to the amount payable with respect to income or profits arising out of other activities, as determined by the Secretary or his delegate, is considered to be a royalty payment.

As I understand it, the Secretary does not allow a tax credit on anything he regards as a royalty now. I assume if he does not regard it as a royalty now, inserting the word "reasonably" would not make any difference. I assume he thinks that he is reasonably reaching the conclusion that it is not a royalty. I assume that he is not being unreasonable in reaching the conclusion that it is not a royalty. So that I would assume that the Secretary would conclude that all these payments which he does not now consider to be a royalty continue not to be a royalty.

Assuming that the Senator from Colorado wanted the Secretary to assume something to be a royalty which he does not now assume to be a royalty, then conceivably he could raise a great deal of money with his proposal—the same amount that the Hartke amendment would raise.

I would challenge any two people who have ever worked as experts in the taxation field to take this amendment and estimate the tax liability of any oil company doing business overseas. Unless the two of them are working together and see each other's handiwork, they will not come out with the same tax figure as the Senator from Colorado. My guess is that the conclusion of someone in the Treasury Department reading this amendment, or someone at Ernst and Ernst, or somebody at Arthur Andersen, might produce a result equal to one-quarter what the Senator from Colorado estimates his amendment would raise, or it might be four times as much. God only knows.

Mr. HASKELL. I have not estimated what that portion of my amendment would raise, because one has to look at it on a country-by-country basis.

Mr. LONG. I am sure the Senator knows what he had in mind. But reading this amendment reminds me of a story that has to do with Robert Browning, the great writer.

Societies were organized in England to talk about his great poetry and to try to discover exactly what some of his beautiful words really meant. On one occasion, those people who admired the language could not agree on what something meant. So, they finally decided to go to the author, himself, and ask what it meant.

"Lady," he said, "when I wrote that, only the good Lord and Robert Browning knew what that meant; and now I regret to tell you that only God Almighty knows what that meant."

That is about where we stand with regard to this particular provision. We do not have anybody on the staff of the joint committee who can tell what will be the result. I am sure that the Senator, who is a tax expert, knows what he had in mind. He can look at anybody's tax return and tell what he owes. But I would be willing to stake my reputation that no one can find any accounting firm in America that can look at the tax liability with this in hand and come to the same conclusion as the sponsor himself.

Mr. HASKELL. Mr. President, will the Senator yield?

Mr. LONG. If I had the floor, I would be happy to yield.

The Senator from Colorado is not the first one to think up something obscure on this matter. We, at one time, put something on the statute books about a tax credit; and at that time we had the distinction of passing a law by which no two accounting firms in America could take a company's tax data and arrive at the same figure as to tax liability. So the Senator from Colorado is not alone in drafting a law such as that. The committee, itself, did that. Please do not think this is the first time it happened. The Senator is entitled to join the club. The Senate has done that before.

Mr. HASKELL. I thank the Senator from Louisiana. I will do that.

Mr. President, I have seen the words "reasonable man" used. I do not know anybody yet who has been able to define "reasonable man."

We know that royalties are being called taxes in foreign countries. We know that companies are getting credits instead of deductions. I think that is incontestable. I believe most of us think something should be done about it. It is not desirable.

I admit the difficulty of the use of the English language or any other language, but I think it is relatively clear when it is said that any part of the payment made as an income tax which, in fact, is a royalty shall be disallowed as a credit. That seems reasonably clear.

I admit, for example, that it would be very simple if the country happened to have an income tax generally on corporate income and then had a whopping income tax on oil companies and no royalties. That is a pretty clear case. You would have no problem there.

I say to the distinguished Senator from Louisiana, the chairman of the Committee on Finance, that the Treasury Department is put into more difficult situations when they come to valuing closely held stock or unique assets in estates in this country. So I think there is no problem in promulgating rules to stop this practice of taking royalty payments as a credit against income taxes.

Mr. LONG. If the Senator will yield, the Senator perhaps recalls how this situation developed in countries like Saudi Arabia. The king collected a royalty and he levied a tax on the companies. The companies concluded that they could only deduct their royalty but they were entitled to a tax credit if they were paying a tax. Therefore, some tax experts—and anybody with any brains as a tax expert would figure this one out—simply said, "If Saudi Arabia were charging you the same amount as a tax, you would get a credit for it, which would be worth twice what a deduction would be worth. So why do not you tell the King over there that if he would assess that payment as a tax, you could afford to pay him a lot more, and you both would be better off, because you would owe the U.S. Government less?"

This has been criticized for years. There is nothing new about this. That being the case, I would assume that, after all the discussion that has been going on about this item for 10 years, the King can levy a tax. It is very easy to do over there, I understand. All he has to do is to decree it.

Mr. HASKELL. Mr. President, will the Senator yield?

Mr. LONG. So he levies a tax and says, "You owe us a tax of 70 percent. You no longer owe us a royalty. We will forget about the royalty part of it." If you are in a land where the King is supreme, where he is the supreme monarch, all he has to do is to say, "I hereby decree that you owe us no royalty; you owe us a 70-percent tax."

Mr. BENTSEN. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. HASKELL. Mr. President, I have the floor.

The ACTING PRESIDENT pro tempore. The Senator from Colorado has the floor.

Mr. HASKELL. Mr. President, I should like to respond to the Senator from Louisiana.

The Senator said that has been going on for quite a few years—10 or 20 years. I agree that it has. I think it is about time we did something about it.

I do not know whether the Senator was in the Chamber when I commented that I ran into a lawyer in New York the other day who said that he came down to be interviewed by a company for a job when he got out of law school, and the man interviewing him was in a hurry and said he was going to Libya to write their tax code. It is this kind of thing we are trying to get at.

Mr. LONG. The Senator says he wants to do something about it. If he does, he should vote for the Hartke amendment and be done with it, because the Hartke amendment says that all of it is a deduction; none of it is a tax credit.

Mr. HASKELL. I realize that, I say to the Senator. I just do not agree with that approach.

I yield to the Senator from Texas.

Mr. CURTIS. Will the distinguished Senator from Colorado yield?

Mr. HASKELL. I certainly will.

Mr. CURTIS. I am somewhat concerned about the Hartke amendment in this regard:

Our greatest trading partner is Canada for all things. Whatever we do here in reference to oil is apt to be extended to all foreign income. But we have substantial oil transactions in Canada. Many American companies go up there to develop those resources. They are very valuable to the United States because we have access to them, both as to distance and on surface transportation as well as pipeline—we hope.

Canada does not have any royalties at all. It is a straight tax. Under the Hartke amendment, if an American company goes to Canada and produces oil income, even though the oil might be used for our economy, they would have a tax of about 72 percent, is that correct?

Mr. HASKELL. Will the Senator repeat that?

Mr. CURTIS. Canada does not use any royalty gimmicks; it is a straight tax. Oil income brought back from Canada, if the Hartke amendment becomes law, would be subject to a corporate tax of 72 percent, with the two countries combined.

Mr. HARTKE. No, that is incorrect.

Mr. CURTIS. 24 plus 48 is 72.

Mr. HASKELL. I had better let the Senator from Indiana answer that question.

Mr. HARTKE. The situation would be

exactly the same as with an individual who went to Montana and drilled a well, if he went to Manitoba, right across the line. In other words, he is receiving a real big tax bonanza if he goes across the line. That is a big problem.

Mr. CURTIS. I hardly think so. If one lives in North Dakota and has interests in Montana, one does not file two Federal income tax returns.

Mr. HARTKE. Until they repatriate that, they have no profits at all, as the Senator well knows.

Mr. CURTIS. I understand that. If American capital goes into Canada to develop oil and gas, even for our benefit, and brings the income back into this country, under the Hartke amendment, they would be paying a corporate tax of 72 percent.

Mr. HARTKE. They would be paying a total tax, possibly, of 72 percent.

Mr. CURTIS. Yes.

Mr. HARTKE. Let me say that they deduct—will the Senator yield?

Mr. CURTIS. Yes; I yield.

Mr. HARTKE. That is not right, either.

What happens is that we have to go back to the situation of how the tax is going to be computed. In the first place, we do not eliminate totally the consideration that the foreign tax is paid. At the present time, they make their computation on their foreign-source income—taking Canada as an example. On that foreign-source income at the present time, they would pay whatever corporate tax rate there is in Canada and they are entitled to a tax credit as to the total amount of the tax liability.

Mr. CURTIS. Yes.

Mr. HARTKE. What I am saying is that that tax credit is now changed and it goes back into this tax form in different fashion. It goes into it as a deduction. He is entitled to take a deduction from his income, which brings it down to his taxable income. When he comes back to that taxable income on that foreign source, instead of being taxed at the 48-percent rate, he is only taxed 24 percent, which does not give an additional 48 plus 24. It gives a 24-percent tax rate on that portion of his income after the deduction has been made for his taxes paid to Canada.

In other words, he pays 48 percent to Canada and he only pays 24 percent on the balance after the deduction.

Mr. CURTIS. That makes 72 percent.

Mr. HARTKE. No; if the Senator looks at it on the form, it does not work out that way.

Mr. CURTIS. I think it does. I think if one is in a 48-percent bracket, the difference between a deduction and a credit is 48 percent.

Mr. HARTKE. No; because very simply, when we go to the tax form, at the present time, it comes down at the bottom of the form. If one had nothing more than straight expenses, it would be one thing. What we have here is a 50-percent reduction in the rate which is applied to that total amount of foreign-source income after they have deducted taxes that are paid to the foreign host country.

Mr. CURTIS. Is the Senator saying that if his amendment is adopted that applies to foreign income earned in Canada, oil-related, it would not increase the tax?

Mr. HARTKE. No; quite the contrary. I say it does increase the tax and it is going to close the tax loophole by about $1 billion. That is according to the estimates.

Mr. CURTIS. Is that a loophole?

Mr. HARTKE. I think it is a great loophole; I think it is the biggest loophole we have.

Mr. CURTIS. Is it a loophole with reference to Canada?

Mr. HARTKE. No, it is not; as far as Canada is concerned, they could not care less.

Mr. CURTIS. It is not a loophole with reference to income earned in Canada, the Senator says, but he is going to sock it to them, anyway, even though it is not a loophole.

Mr. HARTKE. I am closing a tax loophole of the United States of America. I am not adjusting the tax rates of Canada. We have nothing to do with the tax rate in host countries.

Mr. CURTIS. I think it is a generally accepted principle that when an American goes up to Canada and earns wages in the lumber mills and pays his tax up there, if he happens to bring some of it home, he gets a credit for the tax he paid where he earned his wages. That is true of Sears, Roebuck; that is true of any other company that operates in Canada. The Senator from Indiana now proposes to change that.

Mr. HASKELL. Mr. President, I believe I have the floor.

Mr. CURTIS. He might have some valid point on the percentages, but I do not think it should be done on the floor of the Senate.

I yield the floor.

Mr. HASKELL. Mr. President, I believe I have the floor.

I wish to propound a question to the Senator from Louisiana.

I ask the Senator, who is the chairman of the Committee on Finance, when the energy tax bill comes over from the House Ways and Means Committee, would the Senator have hearings on the subject of the foreign tax credit in connection with that particular piece of legislation? Would he ask the committee to make recommendations thereon?

Mr. LONG. In reply to the Senator from Colorado, we shall have to do that, because I am told that was in the so-called House tax reform bill last year, a measure relating to this, and it is also in the House energy package that they are working on right now in the House Committee on Ways and Means.

Mr. HASKELL. If it should not be in that package when it comes over, would the distinguished chairman nevertheless hold hearings on it separately? Would the chairman consider it a matter of importance?

Mr. LONG. If the Senator would like to have a hearing on that matter, we shall hold a hearing.

Mr. CURTIS. Will the Senator yield on that point?

Mr. HASKELL. I shall yield in a second.

I recognize this to be an extremely complex matter which is difficult to resolve on the floor. There are three different points of view represented here. Under those circumstances, that we will have hearings, and that the distinguished chairman has indicated an interest in the subject and will make recommendations to the Senate, I intend to withdraw my substitute amendment.

Therefore, I shall yield the floor to the Senator from Nebraska if he has a comment.

I ask, first, Mr. President, that I may have permission to withdraw?

The ACTING PRESIDENT pro tempore. The Senator has the right to withdraw his amendment. It does not require a unanimous-consent request.

Mr. HASKELL. I now withdraw my amendment.

The PRESIDING OFFICER. The amendment is withdrawn. The question recurs on agreeing to the amendment of the Senator from Indiana.

Mr. HASKELL. I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I would like to point out that this question of foreign tax credits, and defining what is a tax and what is not, is already in the Ullman energy bill that the Committee on Ways and Means in the House of Representatives is considering, and also I would like to point out that the administration has a proposal dealing with this matter that they are sending to the committees of both Houses.

I thank the Senator for yielding.

Mr. HARTKE. Mr. President, I am prepared to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 162) of the Senator from Indiana (Mr. HARTKE).

The amendment was agreed to.

Mr. HARTKE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 161

Mr. HARTKE. Mr. President, I call up my amendment No. 161 and ask for its immediate consideration.

I have no explanation for this; perhaps the Chair does: Amendment No. 162 was submitted yesterday, as was amendment No. 161, but I have been informed that amendment No. 161 has not been returned from the printer. I am unable to explain why.

The PRESIDING OFFICER. Does the Senator have a copy of his amendment No. 161?

Mr. HARTKE. Mr. President, I ask that the clerk report amendment No. 161, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

> At the end of the language proposed to be stricken by the Cranston amendment, insert the following new title:
>
> AMENDMENTS TO THE INTERNAL REVENUE CODE
>
> SEC. 105. TAXATION ON EARNINGS AND PROFITS.

Mr. HARTKE. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE's amendment (No. 161) is as follows:

At the end of the language proposed to be stricken by the CRANSTON amendment, insert the following:

Sec. 105. Taxation of Earnings and Profits of Controlled Foreign Corporations.

(a) Part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to income from sources without the United States) is amended by inserting after subpart II thereof the following new subpart:

"Subpart I—Controlled Foreign Corporations

"Sec. 985. Amounts included in gross income of United States shareholders.
"Sec. 986. Definitions.
"Sec. 987. Rules for determining stock ownership.
"Sec. 988. Exclusion from gross income of previously taxed earnings and profits.
"Sec. 989. Adjustments to basis of stock in controlled foreign corporations and of other property.
"Sec. 990. Records and accounts of United States shareholders.

"Sec. 985. Amounts Included in Gross Income of United States Shareholders.

"(a) Amounts Included.—

"(1) In general.—If a foreign corporation is a controlled foreign corporation for an uninterrupted period of 30 days or more during any taxable year, every United States shareholder of such corporation who owns (within the meaning of section 987(a)) stock in such corporation on the last day in such year on which such corporation is a controlled foreign corporation shall include in its gross income, for its taxable year in which or with which such taxable year of the corporation ends, its pro rata share of the corporation's earnings and profits for such year.

"(2) Pro rata share of earnings and profits.—A United States shareholder's pro rata share referred to in paragraph (1) is the amount—

"(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 987(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

"(B) an amount (i) which bears the same ratio to the amount determined under subparagraph (A), as (ii) the part of such year described in subparagraph (A)(ii) during which such shareholder did not own (within the meaning of section 987(a)) such stock bears to the entire year.

"(b) Earnings and Profit.—For purposes of this subpart, under regulations prescribed by the Secretary or his delegate, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year—

"(1) except as provided in section 312 (m)(3), shall be determined according to rules substantially similar to those applicable to domestic corporations,

"(2) shall be appropriately adjusted for deficits in earnings and profits of such corporation for any prior taxable year beginning after the date of the enactment of the Trade Reform Act of 1974,

"(3) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States, and

"(4) shall not include any amount of earnings and profits which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country.

"(c) Coordination With Election of a Foreign Investment Company To Distribute Income.—A United States shareholder who, for his taxable year, is a qualified shareholder (within the meaning of section 1247(c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

"(d) Coordination With Foreign Personal Holding Company Provisions.—In the case of a United States shareholder who, for his taxable year, is subject to tax under section 551(b) (relating to foreign personal holding company income included in gross income of United States shareholders) on income of a controlled foreign corporation, the amount required to be included in gross income by such shareholder under subsection (a) with respect to such company shall be reduced by the amount included in gross income by such shareholder under section 551(b).

"Sec. 986. Definitions.

"(a) United States Shareholder Defined.—For purposes of this subpart, the term 'United States shareholder' means, with respect to any foreign corporation, a United States person (as defined in section 957(d)) who owns (within the meaning of section 987(a)), or is considered as owning by applying the rules of ownership of section 987 (b), 1 percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation.

"(b) Controlled Foreign Corporation Defined.—For purposes of this subpart, the term 'controlled foreign corporation' means any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 987 (a)), or is considered as owned by applying the rules of ownership of section 987(b)), by United States shareholders on any day during the taxable year of such foreign corporation.

"Sec. 987. Rules for Determining Stock Ownership.

"(a) Direct and Indirect Ownership.—

"(1) General rule.—For purposes of this subpart, stock owned means—

"(A) stock owned directly, and

"(B) stock owned with the application of paragraph (2).

"(2) Stock ownership through foreign entities.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation or foreign estate (within the meaning of section 7701(a)(31)) or by or for a partnership or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(b) Constructive Ownership.—For purposes of section 986, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any United States person as a United States shareholder within the meaning of section 986(a), or to treat a foreign corporation as a controlled foreign corporation under section 986(b), except that—

"(1) in applying paragraph (1)(A) of section 318 (a), the stock owned by an unresident alien individual (other than a foreign trust of a foreign estate) shall not be considered as owned by a citizen or by a resident alien individual,

"(2) in apply subparagraphs (A), (B), and (C) of section 318(a)(2), if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitle to vote of a corporation, it shall be considered as owning all of the stock entitled to vote,

"(3) in applying subparagraph (C) of section 318(a)(2), the phrase '10 percent' shall be substituted for the phrase '50 percent' used in subparagraph (C), and

subparagraphs (A), (B), and (C) of section 318(a)(3) shall not be applied so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

"Sec. 988. Exclusion From Gross Income of Previously Taxed Earnings and Profits.

"(a) Exclusion From Gross Income.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when such amounts are distributed directly, or indirectly through a chain of ownership described under section 987(a), to—

"(1) such shareholder (or any other United States person who acquires from any person any portion of the interest of such United States shareholder in such foreign corporation, but only to the extent of such portion, and subject to such proof of the identity of such interest as the Secretary or his delegate may by regulations prescribe), or

"(2) a trust (other than a foreign trust) of which such shareholder is a beneficiary, be again included in the gross income of such United States shareholder (or of such United States person or of such trust).

"(b) Exclusion From Gross Income of Certain Foreign Subsidiaries.—For purposes of section 985(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when distributed through a chain of ownership described under section 987(a), be also included in the gross income of another controlled foreign corporation in such chain for purposes of the application of section 985(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation, but only to the extent of such portion, and subject to such proof of identity of such interest, as the Secretary or his delegate may prescribe by regulations).

"(c) Allocation of Distributions.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"(1) first, to earnings and profits attributable to amounts included in gross income under section 985(a), and

"(2) then to other earnings and profits.

"(d) Distributions Executed From Gross Income Not To Be Treated as Dividends.—Any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

"SEC. 989. ADJUSTMENTS TO BASIS OF STOCK IN CONTROLLED FOREIGN CORPORATIONS AND OF OTHER PROPERTY.

"(a) INCREASE IN BASIS.—Under regulations prescribed by the Secretary or his delegate, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which it is considered under section 987(a)(2) as owning stock of a controlled foreign corporation, shall be increased by the amount required to be included in its gross income under section 985(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

"(b) REDUCTION IN BASIS.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary or his delegate, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 988(a) shall be reduced by the amount so excluded.

"(2) AMOUNT IN EXCESS OF BASIS.—To the extent that an amount excluded from gross income under section 988(a) exceeds the adjusted basis of the stock or other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

"SEC. 990. RECORDS AND ACCOUNTS OF UNITED STATES SHAREHOLDERS.

"(a) RECORDS AND ACCOUNTS TO BE MAINTAINED.—The Secretary or his delegate may by regulations require each person, who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

"(b) TWO OR MORE PERSONS REQUIRED TO MAINTAIN OR FURNISH THE SAME RECORDS AND ACCOUNTS WITH RESPECT TO THE SAME FOREIGN CORPORATION.—Where, but for this subsection, two or more persons would be required to maintain or furnish the same records and accounts as may by regulations be required under subsection (a) with respect to the same controlled foreign corporation for the same period, the Secretary or his delegate may by regulations provide that the maintenance or furnishing of such records and accounts by only one such person shall satisfy the requirements of subsection (a) for such other persons.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 864(c)(4)(D) of such Code is amended to read as follows:

"(D) No income from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States if it consists of dividends, interest, or royalties paid by a foreign corporation in which the taxpayer owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958 (b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote.".

(2) Section 951 of such Code is amended by adding at the end thereof the following:

"(e) TAXABLE YEARS ENDING AFTER ENACTMENT OF THE TRADE REFORM ACT OF 1975.—No amount shall be required to be included in the gross income of a United States shareholder under subsection (a) (other than paragraph (1)(A)(ii), or paragraph (1)(B) of such subsection) with respect to a taxable year of a controlled foreign corporation beginning after the date of the enactment of the Trade Reform Act of 1974.".

(3) Section 1016(a)(20) of such Code is amended by striking out "section 961" and inserting in lieu thereof "sections 961 and 990".

(4) Section 1246(a)(2)(B) of such Code is amended by inserting "or 985" after "section 951" and by inserting "or 988" after "section 959.".

(5) Section 1248(d)(1) of such Code is amended to read as follows:

"(1) AMOUNTS INCLUDED IN GROSS INCOME UNDER SECTION 951 OR 985.—Earnings and profits of the foreign corporation attributable to any amount previously included in the gross income of such person under section 951 or 985, with respect to the stock sold or exchanged, but only to the extent the inclusion of such amount did not result in an exclusion of an amount from gross income under section 959 or 988.".

(c) The table of subparts of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Subpart I. Controlled foreign corporations.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to taxable years of foreign corporations beginning after the date of the enactment of this Act, and to taxable years of United States shareholders within which or with which such taxable years of such foreign corporations end.

Mr. HARTKE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARTKE. As I understand, this amendment is now an amendment attached to the House bill; is that correct?

The PRESIDING OFFICER. The amendment which was just agreed to, or that just proposed?

Mr. HARTKE. No, the one just agreed to was an amendment to the House bill, I know, and the amendment which was just submitted, No. 161, was originally an amendment directed to the House bill, not the Cranston amendment. Am I correct in my statement?

The PRESIDING OFFICER. That is where it is presently directed.

Mr. HARTKE. All right.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. When we agreed to the previous Hartke amendment, was that an amendment to the House bill?

The PRESIDING OFFICER. An amendment to the House bill. It was offered as an amendment to the House bill, not to the committee amendment.

Mr. LONG and Mr. HARTKE addressed the Chair.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. HARTKE. Mr. President, my amendment No. 161 ends the deferral of U.S. taxation on foreign income. Presently, income which is earned abroad by U.S. taxpayers is not taxed until it is repatriated, if ever. This means if it is reinvested abroad, it is not taxed by the United States. Income earned in the United States, on the other hand, is taxed in the year it is earned. This deferral of tax liability on foreign earned income is a clear incentive to reinvest the income abroad, not to bring it back to the United States.

My amendment would eliminate this incentive and result in an increase in U.S. tax revenue of approximately $600 million.

Tax deferral permits U.S. corporations to pay no U.S. income taxes on the profits of their foreign subsidiaries until those profits are brought back home—which may be never. The effect of this provision is that if a U.S. corporation uses its foreign profit for reinvestment abroad, the foreign profit is not subject to U.S. taxation.

In the domestic economy, of course, all investment in new plant and equipment is normally financed from after-tax corporate income. It is considered an extraordinary measure to provide a 10-percent tax credit for new investment in effect offering a temporary government subsidy to stimulate a needed expansion of capacity, as we are doing in this tax cut bill. The foreign operations of "our" multinationals, on the other hand, enjoy a permanent 100-percent U.S. tax write-off for any new investment they can finance directly from their overseas profits.

This is an extremely valuable tax advantage as a simple hypoethetical example can show. Let us assume there are two corporations, A and B. Corporation A is located in the United States. Corporation B is located abroad where there is no income tax. Let us follow these two corporations through 8 years of operations to see what effect U.S. tax deferral has on their profits.

In the first year, corporation A earns $1 of profits. Because it is located in the United States it must pay corporate income taxes at the rate of 48 percent on that dollar. This leaves 52 cents for reinvestment. Let us say the corporation reinvests the entire 52 cents and can earn a 10-percent rate of return on its investment. After 8 years, corporation A's investment will be worth $1.11. The profit on this investment is 59 cents on which 28 cents of U.S. corporate income tax will be due. The net result of these transactions is a total net profit after taxes of 83 cents for corporation A.

Now let us look at corporation B undergoing similar transactions, but operating abroad. Corporation B also earns $1 of profit in the first year. But, because corporation B owes no income taxes on that income it is able to reinvest the entire amount. In effect, the U.S. Government is making an interest free loan to corporation B for the duration of its investment. Of course, it is really the American taxpayers who foot the bill for this generosity.

After 8 years at a 10-percent rate of return, corporation B's investment will be worth $2.14. If corporation B now decides to return this profit to the United States, it will finally be subject to U.S. corporate income taxes. Of course, corporation B can reinvest this profit also and delay the tax still further if it wishes. But, assuming it brings the profits back home, the U.S. corporate income tax due will be $1.03. This leaves corporation B with a net profit after taxes of $1.11.

Mr. President, this is 34 percent higher than the profit corporation A was able to earn on a similar investment operating in the United States. And, the only reason for this difference is that corporation B could defer its U.S. tax liability.

Some will argue that this example is unrealistic because corporation B pays no foreign income tax on its profits. Mr. President, there are many schemes and devices by which our corporations operating abroad can escape all or substantially all foreign taxes on their income. Foreign nations offer special tax inducements to corporations to entice them to locate in their country. In addition, the multinational corporations are extremely clever at channeling their income through low-tax countries to minimize their taxpayments.

Elaborate schemes for avoiding virtually all taxation on overseas income are occasionally discovered and brought to public attention by the press. A recent example is an article in the Washington Star-News on November 29, 1974. The article exposes a scheme whereby the operators of 235 American-owned ships escape taxation on their income altogether by flying the Liberian flag. By owning their ships through Liberian subsidiaries, several U.S. corporations avoid paying any taxes on their shipping income. Liberia does not tax this income—it imposes only a minimal tonnage tax each year. The article quotes Mr. Herb Brand, president of the Transportation Institute, as saying the profits made by these shipping subsidiaries are tax exempt as long as they are reinvested abroad and not returned to American stockholders or to the parent corporation. As I have just explained in the example, this fact has tremendous advantages in the overall profitability of these overseas operations.

Mr. CHURCH. Mr. President, will the Senator yield for a question?

Mr. HARTKE. I would be glad to yield.

Mr. CHURCH. Do I understand the Senator's amendment would eliminate that provision of the Internal Revenue Code which now permits the deferral of income taxes on foreign earnings until such time as those earnings are repatriated to the United States?

Mr. HARTKE. What this does is eliminate that tax loophole which permits them to avoid taxation until there is repatriation of their earnings.

Mr. CHURCH. I want to say to the Senator in the course of the investigations that I have conducted as chairman of the Subcommittee on Multinational Corporations, I have found no single flaw in our income tax as serious as the one that he proposes to eliminate through enactment of this amendment.

The Senator's argument is absolutely valid. The present law which permits the deferral of the payment of taxes upon foreign service income until such time as the income is repatriated to the United States gives an advantage to corporations with foreign subsidiaries that greatly discriminates against domestically oriented American businesses.

There is no justification for permitting the large companies which have foreign factories or wholly or partly owned foreign subsidiaries to manipulate their tax liability so as to avoid payment on U.S. taxes or their foreign source income.

Under the present law it is possible for companies to either leave their earnings abroad and thus postpone the payment of an income tax to the U.S. Government indefinitely or structure their earnings in such a way as to retrieve the earnings during years of low tax liability, and leave them abroad during years of high tax liability, so that the advantages of the multinational domestic compared with corporation businesses are very great indeed.

The Senators amendment not only will augment the revenue to the Federal Treasury in the amount of approximately $1 billion—the last estimate I saw was $900 million—but it will also correct a very serious inequity in the tax law which presently operates against our own domestic corporations and in favor of the big companies that have chosen to locate significant part for their businesses in foreign countries.

It is a very fine proposal. It is eminently sound, and it should have been enacted a long time ago. I commend the Senator from Indiana for having proposed the amendment to this measure.

Mr. HARTKE. I want to thank the Senator from Idaho.

I might point out that in the work which has been done by the chairman of the Subcommittee on Multinational Corporations of the Senate Committee on Foreign Relations by the distinguished Senator from Idaho (Mr. Church) it is without doubt one of the finest works done in the Senate.

Although the original proposal was in another measure which I introduced some 4 years ago, and have continually reintroduced since that time, I would also like to point out that on the trade bill, when we had the measure up before us the last time, it was the distinguished Senator from Idaho who was proposing, and I cosponsored, that measure at that time.

Mr. CHURCH. I thank the Senator for his generosity. We have been in this endeavor together, and it does not matter who sponsors the amendment that is finally written into law as long as we get the job done. I am happy to be associated with the Senator from Indiana in the effort.

Mr. HARTKE. I want to thank the Senator.

Mr. CHURCH. I would appreciate it very much if he would add my name as a cosponsor.

Mr. HARTKE. I would be delighted. I ask unanimous consent that the Senator from Idaho (Mr. Church) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I ask unanimous consent that this article from the November 29 Washington Star-News be included in the Record at this point.

There being no objection, the article was ordered to be printed in the Record, as follows:

Loopholes Benefit U.S. Shipping: Bank Here Runs Liberian Tax Haven

(By James R. Polk)

A Washington-based bank has a little-known, long-term concession to operate a major tax haven for American-owned shipping in the African coastal nation of Liberia.

The giants of the U.S. oil industry sail many of their tankers under the flag of Liberia to escape income taxes through loopholes on both sides of the Atlantic.

The maritime administration of that African country is run, in effect, from an 11th-floor office looking down on the White House from the International Bank's building at 1701 Pennsylvania Ave. NW.

The International Bank Ltd., a parent of the First National Bank of Washington, is a financial chain owning most of the stock of The International Trust Co. of Liberia, which not only handles the ship registration in that nation, but also acts as the tax collector.

Fred T. Lininger, a polite, white-haired American financier who is a senior vice president of International Bank, carries a dual title: he is also, by long-term appointment, the senior deputy maritime commissioner for Liberia.

The International Bank subsidiary's contract to serve as the Maritime Administration in the African tax shelter is apparently lucrative. Its income depends on the level of ship registrations—in effect, the bank gets a cut of the tonnage tax payments—and accounts for a substantial piece of all the bank's foreign earnings.

The tax haven in Liberia exists because U.S. law doesn't cover overseas earnings in the shipping industry by foreign-based subsidaries of American firms.

As a result, a dozen or more oil companies have created foreign offshoots to own tankers registered in Liberia to carry their crude on the high seas.

At last count by the U.S. Maritime Administration, American-controlled firms had 161 tankers flying the flag of Liberia, with another 79 such tankers under construction.

The tanker "Statue of Liberty" is actually a Liberian vessel, owned by an American oil company. So is the "J. Paul Getty" and the "Phillips Oklahoma" and the "Esso Berlin."

Two proposals now pending on Capitol Hill, however, threaten this tax shelter.

One change in the tax reform bill would repeal the exemption for overseas shipping profits and require that the earnings be reinvested in the same foreign operations to elude taxation.

The effect of the repeal, if passed, is still rather foggy. One staff expert on Capitol Hill said, "I don't think most of the members fully grasped it."

The second proposal poses a more serious peril to the tax shelter. A cargo bill, backed by shipping unions and American shipyards, would require that 30 percent of the oil imported into this country be carried on U.S. tankers.

That bill, bitterly fought by American oil companies, already has passed both houses, and only Senate approval of a conference committee report is needed next week before the measure goes to the White House.

Asked about the bill's impact on tanker registrations in Liberia, Lininger said, "That's just hard to foresee. I don't see how it could help. But how much it will hurt eventually, I don't know.

The Liberian tax operation has been profitable for International Bank for a number of years. Lininger declined to say how profitable, but he did say, "Frankly, it's been an extremely satisfactory and worthwhile investment."

A financial filing by International Bank with the Securities and Exchange Commission includes this statement:

"The International Trust Company of Liberia acts as the maritime administrator of Liberia, which activity is the major source of its income. . . . The total income of the International Trust Company constitutes a subtantial portion of the total income of all of the foreign subsidiary banks."

How much is a substantial portion? That isn't answered. But the total foreign income and earnings for International Bank's overseas properties last year was listed at just under $2 million.

However, this is still not a big cut of all of International Bank's profits. The company is a major owner of Financial General Bankshares, a local banking chain which controls the First National Bank of Washington, Union Trust Company, Arlington Trust Company, and Clarendon Bank & Trust, as well as the Bank of Buffalo and the National Bank of Georgia.

Because of the tax advantages, Liberia, which is located on the western curve of Africa, has the largest merchant fleet in the World. Steel, sugar and aluminum companies, as well as private shipping tycoons, join the oil giants in registering vessels under that country's flag.

The International Bank operation provides the services for firms to set up foreign corporations in Liberia, administers the maritime law there, and handles the annual ship taxes and other assessments.

"They collect it as the government's agent," Lininger said.

In addition to the initial registration fee, Liberia has an annual tax of a dime per ton on a ship's cargo capacity. However, a tanker bringing oil from the Middle East a half-dozen times a year would pay three times that amount in American port fees alone.

The big advantage is found in income taxes. Liberia doesn't tax the earnings of its ships. And there is a large loophole in the U.S. income tax.

It works this way: If the profits which the American oil companies pay their own foreign shipping subsidiaries are left overseas, they avoid U.S. taxes because of a specific 1962 exemption for such shipping operations.

Even if the profits are brought back into this country, they can be sheltered by the foreign tax credit. Most of the royalties which American firms pay the Middle East oil nations are labeled as taxes by those countries.

This means an oil company can subtract—not deduct—from its U.S. income taxes the dollar amount it has paid in foreign taxes. The result leaves the oil industry at practically the bottom of American business in the U.S. taxes it pays.

Liberia got involved in shipping taxes after World War II with the help of a former U.S. secretary of state, encouraged by an American president.

After the Yalta Conference, President Franklin D. Roosevelt suggested that Secretary of State Edward R. Stettinius Jr. stop off in Liberia for a friendship visit on the way home. After the war, Stettinius went back as a private citizen to help Liberia in economic development.

With his ideas, Liberia set up its ship registration system in 1948 and the International Trust Co. of Liberia was formed to run it at the same time. International Bank here bought the trust company in 1956.

Although he is an International Bank official, Lininger has been registered with the Department of Justice as an agent of a foreign government for 16 years, ever since he became Liberia's deputy maritime commissioner.

The maritime commissioner above him is a Liberian, but the International Bank subsidiary functions as the nation's maritime administration through a contract which runs through 1979 and which is being renegotiated to extend it.

The International Trust Co. of Liberia also holds other foreign properties for International Bank. It controls Europabank, N.V., in Rotterdam; owns pieces of Transorient Bank in Beirut and Credit European in Luxembourg, and embraces a finance corporation in Panama.

The tax reform bill now pending in the House is not expected to have any immediate effect on the Liberian shelter for shipping, primarily because it is given virtually no chance of passage in the Senate in the late stages of this year. But the issues will come up again next year.

A number of efforts are written into the bill to try to put an American tax bite on the money that U.S. firms earn overseas. The major change for the oil companies could be a proposed 52.8 percent ceiling on the use of foreign tax credit to offset the profits from foreign drilling operations.

For shipping, the repeal and reinvestment requirement would prevent firms from moving their tanker profits into diversification in other industries. That alone would probably not be enough to start reclaiming tax money from the profits on the high seas.

Lininger pointed out that American firms would probably continue to register their ships in nations like Liberia because of shipyard construction costs. A vessel must be built in America to fly the U.S. flag, but overseas construction costs are cheaper.

For instance, American shipping billionaire D. K. Ludwig had 34 vessels registered in Liberia at the start of last year, and was building 7 more tankers in Japanese shipyards to sail under the Liberian flag.

ESSO Tankers, Inc., was building 28 oil carriers overseas, Gulf Oil 13, Standard Oil of California 10, and Mobil Oil 9—all to be registered in Liberia.

The American oil giants set up foreign subsidiaries to own the tankers they use under the flag of Liberia. Gulf Oil controls the Afran Transport Co., which is the actual owner of most of its Liberian tankers.

A bigger change might be engineered if the Senate approves and President Ford signs the pending oil cargo bill. Most of the oil imports brought into this country are carried on vessels under a foreign flag. In fact, the actual U.S. tanker fleet is too small to carry any significant share now.

By requiring that 30 percent of the imports be shipped in the future in U.S. tankers, the bill would mean more jobs for American unions and more construction for American shipyards. The bill also carries a tax break—an exemption from import duties at the taxpayer's expense—to offset any higher shipping costs.

Neither Lininger nor International Bank has taken any visible position on the cargo bill on Capitol Hill, but Lininger obviously does not favor it. He called the bill inflationary and said it could invite retaliation by the exporting nations.

Mr. HARTKE. Mr. President, despite the ability of the multinational corporations to escape foreign taxation on their earnings, this is not a necessary condition for benefiting from the deferral of U.S. tax liability. All that is necessary is that the corporations' foreign earnings be subject to a lower tax rate than the U.S. corporate income tax rate of 48 percent. So long as this is true, there will be an interest free loan each year from the U.S. Treasury to U.S. corporations operating abroad. For example, in the hypothetical example I used as an illustration a few moments ago, if Corporation B, the company operating abroad, were subject to a 30-percent foreign tax rate on its income, its profits from the 8-year operations I described would still be 13 percent higher than the company doing business at home. Higher profits merely because of a U.S. tax advantage of doing business in other countries.

It is not difficult for a U.S. corporation to find a country for investment abroad which taxes its income at a rate lower than the U.S. corporate income tax. In 1968, the last year for which I have complete data, the average effective U.S. corporate income tax rate in the United States was 41.6 percent. On the other hand, the average effective foreign income tax rate on profits of foreign corporations owned 50 percent or more by U.S. corporations was 37 percent. There are several countries where the average effective tax rate is below 35 percent.

Mr. President, I ask unanimous consent that a table I have showing average effective corporate income tax rates in the United States and abroad be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HARTKE. Mr. President, after reviewing this and other evidence in her paper submitted to the Joint Economic Committee in 1972, Prof. Peggy Musgrave of Northeastern University concluded:

> "Turning now to tax deferral, this provision permits the profits of foreign incorporated subsidiaries of U.S. corporations to enjoy a deferment of U.S. tax until remitted as dividends. Since most earnings retained abroad are reinvested in fixed assets this virtually amounts to a permanent exemption from U.S. tax. It is estimated that in 1970 such subsidiaries paid nine hundred million dollars less in foreign profits taxes than they would have paid under U.S. tax rates. Deferral clearly introduces a non-neutral incentive to invest abroad and is difficult to defend on both equity and efficiency grounds."

So there we have it. The tax deferral provision, according to Professor Musgrave, is an incentive to invest abroad rather than here at home. So, in reality, the American taxpayer pays twice for this corporate subsidy. Once in higher tax payments to make up for the taxes not paid by the corporations on their foreign earnings. And the American taxpayer pays a second time in an even more painful and permanent way, through watching their jobs and technology be exported to other lands.

Mr. President, the cost of this tax subsidy in terms of American jobs, American capital and American technology exported to foreign lands is incalculable. The cost to the American taxpayer in terms of scarificed tax revenue can be estimated, but the estimates are the subject of some controversy. Like many estimates, the answer depends on the assumptions made in the calculations. The estimate of additional revenue generated by the elimination of tax deferral by the staff of the Joint Committee on Internal Revenue Taxation is $600 million per year. Professor Musgrave in her testimony in 1972, indicated she thought the cost of tax deferral, under a different set of assumptions, was closer to the $900 milion figure I cited earlier, and presuambly would be even higher today.

In conclusion, tax deferral on foreign income offers tremendous advantages to U.S. corporations which invest abroad. It offers nothing to those which invest at home. It operates as an American subsidy to the overseas operations of U.S. companies. Through this device, we are, in effect, paying U.S. companies to invest abroad, to create jobs abroad, instead of at home.

If an American company is consider-

ing making an investment, the decision to invest here or abroad should not be affected by the U.S. Tax Code or legal structure. It is absurd when our tax system actually makes it more profitable to do the investing abroad than at home.

I think it is time we ended this absurdity by ending the deferral of U.S. tax liability on foreign earnings.

I urge the adoption of this amendment.

EXHIBIT 1.—COMPARISON OF AVERAGE CORPORATE INCOME TAX RATES IN 1968: ALL CORPORATIONS WITH INCOME SUBJECT TO TAX IN THE UNITED STATES AND U.S. CONTROLLED FOREIGN CORPORATIONS WITH POSITIVE EARNINGS AND PROFITS IN SELECTED FOREIGN COUNTRIES

[In millions of dollars]

	Income subject to tax (1)	Federal income tax (2)	Average tax rate (2)÷(3) (3)
U.S. corporations with income subject to tax (excluding 1120-S)	$81,405.4	[1] $33,871.5	41.6
	Earnings and profits before tax	Foreign income tax	Average tax rate
Foreign corporations with positive earnings and profits, owned 50 percent or more by U.S. corporations, total	$8,919.5	$3,298.7	37.0
Canada	2,479.5	1,108.5	44.7
Belgium	141.5	48.2	34.1
France	373.4	170.1	45.6
Germany	990.2	410.1	41.4
Italy	236.8	98.4	41.6
The Netherlands	175.2	57.4	32.8
Sweden	64.2	26.7	41.6
Switzerland	290.2	48.7	16.8
The United Kingdom	1,189.6	460.6	38.7
Mexico	232.8	94.3	40.5
Argentina	148.5	34.2	23.0
Brazil	221.7	61.1	27.6
Venezuela	142.5	40.0	28.1
Japan	143.0	59.0	41.3
The Philippines	81.1	24.0	29.6
Australia	362.5	145.6	40.2

[1] Excludes 10 percent surcharge.

Note: The Federal income tax figure represents tax liability on all income—domestic and foreign—subject to the U.S. tax after investment credit but before foreign tax credit. The figures on the foreign income taxes represent the income taxes paid by U.S. controlled foreign corporations to foreign governments only and do not include withholding taxes paid to foreign governments on dividends repatriated and additional taxes that may be paid to the Federal Government on earnings repatriated by these corporations.

Source: Tabulation by IRS of tax forms 2952, not yet published. U.S. data from "Statistics of Income 1968, Corporation Tax Returns."

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. HARTKE. Yes, I yield.

Mr. CURTIS. Does the Senator's amendment relate to all of foreign income or just oil income?

Mr. HARTKE. It relates to all.

Mr. CURTIS. All?

Mr. HARTKE. Right.

Mr. CURTIS. May I have a copy of the Senator's amendment?

Mr. HARTKE. I will do the best I can. There is one at the desk. It was supposed to be printed.

Mr. CURTIS. I just inquired at the desk and there is no copy there.

Mr. HARTKE. I will try to give the Senator an extra copy.

Mr. CURTIS. If this affects all income——

The PRESIDING OFFICER. For the information of the Senator from Nebraska copies are being made right now from the desk copy of the amendment.

Mr. HARTKE. I explained before that this is amendment No. 161. Amendment No. 162 is the amendment which was adopted prior to this. Amendment No. 162 was printed and was at the desk and they have informed me the printer did not get amendment No. 161 here.

Let me ask the desk if that is a correct statement of the situation.

The PRESIDING OFFICER. Yes, it is.

Mr. HARTKE. Is that correct?

The PRESIDING OFFICER. That is the case.

Mr. CURTIS. Now, may I inquire, this relates to all income earned in foreign countries?

Mr. HARTKE. Right.

Mr. CURTIS. Is it limited to corporations?

Mr. HARTKE. Pardon me?

Mr. CURTIS. Is it limited to corporations?

Mr. HARTKE. Yes, sir.

Mr. CURTIS. And it provides in substance that if a corporation——

Mr. HARTKE. Pardon me, not limited to corporations.

Mr. CURTIS. Oh, it applies to individuals?

Mr. HARTKE. Right.

Mr. CURTIS. Well, then if someone goes to a foreign land and works, he is an American, he can be taxed by our Government on income earned in a foreign land?

Mr. HARTKE. If he continues his residence in the United States.

Mr. CURTIS. Will this allow any credit?

Mr. HARTKE. Will this allow what?

Mr. CURTIS. Does it permit any credits for foreign taxes?

Mr. HARTKE. This has no effect whatsoever on credits.

What this does, it provides for the taxation to be paid in the year in which profits are earned, on profits.

Mr. CURTIS. Earned abroad?

Mr. HARTKE. That is right.

Mr. CURTIS. Well, in other words, whether it is an individual or a corporation, earned money in a foreign land, we impose the tax on their earnings regardless of whether they bring it back into this country?

Mr. HARTKE. No, wait a minute. The tax accrues anyway. The fact of it is that the tax is deferred. There is a distinct difference in the legal approach of a deferral of taxation——

Mr. CURTIS. How long is it deferred?

Mr. HARTKE. Under the law today, it is deferred until such time as it is repatriated to the United States.

Mr. CURTIS. All right.

Mr. HARTKE. And the difference is that in the United States if one has a profit in his business, whether he distributes it in the form of dividends to stockholders or distributes it to individuals, it is taxed in the year in which it is earned.

All I am saying is that what is fair in the United States ought to apply to those people who are taking advantage of the situation and making profits abroad.

I do not want to subsidize, as I said, at the present time, foreign businesses at the expense of American businesses.

In this bill, for example, we have a tax credit which applies to the United States and it applies abroad. But in the situation of the foreign operation today which makes a profit overseas because the tax is deferred as long as one does not repatriate, if one keeps that tax overseas and does not return it to stockholders or in the form of distribution of profits back home, one can keep it overseas and defer that tax ad infinitum.

The net result is that one can avoid any taxation whatsoever while that same person here in the United States of America cannot avoid that taxation, cannot defer that taxation.

Mr. CURTIS. Well, does the Senator have a question of jurisdiction, the authority to tax?

Mr. HARTKE. No.

Mr. CURTIS. Why not?

Mr. HARTKE. Let me say——

Mr. CURTIS. If the transaction takes place entirely in a foreign country, does our sovereignty give us a right to tax that income?

Mr. HARTKE. I am sorry, I want to clear up something here. My original interpretation was the amendment applied to corporations. I am now told again that was not a correct statement when I said it. I was told that was true.

Mr. CURTIS. It just applies to corporations?

Mr. HARTKE. That is right.

If an individual, it already is subject to the tax without repatriation.

Now, I did not hear the other question the Senator asked.

Mr. CURTIS. Now, what I want to know, is there any question of the jurisdictional right of our country, of the United States, taxing income earned in a foreign land, that the income is not brought back?

Mr. HARTKE. No; there is no question of sovereignty. As long as the question of jurisdiction there is a question of sovereignty, as long as the individual—the question of sovereignty is not involved as to the question of any group which retains its identity with the United States of America.

Mr. CURTIS. Well, would the Senator grant to foreign countries who own factories in this country authority to impose an income tax on income earned in the United States that remains here?

Mr. HARTKE. Yes, I would. But let me put it straight again as to what I said a moment ago.

The question of the imposition of the tax is not open to dispute. We impose the tax, but we do not collect it. What is deferred is the payment, and what I am stopping with this amendment is the elimination of deferral, not elimination of the tax.

Mr. CURTIS. Well, that is a distinction without a difference.

Mr. HARTKE. I beg the Senator's pardon. No, sir.

The Senator has been on the House

Ways and Means Committee and the Committee on Finance long enough to know deferment of taxes means tax liability is there only one has to pay it in the future instead of now, and that is a major difference; that is not a distinction without a difference.

Mr. CURTIS. Paying it in the future is contingent upon returning it, all income, to the jurisdiction that is imposing the tax.

Mr. HARTKE. That is exactly right.

Mr. CURTIS. And it is a——

Mr. HARTKE. It is a contingent deferment, that is exactly right.

Mr. CURTIS. Yes; and if it is never returned, there is never a tax collected.

Mr. HARTKE. That is true, which is in the case of many other situations we have in the tax law. That is not unique.

Mr. CURTIS. Well, now, the Senator may be right. What puzzles the Senator from Nebraska is that here is a proposal relating to all manner of income, not just oil. We do not even have copies of it, and it is a very complex matter.

I would much rather have it explored in a committee and hear both sides of it and then try to pass a judgment that would result in sound tax law.

I do not think that we want by precedent or otherwise to grant Germany, Japan, all the other foreign countries, authority to tax income earned in the United States that is not sent back to the country where it belongs.

Mr. HARTKE. Will the Senator yield?

Mr. CURTIS. Yes.

Mr. HARTKE. Let me say, this is not new; this is not new to the Senator from Nebraska. This measure has been before the Committee on Finance so many times that it is almost becoming, I would imagine, redundant in its appearance.

It has been in a number of amendments. The Senator from Nebraska voted against me every time. That is his right. He can protect this loophole, if he wants to. That is all right with me. But let me say, it is certainly no surprise. It was on the floor of the Senate last December, it was in committee, and the Senator voted in the committee against it this year.

Mr. CURTIS. We never had hearings on it.

Mr. HARTKE. I brought it up in committee; the Senator voted against it.

Mr. CURTIS. We never had hearings on it.

Mr. HARTKE. There were so many hearings, there are about four books of hearings, not on this item alone, but involved in this basic situation.

There is nothing new about this. It is a big tax ripoff, and that is what it is, it is a big loophole.

As the Senator from Idaho said, there is no item in the tax code which has less reason to be there than this item which I have been trying to eliminate.

There is no question on equity or justice, and if the Senator is a loyal American he should be for this bill, and I know he is a loyal American, so I cannot understand why he cannot be for it.

Mr. CURTIS. I assure the Senator that if a test of loyalty to this country is agreement with the distinguished Senator from Indiana who wants to tax income earned abroad——

Mr. HARTKE. That is a good test, I approve it.

Mr. CURTIS. I actually think the Senator believes it.

Mr. HARTKE. All right, look, I respect——

Mr. CURTIS. I actually think the Senator's philosophy of taxation is so lacking in some respects that he would not hesitate to place such a test on one's loyalty.

Mr. HARTKE. I do not put any question on the loyalty of the Senator from Nebraska.

He is a dedicated American and an effective debater. I would say if there was ever a man who could make black look white and white look black, I think the Senator from Nebraska could do that.

Mr. CURTIS. A lot of people would doubt that.

The Senator is slipping right along as the Senator proceeds to speak that way, because no person would believe such a thing.

I realize that the Senator brings these amendments up. It is a little early this time. It is usually about 8 or 9 o'clock at night, and likewise in the committee. But I do not believe since the Senator has been on the committee that we have actually had a bill dealing with this matter set down for hearing and had all the people involved to come in and give their viewpoint.

Mr. HARTKE. I will say I will be glad to give those to the Senator. Practically every major multinational corporation testified against this measure. I agree with that. Let me say there is no question but what the multinational operations are against this amendment. If the Senator wants an expression of their opinion, there is no question that they would agree with the Senator from Nebraska.

Mr. CURTIS. They do not know what my position is. I went up to the desk to get a copy of it and I cannot find one.

Mr. HARTKE. I believe they have a copy at the desk now.

The PRESIDING OFFICER. Copies of the amendment are on the desk now.

Mr. HANSEN. Mr. President, I thought that the exchange between my good friend, the distinguished Senator from Indiana, and the distinguished Senator from Nebraska was most informative. As I sat here observing and listening, intently because I am interested, and I, too, want to learn what is contained in the Senator's amendment, I noted that at one time he made a response that later he said was in error, that he had not understood precisely what was in his amendment. If I am putting words into his mouth, I hope he will correct me. At least, and I think the record will speak for itself, he said he was in error on that one particular point and then he went on to clarify it.

The trouble is, and I think it is fair to say this, that despite the obvious interest in this issue, more than half of the Members of the Senate are not in the Chamber at the present time and were not privy to what is in this amendment.

It has been my feeling that we really are——

The PRESIDING OFFICER. The Senate will be in order.

Mr. HANSEN. We really are trying to legislate in an area where we are controlled and swayed more by emotionalism and by what we think will be a popular position to take with the folks back home than we are likely to be persuaded by the facts.

It would seem to me that we would be well advised to get on with the original business that was intended to be included in this tax package, to examine the economy, as has been done by the Finance Committee and the Ways and Means Committee, and to determine what steps, if any, ought to be taken in the public interest to make possible the placing of money into the hands of Americans so as to stimulate business activity, so as to create jobs, so as to reduce the rate of unemployment in this country, and to treat those issues alone.

Anyone who is honest with himself would have to admit that many of these tax proposals in the first place are not printed. We have not had the opportunity to learn from hearings what effect they might have on industry.

I said yesterday that certainly it is true that the typical American knows—knows because he has read in the printed media day after day after day—that the oil industry is guilty of reaping obscene profits upon its operations. It is guilty of callous disregard for what is good for the typical American.

It has seized upon every opportunity and, in fact, at times has been in connivance, one company with another, to rig prices, to do all sorts of things which would result in more profit going to the industry.

And that is only part of it.

We can recall a year ago the frustration that was experienced by many Americans when they were in lines of traffic waiting to get into a filling station to get some gasoline. I recall 2 years ago, or perhaps about that long ago, in New York City, when the word was out that there was not going to be enough gasoline to go around, the police force of the State of New York detailed some police to check the average amount of gasoline purchased at one filling station. They did that, I think, for more than a half day.

As I recall the figures, Mr. President, the typical purchase was 75 cents. People were topping off, trying to fill up their tanks to the last drop that they could get into them simply because of the psychology that had been developed, the concern that gasoline might not be available; that possible rationing would be imposed, and that they had better get their share before the hoarder stepped in.

That is part of the background that I think brings it to the point where we are now, where we are recalling these things, where we are recalling the stories in the press that profits have been obscene.

On that point, I cannot help but recall how damaging to the truth what appears in the media oftentimes is. One of the tests which seems to have been applied rather universally by the printed media and by the electronic media in order to make a measure of what constitutes an obscene profit is to compare the profits of 1 year with those in a succeeding year.

I mentioned before that one of the oil companies that obviously was enjoying such great profitability as to leave no doubt that their profits were obscene and windfall in character was Occidental.

The facts are, Mr. President, that about 3 or 4 years ago Occidental did not make a profit. It lost money. It went in the hole. It did not come out even that year. It actually lost money. But Occidental's board of directors, recognizing the importance that attaches to stockholders receiving a dividend, nevertheless authorized a payment that constituted 1.3 percent on the typical investment that a share of stock represented in that company that year. They did that not because they had had a profitable operation that year, but, rather, because they wanted to make certain that what they did for their stockholders would continue to give their stockholders a desire to keep their stock in that company and to stay with them.

The next year and the year following they had better years, and they were able, in a subsequent year, to pay a dividend representing about 9 percent on the investment represented by the typical one share of stock in that company.

It did not take very much education for a reporter for the Washington Post, CBS, or NBC, the New York Times, the Baltimore Sun, or any other paper or part of the media to figure out that the percent of dividend paid by Occidental had increased 718 percent.

The conclusion was inescapable: This is a windfall. Profits have gone up 718 percent.

Few, if any, as far as I know, elements of the media went to the trouble to tell what were the facts. They did not point out that the return on amount invested by Occidental in their total operations profitwise that year was about 9 percent. They did not tell about that. They just said profits for Occidental have gone up 718 percent.

They just said that profits for Occidental have gone up 718 percent. The news media, both the printed and the electronic, could have pointed out, I think it is fair to say, that two very important and influential newspapers in this country, the Washington Post and the New York Times, and CBS enjoyed profits the same year that represented a far greater return on investment than was enjoyed by Occidental Petroleum Co.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. HANSEN. I am happy to yield.

Mr. HARTKE. I understand what the Senator is saying, but it does not address itself to this amendment. This amendment only makes an application as to those people who make profits. They make big or small profits. All it says is that the oil corporation which is a subsidiary of an American corporation should be in the same position as a domestic corporation in Wyoming. I do not know why the Senator from Wyoming would want to go ahead and provide a special benefit to somebody who is operating in Japan or in Germany or in France which his own people in Wyoming could not get. Why would he want to permit them to defer their taxes, when he will not permit his own local people to do so?

Mr. HANSEN. I say to the Senator from Indiana that he is a better mindreader than I am. I did not think I had said anything yet which might have justified his making the conclusion he seems to have reached. He has already assumed what I am going to say next. Perhaps he knows, and if he does, I suppose that he will certainly have every reason to leave the Chamber, because he will not need to hear what I am going to say. But I hope that others will listen to and might be interested in what I am about to say. I say that to my good friend from Indiana not as rudely as he possibly may infer me to mean it, because I do not mean that way.

I am trying to make this point. This is the background. This represents the attitude of many Americans. Many people in this country are convinced that oil companies have obscene profits. So my point, I say in all honesty and candor to my good friend from Indiana, is this: That is part of the background that makes it easy for people to stand on the floor of the Senate and say, "Let's abolish all foreign tax credits." Why do we do that?

I know that the Senator from Indiana has said, "Let's knock them all out." Most people do not go that far. Most people single out the oil industry and say that it, alone, is guilty of making obscene profits; so they do not say that we should take the profits away from every international corporation, but that we should take them away only from oil companies.

The point I am trying to make, Mr. President, is this: This is the area, this is the atmosphere in which we are legislating. We really do not know all we are talking about.

Mr. CURTIS. Mr. President, will the Senator yield for an observation?

Mr. HANSEN. I yield.

Mr. CURTIS. I want to correct an impression about hearings on this proposal.

The chief of the staff of the Joint Committee on Internal Revenue tells me that we have not had any hearings on this proposal. I was quite sure that that was true. I raised the question about the Foreign Tax Act of 1966, and he said that this issue was not involved in that legislation.

I do not like to let the record stand that here is something that has been gone into thoroughly, that we have a remedy and just will not apply it. It is entirely possible that some corrective legislation should be advanced in this area, but it should be advanced after a hearing and committee consideration.

Mr. HARTKE. Mr. President, will the Senator yield on that point, for a point of clarification?

Mr. HANSEN. I yield.

Mr. HARTKE. I never said it was held on this tax bill. There were quite extensive hearings on the trade bill. This was a part of the Burke-Hartke bill. It was in there in detail, and it was held in the Ways and Means Committee. There was extensive testimony.

Mr. CURTIS. I did not say anything about this bill. I said that this issue has never been set down and fully explored at a committee hearing.

Mr. HARTKE. I am telling the Senator that it was, and it was dealt with quite extensively, with hearings in the Foreign Relations Subcommittee on Multinationals, which has been chaired by Senator CHURCH.

Mr. CURTIS. That is just a debating society. They cannot report tax legislation.

Mr. HANSEN. Mr. President, many things are going to be affected by each of these amendments, if any one of them should become law. It is because of my concern that we are legislating almost in a vacuum insofar as the specific knowledge we should have is concerned that I am constrained to speak out.

The international oil companies have been damned by everyone. Many people in this country, I am inclined to believe, could conclude very well at this point that we would be better off if we could cut them off right at the pockets, so that we would just put them out of business overseas; and perhaps there are people who want to do that. I, for one, do not want to do that, because I recognize that they are taking profits that are made on their operations in foreign countries, in the production of energy, the biggest part of which is sold to other countries around the world—not to the United States, but to other countries around the world. They are taking profits from overseas and bringing them to the USA and investing them here.

Yesterday's RECORD discloses some figures on Texaco. I pointed out that their overseas operations, as I recall, accounted for about 68 percent of their profit. Yet, 71 percent of the money they invested in drilling operations was invested in the United States of America. The same companies, of which Texaco is one, have leased blocks of the Continental Shelf to drill for oil there. What has happened? I pointed out yesterday that $850 million which was given as a bonus for one of the leased blocs in the northeastern part of the Gulf of Mexico resulted in every hole that was drilled there being a dry hole. That money has to come from somewhere.

All I can say is that when we do what I think is proposed in some of these amendments, I have to say to the Senator from Indiana that if we make the changes that his amendment seems to imply, we will have, whatever else may be said, less money to develop our own energy resources in this country.

Not very much has been said about the tanker fleet. The tanker fleet is the biggest bulwark this country has in times of real emergency, in making secure access to foreign oil supply. We get a great deal of oil from all over the world—part of it certainly from the OPEC countries. There are other areas as well where oil comes from and has to be hauled by tanker. I think it is fortunate that the major oil companies have been able to make the investments they have in that tanker fleet, which can give the assurance and confidence to the United States of America that if worst comes to worst, we can call upon the owners of those tankers to see that our national interests are addressed first.

What I am saying, Mr. President, is that there are many things we do not know about these amendments. We should know more about them. It is important to understand, when we talk about depletion, and that has been a matter of great debate here, that in the State of Alaska it is far more expensive—the Senator from Alaska spoke yesterday, pointing out how much more expensive—I think at least 10 times as expensive, to drill a well in the State of Alaska than it is in the lower 48.

Mr. President, without losing my right to the floor, I ask unanimous consent that I may yield to the distinguished Senator from Alabama in order that he may introduce an amendment.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT NO. 179

Mr. ALLEN. Mr. President, I send up an amendment and ask that it be treated as having complied with the requirements of rule XXII in the event cloture is invoked on tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, this amendment may or may not be called up after cloture has been invoked, or even before. I anticipate that this bill is going to get into such strange shape before we get through with cloture that the Senate will welcome the opportunity to go back to the House bill, with the Bentsen amendment added. That would be the only change in the bill.

I send it up under the conditions that I requested.

The ACTING PRESIDENT pro tempore. The amendment will be received and printed.

Mr. HANSEN. Mr. President, I wish to make the point that some of the amendments which have been offered on the floor and which have been acted upon would have the effect of denying the depletion allowance to multinational oil companies whose operations may involve rather extensive drilling on our Continental Shelf. There is just one thing that can be said clearly to stand out from the hearings that the Finance Committee has had on this issue. That is that if the depletion allowance is taken off of the oil industry—and I do not say that it cannot be and I do not say that we might not, given time to study the issue, decide that there should be changes made, and that there should be changes made in the foreign tax credit. What I say is that if we take the depletion allowance off, every expert I have heard testify says that the price will have to rise in order to compensate the oil companies, because they are all in competition and it is not a ripoff for all of them. They are in competition with one another, and by virtue of their tax treatment in that regard, we are able in this country to buy gasoline and all oil products—heating oil, diesel, and the middle distillates—for probably less than half of what they are sold for in any other country in the world today, despite the fact that the average production from an American oil well is probably about one-five hundredth to one-five thousandth of what it is in Saudi Arabia.

Let us make up our minds on this fact. We can take it off, and maybe we should. But let us not take it off in the dark and wake up the next morning to find that, by having taken it off, we are going to raise the price of fuel in this country.

I say let us do whatever we do with our eyes open.

Mr. President, I hope that the Senate does not react from emotion, does not react to what it believes is constituent pressure to get even with somebody, because they have been tried and convicted in the press and by the electronic media. Rather, I hope that whatever we will do will be done on the basis of having listened to the industry to hear its side of the story and to understand, as best we can, how to protect the interest of America first. I think we have a reason to believe that we can do that if we go through the normal procedure of hearings.

On that basis, I suggest, Mr. President, that we are likely to come up with far more nearly right decisions, decisions that will be in the best interest of America than likely will result if we go helter-skelter, groping around in the dark and recalling what we have seen in headlines and reacting on that basis and legislating on that basis.

Mr. CURTIS. Mr. President, I, very shortly, shall make a motion to table the amendment of the Senator from Indiana. I do it with the full realization that no doubt there is merit to his amendment. I do it with full belief that we ought to legislate in this field. But it is a complicated amendment. It is well established that we have never had hearings on it. True, it has come up through reference to it in other bills. An individual Member may ask a lot of questions about something and put something in the RECORD. But the report from the staff is that this issue has never been laid before the committee, notice given, and all the interested parties come in, as well as all the technical advice that descends on a committee at a time like that.

Therefore, Mr. President, I move to table the Hartke amendment.

Mr. HARTKE. Mr. President, will the Senator withhold that for a statement, for just a minute?

Mr. CURTIS. I shall withhold that for 1 minute.

Mr. HARTKE. All I wish to say is that this measure makes it very clear that domestic corporations, which are presently being discriminated against, will have an equal footing with foreign-owned subsidiaries. Therefore, I hope that we can have a yea-and-nay vote on this measure, because I think it is very important that we can recoup at least $600 million, possibly a billion dollars, from people who are avoiding paying taxes at this time. This is the time to do it.

Therefore, Mr. President, I hope that we can have the yeas and nays upon the motion to table.

Mr. CURTIS. Mr. President, I have withheld the motion for a moment and I wish to reply to that.

We have a responsibility here to write the very best laws we know how. It is easy to jump if somebody can stir up some pressure, but our citizens have to live under these laws. It affects all of them. This is not something that is directed at the oil barons. This is part of a permanent law and just as it is fundamental Americanism that everybody have his or her day in court, it is fundamental to our system of justice that major tax changes should be done after notice and hearings.

Mr. President, I move to table the Hartke amendment.

Mr. DOLE. Will the Senator yield?

Mr. CURTIS. I have already made my motion.

The ACTING PRESIDENT pro tempore. There is no debate.

Mr. CURTIS. Mr. President, I ask for the yeas and nays.

The ACTING PRESIDENT pro tempore. Is there a sufficient second? There is a sufficient second. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CURTIS. Mr. President, I ask for the regular order. I ask that the well be cleared.

The PRESIDING OFFICER. The Senate will be in order. Senators will please clear the well.

The clerk may proceed.

The rollcall was resumed and concluded.

Mr. ROBERT C. BYRD. I announce that the Senator from North Carolina (Mr. MORGAN) and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 44, nays 52, as follows:

[Rollcall Vote No. 78 Leg.]

YEAS—44

Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Byrd, Harry F., Jr.
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Helms
Hruska
Inouye
Johnston
Laxalt
Long
McClure
McGee
Nelson
Packwood
Pearson
Percy
Roth
Scott, Hugh
Scott, William L.
Stafford
Stennis
Stevens
Stone
Talmadge
Thurmond
Tower
Weicker
Young

NAYS—52

Abourezk
Allen
Bayh
Biden
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Eagleton
Ford
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Jackson
Javits
Leahy
Magnuson
Mansfield
Mathias
McClellan
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nunn
Pastore
Pell
Proxmire
Randolph
Ribicoff
Schweiker
Sparkman
Stevenson
Symington
Tunney
Williams

NOT VOTING—3

Kennedy
Morgan
Taft

So the motion to lay on the table was rejected.

Mr. JACKSON and Mr. HARTKE addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. JACKSON. Mr. President, I ask unanimous consent that Mr. Thomas Platt and Mr. William Van Ness of my staff, committee staff, be granted the privileges of the floor during the consideration of the pending motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I would like to say in view of the vote I want to thank all those who voted not to table, and in view of the vote, I am not interested necessarily in going to a rollcall unless somebody else would want to do so.

Mr. LONG. Mr. President, I would think that those who voted against the motion to table would be for the amendment. Frankly, I have mixed feelings about the amendment. It is an area that should have reform. There are a lot of problems that this would not solve. But I might want to vote for the amendment. Even so, I would be willing to assume if there are 52 votes against tabling there would be at least 52 votes for the amendment, and I would vote for it myself. So I would suggest we decide on a voice vote and get onto something else.

Several Senators. Vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana. The yeas and nays have been called for. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, the Senator made up my mind for me. I will vote for the amendment.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Massachusetts (Mr. Kennedy) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

The result was announced—yeas 73, nays 24, as follows:

[Rollcall Vote No. 79 Leg.]

YEAS—73

Abourezk
Allen
Baker
Bayh
Beall
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Domenici
Eagleton
Eastland
Ford
Garn
Gravel
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Symington
Tunney
Williams
Young

NAYS—24

Bartlett
Bellmon
Buckley
Byrd,
Harry F., Jr.
Curtis
Dole
Fannin
Fong
Glenn
Goldwater
Griffin
Hansen
Helms
Hruska
Laxalt
McClure
McGee
Packwood
Scott, Hugh
Scott,
William L.
Talmadge
Thurmond
Tower
Weicker

NOT VOTING—2

Kennedy
Taft

So Mr. Hartke's amendment was agreed to.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. HARTKE. Mr. President, I move to reconsider——

Mr. LONG. Mr. President, I was recognized.

Mr. HARTKE. If it will make the Senator happy——

Mr. LONG. The Senator has had his amendment agreed to.

Mr. HARTKE. Then I will withdraw the motion to reconsider.

Mr. LONG. The Senator did not make a motion because I had received recognition.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, we have been voting on oil all day yesterday and today, and I hope we can bring this matter to a conclusion so we can get to the tax cut bill.

A motion was made by the Senator from South Carolina to table the amendment of the Senator from California (Mr. Cranston). The motion failed by about a 2-to-1 margin, so I would assume that the Senate is favorably inclined toward the Cranston amendment.

The Hollings amendment to the Cranston amendment is pending. I would like to know whether the Senate wants to substitute the Hollings amendment for the Cranston amendment, or whether it does not want to.

If I cannot find out any other way, I will have to move to table the Hollings amendment. I would prefer to have a straight up and down vote on it.

I ask unanimous consent that without losing my right to the floor, I might make a unanimous-consent request.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. LONG. I now ask unanimous consent that the Senate proceed to vote immediately on the Hollings amendment.

The PRESIDING OFFICER. Is there objection?

Mr. BROCK. Reserving the right to object, that would mean there would not be an opportunity for a tabling motion?

Mr. LONG. There would not be. But I would point out that if the amendment carries, it would be a substitute for the Cranston amendment and someone could still move to table the Cranston amendment.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Objection.

The PRESIDING OFFICER. Objection is heard.

Mr. LONG. The only way I can bring this matter to a vote tonight is to proceed as I am now about to do, and the only reason I do it this way is because it is the only way. I can bring it to a vote tonight without having further perfecting amendments offered, continuing to postpone a vote on an amendment that is pending. I move to table the Hollings amendment.

The PRESIDING OFFICER. The question is on the motion to table.

Mr. PERCY. Yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MANSFIELD. What is the Hollings amendment, Mr. President?

The PRESIDING OFFICER. The Hollings amendment is a substitute amendment for the Cranston amendment.

Mr. MANSFIELD. What is the Cranston amendment?

The PRESIDING OFFICER. The Cranston amendment is a substitute for title IV of the House-passed bill relating to oil depletion.

Mr. MANSFIELD. I have no more questions.

Mr. DOLE. Regular order, Mr. President.

Mr. HOLLINGS. Mr. President, I have another amendment. There is no use wasting the time of our colleagues.

Mr. LONG. I object. I have been waiting for 24 hours to vote on the amendment. I would just as soon vote on it.

Mr. DOLE. Regular order, Mr. President.

Mr. PASTORE. Mr. President——

The PRESIDING OFFICER. The motion to table is not debatable.

The Senator from Rhode Island.

Mr. PASTORE. Mr. President, I have an amendment at the desk, and I call it up at this time.

Mr. LONG. Point of order, Mr. President.

The PRESIDING OFFICER. That amendment would not be in order.

The question is on the motion to lay on the table. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Massachusetts (Mr. Kennedy) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "yea."

The result was announced—yeas 51, nays 46, as follows:

[Rollcall Vote No. 80 Leg.]

YEAS—51

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Bumpers
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Church
Cranston
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Ford
Garn
Goldwater
Gravel
Griffin
Hansen
Hart, Philip A.
Helms
Hruska
Huddleston
Inouye
Johnston
Laxalt
Long
Mansfield
McClellan
McClure
McGee
Montoya
Moss
Nunn

Pearson
Randolph
Sparkman
Stennis
Stevens
Talmadge
Thurmond
Tower
Weicker
Young

NAYS—46

Abourezk
Bayh
Biden
Brooke
Cannon
Case
Chiles
Clark
Culver
Eagleton
Glenn
Hart, Gary W.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Javits
Leahy
Magnuson
Mathias
McGovern
McIntyre
Metcalf
Mondale
Morgan
Muskie
Nelson
Packwood
Pastore
Pell
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Stafford
Stevenson
Stone
Symington
Tunney
Williams

NOT VOTING—2

Kennedy
Taft

So the motion to table was agreed to.

Mr. HOLLINGS. Mr. President, I call up my amendment to the Cranston amendment, the perfecting amendment, and ask the clerk to report.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The assistant legislative clerk read as follows:

In subsection (c) of the new section 613A beginning on line 10, page 17, intended to be added by Mr. Cranston:

1. Delete the number "3,000" wherever it appears and insert in lieu thereof the number "1,000";

2. Delete the number "18,000,000" whereever it appears and insert in lieu thereof the number "6,000,000".

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. HOLLINGS. Mr. President, the distinguished Senator from Rhode Island wishes to be able to submit an amendment and have it on the desk. I do not mind yielding if I do not lose my right to the floor on this particular amendment, because just a moment ago, when I was not in the Chamber, the manager of the bill called my amendment, on which it was announced originally that we would not have to have a rollcall vote, that this is a substantive amendment, and moved to table before I could be recognized. I am going to hold the floor for a while, so the supporters of this amendment will have a chance to discuss it.

Mr. LONG. Mr. President, will the Senator yield for a moment?

Mr. HOLLINGS. I will yield for a question, not to lose my right to the floor.

Mr. LONG. That is what I have in mind.

Does not the Senator know that from the moment he offered his amendment 24 hours ago, the amendment was subject to a motion to table?

Mr. HOLLINGS. Mr. President, I knew from 24 hours ago, and I hope that 24 hours hence we will be courteous enough to have the sponsor of an amendment on the floor at the time it is called up, so that he can make a statement. I could have called up this amendment when the manager of the bill was not here. But that is beside the point.

Mr. PASTORE. Mr. President, will the Senator yield to me for the purpose of calling up an amendment?

Mr. HOLLINGS. With the understanding that I will not lose my right to the floor.

AMENDMENT NO. 177

Mr. PASTORE. Mr. President, I call up my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. PASTORE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

AMENDMENT No. 177

At the end of title IV of the House bill, add the following:

TITLE V—MISCELLANEOUS PROVISIONS

ACCELERATED COST-OF-LIVING INCREASES UNDER SOCIAL SECURITY

SEC. 501. (a)(1) The Secretary of Health, Education, and Welfare (hereinafter in this section referred to as the "Secretary") shall, in accordance with the provisions of this section, increase the monthly benefits and lump-sum death payments payable under title II of the Social Security Act by 8.7 per centum.

(2) The provisions of this section (and the increase in benefits made hereunder) shall be effective, in the case of monthly benefits under title II of the Social Security Act, only for months after December 1974, and, in the case of lump-sum death payments under such title, only with respect to deaths which occur after the date of enactment of this Act.

(b) The increase in social security benefits authorized under this section shall be provided, and any determinations by the Secretary in connection with the provisions of such increase shall be made, in the manner prescribed in section 215(i) of the Social Security Act for the implementation of cost-of-living increases authorized under title II of such Act, except that the amount of such increase shall be 8.7 per centum.

(c) The increase in social security benefits authorized under this section shall (1) for purposes of section 203(f)(8) and section 230, be deemed to be an increase made by the Secretary pursuant to section 215(i) effective with the month of June 1975, (2) for months after May 1975 be regarded, for purposes of such section 215(i), as an increase made pursuant to such section 215(i) effective with the month of June 1975, and shall be in lieu of any increase which would (except for the provisions of this section) be effective for such month under such section 215(i).

(d) In addition to other funds appropriated to the Federal Old-Age and Survivors Insurance Trust Fund and to the Federal Disability Insurance Trust Fund, there is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, to each of such funds an amount equal to the additional costs, in providing monthly benefits thereunder, incurred for months beginning after December 1974 and ending prior to June 1975 by reason of the preceding provisions of this section.

ACCELERATED COST-OF-LIVING ADJUSTMENTS IN BENEFITS UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM

SEC. 502. (a) Each of the dollar amounts, as in effect for December 1974, under subsections (a)(1)(A), (a)(2)((A), (b)(1), (b)(2) of section 1611 of the Social Seurity Act, and subsection (a)(1)(A) of section 211 of Public Law 93–66, as specified in such subsections, shall be increased by 8.7 per centum (and rounded, when not a multiple of $1.20 to the next higher multiple of $1.20), effective with respect to benefits for months after January 1974; and such dollar amounts as so increased shall be published in the Federal Register at the earliest practicable date after the date of enactment of this Act.

(b) The increase in benefits, under the supplemental security income program established by Social Security Act, under this section shall, for months after May 1975, be regarded, for purposes of section 1617 of such Act, as an increase made pursuant to section 215(i) of such Act effective with the month of June 1975.

(c) The Secretary of Health, Education, and Welfare shall by regulation provide for treating any payments under this section and section 501 which are made retroactively because of the enactment date of this Act as though they had been made timely for purposes of determining the eligibility for and amount of benefits under the supplemental security income program.

(d) In order for any State which has in effect on the date of enactment of this Act a program of supplementation payments described in section 1616(a) of the Social Security Act of section 212 of Public Law 93–66 to be eligible for payments pursuant to title XIX of the Social Security Act with respect to expenditures for calendar quarters in the fiscal year ending June 30, 1976, such State shall in determining the eligibility for and amount of benefits under such program of supplementation payments disregard any net increase in income to recipients under such programs which results from the increases in benefits provided, in the case of benefits provided by subsection (a), with respect to months prior to July 1975, and, in the case of benefits provided by sections 501 and 503, with respect to months prior to June 1975.

(e) Any net increase in income to any individual as a result of the increases in benefits for months prior to June 1975 provided for in sections 501 and 503 and the increases in benefits for months prior to July 1975 provided for in this section shall not be taken into account for purposes of determining the eligibility for and amount of benefits or assistance for such individual or any other individual under any Federal program or under any State or local program financed in whole or in part with Federal funds except that this subsection shall not be applicable to the supplemental security income program or to any State supplementation program to which subsection (d) is applicable.

ACCELERATED COST-OF-LIVING INCREASES UNDER THE RAILROAD RETIREMENT ACT

SEC. 503. (a) For purposes of the Railroad Retirement Act of 1974, the increase in social security benefits made by section 501 of this Act shall be regarded as an increase in social security benefits made pursuant to the automatic cost-of-living provisions of section 215(i) of the Social Security Act.

(b) In addition to other moneys appropriated pursuant to other provisions of law to the Railroad Retirement Account in the Treasury of the United States (as established by section 15(a) of the Railroad Retirement Act of 1937 and as continued under section 15(a) of the Railroad Retirement Act of 1974), there are authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, an amount equal to the additional costs, in providing pensions and annuities under the Railroad Retirement Acts of 1935, 1937, and 1974, incurred for months beginning after December 1974 and ending prior to June 1975 by reason of the preceding provisions of this title.

Mr. PASTORE. Mr. President, I can explain this amendment in 5 minutes.

Up to now, we have been talking about what we are going to do for the oil industry. We have taken care of small business, we have taken care of big business, and we have taken care of everybody except the people who need the help the most, and that is the people on social security. Under the law, they are entitled, beginning July 1, to an increase of 8.7 percent. All my amendment does is to grant them the 8.7 percent retroactive to January 1.

Why am I doing it? We are talking here about stimulating the economy, putting money in the pockets of people who will spend the money. These are the people who are going to spend the money to pay their rent, to buy food, to buy clothing, to pay their gas bill, to pay their electric bill.

Yes, it is going to cost $2.4 billion, but the fact remains that we are peddling out $29 billion in this bill today, and what are we doing it for? We are doing it to increase the 12 percent for the public utilities on their credit investment. We are taking care of the corporations. I say let us take care of the forgotten American.

I hope this amendment will be adopted, and I ask for the yeas and nays.

Mr. HOLLINGS. Mr. President, under the unanimous-consent agreement, can we agree to do that?

Mr. PASTORE. Mr. President, I ask unanimous consent that the names of Mr. HUMPHREY and Mr. HARTKE be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Under the agreement, the Senator from South Carolina will be recognized after action on this amendment.

Mr. HOLLINGS. Is there objection to that?

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PASTORE. Mr. President, I ask unanimous consent that the names of Mr. MAGNUSON, Mr. JACKSON, Mr. RIBICOFF, Mr. PELL, and Mr. WILLIAMS be added as cosponsors of the amendment. I am accepting cosponsors just now.

[Laughter.]

Mr. PASTORE. I make the same request with respect to Mr. CANNON and Mr. GRAVEL.

The PRESIDING OFFICER. Without objection, it is so ordered.

The yeas and nays have been requested. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Will the Senator yield?

Mr. PASTORE. I yield.

Mr. DOLE. Mr. President, I appreciate the fast explanation of the amendment but I wonder where the money comes from?

Mr. PASTORE. The money will come out of the General Treasury, where the rest of the money is coming from.

Mr. DOLE. Where does that money come from?

Mr. PASTORE. Out of the General Treasury.

Mr. DOLE. And where does that money come from?

Mr. PASTORE. Which money?

Mr. DOLE. The money we do not have in the General Treasury.

Mr. PASTORE. We have $29 billion in the bill for the corporations. Where is that coming from?

Mr. DOLE. In other words, the Senator is just abolishing the social security system?

Mr. PASTORE. No, I am not. I am just temporarily, at this point, stimulating the economy on a temporary basis by helping these people who need the help the most. It will come out of the General Treasury, as every dime in this bill is coming out of it.

Mr. DOLE. What does that do to the social security system?

Mr. PASTORE. It does not do anything. It does not hurt it at all. It helps it out.

[Laughter.]

Mr. DOLE. Mr. President——

The ACTING PRESIDENT pro tempore. The Senator from Kansas is recognized.

Mr. ALLEN. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield to the Senator from Alabama.

Mr. ALLEN. Will the Senator from Rhode Island respond to a question?

Mr. PASTORE. Yes.

Mr. ALLEN. Is his amendment directed to the House bill?

Mr. PASTORE. Yes, it is.

Mr. ALLEN. The Senator realizes, of course, that when the distinguished chairman of the committee offers his committee substitute, all of this work that the Senate has been doing for the last couple of days is going to be wiped out, does he not?

Mr. PASTORE. Whether it is or is not is something for us to wait for. But in the meantime, let us do what is good. Let us do what is wholesome. Let us do what is justified. Let us do what is right.

Mr. ALLEN. I am wondering if this is not a charade.

Mr. PASTORE. I am not worrying about tomorrow, I am worrying about tonight.

Mr. LONG. Will the Senator yield to me?

Mr. DOLE. I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, the Senate has taken a tax-reduction bill and so far we have been voting only for tax increases. We have voted for three major tax increases. This amendment for a social security increase is not a tax cut; it is clearly a payment from the Treasury.

If this amendment is added to the bill, that then makes both a tax increase and an expenditure bill out of this bill. When this social security amendment is added, that then opens the bill up to every social security amendment that somebody might want to offer. The last time we had a big social security bill here, we picked up dozens of social security amendments on the floor. A lot of them were desirable amendments, but I ask the question: Do we really want to make a social security bill out of this quickie tax-cut bill?

I am for paying the old people more for social security, but I also realize that when we vote cloture, everybody has but 1 hour of time to talk; then if Senators should want to offer all their pet social security amendments, I guess we should notify them to go get them, because they will all be in order as amendments to this bill. Under cloture, nobody has more than 1 hour available to him to speak and discuss them. Really, Mr. President, I have some doubt that we ought to be voting for cloture if we are going to open the bill up to social security amendments as well as to amendments of almost every nature of tax increase as well as tax cuts. It really creates a very serious problem.

Mr. PASTORE. Will the Senator yield?

Mr. LONG. Yes.

Mr. PASTORE. Does the Senator mind if I ask a question?

Mr. DOLE. I yield to the Senator for that purpose without losing the right to the floor.

Mr. PASTORE. There is nothing surprising about this. The ad hoc committee came out with this recommendation.

All we are saying is that amount from January to June will be paid out of the general Treasury and then the rest of it will come under social security and that is an entitlement that they deserve. That is already provided for under the law. The only difference is that the President said, "We cannot give them what they are entitled to under the law; we should only give them up to 5 percent." We disagreed with it, because we feel that these are the people who need the help the most.

We keep talking about stimulating the economy. We cannot stimulate the economy any better than to help people who really need the money. And in this bill, they are the forgotten Americans. We have done everything for everybody except people on social security.

I say it is a crying shame. We have wasted 5 days here talking about what we are going to do about the oil producers.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas has the floor.

Mr. LONG. Mr. President, if the Senator will yield, the problem here is not just do we want to vote a social security increase. The problem is, do we want to start paying social security benefits out of the General Treasury?

Up to now, we have proceeded under the theory that social security was a social insurance program, and we have carried out the policy that those who are paying taxes into the fund will collect money back out of the fund in an amount that has some relationship to their wages on which the taxes are levied.

This amendment is a proposal to pay social security benefits out of general revenue.

Mr. PASTORE. Only from January to June.

Mr. LONG. It does not make any difference if it is only from January to June. It is a big change in policy, and that is something that Congress prior to this time has not been willing to do.

Once we start just voting for social security increases out of general revenue, what we are then doing is voting to make a welfare program out of the social security program. It might sound good in the short run to pay without regard to need, just reach in the Treasury and nobody pays anything for it. That can become so popular—do not pay any attention to need, reach into the Treasury and pay a big increase—that I can see candidates looking for votes saying, "look, grandpa, just vote for me, let me into the act; the last thing I am going to do is lie to you fine old people. I am going to vote a big increase for you old folks. It will not cost you a penny in taxes, it will just come out of the Treasury."

Mr. President, that might sound good to begin with, but I am willing to wager there are a lot of old people in this country who, when they think about Congress being so imprudent, they are going to shut us off for sure when they find out what that means. Because out of the desire of people to be elected in the next election in some cases, we could be voting higher benefits without any relationship to need, and make a welfare program out the social security program.

Mr. President, you could bankrupt the country doing that, in which event the social security benefits would not be worth the paper they are written on. That, Mr. President, is a very dangerous thing to do.

Up until now, we have pursued the principle that if we are going to vote a social security benefit increase, we will have the courage to put the tax on someone to pay for it. When we depart from that principle, Mr. President, it might sound like good politics for now, but when you go back and tell these fine old people you have made a welfare program out of their social security program by just reaching down into the Federal Treasury, the same as with welfare, it might not seem so good.

Mr. PASTORE. Before the Senator gets too excited, will he yield for a question?

Mr. LONG. The Senator from Kansas has the floor.

Mr. PASTORE. Will the Senator yield for a question?

Mr. DOLE. Well, briefly. I would like to make a statement myself.

Mr. PASTORE. All right, very brief.

Did not the Social Security Advisory Board recommend this?

Mr. LONG. I do not know whether the Social Security Advisory Board recommended it or not, but I will find out. I do know that your ad hoc committee recommended it, but I would say the Democratic ad hoc group is not the end of all wisdom.

Mr. President, I just do not think the Senate should handle social security measures without adequate consideration. I must suggest that this should be considered on a social security bill; it should not be considered on a quickie tax cut. Imagine a proposal to convert the whole social security program into a welfare program as a part of a quickie tax cut bill.

Mr. DOLE. Mr. President, it appears to the Senator from Kansas that the distinguished Senator from Rhode Island put his finger on it when he said he was not worried about tomorrow, he is worried about today.

It occurs to me that some of us ought to worry about tomorrow. We have had predictions, for example, that by 1980 the social security tax fund will be broke, and we will have to raise the money some other way or increase the tax on the earnings. It seems to this Senator that with no hearings on the proposal—and I do not know who the ad hoc committee is; is that some Democratic study group that did not study?

Mr. PASTORE. The most marvelous ad hoc committee ever formed in the history of the Senate.

Mr. DOLE. Why? Because it does not worry about where the money comes from?

Mr. PASTORE. No, I did not say that at all. I said it would come out of the same pocket the $29 billion to help the corporations came from.

Mr. DOLE. There is nothing in that pocket.

Mr. PASTORE. We have been studying all afternoon about the oil industry. The Senator from Louisiana gets all excited about social security, social welfare, public welfare; I wish he would get so excited about the oil people.

Mr. DOLE. Let me say this to the distinguished Senator from Rhode Island: We are concerned about social security. And we do pay attention to the plight of the poor, and return their earnings, in the Senate bill, up to the amount of $400, in the form of the tax credit on earned income.

Mr. PASTORE. But that is only for people who are employed. Those on social security are not employed. Most of them are out; that is why they are collecting social security, because they have no jobs.

Mr. DOLE. Let me say to the distinguished Senator from Rhode Island, we have time to act on increasing social security, whether or not we agree with the President's recommendation of a 5-percent cap. At least it occurs to this Senator that the Senate Finance Committee ought to have hearings. We ought to make a decision on whether or not to take it out of general revenue or from somewhere else; and while I can understand the popularity of such a move, I intend, at the proper time, to move to table the amendment.

I yield to the Senator from Wyoming.

Mr. HANSEN. If the Senator will yield for just one moment: You know, the Senator from Wyoming has not been on the winning side very often, and I am sorely tempted to get on the winning side one time. Based on the assurance I understood the Senator from Rhode Island gave, my very good friend, that this is just very temporary, it is just for tonight, and it will have no effect on the Treasury, that being true, would the Senator be willing to consider doubling the amount?

Mr. PASTORE. Mr. President, if the Senator from Wyoming makes the motion, I will vote for it. If he will vote to double the amount, I will vote to double the amount. Is that not a fair deal?

Mr. HANSEN. That is a fair deal.

Mr. PASTORE. That is a Rhode Island deal.

Mr. HANSEN. I thank the Senator.

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. DOLE. I yield to the Senator from Washington.

Mr. JACKSON. I thank the Senator.

Mr. DOLE. There are so many candidates around, it is hard to tell.

Mr. JACKSON. Mr. President, might I just observe that a little candor is in order at this point?

We have passed legislation to establish a cost-of-living escalator in connection with social security payments. We will not be able to carry out that provision without paying a part of the cost of social security out of the general funds of the Treasury. There is no point in anyone contending that we are going to pay out, on an actuarially sound basis, added costs due to inflation without raising the taxes beyond that which no one is going to vote for.

Mr. President, all that the Senator from Rhode Island is doing, as I understand it, is to allow general Treasury funds to make this increase effective as of January 1.

Mr. President, we are not going to be able to handle cost-of-living increases on an insurance basis. We must supplement the social security program with proceeds out of the general Treasury, and I think the Senator's amendment is simply an orderly one, a sensible one, and I hope that the motion to table will be decisively defeated.

Mr. DOLE. Mr. President, let me say in defense of those who might receive the benefits, there are a great number of senior citizens in this country who do not want the social security system turned into a welfare program. There are a great many millions of Americans who feel they have earned the right to social security based on their earnings and what they paid in.

What we are doing is taking a first step toward making social security a welfare program. If that is what the Senator from Washington wants—and it is apparent that maybe it is what he wants to do—then we can vote not to table the Pastore amendment.

Mr. JACKSON. How is it made a welfare program, may I ask the Senator?

Mr. DOLE. By dipping into the general revenues. It is possible to finance the social security system without dipping into General Treasury revenues.

Mr. JACKSON. If that is the case, then we have a general welfare bill before us. There is tax relief here for everyone but for the senior citizens who are the hardest hit. The economists are worried in connection with a general tax cut that a substantial part of that money will be put into savings, that it will not be used to pay debts, will not be used to buy durable goods. Senior citizens, however, will spend every dime of relief they get.

The Social Security Act is not tied to a means test. All we are doing is saying that we are going to see to it that the payments they get are tied to the cost of living. Now, that is the principle. You can disagree with it or not.

But when you say that, do you make it

into a welfare program? I say not. You are doing equity and you are doing justice.

Mr. DOLE. Let me say, in response to the Senator from Washington, if there is an amendment offered based on raising the taxes for social security benefits, and raising the wage base, that would be one thing. But dipping into the general revenue fund is quite another. This is an entirely new concept that merits close study by the Finance Committee. And it definitely requires something more than a spur-of-the-moment floor amendment to this bill. I promised to yield to the Senator from Tennessee briefly.

Mr. BROCK. May I just point out that constant reference has been made that this is a temporary increase. That implies that they are going to pay it back. There is no prospect of that at all. It is a flat expenditure of money that is going to come out of the pockets of the American people. It is not temporary. It is an expenditure of funds, permanent; and, once done, there is not any temporary nature to it at all.

Second——

The ACTING PRESIDENT pro tempore. The Senate will be in order. The Senator from Tennessee.

Mr. BROCK. The social security bill that is now law itself provides for a cost-of-living increase. That is the reason we rewrote the law to protect our own people from the abuses of a Congress that does not have the political integrity to hold the line on spending, a Congress that could create the kind of inflation that is burdening these people.

What does it do for them? It continues to pour money out that devalues their dollar and deflates their opportunity to survive with any decent standard of living at all.

If we are going to deal with the problem, let us deal with the load we put on social security, and maybe some of that ought to go into welfare. But do not load this bill, this particular program, with more amendments that can kill the system itself and destroy the opportunities of people who have paid in all their lives and expect their Government to protect their system.

Do not put them in a position where they do that.

Mr. JACKSON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. DOLE. I yield to the Senator from Illinois for a unanimous-consent request without yielding my right to the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENTS NOS. 192 THRU 201

Mr. PERCY. Mr. President, I ask unanimous consent that for purposes of rule XXII the amendments I am introducing be considered as having been read.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. DOLE. Without losing my right to the floor.

Mr. JACKSON. Mr. President, I ask unanimous consent that I may place in the RECORD in connection with my remarks the members of the Advisory Council on Social Security who recommended, in effect, the principle of general Treasury funding found in the Pastore amendment.

There being no objection, the names of the Advisory Council were ordered to be printed in the RECORD, as follows:

MEMBERSHIP OF THE COUNCIL

W. Allen Wallis, Chairman, Rochester, New York. Chancellor of the University of Rochester, and a former special assistant to President Eisenhower.

Stanford D. Arnold, Brighton, Michigan. Secretary-Treasurer, Michigan State Building and Construction Trades Council, AFL–CIO.

John W. Byrnes, Arlington, Virginia. Attorney; former U.S. Representative from Wisconsin and former ranking minority member of the House Ways and Means Committee.

Rita Ricardo Campbell, Los Altos Hills, California, Senior Fellow, Hoover Institution, Stanford University; former member of President's Committee on Health Services Industry.

Edward J. Cleary, Flushing, New York. Secretary-Treasurer, New York State Building and Construction Trades Council, AFL–CIO.

Rudolph T. Danstedt, Bethesda, Maryland. Assistant to the President of the National Council of Senior Citizens.

Edwin J. Faulkner, Lincoln, Nebraska. President, Woodmen Accident and Life Company.

Vernon E. Jordan, Jr., White Plains, New York. Executive Director, National Urban League. (Mr. Jordan was unable to participate in the Council's work and was represented by Thomas E. Mitchell, Washington, D.C., Deputy Director, Washington Bureau, National Urban League.)

Elizabeth C. Norwood, Washington, D.C. Assistant Research Director, Eastern Conference of Teamsters.

John J. Scanlon, Fairfield, Connecticut. Executive Vice President and Chief Financial Officer (Ret.), American Telephone and Telegraph Company.

J. Henry Smith, Maplewood, New Jersey. Chairman of the Board, Equitable Life Assurance Society of the United States.

J. W. Van Gorkom, Lake Forest, Illinois, President, Trans Union Corporation.

Arnold R. Weber, Vice Chairman, Pittsburgh, Pennsylvania. Dean, Graduate School of Industrial Administration, Carnegie-Mellon University; former Assistant Secretary, Department of Labor; former Associate Director, Office of Management and Budget.

Mr. DOLE. Mr. President, I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I ask unanimous consent that the Senator might yield to me for the purpose of making a statement and not a question.

Mr. DOLE. I ask unanimous consent that I may do that without losing my right to the floor.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

Mr. CURTIS. Mr. President, may we have order?

Mr. PASTORE. May we have order, Mr. President. We want to hear the Senator.

The ACTING PRESIDENT pro tempore. Senators will take their seats. The Senate will be in order.

Mr. CURTIS. Mr. President, I hope that regardless of how Senators feel about voting to raise social security payments they will not vote to pay this raise out of general funds. The Committee on Finance has appointed a group of actuaries to study our costs. That is going to have our attention.

Here is why I do not feel that we would be treating the elderly citizens right by starting to pay benefits out of general funds. In the first place, we have had continuous deficits since fiscal year 1960. The deficit in 1971 was $23 billion; the deficit in 1972 was $23.2 billion; the deficit in 1973 was $14.3 billion; the deficit in 1974 was $3.5 billion; the estimated deficit for this year is $34.7 billion, and for next year the estimated deficit is $80 billion.

What we are saying to the elderly is that we are not attempting to have a social security program that is self-supporting. We are going to pay it out of the budgetary deficit. We are going to vote pensions and increases in retirement benefits and add to the deficit.

The problem is that right now their money does not go very far. I hope that regardless of how much of an increase this Congress votes that we will not, on the floor of the Senate, discard the historical manner in which we have financed social security, and say to the elderly, "We are going to vote you benefits," and just add to the deficit of the country. There is not a Senator here who does not know that that is true.

Here is something else that we must consider. Many people past 65 need this money; many of them need it desperately but not all of them. Not everyone who is past 65 is totally dependent upon his social security check.

If we are going to dip into the general revenues of the Treasury for a supplemental payment, it will not be long until the committees will have to say, "Who needs it?"

Now, here is how the social security system is constructed. The more you earn the higher your benefits are. Who gets a small benefit? The individual who has never had much of a chance to lay by for his old age. A percentage increase on a small benefit is still a small benefit.

Mr. PASTORE. Mr. President, will the Senator yield for a question?

Mr. CURTIS. I will as soon as I finish my statement.

A percentage increase of the maximum benefit is a sizable increase. It is tax-free—let me repeat, it is tax-free. Go to any country town, find out who draws the highest social security. It will be your business executives. From the time the social security system started, directors' fees were regarded as wages, and we were providing social security, and it has all been subsidized, for the corporation directors all the time. It was years before we got around to extending social security to the janitor in the schoolhouse.

And to this day, if we raise social security by 10 percent, or 5 percent, if somebody is drawing $300, that is $30. If they are in a 50 percent tax bracket, it is equivalent to $60.

But for some individual who never has had much opportunity in life to improve his status and had to work very hard for his money, the average wage is low over the years, they get a low benefit.

Now, I am not here to argue against the fact that the higher income gets a higher benefit. But I say this, if we ever go beyond the payroll tax revenues and dip into the general fund, and thereby discard the system of a self-supporting social security, then we should dip a little deeper for the people that need it most.

The idea of increasing the national deficit to give a tax-free benefit to a wealthy person who is beyond 65, who vacations three or four times a year, who does not have a burden in the world but clipping coupons, and for whom the social security check is tax free, is a sizeable item.

Now, I am not trying to reform, especially on the Senate floor, the system that gives the highest benefit to the individual best able to provide for himself, but I do say that there is no justice in building up a Federal deficit, in borrowing money to give the largest benefit out of the general funds to the people who do not need it at all.

If we are going to dip into the general fund, it will not be very long until we will face a test; the seeds of this amendment are the beginning of the destruction of the social security system.

Mr. PASTORE. Will the Senator yield?

Mr. CURTIS. I will yield in just a moment.

It was the distinguished Senator from Massachusetts, Mr. Saltonstall, who appeared before the Finance Committee in opposition to medicare and he had an unusual argument. I have thought of it many times.

He said that we will need all of the taxes that the payroll tax can bear to pay a decent retirement fund and, therefore, whatever health program we start should not be tied to the social security tax.

The Congress did not pay any attention to that argument.

We have taken this program, set out to be a retirement program, and we have added not only medicare, but we have also added disability, temporary disability, and many other things, even survival.

We left no part of the concept either to State or local governments, or to the private sector. We left no part of it to be carried out by the private sector where people could afford to. But that is all gone, we have crossed that bridge.

We must make good on the Government's commitments. We cannot make good on the Government's commitments if we say to the country that we are going to raise social security benefits and pay it out of nowhere.

There is not any money in the General Treasury, there will not be any next year or the next year, if we go like this.

Now, if the Senators believe that there are older people suffering or not able to live in dignity and it should be paid out of the General Treasury even if it creates a deficit, let us pay it to that group. There are many people over 65 that are better off financially than they have ever been in their life. They are no longer paying for homes, they are no longer paying to educate children, they are no longer paying a life insurance program, yet they like that check that is tax free.

Mr. President, I know that this amendment was offered with the highest motives. It came from a heart that is concerned about his fellow man, it came from a heart who wants to do justice by people, but I am thoroughly convinced that across-the-board percentage increase, without any financing, not even general funds, merely by adding to the deficit, is a disservice to the whole concept of our social security system.

Mr. PASTORE. Will the Senator yield?

Mr. CURTIS. I do not have the floor. I have to yield the time back.

Mr. DOLE. I yield to the Senator from Rhode Island.

Mr. PASTORE. I want to say to the Senator from Nebraska that I enjoyed his flattery, but I am amused by his logic.

He takes the position that this 6-month social security increase we are talking about can be taken out of the General Treasury and that that is being taken out of the deficit.

May I ask my colleague, who is a member of the Committee on Finance, he has in his report here on page 2 that we increase, immediately increase investment in equipment by increasing the investment tax credit on a permanent basis to 10 percent. Is that not coming out of the deficit?

Mr. CURTIS. The Senator from Nebraska voted against it, I will vote against it on the rollcall.

Mr. PASTORE. Did the Senator vote against——

Mr. CURTIS. An $80 billion deficit.

Mr. PASTORE. Did the Senator vote against the provision for tax relief to companies with large losses?

Mr. CURTIS. He did.

Mr. PASTORE. He did. Well, I want to congratulate the Senator. I want to congratulate the Senator.

Mr. CURTIS. Yes, I think——

Mr. PASTORE. But the fact still remains that the Senator's own committee, the Senator's own committee by a majority vote, reported these benefits that are coming out of the deficit of this country.

Mr. CURTIS. Suppose the committee made a mistake in all of them. That is no reason for us to turn our back on the elder people and destroy their system.

Mr. PASTORE. Then why does the Senator not offer a substitute to my amendment by knocking all these out?

Mr. CURTIS. No.

Mr. PASTORE. Of course not.

Mr. CURTIS. It is not to destroy the system by saying to the world that we are not going to finance it at all.

Mr. DOLE. Mr. President——

Mr. LONG. Will the Senator yield to me?

Mr. DOLE. I yield to the Senator.

Mr. LONG. Mr. President, as chairman of the committee that should know something about this, I am beginning to learn a little more about it as we go along.

For example, I am now in a position to inform the Senate that according to the best information I can get, this social security advisory group did not recommend any retroactive benefit increase at all. I am glad the names are in the record——

Mr. PASTORE. I never said such a thing. I said they recommended the social security fund be stabilized out of the General Treasury, they did do that.

Mr. LONG. Well, I am glad——

Mr. PASTORE. The Senator was not even familiar with it.

Mr. LONG. I am glad to know by the Senator's own statement that this group did not recommend the Pastore amendment. I am glad we know that, now that the names are in the record.

Mr. PASTORE. I never said it.

Mr. LONG. Well, the Senator from Washington wanted to put the names of that group's members in the record, so we would know who these men are that recommended the Pastore amendment. I am glad to know that they did not recommend the Pastore amendment. We now have Senator PASTORE's word for the fact that they did not recommend the Pastore amendment.

Mr. JACKSON. Will the Senator yield?

Mr. LONG. Yes.

Mr. JACKSON. I did not say they recommended the Pastore amendment. I said, in effect they did, because they would permit some funding from the General Treasury.

Mr. LONG. Well, let us see if they even did that.

Mr. DOLE. I yield to the Senator from Louisiana.

Mr. LONG. Now, shall we see if they did that? What this committee did was to meet and say that there was a funding problem for social security.

Now, we have been reading about that problem ever since last year, Senator.

There is a long-range funding problem in the social security fund and it has to do among other things with the fact that the population is not increasing as fast as it once was increasing, and it has caused the actuaries to take another look at the assumptions on which the funding for future years is based.

That is what this advisory group's recommendation is all about, not about the Pastore amendment. It is about the long-range financing problem due to the fact the birth rate has declined in this country.

Now, what they say was that there is a tremendous problem about the long-range funding of social security benefits, and they say that they think that one ought to consider the various measures that one might take to deal with this problem.

For example, they say that one might want to consider putting general revenue into one of the social security trust funds.

Mr. PASTORE. Will the Senator yield at that point?

Mr. LONG. Let me complete my statement.

They also say that we might take a close look at the benefit structure to revise the way some of the benefits are calculated.

The Congress might want to take another look at some of these very generous benefits that were given as to whether you ought to provide all that in the future.

Let us face it. We have provided some very generous benefits that we thought we could afford at the time.

They say maybe we ought to reconsider some of this on some reasonable basis to see if we ought to go that far.

Usually when we on the Finance Committee consider a significant proposal like the Pastore amendment, not only has an advisory group recommended something, but the Secretary of Health, Education, and Welfare has considered it. And then the President of the United States has considered it. They have made a recommendation to the House and then they send it over to us.

The day this recommendation came out, both the President of the United States and the Secretary of Health, Education, and Welfare, Mr. Weinberger, were so concerned about that suggestion that they recommended against it the same day that it came out, that suggestion that you should dip into general revenues to finance social security.

That is a very grave decision, Senators. It is a very serious matter whether you want to have the social security fund converted, in effect, into a welfare program financed out of general revenues; whether you want to depart completely from the theory that you pay a social security tax which entitles you to draw a benefit from the fund.

The President has not been willing to recommend this. The Secretary of Health, Education, and Welfare did not recommend it. The board did not recommend that any retroactive benefit be financed in this or any other fashion. What they said was that for the benefits that have already been voted, we might want to consider doing this or we might want to consider revising the benefit structure that Congress has seen fit to vote under the assumption that there would be more revenue going into the fund.

That is entirely a different matter, Mr. President. It is one that definitely should be studied. It should definitely be a matter where the Senate would know what might be said in hearings, what those who favor this concept can say for their side of the argument, and what those who do not think it is too good of an idea would say about it.

It is a matter that would invite serious consideration.

Mr. President, I do not think it makes the Senate look very good at all when we bring out a bill which is supposed to be a "quickie" tax cut bill, and then we have amendments offered that are not tax cut amendments at all but are tax increase amendments, first one and then another—amendments that have had very little consideration, although they have some merit to recommend them; amendments that raise all kinds of problems that would be well to consider before they are voted; and then proceed to make a social security cut out of a tax cut bill, with a $2 billion plus amendment for starters. If that is how it is going to be, everyone has their chance between now and the time he votes on cloture tomorrow to go back and get his social security amendments and prepare them.

We passed a social security bill a few years ago and we added dozens of amendments to that social security bill that would increase benefits for one group or another. I would think if we are going to make a social security bill out of this bill, everybody ought to go get their amendments. If they do not do that I will send for a copy of the bill from a couple years ago and everybody can put his old amendment back in again tomorrow before cloture is voted so it will be eligible.

I do not know why, if we are doing all of this, we would want to discriminate against the recipients of public welfare. Why not dip in and give them some handouts while we are at it? It would seem if we are going to give something to everybody, whether they pay taxes or not, then certainly we might want to consider adding a welfare amendment. That would open the bill up to everybody's welfare amendment.

Mr. DOLE. I agree with the distinguished Senator from Louisiana if anybody has any amendments, whether they want to go to their office here or in their home State, if they want to do that and bring them back before we have a vote on this particular amendment. To the Senator from Kansas, it seems that the issue, as stated earlier, is whether or not we are going to tend to make this a welfare program or whether we are going to face up to it realistically in the Senate Finance Committee and in the Congress.

I do not question the motives or the objective of the distinguished Senator from Rhode Island, but it seems to me we have now had about a week of hearings in the Senate Finance Committee; we had a full day and a half of markups; we have been on the Senate floor for 2 days, and we have yet to get to a tax cut amendment. I wonder how the American people must feel as they witness what is now happening in the Senate with reference to tax-cut legislation because of not just the oil amendments, not just what we have done to the oil industry, but what we have done to a great industry. I am talking about the independent oil industry which is about to be taken, I would guess within the next 24 hours.

In the meantime, if we are going to start offering amendments that have really no relevance to tax cuts, then I think perhaps we ought to open the bill up and add a welfare provision, add a provision for veterans, add a raise for the military personnel. They are suffering from inflation. Everyone who is on the Federal payroll ought to receive an increase of whatever it is—8.7 percent. I do not believe we should leave anyone out, if we want to help America and help stimulate the economy. I would guess there are probably amendments being drafted now to include the military, those on welfare, those in our offices, those in other Federal offices. If that is the intent, we can probably wrap this bill up within the next month or two.

Mr. PASTORE. Will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. PASTORE. Will the Senator admit that under the law that we passed, come July 1, 1975, recipients of social security are entitled to an increase of 8.7?

Mr. DOLE. Right.

Mr. PASTORE. What are we shedding the crocodile tears about? All I am saying is for 6 months, between January and the time that automatically it goes into effect, we take it out of the general fund under the same principle, with the same motive, with the same objective that we are giving all these little tidbits to about everybody under the sun, excepting people on social security. I do not see why there is all this crying. I do not see why all this social welfare. Why is it any more social welfare to help the elderly than it is to help the corporations? We are building the corporations in this bill. You know that, the way we are building them. Why do we not feed the hungry mouths of the elderly citizens? I do not call that social welfare.

Mr. DOLE. I do not believe that anyone in the Chamber is concerned or quarreling about feeding the hungry mouths, or whatever cliche might be appropriate at 2 minutes to 8 in the evening.

Mr. ALLEN. Will the Senator yield?

Mr. DOLE. I yield without losing my right to the floor.

Mr. ALLEN. Mr. President, I imagine it is going to be a long time before the distinguished Senator from South Carolina (Mr. HOLLINGS) yields to another Senator for calling up an amendment. We have been discussing this matter for some 30 or 40 minutes.

I do not believe there is a Senator in this Chamber who feels this amendment will see the light of day if it goes to conference.

Mr. DOLE. I am going to ask for the yeas and nays on it.

Mr. ALLEN. It will not go to conference. Everything the Senate has done in the last 2 days will be wiped out when the distinguished Senator from Louisiana offers his committee substitute.

All this stuff is just playacting, because this substitute will wipe out everything. So this amendment, if adopted, would be wiped out by the committee substitute. I hope that this amendment will not be added.

I favor the cost-of-living increase. I want to see it come out of social security funds. I am opposed to the President's limitation of 5 percent, but I do not think we should toss something in the hopper right here, on no notice whatsoever, and expect the Senate to vote on it.

Mr. President, I should like to pose a parliamentary inquiry, for further guidance, with respect to the amendment.

If cloture should be invoked tomorrow and this amendment has not been acted upon by that time, would the amendment then be out of order as being a nongermane amendment?

The ACTING PRESIDENT pro tempore. The amendment would be considered nongermane and would be out of order.

Mr. ALLEN. I wonder, having seen the Senators and heard them make their fine speeches with respect to this amendment, if it is not about time for the authors to withdraw the amendment. I hope they will do that and let us go on with the business of the Senate.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOLE. Mr. President, I yield to the distinguished Senator from Rhode Island, without losing my right to the floor.

Mr. PASTORE. Mr. President, I am a little amazed at the Senator from Alabama talking about the dilatory tactics. There are no dilatory tactics here, wasting time. No one is more a professional at that than the Senator from Alabama. He knows it. He kept us here day in and day out in order to accomplish his conviction.

I realize that, in all probability, if the House bill had been a clean bill, we would not have had all this fussing.

Somehow, the Senate had to protect the oil industry, and that is how we got ourselves in this jam. I had no intention at the beginning to bring up this amendment. But after what I have seen on the floor of the Senate, taking care of everybody under the sun except the poor people on social security, I thought I was obligated, when I go home and am asked, "What did you do for me, Johnny?" to say, "I put the amendment in for you."

Mr. ALLEN. Will the Senator now withdraw the amendment? [Laughter.]

Mr. MANSFIELD. Mr. President, will the Senator yield to me, without losing his right to the floor, in order to present a cloture motion?

Mr. DOLE. I yield to the Senator for that purpose, without losing my right to the floor.

CLOTURE MOTION

Mr. MANSFIELD. Mr. President, I send to the desk a cloture motion.

The ACTING PRESIDENT pro tempore. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 2166, to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Ernest F. Hollings, John O. Pastore, Alan Cranston, Frank Church, William D. Hathaway, Richard (Dick) Stone, Warren G. Magnuson, Floyd K. Haskell, Thomas F. Eagleton, Joseph R. Biden, Jr., Gary W. Hart, Quentin N. Burdick, Abraham Ribicoff, Vance Hartke, Thomas J. McIntyre, Mike Mansfield, Daniel K. Inouye, Claiborne Pell, Lee Metcalf.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. DOLE. Mr. President, I yield to the Senator from Nebraska, for the purpose of making a unanimous-consent request, without losing my right to the floor.

The PRESIDING OFFICER (Mr. CLARK). Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I ask unanimous consent that all amendments at the desk be considered as read.

The PRESIDING OFFICER. Is there objection?

Mr. MANSFIELD. Mr. President, reserving the right to object, including the amendment of the Senator from Rhode Island (Mr. PASTORE).

The PRESIDING OFFICER. That is at the desk.

Mr. MANSFIELD. That is at the desk.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Mr. President, reserving the right to object, I had a unanimous consent agreement yesterday to offer an amendment to the Bentsen amendment. Would that be considered to be included?

Mr. MANSFIELD. The Senator is correct. The Senate agreed to that.

The PRESIDING OFFICER. Is there objection?

Mr. MANSFIELD. I wish the Chair would take note of that.

The PRESIDING OFFICER. That is correct.

Without objection, it is so ordered.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOLE. I yield to the distinguished Senator from Louisiana, without losing my right to the floor.

Mr. LONG. Mr. President, I should like to make one point clear about this matter.

We had before the committee a proposal that was a tax cut recommendation. The point was made by many, including the American Federation of Labor, that if this bill were to be burdened with amendments about depletion and various other amendments to tax the oil companies, who at this moment are subject to scorn by a number of people across this land, that type thing would lead to rather prolonged debate that would delay the passage of the bill. Therefore, George Meany, speaking for the American Federation of Labor, the largest labor organization in the free world, asked us not to get involved in all that and to vote a tax cut bill.

Mr. Meany himself, the president of the American Federation of Labor, asked the Senate Finance Committee to approve an amendment for a 12-percent investment tax credit. That is the president of the American Federation of Labor urging the Finance Committee to do that.

Mr. President, the Senate has before, on a number of occasions, voted to permit a tax averaging arrangement, to try to make it possible for someone who has paid a lot of money to the Government in the past to have the benefit of tax averaging, so that a company could continue to operate and not go out of business. We did that for American Motors, for example, and it may very well have saved as many as 74,000 jobs in the State of Wisconsin alone. The precedent is there, but the Senate does not need to go along with that. The Senate can do anything it wants to do about that. That is something we have done before. It was something to help working men keep their jobs.

Why do you think George Meany, the president of the American Federation of Labor, would ask us to vote a 12-percent investment tax credit for corporations? Because that great American labor leader knows that that means jobs for American working men, and it especially means jobs in the area where he has a high percentage of dues-paying members—that is, among skilled workers—who are out of work at this time.

This bill came to the Senate as a tax cut bill, and we propose to make it a better deal for those in the lower brackets. The House made a much better bill for those in the low brackets than the President had recommended. It shifted the tax cut more and more toward those in the lower middle and lower tax brackets. The Senate committee did more of the same. It shifted the tax cut more and more so that it would favor the low-income people, so it would be more beneficial to families with children, so it would be beneficial to those taxpayers who we felt need it the most.

We ourselves recommended in the bill what is known as a refundable tax credit for the benefit of low-income families who do not pay any income tax at all, recognizing that they do pay certain taxes and that the burden of business taxes is passed on to them.

Mr. President, this proposal to make this into a social security bill, to load a $2 billion plus unfinanced social security burden on it, and to set a precedent, with no more than an hour or two of consideration, to make a public welfare program out of the social security program, is just not good procedure for something this important. To consider something of that sort, we should have the judgment and the advice of the wise and thoughtful people in this country, suggesting how they think we can best finance the social security system and how we can responsibly meet what is before us.

For example, the Pastore amendment would concern me a lot less if the amendment were in two parts: one, to give everybody a further tax cut; and then, two, to raise the social security tax—finance it, one might say, by a cut in their income tax so that they would have no net increased tax burden at all to pay it. This would still maintain the integrity of the Social Security Trust Fund. That would concern me far less.

Of course, this proposal is based on the recommendations of the ad hoc Democratic committee which has six good members, and their recommendation was approved by the Democratic caucus.

Mr. President, I must confess, I was in the Democratic caucus and I had some reservations about some of the ad hoc group's recommendations. But in the spirit of being a good Democrat and going along with my colleagues, I voted to make the recommendations unanimous, those in the blue pamphlet the Senator was holding in his hand.

I wish to make an honest confession to the Senate: I did not know that recommendation was in there. I thought I made it clear in the caucus that I was not agreeing to support all those proposals. I thought they were going to go through the orderly legislative process, that we would hold a hearing on each proposal to find what the objections were, what the arguments for it were, what the arguments against it were.

Mr. President, I never meant for a moment that when I voted to endorse that pamphlet with the blue backing, that I was voting to bypass all the legislative safeguards, to bypass the constitutional requirements that revenue bills must originate in the House, both in fact and in spirit, and that the Senate was going to put recommendations into effect without any hearings, without the most careful consideration.

One good thing about the Democratic caucus I will say, Mr. President, is that as long as we have our great leader, Mr. MANSFIELD, we are not going to be kicked out of the Democratic Party because we vote our convictions in the Senate. I think the Nation will be glad to know that we have not agreed on that procedure, that we will not even lose our parking space, as we might have in the House, because we vote our convictions here.

Mr. President, I have now been able to obtain a copy of this report by the Advisory Council on Social Security. I am going to read the names of the members for that group. Who are those people?

Mr. DOLE. They are not in the Senate.

Mr. LONG. If we are going to vote tonight, I think it would be well that the Senate know who these people are.

Mr. DOLE. Mr. President, I will yield again to the Senator, but I think it was only yesterday that he said it was not necessary to know what we are voting on in this body.

Mr. LONG. What I said was that if you know that you are going to be against the matter anyway, you do not need to know a great deal more about it to be even stronger against it than you were to begin with.

[Laughter.]

Who are these people that are on the advisory group? I will read their names:

W. Allen Wallis, Chairman, Rochester, New York. Chancellor of the University of Rochester and a former special assistant to President Eisenhower.

Stanford D. Arnold, Brighton, Michigan. Secretary-Treasurer, Michigan State Building and Construction Trades Council, AFL–CIO.

John W. Byrnes, Arlington, Virginia. Attorney; former U.S. Representative from Wisconsin and former ranking minority member of the House Ways and Means Committee.

Rita Ricardo Campbell, Los Altos Hills, California. Senior Fellow, Hoover Institution, Stanford University; former member of President's Committee on Health Services Industry.

Edward J. Cleary, Flushing, New York. Secretary-Treasurer, New York State Building and Construction Trades Council, AFL–CIO.

Rudolph T. Danstedt, Bethesda, Maryland. Assistant to the President of the National Council of Senior Citizens.

Edwin J. Faulkner, Lincoln, Nebraska. President, Woodmen Accident and Life Company.

Vernon E. Jordan, Jr., White Plains, New York. Executive Director, National Urban League.

Elizabeth C. Norwood, Washington, D.C. Assistant Research Director, Eastern Conference of Teamsters.

John J. Scanlon, Fairfield, Connecticut. Executive Vice President and Chief Financial Officer (Ret.), American Telephone and Telegraph Company.

J. Henry Smith, Maplewood, New Jersey. Chairman of the Board, Equitable Life Assurance Society of the United States.

J. W. Van Gorkom, Lake Forest, Illinois, President, Trans Union Corporation.

Arnold R. Weber, Vice Chairman, Pittsburgh, Pennsylvania. Dean, Graduate School of Industrial Administration, Carnegie-Mellon University; former Assistant Secretary, Department of Labor; former Associate Director, Office of Management and Budget.

Let us read exactly what they did recommend, because I think that is very important:

Page 3: 2. Tax rates.

a. Employee-employer: No increase should be made, beyond those already scheduled in present law, in the total tax rates for employees and employers for cash benefits and hospital insurance. However, the OASDI tax rate should be gradually increased, as OASDI costs increase, and the increases should be met by reallocating taxes now scheduled in the law for part A (hospital insurance) of the Medicare program. Income lost to the hospital insurance program by this reallocation should be made up from the general funds of the Treasury. Hospital insurance benefits are not related to earnings, so should be phased out of support from the payroll tax.

In other words, Mr. President, what they said was that there should be no general revenue funding of cash social security benefits but only of hospital insurance benefits. This is not at all what we are being asked to vote on here.

I just hope, Mr. President, that the Senate will be as responsible as I believe it is and that it will give a lot more consideration to departing from the principle that the social security fund finances itself; that Congress is required to measure up, bite the bullet, to use a Lyndon Johnson expression, and vote a tax when we vote a benefit, so that the social security fund will always, so far as we can predict in the future, be solvent, and so that we will not be voting to make an irresponsible giveaway program out of a program that was conceived on insurance principles and which, to this point, has been funded to pay for every benefit the Congress has approved.

Mr. MANSFIELD. Mr. President, will the Senator yield without losing his right to the floor?

Mr. DOLE. I yield to the Senator from Montana, with the understanding that I not lose my right to the floor.

ORDER FOR ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. First, I ask unanimous consent that when the Senate completes its business tonight, it stand in adjournment until the hour of 10 o'clock tomorrow morning.

The ACTING PRESIDENT pro tempore. Without objection, it so ordered.

(The foregoing order was subsequently changed to provide that the Senate recess until 9:40 a.m. tomorrow.)

Mr. MANSFIELD. Second, I want to make an inquiry of the Chair relative to my question concerning the amendment to be offered by the distinguished Senator from Alaska (Mr. STEVENS), and the amendment now pending, having been offered by the distinguished Senator from Rhode Island.

It is my recollection that both those amendments were mentioned specifically, and the Chair ruled that they would be eligible tomorrow if cloture was invoked.

The ACTING PRESIDENT pro tempore. Will the Senator state when that statement had been made by the Chair?

Mr. MANSFIELD. Yes; at the time that the distinguished Senator from Nebraska (Mr. CURTIS) raised the question. The Senator from Nebraska is on the floor; I am sure he can corroborate it.

Mr. CURTIS. Mr. President, the Senator from Nebraska's request was that they be considered as read.

It was my understanding that that was necessary in order to save the time of reading the amendments, which might take a good many hours, and it does not have anything to do with the germaneness of any amendment.

Mr. MANSFIELD. The Senator is correct.

The ACTING PRESIDENT pro tempore. The recollection of the Senator from Nebraska is correct, and the Journal shows that there was a unanimous-consent agreement today to that effect.

Mr. MANSFIELD. To cover both the Pastore and the Stevens amendments.

The ACTING PRESIDENT pro tempore. The Senate will be in order. There was a unanimous-consent agreement last night that the Senator from Alaska would be able to offer his amendment to the Bentsen amendment, notwithstanding the fact that it has been agreed to.

Mr. MANSFIELD. That is correct, reinforced again this evening. But at the same time, I raise the question about the pending amendment, the Pastore amendment. With the assent of the Senate, it was agreed that the Pastore amendment would be eligible, and I think the record will bear that out.

Several Senators addressed the Chair.

Mr. LONG. Mr. President, I do not believe that happened, but if the record so shows, I would like to know it.

The ACTING PRESIDENT pro tempore. All the Chair can say is that the Journal does not show that.

Mr. LONG. I think the record will show the request was that all amendments be considered germane, to which the Senator from Kansas objected, and he stated why he objected.

Mr. MANSFIELD. No, Mr. President, if the Senator will yield, that request by the Senator from Nebraska was agreed to, and it included all amendments, germane and nongermane.

The ACTING PRESIDENT pro tempore. That the amendments would be considered as having been read, not as to germaneness.

Mr. DOLE. Regular order, Mr. President.

The ACTING PRESIDENT pro tempore. The Senator from Kansas has the floor.

Mr. MANSFIELD. I ask that the Senator yield further, without losing his right to the floor, so that we can clear this question up.

I ask unanimous consent that the Stevens and Pastore amendments qualify under rule XXII in all respects, including germaneness; and this is based on the unanimous-consent request by the Senator from Nebraska, to which the Senate agreed.

Mr. LONG. Mr. President, I object.

Mr. MANSFIELD. Mr. President, all I am trying to do is reinforce what the Senate has already done.

Mr. LONG. Mr. President, I do not recall that that was done. I recall a request was made that all amendments be considered germane, and my recollection was that the Senator objected to that. There should be a printed record to show what every Senator said here in the CONGRESSIONAL RECORD, and I would like to have the stenographic report brought in here to see what it shows.

Mr. DOLE. Mr. President, regular order.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the record be read, and that the reporter be directed to bring it in.

Mr. DOLE. Regular order, Mr. President.

The ACTING PRESIDENT pro tempore. The Chair will send for the record. The Senator from Kansas has the floor.

Mr. DOLE. Mr. President, the Senator from Kansas might be able to help in the reading of the record, because I was the one who objected to consideration of the Pastore amendment, because once we requested an agreement that nongermane amendments would be taken up after germane amendments. That was never agreed to, but the Senator from Kansas objected to taking up the Pastore amendment several hours ago. I would be happy that the record either reflect that, or reflect the general objection raised by the distinguished Senator from Arizona (Mr. GOLDWATER).

I do not really have any quarrel. Perhaps we should somehow dispose of the Pastore amendment. I think, as I indicated earlier, it was offered with perfect motives. Perhaps we can either attempt it through a motion to table, or move to postpone consideration of the amendment until the next legislative day, and then maybe consider it tomorrow or the next day, or next week or sometime, and somehow have an up or down vote on it.

Mr. ALLEN. Mr. President, a parliamentary inquiry.

Mr. DOLE. Mr. President, I do not yield.

The ACTING PRESIDENT pro tempore. Does the Senator yield for a parliamentary inquiry?

Mr. DOLE. I yield for that purpose provided I do not lose my right to the floor.

Mr. ALLEN. Did not the Senator from Alabama ask the Chair just a few moments ago, if cloture is invoked tomorrow and this amendment has not been acted upon, whether it would be held as being nongermane and, therefore, not in order under rule XXII?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. ALLEN. A further parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Chair would point out that the record has been called for, to refer to whether or not there had been a previous ruling.

Mr. ALLEN. A further parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. ALLEN. Which would have priority, the CONGRESSIONAL RECORD or the Journal of the Senate?

The ACTING PRESIDENT pro tempore. The Journal, under the Constitution, is the official record.

Mr. ALLEN. Should we not refer to the Journal, then, rather than the CONGRESSIONAL RECORD?

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

Mr. DOLE. Regular order.

Mr. MANSFIELD. If the Senator will yield for that purpose without losing his right to the floor.

Mr. DOLE. I yield for a parliamentary inquiry, with the understanding that I do not lose my right to the floor.

Mr. MANSFIELD. Whether we use the Journal or the RECORD is immaterial, because what the reporter takes down will get into both, and I would hope that very shortly the reporter's notes on the Journal and the RECORD would be read on the basis of the unanimous-consent request made by the distinguished Senator from Nebraska (Mr. CURTIS), which occurred prior to the parliamentary inquiry raised by the distinguished Senator from Alabama.

Several Senators addressed the Chair.

Mr. DOLE. Regular order, Mr. President.

The ACTING PRESIDENT pro tempore. The Senator from Kansas has the floor.

Mr. DOLE. Mr. President, I think while the record is being sought, and again perhaps in that time frame, some agreement can be reached with the distinguished Senator from Rhode Island; though I would say to my colleagues probably not this evening, I would hope that we could reach some agreement to vote on this at some time other than this legislative day.

As the Senator from Kansas indicated earlier, what really is at issue is not whether or not we make the social program a welfare program, but whether or not we face up to the realities of the present situation; and I would say, in response to the reports from the Advisory Council and the Nation just read into the RECORD by the distinguished Senator from Louisiana, an article appeared in the February 24, 1975, issue of U.S. News & World Report entitled "A Defensive Social Security," which stated:

> Eight former Government officials have denounced reports that Congress might have to cut back on or in the pensions because of financial problems seen ahead for the Old Age Plan. Such statements, the eight declared, are "a disservice to the Nation."

I ask unanimous consent to have printed in the RECORD at this point an article from U.S. News & World Report.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A DEFENSE OF SOCIAL SECURITY

Still more voices have joined the debate over Social Security, this time to chastise critics of the system and reassure pensioners that their benefits are safe.

Eight former Government officials have denounced reports that Congress might have to cut back on or end pensions because of financial problems seen ahead for the old-age plan.

Such statements, the eight declared, are "a disservice to the nation." Their own conclusion: "The size of the problem over the next 25 years is easily manageable and certainly does not constitute a financial crisis."

Officials endorsing the new analysis included former Health, Education and Welfare Secretaries Elliot L. Richardson, John W. Gardner, Wilbur J. Cohen, Robert Finch and Arthur Flemming, and former Social Security Commissioners Robert M. Ball, William L. Mitchell and Charles I. Schottland.

Their statement was a response to criticisms of Social Security's structure and soundness raised after trustees of the pension plan issued a report on the system's condition last year.

The trustees predicted gaping shortfalls between pension payments and tax income if present trends continue unchecked.

FOR THE RECORD

While the eight experts acknowledge that Social Security has problems, they counter several of the specific charges. Among the points they made:

Contrary to some reports, the Social Security system is basically sound and its trust funds are adequate to meet any brief deficits the plan may encounter.

Charges that the pension system taxes the poor unfairly overlook the fact that low-income persons receive benefits which are disproportionately large in relation to the taxes they pay.

It is "inconceivable" that Congress will opt to slash benefits or put an end to Social Security in light of legislators' long-standing commitment to the Government's pension system.

Few analysts of Social Security suggest that Congress will fail to find a way to pay Social Security benefits. But as was reported in the February 17 issue of "U.S. News & World Report," the old-age plan's problems are considerable and the solutions complex.

The main concern is that, under the law, benefits will rise faster in the future than the taxes which pay for them, resulting eventually in huge deficits. Why does such a possibility arise?

For one thing, a "flaw" in the law may overcompensate some future retirees for inflation during their working lives. In addition, changing American life styles have produced a trend to smaller families, which means that there will be more retirees in the future in proportion to the young workers whose taxes support pension benefits.

The critical importance of solving the financing problem is emphasized in two recent studies, one by the Social Security Advisory Council, the other by advisers to the Senate Finance Committee, who released their official report on February 10.

CONGRESSIONAL DILEMMA

The experts agree that Congress faces an uncomfortable choice in deciding between cutting back on increases in pension benefits or substantially raising the taxes workers must pay.

If the choice is to raise taxes, workers could eventually find Social Security taking a percentage of their pay that would be more than double today's rate.

As an alternative, legislators may choose to correct the "flaw" in benefit computations, cutting back the growth in benefits. But that accounts for only about one third of the deficits expected in the future, and any further reductions in benefits will be difficult for politicians to support.

In all likelihood, Congress probably will choose to combine benefit cuts and tax increases. It might also tap the Treasury's general revenues to pay for some of the benefits. That would not add up to destruction of the Social Security system. But it would mean a substantial overhaul of the pension plan.

Mr. DOLE. Let me state further that those eight officials included former Health, Education, and Welfare Secretaries Elliot L. Richardson, John W. Gardner, Wilbur J. Cohen, Robert Finch, and Arthur Flemming, and former Social Security Commissioners Robert M. Ball, William L. Mitchell, and Charles I. Schattland.

Those distinguished gentlemen, former Administrators of the social security system and former Secretaries of Health, Education, and Welfare, indicated for the record that—

> Contrary to some reports, the social security system is basically sound.

They added:

> Charges that the pension system taxes the poor unfairly, overlook the fact that low-income persons receive benefits which are disproportionately large in relation to the taxes they pay.

They went on to discuss in some small detail the dilemma facing Congress.

I think this is the dilemma that faces us this evening: There is no quarrel that I know of, by the Senator from Kansas or any other Senator, that come July 1 a cost-of-living increase will go into effect, notwithstanding the statement made earlier this year by the President of the United States, the Honorable Gerald Ford, putting a 5-percent cap on increases in social security benefits.

Mr. MANSFIELD. Mr. President, if the Senator will yield there without his right to the floor——

Mr. DOLE. Without losing my right to the floor.

Mr. MANSFIELD. I understand the Reporter has his notes. They have not been dictated, but I would like at this time to ask unanimous consent, without the Senator from Kansas losing his right to the floor, that those notes be read.

The ACTING PRESIDENT pro tempore. Without objection, the Reporter will read the notes referred to, without the Senator from Kansas losing his right to the floor.

Mr. McCLELLAN. Let us have order so we can hear it.

The Official Reporter of debates (Mr. William D. Mohr) read as follows:

> Mr. CURTIS. Mr. President, I ask unanimous consent that all amendments at the desk be considered as read.
>
> The PRESIDING OFFICER. Is there objection?
>
> Mr. MANSFIELD. Mr. President, reserving the right to object, including the amendment of the Senator from Rhode Island (Mr. Pastore).
>
> The PRESIDING OFFICER. That is at the desk.
>
> Mr. MANSFIELD. That is at the desk.
>
> The PRESIDING OFFICER. Is there objection?
>
> Mr. STEVENS. Mr. President, reserving the right to object, I had a unanimous consent agreement yesterday to offer an amendment to the Bentsen amendment. Would that be considered to be included?
>
> Mr. MANSFIELD. The Senator is correct. The Senate agreed to that.
>
> The PRESIDING OFFICER. Is there objection?
>
> Mr. MANSFIELD. I wish the Chair would take note of that.
>
> The PRESIDING OFFICER. That is correct.
>
> Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I must apologize to the Senate, because I had thought that I had specifically asked that the Pastore amendment be considered on the same basis as was agreed to the night before vis-a-vis the Stevens amendment.

Now, Mr. President, if the Senator will allow me, without losing his right to the floor, I would like again to ask unanimous consent that the Pastore amendment qualify under rule XXII in all respects, including germaneness.

Mr. DOLE. Mr. President, reserving the right to object—and I would hope that some accommodation might be reached where it would not be necessary for the Senator from Kansas to object, because sooner or later we are going to have a vote on the merits or some assessment of the Pastore amendment, so I am not inclined to object—but I think, since I have the floor and made the reservation—it seems to this Senator that what we are doing in effect is adding more delay to an inordinately delayed tax cut and, as indicated by a number of Members in this body, we have yet to consider one single amendment that cuts the taxes of the American people, whether they are 65 or 75 or 25.

Mr. MANSFIELD. The Senator is correct. All I am trying to do is, without the Senator's losing his right to the floor, is to find a solution. If there is going to be an objection to this request——

Mr. CURTIS. Mr. President, I object.

Mr. MANSFIELD. Mr. President, I have another unanimous-consent request. I ask unanimous consent that the vote on the Pastore amendment occur at the hour of 9 o'clock this evening.

Mr. ALLEN. Reserving the right to object, will the vote take place at 9 o'clock?

Mr. MANSFIELD. This evening.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. ALLEN. Objection.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote occur on the Pastore amendment at 10 o'clock tomorrow morning.

Mr. ALLEN. Objection.

Mr. MANSFIELD. Will someone come up with another suggestion?

Mr. ALLEN. Withdraw the amendment.

Mr. MANSFIELD. I was not asking the Senator from Rhode Island to withdraw his amendment which he presented in good faith and served notice, and I think he is entitled to some vote up or down, either through a tabling motion, which I do not believe will carry, or a straight yea-and-nay vote.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MANSFIELD. The Senator from Kansas has the floor.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DOLE. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state the parliamentary inquiry.

Mr. DOLE. Mr. President, if the Senate should adjourn until 10 o'clock tomorrow, and that has been—when we do adjourn it will be to 10 o'clock tomorrow—at that time the Senator from Kansas would make a motion to table, and if the motion to table failed, then would the Senator from Kansas lose his right to the floor?

The ACTING PRESIDENT pro tempore. If the Senator makes such a motion, he would lose his right to the floor, but the bill automatically would not be up at 10 a.m. tomorrow.

There would be an adjournment tonight.

Mr. DOLE. Pardon?

The ACTING PRESIDENT pro tempore. There would be an adjournment tonight. The bill would not automatically come up.

Mr. DOLE. What the Senator from Kansas would be able, perhaps, to work out with the Senator from Rhode Island is some agreement if the motion to table should fail, the Senator from Kansas would have the floor, the floor would revert to the Senator from Kansas.

Mr. PASTORE. I have no objection to that. I introduced an amendment in good faith. I gave my reasons for it. I realize there are other people who disagree with it; there may be more possibly who agree with it, but we will never know unless we come to a vote. What we need to have is a vote.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. DOLE. I yield to the Senator from Louisiana with the understanding that I not lose my right to the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LONG. Mr. President, I have thought about the matter, and I honestly feel that, as the chairman of the Committee on Finance, it is my duty to object to a social security amendment of a broad general nature being added to this bill.

I believe it is my duty to object to any amendment offered on this bill that opens this bill up to social security amendments, because I believe in an orderly legislative process, and I believe it is the duty of a committee chairman to insist on an orderly process.

I believe that measures of this significance should have a great deal more consideration than to simply be offered here on the floor on something to which it is completely irrelevant and not germane, and then serve as a basis for offering a host of other amendments the like of which the imagination of man cannot at this moment foresee; to come in here tomorrow and have no telling how many amendments at the desk to expand on social security benefits to be voted on under a gag rule with no more than a few moments' discussion.

Now, I would think if the Senate were to do that, at least the House of Representatives could save us from our folly, because that body would insist on having nothing whatever to do with the social security amendments, and they would insist at that point on the orderly legislative process if only to protect the function of that body under the Constitution.

So I just believe, Mr. President, that all the time we spend on social security amendments is just going to be time wasted, unless it should be that the Democratic leadership in the House of Representatives just wants to put this tax bill in such a fashion that the President has no choice whatever but to veto this bill.

I have had expressions emanating from the President that would indicate that he is very fearful that amendments are being added to this bill, with him protesting against it, to make tax increases and to make the tax cut so large and so controversial that he will be compelled to veto the very thing he recommended to Congress which he believes is the highest priority item to get this economy moving.

Here is a social security amendment for more than $2 billion that the President is on record against. And, Mr. President, I do not challenge the sincerity of the Senator from Rhode Island, but if one had any reason to suspect that we Democrats just might want to play politics with this measure, then their suspicions would be confirmed to a large degree when we find that we are adding amendment after amendment, first in taxing oil, then the foreign tax credit, then a big social security boost, all of which the President has recommended against; all sorts of tax increases on a tax cut bill—they are not expenditures, I mean actual expenditures, of money out of general revenues, without a moment's consideration.

One who is inclined to suspect that we Democrats play politics now and then would find a great deal to support that suspicion by saying, "Now, just look at how these people are performing here. They go for cloture, but they do not want any germaneness." The cloture rule itself requires germaneness, so they can just load on that bill all kinds of things against which the President has recommended that he believes are irresponsible, and which is bad government, contrary to the whole concept on which the social security system was founded, to just load this down with all sorts of irresponsible things on just a moment's notice, just offer it and vote tonight, $2 billion here and $1 billion there, and $1 billion increase on somebody overseas. and $600 million over here.

People wonder, Mr. President, what on Earth we are doing here. We have not had the first vote on tax cuts and this bill has been before the Senate for 3 days. This is the 3d day of considering the tax cut to get the economy going. On the 3d day we have yet to have the first vote on anything that would cut anybody's taxes.

Now, Mr. President, I find myself wondering, why do we do these things?

[Laughter.]

Mr. TOWER. May we have order, Mr. President?

The ACTING PRESIDENT pro tempore. The Senate will be in order.

Mr. LONG. Why do we not just imagine for a moment how the Senate will look in the eyes of the Nation?

All right, the Senate started out on oil, increased taxes on oil. All right, after we work on the depletion allowance, we are going to repeal the foreign tax credit, then we are going to put in a social security amendment, and goodness knows what next.

Mr. President, I just hope the Senate after awhile will get in a mood to pass the tax cut bill or to consider voting on it, because I am satisfied that all the progress we made yesterday, all the progress we made the day before yesterday, and all the progress we are making today is in the wrong direction. We will have to retrace every step of that and get back to the starting point to pass the tax cut bill.

Mr. TOWER. Will the Senator yield?

Mr. LONG. I thought we were making progress.

Mr. TOWER. Will the Senator yield for a question?

Mr. LONG. I do not have the floor.

Mr. DOLE. I have agreed to yield the floor to the man who lost the floor by yielding to someone for a unanimous consent.

I yield to the distinguished Senator from South Carolina with the understanding I do not lose my right to the floor.

Mr. HOLLINGS. Without the Senator losing his right to the floor, Mr. President, I just make a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. HOLLINGS. In order to reaffirm what I think is the record, I think when we get back to H.R. 2166 that the pending business is the Hollings-Kennedy-Jackson amendment——

The ACTING PRESIDENT pro tempore. That is correct.

Mr. HOLLINGS. I yielded only that this be presented, and whenever the Pastore amendment is disposed of, under unanimous consent then we would come back to the Hollings amendment.

The ACTING PRESIDENT pro tempore. That is the agreement.

Mr. MANSFIELD. Now, would the Senator from Kansas yield at this time? It is immaterial whether he keeps the floor or not.

Mr. DOLE. Well, it may be material.

I yield to the Senator, the distinguished majority leader, without losing my right to the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, it appears that we are in for another charade, shall I say, and we are wasting a lot of time. An excellent amendment has been posed in good faith by the distinguished Senator from Rhode Island. It is impossible for him, in view of the circumstances, to reach a vote, but his conscience should be clear, he has made an effort and that effort will speak for itself.

AUTHORITY FOR CERTAIN COMMITTEES TO MEET TOMORROW

Mr. MANSFIELD. First, I would like to ask unanimous consent that at a time convenient to the chairman of the Committee on Rules and Administration (Mr. CANNON) the Rules Committee be permitted to meet tomorrow. It has very important business.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. ALLEN. Reserving the right to object, does the Senator know what time the committee is planning on coming in? It could probably be up until 11:30 without any conflict.

Mr. MANSFIELD. Well, I have talked to the distinguished chairman of the committee and the distinguished Republican leader. They both indicated the time would be 10 o'clock, but if it could be 9 o'clock, or even 1 o'clock, it might be better, but it is up to the committee.

Mr. HUGH SCOTT. If the distinguished Senator from Kansas would let me interrupt without losing his right to the floor, tomorrow is the time reserved for presentation by counsel of their views to get some other matters before the Rules Committee.

They have been told in good faith that we will do our best—Senator ROBERT C. BYRD of West Virginia has made this statement—that we will do our best to secure consent of the committee to meet.

Now, if they cannot meet at 10 o'clock, there is a question of whether counsel for both sides can be ready with their briefs at 9 o'clock.

Mr. MANSFIELD. How about 10?

Mr. HUGH SCOTT. It might be 11, or 12, or 1; they could do it.

Eleven?

The Senator from Oregon is the ranking member on the minority side.

Mr. MANSFIELD. If the Senator from Oregon will yield, he will understand that we are not under the best of prospects for getting a cloture vote until 11:15.

Mr. ALLEN. If we could meet at 9, we could cover a whole lot of ground before it would be necessary for some of us to be on the floor.

The Senator from Alabama is in a dilemma. He would like to be here to vote on these tax amendments that the Senator from Louisiana is mentioning that have not yet come up, he anticipates some might come up starting tomorrow, and I would like to be here. I would also like to be at the Rules Committee, both assignments are very important.

Mr. HUGH SCOTT. If the Senator from Kansas will yield, I would suggest to the distinguished Senator from Oregon in the absence of the chairman of the committee, that we agree to meet at 1 o'clock, if the Senator from Alabama would prefer, rather than 12. I prefer 12, but if the Senator prefers 1——

Mr. ALLEN. I would rather meet at 9 because there will be nothing happening here in the Senate other than the debate on cloture and the actual quorum and the vote, that takes to 11:30, we will have 2½ hours if we meet at 9.

Mr. MANSFIELD. May I say, that will be all right if it meets with the approval of the chairman of the committee who has the responsibility and I have not been able to locate him, though I saw him about 10 minutes ago, and I would just like to put in a general request and hope the members of the committee will get together with the chairman and the ranking Republican member to see what can be worked out.

Mr. HUGH SCOTT. Could we not then agree to permit the committee to meet, the time to be worked out by the chairman and the ranking member?

Mr. MANSFIELD. That is correct.

Mr. PASTORE. Will the Senator from Kansas yield for a parliamentary inquiry?

Mr. DOLE. I yield to the Senator.

Mr. PASTORE. Without losing his right to the floor.

Mr. DOLE. Without losing my right to the floor.

Mr. PASTORE. Mr. President, may we have order?

Mr. ALLEN. Reserving the right to object, I do not believe the unanimous consent has yet been given, has the Chair so announced?

The ACTING PRESIDENT pro tempore. The unanimous consent has not yet been given. Is there objection?

Mr. ALLEN. I reserve the right to object. I will say to the distinguished majority leader that we do have important committees at work. The Agriculture Committee is marking up the emergency farm legislation, the New Hampshire contest is before the Rules Committee, and important legislation is before the Senate.

The Senator from Alabama will try to work that out as best he can. I do not object to the request.

Mr. PASTORE. Will the Senator yield for a parliamentary inquiry?

Mr. HUGH SCOTT. Can we get the ruling of the Chair?

The ACTING PRESIDENT pro tempore. The Senator from Kansas.

Mr. DOLE. I yield to the——

Mr. MANSFIELD. Would the Chair rule on that, and may I ask that the Committee on Foreign Relations be allowed to meet on certain important nominations that will not take much time?

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The orders are entered.

Mr. DOLE. I yield to the Senator from Rhode Island.

The ACTING PRESIDENT pro tempore. The Senator from Kansas yields, without losing his right to the floor, to the Senator from Rhode Island.

Mr. PASTORE. I would like to propound a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. PASTORE. In the event that cloture is invoked tomorrow and the pending amendment is still pending at that time and the Chair declares it to be nongermane, is there a right to appeal that declaration?

The ACTING PRESIDENT pro tempore. There is a right to appeal that determination.

Mr. PASTORE. In other words, we can take an appeal from the Chair?

The ACTING PRESIDENT pro tempore. The appeal would be decided without debate.

Mr. MANSFIELD. Now, Mr. President, I also ask unanimous consent that the Agriculture Committee be allowed to meet tomorrow.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

Mr. MANSFIELD. I also ask unanimous consent that the Committee on Commerce be allowed to meet tomorrow.

Mr. LONG. Reserving the right to object, and I believe I must object.

The ACTING PRESIDENT pro tempore. The objection is heard.

Mr. MANSFIELD. The Armed Services, too, all of them.

Mr. LONG. Well, Mr. President, I must object to the Committee on Commerce meeting. I believe that that committee would be meeting on measures that are very vital to the State of Louisiana, which I have the honor to represent in this body, and I want to be there in the meeting with regard to a measure involving energy, particularly involving a measure of consequence to the State of Louisiana and I feel that I must object.

I feel that I must object. I do not have any objection to them sitting around informally and deciding what they want to do when they do make it official, but I do feel that I should be there to participate in the meeting. I cannot be here and be there at the same time.

Mr. MANSFIELD. Mr. President, in view of the situation which has developed, and contrary to what the joint leadership indicated this morning, I think the committee hearings have to stop being held during the course of this legislation being considered. But for tomorrow I would ask that all committees, except the Committee on Commerce, to which objection has been raised, would be allowed to meet in the morning. That would not apply to the Rules Committee which could meet all day.

The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

Mr. LONG. Mr. President, may I just make it clear to the majority leader it is all right with me even for the Committee on Commerce to meet. They can all meet all day long, as far as I am concerned, so long as they are not meeting on something which is of great interest to the State of Louisiana. If they want to meet on the Rock Island Railroad bill, that is all right. I do not want Louisiana to be missed while I am looking after the Nation here.

Mr. MANSFIELD. The subject will not be the Rock Island Railroad.

Mr. PASTORE. It will be oil and gas.

Mr. LONG. You are talking about taking Louisiana's gas and giving it to someone else. That is important to Louisiana.

ROUTINE MORNING BUSINESS

(The following routine morning business was conducted today by unanimous consent:)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries.

FINANCIAL INSTITUTIONS ACT—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. STONE) laid before the Senate a message from the President of the United States transmitting proposed legislation entitled "Financial Institutions Act," which was referred to the Committee on Banking, Housing and Urban Affairs. The message is as follows:

To the Congress of the United States:

I announced a number of initiatives last October to speed the Nation's return to economic health. Part of that important effort is a careful review of Government regulations. Some of these are outdated and have outlived their usefulness. They now impose a greater cost on the American consumer than they provide in benefits. A key element of my program of reform concerns our financial institutions.

The United States depends on a unique system of private financial institutions and markets to serve its citizens and promote sound economic growth. Compared to other Nations, we have a large number of different financial institutions—such as commercial banks, savings and loan associations, mutual savings banks, and credit unions. Through the years, our Government has tended through regulation and legislation to restrict the activities of each class to specialized functions.

However, the regulation of our financial institutions has not been fully responsive to either the changing needs of our economy or to the changes in the scope and function of our financial institutions. During the past nine years, the cyclical movement of interest rates has imposed major strains on the institutions that serve savers and finance housing. Initial attempts to deal with this problem took the form of interest rate ceilings on the rates that financial institutions could pay to their depositors. The experience of the past several years shows that such ceilings penalize the small saver, and reduce the volume of savings available to finance homebuilding. Nor have the efforts by Government to provide subsidies to support more housing construction succeeded very well. In fact, these programs requiring the Government to borrow in the capital markets have contributed to the problem by adding to upward pressure on interest rates.

At the peak of our financial crisis last summer, home mortgages were virtually unavailable in many parts of the country. And small savers were being heavily penalized because Government rules limited the interest rates they carried on their savings deposits to far less than the rates carried by wealthier individuals with deposits of $100,000 or more. At the same time the availability of much higher rates of interest on their investments outside of the savings institutions caused individuals to shift their funds out of mortgage-lending institutions. As a result, savers, mortgage borrowers, and the housing industry have all been penalized by these obsolete regulations.

Five years ago, a Presidential commission undertook the study of the problems experienced by financial institutions. In 1973, the conclusions of this study led to the introduction of the Financial Institutions Act. The Act encourages greater competition and responsiveness to the changing needs of depositors and borrowers. Last year, I endorsed that legislation and urged that the Congress give it priority. Extensive hearings were held in the Senate. Representatives of financial institutions and the concerned public have expressed their views.

Today, I am resubmitting the Financial Institutions Act, with the assurance that the many months of debate and consideration have brought all of us nearer to basic agreement on this important reform.

This bill contains certain notable changes from the legislation put before you in 1973. But the overall objectives remain the same—providing new opportunities for *savers* to earn a competitive return on their investment, and providing *homebuyers* with greater assurance that the flow of funds for home mortgages will not be dramatically disrupted during periods of high interest rates. To achieve these objectives, the bill permits institutions engaged in serving small depositors more flexibility both in obtaining and investing funds. It will permit the payment of higher interest rates to small savers, and it will also offer a new tax incentive to most financial institutions to make residential mortgage loans.

New safeguards will require banks to conform to basic standards of Truth-in-Savings to insure that competition between institutions is fairly and accurately advertised. Nor will there be any decrease in the Government's regulation of accounting or security measures. Increased competition between financial institutions will not be allowed to obscure the need for prudent management necessary to safeguard depositors.

If the Congress will enact this bill into law, our financial institutions will benefit from the ability to offer new services and enter new markets; and their customers, both depositors and borrowers, will share these benefits.

Savings and loan associations and mutual savings bank will be permitted to offer checking and negotiable orders of withdrawal (N.O.W.) accounts to individuals and businesses, while diversifying a portion of their investments into consumer loans, unsecured construction loans, commercial paper, and certain high-grade private debt securities.

Commercial banks will be permitted to offer corporate savings accounts and N.O.W. accounts. Credit unions will be permitted to offer mortgage loans to members, make a wider range of loans at more varied interest rates, and to set up an emergency loan fund on which to fall back.

To improve the availability of mortgage credit, commercial banks, savings and loan associations, mutual savings banks, and other taxable financial institutions will be granted a new tax incentive to enlarge their volume of mortgage loans. Finally, the act provides for the gradual elimination of interest rate ceilings on all types of savings over a five-and-one-half-year period.

This legislation differs in two principal ways from the bill previously submitted to the Congress:

First, the abolition of interest rate ceilings on deposits will still occur five-and-one-half years after the passage of the act. However, prior to the removal of ceilings, the Administration will conduct an intensive investigation to examine the economic and financial picture at that time. The President and the Congress will then have the opportunity, if appropriate, to make any final improvements in the direction of the legislation.

Second, the mortgage tax credit is included in the act as before, but savings and loan associations and mutual savings banks will be given a one-time option until 1979 to decide when to substitute this tax measure for their current bad debt loss deduction. By 1979, all savings institutions will be required to shift to the mortgage interest tax credit.

While the amended bill contains modifications designed to emphasize the areas of agreement produced during the hearings and recent discussions between Administration officials and the public, the basic objectives are to increase the level and quality of service for the consumer saver, and to maintain or expand the flow of credit to the housing sector.

I urge the Congress to give these proposals prompt and favorable consideration.

GERALD R. FORD.

THE WHITE HOUSE, *March 19. 1975.*

EXECUTIVE MESSAGE REFERRED

As in executive session, the Acting President pro tempore (Mr. STONE) laid before the Senate a message from the President of the United States submitting the nominations of John Vernon Rainbolt, II, of Oklahoma; Read Patten Dunn, Jr., of Maryland; and Gary Leonard Seevers, of Virginia, to be Commissioners of the Commodity Futures Trading Commission, which was referred to the Committee on Agriculture and Forestry.

MESSAGE FROM THE HOUSE

At 12:11 p.m., a message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 2783. An act to continue the national insurance development program by extending the present termination date of the program to April 30, 1979, and by extending the present date by which a plan for the liquidation and termination of the reinsurance and direct insurance programs is to be submitted to the Congress to April 30, 1982; and

H.R. 4221. An act to amend the Higher Education Act of 1965, as amended, relative to the reallocation of work-study funds, and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker has signed the enrolled joint resolution (H.J. Res. 258) to designate March 21, 1975, as "Earth Day."

The enrolled joint resolution was subsequently signed by the Vice President.

At 4:30 p.m., a message from the House of Representatives by Mr. Berry announced that the Speaker has appointed Mr. GOLDWATER as a member of the Board of Visitors to the U.S. Air Force Academy, vice Mr. Armstrong, resigned.

HOUSE BILL REFERRED

The bill (H.R. 4221) to amend the Higher Education Act of 1965, as amended, relative to the reallocation of work-study funds, and for other purposes, was read twice by its title and referred to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. EASTLAND, from the Committee on the Judiciary, without amendment:

S.J. Res. 23. A joint resolution to restore posthumously full rights of citizenship to Gen. R. E. Lee (Rept. No. 94–44).

By Mr. HRUSKA, from the Committee on the Judiciary, without amendment:

S.J. Res. 36. A joint resolution authorizing and directing the President to declare Aleksandr I. Solzhenitsyn an honorary citizen of the United States of America (Rept. No. 94–45).

S.J. Res. 56. A joint resolution to authorize and request the President to proclaim April 6, 1975, as a day of observance of the thirtieth anniversary of the liberation of the survivors of the Buchenwald holocaust (Rept. No. 94–46).

By Mr. HRUSKA, from the Committee on the Judiciary, with amendments:

S.J. Res. 15. A joint resolution to authorize and request the President to issue a proclamation designating May 13 of each year as "American Business Day" (Rept. No. 94–47).

By Mr. HRUSKA, from the Committee on the Judiciary, without amendment:

S.J. Res. 57. A joint resolution to authorize and request the President to proclaim May 1975 as "National Car Care Month" (Rept. No. 94–48).

ACTIVITIES DURING THE 93D CONGRESS—REPORT OF A COMMITTEE (REPT. NO. 94–49)

Mr. MOSS. Mr. President, on behalf of the Committee on Aeronautical and Space Sciences, and pursuant to the requirements of section 136(b) of the Legislative Reorganization Act of 1946, as amended, this report of the activities of the Committee on Aeronautical and Space Sciences during the 93d Congress is submitted to the U.S. Senate by the chairman of the committee, Mr. Moss, on this 19th day of March, 1975. I ask unanimous consent that the Senate order it to be printed.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR FILING REPORT OF SPECIAL COMMITTEE ON AGING

Mr. CHURCH. Mr. President, I ask unanimous consent that the time for filing the report of the Special Committee on Aging, "Developments in Aging: 1974 and January-March 1975" be extended from March 28 to April 30, 1975. This additional time is needed to consider new legislative and administrative developments in the field of aging.

The PRESIDING OFFICER (Mr. STONE). Without objection, it is so ordered.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following favorable reports of nominations were submitted:

By Mr. JACKSON, from the Committee on Interior and Insular Affairs:

James L. Liverman, of Maryland, to be Assistant Administrator of Energy Research and Development;

Robert W. Fri, of Maryland, to be Deputy Administrator of Energy Research and Development; and

John M. Teem, of Connecticut, to be Assistant Administrator of Energy Research and Development.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. JACKSON. Mr. President, last week the Joint Committee on Atomic Energy and the Committee on Interior and Insular Affairs held a joint hearing to consider three nominations to positions in the Energy Research and Development Administration.

On behalf of the Interior Committee, I am today reporting these nominations to the Senate with the recommendation that they be confirmed. Senator PASTORE has already reported the nominations on behalf of the Joint Committee.

The nominees are Robert W. Fri, to be ERDA's Deputy Administrator, Dr. James L. Liverman to be Assistant Administrator for Environment and Safety; and Dr. John M. Teem to be Assistant Administrator for Solar, Geothermal, and Advanced Energy Systems.

Mr. Fri, a former principal in the management consulting firm of McKinsey & Co., served for 2 years as Deputy Administrator and Acting Administrator of the Environmental Protection Agency.

Dr. Liverman was a professor of biochemistry at Texas A. & M. when he first joined the Atomic Energy Commission staff in 1958. Before joining ERDA this year, he was the AEC's Assistant General Manager for Biomedical and Environmental Research and Safety Programs.

Dr. Teem also came to ERDA from the AEC where he was Assistant General Manager for Physical Research. A former member of the faculty at the California Institute of Technology, he was director, technical staff, corporate research and development for Xerox before joining the AEC.

In accordance with a new rule of the Interior Committee, the three nominees gave sworn testimony at last week's hearing and also submitted sworn financial statements to the committee. These statements have been carefully reviewed by committee counsel for possible conflicts of interest.

Mr. President, I am impressed with the caliber of these nominees and believe they will contribute greatly to the important mission of ERDA.

I ask unanimous consent that brief biographies of the nominees be included in the RECORD.

There being no objection the biographies were ordered to be printed in the RECORD, as follows:

BIOGRAPHICAL INFORMATION

ROBERT WHEELER FRI

Robert Wheeler Fri, 39, is a principal in McKinsey & Company management consultants. He joined the firm in 1963 and joined McKinsey's Washington office in 1965. He was elected a principal in 1968.

Mr. Fri was appointed Deputy Administrator of the Environmental Protection Agency on June 15, 1971. At EPA, he was primarily responsible for the internal management of the Agency, but he also testified before Congress and represented the Agency to press and public on numerous occasions. Fri set up EPA's organization and developed its planning and budgeting systems during a time when the Agency doubled in staff and quadrupled in budget. He worked closely with all levels at OMB in presenting the Agency's budget and developing policy and legislative positions.

From April to August 1973, Fri served as Acting Administrator of the Agency. He then returned to McKinsey's Washington office.

At McKinsey, Fri has specialized for 10 years in government planning, budgeting, and organization. For over a year, he directed a major effort for OMB to overhaul the planning and budgeting process. He has also served on or directed projects for the Federal Reserve Board, the Treasury Department, the Federal Energy Administration, the Civil Service Commission, the U.S. Army, the U.S. Air Force, the Department of Commerce, and the Department of Labor. These studies covered such topics as budget systems, resource management, weapons acquisition, Federal pay comparability, and export promotion policy.

Fri is a trustee of the Environmental and Agriculture Foundation, a member of the President's Commission on Personnel Interchange, and a member of the Committee for Economic Development's subcommittee on multigovernment regulation. He appears in the 1974 *Who's Who in America*, and has written and spoken frequently on government management and regulatory issues.

In 1957, Fri graduated from Rice University with honors in Physics. He received his Masters of Business Administration from Harvard University with distinction in 1959. He was a Baker Scholar at Harvard, and is a member of Phi Beta Kappa and Sigmi Xi (a national honorary scientific fraternity).

Fri graduated at the head of his class at Navy Officers Candidate School in 1959, and served as a Navy officer until 1962. He was stationed at the Bureau of Naval Weapons in Washington and was discharged as a Lieutenant.

He was born and raised in Kansas City, Kansas. Fri is married to the former Jill Landon of Wheeling, West Virginia. They reside with their three sons—Perry 8, Sean 7, and Kirk 5—in Sumner, Maryland.

DR. JAMES L. LIVERMAN

Dr. James L. Liverman has been Acting Deputy Assistant Administrator for Environment and Safety since January 19, 1975, when the Energy Research and Development Administration came into being. Prior to this, Dr. Liverman served as Assistant General Manager for Biomedical and Environmental Research and Safety Programs, of the Atomic Energy Commission, during the period May 1973 through January 19, 1975.

Dr. Liverman, an expert in the environmental aspects of energy, was also Director of the AEC's Division of Biomedical and Environmental Research since November 1, 1972.

Before his appointment to AEC Headquarters, Germantown, Maryland, Dr. Liverman supervised the Oak Ridge (Tenn.) National Laboratory's[1] biology and medical program and the extensive environmental research effort. Under his guidance ORNL has greatly diversified its research in these areas with support not only from AEC but from the National Science Foundation, National Institutes of Health and other Federal agencies as well. He received his B.S. degree in biology and chemistry from Texas A&M University in 1949 and his Ph.D. in plant physiology and bio-organic chemistry from California Institute of Technology in 1952. He was on the faculty at Texas A&M from 1953–58, and was professor of biochemistry when he left to join the staff of the AEC Division of Biology and Medicine (now the Division of Biomedical and Environmental Research). From 1958 to 1964 Dr. Liverman progressed from biochemist to Chief, Biology Branch, in the Division.

He joined the staff of the Oak Ridge National Laboratory in 1964, where he has served simultaneously as Associate Director of the Biology Division and as Interim Director of the University of Tennessee-Oak Ridge Graduate School of Biomedical Sciences and, since 1967, was ORNL Associate Director for Biomedical and Environmental Sciences. Dr. Liverman was also professor of biomedical sciences at the University of Tennessee.

Dr. Liverman has served on numerous committees of the National Academy of Sciences-National Research Council, the Smithsonian Institution, and the National Institutes of Health.

RÉSUMÉ: DR. JOHN M. TEEM

Dr. John M. Teem has served as Acting Deputy Assistant Administrator for Solar, Geothermal and Advanced Energy Systems since January 19, 1975, when the Energy Research and Development Administration began operation. He has brought to that position a career in academic and industrial research and in corporate and government research management.

Dr. Teem came to ERDA from the Atomic Energy Commission where he was Assistant General Manager for Physical Research. In that position, he supervised research and development in the physical sciences and controlled fusion fields. He also served the AEC as Director of the Division of Physical Research and Acting Director of the Office of Laboratory Coordination. The Commission awarded him the Distinguished Service Award on December 31, 1974.

Prior to joining the AEC in January 1973, Dr. Teem was Director, Technical Staff, Corporate Research and Development for Xerox. He assisted in the development of the Corporation's technical strategies and was responsible for coordination of research and product development in the Corporation's computer and education activities. He joined the Xerox corporate staff in 1967 as Manager of its Strategic Analysis Department where he assisted in the long-range planning of the Corporation. Formerly, he was a vice president of the Electro-Optical Systems, Inc., a firm which was acquired by Xerox in 1963. There, he directed work on development of medical instrumentation and research programs in fluid physics, in laser and related optical systems fields, and worked on energy conversion techniques and electrical propulsion for spacecraft.

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[1] (Oak Ridge National Laboratory is managed by Union Carbide Corp.)

Earlier, on the faculty of the California Institute of Technology, he conducted research in elementary particle physics, served as head of the bubble chamber group and taught undergraduate physics for six years.

Dr. Teem was awarded his PhD in nuclear physics from Harvard University in 1954. He is a member of Phi Beta Kappa, Sigma Xi, the American Physical Society, the American Institute of Aeronautics and Astronautics, Instrument Society of America, American Association for the Advancement of Science, and the American Educational Research Association.

By Mr. EASTLAND, from the Committee on the Judiciary:

Ronald T. Knight, of Georgia, to be U.S. attorney for the middle district of Georgia.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. EASTLAND, from the Committee on the Judiciary:

Anthony M. Kennedy, of California, to be U.S. circuit judge for the ninth circuit.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. EASTLAND:

S. 1238. A bill for the relief of Oscar H. Barnett. Referred to the Committee on Interior and Insular Affairs.

By Mr. SPARKMAN:

S. 1239. A bill to amend the Small Business Investment Act of 1958 to authorize small business investment companies to charge higher rates of interest. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MOSS:

S. 1240. A bill to amend title II of the Social Security Act to increase the amount which individuals may earn without suffering deductions from benefits on account of excess earnings, and for other purposes. Referred to the Committee on Finance.

By Mr. ROBERT C. BYRD:

S. 1241. A bill for the relief of Mrs. Lessie Edwards. Referred to the Committee on Veterans' Affairs.

By Mr. HELMS:

S. 1242. A bill to provide objective definitions of unitary school systems for uniform court enforcement of the Civil Rights Act, and to relieve the congestion of court calendars by providing for the orderly release of continuing Federal jurisdiction over desegregated schools, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. WILLIAM L. SCOTT:

S. 1243. A bill to amend title 18, United States Code, relating to the authority of the Attorney General over the confinement of offenders. Referred to the Committee on the Judiciary.

By Mr. BENTSEN:

S. 1244. A bill to amend Section 808 of the Act entitled "An Act To Establish a Code of Law for the District of Columbia", and section 2031 of title 18, United States Code, approved March 3, 1901, as amended (D.C. Code, section 22-2801), and for other purposes. Referred, by unanimous consent, jointly to the Committee on the District of Columbia and the Committee on the Judiciary.

By Mr. STEVENS (for himself and Mr. GRAVEL):

S. 1245. A bill to amend section 218 of title 23, United States Code. Referred to the Committee on Public Works.

S. 1246. A bill to authorize the transport of privately owned vehicles of members of the uniformed services by State-owned ferry vessels under certain circumstances, and for other purposes. Referred to the Committee on Armed Services.

By Mr. STENNIS (for himself and Mr. THURMOND) (by request):

S. 1247. A bill to authorize certain construction at military installations and for other purposes. Referred to the Committee on Armed Services.

By Mr. HATFIELD:

S. 1248. A bill for the relief of the Bay City Methodist Church, Bay City, Oreg. Referred to the Committee on Finance.

By Mr. HUGH SCOTT:

S. 1249. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for certain amounts paid by a taxpayer for tuition and fees in providing certain education for himself, his spouse, and his dependents. Referred to the Committee on Finance.

By Mr. HUGH SCOTT (for himself and Mr. SCHWEICKER):

S. 1250. A bill to amend the Federal Property and Administrative Services Act of 1949 to permit the disposal of certain surplus property for court and law enforcement purposes. Referred to the Committee on Government Operations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOSS:

S. 1240. A bill to amend title II of the Social Security Act to increase the amount which individuals may earn without suffering deductions from benefits on account of excess earnings, and for other purposes. Referred to the Committee on Finance.

INCREASE THE SOCIAL SECURITY RETIREMENT TEST TO $4,800

Mr. MOSS. Mr. President, I introduce for appropriate reference a bill to raise the social security retirement test from $2,520 to $4,800 a year.

Earlier today I attended hearings by the Senate Special Committee on Aging looking into "future directions in social security." The hearings are intended to measure the adequacy of social security toward meeting the needs of older Americans. The hearings today and those of previous years inevitably focus on the inequities inherent in the social security retirement test.

At the present time a social security beneficiary may earn $2,520 a year or about $210 a month without having to forfeit any of his social security benefits. Retired workers age 72 or over may earn as much as they like and not have to surrender any of their annuities.

In recent years the Congress has recognized the inequity of limiting or penalizing workers age 62 through 71. In the past 3 years the amount seniors could earn without penalty has been raised from $1,680 to the present $2,520. Legislation has been introduced which would remove the retirement test completely.

When confronted with the fact that 3.4 million elderly live in poverty and the fact that 78 percent of todays workers will receive less than half of their present average incomes when they reach retirement, we cannot help but be sympathetic to proposals to remove the retirement test completely. Added emphasis comes from the fact that most seniors can and want to continue working.

The major reason that this has not been done is cost. Recent estimates fix the cost of removing the limitation at about $4 billion a year. This would be a sizable sum even in times of relative prosperity but it looms even larger in the context of the present stagnant economy.

The bill which I am introducing today is an attempt to balance these two competing objectives. The work ethic is very strong among most older people. Our national policy should be to encourage rather than discourage work. At the same time there are fiscal and economic limits which must be respected.

My bill would raise the retirement test to $4,800 a year. This means that seniors could earn about $400 a month without having to forfeit some of their social security checks. This change would remove much of the work disincentive which characterizes present policy.

I am hopeful that this proposal can be enacted in the near future. It will make it possible for thousands of elderly to work their way out of poverty or to rise from mere subsistence to comfortable incomes.

By Mr. HELMS:

S. 1242. A bill to provide objective definitions of unitary school systems for uniform court enforcement of the Civil Rights Act, and to relieve the congestion of court calendars by providing for the orderly release of continuing Federal jurisdiction over desegregated schools, and for other purposes. Referred to the Committee on the Judiciary.

THE PUBLIC SCHOOL JURISDICTION ACT OF 1975

Mr. HELMS. Mr. President, I send to the desk a bill designed to restore local jurisdiction over public schools in an orderly and rapid manner. I ask unanimous consent that the text of this bill be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, the uppermost question in the minds of most Americans today is whether or not they have control over the basic decisions of their lives. There is a feeling that too many basic questions are being decided by impersonal forces beyond their reach—such questions as to how they will earn their livelihood, how much of the money they earn the Government will allow them to keep, whether that money will retain its value into their old age, how their children will be raised and educated, and what kind of values will be handed down to their children. Too often in Washington, we are concerned over technical solutions to problems, and we ignore the human dimension of how the lives of ordinary Americans are being torn apart through increasing Federal control and manipulation of the institutions which we have created.

The field of education is one of the most important areas where this is happening. Most parents look upon their children as an extension of their own lives and interests. They want to hand down the values they themselves have received from their forefathers and which they have strengthened through the self-building of their own character. Yet when the Federal Government or an educational establishment fattened on Federal funds takes the right to determine a child's education away from his parents, that basic human right is thwarted.

Often these complex problems are telescoped into simple phrases such as "forced busing" and "textbook controversies." But we know that more than that is at stake. Today hundreds of people have come to the U.S. Capitol to talk about these issues with their Senators and Representatives. That is why I am introducing this bill today, to highlight that effort. This is a bill designed to speed the day when those of our public schools which are under Federal jurisdiction can be returned to community control. But let us look at the difficult constitutional and legal problems involved.

I. THE NATURE OF THE PROBLEM

In framing a remedy for the problem of educational disruption through court orders to achieve racial balance, we must focus precisely upon the nature of the problem, the restraints of the Constitution as currently interpreted by the Supreme Court, and the practical effects of the solutions proposed. Moreover, we want a remedy that will work, and work now.

A further complication is that such a remedy must be universally applicable in cases arising both out of de jure and de facto segregation. Since the Denver decision, it may be assumed that court orders will now be issued in geographic areas where it had formerly been assumed that segregated schools were the result of de facto situations. The mere absence in the past of legislation or regulations requiring the separation of students by race no longer protects school systems outside the South from assault by the courts. The school system in South Boston is a case in point. It is urgent, therefore that both North and South join in framing a remedy.

Nor can a legislative remedy deal directly with the desire of most people for neighborhood and community schools, and their distaste for court-imposed busing and other mandatory assignment plans and integration devices. I believe that any attempt to restrict the hands of the courts would ultimately be set aside, even though I disagree with the basic premise the courts are using. It would be deeply disappointing to pass a bill providing relief against busing for racial balance only to have it thrown out by the courts.

Finally, our remedy must be a solution that can be supported in good conscience by all men of good will, whatever their political persuasion. We must not forget that the ultimate aim of relief legislation is to promote good community relations and a wholesome atmosphere for sound education. The research report by Harvard sociologist David J. Armor ("The Evidence on Busing" in The Public Interest, No. 28, summer 1972) and the subsequent discussions clearly demonstrate that the sociology of mandatory integration without freedom of choice has proven to be either erroneous or much more complex than formerly imagined. It does nothing to improve relationships between the races or academic achievement; in fact the evidence is that it engenders hostility and lowers self-esteem and achievement. Until our constitutional interpretation can be brought into line with reality, we must take legislative steps to foreclose the harm being done to the children.

If such steps are to survive a court test, they must not violate the internal logic of the current mythology attributed to the 14th amendment. We must focus the issue more narrowly upon what the courts have decided, not upon what we think they have decided, or what we would like them to decide. Changing judicial thinking is a process of years, even if a constitutional amendment were passed overnight. The only ready remedy is one written within the grammar of recent court decisions. And contrary to the popular impression, the major court decisions—although sweeping in their effects—have been quite narrowly defined.

II. AFFIRMATIVE ACTION TO ACHIEVE RACIAL BALANCE

Although "busing" gets the headlines, there are many other techniques also prescribed by courts to achieve what is commonly called "a racial balance." These other techniques are just as disruptive—some even more so—of the organic patterns of community development. These techniques include pairing of schools, reorganization of junior and senior high schools, building of new schools, gerrymandering of attendance zones, and other devices apparently intended to create a racial balance in each school. Yet the common impression that the courts have required a racial balance as an end in itself is misleading. On the contrary, the U.S. Supreme Court has never required that a school system must have a racial balance for its own sake. In specific situations, however, the Court has upheld orders that are weighted heavily on the side of accomplishing in each school of the system a racial distribution that approximates the racial balance of the locality.

Such orders have been generally issued by the lower courts under their equity powers, usually in the form of decrees or orders of a continuing quality which retain jurisdiction in the courts without limit of time or circumstances. Civil rights cases and in particular school cases have created a special form of constitutional interpretation. Until such cases came to the courts, the Constitution was viewed as a prohibitory instrument forbidding discrimination under "State action." The lower Federal courts, in particular, have devised an affirmative or "compensatory" interpretation of the Constitution on the ground that preexisting deprivation of constitutional right must be affirmatively adjusted to a given point of defined equality before the normal constitutional limits can be restored.

In effect, then, when the Supreme Court is upholding a lower court order that requires some affirmative action—in the form of busing, pairing, zoning, et cetera—it is requiring the school authorities to demonstrate that the State is no longer encouraging segregation. In order to prove that the past practices which resulted in segregation and are now declared unconstitutional have been abandoned, the school authorities must take steps to achieve the uniform racial distribution that presumably would have resulted had it not been for past State action. In short, the Court does not hold that it is the Constitution that requires a uniform racial distribution; it is the doctrine of equity that requires busing and similar artificial steps to achieve racial balance until a supposedly normal state of constitutional rights can be restored.

For example, in approving the District Court's formula for a racial balance of 71–29 percent, the Supreme Court in Swann against Charlotte-Mecklenburg Board of Education, specifically called it "a useful starting point in shaping a remedy to correct past Constitutional violations." It was a starting point, not an end in itself. The Supreme Court found that, "in sum, the very limited use made of mathematical ratios was within the equitable remedial discretion of the district court."

These are subtle distinctions which are of no comfort to parents who find their children's lives disrupted and their educational achievement threatened by the instability and social chaos which so frequently follows such court orders. I strongly dissent from the fine-spun constitutional theory that invents momentous new doctrines of "affirmative action" out of whole cloth. Yet we must use as our starting point the fact that these theories are the prevailing law and that there is little hope that they will be overturned in the near future. Our legislative remedy must be framed out of the same distinctions.

III. THE REQUIREMENT FOR A UNITARY SCHOOL SYSTEM

If racial balance is not the end sought by present constitutional interpretation, then what is that end? In judicial language, the requirement is that a State, under the recent interpretations of the 14th amendment, must convert any "dual school system" into a "unitary school system." The Supreme Court has emphasized this over and over.

In the pivotal Green decision, the Court said:

> The transition to a unitary, nonracial system of public education was and is the ultimate end to be brought about. [391 US 430 at 436; 20 Law Ed 2nd 716 at 722; 88SCt 1689 at 1693]

Referring back to Brown II, the Court's opinion in Green was very specific:

> School boards such as the respondent then operating state-compelled dual systems were nevertheless clearly charged with the affirmative duty to take whatever steps might be necessary to convert to a unitary system in which racial discrimination would be eliminated root and branch. [391 US 430 at 437; 20 Law Ed 2nd 716 at 723: 88SCt 1689 at 1694]

Unfortunately the phrase "a unitary system" has never been defined. Yet we can deduce the Court's concept from the way it was handled in the Swann opinion. There we find that "the objective today remains to eliminate from the public schools all vestiges of state-imposed segregation." Over and over again, Swann deals with the problem of racial composition strictly in accord with whether or not the pattern was "state-imposed."

> The constant theme and thrust of every holding from *Brown I* to date is that state-enforced separation of races in public schools is discrimination that violates the Equal Protection Clause. The remedy commanded was to dismantle dual school systems. [402 US 1 at 22; 28 Law Ed 2nd at 570; 91SCt 1267 at 1279]

And again, the Court narrowly defined its mission to include only State-sanctioned discrimination in schools, not discrimination which might arise from other factors:

> We are concerned in these cases with the elimination of the discrimination inherent in the dual school systems, not with the myriad factors of human existence which can cause discrimination in a multitude of ways on racial, religious, or ethnic grounds. The target of the cases from Brown I to the present was the dual school system. The elimination of racial discrimination in public schools is a large task and one that should not be retarded by efforts to achieve broader purposes lying beyond the jurisdiction of school authorities. One vehicle can carry only a limited amount of baggage. It would not serve the important objective of Brown I to seek to use school desegregation cases for purposes beyond their scope, although desegregation of schools ultimately will have impact on other forms of discrimination. [402 US 1 at 22; 28 Law Ed 2nd at 570; 91SCt 1267 at 1279]

Finally, the Court came as close as it ever has done to defining a unitary school system when it said:

> Our objective in dealing with the issues presented by these cases is to see that school authorities exclude no pupil of a racial minority from any school, directly or indirectly, on account of race; it does not and cannot embrace all the problems of racial prejudice, even when those problems contribute to disproportionate racial concentrations in some schools. [402 US 1 at 23; 28 Law Ed 2nd at 570; 91SCt 1267 at 1279]

We may conclude that a unitary school system is one in which the school authorities exclude no pupil of a racial minority from any school, directly or indirectly, on account of race. At the same time, the Court recognizes that a unitary school system might include disproportionate racial concentrations in some schools, so long as those disproportionate concentrations are not caused by action on the part of school authorities with intent to segregate. State discriminatory actions are proscribed; other factors which result in racial imbalance in the schools are beyond the scope of the Court's activity. In fact, the Court said specifically:

> The Constitutional command to desegregate schools does not mean that every school in every community must always reflect the racial composition of the school system as a whole. [402 US 1 at 24; 28 Law Ed 2nd 554 at 24; 91SCt 1267 at 1280]

In fact, the Court tells us that "absent a constitutional violation, there would be no basis for judicially ordering assignment of students on a racial basis."

To summarize these important distinctions, we may say that the Supreme Court holds it unconstitutional to assign pupils on the basis of race; however, when a court finds a situation where pupils have been assigned on the basis of race, then equity requires that this "constitutional violation" be compensated by pupil assignment on a racial basis. Yet this compensatory action is obviously of limited duration. Compensation cannot go on forever; nor can a sound theory of the Constitution endure a permanent suspension of the constitutional right not to be assigned on a racial basis.

The Court itself calls this suspension an "interim period." Referring to remedial altering of school zones in Swann, it said:

> As an interim corrective measure, this cannot be said to be beyond the broad remedial powers of a Court. [402 US 1 at page 27; 28 Law Ed 2nd 554 at page 573; 91SCt 1267 at 1282]

Noting the burdens which court orders impose—burdens the Court itself admits may be "administratively awkward, inconvenient and even bizarre"—the Court says:

> But all awkwardness and inconvenience cannot be avoided in the interim period when remedial adjustments are being made to eliminate the dual school systems. [402 US 1 page 28; Law Ed 2nd 554 at page 575; 91SCt 1267 at 1282]

It follows therefore that Congress is at liberty to impose a legislative definition of a normal interim period. Moreover, the situation which the courts are seeking to remedy is in constant flux. School authorities, pupils, and families come and go. The inherent logic of the Supreme Court's argument demands that the extraordinary suspension of constitutional rights come to an end within a reasonable length of time. The Court itself accepted its own logic. In the remarkable concluding paragraphs of Swann, the Court had this to say:

> At some point, these school authorities and others like them should have achieved full compliance with this Court's decision in *Brown I*. The systems will then be "unitary" in the sense required by our decisions in Green and Alexander.
>
> It does not follow that the communities served by such systems will remain demographically stable, for in a growing, mobile society, few will do so. Neither school authorities nor district courts are constitutionally required to make year-by-year adjustments of the racial composition of student bodies once the affirmative duty to desegregate has been accomplished and racial discrimination through official action is eliminated from the system. This does not mean that Federal courts are without power to deal with future problems; but in the absence of a showing that either the school authorities or some other agency of the State has deliberately attempted to fix or alter demographic patterns to affect the racial composition of the schools, further intervention by a district court should not be necessary. [402 US 1 at 31; 28 Law Ed 2nd 554 at 575; 91SCt 1267 at 1283]

Working strictly within the constraints of the Court's reasoning, we can see therefore that there can and must be an end to pupil assignments on the basis of race. There can and must be an end to busing, pairing, zoning, and so forth. A return to neighborhood schools is not only desirable, but feasible under current court decisions. The only question is when.

IV. THE DURATION OF COURT JURISDICTION

Thus neither school authorities nor district courts are required to adjust the racial composition of student bodies "once the affirmative duty to desegregate has been accomplished and racial discrimination through official action has been eliminated from the system." The suspension of the constitutional right of pupils not to be assigned to a school on the basis of race is of limited, but indefinite duration. Since the Supreme Court itself has admitted that the suspension of rights is of limited duration, it is entirely proper for the Congress of the United States to pass legislation setting a definite time limit during which the courts can suspend these rights.

I believe that a great majority of school systems have by this time become desegregated under the terms of the original orders of the Federal courts, by compliance with the guidelines issued by the Commissioner of Education, or remain in a form historically instituted without reference to racial separation either by law or colllusive drawing of attendance zones. Current problems before the courts accordingly are, in possibly a majority of cases, directed against resegregation caused by population shifts occurring subsequent to prior school desegregation. Quite frequently it is argued that the actions of school authorities, although possibly taken today without regard to race, are tainted by the vestiges of past actions. In the forefront of such actions are those which attempt to overcome the increasing concentration of blacks in inner city areas by overriding political boundaries existing between different school systems as in the cases of Richmond and Detroit where massive busing into suburbs has been directed.

Yet in every case, the orders are different, the standards are different, and the burdens to be borne and the levels of compliance are different. The length of time the school systems remain under court jurisdiction is entirely at the discretion of the court. Every court commands the establishment of a "unitary system," but the level of compliance varies. There are two difficulties. First, "unitary" is indefinite both in quantum and period of time. Second, the equitable doctrine of continuing jurisdiction over an existing decree permits the courts to change preexisting orders from time to time in order to correct situations which have changed after an initial determination and local compliance.

It is within the power of Congress to statutorily define the unitary concept, to fix its effective period, and to terminate continuing district court jurisdiction, provided only that in so doing the Congress does not specifically or by implication permit the restoration of a school system based on racial separation.

V. THE REMEDY

The Public School Jurisdiction Act provides the required remedy. It defines a "unitary school system" within the constraints of current practices.

First of all, it accepts the work of any Federal court that has approved a desegregation plan to achieve a unitary system. If the court has said that such and such a plan will bring a system into compliance, then the Public School Jurisdiction Act agrees that it is a plan which will bring about compliance. In the same way, the Public School Jurisdiction Act also accepts compliance with any specific plan or generally published guideline authorized or approved by the Commissioner of Education. Both accomplish the same end and should have equal standing in the light of the numerous court references to such guidelines as indicative of the meaning of the term "desegregated school."

Thus this first definition does not negate any plan currently in effect. It makes every court order and every HEW pupil assignment plan part of the definition of "unitary school system." There are some activists who say that present plans do not go far enough. Yet, present plans must go at least as far as the Supreme Court itself has gone. Those who want to go further are not arguing law, but questions of policy.

Second, the Public School Jurisdiction Act's second definition of a unitary school system accepts the decision of any court of the United States upholding a pupil assignment plan as in compliance with the laws and Constitution of the United States. Thus any school system which has successfully defended itself against the charge of unconstitutional actions is, on the face of it, a unitary school system. This is really a corollary of the first definition. A court decides whether a school system is unitary or not.

Third, the Public School Jurisdiction Act's third definition of a unitary school system also involves a court test. Here, if a court decided that attendance zones were originally established with reasonable geographical divisions without the intent to discriminate—and no changes had been made except for reasonable educational discretion—then such a school system is a unitary school system. Such a finding is a reasonable defense against demands that school attendance zones be altered within a system, or that the system be merged with adjacent systems in other political jurisdictions.

Fourth, the Public School Jurisdiction Act's fourth definition recognizes that many courts under a plea of equity have tried to fashion some formula for the overall racial composition of student bodies as evidence of the school authorities' affirmative action. Up to now, this has been left to the decision of the individual judge, with no guidelines for him to follow. The courts have acted variously with respect to their racial ratio requirements, which, despite Federal assistance legislation to the contrary, is being used by the Federal courts and to some extent as well by the Department of Health, Education, and Welfare as a target for the requirements of busing and the other techniques. Most courts have differed in the extent to which they view an approximation of local racial ratios as being required and the extent to which it will be applied across the board to all public schools in the system or be compromised to lessen the amount of change required.

In fact, in Swann, the Supreme Court was at pains to point out that it approved the District Court's order only because that order was not to be interpreted as a "fixed mathematical racial balance." The Court said:

> If we were to read the holding of the District Court to require, as a matter of substantive Constitutional right, any particular degree of racial balance or mixing, that approach would be disapproved and we would be obliged to reverse. The Constitutional command to desegregate schools does not mean that every school in every community must always reflect the racial composition of the school system as a whole. [402 US 1 a 24; 28 Law Ed 2nd 554 at 571; 91SCt 1267 at 1280]

Indeed, the Supreme Court quoted approvingly from the district court's own explanation as follows:

> This court [the District Court] has not ruled and does not rule that 'racial balance' is required under the Constitution; nor that all black schools in all cities are unlawful; nor that all school boards must bus children or violate the Constitution; *nor that the particular order entered in this case would be correct in other circumstances not before this court.* (Emphasis in original) [402 US 1 at 24 (n. 9); 28 Law Ed 2d 554 at 571 (n. 9); 91 SCt 1267 at 1280 (n. 9)]

Although the Supreme Court thus holds that there does not have to be a rigid mathematical formula, there are still no guidelines for a lower court to follow in fashioning a remedy in equity. The Public School Jurisdiction Act has a formula under which Congress sets up the parameters. It provides for the kind of flexibility which the Supreme Court demanded in Swann, keeping in mind that the Court only approved a "very limited use made of mathematical ratios . . . within the equitable remedial discretion of the District Court." These limitations must be borne in mind. [402 US 1 at 25; 28 Law Ed 2d 554 at 572; 91 SCt 1267 at 1280]

Basically, the formula would provide that a control group of not less than two-thirds of the schools of a local educational agency would have to meet certain standards of racial composition in enrollment if the school system does not otherwise qualify as a unitary school system. These standards would be based upon the ratio of whites and blacks in the school system: an individual school in the control group would have to have at least one-third of the percentage of majority students in the school population as a whole, and one-third of the percentage of minority students in the school population taken as a whole.

All in all these are not definitions which I endorse for their substance; I endorse them because they will work within the system as it is now constituted. They provide fair definitions of a unitary school system so that judges will have an objective standard of justice, nor do they upset current legislation or court orders on the subject.

Fifth, the other aspect of definition is to put a limitation on the duration of the suspension of the constitutional right of students not to be assigned to schools on the basis of race. As I have already pointed out, it is unhealthy for constitutional rights to be suspended indefinitely. Congress can put a reasonable limitation on the length of time required to demonstrate that a dual school system has been abandoned. It would be highly suspect if Congress were to put severe limitations on the so-called remedies available to courts in equity. It might be charged that due process of law or equal protection was being abridged by statute. But a reasonable time limitation violates neither. The courts would still have all the powers that they now have to order desegregation plans, to order busing, pairing, and so forth. The power to order the organizational disruption that we now have in our school systems would not be abated. The only difference would be that it could not go on forever.

The Public School Jurisdiction Act sets a limitation of 1 full school year. This would apply either to schools on a 9-month plan or on a 12-month plan. It assumes that the school authorities are acting in good faith and that they actually do what they are ordered to do. One year is a significant administrative unit in a school system, as pupils normally move from one grade to another in that year's time. The courts will see to it that the assignment plan is comprehensive enough to compensate for past unconstitutional practices; the year's duration under the court's jurisdiction will see to it that a Constitutional assignment plan is actually in operation.

It must be remembered that the Supreme Court has said that the Constitution itself does not command proportional racial composition of student bodies; once a violation has been corrected, the Constitution is indifferent to assignment methods, so long as school authorities do not make assignments on the basis of race. School authorities are not required to make pupil assignment adjustments for discrimination that may result from other factors in society, once the affirmative duty to discriminate has been accomplished. This means that the neighborhood school—favored by the overwhelming majority of Americans of both races—can return once the violations have been corrected.

During the space of a school year, the dislocations of student bodies and teachers would have to be endured. There is no way within the present grammar of the court decisions that this can be evaded where the schools have been found to be operating dual systems. But it would be endurable because the end would be in sight.

Moreover, many school systems have already met and have been meeting the definition of a unitary school system for 1, 2, 3, or 4 years. Under the Public School Jurisdiction Act, they could pass the test immediately. What counts as far as meeting the constitutional test is the actual time served under court orders without regard to the passage of the Public School Jurisdiction Act. A statute cannot affect the constitutionality of an action.

At the end of a full school year, the school authorities, State officials, or any parent can apply to have the case reopened so that the judge involved can submit the case to a jury to make a determination that the school system has met the statutory definition of a unitary school system for a full school year. The determination is narrowly limited to questions of fact, that is, whether the plan decreed by the court has in fact been followed. The judge would have no opportunity to reassess the case itself or to consider new data.

Upon reopening of the case, enforcement of the judge's court order is stayed until the final determination has been made. This would insure prompt actions by the court so that any affected parties could make a timely appeal if desired.

Sixth, once the determination was made that the school authorities had been operating a unitary school system for the required length of time, then the system would be released from Federal district or appeals court jurisdiction in matters relating to segregation and allied problems. The matters could not be raised again in the Federal courts.

Nevertheless, the full system of State courts remains open to plaintiffs who allege that their constitutional rights have been abridged by some action of the school authorities, including appeal to the U.S. Supreme Court.

Thus it is clear that due process and equal protection are carefully preserved by the Public School Jurisdiction Act. Every school system may be brought into Federal court at least once, and that court will have the opportunity to apply the full range of so-called "remedies" that it perceives to be necessary. The "unitary school system" which the U.S. Supreme Court says is constitutionally required will have been established and it will have actually been put into operation. If further State-directed discrimination occurs, the full range of State courts is available for redress. The U.S. Constitution would assure this, but for the sake of clarity, the Public School Jurisdiction Act spells it out.

Seventh. Finally, the Public School Jurisdiction Act provides a specific exemption to preserve the right of any student who feels he has secured particular advantages under any current assignment plan. I think we can be sure that most parents will wish their children to attend school under a neighborhood school plan if one is offered. There may be some who are being transported to schools outside their neighborhood where they feel they have special advantages. If there are such, they can be allowed to continue to be transported to those schools if they so choose. They have this right not by Constitutional protection, but in the interests of good educational policy and sound community relations. Thus, under the Public School Jurisdiction Act, no child would lose what he or his parent perceives to be an advantage from the current system.

Eighth, the Public School Jurisdiction Act preserves the interests of all those concerned. It maintains current court holdings, decrees, and HEW plans. It preserves all constitutional rights under the present mode of interpretation. It provides for the orderly termination of Federal court jurisdiction so that standards are uniform throughout the Nation. It provides for the early restoration of local control over attendance plans. And it safeguards the interests of those who feel they have obtained advantages under the present situation.

But most of all, it will bring about the rebuilding of a wholesome educational atmosphere and constructive community relations. The best society is the society that has the maximum of free choice and evolves from the myriad of decisions of each citizen over the years, and over the generations. To destroy that organic development is to destroy the very fabric of a healthy society. The destruction has been imposed upon us by the courts, and it is time for Congress to begin rebuilding.

In introducing this legislation I am mindful of the fact that busing is but a part of the total educational struggle of our day. It does little good for a child to remain in his own neighborhood if the values of that neighborhood are subverted by teacher attitudes and textbooks in local schools. The same handful of elitists who feel empowered to bus children, and destroy cultures by removing children from them, have arrogated to themselves also the power to determine, with little or no consideration for the opinions of parents, what values are to be taught to children in the schools. Nowhere has this lack of concern for parental opinions and cultural heritage been more blatant than in the textbook controversy in Kanawha County, W. Va. The pattern there is the same as in Charlotte, the same as in Boston, yet the issue essentially the same: parental rights and cultural identity against the force and financing of Government. Again the Government has taken the side of elitists against the people.

In Kanawha County we see the same hypocrisy so clearly extant in the busing controversies throughout the Nation. The South, by and large, has already gone through the turmoil of seeing its neighborhoods destroyed. Yet today even in the North, in Boston, authorities speak of civil rights while violating them blatantly by taking children from their home environment by force. In Kanawha County authorities speak of teaching cultural diversity, while in fact their program is one of undermining a mountain culture which is a unique and precious part of the American experience. This is done with the full force of Government behind it, as in Boston, and there is no appeal for the people in Kanawha, just as there is no appeal for the people of South Boston, or wherever neighborhoods are being destroyed.

The struggle for textbooks in Kanawha, like the busing controversies elsewhere, is not only for the minds of our children but also for the soul of our country. This fact is clear in the minds of the people of Kanawha County. Twice in the past 2 weeks leaders from Kanawha concerned about these textbooks have come to Washington, gathering support for a unified effort in the antibusing and textbook controveries. This week, 200 people in Kanawha County traveled all night by bus to join the national antibusing rally, a really inspiring sign of the recognition by the people of Kanawha County of the greater struggle of which they are such an important part. They have missed a day of work in midweek, a fact of little importance to many of the marching groups which have come to Washington in the past, but of crucial importance to people who have children to support and who pay the taxes we here in Washington impose upon them. In the long run, this march, which united the two major parts of this epochal struggle, will be looked upon as a milestone in the winning back of our Nation from the tyranny and hypocrisy which has grown up in education.

Mr. President, I ask unanimous consent that the bill, S. 1242, be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1242

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public School Jurisdiction Act of 1975".

SEC. 2. (a) The Congress finds that—

(1) the Supreme Court has repeatedly ruled that the maintenance of dual school systems in which students are assigned to schools solely on the basis of race, color, or national origin denies to those students the equal protection of the laws guaranteed by the fourteenth amendment;

(2) these and related court rulings have imposed upon public school agencies the burden of eliminating the vestiges of dual school systems and of establishing all school systems upon a unitary basis;

(3) the lack of appropriate statutory definition of a unitary school system has left the courts without objective standards in enforcing the equal protection of the laws in regard to pupil assignment, with a resulting lack of uniformity in enforcement and regulatory requirements;

(4) the courts have been overburdened with the complexity and length of the litigation and continuing judicial process for effective enforcement of the fourteenth amendment and the Civil Rights of 1964, and other related statutes.

(b) For the foregoing reasons, it is necessary and proper that the Congress, pursuant to the powers granted to it by the Constitution of the United States, including, but not limited to section 5 of the fourteenth amendment, taken action to enhance the enforcement of court determinations under the Civil Rights Act of 1964, to make court enforcement uniform by setting standards and definitions relative to a unitary school system, and to relieve the congestion of court calendars by providing for the orderly release of continuing Federal jurisdiction over desegregated public schools.

SEC. 3. Section 401 of the Civil Rights Act of 1964 is amended by adding at the end thereof the following:

"(e) 'Local educational agency' means any local educational agency as defined by section 801(f) of the Elementary and Secondary Education Act of 1965.

"(f) 'State educational agency' means a State educational agency as defined by section 801(k) of the Elementary and Secondary Education Act of 1965.

"(g) 'Unitary school system' means any public school system in which—

"(1) the local educational agency has complied with an order of any court of the United States based on racial enrollment criteria for the public schools of that agency, or is in compliance with any specific plan or published guideline authorized or approved by the Commissioner of Education with respect to such enrollment criteria; or

"(2) the presently used procedure for assignment of children and teachers in the elementary and secondary schools of the local educational agency has been found by any court of the United States to be in compliance with the Constitution and laws of the United States against a charge that the schools of such agency were segregated; or

"(3) the assignment of children to elementary and secondary schools of that agency is by attendance zones which are or have been found by any court of the United States (a) to have been originally established with reasonable geographical divisions without intent to discriminate between areas on the basis of race, color, or national origin, and (b) to have not thereafter been altered except to accord with and meet conditions caused by population increases or decreases in the area served, granting to such agency the right to reasonable educational discretion in the creation or elimination of neighborhood school zones in geographically contiguous areas without regard to the racial composition of the affected residential area;

"(4) not less than two-thirds of the schools of a local educational agency have a racial composition of the student body of each school which shall contain a percentage of majority students which is not less than one-third of the percentage of majority students in the school population taken as a whole, and a percentage of minority students which is not less than one-third of the percentage of minority students in the school population taken as a whole.".

SEC. 4. Title IV of the Civil Rights Act of 1964 is amended by adding at the end thereof the following new section:

"ORDERLY TERMINATION OF FEDERAL JURISDICTION OVER STATE EDUCATIONAL AGENCIES

SEC. 411. (a) the continuing applicability of any order of any district court or court of appeals of the United States requiring the desegregation of the public elementary and secondary schools of a local educational agency shall terminate upon a determination by jury in the issuing court or by a court having review jurisdiction thereover that such schools of the defendant local educational agency are and have been a unitary school system as defined in section 401 of the Civil Rights Act of 1964 for a period of not less than a full school year since their establishment of following any voluntary of required organization thereof.

"(b) No district court or court of appeals of the United States shall have original, continuing, or pendent jurisdiction to issue in any case or controversy, in law or in equity, any writ, process, rule, decree, order or command directing, forbidding, or changing (A) the assignment of transportation of any student or students to any public elementary or secondary school made, provided, or proposed pursuant to the determination and direction of the State or local educational agency operating or having supervisory powers over the operation of such school, or (B) the employment, assignment, reassignment, transfer, or retention of any member of the teaching or administrative staff of any such school, or (C) any appropriation or expenditure of any funds for the construction, maintenance, equipment, or operation of any such school, or (D) the accreditation of any school by any public or private agency, or its inclusion in any published list or directory of accredited schools, if such school is, or is part of, a unitary public school system as defined in section 401(g) of the Civil Rights Act of 1964, and has been so far the period specified in paragraph (a) of this section.

"(c) The provisions of this section shall apply with respect to any civil case or controversy now pending or hereafter brought in or removed to any court of the United States for or with respect to the desegregation of the public elementary and secondary schools of the local educational agency or for or with respect to the appropriation of expenditure of funds for the construction, equipment, maintenance, operation, or support thereof.

"(d) On application therefor by any local educational agency, or by the parent of any student enrolled in any school operated by such agency, or by any State educational agency or any State officer having supervisory authority over the public elementary and secondary schools of such local educational agency, any prior judgment, decree, or order of any district court of the United States or of any court of appeals of the United States related to, providing for, or concerning the assignment or transportation of students in or to the public elementary and secondary schools of such local educational agency, as a means to end or prevent or correct the effects of segregation of students in the schools of such agency on the basis of race, color, or national origin, shall be reopened by such court and the court shall thereupon promptly submit to jury determination as a question of fact whether or not the public elementary and secondary schools of such agency are, and have been, for the period specified in paragraph (a) of this section, a unitary school system as defined in section 401 of the Civil Rights Act of 1964. Such application shall be made by a motion in the cause in the case or controversy and in the court in which such judgment, decree, or order has been requested or was entered. Such application shall be heard and the determination thereby prayed shall be made within twelve months from the date on which the application was filed. The filing of any such application shall stay the enforcement of any existing order pending final determination of the issue thereby raised.

"(e) Nothing contained in this section shall limit the right of a local educational agency to change or alter its administrative or financial policies following the termination of Federal jurisdiction by reason of this section: *Provided, however,* That—

"(i) no such change thereafter shall be for the purpose of discriminating against any class of students or employees on the basis of race, color, or national origin, and

"(ii) no student shall be denied the right to continue thereafter to attend the school to which such student was assigned prior to such change and to be furnished the necessary transportation therefor.

"(f) Nothing contained in this section shall limit the existing jurisdiction of the courts of any State with respect to the public elementary and secondary schools of that State, nor limit or affect the established review jurisdiction of the Supreme Court of the United States over decisions of the highest courts of the several States.".

SEC. 5. If any provision of this Act or of any amendment made by this Act, or the application of any such provision to any person or circumstances is held invalid, the remainder of the provisions of this Act and of the amendments made by this Act and the application of such provision to other persons or circumstances shall not be affected thereby.

By Mr. BENTSEN:

S. 1244. A bill to amend section 808 of the act entitled "An Act To Establish a Code of Law for the District of Columbia", and section 2031 of title 18, United States Code, approved March 3, 1901, as amended (D.C. Code, section 22–3801), and for other purposes. Referred, by unanimous consent, jointly to the Committee on the District of Columbia and the Committee on the Judiciary.

Mr. BENTSEN. Mr. President, I take pleasure in introducing today the "1975 Act to Reform Trial Standards for the Crime of Forcible Rape." This bill will limit the use of a rape victim's sexual history during the trial and remove other barriers to the effective prosecution of rape cases in the District of Columbia and in other Federal jurisdictions. It has been estimated that as many as 80 percent of all rapes go unreported. Among the reasons that have been cited are the embarrassment and harassment expected and experienced by women who report and testify. From the moment she enters the police station through the ordeal of cross-examination by the defense attorney, the rape victim is asked personal and often offending questions and must submit to physical examinations under the most humiliating of circumstances.

This reform bill will correct abuses of privacy and unjust treatment of rape victims at the trial stage. There are five points of reform contained in this bill. First, the defense would be prevented from introducing evidence of the victim's previous sexual conduct except in determining whether she consented. Current Federal statutory and common law allows the private sexual behavior of the rape victim to be presented to the jury to prove that her testimony is unreliable. A witness' credibility is totally unrelated to her sex life. This bill would limit the use of such evidence to the particular issue of the victim's consent.

Second, on the issue of consent, evidence of the victim's sexual conduct would be admissible only if the defense can show a pattern in her past conduct relevant to the facts in the particular case and relevant to the question of consent.

It is the intent of the legislation that frequent sexual activity will not, in itself, constitute a pattern of past conduct relevant to the facts in the case being tried.

The defense is presently allowed to offer evidence of any previous sexual acts of the victim to prove that she was likely to have submitted to the defendant of her free will. The court applies general standards of relevance to determine admissibility of this evidence. Unfortunately, the trend has been to admit all such evidence. While limiting the availability of the victim's past private life to the defense and the jury, the bill requires the court to examine the actual relevance of the evidence to the facts of the particular case and to find a pattern in her past conduct that supports the allegation that the victim consented.

The bill also provides that any sexual relations between the victim and the defendant will be admissible to prove consent.

Third, the bill provides a mandatory hearing away from the jury to determine all questions of admissibility concerning the victim's sexual conduct. This provision is a safeguard against possibility of inadmissible inflammatory evidence prejudicing the jury against the victim.

Fourth, this bill would require the court to send a rape case to the jury without corroboration of the victim's testimony, if her testimony establishes every element of the crime of forcibile rape. The law in the District of Columbia requires that if a rape victim's testimony is not corroborated in some way, the court must rule favorably on a motion to dismiss by the defense. The prosecution in every criminal case has the burden of establishing a case against the defendant that includes every statutory element of the crime the defendant is charged with. Rape is the only crime in which the testimony of the complaining witness, by law, cannot establish a case to send to the jury. This bill will remedy this imbalance by allowing the court to treat the victim of rape in the same manner as it treats the victims of other crimes.

Fifth, this bill will require the court to instruct the jury that evidence of physical resistance is not required to support a guilty verdict in a rape case.

In recent D.C. rape trials, convictions have been difficult because juries insist upon evidence of extensive physical injury to prove that the victim gave resistance or otherwise refused her consent.

Many citizens believe that any decent woman will defend her honor with her life and that she would be able to exhibit extensive cuts or bruises after a sexual attack. When women in this country ask law enforcement officials what they should do when they are sexually attacked, they are told not to risk being killed or harmed. They are told to scream or to run to save themselves, and that if they offer violent physical resistance they may be placing themselves in danger of death or severe injury.

A woman who follows this advice and submits to her attacker out of fear, may afterward find herself in court being accused of seducing the defendant. This counter-charge results directly from her sound and responsible decision in a crucial and dangerous situation. Of course, it should be clear that the intent of this legislation is to leave with the prosecution the burden of proving that the victim suffered physical injury, if that allegation is a part of the prosecution's case.

This legislation focuses on a central element that has made conviction of rapists so difficult and which has made so many victims reluctant to report and to testify at trial. When a woman knows that she seeks justice at the risk of exposing to the public details of her private and personal life that have no connection with her case, she cannot be expected to cooperate happily with the police.

The latest U.S. crime statistics show that the number of forcible rapes in the Nation increased an astonishing 62 percent in the last 5 years.

Rape is the fastest growing violent crime in the United States. The FBI reports that from 1972 to 1973 the rate of forcible rapes jumped 9 percent, outstripping the rise in every other violent crime.

In 1972, Washington, D.C., the major area affected by this bill, experienced the highest rate of rapes per capita among U.S. cities and continues to have one of the worst records of forcible rape in the country.

Of course, much reform is necessary beyond the scope of the evidence admitted at trial. Police questioning of the victim, medical examinations, publicity, and public scorn, all combine to discourage most victims of a sexual assault from approaching the authorities.

Several States have adopted reform legislation for the crime of rape. Some have chosen to redefine the substantive laws against sexual assaults and to decrease the severe penalties. Others have established elaborate protective schemes in the pretrial stages. But most of the State legislatures have turned to the reforms that were necessary at the trial stage. Naturally, the solution of the fast growing national problem of rape must be addressed by the States. The States and local governments must move to make changes in the many areas, including rules of evidence and procedure, over which they have jurisdiction. Congress has the unique opportunity, and I believe it has a responsibility, to reform outmoded laws in Federal jurisdictions and to provide far-reaching legislation that the legislatures of the States may use in their wisdom and at their choice, as a model for the reform of their own laws.

Mr. President, I urge my colleagues to join me and the other cosponsors of this legislation in seeking this important change in our Nation's laws.

Mr. President, I ask unanimous consent that this bill be jointly referred to the Committee on the District of Columbia and the Committee on the Judiciary.

The PRESIDING OFFICER. Without objection, it is so ordered.

By Mr. STEVENS (for himself and Mr. GRAVEL):

S. 1245. A bill to amend section 218 of title 23, United States Code. Referred to the Committee on Public Works.

Mr. STEVENS. Mr. President, section 127 of Public Law 93–87, the Federal-Aid Highway Act of 1973, provides for the paving and reconstruction of the Alaska Highway from the Alaskan border to Haines Junction in Canada and the Haines Cutoff Highway from Haines Junction in Canada to the south Alaskan border. In accordance with Public Law 93–87, authorization to commence construction of this roadway cannot be given until after an agreement is reached between Canada and the United States covering all conditions under which the highway is to be built. The United States and Canada have been engaged in serious negotiations on such an agreement for 2 years now.

This past January, another meeting was held between the United States and Canada at Ottawa, Canada. Negotiations were most successful with all conditions being agreed to except one.

Title 23, United States Code, section 218(1) requires that Canada shall hold right-of-way for the reconstruction of the Alaska Highway and the Haines Cutoff Highway in Canada inviolate as a part of such highways for public use. Canadian officials advise that Canada cannot agree to hold the right-of-way forever inviolate.

The bill which I introduce today for Senator GRAVEL and myself would eliminate this requirement. With this restriction removed, the United States and Canada can finalize the agreement which was negotiated at the January meeting in Ottawa.

Mr. President, construction of the Alaskan pipeline has placed a severe strain on Alaska's transportation system. Transportation routes into Alaska have been jammed causing delays and shortages. Paving and reconstruction of the Alaska Highway and the Haines Cutoff Highway in Canada would greatly facilitate the use of this transportation corridor to Alaska's interior.

The Alaska Highway and the Haines Cutoff Highway also comprise the only land link into the entire Southeast Alaska region. This route has provided for an exchange of social amenities and as a means of transporting goods and persons between the southeast and interior regions of Alaska, and has provided vital connections from Southeast Alaska to the contiguous United States.

No major reconstruction has been undertaken since a paving lift was placed on the American section in 1952. Travel speed ranges in the 35 mph area. The roughness of the road bed takes a heavy toll on vehicles. Maintenance costs are high. The use of this roadway has placed demands on it far in excess of its design criteria. The alignment, substructure and surfacing are badly deficient when weighed against the amount and type of traffic it carries. Reconstruction must be started.

Mr. President, the bill which we offer today is a technical one. But, with its acceptance, a United States-Canadian agreement can be finalized and construction can be commenced on a roadway most vital to the well-being of Alaska and the United States.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1245

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of subsection (a) of section 218 of title 23, United States Code is amended to read as follows:

"(1) will provide, without participation of funds authorized under this title, all necessary right-of-way for the reconstruction of such highways;".

Mr. GRAVEL. Mr. President, I have long been convinced that Alaska would realize its full potential only if a way could be found to provide a modern and adequate overland entry into the State.

That was clearly evident even before the approval of the oil pipeline began to impose tremendous new demands on our transportation system.

The need is doubly urgent now.

Envisioning that such a development might come about, I worked through the Public Works Committee on which I serve to secure authorization in the 1973 Federal Highway Act for reconstruction and upgrading of the Alaska Highway from the State's border to Haines Junction and from that point along the Canadian portion of the Haines Cutoff.

The authorization was contingent on negotiation of an agreement between the United States and Canadian Governments spelling out the terms under which the construction could be initiated and carried out.

I have now confirmed through officials in the Department of Transportation who have been representing this country in the talks that virtually all points have been worked out. They indicate, however, that elimination of a requirement in the 1973 act for perpetual commitment by Canada of the project right-of-way would be helpful in culminating the pact.

They do not feel that this deletion will pose any problem in carrying out the construction or that it will in any way be adverse to this country's interests.

It is their belief that with this item clarified, the agreement can be completed within a very short time and that the first construction contracts can be awarded late this year.

The sole purpose of an amendment to the 1973 act being proposed by my friend and Alaskan colleague, Senator STEVENS, is to effect that right-of-way modification.

On the basis of information I have received, I fully support the amendment and am happy to cosponsor it. I believe its enactment will be in the national interest as well as that of Alaska and I will do all I can as a member of the Public Works Committee to insure its consideration and adoption as quickly as possible after referral to us.

By Mr. STEVENS (for himself and Mr. GRAVEL):

S. 1246. A bill to authorize the transport of privately owned vehicles of members of the uniformed services by State-owned ferry vessels under certain circumstances, and for other purposes. Referred to the Committee on Armed Services.

Mr. STEVENS. Mr. President, members of a uniformed service are currently entitled to travel and transportation allowances for travel performed on a permanent change of duty station. The payment of these allowances is governed by the provisions of the Joint Travel Regulations of the Uniformed Services. These regulations provide that when service members perform travel on a permanent change of duty station, they can, in lieu of commercial passenger transportation, travel to their new station by their privately owned conveyance. In such circumstances they are entitled to fixed mileage allowances for themselves and each of their dependents.

In Alaska, many such individuals would elect to travel by their privately owned automobiles when reporting to their new duty station rather than using other commercial transportation. However, in accordance with the governing statutes (37 U.S.C. 404 and 10 U.S.C. 2634) and applicable decisions of the Comptroller General, the Joint Travel Regulations do not provide for reimbursement for ferry fares. This prohibits transportation on the Alaska Marine Highway system.

For instance, if a member of the uniformed service were transferred from Ketchikan to Anchorage, he could elect to travel by privately owned conveyance. As there is no highway connecting Ketchikan with Anchorage, arrangements would be made to have the member's automobile shipped to Haines. From that point the member and his family would drive to Anchorage. Although Ketchikan and Haines are connected by the Alaska Marine Highway and State-owned ferries make daily runs between these two ports, the uniformed member could not use this mode of transportation as the State ferry is not an authorized means of transport. Instead, commercial transportation by an "ocean vessel" would be authorized.

The absurdity of this is that delivery by commercial transportation to Haines might take from 2 to 4 weeks. Delivery by State ferry is 1 day. With the State ferry, the uniformed member and family can travel with their car to the point of disembarkation, thus making this the more convenient mode of transportation. And, importantly, the cost to the Government of providing transportation via the Alaska Marine Highway System would be approximately one-half the amount of other commercial transportation.

Mr. President, the bill which my colleague and I introduce today would authorize payment for transportation of privately owned vehicles of members of the uniformed services by State-owned ferry vessels. Reimbursement for such travel would be in addition to the payment of mileage for the land travel to and from the ports involved. No mileage payment would be authorized for that segment of the trip for which reimbursement was made for ferry transportation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1246

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2634(a) of title 10, United States Code, is amended by—

(1) striking out the word "or" at the end of clause (2);

(2) striking out the period at the end of clause (3) and inserting in lieu thereof a semicolon and the word "or"; and

(3) adding at the end thereof a new clause as follows:

"(4) by State-owned ferry vessel whenever transportation by such means is less expensive than other authorized means.".

SEC. 2. Chapter 7 of title 37, United States Code, is amended by adding at the end thereof a new subsection as follows:

"(g) Whenever any member of a uniformed service is authorized under this section to perform travel by privately owned vehicle and a portion of that travel is accomplished on a State-owned ferry vessel, such member may be reimbursed for the ferry expenses for himself, his dependents, and his vehicle; but such member is not entitled to any mileage allowance for that portion of the trip accomplished by State-owned ferry vessel."

By Mr. STENNIS (for himself and Mr. THURMOND) (by request):

S. 1247. A bill to authorize certain construction at military installations and for other purposes. Referred to the Committee on Armed Services.

Mr. STENNIS. Mr. President, by request, for myself and the Senator from South Carolina (Mr. THURMOND), I introduce, for appropriate reference, a bill to authorize certain construction at military installations and for other purposes.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the RECORD immediately following the listing of the bill.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF DEFENSE,
Washington, D.C., March 17, 1975.

Hon. NELSON A. ROCKEFELLER,
The President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation "To authorize certain construction at military installations and for other purposes."

This proposal is a part of the Department of Defense legislative program for FY 1976 including the transition period, and for FY 1977. The Office of Management and Budget on March 6, 1975, advised that its enactment would be in accordance with the program of the President.

This legislation would authorize military construction needed by the Department of Defense at this time, and would provide additional authority to cover deficiencies in essential construction previously authorized. Appropriations in support of this legislation are provided for in the Budget of the United States Government for the FY 1976, the transition period, and for FY 1977.

Titles I, II, III, and IV of this proposal would authorize $2,356,125,000 in new construction for requirements of the Active Forces, of which $833,786,000 are for the Department of the Army; $743,599,000 for the Department of the Navy; $643,740,000 for the Department of the Air Force; and $135,000,000 for the Defense Agencies.

Title V contains legislative recommendations considered necessary to implement the Department of Defense family housing program and authorizes $1,639,876,000 for costs of that program for FY 1976 and the transition period.

Title VI contains General Provisions generally applicable to the Military Construction Program.

Title VII totaling $205,604,000 would authorize construction for the Guard and Reserve Forces, of which $54,745,000 is for the Army National Guard; $144,459,000 for the Army Reserve; $34,800,000 for the Naval and Marine Corps Reserves; $55,100,000 for the Air National Guard; and $16,500,000 for the Air Force Reserve. These authorizations are in lump sum amounts and will be utilized in accordance with the requirements of chapter 133, title 10, United States Code.

Title VIII contains authorizations for FY 1977 military contruction totaling $4,285,176,000. This authorization includes $932,100,000 for the Department of the Army; $673,632,000 for the Department of the Navy; $1,035,000,000 for the Department of the Air Force; $69,051,000 for the Defense Agencies; $1,424,893,000 for the Department of Defense family housing and homeowners assistance program; and $150,500,000 for the Guard and Reserve Forces, of which $39,700,000 is for the Army National Guard; $43,500,000 for the Army Reserve; $21,800,000 for the Naval and Marine Corps Reserves; $32,500,000 for the Air National Guard; and $13,000,000 for the Air Force Reserve.

The projects which would be authorized by this proposal have been reviewed to determine if environmental impact statements are required in accordance with Public Law 91–190. Required environmental statements will be submitted to the Congress by the military departments.

Sincerely,

JAMES R. SCHLESINGER.

By Mr. HUGH SCOTT (for himself and Mr. SCHWEIKER):

S. 1250. A bill to amend the Federal Property and Administrative Services Act of 1949 to permit the disposal of certain surplus property for court and law enforcement purposes. Referred to the Committee on Government Operations.

Mr. HUGH SCOTT. Mr. President, I am today introducing a bill to permit the disposal of certain surplus property for court and law enforcement purposes. Enactment of this measure would allow local governments to acquire excess Federal court facilities at little or no cost, under the same authority as these local bodies are now permitted to acquire parkland, education buildings, housing, and the like.

This bill is identical to S. 1034, which I introduced 2 years ago. Since then, the Office of Management and Budget, the Department of Justice, the General Services Administration, and the Department of Health, Education, and Welfare all offered no objection to the enactment of this bill. Although the Senate Government Operations Committee took no action on S. 1034 during the 93d Congress, I am pleased to note that it has undertaken, with the General Services Administration, to draft legislation authorizing such property transfers generally. I have reintroduced this legislation with the hope that the committee will report its own legislation quickly.

The pressing need for additional courtroom space is well known. If the Federal Government can make some of its surplus court property available to the States and local governments, then it would free them to use some of their own funds to appoint additional judges and to further upgrade the system of justice. The city of Philadelphia provides a good example of the need for my bill. The old Federal courthouse at Ninth and Chestnut Streets will soon become vacant. City judges, who now operate under the most cramped conditions, could use the old courthouse to better carry on their work.

In an effort to promote the movement for criminal court reform, President Judge D. Donald Jamieson, of Philadelphia's Court of Common Pleas, appointed the Philadelphia Justice Consortium on December 2, 1970, and commissioned it to report on specified problem areas in the Philadelphia criminal courts. One of the areas to be studied was court facilities. The consortium was an association of five national organizations: The American Judicature Society, the Institute of Judicial Administration, the Institute for Court Management, the National College of the State Judiciary, and the National Council on Crime and Delinquency.

The consortium's report found that Philadelphia's City Hall, the home of the city's criminal justice courts, was an inadequate facility for those courts and concluded that a new court building was a necessity. Some of the more obvious problems with city hall were the absence of sufficient jury rooms, the substantial acoustical difficulty, an inadequate lockup facility, and insufficient office space for judges. My bill squarely addresses these problems.

The idea of converting excess Federal courthouse space to lower courts seems to make eminent good sense in terms of economical use of the taxpayers' money. As chairman of the Government Operations Committee, Senator RIBICOFF is in a unique position to look at the positive impact which such a move would have on the law enforcement system. I am certain that he can appreciate the need for the Federal Government to assist these lower courts in whatever way possible, and I urge prompt and favorable consideration of this legislation by the Committee on Government Operations.

I ask unanimous consent that the text of two letters—one from D. Donald Jamieson, president judge, Court of Common Pleas, Philadelphia, Pa., as well as a letter from Ben R. Jones, chief justice, Supreme Court of Pennsylvania—be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

PHILADELPHIA, PA.
January 23, 1975.

Hon. HUGH SCOTT,
U.S. Senator, Washington, D.C.

DEAR HUGH: I enclose herewith a copy of Senate Bill No. 3184 which was introduced by you in February of 1972. In brief, this Bill would authorize Philadelphia to acquire the Federal Courthouse at 9th and Chestnut Streets.

You introduced this Bill at my request but I am not sure whether it was ever enacted into law. Our situation here in Philadelphia has not changed. We still need entirely new quarters if we are to bring our justice system into the present century. We probably have the worst court facilities of any major city in the United States. This disgraceful condition can be ameliorated somewhat if the 9th and Chestnut Street property (about to be vacated by the Federal Judiciary) is made available to the local Judicial System.

Frankly, I see no reason why perhaps millions of dollars should be spent converting that beautiful court facility into use for some other governmental agency such as the Post Office, nor do I see any reason why Philadelphia should be compelled to pay any sum of money at all for use of these facilities. It was the taxpayers' money which built this property and the building would continue to be used for the taxpayers' benefit.

I cannot emphasize enough just how desperate our condition is in Philadelphia for adequate courtroom space.

Anything you can do to make the Courthouse available to us will be sincerely appreciated.

Sincerely,

D. DONALD JAMIESON.

PHILADELPHIA, PA.,
January 31, 1975.

Hon. HUGH SCOTT,
Senate Office Building,
Washington, D.C.

DEAR SENATOR SCOTT: It is my understanding that you and Senator Schweiker, on February 17, 1972, introduced Senate Bill 3184, which was referred to the Committee on Government Operations. What has happened since that time I do not know.

As the titular head of the judicial system in Pennsylvania, I am terribly concerned about the Philadelphia court situation, particularly in reference to the lack of adequate facilities for the courts. We do not have enough space in City Hall for our judges and courtrooms and, in fact, have had to rent outside facilities. If we are going to have an up-to-date court system in Philadelphia, we must have more adequate and satisfactory quarters.

It is my understanding that the present Federal Court House at 9th and Chestnut Streets is about to be vacated by the federal judiciary. That building would be ideal for the use of our Philadelphia court system.

I urge you to support vigorously and effectively a plan whereby this property at 9th and Chestnut Streets, when vacated, will be made available for use by the Philadelphia court system.

With best personal regards, I remain,

Sincerely,

BEN R. JONES.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 28

At the request of Mr. Moss, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of S. 28, a bill to amend the Internal Revenue Code of 1954 to provide a credit against tax, or in the alternative a deduction, for energy conserving residential expenditures.

S. 143

At the request of Mr. MCCLURE, the Senator from Pennsylvania (Mr. HUGH SCOTT) was added as a cosponsor of S. 143, a bill to prohibit the Consumer Product Safety Commission from restricting the sale or manufacture of firearms or ammunition.

S. 474

At the request of Mr. Hollings, the Senator from Indiana (Mr. Bayh), the Senator from Massachusetts (Mr. Kennedy), and the Senator from California (Mr. Tunney) were added as cosponsors of S. 474, a bill relating to changes in status of members of the uniformed services who are in a missing-in-action status as a result of their military service in Indochina.

S. 506

At the request of Mr. Church, the Senator from Hawaii (Mr. Inouye) was added as a cosponsor of S. 50, a bill to amend the Water Resources Planning Act to extend the authority for financial assistance to the States for water resources planning.

S. 585

At the request of Mr. Chiles, the Senator from Maryland (Mr. Beall) was added as a cosponsor of S. 585, a bill to prohibit travel at Government expense outside the United States by Members of Congress who are not reelected to the succeeding Congress.

S. 673

At the request of Mr. Moss, the Senator from Montana (Mr. Metcalf) was added as a cosponsor of S. 673, to establish an energy stamp program which will provide energy stamps to certain low-income households to help meet residential energy costs incurred by such households.

S. 718

At the request of Mr. Hollings, the Senator from Tennessee (Mr. Brock) was added as a cosponsor of S. 718, the U.S. Postal Service Amendments of 1975.

S. 858

At the request of Mr. Hansen, the Senator from Florida (Mr. Stone) was added as a cosponsor of S. 858, a bill to amend title 38, United States Code, to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of cemeteries for veterans.

S. 862

At the request of Mr. Church, the Senator from North Dakota (Mr. Burdick) was added as a cosponsor of S. 862, a bill to amend the Social Security Act to provide for the coverage of certain drugs under part A of the health insurance program established by title XVIII of such act.

S. 872

At the request of Mr. Hatfield, the Senator from South Carolina (Mr. Thurmond) was added as a cosponsor of S. 872, a bill to amend title 39, United States Code, to provide that certain State conservation publications shall qualify for second-class mail rates.

S. 953

At the request of Mr. Stevenson, the Senator from Florida (Mr. Chiles) and the Senator from Idaho (Mr. Church) were added as cosponsors of S. 953, a bill to amend the Export Administration Act of 1969.

S. 969

At the request of Mr. Hartke, the Senator from Minnesota (Mr. Mondale), the Senator from Texas (Mr. Tower), and the Senator from New Hampshire (Mr. McIntyre) were added as cosponsors of S. 969, a bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months.

S. 998

At the request of Mr. Moss, the Senator from Indiana (Mr. Hartke), the Senator from New Jersey (Mr. Case), and the Senator from Illinois (Mr. Percy) were added as cosponsors of S. 998, a bill to amend title 44 United States Code, to strengthen the authority of the Administrator of General Services and National Archives and Records Service with respect to records management by Federal agencies, and for other purposes.

S. 1124

At his own request, the Senator from Pennsylvania (Mr. Hugh Scott) was added as a cosponsor of S. 1124, the Minority Small Business Investment Act.

S. 1177

At the request of Mr. McGee, the Senator from New York (Mr. Javits) was added as a cosponsor of S. 1177, the postcard voter registration bill.

S. 1212

At the request of Mr. Cranston, the Senator from California (Mr. Tunney) was added as a cosponsor of S. 1212, a bill to amend and extend section 312 of the Housing Act of 1964.

S. 1215

At the request of Mr. Hartke, the Senator from Minnesota (Mr. Humphrey) and the Senator from New York (Mr. Javits) were added as cosponsors of S. 1215, a bill to amend title 5, United States Code, to require the heads of the respective executive agencies to provide the Congress with advance notice of certain planned organizational and other changes or actions which would affect Federal civilian employment, and for other purposes.

SENATE JOINT RESOLUTION 39

At the request of Mr. Dole, the Senator from New York (Mr. Javits) was added as a cosponsor of Senate Joint Resolution 39, to designate the week of March 17 to 23, 1975, as "National Lead Poisoning Prevention Week."

SENATE JOINT RESOLUTION 44

At the request of Mr. Goldwater, the Senator from Nevada (Mr. Cannon) was added as a cosponsor of Senate Joint Resolution 44, a joint resolution authorizing the President to proclaim September 28, 1975, as "National Indian Day."

SENATE JOINT RESOLUTION 46

At the request of Mr. Hugh Scott, the Senator from Nevada (Mr. Cannon) was added as a cosponsor of Senate Joint Resolution 46, designating October 5–11, 1975, as "Newspaper Week."

SENATE JOINT RESOLUTION 51

At the request of Mr. Stevenson, the Senator from California (Mr. Tunney) and the Senator from Pennsylvania (Mr. Schweiker) were added as cosponsors of Senate Joint Resolution 51, to disapprove financing of a nuclear reactor sale to South Korea.

SENATE CONCURRENT RESOLUTION 5

At the request of Mr. Dole, the Senator from Lousiana (Mr. Johnston) was added as a cosponsor of Senate Concurrent Resolution 5, to urge the President to establish a Council on the Missing in Action.

SENATE CONCURRENT RESOLUTION 21

At the request of Mr. Hollings, the Senator from Minnesota (Mr. Mondale) was added as a cosponsor of Senate Concurrent Resolution 21, expressing the sense of the Congress that the U.S. embargo against the shipment of arms to Pakistan and India should be reinstituted without delay.

SENATE CONCURRENT RESOLUTION 24

At the request of Mr. Bayh, the Senator from New York (Mr. Javits) and the Senator from Maine (Mr. Muskie) were added as cosponsors to Senate Concurrent Resolution 24 a concurrent resolution expressing opposition to the imposition of a coinsurance requirement of 10 percent of the costs imposed above the initial deductible for inpatient hospital services with a $750 ceiling, and expressing opposition to increasing the deductible which is applicable with respect to physician services.

SENATE RESOLUTION 101

At the request of Mr. Talmadge, the Senator from Alabama (Mr. Allen), the Senator from North Carolina (Mr. Helms), and the Senator from Oklahoma (Mr. Bellmon) were added as cosponsors of Senate Resolution 101, relating to the use of Government-owned peanuts to combat malnutrition.

SENATE RESOLUTION 116—SUBMISSION OF A RESOLUTION TO ESTABLISH A TEMPORARY SELECT COMMITTEE ON REGULATORY COMMISSIONS AND THE U.S. ECONOMY

(Referred to the Committee on Government Operations.)

FEDERAL REGULATORY REFORM—AN URGENT NEED

Mr. HUMPHREY. Mr. President, today I am introducing a Senate resolution calling for the establishment of a Senate Select Committee To Study and Investigate the Regulatory Commissions of the U.S. Government.

Our regulatory system was consciously created to protect the public interest. Certainly, as market power has become increasingly concentrated in a handful of supersized corporations in many of our most important sectors, the need for effective regulation in the public interest has not diminished. In fact, it is perhaps more necessary today that at any time in our history. But, it must be effective and in the public interest. Today, all too often, it is not, and that is why we need reform.

In all too many cases the intended champions of the public interest have become the captured apologists of the special interest. There is no question but that the regulators must be liberated through reform to once again pursue the public interest.

Mr. President, as we in Congress consider legislation to mount our regulatory reform effort, let me urge that we all give careful consideration to the vital role of Congress in this process.

The urgent need for regulatory reform is of critical importance to the economic welfare, personal convenience, and physical safety of our citizens. Therefore, the representatives of the people must play a key role in the reform process. Responsibility for the knowledge of the operations of Federal regulatory agencies is spread across a large number of standing committees of the Senate. For these reasons I am convinced that the creation of a temporary Senate Select Committee on Regulatory Reform is the best way to proceed. I urge my colleagues to give this approach their careful consideration.

The resolution would create a select committee composed of 13 members, three from the Committee on Banking, Housing and Urban Affairs; three from the Committee on Commerce; three from the Committee on Government Operations; and four members appointed at large. Eight members of the select committee will be of the majority party; five of the minority. The committee is mandated to submit a final report to the Senate not later than January 20, 1979; with such interim reports as the committee decides advisable.

Under the terms of the resolution, the committee is charged with conducting a comprehensive and detailed inquiry along three lines:

First, the influence and impact of regulatory commissions' activities, procedures, rules, orders, decisions as these activities affect the general economy of the United States;

Second, the accountability of the commissions to the Congress, the relationships of the commissions to other agencies, to the executive branch, and to the private sector, and the relationships of the commissions' activities to the American consumer; and

Third, the appropriateness of regulation for given sectors of the economy, including an examination of the adequacy of current legislative statutes and an analysis of the economic consequences of regulatory activities for the American public.

Various agencies are likely to fall under the scrutiny of this select committee. The resolution directs itself in particular to the Civil Aeronautics Board, the Federal Communications Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, and the Securities and Exchange Commission. However, there are other agencies and commissions that would likely be examined such as the Federal Home Loan Bank Board, the Food and Drug Administration, the National Labor Relations Board, the Renegotiation Board, the Tariff Commission, and the Federal Maritime Commission.

Mr. President, one of the particular areas of inquiry in which I am especially interested is the relationship of these agencies to the Congress. Originally, these commissions and agencies were intended to be "arms of the Congress" which Congress defined as independent agencies with quasi-legislative and quasi-judicial functions. The commissions were intended to be independent of the Executive, to be free from Executive control, and to act in a manner protecting the public interest.

Mr. President, in my judgment, there have been two serious perversions of the original congressional concept. First, there is concern that the executive branch of our Government has captured control over some of these agencies. And, second, the commissions themselves appear too often to have become captives of the special interest they are supposed to regulate, placing the wishes of the special interest first and those of consumer last.

Mr. President, there is little doubt that the executive branch of the Government has achieved a remarkable degree of control over the regulatory commissions. In many instances, the agencies are subject to the same budgetary process of regular departmental agencies; at times the Office of Management and Budget has refused the funds and the necessary personnel to enable the agencies to conduct the studies and investigations so crucial to the work of the commissions.

If executive control is one-half of the serious problem plaguing the commissions, the failure of the commissions to regulate in the public interest is no less serious. And, potentially this can be more damaging. The fact is that the public has become increasingly cynical of regulatory agencies that purport to represent the public interest while making decisions that cost the public money.

The last time such an inquiry was conducted was more than 13 years ago when the Landis report was completed for President-elect Kennedy. This study was more concerned with the administrative and organizational aspects of the regulatory agencies than with the economic results of the regulation and its effects on the consumer.

Today there is much broader support for significant reform of our regulatory system, among leaders in Government, business, labor, agriculture, and consumer groups than at any time since I came to the Senate in 1949. We must capitalize on this momentum to bring about meaningful change in all aspects of our regulatory system that, upon careful scrutiny, need it.

The Joint Economic Committee has recommended that a study be performed to identify inefficiency which results from Government regulation and to propose measures to reduce or eliminate them.

In this time of economic recession and energy conservation, we also need to devote a major effort to eliminate regulatory processes which increase costs to the customer and which encourage a wasteful use of our precious resources.

In short, Mr. President, this whole area has remained unexamined, often hidden from public view. Yet with the possible exception of taxation, no economic activity touches so much of the citizenry as does the regulatory commissions. No activity—in fields of power, transportation, or communications, labor relations, monetary policy, or securities and banking—is as pervasive as that of the regulatory commissions.

The urgency of the matter is compounded by the speed with which our society and its technology are changing. Our regulatory agencies are still operating according to concepts that have been or are becoming outmoded by change. The agencies are forced to cope with developments never envisioned when the agencies were established—for example, communications satellites, cable television, containerized shipping in interstate and international commerce, and new power and energy demands as well as potential resources.

I urge prompt action on this measure so that the Senate can rationally and effectively address the problems associated with the broad scope and complexity of this regulatory system. The public interest demands that comprehensive reforms in regulatory agency operations be launched without further delay.

Mr. President, I ask unanimous consent that the text of the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

S. RES. 116

Resolved, That (a) there is established a temporary, select committee of the Senate to be known as the Select Committee on Regulatory Commissions and the United States Economy (referred to in this resolution as the "committee"),

(b) The committee shall conduct a complete study and investigation on regulatory commissions and agencies of the United States Government, including—

(1) the influence and impact of the activities, procedures, rules, orders, and decisions of such regulatory commissions and agencies, in particular, the Civil Aeronautics Board, the Federal Communications Commission, the Federal Power Commission, the Federal Trade Commission, the Interstate Commerce Commission, and the Securities and Exchange Commission;

(2) the accountability of such regulatory commissions and agencies to the Congress, the relationships of these commissions and agencies to other departments, agencies, and independent establishments of the executive branch of the United States Government, the relationship of each such commission or agency to any sectors of private or public enterprise the commission or agency is charged by statute with regulating, and the relationships of those commissions and agencies to the United States consumer;

(3) the appropriateness of regulation for given sectors of the economy, the adequacy of current legislative statutes, and the economic consequences of commission and agency regulatory activities for the United States consumer; and

(4) such other matters as the committee considers appropriate.

(c) The committee shall submit a final report to the Senate not later than January 20, 1979. The report shall contain a comprehensive summary of the work of the committee and shall include such recommendations as the committee deems appropriate with regard to the functions referred to in subsection (b) of this section. The committee shall from time to time make such other reports and recommendations to the Senate as it deems appropriate.

(d) The committee shall cease to exist upon the expiration of thirty days following the submission of its final report under subsection (e) of this section.

SEC. 2. (a) The committee shall consist of thirteen Members of the Senate, appointed as follows:

(1) three members of the Committee on Banking, Housing and Urban Affairs, two from the majority party and one from the minority party, designated by that committee;

(2) three members of the Committee on Commerce, two from the majority party and one from the minority party, designated by that committee;

(3) three members of the Committee on Government Operations, two from the majority party and one from the minority party, designated by that committee; and

(4) four members of the Senate, two from the majority party and two from the minority party, appointed by the President pro tempore of the Senate.

Service of a Senator as a member or as chairman of the committee shall not be taken into account for the purposes of paragraph 6 of Rule XXV of the Standing Rules of the Senate.

(b) One of the members of the committee shall be designated by the President pro tempore of the Senate to serve as chairman of the committee. Vacancies in the membership of the committee shall not affect the authority of the remaining members to execute the functions of the committee and shall be filled in the same manner as original appointments are made.

(c) A majority of the members of the committee shall constitute a quorum for the transaction of business, except that the committee may fix a lesser number as a quorum for the purpose of taking sworn testimony. The committee shall adopt rules of procedure not inconsistent with the rules of the Senate governing standing committees of the Senate.

(d) The committee shall have no authority to report any legislative measure to the Senate nor shall it otherwise have legislative jurisdiction.

SEC. 3. (a) For the purposes of this resolution, the committee, or a subcommittee thereof, is authorized in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) to hold hearings, (4) to sit and act at any time or place during the sessions, recesses, and adjourned periods of the Senate, (5) to require, by subpena or otherwise, the attendance of witnesses and the production of correspondence, books, papers, and documents, (6) to take depositions and other testimony, (7) to procure the services of individual consultants or organizations thereof in accordance with the provisions of section 202(i) of the Legislative Reorganization Act of 1946, as amended, and (8) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

(b) With the consent of the chairman of any other committee of the Senate, the committee may utilize the facilities and the services of the staff of such other committee of the Senate, or any subcommittee thereof, whenever the chairman of the committee determines that such action is necessary and appropriate.

(c) Subpenas may be issued by the committee, or by a subcommittee thereof, over the signature of the chairman of the committee or subcommittee or of any member designated by either of them, and may be served by any member designated by any such chairman or member. Any such chairman or member may administer oaths to witnesses.

SEC. 4. The expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

AMENDMENTS SUBMITTED FOR PRINTING

TAX REDUCTION ACT OF 1975—H.R. 2166

AMENDMENT NO. 169

(Ordered to be printed and to lie on the table.)

Mr. McGOVERN submitted an amendment intended to be proposed by him to the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

TAX CUT FOR A BALANCED ECONOMY

Mr. McGOVERN. Mr. President, I introduce an amendment to H.R. 2166, the Tax Reduction Act of 1975, and I ask that it be printed.

This amendment would eliminate portions of the tax bill which I believe are extraneous to our primary goal of reducing taxes. It would leave a net tax reduction, or tax expenditure, of $22.3 billion, compared to the $29.2 billion proposed by the Finance Committee.

As I have said before, there is some wisdom in cutting taxes to help make up some of the purchasing power taken away by inflation and to provide a quick injection of funds into the economy. But I offer this amendment in the firm conviction that while it may be one of the fastest ways to pour money into the economy, a tax cut is far from the best way to stimulate balanced economic growth. And balanced growth is what we need if we are to ever escape recuring economic crises.

The proposed 12-percent investment tax credit provides a good demonstration of what is wrong with this bill as reported. The Finance Committee bill proposes $1.9 billion more to private business through this device than does the House version of the bill. This tax concession totaling $4.4 billion in the committee bill could go into almost any new capital expenditure whether constructive or wasteful. For example, if the Chrysler Corp. wished to retool in order to change the body style on its biggest cars, this proposal will give them 12 percent of the cost from the National Treasury.

How much better it would be if we were to take that same $4.4 billion and invest it directly to rebuild our declining rail system. That would provide more jobs than a higher investment tax credit. And it would provide jobs on something the country really needs.

In terms of budget impact, this tax cut is no different than a direct expenditure. How many Senators would vote for a $4.5 billion appropriation, to provide a 12-percent matching fund for any private capital investment at all, whether it served or disserved the public interest? That is precisely what this bill does.

The problem is inherent in the very nature of a tax cut. We have no way of knowing whether A.T. & T. and Pan American are going to use the special tax preferences this bill gives them for good purpose or ill; for steps that will add to inflation or help stop it.

I think the American people expect us to show some judgment rather than just pouring out money willy-nilly in the hope that some of it will land in the right spots. Certainly the Congress can exercise that much intelligent discretion over the funds entrusted to our care.

So let us provide some speedy injection of funds, and some inflation relief. But let us also leave ourselves enough room to serve the public good—to stimulate efficient transportation, low cost housing, energy development, and other priorities which have been neglected too long.

And if this is a tax cut bill, let us hold it to that and avoid a hasty rewrite of the tax structure.

Many of us in the Senate have been pressing the case for a thorough reform of the tax structure. We want to close some of the gaping loopholes which cost the Treasury tens of billions of dollars each year and which serve as a source of constant outrage and frustration to the average taxpayer.

For the sake of speed and urgency, we have agreed not to press amendments of that kind—with the single exception of the oil depletion allowance—on the pending bill.

By the same token, I suggest that we should reject extraneous proposals added during committee consideration of this measure.

Perhaps there is a justification for giving business an option to carry losses back 8 years instead of 3. It looks to me like a windfall for a few companies. Others might see it as worthwhile. But it does not belong in this bill.

It may be sensible to repeal the excise tax on new trucks, trailers, buses, and truck parts and accessories. But it should be debated separately. It does not belong in a general tax cut bill.

I am especially bothered by the 5-percent housing credit. Is this a good way to repair the disastrous condition of the construction industry? Is it a better way than the new housing legislation that is now being developed by the appropriate committees in the Senate and the House? Or is this just a way to stimulate the real estate business, by creating a massive incentive for all the existing houses to change hands. That is where most of the money could go—not for new housing, but for trading in existing homes.

This provision was obviously drafted without sufficient thought. And it demonstrates why—when we are trying to adopt a tax cut quickly—we should avoid hastily conceived attempts to meet social objectives for which the tax system is simply not designed.

Mr. President, I ask unanimous consent that there appear in the RECORD at this point a brief description of the amendment I have proposed.

There being no objection, the description was ordered to be printed in the RECORD, as follows:

MCGOVERN AMENDMENT TO H.R. 2166

The amendment would reduce the tax expenditure in H.R. 2166 from $29.2 billion to $22.3 billion, a reduction of $6.9 billion from the Committee bill, through the following:

(1) Eliminate the 5% housing purchase credit, to save an estimated $3.2 billion.

(2) Eliminate the proposed three-year capital loss carryback for individuals, to save $0.1 billion.

(3) Adopt the House provision increasing the Investment Tax Credit to 10 percent instead of 12 percent, to save $1.9 billion.

(4) Eliminate the proposal to repeal the 10 percent excise tax on trucks and related equipment, to save $0.7 billion.

(5) Eliminate the proposal to permit corporations to carry back losses for 8 years, to save $1.0 billion.

In addition to reducing the overall size of the tax cut, thus giving the Congress more flexibility to use public investment to stimulate the economy, the amendment would make the bill conform more nearly to the concept of a tax cut, as opposed to a significant revision of the tax structure.

AMENDMENT NO. 170

(Ordered to be printed and to lie on the table.)

Mr. BEALL (for himself and Mr. GOLDWATER) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

AMENDMENT NO. 171

(Ordered to be printed and to lie on the table.)

Mr. BIDEN submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 172

(Ordered to be printed and to lie on the table.)

Mr. BROOKE submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 174 AND 175

(Ordered to be printed and to lie on the table.)

Mr. ROTH. Mr. President, I am today introducing an amendment to the tax cut bill to limit the housing credit to new homes only and to increase the size of the tax rebates for middle-income taxpayers earning between $12,500 and $30,000.

The increased relief for middle-income taxpayers would be achieved by increasing the rebate to 12 percent of the tax liability with a maximum of $300. The increased cost of the tax rebates, an additional $2.2 billion, would be offset by the $2.2 billion saved by limiting the housing credit to new homes only.

I want to emphasize that this amendment will in no way change or reduce the amount of tax rebates or tax cuts provided by the Senate Finance Committee to taxpayers earning under $12,500 a year. The present bill provides substantial tax cuts to this group of taxpayers, which I believe must be an essential element of the tax legislation.

However, the tax legislation approved by the House and by the Senate Finance Committee is grossly unfair to millions of moderate- and middle-income taxpayers.

The 17 million taxpayers earning between $15,000 and $30,000, about 20 percent of all taxpayers, now pay approximately 38 percent of all the taxes paid by individuals.

These taxpayers, especially those families where both the husband and wife work, are getting shortchanged by the present tax cut bill.

My amendment would increase the tax rebates for those earning between $12,500 and $30,000 by between $25 and $200. The increased rebates for this group of taxpayers would make up for the almost complete lack of tax relief on 1975 earnings given to them by both the House and Finance Committee bills. For example, under the House bill, every taxpayer earning over $15,000 would have received no relief whatsoever on 1975 income taxes.

My amendment would increase the rebates up to $300 for taxpayers earning up to $30,000, with the rebates then phasing down to $100 for those earning $40,000 or more.

I agree with the committee that it is essential to provide relief to the low-income taxpayers, but I believe the Congress would be making a serious mistake if it ignored the millions of people who pay a large percentage of our taxes.

In addition to being inequitable, the present bill will also not provide the stimulus needed to get the economy moving again and get people back to work.

The tax rebates are supposed to provide a quick stimulus to the economy by increasing consumer purchasing power and encouraging the purchase of durable goods.

In the opinion of many witnesses testifying before the Senate Finance Committee, the most effective way to encourage the purchase of homes, automobiles, and other major items, and thus to put people back to work, is to provide money to the people who will buy these items.

But, to quote an excellent editorial on this issue from the Wilmington Evening Journal—

> The House, looking with populist eyes, has changed a principally anti-recession plan into a principally anti-poverty bill, confusing social and economic priorities. It's like shoving a hamburger down the throat of someone who is dying of thirst.

If this Congress really wants to provide equitable tax relief and provide sufficient stimulus to the economy, it must provide more relief to the middle-income taxpayers. And more relief can be granted to these taxpayers without increasing the cost of this legislation by limiting the housing credit to the purchase of new homes only.

While the 5-percent housing credit approved by the Finance Committee is politically appealing, I believe that granting a $2,000 tax credit for the purchase of existing homes is economically unwise. A credit for old, existing homes will not create any new jobs or stimulate the construction and housing industries, nor will it help reduce the backlog of unsold new homes. The provision could, however, develop into another costly and inefficient tax loophole.

The amendment approved by the Finance Committee would cost an estimated $3.2 billion, with the provision applying to existing homes costing $2.2 billion. By limiting the credit to the purchase of new homes only, the revenue loss would be $1 billion.

If the Congress is going to provide a temporary tax break to stimulate the purchase of homes, it should be aimed at the many young couples and apartment dwellers who have been priced out of the housing market in the last 2 years by rising prices and high interest rates.

I urge the Senate to adopt my amendment to limit the housing credit to new homes only and to apply the revenue gained by this provision to an increase in the tax rebates for middle-income families. The housing credit measure is the only provision in either the House or the Senate Finance Committee bill that would grant any relief to these taxpayers. The main problem is that it would apply to only a small percentage of all middle-income taxpayers.

However, an increase in the tax rebates would provide additional relief to the more than 17 million taxpayers that receive minimal relief under the present legislation. It would be equitable and fair to the people who are now bearing the brunt of the tax system, and it would provide the additional economic stimulus needed to increase the purchase of consumer goods and put people back to work.

Mr. President, I ask unanimous consent that an editorial and a table showing the impact of my amendment be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wilmington (Del.) Evening Journal, March. 7, 1975]

CONFUSING TAX RELIEF GOALS

Treasury Secretary William Simon is not known for waffling. This means, mostly, that he is a vigorous supporter of conservative economic theory. It also means that increasingly he is isolated within the Ford administration, where the slogan has reluctantly been changed from conservatism to pragmatism.

In the country at large, too, Mr. Simon's views are not widely hailed. It would be wrong, however, to jump to the conclusion that he is either irrelevant or ineffective. In testimony before the Senate Finance Committee on Wednesday, the Treasury secretary flailed away at the tax-relief passed by the House of Representatives last week. It was testimony Capitol Hill should heed.

Mr. Simon, of course, is not opposed to tax relief. The economy needs spurring at this time, and giving tax rebates is one way that goal can be achieved. His objection is to the size of the tax rebates and to the distribution among intended beneficiaries.

The president had proposed a tax cut of $16.5 billion; the House measure would increase it to $21.3 billion. The administration wanted about 15 percent of the tax cut directed toward those making less than $10,000 a year; the House would give that income group 55 percent.

The argument in the House was that the poor are hurting in this inflationary period and need help. It is a truthful statement, as Mr. Simon himself agrees. The problem is that the administration bill's principal aim is to spur the economy, and Mr. Simon believes that giving most of the money to the poor won't serve that purpose.

He is not heartless, just hard-headed. "For the fourth quarter of 1974," he told the Senate committee, "the production of durable goods declined at an annual rate of 34 percent while nondurable goods production declined at an annual rate of only 2.2 percent. Therefore it is clear that the purchase of durable goods has to be increased if the recession is to be turned around."

In layman's terms, what he said was that automobiles, refrigerators, washing machines, television sets and homes, etc—durable goods—are not selling, and these industries are in a state of depression, with millions out of work. If we want those millions to be put back to work, we ought to provide money to those who buy those things. And who usually buys those things? "According to the best estimates we have," said the secretary, "the principal buyers of consumer durable goods are the middle-income classes. Approximately 70 percent of these goods are bought by households with incomes over $10,000 and only about 30 percent are bought by households under $10,000."

But the House, looking with populist eyes, has changed a principally anti-recession plan into a principally anti-poverty bill, confusing social and economic priorities. It's like shoving a hamburger down the throat of someone who is dying of thirst.

IMPACT OF ROTH AMENDMENT INCREASING MAXIMUM REBATES TO 12 PERCENT WITH $300 MAXIMUM ON FAMILY OF 4

Income	Present tax	House bill			Senate Finance Committee			Roth amendment		
		10 percent rebate	1975 cut	Total	10 percent rebate	1975 cut	Total	12 percent rebate	1975 cut	Total
$3,000	0	0	−150	150	0	−300	300	0	−300	308
$5,000	98	98	−198	296	98	−300	398	98	−300	395
$6,000	245	100	175	275	100	245	345	100	245	347
$8,000	559	100	189	289	100	277	377	100	277	370
$10,000	867	100	152	252	100	261	361	104	261	365
$12,500	1,261	126	71	197	126	199	325	151	199	350
$15,000	1,699	170	0	170	170	166	336	204	166	370
$17,500	2,156	200	0	200	200	104	304	259	104	363
$20,000	2,660	200	0	200	200	72	272	300	72	372
$25,000	3,750	150	0	150	150	40	190	300	40	340
$30,000	4,980	100	0	100	100	40	140	300	40	340
$35,000	6,398	100	0	100	100	40	140	200	40	240
$40,000	7,958	100	0	100	100	40	140	100	40	140

AMENDMENT NO. 176

(Ordered to be printed and to lie on the table.)

Mr. BENTSEN (for himself, Mr. Philip A. Hart, Mr. Gary W. Hart, Mr. Church, Mr. Randolph, and Mr. Pearson) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

AMENDMENT NO. 177

(Ordered to be printed and to lie on the table.)

Mr. PASTORE submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 178

(Ordered to be printed and to lie on the table.)

Mr. ROTH submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 179

(Ordered to be printed and to lie on the table.)

Mr. ALLEN submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 180

(Ordered to be printed and to lie on the table.)

Mr. ROTH submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 181 THROUGH 186

(Ordered to be printed and to lie on the table.)

Mr. HELMS submitted six amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 187 AND 188

(Ordered to be printed and to lie on the table.)

Mr. HUGH SCOTT submitted two amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 189

(Ordered to be printed and to lie on the table.)

Mr. PACKWOOD (for himself and Mr. Domenici) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

AMENDMENT NO. 190

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 191

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI (for himself, Mr. Humphrey, Mr. Fannin, Mr Tunney, Mr. Pell, and Mr. Clark) submitted an amendment intended to be proposed by them to the bill (H.R. 2166), supra.

Mr. DOMENICI. Mr. President, I submit an amendment that is a modification of my amendment No. 135. This modification, I am pleased to say incorporates provisions from my distinguished colleague, Senator Fannin's amendment.

The amendment now would offer tax incentives for energy conservation measures of residential as well as commercial structures.

The taxpayer of any residential unit could take either a tax deduction or credit for those expenditures prescribed by the Secretary of HUD as energy conservation measures. Allowable expenditures would include storm windows, doors, added insulation, caulking and related solar equipment.

The owner or leasee of a commercial building could take up to a $5,000 credit on solar conservation measures and $1,000 on conventional equipment.

Mr. President, these modifications strengthen the amendment and I would continue to urge my colleagues to give this measure their support.

AMENDMENTS NOS. 192 THROUGH 201

(Ordered to be printed and to lie on the table.)

Mr. PERCY. Mr. President, I am introducing today a series of amendments to H.R. 2166, the Tax Reduction Act of 1975. These amendments would implement those portions of the economic and energy program I introduced on February 7, which have not been covered adequately by the tax reduction bill currently before the Senate.

Some of these amendments are revenue raising rather than revenue reducing measures, because I believe we must be fiscally responsible even while dealing with a severe recession.

Mr. President, I ask unanimous consent that a summary of the amendments, a chart demonstrating their fiscal impact, as well as the full text of the amendments themselves, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Amendment No. 192

At the end of the bill add the following new section:

Sec. —. Excise Tax on Gasoline.

(a) Subpart A of part III of subchapter A of chapter 32 of the Internal Revenue Code of 1954 (relating to manufacturer's excise taxes) is amended by redesignating section 4084 as 4085, and by inserting after section 4083 the following:

"Sec. 4084. Additional Tax.

"There is imposed on gasoline sold by the producer or importer thereof, a tax of—

"(1) 20 cents a gallon with respect to gasoline sold before January 1, 1976, and

"(2) 30 cents a gallon with respect to gasoline sold after December 31, 1975.".

(b) (1) Section 4082 (d) of the Internal Revenue Code of 1954 (relating to definition of wholesale distributor) is amended by inserting "or section 4084" after "section 4081" where it appears in paragraph (2).

(2) Section 4083 of such Code (relating to exemption of sales to producer) is amended by inserting "or section 4084" after "section 4081".

(3) Section 4101 of such Code (relating to registration) is amended by striking out "section 4081 or section 4091" and inserting in lieu thereof "section 4081, section 4084, or section 4091".

(4) Section 4221(d)(6)(C) is amended by

inserting "or section 4084" after "section 4081".

(5) Section 4226(a) of such Code (relating to floor stocks taxes) is amended by adding at the end thereof the following new paragraphs:

"(8) 1975 tax on gasoline.—On gasoline subject to tax under section 4084 which on the date occurring 15 days after the date of enactment of the Revenue Act of 1975, is held by a dealer for sale, there is hereby imposed a floor stocks tax at the rate of 20 cents a gallon. The tax imposed by this paragraph shall not apply to gasoline in retail stocks held at the place where intended to be sold at retail, nor to gasoline held for sale by a producer or importer of gasoline.

"(9) 1976 tax on gasoline.—On gasoline subject to tax under section 4084 which, on January 1, 1976, is held by a dealer for sale, there is hereby imposed a floor stocks tax at the rate of 30 cents a gallon. The tax imposed by this paragraph shall not apply to gasoline in retail stocks held at the place where intended to be sold at retail, nor to gasoline held for sale by a producer or importer of gasoline.".

(6) Section 6421(b)(1) of such Code (relating to allowance for local transit systems) is amended by inserting after "(A)" the following: "one-half of the tax paid under section 4084 for each gallon of gasoline so used on which tax was paid under such section and".

(c) The table of sections for such subpart A is amended by striking out the item relating to section 4084 and inserting in lieu thereof the following:

"Sec. 4084. Additional tax.
"Sec. 4085. Cross references.".

(d) The amendments made by this section apply to gasoline sold on or after the 15th day after the date of enactment of this Act.

(e)(1)(A) Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credit allowable) is amended by redesignating section 42 as 43, and by inserting after section 41 the following new section:

"SEC. 42. EXCISE TAX ON GASOLINE.

"(a) In General.—There is allowed as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 20 cents multiplied by the number of gallons of gasoline purchased by the taxpayer during the taxable year.

"(b) Limitations.—

"(1) Amount.—The credit allowed by subsection (a) for any taxable year shall not exceed $90 ($180 in the case of a joint return under section 6013).

"(2) Application with other credits and deductions.—In determining the number of gallons of gasoline purchased by the taxpayer during the taxable year, any gasoline purchased with respect to which a credit or a deduction is claimed under this chapter for the taxable year shall be disregarded.".

(B) The amendments made by this paragraph apply to taxable years beginning after December 31, 1974, with respect to amounts paid or incurred after such date.

(2)(A) Section 42 of such Code (as added by subsection (a) of this section) is amended—

(i) by striking out "20 cents" in subsection (a) and inserting in lieu thereof "30 cents", and

(ii) by striking out paragraph (1) of subsection (b) and inserting in lieu thereof the following:

(1) Amount.—The credit allowed by subsection (a) for any taxable year shall not exceed $120 ($240 in the case of a joint return of tax under section 6013).".

(B) The amendments made by this paragraph apply to taxable years beginning after December 31, 1975, with respect to amounts paid or incurred after such date.

(3) The table of sections for such subpart A is amended by striking out the item relating to section 42 and inserting in lieu thereof the following:

"Sec. 42. Excise tax on gasoline.
"Sec. 43. Overpayments of tax.".

(f) Section 6401(b) of such Code (relating to excessive credits) is amended by—

(A) inserting after "lubricating oil)" the following: ", 42 (relating to tax credit for excise tax on gasoline),"; and

(B) striking out "sections 31 and 39" and inserting in lieu thereof "sections 31, 39, and 42".

(3) Section 6201(a)(4) of such Code (relating to assessment authority) is amended by—

(A) inserting "OR 42" after "SECTION 39" in the caption of such section;

(B) striking out "oil)," and inserting in lieu thereof "oil) or section 42 (relating to excise tax on gasoline),".

Amendment No. 193

At the end of the Act, add a new title as follows:

"TITLE—AUTOMOBILE EFFICIENCY TAX INCENTIVE PROGRAM

"Chapter 36 of the Internal Revenue Code of 1954 (relating to certain other excise taxes) is amended by inserting at the beginning thereof the following new subchapter:

"Subchapter A—Automobile Fuel Consumption Tax

"Sec. 4451. Imposition of tax.

"Sec. 4451. Imposition of Tax.

"(a) In General.—There is imposed on each new automobile sold to a final purchaser a tax in the amount determined under subsection (b). The tax imposed by this subsection shall be paid by the final purchaser.

"(b) Amount of Tax.—The amount of tax referred to in subsection (a) is determined in accordance with the following table:

"If the fuel consumption rate (in miles per gallon) of the new automobile is:	The tax is:
Over 15	0
Over 13 but not over 15	$200
Over 11 but not over 13	420
Over 9 but not over 11	680
Not over 9	1,000

"(c) Credit Against Tax.—There shall be allowed as a credit against the tax imposed by this subsection an amount determined in accordance with the following table:

"If the fuel consumption rate (in miles per gallon) of the new automobile is:	The credit is:
Not over 17	0
Over 17 but not over 19	$75
Over 19 but not over 21	150
Over 21 but not over 23	225
Over 23	300

"(d) Increase in Tax and Credit.—

"(1) 1977–1978.—Effective January 1, 1977, each fuel consumption rate listed in the tables under subsections (b) and (c) shall be increased by 2 and, as increased, shall be the rate in effect for calendar years 1977 and 1978.

"(2) 1979–1980.—Effective January 1, 1979, each such rate shall be increased by 4 and, as increased, shall be the rate in effect for calendar years 1979 and 1980.

"(3) 1981–1982.—Effective January 1, 1981, each such rate shall be increased by 6 and, as increased, shall be the rate in effect for calendar years 1981 and 1982.

"(4) 1983 and thereafter.—Effective January 1, 1983, each such rate shall be increased by 8 and, as increased, shall be the rate in effect for calendar years after 1982.

"(e) Collection of Tax and Refunds.—

"(1) Collection.—Every person who receives payment for a new automobile on which a tax is imposed under this section shall collect the amount of the tax from the final purchaser making such payment.

"(2) Refunds.—Each person who sells a new automobile to a final purchaser shall report to the Secretary or his delegate the amount of credit, if any, to which such purchaser is entitled under subsection (c).

"(f) Definitions.—For the purposes of this section—

"(1) Final purchaser.—The term 'final purchaser' means the first person who in good faith purchases a new automobile for purposes other than resale.

"(2) Fuel consumption rate.—The term 'fuel consumption rate' means the fuel consumption rate determined on the basis of the Automobile Fuel Consumption Schedule prepared by the Administrator of the Environmental Protection Agency.

"(3) New automobile.—The term 'new automobile' means an internal combustion engine vehicle, other than a truck or bus, which is a highway motor vehicle as defined in section 4482(a)."

Sec. 2. Automobile Fuel Consumption Schedule.

(a) Studies.—The Administrator of the Environmental Protection Agency shall, from time to time, study the fuel consumption rates of automobiles which are subject to tax imposed by section 4451 of the Internal Revenue Code of 1954 (relating to automobile fuel consumption tax).

(b) Criteria.—The studies conducted under subsection (a) shall include tests—

(1) of each automobile model subject to such tax equipped—

(A) with each available engine size (measured by horsepower);

(B) with standard accessories; and

(C) with standard tires;

(2) which shall be conducted—

(A) under driving conditions representative of average urban and highway driving speeds and circumstances,

(B) with the fuel used being of the quality normally recommended for use in such automobile, and

(C) with such automobile carrying the average weight load recommended for such automobile.

(c) Reports.—Based upon the studies conducted for subsection (b), the Administrator shall determine the fuel consumption rate of each automobile with each available engine size, standard accessories, and standard tires. The Administrator shall, not later than January 1, 1976, and by January 1 of each year thereafter, report to the Secretary of the Treasury a schedule of all such rates to be known as the Automobile Fuel Consumption Schedule. The Automobile Fuel Consumption Schedule shall be published in the Federal Register each year.

(d) Until the first Automobile Fuel Consumption Schedule is reported to the Secretary of the Treasury under subsection (c), the fuel consumption rate shall be determined for purposes of section 4451 of the Internal Revenue Code of 1954 by reference to the harmonic mean between the urban and highway test cycles as reported by the Environmental Protection Agency under the 1975 Federal Test Procedure.

Sec. 3. Technical Amendments.

(a) Assessment Authority.—Section 6201(a) of the Internal Revenue Code of 1954 (relating to assessment authority) is amended by adding at the end thereof the following new paragraph:

"(5) Erroneous credit under section 4451.—If on any claim for a refund of excise taxes under chapter 36 there is an overstatement of the credit allowable by section 4451 (relating to automobile fuel consumption tax), the amount so overstated which is allowed as a refund may be assessed by the Secretary or his delegate in the same manner as in the case of a mathematical error."

(b) Refunds.—Section 6401 of the Internal Revenue Code of 1954 (relating to amounts treated as overpayments) is amended by—

(1) redesignating subsection (c) as subsection (d), and

(2) inserting after subsection (b) the following new subsection:

"(c) EXCESS CREDIT UNDER SECTION 4451.—If the amount allowable as a credit under section 4451 (relating to automobile fuel consumption tax) exceeds the tax imposed by chapter 36 of subtitle D of chapter 1, the amount of such excess shall be considered an overpayment.".

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 36 of the Internal Revenue Code of 1954 is amended by inserting at the beginning thereof the following new item:

"SUBCHAPTER A. Automobile fuel consumption tax.".

SEC. 4. LABELING.

Section 3 of the Automobile Information Disclosure Act (15 U.S.C. 1232) is amended by inserting "(a)" after "SEC. 3." and by adding at the end thereof the following:

"(b) Every label required to be affixed under subsection (a) shall include, in the case of any automobile on which a tax was imposed or a credit by section 4451 of the Internal Revenue Code of 1954 (relating to automobile fuel consumption taxes)—

"(1) the fuel consumption rate determined to be applicable for such automobile, and

"(2) the tax paid or credit allowed under such section 4451.".

AMENDMENT NO. 194

At the end of the Act, add a new section as follows:

"Sec. — TERMINATION OF THE HIGHWAY TRUST FUND

"Effective on and after July 1, 1975—

(1) the Highway Trust Fund is terminated and the amount in such fund, including any obligations held in such fund, shall be covered into the general fund of the Treasury;

(2) any outstanding appropriations from, or obligations of, such trust fund shall be made from such general fund;

(3) any authorizations for appropriations to be

AMENDMENT NO. 195

At the end of the Act, add a new section as follows:

"Sec. — REPEAL OF TAX DEDUCTION FOR STATE AND LOCAL GASOLINE TAXES

"Effective after December 31, 1974—

(1) section 164(a) of the Internal Revenue Code of 1954 as amended (relating to deduction of taxes not related to a trade or business) is amended by striking out paragraph (5) (relating to taxes on gasoline and other motor fuels);

(2) section 164(b)(5) (relating to separately stated taxes) is amended by striking out "or of any tax on the sale of gasoline, diesel fuel, or other motor fuel."

AMENDMENT NO. 196

At the end of the bill add the following new section:

SEC. —. EXCISE TAX ON ALCOHOL.

(a) Section 5001(a) of the Internal Revenue Code of 1954 (relating to imposition and rate of tax on distilled spirits) is amended by striking out "$10.50" and inserting in lieu thereof "$15.75".

(b) Section 5021 of such Code (relating to imposition and rate of tax on distilled spirits and wines) is amended by striking out "30 cents" and inserting in lieu thereof "45 cents".

(c) Section 5022 of such Code (relating to tax on cordials and liqueurs containing wine) is amended by striking out "$1.92" and inserting in lieu thereof "$2.88".

(d) Section 5023 of such Code (relating to tax on blending of beverage brands) is amended by striking out "30 cents" and inserting in lieu thereof "45 cents".

(e) Section 5041(b) of such Code (relating to rates of tax on wines) is amended by—

(1) striking out "17 cents" in paragraph (1) and inserting in lieu thereof "26 cents",

(2) striking out "67 cents" in paragraph (2) and inserting in lieu thereof "$1.01",

(3) striking out "$2.25" in paragraph (3) and inserting in lieu thereof "$3.38",

(4) striking out "$3.40" in paragraph (4) and inserting in lieu thereof "$5.10", and

(5) striking out "$2.40" in paragraph (5) and inserting in lieu thereof "$3.60".

(f) Section 5051(a) of such Code (relating to rate of tax on beer) is amended by striking out "$9.00" and inserting in lieu thereof "$13.50".

(g) The amendments made by this section take effect 15 days after the date of enactment of this Act.

AMENDMENT NO. 197

At the end of the bill add the following new section:

SEC. —. EXCISE TAX ON TOBACCO.

(a) Section 5701(a) of the Internal Revenue Code of 1954 (relating to rate of tax on cigars) is amended by—

(1) striking out "75 cents" in paragraph (1) and inserting in lieu thereof "$1.50",

(2) striking out "$2.50" in paragraph (2) (A) and inserting in lieu thereof "$5.00",

(3) striking out "$3.00" in paragraph (2) (B) and inserting in lieu thereof "$6.00",

(4) striking out "$4.00" in paragraph (2) (C) and inserting in lieu thereof "$8.00",

(5) striking out "$7.00" in paragraph (2) (D) and inserting in lieu thereof "$14.00",

(6) striking out "$10.00" in paragraph (2) (E) and inserting in lieu thereof "$20.00",

(7) striking out "$15.00" in paragraph (2) (F) and inserting in lieu thereof "$30.00", and

(8) striking out "$20.00" in paragraph (2) (G) and inserting in lieu thereof "$40.00".

(b) Section 5701(b) of such Code (relating to tax on cigarettes) is amended by—

(1) striking out "$4.00" in paragraph (1) and inserting in lieu thereof "$8.00", and

(2) striking out "$8.40" in paragraph (2) and inserting in lieu thereof "$16.80".

(c) Section 5701(c) of such Code (relating to tax on cigarette papers) is amended by striking out "½ cent" and inserting in lieu thereof "1 cent".

(d) Section 5701(d) of such Code (relating to tax on cigarette tubes) is amended by striking out "1 cent" and inserting in lieu thereof "2 cents".

(e) The amendments made by this section take effect 15 days after the date of enactment of this Act.

AMENDMENT NO. 198

At the end of the Act, add a new title as follows:

"TITLE—DYEING OF HEATING FUEL OIL

"SEC. 101. DEFINITIONS.

For purposes of this Act—

(1) the term "number 1 fuel oil" means any distillate oil which meets the following distillation requirements (established by the American Society of Testing Materials under test numbered D-86): the 10 percent point is equal to 420 degrees Fahrenheit maximum, and the 90 percent point is equal to 550 degrees Fahrenheit maximum;

(2) the term "number 2 fuel oil" means any distillate oil which meets the following distillation requirements (established by the American Society of Testing Materials under test numbered D-86): the 10 percent point is equal to 440 degrees Fahrenheit maximum, and the 90 percent point is equal to 640 degrees Fahrenheit maximum; and

(3) the term "Administrator" means the Administrator of the Federal Energy Administration.

SEC. 102. LIMITATION ON USE OF MARKED FUEL OIL

(a) No person shall purchase or use any number 1 fuel oil or number 2 fuel oil which is marked in accordance with the provisions of subsection (b)(1) for the purpose of providing fuel, which makes it subject to tax under section 4041(a) of the Internal Revenue Code of 1954 (relating to imposition of tax on diesel fuel) for any diesel-powered highway vehicle.

(b)(1) Any person who sells or distributes number 1 fuel oil or number 2 fuel oil shall provide for the marking of such fuel oil in accordance with rules which the Administrator shall prescribe under this subsection, except that such fuel oil shall not be marked if such fuel oil is to be used in a manner which makes it subject to tax under section 4041 (a) of the Internal Revenue Code of 1954 (relating to imposition of tax on diesel fuel).

(2) The Administrator shall, before prescribing such rules, conduct and make available to the public a study to determine—

(A) the appropriate oil soluble dye to be used for the marking of such fuel oil, and the proportionate amounts of such dye to be used for such marking;

(B) the appropriate point or points in the petroleum distribution system at which such dye shall be added to such fuel oil in order to carry out the marking requirements of this section; and

(C) effective means and procedures through which the Administrator may oversee the marking of such fuel oil in accordance with the provisions of this section.

(3) The Administrator shall prescribe such rules no later than 180 days after the date of the enactment of this Act. Such rules shall, to the extent the Administrator considers practicable, take into account the findings and conclusions of the study which the Administrator conducts under paragraph (2).

SEC. 103. INSPECTON.

The Administrator or his delegate may enter during business hours the premises (including places of storage) of any person who sells or distributes number 1 fuel oil or number 2 fuel oil, and the Administrator or his delegate may have access to any motor vehicle owned or operated by any such person, for the purpose of conducting an inspection or examination to determine whether such person is in compliance with the provisions of this Act. The Admiinstrator or his delegate may provide for the inspection of any other motor vehicle to insure the compliance with the provisions of this Act.

SEC. 14. PENALTY.

Any person who violates any provision of this Act shall be fined not more than $25,000 or imprisoned not more than 5 years, or both.

SEC. 105 EFFECTIVE DATE.

The provisions of this Act shall take effect on the date of the enactment.

AMENDMENT NO. 199

At the end of the bill add the following new section:

"SEC. — LIMITATION ON CREDIT FOR FOREIGN TAXES ATTRIBUTABLE TO FOREIGN OIL AND GAS EXTRACTION INCOME; SEPARATE COMPUTATION OF FOREIGN TAX CREDIT FOR OIL AND GAS RELATED INCOME.

(a) IN GENERAL.—Subpart A of part III of subchapter N of chapter I (relating to foreign tax credit) is amended by adding at the end thereof the following new section:

"SEC. 907. SPECIAL RULES IN CASE OF FOREIGN OIL AND GAS INCOME.

"(a) REDUCTION IN AMOUNT ALLOWED AS FOREIGN TAX UNDER SECTION 901.—In applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this subsection) be taken into account for purposes of section 901 shall be reduced by the amount (if any) by which the amount of such taxes exceeds the product of—

"(1) the amount of the foreign oil and gas extraction income for the taxable year, multiplied by

"(2) the percentage which is 110 percent of the sum of the normal tax rate and the surtax rate for the taxable year specified in section 11.

"(b) Application of Section 904 Limitation.—The provisions of section 904 shall be applied separately with respect to—

"(1) foreign oil related income, and

"(2) other taxable income. With respect to foreign oil related income, the overall limitation provided by section 904(a)(2) shall apply and the per-country limitation provided by section 904(a)(1) shall not apply.

"(c) Foreign Income Definitions and Special Rules.—For purposes of this section—

"(1) Foreign oil and gas extraction income.—The term 'foreign oil and gas extraction income' means the taxable income derived from sources without the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells, or

"(B) the sale of exchange of assets used in the trade or business described in subparagraph (A).

"(2) Foreign oil related income.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(A) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(B) the processing of such minerals into their primary products,

"(C) the transportation of such minerals or primary products,

"(D) the distribution or sale of such minerals or primary products, or

"(E) the sale or exchange of assets used in the trade or business described in subparagraph (A), (B), (C), or (D).

"(3) Dividends, partnership distributions, etc.—The term 'foreign oil and gas extraction income' and the term 'foreign oil related income' include—

"(A) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(B) amounts with respect to which taxes are deemed paid under section 960(a), and

"(C) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil and gas extraction income, or to foreign oil related income, as the case may be.

"(4) Certain losses.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account, such items—

"(A) shall not be taken into account in computing foreign oil and gas extraction income for such year, but

"(B) shall be taken into account in computing foreign oil related income for such year.

"(d) Disregard of Certain Posted Prices, Etc.—For purposes of this Chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement).

"(e) Transitional Rules.—

"(1) In general.—In applying subsections (d) and (e) of section 904 for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1975, to any taxable year ending after December 31, 1974—

"(A) subsection (a) of this section shall be deemed to have been in effect for such prior taxable year and for all taxable years thereafter, and

"(B) the carryover from such prior year shall be divided (effective as of the first day of the first taxable year ending after December 31, 1974) into—

"(i) a foreign oil related carryover, and

"(ii) another carryover,

on the basis of the proportionate share of the foreign oil related income, or the other taxable income, as the case may be, of the total taxable income taken into account in computing the amount of such carryover.

"(2) Taxpayers on per-country limitation.—In applying paragraph (1) for purposes of determining the amount which may be carried over from a taxable year ending before January 1, 1975, to any taxable year ending after December 31, 1974, if the per-country limitation provided by section 904 (a)(1) applied to such prior taxable year and to the taxpayer's last taxable year ending before January 1, 1975, then in the case of any foreign oil related carryover—

"(A) the first sentence of section 904(e) (2) shall not apply, but

"(B) such amount may not exceed the amount which could have been used in such succeeding taxable year if this section applied without regard to the second sentence of subsection (b).

"(f) Recapture of Foreign Oil Related Loss.—

"(1) General rule.—For purposes of this subpart, in the case of any taxpayer who sustains a foreign oil related loss for any taxable year—

"(A) that portion of the foreign oil related income for each succeeding taxable year which is equal to the lesser of—

"(i) the amount of such loss, to the extent not used under this paragraph in prior years), or

"(ii) 50 percent of the foreign oil related income for such succeeding taxable year, shall be treated as income from sources within the United States (and not as income from sources without the United States), and

"(B) the amount of the income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) to a foreign country for such succeeding taxable year with respect to foreign oil related income shall be reduced by an amount which bears the same proportion to the total amount of such foreign taxes as the amount treated as income from sources within the United States under subparagraph (A) bears to the total foreign oil related income for such succeeding taxable year.

For purposes of this chapter, the amount of any foreign taxes for which credit is denied under subparagraph (B) of the preceding sentence shall not be allowed as a deduction for any taxable year. For purposes of this subsection, foreign oil related income shall be determined without regard to this subsection.

"(2) Foreign oil related loss defined.—For purposes of this subsection, the term 'foreign oil related loss' means the amount by which the gross income for the taxable year from sources without the United States and its possessions (whether or not the taxpayer chooses the benefits of this subpart for such taxable year) taken into account in determining the foreign oil related income for such year is exceeded by the sum of the deductions properly apportioned or allocated thereto, except that there shall not be taken into account—

"(A) any net operating loss deduction allowable for such year under section 172(a) or any capital loss carrybacks and carryovers to such year under section 1212, and

"(B) any—

"(i) foreign expropriation loss for such year, as defined in section 172(k)(1), or

"(ii) loss for such year which arises from fire, storm, shipwreck, or other casualty, or from theft,

to the extent such loss is not compensated for by insurance or otherwise.

"(3) Dispositions.—

"(A) In general.—For purposes of this chapter, if property used in a trade or business described in subparagraph (A), (B), (C), or (D) of subsection (c)(2) is disposed of during any taxable year—

"(i) the taxpayer notwithstanding any other provision of this chapter (other than paragraph (1)) shall be deemed to have received and recognized foreign oil related income in the taxable year of the disposition, by reason of such disposition, in an amount equal to the lesser of the excess of the fair market value of such property over the taxpayer's adjusted basis in such property or the remaining amount of the foreign oil related losses which were not used under paragraph (1) for such taxable year or any prior taxable year, and

"(ii) paragraph (1) shall be applied with respect to such income by substituting '100 percent' for '50 percent'.

"(B) Disposition defined.—For purposes of this subsection, the term 'disposition' includes a sale, exchange, distribution, or gift of property, whether or not gain or loss is recognized on the transfer.

"(C) Exceptions.—Notwithstanding subparagraph (B), the term 'disposition' does not include—

"(i) a disposition of property which is not a material factor in the realization of income by the taxpayer, or

"(ii) a disposition of property to a domestic corporation in a distribution or transfer described in section 381(a).

"(g) Western Hemisphere Trade Corporations Which Are Members of an Affiliated Group.—If a Western Hemisphere trade corporation is a member of an affiliated group for the taxable year, then in applying section 901, the amount of any income, war profits, and excess profits taxes paid or accrued (or deemed to have been paid) during the taxable year with respect to foreign oil and gas extraction income which would (but for this section and section 1503(b)) be taken into account for purposes of section 901 shall be reduced by the greater of—

"(1) the reduction with respect to such taxes provided by subsection (a) of this section, or

"(2) the reduction determined under section 1503(b) by applying section 1503(b) separately with respect to such taxes, but not by both such reductions."

(b) Technical Amendments—

(1) Section 963(d) (relating to effective foreign tax rate for purposes of subpart F) is amended by adding at the end thereof the following new sentence:

"For purposes of this subsection, the income, war profits, or excess profits taxes paid or accrued to any foreign country by any controlled foreign corporation or corporations shall be reduced as provided in subsections (a) and (f) of section 907."

(2) The table of sections for subpart A of part III of subchapter N of chapter 1 is amended by adding at the end thereof the following new item:

"SEC. 907. SPECIAL RULES IN CASE OF FOREIGN OIL AND GAS INCOME."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 1974; except that the provisions of section 907(f) shall apply to losses sustained in taxable years ending after December 31, 1974.

AMENDMENT No. 200

On page 40, line 16, strike "10" and insert in lieu thereof "19";

On page 41, line 2, strike "$200 ($100" and insert in lieu thereof "$450 ($225";

On page 41, beginning on line 4, strike out all through line 17.

On page 43, after line 15 insert:

"The Secretary shall make any refunds due to a taxpayer under this section payable in equal installments in May and September of 1975."

AMENDMENT 201

On page 44, beginning on line 5, strike out all through page 55, line 16, and insert in lieu thereof the following:

SEC. 201. PERMANENT REDUCTION IN INDIVIDUAL INCOME TAXES.

Section 1 (relating to tax imposed) is amended to read as follows:

"SECTION 1. TAX IMPOSED.

"(a) Married Individuals Filing Joint Returns and Surviving Spouse.—There is hereby imposed on the taxable income of—

"(1) every married individual (as defined in section 143) who makes a single return jointly with his spouse under section 6013, and

"(2) every surviving spouse (as defined in section 2(a)), a tax determined in accordance with the following table:

"If the taxable income is:	"The tax is:
Not over $1,000	7% of the taxable income.
Over $1,000 but not over $2,000	$70 plus 10% of excess over $1,000.
Over $2,000 but not over $3,000	$170 plus 13% of excess over $2,000.
Over $3,000 but not over $4,000	$300 plus 15% of excess over $3,000.
Over $4,000 but not over $6,000	$450 plus 17% of excess over $4,000.
Over $6,000 but not over $8,000	$790 plus 19% of excess over $6,000.
Over $8,000 but not over $12,000	$1,170 plus 22% of excess over $8,000.
Over $12,000 but not over $16,000	$2,050 plus 25% of excess over $12,000.
Over $16,000 but not over $20,000	$3,050 plus 29% of excess over $16,000.
Over $20,000 but not over $24,000	$4,210 plus 33% of excess over $20,000.
Over $24,000 but not over $28,000	$5,530 plus 36% of excess over $24,000.
Over $28,000 but not over $32,000	$6,970 plus 39% of excess over $28,000.
Over $32,000 but not over $36,000	$10,210 plus 45% of excess over $36,000.
Over $36,000 but not over $40,000	$8,530 plus 42% of excess over $32,000.
Over $40,000 but not over $44,000	$12,010 plus 48% of excess over $40,000.
Over $44,000 but not over $52,000	$13,930 plus 50% of excess over $44,000.
Over $52,000 but not over $64,000	$17,930 plus 53% of excess over $52,000.
Over $64,000 but not over $76,000	$24,290 plus 55% of excess over $64,000.
Over $76,000 but not over $88,000	$30,890 plus 58% of excess over $76,000.
Over $88,000 but not over $100,000	$37,850 plus 60% of excess over $88,000.
Over $100,000 but not over $120,000	$45,050 plus 62% of excess over $100,000.
Over $120,000 but not over $140,000	$57,450 plus 64% of excess over $120,000.
Over $140,000 but not over $160,000	$70,250 plus 66% of excess over $140,000.
Over $160,000 but not over $180,000	$83,450 plus 68% of excess over $160,000.
Over $180,000 but not over $200,000	$97,050 plus 69% of excess over $180,000.
Over $200,000	$110,850 plus 70% of excess over $200,000.

"(b) HEADS OF HOUSEHOLDS.—There is hereby imposed on the taxable income of every individual who is the head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

"The taxable income is:	The tax is:
Not over $1,000	7% of the taxable income.
Over $1,000 but not over $2,000	$70 plus 12% of excess over $1,000.
Over $2,000 but not over $4,000	$190 plus 15% of excess over $2,000.
Over $4,000 but not over $6,000	$490 plus 19% of excess over $4,000.
Over $6,000 but not over $8,000	$870 plus 21% of excess over $6,000.
Over $8,000 but not over $10,000	$1,290 plus 23% of excess over $8,000.
Over $10,000 but not over $12,000	$1,750 plus 25% of excess over $10,000.
Over $12,000 but not over $14,000	$2.250 plus 27% of excess over $12,000.
Over $14,000 but not over $16,000	$2,790 plus 28% of excess over $14,000.
Over $16,000 but not over $18,000	$3,350 plus 31% of excess over $16,000.
Over $18,000 but not over $20,000	$3,970 plus 33% of excess over $18,000.
Over $20,000 but not over $22,000	$4,530 plus 36% of excess over $20,000.
Over $22,000 but not over $24,000	$5,350 plus 37% of excess over $22,000.
Over $24,000 but not over $26,000	$6,090 plus 38% of excess over $24,000.
Over $26,000 but not over $28,000	$6,850 plus 41% of excess over $26,000.
Over $28,000 but not over $32,000	$7,670 plus 42% of excess over $28,000.
Over $32,000 but not over $36,000	$9,350 plus 45% of excess over $32,000.
Over $36,000 but not over $38,000	$11,150 plus 48% of excess over $36,000.
Over $38,000 but not over $40,000	$12,110 plus 51% of excess over $38,000.
Over $40,000 but not over $44,000	$13,130 plus 52% of excess over $40,000.
Over $44,000 but not over $50,000	$15,210 plus 55% of excess over $44,000.
Over $50,000 but not over $52,000	$18,510 plus 56% of excess over $50,000.
Over $52,000 but not over $64,000	$19,630 plus 58% of excess over $52,000.
Over $64,000 but not over $70,000	$26,590 plus 58% of excess over $64,000.
Over $70,000 but not over $76,000	$30,130 plus 61% of excess over $70,000.
Over $76,000 but not over $80,000	$33,790 plus 62% of excess over $76,000.
Over $80,000 but not over $88,000	$36,270 plus 63% of excess over $80,000.
Over $88,000 but not over $100,000	$41,310 plus 64% of excess over $88,000.
Over $100,000 but not over $120,000	$48,990 plus 66% of excess over $100,000.
Over $120,000 but not over $140,000	$62,190 plus 67% of excess over $120,000.
Over $140,000 but not over $160,000	$75,590 plus 68% of excess over $140,000.
Over $160,000 but not over $180,000	$89,190 plus 69% of excess over $160,000.
Over $180,000	$102,990 plus 70% of excess over $180,000.

"(c) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There is hereby imposed on the taxable income of every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 143) a tax determined in accordance with the following table:

If the taxable income is:	"The tax is:
Not over $500	7% of the taxable income.
Over $500 but not over $1,000	$35 plus 9% of excess over $500.
Over $1,000 but not over $1,500	$80 plus 11% of excess over $1,000.
Over $1,500 but not over $2,000	$135 plus 13% of excess over $1,500.
Over $2,000 but not over $3,000	$200 plus 16% of excess over $2,000.
Over $3,000 but not over $4,000	$360 plus 18% of excess over $3,000.
Over $4,000 but not over $6,000	$540 plus 20% of excess over $4,000.
Over $6,000 but not over $8,000	$940 plus 23% of excess over $6,000.
Over $8,000 but not over $10,000	$1,400 plus 25% of excess over $8,000.
Over $10,000 but not over $12,000	$1,900 plus 27% of excess over $10,000.
Over $12,000 but not over $14,000	$2,440 plus 29% of excess over $12,000.
Over $14,000 but not over $16,000	$3,020 plus 31% of excess over $14,000.
Over $16,000 but not over $18,000	$3,640 plus 34% of excess over $16,000.
Over $18,000 but not over $20,000	$4,320 plus 36% of excess over $18,000.
Over $20,000 but not over $22,000	$5,340 plus 39% of excess over $20,000.
Over $22,000 but not over $26,000	$5,820 plus 41% of excess over $22,000.
Over $26,000 but not over $32,000	$7,460 plus 46% of excvess over $26,000.
Over $32,000 but not over $38,000	$10,160 plus 50% of excess over $32,000.
Over $38,000 but not over $44,000	$13,160 plus 56% of excess over $38,000.
Over $44,000 but not over $50,000	$16,460 plus 60% of excess over $44,000.
Over $50,000 but not over $60,000	$20,060 plus 62% of excess over $50,000.
Over $60,000 but not over $70,000	$26,260 plus 64% of excess over $60,000.
Over $70,000 but not over $80,000	$32,660 plus 66% of excess over $70,000.
Over $80,000 but not over $90,000	$39,260 plus 68% of excess over $80,000.
Over $90,000 but not over $100,000	$46,060 plus 69% of excess over $90,000.
Over $100,000 but not over $150,000	$52,960 plus 70% of excess over $100,000.
Over $150,000 but not over $200,000	$87,960 plus 70% of excess over $150,000.
Over $200,000	$122,960 plus 70% of excess over $200,000.

"(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS; ESTATES AND TRUSTS.—There is hereby imposed on the taxable income of every married individual (as defined in section 143) who does not make a single return jointly with his spouse under section 6013, and of every estate and trust taxable under this subsection, a tax determined in accordance with the following table:

"If the taxable income is:	"The tax is:
Not over $500	7% of the taxable income.
Over $500 but not over $1,000	$35 plus 10% of excess over $500.
Over $1,000 but not over $1,500	$85 plus 13% of excess over $1,000.
Over $1,500 but not over $2,000	$150 plus 15% of excess over $1,500.
Over $2,000 but not over $3,000	$225 plus 17% of excess over $2,000.
Over $3,000 but not over $4,000	$395 plus 19% of excess over $3,000.
Over $4,000 but not over $6,000	$585 plus 22% of excess over $4,000.
Over $6,000 but not over $8,000	$1,025 plus 25% of excess over $6,000.
Over $8,000 but not over $10,000	$1,525 plus 29% of excess over $8,000.
Over $10,000 but not over $12,000	$2,105 plus 33% of excess over $10,000.
Over $12,000 but not over $14,000	$2,765 plus 36% of excess over $12,000.
Over $14,000 but not over $16,000	$3,485 plus 39% of excess over $14,000.
Over $16,000 but not over $18,000	$4,265 plus 42% of excess over $16,000.
Over $18,000 but not over $20,000	$5,105 plus 45% of excess over $18,000.
Over $20,000 but not over $22,000	$6,005 plus 48% of excess over $20,000.
Over $22,000 but not over $26,000	$6,965 plus 50% of excess over $22,000.
Over $26,000 but not over $32,000	$8,965 plus 53% of excess over $26,000.
Over $32,000 but not over $38,000	$12,145 plus 55% of excess over $32,000.
Over $38,000 but not over $44,000	$15,445 plus 58% of excess over $38,000.
Over $44,000 but not over $50,000	$18,925 plus 60% of excess over $44,000.
Over $50,000 but not over $60,000	$22,525 plus 62% of excess over $50,000.
Over $60,000 but not over $70,000	$28,790 plus 64% of excess over $60,000.
Over $70,000 but not over $80,000	$35,125 plus 66% of excess over $70,000.
Over $80,000 but not over $90,000	$41,725 plus 68% of excess over $80,000.
Over $90,000 but not over $100,000	$48,525 plus 69% of excess over $90,000.
Over $100,000	$55,425 plus 70% of excess over $100,000".

SEC. 202. WITHHOLDING TAX.

(a) REQUIREMENT OF WITHHOLDING.—Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) REQUIREMENT OF WITHHOLDING.—Every employer making payment of wages shall deduct and withhold upon such wages (except as otherwise provided in this section) a tax determined in accordance with tables prescribed by the Secretary or his delegate. The tables so prescribed shall be the same as the tables contained in this subsection as in effect on January 1, 1975, except that the amounts set forth as amounts of income tax to be withheld for the remainder of calendar year 1975 and for calendar year 1976 and thereafter shall reflect the amendments made by title II of the Tax Reduction Act of 1975 which are applicable to such years. For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b) (1 .".

(b) CONFORMING AMENDMENT.—Section 3402(c)(6) (relating to wage bracket withholding) is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

SEC. 203. The amendments made by this Title apply to taxable years beginning after December 31, 1974.

SUMMARY OF AMENDMENTS INTRODUCED BY SENATOR PERCY

REBATABLE GASOLINE TAX

Provides for a new fuel conservation tax on gasoline with rebates to consumers for essential driving. The tax would be 20 cents a gallon in 1975 and would increase to 30 cents a gallon on January 1, 1976. Revenue raised would be paid into the general fund of the Treasury. An annual tax credit for essential driving would be provided on the first 450 gallons of gasoline purchased by an individual in the first year, and the first 400 gallons purchased in subsequent years. A driver could receive a tax credit of up to $90 in the first year (20 cents times up to 450 gallons used) and up to $120 in subsequent years (30 cents times up to 400 gallons). The credit is obtained by filing a Federal income tax return, whether or not a driver has any income tax liability.

AUTO EFFICIENCY TAX INCENTIVE PROGRAM

Establishes an automobile efficiency tax incentive program by taxing new car purchases on the basis of gasoline mileage. Based on an initial fuel economy standard of between 15 and 17 miles-per-gallon, which is the average gas mileage range for 1975 model cars, a new car purchaser would be subject to a tax or payment depending on fuel efficiency. A purchaser of a new car that delivers more than 17 miles-per-gallon would receive a payment from the Federal Treasury on a sliding scale, up to $300 for a car that gives 23 miles-per-gallon or more. Conversely, a purchaser of a new car that delivers 15 miles-per-gallon or less would pay a tax that starts at $200 and increases in steps to a maximum of $1,000 on a car that delivers 9 miles per gallon or less. The scale for taxes and payments would increase by 2 miles-per-gallon every two years until 1983, when the standard for fuel economy would reach the range of 23 to 25 miles-per-gallon. This program would be a strong incentive for consumers to purchase and manufacturers to produce more fuel efficient cars.

ABOLITION OF THE HIGHWAY TRUST FUND

Abolishes the Highway Trust Fund and makes the billions of dollars collected annually from the Federal gas tax available to help finance various types of transportation or other national needs. A trust fund designed for highway construction is anachronistic in our present economic condition. It has discouraged the development of other modes of transportation which are far more energy-efficient than cars. The fund now has a balance of $8 billion, but work has either been completed or is underway on 99 percent of the nation's 42,500 mile Interstate Highway System.

REPEAL OF DEDUCTIBILITY OF STATE AND LOCAL GAS TAXES

Repeals the Federal income tax deduction now allowed for state and local gasoline taxes, retroactive to January 1, 1975. This deduction is a Federal subsidy on gasoline sales. National policy now emphasizes fuel conservation. The subsidy works against that policy. Moreover, the income tax deduction for state and local gasoline taxes, like other deductions, benefits only those taxpayers whose incomes are high enough to warrant itemized deductions. Those taxpayers are the ones least in need of selective tax benefits. Also, this deduction deprives the Federal Treasury of about $600 million annually.

INCREASED LUXURY TAXES

Increases tax on alcohol by 50% and increases tax on tobacco by 100%. These taxes, which have not been increased in over 20 years, are levied on the producer. The current tax on alcohol varies with alcoholic content: from 17¢ per gallon for spirits that are less than 14% alcohol by volume to $10.50 per gallon for spirits that are 50% alcohol by volume. The current tax on tobacco varies with type of size. The tax on small cigarettes is $4.00 per thousand, the tax on large cigarettes is $8.40 per thousand. The current tax on small cigars is 75¢ per thousand and the tax on large cigars is from $2.50 to $20.00 per thousand depending on retail price.

DYE HEATING FUEL OIL

Requires that number 1 and number 2 heating fuel oil be colored with an oil soluble dye to deter tax fraud. Under existing law, diesel fuel is taxed at an average rate of 12¢ per gallon (4¢ federal and an average 8¢ state).

An extensive black market has developed in which untaxed heating oil is substituted for taxable diesel fuel. It has been estimated that up to $500 million in Federal revenues are lost every year because of this fraud. A similar program was instituted in Canada in 1973 and resulted in a 58.5% increase in revenues in the first year of operation.

FOREIGN TAX AMENDMENTS

Limits the foreign tax credit taken for tax payments for oil and gas extraction to 52.8 percent of foreign earned income. Repeals the "per country" limitation, thus requiring U.S. corporations to treat their foreign earned income on a worldwide basis. To the extent that foreign losses offset domestic source income, provides for a recapture in subsequent years when foreign income is earned or the foreign assets are disposed of. Revenue raised: $580 million.

REBATE OF 1974 TAXES

Substitutes for the Finance Committee's 1974 tax rebate plan a rebate on 1974 taxes of 19 percent up to a maximum of $450. Provides for a minimum refund of $100. Refunds are to be paid in two equal installments in May and September of 1975. Revenue Disbursed: $15.9 billion.

PERMANENT INDIVIDUAL TAX REFORM

Deletes provisions of Title II of Finance Committee bill and substitutes in their place a $16.5 billion permanent cut in individual rates. This was part of the President's January, 1975 economic program. Its tax saving effect is shown on the chart below:

1975 LEVELS

[In billions of dollars]

Adjusted gross income class	Income tax paid under present law	Amount of income tax reduction	Percentage reduction in income tax percent
In thousands			
0 to $3,000	3	−.25	−83.3
$3,000 to $5,000	1.8	−1.20	−66.7
$5,000 to $7,000	4.0	−1.96	−49.0
$7,000 to $10,000	8.9	−3.38	−38.0
$10,000 to $15,000	21.9	−4.72	−21.6
$15,000 to $20,000	22.8	−2.70	−11.8
$20,000 to $50,000	44.4	−2.15	−4.8
$50,000 to $100,000	13.5	−.11	−.0
$100,000 and over	13.3	−.03	−.2
Total	130.9	−16.50	−12.6

TAX CHANGES ILLUSTRATED FOR A FAMILY OF 4

Adjusted gross income	Present tax[1]	New tax	Tax saving	Percent saving
$5,600	$185		$185	100.0
$7,000	402	$110	292	72.6
$10,000	867	518	349	40.3
$12,500	1,261	961	300	23.8
$15,000	1,699	1,478	221	13.0
$20,000	2,660	2,450	210	7.9
$30,000	4,988	4,837	151	3.0
$40,000	7,958	7,028	130	1.6

[1] Calculated assuming low income allowance or itemized deductions equal to 17 percent of income, whichever is greater.

REVENUE RAISING, SPENDING, AND RELATED AMENDMENTS PROPOSED BY SENATOR PERCY TO THE TAX REDUCTION ACT OF 1975

[In billions of dollars]

Revenue Raising Measures:	
Gas tax (20¢ a gallon), net of rebates totalling $9 billion*	$6. 3
Alcohol and tobacco tax increases	5. 8
Repeal deductibility of state and local gas taxes	. 6
Dye fuel oil	. 5
Limit the foreign tax credit	. 58
Eliminate oil depletion allowance	2. 5
Total Revenue Raised	$16. 28

*Also net of $2.7 billion in increased business tax deductions that could result from increased gas costs.

Spending Measures for Economic Stimulation:	
Rebates of 1974 taxes (2 stages, $450 max./$100 min.)	$15. 9
Permanent change in the personal tax rate schedule	16. 5
Total Spending	$32. 4
Net Spending resulting from these measures	$15. 12

Related Measures in Percy Package:

Abolish Highway Trust Fund (no revenue gain).

Auto efficiency tax/rebate plan—no net revenue loss or gain.

In addition to these measures, Senator Percy supports the Committee bill's provisions that:

Increase the investment tax credit	$4. 3
Remove truck excise taxes	. 7
Increase the small business exemption	1. 2
Total	$6. 2

Thus the total of revenue and spending measures proposed and supported by Senator Percy results in a deficit of totalling $21.32 billion compared with the Ways and Means total of $19.9 billion, and the Finance Committee total of $29.2 billion.

AMENDMENT NO. 202

(Ordered to be printed and to lie on the table.)

Mr. HARTKE submitted an amendment intended to be proposed by him to amendment No. 168 to the bill (H.R. 2166), supra.

AMENDMENT NO. 203

(Ordered to be printed and to lie on the table.)

Mr. MONDALE (for himself, Mr. HUMPHREY, and Mr. RIBICOFF) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

AMENDMENT TO RESTORE HOUSE STANDARD DEDUCTION PROVISIONS

Mr. MONDALE. Mr. President, this amendment would restore the standard deduction provisions that were contained in the House bill, but which were dropped by the Senate Finance Committee. It supersedes amendments Nos. 151 and 152 which were introduced yesterday.

The amendment would guarantee that all taxpayers receive a tax cut under the Senate bill at least as large as the one they would have received under the House bill. Most would receive a substantially larger tax cut. I ask that a factsheet showing in detail the effect of this amendment on taxpayers with different incomes and different family sizes be included in the RECORD at the end of this statement.

The revenue loss from this amendment would be $2.97 billion.

During Finance Committee consideration of H.R. 2166, I offered an amendment to give each taxpayer the option of taking either a $200 credit or the present $750 exemption for themselves and each of their dependents.

My intention was that this $200 optional credit would be an addition to the individual tax cut provisions in the House bill. However, the Finance Committee was concerned that the $6 billion extra revenue loss from simply adding the $200 optional credit to the House bill would be too large. The committee, therefore, decided to substitute the $200 credit for the House minimum and maximum standard deduction provisions. This resulted in an additional revenue loss of only $1 billion.

In general, the $200 optional credit is a more effective and equitable way of granting relief to a broad range of taxpayers than the House standard deduction provisions.

However, some taxpayers would save less in taxes under the Senate bill than they would have under the House version.

Single taxpayers and married couples without dependents with incomes below $10,000 are in this category. So are many taxpayers with incomes between $12,000 and $20,000 who use the standard deduction.

To remedy this problem, the amendment we propose would raise the minimum standard deduction—low-income allowance—to $1,800, increase the percentage standard deduction to 16 percent, and raise the maximum standard deduction to $2,500 for single taxpayers and $3,000 for joint returns.

The percentage and maximum standard deduction provisions in this amendment are identical to those in the House version of H.R. 2166.

The minimum standard deduction—or low-income allowance—however, is lower. The House bill raised the minimum standard deduction to $1,900 for single returns and $2,500 for joint returns. Our amendment simply raises it to $1,800 for everyone. It is now $1,300.

The reason for this is that the $200 optional credit serves the same purpose for which the low-income allowance was originally designed—making sure that no one with an income below the poverty level pays a Federal income tax.

Keeping the low-income allowance at $1,800 saves approximately $2 billion, compared to the cost of simply adding the $200 optional credit to the House bill. Almost all of this $2 billion would otherwise go to taxpayers who already receive large tax reductions from the $200 optional credit.

I believe the standard deduction provisions in the House bill represent a valuable improvement in our tax system. These provisions would greatly simplify the task of filling out income tax returns each year for millions of Americans. Under the House bill, it is estimated that more than 9 million taxpayers would shift to using the standard deduction.

The higher standard deduction would also ease the tax burden substantially for many taxpayers earning between $10,000 and $20,000 who do not own their own homes, and who therefore usually do not itemize their deductions. With the increasing price of homes and high interest rates, many Americans in these income brackets simply cannot afford to buy a home. Increasing the standard deduction would enable them to share in some measure in the tax benefits our tax system provides to their neighbors who are fortunate enough to own their own homes.

Mr. President, I believe this amendment represents an effective melding of the House standard deduction provisions with the Senate's $200 optional credit. If we are able to adopt this amendment on the Senate floor, it should greatly simplify and expedite consideration of this aspect of the bill in the House-Senate conference.

I hope, therefore, that we can adopt these constructive House provisions, and help speed the way toward a quick conference and rapid approval of this much-needed tax relief.

I ask that the text of the amendment be printed in the RECORD following the factsheet describing it.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FACT SHEET: MONDALE-HUMPHREY-RIBICOFF AMENDMENT NO. 203

Purpose: To restore the minimum and maximum standard deduction provisions contained in the House version of H.R. 2166, but dropped from the Finance Committee version.

Effect: The amendment will assure that no taxpayer receives a tax reduction under the Senate bill lower than the reduction that would have been received under the House bill.

Cost: Revenue loss of $2.97 billion. (1974 income levels)

Provisions: Increases the minimum standard deduction (also known as the low income allowance) to $1,800, increases the percentage standard deduction to 16 percent, and the maximum standard deduction to $2,500 for single persons and $3,000 for joint returns. Under this amendment, therefore, the standard deduction would amount to 16 percent of a taxpayer's adjusted gross income, but no less than $1,800, and no more than $2,500 for single returns and $3,000 for joint returns.

Comparison with current law and House bill:

	Current law	House bill	Mondale amendment
Minimum standard deduction (low income allowance)	$1, 300	[1] $1. 900 [2] 2, 500	$1. 800
Percentage standard deduction	(15)	(16)	(16)
Maximum standard deduction	2, 000	[1] 2, 500 [2] 3, 000	[1] 2, 500 [2] 3, 000

[1] Singles.

[2] Joints.

The Mondale amendment does not fully restore the House minimum standard deduction provision because it overlaps very substantially with the $200 optional credit (which may be taken in place of the $750 personal exemption) added by the Finance Committee. Keeping the minimum standard deduction at $1,800 saves approximately $2 billion (compared to the House provision), almost all of which would go to the same taxpayers who already receive a large tax reduction under the $200 optional credit.

Impact on individual taxpayers: The attached tables show the impact of the amendment on taxpayers with varying income and family sizes. However, the tables do not show the impact of changes in the percentage and maximum standard deduction, since it is assumed in the tables that all taxpayers have deductible personal expenses of at least 17 percent, which exceeds both the current (15%) and proposed (16%) percentage standard deduction. To take one example, a married couple with no dependents earning $17,500 with deductions equal to 10% their income who now take the standard deduction would save $225 in taxes if the standard deduction provisions in the proposed amendment are adopted, but this saving is not reflected in the attached tables. In the tables, the tax reductions noted result from the following provisions:

House Bill.—Increase in minimum standard deduction to $1,900 for single returns and $2,500 for joint returns, increase in percentage standard deduction to 16%, and increase in maximum standard deduction to $2,500 for single returns and $3,000 for joint returns.

Finance Committee Substitute.—$200 optional credit in lieu of $750 personal exemption, and reduction of 1 percentage point in tax rates applicable to first $4,000 of taxable income.

Mondale Amendment.—Finance Committee Substitute, plus $1,800 minimum standard deduction, 16% percentage standard deduction, and maximum standard deduction of $2,500 for single returns and $3,000 for joint returns.

The numbers in parenthesis indicate the increase (+) or decrease (−) in tax reduction—compared to the House bill—under the Finance Committee Substitute and the Mondale Amendment.

AGI	Present law tax	Tax reduction		
		House bill	Finance Committee substitute	Mondale amendment
SINGLE PERSON				
$3,000	138	89	95 (+ 6)	138 +49)
$5,000	491	114	94 (−20)	185 (+71)
$6,000	681	114	83 (−31)	189 (+75)
$8,000	1, 087	113	63 (−50)	169 (+56)
$10,000	1, 482	48	57 (+9)	82 (+34)
$12,500	1, 996	0	45 (+45)	45 (+45)
$15,000	2, 549	0	40 (+40)	40 (+40)
$17,500	3, 145	0	40 (+40)	40 (+40)
$20,000	3, 784	0	40 (+40)	40 (+40)
$25,000	5, 230	0	40 (+40)	40 (+40)
$30,000	6, 850	0	40 (+40)	40 (+40)
$35,000	8, 625	0	40 (+40)	40 (+40)
$40,000	10, 515	0	40 (+40)	40 (+40)
MARRIED COUPLE, NO DEPENDENTS				
$3,000	28	28	28	28
$5,000	322	182	190 (+8)	270 (+88)
$6,000	484	194	171 (−23)	266 (+72)
$8,000	837	217	155 (−62)	239 (+22)
$10,000	1, 152	152	146 (−6)	168 (+16)
$12,500	1, 573	83	110 (+27)	110 (+27)
$15,000	2, 029	0	96 (+96)	96 (+96)
$17,500	2, 516	0	65 (+65)	65 (+65)
$20,000	3, 035	0	47 (+47)	47 (+47)
$25,000	4, 170	0	40 (+40)	40 (+40)
$30,000	5, 468	0	40 (+40)	40 (+40)
$35,000	6, 938	0	40 (+40)	40 (+40)
$40,000	8, 543	0	40 (+40)	40 (+40)
MARRIED COUPLE, 1 DEPENDENT				
$3,000	0	0	0	0
$5,000	208	173	207 (+34)	207 (+34)
$6,000	362	185	249 (+64)	344 (+159)
$8,000	694	202	212 (+10)	296 (+94)
$10,000	1, 010	152	203 (+51)	226 (+74)
$12,500	1, 408	75	145 (+70)	145 (+70)
$15,000	1, 864	0	131 (+131)	131 (+131)
$17,500	2, 329	0	77 (+77)	77 (+77)
$20,000	2, 848	0	59 (+59)	59 (+59)
$25,000	3, 960	0	40 (+40)	40 (+40)
$30,000	5, 228	0	40 (+40)	40 (+40)
$35,000	6, 668	0	40 (+40)	40 (+40)
$40,000	8, 251	0	40 (+40)	40 (+40)
MARRIED COUPLE, 2 DEPENDENTS				
$3,000	0	0	0	0
$5,000	98	98	98	98
$6,000	245	175	245 (+ 70)	245 (+ 70)
$8,000	559	189	277 (+ 88)	361 (+172)
$10,000	867	152	261 (+109)	283 (+131)
$12,500	1, 261	71	199 (+128)	199 (+128)
$15,000	1, 699	0	166 (+166)	166 (+166)
$17,500	2, 156	0	104 (+104)	104 (+104)
$20,000	2, 660	0	72 (+ 72)	72 (+ 72)
$25,000	3, 750	0	40 (+ 40)	40 (+ 40)
$30,000	4, 988	0	40 (+ 40)	40 (+ 40)
$35,000	6, 398	0	40 (+ 40)	40 (+ 40)
$40,000	7, 958	0	40 (+ 40)	40 (+ 40)
MARRIED COUPLE, 4 DEPENDENTS				
$3,000	0	0	0	0
$5,000	0	0	0	0
$6,000	28	28	28	28
$8,000	312	172	312 (+140)	312 (+140)
$10,000	586	136	380 (+244)	401 (+265)
$12,000	976	71	314 (+243)	314 (+243)
$15,000	1, 371	0	238 (+238)	238 (+238)
$17,000	1, 826	0	174 (+174)	174 (+174)
$20,000	2, 285	0	97 (+97)	97 (+97)
$25,000	3, 330	0	40 (+40)	40 (+40)
$30,000	4, 508	0	40 (+40)	40 (+40)
$35,000	5, 858	0	40 (+40)	40 (+40)
$40,000	7, 373	0	40 (+40)	40 (+40)

AMENDMENT No. 203

At the appropriate place in the bill insert the following new sections:

Sec. . Increase in percentage standard deduction.

(a) INCREASE.—Subsection (b) of section 141 (relating to percentage standard deduction) is amended to read as follows:

"(b) PERCENTAGE STANDARD DEDUCTION.—The percentage standard deduction is an amount equal to 16 percent of adjusted gross income but not to exceed—

"(1) $3,000 in the case of—

"(A) a joint return under section 6013, or

"(B) a surviving spouse (as defined in section 2(a)),

"(2) $2,500 in the case of an individual who is not married and who is not a surviving spouse (as so defined), or

"(3) $1,500 in the case of a married individual filing a separate return."

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 3402(m)(1) (relating to withholding allowances based on itemized deductions) is amended to read as follows:

"(B) an amount equal to the lesser of (i) 16 percent of his estimated wages, or (ii) $3,000 ($2,500 in the case of an individual who is not married (within the meaning of section 143) and who is not a surviving spouse (as defined in section 2(a)))."

Sec. . Increase in low-income allowance.

(a) IN GENERAL.—Section 141(c) (relating to low-income allowance) is amended—

(1) by striking out "$1,300" and inserting in lieu thereof "$1,800"; and

(2) by striking out "$650" and inserting in lieu thereof "$900".

(b) CONFORMING AMENDMENT.—Section 6012(a)(1) (relating to persons required to make returns of income) is amended by striking out "$2,050" each place that it appears and inserting in lieu thereof "$2,550", and by striking out "$2,800" each place that it appears and inserting in lieu thereof "$3,300".

(c) EFFECTIVE DATE.—The amendments made by these sections apply with respect to taxable years beginning after December 31, 1974.

AMENDMENTS NOS. 204, 205, AND 206

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS (for Mr. KENNEDY) submitted three amendments intended to be proposed to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 207 AND 208

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS (for himself, Mr. KENNEDY, and Mr. MAGNUSON) submitted two amendments intended to be proposed to the bill (H.R. 2166), supra.

AMENDMENT NO. 209

(Ordered to be printed and to lie on the table.)

Mr. HARTKE submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 210 AND 211

(Ordered to be printed and to lie on the table.)

Mr. DOLE submitted two amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 212

(Ordered to be printed and to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed to amendment No. 168 to the bill (H.R. 2166), supra.

AMENDMENT NO. 213

(Ordered to be printed and to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed to the bill (H.R. 2166), supra.

AMENDMENT NO. 214

(Ordered to be printed and to lie on the table.)

Mr. BUCKLEY submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 215

(Ordered to be printed and to lie on the table.)

Mr. FANNIN submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 216

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS (for himself, Mr. KENNEDY, Mr. MAGNUSON, Mr. JACKSON, and Mr. HATHAWAY) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 216), supra.

AMENDMENT NO. 217 THROUGH 219

(Ordered to be printed and to lie on the table.)

Mr. BELLMON submitted three amendments intended to be proposed by him to the bill (H.R. 2166), supra.

MILITARY ASSISTANCE FOR CAMBODIA—S. 663

AMENDMENT NO. 173

(Ordered to be printed and to lie on the table.)

Mr. BIDEN submitted an amendment intended to be proposed by him to the bill (S. 663) to provide additional military assistance authorizations for Cambodia for the fiscal year 1975, and for other purposes.

NOTICE OF HEARINGS OF S. 1109 THE PAROLE COMMISSION ACT

Mr. BURDICK. Mr. President, for the information of the Members and the public, I wish to announce that the Subcommittee on National Penitentiaries of the Committee on the Judiciary will open hearings on S. 1109, the Parole Commission Act.

Hearings are scheduled for April 9, 1975 at 1:30 p.m. in room 457, Russell Senate Office Building. Additional information on the hearings is available from the subcommittee in room A-404 Senate Annex, telephone 224-5461.

NOTICE OF CONTINUATION OF HEARINGS ON THE CULTIVATION, USE, ABUSE, AND CONTROL OF OPIUM

Mr. BAYH. Mr. President, I wish to announce that the Subcommittee to Investigate Juvenile Delinquency of the Committee on the Judiciary, will continue its hearings into the cultivation, use, abuse and control of opium.

At hearings on March 4 and 5, 1975, the subcommittee heard from witnesses representing the Department of Justice, Drug Enforcement Assistance Administration, Office of Management and Budget, Department of State, Department of Health, Education, and Welfare, and the Department of Agriculture, as well as others in the private and public sectors with special interest and expertise in the area of opium control.

The subcommittee intends to explore numerous concerns including the following: The background and impact of the Turkish poppy ban and its recent rescission; the adequacy and operation of Controlled Substances Act provisions designed to prevent diversion and traffic and to insure the availability of supply adequate to meet legitimate medical needs; the merit of recent Justice Department Drug Enforcement Administration proposals amending the Controlled Substances Import and Export Act to permit the importation of poppy straw; the results of research efforts to develop synthetic alternatives to opium derivatives; and the merit of proposals to domestically cultivate opium poppies with low-abuse potential.

The hearing is scheduled for Wednesday, March 26, 1975, at 10 a.m. in room 2228, Dirksen Senate Office Building. Alexander M. Schmidt, Commissioner of Food and Drug Administration, Department of Health, Education, and Welfare and former President Nixon White House aides have been invited to testify.

Anyone wishing to submit a statement for the record should notify John M. Rector, Staff Director and Chief Counsel of the Subcommittee, U.S. Senate, A504, Washington, D.C. 20510 (202-224-2951).

ADDITIONAL STATEMENTS

OUR AGRICULTURAL ECONOMY

Mr. MANSFIELD. Mr. President, the agricultural economy of the United States as, in most nations, is one of the basic elements, and its general welfare is usually a good indication of overall economic conditions. I am extremely concerned about the general condition of agriculture today, and as we have said on numerous occasions, if the farmers and ranchers are finding it difficult to make ends meet, it will not be too long before this general condition spreads throughout the Nation. Both the livestock operators, and the grain growers have experienced ups and downs in their economy, and, recently, inflation has extended the depressed conditions to serious proportions.

Farmers, in recent years, have operated under a fluctuating program of controls and supports. In the last few years, these programs have not provided the farmer with the kind of security he needs. Both Committees on Agriculture in the House and Senate are actively discussing legislation which would extend and increase supports for basic agriculture. I hope that we will soon be able to send the President a workable farm bill which would elevate Federal supports to a level commensurate with economic conditions. It is essential that we give the grain growers some semblance of stability with which to face the future.

Agriculture produce is becoming an increasingly important item in the world market, and our industry should certainly be given an opportunity to play its proper role. I think the enactment of a bill like the McGovern proposal, which many of us have cosponsored, would be a step in the right direction.

The livestock industry has been hit even harder in recent years, and something is going to have to be done in order to avoid economic chaos among our livestock producers. I wish to compliment the Senate Committee on Agriculture and Forestry for expeditious action in reporting legislation this week which would expand and extend the Emergency Livestock Credit Act. This is an interim measure, but it is essential to offer financial aid to those who have been extremely hard hit by inflation.

I have cosponsored legislation which calls for the labeling of all foreign meat. This measure, if enacted, would help to promote our own meat products here at home. Also, the cattle industry needs a program of research, consumer, and producer education. A program of this nature would help to promote and expand markets both here at home and overseas. S. 772, introduced by the distinguished senior Senator from Georgia (Mr. TALMADGE), would implement this proposal. This measure has my support.

The one subject which concerns me the most is the unwillingness of the administration to take immediate action in reimposing stringent import quotas on cattle and beef imports. I believe the quota system worked when implemented, and has brought about some agreeable negotiations with other cattle exporting nations such as Australia. I am, however, concerned about recurring rumors that the Department of State is recommending that import quotas be released again to benefit unspecified nations. I wish to recommend extreme caution in this regard. This type of foreign policy can only be damaging to the livestock industry. Foreign trade is a two-way street, and I see no reason why the cattlemen of this country should suffer in the process. The import quota system is discretionary but. if current conditions do not improve here in the United States, perhaps they will have to be made mandatory.

In conclusion, Mr. President, if depressed conditions continue to plague the cattlemen and farmers of this country, I fear far more serious consequences than we now face.

FUTURE DIRECTIONS OF SOCIAL SECURITY

Mr. BROCK. Mr. President, this week my colleagues and I on the Special Committee on Aging will be holding hearings on future directions in social security. There are many options open to us in curing social security's ills, one of which is trimming from the social security rolls those who have not contributed to the system.

This idea was recently discussed by Alice Widener in a column that appeared in papers across the country. A number of my constituents were very concerned about the large numbers of children and college students who are collecting social security benefits at a time when the system's finances are sorely taxed. A number of people, including Mrs. Sarah Craig and Mr. Alfred Pittman, both of Memphis, sent clippings of the column to me. The message is clear: Social security was meant to be a retirement aid system, and not a welfare system. We need to seriously consider shifting the support of survivors and dependents to an alternative program. Such an action would leave social security with enough funds to cover not only its expected short-term deficit, but also part of the lost funds which would result from the hopeful repeal of the retirement earnings test.

Mr. President, I ask unanimous consent that this article be printed in the RECORD in an effort to stimulate consideration of this option.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

YOUTH IS DRAINING SOCIAL SECURITY

(By Alice Widener)

NEW YORK.—Mention the term "Social Security" and there leaps before the mind's eye the image of an elderly person, a "senior citizen." Indeed, that is the image generally presented in all our media. It also is the image evoked by members of Congress. Blink your eyes, folks, and take a look at the following facts:

During 1974, 3.75 million children, grandchildren and even step-grandchildren received $5,641,800,000 in Social Security benefits. Moreover, 601,000 of these "children" were college students between the ages of 18 and 21. These college students cost the Social Security trust fund in 1974 the sum of $900 million! That near-billion annual overload was put on Social Security in 1965 by millionaire "poor boy" Lyndon B. Johnson.

It is a psychological truth that when an image is successfully sold to masses of people, they come to believe in it without argument or scrutiny. The American people still have before their eyes the 1930s image of aged penniless workers presented to them by the New Deal. It was a genuine image and rightfully wrung people's hearts. But that is not an image applicable today to millions of Social Security beneficiaries.

Kindly consider the following case: A friend of mine works in New York for the federal government at an annual salary of $23,000 plus. His wife, who was for years a department store executive, died two years ago. Their only child is a daughter now 17. My friend has collected Social Security benefits for his daughter since the death of her mother. He expects to go on collecting Social Security for the girl all through her college days. Meanwhile, the earnings of assistant, who is single and 25, are being gouged away from him by ever-increasing Social Security taxes. Like many young earners he is ready and willing to pay a reasonable tax for the benefit of aged and disabled people. But he is indignant at having to pay a huge Social Security tax for the benefit of able-bodied college student at $1,500 per year each.

Elderly and disabled Social Security beneficiaries must immediately band together, in my opinion, for protection of Social Security from imminent bankruptcy. They must immediately inform themselves of the truth concerning Social Security and bombard Congress with demands that all children and all college students be removed from the Social Security rolls. Those among the 3.75 million children really requiring federal welfare should receive it from the general federal revenues, not from the Social Security Trust Fund.

Here is a piece of advice Social Security taxpayers didn't ask for and certainly are free to ignore: Clip this column and mail it with your opinion to your congressman. If elderly and disabled Social Security beneficiaries believe my suggestion is sound about cutting down Social Security rolls to their original eligible adults ranks before children were added in 1940 and college students in 1965, the elderly and disabled should immediately organize themselves and hold dignified, peaceful, but attention-getting demonstrations.

Remember this, folks: Every member of Congress holds a wet finger to the wind and then votes according to which way it is blowing.

FDA'S INADEQUATE REGULATION OF PACEMAKERS

Mr. RIBICOFF. Mr. President, last week I released a very disturbing report by the Comptroller General of the United States in which the Food and Drug Administration was found not to have complied with its own procedures in "a life-threatening situation."

The shocking details of this report make clear the need for swift passage of legislation to strengthen the FDA's authority to regulate the medical devices industry. This legislation, which passed the Senate last year but died in the House, has been reintroduced by Senator KENNEDY and was recently reported by the Labor and Public Welfare Committee. I strongly support this legislation and commend Senator KENNEDY, chairman of the Subcommittee on Health, for acting so swiftly to secure passage again this year.

The life-threatening situation covered in the Comptroller General's report involved a recall in 1972 by the General Electric Co. of nearly 600 cardiac pacemakers. The FDA, according to General Accounting Office investigators, learned of the recall from newspaper articles which were published about 6 months after the pacemaker problem became known to GE.

Over the next several months, according to GAO, the Food and Drug Administration failed to do the inspection and testing necessary to determine the cause of the recall and to correct the defect. An earlier decision to prosecute General Electric was reversed after GE assured FDA that the trouble was caused by a "unique electronic phenomenon" and had been corrected. Seven deaths and two injuries attributable to the pacemaker defect were recorded by FDA in a followup survey of only 68 out of the 574 pacemakers recalled.

At the time of the recall, Mr. President, there were less than 100,000 Americans whose heartbeats were being regulated by electronic impulses from small, surgically implanted pacemakers manufactured by GE and several other companies. There are now 125,000 such citizens, and the number is growing by 30,000 a year.

Less than a year after GE announced the recall, it issued another recall, this one for about 2,000 pacemakers. The defect that caused the first recall was found to be the cause of the second, larger recall.

Matters soon became worse when an additional 2,000 pacemakers were recalled by three other manufacturers, most of them exhibiting the same defect as found in the recalled GE pacemaker.

The common defect was leakage of body fluids through the plastic seal of the pacemakers, causing short-circuiting and a sudden speeding up or slowing down of the electronic heartpacing.

No standard has been issued by the FDA to deal with this problem. In fact, there are now no FDA standards governing the design, manufacture and distribution of pacemakers. In May 1974—nearly a quarter-century after pacemakers were first marketed—the FDA contracted with an industry group—the Association for the Advancement of Medical Instrumentation—to draft pacemaker standards. These standards, however, will not include one to deal with the moisture problem.

The GAO investigators asked the Acting Director of the FDA's medical device bureau why no moisture-prevention standard was being drafted. The investigators reported that he "told us that a standard for hermetically sealing—a process used by a number of manufacturers to protect the pacemaker circuitry from moisture—was not being developed as FDA believed such a standard might restrain manufacturers' efforts in developing a solution to the moisture problem."

Mr. President, following the issuance of the Comptroller General's report, FDA documents have been submitted to the Government Operations Committee which show that the Acting Director, David M. Link, had previously considered, and not acted upon, a U.S. Navy standard for hermetically sealing high-performance electronic components to protect them from "corrosive elements." The Navy standard was submitted more than 2½ years ago to Mr. Link by an FDA food and drug officer who thought that it was applicable to the pacemaker moisture problem. He saw a correlation between the Navy standard's purpose to keep out corrosive elements and the need to protect pacemakers from penetration by the corrosive saline fluids of the body.

The officer, Bernard Scharf, in a memorandum to Link, dated July 12, 1972, quoted background findings from the Navy standard which seemed especially pertinent to pacemakers, including the following:

> Vendor claims of high reliability of plastic encapsulated devices notwithstanding, there is considerable evidence that these devices are less reliable than hermatically sealed devices. Most, if not all, of these devices suffer from a serious seal problem. The ineffective package seal results in device failure under certain conditions of temperatures and humidity.

Scharf recommended that FDA call a conference of pacemaker manufacturers and of standards-writing groups to discuss the applicability of the Navy standard to the pacemaker problem. The documents show that the FDA's acting director of medical device standards, R. J. Cangelosi, was prepared to check out the Navy standard.

However, a handwritten memo from Link to Lawrence Pilot, the medical device bureau's acting director of compliance, seems to have put an end to the matter. Link's one-paragraph memo stated:

> I think the (Navy) spec 4120.6 applies to semiconductor devices and microcircuits as discrete parts and not complete assemblies of electronic components. Plastic encapsulation was done to reduce costs and provided reliable performance under extreme environmental conditions.

Scharf, however, was not satisfied with Link's response. In a follow-up memo to the acting director of standards, he wrote:

> Although Mr. Link may be correct in saying that he believes that the Navelex Instruction applies to discrete parts and not to complete assemblies of electronic parts, that is, the intact, complete Pacemaker device, any Standard that we might adopt or urge industry to adopt might be so written so as to cover complete assemblies of electronic parts as opposed to "discrete" parts alone.

Scharf urged that the Navy standard be used as a guideline for developing an FDA standard for hermetically sealing pacemakers, and referred Cangelosi to a personal friend in the Naval Electronics System Command who brought the standard to Scharf's attention. This individual was David Klein, Assistant Technology Administrator for Electronic Materials and Components Development.

The Government Operations Committee has checked with Mr. Klein and learned that he was never contacted by anyone at FDA following Scharf's recommendation of the Navy Standard. He said the standard still applies to component parts and subassemblies used by the Navy in such high-reliability systems as navigation and communication equipment. Many of these components, Klein said, approach the cigarette-pack size of a pacemaker and must be protected against corrosive elements which are similar to those that a pacemaker must be protected against.

Mr. President, since 1972, when Mr. Scharf tried to get the FDA to pay attention to the Navy's standard for hermetically sealing high-reliability electronic components, some 22,000 pacemakers—another high reliability device—have been recalled because of moisture problems. It is not now known how many deaths and injuries have been caused by this defect, but the number could be substantial.

What we do know, Mr. President, is that back in 1972, when the number of pacemakers recalled for this problem was still 574, the FDA's medical device unit did not consider a standard used by the Navy to solve the same problem. The reason given at that time by the director was that plastic sealing of pacemakers was cheap and reliable.

It is tragic that Mr. Link did not recommend and FDA still has not issued a standard for hermetically sealing pacemakers. It is noteworthy that General Electric has switched to hermetically sealed pacemakers to replace the ones in the most recent recall. Several pacemaker manufacturers have used hermetically sealed pacemakers for years, and they have experienced no moisture problems.

Therefore, it is reasonable to ask, Mr. President, what were the FDA and Mr. Link waiting for? And what was GE waiting for? How many Americans would still be alive today if action had been taken in 1972?

I ask unanimous consent that the memoranda from Mr. Scharf to Mr. Link and Mr. Cangelosi, with their responses, and the Navy standard be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. RIBICOFF. Mr. President, I invite expert comment on the applicability of this standard to the pacemaker moisture problem. I also will ask the FDA to explain its failure to adapt this standard, or to use it as a guideline for developing its own standard when the moisture problem came to its attention during the first GE pacemaker recall.

Mr. President, the laxness of FDA's standard-writing procedures was only one of several problems identified by GAO in its investigation of the agency's role in the GE pacemaker recall. Generally, the GAO found:

> FDA's recall procedures require FDA to take measures to insure that the defective products are promptly removed from the market and the cause of the defect is identified and corrected. FDA did not take such measures in connection with GE's recall of defective cardiac pacemakers.

According to GAO, FDA's recall procedures require the agency to:

Inspect the manufacturing facilities;

Collect and examine samples of the recalled product;

Make public disclosure of the recall;

Investigate the effectiveness of the manufacturer's recall in removing a defective product from the market, and inquire into any injuries or complaints related to the recalled product, and

Evaluate the need for prosecution of a manufacturer for violations of the adulteration and misbranding provisions of the F.D. & C. Act.

Specifically, the GAO found that the FDA, although required by its own recall procedures, did not:

First, make a complete visual inspection of GE's manufacturing facility to determine the cause of the defect,

Second, collect and examine samples of the recalled GE standby pacemaker to determine the need for regulatory action, and

Third, make a public disclosure of the recall and verify that all physician consignees and pacemaker users received notification of the recall.

The GAO report also cited "the lack of FDA inspection guidelines, safety, and performance standards and good manufacturing criteria."

The GAO report noted that "FDA did not collect and examine samples of GE recalled pacemakers." In addition to deciding not to spend $600 to acquire one from GE, the FDA did nothing with a defective GE pacemaker that was provided to the agency by a physician after he surgically removed it from a patient.

Instead, the FDA asked the National Bureau of Standards, without running tests on a pacemaker, to evaluate GE's claim that a "unique electronic phenomenon" had caused the defect. The Bureau advised FDA that the electronic phenomenon was "possible but not unique," according to GAO. Nevertheless, GAO reported that according to Mr. Link, "FDA considered the electronic phenomenon unique to cardiac pacemakers as it was the first time that FDA learned such a phenomenon had occurred in cardiac pacemakers." The GAO also noted that FDA had not contacted other manufacturers to determine whether they had encountered similar circuitry problems.

Mr. President, when I released this incredible report last week (see CONGRESSIONAL RECORD, March 12, 1975, p. 6279), I stated:

> Failure by the Food and Drug Administration to independently identify and correct the defect in the pacemakers has cost and jeopardized many lives. The facts in this investigation are shocking. They show that both the industry and the Federal regulators still have not corrected a defect that can be corrected. Public health and safety have been endangered for reasons that are not yet clear.

The next day, Alexander M. Schmidt, Commissioner of Food and Drugs, issued a statement acknowledging the problems covered in the report and renewing his call for strong medical device legislation to deal with these problems. Unfortunately, Mr. Schmidt also saw fit to characterize my interpretation of the GAO report as "hypercritical" and to accuse me of causing "unwarranted anxiety" among those whose lives depend on effective medical devices.

Obviously, and tragically, Mr. Schmidt misses the point. The anxiety being felt over GAO's findings is warranted because FDA has not been doing the job that it is presently authorized by law to do in behalf of the 125,000 Americans whose lives depend on effective regulation of the pacemaker industry.

Getting stronger legislation is one thing; doing the job you are supposed to do under existing law is quite another. I stand by my statement that the facts in the pacemaker investigation are shocking and that FDA's inaction has cost and jeopardized many lives.

I strongly suggest to Mr. Schmidt that rather than being hypersensitive to legitimate criticism, he should be hyperactive in correcting the deficiencies raised in the GAO report. I have asked for a detailed response to the GAO report by April 1 from FDA, as well as from the four pacemaker manufacturers involved in the results. I will make their responses public.

At the same time, Mr. President, I consider the pending medical device legislation to be extremely urgent and worthy of swift enactment. There are now more than 1,500 companies producing as many as 12,000 different types of medical devices. Sales are estimated to be in the $3 to $5 billion range.

Basically, this legislation authorizes the FDA to require manufacturers to prove the safety and effectiveness of life-sustaining and life-supporting devices before placing them on the market. It also strengthens regulation of medical devices generally.

The bill also responds to two problems cited by GAO in the pacemaker investigation by giving FDA authority to require medical device manufacturers to immediately notify the agency of any recalls and to provide the agency with records and data on the defective devices.

At present, such cooperation by the industry is optional and often is not forthcoming. The result has been that the FDA has learned of recalls months after they begin and has been unable to establish the cause, the full consequences, and the needed correction of defective devices.

Senator Kennedy and the members and staff of the Health Subcommittee deserve the highest praise for the years of hard work they have put into drafting and advocating this legislation. Senators Nelson and Javits, who are members of the subcommittee, have made major contributions to the bill.

The importance of these regulatory reforms is obvious. What should also be obvious is the importance of having hard-working, independent regulators in charge of overseeing the medical-device industry now and at such time as the reforms are enacted.

The GAO report raises serious questions as to the quality of the present leadership in the medical devices area of FDA.

Mr. President, the health, peace of mind, and the very lives of millions of Americans who use medical devices are directly related to the vigilance and the independence of the Food and Drug Administration.

As one who served as the Secretary of the department that oversees FDA, I know firsthand the problems of regulating, but not stifling, rapidly growing companies whose products contribute substantially to public health and safety.

The danger we now face in the medical device field is that a well-meaning industry has outgrown the resources and the authority of the Federal Government to safely regulate it. Effective regulation is the guarantor of corporate responsibility. Unless we act swiftly to insure that FDA does its present job well, and gets the additional authorities needed to do a better job, we may be faced with the choice of using medical devices only at our own risk.

Exhibit 1 follows:

Department of Health,
Education, and Welfare,
Washington, D.C., July 12, 1972.

To: David M. Link, Director, Office of Medical Devices, Through: Larry R. Pilot, Director, Division of Compliance, Office of Medical Devices.

From: Division of Compliance, Office of Medical Devices (CM–2).

Subject: Pacemaker Standards.

The malfunctioning of the General Electric Standby Pacemakers (Recall T–010–2) was attributed by General Electric, at least in part, to the existence of 100% humidity in the devices within a variable time after implantation. The entrance of body fluids into these delicate instruments poses an intolerable problem which this and any other firm experiencing similar problems should eliminate at the earliest time since body fluids of all types and sources are highly corrosive and generally reactive.

Attached is a copy of a "Standard" promulgated by the Naval Electronics Systems Command of the Department of the Navy. This is referenced "Navelex Instruction 4120.6" and is entitled "Electronics Standards and Practices; Policy Concerning Restrictions on the Use of Plastic Encapsulated Non-Standard Semiconductor Devices and Microcircuits."

This standard specifies that in the case of "High Performance" devices and/or Electrical and Electronic Systems, plastic encapsulated semi-conductor devices and microcircuits shall not be used, particularly in any "* * * application in which the environmental factors of humidity and temperature cannot be accurately controlled." In view of the apparent permeability of the epoxy "Potting" material to body fluids, this standard may have useful application in the Pacemaker area. This Standard will become even more meaningful with regard to Nuclear-Powered Pacemakers, the advent of which has recently been described in the literature. Nuclear-Powered Pacemakers give off great amounts of heat due to the steady breakdown of the Plutonium 238 Fuel.

The Standard states as background, amongst other things:

1. "The effectiveness and limitations of plastic encapsulation are not completely known and the long term reliability of device operation is not proven. In addition, there are no meaningful equivalent fine or gross leak tests that can be performed on plastic encapulated semiconductor devices."

2. "Vendor [sic. Manufacturer] claims of high reliabilty [sic. and incidentally, high degree of sophistication] of plastic encapsulated devices not withstanding, there is considerable evidence that these devices are less reliable than hermetically sealed devices. Most, if not all, of these devices suffer from a serious seal problem. The ineffective package seal results in device failure under certain conditions of temperature and humidity."

In view of these findings by reputable Government military laboratories and its applicability to Pacemakers, I propose the following course of action:

1. Immediately call, under FDA auspices, a conference of all domestic and foreign manufacturers of Pacemakers to discuss this problem and possibly other problems relating to Pacemaker performance and/or malfunction.

2. That concerned standard-setting bodies, such as AAMI and ANSI, etc., be invited to attend this conference.

3. That the pending Pacemaker Standards (AAMI and ANSI) be discussed at the conference with a view to 1) amending these standards by making it mandatory that all pacemaker units be hermetically-sealed; and, 2) to guarantee the timely adoption of the Peacemaker Standards.

4. The represented manufacturers should be urged to cooperate fully with FDA in regard to reporting malfunctions and recalls.

Bernard Scharf.

Comments on Pacemaker Standards

1) Navelex Instruction 4120.6 is dated 2 October 1969. A call to the Navy to determine if the document is still ineffective and if research in the subject area is still underway is in order.

2) ANSI does not have a pending standard but NEMA and AAMI have combined efforts to write one. AAMI is writing the glossary, NEMA is writing the performance portion.

3) Rather than a conference, I would like to study performed by an extra-governmental organization to determine scope of usage, problem areas, and parameters for standardization.

R. J. Cangelosi.

I think the (Naval) spec 4120.6 applies to semiconductor devices and microcircuits as discrete parts and not complete assemblies of electronic components. Plastic encapsulation was done to reduce costs and provided reliable performance under extreme environmental conditions.

Department of the Navy,
Washington, D.C., October 2, 1969.
Navelex Instruction 4120.6

From: Commander, Naval Electronic Systems Command.

To: Distribution List.

Subj: Electronics Standards and Practices; Policy Concerning Restrictions on the Use of Plastic Encapsulated Non-Standard Semiconductor Devices and Microcircuits.

Ref: (b) NAVMAT INST 4120.98, Subj: Defense Standardization Program; Responsibilities for Electronics Aspects of, dated 8 December 1966.
 (b) NAVELEX INST 5215.5 of 27 June 1968, Naval Electronic Systems Command Technical Policies and Procedures Manual; implementation of

1. *Purpose.* This instruction establishes policy within the Naval Material Command concerning the use of plastic encapsulated nonstandard semiconductor devices and microcircuits in electrical and electronic equipments.

2. *Authority.* Reference (a) directs the Commander, Naval Electronic Systems Command, to promulgate and maintain a CNM Electronics Standards and Practices Manual. This instruction constitutes a portion of that Manual. This instruction is also a part of the NAVEFLEX Technical Policies and Procedures Manual established by reference (b).

3. *Effective Date.* This instruction is effective upon receipt.

4. *Definitions*

a. *Plastic Encapsulated Device*—Any semiconductor device or microcircuit that is encapsulated by molding or shaping an organic polymer onto or around the semiconductor chip or circuit elements.

b. *Hermetic Package*—An air tight package fabricated using glass-to-metal, metal-to-metal, or ceramic-to-metal seals.

c. *High Performance*—A characteristic related to a system or device, the malfunction of which will critically affect the military mission it supports.

d. *Semiconductor Device*—Any portion of an electrical circuit, separately packaged, which utilizes a semiconductor material to perform an active or passive electronic function.

c. *Microcircuit*—A small circuit having a high equivalent circuit element density which is considered as a single part composed of interconnected elements on or within a single substrate to perform an electronic circuit function.

5. *Background.*

a. Experience has shown that the hermetic package used to seal semi-conductor devices and microcircuits remains air tight and is an effective method of protecting the semiconductor to insure long term device and circuit reliability. There are a variety of leak testing techniques for such device packages, the effectiveness and limitations of which are well known. The hermetic package provides a seal with known and controllable internal environment which protects the semiconductor from corrosive elements.

b. New methods used to encapsulate discrete semiconductor devices and microcircuits have resulted in the availability of a variety of plastic (e.g., silicone, epoxy, phenolic, etc.) encapsulated semiconductor devices. These devices are usually restricted by the manufacturer for use over a limited temperature range. Such devices have already been used in Navy electrical and electronic equipments and are being proposed for much wider use in place of devices in hermetically sealed packages.

c. The effectiveness and limitations of

plastic encapsulation are not completely known and the long term reliability of device operation is not proven. In addition, there are no meaningful equivalent fine or gross leak tests that can be performed on plastic encapsulated semiconductor devices.

d. Vendor claims of high reliability of plastic encapsulated devices notwithstanding, there is considerable evidence that these devices are less reliable than hermetically sealed devices. Most, if not all, of these devices suffer from a serious seal problem. The ineffective package seal results in device failure under certain conditions of temperature and humidity.

e. Programs are underway and others are being considered that have as their objective the development of plastic encapsulation which can be used reliably in a military environment. Additional efforts have as their objective the development of meaningful and effective test methods and procedures for plastic encapsulated devices. Consequently, the policy stated herein will be continually reviewed in light of the above mentioned program.

6. *Policy*

a. Plastic encapsulated semiconductor devices and microcircuits shall not be used in high performance electrical and electronic systems applications at this time.

b. They shall not be used in any electrical or electronic systems application in which the environmental factors of humidity and temperature cannot be accurately controlled.

c. Plastic encapsulated devices may be considered for use in equipment operated in an environment where the humidity and temperature are controlled at an appropriate stress level to insure reliable device operation. The contractor is responsible for proving reliable device operation under the stress levels selected.

d. Non-standard parts requests to use plastic encapsulated devices must be submitted in writing and in accordance with established NAVYSCOM configuration control procedures in each instance where non-standard parts approval is required.

e. It shall be the burden of the contractor to prove to the applicable cognizance engineering office that the plastic encapsulated device being considered for the application will comply with this instruction.

7. *Implementation*. Addresses are assigned authority and responsibility for implementation of this instruction.

Distribution: ELEX List 5, FKA1 (less NAVELECSYSCOM).

J. S. Rice.

Department of Health,
Education, and Welfare,
Washington, D.C., October 25, 1972.

To: R. J. Cangelosi, Acting Director, Division of Standards, CM-5.

From: Bernard Scharf, Div. of Compliance, CM-5, Compliance Programs & Services.

Subject: "Pacemaker Standards", Re: My Memo, BS/DML of 7-12-72 and Your Comments.

I received your comments on this date along with comments from Mr. Link.

I agree that a call to the Navy, as you suggested, is in order. You might wish to speak to the man who provided me with the subject Navelex Instruction 4120.6 entitled "Electronics Standards and Practices; Policy Concerning Restrictions on the Use of Plastic Encapsulated Non-Standard Semiconductor Devices and Microcircuits." His name, title, phone number and address are as follows:

Mr. David Klein, Technology Administrator for Electronic Materials and Components Development, Naval Air Systems Command, Washington, D.C. 20360, Tel.: OX-2-2511, Mail Code: AIR 360G.

He is an electronics engineer and assisted in developing the referenced standard. In conversations which I held with him in June and July he assured me that this standard is still in effect.

In talking to him you may wish to involve Mr. Rahmoeller of Dr. Davis' staff from a biomedical point of view with regard to applicability to Pacemakers. I did not discuss the Navy's current research in this field with Mr. Klein.

With regard to your second comment, I have been informed that the proposed and pending "Standard" for Pacemakers on which AAMI and AWSI were to have collaborated has been placed in permanent abeyance. Thus, all the more reason to investigate the applicability of the standard, or at least its concept and main thesis, to the field of Pacemakers.

With regard to your third suggestion, a conference might bring the point home much faster. Research, if needed, might best be undertaken by individual manufacturers or by a consortium of manufacturers if this were legally possible. Your proposed study by extra-governmental organizations also has great potential and much merit. However, since the individual firms and the public have much more to benefit than do independent, third parties, it might be best for the firms to collaborate on this problem.

Although Mr. Link may be correct in saying that he believes that the Navelex Instruction applies to discrete parts and not to complete assemblies of electronic parts, that is, the intact, complete Pacemaker device, any Standard that we might adopt or urge industry to adopt might be so written so as to cover complete assemblies of electronic parts as opposed to "discrete" parts alone. I did not propose the adoption of the Instruction as it stands but merely meant to bring its existence and possible application to Pacemakers to the attention of the proper personnel in this Office. If modifications or adaptation is necessary, this can be done as needed; very probably with little trouble to industry.

Since writing my original memo of July 12, 1972 on the subject Navelex Instruction, the Bureau of Radiological Health file on Electromagnetic interference with Pacemakers came to my attention. A perusal of this file shows six letters making mention of metal or hermetic sealing of the pacemaker units to prevent EMI interference. Therefore, hermetically sealed Pacemakers will not only bring about the prevention of corrosion to the implanted units but also cut down on or eliminate EMI:

1. Medtronic, Inc./Elder letter of 30 May, 1972: Page 2, Point D, "Addition of titanium can (February, 1971) Adding the metal can to the 5843 and 5842 (the resulting units were renamed 5942 and 5943) improved rejection of radiated EMI. It was especially effective for microwave ovens."

Page 3, Point F. "Shield on rate pot (February, 1971) In the 5942, a metal shield is used over the rate pot to prevent radiated EMI from being picked up in the timing circuit."

Page 4, Part 2, Point A: "A visual inspection is made to insure that titanium shields are properly installed and no gaps exist between shield halves. These inspections involve workmanship as well as dimensional criteria."

2. Arco Nuclear Co/Elder letter of June 1, 1972: This firm is developing a nuclear powered pacemaker. The letter reads in part: "It should be pointed out that the cardiac pacemaker is hermetically sealed within a titanium case, which will act as a shield for many types of electromagnetic interference."

3. Biotronik & Co/Elder letter of June 21, 1972: "Since more than five years we are working to give our pacemakers the best metallic case for screening electromagnetic fields. We found out that stainless steel brings the best results, therefore our pacemakers are capsuled in a special stainless steel which also brings no corrosion in the human body."

Attached to this letter is a copy of a German scientific paper published in the Deutche Medizinische Wochenschrift, No. 14, April 7, 1972, pages 539-562, entitled: "Electromagnetic Fields as Sources of Danger for Pacemaker Patients".

Pertinent passages in translation state: "Only pacemakers which have a metallic screening device fulfill the necessary safety regulations." xxx "The Biotronick pacemaker, with its steel capsule, is especially safe."

4. Vitatron Medical/Elder letter of May 31, 1972: "The only way you can get rid of the problem (sic. EMI) is constructing a complete sealed metal house around the electronics provided with suppression filters at the wire entrances.

5. Medical Devices, Inc/Elder letter of June 19, 1972: The letter reads in part: "It (sic. the company's Pacemaker) incorporates many features to reduce the susceptability of the unit to electromagnetic interference. Some of these are: xxx d) Electromagnetic shielding provided by a metal, hermetically-sealed enclosure." xxx "xxx of course the complete unit is shielded by a metal enclosure. No problems have been encountered."

Page 2 reads in part: "You can readily see that we have been unable to detect any effect on our pacemaker caused by radiation from an electric (sic. presumably EMI producing) oven."

6. USCI, Elema-Schönander AB/Elder letter of June 27/22, 1972: The Elema-Schönander letter reads in part: "To improve our pacemaker design to make it less susceptible to electromagnetic interference of the second type (sic. signals going directly into the electronics), we have designed our R-wave inhibited pacemaker with a metal encapsulation."

Thus, not only can corrosion of a Pacemaker by entrance of body fluids (humidity) be prevented, but EMI can be prevented or lessened by use of hermetic sealing using metallic shielding or containers of one sort or another.

Bernard Scharf.

CONSUMERISM, LIMITED

Mr. WEICKER. Mr. President, the Senate Government Operations Committee is about to recommend establishment of an Agency for Consumer Advocacy. The long legislative history and deliberations of the Congress clearly establish the need for an independent consumer advocate who will represent all Americans and strive for the equity and impartiality of regulatory proceedings.

There is however, a serious weakness in this bill, in that it provides exemptions to a very select, very powerful group of agencies, as well as organized labor. In a March 14 editorial, the New York Times recommended that—

> The Senate will do well to eliminate from the bill a special-interest exemption that is foreign to the whole concept of independence for the new bureau.

It is my contention, Mr. President, that exemptions are inconsistent with the overall objectives of this legislation. One of the greatest issues in this country is whether there are two levels of the law; one which applies to the economically and/or numerically strong, and one that applies to the average citizen who does not have the wherewithal to stand up and be heard. The purpose of S. 200 is to provide that voice for the average citizen and on that basis I will vote to strike all exemptions from this bill. To do otherwise would deny equal application of the principles set forth in S. 200 and damage the credibility of this new agency from the outset. For the Congress to legislate such exemptions, likewise damages our credibility. Neither consumerism nor democracy need exemptions.

Mr. President, I ask unanimous consent that the New York Times editorial dated March 14, 1975, entitled "Consumerism, Limited", be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the New York Times, Mar. 14, 1975]

Consumerism, Limited

The long fight to establish an independent agency to defend the interests of consumers in proceedings before Federal regulatory bodies and courts has moved an important step closer to victory in the Senate. The 11-to-1 vote by which the consumer advocate bill was approved in committee this week measurably reduces the danger that it can be killed by filibuster, the fate that befell it on the Senate floor last year.

Before final adoption, however, the Senate will do well to eliminate from the bill a special-interest exemption that is foreign to the whole concept of independence for the new bureau. Inserted under strong pressure from organized labor, this exemption would bar the consumer agency from gathering information or expressing its views in any proceeding involving labor disputes or agreements.

The records of the National Labor Relations Board and the courts abound in cases in which unions on their own or in collusion with employers disregard the public interest, pushing up prices or limiting competition. That the proposed Agency for Consumer Advocacy should not have the same freedom to speak for consumers in such situations that it would have in matters affecting business is indefensible on its face.

For labor to make this exemption the price of its support for a measure in which wage-earners and their families have a primary stake is short-sighted. For legislators to submit to such coercion would be politics at its most cynical.

ABOUREZK SPEAKS ON ENERGY

Mr. McGOVERN. Mr. President, since the oil embargo in 1973 the American people have become acutely aware of the pervasive importance of oil and other energy sources to our way of life and to the world. An overall energy policy for the Nation is one of the most important political questions to be dealt with this year. Our decisions about how, and for whose benefit, to develop our energy resources bear significantly on both foreign policy and on profound domestic issues such as labor use, the shortage of investment capital, the growth of monopoly holdings, control over basic life needs, and environmental health and safety.

While the choice of such an energy policy depends partly on the state of the technology and the options presented by scientists and engineers, the fact is that the scientific community cannot make the final decision. That decision is, properly, social and political. Congress is engaged in a serious effort to develop a comprehensive energy program and has already passed legislation to that end, including Public Law 93–409, Public Law 93–438, Public Law 93–437, and Public Law 93–577. But the policy enunciated by Congress can be changed or distorted if it is not correctly executed or properly funded. I ask unanimous consent that there be printed in the Record an edited version of remarks of my colleague from South Dakota (Mr. Abourezk) before the Senate Interior Committee hearings on the proposed ERDA budget. My colleague has addressed very pointedly the danger that the congressional energy program will be lost at the appropriations table.

There being no objection, the remarks of Mr. Abourezk were ordered to be printed in the Record, as follows:

Abourezk Testimony

Last year, the Congress indicated that it intended to go in a new direction in developing our future energy supply. During the debate on the creation of this new agency I expressed my fears that ERDA would not provide this new direction. Now that fear is borne out by ERDA's request for $2.2 billion for nuclear and nuclear-related research—and $57 million for solar and solar-related research.

The Office of Technology Assessment of the Congress, with the help of an ad hoc panel of distinguished scientists and energy consultants has compared the 1976 budget request of ERDA with that prepared earlier by Dixy Lee Ray for the Atomic Energy Commission. That comparison shows that ERDA's request for fission, including the power reactor development, nuclear materials and advanced isotope separation, is $600 million more than that proposed by Dr. Ray for this same two-year period.

The ERDA budget request for $57.1 for solar research is 1.5% of its total request. In presenting this budget request ERDA showed estimates for solar r&d increasing from $8.8 million in fiscal 1975 to $57.1 million in fy 1976. The Science Policy Research Division prepared an analysis dated February 13, 1975 of this request, showing that ERDA's method of stating the increase is misleading. The analysis, by Glenn Moore, notes the difference between outlays and authority, as follows:

"The change in outlays for a program from one fiscal year to the next is not indicative of an agency's change in commitment to that program. Outlays are an accounting of the funds that will be disbursed from the Treasury as a result of obligations incurred in the current or previous fiscal years. Obligations are incurred during a fiscal fiscal year based on budget authority authorized and then appropriated by Congress in that year. Budget authority authorized, therefore, is the true indicator of Congress's commitment to a program; i.e., the more funds authorized, the greater the commitment. Similarly, budget authority requested by an agency for a program is indicative of the agency's commitment to that program."

"Budget authority requested for solar R & D in all agencies in FY 1976 is $76 million. This compares to an estimated $50 million in budget authority in FY 1975, an increase of about 50 percent. Hence, the nation's commitment to solar R&D is more on the order of a 50 percent increase over last year's budget rather than a 650 percent increase as suggested by the change in estimated outlays over the two years.

"Actually, the ERDA budget request for solar energy falls short of the minimum expected. Had ERDA requested the full amount authorized in P.L. 93–473, the two solar energy Acts passed by the 93rd Congress, the Fy 1976 budget request would have been about $93 million, or 30 percent more than the $71.5 million actually requested. P.L. 93409, the Solar Heating and Cooling Demonstration Act of 1974, authorized $50 million in aggregate for fiscal years 1976, 1977, 1978, and 1979. ERDA estimates that $18 million of its $71.5 million budget request will be used to carry out P.L. 93409. P.L. 93473, the Solar Energy Research, Development and Demonstration Act of 1974, authorized $75 million for FY 1976. After the funds required for P.L. 93409 are deducted from ERDA's FY 1976 budget request, the remainder—$53.5 million—is $21.5 million short of the $75 million authorized by P.L. 93–473. If the full amount authorized in the two bills had been requested, that is about $18 million in P.L. 93–409 and $75 million in P.L. 93–473, the ERDA budget request would have been $93 million."

What we have in the ERDA budget request, in other words, represents a program substantially less than the Congress has already authorized. I hope that in its future requests to the Committee, ERDA clearly spells out these differences so that there is no confusion or misconception about what is being proposed or requested. I cite these parts of the budget request because they illustrate my principal concern about this budget: that it betrays the Congress's intent to change the direction of our national energy policy, as embodied in legislation at the close of the 93rd Congress. We are proceeding with increased speed, in the same direction as previously.

I have other concerns and questions. I am concerned about the level of funding for end-use conservation programs. I am concerned about what assumptions may have been made regarding the availability of water for use in connection with development of synthetic fuels from coal and oil shale on the Great Plains. I would like to know what those assumptions are before acting on money for research or development of these projects.

I have two basic recommendations concerning this budget:

1. To delete $500 million for the development of the breeder reactor—

I am opposed to spending any more money on this program. There is no hope for any power from this program until 1985. Since 1945, we have spent between $30 and $40 billion developing nuclear power. After 29 years, nuclear generating plants produce only 7.5% of our electricity. Estimated total cost of the breeder program has tripled since 1971. In recent months, more than half of the approximately 180 reactors planned for completion by 1985 have been postponed or cancelled by utility companies for economic reasons. The breeder reactor produces more plutonium than it burns as uranium—which presents as yet unsurmounted problems of waste disposal. The GAO is preparing a study of cost overruns in the breeder program, and ERDA itself has a cost benefit analysis which shows the fast breeder reactor exceeding original projected costs of around $2 billion by about $6 billion, with no end in sight.[1]

End-use conservation is allotted only one-tenth of one percent of ERDA's budget; all conservation accounts for only 1%. Given that it is physically impossible to raise our energy output by some extraordinary amount in the next 5–10 years, and that every unit of energy saved is the same as making available a new unit of energy, it would be reasonable for 50% of this budget to have been devoted to conservation. In the long term, as well, those saved units of energy increase our energy supplies absolutely. Whether they come through new energy, or savings on old energy, those btu's are indistinguishable. We cannot accept this level of funding for conservation.

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[1] *Proposed Final Environmental Impact Statement*, ERDA. From Table 11.2–2, page 11.2–33, Sec. 11.

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This past year, because of a fault in the cooling system of one of these plants, 23 plants had to be shut down. Not only do we have to subsidize research and development of these plants, we subsidize the fuel for them disposing of the waste and the insurance in case of disaster. There are simply too many unanswered questions to proceed any further with nuclear development by spending billions more on the breeder program. The time has come to end it.

2. Authorize $1 billion for a 4-year program for research and development of solar energy to carry out the congressional commitment to develop this renewable, clean, and safe source of energy—

When the Congress passed the Solar Energy Research and Development Act of 1974, it declared that "the urgency of the Nation's critical energy shortages and the need to make clean and renewable energy alternatives commercially viable require that the nation undertake an intensive research, development and demonstration program with an estimated federal investment which may reach or exceed $1 billion." (P.L. 93–473, Sec. 2)

Congress has already authorized at least $93 million, as has been pointed out previously. So that planning of solar research and development is removed from this year-by-year cost budget process and that there is an unmistaken declaration of congressional commitment to solar research and development, I proposed that the Congress authorize this year a $1 billion, 4-year program, for solar r&d. As was remarked in other testimony before the Interior Committee, "It is very important to ask just how much can be spent on a given technology over a specified period of time. That is, the state of the art, in most cases dictates the maximum amount of money that can be spent usefully before additional funding is wasted. That same 'state of the art' also dictates the minimum amount of money that can be spent on a technology to avoid wasting the amounts previously spent."

By approving this authorization, we would provide ERDA with a firm basis upon which to make its plans for this 4-year period. Each year we have the responsibility and opportunity of oversight hearings, as provided by the authorization and appropriation process. Authorizing such a program would restore confidence of thousands of people who have grown disillusioned with their government, especially those concerned with development of our future energy supply.

INDIAN HEALTH SERVICE

Mr. FANNIN. Mr. President, Arizona taxpayers are threatened with a heavy and unjust burden to provide health care for reservation Indians.

At the present the Federal Government pays the full cost of the Indian Health Service which serves some 100,000 reservation Indians in my State.

When a State medicaid program begins this fall, the reservation Indians will be able to choose between IHS and medicaid. Estimates are that as many as 20,000 Indians may choose medicaid.

The problem is that medicaid is a matching program, and Arizona taxpayers could end up paying a substantial part of the cost for the health care of reservation Indians who previously were served by IHS.

Mr. President, I have introduced S. 403 which would provide 100 percent Federal payment for the services rendered to reservation Indians under the medicaid program. I would hope that the Congress will act soon on this matter to rectify the situation.

It should be pointed out that this bill does not apply to Arizona alone, but to all States which have reservations. Reservation Indian health care historically has been a Federal rather than State responsibility and my bill would simply reaffirm this.

Mr. President, two Arizona newspapers have published editorials on this issue and the problems we face. I ask unanimous consent that these editorials be printed in the Record for the information of my colleagues.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

[From the Tucson Daily Citizen]

Fannin Has Good Indian Health Plan

Sen. Paul Fannin has introduced a bill that seeks to protect Arizona taxpayers from what could become an unfair financial burden in the health field.

The bill concerns Arizona's new Medicaid program and the fact that the state's reservation Indians later this year will have the option of health care either under Medicaid or the existing program of the Indian Health Service.

Medicaid was approved by the state legislature last spring, and will become effective in October. Basically, it will provide free health care for the indigent, as distinguished from the Medicare program under which senior citizens who join the plan pay for part of their hospital or other medical expenses.

Sen. Fannin's bill focuses on the fact that states and counties are required by the federal government to pay 40 per cent of Medicaid costs whereas, in the specific case of the Indian population, the federal IHS program pays all costs.

Sen. Fannin and senators from other states with large reservation Indian populations want states to be reimbursed 100 per cent by the federal government for any medical costs incurred for treating Indians on the reservations. Sen. Fannin and others rightfully believe there should be no change in the 100 per cent federal funding whether or not reservation Indians receive their medical care through a state-county directed Medicaid program or through the Indian Health Service.

The goal should be the best medical care possible for reservation Indians, but without state taxpayers having to pay for the care of federal wards.

Sen. Fannin's bill makes sense and should be supported in Congress.

[From the Phoenix Gazette]

Federal Burden for Arizona?

When the federal Medicaid program (health care for the poor) becomes effective in Arizona on Oct. 1, the state could be saddled with the cost of providing health care for reservation Indians. This cost has always been borne by the federal government, and Indians have been provided free care by the Indian Health Service.

The U.S. Department of Health, Education, and Welfare has issued a policy statement designed to prevent discrimination against the Indians and other native Americans in health and medical services. That is, Indians will have the same access as other citizens to receipt of medical services under a state plan approved under any of the public assistance titles of the Social Security Act—including Medicaid.

In ths policy statement, worked out by HEW's Office for Civil Rights, Indian Health Service and Social and Rehabilitation Service, ". . . the state agency is responsible for meeting the cost of services to native Americans to the same extent as provided other eligible individuals."

Thus, under the law, the "native" American becomes more equal than just plain Americans. The Indians can use the Indian Health Service free, or the state-supported Medicaid facilities, but the non-Indian cannot use the Indian Health Service.

Arizona's Indian population should receive the best possible health care, but the state should not be asked to assume a cost that has always been in the federal domain. It is estimated that as many as 20,000 reservation Indians may use the state Medicaid program which will cost about $500 per person. The state will pay more than one-third of the cost, and the federal government will pay the remainder.

Sen. Paul Fannin, R-Ariz., is introducing a bill proposing that services provided to reservation Indians under Medicaid be reimbursed totally by the federal government. The effect would be to provide a reimbursement rate for services on the same basis as the Indian Health Service. It is an equitable proposal, both for the Indians and the Arizona taxpayers.

EMERGENCY SCHOOL AID

Mr. MONDALE. Mr. President, the emergency school aid program is currently operating according to House Joint Resolution 219. These programs include a wide scope of activities intended to facilitate the desegregation process in a way which will also improve the opportunities for those who need special assistance to overcome the additional handicaps of racial and ethnic discrimination, cultural isolation, and poverty.

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[2] *Proposed Final Environmental Impact Statement*, ERDA. From Table 11.2–2, page 11.2–33, Sec. 11.

The fiscal year 1975 budget recommendations of the administration include a reduction of funding for ESAA of about 67 percent. Clearly such action can only mean the elimination of these worthy programs in areas of our Nation which have made significant strides in expanding educational opportunities.

I recently had the opportunity to testify before the Senate Appropriations Subcommittee on Labor-HEW with regard to the impact of such a budget cut on a number of our major cities and States.

Shortly I shall be introducing with other Senators an amendment to the supplemental appropriations bill which will insure the continuation of funds for ESAA at a level necessary to achieve its intended effects. I ask unanimous consent to have printed in the RECORD my statement before the Senate Appropriations Committee.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TESTIMONY

(By Senator WALTER F. MONDALE)

Mr. Chairman and members of the Subcommittee: Since 1970, the Federal Government has made significant strides to assist school districts involved in the pressing educational and other needs associated with school desegregation. The Emergency School Aid Act (ESAA), successor to the 1970 Emergency School Assistance Program (ESAP), was signed into law on June 23, 1972, and has provided important resources and assistance to local school districts undergoing school desegregation.

In FY 73, a total of $228 million was made available for expenditures through ESAA, followed by a boost to $236.5 million in FY 74. These funds were distributed through a number of components including basic grants, pilot projects, bilingual and special projects such as reading and mathematics, and Educational TV.

What has the opportunity for ESAA funds meant for individual States? Arkansas was able to implement special reading projects at a cost of roughly $100,000; Florida was able to establish bilingual grants projects at a cost of nearly $2 million; Georgia could implement 14 pilot projects at nearly $2½ million; Mississippi could use nearly $4 million for basic grants; Texas commanding the greatest total dollars at a figure of $25 million, was able to implement 88 basic grant projects, 20 pilot programs, 17 bilingual projects, and Educational TV project; and in my own State of Minnesota, ESAA funds have meant the establishment of basic grant projects at a level of $1½ million. At the same time grants for special projects totalling roughly $3 million were awarded to Guam, Puerto Rico, the Pacific Trust Territories and the Virgin Islands.

Clearly these grants have meant that the American system of education has done much to improve opportunities for those who need special help to overcome the additional handicaps of poverty, racial and ethnic discrimination, and cultural isolation.

Now the Administration's budget recommends that the figure of $236.5 million be reduced to $75 million, a cut of about 67%. In my own State of Minnesota this would mean a reduction to 4,090 students from 12,875 currently being served through ESAA funds. Teachers and aides would also be cut back to ⅓ the number carrying out the undeniably important task of helping cultivated educationally adept and emotionally healthy youngsters. As Larry Harris, Special Assistant to the Superintendent of Schools for Urban Affairs, of Minneapolis so aptly reported to me recently in a telephone conversation, incorporation of President Ford's 67% cut in ESAA funds would be interpreted by our citizens as a "break in faith" of the interests of the government to improve the quality of education for their children, at a time when inflation and unemployment are already shaking their confidence in their country's priorities.

Mr. Chairman, the Emergency School Aid Act is only one of several important education programs we offer to Americans to help reduce inequities where they exist in our society. However small this effort may seem when we assess the total needs, it is of the utmost importance that we do all that we can to continue to support this promising program.

I would encourage the Subcommittee to assess the FY 75 proposal offered by President Ford in light of the current educational needs and reject any effort to reduce ESAA funding below the current level of $236.5 million.

In conclusion I should like to offer a review of the impact of the proposed 67% cut throughout a number of major cities of this nation. At my request, this evaluation was provided by Mr. Sam Husk, of The Council of Great City Schools, and, in my estimation, succinctly depicts the devastation which would occur should the Federal Government appropriate only $75 million for ESAA efforts.

Thank you Mr. Chairman and members of the Subcommittee for this opportunity to present my views on this vital program.

THE COUNCIL OF THE
GREAT CITY SCHOOLS,
Washington, D.C., February 27, 1975.

Senator WALTER F. MONDALE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONDALE: As you know there are several hundred school systems in this nation which are faced with the prospect of losing support for their equal educational opportunity programs. This has been created by the fact that the same administration which recommended one billion five hundred million dollars for Title VII of the Education Amendments of 1972, several years ago, is now saying that the emergency is over after the expenditure of $470 million and two years of program support. This is especially ironic since, when Office of Education Officials were questioned on Wednesday, February 26th before the House Appropriations Subcommittee, the OE spokesman stated that they anticipated they would need $125 million just to meet the needs of newly desegregating school districts in 1975–76. With that level of demand, what will happen to school districts which are currently receiving funds in the second year of operation and to those school systems, especially in the South, who are trying to hold on to the gains they have made?

The original intent of this legislation was to encourage a broad range of programs to reduce the incidents related to the desegregation process and to reverse adverse effects of racial isolation through prevention and intervention techniques. Once again, a funding level of $75 million will fall far short of the mark in trying to meet those challenges. **Districts whose minority student** populations exceeded 50% would be virtually cut out from the program. Therefore, the major urban population centers where the majority of minorities are found, would be denied the funds they need.

To give you some concrete ideas of how $75 million would affect a number of cities, we cite the following:

BUFFALO

The Buffalo Public Schools are presently in the first year of a $1.5 million E.S.A.A. Basic Grant supported program. One of the three components of the project, directly involves more than 550 of the system's professional staff and hundreds of students in intensive inservice activities centered on sensitizing participants to the implications of racial isolation and exploring individual, group, and/or organizational methods of alleviating it. Another, is an open education/individualized instruction program in a predominantly Black, but racially mixed neighborhood school, which has been developed and operated under the E.S.A.A. grant. Lastly, an audio-visual presentation exhibiting the accomplishments of minority groups and the importance of ethnic and cultural diversities in society has been created and presented to the secondary school professional personnel, with most favorable reactions. This city is at present awaiting the determination of the court in a desegregation case. At the same time, as with all large urban school districts, Buffalo is faced with a fiscal crisis, unmatched in its history. Should E.S.A.A. funds be cut at such a critical time, crucial programs such as those mentioned above, will be all but eliminated when they need to be expanded.

DADE COUNTY

Dade County is one of the many Southern school districts who fear that the proposed cut would mean the cessation of advances made over the past years in the fight against racial isolation. Being desegregated and becoming integrated are two different realities. Until the latter is fixed and secure, the need is desperate for funds such as those provided under E.S.A.A. Local and state budget cuts are imminent and the impact of this assures that, if any cuts are made in E.S.A.A. support, many programs initiated under this federal program, could not be picked up by the district from other revenues. More than 12,000 school children would be faced with having human relations, basic skill and bilingual education project involvements stopped; many of the 227 professional, paraprofessional, and auxiliary personnel would be faced with the possibility of unemployment.

DENVER

One of the country's major Northern cities, now under court order to desegregate its school system, Denver reconstituted 123 of its schools last year and changed the assignment of more than 36,000 students. Obviously, not able to be accomplished in isolation from the total system, virtually every one of the 80,000 students and full complement of professional, paraprofessional, and support staff has to be positively involved. The $1.171 million E.S.A.A. allocated to this school system in FY 1975 has allowed for (1) critical orientation programs for all students, staff, parents, and a vitally interested community; (2) the implementation of staff training programs for all staff from superintendent to bus driver; (3) the development of a secondary school program geared to reducing the number of drop-outs among minority students; (4) and the focusing of special multicultural programs on the fourteen elementary schools and two private schools with the highest concentration of Bilingual/Bicultural children. In addition, under a Special E.S.A.A. Project Grant, the Denver Public Schools were able to provide for (1) the necessary expansion of reading package programs so that those children moved to new locations, might be continued in those same programs they had become accustomed to and succeeded in at their original schools, and (2) the important Bilingual communication instruction required by many children in this culturally diverse urban center. The major decrease in E.S.A.A. support would affect these outstanding programs in drastic ways. If a notable reduction of recent allocations was required to meet a $75 million appropriation, it would mean (1) a loss of close to $800,000 worth of support for professional and auxiliary personnel and programs working toward meeting the goals of the E.S.A.A. concept and (2) the plans of a school system desiring to serve children as best as it can while complying fully with the dictates of the court.

DISTRICT OF COLUMBIA

The District of Columbia operates two projects under E.S.A.A. grants: a pilot grant supports an outdoor educational experience for all sixth grade students in the D.C. Public Schools, and a basic grant for tens of thousands of the city's students to participate in career education, special math and reading, and remedial programs. The project employs close to 200 professional and support personnel. If the administration's recommendation is agreed to, (1) the outdoor program would be discontinued, (2) two of the three basic grant components would be eliminated, (3) more than 40,000 students would be negatively affected in that their programs would be ceased, and (4) more than 160 staff personnel would be faced with the prospect of unemployment.

MINNEAPOLIS

The present $1.2 million E.S.A.A. program in the Minneapolis Public Schools gives 40 schools, 12,875 students, 30 teachers, and 135 aides the opportunity to participate in vital programs geared to reducing racial isolation and overwhelming problems created by it. That system estimates that even a 50 percent reduction in their present allocation would make it impossible to maintain current program components. The special academic programs, reading and math, which the E.S.A.A. grant supports and which are so critical in making school changes a more positive alternative, would be discontinued. The skill improvement projects which help develop good self-concepts and, thus, more positive interaction possibilities, would face elimination. Should the administration's proposal be accepted, more than 8000 students, 25 teachers and 90 aides would be unable to participate in, at best, a very watered down program.

PITTSBURGH

The Pittsburgh Public Schools are in the second year of an educational program operating under E.S.A.A. This educational program includes such important functions as remedial reading and math, career club programs, resident environmental education, classroom aides, and teacher inservice training. A new middle school component is included in this year's program and it is designed to help pupils in the transition from elementary to middle school organization. With the opening of the Reizenstein Middle School in the City's East End area (planned for the 1975–76 school year), additional funds will be needed to insure that current E.S.A.A. Middle School Program can be expanded to include this new facility. Reizenstein School will open as a 1600 pupil Middle School, gaining population by voluntary enrollment of pupils, with an expected ratio of 58 percent White—42 percent Black. These students have been previously racially isolated.

As a result of E.S.A.A. funds, students from seven participating schools improved their performance in both reading and mathematics to levels equal to or exceeding expected achievement levels; research is currently being done relative to the collaboration between academic achievement in reading and the development of positive self-concepts; and teachers were able, through inservice training to encourage social interaction in educational settings. Results such as these are encouraging, but need continued funding during this initial critical growth period. Appropriate adequate funding is necessary to continue such worthwhile existing programs and allow for reasonable expansion.

For these reasons, we are urging the Senate Appropriations Committee to support the continuing resolution which reflects the rate and level of fiscal year 1974 reductions in program: $236 million, and to oppose any proposal in a supplemental this Spring for less than $236 million for anything less will result in needless and harmful reductions in the program.

If there is any way we can help, please let use know.

Sincerely,

SAMUEL B. HUSK,
Executive Vice President.

FOOD STAMP INVESTIGATION

Mr. BUCKLEY. Mr. President, serious questions are being raised, both by concerned nutritionists and by alarmed economists, regarding the Federal food stamp program, which supplements the income of millions of Americans by partially subsidizing their grocery purchases.

In order to explore those questions, I have requested the General Accounting Office to undertake an extensive audit of the program's operations. It is undeniable that the food stamp program has provided necessary help to a great many Americans, and my request that it be audited is in no way intended to discount that achievement. The beneficial effects of food stamps are not at issue. Indeed, the very fact that they have become a vital resource to so many of our countrymen should make us all the more determined to protect the program against abuse of its provisions or threats to its fiscal integrity.

That is why we must now ask some hard questions. Does the present operation of the program provide sufficient safeguards against fraudulent use of the stamps? Does it enable a family which uses them to enjoy a better standard of living than another family which receives no welfare subsidy?

Is former Representative Martha Griffiths accurate—and I believe she is—in her estimate that 25 percent of this country's population will qualify for food stamps by 1977? If so, does this not suggest a need to tighten eligibility standards to restrict the help to the truly needy? More to the point, can we afford the slipshod approach now being followed? The fact that the taxpayers have seen the cost of the food stamp program soar from $75 million in 1964 to an anticipated $4 billion in 1974 and $10 billion in 1977 should shock us all into careful consideration of future expenditures, even in the best of causes.

The present administrative costs of the food stamp program devour—the word is appropriate, and no pun is intended—approximately 27 per cent of the funds allotted to it. Are there cheaper, more efficient, ways to insure that foodstuffs, especially from surplus commodities, reach those who need them?

I do not pretend to have answers to all those questions. Indeed, I fear that, at the present time, no one does. That is why it is vital for us immediately to take the first step toward answering them: To address these problems, publicly and pointedly, and thereby to assemble both the information and the expertise we will need in developing sensible and humane solutions to them.

I have specifically asked that the review should examine projected cost increases, eligibility requirements, and expected increases in the number of stamp recipients. It should include a case-by-case study or fraud within the program, an analysis of its administrative expenses, and comparisons between the cost to the taxpayers of food stamps and the cost of direct food distribution to those in need of it. It should compare the eating habits of stamp recipients at different income levels with those of nonrecipients to determine the relative importance of various factors—poverty, nutritional ignorance, dietary unconcern—in causing malnutrition. In addition, it should analyze work incentives either inherent in or absent from both the present food stamp program and its possible alternatives.

I hope all those who are concerned for the food stamp program, and who appreciate the benefits it has brought to so many Americans, will join me in seeking a thorough report on its present operations. For only by defining its problems and eliminating its abuses can we preserve it as an economically sound and socially constructive effort to assist those who most need its aid.

The following communication with Mr. Elmer B. Staats, Comptroller General of the United States, details the potential problems in the food stamp program and suggests specific points of investigation to remedy them. Although there are other, related issues which will require our attention, those discussed herein should alert us all to the gravity of the food stamp situation and the urgency with which we must act upon it.

I, therefore, ask unanimous consent that the text of this letter, requesting from the Government Accounting Office an audit of the food stamp program, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARCH 6, 1975.

Mr. ELMER STAATS,
General Accounting Office,
Washington, D.C.

DEAR SIR: I am presently engaged in a survey of the food stamps program. In the course of my study, I became interested in the recent G.A.O. audit of the system. When a member of my staff spoke to Mr Stan Sargol of the G.A.O., however, I discovered that the audit was not as thorough as I had originally thought.

Mr. Sargol informed him that the audit is two-fold, covering only the aspects of outreach and quality control in the screening process. He was further told that the audit is "broadbrush" and not comprehensive.

Some vital issues are ignored by the G.A.O. audit. The area of projected cost increases, expected rises in the number of eligible recipients, a case-by-case study of fraud, an analysis of the cost of administration, a comparison between the cost of food stamps with direct food aid and an empirical study of the average value of food stamps used to purchase food for a family with "X" number of children at particular income levels in comparison with the amount of money spent by a non-recipient family with "X" children at differing income levels are not covered.

I ask that further studies be carried out which investigate all of the aforementioned areas in light of some disturbing statistical data: costs have risen from $75 million in 1964 to more than $4 billion in 1976 and are expected to reach $10 billion by 1977; 14.9 million Americans are presently eligible for food stamps and former Representative Martha Griffiths has estimated that 25 percent of our population could qualify for stamps by 1977; new examples of fraud are uncovered frequently; the cost of administering the current program hovers at 27 percent; and the formula for aid includes all public assistance recipients and is itemized so as to benefit those whose income is near the highest level which can be reached in order for the recipients to continue to receive aid.

It would be philosophically repugnant to me that a family who receives food stamps would have more funds (cash plus stamps) available to them for groceries than a family which lives without any form of government welfare subsidy. Studies must be conducted in order to uncover any possible provisions in the current program which would allow a recipient family to eat better than the great majority of American families who live solely by their own labors. However, let it be clear that I would find it equally unfortunate that those Americans at the lowest income levels may be existing on diets which are significantly below the minimum standards set by the Department of Agriculture.

A new G.A.O. audit should pay careful attention to current food stamp eligibility requirements. More specifically, I request that the G.A.O. check into such areas as the benefit-loss ratio as the ceiling for eligibility decreases. Thus, I ask that the G.A.O. audit contain six (6) functions:

1. Collect data on past costs of the food stamps program beginning in 1964 and project future cost increases. Compare these results with similar data on the direct food distribution program. Analyze the effects on market process when the Federal government buys commodities which are used in the food distribution plan. Compare the cost of the food stamp program with the current food distribution program. Investigate available food surpluses and estimate future surpluses, with the aim toward determining the feasibility of buying the surpluses to distribute directly to the poor in the place of food stamps. Also, compare direct distribution projected costs with food stamps if the former were to completely replace the latter.

2. Accurately determine the number of Americans who presently receive food stamps and of the number of Americans who will collect food stamps and those who will be eligible to do so. Compile a profile of the incomes of families who qualify for food stamps, including a profile of the families of five who have the largest qualifying incomes. Examine the significance of the number of strikers and students who collect food stamps, and determine if the provisions of stamps to strikers has impact on the duration of the strike.

3. Conduct a thorough investigation into fraud. In particular, note the incidence of counterfeiting, present a sketch of the average purchases of a recipient family, investigate the identification requirements necessary in order to receive aid, and the extent to which stamps are used to purchase items which do not qualify under the program.

4. Determine the cost of administering the food stamps program at all levels of government. Compare this information with the cost of administration in the direct food distribution plan.

5. Study the eating habits of recipients at varying income levels with those of non-recipients at differing levels of income. Compare the cost and nutritional value of the food consumed by food stamp recipients with those of direct food distribution recipients. Investigate as to whether or not the poor purchase food with an eye toward understanding the nutritional value of food and its preparation.

6. Check into the benefit-loss ratio as the ceiling for eligibility decreases. Analyze the work incentives inherent in both food stamps and the food distribution program.

The food stamp program is a highly controversial one. There are many conflicting statistics about the nature and success of the program. A more thorough audit by the G.A.O. could aid greatly in clarifying the issues.

We would be pleased to discuss the matter with you further. If you have any comments or questions, Clifford White or Dan Joy of my staff will be happy to speak with you.

Sincerely,

James L. Buckley.

FOREIGN POLICY

Mr. STEVENSON. Mr. President, before the Nation can settle upon a foreign policy geared to its interests in the world and to the realities of a new era, it must realize that it has no foreign policy—little except habit, impulse, and the adventures of its Secretary of State to guide the conduct of its affairs everywhere in this interdependent and restless world. That point about the absence of principle and purpose to guide and inform our discussion of foreign policy, and its formulation, is made in an article entitled "Is This a Foreign Policy" by David Edwards in the March 8 issue of the Nation.

Mr. President, I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Firefighter's Détente: Is This a Foreign Policy?

(By David V. Edwards)

The United States desperately needs a foreign policy—not a *new* foreign policy, *a* foreign policy. The recent brouhaha over the possible use of force in the Middle East to guarantee oil for the West, the fascination with Henry Kissinger's inner drives, the rush to condemn or defend our meddling in Allende's Chile, the moral exhaustion over our role in Indochina that seems unending—all these media phenomena and cocktail circuit topics seem to have prevented us from realizing that the United States no longer has a foreign policy.

In recent years, there has been growing criticism of American foreign policy—as if we had one. It is not, as some say, that American policy is bankrupt—there are no real assets left at all, but only liabilities masquerading as pieces of policy.

The responsibility lies first, of course, with the Secretary of State. But the important thing is not, as growing numbers suspect and as Richard Nixon is now reported by Charles Colson to have said in 1973, that Kissinger "really is unstable at times." The important thing is that, despite a stunning array of books produced before he took office and the "State of the World" reports he wrote for several years thereafter, Kissinger is a man singularly without the temperament and imagination required to develop a policy sufficiently comprehensive and venturesome to restore to America a world role commensurate with its resources and with the deep concerns of its people. Kissinger is essentially a fireman, unfortunately put in total charge not only of fire fighting but also of fire prevention, law and order, public welfare and the exchequer.

This understood, it is not surprising that the Nixon-Kissinger-Ford "policy" of "a generation of peace" consists almost entirely of periodic pronouncements, exclusive interviews, jet-powered fire-fighting expeditions to the Middle East, hastily drafted arms "control" *aides-mémoires* subject to no reassuring interpretation, and high-level intercontinental visitation. The only thing missing from this panoply is policy. Some have in the past celebrated American improvisation as pragmatic, undogmatic, unideological and constructive, arguing that the nature, the national character, of the United States is such that it couldn't or shouldn't, have a general, over-arching policy. But that view, popular though it has been, is a misreading of American history from the days of the founding fathers, as well as a misunderstanding of the requirements of the emerging world situation and a misperception of the concerns of the American people.

Just as the founding fathers had a foreign policy of avoiding "entangling alliances," so that the New World could develop its strength and set a moral example for corrupt old Europe, so the fathers of the cold war in America—such bold and imaginative men as Marshall, Forrestal, Acheson and Dulles—developed a policy of entangling alliances to encircle any and all Communist states and to organize military resistance to changes in the *status quo* that might threaten the safety and prosperity of American capitalism around the world. However misguided all of those involved may now seem to many of us, there can be no doubt that America had and sustained a viable foreign policy in those years—with considerable assistance from the Kremlin and the domestic subversion hunters.

The cold war was socially created and maintained by the United States and the Soviet Union, sometimes through cooperative intransigence, at other times through inadvertence. But the usefulness of the cold war to the superpowers for reasons of domestic politics and economic interests eventually waned, and the emergence of independent Third World countries, destined to entice close-range superpower confrontation and ultimately nuclear proliferation, undermined the shared American-Soviet world view that was the keystone of the cold war. And so the cold war crumbled.

With it degenerated American foreign policy. But both pundits and policy makers were slow to notice this, for the *appearance* of policy survived the disappearance of the cold war, primarily for two important reasons.

First, American policy had long since taken on a *territorial* focus. What had originated as end-goals or process-goals — primarily strengthening anti-Communist regimes and teaching lessons to international aggressors—became transmuted into territorial goals: defending each and every border that marked off states having Communist regimes and "drawing lines" to establish the precise points for resistance to aggression. And this territorial mentality survived the cold war around the world, but most flagrantly in that least appropriate, least territorially boundaried region, Indochina.

The second reason for the persistence of the appearance of policy where in fact there was none was the obsession with *means*—meeting military force with military force, military aid with military aid, Sputnik with Sputnik, high school science with high school science. These means overwhelmed and often themselves defeated the ends they were to serve, not only in the world but in our minds as well. Nonetheless, the American experience in Vietnam—the nonterritorial venture that so discredited the efficacy of American military force—ended even that residual appearance of policy.

The only available surrogate for the vanishing cold-war policy of forceful resolve was the crippled orphan named "détente." The opening to China, the SALT accords and the Mideast mediation became the communal fathers of détente, not only in Washington but in Moscow, where the absence of policy was, if anything, even more characteristic.

In the despairing aftermath of Vietnam, when everyone wanted to avoid the anguish that would accompany recrimination, it is not surprising that everyone from Kissinger through Fulbright to the liberal press and public adopted the orphan. Nor that so few recognized and fewer still reported that the orphan, like the cold-war emperor, was naked.

What Kissinger has sought but cannot possibly achieve is détente without entente—relaxation without the basic understanding that must undergird any successful effort to reconstruct superpower relations on any basis other than cold-war hostility. The changes built on détente without entente can prove only evanescent and misunderstood—as has already happened in Vietnam, the Mideast and SALT.

The cold ware *was*, despite its apparent virulence, a kind of condominium in which the superpowers controlled the conflict between them and supervised that involving their allies. That era is gone now, a casualty of successful postwar reconstruction and decolonization. No comparable condominium could be achieved now, even were Air Force One to be constantly airborne. Just as Air Force One and "Western civilization" require fuel, so does détente require entente.

And the entente now required is not simply a shared superpower understanding, a modernized "sphere-of-influence" arrangement, but a cooperatively developed new basis for relations among all four worlds and the concomitant domestic understandings that will allow for bigger gambles, greater benevolence and occasional failures.

The present détente is obviously besieged in both capitals by the military chieftains and the Senator Jacksons, for whom sincere conviction and political opportunity have fortuitously coincided to inspire what one hopes will eventually prove largely purposeless domestic quarrels, but which surface successfully and even glamorously in the policy vacuum and intellectual bankruptcy that still pervade Washington and, apparently, Moscow.

This pervasive bankruptcy and the domestic opposition to détente can be traced to the unquestioned, fundamental consensus among policy makers, politicians and pundits on the necessary role of military force as arbiter of world affairs. Kissinger and Jackson, the generals and the columnists, Brezhnev and Ford, all are at root Realists—self-pronounced and capitalized—sharing the old cold-war theory of world politics as a struggle of military force and will, in which the only hope for peace is an accommodation between two armed camps.

But the world has changed so drastically from the era when that seemed possible—what with the development and proliferation of nuclear weapons, the liberation and assertiveness of new states both rich and poor in commodities and natural resources, the emergence of nonstate—even anti-state—actors such as multinational financial and industrial enterprises, the opportunities seized by revolutionary terrorists—the list could go on and on.

Moreover, when we try to face new issues—the survival of the global ecosystem and the reconstruction of the global political economy—in a world of new actors, we still face them with old means: force, threats, deals, alliances, cartels. And many of the emerging actors naturally adopt our means exactly as they emulate our *bricolage*—the "fix-it" improvisation of Western civilization's head handyman, Henry Kissinger. For if it is astonishing that we no longer have real ends, it is not astonishing that the lesser states in the Third and Fourth Worlds tend to imitate us.

The lesson of this is that those who expect the newer states to fashion images of a new world order and to lead the older states of the First and Second Worlds on the path to redemption deceive themselves. The new states can upset the existing order, forcing reconsideration of unquestioned premises in the older states, but if there is to be a new world politics, it must be engineered by the major states; they have the resources and position to foster it. And since there is little reason to expect the required imagination and initiative to emerge from Moscow, the burden and the opportunity must fall predominantly on the United States.

Thus the United States must have a foreign policy—a policy not constructed in patchwork fashion from the fragments of the cold-war condominium and an admixture of deference to movements for national liberation and ecosystemic protection. A new American policy must be based upon a fresh examination of underlying realities of resources and actors, and upon an imaginative development of effective means and defensible ends.

The real politics, the determinant politics, of the era now emerging, not only in the world but in the nation, are the politics of energy—of human energy from food and of industrial energy from petroleum, the atom and the sun. The politics of military force and even those of economic arrangements pale in the face of strains on the food and fuel essential to the survival of men and machines, and even more vital to the survival of human hope and material progress on which empires and individual careers rise and fall.

These new concerns and currencies of politics at home and abroad have already generated new actors who challenge the supremacy of the nation-state, and who in coming decades may even threaten its very survival. Our world of nation-states composed of loyal citizens is increasingly being challenged by cross-cutting pressures from multinational enterprises with opportunistic careerist employees and transnational organizations with nonnational bureaucrats, as well as anti-national terrorist organizations. Furthermore, those citizens of leading states who are not also members of multinationals or transnationals are increasingly awakening to global perspectives on the energy, human and industrial, that is the lifeblood of the states, and on the dangers of ecological rapacity and pollution. The emergent concept of territory, like the last frontier, is now global.

The net result of these new institutions and attitudes, still difficult to perceive without looking carefully, is major challenges to the allegiance of individuals. No state can long rule its people—let alone others—without the unquestioning allegiance of most of its citizens. Compulsion is no longer an option in the major states of what Kissinger terms "Western civilization" and will become increasingly difficult for the others as well.

In this context, if the nation-state is to survive the new challenges within and across its borders, it must again engender the confidence and commitment of its residents that once derived from its capacity to provide an autarkic security now no longer possible. Such popular confidence and commitment now depend more on economics than politics, more on resources than weapons. There will be no alternative to redistribution of the world's resources—a redistribution that will make the recent shift achieved by the OPEC countries seem trivial by comparison.

These energy resources and the requisite technology will be the major means of any new American foreign policy. But means without ends will be ineffectual and, still worse, uncompelling to the populace that will be called upon to sacrifice. Thus it is to ends that immediate attention must be given. For only enticing ends can engender the popular support for policy that détente without entente has been unable to muster. And ends can engender support only if they have a basis in ethics.

What then of ends? Many now argue that we need *an ethics of interdependence*—an ethics grounded in the proposition that if we are not our brothers' keepers our brothers will be our executioners. But for Cain and Abel we can substitute American democracy and Soviet communism and we are back in the global cold war of fraternal enemies. The ineluctable problem with an ethics of interdependence is that it derives its motivation from fear and is built upon an assessment of human nature as being self-centered and selfish—an assessment that appeals to, exploits, and engenders the worst in the ambivalent creatures we all are.

People are less likely to be good when informed or reminded that others are bad and so threaten them. They are more likely to be good if they are reminded of the constructive human impulses that are every bit as central to their natures. And the same is true of states. The more we emphasize the threats of our health and welfare posed by others, the more we sicken our own selves, warp our impulses, and render self-fulfilling our distorted images of men and nations.

Such assertion may sound unrealistic to those of us so conditioned by war, hot and cold. But it is only out of sorts with the presuppositions that undergird our policy in the era of the cold war and our lack of policy today. If we cannot appeal to and strengthen the nobler virtues of people at a time when our states and, *pace* Kissinger, our civilization, will indeed be strangled—by our own hand. When one thinks of the ready critiques of such efforts at reconstruction by self-pronounced realists of good will and earnest intent, one is reminded of Bertolt Brecht's remark about the vitriolic Viennese social critic Karl Kraus: "When the age came to die by its own hand, he was that hand."

Many of the best-willed critics of proposals for reconstruction share with the earnest advocates of interdependence a negative cast, a reliance on threats to our future, that will no longer allow us the imagination and beneficence that alone could promise not just preservation but improvement of the human condition on planet earth.

Most arguments for redistribution of the world's resources toward the needy appeal to desperation—fear that if we do not surrender some of our surplus now, the poor and hungry will soon seize much more, or else destroy it all. The point is not at all that these projections are not real prospects. Rather, the point is that our reliance on arguments from interdependence, far from ennobling us and our cause, will prevent us from moving toward the fundamental bases for constructive relations among people and between states.

In the longer run, internationally as locally, interdependence is not enough as a basis for a satisfactory global society, true though it be ecosystemically. As we know from our own experience, the only adequate basis for good relations is the exchange of nondependent things, of goods, deeds and words that one could otherwise obtain or achieve by oneself. In interpersonal relations, it is the good-will gift, the bonus, friendly word, courtesy and kind deed, that make the difference between correct formal relations based on reciprocal need or even fear, and friendly constructive relations. The same will prove true in relations among states.

And if we do not soon move, in international relations, beyond the realm of correct relations governed by the fear of what we can do to one another, into the realm of creative social relations among peoples and between states, the fabric of world affairs will not become strong enough to survive the wrenching redistributions, the military threats and the diplomatic failures that are inevitable in the impending age of states and anti-states, of ecosystemic reconstruction, of economic redistribution, and of newly mobilized and less state-oriented populations.

Such new patterns of relations are difficult to envisage while Indochina and the Middle East fester, weapons systems proliferate, economic structures falter and people lose faith. But these very conditions define the time when movement toward new ends and means is perhaps at last possible.

The new means must be increasingly directed toward individuals rather than bureaucracies. An example of both what is needed and what must be combated can be found in reaction to last year's hurricane in Honduras. Upon reports of devastation, citizens of Louisiana immediately gathered relief items, for they knew what it was to be devastated by a hurricane. The relief provisions were loaded upon National Guard airplanes for shipment to the people of Honduras. But the planes were not allowed to take off because the Pentagon refused permission, allegedly, it was reported, because it did not want to encourage in the Honduran people expectations of further American aid. And, when finally they were allowed to leave, the Honduran military commandeered the cargo and sold it on the black market.

The problems of bureaucracy and rapacity are as clear in such an event as the feelings of good will and empathy of ordinary people—citizens, really, of the world. Common instances like that, along with evidence that at a time of widespread economic privation American giving to charitable organizations hit an all-time high last year, and that public opinion polls express widespread concern for and desire to help the hungry abroad even though it raises the price of food at home, indicate that the will is still present in the American people. They are concerned and generous beyond their government's apparent wishes.

In these circumstances, it is time that our government, and the other governments of the world, take major steps to de-construct their feuds and reconstruct their relations. President Eisenhower once remarked that the people of the world wanted peace, and that it was time the governments recognized this and gave it to them. He might have added that if they don't the people will take over and obtain that peace themselves, or bring the entire fragile structure of counterpoised war machines and dueling diplomats crashing down in their efforts to get it.

That is a price we need not pay. But the only alternative to it—the only alternative left to the Fords and the Kissingers, the Brezhnevs and the Kosygins—is a foreign policy that abandons our ritual dance of death for a recognition of our interdependence, and then goes beyond that to a program devoted to constructing a fabric woven of cooperative development of food and fuel as human and industrial energy, a redistribution of wealth, a renunciation of force, and encouragement of full relations, not just among policy bureaucracies but among peoples. That is now the only alternative to the "generation of wars and pillage" that seems the inevitable chaotic result of the present lack of an American foreign policy.

THE PRESIDENT'S ENERGY PROGRAM AND ALTERNATIVES TO IT

Mr. BROCK. Mr. President, the difficulty of finding a concise and clear analysis of the petroenergy problem has probably troubled every Member of this body.

William A. Johnson and Frank R. Wyant have just published a paper that provides an excellent economic insight into the effects of various energy proposals. The article makes two important points.

First, the two economists demonstrate that a gasoline tax would not be more equitable than a tax on crude oil. Second, they argue that an allocation system similar to the one used during the Arab oil embargo fails to provide an acceptable solution to our petroenergy needs.

The fundamental problem identified by the authors with a gasoline tax is that—

> It would force certain sectors of the economy . . . and certain segments of the population . . . to bear a disproportionate share of the burden.

States or regions that consume a higher percentage of petroleum per capita will be forced to pay more in taxes than those areas with lower per capita usage. For example, the range of usage of petroleum products for transportation only starts at a low of 12.4 barrels per capita to a high of 19.2 barrels per capita.

This difference is not a reflection of the driving habits of those who live in certain areas. Rather, it mirrors the large differences in distances, availability of public transportation, and the urban-rural ratio of the area. It is unfair to force those who live in sparsely populated, rural areas to bear the brunt of the energy reduction burden.

With regard to an allocation scheme, the authors correctly identify this as a method of "rationing by inconvenience." We sometimes have a tendency to remember that the allocation system used during the Arab oil embargo was a success. This, of course, is not true. Public resistance to lines and other inconveniences forced the Government to utilize inventories. Had the embargo not been lifted, the rapid drop in inventories would have lead to massive disruptions.

In light of the excellent contributions of this article, I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Some Comments on the President's Energy Program and Alternatives to It

(By William A. Johnson and Frank R. Wyant)[*]

On January 15, 1975, President Ford announced major new initiatives intended to reduce imports of oil by one million bpd by the end of 1975 and two million bpd by the end of 1977. It is anticipated that the United States could become invulnerable to foreign supply interruptions by 1985.[1]

As a whole, the Administration's program merits praise and, if implemented fully, probably could accomplish the objectives set for it. Especially important is its emphasis on using price incentives and not volumetric controls to achieve its ends. One might question particular features of the program, such as the severity of the proposed windfall profits tax and the program's overall impact on the economy. Perhaps its greatest weakness is the interdependence of its parts; the absence of any one component of the program could result in policy changes worse than doing nothing at all. Unfortunately, the best features of the program are most vulnerable to Congressional action or inaction, while the least desirable features are least vulnerable.

The Administration's energy program has been likened to a gun at the head of the Congress. The President has seized the initiative and it is now up to the Congress either to accept the President's program or to come up with one of its own. The Democratic leadership in Congress is now drafting an alternative program which, it is expected, will be completed by early March. Many different alternatives have surfaced, such as gasoline rationing, gasoline taxes, and import quotas. It is not yet clear whether the opponents of the Administration's program will be able to agree on an alternative. The Administration, as it were, has overturned a long dormant rock. Insects accustomed to hiding in darkness are now scurrying about in search of cover.

THE ADMINISTRATION'S ENERGY PROGRAM

The President's proposals consist of a number of initiatives that require legislative action. They also contain some that do not. The heart of the program is several measures that would raise the prices of oil and natural gas to consumers and, in this way, reduce demand. The proposals would, to a lesser extent, provide incentives for new production.

Deregulation of Natural Gas and Crude Oil Prices. The first and most important pillar of the Administration program is removal of price controls on natural gas and crude oil. The President is once again asking the Congress to deregulate new contracts for natural gas produced at the wellhead. His request appears identical to that submitted to the 93rd Congress. The Administration's proposal was not even considered seriously by that Congress; it is even less likely to be considered seriously by the 94th Congress. Unfortunately, deregulation of new natural gas would, more than any other single reform, do much to resolve the long-term energy problems of the Nation. Compromise is possible but unlikely. The most probable outcome is that the Congress will, once again, do nothing.

Perhaps more important, only because it is slightly more tractable, the President has announced that he will remove the price ceiling on domestic "old" oil by April 1, 1975. In August, 1973, the Cost of Living Council created the so-called "two-tier" price system for crude oil. "Old" oil is subject to a price ceiling, while new and released crude oil can be sold at the free market price.[2] This price will be roughly equivalent to the landed cost of imported oil. In November, 1973, Congress deregulated stripper crude. This is defined as production on leaseholds yielding ten barrels or less per day. In short, a complex system of price controls has been created under which roughly 40 percent of the crude oil consumed in the United States is subject to a ceiling of $5.25 per barrel, while the remaining 60 percent sells for between $11 and $12 per barrel. The two-tier system has created an impossible competitive situation for refiners and marketers unfortunate enough to consume relatively large amounts of high priced oil. It has also created a political donnybrook as various vested interests try to use their influence to obtain, for themselves, the economic benefits resulting from possession of old oil. Succumbing to this influence, the Administration announced in December, 1974, an old oil entitlements program that will redistribute the possession of old oil to refiners and certain importers of refined products. If for no other reason, the decision to do away with the price ceiling on old oil and, in effect, the two-tier price system will be a major benefit to the nation. It will also do away with the justification for the entitlements program.

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[*] This paper was written under a grant provided by the National Science Foundation, Office of Energy Policy. William A. Johnson is currently a research professor of economics at The George Washington University in Washington, D.C. He was formerly Director of the Office of Energy and Natural Resources in the Department of Treasury and Assistant Administrator for Policy Analysis and Evaluation at the Federal Energy Office. Frank R. Wyant is a graduate student in the Department of Economics at The George Washington University.

[1] The program was first presented in the President's State of the Union Message and is outlined in the White House fact sheet for the State of the Union Message, dated January 15, 1975. Unless otherwise specified, all data and references to the program are taken from the fact sheet.

Deregulation of old oil could impact especially hard on the gasoline market because of a change in price regulations proposed by the Administration. Refiners may now be allowed to pass on a disproportionate share of their raw material costs to gasoline, but not to other products.[3] In theory, at least, the price of gasoline could rise disproportionately. The peculiar treatment of gasoline is one of the less desirable features of the deregulation program. It reflects a strong sentiment in the Congress, especially, for loading most of the demand reductions on gasoline rather than other fuels.[4]

The deregulation of old oil will result in about half of the one million bpd reduction in demand for oil desired by the Administration. It would also encourage some increase in production, although by how much is uncertain: The two-tier system has provided ample incentive for new drilling. However, at the same time, it has discouraged production from existing wells. This has occurred in at least three ways. First, the average well in the United States yields 18 barrels per day; there are, in other words, many wells that produce at levels just above the 10 barrel limit for stripper wells given by the Emergency Petroleum Allocation Act. By cutting back on the output of these wells by a few barrels per day, producers can legally double the price of their crude oil. Second, it frequently does not pay to employ secondary and, especially, tertiary methods of recovery at $5.25 per barrel, while many of these methods would be remunerative at $11 per barrel. Enhanced recovery is most likely to be applied to declining wells, i.e., wells whose production is defined as old oil under the government's price regulations. Finally, and perhaps worst of all, there is an incentive under the two-tier system to shut in and plug old wells if the casing steel, pipe, pumps and other oil country equipment at these wells can be used more profitably at newly drilled wells producing unregulated new oil.

Unfortunately, having proposed to deregulate crude oil, the President, at the same time, has virtually assured that dergulation will not occur. In his State of the Union Message, President Ford acknowledged that the Congress has the right, under the Emergency Petroleum Act of 1973, to reverse the President's action. According to this Act, either House of Congress by a majority vote within five days after the Administration acts to deregulate oil may vote to reverse his action. Also, the deregulation can last for only ninety days, after which the President must issue another order subject, once again, to possible reversal by the Congress. This provision in the Act all but dooms the deregulation of crude oil unless some form of compromise can be achieved. It also diminishes any incentives for new investment in crude oil exploration and production. A company is unlikely to commit the necessary funds if, after ninety days, the price of crude oil may be reduced by either the President or the Congress.

Allowing Congress to veto the President's action was probably unnecessary. The provision of the Emergency Petroleum Allocation Act refers to the removal of controls; whether it also refers to raising the ceiling on old oil prices is doubtful and, at best, subject to interpretation by the courts. It would have been better strategy to set an old oil price of, say, $10 per barrel. There is precedent for not giving Congress the right to overrule increases in price ceilings. On December 18, 1973, three weeks after the Emergency Petroleum Allocation Act became law, President Nixon raised the ceiling on old oil from $4.25 to $5.25 per barrel. At that time, the possibility of Congressional disapproval under the Emergency Petroleum Allocation Act was not even contemplated, either by the Administration or by the Congress. This alternative way of eliminating the two-tier system might be reversed by the Congress. However, it would take a two-thirds vote of both houses. It would, in other words, stand a far better chance of survival. It would also provide far more certainty to producers and, therefore, far greater incentives for new investment.

The Windfall Profits Tax. The second pillar of the President's program is a windfall profits tax. The deregulation of crude oil has been opposed with some justification, on the ground that it would allow domestic producers to become de facto members of OPEC. They would be permitted to earn very substantial monopoly profits from the sale of U.S. oil at world prices. The President has proposed a windfall profits tax on oil to transfer most of these profits from oil companies to the Federal Treasury.

The term "windfall profits tax" is in some respects a misnomer. It is in form an excise tax designed, in its first month, to tax away about 88 percent of the profits that would result from allowing U.S. producers to sell all oil at prices above December, 1973 levels. The tax would, in effect, place a ceiling on the price of all oil produced in the United States. This ceiling would rise over time and phase out after three years.

This component of the President's program has received the greatest criticism from the oil industry. The government estimates that the first month's ceiling price on domestic oil will be $6.28 per barrel.[5] This ceiling is well below the current weighted average price of old, new, released, and stripper crude and would result in a diversion of financial resources from producers to the government. Decontrol of old oil is expected to increase the public's expenditures on oil by about $11 billion in 1975. The windfall profits tax will yield more than $14 billion in tax revenues so that an estimated $3 billion of existing industry profits would be transferred to the government this year. According to industry critics, this will create a cash flow problem that will, in turn, lessen the industry's ability to invest in new productive capacity. Producers will also be less able to borrow investable funds on future production because its value will fall. The windfall profits tax, is in effect, a price roll-back which, critics charge, will discourage progress toward domestic self-sufficiency.[6]

Some officials in the Administration admit, privately at least, that the proposed windfall profits tax is excessive.[7] However, the roll-back is a deliberate policy which, according to FEA Administrator Frank Zarb, was adopted because the current price of new oil is "too operative"; it has been more than enough to stimulate new production, with the result that there are now serious shortages of drilling rigs, tubular steel, and other oil country goods. The Administration view is that, until physical limitations on drilling disappear, higher crude oil prices will only result in higher drilling costs.

There has also been sharp criticism of the President's proposals because of their failure to include a plow back provision allowing companies to deduct from the tax those profits reinvested in expansion of the energy industries. This, too, was deliberate. Opposition within the Administration to a plow back provision is not without some justification. Although a plow back provision might encourage reinvestment of profits, it might also encourage wasteful expenditures by producers merely to reduce profits before they are taxed away. There may, for example, be excessive bidding on government leases, which is simply another form of tax. As one oilman put it, "As long as we can gamble with the government's chips, the sky will be the limit." It is also difficult to distinguish between investment in the industry and other types of expenditures. An oil industry executive might take a trip to Colorado to study oil shale. Or he might go to Colorado to do some skiing. A plow back provision would, in short, make the windfall profits tax difficult to administer and enforce. For this reason, it is strongly opposed, particularly by those officials within the Administration charged with setting and administering tax policy.

Although, in principle, some form of a plow back is desirable, a plow back provision is not the best way to achieve this end. Far better would be an increase in the ceiling on oil prices implied by the windfall profits tax so that there continues to be adequate funds for investment in the industry. A more realistic initial ceiling price would be the current weighted average price for domestic oil, which is now about $8 per barrel. This would appear far less punitive and, for the industry as a whole at least, would involve no reduction in funds available for reinvestment.

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[2] On February 19, 1975, a federal court of appeals ruled that deregulation of new oil violated the legislative intent of Congress. What this will do to the two-tier system remains to be seen.

[3] Federal Energy Administration, proposed rule making, January 14, 1975. FEA's price controllers are now working on a new set of regulations that would *require* a higher than proportional cost pass-through on gasoline and a lower than proportional cost pass-through on other fuels. Reintroduction of the "twist," we are told, is a result of a White House directive stemming from an effort to find a common ground with Congress and, especially, key Congressmen from the Northeast.

[4] It has been alleged that most luxury and wasteful uses of oil occur in the consumption of gasoline and that gasoline demand is also, for this reason, most price elastic. There is, in fact, little evidence for these assertions. There are substantial opportunities for conservation of other oil products, as well as other energy sources, by both households and industry. (For example, see National Petroleum Council, *Potential for Energy Conservation in the United States: 1974–1978*, Washington, D.C., NPC, 1974. See, also, Federal Energy Administration, *Project Independence Report*, Washington, D.C., FEA, 1974, pp. 153–198) By loading the burden of price increases and demand reductions on gasoline, the Administration will help to unbalance existing refinery yields and penalize industries, such as tourism, regions of the country, such as the west and midwest, that are heavily dependent on the automobile. This issue is discussed at greater length later in this paper.

[5] *Department of the Treasury News*, January 23, 1975.

[6] See, for example, *Oil and Gas Journal*, January 27, 1975, p. 76, and February 3, 1975, p. 61.

[7] Some have stated this publicly. For example, see *Platt's Oilgram*, February 14, 1975.

There is little likelihood that the windfall profits tax will be enacted by Congress in the form proposed by the President. The independent producers have strongly opposed this tax. So has Senator Long of Louisiana who occupies a key position as Chairman of the Senate Finance Committee. In all probability, some form of a plow back will be included in any windfall profits tax that is approved by the Congress.

Import License Fee. The third pillar of the President's program—it might better be called a prop—is a decision to raise the license fee on imports of crude oil and refined products by $3 before April 1, 1975. A $1 increase in the license fee was imposed by Presidential proclamation on February 1. Additional $1 increases are scheduled for March 1 and April 1.

The license fee was established in April, 1973 as a substitute for volumetric import quotas. It was justified under Section 232 of the Trade Expansion Act of 1963, which authorizes the President to do whatever is necessary to assure that oil imports do not jeopardize the U.S. national security. This is one action by the Administration that does not require Congressional approval or concurrence. However, it may well be reversed by the Congress.

The prices of new, released, and stripper crude will be allowed to rise by an amount equal to the import license fee. In theory, the new unregulated price should be between $14 and $15 per barrel. Barring deregulation of old oil, this would increase the disparity between the free market and controlled price of oil to nearly $10 per barrel. The Administration plans to use the entitlements program to spread the $3 price increase among all users of crude oil. This will mean, again in theory, an average price increase for all oil of $1.80 per barrel. This increase is expected to reduce demand, and presumably imports, by about 500,000 bpd.

In addition, as of February 1 product imports will cease to be covered by the Federal Energy Administration's entitlements program. Instead, those importers eligible to receive entitlements will now be eligible to receive a rebate of the license fee which, it is thought, will provide them with comparable benefits under the new program. This rebate will equal $1 per barrel in February, $1.40 in March, and $1.80 thereafter.

This is a complicated and rather cumbersome way of imposing an across-the-board tax on all oil without the sanction of Congress. However, it is likely to be highly inequitable, largely because the entitlements program is a regulatory morass that has not achieved its stated objective—equalization of crude oil costs for all users. Rather, the entitlements program tends to scramble cost differentials resulting from possession of old oil. Because of the inadequacies of the entitlements program, several relatively high cost refiners are being forced to subsidize their lower cost competitors. Certain small refiners must subsidize several major oil companies, while some product importers are eligible for entitlements and others are not.

The President's decision to increase license fees is under strong attack by the United States Congress. The House of Representatives has passed by a three to one vote a bill that would prevent an increase in license fees for ninety days. The Senate has passed the same bill with just enough votes to override a veto.

Proposed Excise Tax on Crude Oil and Natural Gas. Because the license-fee and entitlements proposals are a clumsy way of imposing a tax on all oil of about $1.80 per barrel, the President has also asked Congress to pass within ninety days a comprehensive energy tax package that would include an excise tax on domestic oil equal to $2 per barrel and an equivalent tax on a Btu basis of $.37 per thousand cubic feet of natural gas. After passage of this tax, the President would lower the license fee on imported oil to $2 per barrel. The fee charged to certain importers of refined products would also be increased to $2. In theory, at least, the excise tax would yield the same results as the license fee and entitlement program. However, it would be a lot neater, more direct and almost certainly more equitable.

The President's tax and license fee proposals would result in an estimated increase in government revenues of $30 billion in 1975. To offset the deflationary impact of this increase in revenues, the President has also asked Congress to vote a tax rebate of $25 billion. The remaining $5 billion would go to the state and federal governments to offset their increased costs of refined products.

The $2 excise tax and license fee is clearly better than the $3 license fee spread across all refiners by means of the entitlements program. However, whether the tax, itself, is in the best interests of the Nation is arguable. There will be some reduction in demand if prices rise. However, the market for oil is already extremely weak. The tax will also squeeze profits and, for this reason, dampen incentives for investment in the industry.

Some observers believe that the increase in the license fee may also encourage price increases by the OPEC countries. OPEC's original round of price hikes in 1971 was motivated by the realization that high taxes in Europe on top of low prices for the producing countries effectively transferred resource value from the treasuries of the producing countries to the treasuries of the consuming countries. OPEC may decide that a higher U.S. tariff would justify further price increases. However, there is now a glut of crude oil on the world market. OPEC's power to maintain let alone increase crude oil prices is weakening.

There is good reason to question whether the government should attempt to do anything more than allow the free market to operate. The excise tax and license fee would raise the import price above the free market level. This will, in turn, raise prices to consumers by an amount which, we believe, will be unnecessary to achieve the Administration's objectives. More on this later in the paper.

Other Proposals by the President. The President has also called for other policy changes, most of them requiring action by the Congress. In general, these proposals are excellent and would go a long way toward freeing the United States from excessive dependence on imported oil by 1985.

1. *Production at Elk Hills Naval Petroleum Reserve*. If developed, the Elk Hills Naval Petroleum Reserve in California could reach production of 160,000 bpd early in 1975 and 300,000 bpd by 1977. Elk Hills oil would be used, in part, to increase the Defense Department's storage. The rest would be sold to the public or swapped for Defense Department needs, with the revenues to be used to finance further exploration and development of the naval petroleum reserves and the building of strategic storage.

2. *Exploration, Production, and Development of NPR #4*. The President will also ask Congress to enact legislation allowing development of NPR #4 on the Alaskan north slope. Most of the oil produced on NPR #4 would be consumed in the civilian sector; 15 to 20 percent would be earmarked for military uses or strategic storage.

3. *Strategic Petroleum Storage*. The President will request Congressional authorization of domestic storage of a billion barrels and military storage of 300 million barrels. The increased storage capacity will presumably be owned and operated by the U.S. government. This raises the question whether it might better be owned and operated, as in many European countries, by private interests. In several of these countries, for every barrel of imports importers are required to maintain a certain amount of storage.

4. *Amendments to the Clean Air and the Energy Supply and Environmental Coordination Acts*. The President will also ask Congress to enact a number of amendments to existing environmental legislation that would, among other things, allow greater substitution of coal for oil and delay enforcement of nation-wide auto emission standards.

5. *Surface Mining Legislation*. The President will submit to Congress a bill providing for more balanced restrictions on surface mining, removing from the bill passed by Congress in 1974 and vetoed by the President some of the provisions that would have discouraged increased output of coal.

6. *Import Price Floor*. The President will request legislation authorizing a minimum price for crude oil. This minimum price, it is hoped, will reduce uncertainty about future price levels and, thereby, encourage investment in exploration and production of relatively high cost alternative sources. This proposal deserves mixed notices. Although it may be useful to have assurances that, at some time in the future, domestic oil will not be undercut by lower priced imports, the impetus for this proposal has come not from the industry but from the State Department. By and large, the industry seems willing to assume the risks inherent in investing in exploration and production at today's free marekt prices. Current drilling rates are evidence of this. Perhaps worse, depending on the level of the floor, a guaranteed domestic price may encourage inefficient and costly alternative sources of oil whose development might be better left to the future. Oil shale is a possible example. Public guarantees to inefficient industries could penalize the taxpayer and/or the consumer unnecessarily.

7. *Aid of Utilities*. The President will also ask Congress for changes in the tax law as well as authority to mandate changes in state utility regulatory practices to encourage construction of electric power plants.

8. *Siting Legislation*. In order to reduce barriers to energy facility siting, the President will request Congress to enact legislation that would require the states to develop comprehensive plans for the siting of energy facilities. This legislation would also require expeditious review of applications for energy facility sites and would prevent local governments from overruling state decisions.

9. *Conservation Measures*. The President will also make several administrative actions and request legislation to encourage greater energy conservation. Among the proposals mentioned by the President are federal standards for automobile and appliance efficiency, mandatory thermal efficiency standards for new homes and commercial buildings, and a residential conservation tax credit and direct subsidies to lower income families to encourage improvements in household thermal efficiency.

10. *Emergency Stand-By Authority*. The President will request legislative authority to establish, on an emergency basis in the event of a crisis, a mandatory conservation program, allocation of petroleum products, the control of prices, rationing of fuel among users, allocation of materials needed for energy production, emergency increases in the production of domestic oil, and regulation of petroleum inventories. Implicit in this request is the assumption that existing price and allocation controls will be allowed to expire on August 31, 1975.

11. *Research and Development*. Finally,

the President will ask Congress for additional funds for research and development, particularly in synthetic fuels.

It is hard to find fault with many of these proposals. Indeed, some of them may be the only parts of the President's legislative package which Congress will enact. If enacted, they would go a long way toward solving the longer-term problems of energy security for the United States.

THE PROBABLE IMPACT OF THE PRESIDENT'S PRICE AND TAX PROGRAM

The Administration's program is a complex although comprehensible effort to encourage significantly greater conservation of oil. If all parts of the program were implemented, it would probably achieve substantially more than the savings desired by the Administration. The average increase in crude oil prices would be about $4 per barrel and, by Administration reckoning, $30 billion in revenues would accrue to the Federal Treasury in 1975. Because these revenues are to be rebated, the tax proposals would presumably affect relative prices but not purchasing power.

There has been substantial criticism of the probable economic impact of the President's program. For example, it is argued that there would be a delay in the rebate. Prices would rise immediately; the rebate would occur only after passage of appropriate legislation by the Congress. The Treasury Department argues, instead, that the tax measures would be neutral during the first quarter of 1975 and will then provide some fiscal stimulus during the remaining quarters of the year.[8]

The Federal Energy Administration also estimates that the Administration's program will increase the Consumer Price Index by only 2 percent.[9] The total cost to the average household is expected to be $275 for the first full year the program is in operation.[10] These estimates assume that the depressed economy would help to keep prices down with the result that there will be some reduction in energy industry profits.

Administration estimates of the impact of the President's program have been hotly disputed, even by some officials within the Administration itself. The Congressional Research Service of the Library of Congress undertook a quicky impact study at the request of the Representative John Moss of California. This study concluded that the energy proposals would cost $50.3 billion rather than the $30 billion projected by the Administration. The effect of oil and gas price increases, it concluded, would be so significant that 1974's 12 percent rate of inflation would continue through 1975. Senator Jackson has asserted that the increased cost to the average household would be $800 rather than the $275 estimated by the Administration. The major reason for this difference is the fact that the Administration estimate assumes a significant decrease in profit margins and no increase in unregulated natural interstate natural gas and coal prices. A Treasury Department Study estimating these indirect cost increases concludes that the total impact of the price and tax increases could be as high as $618 for the average family. Senator Jackson's estimate may not be too far from the truth.

The conclusion that the Administration has understated the economic impact of its program is also shared by private analysts.[11] If this is correct, the President's program would diminish substantially any hope of ending double-digit inflation in 1975. It could also have a far greater depressing effect upon the economy than the Administration has estimated.

There has also been substantial criticism of the President's program because of its alleged regional biases. Northeastern Congressmen and oil interests have been especially agitated by planned increases in import license fees, alleging that these increases would be unduly prejudicial to the interests of the Northeast because of that region's heavy dependence on imported oil. In fact, if the President's program were implemented fully, all areas of the country would pay roughly the same price for oil. Even if the only part of the President's program that is adopted is an increase in the license fee, this increase would, presumably, be spread among all regions of the country by means of the entitlements program. The Northeastern fuel oil importers would receive a special benefit from the rebate of part of the license fee.

The question is whether the disadvantage to the Northeast is significant and, if so, what its magnitude would be. Government studies cast doubt on the claim that the Northeast would be disadvantaged by an increase in license fees or tariffs.[12] One reason for this is that the President's program would equalize domestic and import prices. Also, because the major oil companies are required to roll-in higher priced oil, existing price controls provide some measure of regional price equalization. In terms of increased direct energy expenditures per household, the Federal Energy Administration estimates that the Mountain and Midwestern states would be most adversely affected by the President's program. New England and the Middle Atlantic states would, as a group, be impacted only slightly more than the Nation as a whole. (See Table 1.) We will return to this issue later in this paper.

TABLE 1.—REGIONAL DISTRIBUTION OF THE INCREASED DIRECT ENERGY EXPENDITURES PER HOUSEHOLD

	Gasoline motor oil	Heating oil	Natural gas	Electricity	Total
New England	$95	$56	$14	$15	$180
Middle Atlantic	83	54	24	9	170
East north-central	107	19	44	4	174
West north-central	126	13	36	12	187
South Atlantic	118	10	14	12	154
East south-central	116	2	19	5	142
West south-central	116	0	27	42	185
Mountain	141	3	37	10	191
Pacific	102	3	30	16	151
U.S. total	109	19	30	13	171

Source: Federal Energy Administration, Office of Economic Impact, "The Impact of the President's Proposed Energy and Economics Program on Net Energy Costs to Consumers," January 1975, p. 6.

SOME ALTERNATIVE PROPOSALS

Several Administration officials, including the President, have stated that if price and tax increases do not reduce demand for imported oil they will be supplemented by stricter measures designed to achieve Administration goals. Many members of Congress and the public have supported other measures, usually volumetric means of reducing demand, in place of the price and fiscal measures proposed by the President. The most frequently mentioned alternative programs are: rationing of gasoline; gasoline taxes; and import quotas supplemented by allocation.

Gasoline Rationing. Some critics of the President's program have supported coupon rationing in search of an alternative that would not require price increases. There is little reason to believe, however, that gasoline rationing, once instituted, would retain the popular support it now seems to enjoy. Gasoline rationing would be inherently inequitable and would create economic distortions that would probably deny the most efficient distribution of gasoline among competing users.

Historically, rationing in any form has never been popular nor effective for very long. The United States' experience during World War II is a good example. Despite widespread enthusiasm for the war effort, many otherwise honest citizens engaged in black market activities to obtain the gasoline they needed. Prices were, on paper at least, held to mandated levels because illegal black market prices were never officially recorded. Local rationing boards were flooded with requests for special treatment of particular users and there were widespread complaints that the system was operating unfairly. John Kenneth Galbraith in a recent television interview, recalled that, of all rationing programs, gasoline rationing received the least support from the American people. (Galbraith was a high-level official in OPA during the war.)

It is unlikely that rationing would receive as much support now as it did during the War. Today, skepticism has replaced patriotism. A public that is highly skeptical of both the oil industry and the government is not likely to be any less skeptical of a rationing program instituted by the government to distribute the industry's major product.

The following are only a few of the enormously difficult problems involved in rationing that would confront federal officials and would require the wisdom of Solomon to resolve equitably. This list is quoted in toto from a paper prepared by the Federal Energy Administration. It assumes a rationing program developed by FEA.[13]

A widowed secretary with two children living in the suburbs who commutes 16 miles each way to work in a car that gets 12 miles per gallon would experience a 68% increase in her commuting costs because she must purchase 17 additional coupons each month at an average cost of $1.20 per gallon each. This amounts to about $245/year in additional costs.

A blue-collar worker who owns a car that gets only 9 miles/gallon can drive just over 320 miles/month on his basic ration, and could not easily afford to purchase a new, more efficient automobile. On the other hand, an affluent neighbor can readily trade in his equally inefficient old car to purchase one getting better than 22 mpg. This allows him to drive over 790 miles on the same allotment of coupons.

A single individual with a mid-size car

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[8] *Department of the Treasury News*, January 23, 1975.

[9] Federal Energy Administration, Office of Economic Impact, *The Impact of the President's Proposed Energy and Economics Program on the Net Energy Costs to Consumers*, January, 1975, p. 10. The direct effect would be 1.3 percent, the indirect effect, 0.7 percent.

[10] Ibid., p. 11. Of the $275, $170 would be incurred directly because of the increase in energy prices and $104 indirectly because of the ripple effect.

[11] For example, Chase Econometric Associates estimates that the consumer price index will increase by 2.8 percent during 1975; Data Resources Incorporated by 3 to 4 percent; the National Bureau of Economic Research, by 3.5 percent. The Administration, once again, put this increase at 2 percent.

[12] Federal Energy Administration, Office of Economic Impact, *The Impact of the President's Proposed Energy and Economic Program on New Energy Costs to Consumers*, January, 1975, and memorandum from William E. Hale to Charles A. Cooper, Assistant Secretary of the Treasury for International Affairs, October 17, 1974.

[13] Federal Energy Administration, *Analysis of Gasoline Rationing*, unpublished working paper, Washington, D.C. January 24, 1975, pp. 12–13. For another insightful discussion of some of the problems with rationing, see *The Washington Post*, Editorial, January 26, 1975.

(14 mpg) could drive up to 17 miles/day. If he wanted to take a 500 mile trip over a long 4-day weekend, he could only use his car for that four-day period during that month. He would have to arrange for other transportation for the remaining 26 days of the month, or purchase additional coupons.

A Congressman living in Georgetown has enough gas to drive his 10 mpg car to work by himself 5 days a week and still travel 54 miles on the weekend.

Substantial regional inequities would exist. The average driver in some rural states such as Montana travels nearly 600 miles per month versus about 300 in less rural states such as New York and New Jersey. Similar disparities exist between city dwellers and suburbanites. Under rationing each would receive the same gallonage.

A family of four with two licensed drivers and a car which gets 15 mpg moves from New York to California. This move would take 2¾ months of the family's coupons. One out of every five families moves every year.

Certain very poor persons, such as migrants, drive large distances each year. They can neither afford to buy additional coupons nor are alternative methods of transportation available to them.

A family in which the husband, wife and two teenage children all drive would receive sufficient coupons to drive approximately 2,160 miles per month while the next door neighbor with only one licensed driver could drive only 540 miles per month, assuming both cars which get 15 mpg.

The recreation and tourism industry would be very heavily impacted, as would the auto industry. Automobile sales would decrease 35% from what they would otherwise be.

A small successful Midwestern sales firm which had increased its business and sales area 50% since 1973 would have the market area it can cover reduced 40% under its basic rationing allotment.

Were the distribution of gasoline based solely upon statistical averages and objective criteria, it could not easily accommodate individual needs and preferences. The Government's stand-by rationing scheme recognizes this problem and, for this reason, would allow some flexibility. It would set aside three percent of the ration coupons for hardship cases. It would also permit a white market in which excess tickets could be sold to drivers who need them by drivers who do not. Were the average monthly consumption of 50 gallons of gasoline per licensed driver cut back to 36 gallons per licensed driver, which would be necessary to meet the President's goal, many drivers would require additional gasoline. FEA estimates that white market coupons would sell for about $1.20 per gallon resulting in a total price of about $1.75 per gallon for gasoline purchased in excess of an individuals' allotment. This price is not likely to win much support, particularly among low and middle income families that must drive long distances.

Rationing is inherently inflexible. Unless there are numerous exceptions and exemptions, it will not readily accommodate new, expanding, or declining uses. Rationing also may diminish incentives to conserve fuel to the extent that most motorists do not pay the full resource value of the gasoline they use. Finally, rationing will require a substantial bureaucracy not only in Washington, but throughout the country. One frequently cited estimate puts the staff required at about 20,000. This will cost the public in the form of higher taxes, if not in the form of higher gasoline prices.

In short, it is unlikely that rationing would be tolerated by the Nation for the ten years that would be necessary to bring America to a position of reasonable self-sufficiency in oil. The program would probably become unbearable and, in a few years, if not a few months, would effectively be scrapped. A Project Independence program based on rationing could well become no program at all.

Gasoline Taxes. The problems with rationing are becoming clearer as the dialogue generated by the President's energy program continues. For this reason, support for rationing has visibly waned; there is now emerging a constituency, within Congress at least, for substantially higher gasoline taxes which would focus price increases on gasoline while leaving other refined products untouched. The argument is made, without support, that most wasteful uses of fuel involve gasoline and that consumers of refined products other than gasoline, such as farmers, truckers, the airlines, and the petrochemical industry, should be spared higher prices while motorists should not. It also appears at the time this paper is being written that the basis for a compromise between the Administration and Congress may well be a shift in the focus of the Administration's tax proposals from all oil to gasoline.

A gasoline tax would be superior to rationing. Most important, it would eliminate much of the inflexibility and bureaucratic decision-making that is the worst feature of any rationing program. However, a gasoline tax suffers from other problems common to rationing and is, in our opinion, inferior to the all oil approach adopted by the President.

First, it is alleged by some that the demand for gasoline is more price elastic than the demand for other refined products and that there are more marginal and wasteful uses of gasoline than of other fuels. There is simply no evidence to support these assertions. The evidence, in fact, suggests that there are many possible savings in all oil products which could be elicited by price increases.[14] Also, during the past year there has been a general reduction in the demand for all refined products, not just gasoline.[15] This reduction was due, in part, to higher oil prices.

Secondly, to achieve the same demand reductions as the President's program, a price increase for gasoline would have to be disproportionately higher than a price increase for all oil and natural gas. Gasoline accounts for between 40 and 45 percent of total consumption of refined products in the United States. Assuming the same responsiveness to price changes, the tax on gasoline would have to be (and this is no more than an educated guess) roughly four times higher than a tax of crude oil and natural gas if there is to be a 500,000 bpd reduction in oil imports.

It is wrong to assert, as some have, that a gasoline tax would have less impact on the economy and consumer prices than the oil and natural gas taxes proposed by the President. The gasoline tax would be more focused; it would affect fewer sectors of the economy. However, those sectors that it does affect would be disproportionately burdened.

This, in our judgment, is one of the worst deficiencies of a gasoline tax. It would force certain sectors of the economy, such as the tourism industry, and certain segments of the population, such as families living in relatively sparsely populated, rural and suburban areas, to bear a disproportionate share of the burden. In this sense, the gasoline tax is rather like the Federal Reserve's tight money policies which impact on certain industries, such as construction and the securities market, but leave much of the economy relatively untouched.

A policy that relies heavily on gasoline and reduction in gasoline demand could also cause undesirable distortions in historic patterns of production and consumption. Refineries are designed to produce certain mixes of refined products. Were the yield of a barrel of crude changed substantially because of the government's policies, this could necessitate costly retooling and result in idle gasoline production capacity. It could also create unintended shortages of refined products that happen to be byproducts of units, such as catalyte crackers, whose primary purpose is to increase gasoline yields.

Higher prices for gasoline could also generate shifts in consumption to alternative fuels. A truck-driver's holiday may be an excursion with his family in his Diesel-powered truck, rather than his gasoline-powered automobile. The gasoline tax would have to be imposed for at least ten years to do any good. This would be sufficient to encourage a family's purchase of a Diesel-powered automobile. The point, simply put, is that a tax on any one refined product, such as gasoline, will encourage substitution of other products by consumers. This will, in turn, help to undermine the primary objective of the gasoline tax—to reduce over-all crude oil import demand.

Finally, both a gasoline tax and gasoline rationing would have strong regional biases. In effect, they would force the relatively sparsely populated regions of the country, such as the Southwest, Midwest and Rocky Mountain states, to bear a relatively large share of the burden of price increases and demand reductions, while the northeastern states would bear relatively little of the burden. In Table 2 we present data on consumption of petroleum and other sources of energy per capita per year in 1972.[16] New England and the Middle Atlantic regions rank the lowest in per capita consumption in transportation.[17] However, they rank the highest in per capita consumption of petroleum in all uses.[18] One would expect gasoline consumption to be lower in demand in the concentrated urban areas of the Northeast than in the more sparesly populated areas in other parts of the country. It is to the advantage of the Northeast to get the Administration and Congress to go the all-gasoline route. It is not surprising that Congressmen from New England and the Middle Atlantic states have been in the forefront in urging a gasoline tax and gasoline ration, rather than the President's program.

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[14] See the second footnote on page 4.

[15] The American Petroleum Institute's most recent estimates indicate that total domestic demand for petroleum products declined by 3.3 percent between 1973 and 1974. Demand for all major categories of products fell, with demand for gasoline falling by 2 percent, a rate less than that for all other categories.

[16] 1972 was selected as the least reasonably normal year for energy and, especially, oil consumption.

[17] Unfortunately for our purposes, petroleum consumed in transportation includes Diesel oil, aviation fuel, and jet fuel. However, gasoline accounts for about 90 percent of total petroleum consumption in transportation in most states. Use of petroleum consumption in transportation should provide a good indication of the regional distribution of gasoline consumption.

[18] The reason is apparent in Table 2. New England and the Middle Atlantic states use a disproportionate amount of oil for household and commercial uses. This is primarily heating oil. They also use a disproportionate amount of oil to generate electricity.

TABLE 2.—1972 ENERGY CONSUMPTION, BY REGION

	Petroleum consumed in transportation		Petroleum consumed in households and commerce		Petroleum consumed in all nonindustrial sectors		Petroleum consumed in all sectors		Total petroleum and natural gas energy consumed in all nonindustrial sectors		Total petroleum and natural gas energy consumed in all sectors		Gross energy consumed in all sectors	
	Barrels per capita	Rank	Barrels per capita	Rank	Barrels per capita	Rank	Barrels per capita	Rank	Million Btu per capita	Rank	Million Btu per capita	Rank	Million Btu per capita	Rank
New England	12.6	8	14.1	1	34.1	1	36.8	1	215	3	237	4	253	9
Middle Atlantic	12.4	9	8.5	2	25.5	2	27.1	3	180	6	207	7	273	8
East north-central	13.6	7	5.3	4	19.8	8	21.5	8	172	7	223	6	346	4
West north-central	16.8	3, 4	6.6	3	23.8	5	25.4	6	213	4	264	3	328	5
South Atlantic	15.4	5	4.5	6	24.4	3	26.9	4	164	8	202	9	278	7
East south-central	15.0	6	3.6	7, 8	19.0	9	20.5	9	151	9	205	8	357	3
West south-central	19.2	1	3.6	7, 8	23.3	6	35.5	2	272	1	555	1	560	1
Mountain	18.9	2	4.6	5	24.3	4	26.7	5	220	2	299	2	299	2
Pacific	16.8	3, 4	2.3	9	21.3	7	23.2	7	181	5	227	5	287	6
National average	15.4		5.6		23.7		28.8		191		269		346	

Source: U.S. Department of the Interior, "Fuel and Energy Data, United States by State and Region, 1972", Washington, D.C., 1974.

What is surprising, however, is that some Congressmen from other regions which would be disproportionately burdened by a gasoline tax or rationing have also advocated these measures. The West-South-Central and Rocky Mountain regions would be particularly hurt by a policy focusing largely or solely on reducing gasoline demand. Per capita consumption of petroleum used in transportation in these regions is over 50 percent higher than per capita consumption in transportation in the Northeast. This, once again, is not very surprising given the widely dispersed populations of these regions.

The President's program would raise prices and taxes on natural gas, as well as petroleum. These price increases would, presumably, be reflected in price increases for close substitutes such as coal. To gain some idea of the regional impact of the Administration program, one should look at all energy consumed in various regions of the country. Here the Northeast ranks relatively low. However, excluding the West South-Central and Mountain regions—major oil and gas producing areas of the country—the spread in per capita consumption is somewhat lower. The primary reason for higher per capita consumption in the West South-Central and Moutain regions is the location there of large numbers of energy-intensive industries. These industries, in turn, serve much of the rest of the Nation. The higher prices for their products are more likely to be spread across all consumers than would a higher price for gasoline alone.

The heavy dependence of the Northeast on oil is more than offset by its lesser dependence on coal and natural gas. The heavy dependence of the Northeast on heating oil and residual fuel oil is partially offset by its lesser dependence on gasoline. In general, a tax or price increase affecting all energy sources would seem more equitable than a tax on gasoline alone.[19]

Import Quotas and Mandatory Allocation. Another alternative that has received considerable support, including from some marketers of gasoline, is reimposition of import quotas and the distribution of resulting shortages through the existing allocation program. Under this proposal, a distributor's percentage of base period volume, or adjusted base period volume, would be lowered to reflect reduced availability of oil.

This alternative, it is argued, avoids the necessity of rationing and higher prices. However, this claim essentially begs the issue. The quota-allocation alternative would do nothing to distribute shortages of refined products to ultimate consumers.[20] Were an artificial reduction in supply created by the government, without taking steps to reduce final demand, the result would, once again, be rationing by long lines at gasoline stations.

Public tolerance of rationing by inconvenience would probably last no longer than it did during the Arab oil embargo—at best, three or four months. At that time, substantial pressures were brought to bear on the Administration to end the lines at gasoline stations by whatever means possible. In March, 1974, William Simon made a conscious decision to draw down inventories in the expectation that the Arab embargo would soon be lifted. The lines diminished. However, if the embargo had not been lifted, the country could have been faced with even greater disaster. Because of reduced inventories, spot shortages could have developed into massive disruptions.

The same sequence of events would probably recur were a quota-allocation system adopted. The government woudl be confronted with substantial public pressure to ease the shortages and end the lines which, this time, would be created by its own fiat. The easy way out would, once again, be a draw-down of inventories rather than consumption. The Nation would, in other words, have its cake and eat it, too. This expedient could last, at best, several months and would only put the Nation in a more vulnerable position in the event of another Arab oil embargo.

The reimposition of a quota system and a more stringent allocation fraction would also expose the government to greater political pressures by the various interest groups that have, over the years, developed strong organizations and ties in Washington. There would be demands for special treatment by the same interests that received priority under the allocation program and the proposed rationing program drafted by the Federal Energy Office early in 1974. Importers who received special exemptions under the import quota system, particularly importers in the Northeast, would probably seek similar exemptions once again. A major advantage of price and fiscal measures proposed by the Administration is that they would be relatively immune to favoritism and privilege.

Finally, the allocation program, itself, has grown flabby with disuse. Since the summer of 1974 there has been a surplus of crude oil and most refined products both on the world market and in the United States. As a result, allocation has ceased to have meaning except as a means of redistributing low-priced crude oil under the entitlements program. Wholesalers, distributors, and bulk purchasers are able to buy all the oil they want. As is often the case, allocation works best when there are no shortages.

This happy state of affairs has been accommodated by the allocation program, not by granting purchasers 100 percent of their current needs, but by adjusting base period volumes to allow for "unusual growth." During 1974, many purchasers were able to file a Form 17 requesting an adjusted base period volume to reflect unusual growth and changed circumstances. In this way, beneficiaries of the program were able to obtain increases in their allocations. In some instances, base period volumes were adjusted far beyond levels needed and allocations have gone unused. In other instances, they were adjusted by just the right amount. Were shortages recreated by government fiat, one result would be a scramble by various purchasers to try to increase their adjusted base period volumes. Those with over-adjustment would bear little of the burden; those without would be hurt.[21]

Put simply, adjusted base period volumes have ceased to have meaning. Yet, to try to do away with them, or to alter them significantly, would encounter strong opposition from those purchasers who by design or by circumstances happen to have had extraordinarily high adjustments in their base period volumes. The government would, in other words, plunge into a political morass in which, once again, he who has influence will get the oil.

A BETTER ALTERNATIVE

Increasingly, one hears the word compromise. Particularly, if the Congress is unable to delay imposition of the license fee, there will be an effort to reach some understanding through which both the Administration and Congress salvage part of their programs.

One possible compromise would keep the removal of the ceiling on old oil prices in return for withdrawal of the license fee increase and the Administration's request of Congress to enact an excise tax on oil. The old oil price might be allowed to increase in stages. However, a five year period of decontrol, proposed by Senator Javits for example, would be too long. A more reasonable period would be six months to a year. Some form of windfall profits tax probably should be enacted, but with effective ceiling prices substantially higher than under the Administration's current proposal. This compromise would reduce demand by 500,000 bpd during 1975. Elimination of the two-tier system would also increase production by the end of 1975. Additional reductions in imports in 1975 could be achieved by adopting other parts of the President's program, such as opening up Elk Hills and enacting certain conservation measures. Some reductions will also occur, despite what the government does, because of weakness in world-wide demand.

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[19] Attached as an appendix to this paper is a table indicating state-by-state per capita consumption of petroleum and energy in various uses.

[20] The Society of Independent Gasoline Marketers (SIGMA) has proposed such a program. However, the SIGMA proposal contains no mention of maintaining existing retail price levels. In effect, it would create an artificial shortage of one million bpd and then distribute that shortage among marketers by means of allocation and to final consumers, presumably, by means of higher prices at the pump. It would, in other words, recreate the golden era of the Arab embargo when the marketing segment of the industry did better than at any other time in recent history.

[21] Form 17 was eliminated in the fall of 1974. Also, an oil company's ability to obtain adjustments for unusual growth or changed circumstances was curtailed. However, the barn door was closed after the horse had fled. The meaningfulness of base period volumes was already undermined.

One might ask why a cut of one million barrels per day by the end of 1975 is so essential. A reduction in imports by one million barrels per day would reduce the U.S. import bill by about $3.6 billion per year. It would also signal to the oil exporting countries that the United States is prepared to take drastic steps, if necessary, to cut its oil consumption. However, the most important reason for the Administration's choice of one million barrels per day, we suspect, is that this is a nice round number. The United States had made a commitment to its International Energy Agency partners to reduce its imports by a million barrels per day the end of 1975. A recent study by the CIA is said to have found that OPEC could sustain its current price for three to four years, despite cuts in production of up to six to seven million bpd.[22] The need for consumer nation solidarity is a desirable objective. However, one might ask whether a size 12 foot is being wedged into a size 10 shoe; whether economic reality is being forced into a foreign policy mold that simply does not fit.[23]

Restoring a reasonably free market for oil would be the best alternative. It would discourage demand and encourage production. It would also eliminate inequities and distortions in the marketplace for crude oil created by the Government's price controls.

PROPOSED ARMS SALES

Mr. SPARKMAN. Mr. President, section 36(b) of the Foreign Military Sales Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million. Upon such notification, the Congress has 20 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask unanimous consent to have printed in the RECORD the notifications I have just received. A portion of one notification, which is classified information, has been deleted for this public publication.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OFFICE OF THE DIRECTOR DEFENSE
SECURITY ASSISTANCE AGENCY AND
DEPUTY ASSISTANT SECRETARY
(SECURITY ASSISTANCE), OASD/
ISA

Washington, D.C., March 14, 1975.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding under separate cover Transmittal No. 75-17, which contains information concerning a proposed Letter of Offer in excess of $25 million.

Sincerely,

ROBERT B. HAMMOND,
Comptroller.

TRANSMITTAL NO. 75-17

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE FOREIGN MILITARY SALES ACT, AS AMENDED

a. Prospective Purchaser: Iran.

b. Total Estimated Value $150.0 Million.

c. Description of Articles or Services Offered: (Deleted).

d. Military Department: Army.

e. Date Report Delivered to Congress: March 14, 1975.

Classified by Comptroller, DSAA.

OFFICE OF THE DIRECTOR, DEFENSE
SECURITY ASSISTANCE AGENCY
AND DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE),
OASD/ISA,

Washington, D.C., March 17, 1975.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding under separate cover Transmittal No. 75-14, which contains information concerning a proposed Letter of Offer in excess of $25 million.

Sincerely,

ROBERT B. HAMMOND,
Comptroller.

TRANSMITTAL NO. 75-14

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE FOREIGN MILITARY SALES ACT, AS AMENDED

a. Prospective Purchaser: Spain.

b. Total Estimated Value: $28.5 Million.

c. Description of Articles or Services Offered: Command and control computer for Patrol Frigate

d. Military Department: Navy.

e. Date Report Delivered to Congress: March 14, 1975.

DEFENSE SECURITY ASSISTANCE
AGENCY AND DEPUTY ASSISTANT SECRETARY (SECURITY
ASSISTANCE), OASD/ISA,

Washington, D.C., March 14, 1975.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding under separate cover Transmittal No. 75-16, which contains information concerning a proposed Letter of Offer in excess of $25 million.

Sincerely,

ROBERT B. HAMMOND,
Comptroller.

TRANSMITTAL NO. 75-16

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE FOREIGN MILITARY SALES ACT, AS AMENDED

a. Prospective Purchaser: Venezuela.

b. Total Estimated Value: $51.1 Million.

c. Description of Articles or Services Offered: Amphibious ferry bridges, bridge transporters, spare parts and training.

d. Military Department: Army.

e. Date Report Delivered to Congress: March 14, 1975.

OFFICE OF THE DIRECTOR, DEFENSE
SECURITY ASSISTANCE AGENCY,
AND DEPUTY ASSISTANT SECRETARY (SECURITY ASSISTANCE),
OASD/ISA,

Washington, D.C., March 14, 1975.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding under separate cover Transmittal No. 75-7, which contains information concerning a proposed Letter of Offer in excess of $25 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ROBERT B. HAMMOND,
Comptroller.

TRANSMITTAL NO. 75-7

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(B) OF THE FOREIGN MILITARY SALES ACT, AS AMENDED

a. Prospective Purchaser: Morocco.

b. Total Estimated Value: $33,100,760.

c. Description of Articles or Services Offered: 753 5-ton Cargo Trucks, and spare parts.

d. Military Department: Army.

e. Date Report Delivered to Congress: March 14, 1975.

OFFICE OF THE DIRECTOR, DEFENSE
SECURITY ASSISTANCE AGENCY AND
DEPUTY ASSISTANT SECRETARY
(SECURITY ASSISTANCE), OASD/
ISA,

Washington, D.C., March 14, 1975.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washintgon, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding under separate cover Transmittal No. 75-6, which contains information concerning a proposed Letter of Offer in excess of $25 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

ROBERT B. HAMMOND,
Comptroller.

TRANSMITTAL NO 75-6

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT OF SECTION 36(b) OF THE FOREIGN MILITARY SALES ACT, AS AMENDED

a. Prospective Purchaser: Morocco.

b. Total Estimated Value: $66,887,597.

c. Description of Articles or Services Offerred: 80 anti-aircraft guns, with support equipment and spare parts.

d. Military Department: Army.

e. Date Report Delivered to Congress: March 14, 1975.

OFFICE OF THE DIRECTOR, DEFENSE SECURITY ASSISTANCE AGENCY, AND DEPUTY
ASSISTANT SECRETARY (SECURITY ASSISTANCE), OASD/ISA

Washington, D.C., March 14, 1975.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding under separate cover Transmittal No. 75-8, which contains information concerning a proposed Letter of Offer in excess of $25 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

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[22] Cited in *Platt's Oilgram*, January 30, 1975.

[23] For a perceptive article calling into question the need for a one million barrel per day cut in imports, see *Business Week*, February 10, 1975, p. 66.

Sincerely,

ROBERT B. HAMMOND,
Comptroller.

TRANSMITTAL NO. 75-8

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(B) OF THE FOREIGN MILITARY SALES ACT, AS AMENDED

a. Prospective Purchaser: Morocco.

b. Total Estimated Volue: $45,160,731.

c. Description of Articles or Services Offered: 334 Armored Personnel Carriers, with support equipment and spare parts.

d. Military Department: Army.

e. Date Report Delivered to Congress: March 14, 1975.

MILITARY AID OPPOSED TO VIETNAM AND CAMBODIA

Mr. HATFIELD. Mr. President, as a result of the administration's request for additional U.S. military aid to South Vietnam and Cambodia, the Congress must again debate the moral and strategic legitimacy of our involvement in Indochina. I have recently received a statement of concern from many influential religious leaders, questioning the morality of our commitment in supplying weapons while people go hungry, and in promoting increased fighting when so many have already died. I recommend this statement to my colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

RELIGIOUS LEADERS CALL PRESIDENT'S FORD'S REQUEST FOR VIETNAM/CAMBODIA AID IMMORAL

Public officials from President Ford on down are appealing to "Morality" as a reason for demanding Congressional approval for more military aid to Saigon and Phnom Penh. We feel compelled to point out moral considerations that have been neglected by the Administration.

On-going U.S. military aid to Saigon and Phnom Penh does nothing but prolong senseless war and increase human suffering. It is America's military aid that enables both wars to continue, and provides most of the ammunition to do the killing; creating civilian casualties and refugees. It is morally indefensible to speculate on a possible future bloodbath to justify the slaughter of the continuing war. If we are going to talk about morality, refusal to the chief contributor to the on-going carnage must be our theme.

A second moral consideration arises from our failure to learn the lessons of the past. For over two decades we have tried to impose a political decision on Indochina by the weight of our military presence. It has not worked; our legacy has been slaughter and devastation. We are not impressed by the current argument that military aid is needed "just once more" so that we can withdraw "honorably." The argument was threadbare a decade ago. If we are going to talk about morality, the swiftest possible termination of this senseless and immoral policy must be our theme.

A third moral consideration arises from our government's consistent refusal to honor the commitments we made in the Paris Agreements over two years ago. We pledged to put an end to our military involvement; to dismantle U.S. military bases; and to allow the Indochinese people to settle their own internal affairs. Yet Americans bombs are still dropped from American planes flying out of former U.S. bases. The south Vietnamese parties pledged to ensure democratic liberties which would facilitate a political solution. Yet American funds and prestige support dictatorships in south Viet Nam and Cambodia that close newspapers, outlaw political parties and arrest and torture dissidents. Charges that the other side has committed violations do not lessen our responsibility. If we are going to talk about morality, the honoring of our pledged word must be our theme.

To prolong this brutal war even for a few months is not a moral posture of which our nation can be proud. We therefore call upon our citizens to oppose passage of the current supplemental military aid bill. Our continued American presence in Southeast Asia serves only to place the mark of death over already beleagured people. We call upon our governmental leaders to turn their energies from war to peace—fostering initiatives for negotiations between warring factions, and pressing for implementation of the Paris Peace Agreement.

Then, perhaps we can begin to talk about morality once again.

Partial list of signers:

William Thompson, Stated Clerk of the Presbyterian Church of the USA.

Bishop Thomas J. Gumbleton, Roman Catholic Diocese of Detroit.

Rabbi Balfour Brickner, Union of American Hebrew Congregations.

Bishop Paul Moore, Episcopal Diocese of New York.

Robert V. Moss, President of the United Church of Christ.

Bishop Paul Washburn, President of the Board of Global Ministries of the United Methodist Church.

George Webber, President of New York Theological Seminary.

Marion de Velder, General Secretary of the Reformed Church of America.

James A. Christison, Executive Secretary of National Ministries, American Baptist Church.

Bishop Carroll T. Dozier, Roman Catholic Diocese of Memphis, Tenn.

Wallace Collett, Chairman, American Friends Service Committee.

Joel K. Thompson, Executive Secretary, World Ministries, Church of the Brethren.

Rabbi Alexander M. Schlinder, President, Union of American Hebrew Cong.

Sister Mary Luke Tobin, Church Women United.

Bishop Walter J. Schoenherr, Detroit.

Robert McAfee Brown, Professor of Religious Studies, Stanford Univ.

Don Luce, Executive Director, Clergy and Laity Concerned.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, nearly every day since January 11, 1967, I have spoken in this Chamber in behalf of the Genocide Convention. Over the years, I have attempted to discuss every phrase and clause of that treaty and refuted the objections raised by the treaty's critics. Looking back over these past speeches, I cannot help but feel that the arguments of the skeptics rest upon one simple point: the treaty is poorly drafted.

I do not dismiss this objection lightly. It is one that can and should be dealt with through reservations and understandings appended to the treaty at the time of ratification. This is a common practice in multilateral treaties and, indeed, a majority of the nations that have ratified this treaty, have followed the same course. It is an important safeguard in circumscribing the scope of any treaty that the United States may sign.

Mr. President, we all know the haggling of international diplomacy. We have a perfect example today as we attempt for a second time to obtain a draft document for a new law of the seas treaty.

But let us not kid ourselves. If the Senate were to wait for the perfect law without flaw or shortcomings, our legislative histories would be barren. I am amazed that men who daily see that legislation is the art of the possible can nitpick an international convention whose sole purpose is to outlaw a crime as heinous as genocide.

Mr. President, the time for dilatory tactics is past. When this important human rights treaty is reported once again from the Foreign Relations Committee—and I hope that the committee will act promptly—I trust that the critics will let the Senate stand up and be counted on this issue. We have endured one filibuster and 26 years of foot-dragging. We do not need another.

I hope that my colleagues will join with me in pushing for an up-or-down vote on the Genocide Convention this year. I am confident that the Senate will come down resoundingly on the side of human rights if they are given the chance.

EXIMBANK AIRCRAFT FINANCING

Mr. JAVITS. Mr. President, I am concerned that major U.S. international airlines such as Pan Am and TWA may be competing at some financial disadvantage with foreign airlines because of the financial arrangements of the U.S. Government-owned Export-Import Bank.

This conclusion results from a General Accounting Office study which I requested in August of 1974. The final report was submitted to me last week.

This report concludes that "Eximbank participation in the financing of exports at favorable interest rates has reduced financing costs for foreign carriers, thereby strengthening their capital position and enabling them to compete more effectively with U.S.-flag carriers. On the other hand, through long-term debt financing and leasing arrangements, U.S. carriers acquired U.S.-manufactured aircraft at lower financial costs than the foreign airlines. However, these arrangements do not alter the fact that Eximbank financing has reduced the advantage enjoyed by U.S. carriers.

During 1969–73, interest rates that foreign airlines obtained from Eximbank participation with private commercial institutions to finance the purchase of U.S.-made aircraft were about the same or more than the rates that Pan American and Trans World Airlines paid for money derived from long-term debt and leasing arrangements. Effective interest costs to foreign airlines rose from 6.4

percent in 1967 to between 7.3 and 8.5 percent in 1973. This rise resulted from higher interest costs, stemming in part from arrangements whereby commercial bank interest rates were generally set at fixed percentages above a fluctuating prime rate.

The report also indicates that three American firms, Boeing, McDonnell Douglas, and Lockheed have been the chief beneficiaries of loans to finance the exports of commercial aircraft. Between July 1, 1965 and December 31, 1974, according to the report, nearly 24 percent of nearly $5 billion of Eximbank's total loan authorizations financed the exports of commercial jet aircraft. The GAO report also shows that between 1970 and 1974, 78 percent or 586 out of 749 exported by Boeing, McDonnell Douglas and Lockheed were financed through Eximbank's participation.

Like all Americans, I am proud of the excellence of our jet aircraft and of the world's preference for their use and their importance to U.S. export efforts. I believe, however, that this policy does not require us to abandon any consideration for the operations of U.S.-flag international air carriers which are in grave financial trouble.

I question whether Eximbank financing, as it has been placed, is essential for all future U.S. aircraft sales abroad. I bring to your attention the GAO recommendation that Eximbank consider such factors as foreign government ownership of air fleets and that the sales of most U.S.-produced aircraft are made to developed not developing countries.

However, I am encouraged by the GAO findings that Eximbank has begun to modify its aircraft export policy by lowering its participation to 30 percent in individual cases and by increasing its interest rate to 8.5 percent.

I ask unanimous consent that the entire text of the GAO report be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., August 8, 1974.

Mr. Elmer Staats,
Comptroller General, General Accounting Office, Washington, D.C.

Dear Mr. Staats: There has been a great deal of concern recently regarding the financial difficulties of the two major U.S. international air carriers, Pan American Airways and Trans World Airlines, in competition primarily with government owned and subsidized foreign air carriers. One element that may contribute to their financial problems is their inability to obtain the highly advantageous financing terms for purchasing new aircraft that is available to foreign airlines through Export-Import Bank loans and guaranties.

I would appreciate your conducting a study to determine what economic benefits or subsidies are obtained by foreign airlines through Eximbank financing arrangements. Please include the figures for the past ten years for the numbers of U.S. built aircraft purchased by foreign airlines and the number of aircraft sold to which foreign airlines through Eximbank financing. What percentage of total Eximbank financing is aircraft financing? What are the comparable financing arrangements for American purchases of similar aircraft and how much subsidy does this provide foreign airlines in direct competition with U.S. international air carriers? I am also interested in an analysis of the competitive position of U.S. international air carriers if Eximbank financing were no longer available to foreign airlines. Finally, if Eximbank financing were not available, to what extent would foreign airlines turn to foreign made aircraft. In considering this issue you should take into account whether foreign aircraft manufacturers produce aircraft fully competitive with certain U.S. produced aircraft, such as the Boeing 747, DC–10, or other smaller aircraft such as the 727, 737 and DC–9.

Please expedite this study in light of upcoming legislation regarding Export-Import Bank financing.

With best wishes,
Sincerely,
Jacob K. Javits.

Export of U.S.-Manufactured Aircraft—Financing and Competitiveness

CHAPTER 1

Introduction

At the request of Senator Jacob K. Javits (see app. I), we made a study to determine the benefits obtained by airlines of other countries that finance procurement of U.S.-manuafactured commercial jet aircraft through Export-Import Bank of the United States (Eximbank) participation and to ascertain the aircraft financing arrangements of Pan American (Pan Am) and Trans World Airlines (TWA). Senator Javits also requested information on foreign airline purchases of U.S.-manufactured aircraft and the competitiveness of foreign-manufactured aircraft with U. S. aircraft.

Scope of Review

Information on historical costs for acquiring aircraft was obtained from Pan Am and TWA. This information was not subject to our audit but was in line with information in the airlines' audited statements and financial information furnished to governmental agencies. Information on the compeitiveness of foreign-manufactured aircraft was obtained directly from Boeing, Lockheed, and McDonnell Douglas. Such information was reviewed with agency officials and recognizes the existing dominance of U.S. aircraft in foreign commercial air fleets.

CHAPTER 2

Benefits obtained by foreign airlines through eximbank financing

Eximbank participation in the financing of exports at favorable interests rates has reduced the financing costs for foreign carriers, thereby strengthening their capital position and enabling them to compete more effectively with U.S.-flag carriers. On the other hand, through long-term debt financing and leasing arrangements, U.S. carriers acquired U.S.-manufactured aircraft at a lower financial cost than the foreign airlines. However, these arrangement do not alter the fact that Eximbank financing has reduced the advantage enjoyed by U.S. carriers.

Eximbank participation in financing arrangements for procurement of U.S.-manufactured commercial aircraft by foreign airlines has ranged from 20.7 percent to 36.8 percent of its total loan authorizations for more than half the period, July 1, 1965 through December 31, 1974. During this period, Eximbank's total loan authorizations were $20.4 billion, of which $4.9 billion, or 23.8 percent, was for loans to finance exports of commercial jet aircraft. As table 1 shows, aircraft loans fluctuated from a low of $94.4 million in 1966 to a high of $894.6 million in 1974.

TABLE 1.—COMMERCIAL JET AIRCRAFT

[Dollar amounts in millions]

Fiscal year	Loan amount	Gross authorization	Percent
1966	$94.4	$1,149.0	8.2
1967	789.2	2,652.1	29.8
1968	336.8	2,323.2	14.5
1969	197.5	1,110.1	17.8
1970	598.2	1,624.6	36.8
1971	484.0	1,839.7	26.3
1972	475.4	2,296.0	20.7
1973	689.7	2,413.9	28.6
1974	894.6	3,981.1	22.5
1975 (6-mo. estimate)	295.9	1,003.8	29.5
Total	4,855.7	20,393.5	23.8

Eximbank participation in financing arrangements for the purchase of U.S.-manufactured aircraft is advantageous to foreign airlines, as measured by the difference in interest rates it charged compared with rates in the same financing arrangements charged by commercial banks.

Eximbank interest rates during January 1, 1965, to June 30, 1974, equaled or exceeded the prime interest rate charged by commercial banks during about half this period, as shown in graph 1.

However, foreign airlines purchasing U.S.-manufactured aircraft through financing arrangements with Eximbank participation generally pay an interest rate in excess of the prime rate for the commercial portion of the loan.

In our sample selection of 35 Eximbank transactions during 1967–73, we found that 19 involved foreign airline interest rates from commercial banks set at fixed percentages above a fluctuating prime rate, 13 involved fixed rates, 1 involved a Eurodollar rate, and 2 involved combinations of fixed rates and fixed percentages above a fluctuating prime rate. For 17 of 31 transactions, the interest rates charged to foreign airlines by commercial banks exceeded that charged by Eximbank, by as much as three quarters of 1 percent or more. During 1974 most of the loan interest rates for the commercial portions were based on the prime rate plus a fixed percentage.

Interest Rates Obtained by Foreign Airlines With Eximbank Participation, 1967–73

The effective interest rates that foreign airlines obtained from Eximbank participation with private commercial institutions to finance aircraft purchases during 1967–73 were about the same or more than the rates Pan Am and TWA paid for funds derived from long-term debt and leveraged leasing. As graph 2 shows, such blended interest costs to foreign airlines rose from 6.4 percent in 1967 to between 7.3 and 8.5 percent in 1973. This rise resulted from higher interest costs, stemming in part from arrangements whereby commercial bank interest rates were generally set at fixed percentages above a fluctuating prime rate.

Eximbank's Policy Modifications

To better balance export objectives and other national interests, reduce loan authorizations and overall exposure on loans and guarantees, and sharpen its criteria, Eximbank modified its policies so as to reduce benefits received by foreign airlines in individual financing arrangements. Selected policy changes initiated during 1974 follow.

1. Instead of automatically authorizing loans equal to 45 percent of the contract price, Eximbank is reducing that participation on a case-by-case basis to as low as 30 percent and has raised the interest rate on its participation. The commercial bank portion of the financing which, until June 1974, had usually been 45 percent of the contract price, was increased, on a case-by-case basis, to as high as 60 percent.

2. Financial arrangements requiring commercial banks to participate with no guarantee from Eximbank are being worked out. In the past very few arrangements for financing commercial jets included guarantees, but the incidence of such guarantees may be expected to increase because of the increasing percentages of loans being financed by commercial banks. Generally in the past, commercial bank portions of loans have been repaid in the first 5 years, and Eximbank portions in the second 5 years. Because of the larger portion of financing by commercial banks, repayments to these banks may be stretched out beyond a 5-year period.

3. Endeavors are underway to increase the cash payment. In 1974, down payments for most loans ranged from 10 to 20 percent.

4. Former Eximbank policy allowed an applicant to obtain a loan at the interest rate stated in an approved preliminary commitment, even if the Eximbank rate changed. Currently, a commitment cites the rate prevailing when it is approved and is generally valid for 60 days, with extensions of from 30 to 60 days, if justified. If a loan authorization is not obtained before the specified period ends, the interest rate is subject to change.

Eximbank has continued to finance such exports as aircraft for which the United States has a strong competitive edge. Eximbank believes the continued dominance of the United States in the world aircraft market is not assured and that it should continue to support such exports.

Loans authorized from July 1 to October 31, 1974, for new commercial jet aircraft were reviewed to determine whether Eximbank was implementing these policies. Of the 14 Eximbank loans authorized during this period, 9 covered 30 percent or less of the financing and 5 ranged from 35 to 45 percent of the financing. Cash payments for most of the loans covered 10 to 20 percent of the total purchase prices. Guarantees may be provided for 4 loans if necessary to obtain the commercial portion of the financing.

Representatives of France, Germany, Japan, Italy, the United Kingdom, and the United States held discussions on export credit at the annual meeting of the International Monetary Fund and World Bank in Washington, D.C., at the beginning of October 1974. A Treasury announcement stated that the countries have agreed that, as a general principle from now on, public support for interest rates of each commercial export credit lasting more than 5 years would be devised so that a rate at least equal to 7.5 percent should prevail. Eximbank interest rates on U.S. export financing currently averages more than 7.5 percent.

In addition, these countries committed themselves, as a general rule, not to provide official support for export credits of 3 years or more for export transactions among themselves and with other wealthy countries. Most commercial jet exports having Eximbank participation in financing arrangements involve developed countries.

An Eximbank official advised us that a so-called gentlemen's agreement relating to interest rates and terms of repayment has been under discussion, but no agreement has yet been reached and, therefore, Eximbank has not changed its normal policies in regard to these matters.

CHAPTER 3

Pan Am and TWA aircraft financing, 1967–74

Pan Am and TWA aircraft are paid for through a variety of financing methods, depending on economic conditions, their financial conditions, and their preferences for a particular mix of debt and equity funding. The mix of these funds over an extended period determines the overall cost of aircraft funding and other capital expenditures.

Leaveraged Leasing

Leaveraged lease arrangements for aircraft assist companies in meeting cash flow demands but involve the transfer or sharing of tax benefits and loss of residual value associated with the ownership of such aircraft. Although used quite extensively by some large airline companies, including Pan Am and TWA which have been experiencing recent financial difficulties, little or no leveraged leasing occurs among the more profitable companies—e.g., Continental, National, Delta, and Northwest.

The leaveraged lease derived its name from the fact that the owner or lessor of the equipment to be leased acquired equipment by "leaveraging" equity; i.e., providing only a percentage (usually 20 to 40 percent) of the capital needed from his own equity and raising the remaining portion of the purchase price by issuing debt instruments to institutional investors; e.g., banks, insurance companies, trusts, pension funds, or foundations. This loan is made on a nonrecourse basis to the leasing company and secured by a first lien on the equipment, assignment of lease, and assignment of lease rental payments. The lessor of the equipment may retain the tax benefits incidental to ownership of the leased equipment, although he has put up only a portion of the purchase price.

Although the lessor's equity investment generally amounts to only 20 to 40 percent of the cost of the aircraft, the tax deductions for depreciation allowances and investment tax credits are based on the full original cost of the aircraft. These substantial tax benefits enable the lessor to reduce the airline companies' effective interest costs for leasing the aircraft by basing the lease payments on the percentage (usually 60 to 80 percent) of the capital the lessor raises by issuing debt instruments. Under some agreements between the lessor and the airline company, the tax benefits may also be shared with the airline company.

Because income tax benefits accruing to the lessor make up such an important aspect of the profitability of leasing for all parties, the proposed lease agreements may be submitted to the Internal Revenue Service for a ruling on eligibility for this special tax treatment. Some guidelines applicable to rulings on lease arrangments follow.

The lease must not be a conditional sale and ownership must reside in the lessor.

The owner must make a substantial initial investment, and, at lease termination, equipment leased up to 18 years should have a residual value of at least 15 percent and a remaining 2-year operability.

The lessee shall not have an option to purchase the property for a nominal consideration upon expiration of the lease.

Rising costs and falling profits are major reasons for shifting to aircraft leasing. This situation has depleted any internal equity source of capital funds normally derived from retained earnings, while depressed stock prices have negated external financing through new issues as a reasonable alternative. Leveraged leasing allows airlines to conserve cash resources and available credit under conventional borrowing arrangements. The state of airline industry profits have also provided another rationale for the shift to leveraged leasing. Since the industry is capital intensive and has been making large capital commitments in recent years, its resulting income has not been sufficient for it to benefit fully from available depreciation deduction and investment tax credits. If ownership and accompanying income tax benefits can be passed along to another entity having a large income to shelter, the new party could readily share some of these benefits by renting his newly purchased equipment at a price favorable to both parties.

Data Submitted by Pan Am and TWA

The data below provided by Pan Am and TWA shows that both have benefited in previous years from the lower interest rates attributable to long-term debt securities. The effective interest cost attributable to lease arrangements was also favorable although leasing involved the transfer of substantial tax benefits from the airlines to the lessor. Financing costs during 1967–74 do not provide a base on which to project future financing costs for these companies because of the uncertainty of such factors as their economic well-being, availability of foreign capital, and other money market conditions.

Pan Am

From the start of 1967 through 1974, Pan Am had a cumulative operating loss of about $148.5 million; it operated at a profit only in 1967 and 1968. Thus, it had to obtain funds from external sources to meet payments on the 89 aircraft it acquired through purchase and lease during this period at a cost of $1.2 billion.

Pan Am obtained funds from commercial banks, institutional lenders, selling capital stock, issuing notes and debentures having maturities of 20 to 25 years, and through bank credits.

Appendix 2 shows these external sources of funds and related financing during 1967–74.

A revolving bank credit of up to $270 million, with an interest borrowing rate of prime plus ½ percent was in effect at December 31, 1973. This credit was repaid and replaced by a new credit effective from October 1974 to September 1975 which has a borrowing rate of prime plus ½ percent times 120 percent. Maximum borrowing under the agreement will vary from month to month, increasing from $30 million in October 1974 to the $125 million ceiling in March 1975 and declining thereafter to $20 million in August and September 1975.

Leasing agreements covered 21 aircraft, or 22 percent, of the total 94 acquired by Pan Am during this 1967–74 period. All but one of these lease arrangements were 15- to 16-year leveraged leases. The imputed interest rate[1] for these aircraft ranged from 3.7 percent in 1968 to 9.6 percent in 1971, or a weighted average rate of 7.5 percent, as shown below.

Number of aircraft	Cost (millions)	Percent of interest
8	$66.9	3.7–4.0
10	230.0	9.4–9.6
2	46.0	7.6
1	19.0	8.1

TWA

From 1967 to 1974, TWA purchased and/or leased 148 aircraft of various types at a cost of about $1.6 billion. These acquisitions were financed through profits, selling $35.6 million of common stock during 1971, and issuing long-term debt securities.

TWA during the period 1967–74 operated with an overall profit of $88.0 million, which includes losses of $63.5 million in 1970 and about $23.6 million in 1974. TWA's senior debt instruments have maturity dates ranging from 18 to 25 years and a weighted average interest rate of 5.2 percent.

Appendix III shows TWA's external sources of funds and related financing during 1967–74.

The revolving credit is not to exceed $300 million from the date current credit was established on July 1, 1973, until July 1, 1981. Principal is repayable at any time and interest is payable quarterly.

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[1] That rate of interest which discounts a series of payments back to a purchase price, although the rate is not expressly stated. Residual value of aircraft was excluded in making computations. Inclusion of residual value would reduce the weighted average rate from 7.5 percent to about 7.0 percent.

Leasing agreements, generally for 15- to 16-year periods, cover more than 40 percent of the total number of aircraft acquired during the period. The imputed interest costs [2] associated with the leases range from 3.3 percent to 7.8 percent, for a weighted average of 5.3 percent. This interest cost does not consider the tax advantages that are transferred to the lessor.

TWA's ability to finance through leveraged and general leasing has become considerably restricted over the past year. In the spring of 1974, TWA effected four separate leases, each covering the lease of one Lockheed L-1011 aircraft. TWA had considerable difficulty in finding institutions willing to provide debt funds.

TWA commented that long-term interest rates have risen. A financial publication shows that the monthly average for AA industrial bonds was 7.64 percent in December 1973 and had risen to 8.63 percent in December 1974.

CHAPTER 4

U.S.-manufactured aircraft purchased by foreign airlines

Based on exports of commercial jet aircraft to foreign airlines, it is apparent that U.S. airframe manufacturers depend heavily on foreign sales to support their business, and this dependence on the export market is expected to continue.

Appendix IV shows the impact of exports on production activity for selected models of commercial jet aircraft of the Boeing Company, McDonnell Douglas Corporation, and Lockheed Aircraft Corporation. About 60 percent of their aircraft production has been exported in the past 5 years.

Boeing, the largest producer of commercial jet aircraft, exported 485 aircraft, or about 63 percent of its total aircraft deliveries for 1970–74, with the percentage increasing each year. For 1974, Boeing exported about 75 percent of the aircraft to foreign customers.

From 1970 through October 1974, McDonnell Douglas exported 241 aircraft, or about 61 percent of its aircraft deliveries, with the percentage increasing each year. This trend has been especially pronounced for the DC-10, which was first introduced in 1971. In that year, all 13 planes produced were sold domestically. Foreign sales of the DC-10 first took place in 1972 and have continued to grow until they reached 57 percent of total deliveries in the 10-month period ending October 31, 1974.

Lockheed began delivering the L-1011 in 1972 and, of the 17 delivered in that year, none were exported. Since 1972, however, deliveries have been increasing rapidly, as have the number of aircraft exported each year. From 1972 through 1974, 97 deliveries were made, of which approximately 24 percent were exported.

Eximbank has participated in the financing arrangements for 586, or 78 percent, of the 749 aircraft exported by Boeing, McDonnell Douglas, and Lockheed during 1970–74.

The airframe manufacturers, in supporting Eximbank's participation in financing arrangements for the purchase of aircraft by foreign airlines, made the following comments

Lockheed: The availability of Eximbank financing is very important in our continuing efforts to maintain a strong commercial aircraft program to supply U.S. and foreign airlines.

McDonnell Douglas: Eximbank financing is critical to holding our continuing dominant market share and thereby providing relating low-cost commercial aircraft to U.S. and foreign airlines.

Boeing: Without Eximbank financing many aircraft sales would not have been made.

Representatives of the airframe manufacturers assert that sales of foreign-manufactured aircraft are supported by more advantageous financing arrangements than are their export sales with Eximbank participation. For example, Eximbank is restricted from financing the cost of the Rolls-Royce engines on the Lockheed L-1011. This contrasts with the indicated foreign financing arrangements for the French-German A300B which cover the cost of the General Electric engines. It is also believed that overall financing costs on foreign-manufactured planes are lower than combined Eximbank and commercial financing of U.S.-manufactured aircraft.

Although the dominance of U.S.-manufactured aircraft in foreign airfleets can be largely attributed to their quality, financing arrangements are also a factor in procurement decisions of foreign airlines. The significance of favorable Eximbank financing is difficult to determine.

We view the dominance of U.S.-manufactured aircraft in foreign airfleets, the ownership of most foreign airfleets by foreign governments, and the sale of most of these aircraft in developed countries as among the factors that should be considered in determining whether Eximbank financing is essential to export sales. Eximbank has continued to finance such exports as aircraft for which the United States has a strong competitive edge. It believes that continued U.S. dominance in the world airplane market is not assured and that it should continue to support such exports.

CHAPTFR 5

Competitiveness of foreign-manufactured aircraft

The use of U.S.-manufactured commercial jet aircraft predominates in all major non-Communist foreign airborne fleets, except for British Airways. At least for the near future, the United States may be expected to maintain this competitive edge.

Table 2 shows that at June 30, 1974, 72.4 percent or 1,701 of 2,350 commercial jet aircraft in foreign airline fleets, excluding Russia, were manufactured by the United States. U.S.-manufactured aircraft of Boeing and McDonnell Douglas dominate air routes crossing the Atlantic and Pacific. Specifically, aircraft for these routes include the Boeing 707 and 747 and the McDonnell Douglas DC-8 and DC-10. The Concorde (French-British) and the Russian-manufactured Ilyushin Il-62 are the only other large commercial jet transports capable of transoceanic flights.

U.S. manufacturers except increased competition from the three other highly industrialized areas of the world—the European Community, Russia, and Japan. The European Community and Japan may increase production efforts because of balance-of-payments problems attributable to increased energy costs.

U.S.-manufactured aircraft in service June 30, 1974, by major foreign airline are shown below:

Country and airline	Total jet aircraft fleet	Percent of U.S. manufactured aircraft
United Kingdom, British Airways	155	27.1
France, Air France	111	64.0
Canada, Air Canada	106	100.0
Germany, Lufthansa	91	100.0
Spain, Iberia	90	88.9
Italy, Alitalia	82	81.7
Japan, Japan Air Lines	76	100.0
Denmark, Norway, Sweden, Scandinavian Airlines	66	89.4
Japan, all Nippon airways	50	100.0

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[2] Residual value of aircraft was included in making computation.

TABLE 2

Aircraft	Passenger capacity	Maximum load range (nautical miles)	Number of foreign owned	Manufacturer
Aerospatiale Caravelle	64–140	2,840	232	France.
Airbus Industrie A300B	231–281	1,820	3	Europe Consortium.[1]
BAC 1-11	74–119	1,389	134	United Kingdom.
BAC VC 10	135–163	3,330	33	Do.
Boeing 707	100–219	5,175	332	United States.
Boeing 720	88–167	3,680	66	Do.
Boeing 727	70–189	2,615	397	Do.
Boeing 737	112–130	1,280	68	Do.
Boeing 747	374–500	4,330	120	Do.
Convair CV880	88–125	3,200	4	Do.
Convair CV990	96–146	4,200	15	Do.
McDonnell Douglas DC-8	116–259	5,765	285	Do.
McDonnell Douglas DC-9	56– 90	1,370	343	Do.
McDonnell Douglas DC-10 [2]	250–380	4,390	52	Do.
VFW-Fokker F-28	65– 79	920	52	Netherlands.
Hawker Siddeley Comet	70–102	2,570	19	United Kingdom.
Hawker Siddeley Trident	109–179	1,990	81	Do.
Ilyushin Il-62	122–186	4,280	24	Russia.
Lockheed L-1011	256–400	2,885	19	United States.
Tupolev Tu-134	64– 72	1,538	38	Russia.
Tupolev Tu-154	128–164	2,510	16	Do.
VFW–Fokker 614	40– 44	850	1	Germany.
Yakovlev YAK 40	27– 32	540	16	Russia.

[1] British-French-Dutch-German-Spanish Consortium.

[2] The majority of DC-10s presently in operation are DC-10-10s, which have shorter ranges than the newer models. DC-10-10—2,825 to 4,440 miles; DC-10-30—4,390 to 6,600 miles; DC-10-40—4,275 to 6,330 miles.

Sources: Air World Survey, "Turbine-Engined Fleets o the World's Airlines—1974; Janes All the World's Aircraft 1973-74;" and Department of Commer

Note: See table below:

	Number	Percent
U.S. manufactured aircraft	1,701	72.4
Foreign manufactured aircraft	649	27.6
Total	2,350	

From figures projected for fleet composition in 1975, the overall U.S. composition will remain about the same. Of 409 U.S. aircraft on order as of June 30, 1974, 257 are scheduled to be delivered to foreign carriers. No foreign commercial jet aircraft were on order at June 30, 1974, by any U.S. carrier, even though the A300B and the Concorde have been widely displayed and demonstrated to U.S. airlines.

Boeing, Lockheed and McDonnell Douglas views on foreign competition are included in appendixes VII, VIII, and IX and summarized below.

Foreign Manufacturing Capability

Boeing stated that about 450,000 people were employed in the aerospace industry in Europe and 900,000 each in Russia and the United States and 26,000 in Japan. About 50 percent of the aerospace employees in Europe, and 25 percent in Russia and the United States are involved in "commercial" aerospace—that is, civil aerospace and military exports.

Competition flows from three sources: the European aerospace community, the Japanese industry and government combine, and the Russia export thrust for aerospace products. In each case, the basic technology is available with the foreign nations' industrial bases.

Nature of Competition

McDonnell Douglas contends that the indentification of a specific competitive product for commercial transport aircraft is a narrow theoretical concept that does not reflect the practical operations of the world's airlines. First the airlines have large inventories of various sizes and ranges of aircraft. Second, the route structures are flexible in range and scheduling so that types of aircraft used can be changed by airline management fiat. This is particularly true of long-range aircraft. The airline has the capability for the majority of its routes of using shorter range aircraft for much of its systems. With the existing inventory of long-range airplanes of both narrow body and wide body classes, foreign airlines can, if squeezed, merely concentrate existing long-range aircraft on mandatory long-range routes while purchasing short-range aircraft for overall system growth. With this management flexibility, the A300B, Corcorde, and Russian Il–62H are also competitors of long-range U.S. transports.

Boeing also emphasizes that a product need not always be of the same size, range, or appearance to be competitive. The 747s, for instance, compete with 707s in the North Atlantic. They also compete with VC–10s (now out of production), DC–10s, L–1011s, and with Il-62s, and will soon compete with the Anglo-French Concorde, and possibly the Russian TU–144. The A300B is currently being used on the London-Paris route. One A300B provides the lift capability of two 727s and will soon be used on routes where 747s are competitive. Both Air France and British Airways are expected to introduce Concorde service for the North Atlantic. These Concorde placements have supplanted the potential sales of 747s.

Boeing commented that the loss of a sale is more than the loss of a single airplane sale; it is often the loss of a market sector. The A300B's introduction into Air France operations has effectively closed out the sale of perhaps a dozen 727s in the near term and could easily displace many times that number of potential Boeing sales over the next 15 years. Once the additional investments needed to introduce a new product have been made—ground-handling equipment, spares, training, etc.—it can be as attractive to buy additional A300Bs as additional Boeing equipment. And Air France, it should be noted, already operates Boeing 727 equipment. If an A300B could be placed with an airline not now operating Boeing equipment, Boeing believes the chances of it then entering that market could be remote.

Future Prospects

Over the next decade, an open market for $50 billion to $60 billion of new commercial jet aircraft is anticipated. Airframe companies expressed concern about developments that may reduce current U.S. dominance in commercial jet aircraft. Pressures in the European Community concern:

Balance-of-payments, especially in the light of large oil import-related dollar drains on many countries. The French Aerospace Industry Association has recently requested the French Government to curtail U.S. aerospace imports because scarce dollar reserves are needed for Arab oil imports.

Defense policies.

Social and regional policies, unemployment fears, and the current recessionary climate, which are particularly acute in the United Kingdom.

Desire for technological fallout associated with a high-technology industry.

Prestige and nationalism.

European political identity, unity, and cooperation associated with transnational projects.

Of major concern to U.S. manufacturers is the knowledge that European governments have been developing a blueprint for an integrated commercial aviation-manufacturing capability. The plan provides for government support of research, development, and prototype production as well as marketing and price support. According to the plan, European airlines may be required to "buy European." Much of Europe's commercial aerospace-manufacturing industry is already nationalized, and many carriers are partially or wholly owned by national governments.

It was recently announced that a British-French-Dutch-German-Spanish consortium plans to design, market, and build a 160-seat, high-density, short-haul airplane or a medium-range 180- to 200-seat airplane. According to the manufacturers, the governments of these countries and the nationalized airlines have pledged themselves to promote the development of the trans-national project and to purchase the airplanes. In the past, there has been much disillusionment with politically motivated transnational joint ventures. The new consortium, however, has been born out of the economic and commercial necessity to cooperate in order to survive. It is actually working more closely with the airlines to determine market requirements, a close relationship not in previous European projects. The result of this market research could be a product better tailored to airline requirements and could be a substantial competitive threat.

Boeing further states that it is difficult to assess Russian objectives. Russian commercial jets have been heavy and inefficient by Western standards—reflecting in part Aeroflot's needs for aircraft to operate from rough runways and under adverse weather conditions. They have also lacked customer appeal.

The Russian industry is second only in size to that of the United States. With the introduction of the I1–86 airbus, Russia will manufacture a full range of commercial jets. Although Russia has not been able to meet its own domestic demands for life capacity, it has made about 100 aircraft available for export. The YAK–40 and TU–154 are both being offered abroad, and, undoubtedly, any additional new aircraft to enter service—being high technology, high prestige, and highly visible products—will be featured prominently in export drives. The Russian competitive threat is currently greatest in the East European and soft-currency markets. The potential for more serious competition is undoubtedly present, and Russia could become very competitive, especially in price and financing terms.

About 24 percent of all commercial jets now in service are of Russian manufacture. According to recent reports, aviaexport (Russian export sales agency) accounts for between 5 and 10 percent of civil aircraft production, with sales increasing at a rate of 15 percent a year. Given these space/military aircraft capabilities, which are comparable to those of the United States, Russia certainly could develop a strong competitive civil aviation capability.

The aerospace industry of Japan is relatively small compared with that of the United States, Europe, and Russia; but Japan has been moving forward in the development of advanced technology for the aircraft industry and has broad-based technology within major heavy industries. Japan's programs for the YX aircraft indicate its serious intention to compete in the civil transport market. Collaboration with European and United States manufacturers for the development and production of an advanced 150 to 200-passenger aircraft is being actively pursued. The YX programs have support at the highest levels of government and they are being carried out by companies having considerable manufacturing and technical capability, using 85 percent direct Japanese Government financing.

MINNESOTAN NAMED NATIONAL TEACHER OF THE YEAR

Mr. HUMPHREY. Mr. President, I quote a recent statement by a teacher which eloquently addresses the purposes of education:

> I want my classroom to be filled with warmth, humor, and enthusiasm about science, but I also want it filled with concern for individual worth, individual rights, and individual responsibility. I believe a teacher must play a role in helping students develop self-discipline, self-confidence, self-honesty, reliability and humbleness, in the classroom and outside of it. I think it extremely important that my students leave my class with a positive attitude toward science, life, and themselves.

This is the philosophy of Robert G. Heyer, a St. Paul, Minn., physical science teacher, who yesterday was named National Teacher of the Year. I was proud to attend the White House ceremony at which Mr. Heyer received this prestigious award and to share some time with him and his marvelous family.

Mr. Heyer teaches ninth grade students and serves as department chairman at Johanna Junior High School in the Mounds View Independent School District. A fellow teacher testifies that—

> Bob has time to work with the very top academic students and the patience to assist those who are struggling academically.

He himself says that—

> As long as I can face the classroom with excitement and the kids are excited, then I feel I'm succeeding in my job.

The National Teacher of the Year award was initiated by the U.S. Office of Education in 1952 in cooperation with the Chief State School Officers to give public recognition to teachers by annually symbolizing excellence in teaching through designating a National Teacher of the Year. Recently, the Encyclopedia Britannica Co. and the Ladies Home Journal have joined in sponsoring this award. The selection process begins at the local school level where recommendations are forwarded to the State commissioner of education. Each State commissioner than transmits one name to an external screening committee in Washington which makes the final choice.

My time with Mr. Heyer confirmed how thoroughly he meets the criteria for National Teacher of the Year; sound professional education, successful teaching experience, skill in human relations, community participation, love of children, and wide cultural interest. Certainly, Mr. Heyer ably represents the many thousands of excellent teachers throughout the Nation who contribute so importantly to the American way of life. His example is an inspiration and challenge to all teachers and to those interested in making teaching their life's work.

The award is a double tribute to the excellence of the Minnesota educational system—for not only does Mr. Heyer teach in Minnesota, but he graduated from high school in Faribault, Minn. and received his bachelor's degree from Minnesota's Mankato State College. He has also pursued postgraduate education at other fine Minnesota institutions: Macalester College, St. Cloud State College, and the University of Minnesota. The progressive and comprehensive educational network in Minnesota has both nurtured and been reinvigorated by Mr. Heyer and many other hard-working colleagues.

Other evidence of Minnesota's achievements in the educational field is currently on view at the U.S. Office of Education, which is observing Minnesota Education Week around the theme, "Partnerships in Educational Progress."

During this week, new ways and means for more effective cooperation between the Federal Government and educational leaders in the States will be explored. Presentations will be made on topics ranging from early childhood education through postsecondary education and teacher preparation.

I invite all my colleagues to visit the Office of Education which has on display a large number of exhibits, demonstrations, and film presentations on a variety of Minnesota State and local educational activities—especially those exemplary projects funded with Federal resources.

Mr. President, I heartily congratulate both Robert Heyer as National Teacher of the Year and the Minnesota Department of Education for its fine activities during Minnesota Education Week. These simultaneous events show clearly what can be achieved when a progressive State firmly committed to educational excellence works in partnership with the Federal Government.

Mr. President, I ask unanimous consent that the full text of Mr. Heyer's "Philosophy of Teaching" be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

MY TEACHING PHILOSOPHY

(By Robert H. Heyes)

I believe that teaching offers a life of tremendous excitement, one which is filled with diverse challenges and responsibilities. Students, parents, administrators, other teachers, supportive staff members and even custodians all have their own opinions of what a teacher should be and what he should be doing. The teacher then is expected to fill many roles depending upon whose eyes are viewing him. Although the teacher must be sensitive to all of these views, it is imperative that he develop for himself a strong personal philosophy which fully utilizes his personality and talents and which will be the framework from which he will operate. In developing this philosophy he must be fully aware of the impact that teaching has in the development of the lives of his students and ultimately on society itself.

I feel that a teacher's highest priority is that of his responsibility toward his students. Teaching must be much more than a presentation of subject matter. The development of knowledge and skills, however, cannot be neglected. I want my classroom to be filled with warmth, humor, and enthusiasm about science, but I also want it filled with concern for individual worth, individual rights, and individual responsibility. I believe a teacher must play a role in helping students develop self discipline, self confidence, self honesty, reliability and humbleness, in the classroom and outside of it. I think it extremely important that my students leave my class with a positive attitude toward science, toward life, and toward themselves.

In recent years much has been said about failure in schools. Since it is extremely difficult even for adults to keep working when there is no accompanying success, I feel that my class must be structured to provide at least some academic success for every student. However, I also feel that failure is a part of the real world, and everyone must learn how to react to and cope with failures when they do come.

It is an absolute necessity to establish strong, warm teacher-student relationships both at the individual and collective level if the stated goals and objectives are to be reached. To establish these relationships and yet retain the respect and discipline necessary for an overall effective educational atmosphere is an extremely delicate matter. Involvement with students beyond the walls of the classroom, in informal social activities, in athletics, and in the community, coupled with a sincere interest in them as individuals, are some of the keys to successful student-teacher relationships. Finally, if a teacher wants students to develop positive attitudes and qualities, he must exhibit these traits himself.

The teacher must assume his share of the responsibility of developing a good building climate which is concerned with providing good learning experiences of all types, both curricular and extra curricular. Teachers must be supportive of their colleagues and be willing to share ideas and techniques which may help others. Administrators, counselors, teachers, and supportive personnel must work cooperatively to establish a building which is alive and educationally productive.

The teaching profession has seen an almost staggering amount of change in the past few years. The teacher who sits back and hopes that the right things happen for education is neglecting yet another vital responsibility. Active involvement in professional organizations is the only way to insure continued quality education and equal opportunity for everyone. To be informed and to be involved is to be professional.

The teacher has a vital role to play in public relations. He must develop positive relationships with the parents of his students both for the sake of the effective teaching of their sons and daughters and for the sake of education in general. Parents have vital concerns for their children's future, and rightfully so, but too often we forget they are also our employers. If we do not take every opportunity to sell the value of our profession to them and to other members of the community, we can not expect to get their support for the finances and other things vital to good education. The public relations aspect of teaching must never be overlooked.

In closing, I firmly believe that the teacher must constantly strive to become the best teacher that his talents will allow him to become, and to unselfishly share his knowledge and talents with everyone he comes in contact with, especially his students.

SENATOR CRANSTON OPPOSES ADMINISTRATION REQUEST FOR ADDITIONAL MILITARY ASSISTANCE TO SOUTH VIETNAM AND CAMBODIA

Mr. HATFIELD. Mr. President, recently my distinguished colleague from California (Mr. CRANSTON) wrote an article for the Los Angeles Times indicating his opposition to the administration's request for additional military assistance to the Governments of South Vietnam and Cambodia. It is an article which clearly demonstrates the futility and immorality of our continued military involvement in these conflicts. I would like to bring Senator CRANSTON's remarks to the attention of my colleagues and I ask unanimous consent that his article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Los Angeles Times, Mar. 9, 1975]

INVOLVEMENT IS FUTILE, IMMORAL

(By ALAN CRANSTON)

Senate Majority Leader Mike Mansfield expressed the revulsion most of us in Congress feel about the perpetual bloodletting in Southeast Asia when he said he is "sick and tired of pictures of Indochinese men, women, and children being slaughtered by American guns with American ammunition."

"The more aid we give," Senator Mansfield said, "the more killings there will be."

He couldn't be more right. The war in Cambodia has already cost the U.S. taxpayer $7 billion. Vietnam has cost us $170 billion thus far. By the time the last bill is paid generations hence—after we add in such long-range costs as billions of dollars interest on a national debt swollen by deficit war spending and more billions in benefits paid to our veterans—we'll find that our military involvement in Indochina will have cost us, our children and our grandchildren something on the order of a trillion dollars.

And all for what? What have we and the people of Southeast Asia gotten for that money?

Just in the past two years, since the so-called Paris cease-fire agreement, 1,413,000 more Vietnamese have been made homeless and 340,000 more civilians and soldiers have been killed or wounded by ceaseless, American-financed warfare.

In Cambodia, five years of napalm, B-52 bombing and endless internecine fighting have made casualties of nearly a million people.

And what of the United States? What have we gotten for all those billions spent on the Vietnam and Cambodian wars?

We all know the answers, all too well: 55,000 Americans dead; 300,000 wounded. Soaring inflation that wracked our economy even before last year's food shortages and Arab oil price-hikes made things still worse.

Now, as Congress prepares to struggle with President Ford's record $350 billion budget—and the 16th consecutive annual budget deficit—the President wants Congress to approve another $1.3 billion in military aid to Vietnam and $363 million more for Cambodia in fiscal 1976. This money could be put to far better use to help the unemployed and the disadvantaged here at home and to spur our economic recovery.

That's not all. For the remaining four months of fiscal 1975, President Ford wants an extra $300 million for Vietnam (they already got $700 million this year). And, since the Lon Nol government has already used up the $275 million it got from us this year, the President has made an emergency appeal for $222 million more for Cambodia.

All those millions more are being demanded from us for Marshal Lon Nol—while the Soviet Union and China have substantially reduced their aid to the Cambodian insurgents. And though the rebel Khmer Rouge are outnumbered by government forces, they have had no help from North Vietnamese combat troops since 1972. Yet the Ford Administration claims that without continuing, large-scale, open-ended aid from the United States, the Lon Nol government is sure to collapse.

Ironically, it is we, not the Communists, who (inadvertently) are supplying the insurgents with most of their war materiel. According to a Congressional source who has just returned from Cambodia, most of the Khmer Rouge's equipment was made in the United States and has either been captured from government troops or obtained on the black market.

Why does the Administration want to keep pouring American money—and Cambodian lives—down this rathole?

The President says we have a "commitment" to the Lon Nol government. What is that commitment? When was it made? By whom? Was it by Richard Nixon—when he ordered the U.S. "incursion" into Cambodia? If there was a secret commitment, the American people have a right to know.

The Congress knows of no such commitment. In fact, the Foreign Assistance Act originally framed in 1971 and signed by President Nixon explicitly states that the provision of U.S. aid to Cambodia "shall not be construed as a commitment by the United States to Cambodia for its defense."

President Ford calls Cambodia an ally. But surely he knows that we have no treaty of alliance. Secretary Kissinger, who is more precise about such things, refers to Cambodia only as "a country which has been associated with us."

The Ford Administration, to its credit, does not repeat the discredited arguments of the past that the U.S. has any vital interest in Cambodia. Clearly we do not. The outcome of the Cambodian civil war (even the U.S. embassy in Phnom Penh has stopped pretending that it is the North Vietnamese, not the Cambodians, who are driving back Lon Nol's forces) is not vital to our security or our welfare.

But President Ford does claim, rightly I believe, that "our national security and the integrity of our alliances depend upon our reputation as a reliable partner." I have no fears on that score. We have proven time and again to be eminently reliable partners in war—even when, as in the case of Vietnam and Cambodia, such years of stubborn steadfastness have been a calamitous mistake for everyone concerned.

The President says there's a "moral question" involved in Cambodia. Indeed there is, though perhaps not the one he sees.

Our "association" with Cambodia has not only been costly and tragic, but immoral as well. It is widely believed that the Central Intelligence Agency initially encouraged the Lon Nol coup which overthrew Prince Sihanouk in 1970. President Nixon continued to support Lon Nol despite the Cambodian government's corruption and incompetence which alienated whatever popular support it once had.

Meanwhile, secret American bombing with B–52s had been going on for more than a year. Finally, a month after the coup, came the American invasion.

The Cambodian invasion supposedly was to protect South Vietnam from North Vietnamese forces using Cambodian "sanctuaries." But the sanctuaries were expanded, rather than destroyed.

Cambodia—a victim of American deceit, violations of the law and abuse of executive powers—has remained an American-financed battlefield ever since. Instead of flying more ammunition in, we should be flying people out (if, as feared, some lives will be in jeopardy if the Lon Nol government falls to the insurgents).

The time has come, in the interest of the Cambodian people as well as our own, for the Administration to be less concerned about our image as an indefatigable warrior and inexhaustible banker and more about our responsibilities as a compassionate friend of peace.

THE MISUNDERSTOOD AMENDMENT

Mr. PROXMIRE. Mr. President, an editorial in the current issue of the Quill, the monthly publication of the Society of Professional Journalists, Sigma Delta Chi, cites some startling results of Gallup polls:

Only 45 percent of those polled knew that freedom of the press is based on the first amendment.

Sixty-three percent of students asked thought it would be a good idea for a Government agency to check news stories for accuracy.

Thirty percent of those students believed the Government could shut down a newspaper legally.

The Quill editorial did not deal primarily with broadcasting. Yet, it is not stretching the truth to say that—

The Federal Government ignores freedom of the press when regulating broadcasting.

The Federal Communications Commission can and does, admittedly through indirect means, check the accuracy of broadcast news.

The FCC legally can, and does, put broadcasters off the air.

The Quill is concerned that the message about the first amendment—the freedom for all citizens—has not been carried throughout the land.

That concerns me, too. And I am equally concerned that with fewer and fewer truly competing newspapers, we, the people, need to have broadcasters also covered by freedom of the press.

We do not have that now. We have governmentally controlled broadcasting. The first amendment—that part dealing with a free press—was designed to make sure that there would be a control on Government. The press was given that role. The press is the only private enterprise mentioned in the Constitution.

Economic conditions have removed many of the competing daily newspapers we formerly had. But the radio and television stations that could be filling that gap are shackled by rules and regulations that—as the ultimate—can put them out of business.

We, as Members of the Congress, would not allow that to happen to newspapers. We know, even if many of our citizens do not, that the first amendment is there and must be honored.

But what will happen if this ignorance of the first amendment spreads? What if support for governmental regulation of broadcasting grows to a point where some, who would control the print media, too, gain strength and support?

I do not think those questions are rhetorical.

There are many groups around this country who, in good faith and in sincere concern for the United States, want to force broadcasters to provide air time for opposition viewpoints on controversial issues. Despite court decisions, for example, the BEM case, these people continue their campaign. One variation calls for free speech messages. "Access" is the general term for this kind of proposal.

Like the FCC's fairness doctrine, itself, this concept has a nice ring to it.

But this access movement is contradictory. It would use the first amendment to defeat the first amendment.

A part of this movement wants to use controls over broadcasting to lessen the impact of those controls.

Mr. President, I ask unanimous consent that the Quill editorial and an article explaining free speech messages from Access, a publication of the National Citizens Committee for Broadcasting, be printed in the Record.

There being no objection, the editorial and article were ordered to be printed in the Record, as follows:

Editor's Notes

We risk appearing platitudinous every time we mention freedom of the press as guaranteed by the First Amendment.

How many times, in how many different ways, has the subject been analyzed, cross-examined, discussed, debated, dissected. Certainly this magazine has been harping on the First Amendment for the better part of 60 years. Numerous other publications, large and small, here and there and everywhere, have raised the issue, too, particularly in recent years in response to the Nixon administration's vendetta against the press.

Suffice it to say that the message has been carried throughout the land so often that its meaning should be second nature by now.

But how loud and clear that message is remains questionable. Take note of what pollster George Gallup discovered in one of his public opinion samplings: Less than half (45 per cent) of the American people knew that freedom of the press is based on the First Amendment. More than half either thought it came from another source, or didn't (or couldn't) offer an answer.

What persons did tell Gallup with more than a modicum of self-assurance was that newspapers devote too much space to "bad" news and not enough space to "good" news.

Another Gallup poll conducted recently asked high school students whether the nation would be better off if every news story sent out of Washington were checked first by a government agency for accuracy. Sixty-three per cent of the students favored the idea. And what's more, 30 per cent thought the federal government could legally shut down a newspaper it felt was publishing inaccurate or biased stories.

And high school juniors and seniors throughout the nation were asked in 1974 if they could recall offhand the source of the right of a free press in this country. Nearly half did not know. Thirty-two per cent knew it was in the Constitution. An unbelievable four per cent pinpointed it in the First Amendment.

It's disconcerting that these conceptions are prevalent even beyond the high school level. Too many private citizens do not think of themselves as having the same constitutional privileges afforded to others. They speak in terms of "those newspapers and broadcasters" being protected by the First Amendment as if it were an exclusive umbrella only for the establishment press. And the question often follows: "Why should they have special privileges?"

Supreme Court Justice Potter Stewart says in response that a basic understanding is essential if we (meaning all of us) are to avoid an elementary error of constitutional law. "It is tempting to suggest that freedom of the press means only that newspaper publishers are guaranteed freedom of expression. They are guaranteed that freedom, to be sure, but so are we all. . . ."

Stewart went on to say that the press has "sometimes been outrageously abusive, untruthful, arrogant and hypocritical. But it hardly follows that elimination of a strong and independent press is the way to eliminate abusiveness, untruth, arrogance or hypocrisy from government itself."

It's that message that needs to be carried loudly and clearly, regardless of how platitudinous it may seem.

FREE SPEECH CONCEPT GAINS MOMENTUM

"Free Speech Messages" (FSM's), uncensored guest editorials by community residents, is gaining momentum as an institutional program form. A recent proposal by the father of FSM's, Phil Jacklin (founder of the Committee for Open Media, San Jose, California), will assure even more vigorous debate.

Jacklin developed the FSM idea and reached agreements with San Francisco area stations to air systems of FSM's during 15 minutes each week—including prime evening time. Together with the Citizens Communications Center law firm in Washington, D.C., Committee for Open Media has now proposed to the FCC that all stations carry FSM's. To induce the stations to do it, COM and Citizens have asked the FCC to adopt an "access alternative" to the Fairness Doctrine, relieving a station of most of the Doctrine's burdens if it has an adequate FSM system.

"Access Is Fairness," as the alternative is known, calls for a minimum commitment of one hour per week to FSM's and to slightly longer access-oriented public affairs shows. In "exchange," the station would be exempt from all requirements of the Fairness Doctrine except that regarding paid editorial advertisements (to prevent the wealthy from monopolizing air time). Also, stations would still be subject to the FCC's requirement of good faith and service to the public interest in its programing decisions.

"Access Is Fairness" would allow stations the choice of adopting an adequate FSM system (thus presumptively complying with the Fairness Doctrine) or continuing via the old case-by-case method. Given that choice, Jacklin is certain most stations would choose the FSM approach.

First of all, the minimum access requirement (one hour) accounts for less than 1% of the typical broadcast week and therefore does not drain stations' commercial time. Second, the FCC would be out of the content-regulating business with regard to the Fairness Doctrine. The Commission's role would be reduced to assuring that the access *procedures* (e.g., amount of time per week, lack of censorship, placement of spots during the broadcast day) are adequate. Third, it would relieve broadcasters of another problem—the *initial* airing of controversial issues of public importance as required by the Fairness Doctrine. FSM's themselves would initiate many discussions, and broadcasters would be less inhibited from doing investigative reporting knowing that their conclusions as to fairness won't be challenged (except by FSM's presenting contrasting views).

According to Charlie Firestone, the Citizens attorney working closely with Jacklin, "Access Is Fairness" has been presented for discussion to members of the Federal Communications Bar Association, which is composed of the attorneys who represent broadcasters before the FCC, and will shortly be presented to the FCBA's Re-Regulation Committee, which Firestone hopes will adopt a resolution urging FCC acceptance of the plan.

Firestone thinks the biggest shot-in-the-arm for FSM's ironically, was the sour note sounded in FCC Chairman Richard Wiley's September speech before the Radio-Television News Directors' Association in Montreal. Although Wiley rejected "Access Is Fairness" as an adequate substitute for the Fairness Doctrine, the mere fact that he felt FSM's significant enough to discuss in so important a speech is a sign that the debate is just beginning.

Already Firestone has been seeking the views of the FCC Commissioners. The response, he says, is mixed. At least two Commissioners favor calling immediately for a "Notice of Inquiry" (seeking industry and public comments on the proposal); three other are still waivering.

Partly because of some courts' disenchantment with the Fairness Doctrine [see separate story, this issue, on NBC's "Pensions" program], Firestone believes "Access Is Fairness" is maturing rapidly as a workable proposal. If it succeeds, the victors will be the representatives of all those viewpoints which, because of controversiality or unpopularity, have always been underrepresented on radio and television.

Mr. PROXMIRE. Mr. President, as one can see from reading about "Access is fairness," the "FCC would be out of the content-regulating business with regard to the fairness doctrine."

But, the "access is fairness" concept would be put into use by action of the FCC. Presumably, the FCC would retain the power to deny renewal of the license of any broadcaster found to violate the regulations for "access is fairness."

The first amendment would be walked over in the name of free speech.

Those who want freedom of speech would use that freedom to control the freedom of the press that rightfully belongs to broadcasters. For, unless the broadcasters are free of governmental controls, they cannot carry out the reason for the first amendment: protection from government. That protection is designed for the benefit of the people of this country; not for the press, be it printed or broadcast.

Today that is a difficult concept: protection of the people against their Government. It was not in 1791 when the first amendment was ratified as part of the Bill of Rights.

But it should not be a difficult concept in light of recent American history.

Too many people today want to use the force of government to make others listen to their opinions.

Is that right?

I say it is not.

But the reply will be: But everyone would have the same chance to be heard.

That may be true theoretically. But in practice it would lead to conflict after conflict; court case after court case; demand after demand to extend this precedent to the printed media.

The first amendment stands as one of the truly great acts of faith in the history of the world.

No other country has the same kind of a free press that we have in the United States.

Chief Judge David Bazelon of the U.S. Court of Appeals for the District of Columbia has paraphrased that famous jurist, Learned Hand, on how the principle on which our first amendment works:

> A multitude of tongues, completely unrestricted in speech, will somehow over the long run produce a multitude of ideas expressive of the culture and interest of all the people, such that national political debate and artistic achievement will flourish.

Freedom means exemption from external control, interference and regulation. There may be a price to be paid for freedom over the short haul. But not over the long haul, as Judge Hand said.

Free speech and a free press go hand in hand with reason. Human beings are rational. In the long run, reason will provide answers. Reason will adopt the correct answers.

Of course freedom of speech and of the press will bring abuses. But the same freedom provides the means to overcome those abuses. That is what the market place of ideas means.

Governmental force used for the goal of promoting good ideas is, in the end, just as harmful as governmental force in the employ of evil.

The first amendment was a big gamble on the part of the framers of the Bill of Rights. It was an act of trust in human beings. It was an act of tolerance of repugnant ideas.

The first amendment was an act of faith in the ultimate victory of good order for all our citizens. It is the foundation for our form of self-government.

Before we allow the first amendment to be eroded, we ought to stop and think about the consequences.

Mr. President, it is my hope that the introduction of S. 2, the First Amendment Clarification Act of 1975—a bill to make sure that broadcasters have the same free press rights as publishers—is, at least, the vehicle for hard thought about the first amendment.

THE CIA AND NATIONAL SECURITY

Mr. HUMPHREY. Mr. President, in an article in the New York Times on February 27, Ray S. Cline, former CIA Deputy Director of Intelligence, has made some very thoughtful observations concerning our future national security and the question of CIA covert political activities.

I have stated in the past that it is my conviction that the function of the CIA should be strictly one of intelligence gathering.

Mr. Cline's basic premise is that there may be some extenuating circumstances whereby, in order to obviate "bringing in the Marines" while still insuring our own national security, covert intervention in the political activities of certain foreign countries may be a justifiable alternative.

In reading this article, basic ethical questions come to mind—specifically, do the ends justify the means? Have not the events of recent history shown too often that the "covert aid" of which Mr. Cline speaks can fail to achieve any "constructive" end—again, using his terminology—in the absence of adherence to clearly established policies and firm guidelines, for which Federal agencies must remain accountable to the American people and their elected Representatives?

Mr. President, I ask unanimous consent that the article by Mr. Cline be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

ERASING THE "C" IN "COVERT": IN OMPLETE SE URITY

(By Ray S. Cline)

Washington.—At the end of 1974, Congress enacted and President Ford signed into law restrictions on the Central Intelligence Agency's overseas operations that virtually put the C.I.A. out of the business of giving covert political assistance to friendly foreign governments or political groups. The White House did not make an issue of the legislative restrictions, nor did the C.I.A.

A great many critics of United States policy in the 1950's and 1960's, especially the young ones who grew up in the era of retreat from Vietnam and of worldwide détente, have applauded United States withdrawal from the clandestine international political arena. They consider covert activities incompatible with international law, morality and the fundamental principles of our open society.

And yet, there lingers an uneasy, doubtful feeling about the wisdom of this move in the minds of many Washington officials, especially career public servants in the "national security establishment" and political figures who remember the dark days of Europe in the time of the Berlin airlift (1948–1949) and the military invasion of South Korea (1950).

By and large, they are not confident that "détente" with the Soviet Union has eliminated the dangers of Soviet efforts to dominate smaller nations, some of which are important to United States security. They also doubt that it is really moral for the United States to be too high-minded to help friendly democratic governments threatened with one-party dictatorship. Covert political action is a way of aiding governments threatened by a foreign-supported take-over without sending in the marines.

The "realists" of the "national security establishment" argue that covert action ought to be taken in those relatively few cases in which world events can be turned in a direction more favorable to the United States by a crucial marginal boost from the C.I.A. for moderate constitutionalists.

Proponents of selective covert political action abroad believe that all great nations try to influence political developments in other countries when their strategic interests are affected. The Soviet Union and China both have a well-defined political philosophy of intervening in non-Communist areas to promote violent revolutionary action and overthrow existing regimes.

The "realists" says that C.I.A. support helped the Christian Democratic-centered majority in Chile stay alive and resist the minority rule of President Salvador Allende Gossens, which would have brought Chile to total ruin. They are not particularly happy that a military junta rather than a parliamentary regime has taken charge, but they believe military regimes are impermanent whereas establishment of a Communist-dominated dictatorship with Soviet support is a one-way street.

The Soviet "Brezhnev Doctrine," invoked to justify the military occupation of Czechoslovakia in 1968, guarantees in perpetuity the security of pro-Soviet regimes within the commonwealth of Communist nations.

Serious foreign policy experts now point out that an excellent strategic case could be made for covert aid to non-Communist groups in Portugal.

The fall of the decaying authoritarian regime there left the country with virtually no organized political structure except for the Communist underground. The armed forces are divided between conservative and revolutionary wings. The latter seems to be dominant and is generally tolerant of Communist demonstrations, political strikes and physical harassment of democratic politicians.

The advocates of covert political action say the national security of the United States is at stake, since continuing Portuguese permission for American bases in the Azores is vital to antisubmarine reconnaissance and defense systems in the Atlantic. Loss of these bases, they say, would also make impossible prolonged American military assistance to Israel in the event of another Middle East war. Finally, it is noted, the Mediterranean flank of the North Atlantic Treaty Organization might fall apart if a Soviet-influenced Communist-dominated regime gained control of Lisbon.

If this happened, say the national security professionals, what does the United States do? Retreat to Western Hemisphere quasi-isolationism? Spend massively on economic and military aid to shore up NATO's Mediterranean flank? If necessary, send in the marines? Might it not be better to let our covert operators quietly try to assist the moderate center in Portugal to establish a working multiparty parliamentary system, countering Soviet moves to help the local Communists, who are undoubtedly a minority but an efficient political force? Among these unattractive choices, some of the old hands argue, covert political action is the best.

Later, American options may shrink to a choice between military intervention and strategic retreat from southern Europe and the Mediterranean. To avoid this harsh dilemma, whether in the case of Portugal or some other threatened nation, the United States ought to have an option of covertly aiding constructive constitutionalists and resisting the rise to power of dictatorships hostile to American interests.

Some observers of the international scene think American strength is so great that it materially affects what happens in the world, whether the United States acts or fails to act, uses diplomatic and economic pressures, or military aid or covert assistance. There is no way to shirk this awesome position, and the vital thing is to use all American assets in a stabilizing, peace-preserving role.

DEREGULATION OF NATURAL GAS

Mr. STEVENS. Mr. President, on March 18, 1975, the Secretary of the Interior, Rogers C. B. Morton, testified before the Committee on Commerce regarding the best method to increase the production of natural gas in meeting our Nation's economic and energy problems.

While several alternatives have been explored by the Commerce Committee, the Secretary feels that the best option is to allow competitive market forces to establish wellhead prices; and he urges prompt congressional approval of the President's proposal to end price control of new natural gas.

I believe that Secretary Morton is correct in his analysis that the deregulation of natural gas is the best method to assure increased production.

I ask unanimous consent that his testimony be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

STATEMENT OF ROGERS C. B. MORTON, SECRETARY OF THE INTERIOR, BEFORE THE SENATE COMMERCE COMMITTEE, MARCH 18, 1975

The natural gas shortage is severe and genuine. In large part, it has been caused by Federal regulation of wellhead prices. Consideration of the evidence and available alternatives makes it clear that this is a problem which can be solved most efficiently and at least cost to the consumer by allowing competitive market forces to establish wellhead prices.

Because of this, I urge the Congress to act swiftly in adopting the President's proposal to end price controls of new gas. It would exempt from Federal Power Commission regulation sales or deliveries in interstate commerce of natural gas which (i) is dedicated to interstate commerce for the first time on or after January 1, 1975, (ii) is continued in interstate commerce after the expiration of a contract by its own terms for the sale or delivery of such natural gas existing as of that date or (iii) which is produced from wells commenced after that date. This would—

Permit natural gas field prices to seek their competitive level;

Stimulate exploration and development of domestic natural gas resources; and

Allow market allocation of natural gas gradually to the most efficient and highest priority uses.

Natural gas is basic to our energy economy. It accounts for about 40 percent of our energy supplies. For many industries, it simply cannot be replaced. That is why, for example, natural gas shortages in the agricultural sector are so critical. More than half of the U.S. industries use natural gas. And these are the same industries that provide jobs for our people and goods and services for our consumers.

The natural gas shortage goes to the heart of our energy and economic well-being.

Although the recession makes it difficult to measure the unemployment effect of the shortage precisely, many companies have not been able to keep up production because they are not able to obtain natural gas and do not have alternate fuel-burning capacity.

Some specific dislocations are particularly severe. For example, natural gas curtailments to fertilizer plants, if permitted to continue, could result in the loss of 200,000 tons of fertilizer this spring. This translates into a loss of 160 million bushels of corn in 1975, or 2.5 per cent of the crop, worth perhaps $500 million. Additional curtailments might result in a loss of 5 per cent of the crop and Americans would feel the effect in higher prices for meat and other foods across the board.

Use of oil or coal as a substitute for natural gas increases prices substantially.

Use of oil or coal as a substitute can have adverse environmental consequences, particularly from the standpoint of our clean air objectives.

Use of oil as a substitute for natural gas can require more imports and directly undercut our important national goal of reducing vulnerability from foreign oil dependence.

On the demand side, artificially depressed natural gas prices result in misallocation of energy supplies. Large quantities of natural gas are used as boiler fuel that would be used for higher uses if a free market prevailed.

Some measures before the Congress propose to address the natural gas dilemma by revising field price regulation, hoping to alleviate some of the mistakes of the past with a new system. We believe this approach is basically misconceived and that field price regulation will inevitably fail.

Regulated field prices based on "actual

cost" ignore the fact that the risks and costs involved in finding and developing a nonrenewable resource inevitably rise over time. This is particularly true where producers are forced to drill at greater depths and in frontier areas. The history of FPC regulation has shown that it is virtually impossible to set a "right" price for developing new natural gas supplies and, beyond this, today's "right" price will be tomorrow's "wrong" price. This is a fact which cannot be dealt with by adjustments and tinkering based on price indexes, fixed price increase allowances and the like.

Over the past two years, I have testified several times before the Congress on this subject and during this time the body of opinion in favor of new gas deregulation appears to have a stronger case and wider following than when I first appeared.

Let me address two or three of the major questions that have arisen concerning the President's deregulation proposal. First, it has been argued that deregulation is a mistake if the natural gas producer market is not competitive. But the evidence seems convincing that field markets are workably competitive. I hope that you will review this issue in a thorough and balanced fashion because, if you do, I think you will agree with the conclusions we and most experts have reached about this.

Second, in the face of recent FPC price increases, it is fair to ask what response has been forthcoming from natural gas producers. Of course, we do not know the full extent of this response now because of the lead-times involved in exploration for and development of natural gas and because natural gas is tied so closely to oil. But we do know that the downward trend in gas well drilling activity was reversed in 1972, partly because of higher prices in the intrastate market.

In 1971, 3830 gas wells were completed

In 1972, 4928 were completed.

In 1973, 6385 were completed.

Preliminary estimates for 1974 are that 7196 gas wells were completed.

And we also know that during the fifties, sixties, and early seventies, field price regulation reduced first gas well drilling, then discoveries and finally production. Let me add to this that offshore drilling has not followed the recent rising trend because gas produced from the Federal OCS must be dedicated to the regulated interstate market.

This indicates, of course, that the intrastate market is getting, or will be getting, more than its share of new natural gas supplies. Other figures confirm the trend toward intrastate gas. For example, current intrastate contracts increased from 32 per cent of all contracts in 1966 to 83 per cent in 1973. This in turn suggests that industries are going to locate where new natural gas is available on an intrastate basis. Recently I was made aware of a situation in Midland, Texas, where a national company elected to locate a plant because intrastate gas was available, even though intrastate prices are significantly higher than interstate prices. Plants are moving away from areas without firm supplies of interstate gas, taking jobs and money with them, and moving to areas with a firm but more costly supply of intrastate gas.

Without deregulation of new natural gas field prices, the Project Independence Report projected that production would decline from 22.4 trillion cubic feet in 1972 to 15.2 trillion cubic feet in 1985. In contrast, with new gas deregulation, production would increase to 24.5 trillion cubic feet by 1985. Stated differently, continued regulation could mean a 40 per cent decline from present levels, while deregulation could mean about a 10 per cent increase.

Third, a critical question with which we are all concerned is what would the effect of new gas deregulation be on consumer prices. The effect would be gradual because the initial amount of new gas would be small compared to old gas and because the field price of new gas is only part of the ultimate cost to consumers. FEA has estimated that the impact on the average annual residential bill would be about 6.2 percent in 1976 rising to 11.5 percent in 1978. These are real and troublesome increases. But again, it is vitally important to consider the alternatives. Continued field price regulation, even reformed deregulation, will mean

That consumers pay higher prices for alternative energy sources;

That our energy resources are misallocated because of artificially depressed gas prices;

That the economy suffers from lost jobs, goods and services, and

That we lose in terms of domestic energy self-sufficiency.

I hope the Committee shares our objective of meeting our energy and economic problems with a comprehensive program that is both effective and equitable. In your deliberations over the past two years on natural gas regulation, the Committee appears to have moved in the direction we have indicated out of both a concern for consumers and recognition of the urgent need to face up to our energy dilemma. Our conclusion, and that of many others in Congress and elsewhere, is that deregulation of new natural gas is the only satisfactory way to do the job.

THE WORLD FOOD CONFERENCE: PROGRESS MADE IN FOLLOWUP

Mr. HUMPHREY. Mr. President, I wish to point out an article in the March 16 New York Times entitled, "Long-Range Plans To Feed World Are Moving Ahead."

This article, by Mr. Boyce Resberger, points out that, since the conclusion of the World Food Conference, progress has been made in at least four key areas. These are the establishment of: First, a World Food Council to oversee international activities aimed at improving the food situation; second, a consultative group to coordinate investments in agricultural development; third, an early warning system to detect impending famines; and fourth, a world food reserve.

Some skepticism has been voiced regarding the World Food Conference and its impact on the world food problem. Most of us who participated in that event warned that it was only a beginning, and that the best of resolutions would not increase the world supply of food. I am happy to hear that the work is going forward and that dedicated international public servants such as Dr. John Hannah are addressing themselves to the followup work of the conference.

Mr. Edwin Martin, who was the No. 2 man in the American delegation at the World Food Conference, is heading a consultative group on food production and investment in the developing countries under the auspices of the World Bank.

As the article points out, a major question is the extent to which the oil-producing countries will join in on agricultural development projects. This was an issue at the World Food Conference, and it remains a major question, still to be resolved. Progress in the other two main areas, food reserves and an early warning system, is coming slowly, and it is not entirely certain as to how speedily these issues can be resolved.

Mr. President, as one who is vitally interested in the world food situation and the followup to the World Food Conference, I am happy to hear that progress is being made, and I ask unanimous consent that this information article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Mar. 16, 1975]

LONG-RANGE PLANS TO FEED WORLD ARE MOVING AHEAD

(By Boyce Rensberger)

In the four months since the World Food Conference ended in Rome amid criticism of its failure to provide immediate famine relief, several of the meeting's long-range proposals for preventing famines have been moving toward realization at a promising pace, according to experts on the world food situation.

Although there have been interagency disputes, clashes of personal and political philosophies, delays on short-range proposals, and other stumbling blocks, many of those familiar with the traditional complexities of international organizations say these are par for the course. They say it is already evident that the conference marked a significant beginning in the world's efforts to prevent famine.

Beyond the creation of several new international agencies, the conference has also been credited with helping to foster a new awareness of the importance of improving agriculture in poor countries.

"The Rome conference and the follow-up have accomplished more than anybody had a right to expect," said James P. Grant, president of the Overseas Development Council, a private study group that has been concentrating on the food situation.

"In coming years," Mr. Grant said, "I think the World Food Conference may come to be seen as comparable in significance to the Bretton Woods meeting that established the International Monetary Fund and the World Bank."

4 OUTSTANDING PROJECTS

Although the Rome conference adopted a long list of recommendations, four are considered perhaps the most important. These include a World Food Council to oversee international activities aimed at improving the food situation, a consultative group to coordinate investments in agricultural development, an early warning system to detect impending famines and a world food reserve to be distributed in time of famine.

While there has been substantial progress toward establishing the council and the consultative group, the proposals for an early warning system and food reserve have lagged.

There is concern that delay in establishing a reserve system may prove especially regrettable if forecasts of bumper grain crops in North America are correct.

Although an abundant crop would initially improve the food supply in a time of global shortage, the inability of the poorest countries to buy the extra production might cause world prices to fall. The impact on farmers, the thinking goes, would be to discourage production in succeeding years.

WEAKNESSES ARE NOTED

A well-designed food reserve system, on the other hand, would absorb much of the increased production, keeping the supply in normal market channels consistent and maintaining the price paid to farmers. The incentive for abundant production would remain and food would be set aside for famine relief or prevention.

Although the World Food Conference authorized the creation of a reserve system, the plan agreed upon is widely regarded as too weak since it did not specify strong enough controls to assure that adequate quantities of grain would be held out of normal market channels.

One of the many remaining stumbling blocks is the reluctance of the United States Department of Agriculture to buy and hold grain.

Some food experts fear that if grain stocks are kept in private hands, as is the present policy of the Agriculture Department, they might be sold conventionally rather than retained for famine relief.

World agriculture experts also believe there has been too little progress toward a more effective early warning system than now operates under the Food and Agriculture Organization.

To effectively forecast famine, most authorities say, the early warning system must have access to up-to-date information on weather, crop forecasts and production figures from all large countries. In the past the Soviet Union and China have balked at revealing such data.

Despite indications that the Soviet Union may soften its position, it remains to be seen whether an effective famine forecasting system can be developed.

While slowness on the reserve and warning systems may have adverse impact on hungry people in the near future, there is general agreement that the Rome meeting's long-range proposals are moving ahead.

Dr. Sterling Wortman, vice president of the Rockefeller Foundation for agriculture and an authority on the problems of raising food productivity in poor countries, said he felt that the creation of the World Food Council and the coordinating agency for investment were significant achievements.

"I don't happen to share the notion that nothing was done," Dr. Wortman said.

Immediately after the conference some delegates guessed it would take nine months to win the approval of the United Nations General Assembly to form the World Food Council. Approval came in one month.

The council, with 36 member countries, is to oversee all international activities for improving the global food situation and coordinate existing agencies such as the Food and Agriculture Organization and new groups spawned by the conference. It is expected to hold its first meeting in Rome in June.

AMERICAN APPOINTED

Dr. John A. Hannah, a former director of the United States Agency for International Development and deputy secretary general of the conference, was named head of the council. Because he has long experience in world agriculture and international affairs, his appointment is generally regarded as a favorable development.

Dr. Hannah and others said that although the conference's plenary sessions featured many verbose speeches, often giving critics the impression that little was being accomplished, much work was done in committees meeting out of the limelight.

One early concern about the effectiveness of the World Food Council was the extent to which it might be hobbled by too close a link with the Food and Agriculture Organization, a huge United Nations' bureaucracy that is widely regarded as ineffective and sometimes counterproductive in the cause of improved agriculture.

The F.A.O. sought behind the scenes in Rome and immediately afterward to keep the World Food Council under its wing. The effort failed when Secretary General Waldheim and the General Assembly decided that the council would be funded out of the United Nations Secretariat budget and would be accountable not to the F.A.O. but to them.

"This struggle, which could have permanently crippled the council, turned out favorably, at least from the point of view of improving the food situation," a participant in the Rome conference remarked recently.

CONSULTATIVE GROUP SET UP

The second major development after the conference was the establishment of a consultative group under the auspices of the World Bank to identify places and projects around the world where major financial investment is needed to improve food production. One of its major jobs is expected to be helping donor countries and agencies in channeling aid money into useful projects.

Edwin M. Martin, formerly an assistant to Secretary of State Kissinger for food policy and the No. 2 man in the American delegation to the Rome conference, has been named to head what is called the Consultative Group for Food Production and Investment in Developing Countries.

Although the leader of the American delegation, Agriculture Secretary Earl L. Butz, held views on the food crisis substantially at variance with those of most world food production experts, Mr. Martin is considered by the same group to be knowledgeable, experienced and sympathetic to world food needs.

The consultative group will not disburse any funds of its own. Instead, Mr. Martin said, it will identify shortfalls in agricultural investment and attempt to coordinate aid from individual countries and international institutions so that gaps are filled.

Among the areas of potential investment already under study are means of expanding fertilizer production, extending credit to small farmers in poor countries, multiplying and distributing improved varieties of seed and developing improved storage, processing and transportation systems.

OIL EXPORTERS' ROLE

One big question is to what extent the oil-exporting countries will join in agricultural development projects, with or without the guidance of the consultative group. Although few major steps have been taken, Mr. Martin and others said there have been promising inquiries from several oil exporters about contributing to agricultural development in poor countries.

Both Mr. Martin and Michael L. Hoffman, director of the World Bank's International Relations Department, observed that most of the oil-exporting countries had little experience in designing and managing foreign aid programs but that, with time, they could be expected to contribute substantially.

"Certainly there is every indication of a willingness to participate," Mr. Martin said of the oil exporters. He said several had already committed themselves to helping support the existing network of agricultural research institutes around the world.

HOW LONG MUST THE MIDLANDS WAIT ON THE CAB?

Mr. HRUSKA. Mr. President, my home city of Omaha is a growing, thriving metropolitan area. As in most situations of this kind, transportation is a key element in the city's future development. Omaha, however, is not being served according to its needs by one segment of the transportation industry—the commercial airlines. Mr. President, this is so, but not because no effort was made to bring about improvement. Eight years and 5 months ago October 16, 1966, the Omaha Airport Authority and Chamber of Commerce asked the Civil Aeronautics Board for an investigation of the need for better airline service for the Midlands. The major issue of the "Service to Omaha-Des Moines Investigation"—that of competitive east-west service—remains unresolved. How long must the Midlands wait?

In an editorial in its February 22, 1975, edition, the Omaha World-Herald presented a very lucid, informative discussion of the issue.

It says in part that there is a great shortage of nonstop and single stop flights to and from Omaha. This is a critical factor in the accessibility of Omaha to east coast cities and other major metropolitan areas. Unfortunately, for Omaha, it is a negative factor.

Adverse economic conditions and bureaucratic problems by the Federal Government have helped create the current situation in Omaha.

The World-Herald suggests some solutions to the problem:

> What is needed is a regulatory agency—the CAB (Civil Aeronautics Board), if you will—that is truly responsive to the public needs.
>
> That and a sweeping away of red tape that prevents the airlines from moving quickly to adjust fares to economic conditions and also requires years of procedural activity to change service patterns.

It is my hope that the Congress can help bring about the desired remedies suggested by the World-Herald. By working with the CAB and the commercial airlines, the Congress can help right the wrongs that have been done to Omaha and other cities. Poor air service to a city of Omaha's size cannot be accepted.

Competition must be restored to the airline industry. Regulation of the airlines by the Federal Government still is needed. But that regulation must be made in the best interests of the public. In the case of air service to Omaha, the public interest has not been served. Some changes are needed.

Mr. President, so that my colleagues may become more aware of the situation in Omaha, I ask unanimous consent that the World-Herald editorial, "CAB: Changes Needed," be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CAB: CHANGES NEEDED

Tampa and St. Louis exchanged 55,370 airline passengers in the 12-month period through last June 30, the Civil Aeronautics Board reports.

During the same period, 56,910 people flew between Minneapolis-St. Paul and Seattle on scheduled jetliners and began or ended their air trips in those cities.

The same 12 months saw 56,660 passengers flying jetliners between Omaha and New York City.

So, according to the CAB's latest airline origin and destination survey, the three markets are nearly identical in passenger volume.

The similarities end there.

A person who wants to fly between the Twin Cities and Seattle can select from among four daily nonstop flights and two one-stop trips.

The passenger traveling between Tampa and St. Louis has a choice of three nonstop flights and one that makes a single stop.

But someone who wants to fly today from Omaha to New York will find that there isn't a single nonstop flight and that only two through flights are available, each stopping at Chicago. If those two aren't convenient or there are no seats available, a change of planes at O'Hare International Airport is necessary.

It is even worse for the westbound passenger from New York to Omaha. There is no nonstop service. There is only one through flight. It makes the O'Hare stop.

Unless the traveler can arrange his plans for that one flight, he is forced to change planes in Chicago.

Why áre the Twin Cities-Seattle and the Tampa-St. Louis markets served so well?

The Official Airline Guide lists two airlines in competition in each of those markets—Northwest Orient and Western operating between Minneapolis-St. Paul and Seattle and Eastern and Trans World flying between St. Louis and Tampa.

There is one airline authorized to provide effective service between Omaha and New York.

United was operating a single nonstop round trip between Omaha and New York. The flight was grounded early last month because, the airline said economic conditions did not justify its expense. It is scheduled to be restored in May.

It might be argued that the geographic presence and overall importance of Chicago as an aviation hub requires United to provide only limited direct service between Omaha and New York.

But Atlanta rivals Chicago as an airline passenger transfer point and it lies between St. Louis and Tampa. Those factors haven't prevented Eastern and TWA from flying nonstop in the St. Louis-Tampa market.

Nor would the Chicago presence prevent United from offering more one-stop through service between Chicago and New York if United were motivated to do so.

But United and other carriers are shielded from the competition motivation in many air transportation markets by a regulatory agency which in recent years has demonstrated that it is more inclined to protect the airlines than to serve the traveling public.

That record of CAB indifference to the public needs reached lamentable proportions under the chairmanship of Robert Timm.

Now there is hope for change. President Ford has fired Timm as chairman. Also the White House has announced plans to propose legislation that would strip the CAB of much of its authority.

In effect, the administration is expected to propose that the airlines be largely deregulated. They would be essentially free to establish their own fares and to select their own markets. New airlines would be able to enter the market provided they conformed to federal standards.

That sort of free market raises some problems. With the pendulum swinging completely the other way, the public might not be served any better than it is today.

It should be realized that free entry to a market also means free exit. The result could be a rush by airlines into major markets and a corresponding departure from markets that are less profitable.

Smaller airlines could be forced out of business and competition eventually reduced.

What is needed is a regulatory agency—the CAB, if you will—that is truly responsive to the public needs.

That and a sweeping away of red tape that prevents airlines from moving quickly to adjust fares to economic conditions and also requires years of procedural activity to change service patterns.

OMAHA CASE—AN EXAMPLE

Here is an example of the unresponsiveness of the CAB:

On Oct. 16, 1966, the Omaha Airport Authority and Chamber of Commerce asked that agency for an investigation of the need for better airline service for the Midlands.

Eight years and four months later, the major issue of what became the Service to Omaha-Des Moines Investigation—that of competitive east-west service—remains unresolved.

How long must the Midlands wait?

CHAMBER OF COMMERCE DESERVES CREDIT FOR WHAT'S RIGHT WITH AMERICA CONTEST

Mr. PROXMIRE. Mr. President, about a year ago I began a series of speeches on the floor of the Senate on what is right with America and especially what is right with the Federal Government.

When I started that series of speeches, I expected to give three or four; but before I had finished, I found that 23 speeches were necessary, and I could easily have expanded that figure many times.

In the course of those speeches, this country went through the worst of the Watergate trauma. A President of the United States resigned, and we began the most serious economic decline in this country in the past generation.

There is plenty to complain about, and we hear those complaints by the bushelful every day. We read them in news articles and editorials. We watch the dismal developments of the day on the nightly television news reports. Here in the Capitol, on the floors of the House and the Senate, at least 10 speeches decrying our sins, follies, errors, and shortcomings are given for every one finding something right with our country or our Government.

Our self confidence as a Nation—in our economic system, in our Government leaders, in the newspapers we read and the television programs we watch—has been undermined. Recent polls show that most Americans now have a pessimistic view of this country's future.

This; Mr. President, is our principal problem. There is nothing fundamentally wrong with this country. Our form of government is sound. Our economic system has proved itself as no other economic system in the world has. In spite of excessive unemployment and falling real income, we have all the ingredients to build a better country than ever: the natural resources; the technology; the local, State, and national framework of political freedom; the free, competitive economic system; and above all the trained, skilled human resources and competence.

Confidence is what we need. And I am delighted to see that in a full-page ad in the New York Times this morning, the U.S. Chamber of Commerce has started a nationwide contest challenging our citizens to write to the President of that organization, Mr. Arch Booth, on what is right with America.

Mr. President, this is a fine contribution by the Chamber of Commerce. It deserves the thanks of all of us. I ask unanimous consent that a copy of this plea for our citizens to say what is right with our country be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[An ad by the Chamber of Commerce of the United States, printed in the New York Times, Mar. 19, 1974]

WHAT'S RIGHT WITH AMERICA?

Sure there are a lot of things wrong with America. But there are a lot more things right with America. Enough to strengthen our pride in the American ideal. Enough to make us work even harder at making America work. What are they? Well, to begin with, here are some things that Arch Booth, President, Chamber of Commerce of the United States, says are right with America. Read them. Then let us hear from you.

1. We have the greatest amount of freedom for the individual of any country in the world. Freedom of choice. Of religion. Of thought. Of speech.

2. We have a system of public education, higher learning, and continuing adult study offering rich intellectual fulfillment to all who accept its opportunities.

3. We have the strongest economic system, and incentive for individual productivity, of any country in the world.

4. We have a highly productive and fertile soil and a skilled, motivated, splendidly equipped agricultural community.

5. We have a surplus of moral energy and courage. We're a better country for it.

Item: Fifty-six men signed the Declaration of Independence. Five were captured or imprisoned in the war that followed. Nine died of wounds or hardships. Twelve lost their homes. Seventeen lost everything they owned. Every one of them was hunted. Most were driven into hiding. They were offered immunity, rewards, the return of their property or freedom of their loved ones to desert the cause. Not one did. Not one broke their pledge.

6. We have a willingness to experiment with different forms of social, economic and political organization—keeping what works and discarding what doesn't.

7. We have, above all, a will to improve, to achieve, to share, to accept the responsibilities of leadership, to be neighborly and to become something more tomorrow than we are today.

8. We have the freedom of our communications media to encourage the development and expression of informed opinion. And a growing concern for personal, governmental, and commercial ethics and behavior.

9. We have health facilities and a medical delivery system of exceptional quality.

10. We have a great wealth of investment capital, much of it waiting encouragement to be used in the development of jobs and productivity.

11. We have extraordinary technical and scientific talent, constantly working to improve our living standards and expand our knowledge of ourselves, our world, and the universe.

12. Now it's your turn. Tell us what you think is right with America. Write just one statement or as many as you like. We'll publish selected statements, each with a name and hometown credit.

ASSISTANCE IN THE WEST BANK AND GAZA

Mr. HATFIELD. Mr. President, I would like to bring to the attention of my colleagues a statement of concern issued by organizations maintaining programs of assistance in the West Bank and Gaza, over the plight of Arab people now living in that troubled area of the Middle East. I ask unanimous consent that their statement and appeal for action be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF CONCERN AND AN APPEAL FOR ACTION

We, the undersigned private voluntary organizations maintaining philanthropic programs among the Palestinian refugees, wish to call to your attention the plight of the people of the West Bank and Gaza, now facing grave economic difficulties. The Palestinian population under occupation numbers 1.1 million, more than half refugees from the 1948 Arab-Israeli war.

With their economy tied to Israel's, the West Bank and Gaza suffer from the economic woes of Israel without any of the benefits of citizenship. Almost seven years have gone by since occupation began, and conditions are deteriorating rapidly. Inflation has more than tripled the cost of living since 1967, 50% since October 1973 alone. The West Bank and Gaza do not now have access to other Arab financial assistance, primarily because of the political situation. Other than through UNRWA's important work with Palestinian refugees, the West Bank and Gaza receive little Western government support. Private voluntary organizations provide the majority of outside funding for meeting pressing needs.

The net result is that the social and educational infrastructure of the area is being steadily eroded. Schools, vocational training programs, women's service organizations, and others are living on credit; building plans have been shelved; and only basic services are being carried on. Many activities may have to cease functioning entirely if help is not forthcoming soon.

The West Bank and Gaza are vital to the long-term future of the Middle East. There is no point in talking about stability in the region as a whole if the West Bank and the Gaza Strip that emerge from this period are handicapped in playing their full role in its economic growth. To play such a role the indigenous population must have capable and skilled leaders and workers; the time of greatest need is now.

We call upon the United States government to set aside at least $10 million from current Middle East assistance funds for utilization in the West Bank and Gaza. The undersigned organizations share a common concern and sense of urgency that the needs of the Arab people of the West Bank and Gaza Strip be met.

The established pattern of channeling AID funds from government to government and thence to projects is hardly practical in extending assistance to the West Bank and Gaza Strip because of the indeterminate political status of the area due to occupation. Therefore, we urge that AID make assistance available through established and responsible voluntary American organizations that already serve the people of the occupied areas. Several of the undersigned organizations are willing to assume such responsibilities.

Signed on behalf of:
American Near East Refugee Aid.
American Middle East Rehabilitation.
Catholic Near East Welfare Association.
Catholic Relief Service.
Church World Service.
Mennonite Central Committee.
Musa Alami Foundation of Jericho.

FEA'S ZARB AND WAGE-PRICE COUNCIL'S REES TESTIFY BEFORE JOINT ECONOMIC COMMITTEE

Mr. HUMPHREY. Mr. President, in its annual hearings on the economy, the Joint Economic Committee has received testimony from many distinguished individuals. While much of this testimony has been critical of the President's economic proposals to one degree or another, the committee has listened carefully to the administration officials who have come before it to put forward the President's proposals and discuss the general economic outlook.

The committee was pleased to hear from Albert Rees, Director of the Council on Wage and Price Stability, and especially so because he had some good news to report. Mr. Rees reported that the growth in the Consumer Price Index during January was the smallest since last April, and that retail prices fell in a number of important groups of commodities. His own expectation was that the rate of inflation will still be declining at the end of the year, because:

> The slack and excess capacity that are checking the rise in prices will not be immediately removed by an upturn—in the great majority of industries slack will persist for some time into the recovery.

These developments are of a kind expected in a recessionary period. What is surprising, Mr. Rees said, "is that inflation has not abated sooner and more substantially." The fact that prices have been sticky in the downward direction is indicative of strong elements of cost-push inflation in the economy. The attempts of corporations to generate investment funds internally, the decline in productivity, and the inclusion of escalator clauses and cost-of-living adjustments in major collective-bargaining agreements all contribute to the cost-push inflationary pressure. The effort to control cost-push inflation, he emphasized, "does not conflict with efforts to halt the decline in economic activity."

Mr. Rees appeared before the committee on February 27 along with Frank Zarb, Administrator of the Federal Energy Administration. Mr. Zarb discussed at considerable length the President's energy program and its economic impact. In his defense of the President's proposals Mr. Zarb emphasized the need for immediate effective action in addressing the energy problem, and argued in favor of relying on the free market as opposed to imposing extensive Government controls in achieving the goals of reduced energy consumption and decreased reliance on foreign oil.

In discussing the aspects of the President's program geared toward achieving domestic self-sufficiency in energy, Mr. Zarb also reaffirmed that he, along with others in the administration, is "prepared to work with the Congress to arrive at a sound surface mining law." He urged the Congress to authorize oil production from the largest of the Alaskan Naval Petroleum Reserves, and to amend the Clean Air Act to deal with the issue of "significant deterioration" of air quality. Additional actions recommended by Mr. Zarb included granting the Environmental Protection Agency the authority to suspend emission limitations for powerplants in order to allow the increased use of domestic coal; instituting higher investment tax credits for electric utilities in order to encourage the continued development of nuclear power; and increasing the budget for nuclear waste disposal and the development of effective nuclear safeguards. All of these proposals should be studied carefully as we seek a reasonable way of providing for the Nation's energy needs.

The testimony presented by Mr. Rees and Mr. Zarb deserves serious consideration; and in view of its relevance to the pressing economic issues facing Congress at this time, I ask unanimous consent that their testimony be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT OF FRANK G. ZARB, ADMINISTRATOR, FEDERAL ENERGY ADMINISTRATION

Mr. Chairman, Members of the Committee, I appreciate this opportunity to appear before you today to discuss the President's energy program and its economic impact.

I'm sure that we all agree that the present energy situation requires broad, decisive and prompt government action to prevent continued erosion of our economic vitality and national security. The challenge we jointly face is to promptly implement a coordinated national energy policy which restores our energy independence.

The scope of the task suggests its wide-ranging and long-lasting significance. The lives of the American people—indeed, those of the people of much of the world—will be seriously affected by what we do, or fail to do, in the days ahead. And they will not be affected just for five or ten years, but for generations to come.

Our economic system is strong and resilient. However, the impact on other countries much more dependent on oil imports has been correspondingly greater. The United States can be profoundly affected by severe economic crisis abroad. We must show our leadership among the industrialized nations and demonstrate our willingness to take the hard and expensive steps in energy conservation and development of new energy resources. The President's program is an outstanding example to other countries of America's determination to reverse the trend towards dependency. Reducing our vulnerability to supply interruption and price manipulation must be given the highest priority.

The President has prescribed tough action to cure our energy ills. He has outlined three, time-phased goals.

One: In the short-term, a cut in our oil imports of 1 million barrels per day by the end of this year and of 2 million barrels per day by the end of 1977.

Two: By 1985, imports of no more than 3–5 million barrels per day—and the capability of immediately replacing that amount from storage and standby measures in the event of a supply disruption.

Three: Accelerated development of energy technology and resources so that the United States can meet a significant share of the energy needs of the free world by the end of this century.

ACTIONS TO MEET THE SHORT-TERM GOAL

In the first crucial years, there are only a limited number of actions that can increase domestic supply. We must develop and increase production from the Elk Hills, California, Naval Petroleum Reserve. The President has submitted legislation for this purpose.

The Administration has also submitted a set of comprehensive amendments to the Energy Supply and Environmental Coordination Act of 1974 to ultimately increase the number of oil burning facilities that can be converted to coal in the coming year.

These are the only supply actions that can have much effect during the next two to three years. Therefore, we must rely heavily on energy conservation and it is clear from our experience that voluntary conservation measures are not adequate to do the job. We cannot wait months or years for long-term conservation measures to achieve our national goals. Therefore, as you know, the President has raised the cost of all imported petroleum products by imposing a $3 per barrel import fee as a first step to reducing demand. This fee began February 1, and will be applied in three consecutive monthly $1 increments. The revenues raised thereby will be returned to the economy through the President's recommended tax program.

I want to emphasize that these increased import fees are only temporary and will be adjusted to $2 when Congress enacts the President's comprehensive tax legislation which includes an excise tax of $2 per barrel on all crude oil and petroleum products.

To ease the impact on regions heavily dependent on imported petroleum products, such as the Northeast states, the President's program provides for a much lower fee rate on products than on crude oil.

In addition, a proposed excise tax of 37 cents per thousand cubic feet on all natural gas would be equivalent to the $2 oil excise tax, and would, with deregulation of natural gas as proposed by the Administration, serve to reverse the trend of dwindling natural gas reserves, unemployment due to curtailments, and prevent industiral switching from oil to already scarce natural gas.

In addition, the President will take steps to administratively decontrol the price of old domestic crude oil on April 1. Accordingly, Congressional enactment of the windfall profits tax by that time is urgently required to prevent excess profits accruing to the industry. However, care must be taken to inhibit the needed amount of capital required to find and develop new oil and other contiguous sources.

A program of income tax reductions and rebate measures to return to the economy the roughly $30 billion estimated to be raised this year through these provisions has been proposed. Most of this money is to be restored directly to consumers, with special measures to provide funds for the poor.

The use of import fees, excise taxes and decontrol of oil prices to foster large-scale energy conservation has attracted much attention and criticism.

I would like, therefore, to spend a few moments discussing alternatives. First, there is the alternative of doing nothing. No action only postpones the tough decisions we have to make. Without conservation, our tab for imported oil, which was $3 billion in 1970, and $24 billion last year (1974), would reach $32 billion in 1977. A brief respite of a year or so will only increase the vulnerability of the world to a crippling embargo by the producers.

The Arab Embargo of 1973 resulted in a significant drop in our Gross National Product and the unemploymest of perhaps one-half million members of our labor force. Today, even more of our imports are coming from Africa and the Middle East than did a year ago. Now over half of our petroleum imports come from sources outside of the Western Hemisphere. And, unless we do something, this dependence on African and Middle Eastern sources will continue to grow. By 1977 imports will reach 8 million barrels per day, as compared with 6 during the last embargo. Because all of the increase will come from insecure sources, we may well be just as vulnerable as we were last winter. This is simply unacceptable.

Every month we hesitate will make it that much harder to achieve our 1985 goals. Those who say action is too expensive should reflect on the future cost to the nation if we do not act expeditiously.

There are those who believe that raising prices of energy at home will not help us cut back on consumption. They are wrong. While a comparison of our present consumption with that of last year's shows that we are actually using slightly more now, more importantly, we are using much less than we would if prices had not risen 400 percent in the last year. This is a clear demonstration of price elasticity of demand, or consumption of certain items decreasing as their prices rise relative to other prices. Present consumption would have been at least 1 million barrels a day more if prices had not risen so sharply. Furthermore, although the cartel has cut back on production by about 9 million barrels a day, there is still a surplus of oil on the world market. There is concrete evidence all around us that price is need effective in reducing demand.

The other alternative to inaction is the greater use of government controls—whether import quotas, allocation systems or rationing, or on another level, Sunday closings of gasoline stations, no driving days, etc. We looked at all of those last year during the embargo. We chose some and rejected others. And our reasoning for choosing those few conservation measures was good for a short-term crisis. We now face a longer-term one. Each of these alternatives would involve some form of self-imposed shortages as well as built-in inefficiencies, burgeoning bureaucracies and regulatory proliferation and disruptions in the lives of all American citizens. And remember, to be effective, controls must be in place for a long-term of up to ten years. I doubt that the American people would be willing to put up with such alternatives nor should we subject them to this long lasting pervasive control over almost every aspect of their lives. Furthermore, most of the controls would involve higher costs to everyone. Gasoline taxes, for example, would have to be increased about 40 cents per gallon to save 1 million barrels of oil per day. Instead, the crude oil price increase, distributed across all of the products from a barrel of oil, will raise the price of gasoline about 10 cents to 15 cents per gallon. This seems a more effective and more equitable solution.

I think it's unnecessary for me to dwell on this at any greater length. Suffice it to say, we should allow the free market to work to the maximum extent possible. This is what the energy conservation taxes and fees would do. And the rebates would assure no significant loss of consumer purchasing.

MID-RANGE, 1975–85

The second of the goals addressed in our energy program is the elimination, by 1985, of our nation's vulnerability to economic disruption by foreign suppliers. In other words, by then our petroleum imports should amount to only 3–5 million barrels per day of our consumption, and we should be able to implement standby emergency measures and draw from storage enough to offset a complete cutoff of these remaining imports.

To attain such a goal, we must start immediately to remove constraints and provide new incentives for domestic production and conservation because most of the measures will take 5–10 years to reach fruition after the necessary laws are enacted.

And all of these things must be accomplished through a single program that has the balance to bring about the required reduction in our energy use, the necessary increase in our domestic production, and—equally important among our national goals—the continued economic well-being, environmental quality, national security, and social welfare that the American people demand and deserve. There is no piecemeal program which can provide the balance that is required. Hard decisions must be made from the very outset within the framework of our overall structure.

The President has reaffirmed the intent of this Administration to move ahead with exploration, leasing and production in those frontier areas of the Outer Continental Shelf where the environmental risks are judged to be acceptable. He has also asked the Congress to authorize oil production from the largest of the nation's Naval Petroleum Reserves, NPR–4 in Alaska, to provide petroleum for the domestic economy, with 20% earmarked for military needs and strategic storage. According to our estimates NPR–4 could produce 2–3 million barrels of oil per day and commensurately large quantities of gas by 1985.

But, in addition to finding more oil and gas, we must take advantage of our most abundant energy resource, coal. The President vetoed the surface mining legislation passed by the last Congress, but it remains a valuable piece of work. The President has submitted a bill which builds upon S. 425 in such a way as to make it acceptable to the Administration. I and others in the Administration are prepared to work with the Congress to arrive at a sound surface mining law.

The Congress must also act on the Administration's amendments to grant the Environmental Protection Agency authority to suspend emission limitations for powerplants until low sulfur coal can be obtained or stack gas scrubbers can be installed. The nation would thus be permitted to reap the enormous benefit of increased use of domestic coal under appropriate environmental safeguards.

The Congress should also amend the Clean Air Act to deal with the issue of "significant deterioration" of air quality. In this case, as in that of the strip mining legislation, we want Congress, rather than the courts, to make the essential legislative decisions that are required.

To assure rapid coal production from existing leases and to make new, low sulfur supplies available, the President has directed the Interior Department to adopt legal diligence requirements for existing Federal coal leases and to design a new program for accelerated leasing of Federal coal lands.

Of course the market for coal, as well as the availability of all electric power, depends upon the health of the electric utilities industry, and we must address its problems. In recent months, utilities have cancelled or postponed more than 60 percent of planned nuclear expansion and 30 percent of planned additions to non-nuclear capacity. The delays and difficulties this industry is currently experiencing could well lead to higher oil import needs and inadequate supplies of electricity 5 to 10 years from now.

The President has, therefore, proposed legislation to assist the electric utilities through higher investment tax credits; mandated reforms in State Utility Commission practices; and other measures. And to rejuvenate our drive toward more effective use of the potentials of nuclear power we have markedly increased our budget request for nuclear waste disposal and for continued improvements in safeguards.

As we take these actions to increase our energy supplies, we must be aware of some potential problems. Before we achieve our goals of energy sufficiency, actions of oil producing nations, or economic conditions could result in lower—but unstable—price levels that could weaken our continued commitment to greater self-sufficiency. The Federal Government must take actions to encourage and protect domestic energy investment in the face of significant world price uncertainty. To foster such investment, the President has requested legislation to authorize and require the use of tariffs, import quotas or other measures to maintain energy prices at levels that will achieve full national capability for self-sufficiency and protect our energy industry and jobs.

All of the actions I have mentioned would have the effect of increasing our available domestic supplies of energy. Oil production could reach 13 or 14 million barrels per day versus approximately 9 million today, coal production could double and nuclear generation could increase from a 4 to 30% share of our electric generation capacity by 1985.

But, as in the short-term, supply actions are not enough. We must dramatically cut our historical demand growth.

We have signed agreements from major domestic automakers to improve gasoline mileage by 40% on average by 1980, as compared to 1974 model cars, provided that the Clean Air Act automobile emission requirements are modified for five years.

The Energy Resources Council is developing energy efficiency standards for major appliances and will seek agreements from manufacturers to achieve an average 20% improvement in efficiency by 1980. At the same time, draft legislation has been submitted that would require labels on automobiles and major appliances disclosing energy use and efficiency. To move quickly where the problem hurts most, the Federal Government will provide money to the States for the purchase of insulation and other energy conserving devices in homes owned or occupied by low-income citizens, who might otherwise not be able to have such improvements made in their homes. The President's Program also sets forth proposals to mandate thermal efficiency standards for all new buildings in the United States. Since energy savings are even greater for existing homes it also includes a proposal to institute a 15% tax credit for insulation investments up to $1,000.

These numerous proposals and actions taken together, can reduce our dependence on foreign energy supplies to 3 to 5 million barrels of oil per day. While this does not seem much less than current consumption, it is down substantially from the 12–13 million which we would have to import if we did not act. To ensure that we could meet any supply disruption of the remaining imports we must establish legal authority for emergency measures that can be readily implemented to guarantee the equal sharing of shortages and the equitable allocation of supplies at home, and to meet our obligations under the International Energy Agreement abroad. We must also begin as soon as possible to develop a strategic storage capacity of 1 billion barrels of oil for domestic use and 300 million barrels for military use. Only by taking such precautions can we act responsibly both at home and in the international community in a time of future supply interruptions.

ACTION TO MEET THE LONG-TERM, POST 1985, GOAL

For the longer term, our goal is to sustain a postion of energy independence, and to enhance it so that the United States will again be capable of supplying a significant share of the Free World's energy needs.

This means that, as a Nation, we must reaffirm our commitment to a strong energy research and development program, aimed not only at developing the capability to tap all our major domestic energy resources but also at improving the efficiency of energy utilization in all sectors of our economy.

Last year, the United States committed itself to a five-year, $10 billion energy-R&D effort. Our 1975 energy R&D budget was twice that of 1974 and three times that of 1973. In 1976, this accelerated effort must continue, and the President has pledged to seek whatever funds are needed for future R&D activities.

Now that we have a Energy Research and Development Administration, a Federal Energy Administration and an Energy Resources Council, we have, for the first time, both the unified Federal organization and the financial commitment to get the job done.

But energy R&D funds and organization are not enough; we also need new incentives to assure that emerging technologies are not only developed in the laboratory, but brought into use in the marketplace. Therefore, the President has announced a National Synthetic Fuels Program which will assure the equivalent of at least one million barrels per day in synthetic fuels capacity by 1985. It will entail a program of Federal incentives designed to reduce price uncertainty, raise capital and overcome unnecessary delays in bringing existing or nearly developed technologies into commercial use. The program will result in the commercial application of technologies of several types and the construction of major new plants, using both oil shale and coal resources.

I would now like to turn to the effects of the program as a whole on the economy. In looking at the economic costs of the program it is important that we keep in mind the alternative costs of doing nothing. In the fall of 1973 and the spring of 1974 we learned that our dependence on increasingly large amounts of foreign oil could prove very costly both in strictly economic terms and in terms of maintaining a flexible foreign policy. The President's Program represents a form of insurance—insurance that our economy will never again face this kind of threat to our political well being. It is our considered opinion that the long-term benefits of the President's Program far outweigh the short-term costs.

Let us take a look at these short-term costs and benefits. The economy will feel the effects of the program through many channels.

On the demand side the economy will be stimulated in many ways. The tax reduction and payments to low-income individuals in 1975 will provide a substantial boost to aggregate demand and provide the economy with the kind of stimulus that is needed to return it to a position of strength. Decontrol of domestic crude oil prices, deregulation of new natural gas and the opening up of Federally controlled sources of energy (Outer Continental Shelf, Naval Petroleum Reserves) should lead to a substantial increase in investment and result in increased employment. A final stimulus will occur by reducing our outflow of dollars by reducing the level of oil imports. Instead of being drained from this economy these dollars can be maintained in circulation here to create more jobs.

Of course, there are certain economic costs of the program, which have been the subject of a great amount of discussion. Let us first take a look at the effects on the GNP. Higher oil prices have two effects on demand. They reduce real consumption because consumers will not be able to substitute completely away from the higher cost items. More importantly, however, they cause the pattern of demand to change. Commodities which require much energy to produce or use will become relatively more expensive, while commodities which use less energy will become relatively cheaper. In addition to creating a powerful stimulus to conserve energy, costs are increased in some industries more than others. Our studies indicate that the paving mixtures, asphalt felts, inorganic and organic chemicals, air transportation, carbon-graphite products and synthetic rubber industries will be affected more by higher energy prices than industry generally. This will require adjustments and some temporary problems. Let me emphasize that any resulting unemployment, while a very real problem, is both small in magnitude and temporary in nature. But let me emphasize that the bulk of the conservation effort will come from a reduction in the waste use of energy both by consumers and by industry. This waste can be trimmed with no increase in unemployment.

Let us now look at the impact of the President's Program on inflation and unemployment. Our estimates indicate that the annual rate of inflation as measured by the Consumer Price Index will rise about two percentage points in 1975. Changes in 1976 and 1977 are minimal—less than a third of a percentage point. While this inflationary impact is important, it must be put into perspective. Normally inflation is a concern because it imposes hardship on those with fixed income; their expenditures rise but their incomes don't. This is not the case with the President's Program. All revenues collected will be rebated to the public, and in fact, those who would be hurt hardest by inflation—the poor and those on fixed incomes—would receive more than they would spend on higher energy prices.

Because of the offsetting influences of stimulation to the economy and higher prices, the President's Program is expected to have a negligible effect on the unemployment rate compared to what would have happened if nothing at all were done. The unempolyment rate is expected to peak out during 1975 and fall during 1976.

On balance, therefore, the costs do not seem very great. This is especially true considering the reduction in vulnerabilty to foreign political and economic influences which will be the result of the President's Program. Even in the case of an embargo, adoption of the President's Program would result in minimal damage to the economy. Add to this large benefit the positive balance of payments effects and the additional flexibilty for our foreign policy and you have compelling reasons for adopting the program.

I'd like to close my discussion of the economic impacts by discussing another very important cost—the cost of delaying action. The President's Program will set in motion powerful forces to reduce energy consumption and to substitute domestic for foreign supplies. This, however, cannot take place overnight. Raising prices now has powerful effects on the future as people change the kinds of cars they buy, change the degree of insulation in their homes, change heating and lighting habits, etc. The longer we delay action, the longer it will take for these forces to work. The longer it takes for the forces to work the more vulnerable our economy and our foreign policy becomes.

CONCLUSION

The program the President put forward is a comprehensive one. It will reach the goals the President set forth and which I think the American people want. I have heard much talk and criticism in recent weeks on elements of it, but I still have seen no constructive alternative. We all want an easier way to reach our goals. This program does require sacrifice by all, but it is also equitable. Finally, its impacts are far outweighed by the important benefits it will achieve. I again pledge the full force and cooperation of the agency I represent in working with members of this Committee and with the Congress as a whole to implement a comprehensive and timely national energy program. Thank you.

Statement by Albert Rees, Director, Council on Wage and Price Stability

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to appear before the Joint Economic Committee to discuss the current outlook for wages and prices. This is no doubt the only topic an economist can be pleased to discuss at the moment, for prices are the one relatively bright spot in a gloomy economy. The seasonally adjusted wholesale price index has now declined for two months in a row, and the rate increase of the Consumer Price Index has abated.

The Consumer Price Index rose 0.6 percent seasonally adjusted from December to January. This is the smallest rate of increase since last April, and is less than half the rate at which this Index was rising in August and September. Retail prices fell from December to January for several important groups of commodities, including meat, poultry, and fish; dairy products; apparel; and cars.

We would be happier still about the moderation of inflation if it had been brought about by an increase in the supply of goods, rather than by an abrupt decrease in demand. In the long run, we must still develop ways to achieve the combination of rising output, high employment, and stable prices that has eluded us for so long.

Even if appropriate monetary and fiscal policy combined with the natural recuperative forces of the economy produces and upturn in economic activity in the second half of 1975, I would expect the rate of inflation still to be declining at the end of the year. The slack and excess capacity that are checking the rise in prices will not be immediately removed by an upturn—in the great majority of industries slack will persist for some time into the recovery.

The Budget of the United States Government, 1976, contains a table giving economic assumptions (p. 41) in which there is a line showing percent change in the Consumer Price Index. In the column headed 1975, the figure shown is 11.3 percent, a number that has been widely misinterpreted. This is the estimated change from the 1974 index average to the 1975 index average, and more than half of that change has already occurred. The corresponding forecast for the change during 1975, or December to December, is below 10 percent, and was made before some recent favorable price developments.

Although I have not engaged in price forecasting through the use of formal econometric models, it would not now seem unreasonable to expect the CPI to be rising at 7 to 8 percent for the year as a whole, and at a rate of 6 percent or less by the end of the year.

The improvement in price behavior, as measured by official indexes, understates to some unknown extent the true change in the price situation. The widespread belief that Congress intends to re-enact price and wage controls is still deterring business from cutting list prices. Instead, price cuts are coming in large part through special promotions, rebates, and discounts, not all of which are reflected in official price statistics. Whatever Congress intends to do about wage-price policy—and I hope and believe that it will not be to reimpose controls—it would be desirable to do it quickly, so as to remove the doubts and uncertainties that are adversely affecting pricing policies.

The special factor to which I have just referred reinforces the natural tendency of concentrated industries with administered prices to adjust list prices slowly and with a lag. This lag tends to keep administered prices lower than their highly competitive counterparts in a boom, and to keep them higher in a recession. The Council on Wage and Price Stability is currently studying the pricing policies and costs of several concentrated industries, including steel, aluminum, metal cans, rubber tires and tubes, and some industrial chemicals, and may make recommendations based on these studies.

It is no surprise that inflation is abating in the midst of a deep recession. The surprise is that inflation has not abated sooner and more substantially. I should like to address the rest of my remarks to the reasons why prices are still rising as much as they are. My views on this have been formed by discussions with many people in the private sector to whom we talk in the process of wage and price monitoring.

One of the main forces tending to keep prices high is the need of American industry to invest in new facilities to keep pace with the long-run growth of demand at a time when the costs of construction and equipment are very high, borrowing has been difficult and expensive, and the stock market has been severely depressed. Corporations that question their ability to raise large amounts of new capital from the sale of bonds or stock seek to raise more of it internally by maintaining substantial profit margins or seeking to widen them. Further declines in long-term interest rates and further improvement in equity markets will help to relieve this concern, as will enactment of a liberalized investment tax credit.

A second source of rising prices is the increasing cost of energy, not all of which has yet been passed through to final prices paid by consumers. The cost of energy would be increased somewhat more by the adoption of the President's energy program. Our agency has not been directly involved in formulating or analyzing this program. However, we did have a study of its impact on prices done for us by Data Resources, Inc., and a copy of that study has been furnished to the Joint Economic Committee. The study estimates that by the fourth quarter of 1975 the President's energy program would raise the Consumer Price Index by 1.6 to 1.9 percent above what it would otherwise be.

An even more important source of rising prices is the continued rise in unit labor costs produced by the combination of the sustained rise in wages and a substantial decline in productivity. In the fourth quarter of 1974, output per manhour in the private economy was 3.7 percent below the fourth quarter of 1973, and unit labor costs were 14.0 percent higher.

During 1974, prices rose more than wages, and real wages fell. As the rate of inflation decreases, this will no longer be true, and the real wages of employed workers will begin to rise again. Ordinarily, we expect and get a rise in real wages each year, and this is the principal way in which our economy distributes to workers the gains in productivity that result from improved technology and investment in physical capital and employee skills. In some multi-year collective bargaining agreements this is reflected in wage increases called "annual improvement factors." But in 1975, we have no increased output to distribute. On the contrary, output is expected to decline for the year as a whole, even though it may be rising in the second half.

For the urban population, the situation is worse still. Not only is there an overall decline in output, but a larger share of the reduced output is going to pay for oil, sugar, coal, grain, and other resource-based products produced in rural areas or in other countries. Attempts to raise the real wages of urban workers in these circumstances must result in further increases in unit labor costs and in prices, which will further cut the standard of living of the retired, the unemployed, and other non-earners.

I am a great admirer of the American system of collective bargaining and democratic trade unions. One of the strengths of this system is its ability to adapt to changing circumstances. Some unions are adapting their demands to the circumstances of 1975—but, unfortunately, others are not.

In the same industry, construction, one can find examples of both sorts. Some unions have lowered their wage rates for residential construction to encourage more work for their members, or have renewed collective bargaining agreements with no general wage increases. Others, in the face of widespread unemployment, have negotiated wage and benefit increases of $1.50 an hour, $2 an hour, and even $3 an hour on top of existing compensation of $10 to $15 an hour. Collective bargaining enjoys a privileged position under Federal law, particularly in construction, but abuse of such privilege invites re-examination of its sources.

We must also remember that there are two parties to collective bargaining and that just as responsible unions will not make excessive demands, responsible managements will not agree to them. This is a time when hard bargaining is appropriate, and it is more relevant to justify wage increases through cost savings than by comparisons with what some other group of workers achieved in very different economic circumstances six months or a year ago.

The most important collective bargaining agreement coming up in the months ahead is that between the United States Postal Service and the unions of postal employees. The Council on Wage and Price Stability intends to monitor these negotiations in an attempt to insure that they will not be the cause of inflationary increases in postal rates or heavy subsidies from taxpayers.

Many of the wage increases of 1975 will come about through the operation of cost-of-living adjustments or escalator clauses. It is understandable that such clauses are widely used in times of inflation, and they are now present in more than half of the major collective bargaining agreements in the private sector. The protection they offer against inflation is the price that organized labor has been demanding for signing multi-year agreements. But such clauses have the potential for extending the forces of inflation beyond the period that gave rise to them. What began as an excess demand inflation continues as a cost-push inflation after shortages have been replaced by recession. The Council on Wage and Price Stability will undertake a study of escalator clauses, and may wish to make some recommendations about them at a later date.

Just as this is a bad time for increases in costs produced by very large wage increases, it is also a bad time for increases in costs caused by new legislation, rules, and regulations. We share with Congress and the American people the desire to achieve clean air, pure streams, safe workplaces, and wholesome foods, to mention just a few of the benefits sought by regulation. In some cases the benefits to be obtained by regulation are so great that the costs are clearly justified. In other cases, the benefits may be more questionable, or can be achieved in less costly ways. Our rate of progress toward desirable goals must be governed to some degree by the capacity of the economy and of particular industries to absorb the costs involved. Where jobs would be eliminated or prices would be raised by proposed regulation, alternatives must be carefully considered. The Council on Wage and Price Stability will be engaged in reviewing proposed rules and regulations of the agencies in the Executive Branch, using the powers given to us under Executive Order 11821, issued by the President on November 27, 1974. Together with the Office of Management and Budget, we are currently working with the agencies to develop appropriate criteria for evaluating the inflationary impacts of their proposals.

At the present time, the main concern about the economy that all of us share is how to end the recession. But continuing to fight cost-push inflation does not conflict with efforts to halt the decline of economic activity. On the contrary, everything we can do to lower costs and prices helps to promote an earlier and stronger recovery. It helps to insure that tax cuts and easier money will generate increased output and employment, rather than being dissipated in price increases. For this reason, I hope that the Joint Economic Committee will sustain its interest in price and wage stability, which it has shown so effectively in the past.

AMERICA SHOULD HAVE A FULLY FREE PRESS

Mr. HRUSKA. Mr. President, the president of the American Newspaper Publishers Association, Mr. Harold Andersen, of Omaha, recently addressed the question of the power of the news media in our society. Mr. Andersen is president of the Omaha World-Herald, and his newspaper published a portion of his speech at the University of Nebraska at Omaha. Mr. Andersen's words are wise and well-reasoned. He said:

> Too much power? No, because the power or freedom of the press is really the people's power.
>
> Do we, as guardians for the public, use that power wisely and well? On balance, yes, but as in any human institution, there is room for improvement, and, I think, encouraging signs of that improvement.

He then added:

> I'm an optimist. I think we in the news media will do our job well and meet the challenge of the future—but only if we remember that with that awesome power of the press goes an equally awesome responsibility. As Sen. Sam Ervin suggested a few months ago, we have the responsibility to prove that the news media are fair as well as free.

Mr. President, not all of the press in this country is free, however. Mr. Andersen, in his talk referred to the Miami Herald case which was brought to the Supreme Court. The Court unanimously held that a Florida statute requiring newspapers to grant a "right of reply" to political candidates they had criticized was inconsistent with the guarantees of a free press.

This was an important decision rightfully upholding the right of the printed press to determine its own content. It should be noted that I refer to the printed press. There is one segment of the press in our country that did not enjoy the fruits of this important ruling. There is one segment of our press that is not fully free. That segment is the broadcast press.

Hampered by overregulation and discriminated against by law, the broadcast media do not have the freedom granted the press in this country by the first amendment. It is my belief, Mr. President, that this situation must be corrected—and very soon.

There has developed over the years the so-called fairness doctrine for broadcasters. It is not fair, however, and it encroaches on the first amendment rights of the broadcasting press.

The Miami Herald decision points up one of the limits on the freedom of broadcasting. The so-called fairness doctrine, among other things, forces the electronic press to grant the very same "right of reply" that the Supreme Court held as unconstitutional for the printed press.

Mr. President, I have introduced a bill, S. 1178, that guarantees all rights under the first amendment to the electronic media. I believe this bill would end the discrimination against broadcasting and insure that we have a fully free press. Among other things, this bill would remove restrictions on the broadcasting press which make it very difficult for that medium to create a marketplace of ideas.

The Federal Communications Commission has held that a broadcaster must devote adequate air time to the discussion of problems of public concern in his community of license. The problem stems from the fact that the licensee must also present all sides of any given controversial topic discussed, free of charge if necessary.

This is clearly contrary to the Supreme Court's decision striking down the forced "right of reply" pertaining to newspapers. Mr. President, my bill would correct this discrimination against the broadcast press and end this "right of reply" provision that is being forced on it.

The Miami Herald opinion included this statement:

> The clear implication has been that any such compulsion to publish that which reason tells them (editors) should not be published is unconstitutional.

Mr. President, the so-called fairness doctrine is not reasonable. Broadcasters often are forced to air statements that "reason" tells them should not be aired. They do it because of the unreasonable and unfair requirements of the so-called fairness doctrine.

My bill would end this discrimination against our broadcast press and guarantee that this segment of our news media is treated equally under the first amendment.

Mr. President, at this time I ask unanimous consent that the article entitled, "Do the News Media Have Too Much Power?", which appeared in the March 2, 1975 edition of the Omaha World-Herald, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Omaha World-Herald, Mar. 2, 1975]

Do the News Media Have Too Much Power?

Do the news media have too much power?

It probably won't surprise you to be told that my answer is no—but I would quickly add: Any power can be excessive if it is not utilized responsibly, and fairly, and in the public interest.

Are we using our power responsibly and fairly? On balance, yes, I believe so. But, I again hasten to add, we can and should do better.

Our critics are right more often than some people in the news business have been ready to acknowledge. I believe, for example, that some of the criticisms leveled at some of the news media by our late and unlamented vice president, Spiro Agnew, were justified.

Before I delve into more detail on the matter of how media power is being used in this country today, let me set the subject in some historical perspective.

Through the centuries, the power of the press has been feared by those who believe in absolute authority.

As Justice Potter Stewart of the U.S. Supreme Court said last November in a speech at the celebration of the Yale Law School's 150th anniversary:

"For centuries before our revolution, the press in England had been licensed, censored and bedeviled by prosecutions for seditious libel. The British crown knew that a free press meant organized, expert scrutiny of government. The press was a conspiracy of the intellect, with the courage of numbers. This formidable check on official power was what the British crown had feared—and what the American founding fathers decided to risk."

One of those founding fathers, Thomas Jefferson, put it this way:

"The only security of all is in a free press . . . no government ought to be without censors, and where the press is free, none ever will."

Again and again down through our history, the theme has been repeated.

Justice George Sutherland of the Supreme Court wrote:

"A free press stands as one of the great interpreters between government and the people. To allow it to be fettered is to fetter ourselves."

In John F. Kennedy's words:

". . . there isn't any doubt that we could not do the job at all in a free society with out a very, very active press."

And Justice Felix Frankfurter:

"Without a free press, there can be no free society. That is axiomatic. However, freedom of the press is not an end in itself but a means to (an) end . . . a free society."

I believe that point, that freedom of the press is not an end in itself by a means to a free society, is so basic that it is too often overlooked. We in the news media have not done a good enough job of explaining to the public that we do not regard freedom of the press as really a newsman's right. Rather, it is the right of the people to be informed—the people's right to know. We are guardians of that right.

Without that knowledge which a free press communicates, we do not have the basis for popular self-government. It is as simple as that.

It is not coincidental, I think, that in those countries where the individual citizen is freest, there also the press is free. Muzzle the press; shackle the people—that is too often the sad sequence in countries which fall under dictatorship of either the right or the left.

Why have recent years seen increasing public discussion—and increasing criticism—of the power and performance of the news media? I think there are a number of factors involved, but let me touch on just two of them—first, Spiro Agnew, then Watergate.

Agnew was getting lots of attention back in October 1971 when I had the privilege of testifying before the Senate judiciary subcommittee on constitutional rights, Sen. Sam Ervin presiding. This was before Senator Sam had become sort of a national folk hero. I don't believe there was a single Senator Sam T-shirt in existence then, even in North Carolina.

I told the committee that I thought the nation's newspapers on the whole do an admirable job of fulfilling our obligations under the 1st Amendment, but that I also thought some of Agnew's criticisms of the media were justified.

You may remember that at that time some newsmen were alleging a White House-orchestrated plot to intimidate the news media.

I told the Ervin subcommittee that I did not believe there was such a plot and that if a news medium could be intimidated by criticism—from the vice president of the United States or anyone else—it was a pretty timid news medium to begin with.

Today I would say that if there was such a White House-directed plot to intimidate the nation's news media, it was surely one of the most spectacularly unsuccessful plots in the long history of plotting. Comparable, in its success, to the White House efforts to cover up Watergate involvement.

Well, happily for the Republic, Spiro Agnew departed, but the questions of news media power and performance which he pursued so vigorously received even greater public attention as the Watergate story unfolded.

Incredibly to many of us in the news business, a rather large slice of public reaction to the Watergate disclosures was directed not at those involved in Watergate but rather at the news media which dug out and reported the story.

For example, this letter to our Public Pulse column:

"The news media evicted Richard Nixon from the White House . . . Insanity, yes, and the result of a nation brainwashed for two years by the worst sins of the tongue and word in the history of our nation—and a cowardly Congress seeking to please this modern monster."

That, I might add, was one of the milder letters which we received, especially when compared with those which came our way after our editorial calling for President Nixon's resignation.

Not untypical was one letter which ended simply, "I despise you."

We were bringing the public very bad news, and a "kill the messenger" reaction against the media was probably inevitable. This "kill the messenger" backlash certainly was not unique to the Watergate disclosures. This sort of thing has been going on for a very long time. . . .

Now the truth is that newspapers print, and broadcasters broadcast, many, many positive news stories—"good news" stories. Study after study shows this. We are messengers of good news as well as bad. But somehow it's the bad news story that seems to stick in people's minds. Human nature, I guess.

Having said that media messengers do sometimes indeed deserve criticism, let me stress that, on the whole, I believe the nation's newsmen do a better, more balanced job of presenting the news than they are generally given credit for. For every national newsman or network commentator who slants his message to fit his particular biases, there are countless news editors and reporters, on newspapers and broadcast stations all across the country, who believe that digging, determined reporting should also be objective and fair reporting.

Well, where do the news media stand now, in the aftermath of Watergate?

We are immersed, I think, in a rather curious combination of circumstances.

We are proud of our role in the departure of a president and vice president who should have departed.

We are examining, perhaps as never before, the fairness of our performance, how responsibly we are exercising the power of the press.

We are concerned, perhaps as never before, with the need for greater public understanding of the role which, under the Constitution, has traditionally been ours to play in this self-governing Republic—the role which we believe we played in the Watergate disclosures. . .

Too much power? No, because the power or freedom of the press is really the people's power.

Do we, as guardians for the public, use that power wisely and well? On balance, yes, but as in any human institution, there is room for improvement, and, I think, encouraging signs of that improvement.

I personally am encouraged by the number of leaders in the news business who are speaking out increasingly on the theme that so-called "investigative reporting" can be carried to unfair extremes.

Last month, Wes Gallagher, president of the Associated Press, told an investigative reporting seminar at the University of California: "Young writers often go into (a possible story) with a conviction they try to uphold. If the investigation does not hold up, the editor should end it immediately.

"We shouldn't try to tear down business and government for the sport of it. But we should go after both if there is something wrong."

Katharine Graham, publisher of The Washington Post, expressed her concern over what she called the "investigative mania" spawned by the Watergate story.

And in a speech in Omaha a few weeks ago, Robert Mulholland, executive vice president of NBC News, said that the following message had been included in a memo to NBC newsmen: "We are not hounds chasing the hare." The newsmen, he indicated, had been reminded that they should report the news, not try to influence it.

I like that way of putting it: We should not think of ourselves as "hounds chasing a hare." Hounds, perhaps, but hounds only in the relentless pursuit of the facts.

An audience such as is assembled here today can help us in the preservation and enhancement of that precious people's right, a free press, by continuing to give us your constructive criticism, by understanding that good newsmen try very hard to achieve balance in their reports, that we are messengers of good or positive news along with the unavoidable bad news, that our policy is to be aggressive but objective in pursuit of the facts, and to label our opinions and keep them apart from our news reports.

I think the role of the news media—the need for the news media—will grow increasingly in an increasingly complex world.

With a rising multiplicity of pressures and choices and voices coming from every direction, the public will increasingly need more solid information—and more help in sorting out this information and putting it to good use.

To meet this need, we in the news media in a sense share a common opportunity and challenge with (UNO Chancellor) Ron Roskens and others in the business of education. There will be plenty of work for all of us if the citizens of this self-governing Republic are to cope adequately with this "information explosion."

I'm an optimist. I think we in the news media will do our job well and meet the challenge of the future—but only if we remember that with that awesome power of the press goes an equally awesome responsibility. As Sen. Sam Ervin suggested a few months ago, we have the responsibility to prove that the news media are fair as well as free.

On an occasion like this I can't resist concluding with the words of that incomparable journalist and statesman, Winston Churchill. In the context of today's meeting, as we consider the power of the news media, Churchill's words indicate so well how responsible newsmen endeavor to exercise that power:

"A free press is the unsleeping guardian of every other right that free men prize; it is the most dangerous foe of tyranny. . . . Where free institutions are indigenous to the soil and men have the habit of liberty, the press will continue to be the Fourth Estate, the vigilant guardian of the rights of the ordinary citizen."

Now in the interests of that journalistic objectivity and balance which I have been talking about today, I must add that on another occasion, Churchill also said this: "I am always in favor of the free press, but sometimes they say quite nasty things."

FARMERS UNION TESTIMONY ON RURAL NEEDS

Mr. **HARTKE**. Mr. President, the Senate Committee on Agriculture and Forestry is now considering legislation to assist the American farmer in this most critical era.

Harold Wright, president of the Indiana Farmers Union and a member of the board of directors of the National Farmers Union, has been in the forefront of efforts to assist the farmer and agricultural America for most of his adult life. He, himself, is a farmer in Delaware County, Ind.

Harold Wright is a credit to the Farmers Union, an organization of some three-quarters of a million voting members throughout the Nation. His testimony before the Subcommittee on Rural Development on March 6, emphasized the serious situation facing the farmer and mentions some of the great programs instigated by the Farmers Union, such as the green thumb project and the Neighborhood Youth Corps, which have helped thousands of needy elderly and young people in rural areas of the country.

Mr. President, I ask unanimous consent that the text of Mr. Wright's testimony be printed in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

STATEMENT

(By Harold Wright)

Mr. Chairman and Members of the Subcommittee: I am Harold Wright, President of Indiana Farmers Union. I appreciate the opportunity to appear before you today.

Last spring you held Congressional Oversight Hearings and, on May 9, 1974 heard Lewis J. Johnson, Sr., then President of Arkansas Farmers Union outline the views of Farmers Union. Briefly, I will add to that statement.

Rural America is in trouble. The same pressures of recession and inflation, unemployment and spiraling prices which make headlines in city dailies, compound the problems of small towns.

American farmers complied with their Government's request for all-out production and now find themselves in a Boom-and-Bust situation with food prices increasing in the supermarkets and farm prices tumbling. Farm costs continue to rise. Farm credit, even at high interest rates, is drying up. The parity index stood at 69 percent in February. I recognize that as members of the Senate Agriculture Committee you are working with these problems through other legislative approaches. But I want to emphasize that the health and life of rural America is tied to a farm program that will provide security and opportunities to our working farm families.

It has been said in the past that depressions (and recessions) are farm led and farm fed. It continues to be true. The problems of rural America are interwoven with those of our urban areas. The service which country bankers can provide to farmers and businessmen in rural America is directly tied to their access to credit and loan funds—which in turn relates to action by the Executive and Legislative branches of our Federal Government. The business health of the local merchant relates directly to the employment and income levels of the population of rural America.

Headlines in our daily papers tell us that national unemployment ranges over 8 percent, according to figures of the Bureau of Labor Statistics. A few voices point out that nationwide statistics show only a part of the picture and even that part is more visible in our urban areas. Too little attention is focused on the special employment problems of rural America.

Unemployment figures are reckoned from those collecting unemployment insurance and registered as seeking work. It does not count those whose coverage has expired. It doesn't count the farmer who lost his farm and had little opportunity for full time work in a competitive industrialized society. It doesn't count the teenager who has no opportunity to get work training or experience, when experienced workers are moving down the job scale, not up. It doesn't count the veteran who can't pick up where he left off, because the jobs aren't there, there is precious little chance to buy a farm, or to get the credit to operate it if it were given to you, or the financial backing to "hang on" for years if the prices break.

It doesn't count the older men and women in rural America who have little or no Social Security income in their retirement years because farmers were not eligible for many years and income levels in rural areas were often low.

I think we must raise our voices to insist that rural America be counted into the programs that can provide income and employment for our people. And we must use bold, innovative approaches to provide some of the many community and social services so badly needed in rural America, using the variety of skills and energies of our people who need the employment and income.

As most of you know, Farmers Union has for almost 10 years sponsored our Green Thumb program. Funded through the Manpower Administration of the Department of Labor, it provides the opportunity for older folks in rural areas living below the poverty level, to supplement their income with part time work, providing community betterment, beautification, conservation and outreach services.

In 1974 the Green Thumb program contributed over $8 million of purchasing power—wages—to over 10,000 families of Green Thumb workers and added twice that much to sales and income of other workers and businesses in rural America. And the 10,000 families were on payrolls earning their wages; not on welfare rolls losing their dignity. In addition, Green Thumb provided at least $9 million of community services, environmental improvement, public works, outdoor beautification, park and other recreational improvements, and outreach services to the disadvantaged in their communities.

In my own state of Indiana, of which I am most proud, the 1974 Green Thumb payroll was in excess of $600,000. In addition to their payroll nearly 100 different projects and Individual Work Assignments were completed by Indiana Green Thumbers at an estimated value in excess of $356,000. I am confident that other Green Thumb states have similar production records.

Green Thumb is the kind of constructive, imaginative employment programs we need to help rural America and her people.

But what is happening?

Although Green Thumb was able to reach only two-tenths of one percent of those eligible in the rural areas of the states where we operate, we are told by the Department of Labor that the program will be discontinued on June 30, 1975.

The Department of Labor assures us that the states, through revenue sharing, will develop and expand such programs, although they have not done so to date and appear to have enough difficulties in expanding their own public service employment programs for which Congress voted funds in the last days of the 93rd Congress.

The $12 million which Congress included in the 1975 Labor-HEW Appropriations bill specifically for Green Thumb and other national contractors, was not allocated by the Department of Labor to meet the desperate need of Green Thumb and other older workers. Only last week the House and Senate Appropriations Subcommittees on Labor-HEW disapproved the Administration's rescission proposal for the $12 million. There is no further excuse for the Administration to withhold these funds, and they should be allocated to Green Thumb and the other Mainstream contractors immediately.

For over 9 years Indiana Farmers Union sponsored a youth employment program called Neighborhood Youth Corps. During this period of time we employed over 9,000 of our rural low-income youth, with a total enrollee wage of almost $4.5 million. They work in local governmental offices, in rural hospitals, libraries, etc. This program too has been closed down by the State Government, denying young people in rural areas the opportunity for employment experience and job training.

Many of us can remember that out of the trials of the depression of the 30's came programs that brought us schools and parks, arts and literature, and most important the sense of honor and pride in accomplishment of those who could contribute their services for the help they were accorded. Generations of people have benefited from their contributions.

We need similar inspiration and innovation now to improve the quality and quantity of community services and facilities in rural America. We appreciate your leadership in highlighting these needs through your present hearings and continued legislative efforts.

We cannot deny rural America the economic and human opportunity to maintain dignity and prosperity.

GEN. WILLIAM H. DRAPER, JR.

Mr. PERCY. Mr. President, I wish to say a few words about the late Gen. William H. Draper, Jr., a pioneer in the world movement to slow population growth. General Draper, as many of my colleagues know, was the U.S. member of the United Nations Population Commission. He served with distinction on the U.S. delegation to the World Population Conference. Unfortunately, General Draper passed away on December 26. He was 80 years old. On February 18, 1975, a memorial service was held at the Church Center for the United Nations in New York City for General Draper. I was proud to be included among his many friends and admirers through the years. He remained actively devoted to the cause of population planning to the very end.

We can adopt no measure in his name more fitting than to fund fully the pending measure, which I hope will be supported in conference by his many admirers in the House of Representatives.

I think there could be no better tribute to the outstanding work that General Draper did in the field of population planning than the vote of the Senate to appropriate the full authorization for population planning.

Mr. President, I ask unanimous consent to have printed in the Record the eulogies for Bill Draper which were given at the memorial service.

There being no objection, the tributes were ordered to be printed in the Record, as follows:

Remarks By Philippe De Seyries, Under Secretary General for Economic and Social Affairs, United Nations

Bill Draper enriched our lives. Many of us in one measure or another were touched by him, whether as a friend, an opponent or a colleague, or simply as someone he sought out to serve in some small way the cause to which he was committed. However fleeting the contact, one could not escape the feeling of a strong sense of direction and as a result we seemed to walk away with a firmer step. His very presence gave us not so much a sense of the magnitude of the difficulties we face in public life, but a vision of the boundless opportunities that can be seized by the dedicated and the courageous.

This is perhaps because of his capacity for a certain singleness of purpose, an infallible mark of a man of action. Once he had decided on the purpose he was neither bemused or distracted. There was no turning back. The furrow was straight. There was a relentless application of energy and lucidity to the chosen objectives. Bill Draper was not concerned with metaphysical speculation but with the absolute necessity and effectiveness of action.

My association with him dated from the early post-war period, when we first met in Moscow over the problem of German reparations. With his dedication to population policies, our roads often crossed and at times almost merged. All through these experiences it always struck me that he listened as well as spoke, that he learned as he taught, that he became profoundly aware as he proselytized.

He had an alert mind, spare and vigorous as his body. He had a way of converting initial disregard, or even defeat, into triumph. It was a remarkable twist of fate that lead him to take on his last great and probably most significant work at a time in life when others would have preferred to take their ease. When President Eisenhower found it prudent to avoid embracing the Draper report on foreign aid because of the somewhat stringent references to population growth and, as Bill Draper saw it, its inhibiting role in the development process, he found in what many would have considered a rebuff, the mainspring of the work of another lifetime to add to all the other achievements which he had crammed into the crowded years already lived.

All this he could take in his stride because he committed himself totally with all his energies to what he considered the greater good. He never worked below capacity. He was the living embodiment of that spirit of hope which has so long sustained America and which should not abandon it in these difficult times of self examination and momentous change. No problem was insuperable, no person intractable. Although he found support for his work in some of the current prophesies about the predicament of mankind, his fervour was not of the kind that beat the drum of calamity. He saw further than most.

He saw indeed a world where, in the words of the Old Testament, "Thy poverty come as one that travelleth, and thy want as an armed man." But this was no cause for despair. Every difficulty had within it the seeds of its own solution. Only the slothful would delay in seeking it.

That he should turn, at possibly the most creative phase of his life, to the United Nations and become an important figure in the diverse world of the World Organization has, for those of us gathered here today to pay tribute to this good man, a special significance. At a time when the World Organization is subject to new stress and is going through a process of critical self-examination, he demonstrated that the United Nations had within it a tremendous vitality which corresponded to his own; that it could demonstrate that it was indeed a centre of innovation; and that it could be a home for the bold and the imaginative. He helped us to illuminate dark corners and, in some cases, to blow away the accumulated bureaucratic cobwebs of the years. The World Population Conference which was convened at the time of his eightieth birthday, will be an enduring monument to what he fought for.

Bill exuded joy and laughter. His courtesy, kindness, loyalty to friend owed nothing to conscious cultivation. They sprang from a deep happiness and contentment and constant joy in his work and the rich satisfaction of the fully realized life.

Statement of Rafael M. Salas, Executive Director, United Nations Fund for Population Activities

I am honored to be here to pay my respects to a friend—a very close friend and a special friend of the United Nations Fund for Population Activities.

In a sense, those of us gathered here to honor General Draper honor ourselves as well, for as a poet once said, we are a part of all that we have met, and General Draper is a part of all of us. Certainly his is a legacy we all share.

Several years ago at a conference in Japan, General Draper said, "I do not speak for my own government, nor for the United Nations Fund for Population Activities, nor the International Planned Parenthood Federation, although I work closely with all of them. I speak only for myself." But because his presence loomed large on every horizon, because he was the epitome of the concerned citizen in a sometimes apathetic world, he spoke not just for himself but for all organizations he felt responsible for. He was a kind of *amicus curiae*—a friend of the court—but in this case, his court was the world and he was a friend of the world. He spoke for all of us who have worked for years in the field of population. And, what we in this field have achieved—or will achieve—will be, I believe, a testament to the man and a monument to his memory.

We ask ourselves today, What kind of man was General Draper? How does one sum up a long lifetime of activity in a few sentences?

If I had to put my finger on one quality above all, I would cite his energy. He drove himself tirelessly, searching for solutions to the many problems that confront us. He always demanded more of himself than others. He traveled everywhere—China, India, to the countries of Africa and Latin America—anywhere at all, to look for allies, colleagues, ideas, good will, funds, and above all, to learn how people in differing circumstances and traditions felt and thought and acted. He had an enthusiasm and an eagerness for the causes for which he worked that was unmatched among his colleagues. He was magnanimous in his praise, but critical when he felt criticism was necessary. He never claimed credit for his victories, but shared them with all of us—which, to me, was the mark of a true leader.

One of my last memories of General Draper took place on an evening before the World Population Conference. Some of his friends got together to help him celebrate his eightieth birthday. And it seemed right that it should take place in Bucharest on the eve of an event which he had worked so hard to bring about. For many, an eightieth birthday might seem to be an occasion for looking back. But for General Draper, it was another new beginning. Not very many knew that he was an avid amateur magician and he spent the evening entertaining us with his tricks. But the real magic of that performance was not in the tricks, but in the vision of his dialogue which he spoke with the vigor of a young man on his first job—of how he foresaw the countries solving their population problems not with millions but with billions of dollars he would help produce.

Indeed, he was the senior statesman of population. But he was also ageless. He made one completely forget his age as he himself forgot his. Too often we tend to believe that the youth of the world have a monopoly on idealism as well as the enthusiasm with which to pursue it. If that is true, then General Draper was perpetually young. Age was simply a state of mind that he refused to acknowledge. He had too many things to do and too many miles to travel.

In the days and years ahead, when the work we share becomes more and more complex and urgent, as we know it will, we shall miss General Draper's reliable presence. But we shall always remember with gratitude the years he was with us.

Remarks by J. George Harrar, President Emeritus, the Rockefeller Foundation

I would like to preface my comments on this occasion with a brief description of a unique ceremony which occurred in another part of the City this morning. As word of William Draper's death has reached other nations, expressions of sympathy to his family and appreciation of him have begun to pour in. We know that many organizations and individuals would have wished to have been represented with us here today, and many would have liked to have been able to read encomiums in his memory.

William Draper was especially regarded in Japan because of his enormous contributions to the recovery of that country after World War II. He is also admired and respected for his efforts in the field of family planning as they related to Japan. A year ago, he was decorated by the Japanese Government and this morning Mrs. Draper received in his memory a civilian citation, a scroll, and a miniature golden pogoda symbolizing friendship and brotherhood. Finally, she received a major contribution for the Draper World Population Fund. The donor is Ryoichi Sasagawa, prominent Japanese businessman, industrialist, and philanthropist, whose representatives in New York performed this moving ceremony. Mr. Sasagawa especially wished to include in these services a short eulogy which I read:

EULOGY

I, too, have vivid personal memories of Bill Draper. His tremendous vigor, imagination, and extraordinary capacity for attracting others to his cause have resulted in enormous advances in international family planning. Bill, along with his zeal, was a man of great capacity for friendship, deep understanding, and wide sympathies. Although he was forever involved with the world picture, he was never too busy to deal with the day to day problems of those close to him. His was an unforgettable presence. He filled to capacity any room he entered, and yet he displayed a true humility concerning his own gifts and achievements. His sense of humor was infectious, and he was amazing in the range of his interests and knowledge. I particularly remember a walk in the woods with him on one occasion during which I gained insight into his deep appreciation and respect for all of nature.

Bill was fortunate in the understanding and support he enjoyed from all members of his family. They recognized and accepted the claims upon his time and energy which were made by those he sought to aid under the banner of population stabilization. His courage was inexhaustible, as was his patience. He was persuasive but never abrasive, and all whom he met were quickly added to his legion of friends.

The William Drapers of this world will always be in short supply. He attained a stature which will enable him to live long in the minds of those who knew him and appreciated his greatness. I believe he would feel that the finest memorial which could be designed for him would be the establishment of The Draper World Population Fund which commemorates, continues, and advances the cause for which he was a principal exponent.

Remarks By Ryvichi Sasagwa

The Honorable William Draper passed away nearly two months ago. The world is inhabited by many great men, but one of the greatest that I have ever known was William Draper. He put into practice the ideal of brotherly love and unfailingly served the cause of mankind throughout his glorious career. His whole life was a tribute to lofty principles and humanitarian causes.

In 1948, after World War II, William Draper led the Reparation Investigation Team in Japan. The result of that work was the famous Draper Report which concluded that defeated Japan must be independent in order to contribute to the stability of the Far East as the factory of the Orient. In this way, William Draper contributed significantly to Japan's economic recovery and independence.

In later years, he was concerned with population and traveled widely calling worldwide attention to the problems of population. He was a founder of the United Nations Fund for Population Activities.

It is now thirty years after World War II, and I am still deeply impressed by William Draper and by the great service he performed during a time of chaos for postwar Japan.

It is the order of nature that people meet and separate. Now that he has left us, it is to my deep regret that we were too late in offering this letter of gratitude. I can only hope that this gesture of thanks will shed another ray of light on an already glorious career.

With my sincere prayers for a true friend of humanity.

Tribute to General Draper

(By Julia Henderson, Secretary General, International Planned Parenthood Federation)

A Crusader has fallen—a Crusader in the Movement toward a more rational world in which we seek peace and prosperity for all men, in which we balance our concern for economic development with our concern for the rapid growth of human population, a world in which men and women have greater control over their own destinies and greater opportunities for their children. We grieve at the loss of this soldier at the very moment we had attained a bridgehead, had mapped out a Plan of Action and achieved a new world-wide consensus on the approach to population questions in relation to development.

All of us who have known and loved General Draper for a decade or more have had a tremendous admiration for his dedication to this cause and his untiring efforts to increase the awareness of political and business leaders of the vital importance of the population crisis for our generation and generations to come.

For those of us in the International Planned Parenthood Federation, General Draper represented something very special. He had added a new dimension to the work of the intrepid women like Margaret Sanger, Elise Ottesen-Jensen, Lady Rama Rao and Senator Kato of Japan and the hardy band who had founded the Federation in 1952 out of their concern for the right of women-to control their own fertility and to develop their own potential. He had added a new dimension to the work of doctors like Drs. Blacker and Helena Wright, Abraham Stone and Alan Guttmacher who had led the fight for family planning in the medical profession.

Bill Draper, convinced by Hugh Moore of the seriousness of this problem, brought a rapidly expanding group of business and professional leaders into active participation in the planned parenthood movement. After his famous Draper Report on Foreign Aid in 1958 which splashed his name across the headlines for his strong recommendations on including aid to assist governments in slowing down population growth, undaunted by the initial rejection by the White House, he turned more and more to the private sector movement to influence leadership opinion.

His active role in the World Population Emergency Campaign brought him in contact with Cass Canfield and the host of people of talent and good will already involved in the Planned Parenthood Federation of America. In 1961 this partnership resulted in merger and to-day Planned Parenthood/World Population, the American affiliate of the IPPF, stands as a worthy and living memorial to Bill Draper's vision of joining concern for the human rights and welfare of every American family with our world-wide concern for the effects of rapid population growth on the prospects for development and improving the quality of life around the world.

This concern was given higher priority in the IPPF from the time its Constitution was amended in Singapore in 1963. In the years that followed, Bill Draper established the Victor-Bostrom Fund and astonished all his colleagues by the magical ways in which he filled the meager Treasury of the IPPF both with money and good will.

Never giving up his personal contacts with hundreds of donors to this private fund, he turned his great talents as investment banker and organizer to prompting Prime Ministers, Ministers of Finance and Ministers of Development to give to the IPPF as well as to the United Nations over the past decade. His remarkable record is open for all to see in the IPPF and UNFPA budgets today.

Although General Draper's name is synonymous with fund-raising for all of our 84 national family planning associations, his importance to the IPPF is far wider. He was influential in stimulating Mexican and Brazilian leaders from governmental, business and professional circles to establish family planning organizations in their own countries; he convinced American Senators and Congressmen to give more support to the IPPF; he persuaded German and Japanese leaders that they should join this movement through private as well as intergovernmental bodies.

However important his financial wizardry has been to the IPPF and its thousands upon thousands of volunteers, he will be remembered evermore for his vision for the Organization, for the way in which he has helped to forge the links between the United Nations and the IPPF, for the warmth of his personality, his tolerance for all points of view and his indefatigability.

At our November 1974 meetings, following on the World Population Conference, we paid him special tribute by naming him as the First Patron of the IPPF.

Through all the years I have known him, Bill has been patiently and loyally supported by his good wife, Eunice, often awakened, I'm sure, by his telephone calls to London or New York or Bankok at six o'clock in the morning. His faithful band at the Population Crisis Committee, helping him to keep his work organized and documented, know that they will never see his like again. All of us at IPPF, even when we disagreed from time to time with his unorthodox methods, enjoyed the contest of wills which we knew we could never win. He charmed our lady presidents, cajoled our treasurers, and advised the Secretary-General untiringly how to run the Organization—and we knew we would never have a better friend.

Now we must close ranks behind the fallen Crusader. We must rejoice in the good he has done and begin to build the only memorial he would have appreciated—ever expanding and more effective population programmes throughout the world.

STATEMENT OF PHILANDER P. CLAXTON, JR., FORMER U.S. SPECIAL ASSISTANT TO THE SECRETARY OF STATE FOR POPULATION MATTERS

I have the sad duty of reporting to you officially what you all know by now—the death of our colleague and friend, General William H. Draper, Jr.

He died the day after Christmas, December 26, at his home in Naples, Florida. He was 80 years and 4 months of age.

Those who were at Bucharest and attended his 80th birthday reception will no doubt remember how he entertained us with his prestidigitation—and did not fail to take advantage of his captive audience—as he always did—for a little lecture on the need for action to solve the world's population problems.

Bill Draper served as his country's representative to this Commission for five years. We had fully anticipated that he would be here again today. When he was struck by a sudden heart attack, he was full of his usual vigor and zeal and was looking forward to this important session with his accustomed enthusiasm.

He was a friend of many here and of your countries. He was indeed a rare and true friend of mankind. He was a magnificent and effective leader in the work we are engaged in here.

Many of us knew Bill Draper as a great activist in population matters. For the last ten years, this was indeed the driving interest of his life. But before that, he had already lived the equivalent of several remarkable lives in world affairs as well as in the national life of his country.

By profession he was an international banker and before World War II he was a partner in one of the great international banking firms here in New York.

He was an officer in the United States Army in World War I and later a citizen soldier and a peace-time reserve officer in the United States Army. When the United States entered World War II, he came immediately to active duty as a commander of combat troops until he was ordered to put his great managerial skills to work in solving the enormous logistical problems of fighting a war in two oceans and three continents.

With the end of hostilities in Europe, he became the economic adviser to the U.S. military governor in Germany. He was perhaps the single man most responsible for laying the economic foundation for the recovery and democratization of Germany. It was during that period that I first heard him make the proposal he was to make for so many worthy causes in the future: "Let's set up a $100,000,000 program," he said.

That was for economic aid to the recovery of Germany. His concept laid the foundation for the program of Government and Relief in Occupied Areas (GARIOA) that supported the reconstruction of Germany, Austria, Japan, and Korea. His accomplishments led to his appointment as Assistant Secretary and later Undersecretary of the Department of the Army where, among other duties, he administered the program of assistance to the occupied countries.

These programs were the forerunner and model for the Marshall Plan and the European Recovery Program. In the early 1950's, he was sent to Europe and to NATO by President Truman as a Special Representative of the President with the rank of Ambassador, continuing under President Eisenhower.

In the 1950's, he turned his attention to the problems of economic assistance to developing countries. President Eisenhower, in 1958, appointed him to head a commission to study the United States Mutual Security Program. The Draper Commission was the most effective of many that made recommendations for the strengthening of U.S. aid. It was also the first official body to recognize that the suddenly increasing growth of populations in developing countries were absorbing much of the benefits of development. It was the Draper Commission that first recommended in 1959 that the United States provide assistance to developing countries that wished aid for efforts to reduce excessive birth rates. General Draper was ahead of his time and the American public, and it was not until six years later that President Johnson turned this recommendation into national policy.

In the meantime, General Draper had joined with others to create the Population Crisis Committee and became its National Chairman in 1965. It was in 1965 also that as a member of the Committee on Population of the U.S. Commission for the International Cooperation Year he typically proposed a $100,000,000 program for assistance to population programs of developing countries. This time he was five years ahead. In 1967 the United States Congress, largely through Bill Draper's initiative enacted legislation authorizing the U.S. Agency for International Development to provide the broadest conceivable range of assistance to such programs, directly or through contributions to other agencies, domestic or international. By 1970 Congressional authorizations for such assistance had reached Bill Draper's target of $100,000,000 and continued upward.

In 1970, when the UN Fund for Population Activities had been created, he turned his attention to raising funds for it. He first persuaded his own government to match dollar-for-dollar contributions from all other governments, including local currencies held for local support of UN programs, and travelled the world soliciting contributions from other donor and developing countries. The first year's contributions from two dozen countries raised more than the target of $15,000,000. The Fund has set a goal of $80 million for this year 1975 and will no doubt reach $100,000,000 soon.

Bill Draper was as deeply devoted to the role of private agencies as to public. A long-time supporter of the International Planned Parenthood Federation, he raised funds for it from his many friends and from his own government and other generous donor governments. At least partly, perhaps, largely, due to his increasing efforts, its receipts have grown from less than $4,000,000 in 1967 to over $40,000,000 in 1974.

In 1970, my government turned to General Draper as our representative to this distinguished body. In his first session with the Commission, he joined with others to propose the World Population Year 1974 and the World Population Conference. Many of us will recall his vigorous support of a strong World Population Plan of Action and his advocacy at our session a year ago of a version short and simple enough for easy understanding by the people it would affect everywhere.

General Draper was one of the leaders of the United States delegation to Bucharest. He was active as a private citizen at Rome. His purpose and goal had always been to improve the quality of life of people living today and of future generations, including the assurance of enough food for all. To this end, he was a principal initiator of the Declaration of Food and Population signed by over 2,000 leaders of nearly every country in the world and presented to the Secretary General of the United Nations. To this end also, he was a principal initiator of the resolution on Food and Population adopted by the World Food Conference.

Those who knew Bill Draper will not be in the least surprised that in his eighty-first year he was, as always, thinking far ahead for the next stages of practical action. He recognized the successes now being achieved by population programs in many countries and the rapidly growing need for substantially larger assistance to such programs as they continue to expand. He has proposed that donor countries allocate one additional percentage point of their economic aid programs each year for 10 years to such assistance, with his own country to increase its assistance promptly to $250,000,000 a year.

Who can doubt that, if he had lived to apply his indomitable energy to this goal, it would have been achieved? The question now is whether the rest of us can provide the vision and the capacity for accomplishment he could have provided.

Bill Draper was self-effacing, interested in the result, not the credit—which he freely gave to others. He was a natural leader, a staunch friend, a thoughtful colleague, and generous spirit. He was also truly a gentleman. In his long, broad experience, imaginative foresight, and tireless energy, he was unique, irreplaceable. Those of us who seek the same goals he sought for the welfare of his fellow man must now work all the harder without him.

SENATOR BAYH—THE CONSTITUTIONAL AMENDER

Mr. HARTKE. Mr. President, the Constitution of the United States has only been amended 27 times in its entire 188 year history. The first 10 amendments constitute the Bill of Rights, 6 deal with extending the rights of citizenship to Americans, 4 involve the system of choosing Federal officials, 1 defines the relation between the Federal Government and the States, 1 permits the establishment of the Federal income tax, and 2 concern that most curious experiment—prohibition of liquor.

The last two amendments have both been adopted in just the last 8 years, and both were guided under the aegis and dedicated efforts of my colleague and friend, Birch Bayh. As chairman of the Senate Subcommittee on Constitutional Amendments, this man from Indiana has always taken his responsibility with great seriousness and concern. It merits repeating that but for the 25th amendment which provides for the selection of a Vice President in the event of a vacancy in the Presidency, our Nation would have faced in the past year perhaps the greatest constitutional crisis in its history. Also, the growth of our democracy is further encouraged by the 26th amendment which lowers the voting age to 18 years.

Senator Bayh is continuing his work, groping with the awesome dilemmas of changing the most important document in our land. I am hopeful that before too long the third Bayh amendment—guaranteeing equal rights for women—will be adopted by the necessary number of States.

David Broder of the Washington Post has written about the amazing accomplishments of this "shirtail lawyer from Shirkieville" in dealing with the process of revising the Constitution.

Mr. President, I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Taking Some Time Out for Constitutional Thoughts

(By David S. Broder)

Washington.—The self-styled "shirttail lawyer from Shirkieville," Sen. Birch Bayh, D-Ind., was back at his old stand last week, improving on the Constitution. Bayh has made a career of drafting constitutional amendments, only occasionally interrupting his vocation to do battle against some Supreme Court appointment or run another of his squeaker re-election campaigns back home.

It is good work. Before Bayh, no one had thought much about building a political career and perhaps even a presidential bid on one's prowess as a constitutional amender. But at the ripe old age of 47, Bayh is sneaking up on Madison in wordage contributed to the national charter.

He can claim paternity within the past decade for the last three constitutional amendments passed by Congress. The 25th Amendment, to which Bayh made the greatest personal contribution, dealt with presidential disability and set up the succession system by which Gerald Ford and Nelson Rockefeller were apopinted to vacancies in the vice presidency.

The 26th Amendment lowered the voting age to 18, and the 27th Amendment, still waiting ratification in the states, is the guarantee of equal rights for women.

Bayh also sponsored and almost succeeded in passing a 28th Amendment, for abolition of the electoral college and direct election of the President. But he was stymied by a Senate filibuster a few years back.

He may try again on that one, but meantime he has been taking a look backward at the 25th Amendment, trying to judge whether that one needs brushing up. In a capital awash with gloom about the oil-and-butter problems of energy and recession, Bayh's hearings offered a bit of academic relaxation—a set of questions that could be discussed at leisure without any great urge to act. The atmosphere in his Constitutional Amendments Subcommittee was that of a faculty club at some good midwestern liberal arts college, with large doses of cameraderie softening the occasional sharp points of philosophical difference.

For those with a taste for puzzles, there was assistant attorney general Antonin Scalia (who must have transferred from the music department with a name like that) offering this intriguing "what if" game:

Suppose that a vacancy occurs in the vice presidency; that the President makes a nomination; but that before the appointment is confirmed, the President himself dies.

Under those circumstances, the speaker of the House becomes acting president. But what happens to the pending appointment of a new vice president? Does it lapse with the death of the sponsor or does it remain before Congress?

Can the acting president withdraw it? And if the nomination persists and is approved, does the vice president upon confirmation replace the former speaker as President?

Well, there was no fire in the hearing room fireplace, but the pipes were lit, and the three authorities—Scalia, Bayh and Sen. Hiram Fong, R-Hawaii—each gave a differing answer, much to the delight of the handful of reporters and spectators.

Sen. John Pastore, D-R.I., a bluff pragmatist with little patience for such games, came roaring in, proclaiming that the whole 25th Amendment scheme was nonsense, that an appointed vice president should never become president, and that the proper way to fill the presidential vacancy, under such circumstances, was to call a special election.

"The voice of the people should be heard," cried Pastore, uttering the kind of slogan that almost guarantees rebuttal in the rarified atmosphere of a faculty club. Sure enough, Bayh was quick to point out that the people do not choose the president under any circumstances; they choose electors who, in turn, vote for the president. And if electors may serve that function, then why should not senators and representatives serve as surrogates for the people as well as provided by the 25th Amendment.

But did they serve as surrogates in confirming Mr. Ford and Mr. Rockefeller, or did they treat these just as they would have other presidential appointments, contenting themselves with the function of advise and consent? Ah, on that point, my dear colleague, Sen. Bayh must confess to certain apprehensions of his own about the role of the legislator-electors. But popular choice is not everything! It must be weighed against the competing values of continuity of political direction and the fixed four-year cycle of presidential elections, lest he introduce an element of instability characteristic of a parliamentary system.

The chat went on, curling like pipesmoke, but some of the company were becoming aware of the imminence of the dinner hour. So when historian Arthur Schlesinger, Jr. proposed that they simply abolish the vice presidency altogether and order up a new election whenever a president died or resigned, they knew enough to chuckle.

How could you have a special election in 90 days? they asked. It takes much longer to nominate candidates and gear up a campaign. "Ah," said Schlesinger, displaying a bit of that bawdiness that goes over so well in the faculty club, "this would only be an election to fill out a term and would not require the elaborate foreplay of the quadrennial orgy."

And he waived his cigar at the departing senators, reluctant, like the rest of us, to leave this gentle haven and go back to the real world of unemployment and inflation.

MIDEAST PEACE?

Mr. JAVITS. The March 8, 1975, edition of the New Republic contains an extensive lead editorial entitled "Mideast Peace?" The editorial was written by the chairman of the editorial board, Martin Peretz.

I believe that this editorial contains some very useful and significant contributions to the debate on Mideast policy for Professor Peretz has addressed the key issues in a manner which helps to shed light on the fundamental problems.

Accordingly, Mr. President, I ask unanimous consent that pertinent excerpts from the editorial be printed in the Record, where it will be available to the Congress and the public.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

Mideast Peace?

Israel has become in world affairs a pariah nation. Why this is so is both complicated and simple: Israel is, after all, the political expression of a historically oppressed people, and the power of Arab oil is just now great enough to sway both the weak and the mighty to join the anti-Israel chorus. Surely, as two prominent French leftist intellectual wrote recently in *Le Monde*, it is not that Israel can be seen on *any* comparative scale—whether measured against Communist, Western, Arab, or Third World countries—as a monster state. Whatever the reasons for the lopsided anti-Israel majorities in various UN agencies or behind the hostile rhetoric of intrinsically indifferent political figures from distant and otherwise preoccupied countries, the implications of the new mood are clear—and they constitute a peril to the security of Israel. . . .

History and logic alike should confound the easy confidence with which such impatient sentiments are uttered. The frontiers existing at the outset of the six-day war separated Israel and her Arab neighbors for 19 years, and they were not frontiers of peace or even of real truce—but frontiers from which wars were waged and threatened. Indeed, much of the territory in the Sinai that Israel is now urged to restore to Arab sovereignty had already been restored twice in exchange for guarantees that proved to be of no value whatever. And if this was the case when the Arab governments were weak and divided, when there was virtually no Russian presence capable of great mischief in the area, why will the territorial *status quo ante* bring peace now that the Arabs are strong and relatively united, and now that the Russians are positioned to disrupt any situation not in accord with their own—and shifting—political ends? This isn't a rhetorical question intended to bolster an Israeli minority which opposes relinquishing Arab lands. In the first disengagement on Suez after the Yom Kippur war, more reluctantly to be sure on the Golan, Israel amply demonstrated that it would make territorial concessions to build momentum toward an agreement with the Arabs. Even those who fault what they call "Israeli truculence" know that in the next round of negotiations the Jerusalem government is willing to take considerable risks to keep alive the process so painstakingly nurtured by Secretary Kissinger.

The question in the next days, however, is not what Israel will give up; it is rather what Egypt will give in return. It is sheer sloganeering to say, as some rather casually have, that since it is Egypt's land that is at issue, that country is obliged to give little or nothing to reclaim it. For what is expected of Israel is no small gesture toward Cairo. In the present environment, no one can underestimate the importance of fuel-poor Israel's withdrawing from the Abu Rhodeis oil fields at the tip of the Gulf of Suez, which have met half of Israel's petroleum needs during the last seven years. Nor, in an unstable situation, will the Shah's pledge to Kissinger to supply Israel's oil needs be fully reassuring. But the Mitla and Gidi passes, which are part of the anticipated bounty of negotiations, constitute an even more vexing problem for the Israelis. These mountain passes control the rest of the Sinai peninsula and an Israeli withdrawal would be a surrender of significant strategic advantage.

To the extent that risk is assumed, Israel is entitled to reciprocal—if necessarily asymmetrical—political concessions from Egypt. While the signals from Cairo have been confusing, perhaps deliberately so, the Egyptians do not yet seem to be particularly conciliatory. No doubt agreement to the demilitarization of the relinquished territories is a prerequisite of any Israeli withdrawal. But as with a decision to allow Israeli cargoes through the canal, this is an easily revokable concession. Installing tanks or missiles where it has been agreed they are not to be might be a *casus belli*, but that's sparse consolation. What is required from Egypt are moves, now, that would make it more difficult and costly for Egypt to wage war later—as the contemplated Israeli withdrawals would make a renewed war much more difficult and costly for Israel.

In addition, then, to earnests that draw the Egyptian people into the reality of negotiations, Israel is justified in wanting to know that the infinitely more complicated problems with Syria or regarding the West Bank will not be used sometime hence as an occasion for Egypt to abrogate the concessions it makes as part of an agreement on Israeli withdrawals. The most tangible measures insulating a rapprochement between Israel and Egypt from extraneous pressures would be an indefinite or, at minimum, a long-term extension of the UN peacekeeping forces in the vacated territories, revokable only by the Security Council. The present mandate, renewable every six months, institutionalizes periodic instability, and is an open invitation to interference from outside. To argue for less is to argue for making the resumption of war easy.

Given the depth of the conflict between the Arabs and the Israelis, it would be endangering the entire process of negotiations, in fact, if one side were to get concessions on the cheap. It would establish a pattern of unrealistic expectations without creating relationships between old foes on which a peaceful future for the region depends.

What with the difficulties encountered so far in eliciting significant concessions from Egypt—not, it should be noted, in eliciting such from Israel—an assortment of journalists and politicians have fixed on the notion of American guarantees to Israel as a substitute for an accord between the two contending parties. In a discussion with *New Republic* editors last week, Kissinger said that an American guarantee by treaty or otherwise would be only "icing on the cake," that such guarantees would make sense only once there were actual agreements on and concrete movement toward final settlement by the two countries.

In the absence of tangible Arab, or in this instance, Egyptian, steps toward peace, an American guarantee to Israel upon its withdrawal from militarily significant positions increases the likelihood of circumstances that may require American intervention on behalf of Israel. Now Israel has never wanted, does not now want, such an intervention. Moreover, a firm guarantee is a politically dubious proposition in the US. The Arabs may well reason that the Americans might renege on such a guarantee in an extremity; but Israel also is aware of that possibility, and thus what is being talked about should seem to Israel hardly a guarantee at all.

While there are, then, many objections to the US as guarantor of agreements, there is everything to be said for the US continuing its role as broker between the adversaries. Indeed, no power other than America, and perhaps no man other than Secretary Kissinger, could aspire to these historic burdens. Such achievements as there have been in the Middle East are directly attributable to him and to his persuasive powers. But the obligations that Israel and Egypt now assume in negotiations should be to each other, and not to Kissinger—if only to preserve his ability to function as broker in future talks. Otherwise any violation committed by one side may injure his credibility with the other. In an interview with Philip Geyelin of *The Washington Post*, Sadat carried the concept of pledges to Kissinger one step further by suggesting that the secretary personally be the guarantor of commitments reached through him. Mr. Geyelin thought this to reflect "new flexibility" on Sadat's part.

If Israel is gradually to withdraw from the largest portions of the occupied territories, then its enemies will have to persuade Jerusalem that these are not likely to be scenes of new battles against Israel's survival. It is fashionable to say—the power of cliches again!—that, with modern weapons, territory is no guarantee of security. But to think that is to have failed to learn one of the primary lessons of Indochina. With modern weapons, one should understand from the American air war against North Vietnam, you can heap excruciating torments on a country from afar; but unless you can get into its territory with conventional weapons and troops you cannot capture it or bring it to its knees. That is why a small country like Israel, with hostile borders straddling in places only a few kilometers of its pre-1967 territories, is justifiably anxious about exactly where her frontiers will be and what armies and hardware are to be allowed beyond them. Worrying about particular hills and valleys is no trifle for the Israelis: It is a bare hour's march from the Jordan River to Jerusalem; geography itself seems almost to threaten both the agricultural settlements in the north and population centers on the coast. The cliche about the insignificance of territory—a distinctively American perception, one thinks—ordinarily goes on to assert that the only real guarantee of security is genuine trust between neighbors. This no doubt is true, but that trust can be built best—if there is reason to trust at all—when neighbors obligate themselves to each other.

This is precisely the kind of trust that the Secretary of State has been trying to foster. It has not been easy in the past, and it will not be easier in the immediate future. What is likely to develop as Kissinger shuttles back and forth between Cairo and Jerusalem is something less than optimal movement toward peace. This realistic expectation has provoked in many quarters, and for diverse reasons, a backlash against the step-by-step, country-by-country structure of Kissinger's mediation. But much of the pressure to dispense with these particular negotiations and revert to the Geneva conference derives also from the fact that it is now open season on Dr. Kissinger. This has much less to do with his actual performance than with the general demoralization of American politics and an embarrassed overreaction to an embarrassing exaltation of Kissinger's talents in the past.

The reconvening of Geneva if these talks were to fail would be a perfect setting for the parties to play to the balconies, with full peace plans that don't give anything. The good offices of the United States—stigmatized by failure—would be broken. The initiative then would shift to the Soviet Union which, with the backing of the Europeans and Japan, terrorized by the specter of another oil embargo, would seek to force upon Israel a *dictat* devoid of the preconditions or components of genuine peace. Sadat might also not be in attendance, pushed by failure off history's stage; or he might be there only because the Soviets allow him once again to be their client. Every disruptive influence, including especially the PLO, which already shows signs of decline despite is successes on Manhattan's East River, will come to the fore; and the king of Saudi Arabia will frantically be trundling his billions behind those aiming in the end to undo him as eagerly as they would undo Israel. Paradoxically the king would also then be doing service for the Russians who need the format of Geneva and the vehicle of the PLO to install themselves on Israel's eastern borders, a standing irritant playing for stakes incompatible with a decent settlement.

It will probably not be possible to avoid Geneva in the long run. But what ultimately happens there will be much less inconsistent with a peaceful resolution of the conflict if Sadat's heretical tactics have paid off for him and if Israel's territorial concessions win some significant political responses from Egypt.

For this would mean that US diplomacy remains the key to an agreement between Israel and its neighbors, rather than another battered piece of evidence of how intractable their problems are. The awful prospect of Geneva without successful negotiations in the next stage on the Sinai should not induce a desperate Panglossian optimism about these present talks. But it is precisely the prospect of a witch's sabbath in Geneva that makes the success of Secretary Kissinger's current efforts so vital to those who live and otherwise might die in the Middle East.

OUR NATIONAL OBLIGATION TO OUR MIA'S

Mr. HOLLINGS. Mr. President, over the past several months, many cities and States have issued proclamations in support of those organizations which are doing so much to mobilize Government action on behalf of our American men missing in action as a result of their military service in Indochina. VIVA—Voices in Vital America—and the National League of Families have worked untiringly to draw world attention to this problem, and to bring about legislative and executive initiatives so that we may obtain an accounting of the fate of these men. I have worked with many members of both these organizations as I went about the task of developing legislation on this matter, so I know first hand of the superb quality of their work and the inspiring dedication which motivates their every action. I commend these groups for the splendid work they have been doing, against heavy, heavy odds: recalcitrance on the part of the North Vietnamese and the Vietcong, and less than full support from their own American Government. It is time that we made a serious national commitment to obtaining an accounting and to using the influence of our country to mobilize pressure on the adversary in Indochina.

Mr. President, my own State of South Carolina was one of those which issued a proclamation in support of VIVA and the National League of Families. It is signed by Gov. John C. West, whose term, as Senators know, recently expired. I ask unanimous consent that this brief statement be printed in the RECORD, and I commend Governor West for his help in drawing attention to our national obligation to our MIA's and to their brave families.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF GOV. JOHN C. WEST

In January 1973, the Vietnam Cease-Fire Agreement was signed in Paris.

The Provisions of that agreement called for the return of American Prisoners of War and an accounting of the men Missing in Action.

Today, almost two years later, the fate of 1,300 of our men prisoners or missing in Vietnam, Laos, Cambodia, or China is unknown.

There is no evidence that the Communists intend to comply with the provisions of a return of all prisoners, an accounting of the men Missing in Action, and return of the remains of those who died on foreign soil.

VIVA (Voices in Vital America) and the National League of Families has undertaken the task of bringing to focus attention on the plight of our Prisoners of War and Missing Men.

As Governor of South Carolina I support the efforts of the families and friends of the American Prisoners of War and Missing in Action in Southeast Asia, and call upon all citizens to support this cause and help bring to the attention of America and the world, the plight of our Prisoners of War and Missing in Action.

JOHN C. WEST,
Governor.

CHILD AND FAMILY SERVICES ACT OF 1975

Mr. CRANSTON. Mr. President, a few weeks ago, I joined with Senator WALTER MONDALE, chairman of the Senate Labor and Public Welfare Committee's Subcommittee on Children and Youth, Senator JACOB JAVITS, ranking minority member of that committee, and other Senate cosponsors in reintroducing legislation of vital importance in helping to meet our Nation's child-care needs. The legislation, S. 626, the Child and Family Services Act of 1975, is urgently needed. Today, I would like to speak about some of the provisions in the bill.

The challenge of child-care needs is vital to us all. Our children are our future. They deserve the very best we can provide for their growth and development. Yet millions of children today are denied the chance to realize their potentials.

Mr. President, this is not the first time that the Senate has undertaken to pass comprehensive child development legislation. During the 92d Congress, S. 3617, the Comprehensive Head Start, Child Development, and Family Services Act, passed the Senate but failed to gain sufficient support in the House before the adjournment of that Congress. As a member of the Senate Subcommittees on Children and Youth, and Employment, Poverty, and Migratory Labor, I was involved throughout the development of this legislation and believe it was a great loss to this Nation when the House failed to take action.

In California, it is estimated that there are over 525,000 working mothers responsible for more than a million preschool children. Nationally, there are 6 million preschool children with working mothers.

California's performance—due particularly to Superintendent of Schools Wilson Riles' leadership—has been the best in the country. There are 210,000 licensed day-care spaces providing fully 20 percent of the 1 million openings in licensed day-care facilities nationwide.

Yet, Mr. President, for a woman making $8,700 a year—which means her take-home pay is less than $7,000 a year—the cost for full-day child-care services is almost $2,000 a year for two preschool children in an average facility. That is over one-quarter of her take-home pay. And she is lucky to find a facility with an opening.

Mr. President, the bill we have introduced, S. 626, the Child and Family Services Act of 1975, will go a long way toward rectifying this dismal situation by authorizing a variety of services for preschool children and their families, including all-day and half-day care, afterschool programs, and in-the-home tutoring and education for parenthood. Services will also include prenatal care, nutrition, diagnosis and treatment of health problems, and special activities for handicapped children.

I am especially pleased that programs for preschool children from needy homes will receive top priority and that the bill will set aside special funds for handicapped, migrant, and Indian children.

An important feature of the bill, I believe, is its recognition that the family is the primary influence on children. The bill will strengthen the role of the family by providing greater parental control over the programs in which their children take part.

I would also like to stress the fact that participation in any of the programs will be strictly on a voluntary basis and that a child could participate only upon the request of his or her parent or guardian.

Services under the bill would be carried out by local and public and private agencies, including schools, through grants and contracts from State and local government "prime sponsors." The partnership of parents, community, and State and local governments, with assistance from the Federal Department of Health, Education, and Welfare, is another important feature of the new bill.

Hearings are already underway in committee on this bill, and I look forward to early and favorable action.

REGULATION OF NATURAL GAS PRICES

Mr. TOWER. Mr. President, on Monday, March 17, I appeared before the Special Subcommittee on Oil and Natural Gas Production and Distribution on S. 692, which is styled as a bill to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer. The purpose of my testimony was to present the reasons that S. 692 would be a grave disservice to consumers nationwide and particularly inequitable to Texas and other producing States. This legislation would jeopardize every consumer's future supply of energy.

The most recent committee print of this bill, dated March 17, 1975, became available on the afternoon of March 15, 1975. Although I was provided an opportunity to testify, not all of my colleagues have been as fortunate. Consequently, 11 of my colleagues and I cosigned a bipartisan letter requesting that the full Commerce Committee schedule hearings after the Easter recess on this important legislation so that sufficient time is provided in order that a full discussion of the issues may be developed.

As one of the many highly questionable proposals contained in this legislation, S. 692 would extend Federal regulation to wellhead sales of natural gas sold in intrastate commerce. This would be a grave error since higher prices in the intrastate market have provided the necessary incentive for exploration and development and thereby functioned as a subsidy to the national market.

Extension of Government regulation is supported by proponents of S. 692 on the ground that additional supplies of gas will become available to the interstate market. This proposition is not supported by factual evidence or reason. The enactment of S. 692 would be an expression of regionalism unconcerned with the impact on Texas and other producing States.

Since lower prices for natural gas in the 40–75-cent range provided in S. 692 are well below interstate prices, this bill will lead to decreased exploration and development for natural gas. Under this bill little or no additional supplies will be put into interstate commerce and Texans will be denied the opportunity to support unregulated markets which provide the necessary price incentives for drilling programs.

I ask unanimous consent that my testimony before the special committee on oil and natural gas production and distribution be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. Chairman and Members of the Committee: I appreciate the opportunity to appear before you on the subject bill, S. 692, since I am the senior senator from what is presently the largest oil and gas producing state in the union. Of 254 counties in the state of Texas, there is oil and/or gas production in 214. The percentage of the total land in production or under lease in Texas is 27.6 percent. In terms of value, natural gas is the second principal mineral product mined in Texas, and natural gas liquids rank third. At the end of 1973, there were 23,805 producing gas or condensate wells in Texas, and the average daily production of natural gas liquids amounted to 861,449 barrels. The deepest well drilled in the state was to a depth of 28,500 feet and was a dry hole. To January 1, 1973, a total of 610,556 wells had been drilled in Texas, 33.1 percent of which were dry holes. Total expenditures for drilling and equipping all wells through the "Christmas tree" and excluding exploration, production and development costs in 1973 exceeded $675 million. In 1973, more than 199,000 people were employed in the major segments of the petroleum industry in Texas alone.

Obviously, the State of Texas is exceptionally well endowed with oil and gas resources. The consequent interests of my constituency are numerous, but I shall list only some of the more prominent. First is the Texan's interest as a taxpayer. His tax burden is considerably lessened by treasury revenues from lease bonuses, royalties and severance taxes, the latter of which are levied at a rate of 4.6 percent and 7 percent for crude oil and natural gas respectively. Secondly, the interest of my constituency as consumers is sharply characterized by the fact that Texas consumes 17 percent of the Nation's natural gas supplies. Thirdly our citizens have an interest in oil and gas production as businessmen and employees. Reportedly, two of every seven nonfarm jobs in Texas are directly related to the production of oil and gas. The petrochemical industry is extremely significant to the Texas economy and is 100 percent dependent on oil and gas supplies. Thus reductions in feedstock are directly translatable into a loss in physical output to that industry. Interestingly, according to Arthur D. Little's input-output analysis, a 15 percent decline in Texas petrochemical output is equivalent on a dollar basis to a 4.6 percent decline in industry production of organic chemicals for the Nation as a whole, which in turn translates into a nationwide job loss in excess of 900,000 jobs. Finally the property owners of Texas have a right, under the Constitution to just compensation for their property.

Although Texas is the largest producing State, there are 31 other States in the Union having some oil and gas production. However, only two States—Texas and Louisiana—are presently net exporters. It is, therefore, apparent that potential exists for conflict among the producing and consuming States in this country. In response to that potential, I have called for the formation of a producing-States caucus in a letter that is attached as appendix A to this testimony. In my judgment the passage of S. 692 would crystalize the split between producing and consuming States, a split as unfortunate as it is unnecessary. Lest there be any misunderstanding of the depth of resentment felt in my State, I attach as exhibit "B" a UPI press release reporting a unanimous vote by the Texas Senate to prohibit the transportation out of State of oil and gas produced on State-owned lands. Exhibit "C" reports legislation introduced in the Texas Senate to split the State of Texas into five separate States pursuant to the terms of the State's agreement to enter the Union. Exhibit "D" is an editorial from the Houston Chronicle that is also illustrative. The attitude of the State is clear: It will not allow itself to be colonized by the consuming States.

The immediate question before this distinguished committee is why S. 692 will exacerbate the deep feelings of political resentment that are beginning to swell in both southern and western States.

The plain answer is that while succeeding in the further depression of the natural gas industry, the bill will also strip gas supplies away from their States of origin for the benefit of consuming States with consequent depression or stagnation of the producing States' economies. Alabama, for example, was severely threatened by curtailments in the southern part of the State, but has enjoyed several recent, extensive oil and gas strikes. It is doubtful that Alabama will want to give up its potential not only for industrial recovery, but substantial growth, as S. 692 would permit.

Section 203 of S. 692 extends FPC regulation to new gas sales made in intrastate commerce. Prices would be established between 40 cents and 75 cents, with several adjustments for inflation, annual escalations, Btu content, Federal and State severance taxes, and the like. Some high cost deviations from the general rule are permitted.

Committee comments state that a number of major pipelines do not have access to offshore supplies of natural gas and are dependent upon onshore supplies. As the committee comment notes, the most important feature of the bill is the application of the new gas price ceilings to intrastate gas sales. The stated objective of this legislation is to enable interstate pipelines to compete for intrastate supplies through elimination of the widening differential between the unregulated price and the FPC controlled price.

While it is reasonably certain that supplies of natural gas have remained in the intrastate market in response to higher intrastate prices, it is patently false to assume that lower uniform national prices will generate additional supplies. The basic flaw in this legislation is the failure to recognize that Federal regulation of the interstate market created the present shortage of natural gas.

Testimony given before this committee is instructive along those lines. I will repeat some of it:

"The FPC price regulations have caused a huge shortage of gas." Dr. Edward Mitchell, University of Michigan.

"These results (obtained from the MIT econometric gas policy model) indicate that, no matter how serious the FPC is about solving the natural gas shortage, they cannot do so with the perpetuation of present policies." Dr. Paul McAvoy, Massachusetts Institute of Technology.

"I cannot help but feel that . . . the current crisis has been created by Government interference in the natural gas industry." Dr. Charles Cichetti, University of Wisconsin.

". . . (T)he proper course for national gas policy would have been one that encouraged the maximum development of its potential supply. . . .

"The evidence is overwhelming that the pricing policies that were followed in the 1960's did precisely the opposite." Dr. Ezra Solomon, Stanford University.

"The fundamental issue is whether FPC regulation of the price of natural gas, irrespective of the basis upon which FPC sets the price, results in a price which adequately performs these (supply-eliciting) functions. It is evident that at the FPC-set prices . . . increasingly severe shortages have developed and appear likely to become more severe." Dr. Norman Ture, University of Chicago and Washington, D.C.

There are similar statements by others, but this list which represents some of the nation's most eminent educational institutions is sufficiently illustrative. What is extremely difficult for me to understand is how we come seriously to discuss today the perpetuation of these roundly condemned gas-pricing policies.

The FPC's present new gas-pricing methodology is based on a cost of service model which imputes the cost of producing an MCF of gas from nationwide cost data. Section 203 (g)(2) of S. 692 sets the parameters of the FPC's obligation and charges it by statute with the mandate of continuing to do exactly what it now does, with the exception that there is language apparently intended to tell the FPC that it must now look at prospective costs. In past cases the FPC has used only historical cost data, which could accurately be characterized as stale. Unfortunately, however, the nation will be struck under S. 692 with the fruits of the FPC's error for five years at a time with no chance of review.

An extraordinary, internal inconsistency of the bill is discoverable by comparing the base price mandate with the base price range. In FPC Docket No. R–389–B, the FPC undertook to set a nationwide, new gas rate ceiling. In that proceeding substantial, unrebutted evidence was presented which showed the following: (1) Historical costs should at least be trended to obtain estimated, prospective costs; the obvious reason is that future rates should be based on future costs. (2) Productivity, the keystone to the entire calculus, should have been trended. This is the number by which costs are divided, and the figure used by the majority was higher than the productivity in any of the previous four years or the average of the last seven. (3) An income tax allowance should have been included as such is a legitimate cost of service. (4) A return on the entire investment should have been allowed. Instead, the Commission only allowed a return on investments in successful wells, forcing the producer to donate the debt and equity cost of his investment in dry holes. (5) The FPC should have used the discounted cash flow method of computing rate of return, rather than persisting in the use of its rate-base method. The result was the allowance of less than one-half of the proper return.

It has been estimated that a rate fairly set using cost of service techniques will be on the order of $1.50/mcf, or about twice the maximum provided in S. 692. This dilemma is unavoidable if the language of section 203 means what it says: That the commission shall look at prospective real costs and that a reasonable return will be allowed which is conducive "to attracting the necessary capital to discover and produce gas."

I think it is demonstrable that the price we would set in stone with S. 692 is too low, so let us analyze the consequences of this bill: Overconsumption continues, because the price is too low; undersupplying persists because the return is too low; and shortages persist by definition. Under the approach of S. 692, however, these shortages are extended from the States where they now exist into the States where, because of the interplay of market forces shortages either do not exist or they are only temporary.

There can be no excuse for continued price control of either crude petroleum or natural gas. Thus the committee staff's analogies to the emergency petroleum allocation act are meaningless. Price regulation of oil and gas producers could only be justified if it could be proved that the industry is not workably competitive. Such has not been the case. The testimony of the committee's major witness to monopoly was demonstrated to be so flawed with error by Dr. Erickson of North Carolina State University as to be "shockingly unprofessional" and "embarrassing."

Aside from the pricing provision, S. 692 contains several major technical flaws. Since the last committee print was available only as early as March 15, although dated today, March 17, there was insufficient time to include a discussion of them in my oral testimony. I shall, therefore, provide the remainder of my analysis of the bill in writing, with the exception of some brief comments on the curtailments section.

Section 209(c) provides in terms for a natural gas emergency. It was logical to include such a section since section 203 of the bill guarantees the perpetuation of a nationwide natural gas emergency. The commission is permitted, when it declares an emergency, to direct any pipeline not experiencing such an emergency (or, apparently, such a degree of emergency) to deliver gas to the pipeline experiencing the emergency. Thus the FPC is not only mandated to create further, more severe shortages, but to export such shortages, via pipeline to States not experiencing them.

I submit to this distinguished committee that S. 692 would be a grave disservice to consumers nationwide, not only to consumers in producing States. The bill would completely destroy the incentive to find and produce gas, creating the impetus for a Federal agency, another Post Office or Amtrak, to do the job instead. The inexorable result would be the Britainization of American natural gas resources. Additionally, the bill would precipitate the crippling of the economies of the producing States, creating a perhaps unhealable rift between producing and consuming States. The potential for catastrophes implicit in S. 692 simply cannot be overstated.

A FEW WORDS ABOUT JOHNSONVILLE, S.C.

Mr. HOLLINGS. Mr. President, at a time when many of our citizens are concerned about a lack of public spirit in this country, a recent community endeavor in Johnsonville, S.C., points out that people really do care about what is happening around them.

A recent letter from Hal O'Neal, program director at WKYB radio station in Johnsonville, describes better than I ever could the kind of pride the men, women and children of the community feel for their town and the way they went about showing that pride. Because I think their actions reflect the true sentiments of most Americans for their cities and their country, I ask unanimous consent that Mr. O'Neal's letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WKYB RADIO,
Hemingway, S.C.

Greetings from the Palmetto State!

May I take just a moment of your time and tell you what is happening in Johnsonville, South Carolina.

Several months ago the Senior Woman's Club wanted to do something constructive for the community. Well, there were several suggestions but the one they decided on has become a fantastic success. Every organization in Johnsonville became an active booster. The mayor, E. L. Cox, proclaimed March 1 through 8 as "Clean-Up and Pitch-In Week"—bumper strickers were printed, plastic litter bags were distributed—10,000 of them, and even the refuse disposal containers were specially marked! It was slow starting, like any effort, but it has mushroomed into proportions which I feel to be newsworthy. I have spent 18 years in the radio and TV industry; and frankly, I think this is the kind of story which should be told. It reflects what is good about America.

It is the story of how a small town was able to get a majority of its citizens involved into the spirit of community betterment.

It is the story of how nearly 300 boys and girls between the ages of 8 and 16 voluntarily worked, and worked hard, to clean up trash and litter rather than pursue their own activities on a sunny Saturday afternoon. Altogether, over 225 bags of litter was gathered.

It is the story that shows the greatness of the American people from the teeming metropolis to its smallest village and towns.

Later in the day a big rally at the high school was held and a "king and queen" were crowned with crowns appropriate for the occasion. The crowns were made of recyclable litter! Hal O'Neal of radio station WKYB in Hemingway, South Carolina, was Master of Ceremonies for the occasion. Many important dignitaries were there including the state representative from this district, the mayor, and a representative from the City Council.

I have heard a lot of comments about how "bad" young people are in general, and, frankly, their critics could be right in some respects. But, here is one example of how the generation gap was bridged and how Johnsonville, South Carolina, was able to get *everybody* involved—young and old alike.

Johnsonville, South Carolina, is no more unkempt or unclean than any other town in the United States of America. Its young people are no different, its adults are no different. But, they proved that by working together, March 1, 1975, could be a great way to start a new month. "Clean-Up and Pitch-In Day" was last Saturday; and today Johnsonville, South Carolina, is the "cleanest" town in the United States—thanks to our young people!

HAL O'NEAL,
Program Director.

MINORITY SMALL BUSINESS INVESTMENT ACT

Mr. HUGH SCOTT. Mr. President, I am pleased to join with the distinguished Senator from New York (Mr. BUCKLEY) as a cosponsor of the Minority Small Business Investment Act legislation to give minority small businessmen greater access to major sources of private investment capital.

This bill, S. 1124, would authorize the Small Business Administration to provide guarantees for up to 70 percent of the purchase price paid for securities issued by minority-owned small businesses to investment companies and other qualified private investors. The new program would be similar to programs under which the Federal Government now guarantees loans, but it would open up additional sources of financing for minority businesses by making equity investments in them more attractive.

By equalizing the element of risk, S. 1124 would make it possible for minority-owned businesses to obtain equity financing through the same channels generally available to other businesses. In so doing, the legislation would fill a gap in present law by encouraging potential investors to enter more fully into the minority business area.

While existing Federal assistance programs have done much to help minority businesses overcome many of the disadvantages which they face, the thrust of the Federal Government's effort in this field has been primarily toward the provision of loans and loan guarantees. In many cases, however, equity financing is far more sensible since it does not impose on a new enterprise an excessive debt burden which is too often the cause of business failure.

Today, there are a number of investment institutions which, unlike regular commercial banks, specialize in mobilizing venture capital for investment in the shares of new companies. The relationship of these institutions to the enterprise which they finance is entirely different from that of commercial banks. They are in the habit of dealing in futures. They are not looking simply for a return of capital plus interest, but rather for the chance to participate in a new enterprise whose earnings potential may be unlimited. In a very real sense, the equity investor becomes a partner in the enterprise and will help bring to it not only a broad base of experience, but a high degree of commitment to its success as well.

Hopefully, this bill will encourage access by minority small businessmen to our entire economic system by greatly reducing the risk factor which has heretofore foreclosed their efforts to successfully seek equity financing. This would not only benefit the companies mutually involved, but would have lasting benefits for the country as a whole by hastening the full participation by minorities in the entire spectrum of our Nation's economic life.

I believe S. 1124 offers an innovative answer to many of the problems confronting minority small businesses today. I am hopeful that Congress will give this approach careful consideration.

THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION VACANCIES

Mr. WILLIAMS. Mr. President, the resignation of John Powell as Chairman of the Equal Employment Opportunity Commission leaves another vacancy in one of the most important offices of the Federal Government.

In filling these vacancies, the President and the Congress have their own opportunity to bring this vital agency to maturity as an instrument of our national commitment to eliminate discrimination in employment.

In selecting his nominees for EEOC Chairman and Commissioner, I urge the President to look beyond past political associations to find candidates with established credentials as champions of civil rights; persons of compassion and sensitivity for the rights of all parties to discrimination disputes; persons with broad-based support among those who are dedicated to the purposes of the Commission; persons who are not the candidates of only one segment of our society.

In considering whether to confirm whomever the President nominates to the EEOC vacancies, I am confident that the Senate will be fully aware of the nature of these high positions. We will make a clear distinction between these appointments and those of Cabinet officers whose selection rests, among other things, on loyalty to Presidential policies.

The Senate will be mindful that members of the EEOC occupy quasi-judicial offices in an independent agency of the executive branch. Their loyalties cannot be to the political goals of any President, but instead to the nonpartisan, fundamental principles of equality and human dignity that the EEOC strives to establish and enhance.

In this light, the Senate will examine the President's nominees as critically, as carefully, and as fully as though we were passing on the nomination of a member of the judiciary.

In the 10 years of existence for the EEOC, its most notable characteristic has been its growing backlog of unresolved complaints and issues. It is past time that the Commission is given the Presidential and congressional leadership to do its job and fulfill its promise.

GAO REPORT ON DEPLETION OF NATIONAL STOCKPILES OF MATERIALS

Mr. DOMENICI. Mr. President, early last year I became alarmed that we in Congress might be putting this Nation in a potentially disastrous situation by following a general policy of reducing our stockpiles of minerals, metals, and other materials.

I expressed that concern in a rather detailed and lengthy statement on the floor of this Chamber on March 5, 1974. My remarks appear on page 5209 of the CONGRESSIONAL RECORD of that date.

My feeling of apprehension regarding the trend to reduce our national stockpiles was generated by the crisis produced by the Arab oil embargo and a recognition that this country imports a substantial portion of many critical materials from a relatively small number of foreign countries. That combination of circumstances struck me most forcefully to reexamine any policy that made us as a Nation more susceptible to blackmail in minerals, metals, and other materials in the manner of oil from the Arab countries.

I recognized at that time that "stockpiling is a temporary hedge but, even so—it seems essential since it provides time to implement programs devised for emergency shortage situations." This is now a rather popular notion relating to foreign petroleum and is a basic part of the President's energy program.

Acting on my concern, I communicated with the Comptroller General of the United States, the Honorable Elmer B. Staats, and in a letter dated March 25, 1974, I formally requested that "the GAO examine carefully and report to me the pertinent facts, conclusions to be drawn therefrom and recommendations for administrative or legislative action" on this question:

> Should the Congress re-evaluate its decisions of last year to reduce this country's stockpile of various minerals and metals in view of intervening events which illustrate that foreign supplies can be effectively terminated for reasons over which the United States has no control? The mineral in question here is, of course, copper, but my concern extends beyond copper, particularly to those minerals of which we import high percentages of our total consumption and which are produced by a small number of foreign countries.

Communications between the GAO and my office resulted in an agreement that my request would be extended to a full scale report to Congress on the stockpile depletion question. That report to the Congress was submitted on March 11, 1975, under the title: "Stockpile Objectives of Strategic and Critical Materials Should Be Reconsidered Because of Shortages."

Mr. President, the title of the report contains the broad answer to the question I originally put to the GAO, but I would like to give my colleagues the benefit of its full meaning and importance. For that purpose, I request unanimous consent that the letter from Comptroller General Staats transmitting this report to me be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOMENICI. Recognition of the need to develop and implement a rational national minerals policy prompted me to introduce S. 552, a bill to establish a National Mining and Minerals Policy Council to formulate the national minerals policy we are so badly in need of. That Council would deal with the stockpiling issue and help the Congress and the Executive act in the best interests of this country and its citizens in matters of minerals policy—a policy that has such broad implications that no one of us is beyond its reach or effect for the slightest period of time.

The GAO report indicates a need to reevaluate our stockpile depletion policy and it makes some specific recommendations in that regard. I commend the GAO for undertaking and completing a difficult task and I recommend this report to the serious attention of the entire Congress. To that end, I request unanimous consent that it be printed in its entirety at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

EXHIBIT 1

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., March 11, 1975.

Hon. PETE V. DOMENICI,
U.S. Senate.

DEAR SENATOR DOMENICI: As requested in your letter dated March 25, 1974, and agreed to in our meeting with you on May 2, 1974, we are enclosing a copy of our report to the Congress on the stockpile of strategic and critical materials.

The strategic and critical materials stockpile was recently reduced by a quantity valued at more than $4 billion, leaving stockpile objectives valued at $700 million.

Considering the world resource outlook, we have recommended that the Secretary of Defense and the National Security Council reevaluate the current stockpile assumptions to assure that adequate materials are stockpiled to meet the Nation's readiness needs. We have also recommended that the Administrator of General Services use this data, as well as data from other studies now in process, to arrive at new national stockpile objectives.

We have suggested that, until the Nation's critical resource requirements are clarified, the Congress may wish to consider halting future disposals currently authorized under specific legislation and grant no further requests to dispose of strategic and critical materials. We have also suggested that the Congress consider the advisability of broadening the strategic and critical materials stockpile concept to provide material for protection against economic as well as military emergencies.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

EXHIBIT 2

COMPTROLLER GENERAL'S REPORT TO THE CONGRESS

STOCKPILE OBJECTIVES OF STRATEGIC AND CRITICAL MATERIALS SHOULD BE RECONSIDERED BECAUSE OF SHORTAGES

Digest

Why the Review Was Made

The strategic and critical materials stockpile objectives were reduced on April 16, 1973, by a quantity valued at more than $4 billion, leaving stockpile objectives valued at $700 million.

The purpose of stockpiles is to accumulate materials for a national emergency. Because of the large reduction in strategic stockpile objectives, with no readily apparent changes in the military security situation, GAO reviewed the procedure for computing needs and managing the national stockpile.

Findings and Conclusions

Assumptions on which stockpile objectives have been based since February 1973 are more optimistic now than at any time since passage in 1946 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.). Changes in assumptions and estimated resulting changes in objectives are as follows:

Value of reduction

[In billions]

Period of reliance on the national stockpile as a source of supply reduced from 3 years to 1 year	$1.5
Import estimates revised to allow normal imports from foreign countries, except communist and combatant countries	.5
First-year import hedge eliminated	1.2
Increased civilian austerity, substitution, and other	.9
Total	$4.1

This reduction in objectives meant that materials in the stockpile valued at $4.1 billion became excess to projected needs. As a result of acts of Congress approved by the President, the General Services Administration (GSA) was given approval to dispose of $726 million of excess opium, copper, aluminum, silicon carbide, zinc, and molybdenum. (See pp. 4 and 5.)

Estimates of stockpile supplies are based on readily available capacity and known resources in the United States and other countries as directed by the National Security Council. We could not obtain definitive explanations as to how and why the more optimistic assumptions came to be, other than the National Security Council directed them.

Department of the Interior figures show that the United States depends on imports for more than half its supply of six selected basic raw materials (bauxite, chromium, manganese, tin, tungsten, and zinc).

The National Commission on Materials Policy's interim report shows demand for these materials is increasing. A small number of countries supply these materials, which may be susceptible to restricted imports due to producers' boycotts.

Although these materials are in the national stockpile, the quantity objectives for them were either eliminated or drastically reduced under the 1973 change in assumptions. (See pp. 7 and 8.)

The United States had no problem importing needed resources in the past, but the present economic outlook holds some problems. Continued growth in per capita consumption by industrialized countries as well as an even greater growth in consumption by developing countries will greatly increase world demand for resources, some of which are nonrenewable. (See p. 7.)

Producer restrictions and boycotts could also limit U.S. imports, especially those which are supplied worldwide by only a few countries.

An official of the National Security Council said the Office of Management and Budget (OMB) was studying the imported commodities we depend on and the likelihood of foreign suppliers creating artificial shortages. (See p. 8.)

The executive branch has no centralized, continuing system for providing or coordinating information needed for broad policymaking on future resource supply and demand situations.

Because of today's increasing competition for scarce commodities and the possibility of producer restrictions on supply, long-range requirements planning is necessary. Releasing material from the strategic stockpile as a short-term method of neutralizing the effects of economic crises, provided that the stockpile is replenished to meet its intended purpose, should be considered in such planning.

Long-range planning is particularly important, since a goal of reducing the United States import dependence is inconsistent with the recent disposals of stockpiled materials. (See pp. 15 and 16.)

Recommendations or Suggestions

GAO recommends that the Secretary of Defense and the National Security Council reevaluate the current stockpile assumptions to assure that adequate materials are stockpiled to meet the nation's readiness needs. GAO also recommends that the Administrator of General Services use this data, as well as data from other studies now in process, to arrive at new national stockpile objectives.

Agency Actions and Unresolved Issues

GSA said the April 1973 review of the stockpile was the first total stockpile review ever conducted and techniques employed in that review are superior to prior procedures.

OMB disagreed with GAO's statement that the stockpile assumptions are narrow and highly subjective. It said that, in areas other than the length of time used for planning purposes, the new assumptions are the same or less narrow than the old.

OMB also said current assumptions are quite defensible and pointed out that the executive branch is reviewing implications of potential producer actions on strategic as well as economic policies.

GAO concludes, nevertheless, that the current resources outlook—i.e., domestic demand, competition for resources, and potential for cartelization—indicates a reevaluation of stockpile objectives is wararnted. (See pp. 7 to 12.)

GSA said that history militates against lesser developed countries withholding their supply of natural resources and that every country which has become developed has done so as a consequence of developing its natural resources. GSA officials said there is no evidence that leaders of such countries are anything but ambitious for development.

OMB does not agree that being import-dependent on a small number of countries for certain commodities makes the United States susceptible to restricted imports due to producer boycotts. OMB believes the political, geographic, economic, and cultural diversity of the producer countries is every bit as important as the number of countries from which the United States imports.

OMB pointed out that the executive branch is completing an interagency study of imported nonfuel raw materials. Preliminary results indicate that—in terms of prospects for price gouging and cartel-like action, risks of supply interruption, and the impact of any prospective action on the U.S. economy and national security—there is significant vulnerability for only a small number of raw materials.

GAO still believes there is a possibility of restricted imports due to producer actions. The current situation has created an environment in which economic development in lesser developed countries can be hastened by the threat or actual use of boycotts or cartel activity. This is supported by the recent actions of the Organization of Arab Petroleum Exporting Countries and by suppliers of bauxite. (See p. 8.)

The Department of Defense and OMB agreed with GAO observations that long-range planning is necessary because of market disruptions and that a better system for providing and coordinating information is needed. GSA disagreed with GAO observations, saying the executive branch has the capabilities to predict future demand and supply.

GAO is convinced that better and more effective coordination of supply and requirements estimates is essential to establishing sound stockpile policy. (See p. 15.)

The Department of Commerce said that, while the idea of an economic stockpile does warrant exploration, the criteria and management techniques for an economic stockpile would be substantially different from the strategic stockpile and that joint consideration of the two is inappropriate.

GSA and OMB commented that a strong line of demarcation must be drawn between a strategic and critical materials stockpile and an economic stockpile. They said there is no statutory authority for the economic stockpiles.

GAO agrees that the approaches are substantially different and has suggested that, if the Congress finds it desirable to broaden the stockpile concept to permit use of national stockpile materials for other than national defense to meet short-term economic emergencies, new legislation will be required.

GSA said that materials have been sold under long-term contracts, some of which extend as long as 8 years; therefore, it would not be feasible to stop these contractual arrangements.

GAO agrees with GSA's observation—its recommendation was directed to future sales. (See p. 17.)

OMB argued that, because there is significant potential vulnerability for only a small number of raw materials, stockpile disposals should not be halted. Despite OMB's disagreement, the United States relies heavily on imports for some of the material recently authorized for disposal. GAO maintains that stockpile disposals should be halted until it is determined exactly which raw materials are potentially vulnerable to price gouging, cartelization, and supply interruption.

Matters for Consideration by the Congress

A goal of reducing the United States import dependence for certain materials, which in GAO's view is strongly indicated by the unfavorable world resources outlook, conflicts with the policy of declaring excess materials and disposing of materials from the stockpile.

The executive branch used highly subjective assumptions to arrive at levels essential to the national security in a defense emergency.

GAO suggests that, until the Nation's critical resource requirements are clarified, the Congress may wish to consider halting future disposals currently authorized under specific legislation and grant no further requests to dispose of strategic and critical materials.

The Congress may also want to study the advisability of broadening the strategic and critical materials stockpile concept to release material to meet short-term economic as well as national defense emergencies. Any materials released for economic purposes should be replenished so that all national defense requirements are met. If the Congress finds that such action is desirable, new legislation will be required.

Chapter 1

INTRODUCTION

GAO has reviewed recent changes in the stockpile of strategic and critical materials (SCM). These include changes in stockpile responsibility and changes in the assumptions for determining quantity objectives to be included in the SCM stockpile. SCM stockpile objectives are worth $700 million, compared with previous objectives valued at $4.8 billion.

"Strategic and critical materials" can be defined as those materials which would be essential to the national security in a defense emergency and which may not be readily available in such an emergency. "Strategic" refers to the relative availability of a material, while "critical" refers to its essentiality. Essential needs include defense support needs and U.S. civilian needs in a national emergency. To meet these needs, the SCM stockpile includes:

Agricultural commodities such as rubber and vegetable tannins.

Metals, such as aluminum, antimony, cobalt, lead, magnesium, tin, and zinc.

Minerals and ores, such as asbestos, bauxite, chromium, diamonds, mercury, mica, titanium, tungsten, and iodine.

Legislation

Several laws deal with the stockpile concept. The first of these was the Act of June 7, 1939, ch. 190, 53 Stat. 811 (50 U.S.C. 98 *et seq.* (Supp. V, 1939)), which gave the military departments authority to determine the quality and quantity of materials to be acquired. Under this act, $70 million worth of chromite, quartz crystal, rubber, and tin were purchased.

During World War II, raw material consumption bore heavily on the SCM stockpile and the Nation's resources. The Congress therefore included section 22 in the Surplus Property Act of 1944 (50 U.S.C. App. 1631 (Supp. V, 1946)) to place surplus Government-owned minerals in the stockpile after the war.

In 1946, the Act of June 7, 1939, was amended and designated the "Strategic and Critical Materials Stock Piling Act" (50 U.S.C. 98 *et seq.*). The amended act provides for acquiring and retaining certain strategic and critical materials needed to supply U.S. industrial and military needs during a national emergency. The initial appropriation under the 1946 act was $100 million.

The Government possesses accumulated strategic materials under two other acts. The Defense Production Act of 1950 (50 U.S.C. App. 2061 *et seq.*) was passed during the Korean conflict as an emergency measure to mobilize industry and to increase production. This act authorized the Government to buy producers' expanding metals and minerals output as an incentive to defense-essential expansion of production capacity and actual output.

The Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 *et seq.*) created a third stockpile—the supplemental stockpile. The supplemental stockpile contained strategic and critical materials purchased with foreign currencies obtained from the sale of surplus food commodities.

Although the laws governing the acquisition, retention, and disposal of the various stockpiles differ, the materials in these stockpiles are credited toward the objectives established for the SCM stockpile—sometimes referred to as the national stockpile.

Stockpile policy changes

Stockpile policy is the basis for determining the types, quality, and quantities of materials to be included in the SCM stockpile as well as the basis for guiding disposal of materials determined to be excess to national security requirements. In accordance with Executive Order 11725 (38 F.R. 17175, June 29, 1973), the General Services Administration (GSA) has been responsible for stockpile policy since July 1, 1973, when the Office of Emergency Preparedness (OEP) was abolished. Within GSA, the Office of Preparedness (OP) was established to carry out the national emergency preparedness functions and responsibilities, including stockpile policy. Although OP makes the major analysis in determining objectives, it relies on other agencies for basic information. The major advising agencies are the National Security Council and the Departments of Defense, the Interior, Commerce, and State.

Another procedural change in determining objectives was eliminating the Interdepartmental Materials Advisory Committee (IMAC) in April 1973. IMAC had task forces to review all commodities in the SCM stockpile for both quality and quantity. These task forces consisted of commodity experts from OEP, GSA, and the Departments of Defense, Commerce, the Interior, Agriculture, and State. On the basis of these task forces reports, IMAC made recommendations to OEP to increase, decrease, or not change SCM stockpile objectives. These recommendations could be accepted, rejected or accepted with modifications. Agencies which made up IMAC currently provide OP with requested information.

Scope of review

We examined laws, regulations, and policies; interviewed officials of GSA and the Departments of Agriculture, Commerce, Defense, and the Interior; and researched the current economic environment and a possible "mineral crisis."

We also obtained comments on our report from officials at the Departments of Commerce, Defense, and the Interior; GSA; and the Office of Management and Budget (OMB).

CHAPTER 2

STOCKPILE OBJECTIVES AND MATERIALS OUTLOOK

For each material in the SCM stockpile, OP calculates the difference between the estimated requirements to satisfy essential civilian and defense demand and the estimated available supply as directed by the National Security Council. If projected demand exceeds projected supply, a quantity objective is established for the difference. When assumptions used in making these projections change, quantity objectives change accordingly.

Assumptions used in determining objectives

Assumptions concerning a future national emergency have changed several times since the SCM stockpile was established, and the resulting objectives have changed also. These changes have been made in accordance with national policy. In February 1973, OEP conducted a study with guidance from the National Security Council. As a result of this study, in April 1973 quantity objectives for the SCM stockpile were reduced from $4.8 billion to $700 million. Changes in assumptions and the resulting reductions follow:

Assumption:	*Value of reduction* (*In billions*)
Period of reliance on the SCM stockpile as a source of supply reduced from 3 years to 1 year	$1.5
Import estimates revised to allow normal imports from foreign countries, except communist and combatant countries	.5
First-year import hedge eliminated	1.2
Increased civilian austerity, substitution, and other	.9
Total	$4.1

We could not obtain definitive explanations as to how and why these more optimistic assumptions came to be other than the National Security Council directed them.

The reductions in objectives meant that materials in the stockpile with a total value of $4.1 billion became excess to projected needs. To dispose of this excess, GSA must obtain approval from the Congress. The Congress has approved disposing of $726 million worth of excess opium, copper, aluminum, silicon carbide, zinc, and molybdenum.

Reduced reliance on SCM stockpile as source of supply

Initial planning after World War II was based on the assumption that a conflict would last 5 years and would require 10 million men. These assumptions were changed in 1958, when the length of a conflict was reduced to 3 years and the force was reduced to 5 million men.

Although present assumptions regarding the length of a conflict and force requirements are similar to those of 1958, reliance on the SCM stockpile as a source of supply was revised in April 1973. The SCM stockpile is now to provide materials to meet strategic and critical needs during the first year, rather than 3 years, of a conflict. Under the revised assumption, after the first year materials resulting from increased civilian austerity and increased use of substitute materials are expected to meet defense production needs.

Revised import estimates

Before the assumptions changed in 1973, it was believed that imports would be obtained from North American and Caribbean countries during the entire 3 years of a conflict and that imports could be obtained from selected other countries for the second and third years of such a conflict. However, the projected quantities of these imports were reduced by possible reduced imports due to strikes or political instability in the exporting countries. In addition, the projected quantities were adjusted for possible shipping losses.

The 1973 assumptions changed the import projections by eliminating the adjustment factor for strikes and instability. Shipping losses are still considered.

Eliminated discounting of foreign sources of supply during first year of a conflict

Previously it was assumed that supplies would be obtained from selected countries outside North America and Caribbean countries only during the second and third years of a conflict. It is now assumed that supplies would be obtained from these countries in all 3 years of a conflict, which would eliminate the first-year hedge.

Level of domestic austerity and substitution

For the first year of a conflict, the SCM stockpile—together with domestic production and assumed imports—is intended to provide enough materials to support both national security and domestic needs without reducing overall standards of living to below preconflict levels. If the conflict were to extend beyond 1 year, domestic austerity would be required to support critical defense needs. Under the new assumptions, domestic austerity after the first year would be increased.

Rates of substitution of noncritical materials for critical materials were identified for each major commodity which had a substitute. Substitution in the first year of a conflict was computed at one-half the maximum rate to allow for the time lag in the transition to substitute materials. Under the new assumptions, the use of substitutes has increased and has contributed to the overall reduction of SCM quantity objectives.

Future difficulty in importing strategic and critical materials

Since the assumptions were changed in April 1973, the resources outlook has changed and these changes could have an impact on the SCM stockpile. As we pointed out in our report to the Congress, "U.S. Actions Needed to Cope with Commodity Shortages" (B-114824, Apr. 29, 1974), the world has entered a period in which shortages of basic commodities are causing serious economic, social, and political problems for the United States and other countries. Among the same lines, the final report of the National Commission on Materials Policy (NCMP), issued is June 1973, stated that:

> "Growing U.S. materials demands upon the rest of the world's supply occurs at a time when other nations' demands are rising at an even faster rate than our own."

In the past the United States has had little difficulty importing the minerals necessary to satisfy its demands. However, the current and future situation may change because of (1) increasing competition for scarce resources and (2) the possibility of actions to restrict supplies and/or increase prices.

Increasing domestic demand and competition for resources

The first interim report by NCMP stated that:

"The nation's vigorous industrial and economic growth over the past century has resulted in the highest standard of living in the world. Our complacency, however, has resulted in our failure to develop new material sources as fast as required by the economy. As a consequence, the United States is increasingly dependent upon foreign sources."

NCMP concluded that, on the basis of commodity summaries and projections, the gap between our requirements and our domestic supply was widening for most of our basic materials. NCMP projected that, if present trends continue, the gap for all minerals would increase from $4 billion in 1970 to $60 billion in 2000. Also, a previous director of the Bureau of Mines said that the U.S. mineral deficit could approach $100 billion a year if trends continued.

Department of the Interior figures show that the United States depends on imports for more than half of its supply of six selected basic raw materials (bauxite, chromium, manganese, tin, tungsten, and zinc). An interim report of NCMP showed that the demand for these materials was increasing. The supply of each of these materials comes from a small number of countries, thus making these materials susceptible to restricted imports due to producers' boycotts. Although these materials are in the SCM stockpile, the quantity objectives for them were either eliminated or drastically reduced under the 1973 change in assumptions.

Today our country is actively competing with the other industrial nations of the world for these limited resources. The combination of the industrialized countries continued in per capita consumption of material and the increased growth in consumption by newly developed countries will greatly increase total world demand for resources. For example, according to NCMP, world mineral consumption during the past two decades has been growing at close to 5 percent a year—a rate that doubles consumption every 15 years.

The mineral situation compounds the problem of greatly increasing demand for resources. Since minerals are nonrenewable resources which are in finite supply in the world, competition for them is increasing. One authority foresees the day when some minerals will not be available at any price.

A National Security Council official told us that the executive branch was making a study of the imported commodities we depend on and the likelihood of foreign suppliers creating artificial shortages.

The graphs of pages 9 to 12 show the past, present, and projected supply and demand of some of the United States' most important minerals.[1]

The line for industrial demand represents total demand, which includes demand for primary and secondary supplies. Primary demand shows the amount demanded from available raw materials, and secondary demand shows demand for what can be recovered from scrap and reused.

Possibility of producer restrictions on exports

In view of the United States' growing demand for and dependence on foreign sources of supply, the availability of foreign supplies takes on increasing importance. As pointed out in our previously mentioned report on commodity shortages, some of the variables which could affect foreign supplies are (1) foreign government attitudes and policies on U.S. foreign investment, (2) increased desire and ability of suppliers to conserve their resources, and (3) cartels and producer country alliances affecting price, volume, and direction of exports.

The latter variable deserves consideration in the U.S. resources outlook. Just recently the Organization of Arab Petroleum Exporting Countries limited exports of crude oil to the United States. Producer countries' tactic of banding together to control the supply of crude oil resources could be used for other resources—especially those which are supplied worldwide by only a few countries. For example, the nations which provide nearly 70 percent of U.S. bauxite imports recently increased prices by 470 percent and nations exporting tin, rubber, and copper have formed producer groups.

AGENCY COMMENTS

In commenting on our draft report (see app. VI), GSA stated that the report attaches great significance to the reduction in stockpile values that occurred when the present objectives were adopted in April 1973. GSA stated such reductions are significant only if one ascribes to the adequacy of the prior objectives. It pointed out that the prior objectives were reviewed infrequently and that the entire stockpile was never reviewed in total. GSA further pointed out that the current procedure for establishing objectives were developed after the Senate Committee on Armed Services recognized the inadequacy and recommended changes in the procedures to establish objectives. According to GSA, the 1973 objectives were established using much improved procedures.

In their comments on our draft report (see app. VIII), OMB disagreed with our statement that the stockpile assumptions are narrow and highly subjective. It said that, in areas other than the length of time used for planning purposes, the new assumptions are the same or less narrow than the old assumptions. OMB further stated that the current assumptions are quite defensible and pointed out that the executive branch interagency study is reviewing the implications of potential producer actions on strategic as well as economic policies.

We believe that the current world outlook for supplies of resources—i.e., domestic demand, competition for resources, and potential cartelization—indicates that a reevaluation of the stockpile assumptions is warranted.

GSA stated that history militates against lesser developed countries withholding their supply of natural resources and that every country which has become developed has done so by developing its natural resources. GSA officials said that there is no evidence that the leaders of such countries are anything but ambitious for development.

OMB does not agree that being import-dependent on a small number of countries for certain commodities makes us susceptible to restricted imports due to producer boycotts. OMB believes that the political, geographical, economic, and cultural diversity of the producer countries is as significant a factor as the number of countries from which we import.

In short, OMB feels that GAO should look at more than just the number of supplier countries when making judgements about the United States' susceptibility to supply restrictions. It pointed out that the executive branch is completing an interagency study of imported nonfuel raw materials. Preliminary results of the study indicate that—in terms of prospects for price gouging and cartel-like action, risks of supply interruption, and the impact of any prospective action on the United States' economy and national security—there is potential vulnerability for only a small number of raw materials.

GAO believes that restriction of imports due to producer boycotts is a possibility in the current environment. The current demand situation has created an environment in which economic development in lesser developed countries can be hastened by the threat or actual use of boycotts or cartelization. This is supported by the recent actions of the Organization of Arab Petroleum Exporting Countries and the suppliers of bauxite.

A recent report by the Science Policy Research Division of the Congressional Research Service, Library of Congress, "Domestic Raw Materials Resources, Production, and Demand vis-a-vis Imports from Abroad," after recognizing the arguments against the possibility of boycotts, including those presented by OMB, concluded that

"* * * in view of the increasing dependence of the United States upon many of these cartel-candidate materials, it is clear that the possibility of cartels cannot be dismissed out of hand."

CHAPTER 3

LONG-RANGE PLANNING FOR MATERIAL REQUIREMENTS

As pointed out in chapter 2, two major factors of the present and future world resources outlook could affect the stockpile. There are (1) increasing competition for scarce commodities and (2) the possibility of restricted imports due to producer actions. Because of these factors, the Nation's attention is beginning to focus on ways to avoid material shortages and related economic problems.

As our previous report stated, long-range planning is needed. Better and more effective coordination of supply and requirements estimates and better management of programs already authorized are also needed. The data bases for mineral resources and reserves, private research and development activities, and technological capabilities have many gaps. Because the responsible agencies have not fully developed their analytic resources, their ability to discern broad trends, to integrate data from various sources, and to project future developments is limited.

The executive branch does not have a centralized, continuing system to provide or coordinate the information needed for broad policymaking on future resource supply and demand situations. We therefore recommended in our previous report that one organization, designated by the Council on Economic Policy, coordinate agency analyses of long-range economic planning.

Until long-range requirements are fully developed, any assumptions used in determining stockpile objectives will be questionable.

Inconsistency between stockpile policies and self-sufficiency goals

During the recent oil embargo, the President announced a goal of national self-sufficiency in energy by 1980 by developing domestic energy sources and reducing energy use. Since the oil embargo, several authorities have suggested that a program with similar objectives be established for other resources. Some of the minerals for which the United States relies heavily on other countries are bauxite, chromium, cobalt, manganese, mercury, nickel, tin, tungsten, and zinc.

A program of short-term self-sufficiency for resources other than energy would have an impact on stockpile decisions. Provided that the stockpile is replenished to meet its intended purpose of supporting national defense emergencies, stockpiled materials could be released and used as an alternative to imports as a source of supply and would reduce our import dependence. Although not a long-term source of supply, the stockpile could be a short-term method of neutralizing the effects of economic and/or political crises.

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[1] "Towards a National Materials Policy: Basic Data and Issues, An Interim Report," NCMP, April 1972.

In the past the SCM stockpile has been used for national defense emergencies. During the Vietnam conflict some stockpile releases did occur. These releases, authorized by the President, included copper, nickel, and quinine. Most of these releases came either from the supplemental stockpile or SCM stockpile declared excesses.

Because of the increased demand for basic material and the possibility of producer restrictions, there has been increased recent dialogue on the need for a stockpile of raw materials for use as an economic buffer. For example, a Battelle Columbus Laboratories research report issued in April 1973 for the NCMP recommends that the:

"* * * United States include provisions in its raw materials policy for an economic stockpile to limit price extremes damaging to the long-term interests of producers and short-term interests of consumers of raw materials."

Both the items included and the quantity objectives should be reevaluated before seriously considering the possibility of using the SCM stockpile as an economic buffer.

Conclusion

As world demand for a finite supply of nonrenewable resources increases and as the possibilities of producer boycotts and other restrictions exist for some resources, the United States may no longer be able to assume that it can always import quantities of resources to satisfy its increasing demand. However, stockpile policy assumes that the United States can import from all countries except communist countries and those involved in a conflict. We believe this assumption conflicts with the world resources outlook.

Long-range planning is necessary due to our increasing demand for resources. Because the United States relies heavily on imports for some of the materials which recently were authorized to be disposed of, we question whether enough thought was given to the Nation's future supplies of these materials. If long-range planning had been in effect earlier, the disposals might never have been authorized. Such planning is particularly important for materials which—

Have no substitutes;

Are largely imported;

Are in strong demand; and

Are susceptible to producer boycotts and other restrictions.

Recommendations

In view of the current national resource outlook, we recommend that the Secretary of Defense and the National Security Council reevaluate the current stockpile assumptions to assure that adequate materials are stockpiled to meet the Nation's readiness needs.

We also recommend that the Administrator of General Services use this data, as well as data from other studies now in process, to arrive at new national stockpile objectives.

Agency comments

DOD and OMB agreed with our observations that long-range planning is necessary because of market disruptions and that a better system for providing and coordinating information is needed. GSA disagreed with our observation by stating that the executive branch has the capabilities to predict future demand and supply.

We believe better and more effective coordination of supply and requirements estimates is essential to establishing well-founded stockpile policy.

The Department of Commerce stated that, while the idea of an economic stockpile does warrant exploration, the criteria and management technique for an economic stockpile would be substantially different from those for the strategic stockpile and that joint consideration of the two is inappropriate.

GSA and OMB commented that a strong line of demarcation must be drawn between a strategic and critical materials stockpile and an economic stockpile. GSA said that existing statutory authority in this area is for common defense purposes only and that there is no statutory authority for the economic stockpiles. GSA also said that the approaches to analysis of needs, acquisition, and disposal are substantially different for the two objectives.

We agree that the approaches are substantially different and, therefore, we have stated that, if the Congress decides to permit use of stockpiled materials under certain short-term economic emergencies, new legislation would be required.

GAO is currently conducting a detailed study of five commodities—aluminum, chromium, manganese, nickel, and tin—which will include developing the type of considerations needed to determine whether economic stockpiling is necessary. We plan further reporting on the results of that study. Economic stockpiling will also be investigated by the recently established National Commission on Supplies and Shortages.

GSA stated that many materials have been sold under long-term contracts, some of which extend for as much as eight years; therefore, it would not be feasible to stop these contractual arrangements.

GAO agrees—our recommendation was directed to future sales.

OMB disagreed with our recommendation that stockpile disposals be halted because, as stated on page 14, there is significant potential vulnerability for only a small number of raw materials. OMB stated that despite the above finding, the executive branch interagency study is reviewing the implications of potential producer actions on strategic as well as economic policies.

Despite OMB's disagreement, the United States relies heavily on imports for some of the materials recently authorized for disposal. GAO maintains that stockpile disposals should be halted until it is determined exactly which raw materials are potentially vulnerable to price gouging, cartelization, and supply interruption.

Matters for consideration by the Congress

A goal of reducing United States' import dependence for certain materials, which in our view is strongly indicated by the unfavorable world resources outlook, conflicts with the policy of declaring excess materials and disposing of materials from the stockpile.

The present policy is based on the executive branch's highly subjective assumptions in arriving at levels essential to the national security in a defense emergency.

We suggest that, until the Nation's critical resource requirements are clarified, the Congress may wish to consider halting future disposals currently authorized under specific legislation and grant no further requests to dispose of strategic and critical materials.

The Congress may also want to study the advisability of broadening the strategic and critical materials stockpile concept to release material to meet short-term economic as well as national defense emergencies. Any materials released for economic purposes should be replenished so that all national defense requirements are met. If the Congress finds that such action would be desirable, new legislation will be required.

APPENDIX I

CALCULATION OF STOCKPILE OBJECTIVES

In calculating stockpile objectives, OP relies on various Government agencies for necessary information. The major advising agencies and the information they provide follows.

The Department of Defense provides information on direct military requirements for a national emergency.

The Department of the Interior provides peacetime supply estimates for the metals, minerals, and ores in the stockpile.

The Department of Commerce estimates peacetime consumption (demand) and provides supply information for some of the stockpile commodities.

The Department of State provides economic and political guidance on the effect of stockpile decisions on foreign supply sources and users.

The National Security Council provides the war scenario needed to project wartime requirements.

On the basis of this information and Government policy information, OP computerizes objectives using a mathematical model. The computer attempts to forecast material requirements for two levels of conflict and to assess the sufficiency of the national stockpile against domestic and military requirements. Several mathematical models estimate the gross national product contingent on either peacetime or some level of conflict and with appropriate Government expenditures and fiscal policies. OP then breaks down this estimate into detailed plans for the level of employment and personal and industrial consumption. The detailed plans are converted into statements and material requirements which are compared with supply estimates to determine stockpile objectives.

APPENDIX II

SUMMARY OF STOCKPILE OBJECTIVES

Commodity	Objective as of June 30, 1972	Objective as of June 30, 1973
Aluminum: Short tons	450, 000	
Aluminum oxide, fused, crude: Short tons	249, 095	
Aluminum oxide, abrasive grain: Short tons	50, 905	17, 200
Antimony: Short tons	40, 700	
Asbestos amosite: Short tons	18, 400	
Asbestos chrysolite: Short tons	13, 700	1, 100
Bauxite, metal grade, Jamaica type: Long dry tons	5, 000, 000	4, 638, 000
Bauxite, metal grade, Surinam type: Long dry tons	5, 300, 000	
Bauxite, refractory grade: Long calcined tons	173, 000	
Beryl ore: Short tons	15, 215	
Beryllium copper master alloy: Pounds	9, 500, 000	
Beryllium metal: Short tons	150	88
Bismuth: Pounds	2, 100, 000	95, 900
Cadmium: Pounds	6, 000, 000	4, 446, 500
Castor oil: Pounds	50, 000, 000	
Chromite, chemical grade: Short tons	250. 000	8, 400
Chromite, metallurgical grade ore: Short tons	2, 910, 550	444, 710
Chromite, refractory grade: Short tons	368, 000	54, 000
Chromium, ferro, high carbon: Short tons	70, 500	11, 476
Chromium, ferro, low carbon: Short tons		
Chromium, ferro, silicon: Short tons		
Chromium, metal: Short tons	3, 775	
Cobalt: Pounds	38, 200, 000	11, 945, 000
Columbium, concentrates: Pounds		
Columbium carbide powder: Pounds	20, 000	16, 000
Columbium ferro: Pounds	930, 000	748, 000
Columbium metal: Pounds	45, 000	36, 000
Copper: Short tons	775, 000	
Cordage fibers, abaca: Pounds	25, 000, 000	
Cordage fibers, sisal: Pounds	100, 000, 000	
Diamond dies, small: Pieces	25, 000	7, 900

Commodity	Objective as of June 30, 1972	Objective as of June 30, 1973
Diamond, industrial, crushing bort: Carat	23,700,000	
Diamond, industrial, stones: Carat	20,000,000	
Feathers and down: Pounds	3,000,000	1,938,000
Fluorspar, acid grade: Short dry tons	540,000	
Fluorspar, metallurgical grade: Short dry tons	850,000	159,000
Graphite, natural, Ceylon—amorphous lump: Short tons	5,500	3,100
Graphite, natural, Malagasy—crystalline: Short tons	18,000	8,200
Graphite, natural—Other than Ceylon and Malagasy, crystalline: Short tons	2,800	
Iodine: Pounds	8,000,000	
Jewel bearings: Pieces	57,500,000	62,740,000
Lead: Short tons	530,000	65,100
Manganese, battery grade, natural ore: Short dry tons	135,000	10,700
Manganese, battery grade, synthetic dioxide: Short dry tons	1,900	
Manganese ore, chemical grade, type A: Short dry tons	35,000	12,800
Manganese ore, chemical grade, type B: Short dry tons	35,000	12,800
Manganese ore, metallurgical grade: Short dry tons	2,605,600	750,500
Manganese, ferro, high carbon: Short tons	600,000	200,000
Manganese, ferro, low carbon: Short tons	9,000	
Manganese, ferro, medium carbon: Short tons	36,000	10,500
Manganese, metal, electrolytic: Short tons	9,000	4,750
Manganese, silicon: Short tons	45,500	15,900
Mercury: Flask	126,500	42,700
Mica, muscovite block, strained and better: Pounds	6,000,000	1,600,000
Mica, muscovite film, 1st and 2d qualities: Pounds	2,000,000	413,000
Mica, muscovite splittings: Pounds	19,000,000	2,200,000
Mica, phlogopite block: Pounds	150,000	51,000
Mica, phlogopite splittings: Pounds	950,000	200,000
Molybdenum: Pounds		
Nickel: Short tons		
Opium: Average pounds	143,000	
Platinum group metals, iridium: Troy ounces	17,000	1,800
Platinum group metals, palladium: Troy ounces	1,300,000	328,500
Platinum group metals, platinum: Troy ounces	555,000	187,500
Pyrethrum: Pounds	63,375	
Quartz crystals: Pounds	320,000	209,000
Quinidine: Ounces	2,000,000	1,059,000
Quinine: Ounces	4,130,000	779,500
Rubber: Long tons	200,000	
Rutile: Short dry tons	100,000	
Sapphire and ruby: Carats	18,000,000	
Shellac: Pounds	1,000,000	
Silicon carbide, crude: Short tons	30,000	
Silver: Fine troy ounces	139,500,000	21,663,000
Sperm oil: Pounds	23,400,000	[1]
Talc, steatite block and lump: Short tons	200	
Tantalum, minerals: Pounds	2,947,000	312,000
Tantalum, carbide powder: Pounds	26,750	2,900
Tantalum, metal: Pounds	36,000	45,000
Thorium oxide: Short tons	40	
Tin: Long tons	232,000	40,500
Titanium: Short tons	33,500	
Tungsten, ores and concentrates: Pounds	55,655,000	4,234,000
Tungsten, carbide powder: Pounds	1,900,000	
Tungsten, ferro: Pounds		
Tungsten, metal powder, carbon reduced: Pounds	547,000	
Tungsten, metal powder, hydrogen reduced: Pounds	1,200,000	
Vanadium: Short tons	540	
Vegetable tannin, extract, chestnut: Long tons	9,500	4,400
Vegetable tannin, extract, quebracho: Long tons	50,600	
Vegetable tannin, extract, wattle: Long tons	9,500	
Zinc: Short tons	560,000	202,700

[1] Removed from list Sept. 21, 1972.

APPENDIX III

U.S. DEPARTMENT OF COMMERCE,
Washington, D.C., September 13, 1974.
Mr. J. K. FASICK,
Director, International Division, U.S. General Accounting Office, Washington, D.C.

DEAR MR. FASICK: This is in reply to your letter of July 10, 1974, requesting comments on the draft report entitled "Stockpile of Strategic and Critical Materials."

We have reviewed the attached comments of the Assistant Secretary for Domestic and International Business and believe they are responsive to the matters discussed in the report.

Sincerely yours,
HENRY B. TURNER,
Assistant Secretary for Administration.

APPENDIX IV

U.S. DEPARTMENT OF COMMERCE,
Washington, D.C., August 26, 1974.
Mr. J. K. FASICK,
Director, International Division, U.S. General Accounting Office, Washington, D.C.

DEAR MR. FASICK: The Secretary of Commerce has asked me to reply to your letter of July 10, 1974, forwarding copies of a draft report to the Congress on the Stockpile of Strategic and Critical Materials. We appreciate the opportunity to review this report prior to its submission to the Congress.

The report not only refers to the strategic stockpile but also introduces a discussion of an economic stockpile. Recent interest which has been expressed by a number of parties in the idea of an economic stockpile does suggest an exploration of its potentialities and problems. We believe, however, that the criteria and management techniques for an economic stockpile would be substantially different from the strategic stockpile, and joint consideration of the two is inappropriate. Accordingly, all discussion of an economic stockpile should be eliminated from the report. The Department of Commerce will be pleased to assist in a study of the economic stockpile concept if this should be determined to be desirable.

The current review of stockpile objectives within the Executive Branch is the latest of many such reviews which have been a regular and continuing part of the management of the strategic stockpile. Information derived from recent armed conflicts as to material consumption rates and from the current worldwide materials supply problems may make this review particularly pertinent.

Sincerely,
TILTON H. DOBBIN,
Assistant Secretary for Domestic and International Business.

APPENDIX V

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., August 29, 1974.
Mr. F. J. SHAFER,
Director, Logistics and Communications Division, U.S. General Accounting Office, Washington, D.C.

DEAR MR. SHAFER: This is in response to your letter of July 10, 1974, to the Secretary of Defense which forwarded for information a draft report on your review of the stockpile of strategic and critical materials, Code 947084 (OSD Case No. 3873).

We agree with the report's observation that long-range material requirements planning is necessary because of the increasing potential of market disruptions by foreign suppliers. In this connection, we have recommended that strategic stockpile planning recognize this factor and take it into consideration in developing stockpile objectives.

Your report provides constructive comments which generally support Department of Defense desires for improvement in management of the national stockpile of strategic and critical materials. Your interest in this vital area of national defense is appreciated.

Sincerely,
ARTHUR I. MENDOLIA,
Assistant Secretary of Defense, Installations & Logistics.

APPENDIX VI

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., August 22, 1974.
Hon. ELMER B. STAATS,
Comptroller General of the United States, General Accounting Office, Washington, D.C.

DEAR MR. STAATS: Thank you for the opportunity to review the draft report to the Congress on Stockpile of Strategic and Critical Materials.

A review of the basis for the computation of materials to be inventoried and the quantity thereof, as well as the management of the stockpile, is a complex subject. A strong line of demarcation must be drawn between a strategic and critical materials stockpile and an economic stockpile. Existing statutory authority in this area is for common defense purposes only. There is no statutory authority for economic stockpiles. The approach to analysis of needs, acquisition, and disposal are substantially different for the two objectives. It is our feeling that the draft report does not recognize these differences.

The report attaches great significance to the reduction in stockpile values that occurred when the present objectives were adopted in April 1973. Such reductions are significant only if one imputes to the prior objectives' efficacy. The institutional technique for the previous objectives was, as the draft report states, an Interagency Materials Advisory Committee. One of the consequences of this technique was long periods of time between material reviews. At no time was the entire stockpile reviewed in toto. Consequently, many materials had not been reviewed for four to ten years prior to the in toto review of April 1973. As far back as 1962, the Committee on Armed Services of the U.S. Senate recognized the inadequacy of this technique and recommended changes in the procedures to establish objectives. The techniques presently employed and those employed in the establishment of the 1973 objectives reflect what we believe to be much improved procedures.

The draft report is, in our opinion, unduly pessimistic. The tenor is that all materials required to drive an industrial economy are known and quantified, that there is no longer any potential for technological developments, and that the Executive Branch is without capacity to predict future demand and supply. History militates against the first two tenets. History militates against a conclusion of withholding of supply by lesser developed countries possessing natural resources. Economic history indicates that every country which has moved from less developed to developed status has done so as a consequence of the development of natural resources. There exists no evidence that the leaders of such countries are anything but ambitious for development.

With respect to the capacity of the Executive Branch to predict future demand and supply, I submit that we have such capabilities. The problem is what action the Government should take when imbalances are predicted and perceived. The unresolved question is the extent to which the United States Government should interdict the existing economic system. U.S. Government solutions to such imbalances suggest interdiction. The draft report does not address this question.

The draft report proposes that the sale of currently excess inventories in the Strategic and Critical Materials Stockpile be stopped. Material and commodity markets are complex. The Office of Stockpile Disposal, GSA, is an element of these complex marketplaces. If the proposal were adopted with respect to existing and previously contracted sales, substantial problems would occur. Many materials have been sold under long-term contracts, some of which extend over a period of as much as eight years. Included in this category are materials such as aluminum, lead, and zinc. Also included are ores and concentrates, such as manganese, chromite, and molybdenum.

If the Government were to default on performance of such contracts, Members of Congress would be subject to vehement protests from the affected parties. If the Office of Stockpile Disposal, GSA, were instructed to discontinue offerings of existing surpluses, there would again be market disruption. Careful coordination occurs between the Office of Stockpile Disposal, consumers, and other parties having an interest in such disposals. The maintenance of integrity is essential to a successful disposal operation. To discontinue offerings would jeopardize the existing integrity of this vital operation.

With respect to the proposal of the draft report that Congress, in its consideration of disposal legislation, take into account economic conditions, we make no comment. Enclosed is a detailed critique of the draft report.

Sincerely,

ALLAN G. KAUPINEN,
Assistant Administrator.

APPENDIX VII

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., August 27, 1974.

Mr. HENRY ESCHWEGE,
Director, Resources and Economic Development Division, U.S. General Accounting Office, Washington, D.C.

DEAR MR. ESCHWEGE: We appreciate the opportunity provided to review your draft report on "Stockpile of Strategic and Critical Materials", (Code 947084, July 1974).

The Department of the Interior believes there is a need to address the questions of strategies involving the use of economic stockpiles to cope with current and future mineral commodity actions. We have made some preliminary analyses on the subject of economic stockpiles and the question of public versus private ownership of the stocks; and plan to improve on these studies over the next few months. These studies and other analyses should uncover developing situations affecting either supply or demand. We will make our analyses and recommendations available promptly to the appropriate Government agencies. In this regard, more can be done to increase close and continuing consultation with the Bureau of Mines in formulating and executing all metal and mineral disposal plans. We will be discussing suggested improvements with GSA.

Our views on some of the details of the draft report were discussed with GAO officials and we understand that appropriate changes, based on those discussions, are being considered for the final report.

Sincerely,

ALLAN L. REYNOLDS,
Director of Audit and Investigation.

APPENDIX VIII

OFFICE OF MANAGEMENT AND BUDGET,
Washington D.C., October 16, 1974.

Mr. VICTOR L. LOWE,
Director, U.S. General Accounting Office, Washington, D.C.

DEAR MR. LOWE: Thank you for the opportunity to comment on GAO draft report 947084 on the stockpile of strategic and critical materials.

Although the GAO report is titled "stockpile of strategic and critical materials", a good part of GAO's substantive conclusions relate to economic considerations. GAO's conclusions and observations are based on certain key assumptions which we feel are either inaccurate or misleading.

1. GAO cites a number of commodities for which we are import dependent on "a small number of countries" (aluminum, chromium, manganese, tin, tungsten, and zinc) and concludes that such dependence makes the U.S. susceptible to restricted imports due to producer boycotts. First, we do not agree that we are dependent on a small number of countries for all the commodities mentioned. For example, in the case of manganese, we import ore from seven countries—Brazil, Gabon, Zaire, South Africa, Australia, Mexico and Ghana. But more significantly we believe that the political, geographic, economic, and cultural diversity of the producer countries is every bit as important as the number of producers. Here the manganese example, with the wide diversity of its producers, presents a good contrast to the Arab oil embargo.

Another factor which is as important as the number of import sources is the nature of the social and political relationships we enjoy with a particular supplier nation. U.S. non-fuel materials import dependence is concentrated largely in developed countries, with Canada supplying half our needs. For both tungsten and zinc, Canada supplies more than 60% of our import requirements.

Another factor to consider when assessing the likelihood of producer induced supply restrictions is the importance of the particular commodity to the producer country and its ability to finance a supply restriction. For example, it is unlikely that a less developed country such as Bolivia could finance a supply cut-off of tin, which accounts for about half of its export earnings.

In short, we feel that GAO should look at more than just the number of supplier countries when making judgments about U.S. susceptibility to supply restrictions.

2. GAO suggests that continued growth in per capita consumption by industrialized and developing countries will greatly increase demand for resources and thus create problems for the U.S. in importing needed resources. In some ways this reasoning is similar to Malthus' gloom forecasts of the 19th century which assumed that population would grow geometrically while means of subsistence would grow arithmetically. Both theories do not recognize the role of the market over the long term in stimulating substitution, secondary recovery, cost-saving technological developments, and discovery of new reserves. In this connection it is interesting to note some of our experiences of the last 30 or so years, including:

The development and substitution of synthetics for natural rubber and diamonds;

Technological developments requiring less tin in the manufacture of tin plate;

Substitution of lower cost aluminum for tin in canning;

Increased proven reserve estimates for almost all metals; and

Increased secondary production of key metals such as copper, lead, and tin.

3. GAO describes an Administration goal of self-sufficiency by 1980 and states that this is inconsistent with stockpile disposals. This is not accurate. While recent events have generated a goal of self-sufficiency in the energy area, there is no generalized goal of self-sufficiency for other commodities. To extend self-sufficiency to all raw materials would be contrary to our efforts to encourage an open world trade system which benefits all. Moreover, it would make no economic sense for the United States or any other country to produce raw materials where production costs are considerably higher than those of foreign suppliers. Occasionally it becomes necessary to increase domestic production because of national security reasons, as in the case of petroleum.

Regarding GAO's conclusions and recommendations, we agree with the observation that the Executive Branch needs a better system for providing and coordinating information needed for broad policy making on future resource supply and demand situations. The Executive Branch currently is reviewing alternatives for such a system. This matter also may be considered by the recently created National Commission on Supplies and Shortages. For the reasons outlined above in connection with GAO's key assumptions, we do not agree with GAO's pessimistic resource predictions nor its suggestion that all stockpile disposals be halted.

The Executive Branch is completing an interagency study of imported non-fuel raw materials. Preliminary results of the study indicate that in terms of (1) prospects for price gouging and cartel-like action; (2) risks of supply interruption; and (3) the impact of any prospective action on the U.S. economy and national security, there is significant potential vulnerability for only a small number of raw materials. The Administration is currently reviewing its alternatives for assuring adequate supplies of these commodities at reasonable prices.

With regard to our current stockpile policy, GAO has characterized Executive Branch assumptions as narrow and highly subjective. While the assumptions are, by nature, subjective, they are not narrow. Indeed, in areas other than the length of time used for planning purposes, the new assumptions are the same or less narrow than the old. Current planning involves a fairly straightforward supply-demand calculation. Available supplies with attrition at sea and loss of sources accounted for, are matched against estimated military and civilian consumption requirements for the first year in a conventional war scenario. If supply equals or is greater than demand, then the commodity is in balance and the objective is zero. If consumption requirements are greater than supply, the gap is filled by the stockpile objective. This stockpile objective gives the economy lead time to adjust to wartime conditions, so that supply and demand may reach equilibrium. The assumptions recognize that some civilian austerity may be necessary after the first year but defense needs are always covered. Furthermore, current stockpile law does not call for economic objectives to be merged with strategic considerations in setting stockpile inventory levels. On the strategic side, we feel that current assumptions are quite defensible. Even so, the Executive Branch interagency study is reviewing the implications of potential producer actions on strategic as well as economic policies.

I would like to thank you again for the opportunity to comment on the GAO report. Given the high level of public and Congressional sensitivity in this area, I would hope that GAO could perform additional detailed analysis before publishing some of the far-reaching conclusions contained in the draft report.

Sincerely,

WALTER D. SCOTT,
Associate Director for Economics and Government.

APPENDIX IX

PRINCIPAL OFFICIALS RESPONSIBLE FOR THE ADMINISTRATION OF ACTIVITIES DISCUSSED IN THIS REPORT

Department of Commerce

Tenure of Office

Secretary of Commerce: Frederick B. Dent, from Feb. 1973 to present.

Assistant Secretary for Domestic and International Business: Tilton H. Dobbin, from June 1973 to present.

Lawrence A. Fox (acting), from Dec. 1972 to June 1973.

Department of Defense

Secretary of Defense: James R. Schlesinger, from June 1973 to present.

William P. Clements, Jr. (acting), from May 1973 to June 1973.

Elliot L. Richardson, from Jan. 1973 to Apr. 1973.

Assistant Secretary of Defense (Installations and Logistics): Arthur I. Mendolia, from June 1973 to present.

Hugh McCullough (acting), from Jan. 1973 to June 1973.

Department of the Interior

Secretary of the Interior: Rogers C. B. Morton, from Jan. 1971 to present.

Assistant Secretary, Energy and Minerals: Jack W. Carlson, from Aug. 1974 to present.

Charles K. Mallory III (acting), from Apr. 1974 to Aug. 1974.

Stephen Wakefield, from Mar. 1973 to Apr. 1974.

General Services Administration

Administrator of General Services: Arthur F. Sampson, from June 1973 to present.

Robert L. Kunzig, from Mar. 1969 to June 1973.

Director, Office of Preparedness: Leslie W. Bray, from Oct. 1973 to present.

Edward R. Saunders, Jr. (acting), from Aug. 1973 to Oct. 1973.

Haakon Lindjord (acting), from July 1973 to Aug. 1973.

Director, Office of Emergency Preparedness: Darrell M. Trent (acting), from Jan. 1973 to June 1973.

Office of Management and Budget

Director: Roy L. Ash, from Jan. 1973 to present.

Deputy Director: Frederick V. Malek, from Jan. 1973 to Oct. 1974.

Associate Director, Economics and Government: Walter D. Scott, from Mar. 1973 to present.

RETIREMENT OF HON. NAT FAULK OF DOTHAN, ALA., AS EDITOR OF THE DOTHAN EAGLE

Mr. ALLEN. Mr. President, on April 1, 1975, Hon. Nat Faulk of Dothan, Ala., will retire as editor of The Dothan Eagle.

Thus will end one of the great editorial careers in the history of American journalism.

What memories this development brings to my mind—memories of a close friendship spanning several decades—memories of a powerful pen, a great mind, an editorial policy and political philosophy that have helped shape and mold the thinking of the people of an entire region. He not only knew what the people of the Wiregrass area of Alabama were thinking on specific issues, he knew what they should be thinking—and, indeed, the two were never far apart.

Thus, he became the oracle for the great Wiregrass section of Alabama.

Are the views of The Dothan Eagle highly respected in the Wiregrass and throughout Alabama and the Nation? Emphatically, yes; and this is true in a large sense because Nat Faulk to many is The Dothan Eagle.

As our people discuss political issues and philosophy, invariably the questions are asked, "What does The Eagle think?", "What does Nat Faulk say?"; and truly the questions may be asked interchangeably for they are one and the same.

Is Nat Faulk of the "old school?" Yes, if that term means that he is a loyal Alabamian and a loyal American; that he wants to see our country defended; that he believes that that government is best which governs least; that our free enterprise system must be preserved; that our Government derives its just powers from the consent of the governed; that the fiscal integrity of government at all levels must be preserved; and that local control of our schools and other institutions is better than control from Washington.

We will be fortunate, indeed, if we see Nat Faulk's equal as a newspaper editor in our lifetime.

LITTLE REPUBLICS FOR POLITICS OF RESPONSIBILITY

Mr. MATHIAS. Mr. President, in his philosophical old age Thomas Jefferson evidenced concern that the changes in the size and character of American society would be fatal to the ideals of the American Revolution. He felt that the political institutions of the Republic had become so swollen that they were incapable of encouraging or permitting meaningful participation in government by private citizens. For example, he thought that no Member of the House of Representatives was capable of representing 33,000 constituents, which was the average size of a congressional district at that time.

Jefferson proposed, therefore, that "Little Republics," a new unit of government at the basic level, be established to encourage the widest possible citizen participation.

A somewhat similar proposal was made Monday in the New York Times by Milton Kotler. It is so interesting and so fresh in its approach, and yet it evokes such historic echoes that I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Politics to the People

(By Milton Kotler)

Washington.—Writing in 1796, Madame de Staël understood fully the revolution of her time. "The aristocracy of election, when its proceedings are conducted with wisdom and integrity, cannot fail to select men distinguished for their talents, whom it will place in the most eminent stations of society." If we puzzle today at this seemingly innocent statement by an illustrious intellect and experienced politician of the French Revolution, let us understand where she stood—where our Constitution of 1789 stood, and where we stand today.

It is only against the background of a degenerate nobility, a clergy turned supercilious by privilege, and an illiterate mass that an elective aristocracy makes unmistakably clear sense. The many will elect the few among them who will guide the mass from wretchedness to dignity. From that moment on, politics becomes the activity of an enlightened caste, whose duty it is to advance society—first by identifying its rights and then by steadily marking its improvements. Politics is separated from, but now represents, society. Elective politics is the vehicle of social justice. But will society itself ever be entitled to political responsibility?

In the United States at the opening of the nineteenth century conditions of moral development differed considerably. The New England township was literate. Citizens were practiced in the ecclesiastical and political deliberations of meeting house and town meeting.

For us, the American Revolution did not constitute a new political freedom. Our colonial life was incomparably more free than European society under noble rule. Instead, our revolution liberated us for national glory. We had the liberty to become an empire in our own right. The representative institutions of our Federal Constitution were not instruments of political freedom but rather means to bind our states, municipalities and interests into an engine of empire.

The French Revolution propounded the human rights to social justice; our own Constitution harnessed political freedom for the cause of new empire.

We can trade these original lines of departure 200 years ago to the present day. The American visitor to Europe is amazed at the extension and penetrations of state bureaucracy into daily life. European politics has not ceased to improve society. Every conceivable right of the people is propounded by some political party and the bureaucracy waits to promulgate each new right. Such are the welfare states of Europe, and this is also the fallacy of Europe today.

Young Dutchmen, Englishmen and Germans are embarrassed by this progress of welfare. There is a suffocation of social justice without citizen responsibility. The people, so long improved by élite politics, are now eager to become political themselves. Throughout Europe over the last decade, students, workers, and the neighborhood-action movement have challenged political and corporate élitism in their quest for political responsibility.

In the United States, the post-World War II years have proved the hegemony of our constitutional dream of great empire. For the sake of great empire, the political freedom of our revolutionary days is largely gone.

Our diverse economic competition has been concentrated into collusive monopolies and multinational corporations. Our municipalities have been consolidated into vast administrative areas to nourish corporate profits and bureaucratic power. Where each town once had a diversity of industry, now vast residential settlements exist in utter dependency on a single employer. Where once our citizens assumed the responsibilities of town-meeting deliberation and ministerial duty, now every city makes its laws by payoff and delivers its services under the constant threat of a strike.

So the European has become too enlightened for his representative institutions and the American has come too close to being hoisted by his own petards. Together we share a common problem from our separate sources. Our political institutions, the representative governments of the Western democracies, are insufficient for our present needs and future purposes.

The moral development of Europe requires participatory room for its people. The European has been groomed over the last 200 years. He is ready for citizenship and a politics of responsibility, not just rights. The American, on the other hand, must review his history of local self-sufficiency and restore this heritage for the sake of decentralized industry and decentralized self-government.

Where is the lever of change? We must realize that our public space starts in our neighborhood. The small size of our neighborhood community permits citizens to assemble in direct democracy and decide their communal affairs. And what shall we decide at the neighborhood level? Everything: war and peace, taxes, welfare, safety, health, education and other matters. Nothing is too large for the direct responsibility of people.

Let us not fear a new age of universal decision and direct citizen responsibility. Instead, let us face the new ethical challenge of neighborhood assembly as we move in this decade and the next from a politics of rights to a politics of responsibility.

RESIGNATION OF THE CHAIRMAN OF THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Mr. HUGH SCOTT. Mr. President, at the request of the Equal Employment Opportunity Commission, I ask unanimous consent that the letter of resignation from John H. Powell, Jr., Chairman of the EEOC, and President Ford's response be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MARCH 18, 1975.

Hon. GERALD R. FORD,
President, The White House, Washington, D.C.

DEAR MR. PRESIDENT: During the fifteen months that I have served as Chairman of this agency, it has been my privilege to participate in the ongoing effort to achieve equal employment opportunity for all Americans.

During this time substantial progress has been made in moving this Commission toward the efficiency, effectiveness and fairness that I know you want it to achieve. Unfortunately, this agency's problems have for too long been ignored. Despite this, recent commentary has focused upon superficialities. The underlying problems were addressed quite eloquently in a letter dated March 5, 1975, written by Clarence Mitchell to the *Washington Post*.

My interest in the problems falling within EEOC's mandate began long before December 28, 1973, the date upon which the commission designating me as Chairman was executed. During the 1960's, for example, I served as Special Counsel to the Southern Christian Leadership Conference and in 1963 I was one of many lobbying here in Washington for what eventually became the first comprehensive Civil Rights Act enacted during the Twentieth Century (the 1964 Civil Rights Act, as amended) of which Title VII is an integral part.

My colleagues on this Commission and the EEOC staff, many of whom have given outstanding support, are justifiably proud of the many historic initiatives achieved during my Administration. These include the first industry-wide settlement obtained under Title VII.

As a result of these initiatives, there is a growing minority of thoughtful commentators who believe that EEOC has begun to show signs of becoming the effective law enforcement vehicle envisioned by Congress when Title VII was amended just a little less than three years ago.

Regrettably, this agency and particularly its present Chairman have become a focal point of controversy: controversy over the authority of this Office, controversy over whether progress such as that above-mentioned is; in fact, being made and controversy as to whether, in view of the continuing intense criticism, the public interest would be served by my continuing as the administrative head of this agency.

I recognize that the responsibility of this Office entails creating an atmosphere in which effective enforcement of Title VII can be achieved—a task involving striking a delicate balance between forcefulness and evenhandedness. I would like to continue to devote, in whatever way possible, my energies in the effort to strike that balance in an optimal fashion. I have, therefore, reluctantly decided to, and hereby tender my resignation as the Chairman of this Commission at your pleasure. In addition, I also hereby tender my resignation as a Member of this Commission, effective April 30, 1975.

I do this not because I agree with the intense criticism leveled against this Office and this agency. Rather, my resignation as Chairman is offered in the hope that the current controversy will cease. Attention must now be focused on the important job that remains before all of us.

As indicated above, I will in the few weeks remaining assist in providing the new head of this agency with whatever guidance I can to aid in giving this Commission the continuity of leadership it deserves. Moreover, you have my assurance that, as a Commissioner, I will continue to serve you, the Congress and the people to the best of my ability. You also have my commitment that the new Chairman will have my unqualified support in his or her effort to maintain the present momentum towards effective enforcement of Title VII.

Finally, Mr. President, I wish to again thank you for your many courtesies and for the generous support extended by you over the last several months. It has indeed been a privilege to serve in your Administration. In this regard, I am pleased that you share my concern that the efforts of this and other agencies at the Federal, state and local level, will soon give rise to employment systems compatible with Title VII's mandate—that there be equal employment opportunity for all Americans.

Respectfully,

JOHN H. POWELL, Jr.,
Chairman.

THE WHITE HOUSE,
Washington, D.C., March 19, 1975.

Hon. JOHN H. POWELL, Jr.,
Chairman, Equal Employment Opportunity Commission, Washington, D.C.

DEAR JOHN: I have your letter dated March 18, and as you request, I accept your resignation as Chairman of the Equal Employment Opportunity Commission, effective today, and your resignation as a Commissioner, effective April 30, 1975. I appreciate your willingness to stay on as a member of the Commission during the next month to assist in the orderly transfer of authority to the Acting Chairman and to provide a period of time in which a well-qualified nominee to replace you can be selected.

I want to take this opportunity to express my personal appreciation for your dedicated service to our Nation. Under your Chairmanship, the Commission has broken new ground, expanding the economic and social horizons of all our citizens. I know that this has been a particularly challenging time for the Commission, but your devotion to the goals of the Commission and to the present and future well-being of every American has not faltered. You have earned their thanks as well as my own.

As you depart the Equal Employment Opportunity Commission, I want you to know that you take with you my very best wishes for every future happiness and success.

Sincerely,

GERALD R. FORD.

FOREIGN AID TO SOUTHEAST ASIA

Mr. THURMOND. Mr. President, I am deeply disturbed by the reception that is currently being given, in the Congress and the press, to President Ford's request for additional aid to Cambodia and South Vietnam. Apparently, a great many of America's leaders and opinion-makers are actually looking forward to the fall of non-Communist governments in these two countries. If that is so, their views are at the very least shortsighted. The fall of Cambodia and South Vietnam would do irreparable damage to our country's position in world affairs. Not only would all of Southeast Asia become accessible to Communist attack, but America will be exposed as a nation that does not help its friends in time of need.

Worse than this, however, those who seek to deny further aid to Cambodia and South Vietnam are abandoning one of the basic aims of American foreign policy—to help defend freedom in the world. It is less than 15 years since President Kennedy declared that America would "bear any burden, meet any hardship, support any friend, oppose any foe to assure the survival and success of liberty." How times have changed.

Admittedly, the intervening decade and a half have taught us that we cannot do the whole job all by ourselves, and that not all the countries of the world can be turned overnight into American-style democracies. President Nixon found that he had to modify President Kennedy's bold statement to bring it into line with reality. According to the Nixon doctrine, America no longer promised to fight any foe in the defense of another nation's freedom, but we did continue to promise assistance to any friendly nation that was willing to fight for its own freedom.

The Nixon doctrine was not as idealistic as President Kennedy's statement, but the principle underlying it was the same—America would do whatever it could to preserve and extend freedom in the world. Now, however, the Nation seems to have lost sight of this noble and time-honored objective. Congress is now on the verge of abandoning the cause of freedom in Southeast Asia.

Some people say that the Cambodian and South Vietnamese people are not free under their present governments. As they see it, these governments are not worthy of our support. This view is simply not realistic. Leaving aside the question of our strategic interest in the area, the present governments in Phnom Penh and Saigon are infinitely preferable to the probable alternatives. In addition, many of their faults are attributable to the immensely trying conditions under which they have to operate. Finally, personal freedom is not the only freedom to be considered. National sovereignty must be taken into account as well.

Clearly, both Cambodia and South Vietnam are the victims of foreign aggression. If their present governments fall, they will fall not to rival factions within the two countries but to imperialist forces either dispatched or directed from North Vietnam. With tragic irony, after years of castigating the United States for imperialism, Hanoi is showing the world what real imperialism looks like. The war currently raging in Southeast Asia is nothing but a war of conquest. This, at any rate, is the way the people of Cambodia and South Vietnam see the situation. They are fleeing before the invaders' advances for fear of their lives.

I have recently been to Southeast Asia, and I have seen the military and political problems at first hand. There is no denying it—they are immense. However, the Cambodian and South Vietnamese Governments are not expecting miracles from us. All they want are the arms and ammunition to hold off the Communist aggressors. Our arms, they feel, will give them a chance to retain their freedom. They are not asking that we guarantee their freedom. They are only asking that we do not, by cutting off supplies, guarantee their enslavement.

Another point needs to be made. I am constantly hearing those who oppose further aid declaring that this is a moral issue. The moral course for us to follow, they argue, is to end the war by stopping all aid. Stopping all aid might end the war, but it would not end the killing. Thousands upon thousands of Cambodians and North Vietnamese have already been murdered by advancing Communist troops. I hate even to imagine the wholesale slaughter that would follow a Communist victory, when all fear of reprisal would be gone. Let those who talk about moral issues consider the morality of leaving our friends to be slaughtered. Let those who are counting on the mercy of the North Vietnamese remember the mercy they showed our prisoners of war.

I know that many news commentators are predicting a cutoff of all American aid to Southeast Asia. I also know that there are opinion polls showing a substantial majority of Americans favoring such an action. Nevertheless, I cannot believe we will make such a terrible mistake. This country has always loved freedom above all else. This country has always admired those who were willing to fight against the odds. America has had many hours of trial in recent years. Another one is now approaching. I hope and I pray that we will be guided by our traditional American values, and that we will not deny the people of Cambodia and South Vietnam their one hope of saving their nations and their lives.

Mr. President, two eloquent editorials on this subject recently appeared in the Washington Star. I ask unanimous consent that they be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

COMMUNIST OFFENSIVE IN VIETNAM

[From the Washington Star, Mar. 16, 1975]

The latest flareup of heavy fighting in South Vietnam may or may not be a prelude to the all-out offensive that has long been predicted by the government in Saigon. The action has spread gradually from relatively isolated government outposts in the central highlands north of Saigon to the more populated areas of the delta region in the south. Communist forces are reported holding most of Banmethuot, the capital of Darlac province, despite stiff resistance from government troops.

The latest Communist operation, nevertheless, has some of the earmarks of a major effort. At least one—and possibly three—reserve divisions have recently moved from North Vietnam into the South, making a total of some 56,000 fresh reinforcements to have joined the fighting since January. The North Vietnamese were already estimated to have the equivalent of about 15 divisions in South Vietnam. Their standard pattern of attack consists of massive artillery barrages, followed by infantry assaults, supported by tanks. Heavy anti-aircraft fire hampers reinforcement of the already hardpressed government troops.

Whether or not this is the kind of go-for-broke offensive like those of 1968 and 1972, it represents a very serious escalation in the kind of warfare that has been fought in South Vietnam in the past. The enormous buildup of men and heavy equipment in the South that has been going on over many months makes a complete mockery of the limitations imposed by the Paris agreements and clearly reveals the intentions of the leaders in Hanoi to pursue the war by all possible means to a military conclusion.

It is a severe testing time for the South Vietnamese army, restricted as it is in ammunition, fuel and replacement equipment. The American resupply effort—in contrast to that of China and the Soviet Union—has fallen well short of the one-for-one formula agreed to in Paris. The Saigon government, furthermore, is committed to a war of fixed position, holding and defending all the major population centers, leaving the Communists free to concentrate against the weakest and most exposed points.

It is a testing time also for the will of the American people and Congress in supplying the South Vietnamese the means of defending themselves against this latest series of attacks. After all that has happened, we refuse to believe that this country will let an ally go down to defeat for lack of American support. The time to make that perfectly clear to Hanoi is now, in voting forthwith the $300 million in supplemental aid for South Vietnam, requested by the administration and already authorized by Congress.

[From the Washington Star, Mar. 17, 1975]

THE SAD STORY OF CONGRESS AND AID FOR INDOCHINA

There is something terribly sad about the apparently adamant refusal of Congress to vote funds for the continued defense of Cambodia and South Vietnam. And what is saddest of all is that so many people are hailing this decision as a kind of moral victory for the forces of righteousness and liberalism in the United States.

A great many things, of course, contribute to the prevailing frame of mind. There is the widespread disillusion and revulsion left over from the American intervention in the war in Indochina, which has always focused its hostility on the regimes that happened to be in power in Saigon or Phnom Penh. There is the loss of faith in the executive leadership of the nation—enormously compounded by the Watergate affair—which makes virtue of any congressional rebellion against presidential authority. There is a perception on the part of many individual senators and congressmen of a growing isolationist mood in the country, particularly when it comes to spending taxpayers' money on what are deemed to be lost foreign causes.

We are not insensitive either to the arguments that apply to the situation in Cambodia, and no doubt in the minds of many to Vietnam as well. To us as to them, it seems improbable that sending a few more hundreds of millions of dollars will drastically change the course of the war. Cambodia, in all probability, is past saving; the best that can be hoped for there is some kind of negotiation that might offer a measure of protection to the civilian population and the remaining members of the government armed forces. South Vietnam, it would seem, is still in a position to defend itself and survive as a free nation. But the effort will require a great deal more in the way of American support than the Congress—and perhaps the American people as well—are willing at this point to supply.

The general feeling is quite simply: What's the use of going on? Some of course have long been committed to the inevitability of a defeat in Indochina and are looking forward to the deluge. For others, the motivation is not wholly ignoble—in their view, cutting off aid to our allies is something like cutting off oxygen to a dying patient, to spare these long-suffering people more agony. We have talked ourselves into the idea that, in supplying Vietnam and Cambodia with the means of defending themselves, it is we who have instigated and perpetuated the war and it is our obligation to end it. "Are you asking for surrender, then, Mr. Fraser?" asked Robert S. Ingersoll, undersecretary of state, at a critical meeting of the House Foreign Affairs Committee. "Yes," replied the congressman from Minnesota, "under controlled circumstances, to minimize the loss of life."

In our view, this oddly ethnocentric concept of the Indochina War is one of the more grotesque historical concepts. One way or another—with or without outside help and regardless of ideological differences—the people of South Vietnam and Cambodia have been struggling for their freedom and national identity, not just for years, but for centuries. For most of the world's history, it has been considered a brave and noble thing for a people to fight to preserve their liberty. And one way or another, the fight will surely go on in a war which we did nothing to start and in which we have no right to impose a decision.

Yet it is sad beyond words to hear an American congressman vote with such evident conviction and self-satisfaction for surrender and defeat. For make no mistake about it, it is the United States—not the people of Cambodia or Vietnam—which will be performing the act of surrender. The world will draw the appropriate conclusions about the reliability of this country as an ally. And if this is bowing to some kind of "wave of the future," the future of this country—and of the world—will be very sad indeed.

MUSTERING FOR THE CONTINUING REVOLUTION

Mr. MATHIAS. Mr. President, failure is a hard word to say, particularly when it is my own failure that I am talking about. But I do have a frustrating sense of having failed in seeking to strike a spark that would bring about a meaningful commemoration of America's Bicentennial.

It was 10 years ago that former Representative F. Bradford Morse and I began to talk about the need for early planning of the Bicentennial. We conceived of the Bicentennial as an opportunity to deepen the appreciation of what our Republic means to the American people. We felt that as the United States was propelled into an ever more complex and technical environment it was vital for us all to gain a profound understanding of the principle of equality before the law; the freedoms of speech, press, assembly, and religion; and the doctrines of separation of powers and reservation of powers so that we could help translate these concepts into a new idiom.

As a result of our discussion we drafted and introduced a bill creating the Bicentennial Commission. President Johnson liked our proposal so much that he adopted it and asked Chairman Emanuel Celler to reintroduce it as an administration measure. With such support the bill quickly passed and thereafter President Johnson appointed Carlisle Humelsine, president of Colonial Williamsburg, to be Chairman of the Commission. We thought the success of the Bicentennial was guaranteed.

But the end of the Johnson administration was also the end of our optimism. The Nixon administration considered the Bicentennial Commission to be political patronage and Mr. Humelsine to be a political appointee. His resignation was requested. A leadership vacuum developed which haunted the Commission for years. Continuity was lost as the chairmanship changed hands. Staff morale sank to bedrock as year after year of inaction succeeded one another. In a desperate attempt at salvage, the Commission was reorganized into an Administration. But in a sense, we seem farther from our goal of a meaningful commemoration today than we were in 1965. I must confess that our effort has failed to provide the 10 years of leadtime and leadership that we hoped to provide.

Yet I have not abandoned all hope for the Bicentennial. Writing in today's New York Times, John D. Rockefeller III, chairman of the board of the National Committee for the Bicentennial Era, has sounded the call for the participation of foundations and corporations. It is exactly in the spirit of the original legislation passed in 1965 to initiate the Bicentennial that Mr. Rockefeller says:

> But what counts most of all is the spirit and understanding and initiative with which we approach the bicentennial; 1975 and 1976 should be the beginning rather than the end.

I ask unanimous consent that Mr. Rockefeller's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Mar. 19, 1975]

MORE THAN 200 CANDLES

(By John D. Rockefeller 3d)

The way that we Americans celebrate the bicentennial of our independence will say much about us as a people—about our sense of history, our morale, our confidence in the future, our commitment to our ideals.

Bicentennial planners have been at work for years, but the results up to now have not been too encouraging. However, that could change decidedly in the months immediately ahead.

One could cite many problems that beset the planners. The basic weakness was the failure to develop and communicate a serious concept of the bicentennial, one that would give it relevancy to our time and needs. It therefore came to be seen primarily as a national birthday party—a pleasurable occasion, but not one of major importance. This meant that in Washington no sense of priority was attached to the bicentennial, so that the bicentennial was constantly set aside for seemingly more pressing matters.

Just one indication of the low priority is the level of funding. The Canadian Government appropriated for its 1967 centennial twenty times as much money as the United States Government has for its bicentennial (making an adjustment for population.) Amsterdam, the Netherlands, will spend eighty times as much money for its 700th anniversary this year as New York City will spend for the bicentennial.

Because of the leadership vacuum in Washington, individuals and organizations in the private sector have been puzzled about what to do. Very few foundations have given significant bicentennial grants. Only recently have some major corporations begun to make substantial commitments.

If we allow the birthday-party concept to prevail, we will have missed a once-in-a-century opportunity to stimulate a sense of renewal and rededication, even an American renaissance. We need to be inspired once again. If we cannot be inspired by our origins, by the basic values this country stands for, by the challenges and problems we face, then one wonders what it will take.

We have much to celebrate, and I welcome the festive aspects of the bicentennial. But we also have a long unfinished agenda and disturbing gaps between our ideals and today's realities We face difficult problems in many fields—the economy, education, the environment, transportation, health care, the quality of life in our cities and rural areas.

This is precisely why we must go beyond a birthday party, to think in terms of a bicentennial of achievement. We need to see it as an opportunity to come together and begin the hard, tough work of planning and accomplishing what must be done if this nation is to grow and prosper.

A crucial consideration is time. A birthday party comes and goes; it is hardly an occasion for serious achievement. According to the Bible, God created the world in six days. According to the birthday-party concept, the Americans needed only one day to create their country—July 4, 1776. This, of course, is nonsense. The Revolutionary War began in 1775. It did not end until 1783. The Constitution was not formally adopted until 1789, which marked the beginning of the American governmental system as we know it today.

It seems clear that the concept of a bicentennial era is much more accurate historically than that of a birthday party. It took thirteen years to move from the Declaration of Independence to the Constitution. We need a comparable period today if we are to have a bicentennial of lasting achievement. We need now the qualities prominent then: creativity, initiative, dedication.

Surprisingly, there are now signs that these qualities might indeed prevail. After years of waiting for Federal leadership, many people have decided not to wait any longer. There is a palpable increase in bicentennial awareness. Not widely recognized yet is the tremendous number and variety of worthwhile projects now being mounted in communities all across the country, in the arts, historical restorations, beautification, health care, transportation, the environment and new methods of community goal-setting.

It should be noted that the American Revolution Bicentennial Administration is much more vigorous than before, under the leadership of John W. Warner. Many Federal agencies have now begun to move. Every state and virtually every city now has its own bicentennial commission.

There are important national projects. In one, a group of private citizens, myself included, has made public a "bicentennial declaration." It calls for a 13-year commitment to renewal—an idea that, if widely accepted, could help the bicentennial be a major factor in lifting our country and moving it forward. The second is the "American issues forum," which will present a monthly calendar of basic issues for examination and discussion by Americans throughout the country. The third is being mounted by a new organization called the Citizen Involvement Network. Its mission is to develop specific plans for encouraging the participation of citizens in determining the future of their communities.

Some extremely worthwhile projects have been stalled or abandoned because of the shortage of funds. We need the participation of the foundations and corporations. But what counts most of all is the spirit and understanding and initiative with which we approach the bicentennial; 1975 and 1976 should be the beginning rather than the end.

(John D. Rockefeller 3d is chairman of the board of the National Committee for the Bicentennial Era.)

OUR INTERNATIONAL ECONOMIC RELATIONS

Mr. HUGH SCOTT. Mr. President, cooperation between the U.S. Government and private firms is a cornerstone for success if the United States is to reap profits offered by trade with Eastern Europe, the Soviet Union, and the People's Republic of China. Because of the highly centralized socialist economic systems and their methods of conducting foreign trade, official U.S. support to private firms acquires an importance in East-West trade which is not usual in our international economic relations.

The Bureau of East-West Trade in the U.S. Commerce Department offers a program of assistance, information, and advice to U.S. firms. This program is designed to counteract a quarter century's minimal contact with the East, which has deprived most businessmen of the experience they need to explore the potentially lucrative, but unfamiliar and distinctive socialist markets. At the same time, the Bureau program neither preempts private initiative nor imposes official solutions on industry's competitive role in this trade.

The Bureau promotes East-West trade, actively assisting private enterprise with essential information on the "how-to's" of developing and implementing contacts with the Soviet and other Eastern trade officials and institutions. Bureau staff members publicize specific trade opportunities as well as current market research, and help wherever possible to facilitate the conclusion of contracts through advice and assistance on a case-by-case basis.

As part of its trade promotion program, the Bureau sponsors U.S. firms in many ways such as exhibits and technical seminars. Here industry representatives have the chance to talk with socialist economic decisionmakers and buyers—making contacts which might otherwise take months or years to develop. Through Bureau efforts, many U.S. firms have attended the large traditional international trade fairs in Brno, Czechoslovakia, Poznan, Poland, and Plovdiv, Bulgaria, where a great deal of business is done.

Experienced former businessmen and Government officials in the Bureau can provide a firm with guidance on a wide range of specific problems—from contact to contract. They can assist with the necessary Government clearances, arrange for followup by the U.S. embassies, or describe the market possibilities for that firm's product.

The Bureau has a market research capability, and groups of geographic specialists who can advise on the trade structure and the market in each of the socialist countries. The Bureau participates in trade negotiations, is represented on the U.S. commercial commissions with the socialist countries, and supplies policy input through the working groups of the East-West Trade Policy Board. The Bureau seeks advice and guidance in its efforts from an advisory board drawn from the U.S. business, financial, and academic communities.

At the same time, the Bureau is also charged with monitoring and controlling exports of certain technology and equipment to the socialist countries through its Office of Export Administration. So East-West trade promotions is within well-defined limits. The Bureau of East-West Trade is trying to further a well-considered, balanced development of East-West trade which will support U.S. national interests and help our trade position internationally.

U.S. companies need only pick up the phone and request these services. Providing this information is the Bureau's major raison d'etre.

Bureau staff members are directed to take a somewhat conservative approach in warning businessmen at the outset of the "rocks and shoals" they may encounter as they initiate East-West trade, for this trade is a very different ball game. At the same time, they are acutely aware that the socialist countries do a miniscule 4 percent of their Western buying in the United States, and they strongly encourage U.S. businessmen to take advantage of markets which generated 23.6 percent of the world's GNP in 1973. Incidentally, the GNP is growing at rates averaging between 4 and 5 percent annually. Together the socialist countries contain 7.6 percent of the world's proven petroleum reserves and significant unproven reserves, not to mention 25 percent of the world's population and 30 percent of its land area.

The 1976–80 socialist development plans are expected to provide for imports of up to $100 billion worth of nonagricultural products. That is a big market, and under normal conditions, the United States could expect to receive a good share of this business.

These days bureau members are pointing to two facts of life in East-West trade that have to do with a timing element. The first is competition. Many other Western nations have been there for some time and others are moving into socialist markets at double time. For example, the recent French-Soviet summit meeting stressed long-term trade at comparatively easy credit terms and scheduled geometric increases in trade volume.

An article in Britain's Financial Times, January 17, 1975, quoted the chairman of the Russo-British Chamber of Commerce, who urged British exporters to make the most of the cancellation of the United States-Soviet Trade Agreement—by going for business that might otherwise have been awarded to U.S. companies. During his February visit with U.S.S.R. General Secretary Brezhnev Britain's Prime Minister Harold Wilson committed over $213 billion in credits for the Soviet purchase of British goods. British Prime Minister Harold Wilson has noted that his country is actually planning charter flights for their businessmen to go to Moscow and bring back the bacon—in the form of rich contracts for the British petrochemical, aerospace, building, textile, and pulp industries.

The present U.S. monopoly on certain types of technology is in a very small area and even that may be accessible tomorrow in any one of a dozen other countries of the industrial West. It would seem logical to profit now from business with the East, and spend some of those profits on research and the application of new technology, for this is one area where we excel.

Most important, the Soviet Union and the other socialist countries are this year completing the drafts of new 5-year plans. This year, they will submit basic directives to their political leadership for approval. That means that this year, the planners are making decisions about the directions their economic development will take and what kinds of equipment and processes and technologies must be imported. These plans will be shaped in no small measure by the trading conditions they expect to face until 1980. Procurement decisions made this year will shape import decisions even beyond 1980, for once plans are set, they gain a certain momentum which the weighty Socialist bureaucracy is loath to resist.

So time, in East-West trade, means money, and that is one of the things the Bureau is telling U.S. industry people this year.

In the past 3 years, U.S. trade, including grain sales, with the socialist countries has doubled and final figures for 1974 show a turnover of nearly $3.3 billion. This growth was due to the improved political climate, and to gradually evolving East-West trade guidelines and institutions over which to conduct business; they have been achieved through a long and sometimes painful process of negotiation, agreement, and precedent.

A suspension of normal tariff treatment—misnamed "most favored nation"—would have a political rather than a commercial impact at first. But we cannot underestimate its importance to the Soviets as a symbol of U.S. commercial acceptance and good faith. In the long run, MFN treatment by the United States is a prerequisite for stable, two-way East-West trade. If we want that kind of trade, we shall eventually have to accord each socialist country MFN treatment.

The impact of Eximbank credit restrictions on East-West trade could be quite serious immediately. This is primarily because the socialist countries maintain nonconvertible currency systems, and are plagued with shortages of immediately available hard cash with which to buy abroad. Therefore, as is usual in the international capital goods market they seek to buy on credit. Often their proposed purchases are so large that private banks in the United States and elsewhere are reluctant to, or cannot, extend sufficient amounts of credit without the support of their governments.

Eximbank support in the past has enabled U.S. interest rates on these credits to compete with terms offered to the socialist countries by France, West Germany, and the United Kingdom, although Western European terms have still, in many cases, been more favorable than those available to U.S. business.

But the most important impact of the agreement cancellation is its effect on U.S. firms' willingness to enter East-West trade. Just as they responded to the bright trade prospects held out by the political sunshine of 1972, so their response to the current situation must be reckoned with.

The point is, East-West trade should not only continue, it should expand this year, given unusually favorable market conditions partly brought about by the advent of the new 5-year plans. The Bureau of East-West Trade faces the problem of how best to communicate that time is of the essence if we are to hold our own with other Western nations in East-West trade, and that U.S. industries still enjoy strong Government support in East-West trade, that they are not "going it alone."

One step which suggests itself is an accelerated trade promotion and information effort. Faced with government-wide budget cuts, the Bureau must try to maintain a strong U.S. presence at the all-important trade events in the East. Nowhere are business contacts, market information and sales prospects so easily and so cheaply accessible as at the trade fairs. Our Western competitors, who realize the significance of the trade fairs, heavily subsidize their firms' participation.

Another step to support industry efforts is the current Bureau effort to streamline the processing of export cases which require validated licenses. A third is the development of a computerized market information project, which breaks down the socialist demands for equipment to a product basis. U.S. firms can now request historical data on socialist purchases of their product in the West. Combined with information on the socialist current development plans, this project should give U.S. firms a good idea of the market potential for a large selection of products.

The most important step, however, is to provide, on request, accurate and complete answers to the many concerns about the desirability of U.S. trade with the socialist countries. Some of these concerns are legitimate; some are groundless, but, left alone to multiply without accurate information and in a vacuum, they form a basis for misconception about East-West trade.

I am pleased to note that 12 Pennsylvania firms participated in trade promotions sponsored by the Bureau of East-West Trade in the U.S.S.R. during the last 12 months. Those firms were: Air Products & Chemicals of Wayne.

Philadelphia Quartz Co. of Valley Forge, Rohm & Haas of Philadelphia, Fenway Machine Co., Inc., of Philadelphia, Kennemetal International of Latrobe, Teledyne Landis Machine of Waynesboro, Dentsply International, Inc., of York, Extracorporeal of King of Prussia, Micromedic Systems, Inc., of Philadelphia, Rockland Laboratories of Gilbertsville, Supelco, Inc., of Bellefonte, and Capital Controls Co. of Colmar, Pa.

In conclusion, it is important that the issue of East-West trade not be lost amidst other, immediate, and pressing issues now in the public spotlight. East-West trade can create jobs, can contribute to a healthier U.S. economy by providing a dollar inflow, can provide us with essential raw materials. The Bureau of East-West Trade staff is concerned with the possibilities for increasing our exports. It has the information about this trade, and it is stored in the Bureau's offices and at the services of the U.S. business community.

I hope my colleagues will inform companies in their States about the services available to them. The export market will continue to be a tremendous potential source for our manufactured goods and technology for the foreseeable future.

THE DEATH OF CEDRIC FOSTER

Mr. THURMOND. Mr. President, I rise to pay tribute to Mr. Cedric Foster, the well-known editor and radio commentator, who died last week in Denver, Colo., at the age of 74. Mr. Foster was one of the most thoughtful and incisive newsmen of our times. His well-reasoned analysis of world affairs has often been useful to me and, I am certain, to other Members of this body. On the sad occasion of his death, it is only fitting that the Senate take formal notice of the record of service and achievement that he has compiled.

Mr. Foster spent the first 10 years of his career, beginning in 1924, in newspaper work. As a writer and editor for various Connecticut newspapers and the United Press, he quickly developed the forthright and authoritative style for which he later became famous. In 1935, he switched to radio. After 5 years as a news commentator in Hartford, he assumed the same position for the Mutual Broadcasting System. For the next 26 years, his eloquent voice was heard daily in millions of homes across the Nation.

Among his assignments during his years with the Mutual System, Mr. Foster covered the Pacific theater in World War II, the founding of Israel, the Greek war with the Communists, the Kennedy-Khrushchev summit meeting in Vienna, the Berlin crisis, and various Presidential conventions. In all his work, he rigidly adhered to the strictest standards of accuracy, clarity, and diction. As a result, he won a devoted following among radio listeners, many of whom continued to rely on him as their main source of news well into the television age. Another indication of his high reputation are the decorations awarded to him by Greece, Great Britain, Iran, and the Netherlands.

Mr. President, a rapid and reliable dissemination of news is essential to a modern democracy. Men who serve this end are serving the country. Cedric Foster was one of these men, one of the most widely respected and reliable newscasters the Nation has known. I wish to express my gratitude for his dedicated efforts to keep America alert and well informed. In addition, as a memorial to him and an example to all journalists, I ask unanimous consent that a recent article that appeared about him in the Washington Post be printed in the Record at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the Record, as follows:

Cedric Foster, Network Radio News Commentator for Mutual

Cedric Foster, a national network radio news commentator for the Mutual Broadcasting System for 26 years, died Wednesday at his home in Denver of leukemia. He was 74.

Mr. Foster, who covered world affairs for Mutual, was a commentator for radio station KVOD in Denver at the time of his death and had worked until last week. He moved to Denver in 1967, after his retirement from Mutual, and had worked for several stations in the city.

Mr. Foster was born in West Hartford, Conn. He was educated in public and private schools in Hartford, at Westminster School in Simsbury, Conn., and at the New York Military Academy. He graduated from Dartmouth College in 1924.

He started as a newspaperman with the Hartford Courant, later working for the Waterbury Republican and the Providence Journal. In 1925, he was named Connecticut manager for the United Press. He became financial editor of the Hartford Times in 1929, and worked there until 1935, when he was named manager of radio station WTHT in Hartford, where he broadcast a news commentary locally.

In 1940, he became the first day-time news commentator for the Mutual System, which broadcast his commentary to several hundred stations from coast to coast.

Mr. Foster was named to the executive staff of the Yankee Network in Boston, part of the Mutual System, in 1941.

During World War II, Mr. Foster served as a war correspondent in the Pacific theater. After the war he was with the Israeli forces on the Syrian border, with the Greek army in the war against the Communists and with United Nations forces in Korea.

He was decorated by the King of Greece, receiving the Royal Order of King George I, and by the Shah of Iran, who conferred on him the Order Homayoun. He also received the Royal Order Orange-Nassau from the Netherlands.

"We may agree or disagree with what (people) have done, but unless we know why they did what they did, we are not in a position to evaluate their actions in this turbulent world of today," he once said.

In 1956, Mr. Foster moved to Washington, where he lived in Cleveland Park. He covered political conventions as well as world affairs, and covered the Kennedy-Khrushchev summit in Vienna and the Berlin crisis for Mutual.

He was a member of Phi Sigma Kappa, Sigma Delta Chi and the Order Ahepa.

Mr. Foster is survived by two sisters, Mrs. Marjorie Garrison, of Hendersonville, N.C., and Mrs. Virginia Foster Belknap, of Nonquitt, Mass.; two daughters, Mrs. Shirley Foster Fields, of Washington and Mrs. Sarah Ann Carpenter, of Auburndale, Mass., and four grandchildren.

SAFETY OF HAIR DYES QUESTIONED

Mr. EAGLETON. Mr. President, yesterday's New York Times carried an article regarding research recently completed by Dr. Bruce Ames, a biochemist at the University of California, which suggests that hair dyes may cause cancer and birth defects.

Through the years, there has been continued controversy over the safety of hair dyes. As early as the 1920's medical authorities in the United States sought to have certain permanent dyes either banned from use as hair dyes or subjected to special control by the Food and Drug Administration. Actually under the law, hair dyes enjoy a special protection from Federal regulation. The Federal Food, Drug, and Cosmetic Act does require hair dyes to carry a warning label of possible skin irritation and instructions that consumers should try a "patch test" before using them. However, the law exempts hair dyes from the limited authority the Federal Government has over adulterated products, and excludes them from safety requirements of the color additives amendments. Thus, so long as the required warning appears on the label, the Food and Drug Administration has no authority over hair dyes—it cannot regulate them with regard to safety.

In light of Dr. Ames' research, I believe it is imperative that questions with regard to safety be answered. At the present time the industry is conducting a long-term testing program. Other tests are being conducted by the National Cancer Institute and the Food and Drug Administration. Results of these tests should shed some light on the question of whether or not use of these products may occasion some degree of risk because of their possible carcinogenicity or mutagenicity.

Results of these testing programs should be available in late 1976 or early 1977. But as the state of the art of testing becomes more sophisticated, continual study should be undertaken. It is also imperative, in light of continuing research, that the Federal Government have the authority to oversee or initiate additional research to protect the public health and safety with regard to hair dyes. The cosmetic safety legislation which I will introduce will bring hair dyes within the scope of the law, and will allow the Food and Drug Administration to carefully examine their safety.

Mr. President, I ask unanimous consent that the text of the New York Times article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Link to Cancer and Birth Defects Hinted in Tests of 150 Hair Dyes on Bacteria

(By Jane E. Brody)

A possibility that hair dyes may cause cancer and birth defects has been raised by the results of laboratory tests on bacteria conducted by a University of California biochemist.

Although tests on higher organisms will be necessary to determine the precise nature of the hazard, if any, bacterial tests are widely regarded as a sensitive initial method of screening chemical and consumer products for possible toxic effects.

However, the California tests have drawn more than ordinary scientific attention because they involved a product used regularly by an estimated total of 20 million Americans.

The findings on bacteria also raise serious questions about the adequacy of Federal laws governing the marketing of cosmetics, which need not be cleared for safety before they can be sold. In addition, hair dyes are exempted from the color additive regulation requiring that all dyes used in foods, drugs and other cosmetics be safety-tested before being marketed.

As a result of commercial pressures, in the 1930's, hair dyes were declared exempt from the dye regulations of the original Food, Drug and Cosmetic Act of 1938 and the exemption was continued under the stronger Kefauver amendments in 1962.

GENETIC TRAITS CHANGED

In the California test, developed and conducted by Dr. Bruce N. Ames, 150 of 169 different permanent hair dyes were found to change the genetic characteristics of bacteria called Salmonella typiimurium, a common cause of food poisoning.

Since its discovery of a few years ago, the bacterial test has become a widely used screening food in several countries. Dr. Ames, who is a member of the National Academy of Sciences, who is regarded by colleagues as a thorough and careful scientist, has submitted a paper on his findings to the academy's publication, Proceedings. The editor of the journal, Dr. Robert Sinsheimer, said yesterday that "in the ordinary course of events, the paper will appear in the May or June issue."

The products Dr. Ames tested (all those he could find in two drug stores in Berkeley) were made by eight companies—Revlon, Inc., Alberto-Culver Company, Tussy Cosmetics, Inc., Cosmair, Inc., The Gillette Company and Roux Laboratories Inc. Clairol, with whom Dr. Ames has been in close contact throughout most of his year-long experiments, accounts for about half of the $250-million-a-year hair dye market.

Dr. Ames tested the dyes as they came out of the bottle and after they had been mixed with hydrogen peroxide. He also tested the eighteen individual chemicals found in these dyes. He judged that nine of them were mutagenic on his test; that is, they changed the genetic characteristics of the bacteria.

RELATIONSHIP DISPUTED

The relationship between mutagenicity and carcinogenicity (cancer-causing ability) is still a matter of considerable scientific controversy. In previous studies, Dr. Ames found that 70 to 75 per cent of chemicals that are known carcinogens are also mutagens in his test. Only about 10 per cent of compounds thought not to be cancer-causing are mutagenic in the Salmonella test, he reported.

Since the chemicals in the hair dyes are closely related to substances that are known carcinogens in man or animals, Dr. Ames has concluded that "each of the hair dye compounds we have found to be mutagenic has a high probability of proving to be a carcinogen."

In addition, he said, since the chemicals could damage genetic material, they "may be hazardous to humans by causing mutations in the germ line," possibly increasing the risk of birth defects.

Accordingly, Dr. Ames has recommended that, on the basis of his findings, large-scale studies should be initiated to see if people who dye their hair regularly face more than the usual risk of cancer and if babies born to such women have a higher incidence of birth defects.

His concern is supported by two very preliminary findings. In three studies, beauticians were found to have a higher rate of bladder cancer than expected, but the increased risk was not proved and the reason for it is unknown.

ANOTHER LINK SUGGESTED

In addition, a New York internist, Dr. Nathaniel Shafer, has noted that an unusually high percentage of his patients who developed breast cancer had been regular users of hair dye. In reviewing the case histories of nearly 100 breast cancer patients, he said in an interview, 87 per cent proved to be term users of hair dye, whereas only a quarter to a third of other of his patients of the same age used hair dye.

According to Clairol, 30 per cent of women between the ages of 13 and 60 use hair dye, with the percentage rising from 20 for the younger ages to 50 for the older women.

Dr. Shafer's report is regarded as a clinical, not a scientific observation and larger and more careful studies must be done to confirm or refute it. One such study will be done by Dr. W. Robert Bruce, cancer epidemiologist at the Ontario Cancer Institute in Toronto. He will also look at the possible relationship between birth defects and the use of hair dyes.

The National Institute for Environmental Health Sciences, spurred by Dr. Ames' findings, has also begun a study to see whether hair dyes cause genetic damage.

The effects of hair dyes and their chemicals have already been the subject of considerable animal experimentation, much of it conducted by the industry and some by the National Cancer Institute and the Food and Drug Administration.

ABSORBED THROUGH SKIN

The studies were begun in 1970 following the finding some years earlier that the chemicals in hair dyes could be absorbed through the skin and were regularly found in the urine of women who dye their hair.

In addition, one major hair dye chemical, 2,4-toluenediamine was shown in a Japanese study to cause liver tumors when fed to rats and muscle tumors when injected under the animals' skin. This ingredient was subsequently eliminated from commercial hair dye preparations, but 167 million pounds of it are used each year in producing polyurethane foam—thus raising a question of possible hazard to exposed workers.

Thus far, animal studies of the hair dye chemicals now in use have not indicated any hazard. Dr. Ames maintains, however, that tests to date have not involved enough animals or been conducted for long enough to rule out a possible risk.

On the other hand, Clairol scientists said in a statement issued to The New York Times yesterday that "Looking at all the data, we can only conclude there is no evidence of cancer risk from hair dyes."

Dr. John Menkart, a vice president at Clairol, who is chairman of the scientific advisory committee of the Cosmetic, Toiletry & Fragrance Association, disputed Dr. Ames' conclusion that some animal studies had indicated a possible cancer risk. Dr. Menkart said that Dr. Ames had misinterpreted the reported findings.

FURTHER STUDIES FAVORED

The Food and Drug Administration is taking the Ames findings in stride. According to Dr. Herbert Blumenthal, acting head of the agency's toxicology division, the data point to a need for further study, not immediate regulatory action.

"We've already begun testing the chemicals that were most active on Dr. Ames' test," Dr. Blumenthal said in an interview yesterday. "We should not take any regulatory action until we analyze all the animal data. We have got to be able to sustain in court any suspension of a cosmetic agent, and I don't think we could do so strictly on Dr. Ames' data."

Cosmetics can be banned only after clear demonstration that they are "poisonous and deleterious to health," Dr. Blumenthal noted. He said his agency has been asking Congress for the last five years for stronger regulations governing cosmetics. The agency wants to be able to require promarket safety testing as it now does for drugs.

Dr. Ames, who spent 10 years developing his bacterial test system, said that "anything that is to be used in such large amounts as hair dyes should have a cancer test done on it before it is introduced commercially—especially if it is in a class of compounds that is suspect to begin with."

Many of the hair dye-chemicals are aromatic amines and diamines, which are chemical cousins to known carcinogens, including benzidine which causes cancer of the bladder.

Dr. Ames noted that he had happened upon the mutagenic activity of hair dyes "quite by accident."

"I was conducting a class experiment and I had the students bring in chemical products to try out on my Salmonella test," he explained. "All the products were negative except one—hair dye—and that was highly active. That started us looking at all the dyes we could get."

Although Dr. Ames focused on dyes that use peroxide, he also used 25 semipermanent dyes that color directly without peroxide and found that "most of these were mutagenic as well."

TAX REDUCTION ACT OF 1975

Mr. McGEE. Mr. President, I have generally remained silent during the debate of the past 2 days over the oil depletion allowance, primarily because there are those of my colleagues who have been articulating the importance of the depletion allowance far better than I could.

In view of the action taken by this body last night, however, I can remain silent no longer.

Instead of helping our economic recovery—the original purpose of this legislation which came from the Finance Committee—we have instead dealt it a body blow.

At a time when we desperately need more energy, we have stabbed in the back those who can produce that energy. As my colleague from Wyoming pointed out yesterday, the headlines of high profits have blinded too many to the consequences of the repeal of depletion.

Some are saying, "Well, we took care of the little guys, the independents." Those persons should ask themselves where the independents obtain their financing—for the most part it is from the majors. And without depletion the majors will simply have no money to lend. With no money for financing, there will be no wells drilled and that means no energy produced. For heaven's sake, how shortsighted can we get?

This entire matter had and has no place in this bill. The far-ranging consequences of the actions being taken on this floor are of such magnitude and impact that they deserve careful hearing and consideration by the Finance Committee, separate and apart from the other aspects of this legislation.

To those of my colleagues who think they have struck a great blow for economy and the national welfare by eliminating the depletion allowance, I ask them to look at the full-page advertisement in today's Washington Post. That, my friends, represents the contributions of the independent producers to our energy picture. That, my friends, is what you have practically eliminated. In voting to eliminate depletion, the Senate has cut a throat to stop a nosebleed.

At the moment, Mr. President, the tide seems irreversible, and I am deeply saddened at the actions of this body. I sincerely hope every Member is aware of the consequences of their vote and the effect it will have on the lives and lifestyles of every American.

THE OIL DEPLETION ALLOWANCE

Mr. McINTYRE. Mr. President, once again we are faced with the issue of repeal of the oil depletion allowance, one of the most notorious and unjustified loopholes in our tax code.

The depletion allowance is a multibillion-dollar windfall for producers of oil and natural gas that has brought little benefit to the country.

This incentive has clearly outlived its usefulness. Congress enacted the ODA and gave other tax breaks to the oil industry on the theory that they would serve as incentives to discovery and production. While this may have been the case in the past, this purpose is no longer being served. Yet the loophole and the outrageous profits continue.

While the oil companies have enjoyed this benefit, estimated to be costing the American taxpayer between $2 and $3 billion per year, we have seen exploration develop overseas and oil production at home decline.

Early this week, for instance, U.S. Oil Week, a respected independent newsletter, reported that our major oil companies had let production of price-controlled oil in this country drop by 24 percent in 1 month. Clearly these companies are not operating in the interests of the Nation.

I am tired of hearing those who defend this loophole say that oil companies, be they big or small, desperately need incentives for exploration and drilling. What more do they need than a price of $11 per barrel? We know there is no economic or market justification for this price. It is the creation of a cartel—it is an artificial price and gives more than sufficient incentive to producers to search for new oil.

With the price of oil at $11 per barrel, producers scarcely need the 22-percent depletion allowance that was designed to help them over development hurdles when oil prices were below $3.50 a barrel.

The amendment offered by the distinguished Senator from South Carolina (Mr. Hollings), which I am cosponsoring, allows a gradual abolition of the depletion for producers at less than 3,000 barrels per day. So, by removing the allowance gradually we are not upsetting present drilling plans for smaller independents but we are putting the industry on notice that it will not have this benefit in the foreseeable future. And, of course, the major oil companies will lose this tax break immediately.

Mr. President, I have fought for years to see the ODA removed. We finally have the clear opportunity to rid our tax code of this special interest boondoggle once and for all. I hope we will not let this opportunity slip by.

Mr. PERCY. Mr. President, I ask unanimous consent to have printed in the Record a statement by the Senator from Ohio (Mr. Taft) on the tax-cut bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Statement by Senator Taft

In my judgment, the country would best be served by a somewhat trimmer tax bill, with proportionately more stimulative tax reduction and less tax giveaways, than the present Senate version.

The tax cut legislation is an economic must. Nevertheless, we should not let ourselves respond to this great need by legislating permanent loopholes or otherwise inequitable or ineffective tax measures.

While the President's proposed tax cut to stimulate the economy was entirely temporary, about $17 billion of the Senate's $29–$33 billion tax cut would almost certainly be permanent and would contribute to future budget deficits. The strong case for some permanent reductions and other tax revisions does not absolve us from passing, with virtually no consideration, inadequate provisions we will be stuck with for years.

I am concerned in particular about the provision in the bill which, at a cost of up to $6 billion or more, allows a tax credit of 5 percent of the purchase price or up to $2,000 for the purchase of a home. While I am not convinced that this provision would be an essential element for housing recovery in any event, I particularly question its application to the purchase of existing and luxury homes. The major portion of the government subsidy would support the sale of existing housing and thus would not directly stimulate housing construction.

I am opposed to the provision which allows taxpayers with stock market or other capital losses of over $30,000 this taxable year to reduce taxes by averaging those losses against past capital gains, thus giving them an unexpected windfall. I am also opposed to the provision which, at an initial cost of about $1 billion, allows corporations to offset present operating losses against past earned income. This provision was designed largely for Pan American Airlines, Chrysler Corporation, and Lockheed, and a large proportion of the unanticipated tax gifts would go to these companies. Several other of the permanent provisions deserve much more careful scrutiny before becoming law.

With respect to the oil depletion allowance, I have had a long-standing position that windfall oil profits should be taxed further. However, I would have preferred that the matter be considered as part of the energy tax bill which the Ways and Means Committee is already drafting, rather than the hurried and overdue tax reduction legislation. The Senate properly gave the plight of smaller and independent companies special consideration. Nevertheless, I am not confident that the adoption of a specific unprinted depletion allowance proposal after brief debate on the Senate floor and out of context with upcoming energy tax changes has yielded the wisest possible results.

I estimate that adoption of the Senate tax bill would move the fiscal 1976 deficit into the $80 billion range, even if Congress enacts no further anti-recession spending measures. Hopefully, Congress will agree on a somewhat smaller bill which is sounder economically, packs a more effective economic punch and constitutes wiser tax policy. We ought to concentrate more on passing essential tax reductions designed to make an economic difference now, and less on permanent tax refinements and fulfilling the special needs of particular companies, industries and groups.

ORDER FOR RECESS UNTIL 9:40 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent, if the Senator will yield under the usual conditions, that when it completes its business today it stand in adjournment until the hour of 10 o'clock tomorrow.

I would like to change that to ask unanimous consent that when the Senate completes its business this afternoon it stand in recess until the hour of 9:40 tomorrow.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR ROTH TOMORROW AND DEBATE ON CLOTURE MOTION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the distinguished Senator from Delaware (Mr. Roth) be recognized for not to exceed 15 minutes prior to the beginning of the time on cloture, at which time I would ask unanimous consent that the time be equally divided between the manager of the bill, the Senator from Louisiana, and the ranking Republican Member, the Senator from Nebraska, for the hour under the rule.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. HOLLINGS. I will have to reserve my right to object. Let us hold it to 10 o'clock. We need that hour on the Commerce Committee. We have been through this. That is a side argument.

Mr. MANSFIELD. Senator Roth wants to speak for not to exceed 15 minutes. That is why we are coming in at 9:40. But at 10 o'clock the time starts on cloture.

Mr. HOLLINGS. No, it is not time on cloture. It is the time the Commerce Committee will have an interesting meeting, at 9 o'clock. We have invited our distinguished colleague, the Senator from Louisiana. We had a bill there this morning when foreign assistance was up. We invited him to come. We are going to have a meeting at 9 o'clock. If we already have the 10 o'clock agreement, we will need that hour.

Mr. MANSFIELD. You can still have that hour because the time allocated to the Senator from Delaware will not count.

Mr. HOLLINGS. It will not count against me?

Mr. MANSFIELD. It will not count as far as a committee meeting is concerned because it is not considered as business. If a bill were passed in the meantime, it would be considered. So the time starts at 10 o'clock.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

RECESS UNTIL 9:40 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, under the previous agreement, I move that the Senate stand in recess until the hour of 9:40 a.m. tomorrow morning.

The motion was agreed to; and at 8:54 p.m., the Senate recessed until tomorrow, Thursday, March 20, 1975, at 9:40 a.m.

NOMINATIONS

Executive nominations received by the Senate March 19, 1975:

COMMODITY FUTURES TRADING COMMISSION

William T. Bagley, of California, to be Chairman and Commissioner of the Commodity Futures Trading Commission for a term of 5 years (new position).

The following-named persons to be Commissioners of the Commodity Futures Trading Commission for the terms indicated (new positions):

John Vernon Rainbolt, II, of Oklahoma, for a term of 2 years.

Read Patten Dunn, Jr., of Maryland, for a term of 3 years.

Gary Leonard Seevers, of Virginia, for a term of 4 years.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 19, 1975:

SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

Frederick B. Dent, of South Carolina, to be Special Representative for Trade Negotiations, with the rank of Ambassador Extraordinary and Plenipotentiary.

ENERGY RESEARCH AND DEVELOPMENT

Robert W. Fri, of Maryland, to be Deputy Administrator of Energy Research and Development.

James L. Liverman, of Maryland, to be Assistant Administrator of Energy Research and Development.

John M. Teem, of Connecticut, to be Assistant Administrator of Energy Research and Development.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXTENSIONS OF REMARKS

PRESS FREEDOM AND RESPONSIBILITY

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. McKINNEY. Mr. Speaker, "Freedom of the Press" is an issue which often evokes much discussion but of equal import is the responsibility attached to that constitutional guarantee. In two recent commentaries, this matter was addressed forthrightly and in a way in which I believe merits the attention of my colleagues. The first is from the editorial page of the Stamford, Conn., Advocate and the second was presented on Hartford radio station WTIC by its president, Leonard J. Patricelli. I insert them to be reprinted in the RECORD at this point and I commend them to your attention:

[From the Stamford (Conn.) Advocate]

PRESS FREEDOM: A DILEMMA

The issue of how freedom of the press ought to be apparently will always be with us, and three recent events on this issue are cases in point.

There was the order by the Federal Reserve Board to investigate how Consumer Reports Magazine obtained information on what bank rates were being charged for automobile loans, a piece of news that might seem innocent and public enough but which the FRB did not want released.

And there was the successful request by the American Civil Liberties Union to obtain transcripts of briefings to newsmen by Secretary of State Henry Kissinger—publicity which some news correspondents would just as soon had not been achieved. They believe that they learn a lot in the free and easy off-the-record atmosphere; many of their colleagues disagree.

There was also the revelation that the Columbia Broadcasting System paid the Watergate figure H.R. Haldeman $25,000 for an interview, a departure from the usual custom of obtaining news.

These are all worthy of thoughtful consideration. It is safe to say that, when making the choice between freedom of the press and the lack of it, it is better to make it free, since credibility is such an important ingredient. It is easy to see that the Federal Reserve Board order was ill-advised but it is no doubt equally true that briefings should be public if they are to be really taken seriously and that news sources ought to be unpaid if their views are to be considered objective.

EDITORIAL—WTIC, AM AND FM

(By Leonard J. Patricelli)

The United States Supreme Court has ruled that the news media—newspapers, radio and television stations—have a constitutionally protected right to identify rape victims who are named in court or public records. The case arose over a Georgia law making it a misdemeanor to identify women who have been raped. The father of a 17-year old rape-murder victim used it as the basis of a law suit against an Atlanta TV station, charging the family's right to privacy had been violated.

We think the Supreme Court's decision, though a painful one, was correct, for the news media should not be subjected to lawsuits for using information which public officials have made public. But the result, for rape victims, is tragic, and we in the media should voluntarily help to protect them, even if the Courts, in this case, cannot.

And so, we appeal to our colleagues in the news media. Let us not use this decision as a license to splash the names of rape victims across the newspapers or over the air. If the courts have given us protection, let us, in the name of decency, do the same for the innocent rape victims.

Just because we now have the right to reveal the names of victims is no reason to do so if the result is further grief and anguish for the victim. It can be argued, too, that rape victims will become even more reluctant to report the crime to police if they know their names will be made public.

To further insure participation by other broadcasters, this station will seek adoption by the National Association of Broadcasters of a new plank in our professional code of ethics under which broadcasters throughout the nation would voluntarily refrain from identifying the names of rape victims. We hope, too, that the newspaper industry's code of ethics would also be amended.

As we, the news media, protect our rights, let us restrain ourselves so that we may protect the rights of the victim as well.

NEW YORK TIMES ARTICLE ON HAIR DYES POINTS UP NEED FOR SAFE COSMETICS LEGISLATION

HON. LEONOR K. SULLIVAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mrs. SULLIVAN. Mr. Speaker, today's New York Times contains a tremendously significant article by Jane E. Brody on the possibility of hair dyes causing cancer and birth defects. It is not a scare story but a carefully researched, well-documented description of laboratory studies by Dr. Bruce N. Adams, a University of California biochemist, which raise fundamental questions about the safety of products freely used by millions of American women, and by many men as well. The article refers to other studies which appear to buttress the concern that hair dyes may be causing tragic consequences. The writer has balanced her article with comments from officials of the Food and Drug Administration and spokesmen for the cosmetics industry. I urge the Members of the Congress to read this article and become aware of the issues it raises involving the well-being not only of users of cosmetics but of their unborn children. I am therefore including the Jane Brody article as part of my remarks.

Mr. Speaker, as many of the Members know, I have been introducing legislation since 1954 to require pretesting for safety of all of the ingredients used in cosmetics. Since 1961, this legislation has been part of my omnibus bill, H.R. 1235, to rewrite the Food, Drug, and Cosmetic Act of 1938. H.R. 1235 not only closes the cosmetics loopholes in the 1938 act but all of the numerous other gaps in our basic consumer statute involving the safety of all products ingested as foods or drugs or applied to the person as cosmetics, or used as drugs in any manner.

LAST HOUSE HEARINGS ON H.R. 1235 IN 1962

For some inexplicable reason or reasons, Mr. Speaker, there have been no legislative hearings in the House on safe-cosmetics legislation since 1962, when a predecessor version of H.R. 1235—also known then by that same number, as this legislation has been designated in every Congress since 1961—was taken up by the House Committee on Interstate and Foreign Commerce. However, the only parts of the 1961 bill to become law that year dealt primarily with prescription drugs, the Drug Control Act of 1962.

H.R. 1235 applies to a vast array of areas of food, drug, and cosmetic safety, including medical devices; cautionary labeling of foods, drugs, and cosmetics; amendment of the Food Additives Act of 1958; nutritional labeling of foods; labeling of all ingredients in foods; certification of drugs as to potency; elimination of the exemptions for soap and coal tar hair dyes; elimination of the liability exemption for common carriers; prohibition of carcinogenic substances in animal feeds; coding of prescription drugs; establishment of a Federal Drug Compendium; and many other purposes.

The New York Times article today will, I hope, help to stimulate action in the committee which has jurisdiction over H.R. 1235 to schedule at long last new hearings on this far-reaching bill.

COAL TAR HAIR DYES EXEMPT FROM ANY EFFECTIVE CONTROLS

The Food, Drug, and Cosmetic Act of 1938 brought cosmetics under Federal regulation for the first time. But this part of the law was woefully weak even when it was enacted, and has become progressively less effective over the years.

The Food and Drug Administration has made periodic efforts to strengthen the law on cosmetics by the back door—by regulation—but these efforts have usually been defeated in the courts. Voluntary regulation by the industry itself has generally been ineffective and unsatisfactory. The law must be strengthened if the consumer is to be protected.

In the case of hair dyes, the cosmetics industry has enjoyed a wide-open loophole which permits the manufacture and sale of any coal tar hair dye product—no matter how dangerous it might be—as long as the container bears a warning specified in the law that certain adverse reactions may occur. Most other cosmetics products can be removed from the market if FDA can prove they are dangerous, but not coal tar hair dyes.

Thus, even if the fears voiced in Jane Brody's New York Times article today are fully borne out by subsequent investigation, the FDA could still not prohibit the sale of any coal tar hair dyes. The law would have to be changed, as H.R. 1235 proposes.

One provision of H.R. 1235 would place the burden of proof for establishing the safety of a cosmetics product on the manufacturer, rather than leaving it up to the FDA to prove a product is unsafe.

Another provision prohibits the use of any carcinogenic material in cosmetics.

Another requires the listing on the label of all ingredients used in cosmetics.

Another opens up the complaint files of the manufacturers and distributors of cosmetics to FDA inspection. At present, these are held confidential by the trade.

The coal tar hair dye exemption would be ended.

ARTICLE BY JANE E. BRODY IN TODAY'S NEW YORK TIMES

Mr. Speaker, I urge the Members now to read Jane Brody's article in today's *New York Times* discussing the research which indicates that hair dyes may be causing cancer and birth defects. After reading this article, I hope more Members will become interested in helping me to do something about the safety gap in an industry which intimately touches every man, woman, and child in this country every day.

The article referred to follows:

[From the New York Times, March 18, 1975]

LINK TO CANCER AND BIRTH DEFECTS HINTED IN TESTS OF 150 HAIR DYES ON BACTERIA

(By Jane E. Brody)

A possibility that hair dyes may cause cancer and birth defects has been raised by the results of laboratory tests on bacteria conducted by a University of California biochemist.

Although tests on higher organisms will be necessary to determine the precise nature of the hazard, if any, bacterial tests are widely regarded as a sensitive initial method of screening chemicals and consumer products for possible toxic effects.

However, the California tests have drawn more than ordinary scientific attention because they involved a product used regularly by an estimated total of 20 million Americans.

The findings on bacteria also raise serious questions about the adequacy of Federal laws governing the marketing of cosmetics, which need not be cleared for safety before they can be sold. In addition, hair dyes are exempted from the color additive regulation requiring that all dyes used in foods, drugs and other cosmetics to be safety-tested before being marketed.

As a result of commercial pressures, in the 1930's, hair dyes were declared exempt from the dye regulations of the original Food, Drug and Cosmetic Act of 1938 and the exemption was continued under the stronger Kefauver amendments in 1962.

GENETIC TRAITS CHANGED

In the California test, developed and conducted by Dr. Bruce N. Ames, 150 of 169 different permanent hair dyes were found to change the genetic characteristics of bacteria called Salmonella typhimurium, a common cause of food poisoning.

Since its discovery of a few years ago, the bacterial test has become widely used for screening food in several countries. Dr. Ames, who is a member of the National Academy of Sciences, who is regarded by colleagues as a thorough and careful scientist, has submitted a paper on his findings to the academy's publication, Proceedings. The editor of the journal, Dr. Robert Sinsheimer, said yesterday that "in the ordinary course of events, the paper will appear in the May or June issue."

The product Dr. Ames tested (all those he could find in two drug stores in Berkeley) were made by eight companies—* * * Inc., Relvon, Alberto-Culver Company, Tussy Cosmetics, Inc., Cosmair, Inc., The Gillette Company and Roux Laboratories Inc. Clairol, with whom Dr. Ames has been in close contact throughout most of his year-long experiments, accounts for about half of the $250-million-a-year hair dye market.

Dr. Ames tested the dyes as they came out of the bottle and after they had been mixed with hydrogen peroxide. He also tested the eighteen individual chemicals found in these dyes. He judged that nine of them were mutagenic on his test; that is, they changed the genetic characteristics of the bacteria.

RELATIONSHIP DISPUTED

The relationship between mutagenicity and carcinogenicity (cancer-causing ability) is still a matter of considerable scientific controversy. In previous studies, Dr. Ames found that 70 to 75 per cent of chemicals that are known carcinogens also mutagens in his test. Only about 10 per cent of compounds thought not to be cancer-causing are mutagenic in the Salmonella test, he reported.

Since the chemicals in the hair dyes are closely related to substances that are known carcinogens in man or animals, Dr. Ames has concluded that "each of the hair dye compounds we have found to be mutagenic has a high probability of proving to be a carcinogen."

In addition, he said, since the chemicals could damage genetic material, they "may be hazardous to humans by causing mutations in the germ line," possibly increasing the risk of birth defects.

Accordingly, Dr. Ames has recommended that, on the basis of his findings, large-scale studies should be initiated to see if people who dye their hair regularly face more than the usual risk of cancer and if babies born to such women have a higher incidence of birth defects.

His concern is supported by two very preliminary findings. In three studies, beauticians were found to have a higher rate of bladder cancer than expected, but the increased risk was not proved and the reason for it is unknown.

ANOTHER LINK SUGGESTED

In addition, a New York internist, Dr. Nathaniel Shafer, has noted that an unusually high percentage of his patients who developed breast cancer had been regular users of hair dye. In reviewing the case histories of nearly 100 breast cancer patients, he said in an interview, 87 per cent proved to be term users of hair dye, whereas only a quarter to a third of other of his patients of the same age used hair dye.

According to Clairol, 30 per cent of women between the ages of 13 and 60 use hair dye, with the percentage rising from 20 for the younger ages to 50 for the older women.

Dr. Shafer's report is regarded as a clinical, not a scientific, observation and larger and more careful studies must be done to confirm or refute it. One such study will be done by Dr. W. Robert Bruce, cancer epidemiologist at the Ontario Cancer Institute in Toronto. He will also look at the possible relationship between birth defects and the use of hair dyes.

The National Institute for Environmental Health Sciences, spurred by Dr. Ames's findings, has also begun a study to see whether hair dyes cause genetic damage.

The effects of hair dyes and their chemicals have already been the subject of considerable animal experimentation, much of it conducted by the industry and some by the National Cancer Institute and the Food and Drug Administration.

ABSORBED THROUGH SKIN

The studies were begun in 1970 following the finding some years earlier that the chemicals in hair dyes could be absorbed through the skin and were regularly found in the urine of women who dye their hair.

In addition, one major hair dye chemical, 2,4-toluenediamine, was shown in a Japanese study to cause liver tumors when fed to rats and muscle tumors when injected under the animals' skin. This ingredient was subsequently eliminated from commercial hair dye preparations, but 167 million pounds of it are used each year in producing polyurethane foam—thus raising a question of possible hazard to exposed workers.

Thus far, animal studies of the hair dye chemicals now in use have not indicated any hazard. Dr. Ames maintains, however, that tests to date have not involved enough animals or been conducted for long enough to rule out a possible risk.

On the other hand, Clairol scientists said in a statement issued to The New York Times yesterday that "Looking at all the data, we can only conclude there is no evidence of cancer risk from hair dyes."

Dr. John Menkart, a vice president at Clairol, who is chairman of the scientific advisory committee of the Cosmetic, Toiletry & Fragrance Association, disputed by Dr. Ames' conclusion that some animal studies had indicated a possible cancer risk. Dr. Menkart said that Dr. Ames had misinterpreted the reported findings.

FURTHER STUDY FAVORED

The Food and Drug Administration is taking the Ames findings in stride. According to Dr. Herbert Blumenthal, acting head of the agency's toxicology division, the data point to a need for further study, not immediate regulatory action.

"We've already begun testing the chemicals that were most active on Dr. Ames' test," Dr. Blumenthal said in an interview yesterday. "We should not take any regulatory action until we analyze all the animal data. We have got to be able to sustain in court any suspension of a cosmetic agent, and I don't think we could do so strictly on Dr. Ames' data."

Cosmetics can be banned only after clear demonstration that they are "poisonous and deleterious to health," Dr. Blumenthal noted. He said his agency has been asking Congress for the last five years for stronger regulations governing cosmetics. The agency wants to be able to require premarket safety testing as it now does for drugs.

Dr. Ames, who spent 10 years developing his bacterial test system, said that "anything that is to be used in such large amounts as hair dyes should have a cancer test done on it before it is introduced commercially—especially if it is in a class of compounds that is suspect to begin with."

Many of the hair dye chemicals are aromatic amines and diamines, which are chemical cousins to known carcinogens, including benzidine which causes cancer of the bladder.

Dr. Ames noted that he had happened upon the mutagenic activity of hair dyes "quite by accident."

"I was conducting a class experiment and I had the students bring in chemical products to try out on my Salmonella test," he explained. "All the products were negative except one—hair dye—and that was highly active. That started us looking at all the dyes we could get."

Although Dr. Ames focused on dyes that use peroxide, he also used 25 semipermanent dyes that color directly without peroxide and found that "most of these were mutagenic as well."

TOO LATE TO STOP MINERAL SHORTAGES

HON. LARRY PRESSLER

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. PRESSLER. Mr. Speaker, we have all been concerned with creating an energy independent America. But have we ever concentrated our efforts in creating a mineral-independent America? That was the subject of an editorial in the Brookings Register of February 25, 1975. I would like to submit that editorial for publication in the Congressional Record.

The Brookings Register is published 5 days a week in Brookings, S. Dak., a city of some 13,000 persons in east central South Dakota. The newspaper has a circulation of 4,200.

In this specific editorial, it was pointed out that the Nation may face a future crisis in its mineral supply unless new research efforts are undertaken. And it warns that some minerals are already in short supply, with resources almost depleted. It raises some serious questions about the mineral situation in the United States. I would like to share these thoughts and questions with my fellow Congressmen. The editorial follows:

Too Late To Stop Mineral Shortage?

What is there about oil that has given rise to almost universal agreement among Americans that this country must eventually become totally independent of foreign sources for its energy needs?

The United States is now, and for years has been, importing most of the raw materials required by modern industry and technology. Yet no one says we must become bauxite-independent or chromium-independent or this-or-that-independent.

A little-noted report by the U.S. Geological Survey last year predicted that the nation may face future crises in the supply of some of its important minerals unless massive research efforts are begun soon to develop domestic resources.

But while there is a substantial undeveloped potential for some of these minerals, the report also warned that others are seriously depleted or nonexistent. A couple of examples:

Zinc. In 1972, the United States imported about 52 per cent of its Zinc consumption, chiefly from Canada, Mexico, Peru and Australia. U.S. reserves are put at about 30 million short tons.

Identified resources of zinc are estimated at more than 80 million tons but are mostly in subeconomic low-grade or deep-lying deposits.

Chromium. The United States imported 100 per cent of its consumption of this essential mineral in 1972, mainly from the Soviet Union, the Republic of South Africa and Turkey. The U.S. has no reserves of chromium.

Identified domestic resources of chromium amount to only about 1.67 million short tons and again they would be difficult to mine and expensive to use.

Survey scientists noted that while the nature and implications of the energy problem virtually exploded into public consciousness, concern about our mineral supply remained, for the most part, within the professional and technical communities.

"Whatever the reasons for this—perhaps one is the fact that energy problems are more immediate and affect people in more direct manner—the supply problem for minerals may become just as serious as it is for energy," they said.

HOW INFLATION BREEDS RECESSION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. McDONALD of Georgia. Mr. Speaker, although we are in the middle of an economic recession brought about by the inflationary policies of the Federal Government, we are being told that the only way out is to embark on a new even bigger debasement of our currency.

Economically, this is nonsense. Politically, it makes sense to a certain type of politician: One whose lust for power is exceeded only by the microscopic range of his mental awareness. He got into power by promising bigger and bigger Government handouts, has stayed in power by doing just what he promised while not ostensively raising taxes, but has gotten a bit of a fright by the effects of his inflation-produced recession. So he proposes huge tax cuts and budget deficits that will spur inflation anew: But so what he figures, anything to get us out of the recession and boost employment.

But what he is unable or unwilling to acknowledge is that the recession is a result of his own policies and that if he is concerned over an unemployment rate of 8 percent, wait until his chickens hatched by the fiscal 1976 budget deficit come home to roost.

How and why inflation breeds recession is clearly and precisely outlined in the following essay by Henry Hazlitt, which appeared in the March 1975 issue of the Freeman:

How Inflation Breeds Recession

(By Henry Hazlitt)[*]

Both general economic and purely monetary theory are supposed to have made immense advances since the middle of the eighteenth century, yet the confusion and chaos in economic and monetary theory have never been greater than they are today. One would think, listening to television and reading the newspapers and magazines, that inflation—in the popular sense of soaring prices—were some infinitely complicated, mysterious and incurable affliction that had suddenly struck us from the blue, instead of simply what it is—the inevitable consequence of the actions of government in overspending and then printing paper money.

And as the cause is obvious and simple, so is the fundamental cure. The direct cause of soaring prices is printing too much paper money; the direct cure is to stop printing it. The indirect cause of inflation is government overspending and unbalancing the budget; the indirect cure is to stop overspending and to balance the budget.

But if the cause and cure of inflation are so fundamentally simple, why is there so much befuddlement? One reason, of course, is that the problem is not merely economic, but political. The problem is not merely, for example, to get the politicians to recognize the true cause and cure of inflation. It is also to get them to *acknowledge* that cause and *adopt* that cure. In brief, one reason so many politicians do not understand the problem is not merely that they are to stupid to understand it, but that they do not want to understand it.

They realize that inflation is a political racket. They find that the way to get into office is to advocate inflation, and the way to stay in is to practice it. They find that the way to be popular is to appropriate handouts to pressure groups who represent mass votes, and not to raise taxes except those that seem to fall mainly on some unloved or envied minority group—oil companies, corporations generally, the reputedly "rich" or "super-rich."

The ultimate result of such policies is to bring about exactly what we have today—inflation plus recession.

But we are brought back to the fact that politicians could not exploit the befuddlement of the public about inflation if that befuddlement did not already exist. So though we must not overlook the political side of the problem, we must recognize that our main task is still one of educating the public.

This is a much bigger problem than it is commonly thought to be.

Even when we have explained to people that inflation is caused by excessive issues of paper money, and by budget deficits that lead to excessive issues of paper money, we have done only a small part of our task. We have explained what causes inflation, but we have not explained why inflation is so pernicious. The truth is that the greater part of the public still thinks that inflation is on the whole beneficial. They know that it raises the prices of commodities, but the chief thing they consider bad about this is that it may not raise their wage-rates or salaries to the same extent. Nearly everybody thinks that inflation is necessarily stimulating to business, because they think it must raise profit margins and so lead to greater production and employment.

This is indeed usually true in the first stages of inflation. But what is still recognized only by a tiny minority is that in the later stages of inflation this ceases to be true. In its later stages inflation tends to bring about a disorganization and demoralization of business.

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[*] Mr. Hazlitt, noted economist, journalist and author, adds what might well be another chapter to one of his books: *What You Should Know About Inflation.*

This article is based on a paper delivered January 6, 1975, at a monetary conference in Miami.

It tends to do this in several ways. First, when an inflation has long gone on at a certain rate, the public expects it to continue at that rate. More and more people's actions and demands are adjusted to that expectation. This affects sellers, buyers, lenders, borrowers, workers, employers. Sellers of raw materials ask more from fabricators, and fabricators are willing to pay more. Lenders ask more from borrowers. They put a "price premium" on top of their normal interest rate to offset the expected decline in purchasing power of the dollars they lend. Workers insist on higher wages to compensate them not only for present higher prices but against their expectation of still higher prices in the future.

The result is that costs begin to rise at least as fast as final prices. Real profit margins are no longer greater than before the inflation began. In brief, inflation at the old rate has ceased to have any stimulative effect. Only an *increased* rate of inflation, only a rate of inflation *greater* than generally expected, only an *accelerative* rate of inflation, can continue to have a stimulating effect.

But in time even an accelerative rate of inflation is not enough. Expectations, which at first lagged behind the actual rate of inflation, begin to move ahead of it. So costs often rise faster than final prices. Then inflation actually has a depressing effect on business.

A CRUCIAL OVERSIGHT

This would be the situation even if all retail prices tended to go up proportionately, and all costs tended to go up proportionately. But this never happens—a crucial fact that is systematically concealed from those economists who chronically fix their attention on index numbers or similar averages. These economists do see that the average of wholesale prices usually rises faster than the average of retail consumer prices, and that the average of wage-rates also usually rises faster than the average of consumer prices. But what they do not notice until too late is that market prices and costs are all rising unevenly, discordantly, and even disruptively. Price and cost relationships become increasingly discoordinated. In an increasing number of industries profit margins are being wiped out, sales are declining, losses are setting in, and huge layoffs are taking place. Unemployment in one line is beginning to force unemployment in others.

All this is the consequence of an inflation in its later stages. But the irony is that this consequence is systematically misinterpreted. The real trouble, everybody begins to think, is that there is not *enough* inflation; it must by all means be speeded up.

This is the stage at which we have now arrived. A swelling chorus of voices has been demanding that the Federal Reserve "temporarily," at least, increase the growth rate of the money supply. It is almost universally believed that the reason the banks' prime lending rate was recently at 12 per cent is that the Federal Reserve was following a "tight money" policy. The Federal Reserve authorities even themselves seem to believe this. In early December they reduced the discount rate from 8 to 7¾ per cent, and a month later to 7¼ per cent, to prove that they meant to follow a less stringent money policy.

The truth is that market money-rates have been high precisely because we have been inflating, precisely because the Federal Reserve has for too long been following a recklessly loose money policy. As compared with the 8 per cent discount rate of the Fed, the discount rate of the Bank of England was last year between 11½ and 12½ per cent, the discount rate of the Bank of Brazil 18 per cent, the discount rate of the Bank of Chile 75 per cent.

DISCOUNTING INFLATION

None of these rates was a result of a tight money policy in the countries concerned. Quite the contrary. The greater the past or present rate of inflation, the higher the present prevailing interest rate. This is because, in the later stages of an inflation, people expect the recent rate of inflation to continue. If they believe, for example, that the dollars or pounds or cruzeiros or escudos that they lend today will have a purchasing power of x per cent less when they get them back a year from today, they will add that x per cent to the normal rate of interest they would otherwise have expected. If their expectations are justified, though they will be getting a very high nominal rate of interest, their real rate of interest will not be above normal. But the high nominal rates of interest will nonetheless tend to discourage borrowing.

Again, as I have already pointed out, labor unions will begin to demand so-called "protective" pay increases sufficient not only to compensate them for the commodity price increases that have taken place since their old contract was signed, but for the price increases that they fear will take place in the future life of their new contract. Union demands will tend to become increasingly unreasonable. The number of strikes will tend to increase. Profit margins will be squeezed or wiped out arbitrarily. Price-and-cost relationships among different industries will become increasingly unsettled, unpredictable and disorganized.

In short, "protective" actions and other compensatory reactions to inflation and expected inflation will often turn inflation in its later stages from a stimulating force to a depressing and demoralizing force. But the public and politicians will increasingly believe that these depression consequences of continued inflation are the consequences of insufficient inflation. They will demand that the inflation be still further accelerated.

The reason an inflation is not stopped is that people begin to dread more and more what will happen if it is stopped. They fear a stabilization crisis. They fear mass unemployment. The only alternative seems to be to accelerate the inflation. But, as we see, this simply leads to increasing disorganization and demoralization of business. In the end, we begin to get mass unemployment anyway.

Suppose, by some miracle, the government stopped inflating—now. Would the consequences really be as bad as most people fear? There is every reason to think that they would be incomparably better than if the demoralizing effects of the inflation are allowed to continue.

GERMAN HYPER-INFLATION

We can get some light on this if we study what happened in the great German hyperinflation which ran roughly from 1919 to the end of 1923. In the course of that inflation the German paper mark fell to a purchasing power equal to only *one-trillionth* of what it had been before the inflation set in. This is another way of saying that prices soared a trillion-fold.

In the last stages of that inflation production became disorganized and unemployment soared. Industrial production plunged from an index number of about 125 in 1921 to about 60 in 1923. Unemployment among trade union members, which had been as low as 0.6 per cent in July of 1922, rose to 19.1 in October, 1923, to 23.4 per cent in November, and to 28.2 per cent in December. The index of the real income of the German industrial population plunged from a range of 75 to 105 in 1921 (with 1913–14 equal to 100) to a range of only 36 to 47 in November of 1923. These figures are taken from Prof. Frank D. Graham's 1930 book on the German inflation. They show how inflation in its later stages can demoralize production, real income and employment.

Was the stabilization crisis so dreadful when this inflation was finally brought to a halt? I regret that the commonly available figures are not quite adequate to answer this question satisfactorily. Practically all the tables published in the books of both Frank D. Graham and Costantino Bresciani-Turroni end at December, 1923. But supplementary evidence indicates that the stabilization crisis was brief and the recovery quick.

The index of the physical volume of industrial production per capita, taking 1913 as a basis of 100, had fallen to 54 at the peak of the inflation in 1923. It rose to 77 in 1924, to 90 in 1925, and to 111 in 1927. This was a better comparative record of recovery from 1913 than that of England, Italy, or West Europe generally.

HEAVY UNEMPLOYMENT?

C. W. Guillebaud of Cambridge University, in his book *The Economic Recovery of Germany* (1939), tells us that "the cessation of inflation brought with it as its immediate effect a large increase in recorded unemployment, which rose to 1,533,000 on January 1, 1924."

The justification for this statement depends on what date we place on "the cessation of inflation." The monetary reform was introduced by a decree issued on October 15, 1923. The actual introduction of the new currency, the rentenmark, did not come until November 20, 1923. But the Reichsbank kept grinding out paper marks at accelerative and astronomical rates continuously through the end of December.

If we consult the monthly statistical series (not given in any table in Guillebaud's book) from which his January figure was apparently taken, we find that recorded unemployment in October, 1923 was 534,000, in November 955,000, and in December 1,743,000.

So the January figure of 1,533,000 of recorded unemployment was not much above this. In any case this unemployment was shortlived. In spite of interest rates, in terms of the new currency, as high as 100 per cent in January, and even from February to May at an average, figured annually, of 35 per cent, Guillebaud tells us that "activity revived, and unemployment for the first time since August, 1923 began to decline, and was not more than 700,000, in April, 1924." It fell to 328,000 by July, better than a normal average.

RAPID RECOVERY

A similar picture of recovery is given by Costantino Bresciani-Turroni, in his book *The Economics of Inflation* (1931). This is the most thorough and the most famous of the books written on the great German inflation. Bresciani-Turroni tells us that in the first months of 1924, when the inflation was over, there was "a remarkable increase in wages," and that this "big increase in the average income of workers was the combined effect of the rise in wage-rates and the fall in unemployment" (p. 396). And in the final summary paragraph of the book he writes:

"At first inflation stimulated production because of the divergence between the internal and external values of the mark, but later it exercised an increasingly disadvantageous influence, disorganizing and limiting production. It annihilated thrift; it made reform of the national budget impossible for years; it obstructed the solution of the Reparations question; it destroyed incalculable moral and intellectual values. It provoked a serious revolution in social classes, a few people accumulating wealth and forming a class of usurpers of national property, whilst millions of individuals were thrown into poverty. It was a distressing preoccupation and constant torment of innumerable families; it poisoned the German people by spreading among all classes the spirit of speculation and by diverting them from proper and regular work, and it was the cause of incessant political and moral disturbance. It is indeed easy enough to understand why the record of the sad years 1919–23 always weighs like a nightmare on the German people."

The lesson is clear. We should stop our own inflation now. Not some time in the future, but now. We should not slow down the rate gradually over the years, but stop inflation now. And this means, to repeat, two main measures: first, balance the budget, balance it wholly by slashing expenditures and not at all by raising taxes; and second, stop expanding bank credit and printing paper money.

Some other measures will be necessary to make these two basic steps effective, but I will mention only one of them, because of its overriding importance. We should repeal all the labor laws, passed over the last forty years, that build up the power of labor unions, strengthen the extortionate strike-threat system, and in effect force employers to capitulate to labor union demands. This means the repeal of the Norris-Laguardia Act, of the Wagner-Taft-Hartley Act, of the Davis-Bacon Act, and probably a nest of others.

FURNISHING OUR AGED AND DISABLED WITH ADEQUATE SOCIAL SECURITY INCOME

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ROSENTHAL. Mr. Speaker, today I am introducing comprehensive legislation to provide a minimum floor of income for aged and disabled Americans remedy many of the inequities of the social security system, and expand medicare coverage.

In America those 65 and older comprise 10 percent of the population, and as we price ourselves on our medical strides in lengthening human life, this proportion will continue to increase. Yet we condemn our elderly to poverty, decreptitude, wretchedness, and despair. Nearly 1 in 6 elderly persons is on an income below the poverty threshold, and thousands more subsist only slightly above that level.

The income provided for by social security is unrealistically low. According to a study by the Bureau of Labor Statistics, the best that senior citizens living solely on social security benefits can afford are meals comprised mainly of starches, only the least expensive sanitary housing available, transportation by crowded and unsafe transit lines, and the lowest and cheapest quality clothing that can be bought. Forcing our aged and disabled to live on such miserly incomes is degrading to them and it is shameful that we will provide them nothing better.

President Ford's proposal to limit this year's cost-of-living increase in social security cash benefits to only 5 percent demonstrates a callous disregard for the plight of older Americans on fixed incomes. These retired workers are already slipping farther and farther behind in the struggle against inflation. If we accept the President's plan, we would be penalizing social security recipients by asking them to absorb the difference between that 5 percent and the 12 percent at which the cost of living is currently climbing. When Congress enacted the annual escalator clause to provide for regular cost-of-living benefits increase, it was intended to protect the aged and disabled against inflation.

The voracious appetite of inflation gobbles away at savings and pensions. Food prices, rents, property and sales taxes, and the ever-increasing burden of medical care costs zoom out of sight. About 80 cents out of every dollar the elderly have must go for day-to-day survival. Disappointment rather than relief clouds the present and decreased services rather than additional assistance lurks in the future.

Surely a nation that has so much money to spend for the instruments of death and destruction can set aside a fraction of that amount to pull its elderly out of poverty.

Poverty is not a transitional problem for the elderly. Unfortunately the inequities of the social security law present obstructions to the solution of the No. 1 problem of today's aged population: low income. If we do not enact a bold, comprehensive, and truly meaningful social security bill, many of our aged citizens may not have any alternative but to go on welfare, dealing a crippling blow to their pride and to the financial solvency of many of our cities and States.

To assure the aged and disabled a decent standard of living, I am proposing legislation to establish assured annual income benefits to them.

My bill would:

First. Establish a minimum standard of income for all elderly Americans of $3,850 for an individual and $5,200 for a couple;

Second. Adjust this sum annually to reflect changes in the intermediate budget-level cost as determined by the Bureau of Labor Statistics and increase benefits for those living in large metropolitan areas where the cost of living exceeds the national average;

Third. End discrimination against the working wife by providing payment of benefits to married couples based on their combined earnings record;

Fourth. Extend social security coverage, including medicare to local, State, and Federal employees, including postal workers, at their option;

Fifth. Remove the limitations on outside earnings;

Sixth. Improve and expand medicare coverage.

This legislation would be financed by a combination of payments from the social security system and appropriations from general tax revenues.

Recent increases in social security benefits have fallen far short of their intended goal of offsetting inflation. The effect has been that the buying power of older Americans has been decreasing drastically. In 1974, the Consumer Price Index rose 12.2 percent and there is no indication that it is slowing down in 1975.

Unless the minimum income level is raised, older Americans can give up hope for dealing with their most basic expenses. They are one of the first groups to suffer under the toll inflation takes in our society.

Many elderly Americans rely on their social security payments as their sole source of income. There is a fundamental need to establish a minimum floor of income for these people. My bill increases social security payments by a third of the present average amount. In addition, it provides for annual adjustment of this sum.

The erosion of the purchasing power of fixed incomes is a relative problem. For $2,053.24 a year an elderly person living in a nonmetropolitan area of the South can have all the goods and services and enjoy the same standard of living that would cost him $2,425.08 in New York City. Yet, regardless of where he lives and what it costs to live there, his social security check is the same—$2,244 a year, for the averaged retired worker.

For the person living in the lowest cost areas, this means social security benefits cover the cost of his minimum needs. But that is not the case for a New Yorker, whose cost of living is significantly higher. Monetary compensations must be made in our fixed income programs in order to equalize the differences in regional costs of living. A measure equating dollar value with purchasing power must be implemented in our Federal public assistance programs for them to have any value at a national level. My bill addresses itself to this problem by increasing benefits for those living in metropolitan areas where the cost of living exceeds the national average. This would be in accordance with the cost-of-living differentials determined by a Federal data-gathering source on living costs, the Bureau of Labor Statistics.

I recognize that some Members would be reluctant to support a measure which would appear, on the surface, to give their constituents slightly less money than it would to social security recipients in certain other areas. However, I am confident that after close study of this proposal, you will see the justice in this measure. While the dollar total of benefits may differ from area to area, this bill would equalize the real dollar buying power of social security recipients throughout the Nation, regardless of where they live.

By extending medicare coverage to all disabled persons, regardless of age, and reducing to 60 the age of entitlement to medicare benefits for all others, my bill would lift the burden of high cost health care for those who cannot afford the price of adequate care. In eliminating the coinsurance payment requirement for supplemental part B coverage for persons with a gross annual income below $4,800, providing home-care prescription drugs under supplemental coverage and removing the 100-day limit on posthospital extended care services, my bill would greatly ease the monetary hardship on medicare recipients.

By offering free annual physical examinations for the elderly, this legislation stresses preventive as opposed to crisis medical treatment, thereby eliminating much of the pain and cost involved in treating serious diseases.

Not only should we promote nonhospital and posthospital care for the aged, but we must also resolve to ease the financial burdens of necessary prescription costs. The elderly consume 25 percent of all prescription drugs, although they constitute only 10 percent of our population, and spend about three times more per capita on these medicines than the rest of the population. In 1970, that came to $50.94, compared to $16.29 for persons under 65.

The coverage of out-of-hospital prescription drugs will, I believe, have a significant side benefit. Many times the elderly must be admitted to hospitals in order to qualify for medicare coverage of drug purchases that could otherwise be prescribed on an outpatient basis. This proposal will not only eliminate this unfortunate use of much needed hospital space, but will avoid the potentially tragic psychological impact that a hospital stay can have on older people. This is a price that the elderly should no longer be expected to pay.

Every part of this bill affords effective, tangible, and solvent ways of correcting the question it deals with. We all face a common aging problem. We must provide and plan for a retirement period of indeterminate length and uncertain needs. In 50 years, 15 percent of all Americans will be over 65, a third of these, 15 million, will be over 75. My bill will help eliminate many of the spiraling problems that have plagued our country's aged. It must be kept in mind that social security is not charity, but insurance bought and paid for by American workers.

Mr. Speaker, the longer we delay in adopting a social security program that provides an adequate standard of living, the longer we delay in providing the decent and respectable income our elderly deserve. For this reason, Mr. Speaker, I strongly urge prompt passage of the bill I propose today.

BRITISH HEALTH PLAN A FAILURE

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ASHBROOK. Mr. Speaker, national health insurance is viewed by many as the answer to our Nation's medical problems. Before eagerly embracing this system, however, we should look carefully at the British experience with such a health plan.

England offers every citizen free medical care. This system is now lurching toward disaster.

Health service in England has rapidly deteriorated. Hospitals are closing. Doctors and technicians are threatening mass resignations as their salaries drop to that of unskilled workers and in some cases less. Although emergency cases receive prompt treatment, patients needing corrective surgery are put on a waiting list for up to a year.

Congress should take a hard look at the failure of the health program in England. We cannot afford to repeat the British experience in our own country.

Lin Williams discusses the problems besetting British health care in his column. Following is the text of that column:

BRITISH EXPERIENCE SLOWS HEALTH PLAN

(By Lin Williams)

There is a snake in Great Britain's medical garden of Eden!

The womb-to-tomb National Health Service is about to go under after 26 years of free medicine and surgery.

The great social experiment has worsened health service in that country, and the experience is giving U.S. lawmakers second thoughts about a similar system here.

Everybody in Britain is entitled to free medical care. The physicians, nurses and hospital staff under NHS are paid by the government.

However, the doctors and technicians threaten mass resignations. Their salaries have fallen to that of unskilled workers—in many cases less.

The nation's 23,000 nationalized physicians earn an average of $14,000 per year. Interns make $5,000 a year for an 80-hour week. Dentists average $13,000 annually.

Nonmedical staff workers have walked off the job in many hospitals. Some hospitals are closing permanently—85 in the Birmingham industrial area alone. Out patients are turned away.

Emergency cases are treated promptly, but patients needing corrective surgery have to get on a waiting list for up to a year.

There are about as many private physicians as nationalized and their fees are substantially higher. The private doctors are the most competent and are swamped with patients. But they, too, are handicapped because they are allowed to use about one per cent of Britain's hospital beds.

Even this tiny, profitable fraction of Britain's medical business is bitterly resented by the socialist labor unions. A strike by the National Union of Public Employes demanded an end of the last vestige of private medical practice. The government caved in and barred all but a token few beds to private doctors.

As the war of nerves between socialists and physicians escalates, so does the backlog of applications by doctors to leave the country. Thus, every belligerent move by the government deepens the crisis.

The British Medical Association takes a typically English view of the situation—acknowledgement of the other fellow's position, but dogged determination not to accept it.

Dr. Brian Lewis, a member of the association ruling council told a Scripps-Howard interviewer that his group was "not opposed to a health service for that's a proper part of a civilized country for people who can't cope."

He complained that the present national health service could provide either two-thirds of the service for 100 per cent of the people, or 100 per cent of the service for two-thirds of the people.

The medical association favors providing the latter approach—total free service for most citizens. Those most able to pay would cover their needs with medical insurance on which they would receive tax credit.

This makes sense for the higher-income citizens trying to hold on to the few shreds of private initiative in a nearly Communist country. But it is a pitiful delaying tactic.

The majority resents any hint of above-average success or privilege and are willing—no, eager—to bring down the temple rather than compromise the utopian dream of life without risk.

U.S. congressmen watch development in Great Britain with increasing nervousness. They have promised a national medical and health program that would insure complete care for all Americans.

The cost of $6 billion annually so blithely pulled out of the air now looks more like $60 billion for starters. Such high order of mathematics never used to bother our law-makers. Lately, however, they have had to admit there just isn't that much money, physically, in existence.

In fact, the worry here has become one of how to save the Social Security and Medicare plans we already have. These systems will be bankrupt in 15 years unless something drastic is done soon to refund them.

The Social Security payroll tax of six per cent on employes matched by six per cent on employers is so regressive that it now has an immediate and drastic impact on employment.

The only answer, of course, is to start supporting Social Security from general tax revenues—primarily the personal income tax—or cut services, or both.

It is not likely even an irresponsible Congress will have the nerve to set up a laudable but impossible health plan while the pension and old age health plans are threatened.

Hopefully, the British experience is teaching a valuable lesson: that half a loaf is better than none.

The garden of Eden has a beguiling snake that promises us a free lunch, but Adam and Eve didn't find it and neither will we.

WOMEN'S AMERICAN ORT DAY OBSERVED IN BROOKLYN

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. SOLARZ. Mr. Speaker, last Sunday I was privileged to participate in ceremonies in Brooklyn paying tribute to the outstanding work of Women's American ORT—Organization for Rehabilitation Through Training. March 16 was officially designated as 1975 ORT Day in Brooklyn by the borough president and the ceremonies held in the Joyce Kilmer Park on Kings Highway—which had been redesignated as ORT Way for the day—focused on the many important community contributions made by Women's ORT and its members.

ORT is the vocational training program of the Jewish people. Through its worldwide activities this dedicated group assists Jewish people by teaching them modern trades and skills. It is an effective self-help effort in which Jewish men and women are aided in becoming productive, economically secure, and self-supporting individuals, free from dependence on charity. Among many of the efforts in which Women's American ORT engages are work with the Jewish Association of Service to Aged in helping the Jewish elderly and handicapped, assisting newly arrived immigrants in resettling in the United States, serving as volunteers in local and community schools as tutors and teacher's aides, establishing ORT courses using ORT-trained teachers in numerous yeshivas and in working with the Metropolitan Coordinating Council on Soviet Jewry.

I am pleased to join in paying tribute to the fine work undertaken by this distinguished organization and wish Women's American ORT continued growth and success.

Mr. Speaker, in order that our colleagues may better acquaint themselves with the programs undertaken by Women's American ORT, not only in Brooklyn but throughout the world, I present herewith, for inclusion in the RECORD, a brief factsheet:

PUBLICITY FACTSHEET: ORT DAY 1975

"Historically, ORT's efforts have been in behalf of displaced and disadvantaged men and women. But you have been quick to realize that vocational careers are not only for the underprivileged. More than in other volunteer organizations in our country, you have been responsible for changing the image of vocational training. More and more of our young people agree with your philosophy, and they are actively seeking alternatives to college education."—*President* GERALD FORD.

Subject: ORT Day 1975.
Date: In Brooklyn, NY, ORT Day has been set for celebration on: Sunday, March 16, 1975.
Sponsor: Women's American ORT (Organization for Rehabilitation through Training).

ORT Day Chairman: Miriam Pressman, National Membership Chairman.

Brooklyn Region ORT Day Chairman: Mrs. Gloria Goold.

Brooklyn Publicity and Public Relations Chairman: Mrs. Honee Beck.

WHAT IS ORT?

ORT (Organization for Rehabilitation through Training) is a worldwide system of vocational schools designed to help build and rebuild human lives by teaching modern skills. The vocational training agency of the Jewish people for the past 95 years, ORT believes that the best kind of help that can be given a man is the kind which enables him to help himself. The ORT student becomes a productive, independent, economically secure human being, self-supporting and freed from charity.

WHAT IS ORT DAY?

ORT Day is sponsored on a nationwide basis by Women's American ORT—the largest group in the world supporting the ORT program. The day is the jumping-off point for the organization's spring membership drive which this year will be the most intensive and extensive ever.

The successful expansion and development of an ORT program which can accommodate each and every applicant who wishes to enter its schools *depends on the growth of Women's American ORT in this country*. The greater and more accelerated the growth here, the greater number of those abroad who will be able to receive the ORT training that means security, dignity and independence to them.

The greatest of all the world's resources is its human resources and Women's American ORT has pledged itself to the maximum development of human potential through its global network of vocational education and training.

ORT is presently embarking upon an operational presence in the U.S. which will serve as a model for the kind of organic education—blending vocational and academic—which is part and parcel of the worldwide ORT network. Women's American ORT, in its American Affairs program, is currently engaged in a campaign to alert the American public to the necessity for sweeping changes in our educational system, especially with regard to vocational education, and to introduce the concepts of career education and the comprehensive school as concrete steps toward bettering education here. Women's American ORT is promoting American education that is based on real needs and that will equip students for life when they graduate.

WORK AND SCOPE OF ORT

To achieve its goals, ORT has gone into all parts of the world, setting up its operations wherever vocational training can rehabilitate the underprivileged and raise the economic and cultural level: wherever Jewish youth require training for productive lives in modern schools and workshops in 22 countries on five continents.

ORT has grown constantly for years; the causes behind this growth have been both the *demands* of growing nations for skilled manpower and the increasing *realization* among individual men and women that skilled hands and trained minds lead to prosperity and freedom.

Men and women, boys and girls receive from ORT schools training in more than 70 different skills and trades, ranging over such diversified fields as tool and diemaking, electronics, agromechanics, general mechanics, the building trades, dressmaking, automechanics, laboratory techniques, welding, etc.

This high-standard vocational education is accessible to the underprivileged. With a few minor exceptions (where nominal enrollment fees for high schools are required by state law), all ORT schools are tuition free.

ORT AROUND THE WORLD

1. *Europe:* ORT began training Jews in Europe to enable them to take advantage of industrial opportunities which opened up to them. During World War II, ORT activities continued clandestinely as part of the anti-Hitler underground. After the war, ORT took on the task of giving vocational education to the refugees and survivors of the concentration camps. Later, ORT established installations which continued to serve the European population. In 1973, ORT's western European program operated in Austria, Franch, Italy and Switzerland, giving training to 10,104 students.

2. *North Africa:* Ground down by centuries of oppression and poverty, the North African Jews had grown almost used to the squalor and meaninglessness of their lives within the haras and mellahs—economic ghettos.

ORT is the lever that has enabled thousands of North African Jews to lift themselves out of their ghetto hovels. In 1973, 1,379 students were trained in Morocco and Tunisia, many of them under the apprenticeship, pre-apprenticeship and adult programs, especially important in these areas where so many people are too impoverished to spend years as full-time students. Further help is given by the ORT social assistance and student health plans.

3. *Israel:* ORT-Israel, which began in the country in 1949, has been throughout its history one of the most vigorous forces moving its country toward greater strength. ORT-Israel began with a student body of 655 discharged soldiers and wounded persons, and in 1973 had 44,205 students in 725 training units. ORT is the country's recognized vocational training agency, the teacher of a very large majority of all students learning heavy industrial trades, and the largest single trainer of skilled workers. ORT is currently engaged in building the ORT School for Engineering in Jerusalem.

4. *Iran*: The Jews of Iran, like those of North Africa, have a long history of deprivation. Their country is now making economic progress, but it has long been among the world's poorest. When ORT entered Iran in 1950, it had to overcome a tradition of hopelessness and work within the framework imposed by an economy just beginning to industrialize. ORT has expanded to include 52 training units in Teheran. The 1973 enrollment was 3,121.

5. ORT also has an expanding network in *Latin America* (Argentina, Brazil, Uruguay) teaching nearly 6,000 students in 1973. In 1971, the first ORT school opened in Venezuela; a vocational guidance program in *South Africa* and a school, most of whose students are new Americans, in *New York*. ORT is now engaged in setting up an "operational presence" in the U.S.

6. *India*: ORT has set up a school in Bombay, India. The decision to do so was taken after surveys of the Jewish communities in India showed conclusively that the Jewish people of this country, who are very impoverished, will get immediate and great benefit from ORT vocational schooling. Because of India's drive for industrialization, skilled workers can get good jobs immediately. In 1973, 528 students were in training.

7. *U.S.*: ORT is currently engaged in establishing an ORT "operational presence" in the U.S. which will be located in the New York metropolitan area, concentrate on a Jewish poverty area and serve as a model for federal, state and local groups interested in blending academic and vocational education to provide "an education for life."

FINANCING THE ORT SCHOOLS

ORT installations are financed in part by ORT groups throughout the world; in part by the respective governments of the countries in which the schools are located; and in part by the Joint Distribution Committee, a member agency of the United Jewish Appeal. Women's American ORT supports the program through its membership dues. Contributions have been made to ORT by foundations, the U.S. Government, and even by countries where no ORT program operates, such Sweden and Norway.

WOMEN'S AMERICAN ORT

ORT has operated uninterruptedly for 95 years. Women's American ORT has rendered vital and growing assistance to the program. Founded in 1927, Women's American ORT grew rapidly and is now one of the largest and most significant women's organizations in the U.S. It counts nearly 120,000 members in 900 chapters, located in virtually every important city across the nation, and is the largest ORT organization in the world.

PROMINENT MEMBERS

Among its more prominent members in the United States was the late Herbert H. Lehman, who was Chairman of the ORT Advisory Committee and Honorary President of the World ORT Union. ORT counts such distinguished members as Senator Jacob K. Javits and Representative Emanuel Celler, officers of the ORT Congressional Committee; Mrs. David M. Goldring, National President of Women's American ORT; Dr. William Haber, President of the American ORT Federation, Chairman of the U.S. Federal Advisory Council on Employment Security and Chairman of the Central Board of the World ORT Union; David Dubinsky, former President of the International Ladies Garment Workers' Union and member of the ORT Board of Directors; Louis Hollander, President of the New York State C.I.O. and member of the ORT Executive Committee; George Backer, Honorary President of the American ORT Federation; and the late Baroness Pierre de Gunzbourg, Honorary President of Women's American ORT (1950–1969).

CONGRESSIONAL MEDDLING

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. MILLER of California. Mr. Speaker, I am pleased to enter into the RECORD a significant article by Mr. Joseph Kraft, nationally syndicated by Field

Enterprises, Inc., and published in the Washington Post, March 13, 1975.

The column titled "Congressional 'Meddling'" appears at a time when the Congress is making a major effort to restore the delicate balance between the branches of Government and, therefore, deserves our attention.

Almost as soon as Congress was sworn in on January 14, and before the new Members were able to warm their seats, the President began his attack on the 94th Congress with the help of other members of the executive branch.

Playing politics in the dismal winter of national discontent appalled this first-term Congressman. It has obviously dismayed the American people.

This is not to say that any branch of government should be ever free to criticism. It is to say that the timing and content of criticism offered by the executive branch is worthy of attention by the press and the Members of Congress.

If we are to serve the people, to halt the slide into recession, to end favors for the few at the expense of the many, we will need cooperation between the executive and congressional branches of Government and a moratorium on petty political thrusts—for a few more months at least.

The article follows:

CONGRESSIONAL "MEDDLING"

(By Joseph Kraft)

Events are now making a liar of the claim that congressional "meddling" in foreign affairs inevitably yields disaster. Thanks to just such meddling, the Turks and Greeks are once more on the road to a Cyprus settlement.

Similar meddling holds out prospects for settlement in Cambodia—and eventually Vietnam. For only the Congress—it now becomes clear—can break the perverse logic whereby officials of the executive branch regularly cause the United States to become the prisoner of its allies.

Take first the case of Cyprus. The Congress cut off military aid to Turkey in order to force Ankara to compromise with Athens on a Cyprus solution.

The President and all his men harumphed about congressional interference. Secretary of State Kissinger spoke of an "unmitigated disaster," and claimed the move to cut off aid would only stiffen Turkey resistance, thereby harming the Greeks. Secretary of Defense James Schlesinger also spoke of disaster, and warned the Turks might begin cutting back their military cooperation in ways harmful to the security of Europe.

In fact—after some huffing and puffing—Turkish authorities saw that Washington meant business and that their forces would soon be running out of spare parts. Ankara, in these conditions, turned reasonable. Secretary of State Kissinger was received there Tuesday. Now negotiations for a Cyprus settlement have been renewed and the outlook is not bad.

In the case of Cambodia, the issue is whether to grant $222 million in special aid for food and ammunition to the beleaguered government of President Lon Nol.

President Ford claims there is a "moral" obligation to help. The Secretary of Defense implies that to abandon Cambodia would advertise American weakness to the world. The State Department indicates that it favors negotiations and could get something going if the situation on the ground were improved and it could find somebody to speak for the Communist insurgents, or Khmer Rouge. Presidential Press Secretary Ron Neesen intimates that congressional action would make possible negotiations, and at the same time asserts that the government of Lon Nol is "legitimate."

These arguments are mostly nonsense. There is no reason to believe the Lon Nol government can ever right the military balance to the point of making a negotiated settlement possible. The Khmer Rouge rebels have at least as good a claim to legitimacy as Lon Nol, and they are far from being unknown figures.

The Congress, fortunately, has read the situation well. Instead of trying to prop up the satellite regime for one more go at a position of strength, senators and representatives understand that the right way to a settlement is through a change in the regime in Phnom Penh. With Lon Nol gone and the struggle to achieve political advantage abandoned, arrangements can be made for an orderly transfer of owner. The result, far from being a disaster for the United States, will be a left-wing government likely to aggravate even further the abundant strains working among Hanoi, Peking and Moscow.

Two leading senators—the Maryland Republican Charles Mathias and the Illinois Democrat Adlai Stevenson III—have seen that the same logic applies to Vietnam. They are readying legislation which would cut off aid to Saigon unless the regime of President Nguyen Van Thieu moved toward free elections and a more broadly based government. Only in that way can pressure be applied to Gen. Thieu to set up the kind of regime which could achieve a settlement.

This is not to say that the Congress ought to meddle indiscriminately and try to fine-tune all foreign policy issues. On the contrary, recent experience teaches us that there is a definable condition where congressional meddling works.

That is the situation where the United States has become the prisoner of a client state, where American officials have become personally overcommitted to allied regimes, where the executive branch is burdened by past commitments to the point of being unwilling to reexamine them in the light of changed circumstances.

In those situations, the Congress, with its ego uninvolved and its face in no need of saving, has a wisdom which the executive branch does not. It can get the President off the hook, and its meddling works.

THE REAL STATE OF THE ECONOMY: A WARNING

HON. BARRY M. GOLDWATER, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. GOLDWATER. Mr. Speaker, the lead editorial in the Wall Street Journal of March 13, 1975, should be must reading for every American, and mandatory reading for every Congressman and Senator. It portrays our economic situation in the harsh light of reality. I present it for my colleagues' attention:

[From the Wall Street Journal, Mar. 13, 1975]

CROWDING OUT

Understanding the economy in 1975, unfortunately for those of us with enough on our minds already, requires an understanding of an esoteric economic debate over something called "crowding out."

Treasury Secretary Simon sounded the first guns in this debate by warning that financial markets cannot finance both the huge federal deficit and the needs of private borrowers. Some economists have described his fear as "hysterical." In a letter to The New York Times, six prestigious liberal economists said the problem would be handled through an "accounting identity." But in recent weeks, independent analyses have been conducted by Norman B. Ture, a Washington-based consulting economist, and Allan H. Meltzer of Carnegie-Mellon University. Each reports that, until he got the numbers down, he could not believe things are as bad as they are.

The crux of the matter is that when the federal government borrows to cover its deficits, it competes with private borrowers who need funds to invest in plant construction and housing. Both government and private needs must be met from the savings pool, which consists of business savings (profits plus depreciation and other "capital consumption allowances"), personal savings and inflows of foreign funds. Allowing for special factors and statistical error, the two totals will always be the same; this is the "accounting identity."

The problem is that if you plug some reasonable 1975 projections into this equation, it is very hard to get the totals to come out equal. This suggests that as the heavy government borrowings come on stream in the second half, the economy may well be in for some type of severe shock now only dimly foreseen. A typical projection, with calendar year 1974 as a base, would look something like this:

[Billion dollars]

1974

Invest. + Deficit Eq. Bus. Sav. + Per. Sav. + For. Inv.
208.9 + 5.9 Eq. 136.5 + 76.7 + 3.6
Total 214.8. Eq. total 216.8.

1975

205 + 70 Eq. 150 + 80 + 10
Total 275. Eq. 240.
Eq. means equals.

First, a word about the estimates. Private investment may fall off more rapidly, but so may corporate profits. Personal savings may be higher if the savings rate rises but will be lower if personal income falls. The net inflow of foreign funds may increase, but the above estimate already provides a tripling in a year's time. The estimate of a $35 billion gap is essentially a conservative one, and the question is, how will this gap be closed?

Part of the gap—and in a sense the whole debate is over how much—will be filled by the Federal Reserve System's purchases of federal debt by in effect printing up new money. Over the course of a normal year, the Fed will buy federal securities, thus injecting reserves into the banking system and making the money supply grow. It's easy enough to calculate roughly the relationship between the Fed's purchases and money growth. At a 6% growth in the narrowly defined money supply, the Fed would buy about $7 billion in new federal debt. If the Fed closes the gap by buying the whole $35 billion, the money supply would grow by about 30% over a year's time.

Before we go one sentence further, let everyone understand that money growth anything like the latter figure will not only rekindle inflation, but will make interest rates go up, not down. As soon as lenders and borrowers see that kind of money growth coming, they will start to crank higher inflation estimates into their calculations. Mr. Ture expects the Fed to monetize the bulk of the deficit, for example, and talks in terms of a prime rate of 20% by the end of 1975.

If the Fed pursues reasonably moderate money growth, the deficits will still make interest rates rise, though not so astronomically. The normal operations of the market would balance the equation through higher interest rates, discouraging borrowing and encouraging savings and foreign inflows. But with a $35 billion gap to close, this implies interest rates that still might be high enough to cause severe problems.

A drop in business investment below $205 billion implies a much deeper economic decline than so far predicted. Even the pessimistic predictions of the Council of Economic Advisers looked for a small increase, not decrease, in private investment.

Alternatively, the $80 billion in personal savings is based on a savings rate of 7.9% of a disposable income of $1,049 billion. Over the last 25 years, the savings rate has ranged from 4.9% to 8.2%. To generate an extra $35 billion it would have to leap to an implausible 11%.

Finally, the interest rates necessary to force savings up and investment down by such an amount might themselves be high enough to prevent a recovery. The effect on the housing sector, in particular, is entirely predictable.

The long and short of the analysis is that somewhere between a federal deficit of $50 billion and a federal deficit of $80 billion the string snaps. To maintain the "accounting identity," you are all but forced to assume the economy will unwind in one way or another. You can make the same kind of analysis not through the National Income Accounts as above, but through a different "flow of funds" methodology. Salomon Brothers did this earlier in the year, coming to this conclusion:

"The consequences of a U.S. budget deficit substantially greater than the nearly $50 billion estimated by us for calendar 1975 should be clearly recognized. Such a deficit could be reasonably financed only if the economic contraction this year is much greater than we expect. Otherwise the budget deficit would either lead to a vicious struggle for funds between private borrowers and the government, or the Federal Reserve would have to supply funds without regard to its long-range responsibilities. In any event, a larger than expected deficit would threaten economic recovery, despite the best intentions of government, by crowding out medium to lower rated borrowers, many of whom are already in peril, and mortgage borrowers as well, thus aborting recovery in housing activity."

Last week Walter W. Heller, a valued member of our Board of Contributors, cited the Salomon Brothers analysis as reason not to worry about crowding out. But by now the Salomon Brothers analysts are well aware the deficit for calendar 1975 will be far above $50 billion. The St. Louis Fed puts the calendar year deficit at $62 billion merely on the basis of administration proposals, which included (on a fiscal year basis), $16 billion in expenditure reductions and a tax cut of only $16 billion.

But suppose for a minute that Mr. Heller is right about 1975 and that the gap is filled by a happy combination of events. Suppose money growth is moderate, and the Fed takes up some debt. Falling inflation means lower interest rates, and suppose this effect is powerful enough that non-destructive rates can balance the supply and demand for funds. There still remain two problems.

One is simply that private borrowers will still be crowded out, that private investment will decline. In other words, because of the huge deficits, we have a lower rate of capital formation and thus slower economic growth in future years. Assuming that the deficits cannot be reduced, this is the smallest price we can possibly pay.

The final problem is 1976, or whenever recovery does get under way in earnest. At that point, the investment needs of business and housing will go up, not down. If the government is by then still running $70 billion deficits, this will call for an even more impossible-looking increase on the savings side of the ledger. At that point, high deficits will again threaten to abort the recovery. This destruction of capital formation, excessive monetization of debt and aborting of real growth is essentially what has already happened in Great Britain.

Yet Congress goes its happy way, adding to expenditures, increasing tax cuts, charting tax bills that discourage saving instead of encourage it, secure in the knowledge that there is a recession on, and in that case Dr. Keynes always assured them that budget deficits are a free lunch. Didn't he?

FULL EMPLOYMENT OPPORTUNITY: DOES IT EXIST FOR THE HANDICAPPED?

HON. JOHN JARMAN

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. JARMAN. Mr. Speaker, each year the Oklahoma Governor's Committee on Employment of the Handicapped conducts an "Ability Counts" contest. I am proud of the fact that this year the winner is Miss Cindy Miller from Oklahoma City, in my district. Because I feel that Cindy's entry is typical of the feelings of a good many of today's young people, I am pleased to share her thoughts with my colleagues at this time. Her essay follows:

FULL EMPLOYMENT OPPORTUNITY: DOES IT EXIST FOR THE HANDICAPPED?

(By Cindy Miller)

A caterpillar spins a cocoon around himself and hides within it. The cocoon hangs lifeless among the green-colored leaves, almost hidden and unnoticed. Finally, after a long wait, the cocoon splits, and from it emerges a butterfly, eager to begin life again.

A handicapped person, like the caterpillar, builds a cocoon around himself and hides inside. He becomes lifeless and unnoticed, separated from the green leaves of society. The handicapped people need to be given the chance to break open their cocoons and began life again. Full opportunity employment can give them this chance.

Jerry Cook was given her opportunity. She broke her cocoon wide open when she began work at Hughes Aircraft Company. She works as an accountant, and even though she has only one arm, she types 45 words per minute. When she is not working, Jerry is teaching her copyrighted typing system to similarly handicapped people in the ghetto.[1]

Harry Ruth was not so fortunate. With one leg missing at the knee, he applied for the job he had been experienced in before his disabling injury—that of truck driver. Despite evidence that men with one leg can perform truck driver duties with skill and safety, Harry was turned down. The trucking company manager felt customers would object to entrusting their goods to a one-legged driver. Instead of breaking out of his cocoon, Harry Ruth just curled up inside of it.[2]

The handicapped are people who are fully capable of work despite their mental or physical disabilities. They are willing workers, but are often deprived of their opportunity by misunderstanding and bias.

There is much more unemployment among the handicapped than there should be. One reason is that they need more training and preparation for a job. Another reason is that many have just given up hope of finding a job. Some have become so discouraged that they have dropped from the labor market and are not even counted among the unemployed any more. The main reason, however, is America's attitude toward the handicapped and its acceptance of them. To illustrate just how much acceptance the handicapped people do have, the Roper Research Associates surveyed one thousand adults across the Nation. The people surveyed were shown three case histories, the first concerning a mildly retarded young man, the second a blind youth, and the third a young man crippled by a birth defect. The people were then asked what should be done about them. Half the people favored institutionalizing the retarded man. Over one-third favored institutionalizing the blind man, and over one-fifth gave the same response for the crippled man. Fifty-eight percent of the people thought sheltered employment should be allowed for the retarded man. Forty-five percent favored sheltered employment for the blind man, and thirty-nine percent for the crippled man. Only sixteen percent believed the retarded man should be permitted to work with others at a regular job. Forty-four percent favored this for the blind man, and thirty-six for the crippled man.[3]

Throughout all these answers lies one word: rejection. Just as people turn away from the sight of a caterpillar, they also turn away from the handicapped. America does not understand the handicapped. Every unemployed handicapped represents dashed hopes, despair, discouragement, frustration. For years, these people have been denied jobs because of misunderstanding, but America is finally beginning to wake up to their abilities and usefulness.

The trends toward automation and specialization in industry today are opening up new working fields for the handicapped. A highly trained computer engineer, for example, performs has vital job perfectly well at Hughes Aircraft Company, though he has been almost totally paralyzed by polio for five years.[4]

A large Chicago insurance company has found that deaf mutes make better-than-average file clerks and checkers. They are able to concentrate better because they are not affected by office noise and distractions. Other deaf people have learned to work as linotype, tabulator, and key-punch operators. Blind workers, with their sense of touch highly developed because of their loss of sight, have made superior assemblers, inspectors, sorters, and counters of small objects in such vital industries as electronics and aircraft and missile production. Even cerebral palsy victims have been trained to use precise hand tools and work productively on assembly lines.[5]

These new fields are giving handicapped people a chance to prove to themselves and to America that they can do it. They have always been willing to break out of their almost unbearable cocoon. Given the opportunity of full employment, the handicapped, too, can emerge from their cocoon and become beautiful butterflies in today's society.

SALUTE TO SOME SPLENDID YOUNG AMERICANS

HON. TENNYSON GUYER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. GUYER. Mr. Speaker, last fall, 15 concerned young Americans practically circled the globe in support of our more than 1,300 Americans still missing in Southeast Asia. They met top officials face to face to intercede in behalf of our missing in action and prisoners of war at a time when it seemed that Government efforts were stalemated.

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[1] Harold Russell, "Government, Industry Help the Handicapped," Reprint from *NAM Reports*, Vol. 15. Nov. 23, 1970, p. 47.

[2] Lawrence N. Loban, "The Problem of Imposed Handicap," Reprint from *Personal Journal*, Vol. 47, May 1968, p. 5.

[3] *In Our Path*. (Washington, D.C.: President's Committee on Employment of the Handicapped, 1972–73), p. 3.

[4] *Hiring the Handicapped:* Facts and Myths, (Chicago: American Mutual Insurance Alliance), p. e.

[5] *Ibid*, p. 3.

Fifteen persons in all—including advisers—raised $2,500 each to make the journey. Their tour included trips to Paris, Stockholm, Moscow, Bangkok, Vientiane, Laos, Saigon, Hong Kong, and Tokyo.

These young people, none of whom were related to anyone missing in Southeast Asia, initiated the project entirely on their own in their desire to see results in behalf of the missing and their families who have endured years of anxiety and heartache.

They carried several hundred thousand petition names in support of their efforts, and did elicit international attention from the press, the media, and those in government.

While Hanoi refused to cooperate with "Youth Concerned," they at least exposed the North Vietnamese in their refusal to comply or cooperate with meeting the conditions relative to search and reporting as laid down in the articles of the cease-fire.

Those who made this journey of love and concern were: Mrs. F. A. "Pattie" Sheridan, adviser of Wichita, Kans.; Ann O'Connor of St. Paul, Minn.; president of the group; Carol Bates, adviser from Los Angeles, Calif.; Mrs. Diana Collins, adviser from Garden Grove, Calif.; Brian Brooke of Lutherville, Md.; Judy Bowe, Tucson, Ariz.; Kyle Cline, Kansas City, Mo.; Susan Cook, Santa Barbara, Calif.; Scott Gailen, North Hollywood, Calif.; Kathy Hinkley, Hialeah, Fla.; Debbi Pond, Phoenix, Ariz.; Sue Sember, Warren, Mich.; Dan Smith, Hollywood, Fla.; Steve Williams, Jacksonville, N.C.; and Mark Shoemaker, Columbus, Ohio.

These fine-spirited young people spent 25 days visiting seven nations and Hong Kong to press for full accounting of our noble missing Americans. They believed then and still do, that the Communists deny access to search teams and block inquiries because they know what value we in America place on our people. They also know that this brazen refusal to cooperate is one more gun at our heads to secure American dollars and concessions.

It was my pleasure to host a luncheon for these young people, here in the Capitol, upon their return last August. Other Congressman who joined me were Thomas O'Neill, Massachusetts; John Rhodes, Arizona; Sonny Montgomery, Mississippi; Larry Winn, Kansas; Chalmers Wylie, Ohio; Sam Devine, Ohio; Bill Scherle, Iowa; Ben Gilman, New York; Bill Dickinson, Alabama; and Delbert Latta, Ohio. Senator Bob Dole of Kansas and Senator Bob Taft of Ohio also joined us. Mr. Frank Sieverts of our State Department shared our luncheon program, and reaffirmed the continuing support and cooperation of our Government in this endeavor.

I have continued to meet with our Ohio friends who have faithfully fought the battle for our more than 1,300 still missing—including some 58 from our State of Ohio—who maintain the office and works of the Ohio League of Families in Columbus, Ohio. Sandra Paul, our State coordinator, has worked relentlessly as have her officers and members.

I am now pleased to tell them and report to the Congress, that another pilgrimage will be made this very month by four of the group who went last July.

Mrs. F. A. "Pattie" Sheridan of Wichita, Kans., informed me that she, along with Ann O'Connor of St. Paul, Minn., and Sue Cook and Carol Bates of California, will leave for Bangkok on March 24.

They expect to proceed to Vientiane, Laos, Saigon, SVN, and Hong Kong before returning on April 10. They hope to meet with the Pathet Lao leaders in Laos, including the newly formed JCIA–MIA subcommittee. In Saigon they will try to meet with the North Vietnamese and Vietcong delegations to the FPJMT.

I have already written to Pattie Sheridan, expressing my deep appreciation, complete support, and sincere pride in this repeat effort to accomplish a wonderfully unselfish goal—a complete search, inquiry, accounting, and return of all of our valiant missing Americans.

I not only wish them well and pray for their success but I am sure millions of Americans join with them in spirit. I have indicated that since America has no national flower, we should hold up the forget-me-not as our symbol to assure them that they are not forgotten nor will we forget.

I have extended another invitation to the group to be our guests here at the Capitol upon their return. Meanwhile, I ask the Congress and all Americans to not only join these fine young people in any way that we can, but to pledge anew our support of every means that we can secure or command, to bring home those who left home to light the torch of freedom for us all. In closing, I want to say that if anyone has earned the right to light the candles on our Nation's birthday cake on our Bicentennial anniversary, it would be these concerned youth.

THE PRESIDENT'S CONSUMER ADVISER OPPOSES THE EMERGENCY FARM ACT

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. ROSENTHAL. Mr. Speaker, the House will shortly be taking up the Emergency Farm Act, H.R. 4296. This legislation, which would increase target prices and loan rates for various key agricultural commodities and raise dairy price supports, will prove costly to taxpayers and consumers at a time of great economic stress in the Nation.

Mr. Speaker, farmers and consumers share many areas of mutual interest and concern and I have great personal concern over the plight of many small family farmers in America. But the Emergency Farm Act is of little economic benefit to America's rural underprivileged. Its benefits will be directed, in the main, to corporate agriculture.

Enactment of the legislation may stabilize prices received by some farmers but because of the inordinate price spread between farmers and consumers, it will not stabilize food costs to consumers.

My specific objections to the bill are that it increases target prices too much; that it continues the parity concept with respect to dairy products; that the loan levels, especially for cotton, are too high; and, that it will mainly benefit large corporate agriculture.

I strongly believe that we need a new food policy in our country; a policy that will return a fair and steady income to farmers and reasonable food prices to consumers. This bill will accomplish neither of these important goals.

I would like to insert, at this point, a letter from Virginia Knauer explaining her opposition to H.R. 4296:

THE WHITE HOUSE,
Washington, March 18, 1975.

Hon. BENJAMIN ROSENTHAL,
House of Representatives, Rayburn House Office Building, Washington, D.C.

DEAR BEN: First, I want to congratulate you for your opposition to H.R. 4296, the Emergency Agriculture Act of 1975 which, if it became law, would raise price support levels for corn, wheat, soybeans, cotton, and milk. It would also raise income guarantees for many farmers.

There is no doubt whatsoever that this legislation would have a serious adverse inflationary impact on the public.

At a time when consumers can afford too little, this legislation asks too much. Consumers have carried more than their fair share of the inflationary burden. It would not be economic justice to add further to this burden, rather we must seek ways to remove it.

A Chase Manhattan Bank subsidiary—Chase Econometric Associates, Inc.—has estimated that the cost to consumers in one year would be $4 billion. Chase estimates that consumers will pay 4.5 cents more per pound for beef, 10.5 cents more per pound for pork, 1 cent more per pound for chicken, 3 cents more for a gallon of milk, and 1 cent more for a dozen eggs.

In addition to hurting the consumer, this bill would also hurt the taxpayer. The Department of Agriculture estimates that taxpayer costs in 1975 would be $1 billion, is 1976, $4 billion, and in 1977, $7 billion.

The House Agriculture Committee has said these increases amount to a "minor inflationary impact." Appalling is a better description.

And perhaps the worst part of this legislation, Ben, is that it pits farmers against consumers. Just as there are many farmers favoring this legislation, there are many consumers opposed to it.

This is very unfortunate because both farmer and consumer have many common interests. There isn't a consumer I know who doesn't believe that the farmer is entitled to a just return for his efforts. Similarly, I know many farmers who are outraged at the price for groceries at the retail level. Both farmer and consumer have an interest in stabilizing prices.

We should seek ways to achieve stable prices without unduly penalizing the consumer or the farmer. We can do this.

If this unfortunate measure should pass

Congress, I will recommend to the President that it be vetoed.

Sincerely,

VIRGINIA H. KNAUER,
Special Assistant to the President for Consumer Affairs.

CAUTION: AIR MAY BE HAZARDOUS TO YOUR HEALTH

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. WAXMAN. Mr. Speaker, the Subcommittee on Public Health and Environment is currently holding hearings on amendments to the Clean Air Act. In the course of implementing requirements of the act, many studies have been generated regarding the ravaging of the environment by our cars, factories, and utilities. All of them lead to one disturbing conclusion: Although some gains have been made in the past 5 years, our Nation's health is still in serious jeopardy from air pollution. It is my hope the subcommittee will greatly strengthen the Clean Air Act with new, tough amendments this year.

In December 1974, the American Medical Association held a conference which reviewed the results of air pollution research. My good friend and colleague, the Honorable GEORGE BROWN of California, delivered a major address to the conference on the threat to our health from air pollution. Representative BROWN is a staunch, longtime environmentalist. As chairman of the Subcommittee on the Environment and Atmosphere in the last Congress, he was in large part responsible for increasing Congress' concern about air pollution.

At a time when we are again actively legislating in this area, and when we must be aware of the continuing dangers of air pollution to our health, I commend the attached article, highlighting the conference findings, to the Members' attention:

CAUTION: AIR MAY BE HAZARDOUS TO HEALTH

(The latest information on the impact of air pollution reveals that the nation's health is still seriously in jeopardy.)

What are the economic damages of air pollution? Considerable—$12.3 billion in 1970 for the U.S., according to the latest EPA estimates ("The Economic Damages of Air Pollution," 1974). Included in this were $4.6 billion in doctor visits and lost work days, and $5.8 billion for property damages; not included were an estimated 4,000 lives lost each year as a result of harmful auto emissions.

To disseminate the latest clinical applications of air pollution research and, perhaps, send these costs plummeting, the American Medical Association (AMA) convened a conference in December 1974, the twelfth such conference since 1966. Participants came from the U.S., Japan and Austria to hear the latest research findings on—

The effect of airborne substances on the body's defense mechanisms.

Hypersensitive reactions to various air pollutants.

The impacts of air pollutants on heart and respiratory diseases, and diseases of the central nervous system.

Illnesses in children.

An important reason for holding this conference was the presentation of data on the correlation between air pollution and impairment of ventilatory function in children. If this relationship can be irrefutably demonstrated and, further, if improvements in air quality can be correlated with improvements in ventilatory function, then the argument for vigorous pollution abatement programs is strengthened.

The luncheon address written by Congressman George Brown, Jr. (D-Calif.), Chairman of the Subcommittee on the Environment and Atmosphere in the 94th Congress, but delivered by Dr. Robert Zweig, was notable for its unique point of view.

AIR POLLUTION, A SOCIAL DISEASE

Representative Brown likened air pollution to the social disease of VD. Both result from excessive, irresponsible behavior, and both are difficult to eradicate because we refuse to admit the problem, formulate a rational plan of action, and then "bite the bullet" to implement the plan. Brown stated that, "With VD, shame and embarrassment inhibit us. With air pollution, conventional attitudes about economic growth, the good life, and other valued social goals inhibit our thoughts and actions."

Brown feels that our laws are strict enough to accomplish the goals of protecting the public health, but enforcement which could conflict with other social values, would inflict drastic changes on our life style. He feels that the magnitude of change that would be required to shift our present "material growth-oriented society" to a "material steady-state" would be depressing. The steady-state condition would require restraint, exquisite planning, and moral rectitude.

We have not decreased air pollution to the level required to protect health. The deadline, 1977, to attain ambient air quality standards, Brown feels, will be met by few, if any, regions. But, he is certain that the necessity for change will be realized, and that some incremental steps to achieve the material steady-state will be taken. These include: pollution standards, already promulgated; pollution taxes, to absorb the costs of controlling pollutants and regulate material growth; and depletion, not depletion allowance, taxes.

AIR POLLUTANTS

Air pollutants are presented to the respiratory tract as a mixture of particulates heterogeneous in nature and size, and of vapors and gases, both toxic and nontoxic. The chemical-physical interactions among these pollutants are complex and not well understood. The respiratory tract is superbly designed to remove most pollutants before they reach the smallest reaches of the respiratory tree.

The tissue damaging effects of air pollutants result from their oxidizing properties. Nitrogen oxides, ozone, acid sulfates and oxidant hydrocarbons react with the proteins and mucopolysaccharides in the respiratory tract fluids, and with mucus to oxidize sulfhydryl groups to disulfide bonds. With mucus, the chemical changes result in increased viscosity that possibly contributes to the hyperviscous sputum of smokers, individuals exposed to chronic air pollution, and patients with chronic bronchitis.

RESPIRATORY DISEASES

Epidemiological evidence suggests that pollutants in the general environment, excluding smoking and occupational exposures, may contribute to population differences in lung cancer risk. Atmospheric pollutants, especially polycyclic aromatic hydrocarbons from heat and power generation, refuse burning, industrial processes and motor vehicles, have been shown to produce lung cancer in the appropriate animal models; but, at much higher concentrations than normally occur.

Lung cancer rates have steadily increased in the U.S.; most of the increase may be attributed to cigarette smoking. Even excluding smoking habits, the incidence of lung cancer is greater in urban than in rural areas.

Available evidence does not support a relationship between non-occupational exposure to air pollutants, and lung cancer in urban environments. More definitive measurements of indoor, occupational and outdoor ambient exposures to cancer-producing chemicals are needed to elucidate the environmental factors contributing to the urban excess in lung cancer.

Air pollutants can both initiate and aggravate a variety of respiratory diseases including asthma. In fact, the clinical presentation of asthma may be considered an air pollution-host defense disorder brought on by specific airborne irritants—pollens, infectious agents, and gaseous and particular chemicals. The broncho-pulmonary response to these foreign irritants is bronchospasm and hypersecretion; the airways are intermittently and reversibly obstructed. Similarly, functional airways obstruction is also associated with cigarette smoking.

In his presentation, Dr. Gareth Green of the University of Vermont, integrated what is known about air pollutants, host defense mechanisms and immunologic responses into a unified concept of asthma. An important point he made in regard to the effects of air pollution on host defense mechanisms was "that the risk of any given exposure varies with both the physical-chemical characteristics of the air pollutant agent and the . . . state of the respiratory system of the host."

Both acute episodes of air pollution and respiratory tract infection are associated with attacks of asthma in children and adults. Air pollution and viral infection adversely affect the antibacterial defense mechanisms of the lung, but probably in different ways. Air pollutants also suppress the immune response in the lung, and induce a hypersecretory response in the tracheobronchial tree. How air pollutants interact with the allergic aspects of asthma is not well understood.

Interestingly, patients with chronic bronchitis and bronchial asthma living in the highly polluted cities of Fuji and Yokkaichi are compensated by the Japanese government for medical fees.

CARDIOVASCULAR DISEASES

Limited evidence suggests that oxidants and sulfur oxides in the atmosphere exert potentially harmful effects on the cardiovascular (CV) system. Stronger evidence exists that shows that carbon monoxide is capable of impairing CV function.

High ambient CO concentrations, when inhaled, can impair the function of the heart, brain and exercising skeletal muscles by compromising oxygen transport and delivery. At low concentrations, CO can decrease the exercise tolerance in normal individuals and in patients with arteriosclerotic heart disease.

Although evidence against a causal association between carbon monoxide and CV disease exists, the hazard from CO exposure is increased in conditions where the oxygen supply to the tissues is already compromised. Cigarette smokers, patients with coronary or cerebral vascular disease, pulmonary emphysema or anemia, and newborn infants with respiratory distress would be in the compromised group. As emphasized by Dr. Jack Hackney, "It is important in protecting public health to know whether any population group would be adversely affected by CO exposure at . . . statutory levels."

Only limited studies have been performed to assess the effects of ozone, SO_2, particulates and cadmium on CV diseases.

THE CNS

Air pollutant effects on neutral and sensory functions in man vary widely. Odorous pollutants cause only minor annoyance; yet, if persistent, they can lead to irritation, emotional upset, anorexia and mental depression. SO_2 can cause eye irritation. CO can cause death secondary to the depression of the central nervous system (CNS) respiratory centers. Short of death, repeated and prolonged exposure to CO can alter sensory perception, temporal perception and higher mental functions.

Lipid soluble aerosols can enter the body and be absorbed in the lipids of the CNS. There, their effects may persist long after the initial contact has been removed. Examples of long-term chronic effects are organophosphate pesticides, and aerosols carrying the metals lead, mercury and cadmium.

Two chemical messengers that act as a communication link between nerve cells have been reported to be decreased following ozone exposure. Several observed electroencephalographic parameters have indicated a mild depression of cortical (higher brain) function. It is not known whether these are direct effects of ozone on brain tissue or by-products of damage to other body organs.

Dr. Hackney was project director on a study of the "Physiological Effects of Air Pollutants in Humans Subjected to Secondary Stress" for the California Air Resources Board (Contract No. ARB 2-372, June 30. 1974). He found that in normal male adults under a mild exercise regime, ozone exposures, similar to those that occur during pollution episodes, could produce a significant decrease in pulmonary function, symptoms sufficient to restrict normal activity, and oxidative changes in red blood cells.

ILLNESSES IN CHILDREN

According to epidemiological surveys made every four years since 1964, the rate of bronchial asthma in primary school-aged children has increased in highly polluted cities in Japan; the rates are at least double those in unpolluted areas. Other studies in England, Japan and Russia have implicated ambient SO_2 and particulate matter as the cause of increased respiratory morbidity in children. The frequency of acute respiratory illness in U.S. cities has also been linked to increased ambient levels of SO_2, suspended sulfates, and even NO_2.

Dr. Douglas Hammer of EPA's National Environmental Research Center in North Carolina has found that higher incident rates of acute bronchitis, croup and other lower respiratory infections occur among children aged 1–12 exposed to SO_2, suspended sulfates and particulates than in children not exposed to these pollutants. His findings were based on a 1972 survey of four New York communities with different levels of air pollution; the survey was part of the CHESS program (see *ES&T*, March 1973, p. 204).

Dr. Hammer also reported that repeated episodes of lower respiratory tract illnesses in childhood may contribute to the development of chronic respiratory disease in adult life. Recognizing this, and the fact that cigarette smoking may be a major cause of lung cancer, and a contributing factor to respiratory illness, Japan has a law that prohibits teenagers from smoking. Whether this law is enforceable is, of course, another matter.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

HON. JOEL PRITCHARD

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. PRITCHARD. Mr. Speaker, I recently came across an article in the New York Times—February 3, 1975—regarding the present administration of the Occupational Safety and Health Administration of the Department of Labor. The article discusses the numerous difficulties that are inherent in the administration of a new and very complex piece of legislation such as the Occupational Safety and Health Act of 1970.

It was a pleasure to note that, while there are of course still many problems, the reporter concluded that the program was being fairly and responsibly administered. It is my recollection that only a year or so ago this program was in serious trouble. There was the public disclosure of a memorandum by the then Assistant Secretary, George Guenther, implying that the program had been used for political ends. The program was in trouble with Congress and some critics said the act was not being enforced at all. Throughout the country there existed a great deal of misunderstanding and apprehension about the administration of OSHA.

It is my impression and impression of others, that many of these problems have been corrected through the able and responsible leadership of the present Assistant Secretary, John H. Stender. I have been acquainted with the Assistant Secretary for a number of years and I was pleased to find this article about him in the New York Times.

For the benefit of my colleagues, I would like to insert this article into the RECORD:

THE SAFETY STANDARD-BEARER—OSHA'S ATTACK ON JOBS HAZARD DRAWS CROSSFIRE

(By Steven Rattner)

WASHINGTON.—"If there's anything businessmen hate worse than the unions," a Capitol Hill sage said the other day, "it's OSHA." The Occupational Safety and Health Administration, an arm of the Labor Department, makes management unhappy because John Stender, OSHA's head, can almost singlehandedly mandate job safety and health improvement expenditures costing millions of dollars. And he has done it.

Mr. Stender often finds himself in a crossfire from hostile businessmen and from angry union leaders and liberal Congressmen who feel he has not moved fast enough to eliminate job hazards.

Despite the pressures, Mr. Stender says a a year and a half after he began his assignment, the job has been "all I expected and some more."

OSHA's main task, Mr. Stender said, has been to overcome the problems that plagued the agency since its creation in 1971.

At the outset, a lot of occupational safety "consensus" standards (regulations already developed by industry groups) were adopted by OSHA with almost no debate. Only now are these standards beginning to come under attack as unworkable or antiquated.

As for the other half of OSHA's mission, occupational health, standards have been announced for only 16 toxic substances, and even these have been diluted by litigation.

Also, the agency became involved in a political controversy because of a memo from its first director, George C. Guenther, about the 1972 election campaign.

"OSHA was beleaguered by adversity of pretty nearly every kind," Mr. Stender said recently, recalling when he took command of the agency. "I came because I thought there was a real challenger," he reflected, "to come to grips with a problem our nation is faced with."

In 1973 Mr. Stender was a Washington state senator and international vice president of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers. "One day," he recounted, "the call came from the White House."

When he arrived, he was given a list of available posts (including assistant secretaryships in the Labor Department). Mr. Stender, a long-time member of the Republican party, "actively" held out for the OSHA assignment.

Part of Mr. Stender's strong interest in OSHA may be a result of the hearing impairment that plagues him after years of working in a shipyard. Some critics feel that this has made him excessively strict on noise. Mr. Stender's response: "I'm not here to make decisions for the Government on the basis of my own experiences, although it is very helpful to know the ways of protecting against my type of injury."

His oldest son, also a boilermaker, is now living in the family home. Mr. Stender has already decided that after the end of his Washington job ("a political appointment which has no tenure") he will return home.

He was born 58 years ago on a farm at Ismay, Mont. He attended Billings Polytechnic Institute, now Rocky Mountain College. His union career began in 1946 when he was asked to become business manager of his local. His first election as a state senator came in 1962. He was a member of Republican party commissions in 1959 and 1960.

Mr. Stender finds his present job demanding. He declared: "You can't keep up with this business doing it 8 to 4. Some people think I'm nuts." His workday, he estimates, runs 12 to 14 hours. Subordinates confirm that he is indeed a hard worker.

OSHA requires a lot of hard work in the acrimonious battles over safety and health standards.

Businessmen say it has already cost them hundreds of millions of dollars to meet the few toxic-substance limits that have been set, and they look nervously toward a standard on noise. So far the vinyl chloride standard has been the most costly, according to the United States Chamber of Commerce. But a limit on noise, now halfway through the development process, is expected to become No. 1.

Economics is always a consideration if you're in business," Mr. Stender acknowledged. "Businessmen are there to make a profit—but not by injuring or killing people. We need to figure out what is the most reasonable and practical way of doing things."

But President Ford's proposed new "inflationary impact statement," designed to parallel the well-established environmental impact statement, is not the way, in his judgment.

"We have contractors shaking the Government down for numbers that are arguable. To me, the big debate is whether the numbers are really accurate. They leave me dry because I don't know what they mean."

The business forces are constantly on the lookout for chinks in OSHA's armor, Washington experts suspect that subtle White House policy and budget decisions have muted the agency's voice somewhat. OSHA has fewer than 800 inspectors, compared with the Environmental Protection Agency's 10,000-plus.

Mr. Stender also has had to fight off attempts by conservatives in Congress to emasculate the law that set up his agency. One such challenge was barely beaten back last year. Nonetheless, Mr. Stender says he firmly doubts "that there are very many up there [in Congress] who are against safety and health."

With a new Congress and last August's change in the Presidency, Mr. Stender may find that his problems in 1975 will more and more revolve around the liberals. Last summer the Senate Labor Committee issued a detailed report charging OSHA with a number of sins; poor management, leading to unequal enforcement of the law; lack of concentration on the most serious hazards, and inferior, often-ignored inspection provisions.

"Success or lack of success is not gauged on the basis of the number of violations." Mr. Stender replied. "The test of whether the program is doing the job is results. You must allow some independent judgments. Decisions must be related to a given situation at a given time in a given plant."

Mr. Stender did agree with the committee's contention that OSHA had neglected small business men, who account for about 90 per cent of all employers. He said OSHA had now shrunk several hundred pages of regulations to a pocket-size pamphlet for their benefit. The initial press run of 500,000 was sold out in a matter of weeks, and a second is now in the works.

Perhaps the most serious charge is that OSHA has dawdled in proclaiming urgently needed toxic-substance standards. Part of the problem is the two-phase approach: First, the National Institute of Occupational Safety and Health (which is under the control of the Department of Health, Education and Welfare) spends a year or so on the research. Then its recommendation is forwarded to OSHA, which must follow a 22-step, nine-month road to promulgation and later fight off the inevitable court challenges.

Mr. Stender isn't sure whether he likes the dual approach, but he does feel strongly about one point: "When we get from them a suggested level of exposure, that's what it is. We have to devise a standard and defend that standard in a court of law."

Looking back, he reflected, "Some of the delays were there, and I admit they were there." The right of interested parties to comment on proposals makes speedy action on them difficult, he noted. "We work on them just as fast as we can. A number of them are in the mill right now."

Mr. Stender answers the charge that toxic substances are appearing faster than his agency can issue standards by pointing out that only a few are used in sufficient quantity to require a standard.

Mr. Stender declares that there has been an improvement in job conditions, and he attributes it, at least in part, to "OSHA's presence in the work place."

Lurking in the background are the reverberations from a bombshell dropped last summer when Mr. Guenther's memo came to light. In it, Mr. Guenther pointed out the value of OSHA as a "salespoint" to potential contributors and pledged not to promulgate any "highly controversial standards."

This "had an effect on credibility," Mr. Stender acknowledged. "Those who don't believe we're moving fast enough think that's the reason." But even Mr. Stender's staunchest critics give him high marks for integrity and all say that he stands head and shoulders above OSHA's first director.

Nearly everyone agrees that Mr. Stender has been a moderating influence on the often acrimonious debate over safety and health. He is credited with listening to both sides and trying to produce an informed, balanced decision.

"Stender has been a listener to everyone's point of view," said one promanagement observer. "He really has sought the best course."

PRICE SUPPORT LEGISLATION

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. HARKIN. Mr. Speaker, I wish to share with my colleagues a letter which I received from a farmer in my district. I feel that he states, eloquently, the need for price support legislation similar to H.R. 4296. He outlines the dramatic rise in the cost of his inputs and also outlines a series of developments that have undermined the farmers trust in government.

H.R. 4296 provides the agricultural economy with a market pricing system and an income support for the farmers. I feel strongly that this type of system is in the best interest of the consumer and of the farmer, like Herb Rock.

The letter follows:

AVOCA, IOWA,
February 19, 1975.

Hon. TOM HARKIN,
House of Representatives,
Washington, D.C.

DEAR MR. HARKIN: I enjoyed meeting you and attending your area farm meeting at Harlan on February 8, 1975. I hope your other area meetings were as well attended and that farmers spoke for themselves as well in other meetings. I had also planned to attend the meeting in Atlantic, but at the last minute was forced to change my plans.

My name is Herb Rock. I live on a 427 acre fertile bottomland farm in the Nishnabotna River valley in Pottawattamie County, two miles southwest of Avoca, Iowa. I was born on this farm (then only 200 acres) 43 years ago. We have added to the farm twice in effort to become more efficient and therefore enable ourselves to stay on the farm, which has been one nightmare since 1953, when I started on my own. Corn was $1.56 per bu. when I started in 1953—never again that high until 1973. Farmers did well on $1.56 corn in 1952 with a good crop and not too much investment in machinery. A new 50 horsepower tractor cost from $2,000 to $2,500. Today a 50 HP tractor will cost from $10,000 to $12,000 but it takes a $20,000 tractor to replace the $2,000 tractor because of increase in acreage. Then a bushel of seed corn cost from $8.00 to $12.00 per bu., now from $32.00 to $52.25 per bu., and so on with inflation.

I am a grain and livestock farmer. I raise 200 acres of corn, 150 acres of soybeans, 800 head of hogs and feed out 200 head of cattle annually. (Although I have not fed cattle for the past five years, I still claim to be a cattle feeder.)

I tried to cooperate with the government programs on corn acreage while I have been a farmer except in the late 1950's when it was not possible to get along on the highest imaginable yield I could have obtained. I sealed corn with the ASCS through the 1960's and early 1970's. I have stored corn as long as six years and I have above average farmer experience with storing feed grains. There is a lot of expense with storing grains—to name a few—(1) building depreciation (2) interest and insurance on building and grain (3) taxes on building (4) loss from spoilage due to weather conditions and vermin (insects and rodents) (5) labor for inspections and maintenance (6) theft. Some of the grain is completely destroyed through storage.

I hear and read much from the populous areas about famine in the future. The farmers of America have and always will feed our people very well. Our people are very spoiled, having had large quantities of food readily available. You will never have to tell the farmers of America they have to produce a given amount. The farmers of America are ambitious people with initiative—they will produce—that is their purpose. They love to produce, that is why they are farmers. But, they are also accountants—having to account for all they spend and invest. It is a necessity that they be reimbursed for their product at production costs, plus a living and some profit for their gamble with life and finance. Farmers produce all they can with cropping plans being made as much as 18 months before harvest and 30 months prior to marketing. Heifers are selected for breeding 36 months before the offspring beef is slaughtered for human consumption. In short, he plans to produce, then markets his product at the best price he can get when he has something to market at a much later date.

When the government interferes with the marketing process, as was the case when prices were frozen on beef in the summer of 1973 and again when President Ford limited overseas sales of grain in the fall of 1974, they always cause repercussions and permanent damage to the farming industry and create irresponsibility and political and financial graft.

It will be definitely for the better if the farmers are not *governed*, but *helped* through better marketing—open and promote overseas marketing—Do not establish grain reserves, which will produce waste and also be *used* by profiteers who would use the reserves as a lever over the producers financial establishment. If the agricultural committee should see fit to support the price of feed grains it should be at a realistic figure and in no way should the legislation provide for the grain stock to eventually fall into the hands of the government or financial profiteers. It should be disposed of through disbursement to the hungry nations of the world.

The farmers (in my area, at least) have acquired a great distrust in politics and big business. It would be well for our great nation if legislations moves were made to regain his trust to prevent the "walls from tumbling down". (1) 1968 Glenwood Pack took bankruptcy, leaving many livestock producers without payment for livestock. Ouch. (2) 1969 President Nixon and Congress put an end to Investment Credit presented on the last days of December retroactive to previous spring. Ouch. (3) Watergate!!! (4) 1974 Dishonoring our word on foreign trade of grain commitments. OUCH!! (5) American Beef taking bankruptcy leaving producers holding the bag on 18 million dollars worth of livestock. The continual political move of "help the needy" and "buy ourselves rich" to "bolster the economy".

I am enclosing a page from the Des Moines Sunday Register, dated February 16, 1975, which had a couple of interesting articles. I would like to draw your attention to an article by Veryl Sanderson headlined "Proposed Cash Reserve to Provide Grain For Starving".

Would it be possible to listen in on your agricultural committee meeting? I would be glad to answer any questions for which I might have the answers from my agricultural experience.

Thank you very much for your time. I hope we may all benefit from your efforts. Anxiously awaiting news of your new farm bill, I remain.

Yours truly,

HERBERT C. ROCK.

JOHN P. DIESEL DELIVERS TIMELY MESSAGE ON FREE ENTERPRISE SYSTEM

HON. THOMAS N. DOWNING

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 18, 1975

Mr. DOWNING. Mr. Speaker, last month, Mr. John P. Diesel, president of the Newport News Shipbuilding and Dry Dock Co., one of the largest shipyards in the world, delivered a hard hitting, dynamic message to the Shipyard's Apprentice Alumni Association at their annual banquet in Williamsburg, Va.

The thinking of this chief executive is a monument of logic and commonsense at a critical time in the history of our Nation. Mr. Diesel is deeply concerned about the survival of the free enterprise system if we continue to export the standard of living of future American citizens due to our own lethargy. He speaks of our general low productivity, our system of doles, our work ethics and our attitudes and says that we are approaching the point of no return in this country.

I urge my colleagues to take a few minutes to read this excellent speech:

Speech Delivered at Apprentice Alumni Banquet

(By John P. Diesel)

Thank you, Dick (Broad), for that very kind introduction. Before I go any further, I want to say a word or two about Dick Broad. He is one of the ablest members of our top management team. His diligent and dedicated efforts across the past twenty years have helped Newport News achieve a preeminent position in the world as a builder of nuclear-powered ships.

He is described by the authors of the new book, *Nuclear Navy*, as being "intense, hard working, intelligent and thorough. Equally impressive were Broad's three years of experience on the waterfront as a machinery installation supervisor. It was a dirty, grimy job involving all the practical realities of shipbuilding." I hardly recognized him!

Seriously, I know that you apprentice graduates take pride in the fact that Dick is a fellow alumnus. He is the second apprentice graduate to serve as a vice president of the company: The first was Lem Robertson, and of course recently, Pat Phillips became the third apprentice graduate to achieve the title of vice president.

This speaks very well for our apprenticeship program. I know there will be more in the future!

I am grateful for the invitation to address this important group. And this is an important group because our apprentice graduates form the real backbone of the front-line management of our company. The records show that just over 4300 men have graduated from the school. I should hasten to add that in the not-too-distant future we'll have to correct that to men and women! John Pirkle tells me that if everything goes well—and if we can reduce their interest in producing new little shipbuilders—our first woman apprentice will graduate in 1977. More than 1,000 of you apprentice alumni are serving the company in supervisory or management-level positions today. This is proof positive of the value of the program, and as I've said before, we fully intend to increase the enrollment of the school from its present 800 to about 1,000 by October of this year.

I applaud the work of this organization, and commend you for your on-going interest in the school and its programs. You people represent a broad cross-section of our company and the community. While most of you have either retired from, or are presently employed by the shipyard, I know that others here tonight have moved into fields or businesses outside the company.

And while I expect to make some general remarks, I hope those of you in the latter category will pardon me for directing some of my thoughts to topics that relate more directly to in-house matters.

These are critical times for our country—and our company. I don't need to tell you that, if you've been reading the newspaper. I'm concerned. I'm concerned about the survival of the free enterprise system. And each of you—whether you're employed by the yard—or outside of it—should share this same concern.

Let's look at some cold, hard economic facts:

Output per manhour (or productivity) went down 3.7% in the nation in 1974.

The value of the dollar has decreased 18% in the past two years.

The balance of payments deficit was more than $3½ billion in the third quarter of 1974.

The gross national product was down at an annual rate of 9.1% during the last quarter of 1974.

Gentlemen, we're exporting the standard of living of future American citizens. How? By our own lethargy.

High productivity is the engine for the vehicle we call free enterprise. And that's where the basic problem lies. The American worker just isn't producing enough. He has always contributed to the American dream which had us believe that our rewards were commensurate with what we contributed in the way of work.

But where is the American dream today? I'm afraid its riding down the road past a sign with an arrow pointing toward "welfare state." Or to put it another way, we've become a nation with a choir full of people on the dole singing an all-too-familiar tune: "who's going to take care of me now?"

Whatever happened to the work ethic?

The work ethic holds that work is good in itself; that you not only make a contribution to society but that you become a better person by virtue of working.

Horatio Alger was a prime example of the work ethic. He proved that hard work is the key and he wasn't a part of the landed gentry! I wonder: where are the Horatio Algers today? Effective management goes hand in hand with productivity in making the free enterprise system work. But I don't think we're doing the management job either.

Things have changed. These days, we find far too many people with the attitude: Let George do it. And I'm afraid George is *not* doing it.

Along this line, I'm reminded of something one of our people said to his managers in a staff meeting. "It seems to me," he began, "that all of you guys want to be football players but none of you wants to play football."

Too often, it seems to me that too many of us want to be managers but we don't want to manage? Generally speaking, managers in American industry today are either afraid to—or don't have the fortitude—to accept responsibility or to take initiative. Proof of this is in the productivity pudding. It's pretty damn soft. Too often we take the attitude that the other guy, or the other department, isn't doing this or that, so why should I. "I sure don't want to rock that boat." That's the trouble. Too many of us are resting on our oars.

I don't need to tell you that this isn't the kind of attitude that builds ships or puts men on the moon. Or that provided us with the highest standard of living in the world.

In my opinion, the primary function of a manager is to bring about change. Change often starts with hard, tough self-examination: when is the last time you change something?

When was the last time you really looked at your own performance? Or your people's performance?

How many of your people are on-time to work? How about yourself?

How many are drinking coffee 15 or 20 minutes after they come to work? How many are reading newspapers or staring out the window?

Have you asked yourself lately how can I, and my people, do a better job and also save the company money?

What steps did you plan and take to improve it?

Earlier, this week, I took a short walk through one of our shipyard departments at 7:45 a.m. Less than 20 percent of the people I saw actually appeared to be working. In the present state of things, that's disappointing. In fact, it's downright ludicrous.

As I said a minute ago, we also need initiative in management today. All too often I'm afraid we're guilty of spending our time rationalizing our way out of something—rather than into something.

I have yet to see—with maybe one exception—in my three years at Newport News a manager walk in my door and say, "Hey, I've got some new ideas about how my work ought to be done. We're going to reduce the budgets and get more output with less input."

I recently ran across a list of 22 ways to kill an idea. I'd like to share them with you. Imagine yourself, for a minute, as an employee presenting an idea to his manager. These are the manager's responses:

Don't be ridiculous.
We tried that before.
It's too radical a change.
We don't have time.
We've never done it before.
That's not our problem.
We're not ready for that.
Top management will never go for it.
Let's form a committee.
Has anyone else ever tried it?

Sound familiar? I only read 10 of them because you've heard the rest—many times.

This is not the way to manage. When I keep hearing these kinds of things, and I have to start managing your business, then I don't need that kind of manager. He's only filling a box on the organization chart.

I don't believe I need to tell you that our shipyard is in very serious condition today. I think I made that point pretty clear two weeks ago when I announced our 1975 plans for reducing the work force and restructuring our management team.

In my job, I receive a good deal of advice about how to manage the company. Of course some of it comes unsolicited. A few days ago, the following post card came across my desk. It offered a very simple solution to our lay-off plans. It said (and I quote): "Lay off Carolinians, not Virginians, it's unfair. Too many North Carolinians in Tidewater Virginia now! Lay off Carolinians." It was signed, "A concerned person."

Hell, if I laid off all the Carolinians, we might as well close the gates! I'm just sorry that the concerned person didn't sign his name. I would like to have responded to that guy!

Obviously he's from Virginia. Unfortunately, he suffers from an acute case of the syndrome mentioned earlier called "Let George do it."

Seriously, gentlemen, we just can't build our product for what our customer can afford to pay for it. I hasten to add that we're not alone in that game. The auto industry is experiencing the same problem. Why? People simply can't afford to pay the high price for the cars they're building.

I can tell you that we don't like to pursue an adversary relationship with our customer. That's not what business is all about, and it's not the reason we're in business. But gentlemen, it seems to be the only way in today's world that we can get a fair return on the work that we do.

There's a very simple fact about what happens if your product isn't more valuable to the man you're selling it to than the price he pays for it. You go out of business.

We're fast approaching—if in fact we haven't already passed it—the point of no return in this country. The corner cobbler may build the finest shoes in the world. But if nobody can afford to buy his shoes, a rack full of the finest shoes in the world isn't going to do him a damn bit of good. Gentlemen, that's where the American economy is today.

We've got to stop waiting for George to do it.

People will sometimes say that their job isn't challening enough. Boy, I'll tell you something. There isn't a job in our shipyard that isn't challenging, especially today. If you think you haven't got enough challenge, I'll be glad to discuss with you anytime how we can come up with some!

I have been asked what I mean by the term job enlargement. These aren't some buzz words out of the Harvard Business School. What this really means is giving people who have the ability more work to do and more challenge. In this way, they build themselves and produce more efficiently. This shouldn't be hard for anyone to understand.

Not all of the problems I've touched on tonight are peculiar to the shipyard or to the shipbuilding industry. I've seen them throughout my more than 25 years in management. I've seen them in large corporations, in smaller companies and from the viewpoint of a consultant.

What we really need to do is to break up the inertia of productivity. We need to upset the system a little. I'll tell you one thing. It's high time you upset the system. If you don't, somebody will upset you.

Personally, I don't think it's too late if we get things moving now. I've touched on the national picture, but gentlemen, our job of improving begins right here at Newport News. We in the shipyard have the ability and the authority to do it. We have done it in the past; we must do it again.

In closing, we need to be more positive about what our economic system can do. We need to reaffirm our faith in the system which has served us so well for so long. Then we must apply ourselves to modifying it where necessary based on the reality of our time so that the basic system can be retained for future generations of Americans. We live in a dynamic and constantly changing world, and our economic system or free enterprise has been, and should continue to be, flexible enough to meet new requirements and the demands of our society. It takes strong and courageous leadership.

The free enterprise system will continue to work only if each of us demonstrates responsibility, takes initiative, has the capacity to both generate and deal with change, and finally, the courage to lead.

Let's get off the horse named Inertia. He's still in the starting blocks. We need to get on a horse called Momentum that's headed toward the finish line. And we need to do it now. Because he's the one that's going to win this race!

Thank you very much. You've been a most attentive audience.

EXTENSION AND AMENDMENT OF SECTION 312 OF THE HOUSING ACT OF 1964

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mrs. SPELLMAN. Mr. Speaker, I am introducing legislation today to extend and amend section 312 of the Housing Act of 1964. That section authorizes the Secretary of the Department of Housing and Urban Development to make low interest rate loans to property owners to rehabilitate their property if it is in urban areas, cities, and counties where a program of concentrated code enforcement is underway. This program is the key to rehabilitating inner city neighborhoods. It recognizes the importance of the comprehensive neighborhood preservation concept of allowing people to receive Government loans because private lenders either may not be willing to lend in the area or may deliberately charge an interest rate so high that it discourages rehabilitation.

The legislation also directs HUD to administer the program so that it will encourage communities to stimulate housing preservation with public and private capital not made available under section 321, encourage communities to address the housing preservation needs of owner-occupants whose incomes are too low to afford even section 312 loans, and accommodate the needs of communities which have no other feasible source of loan funds for rehabilitation.

Specifically, the bill would: First, extend the section 312 program through September 30, 1978; second, allow HUD to exceed the 3 percent loan interest up to a Government interest rate which covers the cost of borrowing plus losses and administration cost on a sliding scale when the borrower's income exceeds the median income; third, give priority consideration to cities and counties which provide rehabilitation funds from other sources and to cities and counties which are unable to provide rehabilitation funds to individuals because of State legal restrictions; and fourth, switch the funding for section 312 from the appropriations process to a Treasury borrowing process.

Last year, during the consideration of the Community Development Act of 1974, the administration proposed that the section 312 program be terminated. They proposed that cities with areas needing rehabilitation use their block grant community development funds instead. Many in the Congress opposed the administration on this issue and were successful in getting the 3-percent rehabilitation loan program extended to August 22, 1975. The Congress felt the program should be extended for several reasons: First, the block grant program would not give section 312 funds the priority consideration they need; and second, section 312 is the only housing program directed especially to this problem.

Mr. Speaker, the section 312 program expires August 22. I urge the Banking, Currency and Housing Committee to act upon it quickly.

HON. NEAL SMITH ANNOUNCES FIRST SBA LEGISLATIVE HEARINGS BY NEW SMALL BUSINESS COMMITTEE

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. EVINS of Tennessee. Mr. Speaker, I place in the RECORD herewith the announcement by Representative NEAL SMITH, chairman of the Subcommittee on Legislation for the Small Business Administration and Small Business Investment Companies, concerning the first legislative hearings of the newly expanded House Small Business Committee with legislative authority.

The announcement follows:

REPRESENTATIVE SMITH ANNOUNCES FIRST LEGISLATIVE HEARINGS

Rep. Neal Smith (D-Ia.), Chairman of the Subcommittee on SBA and SBIC Legislation, today announced that the Subcommittee will hold its first legislative hearings on March 21 and 24, 1975, at 10:00 a.m. in room 2359 of the Rayburn House Office Building.

Rep. Joe L. Evins, Chairman of the House Small Business Committee, stated that he is pleased that the Subcommittee, in exercising its newly acquired legislative authority, is examining the problems faced by small businesses because of rapidly rising prices and business interruptions caused by massive disruption of public utility service.

Rep. Smith stated that the March 21 hearing would be on the plight of small businessmen who contracted with the government for goods and services during the time Phases I–IV were in effect. "These individuals," according to Smith, "were convinced by the Government to enter contracts which did not provide any means of relief when the cost of goods and materials sky-rocketed after price controls were lifted. Under existing law, an agency may not provide any relief, in many cases, even though it wants to do so and thus the agency may be compelled to bankrupt a small businessman who has performed well in the past by requiring completion of the contract."

On March 24th, Smith's Subcommittee will be considering legislation to authorize Federal loans to small businesses which have suffered severe economic injury due to disruption in public utility service. "At the present time," said Smith, "small business concerns are eligible for disaster loans if the injury is caused by floods, riots or other catastrophes; however, if it is caused by other than natural disaster, such as the fire in New York City which eliminated telephone service in a 300-square block area, no Federal assistance is available. The purpose of this hearing will be to explore ways of providing some relief to those concerns which have had their business almost destroyed by lack of telephone service."

Smith also noted that although the situation which pointed out the need for Federal programs to assist in the event of such disasters occurred in New York City, the next one could occur anywhere and might be caused by disruption in electricity or gas, as well as telephone service.

In addition to Rep. Smith, other Members of the Subcommittee are Representatives Bob Bergland (D-Minn.) Henry B. Gonzalez (D-Tex.), James C. Corman (D-Calif.), Parren J. Mitchell (D-Md.), James M. Hanley (D-N.Y.), Gus Yatron (D-Pa.), John Breckinridge (D-Ky.), J. William Stanton (R-Ohio), Millicent Fenwick (R-N.J.), and William F. Goodling (R-Pa.).

Representative Joe L. Evins, Chairman of the full Committee and Silvio O. Conte, Ranking Minority Member are ex-officio Members of the Subcommittee.

IN FAVOR OF H.R. 4485

HON. RAY J. MADDEN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. MADDEN. Mr. Speaker, I rise in support of H.R. 4485, the Emergency Middle-Income Housing Act of 1975.

Passage of H.R. 4485 will stimulate housing construction by expanding the potential homebuying market with the incentive of lower-interest rates. The bill authorizes the Secretary of Housing and Urban Development to reduce temporarily the payments on a market-rate mortgage to the level of payments on a mortgage bearing an interest rate of 6 percent; or to make it possible for a 7-percent mortgage rate to be in effect for the life of the mortgage.

Under the terms of H.R. 4485, assistance can be provided for single-family homes, one-family units in a condominium project, and for both garden and high-rise apartments.

I favor the middle-income housing bill because of the double benefit it will provide. It will allow the average working person who earns between $7,000 and $18,000 to purchase a home with interest rates that are approximately one-third lower than the current average interest rates. The bill will also give a much-needed boost to the construction industry. The current rate of unemployment in the residential construction industry is over 40 percent. Traditionally, housing has led the economy out of recessions. The current severe slump in both the economy and the housing industry is not getting any better. We need the enactment of this bill into law in order to aid potential homebuyers and to put out-of-work construction employees back on the job.

I urge Members to join with me in supporting the Emergency Middle-Income Housing Act of 1975. We must enact it into law without further delay.

A NEW ROLE FOR CONNECTICUT SOIL SCIENTISTS

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DODD. Mr. Speaker, the dedicated scientists who man the Connecticut Soil Conservation Service are a valuable asset to communities throughout the State. I would like to place into the RECORD an article from Conservation magazine, published by the U.S. Department of Agriculture, which tells about the work of the soil scientist in Connecticut.

The article follows:

A NEW ROLE FOR CONNECTICUT SOIL SCIENTISTS

(By David Lavine and Edward H. Sautter, Director, Connecticut Inland Wetlands Project, Middletown, Conn., and State soil scientist, SCS, Storrs, Conn.)

On the edge of a Connecticut field, a soil scientist explains to members of a local inland wetlands agency about the soils on which they are walking, where the poorly drained soils merge with moderately well-drained soils.

The members have the task of regulating wetland activities, and as they begin to get their feet muddy, the data they've received earlier starts to fall into place.

Such on-site trips are part of a program set up by the eight soil and water conservation districts in Connecticut to help local inland wetland agency members learn about soils and how they are classified.

What makes a soil scientist and the soil survey so important is Connecticut's Inland Wetlands and Watercourses Act, passed in 1972.

This act requires a local agency—or the state if no local agency is established—to regulate and license nearly all activities on waterbodies and wetlands in the 169 towns in the state. Anyone who wants to remove or deposit materials on a wetland or watercourse must seek a license.

The act defines wetlands as being all soil types designated as "poorly drained, very poorly drained, alluvial and flood plain by the National Cooperative Soil Survey . . ."

This legislative definition of wetlands includes soils which comprise more than half a million acres in Connecticut—about 1 out of every 5 acres in the state.

Frequently, the local inland wetlands agency members have had little or no experience in recognizing or knowing the limitations of wetland soils. That's why the soil and water conservation district have set up educational programs for these agencies.

In Middlesex County Soil and Water Conservation District, for example, SCS Soil Scientist Dennis Hutchison and District Conservationist Barry Cavanna usually start a group off with some background on soils, followed by an examination of the soil survey maps and how they are made.

However, for the agency members, it is the actual onsite look at wetland soils which brings all the pertinent information together.

Prior to the enactment of the Connecticut legislation, substantial thought was given to soils as the basis for the definition of wetlands. It was determined that the long experience of the Soil Conservation Service in delineating boundaries between soils would simplify the task of determining wetland and nonwetland areas.

Two years of experience with the act have confirmed this judgment, although refinement of wetland boundaries continues.

To assist local inland wetlands agencies, soil and water conservation districts in the state have been entering into Memorandums of Understanding. They provide substantial guidance and technical aid to the agencies in drawing boundaries and determining the limitations of wetland areas where permits have been requested.

While much remains to be done—such as more precise boundary delineation—the first steps have been successfully taken. The soil survey is proving to be an extremely valuable planning tool.

BAN THE HANDGUN—NO. 6

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. BINGHAM. Mr. Speaker, perhaps the most prevalent myth among handgun owners is that a handgun is necessary for self-protection. The belief that a handgun may be useful in repelling an attacker or thief is cited as justification for the possession of these deadly weapons by the ordinary citizen.

The fantasy that the "good guy" wins the shootout is exploded by a sober look at the facts. A recent study at Case Western Reserve University Medical School concluded that the family gun is six times as likely to be used against a friend or family member as against an intruder. The editorial below points out the expert testimony of law enforcement officials, who confront this problem every day of their lives, to the effect that a handgun simply is not useful as a defensive weapon.

The editorial which follows, appeared in the New York Post on March 11:

GUNS AND PROTECTION

Despite their exposure to the exotic armament displayed on TV police shows and in spy movies, few Americans are specially sophisticated about weaponry for the self-defense department. In fact, their "deterrents" can lead to disaster.

Thus at a recent hearing on gun control legislation being conducted by a House subcommittee, the police chief of Atlanta reported on frequent cases in which holdup victims carrying guns tried to draw them and outshoot armed robbers—and were quickly shot dead themselves. Public Safety Commissioner A. Reginald Eaves said he believes a handgun offers the average civilian nothing much more than "a false sense of security."

There are limitless other hazards associated with keeping a loaded handgun around the house; many a homicide has followed a family squabble because such a weapon was at hand. But Eaves' point is especially worth remembering. Pretending to be a gunfighter can be fatally risky and not even the best trained and ablest target shooter is automatically qualified, by either experience or equipment, to subdue armed attackers.

The current hearings have again aired the informed opinion of competent law enforcement authorities about gun control in America. They are virtually unanimous in urging a tougher law.

It is that legislation, not a cheap pocket pistol, that offers the best hope of reducing the spreading nightmare of armed violence. Gunplay is not a rewarding exercise for amateurs. Domestic disarmament has become an increasingly urgent challenge to Capitol Hill.

VOICE OF DEMOCRACY CONTEST—GEORGIA WINNER

HON. BO GINN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. GINN. Mr. Speaker, the Veterans of Foreign Wars organization annually sponsors the Voice of Democracy Scholarship Program for 10th, 11th, and 12th grade students. This year's theme, "My Responsibility as a Citizen," focused the attention of youth on the obligation of citizenship and called for a personal evaluation of their responsibility in preserving democracy.

The winner from the State of Georgia, Fred Morgan, hails from the city of Swainsboro which is located in the First District that I am honored to represent. I had the pleasure of meeting this young man last week and attending the VFW dinner honoring the winners from around the Nation.

Fred has presented an excellent speech, and I would like to share his impressive remarks with my colleagues:

VFW VOICE OF DEMOCRACY SCHOLARSHIP PROGRAM—GEORGIA WINNER, FRED HENRY MORGAN

As I learn of current situations and events through reading the papers and listening to television, I often feel that I have been undeservingly thrown into this world. Killing, hatred, scandal, and criticism are almost unrestrained. I find myself saying, "I wish the government would do something about this situation. It's getting hard for me to be a good citizen." Suddenly I realize how narrow-minded my thinking is. I live in a democracy where the government is my representative. So the government I so fervently complain about is, in effect, me. My representatives don't dominate me; they represent me, just as their title implies. That is what freedom is all about. As most Americans do, I have separated myself from government, thinking the people in this branch have little, if nothing, in common with me. In doing so, I am neglecting my responsibility as a citizen.

Public attitude seems to be one of apathy. Many feel that what they do has no effect on the action of their elected representatives, especially in higher levels of government. As a result many citizens do absolutely nothing to let their representative know how they feel. Thus, uninformed representatives must often make serious decisions on their own. This, along with the fact that our governmental officials are human and just as prone to err as you and I, has caused many avoidable mistakes to occur in the handling of our government.

I am free to state my opinion; therefore, my sitting idly by and doing nothing is equivalent to my saying, "That's OK with me." I owe action to those who have fought and sacrificed their lives so I can be free today. Whether my opinion is right or wrong I am entitled to it. This is the key to a more informed government, which, in turn, will make wiser decisions.

Bertrand Russell said it was wise to question things which you have long taken for granted. If you think you have nothing to do with your government and freedom is only a stipulation on a contract called the Bill of Rights, you are wrong. Freedom is not a constant. Like a muscle, it needs exercise or it will atrophy. Before I complain about the system or the government or whatever you call it, I should take into serious consideration what I have done to affect the situation.

It is out of necessity as well as responsibility that we should practice our freedom to the fullest. I firmly believe what you don't use, you lose. I would hate to lose my freedom when I had the opportunity to strengthen it.

It has been said that we are put on this earth not to see through each other but to see each other through. I consider it my duty to do my best in helping and working with my fellowman in making this country a better place to live. If we can't live among ourselves in peace, how do we expect to get along with other nations of the world? Life is much more than computers and transistors, and anyone who fails to recognize his fellowman's needs and feelings is doing more harm than good.

There are many things we as people can do to help our country. Naming them all would be impossible as each task differs with the individual, but I feel it is my responsibility as a citizen to get my listless brains and heart working for my country and for the people with whom I share this great land.

REVENUE SHARING CONTINUES NATIONAL NEGLECT OF CHILDREN

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mrs. SCHROEDER. Mr. Speaker, we have a national paradox of lofty ideals and low-level performance when it comes to children. This problem begins in our homes, but much of it carries over to our public policies in local school districts and counties, States, and Federal agencies. Hundreds of thousands of our children are virtually condemned to failure on the day they were born because of the social and economic disadvantages of their parents and inadequate communities.

In terms of revenue sharing, children are neglected in two ways. First, school districts are not eligible for revenue sharing grants, and, second, services for children and youth are omitted from the priority list for funds received by local governments.

Furthermore, the Federal Government and States have been guilty of not utilizing programs for children that have been mandated by the Congress. A glaring example of this has been the preventive child health care services amended to the Social Security Act in 1967. The early and periodic screening, diagnosis and treatment, EPSDT program was aimed at providing eye, ear, dental, and other preventive care and treatment for 13 million children eligible under medicaid. In January the General Accounting Office reported that not only had HEW been slow in developing EPSDT regulations, but an 8-State survey showed that of 1.8 million children eligible, only 3 percent had been screened.

I submit to the RECORD the following comments by Dr. Michael S. March, a retired budget analyst with the Office of Management and Budget, who is now a professor of public affairs at the University of Colorado:

REVIEW OF FEDERAL LEGISLATIVE AND BUDGETARY DEVELOPMENTS AFFECTING CHILDREN

Let us consider the question of what recent Federal policies and budgetary action may mean for children and youth—and for the States and local governments, as well as for the Federal agencies in this field. Two sets of somewhat related policies developed by the Nixon Administration have very important implications for all of us who are concerned about the future of the country's children.

One is the policy of severe Federal budgetary stringency which was initiated late in calendar 1972 and made fully evident in President Nixon's budget for the fiscal year 1974. Numerous impoundments were attempted to kill off whole programs and even agencies, such as OEO. These actions deprived our children and youth.

The Federal budget is in trouble. In fiscal 1971 and 1972 the deficits *each* year exceeded $23 billion. For the fiscal years 1973 and 1974 the deficits totalled nearly $18 billion. For 1975, the problem is to prevent an increase in the $9 billion deficit bequeathed by President Nixon.

Past deficits have been the root cause of our present runaway inflation—the worst inflation since World War II. Inflation is recognized as being hurtful to families and destructive of economic strength.

President Ford is currently driving his Cabinet to cut $5 billion out of the 1975 budget and hold it to $300 billion. These actions will hit controllable programs very hard—and many programs for children and youth are in the controllable category. The Congress is never enthusiastic about tax increases—and especially so when unemployment is high and rising. Reallocation of resources within the Federal Budget is also very difficult to achieve.

The restrictions on the Federal budget mean that States, local governments, and families will have to shoulder directly a greater burden for their children. The Federal Government is already overcommitted, given its present tax level. But States and cities, too, are hit hard by double digit inflation. In many States education programs are being cut back because of inflation.

The second major set of policies comes under the label of the "new Federalism". It was President Nixon's policy to encourage States and localities to take over more of the job which government faces. He wanted decisions to be made as close to the people as possible, rather than in Washington. He pressed for the decentralization of Federal programs to the 10 Federal regions. However, this policy has not carried any action to achieve a Federal-State-local partnership in developing coherent, coordinated programs for children and youth. For children and youth the "new federalism" so far represents a perpetuation of "business as usual" neglect.

Federal revenue sharing, which became law October 20, 1972, is an important facet of "the new federalism." Its purpose is to use Federal fiscal power to help States and local jurisdictions—which have serious problems but lack fiscal capability. General revenue sharing will provide Federal aid of $30 billion to the States, cities, and other local governments during the fiscal years 1972 through 1976.

General revenue sharing provides no major help for children and youth.

Two thirds of the allocations go to local "general" governments. Children's programs are left out of this share in two ways. First, school districts which are classified as "special" units of government, as is true in most States, are not eligible at all. Moreover, services for children and youth are omitted from the priority list for funds received by local governments—and the so-called "use reports" indicate that the localities turn their backs on educational needs.

The States receive the other one-third of the general revenue sharing funds. Education was initially the largest purpose of proposed State uses. However, some of this was substitution—offset by tax cuts. Moreover, there are great variations in use. The State of Colorado has allocated much of its share for sewers and for building at Colorado State University. As of June 30, 1974 it had actually spent only $7 million, the remainder of the $46 million of its general revenue sharing was sitting in a trust fund drawing interest. Meanwhile the State institutions for the mentally retarded were so grossly underfunded that, reportedly, a Federal investigation of abuses was in progress. Also, serious socio-economic disparities prevail in the State. The infant mortality rate, which is indicative of general conditions, in the worst county is nearly 80 per 1,000 births—or four times the average in Colorado.

The Federal revenue sharing programs are both an opportunity and a responsibility for the States and local governments. They will have to create mechanisms to set right priorities. If elementary and secondary education is to receive its share of local general revenue sharing, the proponents of children and youth will have to lobby the Committees of the Congress to allow school districts to share and to list children as a priority use by other local units. If the children and youth lose out on the use of the revenue sharing funds, the responsibility will be that of the States, cities, and counties.

Another thrust of the "new federalism" effort was to consolidate existing categorical grants into "block" grants. There have recently been two major Congressional enactments which rather significantly change the earlier rules of the road and bear careful watching by those who care for children and youth.

The Housing and Community Development Act of 1974 became law on August 22, 1974.

It carries new funding authorizations of $11.9 billion for fiscal years 1975, 1976, and 1977. It initiates a major consolidated community development program, amends public housing laws and starts a new leased housing program, and has various other provisions.

It reserved one-fifth of the community development money for non-metropolitan areas.

The Education Amendments of 1974 (P.L. 93-380) received Presidential approval on last August 21. This law contains new allocation formulas for the distribution of funds for the educationally deprived and also authorized advance funding. The authorized level for appropriations totals $25 billion for 4 fiscal years, starting with $7.16 billion for fiscal year 1975. There is a sharp boost in the funding authorization for education of handicapped children in the first year. President Ford has made clear that he opposes what he calls "excessive funding" authorized in this law and will try to get the Congress not to appropriate the full amounts, according to a New York Times story on August 14.

FOURTH ANNUAL AIAW BASKETBALL TOURNAMENT OPENS

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. SCHULZE. Mr. Speaker, it is appropriate, and in keeping with International Women's Year, that I remind my colleagues of the opening today of the fourth annual Association of Intercollegiate Athletics for Women championship tournament in basketball. More than 325 colleges across the United States participate in the AIAW basketball program, and from these colleges have come 16 teams to play for the national title.

These 16 teams, which include the host school of Madison College in Harrisonburg, Va., and three-time champion Immaculata College from the Fifth District in Pennsylvania, have survived a physically and mentally demanding round of local and regional games to qualify for the 4-day finals which open today.

In addition to Madison College and Immaculata College, gathered in Harrisonburg, Va., are: William Penn College of Iowa, Kansas State, Boise State, Wayland Baptist College in Midland, Tex., Fullerton's California State, Queens College, New York, Southern Connecticut State, Tennessee Tech, Utah State, Delta State, and Federal City College from Washington, D.C.

These championship matches have been held in Illinois, New York, and Kansas, and this year the AIAW selected Harrisonburg, Va., for its best of basketball determination. These teams represent the best women's basketball America has to offer. To quote a sportswriter from Wayne, Pa., "Women's basketball has arrived, and it took Immaculata College going to New York to make the final arrangements"—their appearance at Madison Square Gardens against Queens College. "As if by magic, one day girls' basketball attracts about as much media interest as turtle racing warrants; the next day it nets major metropolitan coverage," and deserves our attention and congratulations and best wishes for an exciting national sporting event.

INCOME TRANSFER REVISITED

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. BAUMAN. Mr. Speaker, last Tuesday the Wall Street Journal editorialized again on a subject which is beginning to gain some attention in the Nation's press, if not the Halls of Congress—the enormous growth of income transfer payments made by the Federal Government in the last several years. The message is grim, and I hope that some of my colleagues will give it their serious consideration.

The Journal recognizes that transfer payments—the supplying of benefits to nonproducing people—has its political attractions. Granting that some arguments in favor of transfer payments may have some validity, however, the editorial concludes that the total level of payments has risen to dangerous heights. The inflationary impact on the economy cannot help but be increased by current levels. Add to this the potential for alienation and demoralization of those in the productive sector of society, and you have the makings of the destruction of the U.S. political and economic system as we know it. I include the Journal editorial at this point in the RECORD.

[From the Wall Street Journal,
March 18, 1975]

INCOME TRANSFER REVISITED

We have been saying here recently that the sharp rise in "income transfers" in the U.S. over the last few years represents a troublesome problem. Let us deal now with some of the arguments of those who disagree.

When we say income transfer we are talking about government taxing producers and earners in order to supply benefits to nonproducers and non-earners. The goal of the discussion is not to have the Social Security laws repealed but merely to broaden understanding of the income transfer process and outline the dangers of letting it get out of control.

Those who minimize the risks usually offer arguments that, in our view, present only a piece of the total argument. The most simplistic position, one that we assume everyone has heard often, is that income transfer on almost any scale benefits the economy. It sustains consumer demand and spending velocity and thus evens out the business cycle.

As long as transfers are soundly financed there are some positive effects. No one would deny that in both a social and economic sense it is good to have cushions against unemployment and old age and it is not unreasonable to expect government to organize this kind of protection. But limiting the scale is economically crucial.

The argument becomes a bit more complex when the question of incentive and disincentive is introdced, whether taking money from a producer and giving it to a nonproducer tends to destroy the incentive of both, and thus encourages unemployment and recession. There can be little doubt that this happens at some level of transfers, but this, too, is only a part of the total argument and not necessarily a part that must be completely resolved.

The central issue moves out of the economic realm and into the social and political arena, as do most economic arguments eventually. And this has to do with the pattern of recent years in which income transfer has accounted for an ever increasing share of the federal budget, federal deficits have economy have risen. Those three things are not only related but react with each other in a way that could eventually blow the economy apart.

The essential political fact is that it is popular to receive an income transfer but unpopular to be the donor. When there are large groups of voters in both categories, as there now are, a legislative body becomes tempted to try to satisfy both donor and donee. The Congress thus has consistently legislated additional benefits—Medicare, Medicaid, food stamps, new housing benefits, Social Security increases, etc.—without legislating sufficient taxes to cover them.

Only one thing can happen when this occurs: The tax is levied in another way, by inflation. At first, the lawmakers satisfy both constituencies but the trouble is only beginning. Inflation creates demands for greater transfers. At the same time it moves wage earners into ever higher tax brackets, increasing their effective tax rates. The result of this rising combination of inflation and taxation is to eat away at the nation's savings and thus its capacity to invest, create jobs, develop new technology and improve the overall standard of living. Job losses then create still more income transfer demand.

It is a little bit like using up all your savings and credit just to keep going, without making any provision for the future. The future, at the moment, is not at all bright. Congress, having gotten into the income transfer spiral, has not yet perceived that its instinctive reactions to the present problems are mostly the wrong reactions. It does not, for example, perceive the urgent need to reduce federal spending and to somehow stop the impossible expansion in federal income transfer programs. It has not yet perceived that $75 billion to $100 billion federal deficits in the years just ahead are potentially destructive of the U.S. economic, social and political system as we have known it.

Those are very strong statements. But not, in our view, too strong. Income transfer, conceived and conducted with the best of social and political motives, has become central to a very dangerous future. It is all the more dangerous because of inadequate recognition in Washington of how we got here. The emphasis has been too much on the social dangers of having too little income transfer and not enough on the very real social dangers of having too much. The entire productive sector of society can become alienated and demoralized through seeing savings and capital destroyed by inflation and through a sense of the unfairness of government policies that allow this to happen. We suspect that any political candidate who clearly understands that social problem will have a lot going for him the next time the nation goes to the polls.

THE CONSERVATION OF HARP SEALS

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. WHITEHURST. Mr. Speaker, few animals have aroused the sympathies of so many people to the extent that the harp seals have. I have received a great many letters from concerned constituents, many of them school children, urging that these animals be given proper protection.

The State Department has issued a very helpful fact sheet on the subject, which I am inserting at this point in the RECORD for the benefit of my colleagues. In order to indicate congressional support for a treaty to protect the harp seals, I have introduced House Concurrent Resolution 184, which states:

> That the United States should, as expeditiously as possible, take all necessary actions to effect a regional conservation treaty for the protection of northern hemisphere pinnipeds.

I would welcome the cosponsorship of any of my colleagues who share my concern for these animals.

THE CONSERVATION OF HARP SEALS

The harp seal is taken by Canadian and Norweigan hunters in March of each year off the coasts of Newfoundland and Labrador (known as the "Front") and in the Gulf of St. Lawrence. In 1972, the Canadian Government limited the hunt in the Gulf by banning there the use of aircraft and large vessels. Harp seals are also taken, but in considerably fewer numbers, by natives in the eastern Canadian Arctic (Baffin Islands and the Labrador coast) and in Greenland, and by Norwegians around Jan Mayen in the Arctic Ocean and in the White Sea area. The Russians participated in the hunts in the last two areas during the early sixties, but we do not know if they are still doing so.

The Canadian Government in January, 1972 released a report, drawn up by a special advisory committee, which stated that "if the (harp) seal hunt is maintained at the 1972 level, there will be a total elimination of the one year old animals in 2014. The harp seal would then move toward extinction as the older animals die off." The Committee recommended a phase-out of the Canadian and Norwegian Atlantic hunt (i.e. in the Gulf and the "Front") by the end of 1974 to be followed by a minimum six years moratorium, except for a yearly quota of 10,000 for aboriginal hunting in Canada and Greenland. It further recommended that the decrease in hunting activity in the Atlantic should not produce an increase in the exploitation of seals in other areas of the world. Presumably these other areas would include the White Sea and the waters surrounding Jan Mayen. The recommended phase-out schedule was 160,000 (85,000 less than the previous year) to be taken in 1972, 120,000 in 1973 and 80,000 in 1974. The Canadians, Norwegians and Danish followed the Committee's recommendations for 1972, but in 1973 and 1974 they set the quota at 150,000.

Since 1964, the harp seal has been subject to the conservation and management measures adopted by the International Commission for the North Atlantic Fisheries (ICNAF), whose sixteen member nations include the United States, Canada, Norway and Denmark. In practice, the Commission has accepted the recommendations of Canada, Norway and Denmark. At the 1973 ICNAF annual meeting, the Commission's scientific experts stated that the quota of 150,000 equals the sustainable yield, meaning that this is the number that can be taken without further reducing the harp seal population in the Atlantic, but not allowing for any rebuilding of the stock. Also at the meeting, the United States presented a paper that urged Canada, Norway and Denmark to consider the harp seal in relation to the health and stability of the ecosystem rather than on the basis of their economic utility.

In the longer run, the United States would like to remove the harp seals from ICNAF and, in accordance with the principles and purpose of the Marine Mammal Protection Act of 1972, place them under the protection of a regional conservation treaty for northern hemisphere pinnipeds (the order of marine mammals which includes seals). Scientists have informed us, however, that there is insufficient scientific information available at the present for the conclusion of such a treaty. They have suggested that the conference for the treaty be preceded by a preparatory scientific meeting. Currently we have been cooperating with the UN Food and Agricultural Organization (FAO) in gathering scientific information for the preparatory meeting, which we hope will be held as soon as possible. This would be followed by the conference to negotiate the treaty for the protection and conservation of northern hemisphere pinnipeds.

REPRESENTATIVE JOHN DINGELL CHARGES LOOPHOLE GAVE MAJOR OIL COMPANIES $130 MILLION WINDFALL

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. EVINS of Tennessee. Mr. Speaker, Chairman JOHN DINGELL of the Energy and Environment Subcommittee of the House Small Business Committee has announced important hearings with respect to a loophole in regulations of the Federal Energy Commission which permitted major oil companies a $130 million windfall.

The announcement follows:

REPRESENTATIVE DINGELL CHARGES FEA LOOPHOLE GAVE 12 MAJOR OIL COMPANIES $130 MILLION WINDFALL IN JANUARY 1975

Representative John D. Dingell (D-Mich.) charged today that "Unreleased Federal Energy Administration figures reveal that a loophole in FEA regulations gave 12 major oil companies a $130 million windfall this past January."

Representative Dingell released figures showing that aggregate production of price controlled oil decreased in January 1975 by 23 million barrels while production of uncontrolled oil increased by a similar amount, 22 million barrels. The figures also show that the old oil production of these 12 oil companies decreased by an even greater amount, a total of 26 million barrels.

Old oil is price controlled at $5.25 per barrel while uncontrolled oil sells for in excess of $10 per barrel.

The Congressman is Chairman of the Energy and Environment Subcommittee of the House Small Business Committee.

Representative Joe L. Evins (D-Tenn.), Chairman of the House Small Business Committee pledged the full support of the Committee for Dingell's investigation, "Certainly diligent Congressional inquiry into these regulatory actions is vital and important to assure that the interests of small businesses in the petroleum industry and consumers alike are protected."

Representative Dingell assured the Chairman, "We will see to it that this loophole is closed."

The Congressman, who has launched a Subcommittee investigation of this shift in production, criticized the FEA regulatory loophole:

"The tremendous increase in uncontrolled oil production in January 1975 over December 1974 is the result of a bookkeeping entry, a paper transaction, unrelated to increased efforts to find and produce more oil. The intent of the FEA regulation and the two-tier price system for crude oil was to give the benefit of higher prices for uncontrolled oil as a reward for increasing production. Unfortunately for the consumer who has once again been victimized by higher oil prices, the regulations fail to do this in practice."

The Subcommittee's preliminary investigation of this matter indicates that the aberration in production figures results from a loophole in FEA regulations which permits comparison of production from a single property on a month by month basis in order to compute the portion of crude oil which is price controlled and that which is not. Any property which showed an increase in production during the base year, 1972, will have a smaller proportion of its current production classified as old oil at the beginning of the calendar year than its average production of old oil during the remainder of the year.

The Subcommittee has asked each of the major oil companies involved to justify their old oil calculations, has requested an audit of these calculations by the FEA and is seeking a full explanation for the causes of this windfall. Subcommittee Chairman Dingell stated:

"I am asking the FEA to take prompt action to change the basis for calculation of old oil production so as to assure that the higher prices for uncontrolled oil will reflect actual increases in production of new oil. I don't want to see windfalls of this magnitude enjoyed by oil producers because of an accounting entry."

[In barrels]

	Old oil production (price controlled at $5.25 per barrel)	Uncontrolled oil (selling price in excess of $10 per barrel
November 1974	170, 423, 681	91, 277, 761
December 1974	176, 346, 407	90, 913, 795
January 1975	153, 104, 333	113, 158, 956

OLD OIL AS PERCENT OF TOTAL DOMESTIC PRODUCTION

Date	Percent	Date	Percent
December 1973	71	July 1974	64
January 1974	60	August 1974	66
February 1974	62	September 1974	67
March 1974	60	October 1974	66
April 1974	60	November 1974	65
May 1974	62	December 1974	66
June 1974	63	January 1975	57

OLD OIL PRODUCTION

Company	December 1974	January 1975	Change
Amoco	12, 893, 063	9, 183, 957	3, 709, 106
Arco	6, 844, 523	6, 546, 204	298, 319
Conoco	4, 222, 750	3, 690, 855	531, 895
Exxon	16, 838, 160	10, 841, 651	5, 996, 509
Getty/Skelly	1, 971, 935	1, 361, 897	610, 038
Gulf	13, 177, 080	10, 664, 976	2, 512, 014
Marathon	4, 301, 724	3, 983, 735	317, 989
Mobil	9, 840, 361	7, 792, 251	2, 048, 110
Phillips	4, 353, 098	3, 688, 689	664, 409
Shell	15, 454, 125	11, 049, 817	4, 404, 308
Sunoco	6, 501, 920	4, 782, 419	1, 719, 501
Texaco	15, 280, 090	11, 334, 830	3, 945, 260
Total	111, 678, 829	84, 921, 281	26, 757, 548

BACKDOOR SPENDING FOR SOUTHEAST ASIA

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. HARRINGTON. Mr. Speaker, the Pentagon has recently been criticized for supporting programs it deems worthy and necessary, regardless of expressed congressional intent. Specifically, Congress last year set a ceiling of $700 million in American aid to South Vietnam. However, the Pentagon has apparently pumped additional funds into that country. This it succeeded in doing by transferring funds originally earmarked for Laos to Vietnam.

This deliberate attempt on the part of the Pentagon to circumvent a specific congressional directive should not be tolerated. I believe that my colleague, Mr. Addabbo, has correctly questioned the propriety of this particular funding, an issue that arose in hearings before the House Subcommittee on Defense Appropriations on January 30, 1975, and February 3, 1975. He stressed that Congress passed legislation setting a definite limit for aid to South Vietnam.

The Pentagon claims that there is no statutory prohibition against the redistribution of war materiel from Laos to Vietnam and, to date, the Pentagon has completed the transfer of $41 million from the $77 million directed to Laos, and intends to transfer the additional $36 million within the upcoming months. In essence, because of the cessation of hostilities in Laos, war materiel became excess to residual Laotian requirements. Thus, the Pentagon saw fit to transfer these funds to the Vietnam effort, over and above the recognized ceiling that Congress had imposed. The Pentagon rationalizes this transfer of funds as a proper utilization of the obligated military assistance funded program.

I join Mr. Addabbo in questioning this "backdoor" technique of assuring additional funds for the Vietnam effort. I believe that Congress should monitor and scrutinize this particular aspect of foreign policy formation that is properly the responsibility of Congress. In effect, while the letter of the law may not be in violation, the spirit of the law is certainly at fault. Thus, we cannot remain complacent in the face of this apparent usurpation of constitutional privilege.

The text of the testimony is as follows:

Excerpts of Hearings

(The following is an excerpt from the transcript of hearings held before the House Defense Subcommittee on Appropriations on January 30, 1975 and February 3, 1975. The Subcommittee is chaired by Mr. Mahon from Texas. This particular text begins with an excerpt from a prepared statement submitted by Eric Von Marbod, a witness before the committee and representative of the Pentagon.)

In the planning for fiscal year 1975, a single unified account, Defense Assistance Vietnam (DAV), was created for the purpose of better controlling further military assistance to South Vietnam. The transition from Military Assistance Service Funded (MASF) to DAV, effective with fiscal year 1975, presented certain internal management problems for the U.S. and South Vietnamese.

The superimposition of a single account—unified logistics base—where there had been 13 separate "service funded" accounts required not only a re-tooling of the mechanics, but also a re-education of the managers themselves. Perceiving some of these problems, members of Congress recommended to the President that a senior level official be appointed in the Department of Defense to administer and have complete responsibility for Defense Assistance to Vietnam. (Principal Deputy Assistant of Defense (Comptroller) in August of 1974.) It is the Comptroller's responsibility to carefully scrutinize every action taken in the program (DAV) to insure compliance with Congressional legislation and intent.

In addition to resources obtained with this year's funding, we have benefited somewhat from a detailed audit that has just been completed on prior year MASF support programs for Vietnam and Laos. The FY 1974 allocation of MASF funds was $1,010.9 million for Vietnam, and $11.7 million for Laos.

With the cessation of hostilities in Laos, and action by the U.S. government to reduce Royal Laotian Government forces supported to a size and composition compatible with the maintenance of internal order, quantities of U.S. equipment supplies positioned in Thailand—ownership of which had not yet been transferred to the Royal Laotian Government—became excess to residual Laotian requirements. An estimated $41 million of these assets, pricipally ammunition, which was funded under prior year MASF authorization have been redistributed/transshipped to Vietnam.

* * * * *

Mr. Addabbo. Mr. Secretary, in your statement you spoke about the supposed peace up in Laos. While we are talking about Laos, I think your figure was $41 million of ammunition or supplies were then able to be relegated or transferred over to Vietnam. Now, the Congress has passed legislation setting a limit of $700 million of aid to South Vietnam. It was an obligational limitation, it was also supposed to erase all other unobligated balances.

This $41 million that was transferred from Laos to Vietnam is that charged against the $700 million plus $41 million?

Mr. Von Marbod. Mr. Addabbo, the redistribution of assets from Thailand to South Vietnam are not charged against the $700 million; however, they were authorized and appropriated under the prior year Military Assistance Service Fund program which covered both Laos and South Vietnam.

These obligations were reported to the Congress. Our general counsel has examined this, has corresponded with the General Accounting Office on it and the legal opinion, if I can summarize it, is that the question is whether there is a legal difference, as of June 30, 1974, between the equipment in the obligated Military Assistance Service Funded pipeline program for Laos and that the program for Vietnam, in our view there was none.

Mr. Addabbo. How much more do you have in this pipeline?

Mr. Flood. General counsel for Defense? Give us his name.

Mr. Von Marbod. Yes——

Mr. Flood. Give us his name for the record.

Mr. Von Marbod. Mr. Benjamin Foreman. I have a written legal opinion on that, his opinion to the General Accounting Office, and I will submit it for the record.

Mr. Addabbo. How much more do you have in this unobligated pipeline?

Mr. Von Marbod. I have remaining in Thailand, which we are auditing at this time, and again, Mr. Addabbo, this is based on the original records and we must determine the actual physical presence of the stocks and the conditions, but there is approximately 18,000 short tons.

Mr. Addabbo. How much in dollars?

Mr. Von Marbod. A short ton would approximate between $1,800 per short and $2,300 per short ton.

Mr. Addabbo. Give me totals. I am slow at figures.

Mr. Von Marbod. Approximately, $36 million.

Mr. Addabbo. More?

Mr. Von Mardon. If it is all in condition and if we are to value it that way.

Mr. Addabbo. I remember in last year's debate when we finally agreed and the Congress confirmed the $700 million, the Defense Department was, through some machination, working our some $400 million that they claimed was back charge, not charged and we finally pinned them down. They agreed that they were not going to come in through the back door, they were going to come in through direct funding, and we agreed and the Congress came to $700 million. This seems to be a breach of that agreement.

Mr. Von Mardon. Mr. Addabbo, the assets were authorized by the Congress and appropriated, they were moved to Thailand, reported against the Military Assistance Service Funded Program.

Mr. Addabbo. Thailand, not South Vietnam; South Vietnam was $700 million, that was line item. You tried to come through the back door with $400 million through some devaluation or some other machination thing around here; we said no deal, you said OK, we are going to be honest. This is not honest dealing.

Mr. Von Mardon. The subject at issue, Mr. Addabbo, is whether or not the authorities and appropriations permitted by the Congress to support both Laos and Vietnam—

Mr. Addabbo. The subject at issue, Mr. Secretary, is how can the controller's office of DOD circumvent the wishes of the people and the wishes of the Congress? We said $700 million, we set obligational figures at $700 million, we said not to try to work these figures around, devaluate, set up special funds and everything else where you can buy $100,000 pieces of equipment for $10,000 so you can get—for $700 million you can get $3 billion worth of equipment and you are coming in through another back door.

Mr. Von Mardon. Mr. Addabbo, this is not through the back door. There is no statutory prohibition against the redistribution of the equipment in the obligated Military Assistance Service Funded Program.

Mr. Addabbo. If there is, you can rest assured we will find out, and if there is you will find it in the next appropriation bill.

STOPPING THE FLOODS

HON. ELLIOTT H. LEVITAS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. LEVITAS. Mr. Speaker, it is not only weather that we just talk about but do nothing about. Many other problems also fall into this same condition of inaction. One of these types of problems is the recurring flooding conditions that occur along Peachtree Creek in the Atlanta area of Dekalb and Fulton Counties in the midst of residential areas, causing great individual hardship, property damage, and personal danger.

For as long as I can remember, people have been talking about doing something about this situation. Most of this conversation takes place during and immediately after periods of rainstorms and seems to be forgotten when days of sunshine and balmy skies return.

The problem is not one that can or should be dealt with exclusively at the Federal level. It will require local, regional commission, State and Federal cooperation and responsibility. It will require planning, but that planning must be imaginative and comprehensive, and more importantly, that planning must be implemented.

The Soil and Conservation Service does diligent work in rural areas to deal with drainage problems in agricultural areas. Why can they not be more involved in solving urban drainage problems? Are there other agencies of the Federal Government which could play a role? I am investigating these possibilities and will make the information available to local government officials who will be taking the lead in bringing about remedies to the flooding problem.

Local and State governments need to take care in development decisions so that the existing drainage problem is not worsened and that prudent land use, consistent with orderly development, and private property rights, take into account the drainage and flooding impact of those decisions. This will involve planning, zoning, water and sewer construction and other related considerations, and all of these factors need to be considered.

An editorial which appeared in the March 14, 1975, issue of the Atlanta Constitution brings this point home. The editorial follows:

[From the Atlanta Constitution, Mar. 14, 1975]

STOPPING THE FLOODS

It was an accident of timing, but earlier this week the General Accounting Office in Washington reported that losses from floods in the United States amount to $1 billion annually. It's for sure that Atlanta has historically contributed its share to those losses.

Thursday morning, torrential downpours and rampaging creeks caused the worst flooding in some sections of metropolitan Atlanta in years. There were no deaths, but many residents had to evacuate as flood waters surged out of creeks into their homes.

The flooding creeks also partially submerged some parked cars and disrupted traffic on some streets. In addition, other streets—including the downtown expressway—had to be temporarily closed because the city's drainage and sewage system could not carry off the heavy rains quick enough.

That's a major problem, but the really big problem is the flooding creeks in the city and the damage they do almost annually to many Atlanta homes which have been built near them. Something must be done to correct the flooding problem—and with no excuses this time.

It's been talked about for years, by city, county, state, and federal officials, but with little action. Perhaps the worst situation is Peachtree Creek, which hit a record flood crest Thursday of 19.4 feet, more than six feet above flood level, and the water washed into hundreds of homes. Other Atlanta neighborhoods have similar problems with other creeks.

It is ridiculous to continue to allow this to happen. Surely, the "world's next great city" can work with other government officials, the affected homeowners, and those trained in flood control to tame the expensive and dangerous flooding of the creeks.

Part of the problem, of course, is that many homes are built in the flood plains of the creeks. But, in many cases, the homes were built before flooding became such a major problem. But now with increased development all along the creeks, paving, and the filling in of flood plains for construction, rainwater flows more rapidly into the creeks than previously. Sedimentation is also a problem adding to the flooding.

Whatever, the reasons, it's clear that something must be done about the current situation. Just this past month, a group of Fulton and DeKalb homeowners, Citizens for Flood Control, met with a group of state legislators from metro Atlanta to discuss flooding problems.

One proposal for long-term relief was that the streams ought to be brought into public ownership so governments can stop some of the building and development abuses that contribute to the flooding. That might be part of the answer, especially to prevent any worsening of the problem.

Another part might be the current availability of federal funds for public jobs to alleviate unemployment. Washington is in the process of providing about $5 billion for such public jobs. Could some of this go to jobs in Atlanta to work on stopping the flooding?

Whatever the answer is, it will take leadership, cooperation, money, and determination, not just talk-and-then-forget-it as we have so much in the past. Without that kind of effort, the flooding will be back again, for the rains will surely return another day.

THE ARAB BOYCOTT

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. EILBERG. Mr. Speaker, the policy of the Arab Governments of restricting their trade only to companies which do not do business with Israel and which do not have Jews in their management is the rankest form of bigotry. It is a practice which we must fight with every means at our disposal.

It has been learned that the U.S. Army Corps of Engineers has acquiesced to the Arab demands and has screened out Jews from projects in Saudi Arabia and it has been learned that American businesses have also given in for the sake of profit.

President Ford has stated he is against this practice, but we must have action to back up his words. It must be made absolutely clear that the U.S. Government will not comply with any of these regulations nor will it support the international activities of private companies which do so.

At this time, Mr. Speaker, I enter into the RECORD a statement on the Arab boycott by Meyer Bushman, district chairman of the Anti-Defamation League of B'nai B'rith for Delaware, New Jersey, Pennsylvania, and West Virginia, and a national commissioner of the ADL:

B'NAI B'RITH OF DELAWARE, NEW JERSEY, PENNSYLVANIA, AND WEST VIRGINIA,
Philadelphia, Pa., March 7, 1975.

To: Lodge and Council Presidents and ADL Chairmen.

From: Meyer Bushman, District ADL Chairman and National Commissioner.

Re: The Arab boycott.

For years the Anti-Defamation League of B'nai B'rith has been publishing warnings regarding the policy of Arab Governments who practice blatant religious discrimination and blackmail in business and trade under the euphemism of political boycotts and blacklists. The A.D.L., in two recent releases (Feb. 25 and March 4, 1975) made public the names of major United States companies and two federal agencies in what appears to be "increasing American participation in an Arab anti-Israel, anti-Jewish campaign." The Anti-Defamation League was basing its position on evidence that "the Arabs are now attempting to dictate personnel and operating procedures to American businessmen in return for investment of their petrodollars profits." That the boycott was not only an economic weapon designed to hurt Israel, but in its discrimination against, and harassment of, American companies, it has become an economic weapon being directed against this country and any other country that willingly submits to it.

B'nai B'rith praised President Ford for speaking out at his news conference (Wednesday, February 26) opposing Arab attempts to discriminate against financial institutions and individuals on religious or ethnic grounds ... that foreign businessmen and investors are "welcome in the United States when they are willing to conform to the principles of our society."

President Ford's statement followed the Anti-Defamation League's charges made by Seymour Graubard, national chairman of the League, based on a nationwide, ongoing investigation conducted by the agency revealing widespread willingness in American industry to be "secret partners" in "an Arab plot to cut Israel off from its principal ally, the United States, and to purge Jews from companies doing business with the Arabs."

It further reveals that while there are American companies resisting Arab demands, others are violating this country's anti-boycott regulations and anti-discrimination laws in response to Arab coercion, and still others are voluntarily cutting out the Jewish state and American-Jewish management and professional staff here and abroad "as they make a wild scramble for a piece of the Arab's new wealth." The A.D.L. called for "an immediate government probe, a clear statement of federal policy, implementation of U.S. regulations, and the adoption of new legislation, if necessary, to halt dishonorable and illegal business practices."

The ADL investigation, under the direction of Arnold Forster, associate director and general counsel, is based on information gathered by the agency's fact-finding department and its 27 regional offices around the country. Example given today included companies representing a broad variety of endeavors—chemicals, engineering, architecture, banking, education, and hospital supplies—which are reportedly discriminating against Jews, arbitrarily refusing to do business with Israel, or both. They are charged with violating American policy as set forth in federal Export Control regulations which discourage boycotts against friendly nations and the anti-discrimination provisions of the 1964 Civil Rights Act:

1. The Overseas Private Investment Corporation, which is empowered to stimulate investments abroad with a $100 million credit from the U.S. Treasury Department, and the Army Corps of Engineers, which oversees construction work in Saudi Arabia, "the worst offender in demanding exclusion of Jews."

2. International Schools Services, Princeton, N.J., a teacher recruitment agency, for issuing job orders in behalf of the United Arab Emirate State of Dubai which prohibit applications by teachers who are Jewish, have Jewish surnames or Jewish ancestors.

3. Guaranteed Mortgage Services, Inc., and Wizard Mortgage Banking Corp., of Lakewood, Colo., for a letter (Sept. 11, 1974) written by an official of Guaranteed, on Wizard stationary, offering short and long-term in-

vestment funds to a Denver bank—with the proviso that "no board member or director shall be Jewish and no stock holder controlling 20 percent or more of the bank's outstanding stock be Jewish."

4. Bendix-Siyanco in Columbia, Maryland, a joint venture of Bendix Field Engineering Corporation and Saudi Maintenance Company, Ltd., which—under the supervision of the U.S. Army Corps of Engineers is recruiting management personnel, technicians and instructors for the Saudi Arabian Ordinance Corps program and has an employment application requiring applicants to state their religion.

5. Pacific Pump Corporation, Huntington Park, Calif., a subsidiary of the Dresser Corporation, Dallas, Texas, for cancelling a pending contract to sell $2 million worth of industrial equipment to an Israeli corporation in capitulation to the Arab boycott.

6. Ashland Chemical Company, Ashland, Kentucky, for specifically stating that it has a corporate management position of not dealing with Israel "either directly or indirectly" because it "represents too serious a risk to even consider."

7. Chase Manhattan Bank for refusing to open an office in Israel while doing business throughout the Middle East. The first issue of the bank's new bi-weekly report, "Mid-East Markets," described potential investment opportunities in every Middle East country except Israel, the second issue mentioned Israel only in passing.

8. Fourteen shipping companies including the American Export Lines, Inc., the Waterman Steamship Corp. and Lykes Bros. Steamship Co., abetted by certain American commercial banks, unlawfully comply with Arab boycott regulations clearly violating U.S. Maritime Law.

9. First National City Bank, the Irving Trust Company, the Chemical Bank and the First National Bank of Chicago received letters of credit issued by Arab banks which cannot be honored unless it is attested that the customer is not on the Arab boycott blacklist.

In addition, Mr. Forster gave as examples several firms without naming them "in order to protect the confidentiality of our sources";

10. A midwest American medical supplies company which agreed to a $20 million contract with Saudi Arabia which prohibits Jews from handling any aspect of the shipment of goods.

11. An East Coast architectural-planning company which told a qualified Jewish applicant he couldn't be hired because it was actively seeking contracts with three Arab countries and had received a letter stipulating that no Jews be employed on the project.

12. An East Coast architectural firm which asked the sales representative of a nationally-known building supply firm whether he or his company was Jewish "because we have a contract with Saudi Arabia and it's been implied that we're not to do business with Jews."

13. A New England architectural firm which is eliminating all identifiably Jewish names from its institutional brochures as part of a sales campaign to solicit Arab business. The firm currently has a contract with Abu Dhabi Department of Public Works to recruit building contractors for two hospitals.

14. An East Coast architectural firm and a construction company—both working on Saudi Arabian projects under the supervision of the U.S. Army Corps of Engineers—which told Jewish applicants they couldn't be hired because the contracts prohibited Jewish employees and even specified products which cannot be brought in.

The following recommendations have been made by the A.D.L. for ending a disgraceful and dangerous trend:

1. Intervention by federal and state anti-discrimination agencies to prevent American business firms from barring Jews in an effort to win Arab contracts.

2. Strengthening by the U.S. Department of Commerce of Section 30 of the Export Control Law. The law now declares: "it is the policy of the United States to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries" against friendly nations and requires that the Department of Commerce be notified of requests for such discriminatory compliance. The law should be amended to carry penalties for failure to report and for complying with the demand for discrimination.

3. Broadening the investigations of all Congressional committees and federal agencies currently probing the extent of Arab investments in the U.S. to examine evidence of Arab anti-Israel or anti-Jewish demands as the price of the investment.

4. Instruction by President Ford to federal agencies and departments involved in promoting international trade or doing business with foreign nations that they must abide by American legal prohibitions against religious and racial discrimination.

5. Investigation by the U.S. Attorney General of possible anti-trust violations and, where found, immediate prosecution.

The A.D.L. also called upon American business leaders "who have a high regard for this nation's constitutional precepts and democratic practices" to join together "in condemnation of Arab blackmail demands and those who capitulate to them . . . principles must come before profits."

ACTION DIRECTIVES

A backlash to the insidious Arab boycott is rapidly developing. . . . Your Action Is Required To Keep It on the Front Page (See attached clippings). You, Your B'nai B'rith Lodge and Chapter Members, Friends, and Other Organizations Throughout Your Community, Must Speak Out!

FED'S BURNS MUST GO

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DRINAN. Mr. Speaker, we are all sadly familiar with the dire condition the American economy has been in since a Republican administration took office in 1969. First, inflation climbed higher and higher, reaching double-digit levels for the first time since World War II in 1974. Then, unemployment increased dramatically and industrial production slumped. At the present time, we find ourselves suffering from the twin evils of recession and inflation. Recent projections by the Ford administration promise us more of the same through at least 1976.

Undoubtedly, the contradictory and misguided economic policies of the incumbent administration have been most to blame for the current crisis. Another source of the problem, which is finally beginning to get the attention it deserves, is the Federal Reserve Board of Governors which regulates the money supply and determines the cost of credit. Although the discussions which constitute the basis for the Fed's open market operations remain veiled from public scrutiny for a full 6 years, it is becoming increasingly clear that the Fed has badly bungled its job by employing tactics which have aggravated, rather than alleviated, our economic plight.

It may be more than coincidental that the downturn in our Nation's economic well-being took place at about the same time that Dr. Arthur Burns was named Chairman of the Federal Reserve Board of Governors by then-President Nixon. During the 5 years Dr. Burns has served in that post since his appointment in 1969, the economy has steadily worsened. Dr. Burns' term as Chairman of the Fed does not expire until 1983. That may be too long to wait for economic recovery. Perhaps we should seriously consider following the suggestion made by the Fitchburg, Mass., Daily Sentinel & Leominster Enterprise that Dr. Burns be encouraged to resign or that the President should replace him.

I attach a provocative editorial on this subject which appeared in the Fitchburg Daily Sentinel & Leominster Enterprise on March 4, 1975. I note with some pride that this daily newspaper of my district is well ahead of some of our Nation's larger and better known publications in urging the ouster of Dr. Burns.

The editorial follows:

FED'S BURNS MUST GO

At last Congress is finally taking a look at the Federal Reserve System and its role in combating the current recession. Actually, we should say its proposed role because the Fed hasn't really done anything yet.

Chairman Arthur Burns and his economists aren't sure whether they're doing too much or too little to stimulate the economy. If they do too little, the economy will continue is tailspin. If they do too much, it could mean an increase in inflation and continued decline of the dollar next year.

To prod the flow of credit, the Fed reduced the discount rate from 8 per cent to 6.34 per cent. It also reduced the reserve requirements (the amount of money a bank has to have on hand at all times), allowing an additional 2 billion to enter the economy.

Now, it becomes obvious that the new supply of money isn't enough to stimulate economic growth. Is this the fault of the Fed? No, says Burns, it's the fault of the little banks, businesses and borrowers because these people are using the new money to restore their financial positions and get out of debt.

Also, the borrowers hesitate to take out loans, especially with the economy the way it is. The feeling is, let's ride it out.

Burns' argument is akin to blaming the smoke for the steam engine. Burns said he didn't want to increase the supply of money for fear of causing inflation. So he held back on removing the ruinous tight money policy at a time last year when businesses could have really used the cash.

Now, thanks to the federal deficit of over 50 billion, inflation is going to jump anyway. The dollar could become so worthless that it will take $2.10 in Ford dollars to pay for 70 cents of butter in today's dollars.

The federal government will become the biggest borrower of all, reducing the amount of credit available to the private businesses. That puny $2 billion generated by Burns' belated policy will go into the federal deficit along with $48 billion from the present credit reserves.

What will the private sector of the economy do?

What we can do is get rid of Burns. Since he became the Fed chairman in 1969, the economy had heard nothing but bad news. No sooner had he taken his post than he slapped a tight money policy on credit at a time of massive spending due to the Vietnam War.

Inflation continued, only now it was called "stagflation" and prices became so bad in 1971 that the abortive Nixon "Phase I–II–III" and so on was tried, only to fail utterly.

Burns' second sally against inflation helped to precipitate the current recession. And now, he stumbles about looking for a new money supply policy that will supposedly do the impossible, boost credit and fight inflation despite an inflationary federal budget.

We gave Burns his chance twice, once in 1969 and again last year. In both cases, he failed miserably.

The chairman's term runs for 14 years. That means we'll be stuck with him until 1983. Are we going to wait around for Strike Three? Write to President Ford and tell him remove Arthur Burns.

SUGGESTIONS FOR SAVING ENERGY

HON. CHARLES J. CARNEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. CARNEY. Mr. Speaker, the students of the business class at Campbell Memorial High School, my alma mater, recently wrote to me of their concern over the energy crisis. Their suggestions, which appeared in the Youngstown Vindicator, underscore the many ways in which we can all conserve our country's scare energy supplies. I commend these young people for their public spiritedness and involvement, and call this article to my colleagues' attention:

DEAR MR. CARNEY: I am writing on behalf of our General Business Class at Memorial High School. Our class wrote a letter to the Youngstown Vindicator concerning the Energy Crisis, and on some ways of helping conserve energy. The article is in this envelope. Please write us telling us what you think of our article.

Here is the address: Campbell Memorial Business Class, 480 Blossom Avenue, Campbell, Ohio 44405.

Thank you.

Sincerely yours,

COLEEN PANTELIS.

STUDENTS EYE ENERGY CRISIS—OFFER WAYS TO SAVE FUEL

EDITOR of The Vindicator, Sir:

The following are suggestions by the general business classes of Campbell Memorial High School as a project on the energy crises:

1. Eliminate all 24-hour stores, groceries, gas stations, restaurants, etc.

2. All businesses should be opened and closed at new prescribed times (shorter hours), especially taverns, nightclubs, restaurants, etc.

3. All or most businesses should be closed on Sundays.

4. All television and radio stations should go on and off the air at shortened designated times.

5. Unnecessary driving on Sunday should be prohibited.

6. Conserve heat in homes by using felt, putty, and other insulation around windows and doors, as well as in attics. Closing of drapes and curtains at night, and lowering the thermostats in the daytime, and especially at night.

7. Use of bicycles and even walking for short trips and errands.

8. The following can also conserve energy but with "precautions":

a. All lights in most, if not all business should be turned off at night.

b. Spotlights, security lights, porch lights, and other outside home lights should be eliminated; regardless of type—gas, fluorescent, etc.

c. All advertising lights on billboards throughout the cities and highways should be turned off.

9. There are many people in this country who feel that this crisis is unreal. For example, a student related an incident where her neighbor warms up her car for 15 minutes while she waits in the house. How many others do the same?

10. Our last suggestion is that everyone must do his part to conserve energy, no matter how small, otherwise we as teenagers, and teen-agers after us, will suffer. We realize that many people will be affected by our energy saving suggestions. This is a real crisis and sacrifices, precautions, and action should be taken now and before it is too late.

JEAN DATTILO,
LISA HOLAN,
Project Leaders.
DENNIS KATSARAS,
Teacher.

VIETNAM AID: THE DEBATE CONTINUES

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. MURTHA. Mr. Speaker, as the debate over aid for South Vietnam continues, I would like to insert for the Member's information the following editorial which appeared in the March 19 Washington Post:

A FIRM AND FINAL DECISION ON VIETNAM AID

North Vietnam, which took its first South Vietnamese province in January, has gained control of three more—all in the long-contested, sparsely populated Central Highlands alongside the Cambodian supply roads. Although that leaves 40 provinces still pretty much subject to Saigon's authority, elsewhere in South Vietnam heavily-armed North Vietnamese troops are ignoring the Paris accords and pressing a major seasonal offensive. Saigon is severely embarrassed. But, for all that some Americans mistakenly compare its fix to that of Phnom Penh, it is far from disabled. Its recent losses should enable it to defend better the areas it still controls; and these include 90 per cent of the population and arable land. President Thieu's critics in Saigon and Washington may think his regime is not worth fighting for. But his army's heavy casualties indicate some willingness on the part of at least some South Vietnamese to fight on.

But for how long? President Thieu's difficult military situation in the Central Highlands and his difficult political situation on Capitol Hill increase the urgency, we believe, of another "final" effort at a Vietnam settlement. Just as it cannot be in the American interest to prolong the war, it cannot be in the American interest to end the war by panicking at the spectacle of local Communist advances and by arbitrarily and impetuously cutting off the aid that sustains Saigon. Abroad that would unnerve other nations which depend on the United States (some more, some less), and at home it would cause a degree of guilt and recrimination no less worrisome for not being subject to precise measurement in advance. Some middle way must be found, one that is politically feasible, strategically adequate and morally defensible as well.

The answer, we think, was suggested in passing the other day by President Ford at his Hollywood, Fla., news conference. "I'm willing to negotiate with the Congress," he declared. "If the Congress would join with me, we would make a firm and final decision on a three-year basis to permit South Vietnam to get over the current crisis that they face. I think that would be a reasonable solution. I am told that the South Vietnamese in a three-year period with our military and economic aid would be able to handle the situation."

That's it: a "firm and final decision" to help Saigon for three more years and then to accept the results, whatever they may be. The President ought now to conduct three-cornered negotiations with Saigon and the Congress to put the pieces in place.

No doubt some in Saigon would prefer an open-ended American commitment. But surely President Thieu is shrewd enough to see the advantages in terms of national pride and political realism of a final three-year aid commitment. That would give him enough time to decide whether to seek a comprehensive settlement (or province-by-province accommodation) with Hanoi while the United States was still around, or whether to plan on going it alone afterward. Hanoi would have to make its own calculations. Its need for a respite from decades of struggle, for reconciliation with South Vietnam, and for good relations eventually with Washington and with international aid institutions of which the United States is a member, would counsel against an attempt at a bloody kill. But if Hanoi did decide on a bloody kill, Saigon would have three years to learn once and for all what it has to do if it is going to provide for its own security. One should not underestimate the potential effect of a flat and final deadline on Saigon's will and resourcefulness.

The Congress, we surmise, might welcome a three-year aid "treaty" with the Executive, unless, of course, the administration were so devious and insensitive as to think that it could stretch the deadline, in effect by demanding huge increases in annual aid over the next three years. Such a "treaty" would likely satisfy the congressional consensus, which, as we read it, is to avoid either dumping President Thieu or carrying him indefinitely. It would also shrink, mercifully, what remains one of the single most debilitating items of controversy in American public life in this century. We had previously urged the administration to offer Congress "a partnership of policy" on Vietnam. We now commend Mr. Ford for making the offer and call on him to show that he means it by putting forth the specific and realistic substantiating details.

CHAIRMAN CHARLES J. CARNEY SCHEDULES HEARINGS BEFORE SUBCOMMITTEE ON COMMODITIES AND SERVICES OF HOUSE SMALL BUSINESS COMMITTEE

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. EVINS of Tennessee. Mr. Speaker, Representative CHARLES CARNEY, chairman of the Subcommittee on Commodities and Services of the Small Business Committee, has announced hearings concerning severe financial problems which American small businessmen are experiencing in the customs brokerage and international freight forwarding industry.

The announcement follows:

HEARINGS SCHEDULED ON THE PROBLEMS OF U.S. SMALL BUSINESS IN THE CUSTOMS BROKERAGE AND INTERNATIONAL FREIGHT FORWARDING INDUSTRY

Congressman Charles J. Carney (D-Ohio) Chairman of the Subcommittee on Commodities and Services of the House Small Business Committee, today announced that the Subcommittee will hold hearings on March 24 and 25, in Washington, D.C. The Subcommittee will review the impact of foreign competition on U.S. small businesses in the customs brokerage and international freight forwarding industry.

In announcing the hearings, Subcommittee Chairman Carney stated:

"The purpose of these hearings is to investigate whether American companies in the customs brokerage, ocean and air freight forwarding industry are able to compete with foreign companies on a full, free, and fair basis. In addition, these hearings will serve to reaffirm the intent of the Congress to preserve and expand the opportunities of U.S. small business in international trade and related fields."

Officials of the State Department, Civil Aeronautics Board, U.S. Customs Service, Interstate Commerce Commission, Federal Trade Commission, and Federal Maritime Commission have been invited to testify at the hearings, which will be held from 3:00 P.M. to 5:00 P.M. in Room 2359 Rayburn House Office Building.

Chairman Carney added:

"American small businessmen in the customs brokerage and international freight forwarding industry are experiencing severe financial difficulties because they must compete with foreign firms that are often subsidized by their governments, and, secondly, because of the regulatory burdens imposed upon them by agencies and departments of the U.S. Government. I am hopeful that these hearings will make Federal officials more aware of the problems of small businessmen in this important service industry."

In addition to Rep. Carney, the other members of the Subcommittee are: Rep. Bob Bergland (D-Minn.), Rep. Gus Yatron (D-Penna.), Rep. Berkley Bedell (D-Iowa), Rep. Frederick Richmond (D-N.Y.), Rep. Dave Evans, (D-Ind.), Rep. Richard Nolan (D-Minn.), Rep. Herman Badillo (D-N.Y.), Rep. William Broomfield (R-Mich.), Rep. Caldwell Butler (R-Va.), and Rep. Thomas Kindness (R-Ohio). Chairman Evins and Rep. Silvio Conte, Ranking Minority Member, are ex officio members of the Subcommittee.

THE ORGANIZING COMMITTEE FOR A FIFTH ESTATE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. McDONALD of Georgia. Mr. Speaker, on March 13, 1975, my colleague Mr. DELLUMS entered into the RECORD a letter from an organization known somewhat obscurely as the Organization Committee for a Fifth Estate—OC–5—which I had on February 20 characterized, with two other groups, as being among those attacking the security services of the United States.

In their somewhat hysterical "Dear Ron" letter, the OC–5 attempted to throw out a smokescreen of denial based on misquotations, evasions and lies. Because of this, I believe that it is desirable to add some specifics to my earlier statement.

The OC–5 letter states Perry Fellwock has been using the alias of Winslow Peck "to protect himself from potential harassment from Government intelligence agencies." This is in direct contradiction to Peck's January 16, 1972 statement to the New York Times which quoted him as saying:

> I know the FBI knows who I am. I'd like to avoid publicity but I'm willing to go through trial, and, if I have to, I'll go to jail. . . . But I no longer feel the oath that I made when I was released from duty to never say anything about what I did is binding on me.

Perhaps Fellwock's desire for an alias was prompted by more mundane reasons, such as avoiding rental payments after taking legal responsibility as a lease signer for antiwar movement office space; or avoiding any potential charges for planning disruptive, potentially violent street demonstrations like the aborted "off the wall" project for New York City's financial district.

Certainly Fellwock would not need an alias for such juvenile activities as pasting up posters in the Capitol Hill area during July 1973, entitled "Colby, W.E." which read, "Wanted for crimes in connection with the Phoenix murder plan which resulted in the first-degree murder and/or torture of 49,565 Vietnamese. Consider him dangerous."

And I notice with interest that Fellwock/Peck does not deny that at about 2:15 p.m. on Saturday, October 23, 1971, at the First Congregational Church, 10th and G Streets NW., Washington, D.C., he was prevented from speaking about his alleged NSA activities because he was exhibiting many symptoms of drug abuse. In the words of his peer group, which at that time included Bill Kittridge, Karen Menconeri, John Boldt, Joel Beatty, Gordon Finch and others, Fellwock/Peck was "stoned out of his mind."

In the OC–5 letter, Timothy Charles Butz, a native of Munroe Falls, Ohio, states he was not an organizer for Kent State SDS. I agree, and stand by my original statement that Butz was an "SDS activist at Kent State," and an organizer for Vietnam Veterans Against the War/Winter Soldier Organization in Washington, D.C.

Mr. Butz must know that the leadership cadre at Kent State University included Colin "Sunshine" Neiburger, later a "gay Mayday" activist in Washington in 1971; Joyce Cecora; Mark Lencl; Terry Robbins, killed in the explosion of an SDS Weatherman bomb factory in New York in March, 1970; Howie Emmer; and Lisa Meisel, now the wife of Robert "Bo" Burlingham, a former editor of Ramparts magazine indicted in 1970 and 1972 on Weatherman bombing conspiracy charges and now with the Cambridge Policy Studies Institute. Butz must still recall that he was not invited into the SDS leadership cadre.

OC–5 also seeks to explain away a Berkeley Barb article relating to OC–5 representative Douglas Ethan Allen Oliver Porter, Jr.'s claim of OC–5 possession of stolen documents. Attached at the end of these remarks is the full text of the news item.

OC–5 also paid me a dubious compliment by alleging I was in receipt of either CIA or FBI files on their organization. This is not true. The OC–5 cabal forget that earlier in their letter they admit that "the history of the Fifth Estate is a matter of public knowledge." That is true, and the founding members of OC–5 must know that all my statements relating to their actions and words are in reference to their public, albeit scandalous, behavior. I have made no mention of their covert activities.

Incidentally, I wish to congratulate the OC–5 editors who now have apparently agreed on a standard spelling of the term "technofascism."

The OC–5 members must consider themselves fortunate that I number among my constituents honorable, patriotic Americans who have not only long memories and document collections but also a strict awareness of what is proper to divulge to their Representative.

I am convinced that the Organizing Committee for a Fifth Estate is a potential threat to both internal and international security operations; and as OC–5 makes a point of its "openness," I would urge my colleagues on the House Judiciary Committee who now have jurisdiction over matters of internal security, to invite the OC–5 group to testify under oath on their activities. At such a hearing I would be happy to present a documented history of their endeavors in detail.

The following item appeared in the Berkeley Barb, January 3–9, 1975, page 7.

SPYING ON BIG BROTHER

(By Steve Long)

"We want a classified memo a day to leak." The speaker was Doug Porter, a young bearded former underground reporter who is now with the Washington-based Fifth Estate.

The Fifth Estate was described by Doug Porter as a "non-profit, non-partisan, non-polluting organization dedicated to spying on Big Brother, the American intelligence community. Our only consumers of information are the American public."

Doug Porter was recently in Berkeley to present a slide show on US foreign and domestic strategy, and this reporter talked with him about the origins of the Fifth Estate. The parent organization out of which the Fifth Estate grew was known as the Committee for Action/Research on the Intelligence Community (CARIC).

CARIC was the source for one of the first Watergate stories by Bob Woodward and Carl Bernstein of The Washington Post. CARIC also provided opposition witnesses to the confirmation hearings of CIA Director William Colby, thereby bringing out new information on the infamous Operation Phoenix (a CIA program to destroy the NLF infrastructure in South Vietnam). A final accomplishment of CARIC was the smashing of the Washington, D.C. "red Squad" in 1973. CARIC convinced a D.C. police informer, Bob Merritt, to "turn over"—to quit the police and talk about his experiences, thus exposing the key agents in the D.C. red squad.

At the same time that CARIC was operating early in 1973 author Norman Mailer established another organization with the same purpose. Mailer announced at his 50th birthday party, attended by New York's elite, that as his birthday present to the American people he was going to do something about the level of paranoia in the US—he was going to create an organization, to be called "the Fifth Estate," to watch the other four estates (the three branches of the Federal government plus the media).

Mailer proceeded to speak on college campuses for the next six months about his new organization, at the end of which time he had a mailing list and little else except a paper organization.

CARIC and Mailer's Fifth Estate merged as a result of a "Dear Norman" letter by Nat Hentoff in the Village Voice. Hentoff wrote that CARIC was doing effective work, so why not merge the two organizations? Mailer agreed, and the merger was effected in March, 1974. The name of Mailer's organization, the Fifth Estate, was retained after the merger.

"The effect of the merger is that Norman gives us money and uses his good name on our behalf, and we do the work," Doug Porter said.

Doug said that there are currently three major projects of the Fifth Estate. The first project is "mass outreach," oriented toward college students (this is why Doug was in Berkeley). Fifth Estate speakers are touring 25 cities across the country this fall, "to let people know the Fifth Estate wants to work with them and for them," Doug said, adding, "it's not an elitist thing, we want to have tentacles everywhere."

A second major project of the Fifth Estate over the next two years is the Labor Education Project, which involves "researching the infrastructure between the CIA and organized labor in this country," Doug said. This will be the main topic of forthcoming issues of Counter-Spy, the Fifth Estate's quarterly journal, over the next year. "We're trying to get this information to rank-and-file groups," Doug added. There are plans for a book to be published next year on the labor project.

The third on-going project is the building of the Intelligence Documentation Center (IDC). "It is a library—a data base—located in Washington, D.C., so that researchers can have it readily available for their use. It always has more materials available on the intelligence community than the Library of Congress." The IDC consists not only of books, but files—"press clippings, debriefings we have done, government reports, corporate reports, and stolen documents," Doug said.

A book to be published next year will be based on the IDC. The book is The Whole Spy Catalog, described by Doug as "a compendium of everything we know about the intelligence community, and some helpful hints on how people can fight back."

The Fifth Estate is very conscious that the government might conduct counter intelligence operations against it, so it has an office with 24-hour security. There is also an active Advisory Board, which includes such people as Victor Marchetti, a former high-ranking CIA official, and authors Marcus Raskin, Kirkpatrick Sale, William Turner (also a former FBI agent), and Tony Russo (of Pentagon Papers fame). "One of the reasons for the Advisory Board is to prevent us from being used as a conduit for misinformation," Doug said.

In his slide show and talk on US foreign and domestic strategy since World War II, given two weeks ago on the U.C. campus, Doug Porter said that over-all US strategy has been to encircle the socialist world. There have been four readjustments of US strategy.

The first readjustment, during the 1949-1950 period, grew out of the Truman Doctrine. It involved such clandestine activities as CIA infiltration of European labor unions, and "Operation Splinder Factor," a project that fed Stalin erroneous information.

The years 1950–1960 were the height of the Cold War, and US global strategy was based on the doctrine of massive retaliation. The CIA carried on significant clandestine activities in Indochina, Korea, Iran (a coup in 1953), Guatemala (a coup in 1954), Egypt, Costa Rica, Indonesia (the attempted overthrow of Sukarno in 1958), and Laos (creation of the "secret army"). This period of the second readjustment of US strategy also saw the development of U-2 spy planes, and the use of Radio Free Europe and Radio Liberty (both CIA-sponsored) to contribute to the 1956 Hungarian uprising.

In the third period, 1961–1968, US strategy was known as "strategy for peace," and saw the development of Kennedy's "flexible response" doctrine and LBJ's escalation policy in Indochina. The CIA carried on significant clandestine activities in Indochina, Israel (massive clandestine aid), Cuba (Bay of Pigs), Bolivia (the murder of Che Guevara in 1967), the Congo (some of the Cuban mercenaries used in the Bay of Pigs were used), and the Dominican Republic (overt US military intervention in 1965). A Tibetan mercenary army was trained in Colorado. But in spite of these clandestine CIA activities, the world balance of power shifted toward the Third World.

The fourth and final period of readjustment of US global strategy, from 1969 to the present, is the period of the Nixon Doctrine, also known as the "new strategy for peace." In Indochina, South Vietnam is still a US neocolony. The Thieu government is now being "destabilized" with the covert aid of the CIA. Vietnamization is a way to prolong the war, not to end it, and Vietnam has been used as a testing ground for such US techniques as the electronic battlefield.

The CIA and US military intelligence are also being used to aid US allies. British special air service troops (their Green Berets) are being trained in North Carolina to fight in Northern Ireland. The CIA has recently increased the number of its agents in Great Britain with the hope of undermining the strikes of British industrial workers. The CIA is currently aiding proto-fascist groups in Italy, and U.S. military intelligence agencies are being used to spy on German and Japanese citizens.

The recruit coups in Cyprus and Greece were CIA-sponsored, Doug believes. In Africa, retiring U.S. Green Berets are now being recruited to fight liberation movements in Mozambique and Rhodesia. The CIA, in spite of a recent public relations campaign, is still up to its old "dirty tricks."

Anyone interested in more information on the Fifth Estate in subscription to Counter-Spy ($6 per year) should write the Fifth Estate, Box 647, Ben Franklin Station, Washington, D.C. 20044.

LET'S NOT RESTORE RELATIONS WITH CUBA

HON. J. HERBERT BURKE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. BURKE of Florida. Mr. Speaker, sometimes we must all sit back and reflect on what is happening to the world. What I see today frightens me a great deal. The newspapers are full of stories about the eminent fall of South Vietnam and Cambodia to the Communists, and President Ford is warning anew that the domino theory about the fall of free nations in Southeast Asia may, indeed, be valid.

I have traveled to the Soviet Union and to many countries, socialist Iron Curtain countries, and I have been chilled by what I saw. Most Americans cannot appreciate what it is like to live under a Communist dictator regime. Most cannot even comprehend what life is like there and it is strange that they cannot recognize communism for what it is. I have seen it in action and it scares me. What frightens me most is the number of nations that are becoming Communist, and the present policies our country is following to enable even more to become Communist.

Probably the most frightening is the likelihood of normalization of relations with Castro's Cuba. The April 1975 meeting of the Organization of American States foreign ministers in Washington could produce a hemispheric policy change toward Cuba.

In every official pronouncement Castro has continued to reaffirm adherence to the policy of extending the Marxist-Leninist regime in Cuba, by force or threat of force, by aggressive or subversive activities to all parts of the Western Hemisphere.

The terrorism of recent years—bombed buildings, hijacked airplanes, and police shootouts—have quieted down, but we can all be sure that if relations with Cuba are normalized they will flare up again as Castro proceeds with the master plan for world communism.

Regrettably few Americans take seriously the threat of world communism. It is a matter of having cried "wolf" too often, and when the "wolf" is actually there, no one comes to save the victim. However, a look at the world map of 1950 and the world map of 1975 shows clearly that Communist countries are increasing—not only in Asia, but in Africa and in our own Western Hemisphere.

A few of my colleagues in the House and in the other body have called for resumption of normal relations between the United States and Cuba. In fact I recently read an article which summarizes events between the United States and Cuba which point toward normalization. The article is entitled "Our Men in Havana?" It is written by Peter Hughes and Chris Hughes. Peter Hughes is a legislative assistant to Senator HARRY F. BYRD, Jr., who concurs with my opposition to normalization of relations with Cuba. The article was written for the April 1975 issue of the Alternative:

OUR MEN IN HAVANA?

(By Peter Hughes and Chris Hughes)

In 1962, the year of the Soviet-American confrontation in the Cuban missile crisis, Congress passed legislation designed to prevent "the Marxist-Leninist regime in Cuba from extending, by force or the threat of force, its aggressive or subversive activities to any part of the Western hemisphere." Congress also passed legislation prohibiting American assistance to Cuba or any country which assisted Cuba. In a further effort to isolate Cuba the Organization of American States voted to expel Cuba from its membership, and the OAS countries also voted to sever all trade and diplomatic relations between member states and Cuba. Until recently all OAS members but Mexico complied with the decision.

During the intervening years, however,

changing global power relations and particularly the alleged change in relations between the world's superpowers, have given new momentum for a change in U.S.-Cuban relations.

Since 1971 a number of Senators, including Fulbright, Church, Mathias, Kennedy, and Pell, and Congressmen including Massachusetts Democrat Michael Harrington, have introduced legislation seeking a normalization of relations between the United States and Cuba.

Speculation that a change in U.S.-Cuban relations was imminent increased further in 1974 when Gerald Ford became President. The pundits suggested that President Ford might want to initiate some major foreign policy overture of his own; he needed to escape from the shadows of Nixon's diplomatic legacy, and Cuba was the logical choice. The new chairman of the Senate Foreign Relations Committee, John Sparkman (D.-Ala.), has recently added his voice to those calling for such overtures. Moreover, other countries in the hemisphere, for reasons of their own, seemed to want normalized relations with Cuba. An indication of their shift in attitude came when the Latin American Caucus of the United Nations, which had isolated Cuba from the group for over a decade, permitted Cuba to resume participation in January.

Just this last November, in Ecuador, the OAS almost repealed its trade embargo against Cuba. Twelve of the twenty-one voting delegates favored repeal, only two votes short of the necessary two-thirds majority. (The United States abstained, both out of sensitivity to the wishes of our hemispheric neighbors and out of fear of causing an uproar in Congress.) Given American reluctance to take a strong stand, it seems only a matter of time—probably no later than the April 1975 meeting of OAS foreign ministers in Washington—before hemispheric policy toward Cuba changes.

In general, the new spirit of reconciliation vis-a-vis Cuba is not so much the result of any policy shift on the part of Castro and the Soviet Union—indeed in every official pronouncement Castro has continued to reaffirm adherence to those policies which resulted in the Soviet-American confrontation, and which led to Cuba's expulsion from the OAS—as it is the result of the ambiguities of détente. If the Communist nations of the world no longer appear to be the threat they once were then the logical conclusion can only be that the power relations of the early postwar period are antiquated and designed for an era now bygone.

Early in 1974 U.S. supporters of normalized U.S.-Cuban relations began to make a concerted effort for their case, with the hope of influencing the U.S. government to vote for an end to Cuba's exclusion from the OAS at the Ecuador meeting last November. Pat Holt, J. William Fulbright's Chief of Staff on the Senate Foreign Relations Committee obtained a visa to visit Cuba and subsequently prepared a staff report which was generally sympathetic to Castro and which urged a change in U.S.-Cuban relations.

Shortly after the Holt visit sympathetic American newsmen were also permitted to enter Cuba, including former McGovern campaign manager Frank Mankiewicz, as were U.S. Senators Javits and Pell. They were unanimous in their pronouncements: The time has come for a change in U.S.-Cuban relations.

On a congressional level initial steps in this direction have already been undertaken. Senator Fulbright introduced major legislation (Senate Bill 3880) in the Ninety-third Congress which would repeal the major anti-Cuba legislation of the early sixties. Fulbright's eagerness for a resumption of normal relations with Cuba is, needless to say, not shared by all his colleagues. A number of Senators, including Buckley, Byrd (Va.), Gurney, Helms, and McClure have all spoke on the floor of the U.S. Senate to warn against precipitous U.S. action.

As possibly the only member in the U.S. Senate to know Cuba well from personal experience, including a stay in Cuba as a newspaper correspondent when Castro came to power, Senator Harry Byrd (Ind.-Va.) has begun to speak out on what the possible result of a change in U.S.-Cuban relations might be.

Although proponents of normalized U.S.-Cuban relations assert that U.S. policy has failed to isolate Cuba, and that the changing international environment makes our present policy inadequate, Byrd believes that few critics seem willing to ask what the U.S. stands to gain from a resumption of relations with Cuba, and what the long-term consequences would be for the exiled free Cubans.

The U.S. interest in discussing a change in relations with Cuba is predicated upon Castro's reported willingness to talk to Secretary of State Kissinger if the economic embargo against Cuba is unconditionally lifted. But a number of critics, including Byrd, do not believe that the embargo should be lifted as a prelude to negotiations. Byrd argues that if Cuba is interested in trade with the United States, and in access to our money market, the U.S. should not give away the only leverage it has without getting something in return.

Concessions Byrd and others would like to see include a compensation for the confiscation of U.S. property (The Foreign Claims Settlement Commission has certified claims of losses by American citizens totalling $1.8 billion), freer access to the news media representatives of other respective countries, greater freedom of movement between the two peoples, and an easing of Cubas internal repression. Byrd also rejects out of hand Castro's demand that the U.S. surrender Guantanamo, an American naval base on the island.

Until recently the United States had insisted that improved relations would come only if Cuba were to cease interfering in the internal affairs of the other American states, and to sever close political and military ties with the Soviet Union. Although this U.S. position seems to have shifted, many congressional figures are nevertheless concerned about Soviet-Cuban behavior.

In 1970 the Soviet Union established a nuclear submarine base in Cienfuegos, in violation of an agreement with the United States not to deploy strategic offensive weapons on the island. Without revealing any details President Nixon in 1971 stated that in the event nuclear submarines were serviced in Cuba, or from Cuba, it would be considered a violation of the U.S.-Soviet understanding. In the name of detente, however, the United States appears willing to swallow much.

According to recently published sources, only one month after the Nixon warning a Soviet nuclear submarine sailed into Cienfugos. The Soviet have continued to violate the agreement regularly ever since—and there has been no protest from the U.S. This lack of protest has come to be regarded as acceptance of the Russian conduct, and it has raised increasing concern in Congress. As Senator Byrd has argued, the "Soviet submarine visits to Cuba illustrate just how shallow detente is," and he continues, "If the Soviet Union persists in violating agreements there can be no detente."

Since the Cuban Missile Crisis, of little more than a decade ago, the Soviet Union has become a Caribbean power, with bases only ninety miles from the United States. And this development has emerged at a time when efforts are increasing (supported by the Soviet Union) to evict the U.S. from the Panama Canal Zone.

The new Soviet presence in the Caribbean gives the Soviet Union more substantial advantages than just its immediate strategic gains. As Mr. Morris Rothenberg, of the Miami Center for Advanced International Studies, has recognized:

"The Soviet presence in Cuba . . . strengthens the image of Soviet power in the overall East-West context. It reinforces the impression of a Soviet counterweight to the United States in Latin America and provides a physical capability for Soviet access to other areas of the continent. . . .

"The consolidation of Communist rule in Cuba strengthens the legitimacy and aspirations of the Soviet regime itself. It is used perhaps more than any other single development to demonstrate to the Soviet people and the rest of the world the validity of the Soviet claim that victorious communism is irreversible and is indeed the 'wave of the future.'

"The basic issue the U.S. has to face up to is whether it is best to accept that the Soviet camel is already in the tent and has to be lived with on its own terms, or to continue a difficult, and in political terms perhaps increasingly costly effort to discredit the animal in the hope of minimizing his potential for damage."

The argument that the U.S. should be willing to make almost any sacrifice to give Communist nations a greater stake in continued and improved relations with the United States has proven to be increasingly costly and futile. Such a policy can only undermine U.S. credibility and consequently lead to a more adventurous policy on the part of our adversaries in the international arena. As the U.S. moves towards a normalization of relations with Cuba it would, therefore, serve us well to consider the words of Senator Harry Byrd:

"We cannot afford to delude ourselves about the nature of Castro's regime . . . nor should we underestimate the challenge to American security that exists because of Soviet-Cuban ties. . . . Castro must drastically change his ways if the United States is to change its present policy toward Cuba. . . ."

A GOOD MAN FOR A HARD JOB

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DE LUGO. Mr. Speaker, I wish to congratulate publicly Mr. Virdin Brown of St. Thomas, who was recently nominated and confirmed to the post of Virgin Islands Commissioner of Conservation and Cultural Affairs.

In his new capacity, Commissioner Brown will bring the unique talents he has already displayed in the legislature to bear on an increasingly important problem: the preservation of the Virgin Islands' natural heritage. Threatened by haphazard development and the careless waste of limited natural resources, the Virgin Islands must begin to plan and coordinate its future development to insure that the beauty that nature has wrought still remains for the enjoyment of future generations.

In a recent article in the Virgin Islands Daily News, columnist Henry Wheatley made some valuable observations on the new Commissioner and the problems he will face, which I believe are worth sharing with you:

A GOOD MAN FOR A HARD JOB

(By Henry U. Wheatley)

Virdin Brown has been given one of the most interesting responsibilities at one of the most difficult times for the Virgin Islands. We have to assume that the responsibility is already his because his personal popularity and the esteem in which he is held by his former colleagues in the Senate guarantee his confirmation. He will certainly be receiving advice from more sources than he can possibly absorb, but we will nevertheless offer him our own thoughts on his priorities as Commissioner of Conservation and Cultural Affairs.

Conservation is saving, preserving. Unfortunately, much that we should have saved has already reached a point which now requires restoration rather than conservation. This is especially true of the waters close to our shorelines. It is helpful to keep in mind that almost everything that can be done to restore the quality of these nearshore waters must be done on land. The kind of protection provided by the earth change law with regard to new construction could be and should be applied, possibly through new legislation, to land areas that have been degraded in the past.

The ill-considered damage to watersheds that has accompanied the expansion of our population into the countryside has led to an ever-increasing flow of silt into the ocean. The effects have been visible after heavy rains, when the water turns muddy. It is easy to tell ourselves that this goes away quickly and does no permanent damage. The truth is that we have had to become accustomed to seeing more and more of our swimming beaches lose the clarity about which we have been so proud for so long. The problem, however, is more than aesthetic. The reduction of water clarity also affects a wide variety of life forms in the ocean. Among the hardest hit are the corals. Various forms of coral require specific conditions—a given amount of light, water circulation of a certain velocity and tiny living organisms on which to feed. As we have tampered with these conditions we have brought about the gradual destruction of one of the most important parts of our natural heritage.

It would be more of a luxury than these poor islands can afford to think in terms of a total conservation effort based on the concept of zero economic growth. We are going to need more ways of making a living and we will have to provide more places for people to live if those who are now at the bottom of the economic ladder are going to have an opportunity to rise to a more comfortable standard of living. This will inevitably require further encroachment on our open land areas. A way must be found to minimize this encroachment. One of the avenues most readily available to us is to encourage, if not require, that more residential construction be in the form of multi-story buildings, using less land areas.

Also, a great deal of advanced research has been done on cluster housing and we should import the ideas that have been gathered elsewhere to help with our problem.

One positive way of guaranteeing that the growth we need will not result in the entire land surface of our islands being paved over in the establishment of a major system of territorial parks. The legislation to create these parks exists and it would be an urgent responsibility of the Department of Conservation and Cultural Affairs to persuade the rest of the government and the public in general that the actual establishment of these parks is a matter of the greatest urgency. The offshore islands are still, for the most part, undeveloped and as many of these as possible should be included in our territorial parks system.

Commissioner Brown will find that the Conservation Fund will be besieged by individuals and groups who want to divert its monies from the purposes for which they were intended. These pressures must be resisted vigorously. It will be necessary, in fact, to insist that more be provided for the purposes of that fund than can be derived from oil royalties.

Recreation is a good thing and politicians seem to find it especially attractive. It would however be a shame for Commissioner Brown to have to divert a large share of his energies to playgrounds and ball games. A strong Bureau of Recreation, headed by a competent professional, should be able to relieve the Commissioner of most of the duties related to that field.

Cultural Affairs is an appendage to the Department that does not seem to have any particular relation to the rest of its activities. It would seem to me that it would make more sense for the duties of that division to be shifted to the Department of Education.

That is probably enough unsolicited advice for one day, especially to a Commissioner who has not even been confirmed as yet.

NATIONAL MEDICAL LABORATORY WEEK—APRIL 13–19

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. CARTER. Mr. Speaker, I am very pleased to bring to the attention of my colleagues the fact that National Medical Laboratory Week will be observed this year from April 13 through 19. The occasion will be used to make the public more aware of the vital functions performed by the medical laboratories and medical laboratory scientists who perform the diagnostic testing required for the identification and treatment of disease.

In recognition of the vital role played by laboratory practitioners in the health care system I was deeply honored to recently cosponsor with my esteemed colleagues, Congressmen ROGERS, SYMINGTON, HASTINGS, HEINZ, and MINETA, House Joint Resolution 312 which authorizes and requests that the President issue an annual proclamation declaring the second week of April as National Medical Laboratory Week. I was pleased to note that a similar resolution, Senate Joint Resolution 50, was introduced in the Senate by Senators KENNEDY, JAVITS, WILLIAMS, PELL, and SCHWEIKER. Furthermore, it is my full expectation that during the course of this year the Congress will carefully reexamine the role of medical laboratories and its personnel under the Clinical Laboratories Improvement Act and expand and revise necessary provisions to insure the highest quality of laboratory services are provided to all Americans.

During the week of April 13–19, the Nation will join in saluting the men and women whose scientific findings helps the Nation's doctors provide quality health care. Of the more than 150,000 persons working in medical laboratories, approximately 15,000 are clinical pathologists with M.D. degrees, 3,000 are clinical laboratory scientists with Ph. D.'s, 65,000 are oratory scientists with Ph.D.'s, 4,000 are cytotechnologists working with cells, 6,000 are histologic technicians working with tissue specimens, 50,000 are laboratory technicians and laboratory assistants, and the remainder are divided among such diverse categories as blood bank technologists, chemists, microbiologists, hematology technologists, and nuclear medicine technologists.

Medical technology can well be termed the unseen profession. While their practitioners are involved in the performance of a wide range of laboratory tests that directly contribute to the detection, diagnosis, treatment and study of disease, their dedicated work often goes unnoticed by the general public and even those who work in the health care system.

The laboratories where they work may be found in hospitals, clinics, research centers, universities, or doctors' offices. They may also be private independent laboratories, or mobile laboratories that bring better health care services to rural and poverty level communities.

In the laboratory, these personnel will be analyzing blood, body fluids, and tissue samples for evidence of disease or infection. In smaller laboratories all categories of investigation may be accomplished by the same individual. In larger institutions laboratory personnel often become specialists in hermatology, chemistry, urinalysis, microbiology, biochemistry, histology, or cytology. Recently, the public spotlight has been on histology and cytology, studies of tissue and cells, because of the focus on breast cancer.

Microscopes and chemicals for treating and staining specimens were once the only tools used by practitioners of laboratory science. Today, electronics and high technology play an increasingly important part. Sophisticated analytical instrumentation capable of performing multiple procedures automatically stand next to the microscope in handling the increasing demand for laboratory services. Even the computer is used for the storage of diagnostic findings.

Professional organizations which represent many laboratory professionals have been instrumental in developing laboratory standards which improve the quality of services provided. Therefore, I was particularly pleased to see that six different organizations are participating in National Medical Laboratory Week. They include: the American Society for Medical Technology, American Association of Blood Banks, American Association of Bioanalysts, American Medical Technologists, International Society for Clinical Laboratory Technology, and the American Society of Clinical Pathologists.

Mr. Speaker, I call upon all my colleagues to join me in saluting the dedicated work performed by our Nation's laboratory practitioners and to urge that we provide strong endorsement for National Medical Laboratory Week by favorably considering the joint resolutions already introduced.

APPROACHING OUTER CONTINENTAL SHELF DEVELOPMENT WITH CAUTION

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DOWNEY. Mr. Speaker, this Nation must accept the fact that it faces an immediate scarcity of energy sources. Our heavy reliance upon petroleum combined with our diminishing domestic reserves are making us ever more dependent upon foreign sources of oil. It should be clear, given the experiences of last year's oil embargo, that if we are to meet this Nation's immediate energy needs we are going to have to develop and explore the oil and gas reserves within our Outer Continental Shelf.

During the next decade development of oil and gas from the United States OCS may well provide the largest single source of domestic energy. However, the massive offshore development that is presently being proposed carries with it grave environmental risks that must be adequately assessed before development begins.

Expanded oil and gas development in the OCS will bring with it the threat of oil spills as well as the degradation of many forms of marine life. However, the environmental risks are not limited to the increased probability of oil spills alone.

Development of the OCS will bring economic and social changes onshore as well. This new oil and gas production will result in the development of refineries, petrochemical complexes, gas processing, and tanker docking facilities. Moreover, the resultant increases these support operations will bring in employment, regional growth, income, and population have the potential to be both beneficial and harmful.

We must keep in mind that growth in primary industries associated with offshore development is likely to be offset by a decline in secondary industries such as fishing and tourism. While economic growth is something to be encouraged there are obviously many dangers inherent in unplanned and uncontrolled development which we must take affirmative steps to circumvent.

However, aside from the obvious economic growth problems likely to be encountered as a result of expanded oil and gas production in the OCS, communities are going to have to face new problems in providing for the expanded demands which this offshore development will place upon their social and service infrastructures. Expanded industrialization on shore will mean larger populations in areas presently not equipped to handle these added burdens. Communities are going to have to provide new housing, new hospitals, new schools and parks as well as expanded law enforcement, fire protection and public utility services.

Moreover, if we do not plan for this expanded commercial and residential growth we are going to find that we have lost much of our precious beach and open space land to inefficient and unsightly urban and suburban development.

I believe that it is clear that the degree to which OCS development is positive in providing for this Nation's energy needs without adversely affecting its natural environment will hinge upon the ability of public officials at all levels of government to plan for the development. However, there are several points which must be considered if we are to plan effectively.

First, we must insure consistency of Federal actions in regard to offshore development. The single agency approach that the Federal Government has taken toward energy independence in the past must come to an end. The Federal Government has found itself in the untenable position of funding programs such as the national parks which are designed to protect and enhance our natural environment while concurrently promoting others that are potentially harmful to the very same environment it is spending millions to protect. We need to seek a meaningful balance between our future energy needs and our precious natural environment.

Second, many of the ill effects of expanded oil and gas development could be combated by rational land use planning. I believe that we must insure that Federal oil and gas leasing in the OCS is consistent with the State plans currently being developed pursuant to the Coastal Zone Management Act.

OCS development must be approached with caution. We must insure that this development occurs only in those areas where the amount of the oil resources will justify the potential dangers to the environment.

The bill I am introducing today is an attempt to insure that these points are considered. This legislation will amend the Outer Continental Lands Act to provide policies for managing oil and gas resources in the OCS in order to achieve our national energy goals and assure that our environment is protected. The bill has three major environmental thrusts which I would like to outline.

First, it would authorize the Secretary of the Interior to conduct, through the U.S. Geological Survey, exploratory studies of tracts in the OCS to determine if commercial quantities of oil and gas are present before the tracts are leased.

Second, it would direct the Secretary to transmit to Congress for approval a leasing and development plan for tracts in which commercial quantities of oil are found. Similarly, the Secretary would be directed to submit these plans to the Governor of the adjacent coastal State for comment. The bill empowers the Governor to petition for a 3-year delay in lease sales if he believes that such sales would be environmentally harmful to his State. The Secretary would review these petitions and in cases where he may deny the delay the Governor would have the option of appealing to a National Coastal Resources Board composed of the administrators of several Federal agencies. Moreover, this bill will require that leasing and development plans be consistent with State CZM plans.

Third, and most importantly, this bill will authorize the National Oceanic and Atmospheric Administration to conduct baseline studies and collect time series data to assure that we do not unwittingly damage the marine environment within the OCS.

In addition, the bill provides for extensive cooperation among several Federal agencies to assure that expedited OCS development is carefully and fully monitored to insure that environmental damage from careless oil spillage is prevented.

I believe that it is clear that we need to expand the development of our oil and gas resources on the OCS; however, it would be irresponsible for this Nation to approach this kind of development without the proper amount of caution. The legislation I have proposed today is designed to insure that the proper care is taken in moving toward energy independence. I respectfully ask my colleagues in the House to seriously consider and review my proposals.

KEEP CONCORDE SST'S IN EUROPE

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. WOLFF. Mr. Speaker, with all the controversy over the supposedly delicate diplomatic problems and potential embarrassment should the British-French Concorde SST not be allowed to land in the United States, I thought it well today to pass on to our colleagues a sampling of public opinion from my home area of New York.

We sometimes lose sight of what the real effects of our decisions are at home, and this problem can become especially acute when there are diplomatic overtones, as in the present SST debate.

Frankly, Mr. Speaker, I am somewhat at a loss to understand why we in Congress should have to take up valuable time on the SST, in view of our previous, clear mandate against the aircraft due to its excessive noise and other pollution characteristics.

I am sure that most of us in this House are somewhat mystified, and not a little resentful, that the FAA has put us in the position of having to enforce our 1971 vote. But enforce we must in the face of a clear attempt to go behind our back and allow in the Concorde because of a possible administrative technicality.

In any event, the people at home are not interested in the technicalities which the FAA and the EPA have foisted on us as a rationale for allowing in a foreign SST where an American dare not tread.

As the following story and editorials show, the residents of New York know what the Concorde SST threatens, and they do not like it. As I have said on previous occasions, if the British and French want this noisy and dirty aircraft, let them keep it where it belongs—on the other side of the Atlantic.

Mr. Speaker, I am pleased to submit for the Record a pair of fine editorials pointing out the problems with the FAA's recommendations—the first by a distinguished Long Island radio station, WHLI, delivered by president and general manager Paul Godofsky; the second by the New York Times.

Finally, I am pleased to include a newspaper story which appeared this week in Newsday. This excellent bit of human interest reporting by T. J. Collins clearly brings home to us here in Congress just what the SST will mean to the American public, and I respectfully urge my colleagues to read the story, especially if they have been leaning towards a "diplomatic" settlement of the SST question.

WHLI Urges the Banning of SST Planes Pending Environmental Study

(By Paul Godofsky)

WHLI frequently has noted the tendency of many governmental regulatory agencies to become spokesmen for and advocates of the very industries they are supposed to be supervising.

The current case in point is a preliminary decision by the Federal Aviation Administration to permit at Kennedy Airport daily commercial flights of the Anglo-French supersonic transport plane—the Concorde.

The 14-hundred mile an hour aircraft would make the flight between London and New York in just about three hours. That's fast all right, but who needs it? The plane has very limited passenger capacity, cannot carry much cargo, and to operate at a profit, would be forced to charge such high fares that only a very small portion of the plane-riding public would be able to afford them.

More disturbing than this plan to bail out the Concorde's French and British manufacturers is the unpleasant fact that nobody knows exactly what the SST would *do* to the environment. We do know that the plane cannot meet the noise standards set by the Port Authority which operates Kennedy Airport. And it has also been estimated that it would create in households near the airport vibrations that are five times greater than those produced by the jet planes now using Kennedy.

Just imagine how homeowners in the Five Towns—Elmont—Valley Stream—Rosedale area will respond to that.

Scientists who specialize in the environment say that the operation of Supersonic Transport Planes will produce damage to the Ozone layer in the upper levels of the atmosphere. This in turn would have as yet undetermined affects on life on earth.

In view of these factors, what is the reason for the big rush to let the Concorde operate over Long Island?

Representative Lester Wolff has introduced Congressional legislation that would ban all flights by SST planes until a full scale environmental study has been completed. That makes sense to us.

We urge our listeners to tell their Congressmen to lend their support to the bill proposed by Representative Wolff.

[From The New York Times, Mar. 11, 1975]

SST's to J.F.K.?

The advocates of supersonic aviation are nothing if not persistent. Four years ago, the House and Senate after wide public controversy voted down any further expenditure for an American-built supersonic transport.

A combination of three arguments proved compelling:

The plane was a prestige project that would almost certainly never generate sufficient revenue to defray the huge development costs. When flown at supersonic speed, the plane would painfully increase the level of noise.

Most ominously, fleets of SST's in regular service might irreversibly alter the chemical composition of the ozone, permitting many more of the sun's harmful ultraviolet rays to reach earth and having unpredictable effects on the life-sustaining ecology of the stratosphere.

Notwithstanding this decision by the Congress, the Federal Aviation Agency—with the timid acquiescence of the Environmental Protection Agency—has just recommended allowing the Concorde, the Anglo-French supersonic airliner, to begin four regular flights a day from Western Europe to Kennedy Airport here and two a day to Dulles Airport near Washington, D.C.

The F.A.A. admits SST's are noisy but argues that they are only somewhat noisier than ordinary planes. It admits that fleets of SST's could produce dangerous atmospheric effects but argues that six flights a day are too few to do much harm. The road to hell also begins with small steps.

Once the F.A.A. wins this initial battle for six daily flights, it will be relatively easy to increase them. The Soviet Union, which has developed its own SST, may soon be requesting approval to use it on the Moscow-to-New York route. If granted to the British and the French, how in the name of détente could a Russian request be turned down? The pressures to have the Government finance an American SST will revive all over again.

Saving two and one-half hours on the flight to Europe and equivalent amounts of time on other routes cannot possibly justify the excruciating noise of these planes or the incalculable damage they may do to the stratosphere, that precious envelope of air that helps make life possible on this planet.

The Port Authority can bar the Concorde from Kennedy Airport. It should promptly do so, while Congress and the public make clear to the F.A.A. that it should bar these planes from Dulles as well.

[From Newsday, Mar. 18, 1975]

A View From the Five Towns

(By T. J. Collins)

Mr. Deeds won't be going to Washington after all.

But he and dozens, possibly hundreds, of other Five Town area residents will be going to the Queens Playhouse in Flushing Meadow Park, where the Federal Aviation Administration will hold a public hearing April 18 on the coming of what some call, "The Raper," the Concorde supersonic transport.

"We're very upset. They're trying to cut our throats," said Clifford Deeds of North Valley Stream, the director of the Town-Village Safety and Noise Abatement Committee. The committee was formed by the Town of Hempstead and several villages near Kennedy Airport in 1962 and has been fighting plane noise and nuisance since.

The committee's latest battle began when the FAA recently announced tentative approval for the British-French supersonic Concorde to start six flights a day into Kennedy and Dulles International Airport outside Washington early next year. Four of the flights would be into Kennedy. The FAA had scheduled one hearing,—and that in Washington—for April 14, but added the local session after public outcry.

"The SSTs are something we've thought of and dreaded," Deeds recently said. "Every increase of three decibels doubles the vibration power. The Concorde represents a nine-or-more-decibel increase. If the SST could meet the Port Authority 112-decibel limit for Kennedy, we would have nothing to say, but it can't. We're placing our hopes on the Port Authority to maintain current standards."

From the chic shops with the chic names on Central Avenue in Lawrence to the broad streets and avenues of Woodmere, noise decibels, perceived noise decibels and similar jargon are familiar terms to many residents, just as jet noise has been woven into the fabric of their lives.

A backyard barbecue is just as popular in the Five Towns as in the rest of Nassau County, but the jets, with their black clouds of exhaust, pose an often unconquerable challenge to the hardiest fan of the charcoal grill even if the noise doesn't force the cook indoors. The exhaust fallout problem has been somewhat alleviated in the last three years with the requirement that the jets be outfitted with afterburners to cut down on the fallout. The battle was won in court by State Attorney General Louis Lefkowitz on the strength of complaints from area residents that their laundry was turning black and backyard swimming pools were unusable because of the mixture of jet fuel and water descending in clouds.

But, aside from the problems of fallout and jiggling TV reception, the main problem is noise. Noise is the omnipresent obsession of the Five Towns.

According to the FAA, the Concorde's average noise level is 115.3 effective perceived noise decibels. And while it is true, as Mr. Deeds said, that a three-decibel increase is a doubling of the vibration power or pressure of the noise, it takes an increase of 10 perceived noise decibels to double a hearer's annoyance, according to the Port Authority. Other experts have other opinions. Decibels simply measure sound pressure; perceived noise decibels measure annoyance by giving a numerical weight to frequencies, with the high frequencies given the higher numbers because they are the most annoying. An effective perceived noise decibel adds another factor, the duration of the sound, with faster moving and climbing aircraft scoring better than slow-climbing, slower moving planes.

"We live on Runway 31 R. If the SST is going to come, it's going to come over us," said David Jablon, who lives in a colonial stucco house at 385 Arbuckle Ave., Cedarhurst.

"Congress saw fit not to allow flights of the SST in the United States, but I guess we're not part of the country. As it is, when they start coming over, we get the noise for eight hours at a clip. That's 160 planes, one every three minutes. We're going to that public hearing, all right, and so are our neighbors."

A total of 41,565 planes used runway 31 R to land last year. This figure represented a decline of almost 3,000 arrivals from the year before, a shrinkage caused by the energy crisis. In all, there are four runways with flight paths over the Five Towns area, 31 R and 31 L for landings and 13 R and 13 L for takeoffs. In 1974, there were 55,200 arrivals on 31 L and 31 R and 30,776 depatures using 13 R and 13 L.

"I guess we're like Pavlov's dogs," Jablon said. "You get use to the noise, you learn to tolerate it. But even without the SST, it's miserable. *You get use to it.* Many people in the Five Towns will tell you that, but the noise does change patterns of living.

Samuel Cohen, superintendent of the Lawrence School District, talking about the Lawrence High School in Cedarhurst: "If the windows are open, the third floor is impossible. You just have to stop talking to the students, and everything starts vibrating. Then you start again and, three minutes later, you stop when the next plane comes. We're about three miles from the airport here."

The Five Towns area has a mixture of residential, commercial and industrial zoning and a diverse population. One-family homes predominate. Many residents are professional people who work in New York City. In the '30s and the '40s and earlier, living in the Five Towns was living in the country with the amenities of the seashore nearby and the benefits of a short commute.

"Letting in four Concordes is like opening Pandora's box," said Joe Lewis, a resident of Inwood and head of the Metro Suburban Aircraft Noise Association Inc., an umbrella organization and information clearing house for some 30 civic groups representing thousands of residents in the communities surrounding Kennedy. Joe Lewis has been known to call the Concorde "The Raper" in the monthly newsletter he writes and distributes.

"The Russians have an SST too, the TU-144. They're going to say, 'Me, too.' There are no statistics on the Russian plane, nobody knows how bad it may be. I'm in favor of Congressman [Lester] Wolff's [D-Kensington] bill to ban the SST until its problems are worked out. But I think that if the Port Authority doesn't stick to its 112-decibel standard, we may all be in trouble." The Port Authority says it will not change its standards.

But "Beating the black box," is one of the anecdotes that Lewis willingly tells visitors.

"The black box is a noise-measuring device put out around the airport by the Port Authority. When the pilots approach the box, they cut down on power so they don't register so loud. That's beating the box. Until a couple of months ago, one of the airlines had a truck stationed near one of the boxes in radio contact with the pilots telling them when to cut back."

Apocryphal? Joe Lewis claims it is true.

"Cedarhurst was here long before any airport," Palmer Farrington, the village clerk of Cedarhurst, said. "We didn't build up around it. Idlewild was just a swamp, nothing, before it became an airport."

Dr. Benjamin Esterman, who built his house in Lawrence 33 years ago, agrees. "There was the Idlewild golf course and the rest was swamp." He has been fighting airplane noise since the 1950s.

"Supersonics are seven times noisier. People never bothered by the problem will be screaming. Houses will actually shake in Rockville Centre and Baldwin because they'll be in the increased noise zone," Esterman said.

The environmental impact statement of the FAA does not agree with Esterman's estimate on how much noisier the SST is than subsonic jets. However, this is what the impact statement said about SST noise-caused vibrations: "Such vibration levels are likely to induce household rattle, caused by dishes, pictures, lamps and bric-a-brac being vibrated against supporting surfaces . . . sources of noise which may disturb the occupants . . . because of the psychological influence of private possessions being disturbed."

The vibrations referred to are not those caused by sonic boom or breaking the sound barrier. The Concorde, which will carry 100 to 125 passengers and cruise at 1,300 MPH, more than twice the speed of sound, over the ocean, will not be permitted to break the sound barrier anywhere near land. Its proposed daily flights between New York and London will take about three hours.

The impact statement also concedes that SST flights can cause a depletion of the ozone layer of the earth's atmosphere and a subsequent increase of ultra-violet light reaching the surface of the earth. But the FAA concludes that the limited number of flights envisioned for the Concordes would not cause environmental degradation severe enough to deny the flights.

As one FAA spokesman put it: "It's a noisy, dirty airplane, but we are only contemplating allowing six flights a day, four into JFK and two into Dulles—such a small number that the environmental impact will be minimal."

Ozone depletion and other such problems do not bother the town-village safety and noise abatement committee or Mr. Deeds, since his organization is not able to deal with the scientific questions.

"The average person couldn't give a damn what's happening at 10,000 feet up. It's what's over their heads that they care about."

BLACK SCHOLAR MAGAZINE VICTIM OF MARXIST TAKEOVER

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. McDONALD of Georgia. Mr. Speaker, on March 13, our colleague, Mr. Dellums, placed into the Record an article by our distinguished colleague Mr. Conyers entitled "The United States Growing Support for Racism in South Africa," which had originally appeared in the December 1974 issue of the Black Scholar.

I feel that the impact of Mr. Conyers' thoughtful article is considerably reduced by the report in the New York Times of March 11, 1975, that the magazine's initiator and publisher, Dr. Nathan Hare, states the magazine has been the victim of a black Marxist takeover.

In a letter of resignation published in the San Francisco weekly Sun-Reporter, Dr. Hare states:

Black Scholar Publisher Resigns

After almost six years as publisher of The Black Scholar since its conception and inception in the late fall of 1969, I am resigning and severing all association with it and its activities. This decision comes with considerable regret, but it does not come suddenly. I do so with gnawing sadness but also with resolute satisfaction that in doing so at this crucial time in our history I may contribute my part in preventing the black movement from making an untimely mistake and getting sidetracked and further decimated for perhaps another generation.

I have had the rare opportunity to watch first hand a "black Marxist" takeover and seizure of an organization, in this case, The Black Scholar. At the same time I have been engaged in a serious study of Marxism since 1965, receiving informal tutelage and official instruction from some of the best Marxist minds. My study came after a Ph.D. in sociology from the University of Chicago and simultaneously but not always in connection with my activity in the black movement. My active involvement in the black movement began with SNCC (the Student Nonviolent Coordinating Committee), on through RAM, the Revolutionary Action Movement, and the Black Panther Party (though I never officially joined these organizations) and as the subject of two stormy political firings (at Howard University in 1967 and in the first and longest black studies strike—at San Francisco State College in the year 1968–69).

Although I came to appreciate the basic insights of Marx and their potential contribution to black struggle, I also saw that they need to be almost totally revamped (as no doubt Marx would do if he were alive as a brilliant social scientist who always tried to tie his analysis to the historical context).

Anyway, The Black Scholar was launched with the expressed aim of providing a vehicle an open forum for debate, study and analysis among black intellectuals and activists of all persuasions, toward evolving a new and viable black ideology that could rally black people and their allies at large for a sustained and victorious struggle for liberation. I saw and still see that struggle as one of both class and color. The challenge was to find some way, some how, to combine them. But the unfortunate fact is that most militants strive instead to emphasize one and reject the other. The majority of American Marxists, for their part, see black revolutionary change primarily, even totally, as a class struggle, and seek accordingly to minimize the relevance of color. Their motives are sometimes ideological, sometimes grow out of political rivalry, sometimes personal or ego dilemmas, sometimes a combination of these.

There is much that I could say about that, but I only want to say that I have reached the point of no return and can no longer endure their strategy and tactics. These included a narrow devotion to conventional Marxist interpretations and an ironclad intolerance for and resistance to opposing views. They do not see this as a policy of self isolation. If you are not with the people, in a certain sense you are against them. A vanguard without a base is not a true vanguard but an elite. Now and again they will feign to change their isolationist ways, and actually appear to do so, but it is true that a leopard cannot change its spots; it can only camouflage them.

Thus The Black Scholar, which initially had been widely proclaimed as one of the most significant black publishing events of recent times in intellectual and movement circles, has increasingly come to be regarded as locked in a deadly vice of progressive deterioration.

This is largely because instant "black Marxists" are seldom their own men or women, let alone their own original opinion makers. This is in part due to the sociological fact that most people are basically conformist—even those who identify with radicalism. I have known and wrestled with this agonizing fact since the Howard rebellion of 1967. The radicals merely cling to a popular or conventional fad or fashion in radicalism. I have watched it closeup and it appears to be a form of religious conversion. Their fanaticism, however, does not bring undying devotion to their cult. Instead another according to popular fad or their own intermittent regroupings and reconversions.

The Black Scholar, under the umbrella of the Black World Foundation, was incorporated as a non-profit organization with bylaws and a board of directors, with all policy decisions to be made by majority vote of the board members. That was supposed to be in the spirit of "revolution," but it was my first mistake. That majority is now "black Marxist," and I soon found my contribution sabotaged and almost liquidated. It was much like the problems Dr. W. E. B. DuBois, had with the old NAACP of the Walter White era before DuBois left that group. The particulars are of course different, but the problems remain the same.

But I hung on, feeling that my own personal satisfaction was secondary to a chance to help black people. I stood perplexed, but I felt that much of the current ideological conflict and bickering between narrow Marxists and ultranationalists was spurious and eventually would pass away, that somehow there would emerge a metamorphosis in black thought which would transcend the narrow dictates and interpretations of both of them.

Meanwhile, I began to writhdraw temporarily to prepare myself for a later contribution to the understanding of the black condition on which that new transcendence could be based.

And so I returned to school and in August of this year I am to receive my second Ph. D. (this one in clinical psychology, with special emphasis on psychotherapy). I intend to wed both fields (sociology and psychotherapy) as instruments for the understanding and interpretation of the black condition; not as ends in their conventional selves or in the service of whatever dogma. This has left me with increasingly less time to devote to the Black Scholar, and it is clear now that my new direction was the first stage of my leaving the Black Scholar and moving to a higher level of involvement in the black movement. That is all I can say at this time. Thank you for listening—and I remain yours,

For our freedom,

NATHAN HARE.

February 26, 1975.

Mr. Speaker, the New York Times story, under the byline of Miss Charlayne Hunter, a native of my home State of Georgia, reported:

(By Charlayne Hunter)

The Black Scholar, which has provided a forum for the growing ideological debate among blacks over Marxism-Leninism and nationalism has become enmeshed in the conflict.

Nathan Hare, a founder and publisher of the black journal of social, economic and political thought, has severed his connections with the magazine by protesting what he called a "black Marxist" take-over of the journal. The remaining staff denied the accusation, called it "red-baiting" and contending that the majority of the contributing and advisory board were not Marxist.

The Black Scholar was founded in 1969, when the black movement was in flux. Dr. Hare said the magazine was designed to unite the black intellectual "in his ebony tower" with the street activists in an attempt to evolve "a new and viable black ideology."

CROSS-SECTION OF BLACKS

Its board—assembled by Dr. Hare and Robert Chrisman, the editor—was a cross-section of the black community and included politicians, educators, scholars, activists, businessmen and entertainers. Among them were Representative Shirley Chisholm of Brooklyn, Imamu Baraka, Angela Davis, Dempsey Travis, Max Roach, John Oliver Killens, Ossie Davis, Shirley Graham Dubois, Ron Karenga, and Lerone Bennett.

The magazine published articles by many of its board members, along with articles by Eldridge Cleaver, Sekou Toure, John Conyers and John Henrik Clark, while also providing a forum for young scholars and activists, such as Joyce Ladner and Don L. Lee.

Some of the contributing and advisory editors said that, because of Dr. Hare's resignation, they were reconsidering their own involvement with the magazine. At least one has already resigned, and even those who still support the current staff say they view the situation with some "dismay."

* * * * *

Dr. Hare, a sociologist whose black militancy led to his dismissal from Howard University in 1967 and San Francisco State College in 1969, accused the board of "a narrow devotion to conventional Marxist interpretations and an iron-clad intolerance for and resistance to opposing views."

In a telephone interview from San Francisco, where he is working on a Ph. D. in clinical psychology, Dr. Hare said the change began two years ago, when Mr. Chrisman and Robert Allen, the magazine's managing editor, went to Cuba.

"They were mesmerized by Cuba," Dr. Hare said. "It was like a utopia. Race had no meaning, they thought, although other people contradicted that. But you could not criticize Russia or Cuba or Angela Davis after that."

NO "NEW THOUGHT"

"More and more articles were solicited from the black Marxist League and Communist party circles," Dr. Hare continued. "When I protested that not enough black nationalists were getting into the debate, they tried to put out the idea that nationalists didn't have any new thoughts and I felt that way about the Marxists."

Dr. Hare accuses both the Marxists and the nationalists of being "too narrow—more like religion than struggle."

Mr. Chrisman, who has coauthored two books with Dr. Hare and is a visiting professor of ethnic studies at the University of San Francisco, said Dr. Hare's resignation had taken the staff "completely by surprise." He also contended that Dr. Hare had sent the staff a different, less strident letter and that the charges in the open letter were "basically a fabrication."

"The great majority of our contributing editors are not Marxist," Mr. Chrisman said. "This is just old-fashioned red-baiting and smearing."

A CONSTRUCTIVE STEP

Meanwhile, many blacks feel the incident has served to heighten the debate between the ideologues. Some regard it as a constructive step toward the creation of a universally accepted strategy for black liberation. Others are concerned about the impact it will have on the magazine.

"To me, Nathan Hare was The Black Scholar," said one contributing editor, whose statement and request for anonymity was shared by several others. "I'm going to resign but quietly."

Charles V. Hamilton, professor of political science at Columbia University, said that he had resigned partly in support of Dr. Hare's position, as well as to allow the staff to choose its own people.

But Gerald McWorter, also known as Abdul Alkalimat, head of the department of Afro-American studies at Fisk University, said that, while he felt that the magazine was "an accurate reflection of where black young people are today," he also thought that it was "important to keep The Black Scholar as a united front kind of publication."

The differences that have existed and developed over a period of time are obvious, he added. "It's the struggle for correct ideas that gets to correct ideas."

SENIOR CITIZENS AND THE ECONOMY

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DOWNEY. Mr. Speaker, on March 3 I held a day-long public hearing in my district on senior citizens and the economy. I heard testimony from more than two dozen witnesses, including heads of senior citizen organizations, agency directors, and some very outspoken individuals representing themselves. The hearing room was filled with interested older Americans anxious to be heard by their Congressman as well as by the various public officials who were also in attendance.

Mr. William Larregui, executive director of the Economic Opportunity Council of Suffolk, Inc., was one of the witnesses at the hearing. He spoke forcefully to several of the inadequacies in our present programs for the aged. As we prepare to debate extension of the Older Americans Act, I think Mr. Larregui's remarks would be of benefit to my colleagues in the House, and I ask that his testimony be printed at the conclusion of my remarks.

SENIOR CITIZENS AND THE ECONOMY

(Testimony of Mr. William Larregui)

We were indeed gratified to have learned that you have been appointed to serve on the Select Committee on Aging along with Mr. Biaggi and Mr. Walsh (the three of you being Congressmen from the State of New York). The E.O.C. of Suffolk, Inc., has from its inception been greatly interested in its role and responsibility of advocacy concerning the plight of the poor among Suffolk County's Senior Citizens. Of the six Local Action Centers supported by the E.O.C. of Suffolk, three are located within the Second Congressional District of which you are the elected representative serving in the House of Representatives. Our agency has been working feverishly over many years to assist the senior citizens of Suffolk County with their multitude of pressing problems and concerns.

Before I deal with some specific and key issues of E.O.C. concern, I would like to avail myself of this opportunity to salute you Congressman Downey for your recent yes vote which defeated the Ford administration plan to require poor families to pay, on the average, one-third more for food stamps beginning March 1. As we all know, on January 17, the administration approved the new regulations which proposed to increase the cost of food stamps from the present level, which averages at about 23 percent of net income, to the maximum allowable under the law, which is 30 percent of net income. This reduction would have seriously affected the elderly, the disabled, and the poorest of the poor.

According to estimates by the Community Nutrition Institute, most single low-income persons in the food stamp program would have faced increases of 35 to 100 percent in the cost of their food stamps. It would have taken its severest toll on those in one and two person households, most of whom are elderly and already suffering from the soaring cost of housing, health care, and other necessities.

The E.O.C. finds that Congress must be ever vigilant to protect the poor from the enactment of such legislation. Surely the House showed wisdom by their overwhelming 374 to 38 vote to defeat the president's plan.

THE E.O.C. ADVOCACY ROLE

Currently, the agency (along with its affiliate agencies) has operated a number of programs especially designed for senior citizens. In addition, on the last day of January of this year, the E.O.C. sponsored a conference in the County which was entitled—Senior Citizenry Advocacy for the Elderly. This conference gathered various members of the E.O.C. staff together to discuss the perplexing problems being faced by the aged in Suffolk County. Currently, this agency is participating in the federally funded Senior Citizens Nutrition Program by operating feeding centers in Mastic Beach and Riverhead, the funding being received from the Suffolk County Office for the Aging. Note: The E.O.C. also operates a program in the Bay Shore and Central Islip area which is not assisted nor financed by the Suffolk County Office for the Aging. In addition, our six local action centers along with our two health councils and the La Union Hispanica are utilized to counsel and support many and varied activities for senior citizens.

You have indicated to us in your letter of January 27, that you would appreciate receiving the feelings of this agency regarding an assessment of the effectiveness of current programs and current legislation. We believe that the following are areas in which you as our Congressman may assist this agency and the older residents of the Second Congressional District.

SENIOR CITIZENS NUTRITION PROGRAM

The Nutrition Program for the Elderly, Title VII of the Older Americans Act, authorized $100,000,000 nationally when it was signed in March, 1972. This program placed a priority on the eligibility of low-income and minority groups of elderly. It was the original intent of the E.O.C. to establish feeding sites in the communities where our agency had established Local Action Centers. A funding package, to accomplish this task, was presented to the Suffolk County Office for the Aging. The centers where the feeding sites were to be established were in the communities of Amityville, Bellport, Central Islip, Riverhead, Southampton, and Wyandanch.

As of this date the E.O.C. has received grants for only one of its Local Action Centers plus funding for one other site (located in Mastic Beach). The E.O.C. is willing to expand its feeding sites for senior citizens as soon as it receives additional funding from the Suffolk County Office for the Aging.

May I go on record by stating that the E.O.C. would like to receive additional funding from the Suffolk County Office for the Aging under Title VII of the Older Americans Act, in order to establish feeding sites at all of its Local Action Centers. These E.O.C. Local Action Centers are strategically located in poverty pockets and serve the local needs of the elderly poor.

SOCIAL SECURITY COST OF LIVING INCREASE

Congress must examine the Federal Budget in this regard but we urge that Federal fiscal policy must never result in increasing the poverty that minority groups—especially the elderly—endure because of social, legal, or economic pressure. President Ford's State of the Union message of January 13, suggested a 5 percent ceiling on social security cost-of-living increases. The President's proposal to limit to 5 percent the cost-of-living adjustment for social security, presently projected at 8.7 percent, is unconscionable. It would mean a $2.6 billion reduction in annual benefits for millions of social security beneficiaries. A retired couple would lose $12 per month. A retired individual or widow would lose about $7 a month. The sums of $7 and $12 a month may not sound like much but anyone who has been in touch with senior citizens dependent upon social security knows that $7 or $12 can make the difference in providing proper nourishment, food, heating, and good health. A fairer cost-of-living increase would be better projected at 8.7 percent. Note: Social Security provides more than half of the income for nearly all elderly couples and for two thirds of those older people who live alone.

We would recommend that the Congress should exempt the first $5,000 of retirement income from Federal income taxes and also increase the social security earnings limitation to $5,000, the present limit is a meager $2,400.

SSI PROGRAM

Ever since the Social Security Administration assumed responsibility for the State aid programs for the aged, blind, and disabled, we have noted a number of serious problems emerging from this new system. The elderly and disabled have reported to our staff members that they are processing delays, snarled payments, and generally poor services. Time does not permit me to deal with each of these situations in depth. My recommendation is that Congress should appoint a committee on the federal level and take a long hard look at what is happening to the blind, disabled, and other senior citizens who are reliant on this system. I would further recommend that you appoint a committee in Suffolk County to report to your office the many facts and findings that will emerge from such a local investigation. We are sure that Congressmen across the country have and will continue to receive letters from their constituents outlining their personal past experiences and distresses with the system. We would be willing to serve on such a committee. We do note that SSI benefits are often inadequate to meet the needs of older people. This we hope you will try to correct.

MONEY TO WINTERIZE HOMES

There is a need to assist senior citizens to weather strip, caulk, insulate, install storm windows and doors, and repair heating systems in their homes. Congress should consider introducing and passing a bill to provide funds for these aforementioned purposes in order that the poor, who are living on limited and fixed incomes, will be able to better their standards of living.

There is the need to provide more housing for our senior citizens at a cost which older citizens can afford. We are appalled at the lack of housing for senior citizens that can be afforded on limited incomes by these unfortunate people. A federal action is indicated with regard to helping alleviate this adverse situation in which we have placed these poor older Americans.

HEALTH

Legislators, we believe, should be encouraged to work for the best possible physical and mental health which science can make available. Someone once said that we are able to send men to the moon, but yet unable to cure the common cold. We would like to see prescription drugs and regular physical examinations covered under medicare. This we believe will be a giant step forward in improving the health and relieving the stretched and often inadequate budget of the senior citizen.

WHAT NEEDS TO BE DONE

Congress should:

1. See that additional funds are allocated and maintained by Congress for the Senior Citizens Nutrition Program, Title VII of the Older Americans Act.
2. Increase the social security earnings limitation to $5,000, the present limit is a meager $2,400.
3. Exempt the first $5,000 of retirement income from Federal income taxes.
4. Include prescription drugs and cover regular physical examinations under medicare.
5. Enact legislation to provide low income senior citizens funds with which to winterize their homes and provide more and better public housing for senior citizens on small and fixed incomes.

BILLS WE SUPPORT

The following are bills which have recently been introduced and which we believe merit your Congressional support.

By Ms. Abzug:

H.R. 2637. A bill to amend title XVI of the Social Security Act to provide for emergency assistance grants to recipients of supplemental security income benefits, to authorize cost-of-living increases in such benefits and in State supplementary payments, to prevent reductions in such benefits because of social security benefit increases, to provide reimbursement to States for home relief payments to disabled applicants prior to determinations of their disability, to permit payment of such benefits directly to drug addicts and alcoholics (without a third-party payee) in certain cases, to continue on a permanent basis the provision making supplemental security income recipients eligible for food stamps, and for other purposes; to the Committee on Ways and Means.

By Mr. Don H. Clausen:

H.R. 2647. A bill to establish in the Department of Housing and Urban Development a direct low-interest loan program to assist homeowners and other owners of residential structures in purchasing and installing more effective insulation and heating equipment; to the Committee on Banking, Currency and Housing.

By Mr. Lott:

H.R. 2899. A bill to amend title II of the Social Security Act to eliminate the 5-month waiting period for disability benefits, to liberalize the earnings test, to permit adopted children to qualify for benefits without regard to time of adoption, to eliminate the reconsideration stage in benefit determination, to provide for the issuance of duplicate benefit checks where the initial checks are lost or delayed, and to provide for expedited benefit payments to disability beneficiaries; to the Committee on Ways and Means.

By Mr. Obey:

H.R. 2836. A bill to amend titles II and XVIII of the Social Security Act to include qualified drugs, requiring a physician's prescription or certification and approved by a Formulary Committee, among the items and services covered under the hospital insurance program; to the Committee on Ways and Means.

By Mr. Talcott:

H.R. 2760. A bill to amend title II of the Social Security Act to increase the amount of outside earnings which (subject to further increases under the automatic adjustment provisions) is permitted each year without any deductions from benefits thereunder, and to revise the method for determining such amount; to the Committee on Ways and Means.

By Ms. Holtzman:

H.R. 2891. A bill to amend title XVI of the Social Security Act to insure that cost-of-living increases in supplemental security income benefits are granted to recipients of such benefits in all States, to provide a housing supplement to certain recipients of such benefits, to prevent reductions in such benefits because of social security benefit increases, to allow recipients of such benefits in cash-out States to elect to receive food stamps, and for other purposes; to the Committee on Ways and Means.

By Mr. White:

H.R. 2934. A bill to amend title XVIII of the Social Security Act to provide payment under part A (the hospital insurance program) for care and treatment furnished at a central radiation therapy treatment facility, and to provide full payment under Part B (the supplementary medical insurance program) for radiation therapy services furnished by physicians to inpatients or outpatients of any hosiptal or any such facility; and for other purposes; jointly to the Committee on Ways and Means and Interstate and Foreign Commerce.

While the aforementioned bills do not necessarily contain all of our stated recommendations as to what needs to be done, they do contain certain clauses that we are able to support.

The E.O.C. appreciates your concern and trusts that this information will be helpful to you in deciding how best to serve the interests of your constituents and the poor of Suffolk County.

UNITED STEELWORKERS OF AMERICA SECOND ANNUAL COKE OVEN CONFERENCE

HON. DOMINICK V. DANIELS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DOMINICK V. DANIELS. Mr. Speaker, the Occupational Safety and Health Act has been under continuous rapid fire since its enactment in 1970. According to volumes of mail received, OSHA is one of the primary agendas of discussion in areas of business, industry, and the Congress.

OSHA is continuously debated. However, the purpose and policy of the Occupational Safety and Health Act was and is "to assure so far as possible every workingman and woman in the Nation safe and healthful working conditions." Still, the silent violence of industrial fumes and dusts continue to stealthily cripple and kill thousands of workers each year.

The Occupational Safety and Health Department of the United Steelworkers of America recently concluded their Second Annual Coke Oven Conference to inform coke oven workers of the progress they have made to reduce worker exposure to toxic coke oven emissions.

The United Steelworkers of America have taken the initiative in the field of job health and have provided fresh assaults on occupational hazards.

I commend to my colleagues the summary and resolutions adopted by the United Steelworkers of America:

UNITED STEELWORKERS OF AMERICA SECOND ANNUAL COKE OVEN CONFERENCE

WASHINGTON, D.C.,
January 30–31, 1975.

The following is a summary of seventeen (17) resolutions regarding coke oven worker safety and health:

Be it resolved that:

Mandatory hazard, health and welfare education programs be provided for all coke plant workers;

The Job Classification Manual be revised to include hazard pay factors for the purpose of upgrading wage rates;

Double indemnity be paid to the beneficiaries of coke oven employees who die before retirement because of occupational accident or disease;

The surviving spouse receive all pension benefits due regardless of age and all Workmen's Compensation benefits;

Vacation benefits not be denied for time absent because of an occupational accident or illness;

Disabled workers being placed in lower paying jobs because of occupational disability will not receive lower pay;

Coke oven departments be adequately staffed to assure proper maintenance, production and relief time for workers and that 32 hour workweeks be negotiated with 40 hours pay;

The National Workmen's Compensation bill (S. 2008 93rd Congress) be enacted.

Management be required to provide medical examinations and results of such examinations to the worker;

Coke oven workers be entitled to earlier retirement;

Retiree benefits not be reduced by calculating no-income months of absenteeism due to recuperation from an occupational accident or illness;

Management and the union work vigorously for research and development of protective equipment;

Union representatives have immediate access to any coke plant area at any time;

Contract negotiations continue to improve the incentive plans and incentive earnings (of coke plant workers).

RESOLUTION NO. 1

Submitted by Local Union No. 1212:

Whereas: Many Coke Plant workers do not have any educational program given them by company on Coke plant hazards.

Resolved: A mandatory educational program for all coke plant workers must be given on their health and welfare. Explaining what they are constantly being exposed to as far as emissions, radiation, chemicals, etc. with emphasis what measures can be taken to protect themselves.

RESOLUTION NO. 2

Submitted by Local Unions 1014, 1033, 1104, 1212

Whereas: Wage rates factors on hazards and environment do not allow for extreme situations such as coke plant workers.

And whereas: There are no provisions in the twelve factors in the job classification manual for occupational diseases (for example, emphysema, bronchitis, cancer, respiratory and heart ailments, etc.) and recent studies have shown that coke oven workers have excess mortality due to these diseases over their brother steelworkers. Therefore, be it

Resolved: That added to factors 11 and 12 of the classification manual, a provision for hazardous pay for coke oven workers be accomplished, and wage rate factors be upgraded for extreme conditions such as exist in coke plants.

RESOLUTION NO. 3

Life Insurance—Local Union No. 1014:

Resolved: When an employee dies prior to retirement because of an occupational disability due to an accident or occupational disease, the employee's beneficiary shall receive double indemnity insurance benefits according to the employee's life insurance policy.

RESOLUTION NO. 4—LOCAL UNION NO. 1014

Surviving spouse's benefits

Resolved: The surviving spouse of a participant who dies because of an occupational disability shall receive all pension benefits due spouse regardless of the participant's age and the surviving spouse's pension because of workman's compensation benefits.

RESOLUTION NO. 5—LOCAL UNION NO. 1014

Vacations—Absence due to injury or occupational disease

Resolved: The employee shall not be denied vacation benefits because of absence due to injury or occupational disease.

RESOLUTION NO. 6—LOCAL UNIONS NOS. 1014, 1104, AND 1212

Wages lost due to an occupational disability or disease—Coke oven workers or other related jobs

Resolved: If an employee is placed on a lower paying job because of an occupational disability or disease, he shall be paid all loss of wages until the employee retires.

RESOLUTION NO. 7—LOCAL UNIONS NOS. 1014, 1104, AND 1212

Safety and health—Coke oven workers—Relief time

Resolved: There shall be relief time for all coke oven workers in an eight (8) hour day because of heat fumes and other unsafe conditions.

RESOLUTION NO. 8—LOCAL UNIONS NOS. 1104, 1190, 2163, AND 2701

Crew size

Whereas: The Company is continually trying to get by with as few employees as possible, and

Whereas: There are many problems that are pushed aside because the crew size is too small, and

Whereas: The tops of the coke ovens are always dirty with coal and coal dust, and

Whereas: Doors and Jambs must be cleaned, and doors sealed properly, and

Whereas: Fires must be put out as soon as possible after an oven is charged, and

Whereas: Goosenecks and sandpipes must be cleared of carbon build up, and

Whereas: These items and many others cannot be properly accomplished without adequate crew sizes, therefore be it

Resolved: That an all out effort be made to assure adequate employees in the coke departments to assure proper maintenance, production, and spell time so that not any employee is overburdened.

RESOLUTION NO. 9—LOCAL UNIONS 1104, 2701

Resolution on National Workers Compensation Act

Whereas: The William Javits Bill S. 2008 is backed by the steelworkers because it more closely covers the needs of the working people of this nation, therefore be it

Resolved: That the steelworkers make every effort for the passage of this Bill.

RESOLUTION NO. 10—LOCAL UNIONS 1014, 1212, 2163, 2701

Physical examinations

Whereas: Physical examinations are necessary and required, and

Whereas: The employees do not always receive the report of the medical examination, and

Whereas: The employee has a deep concern about the results of his examination. Therefore be it

Resolved: That management be obligated to issue to each employee a complete medical report on his individual examination. Further be it

Resolved: That proper and adequate physical examinations be given by the company.

RESOLUTION NO. 11—LOCAL UNIONS 1014, 1033, 1104, 2163, 2600, 2701

Early pension

Whereas: Recent studies have proven that the life expectancy of a coke oven worker is appreciatively less than his fellow steelworker due to occupational illnesses, disease, and hazards.

Be it resolved that in order to insure the same life expectancy of a coke oven worker as his fellow steelworker that a coke oven worker be entitled to an early pension.

RESOLUTION NO. 12—LOCAL UNION 1104–1212

Whereas: The respirators given coke plant workers is no more than a dust mask. And since respirators have been proven to be detrimental to an employee with a lung problem or heart condition.

Resolved: The international union and steel companies involved must push vigorously for far better research and development of protective equipment.

RESOLUTION NO. 13—LOCAL UNION 1104

Whereas: Many local union Safety & Health representatives have problems getting into Coke Plant areas where Safety & Health problems arise.

Whereas: Many times Management will make every effort to cover up these problems or shut down the operation before the Union Safety and Health representative can observe them.

Be it resolved: That the Conference go on record to strengthen the Contract on Safety and Health and change the present procedure so the Safety and Health representative will have immediate entrance to any Coke Plant area at any time.

RESOLUTION NO. 14

Submitted by Local Unions 1014, 1033, 2163, 2598, 2599, 2600, 2701.

Whereas: Coke oven employees are subject to many conditions that shorten their life span, and the conditions subject them to many, many health conditions that may take years to solve, and

Whereas: The coke oven workers have a very high lung cancer death rate and kidney cancer death rate, and

Whereas: There are other locations in the plant that have extreme silica, dust, and oxides emission conditions, and

Whereas: The life span of employees in such other locations are also decreasing with each day of exposure, and

Whereas: The health of employees should be given consideration and protection so that they might live to enjoy retirement. Therefore be it

Resolved: That a short work week of 32 hours or less be negotiated with 40 hours pay, and be it further resolved that the work force shall be increased to protect crew sizes and proper maintenance with a 32 hour or less work week.

RESOLUTION NO. 15—LOCAL UNION 1014

If an employee has been absent from work because of an occupational disability

Resolved: When the employee retires during the period of occupational disability his average monthly earnings for each month in which he was absent because of an occupational disability shall, for the purposes of computing his pension only, be adjusted so as to be fairly representative of his normal earnings had he not been so absent.

Example: Refer to page 9 of the pension agreement average monthly earnings.

RESOLUTION NO. 16—LOCAL UNIONS 2163, 1033

Incentive payment

Whereas: Employees working in coke plant and blast furnace departments are exposed to excessive industrial pollution, and

Whereas: Such employees are subject to diseases brought about by such exposure to a greater degree than are some other employees, and

Whereas: Incentive earnings in most coke plant and blast furnace departments are indirect type incentive plans that pay less money than direct plans on other operations. Therefore be it *resolved:* That efforts be continued to improve the incentive plans and incentive earnings in these departments.

RESOLUTION NO. 17—LOCAL UNION 1014

Permanent incapacity retirement

Resolved: When a participant retires because of an occupational disability, he will receive a regular pension so long as he remains totally incapacitated. A special payment will be made.

A PROPOSAL FOR MANDATORY GASOLINE ALLOCATION

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mrs. SCHROEDER. Mr. Speaker, on March 14, 1975, I joined with 101 of my colleagues in signing a letter to the Honorable AL ULLMAN, chairman of the House Committee on Ways and Means, urging that plans now being considered to increase the gasoline excise tax be put aside.

The case for a gasoline tax increase, as with the administration's import fees, is unsound. There are no assurances that energy consumption will be significantly reduced. There are only assurances that costs will increase and that there will be economic hardships on consumers—especially poor consumers who are even now hard pressed to find the money to purchase fuel necessary for employment and other basic travel.

Mr. Speaker, it is my belief that the necessary energy plan for the reduction of our Nation's dependence on foreign oil must involve an allocation system which reduces the supply of gasoline available. Neither tariffs nor gasoline excise tax increases will do such. In this relation, the Society of Independent Gasoline Marketers of America—SIGMA—has brought to my attention an allocation program which I believe can go a long way toward energy conservation without causing the financial hardships of other programs. For the information of my colleagues, I am inserting in the RECORD the following letter to Mr. Frank Zarb of the Federal Energy Administration urging adoption of this allocation plan. My letter is as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 14, 1975.

FRANK G. ZARB,
Administrator, Federal Energy Administration, New Post Office Building, 1200 Pennsylvania Avenue, Washington, D.C.

DEAR MR. ZARB: I am writing to you regarding an energy conservation proposal which has been brought to my attention by the Society of Independent Gasoline Marketers of America (SIGMA).

As Administrator of the Federal Energy Administration, you have the authority under the Mandatory Petroleum Allocation Act of 1973, as amended, to implement this plan. I recognize that this Act has in many ways become a dinosaur of late. However, I believe it to be one which should be revived from extinction. In our national interest we can reduce foreign crude oil imports substantially through this Act, which unlike the legislative proposals now being considered, has been through a degree of testing under the emergency situation of last year's oil Embargo.

Therefore, I am proposing that the following action be taken:

First, that all gasoline imports into this country be eliminated. Our present gasoline imports amount to 150,000 barrels per day. This is an immediate import reduction measure aimed directly at the product we waste most. Those persons who are now historic importers of gasoline can be supplied sources from the domestic market.

Second, that we limit all refiners, distributors, and retailers of gasoline to 90% of their adjusted 1972 base period supply. Reduction of supply to this level will save about 600,000 barrels per day of domestic refining capacity available—much of which can go to other products now in short supply.

In conjunction with the reduced allocations of gasoline, refiners should be encouraged, or required to divert the additional capacity resulting from the 600,000 barrels per day reduction in gasoline refining to the production of fuel oil, middle distillates, and other fuel products. Most refiners should have no difficulty with this changeover. In addition, allowed profit margins on these other products are equivalent to those for gasoline. Refiners with technical limitations could "swap" products they produce for products of more diversified operations. The shift from gasoline refining to domestic manufacture of other products will reduce our foreign crude imports by about 600,000 barrels per day. With the 150,000 barrels per day saving resulting from elimination of gasoline imports, the total is 750,000 barrels per day of saved, imported petroleum products.

A possible criticism of this proposal is that it would result in gasoline lines at the pumps, such as occurred during the oil embargo in many of our major cities. I believe, however, that a great deal of the gasoline line problem was caused by hoarding. Indeed, the announcement that the embargo had been lifted—with no immediate supply increase—resulted in the disappearance of most lines. It is apparent that within certain limits the information on available fuel supplies has as much an impact upon our citizenry as does the supply of the fuel product itself.

Concerns over available supplies of fuel, that is, over long gasoline lines, can be met with such actions as alternate purchase days and state set-asides. This would go a long way to meet the problem on a local level.

With proper administration I believe this proposed allocation system can have the following positive results:

First, the solutions offered by other programs to control gasoline consumption for the most part involve price increases. These measures are highly inflationary and may have the disastrous effect of further depressing an already recessionary economy. Present price controls can be utilized under the allocation method I propose.

Secondly, administrative costs will be kept at a minimum utilizing your existing agency. Tax proposals or gasoline rationing require large, new bureaucracies either to "recycle" money to the needy or to put the coupon system into operation and assure their correct utilization.

Thirdly, about 20% of all gasoline consumption is discretionary. 90% allocation does not reach this figure and, even added to spot shortage problems, would not have the negative effects which would result from shortages in other products. Consumer "inconvenience" caused by price increases means an inability of the poor to purchase even necessary gasoline, without detriment to the well-to-do. Rationing would cause inconvenience for all persons involved, including the monitoring federal agency. The possibility of gasoline lines is something which affects the poor and well-to-do more equally. Given the possibility of spot shortages, the effect will fall more heavily on those who cannot afford to shift to alternate modes of transportation or those who do not have those modes available to them. However, at 90% allocation we were not suffering gas lines as the embargo eased.

In advance, thank you for giving this proposal your attention.

Sincerely,

PATRICIA SCHROEDER,
Congresswoman.

THE NURSING PROFESSION AND THE LEGISLATIVE PROCESS

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DRINAN. Mr. Speaker, several months ago State Senator Jack Backman, who represents Brookline and Newton in my district, delivered an excellent address before the Massachusetts Nursing Association. Although Senator Backman's speech focuses on a controversial health services bill in the Massachusetts Legislature, he also examines the general problem of effective legislative lobbying by a professional employee group. I commend the address by Senator Backman to the attention of all my colleagues:

THE NURSING PROFESSION AND THE LEGISLATIVE PROCESS

(Remarks of Senator Jack H. Backman)

The legislative political process was never better illustrated than the phemomena of 10,000 letters sent the legislature by courtesy of the Massachusetts Nursing Association to protest H. 6120, the reorganization of Human Services. The original reorganization proposed to create a single state board for licensure of all health professionals to be advised by panels in each of the individual areas now served by Boards of Registration. That would also have eliminated the Board of Registration of Nursing.

The language as drafted would have precluded Massachusetts from participating in the national nursing board examinations. That error confounded by the failure of the Governor's administration to communicate with and consult wtih citizen groups and interested parties was the fulcrum for all the pent-up dissatisfaction of the nursing profession to explode the concept of the reorganization. The rest is history. Some State House observers have commented that the whole Governor's reorganization never recovered from the protest.

How you organized the letter writing effort in a three week period could be a primer on the legislative process. The 10,000 letters and thousands of personal telephone calls and visits to the State House illustrate how to stop something from taking place and you are the experts.

However, the question arises—How do you get needed legislation through the legislature? This is a more difficult problem.

This week the first Wednesday of December was the filing deadline for bills in the coming legislative session in Massachusetts. If you filed a bill, as you can through your Representative or Senator, when the session begins in 1975 your bill would be printed and assigned to a Committee for a public hearing. If you filed the bill you would be notified by postcard of the day of the public hearing. You could bring others to testify. The Committee would report on the bill favorably or unfavorably or with amendments to the full House or Senate. Later, it would be taken up by the branch to which it was reported, printed on a House or Senate Calendar, and if approved by that branch would go to the other branch—and if passed by both branches, it would go to the Governor for his signature, veto or proposed amendments.

However, in between, many problems of the legislation might arise. Would a group like the Mass. Nurses Association write 10,000 letters against some provision of the bill?

What impact would be made by the media—by other interested persons for or against the bill to the legislators—to the Governor?

What kind of cost projection would take place? How well documented was the bill? Does it hang together well? Are the goals well expressed?

These questions are before every legislator as he examines the subject.

There is much important social legislation that is really long overdue.

A national health policy has not been formulated nor have we done so in Massachusetts.

This was the real problem in regard to H. 6120, the reorganization of Human Services and the subsequent bills on reorganization of the Health Delivery System. The legislation was drafted without fully expressed goals by the Governor.

Hop Holmberg, the Director of the Health Care Management Program of Boston University made the ironic observation that one of the main criticisms of the Health Reorganization by a well known physician was that, "he was afraid that the new department would conceive and implement policy." However, as Holmberg, a career health planner and advocate, stated, "this was really the best argument for it that I have ever heard."

There are many details to the legislative process but when you come to the key issues of health, housing and delivery of human services, what is most required is the strong statement and implementation of a national or state policy.

Our health delivery system today is incomplete and fragmented. To the average person, however, two things are crystal clear:

(1) health care is expensive

(2) for many people it is unavailable

Congressman Wilbur Mills, co-author of one of the pieces of national health legislation, has turned to burlesque.

However, we in Massachusetts did a kind of burlesque on a health policy this year.

Because the Governor could not agree with the legislature on the goals of a state health policy, instead we put on the ballot this November for the people to vote on an innocuous meaningless resolution, in effect, "Are you in favor of a change in the Health Delivery System in Massachusetts?"

Of course, the people voted yes! However, neither the Governor, old or new, or the legislature, or the President or Congress are ready to stand up and state what kind of a health delivery system we should have.

In order to develop a national or state health policy, we have to answer three important questions:

(1) Who should be eligible for health care?

(2) Who should pay the bill?

(3) Who should do the planning, the regulation and the administration?

The answer to the first question is simple. It is clear that every person should be eligible for health care as an inherent right in our society.

The second question is more difficult, "Who should pay the bill?" Right now there is a maze of methods of payment and administration. If you are over 65, Medicare pays for many bills, but not all. If you are of low income, you may be entitled to get all your bills paid by the government. For persons of low income on Medicaid, the government will pay for nursing-home care and home health care. If you are on Medicare, these services may not be available except at prices one cannot afford. To compound the problem, under the present system, if the doctors put you in a hospital the government may pay the bill. If they put you in a nursing home which costs less, the government may not pay the bill. For many persons who are eligible for nursing home care, if the doctor sends you home for home health care which may give you the best human experience and which may cost the least, the government may again not pay the bill.

If you are below the age of 65, you may have to use up a lifetime of earnings before the government pays the bills.

There are hundreds of classifications of people, each with different funding. You can spend half a lifetime just to learn the differences in payment, each unique, each with their own administration, accounting systems and payment schedules—

You may be on Medicare.

You may be on Medicaid.

You may be a state employee.

You may be employed with a company with a Blue Cross or Blue Shield Plan.

You may be employed with an individual Blue Cross or Blue Shield Plan.

You may be employed and have comprehensive private insurance.

You may be employed and have little or no insurance coverage.

You may be the victim of an industrial accident and be covered by Workman's Compensation.

You may be a victim of an automobile accident and covered by the auto insurance system.

You may be a victim of a home accident and covered by a home accident policy.

You may be unemployed and your group insurance plan ended on the day you needed it most when you became unemployed.

You may be a veteran and eligible for veterans benefits.

You may be a disabled veteran with larger benefits.

The answer to Question #2, "Who shall pay the bills?", we must decide as a universal health policy also that there must be a new system of funding and administration in order to avoid this crazy quilt pattern of health care.

Now we come to the hardest problem which you as members of the nursing profession are really uniquely qualified to help answer, "Who should do the planning, regulation and administration of the health programs?"

Should it be the doctors?

Should it be the hospitals?

Should it be the government?

Traditionally it has been the doctors or hospitals who ran the system dominated by them. Should our doctors and hospitals run the whole system or should they run even their own system all by themselves without regulation? Should the nursing home operators run their system, as they decide? Should the dentists, druggists, hearing aid dealers, each run themselves without regulation by an overall health system? Of course we come finally to your questions: "Should the nurses run themselves without any outside administration?"

As you can see, your interest and participation as nurses in the health system is much broader than merely the regulation of Nursing Boards of Registration.

Your commitment to the health system is deep, intimate and personal. But I ask you to become involved in the broader problems which you can help solve.

You must not be content merely to preserve or carve out a degree of independence from the throttling control of doctors and hospitals who have, to date, governed your every day activities without giving you full opportunity at expression in your professional expertise.

You, the nursing profession, have the important personal knowledge of how the health care system actually operates: in hospitals; in mental institutions; in doctors' offices; in nursing homes.

It is time now to assert your knowledge for the health delivery system is in desperate need of change.

You have the opportunity, indeed the responsibility, to get involved in the legislative process which has failed, to date, to come to grips with health care in this country.

Please do not lack the confidence to undertake a critique of the whole health system. There is no professional group closer to the hard day to day problems of medical care than yourselves.

If you really wish to bring about a solid comprehensive health care system in this nation—among your thousands of members—you should develop teams and committees to analyze, criticize, and evaluate our present health care system and make your own recommendations to society. Your 10,000 letters are a symbol of your strength.

I ask you to join the legislative process, not as a trade group merely protective of your own labor, but as skilled professionals with input on the national scene to develop a new health policy for the nation.

IT IS NOW TIME TO RESTORE THE GOLD CLAUSE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. CRANE. Mr. Speaker, before the days of the New Deal, many types of contracts contained clauses that provided that payment was to be in the form of gold or in an amount of currency measured by a fixed amount of gold.

The reason for such clauses is not difficult to understand. With paper money, one could never be certain of the value represented, for the tendency of Government and its monetary authorities has traditionally been to inflate the currency, thereby decreasing its value. By contracting for payment in gold, businessmen made certain that they would be receiving the real amount agreed to.

In 1933, all of the traditional rules were changed. A joint resolution of Congress on June 5, 1933, declared that gold clauses were "against public policy; and no such provision (could) be contained in or made with respect to any obligation hereafter incurred."

Now, when American citizens once again have the right to own gold, they should also once again have the right to insert gold clauses in their private contracts and business dealings.

Discussing this question, Henry Mark Holzer, who teaches constitutional law at Brooklyn Law School, writes.

> If the dominant political philosophy holds that government is omnipotent—that it can grant, withhold or withdraw its citizens' rights whenever it wishes, for any reason or for no reason at all . . . then it has the power to outlaw Gold Clauses. On the other hand, if the dominant political philosophy holds that government power is limited, that its citizens' rights are inalienable, that its proper function is to protect life, liberty, and property, then but only then, will Gold Clauses be secure.

The real question before us is whether Americans will, or will not, have the right to determine for themselves the nature of private contractual arrangements. I believe that this is an essential right in a free society and trust that the courts and the Congress will agree and will not stand in the way of the reintroduction of gold clauses.

In this connection, I wish to share with my colleagues the article, "Can We Restore Gold Clauses?", by Henry Mark Holzer, as it appeared in the Wall Street Journal of March 17, 1975 and insert it in the RECORD at this time:

CAN WE RESTORE THE GOLD CLAUSE?

(By Henry Mark Holzer)

Once upon a time, in the days before F.D.R., many types of contracts—loan agreements, bonds, mortgages—contained clauses that provided that when payment principal, interest or both came due, it would be paid not in paper currency but rather in some form of gold or in an amount of currency measured by a fixed amount of gold.

The Baltimore & Ohio Railroad Co., for example, promised that each of its $1,000 30-year 4½% bonds, issued on Feb. 1, 1930, payment of principal and interest would "be made . . . in gold coin of the United States of America of or equal to the standard of weight and fineness existing on Feb. 1, 1930."

It was not whim or caprice that caused sellers and lenders to define the obligations owed them not in dollars but in gold. They knew history. In order to finance the Civil War, the government had found it necessary to suspend gold convertibility and issue a veritable torrent of unbacked paper money. This swollen flood of currency launched a 24% inflation rate in 1862 and within two years the dollar sank to a third of its former value against gold. Moreover, the Supreme Court upheld the government's issuance of ever-multiplying greenbacks.

Accordingly, in the early 1900s, the Gold Cause became a routine provision in a wide variety of sales and debt contracts, including those where the government itself was the debtor. That is, until all the rules were changed in 1933.

Today, for the first time in more than 41 years, private citizens again are permitted to hold gold. This allows them some steps to protect their capital from inflation's ravages. But it is not enough. The next logical step is the resurrection of Gold Clauses in domestic commerce.

END OF CHAIN REACTION

Their disappearance in the 1930s came at the end of a chain reaction that began with the famous bank "holiday," aimed, among other things, at closing the doors on the removal of currency deposits and of gold. Next came confiscation of all private gold, gold certificates and some gold coin. At the end of the line, by reducing the dollar's gold content, there was to be a devaluation of the dollar against gold. Since the planned devaluation was intended to apply not only to all future obligations but to all existing ones as well, the existing Gold Clauses had to be wiped out. Obligingly, a Joint Resolution of Congress, on June 5, 1933, declared that Gold Clauses were "against public policy; and no such provision (could) be contained in or made with respect to any obligation hereafter incurred." Existing Gold Clauses were to be discharged by the payment of "any coin or currency which at the time of payment is legal tender for public and private debts."

Shortly afterward President Roosevelt devalued the dollar 40% against gold. This meant that an estimated $124 billion of debt, much of it owed by the government itself, would be paid to creditors at a 40% discount. Not surprisingly, the question of the Joint Resolution's legality soon headed for the Supreme Court.

As is often the case in issues of monumental importance before the high court, the principal Gold Clause case (Norman v. Baltimore & Ohio Railroad Co.) to come before the court involved only a few dollars—$22.50, to be exact, the face amount of an interest coupon a bondholder named Norman held on a B&O bond. The coupon was payable Feb. 1, 1934, in gold coin "of or equal to the standard of weight and fineness existing on Feb. 1, 1930." When Mr. Norman presented the coupon, the railroad predictably refused to pay the amount due either in gold, or in the equivalent of gold in legal tender, an amount Mr. Norman claimed to be $38.10 when adjusted to the standard of weight and fineness existing on Feb. 1, 1930.

By a 5 to 4 majority, in an opinion written by Chief Justice Charles Evans Hughes—which recognized that the Gold Clause had been designed to guard against the very devaluation that had occurred, and that the clause was perfectly legal when made—the court upheld the Joint Resolution's constitutionality, rejected Mr. Norman's claim to payment in gold and forced him to instead accept devalued currency. The only explanation given to support this result was, in substance, that the power of Congress over money is superior to the wishes of private parties to make Gold Clause contracts.

It is not difficult to perceive the underlying factors that combined to produce this result. Under the Constitution, "The Congress shall have power . . . to coin money, regulate the value thereof, and of foreign coin. . . ." Based on this language, the Supreme Court had for years expansively interpreted the federal monetary power. Once the New Deal outlawed and confiscated private gold, took the country off any semblance of a gold standard, and devalued the dollar against gold, it was evident that Congress would have to bar Gold Clauses and that the Supreme Court would have to uphold Congress. For one thing, if private gold were outlawed, none legally would be available to settle private Gold Clause contracts. For another, because of devaluation, payment by debtors pursuant to Gold Clauses would have cost them substantially more in currency. Finally, the destruction of Gold Clauses was a linchpin of the government's devaluation of the dollar, the attendant debtor relief and the government's frantic attempt to escape the fiscal discipline imposed by the gold standard.

RENEWED INTEREST

Today, there is renewed interest in Gold Clauses. Disturbed by the ever-widening monetary chaos which is engulfing this nation and the rest of the world, but encouraged by the recent legalization of private gold ownership, many people are asking whether Gold Clauses are legal at the present time. The answer depends on how the Supreme Court will interpret the congressional intention behind gold legalization and the actual language employed in the legalization statute itself. Unfortunately, the legislative history of legalization contains no references to Gold Clauses, and the language of the statute is equivocal: "No provision of any law . . . and no rule, regulation, or order . . . may be construed to prohibit any person from purchasing, holding, selling, or otherwise dealing with gold in the United States or abroad."

Remember that Gold Clauses were prohibited by a Congressional Joint Resolution and that the prohibition was upheld by a Supreme Court decision. Is a congressional "Resolution" or a Supreme Court decision a "rule, regulation or order" within the meaning of the legalization legislation? Only another Supreme Court decision can provide the answer.

Remember, too, that what legalization expressly authorized was not the use of gold as a means of payment itself, or as a measure of value for payment in currency. On the contrary, the language employed—"purchasing, holding, selling, or otherwise dealing with gold" seems to indicate an intention to allow the use of gold not for any monetary purpose, but only as a commodity. If this is so, since Gold Clauses are aimed at solving monetary problems, legalization would appear not to have resurrected Gold Clauses from the grave in which Mr. Roosevelt's fiscal undertakers interred them.

Although some people erroneously equate certain supposed anti-inflation contractual devices with Gold Clauses—e.g. cost-of-living increases in wage agreements and other contracts, Citicorp's "floating" interest rate notes, etc.—they are not Gold Clauses, since the debtors pay in paper, not in gold. Research has disclosed no new Gold Clauses, created after the ownership of gold bullion was legalized on Dec. 31, 1974, neither in debt instruments nor in any other type of contracts.

When one contemplates what the future holds for Gold Clauses, one must consider three separate, but related, aspects of the problem. In one sense, the validity or invalidity of the Gold Clause is a legal issue, since the ultimate decision will be up to the Supreme Court. Yet what the court holds will necessarily (and again) be affected by political considerations. In turn, these political considerations will be the product of the nature of our government.

On purely legal grounds, one can make a good case for Gold Clauses. It can be argued that the gold legalization statute's recitation of "no provision of any law . . . rule, regulation, or order" was intended to reach *every* legal inhibition against gold, including the Joint Resolution and the Norman case, and that the authorization for "purchasing, holding, selling, or otherwise dealing with gold" was intended to cover *every* conceivable use of gold, including its use as the payment medium or measuring unit of contracts.

POLITICAL CONSIDERATIONS

Politically, it can be argued that the so-called "public policy" considerations, on which the Joint Resolution and the Supreme Court relied, are no longer official government dogma: It is no longer illegal to own gold, and it would appear that the government no longer regards gold as part of the monetary system—especially since the repeal of the last vestige of the gold "cover," absolute inconvertibility of the dollar, a decade's romance with Special Drawing Rights, and, most recently, the death of the moribund "official" gold price.

However, there is a very real political consideration cutting the other way. If private borrowers are obliged to provide Gold Clauses in their debt instruments, the government, in order to compete successfully in the marketplace for money, may have to provide Gold Clauses in *its* debt instruments. The prospect of having to grant Gold Clauses protection in bonds, Treasury bills, etc., could, by itself, be sufficient stimulus for the government to vigorously oppose Gold Clauses between non-governmental parties.

The fact that one can speculate back and forth about what legal and political considerations will mean for the future of Gold Clauses, points up the real issue involved here. In the final analysis, law and politics, together with economics and monetary policy, are determined by the nature of our government. If the dominant political philosophy holds that government is omnipotent—that it can grant, withhold or withdraw its citizens' rights whenever it wishes, for any reason or for no reason at all; that it can exterminate its unwilling young men in declared or undeclared wars or force the productive to support the indigent—then it has the power to outlaw Gold Clauses. On the other hand, if the dominant political philosophy holds that government power is limited, that its citizens' rights are inalienable, that its proper function is to protect life, liberty and property, then, but only then, will Gold Clauses be secure.

THE GEORGIA POWER PROJECT: A STRATEGY FOR SOCIALISM—PART VI

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. McDONALD of Georgia. Mr. Speaker, I am presenting today the sixth and concluding part of my report on the Georgia power project and its supporters who are attempting to use the energy crisis as an organizing tool to promote Marxist socialism in this country:

GEORGIA POWER PROJECT

SCIENTISTS AND ENGINEERS FOR SOCIAL AND POLITICAL ACTION

Members of Scientists and Engineers for Social and Political Action (SESPA) attended the conference both as participants and as leaders of workshop groups.

SESPA originated as a result of actions taken by a group of radical scientific workers and students organized by a People's Science Collective of the radical New University Conference (NUC) at the 1969 meeting of the American Association for the Advancement of Science (AAAS).

SESPA is an "open-ended" group which attracts and accepts as members scientific workers from any radical political organization. Apart from known active members, SESPA activists report a number of supporters in government service, the defense industries, etc. who "through a variety of circumstances are not in a position to be active, but like to maintain contact."

Over the past decade, SESPA projects have included the passing of new and possibly secret scientific information to the North Vietnamese; exposé research of corporations; developing a political campaign to combat the National Crime Information Center (NCIC); disruption of various learned societies, etc.

Many SESPA members are oriented toward Maoist communism, and the group is in close contact with other associations of the scientific left such as the Committee for Social Responsibility in Engineering (CSRE), Psychologists for Social Action (PSA), Anthropologists for Radical Political Action (ARPA), the Union of Radical Political Economists (URPE) and Computer People for Peace (CPP). SESPA's magazine, Science for the People, published its formula for "smashing capitalism" based on Maoist theories in an article in the January, 1974, issue on the imperialist uses of econology which stated:

"It is probable that the particular type of economic development which U.S. administrations have opposed so vigorously for twenty-five years, namely the Maoist model, is environmentally superior to the style of development which the U.S. government has promoted. . . .

"The inescapable conclusion is that the defeat of imperialism is necessary, not only to eliminate alienation and ensure world peace, but also to protect the global environment which rightfully belongs to the whole of mankind."

SOUTHERN STUDENT ORGANIZING COMMITTEE

The Southern Student Organizing Committee (SSOC) was formed in April, 1964, by white "community organizers" who had been forced out of the Student Non-Violent Coordinating Committee (SNCC) by the organization's "black power" militants.

SSOC's founding conference was sponsored jointly by SNCC and the Southern Conference Educational Fund (SCEF), at that time the Communist Party, U.S.A.'s principle front in the South. SSOC's first organizational secretary and 1967 executive director was Sue Thrasher, now a trustee of the Institute for Southern Studies and a member of the Georgia Power Project.

Upon its formation, SSOC affiliated with Students for a Democratic Society (SDS) and remained SDS's southern arm until 1969. SSOC voted to dissolve in 1969 after SDS broke up into rival revolutionary factions.

SSOC maintained its headquarters in Nashville, Tennessee, and a branch office in Atlanta. Among those who have been publicly associated with SSOC in executive capacities are:

Gene Guerrero, director of the Georgia American Civil Liberties Union and Georgia Power Project member.

Nan Grogan Guerrero, now an organizer for the Maoist October League.

David Simpson, October League, Atlanta.

Lynn Wells, October League.

Steve Wise, *Great Speckled Bird* and Georgia Power Project.

Howard Romaine, Institute for Southern Studies.

Ann Romaine, folk singer and performer at Georgia Power Project and various Maoist Atlanta area events.

Tom Gardner, Workers World Party, Norfolk, Va., who led a delegation of WWP members to the Power Project's Conference on the Energy Crisis in 1973.

WORKERS WORLD PARTY

The Workers World Party originated in 1959 as a faction from the Trotskyist communist Socialist Workers Party (SWP). By its own statement, WWP is "an independent communist party that follows the ideas of Marx, Engels and Lenin and is oriented toward the development of a democratic centralist combat party based in the working class in the United States."

While the total membership of WWP does not exceed 200 (with the majority being located in New York City), the organization strives to give the impression of substance by the creation of issue oriented sub-groups. These sub-groups are a part of the main party organization, and unlike the front groups of CPUSA, WWP does not encourage open membership.

These groups include Youth Against War and Fascism (YAWF), American Servicemen's Union (ASU), Center for United Labor Action (CULA), the Committee for Mid-East Liberation (CMEL), the Prisoners Solidarity Committee (PSC) and WUFA.

By their past actions and writings, these groups and their parent WWP are characterized as highly militant and violence oriented.

Members of Women United for Action, supported by other WWP cadres, have joined coalitions in several parts of the country protesting rate increases and other consumer issues and have interjected political militancy into their actions.

The Workers World Party opposes nationalization of the energy producing industries by the present form of government in the U.S. The February 8, 1974 issue of WWP's official organ, Workers World, writes:

"What does immediate nationalization mean? It means having the government take it over. It even means having this present Nixon government take it over! Not only is such a demand wrong, but it even has no agitational value, for who wants Nixon and his gang in control of the oil industry. * * * instead we must call on the workers, the oppressed and downtrodden, to carry out a struggle against both the oil companies and the capitalist government that is in blatant collusion with them. It is the independent power of the working class—a power that has long been shackled by capitalist demagogues and opportunist labor leaders—that must be revived in the struggle against capitalist greed and anarchy of production."

Workers World Party organizers, especially Tom Gardner, a former SSOC leader, have participated with Power Project members in conferences and workshops.

APPENDIX

Among the leadership, and those closely associated with the Georgia Power Project during the past three years are:

Barbara Aiken, National Lawyers Guild and *Great Speckled Bird* newspaper.

Pam Beardsley, New American Movement and *Great Speckled Bird*.

Ginny Boult, National Lawyers Guild and *Great Speckled Bird*.

Stephanie Coffin, Institute for Southern Studies and *Great Speckled Bird*.

Tom Coffin, *Great Speckled Bird*, former Southern Students Organizing Committee.

Roger Friedman, National Lawyers Guild and *Great Speckled Bird*.

Gene Guerrero, American Civil Liberties Union, *Great Speckled Bird*, and Southern Conference Educational Fund.

Robert H. Hall, Institute for Southern Studies, admitted being a socialist in a radio interview on radio station WRNG, September 22, 1972.

Neil M. Herring, admitted that Georgia Power Project members were socialists in an interview on radio station WQXI, September 24, 1972.

Al Horn, National Lawyers Guild and American Civil Liberties Union.

Mary Joyce Johnson, National Lawyers Guild, Southern Conference Educational Fund.

Doyle Niemann, National Lawyers Guild and *Great Speckled Bird*.

Howard Romaine, Institute for Southern Studies.

Ann Romaine, folksinger.

David Schlissel, *Great Speckled Bird*.

Jim Trammel, Institute for Southern Studies.

Leah Wise, Institute for Southern Studies.

J. W. Stephenson (Steve) Wise, *Great Speckled Bird.*

Other persons active with the Georgia Power Project include Ed Martin, Norm Barkley, Heather Booth and Paul Booth.

VIEWS ON AUTO EMISSIONS AND FUEL ECONOMY

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. BROWN of California. Mr. Speaker, we have all heard much verbiage about automobile emission standards. We have also received a variety of suggestions on what should be done with calls to clean up the automobile. At this time I would like to report to my colleagues what the people of California and their air resources board have done about auto emission standards.

The California Air Resources Board has rejected the suggestions to back off of requiring stringent auto emission standards, and has adopted 1977 standards that are more stringent than those required by existing California or Federal law. The people of California, who are over 10 percent of the population of the United States, have also indicated their feeling on this subject. The California field poll, which has a reputation for accuracy, just completed a poll of all Californians concerning their attitudes on requiring auto emission standards and fuel economy standards. By a margin of over 3 to 1, they indicated that they thought the auto industry could do both. In a related question, the residents of California decided that they would rather have clean automobiles than better fuel economy.

Fortunately, we are not faced with this choice, but I believe this priority is one that should be considered by all elected officials when we try to make decisions that involve trade-offs. It is clear that the people prefer environmental protection to claims that the environment be sacrificed.

I insert the two articles from the March 19 Los Angeles Times in the RECORD at this time:

AIR BOARD WILL SEEK OK FOR STIFFER CAR STANDARDS

(By Dan Fisher)

California's Air Resources Board voted here Tuesday to seek a federal waiver permitting the state to impose more stringent auto emissions standards in 1977 model cars than those scheduled for the rest of the nation.

The panel failed, however, to take any concrete action to protect against the danger that the antismog technology favored by auto makers to meet the proposed 1977 regulations will result in a new pollution hazard worse than the one it is designed to eliminate.

Tuesday's developments thus put the state agency in direct conflict with the U.S. Environmental Protection Agency, which earlier this month cited the new health fear in endorsing an auto emissions standards slowdown.

And it will be EPA Administrator Russell Train—the man who recommended to Congress the federal standards slowdown—who rules on California's waiver request.

ARB chairman Tom Quinn argued Tuesday that the federal Clean Air Act doesn't give Train "any discretion in the matter." The federal law recognizes California's particularly severe pollution problem and sets very narrow conditions under which the EPA administrator can reject a waiver request from the state.

An EPA spokesman in Washington agreed that "the Clean Air Act seems to say that Californians know best what's good for California."

But at least one auto maker may challenge the waiver request when EPA considers it, probably in April or May.

"If anything, Mr. Train's decision (to recommend a slowdown) indicates California standards should be relaxed," a Chrysler Corp. attorney, Mike Rice, testified before the ARB here Monday.

A Chrysler spokesman in Detroit confirmed Tuesday that Rice was "laying the groundwork in case we want to testify at the waiver hearings."

Quinn argued that the new health scare is too flimsy a basis on which to decide that efforts to control other, well known automotive pollutants should be slowed.

"I think it's rather obvious from the hearings we've had that there is no problem today and there isn't likely to be one for the next two or three years," argued the ARB chairman. If a problem does develop, "we're going to know about it instantly and protective action will be taken."

The ARB vote came as the board opened the second day of its regular March meeting at the Los Angeles Convention Center.

The antismog technology in question is the catalytic converter, which is used on most new cars nationally and on virtually all 1975 model California cars.

The catalysts, according to EPA researchers, cause cars to emit sulfuric acid in such quantities that within two to four years such vehicles could constitute more of a health hazard than the other pollutants which the catalysts neutralize.

In his recommendation for a slowdown, EPA's Train specifically rejected more stringent standards already in force in California. Those standards are so strict that they already encourage auto makers to use a type of catalyst system which is a particularly prolific emitter of sulfuric acid, Train said.

The standards ARB proposes for 1977 model cars are even more stringent than the current regulations in the state. The board will ask for a federal waiver to impose limits of no more than .41 grams per mile of hydrocarbons, 9 grams of carbon monoxide and 1.5 grams of oxides of nitrogen on those cars. The current California standards are .9 grams of hydrocarbons, 9 grams of carbon monoxide and 2 grams of oxides of nitrogen.

EPA has set 1977 standards for the rest of the country limiting hydrocarbons to 1.5 grams, carbon monoxide to 15 grams and oxides of nitrogen to 2 grams. It proposes that those standards be frozen until 1979, when more stringent limits will be accompanied by a yet-to-be-determined sulfuric acid standard. That will give auto makers time to come up with alternate clean engine approaches, EPA feels.

ARB had also proposed to set a sulfuric standard when it first met on the issue at a special session in Sacramento earlier this month. It ordered its technical staff at that time to design a test procedure to be used in enforcing such a regulation beginning with 1977 model cars—two years earlier than the EPA proposal.

However, the staff reported Monday that it had so little faith in its hastily designed test procedure that it was "reluctant at this time to recommend adoption" of the plan. Without an approved test procedure, any sulfuric acid standard would be meaningless.

SEVENTY-FIVE PERCENT IN POLL BACK CLEAN AIR, LOWER GAS MILEAGE

(By Mervin D. Field)

If Californians have to make a choice, they would prefer clean exhausts and lower gasoline mileage to better gasoline mileage and resulting dirty exhausts, according to the results of the latest California Poll.

A very large majority of those polled believe the auto industry can design equipment to give them the benefits they desire.

The sampling of 1,011 persons, representing a cross-section of the adult public in Northern and Southern California, was made between February 15 and March 3 and consisted of two questions.

"Do you think it is possible for the auto industry to both improve the equipment designed to clean up auto exhausts and give better mileage within the next five years, or do you think it will take a much longer time?

[In percent]

	Statewide	Southern California	Northern California
Can accomplish both	75	71	80
Will take much longer	21	24	16
No opinion	4	5	4
If it came down to a choice between clean exhaust but lower gasoline mileage, or higher gasoline mileage but dirtier exhausts, which would you choose?			
Clean exhaust/lower mileage	75	77	73
Higher mileage/dirty exhausts	18	16	20
No opinion	7	7	7

INNOCENT VICTIMS

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. MAZZOLI. Mr. Speaker, the recent attack by Arab terrorists on a Tel Aviv hotel was a despicable and horrifying crime.

Thirteen people lost their lives during a terror-filled night. Thousands of Israeli citizens worry now that they may be the next targets—and the next innocent victims—of similar guerrilla raids.

Peace cannot exist in this kind of hostile atmosphere. Indeed, this seems to have been the goal of the terrorists: to disrupt the sensitive negotiations that Secretary of State Henry Kissinger has been conducting between Israel and the Arab nations.

"Kissinger's efforts shall fail," read an inscription on one of the boats the guerillas used to land on the Tel Aviv beach.

Yet the Secretary's efforts must not fail.

Cool heads must prevail. These murderous and cowardly provocations must not torpedo the peace talks.

It is to the credit of both Israeli and Egyptian leaders that they have thus far refused to "take the bail." Israel has not retaliated for these dastardly slayings and Egypt has not blindly defended or justified these indefensible actions.

Such restraint and forbearance—in the face of extreme provocation—is laudable and crucial if continuing hostility in this strife-ridden corner of the world is to give way to peace.

NEW YORK TIMES EDITORIAL ON THE INDIANA DUNES

HON. RAY J. MADDEN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. MADDEN. Mr. Speaker, the importance of the preservation for future generations of the rapidly disappearing miles of Indiana's limited sandy beaches on the south shore of Lake Michigan is again recognized in the editorial columns of the New York Times of Monday, March 17, 1975. Fortunately, several years ago, the Congress established the Indiana Dunes National Park which preserved certain areas of the beautiful sandy lakeshore and wooded areas of the hilly dunes landscape which when fully developed will be enjoyed by thousands of Americans for generations to come.

There is now pending in Congress legislation sponsored by Congressman J. EDWARD ROUSH and Congressman FLOYD FITHIAN of the Hoosier State for some additional area which should also be included in the now established Dunes National Park.

I hereby include with my remarks the editorial on the Indiana Dunes which was so beautifully set out in last Monday's edition of the New York Times at this point:

[From the New York Times, Mar. 17, 1975]

INDIANA DUNES

After a long campaign of public education and political persuasion, some far-sighted citizens in the Middle West prevailed upon Congress in 1966 to protect the major portion of the Indiana Dunes. Like the islands in Nantucket Sound, these dunes are particularly cherished because they are an uncommon and relatively unspoiled natural area near a crowded metropolitan center—in this instance, the city of Chicago and its suburbs.

The original law was unavoidably a compromise with industrial and other local interests. With the passage of time, these conflicting pressures have abated somewhat and there is a wider recognition that the National Lakeshore is a wise concept. On that basis, Representative J. Edward Roush, Indiana Democrat, introduced a bill in the last Congress to include additional dunes and provide easier access and urgently needed buffer zones by adding 5340 acres. Only the pre-adjournment time-squeeze prevented passage of the bill. It ought to be reintroduced at the earliest possible moment.

The dunes were formed 15,000 years ago when the last retreating glaciers gouged out varying shorelines for what is now Lake Michigan. In the remarkably diverse beaches, shifting dunes, ponds, marshes, and woodlands of the lakeshore, more than a thousand species of plants from the Arctic, the desert, the tropics, and the temperate zone grow side by side in profusion. Rare and irreplaceable, the Dunes are what Carl Sandburg once called "eternity's signature." Contemporary Americans have a responsibility to make certain that it is not erased.

SUMMARY OF NATIONAL HEALTH RIGHTS AND COMMUNITY HEALTH SERVICES ACT

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DELLUMS. Mr. Speaker, I have been working with persons from across the country to develop a comprehensive health care delivery bill, and I expect to introduce such a measure within the next months. While this bill is being put together, I have received inquiries from many persons about the dimensions of this proposal. Therefore, I have developed the following brief summary of its various features:

SUMMARY OF THE NATIONAL HEALTH RIGHTS AND COMMUNITY HEALTH SERVICES ACT

ELIGIBILITY

Everyone living in the U.S. and its territories.

BENEFITS

Comprehensive health care, both curative and preventive, with no limitations. All services, drugs and medical supplies rendered by approved health facilities will be covered and will be accessible without regard to race, sex, income, religion, national origin or citizenship. Transportation to and from health facilities and child care facilities for children of health workers, students and patients are provided.

Priority for providing health care shall be given to groups previously discriminated against because of race, sex, age and income.

FINANCING

Financed by the following:

1. Taxes on corporate profits at an 8 percent rate under $50,000 and 16 percent above $50,000.
2. Taxes on personal wealth over $50,000.
3. A progressive tax on personal income over $20,000.

ADMINISTRATION

All health facilities are administered and controlled by an elected board composed half of users and half health workers. Communities of 30,000–50,000 people will have Community Health Boards (CHB) to oversee community health facilities and programs. This board is composed of two-thirds consumers and one-third health workers.

Districts of 200,000–400,000 population and regions of 1 to 3 million population will have boards which oversee district and regional health facilities such as general hospitals and specialized health facilities. These boards also are composed of two-thirds consumers and one-third health workers and are appointed by the community and district boards.

A National Health Board (NHB) is responsible for setting national policies and standards to insure implementation of the Act. This body is composed of two-thirds consumers and one-third health workers appointed by the regional boards. All levels must be proportionately representative of all health worker categories and of the constituency served by that board with respect to race, age, sex, national original and income level.

COST AND QUALITY CONTROLS

All participating health workers are salaried and fee-for-service reimbursement eliminated. A National Institute of Pharmacy and Medical Supply shall determine standards regarding quality and price of drugs and medical supplies.

Quality of health care is evaluated by community, district, regional and national committees on the quality of health care. These committees, composed of a majority of consumers, are appointed by their respective boards. They are empowered to investigate health facilities and enforce standards established by this act. In addition, they are responsible for studying technical and human effectiveness of present health care methods, safety of the health care process and avoidance of unnecessary expense.

HEALTH WORKER EDUCATION

All health schools such as medicine, nursing, dentistry, and pharmacy will be gradually merged into combined health worker schools for all levels of health workers. Combined curricula will be developed making it possible to move from one level to another. The emphasis in health worker education will be towards developing a health team in which decision-making responsibilities are shared by all.

Health worker schools shall be governed by a proportionately representative board of trustees selected by community health boards. District health boards will oversee health worker education programs.

All tuition for health worker schools is free.

Priority shall be given to selecting students who are presently underrepresented by race, sex and income in all health worker levels.

GEOGRAPHIC AND SPECIALTY DISTRIBUTION

The health labor force will be redistributed to ensure adequate coverage of previously underserved areas. Priority will be given to the development of educating health workers in areas such as primary care.

RESEARCH

Primary emphasis will be placed on research that is oriented towards prevention of morbidity and morality and is controlled by the community. Priority will also be given to research devoted to rehabilitation, occupational problems, environmental problems, cause of chronic disease and social epidemiology.

LEGAL SERVICES

All users of health services shall have the right to free legal counsel regarding matters pertaining to health care received through this system. A National Health Legal Rights Commission will establish regional legal services centers.

OCCUPATIONAL HEALTH

All duties of the Occupational Safety and Health Administration will be assumed by the National Health Board.

HEALTH RIGHTS

All persons are entitled to rights contained within the bill including rights for all users of health services as well as specific rights for women, children, mental patients, prisoners aged and retarded

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DEDICATION OF AMERICAN FARMERS

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DODD. Mr. Speaker, many farmers throughout the Nation are trying to expand their crop production to help alleviate the world food crisis.

A classic example of this dedication can be found in John Molodich of Sterling, Conn. Mr. Molodich recently won first place honors in the nonirrigated division of the National Corn Growers Association. He accomplished this feat by growing corn with an average yield per acre of 100.46 bushels. The contest attracted over 1270 entrants from 44 States.

It is comforting to know that farmers like Mr. Molodich are striving to accomplish increases in production in these times of an ever worsening world food shortage.

Not all is well with the farmers in eastern Connecticut, however. The U.S. Railway Association has recently advocated abandoning about 35 miles of track in that part of the State. This would raise greatly the cost to farmers of shipping their products to market. And the cost would be reflected both in higher prices to consumers and financial problems for the farmers.

An adequate, inexpensive means of transporting food from the farm to the market is essential for the survival of the small farmer not only in Connecticut but throughout the Northeast where USRA is talking of abandoning freight lines.

The farmers of America have long been the leaders in supplying a large portion of the world's food supply. Farmers still endure long hours of work for low pay. To cut their means of getting food to market will jeopardize the livelihoods of many farmers in eastern Connecticut.

The role of the American farmer has never been more important. It is absurd for farmers to try to increase production if they cannot pay for rates to get the food to market. Rail cutbacks in eastern Connecticut and elsewhere must not be allowed where it will adversely affect the small farmer.

GUN CONTROL OPPOSED

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. ASHBROOK. Mr. Speaker, gun control is one of the major issues facing the 94th Congress. In the House, the Judiciary Subcommittee on Crime has already started hearings on bills that would require gun registration or prohibit the ownership of handguns altogether. I serve on this subcommittee and I am absolutely opposed to any law that would result in the confiscation or registration of firearms.

Responsible citizens should have the right to own and use firearms for purposes of defense, marksmanship, training and sport. These are legal and proper uses. I see no reason to treat the sportsman, the hunter or the person who wants a weapon for self-defense as potential felons.

In fact, gun ownership has been protected since the founding of our Nation. The second amendment of our Constitution clearly guarantees Americans the right to keep and bear arms. We must never sacrifice this basic right.

It is frequently argued, however, that gun control laws are needed to reduce crime. Despite this assertion, proponents of gun control cannot point to evidence that firearms registration or licensing actually does reduce crime.

A comprehensive study in 1968 by Alan S. Krug, an economist at Pennsylvania State University, compared FBI crime statistics with State firearms laws. His study concluded:

> There is no statistically significant difference in crime rates between states that have firearms licensing laws and those that do not.

I have stressed this point during the subcommittee hearings. I have repeatedly asked witnesses who favor strong gun control laws whether there is any evidence to show that private ownership of handguns is a cause of crime. To date, no witnesses have been able to produce such evidence.

Gun control laws do not reduce crime. If Congress wants to prevent the misuse of firearms, it should pass legislation aimed at the criminal, not the gun. We should focus our attention on the lawbreaker rather than the law-abiding citizen.

This is why I have introduced legislation directed at the criminal use of firearms. My bill provides for a mandatory 1-year sentence for any conviction of a felony where the accused was armed with a firearm. Increasing the penalties for misuse of guns is the type of legislation that is needed, not registration or confiscation.

CALIFORNIA NOT IN AGRICULTURE

HON. HAROLD T. JOHNSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. JOHNSON of California. Mr. Speaker, the history of California has always been tied to our Nation's resources. First it was the gold of our mountains which attracted the migration westward. Later the oil of our southlands, the timber of our northlands, the agricultural wealth of our interior areas and especially the central valleys of California, were the cornerstone of our growth. Although we are industrializing in many metropolitan areas, agri-business continues to be our Golden State's leading industry. This, of course, very obviously is tied to our water resources.

The other day at a hearing before the State Senate Committee on Agriculture and Water Resources, Bureau of Reclamation Regional Director Billy Martin posed some questions which demonstrate clearly that the State and its agri-business is at a crossroads. The future depends on the desire of the people of California to conserve and use wisely its water resources, and, more important, the type of use that these resources will be put to.

In the key comment, Mr. Martin stated:

> California's current contribution to the national and world food inventory is already significant, largely due to past development of irrigated agriculture. In our opinion, maintaining this extraordinarily high level of production capability is probably of singular importance in meeting world food demands.
>
> From a food and fiber supply standpoint, the greatest hazard would seem to be that California acres now in production might be lost through inadequate water supplies.
>
> Our role will depend on the will of Californians.

Mr. Speaker, an old friend of mine, Ed Davis, one of the outstanding publishers serving the Sacramento Valley, commented editorially on Mr. Martin's testimony asking the people of the area just what is their desire as to the future of the No. 1 agriculture producing State of the Nation. So that I can share the views of both Mr. Martin and Mr. Davis, I insert in the RECORD at this point the editorial entitled "California—No. 1 in Agriculture. Will It Stay That Way?"

> Do Californians want their state to remain No. 1 in farm production, doing its part toward keeping Americans well-fed and feeding hungry millions in an increasingly food-short world?
>
> Or don't they care?
>
> Do they want to encourage the retention of prime agricultural land against encroachment by suburbs, factories and nuclear plants driven inland from the coast?
>
> Or don't they care?
>
> Billy E. Martin, Regional Director, Mid-Pacific Region of the U.S. Bureau of Reclamation, addressed himself to these and other crucial questions in a speech before the State Senate Committee on Agriculture and Water Resources.
>
> His report is not encouraging; it deserves the deepest consideration of those real "conservationists" who think of conservation as the wise use of resources.
>
> In a series of questions asked by the committee, one was worded: "Do you believe California is faced with a water crisis? If yes, please comment on the magnitude of the "crisis" as meaning "not enough water to meet a given need or demand."
>
> "Based upon this use of the term," he continued, "I should like to point out that in the final analysis only the people of California can make the necessary vital determinations about the future of water management in their state.
>
> "I should also point out that the Bureau of Reclamation does not regard itself as a determinor of California's future, notwithstanding that California is a showplace of Reclamation successes.
>
> "We do, however, feel obligated to offer our best efforts in assisting California to achieve whatever future its people see as desirable. Very frankly, at this time it is our view that California is neither sure of, nor committed to, its own view of the future, if such a view clearly exists.
>
> "Certainly, there is ample evidence that California institutions are unsure of the will of the people in natural resource matters."
>
> Mr. Martin estimated that of 11.25 million acres of California cropland, about 7.25 million acres are now under irrigation; that 2 to 4 million acres could be added to irrigated cropland, almost 1 million acres of it in the Sacramento River drainage area.
>
> "A number of reasons," he said, "have prevented us from providing water to our entire potential service acreage," and he indicated they reflect the "don't care" attitude of much of the California public.
>
> First are "restrictions in Federal funding due to lack of support in the Congress for agricultural use of water," reflecting, per-

haps, the "lack of State-level support for agricultural water development."

He pointed out that statewide priorities "for urban, power, recreational and other environmental uses of water have been higher than for agricultural use."

Another roadblock to full irrigation development, he noted, is "a new wave of State and Federal restrictions and controls," such as unduly heavy restrictions on water uses, water quality and water discharge, which tend "to increase costs and discourage productive management of all water resources."

Low priority on developing the state's limited water and irrigable cropland is another stumbling block, he said.

"If agriculture—irrigated agriculture—is to remain a leading industry in California . . . then agricultural land and water use must . . . hold a high priority . . .

"Numerous decisions in recent years—mostly aimed at achieving some localized objective—lead us to believe that agricultural enterprise is largely regarded with indifference or the decision-making equation is something less than comprehensive."

He noted, as one example, zoning "which encourages urbanization of farm land. Literally thousands of high-quality cropland acres have been seeded to subdivisions and industrial complexes, driving agriculture onto poorer lands, with attendant drops in production and increased water demand and unit-product costs."

Another example is the Coastal Protection Act, which "is working to drive nuclear electric plants inland where they compete with agriculture for both land and water supplies." Still another is the "Wild River" designation that blocks 3 million acre-feet annually of potential irrigation water on the North Coast.

Mr. Martin pointed out that reclamation projects are not completed overnight. Far from it.

Undermining the bland assurances of some authorities that California has all the water it needs for the next 20 years, he cited three current major projects, including the Tehama-Colusa Canal, which will have required from 27 to 35 years between feasibility studies or authorizations and completion.

"The question, therefore, it seems to us in the Bureau of Reclamation, is not so much whether we view California as being in a water crisis or near-crisis situation; but what is the view of Californians themselves in this matter?

"It seems to me that if Californians are content with the situation as it now exists, with its implications for maintenance of the satus quo for a short period followed by deterioration of the State's economic-environmental base over time, then there would obviously appear to be no crisis now or in the reasonably foreseeable future (defining 'crisis' as 'the priority regimen placed by the people of California on the use of their water resources').

"Alternately," he continued, "if Californians regard with a high priority the maintenance of the current level of agriculture production and the quality of life that has come to be known as peculiarly Californian, then a crisis point in statewide water supply and demand is not far distant, and may already be imminent in certain areas of the state.

"If Californians see their state as a major contributor to meeting the food and fiber needs of a large segment of the world's population now on the brink—if not already over the edge—of nutritional disaster, then your state is now in a water-supply crisis situation.

"Sufficient water supply is not now available for a significant increase in agricultural production levels. Indeed, diminishing agricultural water supplies are now a distinct possibility."

Indicating hope that the climate of public opinion on reclamation might shift from cool to warm, Mr. Martin said:

"California's current contribution to the national and world food inventory is already significant, largely due to past development of irrigated agriculture. In our opinion, maintaining this extraordinarily high level of production capability is probably of singular importance in meeting world food demands.

"From a food and fiber supply standpoint, the greatest hazard would seem to be that California acres now in production might be lost through inadequate water supplies.

"Some lands due to be irrigated from Reclamation facilities, such as the Tehama-Colusa Canal, will be capable of higher production levels as soon as a firm water supply is available. These we would hope to develop at the earliest possible moment, since work has already started and there is an immediate potential for added foodstuffs.

"Our role will depend on the will of Californians.

Mr. Martin's address, reported here in only relatively brief excerpts, was thoroughly documented—reflecting the fact that since coming to California less than a year ago, as he mentioned to the Agriculture and Water Resources committee, "I have burned quite a bit of late night oil" to become acquainted with state laws, contracts and customs pertaining to his job.

It will be a crime against California's future if the facts he cited and the views he expressed fail to receive the attention they so obviously deserve.—E.F.D.

THE BUSH DECLARATION—A STEP TOWARD FREEDOM

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. BAUMAN. Mr. Speaker, 200 years ago this Saturday on March 22, 1775, the free citizens of Harford County, Md., gathered at a tavern in the town of Bush. They produced a remarkable document at that time which has become to be known as the Bush Declaration, a ringing statement of the grievances of colonial America, and a document which came to be the precursor of the Declaration of Independence.

Thirty-four leading citizens of Harford County, Md., signed this document on the same day that the great Edmund Burke was urging the House of Commons in London to adopt a reconciliation with the colonies. Only a day later Patrick Henry was to utter his famous "Give me liberty or give me death" speech before the Virginia House of Burgesses.

Mr. Speaker, recalling this famous occasion in Maryland and American history, I include in my remarks an article by Earl Arnett of the Baltimore Sun:

A STEP TOWARD FREEDOM

(By Earl Arnett)

On March 22, 1775, 200 years ago this Saturday, a group of elected representatives from Harford county gathered in a small brick tavern in Bush, in that county, and signed a remarkable document. Known as the Bush Declaration, it reads:

"We the Committee of Harford county, having most seriously and maturely considered the Resolves and Association of the Continental Congress, and the Resolves of the Provincial Convention, do most heartily approve of the same, and as we esteem ourselves in a more particular manner intrusted by our constituents to see them carried into execution, we do most solemnly pledge ourselves by every tie held sacred among mankind to perform the same at the risque of our lives and fortunes."

Although 34 prominent Harford countians signed this risky document, it does not immediately strike the modern reader as significant—not until he begins to examine the circumstances from which it arose.

The First Continental Congress had assembled in Philadelphia in September, 1774, to consider response to acts of Parliament the colonists believed both unjust and unlawful. On October 14, the Congress passed "resolves," which listed grievances against Parliament, reasserted American rights as Englishmen and resolved "to enter into nonimportation, nonconsumption and nonexportation agreement or association" until the grievous parliamentary acts were repealed.

Six days later, on October 20, the Congress voted formally for such association, virtually ending trade with Britain. This "Continental Association" listed a host of economic measures to be taken against the mother country, including disavowal of the slave trade. It also authorized committees to be formed "in every county, city and town" to supervise such measures and publicize any violators.

A Maryland Convention had already protested English action against the port of Boston and argued that the cause of the Massachusetts colony also belonged to every other colony. On December 12, 1774, the Maryland delegates in Annapolis went one step further by resolving to form militia companies to be manned by all available manpower between the ages of 16 and 50.

". . . We entreat, we conjure every man by his duty to God, his country and his posterity, cordially to unite in defense of our common rights and liberties," the Maryland legislators concluded.

On the same day the Hartford countians signed their declaration at Bush, Edmund Burke was urging his countrymen in the House of Commons to adopt a policy or reconciliation toward the American colonies. A day later, on March 23, 1775, Patrick Henry told a convention in Richmond that the colonists must fight. In his famous "give me liberty or give me death" speech, he said:

"It is vain, sir, to extenuate the matter. Gentlemen may cry peace, peace, but there is no peace. The war is actually begun. The next gale that sweeps from the north will bring to our ears the clash of resounding arms. . . ."

His words proved prophetic. In less than a month, on April 19, American militiamen and British regulars killed each other in Lexington and Concord. Although it would be more than a year until the formal signing of the Declaration of Independence, the struggle had already begun. When the men at Bush pledged themselves to "our Country" at the "risque of our lives and fortunes," they were in the vanguard of a revolutionary spirit that almost miraculously united 13 disparate colonies.

In subsequent years, local historians have pointed to the Bush Declaration as the first legitimate forerunner of the more famous American document. "It is very probable that Thomas Jefferson, writer of the Declaration of Independence of July 4, 1776, had read a copy of this Harford historic paper, as several of the closing words of the two documents are similar," wrote C. Milton Wright in his history of Harford county.

This same historian points to the fact that the Bush Declaration was adopted by elected representatives, chosen from each "hundred" in the county. Similar resolutions during this period were common among ad hoc committees and conventions, but the men at Bush were perhaps more serious; they had been duly elected.

Why then is the document not more generally known? A roadside sign indicates the former location of Harford Town or Bush near the present intersection of Routes 7 and 136. A plaque placed by descendants of the original signers marks the location of the building where the committee met. Bush had been an important stage stop on a main north-south route between the colonies and served as the county seat from 1773, when Harford was formed, until 1782. But like many other colonial towns, it gradually disappeared. Only a coachhouse on Route 7 reminds the traveler that a town ever existed here.

The history books neglect the Bush Declaration even more conspicuously. "That's because the majority of historians were New Englanders," said Allan H. Constance. "Also some people doubted its authenticity for lack of evidence. The original declaration had been inscribed in a minute book, which was missing for 50 years. It surfaced a few years ago and was presented to the court at Bel Air. Now it's in the safekeeping of the Maryland Historical Society."

Mr. Constance, a native of Abingdon, Md., and telephone company employee, has been interested in the declaration for 50 years. He's a history buff who worked over the years to inform himself and other Marylanders about Harford's long historical heritage.

It hasn't been an easy task, he said. Both the national and the state Bicentennial Commissions have been lax in emphasizing events in the revolutionary era before 1776, he said. In his opinion, in order to understand the child, you have to appreciate the birth pains, too.

Thus Mr. Constance has formed his own Abingdon bicentennial committee, much in the same spirit as those early revolutionary citizens committees—to get things done. He and his group will commemorate the 200th anniversary of the signing of the Bush Declaration with a luncheon at noon Saturday in the Cokesbury United Methodist Church hall on Abingdon road, only 2 miles west of the old Bush site. It will be a public event, he said, and anyone wishing to attend may make a reservation by calling 676-0773. Donations will be solicited for the luncheon meal.

To label the Bush Declaration "the first declaration of independence ever adopted by an organized body of men duly elected by the people," as the roadside sign declares, is probably an exaggeration. But it stands as a significant national milestone along the American path to independence.

OTHERS FOOT BILLS FOR NASA LAUNCHES

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. TEAGUE. Mr. Speaker, this month the House of Representatives will consider the authorization for the National Aeronautics and Space Administration. Each year when the Congress considers this authorization Members often ask, "Why does not this Nation get other nations to help pay for the space program?" The answer is that they do. One-half of the launches this year will be payed for by commercial, Government, and foreign users. This point is brought out in the February 9, 1975, Washington Star-News. The article points out several important facets of our space program and I hope every Member of Congress will read it.

The article follows:

OTHERS FOOT BILLS FOR NASA LAUNCHES

(By Howard Benedict)

The space agency has its heaviest traffic in nine years scheduled to go rumbling skyward this year—with half the launches being paid for by commercial, foreign or other U.S. government users.

The 28-shot schedule, 11 more than last year, is a barometer of NASA's growing use as the common carrier of space and of the increasing benefits being returned to earth in communications, weather research and survey of global resources.

"NASA will be fully reimbursed by commercial, government and foreign users for 14, or half its launches this year," said Dr. George M. Low, deputy NASA administrator. "It shows that space is coming of age and people around the world are using space for their own needs."

Low outlined the schedule last week in discussing the agency's proposed budget of $3.498 billion for fiscal 1976.

The highlight will be a joint flight by three American astronauts and two Soviet cosmonauts, planned for July. Spaceships of the two nations are to link in orbit to test a common docking device that could be used by either for a space rescue mission.

Such a flight would have been considered unthinkable a few years ago as the United States and Russia engaged in a race for space supremacy—a race won by the Americans with the Apollo moon landing project.

The two Russians, Anatole Filipchenko and Nikolai Rukavichnikov, and eight other cosmonauts arrived in the United States Friday and yesterday toured the space center at Cape Canaveral.

Nine European nations are building a small scientific space station to be carried into orbit in 1980 by a U.S. space shuttle, a reuseable rocket plane being developed.

Nearly all the 1975 satellites have international aspects, with foreign nations either owning them or sharing in the results.

Eleven of the commercial launches are communications satellites, underlining the global importance of these space switchboards for reliable relay of television, radio and other traffic.

Four will be launched for the 89-nation International Telecommunications Satellite Organization, and one each for Canada, a joint U.S.-Canadian venture, and a joint France-West German effort. Domestic communications payloads will be launched for RCA and Comsat Corporation. And there will be two launches of a new breed of satellite for Comsat—to provide maritime communications links for ships.

One NASA launch already has been conducted. That was the Landsat-2 satellite orbited in January to survey earth's resources, including crop inventories, water and mineral resources and pollution sources. Several countries, including Iran, Italy and Brazil, are building their own ground stations to receive photos directly from the satellite.

Four weather satellites are on the 1975 schedule, including two operational vehicles for the National Weather Service. The other two are NASA experimental craft to test improved sensors for future operational use.

The Space Agency also will launch an operational navigation satellite for the U.S. Navy, providing pinpoint location data for ships and submarines.

Scientific research will include two Project Viking spacecraft scheduled for launching in August toward Mars. They are to land capsules on the Red Planet to search for organisms or other forms of life.

Other scientific payloads will study the oceans, the sun and earth's atmosphere. A probe developed by the European Space Research Organization will survey extraterrestrial gamma radiation and a unique American satellite will test Einstein's Theory of Relativity.

NASA uses two basic rockets. For each commercial or foreign satellite it launches on an Atlas-Centaur rocket it receives $22.2 million; for each Delta it is paid $9 million.

DISTRICT OF COLUMBIA UNEMPLOYMENT OFFICE

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. VANIK. Mr. Speaker, I am deeply concerned about the condition of the unemployment trust fund and the administration of this program during this most difficult period in the program's post-Great Depression history.

Earlier this month, my office made a number of telephone inquiries to various State unemployment offices around the Nation. A memo on my findings was forwarded to the chairman of the Unemployment Compensation Subcommittee, the Honorable JAMES CORMAN, who forwarded these observations to the Department of Labor for comment. Mr. Ben Burdetsky, the Deputy Assistant Secretary for the Manpower Administration replied to the memo, generally assuring the Congress that there were no problems in the administration of the program.

The discrepancies between the State's complaints listed in my memo and the Administration's assurances were striking. There were differences of opinion over the frequency of long claims lines, payment delay, space availability, personnel qualifications, operating procedures and administrative funds.

Therefore, Mr. Speaker, in order to investigate the Department's reply, I asked one of my staff members to spend a day at the District of Columbia Unemployment Office. While the civil servants at the D.C. office were polite and as helpful as possible, there were obvious problems. If the District's office—with its relatively low level of unemployment—is having problems, then it should be evident that in areas of high unemployment the situation is even more serious.

It is imperative that Congress review the entire unemployment compensation program and require the development of more efficient procedures for serving the public.

I would like to enter the full text of my staff's observations at this point in the RECORD.

DISTRICT OF COLUMBIA UNEMPLOYMENT OFFICE

THE WAITING GAME

One of the major problems encountered by claimants is the amount of time they must spend in the agency. Of the people sampled none had been there for less than

1½ hours and some had been there for 2½ hours. One also indicated that on his first trip to the agency he had been forced to wait for more than 4 hours to be served. The indication seems to be that the claims process is a painfully slow one, one that requires a great deal of time and patience. It should be noted that Office Administrators believe that the average wait is only between 45 min. and 1½ hours. However he does indicate that there have been cases involving longer periods of time.

LACK OF ACCESSIBLE INFORMATION

One area of major concern is the accessibility of general information to the claimant. There is no centralized information center in the agency. In order to obtain basic information it is necessary to either stand in line or catch a teller when he/she is free. Tellers are never free; many areas are short of help.

Job information is readily available, once the necessary forms have been completed. However, there is no assistance available when looking through job-opening notebooks. Thus, the individual in search of work must discover for himself where the jobs he qualifies for are located. It should be noted that job openings are in code and though decoding information is posted, it may prove difficult to comprehend.

COMPLEXITY OF FORMS

Assuming that there are no complications, there are no less than eight (8) forms which the claimant must complete. Should there be peculiarities in the case, there is virtually an unlimited number which must be filed, some in triplicate. The process is confusing, and painfully slow. Also there is no way in which a non-English-speaking and reading citizen can quickly complete his or her form. The agency has only one Spanish-speaking employee and cannot cover any other foreign language. The directors claim however that there are very few cases of this sort.

INEXPERIENCED PERSONNEL

A problem cited by both the agency officials and the sample of claimants interviewed was a lack of properly trained and experienced personnel. This led to overworking agency employees and resulting individual inefficiency, further causing feelings of depersonalization and time loss in waiting for mistakes to be corrected. One claimant wanted her file reopened and was refused twice before the mistake resulting in her ineligibility was rectified. Agency officials say that budget cutting two years ago deleted their basic personnel by 20%, causing them to find employees in recent years with lower Civil Service qualifications.

OBSOLETE EQUIPMENT

Due to a lack of information collation systems and improper dispersal of information about procedure, many people find themselves unable to wait the long periods of time presently needed for processing. The Labor Dept., according to Agency officials, recommends a complete changeover to computers to facilitate filing and allowing future appointments to be made efficiently. This may increase the problem of depersonalization. Funding is not presently available, and the Labor Dept. sees such a changeover as only a stopgap measure to meet the problem of lack of personnel.

INFLEXIBILITY OF SYSTEM

A lack of flexibility in the present occupations classifications does not allow proper designation of job qualifications. For example, one woman was formerly an airline travel agent, but was listed under the broader category of clerical work which is too vague and did not sufficiently describe her qualifications. An employee of the Agency supported this point, saying that in her opinion the inflexibility of the job categories prevents many people from discovering job openings in their fields.

A MODEL OF AFFIRMATIVE ACTION?

HON. RONALD V. DELLUMS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DELLUMS. Mr. Speaker, I have been concerned for some time with the inability and apparent unwillingness of the Office of Civil Rights, HEW, to carry out its responsibilities to enforce civil rights laws and regulations. Mr. William Raspberry made some perceptive comments on the Office of Civil Rights in the Washington Post on March 16. I would like to bring those comments to the attention of the House:

A MODEL OF AFFIRMATIVE ACTION?

(By William Raspberry)

HEW's Office for Civil Rights hasn't exactly been setting the world on fire with its efforts on behalf of minorities and women, and several of the agency's employees think they know why.

It is, they say, a matter of pots and kettles, a reluctance to cast first stones. Which is to say, the Office for Civil Rights (OCR) cannot be expected to move too vigorously to put other houses in order because its own place is in disarray.

One small case in point. OCR's responsibilities include seeing to it that federal contractors—including approximately 1,000 colleges and universities—develop acceptable affirmative action plans for hiring and upgrading minority and female employees.

In perhaps the most famous exertion in this regard, OCR director Peter Holmes culminated more than two years of hassling with the University of California at Berkeley by hopping a plane to the school, taking with him a 23-page letter requiring the university to "show cause" why its federal contracts should not be terminated. He got there on Feb. 18, and on Feb. 18, he approved the Berkeley plan—a two-volume document of nearly 1,000 pages.

Holmes says it is misleading to put it that way, since most of the changes Berkeley finally agreed to make involved only 20 or so pages. I'll get to the Brekeley plan in another column. The point here is the dispatch with which Holmes moved to get Berkeley off the hook, to the dismay of some of his senior staffers.

It makes a nice contrast with his handling of OCR's own affirmative action plan. The office is supposed to update its affirmative action plan every year, but the most recent edition—a total of seven pages, including covering letter—is dated Dec. 13, 1971. Holmes says he knows it's overdue, and he's working on it.

Many of Holmes' subordinates insist that it isn't just OCR's affirmative action plan that is lagging; it's OCR's affirmative action.

Holmes, aware of the accusation, points out that some 60 per cent of his agency's employees are members of ethnic minorities. Nor are they all clerk-typists, he insists. For example, seven of OCR's 10 regional directors are minorities and two are women. His own high-level appointments include four blacks out of a total of only nine.

In addition, his overall staffing chart shows OCR to be at least as progressive as the average government agency in terms of the grade levels of its minority and female employees.

Holmes' internal critics make two main points in surrebuttal: most of the favorable statistics are from the regional offices, where no policy is made; and in Washington, where policy is made, few of the high-level blacks are involved in making it.

For instance, except for Holmes and his top deputy, both of whom are grade 16, the highest grade in the agency is GS–15. Every white GS–15 except two is director of either one of the agency's five offices or one of its four divisions. One white exception is a special assistant to Holmes' chief deputy. The other is a former division head recently promoted.

On the other hand, there are four black GS–15s in a single office. One is Norris Sydnor, a Schedule C (political) appointee, director of the Office of Government Relations—an office that was created only after Sydnor already was on board. The other three black GS–15s all work for Sydnor.

The point is that there are blacks already in the agency, qualified by grade and experience to assume policy-making roles, who are, in effect, shunted into dead-end jobs.

Nor are the complaints limited to the agency's top echelons. The lower ranks are full of people—some of whom have spent several years in the same, low grade—who are convinced that their lack of progress is attributable to race.

That hardly makes OCR an exception, since similar complaints can be heard from practically every federal agency in town.

Nor does it mean that every single complaint is valid. But it does strike me as significant that a fair number of long-time, non-boatrocking employees of OCR are willing to risk their jobs by talking to a reporter about what they see as clear-cut injustice.

And it does seem that an agency charged with enforcing equal employment opportunity might be a little more concerned about providing it. At the very least, such an agency would be expected to have a model affirmative action program of its own.

ADMIRAL RICKOVER, FATHER OF NUCLEAR SUBMARINE, LOOKS TO THE FUTURE OF U.S. NAVY

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. EVINS of Tennessee. Mr. Speaker, Admiral H. G. Rickover of the U.S. Navy, often referred to as the father of the nuclear submarine, in a provocative article in the current issue of The Saturday Evening Post urges to Navy to revamp its management procedures and training.

Because of the interest of my colleagues and the American people, I place the article by Admiral Rickover in the RECORD herewith.

The article follows:

WHAT'S GOING ON DOWN THERE IN THE ENGINE ROOM?

(By Admiral H. G. Rickover, USN)

The Navy exists to defend our Nation—it has no other purpose. It serves as a shield in peace as well as in war for, in the final analysis, diplomacy rests upon the deployment and use of military force. Most of us recognize this truism. What is wrong is that the Navy believes that by merely tampering with its organization it can continue to realize its purpose. It is basking in past glories, instead of taking a fresh look at our naval posture. It is not asking itself the hard questions: How well are the ships today designed and built; how ready are they for battle? These are matters of engineering as it deals with warship design, construction, and operation, and they are matters that are being neglected.

Throughout naval history there have been two important groups of men: those who fought the ships, and those who designed and built them. The men who issued orders in the face of the enemy were the officers of the line of battle—the line officers. Designers and constructors—naval engineers—were considered by line officers to be inferior. Yet success in battle depended upon the skill of all.

The Navy of today is far more complex than it has ever been, but the fundamental distinction still exists between the roles of the line officer and the naval engineer. The matter is complicated because there are two types of engineers: those at sea operating the machinery and those ashore who are charged with the responsibility for design and development of new ships and their equipment.

Since World War II, I have witnessed the deterioration of the Navy's technical competence as compared to the job the Navy has to do. This deterioration has affected both the operating engineers at sea and the design engineers ashore. In non-nuclear surface ships, engineering at sea has been relegated to a subordinate position. Officers are no longer required to be qualified as operating engineers. Contrary to the practice before and during World War II, there are now no requirements for the captain of a ship ever to have served in the engineering department before he takes command. The result is that many captains have little knowledge, respect, or regard for their engineering plants; they do not know how to make a critical inspection of these plants, nor can they properly evaluate the recommendations of their subordinates. It is no wonder that ships—even new ones—are frequently found in poor material condition by outside inspectors.

The emphasis on operational engineering experience is just the opposite in nuclear ships. Since the beginning, I have required all nuclear ship captains, as well as their subordinate officers, to qualify as operators of the propulsion plant before being assigned to a ship. These officers must complete a rigorous year of academic and operational training. Prior to being assigned as chief engineer, executive officer, or captain of a nuclear ship, the nuclear-trained officer must not only have operational experience at sea, but must also pass comprehensive written and oral examinations at my headquarters in Washington.

These requirements produce line officers who are familiar with the operating details of their propulsion plants and are not afraid to get their hands dirty. When reports from subordinates conflict, or when they doubt their accuracy, they know to look for themselves and to put the weight of their own experience behind the decision. They also know how to train their officers and men and inspect their plant. They possess that essential requisite of leadership—the ability to educate and to train. I would much rather have officers with this sort of experience than those with postgraduate degrees in systems analysis, computer science, management, or business administration—as many of our Navy's line officers now have. The machinery does not respect these irrelevant capabilities.

Despite a vast increase in technology, the Navy has also gone downhill in the areas dealing with ship design and construction. After World War II, the Navy failed to maintain a strong group of competent officer and civilian engineers who could control the increasing technical workload and build a strong engineering organization able to meet the demands of the new technologies. Instead, the Navy placed its dependence on industry, tinkered with its organization and, through various makeshift arrangements, attempted to keep track of the technical developments upon which its future depended. The result was a flood of studies and an endless series of reorganizations, all of which increased emphasis on "management" and decreased the reliance on technical competence.

A chief characteristic of the reorganizations was the increasing influence of the line officer in technical matters. The line officer does have an important responsibility to think through and set the requirements for ships and weapons. But in the years since World War II, he has become deeply involved in making decisions on technical matters for which his training has not qualified him. Instead of deciding *what* he needs, he is now often deciding *how* his needs shall be met.

Line officers have not always had this power. When Congress established the Office of the Chief of Naval Operations in 1915, it was clearly understood that the Chief of Naval Operations—the Navy's highest ranking military officer—was subordinate to the Secretary of the Navy, and that his job was to prepare the Fleet and keep it ready for war. He could give recommendations on the shipbuilding program, but not make the decision. He did not control the technical bureaus which were concerned with ship design and construction. The Navy was divided into what was called a bilinear organization. One line of authority and responsibility, that for operational matters, extended from the Secretary to the Chief of Naval Operations. The other line extended from the Secretary directly to the chiefs of the technical bureaus. Ship design and construction were handled by the Chief of the Bureau of Ships, an engineer who reported directly to the Secretary.

Occasionally a Chief of Naval Operations attempted to expand his power over the bureaus. Admiral King tried to do so during World War II, but he was stopped by President Franklin D. Roosevelt, who said:

"We ought not to have all the administrative problems of personnel and material, shore establishments, productions, etc., go up through Chief of Naval Operations. When you come down to it, the real function of the Chief of Naval Operations is primarily naval operations . . . Details of getting ready to fight ought not to bother him."

Roosevelt clearly understood the distinction between the role of the line officer and that of the technical officer. Some of the policy makers who came later did not.

When Secretary McNamara took over the Defense Department in 1961, there was a dire need to reform the Navy's method of handling development, procurement, and maintenance of warships. The basic necessity was to establish groups of technically competent people with clear authority and responsibility for executing the various Navy programs—similar to the strong technical management approach that prevailed in the nuclear propulsion program and later in the Polaris missile program. Also needed were strong technical groups in the shipyards and industrial contractor organizations to carry out the technical development work, under close direction from the government headquarters organization.

Unfortunately, the changes McNamara made were in the wrong direction. He took the advice of analysts and management experts rather than seeking the advice of people with technical expertise. He established the Naval Material Command to be responsible for the design, development, and procurement of all naval equipment and the supporting shore establishment. He appointed a line officer as the Chief of Naval Material. He eliminated the technical bureaus and assigned their function to new "Systems Commands" under the Chief of Naval Material.

This reorganization created a new bureaucracy which has now grown to 800 people. It has become another huge layer of management between the technical people, who have to deal with the engineering details if they are to get the job done, and the people in charge, whose approval must be obtained to proceed. These managers are empowered to ask any and all questions and to stop technical work from proceeding. Their endorsement must be obtained prior to forwarding recommendations to higher authority in the chain of command. But I can find no one in the Naval Material Command who has the authority on his own to approve proceeding with programs.

Subsequently, the organization was again changed to have the Chief of Naval Material report to the Chief of Naval Operations rather than directly to the Secretary of the Navy. This ended the bilinear organization of the Navy, and was the very change President Roosevelt had prevented in 1942. With the change, the staff of the Chief of Naval Operations grew until it now includes sixty-five admirals, almost twice as many as were assigned to Fleet Admiral King's staff at the height of World War II.

These admirals, along with hundreds of other staff officers, get involved in technical matters for which they have little or no qualification. The net effect on the technical people is to add still another layer of management through which to fight proposals before they can get approval.

The purpose of the Navy has become lost in this organization complexity. Moreover, the Navy no longer has adequate in-house technical capability. There was far greater technical competence in the Bureau of Ships in 1939 for the job it had to do to prepare for World War II, than there exists now to meet the needs of today.

The growing dependence upon management systems has been another characteristic which has evolved in the years since World War II. Instead of requiring the Navy to build up its in-house technical capability, Secretary McNamara decreed that it should depend on industry. The Navy was supposed to "manage" the projects which it assigned to industry. His successors have followed the same path.

I have learned from many years of bitter experience that we cannot depend on industry to develop, maintain, and have available a technical organization capable of handling the design of complex ships and their equipment unless the Navy itself has a strong technical organization to oversee the work in detail.

Management systems and gimmicks are as endemic to the government as the Black Plague was in medieval Europe. I have been given one of these gimmicks—a pocket-sized plastic card, complete with different colored eggs and long-sweeping arrows and fine print. Problems go one way, decisions another, and plans in a third direction. Presumably, a person faced with a decision has only to pull out this card and follow the arrows. That is, if he has the time and the patience, and can understand it. I can't.

My people and I interview midshipmen before they enter the nuclear program. We have found from these interviews that the concepts of management with which midshipment at the Naval Academy are imbued are unrealistic and are useless in the real world. One midshipman, who had taken management courses, told me that he was able to learn my job in six months; he could run General Electric in a year.

It was not his fault to have given this answer. He had been taught by his supposedly responsible and knowledgeable professors that his job was to "manage." He learned that a naval officer shouldn't bother with technical details. All he needs to know are broad concepts on how to manage. Someone else will do the work. There will always be available to him a sufficient number of cheerful, willing, competent, hard-working "serfs" to do the technical work, as well as the money to do the job. He will be the leader, the aristocrat.

The service academies once gave professional education in engineering. But since the end of World War II, Annapolis, at least, has changed. It has added more management and social science courses so that it now produces men more fitted for civilian life—if even for that—than for a career in the Navy. I recently learned of a midshipman who will spend his senior year studying "The Effects of Low Frequency Electromagnetic Fields on the Circadian Biorhythms of Common Mice." We are raising a generation of naval officers who are ill-equipped to carry out their jobs in peace or in war. Again, it is a question of purpose. What is Annapolis for? Does a naval officer need to know the rhythms of mice?

Too many naval officers today believe that technical training is not essential and that they can rely on management techniques to make decisions. For these officers, the road to advancement in many cases leads through the nonprofessional areas of the Navy, such as political-military affairs, foreign sales, planning and budgeting, and human relations. Contrast this pattern with the Soviet model. The Russians do not put management experts into highly technical positions. A recent Soviet announcement shows that the head of their space program is a design engineer who has been associated with Soviet rocket development since World War II.

Dependence on management systems has been an important factor in the loss of technical competence in ship design and construction. For example, over the years, with monotonous regularity, representatives from large and well-known companies propose to undertake—at government expense, of course—studies of small, high-speed ships propelled by small, cheap, lightweight nuclear power plants. These proposals are enticing to officer managers who do not understand technical flaws, and who are swayed by the miraculous achievements promised by these industry representatives.

My people and I find that the technical bases for these proposals are unsound. When we object to them on scientific and engineering grounds, we are told that we are unimaginative and stubbornly conservative, that we could make these systems work if we really tried and wanted to do so. Such an argument reduces all engineering to the simple matter of personal will. It is as far from technical reality as the directive issued by a senior line admiral many years ago which said, "There will be no more rust." These officers do not understand that technical directives are not self-executory. Nor do they understand that a complex engineering directive requires more than a management decision; it requires also a strong technical organization to carry it out.

The most important job of the man in charge of a technical organization is to select and train the people working for him—not to issue orders and directives. But to do so, he himself must be technically competent. No one, no matter how high his position, can accomplish a technical aim by simply ordering it. Nature knows no rank.

If the acceptance of unsound proposals illustrates the technical poverty of some project managers, the Navy's difficulty with its 1,200-pound boilers is an example of incompetence on board ship. These boilers, which are installed in many important ships, deliver steam at a pressure of 1,200 pounds per square inch. They have been hard to operate, and men have lost their lives in accidents with them.

My organization discovered that at the basic school ashore sailors were being trained to stand watches on, and record the water level of, a boiler that had no water in it. This is the equivalent of teaching your children to drive by letting them sit behind the wheel, with the car still in the garage, but never turning on the engine or putting the car in motion, and then sending them out on the highways to earn their living as truckdrivers. On some ships, we found commanding officers who had never given the boilers priority. I talked to admirals who were responsible for the care of these ships, yet had never seen the boilers which were giving them so much trouble—and which were keeping a number of ships from operating.

What is the condition of the ships in our Fleet? In my opinion, there has been no period in the past fifty years when the Fleet has been in as poor condition as it is today. This is often excused because of the Vietnam War and the inadequate appropriations for shipbuilding and ship repair. It appears to me that the prime reason for the inability of the officers of the Fleet to supervise their equipment is their lack of training. The poor condition of the Fleet is well documented in official reports of the Board of Inspection and Survey of the last few years.

On October 15, 1912, President Taft said: "A navy is for fighting and if its management is not efficiently directed to that end the people of the country have a right to complain." What Taft said in 1912 applies today. What then should be done? Here I can only draw upon my own experience. When I came to Washington prior to World War II, my job was to develop and supply electrical equipment for the Fleet. I found that one man was in charge of design, another took care of production, a third handled maintenance, while a fourth dealt with fiscal matters.

This was the way the entire Bureau operated. But it didn't make sense to me. Design problems showed up in production, production errors showed up in maintenance, and financial matters reached into all areas. I changed the system. I made one man responsible for all aspects of his piece of equipment—for design, production, maintenance, and contracts. If anything went wrong, I knew exactly where to look. I run my organization today on the same principle. Our nuclear ships have to work. We have developed the technical knowledge to see that they do. We know that our responsibility extends for the life of the ship.

Nearly all decisions in the Navy today deal with engineering problems. To avoid being surprised by technical advances, we must know where the responsibility lies for the quality of our ships and the readiness of our Navy for war. We should return to the bilinear system, in which the technical bureaus report directly to the Secretary of the Navy. The entire office of the Chief of Naval Material with its huge staff should be recognized as the burden it is, and abolished. Not only would this step relieve those engaged in technical work from unnecessary meetings and paperwork, it would allow the Chief of Naval Operations to cut back on the size of his office. He could then face his primary job: seeing to it that the Navy is ready for war.

The principle behind these actions is that line officers must be taken out of technical positions they are not qualified to hold; in the last ten years they have just about destroyed the engineering capacity of the Navy. Instead of meddling in engineering, the line officer has a professional responsibility to learn how to operate his ship and his fleet. From this experience, he should be able to say what kind of ships the Navy needs to meet its obligations.

Translating those requirements into operational hardware is the job of the engineering officers and the civilian engineers. These men must be forced to learn their job and assume responsibility for their work. To do this requires long-term assignments. We can no longer permit officers to hold their position for a short time before moving on to their next job. The headquarters organization responsible for the design and construction of ships should be reestablished as a technical organization with its engineers returned to positions requiring them to be responsible for the technical state of affairs instead of being consultants. As the Navy gains technical competence, it can build up its in-house technical capability, and demand high-quality work at reasonable cost from its industrial contractors.

I know that reform means progress, and progress means strife. The changes that will come from reestablishing engineering competence in our Navy will mean friction and an abrupt end to the comfortable existence many officers are leading. But to paraphrase Lord Action: Does the ship exist for the crew, or does the crew exist for the ship? Naval officers cannot exercise true leadership if they lack the sense of purpose that comes from competence. No classroom courses and no books on leadership can take its place. There is no broad and easy highway to leadership, but only the long road of experience gained through hard and unremitting work at one's career.

Today we have new leadership in the Navy and in the Department of Defense. I hope these men will give serious thought to reestablishing engineering competence in the Navy. It must always be borne in mind, particularly by the military, that the outcome of war is merely the public manifestation of what has already been decided by the state of readiness in peace.

LOGICAL CONSEQUENCES IN SOUTHEAST ASIA

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. BONKER. Mr. Speaker, the situation we face today in Southeast Asia seems all too sickingly familiar. The American public believed we had accomplished peace in Indochina 2 years ago. The Peace of Paris was signed, the troops came home, the Nobel prizes were handed out—and the United States attempted to bury the memory of a decade-long national nightmare. Yet, today again we are faced with the agony and decisions concerning the destiny of that unfortunate area.

The situation we must face today in Southeast Asia is a direct outgrowth—a predictable, logical outgrowth—of decisions made and actions taken by the Congress, the President, and an overwhelming majority of the American people just 2 years ago.

The historical perspective, which I believe is essential to an understanding of the issue before us now, is captured succinctly in the following editorial from the Columbian newspaper of Vancouver, Wash.:

Logical Consequences

What's happening in Cambodia and South Vietnam now are the logical, and probably inevitable, consequences of the "peace with honor" that President Nixon proclaimed in January two years ago.

Mr. Nixon, in announcing an end to U.S. military action in Indochina at that time, talked about the South Vietnamese settling their problems "peacefully among themselves." He expressed the hope that parties to the peace treaty would observe its provisions and exercise mutual restraint. The United States agreed to withdraw its forces from Vietnam, and the United States and North and South Vietnam agreed to cease military operations in Cambodia.

The Nixon administration appeared to be placing its hopes for stability in Indochina on the Thieu government in South Vietnam and the Lon Nol government in Cambodia. The line of reasoning was that the United States had helped them win "the precious right to determine your own future" (Mr. Nixon's words). The near collapse of the Lon Nol government this week and the new Viet Cong offensive in South Vietnam suggest that those hopes were only wishful thinking on the part of an administration, and the American people, who were sick and tired of accomplishing nothing in Southeast Asia.

More realistic observers at the time were predicting exactly what is happening now—that the "peace with honor" would buy only a little time and that, when that time was up and the countries once again began to crumble, the United States would have to pass through another crisis of conscience. That crisis is now upon us, at least as far as Cambodia is concerned. A similar ordeal can be foreseen relating to Vietnam.

Are we letting down those we have helped if we don't go a second mile (or third, or fourth)? Will a Congress or a President which finally says, "No more aid," be judged a traitor to the nation's honor? Will historians, and the voters, judge that the cause of free men has been abandoned?

President Ford appears quite fearful that he and the nation will be judged guilty if the United States cuts off aid to Cambodia before all hope has been abandoned. He seems not to recognize that this country made its decision on Indochina two years ago when it committed itself to Mr. Nixon's "peace with honor." Rather than trying to postpone the inevitable outcome of that decision, he might better serve his constituents by helping them understand that they now are witnessing the logical consequences of that decision.

In the flush of the agreement of January, 1973, President Nixon might have predicted that this moment of crisis would never come. But he may very well have known that he had only bought time for Thieu and Lon Nol, not permanent peace in Indochina. In announcing the agreement, Mr. Nixon expressed his hope that the treaty would contribute to "the prospects of peace in the whole world." Peace in the whole world, achieved through a new detente with the Soviet Union and the People's Republic of China, was Mr. Nixon's foremost goal as president. He may well have calculated in January, 1973, that a treaty in Indochina would give him the breathing room in which to work out a new world order that would make whatever happened in Vietnam look insignificantly by comparison.

The Nixon grand scheme for the world, of course, was not to happen. Other events interfered. Perhaps it would not have come even without Watergate.

But Mr. Nixon was right in raising his sights above the skirmishes of Indochina to the larger vistas of world affairs. The United States and the world face more important problems than Vietnam and Cambodia, and our current president ought to be directing our attention to them rather than trying to undo the past.

INTERNAL REVENUE MANUAL ON USE OF INFORMANTS BY THE IRS

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. VANIK. Mr. Speaker, over the past weekend, there were a series of reports by the Miami, Fla., papers indicating that the IRS may have been involved in the extensive use of informants and spies against a group of prominent citizens.

These charges are being carefully studied in an effort to obtain the truth in this bizarre case.

It is important to note that the IRS does make use of informants throughout the Nation. Because the use of such "agents" can have the most serious constitutional implications, I would like to enter into the Record at this point portions of the "Handbook for Special Agents: Intelligence Division," relating to informants. I might say at this point, Mr. Speaker, if reports in the Miami papers regarding the use of informants by the Miami district are even half accurate, then the Internal Revenue Manual was not properly followed in this case and new safeguards will have to be developed.

Portions of the handbook follow:

Excerpts of Handbook for Special Agents: Intelligence Division

CONFIDENTIAL SOURCES OF INFORMATION

Manual references

Procedures for processing information from confidential sources are provided in IRM 9370 through 9373.

INFORMANTS

Definition of Informants

Informants, as distinguished from ordinary witnesses, are those who voluntarily furnish information which otherwise might not be disclosed to, or discovered by, the Government. Such persons include those who furnish leads or bits of information as well as those who submit detailed information regarding alleged violations. A *confidential* informant is one who furnishes information on the expectation that his identity will not be disclosed. However, definite assurance cannot be given the informant for the reasons set forth in 232.23.

Development of informants

Many criminal tax cases have originated from information furnished by informants, and many have been successfully completed only because of the use of informants who have supplied information otherwise unavailable. This is especially true with respect to taxpayers engaged in illegal activities. Much valuable information can be obtained by special agents through cultivating acquaintances who are potential sources of information. Examples of such persons are officials or employees of financial institutions and credit agencies; insurance salesmen; mail carriers; other law-enforcement officers; accountants; attorneys; and officers or members of unions and agricultural and professional organizations.

Techniques with informants

(1) Be fair and truthful with informants. Make no promises that you do not intend to fulfill. Show appreciation for the information furnished but do not let an informant determine the procedure to be used in the investigation or otherwise control it. When talking with or about an informant, avoid offensive terms such as "squealer" or "stool pigeon." A Government officer must not condone any violation of law in order to obtain information. Informants may, through ignorance or zeal, induce a violation. If a defendant can show that the informant who induced him to commit a violation was acting under some arrangement with Government officers, he has a legal defense. Therefore, whenever there appears to be a possibility of entrapment or some other unlawful act by an informant, he should be guided in a manner that will prevent the occurrence of such acts.

(2) Some informants supply only what information they think the officer does not know. The receiver, therefore, should in all instances make every effort to get all facts within the knowledge of the informant. If a telephone call is received from an anonymous source, the receiver should strive to elicit all possible information before the connection is broken because the caller may not offer any further opportunity for communication.

(3) Informants provide information for a variety of reasons, including a sincere interest in enforcement of the law, financial rewards, fear of the law or of his criminal associates, revenge, and personal gain through eliminating competitors. In estimating the reliability of an informant and evaluating the information which he furnished, consideration should be given to his motive.

Payments to informants

(1) Instructions concerning rewards and direct purchases of information are provided in IRM 9371 and 9372, respectively. Exhibit 200-1 contains the Bases for Allowance and Rejection of Claims. Negotiations for direct purchases of information are subject to approval of the Chief, Intelligence Division. No payments should be made to informants until their information has been obtained, evaluated, and determined to be worthy of compensation. Advance payments should be avoided at all times. Special agents should be scrupulously exact in all financial transactions with informants. In every instance proof of payment should be obtained, if possible.

(2) Under no circumstances are Internal Revenue employees authorized to assure any person that a reward will be paid in any amount, nor should Internal Revenue personnel indicate to the informant in any manner the amount of the probable tax recovery or whether such recovery is based upon the information submitted by the informant. If inquiry is made as to the amount which may be received, the inquirer should be furnished with a copy of Treasury Decision 6421 pertaining to rewards for information about violations of the Internal Revenue laws.

WHY POSTAL RATES WILL GO UP

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. DERWINSKI. Mr. Speaker, the new Postmaster General has no illusions about the job he faces in providing good mail service to the Nation at a reasonable cost.

In a recent interview with the U.S. News & World Report, Inc., Postmaster General Benjamin F. Bailar pulled no punches in evaluating the problems confronting the Postal Service and describing goals for better service. I submit for the Record the entire interview:

WHY POSTAL RATES WILL GO UP AGAIN: INTERVIEW WITH BENJAMIN F. BAILAR, POSTMASTER GENERAL

Q Mr. Postmaster General, we hear you want to raise postal rates again. When? And why?

A When? Sometime in the latter half of this year.

Why? Because we are now operating at a deficit. In this fiscal year, ending June 30, we expect to lose more than 800 million dollars. In addition, we're soon going to be conducting negotiations for a new labor contract, to become effective on July 21, which will increase our future costs.

So we really need more revenue quickly. However, the present rates are still being studied by the Postal Rate Commission, and we cannot go with a new raise in rates until they finish that proceeding, no matter how much the need. That's why it is questionable whether we will be able to move until rather late this year.

Q How much will the increases be?

A My best guess is that the first-class-letter stamp, which now costs 10 cents, will go up to 12 or 13 cents. Rates on other classes of mail will probably be raised accordingly—roughly 20 to 30 per cent. We are limited by law to a temporary raise of no more than one third, or 33⅓ per cent, at any one time.

Q How will the new rates compare with those of a few years ago?

A The first basic increase in rates in many years was made in 1958, when the first-class stamp went from 3 cents to 4 cents. Then it went to 5 cents in 1963, to 6 cents in 1968, and to 8 cents in 1971. The raise to 10 cents was made in March of 1974—just about a year ago.

Q Why have rates gone up so fast?

A Mainly for two reasons:

First, the Postal Reorganization Act that set up the Postal Service in 1971 mandated that it should become essentially self-supporting by 1984, and required a gradual phasing out of some of the subsidies we had been getting from Congress under the former situation. So, even if our costs had remained stable, there would have been a need for some rate increases.

Secondly, at the time of the Postal Reorganization Act, we had postal employees who were paid at what was considered inadequate levels, and we were charged with bringing their pay up to levels competitive with those in private employment—which we now feel has been done.

Q. Haven't postal rates risen faster than most other costs?

A. Yes. But the postal service in this country is still a real bargain. Compare it with that in other countries. The typical American in 1974 worked about 1 minute to earn the 10 cents necessary to mail a letter. The typical citizen in Western European countries works between 2 and 3 minutes to earn the cost of mailing a letter. And in those countries the populations are much more compact—not spread out 3,000 miles from coast to coast as in the U.S. So, relative to other countries, our rates in the U.S. are very favorable.

Another thing to consider is that our average postal worker makes over $8 an hour, including fringe benefits. So our labor costs are more than 13 cents a minute. We handle the average piece of mail with less than 1 minute of a postal employee's time. And I think that's a pretty astonishing accomplishment.

Q. How much has the pay of postal workers gone up?

A. Including fringes, the average pay has gone up from $10,300 in 1971 to $13,695 in 1974—nearly $14,000 a year. The postal workers have a no-layoff provision in their contract. We're putting a lot of money into upgrading working conditions and training programs to give them the preparation for promotional opportunities that are now handled on merit, rather than on the old political-referral system.

Labor and wage-related items account for 85 per cent of our total costs. So the increases in wages and benefits have had a major effect on our cost.

Q. Is anything being done to increase your efficiency?

A. One thing we are looking into is the so-called Kokomo plan. That is a program tested in Kokomo, Ind., seeking to adjust each letter carrier's route so that he would have a full eight hours' work daily—ideally, no more, no less.

What we're trying to do is to measure the number of feet in a block, the steps a carrier has to climb, the number of screen doors he must open, whether there's a slot to drop the mail in or a box on which the lid has to be opened—to count up all such things so we can say, "This block at standard would require so many minutes and seconds." Allowance would be made for the letter carrier's physical condition. Hopefully, by restructuring all our routes in this way we can give each carrier a fair work load.

We instituted the program first in a Kokomo station that had 25 routes. We thought we could cut the number of carriers in that station to 22, but after trying that a couple of months we decided we needed 23. That is still a net reduction of two carriers. We then moved the testing just recently into Portland, Oreg., and we anticipate testing elsewhere.

Q How have postal workers reacted to this experiment?

A It has been a very controversial thing and has brought the threat of some strikes. Most of the tension, I think, has been focused on the issue of whether we implement this test nationwide.

But I feel that something like this plan is necessary if we're going to realize the efficiency gains that are expected of us and are necessary if we're going to hold postal costs in line. Otherwise, our wages go up without efficiency gains; then the costs go up and up and up.

Q How many hours a day does a letter carrier work now?

A His assignment is for eight hours. The question is whether some can get their work done in less time than that. When a carrier finishes his route in less than eight hours, he is supposed to come back to the office and help sort mail for the next day.

There have been allegations that some of the carriers could finish their routes more quickly than they do if they handled their routes efficiently.

Q How many jobs would the Kokomo plan save?

A The Letter Carriers Union has estimated that the Kokomo plan would eliminate 15,000 jobs. That would mean savings on the order of about 225 million dollars a year. Others say the savings would be even more. We don't know yet. That is part of why we are doing this test. Obviously, if savings of such magnitude are possible, we ought to find out. We're spending public funds, and we've got an obligation to handle the mail as efficiently as we can.

Q Do you see a possibility of a postal strike this year?

A First, a postal strike is against the law. Secondly, it's against the terms of our national labor agreements with the unions.

However, I have to acknowledge that the unions have been talking about work stoppages and occasionally use the word "strike." They're taking a rather militant posture that if we institute this Kokomo plan nationwide or if we don't agree on a new contract by the expiration of the current contract, they might strike in spite of the fact that the law bars strikes.

Q How would you deal with a strike, if it came?

A We have some contingency plans. Five years ago, the National Guard was brought into the picture. We probably would embargo nonessential mail. There are a number of things we could do. But I'm not predicting a strike, and if it came, I don't think it would last long or be pervasive.

Q A lot of people complain that, in spite of the postal reorganization and the rapidly rising rates, mail service now is actually worse than it used to be. Is that true?

A Not in my opinion. And not according to measurements we make. We have a very sophisticated sampling process to determine what our mail service is like. And by our system of measuring it, the service is as good now as it has been at any time in the last six years.

Coupled with that is the fact that many major commercial mailers keep close track of the service they get because it's important to them. And the head of one of the largest commercial users testified before Congress last fall that its mail service is as good now as it has been in the last 15 or 20 years.

Of course, we have some problems. Clearly, in an operation the size of the Postal Service, there are going to be some errors made.

Q Do you have any plans for improving the service?

A We have under construction a bulk-mail network—21 major facilities for processing bulk mail. By "bulk mail" we mean second, third and fourth-class mail in which speed of delivery is not as important as in first-class mail. Each of these 21 centers—serving on the average two or three States—will collect mail from its outlying region, process it, and either send it back out for delivery within its own region or send it over a special transportation network to another center for distribution in that center's area.

This will take some pressure off the big-city post offices. And it will provide more-effective distribution of bulk mail with less damage to it—less damage to such things as parcels, books, records and catalogues.

In addition to making bulk-mail service faster and safer, we expect this system to enable us to handle it more cheaply. It involves a lot of additional mechanization, and it's going to cost us right at 950 million dollars. But it should save us several hundred million dollars a year in operating costs.

Q When will this system be in operation?

A The first center in New York is already on-stream. All the others should be completed by 1976.

Q We've heard a lot about mechanization of postal operations. What have you mechanized, and is it paying off?

A Yes, it's paying off. We have letter-sorting machines where an operator can key in the address that will drop a letter into the proper bin among 277 bins. We've got more than 600 of those machines.

We have automatic facer-cancelers which turn all the letters around so they come up in the same position and then cancel the stamps automatically.

We also have some optical character-reading equipment that is still in the development stage. It is helpful, but unfortunately it can't read an address if it's handwritten or has slipped out of position in the window of an envelope. It's expensive and suitable only for large post offices where it can be kept busy around the clock.

Q How about the ZIP code? Is it achieving the benefits it was expected to provide?

A If we didn't have the ZIP code we'd now be in real trouble with the increased volumes of mail we handle. About 85 per cent of our first-class mail is ZIP-coded, and the percentage climbs a bit each year. All our second and third-class mail must be ZIP-coded.

Q. What are you doing to speed the actual delivery of mail from post office to receiver?

A. In the delivery end of the business, the most striking mechanization is simply putting letter carriers into vehicles instead of having them walk their routes. This has proved faster and cheaper—and, surprisingly, it actually saves fuel. This is because when a carrier walks a route you have to do two things to support him; you have to operate a separate parcel-post route because he can't carry all those packages on foot. And you also need vehicles making repeated trips to keep filling a series of relay boxes scattered along his route.

Now we have also started a move toward curbside delivery—to mailboxes set alongside the street, or to what we call "cluster boxes."

These cluster boxes are basically like the mailboxes you see in lobbies of apartment buildings. But they are located alongside the street and serve a number of houses. There is a separate letter box for each household, but the carrier can put the mail in all the boxes at the same time. Each household has a key to its own box.

One advantage of a cluster box is that it may have parcel lockers, and the mailman can put a parcel for a certain household in one of the lockers and put the key to that locker in the recipient's mailbox. When a woman picks up her mail she sees the key. Then when she uses the key to open the parcel locker she can't get the key back. This system eliminates having to go to a post office to pick up a parcel because nobody was home when the mailman tried to deliver it.

Q. Are cluster boxes used very widely?

A. So far, there are about 20,000 in use, serving more than one-quarter million families, mostly in new housing developments. But we are trying to move all new addresses to either curbside or cluster boxes.

The savings are substantial. On the average, delivery of mail to the door costs $49 a year for each household, while the cost of delivering to a curbside box is $39 a year, and delivering to cluster boxes costs only $24 a year.

Q. When will Americans be able to mail a first-class letter one day and have it delivered the next day, anywhere in the country? Is that a goal you're aiming for?

A. No—for this reason: I think we could do it, but there would be a very heavy price associated with it. Right now we could deliver mail in six hours if we wanted to, but the cost would be prohibitive. We can fly mail from coast to coast in five hours and allow a half hour for pickup and delivery at each end.

The problem is we must hit a balance between what the public wants in the way of service and what people are willing to pay for it.

We have a system now that's operating on an experimental basis in 400 cities. It's called Express Mail, and it guarantees next-day delivery all across the country. We rebate the charges if we don't deliver on schedule. But it's expensive. The minimum charge is $1.50. And the ordinary user has to deliver the package to the post office. There is a custom service in which we do the pickup, but we charge extra for that, and it has to be done on a contractual basis.

Express Mail is not yet available nationwide, but we've had pretty good success with it so far.

Q You charge 13 cents for airmail. But doesn't much of your 10-cent first-class mail actually go by air?

A A great deal of it does, yes. But airmail is still a premium service in this sense. If there's a plane leaving from Washington tonight for the West Coast, the airmail will go on it. But first-class mail will go on that plane only if there's enough space. If there is not, it will wait for the next flight.

Q Do you plan eventually to do away with the difference between first class and airmail?

A We're currently in the process of upgrading the logistical support for long-haul first-class mail to the point that it will obviate the need for airmail. And I would expect that soon we will begin legal steps toward elimination of the airmail stamp—not because we want to cut airmail service, but because we want to get first class up to the point where it's not necessary to pay extra for airmail.

Q Some people complain about your special-delivery service. They say it's often slower than regular mail—

A It shouldn't be. If anybody finds this on a repeated basis, I'd recommend that he contact us—either through our consumer advocate in the Postal Service headquarters or through the local postmaster.

Q You have a consumer advocate to whom people can direct their complaints?

A We sure do—with a staff of about 40 people. Anybody with a postal problem or complaint who can't get an answer from his local post office can write to: Consumer Advocate, U.S. Postal Service, Washington, D.C. 20260.

Q You say postal service now is good. Do you plan to make it still better?

A I have some pretty ambitious goals.

Our measurement of how good our service is deals with how quickly and how reliably a piece of mail is delivered. But we find that roughly a third of our complaints are about other things: courtesy—or lack of it—from our employes, where a post office is located, what hours it is open, damage to a package, a lost money order, or an insurance claim that took too long to process, or maybe the location of a curbside "snorkel" box.

What I want to do is broaden the definition of service to include all such things. I want to see postmasters and managers at all levels get more closely involved with the communities they serve, so that we have a better feel of what the public wants from us. Of course, we can't accommodate all their requests, but we can listen to them, and if there are things we cannot do, we can at least give them an explanation of why not.

Q The Postmaster General is no longer a presidential appointee. Who appointed you as Postmaster General?

A I was elected by the governors of the U.S. Postal Service. The governors are appointed by the President. There are nine governors who serve nine-year terms, with one governor's term expiring each year.

I serve at the pleasure of the governors with no fixed term. The governors have an option of giving an employment contract for a fixed term up to five years. But, as a matter of personal choice, I asked that my tenure be left to the governors' discretion.

Q Must your appointment be confirmed by Congress?

A No. However, because I serve the people the members of Congress represent, I must work closely with the Congress.

Q What does your job pay?

A The salary is $60,000 a year—the same as for a member of the President's Cabinet.

A $12 BILLION OPERATION

Q How big is the Postal Service? How much money does it spend? And how much mail does it handle?

A We have 703,000 employes, and our total annual budget is about 12 billion dollars. We have 31,000 post offices scattered all over the country. And we handle about 90 billion pieces of mail each year—about 300 million a day.

Q Mr. Bailar, it has been about four years now since the Postal Service was changed from a politically controlled Government operation to a semiprivate agency. What have been the practical advantages—if any—of that changeover?

A There were four basic tenets in the Postal Reorganization Act:

The first was that the Postal Service would cease to be a political arm of the executive branch, and that postal appointments and promotions—and postal decisions in general—would be handled on the basis of merit, not politics. I think that has worked out very satisfactorily.

The second tenet was that postal employes would be brought into a collective-bargaining process, which I think has worked pretty well. It's going to be put to the test again this spring.

The third—and perhaps the most badly needed and helpful of the changes—was to give the Postal Service assurance of a continuing availability of cash and financial support. Under the old system, the Post Office frequently was at the tail end of the line in the appropriations process. There was very little money available for capital projects, such as mechanization, new offices and new vehicles. Under the new setup we've increased our research expenditures in the last four years from 25 million to 60 million dollars per year and our capital spending program from 250 to 800 million a year, because we now have the authority to borrow what we need for capital projects.

The fourth tenet of reorganization was the goal that the Postal Service become essentially self-supporting, with revenues about equaling costs. This probably is the one change that is being questioned most sharply But I think the questioning would not be so sharp if it hadn't been for the inflation that has forced such a rapid increase in postal rates.

MAILS "OUGHT TO BE SELF-SUPPORTING"

Q What do you think personally? Should the Postal Service be fully self-supporting, with no subsidies from tax money?

A I think it ought to be self-supporting over the long haul. The people who use the Postal Service ought to pay for it. If you fund postal services from tax revenues, you're charging private individuals pretty heavily to subsidize what are primarily business costs, such as mailing newspapers, magazines or advertising circulars, or mail-order business.

You see, about 80 per cent of postal volume comes from businesses and institutions, and 20 per cent from individuals, whereas federal income taxes come about 65 per cent from individuals. And I think it would be unfair if the cost of our services to business were heavily subsidized out of tax money.

Q How big a subsidy is the Postal Service getting now?

A We get about 1.5 billion dollars a year that we think of as a subsidy. Some 920 million of this is what we call a public-service subsidy—to provide services which are considered in the national interest. These include service to people living far out in thinly populated areas. I think this is a sound idea. It's important to keep them in touch with the rest of the country.

The remainder of the subsidy—about 600 million dollars a year—is chiefly to make up the difference between the rates we charge commercial and nonprofit users and the rates we'd have to charge to make those commercial services fully self-supporting. We are supposed to increase those rates gradually to enable the commercial users to adjust their operations to the added costs.

Q When are these subsidies supposed to end?

A That part of the 600-million-dollar subsidy for commercial service is scheduled to be phased out by 1980; the remainder, for nonprofit mailers, well beyond that point.

The 920 million for public service is scheduled to be stepped down to 460 million over the next nine years—until 1984. Then we're supposed to make some recommendations as to whether we can do without it, or with only a part of it.

Q What about the cost of mail service to the Government?

A We get reimbursements from tax money for the franked mail sent out by Congress and for the "penalty mail" [used in official business] from Government agencies.

Q Is there any movement in Congress to put the Postal Service back under political control?

A Not really. You hear some members of Congress say they'd like to see that.

But most of them privately say they are happy to be out of the business of nominating postmasters, setting postal rates and dealing with postal unions.

TIME FOR A NATIONAL TRANSPORTATION POLICY

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. O'BRIEN. Mr. Speaker, most of the railroads in the country are in terrible shape, both financially and physically, and I think it is high time we in Congress did something about it.

Up to now we have been merely reacting to crises in a highly discriminatory way. We blithely vowed an additional $347 million for the Penn Central and other bankrupt railroads in the Northeast. But we stand idly by while the U.S. Railway Association turns its back on the Midwest and lets the Rock Island Railroad go into bankruptcy.

I backed Interstate Commerce Commission Chairman George Stafford's position that it would have been cheaper for USRA to lend the money to the Rock Island than for the ICC to pay other railroads to take over various segments of the Rock Island's system and operate them for periods of up to 8 months, as authorized under existing law.

USRA refused to reconsider its denial of the loan, however, and now we hear that the ICC may not issue full service orders to the other railroads after all, that because of the expense that would entail, the other roads will simply be allowed to pick up most of the Rock Island's present freight business. Under this arrangement other railroads would be ordered to provide service on Rock Island track only to those areas which cannot be served in any other way. So after 123 years of service, the Rock Island seems headed for the scrap heap and most of its 55,000 employees to the unemployment compensation lines.

I have joined a number of my colleagues in sponsoring legislation to direct the U.S. Department of Transportation to extend a loan of $100 million to the Rock Island. With this financial assistance I have confidence that Rock Island's new management, under its able president, John Ingram, former head of the Federal Railway Administration, could turn the company around financially and make a start toward rehabilitation of its roadbeds.

I am under no illusions about the prospects for this legislation. Unfortunately, the Rock Island's plight developed at a time when our experience with the Penn Central makes Congress wary of rescue efforts of this kind. So be it. But let us not shrug our shoulders and do nothing or there will be more Penn Centrals, more Rock Islands. It is time for us to exercise economic statesmanship and develop a national transportation policy that will balance the financial needs of the railroads against the subsidies provided other transportation modes through massive Federal expenditures for highways, airways and airports, rivers and harbors. To be sure, these expenditures serve a national purpose but it cannot be denied that they give truckers, airlines, and barge operators a competitive edge over the railroads. I do not want to be misunderstood. I will continue to support reasonable appropriations for these programs, but I do think we should begin formulating a policy that will give the railroads a better break.

I touched on these points in my testimony March 17 at the Interstate Commerce Commission's hearing in Chicago on the U.S. Railway Association's preliminary plan for restructuring the financially ailing northeast railroads. I am frankly skeptical of the USRA plan. I fear it amounts to one big bandaid for a condition that needs more fundamental treatment. Any of my colleagues who may be interested will find my reasons in the following statement:

TESTIMONY OF U.S. REPRESENTATIVE GEORGE M. O'BRIEN

Mr. Chairman, I am George M. O'Brien, Representative in Congress from the 17th District of Illinois, which includes the counties of Will, Kankakee and Iroquois as well as most of Bloom township in Cook county.

I appreciate having this opportunity to present my views on the preliminary system plan of the United States Railway Association as well as on the related financial difficulties of the Rock Island Railroad.

When I testified a year ago, during the opening round of these hearings, my principal concern was the threat of abandonment that dangled over several railroad lines in our area that had been labeled "potentially excess" in the Secretary of Transportation's report of February 1, 1974. So designated were important segments of the Illinois Central Gulf, Chicago & Eastern Illinois, Norfolk & Western, Louisville and Nashville and the Milwaukee Road as well as the entire system of the Toledo, Peoria and Western. Since all of these railroads are solvent, I felt at the time that the Secretary's report raised the abandonment spectre unnecessarily because there was nothing in the Rail Reorganization Act of 1973, for which I voted, that made it any easier for solvent railroads to shuck off unprofitable branch lines. This was subsequently borne out by the United States Railway Association in restricting its study to those lines belonging to bankrupt carriers designated by federal courts as railroads in reorganization. But it took several months for the USRA to make this clear and the situation caused considerable anxiety, particularly in the rural areas of the 17th District.

This cloud no sooner had lifted than others loomed. Whatever enthusiasm may have been generated for the restructuring program in our area has largely dissipated. What we now see in the offing is an enormously expensive reorganization of the Penn Central and other bankrupt railroads that will result in abandonment of thousands of miles of so-called "light density" trackage without any assurance that the proposed new ConRail system will be financially viable. Despite the rosy projections in USRA's report, it seems more likely that ConRail's acquisition and rehabilitation costs will be much higher. The question is whether ConRail will be able to service their debt under the current regulatory and operating conditions that have made basket cases out of many of our leading railroads in the country.

I recognize that the current USRA proposals are only preliminary, that they are subject to revision before the final plan is submitted to Congress by July 26. I hope that USRA will take a new and much harder look at the Penn Central segment between Kankakee, Illinois, and Templeton, Indiana. I'm still not quite sure what happened in the planning process to this portion of the Penn Central's main and most direct route between Chicago and Cincinnati. As late as February 20, 1975, USRA informed my office that this 56.8 mile segment would be recommended for inclusion in ConRail. On February 25, however, I was advised that this recommendation had been changed, that only the portion from Templeton to Sheff, Indiana, would be recommended at this time for ConRail, that the Sheff-Kankakee portion "will again be subjected to further detailed analysis with regard to further potential traffic growth or rate increases."

Just seven and one-half miles north of Sheff, in Sheldon, Illinois, the Early and Daniel Company has a grain elevator that shipped out 1,300 hopper cars of grain in 1973, most of it in 100-car trains that carried millions of bushels of Illinois and Indiana grain to east coast ports for export. Farther north along this line in Iroquois, and Kankakee Counties we have other elevators at Raub, Iroquois, Donovan, Beaverville and St. Anne that account annually for several hundred more carloads of grain and would ship more if sufficient cars were available.

Many communities and shippers also are concerned about the future of the Toledo, Peoria and Western Railroad, which runs between Peoria, Illinois, and Effner, Indiana, linking our nation's western railroads with those in the East. T.P. & W. connects with a Penn Central line that, under the preliminary plan, would be excluded from ConRail. I understand, however, that T.P. & W. wants to acquire the Penn Central tracks between Effner and Logansport, Indiana, where it would connect with the main ConRail system. Without this link, T.P. & W. probably would be forced out of business by the USRA plan. I, therefore, urge USRA to facilitate the efforts of T.P. & W.'s management to acquire the Logansport connection, either through purchase, lease or other contractual arrangement.

There seems to be some possibility that if T.P. & W. gets the Logansport route, it will then seek the Kankakee-Sheff segment, a prospect that has much appeal in our area. It is far from certain, however, that T.P. & W., which is owned jointly by Penn Central and the Santa Fe, will want to acquire trackage that is not essential for its through service. For this reason I am urging USRA to restudy this segment for inclusion in ConRail.

Many of us in Congress from the Midwest and Southwest voted for the Regional Rail Reorganization Act with the clear understanding that it provided not only for the restructuring of the bankrupt railroads of the Northeast but also made it possible for financially troubled, but still solvent, connecting lines in the Midwest to obtain loan assistance. The Rock Island Railroad applied to USRA last September for a loan under Section 211 of the Act. I was shocked when USRA announced that it couldn't make the loan. Curiously enough, the word came on Wednesday, February 26, the same day that Congress completed action on a bill authorizing an additional $347 million in emergency loans and grants to Penn Central and other bankrupt lines in the Northeast.

During the last three weeks I and members of my staff have sat through hours of testimony and briefings on USRA's reasons for refusing the Rock Island loan. I remain unconvinced that this was a wise action. I agree with Interstate Commerce Commission Chairman George Stafford, the only member of USRA's board of directors who favored the loan. His view is that a loan is the cheapest way to keep the Rock Island running for the next several months. This would give Rock Island's management the time to prove that its operating improvements and economies can turn the railroad around financially. Isn't this better than having the ICC pay other railroads upwards of $60 million over the next eight months to take over the Rock Island's operation for a maximum period of eight months? USRA disapproved the loan because of the Rock Island's alleged inability to repay and lack of adequate security. Yet Chairman Stafford, who should know, says, and I quote, "Though it is devoid of cash, the Rock Island does have substantial assets to provide more than adequate security for the loan."

As I think over USRA's handling of the Rock Island situation, I can't help wondering if we are not engaged here in an exercise in futility. Confronted with the reality of massive planned abandonments in the Northeast and a seeming indifference toward the needs of the people in our area for better rail service, not less, I believe Congress may find it necessary to send the USRA planners back to their drawing boards. My own attitude, at the moment, is one of extreme skepticism. And I know many other Congressmen are in the same frame of mind.

I don't intend to criticize USRA unduly. The planners at least have tried to bring order out of the chaos that has afflicted the northeastern roads and their long suffering customers for many years. I fear, however, that the USRA plan is just one big bandaid for a condition that needs more fundamental treatment. What this country needs, in my judgment, is a national transportation policy that will lead to a better balance among the competitive needs of the various modes—trains, trucks, airliners and barge lines. Federal expenditures for airways and airports, rivers and harbors and highways totaled $25.4 billion in 1972 while federal subsidies for rail transportation, including Amtrak, rail mass transit and the operation of the Federal Railroad Administration were at the $400 mililon level. The railroads, as well as the other modes, also are burdened with excessive and time-consuming regulatory procedures. We in Congress should address this problem and develop a policy that will revitalize our transportation services and enhance the ability of each mode to compete effectively within our free enterprise system. Until this is done I'm afraid we shall see more Penn Centrals, More Rock Islands, and their employees and the people they serve will suffer.

RIDERSHIP ON THE MINNESOTA TWIN CITIES

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. FRENZEL. Mr. Speaker, despite the passage of another major mass transit bill last year, the struggle to make public transit succeed is not yet over—in fact, recent transit ridership data makes one wonder if the struggle has even begun. Despite a multibillion-dollar, 10-year Federal effort, the return on this substantial Federal investment continues to be almost nonexistent.

For a while last year it looked like we had finally blocked the downward slide in transit patronage. Ridership for the whole of 1974 increased 5.7 percent. While this growth was much too small to produce a perceptible impact on traffic congestion, it was still very encouraging when compared with the annual declines in ridership we had been experiencing since World War II.

Unfortunately these gains are proving to be very short lived. We are now beginning to receive hard evidence that last year's modest gains will not be repeated in 1975. The most recent figures available from the American Public Transit Association show that ridership increased only 0.6 percent in January over a year ago and due to a change in accounting procedures this year, the actual growth is almost certainly even less.

The news from New York City is even more discouraging. Last week New York transit authorities revealed that the subway portion of their system suffered a 4.4-percent decline in patronage for the month of January and the early indications are that the February figures will look even worse. The decline in growth of transit ridership nationally coupled with the sharp falloff in patronage on New York's subway system strongly suggest that last year's modest gains resulted largely from the Arab oil boycott.

Fortunately the news is not all bad. Ridership on the Minnesota Twin Cities Bus System increased more than 8 percent in January and with continuing expansion of the fleet and other service improvements there is hope that we can sustain the momentum. A relatively modest Federal investment in our bus system has paid off handsomely while the enormous commitment to obsolete capital intensive systems has not.

It is a pretty safe bet that our Federal transit programs will continue to show a poor return until they become far more performance oriented and we begin to focus on the development and deployment of systems and services that can compete more effectively in the marketplace.

The following article describes the recent decline in ridership on the New York City Transit System.

[From the New York Times, Mar. 7, 1975]

YUNICH REPORTS DECLINE IN SUBWAY AND BUS RIDERS IN LAST YEAR

(By Edward C. Burks)

The Metropolitan Transportation Authority reported yesterday that ridership on its subway and bus lines was down by 200,000 passengers a day in January compared witb the same month a year ago.

David L. Yunich, the authority's chairman, attributed the loss to the recession and the high rise of unemployment here. The loss on the subway lines was 162,000 daily passengers, from an average of 3,892,000 a day in January, 1974 to 3,667,000.

Preliminary figures for the first two weeks of last month show that the downward trend has "gotten slightly worse", Mr. Yunich said, especially with subway patronage.

Testifying before the City Council's Committee on Mass Transit, Mr. Yunich expressed the conviction that the 35-cent fare could be held through next Dec. 31, especially in view of the $67-million emergency appropriation voted by the Legislature on Wednesday. But he indicated that the fare could reach 60 cents next year unless present levels of subsidies were sharply increased.

An irony in the report of over-all decreased ridership is that Mr. Yunich, who came to the authority last year after a long career as a top executive in retailing, has begun one promotional campaign after another to attract riders.

The "shoppers special," unlimited bus rides at certain non-peak periods in midtown, has attracted 9,000 extra riders a week; the "night on the town" package, also unlimited rides for 75 cents, is averaging 3,000 tickets a week, and the "culture loop" buses has carried 128,000 passengers so far, Mr. Yunich said.

But he concluded: "Clearly the need exists for increased subsidies if we are to maintain a viable mass-transit system. New sources of funds will have to be considered."

He said the new $244-million Federal subsidy, $187.5-million of which is really a loan against future capital grants, coupled with expected state and local subsidies would bring the authority within $30-million of meeting this year's $422-million deficit. He said he thought that gap could be bridged. But next year's projected shortfall, after considering all subsidies available, is still $227-million, he said.

Mr. Yunich, in an hour-long talk, told the committee that the city could "not back away from its responsibility" just because Federal subsidies were not available. He commented that other cities had been able to reduce fares—Atlanta from 40 to 15 cents, Los Angeles from 30 to 25 cents and Cincinnati from 50 to 25 cents through special regional taxes, on sales in the first two cases and on earnings in the Cincinnati area.

The committee, headed by Councilwoman Carol Greitzer, Manhattan Democrat, wanted to know if rising crime was not the cause of the decline in ridership.

Mr. Yunich, agreeing that passenger safety was a matter of concern, insisted, "I think it's safe to say the system is still the safest in the world."

Answering a question by Councilman Abraham G. Gerges, Democrat of Brooklyn, Mr. Yunich conceded that a cutback in services "may happen" if financing is not available.

TIME TO STIFFEN PENALTIES FOR MEDICARE/MEDICAID OVERBILLINGS AND FRAUDS

HON. CHARLES A. VANIK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. VANIK. Mr. Speaker, during the past few weeks, two Scripps-Howard reporters, Dan Thomasson and Carl West, have conducted investigations leading to exposés of waste and fraud involving millions in medicare/medicaid funds in the Chicago and Miami areas. The abuses these two investigative reporters have discovered may just be the tip of the iceberg, just part of a national scandal costing the medicare trust funds and the taxpayers billions of dollars per year.

The investigations have uncovered a series of frauds ranging from "minor" chiseling by doctors who inflate their bills to possible organized crime-connected medicaid bill collection rackets. Among some of the more common crimes being committed against the taxpayer are:

First, inflated drug charges, false and/or unnecessary prescriptions; and

Second, inflated and unnecessary laboratory charges by physicians, hospitals, and laboratories.

What is most disturbing and depressing about the Thomasson-West articles is the sense of "ease" and prevalance they convey about fraud in these programs, and the failure to prosecute for abuses of the program. As the Thomasson and West report of March 17, 1975, noted:

> During a three-month period ending last June 30, 26 States reported to the U.S. Health, Education and Welfare Department (HEW) 954 cases of suspected fraud in the Federal-State medicaid program for the poor.
>
> Only 47 of those cases were ever turned over to public prosecutors.
>
> For the succeeding quarter, ending Sept. 30, 21 States reported 824 cases of suspected fraud. Of those only 18 were referred for prosecution.
>
> In the final quarter, ending Dec. 30, 25 States reported 1,052 cases of suspected fraud. Only 15 of those cases were referred for prosecution.
>
> These data, gathered from reports on file with HEW's division of program monitoring, go a long way toward explaining the estimate by federal investigators that cheating in the medicaid program is costing taxpayers $1.5 billion a year.
>
> Even this doesn't define the scope of the problem, however.
>
> Although required by federal regulation to do so, a few States don't even bother to file reports on suspected fraud. And some that do only provide incomplete and inaccurate information.

My staff reviewed this data at HEW and verified the information for the last quarter of calendar 1974. In addition, I am embarrassed to report that my own State of Ohio did not even submit data on such actions. Another major State, California, also failed to submit any data.

Some of the abuses the reporters cite—such as phonied drug charges—have been going on for years. The State agencies in charge of medicaid know that abuses are rampant. The Social Security Administration knows that billions are being lost through over-billing and fraud. Yet no one seems to be doing anything to stem the tide of corruption. The waste in these programs has become so costly that it is a major contributor to the social security trust fund deficits that may result in major tax increases in order to keep these trust funds on a sound base.

Mr. Speaker, it is time that the Federal Government made a major effort to crack down on the frauds being committed against the old, the poor, the sick, and the taxpayer in general.

According to the Thomasson-West articles, the Social Security Administration has established a program integrity or special group of investigators to guard against medicare abuses. Yet this task force has only about 50 to 70 investigators available to deal with a nationwide $15 billion program. It is obvious that this task force is woefully inadequate to deal with the wave of overbilling and corruption plaguing the health services industry.

I believe that the Social Security-HEW task force must be substantially increased.

In addition, a vigorous effort must be made to deny those who have been found to be overbillers from participating in the program in the future. For example, section 229 of the 1972 Social Security Amendments provided authority to terminate payments to certain suppliers of services who "have submitted or caused to be submitted . . . bills or requests for payments . . . containing charges . . . substantially in excess of such person's customary charges" or "have furnished services or supplies which are determined by the Secretary . . . to be of a grossly inferior quality."

As the Senate report on this section noted, this provision "would give authority to terminate or suspend payments under the Medicare program for services rendered by any supplier of health and medical services found to be guilty of program abuses. The Secretary would make the names of such person or organizations public so that beneficiaries would be informed about which suppliers cannot participate in the program and for whose services payments will not be made. The situations for which termination of payment could be made include overcharging, furnishing excessive, inferior, or harmful services, or making a false statement to obtain payment."

Unfortunately, the Senate report went on to state that:

> It is not expected that any large number of suppliers of health services will be suspended because of abuse. However, the existence of the authority and its use in even a relatively few cases is expected to provide a substantial deterrent.

I doubt that the provision has even been used enough to provide a deterrent. My office is currently making a study of the use of the section 229 provision to determine what corrective influence it may have had on the health service industry. The simple fact is, Mr. Speaker, that medicare/medicaid programs—which were originally bitterly opposed by most of the medical professions—have been a financial bonanza to the industry. It is time that those who abuse the system were cutoff from what too often is a taxpayer-financed gravy train.

I am asking HEW to supply me with data on the actions taken—or more frequently, not taken—by State agencies to protect medicare/medicaid programs from abuse. It is time that the effort to control this abuse be fully publicized. It is time to find out whether State medical societies ever "disbar" physicians who have been found guilty of overbillings and frauds—or whether these physicians are simply permitted to repay their frauds and continue on their way.

In addition, it appears that in many cases, overbillings and frauds against the medicare/medicaid programs involve kickbacks, payoffs, and other transfers of money which may not be reported for tax purposes. As chairman of the Oversight Subcommittee of the Ways and Means Committee, I am asking the Social Security Administration and the Internal Revenue Service to work together to establish a series of task forces and undertake increased special audits of those health care providers who make especially heavy use of the medicare/medicaid programs.

Finally the penalties for a person who "knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any application for any benefit or payment under title XVIII" "solicits, offers, or receives any kickback or bribes in connection with the furnishing of Title XVIII services"—Section 242, Public Law 92–603—is guilty of a "misdemeanor and upon conviction thereof shall be fined not more than $10,000 or imprisoned for not more than 1 year." These penalties are inadequate. There is too much money to be made through medicare frauds for these misdemeanor penalties to deter some individuals. I believe it is time that the penalties for abuse of the public health insurance systems be substantially increased—and enforced.

HOUSE OF REPRESENTATIVES—*Thursday, March 20, 1975*

The House met at 12 o'clock noon.

Rabbi Gordon Papert, of the Kings Park Jewish Center, Kings Park, N.Y., offered the following prayer:

Heavenly Father, we ask Your blessing upon our country, upon this Congress, and upon all the inhabitants of this great Republic.

Sustain us in our endeavors to eradicate hatred and prejudice.

Help us to preserve and to nurture the precious ideals and democratic institutions of our American way of life.

Inspire our Representatives to approach the political, social, and economic problems of our day with forthrightness, courage, and unselfishness.

As we approach the Passover season, to celebrate Israel's Festival of Freedom, we give thanks to You for the blessings of liberty in our land.

Like the Founding Fathers of this great Republic, may we be inspired by the spirit of Israel's prophets to love mercy and to pursue justice for all the citizens of our land. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Heiting, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the concurrent resolution (H. Con. Res. 133) entitled "An act to lower interest rates."

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 7. An act to provide for the cooperation between the Secretary of the Interior and the State with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO HAVE UNTIL MIDNIGHT FRIDAY, MARCH 21, 1975, TO FILE REPORTS ON H.R. 3786 AND H.R. 3787

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation have until midnight Friday to file reports on H.R. 3786 and H.R. 3787.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 4592, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS, 1975

Mr. PASSMAN. Mr. Speaker, in accordance with rule XX of the House rules and by direction of the Committee on Appropriations, I move to take from the Speaker's table the bill (H.R. 4592) making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. The question is on the motion offered by the gentleman from Louisiana (Mr. PASSMAN).

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER. The Chair will state that no objection is in order.

The motion was agreed to.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. BAUMAN. Mr. Speaker, does this report not have to lay over for a period of time prior to the request being made for conferees?

The SPEAKER. Not for the appointment of conferees.

Mr. BAUMAN. Then, Mr. Speaker, it is in order today?

The SPEAKER. The motion to send the bill to conference is in order today.

Mr. BAUMAN. I thank the Chair.

The SPEAKER. The Chair appoints the following conferees: Messrs. PASSMAN, LONG of Maryland, ROUSH, OBEY, BEVILL, CHAPPELL, KOCH, EARLY, MAHON, SHRIVER, CONTE, COUGHLIN, and CEDERBERG.

REQUEST FOR PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4592, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS, 1975, UNTIL MIDNIGHT FRIDAY, MARCH 21, 1975

Mr. PASSMAN. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tomorrow night to file a conference report on H.R. 4592, a bill making appropriations for foreign assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE A PRIVILEGED REPORT ON HOUSE RESOLUTION 309, DISAPPROVING DEFERRAL OF CERTAIN BUDGET AUTHORITY

Mr. SLACK. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a privileged report on House Resolution 309, disapproving the deferral of certain budget authority relating to the Department of Commerce, National Oceanic and Atmospheric Administration, proposed in the President's special message of November 26, 1974, made pursuant to section 1013 of the Impoundment Control Act of 1974, and subsequently revised in the supplementary message of January 30, 1975, made pursuant to section 1014(c) of such act.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 3260, RESCINDING CERTAIN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON. Mr. Speaker, pursuant to clause 1 of rule XX and by direction of the Committee on Appropriations, I move to take from the Speaker's table the bill (H.R. 3260) to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Messrs. MAHON, WHITTEN, SIKES, EVINS of Tennessee, BOLAND, STEED, SLACK, CEDERBERG, EDWARDS of Alabama, and MILLER of Ohio.

APPOINTMENT OF CONFEREES ON H.R. 4075, RESCINDING CERTAIN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON. Mr. Speaker, pursuant to clause 1 of rule XX and by direction of the Committee on Appropriations, I move to take from the Speaker's table the bill (H.R. 4075) to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The motion was agreed to.

The SPEAKER. The Chair appoints the following conferees: Messrs. MAHON, WHITTEN, SIKES, EVINS of Tennessee, BOLAND, STEED, SLACK, CEDERBERG, EDWARDS of Alabama, and MILLER of Ohio.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO HAVE UNTIL MIDNIGHT, FRIDAY, MARCH 21, 1975, TO FILE CONFERENCE REPORT ON H.R. 3260, TO RESCIND CERTAN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a conference report on the bill (H.R. 3260) to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO HAVE UNTIL MIDNIGHT, FRIDAY, MARCH 21, 1975, TO FILE CONFERENCE REPORT ON H.R. 4075, RESCINDING CERTAIN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tomorrow night to file a conference report on the bill (H.R. 4075) to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MAKING IN ORDER ON TOMORROW OR ANY DAY THEREAFTER CONSIDERATION OF CONFERENCE REPORT ON H.R. 3260, RESCINDING CERTAIN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON. Mr. Speaker, I ask unanimous consent that it be in order tomorrow or any day thereafter to consider a conference report on the bill H.R. 3260, to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974.

The SPEAKER. Is there objection to

the request of the gentleman from Texas?

There was no objection.

MAKING IN ORDER ON TOMORROW OR ANY DAY THEREAFTER CONSIDERATION OF CONFERENCE REPORT ON H.R. 4075, RESCINDING CERTAIN BUDGET AUTHORITY RECOMMENDED BY THE PRESIDENT

Mr. MAHON. Mr. Speaker, I ask unanimous consent that it be in order tomorrow or any day thereafter to consider a conference report on the bill H.R. 4075, to rescind certain budget authority recommended by the President and transmitted pursuant to the Impoundment Control Act of 1974.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR COMMITTEE ON ARMED SERVICES AND ITS SUBCOMMITTEES TO SIT TODAY ON H.R. 3689 DURING 5-MINUTE RULE

Mr. BENNETT. Mr. Speaker, I ask unanimous consent the the Committee on Armed Services and its subcommittees be permitted to proceed this afternoon with their hearings on H.R. 3689, the fiscal year 1976 Department of Defense authorization request, during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

REREFERRAL OF H.R. 3465 TO COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. BENNETT. Mr. Speaker, I ask unanimous consent to refer the bill (H.R. 3465), authorizing disposal by the U.S. Government of certain sperm oil from the national stockpile and subsequent regulated commercial disposal to the House Committee on Merchant Marine and Fisheries.

Mr. Speaker, I have notified the chairman of the Committee on Merchant Marine and Fisheries of this.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. BENNETT. Mr. Speaker, this bill, introduced by our colleague, the Honorable CHARLES A. MOSHER, was referred to the House Armed Services Committee and subsequently to the Subcommittee on Strategic and Critical Materials, which I chair.

My staff, after reviewing this bill, advised me that although the bill authorizes the disposal of sperm oil from the stockpile, this material was removed from the list of strategic and critical materials in 1972 and, therefore, does not require congressional approval for disposal. In fact, the decision to remove the material from the stockpile without express approval of the Congress was made by reason of obsolesence of the material for use in time of war.

The principal section of the bill, in my opinion, concerns the provisions of the Endangered Species Act of 1973, which prohibits the sale or offer for sale in interstate or foreign commerce of an endangered species. This prohibition also extends to parts or products of fish or wildlife that are designated as endangered species.

Since this bill, if enacted, would affect section 9(a) of the Endangered Species Act of 1973, I believe that the committee having legislative jurisdiction for this act is the appropriate committee to consider H.R. 3465.

I have notified the chairman of the Merchant Marine and Fisheries Committee of my intention to request referral of the bill to that committee.

LEGISLATION TO PERMIT BANKS TO PAY HIGHER INTEREST RATES TO DEPOSITORS

(Mr. MOTTL asked and was given permission to revise and extend his remarks.)

Mr. MOTTL. Mr. Speaker, I note with pleasure that President Ford has recommended that we adopt legislation which would permit banks to pay higher interest rates to their depositors. Such action would be good news for individuals and business firms with bank accounts.

It would also be good news for every American taxpayer if President Ford would—as I have repeatedly recommended to him—instruct his Secretary of the Treasury to take immediate action to see that the Federal Government receives interest on some $4 billion it has on deposit in noninterest-bearing bank accounts.

This practice of keeping such huge sums in noninterest-bearing accounts costs the American taxpayer about $200 million a year—almost enough to pay for the dreamboat salvage vessel which the CIA built to play hide-and-seek with the sunken hulk of an obsolete Russian submarine.

Two hundred million dollars a year in lost interest may seem a trifling sum to some people here in Washington, but it is a pretty enormous chunk of change to a citizen back home struggling with his income tax returns.

ANNOUNCEMENT OF SUBCOMMITTEE MEETINGS

(Mr. PRICE asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. PRICE. Mr. Speaker, the Investigations Subcommittee of the House Armed Services Committee will hold hearings on March 24, 25, and 26, 1975, at 10 a.m. in room 2118, the Rayburn Building to consider H.R. 49, a bill which would establish national petroleum reserves, to include the naval petroleum reserves.

This measure was referred to the Committee on Interior and Insular Affairs and reported on March 18, 1975. At our request, the bill was referred sequentially by the Speaker on the same date, under the new House rule for consideration by the House Armed Services Committee in view of our exclusive jurisdiction over the naval petroleum reserves.

The full committee plans to consider the bill immediately after the recess. In turn, it is planned to report the bill out of the House Armed Services Committee immediately for early consideration in the House. Members who are interested in presenting a statement to the subcommittee are invited to do so.

CALL OF THE HOUSE

Mr. MONTGOMERY. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 68]

Baucus
Boggs
Broyhill
Chisholm
Conyers
Dent
Derwinski
Fisher
Ford, Mich.
Harsha
Hastings
Hawkins
Hays, Ohio
Hébert
Hightower
Jarman
McCloskey
Macdonald
Madigan
Mills
Mitchell, N.Y.
Mosher
Patman
Rangel
Rees
Rodino
Rogers
Roncalio
Rosenthal
Scheuer
Skubitz
Spellman
Talcott
Teague
Udall
Ullman
Waxman
Wydler

The SPEAKER. On this rollcall 394 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MURPHY of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THIRD ANNUAL INTERNATIONAL ECONOMIC REPORT OF THE PRESIDENT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on International Relations.

To the Congress of the United States:

America must adjust to turbulent global economic events. The world has moved from a period of slow economic growth in 1971 through a two-year expansionary boom to a sudden and pervasive recession. Recent events have caused the United States, as well as other countries, to reappraise international economic policies.

This, the third annual International Economic Report, describes the very difficult situation confronting us. It also reflects the progress made toward achieving our goal of an open world economy to serve the interdependent needs of all countries.

In 1974, most of the world's economies were beset by problems flowing from the unprecedented combination of recession and inflation. Additional pressures, including precipitous increases in energy costs and disappointing food harvests further strained the world economy, particularly in the areas of trade and monetary flows and adjustments. Moreover, these factors contributed to the trend towards increasing economic nationalism which could frustrate our desire for an open world economy.

In recent years, many governments have elected more direct involvement in economic activities, notably through restrictive supply and pricing practices and, sometimes, by the expropriation of foreign investment. When governments manipulate international markets to maximize short-term benefits, they often do so at the expense of others and, ultimately, of themselves. Improved living standards and a more peaceful world are the rewards of an open world economy based on international cooperation. Such rewards are too great to allow short-sighted distractions to alter our course.

Building effective economic institutions and policies in today's economic environment is more difficult, but also more necessary, than ever. Unless we act constructively, energy and food problems, growing economic nationalism, the possibilty of increased protection for trade, and the prospects of world recession and unemployment will jeopardize the world cooperation developed after World War II.

The United States does not and cannot govern the world economy. But it should fulfill its responsibility as an economic leader among nations. The Administration recognizes this responsibility. We have taken steps to turn the difficult food, energy, trade and investment issues into positive opportunities for achieving cooperation with trading partners and coordination between the Nation's domestic and international economic policies. Specifically, the Trade Act of 1974—which exemplified constructive cooperation between the Executive and Legislative Branches—reflects the U.S. commitment to an open and equitable world trading system.

The World Food Conference, proposed by the United States, set in motion international activities to improve world food reserves, agricultural assistance, crop information sytems and increased food production. At the time I signed the Foreign Investment Study Act of 1974 which authorized the collection and analysis of data on foreign investment in the United States, I reaffirmed American support for the operation of free market forces to direct worldwide investment flows in the most productive way. Therefore, we will oppose any new restriction on foreign investment in the United States except where absolutely necessary on national security grounds or to protect an essential national interest.

The goal of normalization of economic relations with the Communist countries has been reaffirmed. America also has continued its commitment to help the less developed countries. Moreover, we have proposed that an International Monetary Fund trust be established to provide special assistance to the least developed countries. We will shortly implement a generalized system of preferences in trading with less developed countries. We are also continuing our cooperative efforts to achieve equitable treatment for U.S. investment abroad.

Recently, I sent to the Congress a comprehensive energy and economic program. It is designed to reduce our dependence on imported oil. The plan provides incentives to increase domestic energy production and conserve energy use. The United States is meanwhile developing joint policies with other major oil-consuming countries aiming at increased resource development and more efficient use of energy. The major consuming countries must act jointly to build a constructive relationship with the oil producing nations. Such actions are essential to restore the international confidence in adequate and reliable energy sources.

These interrelated economic activities are aimed at achieving an improved international economic system. They are part of a balanced policy. They also accentuate the positive initiatives being taken to cope with the specialized problems of food, assistance to less developed countries and East-West economic relations.

The United States firmly believes that our own problems, and those of the rest of the world, can be dealt with most effectively through international cooperation. We lead in the pursuit of peace. Therefore, our motivating principles, our standards of conduct and the guidelines we set for the conduct of international economic development are ever more crucial to our national well-being, and that of the world.

GERALD R. FORD.

THE WHITE HOUSE, *March 20, 1975.*

APPOINTMENT AS MEMBERS OF NATIONAL STUDY COMMISSION ON RECORDS AND DOCUMENTS OF FEDERAL OFFICIALS

The SPEAKER. Pursuant to the provisions of section 202, Public Law 93–526, the Chair appoints as members of the National Study Commission on Records and Documents of Federal Officials the following Members on the part of the House: The gentleman from Iowa, Mr. MEZVINSKY, and the gentleman from California, Mr. LAGOMARSINO.

BROADCAST COVERAGE OF FLOOR PROCEEDINGS

(Mr. BROOKS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOKS. Mr. Speaker, on March 3, seven of our colleagues joined with me in the introduction of House Resolution 269 to authorize the House Commission on Information and Facilities to conduct a test of radio and television coverage of House floor proceedings.

I am pleased to report that we have been joined by 87 of our colleagues, on both sides of the aisle, as cosponsors of this proposal. At the same time, I note with satisfaction that a number of our colleagues joined this week with the distinguished chairman of the House Republican Conference, the gentleman from Illinois (Mr. ANDERSON), in sponsoring a resolution with identical goals.

Our resolution, Mr. Speaker, is designed to provide, first, for closed circuit broadcasting by radio and television of the complete sessions of the House for a period up to 6 months. At the end of 6 months, or prior to that time if the Commission should so determine, such coverage would be made available to public and commercial broadcasters. Throughout the test program, written summaries of floor activity would be transmitted by teletypewriter to selected offices during the course of each day's proceedings.

For the first time there will exist the potential for continuous access to the House—for Members elsewhere on essential business and for citizens throughout the country.

Our proposal is based on careful study by the Joint Committee on Congressional Operations. It is informed by the growing experience of other legislative bodies. And it is designed to assure responsible operation of the program.

Mr. Speaker, this resolution deserves careful study and early consideration, and I am confident it will receive this attention from Members who care about the future of this institution.

EMERGENCY PRICE SUPPORT FOR 1975 CROPS

Mr. FOLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 85 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Washington.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4296) with Mr. BRADEMAS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through section 1, ending on page 2, line 25 of the bill.

Are there further amendments to section 1?

AMENDMENT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FINDLEY: On page 2, line 20, strike out lines 20 through 25.

Mr. FINDLEY. Mr. Chairman, one of the little noticed, but very fundamental, provisions of this bill is the one which my amendment would strike. This amendment would remove all reference to soybeans from this emergency bill.

The provision of the bill I seek to strike would mandate the Secretary of Agriculture to offer nonrecourse loans to soybean producers at $3.91 per bushel. The Members may raise the question, why strike a nonrecourse loan at a level which obviously is substantially below the prospective market price of soybeans for the balance of the crop year.

The answer to that is not so much what effect the nonrecourse loan level will have upon soybean production in this country this year, but what prospective effect it will have in subsequent years, and more urgently, what effect this will have on the planting of soybeans in foreign countries.

In my view, the provision of nonrecourse loans mandated, as it is in this bill, is an insurance policy for Brazilian soybean production. This means that producers of soybeans in Brazil can have the guarantee that they can market their entire output of their next growing season at at least $4.10 a bushel. The production of soybeans has been growing very substantially in several foreign countries and especially in Brazil. This year, Brazil will market 375 million bushels of soybeans, and with a guarantee of $4 a bushel against which to make its plans for soybean planting next year, we can expect a further substantial increase in planting.

Mr. Chairman, this has meaning not only for the producers of soybeans in this country, but for the laborer, the working people who are employed in soybean crushing mills in the United States. Therefore, a fair interpretation of this part of the bill is that it would export markets for American farmers and would export jobs for American workers.

How important are soybeans to the people of the United States? There are 159 congressional districts which produce substantial amounts of soybeans. Is your district a district which produces soybeans? If it is, then you clearly have a stake in this amendment. I feel sure you would be impelled to vote for it if that is the case, because this provision of the bill will hurt markets for soybean farmers; it will cost U.S. labor jobs in crushing mills and, more broadly, it will impair the balance-of-payments position of the United States.

One of the most important earners of foreign exchange has been soybeans, and to the extent that this provision of the bill induces more competition for foreign markets for U.S. soybeans, it is going to impair the earning power in foreign exchange of U.S. soybean producers.

In Illinois, the 20th district which I represent is not the foremost district soybean producer; it is 13th. BILL ALEXANDER's district is No. 1; GEORGE SHIPLEY's district is No. 2; BERKLEY BEDELL's district is No. 3; CHARLES GRASSLEY's district is No. 4; TOM HARKIN's district is No. 5; BILL BURLISON's district is No. 6; RICHARD NOLAN's district is No. 7; and TOM HAGEDORN's district is No. 8. These are the top listings among the 159 congressional districts which have a fundamental concern in this amendment.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, what the gentleman is getting at is that he feels that this legislation as written, without his amendment, will provide a price umbrella, say, for a country like Brazil to increase soybean production, at the expense of America's producers.

Mr. FINDLEY. Exactly. In fact, I think any fair-minded economist will recognize that this will induce greater foreign production of soybeans. In the absence of this, there will be less foreign production of soybeans, so it is clearly a question that concerns the economic interest of every American citizen.

Mr. BURLISON of Missouri. Mr. Chairman, I move to strike the last word.

Mr. Chairman, my friend from Illinois (Mr. FINDLEY) knows of the very high regard in which I hold him. He is a very articulate spokesman for his position. However, I think that he is certainly wrong on this particular issue. I have a number of reasons for that. I want to talk to the Members about them for just a moment.

In the first place, the gentleman from Illinois (Mr. FINDLEY) has given the position of the administration and the position of the processing industry in the country, and that has been their position ever since I have been in this Congress.

The purpose of that position, Mr. Chairman, is to keep the soybean price down as low as possible for the processor of the product. I can recite a little history of this issue. It was just perhaps 5 years ago, when this administration reduced the soybean loan to $2.40 a bushel, over the vigorous objections of myself and some other Members of the House. It was not too long after that that this administration reduced the soybean loan to $2.25 a bushel, again over the objections of some of us.

The reason given by the administration at that time was that, with such a loan, the price of soybeans would be too high, it would encourage overproduction of soybeans on the domestic and on the world market.

Finally, the administration and Mr. FINDLEY succeeded in getting a loan low enough that they could come back with the argument that the soybean loan is not used, therefore, we might as well eliminate it. That is just what the administration did this past year. Now they are seeking to continue that policy by preventing the inclusion of a mandatory soybean loan program in the present emergency farm bill.

Mr. Chairman, there has been much discussion about the cost of this farm program, the cost of agriculture to our economy, the contribution that it makes to our deficit spending. Please let me remind the House that, of the 15 functions of Government, only agriculture has been reduced in expenditures since 1971, from approximately $4.5 billion to somewhere between $1 billion and $2 billion.

Let me also remind the House that, of these 15 functions of Government, agriculture takes a smaller amount of that budget, a smaller piece of the pie, than any other of the 15 functions of Government.

To be specific, that amount is five-tenths of 1 percent, compared, for instance, to 34 percent for security income and 27 percent for national defense. I am using fiscal year 1976 figures for this.

So, Mr. Chairman, I say to my friends, do not be misled by this effort, this attempt, to keep the soybean price to the producer down so that the processor can make a larger profit at the ultimate expense of the consumers and the producers of the country. Let us remember that if we are going to get production from our farmers, we must give them some protection.

This administration has done everything conceivable to get our croplands planted from fence row to fence row without giving any consideration to some insurance to the farmer in order to protect him and share with him the risks of overproduction.

Mr. BEDELL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, in this age of antidiscrimination I cannot understand why my colleague, the gentleman from Illinois (Mr. FINDLEY), would want to discriminate still further against soybeans.

We have already discriminated against soybeans, in that the other items in this bill have a target price. We do not ask for a target price for soybeans; all we are asking for is that we establish a loan value on soybeans as we have done for these other crops.

If we will look at the 1973 cash value of farm crops, we will find that for corn it was $13.4 billion, for wheat $6.5 billion, for cotton $2.8 billion, and for soybeans $8.8 billion.

Mr. Chairman, soybeans is the second largest cash crop in America; it is almost as large as cotton and wheat combined. Because of its high protein content, soybeans has come to be the wonder crop of the world. And indeed the demand has tended to increase more rapidly generally than the supply, so there was no need for this type of legislation.

However, recently we find ourselves on a roller coaster. We cannot tell what to expect in regard to demand or in regard to prices. I think it is important that we bring some stability to American agriculture. If we are going to be a soybean exporter, we must have some product to export.

During the last 2 years our exports of these farm products for the 2-year period were as follows:

Corn, $6.6 billion; wheat, $8.5 billion; cotton, $2.2 billion; and soybeans, $7.4 billion.

Again soybeans were the second largest export of all farm crops.

In 1973 we experienced a soybean shortage. Prices soared to $12 per bushel, and we placed an embargo on soybean exports. Since then we have experienced a petroleum embargo. We know how a country feels when products are embargoed to it.

It is important if we are going to be a supplier of soybeans that we have an adequate supply so that we do not have to put on another embargo. We need these exports of over $3½ billion per year. We need production and supply if we are going to be a dependable supplier in this market.

The argument is made that $3.94 would price us out of world markets. To that I say, "Baloney." We control 80 percent of the world's soybean exports. When we control 80 percent of the world's exports of any product, especially a food product that people need, we know this is not a price-sensitive item.

When the price of soybeans went to $12 a bushel, people did not stop buying the product. When we need food, we pay the price.

We have an important requirement, and that is that we establish the production so that we can supply that demand. Surely soybeans are entitled to some type of protection given to other crops. Since this bill does not put target prices on soybeans, it will not result in Government subsidy payments to farmers.

The loan rate of $3.94 is 27 percent below current market prices and well below the costs of production in Iowa of from $4.50 to $4.70 and the cost in 1974 of $5.80 in the area served by the proponent of this amendment.

I would hope that this body would not pass an amendment which is so highly discriminatory against this wonder crop which is the second largest crop in America and is the second largest crop in export. We need that $3.5 billion in exports.

Mr. Chairman, I urge the Members to vote against this amendment.

Mr. SYMMS. Mr. Chairman, will the gentleman yield?

Mr. BEDELL. I yield to the gentleman from Idaho.

Mr. SYMMS. Can the gentleman tell me how soybeans have done so well thus far without the program? Interestingly, they rank second or third in total export dollars.

Mr. BEDELL. Yes, sir. Very clearly, the reason they have done so well is because the world has had a tremendous need for protein. However, if we are going to be realistic, let us look at the situation in which we find ourselves today. As I said, we are on a roller coaster. We find at this moment a greater and greater need for food. On the other hand, we find world recession. I do not think anyone knows whether we are going to have an increasing demand or a decreasing demand in soybeans, but as the world supplier, we had, above all, better be in a position to supply that demand if it is needed.

Mr. SYMMS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of this amendment, and I think that the idea I would like to leave with the Members of the Committee is that the soybean story is a good story. They have done a good job, and they have done it without having Uncle Sam's interference.

For that reason, I am going to support this amendment. I think it would be in the best interest of the soybean producers in this country not to allow the Government to get involved in the soybean field, any more than they now are under a low-parity loan program.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. SYMMS. I will be happy to yield to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Chairman, I thank the gentleman for yielding.

I appreciate the generous comments by my friend, the gentleman from Missouri (Mr. BURLISON), but I cannot let the comments stand without responding to one statement he made, leaving the impression that the purpose of the amendment was to keep the price of soybeans down.

Nothing could be further from my objective. My hope, by this amendment, is to keep soybeans out of the problems that inevitably result from Government supply management and to keep foreign markets open and to keep this the wonder crop.

The gentleman also discussed the question of Government costs, and I do not want to leave the impression that I am trying to minimize Government costs on soybeans, because I do not think there is a Government-cost aspect to the provision regarding soybeans now in the bill. Therefore, that was not in my mind at all.

The gentleman from Iowa (Mr. BEDELL), said, "Why discriminate against soybeans?" Government supply management is an affliction, a debilitating disease. It has caused problems for commodities that have had the so-called benefit of Government supply management. As a consequence, I think anyone would be glad to be discriminated against in that respect.

Soybeans are indeed the wonder crop, and I want to keep that crop just that way.

Mr. Chairman, I do not know whether there is enough interest in this Chamber to get enough people to stand to get a recorded vote, but I hope that is the case because this is one of the great, fundamental turning points. This is a milestone event, the consideration of this provision of this bill, because it will be a point of reference next year and in years to come. If we go the route of mandated nonrecourse loans for soybeans this year, likely we will in subsequent years too, and in my view, that spells trouble for soybean producers.

Therefore, Mr. Chairman, I intend to move for a recorded vote. I will ask those favoring my amendment to stand. I hope at least 20 will stand so that we can get Members on record with respect to what I consider to be a very fundamental historic question.

Mr. NOLAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to take a moment or two to bring to the attention of the sponsors of this amendment that, as the Members know, and has been pointed out here earlier, I am in a district that is one of the producing districts of soybeans in this country. Last week, while I was home in my district, there was a meeting there of over 2,000 producers of corn and soybeans. At that meeting they signed pledges to cut back over 1 million acres in production, amounting to almost 1 million bushels of soybeans and 3.5 million bushels of corn.

The facts are that because of some recent administrative actions, because of declining markets, and because of the loss of confidence among producers, and an almost complete lack of confidence in the Congress to provide assurances to them, farmers are taking the only kind of action and recourse they have available to them, that is to cut back in production.

I want to warn the sponsors of this amendment, and the other Members of this body, that these producers are serious. They are fighting for their survival. The amendment should be defeated so that we can give them the kind of confidence they need to proceed ahead with maximum production so that we can have the kind of food supplies that this country needs.

Mr. BURLISON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. NOLAN. I yield to the gentleman from Missouri.

Mr. BURLISON of Missouri. Mr. Chairman, I would like to tell the gentleman from Minnesota that I have the same situation in my district where farmers are meeting and agreeing to take out of production considerable acreage. The reason for that is that they are not going to continue to produce from fence row to fence row under every encouragement that the Government will give them and can give them without, in return, getting some insurance and some protection. They are not going to do it.

It is in the best interests of our country, for a number of reasons, such as the balance of payments, food supplies, domestic and worldwide, that we do produce as much as we can.

If the gentleman from Illinois (Mr. FINDLEY) is successful in striking this very essential provision for such an important commodity, we are not going to get the full production that our Nation and the world needs.

Mr. SYMMS. Mr. Chairman, will the gentleman yield for a brief question?

Mr. NOLAN. I will be glad to yield to the gentleman from Idaho.

Mr. SYMMS. If the gentleman from Minnesota will permit, I would just like to ask the gentleman from Missouri (Mr. BURLISON) if the gentleman does not really think that the real problem that was brought upon the soybean situation was the imposition of export controls a year ago last summer?

Mr. BURLISON of Missouri. Mr. Chairman, if the gentleman will yield still further, certainly that was one factor, and one which I opposed very strenuously. It was a position taken by the administration that was untenable, and on which the administration did subsequently reverse itself. But it is not a full answer to say that all of our problems can be taken care of by eliminating the soybean embargo. It is an important factor, but it will not insure full soybean production and adequate protection for the soybean producers in this country.

What equity is there, Mr. Chairman, in providing the program that we have, and it is a good program, for the three major commodities of wheat, feed grains and cotton without taking into consideration soybeans, what the gentleman from Iowa (Mr. BEDELL) has referred to as the second ranking of all our commodities with respect to both domestic use and export?

This amendment, Mr. Chairman, should be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY).

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. FINDLEY. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. SYMMS

Mr. SYMMS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SYMMS: Page 2, line 19, after the words "such crops.", insert the following: "Notwithstanding any other provision of law, neither the Secretary of Agriculture nor the Secretary of Commerce shall require or provide for the prior approval of or establish other conditions for the export sales of feed grains, wheat, soybeans, or other agricultural commodities.".

POINT OF ORDER

Mr. FOLEY. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. FOLEY. Mr. Chairman, I make a point of order against the amendment as not germane to the bill. The amendment offered by the gentleman from Idaho affects the implementation of the Export Administration Act. This bill deals wtih amendments to the Agriculture Adjustment Act of 1949, as amended. The amendment deals with restrictions on exports and is not within the jurisdiction of the Committee on Agriculture, which has brought this bill to the floor.

The well-established precedent of the House is that the fundamental purpose of an amendment must be in consonance with the fundamental purpose of the bill. It is not in this case. The jurisdiction of the subject matter lies within the jurisdiction of the Committee on International Relations of the House. I make the point of order that the amendment is not germane and is in violation of rule XVI, clause 4.

The CHAIRMAN. Does the gentleman from Idaho care to be heard on the point of order?

Mr. SYMMS. Very briefly I do, Mr. Chairman.

I would just say that the reason that we have had the difficulties both in the soybean market and the wheat market, which has caused the stimulation of the need for this legislation, is because of the haphazard misuse of export controls, which so much interferes with the foreign markets. Therefore, since the Secretary of Commerce has to be included, this is an appropriate amendment for the House to speak its will on this issue.

I think that the point of order should be overruled for that reason.

The CHAIRMAN (Mr. BRADEMAS). The gentleman from Washington makes the point of order that the amendment offered by the gentleman from Idaho is not germane to the bill. The Chair is prepared to rule on this matter.

The subject of export controls administered by the Secretary of Commerce under the Export Administration Act is within the jurisdiction of the Committee on International Relations, and the issue of exportation of all agricultural commodities is beyond the purview of the pending bill. For these reasons, the Chair feels that the amendment is not germane to the bill and sustains the point of order.

AMENDMENT OFFERED BY MR. QUIE

Mr. QUIE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. QUIE: Page 2, immediately after line 19, insert the following new subsection and redesignate the succeeding subsection accordingly:

"(b) Notwithstanding sections 103, 105, and 107 of this Act, or any other provision of law—

"the amount of payments, except disaster payments, made under such sections for the 1975 crops shall be calculated with respect to the total amount of the commodity produced by the producer rather than only the amount produced within the allotment of the producer; and

Mr. QUIE. Mr. Chairman, one of the problems of the act will be that we are still dependent on some ancient acreage history for acreage allotments. I support this legislation. I commend the Committee on Agriculture for raising the target price. I believe in the target-price concept. I think it will be much more economical and more effective to have a farm program with a loan rate substantially less than the target price, as is in this legislation. However, in feed grains and wheat, the Department of Agriculture bases the allotments for wheat on a base year of 1951 through 1953; for the feed grains he determines allotments on the years 1959–60. That is a 15-year period of time since those histories were established in one case, and 22 years in the other. There has been a great change in American agriculture since that time: a change in technology, irrigation, a higher demand for certain agricultural products, a change in farm practices, a change in farm ownership, that make the farm allotments no longer a reality in the way that many a farm ought to be operated.

I should point out to the Members that when the farmer does receive any payments and if the market price should drop below the target price in the first 5 months of the marketing year, the farmer receives the difference between the average market price for those 5 months and the target price, he is going to be surprised to find that all of his production does not receive a payment, only that which falls within the allotment.

The Secretary of Agriculture has established for wheat an allotment of 53.5 million acres. However, as of March the farmers have indicated a desire or an expectation to plant 73.2 million acres of wheat. The Secretary of Agriculture has set an 89 million acre allotment for feed grain, while farmer indication of planting is going to be 122.5 million acres of feed grain instead. In cotton the allotment is 11 million acres and the expectation will be 10 million acres of cotton. So in feed grains and wheat there will be a planting over and above the allotment. In feed grain it is 27.3 percent of the crop which will not be protected and in wheat 26.9 percent of the crop would not be protected. It is interesting, however, to point out that the total crop would be protected for cotton.

There have been tremendously increased costs of production for agriculture that the committee recognizes by increasing the target price and that I think will not only be extremely beneficial but essential. The Department of Agriculture is asking for all-out production and therefore if they are asking for all-out production it seems to me we ought to protect the entire production this year and then in the future establish a different arrangement or a different base year in order to determine equitable allotments if there is any cutback in production.

Therefore I think this is one change that ought to be made and I bring this to the attention of the body so that we will look at the entire production, the new production records of farmers and look at the picture as the crop shifts to different parts of the Nation.

I urge adoption of my amendment.

Mr. BERGLAND. Mr. Chairman, I move to strike the last word.

Mr. Chairman, there is much merit in the arguments advanced by my colleague, the gentleman from Minnesota. It is for reasons he stated that this matter of changing the base and allotment question must be reexamined. I have been assured by the chairman of the committee, the gentleman from Washington (Mr. FOLEY), that when the committee undertakes a comprehensive review of the Farm Act of 1973, scheduled for sometime later this year, we will carefully examine the recommendations of the gentleman from Minnesota and proposals I am preparing for introduction.

I have discussed this matter with the Department of Agriculture and they too recognize that current laws are antiquated and difficult to administer and they will be coming forward with recommendations on this matter.

Unfortunately I must oppose the gentleman's amendment at this juncture because it is a highly complex question on which we have received no testimony and we do not completely understand the consequences of the various plans which will be considered. Therefore I reluctantly oppose his amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Minnesota (Mr. QUIE).

The amendment was rejected.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Conte: Page 2, after line 25, add this new section:

"(c) Notwithstanding the provisions of section 301 of this Act or common sense, the Secretary shall make available to producers loans and purchases on the 1975 crop of fruit nuts at such levels as reflect the historical average relationship of fruit nut support levels to dingleberry support levels during the immediately preceding one hundred and ninety-nine years".

Mr. FOLEY. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Washington (Mr. Foley) reserves a point of order with respect to the amendment.

The gentleman from Massachusetts (Mr. Conte) is recognized for 5 minutes in support of his amendment.

Mr. CONTE. At the outset, Mr. Chairman, I want to thank my colleague, the gentleman from the State of Washington (Mr. Foley) for not raising the point of order at this time. He is one of the finest gentlemen in the House.

Mr. Chairman, I rise to offer this amendment to this bill, an amendment entirely consistent with the principles and goals of H.R. 4296.

From this bill, I gather that it is now congressional style to propose drastic legislation without holding hearings, establish subsidy programs that were never asked for, and puff up price support levels so that big corporate farmers will be forever guaranteed fat annual profits.

My opinion of H.R. 4296 is this: Nuts!

It salts the consumer and will leave the farmer holding an empty shell.

To get into the nutty spirit of this bill, my amendment would establish a new subsidy program. It would be modeled exactly after the cotton program that the House is bailing out today. I am sure the characteristics will be familiar to all of you. My subsidy program will rip off the consumer, raid the Federal Treasury, provide incentives for overproduction, create massive surpluses, and necessitate future legislation establishing export subsidies and even higher price support levels.

The title of my new program is: "Subsidies for nuts."

Of course, I am serious about this. Do you think farm subsidies grow on trees?

The Agriculture Committee has acted as though that were true for years. My amendment is as nutty as the rest of the bill, so no one can truthfully say my amendment is not germane.

Are subsidies for nuts really necessary? After studying the cotton section of this bill, the only possible answer to that question is "Yes." Subsidies are the only way known to guarantee continued overproduction of a crop nobody needs. As far as this Congress is concerned, it just cannot have enough nuts around.

The subsidies for nuts program will have officially determined "target price" and loan levels. USDA should have no trouble doing this for the Congress; it has been giving us nutsy forecasts and figures for years.

Of course, I realize that any target price or loan level will seem like an arbitrary figure. But, as H.R. 4296 has shown, all target price and loan levels are wholly imaginery figures. They have lost all relationship to the cost of production, even though that is required by the 1973 Agriculture Act. Now target price and loan levels are meant to guarantee annual profits for "fat cat" farmers.

Let me explain how the loan program would work. I have modeled it after the cotton loan program. So it will be a nonrecourse loan. That means it does not have to be paid back. In fact, loans for nuts would not be repaid unless the market price for nuts rose above the Federal loan price. Of course, we would set the target price and loan-level price far above the presently depressed price for nuts. While this might destroy our competitive edge in foreign markets, it would warm our national prestige to have the world's highest priced nuts.

So, farmers like me could get big loans at the beginning of the crop year, and at the end of the year we could say nuts to the collateral and the loan, keep the money, and send the product to Washington. In other words, I could grow subsidies on trees and send my nuts to Butz.

I am not bothered by the fact that no hearings have been held on this proposal, or that no witnesses came before the Congress to ask for the subsidies for the nuts program. I am just following the same procedures that were used for the bill's dairy and soybean sections. We all know what the problem is, so why waste the time?

Since farm loans offer the only lending program in which the lendee, not the lendor, profits, I have added a special provision for the Congress.

I have noted that on the west lawn of the Capitol, there are several historic chestnut trees. For the products of these trees, Congress could set a special target price and loan level. I would suggest a loan level of $1,000 a pound, which seems sufficiently unrelated to the cost of production to fit in with this bill. For the 1,000-pound harvest anticipated this autumn, the Congress could apply for a million dollar nonrecourse loan from the Federal Treasury, putting up nuts for collateral.

Then, next October, if the market price for Capitol chestnuts has not reached the $1,000 a pound loan level, the Congress can default on the loan, keep the million bucks, send the nuts to Butz, and waltz merrily to the bank without paying any penalty or interest.

But I would not let my nutsy program rip off the consumer. I would rebate the million dollars from this nutty loan to the taxpayers, to repay them for the time and expense the House has wasted on this terrible piece of legislation.

Mr. Chairman, this amendment is germane because it is as nutty as the rest of the bill I would advise all the taxpayers to hold on to their nuts because they are going to be worth a lot of money some day.

Mr. SYMMS. Mr. Chairman, will the gentleman yield so that I may ask him a question?

Mr. CONTE. I yield to the gentleman from Idaho.

Mr. SYMMS. Mr. Chairman, I would just like to ask the gentleman from Massachusetts if this amendment would affect nuts that are vended on the Penn Central Railroad which he supports so vociferously, for Government aid.

Mr. CONTE. I appreciate the gentleman's concern, and I want to assure him that if my amendment is passed it would put the nuts market in the same shape as the Penn Central.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from Washington insist on his point of order?

Mr. FOLEY. Mr. Chairman. the chairman of the committee finds it necessary to insist on his point of order.

I know the gentleman who has offered the amendment is a strong supporter of fruit nuts and is in great seriousness in an effort to improve the bill, but the reference in the amendment is to a standard which cannot be administered because the country was not organized, the Congress was not organized at the time he alleges in the amendment the Dingleberry support price was created. But principally because under rule XVI, clause 7, the fundamental purpose of this amendment does not relate to the fundamental purpose of the bill, which is to effect changes in the target prices of loan rates on wheat, feed grain, and cotton.

The nuttiness of an amendment has never been found in the precedents of the House as an argument against germaneness.

I therefore insist on my point of order.

The CHAIRMAN. Does the gentleman from Massachusetts care to be heard?

Mr. CONTE. I certainly do, Mr. Chairman.

I feel that this amendment is germane in the context of this bill. The whole bill is nutty, and I am merely institutionalizing what the American people have known all along, that farm subsidies do not grow on trees.

The CHAIRMAN. The Chair is prepared to rule.

The Chair would observe that the purpose of this bill as set forth in the report is to establish an emergency price support program in the 1975 crop commodity year for upland cotton, wheat, feed grains, soybeans, and milk.

Under the general proposition that it is in order to add another subject to a proposition containing subjects of the same class, the Chair would point out that the amendment of the gentleman from Massachusetts adds another agricultural commodity to the commodities proposed to be supported under the bill during the same period of time.

The Chair rules, therefore, that the gentleman's amendment is germane and overrules the point of order.

Mr. de la GARZA. Mr. Chairman, I move to strike the last word.

PARLIAMENTARY INQUIRY

Mr. de la GARZA. Mr. Chairman, before I proceed, may I propound a parliamentary inquiry?

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. de la GARZA. Mr. Chairman, I

would like to know if the issue could be divided and dispose of the dingleberries here and send the nuts to Butz? Could we vote separately on that?

The CHAIRMAN. The Chair would advise the gentleman from Texas that, in its present form, the amendment is not divisible.

Mr. DE LA GARZA. Mr. Chairman, I speak against the amendment reluctantly because of my great love, respect, and admiration for the gentleman from Massachusetts (Mr. CONTE). But I am forced to say that I have never seen, in my tenure here in the Congress, such propoundment of emotionally motivated ignorance as I have in relation to this bill. Of course, the gentleman may be an expert in his field, but certainly not in peanuts because he does not even know enough to know that peanuts do not grow on trees. I do not know about chestnuts, because we do not have them in my part of the country, but I would like to say further——

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. DE LA GARZA. I say this very respectfully.

Mr. CONTE. Mr. Chairman, will the gentleman yield to me? The gentleman took my name in vain.

Mr. DE LA GARZA. Mr. Chairman, I will yield to my friend briefly.

Mr. CONTE. My amendment does not apply to peanuts, only to fruit nuts. I just happened to have some peanuts here. They are highly subsidized also.

Mr. DE LA GARZA. The gentleman does not know peanuts from chestnuts. He is talking about chestnuts and he brings out some raw peanuts here. I was going to say that I saw the gentleman reading, and I have seen here papers read—and probably more will be read through the course of this debate—prepared by people. I do not know who these speechwriters are, but they are read with such delight here. I checked the dictionary for the definition of dingleberry, and I think probably we should know something about that, because it is a short sort of shrubbery that produces globose type berries; and I think that is what the gentleman has brought to us here. It sounds like the gentleman was in a comatose globose situation when he presented the peanuts in regards to the chestnuts and the dingleberries.

I would have asked the the Members to join with me if we could have divided the issue, because I strongly support the gentleman's contention that we ought to send the nuts to Butz. He does not have enough as it is, with those who follow his dictates and his recommendations. But I do not want him messing with dingleberries because you are treading on sacred soil. So if we cannot divide the issue, save the dingleberries, vote against the gentleman's amendment, and let him take care of the nuts to Butz situation in his own jovial, charming, and gracious way.

Mr. BAUMAN. Mr. Chairman, I would like to strike out the last nut, if I may—the last word.

I rise to ask my friend, the gentleman from Massachusetts, before I decide how to vote on this amendment, does this cover just left wing nuts or right wing nuts, bearing in mind the gentleman's answer will decide my support of this amendment?

Mr. CONTE. Mr. Chairman, I would say it covers all kinds of nuts.

And I might say that it is unfortunate that the gentleman from Texas could not have taken my speech in the same vein that I delivered it. The gentleman got personal. But I will not retaliate and go into the intelligence of the gentleman from Texas.

The gentleman's speech speaks for itself.

Mr. BAUMAN. Mr. Chairman, I am pleased by the gentleman's answer. It will all be included in the RECORD. I do not think the gentleman from Massachusetts (Mr. CONTE) looks comatose to me.

Mr. Chairman, I yield back the balance of my time.

Mr. KREBS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I wish to direct a line of inquiry to the distinguished gentleman from Massachusetts (Mr. CONTE) and the distinguished gentleman from Maryland (Mr. BAUMAN). Do these two gentlemen really think as self-appointed guardians of the American taxpayer, that we have nothing to do in this Chamber but to engage in this type of levity, with the problems facing this country?

Mr. CONTE. Mr. Chairman, is the gentleman directing the questions to me? If the gentleman will yield, I will be glad to answer the question.

Mr. ASHBROOK. Mr. Chairman, I move to strike the requisite number of words.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from massachusetts.

Mr. CONTE. Mr. Chairman, I have been fighting against the cotton subsidies and some of the other boondoggles in the farm products area for 16 years, and after these years we finally got it straightened out a year and a half ago. After the deal that was made here yesterday, the deal between labor and the farmers, especially the large corporate farmers in this country, I know I cannot defeat this bill.

If the only way I can defeat this bill is by ridiculing it, I will ridicule it to death. That nut amendment there is as nutty as the entire bill. There is nothing sane about this bill.

Two weeks ago the gentleman was in here pleading for the poor little guy, offering a tax rebate of $21 billion for the poor little guy, and here you are now, grabbing it back and taking it all away from him by raising the price of milk and butter, raising the price of cotton, raising the price of grain, raising the price of wheat. How ridiculous can you get?

If this is the only way I can dramatize the situation, I will dramatize it in just this way.

The gentleman from Texas (Mr. DE LA GARZA) said I did not know a chestnut from a peanut. He does not know the difference between a raw peanut and a cooked peanut.

Mr. Chairman, this is a bad bill, and it ought to be defeated today.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The amendment was rejected.

The CHAIRMAN. Are there further amendments to section 1?

If not, the Clerk will read.

The Clerk read as follows:

SEC. 2. Section 201 of the Agricultural Act of 1949, as amended, is further amended by adding the following new subsection:

"(d) Notwithstanding the foregoing provisions of this section, effective for the period beginning with the date of enactment of this subsection and ending on March 31, 1976, the support price of milk shall be established at no less than 85 per centum of the parity price therefor, on the date of enactment, and the support price shall be adjusted thereafter by the Secretary at the beginning of each quarter, beginning with the second quarter of the calendar year 1975, to reflect any change during the immediately preceding quarter in the index of prices paid by farmers for production items, interest, taxes, and wage rates.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 14, after the period, insert: "Such support prices shall be announced by the Secretary within thirty days prior to the beginning of each quarter."

The committee amendment was agreed to.

AMENDMENT OFFERED BY MR. RICHMOND

Mr. RICHMOND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RICHMOND: Page 3, line 8, strike the figure "85 per centum", and insert in lieu thereof the figure "80 per centum".

Mr. RICHMOND. Mr. Chairman, I think this Emergency Agricultural Act that we have been debating now for the second day is coming along very well. So far we have developed a reasonable bill, both reasonabe for the farmer and fair for the consumer.

We have worked long and hard to try to design an amendment for the dairy section that would also be reasonable to the farmer and reasonable to the consumer. I have therefore proposed an amendment to our bill which will keep the present support price of 80 percent of parity as is.

However, understanding that the country might still be in an inflationary spiral, I have included quarterly adjustments for the cost of living to the dairy farmers.

First of all, Mr. Chairman, we have heard all sorts of figures on what an 85-percent parity of a 7-percent increase in parity would do to dairy prices. The Department of Agriculture said it would increase milk 4 cents a half-gallon, cheese 10 cents a pound, and butter 20 cents a pound.

Mr. Chairman, the gentleman from Iowa (Mr. BEDELL) has other figures which indicate that the Department of Agriculture's figures are incorrect.

Let us face it, once we increase parity from 80 percent to 85 percent, we are increasing our dairy prices by dollar amount of 7 percent. No matter how we figure it, prices must go up 7 percent because that is how much we are increasing parity.

All I know is that the consumers of America cannot afford to pay any more for their dairy products than they are paying now. After all, the farmers have to sell their dairy products each day and any price increase will unquestionably reduce demand.

At present we are experiencing a national decline in the usage of dairy products. I think that reducing the present bill from 85 percent of parity to 80 percent will help the farmer increase his sales of dairy products, would keep him in full production, and would, once and for all, stabilize this section of the food market.

Please keep in mind that any increase over 80 percent must show an increase particularly in the cost of butter. Now we are very, very fortunate in that butter throughout the United States is selling at about the same price as margarine. Many people prefer butter to margarine, and therefore, butter sales are holding up nicely. As soon as we raise the price of butter 20 cents a pound, as the Department of Agriculture suggests, or even 7 percent, as higher parity indicates, we are going to find people switching from butter to margarine.

Therefore, I feel my amendment is not good for the farmer. The last thing we want to do is reduce the farmer's market. We want to keep the farmer producing. We want to give him production plus protection, but we also have to give our consumers protection or else the farmer will not have any market.

Mr. Chairman, I urge the Members to adopt my amendment which I coauthored with my colleague, the gentleman from New Hampshire (Mr. D'AMOURS), and leave the subsidy on dairy products at 80 percent of parity coupled with quarterly adjustments.

Now let us discuss quarterly adjustments. I hope no one here is going to question the reasonableness of quarterly adjustments. They are absolutely fair. If the country continues on its present inflationary spiral, certainly the dairymen are entitled to relief. I personally do not believe that we are going to have continued steep inflation, but if we do, every single dairyman in the United States deserves the right to quarterly adjustment. Therefore, I have allowed the quarterly adjustments in the bill to remain and urge that we drop the dairy support price from 85 to 80 percent.

Mr. OBEY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that he will vacate proceedings under the call when a quorum of the committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN pro tempore (Mr. STUDDS). One hundred and three Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to the provisions of rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. JEFFORDS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York (Mr. RICHMOND).

Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to this amendment.

Mr. Chairman, we have just heard a lot of comments about the large corporate agricultural industry in the United States. Now, here, we are talking about the small farmer, the dairy farmer. We heard a lot about inflation from my colleague, the gentleman from New York. He said it is right to protect the farmer from the inflation of the future. I agree with him. The quarterly adjustments are needed, but what we need to do is also to rescue the small dairy farmer from the inflation that he has suffered in the past.

All this bill seeks to do is to raise the price of milk, the base price of milk, back to where it was in March 1974. In fact it does not even do that, and it will not even get close until a year from now. That is all we are asking to do, to take care of some of the inflation he has suffered over the past year and that he will suffer in the next year.

In addition to the fact that his price for his milk has gone down during this period, his costs of production have gone up 17 percent in 1974. They will go up another additional 10 percent, it is estimated, in 1975. He is not going to have any compensation for that. All that we seek to do here is to give very minimal, rescue type help. I do not think that is too much to help keep the small farmer in the dairy business.

I would also like to point out that although the price for milk has gone down, to the dairy farmer, the price to the consumer has gone up over the past year. The spread between the producer and the consumer has increased in fluid milk 20 percent and in cheese 30 percent. The farmer has not benefited; the middleman has. What we need to do is to produce some squeeze to get that money back out of the middleman and back down to the farmer. It does not mean that the price support increase is necessarily going to go through to the consumer.

There has been much talk about investigating the middleman. It will not do any good to investigate the middleman if there is no one left to benefit by the investigation. We will not have any farmers to conduct the investigation for if we do not pass this bill.

There have been figures thrown around here, figures which are very misleading, and recognized to be misleading. For instance, right now the price of fluid milk, they tell us, will go up 8 cents a gallon next year. That assumes that all the price support increase goes on to the consumer and does not come out of the middleman. The Chase Econometric Associates who estimated the effects of this bill and made a historical analysis of what happens in these cases took into consideration that the present fluid milk price on the average is well above the support price. They say that at the most the increase to fluid milk will be 3 cents a gallon, less than 1 cent a quart, 1 year from now. If they are right, that is a $232-million decrease in the estimates that have been tossed around on the cost of this bill to the consumers.

Butter is another thing. The figures that have been given us on butter are ridiculous, and the USDA will admit it, because they are assuming that for the first time ever they will use all their pressure for support of milk by increasing the price of butter. This has never been done. The USDA has an option to support butter, or nonfat dry milk or both. In the past the support has been primarily on dry milk. I quote to the Members from Mr. Glenn Weir's testimony before the Senate last year. It indicates that they have never used this system of supporting only butter before. I quote from page 16 of the Senate hearings dated September 30, 1974, "April 1 to date—CCC has bought 165 million pounds of nonfat dry milk, and 31 million pounds of butter."

Back during that period, 165 million pounds of nonfat dry milk were bought, and 31 million pounds of butter, a 5-to-1 ratio of nonfat dry milk to butter.

Also the figures that they have given us recently indicate that at 80 percent of parity, instead of 5 cents a pound for butter, it is only 2 cents a pound for butter, if they use the normal methods for support purchases. Their 20 cents a pound figure is wrong and misleading.

Let us go to the policy and the need for this bill. During the same period that the USDA was buying that powdered milk to support the price, they allowed imports of millions and millions of pounds of foreign subsidized milk just to depress the price so that they could buy it? That is the kind of policy that got us into this trouble, and that is the reason we need the bill now.

Mr. HILLIS. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Indiana.

Mr. HILLIS. I thank the gentleman for yielding.

I would like to commend the gentleman on the statements he is making and associate myself with his remarks.

I would also like to ask if he knows that the price of milk in direct comparison with a year ago, as I understand, at some stores is as much as 50 cents a gallon less today than it was a year ago? The same thing is true of butter. Butter and the other spreads are about the same, but in some stores the butter is less. What is the status of the small dairy farm in industry today?

Mr. JEFFORDS. The status of the small dairy farm in industry today is on the brink of disaster. We lost 20,000 farms last year. We lost over 5,000 in one State alone. In my State, as of right now, many more are on the brink of disaster. Almost the whole industry is on the verge of going down in disaster. That is the situation we face. That is the situation this Congress faced last year when they voted almost unanimously, overwhelmingly, for this very same bill.

Mr. HILLIS. I thank the gentleman.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

Mr. JONES of Tennessee. Mr. Chairman, I rise in opposition to the amendment to put dairy price supports at 80 percent of parity. An important point in this regard is the milk-feed ratio which is used as a yardstick in measuring the financial stability of dairy farmers. This ratio shows the pounds of dairy feed that can be purchased from the sale of 1 pound of milk. That ratio now stands at 1.33 or 1 pound of milk for 1.33 pounds of feed.

That, in itself, is a very dangerous level for dairy farmers who claim that the ratio should be at 1.70 in order for them to just break even. With price supports set at 80 percent of parity with quarterly adjustments, it is estimated that the milk-feed ratio for April of this year will rise only two-hundredths of a point to 1.35. It will rise over the next 12 months but only to 1.45 by April of next year, still a far cry from the break-even point for the dairy farmer.

During 1973 and 1974, when the milk-feed ratio did fall to the levels projected for the next year, the United States fell into one of the most severe declines ever witnessed in milk production—a clear indication that the 80 percent of parity level is not enough and will not alleviate the very serious situation being faced today by our farmers.

Additionally, during the past 2½ months, when price supports were supposed to be at 80 percent of parity as per the administrative action of the Secretary of Agriculture in January, it is a fact that the farmers have not yet received that level of support. When instituted in January, the price support level was set at $7.24 per hundredweight. Not in 1 month since then, has the producer received that much for his milk. For the month of February, he received $6.98 per hundredweight, 75.7 percent of parity. At present levels, $7.24 per hundredweight is calculated to be 78.5 percent of parity.

Mr. Chairman, my point is that we have 80 percent of parity already and that is not enough to bring the farmer out of the slump that he is facing. While I am talking about USDA and its figures, I would further like to point out that its most recent outlook for farmers is not a good one at all. They point to the "severe cost-price squeeze" and admit that it is a serious problem of the dairy farmer but offer no encouragement whatsoever to him in projecting effects of the economy on him.

The dairy farmer's index of production costs has continued to rise drastically and even USDA is not expecting an end to this spiral. We seem to have a candle buring at both ends and it appears that our present program is not going to extinguish either flame.

I ask you to defeat this amendment. It is disastrous to both the dairy farmer and the consumer as well.

Mr. TRAXLER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Michigan.

Mr. TRAXLER. Mr. Chairman, I thank the gentleman from Tennessee for yielding.

I associate myself with the remarks made by the gentleman from Tennessee and I support him in his opposition to this amendment.

Mr. Chairman, I oppose this amendment. Only 3 months ago in December, this House voted overwhelmingly—by a vote of 205 to 58—to raise the support price of milk to 85 percent of parity. The Senate concurred with an overwhelming voice vote. Unfortunately President Ford, on Secretary of Agriculture Butz' advice chose to veto the bill.

The 85-percent level was justified in December and it is justified now. We must remember that "parity" is the price where a farmer receives a reasonable return for his product. To guarantee that a dairy farmer will receive no less than 15 percent below what is reasonable is not asking too much of our agricultural program.

Let us put it bluntly: It is absolutely inescapable that production is continuing to decline in the dairy industry. Hundreds of farmers are leaving the business; the size of herds and number of herds continues to decline. If this trend continues, we will very soon see supplies diminished to the point of acute shortages—and shortages will mean higher and higher prices for consumers.

Those who argue against this bill say it may increase prices. But they ignore the fact that dairy farmers have not received the benefits of high prices and they ignore the fact that a continued decline in production will mean shortages and much, much higher prices in the future.

Mr. Chairman, I ask my colleagues to reaffirm their decision made in December by voting against this amendment and then voting for the entire bill.

Mr. STEIGER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. JONES of Tennessee. I yield to the gentleman from Wisconsin.

Mr. STEIGER of Wisconsin. Mr. Chairman, I commend the gentleman from Tennessee for an excellent statement. I obviously agree. I would hope this amendment is not adopted. The committee amendment makes good economic sense for American dairy farmers and for the consumers in terms of the production of quality milk that we need now and in the future.

Admittedly, I have the strong feeling that what is fundamentally important is quarterly adjustment. That above anything else will give us the degree of stability in the long run that we need. But in terms of how we approach this issue, the 85 percent parity plus the quarterly adjustment would be a significantly fair result. I trust the Richmond amendment will be defeated.

Mr. WAMPLER. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York.

It appears to me that once again the dairy farmers are being put through a "financial wringer" due in large part perhaps to what the Congress has done in other legislative areas that have increased the prices of the products farmers buy or feed their livestock.

Obviously, the dairy farmer is hurting as a result of a cost-price squeeze which is impacting on all farmers. However, while the Government and consumer groups exhort dairy farmers to maintain high production, there is great reluctance, if not outright opposition, in providing financial relief to the dairy farmer as is provided for other segments of our economy.

The dairy farmer today is generally locked in and stuck with a problem from which it appears only we can give him some relief. His milk production is generally going to remain the same, at the high plateau of 115.4 billion pounds per year. Farmers can ill afford to sell their cows with the precipitous decline in prices that cattle prices have experienced in recent months. At least in the case of cash crop farmers, they can cut back on production and reduce their operating costs—if not some of their overhead, or switch to other crops.

I hope our memories are not so faulty that we do not recall the financial wringer we put dairy farmers through in 1972–73 when price controls were placed on milk while the prices of dairy feeds were uncontrolled and continued to rise until all price controls were removed. The result of that cost-price squeeze—until relief arrived in the form of the lifting of price controls just in the nick of time—was a substantial 4.5-billion-pound decrease in milk production—about 4 percent—and a decrease in the number of cows. At least in that cost-price squeeze the price of cattle remained high enough so as to permit dairy farmers to reduce their herds. That option is virtually denied them in today's depressed cattle markets.

However, I cannot understand why we would stand idly by and let this important food resource, our strong and excellent dairy herds, be depleted. Once reduced or depleted, we know from our agricultural history that it is difficult if not impossible to rebuild. Certainly dairy herds cannot be hastily replaced as one would switch from one cash crop to another when stocks become depleted in this country or in world markets.

I am particularly disturbed by the opponents which I see lined up in favor of the amendment aimed at the purse, if not the very survival and livelihood, of the dairy farmer. The newspapers and television commentators inform us as well as the gentleman from New York that organized labor favors the reduction in dairy parity support prices from 85 to 80 percent. I find this difficult to accept on behalf of our constituents, given the existing contracts, for purposes of illustration, of the workers in milk processing plants in the Washington area that provided a wage increase in June of 1974 and approximately 75 cents an hour or $30 a week increase due those workers in August of 1975. The same is true of the drivers of the milk trucks and the milk handlers in the Washington area who are on an hourly wage and are scheduled to receive a wage increase of $17 per week on August 3, 1975, which will come on top of a wage increase of $18 per week received on June 3, 1974. Other drivers and handlers have, I understand, received equal or much greater wage increases than those noted.

Meanwhile, the retail grocery clerks have entered collective bargaining agreements that call for substantial wage increases for those who will be adding to the price that milk will cost at the grocery store. For instance, the senior retail food clerks—those with 2 or more years of experience—in the Washington, D.C., area have, or will soon have, received the following wage benefits:

$232 a week—September 1974.

$241 a week—August 1975.

$251 a week—August 1976.

The consumer public need not kid themselves that an increase in milk prices is not coming their way and soon, despite anything we do on this floor to give some relief to the producers of milk. The increases in wages for those who deliver and handle milk, process milk and sell it in the grocery store are inevitably going to result in increases in the cost of milk. These workers, represented by different unions, undoubtedly are themselves feeling the cost-price squeeze of inflation and with good reason, but now the unions that represent them are urging Members of this body to deny dairy farmers reasonable relief from these same circumstances.

Where were those who oppose congressional action raising milk prices to 85 percent of parity when members of organized labor were bargaining for wage increases that are now, and will continue, to have an effect on the price of retail milk? For that matter, where were the advocates of low farm prices when Congress has voted increases in minimum wage laws which inevitably have an effect on retail dairy prices?

However, organized labor now that it has "taken care of its own" with wage contracts into 1976 and beyond are opposing reasonable relief to the milk producer. It is obviously attempting to place the cross of inflation—of a future milk price increase—on the shoulders of the dairy farmer. The dairy farmer is entitled to relief, because of all those involved in placing food on the tables of our citizens, he is the one who is "locked into" an intolerable "cost-price and recession-inflation squeeze." So I would urge organized labor to rethink their position on this provision on dairy supports.

Moreover, it should be pointed out that in 1973 and 1974 when the dairy prices were experiencing some recovery, dairy imports of milk equivalents increased from 1.7 billion pounds in 1972 to 3.9 billion pounds in 1974. Therefore, while the dairy farmer is virtually locked into this production, the Government in response to consumer demand—perhaps influenced by the same organized labor groups who favor this amendment—can open up imports to subsidized milk equivalents from other countries.

Furthermore, I should point out to my colleagues in the House that the index of prices paid by farmers for commodities and services for mid-February was 177 percent of its 1967 average, 19 points above a year earlier. In addition, the February 15 index of prices paid by farmers for production goods was 180. Compared with a year earlier, the index was up 18 points or 11 percent.

And what you might ask has happened to milk prices for the producer during the time that his production costs have been rising and the wages of those who deliver, process and sell the milk have been going up. Based on the information available on milk prices over the last year, the average price at the farm as of January 1975, was about 6.8 percent lower than it was in January 1974.

Finally, I wish to inform you that the chairman of the committee, Mr. FOLEY, introduced an amendment identical to this in the committee, and your committee defeated that amendment by a vote of 32 to 6. Accordingly, I submit to you that this amendment was thoroughly discussed and debated in the committee and was firmly rejected. I urge you to do likewise.

Mr. VIGORITO. Mr. Chairman, I rise in oposition to the amendment.

Mr. Chairman, I strongly support the arguments of the care of some of the chairman of the Dairy Subcommittee, the gentleman from Tennessee (Mr. JONES). I think he made an excellent case as to why we should defeat the amendment and keep the dairy parity at 85 percent.

The gentleman from New York stated—and it is correct—that the price of oleomargarine and butter is practically the same. He further stated that the price of butter would go to 20 cents. I doubt that very much, but even if it does go to 20 cents, the consumer would not switch from butter to oleo, inasmuch as the price of oleo would also go up 20 cents. Those two products run in tandem when it comes to price and what determines which item the consumer will buy will be what he likes better on his dinner table.

Again, Mr. Chairman, I urge my colleagues to defeat the amendment and to keep 85 percent of parity. The dairy farmers of America deserve a fair return for their labor and investment.

Mr. MOORE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am a freshman, I am not a farmer, and this is the first time I have entered into debate, but I feel very strongly about this, and I hope that I can change some reasonable minds. If I can, it is worthwhile for me to take the floor for a few minutes to try.

We are in a recession; the people of our Nation who are producers are also in a recession, in this case the milk farmers. We do not help them by giving them parity review in 90 days; they need the full 85-percent parity right now. The committee bill offers immediate relief now, when it is needed, not months or years later when they are already out of business.

There is no conflict between this bill and the interests of consumers. The consumer is not going to have anything to consume if the farmer does not first produce. Milk production is going down in my district to the danger point of where Louisiana is going to be a net importer instead of an exporter, as we have been for years.

To give the Members an example, in Louisiana, in my district, dairy farmers have found their cost of production went up 18 percent last year—18 percent in one year. Yet, their prices for class II milk which is used for manufactured products such as cheese, ice cream, and cottage cheese fell during that same time period from $8.15 to $6.85. I might point out that this cost was Government caused. The Federal Government caused the problems that we are asking the committee now to rectify. We caused it by raising the quota and allowing imports to flood in: substandard foreign products, subsidized by foreign governments, without collecting a countervailing tariff. We put the farmer in the trouble he is in now, and we owe it to him to help him earn his way out.

Last year in my district alone, 120 dairymen went out of business; 15 percent of all the dairies in my district went out of business in 1 year. If the price of beef ever hits 35 cents a pound, there will not be a single dairy herd left. They will all sell out for beef. That is how bad it is.

We are not just talking; we are not sandbagging. I have received no contributions or assistance from dairy coops or similar groups. The milk industry is in real jeopardy.

It costs a quarter of a million dollars to go into the dairy business in my district—$250,000. Right now, they get less return on that investment than if they put it in a common savings account at 4 or 5 percent interest.

There has not been one new dairy created in my district in the last 3 or 4 years, nor will there ever be if we do not let them make a profit. Once they are out, they are gone forever; then watch what happens to the price of milk. It is a matter of keeping up with what we have got.

Mr. Chairman, the price of class I whole milk in the stores may go up slightly in some areas. It will not go up in my district. Those prices are already above what this bill calls for. It is the class II area, manufactured milk used for cottage cheese, cheese, yogurt and that sort of thing, that is where prices are too low. That is where this bill will help my people and most dairy farmers across the country, and that is where 85 percent parity will help consumers in the long run by assuring them of adequate domestic supplies.

Those prices fell 22 percent last year to the farmer, but the price in the grocery stores did not fall any 22 percent. Therefore, if this bill is passed, there is enough fat in the existing market price to absorb this increase and not raise the consumer cost of class II usage of milk.

I urge the Members to defeat this amendment and pass the bill. Nearly every dairy farmer in the country supports this bill. It is one this country has to have in order to keep them in business.

I think we are taking a blind and ridiculous course of action to think that we are protecting the consumer by cutting this down and looking good to the people back home.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. MOORE. I yield to the gentleman from Vermont.

Mr. JEFFORDS. With respect to the supports being given to the dairy industry around the world, for instance in Canada, the new support level there, I believe, is somewhere around $10 a hundredweight, and the new support levels of the Common Market, which we are competing with, is $9 this year, as compared with the support price of a little over $8.

I wonder if we can rely on imports, if our dairy industry goes out, and then they are in a position of controlling our market. Will this not be a tremendous increase in the price to consumers eventually?

Mr. MOORE. The gentleman from Vermont is correct. We only need to point to our existing oil prices. It is one thing to have to pay foreign countries for oil. But if we have to buy foodstuffs from them, then what will we do? We will have to depend on foreign countries for all of our dairy products, which is the position we are putting ourselves in if we do not pass this bill at 85 percent of parity.

Mr. OBEY. Madam Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN pro tempore (Mrs. MINK). Evidently a quorum is not present. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 69]

Alexander
Bedell
Bingham
Broyhill
Buchanan
Butler
Collins, Ill.
Corman
Derwinski
Diggs
Drinan
Edwards, Calif.
Esch
Eshleman
Ford, Mich.
Fulton
Giaimo
Gibbons
Harsha
Hébert
Hefner
Hightower
Horton
Jarman
Karth
McCollister
McFall
Madigan
Michel
Mills
Mosher
Murphy, N.Y.
Patman
Pickle
Pike
Rangel
Rees
Rodino
Santini
Shuster
Skubitz
Sullivan
Thompson
Udall
Ullman
Waxman
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wright
Young, Ga.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BRADEMAS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 4296, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 382 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. DENT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in order that there be no misunderstanding, I do have in my State some 93,000 farms, most of which are dairy farms. I think that it is proper that we ought to put something in perspective so we understand just exactly what we are doing.

As the Members know, Common Cause is one of the organizations that guides Congress and a great number of Members, but sometimes their guidance needs looking into when they get into a field such as this. On that I believe the whole fight is being made on what is being called "on behalf of the consumer." There ought to be priorities on this situation of consumers and producers.

During the depression, what was known as the Great Depression, I was a young married man with one child and a family, and I was a consumer. But I was also a producer. When I lost my job, I just was not a consumer any more except at such a bare, bare, low rate of consumption that I learned that somewhere along the line somebody has to produce in order for others to consume.

Common Cause says, and they are quoting the Department of Agriculture—and the Department of Agriculture gave me different figures; that figures—that this particular 85 percent would increase milk 8 cents a gallon; cheese, 10 cents a pound; and butter, 20 cents a pound. I thought if this is in the interest of the consumer, why did they not equate the $3 a week extra cost to the consumer for the lowest mean average consumption by any family car in the United States of 12 gallons a week? So there is $3 a week added to the price of gas in the last 6 months. Let us see what that $3 would do.

That $3 would pay this so-called increased cost to the consumer on 37 quarts of milk a week. It would pay the added cost on 15 pounds of butter. It would pay the so-called increase on 30 pounds of cheese. If we are talking about the consumer, why has not there been a great big hullabaloo all over this Congress about the cost to the consumer in that particular item. Let us talk consumers increased cost for his monthly electricity bill.

A complaint in my office shows a bill for January of 1974 was $49.58. In 1975 in January it was $119 and about 8 cents. I find that the difference between January 1973, and January 1974, for 1 month would have bought this family, a consuming family, 880 gallons of milk for the added cost I would have to pay on milk, 700 pounds of cheese, and 350 pounds of butter.

I do not think my family could even start to consume that much. So let us not lay at the door of the farmer this blow that is being aimed at him for increasing the cost to the consumer. Let us just look at this on a reasonable basis.

Do the Members know what many Pennsylvania dairy farmers are doing? These dairy farmers are contributing one cow or two cows or three into a pool and every week they butcher and they are making available what we call whole cow hamburger. They are selling it in 3-pound packages and 5-pound packages. The buyer gets the loins and the steaks and the whole ball of wax in the richest hamburger he can possibly buy and he pays for it anywhere from 15 cents to 20 cents a pound less than he has to pay at the chain store on the corner. If they butcher enough cows we are not going to have too many calves and if we do not have too many calves we will not need to worry about this 8 cents a gallon on a gallon of milk because the old problem of supply and demand will bring that price up so high it will remind Members of the time when we got rid of the farm support for sugar. Now my wife can no longer buy 5 pounds of sugar for 49 cents. Now she has paid as high as $3.99 for 5 pounds.

Mr. PEYSER. Mr. Chairman, I rise in support of the amendment that brings the parity price to 80 percent with quarterly adjustment.

In mentioning parity, let me quote from "Li'l Abner" a broadway musical that appeared a few years ago:

> The country is in the very best of hands.
> The market should be 89 percent of parity.
> Another fellow recommends it should be 93.
> But 80–95 percent,
> Who cares about degree?
> It's parity that no one understands.
> The country is in the very best of hands.

There is a great deal of wisdom in that. If I had the music I would have sung it, but the Members have been spared that.

What we are doing with this amendment is a step forward, but it is still far removed from what we ought to be doing.

Let me tell the Members what the 80 percent parity with quarterly adjustment really means. I am speaking in support of the amendment. The price per hundredweight quarterly as of April 1 would go up to 7.45; July 1, to 7.51; October 1, 7.65; and on January 1, 7.71, or an average of 7.58 cents over that year. This is an average of 34 cents more than the present parity would be. The purchase cost to the Commodity Credit Corporation for this 80-percent parity on a quarterly basis would be about $300 million.

I want to suggest to the gentlemen from the metropolitan areas who have taken the stand that this is really a consumer bill, I can tell them this is not a consumer bill. It is also not a farmer bill. This is not what the dairy farmer needs and my dairy farmers need. I have asked the gentleman from Washington (Mr. FOLEY) the chairman of the committee in a letter yesterday to call for investigations as soon as possible into what is happening in this whole milk industry into what is happening with the co-ops and the main distributors and the supermarkets who have been reaping substantial profits while the consumers pay high prices and the dairy farmer is getting practically nothing, because I am convinced we can do far better for the dairy farmer than even 85-percent parity if we tackle this problem and give them a fair break as to what they should be getting, I am convinced we can give the help to the dairy farmer that he so richly deserves.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding. Mr. Chairman, I rise in opposition to the amendment of the gentleman from New York. This amendment seeks to reduce the milk parity from 85 percent to 80 percent.

The dairy farmers in my congressional district in New York State report to me that they are now receiving 70 cents less per hundredweight of milk than they were receiving last year at this time. During that same time, they were paying higher prices for their utilities, for their taxes and for fuel.

Our dairy farmers simply are not able to keep up with today's escalating costs of operation and as a direct result we are rapidly losing our dairy farmers in the southeastern part of New York State.

Accordingly, I urge my colleagues to oppose this proposed reduction of milk parity from 85 percent to 80 percent. Our dairy farmers need and deserve realistic support, not mere words and not the type of limited, meager assistance proposed in this amendment.

Mr. PEYSER. I appreciate the comments of the gentleman from New York.

Mr. D'AMOURS. Mr. Chairman, I rise in support of this amendment, but it is not my intention to cause any harm to our dairy farmers. I am most concerned about this problem because I believe we need to assure the preservation of our dairy milk producers.

I also believe we need to arrive at some kind of price stability, both for the farmer and the consumer. In looking for ways to arrive at price stability, I for one absolutely refuse to take my lead from the same Secretary of Agriculture who has caused most of our problems, or at least heavily contributed to them, with his massive giveaway of our grain reserves. But just as I do not want to contribute to the elimination of the dairy farmer, I am equally unwilling to add to the burdens on our consumers, particularly those lower on the income scale, who already have more burdens than they can shoulder.

I hope that in our reconciliation of these two basic considerations we will accept the premise that we will not raise consumer prices without clear and convincing evidence of the need to do so.

Now, where is the evidence? Well, we begin with a serious problem, because this year there were absolutely no hearings on this matter. I was not a Member of Congress last year. I did not participate in the hearings held then on the matter.

Having heard absolutely no testimony this year, I had to go out on my own initiative and try to find answers. As a result of my efforts I discovered that it is impossible to find an adequate cost study that clearly determines what it is costing the farmer to produce milk.

Most of the figures are conflicting. Some farm groups tell me they can make it with 80 percent, so long as we give them quarterly adjustments. Other groups say they cannot. I do not know what the answer to that one is. Some things are a little bit clearer.

For instance we do know that the dairy farmer's feed costs are dropping. Feed grains represent 48 percent of the farmer's costs and they are dropping in price. That is why the grain people are worried about price supports and loan rates.

Also, we should be persuaded, at least, that at the time when consumer demand for dairy products has already dropped 30 percent we are not doing the farmer any favor by guaranteeing that demand will drop still more with increased retail prices. Who will buy his mik then?

I have not found any clear or convincing evidence such as would compel me to vote for higher consumer prices. The only thing that is clear, the only thing that everyone who has gotten up here to speak or has spoken in committee agrees to, is that if we vote for the bill as passed by the committee, if we do not support the amendment of the gentleman from New York (Mr. RICHMOND), prices are going to rise.

Whomever we choose to believe, and I do not believe the administration's figures, everyone does agree that there will be a retail price rise. Whatever figures you accept, I would remind you that we are talking about a mathematical price rise. We are not adding on the geometric price rise that you can be sure the ubiquitous middleman is going to add on.

I would urge this House to insist on much clearer evidence than we have heard today before voting to add to the burdens of an already overburdened consumer.

The CHAIRMAN. The time of the gentleman from New Hampshire has expired.

(On request of Mr. SISK and by unanimous consent Mr. D'AMOURS was allowed to proceed for 2 additional minutes.)

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. D'AMOURS. I yield to the gentleman from California.

Mr. SISK. Mr. Chairman, I thank the gentleman for yielding to me. I simply want to join with him in support of this amendment.

Let me hasten to say that according to the Department of Agriculture—and I know there are questions sometimes about their figures—but my district is the largest dairy producing district in the United States. We produce more dairy products in the 15th Congressional District of California than any other district in America. Yet, I frankly believe that it is important that we pass legislation that will have some hope of becoming law.

On the basis of calculated judgment, western dairymen have taken a position in support of this amendment, believing that quarterly review is very important at this time and that there is no possibility in the final analysis of actually receiving the 85 percent parity plus quarterly review. What we are doing is making a calculated judgment of what, in the final analysis, we hope will be for the best interests of the industry.

Therefore, I support the amendment of the gentleman from New York.

AMENDMENT OFFERED BY MR. FINDLEY TO THE AMENDMENT OFFERED BY MR. RICHMOND

Mr. FINDLEY. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

> Amendment offered by Mr. FINDLEY to the amendment offered by Mr. RICHMOND: Page 3, line 1, strike out lines 1 through 16.

Mr. FINDLEY. Mr. Chairman, I was much intrigued by what my colleague from New Hampshire (Mr. D'AMOURS) just said when he raised the rhetorical question, "Where is the evidence?"

Well he might raise that question, because it is awfully difficult to find the evidence. It was not too long ago that a popular magazine listed the very thin books of recent history. One of the books was, "Mafia Members Who Have Died of Natural Causes." Another was, "A Quarter Century of Intelligent TV Commercials," and another one was, "Howard Hughes as the Camera Sees Him."

I would like to nominate another very thin book to this collection. That would be, "Hearings on Dairy Supports by the 94th Congress," because one could put the entire hearings record on the back of the tiniest postage stamp one could find. There were no hearings, and in the absence of an official record, a substantial record justifying an increase in dairy supports, would it not be prudent to leave the law the way it is now?

That is the effect of my amendment, to leave dairy supports unchanged, leave them exactly as the Secretary of Agriculture has ordered them to be for this marketing year. That would translate to approximately 78 percent of parity instead of 80 percent.

Would this mean anything in terms of consumer cost? Here again, where is the evidence? We certainly cannot cite the hearings to support what effect it would have on consumer costs, but a letter drafted by Kenneth Frick, Administrator of ASCS and dated yesterday, includes the sentence: He says, and I quote directly from his letter speaking of the effect of the Richmond amendment:

> It is estimated that the average of these higher prices during the year would cost consumers nearly $495 million.

That is the effect of the 2-percent variance between the present level of price supports for dairy products and what would be mandated by the Richmond amendment. So, if we are really interested in protecting the consumer, and if we want to try to hold the line a little bit for the consumer in terms of dairy products, the thing to do is vote for my amendment, which has the effect of leaving price supports exactly where they are.

On the contrary, if we want to vote for higher milk prices, higher butter prices, higher cheese prices, we have a choice between voting for the Richmond amendment or voting for the committee provision. Both will produce higher consumer prices.

For that reason, Mr. Chairman, I offer this amendment to the amendment, to give the people who are really concerned about the cost of living, who really want to strike a little blow, at least, for the consumer, to have that opportunity.

Mr. QUIE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as the gentleman from Tennessee indicated, there were hearings held last year, and this body did adopt exactly this language for the quarterly adjustment and 85 percent of parity by a substantial margin. I believe it was 205 to 58, if I recall correctly. It was recognized at that time as necessary for the dairy farmer. Even the administration recognized that there ought to be an adjustment in the price support by increasing the price support, after the President vetoed the bill, from $6.57 up to $7.24. In the meantime, the price support now is not at 80 percent of parity anymore. It is about 78½ percent of parity. It would be $7.38 now if it kept on adjusting at 80 percent of parity.

The quarterly adjustment is the most important part of the language that is in the committee bill. I think it is a good bill. I am going to vote against both amendments, but I think this is a most important part. We recognized that in the food stamps, the last time we changed the food stamp program, we provided for an adjustment more often than just on an annual basis. We had severe inflationary pressure during the last part of 1973 and it continued throughout 1974 and will continue in 1975. There is every indication of strong inflationary pressures for a long time to come.

The dairy farmer is a primary producer. He cannot set his price. He cannot lay off some cows as industry does with their inputs. He has to pay those costs and to depend upon somebody to pay the price so he can stay in business.

As indicated earlier by previous speakers, the only reason he is in business now is because the beef prices are so low. Otherwise, the dairy farmers would have gone out of business in droves.

I do not care whether you agree with the Department of Agriculture estimates or not. If the beef prices would have been up, dairy prices to the consumers would have been much higher than that without price supports, and that would have been harmful to the consumers of this country.

You need to make a decision between 85 and 80 percent of parity.

Mr. Chairman, I come down for the 85 percent, because I know the kind of a product this is and the necessity there is for the health needs of the people of this Nation. But let us not by any chance remove that portion of the bill that guarantees the quarterly adjustment of dairy price supports.

I recognize that the administration and Secretary Butz did make that adjustment last December, but what assurance do we have that future Secretaries of Agriculture will do that?

We ought to make certain it is in the law.

I come down at this time as a Member who opposed the increase in price supports some years back and, looking at the dairy industry as it appears today, in favor of 85 percent of parity for the dairy farmer now.

Mr. Chairman, I think the Members should vote down both amendments.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, I know this is a very serious problem, but surely there is some "udder" way to help the dairy farmer.

Mr. NOLAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, we have heard a lot of talk about what the cost of this bill is going to mean to the consumers and what the cost of producing a hundredweight of milk is for the dairy farmer.

I am sorry that the Department of Agriculture did not fulfill the responsibility that was entrusted to it by the 1973 act when they were asked to do an in-depth study on the cost of the production of milk. Unfortunately for us, they refused and failed to carry out its responsibilities, so we do not have those facts and figures for the committee.

But the University of Minnesota did a study, and they calculated that it cost over $9 to produce a hundredweight of milk. The University of New York did a study, and they calculated that it cost over $9 to produce a hundredweight of milk. The University of Wisconsin also did a study, and they estimated that it cost $8.60 to produce a hundredweight of milk.

The price we are asking for here of 85 percent of parity means only $8.19 for a hundredweight of milk.

Mr. Chairman, I have decided to support this bill, not because it is adequate, not because it is fair, not because it is going to provide economic justice for the dairy farmers of this country, but because I have reluctantly and disappointedly come to the conclusion it is the best we could ever have a chance of passing in this Congress.

As I listen to the debate, I am fearful that we are not even going to get the requested 85 percent of parity.

I represent 585,000 consumers in my district, just as every Member in this Chamber represents consumers, and I, too, am concerned about the prices they pay in the supermarket today. But I want the Congress to know that the price the farmer receives has nothing to do with what the consumer pays.

The fact is that in the last year the price that the dairy farmer receives for a gallon of milk declined 5 cents, and yet the price went up 4 cents for the consumer. I join heartily with the gentleman from New York and the gentlewoman from New Jersey in calling for an investigation and finding out why the price spread between the farmer and the consumer increased at the rate of 30 percent last year.

The only figures the Department has given us have shown a decrease in the number of dairy farmers and a decrease in the number of dairy farms, as well as a decrease in the amount of domestic production. The only thing they have shown an increase in is in the number of unemployed dairy farmers and an increase in foreign imports of dairy products from other countries. The University of Illinois has told us that at the current rate we will no longer be self-sufficient in dairy products in this country within 5 short years, and that we will be dependent on foreign producers for our dairy products.

Mr. Chairman, I hope this committee will defeat this amendment and defeat the Richmond amendment and judge this bill on its merits and judge it on the basis of what is fair and equitable and forget the politics that is taking place here.

Anything short of defeat of this amendment will bring about nothing but additional bankruptcies of dairy farmers, bring about additional sales and auctions at which there will be no buyers, bring about a decline in domestic production, bring about greater dependence on foreign markets, and ultimately bring about higher prices for the consumer, prices far higher than any of those projected by the gentleman from New York. Not only that, passage of this amendment will bring about heartbreak for many tens of thousands of American producers who will be forced not only to lose their jobs but to lose their entire way of life.

Mr. PRESSLER. Mr. Chairman, will the gentleman yield?

Mr. NOLAN. I yield to the gentleman from South Dakota.

Mr. PRESSLER. Mr. Chairman, I rise in opposition to the amendment. I would like to commend the gentleman from Minnesota for his remarks.

I wish to call attention to an erroneous document circulated by the gentleman from New York which in part states that since the last time Congress held hearings on dairy price supports, feed costs for dairy farmers have dropped by 30 percent. In my own first Congressional District of South Dakota, feed costs have indeed increased by between 13 and 17 percent, according to fairly reliable figures.

I wonder if the gentleman will comment on that alleged figure of a 30-percent drop in feed costs for dairymen. I believe it is utterly false. Costs have in fact increased for our dairymen.

Mr. NOLAN. I believe the figures of the gentleman from South Dakota are correct and the others are incorrect. The costs for dairy farmers in the past year have gone up by 17 percent, and during that time the price that they received has declined almost 20 percent.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. NOLAN. I yield to the gentleman from Kentucky (Mr. PERKINS).

Mr. PERKINS. Mr. Chairman, I wish to compliment the distinguished gentleman for delivering what I consider to be one of the outstanding speeches made in behalf of the dairy farmer.

What is really going to happen if we do not defeat both of these amendments? Hundreds of little dairies are going out of business throughout this whole country. In my congressional district in Fleming County alone, more than 100 dairies have gone out of business in the last year. In Nicholas County, more than 100 dairies have gone out of business. I can understand the large dairies wanting the 80-percent-parity amendment. But if it had not been for low cattle prices, there would have been hundreds of additional small dairies in my district selling their cows and going out of business.

Mr. Chairman, I am hopeful that this Congress will be reasonable. It means as much to the consumer to have 85 percent of parity as it does to the farmer.

Mr. McEWEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, whenever in this House we have the matter of equity for the dairy farmers of America, we always have certain arguments raised. We heard them here again today.

We have heard that the greatest thing that we could do to champion the interests of the consumer would be to say that in no way will there be a few pennies increase in the cost of his fluid milk. We have even heard a new argument advanced by my friend, the gentleman from Illinois (Mr. FINDLEY). He says that we do not know what the facts are; we do not know what the problem is.

I will suggest to my friend, the gentleman from Illinois, that had he been here at the time of the Johnstown flood he would have said that before the Congress took action we should first hold an inquiry to find out whether there had been a flood.

There has been, if you will, almost an economic flood wiping away the dairy farms of America. I have the feeling that should the trend continue, and should this matter be in this body much longer, I will not have any personal concern for dairy farmers in my own district. I will not have any. I look at an area in upstate New York where 21 years ago we had over 13,000 dairy farms; 5 years ago we had 5,049. I am told that when the figures on last year's farm census are released, it is going to be somewhere in the neighborhood of about 3,800 farms. In other words, 7 out of every 10 of those farms that existed 21 years ago are gone.

It has been pointed out here today that if we do not do something to keep dairymen in business, it is not going to be just a matter of price; it is going to be a matter of supply and price.

We will find that milk is a luxury item, and it may be a dollar a quart if one can get it. We will find that the European Common Market countries that ship us their subsidized exports are not going to be subsidizing any more than the OPEC countries are subsidizing oil. We will have to pay the price they demand, because we will be dependent upon that foreign supply.

I think the gentleman from Pennsylvania (Mr. DENT), made a wonderful argument when the gentleman pointed out how many cost increases the consumers have faced. He told us about the utilities—and I was thinking in terms of my own utility bills after I saw what had happened in a 2-month period.

I said how many gallons of milk and wheels of cheese and pounds of butter that would buy, more than my family, I would say to the gentleman from Pennsylvania, could consume.

But, somehow or other, when we come to the dairymen we get terribly concerned about a few pennies.

I remember a conversation over dinner with our present Secretary of Agriculture. He said:

> Well, of course, if the price went up it might hurt consumption.

Well, the next week the price went up because the deliverymen in New York City decided they wanted more money. It was as simple as that. The price went up.

Anyone who wants to take a crack at the price of milk from the time it leaves the farm can get—a few more pennies. But not the people who produce it. They are going out of business if we do not grant relief, yet now we are told to be concerned about a few pennies for the farmer.

Mr. DE LA GARZA. Mr. Chairman, will the gentleman yield?

Mr. McEWEN. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, I would like to add to what the gentleman from New York has mentioned when he mentioned the cost, and this is based on the fact that I have the honor of being chairman of the Agricultural Subcommittee which has just concluded hearings on energy as it relates to the agricultural sector. In adding to what the gentleman said, I was shocked to hear testimony that the natural gas production in the United States is at such an extent that many, many dairy operators have already been reduced in their natural gas. Some have been notified they will be reduced, and others in some sections of the Midwest are actually being completely cut off.

The thing that is working, and the thing that we have to look at in the whole circle of vicious events that are happening to the dairy industry is that nonfat dry milk and the residue of cheese called whey, those two items cannot be made except with the use of natural gas. This accounts for some $4 per hundredweight of the raw milk of the producer.

So what we are doing here today is saying that these people will be virtually extinct if for no other reason than the lack of supply of natural gas.

This has been substantiated by a representative of the Federal Power Commission. There is no doubt about it. The facts and the figures are there. The consumption of natural gas will have to be——

The CHAIRMAN. The time of the gentleman has expired.

On request of Mr. DE LA GARZA, and by unanimous consent, Mr. McEWEN was allowed to proceed for one additional minute.)

Mr. DE LA GARZA. Will the gentleman yield further?

Mr. McEWEN. I yield further to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Chairman, as I was saying, the consumption of natural gas will have to decrease because the production of it is just not there.

If this House cannot do something about this, and as I say, the testimony and the facts are there, then the dairy operation in the United States will be drastically curtailed if, as I say, for no other reason than because of the lack of natural gas. And anything we can do here to help them just prolongs the agony, I agree with the gentleman, but it is something that needs to be done, and I join with the gentleman and wish to associate myself with the balance of the gentleman's testimony that he has so forcefully presented.

Mr. McEWEN. I thank the gentleman from Texas.

I hope that the amendment and the substitute will be defeated.

Mr. BERGLAND. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. BERGLAND. I yield to the gentleman from Wisconsin

Mr. OBEY. Mr. Chairman, I thank the gentleman from Minnesota for yielding me this time.

Mr. Chairman, I used to represent more farmers than anybody else in the State of Wisconsin. I do not do so any more. Since the reapportionment I have only about 12,000 farms left in my district. But I do want to say that if you want to help the consumers that you will not only oppose the amendment offered by the gentleman from New York, but you will also most definitely oppose the amendment offered by the gentleman from Illinois.

I know what some people's impression of dairy farming is. They think that because of the milk money scandals dairying is a plush business with huge herds, huge real estates and plenty of bucks floating around. That picture may describe 5 percent of American dairying, but it does not describe the people who will be helped by this bill today. If you are an average dairy farmer in the State of Wisconsin, you get up at 5:30 in the morning. Ma, pa, and the kids run the farm themselves and they may have a hired hand—if they are lucky.

They have 40 cows—not 400, or 4,000, but 40 cows. They milk them twice a day and whether you are sick or not, you better be there 7 days a week because the cows cannot wait.

Your average age is 58, and your son does not plan to take over the operation from you because he cannot get the credit, because it is a hard life and most of all—because there is no money in it.

Since 1951 over 60 percent of the Nation's dairy farmers have quit. From 1969 to 1973, 56 percent quit. In Wisconsin alone the number of dairy herds decreased from 132,000 in 1951 to just over 53,000 at the end of 1974. We are now losing dairy farms in Wisconsin at the rate of 10 a day. And that is why the University of Illinois has predicted that we will no longer be self-sufficient in the production of dairy products by 1980. Dairy farmers are going out of business for one simple reason: costs are eating them alive.

Let me give my colleagues an example of what is happening to farm costs. A little item appeared in my hometown newspaper carrying a letter from a farmer outlining what his increase in costs were this year versus a year ago. His gasoline cost was up 49 percent; his diesel fuel was up 80 percent; his commercial fertilizer was up 73 percent; his dairy feed concentrate was up 54 percent; his bailer twine was up 275 percent; his milk filter pads were up 26 percent; his washing compound was up 14 percent; his fence posts were up 85 percent; his fencing wire was up 122 percent; his nails were up 200 percent. I could go on and on and on.

You know what mystifies me? If industrial workers and labor union workers were getting paid the hourly rate that dairy farmers are paid, you would have priests and ministers and rabbis and union leaders and editorial writers and reporters up in that gallery would be talking and writing about it. But because it is happening in rural America, which they neither see nor understand, there is not a peep from them. The author of the amendment told me the other day:

> I know what your problems are, and if it didn't cost any money, believe me we would support you.

Let me ask you where would the other urban centers of this country be? Where would organized labor be? Where would the environmental movement be? Where would the consumers protection movement be if rural legislators had said the same thing about consumer protection, about OSHA, about environmental legislation, about mass transit, about help for the Penn Central Railroad?

We voted for all of those things, even though they did raise costs and even though they were often not very popular in rural America because they were right, and because they were needed.

There is something I want to say to the freshmen. There are a few votes which you will cast around here which will determine whether you are truly national legislators or whether you are parochial. I submit to you that this is one of them. If you really want to help the consumer—and I have heard a lot of urban Representatives express concern for the farmer here today—and if you really want to help the farmer, you can show a little less rhetorical concern and a little more legislative action. If you want to help the consumer, what you can do is guarantee that they are going to have a decent supply 5 or 6 or 7 years from now.

Regardless of what we do here today, it is not going to affect what the supply is a year or 2 years down the road, but it will affect what the supply is going to be 5 or 6 or 7 years down the road, because when those 58-year-old farmers reach retirement age and decide it just is not worth it any more, we are going to lose 5,000 or 6,000 or 7,000 farms a year in my State, in Minnesota, and in States like it, and then we will all see what it will be like to pay the price Europeans are going to charge us for our cheese, dairy products, and everything else.

I would urge my colleagues to vote against the amendment of the gentleman from New York, and most certainly against the amendment of the gentleman from Illinois.

Mr. WAMPLER. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. HILLIS. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Indiana.

Mr. HILLIS. I thank the gentleman for yielding.

Mr. Chairman, my colleague from Vermont a short time ago I thought, made an excellent statement in this area. I should like to propound a couple of questions to him.

I certainly am most impressed with my colleague from Wisconsin who just finished speaking on the state of the industry in his district.

I would like to ask my colleague from Vermont, what is the situation there as he sees it among dairy farmers?

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I want to join in complimenting the speech made by the gentleman from Wisconsin. I can only say that he describes accurately the same situation which exists in Vermont.

I have been there many times this winter. I have gone from home to home and from farm to farm.

I would like for the Members from New Hampshire, Illinois, and from New York City to be with me sometime. I would like them to look into the eyes of those young farmers. I would like them to examine their milk checks. I would like to have them to know that the FHA payments and the payments for grain and feed exceed what they are getting in their milk checks. They have nothing left over for clothes, or anything. I would like to have those Members tell those people there is no need for this bill. Of course, they need it.

I mention the young farmer. They have the greatest debt. They will be the first to go under. We cannot afford to lose them.

Mr. HILLIS. We have heard the appeal for hearings, and no doubt we need hearings, but does not something need to be done now?

Mr. JEFFORDS. Yes. And the problem is getting worse and worse. We have heard about the cost of feed going down, but I would like to point out that during this winter the cost of hay nearly doubled in Vermont. The main reason for this was that last year they did not have enough money to put fertilizer in. This year they will not have enough money to put fertilizer in again and so the hay crop will be even worse.

Mr. HILLIS. This bill puts floors under soybean and corn, but what will happen next year?

Mr. JEFFORDS. When we put supports behind grain obviously it holds the grain at a certain price and it will not go down. That means there will be no relief to the dairy farmers on a grain-price basis. We have to keep the price of grain where it is, or so they say, to help the world price and so on, but that is not going to help our dairy farmers.

Mr. McDADE. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Pennsylvania (Mr. McDADE).

Mr. McDADE. Mr. Chairman, I rise in opposition to the Findley amendment and I urge its defeat.

Mr. Chairman, there are two concerns which must be faced in considering the bill before the House at this time: the farmer who produces our agricultural products, and the consumer who uses them. Both must be protected. Their interests are not inimical. They are, in fact, one and the same thing.

It is inconceivable that we would have a healthy agricultural community if the American consumer will not purchase the products of the farms. It is equally inconceivable that we will have a healthy world of the consumer if the farmer is not producing the agricultural commodities. Both need and deserve our concern at this time.

I will address myself specifically to the dairy section of the bill before the House, because I have a substantial dairy industry in my congressional district. If I am forced to give some statistics, it is not to bore or burden you. The statistics are necessary for you to get some picture of what is going on in the dairy farm world of Northeastern United States. That is the dairy bloc that feeds milk and dairy products to a vast portion of the American population.

You are all aware of the inflation in prices over the past year. That inflation has hit the dairy farms. In January of this year, the cost of producing milk was 14½ percent above the cost of producing milk in January of last year. In February, the cost of producing milk was 12½ percent above the cost of producing milk last year. Yet the return to the farmer in both of these months was 6½ percent below the price he received last year. That represents a net loss of an average of 20 percent in the first 2 months of this year.

Mr. Chairman, the dairy farmers have been enduring such stresses over the past several years.

Let me demonstrate what that has produced in terms of farms which have remained in production. Here are the number of farms producing milk in just the Milk Marketing Order No. 2 in the past 5 years:

1970	26,802
1971	25,138
1972	23,893
1973	22,193
1974	21,147

That averages out to a loss of approximately 1,200 dairy farms a year. That is a devastating loss, and you may be certain of one thing. When a dairy farm goes under, it is not going to come back into production. This is an irretrievable loss to the production of milk.

What are we asking in the bill before the House? We are asking that the support price of milk be fixed at 85 percent of parity. Let me show you what the game we are playing right now really is.

In the closing days of the last Congress—on the very last day, as a matter of fact—both the House and the Senate passed legislation to raise the support price to 85 percent of parity, based on the prices of April 1, 1974. That bill was vetoed by the President.

Almost immediately afterwards, Secretary Butz grandly announced that by executive action, the price support would be raised to 80 percent, and accompanied that statement with words to the effect that he would hold the price along those lines. Well, what did that mean? It means this. The inflation of last year had so eroded the 75 percent support announced last April 1, that the 80 percent announced by the Secretary had the effect of boosting the support price back up to about 73.5 percent, virtually no increase whatsoever to the farmer in the face of inflation. As of April 1 this year, the Secretary can announce that support is again set at 75 percent of parity, and the dairy farmer will be back in the same mire in which he struggled last year.

My distinguished colleagues who are concerned about the welfare of consumers have protested strongly against the 85 percent figure in the bill. All right. Let us have at least 80 percent, measured as of April 1, 1975, and recomputed quarterly. That, at least, may keep some of our dairy farms out of bankruptcy for another year.

Gentlemen, this is urgently needed. You will not save the consumer by defeating this bill. If you drive the dairy farms out of business in the Northeast at the same rate they have been disappearing on the auction block for the past ten years, you are going to see the same thing happen to milk in the near future as happened to sugar last year. The price will go out of sight.

To repair the price of sugar, it was only necessary for more cane and beets to be planted in fields waiting for the seed. But if you wipe out the dairy farms, you may be very certain that hungry developers will buy up that land happily, and certainly not to raise milk cows.

This is an urgently needed bill, I ask my friends who worry about consumers—and nobody in this Congress worries more about consumers than I worry—to pass this vitally needed legislation. It would be statesmanship, and the wisest possible statesmanship.

Mr. TAYLOR of Missouri. Mr. Chairman, will the gentleman yield?

Mr. WAMPLER. I yield to the gentleman from Missouri.

Mr. TAYLOR of Missouri. Mr. Chairman, I thank my distinguished colleague, the gentleman from Virginia, for yielding.

Mr. Chairman, I rise in opposition to this amendment. First of all, we need to recognize there is a serious problem among the dairy farmers of this Nation. If we are going to maintain the production of domestic dairy products in this country, it is necessary for us to do something now. Members of this House urged extensive hearings. The Subcommittee on Dairying, which I attended during the last session, did hold hearings and I commend the gentleman from Tennessee (Mr. Jones) for holding those hearings and I commend the concern of that committee. That committee in its wisdom passed this very same bill, which was passed by the House, which was pocket vetoed by the President unfortunately after our recess.

I think it is also important that we point out to the Members of this House that the biggest bargain today in the supermarket is dairy products. In fact, a gallon of milk today in my hometown is $1.37 and a year ago it was $1.80. It is the only product in the store that is less today than it was a year ago.

What has brought about this serious crunch as far as dairy farmers in this Nation are concerned? Many things have brought it about. Number one is because, ill-advisedly, the administration a year ago let imported dairy products from European markets flood into this country. Those imported products depressed the price of milk, and so it is due to the Government action in essence that we have the crisis today in the dairy industry.

Of course, there is the rise in the feed grain prices, fertilizer, labor prices, and electricity, and so on, all of which have been contributing factors.

I feel very strongly, and I am a conservative Member of this body, but I know in my district there is chaos in the dairy industry. I fear, and it is a very real fear, that, unless something is done now, we are going to destroy the capability of this Nation to produce the most wholesome food in the world today, dairy products.

I urge defeat of both of these amendments.

Mr. HUNGATE. Mr. Chairman, I rise in opposition to the Findley amendment and to the Richmond amendment. We have been asked, "Where is the evidence to support the need for 85 percent of parity?"

Where is the evidence?

For 20,000 dairy farmers have gone out of business in the past year under the current 80 percent price support level.

Where is the evidence?

Since 1969, 56 percent of the Nation's dairy farmers quit business.

Where is the evidence?

The number of dairy cows in the United States has declined 10 percent since 1969.

Where is the evidence?

The costs of labor, feed grains and credit rose 17 percent from 1973 to 1974, and the minimum wage for farm labor has increased 50 cents an hour in the last 10 months.

Where is the evidence?

National milk production is declining at a rate that indicates our country will no longer be self-sufficient in the production of dairy products by 1980.

Mr. Chairman, I believe in small business. I believe competition helps the consumer, and it is clearly impossible to increase competition by reducing the number of producers.

I urge defeat of both of these amendments and support 85 percent parity as proposed in the committee bill.

PARLIAMENTARY INQUIRY

Mr. FOLEY. Mr. Chairman, a parliamentary inquiry.

Am I correct that the order of consideration of the two amendments presently before the committee is that the first vote will occur on the so-called Richmond amendment as a perfecting amendment to the bill and the second vote will occur on the Findley amendment?

The CHAIRMAN. The Chair will advise the gentleman from Washington (Mr. Foley) that he is correct. Under Deschler's Procedures, Chapter 27, Section 22.3 where both a perfecting amendment to a section and a motion to strike out the section are pending, the perfecting amendment is first voted on.

In the case now facing the committee, the perfecting amendment to the section is the amendment offered by the gentleman from New York (Mr. Richmond) and the motion to strike out the section, is the amendment offered by the gentleman from Illinois (Mr. Findley).

Therefore, under the procedure, the perfecting amendment of the gentleman from New York (Mr. Richmond) will be the first amendment on which the committee will vote.

PARLIAMENTARY INQUIRY

Mr. FINDLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FINDLEY. In offering the amendment, the Clerk read the amendment as an amendment to the amendment offered by the gentleman from New York (Mr. Richmond). Would that not on the face of it qualify it as an amendment to the amendment?

The CHAIRMAN. The gentleman is correct in stating the manner in which his amendment was proposed and as the Clerk read it; but since no point of order was raised against the amendment, the procedure which the Chair just read nonetheless applies.

Mr. MOFFETT. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York (Mr. Richmond). My support stems from my belief that both the consumer interest and that of the dairy farmer is best served by the 80 percent milk parity proposal with quarterly adjustments.

The 85-percent parity would push prices up considerably. In fact, the Commissioner of Agriculture in Connecticut confirmed to me this morning that our farmers could live with the 80-percent figure.

Preserving small dairy farms is indeed a consumer issue in Connecticut. In the past 40 years, the number of dairy farms in our State has plummeted from 7,000 to 900. Right now the average farm family must live on an income that is only 54 percent of the nonfarm family. On an average, for every dollar of farm income, nearly 85 cent is spent for production materials. The dairyman's cost is up 15 to 20 percent over 1972 levels while his share of the consumer dollar is up only 1 percent. Between 1968 and 1972, gross farm income in Connecticut rose by $6.5 million while net farm income dropped by $12.2 million.

Right now, nearly 40 percent of the milk consumed in the State is produced by Connecticut dairy farmers. If current problems persist, we will be shipping more and more milk in from out of State and increasing consumer costs.

If this amendment is approved, I believe the dairy section of this bill will be fair and will assist small farmers in my district. Another feature of the bill is that it begins to provide some stability to farm prices.

But I am troubled about the provisions relating to cotton and the possible abuse by very large farmers that may be spurred by the loan level provisions.

What we really need in this area is a hardheaded antitrust approach, and a determination to slow the rapid economic concentration of power that is evident in farming as in other sectors of our economy. It is astounding that the actual profit figures for wholesalers are not now known and have never been subpenaed by Congress. In 1973, food processors grumbled about price controls but the grumbling was done as they went to the bank. Middlemen in the beef processing business, for example, garnered profits up to 228 percent while some major canners of fruit and vegetables took a 52-percent profit increase.

Secretary Butz may believe that the Future Farmers of America are Tenneco, Quaker Oats, and Ralston Purina, but I am certain many of us in this Chamber want to insure a place in America's farming future for the family and the small businessman. At the same time, we do not want to see the consumer abused further while middlemen make huge profits. In regard to these goals, the amendment by the gentleman from New York certainly improves this portion of the bill, and I urge its approval.

PARLIAMENTARY INQUIRY

Mr. FINDLEY. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FINDLEY. The response of the Chair made to the parliamentary inquiry of the chairman of the House Committee on Agriculture indicated that because my amendment to the amendment had the effect of striking the section, it would, therefore, come second after the disposition of the gentleman from New York (Mr. RICHMOND).

The CHAIRMAN. The gentleman is correct.

Mr. FINDLEY. May I further ask, suppose the amendment of the gentleman from New York (Mr. RICHMOND) is defeated, what standing, if any, would my amendment to the amendment then have?

The CHAIRMAN. The amendment of the gentleman from Illinois will be voted on in either event.

Mr. FINDLEY. I thank the Chairman.

Mr. OBERSTAR. Mr. Chairman, I rise in opposition to the amendments.

Mr. Chairman, for the past several months I have spent a great deal of time traveling throughout my district, meeting with individual farmers and groups of farmers to learn more about their problems, to be more familiar with the problems they are facing in these critical times. The pattern that emerged from these discussions, several weeks of public meetings, highlights the very precarious position of the American dairy farmer today. In my judgment, this bill does not go far enough to help the farmer, and these amendments will do even less.

Dairy farmers are not even recovering their costs. I am for a bill that will at least guarantee the farmer the return of his investment, 100 percent of parity, which, I admit, is politically unrealistic. I am in favor of passing that kind of legislation in this Congress because farmers need that kind of help.

I was impressed by the high level of professionalism and the extraordinary efforts that modern dairy farmers have made to avail themselves of the most modern management tools, including computers. Yet, I am shocked by the economic straits in which they find themselves. Just one example will demonstrate this. I refer to a very hardworking farmer, putting in 16 or 18 hours a day, a competent manager with an efficient operation including a herd of dairy cattle that ranks among the highest in the State of Minnesota for its productivity.

Last year, he realized a gross income of $33,000, and he netted $2,000. That works out to about $2.10 a day for him and his wife, working 16 hours a day, 7 days a week. That is below anyone's minimum wage.

In Minnesota alone, over 3,000 dairy farms have gone out of business in the past year, including a lot of them in my own district. On top of these problems dairy farmers face, we had a very bad corn crop last year. We had a later spring than normal, a dry summer, and the earliest frost in history, and it just about wiped out the dairy farmers in my district.

Those that I spoke with stated that in many instances their costs averaged well over $125 an acre, and yet these same men and women were realizing an income of only $115 an acre. To those who would complain that the Government is subsidizing the American farmer, I would submit that these figures alone show that it is the farmer who is subsidizing the American consumer, and out of his own pocket.

Furthermore, Government policy only forces the dairy farmer to compete with dairy products imported from countries which are subsidizing their farmers to the hilt.

Cutting down on Federal support for agriculture is not going to cut consumer prices in the supermarket. In the long run, restrictive agricultural policy will only force the farmer off the land. It will discourage young people from going into farming and concentrate agricultural power in the hands of a few. Young people are already turning away from dairy farming in my district and elsewhere in Minnesota. Evidence of that is the fact that the average age of dairy farmers in my district is 59. You do not need a crystal ball to predict what a concentration of dairy production in a few hands will do to consumer prices.

I think the dairy farmer has a right to a decent wage just as much as a steelworker does or a construction laborer, or a building and construction tradesman. I feel that we should develop a national agricultural policy and agricultural programs that will assure the farmer that he can recover the costs of his production and allow him a reasonable return on his investment so that he can keep on producing.

The fact that today's supermarket prices are within the reach of everyone's pocketbook is the best evidence that we need a strong, progressive agricultural support and parity program. I urge the defeat of these amendments and the support of the committee bill, because that committee has done an outstanding job in presenting to us this progressive, forward-looking piece of legislation.

Mr. BALDUS. Mr. Chairman, I rise in opposition to the amendment.

I have certain observations about the 85 percent parity provision of the emergency farm bill, H.R. 4296.

Specifically, I am concerned that few have considered its environmental impact. At stake here is an effect on the environment in hilly farm areas that every grassland farmer who is in the business of running hay through a cow knows and dreads.

Because of the instability in agriculture prices, farmers each spring face a critical decision. Should they continue to run feed and grass through a dairy cow and try to sell the milk at a profit? Or should they plant their farms fence-to-fence in corn, cereals, and soybeans and hope prices turn a profit at harvest?

For farmers in Wisconsin, this decision is imminent. Milk prices are presently $1.80 below the cost of production. When prices get that low, farmers question whether they ought not to grow corn and grain outright for cash, instead of running it through a hayburner—a cow. The profitable decision for a Wisconsin farmer at the present time would be to get out of dairying altogether and choose an alternative, which is exactly the decision forced on him, incidentally, by the administration and its chief lieutenant, Secretary of Agriculture Earl Butz. Their pursuit of the Flanigan plan to implement a policy of grain exports and dairy imports has been unofficial, but crystal clear. They have actively sought to drive small dairy farmers out of business as a matter of national policy and force them into grain production or the ranks of the unemployed.

We are the strongest, most productive dairy nation in the world. I am not an economist, but is it reasonable to ship our grain abroad, run it through foreign dairy cows, process it, and then import it back to this country, inspect it before it comes in and store it in warehouses, when we could produce it ourselves? I do not think so.

For the Wisconsin dairy farmer, however, there is no good alternative. Wisconsin is a hilly State, and the Third District which I represent is its hilliest part. Stretching for 300 miles along the Mississippi River, these rolling unglaciated hills have been covered over the ages by a deep, rich topsoil. This topsoil supports a thick carpet of grass. It is because of such rich pastureland, ideally suited to dairying, that Wisconsin produces 45 percent of the Nation's cheese, and the Third District is the Nation's leading milk-producing district by a large margin.

For the same reason that the hills are ideally suited to dairy, they are ill suited to crops. For a farmer to plant fence-to-fence crops against these hills means turning over the sod and exposing the loose topsoil. Without the roots of the grass to hold it back, the work of the rain in a short time will make for a "muddy Mississippi." Planting those hills fence to fence in cereal grain or corn will redistribute the Third District's topsoil from Wisconsin to Alabama.

Can dairymen turn to beef? Beef means corn; and even if beef prices were at a point which would encourage farmers to enter the business, which they are not, corn-fed beef is not an alternative. Grass-fed beef may someday be an answer, when and if the country decides to tolerate it.

The point is, farmers in the Third District have no alternative to dairy which does not risk substantial environmental damage.

The small farmer knows the problem. In the last 20 months, over 4,000 farmers in Wisconsin have left dairying. These small farmers, the traditional defenders of the topsoil, who for years have practiced contour farming, strip cropping, and careful watershed management, now may be forced to knowingly violate these practices, or get out of farming altogether.

For that reason, gentlemen, I urge you to provide temporary emergency support to our dairy farmers at 85 percent of parity.

Mr. FOLEY. Mr. Chairman, I ask unanimous consent that all debate on the Richmond amendment and all amendments thereto end in 5 minutes.

The CHAIRMAN. Is there objection to

the request of the gentleman from Washington?

There was no objection.

Mr. CORNELL. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, first of all, I would like to second the remarks made by my esteemed colleague, the gentleman from Wisconsin (Mr. OBEY), and to point out that one of the dairy farmers in my district that I, as one might say, inherited from him, sent me recently the originals of his month's bills. One of them was a bill for $300 for electricity. He sent the bills to me because he said he could not pay them.

It is no wonder, as has been mentioned here a number of times, especially by Members from Wisconsin and Minnesota, that we have thousands of farmers who have gone out of business in the past year. There have been over 4,000 in Wisconsin, and, I understand, about 3,000 in Minnesota who have gone out of business.

Mr. Chairman, I am not going to burden the Members with any more statistics, but I would like to make just a few observations.

The opposition to 85-percent parity for dairy prices in the "Dear Colleague" letters, in the newspaper articles, in the Consumer Federation literature, and in the most recent encyclical from Common Cause, all appear to be based on the misleading or at least the misinterpreted figures issued by the Department of Agriculture on the cost effects of this provision of the bill. I shall not go into an explanation of those figures. Many of my colleagues, particularly the gentleman from Iowa (Mr. BEDELL), have explained those, and the gentleman from Iowa has explained them in his usual forthright manner.

Much use has been made, however, on and off the floor, by Members of the House of a letter from a surrogate of John I, of 2030 M Street NW. We now have, I say, incontrovertible evidence of what I have feared for some time, that John is not infallible. We need not fear excommunication from the association of men seeking good government by supporting 85-percent parity for our suffering dairy farmers.

I am a member and I intend to continue to be a member of Common Cause. But our leader is not omniscient, or he would have known better than to accept outright the Department of Agriculture figures on a bill to which this administration is so bitterly opposed.

In the last few days I have heard quite a few urban Members of this body state that they could not face their constituents if they voted to maintain 85 percent of parity. I do not think that they do justice to the intelligence and the spirit of fairplay of their people. We must explain to our people back home the need for this legislation, just as I had to do in voting for financial assistance to Penn Central and in support of the foreign aid bill.

It is our job to inform our constitutents that the dairy farmers are as much victims of inflation as the industrial wage earners and that 85 percent of parity will help preserve our farms, even though it does not even meet the cost of production in some areas. We must explain that the interests of national domestic production must take precedence over provincial self-interest.

Some of the Members may think I am politically naive in such an approach. I hope and pray that if this be the case, I retain this type of naivete during my service in this House.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CORNELL. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Chairman, I want to compliment the gentleman on his statement and say that, far from being naive, I think he is very enlightened. There are two comments, if the gentleman will permit, that I would like to make.

The first one is that at the rate people are catching up with John The First, I think he may also be John The Last.

The other comment is concerning Penn Central. I confess that I voted to bail Penn Central out. But the farmers of America did not steal themselves into the situation that Penn Central is in, as some of the directors of Penn Central did.

Mr. McHUGH. Mr. Chairman, will the gentleman yield?

Mr. CORNELL. I yield to the gentleman from New York.

Mr. McHUGH. Mr. Chairman, I would also like to associate myself with the fine remarks of my spiritual adviser and colleague, the gentleman from Wisconsin.

I wish to say that, like my good friend, the gentleman from New York (Mr. RICHMOND), I, too, am a New Yorker. I had the privilege of being raised in Brooklyn, as he was, and I have the privilege now of representing an upstate district which has 3 percent dairy farmers.

I must say that while I knew very little about dairy farming until last year, I have learned that the dairy farmer is one of the most hard-pressed individuals of the entire population in upstate New York.

Therefore, Mr. Chairman, I would urge with my colleague and friend the defeat of both amendments before this House.

The CHAIRMAN. All time on this amendment has expired.

The Chair will put the question on the perfecting amendment, which is the amendment offered by the gentleman from New York (Mr. RICHMOND), first.

The question is on the perfecting amendment offered by the gentleman from New York (Mr. RICHMOND).

The question was taken; and the Chairman announced that he was in doubt.

RECORDED VOTE

Mr. RICHMOND. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 222, noes 202, answered "present" 1, not voting 8, as follows:

[Roll No. 70]

AYES—222

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Annunzio
Archer
Ashbrook
Ashley
AuCoin
Badillo
Bafalis
Barrett
Bauman
Beard, R.I.
Bell
Bennett
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Brademas
Brodhead
Broomfield
Buchanan
Burke, Fla.
Burke, Mass.
Butler
Byron
Carney
Chisholm
Clancy
Clawson, Del
Clay
Cohen
Collins, Ill.
Collins, Tex.
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
Crane
D'Amours
Daniels, Dominick V.
Danielson
Delaney
Dellums
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey
Drinan
Duncan, Oreg.
du Pont
Early
Edgar
Edwards, Calif.
Eilberg
Emery
Eshleman
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Florio
Ford, Tenn.
Forsythe
Frenzel
Frey
Gaydos
Giaimo
Goldwater
Goodling
Gradison
Green
Gude
Guyer
Hannaford
Harrington
Harris
Hawkins
Hébert
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Holland
Holt
Holtzman
Howard
Hughes
Hyde
Jacobs
Jarman
Jones, N.C.
Jones, Okla.
Jordan
Karth
Kelly
Keys
Kindness
Koch
Krebs
Krueger
Lagomarsino
Leggett
Lehman
Lent
Levitas
Lloyd, Calif.
Long, Md.
Lujan
McClory
McCloskey
McDonald
McFall
McKinney
Macdonald
Madigan
Maguire
Mann
Martin
Matsunaga
Mazzoli
Metcalfe
Meyner
Michel
Mikva
Milford
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Moorhead, Calif.
Moorhead, Pa.
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Myers, Pa.
Nedzi
Nix
Nowak
O'Brien
O'Neill
Ottinger
Patten
Patterson, Calif
Pepper
Peyser
Pike
Price
Pritchard
Railsback
Rangel
Rees
Rhodes
Richmond
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rosenthal
Rostenkowski
Rousselot
Roybal
Russo
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Seiberling
Sisk
Solarz
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Steelman
Stokes
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Thompson
Tsongas
Van Deerlin
Vanik
Weaver
Whalen
Whitehurst
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wirth
Wolff
Wylie
Yates
Young, Fla.
Young, Ga.
Zeferetti

NOES—202

Abdnor
Albert
Alexander
Andrews, N.C.
Andrews, N. Dak.
Armstrong
Aspin
Baldus
Baucus
Beard, Tenn.
Bedell
Bergland
Bevill
Biester
Blouin
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Brown, Calif.
Brown, Mich.
Brown, Ohio
Burgener
Burke, Calif.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Carr
Carter
Casey
Cederberg
Chappell
Clausen, Don H.
Cleveland
Cochran
Conable
Cornell
Daniel, Dan
Davis
de la Garza
Dent
Derrick
Downing
Duncan, Tenn.
Eckhardt
Edwards, Ala.
English
Erlenborn
Esch
Evans, Colo.
Evins, Tenn.
Fithian
Flood
Flowers
Foley
Ford, Mich.
Fountain
Fraser
Fulton
Fuqua
Gibbons
Gilman
Ginn
Gonzalez
Grassley
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harsha
Hastings
Hayes, Ind.
Hays, Ohio
Hefner
Hicks
Hillis
Hinshaw
Horton
Howe
Hubbard

Hungate
Hutchinson
Ichord
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Kasten
Kastenmeier
Kazen
Kemp
Ketchum
LaFalce
Landrum
Latta
Litton
Lloyd, Tenn.
Long, La.
Lott
McCollister
McCormack
McDade
McEwen
McHugh
McKay
Madden
Mahon
Mathis
Meeds
Melcher
Mezvinsky
Miller, Ohio
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Morgan
Murtha
Myers, Ind.
Natcher
Neal
Nichols
Nolan
Oberstar
Obey
O'Hara
Passman
Patman
Pattison, N.Y.
Perkins
Pickle
Poage
Pressler
Preyer
Quie
Quillen
Randall
Regula
Riegle
Risenhoover
Roberts
Robinson
Rooney
Rose
Roush
Runnels
Ruppe
Ryan
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Stark
Steed
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Treen
Udall
Ullman
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
White
Whitten
Wilson, Charles, Tex.
Winn
Wright
Wydler
Yatron
Young, Alaska
Young, Tex.
Zablocki

ANSWERED "PRESENT"—1

Daniel, Robert W., Jr.

NOT VOTING—8

Broyhill
Flynt
Hightower
Mills
Mosher
Reuss
Skubitz
Waxman

So the perfecting amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. FINDLEY) proposing to strike the section.

The amendment was rejected.

Mr. PEYSER. Mr. Chairman, I offer an amendment.

Mr. JEFFORDS. Mr. Chairman, I offer an amendment which I believe comes before that offered by the gentleman from New York.

The CHAIRMAN. The Chair will advise the gentleman from Vermont (Mr. JEFFORDS) that his amendment is to section 2, while the amendment offered by the gentleman from New York (Mr. PEYSER) would provide a new section 3. If the gentleman from Vermont insists, his amendment is in order at this time.

Mr. JEFFORDS. Mr. Chairman, I do insist and I do desire to have my amendment considered at this time.

The CHAIRMAN. The Chair will recognize the gentleman from Vermont.

PARLIAMENTARY INQUIRY

Mr. PEYSER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. PEYSER. Mr. Chairman. I may be mistaken, but I do not believe the amendment I have at the desk forms a new section, but follows on line 16 of the page.

The CHAIRMAN. But the point made by the Chair is that the amendment offered by the gentleman from New York does provide a new section 3 and may be offered following disposition of amendments to section 2.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 3, after line 6 strike out "the support price of milk shall be established at no less than 80 per centum of the parity price therefor, on the date of enactment, and the support price shall be adjusted thereafter by the Secretary at the beginning of each quarter beginning with the second quarter of the calendar year 1975," and insert "the support price of milk shall be established at no less than 80 per centum of the parity price therefor, on the date of enactment, and the support price shall be adjusted thereafter by the Secretary to no less than 82 per centum of the parity price therefor, at the beginning of each quarter, beginning with the third quarter of the calendar year 1975,".

Mr. JEFFORDS. Mr. Chairman, this amendment merely does this. It says that the 80 percent——

Mr. FOLEY. Mr. Chairman, I was on my feet earlier when the amendment was read. I would like to reserve a point of order.

The CHAIRMAN. The Chair must advise the gentleman from Washington that his point of order comes too late.

Mr. JEFFORDS. Mr. Chairman, this amendment would merely say that, as we just voted, we would do at 80 percent of parity on enactment; but subsequent to that time, in the next quarter, we would go to 82 percent of parity.

This is not an amendment offered just as a compromise. This is offered because certain facts have come to my attention which really make this an amendment necessary to make sure that the Secretary gets up to 80 percent.

Let me read some facts. The Secretary went to 80 percent of parity as of the 1st of January, 1975. However, as of January, 1975, the support price only went up to 76.9 percent of parity.

In February the price only went up to 77.45 percent of parity. This is still relative to the parity figure as of the beginning of the year. It is not related to parity as it is now. It would be much lower than that.

All this amendment does is to make sure the Secretary of Agriculture gets up to 80 percent, where he ought to be.

Further this amendment will, if the Secretary did get to 82 percent during the second half of the year, give an average for the year of about 80 percent.

We have listened to the arguments. I am not going to go through them again. I have stated my case on the need for protection. All we are trying to do is make sure the Secretary gets up to 80 percent. He will be helped in two ways. First by aiming at 82 perhaps he will hit 80. Second, if he does get to 82 percent of parity for the second half of the year, the average for the year will only be 80 percent.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont (Mr. JEFFORDS).

The question was taken; and the Chair announced that the noes appeared to have it.

RECORDED VOTE

Mr. JEFFORDS. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 206, noes 211, answered "present" 1, not voting 15, as follows:

[Roll No. 71]

AYES—206

Abdnor
Albert
Alexander
Andrews, N.C.
Andrews, N. Dak.
Armstrong
Ashbrook
Aspin
Baldus
Baucus
Bauman
Beard, Tenn.
Bedell
Bergland
Bevill
Biester
Blouin
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Brown, Mich.
Brown, Ohio
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carr
Carter
Casey
Cederberg
Chappell
Clausen, Don H.
Cleveland
Cochran
Conable
Cornell
Daniel, Dan
Davis
de la Garza
Dent
Derrick
Downing
Duncan, Tenn.
Eckhardt
Edwards, Ala.
English
Esch
Evans, Colo.
Evins, Tenn.
Fish
Fithian
Flood
Flowers
Ford, Mich.
Fountain
Fraser
Fulton
Fuqua
Gibbons
Gilman
Ginn
Gonzalez
Goodling
Grassley
Guyer
Hagedorn
Hall
Hamilton
Hammerschmidt
Hanley
Hansen
Harkin
Harsha
Hastings
Hayes, Ind.
Hays, Ohio
Hébert
Hefner
Hicks
Hillis
Holland
Holt
Horton
Howe
Hubbard
Hungate
Hutchinson
Ichord
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Kemp
Ketchum
Kindness
LaFalce
Latta
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
McCloskey
McCollister
McCormack
McDade
McEwen
McHugh
McKay
Mahon
Mann
Mathis
Meeds
Melcher
Mezvinsky
Michel
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Morgan
Murtha
Myers, Ind.
Natcher
Nedzi
Nichols
Nolan
Oberstar
Obey
O'Hara
Passman
Patman
Pattison, N.Y.
Perkins
Pickle
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Randall
Regula
Reuss
Riegle
Risenhoover
Roberts
Robinson
Rooney
Rose
Roush
Runnels
Ryan
Santini
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Steiger, Wis.
Stephens
Stuckey
Taylor, Mo.
Taylor, N.C.
Teague
Thone
Thornton
Traxler
Udall
Ullman
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
White
Whitten
Wilson, Charles, Tex.
Winn
Wright
Yatron
Young, Alaska
Young, Tex.
Zablocki

NOES—211

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Annunzio
Ashley
AuCoin
Badillo
Bafalis
Barrett
Beard, R.I.
Bell
Bennett
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Brademas
Brodhead
Broomfield
Brown, Calif.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Carney
Chisholm
Clancy
Clawson, Del
Clay
Cohen
Collins, Ill.
Collins, Tex.
Conlan
Conte
Conyers
Corman
Cotter
Coughlin
D'Amours
Daniels, Dominick V.
Danielson
Delaney
Dellums
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Drinan
Duncan, Oreg.
du Pont
Early
Edgar
Edwards, Calif.
Eilberg
Emery
Erlenborn
Eshleman

Evans, Ind.
Fascell
Fenwick
Findley
Fisher
Florio
Foley
Ford, Tenn.
Forsythe
Frenzel
Frey
Gaydos
Goldwater
Gradison
Green
Gude
Haley
Hannaford
Harrington
Harris
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Henderson
Hinshaw
Holtzman
Howard
Hughes
Hyde
Jacobs
Jarman
Jones, Ala.
Jones, N.C.
Jones, Okla.
Karth
Kelly
Keys
Koch
Krebs
Krueger
Lagomarsino
Landrum
Leggett
Lehman
Lent
Levitas
Long, Md.
Lujan
McClory
McDonald
McFall
McKinney
Macdonald
Madden
Madigan
Maguire
Martin
Matsunaga
Mazzoli
Metcalfe
Meyner
Mikva
Milford
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Moorhead, Calif.
Moorhead, Pa.
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Myers, Pa.
Neal
Nix
Nowak
O'Brien
O'Neill
Ottinger
Patten
Patterson, Calif
Pepper
Peyser
Pike
Price
Railsback
Rangel
Rees
Rhodes
Richmond
Rinaldo
Rodino
Roe
Rogers
Roncalio
Rosenthal
Rostenkowski
Rousselot
Roybal
Russo
St Germain
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Seiberling
Sisk
Solarz
Spellman
Staggers
Stanton, James V.
Stark
Steelman
Steiger, Ariz.
Stokes
Stratton
Studds
Sullivan
Symington
Symms
Talcott
Thompson
Tsongas
Van Deerlin
Vanik
Weaver
Whalen
Whitehurst
Wiggins
Wilson, Bob
Wilson, Charles H., Calif.
Wirth
Wydler
Wylie
Yates
Young, Fla.
Young, Ga.
Zeferetti

ANSWERED "PRESENT"—1

Daniel, Robert W., Jr.

NOT VOTING—15

Anderson, Ill.
Archer
Broyhill
Crane
Downey
Flynt
Giaimo
Hightower
Mills
Mosher
Ruppe
Skubitz
Treen
Waxman
Wolff

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PEYSER: Page 3, immediately after line 16, insert the following new section:

"SEC. 3. Notwithstanding any other provision of law, there shall be no acreage allotment, marketing quota or price support for rice effective with the 1975 crop of such commodity."

Mr. FOLEY reserved a point of order on the amendment.

PARLIAMENTARY INQUIRY

Mr. SYMMS. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. SYMMS. Mr. Chairman, I have another amendment to section 2 of the bill. Will this amendment preclude the offering of the next amendment?

The CHAIRMAN. It will if the amendment is agreed to.

Mr. PEYSER. Mr. Chairman, we have heard repeatedly in the last several days that the purpose of this legislation is to bring about full production so that the world food problems and the problems with respect to food in the United States can be resolved.

If that is the true intent of this bill—and I will certainly not question the sincerity of the many Members who have stated this—the amendment I have offered certainly would be one that they would want to support.

Mr. Chairman, as many Members will recall, last winter, just before we finally adjourned, we took up the rice bill. Because of a series of circumstances at that time, the action on the rice bill was not favorable. However, if we are sincerely interested in opening up production, we could today, by this action, increase the production of rice 33 percent in this country.

As the Members know, we are the main exporters of rice in the world, and if we go forward with this opportunity today, it would be a tremendous boost for those who are concerned not only with the high price of rice in our own country, but with the feeding of the poor people around the world.

Also, it would seem to me that we would want to take this opportunity to get rid of one of the price-support programs that has been, as far as I am concerned, plaguing us for years.

Some Members may not realize, but in order to have an allocation on rice, one must either inherit it or purchase it from someone who now owns it. If one has perfectly good rice-producing land, let us say, in California or in Arkansas, and he wants to grow rice, he cannot grow it unless he has an allocation.

He cannot get the benefits of the program. It seems to me here is the ideal chance and the ideal time to open up this process with a commodity that is in great demand in the world, and a commodity that has increased in price to our own consumers so tremendously in the last year.

So it would be my hope, Mr. Chairman, that we could act on this, and open up the allocation, open up the acreage, and get rid of this old price support system for the rice crop.

Mr. Chairman if this effort is defeated I want to remind the Agriculture Committee of its promise to hold new rice hearings and I want to remind the rice industry of its commitment to join with us.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from Washington insist on his point of order?

Mr. FOLEY. I do, Mr. Chairman. I insist on the point of order against this amendment.

The amendment is not germane to the bill, and violates rule XVI, clause 7.

H.R. 4296 deals with price supports, established prices, and loan rates for wheat, feed grains, cotton, and milk under sections 103, 105, 107, and 201 of the Agricultural Act of 1949.

The bill does not relate to acreage allotments, or marketing quotas on any commodity. The amendment offered would affect the provisions of the Agricultural Adjustment Act of 1938.

Accordingly, the amendment is not germane to the bill, and I therefore press my point of order against the amendment.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. PEYSER. I do, Mr. Chairman.

The reason I offered the amendment was because of the ruling of the Chair dealing with the Conte amendment some hour or so ago, where we were discussing it, and the Chair ruled in favor of nuts and fruits, and some other items, and I therefore felt that introducing the question of rice would be substantially within the germaneness of this bill as the other items that have been offered, and that the Chair had ruled in favor of.

The CHAIRMAN (Mr. BRADEMAS). The Chair is prepared to rule.

The Chair has heard the point of order made by the gentleman from Washington (Mr. FOLEY), and has listened to the response made by the gentleman from New York (Mr. PEYSER).

The Chair would observe in respect of its earlier ruling on the amendment offered by the gentleman from Massachusetts that the earlier amendment was a price support amendment. The purpose of the bill under consideration, as the gentleman from Washington has already pointed out, runs to price supports. Acreage and allotments and marketing quotas are not within the scope of the bill, and the Chair rules, therefore, that the amendment is not germane, and sustains the point of order.

AMENDMENT OFFERED BY MR. PEYSER

Mr. PEYSER. Mr. Chairman, if I may, then, I would like at this time to offer another amendment. I accept the ruling of the Chair, and my new amendment eliminates the parts that are objectionable, and therefore I believe it to be germane.

The Clerk read as follows:

Amendment offered by Mr. PEYSER: Page 3, immediately after line 16, insert the following new section:

"SEC. 3. Notwithstanding any other provision of law, there shall be no price support for rice effective with the 1975 crop of such commodity."

Mr. FOLEY. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Washington (Mr. FOLEY) reserves a point of order against the amendment.

The Chair recognizes the gentleman from New York in support of his amendment.

Mr. PEYSER. Mr. Chairman, I shall not take the full 5 minutes because, basically, what I have done, based on the ruling of the Chair, is eliminate the section of my former amendment dealing with the acreage allotment and marketing quotas, and have left just the area of price supports, because it seems very apparent to me that this Congress, this new Congress, certainly does not want to continue with a program that not only is out of date, but is tremendously expensive to the public, and I mean the overall public. It serves no good purpose, in my opinion, for the rice farmer, and is a very restrictive type of measure, and I would hope that this Congress would simply vote it out.

Incidentally, I wonder if some of the

Members recognize that this price support is far more lucrative, if you will, to the rice farmer, than is the target price program that we are talking about in this bill.

In other words, why should we be giving the rice farmer a price support program when we are giving the wheat and the corn and the other commodities target prices? Why should they all not be included in the same type of program? It does not make sense to me. We are merely discriminating against every other type of farmer, and certainly discriminating against the taxpayers of this country. I hope that my colleagues will support the elimination of this price support.

POINT OF ORDER

Mr. FOLEY. Mr. Chairman, I insist on the point of order.

The Findley amendment to H.R. 4296 amends section 103, section 105, and section 107 of the Agricultural Act of 1949.

The amendment of the gentleman from New York is broader than that, and notwithstanding any other provision of law, strikes out any applicable provision for price supports for rice. The rice program was originally enacted in the Agricultural Adjustment Act of 1938.

The CHAIRMAN. Does the gentleman from New York wish to be heard on the point of order?

Mr. PEYSER. Mr. Chairman, it would appear to me that this is perfectly in order. Now it seems to me it does conform with the prior ruling of the Chair and also conforms with the prior objections to the chairman of the committee, the gentleman from Washington (Mr. Foley).

It seems to me there is nothing out of order dealing with price supports certainly, and certainly nothing out of order dealing with rice. It is a commodity, and it is one that the Department of Agriculture and the legislation relates to. It seems to me perfectly in order.

The CHAIRMAN (Mr. Brademas). The Chair is prepared to rule.

The bill under consideration amends only certain sections of the Agricultural Act of 1949 and no other provision of law. The Chair feels that the amendment of the gentleman from New York waives, in the language of his amendment, "notwithstanding any other provision of law," waives a provision of law not within the scope of the bill under consideration. The Chair, therefore, rules the gentleman's amendment not germane and sustains the point of order.

Are there other amendments?

AMENDMENTS OFFERED BY MR. SYMMS

Mr. SYMMS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Symms:

Page 3, line 16, after the words "each quarter,", insert the following:

"It is the sense of Congress that the President shall impose at the earliest practicable date countervailing duties as proposed by the Department of Treasury on February 14, 1975, for dairy products imported into the United States from the European Economic Community.".

POINT OF ORDER

Mr. FOLEY. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. FOLEY. The amendment deals with duties which are not within the jurisdiction of the Committee on Agriculture and are within the jurisdiction of the Committee on Ways and Means, eliminating various tariffs and trade acts authorized by the Congress and, consequently, does not relate to legislation before the committee at this time, and is in violation of rule XVI, clause 7.

The CHAIRMAN. Does the gentleman from Idaho care to be heard on the point of order?

Mr. SYMMS. I do, briefly, Mr. Chairman, only to say that the amount of dairy products purchased by the Commodity Credit Corporation in the last fiscal year equaled exactly the amount dumped on our markets, which were subsidized by foreign dairy products dumped on our markets and undersold, in direct competition to our producers, so I think the amendment is in order.

The CHAIRMAN (Mr. Brademas). The Chair is prepared to rule.

The gentleman from Washington (Mr. Foley) makes a point of order against the amendment offered by the gentleman from Idaho (Mr. Symms) on the ground that it is not germane.

The amendment relates to the subject of import restrictions and tariffs on dairy products, which subject is not within the purview of section 2 of the bill, nor is it within the jurisdiction of the Committee on Agriculture. The amendment is, therefore, not germane, and the Chairman sustains the point of order.

Mr. SYMMS. Mr. Chairman, the American farmer is the most efficient producer of food and fiber in the world, but he has often been forced to sell his produce under unfair competitive conditions. I offer the example of the American dairy farmer who must compete with imported dairy products which have been laced with export subsidies. Foreign governments, particularly the European Community, know that their dairy products cannot compete in the American market and so they pay exporters a subsidy so that their products may come into our borders at a price less than the American market.

I am sure you agree that this is an unfair practice. But what is even more unfair is that the American Government has been reluctant to do anything about it. We have long had good solid laws calling for the collection of countervailing duties—the collection of a sum equal to the export subsidy paid on the goods presented at our borders—but this has not been administered.

There is no choice written into the law. It is there, in black and white, in the Tariff Act of 1930, the instruction, "there shall be levied, in all such cases, in addition to the duties otherwise imposed by this chapter, an additional duty equal to the net amount of such bounty or grant." This is not an "iffy" law, this is not a "may be levied" provision, this is a law of no choices.

This problem has gone to the courts several times, and in each case, the instruction that the Department of the Treasury must collect countervailing duties has been upheld.

I myself find this an incredible situation. Foreign governments feel so secure in our not collecting countervailing duties that they even dare to publish the figures of their export subsidies.

Some may think that subsidized dairy imports serve the consumer by offering him a deal on cheese and other dairy products. But if we become dependent on foreign supplies, how long will we receive reduced prices from foreign governments? Subsidized foreign products entering our markets depress domestic prices and retard domestic production. This does not serve the American consumer. We must not allow our dairy industry to fall prey to foreign production. Foreign nations do not provide us with reduced price cheese for altruistic reasons, but in the hope that we will one day buy their products at prices which include a fat foreign profit.

We have a concrete example of this situation today. Last July, the European community suspended export subsidies on cheese shipped to this country when it became apparent that our courts were about to order the collection of countervailing duties. Early last month, in an effort to ease the pressure of mounting daily product stocks in the EC, the member states of the EC now does so with the aid of a subsidy varying from 14 to 28 cents a pound.

The Department of Treasury has issued a preliminary determination that the EC payments do constitute an export subsidy within the meaning of the countervailing duty statute. I understand that Secretary of the Treasury Simon has made a recommendation that the countervailing duties on these exports be collected. I commend him for taking this step. It is something that I have repeatedly urged on him and on other administration representatives and with the President himself.

The Treasury recommendation is a necessary first step. This must be followed to its logical conclusion with the immediate imposition of the required countervailing duties.

Mr. de la GARZA. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as we discuss this emergency legislation, to in someway try and assist a very important sector of our farming community, I am concerned with some aspects of the debate which has taken place. I am concerned that too many of us here are using the words "consumer" and "farmer" in an adversary tone, and such we know is not and has never been the case.

Please permit me to inject a very short word about our history as we approach our bicentennial year. Our heritage is built on those who till the soil, as region after region became open for development, it was always those who came to work the land that came first and these my friends, were the original consumers of the goods and services of a fledgling industrial sector. Almost 200 years later, they are still major consumers. So I must respectfully submit to you, farmers are consumers.

I am concerned further, Mr. Chairman, that some of us seem to be legislating in an entirely abstract, impersonal matter, dealing only with figures and costs and percentages. This is wrong Mr. Chairman. This legislation deals with people, honest hard working people, people who eat and sleep, people who laugh and cry, people who have children, to love and care for, to educate, people like all the rest of the American population, who have mortgages to pay and dreams of a brighter future. This should be considered when we debate farm legislation, people, and how the legislation affects these people.

I would also like to point out, Mr. Chairman, if I might, that in spite of what you have heard here today, we do so little for the farmers in relation to what is done in other developed nations. If you would take a cursory look at the Common Market, there you can see to what degree the farmers are protected and assisted. Yes, Mr. Chairman, we do so little, in relation to the bounty of food and fiber which we receive from our farmers. Lastly, Mr. Chairman, I ask you to please allow me to say, that it is not an easy life the farmer leads. You have to love the land, you have to have a determined, unyielding attitude, for a weak individual cannot be a farmer, you have to be an eternal optimist, for you have to depend in the end result on nature and the elements for your crop. Yes, God will be the one who has the ultimate word on whether you harvest a bounty or look upon a barren field after months of toil.

So for all these reasons, Mr. Chairman, I support this legislation, and I would hope that when we once again discuss and debate farm legislation, we do so in this spirit, and with these facts in mind.

Mr. DUNCAN of Oregon. Mr. Chairman, I have voted "yes" today in support of H.R. 4296, the emergency price support bill for 1975 crops. The farmers of this country need financial support immediately. Increased cost of production coupled with a sharp decline in market prices during the past year, has created an unhealthy situation that could possibly result in significant cutbacks in production.

I feel, however, that this emergency support is mearly a short-term solution and I am confident that the House Committee on Agriculture will continue to work for long-range programs that will include a discussion of the question of crop reserves and the role of the Commodity Credit Corporation, a tool that should be reexamined and used to its fullest to help create adequate reserves.

I have also voted "yes" today on two amendments to this bill—the Richmond dairy price support amendment, which would lower the price support levels for dairy products from 85 to 80 percent of parity with quarterly adjustments.

On the basis of the information I have, 80 percent of parity with quarterly adjustments will reasonably protect the dairy industry upon which the consumer is threatened. The proposed increase in depends for the supply of commodities he requires. The welfare of the consumer the dairy products parity could, by some reports, increase the price of cheese by 10 cents a pound, milk by 8 cents a gallon, and butter by 20 cents per pound. To reflect for a moment, the only really beneficial effect of inflation I have felt, is the ability to purchase butter instead of oleo, because it is the same price.

In our attempt to help the farmer, we must make every effort not to injure the consumer; a yes vote on the Richmond amendment, I am convinced, is a vote toward that end.

I have also voted "yes" today on the Krebs cotton amendment, which would lower the cotton target price from 48 cents to 45 cents and the loan rate from 40 cents to 38 cents. Some cotton farmers will, indeed, not be able to survive during these times. We must ask ourselves if we are willing to support those marginal farmlands in an effort to keep our poor in the rural rather than urban areas.

While I believe that we need reasonable reserves of food and fiber, I do not want to return to the terrible problems of surplus of short staple cotton with which we were faced in the sixties.

The proposed target price of 48 cents per pound is substantially higher than the current market price. We have 6 million bales of cotton in reserve now. If we continue to raise retail prices, the chance to retrieve a small portion of our dollars that go to OPEC will be greatly reduced. We will no longer be competitive in the foreign markets.

I would like to say, in conclusion, that an attempt has been made today to create a balance between farmer needs and consumer capability. The farmers of this country do need financial relief and support and we have proposed a bill, while incomplete, which does offer a short-term solution, and does not, with the approval of the amendments, hinder the buying power of the American consumer.

I look forward and intend to support further agricultural legislation which will help us to create a reserve of food and fiber, not only to tide the Nation and the world over periods of shortage, but so as to take full advantage of the foreign policy implications that stem from our prodigious potential for agricultural production.

Mr. HARKIN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois (Mr. FINDLEY), and in opposition to the amendment offered by the gentleman from New York (Mr. RICHMOND).

What we are talking about here is fairness. We are talking about equity. Parity is fairness, and if we are really interested in being fair to our dairy farmers, we should be talking about 100 percent of parity, not 80 percent, or 85 percent, or 90 percent.

How many Members here would go back to their districts, and ask the wage earners to settle for wages that reflect 80 percent of what wages were in relation to prices nearly 10 years ago?

Well, that is what you are asking the dairy farmer to do.

In November 1973, farmers received $7.76 per hundredweight for manufacturing milk. Now, as of February 1975, they were getting about $6.98 per hundredweight. At the same time the prices were dropping, the costs were escalating. The index of prices paid by the farmer in November 1973 was at 519. In February 1975, this index of prices paid stood at 615.

This is precisely the squeeze that the gentleman from Vermont and the gentleman from Louisiana spoke about.

Opponents of this bill say that 85 percent of parity for dairy farmers will result in prices going up. But that is not the point. The question should be what is fair. Everything has increased in price; gasoline, clothes, movies, ballpoint pens, and anything you can mention. Why should dairy products—which have great protein and vitamin value—stay static?

The figures released by USDA, which I question anyway, indicates that for the next year, the price of milk would increase about 7 cents per gallon. This is about a 4-percent increase. I do not think this is unfair. The fact is, ladies and gentlemen, the huge increases in food prices comes from profit gouging by the food processors and large grocery chains.

This is what we are facing. Monopoly practices that are killing dairy farmers and gouging the consumer.

Do not penalize the small dairy farmer because the Justice Department and the USDA do not have the guts to take on these monopolies.

Last week, in a press conference, Albert Rees, director of the White House Council on Wage and Price Stability, in what must have been an unguarded moment, was quite clear in who the culprit was and who the White House was going after to lower food prices. Mr. Rees acknowledged that a major reason for higher food prices is the increasing margin by industry middlemen. But, Rees continued, the administration is pinning its hopes for food price reductions on lower prices received by farmers for their products.

There it is. That is what it is all about. Go get the farmer, he does not have the power to defend himself.

I ask my urban friends to join us now to get fairness and equity for the dairy farmers, and we will go together after the food monopolies that are throttling our economy and giving our small, independent, hard working farmers a bad name.

I urge you to defeat the Findley amendment and defeat the Richmond amendment.

Mr. SYMINGTON. Mr. Chairman, the high cost of food which we have experienced in the last 2 years is the result of many factors, chief among them being increased world demand, a demand attributable to rising standards of living in many countries as well as poor harvests and droughts in much of the third world. The world has come to the U.S. breadbasket to fill its needs at a time when our agricultural reserves are at an all time low, and the U.S. consumer has been forced to compete with this world market for U.S. agricultural products.

While retail food prices increased by 15 percent last year, farm incomes have been decreasing. The farmer's share of the food dollar has been squeezed by incredible price rises in farm materials. Farmers now have to pay much more for seed, farm equipment, farm loans, gasoline, and diesel fuel—which has increased 92.6 percent—and nitrogen fertilizer—which has increased 155.5 percent.

Recent reports from the Department of Agriculture indicate that farmers fear lower prices for their production this fall; consequently, they are scaling back on their planting plans for major 1975 grain crops. This new information, based on surveys made about March 1, reveals that farmers may reduce corn planting alone by 3 percent from last year's production. In this time of inflation and balance of payments deficits we should not be producing at less than our full capacity. U.S. agricultural policy should guarantee maximum production to the U.S. consumer and our trading partners, while assuring the farmer that increased production will not reduce his income. It is clear that the American farmer is at center stage. His contribution may have been minimized in the past, but his productivity may now provide the difference between a sane and rational world and one plunged into the abyss of economic chaos, famine, recrimination and war.

Because I believe it is in the best interest of the consumer to encourage full production. I will support H.R. 4296, Emergency Price Support for 1975 Crops. This 1-year bill should help assure a stable food supply to urban areas without costly price increases. This legislation will cost the American taxpayer nothing if demand for U.S. agricultural products continues as it has for the last few years. It has been noted elsewhere that the price of wheat would have to drop by more than 20 percent before the target price is reached. I am convinced that a rational farm policy which assures the consumer food market stability should be one of the major goals of this Congress; this bill is a step in that direction.

Mr. BEDELL. Mr. Chairman, in following the debate on the emergency farm bill, I have been greatly disturbed by the misconceptions that have been fostered about this piece of legislation. I would like to take a moment to put the issue in a little better perspective.

I firmly believe that H.R. 4296 is an essential piece of legislation, essential to the farmers of America, and essential to every consumer in America as well. Much attention has been focused on the immediate cost of the bill. I suggest that careful consideration must also be given to the potential economic and social cost of the defeat of this bill for the American people.

In recent months, many of our farmers have been hit with one bit of bad luck after another. Rapidly increasing production costs and steadily declining prices on livestock and dairy products have combined with bad weather and poor crops to put many of our family farmers in a very precarious financial position.

Now we see falling grain prices and what appears to be a short-term decline in export markets. If this trend continues, and prices fall substantially below the cost of production, it could induce a rash of bankruptcies and push more and more family farmers off the land and into the already swollen ranks of the unemployed. In turn, we will see the continued growth of corporate farming, increased monopoly practices and price fixing, and, in the end, higher prices at the grocery store. H.R. 4296 would do much to forestall these developments by raising target and loan rates to levels which will allow producers to maintain viable operations and which will assure the American consumer of adequate supplies of food at reasonable prices. The farmers of America need this legislation. And so do consumers as well.

We have heard numerous horror stories about what will happen to the American consumer and the American taxpayer if this bill is enacted. In my view, the greatest misconception involved here is the notion that the American people will benefit from the defeat of this bill.

There has been much misinformation circulated about the actual cost of this bill to the housewife and taxpayer. I am deeply saddened by the fact that a large part of this misinformation comes from our own Department of Agriculture. I think that clarification is required on several points.

Since proposed target and loan rates are substantially below present market prices on corn, soybeans and wheat, this bill cannot possibly cause increases in consumer prices on products produced from these commodities. Since the price mills have paid for the cotton which they are now processing is above proposed cotton loan rates, it would seem to me reasonable that we should not expect any increase in the price of cotton products.

In addition, the Department of Agriculture has stated that enactment of H.R. 4296 would increase the price of raw milk by 2 cents per quart and 20 cents per pound of butter. I have met with Mr. Kenneth Frick, Administrator of the Agricultural Stabilization and Conservation Service, on both Monday and Tuesday of this week, and he freely admitted that the Department computed the costs on these products on the basis of March 1976 projections—not on the basis of today's costs. The U.S. Department of Agriculture has deliberately misled the people into thinking that these projected increases in the cost of milk and butter would occur at once and would be solely the result of this bill. Actually, over half of the increases are the result of inflation which will occur during the period up to March 31, 1976. The Government's projection of a 20 cent per pound increase on butter, which has generated so much adverse comment on this bill, should have been less than 5 cents per pound. Figuring 2 pounds per week for a family of four, this would amount to an increase of $5.20 per year for such a family. We would save more than four times that amount per person by not building one trident submarine. Or, to put it another way, the increase is less than the subsidy cost per person for maintaining the Penn Central railroad.

But that is not the real issue. The issue is whether we are going to set aside our regional biases and concern ourselves with the overall health of America.

In considering this piece of legislation, it is absolutely essential to understand the relationship between agricultural production, food costs, and our general economic prosperity. Make no mistake about it. The food expenditures and prosperity of every American are highly dependent upon the survival and the productivity of the family farmer. Food shortages, and the higher retail prices they imply, benefit no one.

Also, farm products are our greatest export, accounting for over $20 billion in exports in 1974. We need production to assure this export capability. Without adequate levels of production, our balance of trade will inevitably suffer.

American farmers are not asking much. They only want an opportunity to use their productive capacity to feed the people of America and make a decent living for their families. You can hardly expect them to try to produce more if they are going to lose money on every measure of yield.

The farm situation is serious. I cannot emphasize this fact strongly enough. Farmers in my area are already talking about cutting back production for fear of disasterous prices unless this bill is passed. It is in the overriding national interest to encourage a greater degree of stability in the agricultural market. H.R. 4296 will do just that.

During the February recess, I held a series of public meetings in each of the 22 counties in my district. As we discussed my first impressions of the Congress, I was repeatedly questioned about the power and the influence of special interest groups in Washington. I answered that it was my impression that the heyday of the special interest group was over and that, at least among the Members I have come to know, the only interest was what is best for America.

This bill, which will give the farmer some measure of protection against wild fluctuation in the market, is not just a farm bill. It is an American bill. I urge you to vote for its prompt enactment into law.

Mr. BAUMAN. Mr. Chairman, only those of us who represent agricultural areas can fully appreciate the tremendous service rendered to all Americans by our farm community. Never before in world history have so few people been able to produce the food and fiber to feed and clothe so many. My own area of Maryland is the leader in my State in the production of corn, soybeans, wheat, dairy, livestock, and tobacco. While the total amounts of food produced in my district are small compared to total national production, all farmers share the same problems which this legislation attempts to address.

Those of us interested in agriculture have just seen 2 years of unprecedented prosperity for our farmers. This prosperity was a long time in coming, and the high prices earned during this period should have allowed individual farmers a new freedom in planning future production. But at the same time, our farmers have been faced with enormous increases in the costs of operations. Although it is easy for urban and suburban citizens to claim that the farmers are making enormous profits, it is an undeniable fact that the rapid increase in farm costs last year reduced net farm income to $25 billion from the $30 billion 1973 level, a 17-percent drop. Even though the 1973 level of farm income was nearly double the 1971 amount of net farm income, $16 billion, costs have risen astronomically between January of 1974 and the same month this year. Fertilizer costs increased on a national average, 81 percent. In many instances I know of farmers having to pay 200, 300, and 400 percent more for fertilizer, when they could get it. During the same period seed costs rose 20 percent, wage rates nearly 12 percent, feed grain which is so important to our poultry and dairy industry, almost 13 percent and farm machinery nearly 25 percent.

These significant cost increases, however, have been accompanied by sharp drops in the price of crops such as wheat, down, 32 percent and soybeans, down almost 16 percent from last year.

Throughout this past year those involved in the dairy industry have been particularly hard hit. Much of the dairy problems has resulted from cheap foreign imports, subsidized by foreign governments at the expense of our American dairy farmers. Many of the dairy farmers in my area were losing money every day they operated because of the high prices of feed grains and the decline in milk prices. For this reason I voted for an increase in parity payments to dairy farmers last year and regret that the bill was vetoed. I was pleased when Secretary Butz set the level at 80 percent.

Having noted all these dfficulties faced by our farm community, I nevertheless do not believe that this legislation offers a cure for these problems. For more than 40 years the Federal Government has been tinkering with acreage and marketing quotas in an effort to control production, paying out billions of dollars in price supports, and trying to halt periodic declines in crop prices by managing Government-owned food surpluses. During the course of four decades farmers have in many respects become slaves to the Federal Government and its periodic whims and policy changes.

The bill before us today is the antithesis of free market economics. I agree with the views stated in the report by the gentleman from Illinois (Mr. FINDLEY) and the gentleman from Idaho (Mr. SYMMS) that the setting of arbitrary target prices is not the solution to farm problems. Further, but importantly, this bill would mandate the expenditure of an enormous amount of money without any guarantee of protection for the farmers. Various costs figures I have heard range from a minimum of $882 million, to several billion dollars over a period of 5 years.

What we do not need at this point, in my opinion, are more stockpiles of food and resulting export subsidies. The farm community, as all other areas of our economy, ought to be responsive to market demand and not be beholden to the principle of production for Government purchase. In the long run the free market will permit fair profits for our farm community and should also benefit the consumers.

I must say, however, it has been discouraging to me and many persons engaged in agriculture to see the lack of reliability in the projected demand statistics released by USDA. Last August at a conference in Washington, farm leaders from my district were told that crop projections for soybeans, for example, were in the neighborhood of 1.2 billion bushels and that farmers could expect to receive between $9 and $12 a bushel; a 5-billion bushel corn crop was predicted with a consequent $4 a bushel price. At the same time the Department encouraged all-out production in these and other crops.

In fact the actual production in each instance was far short of these total figures and yet the price per bushel dropped considerably. Corn suffered a similar decline. My point is that the Department was demanding full production and yet had this been achieved, the price of these commodities would have dropped even further to the detriment of the farmers. If the USDA wants full production, it is going to have to be frank and honest with the farmer.

The administration has also mistakenly, I believe, intervened in the matter of foreign exports. Obviously, there is an enormous worldwide demand for our foodstuffs but repeatedly, under political pressure, we have seen exports curbed, driving down the price of commodities and harming the farmer.

While we have seen also considerable declines in farm prices, there has been very little decline in the retail prices of products on grocery store shelves. While the farmer has been getting it in the neck on prices, the huge chain foodstores apparently have retained the consequent earnings and have not passed along the lower prices to consumers.

Mr. Chairman, if our economy is to be strong, no sector is more important than agriculture. Without food our Nation can achieve nothing, whether as a source of sustenance for our people, or as a commodity to be used to benefit our international economic and diplomatic standing. A healthy American agriculture is imperative.

In voting against this bill, I fully concur with the position taken by the American and the Maryland Farm Bureau. They have consistently held that the maximum amount of freedom should be permitted to each and every individual farmer. Just as the Federal Government should not direct the farmer's business, neither should it stand in the way of his prosperity. We do not need to make the farmers wards of the Government, but only to permit them to benefit from the fair profits that a supply and demand situation will produce.

Because I do believe in free American agriculture, I must therefore oppose this legislation today.

Mr. SIKES. Mr Chairman, there are important areas of American agriculture which have encountered serious problems in recent years; some of which have been overlooked to a marked extent by Federal programs aimed at keeping production high and prices within the bounds of reason.

Livestock producers, and particularly cattlemen, have been especially hard hit. Costs of production have soared in recent months while beef prices to the producer have hit rock bottom. The prices to the consumer have changed but little. The middle-men benefit. The suppliers benefit. The cattlemen take a beating. The consumer gets no benefit from the low prices to the cattlemen.

H.R. 4296 is controversial, but it should pass. Agricultural products provide our best prospect for foreign sales other than weapons and food has a much larger market. Food is in short supply in many parts of the world. The productive capacity of the American farmer is well known. He should be encouraged to produce more. This will help to bring down prices at home. It will stimulate additional foreign sales. The world economy now is such that many nations are bidding for agricultural products where formerly we virtually gave away our produce. The American balance of trade is hardpressed, particularly because of the high price of oil imports. We need to sell American products wherever we can. This bill should encourage production and make more farm products available for the foreign market.

We are interested in rural development. The farm communities and the rural areas have been neglected for many years. Now there are programs to stimulate improvement in those areas. The best method to improve them is through a prosperous agriculture. Any sharp reduction in farm income immediately affects the entire economy, but particularly the rural areas, resulting in increased unemployment and lowered standards of living. The economic and financial health of the American farmer is definitely one of the keys to a restoration of prosperity nationwide. I believe the bill now before us will help to assure more adequate supplies of food processed from grain and dairy products and additional upland cotton products. I think the benefits to be derived outweigh the weaknesses in this bill which have been stressed by its opponents.

Now let me digress for a moment and emphasize the problems of the livestock producer. He is not benefited by this bill. Other legislation is under consideration at the committee level which will benefit the livestock producer. What they sorely need is low-cost, low-interest, long-term loans to help see them through the present price crisis. In a statement to a House Agriculture Subcommittee, Assistant Agriculture Secretary William Erwin suggested several areas of support which could be given livestock and cattle producers. Among these suggested changes would be one to allow loan guarantees for up to 90 percent of losses instead of the present 80 percent. Also suggested was a plan for flexible repayment schedules for borrowers and repayment times of up to 7 years. Lines of credit to the borrower also were supported by the Secretary in principle. The present program has been of little benefit. It should be improved.

Presently, the Farmers Home Administration has two programs which are used to finance cattle and livestock operations. One is the operation loan with interest rates based on the cost of the money to the Government. These rates fluctuated from 6¾ percent last year to 8¾ percent this year.

Second, FHA has the Emergency Livestock Credit Act with interest rates set by agreement between the Government and the borrower, limiting the guarantee to 80 percent of the loss and with terms of up to 3 years, with a 2-year renewal option. The importance of this program to livestock producers is best demonstrated by the fact that as of March 7, 1975, 70 percent of the borrowers involved and 78 percent of the money went to the beef cattle business.

But floating or negotiated interest rates are not enough to do the job. More attention should be given this important segment of our food production business.

The United States makes funds available to foreign nations at interest rates far below those available to the men and women who grow our food. Some of the loans to foreign nations are interest free. Other loans go to businesses abroad at rates of about 6 percent. Should we do any less for the American farmers and livestock producer to whom we look for the food we eat?

I believe that quickly available, low-interest loans are equally important to both food and livestock producers. There should be a program which accomplishes this.

Immediate steps are needed to make available the funds necessary to keep agricultural producers in business. They are not looking for a free ride. They are looking to America to help them feed people here and abroad. We cannot expect the American farmer and livestock producer to go it without their help any longer. They are caught in the price squeeze. Their prices of production go up and their sales prices go down in relation to costs.

Each of us hopes these uncertain times will end, but until that time comes, assistance must be provided if Americans are to look to this Nation's producers for the food products which are so vital to our existence.

Mr. ENGLISH. Mr. Chairman, I would like to bring to the attention of my distinguished colleagues—especially those from urban areas—several pieces of information which I believe can be of great help to this body in its deliberations on the farm bill now being considered.

In a number of recent communications with myself and other Members, the administration's spokesman on agricultural issues, Earl Butz, has raised some serious questions about the need for this legislation, and about the intent of the committee and of the American farmer in seeking this type of measure.

I very much regret that Mr. Butz is seeking to set urban Congressman against rural—and I would like to take this opportunity to set the record straight about this particular bill.

The principal USDA and White House objections to the Agriculture Committee's proposals center around the question of what, exactly, is the cost of production. Mr. Chairman, I will use as my example the situation facing wheat farmers—a situation which is typical of all of the commodities covered by the committee bill.

I think that most Members would agree that it is important to encourage food production to meet the needs of a hungry country and world, and that to do so it is important to offer food producers some assurance that they will receive a fair price for their product.

Clearly, it is important that any effort the Government engages in to insure a fair return to the farmer must not have the effect of setting a price which is higher than the farmer's cost of production—if that were to occur, then the Government would be forced to make large purchases of food commodities.

Mr. Butz has alleged that the American farmer, and the Agriculture Committee, are seeking to get the kind of target and loan prices which would lead to massive Government food purchases. But what are the assumptions crucial to Mr. Butz's allegations? The most important of these is that the cost of production of wheat, for example, is far above the target and loan prices set in the Agriculture Committee bill.

Mr. Chairman, distinguished colleagues, just 3 days ago I asked the people of my rural district to let me know how they felt about this bill, and about their costs of producing wheat. In the 72 hours since I made that request, I have received petitions from over 800 western Oklahomans, expressing their belief that this bill was essential—and that it would not lead to the development of huge Government reserves of wheat. And many of those who contacted me maintained that the cost of production of wheat was much higher than the target prices proposed by this bill. In fact, I doubt that there are many wheat farmers in America today who can produce a bushel of wheat for less than $3.50. Oklahoma State University, which has extensive experience in estimating the costs of producing agricultural commodities, has estimated that the average cost of production several months ago, before significant inflationary price increases reached the farm, was then at least $3.10 per bushel.

But I think that the most significant indicator of the true effect of the proposed target prices is the fact that farmers themselves are willing to support it.

Mr. Speaker, the American farmer knows what happens when the Government accumulates a huge stockpile of wheat, or of any other commodity—when this kind of reserve is built up, the supply of that commodity is increased to the point that the market becomes extremely unstable, causing disaster to the producers in their next harvest. Government reserves have meant trouble for farmers upon several occasions in the past—and farmers are strongly opposed to having the Government in the wheat and foodstuff business.

I believe that, in the light of the farmers' almost unanimous fear of large Government grain reserves, the overwhelming response from Oklahoma producers indicates that they believe that the projected target and loan prices are far below their own production costs.

And I also think that the farmers who have contacted me—farmers who are part of the abused minority which produces the food and fiber for the rest of America—have good reason to believe that they need a program to stabilize a market which has fallen sharply in the past months.

Mr. Chairman, I would like to say now, as I have said privately to a number of my colleagues, that those of us who come from farm areas are consumers, too. We know what it is like to try to feed a family when food prices are so high in the grocery store. But we also know that these prices are not the result of the prices farmers are getting, but represent a rapidly increasing spread between cost paid to the farmer, and cost paid by the consumer.

Right now, with an abundant supply of wheat, less than a dime of the cost of a 50 cent loaf of bread goes to the farmer. And the farmer is slowly sliding toward bankruptcy. I believe that we can all understand that a bankrupt farming industry will mean food shortages and higher prices.

I believe that the committee's bill is a very modest attempt to make sure that we have an abundant supply of food today, and tomorrow.

I would invite any Member from any part of the country who is interested in working with me and my colleagues from rural America for fairer prices for both farmer and consumer to meet with me to discuss the realities of the farm situation today. I believe that, by refusing to allow misleading statements from the Department of Agriculture to drive us apart, we can develop a workable farm program that protects the interests of all of our constituents.

And I believe that this bill is the first important step in that direction.

Thank you very much.

Mr. BADILLO. Mr. Chairman, after long and careful consideration I have decided to support H.R. 4296, the Emergency Farm Act of 1975, in view of the fact that amendments to reduce the target prices under the bill for cotton and dairy products have been adopted. I have no problems in accepting the new target prices of $3.10 for wheat and $2.25 for corn. These commodities are presently selling at $3.95 and $2.86 respectively and no additional costs are expected to accrue to consumers because of the proposed changes. The increased target prices and loan guarantee levels will serve instead to assist in obtaining larger operating loans for small farmers who can offer only their equity in their farms and the projected value of their future crops as collateral when applying for loans.

The higher operating loan levels have been made necessary by overall cost increases, but particularly by increases in the prices of petroleum products and petroleum derivates, such as fertilizer. Agriculture Department statistics indicate that, to operate a farm of approximately 200 acres, an immediate investment of $8,000 was needed for the purchase of seeds, fertilizer and outlays for other direct operating costs. The net income of such farmers, on the other hand, ranged only about $14,000. Without the ability to borrow and borrow heavily against the future value of their crops, such small farmers simply cannot continue to exist.

I have reached the decision to support this measure because I believe that by assuring the continued ability of the small farmer to compete for working capital this bill is in the best interest of the consumer. The tradition of competition within our society has contributed immeasurably to the high living standards enjoyed by a majority of our people. Entrepreneurs, in an effort to attract customers, developed a great variety of goods. Driven by a desire to stay in business, they kept prices competitive and persisted in the quest for cheaper and more efficient ways of production. As a result, the American consumer has been able to routinely purchase goods that in many other countries are considered luxuries.

My attitude toward this measure was influenced by yet another factor. Before this bill reached the floor of the House my office received detailed, unsolicited material from the Department of Agriculture, describing in great detail how its passage would increase consumer prices. This surprised me because normally Secretary of Agriculture Butz and I apply markedly different criteria in assessing the merits of programs or proposals. For example, during the recent food stamp crisis the Secretary proposed to save my constituents money by barring from participation in the food stamp program the majority of the elderly poor and increasing the cost of participation for 95 percent of the program participants. Again, when this body worked on child feeding programs the Secretary's assessment of national need greatly varied from mine. Consequently, his concern for consumer welfare prompted a close examination of his arguments on my part.

Mr. Chairman, I found it extremely interesting that concentrated and strong opposition, based upon alleged increases in consumer costs, exists to the passage of even a modified version of this 1-year, stop-gap measure when in fact no cost increases are expected to occur under its wheat and feed grain provisions. This latter projection was confirmed in a letter addressed to the gentleman from Washington (Mr. FOLEY) by the Secretary of Agriculture. As far as representing the consumer point of view is concerned, the Consumer Federation of America has circulated an analysis of the bill, urging adoption of its wheat and feed grains provisions. Their endorsement is based partly on the fact that "the proposed target levels for wheat and feed grains are below present market levels, and substantively below the peak levels set in November and December of 1974. These target prices are deflationary, and can be supported in good faith by consumers as a means of helping to stabilize food prices." Why, then, the massive opposition to the proposed change?

Historically, target prices and loan levels are critically important to farmers when they try to obtain working capital. The committee report accompanying this measure indicates that in 1974 the agricultural community had an estimated total outstanding debt of $94.9 billion. Of this $47.4 billion was secured by farm real estate, while fully $46.7 billion represented debts incured for expenses connected with production.

Money is presently very tight. Family farmers, due in part to the inept economic policies of the administration, are in serious trouble. The Consumer Federation bluntly states that the gap between prices paid to farmers in 1974 for commodities and those paid by consumers for the same products at the retail level was the largest in history. The cost of fuel, fertilizer, farm chemicals and machinery have increased sharply. Despite these factors, the target price for wheat is now set at $2.05 a bushel—it costs $2.50 to produce that amount; while the target price for corn remains at $1.38—its production cost has reached $1.80. Faced with this cost-price squeeze and needing loans larger than ever before to cover increased production costs, the small farmer is in serious trouble. Without an increase in target prices and loan levels to serve as added security, he cannot compete successfully for working capital in the commercial market. His difficulties are exacerbated by the vivid memories, in the financial community, of the impact of the Russian wheat deal and the political use of the food for peace program. Such political use of agricultural products has added another unfathomable factor to the usual imponderables of weather and world demand in projecting the worth of future crops. As a result, banks are reluctant to back the ventures of the small farmer without the assurance of Government guarantee.

His other avenue of assistance, the Farmers Home Administration, is just about out of money. Lacking capital to work their lands, large numbers of family farmers will be driven out of production. Large operators, of course, who derive their incomes not solely from production but are also involved in processing, marketing, or even have investments in such profitable ventures as oil production, will continue to prosper.

It seems to me that herein lies the significance of the bill and that these factors account, at least in part, for the massive opposition to its passage. In 1969 there were 3 million farms in this country. Ninety-five percent of them met the definition of the family farm. Among them such farms controlled 65 percent of the food stuff production. The remaining 35 percent of production was concentrated in the hands of large farm operators who numerically accounted for only 5 percent of operative farms.

In that same year, there were 55,000 farms with gross sales of over $100,000. They accounted for 32 percent of the production. By 1973, according to the Department of Agriculture's Division of Economic Research, their numbers have grown to 109,000 and they controlled a startling 46 percent of production. During this same time the total number of farms dropped to 2.8 million.

Unfortunately I could secure no 1974 and 1975 statistics. However, in view of the figures I cited above, it seems to me that the question before this House may well be the issue of the increased concentration of food production in the hands of a few. I think it behooves us to act promptly not only to afford temporary assistance to small farmers in order to keep alive competition in the agricultural sector, but also to investigate, with all possible speed, existing needs and practices in the area of food production.

Mr. MEZVINSKY. Mr. Chairman, I would like to speak in favor of the agricultural bill, H.R. 4296, as reported by the House Agricultural Committee.

In general, I believe that we in Congress have two primary obligations regarding our Nation's agricultural sector. In the first instance, it is incumbent upon us to provide legislation protecting the family farmer by assuring him a predictable and fair return on his investment of money and work. The cost of production has spiraled upward during the last 2 years. The farmer is caught in one of the most severe cost-price squeezes of any business in the country. Without this bill I fear that we will force many smaller farmers to leave agriculture.

In the second instance, I believe we should insure continued high production of agricultural products, which are one of our most important natural resources. With hunger in this Nation and abroad, with a serious balance-of-payments problem, we must know that we have sufficient agricultural products.

In the long run we cannot afford any significant cutback in our agricultural production. Without the passage of this bill, I fear we would be risking precisely that.

I think this bill is a step in the right direction.

Mr. BEDELL. Mr. Chairman, I would like to take a moment to comment on the cost estimates which have been circulated about the dairy section of this bill.

On Tuesday, March 18, the gentleman from Iowa (Mr. HARKIN), the gentleman from Vermont (Mr. JEFFORDS), and I met in my office with Mr. Kenneth Frick, Administrator of the Agricultural Conservation and Stabilization Service, and Mr. Keister Adams, Assistant Deputy Administrator for Commodity Operations for the U.S. Department of Agriculture, to discuss the Department's estimates of the projected costs which would result from the enactment of H.R. 4296.

During this meeting, Mr. Frick agreed to the following statements, in exactly the following words:

1. The figures quoted by the USDA on the increase in butter, milk and cheese costs which would result from the emergency farm bill, H.R. 4296, were for January

> through March 1976 as compared to March 1975. These figures also included the projected inflation for 1975.
>
> 2. The Commodity Credit Corporation loans were listed as expenses in the USDA cost analysis.
>
> 3. All of any possible increased costs in the manufacture of milk assigned to the production of butter and non-fat dry milk were added to the cost of butter rather than apportioned between butter and non-fat dry milk. If the costs had been assigned to butter and non-fat dry milk, the increased cost figures for butter would have been less than half that which was reported and the price of non-fat dry milk would go up 5½¢ per pound.

In addition, Mr. Keister Adams agreed to the following statements, in exactly the following words:

> In order to correct any possible misinterpretations of the figures which we gave Representative Paul Findley in regard to possible impact upon consumer prices, if the farm bill should pass with 80% of parity for dairy farmers with quarterly adjustments, it should be understood that these increases were what the price would be at the end of the year, as compared to today with projected increases in parity. By allowing for quarterly adjustments, this bill simply allows the farmer's return to fluctuate up or down quarterly instead of annually according to changes in cost of production.
>
> If this bill were enacted with only 80% of parity, prices paid to dairy farmers as of April 1 would increase only to the extent that costs have risen during the last three month period. This would be about ½¢ per quart on milk and 4¢ per pound for butter (if all increases are applied to butter), or 2¢ per pound on butter and 1¼¢ on non-fat dry milk if the increases are applied to both. The immediate increase in cheese would be about 2¼¢ per pound.

In view of the high figures which have been bandied about during the debate on this bill, I fell that it is essential that the record be set straight. The Department of Agriculture's figures are misleading. I hope that you will take note of their clarification.

Mr. BOWEN. Mr. Chairman, I would like to set the record straight regarding several issues that have been raised by opponents of this legislation, in particular, opponents of the cotton section.

There have been charges that the carryover of cotton in this country is higher than it should be. As I pointed out yesterday, the Agricultural Act of 1970 requires that a national cotton production goal be maintained to meet domestic needs and insure adequate carryover in case of unforeseen increases in demand. That carryover is set by the 1970 act at one-half of the preceding 3 years' offtake, which is the combined U.S. consumption and export volume. One-half of the 12.2 million bale average for the last 3 years would be 6.1 million bales.

Interestingly enough, only 2 days ago USDA announced projections for the 1975–76 crop which would leave us at or below that national cotton production goal. They have projected a carryover on August 1 of this year of 6.3 million bales. Their announcement of Monday of this week of 9.8 million bales production this year when added to that makes a total of 16.1 million bales. Subtracting the 6.5 million bales of U.S. consumption from the coming crop and the 4.3 million bales exported which has been projected by the Department, we have only a 5.3 million bale carryover for mid–1976. The Department's estimated high carryover for that same time is 6.3 million bales, the same as this year's carryover.

In terms of the foreign market for U.S. cotton, the charge has been raised that a loan level of 38 or 40 cents would be too high to permit sufficient exports. In fact, some have said that we would not be able to export any cotton at all, since in their opinion foreign prices were running below American prices. In point of fact, foreign prices are currently running very close to the 38 cent loan level which we have just adopted. Recent figures indicate, as an example, a price of 51.24 cents in Northern Europe for Strict Middling inch and a sixteenth. Subtract 7.50 cents from that for transportation charges and another 5.50 cents to convert the cotton to Middling inch, which is what this legislation deals with, and we arrive at a domestic price of 38.24 cents, which is just above the loan level we just adopted.

I do not want to suggest, however, that we would not export cotton if the prices abroad happen on some occasions to be slightly below American prices. Historically, we have always exported cotton even when foreign prices were lower, for example, during 1972, 1973, and 1974.

There are many reasons for this. We offer more varieties of grade and staple—261 of them—than any other producer. The reliability of our contracts is better than most producers, along with the accuracy and reliability of our shippers in delivering the specific cotton which is ordered. We should remember, in addition, that many cotton-producing nations have state marketing systems which permit them to set cotton prices below our prices whatever they happen to be. In fact, international sales records indicate that this is often the case. What usually happens, though, is that because we are the world's largest exporter of cotton, exporting over 20 percent of the world's supply, the U.S. price of cotton usually dictates what the world price will be—not precisely, but usually in very close relationship. For this and for other reasons, we will continue to export cotton even if world prices are somewhat below ours.

But we are also told that foreign stocks are too high. Let us look at the facts on that matter. USDA Foreign Agricultural Service records and forecasts indicate that foreign stocks on August 1, 1975, will be approximately 24.1 million bales. Adding foreign production during the coming crop year of approximately 46.2 million bales, reduced 10 percent from last year based upon announced cutbacks in production worldwide, we have a total of 70.3 million bales. Subtracting from that 51.3 million bales in foreign consumption at the present level, not even assuming that there might be some recovery from the worldwide textile recession, we arrive at a total foreign stocks estimate at the end of the coming crop year of approximately 19 million bales.

Traditionally, there has been a need for stocks equivalent to from 5 to 6 months' production. This would be less even than that, and it would be necessary to go back to the 1972–73 crop to find a level of stocks that low in the world's steadily expanding cotton industry. Certainly we should be able to export into a market like that, and if the record of past American exports is any indication, we certainly shall do so.

In fact, I think the outlook for American cotton is a brighter one than many have suggested. American growers, even with knowledge of this legislation before them, expecting possibly a 40-cent loan and 48-cent target price, have informed USDA that they will cut their planting from 13.9 million acres last year to 9.8 million this year, supporting my contention that the loan and target levels which we reported out of the Agriculture Committee will certainly not stimulate excessive planting or planting for the purpose of Government acquisition through the loan. Incidentally, cotton futures on the New York cotton market for December of 1975 are around 45 cents, and a few farmers in my area have contracted their 1975 crop for more than 50 cents a pound.

I certainly do not want to suggest that farmers should go out and plant everything they can in cotton. Unless prices improve substantially farmers will need to divert some of their production to other areas, which they are doing, but we do not need a panic away from cotton which might flood the soybean or any other markets which are already weak. Certainly, so long as domestic prices are well below the price of production, as is the case now, there will be substantial diversion to other crops, and this legislation will not change that.

I want to mention one other matter, Mr. Chairman, and that is the 8 months' optional extension for the Commodity Credit Corporation loan, which has been opposed by some of the same critics who have been against any improvement in the loan and target levels for American cotton farmers.

This would only give cotton growers a step toward equity with grain farmers, who can have their loans extended at government expense under the "reseal" procedure. Incidentally, these grain farmers can store their grain on the farm in bins obtained through low-interest loans from the Federal Government. Cotton, on the other hand, must be stored at much higher cost in warehouses because of the higher cubic volume per dollar value, flammability, and other considerations.

For these and other reasons, Mr. Chairman, I would like to add at this point that I hope the Secretary of Agriculture in using the discretion given him in H.R. 4296 to "establish, insofar as is practicable, the same terms and conditions relative to storage costs and interest rates on all nonrecourse loans extended on such crops" will decide that because of the sharp differences in the conditions of storing cotton and grains, it is not practicable to change the historic pattern of handling warehouse charges for cotton.

Continuing with my discussion of the 8-month loan extension, Mr. Chairman, this very progressive step will provide more protection for both the taxpayers and the cotton growers. By giving the producer an extra 8 months, he will have greater opportunity to sell his cotton in the market, since the 18-month loan will cut across 2 marketing years and will be more likely to find a high point at which he can sell his cotton.

For the same reason, the taxpayer will be protected. Since the producer will have longer to sell his cotton, there is less likelihood that the Government will have to acquire it than with a 10-month rigid loan.

This orderly marketing procedure by individual farmers is much better than governmental sales of vast stocks of cotton, which would serve as a constant threat to the market. This kind of loan, providing an adequate inventory of cotton, is an attractive alternative to the "strategic reserves" proposed by some.

When the 10-month loan was established no one foresaw the likelihood of a long-term recession which could keep the price of cotton selling at below the cost of production and below the loan level for more than 10 months. Now that we have seen that can happen, there is more than adequate justification for extending the loan to give the market time to recover. Since both Americans and foreigners are selling at below cost, the price cannot stay at that level forever. The 38-cent loan level, adopted by the House, is more than 10 cents below national average cost of production figures released by USDA.

Mr. Chairman, I hope the House will vote to approve H.R. 4296 and maintain the stability and strength of America's cotton industry, which is important not only to American agriculture and a rapid recovery from recession, but to every consumer in this Nation.

The CHAIRMAN. Are there further amendments? If not under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Brademas, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 85 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes, pursuant to House Resolution 310, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. FINDLEY

Mr. FINDLEY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. FINDLEY. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Findley moves to recommit the bill H.R. 4296 to the Committee on Agriculture with instructions to report the same back forthwith with the following amendments:

Page 2, line 20, strike out the following.

"(b) Notwithstanding the provisions of section 301 of this Act, the Secretary shall make available to producers loans and purchases on the 1975 crop of soybeans at such levels as reflect the historical average relationship of soybean support levels to corn support levels during the immediately preceding three years.".

The SPEAKER. The gentleman from Illinois (Mr. Findley) is recognized.

Mr. FINDLEY. Mr. Speaker, I offer this motion to recommit out of concern for the broad interest and in particular the interest of soybean producers. I believe I am correct in stating there are 169 congressional districts which produce substantial amounts of soybeans each year. Many of us therefore have a home district which has a vital interest in the strength of soybean markets.

So far, Mr. Speaker, in our agricultural history the production of soybeans has escaped supply management by Government. The production of soybeans and the marketing of soybeans today does not cost the taxpayer one single cent a year. It has been a wonder crop. It has been a big earner of foreign exchange. It means a great deal in meeting our balance of payments. It is a splendid example of the functioning of the competitive free enterprise market.

The bill before us has a section which for the first time mandates nonrecourse loans for soybeans. Now, to be sure, the level of the guaranteed price is below the average production cost of soybeans in this country, that is true. But in only a small amount below.

And it will become a point of reference next year and in the years to come. We can all expect, assuming this section stays in the bill, that soybeans in the future will be tied in with Government management programs, just as corn and wheat and other feed grains and cotton are.

It is my plea to my colleagues of the House to delete this part of the bill. To the best of my knowledge it was not the subject of one moment's hearings, not one moment's testimony by any witness.

It is a fundamental historic decision we are being asked to make by including this section in the bill. It is a milestone of great importance to soybean producers. It does mandate for the first time nonrecourse loans at about $4 a bushel. It is a step toward Government supply of management which ultimately carries the prospect of high cost to the taxpayer. It is an umbrella which will induce more production of soybeans in Brazil and other countries, because this umbrella guarantees them a price market of $4.10 a bushel. According to the experts I have heard from, this section will cause an increase in foreign soybean production. Greater soybean production overseas means job loss to mill workers in the United States and the loss of foreign exchange earnings which are so vital to the welfare of the American people.

Therefore, I urge support for the motion. All it does is strike from the bill all reference to soybeans.

Mr. FOLEY. Mr. Chairman, I rise in opposition to the motion to recommit.

Mr. Chairman, we have had 2 days of deliberation on this bill. The House has worked its will.

The gentleman brought up his amendment previously during the reading of the bill for amendment, and it was not adopted.

The only thing the legislation currently before us does with reference to soybeans is to require a nonrecourse loan for soybeans. The Department has followed this practice from time to time, though it is not currently authorized. The loan figure provided for in the bill is to be adjusted to reflect the historic ratio of soybean support levels to corn support levels and would, under current estimates, equal $3.94, a figure which is way below the current price of soybeans. The soybean market has been a splendid one in foreign exchange. I expect it will continue to be so and that we will have the production necessary under the bill to provide not only the domestic, but the foreign markets which are so important to our national balance of trade.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. FINDLEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will count.

Mr. RHODES. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 118, nays 298, not voting 16, as follows:

[Roll No. 72]

YEAS—118

Archer
Armstrong
Ashbrook
Bafalis
Bauman
Bell
Bennett
Broomfield
Brown, Ohio
Buchanan
Burgener
Burke, Fla.
Butler
Byron
Cederberg
Clausen, Don H.
Clawson, Del
Cleveland
Cohen
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Daniel, Dan
Daniel, Robert W., Jr.
Derwinski
Devine
Drinan
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
Erlenborn
Esch
Eshleman
Fenwick
Findley
Fish
Forsythe
Frenzel
Frey
Gilman
Goldwater
Goodling
Gradison
Gude
Hansen
Harrington
Harris
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Hinshaw
Holt
Horton
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Johnson, Colo.
Kelly
Kemp
Ketchum
Lagomarsino
Leggett
Long, Md.
Lujan
McClory
McCollister
McDade
McDonald
McEwen
McKinney
Madigan
Maguire
Michel
Milford
Mitchell, N.Y.
Moorhead, Calif.
Mottl
Myers, Pa.

O'Brien
Peyser
Quillen
Rhodes
Rinaldo
Robinson
Rogers
Rousselot
Runnels
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Snyder
Spellman
Stanton, J. William
Steelman
Steiger, Ariz.
Symms
Talcott
Vander Jagt
Vanik
Walsh
Whalen
Whitehurst
Winn
Wydler
Wylie
Young, Alaska
Young, Fla.

NAYS—298

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Brown, Mich.
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Casey
Chappell
Chisholm
Clancy
Clay
Cochran
Collins, Ill.
Conyers
Corman
Cornell
Cotter
D'Amours
Daniels, Dominick V.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Dickinson
Diggs
Dingell
Dodd
Downey
Downing
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Fisher
Fithian
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Gonzalez
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harsha
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Hefner
Helstoski
Henderson
Hicks
Hillis
Holland
Holtzman
Howard
Howe
Hubbard
Hughes
Hungate
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Landrum
Latta
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
McCloskey
McCormack
McFall
McHugh
McKay
Macdonald
Madden
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Passman
Patman
Patten
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Reuss
Richmond
Riegle
Risenhoover
Roberts
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Sarbanes
Schroeder
Seiberling
Sharp
Shipley
Sikes
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Solarz
Spence
Staggers
Stanton, James V.
Stark
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vigorito
Waggonner
Wampler
Weaver
White
Whitten
Wilson, Bob
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—16

Anderson, Ill.
AuCoin
Broyhill
Crane
Flynt
Hightower
Jones, Okla.
Lent
Mills
Mosher
Ruppe
Scheuer
Skubitz
Steed
Waxman
Wiggins

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Mosher for, with Mr. Skubitz against.

Until further notice:

Mr. Anderson of Illinois with Mr. Flynt.
Mr. Lent with Mr. Jones of Oklahoma.
Mr. Ruppe with Mr. Hightower.
Mr. Mills with Mr. Steed.
Mr. AuCoin with Mr. Broyhill.
Mr. Wiggins with Mr. Waxman.
Mr. Scheuer with Mr. Crane.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SEBELIUS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 259, nays 162, not voting 11, as follows:

[Roll No. 73]

YEAS—259

Abdnor
Alexander
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Barrett
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bergland
Bevill
Biester
Bingham
Blanchard
Blouin
Boggs
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Brown, Ohio
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Casey
Chappell
Chisholm
Clausen, Don H.
Clay
Cochran
Collins, Ill.
Corman
Cornell
Cotter
D'Amours
Davis
de la Garza
Dellums
Dent
Derrick
Diggs
Dingell
Dodd
Duncan, Oreg.
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Esch
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fisher
Fithian
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fulton
Fuqua
Gibbons
Ginn
Gonzalez
Grassley
Green
Guyer
Hagedorn
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hansen
Harkin
Harsha
Hayes, Ind.
Hays, Ohio
Hébert
Hefner
Henderson
Hicks
Hillis
Holland
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kasten
Kazen
Keys
Kindness
Krebs
Krueger
LaFalce
Landrum
Latta
Leggett
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Lott
Lujan
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
Madden
Mahon
Mann
Martin
Mathis
Matsunaga
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Miller, Ohio
Mineta
Mink
Moffett
Mollohan
Montgomery
Moore
Moorhead, Pa.
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
O'Neill
Ottinger
Passman
Patman
Patterson, Calif
Pattison, N.Y.
Perkins
Pickle
Poage
Pressler
Preyer
Price
Quie
Railsback
Randall
Rangel
Reuss
Richmond
Riegle
Risenhoover
Roberts
Roncalio
Rooney
Rose
Rostenkowski
Roush
Runnels
Ryan
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Sisk
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Solarz
Spence
Staggers
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Stuckey
Sullivan
Symington
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Vander Veen
Vigorito
Waggonner
Wampler
Weaver
White
Whitten
Wilson, Charles H., Calif.
Wilson, Charles, Tex.
Winn
Wirth
Wright
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki

NAYS—162

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Archer
Armstrong
Ashbrook
Bafalis
Baldus
Bauman
Bell
Bennett
Biaggi
Boland
Broomfield
Brown, Mich.
Buchanan
Burgener
Burke, Fla.
Butler
Byron
Cederberg
Clancy
Clawson, Del
Cleveland
Cohen
Collins, Tex.
Conable
Conlan
Conte
Conyers
Coughlin
Daniel, Dan
Daniel, Robert W., Jr.
Daniels, Dominick V.
Danielson
Delaney
Derwinski
Devine
Dickinson
Downey
Downing
Drinan
Duncan, Tenn.
du Pont
Early
Edwards, Ala.
Emery
Erlenborn
Eshleman
Fascell
Fenwick
Findley
Fish
Forsythe
Frenzel
Frey
Gaydos
Giaimo
Gilman
Goldwater
Goodling
Gradison
Gude
Haley
Harrington
Harris
Hastings
Hawkins
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hinshaw
Holt
Holtzman
Horton
Hutchinson
Hyde
Jacobs
Jarman
Johnson, Colo.
Kastenmeier
Kelly
Kemp
Ketchum
Koch
Lagomarsino
Lehman
Long, Md.
McClory
McDonald
McKinney
Macdonald
Madigan
Maguire
Mazzoli
Michel
Mikva
Milford
Miller, Calif.
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moorhead, Calif.
Mottl
Obey
O'Brien
O'Hara
Patten
Pepper
Peyser
Pike
Pritchard
Quillen
Rees
Regula
Rhodes
Rinaldo
Robinson
Rodino
Roe
Rogers
Rosenthal
Rousselot
Roybal
Russo
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Shuster
Spellman
Stanton, J. William
Steelman
Steiger, Ariz.
Stratton
Studds
Symms
Talcott
Van Deerlin
Vander Jagt
Vanik
Walsh
Whalen
Whitehurst
Wiggins
Wilson. Bob
Wolff
Wydler
Wylie
Yates
Young, Fla.
Zeferetti

NOT VOTING—11

Broyhill
Crane
Flynt
Hightower
Jones, Okla.
Lent
Mills
Mosher
Ruppe
Skubitz
Waxman

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Skubitz for, with Mr. Mosher against.
Mr. Flynt for, with Mr. Ruppe against.

Until further notice:

Mr. Hightower with Mr. Mills.
Mr. Waxman with Mr. Lent.
Mr. Jones of Oklahoma with Mr. Crane.

The result of the vote was announced as above recorded.

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the title of the bill, H.R. 4296, be amended to read as follows: "To adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes."

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill H.R. 4296, just passed.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

EMERGENCY MIDDLE-INCOME HOUSING ACT OF 1975

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 337 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 337

Resolved, That upon the adoption of this resolution it shall be in order to move, clause 2(1)(6) of rule XI and section 401 of Public Law 93–344 to the contrary notwithstanding, that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4485) to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Currency and Housing, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

POINT OF ORDER

Mr. ANDERSON of Illinois. Mr. Speaker, I make a point of order against House Resolution 337 and I would like to be heard on the point of order.

The SPEAKER. The gentleman will state his point of order.

Mr. ANDERSON of Illinois. Mr. Speaker, I raise a point of order against House Resolution 337 on the grounds that the Budget Act by direct inference forbids any waiver of the section 401 ban on new backdoor spending in the House of Representatives.

Mr. Speaker, my point of order is grounded on two basic facts: First, there is no specific provision in section 401 for an emergency waiver of its provisions; and yet, in section 402, which generally prohibits consideration of bills authorizing new budget authority after May 15, there is specific provision for an "Emergency Waiver in the House" if the Rules Committee determines that emergency conditions require such a waiver. It is my contention that if the authors of section 401 had intended to permit a waiver of its provisions, they would have specifically written into law as they did with section 402. Section 402 makes a similar provision for waiving its provisions in the Senate.

Second, section 904 of the Budget Act, in subsections (b) and (c) states that any provision of title III or IV may be waived or suspended in the Senate by a majority vote of the Members voting," thus extending a waiver procedure in the Senate to section 401 as well as 402. But section 904 contains no similar waiver provision for the House of Representatives.

It should be clear from these two facts that the House was intentionally excluded from waiving the provisions of section 401 of the Budget Act.

Mr. Speaker, the point may be made that the Budget Act's provisions are part of the rules of the House, and, as such, are subject to change at any time under the constitutional right of the House to determine the rules of its proceedings. But I think a fine distinction should be drawn here. This resolution is presented for the purpose of making a bill in order for consideration, and is not before us for the purpose of amending or changing the Budget Act. Since section 401 of the Budget Act deals concurrently with the House and the Senate and their integrated procedures for prohibiting new backdoor spending, any attempt to alter this would have to be dealt with in a concurrent resolution at the very minimum, if not a joint resolution or amendment to the Budget Act. It is one thing for the House to amend its rules; it is quite another for it to attempt, by simple resolution, to waive a provision of law relating to the joint rules of procedures of both Houses.

Mr. Speaker, on March 3, 1975, section 401 of the Budget Act, as well as certain other provisions, was activated by the issuance of House report 94–25 by the House Budget Committee. On page 4 of that report, under the heading, "Controls on New Backdoor Authorities," it is written:

> The Budget Committees are implementing *immediately* those portions of section 401 of the Act which (1) make new contract and borrowing authority effective only to the extent and amounts provided in appropriations acts (section 401(a)).

The report goes on to state:

> With respect to new contract and borrowing authorities, *it is very much in the interest of the new budget process to prohibit a last-minute rush of new backdoor authorities.*

Mr. Speaker, despite the fact that section 401 was activated on March 3, the Committee on Banking and Currency did not see fit to report a clean bill on March 14 which was in conformity with the section 401 requirement. And on March 18, some 15 days after the activation of 401, the Banking and Currency Committee asked the Rules Committee to waive section 401 against its bill.

Mr. Speaker, the relevance of all this to my point of order should seem quite obvious. It is not relevant whether the committee promises to offer the appropriate amendment at a later point. It may or may not offer such an amendment, and it may or may not be adopted. But it should be quite clear that there never was any intention to permit the Rules Committee to waive the provisions of section 401; for by so doing, we would in effect be repealing the backdoor spending ban of the Budget Act by permitting side-door spending through the Rules Committee. It is my contention that the authors of the Budget Act never intended for side-door spending in the Rules Committee and for that reason specifically excluded any provision for emergency waivers in section 401 in the House. I therefore urge that my point of order be sustained.

The SPEAKER. Does the gentleman from Missouri desire to be heard on the point of order?

Mr. BOLLING. I do, Mr. Speaker.

Mr. Speaker, there are a variety of grounds on which it would be possible to address this point of order. It could be dismissed very quickly on the grounds that the rules of the House provide that it shall always be in order to call up for consideration a report from the Committee on Rules on a rule, joint rule or the order of business, and then it proceeds to give the very limited number of exceptions. The one that the gentleman from Illinois makes as his point of order, and all the different ones he makes as his points of order, are not included in those specific exceptions.

So, the rules of the House specifically make it clear that the Rules Committee is in order when it reports a rule dealing with the order of business, and it does not qualify that authority except in a very limited degree.

Furthermore, it is an established fact that the House can always change its rules. It is protected by so doing.

Mr. Speaker, the Chair will note I have not relied on the fact that as a member of the committee that dealt finally with the Budget and Impoundment Control Act, I might have an opinion as to what the authors of that act, and consequently the House, felt. I know, as a matter of fact, that the authors of that bill in its final form were well aware of the points that I have just made. It seems to me very clear that the point of order is not valid on those grounds.

I think, however, it is important to add the fact that the Committee on the Budget is a new committee. Quite specifically, the legislation gave it a year in which it could work its way into the process, and that this rule aids that committee in working its way into the process.

It has been pointed out by the gentleman from Illinois that when the amendment of the committee is adopted, or the amendments of the committee are adopted to the bill reported by the committee, that the bill then will be in compliance even with the Budget Control Act. But, this exception is fully justified on the grounds of the intent of the Congress in giving the Congress itself an opportunity of 1 year in which to try out the process without requiring that every specific provision of that process as provided in law be followed.

So, on the general grounds, the constitutional grounds and the specific grounds, it seems to me very clear that the point of order is not good.

Mr. WYLIE. Mr. Speaker, I would like to be heard on the point of order.

Mr. Speaker, I would like to ask a question of the gentleman from Missouri on the point of order. On page 6 of the bill H.R. 4485, at line 14, it says:

> [The Secretary of the Treasury is authorized and directed to purchase any obligations of the Association issued under this section, and for such purposes the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act,]

Would the gentleman please explain to me the meaning of the language?

Mr. BOLLING. I think it would be more appropriate if the gentleman will allow me to suggest that a member of the Committee on Banking and Currency should explain it.

Mr. WYLIE. It relates to the point of order, and that is the point I want to make. This provides for back-door spending and, indeed, suggests that the Secretary of the Treasury is authorized under the act, which was passed many years ago, to increase the public debt without congressional action or approval of the Committee on Appropriations. It seems to me as if it goes directly to section 401(a), as provided in the new Budget Procedures Act.

Mr. BOLLING. I am not prepared to disagree with the gentleman on his interpretation of that particular point, but I do not see where it is pertinent to the point of order. I think the discussion we have had on the point of order makes it clear that, despite the fact, this rule is in order.

Mr. WYLIE. Does not the Budget Control Act, section 401(a) prohibit back-door spending?

Mr. BOLLING. It also is possible for that provision to be waived. What I tried to do in my discussion in opposition to the validity of the point of order made by the gentleman from Illinois was to point out the very broad basis on which such a matter could be waived, a constitutional basis and a specific provision of clause 4 of rule XI granting the Committee on Rules a very broad authority to report matters that relate to order of business. It is a well-known fact that the Committee on Rules often reports waivers of points of order, and this is, in effect, a waiver of a point of order.

The SPEAKER. The Chair is ready to rule.

The gentleman from Illinois makes the point of order against the consideration of House Resolution 337 reported from the Committee on Rules, on the grounds that that Committee has no authority to report as privileged a resolution waiving the provisions of section 401 of the Congressional Budget Act of 1974. Section 401 prohibits the consideration in the House of any bill which provides new spending authority unless that bill also provides that such new spending authority is to be available only to the extent provided in appropriations acts.

The Chair would point out that while section 401 has the force and effect of law, section 904 of the Congressional Budget Act clearly recites that all of the provisions of title IV, including section 401, were enacted as an exercise of the rulemaking power of the House, to be considered as part of the rules of the House, with full recognition of the constitutional right of each House to change such rules at any time to the same extent as in the case of any other rule of the House. House Resolution 5, 94th Congress, adopted all these provisions of the Budget Act as part of the rules of the House for this Congress.

Much of the argument of the gentleman from Illinois goes to the merits or the propriety of the action recommended by Committee on Rules and not to the authority of that committee to report this resolution.

The Chair, therefore, overrules the point of order.

POINT OF ORDER

Mr. BAUMAN. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BAUMAN. I make a further point of order against the consideration of this rule based on the ruling just made by the Chair.

The Chair has just ruled section 904 of the Budget Control Act permits the House to exercise its power to change the rules of the House.

Under the rules of the House, in rule IX, 4(d), it requires that—

> Whenever the Committee on Rules reports a resolution repealing or amending any of the Rules of the House of Representatives or part thereof it shall include in its report or in an accompanying document—
>
> (1) the text of any part of the Rules of the House of Representatives which is proposed to be repealed; and
>
> (2) a comparative print * * *.

The report of the Rules Committee, Report 94–80, contains no such comparative print. It shows nothing as to the effect of this rule as it applies to any waiver or change of the rules of the House; and, therefore, is in direct contradiction, on the basis the Chair just cited. I, therefore, make a point of order this is not in order at this time.

The SPEAKER. Does the gentleman from Missouri (Mr. BOLLING) desire to be heard on the point of order?

Mr. BOLLING. I do, Mr. Speaker.

It seems to the gentleman from Missouri that the constraint purported to be placed on the House by that particular language is not equal to the specific, clear, constitutional provision which states that the House will make its rules and change its rules.

Mr. Speaker, it would seem to me that no subsidiary provision would be prevailing when the House would be stopped from modifying its rules repeatedly by technical arguments.

The SPEAKER. The Chair is ready to rule.

The Chair agrees with the statement made by the gentleman from Missouri (Mr. BOLLING). The Chair would state further that the objection raised by the gentleman from Maryland (Mr. BAUMAN) refers to permanent changes—amendments or repeals—in the rules of the House and not to temporary waivers.

PARLIAMENTARY INQUIRY

Mr. RHODES. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. RHODES. Mr. Speaker, in accordance with the ruling of the Chair, I inquire as to whether or not the ruling of the Chair has the effect of rescinding the rule which is the subject of the point of order made by the gentleman from Illinois or whether it merely suspends the application of that rule for the purposes of the resolution which is now before the House.

The SPEAKER. In answer to the parliamentary inquiry, the Chair will state that all the ruling of the Chair does is make in order the consideration of the resolution before the House. It does not change the permanent rules of the House.

Mr. RHODES. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. RHODES. Mr. Speaker, would it then be necessary for the resolution which is before the House to be agreed to by a two-thirds vote?

The SPEAKER. It would not.

The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Illinois (Mr. ANDERSON), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 337 provides for an open rule with 2 hours of general debate on H.R. 4485, the Emergency Middle-Income Housing Act of 1975.

House Resolution 337 waives points of order against clause 2(1)(6) of rule XI of the Rules of the House of Representatives (the 3-day rule). House Resolution 337 also waives points of order against section 401 of Public Law 93–344 (the Congressional Budget Act of 1974). Section 401 of Public Law 93–344 prohibits consideration of a bill in the House unless that bill provides that new spending authority included in the bill is to be effective only to the extent provided in appropriation acts. H.R. 4485 lacks such a provision, thus the waiver is required. The Committee on Banking, Currency, and Housing has prepared a committee amendment with the necessary spending authority limitation and will offer the amendment during the consideration of H.R. 4485.

H.R. 4485 will stimulate housing construction by expanding the potential home-buying market with the incentive of lower interest rates. The bill authorizes the Secretary of Housing and Urban Development to make assistance available to home buyers by either reducing temporarily the payments on a market rate mortgage to 6 percent, or to provide for 7-percent interest rates for the life of the mortgage.

H.R. 4485 provides that assistance can be given with respect to single family homes, one-family units in a condominium project, both vertical and horizontal projects and units in cooperative housing projects.

Mr. Speaker, I urge the adoption of House Resolution 337 in order that we may discuss, debate, and pass this urgently needed legislation.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I think this 2-hour open rule has been adequately explained, and I think the special waiver of section 401 of the Budget Act has also been sufficiently discussed in my point of order. I regret that my point of order was not sustained, but I would point out that there is another way to protest this early crack in the Budget Act—this new foot in the backdoor—and that is by defeating this rule and forcing the Banking and Currency Committee to bring back a clean bill which does conform with the back-door spending ban.

We are told this is the "Emergency Middle Income Housing Act." It seems fashionable nowadays to stick the word "emergency" in every bill that comes down the pike. With respect to the kind of legislation we have been getting, it would appear that the word "emergency" is a code word for explaining, "we rushed this through committee without adequate hearings and deliberation because we were working under a legislative mandate and timetable of the Democratic Caucus. The legislative process be damned."

In the case of this bill, I would suggest the word "emergency" in its title suggests another thing, and that is that dangling this plum and the housing tax credit goodie now being considered by the other body will foster a new "emergency" in the housing industry by forcing delays in new construction and home purchases at a time when conditions otherwise augur well for building and buying. In this regard, I would point out that interest rates are coming down and there are huge new savings inflows into our thrift institutions.

This bill would more accurately be entitled the "Housing Delay" bill because it does propose new programs which entail considerable start-up time. Our Republican colleagues on the committee have offered a much more sensible alternative, and that is building on an already existing program—"The Emergency Home Purchase Assistance Act" enacted just last fall. By upping the authorization on that program and including additional types of dwellings, that program could be reactivated almost immediately on passage.

But I would still maintain that this House must take a stand now on this rule which does establish the very bad precedent of establishing the Rules Committee as the new sidedoor for backdoor spending—something we attempted to close with the Budget Act of 1974. The point is that the committee has promised to offer an amendment which would close the backdoor in its original bill. But that amendment may or may not be adopted. And moreover, other committees will be encouraged by this rule to keep their backdoor spending practices alive through the sidedoor of the Rules Committee. For these reasons, I would urge defeat of this rule. The Banking and Currency Committee can very easily report back a clean bill without delay and the Rules Committee can report a straight open rule without any waivers of the Budget Act.

Mr. STEIGER of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Wisconsin (Mr. STEIGER).

Mr. STEIGER of Wisconsin. Mr. Speaker, I appreciate the gentleman's yielding.

I want to join in the remarks that he has made and say that I agree completely with him.

I wonder whether the gentleman would be willing to respond to a question or whether the distinguished gentleman from Missouri (Mr. BOLLING) might also elucidate in answer to the question. Did the Committee on Education and Labor indicate that they would be willing to offer an amendment on the Older Americans Act and the school lunch program similar to the amendment the Committee on Banking and Currency says it will offer, which deals with the issue of backdoor spending?

Mr. ANDERSON of Illinois. In answer to the gentleman's question, I listened this morning to the distinguished chairman of the Committee on Education and Labor; and in his discussion before the Committee on Rules, I do not believe that he made any reference at all to whether or not an amendment would be offered by the committee on that point. I do not believe that he informed the committee on that score.

Mr. Speaker, I would be pleased to yield to the distinguished gentleman from Missouri (Mr. BOLLING).

Mr. BOLLING. I do not remember that he did. I would have to agree with the gentleman from Illinois. I did not hear him say that.

Mr. ANDERSON of Illinois. I would make the same response with respect to the other item that the gentleman refers to.

Mr. STEIGER of Wisconsin. If the gentleman will yield further, may I simply say that I am as distressed as I can be, in large part because the point of order raised by the gentleman from Maryland I thought was not only definitively on target, but had to do with a section of House Resolution 988 now in the Committee on Rules, which I offered to the Bolling committee.

I thought he was quite clear what our intention in that situation was, that if we were changing the rules we had to have a Ramseyer rule from the Committee on Rules.

I must say that I am appalled at the ruling of the Chair this afternoon in what I think was a subversion of what was attempted by this House when it adopted that rule.

Mr. BOLLING. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. SIKES).

Mr. SIKES. Mr. Speaker, I support the bill and the rule. It is obvious that it is needed, there has not been the stimulation for the construction industry that Congress had hoped to provide at the time of the Direct Purchase Mortgage Plan which was enacted in November of last year. Because of high costs of construction and continued high interest rates, the construction industry has remained static and housing starts have been very low.

In one recession after another it has been known that a principal key to recovery is the construction industry. This industry historically has led the way out of periods of recession. Today we have before us a new housing bill which frankly faces up to the problem by providing a Government subsidy to reduce interest payments. High interest rates have been the principal barrier to renewed activity in the field of construction. The cost of construction material, particularly lumber, is down. There are many who are employed in the construction industry who need to go back to work. This combination should start things happening in the construction industry.

The bill can well stimulate housing construction by expanding the potential home buying market and by counteracting recessionary no-buy attitudes caused by high prices of land and construction, as well as high interest rates, and by general uncertainty about the future. Confidence is contagious. When people take advantage of the opportunity to acquire a home, a chain reaction sets in which affects many other people.

The bill would provide mortgage assistance toward the purchase of an estimated 400,000 homes at an average amount of $30,000 each. It is not a permanent program, it is intended to provide assistance for a limited period in order to stimulate housing activity and the program would expire on June 30, 1976.

In my opinion, this program is not too big, but it is big enough to provide needed activity in the construction industry, particularly in the home building field. It is directed toward the middle income group, and assistance could be provided for the purchase of single family homes, one-family units in a condominium, or units in cooperative housing projects. Part of the funds may be used in the purchase of new but unsold homes and previously occupied homes. These, too, are useful provisions. The bill offers a choice between 6 percent interest rate for a temporary period or 7 percent rate for the life of the mortgage.

There are critics who feel that the bill would, because of its low interest features, would provide only temporary help and that it would take away from the opportunity by banks and savings and loan associations to provide funding for housing. To me the answer is simple. The low number of housing starts provides ample reason for a temporary stimulus. The limited number of housing units that would be constructed in this program would prevent it being a block to large scale construction financing through normal channels. The bill would help to move the large inventory of unsold houses. It would help those middle income families who cannot purchase homes at current prices and interest rates, and it would provide again for the construction industry to lead in the march upward out of recession. I am told the bill has the support of the home builders associations, the banks, and the savings and loan associations.

I am impressed by this proposal from the Committee on Banking and Currency to encourage homeownership and to promote a revival of the construction industry.

I commend the distinguished gentlemen from Wisconsin (Mr. REUSS) and his committee for the prompt and effective way in which they are facing up to such major challenges as this.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 1 minute to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Speaker and Members of the House, without speaking to the merits of the bill, I must say that I am deeply distressed by what has happened here this afternoon. It would seem to me that within this Congress we should have learned several lessons in the last 2 or 3 years; we should not easily discard a rule and live by considering only when it is convenient to discard it, and when it is inconvenient to discard it.

There is a system for changing the rules.

We have learned by hard lessons that when we discard the rules lightly we are all in danger.

I hope that the Members will accept the spirit of what I am saying here. I feel very deeply about this. This has been the first occasion—or perhaps the second occasion, to be more honest—the second occasion of truly discouraging import that I have found since I have come down to Washington to the House of Representatives.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. BAUMAN).

Mr. BAUMAN. Mr. Speaker, I suppose it would have been well within my rights as a Member of the House of Representatives to appeal the ruling of the Chair on the point of order I just made. However, I think that it would have been an exercise in futility, because I am under no illusions as to what the outcome of that would have been, even though my point was valid.

The ruling which the Chair gave in his answer to the gentleman from Illinois (Mr. ANDERSON) on his point of order, although I did not agree with it, might have been debatable. However, the Speaker's ruling presented itself in my mind as falling squarely within the rule that I cited which requires that if we change or amend the Rules of the House of Representatives the Rules Committee must file a proper report showing exactly what changes are proposed together with a comparison print.

The only answer to my contention was given by the gentleman from Missouri (Mr. BOLLING) who is an expert—indeed, one of the most outstanding Members of the House when it comes to parliamentary procedure—and he gave his view that my point was a technicality which would have to fall to a superior "constitutional requirement." I think, however, that his was rather a flimsy argument.

The gentleman from Wisconsin (Mr. STEIGER) said that he was appalled at the Chair's ruling. That, I think, is a mild statement. But the gentlewoman from New Jersey (Mrs. FENWICK) placed her finger on the real heart of this problem.

We are not just Democrats and Republicans in this House; we are liberals and conservatives, and farmers and city people, and blacks and whites. There are many, many different minorities which on a different day might be composed, and just as surely can be slapped down by force, whether by the Chair or by the majority.

If we have no rules, if we have nothing to live by, if there is no law except the whim of the moment and the political need of that moment, then all of us and each of us are in grave danger. As are the people we represent.

Mr. Speaker, I am afraid that the House today has seen a willingness to accept that kind of life without rules or standards. It is a dangerous concept, and those who may be here for only 2 years—or 20 years—if they permit this to continue, live at their own peril and, indeed, the peril of this country.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I want to second the remarks of the gentlewoman from New Jersey, the gentleman from Maryland, and the gentleman from Wisconsin. We have witnessed throughout the first couple of months of this session, I think, some very discouraging acts on the part of the majority toward what we think are the rights of the minority. Today I think we hit either an alltime high or an alltime low when we have abandoned the Ramseyer rule in favor of the Oklahoma rule, or whatever it may be. But when we get rid of the orderliness of the House for convenience, as the gentlewoman from New Jersey said, the majority can do anything that it wants to do.

They can stuff it down our throats if they insist, but sooner or later this sort of thing is going to catch up with them.

I am dismayed to be serving in a body where the most persuasive arguments and the clearest logic happens to be a little more than half of the votes in the House.

Mr. ANDERSON of Illinois. Mr. Speaker, in conclusion, I can recall that back in 1973 at the time the Budget Control and Anti-Impoundment Act was being debated here in the House of Representatives, a very distinguished former Member of this body, now departed, the gentleman from Iowa, Mr. Gross, made a speech which appears on pages 39725 and following of the CONGRESSIONAL RECORD for December 5, 1973. I think maybe some of the words that he spoke on that occasion are worth repeating this afternoon, because he said, and I quote:

> Mr. Chairman, I am convinced this legislation——

Referring to the Budget Control and Anti-Impoundment Act—

> is an exercise in rhetoric and futility. No amount of legislation will instill in the majority of the Members of the House the ingredient, the element that has been missing, and that is fiscal responsibility. And again I repeat: Neither this nor any other legislation will provide morality of responsibility on the part of the Members of Congress.

Are we to fill this afternoon that doleful prophecy by the gentleman from Iowa by so clearly violating the cardinal central point of this act, which was to restrain the kind of back-door spending that is clearly mandated by this legislation? I repeat, it would be in the interest of every Member of this body, on both sides of the aisle, regardless of how one feels about the emergency housing legislation that would be made in order under this rule, to defeat the previous question so that we can come back with a rule that would make that bill in order for consideration without—without—the kind of clear violation of the back-door spending provisions of the Budget Control Act.

I hope the Members of this House will reflect that in their vote in a few minutes.

Mr. JACOBS. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Indiana.

Mr. JACOBS. I thank the gentleman for yielding.

Just on a technical question, I wonder if the gentleman would draw any distinction between waiving or suspending of a rule on the one hand and eliminating of permanently altering it for all cases on the other. Is there a distinction? Is that a valid distinction?

Mr. ANDERSON of Illinois. I assume the gentleman is referring now to the argument that was raged over whether or not a report of the Committee on Rules violates the Ramseyer rule.

Mr. JACOBS. Yes.

Mr. ANDERSON of Illinois. I was rereading the Rules of the House of Representatives that were adopted for the first session of the 94th Congress. Perhaps it would be, in response to the gentleman's question, worth taking a moment or two to read the rule:

> Whenever the Committee on Rules reports a resolution repealing or amending any of the Rules of the House of Representatives, or part thereof, it shall include in its report or in an accompanying document the text . . . of any part of the Rules of the House which it is proposed to be repealed.

As I read that language I find little or no basis for the argument that somehow what we are doing by adopting this resolution (H. Res. 337) this afternoon, with its waiver, that we are changing the rules of the House but somehow doing it in a very temporary manner, and that since we are not permanently repealing the rules of this body that there is no need for compliance with the act. I think if that had been the intent of the rule it would have said so and I would agree with the gentleman who spoke previously that it is clear on the face of the rule that we are not complying with the Ramseyer Rule by reporting it as we did without making it clear what is being changed.

Mr. JACOBS. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Indiana.

Mr. JACOBS. The operative language, as I heard the gentleman read it, is referring to repealing or amending the rule.

Mr. ANDERSON of Illinois. The gentleman is correct.

Mr. JACOBS. And so the gentleman renews his inquiry. And I might say parenthetically my inclination is to accept the gentleman's argument and the gentleman from Indiana will probably vote against the passage of this because of the arguments of the gentleman from Illinois. But the question is: Is there not a difference between waiving or suspending a rule and repealing and amending a rule?

Mr. RHODES. Mr. Speaker, will the gentleman yield;

Mr. ANDERSON of Illinois. I yield to the gentleman from Arizona.

Mr. RHODES. Mr. Speaker, the gentleman from Indiana has stated the reareason for the gentleman from Illinois propounding the parlimentary question. It seems to me we have created here a brand new way of repealing a rule. Ordinarily if we repeal a rule it takes a two-thirds vote. The Parliamentarian said, in answer to the question, that in this instance it would not require a two-thirds vote. Yet the ruling of the Chair apparently was the application of the rules cited by the gentleman from Illinois were somehow not applicable. So I am really at a loss to know what the Chair ruled. It may be we have just created a brand new way of suspending a rule without a two-thirds vote and that is the only way I can possibly interpret the ruling of the Chair today.

Mr. JACOBS. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Indiana.

Mr. JACOBS. Mr. Speaker, is the gentleman from Illinois adopting the response of the gentleman from Arizona?

Mr. ANDERSON of Illinois. Yes. I think if we wish to suspend the rules it requires a two-thirds vote. But clearly if this rule is adopted, if it is adopted by a majority vote, it is adopted. I do not see how we can suspend a rule by a majority vote.

Mr. JACOBS. If the gentleman from Illinois will yield further, I have been persuaded by the argument of the gentleman from Illinois that it is essentially unwise to adopt this rule in its present form, but I am somewhat distressed. It seems to me that the integrity of our Speaker has been called into question by a slight of tongue remark a moment ago about the "rule of Oklahoma" as distinguished from the rules of the House and I rise in defense of the Speaker and in support of the gentleman from Illinois in his argument against this rule.

Mr. ANDERSON of Illinois. In conclusion, I thank the gentleman from Indiana for his statement. I would certainly second it in every respect.

In raising the point of order as I did originally, I did not wish to challenge the Chair in any manner or the integrity of the Chair on the first point of order that was urged; but that is not the issue that confronts us. It is not the integrity of the Chair, but rather the integrity of the rules.

Mr. Speaker, I have no further requests for time.

Mr. BOLLING. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I very seldom take the well to talk about a rule. I do so because I am truly shocked by what I have heard. I had the privilege of answering a similar exercise the other day. I described what tears were being shed as crocodile tears; but this time we have gone well beyond crocodile tears.

The notion that some of the distinguished gentlemen and gentlewomen in the House would compare this waiver of points of order to some of the things that took place in the last few years in another branch, which I take it was the intent, really rather terrifies me.

Now, I have no objection whatsoever to the technical arguments made by people who have a modest understanding, apparently, of the way in which the House proceeds. Much has been made of the difference between suspending the rules and a whole variety of other things. Surely all the parliamentary experts on this side of the aisle, as well as on the other side of the aisle, understand that it is commonplace to waive points of order. It is done very frequently, usually by a unanimous vote.

What is a waiver of points of order? It is saying that a violation of the rules is recognized but that the House should nevertheless have a chance to work its will. It admits that rules are being violated and the waiver says that particular point of order will not lie against or during the consideration of a specified proposition. It is not a suspension of all the rules. It is a waiver of a specific rule or portion thereof; so we are not doing an outrage to the rule of law or the rule of rules, in view of the authority of the Rules Committee and of the House to waive the requirements of various rules in providing for the consideration of business. We are proceeding in a standard, usual way.

Now, I happen to have been described, and I actually was the cleanup man on the Budget and Impoundment Control Act. I was the floor manager on that act in the last Congress. I never said that we were doing anything wonderful.

I said we were undertaking again to attempt to be responsible in dealing with the budget and we were setting up a process that might work, if the Congress had the will. The very best way to scuttle the Budget and Impoundment Act is to clearly tell everybody in its first year that every mistake we make in drawing our legislation in an unfamiliar way will be punished by delay. We are trying to lead the whole institution into the adoption of a revolution in its way of proceeding. This institution has never seriously attempted to look at the whole budget process. We are painfully and agonizingly beginning that process now.

It was the ill fortune of the Committee on Banking, Currency and Housing to make the first mistake and since the bill they had was an important bill, it seemed reasonable to use a standard normal process, within the authority and jurisdiction of the Committee on Rules, of waiving the point of order against the violation of a particular rule, as is often the custom.

There is no fundamental change here. There is no fundamental evil here. It is a process that conforms exactly to the process used repeatedly.

Now, it seems to me better that we judge this matter on the basis of the real issue before us.

It is that our brethren on the left largely oppose the legislation we are talking about, and our brethren on the right, hopefully, support the legislation we are talking about, and our brethren on the left quite properly do what I would probably do if I were in the minority—put their best foot forward, since the only way they could possibly win on this issue is on a technicality, to beat the technicality to death.

Mr. Speaker, I cannot move the previous question without yielding to my good friend from Arizona, the distinguished minority leader, only.

Mr. RHODES. Mr. Speaker, I thank my good friend from Missouri for yielding to me. As usual, he has given the House a very erudite and, I think, well considered argument. He is correct when he states that it is nothing new and nothing to be of any great moment for the House to waive points of order. We have done so frequently in the past.

I think the thing which bothers those of us on this side more than anything else is that this is probably the first test of the Budget Act, and to have a bill come out which immediately waives points of order seems to me to do violence to the act itself.

The gentleman from Missouri was one of the, as he said—I would say the absolutely main proponent of the act, and without the gentleman's work I do not think there would have been any such act as the Budget Impoundment and Control Act—but it disturbs me somewhat to find the gentleman from Missouri, my good friend, now espousing a rule which makes it impossible to attack a provision of the bill which, in my opinion, does complete and utter violence to one of the salient points of the Budget Act.

Mr. BOLLING. Mr. Speaker, I thank my friend, the minority leader, and I am glad he is disturbed. If I thought that this was going to impair the opportunity of the Budget and Impoundment Control Act to work, I would be standing with him, as he has stood with me on other occasions when we dealt with reform and reorganization.

Today, I think the arguments of the minority are ill considered. I honestly believe we would do better to deal gently as we proceed. The gentleman may point in the future and say, "BOLLING was wrong, that this was the point at which we killed the act." I will never believe that, and I do not believe that the gentleman will ever do it, because this kind of action does not kill acts. It takes a great many acts to make any piece of law work, and we are embarking on a process that may or may not work.

Mr. Speaker, I do not intend to yield further, even to my friend from Michigan. I do not intend to yield further. I am just taking the privilege of the last word, which the manager of a resolution has.

Mr. Speaker, I think that this will benefit the Budget and Impoundment Control Act by not being too rigid, and I would serve notice on my friends on the majority side that I mean exactly what I said, that if we begin to use this technique as a way to circumvent and make of no effect the Budget and Impoundment Control Act, they will find me, not with the majority, but perhaps with the minority.

Mr. Speaker, I move the previous question on the resolution.

The SPEAKER. The question is on ordering the previous question.

The question was taken; and the Speaker announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ANDERSON of Illinois. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 242, noes 142, not voting 48, as follows:

[Roll No. 74]

AYES—242

Adams
Addabbo
Ambro
Anderson, Calif.
Andrews, N.C.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Bevill
Biaggi
Bingham
Blanchard
Blouin
Boggs
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carr
Casey
Chappell
Chisholm
Clay
Collins, Ill.
Corman
Cornell
Cotter
D'Amours
Daniel, Dan
Daniels, Dominick V.
Danielson
Davis
Delaney
Dellums
Dent
Derrick
Dingell
Dodd
Downey
Downing
Drinan
Duncan, Oreg.
Early
Eckhardt
Edwards, Calif.
Eilberg
English
Evans, Ind.
Fascell
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fraser
Fulton
Fuqua
Gaydos
Giaimo
Ginn
Gonzalez
Green
Haley
Hall
Hamilton
Hanley
Hannaford
Harkin
Harris
Hayes, Ind.
Hechler, W. Va.
Hefner
Helstoski
Henderson
Hicks
Holland
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Keys
Koch
Krebs
Krueger
LaFalce
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
McCormack
McFall
McHugh
McKay
Macdonald
Madden
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Milford
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murtha
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
Ottinger
Patman
Patten
Patterson, Calif
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Preyer
Price
Randall
Rees
Reuss
Richmond
Riegle
Rodino
Rogers
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Sikes
Simon
Sisk
Slack
Smith, Iowa
Solarz
Spellman
Staggers
Stanton, James V.
Steed
Stephens
Stokes
Stratton
Studds
Sullivan
Taylor, N.C.
Teague
Thompson
Thornton
Tsongas
Ullman
Van Deerlin
Vander Veen
Vanik
Vigorito
Waxman
Weaver
White
Whitten
Wilson, Charles, Tex.
Wirth
Wolff
Wright
Wydler
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOES—142

Abdnor
Anderson, Ill.
Andrews, N. Dak.
Archer
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bennett
Biester
Broomfield
Brown, Mich.
Brown, Ohio
Buchanan
Burke, Fla.
Burleson, Tex.
Butler
Carter
Cederberg
Clancy
Clawson, Del
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conte
Coughlin
Daniel, Robert W., Jr.
Devine
Dickinson
Duncan, Tenn
du Pont
Edwards, Ala.
Emery
Erlenborn
Esch
Evans, Colo.
Fenwick
Findley
Fish
Forsythe
Frenzel
Frey
Gibbons
Gilman
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Hammerschmidt
Hansen
Harsha
Hastings
Heckler, Mass.
Heinz
Hillis
Hinshaw
Holt
Holtzman
Horton
Hutchinson
Hyde
Jacobs
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Kasten
Kelly
Kemp
Ketchum
Kindness
Lagomarsino
Latta
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McDonald
McEwen
McKinney
Madigan
Martin
Michel
Mikva
Miller, Ohio
Mitchell, N.Y.
Moore
Moorhead, Calif.
Myers, Ind.
Myers, Pa.
O'Brien
Passman
Peyser
Pressler
Pritchard
Quie
Quillen
Railsback
Regula
Rhodes
Rinaldo
Robinson
Rousselot
Runnels
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stuckey
Symms
Talcott
Taylor, Mo.
Thone
Treen
Vander Jagt
Waggonner
Walsh
Wampler
Whalen
Whitehurst
Wiggins
Winn
Wylie
Young, Alaska
Young, Fla.

NOT VOTING—48

Abzug
Alexander
Armstrong
Bell
Boland
Broyhill
Burgener
Carney
Clausen, Don H.
Conlan
Conyers
Crane
de la Garza
Derwinski
Diggs
Edgar
Eshleman
Evins, Tenn.
Flowers
Flynt
Goldwater
Harrington
Hawkins
Hays, Ohio
Hébert
Hightower
Jenrette
Jones, Okla.
Landrum
Lent
Mills
Moffett
Mosher
Murphy, N.Y.
O'Neill
Rangel
Risenhoover
Roberts
Roe
Roncalio
Ruppe
Skubitz
Stark
Symington
Traxler
Udall
Wilson, Bob
Wilson, Charles H., Calif.

So the previous question was ordered.

The Clerk announced the following pairs:

On this vote:

Mr. Flynt for, with Mr. Eshleman against.

Mr. O'Neill for, with Mr. Mosher against.

Mr. Murphy of New York for, with Mr. Goldwater against.

Mr. Hays of Ohio for, with Mr. Skubitz against.

Mr. Roncalio for, with Mr. Bob Wilson against.

Mr. Stark for, with Mr. Ruppe against.

Mr. Charles H. Wilson of California for, with Mr. Derwinski against.

Mr. Hightower for, with Mr. Crane against.

Mr. Diggs for, with Mr. Bell against.

Mr. Rangel for, with Mr. Armstrong against.

Ms. Abzug for, with Mr. Don H. Clausen against.

Mr. Moffett for, with Mr. Conlan against.

Mr. Hawkins for, with Mr. Broyhill against.

Mr. Alexander for, with Mr. Lent against.

Mr. Traxler for, with Mr. Burgener against.

Until further notice:

Mr. Boland with Mr. Conyers.

Mr. Carney with Mr. Jones of Oklahoma.

Mr. de la Garza with Mr. Jenrette.

Mr. Evins of Tennessee with Mr. Hébert.

Mr. Udall with Mr. Mills.

Mr. Symington with Mr. Roe.

Mr. Roberts with Mr. Harrington.

Mr. Landrum with Mr. Risenhoover.

Mr. Flowers with Mr. Edgar.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. REUSS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4485) to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources.

The SPEAKER. The question is on the motion offered by the gentleman from Wisconsin (Mr. REUSS).

The motion was agreed to:

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 4485, with Mr. GIAIMO in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Wisconsin (Mr. REUSS) will be recognized for 1 hour, and the gentleman from Michigan (Mr. BROWN) will be recognized for 1 hour.

The Chair recognizes the gentleman from Wisconsin (Mr. REUSS).

Mr. REUSS. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, H.R. 4485 would stimulate the sale of up to 400,000 homes in the coming year to middle-income Americans, those families generally in the $10,000 to $18,000 income brackets. It would do so at modest cost to the Government.

H.R. 4485 is a congressional response to the deepest recession since World War II, with employment at a postwar high of 8.2 percent and likely to climb higher, and with residential construction in its second year of severe depression.

The homebuilding industry is now operating at less than one-half of its capacity. In 1974, housing starts declined to 1.3 million units. By way of comparison, production levels in 1972 and 1973 were 2.4 million and 2 million units, respectively. In December, 1974, housing starts hit an annualized bottom rate of 880,000 units. The annual rate increased in January to 996,000 units. But February's Department of Commerce figures, available only this week, show a backsliding to an annual rate of 977,000 units. The December and February starts are the lowest since housing statistics was first kept in 1946. Even more foreboding is the trend of building permit rates. In December, the annual rate of building permits issued was 802,000. In January, the rate dropped precipitously to 682,000 permits. In February it dropped further to 673,000 permits. The building permit rate is a harbinger of the housing starts to be expected in the months ahead.

What do these figures mean? They mean an unemployment rate in residential construction of well over 40 percent. They mean unemployment and hardship in industries which depend on construction, such as furniture and appliance manufacturers, and food and lumber product producers. The unemployment rate in February for the furniture industry was 21 percent, for lumber it was 17.5 percent.

Our best information is that the homebuilding industry will not pull itself out of the current slump during 1975, and indeed that housing starts will fall below 1974's dismal showing of 1.3 million starts.

H.R. 4485 is an emergency shot in the arm to the homebuilding industry. It is not a permanent housing program. H.R. 4485 will stimulate increased housing production by expanding the homebuying market and by encouraging families to purchase up to 400,000 additional homes in the coming year, through the incentive of flower interest rates.

The major roadblock today to construction activity is consumer reluctance to purchase homes. This reluctance is due to high interest rates and the high costs generally of homeownership. It is also due to a lack of confidence in the economy, and in the Government's willingness to take action to pull the economy out of its slump. H.R. 4485 is designed to increase the homebuying market, and to encourage other families who might defer a home purchase to buy this year. The bill does this by providing two types of subsidies. One would reduce mortgage payments to the level of a 6-percent mortgage for a temporary period—3 years for the full subsidy, and 3 more years for a gradual phasedown of the subsidy. This approach should be attractive to upwardly mobile families, particularly younger families. The other subsidy mechanism would make it possible for mortgages to be written at a permanent interest rate of 7 percent for the life of the mortgage.

Most of the additional homes stimulated by H.R. 4485 will be new starts. A portion will be new homes in the current inventory of unsold homes, the sale of these will enable builders to proceed with the construction of other units.

One of the surest ways to lead the economy out of its current recession is through the stimulation of homebuilding activity. The construction of new homes has an extraordinary ripple effect on the economy. For every 250,000 new homes built, according to most conservative estimates, approximately 343,000 man-years of work would be generated, 155,000 in onsite and offsite construction work, and 188,000 in related industries. This additional employment and business activity would increase Federal tax revenues by approximately $700 million.

Mr. Chairman, the administration opposed this bill in testimony before the Banking Committee on the ground that prosperity for the housing industry is just around the corner. The Commerce Department's latest figures reveal how wishful is this thinking. The homebuilding industry stands in dire need of stimulation. Do-nothing policies have had their chance.

It is time for the Congress to act, decidedly and in the public interest.

Mr. BROWN of Michigan. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am opposed to H.R. 4485.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I thank the gentleman for yielding.

I just want to point out I talked to the gentleman on the other side and two of the other Members. We are hopeful that we can complete general debate here tonight. In spite of having a 2-hour general debate, we are hoping that we can get rid of this general debate this evening in about 30 minutes. I just want the Members to know that we are not going to try to complete the bill tonight, and the more quiet we get, the better cooperation we get, the quicker we will get through here this afternoon.

Mr. BROWN of Michigan. I thank the gentleman for his comments. I quite concur with them. I can tell the gentleman that the Members on our side of the aisle will restrict their remarks in the general debate.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

I appreciated the comments made by my good colleague, the gentleman from Pennsylvania. I want to advise him that we will all be happy to revise and extend our remarks and stick them in tonight, and move on.

Mr. BARRETT. If the gentleman will yield further, that is exactly what I am going to do in an effort to save time.

Mr. BROWN of Michigan. I would suggest to both of the gentlemen that probably this colloquy has taken more time already than my remarks in general debate will take.

Mr. Chairman, I am opposed to H.R. 4485, but fully understand the facts of life in this political climate.

I hope each Member of the House has had an opportunity to read the minority views in the report on H.R. 4485. Those views set forth ample reasons to warrant defeat of H.R. 4485 or in the alternative, passage of the substitute I intend to offer at the appropriate time. I, and my minority colleagues in the committee, are deeply concerned that the path we have embarked upon will severely wound an industry which is just beginning to recover from the ravages of inflation which has kept it on the critical list for quite some time. The question was asked in subcommittee, and it was asked again in full committee, whether there was anyone present who, assuming he qualified, would buy a house or would recommend to a constituent who qualified that he buy a house until this legislation has become law—if it ever does. We are still waiting for an answer to that question. I trust we will not receive that answer from proponents of H.R. 4485. However, we have some disturbing reports already of buyers holding off purchasing homes in hopes of receiving a windfall. This trend was compounded last week by the actions of the Senate Finance Committee which initially assured that no one would buy a house until after April 1. I understand that when they realized what they had done, the committee provided for retroactive effectiveness. Obviously, they were made aware of the halt in homebuying which would have resulted.

H.R. 4485 threatens more of the same counterproductive medicine for an already seriously ill patient. If this legislation is allowed to proceed much farther, and the attendent publicity is correspondingly increased, Congress will be able to take the credit for delivering a further destructive blow to housing. The problem is simple. H.R. 4485 sets an interest rate which is disruptive of the current market recovery, which is distortive of prior Federal assistance efforts and which is much lower than necessary to stimulate housing production. During the boom years of 1971–73 when the highest level of housing production in this Nation's history was attained, conventional mortgage rates were at least 7½ percent.

For example, in the first quarter of 1973, when the average effective interest rate on conventional new homes was 7.69, housing starts were at an annual rate of 2,392,000; in the second quarter, when rates were 7.74, starts were at a 2,212,000 level.

Remember, passage of this bill and override of a possible veto still does not assist the first housing unit. Not one penny will flow under this proposed boon to housing until after there is passage of an appropriations measure approving mortgage levels and providing appropriations for the subsidies. What will happen to housing in the interim? This time lag will be critical and this bill could turn a burgeoning recovery into a disaster.

I will not take up much more time, but I would like to list several other specific objections to H.R. 4485 and particularly section 4.

I believe the 6-percent rate in section 4 is unnecessarily low in light of production levels in excess of 2 million units which were sustained when interest rates were 7½ percent or higher. The same is true for sections 5 and 6 which set a 7-percent rate, especially since this subsidy feature is for the life of the mortgage and might very well be a front-end cost.

The bill also ignores rental multifamily which may be the only source of housing for those moderate- to middle-income families which do not have sufficient cash for a downpayment. Since production has dropped 80 percent in the multifamily sector of homebuilding, compared to 30 percent for single family construction, it certainly should warrant consideration.

I also feel that providing for the recapture of what will most likely be a small portion of the gain realized upon sale of the house is of critical importance. We should, where it is easily applicable such as under section 4, apply this principle and assure that middle-income beneficiaries do not make inordinate profits off the taxes of other middle-income taxpayers.

And, finally, to assure that beneficiaries under the section 4 program have set housing as a priority for themselves and to achieve equity for all assisted families, there should be a requirement that each family pays 25 percent of its income before the subsidy is calculated. In this way we have a sliding scale amongst those eligible without distorting the benefits and we will be sure of helping families who need help and only to the extent of that need.

We plan to offer amendments to resolve the objections I just outlined when we enter the 5-minute rule. I know a number of my colleagues are considering other amendments as well.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate the gentleman yielding.

I would like to observe that I agree with the gentleman's position and that I associate myself with his very fine remarks. It is interesting that the same politicians who argue that there is not enough available money for housing in this country are the very same ones who have made sure the funds are taken away by the Federal Government.

If the U.S. Government mops up 70 or 80 percent of the capital market funds either through inflation or direct borrowing, there is simply nothing left for housing or for corporate investment.

I suggest there is real and tragic irony that the Federal Government would borrow money to lend to private individuals who cannot otherwise borrow money because their government has dried up the capital markets.

I compliment the gentleman and I look forward to working with the gentleman.

Mr. BROWN of Michigan. I thank the gentleman from New York for his remarks.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I thank the gentleman for yielding and I associate myself with the ranking minority member of the Subcommittee on Housing, the gentleman from Michigan (Mr. BROWN). The gentelman knows and understands this field well and he has done an excellent job in trying to prepare a reasonable substitute. I commend him for that effort.

Mr. Chairman, I concur with the position of my Minority colleagues that an expansion of the GNMA conventional "tandem plan" would be a more sensible and responsible way to provide whatever additional Federal assistance may be required to stimulate recovery in the housing industry. There is some doubt in my opinion that any additional stimulus is needed, inasmuch as interest rates in the regular market place are coming down, and the Secretary of HUD still has more than $2 billion of additional "tandem plan" funding available. However, I will take this opportunity to emphasize three specific objections to H.R. 4485, the Emergency Middle Income Housing Act of 1975, as reported by the Committee:

(1) THE "EMERGENCY" NATURE OF THE BILL

H.R. 4485 is yet another example of the growing tendency on the part of Congress to enact ill-considered "emergency" legislation which is more likely to aggravate the country's present economic problems than to solve them. Moreover, this legislation is being proposed at a time when mortgage interest rates have already fallen substantially, savings flows into thrift institutions have resumed, and there are some signs that consumer confidence can be restored before long if inflation can be controlled for a sustained period. In short, there is every reason to believe that the "emergency" in housing will ease before this bill passes. If there should be a need for substantial additional assistance to housing during the coming months, that assistance can be provided more rapidly and more efficiently by expanding the use of the GNMA conventional "tandem plan," as the minority substitute proposes to do.

(2) THE FAILURE TO INCLUDE MULTI-FAMILY RENTAL HOUSING AMONG THE TYPES OF HOUSING ELIGIBLE FOR ASSISTANCE UNDER SECTIONS 5 AND 6 OF THE BILL

If the purpose of this legislation is to promote recovery of the housing industry and increase employment, there is no reason for ignoring this important segment in which starts have dropped 80 percent, a much more dramatic drop than the 30 percent decline in single-family housing starts. On the contrary, there are many reasons to believe that employment of labor and other resources in this segment could be increased much more meaningfully than in some of the segments which would be assisted under H.R. 4485.

Multifamily housing offices an efficient means of providing housing to those eligible families who are not yet prepared to buy a home due to reasons other than high interest rates. Multifamily housing provides an excellent opportunity to promote conservation of valuable energy and land resources and to provide such amenities as security, parking, and recreation in an efficient manner. It is for these reasons that I offered the "Meaningful Employment Amendment" during the full committee markup of this legislation to include mortgages for multifamily projects in the bill. Unfortunately, this amendment was defeated.

(3) THE HARMFUL LONG-RUN EFFECTS WHICH THIS BILL IS LIKELY TO HAVE UPON MIDDLE-INCOME FAMILIES

As the minority views point out, the major cause of the current problem in housing is inflation. H.R. 4485 contemplates the Federally assisted construction of 400,000 additional units of single-family housing. A program of this kind may disrupt what would otherwise be an orderly recovery in housing and touch off a new round of inflation in this volatile industry. Moreover, although the bill calls for a phaseout of the program over 6 years hence, it is likely that demands will be heard for re-extension and that the program will continue indefinitely.

The best action Congress can take to provide relief from the inflation and high taxes which are pinching the middle-income citizen is to refrain from enacting new Federal spending programs which in turn require new Federal borrowing. Such measures are guaranteed to result in additional upward pressure on interest rates and to aggravate the very problem which this legislation is supposedly designed to solve.

Mr. BROWN of Michigan. I thank the gentleman for those remarks.

Mr. FRENZEL. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Chairman, I thank the gentleman from Michigan for yielding.

I support the statement made by the gentleman.

Mr. Chairman, I am greatly disturbed about the legislation which the Banking, Currency and Housing Committee has brought before us today. As a past member of that committee, I may have a built-in bias against its work, but there are some special problems in the Emergency Middle Income Housing Act.

First of all, like so much of the legislation which is being trundled past us these days, this bill bears the word "Emergency," thus signifying the generally frantic and irresponsible manner in which it was developed. One can only hope that some day this committee will bring out a bill without "Emergency" in its title. I have no quarrel with the goals of the legislation. My State is suffering from high unemployment in construction trades just like others. But this bill goes about it in the wrong way.

Minority views of the committee report point out quite accurately, in my judgment, the problem of an artificially low interest rate on mortgages. We have not had 6 percent mortgage interest since 1966. If we are going to go the route of a "shallow subsidy" at all, I much prefer the 7½ percent rate of the Brown substitute.

This bill will actually exacerbate recessionary influences in the housing industry. Home buyers will not buy until the new program is in place. Regulations will be 6 months to a year in coming. During that interval no one will want to buy a house.

This bill also resembles others we have seen recently in that it seems to be throwing large chunks of money—which we do not have—at a problem that may be on the verge of correcting itself. The disintermediation of last fall is over. Thrift institutions are bulging with funds. And mortgage money is increasingly available. Adding additional billions of dollars to housing assistance, especially when $14 billion of last year's tandem plan funds are still unexpended, risks further fueling of inflation. What people are worried about is where this country is going in the future. After reading this bill, I agree they have much to be worried about.

Finally, there is the simple problem of cost. No matter how badly housing needs assistance, this is a classic example of robbing Peter to pay Paul. Worse, it is full of back-door spending. Our deficit is huge and growing daily. Six months ago, predictions of a $50 billion deficit were scoffed at. Today, that figure is already behind us and $85 or $100 billion deficits are coming into view. In order to pay for this program, we are going to have to force the Treasury to borrow large sums in the capital markets. I, for one, cannot accept the risk of renewed high interest rates, and disintermediation. The effect of this bill, and of all the other bills resulting from the hysterical, uncoordinated attempts of the Democrat majority to cure the recession by burying it under large chunks of money, is to force our country to borrow enormous sums, over $100 billion, within the next year which will inevitably push up the cost of interest and again ruin the homebuilding industry, to say nothing of preventing people who need homes from buying them.

The question is not whether this bill deserves to be defeated, because it surely does. The real question is when is the majority of this Congress going to exercise some discipline and self-control? When is this House going to call a halt to the competition between our various committees to see which can spend the most money we do not have and claim credit for doing something wonderful about the recession. The only wonderful thing that is being done is that our country is being doomed to horrible inflation and double-digit interest rates.

Why do not we quit kidding ourselves? Why don't we quit taxing the people through the cruelist and most regressive tax of all—inflation? Let us vote down this bill.

Mr. BROWN of Michigan. I thank the gentleman from Minnesota for his remarks.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Pennsylvania.

Mr. JOHNSON of Pennsylvania. Mr. Chairman, I associate myself with the remarks of the gentleman in the well, the gentleman from Michigan (Mr. BROWN).

Mr. Chairman, we are being asked to pass the Emergency Middle Income Housing Act of 1975 today at a time when savings in thrift institutions are at an all time high, with the increase in deposits each month outdoing previous months. We have seen the prime interest rate at 12 percent and Treasury bills yielding 9.63 percent, because of inflation. Now inflation is waning, and interest rates are falling. The prime rate is 7.5 percent, and short-term Treasury bills this week were bid at 5.37 percent.

February savings and loan institutions reached an estimated $3.1 billion in net inflow as compared with $1.7 billion last February. And there is a report that savings and loan are inviting builders to come in and borrow funds. Increased mortgaging activity is being reported from all over the country.

One may ask: If money is becoming available for home mortgages, why then are we experiencing a housing slump? That is easy to explain. The slump is not because of high interest rates. Inflation is the culprit that has triggered the downward spiral of housing. This was the conclusion of the September Housing Conference in Atlanta.

We are also being asked to pass this bill today—less than 6 months after the Emergency Housing Assisting Act of 1974 was passed in October of last year. The bill of 1974 also was designed to help middle-income families purchase homes and assist the homebuilding industry out of a very serious recession.

There are now over $14 billion in subsidized commitments under the 1974 act and other prior programs of the seventies, with the interest rate at 7¾ percent and with huge sums available and yet to be committed.

Now, along comes another "Emergency" bill, which will add another $12 billion in commitments, but not at 7¾ percent—rather at 6 percent, which is a rate of interest we have not seen since the beginning of 1966.

It is our contention that lower interest rates are not necessarily the answer, because in the 1971–73 period when conventional mortgage rates were 7½ or 7¾ percent, the housing starts were at an annual rate of 2,392,000 homes. Since we had so much activity when the rate was 7½ percent, why not restore that rate? That is the gist of the Brown substitute, which will be offered at an appropriate time. What we do is amend existing law so that the present program can continue, but at the lower rate of 7½ percent.

I think that now establishing a low cut rate of 6 percent at this time will be a blow to new housing starts because it will take months to get this new program started. And no one will take on a 7¾ mortgage when in about 6 months money would be available at 6 percent. And for the Nation to embark on this new subsidy program will mean building into our financing structure a 6-percent rate, which subsidy we will be stuck with because Congress in 3 years will be asked to extend the program. Also a 6-percent subsidized mortgage opens the door to a windfall profit. If you have a 6-percent mortgage and get other money in hand from an estate, or earnings, or a sale, you will put this money in a savings and loan at 7¾ percent interest, and not pay off your subsidized mortgage.

Fiscal responsibility calls for a vote for the Brown substitute. And to restore public confidence, curtail spending, pass a reasonable tax cut measure, do all we can to help both industry and the consumer to come back. Then only will they start buying homes.

Mr. BROWN of Michigan. I thank the gentleman from Pennsylvania for his remarks.

Mr. DEVINE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Chairman, I thank the gentleman for yielding.

I would like to ask a question. It seems to me about a year or so ago the National Association of Homebuilders and the homebuilding industry generally were deploring the fact that there was no money available for home construction. Now we are coming in with a $6 billion bill to spend money we do not have. Therefore, the Government will have to go out and borrow the money, and particularly as we have a $20 billion to $30 billion deficit we will have to borrow that money and we will have to take it away from the private sector and away from the homebuilders who would like to get mortgages to finance their purchases of homes.

Is there any way to reconcile the homebuilders with those who lend in the private sector against the Government now being in the borrowing market and competing for these funds?

Mr. BROWN of Michigan. The gentleman is correct. To the extent that the Government is in the market and creates a demand, there is competition between that demand and the demand in the private sector, which is what the gentleman from Ohio is referring to.

Mr. DEVINE. It puts the Federal Government in direct competition for the money that might be available in the private sector.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, the gentleman from Ohio has made a very important observation. Correct me if I am wrong. The Federal Government is going to borrow money from the private sector to finance its debt in order to help lend or subsidize money for those who now cannot borrow because the Government has financed such a huge debt and has to go into the free market to preempt the money that would be spent privately to restore housing.

This bill is added to an already swollen deficit, projected at over $100 billion in the next 18 months. We will have to finance a deficit that is reaching the level of $170 billion.

The President's budget deficit in the next 2 years or the next 18 months, is somewhere between $80 and $90 billion. Our distinguished chairman of Appropriations predicted that after the Congress got through with the budget it would be somewhere in the vicinity of $170 billion. I think we need to stop, and ask ourselves what is destroying jobs and how can we help create them in the productive sector? We are impeding the ability of the private, the productive sector to create housing, jobs and the goods and services so necessary. The most important ingredient in a stable economy is a stable dollar, a stable currency, a responsible growth of the money supply? This bill will accomplish just the opposite.

Not long ago, the Congressional Joint Economic Committee reported that of all the price increases which hit Americans last year, by far the largest increase in the cost of living was in the cost of government.

While the average middle-income family paid 11.9 percent more for food and 14.3 percent more for transportation, they paid a shocking 25.9 percent more in taxes for government.

Look at the figures. Americans are being taxed at outrageous levels that will choke our economic strength if these levels are not slowed, and halted. Government taxation is flirting with that ceiling which history tells us governments cannot tax beyond without ruining, not only the people's ability to earn a living, but the people's ability to live in freedom.

Mr. BROWN of Michigan. Mr. Chairman, I thank the gentleman for his comments and I yield to the gentleman from Ohio.

Mr. WYLIE. Mr. Chairman, the gentleman from Ohio (Mr. DEVINE) and the gentleman from New York (Mr. KEMP) are specifically correct. Back-door spending was the subject of a considerable portion of the debate on the rule a little while ago as to how to justify doing violence to the Budget Control Act which we just passed last year.

This bill specifically says that the Treasurer of the United States is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Liberty Bond Act, which means that the Secretary is authorized to secure financing through back-door spending and increase the public debt without coming to Congress to provide the additional amount authorized by this bill.

So the gentleman from New York and the gentleman from Ohio are eminently correct.

Mr. BROWN of Michigan. At this time I ask if the gentleman from Wisconsin has any further requests for time.

Mr. REUSS. Mr. Chairman, I yield such time as he may consume to the distinguished chairman of the House Banking and Currency Committee, the gentleman from Pennsylvania (Mr. BARRETT).

Mr. BARRETT. Mr. Chairman, this is a very long bill that consists of no more than 12 pages. I think we can get through this very quickly tomorrow and wind up the debate tonight.

Mr. Chairman, I rise in support of the bill H.R. 4485, the Emergency Middle Income Housing Act of 1975. This bill represents an important congressional response to the depression in which the housing industry finds itself today. It demonstrates our concern with the severe and prolonged slump in residential housing construction, and an almost insurmountable problem that middle-income families are faced with in trying to buy their own home. We are moving on this bill today, because in our opinion the administration has not recognized the seriousness of the impact on our economy of the depressed homebuilding industry.

Quick action by the Congress on this bill is essential. Gross national product in the last quarter of 1974 fell by 9 percent in real terms and the unemployment rate, both in January and February 1975, was 8.2 percent with more than 7½ million persons unable to find work. At the same time, residential construction was undergoing its deepest postwar cycle. The homebuilding industry was operating far below its potential capacity in early 1975. Housing starts in February 1975 were at an annual rate of 977,000 compared with levels of 2.4 and 2 million in 1972 and 1973, respectively. Housing starts declined in 1974 to a total of 1,351,000 units, down 43 percent from 1972. Some 688,000 construction workers were unable to find work in February 1975, or 15.9 percent of all workers in contract construction. The rate of unemployment in the residential construction industry is estimated at over 40 percent. The unadjusted unemployment rate in the related furniture industry is 17.5 percent and in lumber and wood products, 20.9 percent. With building permits in February down to a record-low annual rate of 673,000, prospects for a quick revival in housing construction as a result of market forces and available governmental programs are very poor.

Traditionally, housing has led the economy out of recessionary periods. The current severe slump in both the economy as a whole and the construction industry does not appear to be breaking. In order to stimulate increased activity in the housing industry, H.R. 4485 would make possible the financing of up to 400,000 dwelling units. This bill is intended as a temporary, emergency measure and authority under it would expire after June 30, 1976.

Construction activity has a multiplier effect on the economy. For each 1,000 man-years in onsite and offsite home construction, 1,200 man-years of work are required in manufacturing, wholesaling, and mining. Additional demand is typically generated for employment in appliances and home furnishing industries. As workers in these industries spend their earning, there is a ripple effect through the rest of the economy. Altogether 250,000 additional housing starts would create up to 343,000 man-years of work.

These many additional man-years of work would generate workers' incomes aggregating approximately $4.2 billion on which an estimated $450 million in Federal income taxes would be paid for the year. Corporate and personal income taxes paid by builders, materials suppliers, and firms in related industries are estimated conservatively at $250 million, for a total increase in Federal income tax revenues of $700 million.

Another very important purpose of this bill is to break the consumer purchasers resistence to the purchase of a new home by providing lower interest rates to make the purchase of a home once again within the reach of the working class families of this country. The lower interest rates provided by H.R. 4485 would increase the number of families eligible to purchase a home by approximately 5 to 6 million. The attractive financing terms of this bill would encourage families, particularly our younger families, to make a decision to purchase a home within the next year instead of deferring the purchase decision. This bill then would encourage homebuying decisions by our working class families in this particularly depressed period where we have substantial idle capacity in the home construction industry.

SUBSIDIES

H.R. 4485 authorizes the Secretary of Housing and Urban Development to make assistance available either: First, to reduce temporarily the payments on a market-rate mortgage to the level of payments on a mortgage bearing an interest rate of 6 percent; or second, to make it possible for a home mortgage to be written with an interest rate of not more than 7 percent for the life of the mortgage.

Under the temporary 6-percent approach, HUD would make interest reduction payments on behalf of middle-income home buyers in the full amount authorized for 3 years. The amount of the payments would be reduced incrementally over the succeeding 3 years, so that the full assistance would be reduced by 25 percent in year 4, by 50 percent in year 5, by 25 percent in year 6, and would be terminated after the 6th year. The gradual phasing down of the assistance not only eases the impact on the family assuming full homeownership expenses, but provides adequate opportunity for families who do not feel capable of assuming these responsibilities to sell their homes in an orderly manner.

The temporary subsidy approach capitalizes on the fact that average incomes of American families have moved markedly upward in recent years, rising 22 percent between 1970 and 1973. A significantly reduced interest rate can be provided under this approach at modest cost to the Government. The temporary subsidy should be particularly attractive to families which are upwardly mobile in terms of income or who do not expect to remain in one location for an extended period of time.

The other subsidy approach involves the origination of below-market-interest-rate loans at a rate of 7 percent. The benefits of the reduced rate would therefore be realized for the life of the mortgage. Under this approach, several different ways for the Government to provide the subsidy are possible and involve varying costs, budgetary outlays, and credit markets.

COST OF THE BILL

H.R. 4485 is designed to provide assistance for some 400,000 units. The total amount of mortgages to be assisted is limited to $12 billion or an average mortgage amount under the program of $30,000. The amount of mortgages to be assisted would be required to be approved in appropriation acts. Within this overall limit on the scope of the program, the bill provides separate authorization or expenditure limits with respect to each of the three methods of assistance. Payments under the six percent temporary subsidy approach would not be transferable and would be continued only for so long as the original family owned and occupied the assisted dwelling unit as its principal place of residence. The actual cost then to the Federal Government of making such interest reduction payments should be significantly less than the budget authority, since many families move from their homes during a 6-year period. With respect to the 7-percent loan approach, H.R. 4485 would permit another eligible middle-income family to assume a loan, since the Government will have already made its full subsidy payment in all cases except where it continues to hold the loan.

OPERATION OF THE PROGRAM

H.R. 4485 gives the Secretary of HUD the discretion to determine which credit markets are best utilized for financing under the program at any given time. We expect that funds now flowing into thrift institutions to be extensively used. We provide that in the bill that the users of the program—the lenders—will determine the extent to which of the two basic subsidies will be used, the temporary 6-percent loan or the 7-percent loan. The Secretary will determine which of the various methods of supporting a 7-percent loan will be available; and the lenders in applying for allocations of mortgage funds will determine, looking at the needs of the potential homebuyers, the division of their allocation between the 6- and 7-percent subsidies. The bill then provides the flexibility for quick adjustments to market conditions and user needs.

ELIGIBILITY

Assistance can be provided under H.R. 4485 with respect to single-family homes, one-family units in a condominium project, both vertical and horizontal projects, and units in cooperative housing projects. With the two exceptions noted below, construction or substantial rehabilitation of the dwelling units must be started after the enactment of H.R. 4485. The first exception permits the Secretary to apply up to 25 percent of the mortgage funds approved for the program to units in the current inventory of new, unsold homes, defined as units whose construction was started prior to the enactment of H.R. 4485. The current inventory contains some 400,000 single-family units plus an undetermined number of condominium units in multi-family projects estimated at between 200,000 and 250,000. The inventory of 400,000 single-family homes represents about 45 percent of all single-family starts in 1974. This ratio contrasts to ratios ranging from 24 to 32 percent between 1968 and 1972. Because of the slowness in sales of new homes, the inventory is not only excessively large, but the rate at which units are leaving the inventory is twice as slow as was usual during the period 1968 to 1972.

As a result of these conditions, many builders are not able to repay construction loans and to begin the new housing starts sought to be stimulated by H.R. 4485. Accordingly, the committee feels that the bill's objectives can be furthered through the allocation of a portion of funds to stimulate sales of new units from this inventory. If there is insufficient demand for the full 25 percent of the funds for this purpose, the committee expects the Secretary to use some of these funds to stimulate new starts. In addition, the committee feels that the 25-percent allocation should be used by the Secretary, as far as possible, with respect to units started after the enactment of H.R. 4485, but prior to the date the program is funded and operational.

The other exception to use of funds to support new starts would permit the Secretary to allocate up to 20 percent of the funds to assist the purchase of existing, previously occupied units. The committee intends that the Secretary have discretion in determining how much of this allocation is used with respect to existing housing and to limit its use to situations which he feels will further the bill's objective of stimulating construction activity.

H.R. 4485 contains a provision relating to the type of dwellings assisted. First, the bill directs assistance toward moderate-cost housing—homes with appraised values of $38,000 or under. This amount is approximately the average cost of new homes sold in 1974. A limited exception is provided for high-cost areas. Not more than 10 percent of the mortgage funds could be used for homes valued between $38,000 and $42,000 in high-cost areas and up to $48,000 in the very high-cost areas of Alaska, Hawaii, and Guam. Thus, H.R. 4485 would not only increase construction activity, but would also add to the housing supply a substantial number of moderate-cost homes.

Middle-income families between the $12,000 and $18,000 a year range cannot under current money market conditions afford to purchase homes. This bill would provide them with the opportunity, through the various subsidy mechanisms, to buy homes. Eligibility is based on 120 percent of the median income for an area as determined by the HUD Secretary. The Secretary is already required to establish median incomes by area for use under existing housing programs so that there will be no additional administrative burdens imposed by this provision of the bill. The median income limits are applied only at the time of entry into the program.

Mr. Chairman, we expect the HUD Secretary to take appropriate steps to assure that funds under this bill are promptly committed by lenders to builders and homebuyers, and that speculation by lenders be prevented. Commitments issued by GNMA to purchase mortgages under this bill should not exceed 1 year, including any extensions.

In conclusion, Mr. Chairman, I want to commend the distinguished chairman of the Banking, Currency and Housing Committee (Mr. REUSS), for his leadership in pushing the committee to act and report out H.R. 4485. It was he who took the initiative late last year in introducing his bill, H.R. 17553, and reintroducing it again as H.R. 29 in this Congress. I would like to commend the members of the Subcommittee on Housing and Community Development for their diligent time-consuming efforts in seeing this bill through the committee. As in many cases in the past, I would particularly commend my distinguished colleague from Ohio, LUD ASHLEY, who presided over the subcommittee during the consideration of this bill due to my absence because of illness.

Mr. Chairman, I urge prompt adoption of this bill.

Mr. REUSS. Mr. Chairman, I yield 2 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Chairman, I have taken quite a bit of gentle kidding about my cosponsorship of this bill. There have been gentle criticisms that maybe I am not advocating housing for the poor vigorously enough I yield to no man in terms of my advocacy for the poor in housing; however, we now have a brand new ball game.

I am fully aware of the fact as all of us are, that there are young couples in jobs in and out of Government barely making it because of inflationary factors. They want the same right as the rest of us, that is the right to own a home. I am convinced that this piece of legislation will facilitate homeownership for those upwardly motivated couples.

In addition, there are older families who have worked all their lives. Possibly they have been saving to purchase a home and find their savings eroded by inflationary and recessionary factors. I think they, too, have the right to own a home. That is why I am very much in favor of this legislation before us today.

I would only hope that when we consider other legislation for the poor that we will act equally as expeditiously.

Mr. Chairman, in the past two decades, those persons known as the "middle class" in this country, have enjoyed a steadily rising prosperity. More and more families began to own two and three automobiles, two and three television sets; travel, sporting, collecting, many activities ceased to be solely the perquisites of the rich, becoming instead "democratized" by the means. Then, perhaps because of the rise of market power, because of the refusal of the Nation to be economically blackmailed into maintaining an inflationary war, because of what many feel were the self-serving fiscal and monetary policies of an elitist administration, the country was jolted into the realization that the middle-class prosperity which had come to characterize this country, was not an unshakeable reality, that its roots could, and were, being threatened.

Suddenly, the family food budget was something to be seriously considered, suddenly housing shortages, unreachable rents and mortgages were not merely phenomena experienced by the inner city poor; housing foreclosures were no longer merely newspaper pictures of an indigent family being evicted. Many of the harsh economic realities experienced by the middle class in other countries and by the poor in this country were suddenly making themselves known to the middle class in this country and many of those realities showed themselves in the housing industry.

This was the scenario at the beginning of the 94th Congress, a Congress which was itself considered unique in legislative history. Now, less than 90 days after the opening of that Congress, the House Banking, Currency and Housing Committee has reported a bill which will, in large part, alleviate the critical situation being faced by middle-class America. I believe that the problem is real and that the answers provided in H.R. 4485 are realistic.

The housing problems of the poor remain. It is the responsibility of both the administration and of the Congress to take new actions to address their new plight. Hopefully, now that the middle-class has had a temporary glimpse of the crises faced by the poor month after month, year after year, there will be adequate support from the politically enfranchised community to secure such attention. The Banking, Currency and Housing Committee will have before it, in the next few weeks, emergency legislation for low-income individuals. It is my fervent hope that they will act on that legislation with the same speed with which they acted on today's legislation.

Today, however, I give my full support to the bill at hand.

Mr. McKINNEY. Mr. Chairman, I will not take 5 minutes, but I felt that I must say something, being the only Member of the minority party who voted for this particular piece of legislation.

I do not think that this bill is any answer to a permanent solution to the housing problem. But, as I pointed out in my supplemental remarks, I do not believe this Nation is going to get out of this particular recession we are in until the home building business is given a swift jolt. Seven to eight billion dollars has been made available under the tandem plan for housing. It has not taken effect.

I think it is very obvious that we have not learned the historical lessons we should have learned in our other downturns and our last depression, that when people do not have confidence in the economy, when people do not have confidence in business, when people do not have confidence in their jobs, they will not dare, at the interest rates we are presently charging, to take the gamble of home ownership which is so important to our whole economy.

This bill will, in a far cheaper way than most others—through the medium of interest subsidy for a limited period of time—I think, give an immediate jolt to the housing industry. It can be brought into effect almost instantaneously. There is no lag time when we are building individual houses of the category we are talking about in this bill.

Mr. Chairman, I would plead with my friends on both sides of the aisle, although particularly on the majority side, that they carefully consider a few of the amendments which we will have before us tomorrow. This is an historic bill in that we are, for the first time, legislating for the middle class. It is fine, as Congress believes, to talk about the middle class when we are making $42,500 a year.

In fact, however, minority and poor people in Bridgeport, Stamford, and Norwalk, think middle class means rich class. If we are going to ask them to pay taxes to help in this category, as my good friend from Maryland (Mr. MITCHELL) stated, we had better make sure that we ask the same obligation of them which we asked of our poor in 235 and 236 housing.

Mainly, I am talking about the amendments tomorrow that will ask for a 25-percent commitment of income to mortgage, taxes, insurance and mortgage insurance, the same percent we ask of the poor in other Government programs.

I am also asking for a commitment to a windfall profits recapture tax so that people in the middle-income class cannot make a tremendous windfall gain from new development purchasing such as some of those gains we have seen made in the suburbs of New York, Baltimore, Washington, and elsewhere, where a 6-year homeownership can bring about, in effect, a 200 to 250 percent capital gain on a piece of property.

Mr. Chairman, I will insert the rest of my remarks, but I would suggest to the Members on this side of the aisle that this bill is far, far, far better than any attempt or any thought we might have toward allocating credit in the different parts of the economy. It is very obvious to me that something must be done by this Congress to bring about an infusion of lower cost money into building. This is a far better way to do it, a far safer way to do it, a far more temporary way to do it, than by going through the process of total credit allocation, which would stagnate our entire banking business.

Mr. Chairman, there is no doubt that this Nation will be unable to beat back the forces of recession without a quick and strong recovery of our housing industry. We are all aware of the masses of statistical data which indicates the decreasing number of housing starts, the high unemployment rates in the building trades and the ripple effect which these factors are having on allied and supportive industries.

It has also been demonstrated, much to everyone's amazement, that funds exceeding $14 billion in subsidy commitments are currently available for distribution under existing Government programs. The Emergency Housing Assistance Act of 1974, provided for $7 billion for emergency aid to the housing industry which provided mortgage rates at 7¾ percent. In addition, savings flows to thrift institutions have reversed their previous downward trend and last month inflows approached $3 billion.

Thus, while it is evident that funds for housing are available, it also becomes clear that the funds are not being completely utilized. It is my opinion that these funds have been left untouched because of the lack of customer confidence in our economic position. Data obtained from various studies indicate that there is a market for new homes but families are not willing, or in some cases, unable to withdraw their savings for a down-payment and commit their families to a 30-year mortgage in an economic climate which may bring sudden unemployment to the families' breadwinners.

It has recently been reported that one out of every three Americans now fears losing his or her job and a slightly higher proportion reports itself in serious financial trouble and deeply worried about unpaid bills and shrinking savings. As a result, Time magazine reports—

> Two-thirds of the American people think that this country is in deep economic trouble and almost half fear that the United States is headed for a depression. Furthermore, nearly 45 percent of Americans are worried about meeting their rent and mortgage payments.

Even if a family could afford all the expenses incurred in the purchase of a house, the emotional conviction required to make a long-range commitment in these tenuous economic times is lacking.

Given this data, I cannot in good conscience sit by and wait for existing programs, which have not provided the impetus for economic recovery over the last few months, to take hold. Thus, it is my aim in supporting H.R. 4485 to provide the incentive for and aid to, those Americans who have found it so difficult to make this commitment. The bill by no means is complete or comprehensive. Thus, while I believe that the dual aims of increased employment and the provision of housing at a reasonable mortgage rate can be accomplished more rapidly through the basic thrust of H.R. 4485. I also believe that there are serious defects which should be corrected before the whole House supports the bill. For this reason, I intend to support the following amendments when the bill is offered in the House:

First. Recapture of subsidy.—One of the major objections to H.R. 4485 is the cost of the subsidy. In order to limit the expense of the program, I fully support an amendment which provides that any family that receives mortgage assistance under this program and subsequently sells that house at a gain, will repay, out of that gain the amount attributed to the subsidy. If there is no gain, then no repayment shall be required. The goal of the amendment is to return the funds provided to the Federal coffers, thereby minimizing the ultimate program cost.

Second. Minimum payment amendment.—This amendment would provide that any subsized mortgagor must pay at least 25 percent of his income toward his homeownership payments. Such payments would include his mortgage payments, taxes and insurance. This concept has been evident in many Government housing assistance programs and would have a beneficial effect on two areas. First, by paying at least 25 percent of his income, the mortgagor who receives a higher income will pay proportionally more than lower income families that receive the same assistance under the program. Under H.R. 4485, a family that qualifies for assistance at 120 percent of median income could conceivably pay as much per month as a mortgagor in the 30-percent bracket. Second, by mandating these minimum mortgage payments from the outset, more funds will be available for additional participants. Equity and commonsense dictate that this provision must be added if a responsible housing assistance program is to result.

Third. Secretarial discretion regarding the allocation of program funds.—Under H.R. 4485, complete discretion as to how much funding is accorded to lenders under section 4 of this bill remains in the hands of the lenders. The cost of money and mortgages are affected by many variables in the marketplace which must be continually monitored, in order to determine the best possible time to accumulate or disperse funds. Under this bill, the lenders have the power to determine how much they will receive under the section 4 subsidy. Thus, not only do they determine the total cost of this program, but they also determine the number of mortgages which will be distributed in each subsidy package. Thus, even during periods of economic expansion and monetary growth over the 13- to 14-month life of this program, the lenders will be able to still use full funding under section 4, without regard to market conditions. The Secretary of HUD has the expertise, staff assistance, and past experience with the administration of similar programs. The surrender of this power to the lender could result in disastrous economic and programmatic consequences.

I must make it clear that without these amendments, H.R. 4485 will be little more than a skeleton of a responsible and comprehensive rehabilitative program. We must remember that this is an "emergency" measure. Its purpose is to save an industry whose unemployment rate has not been this high since the depression. It is a bill to move the more than 400,000 newly constructed yet unpurchased homes. It is a bill which will enable Americans, afraid to commit themselves to a longstanding financial obligation, to purchase decent shelter for their families. It is also a unique measure in that it attempts to aid a sector of our economy which has received little in the way of Government subsidies in the past. It will provide a means for those families with an income of up to 120 percent of median of their residential area, to be given the purchasing power which will begin a cycle resulting in economic recovery for this Nation. Without this assistance to the middle-income families, it will be difficult if not impossible to provide the means for the rehabilitation of an industry and economy gravely in need of rebuilding.

Mr. REUSS. Mr. Chairman, I yield such time as he may require to the gentleman from Ohio (Mr. ASHLEY).

Mr. ASHLEY. Mr. Chairman, I rise in wholehearted support of H.R. 4485. As the distinguished chairman of the Banking Committee has just pointed out—this emergency housing legislation is urgently needed. 1974 was a disastrous year for the housing industry with the level of starts continuously declining. That decline is continuing in 1975. The latest figures we have show that seasonally adjusted housing starts in the month of February were at a ridiculously low annual rate of 977,000 units. This is down from a 996,000 rate in January. Translated into terms of human beings, these figures mean that some 688,000 construction workers were unable to find work in February. That is 15.9 percent of all workers in contract construction. In the residential construction industry the figures are even worse. The rate of unemployment there is estimated at over 40 percent.

What are the prospects if we do nothing about this situation—as some would urge? The most optimistic projection HUD Under Secretary Mitchell is able to make if we just rely on market forces is a total of 1.3 million starts for 1975 as a whole. That would be 350,000 units less than we had in 1974. It should be noted also that even this puny level of starts can only be projected by making the most optimistic of assumptions concerning such uncertainties as a revival of consumer confidence and the Federal budget deficit not putting undue pressure on interest rates. I think it safe to say that without this emergency housing legislation, 1975 will be another disastrous year for the housing industry and those dependent on it. If we are to move out the current recession, we must do something to stimulate housing—this bill is designed to do precisely that.

The bill would stimulate housing construction through the incentive of lower interest rates. It makes attractive financing terms available which will encourage families to make the decision to buy a house within this next year—when substantial idle capacity exists—rather than deferring that decision to a period of high construction activity when inflationary pressures may be strong.

The market we are seeking to stimulate in this bill is the moderate to middle-income market consisting generally of families making from $12,000 to $18,000 a year. These are the families that have been effectively shut out of the housing market in the past few years due to excessively high interest rates. It is estimated that the bill would increase the number of families eligible to purchase a given home by approximately 5 to 6 million.

The homes which would be built under this bill would be homes which moderate to middle-income families can afford. Generally, homes costing less than $38,000 with authority to go up to $42,000 in high cost areas. I think it essential that we hold to these cost limits. To place a family in a home which they cannot afford to carry is not doing them any favor. We will know that the homebuilders will build up to the limit of any ceiling we set. The higher we set the ceiling, the more families at the lower end of the income-eligibility scale we will exclude from the program. If we wish to maximize the number of families eligible under this program and maximize the number of units we can produce, we must hold to these cost ceilings.

The distinguished chairman of the Housing Subcommittee, Congressman BARRETT, has already gone over the major provisions of H.R. 4485. I would like to just briefly emphasize the flexibility the bill provides for tapping a number of credit markets through the use of a variety of subsidy mechanisms.

First, the bill provides for a temporary 6-percent interest subsidy. These subsidized loans would be originated primarily by thrift institutions and mortgage companies. Given the recent massive flows of funds into savings banks and savings and loan associations, this type of subsidy should prove attractive to such lenders at the present time. The basic subsidy is similar to that employed in the section 235 program, a program which both HUD and private mortgage lenders have had considerable experience with so there is no reason why this program could not be activated with a minimum of delay. Under the bill, it would be within the discretion of the private mortgage lender to determine how much of the allocation of mortgage amount given him by HUD will go to this 6-percent subsidy and how much will go to the alternative 7-percent subsidy. Since housing market conditions differ throughout the country, it is anticipated that each of the two types of subsidy will prove of differing attractiveness in different areas.

If the 6-percent subsidy approach was the sole subsidy mechanism used under the bill, approximately 400,000 units could be assisted at a cost to the Government of $1.35 billion spread over a 7- or 8-year period.

The alternative 7-percent subsidy involves the origination of below-market-interest-rate loans at a rate of 7 percent. The benefits of this reduced rate would be realized for the life of the mortgage. Under this approach, several different ways for the Government to provide the subsidy are possible involving varying costs, budgetary outlays, and credit markets.

One method HUD is authorized to use in bringing the interest rate down to 7 percent is a single interest rate differential payment made to the lender at the time the loan is originated. The amount of the payment would be the difference between the amount of the mortgage and the price the mortgage would have to be sold at to provide a market yield. These loans would be originated primarily by thrift institutions and mortgage companies. Under this approach, if a $30,000 mortgage at 7 percent would sell at a price of 88, the payment would equal 12 percent of $30,000, or $3,600. Approximately the same cost would be incurred by HUD if it purchased this mortgage at par and sold it immediately, but in the case of a purchase and resale, there would be commitment and purchase fees to be paid and temporary borrowing from the Treasury would be required. If this interest rate differential payments approach was the sole subsidy mechanism used under the bill approximately 400,000 units could be assisted at a cost to the Government of $1.5 billion spread over a 2-year period.

Another method for reducing interest rates to 7 percent involves HUD, through the Government National Mortgage Association, purchasing a pool of 7-percent mortgages at par and issuing securities based on this pool of mortgages. These securities would bear a below-market interest rate—about 6½ percent—and HUD would bear a loss in this transaction of the difference between the market price of these securities and their face amount. Mortgage-backed securities are mainly purchased by pension funds, bank trust departments, insurance companies, and mutual savings banks, or savings and loan associations which have surplus funds. If this method were the sole subsidy mechanism used under the bill approximately 400,000 units could be assisted at a cost to the Government of about $1.5 billion.

The third method for achieving a lower interest rate involves HUD, through the Government National Mortgage Association, purchasing and holding the 7-percent loans. The loans would be financed by the issuance of Treasury debt obligations. Potentially this subsidy approach would involve the least cost to the Government. Under current market conditions, the cost to the Government of holding the mortgages for their life would be approximately $500 million. This method has the disadvantage, however, of involving the greatest amount of longer term Government borrowing.

The bill, therefore, gives the Secretary of HUD the discretion to determine which credit markets are best utilized for financing under the program at any given time. We expect, however, that the funds now flowing into thrift institutions will be the first to be extensively used. The bill provides that the users of the program will determine the extent to which each of the two basic subsidies will be used—the temporary 6-percent loan or the 7-percent loan. In other words, the Secretary will determine which of the various methods for supporting 7-percent loans will be made available and lenders who apply for allocations of mortgage funds will determine, looking to the needs and preferences of builders and potential homebuyers, the division of their allocations between 6- and 7-percent subsidies.

H.R. 4485 is thus structured to provide the flexibility for the quick adjustments to market conditions and user needs that will make possible an emergency stimulus to housing construction and employment.

There is, of course, a total limit of $12 billion in the amount of mortgages that can be assisted under the bill. That means that approximately 400,000 units may be assisted at a cost to the Government ranging between $500 million and $1.5 billion depending on the mix of subsidy approaches adopted during the life of the program.

Mr. Chairman, this is a good bill. One carefully designed and finely tuned to most efficiently achieve its goals—the early production of housing which will serve those deserving families who have been shut out of the housing market, those families in the middle to moderate income brackets. I urge its favorable consideration by the House.

Mr. REUSS. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. BADILLO).

Mr. BADILLO. Mr. Chairman, I think it is important, however, to point out that I, for one, have a deep unhappiness about this bill because I think that we do have a commitment that we must keep to the poor people of this country, and that one of the first priorities should be to provide for them in a meaningful bill.

I will await the time when this may happen. I know that several months ago commitment was made, when I voted for the Emergency Home Purchase Act of 1974, that the next bill would have to do with the poor.

I hope at some time in the future that that commitment will be kept. I do want to point out the reason why I am concerned about this, however. Just to give the gentleman from Wisconsin (Mr. REUSS) and members of the Banking and Currency Committee one example, in the city of New York there are today 40,000 buildings, not apartments, but buildings, housing over a million people, which were outlawed as uninhabitable in the year 1901. They are still standing today. That condition exists not only in New York City, but in other cities throughout this country. Therefore, we do have an urgent need to begin to meet that problem. I am willing to help the middle-income people, as are members of the committee, but I find that this bill does not do that either, because the definition of middle-income people and the limitations that are put into this bill exclude the major metropolitan centers of this country.

On page 17 of the report one will find that the median sales price which is available for the metropolitan areas of Atlanta, Chicago, Cleveland, Dallas, Detroit, Houston, New York, San Francisco, and Washington, D.C., is over and above the limit that is included in this bill. And yet this bill purports to take care of the high-income-areas by providing for a limit of $48,000 for Alaska, Guam, and Hawaii.

It seems to me that the metropolitan centers of this country should also benefiit from that limitation and, therefore, I shall seek tomorrow to introduce an amendment to provide that the same allowances that are made for Alaska, Guam, and Hawaii, be made for the urban centers of this country. I also would seek to insure that, if the amendment is approved, they will be in a position to receive an allocation of funds under the bill and, therefore, I would seek to increase the amount of money which will be available for mortgages over $38,000 from 10 percent to 20 percent. This means that a maximum of 20 percent may be made available to the major urban centers of this country.

It seems to me that that is a reasonable request, when we recognize that they contain a very substantial proportion of the population of the country, as well as a very substantial proportion of the middle-income families.

I am not talking just about the central cities when I speak of New York. I am talking about the New York metropolitan area, which includes New Jersey, which includes Westchester County, Dutchess County, Nassau County, and Rockland County. In some of those counties we find that one cannot build a one-family home for less than $54,000. The major areas of these counties will not be helped. But certainly having a limitation of $42,000 will not do anything for these areas whatsoever. I think that, if we do in fact want to help the middle-income people, if we do in fact want to help the economy, we must take into account that the construction trades in these metropolitan areas is suffering perhaps even more than the construction trades in other parts of the country. Certainly they are suffering just as much, and they need the help of this Congress, as well as other parts of the country.

Let me expand on this a little further.

In assembling data preparatory to its participation in the community development program, New York City surveyed its needs and assessed its problems. The information collected depicts a dismal picture. It indicates that from the time Congress passed the first housing law, which mandated as a national objective "a decent home and suitable living environment for every American family," this goal has become increasingly hard to reach for the millions living in the city. Statistics indicate that roughly 956,000 families live in housing that is either overcrowded, rundown, or absorbs a disproportionate amount of the occupants' income. Seven hundred fifty thousand families are presently paying more than 25 percent of their incomes for housing; over 1 million people live in overcrowded quarters; another 170,000 families are renting apartments that are dilapidated or are without decent plumbing facilities.

Moreover, there is no indication that the housing shortage will be alleviated. Indeed, the situation is growing worse. For the past several years the vacancy rate has been at 1.5 percent—and such a vacancy level is too low to allow for the operation of a free housing market.

New construction has sharply declined in recent years due to high interest rates and soaring building costs. Rising fuel and maintenance costs have combined to increase rents to intolerable levels for poor and middle-income families and, in many instances, have led to the deterioration and abandonment of buildings.

The city is presently sustaining a net loss of approximately 10,000 apartments a year. During the 1960's annual new construction averaged 37,000. By the 1970's it has dropped to 20,000. Combined losses to fire, demolition, and abandonment, on the other hand, add up to 30,000 apartments a year.

Since the poor are normally housed in the older, less well-maintained structures, the deterioration of the housing situation has had a disproportionate impact on low- and middle-income families. Nearly half a million of the families in the city earn less than $5,000 a year and spend more than 35 percent of their net incomes for rent. More than half of the persons included in this category are elderly.

New housing which is not federally subsidized is beyond the reach of 80 percent of the city's families. In order to afford any new, unsubsidized housing a family of four must have an income in excess of $20,000. But while the need for subsidized housing has reached critical proportions, the moratorium imposed on building programs designed to aid the poor brought construction of low- and moderate-income apartments to a virtual standstill. Nearly 30,000 of them scheduled for completion, were halted because of the impoundment of funds.

In 1969, approximately 1,165,000 individuals, or 15 percent of the total population of the city, had incomes below the poverty level. Rising unemployment during the last 4 years has added to this problem. In 1970 approximately 140,000 New York residents were unemployed. By 1974 this number has increased to an estimated quarter million.

When in 1967 the Council Against Poverty, the local community action agency, sought to pinpoint areas of special need by designating them "poverty areas," it was found that 22 out of the city's 62 community planning districts contained areas characterized by high unemployment and underemployment, low income, housing blight and overcrowding, disease and drug dependency, low education levels and high proportions of welfare recipients. Although these districts included only 41 percent of the city's population, they contained 52 percent of family heads with incomes below 80 percent of the SMSA median income in 1970; 65 percent of the city's families with incomes below the poverty level in the 1970 census; and 73 percent of the city's welfare recipients.

Mr. Chairman, we all have an obligation to represent such people. I have cited the New York statistics because they have been newly compiled and very vividly depict the crisis in which the city finds itself. However, these problems are not particular to New York. They are shared by all large metropolitan areas and are affecting, I am sure, with particular severity the nine other metropolitan cities, Atlanta, Chicago, Cleveland, Dallas, Detroit, Houston, Los Angeles, San Francisco, Seattle, and Washington, D.C., which are presently also barred from participation in this program.

Mr. PEYSER. Mr. Chairman, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman.

Mr. PEYSER. Mr. Chairman, in the gentleman's statement he mentioned Hawaii, Alaska, and Guam are eligible for how much?

Mr. BADILLO. The provisions of the bill, as it stands now, provide that in Alaska, Guam, and Hawaii, because of the fact that they are said to be high-cost areas, the maximum amount that may be available for a mortgage is $48,000.

Mr. PEYSER. And yet this is not available?

Mr. BADILLO. Not available in the metropolitan areas. And what I am seeking to do is to include the major metropolitan areas within the same provisions that are presently available for Alaska, Guam, and Hawaii.

Mr. PEYSER. I thank the gentleman.

Mr. BADILLO. Mr. Chairman, the amendments I shall offer provide for their participation and extend the benefits of the legislation to additional millions of people and I include them at this point for the information of the membership:

AMENDMENT NO. 1

Before the period insert the following: "and in the Atlanta SMSA, Georgia, the Chicago SMSA, Illinois, the Cleveland SMSA, Ohio, the Dallas SMSA, Texas, the Detroit SMSA, Michigan, the Houston SMSA, Texas, the Los Angeles-Long Beach SMSA, California, the New York SMSA, New York, the San Francisco-Oakland SMSA, California, the Seattle SMSA, Washington, and in the Washington, D.C. SMSA."

This is a very simple amendment. It merely extends the category of high cost areas presently eligible to participate in this program under a purchase price ceiling of $48,000 to include those large metropolitan areas in the continental United States which, without such a specific inclusion, would be unable to profit from the benefits of this legislation.

In supplemental views accompanying this bill, the gentleman from California (Mr. PATTERSON) published the results of a survey which indicate that in 11 out of 17 large metropolitan areas polled the median purchase price for new homes is well above the $42,000 limit. These areas include Atlanta, Chicago, Cleveland, Dallas, Detroit, Houston, Los Angeles-Long Beach, New York, San Francisco-Oakland, Seattle, and Washington, D.C.

Mr. Chairman, if we are serious about helping the unemployed construction workers and the homebuyers who have been priced out of the housing market, we must make it possible for the areas where there are large concentrations of them to participate. My amendment would accomplish this.

The amount of $48,000 is the limit provided for in the committee bill at present for Alaska, Hawaii and Guam. I see no reason why this limit should not apply also to the high cost areas in our metropolitan centers.

AMENDMENT NO. 2

On page 11, line 5, strike out "10 per centum" and insert "20 per centum".

Mr. Chairman, this amendment merely makes it possible to carry out the intent of my first amendment. If we are to increase the category of high cost areas eligible for a $48,000 ceiling we must make provisions for funding. By changing from 10 to 20 percent the percentage of funds set aside for their use, meaningful participation for this areas will be made possible.

Mr. BROWN of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa (Mr. GRASSLEY).

Mr. GRASSLEY. Mr. Chairman, I want to emphasize one point to the majority. It seems as though we always feel compelled to take from people on the one hand and to give to people with the other hand or, in a sense, take money out of one pocket and put it in another pocket of the same people on the other hand.

If we really want to help the middle-income people of America, I will remind the Members that we had the opportunity to do that about 3 weeks ago when the tax rebate bill was up for consideraation and we had an opportunity to help the very same people we are trying to help here today with the Conable amendment. But, no, that amendment was voted down, with no help from the other side of the aisle.

Mr. Chairman, I think that the middle-income people of this Nation are only asking one thing: that they not be taxed to death and that they be allowed to spend their own money the way they desire to do it. That is the way we can help the middle-income people of America, not through this housing bill.

Mr. Chairman, there is much to be debated in this middle income housing bill, but before we give attention to its exact provisions, let us consider an overview of the impact it will have.

This bill is an ill-advised attempt to force the last large group of independent Americans to be dependent upon the Federal Government. Mr. Chairman, I am speaking of middle-class Americans who are this Nation's professional persons, industrial artisans and managers, and our small businessmen.

Tax loopholes have allowed some wealthy persons to pay little or no taxes, a subsidy which some call socialism in reverse.

At the same time, welfare subsidies to the poor have been taken for granted as a way of life and are right. This is the third generation of Americans on our welfare rolls, and let us admit the poor are receiving welfare due to a Government that will not allow their own creativity to be profitable for them.

The Federal Government has thus provided spoils to the top and the bottom of our economic strata, and now the gap is being closed rapidly. You may use any term you wish to describe what happens when the Government becomes so dominant an influence in the lives of all Americans—I call it a most dangerous attack on the precious freedoms we have enjoyed for almost 200 years. This bill will not singlehandedly cast these freedoms to the ground, but let us make no mistake that the gap between subsidies for the rich and subsidies for the poor has been narrowed by the intent of this bill.

If this Congress wished to do something for the middle class, it could have provided tax relief for middle-income Americans less than 1 month ago. Let us recall it failed to do so by a record vote of 160 to 251 when it sent the Conable amendment for middle-income tax relief in a tailspin.

Mr. Chairman, I do not know of a single middle-income American who has asked me for this bill. Those Americans have not asked me for more government and more handouts. They have asked me for more freedom and lower taxes. Middle-income Americans can take care of themselves.

Middle-income Americans provide this Nation with the lion's share of our individual tax revenue. With more and more Federal subsidies, I fear there will soon be no taxpayers left to pay the bills—and then, Mr. Chairman, we will have no United States of America.

Mr. BROWN of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Chairman. This is an incredibly bad bill. It is ill-conceived, and it cannot be justified on any basis.

We are attempting to solve a problem again by burying it with money.

Certainly the housing industry has experienced a decline, but Congress has passed legislation already: First, in the form of the Emergency Home Purchase Act of 1974 back in October which authorized $7½ billion for home purchases; and second, last August, the GNMA tandem plan provided support for 100,000 new units. A total of $24 billion has been made available to the housing industry in the last year, and we were told in testimony before our committee that there is now some $14 billion available in unused funds.

Mr. Chairman, it seems to me also that this bill is counterproductive. It will take months to tool up the provisions of this bill. Why buy a house now if one can wait and receive a cheaper interest rate loan a little later on? And what about the 600,000 new units on the market now that have never been lived in?

I think the bill also is discriminatory, because it would be available to persons on a first-come-first-served basis, and many will be left out.

I think the gentleman from Maryland (Mr. MITCHELL) was making a valid point a little while ago—and I thought he might be against the bill—when he pointed out that it would not be all that helpful to the low-income people and they would indeed be subsidizing housing for persons who might be determined or said to be higher income people.

For example, I notice here that in Knott County, Ky., the median income, considering the 120 percent of the median figure which we use in the bill, is $5,565. Yet the median income of persons living in Montgomery County, Md., is $27,277. So supposedly persons from each of these counties will qualify equally under the provisions of this bill.

Mr. Chairman, I do not believe the average American needs more mortgage assistance at the present time. What he really needs is a stable economy, without Government handouts.

I think, Mr. Chairman, that at a time when we are faced with a $50 billion budget deficit, which already threatens the availability of long-term financing for the housing industry, the responsible vote would be a vote against this bill.

Mr. BROWN of Michigan. Mr. Chairman, I yield 3 minutes to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I have felt that unemployment was one of our most cruel and pressing problems, and I have always put that first in considering bills of this sort.

Therefore, I must say that the general purport of the bill is such that it seems hopeful, that the method of doing it is a good one, and I earnestly hope that the amendment offered by the gentleman from Michigan (Mr. BROWN) is going to be adopted.

I would just like to bring a couple of things to the attention of the Members.

Take old folks. I notice in this that we have only 20 percent for homes that are already occupied. If those larger homes of old folks are not going to be able to be mortgaged at 6 percent, they are going to have difficulty in selling their homes. We have over 40 million people who now own their own homes in this country, and in one county in my own district we have 4,000 homes now available for sale. In another county we have nearly 2,000.

I think we might reconsider a little bit as to whether or not we can do something to provide movement in the housing market. I see, perhaps, more movement if some of these, a larger proportion maybe, of these older homes could be sold with good mortgages. Younger people could move into the older homes which are available, and then the older people could move into the condominiums.

Here is another thing I particularly like about the Brown amendment: Not everybody has the money for single homes, and the multifamily aspect of the amendment of the gentleman from Michigan (Mr. BROWN), the substitute amendment, does present the possibility of people with not quite so much money or older people who may not want to have a single, independent one-family home, being able to purchase them.

These are the observations I would like to bring to the attention of the House.

Mr. REUSS. Mr. Chairman, we have no further requests for time.

Mr. BROWN of Michigan. Mr. Chairman, the absence of membership in the Chamber prompts me not to use much more of my time. I trust my colleagues will be reading the record and act upon this bill further tomorrow. I hope that they will truly recognize that if they really want to do something for the housing industry, the program that can be in motion the quickest will be the best, and the program that can be in motion and do the greatest amount of good is the program contemplated by the so-called Brown substitute. That program is indeed in being. It would be expanded by my substitute so that additional dollars will be available. It will be at the reasonable rate of interest, 7½ percent. We have been able to get a tremendous number of housing starts in the past at 7½ percent. It will cover rental multifamily units. It will cover condominiums. These were the shortcomings of the Emergency Home Purchase Assistance Act of 1974 that have been pointed out to us in the past by those who are very actively engaged in the homebuilding industry.

Mr. Chairman, I trust that upon reading the record and upon contemplating the discussion that has been held here in this general debate, my colleagues, both present and absent, will make the right decision tomorrow and, in lieu of the committee bill, support the Brown substitute.

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Michigan. I will be happy to yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Chairman, I just want to applaud the gentleman's efforts in formulating the substitute which he intends to offer tomorrow. I have personally had an opportunity to go over it in detail.

And I think it is the most viable kind of approach. It ought to be supported tomorrow and I intend to do just that.

This legislation is a classic example of one of the most fundamental problems involved with Government interference in the economy, the problem I call the timelag syndrome.

The simple fact is that we find ourselves today in the last stages of the current housing bust, or, to state it the other way, in the beginning stages of a coming upswing in the housing industry.

Evidence to support this contention is ample. Interest rates are plummeting. Just this week, some of the most influential banks in the country lowered their prime lending rate to 7.5 percent. Just last September, rates in the 12 percent range were common. Concurrently, thrift institutions are reporting substantial inflow levels; net savings and loan inflows for February rose to $3.1 billion, compared to only $1.7 billion in February of last year, and compared to a net outflow of $1.1 billion last September. Reports of new housing starts reflect these developments in capital markets, and show marked increases.

So what do we do? If we pass this bill, we will move now to treat a problem that has passed. Then we will send our nonsolution on its merry way through the legislative and administrative process, and sometime several months from now, when we are trying to figure out how to cool the boom down in order to combat the inflation that seems likely to begin being a problem again, the money from this program will start hitting the street and we will find our problems exacerbated.

The timelag syndrome. We are always

just about one-half cycle behind the market, and the hurrieder we go, the behinder we get.

For once, can we not keep our meddling fingers out and let the market work? It will. It really will. And with much less amplitude in its cyclical waves. If you do not believe this, I think I can understand why: it has been one heck of a doggoned long time since we let it happen.

Now, there are a number of other things wrong with this bill. It is supposed, for example, to stimulate people to buy houses. But the evidence I have cited shows that there is already substantial stimulation abroad in the country. The effect of this bill, indeed the effect even of its consideration, will be to dampen this natural stimulation at the present time, as potential buyers hold off their plans to see if they can do better later, when the law goes into effect. Thus, far from ending the housing depression, the bill will have at least the short term effect of prolonging it. Is that what the sponsors wish? Can they deny that it would have this effect?

Furthermore, even if the approach were correct, the levels set are certainly not. The 6-percent rate proposed will substantially raise the subsidy costs to the taxpayers, and is not realistic in the current market: it has been almost a decade since mortgage rates were that low.

The bill also fails to provide for a minimum income-percentage mortgage payment, and is thus discriminatory; it raises the possibility of windfall profits for homeowners whose property appreciates rapidly without protecting the taxpayers; and it fails to deal at all with rental properties.

It is, in short, a bad bill and unless drastically amended ought to be defeated.

Mr. DRINAN. Mr. Chairman, I rise in strong support of the Emergency Middle Income Housing Act of 1975. This act will provide for greater homeownership opportunities for middle-income families through temporary subsidized mortgages or permanent low interest mortgage loans. In all, $12 billion in mortgage assistance will be directed toward 400,000 housing units purchased by middle income Americans.

Since the late 1940's, Mr. Chairman, the Congress has pledged itself to provide housing where it is needed. We have seldom been able to fulfill this goal, and one of the main reasons for this is the fact that recessions invariably cut down on new housing starts. Our latest economic slump has been no exception. Housing starts declined in 1974 to a total of 1.35 billion units, 35 percent below the 1973 rate, and the smallest number of housing starts since 1967.

In 1974, the housing slump was caused in large part by tight mortgage credit and high mortgage interest rates. Consumers simply could not afford the high rates of interest which prevailed in the mortgage market, while banks were experiencing a credit crunch which led to decreasing mortgage loans. Now, however, thrift institutions have increasing supplies of money available as consumers spend less and save more. As a result, the last few months have shown that the problem is not so much tight money as the unwillingness of most Americans to move forward with their housing plans in view of our current recession.

Mr. Chairman, I think that it is significant to note that resurgence in housing has traditionally led the economy out of recessionary periods in the past. Construction activity has a multiplier effect on the economy. Statistics show, for example, that for each 1,000 man years in on-site and off-site home construction, 12,000 man years of work are required in manufacturing, wholesaling, and mining. Consequently, through the passage of this legislation, we will be creating additional demand for employment in appliances and home furnishing industries. As workers in these industries spend their earnings, there will be a ripple effect felt throughout the rest of the economy.

I feel, Mr. Chairman, that the Emergency Housing Act will bring about several very positive effects. First, it will enable many average Americans to purchase housing which they would not otherwise have been able to afford in the short term. Second, the economy will receive a needed stimulus in order to help raise this country out of its current downward spiral. Third, the construction industry would receive a needed "shot in the arm." At the present time, unemployment in the contract construction industry is at a 16-percent level, while the rate of unemployment in the residential construction industry is estimated at more than 40 percent.

Mr. Chairman, the Emergency Middle Income Housing Act basically provides for two types of temporary, emergency assistance to subsidize up to $12 billion in mortgages. This assistance should be extended to 400,000 housing units purchased by middle-income persons, the bill earmarking 90 percent of its authorized funds for homes valued at $38,000 or less. Depending on the subsidy and the Government's financing arrangements, this legislation should provide a direct spur to the economy through Government expenditures of between $500 million and $15 billion.

Because of the great importance of the Middle Income Housing Act, I would like to outline some of the bill's more significant provisions. The first area involves temporary 6-percent mortgages, the bill authorizing the Department of Housing and Urban Development to subsidize home mortgages with interest rates of 6 percent. This would be accomplished by the Government's temporarily funding the payments on a market-rate mortgage. These payments have recently averaged about 9 percent, so the Government would then pay the entire difference between the 6 percent and the market rate for the first 3 years of the mortgage. The subsidy would be gradually phased out by reducing the assistance by 25 percent in the fourth year, 50 percent in the fifth year, and 25 percent in the sixth year. Thus, in the seventh year of the mortgage, the home buyer would be paying the entire mortgage payment.

The second major provision of the bill provides for permanent 7-percent mortgages. The bill authorizes HUD, through various financing arrangements, to subsidize mortgages with interest rates of up to 7 percent for the life of the mortgage. Under the legislation, HUD is enabled to make either single-interest rate differential payments when the loan originates, or the Department can purchase 7-percent loans at par and then sell the mortgage-backed securities at a discounted rate.

As the name of this bill indicates, Mr. Chairman, this legislation is primarily aimed at middle-income groups. Families participating in the assistance provided for in the bill are limited to those whose income does not exceed 120 percent of the median income for the area in which they live. This will mean that the mortgage subsidies are primarily directed at those families with incomes between $12,000 and $18,000. Assistance under the act can be applied to single-family homes, one-family units in a condominium project, or units in a cooperative housing project.

Mr. Chairman, I am truly pleased that this Congress is orienting the Emergency Housing Act toward middle income groups. It is the lower and middle income taxpayer who has suffered under a disproportionate tax burden in recent years. It is the lower and middle income consumer who has been most hard-hit by our rampant inflation in the last few years. And it is the lower and middle income employee who has lost his or her job as our unemployment situation grows worse. It is therefore time that the Congress acted to insure that these groups receive some recompense for the difficulties which they have faced in the last year or two.

It is with the lower and middle income groups in mind that I can say that the Congress has taken several major steps forward in the last month. On February 27, the House passed the Tax Reduction Act of 1975, a bill which would provide total tax relief to individuals and businesses in the amount of $21 billion. On March 12, the House passed the Emergency Employment Appropriations Act of 1975. This legislation would direct nearly $6 billion for the emergency acceleration of Federal employment programs. Now, Mr. Chairman, we are acting to pass the Emergency Middle Income Housing Act. With these three measures being enacted into law in the near future, I am certainly hopeful that our economy will be registering significant improvements in the coming year.

Mr. MINISH. Mr. Chairman, the "Emergency Middle Income Housing Act of 1975," now pending before the House, is a vital ingredient in the Congressional effort to revive our badly depressed economy and reverse the dismal employment picture.

Before discussing the provisions of this important legislation, I want to take this opportunity to commend the gentleman from Pennsylvania (Mr. BARRETT) and the entire Housing Subcommittee for their diligence, hard work, and foresight in bringing H.R. 4485 before the House at this early date. Congressman Barrett and his colleagues deserve the praise of the entire House.

The "Emergency Middle Income Housing Act" would make $12 billion in mortgage interest subsidies available to lenders—and thus to homebuyers—through June 30, 1976, to assist in purchases of an estimated 400,000 single family homes or condominiums.

Under the bill, homebuyers would be able to borrow mortgage money at as low as 6 percent interest, with the Government subsidizing the difference between that and the going market rate. This subsidy would be phased out after 6 years.

A second option to be offered lenders would be mortgages for the life of the loan at 7 percent interest, with the Government subsidizing the difference with a one-time grant.

Persons earning up to approximately $20,000 per year would be eligible for aid under the bill, which could be applied to homes costing up to $42,000.

Residential construction as we are all so painfully aware, is undergoing its deepest depression since World War II. Housing starts in January 1975 were at an annual rate of less than 1 million compared with levels of 2.4 and 2.0 million in 1972 and 1973, respectively.

Nearly 700,000 construction workers were unable to find work in February of this year, and the rate of unemployment in the residential construction industry alone is estimated at over 40 percent.

H.R. 4485 will assist in alleviating this problem since construction activity has a multiplier effect on the economy. For each 1,000 man-years in on-site and off-site home construction, 1,200 man-years of work are required in manufacturing, wholesaling, and mining. Additional deployment in appliances and home furnishing industries. As workers in these industries spend their earning, there is a ripple effect through the rest of the economy.

A Department of Labor study indicates that an increase in production of 250,000 single-family houses would generate about 130,000 on-site man-years of work, 25,000 off-site man-years and another 188,000 man-years of work in manufacturing, wholesaling, and mining. All together, one-quarter million additional home starts would create up to 343,000 man-years of work.

These many additional man-years of work would generate workers' incomes aggregating approximately $4.2 billion on which an estimated $450 million in Federal income taxes would be paid for the year. Corporate and personal income taxes paid by builders, materials suppliers and firms in related industries are estimated conservatively at $250 million, for a total increase in Federal income tax revenues of $700 million.

In conclusion, Mr. Speaker, the "Emergency Housing Bill" would stimulate housing construction, employment and homebuying, thus providing a powerful stimulus to revive our troubled economy. I urge prompt and overwhelming approval by my colleagues in the House.

Mr. BROWN of Michigan. Mr. Chairman, I have no further requests for time.

Mr. REUSS. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Middle-Income Housing Act of 1975".

Mr. REUSS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GIAIMO, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4485) to provide for greater homeownership opportunities for middle-income families and to encourage more efficient use of land and energy resources, had come to no resolution thereon.

GENERAL LEAVE

Mr. REUSS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks during the general debate on this bill.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

UNSEEN TAXES BURDEN SMALL BUSINESSES

(Mr. DE LA GARZA asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DE LA GARZA. Mr. Speaker, every business enterprise in the United States must pay what might be termed unseen taxes in the cost of complying with a multitude of reporting requirements by Federal regulatory agencies. This burden falls with particular weight on small business establishments.

A big business concern usually has a division of the corporation set up to deal with these requirements. The cost, part of the overall cost of doing business, is passed on to the company's customers—adding, it might be noted, to the inflationary trend that has caused so much distress among the people generally.

But big business at least can pass on the cost. The average small business is not so fortunate.

I am well aware of this situation because most of the business establishments in my south Texas district fall in the category of small. If the employer has forms to fill out, reports he is required to make to Federal agencies, he must fill out the forms and write the report himself.

The word "if" is out of place. Of course he has forms to fill out. Of course he must make reports to Federal agencies. Too many forms and too many reports, many of them have told me.

In an effort to lighten the tedious and costly load of paperwork borne by small business, I have introduced a bill directing the U.S. Comptroller General to make a study of reporting requirements of Federal regulatory programs on small business establishments to determine if the massive paperwork can be cut down.

Under provisions of my bill, the Comptroller General would complete the study within 1 year after enactment and report his findings and recommendations to the Congress.

In our increasingly complex societal and governmental structure, some paperwork is no doubt inevitable and necessary. But perhaps, almost surely, not so much, I hope my bill will lay the groundwork for eliminating unnecessary reporting and give a measure of relief to the many thousands of small businessmen in the United States.

COMMUNICATION BETWEEN POLITICIANS AND EDUCATORS

(Mr. BRADEMAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, the November, 1974 issue of Phi Delta Kappan contains an excellent article by Samuel Halperin, Director of the Institute for Educational Leadership at George Washington University, on the misconceptions politicians and educators hold about each other.

Dr. Halperin was Deputy Assistant Secretary for Legislation in the Department of Health, Education, and Welfare from 1966 to 1969. Before that he was assistant U.S. Commissioner for legislation in the Office of Education.

Dr. Halperin and the Institute he heads have vigorously initiated efforts to bridge the communications gap between these two groups. I insert the article to which I refer at his point in the RECORD.

POLITICIANS AND EDUCATORS: TWO WORLD VIEWS

(By Samuel Halperin)

For over five years George Washington University's Educational Staff Seminar (and, more recently, related programs in the Institute for Educational Leadership) has been building bridges of communication and understanding between educators and political decision makers. Through a variety of educational formats—field trips, seminars, dinner/discussion meetings, etc.—we have brought these two groups of professionals together. We have done so in the belief that better educational policies for the nation hinge upon the ability of politicians to comprehend and to utilize the expertise of educational practitioners, while at the same time all kinds of educators must understand the political context in which major educational decisions are shaped.

We soon discovered that effective communication and understanding were generally frustrated by deep-seated animosities on both sides of the professional Mason-Dixon line.* While this finding is hardly novel, what did prove surprising was the intensity of feeling and the variety of allegations surrounding these animosities.

What follows is an attempt to detail the varied perceptions which are held by educators and politicians. Rather than report that "they don't think too much of each other," let us look at the actual language they employ to justify their shared disdain. The quotations which follow are composites I have experienced in various encounters with educators and politicians. Studying them, putting ourselves in "the other guy's shoes," and modifying our respective behavior patterns may help narrow the chasm between these key actors, whose fullest talents are necessary in order for our educational system to operate with a reasonable expectation of success.

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* There is probably nothing unique here to the field of education. I believe similar gulfs exist between politicians and other professional groups—scientists, physicians, etc.—and the language of their discord is not too dissimilar to that reported here.

THE EDUCATOR'S VIEW OF POLITICIANS

Here are the most commonly expressed complaints of educators:

1. Politicians have a short-term view of the world. They seldom deal with the broader picture, the longer range, the sophisticated interplay of social forces. Moreover, politicians are too pragmatic and too quick to compromise issues of great importance when they ought to stand on principle. They shoot from the hip when they ought to take time for careful analysis and reflection. Their narrow vision doesn't let them see the implications of their acts nor the interdependence of their decisions. Such behavior isn't unethical, but it certainly is unwise and, often, disastrous for education.

2. There's also an unethical or, at least, less ethical side to politicians' involvement with education. Politicians politicize everything they touch and view education only in terms of political fortunes and outcomes. They won't help education because it's right to do so, but only if they can get some political advantage out of it.

3. The politicians' primary interest is in their own constituencies and their narrow sectional, ethnic, regional, or economic interests. When do they consider the welfare of all the people in this country?

4. Politicians are poorly informed on educational issues. They seldom take the trouble to master the complex issues we have to deal with. Some of them think that just because they went to school themselves or have kids in school, they automatically possess educational expertise.

5. There isn't any continuity in the political process. Legislators pass a law and proclaim a policy. But we educators can't count on it because, in another year, the legislature forgets about last year's favored programs and passes on to new fads. Or else legislators don't fund the programs they've enacted. Or they move off the education committees to more attractive committee assignments. Or the understandings we reached with members and committee chairmen are forgotten when the new legislature convenes. Whatever the case, dealing with legislatures lacking an institutional memory or substantive commitment is like building a castle with dry sand.

6. Politicians tend to be arrogant and often show contempt for anyone who is not a political peer. Instead of acting as if public office is a public trust, to be exercised with humility, politicians seem to delight in throwing their weight around and in humiliating educators. Indeed, many politicians go out of their way to make us feel that we educators are the enemy of education.

THE POLITICIAN'S VIEW OF EDUCATORS

1. Educators are seen by many politicians as arrogant and, worse yet, sanctimonious. Educators act as if they are the only ones who have high standards and any sincere commitment to decent public service. They act as if educators have all the answers and frequently treat us as petty creatures, not very bright, not very honest. Educators see themselves as responsible professionals but view us as political hacks.

2. In order to frame social policy, we need facts, not generalities. We also need practical responses to immediate problems. Yet rarely do educators have the information we need to make sound policy. Sometimes we suspect that they withhold information we are entitled to.

3. Educators ought to know how to communicate, but there are few groups that speak less clearly, less concisely, and with more obfuscation. Instead of precise, comprehensible, here-and-now language, what we get is usually too olympian, too utopian, too abstract, or too fuzzy to be helpful. The other side of this talking over our heads in jargon and verbiage is a tendency of many educators to talk down to us. In either case, real understanding is seldom advanced by the way educators communicate with us.

4. Particularly at the federal level, there is practically no continuity among the educational policy makers with whom we have to deal. Most of us on the congressional education committees have been around 10 to 15 years; in that time we have seen a new commissioner of education and a new secretary of Health, Education, and Welfare every two years or less. Under such circumstances it is hard to take them or their promises very seriously.

5. Educators have little understanding of the legitimacy and importance of the political process. This ignorance is expressed in many ways:

Educators view our difficult work of negotiating, compromising, balancing interests, and refining or fine tuning public policies as dirty, underhanded, or even immoral. If we don't give educators everything they want when they want it, they act as if incrementalism is evil, show little appreciation for the progress made, and damn us for letting the kids of America down.

Educators also run counter to sound political practice by splitting, that is, by playing off their part of education (higher, elementary/secondary, libraries, etc.) against other educational interests, Instead of a united educational front, we are faced with warring factions, a situation in which almost everyone loses.

If politicians suggest that educators build coalitions with powerful noneducator groups, educators respond with righteous indignation that they are *above* politics. The fact is that some of the most effective lobbyists for education are not educators but groups like organized labor, civil rights and church groups, and general citizens associations, depending on the issue.

Educators often play up to the executive branch bureaucrats and policy makers and even take sides against the legislatures. They seem oblivious to the fact that our various constitutions provide for coequal branches of government with basic policy supposedly being forged in the legislative bodies.

6. Educators only want more money. They seldom consider how to raise public revenues nor do they recognize that we live in a tough world with many competing priorities.

7. Educators give lip service to accountability but fail to do anything to bring it about. They are afraid to tell the taxpaying public what it gets for its huge investments in education. They agree with the need for accountability, but then they tell us they are professional people and that we don't have to worry about their acting in a responsible manner.

8. Educators refuse to admit that, just like other groups, they are promoting their own interests, economic and professional. Sometimes it is hard for politicians to know whether what educators propose is good for education or merely good for them. They spend so much energy talking about the profession—when was the last time you heard them talk about what was good for kids?

A START TOWARD BRIDGE BUILDING

As we have seen, the grievances and gulfs separating educators and politicians are many. While it is neither feasible nor desirable to work things out by enrolling all of these combatants in encounter groups and other forms of interpersonal therapy, a start can be made if sincere attention is given to the troublesome world views which prevail today. Reaching out with some understanding of how "the other side" might view the meeting can't hurt. It might even help to forge a much-needed bridge over the troubled waters of contemporary educational policymaking.

THE U.S. SPACE PROGRAM—BENEFITS, APPLICATIONS AND TECHNOLOGY UTILIZATION

(Mr. FREY asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. FREY. Mr. Speaker, within the next few days my colleagues will be asked to consider the NASA authorization bill for fiscal year 1976 and the subsequent 3-month transition period. My comments today are intended to offer an insight into the many accomplishments of NASA and to highlight some of the technology applications developed as a part of our Nation's space program. It is my purpose to provide my colleagues this information in order to afford them a fuller understanding of this country's commitment to the space effort—a commitment which offers the promise of a better tomorrow.

The technological benefits which have been realized by the American people, and indeed, by people all over the world, as a result of space-related research and development have touched our lives in more ways than is possible to relate—from advances in the medical field, to innovations adopted by industry, to improvements in the ordinary household.

Looking at some of these achievements in greater detail, in the medical world one of the more recent benefits has been the ingenious application of tiny electronic body sensors to assist in remotely measuring the precise walking patterns of young cerebral palsy victims. These sensors had originally been developed by NASA for space research.

Small electrical and electronic components designed by NASA for use in spacecraft are also now used in a heart pacemaker that is less cumbersome and more effective than the conventional designs.

The biological isolation garment designed for use by the Apollo astronauts to wear on the Moon has been used for patients suffering from conditions that leave them defenseless against everyday airborne germs for which normal people have natural antibodies for protection.

A new surgical instrument for removal of cataracts has been developed by several doctors in conjunction with NASA's Lewis Research Center. The new procedure is much quicker and safer than the traditional surgical technique, which requires a 180-degree incision in the eye, and consequently a greater number of sutures to close. The newly developed instrument permits the surgeon to operate through the small incision which in turn requires only one suture to close. By this method, the patient is permitted to leave the hospital less than a day after the operation.

A small "temperature pill," no larger

than a vitamin capsule, has been designed at Ames Research Center to assist in disease and body function diagnosis. The pill, actually a radio transmitter, is implanted by the patient swallowing it and is designed to monitor deep body temperature by means of an FM receiver and associated electronics. The advantage of the device is that it allows monitoring of body temperature continuously over a 24-hour period on day-by-day basis, something which is difficult to accomplish by present methods. The pill is coated so that it will not dissolve while passing through the digestive track of the patient.

The concept of the "pill' is not limited to recording temperatures. This same device can be used to identify and transmit other internal data in humans. This sensing unit could conceivably be replaced by a separate monitor sensitive to stomach acidity, intestinal pressure, and so forth.

Remote medical monitoring techniques developed for manned spaceflight have also found application in portable medical devices which continuously monitor the vital signs of high-risk patients in small hospitals, nursing homes, or rehabilitation centers. Initially developed by the NASA Biomedical Application Team at the Southwest Research Institute, the device is now available commercially. This piece of equipment makes available the continuous patient monitoring techniques previously found only in the intensive care units of large hospitals.

Aids for the blind and deaf are also being provided by space research. The principle of alternating panoramic fixation used in satellite camera and lens systems was applied to the development of new glasses with multidirectional lenses.

A space helmet utilizing unique sponge electrodes originally developed by NASA's Ames Research Center to obtain electro-encephalographic tracings from astronauts and test pilots under stress is being adapted to detect hearing defects in children.

A sight switch which was developed for activating switches in a spacecraft by the mere movement of the astronaut's eye has now been adapted to aid paralyzed people. This same sight switch concept has been put to use as a manipulating device for wheelchairs and electronic callboards.

Similarily, the use of "tongue" switches has been helpful to persons who have lost the use of their arms and/or legs. These switches enable handicapped individuals such as paraplegics to operate wheelchairs, feed themselves, and accomplish numerous tasks requiring the use of their limbs. The "switches" activate artificial levers which assist and control limb movement.

The list of medical applications is as imaginative and extensive as the examples cited above would indicate.

In other areas, transistors first developed through space research have totally revolutionized the computer industry. Equipment, materials, and gadgets originally designed for use in the environment of space have been adapted to many household needs. Perhaps the most significant nonmedical applications of space technology have been made in the field of communications. Telephone service has been greatly improved as a result of communication satellites. Now, by using the satellite, it is possible for a doctor in a major U.S. medical center to consult with his patient in a remote Arizona Indian village or in some desolate location in Appalachia, and, with the assistance of a paramedical person, virtually examine the patient over two-way television. In addition, children in underdeveloped areas in foreign countries are able to receive their education by television. These more recent applications of communication satellite technology have been made possible through the NASA Applications Technology Satellite—ATS.

Finally, the Earth Resources Technology Satellite—formerly known as "ERTS" and now designated as "Landsat"—has made numerous positive contributions to our quality of life here on Earth. Earth resources surveys have aided the farmer in managing crops by analyzing land conditions through the use of infrared photography. Land and water use programs have been assisted by ERTS imagery, as have those areas dependent on snow cover and run-off predictions for irrigation, et cetera. By reading ERTS images, scientists can study the geological, agricultural, hydrological, meteorological, and land use characteristics of large areas. Environmental savings have also been considerable as a result of ERTS applications. As an example of the latter, accurate forecasts of streamflow and reservoir inflow permit minimization of damage due to excessive or deficient outflow. The many other applications of this technology are too numerous to elaborate upon.

Mr. Speaker, these are but a few of the multitude of benefits which have been realized as a result of our Nation's space effort. These are results which have stemmed both from the direct and indirect applications of space-related techniques and technology. With continued support, our space program promises to provide ever increasing dividends for the benefit of all mankind. The returns from space have been positive and meaningful and I know that my colleagues will agree that the payoff to the individual has been too impressive to permit anything short of our strongest support for the NASA program.

EASTER RECESS—A SUPPORTIVE STATEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Hampshire (Mr. CLEVELAND) is recognized for 15 minutes.

Mr. CLEVELAND. Mr. Speaker, the recess taken by Congress during the week of Lincoln's birthday has been the subject of criticism in some quarters as an unwarranted "vacation" for Members of Congress after only 1 month of the 94th Congress. The House leadership has been called to task for permitting such a recess to occur, and all Members have been admonished to "get back to business." Actually the leadership should be commended.

I fear that we can expect more of the same as the period set aside for the Easter recess approaches. I believe, therefore, that we have an obligation to reassert our views on this subject, both in the interest of accurate reporting and of an informed electorate.

Rather than condemning the recent recess—or the forthcoming one—I choose to applaud it and also to praise you, Mr. Speaker, and the distinguished majority and minority leaders, for your good sense in supporting these periodic recesses as agreed during the 93d Congress.

As all of us know, the job of a Congressman involves much more than staying in Washington and debating legislation. Perhaps our primary responsibility is service to our constituents, both in helping them with their problems and in reflecting their views on legislative proposals. In order to fulfill both these objectives, it is imperative that we return home to meet with the people who sent us here and learn their views firsthand.

CONGRESSIONAL RESEARCH STUDY

In a brief study of this issue just completed by the Congressional Research Service for the Joint Committee on Congressional Operations, this very fundamental fact is stated most persuasively:

> Throughout the history of the United States great symbolic value has been attached to the concept of direct representation. This attachment has both legal and normative bases.
>
> The direct election of Representatives and Senators is mandated by the Constitution, largely on the assumption that Congress will be more attuned to the public good and/or will if its Members are directly accountable to discrete sets of constituents. The formal requirements of the electoral process thus impose upon a Member a responsibility to ascertain the needs and desires of his constituents. Important in the maintenance of a direct relationship between Congressmen and their constituents is the attitude prevalent among Members that they ought to serve their constituents. This attitude relates not alone to reflecting their wishes when voting on legislation; also involved is the concept of constituent services. Much research supports the notion that Congressmen exert great effort in acting as a liaison between constituents and the Federal bureaucracy. Regardless of their motive, or whether their efforts relate more to legislative or service activities, Members' value to their constituents can be expected to increase with the amount of personal contact.

The establishment of a predetermined schedule of recesses for the 1st session of the 94th Congress is extremely valuable in carrying out our duty to meet with our constituents and legislate in full awareness of their views. We know long in advance whether we can make and keep speaking engagements and office hours in our districts; we are encouraged to work longer and more effective weeks in Washington; and the leadership now has a more predictable basis on which to schedule legislative business in a more orderly way.

PRESS IGNORES REASON FOR RECESS

Unfortunately, however, as the CRS study also points out, the press has paid scant attention to the potential benefits for the legislative process in the promulgation of an advance schedule which allows Members and leadership more efficiently to plan their time.

In my own case, I was able to use the Lincoln recess to travel over 800 miles in my district, holding office hours in a number of towns and cities and meeting with several hundred constituents and State and local officials. I know that these meetings—these exchanges of views—have helped me immeasurably in my legislative and oversight work, and I am sure that other Members have had the same experience.

Mr. Speaker, in my view the Lincoln's birthday recess and the preplanning of recesses for the entire year are valuable ideas which are proving to be a success. This is not a new departure or a radical change. Rather, it responds to the perceptions of Members and leaders alike of basic needs of this institution, perceptions which have grown steadily over the past 20 years as the business of the Congress has grown in volume and complexity.

As a part of my remarks, Mr. Speaker, I include an exchange of correspondence on this subject which I have had with the editor of the New York Sunday Times. Unfortunately the editors did not publish my letter and many members of the media will probably continue to refer to our recess as a "vacation." My letter to the Times follows:

FEBRUARY 12, 1975.

Mr. MAX FRANKEL,
Sunday Editor, The New York Times, New York, N.Y.

DEAR MR. FRANKEL: Although I recognize the inevitable limitations of summary treatment of events in such a medium as the Times' "Week in Review" and while I appreciate that Congress is always fair game for critics, I must nevertheless object to the Review's page one reference last Sunday to the "ten-day vacation" taken by the House which the author contends is "delaying action by at least that long on a tax relief bill."

This ten-day recess is not and was not intended to be a "vacation." The opposite is true. It is the first in a series of brief periods throughout the year designated in advance by the Speaker to permit the more orderly scheduling of Congressional business, both legislative business and constituent service. As such, it represents one of the most important of several recent reforms in Congressional procedures. With its large Washington bureau, the Times should have been aware of this fact.

For the first time, Members now know in advance when they can return to their Districts, meet with their constituents, keep speaking engagements, hold office hours, and perform other essential representational functions. Conversely, the House leadership knows, again in advance, when it can schedule important legislation and expect maximum attendance. And the oft-neglected constituent knows when he can expect to see his representative.

The potential benefits of this scheduling reform are numerous: it will encourage better utilization of time for committee and Floor activities, permit a longer working week, maximize Members' attendance, avoid sudden cancellations of scheduled legislative business, reduce the embarrassing frequency of broken engagements of long standing in home District, enable Congressional staffs—which remain in Washington—to catch up with the necessary preparatory work, and generally provide for the most efficient use of time on the part of everyone concerned.

Ironically, this scheduling reform was designed as a more flexible substitute for a similar proposal which attracted wide editorial support this past summer and fall from the nation's newspapers. Originally suggested by Rep. James M. Hanley of New York, this proposal would have set aside one week a month for constituent service in Members' districts. The new reform accomplishes the same objective but avoids the earlier proposal's rigidities since most of the scheduled recess periods will correspond to long holiday weekends when Congress would not be meeting in any event. For example, the present recess, though it extends over a ten-day period, includes two weekends, and a national holiday; at most, only four working days are included, and those days, I assure you, are being well spent by committee staffs assembling the data, information and recommendations needed by the Members on their return to Washington.

I regret that the Times, ordinarily a valuable champion of Congressional reform, has so misread this very significant effort to improve Congressional efficiency and accountability.

Sincerely,

JAMES C. CLEVELAND,
Member of Congress.

THE NEW YORK TIMES,
New York, N.Y., February 25, 1975.

Rep. JAMES C. CLEVELAND,
Congress of the United States, House of Representatives, Washington, D.C.

DEAR REPRESENTATIVE CLEVELAND: Your letter of February 12 to Max Frankel has been passed to me, since I edit The Week in Review section.

I am certainly sympathetic to the points you make in your letter about an orderly rescheduling of Congressional business.

I think, however, the news summary item to which you refer made a quite valid point in context. Part of that context was "Democrats in control of Congress acted on the economy with unusual speed. . ." Mention of "a ten-day vacation" was to make the point that the item made, that a tax relief bill had been delayed by at least that long.

Considering the statements of Congressional leaders as well as the press about the severity of the recession and of rising unemployment, I think our story was accurate and justified.

None of which is to say that I take issue with the points you make in your letter.

I wish you and your colleagues well in a more rational division of your time.

Sincerely,

AL MARLENS,
Editor.

WELFARE REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama (Mr. EDWARDS) is recognized for 5 minutes.

Mr. EDWARDS of Alabama. Mr. Speaker, since its beginning in 1936, this Nation's aid to families with dependent children program, AFDC, has been growing at an ever increasing rate.

At every level of Government, more and more of the taxpayers' money has been consumed as this and a number of other public assistance programs have mushroomed. The results have been apparent not only in financial but in human and administrative terms.

In recent years, a number of States have undertaken basic reform of their own State regulations and administrative practices in an effort to bring the AFDC program under control.

To complement these State efforts, I have joined with a number of my colleagues to introduce a bill—the National Welfare Reform Act of 1975—which will provide a substantial opportunity to close a number of the remaining loopholes and provide the means to effect what I feel will be a more complete pattern of welfare reform than this Nation has known to date.

Other problem areas of the welfare system will be addressed in additional reform legislation to be introduced in coming months.

The bill I cosponsored is aimed primarily at correcting deficiencies in the aid to families with dependent children program. AFDC is the Nation's costliest welfare program, as well as the program most subject to abuse.

If enacted, the legislation will stop the practice of persons with high incomes remaining on the welfare rolls, and it will eliminate from eligibility, persons who should not benefit at all from tax-supported assistance.

Opportunities for fraud will be curtailed. In this regard, the bill will require use of a standardized photo identification card and it will provide 50 percent Federal matching funds for local law enforcement fraud control costs.

This bill will also carefully identify outside resources that are available to recipients and require their utilization in a cost-beneficial manner.

The concept of family responsibility and child support requirements is strengthened by provisions of this bill. This is in recognition of figures which show that the parent who defaults in his family support responsibilities is at the heart of much of the welfare problem.

The bill will also strengthen work requirements and provide the States with needed latitude in designing effective programs to assist welfare recipients in the return to self-sufficiency. It is made clear that States may require a community work experience program as a condition of eligibility. Also, the bill standardizes sanctions against able-bodied employable recipients who voluntarily leave or refuse to look for or accept employment.

In addition to the provisions I have briefly named, the bill will achieve administrative simplification and streamlining, and it will permit a more rational allocation of resources to persons who are legitimately in need.

This bill has the potential of restoring the concept of public welfare assistance to its original purpose. That is, helping those who are really in need and who cannot help themselves. At the same time, it rids the taxpayer of the able-bodied freeloader who wants to take advantage of a well-meaning program. I urge each of you to lend your support toward prompt enactment of this greatly needed legislation.

GRADUATION CEREMONIES OF THE 100TH SESSION OF THE FBI NATIONAL ACADEMY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. TALCOTT) is recognized for 5 minutes.

Mr. TALCOTT. Mr. Speaker, I was privileged to attend the graduation ceremonies of the 100th graduating class of the renowned FBI National Academy for law enforcement officers from every State and many foreign countries.

The law enforcement profession is one of our most important. This was a landmark class. I am proud that two constituents; namely, Edward P. Fischer of the Carmel, Calif., Police Department, and Donald A. Hollen, of the Santa Cruz, Calif., Police Department were among the graduates. Their police departments and communities can be very proud of them for being selected to attend and for graduating.

I am especially proud that another of my constituents, Mr. Clyde P. Klaumann, of the Carmel, Calif., Police Department and a highly respected and distinguished law enforcement officer for almost 40 years, is the national president of the FBI National Academy Associates and represented the associates at the graduation session today at Quantico, Va.

Attorney General Edward H. Levi gave the principal address. His message was timely and pertinent to dedicated law enforcement officers—but also to every citizen of the United States. I wish every American could read his speech and feel the tone that is essential if we are to enjoy equal and fair protection of the law and if America is to, once again, feel secure and proud of our system of justice.

I ask unanimous consent to insert a copy of Attorney General Levi's speech.

ADDRESS

(By Attorney General Edward H. Levi)

It is good to be with you on the occasion of your graduation from the Federal Bureau of Investigation's National Academy. The Department of Justice is proud of this educational institution and proud of the people it has helped to train. We are proud of you.

Graduation ceremonies are not new to me. Until seven weeks ago, I was in a position at the University of Chicago to attend them quite regularly. It is characteristic of American life—and one of the fine things about us—that we have accepted the challenge of the complexities of modern existence by seeking more professional and more understanding ways to handle our problems. Continuing education, lifelong if possible, is a necessary ingredient. So there are many graduation ceremonies all over the country. You have taken part in such ceremonies before, and many of you will do so again. Yet each such ceremony is important and special. Each one represents work completed. Each one looks toward the future when what you have gained will be tested. Each one is a personal achievement. I congratulate you.

I am acutely conscious that the last thing you need now is another speech. I do not intend to lecture you. In view of your unusual qualifications and the important roles you play, I do want to talk with you about some of the problems we face together in enforcing the law and administering justice. These are matters of the greatest importance to the well-being of our society and to the freedom and protection of individuals.

Because you serve as the clearest intermediary between the government and the society, your role has a wide scope and your functions are not easily defined. Studies have shown that many policemen spend most of their working time on things other than crime control. One researcher found that only 17% of police service calls and responses in one major city related to crime. Detailed studies of another large city showed that police spent about two-thirds of their effort on social service and administrative work. I realize this kind of data might suggest there is something wrong with the way police and investigatory work is organized. I can imagine a flock of management control buzzards descending upon your profession to reorganize it, to narrow its objective.

But I venture to suggest the wider scope of the police functions not only reflects the fact that someone must perform the range of essential tasks police now perform, but it also reflects the judgment that these tasks are inherent and important to the intermediary and symbolic role of law enforcement. When people know that the purpose of police is to be helpful and to make the society work better for the individual, when people know that rules are to be guides and not traps, a trust arises within them that is very important. If it is any comfort to you, let me remind you that this wider aspect to an occupation is characteristic of most professions.

Indeed, I am inclined to believe that the more important a profession is, the broader will be the field of duty surrounding its core of technical functions. In any event, that is most surely an attribute to the three learned professions of law, medicine, and the ministry. Persons in those professions spend great amounts of time on matters far beyond the technical structure of their discipline. Most of what they do is to deal with people and to try to be helpful to them. So it is also with the police. What you do reaches the vast numbers of Americans who will never see the criminal justice system first hand. When you act strictly as agents of the criminal justice system, the people with whom you deal will see in your conduct a mirror of the totality of government. Probably it is yours, as it is for no other groups in our country, to build or reinforce—or at times unfortunately to destroy—a basic trust in our system of law and government.

In stressing this wider aspect of your professsion, I have not forgotten the pressing nature of your central duties. The simple fact is that the prevalence of crime and our inability to deal with it is an alarming aspect of modern life from which many unfortunate consequences flow. The rising rate of crime has been a serious problem for a long time. The 1973 figures for reported serious crimes were more than 157% higher than those for 1960.

FBI statistics for the first nine months of 1974 show another increase—16 per cent over the comparable period a year before. I know it is sometimes argued that these comparisons are inaccurate since the data depend upon the reporting of crimes and vary with changes in the willingness to report criminal acts. Where crime is more dispersed it may be more generally noticed. Thus, the crime rate in some places may seem to be incerasing more rapidly than it truly is. However, there is not much comfort in this apology.

The increasing insecurity of people in the Nation's urban centers—about their physical safety, about their ability to protect their property—threatens society in insidious ways. A frightened people is more willing than a secure people to attack the very laws that protect it—indeed to attack laws and constitutional provisions that offer our best hope of a free society. Terror also draws men inward and erodes the basic trust and easy informality among individuals upon which so many of the social institutions that sustain us are based. In a society that has valued its geographic and social mobility, fear draws up boundaries that impede us. Reducing crime to a much more acceptable level simply has to be a basic commitment to the American people so that they may be secure in their homes and neighborhoods no matter where those homes or neighborhoods may be. The idea that we can ignore some victims of crime is in the worst, not the best, part of the American tradition. We should reject it out of hand. For many strange and conflicting reasons, sometimes because of misplaced kindness or indifference, we have been much too tolerant and much too indolent in our approach to the prevention of crime.

Perhaps we already know the ways to reduce the frequency of crime. Perhaps we simply lack the will to take some of the unpopular steps which may be required. I do believe in the concept of deterrence. The better we do the job of detecting crime and finding its perpetrators, the more likely others who think about committing crime may think twice and decide against it. The detection of crime and the identification of the criminal are only first steps. But everything else in the criminal justice process depends upon them.

For deterrence to be effective, punishment must be swift in coming. But the criminal justice system in the United States, as all of us recognize, has become slow and inefficient. Innocent people get lost in its labyrinth and the guilty—especially as they gain practice in travelling in the maze—make their way through it without punishment at all or with a punishment that in no way reflects the magnitude of their violation. The system relies too much on the aggressiveness of the victim to press charges. Witnesses are worn out before a case is heard. Swiftness in detection and in the ultimate resolution of the penalty is essential if the criminal justice system is to work.

This does not mean that we close our eyes to the causes of crime, but rather that we should not add yet another cause—the sluggishness and resulting ineffectiveness of a criminal justice system which has lost the value of deterrence. Nor does it mean that penalties need be harsh and thus produce an atmosphere of unfairness.

As law enforcement officers you are only one part of the mechanism by which criminals are brought to punishment, and as such you cannot alone make the criminal justice system effective. You can, however, do your jobs informed by an understanding of the general problem that afflicts the system of which you are a part. You can set priorities for enforcement so that the criminal law can have its maximum deterrent effect. You can organize your departments to function effectively, and by emphasizing the importance of swiftness and certainty you will broadcast a message that the criminal justice system means to do its job well. We need that message. If that message is given, I believe other agencies and institutions in our society—many of them within the government—will cease to be apathetic and will begin to do their part.

The Department of Justice can try to help you and other agencies of the criminal justice system. For decades, the FBI has assisted states and localities in a number of important ways—including operating the Academy you have just attended. The Drug Enforcement Administration is carrying out crucial work in an area of immense law enforcement and public concern. The Law Enforcement Assistance Administration has provided substantial funding to state and local agencies and also has developed new programs and research efforts that have made a contribution. The proposed LEAA budget for Fiscal 1976 is about $770 million. But the relative size of that figure itself indicates something of the limitations of the federal government's role. The state and local criminal justice agencies spend a total of about $16 billion a year.

The Department of Justice, of course, can do more. It can work with the Congress, and it is doing so, for revisions in the federal criminal law. The Department is currently analyzing a massive revision of the entire criminal code which has already been introduced in Congress. It also has under discussion various legislative proposals—and some of the Department's own—concerning the control of handguns. The Department can cooperate with local and state agencies in many important ways.

Most important of all, the Department of Justice with your help can try to establish a tone of fairness in law enforcement. And that tone, difficult as it is to establish and maintain, may have subtle but exceedingly important effects on the enforcement of the law in general.

You leave here to enforce the laws at a time when the very nature of law and its enforcement have been called into question, both by an increasing fear of crime that no one has yet been able to stem and by a deep want to belief in the fairness with which law is enforced. As police officials, you will bear the burden of that fear and of that lack of faith more than anyone else. You also will have more opportunity than anyone else to calm the fears and to restore the faith in American justice.

We must never forget one essential truth: Neither the law in general nor the criminal law in particular can be entirely enforced by the government. Ultimately, enforcement must spring from the faith of citizens. In a free society there are essential values which would be destroyed were law enforcement to depend entirely upon the force of arms. Another kind of force must operate. That force is the willing acceptance by an overwhelming proportion of our people of the law's demands. People must believe, if not in the wisdom of a particular law, at least in the fairness and honesty of the enforcement process. I am afraid that many Americans have come to believe that law is not evenly enforced, that the law is being used not for the sake of the social good but rather for the sake of the people who created it. I happen to believe that this kind of cynicism is wrong, but the fact is that it exists. And it has serious consequences for law enforcement in our system in which general belief in the law's fairness plays so important a role.

I don't believe it has been the rigor of enforcement that has caused people to lose faith in their laws. Rather it has been a failure to show in our actions as enforcers of the law an adherence to principle—really an adherence to the ideal of justice itself—a recognition that since laws exist for the common good, they must be enforced with fairness, evenhandedness, and a proper and common concern for each individual.

As I have said, your profession is the agency which brings the criminal justice system to the people it serves. Your presence, your conduct, your basic decency and concern can make a great difference in the public's perception of the fairness of law. By your gentleness, civility, and determination you can build or reinforce a basic trust in how our system of law operates. Another way of saying this, of course, is that you must have the discipline and proper goals of a profession which exists to serve society and to protect the individual. For if law can be enforced only when there is a belief in the law, your job as policemen and our job in the Department of Justice must be in large part to strengthen that belief and to see it is a faith well-founded.

What I have suggested to you about the subtle way in which all of our conduct shapes the adherence to law in this country should give us all pause. How much easier it would be to believe that specific new laws, amazing new technological devices, or vast expenditures of money would by themselves solve the crime problem in America. How much more difficult it is for us to realize that as enforcers of the law, everything we do has a deep and abiding effect. It is more difficult to worry about the whole range of our official conduct than to satisfy ourselves by drafting new statutes or buying new devices, but I believe it is also more sensible.

Your job as a profession is to cope with one of the greatest problems of our society. You stand where fear and cynicism now meet. But there is also a great trust waiting to be reawakened. By your conduct and skill—and I hope in part by virtue of what you have learned at this Academy—I am sure you will show the people of America that they may trust in the law and in you.

WAYS AND MEANS COMMITTEE SHOULD ELIMINATE PROPOSED EXCISE TAX ON GENERAL AVIATION AIRCRAFT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas (Mr. SHRIVER) is recognized for 5 minutes.

Mr. SHRIVER. Mr. Speaker, under the Democratic-sponsored Energy Conservation and Conversion Act of 1975, H.R. 5005, there is a provision which would impose a 20-percent excise tax on motors for motorboats, snowmobiles, and general aviation aircraft.

It is ridiculous and incomprehensible that this legislation should equate general aviation aircraft with snowmobiles and motorboats. I strongly protest such a provision in the bill, and urge my colleagues on the House Ways and Means Committee to remove this discriminatory action against general aviation.

It is obvious there are those who continue to think of general aviation in terms of pleasure flying. It is time that we recognize that general aviation is an important part of our national air transportation system.

Of the hours flown in general aviation, approximately 72 percent are for business and commercial purposes. The remaining 28 percent is for personal use, including personal transportation. General aviation provides air transportation for an estimated 90 million intercity air passengers a year to the Nation's 12,700 airports.

We have heard discouraging news within the past few days concerning the balance of payments picture. I would remind my colleagues that general aviation continues to be one of the few bright spots. For every general aviation aircraft imported into the United States, American manufacturers, mainly those in my Fourth Congressional District of Kansas, are exporting 23.

Since November 1973, general aviation has been under fuel allocation regulations promulgated by the Federal Energy Administration. I should like to state that the general aviation industry is doing its part to conserve our Nation's fuel. Of the total fuel used in all forms of aviation, including the airlines and military, general aviation consumes less than 5 percent. Fuel conservation practices have been undertaken by the industry, both in the design and construction of aircraft as well as in their operation.

Mr. Speaker, a 20-percent excise tax on new general aviation engines would have a severe impact on the industry causing serious economic consequences. I am interested in seeing an equitable and meaningful energy conservation program adopted by the Congress. But as we seek a workable program, we should guard against destroying jobs and our economy. I urge my colleagues on the Ways and Means Committee to remove this discriminatory action against the general aviation industry from the bill as they proceed through the markup process.

PROPERTY TAX RELIEF FOR OLDER AMERICANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. HEINZ) is recognized for 30 minutes.

Mr. HEINZ. Mr. Speaker, tomorrow I intend to offer an amendment to H.R. 3922, the Older Americans Act, which will provide for property tax relief for older Americans. Since the Older Americans Act is a 4-year extension, senior citizens will have to wait until 1979 for congressional action unless we act now.

My amendment establishes a State grant program to provide up to 50 percent Federal assistance for property tax relief to homeowners and renters who are 65 and older. An equitable distribution of aid among States is assured by a formula designed to provide the proper ratio of the total funds appropriated to those States that have a high percentage of elderly poor according to numerical population weighted by income.

In the past two problems have particularly frustrated congressional efforts to enact an equitable and fair property tax reilef program for the elderly. The first is the technical difficulty of developing a program that meets the tremendous differences of each State's circumstances and preexisting programs. My amendment accommodates this problem by allowing within very broad guidelines each State to receive support for the program of its choice.

The second question is how to encourage States which need, but do not have a program, to establish one without penalizing those States which have existing programs. My amendment provides for this necessary balance by limiting Federal assistance to 50 percent of what a State spent the previous year. To insure that States with existing programs which chose to participate improve assistance to senior citizens, the bill contains a 1-year maintenance of effort provision.

My amendment does not specify a fixed authorization level. Instead, it authorizes "such sums as may be necessary." This leaves the final decision on funding up to the Apropriations Committee.

Mr. Speaker, I urge my colleagues support for this amendment so that our senior citizens will not have to wait 4 years for congressional action. I include the full text of my amendment at this point in the RECORD:

AMENDMENT TO H.R. 3922, AS REPORTED OFFERED BY MR. HEINZ

Page 34, immediately after line 8, insert the following new section:

REAL PROPERTY TAX RELIEF FOR OLDER AMERICANS

SEC. 103. (a) The Act, as amended by sections 101 and 102, is amended by adding at the end thereof the following new title:

"TITLE X—REAL PROPERTY TAX RELIEF FOR OLDER AMERICANS

"DEFINITIONS

"SEC. 1001. For purposes of this title—

"(1) the term 'State' means any State of the United States and the District of Columbia;

"(2) the term 'Secretary' means the Secretary of the Health, Education, and Welfare;

"(3) the term 'personal income tax' means a tax imposed by a State on the income of individuals;

"(4) the term 'real property tax' means an ad valorem tax imposed on real property by a State or political subdivision thereof;

"(5) the term 'qualifying head of household' means any individual—

"(A) who is aged sixty-five or older; and

"(B) who provides more than 50 per centum of the cost of maintaining a household which is his principal residence;

"(6) the term 'eligible household' means any household which is the principal residence of a qualifying head of household; and

"(7) the term 'household income' means the income of all individuals occupying the same household as their principal residence and, for purposes of this paragraph, the term 'income' means total money income received from all sources, as determined by the Bureau of the Census for general statistical purposes.

"PAYMENTS TO STATES

"SEC. 1002 (a) Except as provided in subsection (c), the Secretary shall pay out of moneys appropriated under section 1005, during each fiscal year beginning after the date of the enactment of this title, to each State with a qualifying real property tax relief program an amount equal to the entitlement of such State determined under section 1003 for such fiscal year.

"(b) For purposes of this title, the term 'qualifying real property tax relief program' means a program established by any State—

"(1) which provides any eligible household a credit against a personal income tax or real property tax imposed by the State, or a rebate or other cash payment in lieu of such a credit, for—

"(A) all or a certain portion of the real property taxes (i) imposed on the real property occupied by the eligible household for residential purposes, and (ii) paid by any member of the eligible household; or

"(B) a certain portion of the rent paid by any member of the eligible household with respect to the real property occupied by the eligible household for residential purposes, if a real property tax has been imposed on such real property by the State or a political subdivision thereof;

"(2) which (as determined under regulations prescribed by the Secretary) is designed primarily to provide relief to eligible households with low or moderate household incomes; and

"(3) which meets such qualifications as the Secretary may by regulation prescribe respecting the manner in which applications under such program are to be submitted to the State.

"(c) The Secretary shall not make payments to any State during any fiscal year beginning after the close of June 30, 1975, if he determines that the aggregate of the credits allowed, and payments or rebates made, with respect to eligible households during the calendar year preceding the calendar year in which the fiscal year begins under the qualifying real property tax relief program of such State, is less than the sum of—

"(1) the amount (if any) of the payments made under subsection (a) during such preceding calendar year to such State, plus

"(2) the aggregate of the credits allowed, and payments or rebates made, with respect to eligible households during the calendar year 1974 under the qualifying real property tax relief program of such State.

"ENTITLEMENT OF STATES

"SEC. 1003. (a) The entitlement of any State for any fiscal year shall be equal to an amount which bears the same ratio to the amount appropriated under section 1005 for such fiscal year as the amount allotted to such State under subsection (b) for such fiscal year bears to the aggregate of the amounts allotted under subsection (b) for such fiscal year to all States which are eligible for payments under section 1002 during such fiscal year.

"(b) Each State shall be allotted for any fiscal year an amount which is equal to the aggregate of—

"(1) the household entitlement for each eligible household in the State with an annual household income of less than $15,000, multiplied by

"(2) the applicable percentage for such household (determined under subsection (c)).

"(c) For purposes of subsection (b), the applicable percentage of any eligible household shall be determined in accordance with the following table:

"If the annual household income of the eligible household is:	The applicable percentage is:
Less than $3,000	100 percent.
At least $3,000 but less than $5,000	80 percent.
At least $5,000 but less than $7,000	60 percent.
At least $7,000 but less than $9,000	40 percent.
At least $9,000 but less than $15,000	20 percent.

"(d) The entitlement of any State for any fiscal year may not exceed 50 percent of the qualifying revenue loss under the qualifying real property tax relief program of such State during the calendar year preceding the calendar year in which the fiscal year begins.

"(e) For purposes of this section—

"(1) the term 'household entitlement' means an amount determined by dividing the amount appropriated under section 1005 for the fiscal year involved by the number of eligible houesholds in all States on the last day of the calendar year preceding the calendar year in which the fiscal year begins;

"(2) the qualifying revenue loss under a qualifying real property tax relief program of any State during any calendar year is the aggregate of—

"(A) the credits allowed during the calendar year under such program to eligible households against a personal income tax or real property tax imposed by the State; and

"(B) the rebates and cash payments made under such program during the calendar year to eligible households;

"(3) in determining the qualifying revenue loss under any qualifying real property tax relief program for a calendar year, there shall not be taken into account the amount of the credits allowed, or rebates or cash payments made, during the calendar year—

"(A) to any eligible household to the extent that the amount of such credits, rebates, or cash payments exceeds $500; or

"(B) to any eligible household with household income greater than $15,000; and

"(4) the determination of the number of eligible households in a State and of the amount of the household incomes of such households shall be made as of the last day of the calendar year preceding the calendar year in which the fiscal year begins and the data used in making such determinations shall be the most recently available data provided by the Bureau of the Census or the Department of Commerce, as the case may be.

"ADMINISTRATION

"SEC. 1004. (a) The Secretary may not make any payment under this title to any State unless an application therefor has been submitted to and approved by the Secretary. Such application shall be submitted to the Secretary at such time, in such manner, and containing such information as he may by regulation prescribe.

"(b)(1) If the Secretary disapproves the application of any State under subsection (a), such State may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which the State is located a petition for review of such action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

"(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive, except that the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may in such a case make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1005. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this title for the fiscal year ending June 30, 1976, and for the fiscal years ending September 30, 1977, 1978, and 1979.".

(b) Section 102 of the Act (42 U.S.C. 3002) is amended by inserting "(except as otherwise provided)" immediately after "Act".

And redesignate the following sections accordingly.

SALUTE TO PERLE MESTA

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. MONTGOMERY) is recognized for 5 minutes.

Mr. MONTGOMERY. Mr. Speaker, I am sure we all noted with sadness the recent passing of Perle Mesta. She was a Washington institution for some 50 years and highly regarded by everyone who came in contact with her. I feel very fortunate to have been included among her friends and feel that I profited from having known her. The life and works of Mrs. Mesta were very eloquently captured in words by another of her close friends, columnist Betty Beale. I include at this point in the RECORD Ms. Beale's article and commend it to my colleagues:

"HOSTESS WITH THE MOSTEST," PERLE MESTA, DIES AT 85

(By Betty Beale)

Perle Mesta, the internationally known Washington "hostess with the mostest" who was immortalized in the musical comedy "Call Me Madam," died yesterday at the age of 85 in Oklahoma City, where she was raised.

She had returned there on Feb. 6, 1974, to live with her brother, William Skirvin. An active woman on the Washington scene for 50 years, she never recovered from the fall she suffered here in the summer of 1972 that resulted in a broken hip and other complications.

Perle Mesta combined politics and parties with a zest that led to her appointment as minister to Luxembourg by President Truman in 1949. She gained her greatest fame from her glamorous gatherings in honor of President and Mrs. Truman. More than any other hostess in this century, she loved publicity and knew how to cultivate the kind of public relations that enhanced her image as a celebrity. Her warmth, humor and delight in giving people a good time did the rest.

Mrs. Mesta's father, William Balser Skirvin, was on the first train to Oklahoma Territory when it was opened up. He staked out lots in Guthrie, the first capital of the state, and began making money in real estate before moving to Galveston, Texas. He laid out the town of Alta Loma, across the bay from Galveston, and started investing in oil prospecting. He was in on the second gusher at the famous Spindletop field in Texas and acquired an interest in other big oil fields.

Perle, the first of three children, was born in Sturgis, Mich., where her mother was escaping the summer heat of Galveston. In the early 1900s the family moved to Oklahoma City and her father struck oil again near Tulsa. By the time he built the Skivin Hotel in Oklahoma City in 1911, he was a millionaire. Her mother, who was born in a log cabin and was a graduate of the University of Kansas, died in 1908.

Mrs. Mesta was never interested in higher education and admitted that she didn't like to read. In her autobiography, "Perle," she said that when she finished school she went to Chicago to study piano and voice, but in 1915 moved to New York to live with a wealthy great-aunt.

There she met millionaire bachelor George Mesta, who owned the Mesta Machine Co. in Pittsburgh. They were married in 1917 and soon after took an apartment at the Willard Hotel here, where they stayed off and on throughout World War I while Mesta served as a $1-a-year consultant to President Wilson. Mrs. Mesta said she was never accepted in Pittsburgh so Washington, where she and her husband entertained first Vice President and Mrs. Thomas Marshall, then Vice President and Mrs. Calvin Coolidge, became her favorite city. When her husband died in 1925, Washington became her home, though she lived for a time later in New York City, Arizona and Rhode Island.

Her fascination with politics began in 1928 when she attended the Republican National Convention. She helped organize the young voter turnout in Oklahoma and the usually Democratic state when for Herbert Hoover. Vice President Charles Curtis began escorting the rich widow places and their names were romantically linked, but they were only good friends.

She entertained Curtis in Newport where she and her sister had taken a house, and set the fashionable summer resort on its ear, because he was the first vice president to visit there while in office. It was Curtis who arranged for her formal presentation at the Court of St. James in the summer of 1931 when she curtsied to King George and Queen Mary.

In the late 1930s Mrs. Mesta became converted to the cause of women's rights and joined the National Woman's Party. She was asked to open the headquarters at Geneva of the World Woman's Party, which subsequently led to a permanent League of Nations committee on the status of women. In 1940 she persuaded the Republican National Convention to go on record as supporting a constitutional amendment to provide equal rights for women, the first time a major political party had backed such a plank.

She worked for Wendell Wilkie in that campaign but began to feel more and more sympathetic with the New Deal program, and by 1944 had switched her registration from Republican to Democrat. She was named an alternate delegate to the Democratic convention in Chicago that year and helped get an equal rights plank in the Democratic platform.

Her first big party for the Harry Trumans was held in 1945 just a month before he became president. The big affair, held at the Sulgrave Club, made news when singer Rosa Ponselle persuaded Vice President Truman to accompany her at the piano while she sat on top of it and did an impersonation of torch singer Helen Morgan.

When Truman became president, Mrs. Mesta, a frequent guest at the White House, decided to rent the former 2300 S St. NW residence of the Herbert Hoovers and entertain on an extensive scale. She gave three or four parties a week. Margaret Truman had a memorable dance there, with Mrs. Mesta importing a band from New York to play. There were three bachelors to every girl invited.

Other memorable Mesta affairs were a party for Army Chief of Staff and Mrs. Dwight D. Eisenhower at which the general sang "Abdul Abdulbul Amir," a white tie dinner for President and Mrs. Truman in 1947 at which Truman again played the piano, and a Christmas party at which the President played Christmas carols and his daughter Margaret sang.

In 1948 Mrs. Mesta joined the Truman campaign train to raise money, and was so successful that the President appointed her chairman of the Inaugural Ball to raise more money to pay off the Democratic Party debt. In the following months there were more Mesta soirees, including a dinner for the Truman's at which a young representative named John Kennedy arrived wearing brown loafers with his tuxedo.

In July 1949, Mrs. Mesta was named Minister to Luxembourg. She had so many friends in Congress that the Senate Foreign Relations Committee approved her appointment without calling her to testify, and her confirmation sailed through the Senate. Both Mrs. Truman and Margaret went to New York for her send-off party aboard the "America."

The world in general, however, was waiting to see Mme. Minister fall flat on her face in her new job. In her book, Mrs. Mesta wrote:

"It took me only a few days in Luxembourg to discover that for the first time in my life, the cards were all stacked against me. The members of the legation staff resented the fact that they had been sent a minister who had no training whatsoever in the arts and duties of diplomacy." But the people of little Luxembourg welcomed her and in a very short time her democratic ways and warm interest in everything the people were doing earned her a permanent niche in diplomatic annals.

Combining her motherly feelings with her hostess know-how, Mrs. Mesta began holding open house every Saturday for GIs stationed in Europe. Eventually she entertained 25,000 American servicemen. Gen. Eisenhower, now Supreme Commander of NATO forces, and Mrs. Eisenhower flew in from Paris frequently to visit her, and Eleanor Roosevelt, who had once criticized her appointment, came to Luxembourg and afterwards wrote a warm and complimentary column that enhanced her reputation as an effective diplomat.

It was during her tenure in Luxembourg that Irving Berlin's "Call Me Madam" was launched on Broadway and became an immediate hit, with Ethel Merman in the starring role. The State Department ordered Mrs. Mesta not to attend because her presence would "tend to dignify a burlesque on a State Department official." But she got permission from President Truman to go and take his wife and daughter with her. They winced at some of the jibes but thoroughly enjoyed the show.

Mrs. Mesta remained in Luxembourg for three months after Eisenhower became president. Before her departure Grand Duchess Charlotte of Luxembourg presented her with the Grand Cross of the Crown of Oak, the duchy's highest honor.

The biggest party of her career as a hostess was probably her party in London during the coronation of Elizabeth II in 1952. It drew everybody from the Crown Prince and Princess of Norway, Prince Bernhard of the Netherlands and lords and ladies of England, to Humphrey Bogart and Lauren Bacall. Mrs. Mesta called it her greatest party, although her convention extravaganzas in Chicago in the Blackstone Hotel in 1952 and again in 1956 are still remembered among the best ever given.

One of the great surprises of her life occurred before she left Luxembourg, when she received an official invitation to visit the then restricted Union of Soviet Socialist Republics. Mrs. Mesta wanted to take a friend with her on the trip but the Russians did not allow that. So she went alone equipped with a camera, four dozen rolls of film and a little black notebook, which she scratched in whenever possible and hid in her bosom. She managed to visit a steel plant that no American had seen since the war and other points of interest barred to American diplomats. After leaving Russia, she wrote a series of articles for the New York Herald Tribune about her visit.

The doughty dowager then took speech lessons, had some help in composing lecture, memorized it and went on the lecture circuit. In 1955 she picked up more material for her lectures by traveling around the world. Her experiences on that trip included a riot in Saigon which she described in breathless detail in her later talks.

The same year she moved into "Les Ormes" in Wesley Heights with her sister Margaret and brother-in-law George Tyson. It became the scene of more parties that were noted for, and sparked by, the bringing together of political opponents. (The name of the house was changed to the English translation, "The Elms," when it was purchased by Vice President Lyndon Johnson.) In the meantime, her life was dramatized on television's "Playhouse 9," with Shirley Booth enacting the hostess role.

Never one to mince words, Mrs. Mesta deserted the Democratic Party in the 1960 election and campaigned for Richard Nixon. Her invitations to the White House ended abruptly and were not resumed until Johnson became president, when she was again invited to the White House and was taken back into fold of the Democratic Party.

Mrs. Mesta wound up her active, colorful life entertaining on a smaller scale in her apartment at the Sheraton Park.

She is survived by her brother, William Skirvin of Oklahoma City, her nephew William Tyson, and her niece, Mrs. Lewis Ellis, both of Washington.

SPEAKER'S PRESS STATEMENT ON LOCAL PUBLIC WORKS BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MCFALL) is recognized for 15 minutes.

Mr. MCFALL. Mr. Speaker, at your press conference this morning, you and members of the Committee on Public Works and Transportation announced introduction of a tremendously important local public works bill. This bill would create hundreds of thousands of jobs for America's unemployed. The bill would also help the hard pressed cities and towns to meet their needs for local public facilities.

Your statement at the press conference this morning was very important, and I would like to place it in the RECORD for all Members to read. In addition to discribing the great accomplishments which would be achieved by this local public works bill, you also provided heretofore unpublished figures for January unemployment in the States and localities. While they are not pleasant reading, these unemployment statistics are extremely significant, for they will demonstrate to every Member of this House the great urgency of this bill.

In closing, I want to congratulate you, the members of the Steering Committee's Task Force on the Economy, and the members of the Public Works Committee for coming up with a carefully coordinated program to counter the serious recession our Nation is now experiencing, and for following through immediately with well thought out legislation to implement that program.

The statement follows:

ANNOUNCEMENT OF THE EMERGENCY LOCAL PUBLIC WORKS CAPITAL DEVELOPMENT AND INVESTMENT ACT OF 1975

(Statement of Representative CARL ALBERT)

Good morning ladies and gentlemen. This afternoon, Members of the House Committee on Public Works and Transportation, with the full support and encouragement of the Democratic leadership, will introduce a $5 billion emergency Local Public Works Capital Development and Investment bill.

This bill represents another step in the Democratic Congressional program to bring our economy out of its current very severe recession and to provide for the urgent public facilities needs of our nation. This bill is one of a series of measures the Democratic Congress will enact early in this Session as part of a carefully coordinated package of anti-recession legislation fashioned by the House Democratic Steering and Policy Committee's Task Force on the Economy, which was ably chaired by Congressman Jim Wright of Texas.

There is no need to dwell on the badly depressed state of our economy—every day brings new evidence that we are in the middle of the worst economic decline since the Great Depression of the 1930's. Nor is there any question but that public facilities across the nation are sadly in need of repair, replacement and expansion. Several years of extremely high interest rates have clearly imposed a staggering burden on local governments trying to keep pace with the facilities needs of their communities.

Two of the hardest hit areas of our economy are construction and materials production. In construction, fully one quarter of all workers are currently unemployed. Materials production is down by 17.2% from a year ago.

Clearly, there is an urgent need to stimulate activity in these sectors of our economy and to upgrade local public facilities.

By passing the public works bill being introduced today, we will help to accomplish this goal. This bill will create approximately 250,000 jobs and these jobs will, in turn, give a boost to the general economy, help lower welfare and unemployment costs, and help the state and local governments catch up on their huge backlog of long overdue and badly needed public facilities.

Critics of this legislation will say that this bill will be inflationary and that it is too expensive—the nation cannot afford it. Both these arguments are totally devoid of merit.

With regard to the inflation question, an allegation that spending for construction, an industry in which fully one-fourth of all workers are idle, will press the industry against the limits of its capacity and thereby stimulate price inflation is obviously a false argument. The same holds true for the materials industry.

Moreover, this bill is not too expensive. It errs, if at all, in being too conservative—$5 billion in spending in an economy with more than $1.5 trillion in production will obviously not solve all our problems.

Still, this bill will accomplish much good. A review by the Joint Economic Committee staff indicates that the $5 billion authorized in this bill could stimulate approximately $14 billion in additional national production in the 24 months after enactment, with probably two-thirds of this amount coming in the first year. This will permit the Federal government, after including savings from unspent unemployment and welfare benefits, to recoup practically the entire cost of this program in a relatively short time through additional Federal revenues arising from higher national production. And this calculation does not include the tax benefits which will accrue to the state and local governments, nor does it include the valuable addition of $5 billion worth of facilities to the capital stock of the public sector, nor the very real benefits, not measurable only in dollars and cents, which will be received by residents of local communities who will enjoy the use of these facilities.

Obviously, this bill, the emergency Local Public Works Capital Development and Investment Act, is very aptly named. Indeed, this measure is such a good investment for our nation that we could hardly afford not to pass it.

In closing, I would like to call attention for a moment to the seriousness of unemployment in local communities throughout the nation. Attached are previously unpublished figures showing recent unemployment in the fifty states and in major labor market areas which were obtained by my staff well in advance of their normal publication date. A brief glance at these previously unavailable local unemployment figures will, I believe, demonstrate the urgency and necessity for the anti-recession measure being prepared by the Public Works and Transportation Committee.

Also attached is a copy of the bill being introduced today, the emergency Local Public Works Capital Development and Investment Act of 1975.

Unemployment rates in 50 States and 150 major labor maket areas, January 1975

(NOTE.—Statistics from U.S. Department of Labor, Manpower Administration, Office of Planning and Evaluation, Division of Labor Market Information. Not seasonally adjusted.)

[In percent]

Alabama	7.2
Birmingham	5.8
Mobile	5.1
Alaska	11.4
Arizona	8.3
Phoenix	9.2
Arkansas	9.9
Little Rock-North Little Rock	6.5
California	10.1
Anaheim-Santa Ana-Garden Grove	8.6
Fresno	10.1
Los Angeles-Long Beach	9.1
Riverside-San. Bern.-Ontario	9.7
Sacramento	8.6
San Diego	11.0
San Francisco-Oakland	9.6
San Jose	8.6
Stockton	11.2
Colorado	5.1
Denver-Boulder	5.1
Connecticut	8.7
Bridgeport	9.6
Hartford	7.3
New Britain	14.2
New Haven-West Haven	8.1
Stamford	6.3
Waterbury	10.0
Delaware	8.6
Wilmington	8.7
District of Columbia	7.0
Washington	4.8
Florida	8.7
Jacksonville	6.6
Miami	8.2
Tampa-St. Petersburg	7.5
Georgia	9.7
Atlanta	7.0
Augusta	9.0
Columbus	16.1
Macon	10.3
Savannah	7.9
Hawaii	7.2
Honolulu	6.8
Idaho	9.2
Illinois	6.8
Chicago	6.7
Davenport—Rock Island—Moline	4.4
Peoria	4.3
Rockford	8.4
Indiana	9.1
Evansville	7.6
Fort Wayne	8.3
Gary—Hammond—East Chicago	6.3
Indianapolis	8.6
South Bend	7.8
Terre Haute	6.8
Iowa	5.1
Cedar Rapids	3.9
Des Moines	4.6
Kansas	4.7
Wichita	4.3
Kentucky	8.4
Louisville	5.8
Louisiana	7.1
Baton Rouge	5.0
New Orleans	7.3
Shreveport	6.8
Maine	10.6
Portland	7.4
Maryland	5.4
Baltimore	5.5
Massachusetts	10.4
Boston	9.1
Brockton	10.3
Fall River	13.9
Lawrence—Haverhill	10.2
Lowell	12.6
New Bedford	16.0
Springfield—Chicopee—Holyoke	10.8
Worcester	9.3
Michigan	13.9
Battle Creek	11.5
Detroit	14.9
Flint	17.0
Grand Rapids	11.9
Kalamazoo-Portage	9.3
Lansing-East Lansing	11.1
Muskegon-Muskegon Hghts.	12.7
Saginaw	11.9
Minnesota	8.1
Duluth-Superior	N.A.
Minneapolis-St. Paul	N.A.
Mississippi	6.2
Jackson	4.9
Missouri	7.7
Kansas City	6.9

Unemployment rates in 50 States and 150 major labor market areas, Jan. 1975—Con.

Missouri—Continued	
St. Louis	10.1
Montana	9.0
Nebraska	5.8
Omaha	7.1
Nevada	10.7
New Hampshire	6.5
Manchester	6.7
New Jersey	9.8
Atlantic City	14.2
Jersey City	12.4
Newark	8.6
New Brunswick-Perth Amboy	N.A.
Sayreville	9.0
Paterson-Clifton-Passaic	N.A.
Trenton	N.A.
New Mexico	7.2
Albuquerque	7.9
New York	9.3
Albany-Schenectady-Troy	7.5
Binghamton	6.6
Buffalo	13.4
N.Y. City, plus Putnam, etc	9.9
Nassau-Suffolk	6.8
Rochester	N.A.
Syracuse	7.8
Utica-Rome	9.3
North Carolina	10.4
Asheville	10.4
Charlotte-Gastonia	9.5
Greensboro-Winston-Salem-High Point	8.3
Raleigh-Durham	5.2
North Dakota	5.8
Ohio	8.0
Akron	7.5
Canton	6.5
Cincinnati	7.9
Cleveland	7.4
Columbus	6.1
Dayton	6.4
Hamilton-Middletown	10.1
Lorain-Elyria	9.0
Steubenville-Weirton	4.2
Toledo	9.5
Youngstown-Warren	10.0
Oklahoma	5.4
Oklahoma City	5.4
Tulsa	4.4
Oregon	10.0
Portland	7.8
Pennsylvania	8.5
Allentown-Bethlehem-Easton	7.9
Altoona	10.5
Erie	7.5
Harrisburg	5.5
Johnstown	8.7
Lancaster	6.3
Northeast Pennsylvania	12.0
Philadelphia	8.8
Pittsburgh	7.4
Reading	6.5
York	7.7
Puerto Rico	17.2
Mayaguez	16.5
Ponce	19.8
San Juan	11.5
Rhode Island	13.8
Providence-Warwick-Pawtucket	13.4
South Carolina	8.9
Charleston	5.8
Greenville-Spartanburg	7.4
South Dakota	5.2
Tennessee	6.5
Chattanooga	7.2
Knoxville	5.7
Memphis	5.9
Nashville-Davidson	6.1
Texas	5.7
Austin	3.9
Beaumont-Port Arthur-Orange	5.5
Corpus Christi	6.1
Dallas	4.2
El Paso	7.2
Fort Worth	5.2
Houston	4.6
San Antonio	5.8
Utah	7.6
Salt Lake City-Ogden	7.1
Vermont	9.6
Virginia	5.4
Newport News-Hampton	5.6
Norfolk-Va. Beach-Portsmouth	5.7
Richmond	3.1
Roanoke	5.2
Washington	9.4
Seattle	8.2
Spokane	10.3
Tacoma	9.8
West Virginia	8.5
Charleston	6.3
Huntington-Ashland	8.6
Wheeling	8.8
Wisconsin	7.3
Kenosha	6.4
Madison	6.6
Milwaukee	6.7
Racine	6.4
Wyoming	5.5

H.R. —

A bill to authorize a local public works capital development and investment program

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Local Public Works Capital Development and Investment Act of 1975".

SEC. 2. (a) The most severe economic decline in a generation has brought about massive unemployment and has greatly worsened the already severe difficulties experienced by State and local governments in funding construction of badly needed public works projects. High levels of unemployment now prevail in all parts of the Nation and in virtually all sectors of the economy. Joblessness is especially severe in the construction industry, where fully one-fourth of all workers are now unemployed and unemployment has been at depressed rates, above 8 percent, for more than four years. The high rates of long-term unemployment in the construction industry has not only created grave difficulties for those individuals immediately affected in the construction and materials industries; it has also contributed directly and substantially to the weakening of the entire economy of the Nation, as depressed conditions in the construction industry, brought on by extremely high interest rates, have undermined the strength and vitality of other sectors, ultimately spreading throughout the entire economy.

(b) The current depressed state of the national economy has had an especially heavy impact upon local governments. For decades, local governments have experienced growing difficulties in funding from their own limited resources, primarily local real property taxes, the public facilities needs of their communities. Unlike previous difficulties experienced by local governments, however, the current economic decline has been accompanied by extremely high interest rates, which have brought communities across the Nation to a point at which it is simply no longer possible for them to finance needed public facilities, thereby threatening the health, safety, and general welfare of their citizens.

(c) That a vast pool of idle manpower should coexist with a huge backlog of badly needed and long overdue local public facilities work of all kinds is both needless and unwise public policy. This deleterious situation is directly counter to the existing national policy, stated in the Employment Act of 1946, of maintaining maximum employment, production, and purchasing power.

(d) The Congress finds that the goals of providing employment opportunities for all those able, willing and seeking to work, of meeting the unmet needs of local communities for better public facilities, and of stimulating the national economy, which currently has approximately $230 billion of idle capacity, in a non-inflationary manner, can be achieved through a program of Federal assistance to State and local governments directed toward improving local public facilities. The Congress therefore declares that there exists a national unemployment emergency and that, to combat this unemployment emergency and stimulate activity in the construction and materials industries and in the economy generally, and to assist State and local governments in promoting the general welfare of their citizens through the provision of adequate public facilities, there should be established a program of Federal grants-in-aid to State and local governments for the construction, repair, or other improvement of local public facilities, such grants-in-aid to be made available for public facilities projects which promise rapid implementation and reduction in unemployment.

SEC. 3. As used in this Act the term "Secretary" means the Secretary of Commerce acting through the Economic Development Administration.

SEC. 4. (a) The Secretary is authorized to make grants to any State or local government for local public works projects (including but not limited to (1) those public works projects of State and local governments for which Federal financial assistance is authorized under provisions of law other than this Act, and (2) the architectural design, engineering, and related planning of local public works projects).

(b) The Federal share of any project for which a grant is made under this Act shall be 100 per centum of the cost of the project. Nothing in this Act shall be construed to authorized the payment of maintenance costs in connection with any project constructed (in whole or in part) with Federal financial assistance under this Act.

SEC. 5. The Secretary shall prescribe rules, regulations, and procedures to carry out this Act which will assure that adequate consideration is given to the relative needs of various sections of the country. In prescribing such rules, regulations, and procedures the Secretary shall consider among other factors (1) the severity of the rates of unemployment in proposed project areas and the duration of such unemployment, (2) the income levels of families and the extent of underemployment in proposed project areas, and (3) the effect to which proposed projects will contribute significantly to the reduction of national unemployment. The Secretary shall make a final determination with respect to each application for a grant submitted to him under this Act not later than the 30th day after the date he receives such application. Failure to make such final determination within such period shall be deemed to be an approval by the Secretary of the grant requested.

SEC. 6. In addition to the grants otherwise authorized by this Act, the Secretary is authorized to make a grant for the purpose of increasing the Federal contribution to a public works project for which Federal financial assistance is authorized under provisions of law other than this Act to 100 per centum of the cost of the project if such Federal financial assistance under such law is immediately available for such project and construction of such project has not yet been initiated.

SEC. 7. Not more than 10 per centum of all amounts authorized to carry out this Act shall be granted for local public works projects within any one State.

SEC. 8. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a-5). The Secretary shall not extend any financial assistance under sections 101, 201, 202, 403, 903, and 1003 for such project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z–15), and section 2 of the Act of June 13, 1964, as amended (40 U.S.C. 276c).

SEC. 9. There is authorized to be appropriated not to exceed $5,000,000,000 to carry out this Act.

HEARINGS ANNOUNCED ON ALLEGED FEDERAL AGENCY DISCRIMINATION INVOLVING ASSIGNMENT OF PERSONNEL TO MIDDLE EAST COUNTRIES

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. ABZUG) is recognized for 5 minutes.

Ms. ABZUG. Mr. Speaker, I would like to call the attention of our colleagues to scheduled hearings by the House Government Information and Individual Rights Subcommittee of the Government Operations Committee on alleged Federal agency discrimination involving assignment of personnel to Middle East countries and such discrimination that also involves Federal governmental contractors.

The hearings will begin on Tuesday, April 8, 1975, and continue on April 9 and 10 in room 2203, Rayburn House Office Building. The hearings will commence at 9:30 a.m.

Witnesses invited to testify will include representatives of the Department of Defense, the Army Corps of Engineers, the Department of State, Department of Justice, Treasury Department, private contractors with the Federal Government, as well as outside witnesses.

Mr. Speaker, the acquiescence of U.S. Government agencies and private companies under contract with the United States to "blackmail" by Arab countries in many situations unfairly discriminates against those of the Jewish faith. This is a shocking repudiation of fundamental American rights guaranteed by law. Our subcommittee is deeply concerned over aspects of such discrimination which affect individual rights of many thousands of Americans, as well as impacting upon the economy and efficiency of the various types of federally-funded programs involved.

INDIANA DUNES NATIONAL LAKESHORE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. FITHIAN), is recognized for 5 minutes.

Mr. FITHIAN. Mr. Speaker, I am introducing a bill today to expand the Indiana Dunes National Lakeshore Park by 4,595 acres.

The question of park expansion is a diverse and complex issue that deeply affects the lives of thousands of Americans, not only in the First, Second, and Third Congressional districts of Indiana, but throughout the Midwest and the Nation. The proposed expansion of the Lakeshore Park caused considerable anguish among the residents of northern Indiana. It has divided the community for too long. The time has come to resolve this dilemma through a compromise that is in the best interests of the entire community.

The bill which I introduce today is a compromise between the environmentalist concern for maximum expansion and industrial concern for a very reduced expansion. Too often the community has viewed this issue of park expansion as one of only park expansion or industrial development. This is not an all-or-nothing proposal. The time has come to reconcile these differences in a final solution that will be fair and equitable to everyone. We can and we must have both park expansion and industrial growth.

The average American working family deserves, in fact, demands, that sufficient recreational areas be available for their use and enjoyment. This region also needs, especially at this critical time, an expansion of jobs and factories. Industrial expansion is needed today to meet the economic demands of tomorrow. Nothing in this bill is designed to hamper, obstruct, or delay industrial growth in northern Indiana. The average American family needs both jobs and recreational areas.

This bill that I am introducing today will be the final page in the history of park expansion. Once the legislative process has run its course, and a park expansion bill has been enacted, this Congressman would not support any additional legislation that would reopen the issue of park expansion. The wounds must be healed so that the communities of northern Indiana can turn their attention and energies to other problems, such as the task of economic recovery, tax reorientation, and park development. The important task of park development looms ahead as a challenge for all concerned citizens. It is absolutely necessary that the park be developed in a way that it can be utilized by thousands of Americans.

My staff and I have conferred with Congressmen ROUSH, MADDEN, and BRADEMAS, as well as other Congressmen from Indiana and other Midwestern States. I have discussed these problems with various individuals, groups, and agencies on numerous occasions and have held public hearings in Chesterton, Ind., on January 31 and February 1, 1975. The response to these hearings in Chesterton and the amount of public participation in the decision-making process has strengthened my faith in the basic principles of participatory democracy. After considering all the multiple factors involved in this complex issue, I have reached a conclusion which I think is fair and just, and I hope, acceptable, to the broadest possible spectrum of the American people.

Mr. Speaker, I would like to take this opportunity to explain the major differences that exist between the bill recently reintroduced by Congressman EDWARD ROUSH—renumbered H.R. 4926—and this bill.

First, this expansion bill includes 879 less acres than the Roush bill, a reduction of 16.3 percent.

Second, I propose to delete the portion of the eastern arm of the Little Calumet River—east of the existing national park—that lies between the Penn Central Railroad crossing and the Blue Heron Preserve. This area was deleted because the river at this point is ditched and channelized, and therefore of minimal natural value. In my view the inclusion of this area would have unnecessarily infringed on the homeowners and property owners along this section of the Little Calumet River. They did not favor this section's inclusion in the National Lakeshore—usually referred to as section IV–B. The Blue Heron Preserve, however, is of such importance that it should be included in the National Lakeshore. The river bottom lands west of the Penn Central Railroad crossing to the existing eastern boundary of the national park should also be included in the park because of their natural value.

Third, much of the area along the Little Calumet River west of highway 49 should be removed from the park expansion bill so as to allow for planned industrial expansion in this area. I propose that the westernmost boundary of the park be established at the section line that marks the boundary between Portage and Burns Horbor Corporate limits, a point on the river just below Shadyside. The remaining section of the Little Calumet River and of Salt Creek area should be deleted. These deleted sections contained insufficient natural features. In fact, most of these sections are ditched and channelized.

Within the section that has been included in the park, I propose that a 250-foot section be deleted where Bethlehem Steel owns both sides of the Little Calumet River. Bethlehem Steel could then construct the necessary rights-of-access that are needed for industrial expansion. The Secretary of the Interior, however, would be granted a right of public access—a strip of land 100 feet wide, 50 feet from the center of the stream on each side—across Bethlehem's property. This right of public access would allow hiking trails along the river and also link two sections of the park.

These deletions in setcion IV–C would allow Bethlehem Steel Corp. to have access to their lands east and west of Salt Creek and south of the Little Calumet. Bethlehem's master plan of development recently designed specific crossings of the Little Calumet and Salt Creek, and these areas were deleted to allow Bethlehem room for industrial expansion on lands purchased years ago for that purpose and to guarantee access to these lands. Nothing in this bill would prohibit or curtail the necessary industrial expansion that Bethlehem has discussed. The only difficulty that Bethlehem will have in the development of these lands in the Little Calumet area is the natural terrain. These problems, however, would be present regardless of whether or not a national park existed in the region.

Fourth, within section II–A—the so-called NIPSCo Greenbelt—I propose that the north-south arm of the section, an area about 300 feet wide and 2,500 feet long, be deleted from the Lakeshore Park expansion bill. The Secretary of the Interior, however, should purchase a scenic easement to protect the dunes, the trees, and the wetlands. This easement would allow the Secretary to protect the natural area already in the national park and eliminate any pollution problems in the area. The southeastern portion of the II–A section was included because it also creates a buffer between the existing park and the NIPSCo property. No park development is anticipated in this area. Nothing would bring park users closer than they are already.

The boundary lines of this section were drawn to allow NIPSCo the flexibility of expanding its substation in the southern portion of its property without any conflict from the park.

Most importantly, it was necessary to assure that a decision to build or not build the Bailey Nuclear Plant could still be made without having any interference from the park expansion bill. Nothing in this bill should be used to inadvertently delay or curtail the development of the nuclear plant. The nuclear plant and the park expansion are two totally separate issues that should not be intertwined. The nuclear plant issue is presently in the courts and the decision will be made there.

Fifth, I propose that only 38 acres of the original 201 acres in section I–B East be retained in the park. These acres include the high dune section in the northeastern part of I–B East and Lefty's Coho landing area. These retained acres are of the greatest natural value. The inclusion of the fishing landing will provide the park with a diversified recreational program, and the National Park Service will be strongly encouraged to utilize this area for boating and fishing. The rest of I–B East will be deleted so that the area could be utilized for potential industrial development or satellite plants. A compromise on I–B East will preserve the best of the Dunelands and still allow sufficient land for industrial growth. Some additional lands south of and adjacent to I–B East could be condemned by local government entities, such as the Portage Development Corporation, and turned over to Midwest Steel for further development. I am not suggesting this course of action, but merely pointing out the various options open to Midwest if it seeks to further expand its lands for satellite industries.

Sixth, the toughest decision concerned the portion known as I–C. It was a difficult decision because the arguments and needs of both Midwest Steel and the park expansion groups were so compelling. The bottom park of I–C was substantially reduced as compared to the Roush bill because it was of minimal value. Some of it has been sand-mined and leveled. In addition, this area would provide much-needed land for the establishment of an industrial park. It is a logical extension of an area that presently contains two structures, one of which is the American Can Co. It might be possible to locate an office building in this area or just south of highway 12.

Since the sludge lagoons are essential to the continued productivity of the finishing plant, they will be left out of the park. If at a later time technology advances to the point where Midwest no longer needs the sludge pools or desires to sell them to the Lakeshore Park, the Secretary of the Interior will be authorized to purchase them. The transfer of this area would be contingent upon the willingness of Midwest to sell the land to the park.

The area west of the sludge pools contains one of the best examples of high dunes of any land to be added to the park. In addition, it is a unique area in which teachers, students, and those concerned with environmental education can trace the entire history of duneland development. A small beach will also be added to the park.

The Secretary will construct a safety fence between the sludge pools and the high dune area at the time that the land is purchased, so that all steps are taken to protect the public usage in this area, and to provide safety in the area where visitors come in close proximity to the sludge pools.

Recently Midwest Steel announced a $1.2 billion plant expansion program that would provide 4,000 construction jobs and 2,500 steelmaking jobs. Porter County and northern Indiana need this kind of industrial expansion. Since this expansion is planned east of the present steel finishing plant, and none of this area is scheduled to be included in the National Lakeshore, there will be no conflict between industrial growth and park expansion.

Seventh, I am proposing the section I-A East be divided in such a way that the northern section be included in the Lakeshore and the southern portion is deleted. The northern portion includes several examples of dunes and blowouts, a truly excellent natural area. In addition, this area is also close to the new proposed bathhouse that is called for in the park development plans and therefore will serve as an additional buffer between the park and the town of Ogden Dunes. About 50 lots and homes will be kept inside the town of Ogden Dunes in the southern portion. It is hoped that this additional area will help to broaden the tax base for the community and assist it in providing needed services.

The opinion in the town was divided. The town board voted 5 to 0 for exclusion, but the park board voted 3 to 1 for inclusion of the land. Since there appears to be no consensus of opinion in the town, as compared with the near unanimous support in Beverly Shores, I sought to divide the area in a way which preserves the most natural dune area for the park and allows residential development at the same time.

Eighth, the property owners and home owners within the existing park and in the area to be added to the National Lakeshore by this expansion bill will have several choices available to them. They will not be required or forced to sell their property. If they decide to sell their home, they will be required to give the Park Service the right of first refusal. If the Park Service refuses to meet their price, the homeowner can sell his or her property to any willing purchaser. This does not compel the homowner to sell to the Park Service, but only affords the Secretary of the Interior the first right to refuse to purchase.

Any homeowner can select a leaseback or a right-of-use and occupancy for any length of time up to a period of 25 years. The homeowner, therefore, could select a leaseback of 5, 10, or 25 years, or any length of time up to a maximum of 25 years.

Under my proposed bill, a life tenancy would be established for residents in the original park and in the newly added sections of the Lakeshore. This life tenancy provides that any owner or owners of improved property who have reached the age of majority may retain the right-of-use and occupancy for as long as he or she and his or her spouse may live. Homeowners are not required to take a life tenancy, but will have this option available to them if they desire it. It is hoped that residents will find this proposal attractive.

The option of the owner or owners of improved property to select or choose either a life tenancy or a leaseback of up to 25 years will be terminated 5 years after the enactment of this act. Thus, all the owners will have to make up their minds on these two options within a period of 5 years. This 5-year limit provides adequate time for the owners to select a course of action and will have the additional management value to the National Park Service of knowing within 5 years what options have been exercised.

If the owner or owners of improved property decide not to exercise their option of either life tenancy or a leaseback within 5 years, they maintain the option to refuse to sell their property to the National Park Service. If, at any later date, a homeowner desires to sell his or her property, he is still required to offer the National Park Service the first chance to purchase it. If for any reason the National Park Service refuses the homeowner's asking price, that homeowner is free to sell his property to any willing purchaser at the same price it was offered to the Government.

In the past some homeowners who have a right of use and occupancy have not paid their taxes. It would be a great advantage to Porter County if it was assured of receiving the proper amount of tax receipts. Under this bill, nonpayment of property taxes, validly assessed, on any retained right of use and occupancy shall be grounds for the termination of these rights by the Secretary of the Interior. If they do not pay their taxes, they should lose the right to live in the Lakeshore Park. Everyone should abide by the law of the land. Because a person happens to reside in a national park, is not an acceptable excuse for nonpayment of taxes.

Ninth, many of the industries in the area have raised questions about the impact of park expansion of the environmental pollution standards, especially the air and water quality regulations. Nothing, and I repeat, nothing in this bill imposes either new standards or raises existing EPA standards on air and water quality regulations. The various industrial units must conform to the present EPA standards at the Federal, State, and local level. This is true whether or not the national lakeshore park is expanded.

Tenth, this bill requires that the Secretary submit a written report to the Committee on Interior and Insular Affairs and Appropriations Committee within 1 year, including a detailed plan for acquisition of land, and stresses that it is the intent of Congress that the Secretary should substantially complete the land acquisition program within 6 years. We must move forward at a rapid pace to insure that we have a park for future generations. We need to turn our attention to the development aspect of the national park so that the average American family can utilize the recreational advantages of the Indiana Dunes National Lakeshore Park. To facilitate the development of the park, the bill also requires the Secretary of the Interior to develop a master plan for park development by December 31, 1977.

Eleventh, section 11 of this new bill permits the existing easement that NIPSCo presently owns and would therefore protect their interests. Another portion of this section allows NIPSCo to widen its existing easement and rights-of-way with the permission of the Secretary. Nothing in this piece of proposed legislation is designed to hamper, or hinder the existing NIPSCo facilities.

Twelfth, I also suggest that about 60 acres be added to the park, so that some contiguous duneland be added, and that the boundary of the Little Calumet be shaped to conform with the map contour lines that design the river bed.

Mr. Speaker, these 12 differences between the proposed Roush bill (H.R. 4296) and the bill which I have introduced are a compromise designed to allow both desirable park expansion and the growth of industry. Industrial expansion is needed to stimulate a sagging economy which has plunged to its worst level since the Great Depression.

I would like to take this opportunity to address myself to a controversial area which both Congressman ROUSH and I have included in our bills. This is the town of Beverly Shores, known as section III–A. At present Beverly Shores is an "island" completely surrounded by the existing National Lakeshore Park. This area is an excellent example of Indiana duneland and is of such important natural value that it should be included in the park. It has the potential of being a high-user areas and could accommodate thousands of people.

If Beverly Shores is not included in the national park, it will create serious management problems for the Park Service in future years. The Federal Government will be required by law to assume substantial costs of police and fire protection and regulation of traffic and safety controls. These costs would accrue to the Federal Government without any corresponding advantage of using the Beverly Shores area.

If Beverly Shores is left out of the national park, the Federal Government will have to spend $900,000 per year for the next 10 years and probably many years thereafter for beach nourishment to prevent the beach areas from being eroded

Over a period of time, the Federal Government would actually save money by purchasing the lands in the "island" of Beverly Shores. If this town were taken into the park, the beach would be allowed to naturally erode. The costs of beach nourishment and governmental expenses would be eliminated, and the Federal Government will have secured a beautiful natural area at minimal expenses.

It is my firm belief that Beverly Shores will need to be included in the lakeshore at some time, whether now or in the future. The management problems are simply overwhelming. It makes fiscal sense to include this "island" at this time rather than incure the additional expenses of adding it at a later time.

In addition, the people within Beverly Shores desire to be added to the National Lakeshore. It is estimated by the Beverly Shores Residents Association that nearly 85 percent of the homeowners support inclusion in the National Lakeshore as evidenced by a survey of the residents. Since the people clearly have indicated their approval for inclusion, I feel this area should be added to the park.

Mr. Speaker, I would like to speak to sections of this park expansion bill that are outside the boundaries of Indiana's Second District. Since some of the area scheduled for inclusion in the National Lakeshore is located in Congressman MADDEN's First District and JOHN BRADEMAS' Third District, I have discussed these areas with them. Both Congressman MADDEN and Congressman BRADEMAS have strongly supported the inclusion of their areas in the Indiana Dunes National Lakeshore Park. I greatly appreciate the advice and counsel of these two very distinguished colleagues and at their recommendations have included the areas within Lake and LaPorte Counties in this park expansion bill.

Mr. Speaker, there are 23 pieces or sections of the proposed park expansion bill. To clearly identify the acreage in each section and note the correction of previous errors—not involving any map change—I include the following chart.

Mr. Speaker, this expansion bill is necessary to protect the natural uniqueness of the remaining dunes, wetlands, and other natural areas. I have personally walked over, driven through, and flown over every section that is being placed in this park. We owe it to ourselves and future generations to take the initiative at this time and place, to preserve these areas for posterity. Our children and their children's children will strongly support the steps we take today. Will future generations look back at our decision and point to the dunes, and say that we missed a great opportunity to preserve a unique natural area for all time and that we failed in our duties of leadership with which the American people have entrusted us, or will they say that we had the foresight, and determination to preserve these dunelands for posterity? Mr. Speaker, the decision is ours and ours alone to make, and I earnestly plead that we have the courage to make the right decision. I am confident this bill is the right decision.

I include the following:

Units	Fithian lakeshore proposal (as calculated for H.R. 3571/S. 820)	Acreage changes, correction of previous errors (not involving any map change)	Fithian revisions	Net area
I–A (east)	66		−24	42
I–A (west)	92			92
I–B (east)	701	+86	−163	38
I–B (west)				586
I–C	158	+16	−76	98
I–D	420			420
I–E	302	+28		330
I–F	295			295
II–A	102	+7		109
II–B	140			140
II–C	20		+60	80
II–D	126			126
II–E	168			168
II–F	49			49
III–A	652			652
III–B	18	+12		30
III–C	68			68
IV–A	391			391
IV–B	636		−495	141
IV–C	343		−181	162
V	150			150
VI–A	86	[1] +12		98
VI–B	345	[1] −15		330
Total	5, 328	+146	−879	4, 595

[1] Minor boundary corrections recommended by Congressmen Roush and Madden, Nov. 22, 1974.

H.R. 2133

A bill to amend the Act establishing the the Indiana Dunes National Lakeshore to provide for the expension of the lakeshore, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to provide for the establishment of the Indiana Dunes National Lakeshore, and for other purposes", approved November 5, 1966 (80 Stat. 1309; 16 U.S.C. 460u), is amended as follows:

(1) The last sentence of the first section of such Act is amended by striking out " 'A proposed Indiana Dunes National Lakeshore', dated September 1966, and bearing number 'LNPNE–1008–ID' " and inserting in lieu thereof " 'Boundary Map, Indiana Dunes National Lakeshore', dated March, 1975, and bearing the number '626–91003–A' ".

(2) The first sentence of section 4(b) of such Act is amended by inserting immediately after "was begun before" the following: "February 1, 1973, or, in the case of improved property located within the boundaries delineated on a map identified as 'A Proposed Indiana Dunes National Lakeshore', dated September 1966, and bearing the number "LNPNE–1008–ID', which map is on file and available for public inspection in the office of the Director of the National Park Service, Department of the Interior, before".

(3) Section 4 of such Act is amended by inserting the following new subsection (c):

"(c) The suspension of the Secretary's authority to acquire improved property by condemnation as provided in this section is contingent upon the Secretary being given the first opportunity to purchase such property or interests therein at the stated price (any bonafide offer of purchase), not to exceed fair market value, within four months of said notification."

(4) (a) Section 6(a) of such Act is amended by revising the first sentence thereof to read as follows:

"Any owner or owners, having attained age of majority, or improved property on the date of its acquisition by the Secretary may, as a condition to such acquisition, retain the right of use and occupancy of the improved property for noncommercial residential purpose for a term ending on the death of the owner or the death of his or her spouse, whichever occurs last, or for a term of 25 years, or for such lesser term as the owner or owners may elect at the time of acquisition by the Secretary."

(b) Section 6 of such Act is further amended by inserting the following new subsections (c) and (d):

"(c) The option of an owner or owners of improved property to retain a right of use and occupancy of such property as a condition to its acquisition by the Secretary shall cease to be available to any such owner or owners after five years from date of enactment of this section."

"(d) Non-payment of property taxes, validly assessed, on any retained right of use and occupancy shall be grounds for termination of such right by the Secretary. In the event the Secretary terminates a right of use and occupany under this subsection he shall pay to the owners of the land so terminated an amount equal to their fair market value of the portion of said right which remained unexpired on the date of termination."

(5) Section 8(b) of such Act (16 U.S.C. 460u-7(b)) is amended (A) by striking out "seven members" and inserting in lieu thereof "eleven members", and (B) by striking out the "and" immediately after "State of Indiana;", and (C) by striking out "Portage," immediately after "Dunes Acres,", and (D) by inserting immediately after "designated by the Secretary" the following: "; (7) one member who is a year-around resident of the city of Gary to be appointed from recommendations made by the mayor of such city; (8) one member who is a year-round resident of the towns of Highland, Griffith, or Schererville to be appointed from recommendations made by the board of trustees of such towns: (9) one member who is a year-round resident of the city of Portgage to be appointed from recommendations made by the mayor of such city; and (10) one member who holds a reservation of use and occupancy and is a year-round resident within the lakeshore to be designated by the Secretary".

(6) Section 10 of such Act is amended to read as follows:

"There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act, but not more than $88,688,000 for the acquisition of lands and interests in lands, and not more than $8,500,000 for development. By December 31, 1977, the Secretary shall develop and transmit to the Committees on Interior and Insular Affairs of the United States Congress a final master plan detailing the development of the National Lakeshore consistent with the perservation objectives of this Act, indicating:

(1) the facilities needed to accommodate the health, safety, and recreation needs of the visiting public;

(2) the location and estimated cost of all facilities, together with a review of the consistency of the master plan with State, area wide, and local governmental development plans; and,

(3) the projected need for any additional facilities within the National Lakeshore."

(7) Such Act is amended by adding at the end thereof the following:

"Section 11 (a) With respect to those portions of the lakeshore authorized for acquisition by the 94th Congress any acquisition of lands or interests therein shall not diminish any existing (as of March 1, 1975) rights of way or easements which are necessary for high voltage electrical transmission, pipelines, water mains, or line-haul railroad operations and maintenance."

"(b) Subject to such regulations as the Secretary deems advisable to protect the natural and recreational values for which the lakeshore was established, he may permit widening of rights of way or easements existing on the date of enactment of this section across areas designated II-E and II-F as designated on such map numbered 626-91003-A for State, county, city, or private roads; or for electric utilities, pipelines, water mains, or conveyors."

"Section 12 (a) Nothing in this act shall be construed as prohibiting any otherwise legally authorized cooling, process, or surface drainage into the parts of the Little Calumet River or Burns Waterway located within the lakeshore."

"(b) The authorization of lands to be added to the lakeshore by the 94th Congress, as indicated on map number 626-91003-A and the administration of such lands as part of the lakeshore shall in and of itself in no way operate to render more restrictive the application of Federal, State, or local air and water pollution standards to the uses of property outside the boundaries of the lakeshore, nor shall it be construed to augment the control of water and air pollution sources in the State of Indiana beyond that required pursuant to applicable Federal, State, or local law."

"Section 13. Within a strip of land extending three hundred feet beyond the line formed by the western boundary of area II-A, as designated on map numbered 626-91003-A, and the western boundary of the lakeshore with section 21, Township 37 North, Range 6 West, as designated on Map "LNPNE-1008-ID", the Secretary shall acquire an interest less than fee in the nature of a scenic easement which shall insure the conservation and preservation of dunes, wetlands, trees and other native vegetation, and animal life therein, and prevent the degradation of said area including, but not limited to, the discharge of industrial wastes or the construction of any structures, transmission lines or pipelines."

"Section 14. The Secretary shall be authorized to acquire, by donation, or negotiated purchase agreeable to all parties, the remaining lands and waters between Burns Waterway and the eastern boundary of area I-C within Section 25, Township 37 North, Range 7 West, as designated on map number 626-91003-A."

"Section 15. The Secretary shall construct an adequate safety fence along the eastern edge of area I-C, within Section 25, Township 37, Range 7 West, as designated on Map number 626-91003-A, at the time that said land is acquired."

"Section 16. (a) Within one year after the date of the enactment of this section, the Secretary shall submit, in writing, to the Committees on Interior and Insular Affairs and to the Committee on Appropriations of the United States Congress a detailed plan which shall indicate:

(1) the lands which he has previously acquired by purchase, donation, exchange or transfer for administration for the purpose of the lakeshore, and

(2) The annual acquisition program (including the level of funding) which he recommends for the ensuing five fiscal years."

"(b) It is the express intent of the Congress that the Secretary should substantially complete the land acquisition program contemplated by this Act, within six years after the date of enactment of this section."

"Section 17. The Secretary may acquire only such interest in the right of way designated 'Crossing A' on map number 626-91003-A as he determines to be necessary to assure public access along the banks of the Little Calumet River within fifty feet north and south of the center line of said river."

AGRICULTURE CONSUMER PROTECTION ACT AMENDMENTS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. WAXMAN) is recognized for 5 minutes.

Mr. **WAXMAN**. Mr. Speaker, as a member of the House Interstate and Foreign Commerce Committee's Subcommittee on Health and Environment, I have been asked to join members of the committee to participate in a National Conference on Medical Malpractice in Arlington, Va., this afternoon. This issue, as you know, is one of increasing concern to the American people, and one on which I did extensive work in California. The conference will explore the causes of the medical malpractice insurance crisis and seek alternatives available to both government and the private sector before an audience of national policymakers.

Consequently, I will be forced to miss the vote later today on final House passage of H.R. 4296, the Agriculture and Consumer Protection Act amendments.

I wish to take this opportunity, Mr. Speaker, to make known to you and my colleagues my support for this legislation. I would vote affirmatively for this important and needed bill if I could be present later today.

Thank you.

SLOW PROGRESS TOWARD UTILIZATION OF LEWIS RESEARCH CENTER'S BRAINPOWER TO HELP SOLVE OUR NATIONAL ENERGY CRISIS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. MOTTL) is recognized for 5 minutes.

Mr. **MOTTL**. Mr. Speaker, since being sworn in as a Member of this House, I have been endeavoring to induce the Federal Government to make greater use of the brainpower and problemsolving potential of the Lewis Research Center at Cleveland, Ohio.

Our Government has half a billion dollars invested in this facility, which has already made such historic contributions as major roles in developing the jet aircraft engine and the conquest of space.

It is my contention—and the view of the scientific personnel at Lewis—that this facility is capable of helping solve our energy problem in many ways. All that the center needs is direct orders and proper funding to conduct many potentially rewarding research projects.

In my opinion, the administration has been woefully laggard in utilizing the capabilities of this center. At long last, there is a hopeful sign that this period of desultory drift may be over.

I would like to place in the RECORD the following letter from the administrators of NASA and ERDA:

Hon. RONALD M. MOTTL,
House of Representatives.

DEAR MR. MOTTL: This is in response to your letter of February 4, 1975, to the President, in which you and the other members of the Ohio Congressional Delegation urged that we assess the potential for utilization of NASA's Lewis Center as an important part of the Energy Research and Development Administration's efforts to carry out a strong and balanced energy R&D program.

Under its charter, the newly formed ERDA is the lead Federal agency for managing a coordinated national energy research and development program. In carrying out its overall program, ERDA intends to utilize the unique expertise and facilities of other Federal agencies where such utilization is feasible and in the national interest with respect to cost, timeliness, program management, or other important factors. The expertise and facilities of LeRC, as well as other NASA Centers, are being considered by ERDA as part of its overall definition of a total institutional structure required to carry out the nation's energy R&D program.

LeRC is NASA's lead Center for the development of basic aeronautical and space propulsion technology. For some time, in addition to carrying out its principal mission, the Center has been engaged in exploratory research to apply the principles of aeronautical and space propulsion technology to surface transportation and other terrestrial applications.

LeRC will continue to be NASA's lead Center for propulsion technology. However, we also anticipate that it will conduct exploratory energy research in support of ERDA consistent with the requirements of its principal mission within NASA. ERDA and NASA are currently involved in discussions aimed at establishing close working relationships to permit rapid transfer of space- and aeronautical-related technology to energy applications. We assure you that LeRC is receiving, and will continue to receive, careful consideration with respect to its role in the Federal government's energy R&D program.

We appreciate your interest in this matter and will keep you informed as LeRC's role in energy R&D is furtehr defined.

Sincerely,
JAMES C. FLETCHER,
Administrator, NASA.
ROBERT C. SEAMANS, Jr.,
Administrator, ERDA.

Mr. Speaker, frankly, I would like to see these gentlemen proceed more rapidly from generalities to specifics.

We need a greater sense of urgency and expedition in our approach to the energy problem. Let us get going.

AMERICA'S BICENTENNIAL—A TIME OF OPPORTUNITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. AuCoin) is recognized for 10 minutes.

Mr. AuCOIN. Mr. Speaker, in less than 9 months, we will enter our 200th year as a nation. Already parades and pageants of every imaginable kind are being planned to commemorate this occasion. I think this is fine, but do we just want to "commemorate"? Or is there something more we might do?

Recently, the editor of a small paper in my district wrote a very thoughtful article on the meaning of our Nation's Bicentennial and the opportunity it could provide if we would only seize it. He asks:

Rather than commemorating what our forebears have done for us, wouldn't it be more appropriate to add what we can do for our posterity?

Would it not be better to establish or expand a seat of learning in order to further Jefferson's criteria that "only an enlightened electorate can maintain and sustain the democratic processes"?

Mr. Speaker, I would like at this point in the RECORD to insert the full text of this message by Robert S. Need.

Mr. Speaker, I hope that these words cause each of us to think about what we can do in the next 2 years to insure that our Bicentennial truly reflects the kind of values and priorities for which our country was founded so many years ago.

The article follows:

THE YEARS OF REVOLUTION

(By Robert Stanley Need)

Man is an emotional being and emotionalism plays a major role in his successes and in his defeats. Intelligence, or reason, if you will, derived from his sense of logical action or inaction, provides him with the blueprint or pattern for his various activities, but it is human emotion that provides the fiery fuel of action.

Two hundred years ago a number of colonists on the eastern shores of North America conceived the idea that the collective welfare of the colonies and their own individual well-being would best be served in a political independence from Europe and best administered in a democratic structure of government. In April 1775, their logic and reason was so aggravated by mounting pressure from the English sovereign and ever-more frequent incidents of tyrrany that emotion spurred the colonists to violent physical rebellion on the bridge at Lexington and Concord.

Establishing an independent autocracy, the American emotional reservoir continued to overflow and pour out across the western wilds to establish a mighty empire. Katharine Lee Bates in writing "America, The Beautiful," touched on this emotional power by saying, "O beautiful for pilgrim feet, whose stern, impassioned stress a thoroughfare for freedom beat, across the wilderness!"

The credo that all men were created free and equal was forged in the original fires of the Revolution, but it took the additional flames of the emotional conflagration of the Civil War and another hundred years of heated legislation and judicial conflict before that credo emerged secure and etched indelibly on the tablets of law.

The Centennial of 1876 found the Union at least physically intact and booming with empire building. Rail lines were streaking like silver arrows across the Great Plains and western deserts bringing the far-off golden glories of California but a few days journey from New York. Chicago was rising as the imperial City of the midlands. The purchase of Alaska flung the mantle of American influence from the Occidental Atlantic society to the very doorstep of Asia, the merchants of San Francisco, the City of the Angels, Portland and a budding Seattle dreaming of hegemony upon an American Pacific Lake.

The election of 1876 was a passionate denunciation of the foul scandals of the Grant regime and a final, violent repudiation of the notorious grip of the Tweed Ring. Both parties did their best to produce a "Mr. Clean" and Ohio's oh-so-pure Republican governor, Rutherfor B. Hayes, took office with only a one-vote majority in the electoral college.

Probably, if not in fact, the oldest cliche in the books is the tiresome, yet fearfully true statement that history repeats itself.

The year 1775 was the year of commencement of revolution against the old order, the year 1776 was the year of establishment of independence. The year 1875 was the year of commencement of revolution against the arch corruption in American leadership that had progressed over the century from democratic processes to the tyrrany of self-interest and greed. The year 1876, the Centennial year, attempted, and in many ways, restored the public will.

And now, another century has passed and Americans are being asked to try and summon up a prideful emotion to support celebration of the Bicentennial.

A Bicentennial Commission has been established at the Federal level to dole out a certain portion of funds to state commissions. Socially prominent characters have been selected by the various governors and have formed these bodies, presumably to dole out funds to less formidable groups of socially prominent worthies at the "grass roots" levels.

As this loosely knit fabric was being established last year there was the usual display of publicity picture posing and hollow, cliche-ridden speech-making by various public figures in Washington. A less than inspired logo (trademark was cooked up by some (highly paid) advertising hack as the symbol of the Bicentennial Year to stire us to our vitals with a wave of patriotism. Thank heavens the first Revolution had the New Hampshire pine tree, the S Revolution had the New Hampshire pine tree, the serpent threatening "Don't tread on me," the French had the red cap of Liberty; and World War II had Churchill's simple raised fingers in the victory symbol.

A major oil company has dipped (slightly) into excess corporate profits for enough cash to provide us a minute a night for one year with a television peek into the cute vignettes of our forefathers. We've already had half a dozen Hollywood leading men play Benjamin Franklin in progressing stages of senility and before we're finished we'll probably be brought to patriotic passion by a sensuous psychological study of Betsy Ross played by Raquel Welch.

There is a definite strangeness to the whole business. It is indicated to us in the unusually turgid speeches and lethargic flag-waving from the national Capitol, and even more so in the sphinx-like utterances from Washington that this observance should be low-keyed and confined to "local expressions."

In our immediate area we are finding this "local expression" taking form in the minting of a silver medallion depicting a cheese factory on one side and a boat built in 1855 on the other, and a committee sewing together a blanket or afghan depicting Tillamook Indian Chief Kilchis as a black man.

We waxed rhapsodic a few paragraphs back about history repeating itself, but perhaps we are wrong in this instance.

The original occasion found Americans dying in battle to establish national and personal independence, others working through the days and nights amid the fires of violent controversy to evolve the laws and statutes to preserve that independence for their posterity forever.

A century later found the nation not only in a Centennial Year, but in an election year that they would use to forcefully wrest the government from the hands of criminals and restore the public welfare.

Rather than Indian blankets and jingling silver coins wouldn't it be a bit more appropriate to make both 1975 and 1976 an era of valid re-establishment of constructive national values? Wouldn't it be more sensible, isn't it more necessary to use any funds available to fuel projects that could materially contribute to the preservation of our freedom and pursuit of happiness for the next hundred years?

Rather than commemorating what our forebears have done for us, wouldn't it be more appropriate to add what we can for our posterity? Rather than geegaws that will end up in a trunk, would it not be better to establish or expand a seat of learning in order to further Jefferson's criteria that "only an enlightened electorate can maintain and sustain the democratic processes."? What would prevent the use of these "local" Centennial funds in the establishment of a steering group to formulate the incorporation of a public educational nonprofit body to accrue investment and erection of a local college or university?

Is there a regulation restricting these funds for only bunting and tinsel, or are they free to assist in providing for expanded library services, social centers and activities designed to stimulate active participation from our neglected youth and shunted-away senior citizens? Is there a law against using these funds to rent a hall and call for a Congress of local citizens to meet in session long enough to really air out the great number of problems facing us today and constructively devise a platform of firm citizen demands for local, state and federal governmental reforms that would be mandate to both local and higher elected officials?

We heartily detest the use of the term "commemoration" as used in regard to the Bicentennial. We commemorate the memory of those dead for there is nothing else we can do with them; we commemorate battles we've won or lost, for again, they are water over the dam. There are plenty of occasions to hang bunting, erect tombs, memoralize with speeches and eulogies, all in the bittersweet helplessness looking back at events and persons we cannot change or touch again.

The Bicentennial must be different—it must be a time of rededication, a time of awakening and returning to work, a time for national housekeeping when we scrape off the accumulated grime that clogs the national machinery, a time not to mint coins of sentimental value, but a time to restore full value to those that are the foundation of today's national exchange.

To do less, is to make the Bicentennial a wake for the past; to fail to return to the arduous job of nation-building is to seriously endanger all prospects for our posterity to see a Tricentennial.

FATE OF ROCK ISLAND RAILROAD

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. MEZVINSKY) is recognized for 5 minutes.

Mr. MEZVINSKY. Mr. Speaker, I take this occasion to draw my colleagues' attention to the fate of the Rock Island Railroad and the future of rail transportation in the Midwest.

I am sure we are all well acquainted with recent events. The Rock Island Line, which serves 13 States, employs almost 11,000 workers, and is responsible for millions of dollars in revenue and taxes, was turned down in its request for a $100 million emergency loan from the U.S. Railway Association. The Rock Island has entered bankruptcy and will cease operations at the end of this month.

Congress must begin to accept responsibility for the rapid decline of the Nation's rail systems. We can no longer focus, as though wearing blinders, on crisis in one part of the country. We must understand that rail transportation is in desperate trouble everywhere. In the long run, we must aim at developing a coordinated national transportation policy that incorporates and supports railroads as essential partners in the commerce of our Nation.

But long-term planning is a hollow response to the millions of Americans who today depend on the Rock Island for food and for jobs. We must direct our efforts at the immediate problems and I particularly draw your attention to the Interstate Commerce Commission's role in keeping Rock Island services operational for the next 8 months so that the Nation's economy does not move further toward disaster. Pursuant to its authority under the Interstate Commerce Act, the ICC is now in the process of parceling out chunks of the Rock Island for other rail carriers to operate in the months ahead.

I question how this responsibility is being met and remind my colleagues of Congress' oversight responsibilities of the ICC. Four major rail lines have been given the opportunity to get together and carve up the juiciest slices of the Rock Island carcass. Cannibalization of this sort invites self-interest and could mean that the most profitable route will be taken, without regard to overall efficiency of transportation, without regard to areas that might be isolated and left without service, and without regard to the public's best interest.

The ICC has the authority, indeed the mandate, to direct rail lines to operate sections of the Rock Island on the basis of what is in the best interests of the railroad's customers, its employees and the entire economy of the States served by the bankrupt railroad. The ICC should tell the transitional carriers on which lines their services can best serve the public, not make decisions on the basis of how the carriers can best serve themselves. The public guarantees each rail line a profit for operating the Rock Island in this emergency. The ICC has a responsibility to insure that the taxpayers get their money's worth.

The Chairman of the ICC says that this responsibility will be met. But the fact that rail lines are serving in an advisory capacity on these decisions leaves me in doubt. I believe that it is incumbent on Congress to closely scrutinize how the ICC handles this crisis. Our responsibility is to insure that my fears, which I think are shared by many of us here, are unfounded, and that the interest of the people who rely on the Rock Island and the public at large are served well by the ICC's actions.

PICKING ON THE POOR: THE SENATE TAX BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRASER) is recognized for 10 minutes.

Mr. FRASER. Mr. Speaker, the Tax Reduction Act, reported out of the Senate Finance Committee last week, contains a Senate amendment which would deny more than 1 million low-income working people the new earned income credit authorized in section 203 of the act.

Under section 203 of the Senate bill, low-income people would be eligible to receive a credit equal to 10 percent of their earned income. The credit, which could not exceed $400, would be subtracted from the taxes they owe. If the credit were larger than the tax, they would receive a check covering the difference from the U.S. Treasury. Those who pay no tax would receive the full amount of the credit in cash.

Mr. Chairman, the earned income credit represents a significant source of income support for low-income working people who would otherwise receive no benefit from the tax cut bill because they will pay little or no taxes in 1975.

However, for one group of the working poor, those who receive some public assistance, the earned income credit would be purely illusory. Under section 203(c) of the Senate bill, the amount of the credit would have to be counted as income when determining benefit levels under the aid to families with dependent children program. This means that AFDC recipients would receive the credit one month, but the next month their welfare grant most likely would be cut "dollar for dollar" to offset the credit. Some, in fact, could end up worse off than they were before, because the new earned income credit could disqualify them for food stamps and other benefits as well as for AFDC.

Mr. Chairman, there is no justification for discriminating against one group of low-income people, most of whom happen to be women, just because they must seek a few extra dollars of public assistance to keep their children from going hungry. The more than 1 million working people affected by section 203(c) are struggling to become self-sufficient. They want to work and they want to get off of welfare. Section 203(c), in effect, penalizes many of them for making this effort.

Mr. Chairman, section 203(c) represents unfair and unwise public policy. It should be removed from the Tax Reduction Act.

PUBLIC WORKS CAPITAL INVESTMENTS: HOPE FOR THE FUTURE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas (Mr. ALEXANDER) is recognized for 15 minutes.

Mr. ALEXANDER. Mr. Speaker, today I have introduced the Local Public Works Capital Development and Investment Act of 1975. This bill is designed to assist in our Nation's economic recovery from the prevailing recession through providing assistance to communities in obtaining the kind of capital development program which will brighten the future of every small town in America.

From 10 years of experience in assisting municipalities with public works development projects, I have learned that there are basically three kinds of communities:

Those which have credit resources and need little or no Federal assistance;

Those which have had credit but have used it up and still need capital improvements but must have Federal assistance in order to be able to engage in the kind of community development activities they must have; and, Those communities with growth and development potential but which have had no credit resources and must have Federal aid to take advantage of their opportunities.

This $5-billion program which I am supporting is meant to aid those communities which have credit needs. It would make it possible for communities which are otherwise eligible for Federal assistance under other Federal public works capital improvement programs but cannot obtain that assistance because they do not have the non-Federal funds those programs require. In such cases a grant from the Economic Development Administration can be substituted for the local and/or State funds usually required.

In addition, grants for 100 percent of project costs may be made through this program.

Implementation of an investment program such as this means job creation and will help maintain other jobs threatened by the continued weakening of our economy.

It is my belief that public works capital improvement and investment programs make sound sense in human and economic terms. They have the potential for generating jobs directly and indirectly which can be both short and long term. At the same time, they place in local communities needed capital improvements which can enhance a community's potential for diversified economic, social, and cultural development.

One of the portions of this bill which I want to especially mention here is section 5. This section specifies that the factors of severity of unemployment and the income levels of families in proposed project areas be considered in determining where grants shall be used.

It is my understanding that the most detailed statistics available on the family income levels are those from the 1970 decennial census. These are based on 1969 income figures. The median family income for the United States at that time was $9,590 and 10.7 percent of the families in the Nation had incomes of less than poverty level.

In Arkansas the median family income for 1969 was $6,273, or more than $3,000 less than that for the Nation. And, 22.8 percent of our Arkansas families had incomes of less than poverty level. That figure is more than twice the level for the Nation.

Census data for the 21-county First Congressional District of Arkansas, which I represent, shows that in 19 of those counties between 23.8 and 43.6 percent of the families had incomes of less than poverty level. In 20 of the counties the median family income was less than that for the State, which I have already pointed out was not even two-thirds of the median income level for the whole Nation.

In January and February the unemployment figure for the Nation was 8.2 percent in January. The Arkansas unemployment figure was 9.9 percent. Twenty of the 21 counties in my district had unemployment rates more than 8.2 percent in January. Five had rates between 25 and 49 percent higher than the national rate, six had rates between 50 and 74 percent higher, three had rates between 75 and 99 percent higher, and the rates for two were more than 100 percent higher than the national rate.

In February, Arkansas, through the Ozarks Regional Commission, submitted recommendations to the Secretary of Commerce for more than $25 million worth of projects to be funded under title X of the Public Works and Economic Development Act. These are very labor intensive. It is my understanding that many more public works capital improvement projects are now planned to the stage that, given funding, they could get underway very quickly.

I have long been committed to working for solutions to our Nation's unemployment problems and to the need for community development in the countryside. This bill I have sponsored today will, I believe, be a major step in that direction.

SUBCOMMITTEE ON PRINTING HEARINGS ON REGULATIONS REGARDING PUBLIC ACCESS TO NIXON PRESIDENTIAL MATERIALS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BRADEMAS) is recognized for 5 minutes.

Mr. BRADEMAS. Mr. Speaker, on Wednesday, March 19, 1975, the General Services Administration submitted to Congress regulations and an explanatory report regarding public access to the Nixon Presidential materials.

The regulations implement title I of the Presidential Recordings and Materials Preservation Act, signed into law by President Ford on December 19, 1974. Title I of that act provides that the Government: First, retain custody of the Nixon Presidential materials; and second, provides appropriate access to them.

The act give Congress the authority to disapprove of these regulations, by providing in section 105(b) that the regulations take effect 90 legislative days after submission unless they are disapproved by either House of Congress within that period.

Mr. Speaker, this matter is of great public importance and of considerable interest to Members of the House. I would like to announce, therefore, that in April, after the Easter recess, the Subcommittee on Printing will hold hearings to listen to testimony regarding these regulations. If after these hearings it becomes apparent that part or all of the regulations are unsatisfactory, the subcommittee will recommend to the full Committee on House Administration appropriate action to perfect the regulations.

ADJUSTING ALLOWANCES FOR MEMBERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. HAYS) is recognized for 5 minutes.

Mr. HAYS of Ohio. Mr. Speaker, House Resolution 457, 92d Congress, enacted by Public Law 92-184 into permanent law on December 15, 1971, provides the Committee on House Administration the authority to fix and adjust from time to time various allowances of Members, the Resident Commissioner from Puerto Rico or a Delegate to the House of Representatives. Pursuant to this authority the committee has issued Order No. 17 which is effective March 1, 1975.

Committee Order No. 17 modifies and supersedes Committee Order No. 6, but does not increase the $250 per month allocation of the unused portion of clerk hire allowance previously authorized on May 1, 1973, for the leasing of equipment. Committee Order No. 17 merely expands the authorized use of such $250 per month allocation to include leasing of computer and related services utilized in connection with a Member's official duties without any increase in the amount of the $250 allocation as authorized on May 1, 1973:

COMMITTEE ORDER NO. 17

Resolved, That effective March 1, 1975, until otherwise provided by order of the Committee on House Administration, upon written request to the Committee on House Administration, a Member, the Resident Commissioner from Puerto Rico or a Delegate to the House of Representatives may allocate an amount not to exceed $250 a month of any unused portion of his or her clerk hire allowance for the leasing of equipment necessary for the conduct of his or her office or for the leasing of computer and related services in connection with his or her official duties.

MOVEMENT ON MARIHUANA

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, it is very important that people recognize that not only are arrests for marihuana use and possession continuing, they are growing enormously every year. In the last 4 years 1,127,389 persons in this country have been arrested for marihuana offenses. In 1974 alone 420,700 persons were arrested. Two thirds of the arrests involved amounts of marihuana that were less than 1 ounce. The overwhelming majority of those arrested are young and otherwise law-abiding citizens, but each is faced with the unrelenting burden of a lifelong criminal arrest record. The Shafer Commission found 88 percent of those arrested on marihuana offenses were under 26, and 58 percent were under 21.

The personal human tragedy involved here is great, but it overlaps to affect the rest of the society as well. Nationally, it is estimated that approximately $600 million is spent annually arresting marihuana smokers. Over 10 percent of all defendants charged in Federal courts in 1973 were charged with marihuana violations. A tremendous amount of valuable police and prosecutorial time and resources are used to prosecute these cases, diverting valuable law enforcement facilities away from the control of serious crime. If we were to place just the 13 million regular users of marihuana in jail for a year, the cost to the American public, at more than $6,000 per prisoner per year, would be over $78 billion. Of course, this is simply not practicable, yet equal application of the law would demand such action.

A survey taken by the Drug Abuse Council shows a narrow margin between the number of adults who favor reducing criminal penalties and those who favor imposing stiffer ones. Thirty-nine percent favor the elimination of criminal penalties for the sale and/or possession of small amounts of marihuana, and private use of it, while 40 percent believe there should be tougher laws for possession of small amounts. Only 13 percent favor retaining the present laws. Progressive legislation is much slower in evolving on this issue than are attitudes of the American public. Some progress is being made however. In October of 1973 Oregon became the first State to remove all criminal sanctions for marihuana possession. Their new law classified possession of up to 1 ounce of marihuana as a "civil violation" rather than a criminal act, with a maximum penalty of a $100 fine. The Ford Foundation commissioned a survey to determine how the new law was working in Oregon after 1 year. It determined:

First, there has been no significant increase in persons smoking marihuana in Oregon;

Second, those who do smoke marihuana actually reported a decrease in usage—40 percent reported a decrease and only 5 percent an increase;

Third, Oregonians strongly support the decriminalization approach—58 percent approve of the new law, only 39 percent favor strong penalties.

The New Jersey Prosecutors Association recently reported a resolution regarding the prosecution of marihuana offenses. It removes criminal penalties for the possession of any amount of marihauna, and instead treats this possession as a "disorderly persons offense," carrying a maximum sentence for the first conviction of a fine of $500 and for any subsequent conviction a maximum sentence of 6 months and/or a fine of $500. The New Jersey Prosecutors' Association Committee to Study Prosecution of Marihuana Offenses resolution follows:

RESOLUTION

The Senate and Assembly of the State of New Jersey have undertaken study and review of the "New Jersey Controlled Dangerous Substances Act". Because of this interest and because the prosecutor's role as chief law enforcement officer of the County dictates that the prosecutors of New Jersey engage in a continual review of law enforcement priorities and practices, the New Jersey Prosecutors Association, on January 31, 1975 appointed a committee to study and draft recommendations concerning the prosecution of marijuana offenses in New Jersey.

That committee has completed its study and has proposed recommendations contained in a report annexed hereto, and made a part thereof,

Now, therefore be it resolved that the report of the aforesaid committee be accepted and approved and the following recommendations be and are adopted by the New Jersey Prosecutors Association:

1. That possession of marijuana be classified as a disorderly persons offense carrying a maximum sentence for the first conviction of a fine of not more than $500.00 and for any subsequent conviction a maximum sentence of 6 months and/or a fine of not more than $500.00.

2. That possession of marijuana with intent to distribute be classified as a misdemeanor carrying a maximum sentence of 5 years and/or a fine of not more than $25,000.00.

3. That distribution of marijuana be classified as a misdemeanor carrying a maximum sentence of 5 years and/or a fine of not more than $25,000.00.

4. That the same provisions respectively also apply to the offenses of possession of hashish, possession of hashish with intent to distribute and distribution of hashish.

Although the New Jersey proposal does not decriminalize personal use and possession to the extent my legislation does, it is a progressive piece of legislation and a step in the right direction.

On March 10, 1975, I introduced H.R. 4520 known as the Javits-Koch bill, with the following 18 cosponsors: Ms. ABZUG, Mr. BADILLO, Mr. BROWN of California, Mr. JOHN BURTON, Mr. CONYERS, Mr. DRINAN, Mr. EDWARDS of California, Mr. FRASER, Mr. HARRINGTON, Ms. HOLTZMAN, Mr. MCCLOSKEY, Mr. NIX, Mr. RANGEL, Mr. ROSENTHAL, Mr. ROYBAL, Mr. STARK, Mr. SOLARZ, and Mr. WAXMAN. If enacted the legislation would decriminalize the personal use and possession of marihuana. The bill was first introduced by Senator JAVITS in the Senate and myself in the House on April 20, 1972. It would remove all penalties for the possession of marihuana for personal use in a private home; it would also allow not-for-profit transfer of marihuana and the possession of reasonable amounts of marihuana in public when such possession is incident to private use. Marihuana smoking in public would continue to be a crime.

The bill "decriminalizes" rather than "legalizes." The Shafer Commission found that "neither the marihuana user nor the drug itself can be said to constitute a danger to public safety," and unanimously recommended the elimination of all criminal penalties against the user. The decriminalization approach has been endorsed by a growing number of respected groups. They include:

The American Bar Association; American Public Health Association; Consumers Union, publishers of Consumer Reports; National Conference of Commissioners on Uniform State Laws; National Advisory Commission on Criminal Justice Standards and Goals; National Council of Churches; the Governing Board of the American Medical Association; National Education Association; Central Conference of American Rabbis; B'nai B'rith; Canadian Commission of Inquiry into the Non-Medical Use of Drugs—Le Dain Commission.

I invite my colleagues to consider cosponsorship of this measure as a reasonable alternative to current law.

NEW ROCHELLE LEAGUE OF WOMEN VOTERS

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, the League of Women Voters of New Rochelle, N.Y., is celebrating its 50th anniversary year—50 years of service to the community of New Rochelle and its citizens; "50 years of a unique idea," chapter President Dorothy K. Rosenbaum recently told the chapter's members.

I take great pride in honoring the New Rochelle League in the House of Representatives because it is I who feels honored to represent a group of women whose predecessors were pioneers in the fight for women's rights. The New Rochelle League was founded in late 1924 by, among others, Carrie Chapman Catt who was a New Rochelle resident and president of the National American Woman Suffrage Association. Mrs. Catt was also instrumental in founding the National League of Women Voters in 1920.

The New Rochelle League of Women Voters is the proud owner of two items of historical significance: a gavel used by Carrie Chapman Catt when she was president of NAWSA and presented to the League later by Mrs. Catt, and a receipt for leaflets signed by Susan B. Anthony.

Currently, the New Rochelle League is involved in such important areas as voter registration, housing, urban planning, environmental quality, financing education, and recreation.

I am pleased to recognize the great contributions of the New Rochelle League of Women Voters in this, their 50th anniversary year.

YOUTH CAMP SAFETY ACT

(Mr. DOMINICK V. DANIELS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DOMINICK V. DANIELS. Mr. Speaker, on March 11, 1975, the House Education and Labor Committee by a vote of 37 to 0 reported H.R. 46, the Youth Camp Safety Act. This bill is a long overdue first step in insuring the health and safety of over 10 million American youngsters attending approximately 10,000 camps during the summer months.

State laws to safeguard our children in camps are woefully inadequate. More attention is currently given to preserving and protecting wildlife than is focused on the well-being of young people who attend camp.

Today the distinguished chairman of the Education and Labor Committee, Mr. PERKINS, will file the committee's report on H.R. 46. I am indeed gratified by the widespread support this bill has in the full Education and Labor Committee as well as its endorsement by many other Members of this body. In fact, I have been joined in sponsoring the Youth

Camp Safety Act by 119 other Representatives who likewise understand the need for quick passage of this important legislation, despite several misstatements that have been raised concerning H.R. 46.

The Subcommittee on Manpower, Compensation, and Health and Safety which I chair has prepared a list of misstatements and responses to these false allegations regarding the Youth Camp Safety Act. I am including the text of this material for the information of my colleagues. Additional copies are available from my subcommittee office. The material follows:

ANSWERS TO MIS-STATEMENTS REGARDING H.R. 46, YOUTH CAMP SAFETY ACT

Mis-statement: 1. The House bill is a "powerful push for federal control."

ANSWER: The principal thrust of H.R. 46 is to provide federal financial incentives and technical assistance to the states to help draft plans for their own youth camp safety standards. Only those states choosing not to develop state plans for enforcing state standards will be subject to federal inspection and enforcement of HEW model standards.

Mis-statement: 2. "Federal minimum standards would weaken all camps and make the thousands of different programs the same."

ANSWER: H.R. 46 provides for only federal minimum standards to be drafted and promulgated by the Department of HEW. In many instances, the Boy Scouts, the Girl Scouts and the American Camping Association require adherence to standards which are much stronger.

The federal minimum standards to be drafted and promulgated by HEW are only designed to bring the truly submarginal camp operations up to a minimum for the safety and health of children and youth.

Furthermore, representatives of the ACA, the Boy Scouts, the Girl Scouts, and other representativs of organized camping groups and experts in the field participated in drafting language to perfect the wording of H.R. 46. These experts are also presently working with HEW personnel in drafting language for proposed federal model standards.

Mis-statement: 3. "Why should the federal government become involved in the question of the adequacy of youth camp safety laws?"

Answer: Only seven states have comprehensive laws dealing with youth camp safety.

45 states have no regulations applicable to camping personnel.

17 states have no regulations pertaining to program safety.

24 states have no regulations concerning personal health, medical aid and medical services.

45 states have no regulations applicable to out-of-camp trips and primitive outpost camps.

35 states do not regulate day camps.

The legislative chairman of the American Camping Association testified on May 15, 1974 that of 8000 member camps of ACA, only 4000 were accredited, and that these were inspected on a voluntary basis.

The American Camping Association has endorsed the House bill, as have the major national organized camping groups: the Boy Scouts, the Girl Scouts, the Y Camps, as well as the National Safety Council and the National Recreation and Parks Association which represents 18,000 members.

Section 15 of H.R. 46 also provides that nothing in the Act or regulations from any department or agency of the Federal Government authorizes the Director of Youth Camp Safety, a state agency, or any official . . . to restrict, determine or influence the curriculum, program or ministry of any youth camp . . ."

Mis-statement: 4. There are also charges that "an army of federal bureaucrats with guidelines a mile long" will descend on the camps and that all will come under a "threat of a $2500 fine for each violation."

Answer: Civil Penalties:

The House and Senate bills differ on enforcement procedures and penalties. The House bill (H.R. 46) stresses federal financial incentives, consultative services and technical assistance by HEW.

The House bill first provides for consultative services, upon request by the camps. There is to be no citation nor penalty assessed for first instance violations. There is a discretionary maximum penalty of $500 for each day of violations only when there is a serious violation; and a $1000 penalty for repeated or willful violations. These civil penalties are only called for if the serious violations are not abated or if they are uncontested by the camp operators who have the recourse of a hearing and further due process of law if requested.

Army of Bureaucrats:

Youth Camp operators today are subject to a welter of regulations from various state agencies (licensing, health and sanitation, motor vehicles, environment and water control, etc.) H.R. 46 would promote the consolidation of these functions within the State and, therefore, would help reduce the bureaucratic burden which the camps now have within the states.

Mis-statement: 5. "How did this get to be the business of the Federal Government"?

Answer: Camping is big business, and children are constantly traveling from state to state. Traveling is part of camping life. Parents sending their children out of state have no way of visiting these camps to make sure they are as safe as camps within their own states. The Federal Government has provided federal legislation to protect a variety of animals which move in interstate commerce, and we can do no less for children.

Mis-statement: 6. "The Youth Camp Safety bill promises perfect youth camp safety."

Answer: The statement of purpose of the bill says: "It is the purpose of the Act to protect and safeguard the health and well being of youth attending . . . camps."

It is the intention of the Committee, by providing the incentives of federal financial assistance for grants to help the states draft their own regulations, and to provide technical assistance to help the states in implementing their own regulations. The Committee clearly intends that the states do the job of enforcement, not the Federal Government.

Mis-statement: 7. "These bills give the Federal Government the first and last say on just how all youth camps in America will be run."

Answer: Those States which have their own plans for drafting and enforcing youth camp safety standards, which are as effective as the federal minimum standards, *will be little affected by the new federal law.*

Mis-statement: 8. "The bill will be vetoed by the President."

Answer: Since the Constitution provides for the separation of powers, the legislative branch has its duty and responsibility to enact laws it thinks proper to promote the general welfare of our people. Each legislator has the responsibility to vote his conscience on the House bill. It would be presumptuous to think that a Member of Congress would vote against his principles purely because he believed that the President would veto this bill. As a matter of fact, when President Ford was a Member of Congress, he voted in favor of similar legislation, in 1971, and against a "study" to be conducted by HEW.

Mis-statement: 9. "The HEW study (on the adequacy of state youth camp safety regulations) has been misrepresented, as well as the HEW intent to draft regulations and provide technical assistance to the states."

Answer: It took constant prodding by the Committee Members to induce the department to produce the final results of the study, after over a year's delay. Dr. Theodore Cooper, Deputy Assistant Secretary of Health, Education, and Welfare, on June 13, 1974, in recapitulating the findings produced by the HEW study, said:

". . . Twenty-eight states have laws and regulations specific to youth camps. *Of these, only four were judged to have adequate legislation and regulations,* coupled with regulatory requirements for the annual inspection of summer youth camps. The enforcement of existing laws and regulations on summer youth camps is deficient.

"We recognize that the results of the survey of illness and injury may not be entirely representative of all camps. Of the 200 camps constituting the initially selected sample, only 128 actually participated . . . the total sample is, in fact, a selection of voluntary participants . . ."

These few quotes attest to the inadequacy of the HEW study as well as state laws.

The states themselves have not really responded to the challenge of Committee bills during the years since 1968 to produce their own youth camp safety laws. This legislation should be helpful in providing the incentive needed to spur the states to action.

It was the testimony of representatives of organized camping groups themselves in hearings last year, who said that the prod of federal legislation was needed in order to get the states to enact their own state standards.

Again, those organized camping groups who testified in favor of the House bill are:

The American Camping Association (8000 member camps).

The Boy Scouts of America.

The Girl Scouts of America.

The National Recreation and Parks Association (18,000 members).

Campfire Girls.

A representative from the National Safety Council, and other experts in the camping field.

MIDDLE INCOME HOUSING EMERGENCY

(Mr. **CONABLE** asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. CONABLE. Mr. Speaker, tomorrow the House expects to begin debating the Emergency Middle Income Housing Act of 1975, H.R. 4485.

This bill proposes to provide Government-subsidized 6- and 7-percent mortgages to home buyers earning less than 120 percent of the median family income in their areas.

The effect of this provision is that families from low-median income areas earning $7,000 or $8,000 may not be eligible for the subsidies—if their incomes are more than 120 percent of the local median income—but their tax dollars will be used to pay for mortgage subsidies for families in other areas of the country earning $20,000 or more.

So that Members can see how this legislation will affect their districts, I am placing in the RECORD a table showing the median income for each county. To determine eligibility levels for purposes of H.R. 4485, these median income figures must be multiplied by 120 percent.

The table follows :

State and county	County family median income	SMSA	SMSA family median income
Maine:			
Androscoggin	$10,997	Lewiston-Auburn, Maine	$11,059
Aroostook	9,012		
Cumberland	12,338	Portland, Maine	12,660
Franklin	10,371		
Hancock	9,934		
Kennebec	11,771		
Knox	9,540		
Lincoln	11,103		
Oxford	10,612		
Penobscot	10,993		
Piscataquis	9,191		
Sagadahoc	10,462		
Somerset	9,720		
Waldo	10,205		
Washington	7,257		
York	11,375		
New Hampshire:			
Belknap	12,653		
Carroll	10,598		
Cheshire	12,422		
Coos	10,749		
Grafton	11,777		
Hillsborough	13,700	Manchester, N.H	13,012
Merrimack	13,297	do	13,012
Rockingham	13,829		
Strafford	12,481		
Sullivan	11,654		
Vermont:			
Addison	11,010		
Bennington	11,541		
Caledonia	10,739		
Chittenden	14,188		
Essex	10,038		
Franklin	10,676		
Grand Isle	10,257		
Lamoille	11,299		
Orange	9,761		
Orleans	9,455		
Rutland	11,081		
Washington	11,606		
Windham	12,043		
Windsor	12,071		
Massachusetts:			
Barnstable	12,294		
Berkshire	13,351	Pittsfield, Maine	14,041
Bristol	12,639	New Bedford, Maine	11,708
Dukes	11,369		
Essex	14,710	Lawrence-Haverhill, Mass.-N.H	14,379
Franklin	13,126		
Hampden	13,554	Springfield-Chicopee-Holyoke, Mass.-Conn	13,591
Hampshire	13,537	do	13,591
Middlesex	15,823	Boston, Mass	15,445
Nantucket	11,450		
Norfolk	16,997	Boston, Mass	15,445
Plymouth	14,603	Brockton, Mass	14,516
Suffolk	12,727	Boston, Mass	15,445
Worcester	13,717	Worcester, Mass	14,085
Rhode Island:			
Bristol	13,976	Providence-Pawtucket-Warwick, R.I.-Mass	13,228
Kent	14,045	do	13,228
Newport	11,663		
Providence	12,698	Providence-Pawtucket-Warwick, R.I.-Mass	13,228
Washington	12,267		
Connecticut:			
Fairfield	17,374	Bridgeport, Conn	15,639
Hartford	15,750	Hartford, Conn	16,028
Litchfield	15,229		
Middlesex	15,565		
New Haven	15,034	New Haven, Conn	14,774
New London	14,214	New London-Groton-Norwich, Conn	14,077
Tolland	15,498	Hartford, Conn	16,028
Windham	13,650		
New York:			
Albany	15,078	Albany-Schenectady-Troy, N.Y	14,414
Allegany	11,576		
Bronx	11,425	New York City, N.Y	13,797
Broome	13,888	Binghamton, N.Y.-Pa	13,479
Cattaraugus	10,825		
Cayuga	12,501		
Chautauqua	11,845		
Chemung	12,420	Elmira, N.Y	12,415
Chenango	11,412		
Clinton	11,103		
Columbia	11,666		
Cortland	12,197		
Delaware	10,332		
Dutchess	15,913	Poughkeepsie, N.Y	15,919
Erie	13,848	Buffalo, N.Y	13,736
Essex	10,798		
Franklin	11,106		
Fulton	11,735		
Genesee	13,151		
Greene	12,052		
Hamilton	8,499		
Herkimer	12,378	Utica-Rome, N.Y	12,499
Jefferson	11,581		
Kings	12,203	New York City, N.Y	13,797
Lewis	11,094		
Livingston	14,885	Rochester, N.Y	16,103
Madison	12,682	Syracuse, N.Y	13,927
Monroe	16,755	Rochester, N.Y	16,103
Montgomery	12,367	Albany-Schenectady-Troy, N.Y	14,414
Nassau	19,718	Nassau-Suffolk, N.Y	13,821
New York	12,318	New York City, N.Y	13,797
Niagara	13,291	Buffalo, N.Y	13,736
Oneida	12,543	Utica-Rome, N.Y	12,499
Onondaga	14,459	Syracuse, N.Y	13,927
Ontario	$13,425	Rochester, N.Y	$16,103
Orange	14,060		
Orleans	12,820	Rochester, N.Y	16,103
Oswego	12,411	Syracuse, N.Y	13,927
Otsego	11,832		
Putnam	15,904	New York City, N.Y	13,797
Queens	16,052	do	13,797
Rensselaer	13,997	Albany-Schenectady-Troy, N.Y	14,414
Richmond	16,176	New York City, N.Y	13,797
Rockland	18,911	do	13,797
St. Lawrence	11,199		
Saratoga	13,693	Albany-Schenectady-Troy, N.Y	14,414
Schenectady	14,230	do	14,414
Schoharie	11,693	do	
Schuyler	11,108	do	
Seneca	12,910	do	
Steuben	11,820	do	
Suffolk	16,075	Nassau-Suffolk, N.Y	13,821
Sullivan	11,891	do	
Tioga	13,973	Binghamton, N.Y.-Pa	13,479
Tompkins	13,267	do	
Ulster	13,033	do	
Warren	11,788	do	
Washington	11,517	do	
Wayne	12,917	Rochester, N.Y	16,013
Westchester	18,257	New York City, N.Y	13,797
Wyoming	12,975	do	
Yates	12,648	do	
New Jersey:			
Atlantic	11,992	Atlantic City, N .J	11,996
Bergen	18,406	New York City, N.Y	13,797
Burlington	14,634	Philadelphia, Pa.-N.J	14,499
Camden	14,534	do	14,499
Cape May	11,123	do	
Cumberland	12,823	Vineland-Millville-Bridgeton, N.J	12,823
Essex	14,355	Newark, N.J	16,755
Gloucester	14,216	Philadelphia, Pa.-N.J	14,499
Hudson	13,152	Jersey City, N.J	13,153
Hunterdon	14,300	do	
Mercer	14,754	Trenton, N.J	14,756
Middlesex	16,309	New Brunswick-Perth Amboy-Sayreville, N.J.	16,306
Monmouth	15,952	Long Branch-Asbury Park, N.J	15,959
Morris	18,264	Newark, N.J	16,755
Ocean	12,137	do	
Passaic	14,784	Paterson-C/ifton-Passaic, N.J	17,094
Salem	13,025	Wilmington, Del.-N.J.-Md	14,167
Somerset	18,120	Newark, N.J	16,755
Sussex	13,884	do	
Union	17,033	Newark, N.J	16,755
Warren	14,020	Allentown-Bethlehem-Easton, Pa.-N.J	14,035
Pennsylvania:			
Adams	11,667	York, Pa	13,378
Alleghany	13,479	Pittsburgh, Pa	12,988
Armstrong	9,791	do	
Beaver	12,637	Pittsburgh, Pa	12,988
Bedford	9,578	do	
Berks	13,445	Reading, Pa	13,447
Blair	10,781	Altoona, Pa	10,784
Bradford	11,167	do	
Bucks	15,635	Philadelphia, Pa.-N.J	14,499
Butler	11,496	do	
Cambria	11,933	Johnstown, Pa	11,508
Cameron	11,471	do	
Carbon	10,601	Allentown-Bethlehem-Easton, Pa.-N.J	14,035
Centre	11,364	do	
Chester	15,366	Philadelphia, Pa.-N.J	14,499
Clarion	10,733	do	
Clearfield	10,102	do	
Clinton	9,331	do	
Columbia	10,391	do	
Crawford	11,295	do	
Cumberland	14,570	Harrisburg, Pa	13,612
Dauphin	13,318	do	13,612
Delaware	15,409	Philadelphia, Pa.-N.J	14,499
Elk	11,022		
Erie	12,593	Erie, Pa	12,592
Fayette	8,994		
Forest	11,691		
Franklin	11,403		
Fulton	8,734		
Greene	9,396		
Huntingdon	9,550		
Indiana	10,493		
Jefferson	9,713		
Juniata	10,710		
Lackawanna	11,250	Northeast Pa	11,154
Lancaster	13,374	Lancaster, Pa	13,379
Lawrence	11,331		
Lebanon	12,923		
Lehigh	13,890	Allentown-Bethlehem-Easton, Pa.-N.J	14,035
Luzerne	11,088	Northeast, Pa	11,154
Lycoming	11,742	Williamsport, Pa	11,740
McKean	10,588		
Mercer	12,176		
Mifflin	11,054		
Monroe	12,230	Northeast, Pa	11,154
Montgomery	17,038	Philadelphia, Pa.-N.J	14,499
Montour	11,209		
Northampton	14,186	Allentown-Bethlehem-Easton, Pa.-N.J	14,305
Northumberland	9,904		
Perry	10,802	Harrisburg, Pa	13,612
Philadelphia	12,789	Philadelphia, Pa.-N.J	14,499
Pike	11,150		
Potter	9,462		
Schuylkill	10,097		
Snyder	11,253		
Somerset	10,264	Johnstown, Pa	11,508

State and county	County family median income	SMSA	SMSA family median income
Pennsylvania—Continued			
Sullivan	9, 871		
Susquehanna	10, 098	Binghamton, N.Y.-Pa	13, 479
Tioga	10, 646		
Union	11, 705		
Venango	11, 311		
Warren	11, 609		
Washington	11, 611	Pittsburgh, Pa	12, 988
Wayne	10, 584		
Westmoreland	12, 211	Pittsburgh, Pa	12, 988
Wyoming	10, 600		
York	13, 706	York, Pa	13, 378
Ohio:			
Adams	7, 871		
Allen	12, 756	Lima, Ohio	12, 463
Ashland	12, 566		
Ashtabula	12, 743		
Athens	9, 575		
Auglaize	12, 019	Lima, Ohio	12, 463
Belmont	11, 302	Wheeling, W. Va.-Ohio	11, 268
Brown	10, 354		
Butler	13, 626	Hamilton-Middletown, Ohio	13, 626
Carroll	10, 646	Canton, Ohio	13, 291
Champaign	11, 516	Springfield, Ohio	13, 125
Clark	13, 120	do	13, 125
Clermont	13, 663	Cincinnati, Ohio-Ky.-Ind	13, 487
Clinton	11, 253		
Columbiana	11, 657		
Coshocton	11, 805		
Crawford	13, 135		
Cuyahoga	14, 776	Cleveland, Ohio	14, 866
Darke	12, 046		
Defiance	13, 860		
Delaware	13, 994	Columbus, Ohio	13, 787
Erie	13, 547		
Fairfield	11, 586	Columbus, Ohio	13, 787
Fayette	9, 538		
Franklin	13, 925	Columbus, Ohio	13, 787
Fulton	13, 918	Toledo, Ohio-Mich	14, 720
Gallia	9, 776		
Geauga	16, 325	Cleveland, Ohio	14, 866
Greene	14, 873	Dayton, Ohio	14, 314
Guensey	10, 874		
Hamilton	13, 781	Cincinnati, Ohio-Ky.-Ind	13, 487
Hancock	13, 808		
Hardin	11, 296		
Harrison	11, 498		
Henry	13, 208		
Highland	9, 359		
Hocking	9, 599		
Holmes	10, 526		
Huron	13, 171		
Jackson	8, 840		
Jefferson	12, 109	Steubenville-Weirton, Ohio-W. Va	13, 061
Knox	10, 916		
Lake	15, 197	Cleveland, Ohio	14, 866
Lawrence	9, 970	Huntington-Ashland, W. Va.-Ky.-Ohio	10, 515
Licking	11, 968		
Logan	10, 880		
Lorain	14, 781	Lorain-Elyria, Ohio	14, 777
Lucas	14, 477	Toledo, Ohio-Mich	14, 720
Madison	12, 251	Columbus, Ohio	13, 787
Mahoning	13, 120	Youngstown-Warren, Ohio	13, 342
Marion	12, 185		
Medina	14, 991	Cleveland, Ohio	14, 866
Meigs	7, 555		
Mercer	12, 389		
Miami	12, 966	Dayton, Ohio	14, 314
Monroe	10, 014		
Montgomery	14, 575	Dayton, Ohio	14, 314
Morgan	8, 803		
Morron	11, 382		
Muskingum	11, 089		
Noble	10, 071		
Ottawa	13, 541	Toledo, Ohio-Mich	14, 720
Paulding	11, 922		
Perry	9, 818		
Pickaway	11, 425	Columbus, Ohio	13, 787
Pike	8, 848		
Portage	14, 105	Akron, Ohio	14, 507
Preble	12, 958	Dayton, Ohio	14, 314
Putnam	12, 166	Lima, Ohio	12, 463
Richland	13, 266	Mansfield, Ohio	13, 268
Ross	10, 919		
Sandusky	13, 508		
Scioto	9, 607		
Seneca	12, 361		
Shelby	12, 008		
Stark	13, 292	Canton, Ohio	13, 291
Summit	14, 558	Arkon, Ohio	14, 507
Trumbull	13, 700	Youngstown-Warren, Ohio	13, 342
Tuscarawas	11, 052		
Union	11, 779		
Van Wert	12, 260	Lima, Ohio	12, 463
Vinton	8, 044		
Warren	14, 024	Cincinnati, Ohio-Ky.-Ind	13, 487
Washington	11, 451	Parkersburg-Marietta, W. Va.-Ohio	11, 555
Wayne	13, 418		
Williams	12, 762		
Wood	14, 367	Toledo, Ohio-Minn	14, 720
Wyandot	10, 702		
Indiana:			
Adams	12, 356	Fort Wayne, Ind	14, 346
Allen	14, 343	do	14, 346
Bartholomew	13, 509		
Benton	12, 610		
Blackford	11, 416		
Boone	13, 215	Indianapolis, Ind	14, 218
Brown	9, 710		
Carroll	11, 847		
Cass	13, 101		
Clark	12, 959	Louisville, Ky.-Ind	13, 216
Clay	10, 091	Terre Haute, Ind	11, 507
Clinton	11, 195		
Crawford	9, 416		
Daviess	10, 690		
Dearborn	12, 304	Cincinnati, Ohio-Ky.-Ind	13, 487
Decatur	11, 518		
De Kalb	12, 262	Fort Wayne, Ind	14, 346
Delaware	12, 416	Muncie, Ind	12, 415
Dubois	11, 292		
Elkhart	14, 288		
Fayette	11, 839		
Floyd	12, 465	Louisville, Ky.-Ind	13, 216
Fountain	10, 544		
Franklin	10, 193		
Fulton	11, 622		
Gibson	10, 206	Evansville, Ind.-Ky	12, 005
Grant	13, 311		
Greene	9, 908		
Hamilton	14, 585	Indianapolis, Ind	14, 218
Hancock	13, 834	do	14, 218
Harrison	10, 541		
Hendricks	14, 738	Indianapolis, Ind	14, 218
Henry	12, 387		
Howard	14, 705		
Huntington	12, 431		
Jackson	11, 659		
Jasper	12, 019		
Jay	12, 374		
Jefferson	11, 712		
Jennings	10, 762		
Johnson	13, 960	Indianapolis, Ind	14, 218
Knox	10, 374		
Kosciusko	12, 517		
Lagrange	12, 121		
Lake	13, 941	Gary-Hammond-East Chicago, Ind	14, 169
La Porte	14, 077		
Lawrence	11, 312		
Madison	14, 127	Anderson, Ind	14, 130
Marion	14, 349	Indianapolis, Ind	14, 218
Marshall	12, 410	South Bend, Ind	13, 418
Martin	10, 386		
Miami	10, 716		
Monroe	11, 948		
Montgomery	12, 397		
Morgan	13, 333	Indianapolis, Ind	14, 218
Newton	11, 203		
Noble	12, 292		
Ohio	11, 365		
Orange	9, 747		
Owen	9, 457		
Parke	9, 835		
Perry	10, 671		
Pike	8, 765		
Porter	15, 884	Gary-Hammond-East Chicago, Ind	14, 169
Posey	11, 572	Evansville, Ind.-Ky	12, 005
Pulaski	11, 937		
Putnam	11, 028		
Randolph	11, 806		
Ripley	10, 977		
Rush	11, 026		
St. Joseph	13, 593	South Bend, Ind	13, 418
Scott	10, 890		
Shelby	12, 764	Indianapolis, Ind	14, 218
Spencer	9, 616		
Starke	9, 818		
Steuben	10, 980		
Sullivan	10, 157	Terre Haute, Ind	11, 507
Switzerland	10, 291		
Tippecanoe	13, 298	Lafayette-West Lafayette, Ind	13, 297
Tipton	12, 404		
Union	12, 516		
Vanderburgh	12, 238	Evansville, Ind.-Ky	12, 005
Vermillion	11, 666	Terre Haute, Ind	11, 507
Vigo	11, 876	do	11, 507
Wabash	12, 851		
Warren	11, 240		
Warrick	12, 792	Evansville, Ind.-Ky	12, 005
Washington	10, 265		
Wayne	12, 545		
Wells	13, 451	Fort Wayne, Ind	14, 346
White	11, 383		
Whitley	12, 802		
Illinois:			
Adams	11, 906		
Alexander	7, 586		
Bond	10, 153		
Boone	15, 057	Rockford, Ill	14, 437
Brown	7, 843		
Bureau	11, 323		
Calhoun	8, 261		
Carroll	12, 112		
Cass	11, 029		
Champaign	13, 111	Champaign-Urbana, Ill	13, 112
Christian	11, 450		
Clark	10, 763		
Clay	10, 096		
Clinton	11, 753	St. Louis, Mo.-Ill	14, 125
Coles	11, 546		
Cook	15, 597	Chicago, Ill	15, 924
Cranford	10, 693		
Cumberland	9, 104		
De Kalb	13, 644		
De Witt	12, 159		
Douglas	12, 426		

State and county	County family median income	SMSA	SMSA family median income
Illinois—Continued			
Du Page	18, 965	Chicago, Ill	15, 924
Edgar	10, 466		
Edwards	9, 356		
Effingham	10, 505		
Fayette	9, 279		
Ford	11, 692		
Franklin	9, 668		
Fulton	11, 973		
Gallatin	9, 102		
Greene	9, 010		
Grundy	14, 914		
Hamilton	7, 838		
Hancock	10, 228		
Hardin	7, 640		
Henderson	11, 498		
Henry	12, 330	Davenport-Rock Island-Moline, Iowa-Ill	14, 009
Iroquois	11, 238		
Jackson	10, 443		
Jasper	10, 012		
Jefferson	9, 563		
Jersey	11, 438		
Jo Daviess	11, 499		
Johnson	9, 421		
Kane	15, 569	Chicago, Ill	15, 924
Kankakee	13, 552		
Kendall	15, 311		
Knox	12, 647		
Lake	17, 079	Chicago, Ill	15, 924
La Salle	12, 965		
Lawrence	9, 801		
Lee	12, 772		
Livingston	13, 217		
Logan	12, 405		
McDonough	10, 940		
McHenry	15, 411	Chicago, Ill	15, 924
McLean	14, 126	Bloomington-Normal, Ill	14, 128
Macon	13, 406	Decatur, Ill	13, 409
Macoupin	10, 898		
Madison	14, 043	St. Louis, Mo.-Ill	14, 125
Marion	9, 698		
Marshall	11, 793		
Mason	10, 993		
Massac	9, 940		
Menard	10, 702	Springfield, Ill	13, 906
Mercer	11, 674		
Monroe	13, 233	St. Louis, Mo.-Ill	14, 125
Montgomery	10, 129		
Morgan	12, 535		
Moultrie	11, 356		
Ogle	13, 034		
Peoria	14, 495	Peoria, Ill	14, 569
Perry	9, 978		
Piatt	13, 109		
Pike	9, 464		
Pope	7, 133		
Pulaski	6, 403		
Putnam	13, 242		
Randolph	11, 153		
Richland	9, 279		
Rock Island	14, 248	Davenport-Rock Island-Moline, Ind.-Ill	14, 009
St. Clair	12, 384	St. Louis, Mo.-Ill	14, 125
Saline	9, 306		
Sangamon	13, 903	Springfield, Ill	13, 906
Schuyler	9, 261		
Scott	10, 404		
Shelby	9, 076		
Stark	11, 180		
Stephenson	13, 376		
Tazewell	15, 008	Peoria, Ill	14, 569
Union	10, 064		
Vermilion	12, 638		
Wabash	10, 629		
Warren	10, 950		
Washington	10, 495		
Wayne	9, 077		
White	8, 668		
Whiteside	13, 260		
Will	15, 402	Chicago, Ill	15, 924
Williamson	10, 238		
Winnebago	14, 356	Rockford, Ill	14, 437
Woodford	12, 767	Peoria, Ill	14, 569
Michigan:			
Alcona	6, 805		
Alger	10, 691		
Allegan	12, 323		
Alpena	11, 368		
Antrim	10, 120		
Arenac	10, 850		
Baraga	10, 236		
Barry	12, 009	Battle Creek, Mich	14, 152
Bay	13, 611	Bay City, Mich	13, 617
Benzie	10, 021		
Berrien	13, 768		
Branch	12, 142		
Calhoun	14, 149	Battle Creek, Mich	14, 152
Cass	12, 897		
Charlevoix	11, 101		
Cheboygan	9, 876		
Chippewa	9, 131		
Clare	8, 994		
Clinton	14, 075	Lansing, Mich	14, 976
Crawford	9, 646		
Delta	11, 504		
Dickinson	10, 800		
Eaton	15, 225	Lansing, Mich	14, 976
Emmet	11, 686		
Genesee	14, 987	Flint, Mich	14, 876
Gladwin	9, 502		
Gogebic	9, 227		
Grand Traverse	12, 420		
Gratiot	11, 925		
Hillsdale	11, 516		
Houghton	7, 836		
Huron	10, 140		
Ingham	14, 994	Lansing, Mich	14, 976
Ionia	12, 290	do	14, 976
Iosco	9, 375		
Iron	8, 971		
Isabella	13, 027		
Jackson	14, 173	Jackson, Mich	14, 179
Kalamazoo	14, 709	Kalamazoo, Mich	14, 711
Kalkaska	7, 783		
Kent	13, 940	Grand Rapids, Mcih	13, 889
Keweenaw	5, 602		
Lake	8, 489		
Lapeer	14, 290	Detroit, Mich	15, 968
Leelanau	10, 837		
Lenawee	13, 500		
Livingston	14, 715	Detroit, Mich	15, 968
Luce	11, 514		
Mackinac	10, 259		
Macomb	16, 907	Detroit, Mich	15, 968
Manistee	11, 325		
Marquette	11, 677		
Mason	11, 993		
Mecosta	9, 768		
Menominee	9, 985		
Midland	15, 672		
Missaukee	9, 387		
Monroe	16, 125	Toledo, Ohio–Mich	14, 720
Montcalm	10, 946		
Montmorency	7, 061		
Muskegon	12, 783	Muskegon-Muskegon Heights, Mich	12, 785
Newaygo	11, 183		
Oakland	18, 146	Detroit, Mich	15, 968
Oceana	10, 542	Muskegon-Muskegon Heights, Mich	12, 785
Ogemaw	8, 664		
Ontonagon	11, 915		
Osceola	10, 895		
Oscoda	8, 198		
Otsewo	11, 527		
Ottawa	13, 888	Grand Rapids, Mich	13, 889
Presque Isle	9, 506		
Roscommon	8, 825		
Saginaw	14, 687	Saginaw, Mich	14, 690
St. Clair	13, 244	Detroit, Mich	15, 968
St. Joseph	13, 135		
Sanilac	11, 078		
Schoolcraft	9, 668		
Shiawassee	13, 714	Flint, Mich	14, 876
Tuscola	12, 598		
Van Buren	11, 349	Kalamazoo, Mich	14, 711
Washtenaw	16, 196	Ann Arbor, Mich	16, 197
Wayne	15, 049	Detroit, Mich	15, 968
Wexford	10, 369		
Wisconsin:			
Adams	9, 803		
Ashland	9, 401		
Barron	10, 334		
Bayfield	8, 400		
Brown	13, 744	Green Bay, Wis	13, 750
Buffalo	10, 419		
Burnett	7, 125		
Calumet	13, 010	Appleton-Oshkosh, Wis	13, 305
Chippewa	11, 827		
Clark	9, 926		
Columbia	12, 650		
Crawford	8, 858		
Dane	15, 022	Madison, Wis	15, 017
Dodge	12, 641		
Door	9, 873		
Douglas	11, 344	Duluth-Superior, Minn.-Wis	11, 939
Bunn	10, 044		
Eau Claire	13, 069		
Florence	9, 694		
Fond du Lac	12, 826		
Forest	7, 490		
Grant	11, 237		
Green	12, 452		
Green Lake	11, 089		
Iowa	10, 711		
Iron	8, 270		
Jackson	10, 279		
Jefferson	13, 169		
Juneau	10, 214		
Kenosha	13, 349	Kenosha, Wis	13, 346
Kewaunee	13, 080		
La Crosse	12, 084	La Crosse, Wis	12, 082
Lafayette	9, 010		
Langlade	8, 784		
Lincoln	11, 137		
Manitowoc	12, 797		
Marathon	12, 375		
Marinette	9, 956		
Marquette	9, 679		
Menominee	7, 127		
Milwaukee	14, 424	Milwaukee, Wis	14, 883
Monroe	10, 466		
Oconto	9, 590		
Oneida	10, 963		
Outagamie	13, 460	Appleton-Oshkosh, Wis	13, 305
Ozaukee	16, 761	Milwaukee, Wis	14, 883
Pepin	9, 809		
Pierce	11, 989		
Polk	10, 032		

State and county	County family median income	SMSA	SMSA family median income
Wisconsin—Continued			
Portage	12, 043		
Price	8, 231		
Racine	14, 512	Racine, Wis	14, 517
Richland	9, 417		
Rock	13, 326		
Rusk	8, 732		
St. Croix	13, 482	Minneapolis-St. Paul, Minn	15, 825
Sauk	11, 962		
Sawyer	7, 393		
Shawano	9, 679		
Sheboygan	12, 897		
Taylor	9, 619		
Trempealeau	9, 184		
Vernon	8, 921		
Vilas	9, 059		
Walworth	12, 883		
Washburn	9, 185		
Washington	14, 669	Milwaukee, Wis	14, 883
Waukesha	16, 752	do	14, 883
Waupaca	10, 277		
Waushara	9, 172		
Winnebago	13, 214	Appleton-Oshkosh, Wis	13, 305
Wood	12, 614		
Minnesota:			
Aitkin	8, 185		
Anoka	15, 823	Minneapolis-St. Paul, Minn	15, 825
Becker	9, 241		
Beltrami	8, 914		
Benton	10, 582	St. Cloud, Minn	11, 397
Big Stone	9, 158		
Blue Earth	12, 656		
Brown	11, 023		
Carlton	11, 848		
Carver	14, 403	Minneapolis-St. Paul, Minn	15, 825
Cass	6, 788		
Chippewa	8, 916		
Chisago	12, 786	Minneapolis-St. Paul, Minn	15, 825
Clay	12, 952	Fargo-Moorhead, N. Dak.-Minn	12, 639
Clearwater	6, 575		
Cook	9, 672		
Cottonwood	10, 606		
Crow Wing	10, 456		
Dakota	15, 706	Minneapolis-St. Paul, Minn	15, 825
Dodge	11, 526		
Douglas	9, 139		
Faribault	9, 982		
Fillmore	9, 335		
Freeborn	11, 789		
Goodhue	12, 855		
Grant	7, 753		
Hennepin	15, 931	Minneapolis-St. Paul, Minn	15, 825
Houston	10, 101		
Hubbard	7, 449		
Isanti	12, 212		
Itasca	10, 073		
Jackson	9, 475		
Kanabec	10, 236		
Kandiyohi	11, 545		
Kittson	9, 492		
Koochiching	11, 075		
Lac Qui Parl	8, 941		
Lake	12, 456		
Lake of Wood	8, 564		
Le Sueur	10, 990		
Lincoln	7, 175		
Lyon	10, 954		
McLeod	11, 574		
Mahnomen	8, 840		
Marshall	8, 236		
Martin	10, 742		
Meeker	10, 045		
Mille Lacs	9, 837		
Morrison	9, 189		
Mower	13, 905		
Murray	8, 665		
Nicollet	12, 173		
Nobles	10, 362		
Norman	7, 782		
Olmsted	14, 469	Rochester, Minn	14, 470
Otter Tail	8, 440		
Pennington	11, 301		
Pine	9, 007		
Pipestone	9, 257		
Polk	10, 504		
Pope	11, 152		
Ramsey	15, 548	Minneapolis-St. Paul, Minn	15, 825
Red Lake	7, 590		
Redwood	8, 586		
Renville	8, 751		
Rice	12, 694		
Rock	10, 937		
Roseau	9, 944		
St. Louis	12, 073	Duluth-Superior, Minn.-Wis	11, 939
Scott	13, 773	Minneapolis-St. Paul, Minn	15, 825
Sherburne	13, 062	St. Cloud, Minn	11, 397
Sibley	9, 890		
Stearns	11, 234	St. Cloud, Minn	11, 397
Steele	12, 466		
Stevens	10, 344		
Swift	8, 465		
Todd	7, 640		
Traverse	8, 209		
Wabasha	10, 582		
Wadena	8, 987		
Waseca	11, 956		
Washington	15, 871	Minneapolis-St. Paul, Minn	15, 825
Watonwan	9, 721		
Wilkin	10, 131		
Winona	11, 620		
Wright	10, 409	Minneapolis-St. Paul, Minn	15, 825
Yellow Medic	9, 672		
Iowa:			
Adair	9, 770		
Adams	9, 063		
Allamakee	8, 611		
Appanoose	8, 994		
Audubon	8, 144		
Benton	10, 560		
Black Hawk	13, 913	Waterloo, Iowa	13, 908
Boone	11, 145		
Bremer	11, 862		
Buchanan	10, 542		
Buena Vista	10, 351		
Butler	9, 911		
Calhoun	10, 518		
Carroll	10, 656		
Cass	10, 027		
Cedar	11, 959		
Cerro Gordo	12, 357		
Cherokee	11, 150		
Chickasaw	10, 337		
Clarke	9, 517		
Clay	11, 381		
Clayton	9, 504		
Clinton	12, 624		
Crawford	11, 082		
Dallas	13, 084		
Davis	9, 698		
Decatur	7, 636		
Delaware	11, 065		
Des Moines	12, 925		
Dickinson	11, 000		
Dubuque	14, 121	Dubuque, Iowa	14, 117
Emmet	11, 631		
Fayette	10, 114		
Floyd	10, 769		
Franklin	9, 741		
Fremont	10, 862		
Greene	11, 369		
Grundy	11, 009		
Guthrie	9, 827		
Hamilton	11, 031		
Hancock	10, 432		
Hardin	11, 331		
Harrison	9, 690		
Henry	11, 814		
Howard	9, 649		
Humboldt	10, 863		
Ida	11, 080		
Iowa	10, 223		
Jackson	10, 836		
Jasper	11, 785		
Jefferson	10, 723		
Johnson	12, 854		
Jones	10, 650		
Keokuk	8, 969		
Kossuth	10, 718		
Lee	11, 748		
Linn	14, 334	Cedar Rapids, Iowa	14, 330
Louisa	11, 440		
Lucas	9, 803		
Lyon	9, 255		
Madison	9, 162		
Mahaska	10, 355		
Marion	10, 838		
Marshall	13, 485		
Mills	12, 618		
Mitchell	9, 719		
Monona	8, 716		
Monroe	8, 741		
Montgomery	10, 304		
Muscatine	12, 701		
O'Brien	10, 147		
Osceola	10, 028		
Page	10, 515		
Palo Alto	9, 681		
Plymouth	10, 952		
Pocahontas	9, 799		
Polk	13, 984	Des Moines, Iowa	14, 428
Pottawattami	12, 453	Omaha, Nebr.-Iowa	13, 601
Poweshiek	11, 494		
Ringgold	8, 734		
Sac	10, 007		
Scott	14, 364	Davenport-Rock Island-Moline, Iowa-Ill	14, 009
Shelby	9, 357		
Sioux	9, 846		
Story	12, 074		
Tama	11, 172		
Taylor	8, 021		
Union	9, 072		
Van Buren	7, 729		
Wapello	10, 991		
Warren	13, 338	Des Moines, Iowa	14, 428
Washington	11, 601		
Wayne	7, 977		
Webster	12, 007		
Winnebago	11, 341		
Winneshiek	10, 066		
Woodbury	12, 065	Sioux City, Iowa-Nebr	11, 927
Worth	11, 251		
Wright	12, 150		

State and county	County family median income	SMSA	SMSA family median income
Missouri:			
Adair	9,323		
Andrew	9,271	St. Joseph, Mo	11,164
Atchison	8,539		
Audrain	10,200		
Barry	7,353		
Barton	7,913		
Bates	8,423		
Benton	7,693		
Bollinger	6,565		
Boone	12,824	Columbia, Mo	12,823
Buchanen	11,161	St. Joseph, Mo	11,164
Butler	7,244		
Caldwell	7,858		
Callaway	9,979		
Camden	7,472		
Cape Girarde	11,221		
Carroll	9,095		
Carter	7,443		
Cass	11,649	Kansas City, Mo.-Kans	14,297
Cedar	6,852		
Chariton	8,518		
Christian	8,564	Springfield, Mo	10,912
Clark	7,820		
Clay	15,174	Kansas City, Mo.-Kans	14,297
Clinton	10,180		
Cole	12,822		
Cooper	11,079		
Crawford	9,219		
Dade	6,601		
Dallas	6,291		
Daviess	7,227		
De Kalb	8,373		
Dent	8,105		
Douglas	5,931		
Dunklin	6,822		
Franklin	11,418	St. Louis, Mo.-Ill	14,125
Gasconade	9,101		
Gentry	7,671		
Greene	10,910	Springfield, Mo	10,912
Grundy	8,762		
Harrison	6,661		
Henry	7,682		
Hickory	6,644		
Holt	8,958		
Howard	8,780		
Howell	6,777		
Iron	7,154		
Jackson	13,650	Kansas City, Mo.-Kans	14,297
Jasper	9,662		
Jefferson	16,340	St. Louis, Mo.-Ill	14,125
Johnson	8,594		
Knox	8,334		
Laclede	8,320		
Lafayette	11,075		
Lawrence	8,518		
Lewis	8,948		
Lincoln	10,708		
Linn	8,795		
Livingston	10,471		
McDonald	7,381		
Macon	8,265		
Madison	8,129		
Maries	7,197		
Marion	9,860		
Mercer	6,962		
Miller	7,900		
Mississippi	6,816		
Moniteau	9,170		
Monroe	7,781		
Montgomery	9,099		
Morgan	7,438		
New Madrid	6,591		
Newton	8.984		
Nodaway	9,015		
Oregon	5,091		
Osage	9,800		
Ozark	5,621		
Pemiscot	6,162		
Perry	8,535		
Pettis	9,449		
Phelps	10,252		
Pike	10,415		
Platte	15,335	Kansas City, Mo.-Kans	14,297
Polk	7,471		
Pulaski	8,146		
Putnam	6,570		
Ralls	9,736		
Randolph	9,958		
Ray	11,169	Kansas City, Mo-Kans	14,297
Reynolds	6,446		
Ripley	4,995		
St Charles	13,850	St Louis, Mo.-Ill	14,125
St. Clair	6,793		
St. Francois	10,392		
St. Louis	16,712	St Louis, Mo-Ill	14,125
Ste. Genevieve	11,265		
Saline	10.175		
Schuyler	6,443		
Scotland	6,331		
Scott	9,649		
Shannon	6,424		
Shelby	8,419		
Stoddard	7,639		
Stone	7,879		
Sullivan	7,986		
Taney	7,876		
Texas	7,233		
Vernon	8,604		
Warren	10,532		
Washington	8,664		
Wayne	6,634		
Webster	8,205		
Worth	6,777		
Wright	6,756		
St. Louis City	11,054	St Louis, Mo-Ill	14,125
North Dakota:			
Adams	10,104		
Barnes	9,965		
Benson	8,939		
Billings	5,553		
Bottineau	9,681		
Bowman	9,509		
Burke	9,065		
Burleigh	12,218		
Cass	12,535	Fargo-Moorhead, N. Dak-.Minn	12,639
Cavalier	9,089		
Dickey	8,782		
Divide	8,404		
Dunn	7,691		
Eddy	8,911		
Emmons	10,146		
Foster	10,471		
Golden Vally	9,530		
Grand Forks	11,949		
Grant	6,959		
Griggs	9,879		
Hettinger	9,569		
Kidder	7,046		
La Moore	8,287		
Logan	10,924		
McHenry	8,554		
McIntosh	9,449		
McKenzie	9,382		
McLean	9,115		
Mercer	9,226		
Morton	9,647		
Mountrail	8,552		
Nelson	7,890		
Oliver	7,606		
Pembina	10,705		
Pierce	9,026		
Ramsey	10,881		
Ransom	8,824		
Renville	9,344		
Richland	8,972		
Rolette	8,457		
Sargent	9,379		
Sheridan	8,870		
Sioux	7,216		
Slope	10,861		
Stark	10,161		
Steele	11,074		
Stutsman	10,519		
Towner	9,681		
Traill	9,048		
Walsh	9,483		
Ward	11,158		
Wells	8,828		
Williams	11,275		
South Dakota: Aurora	6,689		
Beadle	10,769		
Bennett	8,078		
Bon Homme	7,449		
Brookings	10,420		
Brown	10,721		
Brule	8,272		
Buffalo	7,389		
Butte	10,658		
Campbell	7,424		
Charles Mix	7,016		
Clark	7,684		
Clay	9,928		
Codington	10,166		
Corson	7,469		
Custer	9,046		
Davison	10,169		
Day	6,733		
Deuel	9,370		
Dewey	7,689		
Douglas	6,921		
Edmunds	7,639		
Fall River	10,235		
Faulk	8,661		
Grant	8,172		
Gregory	7,585		
Haakon	10,450		
Hamlin	7,478		
Hand	8,842		
Hanson	6,810		
Harding	8,903		
Hughes	13,457		
Hutchinson	7,145		
Hyde	6,521		
Jackson	8,974		
Jerauld	7,497		
Jones	10,929		
Kingsbury	8,711		
Lake	8,213		
Lawrence	10,861		
Lincoln	8,404		
Lyman	9,391		
McCook	7,057		
McPherson	6,823		
Marshall	7,852		
Meade	11,627		
Mellette	7,170		

State and county	County family median income	SMSA	SMSA famil median income
South Dakota—Continued			
Miner	7,238		
Minnehaha	12,518	Sioux Falls, S. Dak	12,512
Moody	8,613		
Pennington	10,917		
Perkins	9,938		
Potter	10,740		
Roberts	7,619		
Sanborn	7,917		
Shannon	6,886		
Spink	9,289		
Stanley	9,657		
Sully	7,731		
Todd	6,994		
Tripp	10,494		
Turner	7,516		
Union	10,427		
Walworth	9,160		
Washabaugh	3,952		
Yankton	10,663		
Ziebach	5,728		
Nebraska:			
Adams	11,263		
Antelope	8,509		
Arthur	6,393		
Banner	11,602		
Blaine	8,469		
Boone	9,094		
Box Butte	9,623		
Boyd	5,832		
Brown	7,252		
Buffalo	10,705		
Burt	9,463		
Butler	8,103		
Cass	10,263		
Cedar	7,627		
Chase	9,298		
Cherry	9,433		
Cheyenne	9,998		
Clay	8,936		
Colfax	9,610		
Cuming	9,056		
Custer	8,738		
Dakota	10,870	Sioux City, Iowa-Nebr	11,927
Dawes	8,000		
Dawson	10,375		
Deuel	9,695		
Dixon	8,888		
Dodge	11,535		
Douglas	13,908	Omaha, Nebr.-Iowa	13,601
Dundy	8,870		
Fillmore	9,917		
Franklin	7,604		
Frontier	8,408		
Furnas	7,836		
Gage	10,031		
Garden	8,452		
Garfield	7,711		
Gosper	8,402		
Grant	9,909		
Greeley	7,662		
Hall	11,545		
Hamilton	9,795		
Harlan	8,981		
Hayes	7,196		
Hitchcock	8,204		
Holt	8,143		
Hooker	9,496		
Howard	8,477		
Jefferson	8,652		
Johnson	8,208		
Kearney	10,729		
Keith	11,305		
Keya Paha	4,598		
Kimball	11,730		
Knox	6,672		
Lancaster	13,077	Lincoln, Nebr	13,076
Lincoln	10,361		
Logan	9,187		
Loup	8,245		
McPherson	7,028		
Madison	10,747		
Merrick	10,885		
Morrill	6,896		
Nance	8,942		
Nemaha	11,549		
Nuckolls	9,430		
Otoe	10,240		
Pawnee	6,618		
Perkins	11,204		
Phelps	12,031		
Pierce	7,282		
Platte	12,137		
Polk	8,851		
Red Willow	9,690		
Richardson	9,098		
Rock	7,962		
Saline	10,374		
Sarpy	13,501	Omaha, Nebr.-Iowa	13,601
Saunders	10,598		
Scotts Bluff	10,642		
Seward	10,280		
Sheridan	8,734		
Sherman	7,415		
Sioux	7,977		
Stanton	8,717		
Thayer	8,622		
Thomas	9,083		
Thurston	8,594		
Valley	7,842		
Washington	12,110		
Wayne	8,910		
Webster	7,421		
Wheeler	6,005		
York	10,826		
Kansas:			
Allen	8,474		
Anderson	7,960		
Atchison	10,094		
Barber	10,525		
Barton	10,841		
Bourbon	9,195		
Brown	9,094		
Butler	10,640	Wichita, Kans	12,004
Chase	8,299		
Chautauqua	7,254		
Cherokee	9,138		
Cheyenne	9,270		
Clark	9,913		
Clay	9,071		
Cloud	9,531		
Coffey	7,716		
Comanche	9,167		
Cowley	10,661		
Crawford	8,375		
Decatur	9,101		
Dickinson	9,464		
Doniphan	10,047		
Douglas	12,033		
Edwards	11,329		
Elk	7,004		
Ellis	10,626		
Ellsworth	8,223		
Finney	11,851		
Ford	11,253		
Franklin	9,821		
Geary	9,420		
Gove	8,236		
Graham	8,744		
Grant	11,364		
Gray	10,617		
Greeley	9,964		
Greenwood	7,656		
Hamilton	10,386		
Harper	9,637		
Harvey	11,509		
Haskell	11,301		
Hodgeman	9,235		
Jackson	10,946		
Jefferson	11,809	Topeka, Kans	12,942
Jewell	9,219		
Johnson	18,113	Kansas City, Mo.-Kans	14,297
Kearny	10,366		
Kingman	9,113		
Kiowa	11,550		
Labette	9,737		
Lane	9,409		
Leavenworth	13,237		
Lincoln	8,385		
Linn	9,610		
Logan	10,876		
Lyon	10,381		
McPherson	11,030		
Marion	8,472		
Marshall	8,769		
Meade	10,552		
Miami	11,205		
Mitchell	8,958		
Montgomery	9,397		
Morris	9,719		
Morton	12,863		
Nemaha	8,759		
Neosho	10,028		
Ness	8,116		
Norton	10,209		
Osage	10,255	Topeka, Kans	12,942
Osborne	8,635		
Ottawa	9,136		
Pawnee	10,272		
Phillips	9,011		
Pottawatomie	9,011		
Pratt	10,975		
Rawlins	8,054		
Reno	11,062		
Republic	8,700		
Rice	9,823		
Riley	10,293		
Rooks	9,845		
Rush	8,624		
Russell	10,072		
Saline	10,934		
Scott	10,821		0
Sedgwick	12,194	Wichita, Kans	12,004
Seward	12,278		0
Shawnee	12,938	Topeka, Kans	12,942
Sheridan	8,305		
Sherman	10,443		
Smith	8,317		
Stafford	10,567		
Stanton	10,140		
Stevens	11,631		
Sumner	9,879		
Thomas	9,942		
Trego	8,518		
Wabaunsee	8,603		
Wallace	10,210		

State and county	County family median income	SMSA	SMSA family median income
Kansas—Continued			
Washington	7,687		
Wichita	10,972		
Wilson	8,179		
Woodson	7,490		
Wyandotte	12,744	Kansas City, Mo.-Kans	14,297
Delaware:			
Kent	11,536		
New Castle	14,655	Wilmington, Del.-N.J.-Md	14,167
Sussex	10,568		
Maryland:			
Allegany	10,599		
Anne Arundel	15,194	Baltimore, Md	14,280
Baltimore	15,855	do	14,280
Calvert	12,365		
Caroline	10,499		
Carroll	13,583	Baltimore, Md	14,280
Cecil	11,532	Wilmington, Del.-N.J.-Md	14,167
Charles	12,733	Washington, D.C.-Md.-Va	17,571
Dorchester	10,451		
Frederick	12,784		
Garrett	8,522		
Harford	13,217	Baltimore, Md	14,280
Howard	17,257	do	14,280
Kent	9,801		
Montgomery	22,731	Washington, D.C.-Md.-Va	17,571
Prince Georges	16,822	do	17,571
Queen Annes	11,099		
St. Marys	10,789		
Somerset	8,029		
Talbot	10,748		
Washington	11,458		
Wicomico	11,465		
Worcester	9,067		
Baltimore City	12,140	Baltimore, Md	14,280
District of Columbia:			
Washington	13,135	Washington, D.C.-Md.-Va	17,571
Virginia:			
Accomack	7,821		
Albemarle	11,945		
Alleghany	9,296		
Amelia	8,201		
Amherst	11,349	Lynchburg, Va	11,945
Appomattox	10,385	do	11,945
Arlinton	18,591	Washington, D.C.-Md.-Va	17,571
Augusta	10,977		
Bath	7,609		
Bedford	9,642		
Bland	7,559		
Botetourt	11,226	Roanoke, Va	12,112
Brunswick	7,961		
Buchanan	8,756		
Buckingham	7,403		
Campbell	11,728	Lynchburg, Va	11,945
Caroline	8,122		
Carroll	3,353		
Charles City	7,114	Richmond, Va	13,621
Charlotte	6,798		
Chesterfield	14,878	Richmond, Va	13,621
Clarke	11,303		
Craig	7,886	Roanoke, Va	12,112
Culpeper	9,657		
Cumberland	7,482		
Dickenson	7,124		
Dinwiddie	10,277	Petersburg-Colonial Heights, Va	11,854
Essex	8,481		
Fairfax	21,537	Washington, D.C.-Md.-Va	17,571
Fauquier	11,033		
Floyd	7,888		
Fluvanna	9,394		
Franklin	9,402		
Frederick	11,262		
Giles	9,127		
Gloucester	11,384	Newport News-Hampton, Va	12,589
Goochland	10,292	Richmond, Va	13,621
Grayson	7,824		
Greene	9,490		
Greensville	7,360		
Halifax	7,617		
Hanover	14,178	Richmond, Va	13,621
Henrico	15,126	do	13,621
Henry	11,695		
Highland	7,832		
Isle of Wight	10,154		
James City	11,639	Newport News-Hampton, Va	12,589
King and Queen	7,214		
King George	11,271		
King William	10,446		
Lancaster	7,967		
Lee	5,519		
Loudoun	14,672	Washington, D.C.-Md.-Va	17,571
Louisa	8,634		
Lunenberg	7,162		
Madison	7,685		
Mathews	9,519		
Mecklenburg	8,367		
Middlesex	7,571		
Montgomery	11,036		
Nansemond	9,724	Norfolk-Portsmouth, Va	11,446
Nelson	6,946		
New Kent	9,069		
Northampton	5,984		
Northumberland	7,512		
Nottoway	9,437		
Orange	9,326		
Page	8,872		
Patrick	8,978		
Pittsylvania	8,445		
Powhatan	10,223	Richmond, Va	13,621
Prince Edward	8,971		
Prince George	12,131	Petersburg-Colonial Heights, Va	11,854
Prince William	15,840	Washington, D.C.-Md.-Va	17,571
Pulaski	10,591		
Rappahannock	7,948		
Richmond	8,793		
Roanoke	14,260	Roanoke, Va	12,112
Rockbridge	9,584		
Rockingham	10,004		
Russell	8,397		
Scott	7,098	Kingsport-Bristol, Tenn.-Va	9,573
Shenandoah	9,431		
Smyth	8,967		
Southampton	8,090		
Spotslyvania	9,898		
Stafford	11,285		
Surry	9,341		
Sussex	8,792		
Tazewell	9,268		
Warren	10,450		
Washington	8,756	Kingsport-Bristol, Tenn.-Va	9,573
Westmoreland	7,378		
Wise	8,313		
Wythe	9,306		
York	11,839	Newport News-Hampton, Va	12,589
Alexandria	15,383	Washington, D.C.-Md.-Va	17,571
Bedford	11,812		
Bristol	9,169	Kingsport-Bristol, Tenn.-Va	9,573
Buena Vista	10,639		
Charlottesville	12,247		
Chesapeake	12,097	Norfolk-Portsmouth, Va	11,446
Cliftonforge	10,892		
Colonial Heights	14,743	Petersburg-Colonial Heights, Va	11,854
Covington	10,357		
Danville	11,076		
Emporia	9,691		
Fairfax	20,552	Washington, D.C.-Md.-Va	17,571
Falls Church	18,130	do	17,571
Franklin	10,438		
Fredericksburg	12,312		
Galax	10,479		
Hampton	13,205	Newport News-Hampton, Va	12,589
Harrisonburg	11,633		
Hopewell	12,222	Petersburg-Colonial Heights, Va	11,854
Lexington	10,840		
Lynchburg	12,097	Lynchburg, Va	11,945
Martinsville	11,466		
Newport News	12,207	Newport News-Hampton, Va	12,589
Norfolk	10,279	Norfolk-Portsmouth, Va	11,446
Norton	10,220		
Petersburg	10,850	Petersburg-Colonial Heights, Va	11,854
Portsmouth	11,125	Norfolk-Portsmouth, Va	11,446
Radford	11,938		
Richmond	11,851	Richmond, Va	13,621
Roanoke	10,758	Roanoke, Va	12,112
Salem	12,215	do	12,112
South Boston	10,061		
Staunton	12,039		
Suffolk	10,380	Norfolk-Portsmouth, Va	11,446
Virginia Beach	13,804	do	11,446
Waynesboro	12,833		
Williamsburg	13,321	Newport News-Hampton, Va	12,589
Winchester	10,899		
West Virginia:			
Barbour	7,530		
Berkeley	11,193		
Boone	8,610		
Braxton	6,328		
Brooke	12,145	Steubenville-Weirton, Ohio-W. Va	13,061
Cabell	10,831	Huntington-Ashland, W. Va.-Ky.-Ohio	10,515
Calhoun	6,278		
Clay	5,910		
Doddridge	6,864		
Fayette	8,538		
Gilmer	6,342		
Grant	7,527		
Greenbrier	7,629		
Hampshire	7,626		
Hancock	14,680	Steiubenville-Weirton, Ohio-W. Va	13,061
Hardy	7,246		
Harrison	10,919		
Jackson	10,098		
Jefferson	10,025		
Kanawha	11,554	Charleston, W. Va	11,557
Lewis	8,373		
Lincoln	7,154		
Logan	10,012		
McDowell	8,303		
Marion	10,393		
Marshall	11,165	Wheeling, W. Va.-Ohio	11,268
Mason	8,826		
Mercer	9,384		
Mineral	9,392		
Mingo	7,254		
Monongalia	10,716		
Monroe	7,080		
Morgan	9,507		
Nicholas	9,371		
Ohio	11,372	Wheeling, W. Va.-Ohio	11,268
Pendleton	6,683		
Pleasants	11,361		
Pocahontas	7,149		
Preston	7,869		
Putnam	11,540	Charleston, W. Va	11,557
Raleigh	9,532		
Randolph	7,832		
Ritchie	7,021		

State and county	County family median income	SMSA	SMSA family median income
West Virginia—Continued			
Roane	7, 676		
Summers	7, 258		
Taylor	9, 375		
Tucker	6, 853		
Tyler	9, 954		
Upshur	8, 616		
Wayne	9, 240	Huntington-Ashland, W. Va.-Ky.-Ohio	10, 515
Webster	5, 069		
Wetzel	11, 581		
Wirt	7, 901	Parkersburg-Marietta, W. Va.-Ohio	11, 555
Wood	11, 626	do	11, 555
Wyoming	10, 306		
North Carolina:			
Alamance	12, 250	Burlington, N.C	12, 251
Alexander	9, 931		
Alleghany	7, 361		
Anson	8, 120		
Ashe	6, 965		
Avery	7, 529		
Beaufort	8, 584		
Bertie	6, 334		
Bladen	6, 930		
Brunswick	7, 717	Wilmington, N.C	10, 465
Buncombe	10, 431	Asheville, N.C	10, 342
Burke	11, 931		
Cabarrus	12, 316		
Caldwell	10, 650		
Camden	9, 269		
Carteret	9, 775		
Caswell	9, 107		
Catawba	12, 218		
Chatham	9, 683		
Cherokee	6, 593		
Chowan	8, 607		
Clay	6, 248		
Cleveland	10, 807		
Columbus	7, 167		
Craven	8, 972		
Cumberland	9, 525	Fayetteville, N.C	9, 522
Currituck	8, 615	Norfolk-Portsmouth, Va	11, 446
Dare	8, 975		
Davidson	11, 131	Greensboro—Winston-Salem—High Point, N.C.	12, 575
Davie	10, 618		
Duplin	7, 444		
Durham	11, 491	Raleigh, N.C	12, 605
Edgecombe	8, 579		
Forsyth	12, 776	Greensboro—Winston-Salem—High Point, N.C.	12, 575
Franklin	7, 199		
Gaston	11, 982	Charlotte, N.C	13, 425
Gates	8, 262		
Graham	6, 931		
Granville	8, 985		
Greene	7, 003		
Guilford	13, 047	Greensboro—Winston-Salem—High Point, N.C.	12, 575
Halifax	7, 284		
Harnett	8, 975		
Haywood	10, 163		
Henderson	8, 849		
Hertford	8, 161		
Hoke	8, 622		
Hyde	5, 319		
Iredell	10, 738		
Jackson	7, 632		
Johnston	8, 002		
Jones	6, 795		
Lee	9, 883		
Lenoir	9, 153		
Lincoln	11, 542		
McDowell	9, 691		
Macon	7, 162		
Madison	5, 858	Asheville, N.C	1, 0342
Martin	7, 432		
Mecklenburg	13, 857	Charlotte, N.C	13, 425
Mitchell	7, 048		
Montgomery	9, 050		
Moore	9, 227		
Nash	8, 603		
New Hanover	11, 061	Wilmington, N.C	10, 465
Northampton	6, 766		
Onslow	8, 137		
Orange	11, 720	Raleigh, N.C	12, 605
Pamlico	6, 975		
Pasquotank	8, 955		
Pender	7, 105		
Perquimans	6, 290		
Person	9, 076		
Pitt	9, 008		
Polk	8, 469		
Randolph	11, 321	Greensboro—Winston-Salem—High Point, N.C.	12, 575
Richmond	9, 554		
Robeson	7, 465		
Rockingham	10, 820		
Rowan	11, 643		
Rutherford	9, 693		
Sampson	7, 346		
Scotland	9, 818		
Stanly	10, 900		
Stokes	8, 966	Greensboro—Winston-Salem—High Point, N.C	12, 575
Surry	9, 238		
Swain	7, 249		
Transylvania	10, 951		
Tyrrell	5, 588		
Union	10, 898	Charlotte, N.C	13, 425
Vance	9, 034		
Wake	12, 744	Raleigh, N.C	12, 605
Warren	7, 005		
Washington	9, 645		
Watauga	7, 893		
Wayne	8, 186		
Wilkes	8, 688		
Wilson	8, 772		
Yadkin	9, 895	Greensboro—Winston-Salem—High Point, N.C	12, 575
Yancey	6, 680		
South Carolina:			
Abbeville	9, 666		
Aiken	11, 835	Augusta, Ga.-S.C	11, 155
Allendale	8, 308		
Anderson	10, 617		
Bamberg	7, 328		
Barnwell	9, 658		
Beaufort	9, 051		
Berkeley	9, 194	Charleston, S.C	10, 429
Calhoun	6, 541		
Charleston	10, 783	Charleston, S.C	10, 429
Cherokee	10, 001		
Chester	9, 674		
Chesterfield	8, 980		
Clarendon	5, 948		
Colleton	7, 260		
Darlington	8, 759		
Dillon	7, 767		
Dorchester	9, 597	Charleston, S.C	10, 429
Edgefield	8, 114		
Fairfield	7, 259		
Florence	9, 834		
Georgetown	8, 922		
Greenville	11, 683	Greenville, S.C	11, 552
Greenwood	11, 439		
Hampton	7, 648		
Horry	7, 995		
Jasper	6, 560		
Kershaw	10, 173		
Lancaster	11, 251		
Laurens	11, 188		
Lee	6, 495		
Lexington	11, 088	Columbia, S.C	11, 452
McCormick	6, 445		
Marion	7, 863		
Marlboro	8, 078.		
Newberry	9, 800		
Oconee	10, 121		
Orangeburg	7, 592		
Pickens	11, 131	Greenville, S.C	11, 552
Richland	11, 466	Columbia, S.C	11, 452
Saluda	9, 132		
Spartanburg	10, 680	Greenville, S.C	11, 552
Sumter	8, 500		
Union	9, 933		
Williamsburg	6, 597		
York	11, 183		
Georgia:			
Appling	7, 476		
Atkinson	6, 199		
Bacon	7, 093		
Baker	5, 301		
Baldwin	9, 487		
Banks	7, 645		
Barrow	9, 275		
Barton	11, 383		
Ben Hill	8, 080		
Berrien	7, 977		
Bibb	10, 902	Macon, Ga	11, 299
Bleckley	8, 323		
Brantley	9, 049		
Brooks	6, 345		
Bryan	9, 070	Savannah, Ga	10, 915
Bulloch	8, 452		
Burke	5, 771		
Butts	9, 412	Atlanta, Ga	14, 213
Calhoun	4, 968		
Camden	11, 869		
Candler	6, 690		
Carroll	10, 122		
Catoosa	11, 417	Chattanooga, Tenn.-Ga	11, 391
Charlton	7, 665		
Chatham	10, 909	Savannah, Ga	10, 915
Chattahooche	8, 563	Columbus, Ga.-Alabama	10, 101
Chattooga	10, 202		
Cherokee	10, 792	Atlanta, Ga	14, 213
Clarke	11, 300		
Clay	4, 220		
Clayton	14, 255	Atlanta, Ga	14, 213
Clinch	7, 781		
Cobb	13, 101	Atlanta, Ga	14, 213
Coffee	7, 649		
Colquitt	7, 901		
Columbia	11, 358	Augusta, Ga.-S.C	11, 155
Cook	8, 288		
Coweta	10, 153		
Crawford	6, 455		
Crisp	8, 080		
Dade	9, 326	Chattanooga, Tenn.-Ga	11, 391
Dawson	7, 268		
Decatur	7, 428		
De Kalb	16, 155	Atlanta, Ga	14, 213
Dodge	7, 107		
Dooly	7, 028		
Dougherty	10, 699	Albany, Ga	10, 697
Douglas	12, 359	Atlanta, Ga	14, 123

State and county	County family median income	SMSA	SMSA family median income
Georgie—Continued			
Early	6, 271		
Echols	7, 990		
Effingham	10, 852	Savannah, Ga	10, 915
Elbert	8, 903		
Emanuel	7, 508		
Evans	7, 169.		
Fannin	7, 772		
Fayette	12, 321	Atlanta, Ga	14, 213
Floyd	11, 140		
Forsyth	10, 413	Atlanta, Ga	14, 213
Franklin	8, 792		
Fulton	12, 789	Atlanta, Ga	14, 231
Gilmer	7, 715		
Glascock	7, 157		
Glynn	10, 583		
Gordon	10, 739		
Grady	7, 035		
Greene	7, 886		
Gwinnett	13, 625	Atlanta, Ga	14, 213
Habersham	9, 901		
Hall	10, 198		
Hancock	5, 946		
Haralson	9, 956		
Harris	9, 288		
Hart	8, 305		
Heard	9, 442		
Henry	10, 934	Atlanta, Ga	14, 213
Houston	12, 342	Macon, Ga	11, 299
Irwin	6, 791		
Jackson	9, 403		
Jasper	8, 594		
Jeff Davis	7, 622		
Jefferson	7, 473		
Jenkins	6, 823		
Johnson	7, 301		
Jones	10, 001	Macon, Ga	11, 299
Lamar	9, 078		
Lanier	8, 243		
Laurens	8, 151		
Lee	8, 762	Albany, Ga	10, 697
Liberty	8, 579		
Lincoln	8, 239		
Long	6, 299		
Lowndes	9, 354		
Lumpkin	8, 801		
McDuffie	10, 024		
McIntosh	7, 966		
Macon	7, 214		
Madison	8, 606		
Marion	8, 366		
Meriwether	8, 315		
Miller	6, 032		
Mitchell	7, 223		
Monroe	10, 444		
Montgomery	7, 071		
Morgan	7, 965		
Murray	10, 980		
Columbus	10, 620	Columbus, Ga.-Ala	10, 101
Newton	10, 951	Atlanta, Ga	14, 213
Oconee	9, 408		
Oglethorpe	7, 931		
Paulding	10, 055	Atlanta, Ga	14, 213
Peach	10, 280		
Pickens	10, 407		
Pierce	7, 959		
Pike	8, 625		
Polk	9, 690		
Pulaski	7, 663		
Putnam	10, 345		
Quitman	5, 614		
Rabun	7, 921		
Randolph	5, 607		
Richmond	10, 809	Augusta, Ga.-S.C	11, 155
Rockdale	11, 946	Atlanta, Ga	14, 213
Schley	7, 631		
Screven	6, 806		
Seminole	8, 323		
Spalding	10, 797		
Stephens	9, 623		
Stewart	6, 852		
Sumter	8, 966		
Talbot	6, 904		
Taliaferro	6, 171		
Tattnall	7, 868		
Tavlor	7, 595		
Telfair	6, 549		
Terrell	7, 140		
Thomas	8, 522		
Tift	8, 595		
Toombs	8, 362		
Towns	6, 177		
Treutlen	6, 222		
Troup	9, 873		
Turner	7, 438		
Twiggs	7, 546	Macon, Ga	11, 299
Union	6, 452		
Upson	10, 061		
Walker	10, 905	Chattanooga, Tenn.-Ga	11, 391
Walton	10, 407	Atlanta, Ga	14, 213
Ware	9, 287		
Warren	6, 436		
Washington	7, 950		
Wayne	9, 595		
Webster	5, 148		
Wheeler	6, 726		
White	7, 900		
Whitfield	11, 617		
Wilcox	6, 137		
Wilkes	7, 849		
Wilkinson	9, 199		
Worth	7, 624		
Florida:			
Alachua	11, 011	Gainesville, Fla	10, 854
Baker	10, 683	Jacksonville, Fla	11, 551
Bay	9, 654		
Bradford	9, 736		
Brevard	12, 982	Melbourn-Titusville-Cocoa, Fla	12, 982
Broward	13, 028	Fort Lauderdale-Hollywood, Fla	13, 151
Calhoun	6, 207		
Charlotte	8, 812		
Citrus	7, 871		
Clay	10, 319	Jacksonville, Fla	11, 551
Collier	12, 152		
Columbia	9, 807		
Dade	12, 576	Miami, Fla	12, 578
De Soto	7, 360		
Dixie	7, 234		
Duval	11, 549	Jacksonville, Fla	11, 551
Escambia	10, 709	Pensacola, Fla	10, 495
Flagler	6, 999		
Franklin	5, 916		
Gadsden	7, 919		
Gilchrist	7, 238		
Glades	8, 714		
Gulf	8, 526		
Hamilton	7, 854		
Hardee	7, 106		
Hendry	9, 121		
Hernando	8, 090		
Highlands	7, 479		
Hillsborough	10, 827	Tampa-St. Petersburg, Fla	10, 444
Holmes	6, 724		
Indian River	9, 281		
Jackson	6, 842		
Jefferson	7, 081		
Lafayette	7, 575		
Lake	8, 334		
Lee	10, 196	Fort Myers, Fla	10, 195
Leon	11, 856	Tallahassee, Fla	11, 858
Levy	7, 852		
Liberty	6, 496		
Madison	7, 661		
Manatee	8, 854		
Marion	8, 939		
Martin	10, 213		
Monroe	10, 191		
Nassau	11, 409	Jacksonville, Fla	11, 551
Okaloosa	10, 238		
Okeechobee	8, 741		
Orange	11, 194	Orlando, Fla	11, 273
Osceola	7, 926	do	11, 273
Palm Beach	12, 292	West Palm Beach, Fla	12, 273
Pasco	6, 557	Tampa-St. Petersburg, Fla	10, 444
Pinellas	10, 116	do	10, 444
Polk	9, 916	Lakeland-Winter Haven, Fla	9, 922
Putnam	8, 213		
St. Johns	7, 943	Jacksonville, Fla	11, 551
St. Lucie	8, 999		
Santa Rosa	8, 977	Pensacola, Fla	10, 495
Sarasota	10, 073	Sarasota, Fla	10, 080
Seminole	12, 400	Orlando, Fla	11, 273
Sumter	7, 546		
Suwannee	7, 857		
Taylor	8, 844		
Union	8, 638		
Volusia	8, 833	Daytona Beach, Fla	8, 836
Wakulla	8, 666	Tallahassee, Fla	11, 858
Walton	7, 614		
Washington	6, 021		
Kentucky:			
Adair	6, 333		
Allen	6, 974		
Anderson	11, 090		
Ballard	9, 904		
Barren	7, 815		
Bath	5, 696		
Bell	5, 840		
Boone	14, 165	Cincinnati, Ohio-Ky.-Ind	13, 487
Bourbon	9, 982	Lexington, Ky	12, 673
Boyd	11, 352	Huntington-Ashland, W. Va.-Ky.-Ohio	10, 515
Boyle	10, 558		
Bracken	7, 438		
Breathitt	4, 492		
Breckinridge	8, 437		
Bullitt	10, 494	Louisville, Ky.-Ind	13, 216
Butler	6, 752		
Caldwell	8, 215		
Calloway	8, 379		
Campbell	13, 138	Cincinnati, Ohio-Ky.-Ind	13, 48
Carlisle	8, 023		
Carroll	9, 742		
Carter	7, 018		
Casey	5, 853		
Christian	8, 418	Clarkville-Hopkins, Tenn.-Ky	10, 141
Clark	11, 496	Lexington, Ky	12, 673
Clay	4, 383		
Clinton	5, 351		
Crittendon	7, 754		
Cumberland	5, 659		
Daviess	12, 049	Owensboro, Ky	12, 048
Edmonson	6, 127		
Elliott	5, 358		
Estill	6, 584		
Fayette	12, 674	Lexington, Ky	12, 673
Fleming	6, 907		

State and county	County family median income	SMSA	SMSA family median income
Kentucky—Continued			
Floyd	6, 902		
Franklin	12, 868		
Fulton	7, 538		
Gallatin	6, 831		
Garrard	8, 648		
Grant	9, 710		
Graves	9, 425		
Grayson	7, 642		
Green	7, 752		
Greenup	10, 067	Huntington-Ashland, W. Va.-Ky.-Ohio	10, 515
Hancock	11, 679		
Hardin	9, 104		
Harlan	6, 625		
Harrison	9, 149		
Hart	5, 806		
Henderson	10, 399	Evansville, Ind.-Ky	12, 005
Henry	9, 143		
Hickman	8, 180		
Hopkins	9, 965		
Jackson	4, 651		
Jefferson	13, 239	Louisville, Ky.-Ind	13, 216
Jessamine	9, 943	Lexington, Ky	12, 673
Johnson	6, 066		
Kenton	12, 617	Cincinnati, Ohio-Ky.-Ind	13, 487
Knott	4, 638		
Knox	4, 795		
Larue	8, 588		
Laurel	6, 268		
Lawrence	4, 875		
Lee	4, 246		
Leslie	4, 973		
Letcher	6, 060		
Lewis	7, 252		
Lincoln	7, 512		
Livingston	8, 188		
Logan	8, 433		
Lyon	8, 781		
McCracken	10, 852		
McCreary	4, 336		
McLean	7, 987		
Madison	8, 803		
Magoffin	4, 396		
Marion	7, 701		
Marshall	8, 999		
Martin	4, 827		
Mason	9, 616		
Meade	9, 254		
Menifee	6, 834		
Mercer	9, 821		
Metcalfe	5, 390		
Monroe	5, 293		
Montgomery	9, 111		
Morgan	4, 695		
Muhlenberg	9, 288		
Nelson	9, 439		
Nicholas	9, 264		
Ohio	8, 566		
Oldham	10, 847	Louisville, Ky.-Ind	13, 216
Owen	7, 956		
Owsley	3, 248		
Pendleton	9, 999		
Perry	6, 517		
Pike	7, 682		
Powell	6, 696		
Pulaski	6, 525		
Robertson	5, 315		
Rockcastle	5, 962		
Rowan	7, 191		
Russell	5, 658		
Scott	9, 503	Lexington, Ky	12, 673
Shelby	9, 597		
Simpson	8, 790		
Spencer	8, 801		
Taylor	9, 242		
Todd	7, 598		
Trigg	7, 153		
Trimble	9, 333		
Union	11, 489		
Warren	10, 009		
Washington	7, 943		
Wayne	4, 602		
Webster	8, 494		
Whitley	6, 023		
Wolfe	3, 566		
Woodford	11, 484	Lexington, Ky	12, 673
Tennessee:			
Anderson	11, 314	Knoxville, Tenn	10, 761
Bedford	9, 004		
Benton	8, 257		
Bledsoe	6, 701		
Blount	9, 836	Knoxville, Tenn	10, 761
Bradley	10, 313		
Campbell	5, 879		
Cannon	6, 973		
Carroll	9, 268		
Carter	8, 078		
Cheatham	10, 290	Nashville-Davidson, Tenn	12, 040
Chester	7, 195		
Claiborne	5, 865		
Clay	4, 828		
Cocke	7, 495		
Coffee	9, 584		
Crockett	7, 412		
Cumberland	7, 017		
Davidson	12, 801	Nashville-Davidson, Tenn	12, 400
Decatur	8, 593		
De Kalb	8, 181		
Dickson	9, 238	Nashville-Davidson, Tenn	12, 400
Dyer	9, 336		
Fayette	5, 331		
Fentress	5, 191		
Franklin	9, 032		
Gibson	8, 701		
Giles	8, 082		
Grainger	7, 195		
Greene	8, 015		
Grundy	5, 711		
Hamblen	10, 040		
Hamilton	11, 518	Chattanooga, Tenn.-Ga	11, 391
Hancock	3, 796		
Hardeman	7, 587		
Hardin	7, 402		
Hawkins	8, 166	Kingsport-Bristol, Tenn.-Va	9, 573
Haywood	5, 577		
Henderson	7, 534		
Henry	8, 461		
Hickman	7, 248		
Houston	6, 812		
Humphreys	9, 142		
Jackson	4, 784		
Jefferson	8, 373		
Johnson	6, 756		
Knox	10, 852	Knoxville, Tenn	10, 761
Lake	5, 842		
Lauderdale	5, 914		
Lawrence	7, 623		
Lewis	8, 041		
Lincoln	8, 585		
Loudon	9, 315		
McMinn	8, 836		
McNairy	6, 707		
Macon	6, 866		
Madison	10, 000		
Marion	8, 351	Chattanooga, Tenn.-Ga	11, 391
Marshall	10, 142		
Maury	10, 257		
Meigs	7, 195		
Monroe	7, 226		
Montgomery	10, 214	Clarkville-Hopkins, Tenn.-Ky	10, 141
Moore	9, 055		
Morgan	6, 822		
Obion	9, 286		
Overton	5, 064		
Perry	6, 365		
Pickett	5, 367		
Polk	9, 449		
Putnam	7, 637		
Rhea	7, 755		
Roane	9, 722		
Robertson	9, 083	Nashville-Davidson, Tenn	12, 400
Rutherford	10, 570	do	12, 400
Scott	5, 688		
Sequatchie	7, 115	Chattanooga, Tenn.-Ga	11, 391
Sevier	7, 998		
Shelby	11, 621	Memphis, Tenn.-Ariz	15, 455
Smith	8, 117		
Stewart	7, 703		
Sullivan	10, 706	Kingsport-Bristol Tenn.-Va	9, 573
Sumner	10, 858	Nashville-Davidson, Tenn	12, 400
Tipton	7, 345	Memphis, Tenn.-Ariz	11, 455
Trousdale	6, 893		
Unicoi	8, 431		
Union	7, 080	Knoxville, Tenn	10, 761
Van Buren	8, 509		
Warren	8, 819		
Washington	9, 621		
Wayne	7, 150		
Weakley	8, 052		
White	7, 084		
Williamson	10, 697	Nashville-Davidson, Tenn	12, 400
Wilson	10, 883	do	12, 400
Alabama:			
Autauga	9, 800	Montgomery, Ala	10, 677
Baldwin	9, 901	Mobile, Ala	10, 300
Barbour	6, 965		
Bibb	7, 692		
Blount	8. 136		
Bullock	5, 075		
Butler	7, 229		
Calhoun	9, 520	Anniston, Ala	9, 520
Chambers	9, 546		
Cherokee	7, 316		
Chilton	7, 757		
Choctan	6, 819		
Clarke	7, 622		
Clay	7, 338		
Cleburne	8, 585		
Coffee	8, 765		
Colbert	10, 283	Florence, Ala	9, 984
Conecuh	6, 586		
Coosa	8, 403		
Couington	7, 715		
Crenshaw	6, 142		
Cullman	8, 300		
Dale	9, 188		
Dallas	7, 520		
De Kalb	7, 022		
Elmore	9, 125	Montgomery, Ala	10, 677
Escambia	8, 032		
Etowah	9, 892	Gadsden, Ala	9, 893
Fayette	7, 250		
Franklin	8, 204		
Geneva	7, 765		
Greene	3. 566		
Hale	4, 741		

State and county	County family median income	SMSA	SMSA family median income
Alabama—Continued			
Henry	7,013		
Houston	10,310		
Jackson	9,014		
Jefferson	11,662	Birmingham, Ala	11,341
Lamar	7,271		
Lauderdale	10,012	Florence, Ala	9,984
Lawrence	8,593		
Lee	10,571		
Limestone	8,810	Huntsville, Ala	11,592
Lowndes	5,385		
Macon	6,911		
Madison	12,560	Huntsville, Ala	11,592
Marengo	6,628		
Marion	7,971		
Marshall	8,648	Huntsville, Ala	11,592
Mobile	10,403	Mobile, Ala	10,300
Monroe	6,338		
Montgomery	11,044	Montgomery, Ala	10,677
Morgan	11,302		
Perry	5,469		
Pickens	7,185		
Pike	7,424		
Randolph	7,482		
Russell	8,073	Columbus, Ga.-Ala	10,101
St. Clair	9,142	Birmingham, Ala	11,341
Shelby	9,486	do	11,341
Sumter	5,526		
Talladega	9,496		
Tallapoosa	8,999		
Tuscaloosa	10,149	Tuscaloosa, Ala	10,147
Walker	8,938	Birmingham, Ala	11,341
Washington	7,765		
Wilcox	4,767		
Winston	8,259		
Mississippi:			
Adams	8,886		
Alcorn	8,801		
Amite	5,035		
Attala	6,888		
Benton	6,120		
Bolivar	5,722		
Calhoun	6,399		
Carroll	5,914		
Chickasaw	7,793		
Choctaw	6,305		
Claiborne	6,484		
Clarke	8,184		
Clay	7,981		
Coahoma	5,572		
Copiah	6,412		
Covington	7,425		
De Soto	10,593	Memphis, Tenn.-Ark	11,455
Forrest	8,790		
Franklin	5,801		
George	8,745		
Greene	5,452		
Grenada	7,976		
Hancock	7,555	Biloxi-Gulfport, Miss	9,696
Harrison	9,694	do	9,696
Hinds	10,883	Jackson, Miss	10,703
Holmes	4,212		
Humphreys	4,206		
Issaquena	6,238		
Itawamba	8,266		
Jackson	9,952		
Jasper	6,620		
Jefferson	3,864		
Jefferson Davis	5,927		
Jones	8,627		
Kemper	4,830		
Lafayette	8,082		
Lamar	7,418		
Lauderdale	9,121		
Lawrence	6,080		
Leake	5,444		
Lee	9,594		
Leflore	6,854		
Lincoln	7,195		
Lowndes	9,042		
Madison	6,494		
Marion	6,448		
Marshall	6,368		
Monroe	7,857		
Montgomery	6,329		
Neshoba	7,257		
Newton	6,925		
Noxubee	4,840		
Oktibbeha	7,942		
Panola	6,305		
Pearl River	7,895		
Perry	7,206		
Pike	6,819		
Pontotoc	7,011		
Prentiss	7,360		
Quitman	4,711		
Rankin	10,106	Jackson, Miss	10,703
Scott	6,321		
Sharkey	4,775		
Simpson	6,942		
Smith	7,034		
Stone	9,222	Biloxi-Gulfport, Miss	9,696
Sunflower	4,995		
Tallahatchie	4,486		
Tate	7,249		
Tippah	6,687		
Tishomingo	7,732		
Tunica	3,565		
Union	7,404		
Walthall	6,767		
Warren	9,471		
Washington	7,508		
Wayne	7,112		
Webster	6,121		
Wilkinson	5,199		
Winston	7,219		
Yalobusha	6,137		
Yazoo	5,802		
Arkansas:			
Arkansas	8,226		
Ashley	7,560		
Baxter	7,355		
Benton	8,752	Fayetteville-Springdale, Ark	9,100
Boone	7,807		
Bradley	6,942		
Calhoun	7,704		
Carroll	7,854		
Chicot	4,991		
Clark	8,008		
Clay	6,219		
Cleburne	5,903		
Cleveland	6,650		
Columbia	7,883		
Conway	8,249		
Craighead	8,933		
Crawford	8,347	Fort Smith, Ark.-Okla	8,497
Crittenden	8,327	Memphis, Tenn.-Ark	11,455
Cross	8,537		
Dallas	7,762		
Desha	6,724		
Drew	6,604		
Faulkner	8,976		
Franklin	6,682		
Fulton	5,398		
Garland	8,114		
Grant	9,117		
Greene	7,597		
Hempstead	7,534		
Hot Spring	9,186		
Howard	8,733		
Independence	6,728		
Izard	6,097		
Jackson	7,308		
Jefferson	9,443	Pine Bluff, Ark	9,447
Johnson	6,478		
Lafayette	6,996		
Lawrence	6,142		
Lee	5,176		
Lincoln	6,077		
Little River	9,296	Texarkana, Tex.-Ark	9,972
Logan	6,616		
Lonoke	8,505		
Madison	5,279		
Marion	5,058		
Miller	8,772	Texarkana, Tex.-Ark	9,972
Mississippi	7,394		
Monroe	5,830		
Montgomery	6,236		
Nevada	6,088		
Newton	4,219		
Ouachita	8,286		
Perry	6,666		
Phillips	6,298		
Pike	6,981		
Poinsett	6,983		
Polk	7,199		
Pope	8,768		
Prairie	6,915		
Pulaski	11,226	Little Rock-North Little Rock, Ark	11,143
Randolph	6,511		
St. Francis	7,162		
Saline	10,846	Little Rock-North Little Rock, Ark	11,143
Scott	6,080		
Searcy	5,149		
Sebastian	9,988	Fort Smith, Ark-Okla	8,497
Sevier	7,655		
Sharp	5,211		
Stone	5,022		
Union	9,560		
Van Buren	6,182		
Washington	9,453	Fayetteville-Springdale, Ark	9,100
White	7,665		
Woodruff	6,347		
Yell	7,510		
Louisiana:			
Acadia	7,055		
Allen	7,467		
Ascension	10,318	Baton Rouge, La	12,582
Assumption	8,204		
Avoyelles	5,239		
Beauregard	8,428		
Bienville	7,054		
Bossier	10,664	Shreveport, La	10,592
Caddo	10,638	do	10,592
Calcasieu	11,049	Lake Charles La	11,053
Caldwell	7,387		
Cameron	9,323		
Catahoula	6,017		
Claiborne	7,445		
Concordia	8,165		
De Soto	6,863		
E. Baton Rouge	12,582	Baton Rouge, La	12,582
East Carroll	4,696		
E. Feliciana	7,457		
Evangeline	5,765		
Franklin	4,859		

State and county	County family median income	SMSA	SMSA family median income
Louisiana—Continued			
Grant	6, 388	Alexandria, La	8, 806
Iberia	, 252		
Iberuille	8, 845		
Jackson	9, 317		
Jefferson	13, 103	New Orleans, La	11, 136
Jefferson Davis	7, 705		
Lafayette	10, 607	Lafayette, La	10, 607
Lafourche	10, 127		
La Salle	8, 204		
Lincoln	8, 442		
Livingston	9, 792	Baton Rouge, La	12, 582
Madison	4, 987		
Morehouse	7, 136		
Natchitoches	6, 354		
Orleans	9, 568	New Orleans, La	11, 136
Ouachita	9, 328	Monroe, La	9, 326
Plaquemines	11, 782		
Pointe Coupe	7, 012		
Rapides	8, 693	Alexandria, La	8, 806
Red River	5, 891		
Richland	6, 885		
Sabine	7, 266		
St. Bernard	12, 708	New Orleans, La	11, 136
St. Charles	12, 081		
St. Helena	5, 807		
St. James	10, 382		
St. John the Baptist	10, 592		
St. Landry	6, 285		
St. Maritn	7, 132		
St. Mary	10, 428		
St. Tammany	10, 815	New Orleans, La	11, 136
Tangipahoa	6, 877		
Tensas	4, 353		
Terrebonne	11, 049		
Union	7, 925		
Vermilion	7, 146		
Vernon	8, 653		
Washington	8, 042	Fayetteville-Springdale, Ark	9, 100
Webster	9, 620	Shreveport, La	10, 592
West Baton Rouge	8, 123	Baton Rouge, La	12, 582
West Carroll	5, 809		
West Feliciana	7, 348		
Winn	7, 469		
Oklahoma:			
Adair	5, 587		
Alfalfa	7, 581		
Atoka	6, 310		
Beaver	10, 383		
Beckham	8, 533		
Blaine	8, 454		
Bryan	7, 301		
Caddo	7, 216		
Canadian	11, 002	Oklahoma City, Okla	12, 301
Carter	9, 197		
Cherokee	6, 783		
Choctaw	6, 328		
Cimarron	9, 635		
Cleveland	11, 704	Oklahoma City, Okla	12, 301
Coal	5, 556		
Comanche	9, 343	Lawton, Okla	9, 344
Cotton	8, 418		
Craig	8, 794		
Creek	9, 800	Tulsa, Okla	12, 274
Custer	9, 437		
Delaware	5, 098		
Dewey	8, 949		
Ellis	7, 655		
Garfield	10, 732		
Garvin	8, 264		
Grady	8, 954		
Grant	7, 724		
Greer	6, 009		
Harmon	7, 028		
Harper	9, 331		
Haskell	6, 291		
Hughes	6, 954		
Jackson	8, 402		
Jefferson	6, 812		
Johnston	5, 137		
Kay	11, 470		
Kingfisher	9, 991		
Kiowa	7, 138		
Latimer	5, 618		
Le Flore	6, 650	Fort Smith, Ark.-Okla	8, 497
Lincoln	7, 767		
Logan	9, 524		
Love	7, 885		
McClain	8, 591	Oklahoma City, Okla	12, 301
McCurtain	7, 011		
McIntosh	5, 737		
Major	8, 200		
Marshall	7, 865		
Mayes	8, 077	Tulsa, Okla	12, 274
Murray	8, 726		
Muskogee	8, 700		
Noble	9, 296		
Nowata	7, 388		
Okfuskee	6, 000		
Oklahoma	12, 464	Oklahoma City, Okla	12, 301
Okmulgee	7, 667		
Osage	9, 368	Tulsa, Okla	12, 274
Ottawa	8, 973		
Pawnee	9, 398		
Payne	8, 726		
Pittsburg	8, 156		
Pontotoc	8, 205		
Pottawatomie	9, 720	Oklahoma City, Okla	12, 301
Pushmataha	4, 633		
Roger Mills	8, 259		
Rogers	9, 973	Tulsa, Okla	12, 274
Seminole	7, 214		
Sequoyah	6, 329	Fort Smith, Ark.-Okla	8, 497
Stephens	9, 118		
Texas	10, 615		
Tillman	8, 381		
Tulsa	12, 770	Tulsa, Okla	12, 274
Wagoner	8, 776	do	12, 274
Washington	12, 602		
Washita	7, 978		
Woods	9, 492		
Woodward	10, 341		
Texas:			
Anderson	8, 481		
Andrews	12, 335		
Angelina	9, 892		
Aransas	8, 231		
Archer	9, 567		
Armstrong	10, 059		
Atascosa	7, 544		
Austin	7, 567		
Bailey	8, 671		
Bandera	9, 288		
Bastrop	7, 905		
Baylor	8, 058		
Bee	8, 168		
Bell	9, 177	Killeen-Temple, Tex	8, 832
Bexar	10, 653	San Antonio, Tex	10, 572
Blanco	6, 504		
Borden	11, 069		
Bosque	7, 719		
Bowie	10, 568	Texarkana, Tex.-Ark	9, 972
Brazoria	14, 012	Houston, Tex	13, 315
Brazos	10, 321	Bryan-College Station, Tex	10, 324
Brewster	7, 015		
Briscoe	8, 102		
Brooks	5, 566		
Brown	8, 108		
Burleson	6, 702		
Burnet	8, 589		
Caldwell	7, 615		
Calhoun	9, 731		
Callahan	8, 547	Abilene, Tex	9, 758
Cameron	6, 807	Brownsville-Harlingen-San Benito, Tex	6, 806
Camp	7, 374		
Carson	12, 624		
Cass	8, 366		
Castro	8, 878		
Chambers	9, 349		
Cherokee	8, 245		
Childress	8, 948		
Clay	8, 792	Wichita Falls, Tex	10, 178
Cochran	8, 190		
Coke	7, 500		
Coleman	6, 582		
Collin	12, 071	Dallas, Tex	13, 733
Collingswort	7, 558		
Colorado	8, 498		
Comal	9, 827	San Antonio, Tex	10, 572
Comanche	7, 229		
Concho	6, 878		
Cooke	9, 983		
Coryell	8, 189	Killen-Temple, Tex	8, 832
Cottle	6, 773		
Crane	11, 750		
Crockett	9, 028		
Crosby	8, 586		
Culberson	8, 406		
Dallam	9, 577		
Dallas	14, 123	Dallas, Tex	13, 733
Dawson	9, 650		
Deaf Smith	10, 561		
Delta	6, 686		
Denton	12, 187	Dallas, Tex	13, 733
De Witt	7, 105		
Dickens	8, 201		
Dimmit	5, 743		
Donley	8, 214		
Duval	5, 830		
Eastland	7, 092		
Ector	12, 256	Odessa, Tex	12, 265
Edwards	6, 584		
Ellis	10, 230	Dallas, Tex	13, 733
El Paso	10, 322	El Paso Tex	10, 328
Erath	8, 050		
Falls	6, 398		
Fannin	7, 930		
Fayette	5, 971		
Fisher	8, 117		
Floyd	8, 737		
Foard	5, 626		
Fort Bend	10, 755	Houston, Tex	13, 315
Franklin	6, 338		
Freestone	8, 143		
Frio	6, 305		
Gaines	10, 600		
Galveston	12, 657	Galveston-Texas City, Tex	12, 657
Garza	8, 340		
Gillespie	8, 567		
Glasscock	8, 251		
Goliad	7, 376		
Gonzales	6, 225		
Gray	11, 560		
Grayson	11, 121	Sherman-Denison, Tex	11, 122
Gregg	10, 690		

State and county	County family median income	SMSA	SMSA family median income
Texas—Continued			
Grimes	6,093		
Guadalupe	8,961	San Antonio, Tex	10,572
Hale	9,426		
Hall	9,676		
Hamilton	7,262		
Hansford	9,836		
Hardeman	9,304		
Hardin	11,084	Beaumont-Port Arthur-Orange, Tex	12,264
Harris	13,507	Houston, Tex	13,315
Harrison	9,611		
Hartley	11,401		
Haskell	8,364		
Hays	8,202	Austin, Tex	12,544
Hemphill	9,960		
Henderson	8,247		
Hidalgo	6,378	McAllen-Pharr-Edinburg, Tex	6,380
Hill	8,127		
Hockley	9,647		
Hood	8,250	Dallas, Tex	13,733
Hopkins	8,991		
Houston	5,291		
Howard	10,520		
Hudspeth	6,452		
Hunt	8,929		
Hutchinson	11,851		
Irion	6,689		
Jack	7,861		
Jackson	9,242		
Jasper	8,984		
Jeff Davis	7,164		
Jefferson	12,181	Beaumont-Port Arthur-Orange, Tex	12,264
Jim Hogg	5,275		
Jim Wells	8,785		
Johnson	11,530	Dallas, Tex	13,733
Jones	7,812	Abilene, Tex	9,758
Karnes	7,579		
Kaufman	10,036	Dallas, Tex	13,733
Kendall	9,032		
Kenedy	6,489		
Kent	6,903		
Kerr	9,555		
Kimble	8,486		
King	7,603		
Kinney	5,436		
Kleberg	8,550		
Knox	7,121		
Lamar	8,914		
Lamb	8,274		
Lampasas	7,409		
La Salle	5,518		
Lauaca	6,067		
Lee	7,217		
Leon	7,260		
Liberty	9,615	Houston, Tex	13,315
Limestone	7,950		
Lipscomb	10,105		
Live Oak	7,236		
Llano	6,732		
Loving	16,979		
Lubbock	10,625	Lubbock, Tex	10,626
Lynn	7,463		
McCulloch	7,143		
McLennan	10,526	Waco, Tex	10,545
McMullen	10,074		
Madison	7,612		
Marion	7,025		
Martin	8,220		
Mason	6,682		
Matagorda	9,297		
Maverick	5,875		
Medina	8,292		
Menard	6,203		
Midland	13,026	Midland, Tex	13,029
Milam	7,991		
Mills	7,597		
Mitchell	7,908		
Montague	8,121		
Montgomery	11,211	Houston, Tex	13,315
Moore	11,224		
Morris	8,894		
Motley	7,571		
Nacogdoches	8,913		
Navarro	8,448		
Newton	7,100		
Nolan	9,489		
Nueces	10,689	Corpus Christi, Tex	10,511
Ochiltree	12,907		
Oldham	10,013		
Orange	12,419	Beaumont-Port Arthur-Orange, Tex	13,246
Palo Pinto	9,755		
Panola	8,110		
Parker	11,322	Dallas, Tex	13,733
Parmer	9,458		
Pecos	9,509		
Polk	7,005		
Potter	10,583	Amarillo, Tex	11,077
Presidio	5,921		
Rains	6,159		
Randall	13,415	Amarillo, Tex	11,707
Reagan	10,523		
Real	5,775		
Red River	6,469		
Reeves	8,757		
Refugio	9,292		
Roberts	11,358		
Robertson	6,329		
Rockwall	11,168	Dallas, Tex	13,733
Runnels	7,864		
Rusk	9,213		
Sabine	6,522		
San Augustin	7,048		
San Jacinto	5,303		
San Patricio	9,819	Corpus Christi, Tex	10,511
San Saba	6,176		
Schleicher	10,901		
Scurry	9,754		
Shackleford	8,462		
Shelby	6,679		
Sherman	11,919		
Smith	10,591	Tyler, Tex	10,597
Somervell	8,737		
Starr	4,346		
Stephens	8,298		
Sterling	9,511		
Stonewall	7,394		
Sutton	9,170		
Swisher	8,753		
Tarrant	12,941	Dallas, Tex	13,733
Taylor	10,041	Abilene, Tex	9,758
Terrell	7,647		
Terry	10,364		
Throckmorton	8,607		
Titus	8,828		
Tom Green	9,913	San Angelo, Tex	9,921
Travis	12,542	Austin, Tex	12,544
Trinity	6,779		
Tyler	8,350		
Upshur	8,200		
Upton	10,377		
Uvalde	7,347		
Val Verde	7,788		
Van Zandt	8,325		
Victoria	10,512		
Walker	8,757		
Waller	8,988	Houston, Tex	13,315
Ward	11,195		
Washington	7,712		
Webb	6,496	Laredo, Tex	6,498
Wharton	8,230		
Wheeler	8,089		
Wichita	10,190	Wichita Falls, Tex	10,178
Wilbarger	8,294		
Willacy	4,845		
Williamson	7,890		
Wilson	7,608		
Winkler	11,204		
Wise	10,743	Dallas, Tex	13,733
Wood	7,711		
Yoakum	12,129		
Young	9,033		
Zapata	4,413		
Zavala	5,731		
Montana:			
Beaverhead	11,175		
Big Horn	10,294		
Blaine	8,199		
Broadwater	9,849		
Carbon	8,429		
Carter	10,013		
Cascade	11,213	Great Falls, Mont	11,212
Chouteau	10,830		
Custer	10,471		
Daniels	9,644		
Dawson	11,443		
Deer Lodge	11,008		
Fallon	11,813		
Fergus	10,651		
Flathead	10,576		
Gallatin	11,282		
Garfeld	8,663		
Glacier	9,659		
Golden Valle	10,004		
Granite	10,079		
Hill	10,949		
Jefferson	10,345		
Judith Basin	8,323		
Lake	8,477		
Lewis and Clark	13,184		
Liberty	11,112		
Lincoln	12,918		
McCone	10,573		
Madison	8,790		
Meagher	8,187		
Mineral	11,082		
Missoula	11,829		
Musselshell	8,754		
Park	10,527		
Petroleum	9,512		
Phillips	8,928		
Pondera	9,090		
Powder River	10,965		
Powell	10,862		
Prairie	10,066		
Ravalli	8,939		
Richland	9,679		
Roosevelt	10,984		
Rosebud	8,680		
Sanders	10,875		
Sheridan	11,428		
Silver Bow	12,058		
Stillwater	8,999		
Sweet Grass	8,509		
Teton	10,389		
Toole	10,428		
Treasure	8,408		

State and county	County family median income	SMSA	SMSA family median income
Montana—Continued			
Valley	11, 590		
Wheatland	10, 202		
Wibaux	9, 576		
Yellowstone	11, 714	Billings, Mont	11, 716
Yellowstone National Park	10, 484		
Idaho:			
Ada	12, 475	Boise City, Idaho	12, 461
Adams	9, 527		
Bannock	11, 266		
Bear Lake	9, 405		
Benewah	10, 641		
Bingham	10, 973		
Blaine	9, 991		
Boise	9, 906		
Bonner	9, 513		
Bonneville	12, 592		
Boundary	9, 133		
Butte	12, 333		
Camas	12, 223		
Canyon	10, 330		
Caribou	12, 005		
Cassia	9, 962		
Clark	10, 701		
Clearwater	12, 942		
Custer	8, 273		
Elmore	9, 237		
Franklin	8, 293		
Fremont	10, 278		
Gem	10, 259		
Gooding	9, 561		
Idaho	10, 387		
Jefferson	9, 359		
Jerome	8, 265		
Kootenai	11, 453		
Latah	11, 574		
Lemhi	9, 343		
Lewis	11, 195		
Lincoln	9, 034		
Madison	10, 629		
Minidoka	9, 727		
Nez Perce	11, 732		
Oneida	7, 938		
Owyhee	7, 487		
Payette	9, 087		
Power	11, 885		
Shoshone	11, 670		
Teton	6, 970		
Twin Falls	9, 670		
Valley	11, 127		
Washington	9, 068		
Wyoming:			
Albany	12, 077		
Big Horn	10, 288		
Campbell	13, 165		
Carbon	12, 070		
Converse	11, 798		
Crook	9, 634		
Fremont	12, 169		
Goshen	8, 882		
Hot Springs	10, 546		
Johnson	10, 602		
Laramie	12, 230		
Lincoln	10, 359		
Natrona	13, 758		
Niobrara	10, 793		
Park	11, 447		
Platte	10, 266		
Sheridan	10, 448		
Sublette	11, 549		
Sweetwater	12, 661		
Teton	13, 058		
Uinta	11, 573		
Washakie	10, 921		
Weston	10, 696		
Colorado:			
Adams	14, 257	Denver, Colo	14, 500
Alamosa	9, 240		
Arapahoe	15, 921	Denver, Colo	14, 500
Archuleta	8, 629		
Baca	8, 980		
Bent	8, 644		
Boulder	14, 835	Denver, Colo	14, 500
Chaffee	11, 166		
Cheyenne	9, 122		
Clear Creek	13, 701		
Conejos	6, 714		
Costilla	6, 654		
Crowley	7, 038		
Custer	5, 546		
Delta	7, 960		
Denver	13, 066	Denver, Colo	14, 500
Delores	9, 724		
Douglas	14, 814	Denver, Colo	14, 500
Eagle	11, 492		
Elbert	9, 279		
El Paso	11, 832	Colorado Springs, Colo	11, 831
Fremont	8, 764		
Garfield	11, 857		
Gilpin	8, 862	Denver, Colo	14, 500
Grand	12, 248		
Gunnison	10, 208		
Hinsdale	25, 941		
Huerfano	7, 312		
Jackson	13, 847		
Jefferson	16, 801	Denver, Colo	14, 500
Kiowa	7, 642		
Kit Carson	9, 464		
Lake	11, 332		
La Plata	10, 007		
Larimer	11, 914		
Las Animas	7, 052		
Lincoln	10, 239		
Logan	10, 665		
Mesa	10, 553		
Mineral	12, 738		
Moffat	10, 715		
Montezuma	9, 547		
Montrose	9, 515		
Morgan	10, 439		
Otero	8, 825		
Ouray	9, 710		
Park	8, 336		
Phillips	9, 805		
Pitkin	14, 910		
Prowers	8, 509		
Pueblo	11, 596	Pueblo, Colo	11, 595
Rio Blanco	10, 409		
Rio Grande	8, 696		
Routt	10, 153		
Saguache	5, 287		
San Juan	12, 880		
San Miguel	8, 831		
Sedgwick	10, 375		
Summit	14, 846		
Teller	10, 294	Colorado Springs, Colo	11, 831
Washington	8, 458		
Weld	11, 817		
Yuma	8, 608		
New Mexico:			
Bernalillo	11, 637	Albuquerque, N. Mex	11, 637
Catron	7, 640		
Chaues	9, 133		
Colfax	8, 477		
Curry	9, 119		
De Baca	7, 043		
Dona Ana	8, 979		
Eddy	9, 924		
Grant	10, 770		
Guadalupe	6, 186		
Harding	8, 708		
Hidalgo	7, 647		
Lea	11, 130		
Lincoln	9, 228		
Los Alamos	19, 196		
Luna	8, 507		
McKinley	8, 169		
Mora	4, 380		
Otero	10, 687		
Quay	9, 170		
Rio Arriba	6, 768		
Roosevelt	7, 838		
Sandoval	7, 194	Albuquerque, N. Mex	11, 637
San Juan	10, 776		
San Miguel	5, 964		
Sante Fe	10, 011		
Sierra	6, 835		
Socorro	8, 995		
Taos	6, 805		
Torrance	6, 467		
Union	7, 411		
Valencia	9, 533		
Arizona:			
Apache	7, 084		
Cochise	9, 707		
Coconino	13, 330		
Gila	11, 172		
Graham	8, 917		
Greenlee	12, 803		
Maricopa	13, 339	Phoenix, Ariz	13, 334
Mohaue	13, 076		
Nauajo	9, 678		
Pima	11, 961	Tucson, Ariz	11, 960
Pinal	11, 105		
Santa Cruz	10, 654		
Yavapai	10, 169		
Yuma	10, 514		
Utah:			
Beaver	9, 886		
Box Elder	11, 986		
Cache	10, 381		
Carbon	9, 967		
Daggett	11, 712		
Davis	13, 500	Salt Lake City, Utah	13, 011
Duchesne	10, 069		
Emery	9, 646		
Garfield	9, 290		
Grand	11, 449		
Iron	10, 631		
Juab	8, 933		
Kane	10, 821		
Millard	8, 607		
Morgan	13, 172		
Piute	8, 939		
Rich	9, 379		
Salt Lake	12, 819	Salt Lake City, Utah	13, 011
San Juan	9, 340		
Sanpete	9, 068		
Sevier	10, 250		
Summit	11, 690		
Tooele	12, 496	Salt Lake City, Utah	13, 011
Uintah	10, 543		
Utah	11, 038	Provo-Orem, Utah	11, 041
Wasatch	9, 612		

State and county	County family median income	SMSA	SMSA family median income
Utah—Continued			
Washington	9,444		
Wayne	6,789		
Weber	12,828	Salt Lake City, Utah	13,011
Nevada:			
Churchill	10,227		
Clark	14,350	Las Vegas, Nev	14,351
Douglas	13,367		
Elko	13,080		
Esmeralda	12,091		
Eureka	10,997		
Humboldt	10,746		
Lander	11,366		
Lincoln	10,316		
Lyon	13,147		
Mineral	13,482		
Nye	13,615		
Ormsley	13,264		
Pershing	10,911		
Storey	15,976		
Washoe	14,428	Reno, Nev	14,431
White Pine	11,428		
Carson City	13,262		
Washington:			
Adams	12,505		
Asotin	11,069		
Benton	13,672	Richland-Kennewick, Wash	13,110
Chelan	10,964		
Clallam	12,527		
Clark	13,164	Portland, Oreg.-Wash	13,735
Columbia	10,494		
Cowlitz	13,589		
Douglas	12,789		
Ferry	11,477		
Franklin	12,191	Richland-Kennewick, Wash	13,110
Garfield	9,426		
Grant	11,248		
Grays Harbor	12,456		
Island	11,732		
Jefferson	12,484		
King	15,129	Seattle-Everett, Wash	14,821
Kitsap	13,888		
Kittitas	10,692		
Klickitat	11,572		
Lewis	12,378		
Lincoln	11,607		
Mason	11,563		
Okanogan	11,029		
Pacific	11,254		
Pend Oreille	8,889		
Pierce	13,172	Tacoma, Wash	13,170
San Juan	10,891		
Skagit	12,184		
Skamania	12,681		
Snohomish	13,541	Seattle-Everett, Wash	14,821
Spokane	12,076	Spokane, Wash	12,080
Stevens	9,361		
Thurston	13,391		
Wahkiakum	12,873		
Walla Walla	12,469		
Whatcom	12,357		
Whitman	11,634		
Yakima	10,768	Yakima, Wash	10,769
Oregon:			
Baker	9,644		
Benton	12,596		
Clackamas	14,239	Portland, Oreg.-Wash	13,735
Clatsop	12,083		
Columbia	12,524		
Coos	12,304		
Crook	11,023		
Curry	10,126		
Deschutes	12,238		
Douglas	11,567		
Gilliam	9,576		
Grant	10,235		
Harney	12,734		
Hood River	10,440		
Jackson	11,232		
Jefferson	11,564		
Josephine	9,663		
Klamath	11,434		
Lake	11,181		
Lane	12,639	Eugne, Oreg	12,637
Lincoln	10,358		
Linn	12,074		
Malheur	10,604		
Marion	12,087	Salem, Oreg	11,944
Morrow	11,542		
Multnomah	13,361	Portland, Oreg.-Wash	13,735
Polk	11,209	Salem, Oreg	11,944
Sherman	9,917		
Tillamook	10,761		
Umatilla	11,122		
Union	12,058		
Wallowa	9,074		
Wasco	11,888		
Washington	14,678	Portland, Oreg.-Wash	13,735
Wheeler	9,597		
Yamhill	11,863		
California:			
Alameda	14,675	San Francisco-Oakland, Claif	15,555
Alpine	10,579		
Amador	12,484		
Butte	10,011		
Calaueras	11,284		
Colusa	11,807		
Contra Costa	16,236	San Francisco-Oakland, Calif	15,555
Del Norte	10,987		
El Dorado	11,517		
Fresno	11,200	Fresno, Calif	11,065
Glenn	10,735		
Humboldt	11,872		
Imperial	10,746		
Inyo	12,382		
Kern	11,374	Bakersfield, Calif	11,379
Kings	9,473		
Lake	8,792		
Lassen	11,710		
Los Angeles	14,189	Los Angeles-Long Beach, Calif	14,185
Madera	10,033		
Marin	18,054	San Francisco-Oakland, Calif	15,555
Mariposa	9,846		
Mendocino	11,822		
Merced	10,475		
Modoc	10,895		
Mono	13,087		
Monterey	12,491	Salinas-Monterey, Calif	12,486
Napa	13,944	Vallejo-Napa, Calif	13,366
Nevada	10,673		
Orange	15,592	Anaheim-Santa Ana-Garden Grove, Calif	15,593
Placer	12,650	Sacramento, Calif	13,172
Plumas	12,217		
Riverside	11,622	Riverside-San Bernardino-Ontario, Calif	11,909
Sacramento	13,439	Sacramento, Calif	13,172
San Benito	11,366		
San Bernadino	12,105	Riverside-San Bernardino-Ontario, Calif	11,909
San Diego	13,225	San Diego, Calif	13,396
San Francisco	13,968	San Francisco-Oakland, Calif	15,555
San Joaquin	12,620	Stockton, Calif	12,625
San Luis Obispo	11,462		
San Mateo	17,272	San Francisco-Oakland, Calif	15,555
Santa Barbara	13,380	Santa Barbara, Calif	13,386
Santa Clara	16,496	San Jose, Calif	16,500
Santa Cruz	12,368	Santa Cruz, Calif	12,694
Shasta	11,816		
Sierra	11,911		
Siskiyou	11,185		
Solano	13,086	Vallejo-Napa, Calif	13,366
Sonoma	12,642	Santa Rosa, Calif	12,646
Stanislaus	11,256	Modesto, Calif	11,255
Sutter	11,936		
Tehama	10,893		
Trinity	11,534		
Tulare	10,004		
Tuolumne	10,890		
Ventura	14,455	Oxnard-Ventura, Calif	14,459
Yolo	11,958	Sacramento, Calif	13,172
Yuba	8,384		
Alaska:			
Aleutian Islands	9,964		
Anchorage	17,579	Anchorage, Alaska	17,580
Angoon	2,509		
Barrow	9,960		
Bethel	5,050		
Bristol B.B	16,863		
Bristol Bay	7,771		
Cordova-Mcca	14,755		
Fairbanks	15,634		
Haines	16,419		
Juneau	20,675		
Kenai-Cook	15,108		
Ketchikan	17,257		
Kobuk	7,655		
Kodiak	13,460		
Kuskokwim	4,614		
Matanuska-Su	14,307		
Nome	8,722		
Outer Ketchikan	11,510		
Prince of Wales	14,720		
Seward	13,240		
Sitka	17,392		
Skgwy-yktt	13,297		
Se Fairbanks	11,762		
Upper Yukon	8,036		
VLDA-CHTN-WH	14,376		
Wade Hampton	4,224		
WRNGLL-PTRBR	13,567		
YKN-KOYKK	15,177		
Hawaii:			
Hawaii	13,796		
Honolulu	15,924	Honolulu, Hawaii	15,924
Kauai	14,072		
Maui	12,835		

COST JUSTIFICATION AND PRICE CONTROL ACT

(Mr. ROSENTHAL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ROSENTHAL. A growing campaign is underway by certain segments of the business community—particularly the automobile industry—to halt, slow down, or roll back Federal regulatory programs which preserve our environment or protect the health, safety, and economic well-being of American consumers.

Through a variety of political, legal, and public relations techniques, industry spokesmen are blaming much of our current economic difficulties on existing and proposed consumer and environmental regulations.

Encouraged by a sympathetic administration, regulations pertaining to auto safety and pollution control, food and drug labeling and toxicity, occupational safety and health, and consumer protection are being weakened, delayed, or reversed.

I believe we should know both the social benefits and the monetary costs of Federal regulation and that we should eliminate or curtail costly programs without substantial benefits to society.

But, an investigation by my office strongly suggests that business attacks on Federal consumer and environmental regulations are little more than self-serving attempts to use Federal requirements as a scapegoat for deeper economic problems or managerial shortcomings. Our study shows that where Federal regulatory programs are inflationary, they are invariably designed to protect one segment of the business community against another, not to foster consumer and environmental protection.

I support action to measure the economic impact of Federal programs. But I oppose the attempt by certain special interest groups to attack the costliness of Federal requirements while hiding their actual cost increases, if any, behind the veil of "proprietary or confidential information."

In many instances, the legitimacy of industry-challenged cost increases from Federal requirements have been challenged by the Federal agency involved, by consultants in the private sector, or even by actual price increases measured after implementation of the Federal standard.

While industry complains about price increases resulting from Federal regulations, they are strangely silent about cost increases resulting from unwise or self-serving industry decisions or practices. An excellent example is the expense and inefficiency of decisions made in the automobile sector to make unneeded annual styling changes and unnecessary but standard luxury-type features which add far more to the cost of a car than Federal safety and pollution requirements.

Accordingly, we are asking the public to join with us in opposing misdirected industry efforts to undo the progress we have made in the environmental, safety, and consumer protection areas. We must not confuse our legitimate efforts to solve the Nation's economic crisis with the unwise and self-serving industry call for a return to laissez faire government.

I am introducing today the Cost Justification and Price Control Act, along with 32 of my colleagues, to require major business firms to furnish the Government with cost data to justify their claims that Federal consumer and environmental regulations are inflationary or responsible for much of our current economic problems.

This legislation requires that leading corporations file reports with the Federal Trade Commission explaining in detail any increases in costs resulting from a Federal regulation; and prohibits any such corporation or dealer from passing through to the ultimate consumer, more than the actual dollar and cents cost increases associated with such Federal requirements.

This legislation will in no way deter Congress proper effort to eliminate costly and unnecessary Federal regulatory programs, such as those governing airline rates or transportation costs. It will only insure that useful consumer and environmental regulations will not be used as a scapegoat for explaining industrial failures or as a means of artificially inflating prices so as to discourage future regulation.

Mr. Speaker, I am inserting in the Record at this point, my report on business oppositions to Federal consumer and environmental regulations and the text of the Cost Justification and Price Control Act:

The Economic Impact of Federal Consumer and Environmental Regulation: A Study by Congressman Benjamin S. Rosenthal

Evaluating industry arguments against consumer and environmental regulation is extremely difficult because most federal regulatory agencies must rely on the voluntary submission of cost data by industry and because the societal costs of failure to regulate are often difficult to measure.

If economic considerations are going to become increasingly a kingpin of regulatory decision-making, then federal regulatory agencies should have an unqualified right to verify industry cost claims; and the public should be allowed maximum practicable access to cost data, so that they too can participate in the regulatory process.

Notwithstanding Presidential Executive Order 11821, which makes economic impact studies mandatory for all federal agencies involved in developing legislative proposals and regulatory rules, agencies charged with making these studies may lack clear legal authority to mandate such information from industry. Almost all cost data from the business community is obtained by voluntary means. In exchange for this cooperation, federal agencies are quick to promise confidentiality, even where such claims might be unsupportable under the Freedom of Information Act.

In recognition of the reluctance of industry to part with meaningful cost information, Congress has armed the Environmental Protection Agency (EPA) and the National Highway Traffic Safety Administration (NHTSA) with authority to require industry to furnish cost data to appropriate agency officials. But until all federal agencies are authorized to compel cost data from industry groups claiming inflationary federal requirements and until the public has substantial access to this information, it will be impossible to measure the true economic impact of such regulations. Moreover, it is imperative that federal regulatory decision-makers develop more sophisticated techniques for measuring the societal costs of failure to regulate harmful industrial activity in key sectors of the economy.

I. INDUSTRY CLAIMS OF INFLATIONARY FEDERAL CONSUMER AND ENVIRONMENTAL REGULATIONS ARE FREQUENTLY DISTORTED AND AT VARIANCE WITH THE FINDINGS OF AGENCY EXPERTS AND PRIVATE CONSULTANTS

In many instances, the cost estimates supplied by industry to federal regulatory agencies are at variance with estimates developed by the agencies themselves or are higher than the costs reflected in actual price increases after the regulation has taken effect. A number of examples follow:

(A) *National Highway Traffic Safety Administration (NHTSA), Department of Transportation:*

1. In a speech and press release on November 13, 1974, the president of Ford Motor Company, Lee Iacocca, claimed that of the $1,010 price increase for a Ford Pinto between the years 1971 and 1975, $530 was due, either directly or indirectly, to federal environmental and consumer regulations. He claimed further that proposed safety, dameageability and pollution regulations for 1978 models would add an additional $847 to the price of a Pinto.[1]

In contrast to these figures, released as part of an automobile industry campaign to halt pollution and safety regulations, data collected by the Bureau of Labor Statistics of the Department of Labor from the auto industry itself, are much lower. According to BLS figures, based on a composite of 16 domestic automobiles, the total price increase for safety and emission standards for the years 1967 through 1975 (a period encompassing three years worth of safety and environmental standards beyond that measured in the Ford president's estimate), was $414 ($116.00 less than the Iacocca estimate) — $190 for emission controls and $224 for safety equipment.[2]

If industrial profit and excise taxes are excluded from these figures under a formula established by the National Academy of Sciences, the actual cost to the auto industry, based on their own data submitted to the BLS, was $259.[3]

An even greater discrepancy exists between the cost findings of the Bureau of Labor Statistics ($414.00) on the one hand and the New Jersey branch of the National Automobile Dealers Association (NADA), on the other. In a recent full page ad in the New York *Times* and in other newspapers across the country, NADA claimed that federal environmental and safety regulations from 1968 through 1975 added $700 to the price of an automobile.

The contrast in data between the auto industry and governmental or private groups, strongly suggest the unreliability of industry claims.

2. Industry claims about future costs of proposed regulations appear similarly inflated. Lee Iacocca of Ford has claimed publicly that when stricter emission controls and a passive restraint of air bag system proposed for 1978 models are in effect, they will raise the price of a Ford Pinto by $740—$450 for emission controls and $290 for the passive restraint or air bag system.[4]

But in September 1974, John DeLorean, a former General Motors vice president and safety engineer, testified before the Department of Transportation that an air bag/lap belt system should only add $88 to the price of an automobile. This figure included amortization of research and development costs. Even adding $15 for installation costs, $30 for dealer profit and $15 for manufacturer's profit, DeLorean put the top cost of lap belt/air bag systems to the consumer at $148 per vehicle, $142 less than the Ford president's prediction. The most recent Na-

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tional Highway Transportation Safety Administration cost estimate for mandatory air bag systems is $106 per vehicle in additional costs over the cost of existing seat belt systems. NHTSA estimated the cost of the entire air bag/lap belt system at $180.00 per vehicle.[5]

3. Claims about the cost of implementing future emission control standards, are equally at variance and confusing. In contrast to the $450 estimate claimed by Ford Motor Company for implementing emission control standards on 1977 automobiles, the Environmental Protection Agency has estimated additional costs at only $327.50 while a recent National Academy of Sciences study estimated them at $351.60.[6]

4. Objective analysts of the auto industry have found explanations for recent large price increases, other than federal regulations:

Anti-competitive practices: A Federal Trade Commission study published in 1972 estimated that anti-competitive practices in the auto industry and parts replacement business cost consumers of new American cars about $230 per vehicle.[7]

Annual style changes: Annual style changes have been estimated to add hundreds of dollars to the cost of each new automobile. For example, GM tooling costs associated with style changes for the years 1962–1967 were: $101.00; $101.00; $97.00; $102.00; $127.00; and $134.00. Average auto restyling costs for the big three in 1972 were $170.00 per car.[8]

Optional features: The desire of Americans to increase their standard of living and the desire of automobile companies to increase their profits, have resulted in making supposedly optional features mandatory on many automobiles. On a 1974 Chevorlet Impala, for example, many models came equipped with air conditioners ($425), vinyl roofs ($106), power seats ($113) and power windows ($135). In addition to adding unnecessarily to the price of a car, these features increase significantly auto weight and reduce fuel efficiency.

Disproportionate price increases for small cars: With the increase in demand for small cars during last winter's energy crisis, the auto companies attempted to cash in on this change in consumer buying patterns by raising the prices of their small cars disproportionately or by dropping their lowest priced standard sized cars in some lines. For example, in 1974, Ford raised the price of its Pinto 13.4% while raising the price of its larger Galaxy less than ½ of 1%. In 1975, Ford repeated this pattern by raising the price of the Pinto 24.7%, in contrast to only a 14.3% increase in the price of its LTD.

(B) *Environmental Protection Agency (EPA):* In February 1974, the EPA's Office of Planning and Evaluation released a study of the predicted economic impact of proposed effluent standards for the integrated iron and steel industry.[9] The EPA study investigated the capital investment and operating costs of meeting the proposed guidelines. It presented two cost estimates, one generated by an EPA private consultant and the other by the American Iron and Steel Institute, an industry trade group. A comparison of the EPA and industry estimates reveals an astounding discrepancy. The EPA proposal covered two levels of pollution controls. Industrial figures for the cost of implementing these two standards were 3.5 and 9.5 times higher than the EPA estimates.

Projected overall pollution investment costs for the iron and steel industry through 1983 were estimated by the Environmental Protection Agency's consultant at $5.8 billion. The iron and steel industry's estimate was $9.4 billion. Broken down into cost per ton of finished steel, these two projections show a massive difference of almost $4 per ton, with the industry-prepared figures predicting a price of $5.04 per ton by 1983 and the EPA consultant's figure predicting a price of $.88 per ton by 1983.

(C) *Council on Environmental Quality:* The economic impact of pollution abatement programs has been carefully monitored by the Council on Environmental Quality (CEQ). Thus, examination of CEQ research provides some insight into the economic impact of our environmental programs since 1970. Findings recently released by the Council in summary form indicate that regulatory activities undertaken to protect the environment have had a relatively minor impact on the economy notwithstanding the opposition of industrialists to further pollution regulations.[10]

1. *Investment and productivity:* The CEQ has estimated that abatement costs in 1974 equalled about .7% of the Gross National Product (GNP). This is expected to increase to approximately 1.4% in 1976 and decline thereafter. When translated into actual investment by industrial concerns, these figures mean that maximum projected investment for environmental purposes by American industries is not predicted to go beyond 6% of their total plant and equipment expenditures for any year, and should average about 3% of these expenditures over the period extending through 1982.

CEQ's analysis indicates that this will cause relatively little capital displacement. This conclusion is supported by a survey released by the Commerce Department's Bureau of Economic Analysis this summer which found that only 2% of industrial firms sampled felt that pollution abatement expenditures were forcing them to make cutbacks in investments aimed at expanding or modernizing their productive capacity. In the face of these findings, the CEQ concluded that ". . . pollution control expenditures are not expected to delay significantly the expansion or modernization of industrial capacity for producing goods and services . . ."

2. *Inflation:* The CEQ has estimated that pollution control expenditures contributed approximately .5% to the increase in the Wholesale Price Index (WPI) between 1973 and 1974. In the period between 1973 and 1982, CEQ forecasts indicate that pollution abatement expenditures will contribute an average of .2% to projected changes in the WPI.

3. *Employment:* Between January 1971 and June 1974, the Environmental Protection Agency (EPA), which monitors plant closings caused by environmental regulations, received reports that 69 firms claimed they were forced to close, at least in part, because of pollution regulations. These closures involved about 12,000 jobs or .015% of the current labor force. In commenting on these closures the CEQ noted, as have others investigating plant closures blamed on federal regulations, that environmental requirements tend only to accelerate the closing of plants which are older, smaller, inefficient and only marginally profitable and which would probably have failed in the near future anyway.

Federal regulations may become an increasingly convenient excuse for plants forced to close for other reasons. The recent temporary closure of a U.S. Steel plant in Gary, Indiana, which resulted in the layoff of 2500 workers, is a case in point. In 1965, U.S. Steel signed an agreement with the EPA and local Gary pollution officials in which it agreed to close 53 open hearth furnaces in Gary by the end of 1973. By the time the deadline was reached, U.S. Steel had replaced 43 of the furnaces with more efficient equipment but continually asked for extensions to cover the remaining 10 furnaces still operating in violation of the agreement. This December, a U.S. District Court refused another extension and gave the steel company the option of closing their plant or paying a daily fine of $2300. In response, U.S. Steel closed the plant, justifying its position with the argument that compliance with environmental regulations should be non-negotiable and that paying a fine should not vitiate a regulatory action. But, U.S. Steel charged that the decision was against the public interest because of its adverse effect on productivity and employment.

Both the United Steelworker's Union and Gary Mayor Richard Hatcher have questioned U.S. Steel's explanation for the closure, citing other economic and political reasons. The union claimed that the plant closure was precipitated by a falling demand for steel. Mayor Hatcher expressed the opinion that U.S. Steel's action may have been aimed at intimidating local and federal pollution authorities about strict enforcement of future pollution deadliines.

(D) *Consumer Product Safety Commission (CPSC)*: 1. In July 1971, the Department of Commerce promulgated a children's sleepwear standard designed to protect children against the hazards of flammable fabrics. At the time the standard was promulgated, it was estimated that more children under the age of five die as a result of fires and explosions than from any other kind of injury.

During hearings held by the Department of Commerce in 1971, Sears, Roebuck and Company testified that their total cost for flame retardant cotton nightwear was over 50% higher than for comparable ordinary sleepwear. However, once the standard went into effect, Sears actually charged only about 30% more for sleepwear that met the standard. In a speech in November, 1974, Commissioner Franklin of the CPSC said that actual price increases for flame-retardant sleepwear have fallen "far short of industry predictions and even then only half of the actual increase can be attributed to the flame-retardant treatment added to the fabric." [11]

Another garment manufacturer, in response to a query from Ralph Nader and reported in the New Republic of July 3, 1971, anticipated a $1.70 price differential between flame-retardant and regular pajamas. This manufacturer, when later providing actual cost data, revealed only a $.55 greater price for sleepwear treated chemically for flame retardants, rather than the $1.70 figure originally claimed.

2. The U.S. Consumer Product Safety Commission currently has under consideration new flammability standards for a wider range of adult clothing. Industry representatives have claimed that the standard, while less stringent than for children, would be "objectionably inflationary". But the substantial variance in estimates by different industry groups as to the actual cost of implementing the standard, raises serious questions about the reliability of the cost estimates. For example, the National Cotton Council of America estimated increased consumer costs of 22% if the adult clothing standard were implemented. The American Apparel Manufacturer's Association predicted a 44% increase. This discrepancy of 22% has caused the Product Safety Commission to delay further consideration of the standard until the results of its own economic impact study let out to a private contractor has been completed.

(E) *Occupational Safety and Health Administration (OSHA)*: In January 1974 ,OSHA was informed by the National Institute of Occupational Safety and Health of HEW of an unusual number of employee deaths at B.F. Goodrich Chemical Company caused by a rare liver cancer and possibly related to exposure to vinyl chloride. In light of this information, OSHA initiated hearings and collected post-hearing data documenting deaths of workers at other plants who had been exposed to vinyl chloride as a regular part of their jobs. Experimental

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data clearly demonstrated that vinyl chloride exposure induced similar cancer in animals.

In response, OSHA promulgated an emergency temporary standard in April 1974, and proposed a more comprehensive standard in May. Hearings were held in June and July 1974. At the same time the agency initiated an independent study by a private contractor on the technological feasibility and economic impact of alternative levels of vinyl chloride exposure.

At the hearings, industrial spokesmen consistently resisted a stringent vinyl chloride regulation on the grounds of technological feasibility and economic considerations. They recommended exposure limits considerably higher than the proposed standard.

When probed, few witnesses representing industry's position could justify the economic arguments they made. Only one, Firestone, submitted a detailed economic justification of their claims. Transcripts of the hearings clearly indicate that industrial claims were based on the flimsiest of grounds.

For example, the major study submitted in behalf of the plastics industry as a whole, prepared by the Society for the Plastics Industry (SPI), actually undertook no economic impact analysis of the proposed OSHA standard on the plastics industry. Instead, SPI *assumed* that the standard would result in the complete collapse of the industry and its study went on to explore the implications of this eventuality.

Individual company spokesmen made similar claims but could not substantiate them. Alco Standard Corporation testified that "carefully estimated costs" would add 25–100% to the cost of its items and predicted these cost increases would result in the substitution of other materials for his own. Yet, when cross-examined, Mr. Hager admitted his figures were not firm and were only "ball park figures."

Similarly, a representative of Uniroyal, after resisting the standard on economic grounds, responding that they had "not given serious study" to whether or not they could meet the standard because in their "estimation" it was beyond their technological and financial capability.

OSHA released its own consultant's economic impact study in September 1974, basing its estimates on a survey of industries using vinyl chloride and on information gathered from government agencies, equipment suppliers and technical specialists. OSHA forecast that a standard more stringent than that recommended by most industrial witnesses would not result in massive plant shutdowns, industrial shortages or significant price increases. The only company affected by the regulation who submitted a detailed economic analysis, Firestone, was found by OSHA to have submitted significantly higher estimates than their own.[12]

The vinyl chloride hearings are almost an exact replication of OSHA standards hearings on asbestos exposure levels in 1971. The asbestos testimony is replete with dire warnings of engineering difficulties, price increases and plant shutdowns. A similar scenario is now being played out over the issue of arsenic exposure, with OSHA conducting its own economic impact study.

II. DELAYS AND REVERSALS IN FEDERAL CONSUMER AND ENVIRONMENTAL REGULATIONS

(A) *The Food and Drug Administration (FDA)*: In an interview early this year with a consumer publication entitled, "Of Consuming Interest," FDA Commissioner Schmidt indicated that the agency was under increasing pressure from American industry to balance public health benefits against the costs of consumer regulations. This pressure is reflected in recent actions taken by the Food and Drug Administration concerning poisonous and deleterious substances in food, the presence of aflatoxin in peanuts and lead in evaporated milk. Moreover, as a result of pressure from industry groups, the FDA has delayed the implementation of approximately 50 food standard regulations dealing with nutritional labeling, ingredient labeling, and other standards dealing with quantity of contents and safety matters.

These delays are extremely serious. The nation's leading allergists and nutritionists have called for the complete ingredient labeling of all foods. If one counts people affected by allergies, those who must restrict their diets for health and religious reasons, nearly one out of every two Americans has a need to know the full and complete ingredients of the foods they eat.

These delays by the Food and Drug Administration were authorized by FDA with no independent evaluation of the economic data from the industries and companies affected.

(B) *National Highway Traffic Safety Administration (NHTSA)*: 1. Legislation has been introduced in Congress to delay implementation of safety and environmental standards. The mandatory ignition interlock system requirement has already been repealed by the Congress.

Ironically, the interlock system was developed to meet the need for a passive restraint system at the urging of the Ford Motor Company, as a substitute to be a combined lap belt/air bag system originally favored by the Department of Transportation and various automobile insurance companies.

It is interesting to note that since the interlock requirement has been repealed, only General Motors has announced a reduction in its prices and only by a fraction of the original price boost that took place when the requirement was first implemented. The Bureau of Labor Statistics information supplied by the auto industry (and assumed by BLS to be inflated), indicates that the average retail price of the interlock system for the 16 car BLS sample of 1974 models was $46.80. But GM announced a price reduction of only $13.00 as a result of the interlock revocation.

This discrepancy tends to raise serious questions about auto industry claims that sales prices would be significantly reduced if federal regulations were rolled back.

2. At the moment, NHTSA is reviewing and in some cases re-reviewing, a large number of existing or pending safety regulations. Among these are the passive restraint regulations (dealing with the air bag), a windshield retention and strength standard, a rollover standard, a windshield zone intrusion standard, and a collapsible steering column standard. Further, General Motors has petitioned the agency to relax standards related to door restraints.

Just recently, NHTSA reversed itself on a proposed weakening of standard 215, the standard designed to protect safety equipment and reduce bumper damage in low speed accidents. In light of comments received from auto insurance companies indicating the substantial savings to consumers resulting from a stringent bumper standard and in recognition of the fact that American manufacturers have used unnecessarily heavy and inefficient means to meet the standards requirement, the Highway Traffic Safety Administration proposed a new bumper standard similar to the previously withdrawn requirement.

3. This fall, top officials of the administration, meeting as the Energy Resources Council, met privately with auto industry executives to discuss their meeting the President's fuel economy goals by 1980. Despite a law suit by the Center for Auto Safety to gain access to these meetings, all representatives of the public were excluded.

At the meetings, the President's spokesmen agreed with the industry suggestion that fuel conservation programs should be voluntary. Without requiring the industry to verify their arguments or to offer economic data, administration spokesmen also invited the industry to suggest what safety and pollution limitations were necessary for them to meet the fuel economy targets.

The result of these meetings was the President's recommendation in his State of the Union address that the Clean Air Act be amended so as to postpone pollution standards previously scheduled by the Congress. In private correspondence between Interior Secretary Morton and auto executives, assurances were given that safety regulations through 1980 would not add, on the average, more than 100 pounds of weight to a car.

These administration recommendations were made despite an analysis prepared by the Federal Energy Administration, just recently made public by Ralph Nader, that administration fuel economy goals could be met without sacrificing or relaxing safety and emission control standards.[13]

III. FEDERAL CONSUMER AND ENVIRONMENTAL REQUIREMENTS CAN BE IMPLEMENTED IN A COST-CONSCIOUS OR EXCESSIVELY-COSTLY MANNER

Much of the debate over the cost of implementing federal consumer and environmental requirements misses the point that regulations can be implemented in either a cost-conscious or in an extravagant manner. Because federal standards typically require that only minimum performance goals be met, few regulations specify how a manufacturer is to achieve compliance. Therefore, it is the design chosen by the manufacturer more than the standard itself, which dictates cost.[14]

This can clearly be demonstrated by comparing how different companies within a given industry choose to meet federal regulations. In fact, in a letter to the General Accounting Office last spring, the Swedish automaker, Volvo, noted that most of the data released by U.S. automobile manufacturers on the cost of federal regulation has been biased and "aimed purely at resisting regulation."[15]

(A) *Safety Standards:* Federal motor vehicle safety standard 215, is an exterior protection standard designed to protect safety equipment and reduce bumper damage in low speed collisions. The regulation has been implemented through the development of new bumper systems. When the National Highway Traffic Safety Administration considered rolling back the standard, the reason given was that it was not "cost-beneficial" because of the "cost of current production bumper systems and the cost of fuel consumption occasioned by the weight of the system." NHTSA Administrator James Gregory, when he originally announced the proposed weakening of the standard, admitted that most manufacturers utilized the design discretion afforded them by using "heavy and complex steel systems."

Variations in implementation of standard 215 are reflected in replacement prices of bumper systems designed to meet the standard for seven domestic 1974 models. They ranged from $111 to $347 for front bumper replacements and from $80 to $296 for rear bumper replacements. Bumpers on the 1974 Ford Pinto weigh 133 pounds while bumpers on the similar class 1974 Opel Manta weigh 46 pounds.

This is a clear example of Opel meeting the same standard at a lower cost to the consumer and in a manner far more conducive to fuel economy.

(B) *Pollution Abatement Standards:* Similar variances in costs incurred by companies meeting the same pollution abatement standards have been documented.

1. The Volco Brass and Copper Company of Kenilworth, New Jersey, faced with a refusal by the local sewage plant to process any more of its water waste, instituted a new chemical process within its plant oper-

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ations that reduced its manufacturing and disposal costs by $1 a day. By reacting in an innovative way, the plant saved itself money and avoided increasing its costs by $345 per day, which would have been the case if it had relied instead on a conventional cleansing plant.[16]

2. In contrast to other chemical companies, Dow has been making a profit on the pollution control systems it installed in its plants in 1971.[17]

3. A water and waste management program developed for Goldkist Inc. (one of the country's largest poultry processing companies) in conjunction with the Environmental Protection Agency and a nearby university, is saving the company over $72,000 annually.[18]

The above examples clearly illustrate that manufacturers have considerable discretion in the way in which they implement federal regulations. In many instances, costs directly related to implementing federal standards can vary considerably and are, to a great extent, industry or company decisions.

IV. THE COSTS TO SOCIETY OF A FAILURE TO REGULATE, WHILE OFTEN DIFFICULT TO MEASURE, CAN BE SIGNIFICANT

While the costs of implementing federal regulations are relatively easy to measure, if done objectively, the major benefits of regulation—often the saving of lives, a reduction in the frequency or severity of injuries or ill health and more efficient purchases by consumers in the marketplace—are difficult to quantify. Typical cost-benefit analyses of federal requirements have been severely criticized on the grounds that they fail to measure the value of human life and because they often omit costs incurred by society as a result of lost productivity, health care expenses and the like.

Nevertheless, figures collected by regulatory agencies in the health, pollution and safety fields indicate the dramatic economic and personal costs flowing from a failure to regulate certain industry practices:

(A) *Auto Safety:* 1. At a news conference on January 23, 1975, a representative of over 600 auto insurance companies estimated that weaker bumper standards would cost American motorists approximately $6 billion due to an increase in damage costs and a loss of insurance rate savings. It was only because the insurance companies possessed the resources and information to fight a proposed Highway Traffic Safety Administration rollback of bumper standards, that the original rollback proposal was dropped.

2. The National Highway Traffic Safety Administration has arrived at the following effectiveness estimates for a variety of vehicle restraint systems either currently required or under discussion by the agency.[19]

System	Percent effectiveness in preventing fatalities				Percent effectiveness in preventing injuries			
	Type of crash				Type of crash			
	Front	Side	Rear[1]	Roll	Front	Side	Rear[1]	Roll
Lap and shoulder belt	37	30	0	50	27	30	0	50
Lap belt only	20	30	0	40	0	20	0	40
Air cushion and lap belt	57	45	0	50	64	40	0	50
Air cushion	57	20	0	15	64	25	0	15

[1] NHTSA assigned no value to rear impact protection because it said, Restraint systems seldom come into play when a vehicle is impacted in the rear.

Considering these figures in conjunction with the estimated frequency of fatalities and injuries in various seating positions and crash modes, NHTSA has concluded that if the entire passenger car population were in compliance with the respective standards, an interlock belt system would annually save 7,000 lives and 34,000 injuries. Further, NHTSA estimates that proposed air bag/lap belt systems would save 15,600 lives and prevent 1,000,000 injuries annually.

(B) *Occupational Safety*: About 14,000 workers are killed every year in job-related accidents, and some 2.4 million are seriously injured. The injuries alone cost approximately $11.5 billion annually in lost wages, reduced output and other expenses.[20]

(C) *Product Safety*: Consumer products (excluding cars) kill 30,000 persons a year, permanently disable 110,000 and injure 20 million. The cost to the public is over $5 billion annually. The costs in human suffering are staggering.

(D) *Environmental Protection:* EPA estimates that health and property damage from industrial air pollution was approximately $16.2 billion in 1968 and will reach $22.7 billion by 1977. By adding pollution abatement equipment worth $3.9 billion, the EPA estimates these damage costs could be cut $13.1 billion by 1977.

V. CONCLUSIONS

A number of conclusions emerge from this examination of the relationship between federal consumer and environmental regulations, industrial costs and consumer prices:

Compared to other factors, consumer and environmental regulatory actions have not had a significant impact on real industry costs;

There is evidence that some companies use federal regulations as a vehicle for unwarranted price increases and to intimidate federal regulators;

It is exceedingly difficult to get valid data on industrial costs associated with federal regulations;

Individual companies implement the same federal regulations in a wide variety of ways, with this discretion resulting in different costs and benefits.

Federal consumer and environmental regulations are being used increasingly as an excuse for consumer price increases and to explain current industrial setbacks.

The legislation being introduced today and the report are meant to serve as an antidote to the current attack of American businessmen against progress made in the areas of environmental protection and consumer safety and health. It is meant to insure that regulations will not be used as a scapegoat for explaining industrial failures, or as a means of artificially inflating prices. By prohibiting companies from passing on more than the actual cost of implementing a federal regulation and maximizing public scrutiny of industry cost claims, we hope to counteract inflation and the potentially chilling effect industrial arguments can have on government actions in the public interest.

FOOTNOTES

[1] Speech by Lee Iacocca before members of the Newspaper Advertising Bureau, Inc., Nov. 13, 1974.

[2] The Bureau publishes annual reports on the retail cost of safety and pollution requirements based on industry supplied data.

[3] See Clarence Ditlow, "Safety and Emission Controls: The Auto Industry's Scapegoat," Public Interest Research Group, 1974 and the National Academy of Sciences, *Report of the Committee on Motor Vehicle Emissions*, Feb. 73, Table 5–2.

[4] See speech referenced in footnote 1.

[5] See "Analysis of Effects of Proposed Changes to Passenger Car Requirements of MVSS208", NHTSA, Dec. 74, pp. 25–26.

[6] See *The Cost of Clean Air*, Environmental Protection Agency, Jan. 74, Table III–5.

[7] *Law and Economic Review*, 26, 33 (1972).

[8] Figures for 1962–1967 are drawn from Lawrence J. White, *The Automobile Industry Since 1945* (Cambridge: Harvard University Press), 1971, p. 204. Figures for 1972 can be found in *American Ground Transport*, part 4a, Hearings before the Subcommittee on Antitrust and Monopoly, U.S. Senate, 93d Congress, 2nd Session, p. A13.

[9] *Economic Analysis of Proposed Effluent Guidelines: The Integrated Iron and Steel Industry*, Environmental Protection Agency, Feb. 74.

[10] *The Economic Impact of Environmental Programs*, Council on Environmental Quality, Nov. 74.

[11] Sears testimony is reviewed in the *American Dyestuff Reporter*, Jan. 72, p. 25. Actual Sears price increases were reported in the *Washington Post*, May 30, 1972, p. 5. Commissioner Franklin's speech was delivered at the Governor's Conference on Product Safety, Seattle, Washington, Nov. 13, 1974.

[12] *Final Report: Economic Impact Studies of the Effects of Proposed OSHA Standards for Vinyl Chloride*, Dept. of Labor, Sep. 27, 1974.

[13] *Automobile Fuel Economy and the Clean Air Act*, Federal Energy Administration, 1974.

[14] The conceptual problems involved in cost-benefit analysis in the consumer and environmental field are discussed by Brian O'Neill and A. B. Kelley, "Costs, Benefits, Effectiveness and Safety: Setting the Record Straight," paper delivered at the Society of Automotive Engineers meetings, Toronto, Canada, Oct. 21–25, 1974, and "Need to Improve Benefit-Cost Analyses In Setting Motor Vehicle Safety Standards." General Accounting Office, Jul. 74.

[15] Volvo of America Corporation, Letter to U.S. General Accounting Office, May 29, 1974.

[16] "A Silver Lining in the Pollution Cloud," *Nation's Business*, Feb. 73.

[17] *Op. Cit.*

[18] *Water and Waste Management in Poultry Processing*, Environmental Protection Agency, May 74.

[19] *Status Report, 9* (16), Sep. 9, 1974, Insurance Institute for Highway Safety.

[20] These figures and those below on product safety & environmental regulations are cited in *Business Week*, Sep. 14, 1974, p. 106.

COSPONSORS OF THE COST JUSTIFICATION AND PRICE CONTROL ACT

Bella S. Abzug (N.Y.).
Joseph P. Addabbo (N.Y.).
Herman Badillo (N.Y.).
John Brademas (Ind.).
George E. Brown, Jr. (Calif.).
Cardiss Collins (Ill.).
John Conyers, Jr. (Mich.).
Dominick V. Daniels (N.J.).
Thomas J. Downey (N.Y.).
Robert F. Drinan (Mass.).
Robert W. Edgar (Pa.).
Don Edwards (Calif.).
Donald M. Fraser (Minn.).
Michael Harrington (Mass.).
Ken Hechler (W. Va.).
Elizabeth Holtzman (N.Y.).
Edward I. Koch (N.Y.).
Jim Lloyd (Calif.).
Patsy T. Mink (Hawaii).
William S. Moorhead (Pa.).
Robert N. C. Nix (Pa.).
Richard L. Ottinger (N.Y.).
Thomas M. Rees (Calif.).
Frederick W. Richmond (N.Y.).
Peter W. Rodino, Jr. (N.J.).
Benjamin S. Rosenthal (N.Y.).
Edward R. Roybal (Calif.).
Patricia Schroeder (Colo.).
Stephen J. Solarz (N.Y.).

Gladys Noon Spellman (Md.).
Morris K. Udall (Ariz.).
Gus Yatron (Pa.).

H.R. —

A bill to require major corporations to file cost justifications of price increases made in connection with compliance with Federal regulatory requirements, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Cost Justification and Price Control Act".

Sec. 2. For the purposes of this Act:

(1) The term "Commission" means the Federal Trade Commission.

(2) The term "Federal regulatory requirement" means a requirement under any Federal law, or rule or order thereunder which relates to environmental protection, health, safety, or consumer protection. Such term includes any law, or rule or other thereunder, of a State or political subdivision thereof which is prescribed in compliance with any requirement described in the preceding sentence.

(3) A corporation is a major corporation in a calendar year if the aggregate gross revenues of such corporation, and all persons controlling, controlled by, or under common control with, such corporation, exceeded $5,000,000 in the fiscal year of the corporation which ended before such calendar year. The Commission shall prescribe regulations to carry out this paragraph.

Sec. 3. Whenever a Federal regulatory requirement is applicable to any class of major corporations, and the Commission determines that such requirement may have a significant effect on the cost of production or of providing any goods or services produced or provided by such class of major corporations, the Commission shall prescribe a rule identifying such requirement, such class of corporations, and the goods and services the cost of which may be affected by such requirement, and requiring such corporations to file reports in accordance with section 4.

Sec. 4. (a) If a major corporation is a member of a class of corporations identified in a rule under section 3, and such corporation increases the price of any goods or services identified in such rule during the one-year period beginning six months before the Federal regulatory requirement identified in the rule takes effect (or during such other period as may be specified in the rule under section 3, then before such price increase takes effect, such corporation shall file with the Commission a report specifying any change in unit costs, resulting from such Federal regulatory requirement, of the goods or services the price of which was increased. Such report shall also contain an explanation of the reasons for the price increase. Such report shall be in such form and detail, and shall be based on such cost accounting procedures as the Commission may prescribe by rule.

(b) Subject to subsection (c), such report shall be made available to the public. Notice of the availability of such report shall be published in the Federal Register.

(c) If a major corporation satisfies the Commission that any portion of such report contains a trade secret or other confidential matter, such portion may be disclosed to the public only in such manner as to preserve the confidentiality of such trade secret or other confidential matter, except that any such information may be disclosed to other officers or employees concerned with carrying out this Act or when relevant in any proceeding under this Act. Nothing in this subsection shall authorize the withholding of information by the Commission or any officer or employee under its control, from the duly authorized committees of the Congress.

Sec. 5. Any cost obligation, for goods or services produced or provided by a major corporation, incurred as a result of compliance with any Federal regulatory requirement may only be passed through by such corporation, any person controlling, controlled by, or under common control with such corporation, or by any subsequent purchaser of such goods or services for resale, to any ultimate purchaser of such goods or services on a dollar-for-dollar basis.

Sec. 6. (a) If a major corporation violates section 4 or 5—

(1) Such corporation shall be subject to a civil penalty of not more than $1,000,000, and

(2) The Commission may commence an action in a district court of the United States to obtain a mandatory injunction requiring compliance by such corporation with section 4.

(b) In the case of a violation of section 4 or 5, any officer, director, or employee who knowingly caused such violation shall be fined not more than $25,000.

Sec. 7. (a) The Commission may exempt any major corporation from the requirement to file a report under section 4, if the Commission determines that such exemption is necessary or appropriate in the public interest after taking into account the size of such corporation relative to other major corporations in the same class of such corporations and such corporation's impact on commerce.

(b) For the purpose of carrying out this Act, the Commission may exercise its authority, under sections 6, 9, and 10 of the Federal Trade Commission Act, to gather and compile information and to require the furnishing of information by major corporations to the Commission as the Commission determines necessary to carry out this Act.

ENDING DELAYS IN PAYING SOCIAL SECURITY CLAIMS

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, today I am reintroducing the Social Security Rights Act, a bill to require the Social Security Administration to make decisions on social security benefit claims and payment problems within reasonable periods of time.

When I first introduced this bill last fall, the long delays individuals faced in obtaining claim decisions created very serious problems for many people. In the few intervening months, this situation has reached crisis proportions. I was shocked to learn today from the Bureau of Hearings and Appeals of SSA that the average processing time for hearing decisions on claims jumped from 163 days in April 1974 to 213 days in December 1974.

One woman in my district requested a hearing on her claim for widow's disability benefits in February 1973. Due to huge backlogs of hearing requests, her hearing was not held until May 1974. After waiting 15 months to even have her hearing scheduled, this woman subsequently had to wait 9 more months, until February 1975, to obtain the decision on her claim. According to the Bureau of Hearings and Appeals, the delay was due to a shortage of clerical personnel which prevented the decision from being typed earlier.

While the average person may only have to wait up to a year for a hearing I am sure all my colleagues would agree that such delays are inconsistent with the intent of social security programs; namely, to provide insurance against loss of earnings in the event of retirement, death, or disability. Congress would be decision on his or her benefit claims, remiss to sit idly by and continue to allow people to suffer serious financial hardships because the Social Security Administration is incapable of acting promptly on their claims and payment problems.

The purpose of the Social Security Rights Act is to give individuals the right to receive emergency benefit payments under three circumstances: First, if they experience long delays in obtaining decisions on their social security; second, if they experience long delays in obtaining benefits for claims already approved; or third, if they are already receiving social security benefits and their monthly benefits are interrupted for no apparent reason.

A main factor contributing to the Bureau of Disability Insurance's present dilemma of huge backlogs of pending claims and payment problems was the Black Lung Benefits Act of 1972. This act liberalized black lung eligibility requirements and much of DBI's manpower had to be diverted to reprocesses over 200,000 black lung claims. Just when this monumental task was nearing completion, personnel were diverted to prepare for and to implement the new supplemental security income program, SSI, in January 1974. The situation was further complicated by a decision in early 1973 by the Office of Management and Budget by the Department of Health, Education, and Welfare to reduce the number of employees to be hired to administer SSI from 19,000 to 12,000. In addition, the number of disability insurance claims submitted per year has more than doubled in the last 8 years.

While it is understandable that major program changes or the establishment of extensive new programs impose heavy burdens on the administering agency, we must do everything possible to insure that these extra burdens and dislocations do not prevent individuals from receiving the benefits due them under the law. My main concern in introducing the Social Security Rights Act is for disability insurance claimants and disability insurance recipients, but it is conceivable that similar situations could occur in the future in other agencies or divisions of the Social Security Administration. Therefore, the emergency payment rights in this legislation are extended to recipients of retirement and survivors insurance as well.

I want to make it very plain that the Social Security Rights Act would not create any loopholes whereby social security recipients could double their benefits for one or more months by obtaining emergency payments. This bill would not change the present law with respect to a social security recipients' obligation to repay overpayments in benefits.

Section 2 of the Social Security Rights Act would permit individuals, who are already receiving social security benefits and whose check does not arrive within 5 days of the date regularly fixed for delivery, to submit a request to the Social

Security Administration for a replacement benefit check. The Social Security Administration would be required to provide any individual submitting a request with a duplicate check, or an explanation as to why he or she is not entitled to receive it, within 10 days.

Interruptions in monthly social security benefits can occur for a variety of reasons, from computer errors at the Bureau of Disability Insurance or other social security agency to mishandling by the U.S. Postal Service. Under present law—section 205q of the Social Security Act—recipients of social security benefits have the right to obtain duplicates of missing checks in 2 months. Through a congressional oversight, this "expedited payment" provision of the law does not apply to recipients of disability benefits. Last spring, I introduced a bill, H.R. 14878, to extend this provision to cover disability recipients.

However, after studying in more detail the interruption-of-payments problem and its disastrous financial effects on people who are totally dependent on social security payments, I felt we must provide stronger assurances to social security recipients that they can depend on their regular monthly benefits. I wonder how easily many of us could manage for months without one or more of our monthly paychecks? Census Bureau records show that 25 percent of families with incomes below the poverty level are social security recipients. According to Social Security Administration statistics, in March 1974, the average retired worker received $179.28 per month and disabled workers $196.66 per month. These people simply cannot and justly should not have to wait 2 months before they have the right to obtain benefits to which they are entitled when an error over which they have no control causes an interruption in their benefits.

Social Security Administration officials have argued that there is no necessity for legislation to provide social security recipients with the right to emergency payments because they already have procedures for expediting action in "critical cases" of payment problems. But constituents have contacted my office concerning their payment problems when after 3 or 4 months of "critical" action on their cases, no positive results were forthcoming. Interestingly, none of these individuals had been advised that they could have requested an "expedited payment" under section 205q of the Social Security Act. The "critical case" system has proved to be a fiasco. On more than one occasion, social security officials have contacted my office for assistance when after several months they were unable to get action through their own "critical case" procedures. Even if this system were effective, it is unfair because social security personnel, not the recipients involved, make the decisions as to whether payment problems are critical.

I was informed by a former civil servant of the Department of Health and Social Security of the United Kingdom, that in England, recipients of social security benefits can obtain duplicate benefit checks within 48 hours if their checks do not arrive on time. I am confident that the Social Security Administration has the administrative capability to issue duplicate checks in the 10 days required under section 2 of my bill.

Section 3 of the Social Security Rights Act would place limitations on the amount of time the Social Security Administration can spend in processing social security benefit claims at all levels of the determination and appeal process as follows: Initial claims, 90 days; reconsideration requests, 90 days; hearing requests, 120 days; and Appeals Council reviews, 120 days. The act would also give claimants the right to request and to receive emergency payments within 10 days, based on their earnings records, if they have not received notification of decisions on their claims within the specified periods of time, or if their claims have been approved but their benefit payments delayed.

The most recent figures released by the Social Security Administration show that in January 1975, the average processing time for initial disability claims was 110 days for allowed claims. However, before the present crisis situation, disability claim processing time averages have fluctuated between 60 and 90 days. Unfortunately, the actual number of days people must wait for decisions on their claims is even higher, as these statistics do not include mailing or transmittal time between the various sections of the Bureau of Disability Insurance involved in claim processing. The length of time spent in processing allowed reconsideration determinations is generally slightly longer than for initial disability determinations.

The average processing time for hearing decisions has jumped in the last 8 years from 93 to 213 days as of December 1974. This figure represents the amount of time elapsed from the date a hearing request is made until the date of the decision. Even more shocking are the statistics for region V, the Chicago region, in which my district is located, where the average hearing processing time is 254 days.

A House Ways and Means Committee staff report on the disability insurance program, released in July 1974, concluded that because of the extra burden of over 40,000 black lung cases which are now reaching the hearing stage, the Bureau of Hearings and Appeals will "be in a real crisis when the full impact of the SSI appeals is felt" in 1975. Since the SSI program only got underway in January 1974, few SSI appeals had reached the hearing level last year.

In spite of the extra burdens imposed on the Bureau of Disability Insurance and the Bureau of Hearings and Appeals because of the black lung and SSI programs, there are a great number of administrative changes the Social Security Administration can make to eliminate the present backlog of claims and to speed up and improve the disability determination and appeals process. Some alternatives are discussed in the Ways and Means disability report.

Although the disability claim workload has been growing at a staggering rate in recent years, it is apparent that the Bureau of Disability Insurance has been content to continue using antiquated claim processing methods. For example, the Ways and Means report points out that a 1959 GAO study "indicated that the handling of applications for disability benefits by the State agencies is cumbersome and results in unnecessary costs and excessive processing time." The Ways and Means report states that "many of the deficiencies noted in the GAO study still appear to exist" and that "the Ways and Means Committee has not yet received a report on these matters" from the Social Security Administration as recommended by the GAO in 1959.

A GAO report of April 1974 on the Social Security Administration's automated information processing systems concluded that the SSA was using first-generation computer systems on third-generation computer equipment, and that the redesign of these systems would result in more efficient and less costly information processing. Perhaps redesigning these systems could markedly improve the Bureau of Disability Insurance's ability to promptly resolve benefit payment mixups.

It is clear that there is a serious problem within the Bureau of Disability Insurance and the Bureau of Hearings and Appeals. I am not in a position to decide what particular actions the Social Security Administration should take, but they must implement immediate and significant changes in their operations in order to meet their obligations to workers insured under social security.

Congress has established emergency payment procedures for SSI recipients and passed legislation last year to reimburse the States for making payments to individuals presumed to be disabled who are awaiting decisions on their SSI disability claims. A large percentage of social security disability claimants and recipients are in just as dire financial situations as those under SSI. Given the fact that these disability claimants have paid payroll taxes over the years, the Social Security Administration has an even stronger obligation to provide them with emergency assistance when the Government is responsible for long delays in making claim decisions or in paying benefits due.

I receive more complaints from my constituents about the social security disability insurance program and about the hearings and appeals process than I receive concerning any other Federal program or agency, and the quantity of these complaints continues to increase every month. This is a significant indication to me that the social security system is breaking down. I hope that along with acting on social security refinancing, that the new Social Security Subcommittee will make the problems in disability claims and payment processes a top priority this year.

A copy of the bill I have introduced follows these remarks:

H.R. ——

A bill to amend title II of the Social Security Act to require that procedures be established for the expedited replacement of undelivered benefit checks, to require that decisions on benefit claims be made within specified periods and to require that payment of benefits on approved claims begin promptly

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Social Security Rights Act of 1975".

EXPEDITED REPLACEMENT OF LOST, STOLEN, OR UNDELIVERED BENEFIT CHECKS

SEC. 2. (a) Section 205 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"EXPEDITED REPLACEMENT OF LOST, STOLEN, OR UNDELIVERED BENEFIT CHECKS

"(r) In any case in which the check issued to or for an individual in payment of any benefit due him or her under this title is lost or stolen or for any other reason has not reached him or her on the day regularly fixed for delivery of such check or within five days thereafter, such individual may submit to the Secretary a written request (in such manner and form as the Secretary shall prescribe in regulations) for the issuance of a new check in replacement thereof; and the Secretary shall take such action as may be necessary to assure that, within no more than 10 days after such request is submitted, either (1) the replacement check is issued and delivered to such individual as requested or (2) a full and complete explanation of the reasons why the individual is not entitled to the check for which he or she has requested a replacement shall be furnished to the individual in writing."

(b) Section 205(q) of such Act is amended by adding at the end thereof the following new paragraph:

"(6) Nothing in this subsection shall require any individual to utilize the procedures established under paragraph (1) with respect to any allegation or claim, in lieu of the procedures established under subsection (r), if the allegation or claim is one to which subsection (r) is applicable."

TIME LIMITATIONS FOR DECISIONS ON BENEFIT CLAIMS AND FOR PAYMENT OF BENEFITS ON APPROVED CLAIMS

SEC. 3. Section 205(b) of the Social Security Act is amended—

(1) by inserting "(1)" after "(b)"; and

(2) by adding at the end thereof the following new paragraphs:

"(2)(A) Subject to subparagraph (B)—

"(i) the decision of the Secretary as to the rights of any individual initially applying for a payment under this title shall be made within 90 days after application for such payment is filed;

"(ii) the decision of the Secretary on a reconsideration of any decision described in clause (i) shall be made within 90 days after application for such reconsideration is filed; and

"(iii) the decision of the Secretary upon any hearing held with respect to any decision described in clause (i), whether affirming, modifying, or reversing such decision, shall be made within 120 days after the request for such hearing is filed.

"(iiii) the decision of the Secretary upon any Appeals Council review held with respect to any decision described in clause (i), whether affirming, modifying, or reversing such decision, shall be made within 120 days after the request for such a review is filed or after the Appeals Council itself makes a decision to review a decision.

"(B) If any decision with respect to the right of an individual to any monthly benefit under this title is not made within the period specified in the applicable clause of subparagraph (A), such individual shall upon request (and within 10 days of making such request) be paid an amount equal to such monthly benefit as determined solely on the basis of such individual's application and the applicable record of wages and self-employment income; and if such decision remains unmade at the end of any calendar month beginning after the close of such period, such individual shall upon request (and within 10 days of making such request) be paid an additional amount equal to such benefit as so determined.

"(C) Amounts paid to an individual under subparagraph (B) shall in no event be considered overpayments for purposes of section 204.

"(3) Whenever an individual claim to monthly benefits under this title is approved, payment of such benefits shall begin no later than the day regularly fixed for delivery of benefit checks in the second month following the month in which the claim was approved. If the benefit check is not received by such individual on such day or within the succeeding 5 days thereafter, such individual shall upon request (and within 10 days of making such request) be paid an amount equal to the monthly benefit so approved; and if the benefit check is not received by such individual on the day regularly fixed for delivery of checks in any subsequent months or within 5 days thereafter, such individual shall upon request (and within 10 days of making such request) be paid an additional amount equal to the monthly benefit so approved."

EFFECTIVE DATES

SEC. 4. The amendments made by section 2 shall apply with respect to checks issued in payment of amounts due for months after the month in which this Act is enacted. The amendments made by section 3 shall apply with respect to applications (for payment or reconsideration) and requests (for hearings or Appeals Council Review) made, and claims approved, on or after the date of the enactment of this Act.

PERSONAL EXPLANATION

(Mr. BRADEMAS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, I insert in the Record at this point a statement regarding two recorded votes I missed on March 14, 1975, and an indication of how I would have voted had I been present.

I refer first to rollcall No. 52, a vote on an amendment by the gentleman from Ohio (Mr. Seiberling) to H.R. 25, the Surface Mining Control and Reclamation Act, to require that the Director of the Office of Surface Mining and Reclamation and Enforcement report directly to the Assistant Secretary of the Interior for Land and Water Resources and to reduce the salary of the Director from level V of the executive schedule to level IV. The amendment was agreed to by a vote of 145 to 100. Had I been present, I would have voted in favor of the amendment.

I refer second to rollcall No. 53, a vote on an amendment by the gentleman from New York (Mr. Ottinger) to H.R. 25, the Surface Mining Control and Reclamation Act, to transfer the responsibility of administering the bill from the Department of the Interior to the Environmental Protection Agency in consultation with the Department of the Interior. The amendment was rejected by a vote of 67 to 174. Had I been present, I would have voted in favor of the amendment.

Mr. Speaker, I also insert in the Record a statement regarding two recorded votes I missed on March 17, 1975, and an indication of how I would have voted had I been present.

I must explain, Mr. Speaker, that on this day I was privileged to be with President Ford during his visit to South Bend, Ind., and the University of Notre Dame, in the congressional district I have the honor to represent.

I refer first to rollcall No. 55, a vote on an amendment by the gentleman from Pennsylvania (Mr. McDade) to H.R. 25, the Surface Mining Control and Reclamation Act, to abolish the proposed reclamation fee and to finance the Abandoned Mine Reclamation Fund with $200 million per year from Outer Continental Shelf leasing revenues. The amendment was rejected by a vote of 140 to 250. Had I been present, I would have voted against the amendment.

I refer second to rollcall No. 56, a vote on an amendment by the gentlewoman from Maryland (Mrs. Spellman) to H.R. 25, the Surface Mining Control and Reclamation Act, to prohibit the issuance of any permits for surface coal mining on slopes of 20 degrees or more. The amendment was rejected by a vote of 136 to 262. Had I been present, I would have voted in favor of the amendment.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Mosher (at the request of Mr. Rhodes), for March 20 and 21, 1975, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Hyde) to revise and extend their remarks and include extraneous material:)

Mr. Cleveland, for 15 minutes, today.

Mr. Cleveland, for 15 minutes, March 21, 1975.

Mr. Railsback, for 5 minutes, today.

Mr. Edwards of Alabama, for 5 minutes, today.

Mr. Talcott, for 5 minutes, today.

Mr. Shriver, for 5 minutes, today.

Mr. Crane, for 30 minutes, March 21, 1975.

Mr. Frenzel, for 60 minutes, March 21, 1975.

Mr. Heinz, for 30 minutes, today.

(The following Members (at the request of Mr. Hannaford) and to revise and extend their remarks and include extraneous matter:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Montgomery, for 5 minutes, today.

Mr. McFall, for 15 minutes, today.

Ms. Abzug, for 5 minutes, today.

Mr. Fithian, for 5 minutes, today.

Mr. Waxman, for 5 minutes, today.

Mr. Mottl, for 5 minutes, today.

Mr. AuCoin, for 10 minutes, today.

Mr. Mezvinsky, for 5 minutes, today.

Ms. Holtzman, for 10 minutes, today.

Mr. Fraser, for 10 minutes, today.

Mr. Alexander, for 15 minutes, today.

Mr. Brademas, for 5 minutes, today.

Mr. Hays of Ohio, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Rosenthal and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $1,251.

Mr. Conable and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $2,700.

(The following Members (at the request of Mr. Hyde) and to include extraneous matter:)

Mr. Gilman in three instances.

Mr. Horton.

Mr. Sarasin.

Mr. Anderson of Illinois in three instances.

Mr. Crane.

Mr. Fish.

Mr. Kemp in two instances.

Mr. Carter.

Mr. Derwinski.

Mr. Conable in two instances.

Mr. Archer.

Mr. Findley.

Mr. Rhodes in two instances.

Mr. Ashbrook in two instances.

Mr. Cohen.

Mr. Talcott in two instances.

Mr Goldwater.

Mr. Bob Wilson.

Mrs. Heckler of Massachusetts.

Mr. Edwards of Alabama.

Mr. Peyser.

(The following Members (at the request of Mr. Hannaford) and to include extraneous matter:)

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mrs. Chisholm.

Mr. Fraser.

Mr. Montgomery.

Mr. Minish in two instances.

Mr. AuCoin.

Mr. Bolling.

Mr. Milford.

Mr. Hughes.

Mr. Dominick V. Daniels.

Mr. McDonald of Georgia in four instances.

Mr. Harrington.

Mr. Mikva.

Mr. Minish.

Mr. Eilberg.

Mr. Solarz.

Mr. Lloyd of California.

Mr. St Germain.

Mr. Rangel.

Mr. Mineta.

Mr. Rosenthal.

Mr. Hays of Ohio.

Mr. Symington.

Mr. Drinan.

Mrs. Spellman.

Mr. Byron.

ADJOURNMENT

Mr. HANNAFORD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock p.m.), the House adjourned until tomorrow, Friday, March 21, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

617. A letter from the President of the United States, transmitting nine drafts of proposed legislation to place a temporary 5-percent ceiling on pay increases for Federal employees and in benefit payments to individuals that are connected by law to consumer prices (H. Doc. 94–82); jointly, to the Committees on Post Office and Civil Service, Armed Services, International Relations, Ways and Means, Agriculture, and Education and Labor, and ordered to be printed.

618. A letter from the Deputy Under Secretary of Labor for Legislative Affairs, transmitting the 14th annual report on compliance, enforcement, and reporting under the Labor-Management Reporting and Disclosure Act; to the Committee on Education and Labor.

619. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting an amendment to the published regulations governing financial assistance under the Environmental Education Act, as amended, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

620. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting notice of proposed priorities for fiscal year 1975 for applications for awards under section 106 of the Higher Education Act, as amended, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

621. A letter from the Executive Secretary to the Department of Health, Education, and Welfare, transmitting notice of proposed rules to govern public service education institutional grants and fellowships, pursuant to section 431(d)(1) of the General Education Provisions Act, as amended; to the Committee on Education and Labor.

622. A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting a report on recommendations and actions related thereto contained in the report of the U.S. Air Force Academy Board of Visitors dated June 15, 1973, pursuant to section 6(b) of the Federal Advisory Committee Act (H. Doc. 94–83); to the Committee on Government Operations and ordered to be printed.

623. A letter from the Administrator of General Services transmitting a report proposing and explaining regulations to provide public access to the tape recordings and historical materials of former President Richard M. Nixon, pursuant to section 104(a) of Public Law 93–526; to the Committee on House Administration.

624. A letter from the Acting Director of Territorial Affairs, Department of the Interior, transmitting the annual reports of the Government Comptroller of Guam on the fiscal conditions of the government of Guam and the Trust Territory of the Pacific Islands for fiscal year 1974, pursuant to section 9-A(g) of the Organic Act of Guam, as amended, and section 2 of the Public Law 93–111, respectively; to the Committee on Interior and Insular Affairs.

625. A letter from the Acting Executive Director, Council on International Economic Policy, transmitting a draft of proposed legislation to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, and for other purposes; to the Committee on International Relations.

626. A letter from the Chairman, Federal Power Commission, transmitting the first four reports in the Commission's national power survey series; to the Committee on Interstate and Foreign Commerce.

Received From the Comptroller General

627. A letter from the Comptroller General of the United States, transmitting a report on improvements needed to achieve more equitable treatment of employees in the administration of holidays overseas; to the Committee on Government Operations.

628. A letter from the Comptroller General of the United States, transmitting a report on fire safety in federally funded skilled nursing facilities participating in medicare and medicaid; to the Committee on Government Operations.

629. A letter from the Comptroller General of the United States, transmitting a report on weaknesses in administration of the Department of Housing and Urban Development's program to correct defects in housing insured under its section 235 program; jointly, to the Committees on Government Operations, and Banking, Currency and Housing.

630. A letter from the Comptroller General of the United States, transmitting a report on ways to improve administration of the Federal Employees' Compensation Act benefits program; jointly, to the Committees on Government Operations, and Education and Labor.

631. A letter from the Comptroller General of the United States, transmitting a report on the outlook for accelerating Federal leasing of oil and gas resources on the Outer Continental Shelf; jointly, to the Committees on Government Operations, and Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PERKINS: Committee on Education and Labor. H.R. 46. A bill to provide for the development and implementation of programs for youth camp safety; with an amendment (Rept. No. 94–97). Referred to the Committee of the Whole House on the State of the Union.

Mr. SLACK: Committee on Appropriations. House Resolution 309. Resolution disapproving the deferral of certain budget authority relating to the Department of Commerce, National Oceanic and Atmospheric Administration, proposed in the President's special message of November 26, 1974, transmitted under section 1013 of the Impoundment Control Act of 1974, and subsequently revised in the supplementary message of January 30, 1975, transmitted under section 1014(c) of such act (Rept. No. 94–98). Referred to the Committee of the Whole House on the State of the Union.

Mr. TEAGUE: Committee on Science and Technology. H.R. 4723. A bill authorizing appropriations to the National Science Foundation for fiscal year 1976 (Rept. No. 94–99). Referred to the Committee of the Whole House on the State of the Union.

Mr. PRICE: Joint Committee on Atomic Energy. H.R. 4224. A bill to authorize supplemental appropriations to the Nuclear Regulatory Commission for fiscal year 1975 (Rept. No. 94–100). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 543. A bill to expend coverage of the Rehabilitation and Betterment Act (act of October 7, 1949, 63 Stat. 724); with an amendment (Rept. No. 94–102). Referred to the Committee of the Whole House on the State of the Union.

Mr. HALEY: Committee on Interior and Insular Affairs. H.R. 3109. A bill to authorize appropriations for the saline water conversion program for fiscal year 1976; with an amendment (Rept. No. 94–103). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. H.R. 4834. A bill to revise certain provisions of title 5, United States Code, relating to per diem and mileage expenses of Government employees, and for other purposes (Rept. No. 94–104). Referred to the Committee of the Whole House on the State of the Union.

Mr. FLOWERS: Committee on the Judiciary. H.R. 1244. A bill to establish procedures and regulations for certain protective services provided by the U.S. Secret Service. With amendments (Rept. No. 94–105, part I.) Ordered to be printed.

Mr. BOLLING: Committee on Rules. House Resolution 351. A resolution providing for the consideration of H.R. 4035. A bill to provide for more effective congressional review of administrative actions which exempt petroleum products from the Emergency Petroleum Allocation Act of 1973, or which result in a major increase in the price of domestic crude oil; and to provide for an interim extension of certain expiring energy authorities (Rept. No. 94–106). Referred to the House Calendar.

Mr. MADDEN: Committee on Rules. House Resolution 352. A resolution providing for the consideration of H.R. 4222. A bill to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs (Rept. No. 94–107). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAZZOLI: Committee on the Judiciary. H.R. 1410. A bill for the relief of Samuel T. Ansley; with amendments (Rept. No. 94–101). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALEXANDER:

H.R. 5229. A bill to authorize a local public works capital development and investment program; to the Committee on Public Works and Transportation.

By Mr. ANDERSON of Illinois:

H.R. 5230. A bill to amend title 5, United States Code, to provide that appointments in the competitive service shall be made without regard to any political recommendation; to the Committee on Post Office and Civil Service.

By Mr. ANDREWS of North Dakota:

H.R. 5231. A bill to amend the Consolidated Farm and Rural Development Act; to the Committee on Agriculture.

By Mr. ASHBROOK:

H.R. 5232. A bill to amend the Internal Revenue Code of 1954 to increase the exemption for purposes of the Federal estate tax from $60,000 to $120,000; to the Committee on Ways and Means.

By Mr. BEARD of Rhode Island (for himself, Mr. Hechler of West Virginia, Mr. Brown of California, Mr. Solarz, Mr. Ottinger, Mr. Carr, Mr. Murphy of Illinois, Mr. Harrington, Mr. St Germain, Mr. Downey, Ms. Abzug, Mrs. Schroeder, Mr. Long of Maryland, Mr. Hawkins, Mr. Stokes, Ms. Holtzman, Mr. Gilman, Mr. Mazzoli, and Mr. Hannaford):

H.R. 5233. A bill to require State inspections of public and private extended care facilities, skilled nursing homes, and intermediate care facilities and to require State enforcement of guarantees of rights of the patients in such facilities; to the Committee on Interstate and Foreign Commerce.

By Mr. BELL (for himself, Mr. Hicks, Mr. Hechler of West Virginia, Mr. Rodino, Mr. Burgener, Mr. Whitehurst, Mr. Lloyd of California, Mr. Evans of Indiana, Ms. Abzug, Mr. O'Brien, Mr. Ottinger, and Mr. Mr. Carr):

H.R. 5234. A bill to establish criteria to be observed by approving entities for federally assisted postsecondary education programs in order to protect students in such programs; to the Committee on Education and Labor.

By Mr. BERGLAND (for himself, Mr. Poage, Mr. De la Garza, Mr. English, Mr. Fithian, Mr. Hagedorn, Mr. Harkins, Mr. Hightower, Mr. Jeffords, Mr. Johnson of Colorado, Mr. Madigan, Mr. Richmond, Mr. Sebelius, Mr. Thone, Mr. Weaver, and Mr. Litton):

H.R. 5235. A bill to amend the Emergency Livestock Credit Act of 1974; to the Committee on agriculture.

By Mr. CARTER (for himself and Mr. Preyer):

H.R. 5236. A bill to establish an Office of Rural Health within the Department of Health, Education, and Welfare, and to assist in the development and demonstration of rural health care delivery models and components; to the Committee on Interstate and Foreign Commerce.

By Mr. COHEN:

H.R. 5237. A bill to provide for additional sentences for commission of a felony with use of a firearm; to the Committee on the Judiciary.

By Mr. DOMINICK V. DANIELS (for himself, Mr. Esch, Mr. Peyser, Mr. Ford of Tennessee, and Mrs. Smith of Nebraska):

H.R. 5238. A bill to provide for the development and implementation of programs for youth camp safety; to the Committee on Education and Labor.

By Mr. DOMINICK V. DANIELS (for himself and Mr. Eilberg):

H.R. 5239. A bill to authorize appropriations for fiscal year 1976 for carrying out title VI of the Comprehensive Employment and Training Act of 1973; to the Committee on Education and Labor.

By Mr. DAVIS (for himself, Mr. Badillo, Mr. Brodhead, Mr. Brown of California, Ms. Burke of California, Ms. Collins of Illinois, Mr. Diggs, Mr. Eilberg, Mr. Ford of Michigan, Mr. Ford of Tennessee, Mr. Hechler of West Virginia, Ms. Jordan, Mr. Moakley, Mr. Murphy of New York, Mr. Nix, Mr. Ottinger, Mr. Stokes, Mr. Traxler, and Mr. Won Pat):

H.R. 5240. A bill to provide financial assistance to local educational agencies for the construction of public elementary and secondary schools; to the Committee on Education and Labor.

By Mr. FITHIAN:

H.R. 5241. A bill to amend the act establishing the Indiana Dunes National Lakeshore to provide for the expansion of the lakeshore, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. FOLEY (for himself, Mr. Wampler, and Mr. Bergland):

H.R. 5242. A bill to amend the act of August 31, 1922, to prevent the introduction and spread of diseases and parasites harmful to honeybees, and for other purposes; to the Committee on Agriculture.

By Mr. FRASER (for himself, Mr. Bingham, Mr. Udall, Mr. Bedell, Mr. Baldus, Mrs. Burke of California, Mr. Carr, Mr. D'Amours, Mr. Evins of Tennessee, Mr. Gude, Mr. Hannaford, Mr. Harrington, Mr. Levitas, Mr. Moakley, Mr. Neal, Mr. Pattison of New York, Mr. Pressler, Mr. Richmond, and Mr. Sarbanes):

H.R. 5243. A bill to provide that all petroleum imported into the United States after September 1, 1975, shall not be available for purchase other than by the Government of the United States; jointly to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. HEINZ (for himself, Mr. Moorhead of Pennsylvania, Mr. McDade, Mr. Myers of Indiana, Mr. Santini, Mr Yatron, and Mr. Cohen):

H.R. 5244. A bill to amend the Interstate Commerce Act to provide assistance in rebuilding the Nation's railroad rights-of-way, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HELSTOSKI:

H.R. 5245. A bill to amend the Internal Revenue Code of 1954 to provide a repayment for part of the Federal excise tax paid on gasoline and special fuels used in taxicabs; to the Committee on Ways and Means.

By Ms. HOLTZMAN (for herself and Mr. Rodino):

H.R. 5246. A bill to amend title 18 of the United States Code to prohibit certain forms of economic coercion based on religion, race, national origin, sex, or certain other factors; to the Committee on the Judiciary.

By Mr. JONES of Alabama (for himself, Mr. Roe, Mr. O'Neill, Mr. McFall, Mr. Wright, Mr. Johnson of California, Mr. Roberts, Mr. McCormack, Ms. Abzug, Mr. Breaux, Mr. Studds, Mr. Holland, Mr. Howe, Mr. Oberstar, Mr. Nowak, and Mrs. Lloyd of Tennessee):

H.R. 5247. A bill to authorize a local public works capital development and investment program; to the Committee on Public Works and Transportation.

By Mr. JONES of Alabama (for himself, Mr. Roe, Mr. Howard, Mr. Anderson of California, Mr. Roncalio, Mr. James V. Stanton, Mr. Ginn, and Mr. Mineta):

H.R. 5248. A bill to authorize a local public works capital development and investment program; to the Committee on Public Works and Transportation.

By Mr. KASTENMEIER (for himself, Mr. Steelman, Mr. Beard of Rhode Island, Mr. Bedell, Mr. Bingham, Mr. Bolling, Mr. Brown of California, Mr. Burgener, Mr. John L. Burton, Mr. Carr, Mr. Conyers, Mr. D'Amours, Mr. Emery, Mr. Esch, Mr. Evans of Indiana, Mr. Fascell, Mrs. Fenwick, Mr. Fish, Mr. Fithian, Mr. Forsythe, Mr. Fraser, Mr. Hammerschmidt, Mr. Hannaford, Mr. Hechler of West Virginia, and Mr. Hillis):

H.R. 5249. A bill to require candidates for Federal office, Members of the Congress, and officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions; jointly to the Committees on the Judiciary and Standards of Official Conduct.

By Mr. KASTENMEIER (for himself, Mr. Steelman, Mr. Jenrette, Ms. Keys, Mr. Lent, Mr. Madigan, Mr. McCormack, Mr. McHugh, Mr. Mitchell of New York, Mr. Moakley, Mr. Moffett, Mr. Nedzi, Mr. Preyer, Mr. Pritchard, Mr. Richmond, Mr. Rinaldo, Mr. Rogers, Mr. Sarbanes, Mrs. Schroeder, Mr. Sharp, Mrs. Spellman, Mr. Talcott, Mr. Udall, Mr. Vander Veen, and Mr. Vigorito):

H.R. 5250. A bill to require candidates for Federal office, Members of the Congress, and officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions; jointly to the Committees on the Judiciary and Standards of Official Conduct.

By Mr. KASTENMEIER (for himself, Mr. Steelman, Mr. Weaver, Mr. Whalen, Mr. Whitehurst, Mr. Wirth, Mr. Wolff, and Mr. Harkin):

H.R. 5251. A bill to require candidates for Federal office, Members of the Congress, and officers and employees of the United States to file statements with the Comptroller General with respect to their income and financial transactions; jointly to the Committees on the Judiciary and Standards of Official Conduct.

By Mr. LEGGETT:

H.R. 5252. A bill to amend chapter 67 of title 10, United States Code, to grant eligibility for retired pay to reservists serving in an inactive status before August 16, 1945, and for other purposes; to the Committee on Armed Services.

H.R. 5253. A bill to amend section 1331(c) of title 10, United States Code, to authorize the granting of retired pay to persons otherwise qualified who were Reserves before August 16, 1945, and who served on active duty during the so-called Berlin crisis, and for other purposes; to the Committee on Armed Services.

H.R. 5254. A bill to amend chapter 79 of title 10, United States Code, to make more feasible the personal appearance of a petitioner before a board authorized to correct discharges and dismissals from the Armed Forces by establishing regional boards of review, and to amend chapter 49 of such title to prohibit the inclusion of certain information on discharge certificates, and for other purposes; to the Committee on Armed Services.

H.R. 5255. A bill to amend title 5, United States Code, to remove the prohibition on the concurrent payment of compensation for disability on account of a civilian work injury and of retired pay for a different disability incurred in service wth the U.S. Armed Forces, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 5256. A bill to amend title 38 of the United States Code to remove the existing limitation on the amount of educational assistance which may be received by certain persons who are entitled to both war orphans' educational assistance and veterans' educational assistance; to the Committee on Veterans' Affairs.

Mr. LONG of Maryland:

H.R. 5257. A bill to increase civil service retirement annuities of certain employees who retired before July 18, 1966, with reduced annuities; to the Committee on Post Office and Civil Service.

Mr. MACDONALD of Massachusetts:

H.R. 5258. A bill to extend on an interim basis the jurisdiction of the United States over certain ocean areas and fish in order to protect the domestic fishing industry, and for other purposes; to the Committee on Merchant Marine and Fisheries.

H.R. 5259. A bill to amend title II of the Social Security Act to provide that an individual may qualify for disability insurance benefits and the disability freeze if he has 40 quarters of coverage, regardless of when such quarters were earned; to the Committee on Ways and Means.

By Mr. MELCHER (for himself and Mr. Runnels):

H.R. 5260. A bill to authorize the Secretary of the Interior to establish on certain public lands of the United States national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MELCHER (for himself, and Mr. Baucus):

H.R. 5261. A bill to amend the Public Works and Economic Development Act of 1965 in order to establish a regional impact and development assistance program; to the Committee on Public Works and Transportation.

By Mr. MELCHER (for himself, Mr. Bell, Mr. Esch, Mr. Heinz, Mrs. Spellman, and Mr. Andrews of North Dakota):

H.R. 5262. A bill to authorize the Secretary of the Interior to establish on certain public lands of the United States national petroleum reserves the development of which needs to be regulated in a manner consistent with the total energy needs of the Nation, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. MITCHELL of Maryland (for himself, Mr. Hannaford, Ms. Spellman, Mr. Downey, Ms. Heckler of Massachusetts, and Mr. Moakley):

H.R. 5263. A bill to provide for the monthly publication of a Consumer Price Index for the Elderly and to provide for studies to be made with regard to utilizing such index in determining cost-of-living adjustments authorized in certain Federal programs for individuals who are at least 62 years of age; to the Committee on Education and Labor.

By Mr. MITCHELL of Maryland (for himself, Mr. Ford of Tennessee, Mr. Metcalfe, Mr. Roe, Mr. Koch, Mr. Diggs, Ms. Burke of California, Mr. Ryan, Mr. Moakley, Mr. Stark, and Mr. Jenrette):

H.R. 5264. A bill to amend the Public Health Service Act to provide for the control of vitiligo; to the Committee on Interstate and Foreign Commerce.

By Mr. MITCHELL of Maryland (for himself, Mr. Rangel, Mr. Brown of California, Mr. Melcher, Mr. Yatron, Mr. Dellums, Mr. Harrington, Mr. Miller of California, Mr. John L. Burton, Mr. Badillo, Mr. Rodino, Mr. Ottinger, Mr. Roybal, Mr. Won Pat, Mr. Richmond, Ms. Schroeder, Mr. Pepper, Mr. Fraser, Ms. Holtzman, Mr. Solarz, and Ms. Collins of Illinois):

H.R. 5265. A bill to amend the Public Health Service Act to provide for the control of vitiligo; to the Committee on Interstate and Foreign Commerce.

By Mr. PEYSER:

H.R. 5266. A bill to restrict changes in the standards for slaughter cattle and carcass beef; to the Committee on Agriculture.

By Mr. RAILSBACK (for himself and Mr. Kindness):

H.R. 5267. A bill to amend the Internal Revenue Code of 1954 to raise the estate tax exemption from $60,000 to $185,000; to the Committee on Ways and Means.

By Mr. RAILSBACK (for himself, Mr. Kastenmeier, Mr. McHugh, Mr. Ottinger, Mr. Reuss, Mr. Rogers, Mr. Madigan, and Mr. Sarbanes):

H.R. 5268. A bill to regulate lobbying and related activities; jointly to the Committees on the Judiciary and Standards of Official Conduct.

By Mr. REES:

H.R. 5269. A bill to amend title 39, United States Code, to provide for the furnishing of certain information with charitable solicitations sent through the mail, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. RISENHOOVER:

H.R. 5270. A bill to modify the McClellan-Kerr Arkansas River navigation system; to the Committee on Public Works and Transportation.

By Mr. RODINO (for himself Mr. Simon, Mr. Baucus, Mr. Symington, Mr. Hawkins, Mr. Fulton, Mr. Duncan of Oregon, and Mrs. Spellman):

H.R. 5271. A bill to amend the Voting Rights Act of 1965 to extend certain provisions for an additional 10 years and to make permanent the ban against certain prerequisites to voting; to the Committee on the Judiciary.

By Mr. ROONEY:

H.R. 5272. A bill to amend the Noise Control Act of 1972 to authorize additional appropriations; to the Committee on Interstate and Foreign Commerce.

By Mr. RUPPE:

H.R. 5273. A bill to grant an alien child adopted by an unmarried U.S. citizen the same immigrant status as an alien child adopted by a U.S. citizen and his spouse; to the Committee on the Judiciary.

By Mr. RUPPE (for himself, Mr. Cederberg, and Mr. Vander Jagt):

H.R. 5274. A bill to provide compensation for beef, swine, poultry, and egg producers and farmers, dairy farmers, and manufacturers of dairy products; to the Committee on Agriculture.

By Mr. RUPPE (for himself and Mr. Obey):

H.R. 5275. A bill to amend section 103(c)(4) of the Internal Revenue Code of 1954 to permit industrial development bonds to be issued to finance recycling facilities; to the Committee on Ways and Means.

By Mr. SEIBERLING:

H.R. 5276. A bill to amend title II of the Social Security Act to require that procedures be established for the expedited replacement of undelivered benefit checks, to require that decisions on benefit claims be made within specified periods, and to require that payment of benefits on approved claims begin promptly; to the Committee on Ways and Means.

By Mr. STAGGERS:

H.R. 5277. A bill to amend the National School Lunch and Child Nutrition Acts in order to extend and revise the special food service program for children and the school breakfast program, and for other purposes related to strengthening the school lunch and child nutrition programs; to the Committee on Education and Labor.

By Mr. THONE:

H.R. 5278. A bill to amend the Uniform Time Act of 1966 to provide that daylight saving time shall begin on Memorial Day and end on Labor Day of each year; to the Committee on Interstate and Foreign Commerce.

By Mr. VANIK (for himself and Mr. Leggett):

H.R. 5279. A bill to amend the Emergency Petroleum Allocation Act of 1973 to prohibit the President from increasing the price of certain crude oil by more than $1 per barrel per year; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITEHURST:

H.R. 5280. A bill to establish a Special Advisory Council on Social Security

Financing; to the Committee on Ways and Means.

By Mr. WHITEHURST (for himself, Mr. Horton, and Mr. Lott):

H.R. 5281. A bill to direct the Secretary of Defense to continue to operate and maintain the commissary stores of the agencies of the Department of Defense; to the Committee on Armed Services.

By Mr. WHITEHURST (for himself and Mr. Lent):

H.R. 5282. A bill to amend title 38, United States Code, to provide that remarriage of the widow of a veteran after age 60 shall not result in termination of dependency and indemnity compensation; to the Committee on Veterans' Affairs.

By Mr. YATRON:

H.R. 5283. A bill to revise the black lung benefits program to transfer the residual liability for the payment of benefits under such program from the Federal Government to the coal industry, and for other purposes; to the Committee on Education and Labor.

By Mr. YOUNG of Florida:

H.R. 5284. A bill to amend title II of the Social Security Act to provide that the marriage or remarriage of an individual entitled to widow's, widower's or parent's insurance benefits shall not terminate such individual's entitlement to benefits or reduce the amount thereof; to the Committee on Ways and Means.

By Mr. BRINKLEY:

H.R. 5285. A bill to establish the Federal Housing Administration as an independent Federal agency and to provide a statutory basis for the administration by such agency of standard risk programs under the National Housing Act; to the Committee on Banking, Currency and Housing.

By Mr. BYRON (for himself, Mr. Collins of Texas, Mr. Eshleman, Mr. Goldwater, Mr. Mosher, Mr. Pattison of New York, and Mr. Seiberling):

H.R. 5286. A bill to prevent the estate tax law from operating to encourage or to require the destruction of open lands and historic places, by amending the Internal Revenue Code of 1954 to provide that real property which is farmland, woodland, or open land and forms part of an estate may be valued, for estate tax purposes, at its value as farmland, woodland or open land (rather than at its fair market value), and to provide that real property which is listed on the National Register of Historic Places may be valued, for estate tax purposes, at its value for its existing use, and to provide for the revocation of such lower evaluation and recapture of unpaid taxes with interest in appropriate circumstances; to the Committee on Ways and Means.

By Mr. CLEVELAND (for himself, Mr. Wright, Mr. Conte, Mr. Downey, Mr. Hannaford, Mr. Murphy of New York, Mr. Florio, and Mr. Pattison of New York):

H.R. 5287. A bill to amend title II of the Federal Water Pollution Control Act to provide for State certification; to the Committee on Public Works and Transportation.

By Mr. EVANS of Indiana (for himself, Mr. Rosenthal, Mr. Ottinger, Mr. Murtha, Mr. Eilberg, Mr. Harrington, Mr. Drinan, Mr. Roybal, Mr. Lloyd of California, Mr. Ford of Tennessee, Mr. Mitchell of Maryland, Mr. Ryan, Mr. Jenrette, Mr. Moore, and Mr. Stokes):

H.R. 5288. A bill to direct the Secretary of the Treasury to study the increased tax burden on low- and moderate-income individuals resulting from the effect of inflation on the existing Federal income tax structure; to the Committee on Ways and Means.

By Mr. FRASER (for himself, Mr. Bingham, Mr. Udall, Ms. Abzug, and Mr. Scheuer):

H.R. 5289. A bill to provide that all petroleum imported into the United States after September 1, 1975, shall not be available for purchase other than by the Government of the United States; jointly to the Committees on Ways and Means and Interstate and Foreign Commerce.

By Mr. FRENZEL:

H.R. 5290. A bill to amend the Immigration and Nationality Act to permit adoption of more than two children; to the Committee on the Judiciary.

By Mr. FRENZEL (for himself and Mr. Regula):

H.R. 5291. A bill to expand competition, provide improved consumer services, strengthen the ability of financial institutions to adjust to changing economic conditions, and improve the flows of funds for mortgage credit; jointly to the Committees on Banking, Currency and Housing and Ways and Means.

By Mr. KEMP:

H.R. 5292. A bill to amend chapter 44 of title 18 of the United States Code (respecting firearms) to penalize the use of firearms in the commission of any felony and to increase the penalties in certain related existing provisions; to the Committee on the Judicary.

By Mr. KEMP (for himself, Mr. Goldwater, Mr. Guyer, Mr. Sebelius, Mr. Cochran, Mr. Treen, Mr. Martin, Mr. Haley, Mr. Duncan of Tennessee, Mr. Dickinson, Mr. Thone, Mr. Lagomarsino, Mr. Devine, Mr. Won Pat, Mr. Spence, Mr. Derwinski, Mr. Young of Florida, Mr. Collins of Texas, Mr. Andrews of North Dakota, Mr. Abdnor, Mr. Murtha, Mr. Archer, Mr. Bob Wilson, Mr. Hinshaw, and Ms. Holt):

H.R. 5293. A bill to reestablish the fiscal integrity of the Government of the United States, through the establishment of controls with respect to the levels of its revenues and budget outlays, and the preparation of the budget, and for other purposes; to the Committee on Rules.

By Mr. KEMP (for himself, Mr. Lott, Mr. Moorhead of California, Mr. Robinson, Mr. McDonald of Georgia, Mr. Runnels, Mr. Kindness, Mr. Beard of Tennessee, Mr. Burgener, Mr. Goodling, Mr. Ketchum, Mr. Regula, Mr. Wampler, Mr. Lujan, Mr. Rousselot, Mr. Armstrong, and Mr. McCollister):

H.R. 5294. A bill to reestablish the fiscal integrity of the Government of the United States, through the establishment of controls with respect to the levels of its revenues and budget outlays, and the preparations of the budget, and for other purposes; to the Committee on Rules.

By Mr. LITTON (for himself, Mr. Weaver, and Mr. Duncan of Oregon):

H.R. 5295. A bill to amend the Food Stamp Act of 1964 to prohibit any individual from receiving food stamps who received at least one-half of his income from any other individual who is a member of another household which is ineligible for food stamps; to the Committee on Agriculture.

By Mr. LITTON (for himself, Mr. Duncan of Oregon, and Ms. Heckler of Massachusetts):

H.R. 5296. A bill to amend the Higher Education Act of 1965 to provide that institutions of higher education and vocational schools shall not be eligible for purposes of federally assisted student loans unless they carry out a policy of tuition refunds for students who withdraw from courses of study at such institutions or schools, and for other purposes; to the Committee on Education and Labor.

By Mr. LITTON (for himself, Mr. Breckinridge, Mr. Robinson, and Ms. Heckler of Massachusetts):

H.R. 5297. A bill to amend the Occupational Safety and Health Act of 1970 to provide that the Administrator of the Small Business Administration may render onsite consultation and advice to certain small business employers to assist such employers in providing safe and healthful working conditions for their employees; to the Committee on Education and Labor.

By Mr. LITTON (for himself, Mr. Duncan of Oregon, Mr. Jeffords, and Ms. Heckler of Massachusetts):

H.R. 5298. A bill to provide an excise tax on every new automobile in an amount relating to the portion of such automobile's fuel consumption rate which falls below certain standards, to provide an energy research and development trust fund, and for other purposes; to the Committee on Ways and Means.

By Mr. LITTON (for himself, Mr. Harrington, Mr. Lagomarsino, Mr. Derwinski, Mr. McEwen, Mr. Obey, Mr. Carr, Mr. Sarasin, Mr. Ryan, Mr. Stuckey, Mr. Rosenthal, Mr. Abdnor, Mr. Ottinger, Mr. Matsunaga, Mr. Thompson, Mr. Fithian, Mr. Carney, Mr. Patman, Mr. Crane, Mr. Helstoski, Mr. Rangel, Mr. Drinan, and Ms. Abzug):

H.R. 5299. A bill to amend the Internal Revenue Code of 1954 to require the establishment of formal procedures and criteria for the selection of individual income tax returns for audit, to inform individuals of the reasons why their returns were selected for audit, and for other purposes; to the Committee on Ways and Means.

By Mr. MITCHELL of Maryland (for himself, Mr. Hawkins, Mr. Moakley, Mr. Conyers, Mr. Harrington, Mr. Dellums, Mr. Mazzoli, and Ms. Jordan):

H.R. 5300. A bill to establish the Federal Protective Service Police Force within the General Services Administration; provide minimum training, pay, and other benefits for such police force; and for other purposes; to the Committee on Public Works and Transportation.

By Mr. MOLLOHAN (for himself, Mr. Andrews of North Dakota, Mr. Broyhill, Mr. Carney, Mr. Conlan, Mr. Crane, Ms. Holtzman, Mr. Santini, Mr. Staggers, and Mr. Whitten):

H.R. 5301. A bill to repeal sections 102 and 202 of the Flood Disaster Protection Act of 1973 which makes flood insurance coverage and community participation in the national flood insurance program prerequisites for approval of any financial assistance in a flood hazard area, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. ROSENTHAL (for himself, Mr. Addabbo, Mr. Badillo, Mr. Baldus, Mr. Blanchard, Mr. Carney, Mr. Carr, Mr. Conyers, Mr. Downey, Mr. Drinan, Mr. Edwards of California, Mr. Eilberg, Mr. Evans of Indiana, Mr. Gilman, Mr. Hannaford, Mr. Harrington, Mr. Hawkins, Mr. Hechler of West Virginia, Mr. Henderson, Ms. Holtzman, Mr. Koch, and Mr. Lent):

H.R. 5302. A bill to establish the Office of Inspector General in the Department of Health, Education, and Welfare; to the Committee on Government Operations.

By Mr. ROSENTHAL (for himself, Ms. Lloyd of Tennessee, Mr. Mann, Mr. Miller of California, Mr. Mikva, Mr. Mitchell of Maryland, Mr. Mosher, Mr. Ottinger, Mr. Pattison of New York, Mr. Peyser, Mr. Rees, Mr. Richmond, Mr. Rinaldo, Mr. Roe, Ms. Schroeder, Mr. Solarz, Mr. Stokes, Mr. Tsongas, Mr. Vigorito, and Mr. Winn):

H.R. 5303. A bill to establish the Office of Inspector General in the Department of Health, Education, and Welfare; to the Committee on Government Operations.

By Mrs. SPELLMAN:

H.R. 5304. A bill to establish a Federal Housing Bank to purchase mortgages from the Federal National Mortgage Association and the Federal Home Loan Bank System having rates of interest no higher than 6 percent, to refinance mortgages of families stricken by unemployment, to provide emergency mortgage relief, and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. STOKES (for himself, Mr. Price, Mr. Aspin, Mr. Carr, Mr. Dellums, Mr. Won Pat, Ms. Abzug, Mr. Badillo, Mr. Biester, Mr. Boland, Mr. Brown of California, Mrs. Burke of California, Mr. John L. Burton, Mr. Carney, Mrs. Chisholm, Mr. Clay, Mrs. Collins of Illinois, Mr. Conte, Mr. Conyers, Mr. Corman, Mr. Drinan, Mr. Eckhardt, and Mr. Edwards of California):

H.R. 5305. A bill to require that discharge certificates issued to members of the Armed Forces not indicate the conditions or reasons for discharge, to limit the separation of enlisted members under conditions other than honorable, and to improve the procedures for the review of discharges and dismissals; to the Committee on Armed Services.

By Mr. STOKES (for himself, Mr. Fascell, Mr. Fauntroy, Mr. Findley, Mr. Ford of Tennessee, Mr. Fraser, Mr. Hannaford, Mr. Harrington, Mr. Hawkins, Mr. Helstoski, Ms. Holtzman, Ms. Jordan, Mr. Koch, Mr. McKinney, Mr. Mazzoli, Mr. Metcalfe, Mr. Mikva, Mrs. Mink, Mr. Mitchell of Maryland, Mr. Mosher, Mr. Nix, Mr. Obey, and Mr. Pattison of New York):

H.R. 5306. A bill to require that discharge certificates issued to members of the Armed Forces not indicate the conditions or reasons for discharge, to limit the separation of enlisted members under conditions other than honorable, and to improve the procedures for the review of discharges and dismissals; to the Committee on Armed Services.

By Mr. STOKES (for himself, Mr. Pepper, Mr. Rangel, Mr. Rees, Mr. Reuss, Mr. Rodino, Mr. Rosenthal, Mr. Roybal, Mr. Ryan, Mr. Seiberling, Mr. Sisk, Mr. Solarz, Mrs. Spellman, Mr. James V. Stanton, Mr. Stark, Mr. Studds, Mr. Thompson, Mr. Vander Jagt, Mr. Wirth, Mr. Yatron, and Mr. Young of Georgia):

H.R. 5307. A bill to require that discharge certificates issued to members of the Armed Forces not indicate the conditions or reasons for discharge, to limit the separation of enlisted members under conditions other than honorable, and to improve the procedures for the review of discharges and dismissals; to the Committee on Armed Services.

By Mr. STUDDS:

H.R. 5308. A bill to amend the Emergency Petroleum Allocation Act of 1973 to require the President to set a ceiling price of $7 per barrel for crude oil produced in the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. VANIK (for himself, Mr. Hannaford, and Mr. Seiberling):

H.R. 5309. A bill to amend the Internal Revenue Code of 1954 to provide for a tax on every new passenger automobile based on its fuel consumption rate, to provide for public disclosure of the fuel consumption rate of every such automobile, and for other purposes; to the Committee on Ways and Means.

By Mr. PHILLIP BURTON:

H.J. Res. 339. Joint resolution to authorize the establishment of the Tule Elk National Wildlife Refuge and the establishment of a Federal-State management program for the conservation, protection, and enhancement of tule elk and other species, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. COUGHLIN (for himself, Mr. Taylor of North Carolina, Mr. Baucus, Mr. Cleveland, Mr. Hannaford, Mr. Mann, and Mr. Sarasin):

H.J. Res. 340. Joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning May 12, 1975, as "National Historic Preservation Week"; to the Committee on Post Office and Civil Service.

By Mr. DINGELL:

H.J. Res. 341. Joint resolution to amend title 5 of the United States Code to provide for the designation of the 11th day of November of each year as Veterans Day; to the Committee on Post Office and Civil Service.

By Mrs. HOLT:

H.J. Res. 342. Joint resolution to designate the week beginning on the last Sunday in April of each year as "Beta Sigma Phi Week"; to the Committee on Post Office and Civil Service.

By Mr. NEDZI:

H.J. Res. 343. Joint resolution proposing an amendment to the Constitution of the United States relative to the assignment of public school students; to the Committee on the Judiciary.

By Mr. TALCOTT:

H.J. Res. 344. Joint resolution to authorize the establishment of the Tule Elk National Wildlife Refuge and the establishment of a Federal-State management program for the conservation, protection, and enhancement of the tule elk and other species, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. WHALEN:

H.J. Res. 345. Joint resolution proposing an amendment to the Constitution to provide for the direct popular election of the President and Vice President of the United States; to the Committee on the Judiciary.

By Mr. DAVIS (for himself and Mr. Spence):

H. Con. Res. 187. Concurrent resolution relating to the establishment of the Naval and Maritime Museum in Charleston, S.C.; to the Committee on Armed Services.

By Mrs. SPELLMAN:

H. Con. Res. 188. Concurrent resolution requesting the establishment of a Presidential Task Force on the Missing in Action; to the Committee on Armed Services.

By Mr. BROOKS (for himself, Ms. Abzug, Mr. Badillo, Mr. Baldus, Mr. Baucus, Mr. Beard of Rhode Island, Mr. Bell, Mr. Bennett, Mr. Bingham, Mr. Boland, Mr. Brown of Ohio, Mr. Brown of California, Mr. Broyhill, Ms. Burke of California, Mr. Butler, Mr. Carr, Mr. Cochran, Mr. Dodd, Mr. Downey, Mr. Drinan, Mr. Duncan of Oregon, Mr. Du Pont, Mr. Eckhardt, Mr. Edgar, and Mr. Esch):

H. Res. 344. Resolution directing the House Commission on Information and Facilities to provide for radio and television coverage of proceedings in the House Chamber during the first session of the 94th Congress; to the Committee on Rules.

By Mr. BROOKS (for himself, Mr. Fascell, Mrs. Fenwick, Mr. Findley, Mr. Ford of Michigan, Mr. Fraser, Mr. Frenzel, Mr. Frey, Mr. Hamilton, Mr. Hannaford, Mr. Harrington, Mr. Hechler of West Virginia, Ms. Heckler of Massachusetts, Mr. Hefner, Mr. Heinz, Mr. Horton, Mr. Howe, Mr. Jeffords, Mr. Koch, Mr. Lehman, Mr. Levitas, Mr. McHugh, Mr. McKinney, Mr. Matsunaga, and Mr. Mazzoli):

H. Res. 345. Resolution directing the House Commission on Information and Facilities to provide for radio and television coverage of proceedings in the House Chamber during the first session of the 94th Congress; to the Committee on Rules.

By Mr. BROOKS (for himself, Mr. Meeds, Mr. Metcalfe, Ms. Meyner, Mr. Mezvinsky, Mr. Mikva, Mr. Milford, Mr. Miller of California, Mr. Moffett, Mr. Moorhead of Pennsylvania, Mr. O'Brien, Mr. Ottinger, Mr. Pattison of New York, Mr. Pepper, Mr. Pritchard, Mr. Quie, Mr. Richmond, Mr. Riegle, Mr. Rose, Mr. Rosenthal, Mr. Ryan, Mr. Scheuer, Ms. Schroeder, Mr. Sisk, and Mr. Solarz):

H. Res. 346. Resolution directing the House Commission on Information and Facilities to provide for radio and television coverage of proceedings in the House Chamber during the 1st session of the 94th Congress; to the Committee on Rules.

By Mr. BROOKS (for himself, Mr. AuCoin, Mr. Conyers, Mr. Edwards of California, Mr. Gude, Mr. Preyer, Mr. Steiger of Wisconsin, Mr. Studds, Mr. Symington, Mr. Talcott, Mr. Thompson, Mr. Thone, Mr. Van Deerlin, Mr. Waxman, Mr. Wirth, and Mr. Yates):

H. Res. 347. Resolution directing the House Commission on Information and Facilities to provide for radio and television coverage of proceedings in the House Chamber during the 1st session of the 94th Congress; to the Committee on Rules.

By Mr. HELSTOSKI:

H. Res. 348. Resolution concerning the safety and freedom of Valentyn Moroz, Ukrainian historian; to the Committee on International Relations.

By Mr. MORGAN (for himself, Mr. Danielson, Mr. Dingell, Mr. Maguire, and Mrs. Spellman):

H. Res. 349. Resolution expressing the sense of the House of Representatives with respect to the missing in action in Southeast Asia and the Paris Agreement; to the Committee on International Relations.

By Mr. RYAN:

H. Res. 350. Resolution to commemorate Amerigo Vespucci; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of Massachusetts:

H.R. 5310. A bill for the relief of Elizabeth A. Gordon; to the Committee on the Judiciary.

By Mr. EDWARDS of California:

H.R. 5311. A bill to authorize claimants to certain lands in Los Angeles County, Calif., to submit their claims to the U.S. Court of Claims for adjudication; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

By Mr. FRASER:

Page 9, line 12, insert immediately after "institutionalization." the following new sentence: "A portion of any disbursement made to establish a program under this subsection may be used to train professional or paraprofessional persons to assist in carrying out such program."

By Mr. HEINZ:

Page 34, immediately after line 8, insert the following new section:

REAL PROPERTY TAX RELIEF FOR OLDER AMERICANS

SEC. 103. (a) The Act, as amended by sections 101 and 102, is amended by adding at the end thereof the following new title:

"TITLE X—REAL PROPERTY TAX RELIEF FOR OLDER AMERICANS

"DEFINITIONS

"SEC. 1001. For purposes of this title—

"(1) the term 'State' means any State of the United States and the District of Columbia;

"(2) the term 'Secretary' means the Secretary of Health, Education, and Welfare;

"(3) the term 'personal income tax' means a tax imposed by a State on the income of individuals;

"(4) the term 'real property tax' means an ad valorem tax imposed on real property by a State or political subdivision thereof;

"(5) the term 'qualifying head of household' means any individual—

"(A) who is aged sixty-five or older; and

"(B) who provides more than 50 per centum of the cost of maintaining a household which is his principal residence;

"(6) the term 'eligible household' means any household which is the principal residence of a qualifying head of household; and

"(7) the term 'household income' means the income of all individuals occupying the same household as their principal residence and, for purposes of this paragraph, the term 'income' means total money income received from all sources, as determined by the Bureau of the Census for general statistical purposes.

"PAYMENTS TO STATES

"SEC. 1002. (a) Except as provided in subsection (c), the Secretary shall pay out of moneys appropriated under section 1005, during each fiscal year beginning after the date of the enactment of this title, to each State with a qualifying real property tax relief program an amount equal to the entitlement of such State determined under section 1003 for such fiscal year.

"(b) For purposes of this title, the term 'qualifying real property tax relief program' means a program established by any State—

"(1) which provides any eligible household a credit against a personal income tax or real property tax imposed by the State, or a rebate or other cash payment in lieu of such a credit, for—

"(A) all or a certain portion of the real property taxes (i) imposed on the real property occupied by the eligible household for residential purposes, and (ii) paid by any member of the eligible household; or

"(B) a certain portion of the rent paid by any member of the eligible household with respect to the real property occupied by the eligible household for residential purposes, if a real property tax has been imposed on such real property by the State or a political subdivision thereof;

"(2) which (as determined under regulations prescribed by the Secretary) is designed primarily to provide relief to eligible households with low or moderate household incomes; and

"(3) which meets such qualifications as the Secretary may by regulation prescribe respecting the manner in which applications under such program are to be submitted to the State.

"(c) The Secretary shall not make payments to any State during any fiscal year beginning after the close of June 30, 1975, if he determines that the aggregate of the credits allowed, and payments or rebates made, with respect to eligible households during the calendar year preceding the calendar year in which the fiscal year begins under the qualifying real property tax relief program of such State, is less than the sum of—

"(1) the amount (if any) of the payments made under subsection (a) during such preceding calendar year to such State, plus

"(2) the aggregate of the credits allowed, and payments or rebates made, with respect to eligible households during the calendar year 1974 under the qualifying real property tax relief program of such State.

"ENTITLEMENT OF STATES

"SEC. 1003. (a) The entitlement of any State for any fiscal year shall be equal to an amount which bears the same ratio to the amount appropriated under section 1005 for such fiscal year as the amount allotted to such State under subsection (b) for such fiscal year bears to the aggregate of the amounts allotted under subsection (b) for such fiscal year to all States which are eligible for payments under section 1002 during such fiscal year.

"(b) Each State shall be allotted for any fiscal year an amount which is equal to the aggregate of—

"(1) the household entitlement for each eligible household in the State with an annual household income of less than $15,000, multiplied by

"(2) the applicable percentage for such household (determined under subsection (c)).

"(c) For purposes of subsection (b), the applicable percentage of any eligible household shall be determined in accordance with the following table:

"If the annual household income of the eligible household is:	The applicable percentage is:
Less than $3,000	100 percent.
At least $3,000 but less than $5,000	80 percent.
At least $5,000 but less than $7,000	60 percent.
At least $7,000 but less than $9,000	40 percent.
At least $9,000 but less than $15,000	20 percent.

"(d) The entitlement of any State for any fiscal year may not exceed 50 percent of the qualifying revenue loss under the qualifying real property tax relief program of such State during the calendar year preceding the calendar year in which the fiscal year begins.

"(e) For purposes of this section—

"(1) the term 'household entitlement' means an amount determined by dividing the amount appropriated under section 1005 for the fiscal year involved by the number of eligible households in all States on the last day of the calendar year preceding the calendar year in which the fiscal year begins;

"(2) the qualifying revenue loss under a qualifying real property tax relief program of any State during any calendar year is the aggregate of—

"(A) the credits allowed during the calendar year under such program to eligible households against a personal income tax or real property tax imposed by the State; and

"(B) the rebates and cash payments made under such program during the calendar year to eligible households;

"(3) in determining the qualifying revenue loss under any qualifying real property tax relief program for a calendar year, there shall not be taken into account the amount of the credits allowed, or rebates or cash payments made, during the calendar year—

"(A) to any eligible household to the extent that the amount of such credits, rebates, or cash payments exceeds $500; or

"(B) to any eligible household with household income greater than $15,000; and

"(4) the determination of the number of eligible households in a State and of the amount of the household incomes of such households shall be made as of the last day of the calendar year preceding the calendar year in which the fiscal year begins and the data used in making such determinations shall be the most recently available data provided by the Bureau of the Census or the Department of Commerce, as the case may be.

"ADMINISTRATION

"SEC. 1004. (a) The Secretary may not make any payment under this title to any State unless an application therefor has been submitted to and approved by the Secretary. Such application shall be submitted to the Secretary at such time, in such manner, and containing such information as he may by regulation prescribe.

"(b)(1) If the Secretary disapproves the application of any State under subsection (a), such State may, within sixty days after notice of such action, file with the United States court of appeals for the circuit in which the State is located a petition for review of such action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code.

"(2) The findings of fact by the Secretary if supported by substantial evidence, shall be conclusive, except that the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may in such a case make new or modified findings of fact and may modify his previous action, and shall certify to the court the record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 1005. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this title for the fiscal year ending June 30, 1976, and for the fiscal years ending September 30, 1977, 1978, and 1979.".

(b) Section 102 of the Act (42 U.S.C. 3002) is amended by inserting "(except as otherwise provided)" immediately after "Act".

And redesignate the following sections accordingly.

By Mr. STEELMAN:

Page 9, line 12, insert immediately after "institutionalization." the following new sentence: "A portion of any disbursement made to establish a program under this subsection may be used to train professional or paraprofessional persons to assist in carrying out such program."

SENATE—*Thursday, March 20, 1975*

(Legislative day of Wednesday, March 12, 1975)

The Senate met at 9:40 a.m., on the expiration of the recess, and was called to order by Hon. QUENTIN N. BURDICK, a Senator from the State of North Dakota.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O Lord, our God, for this brief moment deliver us from the tumult of the world about us and the drive of daily duties, that we may be sensitive to Thy presence overarching all our labors and guiding all our endeavors for the Nation. Show us how to contend without being contentious, to persist without petulance, to persevere without pettiness, and ever to comport ourselves as sons of Thy creation. May we never demean the past nor fear the future. Give us grace to uphold all that is holiest in heritage and to welcome all that promises a healthy future. In all that we do and think and say grant us the awareness that Thou art God, and in Thee we live and move and have our being, now and evermore. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 20, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. QUENTIN N. BURDICK, a Senator from the State of North Dakota, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. BURDICK thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Journal of the proceedings of Wednesday, March 19, 1975, be approved.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the distinguished Senator from Delaware (Mr. ROTH) has completed his statement, there be a brief morning hour for conduct of business, not to extend beyond the hour of 10 o'clock.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I yield to the distinguished Senator from Ohio (Mr. GLENN).

S. 1251—EXECUTIVE AGREEMENTS REVIEW ACT

Mr. GLENN. Mr. President, I introduce a bill to provide for improved Government organization with respect to executive agreements and to provide improved procedures for congressional review of such executive agreements.

I ask unanimous consent that the bill be referred first to the Committee on Government Operations so that proper procedures for congressional review of these agreements can be examined, and, if and when the bill is reported by the Committee on Government Operations, then be referred to the Committee on Foreign Relations for not more than 60 days.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. GRIFFIN. Mr. President, I object.

The ACTING PRESIDENT pro tempore. Objection is heard.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GLENN. Mr. President, I ask the same request for unanimous consent without the time limit on it that I specified a moment ago.

Mr. GRIFFIN. Mr. President, reserving the right to object, and I shall not, I think I probably owe some explanation for my objection.

I want to indicate that the subject of the resolution, or the bill, as I understood it, dealt with executive agreements, and while I have not examined the text of it, it would seem to me that the Committee on Foreign Relations would have primary jurisdiction and, as the request was put, it put the Committee on Foreign Relations in a secondary role.

So I welcome the modification of the distinguished Senator from Ohio where he refers it to both committees, which is fine with me, but without a time limit.

I withdraw my reservation.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The bill will be referred to the Committee on Government Operations and if and when reported from that committee, to the Committee on Foreign Relations.

Mr. GLENN. Mr. President, I further ask unanimous consent that the bill be printed in the RECORD.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GLENN. Mr. President, prior to giving details of the bill I introduce, I would like to present some background information which I believe will illustrate the necessity for this bill.

The U.S. Senate, the Congress and indeed all the American people are going through the throes of trying to ascertain what, if any, commitment the United States has to Vietnam and Cambodia. This is but one of many examples I will enumerate later which illustrate the extent to which executive agreements have gradually replaced the making of treaties as the normal means of international commitments. Such use of executive agreements bypasses congressional participation in the making of international commitments, because executive agreements have the effect of treaties in international law, and because under present procedures executive agreements do not require the advice and consent of the Senate as do treaties.

The framers of the Constitution, in all their wisdom, could not have seen the days of atomic weapons, supersonic aircraft, rockets, space flights, shuttle diplomacy, and whirlwind Presidential trips during which promises of tremendous scope and import for the future could be made to foreign countries. The framers saw treaties as the vehicle for international agreement, and along with that procedure wisely provided for checks and balances of the treaty-making power in giving the Senate's role of advice and consent as an essential check to Presidential power in foreign diplomacy.

The treaty was the primary form used for important international agreements in those days, but through the years as the pace, scope, and complexity of international commitments have increased exponentially, we have seen the development of the use of the executive agreement for major international agreements. However, this development has led to a very complex situation wherein there are few, if any, checks and balances.

Executive agreements, secret agreements, the promise, the "verbal understanding," and oft-repeated interpretive comments by instantaneous worldwide press which convey impressions of events which, if undenied, become accepted as binding de facto truth. We have drifted into international commitments of longstanding, formally approved by no one except the one, or few, individuals in the executive branch who have had direct contact with foreign nations.

While it may be argued that the use of executive agreements is necessary because of the need for speed in a rapidly changing modern world, I cannot conceive the framers of the Constitution envisioning a system of international agreement with a complete lack of checks and balances for the protection of all our people.

Mr. President, in keeping with the intent of the framers, my bill requires the consent of the Senate when commitments are made by executive agreement, and it also provides for expeditious consideration of agreements by the Senate in recognition of the nature of modern diplomacy. Perhaps the best way to illustrate my concern is to list examples which have, or could commit us, whether we like it or not.

The most notable examples would be purported agreements for aid to Vietnam and Cambodia, agreements on arms limitations in relation to the strategic arms limitation talks, military base agreements in the Azores and Bahrain, an agreement with Ethiopia for the establishment and operation of defense facilities in that country, an agreement with the United Kingdom for the availability for defense purposes of Diego Garcia and other islands in the British Indian Ocean territory. Agreements to station troops and establish bases abroad are of particular concern because, as the Subcommittee on Security Agreements and Commitments Abroad of the Senate Foreign Relations Committee pointed out in its December 1970 hearings:

> Overseas bases, the presence of elements of U.S. Armed Forces, joint planning, joint exercises, or extensive military assistance programs represent to host governments more valid assurances of United States commitment than any treaty or agreement.

I agree with the subcommittee's finding that prior congressional approval is necessary before troops can be stationed or bases established abroad.

Other agreements of great international significance have been made without congressional participation. Examples are: the armistice agreements at the end of the Korean war, the agreement to end the Korean war, and the declaration and protocol on neutrality of Laos in 1962.

Although covered by a statute (P.L. 93–485) allowing congressional disapproval, nuclear aid to Egypt and Iran have also been a cause for concern.

The examples I have cited generated opposition and expression of concern in congessional hearings and by the American public. But what about secret agreements and other argeements that are not known to Congress or the public?

While these specific agreements I cited are of great concern, a greater problem is the commitment I cited of the United States by a network of agreements. In this situation, any individual agreement examined by itself might not seem important, but by taking all agreements together, along with the secret understanding and "assurances of support," the executive branch and other nations have contended that the overall nature of the negotiations bind the United States as would a treaty. This is the case with aid to Cambodia and Vietnam.

Recent articles and columns in the press have echoed this concern. In the Sunday, March 3, 1975, Washington Post Joseph Kraft succinctly stated the problem concerning aid to Vietnam, in his column:

> Perhaps President Nixon and Dr. Kissinger did make some kind of commitment in order to get Saigon to the bargaining table in 1972. But if so we should all know about it.

On that same day the Post carried a story citing a 1970 hearing by the Senate Foreign Relations Committee on commitments abroad in which it was revealed an agreement by the National Security agency to provide military aid to Ethiopia in return for installations there. Another column in the Post on March 15, 1975 addressed the dilemma as it applied to Cambodia. In a column entitled "Cambodia: Are we Committed?", George F. Will pointed out:

> If we have a formal commitment to Cambodia it was made in secret by Dr. Kissinger and kept secret from the American people, in which case the commitment is spurious.
>
> The last thing we want is for the Secretary of State, any Secretary of State to be credible to foreign governments if he secretly commits the United States to spend blood or treasure. Let the word go forth, to friend and foe alike, and to the Secretary ... that the United States does not acquire commitments that way.

Certainly, placing the entire power to make international commitments in the hands of one person or a few persons is not in keeping with the spirit of the Constitution. For example, with no check, there could be grave consequences in today's world climate if the President became physically or mentally incapacitated, or were under duress, and for whatever reason, made commitments not in our long-term best interest. From our recent past, we also know that protection against unbridled use of executive agreement power must also extend to those around the President, for their statements can give the impression to others of binding agreements just as surely as those made by the President.

A particularly dangerous situation arises in the case of verbal assurances by the President or his advisors. Too often the verbal commitment is taken as gospel by heads of foreign governments who are accustomed to dealing with leaders from other nations who assume far greater actual power to speak for their countries than our President or his representatives do for this Democracy.

Our Government is unique around the world. It remains a Government of the people and by the people, with checks and balances to make sure the best interests of all our people are continually monitored. No dictator speaks for us nor does any one super-powerful head of state assume the mantle of authority so completely that he can bind us unquestioned.

I think the observation, in the "Federalist No. 75," of Alexander Hamilton, who generally advocated a strong presidency, is as true today as it was in those simpler times:

> The history of human conduct does not warrant that exalted opinion of human virtue which would make it wise in a nation to commit interests of so delicate and momentous a kind, as those which concern its intercourse with the rest of the world, to the sole disposal of a magistrate created and circumstanced as would be a President of the United States.

The major impact of executive agreements is fairly recent in our history. According to the Annotated Constitution prepared by the Congressional Research Service of the Library of Congress:

> During the first half-century of its independence, the United States was party to six treaties but to only twenty-seven published executive agreements. By the beginning of World War II, there had been concluded approximately 800 treaties and 1,200 executive agreements. In the period 1940–1955, the Nation entered into 139 treaties and into nearly 1,950 published executive agreements. From a ratio of one and one-half to one prior to World War II, the executive agreement attained a 14 to one ratio to treaties in the next fifteen years and in the next tewlve years a ratio of 17 to one.

By mid-1972, the State Department reported to the Senate Subcommittee on Separation of Powers that since 1946 the United States had concluded 368 treaties and 5,590 executive agreements. By the end of 1974, the total was 411 treaties and 6,133 executive agreements.

Congressional concern over this problem did not originate with this Congress. Congress has recognized some of these shortcomings through the years and several legislative measures were proposed to deal with individual parts of the problem.

One such measure was the "National Commitments Resolution," which was adopted by the Senate on June 25, 1969. That resolution, Senate Resolution 85, 91st Congress introduced by the late Senator Richard Russell, while not legislatively binding indicates the kind of subject matter which should require the approval of Congress.

The resolution stated:

> Whereas accurate definition of the term "national commitment" in recent years has become obscured: Now, therefore, be it
>
> *Resolved*, That (1) a national commitment for the purpose of this resolution means the use of the Armed Forces of the United States on foreign territory, or a promise to assist a foreign country, government, or people by the use of the Armed Forces or financial resources of the United States, either immediately or upon the happening of certain events, and (2) it is the sense of the Senate that a national commitment by the United States result only from affirmative action taken by the executive and legislative branches of the U.S. Government by means of a treaty, statute, or concurrent resolution of both Houses of Congress specifically providing for such commitment.

Another example was a bill introduced by Senator Case, and enacted in the 92d Congress, which requires all executive agreements to be reported to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House. It deals with the problem of secrecy but does not provide for congressional disapproval.

Another legislative measure was the war powers bill, which was enacted in the 93d Congress to limit the President's power to commit troops without the approval of Congress.

Congressional disapproval was dealt with in a bill introduced by Senator Sam J. Ervin, who retired from the Senate last year, and who was the chairman of the Committee on Government Operations. His bill, S. 3830, passed the Senate by voice vote but was not acted upon by the House.

Mr. President, the question before us is amply illustrated by the foregoing summation. We now come to the question of how we may provide a system of checks and balances in this expanding executive agreement area. I believe that my bill will restore the Senate to its constitutional role of advice and consent in the making of international agreements and is a logical way to make certain that we are fully aware of those real and proper commitments which we have an obligation to stand fully behind.

Most importantly, this bill will not hinder negotiations. In fact, the bill should help in our negotiations since foreign officials will know they are receiving a firm "yes" or "no." A commitment will be made through a fully approved or disapproved bill.

They will also know for certain what their long term commitments are with regard to this country. At the present time, foreign governments have no way of knowing whether an executive agreement on which they rely may be abrogated or nullified by congressional action at some later date when the international situation, or American political leadership may have altered. The bill I propose would remove all such doubt.

In general, I propose that all executive agreements, including verbal understandings or general interpretation of arrangements fostered by the executive branch must be reported to the Senate by the President with the firm understanding not only between the legislative and executive branches of Government here, but also with the firm understanding between our Government and other nations of the world, that such executive agreements are not valid until the Senate, in its role of advice and consent, has either taken immediate affirmative action approving Presidential executive agreements or has let them lay with no action for a 60-day period.

At that time, such executive agreements would become binding unless the Senate has disapproved of the agreement by a resolution of disapproval. Under this procedure, the executive branch as well as foreign governments, would be fully and conclusively aware of the full commitment of this Nation to such agreement.

Specifically, the provisions of the bill require that the President shall transmit each such agreement to the Senate. If the President feels that the disclosure of any agreement would be prejudicial to the security of the United States, he will transmit it under an appropriate injunction of secrecy to the Senate Committee on Foreign Relations.

The executive agreements shall become effective 60 days after transmittal to the Senate or later if the agreement provides, unless within those 60 days the Senate passes a resolution disapproving the agreement. However, if the Foreign Relations Committee feels that it is in the national interest to act immediately on the agreement, either because of the urgency of the situation or because the matter is of such a routine nature as not to necessitate lengthy review, it may report a resolution of approval for consideration by the Senate before the 60-day period expires.

The bill defines executive agreements in terms of commitments of the resources of the United States. It includes such agreements made by the President or any officer or employee or representative of the executive branch.

Mr. President, I feel that the Chief Executive should welcome the sharing with Congress of the awesome responsibility of foreign affairs. Certainly, the present administration seems to recognize the shared powers of the two branches under the Constitution, and I am glad to note that the Secretary of State has stated his belief that there must be cooperation between Congress and the executive branch in the conduct of foreign affairs. This bill would insure that Congress will participate thoroughly in such a partnership. It is the duty of Congress to preserve the constitutional checks and balances and I urge Congress to take steps to assume its proper role in the making of international commitments.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1251

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Executive Agreements Review Act.".

SEC. 2. (a) In furtherance of the provisions of the United States Constitution regarding the sharing of powers in the making of international agreements, and in order to promote greater certainty and understanding with regard to international agreements, any executive agreement made on or after the date of enactment of this Act shall be transmitted (bearing an identification number) by the President to the Senate. Any such agreement the immediate disclosure of which would, in the opinion of the President, be prejudicial to the security of the United States shall instead be transmitted by the Secretary to the Committee on Foreign Relations of the Senate under an appropriate written injunction of secrecy to be removed only upon due notice from the President. Such committee shall notify the Members of the Senate that the Secretary has transmitted such an agreement with an injunction of secrecy, and such agreement shall thereafter be available for inspection only by such Members.

(b) Except as otherwise provided under subsections (d) or (e) of this section, any such executive agreement shall come into force with respect to the United States at the end of the first period of sixty calendar days of continuous session of the Senate after the date on which the executive agreement is transmitted to the Senate or such committee, as the case may be, unless, between the date of transmittal and the end of the sixty-day period, the Senate agrees to a resolution pursuant to section 4 of this Act stating that the Senate disapproves the executive agreement.

(c) For the purpose of subsection (b) of this section—

(1) continuity of session is broken only by an adjournment of the Senate sine die; and

(2) the days on which the Senate is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the sixty-day period.

(d) If the executive agreement specifically so provides, the agreement may come into force at a time later than the date on which the agreement would otherwise come into force under subsections (b) and (e) of this section.

(e) (1) The provisions of subsection (b) of this Act shall not apply with respect to a particular executive agreement if the Committee on Foreign Relations reports and the Senate agrees to a resolution approving such agreement.

(2) Such resolution shall be considered in accordance with subsections (a), (b), (e), and (f) of section 4 of this Act.

(f) (1) In the event a resolution of approval is, in accordance with subsection (e) of this section—

(A) adopted, it is not at any time thereafter in order to move to proceed to the consideration of a resolution of disapproval under subsection (b) of this section; or

(B) not adopted, it is in order at any time thereafter to move to proceed to the consideration of such resolution of disapproval;

with respect to the same executive agreement.

(2) In the event a resolution of disapproval is, in accordance with subsection (b) of this section—

(A) adopted, it is not at any time thereafter in order to move to proceed to the consideration of a resolution of approval under subsection (e) of this section; or

(B) not adopted, it is in order at any time thereafter to move to proceed to the consideration of such resolution of approval;

with respect to the same executive agreement.

SEC. 3. For purposes of this Act, the term "executive agreement" means any bilateral or multilateral international agreement or understanding, formal or informal, written or verbal, other than a treaty, which involves, or the intent is to leave the impression of, a commitment of manpower, funds, information, or other resources of the United States, and which is made by the President or any officer, employee, or representative of the executive branch of the United States Government.

SEC. 4. (a) This section is enacted by Congress—

(1) as an exercise of the rulemaking power of the Senate and as such it is deemed a part of the rules of the Senate but applicable only with respect to the procedure to be followed in the Senate in the case of a resolution described by subsection (b) or (e) of this section; and it supersedes other rules only to the extent that they are inconsistent therewith; and

(2) with full recognition of the constitutional right of the Senate to change the rules (so far as relating to the procedure of the Senate) at any time, in the same manner, and to the same extent as in the case of any other rule of the Senate.

(b) For the purposes of this section, "resolution" means only a simple resolution of the Senate, the matter after the resolving clause of which is as follows: "That the Senate (approves) (disapproves) the executive agreement numbered ______ transmitted to (the Senate) (the Committee on Foreign Relations of the Senate) by the President on ____________________ ____, 19__.", the blank spaces therein being appropriately filled, and the appropriate words within one of the parenthetical phrases being used; but does not include a resolution which specifies more than one executive agreement.

(c) A resolution with respect to an executive agreement shall be referred to a committee (and all resolutions with respect to the same executive agreement shall be referred to the same committee) by the President of the Senate.

(d) (1) If the committee to which a resolution with respect to an executive agreement has been referred has not reported it at the end of thirty calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution with respect to the executive agreement which has been referred to the committee.

(2) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a concurrent resolution with respect to the same executive agreement), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(3) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same executive agreement.

(e) (1) When the committee has reported, or has been discharged from further consideration of a resolution with respect to an executive agreement, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(2) Debate on the resolution shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the concurrent resolution is agreed to or disagreed to.

(f) (1) Motions to postpone, made with respect to the discharge from committee, or the consideration of a resolution with respect to an agreement, and motions to proceed to the consideration of other business, shall be decided without debate.

(2) Appeals from the decisions of the Chair relating to the application of the rules of the Senate, as the case may be, to the procedure relating to a resolution with respect to an executive agreement shall be decided without debate.

SEC. 5. No executive agreement shall come into force with respect to the United States except in accordance with the provisions of this Act, upon the enactment of which the President shall see that all countries and international agencies with which the United States has relations shall be notified of the provisions of such Act.

TAX REDUCTION ACT OF 1975

Mr. HUGH SCOTT. Mr. President, I simply rise to express the hope that we can bring this tax bill debate to an end as soon as possible.

I am going to vote for cloture. I am going to vote for cloture in order to get us a clean bill, if at all possible, or as clean a bill as we can get because I do not think the President will sign a bill that becomes encumbered with too many Christmas tree type amendments. I think that if we try to revise the social security laws in this bill—and many of us are anxious to see that social security beneficiaries are protected to a maximum degree—but if we revise it here, the bill runs the risk of not being approved.

If we undertake to meet the special biases, attitudes, and hobbies of every Senator, the bill will be loaded up and will not be approved.

There is a later tax bill coming along which is also a candidate for mischief and I would suggest that we defer, at the very least, that sort of legislative frivolity until there is a more suitable day, if that day ever comes, but surely we ought to keep this bill as clean as possible.

I hate to see all this business, talking about, "I do not care about anything tomorrow as long as I get my way tonight." What happens tomorrow, happens tomorrow to everybody. What happens tomorrow lowers the standard of living for everybody, and I am going to support cloture.

I understand the Senator from Delaware is here and I regret that I may have impinged on his time.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Delaware (Mr. ROTH) is recognized until 10 o'clock.

Mr. ROTH. Mr. President, I understood that I had 15 minutes under the order.

The ACTING PRESIDENT pro tempore. I believe there was a redistribution in the Senator's absence.

Mr. ROTH. My instructions were to be here at 10 minutes to 10, Mr. President.

THE NEUTRALIZATION OF SOUTHEAST ASIA

Mr. ROTH. Mr. President, a strong foreign policy requires widespread support among the American people. Without such support, the concepts that foreign policy should be bipartisan and that politics should stop at the water's edge will remain unfulfilled ideals.

Our policies toward Southeast Asia simply do not enjoy a basis of popular support that would be required to make these policies effective and credible. For this reason, our Southeast Asian policies must be fundamentally reviewed and put on a sound, new basis. Two days ago, I spoke about the immediate problem, the problem of ending the fighting in Cambodia. Today, I want to discuss what I believe our long-range policy should be—to work toward an effective neutralization of the entire region of Southeast Asia so that local wars will no longer engage the interests of the great powers. At the same time SEATO should be phased out.

Our policies toward Southeast Asia already underwent a major transformation when the Guam Doctorine was announced in 1969. I welcomed and strongly support the basic thrust of that doctrine which required that our allies bear the primary burden of their own defense. But the Guam Doctrine must be recognized as more an effort to define what our role should not be rather than to define what our future role should be.

We have yet to develop a coherent, comprehensive, long-range policy toward Southeast Asia.

Three years ago, I suggested that the United States should use its new diplomatic contacts with the People's Republic of China and its improved relationship with the Soviet Union to explore an alternative framework for achieving our objectives in Southeast Asia—an international agreement guaranteeing the neutrality of Southeast Asia as a region. I believe that this proposal continued to merit consideration as the basis for an alternative, positive policy in Southeast Asia.

The idea of neutralization of Southeast Asia was prominently associated with the late President de Gaulle of France in the mid-1960's and was the subject of a study by the Foreign Relations Committee in 1966. The conditions which might have made neutralization a possible and effective proposal did not exist at the time.

Today, however, as the result of developments in Southeast Asia and the improved relations among the great powers, the prospects of regional neutralization appear much more promising.

Regional neutralization is now endorsed by a number of important countries in Southeast Asia. In 1970, Malaysia became the first Southeast Asian country to propose neutralization as a means of securing the peace of the region and that Government's regional neutralization proposal continues to be the focal point of its foreign policy. In November 1971, the member countries of the Association of Southeast Asian nations—Indonesia, Malaysia, the Philippines, Singapore, and Thailand—issued the Kuala Lumpur Declaration pledging themselves to an effort to make Southeast Asia a region of "peace, friendship, and neutrality," free from outside interference. Both of our Southeast Asian SEATO allies—the Philippines and Thailand—were signatories of this declaration.

What is most impressive about this declaration is its compatibility with our foreign policy aims for this part of the world. Our basic objective in Southeast Asia is that the countries of the region be permitted to develop free from coercion or interference from the outside.

If neutralization could be made effective, it would remove the fear of aggression and thus accomplish the purpose for which SEATO was established.

Neutralization should be compatible with the legitimate interests of the other large powers as well. For China, the neutralization of Southeast Asia would eliminate the fear that competing great powers, such as the Soviet Union, would use that region as a base for actions against China. For the Soviet Union, a neutralization agreement might be seen as a means of avoiding the commitment of resources in an area where the U.S.S.R. has few direct interests, few assets, and where, outside North Vietnam, it has never been able to develop particularly close ties with either the governments or the Communist Parties of the region.

It is my belief that India and Japan should both be included in any great power discussions concerning an international agreement neutralizing the region. Both are important countries, one in terms of its population and the other in terms of its economic power, which are adjacent to the Southeast Asian region and could, at some time in the future, exert great influence there. The participation of these countries in shaping any future arrangements should strengthen those arrangements and give both India and Japan a positive stake in their preservation.

In the more than 3 years since the Kuala Lumpur Declaration, senior officials of the ASEAN member countries have met on several occasions to discuss means of implementing the declaration. There is, of course, some difference of opinion on what kinds of arrangements are needed and how they should be accomplished. Some leaders in Southeast Asia tend to emphasize self-reliance on the part of the countries within the region as the basis of any further steps toward neutralization. Others suggest a greater role for the large powers in shaping and guaranteeing a neutralization agreement.

In my judgment, an effective neutralization of Southeast Asia will require the continued best efforts of the countries in the region as well as an understanding by the larger countries.

Certainly, neutralization cannot work without the commitment by the Southeast Asian countries to try to settle regional problems on a regional basis. In this respect, it is important to note a number of initiatives that have been taken in recent years within Southeast Asia to solve regional problems on a regional basis. Indonesia, in particular, has played a leadership role in seeking diplomatic solutions to Southeast Asian problems. In May 1970, the Indonesian Government convened a conference of Asian countries in Djakarta to try to find a solution to the deteriorating situation in Cambodia. In 1973, Indonesia joined the International Commission for Control and Supervision designed to police the cease-fire accords in South Vietnam. And, during the past 2 years, the Indonesian leaders have played an important role in trying to conciliate Malaysian and Philippines differences relating to the situation in the southern Philippines.

Last year, the Philippines proposed at the annual ASEAN ministerial meeting that permanent, regional peacekeeping machinery be established under the aegis of ASEAN. The importance to any neutralization proposal of such modes of settling conflict within the region can hardly be overemphasized, for it is unresolved conflicts which create the conditions which tend to draw larger, external powers into regional affairs. One need only to look at the Middle East to see that continued warfare and tension between the Arab countries and Israel perpetuates intervention in that region by the larger powers.

In addition to maintaining peace within the region, an understanding among the larger powers to mutually respect the neutrality, independence, and integrity of the Southeast Asian countries would be, in my judgment, an essential part of a workable neutralization arrangement.

To participate in such an agreement, the United States would have to have the assurances of the Soviet Union and the Chinese that they also would participate. We should use this opportunity to challenge the U.S.S.R. and China to put some substance into their repeated statements about respecting the integrity and independence of the countries of Southeast Asia by asking them to enter into an agreement with us to do just that.

As a first step toward neutralization, SEATO should be phased out. Many Americans have believed for a long time that the Southeast Asia Treaty Organization is obsolete. Today, SEATO has more inactive members than active ones. Pakistan has withdrawn its membership; France has played almost no role for years; Britain is withdrawing its remaining forces from the SEATO region; and Australia and New Zealand have reduced their commitments in Southeast Asia and emphasized new forms of regional cooperation in place of SEATO. The two Southeast Asian members—the Philippines and Thailand—have habitually emphasized their bilateral ties with the United States more than the multilateral SEATO relationship.

Militarily and politically SEATO has become a hollow shell, symbolic of policies that no longer have credibility. In view of this situation, there has been much talk of emphasizing economic as opposed to military aspects of SEATO. The United States, however, already has many channels for providing economic assistance to the two Southeast Asian SEATO members, including our bilateral aid programs and participation in multilateral programs such as the World Bank, Asian Development Bank, and United Nations development program. There is certainly no merit in keeping SEATO alive just as another tool for foreign assistance.

It should be kept in mind that despite the similarity of the acronyms, SEATO and NATO, the two treaty organizations are very different. There are not, and never have been, standing forces assigned to SEATO. There is no joint command structure as is the case of NATO.

There is no provision in the Manila Treaty, which established SEATO, to the effect that an attack against one signatory country should be considered as an attack against all. The emphasis of the treaty was on consultation and not on automatic commitment.

This loose SEATO structure reflected the original purpose of the treaty as a symbolic instrument to underscore the interest of the United States in the independence and security of the countries of Southeast Asia. SEATO was an exercise in defining and broadcasting the scope of American interests, lest miscalculation of those interests by our adversaries lead them into believing they could overtly or covertly attack one of the signatory countries without drawing an American response.

In the context of its time, the Manila Treaty made a great deal of sense. There was as yet no clear sign of the later rift between the Soviet Union and the Chinese. The Communist attack against South Korea had seemed related to the failure of the United States to communicate in unambiguous terms its interest in the preservation of that country's independence. A shaky peace had just been established in Indochina, and it was the opinion of those in the executive branch as well as a majority in the Senate that the Manila Treaty would strengthen the security of the newly independent countries of Cambodia, Laos, and South Vietnam.

Now, however, conditions have changed and it is necessary to redefine our policy in a manner consistent with our present interests in Southeast Asia as well as our desire to avoid further military involvement in that region of the world. A first step in this direction and toward an eventual neutralization arrangement would be the dissolving of the Southeast Asia Treaty Organization. This step would be largely symbolic and yet important in showing our determination to work toward a stable arrangement for the region.

The dissolution of SEATO would not affect the bilateral security agreement between the United States and the Philippines or the status of our troops or bases in the Philippines. In the case of Thailand, there are no formal security links between the United States and Thailand outside the Manila Treaty and the 1962 "Rusk-Thanat communique" derived from it. Thailand, however, apparently recognizes that SEATO is of little or no value to it at the present time and its leaders might very well be willing to accept in its place a declaration of respect for its sovereignty and integrity, particularly if all the large powers endorsed such a declaration. Such a course would be consistent with the statements of Thai leaders that Thailand is responsible for its own security and that American units presently stationed in Thailand are related only to the Vietnam situation and not internal insurgency in Thailand and should soon be withdrawn. Finally, it should be emphasized that the stationing of these units and American military assistance to Thailand is entirely independent of SEATO and would not necessarily be affected by a decision to phase out the treaty organization.

A successful neutralization arrangement is contingent upon many incalculable factors and upon the adjustment of the interests of both large and small countries in Southeast Asia. A breakdown of collaboration among the ASEAN countries or the failure of great power diplomacy to sustain the contacts among themselves could quickly close the door on the opportunity which now seems open. But, in endorsing and working toward neutralization, regardless of its ultimate success, the United States would be adopting a policy which would both clarify the nature of our interest in the region and also put the burden of proof on the Soviet Union and China to respect the sovereignty of the countries of that region.

In effect, we would be saying that we do not desire to continue a military presence in Southeast Asia for its own sake. We would be very happy to leave if all would agree on and respect an international arrangement guaranteeing Southeast Asia as a region of peace, friendship, and neutrality. We would also be saying that we do have a positive interest and stake in the independence of the countries of Southeast Asia. Such a course would be consistent with our national interests and with our ideals, and in my judgment, it would find broad support in the American society at large.

TAX REDUCTION ACT OF 1975

The Senate resumed the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now begin the 1 hour before the Senate votes to invoke cloture on H.R. 2166, with the time to be equally divided and controlled by the Senator from Louisiana (Mr. LONG) and the Senator from Nebraska (Mr. CURTIS).

Mr. LONG. Mr. President, I ask unanimous consent that I may yield 5 minutes to the Senator from Wisconsin, to consider a privileged matter, and if the matter cannot be disposed of in that period of time, the parliamentary situation revert to what it is now.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that I may yield to the Senator from Vermont, without losing my right to the floor.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. STAFFORD. Mr. President, I ask unanimous consent that any amendments presented at the desk this morning to the pending matter before the Senate be considered as read, for the purpose of rule XXII.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. LONG. Mr. President, I ask that the Chair and the Parliamentarian protect my rights, as the manager of this bill, and make it clear that consent is being asked to regard an amendment as read, and that the Chair put the motion in such a way that it is clear that if consent is being asked to waive the germaneness requirement, that is objected to. I object to all requests to waive the germaneness requirement.

The ACTING CHAIRMAN pro tempore. It is the opinion of the Chair that the intent was to waive the reading.

Mr. LONG. Mr. President, I ask unanimous consent that in these unanimous-consent requests between now and the time we vote on cloture, the Chair state the request in two parts, if it is made in two parts: one, that the reading requirement be waived and, two, that the germaneness requirement be waived. Otherwise, it is very easy for one to ask unanimous consent that the amendment might be considered as having met the requirements of rule XXII. I am perfectly willing to waive the reading of anything, but I am not willing to waive the germaneness requirement.

The ACTING PRESIDENT pro tempore. Without objection, the reading requirements are waived.

Mr. LONG. Can we have agreement that the Chair will state it as two requests: one, to waive the reading and, two, to waive the germaneness, if that request be made?

The ACTING PRESIDENT pro tempore. The Chair will so state it.

Mr. LONG. I thank the Chair.

THIRTIETH ANNIVERSARY OF THE LIBERATION OF THE SURVIVORS OF THE HOLOCAUST

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 46, Senate Joint Resolution 56.

The PRESIDING OFFICER (Mr. FORD). The joint resolution will be stated.

The legislative clerk read as follows:

> A joint resolution (S.J. Res. 56) to authorize and request the President to proclaim April 6, 1975, as a day of observance of the 30th anniversary of the liberation of the survivors of the holocaust.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution (S.J. Res. 56) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the sixth day of April 1975 is hereby marked in commemoration of the thirtieth anniversary of the liberation of the survivors of the holocaust. It was on that day in 1945 that the Allied soldiers liberated the survivors of Buchenwald concentration camp exposing to the world the shameful genocide committed by the Third Reich. In order that such inhumanity never be forgotten the President is authorized and requested to issue a proclamation inviting the people of the United States to observe such day with appropriate ceremonies and activities.

NATIONAL CAR CARE MONTH

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 48, Senate Joint Resolution 57.

The PRESIDING OFFICER. The joint resolution will be stated by title.

The legislative clerk read as follows:

> A joint resolution (S.J. Res. 57) to authorize and request the President to proclaim the month of May 1975 as "National Car Care Month."

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution (S.J. Res. 57) was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

> Whereas latest National Safety Council statistics indicate that sixteen million six hundred thousand auto accidents occurred in this country in 1973, resulting in fifty-five thousand eight hundred deaths; and
>
> Whereas forty-six thousand two hundred auto accident fatalities were reported nationwide in 1974; and
>
> Whereas a 1969 report on turnpike accidents estimates 11 per centum of all fatal accidents involve some kind of vehicle defect; and
>
> Whereas auto safety inspection standards are not uniform in all fifty States; and
>
> Whereas car maintenance is as essential a factor in accident prevention as skillful driving; and
>
> Whereas the lag in new-car sales due to the state of the economy this year places greater emphasis on the need for auto maintenance than in the past; and
>
> Whereas awareness of the critical impact of effective car care on the safety of our highways and the conservation of energy will encourage attainment of these goals: Now, therefore, be it
>
> *Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President is authorized and requested to issue a proclamation designating the month of May 1975, as "National Car Care Month", and calling upon the people of the United States and interested groups and organizations to observe that month with appropriate activities and efforts to maximize road safety by encouraging conscientious care and maintenance of automobiles.

CONDUCT OF MONETARY POLICY—CONFERENCE REPORT

Mr. PROXMIRE. Mr. President, I understand that the distinguished manager of the tax bill, the Senator from Louisiana (Mr. LONG), has yielded me a couple of minutes in order to call up a conference report.

I submit a report of the committee of conference on House Concurrent Resolution 133, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. FORD). The report will be stated by title.

The legislative clerk read as follows:

> The committee of conference on the disagreeing votes of the two Houses on the amendment of the concurrent resolution (H. Con. Res. 133) to lower interest rates, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Is there objection to the consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. PROXMIRE. Mr. President, will the Senator from Louisiana yield me an additional 2 minutes?

Mr. LONG. I yield.

Mr. PROXMIRE. Mr. President, the conferees made only minor changes in the Senate amendment to the resolution.

The conferees agreed to incorporate the House language regarding lower, long-term interest rates in paragraph (1). This paragraph now calls upon the Federal Reserve to pursue policies in the first half of 1975 to encourage "lower, long-term interest rates" as well as "expansion in the monetary and credit aggregates."

Second, the conferees agreed to add a final sentence to the resolution stating that, in the event changing conditions required the Federal Reserve to modify its objectives and plans with respect to ranges of growth or diminution in the monetary and credit aggregates, the Board would report the reasons during the next hearings.

Finally, the preamble was edited in two ways. First, by striking the paragraph in the Senate amendment referring to anticipated budget deficits and their possible effect on higher interest rates in the absence of reasonable growth in monetary and credit aggregates. Second, by modifying the paragraph referring to the effect which monetary and credit aggregates have on the economy's performance by deleting the words "Congress had received expert evidence that" and inserting "in part" after the word "performance".

Mr. President, I ask unanimous consent that the printing requirement be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeeing to the conference report.

The conference report was agreed to.

CONSIDERATION OF CERTAIN ITEMS ON THE CALENDAR

Mr. MANSFIELD. Mr. President, will the Senator yield me 2 minutes?

Mr. LONG. I yield.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendars Nos. 42, 43, 45, and 47.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRAVEL EXPENSES AMENDMENTS ACT OF 1975

The Senate proceeded to consider the bill (S. 172) entitled "Travel Expenses Amendments Act of 1975," which had been reported from the Committee on Government Operations with an amendment on page 8, beginning with line 1, strike out:

(1) by striking out of subsection (a)(8) "actual transportation expenses", wherever it appears, and inserting in lieu thereof "travel expenses"; and

And insert as follows, in lieu thereof:

(1) by striking out "actual transportation expenses incurred by employees" in subsection (a)(8) and inserting in lieu thereof "travel expenses incurred by employees"; and

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Travel Expenses Amendments Act of 1975".

SEC. 2. (a) Section 5701(2) of title 5, United States Code, is amended to read as follows:

"(2) 'employee' means an individual employed in or under an agency, including an individual employed intermittently in the Government service as an expert or consultant and paid on a daily when-actually-employed basis and an individual serving without pay or at one dollar a year;".

(b) Section 5705 of such title 5 is amended by striking out "or individual" wherever it appears.

SEC. 3. Section 5702 of title 5, United States Code, is amended to read as follows:

"§ 5702. PER DIEM; EMPLOYEE TRAVELING ON OFFICIAL BUSINESS

"(a) Under regulations prescribed under section 5707 of this title, an employee while traveling on official business away from his designated post of duty or, in the case of an intermittent employee, his home or regular place of business, is entitled to a per diem allowance for travel inside the continental United States at a rate not to exceed $35. For travel outside the continental United States, the per diem allowance shall be established by the President, or his designee, for each locality where travel is to be performed. For travel consuming less than a full day, such rates may be allocated proportionately.

"(b) Under regulations prescribed under section 5707 of this title, an employee who, while traveling on official business away from his designated post duty, becomes incapacitated by illness or injury not due to his own misconduct, is entitled to the per diem allowance and appropriate transportation expenses until such time as he can again travel, and to the per diem allowance and transportation expenses during return travel to his designated post of duty.

"(c) Under regulations prescribed under section 5707 of this title, the Administrator of General Services, or his designee, may prescribe conditions under which an employee may be reimbursed for the actual and necessary expenses of official travel when the per diem allowance would be less than these expenses, except that such reimbursement shall not exceed—

"(1) $50 for each day in a travel status within the continental United States when the per diem otherwise allowable is determined to be inadequate (A) due to the unusual circumstances of the travel assignment, or (B) for travel to high-rate geographical areas designated as such in regulations prescribed under section 5707 of this title; or

"(2) $21 for each day in a travel status outside the continental United States plus the locality per diem rate prescribed for such travel.

"(d) This section does not apply to a justice or judge, except to the extent provided by section 456 of title 28.".

SEC. 4. (a) Section 5703 of title 5, United States Code, is repealed.

(b) Item 5703 contained in the analysis of subchapter I of chapter 57 of such title is repealed.

SEC. 5. Section 5704 of title 5, United States Code, is amended to read as follows:

"§ 5704. MILEAGE AND RELATED ALLOWANCES

"(a) Under regulations prescribed under section 5707 of this title, an employee who is engaged on official business for the Government is entitled to—

"(1) 8 cents a mile for the use of a privately owned motorcycle;

"(2) 15 cents a mile for the use of a privately owned automobile; or

"(3) 18 cents a mile for the use of a privately owned airplane,

instead of actual expenses of transportation when that mode of transportation is authorized or approved as more advantageous to the Government. A determination of such advantage is not required when payment on a mileage basis is limited to the cost of travel by common carrier including per diem. Notwithstanding the preceding provisions of this subsection, in any case in which an employee who is engaged on official business for the Government chooses to use a privately owned vehicle when a Government vehicle is readily available, payment on a mileage basis is limited to the cost of travel by such Government vehicle.

"(b) In addition to the mileage allowance authorized under subsection (a) of this section, the employee may be reimbursed for—

"(1) parking fees;

"(2) ferry fees;

"(3) bridge, road, and tunnel costs; and

"(4) airplane landing and tie-down fees.".

SEC. 6. Section 5707 of title 5, United States Code, is amended to read as follows:

"SEC. 5707. REGULATIONS AND REPORTS

"(a) The Administrator of General Services shall prescribe regulations necessary for the administration of this subchapter, except that the Director of the Administrative Office of the United States Courts shall prescribe such regulations with respect to official travel by employees of the judicial branch of the Government. Such regulations shall state the specific rate of the per diem allowance, within the dollar limitations prescribed in the first sentence of section 5702(a) of this title, and a specific rate of reimbursement for actual and necessary expenses of official travel to each high-rate geographical area under section 5702(c)(1) of this title, to which an employee is entitled.

"(b)(1) The Administrator of General Services, in consultation with the Comptroller General of the United States, the Secretary of Transportation, the Secretary of Defense, and representatives of organizations of employees of the Government, shall conduct periodic investigations of the cost of travel and the operation of privately owned vehicles to employees while engaged on official business, and shall report the results of such investigations to Congress at least once a year. In conducting the investigations, the Administrator shall review and analyze among other factors—

"(A) depreciation of original vehicle cost;

"(B) gasoline and oil (excluding taxes);

"(C) maintenance, accessories, parts, and tires;

"(D) insurance; and

"(E) State and Federal taxes.

"(2) At least once each year, the Administrator shall determine, based upon the results of his investigations, specific figures each rounded to the nearest one-half cent, of the average, actual cost a mile during the period for the use of a privately owned motorcycle, automobile, and airplane. The Administrator shall report such figures to Congress not later than five working days after he makes his determination. Each such report shall be printed in the Federal Register. The cent figures contained in paragraphs (1), (2), and (3) of section 5704(a) of this section, or any adjustments previously made thereto and in effect under that section, shall be adjusted by the Administrator within thirty days following the submission of that report to the figures so determined and reported by him. Those figures shall not be less than the figures in effect under that section immediately after the enactment of the Travel Expense Amendments Act of 1975, nor shall those figures ever be adjusted to figures greater than—

"(A) 11 cents a mile for the use of a privately owned motorcycle;

"(B) 20 cents a mile for the use of a privately owned automobile; and

"(C) 24 cents a mile for the use of a privately owned airplane.

Those adjusted figures shall also be included in the regulations prescribed under this section.".

SEC. 7. Item 5707 contained in the analysis of subchapter I of chapter 57 of title 5, United States Code, is amended to read as follows:

"5707. Regulations and reports.".

SEC. 8. The seventh paragraph under the heading "ADMINISTRATIVE PROVISIONS" in the Senate appropriation in the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 68b), is amended by striking out "$25" and "$40" and inserting in lieu thereof "$35" and "$50", respectively.

SEC. 9. Section 506 of the Supplemental Appropriations Act, 1973 (2 U.S.C. 58), is amended—

(1) by striking out "actual transportation expenses incurred by employees" in subsection (a)(8) and inserting in lieu thereof "travel expenses incurred by employees"; and

(2) by striking out subsection (c) and inserting in lieu thereof the following:

"(e) In accordance with regulations prescribed by the Committee on Rules and Administration, an employee in a Senator's office shall be reimbursed under this section for per diem and actual transportation expenses incurred, or actual travel expenses incurred, only for round trips made by the employee on official business by the nearest usual route between Washington, District of Columbia, and the home State of the Senator involved, and in traveling within the State (other than transportation expenses incurred by an employee assigned to a Senator's office within that State (1) while traveling in the general vicinity of such office, (2) pursuant to a change of assignment within such State, or (3) in commuting between home and office). However, an employee shall not be reimbursed for any per diem expenses or actual travel expenses (other than actual transportation expenses) for any travel occurring during the one hundred twenty days immediately before the date of any primary or general election (whether regular, special, or runoff) in which the Senator, in whose office the employee is employed, is a candidate for public office. Reimbursement of per diem and actual travel expenses shall not exceed the rates established in accordance with the seventh paragraph under the heading 'Administrative Provisions' in the Senate appropriation in the Legislative Branch Appropriation Act, 1957 (2 U.S.C. 68b). No payment shall be made under this section to or on behalf of a newly appointed employee to travel to his place of employment.".

SEC. 10. Any increases in expenses of per diem, travel, transportation, mileage, and subsistence incurred during fiscal year 1975 as the result of the enactment of this Act shall be absorbed by the departments, agencies, independent establishments, and other entities of the three branches of the United States Government and the government of the District of Columbia incurring such increases: No amounts shall be appropriated for fiscal year 1975 to pay for such increases.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read:

A bill to revise certain provisions of title 5, United States Code, relating to per diem and mileage expenses of Government employees, and for other purposes.

Mr. MANSFIELD. Mr. President, there are echoes in this Chamber. Every time I turn around, it seems that I hear, "I object." I guess it must be a carryover from yesterday.

[Laughter.]

The PRESIDING OFFICER. The Senator's point is well taken.

AMENDMENT OF THE EMERGENCY LIVESTOCK CREDIT ACT

The bill (S. 1236) to extend and amend the Emergency Livestock Credit Act of 1974, and for other purposes, was announced as next in order.

Mr. DOLE. Mr. President, S. 1236, the bill now before the Senate, represents the combined efforts of the membership of the Committee on Agriculture and Forestry to provide a realistic update of the Emergency Livestock Credit Act of 1974.

After nearly 9 months of operation only $17 million in loans have been guaranteed in my State of Kansas, one of the leading beef producing States in the Nation. A major obstacle has been the $250,000 lending limit per borrower. The $500,000 limit provided in the bill now under consideration is more realistic in terms of the financial commitment necessary to be successful in cattle production. In addition, a line of credit is authorized to allow borrowers to draw funds as they are needed rather than in a lump sum. This bill also extends the repayment period from 5 to 10 years.

Another reason that more of the $80 million allocated to Kansas has not been used is because of the lack of loanable funds in many rural financial institutions. By increasing the Government guarantee from 80 percent to 90 percent of the loan and allowing the Federal Financing Bank to purchase the guaranteed portion of the loan, we are providing an additional source of funds for rural areas.

Finally, this bill authorizes additional funds to Farmers Home Administration to provide badly needed additional personnel to help administer this program.

Mr. President, I hope the Senate will pass this bill without encumbering amendments which will invite a Presidential veto and only prolong the time necessary to put these needed program improvements into effect.

Mr. President, I ask unanimous consent that a staff explanation of the emergency livestock credit bill be printed in the RECORD.

There being no objection, the staff explanation was ordered to be printed in the RECORD, as follows:

[From the Senate Committee on Agriculture and Forestry]

STAFF EXPLANATION OF REVISED EMERGENCY LIVESTOCK CREDIT BILL

On March 6, 1975, the Subcommittee on Agricultural Credit and Rural Electrification approved for full Committee action a bill incorporating provisions in S. 351 and S. 579 to amend the Emergency Livestock Credit Act of 1974.

The revised bill—

1. Deletes the proviso in section 2(b) of the Act providing that the term "legally organized lending agencies" (with respect to which loans may be guaranteed) does not include the Federal Financing Bank. The deletion of the proviso would permit secondary financing of the guaranteed portion of livestock loans through the Federal Financing Bank. (*Note:* The Federal Financing Bank makes commitments to purchase and sell, on terms and conditions determined by the Bank, any obligation which is issued, sold, or guaranteed by a federal agency. Any federal agency which is authorized to issue, sell, or guarantee any obligation is authorized to issue or sell such obligations directly to the Bank.)

2. Provides that contracts of guarantee under the Act shall not require the Secretary of Agriculture to guarantee more than 90 percent of the principal and interest on the loan.

(NOTE: Under existing law, the Secretary's participation is limited to 80 percent of any loss sustained.)

3. Provides that guaranteed loans shall be for the period reasonably required by the needs of the borrower (taking into consideration the available security), but not exceeding an original term of seven years. Loans could be renewed for not more than three additional years.

(NOTE: Under existing law, guaranteed loans must be payable in not more than three years, but may be renewed for not more than two additional years.)

4. Authorizes the guarantee of a line of credit up to $250,000.

5. Authorizes the payment of administrative expenses from any funds available, including the Agricultural Credit Insurance Fund.

6. Extends the Act until December 31, 1976.

(NOTE: Under existing law, the authority to make new guarantees will terminate July 25, 1975. However, upon making certain findings, the Secretary could extend the guarantee authority for a period not to exceed six months.)

7. Requires that, insofar as practicable, action by the Department of Agriculture on each loan application is to be completed within thirty days.

Mr. McGOVERN. Mr. President, on March 6, 1975, the Subcommittee on Agricultural Credit and Rural Electrification which I chair, approved for full committee action a bill to improve and strengthen the Emergency Livestock Credit Act of 1974.

The revised bill—

First. Deletes the proviso in section 2(b) of the act providing that the term "legally organized lending agencies"—with respect to which loans may be guaranteed—does not include the Federal Financing Bank. The deletion of the proviso would permit secondary financing of the guaranteed portion of livestock loans through the Federal Financing Bank. The Federal Financing Bank makes commitments to purchase and sell, on terms and conditions determined by the Bank, any obligation which is issued, sold, or guaranteed by a Federal agency. Any Federal agency which is authorized to issue, sell, or guarantee any obligation is authorized to issue or sell such obligations directly to the Bank.

Second. Provides that contracts of guarantee under the act shall not require the Secretary of Agriculture to guarantee more than 90 percent of the principal and interest on the loan. Under existing law, the Secretary's participation is limited to 80 percent of any loss sustained.

Third. Provides that guaranteed loans shall be for the period reasonably required by the needs of the borrower—taking into consideration the available security, but not exceeding an original term of 7 years. Loans could be renewed for not more than 3 additional years. Under existing law, guaranteed loans must be payable in not more than 3 years, but may be renewed for not more than 2 additional years.

Fourth. Authorizes the guarantee of a line of credit up to $250,000.

Fifth. Authorizes the payment of administrative expenses from any funds available, including the Agricultural Credit Insurance Fund.

Sixth. Extends the act until December 31, 1976. Under existing law, the authority to make new guarantees will terminate July 25, 1975. However, upon making certain findings, the Secretary could extend the guarantee authority for a period not to exceed 6 months.

Seventh. Requires that, insofar as practicable, action by the Department of Agriculture on each loan application is to be completed within 30 days.

The full Committee on Agriculture accepted all of these provisions except that it modified the extent of an individual loan to a $500,000 maximum.

Mr. President, this bill is not as generous or as helpful as I would like, but it is the best bill we can pass without drawing a Presidential veto. Senator Abourezk sought and I supported an effort to add two amendments to improve the bill but these efforts were not successful.

Mr. President, my distinguished colleague, the junior Senator from Dakota, has taken note of an extremely serious economic situation in the amendment which he proposes to S. 1236 to provide for 20-year unsecured loans with a subsidized interest rate to the hardest-hit of our livestock producers.

During consideration of amendments to the Emergency Livestock Credit Act of 1974, in both the Subcommittee on Agricultural Credit and Rural Electrification, which I chair, and the Committee on Agriculture and Forestry, I had hoped that we could arrive at a subsidized interest rate and a provision which would make security easier.

I regret that my position is not the position of all members of the Congress and, indeed, all who make up our livestock industry.

Nevertheless, I support this amendment because it would provide a source of credit for those producers who are hardest-hit, already mortgaged to the hilt, and who can find no way to provide full collateral and pay the present extremely high rates of interest on commercial loans.

The junior Senator from South Dakota (Mr. Abourezk) has already made a strong case for this bill, and I hope that following the Easter recess we can again turn to consideration of his proposal. I wish to support this concept by providing for the Senate a copy of a letter which I received recently from Mr. Bruce Birkeland, a banker from northwestern South Dakota, who states the case so well. I ask unanimous consent that it be printed at this point in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Farmers State Bank,
Faith, S. Dak., March 12, 1975.

Senator George McGovern,
Senate Office Building,
Washington, D.C.

Dear Senator McGovern: Please allow me to express some of my thoughts about the problems and needs of the basic livestock producers in our country.

Basically, I would estimate that the ratio of livestock loans in our bank portfolio would be one of the highest percentages of any bank in the United States. We have primarily cow-calf and yearling ranchers in this area. I can honestly say that the severe turnaround in the cattle industry price structure, a 300% increase in operating expense, severe drought in 1974, sod web-worm infestation, and the blizzards so far this winter make for one of the bleakest outlooks ever in the cattle industry.

In many, many cases, the funds that have been advanced for operating money alone, has more than exceeded the value of the security. It is a certainty that the biggest percentage of our family livestock operators, will have used up all of their equity, and more. By the Fall of 1975, unless a workable, timely emergency livestock loan program can be worked out, we will be in serious trouble. If these operators have used up all of their equity, they will be unbankable—broke—and out of business.

The irony of this uniquely horrible situation is that by far the majority of family operators who could be put out of business are hard-working, not extravagant people, who have attempted to increase production (and consequently operating expense) because up until a year and a half ago, all signs pointed toward the actual need for more production.

As far as the development of the emergency livestock loan program, I would recommend the following steps. We are going to need a reasonable length of time to allow our operators to stabilize their operations—a reasonable length of time would be from 7 to 10 years. A favorable interest rate will be a necessity, probably through interest subsidy but at any rate, in some form.

I have had quite a bit of contact with the Farmers Home Administration in seeing a few of our operators attempt to get an emergency livestock loan through the 1974 emergency program. The problem that many of them run into is the insistence of complete security. By the present program, from the start, it is impossible for many of these operators to qualify.

This must be taken into account when a new or revised emergency livestock loan program is considered. I believe the U.S. Government is going to have to stand behind our basic livestock producers by making it possible for them to get operating money during this period of history when the dollar-value security (primarily livestock) is not there to provide complete loan security.

As you well know, South Dakota Main Streets basically depend almost completely on agricultural productivity for their livelihood, directly or indirectly. If we allow the impending slump in productivity to occur, which it will if help is not at hand, then more than just the people directly in agriculture will be hurt. Thank you.

Sincerely yours,

L. Bruce Birkeland,
Assistant Cashier.

Mr. McGOVERN. Mr. President, I support the proposal of my junior colleague from South Dakota to provide much-needed assistance to farmers affected by an intense snow and wind storm in January of this year.

The Senate should know that the Subcommittee on Agricultural Credit and Rural Electricification, which I chair, reported to the Committee on Agriculture and Forestry a bill by Senator Abourezk, which I cosponsored, to provide what he continues to seek in this bill. I had hoped that the committee would have had an opportunity, by now, to have considered this legislation, but our committee has undertaken an extremely heavy workload and has been unable to give it the consideration it deserves. It is my hope that an additional effort can be made immediately following the Easter recess.

To understand the need for this action, one first must comprehend the severity of the blizzard which impacted on a large part of northwestern Iowa, southwestern Minnesota and a small part of eastern South Dakota.

Two continuous days of heavy snowfall and winds which reached 100 miles an hour took a heavy toll in livestock. Cattle producers who had already suffered enormous losses in the marketplace were, literally, wiped out.

Even though the present program provides emergency loans at 5 percent over 7 years, most of these producers tell me that such a repayment period is not long enough to recoup these very heavy losses.

Mr. President, it is indeed special legislation to single out one area and one natural disaster for this treatment. But the January midwestern blizzard was a special case.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 1236

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Emergency Livestock Credit Act of 1974 (88 Stat. 391) is amended as follows:

(a) Section 2 is amended—

(1) By striking "for the purpose of" in the first sentence of subsection (a) and inserting in lieu thereof the following: "and who have substantial operations in".

(2) By changing the colon after the word "hereunder" in subsection (b) to a period and striking the remainder of subsection (b).

(3) By striking all of subsection (c) after the word "Secretary" and inserting the following in lieu thereof: "to guarantee more than 90 per centum of the principal and interest on such loan.".

(4) By changing subsection (f) to read as follows:

"(f) Loans guaranteed under this Act shall be for the period reasonably required by the needs of the borrower, taking into consideration the security the borrower has available, but not exceeding an original term of seven years. Loans may be renewed for not more than three additional years.".

(b) Section 3 is amended by striking all of paragraph (3) of subsection (a) after the words "*Provided,* That" and inserting in lieu thereof the following: "the total principal balance outstanding at any one time on loans guaranteed under this Act for any borrower shall not exceed $500,000;".

(c) Section 5 is amended by adding at the end thereof the following new sentence: "In the administration of this Act, the Secretary may utilize any funds available, including the Agricultural Credit Insurance Fund, to pay for administrative expenses notwithstanding any limitations imposed for budgetary reasons.".

(d) Section 8 is amended to read as follows:

"Sec. 8. The provisions of this Act shall become effective upon enactment and the authority to make new guarantees shall terminate on December 31, 1976.".

(e) Section 10 is amended by adding at the end thereof the following new sentence: "Insofar as practicable, the Secretary shall complete action on each loan application within thirty days after its receipt.".

Sec. 2. Section 344 of the Consolidated Farm and Rural Development Act (86 Stat.

667) is amended by changing the last sentence thereof to read as follows: "No contract guaranteeing any such loan by such other lender shall require the Secretary to guarantee more than 90 per centum of the principal and interest on such loan.".

Mr. MANSFIELD. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

HONORARY CITIZENSHIP FOR ALEKSANDR SOLZHENITSYN

The joint resolution (S.J. Res. 36) authorizing and directing the President to declare Aleksandr I. Solzhenitsyn an honorary citizen of the United States of America was announced as next in order.

Mr. HELMS. Mr. President, today we are once more on the verge of considering a joint resolution, Senate Joint Resolution 36, calling upon the President of the United States to proclaim Aleksandr I. Solzhenitsyn an honorary citizen of the United States.

There is no need to add to all that has been said on previous occasions. The Senate approved an identical resolution last October with a list of 43 cosponsors that transcended political and philosophical differences, and I am confident that the Members of this body will once again join in acclamation to proclaim this signal honor for a man of high courage and deep devotion to human rights.

Perhaps I should mention, however, that Mr. Solzhenitsyn's great courage and great fame is matched only by his modesty and the sense that he is merely fulfilling a higher purpose in his work. In his letter to the U.S. Senate after the passage of this identical bill in the last session of Congress, he wrote:

> Attempting to grasp the meaning of this decision, I understand that you had in mind not me exclusively but that through me, you honor with your kindness the multitude of those deprived of civil rights, denied a voice, and longing to be heard. This aggregate experience was gathered under conditions completely unlike yours, but in the essential unity of human endeavor is directed towards the same goals as are your ideals."

Mr. Solzhenitsyn therefore has become a beacon to all those in the world who are oppressed by tyranny and dictatorship. We are entering now into a period of great trial when economic warfare, religious persecutions, and human sufferings are at a new peak, not to mention the dread scourge of war itself. We know how Mr. Solzhenitsyn, through his writings and his courageous witness has made millions of people intensely aware of those suffering in his native land. We know, too, how his witness has created a climate of world opinion in which the persecutors of political and religious beliefs have had to change their treatment of the prisoners they hold captive. We are also aware of how Mr. Solzhenitsyn has given freely of his personal means and influence to aid directly those who still languish in the Gulag Archepelago. Nor should we omit to mention that many seeking to emigrate from persecution have been granted permission through his intervention.

Indeed, the name of Solzhenitsyn is well known to the suffering, and when we honor it, we are offering help and succor to those who are not yet free.

Mr. President, I ask unanimous consent that the letter of Aleksandr I. Solzhenitsyn to the U.S. Senate be printed in the RECORD at the conclusion of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

LETTER FROM SOLZHENITSYN (RELEASED BY U.S. SENATOR JESSE HELMS) TO THE SENATE OF THE UNITED STATES OF AMERICA

I am deeply grateful and moved by this unusual honor accorded me by the U.S. Senate in voting—and unanimously at that—its intention to bestow on me the title of honorary citizen of your country. More than that, I am deeply affected by this decision, recalling that so far in United States history only two men were honored with this title and both were outstanding allies of your country in difficult periods of trials.

Attempting to grasp the meaning of this decision, I understand that you had in mind not me exclusively but that through me, you honor with your kindness the multitude of those deprived of civil rights, denied a voice and longing to be heard. This aggregate experience was gathered under conditions completely unlike yours but in the essential unity of human endeavor is directed towards the same goals as are your ideals.

We all know that the world has entered a crisis of unprecedented type—a crisis when previously agreed upon definitions cease to be precise and the methods of former centuries cease to function. The problems of the contemporary life suddenly appear to be much more complex than heretofore when they were organized and regulated in two dimensional political levels. And now even completely economic phenomena have their roots in the psychology and idelogical outlook of people. Only by consolidation of our efforts and by our completely dissimilar and various experiences can we hope to grow and find a solution as to what it is that the history demands from us.

In this overall view, the hard experience to which I became an heir indeed is an ally of your experience. But because of the great distances between us, because of mutual unawareness, and because of premeditated distortions, the coordination and mutual assimilation of these experiences has been extremely difficult.

In my CBS interview, I already had an opportunity to do justice to the generosity of American people, which has been so poorly returned without gratitude by the world. I also stressed in the interview my anxiety for the difficult future awaiting your nation and our nation—because both our nations are confronted with the responsibility for today's world, which makes things so difficult for us.

At one time, I almost met young America on the Elbe River—but in those same weeks I was snatched away from that meeting by my first arrest. Now, thirty years later, it is as if I am given another opportunity for such a meeting.

I will be happy to make this meeting a reality.

With friendly handshakes and gratitude.

ALEKSANDR SOLZHENITSYN.

30 October 1974.

The joint resolution (S.J. Res. 36) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S.J. RES. 36

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is hereby authorized and directed to declare by proclamation that Aleksandr I. Solzhenitsyn shall be an honorary citizen of the United States of America.

AMERICAN BUSINESS DAY

The Senate proceeded to consider the joint resolution (S.J. Res. 15) to authorize and request the President to issue a proclamation designating May 13 of each year as "American Business Day," which had been reported from the Committee on the Judiciary with amendments beginning on line 3, following the word "issue", strike out the word "annually"; and beginning on line 4, following "May 13, 1975," strike out the words "of each year", so as to make the joint resolution read:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating May 13, 1975, as "American Business Day", and calling upon the people of the United States and interested groups and organizations to observe such day with appropriate ceremonies and activities.

The amendments were agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read:

Joint resolution to authorize and request the President to issue a proclamation designating May 13, 1975, as "American Business Day".

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, the time to be charged against both sides.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. What is the pending business?

The PRESIDING OFFICER. The Senate is in a divided hour before the vote on cloture. The time is controlled by the Senator from Nebraska and the Senator from Louisiana.

Mr. CURTIS. Mr. President, may I ask, is it proper at this time to consider H.R. 2166 or any amendment thereto?

The PRESIDING OFFICER. The Chair rules that that may be considered.

Mr. CURTIS. What amendment, if any, is now the pending business?

The PRESIDING OFFICER. The amendment of the Senator from Rhode Island.

Mr. CURTIS. Mr. President, I ask that the amendment of the Senator from Rhode Island be laid aside and that I may call up my amendment No. 142.

Mr. MANSFIELD. Mr. President, I object.

The PRESIDING OFFICER. The objection is heard.

Mr. MANSFIELD. I think that the Senator from Rhode Island should be on the floor before any such motion be made and I suggest to the attachés that the Senator from Rhode Island be contacted immediately and made aware of the fact that his amendment is the pending business.

Mr. LONG. Mr. President, I am concerned about a suggestion that was made by the Senator from Rhode Island (Mr. PASTORE) last night. The Senator asked of the Chair whether or not, if cloture were voted and his amendment were ruled germane, as he had been advised it would be, whether an appeal could be taken from the ruling of the Chair. He was advised that it could be taken.

Mr. President, in my judgment, once that is done, Senators can just forget about using a cloture rule unless and until the rule has been amended to take from the Senate the privilege of stultifying itself and declaring by a majority vote that an amendment is germane which is clearly not germane.

Here is a social security amendment to be offered to a tax bill, a bill that does not provide for appropriations or expenditures. It is being offered to a bill that is a mere tax reduction bill. We are on notice that if cloture is invoked, then an amendment costing more than $2 billion will be offered, not germane to the bill, and the ruling of the Chair on germaneness will be appealed, and by a majority vote something that is clearly out of order will be ruled in order and then added to the bill.

Mr. President, Senators should think a long time before they vote for cloture, knowing that this sort of procedure may be attempted.

As a matter of fact, last year, when the Senator from Louisiana sought to invoke cloture for the purpose of obtaining a germaneness rule, some of those who were opposed to the measure lobbied against it by saying that once cloture had been invoked, that type of improper conduct could be used to pass a bill to deregulate natural gas on a tax bill. The Senator from Louisiana told them that he would not be a party to any such conduct which, in my judgment, demeans and stultifies the integrity of the Senate. If Senators want to offer amendments that are not germane, they should not vote for cloture.

Mr. HARTKE. Mr. President, will the Senator yield for a brief moment?

Mr. LONG. Yes; I yield.

Mr. HARTKE. I wish to ask the Senator from California if he would be willing to modify his amendment to accept an amendment which is at the desk, amendment 202, which incorporates the deferral payment of tax on foreign income and the foreign tax credit provision which was adopted by the Senate last night.

Mr. CRANSTON. Let me say to the Senator from Indiana that I prefer the language I had on foreign tax credits in my amendment. However, in view of the fact that one of his amendments was accepted by voice vote without any opposition and the other was subjected to a tabling motion and then won overwhelming support, was adopted by the Senate by an overwhelming vote, I am delighted to modify my amendment as he suggests.

Mr. LONG. Mr. President.

The PRESIDING OFFICER. The amendment is so modified.

Mr. LONG. I believe at some time before we pass this measure, I am going to ask, either prior to the vote on the Cranston amendment or some other time, that we have a rollcall vote on the Hartke amendment of last night, because I think that Senators who voted for it would like to be on record as voting for it and those who vote against it would like to be on record. I am confident that the amendment will carry, just as it carried last night. The reason that we did not have a rollcall vote was because it was generally felt that the amendment would probably be agreed to.

I think it would be well that, for the record, Senators who would like to be recorded in favor of the amendment have the opportunity.

Mr. CRANSTON. Will the Senator yield to me?

Mr. LONG. Yes, I yield.

Mr. CRANSTON. That can be done by dividing the Cranston amendment at some point and voting at one stage on that aspect, at the second stage on the aspects relating to oil depletion.

Mr. LONG. I understand.

Mr. HARTKE. Mr. President, I wish to ask that the amendment, that the modification of amendment to 202 as to both tax credit and deferral—when we get to it, all I would like to do is make sure that we have a separate one on the tax credit vote.

Mr. CURTIS. Reserving the right to object.

Mr. HARTKE. Mr. President, there is no request for unanimous consent.

Mr. LONG. The Senator did not ask unanimous consent, he was just stating his intention.

The PRESIDING OFFICER. There is no unanimous-consent request from the Senator from Indiana.

Mr. CRANSTON. Mr. President.

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. LONG. If the Senator desires to yield, I will be glad to yield.

Mr. CRANSTON. I thank the Senator from Louisiana.

Mr. President, I wish to state I have the authority to modify my amendment. I am sending to the desk my modification of the amendment in accordance with this agreement. Let me add that the reason I am accepting something that I do not really prefer as well as my original language is that there will undoubtedly be some modifications achieved in the course of the conference and we will probably wind up back closer to what my original language was.

Mr. LONG. Mr. President, I shall not vote for cloture at this time, because I do not think it is necessary to pass this bill and because, Mr. President, a vote for cloture at this time would deny the Senate the flexibility that it should have to pass a proper tax-cut bill. Let me just explain why that will be the case.

As we vote on amendments, Mr. President, Senators will discover that there is something in the bill, or at least something about the bill as it has been modified, that requires further amendment. They will be precluded from offering amendments to balance out the overall context of the bill, because only the amendments that are at the desk can be offered to amendments, or the committee amendments. Under those circumstances, Mr. President, the Senate will be locked into a situation where a single Senator, by simply objecting to the unanimous-consent request, can deny the Senate the opportunity to modify and amend a bill as we go along. We just have not reached the point, Mr. President, with all the various items we will be asked to vote upon, where we should foreclose ourselves the possibility of perfecting what is before us.

In other words, there are a number of committee amendments that we do not even know whether the Senate is going to agree to or not agree to. It may agree to some of those amendments in whole or it may agree to some of them in part. If that be the case, that might then require further amendment to the bill and we would be precluded from doing that.

Furthermore, Mr. President, there is no filibuster going on in the Senate. I have read in the newspapers from time to time statements that the Senator from Louisiana (Mr. LONG), was expected to lead a filibuster, or something of that sort. I do not know where reporters get their information, but I think the RECORD will show that the Senator from Louisiana has been trying to bring these things to a vote. He has also been trying to limit us to germaneness, because to do otherwise will tend to take us so far afield that we may wind up with no bill at all.

It was agreed in the beginning that we should not even have a depletion amendment on the bill, but since that time a number of Senators have changed their minds, and the informal agreement that I thought was pretty well understood among Senators came apart. But even so, it was then more or less understood that we would limit ourselves at least to a depletion amendment on oil. Now the Senate has wandered astray—and when this sort of thing starts happening it keeps on happening—off into the field of foreign tax credits and deferral of foreign income. Incidentally, that involves not just oil. I believe this foreign deferral matter deserves some consideration. But a great many of those companies are not in the oil business.

Then we have an amendment that gets us over into the social security field. Goodness only knows how far astray we are going to go. One would think that if the Senate would simply vote for a completely irresponsible bill, we would be saved from our folly by the House of Representatives cleaning it up for us and simply refusing to accept that sort of thing.

But I remind the Senate that a new day has taken over in the House of Representatives—a day when the Democratic Caucus meets and undertakes to instruct all Democrats to vote this way or that way, and if they fail to do so they lose their credentials as Democrats, that this is to be taken into consideration in deciding whether they maintain their position on committees or whether they are, indeed, even put on the committees, and what office space will be assigned to them, through the leverage of a majority of the Democratic Caucus, under the system which was in place before the seniority system took over. The old caucus system was that which was regarded as reformed when the seniority system came into effect, but now the House is back where it was 100 years ago under the old caucus system, and under that system it can be expected that a majority of the Democratic conference may well instruct the Democrats on the Ways and Means Committee, just as they instructed the Democrats on the Rules Committee in the House of Representatives, to agree to all these Senate amendments. One can no longer take the view that the House will simply insist on dropping from the bill amendments that were given only a half hour of consideration when they reach the House of Representatives. For an amendment that is not germane to the bill, this is a new day, Mr. President.

So the Senate would be well advised not to vote cloture unless it is necessary to shut off debate, and that point has not yet been reached. I would challenge any Senator to stand here and say that the Senate is not willing to vote, and that the only way he can bring his amendment to a vote is by invoking cloture.

I am glad that the Senator from Rhode Island is in the Chamber, because I would like to review a certain point with the Senator. The Senator suggested last night that although he had been advised that his amendment was not germane, he was advised that he could appeal from the ruling of the Chair. Does the Senator from Rhode Island, if he is advised that his amendment is not germane, intend to seek to have the Senate rule that it is germane, even though we were advised by the Chair prior to voting cloture that that amendment is not germane to the bill?

Mr. PASTORE. Mr. President, the Senator from Rhode Island was confronted with a situation whereby two nongermane amendments, by unanimous consent, for what reasons I do not know, possibly because the subject matter was agreeable to the distinguished manager of the bill——

Mr. LONG. Just a moment, Senator.

Mr. PASTORE. Well, all right.

Mr. LONG. Let us just get that straight. Let us not argue about things that are not the fact.

I had no idea what was in the Gravel amendment. I knew it had something to do with oil, and the oil depletion amendment was in the bill. But I knew nothing about what it was about. I knew he had something about the oil depletion allowance.

Mr. PASTORE. Everybody knows that everyone in Alaska is interested in the oil depletion situation. That is why we had the amendment of Senator GRAVEL, and that is also why we had the amendment by Senator STEVENS. I have no fault to find with that, any more than I have any fault to find with the position of the Senator from Louisiana. He comes from an oil-producing State, and he has to protect the interests of his own people in the Senate. I can understand parochialism in the Senate. We have to defend parochialism in the Senate in order to be elected to the Senate.

But at the same time, the Senator from Rhode Island has a right to be concerned with the consumers of America. He has a right to be concerned with people. I am not saying that the Senator from Louisiana is not concerned with people.

It can certainly be argued that simply because there is no mention in the bill that came over from the House of Representatives of social security, that is no reason why my amendment is not germane. The fact remains that what we are doing in this bill is taking money out of the Federal Treasury in order to give it back to some of the Federal taxpayers. We are taking money out of the Federal Treasury in order to give it back to certain business corporations. All I am saying is that between January 1 and June 30, I, too, would like to take some money out of the Treasury; to help whom? The people on social security.

The Senator tells me that is very unusual, very unorthodox. Mr. President, this whole bill is unorthodox. I have been in the Senate now for 25 years. I have heard about tax reductions to become applicable in futuro, but I never heard of a rebate of taxes already paid. I have never heard of that sort of provision. This is the first time.

Why are we doing it? We are doing it because we say the economy is in bad shape, that it needs to be resuscitated, that it needs to be reinvigorated, that it needs to be stabilized. For that reason, in order to stimulate it, we are making certain concessions. I have no fault to find with that.

Much is made of the fact that the House bill is smaller than the Senate bill. Everyone knows that the Senate bill is more extensive than the House bill, and a move was made to reduce it to the House amount. I have no idea what the outcome of the conference will be, but an effort is being made to take these matters to conference, to show that we are thinking about the plight of the people.

I would not take an appeal from the Chair, but last night I was of the impression—it was not said so categorically, but it was intimated quite forcefully—that there would not be any vote on my amendment, that we would wait for cloture to be applied, and there would be a shutoff on my amendment, that they would use a parliamentary inquiry to acomplish that, and would foreclose my amendment.

After all, anyone who has been associated with the Senator from Rhode Island must know that he does not take defeat too easily. He does not take defeat at all. I mean I am going to use all my tactics and all my strategy to get a vote. If the Senator will give me a vote, I will not appeal from the ruling of the Chair.

Mr. LONG. Mr. President, let me make this point clear: As far as the Senator from Louisiana is concerned, I have voted for cloture and I have voted against it, depending on the situation at the time, and I think that is how every Senator is going to vote in the future.

My point is that when we vote for cloture, anyone who votes for it ought to be willing to accept both the letter and the spirit of that cloture rule, which says that when you vote for cloture, you are closing out all amendments that are not germane to the bill.

Unanimous consent was given, and that is why it had to be given, for the Gravel amendment to be offered. Frankly, I do not know exactly what the Gravel amendment is. I think I have some general idea about what the Senator's views are.

Mr. PASTORE. It is not germane.

Mr. LONG. But the man explained to me that his amendment was germane in part, that there were parts that he had been told by the parliamentarian were not germane, and that he wanted to offer the whole amendment.

I did not object to it even though, frankly, there were some differences of opinion at that point, because a Senator objected, but he did not object before the Chair had ruled, and even that dismayed me. I would like to see the Gravel amendment not offered under those conditions. That is why I would like to see cloture not voted at this point. I would like to see the Senate remain in a position so that the Senator can offer his amendment.

Mr. PASTORE. My amendment is the pending business.

Mr. LONG. I would like to see it offered and voted on without asking the Senate to stultify itself.

Mr. PASTORE. What does the Senator mean by stultifying itself?

Mr. LONG. I mean seeking to have the Senate say that the amendment is germane after cloture has been voted when the sponsor of the amendment and the Senate had already been advised by the Parliamentarian and the Chair that the amendment would not be germane. The Senator stood here and said, "Could I make an appeal from the ruling of the Chair?"

In effect, we are on notice that although we were told the amendment is not germane, a social security amendment on a tax bill which has nothing to do with social security, an appeal will be taken from a ruling of the Chair to consider germane an amendment where the Senator was told in advance it was not germane. Here is a Senator who is a sponsor of the cloture motion and sponsor of the amendment proceeding to vote for cloture after having been advised that the amendment was not germane, and then ask the Senate to rule that the amendment was germane, when nobody other than, perhaps, the Senator himself would contend logically that amendment is germane to this bill. That is why I am saying we should not invoke cloture at this point.

I say we should not invoke cloture at this point for two reasons: One, if we want to offer nongermane amendments to the bill we ought to wait until we have voted the nongermane amendments and then invoke cloture; and two, we ought to wait until we see what the bill looks like, because it might need further amendment, depending on how the various amendments go. At that point we could not amend it if cloture is invoked, because nobody can anticipate what the bill will look like by the time we get through changing it was the amendments that are printed at the desk.

Mr. PASTORE. That is true.

Mr. LONG. We could not perfect our own handiwork except by unanimous consent.

Now, the Senate should not lock itself into that kind of a situation. Likewise, through changing it with the amendment, and if I have a nongermane amendment, and I want to urge it to that bill, I should not be voting for cloture and then ask the Senate to rule that that amendment is germane when everybody knows it is not germane, and the Senate has been advised it is not germane.

Mr. PASTORE. Wait a minute, everybody, everybody, everybody. The Senator from Rhode Island feels differently about it. We have taken appeals from the ruling of the Chair many times before. We do that every time. It is a man's privilege.

Mr. LONG. And without exception——

Mr. PASTORE. I was criticized last night by the Senator from Alabama. The implication was that I was being dilatory and that I should withdraw the amendment.

Well, my recollection is quite fresh and quite vivid that not too long ago in order to harass the Senate the Senator introduced the Lord's Prayer as an amendment, and the reason——

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired. The Senator from Nebraska has 27 minutes.

Mr. LONG. Mr. President, how much more time do I have?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. LONG. Will the Senator yield me 2 minutes?

Mr. CURTIS. I yield my chairman 2 minutes.

Mr. LONG. Mr. President, I want to make this clear: As far back as I can recall when cloture has been voted the Senate has sustained the ruling of the Chair on germaneness.

Mr. PASTORE. And if they do it this time——

Mr. LONG. I do not know of anybody ever voting for cloture and signing a cloture motion when he had been advised in advance that the amendment he was offering was not germane and having made it clear in the RECORD that he expected to appeal from the ruling of the Chair; having asked the two-thirds—or now, 60 Senators—vote for cloture, and having said that he intended to vote for cloture, and then to rule by majority vote that an amendment was germane when he had been advised that it was not germane.

The PRESIDING OFFICER. The Chair must advise the Senator that his time has expired.

Mr. PASTORE. A parliamentary inquiry, Mr. President. Who has control of the time?

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. PASTORE. It strikes me that these two gentlemen are on the same side. Who are the adversaries?

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. CURTIS. I can set the Senator's mind at rest. I am for cloture.

Mr. PASTORE. So am I.

Mr. CURTIS. I believe we will go on for days and days accomplishing nothing here. Part of the time we are legislating in executive session over on that side, and we cannot even find out what is going on.

Mr. President, I am opposed to this tax bill but, I believe, the President of the United States has submitted a program to the country, and Congress should vote it up or down. I am thoroughly convinced, however, that we must have a rule of germaneness on this bill.

Now, let us look at the record. If we accomplished what we have been doing this week, there were two amendments offered by the distinguished Senator from Indiana (Mr. HARTKE). I think they have merit, but I am not ready to vote for them. I am not going to impose over $1 billion in taxes on anybody who has not had his day in court. Mr. President, that is something we grant to the vilest criminal.

The staff or the head of the joint committee staff supported my memory that that issue had never been before the committee for a hearing addressed to that.

Here we have a proposal that does not relate to taxes, for an expenditure of over $2 billion out of the general funds.

Mr. President, those who favor a tax reduction bill to spur our economy had better vote for cloture or this bill will be so piled up that the President of the United States cannot sign it.

I have no direction, no word, nothing to report from the President as to what he will do. But I believe that everyone will agree that if we continue to legislate in this manner that there is danger that we will leave the President no alternative but to veto this legislation.

I am going to vote for cloture, and I hope that we will have a unanimous vote, so that we can at least narrow this down to amendments that are germane to the bill that is brought in here.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. CURTIS. I am happy to yield.

Mr. LONG. Senator, if we are going to have appeals taken from the rulings of the Chair, and a majority of the Senate votes to sustain the ruling that an amendment is germane which is not germane, how can we narrow that down?

Mr. CURTIS. If this body is the subject of a rollcall that has emotion attached to it, and there are just 51 percent of them who just say, "Well, I will never vote against a bill that has anything to do with social security," this country is gone. This country is gone if that is the case. We are going to have to read these amendments and decide them on their merits.

Now, this proposal would raise social security benefits for everybody and, as I said yesterday, the wealthier you are the higher security benefits you get. A percentage increase of that is a big increase. The person who has worked hard all his life and gets a small social security benefit, a percentage increase is still small.

Mr. PASTORE. Mr. President, will the Senator yield at that point?

Mr. CURTIS. To the wealthier person—no, no, I will not yield—that is a tax-free amendment.

Now, if we are going to blindly jump every time somebody says "social security" without reading it, without analyzing it, without examining what funds we have in the Social Security Administration, we are going to ruin the social security system.

The information that the Finance Committee has is that the social security fund this next year, the cash benefits fund, will take in $68.2 billion, and pay out $74.3 billion.

We will pay out over $6 billion more than we pay in.

Now, I challenge no one's good intentions or their motives at all, but I believe we have some colleagues who have not studied social security, who, just as a matter of general political operation, say, "Well, I never vote against a social security amendment."

The time has arrived they better vote for some or they are going to destroy the system. The time has arrived if they have respect or concern for the young and the middle-aged who are working hard, paying taxes, buying a home, supporting their family, paying their own medical bills, building a life insurance program.

We keep piling on payroll taxes upon them and if one is a friend of social security beneficiaries, one must put up a fight for sound social security financing.

Mr. President, because I feel that this bill should be disposed of and because I feel that the issue of giving the economy a spurt with a tax benefit should be decided by the Congress, we have no choice but to vote for cloture.

Now, I yield to my friend from Kansas.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. DOLE. I thank the distinguished Senator from Nebraska.

In an effort to reemphasize what the Senator from Kansas tried to emphasize last night, the issue is not whether or not we believe benefits should be increased to those who now receive social security. The issue is amply illustrated by the distinguished chairman as much larger than that. It is a question of whether or not we start dipping into the general revenue fund to finance social security and the controversy emerges over what the advisory council on social security may have recommended.

Now, since last evening, the staff has had an opportunity to review the report from the Advisory Council on Social Security, and I think it is fair to say that it says very specifically the following:

(1) The Advisory Council on Social Security did *not* recommend that retirement benefits be increased retroactive to Jan. 1, 1975.

(2) It also did *not* recommend that OASDI cash benefits be paid out of general revenues. It recommended that a portion of Medicare be paid out of general revenues, but this was not an unequivocal recommendation.

(3) It concluded that OASDI cash benefits should not be paid out of general revenues because—

(a) would obscure true cost of increase benefits and lead to pressures for unwarranted increases in benefits.

(b) would defeat earned-right contributory principle which is a primary reason for widespread public confidence in the system.

(c) would lead to pressures for a "needs" test.

(d) Would put social security needs into competition with other demands on general revenues.

Mr. President, I ask unanimous consent that that portion of the report dealing with general revenue financing of OASDI commencing on page 76 and concluding on page 78 be printed in the RECORD.

There being no objection, the pages were ordered to be printed in the RECORD, as follows:

It is recognized that an increase of 1.0 percent in the OASDI tax is a significant increase, but the direct impact in terms of social security tax rates can be eliminated through the implementation of the Council's proposal to fund at least part of the hospital insurance program from general revenues.

SECTION 5. OTHER FINANCING PROPOSALS CONSIDERED

In addition to the proposals discussed above, the Council also considered other approaches to the deficit problem. One of these, compulsory coverage of government employees, has already been discussed. Three others are presented below.

6.1 General revenue financing of OASDI[1]

One method of dealing with the long-range actuarial deficit in the social security cash benefits program that has been advocated by some, including several members of this Council, is the use of substantial amounts of general revenues. After consideration of this method of financing, a majority of the Council decided against the use of additional general revenue financing in the social security cash benefits program. The Council believes that the deficit can and should be dealt with through the conventional system of ear-marked payroll contributions.

General revenues are used in the present social security cash benefits program only to a very limited extent and only to finance benefits in special cases. General revenues are used in the cash benefits program to finance (a) special payments made on a transitional basis to certain uninsured people age 72 and over, (b) benefits attributable to military service before 1957, and (c) noncontributory wage credits provided for members of the military service after 1956, and (d) noncontributory wage credits for persons of War II. The Council believes that it is entirely appropriate to finance these kinds of benefits from general revenues.

The Council believes that there are compelling reasons against the use of substantial amounts of general revenues in the cash benefits program. Such indirect financing would tend to obscure the true cost of additional benefit liberalizations and could easily lead to pressures for unwarranted increases in benefits. Financing the program entirely from payroll contributions serves to prevent unreasonable demands for increases in benefits. The tie between benefit payments and contributions under the present method of financing fosters a sense of responsibility since the worker knows that higher benefits mean higher contributions. At present when the program must deal with a substantial long-range deficit it is particularly important that any liberalizations be financed in a manner that will not obscure the relationship between benefits and contributions.

Substantial general revenues would also have a detrimental effect on the insurance nature of the program. While there is recognition of the social role of social security through such elements as the weighted benefit formula and provision for dependents, the program is essentially one in which the worker earns the right to benefits through his work in covered employment. The fact that the program is supported almost exclusively from the contributions of covered workers and their employers accords with the insurance aspects of the program. It is this earned-right, contributory principle which is one of the primary reasons for the widespread public acceptance of and confidence in the program.

The introduction of a substantial general revenue contribution in the cash benefits program might lead to strong pressures for the introduction of a needs test for many social security benefits. It would be difficult to justify the use of general revenues derived largely from the progressive income tax to pay benefits to middle- and upper-income workers who are not in financial need.

In addition, the use of large amounts of general revenues would place the social security system in competition with all other government programs for such funds. For budgetary reasons, the Government's contributions might not be paid in the amount or at the time required. There would not necessarily be any guarantee that this money would be available to the social security program when it is needed. In the absence of assurance that these funds would be forthcoming as needed, confidence in the financial integrity of the system would seriously be undermined.

6.2 Raising the maximum covered wage[2]

Today, only earnings up to $14,100 per year are covered by Social Security. Under the automatic changes in the law, this amount will rise each year in the same proportion as average wages rise. This will gradually increase the amount of maximum taxable earnings over the years to come.

There is nothing sacred in the figure, $14,100; it is largely arbitrary.[3] To help cover the deficit, the Council, at one point, considered raising the maximum covered wage to $24,000 per year in 1976. It was eventually abandoned because there were formidable arguments against this proposal.

Social Security was designed from the beginning as only one of three elements in the income-maintenance system, the other two being: (1) private savings, pension, etc., and (2) public assistance programs. It was logically argued that raising the limit to $24,000 would cause Social Security to interfere with the private savings element. It certainly would extend coverage to a level of income where "enforced" savings seems inappropriate, and where it could further reduce needed capital formation.

The only real argument in its favor was that it would hold down the increase in the tax rate which is necessary to cover the long-term deficit. If it were adopted, it would cut the short-term deficit by .89 percent and the long-term deficit by .49 percent.

Mr. DOLE. Now, finally, Mr. President, the Senator from Nebraska just touched upon, I think, another point.

During the hearings on the so-called tax cut bill which is really before the Senate, many witnesses indicated that more than 50 percent of the American workers pay more in social security taxes than they pay in income taxes.

Now, I would suggest that as the Senator from Nebraska stated, there are many young Americans and many middle-aged Americans, men and women, who are concerned about the social security system and the integrity of the social security trust fund.

It just seems to the junior Senator from Kansas, the question is not increased benefits for those in need; they will be increased on July 1, 1975 under a previous act passed by the Congress.

This Senator does not believe that the President's 5-percent lid will prevail. It will not prevail unless Congress acts and we have indicated in the Senate Finance Committee we do not intend to act, and the same attitude has been taken on the House side.

So I believe there may be some variance of the issues now before us on cloture and this Senator has not yet decided to vote for or against cloture.

It seems to me that it would be of assistance to the Senator from Rhode Island if cloture were not invoked and, of course, a nongermane amendment could be offered. But it appears that sooner or later we are going to have to either recommit this entire bill with instructions to report it back forthwith or adopt some reasonable amendments so that we can conclude or at least start debate on the tax-cut provisions which the President has asked us to do now for some time.

Mr. PASTORE. Will the Senator yield?

Mr. CURTIS. Mr. President.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. CURTIS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has approximately 15 minutes.

Mr. CURTIS. I yield 1 minute to the Senator from Rhode Island.

Mr. PASTORE. I need more than 1 minute. Do not be so generous.

Mr. CURTIS. Well, I will give the Senator 3 minutes.

Mr. PASTORE. All right.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. PASTORE. Now, gentlemen, everybody knows that a complicated bill of this kind, which is so different from the House bill, is going to go through a shakedown process, we all know that. But I think we ought to put our decks in proper order.

The fact of the matter is that we are trying to stimulate the economy and I do not care how we say it, I do not care how we put it, we are going into the Treasury in order to get the money to do that.

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[1] See statement of Mr. Danstedt and statement of Mr. Arnold, Mr. Cleary, and Mrs. Norwood.

[2] See statement of Mr. Danstedt.

[3] The automatic adjustment provisions of the 1972 amendments, however, were intended to keep the wage base ceiling at the same level relative to wages in the future. The $14,100 base does that. An increase to $24,000 would break this relationship.

We are taking money that has to be borrowed in order to give it back to certain taxpayers under certain formulas.

Now, the Senator makes so much fuss over the fact that on social security, certain people get a little bit more than other people. That is going to happen under the Senator's bill. Certain types are going to get more money.

And why? Because they paid more taxes, that is the reason why it is going to happen.

I cannot follow the logic being enunciated on this floor.

All I am saying here is, let us have a vote on it, let us see what the Senate feels. If they defeat it, they defeat it.

I am not talking about emotion. It is not a matter of emotion.

Is it unorthodox? Of course it is unorthodox. I admit it. I never said once—I never said once that any council recommended my amendment. I did not say that.

I said, but at one point when the argument was made that we are going to make this a social welfare by going into the general treasury, I only said, why the council at one point did recommend we go to the general treasury. In one of the instances, that comes under social security.

So that is nothing new. We are just expanding that idea.

Now, is this forever? It is not forever. It is this one shot between January and the 30th of June.

Everybody knows under the law these people are entitled to their 8.7 increment July 1.

All I am saying is that for this 6 months, if we want to stimulate the economy, put some money in the pockets of the people that are really going to spend it. I do not care how we put it.

Maybe we have a few people under social security that do not need the money. But that is a miniscule amount. The majority of people I know live in these public housings, in the housing for the elderly. I talk to them every day and they cannot buy meat. They are eating cornflakes. I heard only the other day that some of them have to resort to dog meat.

Now, I am saying that this is awful. Here we are doing something for Pan Am, doing something for big corporations, doing something for small business, doing something for the wage earner, doing something for the low wage earner. Why do we not do something for the poor people that have no job at all and have to wait for that measly check every month so they can go to the grocery store.

I go to the supermarket—I do not know if anyone else in the Senate goes—and I see these poor people pick up a piece of meat, admire the meat and then just put it down. They just put it down and walk away from the meat counter because they cannot afford it.

All I am saying is that if we want to help and if we want to stimulate this economy, the best place we can put $2,400,000,000 is in the pockets of the poor and that is the way to do it.

This idea that we can spend $29 billion because the committee said it is fine, but we cannot spend $2 billion to help the people who really need it, to me does not make any sense.

And talk about germaneness, this is the amendment to the House bill and the House, what did it do? It did not say so categorically, but it intimated in its report that this was a rebate given back to people who earn up to $6,000 a year, giving them back the money they paid in social security.

If someone thinks my amendment is not germane, I just point that out to them. That is the reason why I am going to take a position——

The PRESIDING OFFICER. The Senator's 3 minutes have expired.

The Senator from Nebraska.

Mr. CURTIS. Mr. President, I want it clearly understood that a vote for cloture is not a vote on the merits of the amendment of the Senator from Rhode Island. A vote against cloture I do not think can be construed as a vote for his amendment.

A vote of cloture will accomplish two things: It will mean that we will drive ahead and get some legislation, vote it up or down; it will also mean that the amendments have to be germane.

Those are two very important issues for the Senate to decide.

They may go too far in this bill and it will never become law. This is my guess. I have no information on that, and I do not want to imply that I do.

But I believe this legislation to be decided in the next day or two by this Senate carries the seeds to destroy the social security system. First, it says you are going to pay it out of general revenue, and there is not any general revenue. You are going to pay it with paper money.

There is not any general revenue. There is no expectation of living within our means. There is no expectation of stopping the deficit in the general revenue.

And then there is another section of the bill, the practical effect of which returns to the workers their payroll tax. Even if they have not paid an income tax, it is refundable anyway.

The people of this country are smart. They will not be fooled. Let somebody who wants to send out word to the elderly of the country, "We are going to take away the payroll tax that you paid all your life and jerk that prop out from under social security, and we are going to make you a phony promise we will pay you out of the general fund. There is no money in the general fund. We are just going to float some bonds for it."

What they are doing is destroying the foundations of social security and paying it with a paper benefit. Is it any wonder people go shopping and cannot buy very much? Is it any wonder?

It is true, because this Congress has added programs and added programs and added programs until we cannot appropriate enough money to pay for them.

I realize that it is very easy to say, "I cannot support President Ford's budget." Well, I cannot support the budget of Senator McCLELLAN and Senator YOUNG either. They are the chairman and ranking member of the Appropriations Committee, but their hands are tied. We have passed so many programs, we have voted so many increases, that they are just ministerial officers in adding up the figures and bringing in the bills. .

I do not believe that Senator McCLELLAN wants to appropriate the sizable sum of money that he is compelled to appropriate.

There is an old Chinese proverb that we should not grind our seed. That is what we have done with this welfare state. We are not in difficulty because of war or even some foolish expenditures around this Chamber. Fifty-five cents out of every tax dollar goes for the welfare state. It is growing. We do not only have a school lunch program, we have a school breakfast program. We have a summertime lunch program. The food stamp program started out at a third of a billion dollars and now it is up to $4 billion.

Why not let us make a demagogic speech and blame JOHN McCLELLAN, chairman of the Appropriations Committee, for those high exenditures.

It would be wrong. He is not for them. He did not vote for a lot of this stuff. But the Congress collectively did.

As long as I have a voice, I am going to raise it against the reckless and foolish enlargement of this Government that can destroy the finest country on the face of the Earth.

Today we are faced with a dual proposition of voting social security by just a piece of paper, and with the other hand the entering wedge of doing away with the payroll tax.

You may fool some people, but not very many of them. Upon these two issues rests the future of our social security program.

Mr. President, I do hope that we will vote cloture because this issue should be disposed of. If we go on and on there are many minds with great inventiveness and ingenuity which will dream up amendments to offer here, which will add more and more billions of dollars and then this will never become a law.

Personally, I am not for it, but I do believe we should all do our best to make it a responsible measure.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The Senator from Nebraska has yielded back the remainder of his time.

Does the Senator from Louisiana wish to be recognized?

Mr. LONG. Mr. President——

Mr. CURTIS. Point of order, Mr. President.

Mr. LONG. Will the Senator yield to me?

Mr. CURTIS. I have no time.

Mr. LONG. Has all time expired?

The PRESIDING OFFICER. It would take unanimous consent to start the quorum call before 11 o'clock. The Senator from Nebraska yielded back the remainder of his time.

Mr. LONG. I ask unanimous consent that I might be recognized for 2 minutes.

Mr. CURTIS. No objection.

The PRESIDING OFFICER. Without

objection, the Senator from Louisiana may proceed.

Mr. LONG. Mr. President, the Senator from Rhode Island is planning an appeal from the ruling of the Chair to make germane a social security amendment on the basis that in the House committee report—the House report, not the bill—it is pointed out that poor people, while they do not pay an income tax, do pay a social security tax.

His argument is not based on the bill, but on the committee report by the House of Representatives—a committee report. He believes this amendment is germane to the bill because the House committee report says that about these people.

After all, these poor people that we are going to benefit with this tax credit actually do pay some taxes. They pay a social security tax.

Mr. President, if the Senate sets that precedent, then, Mr. President, you might as well rule that an amendment to appropriate money is germane to an amendment to tax because both of them have to go through the U.S. Senate and both have to be signed by the President. Therefore, one is relevant to the other. Or because when you tax, there must be a purpose for it, and, therefore, at some point it has to be spent.

That is how farfetched it would be. That is what we are going to be asked to vote on, Mr. President, under the cloture arrangement.

Mr. PASTORE. Will the Senator yield?

Mr. LONG. Yes.

Mr. PASTORE. If the Senator from Louisiana belabors his case any more he will lose it. Up to now I have been told that the term security payments had nothing to do with it, it was never mentioned, nobody ever thought of it. That is what they are telling you. The reason the House put the 5 percent in was to give back the social security payment. That is what they are telling you in the report. I do not care how it is written in the bill. The intent was to give back the social security money.

Mr. LONG. There is not a word in the bill about it.

Mr. PASTORE. But in the report there is.

Mr. LONG. It is as if one could say, "After all, this bill will help people on welfare because it will help them get a job, and, therefore, a welfare amendment is relevant to the bill."

Mr. President, I yield back the remainder of my time.

Mr. PERCY. Mr. President, I intend to vote against the motion to invoke cloture today for two reasons.

First, the Senate has yet to begin consideration of the tax rebate and tax reform provisions of either the House or Senate Finance Committee bill. The Finance Committee bill provides for tax cuts of nearly $30 billion, nearly $20 billion of which is permanent. I do not believe the time and procedures allowed once cloture is invoked are sufficient for the responsible consideration of these provisions.

Second, there are amendments pending to this bill which are worthy of consideration but which would, in all likelihood, be ruled nongermane on a point of order. It is my own view that this legislation should include revenue raising as well as revenue disbursing provisions.

Once these matters have been given sufficient consideration I will support a petition for cloture. Until such time, I cannot, in good conscience, do so.

CLOTURE MOTION

The PRESIDING OFFICER (Mr. Leahy). The hour of 11 o'clock having arrived, the time for debate having expired, pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The assistant legislative clerk read as follows:

Cloture Motion

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon H.R. 2166, to amend the Internal Revenue Code of 1954, to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Ernest F. Hollings, Floyd K. Haskell, Vance Hartke, William D. Hathaway, Gaylord Nelson, George S. McGovern, Joseph R. Biden, Jr., John O. Pastore, Richard S. Schweiker, Gary W. Hart, Thomas J. McIntyre, Birch Bayh, Philip A. Hart, Clifford P. Case, Mike Mansfield, Joseph M. Montoya, Clairborne Pell, Abraham Ribicoff, Walter F. Mondale, Alan Cranston and Edmund S. Muskie.

CALL OF THE ROLL

The PRESIDING OFFICER. Pursuant to rule XXII, the Chair now directs the clerk to call the roll to ascertain the presence of a quorum.

The second assistant legislative clerk called the roll, and the following Senators answered to their names:

[Quorum No. 23 Leg.]

Bartlett
Bellmon
Bentsen
Buckley
Byrd, Harry F., Jr.
Case
Cranston
Curtis
Dole
Eagleton
Eastland
Fannin
Ford
Gravel
Hart, Gary W.
Hart, Philip A.
Hathaway
Hollings
Hruska
Humphrey
Kennedy
Leahy
Long
Mansfield
McGee
McGovern
McIntyre
Mondale
Montoya
Pastore
Pearson
Ribicoff
Roth
Scott, William L.
Sparkman
Stafford
Stone
Symington
Talmadge
Tunney
Young

The PRESIDING OFFICER. A quorum is not present.

Mr. MANSFIELD. Mr. President, I move that the Sergeant at Arms be directed to request the presence of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

Pending the execution of the order, the following Senators entered the Chamber and answered to their names:

Abourezk
Allen
Baker
Bayh
Beall
Biden
Brock
Brooke
Burdick
Byrd, Robert C.
Cannon
Chiles
Church
Clark
Culver
Domenici
Fong
Garn
Glenn
Goldwater
Griffin
Hansen
Hartke
Haskell
Hatfield
Helms
Huddleston
Inouye
Jackson
Javits
Johnston
Laxalt
Magnuson
Mathias
McClellan
McClure
Metcalf
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pell
Percy
Proxmire
Randolph
Schweiker
Scott, Hugh
Stennis
Stevens
Stevenson
Thurmond
Tower
Weicker
Williams

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Bumpers) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

The PRESIDING OFFICER. A quorum is present.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Bumpers) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The yeas and nays resulted—yeas 59, nays 38, as follows:

[Rollcall Vote No. 81 Leg.]

YEAS—59

Abourezk
Bayh
Bentsen
Biden
Brooke
Burdick
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Eagleton
Fong
Ford
Glenn
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McGovern
McIntyre
Metcalf
Mondale
Montoya
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevenson
Stone
Symington
Tunney
Williams

NAYS—38

Allen
Baker
Bartlett
Beall
Bellmon
Brock
Buckley
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Dole
Domenici
Eastland
Fannin
Garn
Goldwater
Gravel
Hansen
Helms
Hruska
Johnston
Laxalt
Long
McClellan
McClure
McGee
Morgan
Percy
Randolph
Scott, William L.
Sparkman
Stennis
Stevens
Talmadge
Thurmond
Tower
Weicker
Young

NOT VOTING—2

Bumpers
Taft

The PRESIDING OFFICER. On this vote, there are 59 yeas and 38 nays. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the cloture motion is not agreed to.

The PRESIDING OFFICER (Mr. STONE). The Chair recognizes the Senator from Montana.

The Senators will please take their seats.

Mr. MANSFIELD. Mr. President, I do not know how far we are going to go or how much we are going to go astray, but I do feel that up to this moment we have done very little to accomplish the objective of the Committee on Finance which is to give tax assistance to various segments of the economy.

There is no way that I can get the floor at this time to offer a substitute so perhaps I will make a motion to recommit to the committee, with instructions to report forthwith. But the substitute, which is at the desk, is a streamlined, bare-necessity economic revitalization measure without frills, without any Christmas tree ornaments, without special dispensation benefits to any sector.

In a sense, it would do the following:

First. It takes the committee's approach to tax rebates on 1974 taxes paid and provides a rebate of 12 percent. The revenue impact would be about $10 billion.

Second. It incorporates the committee's approach to permanent tax reduction, with a revenue impact of $8 billion.

Third. The business tax changes are along the lines recommended by the committee, except no windfall is provided to certain corporations by way of loss carryback privileges.

Fourth. Housing would be granted special relief, but only on new construction. The revenue impact here would be about $1 billion.

Fifth. Finally, persons would not be denied benefits simply because they are retired. While this proposal would not in any way affect the social security trust or any other pension fund it would grant special benefits to the elderly who are not employed. The payment would be $100, about the same as that given those who are employed. The revenue impact would be about $3 billion.

Sixth. The earned income credit is structured the way the Finance Committee recommended, to benefit heads of households who do not earn enough to pay taxes.

That, I believe, is a skeleton outline of the substitute which I have at the desk. It appears to me to face up to the issue sharply and cleanly. It keeps out extraneous elements, and it is framed in a way in which this matter could be brought to a head one way or the other if the Senate so desired.

May I say, Mr. President, I think that we are going astray, far astray, in thinking up all kinds of amendments to offer to a bill which originally was proposed just to help those in the gravest need.

What we have now is a conglomerate which I think is making it most difficult for the Members of the Senate to really understand. This was supposed to have been a stimulative tax rebate, tax cut measure designed to restore consumer confidence. I would hope that out of the chaos and the confusion of the last 2 days would come a recognition of what confronts us at this time and where the need really lies and what must be done to face up to it.

Mr. PASTORE. Will the Senator yield?

Mr. MANSFIELD. Yes.

Mr. PASTORE. The Senator from Rhode Island would be very willing to set aside temporarily his own amendment which is the pending business to allow the majority leader to bring up his amendment.

Mr. MANSFIELD. Mr. President, I thank the distinguished Senator.

I understand that my substitute—a substitute drafted to the entire bill—would not be in order so in lieu of offering it as a substitute, I move that H.R. 2166 be recommitted to the Finance Committee with instructions to report back forthwith recommending the following substitute amendment for the committee amendment, which, in brief, is what I just said.

Mr. PASTORE. Well, now, before the Senator does that, I would like to make sure that my rights are being preserved as to my amendment, subject, of course, to this amendment being considered.

The PRESIDING OFFICER. This is not an amendment. It is a motion to recommit with instructions.

Mr. PASTORE. Well, if it is defeated, I wonder then what is the status.

Mr. MANSFIELD. If it is defeated, Mr. President, I ask unanimous consent the rights of the distinguished Senator from Rhode Island be not abrogated in any way, shape, or form.

Mr. DOLE. Mr. President, reserving the right to object——

Mr. HOLLINGS. The Senator from South Carolina——

The PRESIDING OFFICER. The Chair states this motion to recommit with instructions takes precedence over the pending amendment, and it is debatable.

Mr. HUGH SCOTT. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator from Montana is making a unanimous-consent request.

Mr. MANSFIELD. As I understand it, the House figure is a little less than $20 billion, and the Finance Committee's is a little less than $30 billion.

Mr. LONG. Well, the Senator's amendment would be about the same amount as the committee amendment. I would guess. I have not had a chance to read the amendment, the Senator has not shown it to me, but it sounds to me like——

Mr. MANSFIELD. It is about a billion dollars less, without considering the rebate provision to Older Americans.

Mr. STEVENS. Will the Senator yield for a question?

Mr. MANSFIELD. In the meantime, I yield to the Senator from Connecticut and then I will yield to somebody.

Mr. RIBICOFF. That was the important question.

Mr. PASTORE. Mr. President, may we have order? This is quite important.

Mr. RIBICOFF. Mr. President, I believe the Senator from Montana has shown great statesmanship. It clears the atmosphere and gets us back on the track.

The proposal of the Senator from Montana will have my complete support.

Mr. STEVENS. Will the Senator yield for a question?

Mr. MANSFIELD. I yield.

Mr. STEVENS. Do I understand correctly that items that the majority leader has just read are the only subject covered in the bill and that the amendments that have previously been considered, such as the Bentsen amendment and other amendments, have been stripped from the bill?

Mr. MANSFIELD. That is correct, and I say so reluctantly because I was and am a strong supporter of the Bentsen amendment. I think the independent producers of this Nation are entitled to a little consideration, especially in the times in which we live and the difficulties which confront us.

Mr. STEVENS. May I inquire, is the subject of depletion covered at all by the Senator's amendment?

Mr. MANSFIELD. Not at all.

Mr. STEVENS. Well, I want to commend the Senator for taking leadership and showing again his ability to lead us out of this problem.

Again, I think the subjects need review and some of us want to change them, but if this is the Senator's amendment in the nature of a substitute to move on with the unanimous-consent package to stimulate the economy, the Senator will have the support of the Senator from Alaska.

Mr. BROOKE. Will the Senator yield?

Mr. MANSFIELD. Mr. President, I will yield to the Senator from Arkansas.

Mr. McCLELLAN. What effect does this have on the Bentsen amendment; can it be reintroduced?

Mr. LONG. Well, Mr. President, if the Senator will yield, the way I would take this, the figure that I have been able to calculate up until now, is that the Senator's amendment would do more for individuals.

It would reduce the benefits for corporations. It would eliminate the tax credit for used housing, it would save the tax credit for new housing, it would eliminate the loss carryback provision, and it would work out to about $28 billion, about $1 billion below comparable provisions of the committee recommendation. The payments to social security recipients would be about $3 billion.

Now, I would take it that if the Senator's amendment is agreed to, the matter of depletion would be in conference, but the conferees would be guided by these five or six rollcall votes we have had on depletion, which I think pretty well indicates how the Senate feels about this issue.

We had a vote on it. The Senate indicated substantial support for the Hollings amendment. Even though it was not agreed to. It indicated support for the Bentsen amendment, and refused to table the Cranston amendment.

Mr. NELSON. Mr. President, may we have order?

Mr. LONG. I would take it——

The PRESIDING OFFICER. The Senator will suspend for just a minute, please.

Senators will clear the well and be seated.

Mr. LONG. But I would expect if this motion is agreed to, the Senate will do what is implicit in a motion to recommit and report back, which is to put the bill in the fashion the Senate expects to pass it.

If that is done, the conference would be guided by the attitude expressed by the Senate on the four or five rollcalls we have had with regard to depletion in seeking to work out a compromise with the House of Representatives bill which would repeal depletion completely.

Mr. MANSFIELD. Will the Senator yield?

Mr. LONG. Yes.

Mr. MANSFIELD. If this is done, if it is recommitted and reported back forthwith, then it is open to amendment again, but at least we have got a clean bill to work from.

Mr. LONG. I understand that, but, traditionally, a motion to recommit and report back forthwith usually is expected to mean that is how the Senate expects to pass the bill.

Mr. PASTORE. That is right.

The PRESIDING OFFICER. The Senator from Louisiana will please suspend for 1 minute.

Will Senators please clear the aisle. Those Senators not seeking recognition please be seated so that this colloquy can be heard by the Senators.

Mr. LONG. But in any event, I would agree with the Senator that if the motion is agreed to, I would think it would move us closer to final action on this bill.

Mr. STEVENS. Will the Senator yield?

Mr. McCLELLAN. Mr. President, a parliamentary inquiry.

Mr. HOLLINGS. Will the Senator from Montana yield?

Mr. MANSFIELD. I promised to yield, I will yield then to those who are waiting.

Mr. McCLELLAN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McCLELLAN. Mr. President, assuming the motion to recommit is agreed to and the bill goes back to the Committee on Finance and is immediately reported out with the provisions in accordance with the motion, would not that bill be subject to the amendment just as an original bill reported out by the committee?

The PRESIDING OFFICER. That committee substitute would be subject to amendment as would the original bill, and the three pending amendments would still be pending.

Mr. McCLELLAN. In other words, there is no loss of opportunity to offer amendments?

The PRESIDING OFFICER. That is correct.

Mr. McCLELLAN. Amendments will not be barred simply by this procedure?

The PRESIDING OFFICER. That is correct.

Mr. MANSFIELD. I yield to the Senator from Kansas.

Mr. DOLE. The Senator from Kansas understands the reason for the motion to recommit is to speed up the process. I assume it is the hope of the distinguished majority leader that if, in fact, the motion to recommit were adopted, it would come back to the floor and those of us who vote for it would feel bound to leave it that way and to get on with the business of tax cuts and get on to conference. Otherwise, I am not certain we gain anything. Do I interpret the distinguished majority leader's statement correctly—that it is an effort to speed the bill along, and though it does not prevent amendments, it would be the hope that that might not happen?

The PRESIDING OFFICER. The Chair will say that the three pending amendments that the Chair referred to a moment ago would not be then pending but could be re-offered.

Mr. MANSFIELD. I would point out that there is a cloture motion pending which will be taken up tomorrow. I think I must in all candor say that it was not my intention to vote for the original bill reported by the Finance Committee, nor will it be my intention to vote for this bill, because I think it takes entirely too much money out of the Treasury. I do not know how you are going to recoup, compensate, or take care of a deficit of this kind. All I am doing is trying to get out of the impasse in which we find ourselves at the moment.

Mr. DOLE. I thank the Senator.

Mr. McCLELLAN. Will the Senator yield?

Mr. MANSFIELD. Yes.

Mr. McCLELLAN. I want to commend the Senator for his statement. He has expressed my sentiments exactly. I cannot vote for the bill as it is now, and I would have trouble voting for the bill as reported. I think, again, as the distinguished leader has stated, it absolutely contains too much money.

Mr. MANSFIELD. I agree.

Mr. HOLLINGS. Mr. President, I do not want to raise a point under the unanimous-consent agreement as I am trying, like everyone else, to get along. But let us go back to the time this bill was submitted, H.R. 2166, at 11 o'clock Tuesday morning. I was in the leadership chair but we withheld calling up amendments because I thought the distinguished majority leader wanted to get it into the Finance Committee bill. It was then that we got into the Gravel and Cranston amendments, freezing everyone out.

Having understood that, we do not think the bill is too dirty to be cleaned up. We think, No. 1, under the Bentsen amendment, we have saved the taxpayers $1.5 billion. Under the foreign tax credits amendment of Senator HARTKE we saved another $1 billion. Under his deferral amendment we have saved a third $1 billion. So in the last 3 days we have saved $3.5 billion.

Last evening we closed out on the time agreement and are ready today with the 1-hour time on our amendment. We are not delaying. We want to go ahead and get all the pieces so that the distinguished chairman of the Finance Committee can go ahead with the regular Finance Committee version. I wonder if the Senator would agree that if we send it back, that, under the unanimous-consent agreement, we could be recognized for our amendment to present what would then be reported back by the Finance Committee? Can I get that agreement?

Mr. MANSFIELD. I do not think that calls for a unanimous-consent agreement, Mr. President. I think the Senator would have the right to offer any and all amendments.

Mr. HOLLINGS. I have the right, but I might not get recognized unless the Senate, by unanimous consent, said I would be recognized.

Mr. MANSFIELD. I would make every effort to see that every Senator who wanted to offer an amendment should be recognized.

Mr. HOLLINGS. That is the rule of the game, that all Senators would be recognized. I am talking about this amendment. We have been working for 2 days.

Mr. MANSFIELD. I am sure that no matter who is in the chair this time, if a Senator seeks recognition, he will be recognized.

Mr. HOLLINGS. Can the Senator from South Carolina, so that the last 2 days will not be wasted, be recognized on his depletion amendment?

Mr. MANSFIELD. I would say "Yes."

Mr. HOLLINGS. A unanimous-consent agreement?

Mr. LONG. I would object to a unanimous-consent agreement.

If the Senator will yield, the Senator from Louisiana had to conduct a hearing on the confirmation of Mr. Dent to be the special trade representative. I came immediately to the Chamber after the committee acted. It was unknown to the chairman of the committee that the bill had been called up while he was on his way to the Chamber. There is nothing this Senator can do about the fact that somebody offered an amendment while I was on my way here. Every Senator has the right to offer an amendment. All he has to do is stand up and offer his amendment, which is what I understand happened while I was on my way to the Chamber.

The Senator from South Carolina has been able to offer all the amendments he wants to, and he can continue to do so. We have had as many votes on Hollings amendments as anybody else's amendments.

As far as this Senator is concerned, the Senator has submitted a motion which I may very well vote for. It may very well do just exactly what he suggests, moving us closer toward the date when we will finally act on this bill. But I object to getting started on this business that first one Senator is going to be recognized and next another. If we are going to vote for the Senator's amendment, let us vote for it and let everybody take his chance on getting recognition.

Mr. MANSFIELD. Mr. President, what I am going to ask for is unnecessary because it is part of the precedents and customs of the Senate. I ask unanimous consent that the Chair recognize any Senator at any time who wishes to offer an amendment to any bill. [Laughter.]

Mr. HOLLINGS. That shows the futility of my request.

Mr. MANSFIELD. No.

Mr. HOLLINGS. Under the unanimous-consent agreement, when Senator PASTORE yields on the final action to his amendment I was to regain the floor. I do not want to raise that point of order with the majority leader.

Mr. MANSFIELD. The Senator is correct.

Mr. HOLLINGS. Will the cloture motion which has already been filed still be efficacious on 12 o'clock tomorrow, Friday, even though the bill has gone back and come back in?

Mr. MANSFIELD. Will the Chair rule?

The PRESIDING OFFICER. Will the Senator restate the parliamentary inquiry?

Mr. HOLLINGS. Will the cloture motion pending for tomorrow be effective if we recommit the bill?

The PRESIDING OFFICER. Yes, it will be.

Mr. HOLLINGS. Will I be recognized then?

Mr. MANSFIELD. I would hope the Senator would be recognized, but I do not think it is incumbent on the leadership to ask unanimous consent that any one Senator be recognized unless an existing order of the Senate covers the situation.

Mr. HOLLINGS. But the Senate on last evening said this Senator would be recognized. It was in that temporary agreement. The Senator from Rhode Island knows that.

Mr. MANSFIELD. Even though the Senator is correct on what he says as to the basis of how he yielded to the Senator from Rhode Island. The Senator has that right, of being sure of being recognized. I would rather have the privilege, if we can term it such, though it is not a privilege but a right, extend to all Senators. I will assure the Senator he will be recognized.

Mr. PASTORE. Can I be heard on that very matter?

Mr. MANSFIELD. I yield.

Mr. PASTORE. As far as the Senator from Rhode Island is concerned, the substitute that is being offered by the distinguished majority leader satisfies me because it does provide $100 for the elderly who are unemployed. That is all I was trying to accomplish. If that comes out in the bill I will be very happy to withdraw my amendment. As a matter of fact, by unanimous-consent agreement, the Senator from South Carolina already had the floor. I do not see why we cannot preserve that right.

Mr. HOLLINGS. That is what I am asking.

Mr. PASTORE. He yielded to me.

Mr. BENTSEN. Let him have the floor now.

Mr. LONG. Will the Senator yield?

Mr. MANSFIELD. Yes.

Mr. LONG. Mr. President, a Senator cannot just take the floor and farm it out and decide who will speak and who will not speak forever. When a Senator yields the floor, according to these rules you can yield only for a question, and if you yield for anything other than a question the person whom you yielded to has the floor and he can make any motion he wants to make.

Mr. MANSFIELD. If the Senator will yield, I believe it was a unanimous-consent request.

Mr. HOLLINGS. That is right, and the Senate unanimously agreed to it.

The PRESIDING OFFICER. The Chair will say——

Mr. LONG. Then I will not object. Go ahead and offer the motion.

The PRESIDING OFFICER. The Chair will state that by unanimous-consent agreement, when the Pastore amendment is disposed of finally, the Senator from South Carolina regains the floor.

Mr. LONG. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. If we agree to the motion made by the majority leader, is the Pastore amendment then pending?

The PRESIDING OFFICER. That will dispose of the pending amendment.

Mr. LONG. That is the point. We would then be back with the bill as recommended by the majority leader. So the Pastore amendment would not be the pending amendment, nor would anybody else's amendment be the pending amendment.

The PRESIDING OFFICER. The order was that the Senator from South Carolina regains the floor at the moment when the Pastore amendment is disposed of, whenever that occurs, by whatever operation disposes of it.

Mr. LONG. That settles that, then.

Mr. MANSFIELD. If this motion is defeated, we are back to where we are now.

Mr. BROOKE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. LONG. It seems to me that the Senator does not require unanimous consent, because it has already been given, that when the Pastore amendment is disposed of, the Senator from South Carolina will be recognized. The Senator's motion will dispose of the Pastore amendment, so I assume that means that the Senator from South Carolina will be recognized, and that is all right with me, if it has already been agreed to.

The PRESIDING OFFICER. The Senator from Louisiana is correct.

Mr. CHILES. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MANSFIELD. I promised to yield to the Senator from Pennsylvania a half hour ago. I yield to the Republican leader, and then I will yield to the Senator from Florida.

Mr. BROOKE. I thought I had the floor.

Mr. MANSFIELD. No, I have the floor. I yield for a question, as long as the Senator has reminded me.

Mr. BROOKE. As I understand it, the Senator from Montana has incorporated the emergency housing provision in his substitute bill. Is that correct?

Mr. MANSFIELD. New housing.

Mr. BROOKE. Is that the same emergency housing, the provision that was contained in the Finance Committee's bill?

Mr. MANSFIELD. Except that it cuts out the old houses. It cuts out existing houses; it applies only to new construction.

Mr. BROOKE. Does it place a ceiling on the cost of houses?

Mr. MANSFIELD. Yes.

Mr. BROOKE. How much is that?

Mr. MANSFIELD. What is it in the bill.

Mr. TOWER. Five percent of $2,000.

Mr. MANSFIELD. A ceiling not on the price of the house but on the credit, which is 5 percent up to a maximum of $2,000.

Mr. TOWER. Not to exceed $2,000—5 percent, not to exceed $2,000.

Mr. MANSFIELD. Exactly.

Mr. BROOKE. Is it a tax credit or is it a refundable tax credit?

Mr. MANSFIELD. It is a tax credit.

Mr. BROOKE. So that the purchaser of the house does not get the money as a down payment but has to wait until the end of the taxable year, when he will get a tax credit?

Mr. MANSFIELD. That is correct.

Mr. BROOKE. Then, this substitute will be amendable?

Mr. MANSFIELD. Yes.

Mr. HUGH SCOTT. Mr. President, if the Senator will yield, it seems to me that some of us are seized with the disease known as cacoethes loquendi, or the itch to speak. I think we have gotten ourselves in such a tangle now that the only way to clean up this bill and then decide what we want to do with it is to support the amendment of the distinguished majority leader, and I am going to support it, and the sooner the better.

Mr. MANSFIELD. Mr. President, I yield to the Senator from Florida.

Mr. CHILES. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. GARY W. HART). The Senator will state it.

Mr. CHILES. The unanimous-consent agreement entered into last night provided that the distinguished Senator from South Carolina would obtain the floor upon the disposal of the Pastore amendment. If the Senate were to vote for the motion to recommit, made by the Senator from Montana, would that not then defer or dispose of the Pastore amendment, and would not then the distinguished Senator from South Carolina be entitled to the floor, under the unanimous-consent agreement of last night?

The PRESIDING OFFICER. The Chair has so stated already.

Mr. CHILES. Then, the distinguished Senator from South Carolina would have the floor when the bill came out. If it came out of committee, he would still be in command of the floor. He could call up the motion, if he wanted, and then offer an amendment.

Mr. HOLLINGS. I could call up an amendment to whatever the committee reported.

The PRESIDING OFFICER. The Senator is correct.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. HARTKE. I think the Senator from Louisiana has stated correctly what the implication of adopting the substitute motion of the majority leader would be—that is, that the implication is that the Senate is going to take that bill, send it to the committee, and immediately come back here and support that bill on the floor of the Senate.

I do not think—if the Senator from

South Carolina is under any misapprehension on that—that anything is going to happen in any of these other fields with any other amendments, which presents this proposition to me: Is there any way that the Senator from Montana could include those two provisions which the Senate has already adopted, one without any objection whatsoever and the other by a vote of 72 to 24?

Both of them would reduce the financial impact of the bill which is being submitted by the Senator from Montana, and that would provide for some people a better opportunity, perhaps, to support the total package.

Mr. MANSFIELD. What I am trying to do is to make a sharp, clean break with what we have been attempting to do so far. I would prefer not to put on any of the provisos, but I would be prepared to vote for those two proposals and I would be prepared to vote for the Bentsen amendment, if this is referred back to the committe and reported back forthwith. But I would hope that it would not be cluttered at this time, even if it is defeated.

Mr. HARTKE. I think the implication is clear that the majority leader is really asking the Senate to withhold any further amendments to this bill. I think the Senator from Louisiana is correct, that that is the general implication of referring the bill to the committee and reporting forthwith.

Mr. MANSFIELD. The Senator is correct so far as his reference to me is concerned, because I think we had better get relief to the people who need help, rather than clutter up a bill with so many extraneous factors, as has been the case so far. The Senator from Indiana can offer his amendments, and if this is recommitted and reported back forthwith, I am prepared to vote for his amendments and for the Bentsen amendment affecting the independent oil producers of this Nation.

Mr. DOLE. Mr. President, will the Senator yield for a parliamentary inquiry.

Mr. MANSFIELD. I yield.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. DOLE. Mr. President, was the reservation or the unanimous-consent request of the distinguished Senator from South Carolina for any specific purpose or any specific amendment?

The PRESIDING OFFICER. An amendment was pending, and he would be recognized following the disposition of the Pastore amendment.

Mr. DOLE. Mr. President, a further parliamentary inquiry. Was it that his amendment was pending; and if so, what amendment was pending?

The PRESIDING OFFICER. Will the Senator repeat that?

Mr. DOLE. What was the nature of the amendment?

The PRESIDING OFFICER. The Senator from South Carolina had an amendment to the amendment of the Senator from California.

Mr. DOLE. Mr. President, a further parliamentary inquiry. If I read the RECORD correctly——

The PRESIDING OFFICER. The Senator from South Carolina offered his amendment and then yielded to the Senator from Rhode Island, by unanimous consent, for the latter to offer his amendment.

Mr. DOLE. A further parliamentary inquiry. I read from the RECORD:

> Mr. HOLLINGS. Mr. President, the distinguished Senator from Rhode Island wishes to be able to submit an amendment and have it on the desk. I do not mind yielding if I do not lose my right to the floor on this particular amendment, because just a moment ago, when I was not in the Chamber, the manager of the bill called my amendment, on which it was announced originally that we would not have to have a rollcall vote, that this is a substantive amendment, and moved to table before I could be recognized.

As I understand, the distinguished Senator from South Carolina may have several amendments. He does not gain any right today that he did not have last night? That is the question.

The PRESIDING OFFICER. No, except that he has unanimous consent to be recognized following the disposition of the preferential amendment by the Senator from Rhode Island.

Mr. DOLE. But he refers to a particular amendment, and we do not know what that particular amendment is. He may not have it drawn yet.

Mr. HOLLINGS. Mr. President, let me respond. To clear the air, my amendment was to the Cranston amendment, which was on oil depletion, so, in technicality, you would have rewritten the entire bill. The Cranston amendment would have included, rather than 3,000 barrels, 1,000 barrels; rather than 18 million cubic feet, 16 million cubic feet.

That is why I was making the point clear that once I got the floor, my amendment would have to be submitted to whatever the Finance Committee reported out, because there would not be any Cranston amendment then. When I got the floor, I would have to rewrite it accordingly.

Mr. MANSFIELD. If the Senator will yield——

Mr. HOLLINGS. Yes, I yield.

Mr. MANSFIELD. If this substitute is recommitted forthwith, then the Senator starts anew.

Mr. HOLLINGS. That is what I mean.

Mr. MANSFIELD. And the Senator has recognition.

Mr. HOLLINGS. I have recognition, so I can submit an amendment.

Mr. MANSFIELD. I yield to the senior Senator from Alaska.

Mr. STEVENS. I have two parliamentary inquires.

The PRESIDING OFFICER. The Senator will state them.

Mr. STEVENS. One, in view of the cloture motion that was filed, if the majority leader's motion to recommit and report the clean bill is adopted, what is the status of the amendments that are at the desk? Do they have to be replaced by amendments which are germane and keyed into the particular line and page of the Senator's new, clear bill?

Mr. MANSFIELD. If the Senator will yield, I shall make the reply subject to a ruling by the Chair.

I should say that commitments already made would be upheld.

Mr. STEVENS. Secondly, may I ask the majority leader and the Parliamentarian, would not the majority leader's amendment in the nature of a substitute be in order to be offered at this time to the bill and end the matter?

Mr. MANSFIELD. Come again?

Mr. STEVENS. Is it not in order to offer the substitute of the Senator from Montana right now, without going back to committee, offer it and have a vote, up or down, on the Senator's amendment and have it go into conference right now?

Mr. MANSFIELD. The motion to recommit has precedence and if it is agreed to then the Senate will be able to perform its will.

Mr. STEVENS. My parliamentary inquiry is, would it be in order to offer the Senator's bill now as an amendment in the nature of a substitute for the committee bill?

Mr. MANSFIELD. There is no place for it. That is my understanding.

Mr. HARTKE. Will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. HARTKE. The answer to the Senator from Alaska is no, it would not be in order at this time.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MANSFIELD. Yes.

Mr. LONG. Permit me to say I have not seen the amendment before the Senator rose to offer it. I am going to vote for it——

Mr. MANSFIELD. Nobody saw the amendment. No Senator saw it.

Mr. LONG. One Senator saw it; the author saw it. At least I assume he saw it.

Mr. President, I had not seen it before the Senator offered it, but I want to commend the distinguished majority leader for making this motion. In my judgment, in making this motion, he is moving us toward a resolution of this impasse that has been developing here for some time. I believe that he is proposing to strike from the committee amendment a number of the more controversial items which would undoubtedly detain this Senate for sometime in acting on them. If someone wants to bring them back up, he can offer them subsequently as an amendment to the Mansfield proposal and everyone will preserve these rights. But I do believe that what the Senator is proposing here is done in good faith. I have never seen the Senator from Montana do anything that was not 100 percent in good faith, and I have never seen him be deceitful with anybody in this body. I personally will be happy to support the Senator's motion. I believe it will take us further toward and move us a long stride down the road toward passage of this legislation.

Mr. MANSFIELD. I appreciate the remarks of the Senator from Louisiana very much. I now yield, as I promised, to the junior Senator from Alaska.

Mr. GRAVEL. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

The Senator may proceed.

Mr. GRAVEL. The question is on the Pastore matter. It is included in the proposal of the Senator from Montana.

Mr. MANSFIELD. Not really; it is a different approach to resolving the issue which Senator Pastore raised. It is a somewhat diluted one.

Mr. GRAVEL. It is a diluted one?

Mr. MANSFIELD. To $100, yes.

Mr. GRAVEL. How is the $100 secured? Is it just appropriated?

Mr. MANSFIELD. It comes out of the general revenue, where the rest of the money comes from as called for by this legislation.

Mr. GRAVEL. Very good. Let me suggest——

The **PRESIDING OFFICER.** The Senator will suspend until the Senate is in order. The Senators will take their seats.

The Senator may proceed.

Mr. GRAVEL. A parliamentary bottleneck—I make this suggestion to the leader most respectfully. The parliamentary bottleneck and political bottleneck, one, is the item of the Senator from Rhode Island involving social security. If that were voted on and disposed of, we would move very rapidly to the Cranston or Hollings amendments. That is two votes that will be taken care of. So in three votes the entire bottleneck will be broken.

Mr. MANSFIELD. If the Senator will yield, the question is how do we get those three votes? We were told last night that there would be a prolonged discussion on the Pastore amendment. This proposal meets with the approval of the author of the Pastore amendment and it does take care of the older people under social security to a limited extent. The Senator from Rhode Island approved of it. He raised the issue in the first place.

Mr. GRAVEL. That is just the point, Mr. Leader, that I wish to make. That is, if it does meet with the approval of the Senator from Rhode Island, why does he not send it to the desk as a modification of his amendment and we can vote on it right now? Because if the votes are to vitiate the work of the committee and insert the Pastore amendment, then we will have a vote there and come back to this body. All amendments at the desk can still be offered, so we are back to square 1.

Mr. MANSFIELD. But the Senator knows that if we follow his procedure, we shall never leave square 1. What I am trying to do is make a sharp, clean break so we can face up to these other matters, which we have been avoiding for the past 2 days.

Mr. GRAVEL. Maybe the Senator from Rhode Island will respond to my inquiry.

Mr. MANSFIELD. I yield for that purpose.

Mr. GRAVEL. Let me place the inquiry.

The **PRESIDING OFFICER.** The Senate will be in order.

Mr. GRAVEL. My inquiry, if I can place it, is very simple: Will the Senator from Rhode Island be prepared to modify his amendment at the desk? If so, it is a compromise and we can proceed to vote on it immediately.

Mr. PASTORE. The only trouble with that is, if I modify the amendment to conform with only one part of the substitute, it is going to be subject to prolonged debate; whereas, if it is contained leader speaks about, I think we can ex- in the overall package that the majority pedite the business.

As a matter of fact, if this substitute is agreed to, within 5 minutes, it is the pending business to be modified in any way we want.

All I am saying is that I started out at the beginning to take care of those people who are absolutely without funds, unemployed, maybe on social security, and this substitute does that precisely. I am satisfied with it.

Mr. GRAVEL. Will the Senator from Rhode Island——

Mr. PASTORE. The only trouble is if we accept it out of a package, we are in trouble.

Mr. GRAVEL. The Senator from Rhode Island knows, I shall vote for his original proposal, that I shall vote for his compromise; I think he is right. But I do not see the benefit of vitiating the work of the committee and then coming back——

Mr. MANSFIELD. If I may respond, it is not vitiating the work of the committee. The Senator from Alaska is a member of that committee. He knows full well that this is more in accord with what the committee reported out and what we have facing us at this time.

Mr. RIBICOFF. Will the Senator yield for a comment?

Mr. MANSFIELD. Yes, I yield.

Mr. RIBICOFF. The majority leader is absolutely right on that point and what the majority leader has done is clear up a very fuzzy situation. The committee bill provides $1.7 billion in refundable tax credit to low-income people. It does not help the aging. It is limited to families of dependent children. This is what concerned the Senator from Rhode Island, that we were helping low-income people, but not people on social security over 65. What the majority leader has done in his substitute is to take care of people that this committee bill did not take care of. I am sure that it satisfies the Senator from Rhode Island——

Mr. PASTORE. Precisely.

Mr. RIBICOFF. And the majority leader, and we come back with a sense of full equity, giving $1.7 billion to low-income people, $1 billion to the people over 65 who are not covered. We give equity across the board to the entire population. That is the genius and the wisdom of what the majority leader has done and it has gotten us out of this impasse.

Is that not correct?

Mr. PASTORE. That is correct, absolutely correct.

Mr. MANSFIELD. I yield to the distinguished assistant majority leader, then the senior Senator from Delaware, then the senior Senator from New York and the junior Senator from Maine, too.

Mr. ROBERT C. BYRD. Mr. President, my statement goes to the question raised by the Senator from Alaska (Mr. Gravel). The motion to commit is before the Senate—the motion to commit this measure is before the Senate. That motion has precedence over any motion to amend.

The only way a vote could be had on the Pastore amendment or any other amendment now would be by unanimous consent.

Mr. MANSFIELD. That was the question raised by the distinguished Senator from Alaska previously, and I am glad to see it reinforced.

I yield to the Senator from Delaware.

Mr. BIDEN. Mr. President, I am a little confused. The reason that we are moving with this compromise to recommit is to expedite the matter the Senator from Rhode Island has been discussing, in part, because that is one of the bottlenecks; but does that not bring us back to the two matters that the Senator from Indiana has been fighting for on the floor? Eventually are we not going to have to go back over all that again?

Mr. MANSFIELD. Yes.

Mr. BIDEN. So I wonder what we gain, if we are going to be discussing depletion and if we are going to be discussing the tax credit——

Mr. LONG. Mr. President, will the Senator yield?

Mr. BIDEN. I yield.

Mr. LONG. If we vote for this, we will at least get a chance to vote for tax cut amendments, if only on one vote.

Mr. BIDEN. That may well be, but as I said to the distinguished chairman yesterday, I am getting to the point where I would rather not give away what I have in my hand. I am afraid I am not going to get back what the Senator from Indiana has already given. That is what concerns me.

Mr. LONG. May I respond? As far as this Senator is concerned, I voted for one of the Hartke amendments. In fact, I think some years ago I offered one of those proposals, not the one about the deferred income but the one about the foreign tax credit. I urged the Senator a year or so ago to offer such an amendment, knowing he felt something should be done about the matter of the foreign tax credit.

Mr. BIDEN. Will the chairman, then, make a motion to agree to the majority leader's proposal?

Mr. MANSFIELD. Mr. President, if the Senator will yield, that question was raised by the Senator from Indiana, and I urged him not to do so. I am going to vote for the Senator from Indiana's amendment.

Mr. RIBICOFF. May I repeat, though, that what the language of the majority leader has done is remove some of the basic controversial matters that would have the Senate tied up in a knot for a couple of days: the great problem of the $1 billion tax windfall that we are giving to Chrysler, Lockheed, and Pan American; the question of old and new housing; the question of the Pastore amendment. It really does clear the atmosphere, as the chairman has indicated, and we go back to a bill that has been stripped down to essentials.

If the Senator from Indiana, whom I support in his amendment, brings it up, I think we can dispose of it in 5 or 10 minutes.

Mr. DOLE. One minute.

Mr. RIBICOFF. And we can go back to Senator Hollings' matter, that keeps going and becomes very important, thus putting us in a position where, by tomorrow noon, we could really be well on the way to passing a tax cut bill. That is what the majority leader has achieved, and I think he deserves the cooperation and thanks, not only of the Senate but of the entire Nation.

Mr. CHURCH. Hear, hear.

Mr. MANSFIELD. I yield to the senior Senator from Delaware (Mr. Roth).

Mr. ROTH. Mr. President, can the majority leader clarify what he proposes as a rebate? As I understand, it is 12 percent, but is there some ceiling on the amount of rebate, or at what level would it phase out?

Mr. LONG. Mr. President, if I may respond, I have had chance to consult with staff. The ceiling is $200 in the House bill, and the ceiling would be $240 in the Senator's proposal.

Mr. MANSFIELD. $240.

Mr. ROTH. $240. And the phaseout proposal is what?

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MANSFIELD. Mr. President, will the Senator repeat that question? There is something wrong with the acoustics in this Chamber today, or else I am getting deaf. Will the Senator repeat his question?

Mr. ROTH. Is there any change in the phaseout, as between the Finance Committee's proposal and the substitute, on the rebate?

Mr. MANSFIELD. It is similar to the recommendation reported out of the committee, which begins the phaseout at 20,000 and ends it at 30.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from New York.

Mr. JAVITS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. I believe the concern which is voiced by Senator Gravel, Senator Biden, and others, is caused by something the majority leader and others have said.

I favor the proposal of the majority leader. I support him very strongly, if he will stand by this substitute through thick and thin, and move to table every amendment, of anyone, and say "That is the deal." But if the majority leader is going to lend himself to this amendment or that amendment, we will be exactly where we were all yesterday and the day before.

Mr. MANSFIELD. Mr. President——

Mr. JAVITS. I think, if I may continue, that the Senator from Montana, the majority leader, who has made a marvelous suggestion, can command a majority of Senators, but if he says, "I stand by this all the way,"—he knows the size of the forces and their weight on this bill—"and this time this is it; I am going to move to table every amendment if no one else does, and this is it," we can go on through.

Mr. MANSFIELD. Mr. President, if the Senator will yield, I cannot make such a commitment, nor do I think I should be asked to make such a commitment. After all, I have lost some degree of my independence as Senator from Montana when I try, as majority leader, to find some way to get us out of an impasse.

I am prepared to vote for some of the amendments. I have voted for them, and I will vote for them again if they are offered. But at least we can start on the right basis if we agree to this particular substitute, and send it back to the committee to be reported forthwith.

Mr. JAVITS. Will the Senator yield further?

Mr. MANSFIELD. I yield.

Mr. JAVITS. We all know there are other bills, energy bills, tax bills, all kinds of bills that these amendments could ride on. They are not going to die between today and 2 or 3 weeks from now, whether foreign taxes, depletion, or anything else. As a matter of fact, most of it can be retroactive. That is the way we have always handled taxes, and that includes windfall taxes on oil companies.

The only question I was asking the majority leader—and of course he retains his independence; we all do—was whether he would add to his proposition one more point, which is critical, and that is, "For this time, to get this tax cut, to get it right away, this is the deal I am going to stand by, and I am going to be against any amendment."

Mr. MANSFIELD. Much as I would like to, may I say to my distinguished colleague from New York, I must answer in the negative. I will not offer any amendments myself, but I will not preclude any Senator from offering any amendment he desires, and I would hope that discretion would be used in so doing. But that is a chance we have to take.

Mr. JAVITS. I thank the Senator.

Mr. MANSFIELD. I yield to the Senator from Maine.

Mr. HATHAWAY. I thank the majority leader for yielding. I wish to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. HATHAWAY. Mr. President, if the motion by the Senator from Montana is agreed to, does that mean that the only matter that will be before the Senate would be the Mansfield substitute, or would we still have the House-passed bill before us, as we have now?

The PRESIDING OFFICER. The House-passed text would still be before the Senate.

Mr. HATHAWAY. So the amendments that are pending at that time would then be in order?

The PRESIDING OFFICER. No, any amendments that have been adopted to that, or are pending to that, would fall.

Mr. MANSFIELD. But they could be reoffered.

Mr. HATHAWAY. They all could be reoffered?

Mr. MANSFIELD. Oh, yes.

Mr. HATHAWAY. We would still have two matters before us, the Mansfield substitute for the Finance Committee substitute, and the House-passed bill in its original text?

The PRESIDING OFFICER. No, the original Finance Committee amendment would also be pending.

Mr. HATHAWAY. But amendments would fall?

The PRESIDING OFFICER. That is correct.

Mr. PASTORE. Mr. President, I ask for the yeas and nays on the Mansfield substitute.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GRAVEL. Mr. President, will the Senator yield?

Mr. MANSFIELD. Mr. President, before yielding to the Senator from Alaska, I wonder if the Senate would agree to vote on this matter not later than 20 minutes to 1?

Several Senators. Right now.

Mr. GRAVEL. Mr. President, I hope we can vote on it right now. I want to say to the majority leader that my fears have been quieted. I agree with the position of the majority leader, and I do not see why we should not vote on his proposal right now.

Mr. TALMADGE. Mr. President, may we have a copy of the substitute, so we know what we are voting on?

Mr. MANSFIELD. It is at the desk.

Several Senators. Vote.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana that H.R. 2166 be recommitted to the Finance Committee with instructions to report back forthwith.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senate will be in order.

The legislative clerk resumed the call of the roll.

The PRESIDING OFFICER. The clerk will suspend the rollcall until the Senate is in order. Senators will be seated or leave the Chamber.

The Senate is not in order. Senators will take their seats. The clerk will not resume the rollcall until Senators have taken their seats. The Senators will clear the aisles.

The clerk will resume the rollcall.

The legislative clerk resumed the call of the roll.

The PRESIDING OFFICER. The Senate will be in order.

Mr. NELSON. Mr. President, I wonder if we could not have order in the Chamber. The Senators are discussing things in the aisles. I request that they retire to the cloakroom.

The PRESIDING OFFICER. Will the aisle be cleared? The Senate will be in order.

Mr. NELSON. Mr. President, some of the Members apparently cannot hear the Chair.

The PRESIDING OFFICER. Will the Senators please be seated?

The legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Bumpers) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Nevada (Mr. Laxalt) is necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 85, nays 11, as follows:

[Rollcall Vote No. 82 Leg.]

YEAS—85

Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Brock
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Ford
Garn
Glenn
Goldwater
Gravel
Hansen
Hart, Gary W.
Haskell
Hathaway
Helms
Hollings
Hruska
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Scott, Hugh
Scott, William L.
Stafford
Stennis
Stevens
Stevenson
Stone
Symington
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—11

Abourezk
Allen
Biden
Brooke
Fong
Griffin
Hart, Philip A.
Hartke
Hatfield
Schweiker
Sparkman

NOT VOTING—3

Bumpers
Laxalt
Taft

So the motion of the Senator from Montana was agreed to.

The PRESIDING OFFICER. Pursuant to the previous order, the Chair recognizes the Senator from South Carolina.

Mr. LONG. Will the Senator yield to me, Mr. President?

Mr. HOLLINGS. Now, Mr. President, if I yield to the distinguished Senator from Louisiana, I want it clearly understood it is for the purpose of making his request that the Mansfield amendment or compromise be considered as original text and I do not lose the floor so I can then call up our amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair recognizes the Senator from Louisiana.

Mr. LONG. What I am trying to do is do what the Senate instructed me to do by its vote, Mr. President.

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order.

Mr. MANSFIELD. Mr. President, I think the Senators ought to be told to take their seats.

The PRESIDING OFFICER. The Senators will take their seats.

The Senator from Louisiana.

Mr. LONG. Mr. President, according to instructions of the Senate just voted, I hereby report on behalf of the Senate Committee on Finance H.R. 2166, amended according to instructions.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2166) to amend the Internal Revenue Code of 1954, and so forth, and for other purposes.

The Senate proceeded to consider the bill which had been reported by the Committee on Finance with an amendment, to strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Tax Reduction Act of 1975".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title.
Sec. 2. Amendment of 1954 Code.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

Sec. 101. Refunds of 1974 individual income taxes.
Sec. 102. Refunds disregarded in the administration of Federal programs and federally assisted programs.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

Sec. 201. Tax credit for personal exemptions.
Sec. 202. Temporary reduction in individual income tax rates.
Sec. 203. Credit for certain earned income.
Sec. 204. Withholding tax.
Sec. 205. Credit for purchase of principal residence.
Sec. 206. Individuals may elect 3-year carryback of capital losses.
Sec. 207. Effective dates.

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

Sec. 301. Increase in investment credit.
Sec. 302. Allowance of investment credit where construction of property will take more than 2 years.
Sec. 303. Change in corporate tax rates and increase in surtax exemption.
Sec. 304. Election to substitute net operating loss carryback years for carryforward years.
Sec. 305. Increase in minimum accumulated earnings credit from $100,000 to $150,000.
Sec. 306. Effective dates.

TITLE IV—CHANGES AFFECTING INDIVIDUALS AND BUSINESSES

Sec. 401. Federal welfare recipient employment incentive tax credit.
Sec. 402. Repeal of excise tax on motor vehicles.

SEC. 2. AMENDMENT OF 1954 CODE.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provisions, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—REFUND OF 1974 INDIVIDUAL INCOME TAXES

SEC. 101. REFUND OF 1974 INDIVIDUAL INCOME TAXES.

(a) IN GENERAL.—Subchapter B of chapter 65 (relating to rules of special application in the case of abatements, credits, and refunds) is amended by adding at the end thereof the following new section:

"SEC. 6428. REFUND OF 1974 INDIVIDUAL INCOME TAXES.

"(a) GENERAL RULE.—Except as otherwise provided in this section, each individual shall be treated as having made a payment against the tax imposed by chapter 1 for his first taxable year beginning in 1974 in an amount equal to 12 percent of the amount of his liability for tax for such taxable year.

"(b) MINIMUM PAYMENT.—The amount treated as paid by reason of this section shall not be less than the lesser of—

"(1) the amount of the taxpayer's liability for tax for his first taxable year beginning in 1974, or

"(2) $120 ($60 in the case of a married individual filing a separate return).

"(c) MAXIMUM PAYMENT.—

"(1) IN GENERAL.—The amount treated as paid by reason of this section shall not exceed $240 ($120 in the case of a married individual filing a separate return).

"(2) LIMITATION BASED ON ADJUSTED GROSS INCOME.—The excess (if any) of—

"(A) the amount which would (but for this paragraph) be treated as paid by reason of this section, over

"(B) the applicable minimum payment provided by subsection (b),

shall be reduced (but not below zero) by an amount which bears the same ratio to such excess as the adjusted gross income for the taxable year in excess of $20,000 bears to $10,000. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting '$10,000' for '$20,000' and by substituting '$5,000' for '$10,000'.

"(d) LIABILITY FOR TAX.—For purposes of this section, the liability for tax for the taxable year shall be the sum of—

"(1) the tax imposed by chapter 1 of such year, reduced by the sum of the credits allowable under—

"(A) section 33 (relating to foreign tax credit),

"(B) section 37 (relating to retirement income),

"(C) section 38 (relating to investment in certain depreciable property),

"(D) section 40 (relating to expenses of work incentive programs), and

"(E) section 41 (relating to contributions to candidates for public office), plus

"(2) the tax on amounts described in section 3102(c) or 3202(c) which are required to be shown on the taxpayer's return of the chapter 1 tax for the taxable year.

"(e) DATE PAYMENT DEEMED MADE.—The payment provided by this section shall be deemed made on whichever of the following dates is the later:

"(1) the date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 for the taxable year, or

"(2) the date on which the taxpayer files his return of tax under chapter 1 for the taxable year.

"(f) JOINT RETURN.—For purposes of this section, in the case of a joint return under section 6013 the combined adjusted gross income and the combined liability for tax of both spouses shall be treated as the adjusted gross income and the liability for tax of one individual.

"(g) MARITAL STATUS.—The determination of marital status for purposes of this section shall be made under section 143.

"(h) CERTAIN PERSONS NOT ELIGIBLE.—This section shall not apply to any estate or trust, nor shall it apply to any nonresident alien individual."

(b) NO INTEREST ON INDIVIDUAL INCOME TAX REFUNDS FOR 1074 REFUNDED WITHIN 60 DAYS AFTER RETURN IS FILED.—In applying section 6611(e) of the Internal Revenue Code of 1954 (relating to income tax refund within 45 days after return is filed) in the case of any overpayment of tax imposed by subtitle A of such Code by an individual (other than an estate or trust and other than a nonresident alien individual) for a taxable year beginning in 1974, "60 days" shall be substituted for "45 days" each place it appears in such section 6611(e).

(c) CLERICAL AMENDMENT.—The table of sections for such subchapter B is amended by adding at the end thereof the following new item:

"SEC. 6428. Refund of 1974 individual income taxes."

SEC. 102. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

Any payment considered to have been made by any individual by reason of section 6428 of the Internal Revenue Code of 1954 shall not be taken into account as income or receipts for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

TITLE II—REDUCTIONS IN INDIVIDUAL INCOME TAXES

SEC. 201. TAX CREDIT FOR PERSONAL EXEMPTIONS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by renumbering section 42 as 45 and by inserting after section 41 the following new section:

"SEC. 42. PERSONAL EXEMPTIONS.

"(a) GENERAL RULE.—There shall be allowed to the taxpayer as a credit against tax for the taxable year in lieu of the deduction provided for personal exemptions under section 151 (if such credit results in the imposition of a lower tax under this chapter), an amount equal to $200 multiplied by the number of exemptions which would otherwise be allowed to such taxpayer under section 151. Such credit shall not exceed the tax imposed by this chapter (determined without regard to subsection (b)) for the taxable year.

"(b) DEFINITION.—For purposes of this title, in the case of an individual, the term 'tax imposed by this chapter' means the tax imposed by this chapter reduced by the amount of the credit allowed under this section."

(b) TECHNICAL AMENDMENTS.—

(1) The table of sections for such subpart is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Personal exemptions.
"Sec. 43. Earned income.
"Sec. 44. Purchase of principal residence.
"Sec. 45. Overpayments of tax."

(2) Section 2(e) (relating to definitions and special rules) is amended to read as follows:

"(e) CROSS REFERENCES.—

"(1) For definition of taxable income, see section 63.

"(2) For definition of tax imposed by this chapter, see section 42(b).".

(3) Section 63 (relating to taxable income defined) is amended—

(A) by striking out "subsection (b)" in subsection (a) and inserting in lieu thereof "subsections (b) and (c)", and

(B) by inserting at the end thereof the following new subsection:

"(c) INDIVIDUALS ALLOWED THE CREDIT UNDER SECTION 42.—With respect to individuals who are allowed a credit under section 42 (relating to personal exemptions), except for the purposes of sections 1 and 3, the term 'taxable income' means the amount determined under this chapter without regard to section 42.".

(4) Section 151 (relating to allowance of deductions for personal exemptions) is amended by adding at the end thereof the following new subsection:

"(f) INDIVIDUALS ALLOWED A CREDIT UNDER SECTION 42.—With respect to any taxpayer who is allowed a credit under section 42 (relating to personal exemptions), any reference to personal exemptions allowed under this section shall be considered to be a reference to the exemptions which would be allowed under this section without regard to section 42.".

(5) Section 6201 (a) is amended by adding at the end thereof the following new paragraph:

"(5) OVERSTATEMENT OF TAX LIABILITY.—If on any return or claim for refund of income taxes under subtitilte A there is an overstatement of liability for tax with respect to the credit allowable under section 42 (relating to personal exemptions) or the deduction allowable under section 151 (relating to deductions for personal exemptions), the amount of such liability shall be recomputed by the Secretary or his delegate in the same manner as a mathematical error appearing on the return.".

SEC. 202. TEMPORARY REDUCTION IN INDIVIDUAL INCOME TAX RATES.

Section 1 (relating to tax imposed) is amended by adding at the end thereof the following new subsection:

"(e) REDUCTION IN RATES FOR 1975 AND 1976.—For taxable years beginning after December 31, 1974, and before January 1, 1977, subsections (a), (b), (c), and (d) shall not apply. For such taxable years there is imposed a tax determined in accordance with the following tables:

"(1) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—There is imposed on the taxable income of—

"(A) every married individual (as defined in section 143) who makes a single return jointly with his spouse under section 6013, and

"(B) every surviving spouse (as defined in section 2(a)),

a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $1,000	13% of the taxable income.
Over $1,000 but not over $2,000	$130, plus 14% of excess over $1,000.
Over $2,000 but not over $3,000	$270, plus 15% of excess over $2,000.
Over $3,000 but not over $4,000	$420, plus 16% of excess over $3,000.
Over $4,000 but not over $8,000	$580, plus 19% of excess over $4,000.
Over $8,000 but not over $12,000	$1,340, plus 22% of excess over $8,000.
Over $12,000 but not over $16,000	$2,220, plus 25% of excess over $12,000.
Over $16,000 but not over $20,000	$3,220, plus 28% of excess over $16,000.
Over $20,000 but not over $24,000	$4,340, plus 32% of excess over $20,000.
Over $24,000 but not over $28,000	$5,620, plus 36% of excess over $24,000.
Over $28,000 but not over $32,000	$7,060, plus 39% of excess over $28,000.
Over $32,000 but not over $36,000	$8,620, plus 42% of excess over $32,000.

"If the taxable income is:	The tax is:
Over $36,000 but not over $40,000	$10,300, plus 45% of excess over $36,000.
Over $40,000 but not over $44,000	$12,100, plus 48% of excess over $40,000.
Over $44,000 but not over $52,000	$14,020, plus 50% of excess over $44,000.
Over $52,000 but not over $64,000	$18,020, plus 53% of excess over $52,000.
Over $64,000 but not over $76,000	$24,380, plus 55% of excess over $64,000.
Over $76,000 but not over $88,000	$30,980, plus 58% of excess over $76,000.
Over $88,000 but not over $100,000	$37,940, plus 60% of excess over $88,000.
Over $100,000 but not over $120,000	$45,140, plus 62% of exces over $100,000.
Over $120,000 but not over $140,000	$57,540, plus 64% of excess over $120,000.
Over $140,000 but not over $160,000	$70,340, plus 66% of excess over $140,000.
Over $160,000 but not over $180,000	$83,540, plus 68% of excess over $160,000.
Over $180,000 but not over $200,000	$97,140, plus 69% of excess over $180,000.
Over $20,000	$110,940, plus 70% of excess over $200,000.

"(2) HEADS OF HOUSEHOLDS.—There is imposed on the taxable income of every individual who is the head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $1,000	13% of the taxable income.
Over $1,000 but not over $2,000	$130, plus 15% of excess over $1,000.
Over $2,000 but not over $4,000	$280, plus 17% of excess over $2,000.
Over $4,000 but not over $6,000	$620, plus 19% of excess over $4,000.
Over $6,000 but not over $8,000	$1,000, plus 22% of excess over $6,000.
Over $8,000 but not over $10,000	$1,440, plus 23% of excess over $8,000.
Over $10,000 but not over $12.000	$1,900, plus 25% of excess over $10,000.

"If the taxable income is:	The tax is:
Over $12,000 but not over $14,000	$2,400, plus 27% of excess over $12,000.
Over $14,000 but not over $16,000	$2,940, plus 28% of excess over $14,000.
Over $16,000 but not over $18,000	$3,500, plus 31% of excess over $16,000.
Over $18,000 but not over $20,000	$4,120, plus 32% of excess over $18,000.
Over $20,000 but not over $22,000	$4,760, plus 35% of excess over $20,000.
Over $22,000 but not over $24,000	$5,460, plus 36% of excess over $22,000.
Over $24,000 but not over $26,000	$6,180, plus 38% of excess over $24,000.
Over $26,000 but not over $28,000	$6,940, plus 41% of excess over $26,000.
Over $28,000 but not over $32,000	$7,760, plus 42% of excess over $28,000.
Over $32,000 but not over $36,000	$9,440, plus 45% of excess over $32,000.
Over $36,000 but not over $38,000	$11,240, plus 48% of excess over $36,000.
Over $38,000 but not over $40,000	$12,200, plus 51% of excess over $38,000.
Over $40,000 but not over $44,000	$13,220, plus 52% of excess over $40,000.
Over $44,000 but not over $50,000	$15,300, plus 55% of excess over $44,000.
Over $50,000 but not over $52,000	$18,600, plus 56% of excess over $50,000.
Over $52,000 but not over $64,000	$19,720, plus 58% of excess over $52,000.
Over $64,000 but not over $70,000	$26,680, plus 59% of excess over $64,000.
Over $70,000 but not over $76,000	$30,220, plus 61% of excess over $70,000.
Over $76,000 but not over $80,000	$33,880, plus 62% of excess over $76,000.
Over $80,000 but not over $88,000	$36,360, plus 63% of excess over $80,000.
Over $88,000 but not over $100,000	$41,400, plus 64% of excess over $88,000.
Over $100,000 but not over $120,000	$49,080; plus 66% of excess over $100,000.
Over $120,000 but not over $140,000	$62,280, plus 67% of excess over $120,000.
Over $140,000 but not over $160,000	$75,680, plus 68% of excess over $140,000.
Over $160,000 but not over $180,000	$89,280, plus 69% of excess over $160,000.
Over $180,000	$103,080, plus 70% of excess over $180,000.

"(3) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There is hereby imposed on the taxable income of every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 143) a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $500	13% of the taxable income.
Over $500 but not over $1,000	$65, plus 14% of excess over $500.
Over $1,000 but not over $1,500	135, plus 15% of excess over $1,000.

Over $1,500 but not over $2,000	$210, plus 16% of excess over $1,500.
Over $2,000 but not over $4,000	$290, plus 18% of excess over $2,000.
Over $4,000 but not over $6,000	$650, plus 21% of excess over $4,000.
Over $6,000 but not over $8,000	$1,070, plus 24% of excess over $6,000.
Over $8,000 but not over $10,000	$1,550, plus 25% of excess over $8,000.
Over $10,000 but not over $12,000	$2,050, plus 27% of excess over $10,000.
Over $12,000 but not over $14,000	$2,590, plus 29% of excess over $12,000.
Over $14,000 but not over $16,000	$3,170, plus 31% of excess over $14,000.
Over $16,000 but not over $18,000	$3,790, plus 34% of excess over $16,000.
Over $18,000 but not over $20,000	$4,470, plus 36% of excess over $18,000.
Over $20,000 but not over $22,000	$5,190, plus 38% of excess over $20,000.
Over $22,000 but not over $26,000	$5,590, plus 40% of excess over $22,000.
Over $26,000 but not over $32,000	$7,550, plus 45% of excess over $26,000.
Over $32,000 but not over $38,000	$10,250, plus 50% of excess over $32,000.

"If the taxable income is:	The tax is:
Over $38,000 but not over $44,000	$13,250, plus 55% of excess over $38,000.
Over $44,000 but not over $50,000	$16,550, plus 60% of excess over $44,000.
Over $50,000 but not over $60,000	$20,150, plus 62% of excess over $50,000.
Over $60,000 but not over $70,000	$26,350, plus 64% of excess over $60,000.
Over $70,000 but not over $80,000	$32,750, plus 66% of excess over $70,000.
Over $80,000 but not over $90,000	$39,350, plus 68% of excess over $80,000.
Over $90,000 but not over $100,000	$46,150, plus 69% of excess over $90,000.
Over $100,000	$53,050, plus 70% of excess over $100,000.

"(4) Married individuals filing separate returns; estates and trusts.—There is hereby imposed on the taxable income of every married individual (as defined in section 143) who does not make a single return jointly with his spouse under section 6013, and of every estate and trust taxable under this subsection, a tax determined in accordance with the following table:

"If the taxable income is:	The tax is:
Not over $500	13% of the taxable income.
Over $500 but not over $1,000	$65, plus 14% of excess over $500.
Over $1,000 but not over $1,500	$135, plus 15% of excess over $1,000.
Over $1,500 but not over $2,000	$210, plus 16% of excess over $1,500.
Over $2,000 but not over $4,000	$290, plus 19% of excess over $2,000.
Over $4,000 but not over $6,000	$670, plus 22% of excess over $4,000.
Over $6,000 but not over $8,000	$1,110, plus 25% of excess over $6,000.
Over $8,000 but not over $10,000	$1,610, plus 28% of excess over $8,000.
Over $10,000 but not over $12,000	$2,170, plus 32% of excess over $10,000.
Over $12,000 but not over $14,000	$2,810, plus 36% of excess over $12,000

"If the taxable income is:	The tax is:
Over $14,000 but not over $16,000	$3,530, plus 39% of excess over $14,000.
Over $16,000 but not over $18,000	$4,310, plus 42% of excess over $16,000.
Over $18,000 but not over $20,000	$5,150, plus 45% of excess over $18,000.
Over $20,000 but not over $22,000	$6,050, plus 48% of excess over $20,000.
Over $22,000 but not over $26,000	$7,010, plus 50% of excess over $22,000.
Over $26,000 but not over $32,000	$9,010, plus 53% of excess over $26,000.
Over $32,000 but not over $38,000	$12,190, plus 55% of excess over $32,000.
Over $38,000 but not over $44,000	$15,490, plus 58% of excess over $38,000.
Over $44,000 but not over $50,000	$18,970, plus 60% of excess over $44,000.
Over $50,000 but not over $60,000	$22,570, plus 62% of excess over $50,000.
Over $60,000 but not over $70,000	$28,770, plus 64% of excess over $60,000.
Over $70,000 but not over $80,000	$35,170, plus 66% of excess over $70,000.
Over $80,000 but not over $90,000	$41,770, plus 68% of excess over $80,000.
Over $90,000 but not over $100,000	$48,570, plus 69% of excess over $90,000.
Over $100,000	$55,470, plus 70% of excess over $100,000."

Sec. 203. Credit for Certain Earned Income.

(a) Allowance of Credit.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by inserting after 42, as added by this Act, the following new section:

"Sec. 43. Earned Income.

"(a) Allowance of Credit.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of so much of the earned income for the taxable year as does not exceed $4,000.

"(b) Limitation.—Notwithstanding the provisions of subsection (a), the amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall be reduced (but not below zero) by an amount equal to 10 percent of so much of the adjusted gross income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds $4,000.

"(c) Definition.—For purposes of this section—

"(1) Eligible individual.—The term 'eligible individual' means an individual who—

"(A) maintains a household (within the meaning of section 214 (b) (3)) in the United States which is the principal place of abode of that individual and of a child of that individual with respect to whom he is entitled to claim a deduction under section 151(e)(1)(B) (relating to additional exemption for dependents), and

"(B) does not exclude any amount from gross income under section 911 (relating to earned income from sources without the United States) or section 931 (relating to income from sources within the possessions of the United States).

"(2) Earned income.—

"(A) The term 'earned income' means—

"(i) wages, salaries, tips, and other employee compensation, plus

"(ii) the amount of the taxpayer's net earnings from self-employment for the taxable year (within the meaning of section 1402(a)).

"(B) For purposes of subparagraph (A)—

"(i) except as provided in clause (ii), any amount shall be taken into account only if such amount is includible in the gross income of the taxpayer for the taxable year,

"(ii) the earned income of an individual shall be computed without regard to any community property laws,

"(iii) no amount received as a pension or annuity shall be taken into account, and

"(iv) no amount to which section 871(a) applies (relating to income of nonresident alien individuals not connected with United States business) shall be taken into account.

"(d) Requirement of Joint Return.—In the case of an individual who is married (within the meaning of section 143), this section shall apply only if a joint return is filed for the taxable year under section 6013.

"(e) Taxable Year Must Be Full Taxable Year.—Except in the case of a taxable year closed by reason of the death of the taxpayer, no credit shall be allowable under this section in the case of a taxable year covering a period of less than 12 months."

(b) Refund To Be Made Where Credit Exceeds Liability for Tax.—

(1) Section 6401(b) (relating to excessive credits) is amended—

(A) by inserting "43 (relating to earned income credit)," before "and 667(b)"; and

(B) by striking out "and 39" and inserting in lieu thereof a comma "39, and 43".

(2) Section 6201(a)(4) (relating to assessment authority) is amended by—

(A) inserting "or 43" after "section 39" in the caption of such section; and

(B) striking out "oil)," and inserting in lieu thereof "oil) or section 43 (relating to personal exemptions),".

(c) Amendment of Social Security Act.—Section 402(a)(7) of the Social Security Act is amended by inserting after "other income" the following: "(including any amounts derived from application of the tax credit established by section 43 of the Internal Revenue Code of 1954)".

Sec. 204. Withholding Tax

(a) Requirement of Withholding.—Subsection (a) of section 3402 (relating to income tax collected at source) is amended to read as follows:

"(a) Requirement of Withholding.—Every employer making payment of wages shall deduct and withhold upon such wages (except as otherwise provided in this section (a tax determined in accordance with tables prescribed by the Secretary or his delegate. The tables so prescribed shall be the same as the tables contained in this subsection as in effect on January 1, 1975, except that the amounts set forth as amounts of income tax to be withheld for the remainder of calendar year 1975 and for calendar year 1976 and thereafter shall reflect the amendments made by title II of the Tax Reduction Act of 1975 which are applicable to such years. For purposes of applying such tables, the term 'the amount of wages' means the amount by which the wages exceed the number of withholding exemptions claimed, multiplied by the amount of one such exemption as shown in the table in subsection (b)(1).".

(b) Conforming Amendment.—Section 3402(c)(6) (relating to wage bracket withholding) is amended by striking out "table 7 contained in subsection (a)" and inserting in lieu thereof "the table for an annual payroll period prescribed pursuant to subsection (a)".

"Sec. 205. Credit for Purchase of Principal Residence.

Subpart A of part IV of subchapter A chapter 1 (relating to credits allowed is amended by inserting after section 43, as added by this Act, the following new section:

"Sec. 44. Purchase of Principal Residence.

"(a) General Rule.—In the case of an individual there is allowed, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 5 percent of the purchase price of a new principal residence purchased or constructed by the taxpayer.

"(b) Limitations.—

"(1) Maximum credit.—The credit allowed under subsection (a) for all taxable years may not exceed $2,000.

"(2) Married individuals.—In the case of a husband and wife who file a joint return under section 6013, the amount specified under paragraph (1) applies to the joint return. In the case of a married individual filing a separate return, paragraph (1) shall be applied by substituting '$1,000' for '$2,000'.

"(3) CERTAIN OTHER TAXPAYERS.—In the case of individuals to whom paragraph (2) does not apply who purchase the same principal residence, the amount of the credit allowed under subsection (a) shall be allocated among such individuals as prescribed by the Secretary or his delegate, but the sum of the amounts allowed to such individuals shall not exceed $2,000 with respect to that residence.

"(4) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowable under sections 33, 35, 37, 38, 40, and 41.

"(c) DEFINITIONS.—For purposes of this section.—

"(1) NEW PRINCIPAL RESIDENCE.—The term 'new principal residence' means a principal residence (within the meaning of section 1034), the original use of which commences with the taxpayer, and includes, without being limited to, a single family structure, a residential unit in a condominium or cooperative housing project, and a mobile home.

"(2) PURCHASE PRICE.—The term 'purchase price' means the adjusted basis of the property on the date of acquisition thereof.

"(3) PURCHASE.—The term 'purchase' means any acquisition of property, but only if—

"(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b) (but, in applying section 267 (b) and (c) for purposes of this section, paragraph (4) of section 267 (c) shall be treated as providing that the family of an individual shall include only his spouse, ancestors, and lineal descendants), and

"(B) the basis of the property in the hands of the person acquiring it is not determined—

"(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

"(ii) under section 1014(a) (relating to property acquired from a decedent).

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), if the taxpayer disposes of property with respect to the purchase of which a credit was allowed under subsection (a) at any time within 36 months after the date on which he acquired it as his principal residence, then the tax imposed under this chapter for the taxable year following the taxable year during which such disposition occurs is increased by an amount equal to the amount allowed as a credit for the purchase of such property.

(2) ACQUISITION OF NEW RESIDENCE.—If, in connection with a disposition described in paragraph (1) and within the applicable period prescribed in section 1034, the taxpayer purchases a new residence, then the provisions of paragraph (1) do not apply and the tax imposed by this chapter for the taxable year following the taxable year during which disposition occurs is increased by an amount which bears the same ratio to the amount allowed as a credit for the purchase of the old residence as (A) the adjusted sales price of the old residence (within the meaning of section 1034), reduced (but not below zero) by the taxpayer's cost of purchasing the new residence (within the meaning of such section) bears to (B) the adjusted sales price of the old residence.

"(3) DEATH OF OWNER; CASUALTY LOSS; INVOLUNTARY CONVERSION.—The provisions of paragraph (1) do not apply—

"(A) to a disposition made on account of the death of any individual having a legal or equitable interest in the old residence occurring during the 36 month period to which reference is made under such paragraph, or

"(B) a disposition of the old residence if it is substantially or completely destroyed by a casualty described in section 165(c)(3) or compulsorily and involuntarily converted (within the meaning of section 1033(a)).

"(e) PROPERTY TO WHICH SECTION APPLIES.—

"(1) IN GENERAL.—The provisions of this section apply to a new principal residence acquired and occupied by the taxpayer after March 12, 1975, and before January 1, 1977—

"(A) the construction of which by the taxpayer commences before January 1, 1976, or

"(B) in the case of a new principal residence not constructed by the taxpayer, acquired by the taxpayer under a binding contract entered into by the taxpayer before January 1, 1976.

"(2) SELF-CONSTRUCTED PROPERTY BEGUN BEFORE MARCH 13, 1975.—In the case of property the construction of which was begun by the taxpayer before March 13, 1975, only that portion of the basis of such property properly allocable to construction after March 12, 1975, shall be taken into account in determining the amount of the credit allowable under subsection (a).

"(3) BINDING CONTRACT.—For purposes of this subsection, a contract for the purchase of a residence which is conditioned upon the purchaser's obtaining a loan for the purchase of the residence (including conditions as to the amount or interest rate of such loan) is not considered non-binding on account of that condition.".

TITLE III—CERTAIN CHANGES IN BUSINESS TAXES

SEC. 301. INCREASE IN INVESTMENT CREDIT.

(a) INCREASE OF INVESTMENT CREDIT TO 10 PERCENT.—Paragraph (1) of section 46(a) (determining the amount of the investment credit) is amended to read as follows:

"(1) GENERAL RULE.—

"(A) 10-PERCENT CREDIT.—The amount of the credit allowed by section 38 for the taxable year is an amount equal to 10 percent of the qualified investment (as determined under subsections (c) and (d)).

"(B) 7-PERCENT CREDIT.—Notwithstanding the provisions of subparagraph (A), in the case of property—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer before January 22, 1975, or

"(ii) which is acquired by the taxpayer before January 22, 1975,

the amount of the credit allowed by section 38 for the taxable year is an amount equal to 7 percent of the qualified investment (as defined in subsection (c)).

"(C) TRANSITIONAL RULE.—In the case of property—

"(i) the construction, reconstruction, or erection of which is begun by the taxpayer before January 22, 1975, and

"(ii) the construction, reconstruction, or erection of which is completed by the taxpayer after January 21, 1975,

subparagraph (B) applies to the property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection before January 22, 1975, and subparagraph (A) or (D), whichever is applicable, applies to such property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection after January 21, 1975.

"(D) 12-PERCENT CREDIT.—In the case of a taxpayer who elects to have the provisions of this subparagraph apply, the amount of the credit allowed by section 38 for the taxable year is an amount equal to 12 percent of the qualified investment (as determined under subsections (c) and (d)). In the case of a corporation whose qualified investment (as determined under subsections (c) and (d)) for the taxable year exceeds $10,000,000 (determined without regard to carryovers and carrybacks), an election may not be made to have the provisions of this subparagraph apply for the taxable year unless such corporation meets the requirements of section 301 (d) of the Tax Reduction Act of 1975.

"(E) APPLICATION OF 12-PERCENT CREDIT.—An election by the taxpayer to have the provisions of subparagraph (D) apply shall be made at such time, in such form, and in such manner as the Secretary or his delegate may prescribe. If elected, the provisions of subparagraph (D) apply only to—

"(i) property to which subsection (d) does not apply, the construction, reconstruction, or erection of which by the taxpayer is completed after January 21, 1975, but only to the extent of the basis thereof attributable to construction, reconstruction, or erection after January 21, 1975, and before January 1, 1977,

"(ii) property to which subsection (d) does not apply, acquired by the taxpayer after January 21, 1975, and before January 1, 1977, and placed in service by the taxpayer before January 1, 1977, and

"(iii) property to which subsection (d) applies, but only to the extent of the qualified investment (as determined under subsections (c) and (d)) with respect to qualified progress expenditures made after January 21, 1975, and before January 1, 1977."

(b) PUBLIC UTILITY PROPERTY.—

(1) DETERMINATION OF QUALIFIED INVESTMENT.—Subparagraph (A) of section 46(c) (3) (relating to determination of qualified investment in the case of public utility property) is amended to read as follows:

"(A) To the extent that subsection (a)(1) (B) applied to property which is public utility property, the amount of the qualified investment shall be ½ of the amount determined under paragraph (1)."

(2) INCREASE IN 50-PERCENT LIMITATION.—Section 46(a) (relating to determination of amount of credit) is amended by adding at the end thereof the following new paragraph:

"(6) ALTERNATIVE LIMITATION IN THE CASE OF CERTAIN UTILITIES.—

"(A) IN GENERAL.—If, for a taxable year ending after 1974 and before 1981, the amount of the qualified investment of the taxpayer which is attributable to public utility property is 25 percent or more of his aggregate qualified investment, then subparagraph (C) of paragraph (2) of this subsection shall be applied by substituting for 50 percent his applicable percentage for such year.

"(B) APPLICABLE PERCENTAGE.—The applicable percentage of any taxpayer for any taxable year is—

"(i) 50 percent, plus

"(ii) that portion of the tentative percentage for the taxable year which the taxpayer's amount of qualified investment which is public utility property bears to his aggregate qualified investment.

If the proportion referred to in clause (ii) is 75 percent or more, the applicable percentage of the taxpayer for the year shall be 50 percent plus the tentative percentage for such year.

"(C) TENTATIVE PERCENTAGE.—For purposes of subparagraph (B), the tentative percentage shall be determined under the following table:

"If the taxable year ends in:	*The tentative percentage is:*
1975 or 1976	50
1977	40
1978	30
1979	20
1980	10

"(D) PUBLIC UTILITY PROPERTY DEFINED.—For purposes of this paragraph, the term 'public utility property' has the meaning given to such term by the first sentence of subsection (c)(3)(B).".

(3) LIMITATION IN CASE OF CERTAIN REGULATED COMPANIES.—Section 4(f), as redesignated by section 302(a) of this Act (relating to limitation in case of certain regulated companies), is amended by adding at the end thereof the following new paragraph:

"(8) PROHIBITION OF IMMEDIATE FLOWTHROUGH IN CERTAIN CASES.—

"(A) IN GENERAL.—Except as provided under subparagraph (D), no additional credit is allowed with respect to public utility property (within the meaning of subsection (a) (6)(D)) unless paragraph (1) or (2) applies with respect to such property.

"(B) ADDITIONAL CREDIT.—For purposes of this paragraph, the term 'additional credit' means the credit allowable under section 38 with respect to public utility property (within the meaning of subsection (a)(6)(D)) determined without regard to this paragraph in excess of the credit which would have been allowable if the Tax Reduction Act of 1975 had not been enacted.

"(C) RATABLE FLOWTHROUGH.—Unless the taxpayer makes an election within 90 days after the date of enactment of the Tax Reduction Act of 1975 in the manner prescribed by the Secretary or his delegate (or has previously made such an election) to have the provisions of paragraph (2) apply with respect to public utility property (within the meaning of subsection (a)(6)(D)), the requirements of paragraph (1) shall apply with respect to the additional credit.

"(D) SPECIAL ELECTION FOR IMMEDIATE FLOWTHROUGH.—Subparagraph (A) shall not apply with respect to public utility property (within the meaning of subsection (a)(6)(D)) if, at its own option and without regard to any requirement imposed by an agency described in subsection (c)(3)(B), the taxpayer elects, within 90 days after the date of enactment of this paragraph, to have the provisions of paragraph (3) apply with respect to such property.

"(E) LIMITATION.—The requirements of this paragraph shall not be applied before the first final determination which is inconsistent with such requirements, determined in the same manner as under paragraph (4)."

(4) EFFECTIVE DATES.—The amendment made by subsection (b)(1) applies to property placed in service after January 21, 1975, in taxable years ending after January 21, 1975. The amendments made by paragraphs (2) and (3) apply to taxable years ending after December 31, 1974.

(c) REPEAL OF DOLLAR LIMITATION ON USED PROPERTY.—Paragraph (2) of section 48(c) (relating to used section 38 property) is amended by inserting after subparagraph (D) the following new subparagraph:

"(E) EXPIRATION OF LIMITATION.—This paragraph shall not apply with respect to property acquired by the taxpayer after January 21, 1975.".

(d) PLAN REQUIREMENTS FOR TAXPAYERS ELECTING 12-PERCENT CREDIT OR SUBSTITUTION OF LOSS CARRYBACK YEARS FOR LOSS CARRYFORWARD YEARS.—In order to meet the requirements of this subsection—

(1) A corporation (hereinafter referred to as the "employer") must establish an employee stock ownership plan (described in paragraph (2)) which is funded by transfers of employer securities in accordance with the provisions of paragraph (5) and which meets all other requirements of this subsection.

(2) The plan referred to in paragraph (1) must be an individual account plan established in writing which—

(A) is a stock bonus plan, a stock bonus and money purchase pension plan, or a profit-sharing plan,

(B) is designed to invest primarily in employer securities, and

(C) meets such other requirements (similar to requirements applicable to employee stock ownership plans as defined in section 4975(e)(7) of the Internal Revenue Code of 1954) as the Secretary of the Treasury or his delegate may prescribe.

(3) The plan must provide for the allocation of all employer securities transferred to it or purchased by it (because of the requirements of section 46(a)(1)(D) of the Internal Revenue Code of 1954, or the requirements of section 172(b)(1)(E) of such Code) to the account of each participant at the close of each plan year in an amount which bears substantially the same proportion to the amount of all such securities allocated to all participants in the plan for that plan year as the amount of compensation paid to such participant (disregarding any compensation in excess of the first $100,000 per year) bears to the compensation paid to all such participants during that year (disregarding any compensation in excess of the first $100,000 with respect to any participant). Notwithstanding the first sentence of this paragraph, the allocation to participants' accounts may be extended over a period of not more than 10 years, plus such additional period or periods as may be necessary to comply with the requirements of section 415 of the Internal Revenue Code of 1954.

(4) The plan must provide that each participant is entitled to direct the plan as to the manner in which any employer securities allocated to the account of the participant are to be voted.

(5) On making a claim for credit, adjustment, or refund under section 38 of the Internal Revenue Code of 1954, or under section 172 of such Code (if applicable), the employer states in such claim that it agrees, as a condition of receiving any such credit, adjustment, or refund, to transfer (not less rapidly than ratably over 10 years) employer securities to the plan having an aggregate value at the time of the claim of—

(A) at least one-twelfth of the amount of the credit determined under section 46(a)(1)(D) thereof for the taxable year (determined without regard to section 46(a)(2)), or

(B) in the case of an employer making an election under section 172(b)(1)(E) of such Code, at least 25 percent of the total amount of the refund or credit of any overpayment of tax claimed by the employer in its first carryback adjustment application or claim for refund pursuant to such election.

In the case of an employer to whom subparagraph (B) applies, and who, on March 13, 1975, maintained a supplementary unemployment compensation benefit plan for its employees which meets the requirements of section 501(c)(17) of such Code, the requirements of such subparagraph shall be treated as satisfied if the employer transfers no more than half of the amount required under such subparagraph to such supplementary unemployment compensation benefit plan. For purposes of meeting the requirements of this paragraph, a transfer of cash shall be treated as a transfer of employer securities if the cash is, under the plan, used to purchase employer securities.

(6) Notwithstanding any other provision of law to the contrary, if the plan does not meet the requirements of section 401 of the Internal Revenue Code of 1954—

(A) stock transferred under paragraph (5) and distributed to participants, to the extent that it is considered income under the Internal Revenue Code of 1954, shall be taxed in accordance with the provisions of section 72 thereof (treating the participant as having a basis of zero in the contract) rather than under section 83 of such Code.

(B) no amount shall be allocated to any participant in excess of the amount which might be allocated if the plan met the requirements of section 401 of such Code, and

(C) the plan must meet the requirements of sections 410 and 415 of such Code.

(7) If the amount of the credit determined under section 46(a)(1)(D) of the Internal Revenue Code of 1954, or the amount of the adjustment or refund resulting from the carryback of the net operating loss under the election made under section 172(b)(1)(E) of such Code, is recaptured in accordance with the provisions of such Code, the amounts transferred to the plan under this subsection and allocated under the plan shall remain in the plan or in participant accounts, as the case may be, and continue to be allocated in accordance with the original plan agreement.

(8) For purposes of this subsection, the term—

(A) "employer securities" means common stock issued by the employer or its affiliate with voting power and dividend rights no less favorable than the voting power and dividend rights of other common stock issued by the employer or its affiliate, or securities issued by the employer or its affiliate convertible into such stock, and

(B) "value" means the average of closing prices of the employer's securities, as reported by a national exchange on which securities are listed, for the 20 consecutive trading days immediately preceding the date of transfer or allocation of such securities.

(9) The Secretary of the Treasury or his delegate shall prescribe such regulations and require such reports as may be necessary to carry out the provisions of this subsection.

(10) If, at any time within 120 months following the date on which the plan is established under this subsection the employer fails to meet any requirement imposed under this subsection or under any obligation undertaken to comply with the requirement of this subsection, he is liable to the United States for a civil penalty of an amount equal to the amount involved in such failure. The preceding sentence shall not apply if the taxpayer corrects such failure (as determined by the Secretary of the Treasury or his delegate) within 90 days after it occurs. The amount involved shall not exceed the amount of the credit or refund or adjustment, and shall not be less than one-half of 1 percent of the amount such person is required to transfer to the plan described in this section during such 10-year period. The amount of such penalty may be collected by the Secretary of the Treasury and the same manner in which a deficiency in the payment of Federal income tax may be collected.

(15) Notwithstanding any provision of the Internal Revenue Code of 1954 to the contrary no deduction shall be allowed under sections 162, 212, or 404 of such Code for amounts transferred to an employee stock ownership plan or a supplementary unemployment compensation benefit plan and taken into account under this subsection.

SEC. 302. ALLOWANCE OF INVESTMENT CREDIT WHERE CONSTRUCTION OF PROPERTY WILL TAKE MORE THAN 2 YEARS.

(a) GENERAL RULE.—Section 46 (relating to amount of credit) is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

"(d) QUALIFIED PROGRESS EXPENDITURES.—

"(1) IN GENERAL.—In the case of any taxpayer who has made an election under paragraph (6), the amount of his qualified investment for the taxable year (determined under subsection (c) without regard to this subsection) shall be increased by an amount equal to his aggregate qualified progress expenditures for the taxable year with respect to progress expenditure property.

"(2) PROGRESS EXPENDITURE PROPERTY DEFINED.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'progress expenditure property' means any property which is being constructed by or for the taxpayer and which—

"(i) has a normal construction period of two years or more, and

"(ii) it is reasonable to believe will be new section 38 property having a useful life of 7 years or more in the hands of the taxpayer when it is placed in service.

Clauses (i) and (ii) of the preceding sentence shall be applied on the basis of facts known at the close of the taxable year of the taxpayer in which construction begins (or, if later, at the close of the first taxable year to which an election under this subsection applies).

"(B) NORMAL CONSTRUCTION PERIOD.—For purposes of subparagraph (A), the term 'normal construction period' means the period reasonably expected to be required for the construction of the property—

"(i) beginning with the date on which physical work on the construction begins (or, if later, the first day of the first taxable year to which an election under this subsection applies), and

"(ii) ending on the date on which it is expected that the property will be available for placing in service.

"(3) QUALIFIED PROGRESS EXPENDITURES DEFINED.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—In the case of any self-constructed property, the term 'qualified progress expenditures' means the amount which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—In the case of non-self-constructed property, the term 'qualified progress expenditures' means the lesser of—

"(i) the amount paid during the taxable year to another person for the construction of such property, or

"(ii) the amount which represents that proportion of the overall cost to the taxpayer of the construction by such other person which is properly attributable to that portion of such construction which is completed during such taxable year.

"(4) SPECIAL RULES FOR APPLYING PARAGRAPH (3).—For purposes of paragraph (3)—

"(A) COMPONENT PARTS, ETC.—Property which is to be a component part of, or is otherwise to be included in, any progress expenditure property shall be taken into account—

"(i) at a time not earlier than the time at which it becomes irrevocably devoted to use in the progress expenditure property, and

"(ii) as if (at the time referred to in clause (i)) the taxpayer had expended an amount equal to that portion of the cost to the taxpayer of such component or other property which, for purposes of this subpart, is properly chargeable (during such taxable year) to capital account with respect to such property.

"(B) CERTAIN BORROWINGS DISREGARDED.—Any amount borrowed directly or indirectly by the taxpayer from the person constructing the property for him shall not be treated as an amount expended for such construction.

"(C) CERTAIN UNUSED EXPENDITURES CARRIED OVER.—In the case of non-self-constructed property, if for the taxable year—

"(i) the amount under clause (i) of paragraph (3)(B) exceeds the amount under clause (ii) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (i) for the succeeding taxable year, or

"(ii) the amount under clause (ii) of paragraph (3)(B) exceeds the amount under clause (i) of paragraph (3)(B), then the amount of such excess shall be taken into account under such clause (ii) for the succeeding taxable year.

"(D) DETERMINATION OF PERCENTAGE OF COMPLETION.—In the case of non-self-constructed property, the determination under paragraph (3)(B)(ii) of the proportion of the overall cost to the taxpayer of the construction of any property which is properly attributable to construction completed during any taxable year shall be made, under regulations prescribed by the Secretary or his delegate, on the basis of engineering or architectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

"(E) NO QUALIFIED PROGRESS EXPENDITURES FOR CERTAIN PRIOR PERIODS.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for any period before January 22, 1975 (or, if later, before the first day of the first taxable year to which an election under this subsection applies.)

"(F) NO QUALIFIED PROGRESS EXPENDITURES FOR PROPERTY FOR YEAR IT IS PLACED IN SERVICE, ETC.—In the case of any property, no qualified progress expenditures shall be taken into account under this subsection for the earlier of—

"(i) the taxable year in which the property is placed in service, or

"(ii) the first taxable year for which recapture is required under section 47(a)(3) with respect to such property,

or for any taxable year thereafter.

"(5) OTHER DEFINITIONS.—For purposes of this subsection—

"(A) SELF-CONSTRUCTED PROPERTY.—The term 'self-constructed property' means property more than half of the construction expenditures for which it is reasonable to believe will be made directly by the taxpayer.

"(B) NON-SELF-CONSTRUCTED PROPERTY.—The term 'non-self-constructed property' means property which is not self-constructed property.

"(C) CONSTRUCTION, ETC.—The term 'construction' includes reconstruction and erection, and the term 'constructed' includes reconstructed and erected.

"(D) ONLY CONSTRUCTION OF SECTION 38 PROPERTY TO BE TAKEN INTO ACCOUNT.—Construction shall be taken into account only if, for purposes of this subpart, expenditures therefor are properly chargeable to capital account with respect to the property.

"(6) ELECTION.—An election under this subsection may be made at such time and in such manner as the Secretary or his delegate may by regulations prescribe. Such an election shall apply to the taxable year for which made and to all subsequent taxable years. Such an election, once made, may not be revoked except with the consent of the Secretary or his delegate.

"(7) TRANSITIONAL RULES.—The qualified investment taken into account under this subsection for any taxable year beginning before January 1, 1980, with respect to any property shall be (in lieu of the full amount) an amount equal to the sum of—

"(A) the applicable percentage of the full amount determined under the following table:

"For a taxable year beginning in:	*The applicable percentage is:*
1974 or 1975	20
1976	40
1977	60
1978	80
1979	100;

plus

"(B) in the case of any property to which this subsection applied for one or more preceding taxable years, 20 percent of the full amount for each such preceding taxable year. For purposes of this paragraph, the term 'full amount', when used with respect to any property for any taxable year, means the amount of the qualified investment for such property for such year determined under this subsection without regard to this paragraph."

(b) CONFORMING AMENDMENTS.—

(1) AMENDMENT OF SECTION 46(C).—Section 46(c) (relating to qualified investment) is amended by adding at the end thereof the following new paragraph:

"(4) COORDINATION WITH SUBSECTION (d).—The amount which would (but for this paragraph) be treated as qualified investment under this subsection with respect to any property shall be reduced (but not below zero) by any amount treated by the taxpayer or a predecessor of the taxpayer (or, in the case of a sale and leaseback described in section 47(a)(3)(C), by the lessee) as qualified investment with respect to such property under subsection (d), to the extent the amount so treated has not been required to be recaptured by reason of section 47(a)(3)."

(2) DISPOSITION, ETC.—

(A) Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

"(3) PROPERTY CEASES TO BE PROGRESS EXPENDITURE PROPERTY.—

"(A) IN GENERAL.—If during any taxable year any property taken into account in determining qualified investment under section 46(d) ceases (by reason of sale or other disposition, cancellation on abandonment of contract, or otherwise) to be with respect to the taxpayer, property which, when placed in service, will be new section 38 property, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted solely from reducing to zero the qualified investment taken into account with respect to such property.

"(B) CERTAIN EXCESS CREDIT RECAPTURED.—Any amount which would have been applied as a reduction of the qualified investment in property by reason of paragraph (4) of section 46(c) but for the fact that a reduction under such paragraph cannot reduce qualified investment below zero shall be treated as an amount required to be recaptured under subparagraph (A) for the taxable year in which the property is placed in service.

"(C) CERTAIN SALES AND LEASEBACKS.—Under regulations prescribed by the Secretary or his delegate, a sale by, and leaseback to, a taxpayer who, when the property is placed in service, will be a lessee to whom section 48(d) applies shall not be treated as a cessation described in subparagraph (A) to the extent that the qualified investment which will be passed through to the lessee under section 48(d) with respect to such property is not less than the qualified progress expenditures properly taken into account by the lessee with respect to such property.

"(D) COORDINATION WITH PARAGRAPH (1).—If after property is placed in service, there is a disposition or other cessation described in paragraph (1), paragraph (1) shall be applied as if any credit which was allowable by reason of section 46(d) and which has not been required to be recaptured before such cessation were allowable for the taxable year the property was placed in service."

(c) CLERICAL AMENDMENTS.—

(1) Paragraph (4) of section 47(a) (as redesignated by subsection (b)(3)(A) of this section) is amended by striking out "paragraph (1)" and inserting in lieu thereof "paragraph (1) or (3)".

(2) Paragraphs (5) and (6)(B) of section 47(a) are each amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (4)".

(3) Paragraphs (1) and (2) of section 48(d) are each amended by striking out "section 46(d)(1)" and inserting in lieu thereof "section 46(e)(1)".

(4) Subsection (f) of section 50B is amended by striking out "section 46(d)" and inserting in lieu thereof "section 46(e)".

SEC. 303. CHANGE IN CORPORATE TAX RATES AND INCREASE IN SURTAX EXEMPTION.

(a) TAX RATES.—Section 11 (relating to tax imposed on corporations) is amended—

(1) (A) by striking out "and" at the end of subsection (b) (1).

(B) by striking out the period at the end of subsection (b) (2) and inserting in lieu thereof a comma and "to which paragraph (3) does not apply, and", and

(C) by adding at the end of subsection (b) the following new paragraph:

"(3) 18 percent, in the case of a taxable year beginning after December 31, 1974, and before January 1, 1976.",

(2) (A) by striking out "and" at the end of subsection (c) (2),

(B) by striking out the period at the end of subsection (c) (3) and inserting in lieu thereof a comma and "to which paragraph (4) does not apply, and", and

(C) by adding at the end of subsection (c) the following new paragraph:

"(4) 30 percent, in the case of a taxable year beginning after December 31, 1974, and before January 1, 1976.".

(b) SURTAX EXEMPTION.—Section 11(d) (relating to surtax exemption) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

(3) Section 962(c) (relating to surtax exemption for individuals electing to be subject to tax at corporate rates) is amended by striking out "$25,000" and inserting in lieu thereof "$50,000".

SEC. 305. INCREASE IN MINIMUM ACCUMULATED EARNINGS CREDIT FROM $100,000 TO $150,000.

(a) INCREASE.—Paragraphs (2) and (3) of section 535(c) (relating to accumulated earnings credit) are each amended by striking out "$100,000" and inserting in lieu thereof "$150,000".

(b) CONFORMING AMENDMENTS.—Sections 243(b) (3) (C) (i) (relating to qualifying dividends for purposes of the dividends received deduction), 1551(a) (relating to disallowance of surtax exemption and accumulated earnings credit), 1561(a) (2) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations), and 1564(a) (1) (B) (relating to transitional rules in the case of certain controlled corporations) are each amended by striking out "$100,000" and inserting in lieu thereof "$150,000".

SEC. 306. EFFECTIVE DATES.

(a) SECTION 302.—The amendments made by section 302 shall apply to taxable years ending after December 31, 1974.

(b) SECTION 303.—

(1) IN GENERAL.—The amendments made by section 303 apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply for taxable years ending after December 31, 1975.

(2) CHANGES TREATED AS CHANGES IN TAX RATE.—Section 21 (relating to change in rates during taxable year) is amended by adding at the end thereof the following new subsection:

"(f) INCREASE IN SURTAX EXEMPTION.—In applying subsection (a) to a taxable year of a taxpayer which is not a calendar year, the change made by section 303(b) of the Tax Reduction Act of 1975 in section 11(d) (relating to corporate surtax exemption) shall be treated as a change in a rate of tax."

(c) SECTION 305.—The amendments made by section 305 apply to taxable years beginning after December 31, 1974.

TITLE IV—CHANGES AFFECTING INDIVIDUALS AND BUSINESSES

SEC. 401. FEDERAL WELFARE RECIPIENT EMPLOYMENT INCENTIVE TAX CREDIT.

(a) IN GENERAL.—

(1) Section 50A(c) (2) (A) (relating to amount of credit) is amended—

(A) by striking out "or" at the end of clause (ii),

(B) by striking out the period at the end of clause (iii) and inserting in lieu thereof a comma and "or", and

(C) by inserting at the end thereof the following new clause:

"(iv) a termination of employment of an individual with respect to whom federal welfare recipient employment incentive expenses (as described in section 50B(a) (2)) are taken into account under subsection (a).".

(2) Section 50B(a) (relating to definitions; special rules) is amended to read as follows:

"(a) WORK INCENTIVE PROGRAM EXPENSES.—

"(1) IN GENERAL.—For purposes of this subpart, the term 'work incentive program expenses' means the sum of—

"(A) the amount of wages paid or incurred by the taxpayer for services rendered during the first 12 months of employment (whether or not consecutive) of employees who are certified by the Secretary of Labor as—

"(i) having been placed in employment under a work incentive program established under section 432(b) (1) of the Social Security Act, and

"(ii) not having displaced any individual from employment, plus

"(B) the amount of federal welfare recipient employment incentive expenses paid or incurred by the taxpayer during the taxable year.

"(2) DEFINITION.—For purposes of this section, the term 'federal welfare recipient employment incentive expenses' means the amount of wages paid or incurred by the taxpayer for services rendered to the taxpayer before July 1, 1976, by an eligible employee.

"(3) EXCLUSION.—No item taken into account under paragraph (1) (A) shall be taken into account under paragraph (1) (B). No item taken into account under paragraph (1) (B) shall be taken into account under paragraph 1(A).".

(3) Section 50B(c) is amended—

(A) by striking out "subsection (a)" in paragraph (1) and inserting in lieu thereof "subsection (a) (1) (A)", and

(B) by striking out "subsection (a)" in paragraph (4) and inserting in lieu thereof "subsection (a) (1) (A)".

(4) Section 50B is amended by redesignating subsection (g) and (h) and by inserting immediately after subsection (f) the following new subsection:

"(g) ELIGIBLE EMPLOYEE.—

"(1) ELIGIBLE EMPLOYEE.—For purposes of subsection (a) (1) (B), the term 'eligible employee' means an individual—

"(A) who has been certified by the appropriate agency of State or local government as being eligible for financial assistance under part A of title IV of the Social Security Act and as having continuously received such financial assistance during the 90 day period which immediately precedes the date on which such individual is hired by the taxpayer,

"(B) who has been employed by the taxpayer for a period in excess of 30 consecutive days on a substantially full-time basis.

"(C) who has not displaced any other individual from employment by the taxpayer, and

"(D) who is not a migrant worker.

The term 'eligible employee' includes an employee of the taxpayer whose services are not performed in connection with a trade or business of the taxpayer.

"(2) MIGRANT WORKER.—For purposes of paragraph (1), the term 'migrant worker' means an individual who is employed for services for which the customary period of employment by one employer is less than 30 days if the nature of such services requires that such individual travel from place to place over a short period of time."

(b) EFFECTIVE DATE.—The amendments made by this section with respect to federal welfare recipient employment incentive expenses apply to such expenses paid or incurred by a taxpayer to an eligible employee whom such taxpayer hires after the date of enactment of this Act.

SEC. 402. REPEAL OF EXCISE TAX ON MOTOR VEHICLES.

(a) IN GENERAL.—Part I of subchapter A of chapter 32 (relating to manufacturer's excise tax on motor vehicles) is repealed.

(b) FLOOR STOCKS REFUNDS.—

(1) IN GENERAL.—Where, before the day after the date of enactment of this Act, any tax repealed article (as defined in subsection (e)) has been sold by the manufacturer, producer, or importer and on such day is held by a dealer and has not been used and is intended for sale, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article, if—

(A) a claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before the first day of the tenth calendar month beginning after the day after the date of enactment of this Act based upon a request submitted to the manufacturer, producer, or importer before the first day of the seventh calendar month beginning after the day after the date of enactment of this Act by the dealer who held the article in respect of which the credit or refund is claimed; and

(B) on or before the first day of such tenth calendar month reimbursement has been made to the dealer by the manufacturer, producer, or importer in an amount equal to the tax paid on the article or written consent has been obtained from the dealer to allowance of the credit or refund.

(2) LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or importer shall be entitled to a credit or refund under paragraph (1) unless he has in his possession such evidence of the inventories with respect to which the credit or refund is claimed as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, which were applicable with respect to the taxes imposed by part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954, as in effect on the day before the date of enactment of this Act, shall, insofar as applicable and not inconsistent with paragraphs (1) and (2) of this subsection, apply in respect to the credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayment of the tax.

(c) REFUNDS WITH RESPECT TO CERTAIN CONSUMER PURCHASES.—

(1) IN GENERAL.—Except as otherwise provided in paragraph (2), where, with respect to an article which was subject to a tax imposed under part I of subchapter A of chapter 32 of such Code (as in effect on the day

before the enactment of this Act), a tax repealed article (as defined in subsection (e)) has been sold to an ultimate purchaser after March 13, 1975, and on or before such date of enactment, there shall be credited or refunded (without interest) to the manufacturer, producer, or importer of such article an amount equal to the tax paid by such manufacturer, producer, or importer on his sale of the article.

(2) LIMITATION ON ELIGIBILITY FOR CREDIT OR REFUND.—No manufacturer, producer, or importer shall be entitled to a credit or refund under paragraph (1) with respect to an article unless—

(A) he has in his possession such evidence of the sale of the article to an ultimate purchaser, and of the reimbursement of the tax to such purchaser, as may be required by regulations prescribed by the Secretary of the Treasury or his delegate under this subsection;

(B) a claim for such credit or refund is filed with the Secretary of the Treasury or his delegate before the first day of the tenth calendar month beginning after the day after the date of the enactment of this Act based upon information submitted to the manufacturer, producer, or importer before the first day of the seventh calendar month beginning after the day after the date of the enactment of this Act by the person who sold the article (in respect of which the credit or refund is claimed) to the ultimate purchaser; and

(C) on or before the first day of such tenth calendar month reimbursement has been made to the ultimate purchaser in an amount equal to the tax paid on the article.

(3) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, were applicable with respect to taxes imposed under part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954, as in effect on the day before the date of enactment of this Act, shall, insofar as applicable and not inconsistent with paragraph (1) or (2) of this subsection, apply in respect of credits and refunds provided for in paragraph (1) to the same extent as if the credits or refunds constituted overpayments of the tax.

(d) CERTAIN USES BY MANUFACTURER, ETC.—Any tax by reason of section 4218(a) of the Internal Revenue Code 1954 (relating to use by manufacturer or importer considered sale) is deemed an overpayment of such tax with respect to any article which was subject to a tax imposed under part I of subchapter A of chapter 32 of such Code as in effect on the day before the date of the enactment of this Act if the tax was imposed on such article by reason of such section 4218(a) after March 13, 1975.

(e) DEFINITIONS. For purposes of this section—

(1) The term "dealer" includes a wholesaler, jobber, distributor, or retailer.

(2) An article shall be considered as "held by a dealer" if title thereto has passed to such dealer (whether or not delivery to him has been made) and if for purposes of consumption title to such article or possession thereof has not at any time been transferred to any person other than a dealer.

(3) The term "tax-repealed article" means an article on which a tax was imposed under part I of subchapter A of chapter 32 of the Internal Revenue Code of 1954 as in effect on the day before the date of the enactment of this Act and is not imposed under such subchapter as in effect on the day after the date of enactment of this Act.

(f) EFFECTIVE DATE.—

(1) The amendment made by subsection (a) applies with respect to articles sold after the date of enactment of this Act.

(2) For purposes of paragraph (1), an article shall not be considered sold before the day after the date of enactment of this Act unless possession or the right to possession passes to the purchaser before such day.

(3) In the case of—

(A) a lease,

(B) a contract for the sale of an article where it is provided that the price shall be paid by installments and title to the article sold does not pass until a future date notwithstanding partial payment by installments,

(C) a conditional sale, or

(D) a chattel mortgage arrangement wherein it is provided that the sale price shall be paid in installments,

entered into before March 14, 1975, payments after such date with respect to the article leased or sold shall, for purposes of this subsection, be considered as payments made with respect to an article sold after such date, if the lessor or vendor establishes that the amount of payments payable after such date with respect to such article has been reduced by an amount equal to that portion of the tax applicable with respect to the lease or sale of such article which is due and payable after such date. If the lessor or vendor does not establish that the payments have been so reduced, they shall be treated as payments made in respect of an article sold before such date.

TITLE V—MISCELLANEOUS PROVISIONS; SPECIAL PAYMENT TO RECIPIENTS OF BENEFITS UNDER CERTAIN RETIREMENT AND SURVIVOR BENEFITS PROGRAMS

SEC. 501. (a) The Secretary of the Treasury shall, at the earliest practicable date after the enactment of this Act, make a $100 payment to each individual, who for the month of March, 1975, was entitled to (1) a monthly insurance benefit payable under title II of the Social Security Act, (2) a monthly annuity or pension payment under the Railroad Retirement Act of 1935, the Railroad Retirement Act of 1937, or the Railroad Retirement Act of 1975, or (3) a benefit under the supplemental security income benefits program established by title XVI of the Social Security Act; except that, if an individual is entitled under two or more of the programs referred to in clauses (1), (2), and (3), such individual shall be entitled to receive only one such $100 payment.

(b) The Secretary of Health, Education, and Welfare and the Railroad Retirement Board shall provide the Secretary of the Treasury with such information and data as may be needed in order to enable the Secretary of the Treasury to ascertain which individuals are entitled to the payment authorized under subsection (a).

(c) The payment made by the Secretary under this section to any individual shall not be regarded as income or resources of such individual (or of the family of which he is a member) for purposes of any Federal or State program which undertakes to furnish aid or assistance to individuals or families, where eligibility to receive such aid or assistance (or the amount of such aid or assistance under such program is based on the need therefor of the individual or family involved. The requirement imposed by the preceding sentence shall be treated as a condition for Federal financial participation in any State (or local) welfare program for any calendar quarter commencing after the date of enactment of this Act.

(d) There are hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the provisions of this section.

Amend the title so as to read: "An Act to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to provide a tax credit in lieu of the personal exemption deduction, to provide a credit for certain earned income, to increase the investment credit and the corporate surtax exemption, and for other purposes."

Mr. LONG. Mr. President, I have discussed this with all concerned. As usual, with a measure of this sort, I ask unanimous consent that the committee amendments be agreed to en bloc, and that the bill, as amended, be considered original text for purposes of further amendments.

Mr. DOLE. Mr. President, reserving the right to object, I wonder if the Senator from Louisiana might explain to the Senator from Kansas——

The PRESIDING OFFICER. There will be no further activity in the Senate until the Senate is in order. That includes Senators, staff, and others.

Mr. DOLE. If this procedure is adopted——

The PRESIDING OFFICER. Will the Senator suspend?

If the staff persists in discussions, they will be ordered from the Chamber.

Mr. DOLE. Mr. President, if the procedure suggested by the distinguished Senator from Louisiana, the chairman of the committee, is adopted, does that, in effect, enhance the position of the distinguished Senator from South Carolina and give him two shots at the apple rather than one?

Mr. LONG. All it does is to give everybody a chance to offer their amendments, but instead of offering them under four different situations under the House bill and four different situations under the Senate committee amendments, as we do with all these major revenue bills, it puts us in context where you can offer amendments in the first degree and in the second degree. If the Senator has any problem about having his amendment offered, I can show him how to offer it no matter what the Senate does.

[Laughter.]

Mr. DOLE. I am not concerned about my amendment. I do not have an amendment to offer.

Mr. LONG. The point is that if this is agreed to, the Senator from South Carolina has a right to offer an amendment.

Mr. DOLE. How many amendments does he have a right to offer?

Mr. LONG. He has a right to offer whatever he wants to as an amendment because he has the floor. But after he has offered his amendment and it has been laid down, as the Senator well knows, anybody else can offer his amendment.

The PRESIDING OFFICER. The Chair will interject at this point and acknowledge the fact that the committee amendments would be amendable in two additional degrees.

Mr. LONG. In other words, if this is agreed to, the Mansfield text would be regarded as the original bill and then anybody can amend it. He can offer an amendment. He can offer an amendment to the amendment. He can offer a substitute for the entire Mansfield text. In any event, this is the traditional request which expedites procedure.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, what we have done in this brief time is reconcile the best we can with the Cranston amendment, the Hollings-Kennedy amendment, and the Hartke amendments which have already been adopted by the Senate.

Let me first call the amendment and get it reported. Then I think I can better describe it. I will ask unanimous consent to dispense with the reading. I call up my amendment to the committee amendment and ask the clerk to report.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk proceeded to read the amendment.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the committee amendment, add the following new title:

TAXATION OF FOREIGN AND DOMESTIC OIL AND GAS INCOME AND RELATED INCOME

Part I—Tax Treatment of Foreign Oil Related Income, Taxation of Earnings and Profits of Controlled Foreign Corporations, Certain DISC Income, and Treatment for Purposes of the Investment Credit of Certain Property Used in International or Territorial Waters

Sec. 101. Elimination of Foreign Tax Credit for Taxes Paid in Connection With Foreign Oil Related Income; Special Rate of Tax for Such Income

(a) Elimination of Tax Credit—Section 901(a) of the Internal Revenue Code of 1954 (relating to foreign taxes on mineral income) is amended by adding at the end thereof the following:

"(3) Termination of credit for foreign taxes on oil-related income.—

"(A) In the case of a corporation, no credit is allowed under this subpart for income, war profits, or excess profits taxes paid or accrued during the taxable year to any foreign country or possession of the United States with respect to foreign oil-related income from sources within such country or possession.

"(B) Foreign oil related income.—The term 'foreign oil related income' means the taxable income derived from sources outside the United States and its possessions from—

"(i) the extraction (by the taxpayer or any other person) of minerals from oil or gas wells,

"(ii) the processing of such minerals into their primary products,

"(iii) the transportation of such minerals or primary products,

"(iv) the distribution or sale of such minerals or primary products, or

"(v) the sale or exchange of assets used in the trade or business described in clause (i), (ii), (iii), or (iv).

"(C) Dividends, partnership distributions, etc.—The term 'foreign oil related income' includes—

"(i) dividends from a foreign corporation in respect of which taxes are deemed paid by the taxpayer under section 902,

"(ii) amounts with respect to which taxes are deemed paid under section 960(a), and

"(iii) the taxpayer's distributive share of the income of partnerships,

to the extent such dividends, amounts, or distributive share is attributable to foreign oil related income.

"(D) Certain losses.—If for any foreign country for any taxable year the taxpayer would have a net operating loss if only items from sources within such country (including deductions properly apportioned or allocated thereto) which relate to the extraction of minerals from oil or gas wells were taken into account in computing foreign oil related income for such year.

"(E) Disregard of certain posted prices, etc.—For purposes of this chapter, in determining the amount of taxable income in the case of foreign oil and gas extraction income, if the oil or gas is disposed of, or is acquired other than from the government of a foreign country, at a posted price (or other pricing arrangement) which differs from the fair market value for such oil or gas, such fair market value shall be used in lieu of such posted price (or other pricing arrangement). For purposes of this subparagraph, the term 'foreign oil and gas extraction income' means foreign oil related income described in subparagraph (B)(i) and income derived from sources without the United States and its possessions from the sale or exchange of assets used in connection with the foreign oil related income described in subparagraph (B)(i).".

(b) Taxation of Foreign Oil Related Income.—

(1) Section 11(e) of such Code (relating to exceptions from tax imposed on corporations) is amended to read as follows:

"(c) Exceptions.—

"(1) Foreign oil related income.—Subsection (a) does not apply to foreign oil related income (as defined by section 901 (e)(3)(B)).

"(2) Certain corporations.—Subsection (a) does not apply to a corporation subject to a tax imposed by—

"(A) section 594 (relating to mutual savings banks conducting life insurance business),

"(B) subchapter L (section 801 and following, relating to insurance companies), or

"(C) subchapter M (section 851 and following, relating to regulated investment companies and real estate investment trusts).".

(2) Part II of subchapter A of chapter 1 of such Code (relating to tax on corporations) is amended by redesignating section 12 as 13 and by inserting after section 11 the following new section:

"Sec. 12. Foreign Oil Related Income.

"(a) In General.—There is imposed for each taxable year a tax of 24 percent on the taxable income of every corporation which is foreign oil related income (as defined in section 904(e)(3)(B)).

"(b) Exception.—Subsection (a) does not apply to any corporation described in section 11(e)(2).

"(c) Regulations.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section, including, but not limited to, regulations providing that deductions, credits, and other computations properly allocable to computing foreign oil related income are properly allocated in computing such income.".

(3) The table of sections for such part is amended by striking out the item relating to section 12 and inserting in lieu thereof the following:

"Sec. 12. Foreign oil related income.
"'Sec. 13. Cross references relating to tax on corporations.".

(c) The amendments made by this section apply to taxable years beginning after the date of enactment of this Act.

Sec. 102. Taxation of Earnings and Profits of Controlled Foreign Corporations.

(a) Part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 (relating to income from sources without the United States) is amended by inserting after subpart II thereof the following new subpart:

"Subpart I—Controlled foreign corporations

"Sec. 985. Amounts included in gross income of United States shareholders.
"Sec. 986. Definitions.
"Sec. 987. Rules for determining stock ownership.
"Sec. 988. Exclusion from gross income of previously taxed earnings and profits.
"Sec. 989. Adjustments to basis of stock in controlled foreign corporations and of other property.
"Sec. 990. Records and accounts of United States shareholders.

"Sec. 985. Amounts Included in Gross Income of United States Shareholders.

"(a) Amounts Included.—

"(1) In general.—If a foreign corporation is a controlled foreign corporation for an uninterrupted period of 30 days or more during any taxable year, every United States shareholder of such corporation who owns (within the meaning of section 987(a)) stock in such corporation on the last day in such year on which such corporation is a controlled foreign corporation shall include in its gross income, for its taxable year in which or with which such taxable year of the corporation ends, its pro rata share of the corporation's earnings and profits for such year.

"(2) Pro rata share of earnings and profits.—A United States shareholder's pro rata share referred to in paragraph (1) is the amount—

"(A) which would have been distributed with respect to the stock which such shareholder owns (within the meaning of section 987(a)) in such corporation if on the last day, in its taxable year, on which the corporation is a controlled foreign corporation it had distributed pro rata to its shareholders an amount (i) which bears the same ratio to its earnings and profits for the taxable year, as (ii) the part of such year during which the corporation is a controlled foreign corporation bears to the entire year, reduced by

"(B) an amount (i) which bears the same ratio to the amount determined under subparagraph (A), as (ii) the part of such year described in subparagraph (A) (ii) during which such shareholder did not own (within the meaning of section 987(a)) such stock bears to the entire year.

"(b) Earnings and Profit.—For purposes of this subpart, under regulations prescribed by the Secretary or his delegate, the earnings and profits of any foreign corporation, and the deficit in earnings and profits of any foreign corporation, for any taxable year—

"(1) except as provided in section 312(m) (3), shall be determined according to rules substantially similar to those applicable to domestic corporations,

"(2) shall be appropriately adjusted for deficits in earnings and profits of such corporation for any prior taxable year beginning after the date of the enactment of the Trade Reform Act of 1974,

"(3) shall not include any item of income which is effectively connected with the conduct by such corporation of a trade or business within the United States unless such item is exempt from taxation (or is subject to a reduced rate of tax) pursuant to a treaty obligation of the United States, and

"(4) shall not include any amount of earnings and profits which could not have been distributed by such corporation because of currency or other restrictions or limitations imposed under the laws of any foreign country.

"(c) Coordination With Election of a Foreign Investment Company To Distribute Income—A United States shareholder who, for his taxable year, is a qualified shareholder (within the meaning of section 1247 (c)) of a foreign investment company with respect to which an election under section 1247 is in effect shall not be required to include in gross income, for such taxable year, any amount under subsection (a) with respect to such company.

"(d) COORDINATION WITH FOREIGN PERSONAL HOLDING COMPANY PROVISIONS.—In the case of a United States shareholder who, for his taxable year, is subject to tax under section 551(b) (relating to foreign personal holding company income included in gross income of United States shareholders) on income of a controlled foreign corporation, the amount required to be included in gross income by such shareholder under subsection (a) with respect to such company shall be reduced by the amount included in gross income by such shareholder under section 551(b).

"SEC. 986. DEFINITIONS.

"(a) UNITED STATES SHAREHOLDER DEFINED.—For purposes of this subpart, the term 'United States shareholder' means, with respect to any foreign corporation, a United States person (as defined in section 957(d)) who owns (within the meaning of section 987(a)), or is considered as owning by applying the rules of ownership of section 987(b), 1 percent or more of the total combined voting power of all classes of stock entitled to vote of such foreign corporation.

"(b) CONTROLLED FOREIGN CORPORATION DEFINED.—For purposes of this subpart, the term 'controlled foreign corporation' means any foreign corporation of which more than 50 percent of the total combined voting power of all classes of stock entitled to vote is owned (within the meaning of section 987(a)), or is considered as owned by applying the rules of ownership of section 987(b), by United States shareholders on any day during the taxable year of such foreign corporation.

"SEC. 987. RULES FOR DETERMINING STOCK OWNERSHIP.

"(a) DIRECT AND INDIRECT OWNERSHIP.—

"(1) GENERAL RULE.—For purposes of this subpart, stock owned means—

"(A) stock owned directly, and

"(B) stock owned with the application of paragraph (2).

"(2) STOCK OWNERSHIP THROUGH FOREIGN ENTITIES.—For purposes of subparagraph (B) of paragraph (1), stock owned, directly or indirectly, by or for a foreign corporation or foreign estate (within the meaning of section 7701(a)(31)) or by or for a partnership or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries. Stock considered to be owned by a person by reason of the application of the preceding sentence shall, for purposes of applying such sentence, be treated as actually owned by such person.

"(b) CONSTRUCTIVE OWNERSHIP.—For purposes of section 986, section 318(a) (relating to constructive ownership of stock) shall apply to the extent that the effect is to treat any United States person as a United States shareholder within the meaning of section 986(a), or to treat a foreign corporation as a controlled foreign corporation under section 986(b), except that—

"(1) in applying paragraph (1)(A) of section 318(a), the stock owned by an unresident alien individual (other than a foreign trust or a foreign estate) shall not be considered as owned by a citizen or by a resident alien individual,

"(2) in applying subparagraphs (A), (B), and (C) of section 318(a)(2), if a partnership, estate, trust, or corporation owns, directly or indirectly, more than 50 percent of the total combined voting power of all classes of stock entitled to vote of a corporation, it shall be considered as owning all of the stock entitled to vote,

"(3) in applying subparagraph (C) of section 318(a)(2), the phrase '10 percent' shall be substituted for the phrase '50 percent' used in subparagraph (C), and

subparagraphs (A), (B), and (C) of section 318(a)(3) shall not be applied so as to consider a United States person as owning stock which is owned by a person who is not a United States person.

"SEC. 988. EXCLUSION FROM GROSS INCOME OF PREVIOUSLY TAXED EARNINGS AND PROFITS.

"(a) EXCLUSION FROM GROSS INCOME.—For purposes of this chapter, the earnings and profits for a taxable year of a foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when such amounts are distributed directly, or indirectly through a chain of ownership described under section 987(a), to—

"(1) such shareholder (or any other United States person who acquires from any person any portion of the interest of such United States shareholder in such foreign corporation, but only to the extent of such portion, and subject to such proof of the identity of such interest as the Secretary or his delegate may by regulations prescribe), or

"(2) a trust (other than a foreign trust) of which such shareholder is a beneficiary,

be again included in the gross income of such United States shareholder (or of such United States person or of such trust).

"(b) EXCLUSION FROM GROSS INCOME OF CERTAIN FOREIGN SUBSIDIARIES.—For purposes of section 985(a), the earnings and profits for a taxable year of a controlled foreign corporation attributable to amounts which are, or have been, included in the gross income of a United States shareholder under section 985(a), shall not, when distributed through a chain of ownership described under section 987(a), be also included in the gross income of another controlled foreign corporation in such chain for purposes of the application of section 985(a) to such other controlled foreign corporation with respect to such United States shareholder (or to any other United States shareholder who acquires from any person any portion of the interest of such United States shareholder in the controlled foreign corporation, but only to the extent of such portion, and subject to such proof of identity of such interest, as the Secretary or his delegate may prescribe by regulations).

"(c) ALLOCATION OF DISTRIBUTIONS.—For purposes of subsections (a) and (b), section 316(a) shall be applied by applying paragraph (2) thereof, and then paragraph (1) thereof—

"(1) first, to earnings and profits attributable to amounts included in gross income under section 985(a), and

"(2) then to other earnings and profits.

"(d) DISTRIBUTIONS EXCLUDED FROM GROSS INCOME NOT TO BE TREATED AS DIVIDENDS.—Any distribution excluded from gross income under subsection (a) shall be treated, for purposes of this chapter, as a distribution which is not a dividend.

"SEC. 989. ADJUSTMENTS TO BASIS OF STOCK IN CONTROLLED FOREIGN CORPORATIONS AND OF OTHER PROPERTY.

"(a) INCREASE IN BASIS.—Under regulations prescribed by the Secretary or his delegate, the basis of a United States shareholder's stock in a controlled foreign corporation, and the basis of property of a United States shareholder by reason of which it is considered under section 987(a)(2) as owning stock of a controlled foreign corporation, shall be increased by the amount required to be included in its gross income under section 985(a) with respect to such stock or with respect to such property, as the case may be, but only to the extent to which such amount was included in the gross income of such United States shareholder.

"(b) REDUCTION IN BASIS.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary or his delegate, the adjusted basis of stock or other property with respect to which a United States shareholder or a United States person receives an amount which is excluded from gross income under section 988(a) shall be reduced by the amount so excluded.

"(2) AMOUNT IN EXCESS OF BASIS.—To the extent that an amount excluded from gross income under section 988(a) exceeds the adjusted basis of the stock or other property with respect to which it is received, the amount shall be treated as gain from the sale or exchange of property.

"SEC. 990. RECORDS AND ACCOUNTS OF UNITED STATES SHAREHOLDERS.

"(a) RECORDS AND ACCOUNTS TO BE MAINTAINED.—The Secretary or his delegate may by regulations require each person who is, or has been, a United States shareholder of a controlled foreign corporation to maintain such records and accounts as may be prescribed by such regulations as necessary to carry out the provisions of this subpart.

"(b) TWO OR MORE PERSONS REQUIRED TO MAINTAIN OR FURNISH THE SAME RECORDS AND ACCOUNTS WITH RESPECT TO THE SAME FOREIGN CORPORATION.—Where, but for this subsection, two or more persons would be required to maintain or furnish the same records and accounts as may by regulations be required under subsection (a) with respect to the same controlled foreign corporation for the same period, the Secretary or his delegate may by regulations provide that the maintenance or furnishing of such records and accounts by only one such person shall satisfy the requirements of subsection (a) for such other persons.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Section 864(c)(4)(D) of such Code is amended to read as follows:

"(D) No income from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States if it consists of dividends, interest, or royalties paid by a foreign coropration in which the taxpayer owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958(b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote.".

(2) Section 951 of such Code is amended by adding at the end thereof the following:

"(e) TAXABLE YEARS ENDING AFTER ENACTMENT OF THE TRADE REFORM ACT OF 1974.—No amount shall be required to be included in the gross income of a United States shareholder under subsection (a) (other than paragraph (1)(A)(ii), or paragraph (1)(B) of such subsection) with respect to a taxable year of a controlled foreign corporation beginning after the date of the enactment of the Trade Reform Act of 1974.".

(3) Section 1016(a)(20) of such Code is amended by striking out "section 961" and inserting in lieu thereof "sections 961 and 990".

(4) Section 1246(a)(2)(B) of such Code is amended by inserting "or 985" after "section 951" and by inserting "or 988" after "section 959.".

(5) Section 1248(d)(1) of such Code is amended to read as follows:

"(1) AMOUNTS INCLUDED IN GROSS INCOME UNDER SECTION 951 OR 985.—Earnings and profits of the foreign corporation attributable to any amount previosuly included in the gross income of such person under section 951 or 985, with respect to the stock sold or exchanged, but only to the extent the inclusion of such amount did not result in an exclusion of an amount from gross income under section 959 or 988.".

(c) The table of subparts of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

"Subpart I. Controlled foreign corporations.".

(d) Effective Date.—The amendments made by this section shall apply with respect to taxable years of foreign corporations beginning after the date of the enactment of this Act, and to taxable years of United States shareholders within which or with which such taxable years of such foreign corporations end.

Sec. 103. Denial of DISC Benefits With Respect to Energy Resources and Other Products.

(a) Amendment of Section 993(c)(2).—Section 993(c)(2) (relating to property excluded from export property) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof ", or", and by adding at the end thereof the following:

"(C) products of a character with respect to which a deduction for depletion is allowable (including oil, gas, coal, or uranium products) under section 611,

"(D) agricultural and horticultural commodities and products (including but not limited to livestock, poultry, fish, and furbearing animals), or

"(E) products the export of which is prohibited or curtailed under section 4(b) of the Export Administration Act of 1969 (50 U.S.C. App. 2403(b)) to effectuate the policy set forth in paragraph (2)(A) of section 3 of such Act (relating to the protection of the domestic economy).

Subparagraphs (C) and (D) shall not apply to any commodity or product at least 50 percent of the fair market value of which is attributable to manufacturing or processing, except that subparagraph (C) shall apply to any primary product from oil, gas, coal, or uranium. For purposes of the preceding sentence, the term 'processing' does not include extracting or harvesting, handling, packing, packaging, grading, storing, or transporting.".

(b) Effective Date.—The amendments made by subsection (a) shall apply to sales, exchanges, and other dispositions made after March 18, 1975, in taxable years ending after such date.

Sec. 104. Treatment for Purposes of the Investment Credit of Certain Property Used in International or Territorial Waters.

(a) Amendment to 1954 Code.—

(1) In general.—Clause (x) of section 48(a)(2)(B) (relating to property used outside the United States) is amended by striking out "territorial waters" and inserting in lieu thereof "territorial waters within the northern portion of the Western Hemisphere."

(2) Definition.—Subparagraph (B) of section 48(a)(2) is amended by adding at the end thereof the following new sentence: "For purposes of clause (x), the term 'northern portion of the Western Hemisphere' means the area lying west of the 30th meridian west of Greenwich, east of the international dateline, and north of the Equator, but not including any foreign country which is a country of South America."

(b) Effective Date.—

(1) In general.—The amendments made by subsection (a) shall apply to property, the construction, reconstruction, or erection of which was completed after March 18, 1975, or the acquisition of which by the taxpayer occurred after such date.

(2) Binding contract.—The amendments made by subsection (a) shall not apply to property constructed, reconstructed, erected, or acquired pursuant to a contract which was, on April 1, 1974, and at all times thereafter, binding on the taxpayer.

(3) Certain lease-back transactions, etc.—Where a person who is a party to a binding contract described in paragraph (2) transfers rights in such contract (or in the property to which such contract relates) to another person but a party to such contract remains a right to use the property under a lease with such other person, then to the extent of the transferred rights such other person shall for purposes of paragraph (2), succeed to the position of the transferor with respect to such binding contract and such property. The preceding sentence shall apply, in any case in which the lessor does not make an election under section 48(d) of the Internal Revenue Code of 1954, only if a party to such contract retains a right to use the property under a long-term lease.

Part II—Percentage Depletion in Case of Oil and Gas Wells

Sec. 411. Limitations on Percentage Depletion for Oil and Gas.

(a) In General.—Part I of subchapter I of chapter 1 (relating to natural resources) is amended by inserting after section 613 the following new section:

"Sec. 613A. Limitations on Percentage Depletion in Case of Oil and Gas Wells.

"(a) General Rule.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without regard to section 613.

"(b) Exemption for Certain Domestic Gas Wells.—

"(1) In general.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas sold under a fixed contract, and

"(C) any geothermal deposit in the United States or in a possession of the United States coming within the meaning of the term 'geothermal steam and associated resources' as found in the Geothermal Steam Act of 1970, 84 Stat. 1566.

"(2) Definitions.—For purposes of this subsection—

"(A) Natural gas sold under a fixed contract.—The term 'natural gas sold under a fixed contract' means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this chapter by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) Regulated natural gas.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(c) Small Producer Exemption.—

"(1) In General.—Except as provided in subsection (d), the allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the taxpayer's average daily production of domestic crude oil as does not exceed 1,000 barrels, plus, in case such production is less than 1,000 barrels, and

"(B) so much of the taxpayer's average daily production of domestic natural gas as does not exceed 6,000,000 cubic feet reduced by that fraction of 6,000,000 which the average daily production of domestic crude oil is of 1,000 barrels.

If the taxpayer elects to have subparagraph (A) apply to any amount below 1,000 barrels, then subparagraph (A) shall apply only to the amount of barrels specified by him, and such amount shall constitute the numerator of the fraction in applying subparagraph (B).

"(2) Average daily production.—For purposes of paragraph (1)—

"(A) the taxpayer's average daily production of domestic crude oil or natural gas shall be determined by dividing his aggregate production of domestic crude oil or natural gas, as the case may be, during the taxable year by the number of days in such taxable year, and

"(B) in the case of a taxpayer holding a partial interest in the production from any property (including an interest held in a partnership) such taxpayer's production shall be considered to be that amount of such production determined by multiplying the total production of such property by the taxpayer's percentage participation in the revenues from such property.

In applying this subsection, there shall not be taken into account the production of natural gas with respect to which subsection (b) applies.

"(3) Exemption to be determined on a proportionate basis.—

"(A) Domestic crude oil.—If the producer's average daily production of domestic crude oil exceeds 1,000 barrels, the barrels to which paragraph (1) applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the producer for such year from such property as 1,000 barrels bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the producer for such year.

"(B) Domestic natural gas.—If the producer's average daily production of domestic natural gas exceed 6,000,000 cubic feet, the production to which paragraph (1) applies shall be determined by taking from the production of each property a number of cubic feet of natural gas which bears the same proportion to the total production of the taxpayer for such year from such property as 6,000,000 cubic feet bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the producer for such year.

"(4) Reduction of exemptions.—If the exemptions of 1,000 barrels and 6,000,000 cubic feet are reduced upon the application of paragraph (5), the amount of the reduced exemption in barrels shall be substituted for the figure of 1,000 barrels in applying paragraphs (1) and (3), and the amount of the reduced exemption in cubic feet shall be substituted for the figure of 6,000,000 cubic feet in applying such paragraphs.

"(5) Business under common control; members of the same family.—

"(A) Component members of controlled group treated as one taxpayer.—For purposes of this subsection, persons who are members of the same controlled group of corporations shall be treated as one taxpayer.

"(B) Aggregation of business entities under common control.—If 50 percent or more of the beneficial interest in two or more corporations trusts, or estates is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), the exemptions provided by this subsection shall be allocated among all such entities in proportion to the respective production of domestic crude oil or natural gas, as the case may be, during the period in question by such entities.

"(C) Allocation among members of the same family.—In the case of individuals who are members of the same family, the exemptions provided by this subsection shall be allocated among such individuals in proportion to the respective production of domestic crude oil or natural gas, as the case may be, during the period in question by such individuals.

"(D) Definition and special rules.—For purposes of this paragraph—

"(i) the term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that section 1563 (b)(2) shall not apply and except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a),

"(ii) a person is a related person to another person if such persons are members of the same controlled group of corporations or if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(iii) the family of an individual includes only his spouse and minor children.

"(6) Transfer of oil or gas property.—

"(A) In the case of a transfer after December 31, 1974, of any proven oil or gas property, paragraph (1) shall not apply to the transferee with respect to his production of crude oil or natural gas from such property, and such production shall not be taken into account for any computation under this subsection. A property shall be treated as a proven oil or gas property if at the time of the transfer the principal value of the property has been demonstrated by prospecting or exploration or discovery work.

"(B) Subparagraph (A) shall not apply in the case of—

"(i) a transfer of property at death, or

"(ii) the transfer in an exchange to which section 351 applies if following the exchange the exemptions provided by this subsection are allocated under paragraph (5) between the transferor and transferee.

"(d) Limitations on Application of Subsection (c).—

"(1) Limitation based on taxable income.—The deduction for the taxable year attributable to the application of subsection (c) shall not exceed 50 percent of the taxpayer's taxable income computed without regard to—

"(A) subsection (c),

"(B) any net operating loss carryback to the taxable year under section 172, and

"(C) any capital loss carryback to the taxable year under section 1212(a)(1).

If an amount is disqualified as a deduction for the taxable year by reason of the application of the preceding sentence, the disallowed amount shall be treated as an amount allowable as a deduction upon the application of subsection (c) for the following taxable year, subject to the application of the preceding sentence to such taxable year.

"(2) Retailers excluded.—Subsection (c) shall not apply in the case of any taxpayer who directly, or through a related person, sells oil or natural gas, or any product derived from oil or natural gas—

"(A) through any retail outlet operated by the taxpayer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the taxpayer or a related person to use a trademark, trade name, or service mark or name owned by such taxpayer or a related person, in marketing or distributing oil or natural gas or any product derived from oil or natural gas, or

"(ii) given authority, pursuant to an agreement or contract with the taxpayer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or a related person.

"(3) Related person.—For purposes of this subsection, a person is a related person with respect to the taxpayer if a significant ownership interest in either the taxpayer or such person is held by the other, or if a third person has a significant ownership interest in both the taxpayer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests in such estate or trust.

"(4) Certain refiners excluded.—If the taxpayer or a related person engages in the refining of crude oil, subsection (c) shall not apply to such taxpayer if on any day during the taxable year more than 50,000 barrels of oil were refined by the taxpayer or such person.

"(e) Plowback Limitation.—

"(1) General rule.—The deduction allowed producers for depletion under this section shall not exceed for any taxable year an amount equal to the sum of the producer's qualified investment and qualified investment carryover for the taxable year.

"(2) Qualified investment.—For purposes of paragraph (1), any person's qualified investment for any taxable year is the amount paid or incurred by such person during such taxable year (with respect to areas within the United States or a possession of the United States) for—

"(A) intangible drilling and development costs;

"(B) the following items if paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas within the United States or a possession of the United States:

"(i) aerial photography;

"(ii) geological mapping;

"(iii) airborne magnetometer surveys;

"(iv) gravity meter surveys;

"(v) seismograph surveys; or

"(vi) similar geological and geophysical methods;

"(C) the construction, reconstruction, erection, or acquisition of the following items, but only if the original use of such items begins with such person:

"(i) depreciable assets used for the exploration for or the development of production of oil or gas (including development or production from oil shale); converting oil shale, coal, or liquid hydrocarbons into oil or gas; or refining oil or gas (but not beyond the primary product stage);

"(ii) pipelines for gathering or transmitting oil or gas, and facilities (such as pumping stations) directly related to the use of such pipelines.

"(D) secondary or tertiary recovery of oil or gas, including remedial work necessary to maintain or restore primary production, or

"(E) the acquisition of oil and gas leases but the aggregate amount which may be taken into account under this subparagraph for any taxable period shall not exceed one-third of the aggregate of the amounts which may be taken into account by the taxpayer under subparagraphs (A), (B), (C), and (D) for such period.

"(3) Qualified investment carryover.—For purposes of paragraph (1), a producer's qualified investment carryover shall be the amount, if any, by which the amount of the producer's qualified investment for the preceding taxable year exceeds so much of the deduction allowed for depletion as is computed under section 613 by reason of subsection (c) (determined without regard to this subsection) for such preceding taxable year.".

"(4) Definitions.—For purposes of this section—

"(1) Crude oil.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) Natural gas.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(3) Domestic.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) Barrel.—The term 'barrel' means 42 United States gallons.".

(b) Technical Amendments.—

(1) Subparagraph (A) of section 613(b) (1) (relating to 22-percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas wells, to the extent allowable under section 613A;".

(2) The last sentence of paragraph (7) of section 613(b) (relating to 14-percent depletion rate for certain other minerals) is amended by striking out "or" at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof "; or", and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells.".

(c) Effective Date.—The amendments made by this section shall take effect on January 1, 1975.

Mr. HOLLINGS. Now I ask unanimous consent that Mr. Humphrey, Mr. Haskell, and Mr. Jackson be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, we have taken the Hartke amendments and included those with respect to the foreign tax credit. That has been the action of the Senate and that is part of this amendment. We have, in turn, taken the Cranston amendment, which included the plowback and all of the other features with respect to DISC, and we have included that, save and except the one important point with respect to the independents. The cosponsors of this particular amendment still believe in the small independent being cared for at the 1,000 barrel per day level and the 6 million cubic feet of gas. Senator Cranston differs, and he would propose an amendment to our amendment momentarily, still in his original text, of 3,000 barrels per day. He, of course, will be more than able to speak for himself.

What we have tried to do is to cumulatively assemble the action of the Senate into one particular amendment as best we can to save the action and time of the Senate and the last 2½ days that we have debated this particular bill.

For our distinguished colleague from Kansas (Mr. Dole), the question is not to have two bites at any apple. We are trying to bite. We would like to have one up and down vote. We are prepared for that up and down vote on the 1,000-barrel level. However, my distinguished friend from California does want his vote on the 3,000-barrel level, and I think perhaps I would be glad to agree later on to a limitation with Senator Long on time.

We have Senator Kennedy who has returned, and Senator Haskell wants to say a few words, though I do not think they will be extensive remarks.

Mr. LONG. Will the Senator yield?

Mr. HOLLINGS. For a question.

Mr. LONG. Could I suggest to the Senator that we should have a separate vote on the part of the amendment which was not voted on by a rollcall vote last night? In other words, I voted for the Hartke amendment which had to do with the foreign tax credit. In fact, I voted for both Hartke amendments. I was privileged to go on record for one and I would like to go on record for the other. I would ask if we could have a vote on the Hartke amendment that was agreed to by a voice vote last night. I am confident it would be agreed to, but I think we ought to have a vote on that part of it. I am entitled to insist on a division, but I would like to have a vote on that amendment.

Mr. HOLLINGS. The question comes to my mind of how you take a section and vote on it? It is part of the amendment.

Mr. LONG. You can insist on a division but the easiest way is to ask unanimous consent that we vote on that part of the amendment.

Mr. HOLLINGS. It is all right with me to have unanimous consent so that we can get a vote on exectly the part the Senator is referring to, the foreign tax credit.

Mr. LONG. The part of the amendment which deals with the foreign tax credit.

Mr. HARTKE. I am prepared to vote.

Mr. CURTIS. Reserving the right to object——

Mr. HOLLINGS. The Senator from Louisiana has a unanimous-consent request.

Mr. LONG. I ask unanimous consent that we now proceed to vote on the part of the Hartke amendment that deals with the foreign tax credit. That was the Hartke amendment that was agreed to by a voice vote last night. I want a rollcall vote.

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. Mr. President, reserving the right to object, could we arrive at the same procedure by demanding a separation?

Mr. LONG. Yes, we could; but it would just be more votes, that is all. It would require more votes.

Mr. CURTIS. How many proposals are in the amendment of the Senator from South Carolina?

Mr. HOLLINGS. The proposals in my amendment are generally known to consist of foreign tax credits, the plowback provision, and the depletion allowance elimination, except for the independent. The one point of dispute is how an independent is described—a 3,000-barrel-a-day operation or less, or a 1,000 barrel-a-day operation. The amendment provides a 1,000-barrel level, and I agree with the Senator from California that he will offer his amendment in effecting this reconciliation; then just vote on the Hartke feature.

Mr. LONG. Mr. President, I am not complaining. I could have insisted on a rollcall vote last night. But I would like to vote first on the Hartke amendment, which is incorporated in the Senator's amendment, only because I would like the RECORD to reflect what the vote was on that amendment. I assume it will be the same as it was last night. I would like to vote on it before we are asked to get involved in the rest of this.

Mr. HOLLINGS. Will the distinguished chairman agree that after we vote on that, we can vote on the Cranston amendment?

Mr. LONG. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HUMPHREY and Mr. HOLLINGS requested the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BUCKLEY (when his name was called). Mr. President, as members of my family own oil royalties on which depletion is taken, I ask unanimous consent that I be permitted to vote "present."

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. BUMPERS), and the Senator from Illinois (Mr. STEVENSON) are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. STEVENSON) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

I further announce that the Senator from New York (Mr. BUCKLEY) voted, "present."

The result was announced—yeas 75, nays 20, as follows:

[Rollcall Vote No. 83 Leg.]

YEAS—75

Abourezk
Allen
Baker
Bayh
Beall
Bentsen
Biden
Brock
Brooke
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Fong
Ford
Garn
Glenn
Gravel
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott,
William L.
Sparkman
Stafford
Stone
Symington
Thurmond
Tunney
Weicker
Williams

NAYS—20

Bartlett
Bellmon
Curtis
Eastland
Fannin
Goldwater
Griffin
Hansen
Helms
Hruska
Laxalt
McClure
McGee
Nelson
Packwood
Stennis
Stevens
Talmadge
Tower
Young

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—3

Bumpers
Stevenson
Taft

So the amendment was agreed to.

The PRESIDING OFFICER. The Senator from California is recognized, but the Senator will suspend until the Senate is in order. Senators are requested to kindly take their seats or retire to the cloakroom if they wish to continue conversations. The Senate will be in order.

The Senator from California may proceed.

Mr. CRANSTON. Mr. President, with the understanding I do not lose my right to the floor, I yield to the Senator from Indiana.

Mr. HARTKE. Mr. President, I just want to put the record straight on what has happened here.

In the amendment which is pending is included the amendment adopted last night, which dealt with deferral, on which there was a rollcall last night. The Senator from Louisiana requested that we have a rollcall on the question of the tax credit, which just occurred. Both of those provisions, on which rollcall votes have been had, are a part of the overriding amendment which was introduced by the Senator from South Carolina and the Senator from California.

Mr. CRANSTON. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California (Mr. CRANSTON) proposes an amendment to the amendment offered by Mr. Hollings, as follows:

In Part II of the Hollings Amendment wherever "1,000" appears strike and insert in lieu thereof "3,000" and wherever "6,000,000" appears strike and insert in lieu thereof "18,000,000".

Mr. CRANSTON. Mr. President, what we have done thus far on this tax cut bill is add $3 billion in revenues. I think that is quite appropriate, because we are doing it in ways that will bring revenues home from overseas.

Now, before moving to the significant tax cut aspects of this measure, we should, I think, take a little more in cost, by reducing income, in order to insure that we have full competition in the oil industry, to provide a motive to produce the oil that we need so desperately, and most of all, to insure that we have competition for the giant majors from the independents.

The amendment that I have offered, in effect, returns to the language of my original compromise amendment, all of which, with some revisions by Senator HARTKE, Senator TUNNEY, and others, is now incorporated in the amendment offered by the distinguished Senator from South Carolina. The only part of my original amendment that is not included, that I wish to see restored, is to increase from 1,000 barrels to 3,000 barrels the exemption for the independents. My amendment covers 3,000 barrels either in the form of oil or its equivalent in natural gas, but it does not go beyond that figure in total.

Mr. CURTIS. Mr. President, will the Senator yield for a question?

Mr. CRANSTON. I am delighted to yield.

Mr. CURTIS. Is it true that the Senator is amending the Hollings amendment?

Mr. CRANSTON. That is right.

Mr. CURTIS. The Hollings amendment proposes to abolish depletion for all the industry except that which produces less than a thousand barrels a day?

Mr. CRANSTON. That is right.

Mr. CURTIS. And a comparable figure for natural gas?

Mr. CRANSTON. Right, but not to exceed an overall limitation of 1,000 barrels in either oil or gas.

Mr. CURTIS. The Hollings amendment has not been voted upon?

Mr. CRANSTON. That is correct.

Mr. CURTIS. And the Senator proposes, before the Hollings amendment is voted upon, that it be amended by increasing the 1,000-barrel cutoff, in protection to independents, to 3,000?

Mr. CRANSTON. Right.

Mr. CURTIS. That is, 3,000 barrels per day?

Mr. CRANSTON. The Senator is correct.

Mr. CURTIS. And what is the cutoff in regard to natural gas in the Senator's amendment to the Hollings amendment?

Mr. CRANSTON. In my amendment it is 18 million instead of 6 million cubic feet per day.

Mr. CURTIS. I did not hear the Senator's answer.

Mr. CRANSTON. In my amendment it is 18 million instead of 6 million cubic feet per day. They can take all of that in natural gas, or a portion in nautral gas and the remainder of the equivalent in barrels, up to 3,000 total.

Mr. CURTIS. Either/or?

Mr. CRANSTON. It can be a mix. You can take most of it in oil, and a bit in gas, or most of it in gas and a bit in oil, or all one or the other, but not to exceed an overall limitation of 3,000 barrels or its equivalent in gas.

Mr. CURTIS. It differs from the Bentsen amendment in that it provides for 3,000 oil and a similar quantity for natural gas?

Mr. CRANSTON. That is right. In effect, my amendment is the middle position. It is a compromise between the Bentsen position, on the one hand, which permits taking 3,000 barrels in oil plus 18,000,000 feet in gas, and the 1,000-barrel position on the other hand.

Mr. CURTIS. I thank the Senator.

Mr. HUGH SCOTT. Mr. President, will the Senator yield briefly?

Mr. CRANSTON. I yield.

Mr. HUGH SCOTT. I thank the Senator.

Mr. President, I would like to say that, aside from this pending amendment, on which I have yet to announce a position, insofar as I am able I expect to support tabling motions on amendments which extend far beyond the scope, intent and general lines of the tax reduction bill reported by the Finance Committee. I announce this in order to encourage other Senators, who may have extraneous but otherwise worthwhile amendments, not to offer new proposals. In the interest of expediting the public's business, let us get on with the issue immediately at hand—tax relief for all Americans, tax relief which the President and the other body can support. I thank the distinguished Senator.

Mr. CRANSTON. Mr. President, I shall not take much time. I just want very briefly to state the case for my amendment.

First of all, in addition to serving the purpose of promoting competition it would, I think, lower prices, because the independents, in effect, have no home to go to with their oil. They have little or no storage capacity, and no retail outlets. They have to go to the market, and this is a way they can compete with the majors and get prices down.

Second, there are some very small investors and small independents involved. Let me hasten to add, I know there are some large ones, and I will get to those in a moment. But, for example, as to the small ones, in my State of California, the average independent produces only 420 barrels a day, though, of course, there are those that are larger.

Overall, the independents drill 85 percent of the new fields and new finds. The wildcatting is essential to or finding the new oil we need in our energy shortage, and, in a period when we want to develop greater production, the majors do very little of that sort of risk endeavor in wildcatting. In the old fields, on the other hand, where they are relatively safe, the independents and the majors are about on an equal footing in the number of wells they drill.

There are 200 companies, independents, that would be kept at a competitive advantage with the oil giants by my amendment, and might well be put out of business if my amendment were not adopted. Certainly some would vanish if it were not adopted.

I think we need the competition that these larger independents can give to the majors to insure that the majors do have stiff competition. If the independents cannot give them that competition, well we will have even more of a giant monopoly type situation in the oil industry which, I think, we do not want.

The argument has been advanced in recent days that any effort to exempt the independent producers from the percentage depletion allowance, any effort at all, 1,000, 3,000, 6,000, or whatever, is tending ing to subsidize rich people. Underlying those claims is the assumption that making money out of the oil business is somehow a dirty enterprise.

I would like to make some remarks in response to that viewpoint. First, when we talk about smallness or bigness in the oil industry we have to remember the relative size, and not just take size out of context.

We are talking about an industry that amasses and requires perhaps more capital than any other industry in the Nation. When we talk about a "big rich" independent oil man who would continue to be eligible for percentage depletion under my compromise proposal, we have to compare the size and wealth of that individual and that company with the size and wealth of the majors, who amass billions. That is where comparisons are valid. It is this relative size which must constantly be kept in mind. As wealthy as these independents may be, they are midgets, just midgets, compared to the majors. But collectively, as a class, they do provide competition. We must keep that class of independents healthy and growing.

Second, I believe that we, as a nation, as a government, and we in the Government of that Nation, should take every step, however small that step may seem to be, to maintain and enhance the competitive position of the independent sector of the industry.

For those reasons, I urge adoption of my amendment.

Mr. CURTIS. Mr. President, will the Senator yield for a further question?

Mr. CRANSTON. Yes.

Mr. CURTIS. The Senator stated his amendment is an amendment to the Hollings amendment.

Mr. CRANSTON. Yes.

Mr. CURTIS. Will it follow after the vote on the Senator's amendment to the Hollings amendment that the Senate will get a chance to vote on the Hollings amendment?

Mr. CRANSTON. Yes.

I am ready to vote.

Mr. BENTSEN. Mr. President, there is much in the Senator's amendment that is good. There is some concurrence between our two amendments, but there is a substantial difference in our two amendments. Mine calls for 3,000 barrels and 18 million cubic feet of gas, and that is a major difference, because the thing you are going to have most difficulty with, even more than oil, is going to be the shortage of natural gas in this country; Only, because we had a mild winter were we able to get through without serious shortages in natural gas this past year.

Let us take a look at what we are doing in the way of additional tax loss. If you went to my provision, which I will offer as a substitute later on after we have voted on the amendment by the Senator from California, if you went to the additional amount in my amendment the estimates we have from the Joint Committee estimates are that only $180 million of the revenue loss is due to the 18 million cubic feet exemption for gas, and that is because of the lower cost of gas.

Now, the Senator from California has made a good point in that you have someone who is strong enough to go and drill those deep holes. If you are talking about drilling a well that is 15,000 feet or more, you are talking, in many instances, of wells that will cost you $1 million, $1.5 million, and you have to have someone who is a viable competitor. You are not going to be able to compete with the major oil companies with the financial ability of someone who is running a corner service station. You have to be able to go in and finance that well, and you have to be able to take the loss that comes too many times in drilling the deep well, the exploratory well. We find they only hit on about 1 out of 8 of those wells.

So I want to see that competition for the majors. This amendment that I talked about and that the Senate voted for last Tuesday, is very comparable to the amendment that came within 16 votes of passing on the floor of the House.

I have some testimony here before our committee by Leonard Woodcock of the United Automobile Workers. Mr. Woodcock, I would say, is not really a very strong conservative, but he is a man who believes in competition. He thinks we should have a provision, granting an exemption of 3,000 barrels of oil and 18 million cubic feet of gas. He thought that that was a reasonable provision in an amendment, and he was for it.

In addition to that, we have some of the people from the Federal Trade Commission who are dealing with the competitive practices in the oil industry; and the chief counsel in those antitrust cases taking the position that feels that it is necessary to have the depletion allowance for independents in order for them to compete with the major oil companies.

So what we are facing here today, gentlemen, is do we keep the independent viable and do we keep the independent of sufficient size so that he can be a true competitor. It would be like trying to compete with General Motors and saying you can limit yourself to people who can produce a couple of cars a year. That would not be reasonable competition at all.

Mr. Kennedy and Mr. Curtis addressed the Chair.

The PRESIDING OFFICER (Mr. CULVER). The Senator from Texas has the floor.

Mr. BENTSEN. I would be moving for a substitute.

Let me, on this particular vote on the Cranston amendment, look at costs. The following is a list of the average exploratory costs for wells over 15,000 feet. In Texas you had 134 wells with 18,100 feet as the average depth; $1.5 million average cost per well.

In Louisiana you had 119 wells with an average depth of 16,900 feet; average cost of $1.2 million per well.

Oklahoma you had 29 wells; average depth 18,900 feet; average cost $2.3 million per well.

Mississippi you had 26 wells with an average depth of 17,400 feet; average cost of $2.3 million per well.

Alabama you had 32 wells, 16,500 feet is the average depth; $900,000 average cost per well.

West Virginia you had two wells, 19,600 feet average depth; $5 million per well.

I ask unanimous consent that I may place these figures in the RECORD.

There being no objection, the figures were ordered to be printed in the RECORD, as follows:

1974 AVERAGE DRY HOLE COST PER WELL OVER 15,000 FEET

The following is a list of average dry hole costs for wells over 15,000 feet. Dry hole cost is the cost whether or not the well is a producer. If oil is found, completion costs will run an additional 40% per well.

In 1974, independents drilled 106 wells over 15,000 feet, the majors drilled 108 such wells. All figures on depth and cost are per well averages.

Texas—134 wells; 18,100 ft. average depth; $1.5 million average cost per well.

Louisiana—119 wells; 16,900 ft. average depth; $1.2 million average cost per well.

Oklahoma—29 wells; 18,900 average depth; $2.3 million average cost per well.

Mississippi—26 wells; 17,400 average depth; $2.3 million average cost per well.

Alabama—32 wells; 16,500 average depth; $900,000 average cost per well.

W. Virginia/Kentucky—2 wells; 19,600 feet average depth; $5.0 million average cost per well.

Pennsylvania—1 well; 15,300 feet average depth; $1.9 million average cost per well.

New Mexico—7 wells; 17,300 feet average depth; $1.6 million average cost per well.

Colorado—1 well; 15,100 feet average depth; $1.3 million average cost per well.

Utah—35 wells; 16,400 feet average depth; $1.4 million average cost per well.

Wyoming—11 wells; 16,700 feet average depth; $2.75 million average cost per well.

California—8 wells; 18,200 feet average depth; $2.0 million average cost per well.

Florida—10 wells; 15,600 feet average depth; $500,000 average cost per well.

Source: Petroleum Engineer International Magazine, March, 1975 (no. 3 vol. 47).

Mr. BENTSEN. Mr. President, I think those figures will show what we are up against here in trying to have a viable competitor to the major oil companies and why it is important that you have a man who can go down and finance these costs.

I yield to my friend, the Senator from Nebraska, with the understanding that I do not lose my rights to the floor.

Mr. CURTIS. Mr. President, I would like to mention the great stake that agriculture has in the natural gas supplies in this country. We desperately need more fertilizer, anhydrous ammonia. It is made from natural gas.

We have a short supply of fertilizer because of a shortage of natural gas. In order to carry on agriculture, to have efficient production for the benefit of both farmers and consumers, we need more natural gas.

In the production of hybrid seed corn there is a drying process that requires natural gas, and there is no substitute for it.

We have a great many industries that are geared to natural gas. Some of them can convert and some of them cannot.

I would like to add this point to what the distinguished Senator from Texas said. I agree with him about strong enough independents to be real competitors. But, in addition to that, the public interest requires that we produce all the natural gas in the United States we can, and that will not be accomplished by curtailing the incentives.

I thank my friend, the Senator from Texas.

Mr. BENTSEN. Mr. President, I think this is another basic difference between my amendment and that of my distinguished friend, the Senator from California. In mine they have to plow back this depletion. The reason we are giving depletion to these people is because we want them to explore for oil and gas.

Mr. CRANSTON. Mr. President, will the Senator yield?

Mr. BENTSEN. If the Senator would let me make a statement——

Mr. CRANSTON. I would just like to clarify one point.

Mr. BENTSEN. Yes.

Mr. CRANSTON. The plowback provision is in the Hollings amendment; that is now in the Hollings amendment. The only basic difference is——

Mr. BENTSEN. I was speaking to the Cranston amendment on that.

I yield for a question.

Mr. LONG. Mr. President, for a unanimous-consent request?

Mr. BENTSEN. Yes, without losing the floor.

The PRESIDING OFFICER (Mr. CULVER). The Senator from Louisiana.

Mr. LONG. Mr. President, I ask unanimous consent that further debate on the Cranston amendment be limited to 50 minutes to be equally divided between the Senator from California (Mr. CRANSTON) and the Senator from South Carolina (Mr. HOLLINGS), and I am sure the Senator from California will accommodate the Senator from Texas so that we can vote in 50 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. BENTSEN. May I understand again, what is the time limitation?

Mr. LONG. We are talking about the Cranston amendment at this moment, with the time being controlled by the Senator from California (Mr. CRANSTON) and the Senator from South Carolina (Mr. HOLLINGS). I am sure the Senator from California will yield such time as the Senator from Texas requires to make his statement, so that there will be 25 minutes on both sides.

Mr. BENTSEN. With the understanding I will have time to make my statement.

Mr. CRANSTON. How much time does the Senator need?

Mr. BENTSEN. Five minutes.

How is that, is that fair enough?

Mr. HOLLINGS. He has already had——

Mr. CRANSTON. I will give the Senator 10 minutes.

Mr. BENTSEN. That is fine.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Texas.

Mr. BENTSEN. Mr. President, I do not think anyone is trying to contend that these independents are poor people, but the understanding must be that these people do not have to stay in this business. If we look at their numbers, it is a high risk business and they are drilling 88 percent of the exploratory wells, and over 80 percent of the completion and finding most of the new reserves, and they are just going to pick up their chips and go into another business. They do not have to stay in this business.

Mr. President, I think we have a tendency to lose sight of what we are accomplishing with this amendment. We are talking about bringing back to the taxpayers of this country the recovery of over——

The PRESIDING OFFICER. Will the Senator from Texas please suspend?

The Chair will request the Senators suspend conversation and retire to the cloakroom and asks the indulgence and cooperation of staff members who are present on the floor, as well.

The Senate will be in order.

The Senators conversing in the well are advised the Senate is suspending business until we have order in the Senate Chamber.

The Senator from Texas is recognized.

Mr. BENTSEN. I think we are losing sight of one of the major things we have accomplished here. We bring in up to $1.5 billion taxes under this amendment—the Bentsen amendment that was passed 2 nights ago and voted on by the U.S. Senate, and upon which the Senate expressed its will. But now we are talking about trying to say we need to also have strong competitors to these majors and that these independents must not just have to sell out to the majors and give them all the business.

I think, again, using the 3,000 barrel a day figure adopted by the Ways and Means Committee last year for oil, that we are allowing depletion on gross income of a little over $8 million annually, but that is before the man's cost of leasing lands, before his costs of renting drilling rigs, before his costs of buying pipe and drill bits, and before he drills eight dry wells at an average cost of $165,000. Now we are talking about the average depth of a well which is about 4,800 feet and of a cost of $165,000 a hole before he hits one successful well. And that well today is costing twice as much as it did before the embargo of last year.

I have given the figures showing that the deep wells are costing well over a million dollars a copy and they can come up just as dry as dust, too.

If we want independents to give the majors any real competition for the future reserves of this country, we have to retain depletion allowance for companies big enough to get out there and drill a lot of wells and to drill the deep wells.

Let me say this, too, that on those wells below 15,000 feet, the majors are drilling the smallest amount of the exploratory wells by far and that of those wells deeper than 15,000 feet the independents today are meeting them head to head and drilling fully as many wells as the major oil companies.

Let me cite an example of what can happen; why we have to have the 3,000 barrels instead of stopping at the 1,000 barrels.

I know of an independent operator in the small town of Albany, Texas. Two major oil companies had held a lease on a large tract near Albany for years. When the majors finally dropped the lease, quit trying to find oil, this independent took it over, he drilled 25 dry holes on this lease before finding production. He has now developed the lease and it is producing 1,000 barrels of oil a day and some natural gas. And he is providing a lot of jobs. He has a 1,000 barrels a day but he is still a small operator in an industry as capital intensive as this one. But he is a successful operator and he is making a contribution to this country.

Now, do we want to reduce his ability to finance the purchase of another lease from a major company and drill 25 more dry holes, if that is what is necessary, to find another thousand barrels a day and try to find some gas, too?

One of the problems the distinguished Senator from California has on his bill is where he does not provide the additional 18 million cubic feet of gas, exemption for natural gas. And because natural gas has a lower price on B.t.u.'s basis we will find a lot of these independents trying to drill up the 3,000 barrels on the oil side, instead of bringing on the gas production. I think that is a mistake and a very fatal flaw in the Senator's amendment and another reason why it should be opposed.

Mr. TUNNEY. Will the Senator yield for just a question?

Mr. BENTSEN. I yield for a question.

Mr. TUNNEY. I am having a lot of trouble, personally, trying to justify going beyond the 1,000 barrels a day and I am wondering if in the economics of the question whether a man involved in the production of oil would be better off if he had a $4.50 barrel of oil plus the 22 percent depletion allowance, or a situation where he had $10 a barrel oil without the depletion allowance. Would he make more money with the $10 a barrel without the allowance than the $4.50 with the 22 percent depletion allowance?

The reason I ask the question is that it seems to me the arguments with respect to the need for the depletion allowanc with $10 a barrel oil or maybe $11 a barrel, in some cases $16 a barrel, are not as persuasive as they were 2 years ago when the price was around $3.15 for a barrel of oil.

Mr. BENTSEN. Well, I am saying to the distinguished Senator that when we had the lower price for oil the production in this country insofar as drilling of new wells was falling substantially, and we have seen a turnaround, we have seen an increase in the drilling for new oil in this country, trying to find additional reserves, and that is because of the price the Senator referred to for new oil, $10 or $11.

The problem we run into, which I cited just a moment ago, was that we have had the cost of an exploratory well, an average well, 4,800-foot well, doubled just since the embargo was put in, and that is a very major cost.

That is why it makes it very difficult for them to continue to take the high risk involved in the exploratory wells.

If I may, and I have a very limited time, in summary, the 3,000-barrel a day exemption for oil and a separate 18 million cubic feet exemption for gas provided in my amendment meets both goals of continuing the present heavy domestic drilling effort by independents—up 28 percent over 1973—as well as making sure the majors have some healthy competition from independents, and as well as raising substantial new tax revenues.

With the plowback provision it makes sure the taxpayer is getting something by way of domestic exploration for every tax dollar still being allowed for depletion.

I believe you will find the difference in revenue loss between a 3,000-barrel-a-day exemption and a 1,000-barrel-a-day exemption, or having an 18 million cubic feet of natural gas exemption and not having one, is a very insignificant factor, compared to the importance of these higher exemptions to the overall goals of this legislation.

I believe the Senate acted properly in adopting my amendment earlier this week. I certainly hope that the Senate will not alter that decision. I will be offering a substitute to the Hollings amendment.

Mr. MANSFIELD. Will the Senator yield?

Mr. BENTSEN. I yield to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Colorado was seeking recognition.

Mr. BENTSEN. Do I still have the floor?

The PRESIDING OFFICER. The Senator's 10 minutes have expired.

Mr. HOLLINGS. I yield 6 minutes to the Senator from Colorado.

Mr. MANSFIELD. Will the Senator allow me to make a few points with the distinguished Senator from Texas before the Senator from Colorado is recognized? I understand we are under a time limitation.

Mr. HOLLINGS. I yield.

Mr. CRANSTON. I yield 2 minutes.

Mr. MANSFIELD. Mr. President, all I want to say is that I am completely in accord with the arguments advanced by the distinguished Senator from Texas. I think the amendment which was adopted by a fairly strong vote two nights ago was a good one. I think it takes care of 85 percent of the wildcatters, speculators, and independents in this country. I believe it is most important that we give consideration to that particular group rather than to phase them out, with a maximum of 1,000 barrels per day, over a period of time.

This country is in bad shape, speaking from the viewpoint of petroleum, and our resources, I believe, will only last from 25 to 40 years at the most. If this supply of petroleum diminishes in the years ahead, and that is what will happen, it means we will become more and more dependent upon overseas producers and more and more dependent upon the prices which they will set down because there will be no competition from the independents in this country at all.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. MANSFIELD. Anyway, I completely support the stand taken by the distinguished Senator from Texas. I thank the Senator from California for allowing me to make my views known again.

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. CRANSTON. I think the Senator from South Carolina was going to yield to the Senator from Colorado.

Mr. LONG. I yield 6 minutes to the Senator from Colorado.

Mr. HASKELL. Mr. President, I think it is fair to say that the Hollings amendment now before the Senate is in fact the compromise amendment, not the Cranston amendment. The original Hollings amendment phased depletion out completely over a five-year period and this is the approach I would prefer. The new Hollings amendment exempts 1,000 barrels per day from the repeal of percentage depletion. The Cranston amendment exempts 3,000 barrels. To put the matter in context, we are now asked to save depletion for the "small independents."

It is strange to me that some of our colleagues should ask us to protect these independents, to "keep them in business," and to guarantee a competitive market The market price of oil today—$10 to $12 a barrel—is protection enough. Booming profits will guarantee continued competition to the extent it can be said to exist anyway. I think the whole situation speaks for itself.

Yesterday the distinguished Senator from Texas (Mr. BENTSEN) mentioned, in partial response to a comment I made, that I was for repeal of percentage depletion across the board, and I am. I would repeal percentage depletion on minerals, molybdenum, copper, lead, zinc. The reason is that, basically, percentage depletion is like phantom freight: You do not pay anything but, nevertheless, you get a deduction.

I would suggest, Mr. President, that if we approve at least the present Hollings amendment we will have taken a step—a long overdue first step—towards tax reform.

I do not need to call your attention, Mr. President, or the attention of anybody in this Chamber, to the low regard with which the American people look at their government, their Congress as well as their executive branch. I would suggest, Mr. President, that if this situation persists it is not just dangerous for the Congress and administration, but it is dangerous for our very form of government. When people in a democracy do not respect their government their government will cease to function.

I would suggest further, Mr. President, that one of the reasons they do not respect their government, and I just say one of the reasons, is our tax code, which is loaded with gimmicks for all sorts of special folks. And, when you give something to special folks, you take it away from the rest of the people. Knowing this, the rest of the people think the tax laws are a great big ripoff, and I must agree. As a whole, our tax laws today are one big ripoff after another.

I would hope, Mr. President, that we would take a step forward and adopt the Hollings amendment. I would further hope that later on in this session we would get down to the serious business of using our tax laws for revenue raising instead of for special subsidies for special people. We have a long way to go but today we have an opportunity to begin that process.

I yield the floor.

Mr. HOLLINGS. I yield whatever time the Senator from Massachusetts desires, Mr. President.

Mr. KENNEDY. Mr. President, it is a great pleasure for me to join with the Senator from South Carolina on this amendment. During the course of discussion and debate on this amendment it has seemed clear to me that most members of this body accept the view that the time has come to end the reign of the depletion allowance. That is a major step forward. Not only will our action increase revenues to this country, but it will also close what I think is the most unconscionable, intolerable tax loophole in the Internal Revenue Code.

Mr. President, I have listened to the arguments by the Senator from California and the Senator from Texas on the need to protect the small independents, and how their amendment to the Hollings amendment will look out for those small independents.

The fact of the matter is, Mr. President, that 97 percent of the independents are exempt under the Hollings amendment. 97 percent of the producers would still enjoy the depletion allowance. So before we shed any crocodile tears for these independents we ought to understand that virtually all of those independents, the overwhelming number of independents, will still get the depletion in allowance.

What we are talking about now is only a small number of independents. But no matter how you describe the cost of drilling a well, these few independents who would be affected by the Hollings amendment are still very substantial economic interests.

Mr. President, I emphasize first, under the Hollings amendment, 97 percent of the independents are going to be exempt from the repeal of the depletion allowance.

Second, Mr. President, when we hear about how important it is to pressure these large independents, so that they can compete with the major producers, let us also recognize that those same large independents are also eating up the smaller independents. That is what is happening today. It is like the old cartoon of the big fish swallowing the middle-size fish swallowing the small fish swallowing the baby fish. For every argument made about maintaining competition within the industry for large independents, we can make an equivalent argument about maintaining competition for other independents. What is sauce for the goose is sauce for the gander. When you provide a 3,000 barrel per day exemption for the large independents, you are talking about independents with up to $12 million in gross receipts a year from oil.

These are not small mom and pop stores by any stretch of the imagination These are not small farmers with a corkscrew drilling for oil on the back spread. These are not ordinary folks eking out a bare subsistence on oil and gas. Yet, that is the way they are being described.

Third, we ought to recognize what these independents are, Mr. President. They are some of the juiciest tax shelters for rich income people of this country. All you have to do is look at some of the publications and mail solicitations of these independents, including some that would keep depletion under the Cranston amendment. Here is one with the Big "D" Oil & Gas Co., of Dallas, Tex: "Dear Doctor." It's a form letter. It does not even address a particular doctor.

> Dear Doctor: No doubt you make more than $40,000 a year. That's why you should take a minute and read this.
>
> No doubt you are paying a substantial amount of income tax—$$$$ that are gone forever. Few tax havens are left for you!!!! One tax haven that has withstood the wrath of the Federal Government is in the oil and gas industry.

It goes on to say:

> With the increased prices for oil and particularly natural gas, the potential for profit is more attractive than ever.

Here they are saying it. They are making the point of the Hollings amendment, the point made by the chart.

These are notorious tax shelters. They are chasing the doctors—any doctor making over $40,000 a year. That is the income level when these oil deals become attractive as tax shelters.

Here is another item, on the Patrick Petroleum Co., an independent. In Standard & Poor's, it states:

> The company's income tax policy is to generate sufficient statutory deductions (intangible development and drilling costs and the excess of allowable statutory depletion over cost depletion) to reduce taxable income to zero.

That is what they are attempting to do. And as we see from our charts here on the floor, Patrick Petroleum Co. is as good as its word. It paid no Federal income tax in 1973. Not a penny. It succeeded in reducing its taxable income to zero.

Many of these small independents are not even paying a small amount of tax. They are not paying any tax at all. Yet these independents, who fall within the area between the Hollings and Cranston amendments, from 3,000 to 1,000 barrels a day, are providing extraordinary tax opportunities for thousands of Americans in the higher income brackets.

The PRESIDING OFFICER. The Senator's 8 minutes have expired.

Mr. KENNEDY. Mr. President, will the Senator yield me 3 additional minutes?

Mr. HOLLINGS. I yield.

Mr. KENNEDY. Finally, Mr. President, price is all the incentive these independents really need. The chart we have here demonstrates the enormous windfall profits available today because of the soaring price of oil.

This is a golden age for all producers—majors and independents alike. All you have to do is look at Fortune magazine of June 1974, talking about "the tremendous times for independent oil companies."

All you have to do is look at Barron's last December for an independent view of the independents, and you will see the enormous opportunities for profit that are open to the independents. Senators will see that these are golden years for independents as well. And it is understandable, because they are making these tremendous profits from the high price of oil, especially new oil.

I have heard the Senator from Texas describe how these fellows are going out and drilling. They are going out and drilling for new oil, for $11 a barrel. Then I hear how it is costing them so much to do it. The principal reason for the high price is that it is now so lucrative for anybody to drill for oil that they are bidding up the prices for drilling rigs and other equipment. There is a shortage of that equipment, there are bottlenecks of supply, because it is so enormously lucrative to drill for oil today that anyone with a dollar burning a hole in his pocket wants to drill for oil.

Mr. President, I think the case has been made for total repeal of the oil depletion allowance. The Hollings amendment is a generous compromise for the independents, far more than they deserve.

We also have here the statement of the Senator from Louisiana (Mr. Long). I think Senator Long has about as good an insight into the opportunities and problems of the oil industry as anyone. In a Baton Rouge TV and newspaper interview on March 7, he spoke about the independents and about the House action. He said:

> If they had kept it down to where you are talking about no more than, perhaps, a million dollars' worth of oil, with regard to where the depletion allowance would have been about $200,000, I think they would have had a pretty good chance. In fact, they would have probably prevailed on the House side. So there is sentiment on both sides for something like that.

Senator Long can explain that statement, but is it not interesting that in that interview, he was talking about a million-dollar-a-year cutoff, which translates to 300 barrels a day? Why are we here talking about 3,000 barrels a day? The Hollings amendment would set the cutoff at 1,000 barrels, and that is much more than the independents deserve. I oppose the amendment of the Senator from California and the Senator from Texas.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. KENNEDY. We are on a time agreement.

Mr. BARTLETT. Mr. President, will the Senator from Texas give us 1 minute, so that the Senator from Massachusetts can answer a question?

The PRESIDING OFFICER. The Senator from California and the Senator from South Carolina have the time. Who yields time?

Mr. CRANSTON. I yield 1 minute.

Mr. BARTLETT. If the Senator from Massachusetts will yield, I know he is very much aware of the contracts on natural gas being curtailed in the East. He is also aware of imports of some 40 percent of our demands. I am wondering how his ideas on reducing the depletion allowance bring on more oil, particularly when the independents drill about 82 percent of the wells.

Mr. KENNEDY. I think the price mechanism, the enormous profits available from today's high prices, are a more than sufficient answer. The income statements and the balance sheets speak for themselves for the large oil and gas companies. Oil is a very profitable business in America in 1975, and I think it is time to shut off this undeserved subsidy the taxpayers are paying through the unjustified percentage depletion allowance.

Mr. President, on the natural gas point, about 7 years ago the producers pumped this natural gas to New England, because they could not use it in the other parts of the country. There was very little demand at that time for natural gas in New England. But gradually, the homes in our part of the country started to use it. It has been successful, but we need a good deal more. And now they are talking about limitations on our supply. We have been on the receiving end of the natural gas industry sword for a number of years.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. BARTLETT. Mr. President, will the Senator from California yield me 1 minute?

Mr. CRANSTON. I yield.

Mr. BARTLETT. I say to the distinguished Senator from Massachusetts that it is interesting that he says that the price mechanism is the answer, when he knows that since 1954 we have had price controls on natural gas and that the current average price of gas at the wellhead, in interstate commerce, to the Northeast, amounts to 30 cents a thousand, which equated to the Btu of oil is $1.80. We have not had that price for a long time.

If he is also partial to the idea of the free market or the market mechanism handling this—he talked about $11 oil—then he must be in favor of decontrolling the price of oil which is old oil, about 62 percent of the total domestic oil, which is now priced at $5.25. I hope that is his feeling, because we need support in this.

The PRESIDING OFFICER. The Senator's additional minute has expired.

Mr. KENNEDY. Mr. President, will the Senator yield me 30 seconds in order to respond?

Mr. HOLLINGS. I yield.

Mr. KENNEDY. I wish I could find a little more compassion in my heart for the case of the major oil and gas producers. I also wish we knew how much gas in this country has been capped by the major gas companies. We do not know about that. We have not been able to get information on that. We do know that the supply is scarce, and that New England is hurting.

Mr. President, in concluding, I ask unanimous consent to have printed in the Record the following items as part of this debate:

A fact sheet and related materials made available to all Senators by Senators Hollings, Magnuson, and myself on our original amendment. This material includes the tables from which some of the charts we have been using were prepared.

A Library of Congress study on depletion and the independents.

My joint statement with Senator Hollings's in testifying before the Senate Finance Committee on March 10.

A table showing a random survey of the profits of some independents.

A table showing the profits of the major oil companies.

The two articles to which I referred in Fortune and Barron's.

An article by Prof. Gerard M. Brannon of Georgetown University in the March 17, 1975, issue of "Tax Notes," published by Tax Analysts and Advocates.

The material to which I referred on the Big "D" Oil and Gas Co., and the Patrick Petroleum Co.

There being no objection, the material was ordered to be printed in the Record, as follows:

FACT SHEET: HOLLINGS-KENNEDY-MAGNUSON DEPLETION REPEAL AMENDMENT

A. Repeal of percentage depletion allowance for large producers (Current law allows 22% depletion of gross income from oil or gas wells, with a ceiling on the deduction of 50% of net income from the property)

1. Repealed as of January 1, 1975 for most domestic and all foreign production of oil and natural gas. After January 1, 1975, depletion must be computed on a cost basis.

2. Exemption for fixed price contracts for domestic natural gas as of February 1, 1975, if no price increase is permitted to reflect the repeal of depletion.

3. Exemption for "regulated" domestic natural gas (i.e. interstate natural gas regulated by the FPC) produced and sold before July 1, 1976, if no price increase is permitted after February 1, 1975 to reflect the repeal of depletion.

B. Exemption for independent producers—phase-out of percentage depletion allowance

1. Percentage depletion is retained but gradually phased out for the first 3,000 barrels per day of domestic crude oil production. The percentages are reduced from 22%, as follows:

1975–76	15%
1977–78	8%
1979 on	0%

2. For taxpayers whose production exceeds 3,000 barrels per day, the exemption is apportioned pro rata to each of the taxpayer's producing properties.

3. Limit to one 3,000 barrel a day exemption to members of the same family or to businesses under common control.

4. No exemption for royalty owners.

5. No exemption for integrated producers (those involved in retailing or refining).

6. Estimated annual revenue effect—$250–300 million in 1975 and 1976; $165–175 million in 1977 and 1978.

7. Of the approximately 10,000 U.S. petroleum producers, the exemption will be available to all but about 124 producers, and will cover approximately 17% of current U.S. production.

C. *Net revenue gain from amendment*

$2.5 billion in 1975.

$3 billion in 1979.

A PERMANENT EXEMPTION FOR INDEPENDENTS IS UNJUSTIFIED

A. An independent exemption would exclude a great deal of oil production. A simple 3,000 bbl per day exemption would:

(1) Exempt 1,095,000 bbls per year for each producer, both large and small (3,000 bbls x 365 days).

(2) Exempt companies with revenues

ranging from $8,200,000 to $12 million (1,095,000 bbls x $7.50 average U.S. price=$8,200,000; 1,095,000 bbls x $11 bbl price of uncontrolled oil=$12,000,000).

(3) Exempt up to $1,800,000 of taxable income per year for each producer (1,095,000 bbls x $7.50 average price=$8,200,000; $8,200,000 x 22%=$1,800,000).

(4) Exempt from 15–30% of present U.S. production.

(5) Exempt all but 124 of the 10,000 U.S. petroleum producers. Only 124 producers exceed 3,000 bbls per day. (A 1,000 bbl per day exemption would exempt all but approximately 324 producers).

B. Small producers do not need percentage depletion to survive because their profits are higher than those of the majors.

(1) Until recent price hikes, depletion seldom exceeded 77 cents per bbl. ($3.50 x 22%).

(2) Presently U.S. prices average approximately $7.50 per bbl. This price increase of more than $3 per bbl over-compensates for the loss of depletion by several hundred percent. If prices are decontrolled, prices will approach $11 per bbl.

(3) The independents are getting higher prices for their oil than are the majors. Their average price is actually about $8.80 rather than $7.50. Roughly 75% of the oil sold by independents is free of price controls and thus sells for $10 or $11 per bbl. (80% of the sales of majors are controlled). For many independents, the pretax revenues from price hikes to $11 may be as much as ten times greater than former depletion benefits.

(4) If there is any increase in oil prices because of depletion repeal for the majors, the independents will receive a similar price—even though they also retain depletion benefits—thereby receiving a double windfall.

C. Depletion repeal will not cause independents to sell out to the majors.

(1) The simple economics of oil production make it obvious that there is no added incentive to sell out. Companies that were in business profitably when oil sold for $3.50 pbl will not be squeezed out at $8.80 pbl, or better, just because they lose depletion which was only worth 70 cents pbl.

(2) Oil producers can elect to sell their properties to take advantage of lower capital gains rates rather than any pay ordinary corporate rates on future production income if they stay in business. They are in essentially the same position as any other businessmen who can save by selling their corporations' stock at capital gains rates.

(3) The independents will, regardless of corporate ownership, continue to sell their production at the wellhead to refiners, most of whom are majors. The majors' control of the overall market will therefore be the same as it always has been.

(4) Oil producers allege they are more inclined to sell out than other businessmen because oil properties sometimes have a measurable and limited useful life. That argument overlooks the fact that by selling, they will lose the right to participate in any future price rises or in the benefits possibly resulting from technological breakthroughs in secondary recovery methods.

(5) Illustrative examples used by the independents assume the majors will be willing to pay a premium price today for future production. However, this is not likely. The premium depends on their theoretical ability to take rapid cost depletion write-offs. However, rapid write-offs will be available only where production is rapidly declining and the majors have, in fact, not found such properties worthwhile. They generally operate only fields with long productive lives.

(6) There is no indication that if there are corporate sales, they will be to the majors rather than to other independents.

D. Small producers do not need depletion to attract capital for expanded drilling.

(1) A survey of 75 small over-the-counter and American Exchange listed corporations primarily engaged in North American crude oil and gas extraction showed that in 1974 they earned a return on equity capital which averaged around 23% (as compared with the 1974 average of 14% for all manufacturing industries.)

(2) These companies posted profit gains equal to or exceeding the major international companies. They have not been affected by the recent levelling-off of earnings reported by the international companies which has been largely due to significant accounting changes as well as increases in OPEC prices and taxes.

(3) These profits and rates of return have been computed after taking into account the cost of drilling dry holes. Obviously, profits from successful wells have compensated for the risk of dry holes. Investors require no additional incentive.

(4) Industry expansion has been hindered by shortages of field equipment and steel tubing and by appropriate environmental limitations, rather than by capital shortages.

(5) The industry will retain the unique advantage of the intangible drilling deduction which allows an immediate deduction for about 70% of the cost of successful wells and 100% of the cost of drilling a dry well. Due to the combination of dry hole deductions and intangible drilling deductions, an estimated 90% of an independent's capital expenditures are written off immediately, unlike other industries, which must rely on periodic depreciation write-offs. Also, the investment tax credit is available on pumping equipment.

E. Depletion does not encourage exploratory drilling.

(1) Because depletion only applies to revenues from producing wells, it encourages producers to drill excessively in proven fields (where the 22% subsidy is assured) and refrain from wildcatting. If depletion is repealed, incentive to over-drill existing reserves will be reduced. Repeal will therefore encourage increased exploration for new oil reserves.

(2) The high price of oil is the real incentive to drill.

(3) The most important tax incentive keyed to exploratory drilling—the deduction for intangible drilling expenses—will remain. Since this deduction relates directly to the costs of drilling and exploring, it is a more efficient incentive than the depletion allowance. This huge deduction is valuable in sheltering production and investment income, and provides ample incentive for drilling.

F. An independent exemption, no matter how restrictively defined, will be expanded in actual use far beyond the present projections.

(1) When the Treasury Department testified against an independent exemption, it stated that producers can be expected eventually to rearrange oil ownership to bring nearly all production under an independent exemption.

(2) Producers will emulate the airlines, who benefit from excess investment tax credits by leasing their planes from banks which have more tax liability and therefore can utilize the credit.

(3) The major companies can be expected to invent complex sale and buy-back arrangements with third parties, who will agree to indirectly pass through depletion benefits to the majors. According to Treasury officials, they can also use intricate lease-swapping arrangements to stay within the exemption.

(4) There is no simple way to define a "producer" to solve the problem of joint ventures.

(5) The exemption will increase the scope of existing tax abuses by high bracket doctors, lawyers, executives, celebrities, and others through highly profitable tax shelter arrangements.

(6) The exemption leaves virtually all of the high bracket oil producer partnerships with the tax benefit. The elimination of percentage depletion, if accompanied by the 3,000 BPD exemption, would eliminate the tax shelter only for taxpayers in low brackets. That would eliminate everything but the loophole.

CONCLUSION

At best, a permanent exemption for independents would represent an attempt at subsidizing those few marginal and inefficient producers who cannot survive despite price hikes of several hundred percent. At worst, it would confer additional and unjustified windfalls on the vast majority of independents.

The Treasury has consistently opposed a permanent exemption. In particular, the Treasury fears that a permanent exemption will (1) introduce a major distortion into oil production; (2) encourage producers to rearrange ownership; (3) increase the use of the depletion allowance as a tax shelter for wealthy doctors, lawyers, and others; and (4) cost the Treasury a great deal of revenue.

Exempting independents attacks the very reason for repealing depletion. Independents are getting the biggest windfalls. Like the majors, they no longer deserve or need this subsidy. In essence, the case for the independents is based on greed, not need.

U.S. DOMESTIC PRODUCTION, 1974

Daily production (barrels per day)	Number of producers	Percent production	Total production (million barrels per day)		
			Controlled	Exempt	Tota
Over 3,000	124	83.0	5.91	3.05	8.97
2,000 to 3,000	48	1.2	.06	.07	.13
1,000 to 2,000	152	2.3	.09	.14	.25
Under 1,000	9,700	13.5	.37	1.09	1.46
Total		100.0	6.48	4.32	10.80

HOW SMALL ARE THE INDEPENDENTS?

Barrels per day	Gross receipts per year ($10 per barrel)	Value of 22 percent depletion writeoff
1	$3,650	$803
5	18,250	4,015
10	36,500	8,030
50	182,500	40,150
100	365,000	80,300
300	1,095,000	240,900
500	1,825,000	401,500
1,000	3,650,000	803,000
3,000	10,950,000	2,409,000

Note: Percent of U.S. businesses with gross receipts of $5,000,000 or more a year equals 0.2 percent.

OIL PRICES, OIL DEPLETION, AND OIL PROFITS

Price per barrel	Percentage depletion (billions)	Value of after-tax windfall without depletion (billions)	Total windfall (billions)
$3.50	$1.067		
$4	1.235	$1.023	$2.258
$5	1.570	3.069	4.639
$6	1.752	4.180	5.932
$7	1.883	4.980	6.863
$8	2.014	5.780	7.794
$9	2.145	6.579	8.724
$10	2.276	7.379	9.655
$11	2.407	8.179	10.586

Basis: $3.50 per barrel base price. 25 percent effective tax rate. No price decontrol.

OIL PROFITS RETURN ON EQUITY, PERCENT INCREASE, 1974

[5 international companies, 50.2 percent; 16 integrated domestic companies, 96.1 percent; 11 nonintegrated independent producers, 122 percent]

MAJOR OIL COMPANIES

Company	Net income after tax		
	Millions of dollars		Percent increase
	1973	1974	
Exxon	2,443.0	3;140.0	28.5
Texaco	1,292.4	1,588.4	22.8
Mobil	849.3	1,040.1	22.5
Standard of California	843.6	970.0	15.0
Standard of Indiana	511.2	970.3	89.8
Shell	332.7	620.5	86.5
Phillips	230.4	402.1	74.5
Union	180.2	188.0	59.8
Standard of Ohio	74.1	147.5	99.1
Gulf	800.0	1,065.0	33.1
Sun	230.0	378.0	64.3
Continental	242.7	327.6	35.0
Amerada Hess	245.8	201.9	−17.9
ARCO	270.2	474.6	75.6
Getty	142.2	281.0	97.6
Occidental	71.9	280.7	290.4

INDEPENDENT PRODUCERS

Company	Production (barrels per day)	1974 revenues (millions)	Return on equity (percent)	Tax rate (percent)
Adobe	6,600	$15.0	25.0	14
Aberdeen	(1)	1.0	9.0	0
Austral	2,700	17.0	17.0	0
Amarex	(1)	9.0	24.0	0
Apexco	4,600	17.0	25.0	NA
Argo	(1)	12.0	30.0	0
Baruch	(1)	1.7	20.0	0
Basin	(1)	23.0	50.0	0
Buttes	5,500	33.0	27.0	0
C & K	(1)	9.0	17.0	0
Consolidated	3,400	18.0	12.0	0
Coquina	3,700	7.0	75.0	0
Damson	(1)	8.0	12.0	0
Eason	4,800	21.0	20.0	10
Equity	2,000	7.5	30.0	10
Felmont	5,500	23.0	15.0	NA
Hamilton	2,800	17.0	12.0	NA
Houston	3,100	$40.0	75.0	0
Hudson Bay	(1)	160.0	30.0	12
Mitchell	3,300	75.0	32.0	0
Noble	(1)	84.0	19.0	NA
North American	(1)	62.0	15.5	5
NUMAC	(1)	4.8	10.0	NA
Patrick	2,100	32.0	21.0	0
Petro. Lewis	5,300	11.0	15.0	0
Prairie	(1)	1.6	10.0	0
Pan. Can	(1)	120.0	36.0	10

(1) Less than 3,000 barrels per day.

QUOTATIONS ON THE INDEPENDENT OIL EXEMPTION

These are tremendous times for independent oilmen, the best many of them have ever known. After nearly two decades of increasing hardship, spectacularly higher prices for oil and gas have suddenly thrust the independents into a new prosperity. "The New Oil Rush in Our Own Backyard," Fortune Magazine, June 1974.

At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns. "Project Independence: Domestic Crude Producers Stand to Profit from It," Barron's Financial Weekly, December 2, 1974.

To be 85% self-sufficient in 1980, you would need a crude oil price of $4.10. Testimony of Tom B. Medders, Jr., President, Independent Petroleum Association of America, Senate Interior Committee Hearings, August 9, 1972.

I would like to clarify one matter. The many variables and assumptions involved in supply/price relationships make it impossible to predict precisely what price will be required to bring forth any particular level of supply. Testimony of John C. Miller, President, Independent Petroleum Association of America, Senate Interior Committee Hearing, February 1, 1974.

You have asked that we address specifically the 3,000-barrel-per-day exemption from the phaseout of percentage depletion. I have already indicated that we do not favor elimination of percentage depletion. If it is to be eliminated, however, it is difficult to justify nonuniformity in treatment of producers, except perhaps on a transitional basis. Further, to make the 3,000-barrel-per-day exemption meaningful, there have to be complex rules which prevent the same economic unit from having the benefit of more than one 3,000-barrel-per-day exemption. These rules can never work perfectly and some people are not penalized who should be and, what is even worse, others who should not be affected at all are penalized. William E. Simon, Secretary of the Treasury, Senate Finance Committee Hearings, June 5, 1974.

In my judgment, Congressman Wilson and his troops could have won on their side if they had not tried to make that amount that would be exempt large enough so it would include some very substantial independents. If they had kept it down to where you were talking about no more than, perhaps a million dollars worth of oil, with regard to where the depletion allowance would have been about $220,000, I think they would have had a pretty good chance. In fact, they would have probably prevailed on the House side. So, there is sentiment on both sides for something like that. Senator Russell B. Long, Baton Rouge TV and Newspapers Interview, March 7, 1975.

There is going to be a strong push for an exemption of a million barrels a year [3,000 barrels a day] for "small" producers. Even the fact that this exemption is taken seriously is an indictment of our legislative process. It is simply money talking. At an average price of $8.50 a year (about 75% of the oil produced by independents is uncontrolled and thus sells at a higher average price), this means that percentage depletion would be preserved with respect to the first $9.5 million on oil income, and the deduction for percentage depletion would total more than $2 million. This is not defensible as small business relief. The tax law has some general relief provisions for small business, such as the corporate surtax exemption of $25,000 (raised to $50,000 by the tax cut bill). In no other industry do we provide small business benefits keyed to such enormous incomes. Why is the U.S. Senate seriously considering such a rule as one that retains percentage depletion for million-barrel drillers? The answer must be that there is enough money in this so that enormous pressure is being put on some senators. "Depletion and Politics: Buying Off the Independents," Tax Notes, March 17, 1975, by Gerard M. Brannon, Research Professor, Georgetown University; former Director, Office of Tax Analysis, Treasury Department.

That's a windfall if ever there was one. Some Congressmen have built up an emotional case about the little man. Hell, some of these people are millionaires. Fred C. Hickman, Asst. Secretary for Tax Policy, Treasury Department, House Ways and Means Committee, April 2, 1974.

The tax write-off via deduction of intangible drilling costs is still attractive, and the higher prices for oil means the payment from a successful program will be larger. The end of the depletion allowance won't matter much. Spokesman for Apache Corp., a promoter of tax shelters for wealthy investors in oil and gas.

PERCENTAGE DEPLETION ALLOWANCES FOR OIL AND GAS AND THE PROFIT PICTURE IN THE OIL INDUSTRY—1974–75, WITH SPECIAL REFERENCE TO THE INDEPENDENT PRODUCERS

(By Jane G. Gravelle)

I. PROFITS AND PRICING—1975

The proposed repeal of the 22% percentage depletion allowance for oil and gas is generally estimated to produce about $2.5 billion in additional tax receipts. The value of this allowance would be expected to rise, however, if old oil is decontrolled and the percentage depletion retained on the full price. In this case, the value could rise to $3.5 billion for oil alone.

Although oil industry profit data for 1975 is not generally estimated by size of producer, it is possible to estimate expected windfall profits for the industry as a whole from price and production data.

At the end of 1973, oil price ceilings (for controlled oil) were around $5.25 a barrel. In the summer of 1973 oil prices were around $4.00 a barrel. In this analysis we estimate the windfall in one case based on the spread between $5.25 a barrel and current prices and in another as the spread between $4.25 a barrel and current prices.[1]

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[1] The windfall would be expected to accrue to producers on domestic (not foreign) oil. The choice of a base price is necessarily arbitrary, particularly in the context of a domestic price determined by foreign prices. The Administration apparently uses a price of around $5.20 for its windfall profits tax

Presently there is a two tier pricing system. Of estimated annual production of 8.7 million barrels a day approximately 5.3 million is controlled (at an average price of $5.25 a barrel) and 3.4 million is uncontrolled generaly selling at $11 a barrel. If we measure the windfall profit as the difference between average price of $7.50 a barrel (assuming an effective income tax rate of 38 percent on the windfall) and $5.25 a barrel we derive a windfall of $4.4 billion for 1975.[2]

The value of percentage depletion (in tax savings) on the old $5.25 price may be figured at roughly 50¢ a barrel or about $1.6 billion and the value of percentage depletion on the windfall at roughly 24¢ a barrel or $760 million.[3] These figures suggest an estimate of percentage depletion at current prices of $2.4 billion. (This figure differs from the $2.5 billion estimate quoted above but does not include depletion on natural gas.)

These figures suggest that the net increase in after tax profit to producers will be $2.0 billion with no change in the price structure and repeal of percentage depletion.

It may be argued, however, that the $5.25 a barrel price ceiling represents a windfall in any case. Consider for example that the actual prices in the summer of 1973 were much lower and that in prior years the price of oil was closer to $3.50 a barrel. (As of November 1973, the average old crude price was $3.91, and was $3.45 in 1972.[4])

If we use the spread between the current price and $4.25 a barrel as a measure of the windfall, the following calculations may be made. For new oil the price spread is $6.75 a barrel with an after tax profit of $5.2 billion. For old oil the $1.00 spread provides an after tax windfall of $1.2 billion for an industry total of $6.4 billion.

The value of percentage depletion for $4.25 a barrel is 41¢ a barrel or about $1.3 billion (consistent with prior year estimates of the revenue impact of percentage depletion). The value for the new oil price spread is 70¢ a barrel or $870 million. The value for the old oil spread is 10.5¢ or $203 million. This gives the total of $2.4 billion.

Thus, after tax profit of $6.4 billion reduced by increased tax liability due to repeal of percentage depletion of $2.4 billion shows a profit of $4.0 billion assuming repeal of percentage depletion and no change in prices.

In comparing prices as an incentive with percentage depletion, it is perhaps more proper to ignore what current depletion is worth and focus on the value of percentage depletion at lower prices. If the $5.25 figure is used percentage depletion is worth about 50¢ a barrel. The after tax windfall if one assumed there was no depletion allowed above $5.25 a barrel is $1.20 a barrel, or slightly over twice the former value. However, for *new* oil where an incentive mechanism would be expected to be important, the average after tax windfall is $3.00 or six times the value of percentage depletion. (This would also represent the relative total value if all oil is decontrolled.)

If $4.25 is taken as a more realistic measure of the pre-windfall price, the former value of percentage depletion would be about 40¢ a barrel. For all oil the after tax profit would be on the average about $1.70 a barrel or over four times the former value of percentage depletion. For new oil again, the after tax windfall would be $3.50 or almost nine times the former value of percentage depletion. (This would also represent the relative total value if all oil were decontrolled.)

This analysis suggests that after tax profits deriving from price increases are far more important than percentage depletion as an incentive for producing more oil. It is clear that even if price controls are retained and percentage depletion is repealed, producers under even the most favorable assumptions will be realizing larger after tax increases in profit and thus substantially increased cash flow.

If prices are deregulated in some fashion then the relative size of the value of percentage depletion will grow and so will after tax windfall profits. For example, if the $5.25 price is used the windfall will be $11.3 billion after tax assuming percentage depletion is retained. Percentage depletion then has a value of over $3.5 billion and repeal would reduce the after tax windfall to $7.8 billion. If the $4.25 a barrel price is used the after tax windfall will be $13.3 billion and repeal of percentage depletion will reduce it to $9.8 billion.

It should be noted again that the effective tax rates used in this analysis are probably higher, perhaps substantially so, than in actual practice and act to understate the value of windfall profits.

II. INDEPENDENT PRODUCERS—PRICES AND PROFITS—1974

The relative impact of prices and percentage depletion on the independents is difficult to determine. However, there is some data available for the change in profits between 1973 and 1974. It should first be noted that sales of 3,000 barrels a day will range from $5.7 million to $12.0 million. Using the data computed above assuming a $5.25 normal, for a producer whose average price is the same as the U.S. average the after tax windfall would be $1.2 million assuming percentage depletion is not available on the windfall. However, the former value of percentage depletion was only about $552 thousand.

It would be generally expected that independent producers of oil would be in a better position than other segments of the oil industry. First, the increase in the price of imported oil has not created a windfall to the international oil companies since those increases are being absorbed by the petroleum exporting countries. Therefore, domestic producers would be expected to have a relatively larger increase in profits as compared to international companies.

Secondly, all of the windfall has occurred in oil production. Thus, the independent producers would be expected to be better off than the integrated companies and the refiners.

Finally, it has been argued that a much larger portion of the sales of the independent producers is uncontrolled oil. Congressman Green stated that 75 percent of the oil production of small producers is unregulated while 80 percent of the oil production of the majors is regulated.[5]

The following tables provide statistics on net income for three groups comparing the increase in 1974 profits (through September) over 1973 levels. The first group includes the five integrated international oil companies. The second includes the larger domestic integrated companies. The third consists of companies which are engaged in production, or the independents. The source of data is from Standard and Poor's oil stock price report. The only companies excluded from the independents (of those listed) are those where data through September was not available. While these data do not cover a full year they do provide some basis for comparing the increase in profits.

If we aggregate the international companies we find that the average increase was 50.2 percent. If we aggregate the large integrated domestic producers we find an average rate of 96.1 percent. This finding is consistent with our expectations of a smaller relative increase for companies engaged in foreign production.

The aggregation of the independents shows an increase of 75.5 percent (excluding the two companies with deficit) falling between the international and domestic integrated companies.[6] However, if we drop out Coastal States Gas which is not really primarily an oil producer we find the average for the independents rising to 82 percent. Finally, if we drop out the three companies which are significantly larger among the independents (Coastal States Gas, Louisiana Land and Superior) we find the average rising to 122 percent, higher than either the international companies or the integrated domestic producers. While these companies do not include very small independent producers, the findings suggest that small producers are enjoying larger increases in profit.

TABLE 1.—NET INCOME OF INTEGRATED INTERNATIONAL COMPANIES

[Millions of dollars—9 months]

	1973	1974	Percent change
Exxon	1,656.00	2,280.00	37.7
Gulf	570.00	815.00	43.0
Mobil	571.20	903.80	58.2
Standard (California)	560.46	877.74	56.6
Texaco	838.92	1,428.16	70.2

Source: Standard & Poor's.

TABLE 2.—NET INCOME OF LARGE INTEGRATED DOMESTIC COMPANIES (SELECTED)

[Millions of dollars—9 months]

	1973	1974	Percent change
Amerada Hess	113.88	134.05	17.7
Ashland	84.30	113.00	34.0
ARCO	178.30	377.70	111.6
Cities Service	93.40	168.40	80.3
Continental	153.37	329.80	115.0
Getty	82.42	222.36	169.8
Kerr-McGee	44.10	93.15	111.2
Marathon	72.92	129.58	77.7

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proposal while the Ways and Means Committe task force uses $4.95. The average price of crude to refiners according to Standard and Poor's was $3.73 in 1973 and $3.40 in 1972. Adjusting this latter figure for 1975 price levels indicates a price of around $4.40.

[2] Throughout this paper an effective income tax rate on the windfall of 38 percent is assumed if percentage depletion is retained and 48 percent if it is repealed. Because of the generally rapid write-off of capital costs in oil production there is good reason to believe that these rates would be substantially lower. To gain some perspective, the industry itself estimated an effective rate of domestic Federal income taxes on domestic profits of 22 percent in 1971, which was considered too high by some critics of their study. It is estimated that *outside* of depletion, 70 cents of each investment dollar is written off immediately through dry hole and intangible drilling costs and another 10¢ recovered through depreciation (including rapid methods) and eligible for the investment tax credit. The implication is that the size of after-tax windfall in this paper is quite conservative.

[3] Depletion is figured at an average of 20 percent for old prices and 22 percent for the windfall price.

[4] Standard and Poors. Old crude oil prices-mid-continent 36° to 36.9°.

[5] CONGRESSIONAL RECORD. February 27, 1975. p. 4613.

[6] If the two companies with deficits are aggregated into the total the increase is 59.5 percent for all independents and 57.9 percent for independents excluding the three largest.

TABLE 2.—NET INCOME OF LARGE INTEGRATED DOMESTIC COMPANIES (SELECTED)—Continued

[Millions of dollars—9 months]

	1973	3974	Percent change
Murphy	34.60	55.62	60.8
Phillips	143.70	345.20	140.2
Shell	253.30	462.30	82.5
Skelly	27.17	77.77	186.2
Standard (Indiana)	389.80	795.50	104.1
Standard (Ohio)	62.50	97.30	55.7
Sun	154.86	323.85	109.1
Union	129.13	232.50	80.1

Source: Standard & Poor's.

TABLE 3.—NET INCOME OF INDEPENDENT PRODUCERS

[Millions of dollars—9 months]

	1973	1974	Percent change
Aztec	1.72	5.01	191.3
Coastal States Gas	30.80	46.76	51.8
Equity Oil	.73	2.30	215.1
Felmont Oil	1.96	3.81	94.4
Forest Oil	[1].20	2.37	------------
General Crude	11.18	24.66	120.6
Hamilton Bros	2.56	4.54	77.3
Inexco	3.61	6.45	78.7
Louisiana Land	49.52	84.06	69.7
Mesa	16.16	[1].42	------------
Reserve Oil & Gas	4.38	10.85	147.7
Sabine	3.87	7.13	84.2
Southland Royalty	4.62	10.70	131.6
Superior	30.46	46.65	51.6
Transocean	1.77	5.35	202.2

[1] Deficit.

Source: Standard & Poor's.

III. CONCENTRATION OF INDUSTRY ARGUMENT AND THE IMPACT OF CAPITAL GAINS

The domestic crude oil industry is concentrated, though not as much so as some other major industries (such as the auto industry, the aluminum industry or the steel industry). A recent Federal Trade Commission Report showed that the top 4, 8 and 20 oil companies accounted for 31, 51 and 70 percent respectively of domestic crude production.[7]

It is difficult to estimate what may happen to the structure of the concentration in the oil industry. Increased costs of drilling to find more scarce resources and the possibility of international oil companies investing greater shares of capital into domestic production as foreign production becomes less attractive may suggest that crude oil production will become more concentrated. To the extent that the repeal of percentage depletion reduces the windfall on domestic production and narrows the gap between profit on domestic and foreign production repeal could act to counteract this possibility. However, it does not close the gap completely (and particularly does not on new oil) so that it would not be expected to be a decisive factor. Retaining percentage depletion for small producers but not large ones might also be expected to reduce such a trend, although again it seems unlikely to be a decisive factor.

The argument has been made that percentage depletion acts to increase concentration in the industry in the refining and marketing sectors.[8] It is argued that since percentage depletion is tied to the price of crude oil it is to the advantage of companies which are vertically integrated to set high prices for crude (given a certain degree of self-sufficiency) and reduce the profits in refining operations, making it difficult for independent refiners to compete. However, in the short term the crude oil price is unlikely to be determined by anything other than the foreign price (or price controls) and this factor would seem less important.

A particular issue which has been raised regarding the repeal of percentage depletion is whether it might not encourage small producers to sell out to the majors since they will no longer be eligible for depletion, and will still be eligible for favorable capital gains tax treatment.

It would appear on the face of the argument that there could be only two reasons for such action.

First, the owner might wish to sell out because his income will be taxed at a higher rate lowering the present value of his asset. However, this argument would appear a fallacious one. All other things being equal, the present value of depletion deduction would be reduced by the same relative amount to both the present owner and prospective purchasers, and he would be offered a lower price for his asset. Similarly, a rise in price whether mitigated by repeal of percentage depletion or not would have the same effect on present value. In other words, the repeal of percentage depletion would be expected to be neutral as regards the decision to buy or sell. In other words, to the extent that special capital gains treatment induced sales in the past, that inducement is attributable to the capital gains provision and not percentage depletion.

The second reason may be that the operator wishes to obtain capital to finance further drilling. To the extent that repeal of percentage depletion reduces the value of his asset he may be unable to sell for as much as in the past. To the extent that the rise in prices increases the value he may be able to sell for more. Percentage depletion repeal would reduce the increased profits from these windfalls. However, the price rises are greater than the loss from percentage depletion so that his cash flow would be greater. If he did not sell in the past to obtain cash flow, there seems no particular reason to do so in the present circumstances.

REPEAL OF THE OIL DEPLETION ALLOWANCE

(Joint Statement by Senators ERNEST F. HOLLINGS and EDWARD M. KENNEDY)

Mr. Chairman, we appreciate this opportunity to appear here together this morning before this distinguished committee and to have the opportunity to testify in favor of our proposal to repeal the percentage depletion allowance for oil and gas wells. We would like to submit this joint statement in full for the record of these hearings. In our oral presentation, we shall deal briefly with a number of different aspects of the proposal.

At the outset, Mr. Chairman, we wish to emphasize that our number one priority is the recovery of the economy from the present worsening recession. In terms of bringing the nation's economy back to health, H.R. 2166 may be the most important legislation the 94th Congress will pass.

In urging repeal of the depletion allowance as part of the tax-cut legislation, neither of us intends to jeopardize the tax cut bill. We shall not force unacceptable delays on the Senate, or take any other action that might conceivably derail the economy's recovery from recession.

But we also believe that the Senate now has before it the opportunity to repeal the percentage depletion allowance for oil and gas, the most notorious single loophole in the Internal Revenue Code.

Over the years, the depletion allowance has become the most visible symbol of tax injustice and special privilege in our revenue laws, a symbol of the greed and profiteering of a private industry that fails to serve the public interest.

The soaring price of oil in the past two years has removed any possible justification for retention of the depletion allowance as an incentive to oil exploration and development. Its demise is long overdue and its repeal cannot come too soon.

The Senate can do two things at once. We can deal simultaneously with recession and depletion, and we can deal with them promptly and effectively. We can pass responsible anti-recession tax cut legislation to stimulate the economy, and we can deal responsibly with the percentage depletion allowance.

All we ask, Mr. Chairman, is a reasonable opportunity—a matter of a few days' debate on the Senate floor—so that the Senate can work its will.

Two significant recent events have given repeal of the depletion allowance the momentum it needs to insure success.

First, prospects for bringing the issue to a vote improved with last Friday's modification of the Senate cloture rule.

Second, the action by the House of Representatives eleven days ago in approving an immediate total repeal of the percentage depletion allowance changes the dynamics of H.R. 2166 between the Senate and the House. Without such action by the House, it would have been extremely unlikely that a successful effort to repeal depletion could have happened in the Senate. But now, in light of the strong stand taken by the House, it may well be that the path of least delay is for the Senate to deal with the depletion issue on the tax cut legislation, in order to avoid needless controversy with the House in the conference on the bill.

Further, Mr. Chairman, we also feel that by dealing now with the depletion issue, the Senate can clear the track ahead for other vital legislation during the remainder of this session.

Congress can do a better job on energy, on the budget, on tax reform, and on many other issues once we have settled the perennial and distracting controversy that depletion brings to the House and Senate.

Also, Mr. Chairman, we would note that the $3 billion revenue gain estimated from the proposed amendment can be used to good advantage by the Congress, either by increasing the size of the tax cut, increasing expenditures on high priority programs, or reducing the size of the budget deficit.

BRIEF LEGISLATIVE HISTORY OF THE PERCENTAGE DEPLETION ALLOWANCE

The percentage depletion allowance has haunted the Internal Revenue Code ever since the Federal Inocme Tax was first enacted, after the adoption of the Sixteenth Amendment in 1913. From the beginning, depletion was controversial.

In 1913, when the income tax was first approved, depletion was limited to cost. But, to avoid the appearance of unconstitutionally taxing pre-1913 income, depletion on pre-1913 wells was allowed to be based on the value of the well in 1913.

In 1918, during World War I, discovery depletion was enacted. That is, depletion was allowed to be based on the value of the well at the time of discovery. Almost always, "discovery depletion" exceeded "cost depletion". Partly, the legislation was a response to the World War I emergency. Partly, it was a response to claims that the 1913 depletion provision discriminated against wells discovered after 1913, by limiting them to cost depletion, when pre-1913 wells were eligible for higher depletion based on 1913 value.

In 1926, the modern concept of percentage depletion was invented, because of the serious practical problems that had arisen in valuing wells and administering discovery depletion. In the legislation enacted that year, the

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[7] Federal Trade Commission. "Investigation of the petroleum industry." Senate Committee on Government Operations, Committee Print, July 12, 1973.

[8] *Ibid.*

House of Representatives proposed a level of 25% for the depletion allowance. The Senate, always more generous to the oil industry even in those early years, set the level at 30%. The House-Senate conference agreed on 22½%, and the figure stayed constant at that level for nearly fifty years.

Then, as part of the Tax Reform Act of 1969, percentage depletion was lowered from 27½% to 22% (18% counting the minimum tax), the level it has today.

OPERATION OF PERCENTAGE DEPLETION

The operation of the percentage depletion allowance and the massive tax benefits it confers are illustrated by the following example:

	With depletion	Without depletion
Gross recipts from sales of oil	$200,000	$200 000
Cost	120,000	120,000
Net income	80,000	80,000
Percentage depletion (22 percent of gross receipts)	44,000	
Allowable depletion (maximum of 50 percent of net income)	40,000	
Taxable income	40,000	80,000
Tax (48 percent corporate rate)	19,200	38,400

Thus, as a result of the depletion allowance, the taxpayer's tax bill in the example is cut in half.

REPEAL OF THE PERCENTAGE DEPLETION ALLOWANCE

There are at least ten major reasons that justify the outright and immediate repeal of the percentage depletion allowance for major producers, and a phase-out of the allowance for small independent producers.

1. Percentage depletion is not a necessary tax incentive for the high price-high profit oil industry—

First, in light of the incredible price and profit picture of the industry, no one can seriously maintain that depletion is still needed as an incentive for oil production. The astronomical current profits of virtually every major oil company in the nation are well known. These fantastic profits are the direct result of the fantastic recent increases in the price of oil.

There is no current need for a tax incentive like the depletion allowance. The soaring price of oil is enough incentive by itself to stimulate all the additional exploration and production of oil America needs. If price alone is not an adequate incentive for increased domestic production of oil, then far more is wrong with our domestic oil industry than the depletion allowance can cure.

Before the Arab oil embargo in 1973, the price of oil was about $3.50 a barrel. Today, under price controls, the price of "old" oil is fixed at $5.25 per barrel, an increase of 50%. And the price of "new" oil, not subject to price controls, is now a phenomenal $10–11 per barrel, or triple the price less than two years ago.

In fact, the increased price of oil is many times more valuable to the oil companies than the percentage depletion allowance. At $4 a barrel, the oil depletion allowance was worth 22% of $4, or 88 cents. Thus, if the price of oil had risen from $4 to "only" $5, the rise would have more than neutralized the repeal of the depletion allowance. Yet the price has actually risen to $10 and beyond, an increase of $6 or more. For the oil companies, therefore, the recent price increase is worth at least seven times the old depletion allowance.

And these enormous price increases are matched by equally enormous increases in profits. For many months, the financial pages of the daily newspapers have been filled with reports signaling the highest profits in history for the nation's richest oil companies.

The advocates of depletion have traditionally argued that the return on equity for oil is comparable to, or even below, that of other industries. In 1972, for example, return on equity was 9%. They claim that repeal of depletion will stop the flow of capital into oil.

But even before the record profits of 1973 and early 1974 began to roll in, the argument was misleading. It relied on the rate of return for all phases of oil operations, not just the production end. In addition, in the pre-1973 era, other measures of profitability besides return on equity showed that oil was doing very well. For example, oil profits were 6.5% of sales in 1972, compared to 4.2% for all other manufacturing businesses.

After 1973, even the argument based on return of equity does not exist any more. Profits for 1973 were the highest in the history of the oil industry, with return on equity increasing from 9% in 1972 to 15% for 1973, far above the average for other industries. Preliminary estimates for 1974 indicate that the return on equity is likely to jump even higher, to a phenomenal 19–20%.

Moreover, as recent news reports make clear, some of the largest oil companies are at a loose end over what to do with their bloated profits. A year ago, we read that Gulf Oil was negotiating to buy Ringling Brothers Circus. Last June, we learned that Mobil Oil was negotiating to buy Montgomery Ward, the general department store chain, a deal that became final later in the year.

How can Congress stand by, while the hard-earned tax dollars of millions of ordinary taxpayers in the nation flow into oil company treasuries in the form of handsome tax subsidies for depletion, and then flow back out again—not into exploration for oil as Congress intended, not into production of oil to help America meet its energy crisis, but into outside investments in things like circuses and general department stores?

2. Depletion is an ineffective incentive for drilling and development—

Second, the percentage depletion allowance is an extremely ineffective incentive, as the following points make clear:

Because depletion is based on oil production, it encourages drilling in known oil reserves and pumping from existing wells, rather than exploration and development of new resources. It stimulates over-drilling of existing fields. It puts wildcatting and new exploration at a disadvantage. Only one out of every ten exploratory wells strikes oil; as a result, depletion benefits only one-tenth of the most risky but most necessary drilling.

Also, excessive drilling can damage overall production from an oil field, because too many wells sunk in the same field can reduce the pressure that forces oil to the surface, and make the operation of the entire field less efficient.

The problem of the depletion-induced bias toward production instead of exploration is compounded by the shortage of equipment. Even those who want to explore for oil have trouble obtaining scarce materials and drilling rigs, because the equipment, already in short supply, tends to be diverted to "safe" oil production and is unavailable for "risky" exploration.

A more effective tax incentive for exploration than depletion is the intangible drilling deduction, which allows an immediate tax write-off for the costs of drilling and development. In the case of other businesses, such costs would be required to be capitalized and depreciated over the life of the asset. But in the case of oil, such expenses can be taken as an immediate tax deduction.

The intangible deduction is obviously more efficient than depletion in encouraging additional drilling. So long as depletion is available, oil producers are able to enjoy its benefit, even though they do no additional drilling at all.

Experts estimate that more than half the tax benefit of depletion goes, directly or indirectly, to landowners, not to oil producers. Landowners get depletion on their royalty income. They also get higher prices for leasing their land, because the availability of the depletion allowance encourages producers to bid the value up. Yet, the landowners do no drilling and take no risks. To the extent that tax benefits from depletion go to landowners, the benefits are wasted, since they do not attract new capital for oil.

As noted above, the availability of the depletion allowance encourages oil drillers to bid up the value of leases and other acquisition costs. To the extent such costs increase, the incentive value of depletion is negated.

Also, the depletion deduction is based on gross receipts from an oil well, not the cost of production. The tax benefit is the same for low cost oil as it is for high cost oil. As a result, the percentage depletion allowance discourages drillers and explorers from engaging in any but the lowest cost ventures.

Since the amount of the percentage depletion allowance is limited to 50% of the taxpayer's net income from oil production, there is an additional disadvantage for marginal wells and high cost oil production, such as stripper wells, for which the full benefits of depletion may not be available. Again, the result is to divert scarce resources in the search for oil into low cost drilling in known reserves, where the depletion payoff is the highest, and where the 50%-of-income limitation does not come into play.

The tax benefits of depletion increase as the price of oil increases. Since the price has tripled in the past year, the tax break from depletion has also tripled. That is the sort of irrational "upside-down" tax incentive that only Alice in Wonderland can understand. A rational incentive would reduce the subsidy as the price goes up, because the subsidy is needed less.

The well-known CONSAD study, prepared for the Treasury in 1969, concluded that depletion was costing America's taxpayers $1.4 billion a year at that time, but was increasing oil reserves by only $150 million a year. Today, if anything, the discrepancy is even greater. Rarely has the American taxpayer had a poorer bargain or been more badly served by a specific section of the Internal Revenue Code.

3. Depletion is an undeserved tax windfall for a low taxpaying industry—

Third, the depletion allowance is an undeserved tax windfall for oil companies that have long been notorious for the low effective rate of taxes they pay.

For large corporations, the tax rate specified in the Internal Revenue Code is 48%. But as the following table indicates, the average effective tax rate for some of America's largest oil companies is only about 5% or 6%.

Federal income tax rate paid by largest oil companies, 1974

(Source: U.S. Oil Week Computations, based on company annual reports and SEC reports)

	Percent
Exxon	6.5
Texaco	1.7
Mobil	1.3
Socal	2.05
Stand. Indiana	10.2
Shell	21.6
Gulf	1.2
Arco	3.7
Phillips	12.9
Conoco	8.2
Sun	13.2
Union	6.4

Cities Service	8.3
Getty	22.5
Marathon	7.5
Ashland	32.4
Std. Ohio	12.8
Kerr-McGee	23.3
Amerada Hess	7.5
Average	5.99

In the current state of high profits and low taxes, it is only crocodile tears that can legitimately be shed by the oil companies when the percentage depletion allowance passes from the scene.

The issue is a clear one—it is whether oil millionaires and even oil billionaires are going to continue paying little or no Federal income tax at a time when the average American is being asked not only to pay ever higher taxes, but is also being asked to pay large new taxes and tariffs on oil.

To us, it is time the oil millionaires paid their fair share of taxes, and the amendment we propose is a major step in the right direction.

4. DEPLETION IS AN EXPENSIVE TAX BENEFIT COMPARED TO DEPRECIATION

Fourth, even on its own terms, the percentage depletion allowance is an excessively generous tax advantage. Depletion is often justified as oil's analogy to depreciation. But nothing limits depletion to the value of the oil that is actually being depleted. Year after year, 22% depletion is available; so long as a well is producing oil.

At the 22% level of depletion, experts estimate that oil companies recover the cost of a producing well 15 times over. In other industries, where normal depreciation applies, a business is limited through depreciation to one and only one recovery of the cost of its investment in its assets.

But when it comes to oil, the tax laws are far more generous. Only in the case of percentage depletion is a business entitled to deduct an amount greater than its actual costs.

We know what Congress would say if for example, the real estate industry sought a tax advantage to allow depreciation 15 times on the same building. But year after year, Congress accepts that principle of multiple depreciation for the benefit of the oil industry.

5. Depletion distorts the economics of oil—

Fifth, the percentage depletion allowance distorts the economics of the oil industry by attracting massive investments purely for tax shelter purposes, and not necessarily for serious oil production or exploration. Each year, millions of investment dollars are funneled into questionable schemes for oil, of value largely because they mean huge tax advantages for wealthy doctors, dentists, lawyers, corporate presidents and other high bracket taxpayers looking for tax shelters.

Often, such schemes promote uneconomic ventures into oil, because the investors are more interested in tax losses to shelter other income than in a profit from the oil. In a real sense, they are drilling for tax deductions instead of drilling for oil.

These tax shelter programs are widely syndicated on a national basis. Frequently, their non-business motives cause serious competitive disadvantages for legitimate oilmen who have to make a profit on their operations, who cannot be content with just a tax shelter for their wealthy patrons.

6. Oil depletion is discriminatory against other energy sources—

Sixth, depletion is a highly discriminatory incentive in favor of oil, to the disadvantage of other energy sources. Calculated on the basis of the delivered price of each fuel, the tax benefits for various types of energy are estimated as follows:

For oil and gas: 13% of price.
For coal: 4%.
For oil and gas from coal: 1%.
For solar energy: 0%.

This sort of tax discrimination is hardly a sensible long-run energy policy for the nation. It is nothing more than a vast welfare program for oil producers and oil land owners, to the detriment of our national search for alternative energy sources.

7. Depletion gives an unfair advantage to integrated producers—

Seventh, depletion encourages integrated oil producers to keep their prices high, at the expense of independent refiners and manufacturers of petroleum products, whose profit margins are thereby squeezed because of the high price of oil at the start of the production chain.

Most of the major oil companies are vertically integrated firms. They have an unfair competitive advantage, since they do not care which stage in the production of petroleum products generates their basic profits. In fact, the top 20 integrated firms now control 94% of known domestic oil reserves. In effect, the integrated firms are selling crude oil to themselves at artificially high prices, and thereby driving—independent refiners and manufacturers out of business.

8. Depletion is an excessive stimulus to foreign oil production—

Eighth, because depletion is also available for foreign wells overseas, it encourages corporations to drill for oil abroad. Today, many of the tax benefits of depletion go to foreign operations. So long as the depletion incentive remains available for foreign oil, it is functioning in a way that is directly contrary to the goal of America's own energy independence.

9. Phase-out of depletion of small independent producers—

Ninth, the phase out of the depletion provided in our amendment for small independent producers—those producing 3,000 barrels a day or less—offers a generous transition over a lengthy period of time before the depletion allowance finally terminates in 1979.

To a large extent, the prevailing notion of the small independent producers is a romantic fiction. Often, they are very wealthy persons. Some are millionaires. Many pay no taxes at all, even though their revenues from oil run into tens of millions of dollars and their operations are immensely profitable.

In these circumstances, it is clear that large numbers of independents hardly qualify as "small" producers or poverty-stricken entrepreneurs—3,000 barrels a day of $10 oil translates into gross income of $12 million a year. The 22% depletion deduction on this amount yields a tax deduction of $2.6 million a year.

The independents have benefitted from the oil price rise just like the majors. Actually, they have received an even greater benefit. Because of their larger share of stripper oil, whose price is uncontrolled, they have a proportionally larger share of uncontrolled oil than the majors, and their depletion benefits are correspondingly enhanced. As a result, although the average price of oil for the major producers is about $7.50 a barrel ("old" and "new" oil), the average price for independents is about $8.80.

In fact, as a group, the independent producers appear to be doing even better today in terms of high profits than the major producers. A recent random survey of 28 small publicly owned U.S. oil and gas producers showed an estimated average return on equity of 26% in 1974, compared to an estimated return of "only" 20% for the major producers.

We believe that a phase-out for independents is the right approach for Congress to adopt and that a permanent exemption for independents would be unjustified.

To this extent, we appear to be in agreement with the Administration. Although the Treasury does not favor repeal of the percentage depletion allowance, it is on record in opposition to a permanent exemption for small producers. As Secretary Simon told this Committee last June:

"If [percentage depletion] is to be eliminated, it is difficult to justify non-uniformity in treatment of producers, except on a transitional basis."

In the past, the proponents of the depletion allowance have argued that repeal of depletion will unfairly put many small independent oil producers out of busines. That argument made more sense two years ago, when oil was selling at $3.50 a barrel. Many independent drillers were going out of business. But, with new oil now at $10 or $11 a barrel, a major boom is clearly on for the independents. They will not miss a stride if depletion is repealed, especially under the lengthy phase-out provided by the amendment we propose. Price is all the incentive they really need, and the transition period gives them ample time to adapt to a world without depletion.

In addition, the transition period will avoid many of the serious difficulties that may arise if a permanent exemption for small producers is enacted. As the Treasury and many other experts have pointed out, the existence of a permanent 3,000 barrel a day exemption would encourage a variety of artificial, complex and non-economic transactions between large and small producers as they try to arrange their operations to come within the terms of the exemption.

Some experts including the Treasury, have suggested that, if a permanent exemption is granted to independents, the oil producers will eventually rearrange their patterns of ownership to qualify almost all production for the exemption.

The history of the use of the investment credit by the airline industry is a case in point. When the low profit situation of the industry left the airlines unable to use the credit, a widespread practice of airplane leasing grew up, in which the airlines leased the planes from banks and other lessors who could use the tax benefits of the investment credit.

If the exemption is phased out over a transitional period, however, the incentive to engage in such arrangements will be minimized, since the arrangements themselves will be of only passing, not permanent, benefit.

But the primary justification for a transitional, non-permanent exemption for independents is the extremely attractive economic picture for all oil producers, large and small alike.

The only real limit now on the independents is the shortage of steel and drilling rigs and other oil equipment. In fact, the price incentive is so strong that for many independents, the gradual phase-out in our proposal will itself be a handsome tax windfall over the next four years.

The June 1974 issue of Fortune Magazine makes the point. An article entitled "The New Oil Rush in Our Own Backyard" opens with the following paragraph:

"These are tremendous times for independent oilmen, the best many of them have ever known. After nearly two decades of increasing hardship, spectacularly higher prices for oil and gas have suddenly thrust the independents into a new prosperity."

A December 2, 1974 article in Barrons Financial Weekly describes the independent's advantageous position as follows:

"At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns."

Capital for independents is gushing in today from many sources. It comes in part from the larger cash flow brought about by higher prices. It comes from private investors. It comes from capital raised through publicly held "drilling funds". It comes from syndicated tax shelters. It comes from corporations anxious to nail down their own future energy sources, major corporations like Bethlehem Steel, Dow Chemical and DuPont.

Compared to the strong new incentives that now exist for independents, the repeal of the depletion allowance is not a significant problem in their future.

10. Prices paid by consumers—

Finally, Mr. Chairman, those who support the depletion allowances occasionally argue that repeal of depletion may raise the cost of gasoline to consumers at the pump, possibly by as much as 3 cents a gallon. In this time of deep recession, we should not lightly take a step that could drain substantial consumer purchasing power from the economy.

But the price increase estimate assumes that the oil companies will pass along the full loss of the depletion loophole to consumers. But all of that loss can and should be absorbed by the oil industry's enormous profits. Not a penny need be passed through to the American consumer, and oil profits would still be out of sight.

In addition, the calculation assumes a 48% effective tax rate on oil profits. But, as we have noted, the effective tax rate on America's major oil companies is far lower, only about 5% or 6%. Therefore, even if the cost of the repeal of depletion is fully passed through to the consumer, the increase at the pump would be more like 1/3 of a cent a gallon, hardly a significant factor at today's 55–60¢ a gallon prices.

Further, the price of oil in the U.S. today is set largely by the OPEC nations, not by U.S. oil producers. Since repeal of the depletion allowance will not increase the price of imported oil, the repeal will not affect the price of U.S. oil. Thus, percentage depletion does not produce lower prices for American consumers. Its retention is simply a further tax windfall for oil producers.

In any event, the Administration is in no position today to suggest that depletion repeal will increase prices to consumers. The Administration's own energy program calls for large oil price increases to consumers—much larger than could be caused by any possible effect of the repeal of percentage depletion.

CONCLUSION

Mr. Chairman, whatever the merits of depletion when it was first enacted half a century ago, there is no justification for the enormous tax windfall that it confers today on some of the nation's wealthiest corporations.

No one likes to lose a tax loophole. In this limited sense, the arguments raised on behalf of the percentage depletion allowance are understandable. But we find them unacceptable. The Senate can vote for repeal of depletion, with full confidence that each independent and every other oil producer in the nation has all the incentive he fairly needs to explore and drill for oil.

In America in 1975, oil is a very profitable business. The depletion allowance is no longer wise or needed, and the Senate will be fully justified in voting to repeal it.

FACT SHEET—PROPOSED DEPLETION REPEAL AMENDMENT

A. Repeal of percentage depletion allowance for large producers (current law allows 22% depletion of gross income from oil or gas wells, with a ceiling on the deduction of 50% of net income from the property).—

1. Repealed as of January 1, 1975 for most domestic and all foreign production of oil and natural gas. After January 1, 1975, depletion must be computed on a cost basis.

2. Exemption for fixed price contracts for domestic natural gas as of February 1, 1975, if no price increase is permitted to reflect the repeal of depletion.

3. Exemption for "regulated" domestic natural gas (i.e. interstate natural gas regulated by the FPC) produced and sold before July 1, 1976, if no price increase is permitted after February 1, 1975 to reflect the repeal of depletion.

4. No effect on status of geothermal steam—some courts give it 22% depletion, but the Treasury is contesting these decisions.

B. Exemption for small independent producers—4-year phaseout of percentage depletion allowance.—

1. Percentage depletion is retained but gradually phased out for the first 3,000 barrels per day of domestic crude oil production. The percentages are reduced from 22%, as follows:

	Percent
1975–76	15
1977–78	8
1979 on	0

2. For taxpayers whose average daily production exceeds 3,000 barrels, the exemption is apportioned pro rata to each of the taxpayer's producing properties.

3. Limit of one 3,000 barrel a day exemption to members of the same family or businesses under common control.

4. No exemption for royalty owners.

5. No exemption for integrated producers (those involved in retailing or refining).

6. Estimated annual revenue effect—$250 million in 1975 and 1976; $125 million in 1977 and 1978.

7. Of the approximately 10,000 U.S. petroleum producers, the exemption will be available to all but about 70 producers, and will cover approximately 35–40% of current U.S. production.

C. Net revenue gain from amendment.—$2.5 billion in 1975.

$3 billion in 1979.

RANDOM SURVEY OF SMALL, NONINTEGRATED PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS

	Production bbl/d	Gross revenues (millions)			Earnings per share			Percent return on shareholder equity 1974 (estimate)	Percent tax rate 1973
		1972	1973	1974 (estimate)	1972	1973	1974 (estimate)		
Adobe	[1] 6,564	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	(2)	.61	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	[1] 2,739	11.9	13.2	17.0	.94	.74	1.46	17.0	0
Amarex	(2)	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	[3] 4,600	8.59	10.42	17.0	.78	.96	1.75	25.0	NA
Argo Petroleum	(2)	3.18	5.91	12.0	.40	.84	1.70	3.0	0
Baruch Foster	(2)	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	(2)	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	[1] 5,485	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	(2)	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	[3] 3,379	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	[4] 3,655	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	(2)	4.3	5.4	8.0	.11	.18	.20	12.0	0
Eason Oil	[3] 4,781	10.1	14.5	21.0	1.1	1.34	2.40	20.0	10
Equity Oil	[3] 1,985	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	[3] 5,526	13.4	14.8	23.0	.95	1.16	1.60	15.0	NA
Hamilton Bros. Petroleum	[4] 2,826	9.1	12.4	17.0	.54	.86	1.50	12.0	NA
Houston Oil & Minerals	[1] 3,055	4.7	9.5	40.0	.33	.64	3.60	75.0	0
Hudsons Bay Oil & Gas	(2)	108.0	136.0	160.0	1.44	2.07	3.00	30.0	12
Mitchell Energy and Development	[1] 3,310	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	(2)	50.0	58.0	84.0	1.67	1.70	3.25	19.0	NA
North American Royalties	(2)	37.0	47.0	62.0	.40	.65	.75	15.5	5
NUMAC Oil & Gas	(2)	3.6	4.0	4.8	.38	.40	.46	10.0	NA
Patrick Petroleum	[3] 2,082	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petroleum Lewis	[3] 5,310	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prairie Oil Royalties	(2)	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan Canadian Petroleum	(2)	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity								25.8	

[1] 1973: Petroleum Information Corp.

[2] Less than 3,000 bbl/d; actual figure not available

[3] 1972: Moody's; Petroleum Engineer.

[4] 1971: Moody's; Petroleum Engineer; annual reports.

Source: Financial data—Standard and Poor's stock reports production data.

LIBRARY OF CONGRESS—CONGRESSIONAL RESEARCH SERVICE (UPDATED BY THE STAFF OF THE JOINT ECONOMIC COMMITTEE) PERCENT RETURN ON STOCKHOLDERS EQUITY FOR MAJOR U.S. PETROLEUM COMPANIES, 1967–74

Company	1974	1973	1972	1971	1970	1969	1968	1967	Company	1974	1973	1972	1971	1970	1969	1968	1967
Exxon	22.1	19.4	12.5	12.6	12.0	10 4	13.0	13.0	Union	15.7	10.1	7.6	7.4	7.6	10.5	11.0	11.2
Mobil	17.5	16.0	11.2	11.2	10.6	10.1	10.5	10.0	Sun	16.8	10.8	8.8	8.8	8.4	9.4	10.8	10.6
Texaco	19.0	17.6	12.4	13.4	13.1	13.1	15.4	15.3	Cities Service	12.9	9.3	7.8	7.7	8.9	10.3	9.9	10.9
Gulf	18.4	14.8	3.6	10.2	10.4	12.1	13.2	13.1	Ashland	19.5	18.2	13.5	5.3	8.5	13.3	13.8	15.2
Standard Oil (California)	16.6	15.7	10.5	10.4	9.8	10.2	10.7	10.8	Standard Oil (Ohio)	10.8	6.8	5.3	5.2	6.8	5.3	13.0	13.8
Standard Oil (Indiana)	22.0	13.1	9.9	9.6	9.3	10.0	10.1	9.5	Getty	17.2	9.1	5.5	9.2	8.3	9.4	8.3	10.5
Shell	18.6	11.1	8.9	8.7	8.6	10.9	12.3	13.8	Amerada Hess	23.5	33.9	4.7	24.0	25.7	23.2	17.8	16.9
Continental	17.1	14.5	10.4	7.1	10.5	10.5	10.6	11.1	Marathon	18.7	15.9	10.1	9.0	11.5	12.7	12.7	12.3
Arco	13.7	7.8	6.6	6.9	7.4	8.4	11.0	10.2	Commonwealth	4.9	20.5	1.8	9.5	11.3	16.7	14.8	14.9
Phillips	20.9	12.4	8.2	7.6	7.0	8.1	8.5	11.0									
Occidental	30.7	7.2	1.3	NA	18.0	20.3	17.7	11.1	Industry composite[1]	19.1	15.1						

NA—Not available.

[1] Including 46 companies in 1974 and 40 companies for 1973.

Sources: Business Week, Mar. 24, 1975, p. 73 and Mar. 9, 1974, p. 99; also Fortune 500 listings from Fortune for the years 1968–73.

	Sales				Profits				Margins				
Company	4th qtr. 1974 ($ mil.)	Chg. from 1973 (percent)	12 mo. 1974 ($ mil.)	Chg. from 1973 (percent)	4th qtr. 1974 ($ mil.)	Chg. from 1973 (percent)	12 mo. 1974 ($ mil.)	Chg. from 1973 (percent)	4th qtr. 1974 (percent)	4th qtr. 1973 (percent)	Return com. eqy. 12 mo. ending Dec. 21,	P-E Feb. 28	12 mo. earnings per share
Trinity Industries[9]	56.7	9	209.1	16	2.2	28	7.3	34	3.9	3.3	21.4	4	3.88
Tyler†	69.7	25	286.0	47	2.8	29	12.6	44	4.0	3.9	24.7	4	4.63
Unarco Industries†	42.1	10	175.9	31	1.3	.9	10.5	103	3.2	3.9	32.7	3	3.33
Union[6]†	30.9	14	132.1	26	0.9	171	2.3	−7	2.9	1.2	5.5	10	0.51
U.S. Industries	359.0	−6	1,566.7	−4	−14.4	NM	18.1	−72	NM	2.7	2.7	3	0.44
Vulcan Materials†	105.8	19	431.0	32	8.6	31	30.0	29	8.1	7.4	21.2	6	5.30
Walco National[6]	29.1	6	114.5	7	1.0	30	2.6	32	3.3	2.7	13.2	6	2.76
Wheelabrator-Frye†	91.9	20	351.0	36	4.2	21	12.7	27	4.6	4.6	NA	8	1.60
Industry composite	8,215.2	11	32,584.6	18	295.3	−19	1,485.9	8	3.6	4.9	14.0	8	2.61
NATURAL RESOURCES (FUEL)													
Crude, integrated domestic and international oil, coal													
Amerada Hess	[2]979.5	49	3,783.4	97	67.8	−49	201.9	−18	6.9	20.0	23.5	4	5.32
American Petrofina	221.2	32	953.0	113	22.4	34	86.7	135	10.1	10.0	29.3	4	8.13
Apco Oil†	[2]58.2	40	230.9	63	−2.4	NM	8.0	NM	NM	4.7	12.1	4	2.72
Ashland Oil[3]†	922.1	45	3,500.3	59	38.6	12	117.2	22	4.2	5.4	19.5	4	4.57
Atlantic Richfield	[1]1,927.5	44	7,166.9	60	96.9	6	474.6	76	5.0	6.9	13.7	10	8.36
Cities Service†	767.4	32	2,806.1	38	46.4	10	203.8	50	6.0	7.2	12.9	5	7.58
Clark Oil & Refining†	[2]117.5	−7	592.7	42	−7.6	NM	−7.1	NM	NM	6.4	−6.2	NM	−1.01
Commonwealth Oil Refining	197.6	5	1,074.9	121	−2.2	NM	10.7	−69	NM	9.1	4.9	13	0.60
Continental Oil†	[2]1,981.0	47	7,127.0	50	61.8	−31	327.6	35	3.1	6.6	17.1	7	6.47
Creole Petroleum	[2]1,357.6	58	4,901.5	125	58.4	−28	74.4	−66	4.8	9.4	9.3	7	0.96
Crown Central Petroleum†	113.8	−33	412.5	93	−0.6	NM	10.2	21	NM	3.3	NA	3	6.33
Earth Resources[4]	[2]53.5	108	169.7	70	1.8	133	8.4	180	3.4	3.0	37.9	5	1.90
Eastern Gas & Fuel Associates	168.6	87	543.4	63	11.8	59	42.0	143	7.0	8.2	21.9	6	4.72
Edgington Oil[6]	[2]42.0	−2	196.4	67	3.2	−13	17.3	129	7.6	8.6	56.5	2	10.50
Exxon	11,462.0	51	41,971.0	63	860.0	9	3,140.0	29	7.5	10.4	22.1	6	14.03
Gen. Amer. Oil Co. of Texas[6]	[2]26.1	41	98.5	54	7.9	28	30.7	124	30.4	33.6	12.8	8	4.72
Getty Oil	777.6	62	2,742.3	71	58.6	11	281.0	108	7.5	11.0	17.2	9	15.00
Gulf Oil	[2]4,127.0	56	16,706.0	95	185.0	−20	1,065.0	33	4.5	8.7	18.4	4	5.47
Kerr-McGee†	447.7	130	1,550.3	113	31.0	65	116.4	85	6.9	9.6	20.2	15	4.64
Louisiana Land & Exploration	[2]72.0	18	274.8	46	23.9	23	108.0	57	33.2	31.9	NA	8	2.98
Mapco	81.9	71	249.8	72	15.2	80	41.3	111	18.6	17.7	36.8	14	2.21
Marathon Oil	[2]762.1	55	2,922.4	83	40.9	−28	170.5	32	5.4	11.5	18.7	6	5.70
Mobil Oil	[3]5,410.0	43	20,370.0	60	136.3	−51	1,040.1	22	2.5	7.4	17.5	4	10.21
Murphy Oil†	[2]245.4	54	882.3	73	13.0	−6	66.6	37	5.3	8.7	25.6	4	5.29
Natomas	[1]65.8	57	269.1	144	17.2	127	65.9	488	26.2	18.1	39.0	3	14.62
North American Coal	[2]37.4	9	161.4	29	1.1	−15	4.9	24	2.9	3.7	14.0	9	2.97
Occidental Petroleum†	1,363.7	45	5,537.5	84	79.9	63	322.7	169	5.9	5.2	30.7	3	5.50
Pennzoil†	[2]259.7	45	941.6	55	28.9	39	120.8	101	11.1	11.6	18.9	6	3.47
Petrolane[3]	145.0	19	511.2	32	8.0	23	22.3	27	5.6	5.3	20.7	6	2.24
Phillips Petroleum	[2]1,302.6	36	5,105.7	66	84.5	−3	429.7	87	6.5	9.0	20.9	8	5.66
Pittston	331.2	53	1,145.7	68	40.9	356	113.6	347	12.3	4.1	44.3	6	6.35
Quaker State Oil Refining	68.5	22	267.3	35	5.7	−1	24.1	23	8.3	10.2	22.4	10	1.68
Reserve Oil & Gas	[2]207.6	28	724.7	78	2.8	−36	13.6	56	1.3	2.7	16.8	7	1.08
Shell Oil	1,955.5	40	7,633.5	56	158.2	99	620.5	87	8.1	5.7	18.6	5	9.21
Skelly Oil	288.8	61	991.8	55	35.5	111	113.3	158	12.3	9.4	18.2	6	9.55
Standard Oil (Indiana)	[2]2,551.0	56	9,263.0	68	174.8	44	970.3	90	6.9	7.4	22.0	6	6.86
Standard Oil (Ohio)	637.8	64	2,226.9	48	28.6	146	125.9	70	4.5	3.0	10.8	16	3.44
Standard Oil Co. of California†	4,950.5	114	17,187.3	121	293.0	4	970.1	15	5.9	12.2	16.6	4	5.71
Suburban Propane Gas[3]	69.7	34	247.7	39	4.1	12	13.1	30	5.9	7.0	17.3	5	2.92
Sun Oil	1,022.8	44	3,799.6	66	53.9	−28	377.7	64	5.3	10.6	16.8	4	8.31
Tesoro Petroleum†	177.9	66	581.4	74	12.8	10	58.9	118	7.2	10.8	41.6	3	5.60
Texaco†	[2]6,738.0	88	23,993.0	103	319.8	−29	1,586.4	23	4.7	12.7	19.0	4	5.84
Texas Oil & Gas[4]	56.1	71	190.0	86	11.7	214	33.8	95	20.8	11.3	25.2	10	1.89
Union Oil Co. of California	[2]1,288.0	65	4,435.7	71	55.5	9	288.0	60	4.3	6.5	15.7	4	8.92
United Refining	[3]69.5	76	288.3	132	1.3	−52	4.6	−25	1.8	6.7	13.0	3	2.49
Westmoreland Coal†	112.9	151	399.0	130	9.4	901	36.2	669	8.3	2.1	NA	4	10.60
Industry composite	56,019.0	57	207,126.5	74	3,195.7	−3	13,951.7	40	5.7	9.5	19.1	6	6.84
NONBANK FINANCIAL													
American Express	566.0	13	2,138.3	12	35.7	−6	156.8	4	6.3	7.6	17.0	17	2.18
American General Insurance	324.0	27	1,166.3	21	14.4	−23	57.4	−16	4.4	7.3	7.9	5	2.19
Capital Holding	97.5	12	352.2	4	12.8	7	48.8	13	13.2	13.8	12.5	14	1.70
Continental Corp	475.8	11	1,798.0	9	19.0	−47	91.9	−30	4.0	8.3	NA	10	3.46
Crum & Forster	230.8	9	858.5	11	6.2	−53	27.1	−43	2.7	6.3	7.6	9	2.15
Federal National Mortgage	578.1	26	2,124.2	24	18.4	−34	107.4	−15	3.2	6.1	15.2	7	2.30
Gulf Life Holding	63.9	8	243.5	7	6.5	−23	30.8	4	10.1	14.1	13.9	5	1.70
Heller (Walter E.) International	95.2	14	363.2	59	7.2	4	26.8	23	7.5	8.2	15.7	10	2.40

Footnotes at end of table.

Company	Sales				Profits				Margins				
	4th qtr. 1974 ($ mil.)	Chg. from 1973 (percent)	12 mo. 1974 ($ mil.)	Chg. from 1973 (percent)	4th qtr. 1974 ($ mil.)	Chg. from 1973 (percent)	12 mo. 1974 ($ mil.)	Chg. from 1973 (percent)	4th qtr. 1974 (percent)	4th qtr. 1973 (percent)	Return com. eqy. 12 mo. ending Dec. 21,	P-E Feb. 28	12 mo. earnings per share
OIL													
Crude, integrated domestic and international													
Amerada Hess	[2]658.3	78	1,920.3	42	131.9	NM	245.8	432	2.0	NM	33.9	5	6.59
American Petrofina	168.1	132	447.8	57	16.7	218	36.9	104	9.9	7.3	18.3	9	4.09
Apco Cil	[2]41.6	33	141.2	14	1.9	45	−5.7	NM	4.7	4.2	−9.0	NM	−2.02
Ashland Oil[3]	637.4	32	2,206.6	20	34.4	52	97.0	37	5.4	4.7	18.2	6	3.87
Atlantic Richfield	[1]1,335.4	32	4,489.1	17	92.0	48	270.5	40	6.9	6.1	7.8	21	4.76
Charter	[1]158.8	53	481.9	24	11.2	289	23.1	150	7.0	2.8	21.2	5	5.25
Cities Service	581.4	19	2,034.7	9	42.1	50	135.6	37	7.2	5.7	9.3	11	5.21
Clark Oil & Refining	[2]126.2	55	418.0	45	8.1	141	30.5	266	6.4	4.1	33.4	4	4.29
Commonwealth Oil Refining	188.6	126	487.3	63	15.1	NM	34.1	990	8.0	NM	20.5	6	2.30
Continental Oil	[3]1,410.3	38	4,500.0	22	89.3	92	242.7	43	6.3	4.5	14.5	9	4.81
Crystal Oil	[2]31.2	66	95.6	51	−0.3	NM	1.9	NM	NM	NM	11.5	14	1.10
Earth Resources[4]	[2]25.7	81	99.7	52	0.8	307	3.0	300	3.0	1.3	18.7	12	0.71
Edgington Oil[6]	[2]42.8	138	117.5	102	3.0	NM	7.4	194	8.5	1.8	40.7	5	4.76
Exxon	7,541.0	38	25,683.0	28	784.0	59	2,440.0	59	10.4	9.0	19.4	8	10.89
General American Oil[6]	[2]18.5	27	63.7	11	6.2	156	13.7	−5	33.5	16.6	6.1	18	2.17
Getty Oil	479.1	31	1,600.9	14	52.6	115	135.0	77	11.0	6.7	9.1	20	7.15
Gulf Oil	[3]2,908.0	48	9,900.0	29	230.0	153	800.0	79	7.9	4.8	14.8	6	4.06
Kerr-McGee	194.7	15	728.0	7	18.7	36	62.8	24	9.6	8.2	12.5	31	2.52
Louisiana Land & Exploration	[2]56.2	26	183.3	20	20.6	26	70.2	11	36.7	36.7	32.2	22	1.94
Marathon Oil	[3]558.6	35	1,858.0	23	46.9	93	129.4	62	8.4	5.9	15.9	10	4.32
Mobil Oil	[3]3,720.0	36	12,700.0	23	271.6	68	842.8	46	7.3	5.9	16.0	6	8.28
Murphy Oil	[2]160.3	47	512.4	29	13.9	181	48.5	239	8.7	4.3	25.4	10	8.32
Natomas	[1]40.8	129	110.5	57	8.8	NM	11.2	179	21.5	1.8	8.0	17	2.75
Occidental Petroleum	1,073.5	47	3,345.7	27	24.3	272	79.8	305	2.3	1.2	7.2	10	1.10
Pennzoil	[2]297.5	28	1,061.9	19	25.4	77	83.7	43	8.5	6.1	13.4	11	2.43
Petrolane[3]	122.2	41	388.1	30	6.5	30	17.7	24	5.3	5.8	18.8	7	1.78
Phillips Petroleum	[2]960.1	43	3,073.5	20	86.7	127	230.4	55	9.0	5.7	12.4	17	3.05
Quaker State Oil Refining	57.2	29	203.3	22	5.7	54	19.2	26	9.9	8.3	20.7	28	1.36
Reserve Oil & Gas	[2]162.8	88	406.0	57	5.3	325	10.3	120	3.2	1.4	NA	10	0.81
Shell Oil	1,392.4	29	4,883.8	20	79.4	−2	332.7	28	5.7	7.5	11.1	12	4.94
Skelly Oil	[2]164.2	17	582.0	9	16.8	31	44.0	17	10.3	9.1	7.7	17	3.71
Standard Oil (Indiana)	[3]1,883.0	33	6,468.0	18	121.5	53	511.2	36	6.5	5.6	13.1	13	7.33
Standard Oil Co. of California	2,316.3	49	7,781.8	33	283.1	94	843.6	54	12.2	9.4	15.7	6	4.97
Standard Oil (Ohio)	[3]386.6	7	1,482.0	8	11.6	−40	74.1	24	3.0	5.4	6.8	23	2.71
Suburban Propane Gas[3]	52.1	22	177.3	20	3.7	27	10.1	21	7.0	6.8	14.9	7	2.27
Sun Oil	708.1	33	2,286.0	19	74.9	61	229.7	48	10.6	8.8	10.8	9	5.25
Tesoro Petroleum[3]	[2]112.1	94	341.3	55	12.6	183	28.0	97	11.2	7.7	27.6	9	5.37
Texaco	[3]3,579.0	47	11,834.0	32	453.5	70	1,292.4	45	12.7	10.9	17.6	6	4.75
Union Oil Co. of California	[2]772.5	39	2,601.1	22	51.0	55	180.2	48	6.6	5.9	10.1	8	5.50
United Refining	[3]39.4	70	124.2	50	2.7	90	6.1	65	6.7	6.0	20.2	5	3.39
Industry composite	35,162.0	40	117,910.5	27	3,164.7	80	9,669.6	55	9.0	7.0	15.1	11	5.38
OIL SERVICE AND SUPPLY													
Baker Oil Tools[3]	52.3	26	194.7	14	3.4	41	12.6	13	6.4	5.8	17.0	27	1.26
Chicago Bridge & Iron	111.6	−6	264.8	3	11.6	−12	29.4	−11	10.4	11.1	NA	32	3.04
Dresser Industries[2]	306.7	21	1,025.2	13	14.9	23	44.2	14	4.8	4.8	8.6	16	3.38
Halliburton	553.5	20	2,131.0	50	24.9	44	90.4	37	4.5	3.7	18.4	33	5.04
Hughes Tool	34.0	22	121.8	22	3.9	39	13.6	31	11.5	10.1	NA	26	2.71
Marathon Mfg.	55.7	−4	252.1	12	−9.8	NM	−19.0	NM	NM	5.1	−29.1	NM	−5.92
McDermott (J. Ray)[9]	102.8	4	386.2	6	10.6	74	26.4	67	10.3	6.2	12.5	23	3.91
Offshore	32.8	45	107.5	20	4.6	26	16.3	18	14.1	16.2	NA	11	2.38
Parsons (Ralph M.)	63.9	17	182.7	−15	1.5	27	3.7	24	2.3	2.1	15.4	15	1.62
Reading & Bates[3]	28.6	38	103.0	27	2.2	59	9.0	55	7.7	6.7	11.0	21	1.48
Rucker	27.0	60	85.1	35	1.0	NM	2.5	401	3.8	NM	19.5	15	0.67
Sedco[6]	[2]46.1	38	142.9	9	6.9	40	21.2	37	15.1	14.7	16.9	25	2.09
Smith International Industries	37.3	38	129.6	32	2.9	83	8.5	49	7.7	5.8	13.4	22	1.17
Universal Oil Products	135.0	−19	636.0	28	6.9	93	18.8	50	5.1	2.1	11.1	9	1.88
Industry composite	1,587.3	13	5,862.7	24	85.4	18	277.5	16	5.4	5.2	12.1	21	2.45

[1] 4th quarter ending Nov. 30.
[2] 4th quarter ending Oct. 31.
[3] 1st quarter and most recent 12 mos. ending Dec. 31.
[4] 1st quarter and most recent 12 mos. ending Nov. 30.
[5] 1st quarter and most recent 12 mos. ending Oct. 31.
[6] 2d quarter and most recent 12 mos. ending Dec. 31.

Source: Business Week Mar. 9, 1974.

[From Fortune, June 1974]

THE NEW OIL RUSH IN OUR OWN BACKYARD

(By Eleanore Carruth)

These are tremendous times for independent oilmen, the best many of them have ever known. After nearly two decades of increasing hardship, spectacularly higher prices for oil and gas have suddenly thrust the independents into an unwonted prosperity. For most of them, however, the point of the higher price is not just the present profit it brings, but the incentive it provides to look for new sources of oil. Once again they can afford to take the splendid gambles that bring the biggest reward—a great new discovery.

"It's the buried-treasure business all over again," exclaims John Read, an ebullient small independent from Houston. "There isn't anything more romantic." And as another oilman says, "You can be as romantic as you want to be at these prices."

The independents, who do most of the nation's exploring and drilling for oil and gas, have already put just about every rig they can lay their hands on into the field. They are reconsidering abandoned prospects and poring over old maps to find opportunities they had passed up before. They are beefing up exploration, making new land plays, and in general operating at a hectic pace rare in any business at any time or place.

MORE MONEY THAN THEY CAN SPEND

Their place, their home drilling ground, is the old "Lower Forty-Eight," as it's viewed from the North Slope of Alaska. That is a pretty good territory these days—despite all the hoopla that has been made over Alaska and the continental shelf. The U.S. Geological Survey estimates that more oil remains to be discovered in the Lower Forty-Eight than in Alaska and offshore *combined*.

Moreover, that oil can be got out faster, without hassles with environmentalists or long waits for the construction of huge pipelines. So oilmen are on the march from the Rocky Mountains to the Florida Gulf, from the West Texas Permian Basin to Michigan's northern border, and a good many points roundabout and in between (see the map on page 159).

Funds for exploration are pouring in to the independents from all directions. "There's maybe more money than they know what to do with," remarks Kenneth Hill, of Blyth Eastman Dillon, a longtime expert observer of the oil scene. Independents are generating a larger cash flow from the higher prices they get from their own production. There is also a great upsurge in the capital flowing from their traditional sources, private investors organized in small groups or in the more recent, publicly held "drilling funds."

And, finally, a totally new source of funds has entered the market. Many of the larger independent explorers are being financed by major industrial corporations that want to nail down their own future energy sources, among them Bethlehem Steel, Dow Chemical, DuPont, Olin, and Certain-teed.

Yet, perversely, the boom also has its dangers for some of the independents who survived all those years of famine. Some of those big industrial companies are not only supplying money—they are gobbling up independents and are themselves becoming an important force in the exploration game. Furthermore, the major oil companies are getting interested in exploring on the Lower Forty-Eight again, after most of them had neglected it for years, and the independents will have to compete with them for places to drill and for scarce equipment. A number of independents will themselves have to grow at lot bigger or they will find it harder to survive. The business may be in for some sweeping structural changes.

A SINGLE-MINDED CONCERN

Independents come in all shapes and sizes. They range from the lone prospector with his office in his hat to a few public companies, such as Superior Oil and Louisiana Land & Exploration, that are large enough to place on FORTUNE's list of the Second 500 largest industrial corporations. All independents, however, have one thing in common; they are concerned with the finding and producing of natural gas and crude oil. Their work pretty much stops at the wellhead; they do not refine, distribute, or market the stuff.

No one knows exactly how many of them there are, but a reasonable guess is that upwards of a thousand entrepreneurs actively conduct exploration operations. They drill anywhere from just a few wells apiece up to, in rare instances, a hundred or more in a year. Collectively, they probably find well over half of the oil and gas on the U.S. mainland. They drill at least 80 percent of oil exploratory wells (those aimed at discovering new reserves) and more than 75 percent of all development wells (those aimed at expanding production in established fields). Independents sank about 20,000 of the 26,400 wells drilled last year, at an average cost of some $115,000 per well. In general, the majors have been off "elephant hunting" for large new fields in the Mideast, Alaska, and the U.S. continental shelf. Exxon, the biggest oil company in the world, drilled only thirty-five exploratory wells in the Forty-Eight last year.

The independent oilman is not by any means as "independent" as he might at first seem. He searches out likely prospects, acquires the land he needs to make a "play," raises money for drilling, and, finally, drills the well. But along this complicated, sometimes tortuous, way he usually depends upon a great many specialists whose services he employs or purchases, frequently by cutting them in for a piece of his action. Geologists advise him on where to drill. "Land men" put together blocks of leases ("land plays"). And drilling contractors, who own the rigs and employ crews of roughnecks and roustabouts, do the actual drilling.

The independents also depend heavily on the large oil companies in a complex and intimate way. The majors do most of the extensive and expensive geological and geophysical work, accumulate great land banks of leased acreage, and then, in order to get the prospects evaluated, farm out lots of the acreage for the independents to drill. With his lower overhead costs and his greater agility, an independent can get along, even prosper, on these lesser prospects, whereas a major, with a large organization to support, obviously must concentrate on searching out the truly big finds.

"DRY-HOLE MONEY" COMES IN HANDY

If the independent drills a successful wildcat on a farm-out, he and the oil company may share in subsequent production from the acreage. That is one reason why independents, who account for only one-third of the nation's crude production, drill for and find a much greater percentage than they end up actually owning.

Even when an independent is on his own play, the major will sometimes contribute to the costs of an exploratory well in exchange for the valuable information that only drilling turns up. (The industry calls these payments either "dry-hole money," in the case of an unsuccessful try, or "bottom-hole money," which is paid regardless of success or failure.) This interdependence among companies that also compete with one another has, quite naturally, created an ambivalent friend-foe relationship between the independents and majors.

It was not a greatly rewarding relationship during all those lean years. As costs rose and prices for oil and gas remained low, drilling activity declined in the Lower Forty-Eight. By last year, successful exploratory oil wells had dropped to 619, the lowest since 1943, and all drilling, including development, was down 53 percent from the record year of 1956. But now princely prices have awakened interest in sleeping beauties all over the continent. The awakening came first in natural gas, where prices climbed earlier than in oil.

Beginning about three years ago, the price of unregulated gas sold intrastate began to rise sharply, and it has since almost quadrupled. Then the Federal Power Commission began to let the price of gas sold interstate rise after years of holding it so low that the stuff was scarcely worth looking for. The FPC has been approving price increases on a rising scale, and further freeing-up is widely expected.

Independents consequently started searching for gas again, and the number of successful exploratory gas wells brought in jumped from below 500 in 1970 to a record of 900 last year. Some experts believe that development drilling, now at a record high, will arrest the six-year downtrend in proven reserves on the Lower Forty-Eight. Once development drilling catches up with new discoveries, the reserve figures may well rise again.

What happened with gas is a harbinger of things to come in oil. At $10.25 a barrel, up from $3.40 in 1972, independents once again consider oil more valuable to the explorer than gas—even gas at $1.30 per thousand cubic feet, the highest it has climbed so far.

EVEN THE BLACK MARKET DRIED UP

One of the big questions about the future supply of domestic oil is how fast and how much, the independents will be able to step up exploration. Coming on top of the search for gas, the search for oil has created fierce competition for the scarce resources needed for drilling. After so many years of moribund activity, the industry is confronted with shortages on all sides. There is a dearth of assembled prospects and the technical people to handle them—geologists, geophysicists, and petroleum engineers. As for equipment and oil-country goods, it's difficult to know which shortage is most acute—rigs, crews to man them, tubing, casing, tool joints, or drilling bits. "You can have everything ready to go and if you're missing just one small item, you lose your chance at the barrel," complains one oilman.

Consequently, operators are scrounging around desperately. They are paying twice as much for used pipe as for new pipe, but a string of drill pipe ordered from the mill today will not be delivered until mid-1975. Now, says one, "even the black market has dried up." (The mills, meanwhile, have increased their prices by about 20 percent during the last several months.)

Oilmen are already running just about every rig capable of turning a rotary table. They have resurrected almost all the usable rigs that were left inactive in the slow years, in many cases cannibalizing several broken-down rigs to put together a single good one. During 1973, primarily in search of gas, the industry increased the number of active rigs in the field from a low of 1,000 to some 1,400. That represents about an 85 percent utilization of the 1,650 rigs available and is pretty near maximum possible (allowing for seasonal variations and downtime for traveling and repairs).

ROUGHNECKS ARE HARD TO FIND

Drilling contractors to run the rigs are in short supply, too. Many left the field during the long years of inactivity and some independents doubt that they will return now. Says W. K. McWilliams Jr., chairman of McMoRan Exploration of Dallas: "The contracting business is a dog-eat-dog business, one of the nastiest you can be in. I hope they come back, but I wonder." The remaining contractors, remembering the lean times, may be reluctant to commit what they regard as large sums—up to $2 million for a land rotary—for additional new rigs, when they are hard pressed to man the ones they own. "Getting roughnecks is hell," says one.

The search for supplies and people is complicated by the interlocking relationships among majors, independents, drilling contractors, jobbers, and distributors, as well as a whole network of suppliers who in turn depend on a flow of castings, forgings, and machine tools. In such an atomized industry, it is impossible for a few large companies, laden with riches, to deal with a few other major corporations to assure an adequate stream of supplies.

Right now the independents are getting land deals set and geophysical work done, but unless the pipe supply is certain, many of them will not make firm commitments to drilling contractors. With a lower number of commitments, in turn, the contractors will order fewer rigs than they otherwise might. The shortages and the splintered structure of the industry, in short, are creating a problem. The National Petroleum Council, at the behest of the Department of the Interior, is directing six industry task forces that are trying to identify the supply bottlenecks and recommend ways to cut through them to step up exploration in the next few years.

This year, total footage drilled will be up anywhere from 12 to 14 percent over 1973, according to various trade estimates. But with all the available rigs at work already, the industry cannot hope to maintain that kind of increase over the next year or two. The number of rigs available in the U.S. will go up only about 3 percent this year and next, partly because so many rigs built here are exported, and that will hold drilling down.

Fortunately, rig builders are adding new capacity—Armco, for example, will expand production about 50 percent by the end of 1975. M. Bruce Mairs, president of Reed Tool Co., estimates that about 1,900 rigs could be operating in the U.S. by 1980. He says drilling may be up to about 250 million feet a year by then, nearly twice last year's level, but only a little above the record set back in 1956. Energy experts and independent oilmen would like to see a great deal more drilling than that, but the industry structure doesn't make for high hopes.

PLENTY OF OIL LEFT

The next question, of course, is how much oil the drilling will turn up. The U.S. Geological Survey has made estimates of available oil, but these are based on old oil prices of about $3.40 a barrel, and they considerably understate the amount that can be recovered under the new price incentives. The higher prices not only make it economic to drill for oil in areas that would not have been drilled in before; they also make it economic to recover more oil from a reservoir once it's found. Nevertheless, the old estimates give some idea of the orders of magnitude, and the areas where the most oil lies.

The estimate for the Lower Forty-Eight, where the independents hold sway, ranges between 125 billion and 250 billion barrels of crude and natural-gas liquids. That for Alaska and offshore combined comes to somewhat less, between 100 billion and 200 billion barrels. To put these numbers in perspective, it's worth noting that the U.S. has produced 120 billion barrels since the first oil well was drilled in 1859, and it now has proven reserves of 41.7 billion barrels.

To a great extent, these estimates are based on the presence of favorable rock formations similar to those where oil has been found. But a large amount, between 25 billion and 50 billion barrels, is more certain than that—oil that probably exists in known fields but has not yet been proved by drilling. About two-thirds of this lies in the Lower Forty-Eight.

A FATEFUL CORRELATION

For the independents, it is a terribly uncertain process to convert those geologists' notions about what's out there into proven reserves. E. L. Williamson, president of Louisiana Land & Exploration, observes, "There is a correlation between the number of wells drilled and the amount of oil found, but there is a difference of opinion about the degree of correlation."

In recent years, gross new reserves found have amounted to about two billion barrels a year; back in the 1950's they averaged well over three billion barrels a year. The decline in discoveries seems to parallel the 50 percent decline in drilling over the period. If discoveries rise comparably with the expected acceleration of drilling, new reserves found might be up to three billion or four billion barrels a year by 1980. That would be more than enough to replenish the amounts now being taken out of the ground in the U.S. every year.

But the amount of oil found for every well drilled could quite possibly decline in the future, As much oil was found in the late Forties as in the peak years of the Fifties, although there was less drilling back then. This indicates that, as Kenneth Montague, president of General Crude Oil, says, "the easy oil has been found. It's all going to be tough now."

The "easy oil" is discovered in what are called "giant fields"—those with estimated ultimate recovery of 100 million barrels or more. These big fields had provided over half of the nation's output and reserves, but fewer and fewer of them have been discovered. Sixty-seven giants turned up in the 1930's, forty-four in the 1940's, and only twenty in the 1950's. A mere fourteen have been found since then, seven of them in Alaska or offshore. From the 1940's onward, the majors accounted for more than two-thirds of these mammoth discoveries.

With larger payoffs for any size find, all oilmen—and especially independents—will be drilling in locations with relatively low potential, and this could further reduce the ratio of reserves found to wells drilled. "You can take more risks because you don't need as much success," says one oilman.

A few years ago, Mobil was gunning for a field with minimum reserves of 20 million or 25 million barrels. Now it says the floor is something in the neighborhood of five million barrels. For the independents, the floor has always been much lower. "Everything is gold today," is the way Marvin Davis, a Denver operator puts it.

SURPRISED BY A GIANT

At the same time, recent improvements in technology could improve the chances of unearthing some more of those giant fields. Operators can drill deeper and faster than ever before. The well that set a new drilling record last April reached 31,441 feet, or nearly six miles (alas, a dry hole). Geophysical instrumentation has so improved that today a single seismic recording can have as many as three million bits of information on it. With so much data, according to Fred Stapleton of Petty-Ray Geophysical, a leading firm in the field, "the major breakthrough has been in the use of computer systems to make tremendously sophisticated interpretations of all this information." Even oilmen who doubt that great gobs of oil will be discovered on the continent hasten to point out that, as Louisiana Land's Williamson says, "our technology has so improved that we are able to find things we couldn't find ten years ago."

Williamson speaks with a certain authority, because Louisiana Land and Exxon together discovered Jay Field in Florida, the giant that proves the point. This 1970 discovery is both the most recent to be found in the Lower Forty-Eight and the largest find in a decade with estimated reserves of some 385 million barrels. Lying in the extreme western edge of the state, in the then little-explored Eastern Gulf Basin, Jay was a subtle prospect, and it certaily would not have been drilled ten years before, and perhaps not even five. In Williamson's words, "it was not the kind where you put a map on the wall and it knocks your eyes out."

Louisiana Land and its partners spent $2.5 million on seismic work just to evaluate the geological structure, and additional millions to gather and analyze geological information as drilling progressed. "More data has been assembled from Jay than from any other field in the world," Williamson claims. But even the computers could not tell that Jay would be a giant. Don Langston, general manager of exploration for Exxon, says they thought they had "a chance of getting a gas field" worth less than a tenth of what they actually found. "Thank God," he says, "some of the surprises are on the high side."

THE LESSON OF BELL CREEK

Obviously, drilling for oil and gas has never been a proposition of pinpoint success. Only about one new-field wildcat in ten turns out to be a producer. Of all the producing wildcats, only one in seven discovers a field of "significant" size, i.e., with reserves of one million barrels or more. Thus the odds against a significant find are about sixty to one. And the chances of discovering a major field of, say, over 50 million barrels come to about one in 1,700.

Looking at the odds another way, any number of dry holes won't prove there isn't a gusher waiting two miles away. Sam Gary's discovery of Bell Creek in 1967 is a classic case in point. Bell Creek lies in the Montana section of the Powder River Basin, which stretches into Wyoming. Oil had not flowed in any great volume in the Montana section before, although Wyoming has been a large crude producer since the turn of the century. Gary, who had worked the Rocky Mountain region for years with only moderate success, picked up leases on 40,000 acres. Most of the leases had been held by Mobil and other companies, which had dropped them as unpromising. Gary then drilled thirty-three dry holes before he hit a field containing at least 110 million barrels of oil.

What Gary found in Bell Creek was a "geological oddity" for that area, and he had expected only a modest discovery. Now that drilling is being stepped up in areas with such "modest" prospects, more happy oddities may be found. "Activity is what it takes for success," says the man who knows. What gets Mobil is that "the oil's so cheap." Bell Creek's early wells went down only 4,500 feet, and the cost of producing a barrel ran to less than 25 cents.

The increase in prices will give Gary a lot more money out of that field than he had earlier expected. Expanded cash flow from production will mean that he and other independents can retain a bigger share of the wells they drill in the future. In Bell Creek, Gary ended up with only a quarter interest, having sold the rest to finance all those dry holes.

Access to increased cash flow is only one of the momentous changes now affecting the ways independents are financed. While they like to have a bigger piece of what they find, they also like to hedge their bets by drilling with other people's money or "drilling with your friends," as it's known in the industry. That enables them to spread their money over a number of ventures, thus increasing their chances of hitting on one of them and avoiding the great risk inherent in putting all their chips on a single grand gamble.

"No one likes to drill wildcats with his own money," says Jim Murphy, president of Inexco, a publicly held independent. "The way you drill wildcats is to psych yourself up that it is somebody else's money—and in many cases it is." Last year, the oil business—mostly the independents—probably drew at least $800 million from individuals, plus $348 million from the public drilling funds.

THE DISAPPEARING FARMOUT

Now the independents face a threat to their ability to continue attracting large amounts of money from individual investors. Many private investors put money in oil partly because of tax advantages, including the depletion allowance and the privilege of charging intangible drilling costs against current income. Congress probably won't tinker with the tax-law provisions on drilling costs, but it will almost certainly phase out the depletion allowance (with some temporary protection for small producers). That could put a damper on individual investment in drilling, although many independents admit that higher prices will still provide lots of attraction.

The independents' financial relationships with the majors are also undergoing a fundamental change that could especially hurt the smallest independents. As a group, the independents drill a high proportion of their exploratory wells on farmouts from the majors. But now that higher prices have made once-marginal acreage more attractive to the large oil companies, farmouts are getting scarce. "The majors quit farming out anything in the last six months," says George Mitchell, head of Mitchell Energy & Development Corp. "They're going to need it all for drilling themselves."

Besides lessening the amount of land available to independents for drilling, the decline in the number of farmouts will also increase their costs. The industry spends hundreds of millions on lease acquisitions and rentals. If the independents get fewer farmouts from the majors, they will have to pay more of these fees themselves.

"DEAD AND DOES NOT KNOW IT"

The "windfall profits" tax now being considered in Congress could exacerbate the farmout problem. The proposal, as voted out of the House Ways and Means Committee, contains an important escape clause under which an oil company could avoid most of the tax by investing its windfall profits in exploration. Under these circumstances, obviously, the majors would have a tremendous incentive to cut back further no farmouts and invest more money in exploration themselves. The dollars they invest, after all, would otherwise be taxed away, and that makes them pretty cheap dollars.

The burden of these changes will fall most heavily on the smaller independents, who are least able to afford added expenditures themselves, and on those independents who have traditionally worked most closely with the majors. When this is heaped on top of the difficulties they have getting equipment, some oilmen take an almost apocalyptic view of the outlook for the smaller independent. "The little guy is out of business," says Marvin Davis, himself one of the largest operators. "He's dead and he doesn't know it."

Another tidal change is the great increase in funds flowing in to the large independents from corporate investors of all kinds. Many of the gas-transmission companies, which for several years have invested in their basic product to some extent, are now putting up much more cash to finance exploration. A number of electric utilities—including Southern California Edison, Gulf States Utilities, and Florida Power & Light—have also moved into the act by undertaking joint ventures with independent explorers. And the most unusual play is being made by a number of industrial giants who previously had little or nothing to do with the energy business.

In the main, the corporate newcomers are providing funds to the independents either by entering joint ventures or by buying the right to purchase their reserves. But some of them are also becoming direct competitors. Armco Steel, for example, has just set up an exploration subsidiary of its own. "We have to look at energy now in order to assure our own operations," explains Chairman C. William Verity Jr. Some substantial corporations are swallowing up little oil companies. W. R. Grace picked up five small domestic independents in the past year. The industry is full of rumors about other corporations becoming prospective wildcatters—even General Motors. (G.M. says it isn't so.)

Some industry observers fear that if these trends continue, a good many small companies will cease to exist as independent entities—either squeezed out of business or merged out by their powerful new competitors. (It should be added, however, that a few independents also express some fears for the welfare of an industrial corporation that ventures into their specialized, entrepreneurial world.)

TO BYPASS THE WAITING TIME

Despite all the new competition, independents still have a lot of their traditional advantages going for them. These include agility, low overhead, the use of other people's money, and the ability to attract valuable specialists by offering them a piece of the action. Lots of them tend to concentrate on a few areas, and have an invaluable knowledge of their home terrain. They are alive to possibilities a major cannot spot or is too busy to keep after.

Most important of all, the independents have a jump on the large oil companies these days simply because they continued to operate in the Lower Forty-Eight during the years the majors were looking elsewhere. Says Jim Murphy of Inexco: "It takes a minimum of three years from the time of the initial geological idea before you can begin drilling the first well. To bypass that kind of waiting time, the only thing for a major to do is go for exploratory ventures with someone who *did* start three years ago." Murphy makes clear that the people who started "three years ago" are the independents, and he expects the majors to be seeking them out.

In any case, the independents who survive the new competition will come out of it stronger and undoubtedly bigger. Several of them are stepping up the number of exploratory wells in which they will participate in the next year or so to 100 or more, which is big league by anybody's standards. A few, such as Marvin Davis, are already a lot bigger than that—his tally of exploratory wells will leap from about 150 last year to 250 this year. In the next several years, in fact, a number of good-sized independents might well emerge to rank in size with Louisiana Land and Superior Oil.

And despite the present strains in their symbiotic relationship with the majors, independents can take heart from the thought that their bigger rivals will need them, one way or another, for a long time to come. William T. Smith, vice president of Amoco Production, puts it pretty strongly. "The worst thing for the majors and the country," he says, "would be to lose the independents."

[From Barron's, Dec. 2, 1974]

PROJECT INDEPENDENCE—DOMESTIC CRUDE PRODUCERS STAND TO PROFIT FROM IT

(By David A. Loehwing)

(If the President lifts controls on domestically produced oil, he'll be accused of fanning the fires of inflation; if he doesn't, of converting the U.S. into an Arab colony.)

A year after the Arab oil embargo struck, Interior Secretary Rogers C. B. Morton and his Energy Resources Council finally are getting down to the nitty-gritty of figuring out how to cope with it. They have before them a $5-million, 800-page study by the Federal Energy Administration which was supposed to be a blueprint for a national oil policy, but actually is a good deal less than that. President Nixon commissioned the study under Project Independence, instructing the FEA to dope out a way for the U.S. to be self-sufficient in energy by 1980. But that goal has been quietly abandoned. Now, the FEA hopes merely to reduce U.S. vulnerability to another embargo and to enable the oil-importing countries to break out of the economic bind imposed by the OPEC cartel. Nor does the FEA make any specific proposals; it only lays out the options and guesses at the likely results of several alternatives.

Even this indecisive approach—combined with a rather stubborn emphasis on the need for conservation—was enough to get FEA Administrator John Sawhill fired as a "radical," so people in the petroleum industry aren't placing much faith in the study. Says one observer: "It's a plan ordered by a discredited former President, elaborated by a displaced ex-Administrator, designed to achieve unattainable goals, which makes no recommendations and throws up its hands in dismay."

SPECIAL MESSAGES TO CONGRESS

The Project Independence study, however inconclusive, is what we've got, and the Energy Resources Council is masticating it in an honest effort to distill a U.S. energy policy. By New Year's Day, if all goes well, the ERC will come up with a set of recommendations which President Ford can present to Congress in a special message. He certainly will try to seize the initiative from the Democratic Congress on the crucial energy question, so a fairly comprehensive program is anticipated. In fact, last week the White House said that the President's two top energy advisers—Energy Agency chief Frank Zarb and Secretary Morton—hope to meet with him shortly to brief him on the current fuel situation and consider legislative recommendations.

President Ford is likely to call for a stockpiling program, in case of another embargo, and a conservation strategy involving an edict that Detroit should build cars that give better mileage. A $1 per barrel tariff on oil imports, or alternatively, a ceiling on imports, also is under consideration. To stimulate production, the Naval petroleum reserves may be opened to commercial development, and the leasing of offshore lands to oil companies is to be speeded up. Secretary Morton has promised that 10 million offshore acres will be leased next year, but opposition from environmentalists last week prompted him to delay public hearings on that plan for three months.

The most important question before the energizers, though, is what to do about price controls on domestically produced oil and gas. If the President calls for lifting controls, he will be accused of fanning the fires of inflation and handing out windfall profits to the oil companies. If he doesn't, the Project Independence study makes clear, he will be converting the U.S. into an Arab colony. At $7 per barrel, roughly the current price for domestic oil, FEA experts figure that U.S. production will decline to the point where imports of 12.4 million barrels per day will be required by 1985, at an annual cost—adjusted upward for inflation—of $31.7 billion.

However, if the domestic price is allowed to go to $1, matching that of imported crude, home production will climb from the present 8.5 million b-d to 13.1 million, and demand will be trimmed by the resulting higher prices at the gas pump. Imports of only 3.3 million b-d would be needed by 1985, for an acceptable dollar outflow of $13.2 billion. Deregulation of natural gas prices would have a similar effect. If the present ceiling of 43 cents per thousand cubic feet is continued, production will sag from the present 22.4 trillion cubic feet to 15.2 trillion. However, if gas is decontrolled, output from U.S. wells will climb to 24.5 trillion cubic feet by 1985.

Clearly, the logical course is to decontrol. There are no stranger bedfellows, however, than logic and politics, so no one in the oil industry is giving odds that President Ford will come to that conclusion. Moreover, if price ceilings are lifted, it's a pretty good bet that Congress will pass legislation to deprive the industry of its so-called windfall profits. Looking at the matter realistically, Gene Kinney, veteran Washington observer for The Oil & Gas Journal, says the outlook is for partial decontrol—probably by lifting price ceilings on oil produced by secondary and tertiary recovery methods. Congress, on the other hand, is likely to slap a stiff excise tax on crude priced above $4.50 per barrel, except where revenues are plowed back into exploration and other efforts to hike production. Mr. Kinney also expects the depletion allowance to be eliminated.

Anxiously awaiting the outcome of the ERC's deliberations are the people who will have to do the job if the U.S. is to become anywhere near self-sufficient in energy over the next decade, namely the domestic, or so-called "independent" oil and gas producers. There are about 4,000 of them—individuals and companies—and they account for more than three-quarters of the oil and gas wells currently being drilled in the "lower 48" states. Uncertainty over what oil policy the nation is going to pursue is, for them, a major business hazard. It costs an average of $115,000 to sink an oil well, but the tab can go as high as $4–$5 million for one of the very deep holes now being punched in Louisiana and Texas. Taking risks of that magnitude becomes impossible when there is no certainty that the rewards will not be taxed away by a jealous government.

At the moment, however, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns.

For two decades the independents scratched for a living in the gradually declining fields of the Southwest, squeezed between low product prices and climbing exploration costs, while the majors were "elephant hunting" in the Middle East, Indonesia and Alaska's North Slope. Lacking the financial resources to play that game, many went out of business. But now, suddenly, the tables are turned. Domestic production is the name of the game, and the independents are riding high.

Investor interest in the independents has revived along with their fortunes. Houston Oil & Minerals regularly makes the most active list on the American Exchange, while price-earnings ratios of 10 and higher are commanded by companies like Louisiana Land & Exploration, Superior Oil, Helmerich & Payne, Aztec Oil & Gas, Ocean Drilling & Exploration, General Crude Oil and Apexco. Meanwhile, the multiples for the giants of the industry are much lower: five for Exxon, six for Shell and a scant three for Texaco, Mobil, Gulf and SoCal. A number of independents are being gobbled up by big, diversified concerns: General Crude by International Paper, LVO by Utah International and Polumbus by W. R. Grace.

PROFITS SOAR

The accolades from Wall Street have been in recognition of earnings gains (see table) of 50% or more scored by most independents this year. In order to extend those gains into 1975, however, they must either hike prices still further or boost production. The only way to increase output is to go out and discover more gas and oil, so all the companies have stepped up their exploration efforts. But managements acknowledge that it may be two or three years before the declining trend of oil and gas production can be reversed. Hence, further gains in profits depend on the extent to which the Ford Administration agrees to allow domestic oil and gas prices to rise toward the levels "suggested" by the OPEC cartel.

"If nothing changes, either in the tax or the price structure," says E. L. Williamson, president of Louisiana Land & Exploration, "our 1975 earnings could be flat or slightly down." He adds, however, that such is not likely to be the case, change of some kind being almost inevitable. He voices guarded optimism that Washington will see the light of reason and progressively decontrol prices. Allen C. Durham, financial vice president of Superior Oil, is resigned to the idea that "if a bigger tax bite doesn't come this year, it will next year." He, too, hopes for price decontrol, but shies away from predicting it—"That's political dynamite."

The industry's price structure at the moment is a crazy quilt. About 63% of domestic production is labeled "old" oil and is price-controlled at $5.25 per barrel, compared with the $11.94 average landed price for imported crude. So-called new domestic crude is uncontrolled and currently brings an average $9.95 per barrel, according to the FEA, although The Oil & Gas Journal says a lot of it is going for $10.50. The rationale behind the distinction between old and new is that the industry should be encouraged to boost production. Hence, the crude from wells that have started flowing since the controls went into effect is considered new; it accounts for 15% of current output.

In the same category is oil from "stripper" wells, those which are about played out and are being pumped at a rate of 10 barrels per day or less. The idea is to keep them in production rather than shut them down as uneconomic. They account for about 12% of the total. Finally, 9%–10% is "released" oil, decontrolled because the producer has succeeded, by workover or enhancement methods, in boosting output from a field; the increment, plus an equal amount of nonincremental production, can be sold at the new-oil price.

Obviously, this pattern leads to a certain amount of finagling. If a well is pumping 15 b-d, it is to the operator's advantage to choke it down to 10 in order to make it a stripper. The FEA insists, however, that such tactics are rare, since output of strippers has been declining and that of old wells increasing. Nevertheless, A. J. Laborde, chairman of Ocean Drilling & Exploration, points out: "The thing is just horrible. It causes people to concentrate on activities that yield the most new oil rather than on what's best from an energy standpoint."

Secretary Morton has indicated that the FEA will reach a decision soon on whether to decontrol all oil produced by secondary or tertiary recovery methods. Oil men have dozens of ways—from flooding and steam injection to sophisticated chemical techniques—to enhance the flow of oil from an old well, so precisely what the Secretary means by secondary and tertiary recovery remains to be defined. Nonetheless, the FEA estimates that the move would add at least 18.5 billion barrels, and perhaps twice that much, to domestic U.S. petroleum reserves, by making it profitable to rework old, played-out wells. The FEA also estimates that 34% of all domestic production would be decontrolled under the proposed order, and that the average price per barrel would rise about $1.45. That would translate into a two-cent per gallon increase in gasoline prices.

The effect on the earnings of independent oil companies will vary widely. Louisiana Land's Mr. Williamson says it won't help his firm much, since by far the bulk of output comes from primary wells, which will remain price-fixed. Executives of oil companies, normally an ebullient lot, play it very low key these days when asked to estimate future earnings, for fear of aggravating the punitive mood of Congress.

Pricing of natural gas is even more chaotic than that of oil. All gas transported across state boundaries by pipeline companies is price-controlled by the Federal Power Commission, which still sees its role as one of protecting consumers from gouging by a rapacious industry. It ignores the need for conservation of a natural resource and for encouraging exploration. Hence, so-called "old" gas (from wells drilled before January 1, 1973) is priced on the basis of area rates established years ago, mostly in the range of 18–22 cents per thousand cubic feet (Mcf).

GRUDGING CONCESSION

The FPC's grudging concession to the exigencies of the energy crisis was to set a nationwide price for "new" gas at 43 cents per Mcf. The effect of that edict has been relatively minor, since the average wellhead price of gas in interstate commerce in August was only 26.11 cents, compared with 22.67 cents a year earlier. That figure compares with rates of $1.25 and up for gas sold within the states where it is produced. Experts say that, figuring the BTU equivalent to oil, natural gas should bring about $1.50 per Mcf.

Pressure from pipeline companies and distributors in gas-short states, unable to obtain supplies in competition with intrastate buyers, is forcing the FPC to ease its stand. It recently allowed one pipeline concern to buy 10 billion cubic feet from Apexco for 90 cents per Mcf, on an emergency basis. That concern, incidentally, is bringing to market significant quantities of new gas from its Springer Field in Oklahoma. As a result, one analyst predicts that its gas revenues will jump from about $4 million this year to $7.8 million in 1975. Aztec, which derives 65% of its revenues from the sale of gas, was able to nearly triple earnings in the first nine months of this year, when its average selling price jumped from 18 cents to 29 cents per Mcf. Gains are expected to continue in 1975 as gas from a new discovery begins to flow.

INSUFFICIENT REWARD

Urging price decontrol, Kenneth Reed, president of Apexco, points out that in the past year his company has drilled 20 gas wells in the Springer area, which will enable the field to produce 125–150 million cubic feet of gas per day. That is enough for a city of over one million people. Says Mr. Reed: "We could never have brought this gas to market at the old prices of 18–20 cents per Mcf, because those prices were simply not sufficient reward to warrant the risks associated with committing $800,000 of capital to drilling only one hole 15,000 feet into the ground."

If independent oil producers are reaping "windfall" profits from the energy crunch, they are putting the money to good use to help relieve it. Aztec's exploration budget this year is $9.5 million, up from $1.5 million last year. Louisiana Land will drill, or participate in drilling, no fewer than 90 wells this year, against 55 in 1973. Indicative of the role of independents in the search for petroleum, these figures compare with a total of 35 wells drilled in the U.S. last year by the world's biggest oil company, Exxon. Shenandoah, one of the most active independents, has drilled 87 wells in this country and Canada this year, and expects to spud in 60 more before the year is out.

TORRID PACE

Overall, says The Oil & Gas Journal, domestic drilling is hitting a torrid pace. In the first nine months, 23,481 wells were drilled, up 19.8% from the same period of 1973. More than one-quarter of the holes were "wildcats"—exploratory rather than just step-out wells in existing fields. The success ratio on the wildcats, says O&GJ, is a "good" 23%. Most oil men say a great deal of crude is waiting to be found in this country, although they tend to scoff at the estimate put forth by the U.S. Geological Survey that 125–250 billion barrels remain to be discovered onshore in the lower 48 states. "It must be in the District of Columbia," laughs one old hand.

Most independent producers argue vehemently that the depletion allowance must survive if the capital needed to finance their exploration efforts is to be forthcoming. However, Apache Corp., a good-sized promoter of tax-sheltered oil partnerships, indicates it is having no difficulty selling them, even though the House Ways & Means Committee has okayed a tax reform bill that would phase out oil depletion. The company's $30-million 1975 program opened its books in September, by October 31, the first phase, for $5 million, was fully subscribed. Explains a company spokesman: "The tax writeoff via deduction of intangible drilling costs is still attractive, and the higher prices for oil mean the payout from a successful program will be larger. The end of the depletion allowance won't matter much.

Ocean Drilling & Exploration's Mr. Laborde looks at it this way: "Taxes are a cost of doing business, and one way or the other they're passed through to the consumer. The government has got to decide whether it wants to go on subsidizing the end price of gasoline to the consumer, thereby increasing usage—allowing us to drive big cars and overheat our homes."

PROFITS GUSHER, 9 MONTHS ENDED SEPT. 30

	Gross revenues (in millions of dollars)		Earnings per share	
	1974	1973	1974	1973
Apexco	$12.1	$9.7	$1.22	$0.66
Aztec	12.2	7.5	.90	.31
Basin	15.0	10.4	.69	.30
Forest	31.6	24.8	.35	def.
General American	24.1	15.9	1.19	.47
General Crude	72.7	37.3	2.54	1.15
Helmerich & Payne[1]	60.9	42.6	3.29	2.22
Houston O. & M	28.3	4.8	2.22	.23
Kewanee	187.0	148.1	2.28	1.22
Louisiana Land	202.7	127.0	2.32	1.37
Odeco	90.0	63.1	1.77	1.12
Shenandoah	NA	NA	1.88	.26
Superior	177.1	126.2	11.33	7.63
Transocean	17.7	10.1	.42	.14

[1] Fiscal years ended September 30.

Note: NA—Not available.

Depletion and Politics; Buying Off the Independents

(By Gerard M. Brannon)

The Senate is marching toward what should be a fascinating debate between money and the public interest.

The problem is how to go about repealing percentage depletion. Intellectually, this seems to be a proper subject for an energy tax bill or general reform legislation. So, why is it tacked onto a bill designed to cut taxes and deal with the recession?

The answer seems to be that the liberal contingent in the House had real doubts about depletion repeal if it was at the mercy of the Senate Finance Committee as part of a complex bill. The strategy was to tie it to a popular bill—the largest tax cut in history—and hope to re-attach it on the Senate floor after the oil supporters who dominate the Finance Committee strip it from the House-passed measure.

Granting that there is a plausible case for tying repeal of percentage depletion to the tax cut bill, what is the outlook in the Senate, where a filibuster could cut short the planned vacation or, worse still, send the senators home without a tax cut to brag about?

The incentive for a compromise is obvious but the price the oil interests are trying to extract is a special exemption for "independent" producers.

CASE FOR REPEAL

Fundamentally, percentage depletion doesn't make sense. The nub of it is to provide lower taxes, the more the value of a final product comes from using up a valuable, limited natural resource. If some genius could find a way to start with valueless dirt and manufacture it into oil, there would be no percentage depletion because all the value would come from manufacturing. We should be delighted to substitute manufacture applied to cheap, plentiful raw materials for using up scarce materials. Percentage depletion throws the incentive in exactly the wrong direction.

Finally, percentage depletion is structured so as to provide the greatest benefit to the producer with the greatest profit. When we are faced with shortages, one would think it important to exploit marginal sources, not ones so profitable that they would be exploited anyway. Percentage depletion provides minimum benefit to the marginal outputs.

The Congress should be anxious to get rid of a provision like this, so why is it a hang up?

SENATE PROBLEMS

There are several problems. The Finance Committee is reluctant. There is some filibuster possibility if the amendment is pushed on the Senate floor and there is going to be a strong push for an exemption of a million barrels a year. The biggest of these threats is the exemption for "small" producers.

Even the fact that this exemption is taken seriously is an indictment of our legislative process. It is simply money talking.

The specific form of the exemption under discussion is that depletion will remain available on the first 3,000 barrels produced each day by those producers who do not also own refineries or retail outlets. This comes out to 1,095,000 barrels a year. At an average price of $8.50 a year (about 75% of the oil produced by independents is uncontrolled and thus sells at a higher average price), this means that percentage depletion would be preserved with respect to the first $9.5 million of oil income. If an independent's production were completely exempt from price limits, the deduction for percentage depletion would be applied on about $12 million of income and would total more than $2.6 million.

This is not defensible as small business relief. The tax law has some general relief provisions for small business, such as the corporate surtax exemption of $25,000 (raised to $50,000 by the tax cut bill).

In no other industry do we provide small business benefits keyed to such enormous incomes.

If we were looking for some small businesses to favor with special relief, one could hardly find a less deserving case. Oil production brought an average price of about $3.50 a barrel two years ago when nearly all of the wells that would be affected by the exemption were either producing or being drilled. Now oil that is simply a continuation of 1972 production brings a price of $5.25 and new oil production brings a price of about $11. Where can you find another small business living so high off the hog?

Not only is the income remarkably high, but the increase in price makes percentage depletion worth more. When the oil price was $3.50, the depletion was at most a deduction of 77 cents a barrel. Considering various limitations, the average net deduction in excess of cost depletion was more like 55 cents. On $11 oil, this will be nearer to a net deduction of $2.00. On $8.50, it will be about a net deduction of $1.50 over cost depletion.

Not only is income remarkably high, but these firms are already the beneficiaries of extremely generous treatment of their capital costs because of the rules allowing expensing of intangible drilling costs.

A very competent analysis by Bill Pietz of the Public Citizen Tax Reform Research Group found that 75 small oil producers had a return on equity capital which averaged 25.8% compared with the 1974 average of 14% for manufacturing industries.

WOULD ADD TO COMPLEXITY

We have barely scraped the surface of the things that are wrong with the 1,095,000 barrel a year exemption from percentage depletion repeal. Any provision like this is tied up with the problem of identifying separate businesses to prevent a firm from reorganizing in such a way as to increase its exemption. It will be necessary to devise complicated rules to allocate the exemption where several firms have a substantial amount of common ownership. And as any tax person will tell you, those rules are extremely complicated and they often don't work.

It is ironic that so many legislators make cheap speeches about how terrible it is that tax laws are complicated and then insist on voting for nonsense that requires more complication.

No matter what common ownership rules are adopted, it will be plausible to set up independent drilling companies. A refiner can make long range purchase contracts with "its" producers. The pattern will be increasingly to have oil wells owned by units of million-barrel producers.

FAVORS THE WEALTHY

On the face of it, our public debates on tax reform for the last half-dozen years has shown that what the public dislikes about tax "loopholes" is the way they favor rich investors. The 1,095,000 barrel a year exemption is made to order for tax gimmickry.

On each of these barrels of new oil, there will be a hunk of tax free income of about $2.00. For a taxpayer in the 70% bracket, one must earn $6.67 to clear $2.00 after tax. For a taxpayer in the 33% bracket, $3.00 before tax produces $2.00 after tax. The conclusion of this is obvious. Arrange oil financing deals so that the percentage depletion goes to wealthy investors.

In addition to the windfall for wealthy investors, this will be a fat windfall for the tax lawyers, accountants and promoters who set up these Buy-an-Oil-Well deals. If any working stiff needs a good tax adviser for a complicated problem like moving expenses or child support, he will find most of the tax lawyers already too busy on oil shelters.

It is absurd to argue as some do that without preferential treatment of million-barrel drillers, there will be a rash of sales of oil properties. The obvious solution to this problem is to impose a recapture rule comparable to the rule on sales of buildings. If an investor takes ordinary income deductions on intangibles on a successful well and then turns around to realize this as capital gain, the problem is no different from taking depreciation deductions on a building and then selling it.

In fairness to the independents, it should be pointed out that losing percentage depletion would, indeed, result in some short-term inconvenience as they and their lenders rethink the economics of drilling.

To be sure, they would have to learn to play a new ball game. But there would be ample incentive to learn it and to be profitable playing it.

Basically, the production of investment that would come from tax shelter drilling funds will diminish and the proportion that will have to be attracted on the basis of hard investment decisions will increase. But the incentives will be there as higher prices.

POLITICAL PROBLEMS

Why is the U.S. Senate seriously considering such a rule as one that retains percentage depletion for million-barrel drillers?

The answer must be that there is enough money in this so that enormous pressure is being put on some senators.

At root, the oil industry would like to defeat the percentage depletion repeal. Based on the vote in the House, the industry will lose on a showdown but by enlisting this "small" business aura they can make it close.

The problem is complicated also because the Administration decided to protect its political support from the oil industry by not advocating repeal of percentage depletion in its own energy program. This left the supporters of an outright repeal of percentage depletion in the difficult spot of having to scratch for votes. Compromising on this million-barrel exemption is one of the ways to get votes.

The next time that President Ford takes it on himself to berate the Congress for not enacting tax reduction fast enough, he might think about doing something constructive like endorsing the clean repeal of percentage depletion for oil.

(NOTE.—The views expressed in this article are those of the author and do not represent a position on legislation by Tax Notes or its publisher, Tax Analysts and Advocates.)

DEAR DOCTOR: No doubt you make more than $40,000 a year. That's why you should take a minute and read this.

No doubt you are paying a substantial amount of income tax—$$$$ that are gone forever. Few tax havens are left to you!!!! One tax haven that has withstood the wrath of the Federal Government is in the oil and gas industry.

We offer participation in sound drilling ventures which may be a place for your lost tax dollars. What we are talking about is a specific venture with a limited dollar input and a return based on production. With the increased prices for oil and particularly natural gas, the potential for profit is more attractive than ever. Due to the higher prices, many wells are being profitably produced today that would have been abandoned as noncommercial only a short time ago.

Opportunities available to you in the oil and gas field can be received by simply filling out the enclosed form and mailing it in the postage-free envelope.

BIG "D" OIL & GAS CO., INC.

BIG D OIL & GAS CO., INC.,
Dallas, Tex.

Gentlemen:

—Yes

Send me immediately opportunities in oil and gas ventures.

—No

Below is a declaration that establishes my qualifications to receive information and to participate in your program. My signature will indicate that I meet the governmental requirements regulating private investments in oil and gas drilling ventures.

Declaration (I have checked portions applicable to me.)

—I have sufficient knowledge, experience and understanding of finance and business matters to evaluate a drilling program in oil and gas exploration or such knowledge and understanding is available to me through my consultants or representatives.

—I have previously invested in oil and gas exploration and drilling programs.

—I am financially able to invest in oil and gas exploration and drilling programs and have sufficient financial income so as to beneficially utilize such programs as a tax sheltered investment.

Please print:

Name ______________________________
Address ______________________________
City ______________________________
State ____________________ Zip ________
Bus. Phone __________ Res. Phone __________
Best time to call ______________________
Business or Occupation __________________
Date ______________________________
Signature ______________________________

PATRICK PETROLEUM CO. EARNINGS AND BALANCE SHEET POSITION

	1974	1973
Annual report—Consol inc acct. yrs end, Apr. 30 (thousands):		
Revenues:		
Oil and gas sales	$3,417	$2,679
Drilling and sale of leases	22,575	10,005
Total oper revs	25,992	12,664
Oper exps and cost of leases and drilling	18,510	7,753
Gen and adm. exps	1,434	974
Oper income	6,048	3,957
Other income	396	381
Total income	6,444	4,338
Depletion and depr	1,716	1,419
Income taxes		cr 130
Interest	1,130	576
Net income	3,598	2,473
*Sh earns	$1.02	$0.72
Avg com and com equiv shs 1974—3,527,960; 1973—3,446,596.		
Consol. bal. sheet, Apr. 30:		
Assets:		
Cash	738	1,559
Receivables net	4,428	2,207
Inventories	488	202
Prepayments	$94	$152
Oil and gas props held for resale	2,697	1,496
Develmt land & mktble succsheldtor resale	894	1,026
Tol. curr assets	9,337	6,642
Investments	131	415
*Net property	29,182	22,540
Oth assets	2,265	1,112
Total assets	40,915	30,709
Liabilities:		
Curr debt mat	3,022	2,974
Accts pay	4,878	2,455
Accruals	277	190
Income taxes	330	230
Defr. rev	539	
Tot curr liabs	9,046	5,849
Long term debt	11,505	8,094
Defr. inc. tax	444	444
†Com. stk. p. $0.10	344	344
Paid-in surp	9,072	9,071
Retain earns	10,504	6,907
Total liabs	40,915	30,709
Net wkg cap	291	793
Equity per sh	5.78	4.78
*Depr and depl res	6,853	4,966

Source: Standard & Poor's Stock Reports.

RECENT DEVELOPMENTS

Operating revenues for the fiscal year ended April 30, 1974, more than doubled from those of the preceding year, reflecting sharply higher sales of exploratory and development drilling arrangements. Margins narrowed, however, holding the gain in operating income to 53%. Following non-operating items, pretax income was ahead 54%. After no provision for taxes (see Finances), against tax credits of $130,000, net income was up 46%. Share earnings were $1.02 and $0.72, respectively.

On August 1, 1974, the company said that it had arranged for sale of certain Garvin County, Okla., producing oil properties to Heron Oil Co. and a unit of Standard Oil of Indiana for $14,200,000. Patrick owned a 30.2% interest in the properties with the remainder owned by five public oil and gas investment programs sponsored by Patrick. The properties were purchased in December, 1973, for about $6,400,000.

DIVIDEND DATA

No dividends have been paid.

FINANCES

The company follows the full cost accounting method, which results in all costs relating to oil and gas properties being capitalized in the property accounts. Under this method of accounting, no gains or losses are recognized upon sale of oil and gas properties, except extraordinary transactions.

The company's income tax policy is to generate sufficient statutory deductions (intangible development and drilling costs and the excess of allowable statutory depletion over cost depletion) to reduce taxable income to zero.

CAPITALIZATION

Long term debt: $11,505,000.

Common stock: 3,446,596 shs. ($0.10 par); about 39% closely held, including 20.6% held by U. E. Patrick.

Options: To purchase 259,000 shares at $7 and $8 per sh.

Quarter	1973–4	1972–3	[1] 1971–2
Operating revenues (millions):			
July	$3.04	$2.48	$2.83
October	4.18	3.39	3.01
January	11.45	4.90	2.38
April	7.32	1.91	3.01
Common share earnings (dollars):[2]			
July	.24	.21	.19
October	.25	.21	.17
January	.44	.22	.19
April	.09	.08	.02

[1] Restated to refl. acctg. change.

[2] Bef. spec. items.

Mr. CRANSTON. Mr. President, with respect to one point that was made by the Senator from Massachusetts, one reason why I am now supporting the basic amendment before the Senate, the Hollings amendment, is that it incorporates a great many provisions of my original compromise amendment, including the minimum income tax provision that covers the point the Senator was making about the tax shelter. Under the provisions of the pending amendment, of which the Senator from Massachusetts and I are cosponsors, there "ain't no such tax shelter any more" and they cannot put out any such letters any more, because there is a provision to cover that.

On another aspect, I point out that the purpose of giving an opportunity to independents to operate under the percentage depletion allowance up to some limit is to give them a competitive tax advantage over the majors. Up to now, they have been operating on an equal footing, and they have not had much of an opportunity to compete effectively. Some have, to some degree, the larger ones, and there are larger ones. The smaller ones have had a tougher time.

But now, we will have, when we give some kind of an exemption at some level to the independents, a tax advantage, a competitive advantage for them against the majors. I think that is all to the good in our country, where things are getting too big and we have too much monopoly already.

Mr. President, I find my amendment in rather an awkward position, caught in the middle between 1,000 and 6,000. All the debate has really been between 6,000 and 1,000 and not on my middle, compromise position. I realize that under these circumstances, my amendment does not have much of a chance, because those who want 1,000 will vote against it because they want 1,000; those who want 6,000 will vote against it because they want 6,000. I therefore, at this time, withdraw my amendment.

Mr. HOLLINGS. Good.

Mr. President, with the amendment withdrawn, let me, without losing my right to the floor, yield to the distinguished Senator from California (Mr. TUNNEY) for 3 minutes.

Mr. MANSFIELD. Mr. President, it is a little unusual for a Senator to farm out the time. I wish for the distinguished Senator from Texas to be recognized so he can offer his amendment.

Mr. HOLLINGS. I yield to the Senator from California and we will then yield to the distinguished Senator from Texas.

Mr. TUNNEY. I just want 3 minutes. I wish to thank my distinguished friend for yielding the 3 minutes to me. I think the approach that has been offered——

The PRESIDING OFFICER. The Senator from South Carolina has 2 minutes total remaining.

Mr. HOLLINGS. I have yielded that time.

Mr. MANSFIELD. As long as the Senator from South Carolina has agreed that the Senator from Texas may be recognized, I ask that the time be extended for 10 minutes.

Mr. TUNNEY. As soon as I have finished, I shall yield the floor.

Mr. MANSFIELD. Mr. President, I withdraw my request.

The **PRESIDING OFFICER.** There is no time limit. The senior Senator from California has withdrawn his amendment.

The junior Senator from California is recognized.

Mr. **TUNNEY.** Mr. President, I was saying that I think the approach that has been offered by the Senator from South Carolina, with a number of sponsors, including my senior colleague from California, the Senator from Massachusetts, and myself, is a very thoughtful and constructive effort to create a fairer tax structure.

I, however, should like to point out that, as we talk about what we should have as a level of oil production in order to retain the depletion allowance, we are dealing today with oil that, on the average, sells for more than $10 a barrel. I just made some handwritten notes in the last few minutes. I assumed that there was no cost of production at all and that one got $4.60 a barrel for the oil, with the depletion allowance of 22 percent intact, there would be about a 50-cent tax saving per barrel. This would mean that $3.50 of that barrel would be subject to tax at 50 percent. So the profit to the producer would be $2.85 on that barrel of $4.50 oil.

On the other hand, if one had a barrel of oil selling for $10 and there were a tax of 50 percent and we did not have the 22 percent depletion allowance—if we just had the straight tax—the profit would be $5, as contrasted with $2.85 in the case of the depletion allowance on the $4.50 barrel.

We do not know what the costs are. I assumed that there were no costs in the example that I gave. But if there were costs, the relative difference between the two barrels of oil would be the same, whether that barrel was $4.50, whether it was $3, or whether it was $10 a barrel. So the ratio is almost about 2 to 1.

The point that I am trying to make is that with $10-a-barrel oil, the incentive to produce is much greater today than it was with $3.15-a-barrel oil, which was the price 2 years ago. I tell my colleagues, every person who goes and buys a gallon of gasoline knows what the incentive is for the oil industry today. Anybody who has to heat his home knows the value of the incentive to the oil industry. The price of gasoline has doubled, the price of home heating fuel has more than doubled. Why does not somebody in this debate talk about the consumer?

I am now quoting from a handout that the Senator from South Carolina put out. I am quoting Tom Medders, president, Independent Petroleum Association of America, Senate Interior Committee hearings, August 9, 1972, 2½ years ago. This quotation is:

> To be 85 percent self-sufficient in 1980, you would need a crude oil price of $4.10.

We now have oil selling in this country for $10–12 a barrel. How much more of an incentive do we have to give the industry?

I feel very strongly that when we talk in terms of what we are going to do for this industry, we also want to be talking in terms of what we are going to do for the consumers. I have not heard the word "consumer" in the entire debate this afternoon. It is about time we started thinking about them, because there are a lot more consumers than there are oil producers. We recognize that we need the oil producers, but what is fair is fair and $10 a barrel is more than is fair.

The **PRESIDING OFFICER.** The Senator from Texas.

Mr. **BENTSEN.** I have an amendment at the desk in the nature of a substitute to the Hollings amendment. I ask that it be read.

The **PRESIDING OFFICER.** The clerk will state it.

The assistant legislative clerk proceeded to read the amendment.

Mr. **BENTSEN.** Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted by the Senator from South Carolina (Mr. Hollings) insert the following:

Amend H.R. 2166 by adding at the end thereof, the following new section:

Sec. 501. Reform of Percentage Depletion in Case of Oil and Gas Wells.

(a) In General.—Part I of subchapter I of chapter 1 (relating to deductions with respect to natural resources) is amended by adding at the end thereof the following new section:

"Sec. 613A. Denial of Percentage Depletion in Case of Oil or Gas Well.

"(a) General Rule.—Except as otherwise provided in this section, the allowance for depletion under section 611 with respect to any oil or gas well shall be computed without reference to section 613.

"(b) Special Rule for Certain Gas Wells.—

"(1) In general.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) wells producing regulated natural gas,

"(B) wells producing natural gas under a fixed contract, and

"(C) any geothermal deposit which is determined to be a gas well within the meaning of section 613(b))1)(A).

"(2) Definitions.—For purposes of this subsection—

"(A) Natural gas sold under a fixed contract.—The term 'natural gas' sold under a fixed contract means domestic natural gas sold by the producer under a contract, in effect on February 1, 1975, and all times thereafter and before such sale, under which the price for such gas cannot be adjusted to reflect to any extent the increase in liabilities of the seller for tax under this section by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates to the contrary by clear and convincing evidence.

"(B) Natural gas.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such product.

"(C) Regulated natural gas.—The term 'regulated natural gas' means domestic natural gas produced and sold by the producer, prior to July 1, 1976, subject to the jurisdiction of the Federal Power Commission, the price for which has not been adjusted to reflect to any extent the increase in liability of the seller for tax by reason of the repeal of percentage depletion. Price increases subsequent to February 1, 1975, shall be presumed to take increases in tax liabilities into account unless the taxpayer demonstrates the contrary by clear and convincing evidence.

"(c) Small Producer Exemption—

"(1) In general.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to—

"(A) so much of the producer's average daily production of domestic crude oil as does not exceed 3,000 barrels, and

"(B) so much of the producer's average daily production of domestic natural gas (other than natural gas with respect to which subsection (b) applies) as does not exceed 18,000,000 cubic feet.

"(2) Average daily production.—For purposes of paragraph (1)—

(a) the producer's average daily production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, shall be determined by dividing his aggregate production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies) during the taxable year by the number of days in such taxable year, and

"(B) in the case of a producer holding a partial interest in the production from any property (including an interest held in a partnership or joint venture) such producer's production shall be considered to be an amount of such production determined by multiplying the total production of such property by the producer's percentage participation in the revenues from such property.

"(3) Exemptions to be determined on a proportionate basis.

"(A) Domestic crude oil.—If the producer's average daily production of domestic crude oil exceeds the producer's exemption under this subsection, the barrels to which this subsection applies shall be determined by taking from the production of each property a number of barrels which bears the same proportion to the total production of the producer for such year from such property as the number of barrels to which this subsection applies bears to the aggregate number of barrels representing the average daily production of domestic crude oil of the producer for such year.

"(B) Domestic natural gas.—If the producer's average daily production of domestic natural gas exceeds the producer's exemption under this subsection, the production of domestic natural gas to which this subsection applies shall be determined by taking from the production of each property a number of cubic feet of natural gas (not including natural gas to which subsection (b) applies) which bears the same proportion from such property as the number of cubic feet of natural gas to which this subsection applies bears to the aggregate number of cubic feet representing the average daily production of domestic natural gas of the producer for such year.

"(4) Business under common control; members of the same family.

"(A) Component members of controlled group treated as one producer. For purposes of this subsection, corporations which are members of the same controlled group of corporations shall be treated as one producer.

"(B) Aggregation of business entities under common control. If 50 percent or more of the beneficial interest in two or more corporations, trusts or estates is owned by the same or related persons (taking into account only persons who own at least 5 percent of such beneficial interest), or if 50 percent or more of the beneficial interest in one or more corporations, trusts or estates is owned by a person who has income from the production of oil or gas, the exemptions provided by this subsection shall be allocated among all such corporations, trusts, estates and persons in proportion to the respective production of domestic crude oil or natural gas (not including natural gas with respect to which subsection (b) applies), as the case may be, during the period in question by such entities.

"(C) Allocation among members of the same family.—In the case of individuals who are members of the same family, the exemptions provided by this subsection natural gas during the period in question by such individuals.

"(5) Definition and Special Rules.—For purposes of this subsection—

"(A) The producer of crude oil or natural gas means the person whose liability for tax under this chapter will be affected by the deduction allowed for depletion with respect to such crude oil or natural gas, except that in the case of a subchapter S corporation, the corporation and not the shareholder shall be considered the producer, and in the case of an estate or trust the producer shall be the person entitled to the depletion deduction under section 611(b).

"(B) The term 'controlled group of corporations' has the meaning given to such term by section 1563(a), except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a).

"(C) A corporation is a related person to another corporation if such corporations are members of the same controlled group of corporations, and a person is a related person to another person, if the relationship between such persons would result in a disallowance of losses under section 267 or 707(b), except that for this purpose the family of an individual includes only his spouse and minor children, and

"(D) The family of an individual includes only his spouse and minor children.

"(6) Transfer of Oil or Gas Depletion Property.

"(A) In the case of a transfer (as defined for these purposes under regulations prescribed by the Secretary or his delegate), of any oil or gas depletion property after March 17, 1975, paragraph (1) shall not apply to the transferee with respect to his production of crude oil or natural gas from such oil or gas depletion property. For purposes of this paragraph the term 'oil or gas depletion property' means any property interest (including an interest in a partnership, trust, or estate) with respect to the income from which a deduction for depletion is allowable under section 611 for domestic crude oil or domestic natural gas but only if the principal value of the property has been demonstrated before such transfer by prospecting or exploration or discovery work.

"(B) Subparagraph (A) shall not apply in the case of (i) a transfer of an oil or gas depletion property at death, or (ii) a transfer in an exchange to which section 351 applies if following the exchange the exemptions provided by this subsection are allocated among the transferor and transferee by reason of paragraph (4)(B).

"(d) Limitation Based on Qualified Investment—

"(1) General rule.—So much of the deduction allowed for depletion as is computed by reference to section 603 by reason of subsection (c) shall not exceed for any taxable year an amount equal to the sum of the producer's qualified investment and qualified investment carryover for the taxable year.

"(2) Qualified investment.—For purposes of paragraph (1), any person's qualified investment for any taxable year is the amount paid or incurred by such person during such taxable year (with respect to areas within the United States or a possession of the United States) for—

"(A) Intangible drilling and development costs;

"(B) the following items if paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of oil or gas within the United States or a possession of the United States:

"(i) aerial photography;

"(ii) geological mapping;

"(iii) airborne magnetometer surveys;

"(iv) gravity meter surveys;

"(v) seismography surveys, or

"(vi) similar geological and geophysical methods;

"(C) the construction, reconstruction, erection, or acquisition of the following items, but only if the original use of such items begins with such person:

"(i) depreciable assets used for the exploration for or the development or production of oil or gas (including development or production from oil shale); converting oil shale, coal, or liquid hydrocarbons into oil or gas; or refining oil or gas (but not beyond the primary product stage);

"(ii) pipelines for gathering or transmitting oil or gas, and facilities (such as pumping stations) directly related to the use of such pipelines.

"(D) secondary or tertiary recovery of oil or gas, including remedial work necessary to maintain or restore primary production, or

"(E) the acquision of oil and gas leases but the aggregate amount which may be taken into account under this subparagraph for any taxable period shall not exceed one-third of the aggregate of the amounts which may be taken into account by the taxpayer under subparagraphs (A), (B), (C), and (D) for such period.

"(3) Qualified investment carryover.—For purposes of paragraph (1), a producer's qualified investment carryover shall be the amount, if any, by which the amount of the producer's qualified investment for the preceding taxable year exceeds so much of the deduction allowed for depletion as is computed under section 613 by reason of subsection (c) (determined without regard to this subsection) for such proceeding taxable year.

"(4) Royalty owners.—Paragraph (1) shall not apply in the case of the deduction for depletion with respect to a producers' share of production from a royalty interest.

"(e) Producer Must Be Independent.—

"(1) Retailers excluded.—Subsection (c) shall not apply in the case of any producer who directly, or through a related person, sells gasoline, kerosene, distillates (including Number 2 fuel oil), refined lubricating oils, or diesel fuel.—

"(A) through any retail outlet operated by the producer or a related person, or

"(B) to any person—

"(i) obligated under an agreement or contract with the producer or a related person to use a trademark, trade name, or service mark or name owned by such producer or a related person in marketing or distributing gasoline, kerosene, distillates (including Number 2 fuel oil), refined lubricating oils, or diesel fuel, or

"(ii) given authority pursuant to an agreement or contract with the producer or a related person, to occupy premises owned, leased, or in any way controlled by the taxpayer or related person.

"(2) Related person.—For purposes of this subsection, a person is a related person with respect to the producer if a significant ownership interest in either the producer or such person is held by the other, or if a third person has a significant ownership interest in both the producer and such person. For purposes of the preceding sentence, the term 'significant ownership interest' means—

"(A) with respect to any corporation, 5 percent or more in value of the outstanding stock of such corporation,

"(B) with respect to a partnership, 5 percent or more interest in the profits or capital of such partnership, and

"(C) with respect to an estate or trust, 5 percent or more of the beneficial interests.

"(f) Definitions.—For purposes of this section—

"(1) Crude oil.—The term 'crude oil' includes a natural gas liquid recovered from a gas well in lease separators or field facilities.

"(2) Natural gas.—The term 'natural gas' means any product (other than crude oil) of an oil or gas well if a deduction for depletion is allowable under section 611 with respect to such production.

"(3) Domestic.—The term 'domestic' refers to production from an oil or gas well located in the United States or in a possession of the United States.

"(4) Barrel.—The term 'barrel' means 42 United States gallons.

(b) Technical amendments.—

"(1) Subparagraph (A) of section 613(b(1) (relating to 22 percent depletion rate for certain minerals) is amended to read as follows:

"(A) oil and gas, to the extent allowable under section 613A;

"(2) The last sentence of paragraph (7) of section 613(b) (relating to 14 percent depletion rate for certain other minerals) is amended by striking out 'or' at the end of subparagraph (A), by striking out the period at the end of subparagraph (B) and inserting in lieu thereof '; or', and by adding at the end thereof the following new subparagraph:

"(C) oil or gas wells."

(c) Clerical Amendment.—The table of sections for part I or subchapter I of chapter 1 is amended by inserting after the item relating to section 613 the following new item:

Mr. BENTSEN. Mr. President, let us talk about the poor consumer for a minute. That is what we ought to be concerned about. As long ago as 5 years, I was talking about the dangers of dependence of this country on Middle East oil and gas, that we ought to be trying to encourage exploration in this country, that we ought to be trying to develop self-sufficiency in this country, that we should not let our foreign policy be held hostage to a small number of Middle Eastern countries. We have seen efforts on the part of Congress to try to negate those efforts. When the Senator talks about $16 a barrel, let us talk about the average price of new oil in this country, which is closer to $10.50 a barrel. Let us talk about the fact that the cost of drilling a 4,800-foot well in west Texas in the 10 years preceding the embargo had increased by 450 percent.

Let us talk about the fact that the cost of drilling that well, since the embargo, has increased by over 100 percent. So let us talk about what the cost is and what the actual profits will finally be.

I understand that Mr. Leonard Woodcock is a man who represents a great number of people in this country and, I think, a man deeply concerned about consumers and the cost of living. I read the statement of Mr. Woodcock before our committee:

> Our position on this issue when it was in the House is that first of all, as far as we are concerned, we are for the elimination of the oil depletion allowance, except we were in favor of the amendment which was defeated by 16 votes on the House side.

And that is this amendment. That is the substance of this amendment that I am talking about right now.

He said,

> I think that makes sense, because I think that the record shows that most of the reserves in this country have been found by the wildcatters, not by the huge oil companies. And since time is of the essence, I agree.

The Bentsen amendment effectively cuts out the major international oil companies, those with domestic production of 500,000 to a million barrels a day. Take Exxon. It has about a million barrels a day of domestic production, 4 million barrels a day of foreign production. The majors profit from extensive foreign operations—tanker fleets, refining, marketing, petrochemicals, other activities. The independents do not have the foreign operations or the retail outlets to pass those costs on down to. They are the ones that are drilling, again, 88 percent of the exploratory wells in this country, completing over 80 percent of them, finding most of the new oil. They are the ones who are adding to the reserves of this country. That is important for the self-sufficiency of this country on its energy and to try to help the consumers of this country so we are not caught in the situation that we were last year, where a few Middle East countries can close the door and shut off the valves and put us at their mercy.

I am telling my colleagues that no one is talking about poor independents. I have not used that word. I have not talked about a Mom and Pop operation and you are not going to compete with the majors with a Mom and Pop operation. You are not going to be able to take a service station on the corner and say that that fellow can go out and drill a 15,000-foot well.

I have listed the number of wells that can be drilled in oil producing States below 15,000 feet and the average cost of those wells averages well over a million and a half dollars per well. That man has to be a man who has some finances so he can drill that deep well.

Do we think he is going to stay in this business unless it is a profitable business? Of course it has to be a profitable business. Any business has to be, for a man to commit his capital and to stay in it. But he is not a captive to this business. He can quit it. He can read those accountants' statements and what his odds are of trying to find new oil in this country just as well as anyone else. So he picks up his chips and sells out.

Whom does he sell out to? He sells out to the major and then they have all of that business.

I know how tough the competition of the majors is. I have been down that road. I have drilled some dry holes. I have had a modest amount of oil production. I have seen a situation where a brother of mine and I had a small number of retail outlets, gas stations, and what it meant for us to try to compete with the majors, how tough it was, until finally we gave up and sold out to them. That is the same type of thing that is going to happen to your independent producer.

That is the same type of thing that is going to happen to your independent, unless he has that depletion allowance. When you give him the depletion allowance, why do you give him the depletion allowance? You give it to him so he will spend it in exploring; and I have that plowback provision in this piece of legislation of mine.

So there simply is no sense. All that money has to be spent on activities which are calculated to produce additional oil, and give us supplies for the consumer. On every successful well drilled, the producers are going to pay those taxes.

I must say that I was surprised to see the distinguished Senator from California take the position that he has, because I think that we have to have the additional amount of natural gas. I gave the Senate the figures of what the joint committee told us insofar as what the extra exemption on natural gas was going to cost, the additional amount for natural gas, and that that was a small percentage indeed as related to the objective we are trying to accomplish for this country of ours.

California is running short of natural gas. Texas—even Texas—is running short of natural gas, as witness the situation at San Antonio, Tex., and the situation at Austin, Tex., and what has happened to them there in trying to fulfill the contracts that have not been filled, and having to buy crude oil to maintain the service of the utilities in those areas.

I am telling you that situation is going to get worse, unless we have these incentives to drill the marginal wells. There are lots of substantial wells in this country that will not be developed unless we have these incentives.

I am not for just turning it all over to the majors. I supported these amendments a while ago. I support the idea of a limitation on foreign tax credits. I support the attempt to change the accounting practices of the majors which treat their royalties as taxes.

I know what the mood of the country is, as reflected in the public opinion polls, but I do not think we should throw the baby out with the bath water, and that is what we are doing here unless we keep that independent in business.

Mr. HOLLINGS. Mr. President, I wonder if the distinguished Senator from Texas would agree on a time limitation. We debated this matter fully yesterday.

Mr. BENTSEN. I would be delighted.

Mr. HOLLINGS. Would 10 minutes more be sufficient? I do not want to cut anyone off.

Mr. BENTSEN. I understand. I agree with the distinguished Senator from South Carolina.

Mr. BROCK. Mr. President, if the Senator will yield, I would like to have 5 minutes.

Mr. HOLLINGS. Fifteen minutes?

Mr. TOWER. Mr. President, if the Senator will yield, I would object to a time limitation.

Mr. HOLLINGS. Any time limitation?

Mr. TOWER. At the moment, yes.

Mr. BENTSEN. What limitation is the Senator proposing?

Mr. HOLLINGS. I would propose a limitation of 10 minutes, but the senior Senator from Texas said he would oppose any time limitation.

Mr. President, I ask unanimous consent to add the names of Senators CHILES, McINTYRE, and TUNNEY as cosponsors of the amendment at the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Secondly, Mr. President, with respect to the independents, I think the matter has been covered extremely well in the debate by our colleague from Massachusetts (Mr. KENNEDY).

Mr. LEAHY. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. LEAHY. Mr. President, I ask unanimous consent that Herbert Jolovitz of my staff be accorded the privilege of the floor during the discussions and votes on the pending matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, if we accept the Bentsen amendment it would wipe out the action of the Senate with respect to the Hartke amendment. That allows the double depletion. The man with both oil and gas drilling is to get both, not only the 3,000-barrel depletion allowance, but also for a sufficiency in gas. Then, of course, he adds the provision that no more than one-half of the taxable income could be offset by depletion. That was in the Cranston proposal originally also but it was knocked out.

In other words, the good work we have been doing over the past 2 days, in trying to reconcile ourselves through compromise would be destroyed, and it would set us completely backward in regard to actually bringing about a termination of the oil depletion allowance with respect to protection for that independent.

Make no mistake: Whatever goes over from the Senate to the House will take care of the independents, because we have all agreed to cover 97 percent of the independents. That is the way the amendment at the desk reads. The 1,000-barrel provision takes care of 97 percent of them.

What is the objection as to that other 3 percent? Why did Secretary Simon come howling to the Finance Committee on this particular point? In essence, what he said is, "If you eliminate this loophole, you create a loophole, because it will make it attractive, at the 3,000-barrel level, for each one of the majors then to reorganize and rearrange their holdings, through interlocking directorates and to qualify under this $10 million or $11 million operation per year. All they have to do, with the 3,000 barrel independents, is make an arrangement for five or six of those independents to do business with them. They can exchange stock and initiate other incentives, and then the wholly owned subsidiaries, doing business with the $1.50 advantage given now on $10 oil, would force everyone into this because of the tax consideration.

It would not change anything. It would not encourage anything. It would just encourage, as the Senator expressed a while ago, "We want to have full competition."

Well, it will not be full competition for all; it will be full competition for the loopholes. That is what they will be competing for, because they are going to be just like the airlines. When they did not make sufficient profit, the airlines sold out to the banks, with a holding interest. Most of our major airlines are now held by the banks and leased back to the airlines, where the banks, then, take the advantage, under their interlocking arrangement, of the particular investment credit.

Big business, then, is going to take over big oil, all of its drilling operations. It will have no effect whatsoever on the 97 percent, but what we are going to do is just drive a big Mack truck through that big loophole, with all the big oil companies and all the big oil company lawyers coming in and saying, "That is exactly what we have been looking for; that keeps us in business." $800 million going to those whom the Senator from Texas is talking about making a profit.

I ask unanimous consent to include at this point in the RECORD a listing of a random group arranged from the records of Standard and Poor of about 35 of these independents, and I will refer to some at random.

There being no objection, the survey was ordered to be printed in the RECORD, as follows:

RANDOM SURVEY OF SMALL PUBLICLY OWNED U.S. OIL AND GAS PRODUCERS

	Gross revenues (millions)			Earnings per share		Return on shareholder equity [1]		Percent tax rate, 1973 [2]
	1972	1973	[1] 1974	1972	1973	1974	1974 (percent)	
Adobe	$8.55	$10.16	$15.0	$0.45	$0.55	$0.90	25.0	14
Aberdeen Petroleum	.61	.59	1.0	.07	.01	.24	9.0	0
Austral Oil	11.9	13.2	17.0	.94	74	1.46	17.0	0
Amarex	2.97	5.26	9.0	.33	.84	1.30	24.0	0
Apexco	8.59	10.42	17.0	.78	.96	1.75	25.0	NA
Argo Petroleum	3.18	5.91	12.0	.40	.84	1.70	30.0	0
Baruch Foster	.75	.83	1.7	(.06)	(.04)	.30	20.0	0
Basin Petroleum	7.9	15.6	23.0	.22	.41	1.00	50.0	0
Buttes Gas & Oil	19.8	23.9	33.0	.73	1.33	2.20	27.0	0
C & K Petroleum	3.8	5.0	9.0	.33	.57	1.50	17.0	0
Consolidated Oil & Gas	9.8	11.4	18.0	(.11)	.17	.90	12.0	0
Coquina	2.04	3.55	7.0	.68	1.32	2.60	75.0	0
Damson	4.3	5.4	8.0	.11	.18	.20	12.0	
Eason Oil	10.1	14.5	21.0	1.1	1.34	2.40	20.0	10
Equity Oil	2.43	3.89	7.5	.35	1.01	2.00	30.0	10
Felmont Oil	13.4	14.8	23.0	.95	1.16	1.60	15.0	NA
General Crude Oil	42.0	53.0	70.0	1.46	1.75	3.20	40.0	15
Hamilton Bros. Petroleum	9.1	12.4	17.0	.54	.86	1.50	12.0	NA
Houston Oil & Minerals	4.7	9.5	40.0	.33	.64	3.60	75.0	0
Hudsons Bay Oil & Gas	108.0	136.0	160.0	1.44	2.07	3.00	30.0	12
Mitchell Energy & Develop	34.0	48.0	75.0	1.09	1.86	2.80	32.0	0
Noble Affiliates	50.0	58.0	84.0	1.67	1.70	3.25	19.0	NA
North American Royalties	37.0	47.0	62.0	.40	.65	.75	15.5	5
Numac Oil & Gas	3.6	4.0	4.8	.38	.40	.46	10.0	NA
Patrick Petroleum	13.0	26.0	32.0	.72	1.02	1.20	21.0	0
Petrol Lewis	8.7	14.2	11.0	1.45	2.11	1.90	15.0	0
Prarie Oil Royalties	1.0	1.3	1.6	.27	.37	.42	10.0	0
Pan-Canadian Petroleum	46.0	73.0	120.0	.49	.78	1.35	36.0	10
Average return on equity							25.8	

[1] Estimate.

[2] 1973 latest available year.

NA—not available.

Source: Standard and Poor's Stock Reports.

Mr. HOLLINGS. Mr. President, Austral Oil is one of these independents. It drills 2,700 barrels per day. It got 17 percent on its equity. Do you know how much taxes and all these deep holes and deep wells in 1974 they have gone into? The Senator does not talk about the full cost of the deep hole as being written off, the full cost, 100 percent if they do not hit anything, and 70 percent if they do. These are profits after taxes. Austral Oil got 17 percent equity; at 2,000 barrels it got 32 percent return.

The Houston Oil Co., one of these little moms and pops, produces 3,100 barrels, Senator; it has had a 75 percent return on its equity, after paying for the deep holes, after paying the taxes and everything else; it had a 75 percent return on its equity. Do you know how much they paid in taxes? Zero, zero, not one dime.

Which gets me to the magnificent stand being taken by the Senator from Colorado (Mr. HASKELL) and the Senator from California (Mr. TUNNEY), because they do have independents in their States.

The Senator from California (Mr. TUNNEY) comes in in a very deliberate fashion, trying to represent all the people of the State of California—the independents, the consumers, the taxpayers—trying to represent the needs to develop the energy field, more oil and gas, and he says, "This arithmetic, can somebody explain to me with oil at $3.40 a barrel, with a 22 percent depletion allowance on that $3.40 a barrel of oil being the equivalent of approximately 75 cents," so that they were having a $4.15 a barrel of oil. Just about 18 months ago when we had the Arab embargo things shot up—you talk about free enterprise, no competition, no increased costs, and everything else, now they are getting anywhere from $11 to $16 a barrel. He subtracts the $4.15, and all you have got to do is subtract that from the $11, and you are still making $7.85 clear over and above costs, 7 times the profit of the $1.1 billion they were making in 1973. That is what is unconscionable; that is what is really disturbing. We do not want to go off here after a good job done with respect to the foreign investment tax credit, with respect to the deferral allowance, with respect to the salient Cranston provisions, plowback and otherwise. In making this compromise, like Bossy the cow, having given a full pail, we kick it over and we say that we really created a big fat loophole for Houston Oil, the little mom and pop, which is making 75 percent return on its equity and paying zero taxes.

I yield to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I thank the Senator from South Carolina. I have not spoken in this debate because I have from time to time over the last 20 years directed my attention toward what I considered the most flagrant tax loophole in the Federal Tax Code known as the oil depletion allowance.

I started on this fight in 1950, and again in 1951 and, like many things, its time has arrived. It is sort of like changing the rules of the Senate, its time came, and we made a sensible change in the rules—not as much as some would have wanted but, indeed, forward progress.

Today we have a proposal here sponsored by the distinguished Senator from South Carolina and others, joining together the excellent work of Senator CRANSTON and bringing together the work of Senator HARTKE and others into one composite amendment that does two things: It eliminates depletion tax credit, so to speak, except for the real independents; and, on the other hand, gives us some tax reform which, I think, is long overdue in other measures. So we are making some real progress.

I think the statistics that are on these charts tell the story. The Senator from South Carolina has pointed out if you are really talking about the independent—a word that is often misused—but the real independents are in that chart that show 97 percent of the real independents have oil production under 1,000 barrels. That is the significant figure.

The next ones are on oil profits. I think we have proven oil depletion does encourage exploration when you have prices like you have today, and even if those prices went down, the value after tax, windfall without percentage depletion, is indicated here in the chart on oil profits and oil prices which, I am sure, has been included in the Record.

Those profits are enormous. When we come down to talking about 3,000 barrels a day, we are not talking about what we call the small independent, and I believe that the Senator from South Carolina has laid it right on the line. That particular provision would provide an opportunity for lawyers who know how to fix the tax code and know how to spin off subsidiaries that appear to be independents, the likes of which we have never had in our history, and we would have big, so-called big, giant companies all at once coming out like they have got little satellite operations which appear to have independents but, in fact, do not have.

The Senator from South Carolina has given us the most reasonable, the most judicious provision in tax law on oil depletion we have ever had. On the one hand, it gets at the real problem. On the other hand, it preserves competition; and, thirdly, it gives a break to the little guy who needs to have capital accumulation to grow.

I want to compliment the Senator. I am not going to take any more time except to say I am heartened to have a chance to be associated with him.

Last year, in the summer of last year, I spoke on the floor for many hours in reference to the necessity of eliminating the oil depletion provisions in our tax code. I felt then, and I said to the distinguished Senator from Oklahoma who, I thought, made some very valid arguments, that we ought to do something to protect the rights and the proprietary rights of the independent oil producer. We are doing that.

Now, the argument is over whether an independent ought to be in the 3,000 barrel-bracket or whether he ought to be in the 1,000.

I think it is fair to say that with the House having voted to eliminate all depletion that we are going to be in the 1,000-barrel bracket no matter what, and we might just as well pin it down here. In fact, the choice may well be, might I say to my colleagues in the Senate, we are going to eliminate it all at one time or we are going to take the more reasonable and the more, what I think is the, fairer proposition presented by the Senator from South Carolina.

His is not a phaseout, it is a permanent type of exemption in the law for the little independent, and those little independents, if they grow, they will be able to get into the profit bracket over here on chart No. 2, where they can start to increase their profits, their capital, their investments, so that they become part of the bigger crowd.

I will just summarize it by saying if there is any one thing that the Senate ought to do it is to deal effectively and fairly with what has become known as the most flagrant loophole in the American tax code. We are able to do it and, at the same time, not hurt the free enterprise system. It is not to in any way stifle those who would like to grow and to develop.

I compliment the Senator not only for his depletion but, as the Senator will recall, I was one of those who met with the Senator from South Carolina and the Senator from California and said, "Let us put this all together in one package. Let us do it up right and not do it up with any bitterness or any desire to get anybody."

Nobody is trying to get anybody here. But the foreign investment tax credit, for example, is something Congress has wanted to eliminate for a long time. We are doing it. The provisions that were in the Cranston bill were provisions supported here on the floor in another vote 2 days ago, and we are now ready to make the judgment that is required.

So I am delighted that the Senate finally is taking action on the percentage depletion allowance. I have felt that such action was long overdue, especially since the tremendous increase in oil prices in 1973.

The average price of domestically produced oil has gone up from about $3.50 in mid-1973 to today's average of about $7.75 and continues to rise as more and more oil qualifies under price control regulations as new or released oil. When oil was selling at $3.50 per barrel, percentage depletion saved producers about 40 cents per barrel in taxes. The increase of more than $4 in their average prices since then gives them a windfall that is 10 times this large. Moreover, it nearly doubles their tax subsidy from percentage depletion itself. This is true for small producers as well as for big ones.

Under these conditions there is no longer any excuse for percentage depletion except for the truly small independent operators whose limited number of drilling projects subject them to real risk of ruinous loss and who truly must rely heavily on borrowed capital to share this risk. These are the new operators and the partnerships and small corporations that drill not more than 5 or 10 wells per year.

The amendment of the distinguished Senator from Texas (Mr. Bentsen) permits depletion to continue for firms much larger than the category I have described. His amendment would continue the subsidy for firms grossing as much as $8.5 million per year for crude oil—3 barrels per day times 365 days times $7.75 average price per barrel for domestic oil—plus some amount for an equivalent volume of natural gas, which could be just as large if the gas is sold in the intrastate market. Thus, a company easily could gross $10 to $15 million per year and qualify to take depletion under the Bentsen amendment. Some of these companies even own refineries in addition that refine more than these amounts.

This high cutoff level would include virtually all oil producers except the major integrated companies. Many firms that would be included are large scale operators with ample capacity to spread the risk of oil exploration among a sizable number of drilling projects and with ample financial capacity to sustain this risk. Many of these so-called independents really are oil men with incomes much larger than those of the highest officials of Exxon or Mobil—six- or even seven-figure incomes. These large operators have no need of further Government subsidy.

Therefore, I support the reduction of this cutoff level to qualify for continued depletion from 3,000 barrels per day to 1,000 barrels. This would keep depletion for the thousands of truly high-risk, small firms that drill only a few wells each year. It would preserve the unique role of percentage depletion in attracting high-income persons to provide risk capital to those firms.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the distinguished Presiding Officer, the Senator from Orgeon (Mr. Packwood), be added as a cosponsor.

I will yield the floor to the Senator from Montana.

Mr. MANSFIELD. Is the Senator aware of any part of the country in which oil is reproductive?

Mr. HOLLINGS. I want to understand the question.

Mr. MANSFIELD. Is it a disappearing resource?

Mr. HOLLINGS. Is it a disappearing resource? Well, there are different estimates in that respect. We only have the Geological Survey report with respect to the remaining reserves of oil and gas, and where we had previously reports or returns of anywhere from 600 billion, they reduced it down to 185 billion, so that is exactly the point, we have got to be very, very careful with our oil and gas reserves. There is not any question about that.

Mr. MANSFIELD. In other words, it is a diminishing resource.

Mr. HOLLINGS. It is a diminishing resource.

Mr. MANSFIELD. And there is a depletion allowance on all oil used of 22 percent; is that correct?

Mr. HOLLINGS. A percentage depletion. This in no way eliminates the cost of depletion.

Mr. MANSFIELD. I know. Is it not true there are approximately 108 items which are subject to the depletion allowance exemption?

Mr. HOLLINGS. That is right. We included in the Record earlier this week a list of 108 different minerals and pointed out at that particular time that many of them averaged out right near the cost, and in addition they have not had the quadrupling of price enjoyed by oil.

Mr. MANSFIELD. So petroleum is a diminishing resource.

Are clams a diminishing resource?

Mr. HOLLINGS. Clams, I would not know. I think that regrowth is possible. We plant our oysters and I am sure clams can be planted and regrown.

Mr. MANSFIELD. Well, it is my understanding that there is a depletion allowance on clams.

Mr. HOLLINGS. I would go along, if one wants to eliminate that provision.

Mr. MANSFIELD. No, no, the point I am trying to get at is that these natural resources, of which we are in short supply, are not reproductive and if we are going to have any exploration carried on it has got to be done by the 85 percent of the independents who do so, they bring in about 80 percent of the wells and of the wells they bring in, 1 out of 10 usually turns out to be productive, and on a very small basis.

Mr. HOLLINGS. And 97 percent of that 85 percent is covered by my amendment and its 1,000-barrel permanent exemption.

Mr. MANSFIELD. But that limit is 1,000 rather than the Bentsen limit of 3,000.

Mr. HOLLINGS. That is correct, which is 97 percent of those independents drilling 88.3 percent of the wells, returning about 15 percent generally of the oil found. It is around 60 percent, I think, of the new oil, although my colleague from Wyoming and others say it has gone up. The persons you spoke of are protected in this amendment by the permanent provision to continue the depletion allowance for 97 percent of the independents.

We are only going to that 3 percent, constituting about $200 million in revenues, that all agree, including the Treasury Department in their appearance before the Finance Committee, which would otherwise create a loophole instead of eliminating one, or create a loophole within a loophole. We want to make sure the majors do not go into that so-called 3,000. With a 3,000-barrel exemption all they have to do is take five or six $11 million operations and that is $55 million or $56 million a year operation in drilling.

Mr. MANSFIELD. Well, all I hope, may I say to my friend, is that Senators do not become confused by the tremendous profit figures shown by the major oil corporations and in that way get the idea that the same profits are extended as far as the independents are concerned.

After all, we have to import about 40 percent of our needs and if we want to remain dependent upon foreign imports and the whims of the OPEC producers insofar as prices are concerned, all we have got to do is slow down or shut down the domestic exploration in our own country and we will pay high prices from then on and we will be the ones who will become dependent rather than independent, as we could if we gave the independent producers some initiative to keep on drilling, as is the case today.

Mr. HOLLINGS. I think, Mr. President, the concern of the leadership in this regard is a concern of all the Senators and that is why we generally, I think, would go along with this 1,000-barrel figure, which is 97 percent of these independents.

I am quoting from Barron's Financial Weekly on independents, in December:

> At the moment, the independents are enjoying their greatest prosperity within memory as the result of towering oil and gas prices. Unlike the big international companies, they do not have extensive interest abroad and are not prey to the grasping tax and royalty collectors of OPEC countries. Nor, since they are unburdened with refineries and marketing organizations, are they plagued by the mounting competition and crude allocation difficulties which, lately, have begun to erode the inventory profits piled up in the early months of this year by the integrated concerns.

So the independents, generally speaking, are in unusually good shape but, I have been to the top of the mountain and I have seen the other side. I tried to eliminate that altogether, but this Senate wants some protection for those independents. They are going along with the thinking of the Senator from Montana.

So to protect 97 percent of them and make sure we do not create a tremendous loophole within a loophole, we put the level at a thousand barrels.

Mr. HUMPHREY. Will the Senator yield?

Mr. MANSFIELD. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I think it is very fine to be concerned about the profit status of the independent and I hope that we will be. They ought to make a profit, they ought to be able to earn capital and we ought to have tax laws that increase that, and I think we are.

But the incentive for drilling and the incentive for production is in that chart that shows what happens at a price of $7 a barrel. The average price, I believe, is about $7.75. The new point, for example, is without any kind of controls. It goes up, actually, to around $9 a barrel.

If we look and see, we can see the profits in that particular group run very high, the value after tax windfall without percentage depletion is $8,700 million.

I am simply pointing out that while we, on the one hand, are protecting the independent with a depletion allowance and keeping it at the 22 percent for that group——

Mr. HOLLINGS. Yes, sir.

Mr. HUMPHREY (continuing). So that they get full advantage of current law, the real incentive for drilling is not depletion because the real incentive for drilling is the price that they get on a decontrolled world market price for the independent that comes in with a new well with new oil.

That is a profit motive today, that is, hopefully, bringing about a great deal of drilling operation.

Mr. HOLLINGS. And 80 percent of the new oil encountered is that produced by that 1,000-barrel-a-day producer, or less. He is entirely into that high-bracket oil.

Mr. HUMPHREY. And he gets the 22-percent depletion allowance.

Mr. HOLLINGS. That is right, exactly right.

Mr. HUMPHREY. And I think it clear that people thought we ought to eliminate all depletion allowances.

Now, what we are doing is striking a balance between elimination of the depletion allowance, which is really unnecessary for the majors. They have no need of it at all from a profit incentive, and we are providing the depletion allowance for the small independent who may need it so he can grow.

I believe we have provided what I call a growth incentive.

Mr. HOLLINGS. I yield to the Senator.

The PRESIDING OFFICER (Mr. PACKWOOD). The Senator from Oklahoma.

Mr. BARTLETT. The Senator from Oklahoma feels very strongly that he is not standing up to protect the independent, but I am interested in protecting the United States; and what we are doing here, depending onto what degree we will go in doing away with the depletion allowance, is going to make it that much more difficult for this Nation to become self-sufficient.

The Senator from Minnesota called the depletion allowance a loophole, the most flagrant of all tax loopholes. I will say in the Senator's absence that the 16th amendment to the Constitution of the United States was passed in 1913 which permitted the income tax, and in March of that year when the first tax, which was very small, I think it was less than 2 percent, was enacted there was a depletion allowance for the extractive industries. It was not in the present form. So if it is a loophole, then the income tax is a loophole because they started off together.

There was a recognition at that time that in the extractive industries there is a return on invested capital.

A few years later, in 1918, it was recognized that it was important for this Nation to maximize its efforts in finding, discovering, and developing new oil for World War I.

At that time, Senator Penrose of Pennsylvania, who was the ranking member of the Committee on Finance, had this to say about a new proposal, a change in the depletion allowance which then was called the discovery value principle, or the discovery depletion allowance. He said:

> The Committee gave very careful consideration to the question of depletion. The just taxation of incomes derived from the operation of mines and of oil and gas wells is a particularly difficult matter. This is due to the fact that part of what apparently is income is in reality a mere return of the capital of the enterprise. When, for example, a ton of coal is sold the excess of what is received from the cost of mining of that ton of coal is by no means all income; part of that excess must be treated as a repayment of what was invested in the mine from which the coal was taken. Such allowances for the extractive industries are covered by the depletion provisions. The Committee changed the language of this provision to assure continuance of the recognition of valuation of deposits as of March 1, 1913, as the basis for the deduction in the case of all property acquired by the taxpayer on or before that date. In pursuance of a policy permitting, so far as practicable, the development of new resources of this character they also provide for a more liberal allowance than was heretofore permitted in the case of newly discovered mines, or oil or gas wells, permitting the deduction to be based on the fair market value of property discovered instead of its cost.

That was 1918. That is when the tax incentive provision became meaningful because the income tax had increased.

Later on, in 1962, there was another change, and this change was to the present law, which is known as the percentage depletion allowance.

Here again, another Senator from Pennsylvania, Senator Reed, described the same reasons for an extractive industry to have the tax treatment that recognizes that part of the income derived from the operation of the oil well, the gas well or the mine as a return on capital.

I think it is very interesting that of the 108 so-called minerals receiving some kind of depletion allowance, we are only picking out one of those, and it is the one that is in the shortest supply today, the one which means more to our national security, which means more to our economy and which means more to the standard of living than any other of the 108 minerals. Yet we are picking out one, singling out one. Why? Is this body trying to increase the incentive for the drilling of wells, for increasing the reserves of this Nation? Absolutely not. It is doing the opposite: It is seeing how far it can go.

I personally believe we have no reason to change the depletion allowance from 22 percent, other than to eliminate foreign depletion. We should retain it on all domestic production. Otherwise, what we are doing is increasing the cost of operation with controlled prices, and we are going to reduce the amount of energy that we are going to find.

We are still producing less every day, and we still need to drill more wells.

The Senator from South Carolina and the Senator from Massachusetts were talking about profits. I would like to talk for just a second about the number of active drilling rigs in this country.

The PRESIDING OFFICER. There will be order in the Senate, please.

Mr. BARTLETT. We had, in 1956, over 2,600 active drilling rigs. At that time, we had between 2 million and 3 million barrels of extra production that could be turned on, the direction changed in the pipelines and the oil made available to our friends in Europe. This was done on two occasions in the 1950's. But that is gone now.

Because of reducing the depletion allowance in 1969 from 27.5 percent to 22 percent, because of the price controls on natural gas, because of other pressures, and because of the mandatory import control law, we had a long, flat period in the price of crude oil, from 1957 to 1969. Then came the decrease in depletion which had an effect of reducing the price some 17 cents a barrel. Then there was a slight increase in 1970 of 9 cents, then a 19-cent increase the next year, and then the price was frozen.

In 1971 the number of active rigs got down to less than 1,000. It would take an estimated 5,000 rigs today to drill the number of wells that we drilled in 1956 if we make an allowance for the fact that our demand for oil in this country today is twice what it was in 1956.

So I think we are going backwards. If we look at the record of this body in dealing with the matter of energy shortage, it is a pretty bleak one. We have voted against deregulating natural gas on two occasions to help out the eastern part of the United States which is suffering now from tremendous shortages of firm contracts, 107 percent more than last year.

We have a record of having a tie vote on legislating the Alaskan pipeline which, fortunately, was broken by the Vice President so that that could proceed ahead.

This body did see fit to pass a stripper well amendment, but then within 3 months of the passage of that amendment, which has been of some value, the majority of the Senate were opposed to it and later voted to do away with it.

A majority of this body has voted in rather sharp numbers to roll back prices.

So it seems to me that what we are doing here today is going in the wrong direction, but certainly I am interested in a higher figure rather than a lower figure.

Mr. BENTSEN. Will the Senator from Oklahoma yield for 1 minute without losing his right to the floor?

Mr. BARTLETT. Yes.

Mr. BENTSEN. Mr. President, I modify my amendment to provide that it strikes only part II of the Hollings amendment and inserts in lieu thereof my proposed language.

The PRESIDING OFFICER. The amendment will be so modified.

The Senator from Oklahoma.

Mr. BARTLETT. Mr. President, I would like to say in closing that I hope that this body will face up to the very broad and very deep issue of our energy shortage because those whom we are hurting the most by having inadequate energy are the poor. They are the ones looking forward to a bigger increase in their standard of living and this will be denied them if this body does not let the private industry of this Nation make available sufficient energy.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. BROCK. Mr. President, I would like to get a couple of thoughts off my chest, since I find myself in an increasingly similar situation in the sense that I do not agree with anybody in this debate, apparently.

I find it very difficult to continue to support the depletion allowance. I have done so in a couple of votes here in the interim because I did not think it should be on this bill but, rather, as part of an energy package. But I find it very hard to justify a tax exemption of this order of magnitude for an industry of this size and with this degree of cash flow.

I am sympathetic to the argument of the Senator from Massachusetts when he talks about independents not being all that small. In a lot of cases he is right.

I do not understand this debate. We have debated almost everything except the market system, itself, and how it works.

I do not understand why there is no discussion of tying the removal of depletion, which I think is a logical step, to the removal of governmental control so that the marketplace could work as it is designed to work in a competitive market system.

I do not know how to vote between two evils.

I am completely sympathetic to the desire of the Senator from South Carolina to remove the depletion allowance. I think it should be. But I think it should also be done in the context of returning to the marketplace and the removal of governmental controls or impediments. The Senator from Massachusetts addressed that and indicated his willingness to do it over a period of time. That is an approach that I think we ought to be talking about. I completely concur with his statement.

But I am not offered that choice in this context. I am offered a choice of voting for a thousand-barrel exemption or 3,000 barrels, and that is hard for me to do. I cannot justify a thousand barrels, because a thousand barrels is a $3 million gross income industry. They are not drilling any wells; they do not have enough money to really contribute to the drilling process; 3,000 barrels is simply an exemption based upon size, not on equity or merit. I find that very difficult to sustain. If depletion is right, it is right for all; if it is wrong, it is not right for anybody.

It seems to me that we are debating the right issue in the wrong way. I just do not understand why we cannot bring it back to the context of a restoration of competition in this society of ours. The way to do that is to tie it to the removal of controls and let the marketplace and the competitive system work its will, so that the consumer could in truth benefit and the taxpayer in truth could be treated with some equity. I do not think either is the case today, and I find myself in a position of confusion on this particular amendment.

I regret that we cannot seem to draw this matter to its context in a debate on fundamental tax policy and fundamental energy policy, within the framework of a free enterprise system.

Mr. TOWER. Mr. President, I have been silent throughout this debate. I know that some of my colleagues are anxious to vote, and I am, too. But I should like to note that, unfortunately, this debate has taken on sectional characteristics. It seems to be the Northeastern States against the Southern and Western States.

My friends from the Northeastern States refuse to site new refineries in their States. They refuse to allow offshore drilling. Yet, they want to dictate to the current producing States not only the circumstances under which they will produce, but also the price that should be paid them.

My friend from South Carolina and his allies from the Northeast who are against seeking to exploit and colonize the South and the West not only would take away the depletion allowance but also have legislation that would extend the regulatory powers of the Federal Power Commission to gas that is produced intrastate.

They are only showing the tip of the iceberg here on the depletion allowance. There is more yet to come, and that is extending control of gas prices at the wellhead, intrastate gas, price controls on both old and new crude oil. They should expose their whole package here, but they fail to do that. So they are using the old salami technique: Let us get a piece of them here, get another piece of them in the Commerce Committee, and get another piece someplace else—until they emasculate the ability of the domestic oil and gas industry to explore and develop new sources of energy in this country.

They are fast, through these methods, reducing us to a status of dependence upon external sources. I rather suspect that this is just fine with many of them; that they will come up with an excuse, after having imposed all kinds of proscriptions on the domestic oil and gas industry, that they cannot produce and that, therefore, we should nationalize the oil and gas industry in this country. I think that is exactly the direction we are headed now. The very people who want to deny incentives to the oil and gas producers today will tomorrow be advocating the nationalization, in some form or another, of the oil and gas industry in this country. The only thing I could think of that would be more disastrous would be—having done that—that we invite the British Coal Board over to operate it.

I regret the sectional overtones that this thing has taken; but the fact is that these people, well motivated though they are, I think are reviving some of the old traditional concepts that we hoped we had laid to rest with the passing of the generations which remembered the reconstruction period.

But I can say, Mr. President, that the producing States are not taking lightly to this idea. Already, the Senate of the State of Texas has voted unanimously not to sell any oil and gas produced on State-owned lands outside the State of Texas. This is how deeply they feel. Also, two members of the Texas House of Representatives have introduced legislation that would provide for the division of Texas into five States, to give it eight additional Senators in the Senate of the United States. This might sound frivolous, but it is serious, dead serious, to the people of my State.

It is inconceivable to me, based on the experience of the 1969 tax act. When we reduced the depletion allowance from 27.5 to 22 percent, drilling went down 15 percent. Now they propose to contract drilling more by this action with respect to the depletion allowance.

Not too long ago, we were running our cars on gasoline costing 25 and 30 cents a gallon. Not too long ago, we were running our cars on 12-cent gasoline. The reason was that we had the proper incentives to stimulate exploration and production in this country. If we follow what I consider to be policies that lead us to the ultimate end of nationalization, you can count on fuel costing a lot more to the American people than it does under the free enterprise system.

There has been a lot of attack on profit, but what is profit? Profit is the cost of capital. Without profit, there is no capital formation or capital recovery. It seems to me that the place we would want to see the greatest profit would be in the oil and gas industry, to contribute to capital formation recovery and that industry to expand our capacity to produce for ourselves.

Mr. President, people have been calling for a vote. I think it is proper that we should have one. Therefore, I move to lay on the table the amendment of the Senator from South Carolina.

The PRESIDING OFFICER. The motion is to lay on the table the amendment of the Senator from South Carolina.

Mr. TOWER. I ask for the yeas and nays.

The PRESIDING OFFICER. The Senator said "the amendment of the Senator from South Carolina," did he not?

Mr. TOWER. Yes.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. BUMPERS) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 29, nays 67, as follows:

[Rollcall Vote No. 84 Leg.]

YEAS—29

Baker
Bartlett
Beall
Bellmon
Brock
Buckley
Curtis
Dole
Domenici
Fannin
Fong
Garn
Gravel
Griffin
Hansen
Helms
Hruska
Laxalt
McClellan
McClure
McGee
Montoya
Pearson
Scott,
  William L.
Stevens
Thurmond
Tower
Weicker
Young

NAYS—67

Abourezk
Allen
Bayh
Bentsen
Biden
Brooke
Burdick
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Eagleton
Eastland
Ford
Glenn
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Leahy
Long
Magnuson
Mansfield
Mathias
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevenson
Stone
Symington
Talmadge
Tunney
Williams

NOT VOTING—3

Bumpers
Goldwater
Taft

So the motion to lay on the table Mr. HOLLINGS' amendment was rejected.

Mr. LONG. Mr. President——

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. HARTKE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. GARN). The Senator from Texas is recognized.

Mr. LONG. Mr. President, will the Senator yield just momentarily?

Mr. BENTSEN. I yield.

Mr. LONG. Mr. President, I ask unanimous consent that further debate on the Bentsen amendment be limited to 10 minutes, to be equally divided between the Senator from Texas and the Senator from South Carolina.

The PRESIDING OFFICER. Is there objection?

Mr. BENTSEN. No objection.

Mr. HOLLINGS. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BENTSEN. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BENTSEN. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the Federal Trade Commission, written by Mr. Peter White, the chief counsel who is prosecuting the competitive cases involving the major companies, and particularly Exxon Oil Co., in which he talks about the depletion——

Mr. HARRY F. BYRD, JR. Mr. President, may we have order? We cannot hear the Senator.

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats or retire to the cloakrooms.

The Senator from Texas may proceed.

Mr. BENTSEN. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the Federal Trade Commission, signed by Peter A. White, the chief counsel of the Bureau of Competition, wherein he cites the petition against Exxon, and in which he talks about the importance of the depletion allowance to the independent in order that the independent may remain competitive.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEDERAL TRADE COMMISSION,
Washington, D.C., March 20, 1975.

MAURICE ROSENBLATT, Esquire,
National Council Associates,
Washington, D.C.

DEAR MR. ROSENBLATT: I am responding to your letter of March 20, 1975, in which you request my opinion as to the impact of the oil depletion allowance upon the competitive structure of the oil industry, particularly as it relates to independent crude petroleum producers.

Enclosed please find a copy of Complaint Counsel's Prediscovery Statement, filed in *The Matters of Exxon Corp., et al.* on February 22, 1974. I am Chief Counsel in that case, which addresses the competitive structure of the industry at all levels.

As the Statement makes clear, independent producers have accounted for a substantial portion of the successful exploration for and production of crude oil in this country. Furthermore, the continued viability of the independent sector of the industry at all levels will likely depend upon the continued existence and flourishing of independent crude producers.

As the Statement further makes clear, vertically-integrated oil companies have traditionally arranged their intra-corporate transfer prices so as to maximize profits at the crude level. This is because of the economic incentives created by various tax factors including the oil depletion allowance. Should the allowance be removed as an incentive to take profits at the crude level, a vertically-integrated enterprise may compensate by shifting its profits to one or more of the "downstream" levels of its operations.

On the other hand, non-integrated, independent crude producers do not have the ability to compensate for the loss of after-tax profits from production that would result from removal of the depletion allowance. Additionally, current regulations of the Federal Energy Administration have had the effect of forcing independent producers to sell their crude oil, in large part, to major oil companies, thus depriving the independent of a viable opportunity to participate himself in downstream profits.

On the basis of the foregoing, it would appear that total repeal of the oil depletion allowance would impair the competitive vitality of independent oil producers in this country.

As you know, the *Exxon* case is in litigation before the Federal Trade Commission. The facts set forth in the Prediscovery Statement enclosed and the facts and conclusions of this letter, therefore, cannot be taken as those of the Commission itself.

Very truly yours,

PETER A. WHITE,
Attorney, Bureau of Competition.

Mr. BENTSEN. I call attention to the chart on the right, which deals with the exploratory wells drilled by independents and those drilled by the majors.

The blue, or green, however you read it, on the right, indicates the number of wells that are drilled by the independents, and the other colors are those drilled by the majors. The chart cites the depths to which they are drilled.

If you look at those 20,000 feet or deeper, the major is still drilling as many; at 17,500 or deeper he is still drilling as many, but as you go on down the list, you find the independent drilling substantially more, until altogether he is drilling 85 percent of the discovery wells, while those with retail outlets are drilling 15 percent.

Mr. President, I reserve the remainder of my time.

Mr. BIDEN. Mr. President, we have spent almost 15 hours discussing the question of repealing the oil depletion allowance. Unfortunately, we have spent all too little time on what the crucial question should be; namely, whether to end the depletion allowance completely for everyone.

It seems clear to me that unfortunately, there is not sufficient support in this body to do away with the allowance completely. Instead, we have heard various stories about "Mom and Pop" oil companies or about somebody's grandmother who owns a company that produces 5 barrels a day. We are then told that we need to retain an exemption for such oil companies.

Ever since I have been in the Senate, I have been a supporter of the small businessman—of the little guy. Yet, let us look at the "little guy" in the oil industry.

The present Bentsen amendment would exempt producers of 3,000 barrels a day. A sampling of oil companies which would be exempt shows that there are companies which would be exempt with $15 million in revenue, $17 million, $21 million, $70 million, and $8 million, just to name a few. If these are "Mom and Pop" companies, their last name must be Rockefeller.

Furthermore, such independents do not need percentage depletion as an incentive. Most of their oil is free of price control and is thus sold for $10 or $11 per barrel. This is a price increase of 300 percent in the past 3 years. If this is not an incentive I do not know what is.

Mr. President, I introduced a bill to phase out percentage depletion completely. When it was clear that there was no support for that bill, I joined Senator HOLLINGS in sponsoring legislation to repeal the allowance for the majors and phase it out for the small independents. It is obvious that there is not sufficient support for that amendment either. I voted against the Bentsen compromise amendment, which would exempt producers of 3,000 barrels if they plow those funds into new exploration. I do not think that amendment goes far enough.

Even though I will vote to exempt producers of 1,000 barrels a day, I have not given up the fight to repeal the allowance completely. Some day, I hope that the majority of my colleagues will agree.

Mr. HOLLINGS. Mr. President, I yield back my time.

Mr. BENTSEN. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Texas.

Mr. HOLLINGS. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not.

Mr. HOLLINGS. I ask for the yeas and nays.

There being a sufficient second, the yeas and nays were ordered.

The PRESIDING OFFICER (Mr. GARN). The question is on agreeing to the amendment of the Senator from Texas (Mr. BENTSEN) offered as a substitute for the amendment of the Senator from South Carolina (Mr. HOLLINGS). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. RANDOLPH. Mr. President, a point of order. May we have order while the roll is being called?

The PRESIDING OFFICER. The Senator's point of order is not in order.

Mr. RANDOLPH. I understand.

The rollcall was resumed and concluded.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. BUMPERS) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

I further announce that the Senator from New York (Mr. BUCKLEY) voted "present."

The result was announced—yeas 44, nays 51, as follows:

[Rollcall Vote No. 85 Leg.]

YEAS—44

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Ford
Garn
Gravel
Griffin
Hansen
Hart, Philip A.
Helms
Hruska
Huddleston
Inouye
Johnston
Laxalt
Long
Mansfield
McClellan
McClure
McGee
Montoya
Moss
Pearson
Randolph
Sparkman
Stennis
Stevens
Talmadge
Thurmond
Tower
Young

NAYS—51

Abourezk
Bayh
Biden
Brooke
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Eagleton
Glenn
Hart, Gary W.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Javits
Kennedy
Leahy
Magnuson
Mathias
McGovern
McIntyre
Metcalf
Mondale
Morgan
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott,
William L.
Stafford
Stevenson
Stone
Symington
Tunney
Weicker
Williams

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—3

Bumpers
Goldwater
Taft

So Mr. BENTSEN's amendment in the nature of a substitute to Mr. HOLLINGS' amendment was rejected.

Several Senators addressed the Chair.

Mr. CRANSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. MANSFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana is recognized.

SURFACE MINING CONTROL AND RECLAMATION ACT OF 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 25, the surface mining reclamation bill passed by the House of Representatives on March 18, that all after the enacting clause be stricken, and that the text of S. 7 as passed by the Senate on March 12 be substituted therefor, that the bill be considered as read a third time and passed.

The PRESIDING OFFICER. Is there objection?

Mr. FANNIN. Mr. President, would the distinguished majority leader explain what we are doing?

Mr. MANSFIELD. Yes, so we can get together.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. CRANSTON. Mr. President.

Mr. LONG. Will the Senator yield for a unanimous-consent request?

Mr. CRANSTON. Certainly.

Mr. LONG. Mr. President, I ask unanimous consent that debate under the Hollings amendment be limited to 10 minutes to be equally divided between the Senator from California and the Senator from South Carolina.

Mr. DOLE. Reserving the right to object, the Senator said the Hollings amendment, or the Cranston amendment?

Mr. LONG. I mean the Cranston amendment to the Hollings amendment.

Mr. BARTLETT. I object.

Mr. LONG. Well, I ask it be limited to 20 minutes to be equally divided between those Senators.

Mr. BARTLETT. I object.

Mr. LONG. All right, I ask unanimous consent for approval for 1 hour.

The PRESIDING OFFICER. Is there objection?

Mr. BARTLETT. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. CRANSTON. Mr. President, I will just take a moment to explain this amendment. We need not spend any great time on it.

Mr. RANDOLPH. Mr. President, may we have order in the Chamber?

Mr. LONG. Will the Senator yield to me?

Mr. CRANSTON. Certainly.

Mr. RANDOLPH. Mr. President, may we have order in the Chamber?

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator will suspend.

May we have order?

Mr. RANDOLPH. I commend the Chair.

The PRESIDING OFFICER. Gentlemen, out of courtesy to everyone, may we have order in the Senate?

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The clerk has not yet reported the amendment.

The clerk will state the amendment.

The assistant legislative clerk read as follows:

> Mr. CRANSTON proposes an amendment to Mr. Hollings' amendment, as follows:
>
> In title II of the Hollings amendment wherever "1,000" appears insert in lieu thereof "3,000" and wherever "6,000,000" appears insert in lieu thereof "18,000,000".

Mr. LONG. Mr. President, I ask unanimous consent that debate under the Cranston amendment to the Hollings amendment be limited to 10 minutes, to be equally divided between the sponsor of the amendment and the Senator from South Carolina (Mr. HOLLINGS).

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The Senator from California.

Mr. CRANSTON. Mr. President, I think the issue is so obvious that I need take very little time, by no means 10 minutes.

The PRESIDING OFFICER. If the Senator from California will suspend.

Gentlemen, the Chair is not going to proceed until there is a reasonable amount of order in this Chamber.

The Senator from California.

Mr. CRANSTON. The amendment that I have reoffered is the same amendment that was pending a while ago, which I withdrew.

It is an amendment to one sole part of the amendment offered by Senator HOLLINGS and others with I among the cosponsors.

It relates only to the amount of the exemption for the independents. The amount in the amendment as offered by Senator HOLLINGS is 1,000 barrels of oil or the equivalent in natural gas.

My amendment raises it to 3,000. That would be the limit for oil, or the natural gas equivalent. But anything taken together above the 3,000-barrel equivalent, as the Bentsen amendment would have permitted, cannot be done.

I withdrew the amendment earlier because it seemed to me I was caught in a crossfire. The debate was focusing between 1,000 and 6,000, the Bentsen amendment or the Hollings position. My hope is a compromise upon which a majority of the Senate may very well agree. I withdrew it because it could not prevail under those circumstances. I hope that it may prevail now.

This amendment obviously will not add to the Hollings provisions benefitting the very smallest of the independents. It will protect some 200 of the larger independents and preserve their oil depletion percentage allowance and their ability to compete with the majors. They obviously are among those who could really give the majors some competition if they are able to have a competitive advantage over the majors, which this amendment would provide them. It is the independents who do most of the wildcatting. It is the independents upon whom we depend for finding new oil that we so desperately need in our country at this time. I believe it is wise to preserve it for the independents up to the 3,000-barrel limit. I think that is a very fair figure.

Mr. DOLE. Will the Senator yield?

Mr. CRANSTON. Yes.

Mr. DOLE. Did the Senator from California say that it would not help the very smallest independents?

Mr. CRANSTON. The smallest independents are already protected by the 1,000-barrel limit. This will help many people who are fairly wealthy, I am frank to admit, but wealth is comparative, and in this matter we should be comparing wealth in the oil business terminology. Compared to majors, the independents who would be protected by lifting this from 1,000 to 3,000 are absolute midgets in their financial resources. They are midgets compared to the majors. We want them to be strong enough to give some competition to the majors.

Mr. DOLE. Would the Senator from California explain once again the difference between the present tax treatment and should the amendment of the Senator from California prevail?

Mr. CRANSTON. If my amendment prevails, the provision in the Hollings amendment, which I am trying to amend, of 1,000 barrels exemption for independents, would be raised to 3,000 barrels, or an equivalent amount in oil or a mix, some oil and some gas. It would amount to 3,000 or its equivalent in natural gas.

Mr. DOLE. Will the Senator explain the tax treatment? Would you still have the tax limitation of 50 percent as far as deductibility is concerned?

Mr. CRANSTON. That has nothing to do with my pending amendment. It is in the Hollings amendment. So is the plowback. So is the foreign aspect brought about by Senator HARTKE.

Mr. DOLE. I thank the Senator.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. RANDOLPH. Will the Senator yield?

Mr. CRANSTON. I am delighted to yield.

The PRESIDING OFFICER. The Senator has no time left.

The Senator from South Carolina.

Mr. HOLLINGS. I will yield a minute to the Senator from West Virginia and the Senator from California.

Mr. RANDOLPH. I presume that the able Senator from California was in the Chamber when I spoke for small independents, particularly, those who explore for natural gas in the State of West Virginia?

Mr. CRANSTON. I certainly was. The Senator made an eloquent speech.

Mr. RANDOLPH. I am grateful.

In the Senator's amendment, is he proposing to help that type of exploration to continue?

Mr. CRANSTON. Yes; I am. That is the purpose of my amendment.

Mr. RANDOLPH. I thank the Senator and shall support his amendment.

Mr. HOLLINGS. Now, Mr. President, before we get all swept up in this aura of fairness, dignity, and sweetness in light to help the independents, the amendment on the desk is the compromise and not this one. The compromise we agreed to as we sat around and reconciled the Hartke, Cranston and all the other amendments was the 1,000-barrel level, which is 97 percent of the independents. Who can ever pass legislation that will equalize? He says wealth is relative. Exxon made $2,433,000,000 in 1973. In 1974, through no initiative of their own but only through the arbitary, confiscatory, noncompetitive embargo decision of the Arab sheik, they went up to $3,140,000,000, an increase of 28 percent.

We have no amendment that will make that kind of wealth relative. But having looked around and compared and reconciled, we cut it over at 1,000 to take care of that independent. That is 97 percent. What happens with that 3 percent? The Secretary of the Treasury said when you do that, then you are in the league of the $11 million operator. That 3,000 barrels is $11 million. All you do is take five or six of those to get $55 million to $66 million worth of oil and you are going to do exactly what the airlines have done to us: Sell out to the banks. The Senator from Connecticut knows what the profits are. They could not make enough profit in order to take advantage of the investment credit so as a result they lease back their airlines from the bank that does get the advantage of the investment credit.

So we are back down to the 3,000 barrels.

I had a long list, but the best example is Houston Oil. We debated this. This is not what Senator BENTSEN and I did not debate. The fact of the matter is after the distinguished Senator from California debated at length without any answer whatever, he then withdrew.

We debated this ramification of 3,000. We have just voted on that.

Houston Oil, 3,100 barrels, had a profit of $40 million. They had 75 percent return on their equity.

What kind of law are we going to pass that will do that? How much taxes did they pay? Zero.

Mr. BARTLETT. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. BARTLETT. Will the Senator tell me what the conditions are for the royalty owner?

Mr. HOLLINGS. I would have liked to have gotten rid of them, but they are in my amendment. They are in the Cranston amendment.

Mr. CRANSTON. No, I have not touched the royalty owner with any plowback requirement. The minimum income tax provision is there in the Hollings-Cranston amendment, but that is not in the pending amendment.

Mr. HOLLINGS. I yield back to the Senator from California on our time.

Mr. CRANSTON. The amendment that I have offered does not exclude any independent. All independents get the tax exemption up to the 3,000 barrel or its equivalent level.

Mr. BARTLETT. Would the Senator say what is the treatment of the royalty owner as far as depletion is concerned?

Mr. CRANSTON. That is not relevant to my amendment. Address that question to the Senator from South Carolina.

Mr. BARTLETT. If the Senator from South Carolina will yield, will he tell me what the treatment is to the royalty owners in this proposal?

Mr. HOLLINGS. I am sorry, I did not hear the question. We are running out of time.

This independent chart that we have, Mr. President, shows the picture.

Mr. BARTLETT. Will the Senator yield?

Mr. HOLLINGS. It is 3,000 barrels a day, $10,805,000 a year.

The PRESIDING OFFICER. All time has expired.

Mr. HOLLINGS. The yeas and nays. We are ready to vote.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California. The yeas and nays have been ordered and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Bumpers) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), and the Senator from Maryland (Mr. Mathias) are absent on official business.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "yea."

I further announce that the Senator from New York (Mr. Buckley) voted "present."

The result was announced—yeas 44, nays 50, as follows:

[Rollcall Vote No. 86 Leg.]

YEAS—44

Allen
Baker
Bartlett
Beall
Bellman
Bentsen
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cranston
Curtis
Dole
Domenici
Eastland
Fannin
Ford
Garn
Gravel
Griffin
Hansen
Hart, Philip A.
Helms
Hruska
Huddleston
Inouye
Johnston
Laxalt
Long
Mansfield
McClellan
McClure
McGee
Montoya
Morgan
Pearson
Randolph
Sparkman
Stennis
Stevens
Talmadge
Thurmond
Tower
Young

NAYS—50

Abourezk
Bayh
Biden
Brooke
Cannon
Case
Chiles
Church
Clark
Culver
Eagleton
Fong
Glenn
Hart, Gary W.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Javits
Kennedy
Leahy
Magnuson
McGovern
McIntyre
Metcalf
Mondale
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Stafford
Stevenson
Stone
Symington
Tunney
Weicker
Williams

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—4

Bumpers
Goldwater
Mathias
Taft

So Mr. Cranston's amendment to Mr. Hollings' amendment was rejected.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HARTKE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. Helms). The question recurs on the amendment of the Senator from South Carolina. The Senator from South Carolina has the floor.

Mr. HOLLINGS. Mr. President, does the distinguished floor manager want to try to get a time limit agreement?

Mr. LONG. Mr. President, I ask unanimous consent that further debate on the Hollings amendment be limited to 20 minutes, to be equally divided between the Senator from South Carolina and——

Mr. DOLE. I object.

The PRESIDING OFFICER. The objection is heard.

Mr. BARTLETT. Mr. President, I have an amendment.

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. HOLLINGS. I yield the floor to the Senator from Oklahoma.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

The PRESIDING OFFICER. The Senate will be in order. The Chair asks the Senators to take their seats; the Chair most respectfully asks the Senators to take their seats.

The Senate will not proceed until the Senate is in order.

Mr. NELSON. Mr. President, I think the Chair is going to have to speak more loudly. Some of the Senators cannot hear.

The PRESIDING OFFICER. The Senate will be in order.

Mr. NELSON. There are still two in the rear, Mr. President, who have not been able to hear the Chair.

The PRESIDING OFFICER. The Senate is in order. The clerk may proceed.

The legislative clerk read as follows:

On page 39 subsection E-2-C in the section for "Qualified investment" after the words "the construction, reconstruction, erection, or acquisition of the following items" insert a colon and strike the language, but only if the original use of such item begins with such person.

Mr. BARTLETT. Mr. President, I call to the attention of the Senate that the purpose of this amendment is to give credit on the plowback to the independent operators who would be using used equipment.

The way the proposal is before us, an independent who would use used equipment would not be able to use that investment as a part of the plowback. I think this is very discriminating, because most independents use used equipment today. In fact, new equipment is almost impossible to find, particularly in some of the older areas, and I think it would be very unfair, particularly with the price of used equipment, when many of the items of casing and pumping units, and so on, capital items in the equipment of a well, cost more used than they do new.

I think that the provision that exists in the bill is discriminating. The purpose of this amendment is to eliminate that discrimination.

Mr. LONG. Mr. President, I believe the amendment is dilatory. I think we ought to get on with the business. I move that the amendment be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

Mr. BARTLETT. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. Helms). The question is on agreeing to the motion to lay on the table the amendment of the Senator from Oklahoma (Mr. Bartlett). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. Bumpers) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. Goldwater), and the Senator from Maryland (Mr. Mathias) are necessarily absent.

I further announce that the Senator from Ohio (Mr. Taft) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—yeas 55, nays 40, as follows:

[Rollcall Vote No. 87 Leg.]

YEAS—55

Abourezk
Allen
Bayh
Biden
Brooke
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Eagleton
Eastland
Ford
Glenn
Gravel
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Kennedy
Leahy
Long
Magnuson
Mansfield
McGovern
McIntyre
Mondale
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Sparkman
Stafford
Stevenson
Stone
Symington
Tunney
Williams

NAYS—40

Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Burdick
Byrd, Harry F., Jr.
Curtis
Dole
Domenici
Fannin
Fong
Garn
Griffin
Hansen
Hatfield
Helms
Hruska
Javits
Johnston
Laxalt
McClellan
McClure
McGee
Metcalf
Montoya
Morgan
Pearson
Percy
Scott, Hugh
Scott, William L.
Stennis
Stevens
Talmadge
Thurmond
Tower
Weicker
Young

NOT VOTING—4

Bumpers
Goldwater
Mathias
Taft

So the motion to lay on the table was agreed to.

Mr. GRAVEL and **Mr. CURTIS** addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. CURTIS. Mr. President, in reference to this entire discussion about oil, I think we are off the track. I believe that what we should be considering here is how can we get the maximum production of petroleum.

I believe that while tax reform is desirable——

The PRESIDING OFFICER. The Senator will have to suspend until we have order in the Senate.

The Senator may proceed.

Mr. CURTIS. Tax reform is desirable, but the distinguished chairman of the Committee on Finance a few weeks ago announced that if they would leave all of these oil amendments off this bill that the committee would proceed with hearings, and whatever conclusion was arrived at would be reported to the Senate to work its will, and also that it would be retroactive to the first of January.

Now, we have done some queer things here on the floor. Does anybody contend that what has been done here will increase the production of oil and gas? Is that not our first objective? Are we to go on headed for a 50-percent dependence upon other countries for energy, the thing that makes our economy go? We need energy for our Air Force, we need energy for our civilian airlines; we need energy, and a lot of it, for agriculture.

The shortage of fertilizer leading to the black market, and all those things, because we do not have enough natural gas.

Frankly, this is the time that we ought to be increasing the incentives to discover and develop oil and gas.

It is a matter of our survival, we must have the energy to cause our economy to go full-speed ahead.

Now, we can talk about reduced speeds, closing filling stations over the weekends, and all these things. They do not add to full employment in this country. Oh, we can have all sorts of gimmicks and destroy the industry, but that does not move toward full employment.

It takes energy.

It has been recited here by individuals much more capable than I of the great sums of money that it will take to drill for oil out in the ocean.

Now, how about Alaska, way up beyond railroads, beyond highways, where the equipment must be flown in and where wages must be paid that will attract men to work under such circumstances. Who is going to go in and spend hundreds of millions of dollars without a financial incentive?

Is our business here just to convince somebody that we are trying to lower his taxes and impose them on somebody else to make us heroes, or are we committed to the broad national interest of increasing the oil and gasoline for the United States of America? That is what we should be doing.

When we legislate on the floor on technical matters of this kind, we can have some consequences that no one ever anticipated. For instance, much has been said about credits for foreign taxes paid and they allude to when something is a tax and when it is a royalty.

Well, our greatest trading partner is the Commonwealth of Canada to the north of us. They have a tremendous amount of gas and oil up there. It is being developed by American capital, but what did we do to them?

Under current law, $100 income to an American corporation operating in Canada, they pay $55 tax in Canada; the U.S. rate is 48 percent, so they get credit for the $48, so that is nothing. It makes a total of $55 out of $100.

Some of that is an area where it is not too conducive to easy living in the far north.

Now, the Hartke amendment raises that so that an American corporation operating in Canada and bringing their money back pays a total tax of $65.8.

Now, what about that? Are directors and managers of American companies going to go into Canada and develop energy for the use of our economy, if the Canadians will let it out of there, if two-thirds of their earnings are taken out for taxes before they declare any dividends?

Now, this has nothing to do with oil depletion, but it was presented here on the floor under that philosophy.

Here, some bad person over here, let us take the tax off us and put it onto them. That is the political philosophy of these things.

Now, Mr. President, I would be the first person to admit that maybe some of those things need correcting, but they need to be corrected in an orderly manner.

As I said a while ago, if somebody is charged with a heinous crime, they get their day in court. Should not somebody, or a group, that has taxes raised by a billion dollars have a day in court?

Should not there be a hearing to let them come in and tell their side of the story, and get the recommendation of the Government agencies involved? Let the technicians and the committee staffs work it over. Maybe they would come up with the same answer. I rather doubt it. I doubt if it is the mature judgment of a majority of the Members of this Senate——

The PRESIDING OFFICER. The Senate will be in order. The Senator is entitled to be heard.

Mr. CURTIS (continuing). That an American corporation operating in Canada should be taxed at 65.8 percent.

I doubt if a majority believe that should be done. Yet because it is undertaken here, rather than giving the taxpayers their day in court, we have ended up doing that.

When those amendments are proposed the Members find on one side they are going to be accused of voting for an unjust windfall; on the other side, that they have not performed in a workmanlike manner. So it is unfair to either side.

Mr. President, I would like to appeal to the Senate to observe the integrity of committees. I happen to think that if any committee, be it the Committee on Agriculture and Forestry, the Committee on Interior and Insular Affairs, the Committee on Armed Services or any other committee, if they go into something and bring it in here, their recommendation is worthy of consideration.

I believe when the distinguished chairman of the Finance Committee conducts hearings—and he is always fair to everybody involved; he is fair to those who may testify against his position—reports a tax bill here, that should not be an invitation for a free-for-all; that every Member thinks that is an invitation for him to rewrite the whole revenue code to fit his individual idea of what tax reform ought to be.

If Members believe strongly in a certain course of action, there is an orderly way to pursue that. They can introduce a bill. They cannot only seek hearings but they can bring in the best and most qualified witnesses there are in the country. Let them sell their proposal on its merits under the scrutiny of cross-examination and a presentation of both sides.

Why all this impatience? Why is there an impelling reason for a Senator to feel that just because here is a tax bill that is an invitation to propose things without any hearing for the people involved? But worse than that, that is an invitation to present an idea that puts his colleagues in an unfair situation because they have to choose between knowing that a job is not well done and being concerned about the legislative processes, and, on the other hand, afraid that some radical organization will falsely accuse them of voting for an unjust tax provision.

Mr. President, if we are to preserve any semblance of reliability and respect for our tax laws, we must, as a body, proceed in an orderly way.

I come back, Mr. President, to what we did in the so-called Hartke amendment. We raised the corporate tax on an American company operating in Canada to 65.8 percent. Is there anybody who believes that that is an incentive to produce more oil and gas?

I know, the temptation is great to get up and send some papers to the desk that you do not understand, and still at the same time try to convince people, Senators, and the general public, that you are a great savior. All the time what is being done may be destroying the very sinews of our economy.

Mr. President, is it important that we become self-sufficient in oil and gas?

We can well go on with this bill, Mr. President, and do irreparable damage to the United States.

I am not worried about these oil men. They are pretty sharp operators. They can get out of the oil business and go into something else. But I am concerned about the farmers in Nebraska who cannot get enough fertilizer because we are short of natural gas. I am concerned about the security of our country when a foreign nation or a group of them can shut off the petroleum we need for our Air Force, our Navy, our commercial airlines, our transportation, and everything else.

Our first objective should be the production of more gas and oil. Then if Members of the Senate have something that is sound, fair and just, they can sell it. They can sell it to the Finance Committee, or at least they can go in there and expose it so that they have hearings to present to the other Senators.

Mr. President, I hope that some way, somehow, the Senate can reconsider what has bene done if a tax reduction bill is to be passed—and I have some serious questions whether that should be done—let us take care of that and take up these tax reforms on another day.

Mr. President, I yield the floor.

Mr. BARTLETT. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The assistant legislative clerk read as follows:

> Wherever 1,000 barrels of oil per day appears change the figure to 2,000 and wherever 6 million cubic feet of natural gas appears change the figure to 12 million.

The PRESIDING OFFICER. The Senator from Oklahoma has the floor.

Mr. BARTLETT. Mr. President, this amendment has the effect of taking some of the sting from the great reduction in the depletion allowance that the Senate is contemplating here today. This amendment will provide a larger figure, 2,000—considerably less than 3,000—but it will assure the people of this country that more independents will be aggressively exploring and developing the resources of oil and gas in this country.

I think that too often the effort in this body has not been to the question of sufficient energy but has been to other matters of profit and major oil companies—sort of what we can do to somebody. But what worries me is what we may be doing to ourselves.

Energy sufficiency is a great goal, but we are very far from it. It is my opinion that if we reduce the depletion allowance to just a thousand barrels, we are going to see a very sharp increase in the cost of operation of independents and hence a very sharp decrease in exploration and development.

The PRESIDING OFFICER. The Senate will be in order. The Senator is entitled to be heard. The cooperation of all Senators, staff aides, and the galleries is respectfully requested.

Mr. BARTLETT. The whole effect of the depletion allowance is to increase the taxes, increase the cost of operation, and reduce exploration and development. As the majority leader said yesterday, there are some 108 different minerals for which the depletion allowance is provided. This recognizes the extractive industries, with perhaps a few exceptions, and it recognizes that there is a depletion of the capital assets, and it recognizes that there is a great need for the formation of capital, that in this high-risk business it is essential that we have the opportunity for independent operators to interest those in high tax brackets to invest in the high-risk industry.

I talked earlier about the matter of the so-called tax loophole. The depletion allowance has been in the law ever since there has been a Federal income tax, dating back to 1913, so I do not think it is much of a loophole. However, I think it is definitely a provision that recognizes the unique situation of the extractive industry; that as you produce oil, you are producing your capital assets.

We ought to think of what we are doing here today. Are we increasing the opportunities for developing our resources, or are we reducing them? We need to tell the American people that we are reducing our opportunities, that we are going to make it more difficult to develop our own resources. I am trying to salvage a little of that trend downward.

I think it is important that we face up to the American people and say that this body has done next to nothing to increase the production of natural sources of energy in this country in the last 2 years plus that I have been in the Senate, with one exception, and that was the stripper well amendment, on which the majority then reversed themselves.

So here is another step in making it more difficult to develop our reserves, making it more costly on those engaged in the business of producing oil and gas.

It is high time we face up to the question of shortages and let the American people know that it is going to cost us more to develop our reserves than we are now paying, rather than less. We are paying some $12.75 for every barrel of imported oil. Every time we increase the cost of production of our wells, we reduce our production; and as we lose one barrel, we bring in another barrel of high-cost oil from an unreliable source.

The American people want energy sufficiency, and the American people are willing to pay for it. They want to know that they are going to have a sufficient amount of energy. With all the talk we have heard about increased taxes on energy and the various ways of reducing our consumption, very little has been said about the best way to reduce consumption and to increase production. The estimate of that increase is only 5 cents a gallon of gasoline. Imagine, 5 cents a gallon, and having the knowledge that there would be sufficient energy in due time, that supply and demand would be in balance!

So we see this nibbling away at the ability of the domestic industry, particularly the independents, to be able to play their fair share in the effort that is necessary. They drill some 82 percent of the wells, and this amendment would give them more incentive, more opportunity to do the job that needs to be done.

Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BUCKLEY (when his name was called). Mr. President, as members of my family own oil royalties on which depletion is taken, I ask unanimous consent that I be permitted to vote "present."

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. BUMPERS), is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Maryland (Mr. MATHIAS), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

On this vote, the Senator from Ohio (Mr. TAFT) is paired with the Senator from Oregon (Mr. PACKWOOD).

If present and voting, the Senator from Ohio would vote "yea" and the Senator from Oregon would vote "nay."

I further announce that the Senator from New York (Mr. BUCKLEY) voted "present."

The result was announced—yeas 47, nays 46, as follows:

[Rollcall Vote No. 88 Leg.]

YEAS—47

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cranston
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Ford
Garn
Gravel
Griffin
Hansen
Hart, Philip A.
Helms
Hruska
Huddleston
Inouye
Javits
Johnston
Laxalt
Long
Mansfield
McClellan
McClure
McGee
Montoya
Pearson
Percy
Randolph
Scott, Hugh
Sparkman
Stennis
Stevens
Talmadge
Thurmond
Tower
Young

NAYS—46

Abourezk
Bayh
Biden
Brooke
Cannon
Case
Chiles
Church
Clark
Culver
Eagleton
Glenn
Hart, Gary W.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Kennedy
Leahy
Magnuson
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie

Nelson
Nunn
Pastore
Pell
Proxmire
Ribicoff
Roth
Schweiker
Scott,
William L.
Stafford
Stevenson
Stone
Symington
Tunney
Weicker
Williams

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—5

Bumpers
Goldwater
Mathias
Packwood
Taft

So Mr. BARTLETT's amendment was agreed to.

Mr. LONG. Mr. President——

Mr. BARTLETT. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STEVENS. I move to lay that motion on the table.

Mr. LONG. Mr. President——

Mr. BARTLETT. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is not a sufficient second.

The yeas and nays were not ordered.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana is recognized. The motion is not debatable.

Mr. LONG. Mr. President, I hope we may agree to vote on the Hollings amendment, as amended, and I ask unanimous consent that further debate on the Hollings amendment, as amended by the Bartlett amendment, be limited to 20 minutes, to be equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. STEVENS. Reserving the right to object, is the Senator saying that will be the end of the Hollings amendment, that there will be no further amendments to the Hollings amendment?

Mr. LONG. Oh, if the Senator wants to offer further amendments to the Hollings amendment, I cannot stop him.

Mr. BARTLETT. Mr. President, I ask for a vote on the motion to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table. The motion is not debatable. The yeas and nays have not been ordered.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I ask unanimous consent that further debate on the Hollings amendment, as amended, be limited to 20 minutes, to be equally divided between the Senator from South Carolina and the Senator from Nebraska, and that the time on any amendments to the Hollings amendment be limited to 10 minutes, to be equally divided between the sponsor of the amendment and the Senator from South Carolina.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana? Without objection, it is so ordered.

Who yields time?

Several Senators addressed the Chair.

Mr. CURTIS. Mr. President, may I inquire what is the pending amendment?

The PRESIDING OFFICER. The amendment of the Senator from South Carolina is the pending amendment.

Mr. HOLLINGS. We are ready to vote.

Mr. STEVENS. Mr. President, I send an amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. Until time is yielded back on the amendment of the Senator from South Carolina (Mr. HOLLINGS) further amendments are not in order.

Mr. STEVENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEVENS. I understood there was just a unanimous-consent agreement that involved the limitation of 5 minutes to each side on amendments to the Hollings amendment.

The PRESIDING OFFICER. The Senator is correct, but until the time is yielded back that is not in order.

Mr. NELSON. Mr. President, may we have order.

The PRESIDING OFFICER. The Senators will take their seats. The Senate will be in order so that we can allocate time.

Mr. LONG. Mr. President, I ask unanimous consent that——

Mr. NELSON. Mr. President, the Senate is not in order. There are Senators still conversing in the aisles, and I would hope the Chair would enforce the rule.

The PRESIDING OFFICER. The Senators will kindly clear the aisles and take their seats.

Mr. CURTIS addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana was inquiring.

Mr. LONG. Mr. President, I ask unanimous consent that Senators in control of time on the Hollings amendment might reserve their time so that other Senators might offer their amendments subject to the 10-minute limitation.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. STEVENS. Mr. President, I thank the Senator from Louisiana. I send my amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk proceeded to read the amendment.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Subsection (c) of section 613A of the Internal Revenue Code of 1954 (as added by such amendment) is amended by—

(1) on page 29, line 10 striking out "(c) Small Producer Exemption.—" and inserting in lieu thereof the following: "Exemptions.—", and

(2) page 34, between lines 22 and 23 by adding at the end thereof the following new paragraph:

"(7) CERTAIN ALASKAN AND CONTINENTAL SHELF WELLS.—The allowance for depletion under section 611 shall be computed in accordance with section 613 with respect to the first 1,000 barrels of crude oil, and with respect to the first 6,000,000 cubic feet of natural gas, produced by any well located in Alaska or on the Outer Continental Shelf. This paragraph does apply for any taxable year to more than 10 wells with respect to any taxpayer."

Subsection (e)(1) of such section (as added by such amendment) is amended by striking out "Subsection (c)" and inserting in lieu thereof the following: "Subsection (c) (other than the provisions of paragraph (7) thereof)".

Mr. STEVENS. I have discussed this before, and I have difficulty in conveying to my good friend from South Carolina the problem.

I have here a clipping from the Oil Daily published on March 19 that shows that the average cost of drilling wells in Alaska is $1,349,732, whereas the average cost, for instance, of drilling in Indiana was $14,000.

The effect of this amendment is to preserve a role for independents in Alaska. Unfortunately, as you know, there is always a backwash that comes from a desire for reform, and one of them is about ready to hit my State.

There are no independents in Alaska now; there will be no independents in Alaska under this bill the way it is presently framed. This bill will drive Alaska, one-fifth the size of the whole United States and having one-half of the potential for the whole United States, into a position where only majors will be able to afford to operate in Alaska in the future. We will never be able to have any independents in Alaska unless we recognize the fact that it costs more to drill, it costs more to get the oil and gas down here, it costs $45 million to drill a platform offshore of Alaska, for instance. All costs involved are at least 10 times as great as drilling in the South 48.

What I am pleading for you to do is to preserve a role for independents in Alaska.

Now, the Senator from California, as I understand it, says the first 2,000 barrels for a producer in the South 48, as we call it, will receive the depletion allowance. My amendment says that for those who are drilling in Alaska for the first 1,000 barrels per day for not to exceed 10 wells will receive the small producer treatment. In other words, the maximum allowance in Alaska would be five times as high as the South 48 although the costs, as I have said—and we can document that—on the average are 10 times greater and, at least, they will preserve a role for the independents to come to Alaska.

We have 15 sedimentary basins in Alaska; there are two producing now. The wells I have just described are not the wells on the North Slope, incidentally. They will be even greater. We will have 148 wells on the North Slope drilled by majors that will produce 2 million barrels of oil a day.

This amendment will barely scratch the majors dealing with the development of oil in Alaska, but it will preserve a role for independents to come to Alaska to the other 13 basins that have great potential.

Now, if I have been instructed correctly by my friend from Louisiana and others who have had great history in terms of the development of the oil industry, most new developments are brought in through the exploration by independents. Yet here we have 13 great basins in my State that you are just about to shut independents out of in your urgency to bring about reform of the depletion allowance as it applies to the history of development of the South 48 States.

All I am pleading with you to do is leave a role for independents in the development of the great oil and gas potential of Alaska. That is what this will do.

It will say in Alaska up to 10 wells not to exceed the first 1,000 barrels per day from each well will receive the same treatment as a small producer in the South 48.

Again I say to you that our costs are 10 times as great. This preserves five times the amount of the production for the South 48. I am trying to be reasonable; I am trying to convince you I want independents in Alaska, and you will not have them unless you adopt an amendment such as this.

Mr. HOLLINGS. Mr. President, the Senator from Alaska says that independents would have one dickens of a time up in Alaska. I think that is what the Senator from Alaska and I both agree upon. He just disregards that the first gold rush this country has had since 1838 is digging for oil up in Alaska, and if any small guy gets there, the big companies will buy them out. You are not going to pass a bill in the Senate to make it cheap to run anything in Alaska. You cannot run a hotel, you cannot do anything up there, because it is downright expensive.

We are going overboard for this large windfall for the Alaskan operation. If the Senate went for this amendment it would not be of any help to us. The House killed it on the floor, but that does not mean they are not drilling on the North Slope and are not going to drill anywhere else.

These crocodile tears, this whining and moaning for the poor little independent, there is no way for a poor little independent to get to Alaska. He has got to be rich to get there in the first place. It is almost like being a Member of the U.S. Senate. [Laughter.]

Mr. GRAVEL. Mr. President, will the Senator yield?

Mr. HOLLINGS. Yes; on the Senator's time.

Mr. GRAVEL. If I can——

Mr. HOLLINGS. We are limited on time on this.

Mr. GRAVEL. I would like to say what we are talking about—and we are not demagoging—is the ability in Alaska to have competition. We have heard the arguments of the majors, and that is all we have in Alaska are majors. We think we can effect discipline in our economy if we can find some way to entice the independents. That is all we are trying to do here.

If the Senator wants to rail against the cost, the costs are there, and they are real.

I do have an amendment, not to this bill, but it will be coming up, that, coupled with this, will make the presence of the independents totally feasible through a very simple process, and that is if we can give the first economic consideration to the search for oil on the basis of—give consideration to the search for oil and gas on the basis of—geology that would make it feasible. Right now the search is made on the basis of economics.

What is done is you look for oil and gas where the infrastructure systems exist, where the highways are and the pipelines are, where there is deep water.

I have a proposal that will say that wherever you find oil or gas in the United States, in the nowhere land of Wyoming or the nowhere land of Alaska if, after a year, you cannot get that commercial to market, then the Federal Government could buy at market price if the person is willing to sell it, could buy half of the rated reserves on an annual basis. In that way the person could take his money and go drill other wells.

So we would give first consideration to looking for oil and not first consideration to the existing economics.

Now, what the senior Senator from Alaska is proposing, coupled with my legislation which I hope we will have the wisdom to pass, then would make it feasible for the independents to go to Alaska, look for oil anywhere in the reaches of Alaska, because the only exception to the rule that I stated—the rule is that you only look for oil where it is economically feasible—so the only exception has been Prudhoe Bay.

I can recall in the mid-sixties laughing at fellow Alaskans who were buying up leases there and saying, "My God, even if you found oil you cannot get it out."

Mr. President, do you know something? They found so much oil it was economical to get it out.

So all we are trying to do is to structure a situation where that can take place again not only in Alaska—in Alaska in this particular instance—but if my legislation comes into being it will happen in Utah, or any other place.

The PRESIDING OFFICER. All time of the Senator from Alaska has expired.

Mr. CURTIS. Mr. President, I yield on the Hollings amendment 1 minute to the Senator from Alaska.

Mr. STEVENS. Mr. President, I thank the Senator from Nebraska.

We can only plead to the Senate for equity. We come from a State one-fifth the size of the United States, twice the size of our great State of Texas, and——

Mr. TOWER. Do not remind us of that.

Mr. STEVENS. What we are trying to say is that we would like to bring about development. They are not all on the North Slope. Many of them are within reach of independents. They are within development by independents that have not been there yet because there has not been incentive by virtue of this very reform of cutting off, limiting the depletion allowance elsewhere.

If this is here, this will be an incentive to independents to come to Alaska.

I told my friends, this kind of amendment passes on the basis of sentiment and the real judgment in our knowing what we are talking about for our State.

I am not going to ask for a rollcall vote, it is either going to pass or fail on the basis that we have made our case. I believe we have.

Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "U.S. Drilling Costs Skyrocket."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From The Oil Daily, Mar. 19, 1975]

U.S. DRILLING COSTS SKYROCKET—ALASKA MOST EXPENSIVE STATE FOR DIGGING

WASHINGTON.—Drilling costs have catapulted across the country—with Alaska leading other states, both onshore and offshore—the American Petroleum Institute announced. Indiana had the lowest drilling costs in the nation.

The state-by-state API survey, using 32 wells drilled in Alaska in 1973, gives an average cost of $1,349,732. The average cost of 243 wells drilled in Indiana during the same year was $14,835.

Part of the cost differential is attributed to Alaska's remoteness and weather conditions—but depth also played a major factor. The average well depth in Indiana was a relatively shallow 1,517 feet, while the average depth of the Alaskan well computed was 9,977 feet.

Unlike average drilling figures for Gulf Coast states, the figures indicate that onshore wells in Alaska cost more to drill than their offshore counterparts.

Other data gleaned from the API report:

Industry's 1973 expenditures for drilling and equipping oil and gas wells (including dry holes) exceeded $3 billion (compared with $2.8 billion in 1972);

Overall exploration, development and production expenditures were estimated at $13.3 billion (compared with $10.6 billion in 1972 and $9.2 billion in 1969);

The average cost of 26,244 wells drilled in the U.S. during 1973 was $117,152 (including a $651,254 average for 888 offshore wells drilled);

The 24 onshore Alaskan wells cost an average $1,434,952, vs. an average cost of $1,094,070 for the eight offshore wells drilled;

The average cost of 3,028 wells drilled in Texas was $103,272 (including 80 offshore wells, which cost an average of $715,532);

Louisiana's 2,705 wells drilled cost an average of $338,880;

California's 1,247 wells drilled cost an average of $91,785 (including an average cost of $210,520 for drilling the 41 offshore wells);

Of the total 26,244 wells drilled domestically, 9,705 were oil, 6,427 were gas and the remaining 10,112 were dusters.

Drilling operations added a total 136.6 million feet of hole at an average cost of $22.50/feet (compared to an average cost of $20.76/feet for the 135.5 million feet drilled a year earlier.

Statistics show that Utah and Florida rank second and third behind Alaska in expense of wells drilled.

The 200 wells drilled in Utah cost an average of $538,835 (although 83 of these were drilled beyond 12,500 feet, and seven were drilled between 17,500 and 19,999 feet).

Florida's 55 wells cost an average of $427,353 (with 31 of these drilled to depths between 15,000 and 17,499 feet).

The total cost of drilling and equipping wells in the other states:

Alabama—$250,326; Appalachian Region (New York, Pennsylvania, Ohio and West Virginia)—$46,510; Arkansas—$91,895; Colorado—$77,215; Illinois—$24,116; Kansas—$28,049; Kentucky—$26,299; Mississippi—$196,112; Michigan—$129,516; Montana—$37,517 Nebraska—$30,658; New Mexico—$119,456; North Dakota—$129,235; Oklahoma—$103,987; Wyoming—$126,663.

API's survey also revealed that exploration expenditures during 1973 totaled $5.9 billion—60% above the exploration costs in 1972.

These estimates include $3.6 billion for acquiring leases (up 112%) and $1 billion spent for drilling and equipping exploratory wells (up 12.2%).

Mr. HOLLINGS. The price was $3.50 a barrel. It is now $11 a barrel, and there is nothing but the majors up there now.

The PRESIDING OFFICER. All time has expired.

Mr. HOLLINGS. Excuse me.

The PRESIDING OFFICER. All time has expired. The question is on the amendment [putting the question].

The Chair is in doubt. The Chair calls for a division. Senators in favor of the amendment will rise and stand until counted.

(After a pause.)

Those opposed will rise and stand until counted.

On a division, the amendment was rejected.

Mr. HUMPHREY. Yeas and nays.

Mr. PASTORE. The noes appear to have it.

The PRESIDING OFFICER. The noes have it.

Mr. CURTIS. Mr. President——

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. CURTIS. I yield 5 minutes to the distinguished Senator from Arizona (Mr. Fannin).

The PRESIDING OFFICER. The Senator from Arizona.

Mr. FANNIN. Mr. President——

The PRESIDING OFFICER. The Senator will suspend for a moment.

The Senator from Arizona.

Mr. FANNIN. Mr. President, the last 2 days we have had many statements regarding the consumer and what we could do for him.

Well, Mr. President, I come from a State that is a consumer State. We do not have the good fortune of having oil in our State, so we are dependent upon the oil and gas production States of this Nation.

We are in a very precarious condition at the present time in obtaining the amount of products we need for our State. Why? Because there has not been an assurance from this Congress that the businesses could go forward with their investments in different projects.

My sister State of New Mexico is a good example. They have been unable to go forward with certain developments that would have brought us natural gas.

Where does my State stand?

I will not go into detail, Mr. President, but here I have a letter from an Arizona farmer with substantial production capacity.

He says:

> In our irrigated farming operations here in Arizona we employ approximately 400 permanent employees. This probably represents between 1,600 and 2,000 people dependent on us for their livelihood.

This is important, and I think Senators should realize what they are doing in cutting out the opportunity for these States that do not have production to obtain sufficient oil and gas products. He continues by saying that:

> All of our irrigation water supply is produced from wells. Eighty percent of these wells are powered by natural gas engines, which cannot be converted to other fuel.

Mr. President, these farmers are running out of gas and they are being notified they will have to convert. What are they going to do? They are destitute; the investment required to convert amounts to hundreds of millions of dollars. What can they do? They can either shut down their operation or try to borrow on their land.

Mr. President, I ask unanimous consent that this letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Farmers Investment Co.,
Sahuarita, Ariz., March 14, 1975.

Hon. Paul Fannin,
U.S. Senate,
Washington, D.C.

Dear Paul: In our irrigated farming operations here in Arizona we employ approximately 400 permanent employees. This probably represents between 1,600 and 2,000 people dependent on us for their livelihood.

All of our irrigation water supply is produced from wells. Eighty percent of these wells are powered by natural gas engines, which cannot be converted to other fuel.

A recent order of the Federal Power Commission (697-A) appears to alter the priority two status of natural gas used for irrigation pumping to a lower category.

May I point out that I find myself in wholehearted disagreement with the validity of the FPC order 697-A. However, even under the implications of the order, I am compelled to say that our engines cannot be operated with an alternative source or type of fuel, and for this reason we are legally priority two customers of the utility companies who supply us with natural gas for irrigation.

May I close by emphasizing, as you well know, that crops in the Arizona desert cannot be grown without uninterrupted irrigation water supply. It would require millions of dollars and two or three years lead time to convert to electricity. Anything less than this would result in more than 300 employees being discharged from my own farming operation and added to the unemployment figures. Considering their families, more than 1,200 people would be added to the relief rolls.

The above figures applicable to Arizona as a whole would be multiplied many times. They would be shocking and of staggering impact on the entire economy of our state and nation.

I plead with you to use the influence of your persuasive personality and the power of your office to continue the effort which I am well aware that you have already initiated.

Kindest regards.

Sincerely,

Keith Walden.

Mr. FANNIN. Mr. President, let me express my concern for profits. Now, if we want our free enterprise system to survive, companies must produce profits whether they are in the oil business or in any other business. But what is happening?

In 1965, the retained earnings of our industries, including those obscene profits of the oil companies, amounted to $20 billion retained earnings. In 1973, they had dropped to $6 billion.

But, Mr. President, I want everyone to know that in 1974, according to the Secretary of the Treasury, Mr. Simon, they were a minus $15.6 billion.

Profits by the oil companies are essential to assure the necessary investment in oil and gas production which is needed to provide an adequate supply of energy resources to States such as Arizona which is dependent on an out-of-State supply. Mr. President, I ask unanimous consent to have printed in the Record an article by Forbes magazine.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Forbes magazines, March 15, 1975]

Oil's Big Spill

The Congressmen and critics who are howling for the oil industry's scalp over what they term its "obscene profits" last year will soon lose their prize target. The profit spigot has already been turned off. Big Oil will probably be no more profitable this year than it was in 1972—which means a return on capital below U.S. industry average for a while.

Oil earnings of the big five internationals—Exxon, Gulf, Mobil, Standard Oil of California and Texaco—may be cut in half from $8 billion to $4 billion. And earnings of the ten major domestic companies stand to be down at least 20%, from $3.4 billion to under $3 billion.

Such profit spills are preordained, even if Congress reverses itself and continues the 22% oil depletion allowance. An end of the allowance, especially if it's retroactive to Jan. 1, will add to the majors' problem but it will devastate the earnings of such independent companies as Getty and Marathon, which depend on crude oil for much of their profits.

It's easy to see why the domestic companies will be hurting. The recession, somewhat lower gasoline prices and lower petrochemical prices will take their toll this year.

LESS MARGIN

The reason behind the international collapse is spelled OPEC. It seems that the Organization of Petroleum Exporting Countries, the oil-producing cartel that quadrupled oil prices, has a new profit formula that looks like a no-profit formula for oil companies.

Last year, the Big Five oil companies earned something like $5.5 billion of their $8-billion profits overseas. By now, everybody knows how they managed that. Every time the Arabs raised the oil price, the internationals passed on the increase—in the process making huge profits on their vast inventories. Up went gas prices, oil profits—and screams of protest. Powerful men like George Meany and Senator Adlai Stevenson III (Dem., Ill.) urged that the internationals either be disbanded or nationalized.

Such sentiments are picking up support, partly because few people but the oil companies realize that the bonanza is looking like a bust.

OPEC first moved last November by dropping oil prices and upping its take. It left oil companies earning about 20 cents a barrel on their oil, compared to between $1.00 and $1.25 a barrel that the oil companies averaged for all of 1974.

The real blow is landing this year. The Saudis are negotiating final terms of increased participation that will surely be a model for others. Here's what the deal looks like:

First, the internationals will only be permitted to clear a "fee," less than the 20 cents they now earn. In addition, the "fee" will be restricted to fewer barrels than the internationals now control.

Nor can the internationals hope to recoup in overseas refining or gas retailing. Overseas refining and marketing is a rotten business, at best. Indeed, Vice Chairman Herman J. Schmidt notes that Mobil lost money in refining and marketing last year. Petrochemicals were profitable.

Now it is the oil industry's turn to howl about its profits. President Thornton F. Bradshaw of $7-billion Atlantic Richfield told Forbes Staff Writer Robert Nash: "I don't see how any oil company can forecast this year's cash flow. For the first time I can remember, at this late date we haven't even submitted a budget to our board of directors. We know our foreign earnings will be down by perhaps $100 million. . . . But we don't know what Congress is going to do."

LESS LOOKING

Adds Schmidt: "This year we have built-in controls in our budget so we won't get too far until we know what the climate's going to be." Also, two internationals told Forbes privately that their companies are deferring all possible spending because of that same uncertainty.

And Gulf Oil's Chairman Bob R. Dorsey says: "If we are denied the benefit of the depletion allowance—an estimated $100 to $110 million during 1975—we won't have that money to invest in searching for new oil and gas." Is this mere special pleading? Probably not. It would be just about impossible to raise on the financial markets the billions needed to reduce OPEC's stranglehold by increasing domestic supplies.

Depending on accounting, however, the overall profit decline may not show up until summer.

Big Oil's next hurdle will be to convince a hostile public that times have changed. It will be a tough sell—to say the least. You can be sure that some critics will accuse the industry of hiding profits. Others will simply ignore the numbers and continue to shout antibusiness slogans.

Admittedly, this is not a very promising atmosphere in which to ask for sympathy for this industry, last year's favorite whipping boy. But if as a nation we are serious about achieving a higher degree of energy self-sufficiency we will not—for all the loose talk about a government oil company—get there unless we encourage the flow of capital to the oil industry.

Mr. FANNIN. The article states:

Last year oil's profit looked X-rated. But this year's showing won't even rate parental guidance.

Now, let us look at what is involved, the big profit spigot has already been turned off. Big oil will probably be no more profitable this year than it was in 1972—which means a return on capital below the U.S. industry average.

Oil earnings of the big five companies will be cut in half from $8 billion to $4 billion.

Such profit declines are unavoidable, even if Congress reverses itself and continues the 22 percent oil depletion allowance.

Now, Mr. President, the reason I bring this out is because we know the oil companies have been the whipping boy of Congress, which has been trying to do everything in the last few days to impair the effort of these companies to meet consumer demands. Punitive measures are not going to deliver gas and oil products to dependent States like Arizona but incentive will.

Mr. President, in closing, we will look back on our action on this bill with regret. It is politically popular to condemn the oil companies but let us not kill off the only hope we have to bring our economy back to its former world leadership.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. GLENN. Mr. President——

Mr. HOLLINGS. I yield to the Senator from Ohio.

Mr. GLENN. Mr. President, I ask unanimous consent that a member of my staff, Lyle Morris, be granted privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that Larry Thompson have the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MUSKIE. Mr. President, I support the amendment of the Senator from South Carolina, relating to the repeal of the percentage depletion allowance for oil.

I support the repeal of the percentage depletion allowance because like many provisions in the Internal Revenue Code, it represents a form of tax policy which has been retained far longer than necessary to induce certain business activity—in this case the development of new petroleum resources at a time when revenues for oil producers have reached windfall profit proportions.

In my own tax reform proposal, introduced in the last Congress, I suggested a change in the percentage depletion allowance. Since that time, increased revenues from the rising price of oil have grown so large as to warrant outright repeal of this provision.

At the same time, I believe there is recognition in the Senate of the need to sustain and encourage oil development efforts on the part of certain smaller producers. While I believe the better proposal is one which would retain the allowance for only those producers whose operations are pumping less than 1,000 barrels of oil a day, or an equivalent quantity of natural gas, the 2,000 barrel limitation represents a worthwhile compromise which I join in supporting.

The necessity for the depletion allowance to oil producers has been a subject of debate in the Congress since its initial adoption more than a half-century ago.

In 1969 it was decided that the original allowance of 27.5 percent was higher than needed to stimulate development and build up reserves. The reduction to 22 percent was a recognition that the tax inducement granted by percentage depletion in 1969 was substantially greater than it was in 1926.

When we examine the record of the oil industry in the development of oil producing wells over the past several years and compare that record with the dramatic rise in oil revenues, it is clear that the depletion allowance has not served as the continued stimulus for development it was designed to be. Rather, after tax profits deriving from price increases are far more important than percentage depletion as incentives for producing more oil.

For example, in 1955, the number of well completions recorded by the oil producers was 31,657. Since that time there has been a steady decline in well completions.

In 1960, the number had fallen to 21,186. By 1970 it was down to 12,992, and by 1973 well completions totaled only 9,902.

Then, in 1974, at a time when oil profits were beginning to escalate, well completions jumped to 12,817. The decline in completed wells was uninterrupted and not perceptably affected by the 1969 reduction in the depletion allowance from 27.5 percent to 22 percent.

Rather the turnaround accompanied the resurgence in oil profits.

A recent Library of Congress study on the oil depletion allowance demonstrates that as a result of recent increases in the price of oil the domestic U.S. oil industry will reap $6.4 billion in after-tax windfall profits in 1975; $2.4 billion of this rise is attributable to the 22 percent oil depletion allowance.

The study assumes a base price of $4.25 per barrel before the recent price rise and a 1975 price of $5.25 for old oil and $11 for new oil. The figure is considered a windfall profit because it is in addition to the profits the industry would be earning if oil were still selling at $4.25 a barrel.

Certainly our national demand for new energy sources will require increased development of oil wells. It would seem, however, that the cash flow generated by recent oil price increases combined with other provisions of the Tax Code, offer more than sufficient incentives to achieve this production.

Mr. President, at a time when the Federal budget is under increasing economic pressures and with the corresponding need to stimulate other areas of our sagging economy, it does not seem prudent or justifiable to continue this multibillion dollar subsidy of the entire oil industry.

Mr. HANSEN. Mr. President, a few years ago, here on the Senate floor, one of my good colleagues from New England made some remarks about advocates of the oil industry as being opposed to the public interest.

He was speaking of what he termed the bill of goods he accused the oil companies of selling him when "it was so obviously and so outrageously contrary to the public interest."

The issue at that time was the mandatory oil import quota program which some New England Senators wanted to do away with so they could have an unlimited supply of cheap foreign oil.

The oil industry, majors and independents alike, opposed any further increase in imports which were already supplying about 80 percent of New England and east coast needs.

When the Arab oil producing countries imposed their embargo a year and a half ago, the east coast was particularly hard hit because of its overdependence on what had been cheap foreign oil.

When OPEC prices were quadrupled within a period of a few months, New England and other east coast States quickly changed their minds about all the advantages of foreign oil. Their Senators and Representatives descended on the White House and demanded their share of what by then had turned out to be "cheap domestic oil."

Under the crude oil entitlements program of the Emergency Petroleum Allocation Act, east coast importers are subsidized for every barrel of residual and home heating oil they bring in—the high priced foreign oil products. That subsidy of more than a million dollars a day comes out of the so-called crude equalization program. It comes out of the pockets of domestic oil producers who, New England Senators were saying a few years ago, were acting contrary to the public interest in trying to protect the domestic industry from a further flood of cheap imported oil.

The oil industry was so right then, as it is now, in actually protecting the public interest. We would have even less of that "cheap" old oil still price controlled at $5.25 per barrel compared with $11.50 and up for foreign oil if those who wanted to do away with the oil import program had had their way.

It seems to me that it should be obvious to those who delight in Herblock's cartoons of the oil industry and the many other media detractors of the oil industry that they were 100 percent right about oil imports.

And, if these same advocates of doing away with depletion allowance have their way, it won't be long before the oil industry is again proved right. But it will be small consolation to an industry no longer able to raise the capital to cure the Nation's energy problems.

In one respect, Mr. President, the industry might be better off. Its enemies would have to find another whipping boy. They could then turn to the other mineral extraction industries that also benefit from depletion allowance on over 100 other items as pointed out yesterday by the distinguished majority leader (Mr. MANSFIELD).

I commend him for his comment:

> If the depletion allowance has served as an incentive for other extractive industries, why should it be removed in the area of petroleum and gas internally, domestically, independently, where they are needed the most?

That is a good question, Mr. President, and one that has not been answered.

In view of our growing dependency on imports of many other minerals perhaps the tax reformers will next turn to those other depletion allowances so that we will have less of everything—fuels, minerals, and everything produced from or by them.

And where will the huge amounts of capital come from for the tremendously expensive development of these energy and mineral resources?

As the distinguished Senator from Alaska (Mr. STEVENS) has pointed out, in Alaska and also in most of the offshore areas, it is the major oil companies and only the majors that have had the capital resources to explore for, develop, produce, and transport oil and gas. In Alaska, it was mostly because of the depletion allowance that Atlantic Richfield and Humble—now Exxon—were able to spend the huge amounts to discover the largest single oil field in the Nation's history. And, as the Senator from Alaska warned, it will take billions more to further develop those reserves and move oil and gas to market.

As another example, most of the development of the Outer Continental Shelf in the Gulf of Mexico has been done by the majors.

Some Senators and the news media have made the oil companies the black hats of the free enterprise system because they have been able to avoid bankruptcy like some of the Nation's railroads. But listen to what the returns from some of the billions they have spent in offshore development has been.

From 1953 to 1974, the Federal Government offered 19.2 million offshore acres for sale and accepted bonus bids amounting to $10 billion from the industry.

That was only a hunting license for the right to drill. Returns from oil and gas for that period was $15.8 billion. Out of that the companies paid the Government $2.6 billion in royalties and $126 million in lease rentals.

This left the industry with $3.1 billion plus any future revenues to pay for drilling 11,300 wells and setting 800 multiwell platforms and 1,200 single well platforms.

With all of those operations and facilities, that adds up to a multibillion dollar cash impairment position.

Without going into particulars, it is obvious at present day prices that this figures out to a 4- to 6-percent rate of return on investments. And, it is also obvious that the industry will have to improve its return on investment in the offshore area if it is to continue development of the most promising prospects of domesic oil and gas outside of Alaska.

As an example of the risks and amounts involved in the uncertain crap game of drilling for oil and gas on offshore leases, look at what the industry got for $850 million worth of acreage in the northeastern Gulf of Mexico. It got 10 dry holes. Another dry hole was abandoned near the center of four tracts that drew $173 million.

Texaco has just announced that its earnings for the first 2 months of 1975 were down 25 percent from the same period a year ago. As I pointed out yesterday, 62 percent of Texaco's net earnings last year came from Eastern Hemisphere operations but Texaco invested in the United States 71 percent of total earnings although 62 percent of that total came from abroad.

Sun Oil Co. is another example of the huge capital reinvestment the industry is making in its search for new sources of oil and gas. Sun spent $834 million, more than twice the amount of its profits, in developing new supplies of energy and in expanding and modernizing its facilities in 1974.

Sun's 1975 prospects, like Texaco's and most other oil companies, is quite different from 1974. Profits are already down materially.

In 1974 the Nation's 17 largest oil companies increased capital expenditures primarily for new exploration and production by $6.5 billion from $12.8 billion in 1973 to $19.2 billion while profits increased about $4 billion.

The number of wells drilled rose 20 percent and there was a 17-percent increase in exploratory drilling.

If we want to reverse this trend as profits decline the surest way to do it is through elimination or reduction of oil and gas depletion allowance.

Another most promising source of more oil from known and proved reserves is from present tertiary recovery technology. About 59 billion additional barrels is the target from existing fields and future discoveries could add to that total.

About 40 billion barrels of oil are currently recoverable in the United States through conventional primary and secondary techniques, but the tertiary recovery target could be 1½ times that much under proper economic and political conditions. Future technology could add even more oil to U.S. reserves. However, to tap this "bonanza," the oil industry must take risks involving huge expenditures with capital investments returned slowly over long time periods.

As I mentioned yesterday, Mr. President, one of the surest ways to break the OPEC oil price cartel is to encourage development of oil and gas everywhere outside of OPEC including, of course, our own sources.

The United States and other members of the International Energy Agency have reached a preliminary understanding on the major elements and basic principles of a cooperative system to accelerate the development of new energy supplies. This would complete the overall framework of consumer country cooperation which has been the fundamental objective of U.S. international energy policy since October 1973. IEA members expect to confirm the preliminary understanding soon. Its implementation thereafter would require appropriate legislative authority in each country. The administration has already requested authority—title IX of the Energy Independence Act of 1975—which could be used to implement such an agreement. The administration would seek further consultations with the Congress on the manner in which such authority would be granted and used.

The understanding reached on accelerated development reflects a recognition of the need to step up, through governmental action, the development of the major new energy supplies necessary to reduce our dependence on imported oil and to force an eventual drop in world oil prices.

And the governmental actions we do not need now are the disincentives of reduced depletion allowance or any further handicap to U.S.-owned companies operating abroad to continue to effectively meet foreign competition.

The examples of Texaco and other multinational companies should be proof enough that we cannot lose the foreign profits those companies are reinvesting in domestic exploration and development at the rate of about 2 to 1 over domestic profits.

And that is why Mr. President, the complex matter of foreign tax credits as well as depletion allowance should be considered in a more reasoned atmosphere than here on the floor of the Senate without benefit of the extensive hearings and committee consideration they deserve.

We are gambling with the only real hope we have to restore the United States to a reasonable semblance of energy self-sufficiency and avoid continued price extortion and other embargoes.

Mr. President, the Independent Petroleum Association of America represents most of the fast disappearing breed of some 10,000 operators who do a major part of all onshore oil and gas exploration and drilling.

In a full page ad in the Washington Post, the IPAA told the truth about percentage depletion in a few words.

I would like to quote from that advertisement:

> Two hundred million Americans have a vital stake in what Congress does about percentage depletion for oil and gas.
>
> Repeal of this 50 year old provision in the tax law would make it impossible for 10,000 independent oil and natural gas producers to continue to expand their efforts to find and develop secure domestic supplies of petroleum fuels. Independent producers drill most of the wells and find most of the oil and gas produced in the United States.
>
> The "oil supply gap" of some 7,000,000 barrels daily between U.S. production and consumption of oil, represents about 40 percent of total oil requirements and is being filled by imports of insecure foreign oil.
>
> Repeal of percentage depletion would severely curtail domestic oil and gas exploration today, and production tomorrow. When depletion is cut, as it was in 1969, oil producers spend less money to explore which means less oil for consumers.
>
> Depletion is provided in the Internal Revenue Code for more than 100 minerals. Forty-two other minerals . . . sulphur, uranium, asbestos, lead, zinc, tungsten, platinum and a host of others . . . are accorded percentage depletion, at the same rate as oil and natural gas, 22 per cent.
>
> But only oil and natural gas depletion is under attack. It is clear therefore, that this is a purely punitive attack against the domestic oil and natural gas industry, not against the concept of percentage depletion.
>
> If percentage depletion is repealed, thousands of independent wildcatters will lose the economic viability to continue as explorers and producers in the domestic oil and gas producing industry.
>
> That would be no skin off anybody's nose—unless they drive an automobile, work at a job that requires energy or live in a home or apartment that must be heated and lighted.
>
> If percentage depletion for oil and natural gas is repealed, it will not be just a political slap at the oil and gas producers. It would handicap America in developing its own oil supplies and freeing itself from dependence on a global cartel centered in the Middle East.
>
> Does that make sense?
>
> We think not.

And I think not, and hope the Senate, even if it should be myopic enough to eliminate depletion for the major oil companies, will have the good judgment to retain a small producer exemption amendment in the final version of this bill.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr BUCKLEY (when his name was called). Present.

Mr. ROBERT C. BYRD. I announce that the Senator from Arkansas (Mr. BUMPERS) is necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Arizona (Mr. GOLDWATER), and the Senator from Oregon (Mr. PACKWOOD) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

I further announce that the Senator from New York (Mr. BUCKLEY) voted "present."

The result was announced—yeas 82, nays 12, as follows:

[Rollcall Vote No. 89 Leg.]

YEAS—82

Abourezk
Allen
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Eastland
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Helms
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McGovern
McIntyre
Metcalf
Mondale
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevenson
Stone
Symington
Talmadge
Thurmond
Tunney
Williams
Young

NAYS—12

Baker
Bartlett
Curtis
Fannin
Hansen
Hruska
McClure
McGee
Scott, William L.
Stevens
Tower
Weicker

ANSWERED "PRESENT"—1

Buckley

NOT VOTING—4

Bumpers
Goldwater
Packwood
Taft

So Mr. HOLLINGS' amendment, as amended, was agreed to.

Mr. HOLLINGS. Mr. President. I move to reconsider the vote by which the amendment was agreed to.

Mr. PASTORE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. MANSFIELD. Mr. President, will the Senator yield, briefly?

Mr. BUCKLEY. I yield, with the understanding that I will not lose my right to the floor.

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Agriculture and the Committee on Rules and Administration be permitted to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

Mr. PASTORE. Mr. President, will the Senator yield for a question to the majority leader, without losing his right to the floor?

Mr. BUCKLEY. I yield.

Mr. PASTORE. I should like to address myself to the majority leader.

Now that we have crossed the Rubicon—and think we have—can we find out just how many amendments are going to be called up, approximately, and whether or not we can have a unanimous-consent agreement on limitation of debate, so that, hopefully, we can get out of here by tomorrow night? This matter has to go to conference, and it should be resolved before we go home for the recess.

Mr. MANSFIELD. The Senator has been reading the minds of the manager of the bill and the majority leader. The manager of the bill, the distinguished Senator from Louisiana, will very shortly make a unanimous-consent request. I understand that about 50 amendments are pending. I daresay that perhaps 10 or so will be offered.

Mr. PASTORE. Can we find out?

Mr. MANSFIELD. We will try to find out. But what the distinguished Senator from Louisiana, the manager of the bill, and the distinguished Senator from Nebraska, the ranking member of the committee, both have suggested is that we go ahead until 8 o'clock, size up the situation then, and see whether or not we can finish tonight or whether we have to go over until tomorrow.

Could have a show of hands as to how many Members will offer amendments?

Mr. CURTIS. I have three.

Mr. MANSFIELD. Five or six. That is it, then.

Mr. PASTORE. We are not going to go home tonight.

The PRESIDING OFFICER. The Senator from New York has the floor.

Mr. LONG. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. BUCKLEY. I yield to the distinguished chairman, without losing my right to the floor.

Mr. LONG. Mr. President, I am seeking to obtain a unanimous-consent agreement that, hopefully, would assure that we might be able to pass this bill tomorrow or at least by the close of business the following day.

Let me make it clear that if there are amendments that would not be germane, I would suggest that Senators explain what their amendments are. If they are tax cut amendments that do no great violence to what we are trying to do here, I would be willing to agree that those would be an exception to the germaneness requirement. In that fashion, we might be able to limit the number of amendments that would be offered, and we might be able to get unanimous-consent agreement.

So I propose, subject to such exceptions as Senators might wish to insist upon, that we have a limitation of 1 hour on each amendment, to be divided between the manager of the bill and the sponsor of the amendment, with the exception that an amendment to be offered by the Senator from Alaska, which I believe he should describe, which probably will have to be excepted from the germaneness requirement, would be permitted 2 hours of debate, to be equally divided.

There are some other amendments. For example, an amendment is to be offered by the Senator from Connecticut (Mr. WEICKER). I believe that his amendment is a substitute for a housing provision in the bill. I ask that that amendment be excepted from the germaneness requirement; also, one by the Senator from Alabama (Mr. SPARKMAN) about industrial development bonds; one by the Senator from Minnesota (Mr. HUMPHREY) that has to do with insulation of housing——

Mr. HUMPHREY. No; the tax deferment period.

Mr. LONG. Tax deferment for reinvestment in residential housing. I ask that that be exempt from the germaneness requirement; also, the amendment of the Senator from California (Mr. TUNNEY) relating to child care.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. JAVITS. Mr. President, I have an amendment that I think is of great importance to many of us.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. I have an amendment which is of great importance to many Members to deal with the problem of unemployment compensation which is running out for hundreds of thousands of unemployed people on April 1. I wish to have that made germane. If the Senate chooses to table it, it will. But I think it should be considered, for almost the same reason as the social security amendment.

Mr. LONG. Mr. President, that amendment would not be regarded as germane. At the same time that, today, the Senator has the right to offer that amendment and have it considered, I may feel compelled to move to table it after it has been explained. I personally would be willing, and if it is all right with the Senate, I would be willing to agree to ask that the Senator's amendment on unemployment insurance be made germane if the Senate is willing to——

Mr. PASTORE. If we do not have a unanimous-consent agreement, we can bring up germane amendments. The idea should be to expedite our business. Why not have a limitation on debate without regard to germaneness? Then we do not need unanimous consent. Why not have a limitation of debate without regard to germaneness rather than make all these exceptions?

Mr. LONG. I will give a very good reason why not. There are 100 administrative assistants working on this Hill and all those people have good imaginations, and by tomorrow morning, 50 of them will have thought up additional amendments.

Mr. PASTORE. That may be, but the Senator will not get a unanimous-consent agreement unless he agrees to it.

Mr. LONG. We might get agreement right here. We are talking about amendments that Senators have in mind offering at this moment or that they have prepared and are ready to offer. With regard to those amendments, I think we can make exception and go ahead.

One of the big objectives of any manager in keeping the Senate in session past 8 o'clock at night is because he knows if he lets those Senators go home at night, either they or their administrative assistants will think of a host of additional amendments to put in between the time we quit tonight and the time we come back on the next day.

What I am trying to get is a germaneness limitation to apply to those amendments that we might be able to agree that we would permit to be offered except for the germaneness. If we can get that kind of limitation, I think we can finish with this bill tomorrow.

Mr. PERCY. Will the Senator yield?

Mr. JAVITS. Mr. President, has the Senator answered my question?

Mr. LONG. I ask unanimous consent that the amendment about to be offered by Mr. JAVITS about unemployment insurance be consideerd to be germane tomorrow.

Mr. PERCY. Will the Senator yield?

Mr. LONG. Yes.

Mr. PERCY. As the Senator knows, I have discussed with him a series of amendments which are already printed, they are in the RECORD, and every Senator has received a copy of them. They are numbered 192 through 198.

I concur with the distinguished Senator from Rhode Island. The Senator from Illinois would be willing to accept a limitation of 30 minutes, 15 minutes to each side, on every one of those amendments.

Mr. LONG. Those amendments would seek to raise some revenue to offset what we are losing here, as I understand it.

Mr. PERCY. Some of those amendments are for the purpose of raising revenue to work on the problem of inflation and make this a more responsible bill.

Mr. LONG. Can the Senator tell us what the other ones are?

Mr. PERCY. Certain others would not be considered in a revenue-raising category.

Mr. LONG. What are they?

Mr. PERCY. One is an automobile efficiency tax incentive program. It does not cost money. It does not raise money.

Mr. LONG. I ask that that be accepted and considered germane.

Mr. PERCY. A rebatable gasoline tax raises revenue.

Mr. LONG. I ask that that be germane.

Mr. PERCY. Abolition of the Highway Trust Fund, considered to be noncontroversial.

Mr. LONG. What is that, I ask the Senator?

Mr. PERCY. Abolition of the Highway Trust Fund.

Mr. HUMPHREY. Absolutely noncontroversial.

Mr. PERCY. It will just put all of our automobile taxes in general revenue. I can think of no better way to raise revenue.

Mr. LONG. Does the Senator think it ought to be in this tax bill?

Mr. PERCY. I do not anticipate it will carry unanimously, or even with a large margin. But I think it should be considered. I can make my point in 15 minutes and am willing to be limited to that.

Mr. LONG. I ask that that be made germane.

Mr. PERCY. Repeal of deductibility of local and State gas taxes, and alcohol and tobacco excise taxes are revenue raising. Dyeing of heating and fuel oil.

Mr. LONG. I ask that they be made germane.

Mr. PASTORE. If the Senator will yield to me, yesterday I brought up an amendment and we argued here for 3 hours that my amendment was not germane. These amendments that are being talked about are not germane at all. If this concession is going to be made, I am going to object to the unanimous-consent agreement.

Mr. LONG. Objection heard, and that settles that.

The PRESIDING OFFICER. The Senator from New York has the floor. The Senator will proceed, please.

Mr. BUCKLEY. Mr. President, I call up my amendment.

Mr. MAGNUSON. Mr. President, may I ask——

Mr. BUCKLEY. Mr. President, regular order.

Mr. MAGNUSON. Will the Senator yield to me for 1 minute?

Mr. BUCKLEY. For 1 minute only I shall yield, without losing my right to the floor.

Mr. MAGNUSON. The amendment proposed by the Senator from Alaska is an out-and-out amendment to deregulate all gas. This is pretty important, and it is pretty controversial in this body. We have had long hearings, we have been a long time in the conference committee on this matter. I am sure if there is any further unanimous-consent request to limit the debate for 2 hours on the deregulation of gas—total deregulation—on behalf of the Committee on Commerce—not necessarily only for myself—I shall have to object to that, because I think everybody is going to have a lot to say about that particular amendment. I happen to oppose it. There are many who are going to agree with it. It is a real tough, controversial subject.

I do not know whether it is germane. The Senator from Louisiana said there might be a question of its germaneness. We will have to bring that up when it comes.

Mr. LONG. The problem is that the Senator has made it clear and, as a matter of fact, I believe the Senator even got consent that in the event cloture is voted, his amendment would be considered germane.

Mr. MAGNUSON. Well, we could not consider that amendment germane until we thrash it out.

Mr. LONG. The Senator got unanimous consent that it be considered germane in the event cloture is voted.

The PRESIDING OFFICER. The Senator from New York has the floor.

AMENDMENT NO. 127

Mr. BUCKLEY. Mr. President, I shall only detain the Senate a few minutes. I call up my amendment No. 127 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

Cost-of-living adjustment in tax rates.

The amendment is as follows:

At the appropriate place, insert the following new section:

SEC. . COST-OF-LIVING ADJUSTMENT IN TAX RATES.

(a) IN GENERAL.—Section 1 of the Internal Revenue Code of 1954 (relating to tax imposed) is amended by adding at the end thereof the following new section:

"(e) COST-OF-LIVING ADJUSTMENT.—

"(1) CHANGES IN AMOUNT.—At the beginning of each calendar year as soon as the necessary data become available from the Bureau of Labor Statistics of the Department of Labor, the Secretary of Labor shall report to the Secretary or his delegate the ratio which the price index for the preceding calendar year bears to the price index for the base period. Each dollar amount listed in the tables under subsections (a), (b), (c), and (d) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for the calendar year in which such report is made.

"(2) DEFINITIONS.—For purposes of paragraph (1)—

"(A) the term 'price index' means the average over a calendar year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics; and

"(B) the term 'base period' means the calendar year 1974.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to taxable years beginning after December 31, 1975.

Mr. BUCKLEY. I yield to the Senator from Illinois (Mr. PERCY) for an unanimous-consent request without losing my rights.

Mr. CURTIS. May we have order, Mr. President.

The PRESIDING OFFICER. The Senators will take their seats. The Senate will be in order.

The Senators will please take their seats.

The Senator from Illinois.

Mr. PERCY. Mr. President, I ask unanimous consent that Hannah McCornack, of the Committee on Government Operations, have access to the floor during the deliberation and debate and votes on this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUCKLEY. Mr. President, my amendment is a very simple proposal but a necessary one, and I hope that the sponsors of the bill will accept it.

The Tax Reduction Act of 1975, which we are now debating, is in large part intended to compensate for the effects of inflation on tax rates that were last approved by Congress in 1969. My amendment will avoid this problem in the future. It will provide for yearly adjustments of the income tax tables to reflect the effect of inflation on the tax burden. Since the tax rates were last established by Congress in 1969, we have experienced an inflation of well over 40 percent. One result of this has been to lift people in the lowest tax brackets and in middle tax brackets into a position where they must pay a higher percentage of earnings to the Federal Government, even though they are not earning any more in actual dollars that buys goods, that pay rent.

I wish, if I may, to illustrate the effect of the present system if we do not incorporate into it a provision that will make these automatic adjustments in tax rates.

Let us assume a wage earner with a 1974 income of $5,000. Under the present tax rates, he pays 2 percent of his income to the Federal Government in terms of income taxes.

If we assume a 7-percent annual inflation over the next 10 years—and I suggest that this is not unrealistic—then in 1984 he will have to earn $10,000 in order to have the same purchasing power as with $5,000 last year. Yet, instead of paying 2 percent of his income to the Federal Government in taxes, he will have been raised into tax brackets where he will have to pay 10 percent. That is a 500-percent increase in taxation, without Congress having taken any specific action to adjust for the cost of inflation.

By way of contrast, a wealthy taxpayer, someone who is earning $100,000 now and will be earning $200,000 in 1984 for the same purchasing power, will only see his tax burden increased from 42 to 54 percent. It will hardly make a difference.

I suggest that the adoption of my amendment will not only create equity, it will not only protect those in our society who most need protection, but furthermore it will also avoid the distortions and inequities that the inflation we are undoubtedly going to be plagued with for the next few years will create.

I would further point out that this will have no cost to the Treasury this year. It will have no cost until calendar 1976, and then only if we have inflation.

Certainly we should do away with this windfall profit to the Treasury, and if we want to spend more money in real dollars next year, let us have the guts to tax people at higher rates to pay for it. The alternative, of course, is to cut our spending.

I ask unanimous consent to have printed in the RECORD a table I have prepared showing the effect of inflation on taxes paid under an assumption that there is a doubling of prices and incomes in 10 years—an average rate of inflation of about 7 percent a year—at present tax rates.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

1974 income:	*Percent of 1974 income paid in taxes*
$5,000	2
$10,000	10
$20,000	15
$50,000	29
$100,000	42
$1,000,000	67

1984 income:	*Percent of 1984 income paid in taxes*
$10,000	10
$20,000	15
$40,000	25
$100,000	42
$200,000	54
$2,000,000	68

Mr. BUCKLEY. Mr. President, I urge my colleagues to accept this amendment, and I hope that the manager of the bill will be able to accept it.

Mr. LONG. Mr. President, this amendment would mean that as inflation occurred, Government revenues would not rise to anything like the extent that they do now.

Our tax system is so structured that as inflation presses up the cost of everything, it also raises people's income and causes them to be in higher income tax brackets, and the result is that we thereby tend to have enough money in the treasury to pay the cost of inflation, and it is not usually necessary to raise taxes.

With this amendment in effect, it would mean that in future years when inflation occurs Congress will find it necessary to raise taxes or to cut spending.

Sometimes, as now, it is not a good idea to cut spending while you have inflation. But I think it would be very unwise for Congress to pass legislation that would mean that future Congresses will have to vote tax increase after tax increase, or else dispense with services that they had regarded as very desirable and necessary services. That is the type of situation to which the amendment would lead.

It is true that this amendment would not go into effect immediately, so it would not plague this Congress, but it would plague future Congresses, and anyone who is going to be around here 4 or 6 or 10 years from now would find that this amendment would place upon him, if he felt that he should continue the kind of services that the Government has been providing or even expand on them in any respect, in a position of having to ask for tax increases where otherwise, to continue existing services, tax increases would not be necessary.

Mr. President, before we put future Congresses in a situation that would require them to seek tax increase after tax increase from the American people, we should give the matter a great deal more study and consideration. I believe after we did so, we would conclude that it was not a good idea to put ourselves in that sort of trap, where, in order to maintain the existing services of Government, after they have been affected by inflation, we would have to have tax increases, where, under the existing tax structure, the situation would automatically provide additional income which would take care of our taxes.

I know that when a person has his income raised because of inflation, he finds himself in a higher tax bracket. It is then within the power of Congress to reduce his taxes, which we are doing now.

But, faced with the hard choice, I would much rather be before the Senate asking it to cut taxes and to adjust the burden on the taxpayer downward than stand before the Senate faced with a situation such as we confront here tonight, if it would mean that both this Senator and future chairmen of the Finance Committee had to plead with the Senate to raise taxes just to provide the services that we had been providing, due to the inflated cost in dollars of providing those services.

So I hope the amendment will not be agreed to, Mr. President. Something of this sort would be a very sweeping and significant tax reform if it were to be agreed upon. I believe it should be considered in the committee as a part of a very philosophical restructuring of the tax code, and then, if a majority of the committee thinks it is a good idea, be brought here in that fashion. This would be a very, very significant change in our entire tax structure, and it is not the kind of thing that Senators should vote for without fully understanding it.

Until Senators do fully understand it, Mr. President, I would feel compelled to resist the amendment, and I think it is my duty to the Senate to move to table the amendment in due course, because I think that Senators would like to know a lot more about something of this sort before they vote to make such a drastic change in the way that our tax laws are administered.

Mr. HATHAWAY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. HATHAWAY. I would just like to add, in support of the Senator's position, that the present graduated tax tends to be helpful in times of inflation because, as the inflation puts the people in the higher brackets, we take more money away from them in that way. That tends to curb somewhat the inflation; and the converse is true in a deflationary period, when, due to decreased income, the taxpayer would drop down into a lower bracket, and thereby keep more money. The amendment would tend to destroy the stability that we have thereby built into the Internal Revenue Code.

Mr. BUCKLEY. Mr. President, I appreciate the comments of the Senator from Maine, and I agree that the graduated income tax has a deflationary defect by taking away more money, but it takes it from the wrong people. It takes it from the poor people, the weak people. These are the people who find themselves suddenly gouged by inflation.

I would suggest that the distinguished chairman of the Finance Committee misses the way this proposal would actually work. It is neutral. It does not strip the Federal Government of money, other than a windfall profit that was not intended by the Congress that established the rates.

In other words, over a given period we experience a 10-percent increase in the cost of living. The revenues to the Federal Government would increase 10 percent. In other words, the Federal Government would derive the same percentage of the earnings of the American people now intended, and we are talking in real dollars.

The effect of the existing system, which did not contemplate the kinds of inflation we are suffering, is to cause the Federal Government to receive not 10 percent, but 12 or 15 percent, and so this becomes a hidden tax. It becomes a windfall to the Federal Government. It does not deprive the Federal Government of the ability to maintain the same level of services.

If again assuming a 10-percent increase in the cost of living, it will cost Congress 10 percent more to deliver the same services.

Mr. President, this does not deprive future Congresses of revenue except to the extent that we now fix revenue in relationship to real earnings in this country.

What it does deprive the future Congresses of is that unearned income, if you will, which encourages the expansion of services without requiring us to apply the discipline to determine whether we are willing to tax our people to pay for them. It will require us to be honest with ourselves and honest with the American people in the deployment of tax revenues in future years.

But we have seen over the past 7 years of high inflation the fact that our existing system crucifies the poor, crucifies those of medium and low income, and we can rectify it by simply saying that those tax rates we adopt this year will continue to be the real tax rates on into the future until a future Congress changes them.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. LONG. Mr. President, do we have a limitation on this mendment?

The PRESIDING OFFICER. There is not.

Mr. LONG. Mr. President, there is what is known to the Treasury as a fiscal dividend. It is one of those offsetting factors. When inflation occurs there are pluses and minuses. One of the minuses is that Government costs more money in terms of dollars, and one of the pluses is that the tax structure brings more money in. One of the reasons it does that is because as people's income is increased by inflation they move up into a higher tax bracket and pay more taxes.

Now, this is a Republican administration. If you could find anyone to support this proposal it ought to be a Republican President and a Republican Secretary of Treasury. Neither of them supports this. The Treasury does not favor this amendment. Did they support this?

Mr. BUCKLEY. Mr. President, I just happen to have been talking to Mr. Simon a few minutes ago, and he thinks that indexing limited to these ratchets is a good thing.

Mr. LONG. Mr. President, if they think it is a good thing, they ought to send it down here and say so. They ought to tell the chairman of the committee that, because that is not what I have been told about this matter. They ought to send a letter down recommending it. We do not have anything like that. Our information up to this very moment is that the Treasury does not support it and that the administration does not favor this amendment. I do not think any future administration would favor it for a simple reason, and anyone who has participated in State or municipal financing can understand that.

Here the cost of all your services goes up where you have inflation. I do not care whether it is a sales tax or income tax, your income goes up with it so one tends to offset the other.

Now, with the income tax in some cases the revenue goes up even more than it does with the sales tax. If that proves to be a windfall to the extent that the Government income actually exceeds the cost of Government, then any legislative body or any executive can look at that good fortune on behalf of the Government, which is called a fiscal dividend, and you can either cut taxes and, if so, you can distribute it however you want to. You can do as we are doing, where the administration recommended a great deal more for the upper bracket taxpayers than the House approved and the Senate will probably approve a tax cut that gives more to the lower bracket taxpayers than the House approved. So Congress can decide how it wants to distribute this fiscal dividend. That is something that should be left in the tax law until we can find a better way to handle it. It is not the kind of thing we should just dispose of on 1 hour's debate tonight where most people do not even know what a fiscal dividend is.

Therefore, Mr. President, in order to get on with this debate, I move to table the amendment, and I ask for the yeas and the nays.

Mr. NELSON. Mr. President, do we need the yeas and the nays on it? There is not any conceivable chance that this thing is going to come out of conference anyway. We are just engaged in a silly exercise here. Why not just vote on a voice vote?

Mr. LONG. I am willing to vote on a voice vote.

Mr. BUCKLEY. I will ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. LONG. If the Senator is going to insist on the yeas and nays, I think he should have a rollcall vote.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is all time yielded back?

Mr. CURTIS. Parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CURTIS. Is this on the motion to table or on the amendment?

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table Mr. BUCKLEY's amendment. The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT BYRD. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Minnesota (Mr. MONDALE) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Tennessee (Mr. BROCK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. PACKWOOD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT) would vote "yea."

The result was announced—yeas 63, nays 27, as follows:

[Rollcall Vote No. 90 Leg.]

YEAS—63

Abourezk
Allen
Bayh
Bentsen
Biden
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Eagleton
Eastland
Fong
Ford
Glenn
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McGee
McGovern
McIntyre
Montoya
Moss
Muskie
Nelson
Nunn
Pastore
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevenson
Symington
Talmadge
Williams
Young

NAYS—27

Bartlett
Beall
Bellmon
Buckley
Curtis
Dole
Domenici
Fannin
Garn
Gravel
Hansen
Helms
Hruska
Johnston
Laxalt
McClure
Metcalf
Morgan
Pearson
Pell
Roth
Scott, William L.
Stevens
Stone
Thurmond
Tunney
Weicker

NOT VOTING—9

Baker
Brock
Bumpers
Goldwater
Kennedy
Mondale
Packwood
Taft
Tower

So the motion to lay on the table was agreed to.

Mr. CURTIS. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The legislative clerk read as follows:

Strike out all of section 203 of the committee substitute (relating to audit for certain earned income).

Mr. CURTIS. Mr. President, it is my hope that it will not take very long to present this amendment.

My amendment would strike out the earned income provision that is in the committee bill, and which was brought forward again in the Mansfield substitute.

I want to say to the distinguished chairman of the Committee on Finance, it is true that this resembles, in a way, the work bonus provision that many of us, including the Senator from Nebraska, supported at one time. We did it as a substitute for welfare reform bill that we thought was much worse.

I have been reappraising this in the light of the present bill and what it would do now.

This proposal would grant a special credit for earned income of 10 percent, up to $400, for any head of a family.

What it will do in reality is it will repay to those people their social security tax, and, while it is not mentioned in the bill—it is mentioned around the perimeter, it was in the House and here—this is to relieve individuals of low income from their social security tax. It would affect 6,479,000 at a cost of $1.7 billion.

I do not oppose it on the basis of the loss of income to the Treasury. My opposition is based upon what it will do to social security financing.

A sheet of paper has been passed around to you showing the deficits since fiscal year 1960.

In 1960 we had a surplus of $300 million. In 1961, 1962, 1963, 1964, 1965, 1966, 1967, and 1968 we had deficits. In 1968 it reached $25 billion. Then in 1969 we had a small surplus of $3.2 billion. Then deficits again. In 1971, we had a $23 billion deficit. In 1972 it was $23.2 billion; in 1973 it was $14.3 billion; and in 1974, $3.5 billion.

It is estimated that this year our deficit will be almost $35 billion. The deficit for next year is almost $80 billion. It may go over that.

If we depart from the payroll tax to pay social security benefits upon what can the people rely?

Unlike a commercial insurance company where reserves are built up from the premiums paid and the insured people expect a return of their own money with earnings, the social security has no such reserve. For several years we had a reserve enough to pay benefits for 1 year. In 1972 the House of Representatives sent us a raise in social security for 5 percent. Then someone whispered to a very prominent member of the Ways and Means Committee that he ought to be President of the United States, and he came out for a raise to 20 percent without changing the tax.

Mr. President, whether you realize it or not, in this next year the social security fund will pay out $6 billion more than it takes in. It is estimated that in fiscal 1976 the social security tax will bring in $68.2 billion, and we will pay out $74.3 billion.

The purpose of distributing this table showing our record for deficits is this: whenever we say that we are going to pay social security benefits out of the general fund, there is no general fund. We are saying to the old people, "We are going to pay your social security funds out of deficit financing."

We are going to give them a piece of paper.

The one reliance that the individuals who paid the social security tax all through the years have is that when they reach retirement age the tax will be imposed upon others.

The Congress has added so many things to social security that the social security tax is high. It is very burdensome. I think that the Committee on Finance and the Committee on Ways and Means should conduct an intensive study of social security financing. I believe we should carry out every commitment to pay a benefit that we have given to our people. If there is any adjustment that can ease the burden of the payroll tax and still keep it for the retirement program, it ought to be worked out.

We need the help of the finest actuaries we can get. The social security tax has gotten so high that, naturally, there is a revolt against it. Millions of people who pay no Federal income tax pay a very heavy social security tax. Other millions pay more in social security tax than they pay in income tax. There is resentment across the country; rightly so. I do not blame them.

Congress has done a good job in financing social security. But if we embark on a proposal of refunding the amount of his social security tax to every head of a family with children, how are we going to stop it. When we abandon the payroll tax for financing social security, what security is there for someone already retired or about to retire next month or next year? There is no reserve to pay it. His security rests upon the principle that Congress will impose the necessary tax on the young and the middle-aged and the older people who have not retired, to pay the bill.

I agree that the tax is high, that it is burdensome. We should search for ways to eliminate some of the things that hang on to the retirement program. That was the reason why social security was created. There are things we can do.

Our social security taxpayers are taxed to pay the hospital and medical bills of people of unlimited wealth. Perhaps we could give consideration to that. But I feel that if we, even by indirection, refund the social security tax, that is the beginning of the end of the payroll tax.

If Congress had shown an inclination to maintain a general fund that could pay this bill, then we would be in the position to debate: Shall we pay it out of the general fund? But the fact is that the short trend as well as the long trend is that there is no money in the general fund; that to abandon the payroll tax means a flat payment, a piece of paper, to pay the benefits out of the general fund. We would then be in a position of an assessment insurance company that owed claims to many policyholders and refused to make the assessment to pay it, even though they had no money in the treasury.

We have an obligation, until we can reform it and find something better, to continue the payroll tax for the benefit of the beneficiaries now and those who retire in the future, because that is all they have. That is the only security they have. People make an election to get their social security benefits today. The only assurance they have it will be paid is that we continue to tax all the workers covered by social security and all the self-employed as we always have.

If those who speak in opposition to this amendment point out that, technically and legally, there is no connection between the earned income credit and the abandonment of the income tax, I will have to agree to it; but in reality there is. That is the reason why it is here.

I oppose this $7.1 billion, not for budgetary reasons, but I oppose it as the beginning of bad financing for the social security system.

Mr. LONG. Mr. President, I believe that the Senator has rendered the Senate a service in proposing this amendment to strike the earned income credit for the poor, because he will offer the Senate the opportunity to go on record in favor of the earned income credit for the poor in this country. I think Senators would like to go on record in favor of the earned income credit for the poor.

I have been working for this type thing for many years in the Senate, and with considerable success.

Mr. President, the Senate is going to take great pride in putting on the lawbooks a provision saying that we know the poor pay a lot of taxes and we want to do something about it. That is no new experience for the U.S. Senate.

This Senator explained to the Senate some years ago that studies indicate that a poor man, with a wife and two children, making only $4,000, was paying hidden taxes that amounted to about 25 percent of his income, although he was not paying an income tax. How did we arrive at that conclusion?

In the first place, on his earnings a 10-percent social security tax is being collected. Actually, it is more than 10 percent—about 11 percent. Only half of that is assessed directly against him, but as a consumer, he absorbs the entire thing.

What happens is that the employer usually pays both the employer and the employee portions of the tax. He puts that in his cost of living with all his other expenses, and he passes that on in higher prices. When that poor man goes into a store, I do not care whether he is buying a pair of shoes or a can of beans, he is absorbing that social security tax, not a 5.5 percent but at an 11-percent social security tax rate.

Some years ago we worked on a tax bill, and I though we had done a great job of helping the poor and the low-income people, because we shifted more of the tax burden on the corporations. But our economists and our joint staff pointed out to me that more than 50 percent of that corporate income tax—they said most economists believed that the figure is more like 75 percent than 50 percent—is actually being passed on by corporations in the price of the product to the consumer. I think that almost all economists agree that at least 50 percent of it is being passed on to the consumer, the poor man making $4,000. He is paying a tax on cigarettes; he is paying a tax on gasoline; he is paying all sorts of hidden taxes that are being passed on to him. Our studies indicate that 19 percent of his income is being paid to the Federal Government and a considerable amount is being paid into the State government.

For example, it is said that he pays no tax on his house. That is right. He does not own a house on which to pay a tax. He is renting a house. The landlord is paying the tax and passes it on to this poor soul in the cost of his rent.

In my State, we have homestead exemptions. The State of Florida has homestead exemptions. I see the distinguished Presiding Officer nodding, and he knows what I am talking about.

If a poor man lives in his own house—if he has that good fortune—he is exempt from a tax on his home, but not if he is a tenant in a house. The landlord pays the tax and passes it on to the poor man who is in the house.

We recognize some of this in this bill, and this is not the first time the Senate has done it. The first time I asked the Senate to vote on it, we were talking about a social security and welfare bill. I asked that the roll be called, and there were 49 yeas, with only five nays—five Senators opposed to this concept of a tax credit for low-income workers. I was pleased to see at that time that my good friend, the Senator from Nebraska (Mr. CURTIS), was announced for it. As a matter of fact, we had worked on this proposal in the committee, and the Senator had some doubts about it. He finally decided it was a good idea. He thought it was such a good idea that he gave it a name. He said it should be called a work bonus because it is a bonus to poor people who work for a living instead of going on welfare.

I am dismayed to learn that, having done that, the Senator now informs us that he was not really doing this to help the poor but to keep them from getting more money than in a welfare plan. I thought he was doing it because he had a genuine compassion for poor people who work and pay a lot of taxes in a hidden form. In any event, the Senator is certainly entitled to change his mind.

Mr. CURTIS. Will the distinguished Senator yield just briefly at that point?

Mr. LONG. I yield to the distinguished Senator.

Mr. CURTIS. I state again that I supported this as the lesser of two evils. My own administration sent up here a welfare reform bill that was a total disgrace. It would have cost a lot of money, would have promoted idleness. It passed the House, passed it twice. I was glad to vote for anything as a substitute to stop that.

Mr. LONG. Well, Mr. President, the Senator knows what the Senator had in mind better than I do. I shall take his word for it. I only explain to the Senate what my impression was at the time. Naturally, I would not know why the Senator does something as well as he would. But having given it a name, "the work bonus," I thought the Senator found considerable pride in that part of the handiwork of the committee which he had voted for at that point and joined us in recommending it to the Senate for a vote. Now having given the baby its name, the godfather disowns it and wants nothing to do with it. That is all right if that is the way he feels. But that is not the trend of business in the U.S. Senate.

We passed a bill once in 1973—first we passed it in 1972. The Senator could not be here, but he let it be known he was for it.

Then we came back with a similar proposal because at that time we were not able to enact it into law, even though the Senate passed it by a 10-to-1 margin. So we came up again with it in 1973.

At that time, Mr. President, the Senator apparently did make clear what his true views in this area are, because he spoke against it and opposed it and there was an Ervin-Allen-Curtis amendment to strike this from the bill. On that occasion, there were 21 yeas in favor of striking it and 57 nays. So it remained in the bill by a majority of almost three to one.

Mr. PASTORE. Will the Senator yield?

Mr. LONG. I yield, yes. I ask unanimous consent that this rollcall be printed in the RECORD.

There being no objection, the rollcall vote was ordered to be printed in the RECORD, as follows:

ROLLCALL VOTE

Result of vote: Amendment agreed to. Yeas 49; nays 5; not voting 46.

YEAS (49)

Democrats (28 or 90%):

Allen, Bayh, Bentsen, Bible, Burdick, Harry F. Byrd, Jr., Robert C. Byrd, Cannon, Chiles, Church, Cranston.

Irvin, Fulbright, Hollings, Hughes, Inouye, Jackson, Long, Magnuson, Mansfield, McClellan, Moss, Nelson, Pastore, Proxmire, Stennis, Symington, Talmadge.

Republicans (21 or 91%):

Aiken, Beall, Bennett, Brock, Buckley, Case, Dole, Fannin, Fong.

Hatfield, Hruska, Jordan, Idaho, Mathias, Packwood, Pearson, Schweiker, Scott, Smith, Stevens, Thurmond, Young.

NAYS (5)

Democrats (3 or 10%):

Hartke, Kennedy, Stevenson.

Republicans (2 or 9%):

Bellmon, Cooper.

NOT VOTING (46)

Democrats (24):

Anderson—A[2], Eagleton—A[2], Eastland—A[2], Edwards—A[2], Gambrell—AF[2], Gravel—A[2], Harris—A[2], Hart—A[2], Humphrey—AF[2], Jordan, N.C.—A[1], McGee—A[1], McGovern—A[2], McIntyre—AF[2].

Metcalf—A[2], Mondale—A[2], Montoya—A[2], Muskie—A[2], Pell—AF[2], Randolph—PF[2], Ribicoff—PA[2], Sparkman—A[2], Spong—A[2], Tunney—A[2], Williams—A[2].

Republicans (22):

Allot—A[2], Baker—A[2], Boggs—A[2], Brooke—AF[2], Cook—A[2], Cotton—A[2], Curtis—AF[2], Dominick—A[2], Goldwater—A[2], Griffin—A[2].

Gurney—A[2], Hansen—A[2], Javits—A[2], Miller—AF[2], Mundt—A[3], Percy—AF[2], Roth—A[2], Saxbe—A[2], Stafford—A[2], Taft—A[2], Tower—A[2], Weicker—A[2].

PAIR

Randolph-Ribicoff.

SYMBOLS

A—Absent.

AF—Announced For

PF—Paired For.
PA—Paired Against.

EXPLANATION OF ABSENTEEISM

[1] Official Business.
[2] Necessarily Absent.
[3] Illness.

ANALYSIS OF ISSUE VOTED ON

Party cohesion: Democrats—90 percent; Republicans—91 percent.

Measure of Party Support on Issue as Voted on:

For (49): Democrats—28 or 57 percent; Republicans—21 or 43 percent.

Against (5): Democrats—3 or 60 percent; Republicans—2 or 40 percent.

Mr. PASTORE. I think the one thing we are overlooking in this debate is this new dimension that has brought us to the point that we are at today. It is recognized by the administration and also recognized by Congress that in order to stimulate an economy which is in bad shape today, there has to be an infusion of some sort or other in order to revitalize the economy. That being the case, the administration suggested that there be a rebate of $16 billion. Of course, the administration, at the time, said 10 percent across the board; meaning that if one earned $50,000 in 1974, he would get back $1,000.

All we are doing here is stating the proper priorities. What we are saying is that if we are going to put this money back as an infusion into a sick economy, in order to stimulate that economy, then we ought to put the money in the pockets of the people who are going to spend it and the people who need it. That is precisely what we are doing here.

We are not reforming the tax law, so to speak. That is not the problem here, today. The problem here is, what do we do about a sick economy? How much money are we going to spend in order to infuse a new revitalization of that economy, and where do we put this money?

As the committee has already done, they are putting this money in the pockets of the people who need it most and that is the way it ought to be. Because if we take it away from them, then where are we going to put it? Are we going to put it as a bonus to the corporations? Are we going to put it as a bonus to the wealthy, the affluent? That is not the point. The point is if we want to do the job and do it right, we have to put the money where it is going to do the most good and at this time, we ought to put the money in the pockets of the people who are going to spend it.

Mr. LONG. Mr. President, there are 6.4 million poor people in this country that will be benefited by the provision the Senator seeks to strike in this bill. I have been working for this type thing for many years, Mr. President. I have said, and I say again, that the time finally comes when people are called upon to explain their votes to their constituents. Senators, few in number though they be, who have opposed this provision, have not found it necessary to go home and explain to the poor people that they voted against this, because the poor people did not get it, never heard about it, did not even know it was being considered.

It is different this time, Mr. President. It is in the House bill to begin with. Three times, we asked the House to take this proposal to help the working poor, to take the few that, if they made so little they did not owe us any income tax, probably had something coming back to them, especially if they had children. Three times we took it over to the House of Representatives and three times they turned us down. But this time, Mr. President, they have seen the error of their own ways. Now the House has sent this to us. This is a House proposal. If I am the chairman of those conferees, you can bet your life that it is going to go to the President's desk to be signed.

Mr. RIBICOFF. Will the Senator yield?

Mr. LONG. I yield to the Senator, yes.

Mr. RIBICOFF. I wish to take this opportunity to commend our chairman for having conceived this concept and having it prevail in the Committee on Finance of the Senate on three different occasions. At the conferences that I have attended with the chairman with the House, I was surprised at the difficulty that the House Members had in understanding what the chairman was trying to achieve. It seemed only yesterday that we were in conference and it was unanimously rejected by the House conferees. But now, the House has seen the light and the error of their ways and have admitted that the concept that our chairman has been fighting for all these years has great merit. It took a time of stress to make them realize how important this is.

It has always been the chairman's contention that people in low-income brackets, who are really working and keeping body and soul together, and, because of their pride, they need not take these menial jobs, go on welfare, and it was the chairman's concept that we should do everything possible to encourage people in low-income-paying jobs to go to work and stay in these jobs. These people should be rewarded instead of being penalized.

I believe that this is one of the most imaginative parts of this bill and I hope that the Senate will stay with Senator LONG and reject the amendment of the Senator from Nebraska.

Mr. LONG. Mr. President, I ask unanimous consent to place in the RECORD at this point a table, which I shall summarize just somewhat for the Senate, showing how much taxes the poor are actually paying. This is from a study made by the Bureau of the Census. It is referred to by Mr. Herbert Miller in a book named "Rich Man, Poor Man." It was also made the subject of a study by Mr. Joseph A. Pechman, "The Rich, the Poor, and the Taxes They Pay."

Just listen to this. This is what the poor pay. In an income class under $2,000, they pay Federal taxes of 19 percent of income; State and local taxes, 25 percent. That is a misleading figure in this respect, Mr. President, that that relates to income, and at that level these poor people have a considerable amount of income from social security and public welfare checks, those who have so little income. But that is not quite the same when we move up a bracket from $2,000 to $4,000. At that point, they pay 16 percent of their meager income to the Federal Government in taxes, and they pay 11 percent to State and local government, for a total of 27 percent.

Compare that, Mr. President, to those in a bracket of $6,000 to $8,000. At that level, they pay 17 percent to the Federal Government and 9 percent to State government, for 26 percent—now, that is strange. At a level of $6,000 to $8,000, those people pay a lower percentage of their income in taxes than these working poor in the brackets between $2,000 and $4,000 because, if for no better reason, those making $8,000 do not find it necessary to spend all their income. Therefore, they are not caught by quite as heavy a consumer tax.

I ask unanimous consent that that table appear in the RECORD at this point, Mr. President.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TAXES AND TRANSFERS AS A PERCENTAGE OF INCOME: 1965

[In percent]

Income class	Taxes: Federal	Taxes: State and local	Taxes: Total	Transfer payments	Taxes less transfers
Under $2,000	19	25	44	126	[1] −83
$2,000 to $4,000	16	11	27	11	16
$4,000 to $6,000	17	10	27	5	21
$6,000 to $8,000	17	9	26	3	23
$8,000 to $10,000	18	9	27	2	25
$10,000 to $15,000	19	9	27	2	25
$15,000 and over	32	7	38	1	37
Total	22	9	31	14	24

[1] The minus sign indicates that families and individuals in this class received more from Federal, State, and local governments than they, as a group, paid to these governments in taxes.

Note: Joseph A. Pechman, "The Rich, the Poor and the Taxes They Pay," The Public Interest, November 1969. The data are from the Economic Report of the President, 1969, p. 161.

Source: Herman Miller, "Rich Man, Poor Man", p. 17.

Mr. LONG. Mr. President, I am about ready to vote on this matter.

Mr. CURTIS. Will the Senator withhold that for just 2 or 3 minutes?

Mr. LONG. Mr. President, I ask unanimous consent that further debate on the amendment be limited to 10 minutes, to be equally divided between the manager of the bill and the Senator from Nebraska.

Mr. CURTIS. I thank the distinguished Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CURTIS. Mr. President, I have no hopes of carrying this amendment. I do feel we are tampering with social security financing, to begin with.

Much has been said about the poor people. The poor people depend upon receiving their social security. We have not built up any reserve for them. We have no money in the general fund to pay it, and I am opposed to anything that smacks of abolishing the payroll tax—not because I like the tax; I think it is terrible. I think it is high. But I believe we must fulfill our obligations to people.

One more thing: This is not the only thing in this bill for the poor, for people of low income. Many of them, almost all, will get the benefit of the 12-percent rebate. Many of them, if they pay any taxes at all, will get the benefit of the election to take a $200 credit in lieu of the personal exemption of $750. And many of them—all of them if they pay taxes—will get the benefit of a reduction of 1 percent in each of the first four brackets.

So this proposal is not the only thing in the measure that has been worked out for the people of low income. I have stated from the very beginning that I would support a tax bill that would shelter the real poor from the harshness of inflation, and then I would apply the rest on business taxes such as the investment credit. It has gone beyond that point, and I cannot support it, but that is all right; I yield to the majority.

Mr. President, I withdraw the amendment.

Mr. LONG. Mr. President, if that be the case, I ask unanimous consent that this section of the committee amendment be voted on by the Senate.

The PRESIDING OFFICER. The amendment has been agreed to.

Mr. LONG. I ask unanimous consent that the Senate now proceed to vote on section 203 of the committee bill.

Mr. CURTIS. Mr. President, I object.

Mr. LONG. Mr. President, I move to strike section 203 from the committee bill, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. LONG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, let me make clear that the Senator offered an amendment——

The PRESIDING OFFICER. A quorum call is in progress.

Mr. LONG. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. I ask for the yeas and nays on my motion.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER (Mr. STONE). The question is on agreeing to the motion of the Senator from Louisiana to strike section 203. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. Senators will clear the well. The Senate will be in order. Senators will clear the aisles.

The assistant legislative clerk resumed the call of the roll.

The PRESIDING OFFICER. The clerk will suspend. The Senators will clear the well and clear the aisles so the clerk will be able to announce the rollcall. Senators will clear the aisles. The clerk will not continue until we have order.

The Senators will take their seats. The Senators will clear the aisle to the left. The Senators here on the left in the aisle will please clear the well and please take their seats?

Will the Senators in the center aisle please take their seats.

The clerk will resume.

The assistant legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Delaware (Mr. BIDEN), the Senator from Arkansas (Mr. BUMPERS), and the Senator from Minnesota (Mr. MONDALE) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Tennessee (Mr. BROCK), the Senator from Arizona (Mr. GOLDWATER), the Senator from Oregon (Mr. PACKWOOD), and the Senator from Texas (Mr. TOWER) are necessarily absent.

I further announce that the Senator from Ohio (Mr. TAFT) is absent due to illness.

The result was announced—yeas 12, nays 78, as follows:

[Rollcall Vote No. 91 Leg.]

YEAS—12

Bellmon
Buckley
Chiles
Curtis
Fannin
Hansen
Helms
Hruska
McClure
Roth
Scott, William L.
Thurmond

NAYS—78

Abourezk
Allen
Bartlett
Bayh
Beall
Bentsen
Brooke
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Church
Clark
Cranston
Culver
Dole
Domenici
Eagleton
Eastland
Fong
Ford
Garn
Glenn
Gravel
Griffin
Hart, Gary W.
Hart, Philip A.
Hartke
Haskell
Hatfield
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McGee
McGovern
McIntyre
Metcalf
Montoya
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Schweiker
Scott, Hugh
Sparkman
Stafford
Stennis
Stevens
Stevenson
Stone
Symington
Talmadge
Tunney
Weicker
Williams
Young

NOT VOTING—9

Baker
Biden
Brock
Bumpers
Goldwater
Mondale
Packwood
Taft
Tower

So the motion to strike section 203 from the committee bill was rejected.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. TUNNEY. Mr. President, I would like to call up my amendment, or send to the desk an amendment.

Mr. MAGNUSON. Will the Senator from California yield for a unanimous-consent request for just 1 minute?

Mr. TUNNEY. Yes; I yield.

COMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. MAGNUSON. Mr. President, I ask unanimous consent that the Committee on Commerce can meet tomorrow at 10 o'clock for the purpose of having a hearing on a nomination for the Civil Aeronautics Board and for no other purpose. I want to make that clear.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. MANSFIELD. Mr. President——

Mr. TUNNEY. I am happy to yield to the Senator.

Mr. MANSFIELD. Does the Senator have an amendment he wants laid before the Senate?

Mr. TUNNEY. I have the amendment at the desk which is about to be reported.

Mr. MANSFIELD. I would like to make a unanimous-consent request, because I had understood that the distinguished Senator from New Mexico was going to lay down an amendment for tomorrow, but in view of the fact that the Senator from California (Mr. TUNNEY) has laid down an amendment, I am sure the Senator from New Mexico would agree to follow the Tunney amendment.

UNANIMOUS-CONSENT AGREEMENT

ORDER FOR ADJOURNMENT TO 8:15

Mr. MANSFIELD. Mr. President, I would like to ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 8:15 tomorrow morning.

Mr. McINTYRE. Eight, what?

Mr. MANSFIELD. Eight-fifteen.

The PRESIDING OFFICER. Is there objection?

Mr. PHILIP A. HART. Reserving the right to object——

Mr. MANSFIELD. I will get to the Senator next.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HELMS. Mr. President——

Mr. MANSFIELD. I ask unanimous consent—I withhold that request.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Would the distinguished Senator disclose the order of the votes?

Mr. MANSFIELD. Yes.

Mr. HELMS. What it will be, because I would like to do the same thing.

Mr. MANSFIELD. Yes.

Mr. HELMS. Fine.

Mr. PHILIP A. HART. That is my purpose also.

ORDER FOR RECOGNITION OF CERTAIN SENATORS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the distinguished Senator from Connecticut (Mr.

Weicker) and the distinguished Senator from Massachusetts (Mr. Kennedy) be recognized for not to exceed 15 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I do not think the full time will be allocated.

ORDER FOR CERTAIN AMENDMENTS TO BE CALLED UP TOMORROW—TIME LIMITATION AGREEMENTS

Then I ask unanimous consent that an amendment to be offered by the distinguished Senator from Michigan (Mr. Philip A. Hart) and the distinguished assistant Republican leader, the Senator from Michigan (Mr. Griffin), be called up at the conclusion of those remarks, that there be a 20-minute allocation, the time to be equally divided between the sponsors of the bill and the manager of the bill, and I understand that has been cleared with Senator Curtis and Senator Long.

Mr. LONG. Could we have a 20-minute limit on those?

Mr. MANSFIELD. Yes.

Mr. TUNNEY. Reserving the right to object, where does that leave mine?

Mr. MANSFIELD. We will get to it, it is rather late.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that immediately on the vote on cloture there be a 20-minute limitation on the Tunney amendment, to be equally divided between the sponsor and the manager of the bill.

Mr. TUNNEY. Following cloture?

Mr. MANSFIELD. Yes, immediately.

Mr. LONG. Mr. President, there might be a problem.

Mr. TUNNEY. I am worried about——

Mr. MANSFIELD. OK, I understand——

Mr. LONG. If he is allowed to vote on his before cloture, there will not be any problem.

ORDER FOR SENATE TO CONVENE AT 8 A.M. TOMORROW

Mr. MANSFIELD. All right.

Then, Mr. President, I ask unanimous consent that the Senate convene at 8 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection?

Mr. HUMPHREY. Well, not objection, but resistance.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS TOMORROW

Mr. MANSFIELD. And that following the special orders which the Senate has granted to the Senator from Connecticut and the Senator from Massachusetts, that the Senators from Michigan be recognized for 20 minutes to offer their amendment on the basis heretofore stated.

Mr. LONG, Make it 15.

Mr. MANSFIELD. Fifteen?

And then following that 15 minutes on the amendment of the distinguished Senator from California, the time to be allocated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. And then immediately following the vote on cloture that the amendment of the distinguished Senator from New Mexico be laid down and made the pending business.

Does the Senator desire a time allocation?

Mr. DOMENICI. Fifteen minutes on a side is adequate.

Does Senator Humphrey require more than that?

Mr. HUMPHREY. I think that is plenty. It is so good, we hardly need that much.

Mr. DOMENICI. I am wondering with reference to germaneness.

Mr. MANSFIELD. Do not raise the question.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. JAVITS. Mr. President——

The PRESIDING OFFICER. The Senator from New York.

Mr. MANSFIELD. Do not push me too far because we are trying to make a little progress.

Mr. JAVITS. Will the Senator yield?

Mr. MANSFIELD. Yes.

Mr. JAVITS. I never push the Senator.

Mr. MANSFIELD. No, the Senator from Illinois, because I know he has a stack of them.

Mr. JAVITS. I was trying to ask the Senator, we went through an exercise this afternoon of telling Senator Long our amendments. He said he would see we were able to present them tomorrow without reference to the strict letter of the rule.

The question, what is going to be the attitude on that, as that may determine many votes on cloture.

Mr. MANSFIELD. That is right. My feeling is that there is a good chance that cloture may be invoked tomorrow; if so, then every Member has 1 hour at his disposal to offer amendments, or otherwise.

Mr. JAVITS. Yes, but the rule on germaneness is what I am talking about.

Mr. MANSFIELD. I am talking about the rule of germaneness.

Mr. JAVITS. But it is in rule XXII.

Mr. LONG. The point is, if the Senate votes cloture, we are with the rule of germaneness, whether we like it or not, we do not have any choice.

Mr. JAVITS. Mr. President, I appreciate Senator Long's position, but we went through this exercise because there were quite a number of these and it may determine whether there should be a motion.

I thought Senator Long had made a very admirable point. We will lock in whatever there are and we will not put any more, then everything else the rule of germaneness will apply to.

Mr. LONG. If I might respond, that is what I tried to do. I tried to get by with a unanimous-consent request, but I could not get it, I would like to have had it, but I could not get it.

Mr. MANSFIELD. I am at an impasse again, but so far we have an agreement on the amendment of the distinguished Senators from Michigan and the distinguished Senator from California, and an agreement on the part of the distinguished Senator from New Mexico following the vote on cloture, and I ask that there be a 20-minute limitation of that time to be equally divided between the sponsor of the amendment and the manager of the bill.

Mr. DOMENICI. I have a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. If cloture is invoked, I would like to inquire whether the Domenici-Humphrey amendment No. 181 would be germane.

It is on insulation on new and used housing and installation of solar energy, that is, a tax credit, would it be germane or not?

The PRESIDING OFFICER. The Chair is advised it would not be germane.

Mr. MANSFIELD. Then, Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 7 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Object.

The PRESIDING OFFICER. Objection is heard.

Mr. MANSFIELD. I am trying to take care of some of these people before cloture is invoked.

Mr. HELMS. Where does the Senator from North Carolina stand?

Mr. MANSFIELD. We will get you on, too.

Mr. HELMS. I withhold my objection.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that what we ought to do, really, is to come in at 8 o'clock, as agreed to; that the special orders not to exceed one-half hour for two Members would be agreed to. That would take us to 8:30 at the most, and probably 8:20. That then the distinguished Senators from Michigan be recognized to offer their amendment for a period of not to exceed 20 minutes. That would bring us to 9 o'clock. Then the same application to the amendment of the Senator from California, which would bring us to about 9:35; and then the same application to the amendment of the Senator from New Mexico, which would bring us to about 10:15.

I am really mixed up as I go along.

Mr. HELMS. The Senator is doing fine.

Mr. MANSFIELD. But I am delaying the cloture vote and going against the Rules of Procedure of the Senate.

Mr. ROBERT C. BYRD. Mr. President, I suggest that the Senator stick with his schedule that he has laid out. The 1 hour on cloture could then begin running immediately following the disposition of the Domenici amendment.

Mr. MANSFIELD. Except there will be a Javits amendment and there will be a Helms amendment.

Mr. ROBERT C. BYRD. They can be worked in ahead of that.

Mr. JAVITS. And 10 minutes on each side.

Mr. HELMS. Twenty minutes will be sufficient.

Mr. PERCY. Mr. President, I realize the problem of our distinguished leader.

There are two very simple amendments, each of which would bring in revenue. One of them simply repeals the deductibility of State and local gasoline taxes, and the other one applying to heating and fuel oil.

Mr. MANSFIELD. All right, 10 minutes on the two amendments by the distinguished Senator from Illinois. Following that, the beginning of the 1 hour on the cloture motion.

Mr. HATHAWAY. Mr. Leader, may I suggest it will take some time for a rollcall vote?

Mr. MANSFIELD. I am including that.

Mr. HUMPHREY. On one of the amendments of the Senator from Illinois, I would move to table it immediately, if no one else does.

Mr. HATHAWAY. Mr. President, I have an amendment which may well take no more than 5 minutes.

Mr. LONG. Mr. President, that amendment was voted on in the committee, and although it did not carry, it had a good vote. I would suggest that the amendment by the Senator be regarded as germane.

Mr. MANSFIELD. All right; 10 minutes on that amendment. No more, please.

I hope the Parliamentarian can work this out.

And Senator Gravel will have 2 hours.

Mr. HUMPHREY. Mr. President——

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TAX REDUCTION ACT OF 1975

The Senate continued with the consideration of the bill (H.R. 2166) to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

AMENDMENT NO. 159

Mr. HUMPHREY. Mr. President, I have an amendment at the desk, No. 159. It is a tax deferment reinvestment period extension. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Minnesota (Mr. Humphrey) for himself, Mr. Tower, Mr. Domenici, Mr. Laxalt, Mr. Abourezk, Mr. Buckley, and Mr. Hatfield, proposes an amendment to insert a new title.

The amendment is as follows:

TITLE—TAX DEFERMENT REINVESTMENT PERIOD EXTENSION

(a) The Congress hereby finds and declares that—

(1) the availability of mortgage loans at low interest rates is inadequate;

(2) the lack of mortgage money for housing has prevented many persons from reinvesting proceeds from the sale of their housing in new housing within the period during which such proceeds are deferred; and

(3) the shortness of this tax deferment reinvestment period has forced families to pay taxes on the gain from the sale of housing even when they have tried with no success to reinvest such proceeds in another residence.

(b) The purpose of this amendment is to extend the tax deferment period for proceeds from the sale or exchange of property to 18 months (2 years in the case of a new residence under construction) from the present 12 months (18 months in the case of a new residence under construction).

(c) That section 1034 of the Internal Revenue Code of 1954 (relating to sale or exchange of residence) is amended by—

(1) striking out "1 year" each place it appears in subsection (a) and inserting in lieu thereof "18 months",

(2) striking out "1 year" in subsection (c)(4) and inserting in lieu thereof "18 months",

(3) striking out "one year", "1 year", and "18 months" in subsection (c)(5) and inserting in lieu thereof "18 months," '18 months", and "2 years" respectively,

(4) striking out "1 year" in subsections (d) and (h) and inserting in lieu thereof "18 months".

(d) The amendments made by this title aply to the sale of an old residence by a taxpayer after December 31, 1973.

Mr. HUMPHREY. Mr. President, I have talked with the chairman of the Finance Committee about this and the ranking Republican member (Mr. Curtis).

The amendment is designed to extend the period during which taxes on the proceeds from the sale of a residence can be deferred pending reinvestment in another residence. My amendment would extend the deferment period to 18 months—24 months for new residences under construction.

Currently, homeowners are given 12 months after the date of sale of their residence to reinvest any taxable gain from the sale in another residence; if they meet this deadline, any tax on the gain is deferred. If they do not meet the deadline, the homeowner is taxed on the gain even though he may intend to purchase another residence, but cannot within 12 months due to high mortgage rates or the unavailability of mortgage money. The deferral period in instances of a new home under construction is 18 months.

My proposed extension of the deferral period to 18 months—2 years for housing under construction—is identical to provisions included in the general tax reform legislation which grew out of deliberations by the House Ways and Means Committee this past fall. They evaluated the revenue loss from this extension as negligible.

In short, my amendment, entitled, "Tax Deferment Reinvestment Period Extension," will enable homeowners to be treated more equitably under the deferral provision dealing with capital gains on the sale of a residence than they are today.

Mr. LONG. Mr. President, if the Senator will yield, we have discussed the amendment. The staff thinks it is a good amendment, and so do I. I suggest we vote on it.

Mr. FANNIN. Mr. President, as I understand, the ranking minority member has been notified of this and has cleared it.

Mr. HUMPHREY. I did talk to the distinguished Senator from Nebraska (Mr. Curtis). He approved the amendment and said he had no objection to it.

The PRESIDING OFFICER. Is all time yielded back?

Mr. HUMPHREY. I yield back the remainder of my time.

Mr. LONG. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FANNIN. Mr. President, under the committee bill, for a corporation to have an investment credit of 12 percent, instead of 10 percent, for the years 1975 and 1976, it must contribute to an employee stock ownership plan. The amount contributed will be equal to one of the two additional percentage points above the 10 percent rate.

I have long been in favor of greater employee stock ownership, however, I would prefer to give the business corporation a financial incentive to create an employee stock ownership plan. In the previous Congress I introduced a bill that would give new incentive for corporate employers to establish such plans. The bill modified the Internal Revenue Code as follows:

First. Provides that a qualified employee benefit trust shall have the tax characteristics of a charitable organization for purposes of income, estate, and gift taxes.

Second. Provides a tax deduction to corporations for the amount of dividends which they pay on stock held by qualified profit sharing or stock bonus plan trusts, provided that the dividends are promptly paid over to the employees covered by the plan.

Third. Provides for an increase from 15 percent to 30 percent in the percentage limitation on the maximum annual tax-deductible contribution that can be made to a qualified employee benefit trust.

Fourth. Provides an additional tax deduction for a corporation making a contribution to a qualified profit-sharing or stock-bonus trust where the trust pays off indebtedness incurred to purchase stock of the corporation. The amount of the special deduction would be 50 percent of the principal amount of the indebtedness paid by the trust during the taxable year of the corporation.

Mr. President, with the above changes in the tax law, a typical employee stock plan could be tied to the financing requirements of a corporation. Under this technique a loan is made not directly to the corporation, but to a specially designed ESOP that qualifies as a tax-exempt employee stock bonus trust under section 401(a) of the Internal Revenue Code. Such trusts normally cover all employees of the corporation and their relative interests are proportional to their relative annual compensation—however defined—over the period of years that the financing is being paid off. The trusts are normally under the control of a committee appointed by management and its membership may include labor representatives.

The committee invests the proceeds of the loan in the corporation by purchasing newly issued stock at its current market value.

The trust gives its note to the lender, which note may or may not be secured by a pledge of the stock. If it is so secured, the pledge is designed for release of proportionate amounts of the stock each year as installment payments are made on the trust's note to the lender and the released stock is allocated to participants' accounts.

The corporation issues its guarantee to the lender assuring that it will make annual payments into the trust in amounts sufficient to enable the trust to amortize its debt to the lender. Within the limits specified by the Internal Revenue Code, such payments are deductible by the corporation as payments to a qualified employee deferred compensation trust. Thus the lender has the general credit of the corporation to support repayment of the loan, plus the added security resulting from the fact that the loan is repayable in pretax dollars.

Each year as a payment is made by the corporation into the ESOP, there is allocated proportionately among the accounts of the participants in the trust a number of shares of stock proportionate to the participant's allocated share of the payment. Special formulas have been designed to counteract the relatively high proportion of early amortization payments used to pay interest and the relatively high proportion of later amortization payments used to repay principal.

As the financing is completed and the loan paid off, the beneficial ownership of the stock accrues to the employees. Most trusts are designed to permit the withdrawal of the portfolio in kind, subject to vesting provisions, either at termination of employment, or at retirement. However, it is desirable to so design the ESOP that any dividend income on shares of stock that have been paid for by the financing process and are then allocated to the employees' accounts, be distributed currently to the employee-participants, thus giving them a second source of income.

Mr. President, I am hopeful that the Finance Committee will have an opportunity to review the full range of employee benfit plans in the normal legislative process. I am concerned that hasty action on a bill that is intended for immediate tax relief will not give the committee or Congress a full opportunity to explore the many possibilities that exist to increase employee benefits.

Mr. MANSFIELD. Mr. President, there will be no more votes tonight.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate as soon as possible so that the Senate can continue to transact business?

In the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Now, Mr. President, I ask unanimous consent that there be a brief period for the transaction of routine morning business, with statements limited therein to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. BURDICK), laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

INTERNATIONAL ECONOMIC REPORT OF THE PRESIDENT—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. BURDICK) laid before the Senate a message from the President of the United States transmitting the international economic report of the President, which, with the accompanying report, was referred to the Committee on Banking, Housing and Urban Affairs. The message is as follows:

To the Congress of the United States:

America must adjust to turbulent global economic events. The world has moved from a period of slow economic growth in 1971 through a two-year expansionary boom to a sudden and pervasive recession. Recent events have caused the United States, as well as other countries, to reappraise international economic policies.

This, the third annual International Economic Report, describes the very difficult situation confronting us. It also reflects the progress made toward achieving our goal of an open world economy to serve the interdependent needs of all countries.

In 1974, most of the world's economies were beset by problems flowing from the unprecedented combination of recession and inflation. Additional pressures, including precipitous increases in energy costs and disappointing food harvests further strained the world economy, particularly in the areas of trade and monetary flows and adjustments. Moreover, these factors contributed to the trend toward increasing economic nationalism which could frustrate our desire for an open world economy.

In recent years, many governments have elected more direct involvement in economic activities, notably through restrictive supply and pricing practices and, sometimes, by the expropriation of foreign investment. When governments manipulate international markets to maximize short-term benefits, they often do so at the expense of others and, ultimately, of themselves. Improved living standards and a more peaceful world are the rewards of an open world economy based on international cooperation. Such rewards are too great to allow short-sighted distractions to alter our course.

Building effective economic institutions and policies in today's economic environment is more difficult, but also more necessary, than ever. Unless we act constructively, energy and food problems, growing economic nationalism, the possibility of increased protection for trade, and the prospects of world recession and unemployment will jeopardize the world cooperation developed after World War II.

The United States does not and cannot govern the world economy. But it should fulfill its responsibility as an economic leader among nations. The Administration recognizes this responsibility. We have taken steps to turn the difficult food, energy, trade and investment issues into positive opportunities for achieving cooperation with trading partners and coordination between the Nation's domestic and international economic policies. Specifically, the Trade Act of 1974—which exemplified constructive cooperation between the executive and legislative branches—reflects the U.S. commitment to an open and equitable world trading system.

The World Food Conference, proposed by the United States, set in motion international activities to improve world food reserves, agricultural assistance, crop information systems and increased food production. At the time I signed the Foreign Investment Study Act of 1974 which authorized the collection and analysis of data on foreign investment in the United States, I reaffirmed American support for the operation of free market forces to direct worldwide investment flows in the most productive way. Therefore, we will oppose any new restriction on foreign investment in the United States except where absolutely necessary on national security grounds or to protect an essential national interest.

The goal of normalization of economic relations with the Communist countries has been reaffirmed. America also has continued its commitment to help the less developed countires. Moreover, we have proposed that an International Monetary Fund trust be established to provide special assistance to the least developed countries. We will shortly implement a generalized system of preferences in trading with less developed countries. We are also continuing our cooperative efforts to achieve equitable treatment for U.S. investment abroad.

Recently, I sent to the Congress a comprehensive energy and economic program. It is designed to reduce our dependence on imported oil. The plan provides incentives to increase domestic energy production and conserve energy use. The United States is meanwhile developing joint policies with other major oil consuming countries aiming at increased resource development and more efficient use of energy. The major consuming countries must act jointly to build a constructive relationship with the oil producing nations. Such actions are esential to restore the international confidence in adequate and reliable energy sources.

These interrelated economic activities are aimed at achieving an improved international economic system. They are part of a balanced policy. They also accentuate the positive initiatives being taken to cope with the specialized problems of food, assistance to less developed countries and East-West economic relations.

The United States firmly believes that our own problems, and those of the rest of the world, can be dealt with most effectively through international cooperation. We lead in the pursuit of peace. Therefore, our motivating principles, our standards of conduct and the guidelines we set for the conduct of international economic development are ever more crucial to our national well-being, and that of the world.

GERALD R. FORD.

THE WHITE HOUSE, *March 20, 1975.*

MESSAGES FROM THE HOUSE

At 10:34 a.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House has passed the bill (H.R. 25) to provide for the cooperation between the Secretary of the Interior and the States with respect to the regulation of surface coal mining operations, and the acquisition and reclamation of abandoned mines, and for other purposes, in which it requests the concurrence of the Senate.

At 2:30 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House disagrees to the amendments of the Senate to the bill (H.R. 3260) to rescind certain budget authority recommended in the message of the President of November 26, 1974 (H. Doc. 93–398) and as those rescissions are modified by the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communication of the Comptroller General of November 6, 1974 (H. Doc. 93–391), transmitted pursuant to the Impoundment Control Act of 1974; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. MAHON, Mr. WHITTEN, Mr. SIKES, Mr. EVINS of Tennessee, Mr. BOLAND, Mr. STEED, Mr. SLACK, Mr. CEDERBERG, Mr. EDWARDS of Alabama, and Mr. MILLER of Ohio were appointed managers of the conference on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 4075) to rescind certain budget authority recommended in the message of the President of January 30, 1975 (H. Doc. 94–39) and in the communications of the Comptroller General of February 7, 1975 (H. Doc. 94–96) and of February 14, 1975 (H. Doc. 94–50), transmitted pursuant to the Impoundment Control Act of 1974; agrees to the conference requested by the Senate on the disagreeing votes of the two Houses thereon; and that Mr. MAHON, Mr. WHITTEN, Mr. SIKES, Mr. EVINS of Tennessee, Mr. BOLAND, Mr. STEED, Mr. SLACK, Mr. CEDERBERG, Mr. EDWARDS of Alabama, and Mr. MILLER of Ohio were appointed managers of the conference on the part of the House.

The message further announced that the Speaker has appointed as members of the National Study Commission on Records and Documents of Federal Officials Mr. MEZVINSKY and Mr. LAGOMARSINO, Members on the part of the House.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 4592) making appropriations for Foreign Assistance and related programs for the fiscal year ending June 30, 1975, and for other purposes; agrees to the conference requested by the Senate on disagreeing votes of the two Houses thereon; and that Mr. PASSMAN, Mr. LONG of Maryland, Mr. ROUSH, Mr. OBEY, Mr. BEVILL, Mr. CHAPPELL, Mr. KOCH, Mr. EARLY, Mr. MAHON, Mr. SHRIVER, Mr. CONTE, Mr. COUGHLIN, and Mr. CEDERBERG were appointed managers of the conference on the part of the House.

At 6:30 p.m., a message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that pursuant to the Federal Election Campaign Act Amendments of 1974, Public Law 93–443, the following named individuals were confirmed for appointment to the Federal Election Commission:

Joan D. Aikens of Pennsylvania for a term ending on the April 30 first occurring more than six months after the date on which she is appointed;

Robert O. Tiernan of Rhode Island for a term ending one year after the April 30 on which the term of the member referred to in clause (a) immediate above ends;

Neil O. Staebler of Michigan for a term ending two years thereafter;

Thomas E. Harris of Virginia for a term ending three years thereafter;

Vernon W. Thomson of Wisconsin for a term ending four years thereafter; and

Thomas B. Curtis of Missouri for a term ending five years thereafter.

The message also announced that the House has passed the bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes, in which it requests the concurrence of the Senate.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. BURDICK) laid before the Senate the following letters, which were referred as indicated:

REPORT OF THE CIVIL AIR PATROL

A letter from the National Commander of the Civil Air Patrol transmitting, pursuant to law, the annual report of the Civil Air Patrol for the calendar year 1974 (with an accompanying report); to the Committee on the Judiciary.

REPORT OF THE VETERANS OF WORLD WAR I

A letter from the National Quartermaster of the Veterans of World War I transmitting, pursuant to law, the financial report as of September 30, 1974 of the Veterans of World War I (with an accompanying report); to the Committee on the Judiciary.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. BURDICK):

A resolution of the Metropolitan Sanitary District of Greater Chicago, Chicago, Illinois, endorsing an amendment of the Federal-Aid Highway Act so as to allocate Federal funds to sanitary districts and other public agencies; to the Committee on Public Works.

Mr. PASTORE. Mr. President, I send to the desk for myself and my colleague, Senator PELL, a resolution adopted by the General Assembly of the State of Rhode Island memorializing Congress to maintain a vigorous search for all Americans who are missing in action in Southeast Asia and ask that it be printed in the CONGRESSIONAL RECORD and referred to the proper committee.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The resolution, which was referred to the Committee on Foreign Relations, is as follows:

RESOLUTION MEMORIALIZING CONGRESS TO MAINTAIN A VIGOROUS SEARCH FOR ALL AMERICANS WHO ARE MISSING IN ACTION IN SOUTHEAST ASIA

Whereas, It has been one year since the American military withdrawal from Southeast Asia and there remains an estimated 1,300 men whose fate is still unknown; and

Whereas, Among those unaccounted for are the following Rhode Island men: Air Force Colonel Curtis Eaton, missing since 1966, Army Captain Kenneth Goff, Jr., missing since 1967, Air Force Captain Frederick Mellor, missing since 1966, Navy Lieutenant O. J. Pender Jr., missing since 1972, Army Staff Sergeant Louis C. Walton, missing since 1971, and Air Force Senior Master Sergeant Samuel Adams, missing since 1965, and

Whereas, All these men courageously and selflessly struggled in an unpopular and lonely war in the belief that it was their duty as American citizens; and

Whereas, It is now our duty to not only these men but to their families who suffered immeasurable hardship to expend all our energies and resources to discover their whereabouts; and

Whereas, Their sacrifice should never be forgotten as it seemingly has been by a majority of Americans especially the Congress of the United States; now therefore, be it

Resolved, That the Congress of the United States be and it hereby is memorialized to maintain a vigorous search for all Americans who are missing in action in Southeast Asia; and be it further

Resolved, That the Rhode Island delegation in Congress be at the forefront of this search; and be it further

Resolved, That the Secretary of State be and he hereby is authorized and directed to transmit a duly certified copy of this resolution to the Rhode Island delegation in Congress.

Mr. PASTORE. Mr. President, I send to the desk for myself and my colleague, Senator PELL, a resolution adopted by the General Assembly of the State of Rhode Island memorializing Congress to support the suppression of the cruel slaughter of the baby harp seal and ask that it be printed in the CONGRESSIONAL RECORD and referred to the proper committee.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The resolution, which was referred to the Committee on Commerce, is as follows:

SENATE RESOLUTION MEMORIALIZING CONGRESS TO SUPPORT THE SUPPRESSION OF THE CRUEL SLAUGHTER OF THE BABY HARP SEAL

Resolved, That the members of the congress of the United States be and they are hereby respectfully requested to support the suppression of the slaughter of the baby harp seal; and be it further

Resolved, That the secretary of state be and he is hereby authorized and directed to transmit duly certified copies of this resolution to the senators and representatives from Rhode Island in the congress.

Mr. PASTORE. Mr. President, I send to the desk for myself and my colleague, Senator PELL, a resolution adopted by the General Assembly of the State of Rhode Island respectfully memorializing the Congress of the United States to make Federal-owned land available for the purpose of planting gardens and ask that it be printed in the CONGRESSIONAL RECORD and referred to the proper committee.

The ACTING PRESIDENT pro tempore. Without objection it is so ordered.

The resolution, which was referred to the Committee on Interior and Insular Affairs, is as follows:

RESOLUTION RESPECTFULLY MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO MAKE FEDERAL OWNED LAND AVAILABLE TO THE INHABITANTS OF RHODE ISLAND FOR THE PURPOSE OF PLANTING GARDENS

Resolved, That the general assembly of the state of Rhode Island hereby respectfully memorializes the Congress of the United States to make unused federal owned land available to the inhabitants of Rhode Island for the purpose of planting gardens; and be it further

Resolved, That the secretary of state be and he hereby is authorized and directed to transmit duly certified copies of this resolution to the members of the Congress from Rhode Island.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PASTORE, from the Joint Committee on Atomic Energy, without amendment:

S. 994. A bill to authorize supplemental appropriations to the Nuclear Regulatory Commission for fiscal year 1975 (Rept. No. 94-50).

By Mr. TALMADGE, from the Committee on Agriculture and Forestry, without amendment:

S. Res. 101. A resolution relating to the use of Government-owned peanuts to combat malnutrition and hunger (Rept. No. 94-51).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

John E. Reinhardt, of Maryland, to be an Assistant Secretary of State.

STATEMENT OF POLITICAL CONTRIBUTIONS OF JOHN E. REINHARDT

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: John E. Reinhardt.

Post: Assistant Secretary for Public Affairs, nominated January 15, 1975.

Contributions, amount, date, and donee: (If none, write none.)

1. Self, none.
2. Spouse, Carolyn L. Reinhardt, None.
3. Children and Spouses:

Mrs. Alice Jeffers, None; Robert Jeffers, None.

Mrs. Sharman W. Lancefield, None: Neil S. Lancefield, None.

Carolyn C. Reinhardt, None.

4. Parents:

Edward V. Reinhardt, None.

Alice Reinhardt, None.

5. Grandparents: Deceased.
6. Brothers and Spouses: None.
7. Sisters and Spouses: None.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

JOHN R. REINHARDT.

Wiley T. Buchanan, Jr., of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Austria.

STATEMENT OF POLITICAL CONTRIBUTIONS OF WILEY T. BUCHANAN, JR.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Wiley T. Buchanan, Jr.

Post: U.S. Ambassador to Austria.

Contributions, amount, date, and donee: (If none, write none.)

1. Self, $12,000.00 (Please see attached sheet).

$1,250.00 (Miscellaneous).

2. Spouse, $5,000.00 (Mr. and Mrs. Buchanan).
3. Children and Spouses:

1. Bonnie Buchanan Matheson & husband, Charles T. Matheson.
2. Diane Buchanan Traina.
3. Wiley T. Buchanan, III.

4. Parents:

Wiley T. Buchanan—died 1953.

Mother, Mrs. Wiley T. Buchanan—invalid, 90 yrs. on 2-22-75.

5. Grandparents: James R. Buchanan, died 1885; Mary Bohannan Buchanan, died 1945.

Elijah Youngblood, died 1929: Millicent Chandler Youngblood, died 1925.

6. Brothers and Spouses:

Avon A. Buchanan—single, Dallas, Texas.

Mrs. Ava Nell Inglish, husband Douglas W. Inglish.

Eva Buchanan Hall—Hall-Oaks Farm, Grand Prairie, Tex., Husband, Clendon Irwin Hall.

Mrs. Kathleen Buchanan Tennison—223 Calumet St., San Antonio, Divorced.

Mrs. Inglish in San Antonio.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

WILEY T. BUCHANAN, Jr.

POLITICAL CONTRIBUTIONS

Mr. and Mrs. Wiley T. Buchanan, Jr.

March 24, 1972: Republican National Finance Committee, $2,000.

April 13, 1972:

Radio Committee to Reelect the President, $3,000.

Television Committee to Reelect the President, $3,000.

Finance Committee to Reelect the President, $5,000.

Media Committee to Reelect the President, $3,000.

September 4, 1974 (date of receipt), Check, August 13, 1974, National Republican Senatorial Committee, $1,000.

January 8, 1975, Republican National Finance Committee (Check No. 4347—First Natl. Bank in Dallas) For sustaining membership, $100.

Total, $17,100.

(The members of my family, as listed, have made no pertinent contributions during the last 4 years).

Wiley T. Buchanan, Jr.

November 1, 1971, National Republican—"Salute to President," $1,000.

March 13, 1973, Republican National Finance Committee (1st Natl. Bank, Dallas), $50.

June 11, 1973, Bob Packwood (Ore.) (1st Natl. Bank, Dallas), $50.

Florida Young Republicans—November 16, 1973 (1st Natl. Bank, Dallas), $25.

Republican Fund—November 19, 1973 (1st Natl. Bank, Dallas), $50.

November 29, 1973, Stanford E. Parris (for Congress, Va.) (1st Natl. Bank, Dallas), $100.

May 8, 1974, Louise Gord (for Governor) (1st Natl. Bank, Dallas), $25.

May 8, 1974, Parker for Congress (1st Natl. Bank, Dallas), $50.

May 31, 1974, Crane for Congress (1st Natl. Bank, Dallas), $50.

August 21, 1974, Bill Gradison for Congress (Ohio) (1st Natl. Bank, Dallas), $100.

June 19, 1974, Charles Mathias (Senate) (N. S. & T. No. 2025), $100.

January 8, 1974, Ed Gurney (Fla.) (N. S. & T. No. 2002), $50.

October 15, 1974, Dominick (Senate) (1st Natl. Bank, Dallas No. 4107), $150.

June 21, 1973, E. G. Shuster (Pa.) (Sen. Scott recommendation) (1st Natl. Bank, Dallas), $50.

September 20, 1974 (date of receipt), Sen. Bob Dole, $100.

September 23, 1974, "Citizens for Symington," $25.

August 16, 1974 (date of receipt), Newton I. Steers, Jr., State Senator, Montgomery County, Maryland, $75.

October 2, 1974, Len Phillips for Congress, Chk. No. 1743—N. S. & T., $100.

January 15, 1974, "1973-1974 Republican dinner" one ticket, N. S. & T No. 3479, $100.

Total, $1,250.

Eugene V. McAuliffe, of Massachusetts, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Hungary.

Statement of Political Contributions of Eugene V. McAuliffe

1. On February 26 I executed following form at consular section, American embassy Brussels:

Quote: in compliance with the provisions of section 6 of the Department of State Appropriations Authorization Act of 1973, approved October 18, 1973, and other pertinent U.S. Federal statutes, I—Eugene V. McAuliffe, a foreign service officer of class I—furnish the following report of Federal campaign (political) contributions:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination ending on the date of the nomination.

Nominee: Eugene Vincent McAuliffe.

Post: Budapest.

Contributions, amount, date, and donee.

Eugene V. McAuliffe, none.

Winifred M. McAuliffe, (nee Gallivan), none.

Children and spouses:

Eugene V. McAuliffe, Jr., none.

Sarah Ann McAuliffe (nee Landis), none.

Paul M. McAuliffe, none.

Lawrence F. McAuliffe, none.

Marie T. McAuliffe, none.

Stephen F. McAuliffe, none.

Terence J. McAuliffe, none.

Patricia A. McAuliffe, none.

John T. McAuliffe, none.

4. Parents Thomas J. McAuliffe (deceased February 1946), none.

Charlotte P. McAuliffe (deceased December 1973) (nee Metzger), none.

Grandparents (all four grandparents deceased prior to 1916), none.

Brothers and spouse: (no brothers), none.

Sisters and spouses, Charlotte M. McAuliffe, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge the information contained in this report is complete and accurate.

Signed: Eugene V. McAuliffe unquote.

American Vice Consul Judith M. Heimann has identified me and notarized my signature.

Signed copies of the form under certificate of acknowledgement of execution of an instrument (form FS–88) being forwarded by CX Pouch February 27, registry No. 848168. McAuliffe.

Donald B. Easum, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Federal Republic of Nigeria.

Statement of Political Contributions of Donald B. Easum

Nominee: Donald B. Easum.

Post: Lagos, Nigeria.

Contributions, amount, date, and donee.

1. Self, none.
2. Spouse: Augusta P. Easum, none.
3. Children and spouse (all minors), none.
4. Parents: Prof. and Mrs. C. V. Easum, none.
5. Grandparents: deceased, none.
6. Brothers and spouses, none.
7. Sisters and spouses: Janet Bay, husband John; Martha Curry, husband Gilbert, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Donald B. Easum.

Arthur Z. Gardiner, Jr., of the District of Columbia, to be an Assistant Administrator of the Agency for International Development; and

John M. Shaheen, of Illinois, to be a member of the U.S. Advisory Commission on Information for a term expiring January 27, 1977.

John F. Lehman, Jr., of Pennsylvania, to be Deputy Director of the United States Arms Control and Disarmament Agency (Together with minority views) (Exec. Rept. No. 94–1).

By Mr. EASTLAND, from the Committee on the Judiciary:

Harold R. Tyler, Jr., of New York, to be Deputy Attorney General.

(The foregoing nominations from the Committee on Foreign Relations and the Committee on the Judiciary were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. STENNIS, from the Committee on Armed Services:

Maj. Gen. Harold R. Parfitt, [redacted], U.S. Army, to be Governor of the Canal Zone.

HOUSE BILL REFERRED

The bill (H.R. 4296) to adjust target prices, loan and purchase levels on the 1975 crops of upland cotton, corn, wheat, and soybeans, to provide price support for milk at 80 per centum of parity with quarterly adjustments for the period ending March 31, 1976, and for other purposes, was read twice by its title and referred to the Committee on Agriculture and Forestry.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. GLENN:

S. 1251. A bill to provide for improved Government organization with respect to executive agreements to provide improved procedures for congressional review of such executive agreements. Referred to the Committee on Government Operations and, if and when reported, to the Committee on Foreign Relations, by unanimous consent.

By Mr. STAFFORD:

S. 1252. A bill to provide for the establishment of a national cemetery in the State of Vermont. Referred to the Committee on Veterans' Affairs.

By Mr. BROCK (for himself and Mr. Long):

S. 1253. A bill to amend title XVIII of the Social Security Act to conform the timing of premium determinations thereunder with the automatic benefit increase provisions in title II of that act, and to provide for studies of malpractice insurance problems among physicians and hospitals. Referred to the Committee on Finance.

By Mr. McGOVERN (for himself, Mr. Haskell, Mr. Humphrey, and Mr. Metcalf):

S. 1254. A bill to amend title 10, United States Code, to establish new, regionalized boards for the review of other than honorable discharges and dismissals granted former members of the Armed Forces, and to establish new procedures and standards for determining the equitability of these discharges and dismissals. Referred to the Committee on Armed Services.

By Mr. EAGLETON:

S. 1255. A bill to amend the State and Local Fiscal Assistance Act of 1972 to revise certain formulas for the allocation of funds, and for other purposes. Referred to the Committee on Finance.

By Mr. MATHIAS (for himself, Mr. Stafford, and Mr. Beall):

S. 1256. A bill to extend for 1 additional year entitlements for part B of the Education of the Handicapped Act. Referred to the Committee on Labor and Public Welfare.

By Mr. MAGNUSON (for himself and Mr. Pearson) (by request):

S. 1257. A bill to extend the educational broadcasting facilities program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes. Referred to the Committee on Commerce.

By Mr. TUNNEY:

S. 1258. A bill for the relief of Benjamin Baxter. Referred to the Committee on the Judiciary.

By Mr. HATHAWAY (for himself, Mr. Beall, Mr. Brock, Mr. Chiles, Mr. Haskell, Mr. Javits, Mr. Laxalt, Mr. McIntyre, Mr. Metcalf, Mr. Nelson, Mr. Sparkman, and Mr. Weicker):

S. 1259. A bill to provide for emergency relief for small business concerns in connection with fixed price Government contracts. Referred to the Committee on Government Operations.

By Mr. CHILES (for himself, Mr. Weicker, Mr. Nunn, and Mr. Glenn):

S. 1260. A bill to authorize the Administrator of General Services to enter into multiyear leases through use of the automatic data processing fund without obligating the total anticipated payments to be made under such leases. Referred to the Committee on Government Operations.

By Mr. RANDOLPH (for himself, Mr. Abourezk, Mr. Bayh, Mr. Burdick, Mr. Gravel, Mr. Philip A. Hart, Mr. Hartke, Mr. Haskell, Mr. Humphrey, Mr. Javits, Mr. Kennedy, Mr. Metcalf, Mr. Mondale, Mr. Muskie, Mr. Ribicoff, Mr. Stafford, Mr. Tunney, and Mr. Williams):

S. 1261. A bill to amend the Public Health Services Act to provide for the protection of the public health from unnecessary medical explosure to ionizing radiation. Referred to the Committee on Labor and Public Welfare.

By Mr. PROXMIRE (for himself, Mr. Tower, and Mr. Stevenson) (by request):

S. 1262. A bill to authorize appropriations carrying out the provisions of the International Economic Policy Act of 1972, as amended, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. ABOUREZK:

S. 1263. A bill to amend title 18, United States Code, relating to offenses committed within Indian country. Referred to the Committee on the Judiciary.

By Mr. RANDOLPH (for himself, Mr. Pell, Mr. Kennedy, Mr. Schweiker, and Mr. Taft):

S. 1264. A bill to amend the Education of the Handicapped Act, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. EAGLETON:

S. 1265. A bill for the relief of Jacque La Boille. Referred to the Committee on the Judiciary.

By Mr. HRUSKA (for himself, Mr. Bayh, Mr. Burdick, Mr. Eastland, Mr. Fong, Mr. Hugh Scott, Mr. William L. Scott, Mr. Thurmond, and Mr. Tunney):

S. 1266. A bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 and other laws to discharge obligations under the Convention on Psychotropic Substances relating to regulatory controls on the manufacture, distribution, importation, and exportation of psychotropic substances. Referred to the Committee on the Judiciary.

By Mr. PROXMIRE (for himself, Mr. McIntyre, and Mr. Tower) (by request):

S. 1267. A bill to expand competition, provide improved consumer services, strengthen the ability of financial institutions to adjust to changing economic conditions, and improve the flows of funds for mortgage credit. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. METCALF:

S. 1268. A bill to establish congressional policy direction for the administration and management of the National Wildlife Refuge System; to establish the "National Wildlife Refuge Service"; to provide authority for study, review and establishment of additional units of the National Wildlife Refuge System; and for other purposes. Referred to the Committee on Commerce.

By Mr. JOHNSTON (for himself, Mr. Metcalf, Mr. Stone, Mr. Abourezk, Mr. Haskell, and Mr. Tunney):

S. 1269. A bill to create a Coastal States Fund; to provide for the distribution of revenues from Outer Continental Shelf lands; and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. PERCY:

S. 1270. A bill to amend the Social Security Act to provide for the furnishing of rehabilitative services to inpatients of long-term care facilities. Referred to the Committee on Finance.

S. 1271. A bill to amend section 232 of the National Housing Act to provide insurance for loans to finance improvements to long-term care facilities required to correct deficiencies identified in State surveys and Federal certification procedures. Referred to the Committee on Banking, Housing and Urban Affairs.

S. 1272. A bill to amend the Older Americans Act of 1965 to provide strengthened programs relating to long-term care facilities, and for other purposes. Referred to the Committee on Labor and Public Welfare.

S. 1273. A bill to amend the Social Security Act to direct the Secretary of Health, Education, and Welfare to develop standards relating to the rights of patients in certain medical facilities. Referred to the Committee on Finance.

S. 1274. A bill to amend the Social Security Act so as to make permanent certain temporary provisions relating to inspections of long-term care institutions, to provide for the publication of certain information regarding such institutions, and requiring that such institutions provide certain training for their nonprofessional employees as a condition of participation in the medicare and medicaid programs. Referred to the Committee on Finance.

S. 1275. A bill to amend title XIX of the Social Security Act to impose certain requirements relating to the discharge or transfer of medicaid patients from skilled nursing or intermediate care facilities, and for other purposes. Referred to the Committee on Finance.

S. 1276. A bill to amend title XVIII of the Social Security Act to provide for the establishment of a Nursing Home Affairs Advisory Council. Referred to the Committee on Finance.

By Mr. CHURCH (for himself, Mr. Williams, and Mr. Chiles):

S. 1277. A bill to authorize the Secretary of Labor to make grants for the conduct of older Americans home repair projects, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MATHIAS:

S. 1278. A bill for the relief of Miss Wai Chun So. Referred to the Committee on the Judiciary.

By Mr. JAVITS:

S.J. Res. 62. A joint resolution to authorize and request the President to proclaim October 1975 as "Hobby Month." Referred to the Committee on the Judiciary.

By Mr. PERCY:

S.J. Res. 63. A joint resoluton to authorize the President to designate the period from June 8, 1975, through June 15, 1975, as "National Wheelchair Athletes' Week." Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GLENN:

S. 1251. A bill to provide for improved Government organization with respect to executive agreements to provide improved procedures for congressional review of such executive agreements. Referred to the Committee on Government Operations and, if and when reported, to the Committee on Foreign Relations, by unanimous consent.

(The remarks of Mr. Glenn when he introduced the above bill are printed earlier in the Record.)

By Mr. STAFFORD:

S. 1252. A bill to provide for the establishment of a national cemetery in the State of Vermont. Referred to the Committee on Veterans' Affairs.

NATIONAL CEMETERY IN VERMONT

Mr. STAFFORD. Mr. President, today I am introducing a bill to establish a national cemetery in my State of Vermont.

As my colleagues are aware, over half of our national cemeteries are now listed as inactive and as this trend continues, there soon will be no space left to pay one final honor to those who served our country in time of need.

Besides the shortage of space problem, there is a problem of geographic distortion that exists in the present system of national cemeteries. Of particular concern to me is the fact that there is not a national cemetery located in the six New England States.

The shortage of space and the inequitable distribution of our national cemeteries makes action by the 94th Congress urgent.

Mr. President, I ask unanimous consent that the text of my bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1252

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of Veterans Affairs is authorized and directed to (1) establish a national cemetery in the State of Vermont at such location as he determines most appropriate, and (2) with the approval of the appropriate local officials of the site selected, acquire by donation, purchase, condemnation, or otherwise, such land as may be required for the establishment of such cemetery.

Sec. 2. The Administrator of Veterans Affairs is authorized and directed to provide for the care and maintenance of the national cemetery established under authority of this Act.

Sec. 3. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

By Mr. BROCK (for himself and Mr. Long):

S. 1253. A bill to amend title XVIII of the Social Security Act to conform the timing of premium determinations thereunder with the automatic benefit increase provisions in title II of that act, and to provide for studies of malpractice insurance problems among physicians and hospitals. Referred to the Committee on Finance.

Mr. BROCK. Mr. President, the 94th Congress is looking at the health care system to see how it should be strengthened and improved in order to provide better health care for our citizens. One part of the health care problem is reaching crisis proportions—the lack of medical malpractice insurance. Many insurance companies are presently discontinuing malpractice coverage, thus leaving both hospitals and practitioners without insurance. This means that there could be many States with even less healthy services than they already have. Rural areas will be hit particularly hard, since it is difficult to recruit medical professionals under normal conditions.

This alarming situation has arisen for several reasons. The number of malpractice suits being filed is increasing, as is the amount of settlements brought. Therefore, insurance companies find that it is not profitable to carry malpractice insurance. Since the statute of limitations begins upon discovery of malpractice—which may be 5 or 10 years after hospitalization, it is difficult to predict the cost of premiums. This necessitates an increase in the price of insurance premiums. I know of one medical group whose malpractice insurance premium went from $5,000 in 1 year to $107,000 the next year. As any businessman will recognize, this presents a massive financial crisis.

In Tennessee, there are 41 hospitals which will be left without insurance beginning in less than 60 days. Unless there is some alternative arrangement made in the meantime, these hospitals cannot operate. Doctors who might go to rural areas—those just beginning practice, or those beginning to prepare for retirement—either cannot obtain or afford insurance. It seems to me to be a contradiction in efforts to attempt to improve the health care system and at the same time watch the providers of health care be driven from practice. We need to insure that our health care system is allowed to operate uninterrupted.

I, therefore, am proposing S. 1253. My bill calls for a 90-day study to develop an immediate solution to this problem, and a 10-month study to research a long-term plan of action, so that this situation will not arise again. The study will be under the auspices of the Office of Technology Assessment, which will request the studies. The result of these studies should be that we eliminate the immediate problem and at the same time develop an adequate insurance system that will provide uninterrupted health care for our citizens. A similar measure has been introduced in the House of Representatives. I hope that this will insure speedy action and facilitate passage of this measure.

Mr. President, I ask unanimous consent that the text of this bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1253

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1839(c)(3) of the Social Security Act is amended by striking out "June 1" each place it appears and inserting in lieu thereof "May 1".

(b) The Secretary of Health, Education, and Welfare shall, no later than April 30, 1975, determine and promulgate the monthly premium applicable for individuals enrolled under part B of title XVIII of the Social Security Act for the 12-month period commencing July 1, 1975, as though the amendments made by subsection (a) had been in effect during the month of December 1974 and as though such determination were being made in such month.

(c) The amendments made by subsection (a) shall apply (subject to subsection (b)) with respect to determinations made under section 1839(c)(3) of the Social Security Act after the date of the enactment of this Act.

SEC. 2. (a) The Office of Technology Assessment shall arrange for the conduct of studies concerning solutions to the growing problems of malpractice insurance among the Nation's physicians and hospitals, as provided in this section. The Office shall request the National Academy of Sciences to conduct such studies under an agreement, to be entered into between the Office and the Academy, under which the actual expenses incurred by the Academy in conducting such studies will be paid by the Office.

(b)(1) The studies referred to in subsection (a) shall consist of—

(A) a study to be completed within 90 days following the date on which the arrangement referred to in such subsection is entered into, and

(B) a study to be completed within 10 months of such date.

(2) The study referred to in paragraph (1)(A) shall consider interim arrangements for the solution of the problems involved in the malpractice insurance coverage of physicians and hospitals in the United States and shall be related to provisions of title XVIII of the Social Security Act; and the study referred to in paragraph (1)(B) shall be a longer range study designed to explore the field more thoroughly and to provide a basis for long-range recommendations for the permanent solution of such problems.

(3)(A) Recommendations based on the study referred to in paragraph (1)(A) shall be submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives by the National Academy of Sciences no later than July 1, 1975, and shall include one or more alternative recommendations for achieving an interim solution to such problems.

(B) Recommendations based on the study referred to in paragraph (1)(B) shall be submitted to the Committee on Finance of the Senate and the Committees on Ways and Means of the House of Representatives by the National Academy of Sciences no later than May 1, 1976, and shall include proposals for long-range solutions to the problems of malpractice insurance coverage for the Nation's physicians and hospitals.

(4) In formulating the recommendations called for under paragraph (3), the Academy should give particular attention to provisions which would assure the highest possible rate of assignment of claims under section 1842(b) of the Social Security Act.

(5) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section.

By Mr. McGOVERN (for himself, Mr. HASKELL, Mr. HUMPHREY, and Mr. METCALF):

S. 1254. A bill to amend title 10, United States Code, to establish new, regionalized boards for the review of other than honorable discharges and dismissals granted former members of the armed forces, and to establish new procedures and standards for determining the equitability of these discharges and dismissals. Referred to the Committee on Armed Services.

LEGISLATION TO IMPROVE MILITARY DISCHARGE PROCEDURE

Mr. McGOVERN. Mr. President, on behalf of Senator METCALF and myself, I am introducing today legislation designed to improve the appeal procedure for the many thousands of young veterans who have been released from the Armed Forces with less than honorable discharges. This bill proposes to amend title 10, United States Code, to establish new, regionalized discharge review boards and to set up guidelines for the review of discharges and dismissals granted former members of the Armed Forces under less than honorable conditions.

Our involvement in the war in Vietnam has left a tragic and bitter legacy for many Americans and their families. It was responsible for the loss of 50,000 American lives and it left thousands of others physically or mentally impaired for life.

But there are more subtle scars. Most of the young men who went to Vietnam survived and came home in good physical and mental shape. Some were able to return to their lives just as they left them and resume their place in society. Others had to undergo a difficult period of transition before being able to get back on a healthy pair of civilian feet.

But many of these Vietnam veterans have not been able to readjust either quickly or easily. They left the desperation of a war in Southeast Asia only to meet the frustration of closed doors and the desperation of joblessness in the United States.

The figures are astonishing and depressing. The unemployment rate for veterans in the 20 to 24 age bracket is 17.3 percent, more than twice the rate for everyone else. For minority veterans in the same age group it is even worse. The latest quarterly report from the Bureau of Labor Statistics shows black, brown, poor and undereducated veterans with a jobless rate of over 22 percent.

The bleak national economic situation is not the only problem hampering these persons' efforts to find decent employment. A large number of them suffer discrimination as a direct result of their military service. They have less than honorable discharges blocking any hope of a productive, secure future.

During the Vietnam era, fiscal year 1965 through fiscal year 1973, approximately 450,000 less than honorable discharges were issued. A disproportionate amount of these went to blacks, Chicanos and Puerto Ricans. In 1972, black veterans received 32.6 percent of the dishonorable discharges; 20.7 percent of the bad conduct discharges; 16.1 percent of the undesirable discharges and 20 percent of the general discharges.

Despite the wide publicity given the return of our troops from Vietnam, last year's enactment of legislation improving the benefits granted Vietnam era veterans, and the clemency proposals for draft evaders, the less than honorably discharged veterans suffer from public ignorance and indifference. These veterans are not hiding, they are just not being recognized—by employers when it comes to offering jobs, by the Veterans' Administration when it comes to providing benefits, or by society when it comes to giving credit where credit is due.

Most of us are probably not aware that there are discharges other than honorable and dishonorable. The armed forces grants servicemen separating from the military five types of discharges: honorable, undesirable, bad conduct and dishonorable. While the general discharge is issued by an administrative board under honorable conditions, it still lacks the title of honorable and therefore the several hundred thousand men who receive it can face employment discrimination. The last three types of discharges are issued under conditions considered other than honorable. Bad conduct and dishonorable discharges are punitive and are conferred only after court martial. Since the court procedure involves more time and red tape, these discharges do not account for a great percentage of the less than honorable discharges issued. The majority of "bad papers," the term used by veterans in referring to discharges granted under less than honorable conditions, fall into the class of undesirable. During the 9 years of the Vietnam era, over 175,000 of these bad papers were issued administratively and without the safeguards required at a court martial, such as the right to counsel and adherence to rules of evidence.

Less than honorable discharges are issued for a variety of reasons. Most of them are due to absence from duty, but many are also issued as punishment for minor infractions and misdemeanors, drug or alcohol use, financial irresponsibility, and even for homosexual behavior and bedwetting. It is not unusual for a veteran to receive a bad discharge just because his superior officer had it in for him. The veterans who receive these discharges have no real or effective system of redress. One mistake or misguided action, resulting from immaturity, or even another man's personal prejudice against him, could mean disturbingly severe consequences for the rest of an ex-soldier's life.

Less than honorable discharges have proven to be one of the major problems faced by veterans seeking employment. Bad papers immediately mark their holders unemployable. So often, if an employer checking into a job applicant's record finds that he was discharged under less than honorable conditions, he automatically disqualifies that person as a candidate for the job. If a job can be found it is usually unskilled labor with little hope of advancement.

It is clear that a less than honorable

discharge is directly related to a veteran's opportunity for employment. But it is difficult to understand why this should be the case. The performance of a 20-year-old soldier experiencing the unique pressures and demands of the military certainly cannot be considered a realistic forecaster of his future job performance. Can the routine exercise of assembly line work be compared with the fear and stress of combat action? Can an office be compared with a bunker? Any similarities escape me. The inequities of this situation seem blatant. Yet employers seem to look at a less than honorable discharge with a harsher eye than they would at an unfavorable reference from a former employer. Moreover, the National Urban League has reported that many employers state that they might hire misdemeanor offenders but would flatly refuse a veteran with bad papers for the same job.

Upon reaching a dead end in the labor market, the veteran with bad papers may seek to improve his situation through the educational assistance, medical care and loans which the VA offers veterans. But he will probably find this avenue closed as well. Federal law does not prohibit the VA from dispensing benefits to veterans with other than honorable discharges.

However, the VA is allowed to determine, on a case by case basis, whether the individual's service meets the requirements entitling him to these benefits. Applying to and being approved by the VA for benefits quite often requires an effort as time consuming, exhausting and humiliating as searching for a job.

The Veterans' Administration does not keep an ongoing account of the number of veterans holding bad papers who apply for veterans benefits. But a VA study conducted during 5 months of 1972 showed that approximately 1,300 veterans with less than honorable discharges applied for educational assistance. Less than one-third of those veterans received a favorable decision from the VA. About 900 were denied these benefits.

The only hope these men have is that their discharges may be reviewed and recharacterized. Under current arrangements they can, upon appeal to and favorable action by a military discharge review board, have their discharges upgraded. Present procedures recognize that they deserve this chance to redeem themselves.

Yet the process is slow and usually ineffective. Favorable reviews are virtually impossible for most veterans. In 1974 only 12.4 percent of the almost 8,500 discharges reviewed by the Army were upgraded. And this only means that some form of relief was granted. Not all of these discharges were upgraded to Honorable. For instance, an undesirable discharge may have been moved up only to the category of general. For a veteran without a job or hope for a job, this does not provide much help.

The discharge review boards are located in Washington, D.C., where the hearings on applications for review take place. The veterans must pay all of the expenses connected with the hearing, including lawyers fees and the cost of travel. The veteran who makes a personal appearance before the board stands a much better chance of getting a favorable ruling. In 1974, 143 veterans appeared in person before the Air Force discharge review board. And 93, or 65 percent of these discharges were upgraded. This also accounted for almost a quarter of the whole number of discharges upgraded by the Air Force last year.

However, making a personal appearance before a board in Washington, D.C., is an expensive venture for the veteran living, for example, on the west coast. The existing system clearly discourages veterans from even taking the first step toward having their bad discharges upgraded.

Mr. President, a less than honorable discharge is more than a blemish on a veteran's record; it is often an indelible stain covering his spirit and ambitions and blotting out his hopes and plans. The legislation I am introducing today would correct the inequities of the present situation and give the many thousands of young veterans who have been released from the Armed Forces under other than honorable conditions an opportunity to wipe their records clean and rejoin society on a footing equal with that of other veterans of the Vietnam era.

The bill I am introducing today would, first, set up a number of regionalized boards across the country and give them the ability to travel to other areas for the purpose of holding hearings on applications for review. This would encourage veterans to apply for review thereby making it more convenient for veterans to appear personally before the boards.

Second, provide peer representation on boards by requiring that at least one of the five members of each review board be a veteran of the Vietnam era only, and a noncommissioned officer during his period of active service. This means that at least one member of each board would be equal in age and experience to most of the veterans applying for review.

Third, set out specific circumstances which should be considered by the board in determining whether the discharge should be upgraded. The Department of Defense already follows a policy declared in 1971 that any veteran who received an administrative or punitive discharge solely for the use or possession of drugs should, upon application, have his discharge upgraded. These and other mitigating circumstances contributing to the issuance of a bad discharge, such as homosexual behavior, lack of education, personal or family hardship, physical or mental illness should certainly be legislated as guidelines for the board to follow in carrying out their duties.

Fourth, provide that the board review the discharge of any former member of an armed force upon its own motion or upon the written request of the former member, or if the former member is dead, his surviving spouse, next of kin, or legal representative. A motion or request for review must be made within 15 years after the date of discharge. The applicant must be notified by the board in writing of the date and location of the hearing.

Fifth, insure that the applicant is given the right to counsel and access to all records relating to the case. Should the applicant be unable to afford counsel of his choice or obtain an accredited legal representative of a veteran's organization, the military department may make available to him military counsel to aid him in presenting his case.

Sixth, provide that whenever a review board makes a decision on a case, that ruling should be applied to other cases where the facts are determined to be identical. In other words, the board is charged not only with the duty of carrying out an outreach program to inform veterans of the discharge review process, but also with automatically upgrading discharges for which a precedent has been set.

Seventh, grant the board the power to administer oaths, compel attendance and testimony of witnesses and production of documentary evidence and other sworn depositions.

I hope this measure will meet with prompt consideration and approval. Mr. President, I ask unanimous consent that the bill I am introducing be printed at this point in the RECORD along with a brief analysis of the bill.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 1254

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1553 of title 10, United States Code, is amended to read as follows:

"§ 1553. Review of discharge or dismissal

"Establishment and Organization of Discharge Review Boards

"(a) (1) The Secretary of Defense shall establish a number of boards of review (hereinafter in this section referred to as 'review boards'). The headquarters of review boards shall be located, for administrative purposes only, in the Department of Defense.

"(2) The Secretary of Defense shall have authority—

"(A) to determine the number of review boards in session at any time;

"(B) to determine the locations where the review boards shall conduct their business, such locations to be geographically disbursed on the basis of population concentrations of discharge applicants; and

"(C) to convene or dissolve review boards in accordance with the number of discharge and dismissal applications pending at any time.

In any area in which a review board is not permanently located and a substantial number of applications for review are filed from such area, a review board shall conduct hearings in such area from time to time for the convenience of the applicants.

"(3) Each review board shall be composed of five members to be appointed by the Secretary of Defense. The term of office for members shall be three years, except that the terms of office of members first appointed to any review board shall expire, as designated by the Secretary of Defense at the time of appointment, two at the end of three years and three at the end of four years. The terms of office of all successors shall be for three years, but any person appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed may be appointed only for the unexpired term of his predecessor. At least one member of each review board shall be a veteran of the Vietnam era only (as defined in section 101(29) of title 38) and who was a noncommissioned officer during his period of active service. For the purposes of maintaining a board of five members at all times, as many additional members as are deemed necessary may be appointed by the Secretary of Defense to the board to serve as deputy members and to participate in the board's proceedings during the absence of a regular member. In any proceeding before the board, a regular member or deputy member who has not been present at a prior session of the board may participate thereafter if that member has read or has read to him the record of proceedings held during his absence or prior to his participation.

"(4) Each review board shall meet at least four times during each calendar year, unless a majority of such board determines that fewer sessions will be adequate for the expeditious performance of its duties.

"(5) Members of review boards appointed from private life shall receive compensation at a rate comparable to that received by the military members of the board, and shall be reimbursed for travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in Government service who are employed intermittently. Members of review boards who are officers or employees of the United States or who are entitled to retired pay from the United States shall serve without additional compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of the official duties of the review boards.

"(6) A vacancy in a review board shall not affect its powers, and shall be filled in the same manner as the original appointment.

"(7) The Secretary of Defense shall appoint a president for each review board and shall fix his compensation at a level not in excess of the maximum rate for GS–18 of the General Schedule under section 5332 of title 5, United States Code. The president of each review board, with the approval of the board, may—

"(A) employ and fix the compensation of such additional personnel as may be necessary to carry out the functions of the review board, but no individual so appointed may receive compensation in excess of the maximum rate for GS–17 of the General Schedule under section 5332 of title 5, United States Code,

"(B) procure temporary and intermittent services to the same extent authorized by section 3109 of title 5, but at rates for individuals not to exceed $75 per diem. "(8) The head of any executive department or agency of the Federal Government may detail, on a reimbursable basis, any of its personnel to assist review boards in carrying out their work.

"Duties of Discharge Review Boards

"(b)(1) Notwithstanding any other provision of this title and regardless of any decision previously made by any board for the correction of military records, the review boards shall, upon application filed in accordance with regulations prescribed by the Secretary of Defense, review any discharge or dismissal from the armed forces granted under less than honorable conditions to any person who served on active duty as a member of the armed forces. In reviewing the discharge or dismissal of any former member of the armed forces, a review board shall determine whether such discharge was fair and equitable, taking into consideration all of the circumstances of the case. In making such determination a review board shall specifically consider as mitigating circumstances—

"(A) the applicant's inability to know and understand, because of a lack of education or otherwise, his rights and obligations under the law;

"(B) personal or family hardship that may have contributed to the grounds on which the less than honorable discharge or dismissal was issued;

"(C) any mental or physical illness that may have contributed to the grounds on which the less than honorable discharge or dismissal was issued;

"(D) any service-connected disability of the applicant, any injury or disease incurred in combat, any special decorations or commendations received by the applicant while in military service;

"(E) any tour of service in a combat zone, including any meritorious and faithful performance of hazardous duty assignments;

"(F) any substantial evidence of personal or procedural unfairness which may have contributed to the decision to grant a less than honorable discharge or dismissal;

"(G) the denial, on procedural, technical, or improper grounds or on grounds which subsequently have been held by the courts to be unlawful, of a valid claim or request made under military law, regulation, or custom for a hardship discharge, compassionate reassignment, emergency leave, or other relief;

"(H) any evidence that the applicant acted as a matter of conscience and not for selfish or manipulative reasons;

"(I) the applicant's voluntary submission to authorities;

"(J) behavior which reflects or reflected physical or mental stress caused by combat or hazardous duty or inability to cope with military life;

"(K) volunteering for combat duty or voluntary extension of service in a combat zone;

"(L) any evidence that the applicant was discharged or dismissed from service because of sexual preference, sexual orientation, or homosexual behavior;

"(M) any evidence that the applicant was discharged or dismissed from service because of possession or use of a narcotic drug or marijuana, or for dependency on a narcotic drug;

"(N) successful completion of alternative service and receipt of clemency or pardon under a presidential clemency program, without regard to the offense or offenses for which the clemency or pardon was granted; and

"(O) any other facts, circumstances, or information the review board deems appropriate to consider.

"(2) A review board may, subject to review by the Secretary of Defense, change a discharge or dismissal, or issue a new discharge, to reflect its findings.

"Procedures and Conduct of Hearings

"(c)(1) A review board may review the discharge or dismissal of any former member of an armed force upon its own motion or upon the written request of the former member, or if the former member is dead, his surviving spouse, next of kin, or legal representative. A motion or request for review must be made within 15 years after the date of the discharge or dismissal. Applications for review must be submitted in accordance with such rules and regulations as the Secretary of Defense may prescribe.

"(2) After an application has been submitted to a review board for the review of a discharge or dismissal, the review board shall notify the applicant in writing, as soon as practicable, of the date and place of the hearing to be conducted in connection with the requested review.

"(3) In any case in which the applicant requests an opportunity to appear in person before a review board, the board shall do everything practicable to insure the applicant such opportunity. However, an applicant who requests a personal appearance before the board and fails to appear at the appointed time and place, without previous satisfactory arrangement with the board, shall be considered to have waived his right to a personal appearance and his case shall be reviewed on the evidence contained in his military records and such other evidence as may be presented on behalf of the applicant.

"(4) An applicant may appear before a review board in his own behalf or may be represented by counsel of his choice or by an accredited representative of a veterans' organization recognized by the Administrator of Veterans' Affairs under chapter 59 of title 38. An applicant may be represented by a judge advocate (as defined in section 801 (13) of this title) of the military department of which the person whose discharge or dismissal is being reviewed was a member if the Secretary concerned determines a judge advocate is reasonably available for such purpose.

"(5) An applicant and his counsel shall be given access to all records relating to the case. The testimony of witnesses may be presented either in person, by deposition, or by sworn affidavits. If a witness testifies in person he shall be subject to examination by members of the review board.

"(6) A review board may continue a hearing on its motion. A request for continuance by or on behalf of an applicant may be granted, at the discretion of a review board, if a continuance appears necessary to insure a full and fair hearing.

"(7) An applicant may withdraw his request for a review under this section at any time without prejudice.

"(8) After all testimony and evidence has been received by a review board in any case it may assemble in private to make its findings and recommendations. Cases in which no request was made for a personal appearance by the applicant shall be decided on the basis of all documentary evidence presented to the board of review. The board shall make a determination whether the nature of the discharge or dismissal under review should be changed or a new discharge issued. Such determination, together with such findings and recommendations as the review board deems appropriate, shall be submitted to the Secretary of Defense for his review and approval or disapproval in whole or in part.

"(9) A review board shall promptly notify the applicant with respect to the decision in his case after the board has received the decision of the Secretary of Defense.

"(10) Whenever a review board has reviewed the discharge or dismissal of any person as provided in this section and its recommendations have been approved or disapproved by the Secretary of Defense, no rehearing shall be granted unless the basis of the request is the availability of material evidence that was not reasonably available at the time of the regular hearing and such evidence would likely result in a decision contrary to the one reached at the original hearing, or unless the review board determines there was a legal error which would likely change the decision reached at the original hearing.

"Effect of Decisions on Other Cases

"(d)(1) Whenever a decision by a review board (as approved by the Secretary of Defense) is of such a nature that the board feels it will have general application to other cases identical to the one in which the decision was reached, it shall notify the Secretary of Defense to that effect and, if approved by the Secretary, shall apply the ruling to all other such cases on its own motion or to any specific cases at the request of an appropriate party.

"(2) The review board concerned in any

ruling referred to in paragraph (1) shall take all appropriate action to notify former members of the armed forces who would be affected by such ruling.

"General Powers of Review Boards

"(e) Review boards shall have the power to—

"(1) administer oaths;

"(2) require by subpena the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of their duties;

"(3) in the case of disobedience to a subpena or order issued under this subsection, invoke the aid of any district court of the United States to require compliance with such subpena or order;

"(4) order testimony to be taken by deposition before any person who they may designate for that purpose and who has the power to administer oaths, and in such instances to compel testimony and the production of testimony in the same manner as authorized under paragraphs (2) and (3) of this subsection;

"(5) require directly from the head of any executive department or agency of the Federal Government available information which the board deems useful in the discharge of its duties, and all such departments and agencies shall cooperate with the review boards and furnish relevant information to the extent permitted by law; and

"(6) prescribe such regulations and procedures as may be necessary to carry out the purposes of this section.

"ENFORCEMENT OF SUBPENA

"(f) Any district court of the United States with requisite jurisdiction may, in case of a refusal to obey a subpena or order of any review board issued under this section, issue an order requiring compliance therewith, and any failure to obey the order of the court may be punished by the court as contempt thereof.

"FINALITY OF DECISION

"(g) A decision under this section is final and is not subject to further administrative or judicial review, with the exception of the provisions established under 10 U.S.C. 1552."

SEC. 2. The Secretary of Defense shall formulate and carry out a public information program designed to inform former members of the armed forces of the new discharge review program provided for in the amendment made by this Act. In fomulating and carrying out such program the Secretary shall consult with the Administrator of Veterans' Affairs. The Administrator shall utilize the personnel, services, and facilities of the Veterans' Administration to assist the Secretary of Defense in contacting veterans' service organizations, former members of the armed forces, and other persons and organizations that would have an interest in such new program.

EFFECTIVE DATE

SEC. 3. The amendment made by section 2 of this Act shall become effective 90 days after date of enactment. Any cases pending before any board of review under section 1553 of title 10, United States Code, prior to such effective date shall be transferred by the Secretary of Defense to a new review board established under such section as amended by this Act.

ANALYSIS OF S. 1254

The bill to amend title 10, United States Code would:

First, set up a number of regionalized boards across the country and give them the ability to travel to other areas for the purpose of holding hearings on applications for review, thereby making it more convenient for veterans to appear personally before the boards.

Second, provide peer representation on boards by requiring that at least one of the five members of each review board be a veteran of the Vietnam era only, and who was a noncommissioned officer during his period of active service. This means that at least one member of each board would be equal in age or experience to most of the veterans applying for review.

Third, set out specific circumstances which should be considered by the board in determining whether the discharge should be upgraded. The Department of Defense already follows a policy declared in 1971 that any veteran who received an administrative or punitive discharge solely for the use or possession of drugs should, upon application, have his discharge upgraded. This bill outlines other similar mitigating circumstances, such as homosexual behavior, lack of education, personal or family hardship as guidelines for the board to follow in carrying out their duties.

Fourth, provide that the board review the discharge of any former member of an armed force upon its own motion or upon the written request of the former member, or if the former member is dead, his surviving spouse, next of kin, or legal representative. A motion or request for review must be made within 15 years after the date of discharge. The applicant must be notified by the board in writing of the date and location of the hearing.

Fifth, ensure that the applicant is given the right to counsel and access to all records relating to the case. Should the applicant be unable to afford counsel of his choice or obtain an accredited legal representative of a veteran's organization, the military department may make available to him military counsel to aid him in presenting his case.

Sixth, provide that whenever a review board makes a decision on a case, that ruling should be applied to other cases where the facts are determined to be identical. In other words, the board is charged not only with the duty of carrying out an outreach program to inform veterans of the discharge review process, but also with automatically upgrading discharges for which a precedent has been set.

Seventh, grant the board the power to administer oaths, compel attendance and testimony of witnesses and production of documentary evidence and other sworn depositions.

By Mr. EAGLETON:

S. 1255. A bill to amend the State and Local Fiscal Assistance Act of 1972 to revise certain formulas for the allocation of funds, and for other purposes. Referred to the Committee on Finance.

REVENUE-SHARING AMENDMENTS OF 1975

Mr. EAGLETON. Mr. President, the general revenue sharing program has been in operation for 2½ years, and more than $17 billion has been sent out to the 38,000 eligible State and local governments. Another $13 billion will be given out this year and next. As discussion begins on extending the program, I think it wise to see what has been accomplished so far.

Certainly, many government units—particularly our large cities—have benefited greatly from these moneys. With property taxes and sales taxes extended to the limit, revenue sharing has been a source of salvation to our urban centers.

As we examine the data which have been coming out, however, we begin to notice a few disturbing trends. Some jurisdictions with heavy burdens are getting a pittance, while many affluent communities are building up surpluses. There is a wide disparity, both among States and among local governments within a given State. Some of these inequities arose, because of the consensus politics which produced the current law; others were not foreseen.

Mr. President, I did not support the revenue sharing bill when it was before us in 1972. I voted against its enactment, and many of the points I raised at the time have been shown to be valid. I still have many doubts about this program, but now that we have the hard facts, with 2 years and $13 billion yet to go, I think it timely that we redress some of the imbalances in the current law.

I am introducing today a bill to amend the State and Local Fiscal Assistance Act of 1972. My bill would modify and simplify the allocation formulas to make a more equitable distribution of the funds, one that is also more in keeping with the stated purposes of general revenue sharing.

Briefly, the bill does the following two things:

Changes the State-by-State allocation from the higher of the original two formulas to the average of the two formulas. This would narrow the wide per-capita discrepancies among States.

Modifies the State-local division from the current two-thirds local and one-third State to reflect the actual spending burdens at each level of Government. On a nationwide basis, the 2-to-1 ratio would be roughly maintained, but in a given State the local share could be substantially above or below two-thirds.

Mr. President, there are a number of other reforms that could and should be made to the Revenue Sharing Act. In particular, the statutory floors and ceilings have worked to the disadvantage of our struggling big cities and have helped prop up many marginal local governments. I have not addressed these issues in my bill, as I am seeking only to correct the major imbalances which have arisen. Nevertheless, I hope that these other reform issues will be considered.

In the original deliberations over revenue sharing, the House of Representatives developed a formula for the allocations to States based on five factors: Population, urbanized population, per capita income, State income tax collections, and tax effort. The Senate then came up with its own formula, based on three factors: Population, tax effort, and income. Rather than settling on one formula or the other, the conferees decided to include both formulas intact. For each State, the entitlement under each formula is calculated, and the State is given the higher amount—subject to a uniform adjustment factor to bring the sum of State allocations into line with the total amount to be distributed during the entitlement period.

The formula in the 1972 Revenue Sharing Act produced some perhaps unexpected results. Instead of striking a balance that would equalize allocations across States, the formula rewards differences from the norm. Some States ended up receiving nearly twice as much per capita as others, either because they were very rich or very poor, very urban or very rural.

So while some States have received as much as $125 per capita so far, five States—Indiana, Missouri, Alaska, Florida, and Ohio—have gotten less than $70 per capita. While this is only one indication of the inequity, it is nevertheless a sound one. Another example: Nine States—Connecticut, Nevada, New Jersey, Ohio, Delaware, Illinois, Alaska, Florida, and Missouri—get back less than 85 cents for every dollar their States contribute to the revenue sharing program.

My bill would narrow these differences and would better serve the goals of those who sponsored the original revenue sharing bills. My formula would substitue the average of the two formulas for the higher of the two. Doing so would call into play the priorities established by both the House and Senate formulas.

The basic character of the distributions would not change. There would still be differences among the States but the disparities would be signifiantly smaller.

The framers of the Revenue Sharing Act intended to direct relatively more money to local governments than to State governments, and rightfully so. State governments have more flexibility in raising revenue, and a broader tax base than their urban jurisdictions. My bill would essentially preserve this local government preference, but would shift the local government share up or down according to the relative burdens.

There are major variations among the States in the relative financial scale of their State government versus their local governments. At one end of the scale, the local governments in one State—Hawaii—provides less than a third of the services, while at the other end of the scale is a State—New Jersey—in which local governments provide more than half the services. Many analyses of revenue sharing have recommended adjusting the State-local split to account for these differences, and my bill does that.

Under my proposals, the relative shares would be determined by comparing the amount of revenues raised by the two levels of government within each State within the national average. The State government's share would be adjusted up or down from 33⅓ percent according to the number of percentage points by which its share of revenues within the State exceeds or falls short of the national average.

For example, nationwide a total of $80.4 million was raised by State governments in 1972–73, and $70.5 million was raised by local governments. This represents a national average of 53 percent State and 47 percent local.

In a State where the State government raised $2 million and local governments raised the same, the State share would be 50 percent, 3 points below the national average of 53 percent. As a result, the State government would receive about 30 percent—33 percent minus 3 points—of the State's allocation, and the local governments would get 70 percent. In a State where the State-local share matched the national 53–47 division, the one-third/two-thirds split in the current law would be maintained.

Mr. President, I have prepared a series of tables which I shall ask to be included in the RECORD. The first table shows the State-by-State allocations under the original House and Senate formulas, the formula eventually enacted, and under the amended formula I am proposing today.

The second table gives the amount of revenue sharing funds per capita going to those States where the per capita amount is less than 85 percent of the national average.

The third table lists the amount of tax revenues collected from each State attributable to revenue sharing and the amount of revenue sharing moneys going back to those States which receive less than 85 cents for every dollar contributed.

Mr. President, I ask unanimous consent that these three tables and the text of my bill be included at this point in the RECORD.

There being no objection, the tables and bill were ordered to be printed in the RECORD, as follows:

TABLE 1.—SHARED REVENUE ENTITLEMENTS BY STATE AREAS UNDER VARIOUS FORMULAS, ENTITLEMENT PERIOD 5

[Dollar amounts in millions]

State	House (5-factor)	Senate (3-factor)	Current law	Eagleton amendments
Alabama	85.7	111.8	102.8	98.8
Alaska	8.8	6.2	8.1	7.5
Arizona	56.1	68.5	63.0	62.4
Arkansas	46.4	70.5	64.8	58.5
California	704.7	613.8	647.6	659.3
Colorado	71.2	70.6	65.5	70.9
Connecticut	86.7	72.4	79.7	79.6
Delaware	20.3	15.8	18.6	18.1
District of Columbia	29.1	14.5	26.7	21.8
Florida	193.7	208.6	191.7	201.2
Georgia	121.1	142.7	131.1	131.9
Hawaii	29.0	24.8	26.7	26.9
Idaho	18.2	25.8	23.7	22.0
Illinois	338.9	280.8	311.4	309.9
Indiana	132.2	138.8	127.6	135.5
Iowa	76.9	93.4	85.9	85.2
Kansas	54.5	61.7	56.7	58.1
Kentucky	82.3	107.1	98.4	94.7
Louisiana	98.3	151.4	139.2	124.9
Maine	23.7	41.2	37.9	32.5
Maryland	130.9	102.4	120.3	116.7
Massachusetts	212.0	173.0	194.9	192.5
Michigan	284.5	251.9	261.5	268.2
Minnesota	131.2	133.7	122.9	132.5
Mississippi	53.1	106.0	97.4	79.6
Missouri	128.0	126.3	117.6	127.2
Montana	20.0	27.5	25.3	23.8
Nebraska	38.4	45.2	41.5	41.8
Nevada	14.6	14.4	13.5	14.5
New Hampshire	16.4	21.8	20.1	19.1
New Jersey	210.7	174.1	193.6	192.4
New Mexico	26.8	42.2	38.7	34.5
New York	751.2	575.9	690.3	663.6
North Carolina	135.4	170.7	156.9	153.1
North Dakota	14.1	22.8	21.0	18.5
Ohio	268.2	243.4	246.5	255.8
Oklahoma	62.5	75.9	69.7	69.2
Oregon	67.3	60.8	61.9	64.1
Pennsylvania	354.9	355.5	326.7	355.2
Rhode Island	29.6	28.2	27.2	28.9
South Carolina	66.8	93.0	85.5	79.9
South Dakota	14.7	27.9	25.6	21.3
Tennessee	94.2	130.5	119.9	112.4
Texas	291.5	320.0	294.0	305.8
Utah	34.4	39.4	36.2	36.9
Vermont	12.4	18.9	17.4	15.7
Virginia	132.8	125.4	122.0	129.1
Washington	88.1	94.4	86.8	91.3
West Virginia	42.9	66.8	61.4	54.9
Wisconsin	156.7	168.9	155.2	162.8
Wyoming	6.9	11.6	10.7	9.3
National total	6,169.0	6,169.0	6,169.0	6,169.0

Note: Details may not add to totals due to rounding.

Sources: Office of Revenue Sharing, "Initial Interstate Data and Allocations, Entitlement Period 5;" and staff calculations

TABLE 2.—PER CAPITA SHARED REVENUE RECEIVED BY STATE AREAS THROUGH JAN. 6, 1975 (STATES RECEIVING LESS THAN 85 PERCENT OF THE NATIONAL AVERAGE)

State area	Per capita	Percent of U.S. average
U.S. average	$82.67	100
Indiana	69.28	84
Missouri	68.06	82
Alaska	67.27	81
Florida	65.36	79
Ohio	64.36	78

Sources: Department of the Treasury, "Second Annual Report of the Office of Revenue Sharing," Mar. 1, 1975; Bureau of the Census, "Current Population Reports," series P–25, No. 508, November 1973.

TABLE 3.—SHARED REVENUE OF STATE AREAS FOR 1972 IN RELATION TO THEIR ESTIMATED CONTRIBUTIONS TO FEDERAL GOVERNMENT RECEIPTS IN FISCAL 1969–71 (STATES RECEIVING SHARED REVENUE LESS THAN 85 PERCENT OF THEIR PRORATED FRACTION OF FEDERAL RECEIPTS)

State area	Contributions to Federal receipts (millions)	Shared revenue (millions)	Shared revenue as percent of receipts
U.S. total	$5,301.3	$5,301.3	100
Missouri	117.3	98.3	84
Florida	172.9	146.6	84
Alaska	8.2	6.6	80
Illinois	346.4	274.0	79
Delaware	20.5	16.1	78
Ohio	286.8	213.9	75
New Jersey	225.9	166.6	74
Nevada	16.4	11.5	70
Connecticut	118.8	67.2	57

Source: Richard P. Nathan, et al., "Monitoring Revenue Sharing" (Brookings, 1975), table 4–2.

S. 1255

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Revenue Sharing Amendments of 1975".

SEC. 2. Section 106 of the State and Local Fiscal Assistance Act of 1972 (31 U.S.C. 1225) is amended—

(a) by striking out paragraph (1) in subsection (b) and inserting in lieu thereof the following:

"(1) IN GENERAL.—For purposes of subsection (a), the amount allocable to a State under this section for any entitlement period is the sum of one-half of the amount determined under paragraph (2) and one-half of the amount determined under paragraph (3)."; and

(b) by striking out subsection (c) in its entirety.

SEC. 3. (a) Section 107(a) of such Act (31 U.S.C. 1226(a)) is amended to read as follows:

"(a) DIVISION BETWEEN STATE AND LOCAL GOVERNMENTS.—

"(1) IN GENERAL.—The State government shall be entitled to receive a percentage, determined under paragraph (2), of the amount allocated to that State for each entitlement period. The remaining portion of each State's allocation shall be allocated among the units of local government of that State provided in section 108.

"(2) STATE GOVERNMENT PERCENTAGE.—The percentage which a State government is entitled to receive is 33⅓ percent plus or minus the number of percentage points (rounded to the nearest one-tenth of 1 percent) by which—

"(A) the percentage which the direct general revenues of the State government is of the sum of the direct general revenues of the State government and all units of local government in that State, is greater or lesser, as the case may be, than

"(B) the percentage which the direct general revenues of all State governments is of the sum of the direct general revenues of all State governments and all units of local governments in all States."

(b) Section 109(a) of such Act (31 U.S.C. 1228(a)) is amended by adding at the end thereof the following new paragraph:

"(8) DIRECT GENERAL REVENUES.—The direct general revenues of a government means all revenues of that government except utility revenue, liquor store revenue, insurance trust revenue, and intergovernmental revenue, as determined by the Bureau of the Census for general statistical purposes."

(c) Section 108(b)(6) of such Act (31 U.S.C. 1227(b)(6)) is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

"(B) MAXIMUM AND MINIMUM PER CAPITA ENTITLEMENT.—Subject to the provisions of subparagraphs (C) and (D), the per capita amount allocated to any county area or any unit of local government (other than a county government) within a State under this section for any entitlement period shall not be less than 20 percent, nor more than 145 percent, of the amount allocated to all units of local government within the State under section 107, divided by the population of that State."

SEC. 4. The amendments made by this Act shall take effect on July 1, 1975, and shall apply with respect to entitlement periods beginning on or after such date.

By Mr. MATHIAS (for himself, Mr. STAFFORD, and Mr. BEALL):

S. 1256. A bill to extend for 1 additional year entitlements for part B of the Education of the Handicapped Act. Referred to the Committee on Labor and Public Welfare.

Mr. MATHIAS. Mr. President, today I am introducing in behalf of Senator STAFFORD, Senator BEALL, and myself a bill to extend for 1 additional year the entitlements for part B of the Education of the Handicapped Act.

As Members of the Senate will recall, during this body's consideration of legislation to extend the Elementary and Secondary Education Act last year, I introduced a proposal for myself and 15 other Senators which the Senate adopted, known as the "Mathias Amendment" which changed the system of assistance under part B of the Education of the Handicapped Act from one of State allotments to a system of entitlements. As Public Law 93-380, the Education Amendments of 1974, now stands, the program of financial assistance to States under part B for initiating, expanding, and improving programs and projects for the education of handicapped children at preschool, elementary, and secondary school levels for fiscal year 1975 is based on a system of entitlements rather than allotments with the distribution of such entitlements based on $8.75 per child aged 3 through 21.

I would point out that when I introduced my amendment on May 13, 1974, the amendment originally covered a 5-year period. If the original amendment had been adopted, the bill we are introducing today would not be necessary. When the Senate proceeded to consider the Mathias amendment on May 20, 1974, however, my distinguished colleague from Vermont (Mr. STAFFORD) who is a cosponsor of this bill, offered an amendment which among other things limited the period of my amendment to 1 year. I gladly agreed to that modification and commended it to the favorable judgement of the Senate, because I was persuaded by the arguments put forward by the distinguished chairman of the Senate Labor and Public Welfare Committee, Senator WILLIAMS, who contended that action was imminent on his bill, S. 6, the Education for All Handicapped Children Act, a more far-reaching piece of legislation. I now quote from the May 20, 1974, CONGRESSIONAL RECORD covering the debate on the Mathias amendment:

> Senator WILLIAMS. The Committee has set a timetable for this legislation (S. 6), and will be closing the hearing record in early June and intends to move this legislation to the Senate floor by the end of July.

I quote further from the May 20, 1974, RECORD:

> Senator WILLIAMS. The timetable for movement of S. 6 out of Committee has been set, and my colleagues will have the opportunity to vote on that comprehensive legislation within this year.

Unfortunately, the 93d Congress ended in December and S. 6 died in committee.

Mr. President, almost a year ago, I stated on the floor of the Senate that S. 6 must be viewed as the total vehicle for insuring the rights of handicapped children. Happily, the Education for All Handicapped Children Act has been introduced in the 94th Congress with the identical bill number, S. 6. I still hold the same views of that bill as I held in the 93d Congress. Neither the Mathias amendment of last year nor the bill I am introducing today is in competition with S. 6. The bill we are sending to the desk today should be regarded in the same light as the Mathias amendment of last year: merely as a means of addressing a growing emergency and as a necessary step in the eventual construction of a legislative vehicle, perhaps S. 6, which will truly bring about the necessary reforms and improvements in the educational system with regards to handicapped children.

I understand that Senator WILLIAMS has developed a new timetable for action on his bill in this session of the Congress. I look forward to the opportunity to consider this measure when it reaches the Senate floor. Without question, a bill of the magnitude of S. 6 should be carefully scrutinized by every Member of Congress before final action is taken. Nonetheless, in deference to Senator WILLIAMS' new timetable for action, the Senator from Vermont and I have decided to seek only a 1-year extension of the entitlements for part B of the Education of the Handicapped Act through fiscal year 1976, rather than a 3-year extension which we had initially considered.

Mr. President, the chief consideration before the Congress is do we wish to allow the more equitable system of entitlements to States for education of handicapped children to expire on June 30, 1975, or do we desire to continue the commitment we made last year to the States and handicapped children across this Nation when we enacted the new amendments to the Education of the Handicapped Act. I fervently hope that the financial goals we established in last year's legislation will not be abandoned by the 94th Congress.

Last year, the 93d Congress made substantial progress toward assisting States to reach the goal of full educational opportunity for all handicapped children. While we failed to fully appropriate the level of funds contemplated under the Education Amendments of 1974, the Congress did provide the States with an additional $52 million for this fiscal year and an additional $50 million for fiscal year 1976 for services to handicapped children. I do, however, wish to go on record with the Senate today in announcing that as a Member of the Senate Appropriations Committee, I will seek to increase substantially the fiscal year 1976 advanced funded appropriations above the $100 million approved by the Congress. While the 94th Congress has started in the proper direction by rejecting the administration's proposed rescission in the State grand program of $52,500,000 for fiscal year 1975 and $50 million for fiscal year 1976, we must move forward in our quest to enable the 50 States to initiate and expand services to handicapped children on a scale sought after by parents and educators for many years.

Mr. President, the concept of equality of educational opportunity is widely accepted by the citizens of this Nation. When, however, we apply that concept to handicapped children, it is clear that America is a long way from achieving what we profess to believe. The bill we offer today, along with a substantial increase in financial assistance to the States, which I shall seek this year, will represent one more major step toward achieving equality of educational opportunity for 7 million handicapped children in this country.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1256

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That (a) section 614 (a) of the Education Amendments of 1974 is amended by adding after "fiscal year 1975" the following: "and fiscal year 1976".

(b) Section 614(b) of such Act is amended by adding after "fiscal year 1975" the following: "and fiscal year 1976".

(c) Section 614(c) of such Act is amended by adding after "fiscal year 1975" the following: "and fiscal year 1976".

(d)(1) Section 611(c)(2) of the Education of the Handicapped Act as in effect for fiscal years 1975 and 1976 is amended by striking out "the fiscal year ending June 30, 1975" and inserting in lieu thereof "fiscal years 1975, and 1976".

(2) Section 611(d) of the Education of the Handicapped Act as in effect for fiscal years 1975 and 1976 is amended by striking out "the fiscal year ending June 30, 1975" and by inserting in lieu thereof "fiscal years 1975 and 1976".

(3) Section 612(a) of the Education of the Handicapped Act as in effect for fiscal years 1975 and 1976 is amended by striking out "the fiscal year ending June 30, 1975" and

inserting in lieu thereof "fiscal years 1975 and 1976".

(e) Section 611(b) of the Education of the Handicapped Act is amended by striking out "$1,000,000,000 for the fiscal year ending June 30, 1976 and".

Mr. STAFFORD. Mr. President, today I am joining with Senator MATHIAS in introducing an amendment to the recently passed Elementary and Secondary Education Act to extend for 1 year the provision that is called "The Mathias Funding Formula."

As Members of the Senate are aware, Senator MATHIAS and I last year introduced an amendment to establish an entitlement formula for funding of education for the handicapped provisions of title VI of the Elementary and Secondary Education Law. The Senate adopted this formula along with an amendment I offered to provide for the protection of the due process rights of handicapped children and to require States to begin educating all our handicapped children.

In the time since this has been enacted, the Bureau of Education of the Handicapped has been able to make significant advances toward the goal of education of all handicapped children. I am advised that new State plan requirements and procedural guarantees are being adopted by the States and we are, even with limited funding, able to progress toward our goal.

I think this progress is extremely important especially when it can be demonstrated that education in the earliest years can help ameliorate a handicapping condition. And I think it has been demonstrated that our handicapped citizens truly want equal protection and equal opportunity under our system.

Mr. President, I am also a cosponsor of S. 6 which has been introduced by Senator WILLIAMS, the chairman of the Committee on Labor and Public Welfare, and I am a strong supporter of the concepts and goals of S. 6.

The reason for Senator MATHIAS' and my action today is to provide an alternate means of increasing funding for the education of the handicapped if, because of the complexities of S. 6, we are not able to meet Senator WILLIAMS' anticipated schedule for S. 6, which as I understand it, should pass the Senate before the end of this fiscal year.

Congress in its wisdom last year provided for $100 million for fiscal year 1976, and it is my anticipation that in the future we will be increasing significantly the Federal role in helping educate handicapped children. This is a proper role for the Federal Government.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 1257. A bill to extend the educational broadcasting facilities program and to provide authority for the support of demonstrations in telecommunications technologies for the distribution of health, education, and social service information, and for other purposes. Referred to the Committee on Commerce.

TELECOMMUNICATIONS FACILITIES AND DEMONSTRATION ACT OF 1975

Mr. MAGNUSON. Mr. President, by request, for myself and Senator PEARSON, I introduce the Telecommunications Facilities and Demonstration Act of 1975, and I ask unanimous consent to have printed in the RECORD a letter of transmittal from the Department of Health, Education, and Welfare, and a summary of the bill.

There being no objection, the letter and summary were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HEALTH,
EDUCATION, AND WELFARE,
March 3, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for the consideration of the Congress is a draft bill "To extend the Educational Broadcasting Facilities Program and to provide authority for the support of demonstrations in telecommununications technologies for the distribution of health, education, and social service information, and for other purposes." This bill is similar to H.R. 17406 introduced for the Administration during the second session of the ninety-third Congress.

This bill has two basic purposes. First, the Department's direct support for over-the-air educational radio and television broadcasting facilities would be extended for a five-year period. Television broadcast coverage of these stations now extends to almost 78 percent of the population, while radio coverage is approximately 65 percent; extension of the facilities program for this additional period would permit the Department of Health, Education, and Welfare essentially to satisfy the original goals of the program while phasing down its direct support for construction of broadcasting facilities.

Moreover, because the number of public television stations in the country represents a nearly complete and mature system, and because increased broadcast coverage is achievable only at unacceptably high per-viewer costs as the 100 percent coverage level is approached, the funding criteria for the broadcasting facilities program would be amended to emphasize (1) the strengthening of the capability of existing facilities, (2) adapting existing facilities to additional educational uses, and (3) extending educational broadcasting services, with due consideration to equitable coverage of all areas of the country.

Secondly, the legislation would provide authority for a telecommunications program designed to demonstrate ways to meet the common needs of the health and education community.

This legislation would provide a single broad authority in the Office of the Secretary to create the multi-user telecommunications services and facilities which will make it possible for health, education, and social service providers jointly to develop more efficient and economical means of meeting the nation's needs.

In order to accomplish this objective, the legislation would authorize the Secretary to carry out a program for the support—through grants or contracts—of demonstrations in the use and application of nonbroadcast telecommunications facilities and equipment (such as cables and satellites). Moreover, the legislation would provide the authority to assist in the initial application of communications facilities that are uniquely suited to the needs of the health and education community, including the purchase by grantees or contractors of necessary telecommunications services from commercial carriers.

The bill would authorize appropriations totaling $35 million over five years.

I am also enclosing for your convenience a brief summary and analysis of the proposed legislation.

I urge prompt and favorable consideration of this proposal.

The Office of Management and Budget advises that enactment of this proposed legislation woud be in accord with the program of the President.

Sincerely,
CASPAR W. WEINBERGER,
Secretary.

SUMMARY OF THE TELECOMMUNICATIONS FACILITIES AND DEMONSTRATION ACT OF 1975

The basic purposes of the Telecommunications Facilities and Demonstration Act of 1975 are (1) to extend the educational broadcasting facilities program for five years and (2) to provide authority for the Secretary to support demonstrations in modern telecommunications technologies for the distribution and dissemination of health, education, and other social service information. The Act would modify the role of the Department of Health, Education, and Welfare in educational broadcasting to include not only direct support for particular facilities identified in the Communications Act of 1934 (hereinafter "the Act"), which are over the air radio and television broadcasting stations, but also more indirect support, through demonstration grants and contracts, of a wide range of modern telecommunication technologies. In many instances such technologies may provide a more efficient and economical means of meeting some of the country's health, education, and social service needs.

The Act would have the short title of the "Telecommunications Facilities and Demonstration Act of 1975".

Section 2 of the bill would modify the headings of part IV of title III of the Communications Act of 1934 and or subpart A thereof to reflect the amendments made by this bill. The declaration of purpose contained in section 390 of the Act would also be amended to reflect the broadened purposes set forth in this bill.

Section 3 would authorize the appropriation of $7,000,000 for fiscal year 1976 and for each of the four succeeding years. Sums so appropriated would remain available to fund applications submitted prior to October 1, 1981.

Section 4(a) would amend the eligibility requirements for the educational broadcasting facilities program to include nonprofit colleges and universities as well as publically supported institutions. Section 4(b) would amend the funding criteria for the educational broadcasting facilities program to emphasize (A) the strengthening of the capability of existing noncommercial educational broadcast stations, (B) adapting existing noncommercial educational broadcast facilities to additional educational uses, and (C) extending noncommercial educational broadcasting services with due consideration to quitable coverage of all areas in the country.

Section 5 adds to the Act a new section 392A which would authorize the Secretary to make grants and contracts in order to provide demonstration projects for the development of nonbroadcast communications facilities and services for the transmission, distribution, and delivery of health, education, and social service information. Any public or nonprofit private agency, organization, or institution would be eligible to participate in the program. Subsection (b) of the new section sets forth the requirements which applications for grants or contracts for telecommunications demonstrations must meet. Such applications must provide assurance:

(1) that the project offers reasonable promise of demonstrating innovative methods or techniques of utilizing nonbroadcast telecommunications equipment or facilities which relate to the purposes of this section;

(2) that the applicant will retain administrative control of the project;

(3) that the applicant has the management and technical capability to carry out the project; and

(4) that acquired facilities and equipment will be used only for health, education, and social services purposes.

Subsection (c) of the new section 392A would authorize the Secretary to pay up to 100 percent of the approved costs of any project.

Subsection (d) would prohibit the use of funds under the new section for construction of structures, but would permit necessary minor remodeling which is incident to the installation of equipment and facilities.

Subsection (e) provides a definition of the term "nonbroadcast telecommunications facilities".

Subsection (f) provides that demonstrations funded pursuant to this section may continue for a period of not more than three years.

Subsection (g) requires grantees to submit annual summary and evaluation reports.

By Mr. HATHAWAY (for himself, Mr. BEALL, Mr. BROCK, Mr. CHILES, Mr. HASKELL, Mr. JAVITS, Mr. LAXALT, Mr. MCINTYRE, Mr. METCALF, Mr. NELSON, Mr. SPARKMAN, and Mr. WEICKER):

S. 1259. A bill to provide for emergency relief for small business concerns in connection with fixed price Government contracts. Referred to the Committee on Government Operations.

SMALL BUSINESS EMERGENCY RELIEF ACT

Mr. HATHAWAY. Mr. President, I introduce for appropriate reference a bill entitled the Small Business Emergency Relief Act. The purpose of this bill is to grant emergency relief to small business contractors who have fixed price Government contracts and are encountering unavoidable difficulties during performance because of the effects of the very rapid rate of inflation.

This bill, which I introduce today, is the same bill as S. 3619, passed by the Senate in the second session of the 93d Congress on October 9, 1974. After S. 3619 passed the Senate, it was sent to the House and referred to the House Comimttee on the Judiciary. Due to the press of other matters, S. 3619 was not considered by the House Judiciary Committee before the end of the 93d Congress in December, 1974.

The purpose of the bill is to authorize executive agencies to terminate for the convenience of the Government, any fixed price contract between that agency and a small business concern upon a finding that: First, during the performance of the contract, the concern has experienced or is experiencing significant unanticipated cost increases directly affecting the cost of contract compliance; and second, the conditions which have caused or are causing such cost increases were, or are being, experienced generally by other small business concerns in the market at the same time and are not caused by the negligence, underbidding, or other special management factors peculiar to that small business concern.

In March of last year, the Small Business Committee's Subcommittee on Government Procurement, of which I am chairman, sent a questionnaire to small businesses throughout the country, in the manufacturing, research and development, service, construction, and other fields. The questionnaire solicited information concerning problems being encountered by firms in the Government procurement process—from the advertising of the contracting opportunity to the payment on the completed contract or the claim for additional money.

In answers from 135 small businesses having 1,349 Government contracts with a total value of nearly $91 million, 83 percent of the respondents indicated they were paying higher than anticipated prices for supplies. Contractors stated that prices for needed supplies had skyrocketed beyond any expectation and some were left not only without any profit on their contracts, but were performing a losing contract, if they could perform it at all. Ninety percent of the respondents complained of late or delayed deliveries of supplies. Instead of receiving delivery on ordered supplies in days or weeks, the waiting time has gone to months and literally years.

To look more closely at the problems highlighted by answers to the questionnaire, the Government Procurement Subcommittee held a hearing on May 21, 1974. Numerous small businessmen testified before the subcommittee detailing the difficulties they were encountering in performing fixed price Government contracts in the light of material shortages and inflation. Escalation clauses were not included in their contracts and after controls were lifted, material prices skyrocketed and the contractors were obliged to perform their contracts at the fixed prices appearing in their contracts while they were paying more for goods and supplies. These contractors testified that they were in deep trouble, many to the point of bankruptcy, because of the Government contracts they were trying to honor.

Since the hearings last May, the Government Procurement Subcommittee has heard from many additional small firms who are also caught in the bind of soaring inflation and material shortages. In case after case contracting officers of the Government have been sympathetic to the contractors plight but have consistently taken the position that they have no authority to give additional money to the contractor. They are helpless to provide any form of relief absent some authority provided by legislation.

We cannot blame the situation of these contractors on poor business judgment when the problem is so widespread among small business Government contractors. Those small firms do not have the economic resiliency to withstand substantial losses. They do not have the capital backing nor the borrowing capability that a large firm may have to ride out the storm.

In response to the needs voiced in the subcommittee hearing, I introduced S. 3619, the "Small Business Emergency Relief Act," on June 11, 1974. The bill authorized Government agencies having contracts with small business to modify fixed price contracts to permit additional compensation commensurate with unanticipated increases in the rate of inflation and give additional time in performance of the contract where the energy crisis caused problems for the contractor.

The Government Operations Committee, to which S. 3619 was referred, undertook a review of the bill and after discussions with the General Services Administration, the Department of Defense and the General Accounting Office, determined that granting monetary relief to a contractor could be characterized as a specialized Federal "bailout." As a result, the committee considered and accepted a substitute which would not require an additional outlay of money to contractors seeking relief but instead, would relieve the contractor of his obligation to perform under the contract. The amended version was reported to the Senate and passed the Senate October 9, 1974.

The Congress has encouraged small business to seek Government contracts and in the Small Business Act, Congress established a policy which requires Government procuring agencies to give a fair proportion of the contracts and purchases to small businesses. We have encouraged small business to seek Government contracts but the inflationary economy in which we find ourselves penalizes those who bid. As a result, small firms are bidding on fewer Government contracts and are turning away from Government procurement opportunities. The Government cannot afford the loss of these valuable suppliers.

Those small firms who are trapped in fixed price contracts urgently need relief. Procuring agencies are helpless to provide relief absent some authority provided by legislation.

The bill I am introducing today does not provide a monetary adjustment of the contract, it would merely relieve the contractor from his obligation to perform upon documentation that his predicament was not the result of negligence or deliberate underbidding.

The bill sets strict time limitations for termination authority. It would cover only fixed price contracts entered into during the period influenced by price controls—August 15, 1971, through April 30, 1974.

I urge my colleagues in the Senate to join with me in cosponsoring and supporting the Small Business Emergency Relief Act so that relief may be granted to the many small business concerns who are in deep trouble today trying to honor fixed price Government contracts which they were awarded prior to the time of material shortages and sharply increasing costs.

Mr. President, I ask unanimous consent to have the text of the bill printed in the RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1259

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Small Business Emergency Relief Act."

POLICY

SEC. 2. It is the policy of Congress to provide relief to small business concerns which have fixed-price Government contracts in cases where such concerns encounter significant and unavoidable difficulties during performance because of the energy crisis or rapid and unexpected escalations of contract costs.

DEFINITIONS

SEC. 3. As used in this Act—

(1) the term "executive agency" means an executive department, a military department, and an independent establishment within the meaning of sections 101, 102, and 104(1), respectively, of title 5, United States Code, and also a wholly owned Government corporation within the meaning of section 101 of the Government Corporation Control Act; and

(2) the term "small business concern" has the same meaning as such term as given under section 3 of the Small Business Act.

AUTHORITY

SEC. 4. (a) Pursuant to an application by a small business concern, the head of any executive agency may terminate for the convenience of the Government any fixed-price contract between that agency and such small business concern, upon a finding that—

(1) during the performance of the contract, the concern has experienced or is experiencing significant unanticipated cost increases directly affecting the cost of contract compliance; and

(2) the conditions which have caused or are causing such cost increases were, or are being, experienced generally by other small business concerns in the market at the same time and are not caused by negligence, underbidding, or other special management factors peculiar to that small business concern.

(8) A statement and evidence of the contractor's estimate of the final price of the contract, given effect to all escalation, changes, extras, and other comparable factors known or contemplated by the contractor;

(9) A statement of any claims known or contemplated by the contractor against the Government involving the contract in question, other than those referred to under (8) above;

(10) An estimate of the contractor's total profit or loss under the contract if required to complete at the original contract price;

(11) An estimate of the total profits from other Government business, and all other subsequent fiscal year, and as of the date the first contract involved to the latest estimated date of completion of any other contracts involved;

(12) Balance sheets, certified by a certified public accountant, as of the end of the consubsequent fiscal year, and as of the date of the first contract, as of the end of each subsequent fiscal year, and as of the date of the request together with income statements for annual periods subsequent to the date of the first balance sheet; and

(13) A list of all salaries, bonuses and all other forms of compensation of the principal officers or partners and of all dividends and other withdrawals, and all payments to stockholders in any form since the date of the first contract involved.

DELEGATION

SEC. 5. The head of each executive agency shall delegate authority conferred by this Act, to the extent practicable, to an appropriate level that will permit the expenditious processing of applications under this Act and to ensure the uniformity of its application.

LIMITATIONS

SEC. 6. (a) The authority prescribed in section 3 (a) shall apply only to contracts entered into during the period from August 15, 1971, through April 30, 1974.

(b) The authority conferred by this Act shall terminate December 31, 1975.

Mr. WEICKER. Mr. President, many small businesses are presently faced with an economic squeeze between inflationary cost increases and fixed price contracts made with the Federal Government. The legislation I am introducing today with Senator Hathaway and nine other Senators will provide much-needed relief for small businesses facing serious financial loss as a result of these negotiated agreements.

The contracts affected are those entered into during the period of price controls from mid-1971 until early 1974. Since that time the controls have been lifted resulting in small firms facing spiraling inflation costs due to material shortages and the energy crisis.

Although Federal agencies have been sympathetic to these concerns, they have lacked the legislative authority to provide any form of relief. This bill, the Small Business Emergency Relief Act, would grant these agencies the scope to terminate for the convenience of the Government any fixed price contract made during the price control period between the agency and a small business concern.

This legislation will not provide a bailout to small business concerns, it merely prevents a firm from taking any additional losses that might lead to bankruptcy. In addition, those firms must supply evidence that their losses were not the result of negligence or deliberate underbidding. Contractors affected would only have a specific time limitation ending December 31, 1975, to apply for relief from contractual agreements.

Small businesses across the country face financial losses that could lead to disastrous consequences. Unless the Congress takes action now to provide relief, many small firms will be strangled.

By Mr. CHILES (for himself, Mr. WEICKER, Mr. NUNN, and Mr. GLENN):

S. 1260. A bill to authorize the Administrator of General Services to enter into multiyear leases through use of the automatic data processing fund without obligating the total anticipated payments to be made under such leases. Referred to the Committee on Government Operations.

Mr. CHILES. Mr. President, I am introducing a bill to save up to $150 million in Federal leasing of automatic data processing equipment.

As an amendment to section 11 of the Federal Property and Administration Services Act of 1949 (40 U.S.C. 759), this new subsection (H) authorizes the Administrator of General Services to enter into multiyear leases through the use of the automatic data processing fund without obligating the total anticipated payments to be made under such leases.

This bill is identical to the one introduced by request last session (S. 2785). Referred to the Committee on Government Operations, the bill passed the Senate on September 19, 1974, was referred to the House Committee on Government Operations, which did not act before the 93d Congress adjourned.

In this period of economic stress, it is our obligation to initiate and encourage efficient and conscientious spending in our Federal agencies. Wasteful spending practices are today outrageous. I am pleased that last session, our Procurement Subcommittee, and this year, our new Federal Spending Practices and Efficiency Subcommittee, has mounted a broad campaign to overhaul the Government's antiquated system for spending $60 billion a year in purchasing goods and services.

The legislation was recommended by the Commission on Government Procurement and supported by the General Accounting Office in a report entitled "Multiyear Leasing and Governmentwide Purchase of Automatic Data Processing Equipment and Results in Significant Savings,"—B–115369—of May 7, 1974. As GAO concluded in that report:

> Almost all of the $390 million that the government spent to rent ADP equipment in fiscal year 1969 was for short-term rentals . . . generally the most costly acquisition method.

Furthermore, GAO discovered:

> Since many agencies do not seek competition before renewing leases under schedule contracts, there is no assurance that the Government is leasing a major part of its ADP equipment at the lowest possible cost.

Most manufacturers and suppliers offer discounts under multiyear leases. Since most Government leased ADP equipment is for 3 or more years, GAO concluded that the rental of the equipment under multiyear leasing would be the most efficient use of the limited funds available for such equipment.

It is essential that competitive proposals be solicited for initial lease, purchase, or renewal of ADP equipment as well as software, maintenance, related equipment, supplies and services. Competition should not be limited to manufacturers, but should include the proposals of third-party sources and non-manufacturing businesses.

Presently, GSA has authority to enter into multiyear leases, payment of which comes from a revolving fund established by section 111(c) of the Property Act. But under 31 U.S.C. 665(a):

> No officer or employee of the United States shall make or authorize an expenditure—in excess of the amount available therein.

Accordingly, the amount payable for the entire period of the multiyear lease must not be obligated from the fund at the time of contracting. However, as GAO recommended, this legislation would authorize GSA to enter into lease agreements without immediately obligating the total anticipated payment, but rather than cash balances of the ADP fund be maintained in such amounts as is necessary for cash disbursements of payments.

In an August 20, 1973, letter to the President of the Senate, Arthur Sampson, Administrator of GSA, stated:

> A GAO comparison of multiyear versus short-term rental rate for 1,066 systems in the government's inventory of June 1969 indicated possible savings of $70 million under 3-year leases and $155 million under 5-year leases.

This bill is supported by GAO and GSA and industry representatives.

I ask unanimous consent that the bill and some pertinent descriptive material be printed in the RECORD at this time.

There being no objection, the bill and material was ordered to be printed in the RECORD, as follows:

S. 1260

Be in enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 111 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 759) is amended by adding at the end thereof the following:

"(h) Notwithstanding any other provision of law, the Administrator is authorized to enter into multiyear contracts under this section financed through the fund and may incur or authorize obligations in excess of the amount available in the fund, except that (1) the amount of unfunded obligations incurred during any fiscal year shall not exceed the amount specified in an appropriation Act for that fiscal year, (2) the cash balances of the fund shall be maintained in such amounts as are necessary at any time for cash disbursements to be made from the fund, and (3) the term for the performance of any such contract shall not exceed ten years.

"(i) As used in this section, automatic data processing equipment also includes, but is not limited to, hardware, software, maintenance, related equipment and supplies, and related services."

EXCERPTS FROM REPORT

PURPOSE

This bill amends section 111 of the Federal Property and Administrative Services Act of 1949, 79 Stat. 1127, as amended (40 U.S.C. 759) by adding two new subsections (h) and (i). These subsections would permit the Administrator of the General Services Administration (GSA) to enter into multiyear leases (not to exceed ten years) of automatic data processing (ADP) equipment at amounts in excess of what is available in the fund, provided the amount of unfunded obligations authorized is not needed and the balances of the fund are maintained in such amounts as are necessary at any time for cash disbursements to be made therefrom. Thus, the United States Government, the world's largest user of ADP equipment, would be able to take advantage of multiyear lease savings that are available to any private business. The bill also clarifies that the authority to enter into multiyear leases of automatic data processing equipment extends to collateral maintenance, software and other kinds of supplies and services that normally flow with ADP equipment acquisition

NEED FOR THE LEGISLATION

The Government is expending $35 to $75 million more for installed computer equipment under short-term leases than it would under firm-term multiyear leases. Millions of dollars of additional savings are possible through the use of multiyear contracting for new equipment and maintenance services associated with long-term leases. S. 2785 would permit the Government to obtain better terms, more effective competition and, in short, operate in the marketplace in a manner comparable to commercial lessees of automatic data processing equipment.

Presently, GSA has multiyear leasing authority for acquisition of automatic data processing equipment through the ADP Fund. However, since, under 31 U.S.C. 665(a), "No officer or employee of the United States shall make or authorize an expenditure—in excess of the amount available therein;" the amount payable for the entire period of the multiyear lease must be obligated from the fund at the time of contracting. This provision severely limits the use of the ADP Fund for multiyear leasing; therefore, GSA and other Federal agencies are generally forced to enter into short-term leases, or long-term leases with termination rights. Both of these types of leases are considerably more expensive than firm-term multiyear leases.

* * * * *

ANALYSIS OF THE BILL

The bill amends section 111 of the Federal Property and Administrative Services Act of 1949 by adding two subsections.

Subsection (h) would enable GSA to enter into multiyear leases at amounts in excess of what is available in the ADP Fund. Restrictions are placed on this authority to enable Congress to maintain visibility and control over the Fund. An additional provision limits the terms for performance of multiyear leases placed under the authority of this subsection to ten years.

Following is a further elaboration on each of the above three elements of subsection (h):

Firm-term multiyear leases

GSA's authority to execute firm-term multiyear leases for automatic data processing equipment is severely restricted because governing laws require obligation of the total cost for the entire period of the lease at the time of contracting. These laws provide, in part, that:

"No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein; nor shall any such officer or employee involve the Government in any contract or other obligtion, for the payment of money for any purpose, in advance of appropriations made for such purpose unless such contract or obligation is authorized by law. [31 U.S.C. 665(a)]

"No contract or purchase on behalf of the United States shall be made, unless the same is atuhorized by law or is under an appropriation adequate to its fulfillment," . . . [41 U.S.C. 11]

Subsection (h) would remove this restriction, thereby permitting GSA to use firm-term multiyear leases rather than short-term rentals of one year or less.

During the hearings on S. 2785 the Computer and Business Equipment Manufacturers Association (CBEMA) representative cautioned that if the Government applies the authority of this bill in such a manner as to conflict with normal commercial operations, then countercosts would arise which would offset the advantages of true multiyear leasing. He pointed out that in return for payment of a lesser sum over a specific number of years, the ADP vendor expects a long-term commitment of cash flow which can be discounted by a bank or used as collateral for a loan. The Committee took the position that the objective of the bill is to gain for the Government the same benefits that are available to the private sector from multiyear contracts. Accordingly, the Committee desires the Government's use of multiyear contracting to be consistent with normal commercial practice. The Committee expects GSA to use a multiyear contract that is, in fact, a marketplace mechanism.

Another point that arose during the hearings was whether the multiyear contracting authority should be extended to user agencies. CBEMA suggested that S. 2785 is unnecessarily restrictive in limiting multiyear leasing to GSA's ADP Fund. After a thorough evaluation of this suggestion, the Committee determined that the CBEMA objective of maximizing use of the multiyear authority could best be accomplished within the framework of Public Law 89–306 that established GSA as the focal point for ADP management within the executive branch.

The approach adopted in S. 2785 of establishing the ADP Fund as the single source of funding for multiyear ADP contracts has a number of advantages:

GSA can consider the useful life of ADP equipment to the Government as a whole. Individual agencies, either from annual appropriations or from revolving funds, would only be able to commit funds for their individual needs.

The provision in the bill that, "the amount of unfunded obligations incurred during any fiscal year shall not exceed the amount specified in an appropriation Act for that fiscal year," assures congressional control over these expenditures. Broadening the bill to authorize other agencies, through annual appropriations or revolving funds, to contract on a multiyear basis would diffuse accountability to such a point that Congress could lose a great measure of fiscal control.

By funding all firm-term multiyear contracts through the ADP Fund (including those procurements delegated to other agencies), single payment discounts from vendors of 2 to 4 percent annually are expected.

One source of ADP funding to interface with the market and its supporting financial institutions would enhance the Government's bargaining position for the acquisition of ADP equipment.

The concept in S. 2785 of the ADP Fund serving as the single source of funding for multiyear ADP contracts is entirely consistent with the responsibilities assigned to GSA by Public Law 89–306. Senate Report 89–938, pertaining to this law, discussed the need for the Fund and GSA's operation of the Fund in these terms:

The Fund would afford an effective means of attaining economic acquisition of Government ADP equipment.

Were all ADP purchase and lease money in "one pocket," the Government would be in a stronger bargaining position in dealing with the manufacturers.

But the most compelling need for the revolving fund is in establishing the single purchaser concept in Government ADP acquisition.

Essentially, all Federal agencies would lease equipment from the GSA revolving fund.

By proper use of the authority conveyed in the Brooks bill, as amended by S. 2785, all of the above advantages can be realized, while maximizing use of the multiyear contracting authority. It will also be possible to use selectively, the capabilities for ADP procurement that exist within the user agencies. The procedure to be employed by GSA in implementing S. 2785, is explained in the Agency's letter of April 5, 1974. It should be noted that in recent years GSA has delegated approximately 81 percent of the ADP procurements to user agencies (in terms of dollar value).

Under the GSA procedure, when a procurement delegation is made to an agency to enter into a firm-term multiyear lease without full obligation of funds, the authority to cite and obligate the ADP Fund will also be delegated. The Fund then would underwrite the contract and make payments to the vendor, and the user agency would reimburse the Fund from annual appropriations.

To insure that there is no legal impediment to GSA delegating an agency authority to cite and obligate the Fund, the General Accounting Office was asked for an opinion. GAO confirmed that there is no prohibition against this practice, as long as GSA maintains adequate overall supervision of Federal agencies procurement of ADP equipment and provided the amount of unfunded obligations authorized is not exceeded and that there is sufficient balance in the ADP Fund to make required cash disbursements.

ADP fund

Use of the Fund, as prescribed by S. 2785, is consistent with the principles of congressional visibility and control as set forth in the Senate's budget reform legislation (S. 1541, as amended). The provisions in the bill that (1) the amount of unfunded obligations incurred during any fiscal year shall not exceed the amount specified in an appropriation Act for that fiscal year, and (2) the cash balances of the Fund shall be maintained in such amounts as are necessary at any time nor cash disbursements to be made from the Fund, will enable Congress to exercise control over the amounts that may be obligated for ADP leasing. These restrictions conform to the requirements established in Public Law 89-306 for operation of the ADP Fund.

Contract term

The limitation of ten years on the term for the performance of a multiyear lease provides an essential control but permits flexibility in the negotiation of multiyear leases. One reason for selecting ten years is that the current life of ADP systems is eight to ten years. Another reason is that it corresponds to GSA's contracting authority in the telecommunications area. The fact that multiyear contracts may cover up to ten years does not alter the requirement that multiyear leases are to be justified on a case-by-case basis as the most cost-effective method of acquiring needed ADP equipment.

Subsection (*i*) was included in the bill to make it clear that the authority in subsection (h) applies to more than leases for hardware. Software development, related equipment, maintenance, supplies, and services may also be procured by firm-term multiyear contracts. The description of automatic data processing equipment in subsection (i) is compatible with the General Accounting Office interpretation of automatic data processing equipment as it is used in the Brooks bill.

Mr. WEICKER. Mr. President, today I join Senators Chiles, Nunn, and Glenn in reintroducing legislation to authorize the Administrator of General Services to enter into multiyear leases for the acquisition of automatic data processing equipment. This bill represents a cost savings of up to $150 million to the Federal Government.

According to a 1971 GAO report, the U.S. Government is the world's largest single user of ADP equipment; and yet it is unable to take maximum advantage of substantial savings available through multiyear leases. Presently, GSA is authorized to enter multiyear leases through the ADP fund, but must obligate the amount payable for the entire period at the time of contracting. The net effect of this restriction has been to reduce the majority of ADP acquisitions under lease to the more expensive, least cost-effective short-term contracts.

Enactment of this legislation will make available to the Federal Government the same supplier discounts which big businesses have been taking advantage of for years. This bill is one more step toward achieving responsible Federal spending practices and efficiencies of scale. What we have here, Mr. President, is an opportunity to save the Federal Government the unnecessary expense of millions of taxpayer dollars. It is this sort of legislation that the American public wants and I expect that the Senate will move expeditiously in considering its benefits.

By Mr. RANDOLPH (for himself, Mr. Abourezk, Mr. Bayh, Mr. Burdick, Mr. Gravel, Mr. Philip A. Hart, Mr. Hartke, Mr. Haskell, Mr. Humphrey, Mr. Javits, Mr. Kennedy, Mr. Metcalf, Mr. Mondale, Mr. Muskie, Mr. Ribicoff, Mr. Stafford, Mr. Tunney, and Mr. Williams):

S. 1261. A bill to amend the Public Health Services Act to provide for the protection of the public health from unnecessary medical exposure to ionizing radiation. Referred to the Committee on Labor and Public Welfare.

SENATOR RANDOLPH INTRODUCES THE RADIATION CONTROL FOR HEALTH AND SAFETY ACT OF 1975

Mr. RANDOLPH. Mr. President, although the essential role of radiologic services for modern medicine is well recognized, there is strong evidence that current procedures result in a greater risk to consumer-patients than necessary.

Concern for the public health implications of present practices has spurred no less than seven national bodies between 1966 and 1974 to recommend that the qualifications of the operators of radiologic equipment be upgraded through mandatory State or Federal licensure.

Since 1967, legislation has been under consideration by the Congress to provide for State licensure of the users and operators of medical radiologic equipment, such as X-ray equipment. An initial proposal was contained in the Senate passed version of the Radiation Control for Health and Safety Act of 1968. The provision was dropped in the House-Senate conference.

During the last three Congresses I have introduced similar legislation. The Radiation Health and Safety Act would provide for Federal minimum standards for use in Federal and State licensure of radiologic technologists and also for accreditation of schools training such allied health professionals.

In the 5 years since I first introduced the Radiation Health and Safety Act, I have received considerable correspondence which has been instrumental in perfecting this measure. In addition, hearings were held in June 1974 before the Senate Subcommittee on Health.

The bill which I introduce today is identical to the measure passed by the Senate on November 25, 1974, as title IV of S. 2994, the Health Planning Act of 1974. That provision, however, also was later dropped by the House-Senate conferees.

This Congress, Mr. President, the cosponsors of this legislation are Senators Abourezk, Bayh, Burdick, Gravel, Hart of Michigan, Hartke, Haskell, Humphrey, Javits, Kennedy, Metcalf, Mondale, Muskie, Ribicoff, Stafford, Tunney, and Williams.

Mr. President, I request unanimous consent that following my remarks there appear in the Record a description of the need for this legislation—an extract from Senate report No. 93-1285—a section-by-section analysis of the measure, and the text of the Radiation Health and Safety Act of 1975.

There being no objection, the material was ordered to be printed in the Record, as follows:

Need for the Radiation Control for Health and Safety Act of 1975

The general public's exposure to radiation sources in medicine and dentistry is, next to natural background, the largest contributor to the consumer's radiation exposure in the United States. Medical and dental sources of radiation currently account for over 90 percent of all human exposures to ionizing radiation. In contrast, normal operation of nuclear power plants accounts for less than 1 percent of the consumer's exposure to ionizing radiation.

The attendant benefits from the use of radiation for medical and dental diagnosis and for radiation therapy are well recognized for their essential role. Moreover, the risks associated with undergoing an efficacious X-ray examination needed for proper medical care are less than the risks which would be incurred without the examination.

However, as observed five years ago by Dr. Donald Chadwick, then Director of the U.S. Public Health Services' Division of Radiological Health and past Executive Secretary of the former Federal Radiation Council:

"Our knowledge of the biological effects of radiation has many gaps, but enough is known that practitioners of medicine, dentistry, and public health should make every feasible effort to prevent or reduce all unnecessary radiation exposure. The size of the population, at risk and the possible consequences of failure to take appropriate action are too great."

Potentially the whole United States population is at risk. For example, in 1970, alone some 120 million people (or 63 percent of the population), received 210 million medical diagnostic radiologic examinations (or 68 examinations per 100 persons). In the process, an estimated 8 million pregnant women and their yet unborn children were placed at risk. Selected population segments such as the elderly experienced even greater incidence of examinations.

In addition, in 1970, some 4 million individuals were administered radio-pharmaceuticals in the diagnosis or treatment of disease. Concurrently, the use of microwaves and ultrasonics for therapeutic purposes also has emerged as a significant potential source of consumer radiation exposure, often without any medical supervision.

Dental radiography also is increasing—amounting in 1970 to 67 million examinations, averaging about 4 films each. Involved were over 150,000 dental X-ray units being operated by about 89,000 dentists and their 130,000 dental assistants.

The need for prudent use of potentially hazardous radiation such as x-rays and, although less well understood, ultrasound is generally recognized. Standard-setting bodies such as the National Council on Radiation Protection and Measurement, the International Commission on Radiological Protection and the Federal Radiation Council (whose authority now resides in the Environmental Protection Agency), have warned that any exposures to ionizing radiation carries with it some risk of adverse public health effects. As expressed by the International Commission and Radiological Protection—

"The cautious assumption (is) that any exposure to radiation may carry some risks for the development of somatic effects including leukemia and other malignancies and of hereditary effects. The [A]ssumption is made that down to the lowest levels of dose the risk of inducing disease or disability increases with the dose accumulated by the individual. This assumption implies that there is no wholly safe dose of radiation."

Using data from the 1972 report of National Academy of Science-National Research Council on The Biological Effects of Ionizing Radiation (BEIR Committee), mentioned subsequently, the Environmental Protection Agency verified earlier estimates that medical radiation exposures alone to the U.S. population is leading to (1) between 660 and 14,000 serious disabilities, congenital abnormalities, constitutional diseases and deaths per year; (2) between 1,800 and 9,000 cancer deaths per year; and (3) from 0.7 to 7 percent of all ill health in the United States.

These radiologic services are ordered by some 230,000 physicians, approximately 10,000 of whom are radiologists with specialized expertise in the use of radiation for diagnostic and therapeutic purposes. With the exception of California, there is no requirement for training of physicians—96 percent of these physicians—in the medical uses of radiation. However, because of the growing availability of radiologists and the increasing sophistication of diagnostic examinations now possible in modern medicine, there is a trend toward concentration of the performance of more and more of these examinations in the hands of radiologists.

The actual performance of medical radiologic services, however, is now for the most part delegated by physicians to more than 100,000 full-time and 50,000 part-time equipment operators. Some one-half to two-thirds of these operators of the medical X-ray equipment have not demonstrated their competence to perform these services to the extent required for certification by the American Registry of Radiologic Technologists (who amount to some 35,000 to 40,000 radiologic technologists). Evaluation of the competence of these radiation equipment operators for the most part is left to the 230,000 physicians in the United States, among whom are about 10,000 radiologists.

Historically, the American Medical Association (AMA), the American College of Radiology (ACR), and the American Hospital Association (AHA) have argued that the physician has the basic responsibility for exposing the consumer to potentially hazardous radiation—no one else can bear this responsibility. Even accepting this premise, while a non-radiologist physician may know best when to prescribe radiologic services, it does not necessarily follow that he also knows best how to administer the radiologic procedures himself, or that he knows when the patient should be sent to someone else and what qualifications that someone else should possess. Acceptance of the above premise, perhaps more than any other factors, is the reason the safety and efficacy of current radiologic practices still remain a major public health issue.

The United Nations Scientific Committee on the Effects of Atomic Radiation in 1972 stated: "The awareness of the radiological staff of the importance of the protection of the patient is probably the greatest factor in the control of population exposure." Moreover, a significant portion of present consumer-patient exposures can be avoided without a decrease in benefits by improvements in training, equipment, techniques, and procedures in administering radiation to patients, particularly the application of x-rays in diagnostic precedures.

When X-ray examinations are prescribed for a patient, the logical assumption is that the radiation procedures are being performed in a professional manner. Moreover, when consumer-patients present themselves for radiologic services their assumption is that—

Only licensed medical practitioners will actually order the radiologic examinations;

The medical practitioner will order radiographs only when absolutely necessary to confirm a preliminary diagnosis;

The practitioner will order only the minimum number of radiographs necessary for clinical diagnosis;

The practitioner will elicit information from a potentially pregnant woman taking this into consideration in ordering radiologic services;

The radiation risk to the individual patient and the clinical benefits to be achieved can be and will be evaluated by the practitioner in the best medical interests of the patient;

The benefit-risk evaluation will be provided to the concerned consumer-patient in a way that can be reasonably understood;

The patient can request that radiologic services can be deferred;

Non-practitioner (technologist) who take radiographs are sufficiently trained to obtain the quality of image necessary for the practitioner to obtain the clinical data required;

The technologist knows how, for a given patient, to achieve the best possible radiographs for the particular diagnosis of interest to the ordering practictioner with the lowest possible radiation exposure:

The technologist will supply appropriate gonadal shielding when the gonadal area is not the specific subject of the radiograph but may receive radiation exposure or when the patient so requests;

The technologist who does the positioning, the setting of machine controls, the activating the actual exposures, and the development of any films is competent to provide the necessary data for the practitioner in the finished picture as quickly as possible, minimizing prolonged patient discomfort and anxiety;

The practitioner who reads the radiographs is sufficiently expert through training and experience to read and interpret them in terms of the patient's individual needs; and

If the above cannot be carried out properly, the patient will be informed and be referred to a qualified radiologist or medical center who in turn will employ qualified technologists and expertly interpret the finished radiographs.

In summary, the patient assumes a "Consumer Bill of Rights for Radiation," when agreeing to undergo radiologic services. While these assumptions can be assured by qualified radiologic technologists working with an equally qualified practitioner, there is ample evidence to suggest that this is not the present situation; National surveys by the Public Health Service indicate that current radiologic practices are not being now routinely performed in efficacious ways, at maximum benefit and minimum risk for the consumer-patient.

For example, a 1972 survey in Suffolk County, New York, concluded that the four most common causes for unnecessary consumer-patient radiation exposure are:

Lack of training or inadequate training of the equipment operators;

X-ray machines that do not comply with applicable standards;

Inadequate positive shielding for operators; and

Lack of concern of the operators for good X-ray protection procedures.

Many of the owners and operators did not even know if their X-ray equipment is functioning according to State regulatory requirements. Consequently, the patient, the doctor's office staff, and often the operator, all were unsuspectingly being exposed to unnecessary radiation.

The FDA's Bureau of Radiological Health has initiated programs to control unnecessary consumer radiation exposure from electronic products under authority contained in the Radiation Control for Health and Safety Act of 1968. Performance standards for diagnostic X-ray equipment intended to reduce unnecessary exposures have been promulgated pursuant to P.L. 90–602 by the Bureau of Radiological Health with an effective date of August 1, 1974. However, this statute does not provide complementary authority to establish qualifications for the operators of potentially hazardous radiation devices such as those employed in providing medical and dental health care services.

Dr. Karl Z. Morgan, a founder and past president of the American Health Physics Society, has demonstrated that—

"An unqualified operator of radiologic equipment inadvertently can overturn any benefits derived from equipment performance standards established pursuant to P.L. 90–602; the outcome is unnecessary consumer hazards. This is true irrespective of whether the operator is a poorly trained physician or radiologic technologist."

Like many other extremely useful and even necessary technologic advances, radiologic techniques can be misused through ignorance, neglect, carelessness, and lack of appropriate education and training; in this case, the principal concern is training in the fundamentals of radiation protection.

Although the critical factors affecting consumer-patient exposure are quality and continuing education, the quality of present radiologic technologist graduates appears to warrant improvement. For example, annually there are some 5,000 to 6,000 graduates from AMA accredited schools the majority of whom go directly into practice without seeking voluntary certification by examination. Results for those who take the examination of the American Registry of Radiologic Technology cast doubts on the quality of their training. For example, out of some 3,000 students who graduated from AMA accredited schools who took the examination in 1971 some 500 did not pass and out of some 1,000 who failed the year before, one-half failed again to achieve the passing grade of 59, itself a compromise reflecting the prevailing low quality of the training and indicating the measure of corrective actions that have to be taken.

There is limited information available on the role of the radiologic technologist in reducing patient exposure; however, FDA data shows that while credentialed (registered) operators performing chest x-ray examinations fail to restrict the x-ray beam to the size of the film 46 percent of the time, non-credentialed individuals fail to do so 70 percent of the time.

This would indicate that while some improvement in reduced patient risks is achieved through credentialing, the performance of voluntarially credentialed individuals remains far from adequate. Thus continuing education would appear warranted.

Presently the American Society of Radiologic Technologists, in collaboration with the American College of Radiology and the Council on Medical Education of the American Medical Association, establish the accreditation standards and curricula, along with a syllabus, for radiologic technologists. Such minimum requirements, known as "Essentials," are then subject to adoption by the House of Delegates of the American Medical Association.

Actual accreditation is performed by the AMA's Council on Medical Education—the largest specialized allied health accreditation body in the country—which is recognized by the Office of Education for this purpose. Accredited institutions for the training of radiologic technologists—1,276 programs, involving 1,884 sites—are surveyed and evaluated at least every five years by the Joint Review Committee on Education in Radiologic Technology, which was established in 1970 and relies on voluntary services from radiologists and technologists across the country. A similar Joint Committee on Education Programs in Nuclear Medicine Technology exists for this specialty. Recommendation of these two Committees are forwarded to the Council on Medical Education for further action.

The need to improve on the efficacy of radiologic services has spurred no less than seven national or Federal bodies between 1966 and 1974 to have recommended licensure of radiologic technologists. For example, the National Advisory Committee on Radiation in April 1966 advised the Surgeon General: "minimum legal standards of education, training, and experience for (radiologic) technologists appear to be necessary to bring about (an) increase in the effectiveness with which radiologic services are delivered to the public."

Some fourteen months later, in June 1967, Secretary John W. Gardner's Task Force on Environmental Health and Related Problems—charged with recommending the goals, priorities, and strategy for the Department of Health, Education and Welfare to cope with environmental threats to man's health and welfare—concluded that "radiation hazards, in spite of the amount of public sensitivity to the subject during the past quarter century are still in need of improved control. Clearly more protection is needed." The Task Force observed that, "even with widespread concern about the danger of X-rays, many Americans are overexposed in diagnostic and therapeutic practice." The Task Force went on to recommend that, "all persons using X-ray equipment should be licensed to do so, after fulfilling written examinations as to their competency."

The same year, in October 1967, further support was forthcoming from the Surgeon General's Medical X-ray Advisory Committee on Public Health Considerations in Medical Diagnostic Radiology in their report entitled, "Public Health Considerations in Medical Diagnostic Radiology (X-Rays)." The report observed that, "prime consideration should be the total public interest and that the stage has been reached when mandatory requirements of examination, training, and experience are appropriate."

In the words of the Surgeon General's Medical X-Ray Advisory Committee, this recommendation was warranted despite the fact that "the voluntary procedures of certification by the American Registry of Radiologic Technologists (ARRT) set a general high level of such assurance" that medical X-ray equipment operators are knowledgeable and competent. Nevertheless, the Committee concluded that instruction for general purpose technologists was "usually insufficient for more than sketchy coverage of radiation safety and efficiency . . ."

While the Committee held no brief for license *per se*, it recognized that licensure "may be the best mechanism for assuring the fulfillment of minimum requirements" for proficiency. The licensure could be accomplished gradually "with a transition period to avoid the disruption of vital radiological services if such programs are put into effect. Uniformity in standards for each section would be highly desirable."

The fourth point of support was the Department of Health, Education, and Welfare, itself, in its August 1970 Annual Report to the Congress pursuant to the Radiation Control for Health and Safety Act of 1968 (PL 90–602). The report recommended that—

"The Public Health Service should vigorously promote licensures or certification of users of radiation sources in the healing area. Licensure or certification should be uniformly applied at Federal and State levels. Full use should be made of model regulations to assure compatibility between states."

Similar support was expressed in May 1971 in their 1971 Annual Report (pursuant to P.L. 90–602) which recommended that, "P.H.S. should vigorously promote State licensing or certification of users of radiation sources employed in the healing arts which are not subject to A.E.C. control."

During this period, in 1970, as Chairman of the then Federal Radiation Council, the Secretary of Health, Education, and Welfare instituted a review and evaluation of the relevant scientific information on the potential hazards of ionizing radiation in the environment. The evaluation was undertaken by the Committee on the Biological Effects of Ionizing Radiation (BEIR Committee) of the National Academy of Sciences—National Research Council. Their review, which was completed in November 1972 after the FRC function was transferred to the Environmental Protection Agency, is entitled "The Effects on Populations of Exposure to Low Levels of Ionizing Radiation."

The BEIR Committee declared "the uses of ionizing radiation in medicine is of tremendous value;" nevertheless, "it is essential to reduce exposures since this can be accomplished without loss of benefit and at relatively low cost." And, concluded the BEIR Committee, it is precisely because "medical radiation exposure can and should be reduced considerably by limiting its use to clinically indicated procedures utilizing efficient exposure techniques and optimal operation of radiation equipment" that consideration should be given to appropriate training and certification of involved personnel.

According to the BEIR Committee and others, "the aim is not only to reduce the radiation exposure to the individuals, but also to have procedures carried out with maximum efficiency so that there can be a continuing increase in medical benefits accompanied by a minimum radiation exposure."

In this regard, the BEIR Committee concluded ". . . that it appears reasonable that as much as a 50 percent reduction in the genetically significant dose from medical radiology might be possible through improved technical and educational methods." Even greater reductions in unnecessary medical radiation exposure have been estimated by Dr. Karl Z. Morgan, founder of the American Health Physics Association. Dr. Morgan believes that medical reduction exposures can be reduced to 10 percent of present values through "(1) improved equipment; (2) education, training, and certification of all who prescribe or apply medical ionizing radiation to man; and (3) better techniques and a proper motivation on the part of all medical men to reduce patient exposure to a level as low as practicable."

More recently, the National Conference of Radiation Control Program Directors in May, 1974, adopted a resolution urging the Congress and State legislatures to adopt "such legislation as is presently before them to assure the continuation or implementation of programs for licensure of operators of medical diagnostic X-ray equipment." The resolution urged the Congress and the Food and Drug Administration "to adopt a public policy supporting such legislation" and urged further that "the Food and Drug Administration actively assist states in drafting state legislation and organizing an effective implementation of present and future operators licensing legislation."

A unanimity of support for mandatory licensure of radiologic technologists is apparent among public health specialists, including environmental health and radiological health experts. Similar resolutions have been adopted by such organizations as the American Public Health Association, the Conference of State Sanitary Engineers, and the American Association of State and Territorial Health Officers.

Although these professional organizations, which include State officials, support mandatory Federal minimum standards for the licensure of radiologic technologists, the Department of Health, Education, and Welfare's official position is that the licensure and credentialing of allied health professionals and health professionals generally is a legitimate State responsibility, perhaps under a non-Federal national framework of common policies and approaches. Moreover, it is the Department's opinion that there is no case for singling out radiologic technologists for Federal licensure. The Department deems current programs being carried out on a voluntary basis as adequate.

Although this position is endorsed by the American College of Radiology, the American Medical Association, and the American Hospital Association, the Council of The American College of Radiology—in recognition of the public health implications of unnecessary radiation exposure—resolved in 1973 "that the College seek the assistance of the AMA in drafting appropriate legislation for regulating technologists, and that this legislation should embody requirements that radiologic technologists operate X-ray equipment for medical purposes only under the direct supervision of physicians . . ."

Moreover, in recognition of the implication of a proliferation of State licensure programs, the American College of Radiology stated in a letter to the Committee that the College would favor "the concept of federally mandated consistency over the uncoordinated development of 50 separate and incompatible state programs."

This situation is further complicated by the Department of Health, Education, and Welfare's position advocating continuance of a general moratorium until December 1975 on the licensure of all allied health personnel, including radiologic technologists. This position also is endorsed by the American Medical Association, the American College of Radiology, and the American Hospital Association as well as other professional organizations in the field other than many of the organizations representing allied health professionals themselves.

This moratorium originates from a 1971 report by the Secretary of Health, Education, and Welfare to the President and the Congress entitled, "Report on Licensure and Related Health Personnel Credentialing"; the report concludes that "at a time when the education and training of health professions is undergoing rapid change, when the organization of health care is being modified, and when the functions of health workers in the various service settings are being revised and broadened, it would be unwise to develop new statutes that define functions narrowly and that establish rigid requirements for education and training."

At the time, the Secretary recommended that States observe a two year moratorium on enactment of new licensure statutes. Subsequently, in June, 1973, a further extension of the moratorium was advocated until December 1975.

However, the Committee notes that in preparation of these reports the licensure of radiologic technologists or any other profession was not specifically considered although this is the largest speciality group among allied health professions. Moreover, the Committee observes that the initial report was prepared by an intra-Department task force, which did not include a representative for radiological health interests, and that the Government Advisory Committee mailing list of 62 members contains only one representative of radiological health interests, the Director of the FDA's Bureau of Radiological Health. The June 1973 interim report received even less widespread circulation for review and comment.

While this moratorium was intended to provide a holding action to provide time to develop long-term solutions toward improving the quality of health care services, it must be emphasized that the moratorium does not also apply to hiring of people. A more consumer oriented approach, particularly with regard to radiologic technologists, might well have been to also consider a similar moratorium on hiring.

The concept of national standards for radiologic technologists was endorsed over 50 years ago by the American Medical Association which undertook to develop an approval system for schools of radiologic technology and undertook establishment of the American Registry for Radiologic Technologists to provide examinations for the graduates of the AMA schools. This is now the largest allied health professional program approved by the American Medical Association.

However, the United States is presently faced with the situation where the competence of almost two-thirds of the practicing radiologic technicians for the most part are unknown. Two approaches are taken in the Radiation Health and Safety Act of 1973, intended to upgrade the quality of consumer-patient radiologic services: First, a control mechanism is provided over admission into the profession by means of licensure; and Second, control is provided over the quality and content of educational curriculum by means of accreditation.

Section-by-Section Analysis

Amends Part F of title III of the PHS Act by adding "Subpart 4.—Radiologic Technologists."

DECLARATION OF PURPOSE

New sec. 360G. States the findings and declarations of Congress that:

(a) consistent with the recommendations of the National Council on Radiation Protection and Measurement and the International Commission on Radiological Protection, it is in the national interest and in the interest of public health and safety to minimize exposure of the public to potentially hazardous radiation from all sources;

(b) while the operation and use of radiologic equipment and methods is essential in modern medicine, even the most advanced radiologic equipment and procedures will not adequately protect the health and safety of either the consumer-patient subjected to radiologic procedures or the individuals performing such radiologic procedures, including their progeny, unless the individuals performing radiologic procedures are fully qualified by reason of training and experience in the operation of radiologic equipment or in the performance of radiologic procedures so as to avoid unnecessary exposure to radiation and to assure efficacious consumer-patient radiologic services.

(c) it is in the overall public health interest to have an adequate and continuing supply of well-trained radiologic technologists and that any person who operates radiologic equipment or administers radiologic procedures to consumer-patients should be required to demonstrate competence by training, experience, and examination;

(d) the protection of the public health and safety from unnecessary exposure to potentially hazardous radiation from all sources is the primary responsibility of State and local government, within minimum criteria and standards established by the Federal Government; and

(e) consistent with the recommendations of (1) the National Advisory Committee on Radiation to the Surgeon General in 1966, (2) the Secretary's Task Force on Environmental Health and Related Problems in June 1967, (3) the Surgeon General's Medical X-ray Advisory Committee on Public Health Considerations in Medical Diagnostic Radiology in October 1967, (4) the 1970 Report of the Secretary to the Congress pursuant to the Radiation Control for Health and Safety Act of 1968, (5) the National Academy of Sciences-National Research Council's Advisory Committee on the Biological Effects of Ionizing Radiations in November 1972, and (6) the Conference of Radiation Control Program Directors in May 1974, it is in the national interest and in the interest of public health and safety to provide for mandatory licensure of persons administering potentially hazardous radiations to consumer-patients.

RECOMMENDED CRITERIA AND STANDARDS

New section 360H(a). Requires the Secretary to develop criteria and minimum standards (1) for use in the accreditation of educational institutions which conduct training programs for radiologic technologists and (2) for use in the accreditation of educational institutions conducting programs to train medical and dental practitioners, dental hygienists, and dental assistants. Requires the Secretary to issue such standards and such criteria within one year after the date of enactment of this subpart and update periodically. Requires that such criteria and standards be published in the Federal Register.

New Section 360H(b)(1). Requires the Secretary to develop criteria and minimum standards for the licensure of radiologic technologists. Requires the Secretary to issue such criteria and standards to the States within one year after this subpart is enacted. Requires that such criteria and standards issued by the Secretary distinguish between the following categories of specialization: senior radiologic technologists, medical radiologic technologists, dental radiologic technologists, radiation therapy technologists, nuclear medicine technologists, photoroentgen technician, and technologists in training. Requires such criteria and standards to be published in the Federal Register.

Permits the Secretary to designate other categories of specialization or levels of competence for the purpose of licensure if he finds that such additional categories are required to assure adequate protection of public health from unnecessary radiation exposure or to assure efficacious consumer-patient radiologic services.

The Secretary is provided discretionary authority to provisionally license as a "technologist-in-training" graduates of training programs accreditated pursuant to the Act. Such provisional licenses are to be conditioned on fulfillment within one year of the requirements for licensure in an area of specialization, including that of "technologists-in-training," as provided for by the Secretary.

New section 360H(b)(2). Requires the Secretary, when developing the criteria and standards required under this section, to review and evaluate voluntary certification programs which exist on the date of enactment of this subpart. Permits him, upon his determination that such program meets the criteria and standards issued in accordance with this section, to license within one year individuals who have been certified under such voluntary programs in these specialty categories established under this section.

New section 360H(c). Requires the Secretary, when developing criteria and minimum standards under this section to consult with the Environmental Protection Agency, State health departments, and appropriate professional organizations.

New section 360 H (d). Requires the Secretary to give the States advice and assistance to foster enactment and enforcementof appropriate laws and standards. Specifies that such assistance could include model laws, training curriculums, and training aids.

New section 360 H (e). Requires the Secretary to periodically revise the criteria and standards issued under this subpart.

ACCREDITATION AND LICENSURE

New section 360 I (a). States that the training and licensure of radiologic technologists intending to apply radiation to humans for diagnostic or therapeutic purposes in any State or States are subject to the provisions of this subpart.

New section 360 I (b). Specifies that State and local governments are to be encouraged to minimize exposures of the public to potentially hazardous radiation from all sources and are not to be displaced by Federal action except as otherwise provided under section (I)(c) or (d).

New section 360 I (c). Permits a Governor of a State to file a letter of intent with the Secretary stating that such State will adopt the minimum standards for the training of radiologic technologists as issued by the Secretary, within two years after such standards and criteria have been issued. If, after two years, the State has not adopted such standards, then the minimum standards developed by the Secretary are to go into effect in that State. Specifies that State standards adopted pursuant to this Act may apply if (i) consistent with the Secretary's criteria and standards developed and issued under this subpart, (ii) the State can adequately enforce its standards; and (iii) the State program is consistent with the purposes of this subpart.

New section 360 I (d). Permits the Secretary to grant a State an extension of the two year development period if he determines the State is making good faith efforts to develop and implement an effective program consistent with the purposes of this subpart.

New section 360 I (e)(1). Permits a Governor of a State to file a letter of intent with the Secretary stating that such State will adopt the minimum standards for the licensure of radiologic technologists, as issued by the Secretary, within two years after such standards and criteria have been issued. If, after two years, the State has not adopted such standards, the minimum standards developed by the Secretary are to go into effect in that State. Specifies that State standards adopted pursuant to the Radiation Health and Safety Act of 1974 shall apply unless (1) they are inconsistent with the Secretary's criteria and standards developed and issued under this subpart; (ii) the State cannot adequately enforce its standards; and (iii) the State program is inconsistent with the purposes of this subpart.

New section 360 I (e)(2). States that State standards and criteria for the accreditation and licensure of radiologic technologists which are in effect prior to the effective date of minimum national standards and criteria issued under this subpart, are deemed to be in compliance with this section if the Secretary determines, after a hearing, that such standards and criteria meet the Secretary's minimum standards and the conditions specified under this subpart.

New section 360 I(f). Permits the Secretary to authorize appropriate professional organizations to provide accreditation or licensing under this section, if he determines that such organizations will adhere to the criteria and minimum standards issued under this subpart. Requires the Secretary, to the maximum extent practical, to use the organizations recognized by the Commissioner of Education for purposes which would be consistent with the provisions of this subpart.

New section 360 I(a). Authorizes the Secretary to make grants to States or professional organizations designated pursuant to section 360 I(f) for planning, developing, and establishing programs to carry out the purposes of this subpart. Limits the amount of a grant to two-thirds of the costs of such a program in the first year and one-third in the second year.

New section 360 I(h). Authorizes the Secretary to make grants to educational institutions under Title VII of the PHS Act to carry out the purposes of this subpart.

New section 360 II(1). Requires the Secretary to review annually programs established under this subpart. Requires the Secretary to suspend any accreditation of licensure standards or regulations of a State or certified professional licensing organization, if he determines that the administration of any State or organization's program is inconsistent with the purposes of this subpart or with revised criteria and minimum standards issued pursuant to subsection 360 II(e).

PROHIBITED ACTS

New section 360 J(a). Upon the effective date of Federal criteria and standards the lawful administration of potentially hazardous radiation to humans for diagnostic or therapeutic purposes will be restricted to, first, licensed medical practitioners, dentists, or dental hygienists; second, licensed radiologic technologists; or third, licensed photo-roentgen technologists or technologists-in-training who are under the immediate supervision of a radiologist or a more specialized radiologist.

New section 360 J(b). Specifies that the U.S. district courts have the jurisdiction, for cause shown, to restrain violations and enforce provisions of this section.

New section 360J(c)(1). Specifies that violations of subsection 360J(c) by an individual applying potentially hazardous radiation to human beings for diagnostic or therapeutic purposes shall be subject to a civil penalty of not more than $1,000. For the purposes of this section, any such violation shall be with respect to each act or omission made unlawful by this section.

New section 360J(c)(2). Permits the Secretary, upon application, to remit or mitigate any civil penalty levied in accordance with the provisions of subsection 360J(c)(1). Requires consideration of the size of the business of the person charged and the gravity of the violation when determining the amount of the penalty or whether such penalty should be remitted or mitigated, and in what amount. Permits the amount of the penalty to be deducted from any sums owed by the U.S. to the person charged.

New section 360J(d). Specifies that actions taken under this section can be brought in the U.S. district court for the district in which the violation occurred or in such court where the defendant is found, or transacts business. Process in such cases may be served in any other district where the defendant resides or is found.

New section 360J(e). States that the provisions of this subpart do not require the Secretary to report minor violations, if he believes that the public interest will be adequately served by suitable written notice or warnings.

New section 360J(f). States that the remedies provided under this section are in addition to and not a substitution for any other remedies provided by law.

S. 1261

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Radiation Health and Safety Act of 1975."

SEC. 2. It is the purpose of this Act to—

(a) assure adequate training of radiologic technologists by providing for the establishment of criteria and minimum standards for accrediting schools for the training of radiologic technologists;

(b) provide for the establishment of criteria and minimum standards for the licensure of radiologic technologists; and

(c) provide for State adoption and administration of programs for the accreditation of education institutions training radiologic technologists and programs for the licensure of radiologic technologists, with authority for the Secretary to take necessary action in the absence of State action.

SEC. 3. Title III of the Public Health Service Act is amended by inserting after part F, subpart 3, section 360F, the following:

"SUBPART 3.—RADIOLOGIC TECHNOLOGISTS

"DECLARATION OF PURPOSE

"SEC. 360G. The Congress finds and declares—

"(a) that, consistent with the recommendations of the National Council on Radiation Protection and Measurement and the International Commission on Radiological Protection, it is in the national interest and in the interest of public health and safety to minimize exposure of the public to potentially hazardous radiation from all sources;

"(b) while the operation and the use of radiologic equipment and methods is essential in modern medicine, even the most advanced radiologic equipment and procedures will not adequately protect the health and safety of either the consumer-patient subjected to radiologic procedures or the individuals performing such radiologic procedures, including their progency, unless the individuals performing radiologic procedures are fully qualified by reason of training and experience in the operation of radiologic equipment or in the performance of radiologic procedures so as to avoid unnecessary consumer-patient and operator exposure to unnecessary radiation and to assure efficacious consumer-patient radiologic services;

"(c) that it is in the overall public health interest to have an adequate and continuing supply of well-trained radiologic technologists and that any person who operates radiologic equipment or administers radiologic procedures to consumer-patients should be required to demonstrate competence by training, experience, and examination;

"(d) that the protection of the public health and safety from unnecessary exposure to potentially hazardous radiation from all sources is the primary responsibility of State and local government, within minimum criteria and standards established by the Federal Government; and

"(e) that, consistent with the recommendations of (1) the National Advisory Committee on Radiation to the Surgeon General in 1966, (2) the Secretary's Task Force on Environmental Health and Related Problems in June 1967, (3) the Surgeon General's Medical X-ray Advisory Committee on Public Health Considerations in Medical Diagnostic Radiology in October 1967, (4) the 1970 report of the Secretary to the Congress pursuant to the Radiation Control for Health and Safety Act of 1968, (5) the National Academy of Sciences-National Research Council's Advisory Committee on the Biological Effects of Ionizing Radiations in November 1972, and (6) the Conference of Radiation Control Program Directors in May 1974, it is in the national interest and in the interest of public health and safety to provide for mandatory licensure of persons administering potentially hazardous radiation to consumer-patients.

"RECOMMENDED CRITERIA AND STANDARDS

"SEC. 360H. (a) The Secretary shall, as soon as practicable but not later than one year after the date of enactment of this subpart, develop and issue criteria and minimum standards for the accreditation of education institutions conducting programs for the training of radiologic technologists and for use in the accreditation of education institutions conducting programs for the training of medical and dental practitioners, dental hygienists, and dental assistants. Such criteria and standards shall be published in the Federal Register.

"(b)(1) The Secretary shall, as soon as practicable, but not later than one year after the date of enactment of this subpart, develop and issue to the States criteria and minimum standards for licensure of radiologic technologists, and provide such other advice and assistance to the States as he deems necessary for the effective implementation of this subpart. Such criteria and minimum standards shall distinguish between the following categories of specialization: senior radiologic technologists, medical radiologic technologists, dental radiologic technologists, radiation therapy technologists, nuclear medicine technologists, photo-roentgen technician, and technologist-in-training. The Secretary may provide in such criteria and minimum standards that graduation from an educational institution for the training of radiologic technologists accredited pursuant to this subpart satisfies the requirements for a provisional license as a technologist-in-training conditioned on licensure within one year in one or more categories of specialization. Such criteria and standards shall be published in the Federal Register. The Secretary may designate other categories of specialization or levels of competence for the purpose of licensure if he finds that such additional categories are required to assure adequate protection of public health from unnecessary radiation exposure or to assure efficacious consumer-patient radiologic services.

"(2) The Secretary shall, concurrent with the development and issuance of criteria and standards under paragraph (1) of this section, review and evaluate any voluntary certification programs in existence on the date of enactment of this subpart, and he shall, based on such review and evaluation, determine whether such programs meet the criteria and standards issued pursuant to this section. If he is satisfied that a program meets such criteria and standards he shall, within one year thereafter, license those individuals who have been certified under such programs in the appropriate categories of specialization established pursuant to paragraph (1) of this subsection.

"(c) In establishing criteria and minimum standards under this section the Secretary shall consult with the Environmental Protection Agency, State health departments, and appropriate professional organizations.

"(d) The Secretary shall give to the States such other advice and assistance as will foster enactment and enforcement of appropriate laws and standards. Such advice and assistance may include model laws and training curriculums, and training aids.

"(e) The Secretary shall, from time to time, revise the criteria and standards issued by him pursuant to this subpart.

"ACCREDITATION AND LICENSURE

"SEC. 3601. (a) The training and licensure of radiologic technologists who intend to apply radiation to humans for diagnostic or therapeutic purposes in any State or States shall be subject to the provisions of this subpart.

"(b) Consistent with the policy declaration of this subpart, State and local government shall be encouraged to minimize exposures of the public to potentially hazardous radiation from all sources and shall not be displaced by Federal action except as otherwise provided under subsection (c) or (d).

"(c) Upon issuance of the criteria and minimum standards pursuant to section 360H for the accreditation of educational institutions, the Governor of a State may file with the Secretary a letter of intent that such State will within two years of the issuance of the criteria and minimum standards adopted as a minimum, the standards of accreditation of educational institutions issued by the Secretary. If, after two years, a State fails to adopt such standards, or is unable to adopt such standards or more stringent standards, the minimum standards issued by the Secretary for the accreditation of educational institutions shall become the standards in such State. If the Secretary determines that such State standards are consistent with the criteria and minimum standards issued pursuant to section 360H; that an adequate means of enforcement by State action is provided; and that the State program is consistent with the purposes of this subpart, such State standards shall be the standards applicable in such State.

"(d) Upon application of a Governor, the Secretary may grant an extension under subsection (c) for not more than two years if after review the Secretary determines that good faith efforts have been made by the State and reasonable assurance is provided than an effective program to implement the purposes of this subpart will be provided by the State within the period of the extension.

"(e)(1) After receiving any criteria and minimum standards issued pursuant to section 360H for the licensure of radiologic technologists, the Governor of a State may file a letter of intent that such State will within two years of the issuance of the criteria and minimum standards adopt as a minimum the standards for license of radiologic technologists issued by the Secretary. If, after two years, a Governor fails to adopt such standards, or is unable to adopt such standards or more stringent standards, the minimum standards issued by the Secretary for licensure of radiologic technologists shall become the standards in such State. If the Secretary determines that such State standards are consistent with the criteria and minimum standards issued pursuant to section 360H; that an adequate means of enforcement by State action is provided; and that the State program is consistent with the purposes of this subpart, such State standards shall be the standards applicable in such State.

"(2) Notwithstanding any other provision of this section, in the case of a State which has, prior to the effective date of standards and criteria promulgated pursuant to this subpart, established standards for the accreditation or licensure of radiologic technologists, such State shall be deemed to be in compliance with this section unless the Secretary determines, after notice and hearing, that the standards of such State do not meet the minimum standards prescribed by the Secretary pursuant to this section or the conditions for approval of a State program set forth in paragraph (1) of this subsection.

"(f) The Secretary may authorize appropriate professional organizations to provide accreditation and licensing under this section if he determines that such organization will adhere to the criteria and minimum standards issued pursuant to section 360H. For the purposes of accreditation, the Secretary shall, to the maximum extent practicable, consistent with the purposes of this subpart, utilize organizations recognized by the Commissioner of Education for such purposes.

"(g) The Secretary may make grants to States or professional organizations designated pursuant to subsection (f) of this section in an amount up to two-thirds of the first year and one-third of the second year costs of planning, developing, or establishing programs to carry out the purposes of this subpart.

"(h) The Secretary may make grants to educational institutions under title VII of this Act to carry out the purposes of this subpart.

"(i) The Secretary shall annually review programs established pursuant to this subpart and shall suspend the effectiveness of any standards or regulations as to accreditation or as to licensure with respect to any State or certified professional licensing organization designated pursuant to subsection (f) when he determines that the program of any State or organization is inconsistent with the purposes of this subpart or with revised criteria and minimum standards issued pursuant to subsection 360H(e).

"PROHIBITED ACTS

"SEC. 360J. (a) Upon the effective date of regulations and standards established pursuant to the subpart, it shall be unlawful for an individual to apply potentially hazardous radiation to humans for diagnostic or therapeutic purposes unless he is a licensed medical practitioner, a licensed dentist, a licensed dental hygienist, or holds a valid radiologic technologist license issued in accordance with standards promulgated pursuant to section 360H, except, for a licensed photo-roentgen technologist or a licensed technologist-in-training who must be under the supervision of a radiologist or a more specialized radiologic technologist as provided for in section 360H.

"(b) The district courts of the United States shall have jurisdiction, for cause shown, to restrain violations of this section. The district courts of the United States shall also have jurisdiction in accordance with section 1355 of title 28 of the United States Code to enforce the provisions of this section.

"(c)(1) Any violation of this subsection by an individual applying potentially hazardous radiation to human beings for diagnostic or therapeutic purposes shall be subject to a civil penalty of not more than $1,000. For the purposes of this section, any such violation shall be with respect to each act or omission made unlawful by this section.

"(2) Any such civil penalty may on application be remitted or mitigated by the Secretary. In determining the amount of such penalty, or whether it should be remitted or mitigated and in what amount, the appropriateness of such penalty to the size of the business of the person charged and the gravity of the violation shall be considered. The amount of such penalty, when finally determined, may be deducted from any sums owing by the United States to the person charged.

"(d) Actions under this section may be brought in the district court of the United States for the district wherein any act or omission or transaction constituting the violation occurred, or in such court for the district where the defendant is found or transacts business, and process in such cases may be served in any other district of which the defendant is an inhabitant or wherever the defendant may be found.

"(e) Nothing in this subpart shall be construed as requiring the Secretary to report for the institution of proceedings minor violations of this subpart whenever he believes that the public interest will be adequately served by a suitable written notice or warning.

"(f) The remedies provided for in this section shall be in addition to and not in substitution for any other remedies provided by law."

By Mr. PROXMIRE (for himself, Mr. TOWER, and Mr. STEVENSON) (by request):

S. 1262. A bill to authorize appropriations for carrying out the provisions of the International Economic Policy Act of 1972, as amended, and for other purposes. Referred to the Committee on Banking, Housing, and Urban Affairs.

Mr. PROXMIRE. Mr. President, at the request of the Council on International Economic Policy, I am introducing a bill to amend the International Economic Policy Act of 1972. The bill would authorize the Council to continue to employ staff without regard to civil service laws, provide budget authority for fiscal years 1976 and 1977, and extend the life of the Council to September 30, 1977.

I ask unanimous consent that the text of the bill, together with a letter from the Council, be printed in the RECORD after my remarks.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1262

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 208 of the International Economic Policy Act of 1972 is amended by striking out the second sentence of paragraph (b)(1) and inserting in lieu thereof the following:

"The staff of the Council shall be appointed and compensated without regard to the provisions of law regulating the employment and compensation of persons in the Government service: *Provided,* That, except for the officers provided for in paragraph (2) and for not to exceed eight persons who may receive compensation not in excess of the rate now or hereafter provided for GS-18, no staff personnel shall receive compensation in excess of the rate now or hereafter provided for GS-15."

SEC. 2. Section 209 of the International Economic Policy Act of 1972, as amended, is further amended by striking out "June 30, 1977" and inserting in lieu thereof "September 30, 1977."

SEC. 3. Section 210 of the International Economic Policy Act of 1972, as amended, is further amended by striking out said section and inserting in lieu thereof the following:

"SEC. 210. For the purpose of carrying out the provisions of this title, there are authorized to be appropriated $1,657,000 for fiscal year ending June 30, 1976 and $1,670,000 for the fiscal year ending September 30, 1977."

MARCH 20, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed for consideration by the Congress is proposed legislation regarding the Council on International Economic Policy.

Under the International Economic Policy Act, the Council advises the President on international economic issues, provides a focal point for coordinating the activities of the appropriate departments and agencies of the United States for the purpose of achieving a consistent international economic policy, makes recommendations to the President for programs which promote consistency between international and domestic economic policy, and drafts the annual International Economic Report of the President.

The Council is composed of key cabinet level and Executive Office officials, including the Secretaries of State, Treasury, Defense, Agriculture, Commerce, Labor, and Transportation; the Director of the Office of Management and Budget; the Chairman of the Council of Economic Advisers; the Special Representative for Trade Negotiations; the Assistant to the President for Economic Affairs; and the Executive Director of the Council on International Economic Policy. The Secretary of the Treasury is the Chairman of the Council, and the Assistant to the President for Economic Affairs is the Deputy Chairman. The enclosed draft bill consists of three sections.

Section 1 is an amendment to the International Economic Policy Act which will permit CIEP to continue to appoint and compensate its staff without regard to the provisions of law regulating the employment and compensation of persons in the Government Service. Language to that effect has been included in each act making appropriations for CIEP operations since its statutory establishment. Because such language is more appropriate in basic authorizing legislation and may be subject to a "point of order" in annual appropriation bills, the conference committee on CIEP's 1975 appropriation bill recommended that the language no longer be carried in such bills.

From the start it has been recognized that CIEP is a small, temporary agency that needs the administrative flexibility to adapt its organization and staffing to meet rapidly changing problems on which it must advise the President. The Council needs to be able to employ personnel expeditiously from in or out of government and should avoid building a permanent career structure. For those reasons, the exemption from general laws on appointment and compensation were included in annual appropriation bills. This amendment proposes simply to move the relevant language from those bills to the basic authorizing act. It continues current numerical limitations on executive salary level positions and on those compensated above the salary level of GS–15.

Section 2 of the draft legislation extends CIEP's basic authority from June 30, 1977, to September 30, 1977, consistent with the change in the fiscal years under the recently enacted Congressional Budget Act of 1974 (P.L. 93–344).

Section 3 of the draft bill authorizes appropriations of $1,657,000 for the fiscal year ending June 30, 1976, and $1,670,000 for the fiscal year ending September 30, 1977. These amounts are consistent with the President's 1976 Budget proposals.

I am hopeful the Congress will be able to act expeditiously on this draft legislation. The Office of Management and Budget has advised that enactment of this proposed legislation would be in accord with the program of the President.

Sincerely,

J. M. Dunn,
Acting Executive Director.

By Mr. ABOUREZK:

S. 1263. A bill to amend title 18, United States Code, relating to offenses committed within Indian country. Referred to the Committee on the Judiciary.

Mr. ABOUREZK. Mr. Speaker, today I am introducing a bill which would amend title 18 of the United States Code relating to offenses committed within Indian country. This bill would add the offense of kidnaping to section 1153 of title 18.

Although section 1152 of title 18 makes the general laws of the United States and the violation of those laws applicable to Indian country, an exception was made for offenses committed by one Indian against another within Indian country. Jurisdiction in those cases was vested in the tribal courts. In 1885, however, Congress extended the jurisdiction of the United States to major offenses committed within Indian country with the passage of the Seven Major Crimes Act.

Subsequently legislation has increased the number of crimes to be subject to the exclusive jurisdiction of the United States to 13. They are murder, manslaughter, rape, incest, assault with intent to kill, arson, burglary, robbery, larceny, carnal knowledge, assault with intent to commit rape, and assault with a dangerous weapon. In 1968, Congress added the offense of assault resulting in serious bodily injury. Kidnaping, although a "major" crime has never been included in section 1153. This bill seeks to include this offense within the purview of this section.

Kidnaping, as defined by section 1201 of title 18, would, through this amendment, become applicable to Indian country.

By Mr. RANDOLPH (for himself, Mr. Pell, Mr. Kennedy, Mr. Schweiker, and Mr. Taft):

S. 1264. A bill to amend the Education of the Handicapped Act and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. RANDOLPH. Mr. President, this week I have read three separate articles in the Washington newspapers concerning failures to provide appropriate education for handicapped children in the District of Columbia and Maryland. Perhaps no State is educating all of its handicapped children. The U.S. Bureau of Education for the Handicapped has reported to the Congress that only 55 percent of school-aged handicapped children and 22 percent of preschool-aged handicapped children are receiving the special education programs that they will require if they are to succeed in school and find employment and security in our society. In all, 3.9 million children are standing in the waiting lines for the fundamental equal educational opportunity on which our Nation is based.

I introduce today a necessary amendment to the Education of the Handicapped Act, designed to make possible increased assistance to the States in providing education for these children.

Since its enactment in 1967, the Education of the Handicapped Act has helped to stimulate local and State programs for handicapped children so that there has been an increase of 1.5 million children enrolled in special education programs. Federal efforts under the act have grown from approximately $25 million to an appropriation this year of approximately $200 million, with additional funds available in such programs as vocational education and title I of the Elementary and Secondary Education Act.

This is a tried and true program, and it is working in the States. This week the State education officials from Minnesota were in Washington to participate in Minnesota Education Week. They reported to our colleagues—Mr. Humphrey and Mr. Mondale—their positive regard for this program and its effectiveness and their need for increased Federal assistance if they are to meet their goal of education for each child.

Only a few weeks ago, a similar occasion centered on West Virginia, and I had the same experience. Our education commissioner, Dr. Dan Taylor, told me that while West Virginia's program support for the handicapped had grown by 500 percent in the last few years, our State is serving only one-half of the children in need.

My bill will not modify the nature of this program, but will return the authorized ceiling on appropriations to the 1975 level. Last year the Congress passed a new authorization formula, authorizing approximately $665 million for fiscal year 1975 grants to the States. The authorization ceilings for 1976 and 1977, however, were left at the levels set earlier, $100 and $110 million respectively. This was done in part because the Subcommittee on the Handicapped of the Labor and Public Welfare Committee was considering other legislation which might make a profound change in the methods of distributing Federal aid to the States. We wanted, Mr. President, the chance to continue that study prior to setting the authorization levels for future years.

On the basis of our investigations, it is my feeling that the proposed legislation, while containing many desirable features, needs revisions of its formula for distribution which will be major and will require extended study. Meanwhile, the Committee on Appropriations has already appropriated at the full authorization figures, $100 million for fiscal year 1976, and is now studying an amount for fiscal year 1977 which can be no greater than $110 million. The States are in critical need of funds to meet not only the new mandates of Federal and State law, but also to comply with court orders requiring education for all handicapped children. There are suits pending or completed in more than one-half the States.

Mr. President, with almost 4 million children needing for our help, I do not believe we can leisurely study new formulas and new program authorities. The Committee on Appropriations cannot respond to the pleas from parents and children until we increase these authorizations, and I urge all of my colleagues to join in returning these authorization ceilings to the 1975 level. With this proven program working smoothly, we can then continue our examination of new alternative Federal assistance patterns.

By Mr. HRUSKA (for himself, Mr. Bayh, Mr. Burdick, Mr. Eastland, Mr. Fong, Mr. Hugh Scott, Mr. William L. Scott, Mr. Thurmond, and Mr. Tunney):

S. 1266. A bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 and other laws to discharge obligations under the Convention on Psychotropic Substances relating to regulatory controls on the manufacture, distribution, importation, and exportation of psychotropic substances. Referred to the Committee on the Judiciary.

Mr. HRUSKA. Mr. President, I am introducing today a bill to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970. I am pleased that my distinguished colleagues, Messrs. Bayh, Burdick, Eastland, Fong, Hugh Scott, William L. Scott, Mr. Thurmond, and Mr. Tunney have joined as cosponsors.

I introduced identical legislation in the 92d and 93d Congresses. The Subcommittee on Juvenile Delinquency, chaired by my distinguished colleague from Indiana (Mr. Bayh) held a hearing on February 25, 1974, to receive testimony on the bill I had introduced and a similar measure introduced by Senator Bayh.

This bill, proposed by the administration, would amend our existing Federal drug laws, chiefly the Comprehensive Drug Abuse Prevention and Control Act of 1970—Public Law 91–513—to implement the terms of the Convention on Psychotropic Substances which was negotiated at Vienna in 1971. The convention is intended to improve the international control of substances that are not included under any of the existing multilateral narcotic drug treaties. It covers the so-called psychotropic or mind-altering substances, such as hallucinogens, amphetamines, barbiturates, and tranquilizers, and seeks to limit the manufacture, distribution, and use of these substances to medical and scientific purposes.

Because psychotropic substances are relatively new to both licit and illicit channels, they have never been subjected to similar treaties and regulations. This is an oversight which the United States, in the exercise of its international leadership, sought to cure in negotiating the convention.

The administration has requested Senate ratification of the convention which is now pending in the Committee on Foreign Relations. It is in order that the implementing legislation I introduce today be enacted before the convention is given further consideration.

Mr. President, the extent of drug abuse throughout the world at the present time is of critical proportion. Hundreds of pounds of deadly drugs are being illegally diverted from international commerce and ending up for sale in the streets of major cities around the globe. Reports from the Drug Enforcement Administration have made us increasingly aware that mind-altering drugs present a danger to our society which may equal, or even exceed, that of heroin. It is time, therefore, for the community of nations, including the United States, to remedy this serious problem.

Our Government has long been in a position of leadership in the fight against drug abuse. For example, we have proposed to other nations that even stronger measures be taken with regard to the international control of opium and other narcotics. Most of the countries producing these items are less-developed nations which do not manufacture the so-called psychotropic drugs. These psychotropic substances are, however, manufactured in the United States and Europe. It is possible, therefore, that the failure to adequately regulate domestic activity in such drugs will embarrass and hinder our efforts to have tighter international controls placed over the production of narcotic crops in these other countries. This is a diplomatic problem which we should not allow to exist.

I shall now describe briefly what this bill will do; and of equal importance to many, some things that it will not do.

Nearly all of the requirements which membership in the convention would impose on the United States are already met by existing law. The bill I am introducing today would make only the minimum technical and procedural adjustments necessary in our Federal drug statutes to insure that the United States could properly sign and fully participate in the convention. Therefore, although the impact of this bill is highly important for international drug control, it will require little change in Federal law.

Under the convention, a special United Nations Commission could decide to require international controls on a psychotropic substance after receiving scientific and medical evidence from the World Health Organization. To implement this, it would be necessary for the United States to impose some controls over the designated drug. The bill I am introducing would provide mechanisms to insure that the views of the Secretary of Health, Education, and Welfare are adequately represented in the international body and that only minimum controls would be applied to the drug under our law unless both the Secretary and the Attorney General were to agree to more stringent requirements.

The new controls on psychotropic drugs would be limited almost exclusively to international commerce in these substances. For example, in some cases, import and export permits might be required and certain annual reports of production would have to be forwarded to the Federal Government by manufacturers. However, no restrictions would be placed on the actual manufacture or legitimate distribution of such drugs unless our own Government felt that action were necessary.

Other provisions of the bill make it clear that there is no intention by the Congress to accept international restraints on our own sovereign power to determine specific punishment for various drug offenses, or to impose any other restrictions on research, marketing, and advertising in connection with such drugs.

Mr. President, this bill holds the promise of a great gain in our international drug suppression at a small price. Therefore, I am hopeful that we may have early action on both the convention, now before the Foreign Affairs Committee, and this proposal to enact implementing legislation.

I ask unanimous consent that the bill and the letter of transmittal from the Attorney General be printed in the RECORD at this point.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 1266

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, This Act may be cited as the "Psychotropic Substances Act of 1975."

SEC. 2. The Congress makes the following findings and declarations:

(1) The Congress has long recognized the danger involved in the manufacture, distribution, and use of certain psychotropic substances for non-scientific and non-medical purposes, and has provided strong and effective legislation to control illicit trafficking and to regulate legitimate uses of psychotropic substances in this country. Abuse of psychotropic substances has become a phenomenon common to many countries, however, and is not confined to national borders. It is, therefore, essential that the United States cooperate with other nations in establishing effective controls over international traffic in such substances as well.

(2) The United States has joined with other countries in executing an international treaty entitled the Convention on Psychotropic Substances, signed at Vienna, February 21, 1971, which is designed to establish suitable controls over manufacture, distribution, transfer, and use of certain psychotropic substances. The Convention is not self-executing, and the obligations of the United States thereunder must be performed pursuant to appropriate legislation. It is the intent of Congress that the provisions of this Act will satisfy all obligations of the United States under the Convention not already met by existing law and that no further legislation is necessary.

(3) In implementing the Convention on Psychotropic Substances, the Congress is desirous that control of psychotropic substances in the United States should be accomplished within the framework of the procedures and criteria for classification of substances provided in the Comprehensive Drug Abuse Prevention and Control Act of 1970, or when appropriate, in accordance with the provisions for new drugs pursuant to the Federal Food, Drug, and Cosmetic Act, consistent with the obligations of the United States under the Convention. This will ensure that (a) availability of psychotropic substances to manufacturers, distributors, dispensers, and researchers for useful and legitimate medical and scientific purposes shall not be unduly restricted; (b) nothing in the Convention shall interfere with bona fide research activities; and (c) nothing in the Convention shall interfere with ethical medical practice in this country, based on the consensus of the American medical and scientific community as reflected in recommendations of the Secretary of Health, Education, and Welfare.

SEC. 3. Subsection (d) of section 201 of the Controlled Substances Act (21 U.S.C. 811(d)) is amended by adding "(1)" after "(d)" and inserting the following new paragraphs at the end thereof:

"(2) Whenever the Secretary of State receives notification from the Secretary-General of the United Nations that information has been transmitted by or to the World Health Organization, pursuant to article 2 of the Convention on Psychotropic Substances, which may justify adding a drug or other substance to one of the schedules of the Convention, transferring a drug or substance from one schedule to another, or deleting it from the schedules, the Secretary of State shall immediately transmit the notice to the Secretary. The Secretary shall prepare for transmission through the Secretary of State to the World Health Organization such medical and scientific evaluations as may be appropriate regarding the possible action that could be proposed by the World Health Organization.

"(3) Whenever the Secretary of State receives notification pursuant to article 2 of the Convention on Psychotropic Substances that the Commission on Narcotic Drugs of the United Nations is to decide whether to add a drug or other substance to one of the schedules of the Convention, transfer a drug or substance from one schedule to another, or delete it from the schedules, the Secretary of State shall transmit timely notice to the Secretary. The Secretary shall evaluate the proposal and furnish a recommendation to the Secretary of State, which shall be binding on the representative of the United States in discussions and negotiations relating to the action.

"(4)(A) When the United States receives notification of a scheduling decision pursuant to article 2 of the Convention on Psychotropic Substances that a drug or other substance has been added or transferred to a schedule specified in the notification, the Secretary, after consultation with the Attorney General, shall first determine whether existing legal controls under this title or under the Federal Food, Drug, and Cosmetic Act applicable to the drug or substance meet the requirements of the schedule specified in the notification.

"(1) If such requirements are met by existing controls but the Secretary nonetheless believes that more stringent controls should be instituted, the Secretary shall recommend to the Attorney General that he initiate proceedings for scheduling the drug or substance pursuant to subsections (a) and (b) of this section.

"(2) If such requirements are not met by existing controls and the Secretary concurs in the scheduling decision transmitted by the notification, the Secretary shall recommend to the Attorney General that he initiate proceedings for scheduling the drug or substance under the appropriate schedule pursuant to subsections (a) and (b) of this section.

"(3) If such requirements are not met by existing controls and the Secretary does not concur in the scheduling decision transmitted by the notification, the Secretary shall:

(a) (i) Apply the controls applicable to new drugs, pursuant to section 505 of the Federal Food, Drug, and Cosmetic Act, or

(ii) If he deems that additional controls are necessary to protect the public health and safety, recommend to the Attorney General that he initiate proceedings for scheduling the drug or substance pursuant to subsections (a) and (b) of this section;

(b) Request the Secretary of State to transmit a notice of qualified acceptance, within the period specified in the Convention, pursuant to paragraph 7 of article 2 of the Convention, to the Secretary-General of the United Nations; and

(c) Request the Secretary of State to ask for a review of the scheduling decision by the Economic and Social Council of the United Nations, in accordance with paragraph 8 of article 2 of the Convention.

"(B) If the Attorney General determines, after consultation with the Secretary, that proceedings initiated under subparagraphs (A) (2) or (A) (3) (a) (ii) of this paragraph (4), will not be completed within the time period required by paragraph 7 of article 2 of the Convention, the Attorney General after consultation with the Secretary shall, unless the drug or substance is already controlled under this title, issue a temporary order controlling the drug or substance under schedule IV or V, whichever is most appropriate to carry out the minimum United States obligations under article 2, paragraph 7, of the Convention. As a part of such order, the Attorney General shall by regulation, after consultation with the Secretary, except such drug or substance from the application of any provisions of part C of this title which he finds is not required to carry out the United States obligations under article 2, paragraph 7, of the Convention. In the case of proceedings initiated under subparagraph (A) (2) of this paragraph (4), the Attorney General concurrently with the issuance of such order shall request the Secretary of State to transmit a notice of qualified acceptance to the Secretary-General of the United Nations, pursuant to paragraph 7 of article 2 of the Convention.

"(C) If the review requested pursuant to subparagraph (A) (3) (c) of this paragraph (4) results in reversal of the scheduling decision in question and acceptance of the Secretary's recommendations, the Attorney General shall issue a final order scheduling the drug or substance or removing it from controls, as appropriate, in accordance with such recommendations: *Provided, however*, That in the case of a drug or substance which has been subjected to control under subparagraph (A) (3) (a) (i), the Secretary shall take such action as necessary consistent with the outcome of such review. If the scheduling decision in question is affirmed upon such review, the Attorney General shall, after consultation with the Secretary and subject to the provisions of the second sentence of subparagraph (B) of this paragraph (4), issue a final order controlling the drug or substance under schedule IV or V, whichever is most appropriate to carry out the minimum United States obligations under article 2, paragraph 7, of the Convention (unless the drug or substance is already controlled under this title or under the Federal Food, Drug, and Cosmetic Act).

"(D) Nothing in the Psychotropic Substances Act of 1975 or the regulations promulgated thereunder shall be construed to preclude requests by the Secretary or the Attorney General through the Secretary of State, pursuant to article 2 or other applicable provisions of the Convention on Psychotropic Substances, for review of scheduling decisions under such Convention, based on new or additional information."

Sec. 4. Subsection (d) of section 202 of the Controlled Substances Act (21 U.S.C. 812 (d)) is amended by adding the following before the period at the end thereof: ", and (3) such exception does not conflict with United States obligations under the Convention on Psychotropic Substances, signed at Vienna, February 21, 1971".

Sec. 5. Subsection (d) of section 307 of the Controlled Substances Act (21 U.S.C. 827(d)) is amended by adding "(1)" after "(d)" the first time it appears, and adding the following new paragraph at the end of the subsection:

"(2) Every manufacturer registered under section 303 shall, at such time or times and in such form as the Attorney General may require, make periodic reports to the Attorney General with respect to nonnarcotic controlled substances which are psychotropic substances subject to the Convention on Psychotropic Substances, signed at Vienna, February 21, 1971. These reports shall consist of the information required by article 16, paragraph 4, of the Convention."

Sec. 6. Section 1002(b) of the Controlled Substances Import and Export Act (21 U.S.C. 952(b)) is amended by inserting immediately before the period at the end of paragraph (2) the following: ", except that if a nonnarcotic controlled substance is schedule III, IV, or V is also listed in schedule I or II of the Convention on Psychotropic Substances it shall be imported pursuant to such import permit requirements, prescribed by regulation of the Attorney General, as are required by the Convention".

Sec. 7. Subsection (e) of section 1003 of the Controlled Substances Import and Export Act (21 U.S.C. 953(e)) is amended—

(a) by striking out ", and" at the end of paragraph (2) and inserting in lieu thereof ";";

(b) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(c) by adding the following new paragraph:

"(4) in any case when a nonnarcotic controlled substance in schedule III, IV, or V is also listed in schedule I or II of the Convention on Psychotropic Substances, it is exported pursuant to such export permit requirements prescribed by regulation of the Attorney General as are required by the Convention, instead of the invoice required by paragraphs (2) and (3) above."

Sec. 8. (a) Part D of the Controlled Substances Act (21 U.S.C. 841 et seq.) is amended by adding at the end thereof the following new section:

"APPLICATION OF INTERNATIONAL TREATIES OR AGREEMENTS

"Sec. 412. Nothing in the Single Convention on Narcotic Drugs, the Convention on Psychotropic Substances, or other treaties or international agreements shall be construed to require a specific punishment for offenses involving narcotic drugs or phychotropic subtances or to limit the provision of such treatment, education, aftercare, rehabilitation, and social reintegration as alternatives to conviction or punishment for such offenses as may be authorized by any Act of Congress."

(b) The table of contents of the Comprehensive Drug Abuse Prevention and Control Act of 1970 is amended by inserting—

"Sec. 412. Application of International treaties or agreements."

immediately after

"Sec. 411. Proceedings to establish previous convictions."

Sec. 9. (a) Section 502 of the Controlled Substances Act (21 U.S.C. 872) is amended by redesignating subsection (d) as subsection (e), and by adding after subsection (c) the following new subsection:

"(d) Nothing in the Single Convention on Narcotic Drugs, the Convention on Psychotropic Substances, or other international treaties or agreements shall be construed to limit, modify, or prevent the protection of the confidentiality of patient records or of the names and other identifying characteristics of research subjects as provided by any Federal, State, or local enactment or regulation."

(b) Section 303 of the Public Health Service Act (42 U.S.C. 242a) is amended by redesignating subsection (b) as subsection (c), and by adding after subsection (a) the following new subsection:

"(b) Nothing in the Single Convention on Narcotic Drugs, the Convention on Psychotropic Substances, or other international treaties or agreements shall be construed to limit, modify, or prevent the protection of the confidentiality of patient records or of the names and other identifying characteristics of research subjects as provided by any Federal, State, or local enactment or regulation."

Sec. 10. Subsection (f) of section 303 of the Controlled Substances Act (21 U.S.C. 823(f)) is amended by adding the following sentence at the end of the subsection: "Article 7 of the Convention on Psychotropic Substances shall not be construed to prohibit, or impose additional restrictions upon, research involving drugs or other substances scheduled under the Convention which is conducted in conformity with this subsection and other applicable provisions of this title."

Sec. 11. Subsection (c) of section 307 of the Controlled Substances Act (21 U.S.C. 827 (c)) is amended by adding the following after and below paragraph (3): "Nothing in the Convention on Psychotropic Substances shall be construed as in any way affecting, modifying, repealing, or superseding the provisions of paragraphs (1) (B), (2), or (3) of this subsection."

Sec. 12. Subsection (n) of section 502 of the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 352(n)), is amended by adding the following new sentence at the end thereof: "Nothing in the Convention on Psychotropic Substances, signed at Vienna, February 21, 1971, shall be construed to prevent drug price communications to consumers."

Sec. 13. This Act shall become effective on the date the Convention on Psychotropic Substances enters into force in respect to the United States.

Mr. HUGH SCOTT. Mr. President, I believe it is essential that Congress adopt, as expeditiously as possible, legislation to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970. In essence, this bill introduced by the Senator from Nebraska (Mr. HRUSKA) will restrict the manufacture, distribution and use of mind altering drugs to legitimate medical and scientific purposes.

I am pleased to join as a cosponsor of this legislation which will enable the United States to become a member of the International Convention on Psychotropic Substances and will impose controls on the international movement of psychotropic drugs, with the ultimate end of eliminating their diversion into illicit channels. The need for such a bill is obvious and I feel certain this measure will aid U.S. enforcement as well as diplomatic initiatives in curbing the traffic in drugs diverted from international commerce.

It is essential that the United States assert its proper authority into the area of international agreements in the control of narcotics. This legislation, by enabling the United States to become a member of the International Convention on Psychotropic Substances, is the proper vehicle for such action.

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C., March 14, 1975.
The VICE PRESIDENT,
U.S. Senate, Washington, D.C.

DEAR MR. VICE PRESIDENT: Enclosed for your consideration and appropriate reference is a legislative proposal to amend the Comprehensive Drug Abuse Prevention and Control Act of 1970 (84 Stat. 1242, 21 U.S.C. 801) and other laws, to permit the United States Government to comply with the provisions of the Convention on Psychotropic Substances signed at Vienna on February 21, 1971.

The proposal is identical to the ones submitted to the 93rd Congress and identified then as H.R. 10365, 10900 and S. 2544.

On June 29, 1971, there was transmitted to the Senate, for its advice and consent to ratification, the Convention on Psychotropic Substances. This Convention has as its purpose the international control of substances that are not included under any of the existing multilateral opium and other narcotic drug treaties. The Convention governs the so-called psychotropic (or mind-altering) substances: the hallucinogens (such as LSD and mescaline), the amphetamines, the barbiturates, and the tranquilizers. The Convention will come into force 90 days after 40 countries have ratified it.

The aim of the Convention is to limit to medical and scientific purposes the manufacture, distribution and use of psychotropic substances. The structure of the Convention is similar to that of the Comprehensive Drug Abuse Prevention and Control Act of 1970. It lists 32 substances in four schedules depending on the extent of their abuse, their potential for abuse and their therapeutic usefulness. The Convention contains a procedure for adding new substances to schedules, moving substances among schedules and deleting substances from the schedules. Like the Comprehensive Drug Abuse Prevention and Control Act, the Convention provides graduations of controls, with the most string gradations of controls, with the most stringent controls applied to Schedule 1 substances (such as LSD, mescaline and the tetrahydrocannabinols) and lesser restrictions on substances in Schedules II, III, and IV. Most of the control provisions are similar to the control of narcotic drugs by other treaties, such as the Single Convention on Narcotic Drugs, 1961.

The specific control measures which the Convention requires each Party to implement are largely satisfied by the provisions of the Comprehensive Drug Abuse Prevention and Control Act of 1970 and the Federal Food, Drug, and Cosmetic Act. For example, under the Convention, each Party must license manufacturers and distributors of psychotropic substances; section 301 through 304 of the 1970 Act provide for registration of these persons. Each Party must restrict the use of Schedule I (hallucinogenic) substances to scientific and very limited medical purposes; section 303 of the Controlled Substances Act (Title II of the Comprehensive Act) limits access to such substances to qualified researchers. Psychotropic substances generally must be dispensed only upon a physician's prescription; this Convention requirement is satisfied by prescription requirements under the Federal Food, Drug, and Cosmetic Act. Each Party must require all handlers of psychotropic substances to keep records of all these substances manufactured, distributed or dispensed; section 307 of the Controlled Substances Act already imposes such recordkeeping requirements. Importation and exportation of psychotropic substances must be controlled in a manner similar to the requirements imposed by the Controlled Substances Import and Export Act, which is Title III of the Comprehensive Drug Abuse Prevention and Control Act of 1970.

In addition to controlling domestic commercial and medical activity, Parties must make certain reports to the International Narcotic Control Board, take actions against illicit traffic and apply penal provisions, and, where possible, establish programs of drug abuse prevention, treatment, and rehabilitation.

Although the Controlled Substances Act and the Controlled Substances Import and Export Act provide most of the mechanisms to fulfill United States obligations under the Convention on Psychotropic Substances, new legislation will be required to satisfy all commitments under the Convention. For this purpose, the enclosed legislative proposal is submitted.

Section 1 specifies that the Act may be cited as the "Psychotropic Substances Act of 1975."

Section 2 of the bill contains findings and declarations by Congress that (1) there is a need for international collaboration to effectively control psychotropic substances; (2) there is a need for legislation to implement United States obligations under the Convention; and (3) implementation must be accomplished within the framework of the Comprehensive Drug Abuse Prevention and Control Act of 1970 (P.L. 91–513), or the new drug provisions of the Federal Food, Drug, and Cosmetic Act.

The Convention procedure for bringing a new substance under control or moving substances among schedules requires certain medical and scientific findings by the World Health Organization, additional findings and a decision to control by the Commission on Narcotic Drugs, and notification of the Parties by the Secretary-General of the United Nations. Upon such notification, each Party is required to impose national control mechanisms on the substance within 180 days. The United States delegation sought and obtained the right of each Party to utilize its own procedures for imposing national controls, such as are provided in the Controlled Substances Act, on the condition that certain minimum controls be imposed regardless of the outcome of the nation's internal efforts to require control. Thus, in the event that a substance cannot, within the 180-day period, be included in any schedule of the Controlled Substances Act through the normal procedures set forth in section 201 (because of delays in administrative hearings or court proceedings provided for in the law), the United States will still have to require such controls as registration of manufacturers and wholesalers, import and export restrictions and recordkeeping requirements.

In the Comprehensive Drug Abuse Prevention and Control Act of 1970, Congress carefully established a procedure for future determinations as to drugs and substances to be subject to the controls of the Act. So far as possible, the proposed bill will retain a balance between the extent to which control decisions should be based upon law enforcement criteria, and the extent to which such decisions should be based on medical and scientific determinations. The proposed bill provides that all scientific and medical determinations shall be made by the Secretary of Health, Education, and Welfare, and that these determinations shall be binding on the Attorney General and the Secretary of State during all international discussions and negotiations in regard to scheduling a drug or substance for control under the Convention.

Section 3 of the proposed bill would amend section 201 of the Controlled Substances Act (21 U.S.C. 811) to authorize and direct the Attorney General and the Secretary of Health, Education, and Welfare to take steps relative to international controls proposed under the Convention and to prescribe applicable controls on psychotropic substances which are required by United States obligations under the Convention.

Paragraph (2) of section 3 provides that whenever notice is received that the World Health Organization is considering a drug or substance for control under the Convention, the Secretary of Health, Education, and Welfare shall be authorized to comment on the matter to the World Health Organization.

Paragraph (3) of section 3 specifies that in all matters relating to a decision to control a drug or substances by the United Nations Commission on Narcotic Drugs, the recommendations of the Secretary of Health, Education, and Welfare shall be binding on the United States representative, and if the Secretary recommends that a drug or substance should not be controlled in the manner proposed, the United States representative shall vote against such control.

Paragraph (4)(A) of section 3 requires that when notice is received from the Secretary-General of the United Nations that a substance has been designated for control under the Convention, the Secretary of Health, Education, and Welfare shall decide in consultation with the Attorney General whether existing controls under the Controlled Substances Act or the Federal Food, Drug, and Cosmetic Act in the United States are adequate to meet the treaty obligations. Even if existing controls adequately meet the requirements of the Convention, the Secretary may recommend to the Attorney General that he initiate proceedings in the usual way in accordance with subsections (a) and (b) of section 201 of the Controlled Substances Act (21 U.S.C. 811).

If existing controls in the United States do not meet the obligations of the Convention, and if the Secretary agrees with the scheduling decision of the international organization, the Secretary shall recommend to the Attorney General that he initiate proceedings under subsections (a) and (b) of section 201 of the Controlled Substances Act (21 U.S.C. 811).

If existing controls in the United States do not meet the obligations of the Convention, and if the Secretary does not concur in the scheduling decision of the international organization, he shall (1) apply the controls applicable to new drugs, pursuant to section 505 of the Federal Food, Drug, and Cosmetic Act, or (2) if these controls are not adequate to protect the public health and safety, recommend to the Attorney General that he initiate proceedings under subsections (a) and (b) of section 201 of the Controlled Substance Act (21 U.S.C. 811).

Also, whenever the Secretary of Health, Education, and Welfare does not concur in the scheduling decision of the international organization, the Secretary shall request the Secretary of State to transmit to the Secretary-General of the United Nations a notice of qualified acceptance; and request the Secretary of State to ask for a review of the decision by the Economic and Social Council of the United Nations.

Paragraph (4)(B) of section 3 provides that if the regular control procedures of subsections (a) and (b) of section 201 (21 U.S.C. 811) will not be completed within the time limit of 180 days specified in the Convention, the Attorney General after consultation with the Secretary of Health, Education, and Welfare, shall, unless the substance is already controlled under the Controlled Substances Act, issue a temporary order controlling the substance under either schedule IV or V, whichever is most appropriate to carry out minimum United States obligations under the Convention. Also, the Attorney General after consultation with the Secretary, shall except the substance from such controls of the Controlled Substances Act as he finds are not necessary to carry out those United States obligations.

Paragraph (4)(C) of section 3 provides that if the Economic and Social Council reverses the scheduling decision of the international organization, the Attorney General shall vacate the temporary control order. If the decision is affirmed, the Attorney General after consultation with Secretary, shall, unless subsequent action has been taken to control the substance, issue a final order controlling the substance under schedule IV or V.

Paragraph (4)(D) allows both the Attorney General and the Secretary of Health, Education, and Welfare to request through the Secretary of State a review by the international organization of any scheduling decision based on new or additional information.

Section 4 of the proposed legislation would amend section 202(d) of the Controlled Substances Act (21 U.S.C. 812(d)) to create a third condition to be satisfied before a nonnarcotic substance contained in a combination product could be excepted from regulatory control. Article 3 of the Convention on Psychotropic Substances imposes restrictions on any Party's right to grant exceptions from control for combination products, and the statute should specify that the exemptions granted under section 202(d) shall not be in conflict with the obligations under the Convention.

Section 5 of the proposal adds new authority to the Attorney General to gather information by amending section 307(d) of the Controlled Substances Act (21 U.S.C. 827 (d)). Each Party to the Convention is required under Article 16 to submit certain statistical data on psychotropic drugs regarding inventories, quantities manufactured, quantities imported and exported, and quantities used in manufacture of other substances. The Attorney General can acquire much of this information directly through existing authority under the Act; he cannot, however, directly obtain data on quantities manufactured or on inventories. Manufacturing data is currently submitted to the Food and Drug Administration on psychotropic (and other) drugs having a new drug application on file with that agency; this information is not in a form readily usable by the Attorney General, however, and does not cover certain psychotropic drugs not subject to new drug application requirements. Section 5 will make certain that the Attorney General can obtain all data necessary to prepare the United States reports to the Commission on Narcotic Drugs and the International Narcotic Control Board under the Convention.

Section 6 and 7 of the proposed legislation would amend the Controlled Substances Import and Export Act to permit full compliance with any possible obligation under Articles 12 and 13 of the Convention on Psychotropic Substances. The Convention obligates each Party to require prior government authorization for importation or exportation of any substance listed in schedules I or II of the Convention; the existing United States law requires such authorization before importing or exporting a nonnarcotic substance listed in schedules I or II of the Act. Therefore, the possibility exists that a substance listed in schedules I or II under the Convention could be listed in schedules III, IV or V of the Act, thereby preventing imposition of the prior authorization system. Section 6 is an amendment to section 1002 of the Controlled Substances Import and Export Act (21 U.S.C. 952) and Section 7 proposes to amend section 1003 of that Act (21 U.S.C. 953). The effect of these suggested changes would be to permit the Attorney General to impose the schedule II import and export controls on any schedules III, IV and V substances without rescheduling the substance and thereby subjecting it to other unnecessary controls.

A number of questions can be raised as to the interpretation to be placed on certain features of the Convention. In order to provide guidance for the future, section 8, 9, 10, 11, and 12 of the proposed bill include the following features. Section 8 makes certain that the Convention is not construed to require a particular punishment or limit or forbid the provision of treatment alternatives to criminal prosecution and punishment for offenses related to psychotropic substances, if such alternatives are permitted in existing law. Section 9 ensures that no provision of the Convention can be construed to preempt any existing legislative or regulatory protection of confidentiality of patient records or the identities of research subjects. Section 10 clarifies issues raised by the research community and specifies that Article 7 of the Convention shall not be construed as imposing any prohibitions or further restrictions on research involving psychotropic substances, which complies with the registration and other applicable requirements now provided in the Controlled Substances Act. Section 11 provides that the Convention shall not be used as a basis of imposing any recordkeeping requirements on practitioners researchers and establishments in addition to those provided in section 307 of the Controlled Substances Act (21 U.S.C. 827). Section 12 amends the Federal Food, Drug, and Cosmetic Act and provides that nothing in the Convention shall be interpreted to prevent drug price communications to consumers.

Section 13 of the bill establishes the effective date of the legislation as the date on which the Convention comes into force in respect to the United States.

We urge the early consideration of this legislation and the Convention so that the United States may become Parties to this International effort in the near future.

The Office of Management and Budget has advised that the submission of this recommendation is consistent with the Administration's objectives.

Sincerely,

————,

Attorney General.

Mr. BAYH. Mr. President, I am pleased to join the distinguished Senator from Nebraska (Mr. HRUSKA) and my other colleagues on the Committee on the Judiciary as a sponsor of the Psychotropic Substances Act of 1975. This measure is very similar to S. 362, The International Psychotropic Substances Act of 1975 which I introduced on January 23, 1975. These bills are designed to permit the United States to comply with the provisions of the Convention on Psychotropic Substances signed at Vienna on February 21, 1971, which is now pending before the Senate Foreign Relations Committee. Although the Controlled Substances Act and the Controlled Substances Import and Export Act provide most of the mechanisms to fulfill U.S. obligations under the Convention on Psychotropic Substances, new legislation, such as S. 362, or that which we are introducing today, will be required to satisfy all commitments under the convention.

In 1971 legislation, S. 3118, was introduced on behalf of the administration to accomplish similar purposes. That bill, however, was the subject of considerable controversy. Representatives of the Committee on Effective Drug Abuse Legislation, the American College of Neuro-Psychopharmacology, the American Psychiatric Association, the American Medical Association, and our distinguished former colleague from Iowa, Senator Hughes expressed concern that the enabling legislation failed to adequately protect the confidentiality of patient records; that it failed to adequately protect a private practitioner's right to carry on research with psychotropic substances; that it failed to designate who would determine the application of phrases—in the convention—like sound medical practice and very limited medical and scientific purposes, and most importantly that it failed to provide an affirmative policymaking role for health and scientific professionals to balance any restrictions on their role imposed by the Convention.

My bill, as did a nearly identical measure I introduced in April 1973, S. 1646, addresses these important concerns. It was developed to facilitate ratification of the Convention on Psychotropic Substances under circumstances that would adequately protect the confidentiality of patient records, the rights of drug researchers, and guarantee an affirmative role for health and scientific professionals in the drug control decisionmaking process.

Similarly, the bill we introduce today which was introduced in a nearly identical form on October 8, 1973, by Senator HRUSKA who I then joined as a cosponsor also addresses these important concerns. I believe that, in areas which the convention leaves to national discretion and in areas where the convention language is ambiguous and thus subjected to interpretation, they provide adequate clarification to insure a significant role in these matters for the medical and scientific communities and to allay fears regarding restrictions on researchers or breaches of the confidentiality accorded medical records.

Mr. President, during my 4 years as chairman of the Subcommittee to Investigate Juvenile Delinquency, I have conducted an intensive investigation into the diversion and abuse of legitimately produced narcotic and nonnarcotic dangerous drugs. We have made considerable progress during these years. We have obtained a drastic, but necessary, reduction in amphetamine production. We had found that by 1971 nearly 50 percent of the amphetamine produced in the United States was reaching illicit markets and thus our streets and schools. The 1973 quota, based on legitimate scientific and medical needs represents a 92-percent reduction over 1971 levels.

We have secured more appropriate control over the production and distribution, including export, of other drugs with high abuse potential, including the barbiturates and methaqualone. Not all the short-acting barbiturates of equal abuse potential, however, have been adequately controlled and I intend to secure such control this year either through a legislative vehicle or by persuading the Justice Department to take this long overdue, appropriate, protective step. As I said though we have made progress. In short, these and similar important steps have effectively reduced illicit traffic and domestic clandestine manufacture of controlled drugs.

These measures, however, do not fully assist law enforcement agency efforts to curb illicit traffic or controlled drugs which are not domestic products. During the subcommittee's national investigation of barbiturate traffic and abuse we learned that as with the amphetamines, a significant portion of the barbiturates seized were from Mexico. These so-called Mexican Reds—capsules containing legitimately produced barbiturates, but illicitly repackaged—were unlike the "Mexican" amphetamine which had in former years been of American origins containing barbiturates of legitimate West European origin.

Likewise, during our March 28, 29, and April 16, 1973, hearings on methaqualone, several witnesses indicated that legitimately produced foreign methaqualone was being illegally imported into the United States for sale in the black market and that counterfeit methaqualone was being produced in Canada and Mexico for illicit sale in the United States.

Similar extensive illegal barbiturate and amphetamine operations involving west European purchases of legitimately produced drugs and transshipment through Mexico to the United States were revealed at our subcommittee hearing last year on my bill, S. 1646, the International Psychotropic Substances Act of 1973 and S. 2544, introduced by Senator HRUSKA on behalf of the administration on October 8, 1973. One illicit Mexican operation alone was responsible for the repackaging of many millions of amphetamines eventually sold illegally in at least 14 States in this country.

Last fall in a related development the Drug Enforcement Administration arrested more than 100 individuals in 10 major cities throughout the United States and Mexico and smashed a wide-ranging syndicate that had been responsible for smuggling annually more than 3,000,000,000 illicit amphetamine tablets into this country. This amounts to nearly 20 times the amphetamine production permitted in this country under the production controls and represents a value of between $1.6 and $2 billion annually on the illicit market.

These and other similar cases—see subcommittee hearing volume "Psychotropic Substances Act," 1974—underscore the need for international controls which will assist the international law enforcement effort to curb the diversion of legitimately produced drugs to illicit markets around the world.

But regardless of the success of our efforts to impose domestic controls on these and other psychotropic substances, the absence of international cooperation and regulation could result in a failure to reduce the illicit availability of dangerous psychotropic substances here at home.

The diversion and abuse of legitimately produced dangerous drugs into channels other than legitimate medical, scientific, and industrial channels should be a primary concern for all citizens. Even if the war on heroin addiction had in fact been won, the epidemic of drug abuse which plagues American society would not be vanquished; for the source of supply for growing legions of addicts and abusers—polydrug abusers who outnumber heroin addicts 17 to 1—is at its origin a legitimate one.

This measure had been carefully studied by the subcommittee staff who have worked closely with representatives of the Departments of State, Justice, and Health, Education, and Welfare as well as many other interested and well qualified individuals and organizations, including the PMA—Pharmaceutical Manufacturers Association—which endorsed the bill.

I intend to give the highest priority to this legislation, which is designed to stop the international criminal diversion of billions of pep pills, sleeping pills, and other dangerous drugs, and will do whatever is necessary to bring this measure to the floor as quickly as possible. I look forward to working closely with Senator HRUSKA and his staff and my other distinguished colleagues of the Committee on the Judiciary on this most important enabling legislation. It is not a panacea, but it is my belief that it will not only help us solve our problem here at home, but will also be of assistance to other nations, whose legitimate production when diverted to illicit markets can wreak havoc in their countries as well as ours.

By Mr. PROXMIRE (for himself, Mr. McINTYRE, and Mr. TOWER) (by request):

S. 1267. A bill to expand competition, provide improved consumer services, strengthen the ability of financial institutions to adjust to changing economic conditions, and improve the flows of funds for mortgage credit. Referred to the Committee on Banking, Housing and Urban Affairs.

FINANCIAL INSTITUTIONS ACT OF 1975

Mr. PROXMIRE. Mr. President, as chairman of the Banking Committee, I am today introducing, by request of the administration, the Financial Institutions Act of 1975. This bill is similar in many respects to the earlier Financial Institutions Act first introduced in October of 1973. At that time, the bill was immediately taken up by the Subcommittee on Financial Institutions under the very able and aggressive chairmanship of the distinguished Senator from New Hampshire (Mr. McINTYRE) who joins me as a cosponsor today.

Throughout the balance of the 93d Congress, there were four separate sets of hearings on the bill, with testimony taken from over 50 witnesses, including the financial regulatory agencies, representatives of all the various types of financial institutions, academic and consumer groups. In addition, a number of studies on the impact of the legislation from various quarters are incorporated into the subcommittee's record.

Mr. President, the basic thrust of this legislation is to restructure the asset and liability powers of all financial institutions to make them more competitive in today's economic and financial environment.

Quite frankly, Mr. President, I and a number of others have entertained some reservations about this legislation. Particularly, I have been concerned with the impact which restructuring our thrift institutions would have on the highly volatile and extremely depressed housing sector. I continue to have some reservations, but I feel that a good faith effort has been made by the Congress, the administration, and the financial industry to seek a common ground, taking into account the very important needs of the housing industry.

Clearly, the most controversial aspect of the legislation was the proposed abolition of the interest rate differential under regulation Q. Under the present legislation, however, a compromise has been suggested whereby the differential would continue for a period of some 5½ years. At the end of that period, Congress would then decide whether financial institutions were adequately structured to compete without interest rate ceilings under regulation Q, and, most importantly, be able to provide an adequate supply of mortgage money at a reasonable rate.

Also, the revised Financial Institutions Act contains additional provisions to enable credit unions to compete with other financial institutions on a more equal basis. In that connection, I am planning to introduce in the near future a more comprehensive bill to modernize and streamline the operations of credit unions. I am hopeful that work on both bills can proceed simultaneously.

Mr. President, I believe the time is now appropriate to carry forward the excellent work begun by the Subcommittee on Financial Institutions in the 93d Congress. In my opinion, there are a number of very meritorious proposals contained in this legislation, and given the good-faith effort at compromise on the more controversial issues, I believe the Congress should now go forward to seriously consider this legislation.

In this regard, I have the assurances of the distinguished chairman of the Subcommittee on Financial Institutions that work on these proposals will go forward as rapidly as is consistent with the need to legislate responsibly. I endorse this plan of action.

One final point, Mr. President. The tax provisions of this legislation are not within the jurisdiction of the Banking Committee. I am informed that efforts are underway to secure a prompt consideration of the tax measures by the House Ways and Means Committee so that, as quickly as possible, the Finance Committee will have the opportunity to take up those portions which are properly within their jurisdiction. Of course, the Senate Banking Committee may decide to eliminate the tax provisions from the bill, thereby avoiding any jurisdictional problems with the tax-writing committees.

Mr. President, I ask unanimous consent that the bill together with a section-by-section analysis be inserted in the RECORD after my remarks.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 1267

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Financial Institutions Act of 1975".

TITLE I—PAYMENT OF INTEREST ON DEPOSIT ACCOUNTS

SEC. 101. Section 2 of the Banking Act of 1933, as amended (12 U.S.C. 221a), is further amended by adding at the end thereof the following new subsections:

"(c) The term 'depository institution' means—

"(1) any insured bank as defined in section 3 of the Federal Deposit Insurance Act;

"(2) any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(3) any savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(4) any member as defined in section 2 of the Federal Home Loan Bank Act; and

"(5) any insured institution as defined in section 408 of the National Housing Act.

"(d) The term 'negotiable order of withdrawal account' means an account on which payment of interest may be made on a deposit with respect to which the depository institution may require the depositor to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the depositor is allowed to make withdrawals by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise."

SEC. 102. (a) Subsection (i) of section 19 of the Federal Reserve Act, as amended (12 U.S.C. 371a), is amended by amending the first sentence before the first proviso to read as follows:

"(i) No member bank shall, directly or indirectly, by any device whatsoever, pay any interest on any deposit which is payable on demand, and a demand deposit shall not include negotiable order of withdrawal accounts:".

(b) The first sentence of subsection (j) of section 19 of the Federal Reserve Act, as amended (12 U.S.C. 371b), is amended to read as follows:

"(j) The Board may from time to time, after consulting with the Board of Directors of the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the Secretary of the Treasury, prescribe rules governing the payment and advertisement of interest on deposits, including limitations on the rates of interest which may be paid by member banks on time and savings deposits."

SEC. 103. Subsection (j) of section 19 of the Federal Reserve Act, as amended (12 U.S.C. 371b), is further amended by adding at the end thereof the following new sentence: "Authority of the Board to limit the rates of interest or dividends, including authority to prescribe differential rates of interest or dividends among different depository institutions, shall expire five years and six months after the enactment of the Financial Institutions Act of 1975."

SEC. 104. (a) Section 3 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813), is amended by adding at the end thereof the following new subsections:

"(r) The term 'depository institution' means—

"(1) any insured bank as defined in this section;

"(2) any mutual savings bank as defined in this section;

"(3) any savings bank as defined in this section;

"(4) any member as defined in section 2 of the Federal Home Loan Bank Act; and

"(5) any insured institution as defined in section 408 of the National Housing Act.

"(s) The term 'negotiable order of withdrawal account' means an account on which payment of interest may be made on a deposit with respect to which the depository institutions may require the depositor to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the depositor is allowed to make withdrawals by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise."

(b) The first and second sentences of subsection (g) of section 18 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1828(g)), are amended to read as follows: "The Board of Directors shall by regulation prohibit the payment of interest or dividends on demand deposits in insured nonmember banks (including insured mutual savings banks) and for such purpose it may define the term 'demand deposit', except that the term as so defined shall not include negotiable order of withdrawal accounts; but such exceptions from this prohibition shall be made as are now or may hereafter be prescribed with respect to deposits payable on demand in member banks by section 19 of the Federal Reserve Act, as amended, or by regulation of the Board of Governors of the Federal Reserve System. The Board of Directors may from time to time, after consulting with the Board of Governors of the Federal Reserve System, the Federal Home Loan Bank Board, and the Secretary of the Treasury, prescribe rules governing the payment and advertisement of interest on deposits, including limitations on the rates of interest or dividends that may be paid by insured nonmember banks (including insured mutual savings banks) on time and savings deposits.".

(c) Subsection (g) of section 18 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1828(g)), is further amended by adding at the end thereof the following new sentence: "Authority of the Board of Directors to limit the rates of interest or dividends, including authority to prescribe differential rates of interest or dividends among different depository institutions, shall expire five years and six months after enactment of the Financial Institutions Act of 1975.".

SEC. 105. (a) Section 2 of the Federal Home Loan Bank Act, as amended (12 U.S.C. 1422), is amended by adding at the end thereof the following new paragraphs:

"(10) The term 'depository institutions' means—

"(1) any insured bank as defined in section 3 of the Federal Deposit Insurance Act;

"(2) any mutual savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(3) any savings bank as defined in section 3 of the Federal Deposit Insurance Act;

"(4) any member as defined in this section; and

"(5) any insured institution as defined in section 408 of the National Housing Act.

"(11) The term 'negotiable order of withdrawal account' means an account on which payment of interest may be made on a deposit with respect to which the depository institution may require the depositor to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the depositor is allowed to make withdrawals by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise.".

(b) Subsection (a) of section 5B of the Federal Home Loan Bank Act, as amended (12 U.S.C. 425b(a)), is amended by adding before the first sentence the following new sentence: "The Board shall by regulation prohibit the payment of interest or dividends on demand deposits by members, and by institutions which are insured institutions as defined in section 408 of the National Housing Act, and by nonmember building and loan, savings and loan, and homestead associations, and cooperative banks, and for such purpose it may define the term 'demand deposits', except that the term as so defined shall not include negotiable order of withdrawal accounts; but such exceptions from this prohibition shall be made as are now or may hereafter by prescribed with respect to deposits payable on demand in member banks by section 19 of the Federal Reserve Act, as amended, or by regulation of the Board of Governors of the Federal Reserve System.".

(c) The first sentence of subsection (a) of section 5B of the Federal Home Loan Bank Act, as amended (13 U.S.C. 1452b(a)), is amended to read as follows: "The Board may from time to time, after consulting with the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Secretary of the Treasury, prescribe rules governing the payment and advertisement of interest or dividends on deposits, shares, or withdrawable accounts, including limitations on the rates of interest or dividends on deposits, shares or withdrawable accounts that may be paid by members, other than those the deposits of which are insured in accordance with the provisions of the Federal Deposit Insurance Act, and by nonmember building and loan, savings and loan, and homestead associations, and cooperative banks.".

(d) The fourth sentence of subsection (a) of section 5B of the Federal Home Loan Act, as amended (12 U.S.C. 1425b (a)), is amended to read as follows: "Authority of the Board to limit the rates of interest or dividends, including authority to prescribe differential rates of interest or dividends among different depository institutions, shall expire five years and six months after the enactment of the Financial Institutions Act of 1975.".

SEC. 106. The Secretary of the Treasury, after consulting with the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board, shall transmit to the Congress, not later than five years after enactment of this Act, a report of findings and recommendations concerning limitation on rates of interest or dividends paid by depository institutions.

SEC. 107. (a)(1) Each depository institution enumerated in subsection (e)(2) of this section (hereinafter referred to as "depository institution") which pays interest on deposits shall make available in writing to any individual or corporation at a time such funds are placed in a deposit on which interest is paid in such institution, and at the time funds are initially placed in an interest-bearing deposit in such institution, the following information with respect to all of the types of interest-bearing deposit accounts offered at that time by such institution:

(A) the annual percentage rate;

(B) the minimum length of time a deposit must remain on deposit so that earnings are payable at that percentage rate;

(C) The number of times each year earnings are compounded;

(D) the dates on which earnings are payable;

(E) any charges initially or periodically made against any deposits;

(F) any terms or conditions which increase or reduce the rate of earnings payable; and

(G) any restrictions and the amount or method of determining the amount of penalties or charges imposed on the use of funds in any deposit.

(2) Each depository institution which pays interest on deposits shall disclose annually and at the time any earnings report is made in person, or by mailing to the depositor's last known address, with respect to interest-bearing deposits:

(A) the amount of earnings paid;

(B) the annual percentage rate;

(C) any charges made against the account during the period covered, for purposes of computing the payment of earnings and making the report; and

(D) any other terms or conditions which increased or reduced the earnings payable.

(3) (A) Annual percentage rate is the periodic percentage rate multiplied by the number of periods in a calendar year of three hundred and sixty-five days for all years, including leap year.

(B) Annual percentage yield is the amount of earnings which would accrue in one year to a principal amount of $100 as the result of the successive applications of the periodic percentage rate at the end of each period to the sum of the principal amount plus any earnings theretofore credited and not withdrawn during that year.

(b) Not less than ten days before a depository institution which pays interest on deposits adopts any change with respect to any item of information required to be disclosed under this section, that institution shall notify each depositor of each such change.

(c) (1) Nothing in this section shall prohibit a depository institution from advertising an annual percentage yield: *Provided,* That the annual percentage yield is calculated in the same manner in which interest is credited to the account for one year. In any advertisement which includes annual percentage yield, the annual percentage rate shall be disclosed, and the annual percentage yield shall be stated in print not more prominent than that of the annual percentage rate. If that rate of yield is payable only a deposit which meets certain minimum time or amount requirements, those requirements shall be clearly and conspicuously stated.

(2) No such advertisements, announcements, or solicitations shall—

(A) include any indication of any percentage rate or percentage yield based on a period in excess of one year or on the effect of any grace period; or

(B) make use of the term "profit" in referring to earnings payable on such deposits.

(d) Nothing in this section applies to any transaction involving—

(1) a deposit of funds if the principal purpose of that deposit is to secure or guarantee the performance of a contract or the conditions of a contract for the sale or use of goods, services, or property;

(2) interest payable on premiums, accumulated dividends, or amounts left on deposit under an insurance contract; and

(3) any obligation issued by any Federal, State, or local government or any agency, instrumentality, or authority thereof, except that the Board of Governors of the Federal Reserve System shall prescribe rules and regulations to require disclosure by any agency, instrumentality, or authority of the Federal Government.

(e) (1) Rules and regulations to carry out the purposes of this section shall be promulgated by the Board of Governors of the Federal Reserve System, after consultation with the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corporation, and the Federal Home Loan Bank Board.

(2) Compliance with the requirements imposed by this section shall be enforced—

(A) by the Comptroller of the Currency for national banks, and banks operating under the Code of Law for the District of Columbia;

(B) by the Board of Governors of the Federal Reserve System for member banks other than national banks;

(C) by the Board of Directors of the Federal Deposit Insurance Corporation for banks insured by the Federal Deposit Insurance Corporation other than members of the Federal Reserve System; and

(D) by the Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation) for Federal savings and loan associations, Federal Home Loan Bank members, or institutions the accounts of which are insured by said Corporation.

(f) (1) Except as otherwise provided in this subsection, any depository institution subject to this Act which pays interest on deposits and which fails in connection with any transaction subject to this section to disclose to any depositor any information required under this section to be disclosed to that depositor is liable to that depositor in an amount equal to the sum of—

(A) twice the amount of the interest in connection with the transaction, except that the liability with respect to each depositor under this paragraph shall not be less than $100 nor greater than $1,000; and

(B) in the case of any successful action to enforce the foregoing liability, the costs of the action together with reasonable attorneys' fees as determined by the court.

(2) A depository institution has no liability under this section if within fifteen days after discovering an error, or upon receipt of written notice of an error and prior to the bringing of an action under this section, the institution notifies the individual concerned of the error and makes whatever adjustments are appropriate and necessary.

(3) A depository institution may not be held liable in any action brought under this subsection for a violation of this section if the institution shows by preponderance of the evidence that the violation was not intentional and resulted from an error made in good faith notwithstanding the maintenance of procedures reasonable adopted to avoid any such error.

(4) An action under this section may be brought in any United States district court, or in any other court of competent jurisdiction, within one year from the date of the occurrence of the violation.

TITLE II—EXPANDED DEPOSIT LIABILITY POWERS AND RESERVES

SEC. 201. (a) Subsection (1) of section 19 of the Federal Reserve Act, as amended (12 U.S.C. 371a) is amended by changing the period at the end thereof to a colon and adding the following proviso: "*Provided further,* That nothing herein contained shall be construed as prohibiting the payment of interest on funds of a corporation operated for profit and deposited in a savings deposit or negotiable order of withdrawal account.".

(b) Subsection (b) of section 19 of the Federal Reserve Act, as amended (12 U.S.C. 461(b)), is amended to read as follows:

"(b) Every member bank shall maintain reserves against its deposits in such ratios as shall be determined by the affirmative vote of not less than four members of the Board, but in the case of reserves on demand deposits or negotiable order of withdrawal accounts, after consultation by the Board with the Federal Home Loan Bank Board, within the following limitations:

"(1) In the case of any member bank or member of the Federal Home Loan Bank System, the minimum reserve ratio for any demand deposit or negotiable order of withdrawal deposit account shall be not less than 1 per centum and not more than 22 per centum. Reserve ratios for negotiable order of withdrawal deposits may be set at a level different from that applicable to demand deposits.

"(2) In the case of any deposit in a member bank other than a demand deposit, the minimum reserve ratio shall be not less than 1 per centum and not more than 5 per centum for savings deposits and not less than 1 per centum and not more than 10 per centum on time deposits. The Board may, however, prescribe any reserve ratio, not more than 22 per centum, with respect to any indebtedness of a member bank that arises out of a transaction in the ordinary course of its banking business with respect to either funds received or credit extended by such bank to a bank organized under the law of the foreign country or a dependency or insular possession of the United States.".

(c) Subsection (c) of section 19 of the Federal Reserve Act, as amended (12 U.S.C. 461(c)), is amended to read as follows:

"(c) Reserves held by any member bank to meet the requirements imposed pursuant to subsection (b) of this section shall be in any form which the Board may, by regulation, prescribe.".

SEC. 202. (a) Section 2 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1462), is amended by adding at the end thereof the following new subsection:

"(e) The term 'negotiable order of withdrawal account' means an account on which payment of interest may be made on a deposit with respect to which the depository institution may require the depositor to give notice of an intended withdrawal not less than thirty days before the withdrawal is made, even though in practice such notice is not required and the depositor is allowed to make withdrawals by negotiable or transferable instrument for the purpose of making payments to third persons or otherwise.".

(b) Section 5 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464), is amended by deleting "savings" at each place it appears before "account" or "accounts".

(c) Paragraph (1) of subsection (b) of section 5 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(b)), is amended (1) by deleting the first sentence and substituting the following in lieu thereof: "An association may raise capital in the form of deposits, shares, or other accounts (all of which are referred to in this section as accounts), including demand accounts, as are authorized by its charter or by regulations of the Board, and may issue such passbooks, certificates, or other evidence of accounts as are so authorized."; (2) by deleting "in the case of savings accounts for fixed or minimum terms of not less than thirty days" in the third sentence; (3) by deleting "The payment" in the fourth sentence and inserting in lieu thereof: "Except as otherwise provided by the Board, the payment"; and (4) by deleting the last sentence thereof and substituting the following: "An association may permit withdrawal or transfer of accounts on negotiable, transferable or non-transferable check, order, or authorization, and may grant overdrafts.".

(d) Subsection (b) of section (5) of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(b)), is amended by adding a new paragraph (3) to read as follows:

"(3) Without regard to any other provision of this section, an association is authorized to issue credit cards, extend credit, and otherwise engage in or participate in credit card operations.".

(e) Subsection (c) of section 5 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(c)), is amended by striking "the State, District, Commonwealth, territory, or possession in which the home office of the association is located, if the entire capital stock of such corporation is available for purchase only by savings and loan associations of that State, District, Commonwealth, territory, or possession and by Federal savings and loan associations having their home offices therein" and substituting therefor: "a State, if the entire capital stock of such corporation is held only by one or more institutions of a type eligible for insurance accounts by the Federal Savings Insurance Corporation, redesignated by section 401(c) of the Financial Institutions Act of 1975,".

(f) Subsection (e) of section 11 of the Federal Home Loan Bank Act, as amended (12 U.S.C. 1431(e)), is amended by adding at the end thereof: "The Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among the Federal Home Loan Banks and members thereof and may, at its discretion, exercise the functions of a clearinghouse for such banks or designate any such bank to exercise such function, and may also require any such bank or banks to exercise the function of a clearinghouse for members. The Board may also at its discretion provide that any such bank may or shall, upon such terms and conditions as the Board may prescribe, receive deposits from any nonmember institutions. Any private organization or other organization or person providing clearinghouse services to commercial banks shall provide equal access to Federal Home Loan Banks and members thereof.".

(g) The first sentence of section 13 of the Federal Reserve Act, as amended (12 U.S.C. 342), is amended by inserting after "may receive from any nonmember bank or trust company", the following: "or, without limitation by or on any other provision of law, but subject to approval by the Board of Governors and the Federal Home Loan Bank Board by regulation or otherwise, from any Federal Home Loan Bank or member thereof".

(h) Section 16 of the Federal Reserve Act, as amended (12 U.S.C. 248(o)), is amended by changing the period at the end thereof to a colon and by adding the following proviso: "*Provided*, That whenever any such Federal Reserve Bank exercises any of the functions of a clearinghouse for its member banks, it shall offer the same services on an equitable basis to each Federal Home Loan Bank and members thereof except that, to such extent as the Federal Home Loan Bank Board may provide, items cleared for any such Federal Home Loan Bank member shall be cleared against the reserve account or accounts of such member maintained at its Federal Home Loan Bank.".

(i) Section 5A of the Federal Home Loan Bank Act, as amended (12 U.S.C. 1425a), is amended by adding a new subsection thereto as follows:

"(g) Each such institution shall maintain reserves against its demand accounts and negotiable order of withdrawal accounts, in balances in the Federal Home Loan Bank of which it is a member or which is designated by the Board and in currency and coin held by such institution, or such part thereof as the Board may prescribe, or in such other form as the Board of Governors of the Federal Reserve System may provide for similar reserves of member banks, equal to not less than such percentages of its aggregate amounts of such accounts (not less than 1 per centum nor more than 22 per centum) as may be established by the Board based on determinations made by the Board of Governors after consultation with the Board. Such determination and consultation shall take into consideration the various types of accounts of the institutions, the length of time such accounts have been offered by any institution, and such other factors as may be deemed appropriate, and different percentages may be prescribed on the basis of such considerations. The term 'cash' as used in subsection (b) shall include any currency, coin, or holdings eligible to be considered as reserves under the first sentence of this subsection. For purposes of subections (d) and (e) and the first sentence of subsection (c) of this section, the terms 'liquidity requirement' and 'liquidity' shall, except to such extent as the Board may otherwise provide, respectively include the requirements and the holdings referred to in this subsection.".

(j) Subsection (b) of section 5A of the Federal Home Loan Bank Act (12 U.S.C. 1425a (b)), is amended by striking "4 per centum" and inserting "1 per centum" in lieu thereof.

Sec. 203. Section 2 of the Act of August 16, 1973 (Public Law 93–100) (12 U.S.C. 1832) is repealed.

TITLE III—LENDING AND INVESTMENT POWERS

Sec. 301. (a) Subsection (c) of section 5 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464 (c)), is amended by adding immediately after the last paragraph thereof a new paragraph as follows:

"Without regard to any other provision of this subsection, an association is authorized, without limitation (including any percentage limitations) except as provided in this sentence by the Board, to invest in, sell, or service the following loans, including obligations and advances of credit, and investments and interests therein: (1) consumer loans, as defined by the Board; (2) real estate loans secured by real property, or made on the basis of general creditworthiness, including loans made for the alteration, repair or improvement of real property; (3) loans made to finance construction; (4) equity or debt securities for, or real estate for, or loans made for community welfare and development where the project is of a civic, community or public nature and not exclusively private and entrepreneurial; and (5) commercial paper, corporate debt securities, and bankers' acceptances as defined and approved by the Board for such investment: *Provided*, That no investment shall be made by an association under the first numbered clause of this sentence if the aggregate investment by the association under that clause, determined as prescribed by the Board, exclusive of any investment which is or at the time of its making was otherwise authorized, would thereupon exceed 10 per centum of its assets, except that the aggregate amounts authorized to be invested under the fourth and fifth numbered clauses of this sentence but not so invested may be so invested under said first clause: *And provided further*, That no investment shall be made by an association under the fourth numbered clause of this sentence if the aggregate investment by the association under that clause, determined as prescribed by the Board, would thereupon exceed 3 per centum of its assets: *And provided further*, That no investment shall be made by an association under the fifth numbered clause of this sentence if the aggregate investment by the association under that clause, determined as prescribed by the Board, exclusive of any investment which is or at the time of its making was otherwise authorized, would thereupon exceed 10 per centum of its assets, except that the Board may approve such investments in the first year after enactment of this sentence only to the extent of 2 per centum of assets, which amount may be increased to 4 per centum in the second year, 6 per centum in the third year, 8 per centum in the fourth year, and 10 per centum in succeeding years after the fourth year following such enactment.".

(b) The second proviso of the first sentence of said subsection (c) is amended to read as follows: "*And provided further*, That any portion of the assets of such associations may be invested in obligations, participations, or other securities or instruments of, or issued by, or acquired from, or having the benefit of any insurance guaranty or assistance by, any one or more of the following, namely, the United States, a State, a county, municipality, or political subdivision of any State, any district, public instrumentality, or authority of any one or more of the foregoing, or the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, a Federal Home Loan Bank, or any other agency of the United States, or in the stock of a Federal Home Loan Bank or the Federal National Mortgage Association, or in demand, savings and time deposits, certificates, or accounts of any bank or other financial institution the deposits or accounts of which are insured by the Federal Deposit Insurance Corporation or the Federal Savings Insurance Corporation, redesignated by section 401(c) of the Financial Institutions Act of 1975; or in obligations or other instruments or securities of the Student Loan Marketing Association; and as used in this section, the term 'State' shall include the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States;".

(c) Subsection (b) of section 5A of the Federal Home Loan Bank Act, as amended (12 U.S.C. 1425a(b)), is amended by inserting before "and commercial banks" the following: ", insured institutions as defined in section 401(a) of the National Housing Act,".

(d) Section 408(e)(1)(A)(iii) of the National Housing Act, as amended (12 U.S.C. 1730a(e)(1)(A)(iii)), is amended by inserting "(other than shares representing withdrawable accounts subject to such limitations as the Corporation may prescribe)" after the words "an insured institution not a subsidiary".

(e) Section 10 of the Federal Home Loan Bank Act is amended (1) by deleting the first two sentences of subsection (b), and (2) by amending subsection (a) to read as follows: "Each Federal Home Loan Bank is authorized to make secured advances to its members upon such security as the Board may prescribe.".

Sec. 302. (a) The first partial sentence of paragraph Seventh of section 5136 of the Revised Statutes of the United States, as amended (12 U.S.C. 24), is amended to read as follows:

"Seventh. To exercise by its board of directors of duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of banking; by discounting and negotiating promissory notes, drafts, bills of exchange and other evidence of debt; by receiving deposits; by buying and selling exchange, coin, or bullion; by granting overdrafts and making loans secured by personal property or real estate or on the basis of general creditworthiness; and by issuing capital debentures subject to rules and regulations promulgated by the Comptroller of the Currency.".

(b) Section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), is repealed.

(c) Paragraph Eighth of section 5136 of the Revised Statutes of the United States, as amended (12 U.S.C. 24), is amended to read as follows:

"Eighth. To make contributions for charitable, philanthropic, or benevolent purposes conductive to public welfare; and to invest in loans for, or in equity or debt securities for, or in real estate for community welfare and development where the project is of a civic, community, or public nature and not exclusively private and entrepreneurial in an amount not to exceed 3 per centum of total assets.".

Sec. 303. The last sentence of section 10 (b) of the Federal Reserve Act, as amended (12 U.S.C. 347b), is repealed.

TITLE IV—CHARTERS FOR THRIFT INSTITUTIONS

SEC. 401. (a) Subsection (d) of section 2 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1462), is amended to read as follows:

"(d) The terms 'association' or 'Federal association' mean a Federal savings and loan association or a Federal savings bank chartered by the Board under section 5 of this Act, and any reference in any law to a Federal savings and loan association shall be deemed to be also a reference to a Federal savings bank, but except as otherwise expressly provided by Federal statute or by the Board, no reference to a bank or banks in any statute of the United States shall be deemed to be a reference to a Federal savings and loan association or a Federal savings bank. As used in this Act, references to a 'building and loan association', 'savings and loan association', or 'institution' which is chartered or organized under State laws include any institution organized under such laws and of a type which may be eligible for insurance of accounts under title IV of the National Housing Act, as amended (12 U.S.C. 1724 et seq.); the terms 'Federal mutual association', 'Federal stock association', 'State mutual association', and 'State stock institution' differentiate such associations and institutions on the basis of their capital structure.".

(b) Subsection (a) of section 5 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(a)), is amended to read as follows:

"(a) In order to provide thrift institutions in which people may invest their funds and in order to provide for the financing of homes and family and consumer needs, the Board is authorized to provide for the organization, incorporation, conversion, examination, operation, and regulation, under such rules, regulations (including definitions of terms used in this Act), or orders as it may prescribe, of associations which may be known as 'Federal Savings and Loan Associations' or 'Federal Savings Banks', and in issuing charters therefor, the Board shall give primary consideration to the best practices of thrift institutions and the needs of the families, consumers and community to be served. An association which was formerly organized as a savings bank under State law may, to the extent authorized by the Board, continue and retain its authority to provide life insurance and its equity and corporate bond investments at levels determined by its average ratio of such investments of total assets for the five year period, January 1, 1970, through December 31, 1974.".

(c) Subsection (a) of section 402 of the National Housing Act, as amended (12 U.S.C. 1725(a)), is amended to read as follows:

"(a) The Federal Savings and Loan Insurance Corporation is redesignated as the Federal Savings Insurance Corporation (hereinafter referred to as the 'Corporation') and reference in this title and in any other law to the Federal Savings and Loan Insurance Corporation shall be deemed to be references to the Corporation. The Corporation shall insure the accounts of institutions eligible for insurance as hereinafter provided. The Corporation shall be under the direction of the Federal Home Loan Bank Board and is authorized to issue such rules, regulations, and orders as it may deem necessary or appropriate to enable it to administer and carry out the purposes of this title and to require compliance therewith and prevent evasions thereof. The principal office of the Corporation shall be in the District of Columbia.".

(d) Subsection (a) of section 403 of the National Housing Act, as amended (12 U.S.C. 1726(a)), is amended by deleting the comma after "Federal savings and loan associations" and by adding thereafter "and Federal savings banks.".

(e) Paragraph (2) of subsection (b) of section 5 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(b)(2)), is amended by changing "(except capital stock)" to "(including capital stock)".

(f) Subsection (i) of section 5 of the Home Owners' Loan Act of 1933, as amended (12 U.S.C. 1464(i)), is amended to read as follows:

"(i) (1) Subject to such rules, regulations, or orders as the Board may prescribe, any State mutual institution and any credit union may convert to a Federal mutual association, and any State stock institution may convert to a Federal stock association, upon a vote of at least a majority of the votes cast at a meeting of its members or shareholders properly called to consider such action.

"(2) Any Federal mutual association may convert to a State mutual institution, and any Federal stock association may convert to a State stock institution, organized under the laws of the State in which its home office is located: *Provided*, That—

"(A) the laws of such State permit a similar institution of the State to convert into a Federal association;

"(B) such conversion into a State institution is approved by a majority of the votes cast at a special meeting called to consider such action and complies with other requirements reciprocally equivalent to the requirements of such State laws for the conversion of a State institution into a Federal association;

"(C) notice of the meeting called for the purpose of voting on such conversion into a State institution shall expressly state that the meeting is called to vote on conversion, shall include a full and accurate description of the plan of conversion (including a discussion of the probable income tax consequences, if any, of the conversion to the account holders or shareholders and the association) and all other matters to be brought before the meeting, shall include a proxy form covering that meeting only, and shall state the time, date, and place of the meeting; the notice shall be mailed, postage prepaid, at least ten days prior to the date of the meeting to each voting member or shareholder of the association at his last address as shown on the books of the association and to the Board; and

"(D) such conversion shall be effective upon the date that all provisions of this Act and regulations thereunder have been fully complied with and a new charter has been issued by such State.

"(3) A Federal mutual association may convert to a State mutual institution and a Federal stock association may convert to a State stock institution upon an equitable basis subject to the approval, by regulations or otherwise, of the Board.

"(4) (A) A Federal mutual association may convert to either a Federal stock association or a State stock institution, and a State mutual institution or any credit union may convert to a Federal stock institution, upon an equitable basis and subject to the approval by regulations or otherwise of the Board.

"(B) In issuing rules, regulations, and orders to implement this paragraph, the Board shall take action to assure that accurate and adequate disclosure of the terms and effects of plans of conversion is provided to account holder members and other purchasers of capital stock in converted associations; that adjustments are made in plans of conversion to be effected by way of merger or holding company acquisition necessary or appropriate to accomplish the purpose of this paragraph; that plans of conversion and proxy statements, offering circulars and related instruments and actions implementing such plans are subject to appropriate review and approval; that the capital stock issued as a part of conversion is fairly and independently valued and priced; that such capital stock is allocated and distributed fairly and without manipulative or deceptive devices being employed; that appropriate provision is made regarding fractional share interests and minimum capital stock purchase requirements; that a liquidation account for the benefit of account holder members of the converting association is established; and that plans of conversion are adopted and implemented in a form and manner such that stability and continuity of management are encouraged and that the stability, safety, and soundness of savings and loan associations and other financial institutions are not impaired.

"(5) Any other conversion involving a Federal savings and loan association shall be effected only in accordance with such rules, regulations, and orders as the Board may prescribe.".

(g) Section 403 of the National Housing Act, as amended (12 U.S.C. 1726), is amended by adding at the end thereof a new subsection (e) to read as follows:

"(e) (1) A State-chartered mutual insurance institution may change from that type of institution to a State-chartered institution having capital stock only by complying with the requirements of State law and the same requirements that are applicable to conversions under section 5 (i) (4) of the Home Owners' Loan Act of 1933, as amended: *Provided*, That for purposes of this paragraph the references in said section (5) (i) (4) to the Federal Home Loan Bank Board shall be deemed references to the Corporation.

"(2) A State-chartered insured institution having capital stock may change from that form of institution to a State-chartered mutual institution of a type insurable by the Corporation in accordance with State law and such rules, regulations, and orders as the Corporation may prescribe.

"(3) The Corporation is authorized to issue such rules, regulations, and orders, including definitions of terms, as it may deem necessary or appropriate to effectuate the purposes of this subsection and to exercise such remedies as may be available to it or the Federal Home Loan Bank Board under laws as now in effect or as they may be hereafter amended.".

(h) Section 402 of the National Housing Act, as amended (12 U.S.C. 1725), is amended (1) by inserting in paragraph (4) of subsection (j) after the words "plan of conversion pursuant to" the words "section 5 of the Home Owners' Loan Act of 1933 or" and by redesignating said paragraph as paragraph (4) of subsection (e) of section 403 of said Act and (2) by striking the remainder of said subsection (j).

TITLE V—CREDIT UNIONS

SEC. 501. Section 101 of the Federal Credit Union Act, as amended (12 U.S.C. 1752), is amended by redesignating the last numbered paragraph (4) as paragraph (5) and by redesignating paragraphs (5) through (8) as paragraphs (6) through (9), respectively.

SEC. 502. Redesignated paragraph (5) of section 101 of the Federal Credit Union Act, as amended (12 U.S.C. 1752), defining "member accounts" and "account", is amended to read as follows:

"(5) The terms 'member account' and 'account' (when referring to the account of a member of a credit union) mean a share, share certificate, or when referring to the account of a federally insured State credit union, may also mean a deposit account, but not a demand deposit or checking account, of a type approved by the Adminstrator which evidences money or its equivalent received or held by a credit union in the usual course of business and for which it has given or is obligated to give credit to the account of the member, and, in the case of a credit union serving predominantly low-income members (as defined by the Administrator), such terms (when referring to the account of a non-member served by such credit union) mean a share, share certificate, or, when referring to the account of a federally insured State credit union, deposit account, but not a demand deposit or checking account, of such nonmember which is of a type approved by the Administrator and evidences money or its equivalent received or held by such credit union in the usual course of business and for which it has given or is obligated to give credit to the account of such nonmember;".

SEC. 503. Section 103 of the Federal Credit Union Act, as amended (12 U.S.C. 1753), is amended—

(1) by striking out the words "some officer competent to administer oaths" and inserting "a witness either individually or collectively," in lieu thereof; and

(2) by striking out the words "$5 each" at the end of paragraph (4) thereof and inserting in lieu thereof: "in $5 multiples, not less than $5 and not more than $25 each;".

SEC. 504. Paragraph (5) of section 107 of the Federal Credit Union Act, as amended (12 U.S.C. 1757), is amended—

(1) by striking out in the first partial sentence the words "to make unsecured loans with maturities not exceeding five years, and secured loans with maturities not exceeding ten years," and substituting in lieu thereof the words "to make unsecured loans with maturities not exceeding seven years, and secured loans with maturities not exceeding twelve years,";

(2) by adding, after the words "may be for the maturities specified therein", the following words "and residential real estate loans for the residences of credit union members with maturities not exceeding thirty years on the security of first liens upon one-to-four family dwellings to be used by the credit union member as his residence, subject to the rules and regulations of the Administrator";

(3) by striking out the words "for provident or productive purposes" and inserting "at a fair and reasonable rate of interest" in lieu thereof;

(4) by adding after the words "unpaid balances" the words "or such higher rates of interest as approved for all Federal credit unions by the Administrator"; and

(5) by deleting the semicolon at the end of paragraph (5), inserting a period in lieu thereof, and adding the following sentence: "A Federal credit union may offer to its members lines of credit which shall be in accordance with the regulations promulgated by the Administrator. The term 'lines of credit' means loans up to a stated maximum amount on certain terms and conditions to a member borrower which may be different from terms and conditions to another member borrower.".

SEC. 505. Paragraph (7) of section 107 of the Federal Credit Union Act, as amended (12 U.S.C. 1757), is amended to read as follows:

"(7) to receive from its members or other federally insured credit unions and, in the case of credit unions serving predominantly low-income members (as defined by the Administrator) to receive from nonmembers (A) payments on shares; and (B) payments on share certificates which may be issued at varying dividend rates and maturities as prescribed in regulations promulgated by the Administrator; and to receive from an officer, employee, or agent of those nonmember units of Federal, State, or local governments and political subdivisions thereof enumerated in section 207 of this Act (12 U.S.C. 1787) and in the manner so prescribed payments on shares, share certificates, and share deposits.".

SEC. 506. Paragraph (8)(H) of section 107 of the Federal Credit Union Act, as amended (12 U.S.C. 1757), is amended to read as follows:

"(H) in shares, share certificates, or, when referring to the accounts of a federally insured State credit union, deposit accounts, but not demand deposits or checking accounts, of federally insured credit unions.".

SEC. 507. Section 114 of the Federal Credit Union Act, as amended (12 U.S.C. 1761c), is amended to read as follows: "The credit committee shall hold such meetings as the business of the Federal credit union may require and not less frequently than once a month to consider applications for loans and lines of credit offered in accordance with regulations promulgated by the Administrator. Reasonable notice of such meetings shall be given to all members of the committee. No loan or line of credit shall be made unless it is approved by a majority of the entire committee; except that the credit committee may appoint one or more loan officers and delegate to him or them the power to approve loans and lines of credit. Each loan officer shall furnish to the credit committee a record of each loan and line of credit approved or not approved by him within seven days of the date of the filing of the application therefor. All loans and lines of credit not approved by a loan officer shall be acted upon by the credit committee. No individual shall have the authority to disburse funds of the Federal credit union for any loan or line of credit which has been approved by him in his capacity as a loan officer. Not more than one member of the credit committee may be appointed as a loan officer. Applications for loans and lines of credit shall be made on forms prepared by such committee, which shall set forth the purpose for which the loan or line of credit is desired, the security, if any, and such other date as may be required. No loan or line of credit which is not adequately secured may be made to any member, if, upon making of that loan or line of credit, the member would be indebted to the Federal credit union upon loans or lines of credit made to him in an aggregate amount which, in the case of a credit union whose unimpaired capital and surplus is less than $8,000, would exceed $400, or which, in the case of any other credit union, would exceed $5,000 or 2½ per centum of its unimpaired capital and surplus, whichever is less, or such greater amount as may be authorized for an individual credit union by the Administrator. No loan or line of credit may be made to any member if, upon the making of that loan or line of credit, the member would be indebted to the Federal credit union upon loans or lines of credit made to him in an aggregate amount which would exceed $200 or 10 per centum of the credit union's unimpaired capital and surplus, whichever is greater. For the purposes of this section, an assignment of shares or the endorsement of a note shall be deemed security and, subject to such regulations as the Administrator may prescribe, insurance obtained under Title I of the National Housing Act shall be deemed adequate security.".

SEC. 508. Subsection (b)(3)(B) of section 120 of the Federal Credit Union Act, as amended (12 U.S.C. 1766), is amended by inserting the words "and share certificates" after the word "shares".

SEC. 509. The Federal Credit Union Act, as amended (12 U.S.C. 1751–1790), shall be further amended by inserting immediately after section 219 the following:

"TITLE III—NATIONAL CREDIT UNION ADMINISTRATION DISCOUNT FUND

"Findings and Purpose

"SEC. 301. The Congress finds that the stability of credit unions will encourage savings and will be promoted by establishing a National Credit Union Administration Discount Fund to provide funds to meet emergency and temporary liquidity problems of its members.

"Definitions

"SEC. 302. As used in this title—

"(1) The term 'member' means any shareholder in the National Credit Union Administration Discount Fund.

"(2) The term 'Federal credit union' means a Federal credit union organized in accordance with the provisions of the Federal Credit Union Act.

"(3) The term 'federally insured credit union' means any credit union insured by the National Credit Union Administration Share Insurance Fund.

"(4) The term 'State-insured credit union' means any credit union insured by an agency of any State government.

"(5) The term 'Administrator' means the Administrator of the National Credit Union Administration.

"(6) The term 'Board' means the National Credit Union Board.

"(7) The term 'paid-in and unimpaired capital and surplus' means the balance of the paid-in shares account as of a given date, less any loss that may have been incurred for which there is no reserve or which have not been charged against undivided earnings; plus the credit balance (or less the debit balance) of the undivided earnings account as of a given date, after all losses have been provided for and net earnings or net losses have been added thereto or deducted therefrom. Reserves shall not be considered as part of surplus.

"(8) The term 'emergency temporary liquidity problem means any abnormal, immediate demand upon the cash and/or working capital of a credit union in connection with share, share certificate, or deposit account withdrawals wherein such credit union does not have, nor will have in the immediate future, the liquid assets from which to satisfy such demand.

"Establishment of the National Credit Union Administration Discount Fund

"SEC. 303. There is hereby created the National Credit Union Administration Discount Fund (hereinafter referred to as the 'Discount Fund') which shall exist until dissolved by act of Congress. The principal office of the Discount Fund shall be located at the principal office of the National Credit Union Administration, but the Administrator of the National Credit Union Administration may establish such district and branch offices as he deems necessary and appropriate.

"Management of the National Credit Credit Union

"SEC. 304. The management of the Discount Fund shall be vested in the Administrator. The Board of the National Credit Union Administration shall also be the Board for the Discount Fund. The Administrator shall seek the advice, counsel, and guidance of the Board with respect to matters of policy relating to the activities and functions of the Discount Fund under this Act. The relationship between the Board and the Administrator shall be the same as the relationship between the Board and the Administrator under title I of the Act. The Administrator shall:

"(a) Administer the affairs of the Discount Fund fairly and impartially and without discrimination in favor of or against any member, and shall, subject to the provisions of this Act, extend to each credit union authorized to secure advances such advances as may be made safely and reasonably with due regard for the claims and demands of other members, and with due regard for the claims and demands of other members, and with due regard to the maintenance of adequate credit standing for the Discount Fund and its obligations. In order to carry out the duties and responsibilities accorded the Administrator by this title, the Administrator is authorized to issue such rules and regulations as may be necessary.

"(b) The Administrator is authorized to appoint such officers and employees as are not otherwise provided for in this Act, to define their duties, fix their compensation, require bonds of such officers or employees. Nothing in this or any other Act shall be construed to prevent the appointment and compensation as an officer or employee of the Administration of any officer or employee of the United States in any board, commission, independent establishment, or executive department thereof.

"OPERATION OF THE BOARD

"SEC. 305. The Board will operate in the same manner as prescribed in the Federal Credit Union Act, subchapter I and be entitled to the same privileges and benefits as set forth therein.

"INITIAL EXPENSES

"SEC. 306. In order to facilitate the formation of the Discount Fund the Secretary of the Treasury is authorized to advance an amount not in excess of $250,000 to be utilized for the initial organizational and operating expenses of the Discount Fund. Such advance shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities.

"CAPITALIZATION OF THE DISCOUNT FUND

"SEC. 307. (a) As soon as practicable after the effective date of this title, the Administrator shall open books for subscription to the capital stock of the Discount Fund.

"(b) The capital stock of the Discount Fund shall be divided into shares of a par value of $50 each. The minimum capital stock shall be issued at par. Stock issued thereafter shall be issued at such price not less than par as may be fixed by the Administrator.

"(c) (1) The original stock subscription of each credit union eligible to become a member under subsections (f) and (g) of this section shall be an amount equal to at least one-half of 1 per centum of the subscriber's paid-in and unimpaired capital and surplus, but not less than $50. Only one-half of the required subscription amount must be transferred to the Discount Fund. The other one-half may be held by the credit union on call of the Administrator. Any amount on call may be invested in authorized investments under title I of this Act if they can be immediately liquidated. The Discount Fund shall annually adjust, at the close of the calendar year, in such manner and upon such terms and conditions as the Administrator may prescribe, the amount of stock held by each member so that such member shall have invested in the stock of the Discount Fund at least an amount calculated in the manner provided in the preceding sentence (but not less than $50). If the investment of any member in stock is greater than that required under this subsection, it may, unless prohibited by the Administrator or by the provisions of the paragraph (2) of this subsection, in its discretion and upon application of such member, retire the stock of such member in excess of the amount so required. The Administrator may provide for adjustment in the amounts of stock to be issued or retired in that stock may be issued or retired only in entire shares.

"(2) The provisions of paragraph (1) of this subsection shall be subject to the following limitation: 'Notwithstanding any other provisions of this subsection, no action shall be taken by the Administrator with respect to any member pursuant to any of the foregoing provisions of this subsection if the effect of such action would be to cause the aggregate outstanding advances, within the meaning of section 303 of this Act or within the meaning of regulations of the Administrator defining the term for the purposes of this sentence, made by the Discount Fund to such member to exceed twelve times the amounts paid in by such member for outstanding capital stock held by such member.'

"(3) Upon retirement of stock of any member, the Discount Fund shall pay such member for the stock retired an amount equal to the par value of such stock, or, at the election of the Administrator, the whole or any part of the payment which would otherwise be so made shall be credited upon the indebtedness of the members to the Discount Fund. In either such event, stock equal in par value to the amount of the payment or credit, or both, as the case may be, shall be canceled.

"(4) The Administrator may require each member to submit such reports and information as the Administrator deems necessary or appropriate to carry out his duties and responsibilities.

"(d) Stock subscriptions shall be paid for in cash, as prescribed in section 307(c), and shall be paid for at the time of application therefor, or, at the election of the subscriber, in installments, but not less than one-fourth of the total amount payable shall be paid at the time of filing the application, and a further sum of not less than one-fourth of such total shall have been paid at the end of each succeeding four months.

"(e) Stock subscribed for shall not be transferred or hypothecated except as provided herein and the certificates therefor shall so state.

"(f) Each federally or State-insured credit union may apply for membership in the Discount Fund within six months of the effective date of this Act, except that such credit unions chartered after enactment of this title may apply within twelve months of the effective date of charter. Thereafter, a federally or State-insured credit union may join at any time but may not borrow from the Discount Fund for a period of twelve months.

"(g) Any member may withdraw from membership in the Discount Fund six months after filing with the Discount Fund written notice of its intention to do so. The Administration may, after a hearing, under procedures set forth in regulations issued by the Administrator, remove any member from membership, if, in his opinion, the member (i) has failed to comply with any provisions of this Act or regulation of the Administration issued puruant thereto, or (ii) is insolvent as defined by the rules and regulations, or (iii) is bankrupt. In such case, the indebtedness of such member to the Discount Fund shall be liquidated and the capital stock owned by such member surrendered and canceled. Upon the liquidation of such indebtedness, such member shall be entitled to the return of his collateral, and, upon the surrender and cancellation of such capital stock, the member shall receive a sum equal to the cash paid for subscriptions for the capital stock surrendered.

"(h) All members of the Discount Fund shall share, in proportion to their holdings, in annual divided distributions without preference from the net earnings, the rate of said distribution and the manner of arriving at same to be determined by the Administrator.

"NEWLY ORGANIZED CREDIT UNIONS

"SEC. 308. Each credit union which is chartered after the enactment of this title and which is accepted for membership in the Discount Fund within one year from the date it is chartered shall pay $25 in cash to be credited to its purchase of stock in the Discount Fund. At the expiration of one year from the date of its charter, a newly organized credit union which is accepted for membership in the Discount Fund shall subscribe for stock in the Discount Fund in an amount equal to one-half of 1 per centum of the paid-in and unimpaired capital and surplus, but in no event shall this amount be less than $50.

"OPERATIONS AND POWERS OF THE ADMINISTRATOR IN ADMINISTERING THE DISCOUNT FUND

"SEC. 309. (a) The Administrator shall have power, subject to rules and regulations prescribed by him, to borrow and to give security therefor and to pay interest thereon, to issue debentures, bonds, or other obligations to the Secretary of the Treasury upon such terms and conditions as the Administrator, with the advice and consent of the Secretary of the Treasury, may approve.

"(b) The banking or checking accounts of the Discount Fund shall be kept with the Treasurer of the United States, or, with the approval of the Secretary of the Treasury, with a Federal Reserve Bank, or with a bank designated as a depository or fiscal agent of the United States; *Provided*, That the Secretary of the Tresury may waive the requirements of this subsection under such conditions as he may determine: *And provided further*, That this subsection will not apply to the establishment and maintenance in any bank for a temporary period of banking and checking accounts not in excess of $50,000 in any one bank.

"(c) The Discount Fund may purchase from any member with its endorsement, any note, draft, or other such obligation presented by the member, under limits to be established by the Administrator.

"(d) The Discount Fund shall have succession, until dissolved in accordance with this Act or any other Act of Congress; shall have power in its own name to sue and be sued, to make contracts, to acquire, hold, and dispose of real and personal property necessary and incident to the conduct of its business, to prescribe fees and charges for advances or other services, and to exercise such other powers as may be necessary or incident to carrying out the powers and duties under this Act or any other Act of Congress.

"(e) Debentures, bonds, or other obligations issued under paragraph (a) shall at no time exceed five times the total paid-in capital of the Discount Fund as of the time of issue of such debentures, bonds, or other obligations.

"(f) Such part of the assets of the Discount Fund as are not required for advances to members or other purposes specified by this Act may be invested, to such extent as the Administrator, with the approval of the Secretary of the Treasury, may deem desirable, in obligations of the United States, in obligations fully guaranteed by the United States, or in obligations or participations issued by an agency or instrumentality of the United States or by an agency of the United States in trust for another agency of the United States.

"ADVANCES

"SEC. 310. (a) ADVANCES BY THE DISCOUNT FUND.—

"(1) Any member of the Discount Fund shall be entitled to apply in writing for advances. Such application shall be in a form prescribed by the Administrator. The Administrator may grant or deny any application, upon such conditions, terms, and maturities as he may prescribe: *Provided, however*, That the aggregate outstanding advances shall not exceed twelve times the amount paid in by such member for outstanding capital stock subscribed to by such member.

"(2) The Administrator is authorized to make advances to members upon such security as he may prescribe. Such security may include, but not necessarily be limited to, obligations of the United States, obligations or participations issued by an agency or instrumentality of the United States or by an agency of the United States in trust for another agency of the United States, or notes made by the member in the form of loans to natural persons. Any such advances shall be subject to the following limitations:

"(A) If secured by loans made by the member in the form of loans to a natural person, the advance may be in an amount not in excess of 80 per centum of the aggregate unpaid principals of the notes.

"(B) If secured by obligations of the United States, obligations fully guaranteed by the United States, or obligations issued in trust by any agency of the United States on behalf of any agency of the United States, the advance shall be for an amount not in excess of the face value of such obligations.

"(3) Advances shall be made upon the note or obligation of the member, secured as provided in this section, bearing such market rate of interest as the Administrator shall determine, and the Discount Fund shall have a lien on and shall hold the stock of such member as further collateral security for all indebtedness of the member of the Discount Fund.

"(4) The credit union applying for an advance shall enter into a primary and unconditional obligation to pay off all advances, together with interest and any unpaid costs and expenses in connection therewith according to the terms under which they were made, in such form as shall meet the requirements of the Discount Fund and the approval of the Administrator. The Discount Fund shall reserve the right to require at any time, when deemed necessary for its protection, deposits of additional collateral security or substitutions of security by the borrowing institution, and each borrowing institution shall assign additional or substituted security when and as required.

"(b) Advances to the Discovery Fund.—The Secretary of the Treasury is authorized to purchase any obligations issued by the Administrator in the event that the Secretary determines that an emergency exists and that there are insufficient funds in the Discount Fund to meet obligations arising under subsection (a) of this section. Advances by the Secretary of the Treasury under this paragraph outstanding at any time shall be limited to such amounts not in excess of $150,000,000 as may be authorized in the appropriation Acts. Such advances shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such advances adjusted to the nearest one-eighth of 1 per centum.

"Audit of Financial Transactions

"Sec. 311. The Administrator shall maintain an integral set of accounts of the Discount Fund which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by section 105 of the Government Corporation Control Act. An annual business-type budget as provided for wholly owned government corporations by the Government Corporation Control Act shall be prepared.

"Annual Report

"Sec. 312. Not later than ninety days after the close of each calendar year, the Administrator shall prepare and submit to the President and to the Congress a full report of the activities of the Discount Fund for each previous fiscal year. This report will be a part of the Administrator's annual report to the President and to the Congress, as required by title I of this Act.

"Reimbursement to National Credit Union Administration

"Sec. 313. The Administrator annually shall determine the expenditures under this Act incurred in carrying out the responsibilities imposed upon him and in conjunction with fees paid for chartering, examination, and supervision of Federal credit unions, shall assess the Discount Fund for its share of such expenses. Receipts derived by the Administrator from the Discount Fund shall be deposited in a special account with the Treasurer of the United States and may be withdrawn therefrom from time to time to defray the expenses of the Administration and the Discount Fund.

"Tax Exemption

"Sec. 314. The Discount Fund, its property, its franchise, capital, reserves, surplus, security holdings, and other funds, and its income shall be exempt from all taxation now and hereafter imposed by the United States or by any State or local taxing authority; except that any real property and tangible personal property of the Discount Fund shall be subject to Federal, State, and local taxation to the same extent according to its value as other such property is taxed."

Amendments to the Federal Credit Union Act

Sec. 512. Section 107 of the Federal Credit Union Act, as amended (12 U.S.C. 1757), is amended by adding at the end thereof the following new subsection numbered (16): "Notwithstanding any other provisions of law, a Federal credit union shall have the power to subscribe for stock in the National Credit Union Administration Discount Fund if otherwise eligible to do so under the terms of this Act, and to exercise such other functions as may be necessary to participate fully as a member of the Discount Fund".

TITLE VI—GOVERNMENT INSURED AND GUARANTEED MORTGAGE LOANS

Sec. 601. Notwithstanding the provisions of sections 203(b) (5), 207(c) (3), 213(d), 220 (d) (4), 220(h) (2) (iii), 221(d) (5), 231(c) (6), 232(d) (3) (B), 234(f), 235(j) (2) (C), 236 (j) (4) (B), 240(c) (4), 241(b) (3), 242(d) (3) (B), and 1101(c) (4) of the National Housing Act, and except as provided with respect to section 2(b) of such Act, interest rates for mortgages and loans insured under the National Housing Act shall be as agreed to by the mortgagee and mortgagor, or lendor and borrower, unless the Secretary determines that such rate is excessive in view of the current interest rates in the mortgage or loan market in the areas involved. The Secretary shall prescribe such regulations as may be necessary to assure that mortgagees do not, directly or indirectly, make any charges in the nature of discounts or points in connection with mortgages insured under the National Housing Act, except as provided with respect to section 2(b). The Secretary is authorized to set the maximum interest rates for programs under section 2(b) by establishing the maximum amounts of discount from the original face amount of such loans as he deems necessary to meet the market.

Sec. 602. Chapter 37 of title 38, United States Code, is amended as follows:

(1) Subsection (c) (1) of section 1803 is amended by putting a period after the phrase "pursuant to this chapter", striking out all that follows thereafter, and inserting in lieu thereof the following: "The interest rate on loans guaranteed or insured under section 1810 of this chapter shall be as agreed to by the lender and borrower, unless the Administrator determines that such rate is excessive in view of the current interest rates in the mortgage or loan market in the areas involved. The Administrator shall prescribe such regulations as may be necessary to assure that lenders do not, directly or indirectly, make any charges in the nature of discounts or points in connection with loans guaranteed under section 1810 or insured under section 1815 of this chapter.

(2) Subsection (a) (5) of section 1810 is amended by deleting the second sentence thereof.

(3) Subsection (c) (1) of section 1811 is amended to read as follows: "he is unable to obtain from a private lender in such housing credit shortage area a loan for which he is qualified under section 1810 or 1819 of this chapter as may be appropriate; and".

(4) Subsection (d) (1) of section 1811 is amended to read as follows: "Loans made under this section shall bear interest at a rate determined by the Administrator, and shall be subject to such requirements or limitations prescribed for loans guaranteed under this title as may be applicable".

TITLE VII—TO PROVIDE FOR THE UNIFORM APPLICATION OF THE TAX LAWS TO ALL FINANCIAL INSTITUTIONS AND A CREDIT FOR INTEREST FROM QUALIFYING REAL PROPERTY LOANS

Sec. 701. Short Title; Etc.

(a) Short Title.—This title may be cited as the "Uniform Tax Treatment of Financial Institutions Title".

(b) Amendment of 1954 Code.—Except as otherwise expressly provided, whenever in this title an amendment is expressed in terms of an amendment to a section or other provision, the reference is to a section or other provision of the Internal Revenue Code of 1954.

Sec. 702. Definition of Bank.

Section 581 (relating to definition of bank) is amended to read as follows:

"Sec. 581. Definition of Bank.

"(a) Definition.—For purposes of this subtitle, the term 'bank' means—

"(1) a bank or trust company doing business under the laws of the United States (including laws relating to the District of Columbia), of any State, or of any Territory, a substantial part of the business of which consists of receiving deposits and making loans and discounts, or of exercising fiduciary powers similar to those permitted to national banks under authority of the Comptroller of the Currency, and which is subject by law to supervision and examination by State, Territorial, or Federal authority having supervision over banking institutions,

"(2) a domestic building and loan association,

"(3) a mutual savings bank not having capital stock represented by shares, and

"(4) a cooperative bank without capital stock organized and operated for mutual purposes and without profit.

"(b) Special Rule for Taxable Years Beginning Before January 1, 1979.—Notwithstanding subsection (a) of this section, for purposes of section 585 (relating to reserves for losses on loans of banks) the term 'bank' shall not include a taxpayer described in subsection (a) (2), (3), or (4) for a taxable year beginning before January 1, 1979, unless the taxpayer makes an election in the manner prescribed by the Secretary or his delegate on or before the due date (including extensions of time) for filing its tax return under this chapter for the taxable year to be a bank for such purpose. The election shall be irrevocable and shall apply to the taxable year and each succeeding taxable year."

Sec. 703. Reserves for Losses on Loans of Banks.

Section 585 (relating to reserves for losses on loans of banks) is amended—

(1) by striking out in subsection (a) (1) "other than an organization to which section 593 applies",

(2) by striking out all after subsection (b) (2) (B) and inserting in lieu thereof the following:

"(C) For purposes of this paragraph, the term 'allowable percentage' means 1.8 percent for taxable years beginning before 1976; 1.2 percent for taxable years beginning after 1975 but before 1982; and 0.6 percent for taxable years beginning after 1981.

"(D) The amount determined under this

paragraph shall not exceed 0.6 percent of eligible loans outstanding at the close of the taxable year or an amount sufficient to increase the reserve for losses on loans to 0.6 percent of eligible loans outstanding at the close of the taxable year, whichever is greater.

"(E) For purposes of this paragraph, the term 'base year' means (except as provided in subparagraph (F))—

"(i) for taxable years beginning before 1976, the last taxable year beginning on or before July 11, 1969, for taxable years beginning after 1975 but before 1982, the last taxable year beginning before 1976, and for taxable years beginning after 1981, the last taxable year beginning before 1982;

"(ii) in the case of a bank described in section 581(a) (2), (3), or (4) which did not make an election under section 581(b) and which had adopted or used either method described in section 593(b) (2) or (4) for the last taxable year beginning on or before December 31, 1978, the taxable year provided in clause (i) of this subparagraph or the last taxable year beginning on or before December 31, 1978, whichever is later; or

"(iii) in the case of a bank described in section 581(a) (2), (3), or (4) which made an election under section 581(b) and which had adopted or used either method described in section 593(b) (2) or (4) for the last taxable year before the first taxable year to which such election applies, the taxable year provided in clause (i) of this subparagraph or the last taxable year before the first taxable year to which the election applies, whichever is later.

"(F) For purposes of subparagraph (A) the term 'base year' means the taxable year provided in subparagraph (E) or the last taxable year before the most recent adoption of the percentage method, whichever is later.",

(3) by inserting in subsection (b)(3), immediately following the last sentence, "With respect to a bank described in section 581 (a) (2), (3), or (4) the adoption or use of the experience method under section 593(b) (1)(A) prior to January 1, 1979 (or, in the case of a bank described in section 581(a) (2), (3), or (4) making an election under section 581(b), prior to the first taxable year to which an election under section 581(b) applies) shall be disregarded when determining the base year.",

(4) by redesignating paragraph "(4)" in subsection (b) as paragraph "(5)", and inserting immediately after paragraph (3) thereof the following:

"(4) CHANGING OF BAD DEBTS.—Any debt becoming worthless or partially worthless shall be charged to the reserve for losses on loans.", and

(5) by inserting immediately after subsection (b) the following new subsection:

"(c) SPECIAL RULES.—

"(1) In the case of a bank described in section 581 (a) (2), (3), or (4) that was in existence on December 31, 1978, and did not make an election under section 581(b), the net amounts, determined as of the close of the last taxable year beginning on or before December 31, 1978, accumulated in the reserve for losses on nonqualifying loans, the reserve for losses on qualifying real property loans, and the supplemental reserve for losses on loans as such reserves were maintained under section 593(c), shall be allocated to and constitute—

"(A) the opening balance of the reserve for losses on loans for the first taxable year beginning after December 31, 1978, and

"(B) the balance of the reserve for losses on loans at the close of the base year, where the base year, as determined under subsection (b) (2) or (3), is the last taxable year beginning on or before December 31, 1978.

"(2) In the case of a bank described in section 581 (a) (2), (3), or (4) that made an election under section 581(b) and was in existence during the taxable year before the first taxable year to which such election applies, the net amounts, determined as of the close of the taxable year before the first taxable year to which the election under section 581(b) applies, accumulated in the reserve for losses on nonqualifying loans, the reserve for losses on qualifying real property loans, and the supplemental reserve for losses on loans as such reserves were maintained under section 593(c), shall be allocated to and constitute—

"(A) the opening balance of the reserve for losses on loans for the first taxable year to which the election under section 581(b) applies, and

"(B) the balance of the reserve for losses on loans at the close of the base year, where the base year, as determined under subsection (b) (2) or (3), is the last taxable year before the first taxable year to which the election applies."

SEC. 704. RULES OF GENERAL APPLICATION TO BANKING INSTITUTIONS.

Part I (relating to Rules of General Application to Banking Institutions) of Subchapter H of Chapter 1 is amended by adding at the end thereof the following new sections:

"SEC. 587. FORECLOSURE ON PROPERTY SECURING LOANS.

"(a) NONRECOGNITION OF GAIN OR LOSS AS A RESULT OF FORECLOSURE.—In the case of a creditor which is a bank defined in section 581, no gain or loss shall be recognized, and no debt shall be considered as becoming worthless or partially worthless, as the result of such bank having bid in at foreclosure, or having otherwise reduced to ownership or possession by agreement or process of law, any property which was security for the payment of any indebtedness.

"(b) CHARACTER OF PROPERTY.—For purposes of sections 166 and 1221, any property acquired in a transaction with respect to which gain or loss to a bank was not recognized by reason of subsection (a) shall be considered as property having the same characteristics as the indebtedness for which such property was security. Any amount realized by such bank with respect to such property shall be treated for purposes of this chapter as a payment on account of such indebtedness, and any loss with respect thereto shall be treated as a bad debt to which the provisions of section 166 (relating to allowance of a deduction for bad debts) apply.

"(c) BASIS.—The basis of any property to which subsection (a) applies shall be the basis of the indebtedness for which such property was secured (determined as of the date of the acquisition of such property), properly increased for costs of acquisition.

"(d) REGULATORY AUTHORITY.—The Secretary or his delegate shall prescribe such regulations as he may deem necessary to carry out the purposes of this section.

"SEC. 588. DISTRIBUTIONS TO SHAREHOLDERS.

"(a) IN GENERAL.—For purposes of this chapter, any distribution of property (as defined in section 317(a)) by a bank described in section 581(a)(2) to which section 585 applies to a shareholder with respect to its stock, if such distribution is not allowable as a deduction under section 591, shall be treated as made—

"(1) first out of its earnings and profits accumulated in taxable years beginning after December 31, 1951, to the extent thereof,

"(2) then out of the reserve for losses on loans to the extent total additions to such reserve exceed the maximum additions which would have been allowed under section 585 (b)(3),

"(3) then out of such other accounts as may be proper.

This subsection shall apply in the case of any distribution in redemption of stock or in partial or complete liquidation of the taxpayer, except that any such distribution shall be treated as made first out of the amount referred to in paragraph (2), second out of the amount referred to in paragraph (1), and then out of such other accounts as may be proper. This subsection shall not apply to any transaction to which section 381 (relating to carryovers in certain corporate acquisitions) applies.

"(b) AMOUNTS CHARGED TO RESERVE ACCOUNTS AND INCLUDED IN GROSS INCOME.—If any distribution is treated under subsection (a) as having been made out of the reserves described in paragraph (2) of such subsection, the amount charged against such reserve shall be the amount which, when reduced by the amount of tax imposed under this chapter and attributable to the inclusion of such amount in gross income, is equal to the amount of such distribution; and the amount so charged against such reserve shall be included in gross income of the taxpayer.

"(c) SPECIAL RULES.—

"(1) For purposes of subsection (a)(2), additions to the reserve for losses on loans for the taxable year in which the distribution occurs shall be taken into account.

"(2) For purposes of computing under section 585 the amount of a reasonable addition to the reserve for losses on loans for any taxable year, any amount charged during any year to such reserve pursuant to the provisions of subsection (b) shall not be taken into account.

"SEC. 589. DEDUCTION FOR REPAYMENT OF CERTAIN LOANS.

"In the case of a bank described in section 581(a)(2), (3), or (4), there shall be allowed as deductions in computing taxable income amounts paid by the taxpayer during the taxable year in repayment of loans made before September 1, 1951, by—

"(1) the United States or any agency or intrumentality thereof which is wholly owned by the United States, or

"(2) any mutual fund established under the authority of the laws of any State.

"SEC. 590. ALTERNATE TAX FOR CERTAIN BANKS CONDUCTING LIFE INSURANCE BUSINESS.

"(a) ALTERNATIVE TAX.—In the case of a bank described in section 581(a)(3), authorized under State law to engage in the business of issuing life insurance contracts, and which conducts a life insurance business in a separate department the accounts of which are maintained separately from the other accounts of the mutual savings bank, there shall be imposed in lieu of the taxes imposerd by section 11 or section 1201(a), a tax consisting of the sum of the partial taxes determined under paragraphs (1) and (2):

"(1) a partial tax computed on the taxable income determined without regard to any items of gross income or deductions properly allocable to the business of the life insurance department, at the rates and in the manner as if this section had not been enacted; and

"(2) a partial tax computed on the income of the life insurance department determined without regard to any items of gross income or deductions not properly allocable to such department, at the rates and in the manner provided in subchapter L (sec. 801 and following) with respect to life insurance companies.

"(b) LIMITATIONS OF SECTION.—Subsection (a) shall apply only if the life insurance department would, if it were treated as a separate corporation, qualify as a life insurance company under section 801.

"SEC. 591. DEDUCTION FOR DIVIDENDS PAID ON DEPOSITS.

"In the case of a bank described in section 581(a) (2), (3), or (4) and other savings institutions chartered and supervised as savings and loan or similar associations under Federal or State law, there shall be allowed as deductions in computing taxable income amounts paid to, or credited to the accounts of, depositors or holders of accounts as dividends or interest on their deposits or withdrawable accounts, if such amounts paid or credited are withdrawable on demand subject only to customary notice of intention to withdraw."

Sec. 705. Mutual Savings Banks, Etc.

(a) Application of Part II.—Section 593 (a) (relating to reserves for losses on loans of certain organizations) is amended by inserting at the end thereof, "This part does not apply to a bank (as defined in section 581) to which section 585 applies."

(b) Repeal.—Section 591 (relating to deduction for dividends paid on deposits), section 592 (relating to deduction for repayment of certain loans), section 594 (relating to alternative tax for mutual savings banks conducting life insurance business), and section 595 (relating to foreclosure on property securing loans) are repealed.

(c) Amendment of Table of Sections.—The table of sections for part II of subchapter H of chapter 1 is amended to read as follows:

"Part II. Mutual savings banks, etc.

"Sec. 593. Reserves for losses on loans.
"Sec. 596. Limitation on dividends received deductions."

(d) Redesignation.—Subchapter H (relating to banking institutions) of chapter 1 is amended by striking out part II, thereof, and redesignating "Part III. Bank Affiliates." as "Part II. Bank Affiliates.".

(e) Amendment of Table of Parts.—The table of parts for subchapter H of chapter 1 is amended by striking out "Part II. Mutual Savings Banks, etc." and "Part III. Bank Affiliates", and inserting in lieu thereof "Part II. Bank Affiliates.".

(f) Effective Date.—The amendments made by subsections (d) and (e) of this section shall be effective December 31, 1979.

Sec. 706. Definitions of Domestic Building and Loan Association and Cooperative Bank.

(a) Domestic Building and Loan Associations.—Section 7701(a)(19) (relating to definition of domestic building and loan association) is amended—

(1) by inserting "a Federal savings bank," after "domestic savings and loan association,"; and

(2) by inserting "in the case of a bank (as defined in section 581) to which section 585 does not apply" at the beginning of subparagraph (C).

(b) Domestic Building and Loan Associations for Taxable Years Beginning After December 31, 1978.—Section 7701(a)(19) (relating to definition of domestic building and loan association) is amended—

(1) by inserting "and" at the end of subparagraph (A);

(2) by striking out "loans; and" in subparagraph (B) and inserting in lieu thereof "loans."; and

(3) by striking out subparagraph (C).

(c) Cooperative Banks.—Section 7701 (a) (32) (relating to definition of cooperative bank) is amended—

(1) by striking out ", and" at the end of subparagraph (A) (ii) and inserting in lieu thereof "; "; and

(2) by striking out subparagraph (B) and inserting in lieu thereof:

"(B) in the case of a bank described in section 581(a)(4) to which section 585 does not apply, meets the requirements of subparagraphs (B) and (C) of paragraph (19) of this subsection (relating to definition of domestic building and loan association); or

"(C) in the case of a bank described in section 581(a)(4) to which section 585 applies, engages principally in the business of acquiring the savings of the public and investing in loans.".

(d) Cooperative Banks for Taxable Years Beginning After December 31, 1978.—Section 7701(a)(32) (relating to definition of cooperative bank) is amended—

(1) by striking out ";" at the end of subparagraph (A) (ii) and inserting in lieu thereof ", and "; and

(2) by striking out all after subparagraph (A) and inserting in lieu thereof;

"(B) engages principally in the business of acquiring the savings of the public and investing in loans.".

(e) Effective Date.—The amendments made by subsections (b) and (d) of this section shall be effective December 31, 1979.

Sec. 707. Credit for Interest From Qualifying Residential Mortgage Loans

Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable) is amended by renumbering section 42 as section 43, and by inserting after section 41 the following new section:

"Sec. 42. Interest From Qualifying Residential Mortgage Loans

"(a) Credit Allowed.—There shall be allowed as a credit against the tax imposed by this chapter for a taxable year the amount determined under subsection (b).

"(b) Determination of Amount.—

"(1) General rule.—The amount of credit allowed by subsection (a) for the taxable year shall be equal to the allowable percentage of the interest received or accrued by the taxpayer from a qualifying residential mortgage loan.

"(2) Allowable percentages.—

"(A) Individuals.—In the case of an individual, the allowable percentage for purposes of this subsection shall be 1.5 percent.

"(B) Other taxpayers.—In the case of a taxpayer other than an individual, the allowable percentage for purposes of this subsection shall be 3.5 percent if, for the taxable year, at least 70 percent of the total assets of such taxpayer are qualifying residential mortgage loans. If, for the taxable year, the percentage of assets of the taxpayer, which are qualifying residential mortgage loans, is less than 70 percent of the total assets of the taxpayer, the allowable percentage shall be 3.5 percent reduced by 1/30 of 1 percentage point for each 1 percentage point (or fraction thereof) of such difference; provided however, that the allowable percentage shall be zero if, for the taxable year, less than 10 percent of the total assets of such taxpayer are qualifying residential mortgage loans.

"(c) Limitations.—

"(1) Application with other credits.—The credit allowed by subsection (a) for a taxable year shall not exceed the tax imposed by this chapter, reduced by the sum of the credits allowable under section 33 (relating to foreign tax credits), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), section 38 (relating to investment in certain depreciable property), section 40 (relating to expenses of work incentive programs), and section 41 (relating to contributions to candidates for public office).

"(2) Verification.—The credit allowed by subsection (a) shall be allowed, with respect to interest from qualifying residential mortgage loans, only if such interest is verified in such manner as the Secretary or his delegate shall prescribed by regulations.

"(d) Qualifying Residential Mortgage Loan Defined.—

"(1) Except as provided in paragraph (2), for purposes of this section, the term 'qualifying residential mortgage loan' means any loan evidenced by an agreement which constitutes a first lien against the real property in the jurisdiction in which such real property is located (provided such property is located in the United States or a possession thereof), which loan is either—

"(A) a loan (including redeemable ground rents, as defined in section 1055) secured by an interest in real property which is (or, from the proceeds of the loan, will become) residential real property, or a loan made for the improvement of residential real property, provided that for purposes of this clause, residential real property shall include single or multifamily dwellings, facilities in residential developments dedicated to public use or property used on a nonprofit basis for residents, and mobile homes not used on a transient basis, or

"(B) a loan secured by an interest in real property located within an urban renewal area to be developed for predominantly residential use under an urban renewal plan approved by the Secretary of Housing and Urban Development under part A or part B of title I of the Housing Act of 1949, as amended, or located within any area covered by a program eligible for assistance under section 103 of the Demonstration Cities and Metropolitan Development Act of 1966, as amended, or a loan made for the improvement of any such real property.

For purposes of subparagraph (A), if a multifamily structure securing a loan is used in part for nonresidential purposes, the entire loan is deemed a qualifying residential mortgage loan if the planned residential use exceeds 80 percent of the property's planned use (determined as of the time the loan is made). For purposes of subparagraph (A), a loan made to finance the acquisition or development of land shall be deemed to be a qualifying residential loan if, under regulations prescribed by the Secretary or his delegate, there is reasonable assurance that the property will become residential real property within a period of 3 years from the date of acquisition of such land; but this sentence shall not apply for any taxable year unless, within such 3-year period, such land becomes residential real property.

"(2) For purposes of this section, the term 'qualifying residential mortgage loan' does not include—

"((A) any loan evidenced by a security (as defined in section 165(g)(2)(C));

"(B) any loan, whether or not evidenced by a security (as defined in section 165(g)(2)(C)), the primary obligor on which is—

"(i) a government or political subdivision or instrumentality thereof;

"(ii) a bank (as defined in section 581); or

"(iii) another member of the same affiliated group;

"(C) any loan, to the extent secured by a deposit in or share of the taxpayer; or

"(D) any loan which, within a 60-day period beginning in one taxable year of the creditor and ending in its next taxable year, is made or acquired and then repaid or disposed of, unless the transactions by which such loan was made or acquired and then repaid or disposed of are established to be for bona fide business purposes.

For purposes of subparagraph (B)(iii), the term 'affiliated group' has the meaning assigned to such term by section 1504(a); except that the phrase 'more than 50 percent' shall be substituted for the phrase 'at least 80 percent' each place it appears in section 1504(a), and all corporations shall be treated as includible corporations (without any exclusion under section 1504(b)).

"(3) For purposes of this section, a qualifying residential mortgage loan shall include an instrument which during its term represents an interest in one or more qualifying residential mortgage loans. The payment terms, yields, maturities and other provisions of such instrument may be different from those of the underlying residential mortgages so long as the terms and provisions of such instrument reasonably reflect anticipated principal and interest payments on the underlying mortgages, including consideration for retirements or prepayments of the underlying mortgages.

"(e) Carryback and Carryover of Unused Credits.—

"(1) Allowance of credit.—If the amount of the credit determined under subsection (b) for any taxable year exceeds the limitation provided by subsection (c) for such taxable year (hereinafter in this subsection referred to as 'unused credit year') such excess shall be—

"(A) a credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(B) a credit carryover to each of the 7 taxable years following the unused credit year,

and shall be added to the amount otherwise allowable as a credit by this section for such years, except that such excess may be a carryback only to a taxable year ending after [effective date]. In the case of a bank described in section 581(a)(2), (3), or (4) which did not make an election under section 581(b), such excess may be a carryback only to a taxable year beginning after December 31, 1978. In the case of a bank described in section 581(a)(2), (3), or (4) which made an election under section 581(b), such excess may be a carryback only to a taxable year beginning with or after the first taxable year to which such election applies. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 10 taxable years to which (by reason of subparagraphs (A) and (B)) such credit may be carried, and then to each of the other 9 taxable years to the extent that, because of the limitation contained in paragraph (2), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(2) Limitation.—The amount of the unused credit which may be added under paragraph (1) for any preceding or succeeding taxable year shall not exceed the amount by which the limitation provided by subsection (c) for such taxable year exceeds the sum of—

"(A) the amount of credit determined under subsection (b) for such taxable year, and

"(B) the amounts which, by reason of this subsection, were added to the amount allowable for such taxable year and attributable to taxable years preceding the unused credit year.

"(f) Estates and Trusts.—In the case of an estate or trust—

"(1) the interest from qualifying residential mortgage loans for a taxable year shall be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allowable to each, and

"(2) any beneficiary to whom interest from qualifying residential mortgage loans has been apportioned under paragraph (1) shall be treated (for purposes of this section) as the taxpayer who received or accrued the interest from qualifying residential mortgage loans, and such interest shall not (by reason of such apportionment) lose its character as interest from qualifying residential mortgage loans.

"(g) Small business corporations.—In the case of an electing small business corporation (as defined in section 1371)—

"(1) the interest from qualifying residential mortgage loans for a taxable year shall be apportioned pro rata among the persons who are shareholders of such corporation on the last day of such taxable year, and

"(2) any person to whom any interest from qualifying residential mortgage loans has been apportioned under paragraph (1) shall be treated (for purposes of this section) as the taxpayer who received or accrued such interest, and such interest shall not (by reason of such apportionment) lose its character as interest from qualifying residential mortgage loans.

"(h) Credit Disallowed.—The credit allowed by subsection (a) shall be denied a taxpayer that—

"(1) is formed or availed of primarily for the purpose of obtaining such credit, or

"(2) issues obligations that are—

"(A) supported by an authority to borrow from the Treasury of the United States, and

"(B) approved, at issuance, by the Department of the Treasury of the United States.

The Secretary or his delegate may prescribe such regulations as he may deem necessary in order to carry out the intent of paragraph (1).

"(i) This section shall not apply to a bank (as defined in section 581) to which section 585 does not apply."

Sec. 708. Conforming and Clerical Amendments.

(a) Section 11(e)(1) (relating to exceptions to tax imposed on corporations) is amended to read as follows:

"(1) section 590 (relating to alternative tax for certain banks conducting life insurance business),".

(b) Section 57(a)(7) (relating to items of tax preference) is amended by striking out "financial institution to which section 585 or 593 applies" and inserting in lieu thereof "bank (as defined in section 581)".

(c) Section 116(c)(1) (relating to special rules for partial exclusion of dividends received by individuals) is amended by striking out "(relating to deduction for dividends paid by mutual savings banks, etc.)" and inserting in lieu thereof "(relating to deduction for dividends paid by certain banks, etc.)".

(d) Section 172(b)(1)(F) (relating to years to which net operating losses may be carried back and carried over) is amended by striking out "financial institution to which section 585, 586, or 593" and inserting in lieu thereof "bank (as defined in section 581) or a financial institution to which section 586".

(e) Section 243(c)(1) (relating to special rules for dividends received by corporations) is amended by striking out "(relating to deduction for dividends paid by mutual savings banks, etc.)" and inserting in lieu thereof "(relating to deduction for dividends paid by certain banks, etc.)".

(f) Section 381(c) (relating to items taken into account in certain corporate acquisitions) is amended by adding at the end thereof the following new paragraph:

"(25) Credit under section 42 for interest from qualifying residential mortgage loans.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 42, and under such regulations as may be prescribed by the Secretary or his delegate) the items required to be taken into account for purposes of section 42 in respect of the distributor or transferor corporation.".

(g) Section 542(c)(2) (relating to exceptions to definition of personal holding company) is amended to read as follows:

"(2) a bank (as defined in section 581);".

(h) Section 582(c)(1) (relating to bad debts, etc., with respect to securities held by financial institutions) is amended by striking out "a financial institution to which section 585, 586, or 593 applies," and inserting in lieu thereof "a bank or a financial institution to which section 586 applies.".

(i) Section 811(b)(1) (relating to reduction for dividends to policyholders) is amended by striking out "a mutual savings bank subject to the tax imposed by section 594," and inserting in lieu thereof "certain banks subject to the tax imposed by section 590,".

(j) Section 992(d)(3) (relating to corporations ineligible to be domestic international sales corporations) is amended to read as follows:

"(3) a bank (as defined in section 581),".

(k) Section 1038(f) (relating to certain reacquisitions of real property) is amended to read as follows:

"(1) Certain reacquisitions.—This section shall not apply to a reacquisition of real property by a bank described in section 581 (a)(2), (3), or (4).".

(m) Section 6096(b) (relating to income tax liability) is amended by striking out "40 and 41" and inserting in lieu thereof "40, 41, and 42".

(n) Section 6323(b)(10) (relating to validity and priority against certain persons) is amended to read as follows:

"(10) Passbook loans.—With respect to a savings deposit, share, or other account, evidenced by a passbook, with a bank (as defined in section 581), to the extent of any loan made by such bank without actual notice or knowledge of the existence of such lien, as against such bank, if such loan is secured by such account and if such bank has been continuously in possession of such passbook from the time the loan is made.".

(o) Statutes of limitations and interest relating to residential mortgage loan credit carrybacks.—

(1) Assessment and collection.—Section 6501 (relating to limitation on assessment and collection) is amended by adding at the end thereof the following new subsection:

"(p) Residential Mortgage Loan Credit Carrybacks.—In the case of a deficiency attributable to the application to the taxpayer of a residential mortgage loan credit carryback (including deficiencies which may be assessed pursuant to the provisions of section 6213(b)(2)), such deficiency may be assessed at any time before the expiration of the period within which a deficiency for the taxable year of the unused residential mortgage loan credit which results in such carryback may be assessed, or, with respect to any portion of a residential mortgage loan credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, at any time before the expiration of the period within which a deficiency for such subsequent taxable year may be assessed."

(2) Credit or refund.—Section 6511(d) (relating to limitations on credit or refund) is amended by adding at the end thereof the following new paragraph:

"(8) Special period of limitation with respect to residential mortgage loan credit carrybacks.—

"(A) Period of limitation.—If the claim for credit or refund relates to an overpayment attributable to a residential mortgage loan credit carryback, in lieu of the 3-year period of limitation prescribed in subsection (a), the period shall be that period which ends with the expiration of the 15th day of the 40th month (or 39th month, in the case of a corporation) following the end of the taxable year of the unused residential mortgage loan credit which results in such carryback (or, with respect to any portion of a residential mortgage loan credit carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, the period shall be that period which ends with the expiration of the 15th day of the 40th month, or 39th month, in the case of a corporation, following the year of such taxable year) or that period prescribed in subsection (c) in respect of such taxable year, whichever expires later. In the case of such a claim, the amount of the credit or refund may exceed the portion of the tax paid within the period provided in subsection (b) (2) or (c), whichever is applicable, to the extent of the amount of the overpayment attributable to such carryback.

"(B) Applicable rules.—If the allowance of a credit or refund of an overpayment of tax attributable to a residential mortgage loan credit carryback is otherwise prevented by the operation of any law or rule of law other than section 7122, relating to compromises, such credit or refund may be allowed or made, if claim therefor is filed within the period provided in subparagraph (A) of this paragraph. In the case of any such claim for credit or refund, the determination by any court, including the Tax Court, in any proceeding in which the decision of the court has become final, shall not be conclusive with respect to the residential mortgage loan credit, and the effect of such credit, to the extent that such credit is affected by a carryback which was not in issue in such proceeding."

(3) INTEREST ON UNDERPAYMENTS.—Section 6601(e) (relating to income tax reduced by carryback or adjustment for certain unused deductions) is amended by adding at the end thereof the following new paragraph:

"(5) RESIDENTIAL MORTGAGE LOAN CREDIT CARRYBACK.—If the credit allowed by section 42 for any taxable year is increased by reason of a residential mortgage loan credit carryback, such increase shall not affect the computation of interest under this section for the period ending with the last day of the taxable year in which the residential mortgage loan credit carryback arises, or, with respect to any portion of a residential mortgage loan carryback from a taxable year attributable to a net operating loss carryback or a capital loss carryback from a subsequent taxable year, such increase shall not affect the computation of interest under this section for the period ending with the last day of such subsequent taxable year."

(4) INTEREST ON OVERPAYMENT.—Section 6611(f) (relating to refund of income tax caused by carryback or adjustment for certain unused deductions) is amended by adding at the end thereof the following new paragraph:

"(4) RESIDENTIAL MORTGAGE LOAN CREDIT CARRYBACK.—For purposes of subsection (a), if any overpayment of tax imposed by subtitle A results from a residential mortgage loan credit carryback, such overpayment shall be deemed not to have been made prior to the close of the taxable year in which such residential mortgage loan credit carryback arises, or, with respect to any portion of a residential mortgage loan credit carryback from a taxable year attributable to a net operating loss carryback or capital loss carryback from a subsequent taxable year, such overpayment shall be deemed not to have been made prior to the close of such subsequent taxable year."

(p) TENTATIVE CARRYBACK ADJUSTMENTS.—

(1) APPLICATION FOR ADJUSTMENT.—Section 6411 (relating to quick refunds in respect of tentative carryback adjustments) is amended—

(A) by striking out "or unused work incentive program credit" each place it appears in such section and inserting in lieu thereof "unused work incentive program credit, or residential mortgage loan credit",

(B) by inserting after "section 172(b)," in the first sentence of subsection (a) "by a residential mortgage loan carryback provided in section 42(e),", and

(C) by inserting after "investment credit carryback" in the second sentence of subsection (a) "a residential mortgage loan carryback,".

(2) TENTATIVE CARRYBACK ADJUSTMENT ASSESSMENT PERIOD.—Section 6501(m) (relating to tentative carryback adjustment period) is amended—

(A) by striking out "or a work incentive program carryback" and inserting in lieu thereof "a work incentive program carryback, or a residential mortgage loan carryback", and

(B) by striking out "(j) and (o)" each place it appears and inserting in lieu thereof "(j), (o), and (p)".

(q) The table of sections for part I of subchapter H of chapter 1 (relating to rules of general application to banking institutions) is amended by adding immediately after the last item the following:

"Sec. 587. Foreclosure on property securing loans.
"Sec. 588. Distributions to shareholders.
"Sec. 589. Deduction for repayment of certain loans.
"Sec. 590. Alternative tax for certain banks conducting life insurance business.
"Sec. 591. Deduction for dividends paid on deposits.".

(r) The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 42. Interest from qualifying residential mortgage loans.
"Sec. 43. Overpayments of tax.".

SEC. 709. CONFORMING AND CLERICAL AMENDMENTS FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1978.

(a) Section 46 (d) (1) (relating to limitations on investment credit) is amended by striking out subparagraph (A) and by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively.

(b) Section 46 (d) (2) is amended by striking out subparagraph (A), redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively, and striking out "subparagraph (B)" where it appears in the flush material and inserting in lieu thereof "subparagraph (A)".

(c) Section 50 (B) (f) (relating to limitations for work incentive programs) is amended by striking out paragraph (1) and by redesignating paragraphs (2) and (3) paragraphs (1) and (2), respectively.

(d) Section 166 (h) (relating to bad debts) is amended by striking out paragraph (3) thereof and by redesignating paragraph "(4)" as paragraph "(3)".

(e) Section 246 (relating to rules applying to deductions for dividends received) is amended by striking out subsection (e) thereof.

(f) The amendments made by subsections (a) through (e) of this section shall be effective December 31, 1979.

SEC. 710. EFFECTIVE DATE.

Except as otherwise expressly provided in this Title, the amendments made by this Title shall be effective for taxable years beginning after the date of enactment of this Act.

THE FINANCIAL INSTITUTIONS ACT OF 1975—A SECTION-BY-SECTION ANALYSIS

TITLE ONE—PAYMENT OF INTEREST ON DEPOSIT ACCOUNTS

This title adds the Secretary of the Treasury to the present consultative committee which will continue to prescribe rate ceilings only for five years and six months after enactment of this Act.

Demand deposit accounts, negotiable order of withdrawal accounts and savings accounts may be offered at all banks and thrift institutions to all customers.

The payment of interest on demand deposits will remain prohibited for all institutions.

The Secretary of the Treasury will be required to transmit a report to Congress within five years after enactment of this Act of findings and recommendations concerning limitations on rates of interest or dividends paid by depository institutions.

In addition, this title adds truth-in-savings provisions which will require disclosure by commercial banks and thrift institutions to all depositors.

Analysis of sections

Section 101 amends Section 2 of the Banking Act of 1933 in order to add the definitions of "depository institution" and "negotiable order of withdrawal account" to that section. This is necessary in order to define terms used in the Federal Reserve Act and which are applicable to amendments to the Federal Reserve Act.

Section 102(a) amends the first sentence of section 19(i) of the Federal Reserve Act to add a condition to the effect that demand deposits should not be construed to include negotiable order of withdrawal accounts, which banks may offer after the enactment of this Act.

Section 102(b) amends the first sentence of section 19(j) of the Federal Reserve Act to add the Secretary of the Treasury to the present group which the Board of Governors of the Federal Reserve System will consult before prescribing limitations on the rates of interest that may be paid by members on time and savings deposits.

Section 103 adds a clause to Section 19(j) of the Federal Reserve Act which states that the authority of the Board of Governors of the Federal Reserve System to limit rates of interest or dividends including authority to prescribe differential rates of interest or dividends among different depository institutions, and to promulgate implementing regulations shall expire five years and six months after the enactment of the Financial Institutions Act of 1975. This coincides with the expiration of all authority of all supervisory agencies of financial institutions to regulate ceilings on rates of interest or dividends. Presently existing authority expires on December 31, 1975.

Section 104(a) amends Section 3 of the Federal Deposit Insurance Act in order to add the definitions of "depository institution" and "negotiable order of withdrawal account" to that section. This is necessary in order to define terms used in the Federal Deposit Insurance Act and applicable to amendments to the Federal Deposit Insurance Act.

Section 104(b) amends the first and second sentences of Section 18(g) of the Federal Deposit Insurance Act. This section adds a condition to the effect that the definition of "demand deposits" shall not include negotiable order of withdrawal accounts.

In addition, this section adds the Secretary of the Treasury to the present group which the Board of Directors of the Federal Deposit Insurance Corporation will consult before prescribing limitations on the rates of interest or dividends that may be paid by insured non-member banks on time and savings deposits.

Section 104(c) adds a clause to Section 18 (g) of the Federal Deposit Insurance Act which states that the authority of the Board of Directors of the Federal Deposit Insurance Corporation to limit rates of interest or dividends including authority to prescribe differential rates of interest or dividends among different depository institutions, and to promulgate implementing regulations shall expire five years and six months after the enactment of the Financial Institutions Act of 1975. This coincides with the expiration of all authority of all the supervisory agencies of financial institutions to regulate ceilings on rates of interest or dividends. Presently existing authority expires on December 31, 1975.

Section 105(a) amends Section 2 of the Federal Home Loan Bank Act in order to add the definitions of "depository institution" and "negotiable order of withdrawal account" to that section. This is necessary in order to define terms used in the Federal Home Loan Bank Act and applicable to amendments to the Federal Home Loan Bank Act.

Section 105(b) adds a provision to section 5B(a) of the Federal Home Loan Bank Act which authorizes the Board to define "demand deposits" with the condition that the definition shall not include N.O.W. accounts and prohibits the payment of interest on such accounts. Exceptions to the prohibition are to be consistent with section 19 of the Federal Reserve Act or regulations of the Federal Reserve Board. There is presently no comparable provision in the law.

Section 105(c) amends the first sentence of Section 5B(a) of the Federal Home Loan Bank Act. This section adds the Secretary of the Treasury to the present group which the Federal Home Loan Bank Board will consult before prescribing limitations on the rates of interest or dividends that may be paid by members, except those insured by the Federal Deposit Insurance Act, by insured institutions under the National Housing Act; and by nonmember building and loan, savings and loan, and homestead associations and cooperative banks on deposits, shares, or withdrawable accounts.

Section 105(d) amends the fourth sentence of Section 5B(a) of the Federal Home Loan Bank Act to state that the authority of the Federal Home Loan Bank Board to limit rates of interest or dividends, including authority to prescribe differential rates of interest or dividends among different depository institutions, and promulgate implementing regulations, shall expire five years and six months after the enactment of the Financial Institutions Act of 1975. This coincides with the expiration of all authority of all supervisory agencies of financial institutions to regulate ceilings on rates of interest or dividends. Presently existing authority expires on December 31, 1975.

Section 106 is a new section which requires the Secretary of the Treasury to transmit a report to Congress within five years after enactment of this Act of findings and recommendations concerning limitations on rates of interest or dividends paid by depository institutions.

Section 107(a)(1) is a new subsection which requires commercial banks and thrift institutions subject to this Act to give to all savers full disclosure of rates, terms and restrictions relating to all interest-bearing deposit accounts offered by the institution at the time an account is opened.

Section 107(a)(2) is a new subsection which requires such institutions to disclose the amount of earnings paid, the annual percentage rates and charges against the account, as well as other factors which reduced earnings for the time period reported on annually, or when earnings reports are made on interest-bearing deposits.

Section 107(a)(3) is a new subsection which defines annual percentage rate and annual percentage yield for the purposes of this section.

Section 107(b) is a new subsection which requires notice to depositors 10 days prior to a change in any of the items required to be disclosed by this section.

Section 107(c) is a new subsection relating to the advertisement of annual percentage rate and annual yield, and specifically provides that annual percentage yield must be calculated the same way interest is credited to an account for one year. All time and amount requirements must also be prominent in the advertisement of rates or yields. In addition, it requires that the annual percentage rate must always be in print as large as, or larger than, annual percentage yield in order to avoid misrepresentation arising from the yield concept. This section prohibits advertisements, announcements or solicitations which indicate rates or yields for more than one year, rely on grace periods or use the term "profit".

Section 107(d) is a new subsection which exempts from this section transactions in which a deposit secures or guarantees a contract, amounts left on deposit under insurance contracts and obligations issued by Federal, state, or local governments; and provides that the Board of Governors of the Federal Reserve System shall prescribe rules and regulations for disclosure by the Federal Government.

Section 107(e) is a new subsection which provides that rules and regulations will be promulgated by the Board of Governors of the Federal Reserve System, after consulting with the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board. Compliance with the provisions of this section will be enforced by the appropriate supervisory agencies.

Section 107(f) is a new subsection which provides for civil penalties for violation of this section of double the interest on the transaction with a minimum of $100 and a maximum of $1,000, court costs and reasonable attorneys' fees.

This subsection provides for no liability when an error in good faith is made and appropriate adjustments are made. Actions may be brought in United States District Courts or other courts of competent jurisdiction for one year after the violation.

TITLE TWO—EXPANDED DEPOSIT LIABILITY POWERS AND RESERVES

This title provides federal thrift associations with third party payment authority, including negotiable order of withdrawal accounts (N.O.W.), with access to the check clearing process, and with authority to engage in credit card operations. These new powers of thrift associations would be similar to powers of commercial banks.

Banks will be empowered to offer savings accounts and N.O.W. accounts to all customers, individual and corporate. Commercial banks may presently offer savings accounts only to individuals.

All federally chartered institutions and all state chartered institutions which are members of the Federal Reserve System or the Federal Home Loan Bank System will be required to maintain reserves against deposits in demand and N.O.W. accounts in a form and amount prescribed by the Federal Reserve Board after consultation with the Federal Home Loan Bank Board. State chartered savings and loan associations insured by the Federal Savings and Loan Insurance Corporation need not be members of the Federal Home Loan Bank System, just as state chartered banks need not be members of the Federal Reserve System.

Analysis of sections

Section 201(a) amends Section 19(i) of the Federal Reserve Act to affirm that interest may be paid on deposits of corporations operated for profit, both on savings and N.O.W. accounts. This is needed to insure that corporations for profit may have savings accounts in Federal Reserve member banks, and to equalize the authority of all financial institutions to provide a wide range of services to their customers. There is presently no comparable provision in the law relating to savings deposits of corporations.

Section 201(b) amends Section 19(b) of the Federal Reserve Act to give the Federal Reserve Board additional authority to set reserves on demand deposit and N.O.W. accounts for members of the Federal Home Loan Bank System as well as members of the Federal Reserve System, after consultation with the Federal Home Loan Bank Board, and provides that the minimum reserves be set: 1) within a range of 1 per centum to 22 per centum on demand deposits and N.O.W. deposits and permits a different level for each; and 2) within a range of 1 per centum to 5 per centum for savings deposits and 1 per centum to 10 per centum on time deposits, for members banks only.

This is a change from the Federal Reserve Board's authority in the present law to set minimum reserves for member banks: 1) within a range of 10 per centum to 22 per centum for demand deposits; 2) within a range of 7 per centum to 14 per centum for demand deposits for member banks not in a reserve city; and 3) within a range of 3 per centum to 10 per centum for deposits other than demand deposits.

Both the Federal Reserve Board and the Federal Home Loan Bank Board will continue to set reserve and liquidity requirements, respectively, for their members on time and savings deposits.

Section 201(c) amends Section 19(c) of the Federal Reserve Act to enlarge the authority of the Federal Reserve Board to give it complete authority to determine the form in which reserves may be held. In the present law the form of reserves is determined by statute and must be in the form of balances in a Federal Reserve Bank of which it is a member, and in currency and coin held by such bank. This change is needed to give the Federal Reserve Board authority to allow reserves to be held in other forms if and when they determine that other forms would be appropriate.

Section 202(a) amends Section 2 of the Home Owners' Loan Act of 1933 in order to add the definition of "negotiable order of withdrawal account" to that section. This is necessary in order to define the term used in the Home Owners' Loan Act of 1933 and applicable to amendments to the Home Owners' Loan Act of 1933.

Section 202(b) amends Section 5 of the Home Owners' Loan Act of 1933 in order to delete the term "savings account" from the Act since the term does not reflect the broadened liability power granted by Section 202 of this title.

Both the Federal Reserve Board and the Federal Home Loan Bank Board will continue to set reserve and liquidity requirements, respectively, for their members on time and savings deposits.

Section 201(c) amends Section 19(c) of the Federal Reserve Act to enlarge the authority of the Federal Reserve Board to give it complete authority to determine the form in which reserves may be held. In the present law the form of reserves is determined by statute and must be in the form of balances in a Federal Reserve Bank of which it is a member, and in currency and coin held by such bank. This change is needed to give the Federal Reserve Board authority to allow reserves to be held in other forms if and when they determine that other forms would be appropriate.

Section 202(a) amends Section 2 of the Home Owners' Loan Act of 1933 in order to add the definition of "negotiable order of withdrawal account" to that section. This is necessary in order to define the term used in the Home Owners' Loan Act of 1933 and applicable to amendments to the Home Owners' Loan Act of 1933.

Section 202(b) amends Section 5 of the Home Owners' Loan Act of 1933 in order to delete the term "savings account" from the Act since the term does not reflect the broadened liability power granted by Section 202 of this title.

Section 202(c) amends the first paragraph of subsection (b) of section 5 of the Home Owners' Loan Act of 1933. The first sentence of section 5(b)(1) now provides: "An association may raise capital in the form of such savings deposits, shares, or other accounts, for fixed, minimum or indefinite periods of time (all of which are referred to in this section as savings accounts and all of which shall have the same priority upon liquidation) as are authorized by its charter or by regulations of the [Federal Home Loan Bank] Board, and may issue such passbooks, time certificates of deposit, or other evidence of savings accounts as are so authorized." Checking accounts, and accounts subject to negotiable order of withdrawal (N.O.W. accounts) are specifically prohibited by the last sentence of section 5(b)(1) which provides: "Savings accounts shall not be subject to check or to withdrawal or transfer on negotiable or transferable order or authorization to the association, but the Board may by regulations provide for withdrawal or transfer of savings accounts upon nontransferable order or authorization." Subsection (b) amends this sentence so that it becomes a specific authorization for such accounts. Language restricting demand accounts and other surplus language is removed from the paragraph. Under the amendment, in accordance with Board regulations and charter provisions, associations will be authorized to offer checking accounts, N.O.W. accounts, and other accounts subject to withdrawal or transferable order or authorization.

Section 202(d) authorizes federal thrift institutions to extend credit and offer credit card services. Associations may offer their own credit cards or participate in a credit card enterprise with other institutions.

There is presently no comparable provision in the law.

Section 202(e) amends the provision of the Home Owners' Loan Act of 1933, commonly known as the service corporation provision, to facilitate check clearing, credit card participation with thrift institutions in other states, and other operations. Under that provision, a federal association may invest (up to a 1%-of-assets limitation) in capital stock, obligations, or other securities of corporations organized under the laws of the state or jurisdiction in which its home office is located, if, but only if, the capital stock of the corporation is available for purchase only by savings and loan associations of that State or jurisdiction and by federal associations having their home offices therein. The amendment would permit a group of thrift institutions from different states to establish a service corporation in which all of them could invest. The reference to institutions eligible for insurance of accounts by the Federal Savings and Loan Insurance Corporation is merely a shorthand reference to both federal and state chartered thrift institutions. No change is needed for this purpose in the law governing savings and loan holding companies since credit card activities could be authorized as "a proper incident to the operations of insured institutions" as provided in section 408(c)(2) of the National Housing Act.

Section 202(f) adds three new sentences to section 11 of the Federal Home Loan Bank Act. The first sentence is patterned after section 16 of the Federal Reserve Act which authorizes the Board of Governors and the Federal Reserve Banks to serve as check clearing houses. Pursuant to this authority, the Board of Governors has promulgated Regulation J describing the liabilities and responsibilities of the parties in the clearing process. The new sentence will give similar authority to the Federal Home Loan Bank Board and the Federal Home Loan Banks.

Section 13 of the Federal Reserve Act provides for access to the Federal Reserve check clearing system by banks which are not Federal Reserve Bank members. The second sentence added to section 11 of the Federal Home Loan Bank Act by subsection (f) similarly provides for access by institutions which are not Federal Home Loan Bank members. The last sentence assures thrift institutions access to prive organizations providing clearing house services.

The amendments made by subsections (d), (e), and (f) are essential to optimum implementation of the third party payment account authority of thrift institutions. The Federal Home Loan Banks, acting as clearing houses, and their members offering third party payment services will enable thrift institutions to offer full services.

Sections 202(g) and 202(h) amend sections 13 and 16 of the Federal Reserve Act to provide that the Federal Home Loan Banks and their members shall have access to the Federal Reserve clearing system.

Section 202(i) amends Section 5A of the Federal Home Loan Bank Act by adding a new subsection which is similar to section 19 of the Federal Reserve Act. Reserve ratios will be established by the Federal Reserve Board after consultation with the Federal Home Loan Bank Board which shall implement and enforce the Federal Reserve determination. Section 201 of this title provides for determinations and decisions as to amounts of reserves by the Federal Reserve Board for demand deposit and N.O.W. accounts for Federal Home Loan Bank members, as well as Federal Reserve members. However, the supervision of such reserve requirements and implementation in Federal Home Loan Bank institutions will be by the Federal Home Loan Bank Board. Within a one to 22 per centum range, the Board of Governors may provide for different ratios for different types of third party payment accounts or N.O.W. accounts. The last sentence provides that cash held by a member to satisfy reserve requirements may also be used to satisfy liquidity requirements.

Section 203 repeals Section 2 of the Act of August 16, 1973 (12 U.S.C. 1832) in order to permit negotiable order of withdrawal accounts in all depository institutions in all states.

TITLE THREE—LENDING AND INVESTMENT POWERS

This title would permit increased income and liquidity for federal thrift institutions through portfolio diversification and the acquisition of shorter term assets. Liberalization of restrictions would be made in the areas of consumer loans, real estate loans, construction loans, community welfare and development investments, and commercial paper, corporate debt securities, and bankers' acceptances investments.

National banks would have liberalized powers with respect to real estate loans and a leeway authority for community welfare and development investments.

In addition, the Federal Reserve Board would be granted more flexible authority to define assets eligible for discount, and the Federal Home Loan Bank Board would have expanded authority to define the types of assets eligible as collateral for Federal Home Loan Bank advances to thrift institutions.

Analysis of sections

Section 301(a) amends the Home Owners' Loan Act of 1933, which presently restricts, to a great extent, loans and investments of federal savings and loan associations to residential real estate financing, although they are also presently given some other lending investment authority, such as authority to make loans on the security of their savings accounts, invest not over five percent of their assets in educational loans and invest in certain government and agency obligations. The amendment would permit consumer loans up to ten per cent of total assets; real estate loans secured by real property or on the basis of general credit-worthiness and free of the present percentage of assets limitations and other restrictions in section 5(c) of the Home Owners' Loan Act; unsecured lines of credit available to builders for construction financing; community welfare and development investments up to three percent of total assets on the condition that the project be of a civic, community or public nature and not exclusively private and entrepreneurial; high grade commercial paper, corporate debt security and bankers' acceptances investments up to ten percent of total assets (increasing from two per cent at a rate of two per cent per year); and authority to utilize unused commercial paper and corporate debt authorization, and community welfare and development authorization for consumer loans.

Section 301(b) would broaden the authority of federal thrift institutions to acquire federal, state and municipal securities by removing the requirement that eligible obligations of federal agencies must be "fully guaranteed" as well as eliminating the limitation that eligible state and local obligations must be "general obligations." Subsection (b) also broadens the present authorization to deposit funds in Federal Deposit Insurance Corporation insured banks to include authorization of deposits in Federal Savings and Loan Insurance Corporation insured institutions.

Section 301(c) is related to subsection (b) and provides that Federal Home Loan Bank members may satisfy their liquidity requirements, to the extent permited by the Federal Home Loan Bank Board, by maintaining time or savings deposits in institutions insured by the Federal Savings and Loan Insurance Corporation.

Section 301(d) clarifies the authority of the Federal Savings and Loan Insurance Corporation to authorize a savings and loan holding company to deposit funds in an institution insured by the Federal Savings and Loan Insurance Corporation.

Section 301(e) broadens the authority of the Federal Home Loan Bank Board to define the types of assets eligible as collateral for Federal Home Loan Bank advances to thrift institutions.

Section 302(a) permits national banks to make real estate loans on the same basis as other loans. It also makes explicit the powers of a national bank implied in the "incidental powers" provision to make loans on the basis of general credit-worthiness. The reference in the present statute to obtaining, issuing and circulating notes is removed as it is obsolete. Finally, the amendment makes explicit the authority of national banks to issue capital debentures subject to rules and regulations promulgated by the Comptroller of the Currency. Subsection (b) repeals Section 24 of the Federal Reserve Act imposing certain limitations on real estate loans permitted to national banks.

Section 302(c) permits national banks to invest in loans for, or in equity or debt securities for, or in real estate for community welfare and development up to three percent of total assets. This section permits the same kind of community investments for national banks as are provided for federal thrift institutions under section 301(a).

Section 303 grants the Federal Reserve Board more flexibility in defining assets eligible for collateral for advances by Federal Reserve Banks by limiting the present requirement that, for the purposes of making advances, notes of member banks must bear interest at a rate not less than one-half of one percent per annum higher than the highest discount rate in effect at the member bank on the date of the note.

TITLE FOUR—CHARTER AND THRIFT INSTITUTIONS

This title strengthens the dual banking system by authorizing stock thrift institutions at the federal level, just as stock institutions are now permitted at the state level. The Federal Home Loan Bank Board will be empowered to charter stock thrift institutions, which will have powers identical to those possessed by federal mutual savings and loan institutions. These federal thrift institutions will be called either Federal Savings and Loan Associations or Federal Savings Banks.

Federally chartered and state chartered mutual institutions may convert to either federal mutual or federal stock institutions and federally chartered mutual institutions may convert to state mutual or stock institutions, subject to approval of the Federal

Home Loan Bank Board pursuant to its regulations. State institutions which convert to federal institutions may retain their life insurance, equity investments and corporate bond investments.

Analysis of sections

Section 401(a) amends the definition of the term "association" as used in the Home Owners' Loan Act of 1933, so that it includes any association chartered by the Federal Home Loan Bank Board under Section 5 of the Act regardless of the name given to a particular association. The amendment also adds a definition of terms such as "institution" and "savings and loan association" organized under state laws which terms are used in various parts of the Act being defined. Subsection (a) also adds the terms "Federal mutual association", "Federal Stock Association", "State mutual association" and "State stock institution" which are used in Section 5(i) of the Act as amended by subsection (f) of this section. Section 5(i) relates to conversions from mutual to stock organizations, or vice versa, from federal to state or state to federal charter.

Section 401(b) amends section 5(a) of the Home Owners' Loan Act which provides the Board's basic authority to charter and regulate federal thrift institutions. In recognition of the broadened consumer lending authority of such associations provided by other provisions of this Act, the introductory clause is amended to state that a purpose of the associations, in addition to thrift or home financing, is to provide for the financing of family and consumer needs. The term "mutual thrift institutions" in the same clause is deleted since the Board is empowered by this section to charter both stock and mutual institutions. A new sentence is added to provide that savings banks which convert to a federal thrift association charter may retain certain assets and services.

Section 401(c) replaces existing section 402(a) of the National Housing Act. In accordance with the President's proposals, the Federal Savings and Loan Insurance Corporation will be called the Federal Savings and Insurance Corporation and certain obsolete references in the present law to a Board of Trustees and to five members of the Federal Home Loan Bank Board are changed to conform to the present composition of the Board. In addition, the statement of the Corporation's regulatory authority is clarified by using the terms found in Section 408 (h)(1) of the National Housing Act.

Section 401(d) amends section 403(a) of the National Housing Act, which identifies those institutions the accounts of which the Corporation must and may insure. "Federal savings associations" and "Federal savings banks" are added to those institutions the accounts of which the Corporation must insure.

Section 401(e) changes the provisions of Section 5(b)(2) of the Home Owners' Loan Act prohibiting federal thrift institutions to issue capital stock by specifically providing that they may issue capital stock.

Section 401(f) amends section 5(i) of the Home Owners' Loan Act dealing with conversions. Paragraph (1) is essentially the same as the existing first paragraph authorizing state mutual to federal mutual state stock to federal stock conversions. It would authorize a mutual credit union desiring to expand its powers to convert to a federal mutual association. Paragraph (2) similarly would govern conversions involving no change in capital structure, i.e., federal mutual to state mutual, and federal stock to state stock conversions. Paragraph (2) sets forth specific requirements to be made for such conversions to take place with minimal Board supervision, thus retaining the basic features of the existing "automatic procedure." A proviso relating to the Federal Savings and Loan Insurance Corporation appearing in the existing second paragraph is made unnecessary by amendments to the National Housing Act made in this section. In addition, certain obsolete provisions are deleted. Paragraph (3) authorizes the same types of conversion upon equitable bases and subject to the approval of the Board.

Paragraph (4) governs conversions involving a federal association and a change in capital structure, i.e., federal mutual to federal stock, federal mutual to state stock and state mutual to federal stock conversions. A conversion plan under this paragraph must be approved by the Board by regulations or other forms. Subparagraph (B) deals with disclosure, proxy statements and offering circulars to prevent manipulative and fraudulent practices in connection with conversions.

Section 401(f)(5) governs all other conversions involving state associations, namely federal stock to state or federal mutual, and state stock to state or federal mutual. Each of the reorganizations involves the possible, but unlikely, conversion from the stock to mutual form.

Section 401(g) adds a new subsection (e) to section 403 of the National Housing Act. The new subsection governs state mutual to state stock conversions. This provision is meant to provide the same procedures for these conversions as is found in section 401 (f)(4)(A) of this title. The provisions for judicial review of the final action of the Corporation on these conversions are the same as those provided in Section 105(d) of Public Law 93–495.

TITLE FIVE—CREDIT UNIONS

This title modernizes the federal law dealing with credit unions. In addition to technical amendments, the title liberalizes certain credit union powers and facilitates credit union operations in different economic periods, e.g., by permitting, with the approval of the Administrator of the National Credit Union Administration, loan rates to be more than the present statutory 1 percent per month.

To deal with periods of severe credit restraint or emergency events, such as a plant closing, a Central Discount Fund is established for federally—or state-insured credit unions. The Fund is created solely to provide funds to meet emergency and temporary liquidity problems. The Fund will be administered by the Administrator of the National Credit Union Administration.

ANALYSIS OF SECTIONS

Section 501 is a technical amendment to correct a previous error in codification. It makes no substantive change in the law.

Section 502, which defines terms for "member accounts" and "accounts", deletes the term "share deposit account" because it is not applicable to credit unions. The term "deposit account" is retained as there are some federally insured state credit unions which are authorized by state law to receive members' savings as deposits. The term "deposit account" is qualified, however, specifically to exclude demand deposits or any other type of checking account.

Section 503 modernizes the Federal Credit Union Act by permitting in subsection (1) more flexible procedures in the organization process and by permitting in subsection (2) shares to be denominated in $5 multiples rather than simply in par value of $5 each, as is the present law.

Section 504 amends Section 107 of the Federal Credit Union Act in the following ways:

Subparagraph (1) permits credit unions to make loans with maturities of no longer than 7 years in the case fo unsecured loans and 12 years in the case of secured loans. Term limitations in the present law are five years in the case of unsecured loans and ten years in the case of secured loans.

Subparagraph (2) permits credit unions to make residential real estate loans of not more than thirty years on the security of one-to-four family dwellings to be used by the credit union member as his residence. In prescribing rules and regulations, the Administrator may take into account the liquidity, size, management capacity, growth potential and other relevant factors affecting a credit union's capacity to make such loans. The loans should not be primarily for the purpose of investment or profit.

Subparagraph (3) removes the archaic reference in the present law to loans being made for "provident or productive purposes" and substitutes "at a fair and reasonable rate of interest".

Subparagraph (4) permits the Administrator to approve loans made at a rate of interest exceeding one percent per month to provide for periods of high interest.

Subparagraph (5) changes the present law which does not permit lines of credit of varying terms to be set up by a credit union, and permits such lines of credit to account for different credit ratings and for the individual circumstances of different members.

Section 505 would permit federal credit unions to issue to their members and, in the case of federal credit unions serving predominantly low income members, to nonmembers, share certificates with varying dividend rates and varying maturities subject to regulations promulgated by the Administrator. This provision would permit federal credit unions to issue certificates which would attract their members' long-term savings and increase availability of credit union funds.

Section 506 eliminates the reference to "share deposit accounts" from this section dealing with powers of credit unions to invest their funds as these accounts are not applicable to credit unions. This technical change is similar to the change made in Section 502 of this title.

Section 507 would liberalize the lending powers of credit committees which do not have the authority to offer pre-approved credit programs. This amendment would provide authority for federal credit unions to pre-approve loan extensions within limits prescribed by the credit committee of the individual credit union, subject to regulations of the Administrator. It would also eliminate the requirement that all members of the credit committee who are present at the meeting at which a loan application is considered must approve the loan in order for it to be granted. The amendment also increases the individual loan restrictions in Section 114 of the Federal Credit Union Act to $400 in the case of credit unions with capital and surplus of less than $8,000, and to $5,000 in the case of large credit unions. The Administrator may set a higher limit for a particular credit union when its capital, assets and quality of management warrant a higher loan limit. The limit of 10 percent of capital and surplus for loans to any one borrower remains in the Act.

Section 508 would amend the present law concerning involuntary liquidation by enabling the Administrator to receive, examine and pass upon the claims of members on share certificates as well as shares. This is a technical amendment.

Section 509 establishes a National Credit Union Administration Discount Fund. The Fund will be managed by the Administrator of the National Credit Union Administration, who shall, when appropriate, seek the advice, counsel, and guidance of the National Credit Union Administration Board. The purpose of the Fund is to meet emergency and temporary liquidity problems of insured credit unions. Capital for the Fund will be obtained through subscriptions of credit unions which join the Fund voluntarily. The original stock subscriptions of each credit union shall be an amount equal to at least one-half of one percent of the subscriber's unimpaired capital and surplus, but in no case less than $50.00. One-half of the required subscription must be paid into the Fund, while the other one-half may be retained by the individual credit union, which may invest these funds in authorized investments which can be easily liquidated and which will be subject to call of the Administrator. Credit unions chartered as of the effective date of the Act may apply for membership within six months, while those chartered subsequent to the effective date may apply within twelve months. Thereafter, those credit unions eligible for membership that did not apply within the specified period may join the Fund but would be prohibited from borrowing from the Fund for a period of twelve months. Once membership is obtained, the member may withdraw six months after filing written notice of its intention. There is also a procedure for involuntary removal of members pursuant to an administrative hearing, upon the occurrence of certain events.

TITLE SIX—GOVERNMENT INSURED AND GUARANTEED MORTGAGE LOANS

This title corrects the situation, which has existed for some time, of restricted funds for housing, especially in the case of low- and middle-income families, because of governmental attempts to keep interest rates artificially low. The administrative interest ceilings placed upon Federal Housing Administration—insured and Veterans Administration—guaranteed mortgage loans have resulted in the widespread use of "points" and the general unavailability of funds through these mediums. The removal of interest rate ceilings on FHA and VA loans should result in more adequate funds to finance the nation's housing.

ANALYSIS OF SECTIONS

Section 601 amends the National Housing Act by removing statutory and administrative rate ceilings on all mortgages insured by the Department of Housing and Urban Development. The interest rates for mortgages and loans insured under the Act would be at the rate agreed upon by the mortgagee and mortgagor, unless the Secretary of the Department of Housing and Urban Development determines that such rate is excessive in view of the current interest rates in the mortgage or loan market in the areas involved. The mortgagee would be permitted to charge the mortgagor a one percent origination fee, but would not be permitted to charge any discount points to either the buyer or seller.

Section 602 would amend chapter 37 of Title 38 of the United States Code by striking out provisions in section 1803 of Title 38 giving the Administrator the authority to set interest ceilings on VA guaranteed or insured loans, but permitting him to disapprove rates that are clearly excessive in view of the current market rates. Discounts or points would be prohibited. Subsection (2) would remove a provision of the present law permitting discounts in connection with refinancing guaranteed loans to veterans. Subsection (3) also eliminates reference to interest ceilings. Subsection (4) deletes references to limits on guaranteed loans but retains the authority of the Administrator to determine interest on loans made directly from federal funds to certain veteran purchasers.

TITLE SEVEN—UNIFORM TAX TREATMENT OF FINANCIAL INSTITUTIONS

Analyses of sections

Definition of Bank.—Section 702 of the title would amend section 581 of the Code (relating to the definition of bank) by making the definition generally applicable for purposes of the entire subtitle, and expanding the definition of a bank to include thrift institutions as well as commercial banks. Thus, a domestic building and loan association, a mutual savings bank not having capital stock represented by shares, and a cooperative bank without capital stock organized and operated for mutual purposes and without profit, will all be defined as a "bank" for purposes of the Internal Revenue Code. The definition of a domestic building and loan association and a cooperative bank will be contained in sections 7701(a)(19) and 7701(a)(32) respectively. As a result, unless specified in a particular provision, all sections of the Code applicable to a "bank" will apply to all financial institutions.

However, during a transition period for taxable years beginning before 1979, unless a domestic building and loan association, mutual savings bank or cooperative bank elects, under amended section 581(b), to compute its bad debt reserve deduction under amended section 585 of the Code (relating to reserves for losses on loans of banks), it will continue to compute its bad debt deduction under section 593 of the Code (relating to reserves for losses on loans) and be ineligible for the mortgage interest credit. If an institution elects to give up the benefits of section 593, it will become eligible for the mortgage credit. Once an institution switches to the mortgage interest credit, it may not switch back.

Reserves for Losses on Loans of "Banks."—Section 703 would amend section 585 of the Code (relating to reserves for losses on loans of banks) by eliminating the present exception for thrift institutions. Until 1979, however, section 585 would not apply to a thrift institution unless it makes the election provided by section 581(b).

New paragraph 4 would be added to section 585(b) to provide that any debt becoming worthless or partially worthless would be charged to the reserve for losses on loans. This is intended to remove any doubt that under the reserve method of computing bad debt deductions all loan losses, including losses on "ineligible loans," are to be charged to the reserve for losses on loans.

A new subsection (c) would be added to section 585 to provide special rules with respect to the reserve for losses on loans for thrift institutions which are currently subject to the provisions of section 593. Thus, the percentage of eligible loan method provided under section 585(b)(2) and the experience method provided under section 585(b)(3) would be applicable to all financial institutions.

Under present section 593(c), thrift institutions establish and maintain a reserve for losses on nonqualifying loans, a reserve for losses on qualifying real property loans, and a supplemental reserve for losses on loans. Nonqualifying loans (as defined in section 593(e)(2)) that become worthless are charged to the nonqualifying loan reserve, and additions to that reserve are determined under the experience method. Qualifying real property loans that become worthless are charged to the qualifying loan reserve, and additions to that reserve are determined under either the percentage of eligible loans method, the experience method, or the percentage of taxable income method. Any worthless debt may be charged to the supplemental reserve, but no deduction is allowed for any addition to such reserve. The supplemental reserve represents tax deductible amounts accumulated in the reserve for losses on loans prior to 1963 which exceeded the amounts allowable as of December 31, 1962, under the provisions of section 593(b) as amended by the Revenue Act of 1962. These excess amounts were not required to be taken into income and in effect were placed in a suspense account.

The percentage of taxable income method now available to thrift institutions and the maintenance of three separate reserves would be eliminated as of the close of the last taxable year beginning on or before the effective date of this Act. All thrift institutions which were in existence immediately prior to the effective date of Title VII (other than those failing to make the election provided by section 581(b)) would aggregate the balances in the three reserves as of the close of the last taxable year beginning on or before the effective date of this Act. This aggregate amount would constitute the opening balance of the reserve for losses on loans under section 585(b) for the first taxable year beginning after the effective date of this Act, and this aggregate amount would also constitute the balance of the reserve at the end of the base year, if under section 585(b)(2) or (3) the base year is defined as the last taxable year beginning on or before the effective date of this Act. Section 585(b)(2) would be amended to provide such a base year for thrift institutions adopting the percentage of eligible loan method for taxable years before 1976. If a thrift institution were to adopt the experience method, under section 585(b)(3) rather than the percentage of eligible loans method, the base year would be the last taxable year beginning on or before the effective date of this Act. Similar rules, with appropriate changes in the base year, would apply to thrift institutions who continue to use section 593 through all or part of the transition period.

The aggregation of the balances of the three reserves is consistent with the provisions of present section 593(b)(5), which provides that the opening balance of the reserve under section 593(b)(3) (relating to the use of the percentage of eligible loans method for computing additions to the reserve for losses on loans) shall be the aggregate balances of the reserve for losses on nonqualifying loans, qualifying real property loans, and the supplemental reserve. Requiring inclusion of the supplemental reserve increases the reserve balance, thereby requiring a larger increase in the amount of outstanding loans before a thrift institution would be entitled to a further reserve addition under either available method. However, since the combined balance, including the supplemental reserve balance, is subject to the grandfather clause, thrift institutions will always be entitled to a deduction equal to the amount of specific loans "charged-off" during a taxable year, assuming there is no decrease in the amount of outstanding loans. In addition, the mortgage interest tax credit which is intended to compensate thrift institutions for the tax benefit of the current bad debt reserve deduction was computed on the assumption that thrift institutions would receive no future deductions for reserve additions, despite the fact that deductions will be available for specific loans which go bad. Thus, the inclusion of the supplemental reserve in the aggregate reserve balance does not in any way penalize thrift institutions.

The dollar amount of the base year reserve balance would be grandfathered so that thrift institutions would be entitled to claim a deduction in the amount of any loan "charge-off" against the reserve during a taxable year. The reserve balance subject to the grandfather clause is proportionately reduced if the amount of outstanding loans at the end of a taxable year falls below the amount of outstanding loans as of the close of the base year. For this purpose, the amount of loans outstanding at the close of the base year, would include nonqualifying loans as well as qualifying real property loans. Once these amendments become effective, thrift institutions will no longer be required to distinguish between nonqualifying and qualifying real property loans. If a thrift institution chooses to use the percentage of eligible loan method however, its outstanding loans would have to be segregated between "eligible" and "ineligible' 'loans.

Thrift institutions which had elected under section 593(b) to compute reserve additions for qualifying real property loans under the percentage of eligible loan method would continue to use the base year with which they were currently operating. This would permit such institutions to also retain the same measure of reserve deficiency available to them as a deduction under section 585 (b)(2)(A). All other thrift institutions which adopt the percentage of eligible loan method in accordance with these provisions would be limited to the years between the first taxable year beginning after the effective date and 1976 with respect to the deductibility of any reserve deficiency (that is the amount, if any, by which 1.8% of eligible loans outstanding as of the close of the base year exceeds the reserve balance as of such date). It is highly unlikely that any thrift institution in existence on the effective date of this title will in fact have a reserve deficiency. If one should exist, however, only one-fifth of the amount would be allowable as a deduction in any one year in accordance with the provisions of section 585(b)(2)(A).

Under the experience method of section 585(b)(3) the base year is the last taxable year before the most recent adoption of the experience method. In the case of a thrift institution which prior to the effective date of this title had elected to compute reserve additions for qualifying real property loans under the experience method, the base year currently applicable to them will continue to apply. In the case of a thrift institution which makes the election provided by section 581(b) and which elects the experience method as of the first taxable year beginning after the effective date of this title, the base year would be the last taxable year beginning on or before such effective date. For this purpose the fact that under section 593(b)(1) (A) additions to the reserve for losses on nonqualifying loans were computed under the experience method shall be disregarded. Similar rules, with appropriate changes respecting the base year, would apply to thrift institutions which continue to use section 593 through all or part of the transition period.

Rules of General Application to Banking Institutions.—Section 704 of the title would amend Part I (relating to rules of general application to banking institutions) of Subchapter H of Chapter 1 by adding five new sections, designated as sections 587, 588, 589, 590, and 591.

Proposed section 587 would be substantially similar to present section 595 (relating to foreclosure on property securing loans). In effect, the application of the provisions of present section 595 for nonrecognition of gain or loss as a result of a foreclosure and the characterization of the foreclosed real property as the original indebtedness would be extended to apply to all financial institutions, including commercial banks.

Section 588 would be substantially similar to present section 593(f) and would provide for the treatment of distributions to shareholders by a domestic building and loan association. Distributions of property which exceed accumulated earnings and profits are deemed to be made out of the reserve for losses on loans to the extent that such reserve exceeds the maximum amount which could have been accumulated on the basis of the institution's actual loss experience. Any amount so charged to the reserve will be included in the grass income of the distributing institution in the taxable year in which the distribution is made.

Section 589 would be substantially similar to present section 592 (relating to deduction for repayment of certain loans), and would remain limited to thrift institutions. Sections 590 and 591 would be a reiteration of present section 594 (relating to the alternative tax for mutual savings banks conducting a life insurance business) and section 591 (relating to deduction for dividends paid on deposits). Mutual savings banks will continue to be entitled to deduct all amounts paid to depositor-owners whereas capital stock institutions will only be able to deduct amounts paid as interest to depositors. Dividends to shareholders will continue to have to be made from after tax earnings. This is not inconsistent with the objective of tax neutrality since the difference in tax treatment results from a difference in the form of organization, rather than from a difference in functional type of operation.

Repeal of Part II of Subchapter H.—Section 705 would repeal all of Part II (relating to mutual savings banks and other thrift institutions) of Subchapter H of Chapter 1, and would redesignate Part III (relating to bank affiliates) as Part II. The repeal of Part II would become fully effective for taxable years beginning after December 31, 1978. For earlier taxable years, section 593 (relating to reserves for losses on loans) and Section 596 (relating to limitation on dividends received deduction) would continue to apply to thrift institutions that fail to make the election provided by section 581(b). Sections 591, 592, 593(f), 594, and 595 will be reinacted in substantially similar form as part of Part I. When fully effective, this will eliminate the present bad debt reserve provisions applicable to thrift institutions, section 593(a) through (e), and the limitation on the dividend received deduction, section 596. With the repeal of the percentage of taxable income method, there is no reason to continue the limitation on the dividend received deduction since the bad debt reserve deducted for thirty institutions will no longer depend upon taxable income. Elimination of the limitation on the dividend received deduction would provide greater benefit for mutual savings banks than for other thrift institutions since a significantly larger percentage of their assets is invested in corporate stock.

Definition of a Domestic Building and Loan Association—Section 706 would amend present section 7701(a)(19) of the Code (relating to the definition of a domestic building and loan association) so that the term "domestic building and loan association" would mean a domestic building and loan association, a domestic savings and loan association, a Federal savings and loan association, and a Federal savings bank which is an insured institution within the meaning of section 401(a) of the National Housing Act (12 U.S.C. sec. 1724(a)), or is subject by law to supervision and examination by State or Federal authority having supervision over such associations, and the business of which consists principally of acquiring the savings of the public and investing in loans. This definition incorporates the provisions of present law except that the asset test portion of the current definition, subparagraph (c) of present section 7701(a)(19) would be eliminated. (However, the asset test portion of the current definition would continue to apply until 1979 to institutions that fail to make a section 581(b) election.) All institutions which currently come within the definition of a domestic building and loan association would continue to do so and in addition the proposed definition would include a Federal savings bank as proposed under Title IV of this Act.

Section 706 would also amend the definition of a cooperative bank, section 7701(a) (32), to eliminate (except with respect to institutions failing to make a section 581 (b) election) the asset test portion of the definition.

Mortgage Interest Tax Credit.—Section 707 of the title would renumber section 42 of the Code as section 43, and provide for a new section 42, which would allow a credit against the tax imposed by Chapter 1 of the Code in an amount equal to a percentage of the interest received or accrued by the taxpayer during the taxable year from a qualifying residential mortgage loan.

Amount of the Credit.—In the case of individuals, including partners of partnerships, beneficiaries of estates and trusts, and shareholders of electing small business corporations, the credit will be equal to 1.5 percent of the interest income from qualifying residential mortgage loans. For taxable years beginning prior to January 1, 1979, thrift institutions that do not make a section 581(b) election to forego use of section 593 would be ineligible for the credit. In the case of other taxpayers, the credit will be equal to 3.5 percent of the interest income from qualifying residential mortgage loans. If less than 70 percent of the taxpayer's assets, determined as of the close of the taxable years, are invested in qualifying residential mortgages the credit percentage will be reduced ⅓ of 1 percentage point for each one percentage point below 70 percent. No credit will be available unless at least 10 percent of the taxpayer's assets are invested in qualifying residential mortgage loans. The valuation of qualifying residential mortgages, including participation certificates, and the valuation of total assets for purposes of determining the percentage level of investment in residential mortgages will be made in the same manner as the valuation for purposes of the asset test under present sections 593 (b)(2)(B) and 7701(a)(19)(C). In general, valuation will be made on the basis of adjusted basis, as determined under section 1011 and the regulations thereunder or by another method which is in accordance with sound accounting principles and which is used to value all assets. As is the case under the asset test of current law, the taxpayer will have the option of determining the percentage level of investment in qualifying residential mortgages on the basis of an average, computed monthly, quarterly, or semiannually. For purposes of determining the applicable credit percentage, fractions shall be disregarded. Thus a percentage level of investment of 57.75 percent shall be treated, for purposes of this section, as a percentage level investment of 57 percent. Specific rules for determining the applicable percentage will be contained in regulations to be issued by the Secretary.

Limitations on Allowable Credit.—There would be two limitations on the amount of credit allowed to a taxpayer. First, the credit could not exceed the tax imposed by Chapter 1 of the Code, reduced by the credits allowable under section 33 (relating to foreign tax credit), section 35 (relating to partially tax-exempt interest), section 37 (relating to retirement income), section 38 (relating to investment in certain depreciable property), section 40 (relating to expenses of work incentive programs), and section 41 (relating to contributions to candidates for public office).

The second limitation is that the credit would be allowed with respect to interest from qualifying residential mortgage loans only if such interest is verified in the manner prescribed by the Secretary of the Treasury or his delegate in appropriate regulations. In general, such regulations would be aimed at preventing a double counting of the interest on a qualifying residential mortgage loan. For example, where there is a participation certificate such as those issued by FHLMC which represent an interest in a pool of residential mortgages the regulations would be designed to preclude both the servicer of the mortgages who collects the interest and the holders of the participation certificates who own the mortgages from claiming a credit with respect to the same interest income. The Internal Revenue Service may wish to require the transferor of interest payments to supply an information statement (for example, Form 1099–INT, or Form 1041–E) to the taxpayer entitled to the credit and to the Service, setting forth the amount of interest qualifying for the credit, In addition, the regulations would set forth requirements with respect to the verification of the amount of residential mortgage interest received and whether the mortgage instrument or participation certificates meet the statutory requirements.

Qualifying Residential Mortgage Loan.—A qualifying residential mortgage loan would be defined as any loan evidenced by an agreement which constitutes a first lien against the real property in the jurisdiction in which such real property is located, but the credit would apply only to residential property located in the United States (including the District of Columbia) or a possession thereof. To qualify for the credit the loan must be either (1) a loan (including redeemable ground rents, as defined in section 1055) secured by an interest in real property which is (or, from the proceeds of the loan, will become) residential real property, provided that for this purpose, residential real property shall include single or multifamily dwellings, facilities in residential developments dedicated to public use or property used on a nonprofit basis for residents, and mobile homes not used on a transient basis, or (2) a loan secured by an interest in real property located within an urban renewal area to be developed for predominantly residential use under an urban renewal plan approved by the Secretary of Housing and Urban Development under part A or part B of the title 1 of the Housing Act of 1949, as amended or located within any area covered by a program eligible for assistance under section 103 of the Demonstration Cities and Metropolitan Development Act of 1966, as amended, and a loan made for the improvement of any such real property.

These are essentially the same types of loans which are qualifying assets for thrift institutions under present Code section 7701 (a) (19) (C) (V) and (VI). The principal difference is that for purposes of the credit only first mortgages will qualify. A credit for subordinated mortgages was not required to compensate thrift institutions since they do not make or hold such mortgages.

In addition, a credit for subordinated mortgages would increase the revenue cost of the credit without providing significant benefits for the housing industry. Statutory first liens which attach to residential real property by operation of law, such as a mechanics lien or a tax lien, would not qualify for the credit.

If a multifamily structure securing a loan would be used in part for nonresidential purposes, the entire loan would be deemed a qualifying residential mortgage loan if the planned residential use exceeds 80 percent of the property's planned use (determined as of the time the loan is made). The 80 percent test is identical to the definition of residential property under section 167(k) for purposes of determining whether a multiuse facility is residential property thereby entitling the owner to use an accelerated method of depreciation. A loan made to finance the acquisition or development of land would be deemed to be a loan secured by an interest in residential real property if, under regulations prescribed by the Secretary of the Treasury or his delegate, there is reasonable assurance that the property will become residential real property within a period of three years from the date of acquisition of such land; but if such land does not become residential real property within the three-year period the credit will be disallowed for the entire period and the taxpayer would be required to file an amended return and readjust the amount of the credit properly allowable.

Where a loan is secured by an interest in residential real property plus an interest in other property, such as the case where a loan to finance an apartment house is secured by a lien on the property plus a security interest in the carpeting and appliances, the mortgage will qualify for the credit so long as the loan value of the residential real property equals the amount of the loan. Where, for valid business reasons, a lender wishes additional security or wishes, as in the case of appliances in an apartment house, to preclude holders of other security interests from foreclosing on their interests to his detriment, there is no reason to deny such a lender the benefit of the credit. If the amount of a loan secured by an interest in both residential real property plus other property does not equal the loan value of the residential property it would be necessary to apportion the interest income on the basis of the respective loan values of the residential real property and the other property and only the amount attributable to the residential real property would qualify for the credit. Specific rules in this area would be prescribed in regulations to be issued by the Secretary of the Treasury or his delegate.

Certain types of loans are specifically excluded from the term "qualifying residential mortgage loan." These include (1) any loan evidenced by a security (as defined in section 165(G) (2) (C) of the Code); (2) any loan, whether or not evidenced by a security (as defined in section 165(g) (2) (C)), the primary obligor on which is a government or political subdivision or instrumentality thereof, a bank (as defined in section 581 of the Code), or another member of the same affiliated group; (3) any loan, to the extent secured by a deposit in or share of the taxpayer; or (4) any loan which, within a 60-day period beginning in one taxable year of the creditor and ending in its next taxable year, is made or acquired and then repaid or disposed of, unless the transactions by which such loan was made or acquired and then repaid or disposed of are established to be for bona fide business purposes.

The term "affiliated group," as used in (2) above, would have the meaning assigned to such term by section 1504(a) of the Code, except that the phrase "more than 50 percent" would be substituted for the phrase "at least 80 percent" each place it appears in section 1504(a), and all corporations would be treated as includible corporations (without any exclusion under section 1504(b)).

The types of loans described in (1), (2) and (3) above are similar to the types of loans excluded from the definition of a "qualifying real property loan" and hence from the special bad debt reserve provisions, under present Code section 593(e).

The types of loans described in (4) above are excluded in order to preclude taxpayers from acquiring mortgages at the close of a taxable year in order to qualify for a higher rate of credit and then dispose of such mortgages once the new taxable year has begun. The exclusion does not apply to mortgages acquired and disposed of for valid business purposes but does place the burden of proof on the taxpayer to establish the valid business purposes.

Specifically included within the definition of a qualifying residential mortgage loan would be an instrument which during its term represents an interest in one or more qualifying residential mortgage loans. The payment terms, yields, maturities and other provisions of the eligible instrument may be different from those of the underlying residential mortgages so long as the terms and provisions of such instrument reasonably reflect anticipated principal and interest payments on the underlying mortgages, including consideration for retirements or prepayments of the underlying mortgages.

It is intended that wide latitude be given to the interpretation of this provision so as to include a variety of types of participation certificates within the definition of a qualifying residental mortgage loan. The essential characteristic is that the holder of the participation certificate must own an interest under applicable local law in the underlying qualifying residential mortgages themselves. So long as sufficient mortgage characteristics are present and a direct relationship may be established between the participation certificate and the underlying mortgages certain additional items could be part of a participation certificate. For example, it would be possible to pay interest on a delayed basis annually or semiannually (or to pay such sum pursuant to a guaranty) and to pass through principal annually or less often (or to pay such sums pursuant to a guaranty) to the holder and to guarantee, irrespective of the guarantor, a projected return of principal based on estimated prepayments. It would also be possible to pay some instruments in a group differently than others so long as the total payments in the group were parallel to the underlying instruments during the time they were owned. It would also be possible for an eligible instrument to be retired prior to the contract terms of the underlying mortgages and for the proceeds from prepayments and other sources to be reinvested in residential mortgages during the instrument's term.

Where sufficient mortgage characteristics are not present or the holders of certificates do not own an interest in the underlying mortgages the credit would not apply to the income from such instruments. Similarly, the credit would not apply to securities the collateral for which are residential mortgages. It will be necessary for the Secretary of the Treasury or his delegate to issue appropriate regulations to refine the definition and characteristics of an instrument which would qualify for the credit and a mortgage backed security which would not.

Carryback and Carryforward of Credit.— The carryback and carryover of any unused credit is patterned after section 46(b), relating to the investment credit. Whenever the amount of the credit for any taxable year would exceed the limitation provided for such taxable year (referred to as an "unused credit year"), such excess would be a credit carryback to each of the three taxable years preceding the unused credit year, and a credit carryover to each of the seven taxable years following the unused credit year, and would be added to the amount otherwise allowable as a credit for such years, except that such excess would be a carryback only to a taxable year beginning after the effective date of the Act (or, in the case of a thrift institution that is ineligible for the credit during all or part of the transition period, a taxable year for which it is eligible for the credit). The entire amount of the unused credit for an unused credit year would be carried to the earliest of the taxable years to which such credit may be carried, and then to each of the other nine taxable years to the extent that such unused credit may not be taken into account for a prior taxable year.

The amount of the unused credit which could be added for any preceding or succeeding taxable year would be limited to the amount by which the income tax liability of the taxpayer reduced by other allowable credits for such taxable year exceeds the sum of the amount of credit allowable for such taxable year, plus the amounts which, by reason of this provision, were added to the amount of credit allowable for such taxable year and attributable to taxable years preceding the unused credit year.

Assume, for example, that in 1985 corporation X had tax liability of $75 (after taking into account other allowable credits) and the allowable mortgage interest tax credit was $100. The excess credit of $25 would be a credit carryback to taxable year 1982. If tax liability for 1982 had been $80 and the mortgage tax credit had been $60, the amount of the excess credit from 1985 which could be applied to 1982 would be $20 [tax liability

$80 less credit originally allowable $60]. If tax liability for 1983 had been $90 and the mortgage credit had been $70 the $5 unused credit from 1985 could be applied against the 1983 tax liability and a total refund for the two years in the amount of $25 could be claimed. If in 1986 corporation X once again had tax liability of $75 and an allowable mortgage interest credit of $100, only $15 of the excess could be carried to taxable year 1983 [tax liability for 1983 $90 less credit allowable for 1983 $70 plus $5 of excess credit from 1985]. The remaining $10 of excess could be carried back to 1984 and to the extent not used up in that year would be a credit carryforward to 1987 and the succeeding six years.

Special rules

Proposed subsection (f) would provide that in the case of an estate or trust, the interest from qualifying residential mortgage loans for a taxable year would be apportioned between the estate or trust and the beneficiaries on the basis of the income of the estate or trust allowable to each, and any beneficiary to whom interest from qualifying residential mortgage loans has been so apportioned would be treated for purposes of the credit as the taxpayer who received or accrued the interest from qualifying residential mortgage loans.

Proposed subsection (g) would provide that in case of an electing small business corporation (as defined in section 1371 of the Code), the interest from qualifying residential mortgage loans for a taxable year would be apportioned pro rata among the persons who are shareholders of such corporation on the last day of the corporation's taxable year, and any person to whom any interest from qualifying residential mortgage loans has been so apportioned would be treated for purposes of the credit as the taxpayer who received or accrued such interest.

Residential mortgage interest income apportioned to the beneficiary of an estate or trust or the shareholder of an electing small business corporation would retain its character as interest from qualifying residential mortgage loans. Interest income received through these apportionments will be treated as interest received by an individual and will be subject to the rate of credit applicable to individuals. The same would be true in the case of qualifying residential mortgage interest income of partnerships which is includible in the income of the individual partners.

Disallowance of the credit

The credit would be disallowed in two cases. The first involves a taxpayer that is formed or availed of primarily for the purpose of obtaining a higher rate of credit. For example, if a financial institution, other corporation or insurance company rearranges its portfolio of residential mortgages so as to concentrate qualifying residential mortgage loans in a subsidiary or affiliated entity, in order to obtain a higher rate of credit by creating an entity with a higher percentage level of investment in residential mortgages, the credit would be disallowed. This rule will not be applicable where a taxpayer can establish a bona fide business purpose for his actions. The Secretary of the Treasury or his delegate would be authorized to prescribe such regulations as may be necessary in order to carry out the intent of this rule. The burden of proof of establishing a bona fide business purpose would rest with the taxpayer.

The second situation where the credit allowed by subsection (a) would be denied occurs if the taxpayer issues obligations that are supported by an authority to borrow from the Treasury of the United States and are approved, at issuance, by the Department of the Treasury. Where a taxpayer has such close ties to the Federal Treasury so as to be, in essence, a quasi-governmental agency and where such taxpayer is empowered to hold assets chiefly in the form of residential mortgages it was deemed inappropriate to extend the benefit of the credit.

Conforming Clerical Amendments.—Sections 708 and 709 would amend present Code sections 46(d)(1) (relating to credit for investments in certain depreciable property); 57(a)(7) (relating to items of tax preference); 166(h) (relating to bad debts); 172 (b)(1)(F) (relating to years to which net operating losses may be carried back and carried over); 243(c)(1) (relating to special rules for dividends received by corporations); 542(c)(2) (relating to exceptions to definition of personal holding company); 582(c)(1) (relating to bad debts, etc., with respect to securities held by financial institutions); 992(d)(3) (relating to corporations ineligible to be domestic international sales corporations); 1038(f) (relating to certain reacquisitions of real property); and 6323(b)(10) (relating to validity and priority against certain persons), in order to eliminate distinctions which have been drawn between commercial banks and thrift institutions on account of the special bad debt reserve treatment accorded the latter under present law.

Amendments would be made to section 381(c) (relating to items taken into account in certain corporate acquisitions); 6096 (relating to designation of income tax payments to Presidential Election Campaign Fund); 6501 (relating to limitation on assessment and collection); 6511(d) (relating to limitations on credit or refund); 6601(c) (relating to income taxes reduced by carryback or adjustment for certain unused deductions); 6611(f) (relating to refund of income tax caused by carryback or adjustment for certain unused deductions); 6411 (relating to quick refunds in respect of tentative carryback adjustments); and 6501 (m) (relating to tentative carryback adjustment period) in order to reflect the addition of the tax credit for qualifying residential mortgage loans.

Section 11(e)(1) (relating to exceptions to tax imposed on corporations) and 811(b) (relating to deduction for dividends to policyholders) would be amended to reflect the redesignation of present section 594 (relating to the alternate tax for mutual savings banks conducting a life insurance business) as section 590.

The table of parts of Subchapter H of Chapter 1, the table of sections of Part 1 of Subchapter H of Chapter 1 and the table of sections of part IV of Subchapter A of Chapter 1 would also be amended by section 708 to appropriately reflect the changes made by the title.

Effective date.—Section 710 would provide a general effective date for Title VII. In general, all sections would be effective for taxable years beginning after the date of enactment of the Act. The elimination of the special bad debt reserve provisions currently applicable to thrift institutions (section 593 of the Code) and the introduction of the mortgage interest tax credit would not become effective until enactment of the "Financial Institutions Act of 1975". Thus, the tax provisions will not go into effect unless the non-tax provisions of this Act are also enacted. Certain limited effective dates are provided in other sections of the act to retain section 593 during the transition period for institutions that do not switch to the mortgage interest credit and to postpone other conforming changes until section 593 is repealed.

Mr. TOWER. Mr. President, I am pleased that the President has decided to resubmit the Financial Institutions Act for Congress to consider. That act is an outgrowth of the so-called Hunt Commission which was established in 1970, and it represents a considerable amount of consultation and discussion since then between the administration, Congress, and various industry and public interest groups. The Financial Institutions Subcommittee of the Committee on Banking, Housing and Urban Affairs held five sets of hearings on this act during the 93d Congress. In view of the amount of effort which has already been expended on this matter, I am delighted that it has been resubmitted for early consideration in the 94th Congress.

The Financial Institutions Act would expand the asset and liability power of depository institutions so as to achieve greater efficiency in our Nation's financial system. The expansion of financial powers for depository institutions would greatly enhance their ability to serve the public. But by expanding the powers of depository institutions, the Financial Institutions Act would also lay the groundwork for an orderly removal of interest ceilings on time and savings deposits—the so-called regulation Q ceilings. These ceilings have proven to be a hindrance to the smooth functioning of our Nation's financial system, and an unjustified constraint on earnings which savers receive on their deposits.

These proposed changes in financial powers would be made over a period of years so that the financial system would have ample time to take advantage of these expanded powers before operating in an environment of market-determined interest rates. The President's proposals, I believe, also provide for an orderly and balanced expansion of powers so that the competitive balance between institutions may be maintained in the process.

The purpose of this act is to both prevent the disruptive effects of disintermediation on saving flows into depository institutions and provide savers, particularly those with small amounts to save, with a fair rate of return on their deposits when market interest rates rise. Periods of disintermediation in the past have not only disrupted normal savings flows but have encouraged massive infusions of funds into the housing market from various housing-oriented Federal agencies. The large borrowings needed to support such an infusion of funds into the homebuilding sector has put upward pressure on interest rates in the open market at a time when rates are already high, thereby frustrating efforts on the part of depository institutions to attract the funds they need. This is a vicious treadmill that is not only disruptive to the private financial institutions but one that is also conducive to an ever-expanding Federal role in our Nation's financial markets.

I hope that prompt hearings will be held on the President's newly proposed Financial Institutions Act and that it can be brought up for full Senate consideration at an early date. Failure to adopt this legislation will only continue to hinder the functioning of our private financial system and impose an unnecessary burden on institutions and savers alike.

By Mr. METCALF:

S. 1268. A bill to establish congressional policy direction for the administration and management of the National Wildlife Refuge System; to estab lish the National Wildlife Refuge Service; to provide authority for study, review, and establishment of additional units of the National Wildlife Refuge System; and for other purposes. Referred to the Committee on Commerce.

Mr. METCALF. Mr. President, the first Federal Wildlife Sanctuary, Pelican Island, off the east coast of Florida, was established by Executive order of President Theodore Roosevelt in 1903. Since then, the National Wildlife Refuge System has developed into the most far-reaching and comprehensive wildlife habitat management program which has been applied to the land in the history of mankind. Today, the System has nearly 350 units and contains more than 30 million acres. There is a wildlife refuge system unit in all the various States except West Virginia. As a matter of fact, the System has more field stations in more States and contains more acreage than the National Park System. In addition to wildlife resources, the System contains nationally significant multiple values including, but not limited to cultural, social, natural, economic, recreation, historical and scenic values of enduring benefit to the Nation.

Throughout the years, Congress has provided funds and the authority for wildlife refuge establishment. Still lacking, however, are clear-cut congressional policies and direction on what the National Wildlife Refuge System should be and how it should be administered and managed for the public good.

Mr. President, the mere existence of a Federal land management program devoted primarily to providing wildlife habitat needs and public benefits therefrom is, in my view, a positive measure of the stature of the American people as a free and civilized society. The bill I introduce today will assure future generations an enduring wildlife heritage by providing policy guidance for administration and management of one of our country's finest land dedication achievements.

By Mr. JOHNSTON (for himself, Mr. Metcalf, Mr. Stone, Mr. Abourezk, Mr. Haskell, and Mr. Tunney):

S. 1269. A bill to create a coastal States fund; to provide for the distribution of revenues from Outer Continental Shelf lands; and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. JOHNSTON. Mr. President, we have just completed 3 of 6 days of scheduled joint hearings before the Interior and Commerce Committees on proposed revisions in OCS leasing procedures. One of the recurring themes that has emerged from the witnesses we have heard so far is the need to provide impacted coastal States with adequate compensation for the adverse environmental effects and social and economic impacts of offshore oil and gas exploration, development, and production. This conclusion is buttressed by the action of the Supreme Court on Monday in rejecting the claims of a number of east coast States to lands more than 3 miles off their shores.

Provisions of a number of pending bills being considered at the OCS hearings attempt to deal with the problem of adverse impacts on coastal States by providing grants to such States to help them deal with these problems. Moreover, the Senate last year recognized the need to compensate impacted coastal States for the effects of OCS activities when it passed S. 3221, which established a coastal States fund to make grants for such purposes. In my judgment, however, we need to provide additional flexibility to the States in meeting the burdens caused by OCS operations. I am, therefore, today introducing, on behalf of myself and a number of other members of the Interior Committee, the Outer Continental Shelf Lands Compensation Act. This bill combines the grant approach of S. 3221 with direct payments to impacted States based on the volumes of oil and gas actually brought ashore in such States. The latter approach is to direct the nongrant funds to those States willing to take on the burdens of having OCS energy production come ashore in their States, with the resulting impacts from pipelines, refineries, and other energy facilities that will result from the importation of such oil.

Specifically, Mr. President, the Outer Continental Shelf Lands Compensation Act provides that an amount equal to 5 percent of the value of all oil and gas produced on the Outer Continental Shelf in any fiscal year under lease with the Secretary of the Interior or the Secretary of the Navy will be divided equally between a coastal States fund and the States in which Federal OCS production is first landed. The coastal States fund would provide grants to the States in the manner approved by the Senate in S. 3221. The remaining half of such 5 percent would be distributed among the States in proportion to the amount of oil and gas that is first landed in each such State.

Mr. President, I believe the record is now clear that substantial financial aid for coastal States adversely affected by OCS activities is not only equitable but necessary. I trust that the Congress will move promptly to provide such aid so we can get on with the job of developing the people's resources on the Outer Continental Shelf in a manner that does not burden those States that might otherwise be adversely affected by such development.

Mr. President, I ask unanimous consent that the full text of the bill, be printed in the Record following these remarks.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1269

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Outer Continental Shelf Lands Compensation Act".

Sec. 2. Section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) is amended to read as follows:

"Sec. 9. (a) Disposition of Revenues.—All rentals, royalties, or other sums paid to the Secretary or the Secretary of the Navy under or in connection with any lease on the Outer Continental Shelf for the period beginning June 5, 1950, and ending with the day preceding the date of the enactment of the Outer Continental Shelf Lands Compensation Act shall be deposited in the Treasury of the United States and credited to miscellaneous receipts.

"(b) All rentals, royalties, or other sums paid to the Secretary or the Secretary of the Navy under or in connection with any lease on the Outer Continental Shelf for the period beginning with the date of the enactment of the Outer Continental Shelf Lands Compensation Act, other than any amount credited to the Land and Water Conservation Fund pursuant to section 2(c)(2) of the Land and Water Conservation Fund Act of 1965, shall be deposited in the Treasury of the United States; and of the amount of the revenues so deposited in each fiscal year an amount equal to five per centum of the value of all oil and gas produced in such fiscal year under any lease with the Secretary or the Secretary of the Navy on the Outer Continental Shelf—

(1) 50 per centum shall be paid by the Secretary of the Treasury into a special fund in the Treasury to be known as the Coastal States Fund; and

(2) 50 per centum shall be paid to the several states in proportion to the volume of such oil and gas that is first landed in each such state.

"(c) Any moneys paid to the Secretary or the Secretary of the Navy under or in connection with a lease but held in escrow pending the determination of a controversy as to whether the lands on account of which such moneys are paid constitute part of the Outer Continental Shelf shall, to the extent that such lands are ultimately determined to constitute said part of the Outer Continental Shelf, be distributed—

"(1) in accordance with subsection (a) if paid before the date of the enactment of the Outer Continental Shelf Lands Compensation Act, and

"(2) in accordance with subsection (b) if paid on or after the date of the enactment of the Outer Continental Shelf Lands Compensation Act.

Sec. 3. (a) Nothing contained in this Act or in the amendments made by this Act shall be construed to alter, limit, or modify in any manner any right, claim, or interest of any State in any funds received before the date of the enactment of this Act and held in escrow pending the determination of any controversy as to whether the submerged lands on account of which such funds are received constitute a part of the Outer Continental Shelf.

(b) Nothing contained in this Act or in the amendments made by this Act shall be construed to alter, limit, or modify any claim of any State to any right, title, or interest in, or jurisdiction over, any submerged lands.

Sec. 4. The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended by adding at the end the following new section:

"Sec. 18. (a) COASTAL STATES FUND.—There is hereby established in the Treasury of the United States the Coastal States Fund (hereinafter referred to as the "fund"). The Secretary shall manage and make grants from the fund according to the regulations established pursuant to subsections (b) and (c) to the coastal States impacted by anticipated or actual oil and gas production.

"(b) The purpose of such grants shall be to assits coastal States impacted by anticipated or actual oil and gas production to ameliorate adverse environmental effects and control secondary social and economic impacts associated with the development of Federal energy resources in, or on the Outer Continental Shelf adjacent to the submerged lands of such States. Such grants may be used for planning, construction of public facilities, and provision of public services, and such other activities as may be prescribed by regulations promulgated pursuant to subsection (c) of this section. Such regulations shall, at a minimum, (1) provide that such regulations be directly related to such environmental effects and social and economic impacts; (2) take into consideration the acreage leased or proposed to be leased and the volume of production of oil and gas from the Outer Continental Shelf off the adjacent coastal State; and (3) require each coastal State, as a requirement of eligibility for grants from the fund, to establish pollution containment and cleanup systems for pollution from oil and gas development activities on the submerged lands of each such State.

"(c) The Secretary of Commerce, in accordance with the provisions of subsection (b), and this subsection, shall, by regulation, establish requirements for grant eligibility: *Provided*, That it is the intent of this section that grants shall be made annual to impacted coastal states to the maximum extent permitted by the amounts contained in the fund and that grants shall be made to impacted coastal States in proportion to the effects and impacts of offshore oil and gas exploration, development and production on such States. Such grants shall not be on a matching basis but shall be adequate to compensate impacted coastal States for the full costs of any environmental effects and social and economic impacts of offshore oil and gas exploration, development, and production. The Secretary shall coordinate all grants with management programs established pursuant to the Coastal Zone Management Act of 1972.

"(d) There is hereby authorized to be appropriated to the fund $100,000,000.

"(e) For the purpose of this Act, 'coastal State' means a State of the United States, in, or bordering on, the Atlantic, Pacific, or Arctic Ocean, the Gulf of Mexico, or Long Island Sound, including Puerto Rico, the Virgin Islands, Guam, and American Samoa.

Mr. JACKSON. Mr. President, I want to commend the junior Senator from Louisiana (Mr. JOHNSTON) for the initiative he has taken in attempting to resolve one of the most difficult issues involved in the complex problems of development of the Nation's Outer Continental Shelf oil and gas resources.

Outer Continental Shelf oil and gas is owned by all the people of the United States, and the Federal Government has a responsibility to assure that it is developed in a manner which benefits all the people. At the same time, I believe the Federal Government must recognize the special impacts of Outer Continental Shelf development on those citizens living in the coastal zone.

The need for better working relationships between the Federal Government and the coastal States and for Federal assistance to coastal States impacted by Federal decisions to develop the Outer Continental Shelf are two of the major reasons why I introduced the Energy Supply Act of 1974 (S. 3221) a year ago.

Despite intense opposition from the administration and the oil and gas industry, the Senate passed S. 3221 by a 64 to 23 vote. Senator JOHNSTON took the lead both in the Interior Committee and the Senate floor in securing Senate approval of S. 3221.

Largely because of Senator JOHNSTON'S efforts legislation which he and I have cosponsored this year (S. 521) provides a Federal fund for grants-in-aid to impacted coastal States. It may well be that this provision of the bill needs to be modified to provide the most equitable aid formula possible.

I know that the Interior Committee will be considering this question in depth during the markup of S. 521 and that Senator JOHNSTON will continue to be an able advocate of the interests of the coastal States.

By Mr. PERCY:

S. 1270. A bill to amend the Social Security Act to provide for the furnishing of rehabilitative services to inpatients of long-term care facilities. Referred to the Committee on Finance.

S. 1271. A bill to amend section 232 of the National Housing Act to provide insurance for loans to finance improvements to long-term care facilities required to correct deficiencies identified in State surveys and Federal certification procedures. Referred to the Committee on Banking, Housing and Urban Affairs.

S. 1272. A bill to amend the Older Americans Act of 1965 to provide strengthened programs relating to long-term care facilities, and for other purposes. Referred to the Committee on Labor and Public Welfare.

S. 1273. A bill to amend the Social Security Act to direct the Secretary of Health, Education, and Welfare to develop standards relating to the rights of patients in certain medical facilities. Referred to the Committee on Finance.

S. 1274. A bill to amend the Social Security Act so as to make permanent certain temporary provisions relating to inspections of long-term care institutions, to provide for the publication of certain information regarding such institutions, and requiring that such institutions provide certain training for their nonprofessonal employees as a condition of participation in the medicare and medicaid programs. Referred to the Committee on Finance.

S. 1275. A bill to amend title XIX of the Social Security Act to impose certain requirements relating to the discharge or transfer of medicaid patients from skilled nursing or intermediate care facilities, and for other purposes. Referred to the Committee on Finance.

S. 1276. A bill to amend title XVIII of the Social Security Act to provide for the establishment of a Nursing Home Affairs Advisory Council. Referred to the Committee on Finance.

Mr. PERCY. Mr. President, I had the honor Wednesday of addressing the closing banquet of the third annual legislative workshop of the American Association of Homes for the Aging. In my address I discussed several proposals aimed at providing the elderly with alternatives to free standing nursing homes as well as assuring them of quality care if admission to existing facilities is deemed desirable. I am introducing seven bills today embodying these proposals.

I first introduced these bills in the 93d Congress. Unfortunately, the committees to which they were referred were not able to act on them because of other pressing business. Recurring scandals in the field of long-term care, the most recent of which originated in New York, underscore the necessity of acting promptly in the 94th Congress.

My approach to developing alternatives to institutionalization is straightforward and direct. I believe the State and area agencies on aging authorized by 1973's amendments to the Older Americans Act must become the focal point for this effort. I am introducing a bill which I call the Older Americans Act Amendments of 1975 which directs the area agencies on aging to give priority to developing and expanding home health services.

My bill also directs the Commissioner of the Administration on Aging to give special consideration to funding projects which demonstrate the effectiveness of geriatric day care centers as an alternative to institutionalization. I shall return in a moment to other provisions of this bill which strengthen the role of State and area agencies on aging in improving the quality of care in long-term care facilities.

My program for continuing our efforts to improve the quality of care in nursing homes has six parts. These parts are embodied in the seven bills I am introducing.

The first part of my strategy to improve the quality of care in long-term care facilities involves building on and expanding the truly innovative changes embodied in Public Law 92–603 (H.R. 1).

After years of personal inspection of nursing homes and appraising their needs, I am proposing that we require preservice and inservice training for all nonprofessional personnel in long-term care facilities.

I am proposing that we move beyond the requirement that inspection reports be available to the public by directing the Secretary to prepare and disseminate an intelligible summary or digest of these reports and that he develop a rating system for facilities based on the data found in the reports.

Second, we can improve the quality of care by vigorously enforcing all existing requirements. Enforcement has sometimes been absent in the past because of the fear that enforcing high standards meant closing homes and tossing elderly people out on the street.

To deal with this problem I am proposing a program of insured loans to long-term care facilities to help them correct deficiencies which are identified in surveys and inspections but which do not detract substantially from the quality of care being provided in these facilities. Rather than closing these facilities because of some technical violation of law or ignoring the violations we must help them correct deficiencies and achieve full compliance with the standards of the medicare and medicaid programs.

Third, long-term care facilities must be provided with an incentive to maintain residents at their highest level of functioning and not to contribute to their decline through inadequate or nonexistent care. To provide this incentive I am introducing a bill to require the provision of rehabilitative services to all residents of long-term care facilities who may benefit from them and to provide 100 percent Federal reimbursement for the cost of these services.

Fourth, we must make nursing homes more accessible to the communities they serve and thereby more accountable to these communities.

I think this can be accomplished in a number of ways. For example, the publication of a booklet based on State surveys and inspection reports such as I mentioned earlier obviously makes these facilities more open and accessible. So, too, would the existence of a permanent Advisory Council on Nursing Home Affairs made up of both consumers and providers.

Beyond these steps I am proposing that the State agencies on aging be required to establish a nursing home ombudsman and that area agencies be directed to develop programs which will bring volunteers, including youthful ones, into area nursing facilities. Both of these activities have demonstrated their usefulness in improving the quality of care by making institutions more open and more accountable to the public.

Fifth, in an effort to act positively to protect the rights of the elderly and the infirm, I am reintroducing my bill which directs the Secretary of Health, Education, and Welfare to require long term care facilities to adopt and publish a statement of the rights and responsibilities of residents and patients. Although the Secretary has proposed in regulations a bill of rights for those who live in skilled nursing facilities and intermediate care facilities, I believe the Congress must nonetheless make this statement a part of the Social Security Act.

The bill of rights seeks to guarantee a patient's basic civil and religious liberties and to assure him the necessary information, independence, and privacy to maintain control over his own fate and fortune while a nursing home resident. Moreover, the bill sets certain minimum standards of care which every resident or patient can anticipate as his right: Courteous, fair, and equal treatment by the staff free of physical and mental abuse or physical and chemical restraints. The patient, on the other hand, is expected to obey the institution's regulations and to respect the rights of other residents.

Finally, and perhaps most importantly, I am again proposing we amend those provisions of existing law which were intended to benefit the long-term care patient but which in practice seem to work to his detriment. I have in mind here provisions of Public Law 92-603 dealing with the so-called level of care problem.

Certainly no patient should be receiving care at the taxpayer's expense which he does not need. We know this sometimes happens. But at the same time there may be reasons beyond the strictly medical ones why some patients need a higher level of care than might at first glance seem necessary. Moreover, involuntary transfer and discharge can have a devastating effect on the physical and mental health of even those persons for whom these moves are thoroughly justified.

To remedy this problem I am proposing that no patient be transferred or discharged from a facility without a medical determination that his needs cannot be met in that facility. In addition, States will be required to notify a patient at least 14 days in advance of a pending transfer or discharge and to properly prepare him or her for the move. The patient or his repesentative may request a hearing on the impending move.

Another provision of my bill goes to the heart of the problem: The overly restrictive definition of skilled nursing care. The Secretary is directed to refine the definition to include recognition of factors other than strictly medical ones in determining the need for such care.

Lastly, this bill directs the Secretary to conduct continuing investigative and oversight activities with respect to State administration of the medicaid program. The Secretary is directed to hold hearings at which States will account for their administration. This provision, I believe, will go a long way toward upgrading the management of this multibillion-dollar program.

Mr. President, the bills I am introducing today do not involve vast new expenditures. Many provisions can be implemented without any increase in appropriations for a particular program or function.

The entire cost is difficult to estimate, however. This is true because no one really knows on the basis of currently available information how many patients may be able to benefit from rehabilitative services and how much these services will cost. But even if the cost were to exceed $100 million, as I estimate it might, this is a small amount in comparison to the billions it would have cost the Federal Government to develop and produce the SST alone. And the return on our investment is likely to be great in terms of the quality of life for the elderly.

Mr. President, I ask unanimous consent that a detailed outline of the legislation I am introducing as well as the text of the bills be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Senator Percy's Legislative Proposals To Improve Long-Term Care for the Elderly

1. A bill to require rehabilitative services in long-term care institutions.

a. Requires facilities to develop and execute rehabilitative programs for every resident who may benefit from them.

b. Authorizes 100 percent Federal reimbursement of the cost of rehabilitative serv- ciencies in long-term care facilities.

2. A bill to authorize government-insured loans to upgrade or correct marginal deficiencies in long-term care facilities.

a. Authorizes the Secretary of Health, Education and Welfare to certify eligible facilities to the Secretary of Housing and Urban Development.

b. Defines eligible facilities to be ones in which improvements in physical structure are required to correct deficiencies identified in state surveys and certification procedures.

c. Directs the Secretary of Health, Education and Welfare to certify only those facilities which can meet Federal standards in a reasonable length of time and without any danger to residents in the interim.

d. Authorizes the Secretary of Housing and Urban Development to insure low-interest, long-term loans issued by private lending institutions to facilities meeting these requirements.

3. A bill to amend the Older Americans Act to strengthen provisions dealing with various modes of long-term care.

a. Requires state plans to provide for establishing and maintaining a nursing home ombudsman program.

b. Requires area plans to provide for establishing and maintaining voluntary visiting services in long-term care facilities as a means of insuring community access and accountability.

c. Authorizes the Commissioner of Aging to approve projects designed to test or demonstrate the effectiveness of geriatric day-care centers as an alternative to institutionalization for the elderly.

d. Requires area plans to provide for developing home health services in those areas in which they are now lacking.

4. A bill to provide a bill of rights for the residents of long term care facilities.

a. Directs the Secretary of Health, Education and Welfare to require long term care facilities to adopt and publish a statement of the rights and responsibilities of nursing home residents.

b. Seeks to guarantee a patient's basic civil and religious liberties and to assure him the necessary information, independence, and privacy to maintain control over his own fate and fortune while a resident of a long term care facility.

c. Sets certain minimum standards of care which every resident can anticipate as a right: courteous, fair, and equal treatment by the staff free of physical and mental abuse or physical and chemical restraints.

d. Requires facilities to make the statement available to a patient, or his guardian, prior to admission and to the staff of the facility and to see to it that the staff is trained to carry out the letter and the spirit of the bill of rights.

5. A bill to refine certain features of H.R. 1 (P.L. 92-603) with respect to long-term facilities.

a. Directs the Secretary of Health, Education and Welfare to publish a convenient and readable summary of reports of surveys of institutions, including data on current ownership and charges.

b. Directs the Secretary to develop a rating system for long-term care institutions as an aid to the consumer.

c. Requires that all new non-professional employees of long-term care institutions receive pre-service training and that all present and future non-professional employees receive periodic in-service training.

6. A bill to amend the Social Security Act to impose certain restrictions on the discharge or transfer of patients or residents of long-term care facilities.

a. Requires that no patient be transferred or discharged from a facility without a medical determination that his needs cannot be met in that facility.

b. Requires that steps be taken to assure that the patient or resident is properly prepared for discharge or transfer and will receive appropriate care in the future.

c. Requires that a patient or resident be informed of his pending discharge or transfer at least 14 days in advance and that he be given the right to a hearing on the transfer or discharge.

d. Directs the Secretary to exercise powers of investigation and oversight regarding the execution of state plans.

e. Directs the Secretary to refine the definition of skilled nursing care to include recognition of factors other than strictly medical ones in determining the need for such care.

7. A bill to create a permanent Nursing Home Affairs Advisory Council.

a. Creates an 11-member Council to advise the Secretary of Health, Education and

Welfare on ways to improve the quality of care of residents of long-term care facilities.

b. Requires that a majority of the members shall be eligible for Medicare or Medicaid benefits and that at least one person be a resident of a long-term care facility.

S. 1270

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part A of title XI of the Social Security Act is amended by adding after section 1123 thereof the following new section:

"REHABILITATIVE SERVICES FOR PATIENTS IN LONG-TERM CARE FACILITIES

"SEC. 1124. (a) The Secretary shall make grants to long-term care facilities to defray 100 per centum of the reasonable cost incurred by such facilities in establishing and carrying out a rehabilitative services program (as defined in subsection (b)) for the inpatients thereof.

"(b) The term 'rehabilitative services program' means a program which includes—

"(1) examination of each inpatient of the facility to determine if such inpatient may benefit from therapy,

"(2) with respect to each inpatient who (on the basis of such examination) is determined to be in need of therapy, preparation of plans which specify the type of therapy to be provided, the freqeuncy with which it will be administered, and the measurable goal sought to be achieved as a result thereof, and

"(3) utilization of qualified therapists (who are certified as such under State or local laws) to provide or supervise the provision of all therapy services furnished under the program.

"(c) Grants under this section shall be made in such amounts, and subject to such conditions as the Secretary may deem appropriate to carry out the purposes of this section and to protect the public interest; and amounts payable under such grants shall be made in advance or by way of reimbursement, and in such installments as the Secretary may determine.

"(d) As used in this section, the term 'long-term care facility' includes a skilled nursing facility (as that term is employed in titles XVIII and XIX) and an intermediate care facility (as that term is employed in title XIX).

"(e) There are authorized to be appropriated for each fiscal year such sums as may be necessary to carry out the provisions of this section.

"(f) Notwithstanding any provision of title XVIII or XIX, Federal funds available for the carrying out of either of such titles shall not be available for the provision, after June 30, 1976, of long-term care in any long-term care facility which does not have in effect a rehabilitative services program."

S. 1271

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 232 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(j) (1) The Secretary, in consultation with the Secretary of Health, Education, and Welfare, is authorized upon such terms and conditions as he may prescribe, to make commitments to insure and to insure loans made by financial institutions to long-term care institutions approved by the Secretary of Health, Education, and Welfare, to make improvements in the physical structures of such facilities required to correct deficiencies identified in State surveys and certification procedures carried out in connection with the administration of any Federal program or of any State program in which there is Federal financial participation. The Secretary of Health, Education, and Welfare will approve for loans those facilities which show reasonable promise of meeting Federal standards and requirements in a reasonalbe length of time without endangering the health or safety of the residents in the interim.

"(2) To be eligible for insurance under this subsection, a loan shall—

"(A) not exceed the Secretary's estimate of the reasonable cost of the improvements to be made;

"(B) bear interest at not to exceed a rate prescribed by the Secretary;

"(C) have a maturity satisfactory to the Secretary, but not to exceed years from the beginning of amortization of the loan or three-quarters of the remaining economic life of the structure in which the improvements are to be made, whichever is the lesser; and

"(D) comply with such other terms, conditions, and restrictions as the Secretary may prescribe.

"(3) The provisions of paragraphs (5), (6), (7), (9), and (10) of section 220 (h) shall be applicable to loans insured under this subsection, except that all references to 'home improvement loans' shall be construed to refer to loans under this subsection.

"(4) The provisions of subsections (c), (d), and (h) of section 2 shall apply to loans insured under this subsection, and for the purposes of this subsection references in such subsections to 'this section' or 'this title' shall be construed to refer to this subsection."

S. 1272

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Older Americans Amendments of 1974".

SEC. 2. Section 304(c)(2) of the Older Americans Act of 1965 is amended by—

(1) striking the semicolon at the end of the section and inserting in lieu thereof a comma; and

(a) adding the following: "with special emphasis on the establishment or expansion of home health services."

SEC. 3. Section 304(c) of the Older Americans Act of 1965 is amended by redesignating clauses (3) and (4), and all references thereto, as clauses (4) and (5), respectively, and by inserting immediately after clause (2) the following new clause:

"(3) provide for the establishment and maintenance within the service area covered by the plan of a program designed to strengthen access by the community to long-term care facilities, including accountability to the community for the services provided by such facilities, and a program of voluntary visiting services to such facilities;".

SEC. 4. Section 305(a) of the Older Americans Act of 1965 is amended by—

(1) striking out the word "and" at the end of clauses (8) of such section;

(2) striking out the period at the end of clause (9) of such section and inserting in lieu thereof a semicolon and the word "and"; and

(3) adding at the end thereof the following new paragraph:

"(10) provides that the State agency will establish and maintain an ombudsman office which will receive and investigate complaints from residents and patients, and the relatives and friends of residents and patients, in long-term care facilities."

SEC. 5. Section 308(a)(4) of the Older Americans Act of 1965 is amended by inserting immediately after "shopping services" a comma and the following "geriatric day care center services".

S. 1273

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title XI of the Social Security Act is amended by adding after section 1123 the following new section:

"DEVELOPMENT OF STANDARDS RELATING TO THE RIGHTS OF PATIENTS IN CERTAIN MEDICAL FACILITIES

"SEC. 1124. The Secretary, in prescribing standards under section 1861(j)(5) of this Act for skilled nursing facilities and under section 1905(c)(2) of this Act for intermediate care facilities, shall require that such facilities adopt and make public a statement of the rights and responsibilities of the patients who are receiving treatment in such facilities and treat their patients in accordance with the provisions of such public statement. The Secretary shall require—

"(a) That the statement include the following:

"(1) A guarantee that the patient's civil and religious liberties (including the right to independent personal decisions and knowledge of available choices) will not be infringed and that the facility will encourage and assist in the fullest possible exercise of these rights.

"(2) A guarantee of the patient's right to have private and unrestricted communications with his physician, attorney and any other person.

"(3) A guarantee of the patient's rights to present grievances on behalf of himself or others, to the facility's staff or administrator, to governmental officials, or to any other person without fear of reprisal, and to join with other patients or individuals within or outside of the facility to work for improvements in patient care.

"(4) A guarantee of the patient's right to manage his own financial affairs, or to have a monthly accounting of any financial transactions in his behalf, should the patient delegate such responsibility to the facility for any period of time.

"(5) A guarantee of the patient's right to receive at least adequate and appropriate medical care, to be fully informed of his medical condition and proposed treatment, and to participate in the planning of all medical treatment, including the right to refuse medication and treatment and know the consequences of such action.

"(6) A guarantee of the patient's right to have privacy in treatment and in caring for personal needs, confidentiality in the treatment of personal and medical records, and security in storing and using personal possessions.

"(7) A guarantee of the patient's right to receive courteous, fair and equal treatment and services and a written statement of the services provided by the facility, including those required to be offered on an as-needed basis.

"(8) A guarantee of the patient's right to be free from mental and physical abuse and from physical and chemical restraints, except those restraints authorized in writing by a doctor for a specified and limited period of time.

"(9) A statement of the facility's regulations and an explanation of the patient's responsibility to obey all reasonable regulations of the facility and to respect the personal rights and private property of the other patients.

"(10) A guarantee that, should the patient be adjudicated incompetent in accordance with State law and not be restored to legal capacity, the above rights and responsibilities shall devolve upon a sponsor or guardian who shall see that the patient is provided with adequate, appropriate and respectful medical treatment and care and all rights which he is capable of exercising.

"(b) That each facility make available a copy of the statement to each patient and to each patient's guardian at or prior to the time of admission to the facility, and to each member of the facility's staff.

"(c) That each facility prepare a written plan and provide appropriate staff training to implement each patient's right included in the statement.

SEC. 2. Section 1861(j)(15) of the Social Security Act (42 U.S.C. 139x(j)(15)) is amended by striking out "health and safety" and inserting in lieu thereof "health, safety, and rights".

S. 1274

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

(a) Section 1106 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f)(1) The Secretary shall publish, and make available to interested members of the public, information and data of public interest with respect to institutions which are skilled nursing facilities (providing services for which payment may be made under title XVIII or under a State plan approved under title XIX) or intermediate care facilities (providing services for which payment may be made under a State plan approved under title XIX). Such information and data shall be published in a convenient and readable form and shall contain a summary of survey reports on each such institution, and shall include data with respect to ownership of the institution and charges imposed for services in such institution.

The matter required to be published under this subsection shall be published periodically and in separate documents so that each document pertains only to institutions in a particular area and the information and data contained therein is of current interest to individuals residing in the area.

"(2) The Secretary shall develop a simple and convenient system for rating such institutions on the basis of survey reports made to him, and, in any document published pursuant to paragraph (1) for any area there shall be included the rating of each such institution in such area, together with an explanation of the criteria employed for determining the rating of such institutions."

(b)(1) Section 1861(j) of the Social Security Act is amended—

(A) by striking out "and" at the end of clause (14) thereof,

(B) by striking out the period at the end of clause (15) thereof and inserting in lieu of such period "; and", and

(C) by adding after clause (15) thereof the following new clause:

"(16) provides (in accordance with standards which the Secretary shall establish) periodic in-service training for all non-professional employees of the institution, and preservice training for all new non-professional employees of such institution."

(2) Section 1903 of such Act is amended by adding at the end thereof the following new subsection:

"(1) Notwithstanding the preceding provisions of this section, no payment shall be made to a State with respect to expenditures incurred by it for services provided by any institution, which is a skilled nursing facility or an intermediate care facility, if such facility does not provide (in accordance with standards which the Secretary shall prescribe) periodic in-service training for all non-professional employees of the institution and pre-service training for all new non-professional employees of such institution."

(3) The amendments made by this subsection shall take effect on the first day of the first calendar month which commences more than 90 days after the date of enactment of this Act.

S. 1275

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title XIX of the Social Security Act is amended by adding at the end thereof the following new section:

"STANDARDS FOR DETERMINING NEED FOR CONTINUED SKILLED NURSING SERVICES OR INTERMEDIATE CARE SERVICES

"SEC. 1911. (a) In addition to other requirements imposed by law as a condition of approval of a State plan under this title, there is hereby imposed (and each State plan approved under this title shall be deemed to contain) the requirement that—

"(1) in determining, for purposes of the administration of the State plan, the need for continued care in a particular skilled nursing facility or intermediate care facility (which provides services for which payment may be made under the State plan) of an individual who—

"(A) is entitled to medical assistance under the State plan, and

"(B) has, for a period of 120 days or more, been an inpatient of such facility.

a determination which would result in discharge or transfer from such facility shall be made only if in the judgment of a physician, after consultation with other appropriate professional personnel, such discharge or transfer would be in the best interest of such individual's physical and mental health, and

"(2) in making such judgment and such determination proper consideration shall be given, not only to the mental and physical condition of such individual, but also to the capability of the facility to meet his particular needs, and to the impact which discharge or transfer from the particular facility would, as a practical matter, have on his general well-being in light of his age, length of stay in the facility, family situation, mental attitude, and other relevant factors, and

"(3) whenever, in the administration of the State plan, it is determined that an individual, who meets the criteria specified in subparagraphs (A) and (B) of paragraph (1), should be discharged or transferred from such particular facility (because the care provided in such facility is in excess of the needs of such individual—

"(A) notice shall (not less than 14 days prior to the proposed discharge or transfer) be sent to such individual (and in appropriate cases to his legal representative or interested family members)—

"(i) indicating the date of the proposed discharge or transfer, and advising that such individual may (at any time prior to the date of the proposed discharge or transfer) demand a hearing by the State agency on this matter of such discharge or transfer,

"(ii) identifying and describing (in case of a determination that such individual should be transferred from such facility) the institution to which it is proposed that such individual be transferred, and

"(B) such discharge or transfer shall not become effective prior to the date specified in the notice (sent in accordance with subparagraph (A)(i)), or, if later, the date of a final determination on the matter made on the basis of evidence adduced at a hearing held pursuant to a demand made pursuant to such notice, and

"(4) the State agency shall take appropriate affirmative action to assure that any individual discharged or transferred from a facility shall have the benefit of a planned program of information and counselling concerning such discharge or transfer designed to assist him in adjusting to the change in his care and surroundings and to minimize the personal stress which may accompany such change.

For purposes of paragraph (3), a determination (made in the administration of the State plan) that payment should no longer be made to a facility in which an individual (referred to in such paragraph) is an inpatient shall be deemed to be a determination, made in the administration of the State plan, that such individual should be discharged or transferred from such facility."

(b) Section 1904 of the Social Security Act is amended to read as follows:

"SEC. 1904. (a) The Secretary shall conduct, on a continuing basis in all States with plans approved under this Title, investigative and oversight activities designed to determine whether there exists any basis to support a finding—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 1902 and section 1911; or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision; and,

when such activities result in observations indicating that there does exist a reasonable basis for such a finding, he shall forthwith call upon the State agency to appear at a public hearing, scheduled so as to allow reasonable notice to the State agency, to give an accounting of its administration of the plan with respect to those matters in which the Secretary has found indications of noncompliance.

"(b) Where such a hearing results in a finding by the Secretary of failure to comply with any of the provisions of section 1902 and section 1911, the Secretary shall require compliance and may, to effect such compliance, notify the State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such noncompliance), until the Secretary is satisfied that there will no longer be any such failure to comply."

(c) Section 1905(f) of the Social Security Act is amended by adding at the end thereof the following new sentences: "An individual shall also be deemed to be in need of skilled nursing facility services if such individual is determined (in accordance with regulations of the Secretary promulgated pursuant to the following sentence) to need care in such a facility on a daily basis notwithstanding the criteria set forth in the preceding sentence. The Secretary shall (not later than 6 months after the date of enactment of this sentence) promulgate regulations establishing criteria under which individuals (not meeting the criteria imposed by the first sentence of this subsection) newly applying for admission to a skilled nursing facility shall be determined to be in need of care in such a facility on a daily basis; such regulations shall accord proper recognition to the interaction of personal, health, and social considerations which cause such care to be needed in particular instances."

S. 1276

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title XVIII of the Social Security Act is amended by inserting after section 1867 the following new section:

"NURSING HOME AFFAIRS ADVISORY COUNCIL

"SEC. 1868. (a) There is hereby created a Nursing Home Affairs Advisory Council (hereinafter in this section referred to as the 'Council') which shall consist of 11 persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the provisions of title 5, United States Code, governing appointments in the competitive services. The Secretary shall from time to time appoint one of the members to serve as Chairman. At least six members of the Council shall be individuals who are representatives of the public and who are eligible for medical assistance under a State plan approved under title XIX, and at least one of whom is a resident in a long-term care facility. The remaining members of the Council shall include outstanding representatives of professional groups whose members perform services in long-term facilities. Each member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. A member shall not be eligible to serve continuously for more than two terms. Members of the Council, while attending meetings or conferences thereof or otherwise serving on business of the Council, shall be entitled to receive compensation at rates fixed by the Secretary, but not exceeding $100 per day, including traveltime, and while so serving away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently. The Council shall meet as the Secretary deems necessary, but not less often than annually.

"(b) It shall be the function of the Council to provide advice and recommendations for the consideration of the Secretary on ways to improve the quality of care provided by skilled nursing facilities, intermediate care facilities, or other long-term care facilities, which provide services for which payment may be made under this title or under State plans approved under title XIX."

By Mr. CHURCH (for himself, Mr. Williams, and Mr. Chiles):

S. 1277. A bill to authorize the Secretary of Labor to make grants for the conduct of older Americans home repair projects, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

OLDER AMERICANS HOME REPAIR AND WINTERIZATION ACT

Mr. CHURCH. Mr. President, on behalf of myself and the Senator from New Jersey (Mr. Williams); and the Senator from Florida, (Mr. Chiles), I introduce for appropriate reference, the Older Americans Home Repair and Winterization Act.

Most elderly persons have only one major asset: their home. Typically, homeownership is the result of a lifetime of savings and labor.

Today, however, aged homeowners are threatened on several fronts.

Many now find themselves in an impossible situation with no way to turn.

They are being squeezed by the mounting property tax burden.

Home maintenance costs have continued to soar—to the point that large numbers of older Americans cannot afford to repair their homes. It is no wonder that millions now live in dilapidated, or substandard housing.

On top of all this, energy and utility costs are rising at an unprecedented level.

Since October 1972, home heating fuel oil has increased in price by an astonishing 92 percent.

All age groups have been affected in one form or another by our energy crisis. But the elderly—many of whom are subsisting below or near the poverty line—have been especially hard pressed. Most older Americans do not have the sufficient margin between income and outgo to adjust to these extraordinary price hikes.

Recent studies reveal that the aged and the poor pay almost 14 percent of their limited incomes for direct energy costs, or nearly 3½ times the level for other Americans.

These costs continue to intensify, in large part because of inadequate or nonexistent home insulation.

The net impact is that large numbers of older Americans now find themselves in a "no-man's land." They are being driven from their homes by escalating property taxes, repair bills and energy costs. Yet, they encounter difficulty in locating suitable alternative housing within their price range.

The bill that I introduce today is designed to deal with two of these critical problems:

One. The need to make home repair service available for aged homeowners who would otherwise have difficulty in paying for these costs; and

Two. The development of a program to assist elderly persons in winterizing their homes.

Under this proposal the Secretary of Labor would be authorized to enter into contracts with public or private nonprofit organizations sponsoring home repair or winterization projects.

A major purpose of this legislation is to build upon the very solid achievements of the title IX senior community service program.

When the Older American Community Service Employment Act amendments are considered this year, I plan to offer my proposal as an amendment to that legislation. Thus, the scope of the title IX program would be expanded to concentrate on two of the elderly's most serious and timely problems.

Supplies and materials would be furnished by the aged homeowner under my proposal but the labor would be furnished without charge. Appropriate safeguards are written into the bill to insure that these projects would not displace employed workers or impair existing contracts.

This proposal, it seems to me, offers many benefits. First, home repair assistance—such as renovation of decaying houses, rebuilding porches, and installing window glass—can enable many elderly persons to live independently in their own homes, which most older Americans want very deeply.

Second, this measure can provide the means to assist those who lack the skills to repair leaky roofs or rehabilitate their deteriorating homes. The infirm elderly can also be helped immeasurably.

Third, assistance in winterizing homes can reduce the elderly's energy costs substantially.

Fourth, the Older Americans Home Repair and Winterization Act can provide new and gainful job opportunities for unemployed persons 55 or older. This point becomes all the more important because there are now 600,000 unemployed older workers, which represents a 52-percent jump during the past 7 months. Unfortunately, this figure probably represents only the tip of the iceberg because there is a substantial amount of "hidden" unemployment for persons in this age category.

For many older workers—particularly those with skills outdistanced by technological advances—serving others in their own communities can offer a new and exciting career.

Elderly persons should be encouraged to live independently in their own homes. And the Older Americans Home Repair and Winterization Act would be an important step in implementing that goal, as well as promoting a decent and suitable living environment for the aged.

Mr. President, I ask unanimous consent that the text of this bill be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 1277

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Older Americans Home Repair and Winterization Act of 1975".

DEFINITIONS

Sec. 2. For the purposes of this Act the term—

(1) "eligible individual" means an individual who is 55 years old or older, who has low income, and who has or would have difficulty in securing employment, except that pursuant to regulations prescribed by the Secretary any such individual who is 60 years old or older shall have priority for the work opportunities provided for under this Act;

(2) "home repair project" means any work determined by the Secretary to be appropriate for any eligible individual to perform with respect to the repair of a home of any adult categorical assistance recipient under the Social Security Act or any other eligible homeowner;

(3) "eligible homeowner" means any person aged 65 or older whose income is not in excess of the intermediate budget for a retired couple in the urban areas of the United States, as determined by the most recent data available to the Secretary;

(4) "Secretary" means the Secretary of Labor; and

(5) "State" means any of the several States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands.

APPROPRIATIONS AUTHORIZED

Sec. 3. There are authorized to be appropriated $——— for the fiscal year ending June 30, 1976, and $——— for the fiscal year ending June 30, 1977.

PROGRAM AUTHORIZED

Sec. 4. (a) In order to promote work opportunities for the unemployed or underemployed persons who are at least 55 years of age and who have poor employment prospects and to assist eligible homeowners to repair and winterize their homes, the Secretary is authorized in accordance with the provisions of this Act, to enter into contracts with public or private nonprofit agencies or organizations for the conduct of home repair and winterization projects by eligible individuals.

(b) In order to carry out the provisions of this Act the Secretary is authorized—

(1) to enter into agreements with public

or private nonprofit agencies or organizations, agencies of a State government or a political subdivision of a State (having elected or duly appointed governing officials), or a combination of such political subdivisions, or Indian tribes on Federal or State reservations in order to further the purposes and goals of the program. Such agreements may include provisions for the payment of costs, as provided in subsection (c), of projects developed by such organizations and agencies in cooperation with the Secretary in order to make the program effective or to supplement the program. No payments shall be made by the Secretary toward the cost of any project established or administered by any such organization or agency unless he determines that such project—

(A) will provide employment only for eligible individuals, except for necessary technical, administrative, and supervisory personnel, but such personnel shall, to the fullest extent possible, be recruited from among eligible individuals;

(B) will provide employment for eligible individuals in the community in which such individuals reside, or in nearby communities;

(C) will employ eligible individuals in services related to publicly-owned and operated facilities and projects, or projects sponsored by organizations exempt from taxation under the provisions of section 501(c)(3) of the Internal Revenue Code of 1954 (other than political parties, except projects involving the construction, operation, or maintenance of any facility used or to be used as a place for sectarian, religious instruction or worship;

(D) will contribute to the general welfare of the community;

(E) will provide for employment for eligible individuals whose opportunities for other suitable public or private paid employment are poor;

(F) will result in an increase in employment opportunities for eligible individuals, and will not result in the

(G) will utilize methods of recruitment and selection (including, but not limited to, listing of job vacancies with the employment agency operated by a State or political subdivision thereof) which will assure that the maximum number of eligible individuals will have an opportunity to participate in the project;

(H) will include such training as may be necessary to make the most effective use of the skills and talents of those individuals who are participating, and will provide for the payment of the reasonable expenses of individuals being trained, including a reasonable subsistance allowance;

(I) will assure that safe and healthy conditions of work will be provided, and will assure the persons employed in the public service jobs assisted under this title shall be paid wages which shall not be lower than whichever is the highest of (i) the minimum wage which would be applicable to the employee under the Fair Labor Standards Act of 1938, if section 6(a)(1) of such Act applied to the participant and if he were not exempt under section 13 thereof, (ii) the State or local minimum wage for the most nearly comparable covered employment, or (iii) the prevailing rates of pay for persons employed in similar public occupations by the same employer;

(J) will be established or administered with the advice of persons competent in the field of service in which employment is being provided, and of persons who are knowledgeable with regard to the needs of older persons;

(K) will authorize pay for necessary transportation costs of eligible individuals which may be incurred in any project funded under this title in accordance with regulations promulgated by the Secretary; and

(L) will assure that to the extent feasible such projects will serve the needs of minority, Indian, and limited English-speaking eligible individuals in proportion to their numbers in the State;

(2) to make, issue, and amend such regulations as may be necessary to effectively carry out the provisions of this title.

(c)(1) The Secretary is authorized to pay not to exceed 90 percent of the cost of any project which is the subject of an agreement entered into under subsection (b) except that the Secretary is authorized to pay all of the costs of any project which is (A) an emergency or disaster project or (B) a project located in an economically depressed area as determined in consultation with the Secretary of Commerce and the Director of the Office of Economic Opportunity.

(2) The non-Federal share shall be in cash or in kind. In determining the amount of the non-Federal share, the Secretary is authorized to attribute fair market value to services and facilities contributed from non-Federal sources.

ADMINISTRATION

SEC. 5. (a) In order to effectively carry out the purposes of this Act the Secretary is authorized to consult with agencies of States and their political subdivisions with regard to—

(1) the localities in which home repair and winterization projects of the type authorized by this Act are most needed;

(2) consideration of the employment situations and the types of skills possessed by available local individuals who are eligible to participate; and

(3) potential projects and the number and percentage of eligible individuals in the local population.

(b) Whenever the Secretary determines that to do so would increase job opportunities available to individuals under this Act the Secretary is authorized to coordinate the program assisted under this Act with programs authorized under the Comprehensive Employment and Training Act of 1973, the Economic Opportunity Act of 1964, and the Emergency Employment Act of 1971. Appropriations under this Act may not be used to carry out any program under the Comprehensive Employment and Training Act of 1973, the Economic Opportunity Act of 1974, or the Emergency Employment Act of 1971.

(c) In carrying out the provisions of this title, the Secretary is authorized to use, with their consent, the services, equipment, personnel, and facilities of Federal and other agencies with or without reimbursement, and on a similar basis to cooperate with other public and private agencies, and instrumentalities in the use of services, equipment, and facilities.

(d) Payments under this title may be made in advance or by way of reimbursement and in such installments as the Secretary may determine.

(e) The Secretary shall not delegate any function of the Secretary under this Act to any other department or agency or Government.

PARTICIPANTS NOT FEDERAL EMPLOYEES

SEC. 6. (a) Eligible individuals who are employed in any project funded under this Act shall not be considered to be Federal employees as a result of such employment and shall not be subject to the provisions of part III of title 5, United States Code.

(b) No contract shall be entered into under this Act with a contractor who is, or his employees are, under State law, exempted from operation of the State Workmen's Compensation law, generally applicable to employees, unless the contractor shall undertake to provide either through insurance by a recognized carrier, or by self insurance, as authorized by State law, that persons employed under the contract, shall enjoy workmen's compensation coverage equal to that provided by law for covered employment.

INTERAGENCY COOPERATION

SEC. 7. (a) The Secretary shall consult with the Commissioner of the Administration on Aging prior to the establishment of rules or the establishment of general policy in the administration of this Act.

(b) The Secretary shall consult and cooperate with the Director of the Community Services Administration, the Secretary of Health, Education and Welfare, and the heads of other Federal agencies carrying out related programs, in order to achieve optimal coordination with such other programs. In carrying out the provisions of this section, the Secretary shall promote programs or projects of a similar nature. Each Federal agency shall cooperate with the Secretary in disseminating information about the availability of assistance under this title and in promoting the identification and interest of individuals elgible for employment in projects assisted under this title.

EQUITABLE DISTRIBUTION OF ASSISTANCE

SEC. 8. (a) The Secretary shall allocate from the sums appropriated for any fiscal year under this Act so that equal proportions are distributed on the basis of (A) the relative numbers of persons aged 55 or over in each State as compared to all the States, (B) the number of persons aged 55 and over who are unemployed in each State as compared to all the States, and (C) the number of persons aged 55 and over who are in families with income below the poverty level in each State as compared to all the States, except that (i) no States shall be allotted less than one-half of 1 percent of the sum appropriated for the fiscal year for which the determination is made, or $100,000, whichever is greater; and (ii) Guam, American Samoa, and the Virgin Islands, and the Trust Territory of the Pacific Islands shall each be allotted an amount equal to one-fourth of 1 percent of the sum appropriated for the fiscal year for which the determination is made, or $50,000, whichever is greater. For the purposes of the exception contained in this paragraph, the term "State" does not include Guam, American Samoa, the Virgin Island, and the Trust Territory of the Pacific Islands.

(b) The number of persons aged 55 or over, the number of persons aged 55 and older who are unemployed, and the number of persons aged 55 and older who are in families with income below the poverty level, in any State and for all States, shall be determined by the Secretary on the basis of the most satisfactory data available to him.

(c) The poverty level shall be determined for each fiscal year by the Secretary, after consultation with the Director of the Office of Management and Budget.

(d) The amount allotted for projects within any State under subsection (a) for any fiscal year which the Secretary determines will not be required for that year shall be reallotted, from time to time and on such dates during such year as the Secretary may fix, to projects within other States in proportion to the original allotments to projects with such States under subsection (a) for that year, but with such proportionate amount for any of such other States being reduced to the extent that it exceeds the sum the Secretary estimates that projects within such State need and will be able to use for such year; and the total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount reallotted to a State under this subsection during a year shall be deemed part of its allotment under subsection (a) for that year.

(e) The amount apportioned for projects within each State under subsection (a) shall be apportioned among areas within each State in an equitable manner, taking into consideration—

(1) the proportion which eligible persons in each such area bears to such total number of such persons, respectively, in that State, and

(2) the relative distribution of such persons residing in rural and urban areas within the State.

Mr. CHILES. Mr. President, I am delighted to join my colleagues, Senator CHURCH and Senator WILLIAMS, in sponsoring the Older Americans Home Repair and Winterization Act of 1975.

In September of last year I conducted a hearing for the Special Committee on Aging concerning the "Impact of Rising Energy Costs on Older Americans." The testimony received during this hearing graphically illustrated that millions of elderly Americans are particularly hard hit by rising fuel costs. Mr. David Freeman, author of "Energy: The New Era," pointed out that:

> More than half the homes in which poor people live have no insulation at all. This compares with 8 percent for the well-to-do. Similarly, only about 30 percent of low income homes have storm windows compared with two-thirds of affluent homes.

The legislation that we propose today will provide much needed assistance to remedy deficiencies in the homes of older Americans. Not only will this program be of economic benefit to the elderly in terms of reduced fuel costs and utility rates but it will also result in significant savings in fuel oil and other scarce fossil fuels. A reduction in fuel costs will prove of real financial benefit to the low-income elderly since a major portion of their income is currently spent on energy costs. A recent study by the Department of Health, Education, and Welfare reported that energy for heating "constitutes 60 percent or more of total household expenditures made by the poor."

I think an equally important aspect of this legislation is that it carries forward the concept of senior citizens helping other senior citizens and provides most needed employment opportunities for persons over 55 who are finding it particularly difficult to secure jobs in these troubled economic times.

I believe this bill can make an important contribution both from the standpoint of energy costs and usage and that of employment opportunities. I hope we can move promptly on this legislation so that the program could get underway in time for next winter.

By Mr. PERCY:

S.J. Res. 63. A joint resolution to authorize the President to designate the period from June 8, 1975, through June 15, 1975, as "National Wheelchair Athletes' Week." Referred to the Committee on the Judiciary.

NATIONAL WHEELCHAIR ATHLETES WEEK

Mr. PERCY. Mr. President, on behalf of Senator STEVENSON and myself, I am pleased and honored to introduce today a joint resolution calling for the designation of June 8, 1975, through June 15, 1975, as National Wheelchair Athletes' Week.

Illinois is proud of its long and illustrious association with wheelchair sports. In April, 1949, the University of Illinois' Galesburg Campus hosted the first National Tournament of the National Wheelchair Basketball Association—NWBA—the forerunner of all wheelchair athletic organizations. The NWBA, founded by Prof. Timothy J. Nugent, director of Rehabilitation-Education Services at the University of Illinois, has today grown to 124 teams and 18 established conferences. The end of this month will see the 27th Annual National Wheelchair Basketball Tournament in Anaheim, Calif.

This year the University of Illinois once again will host a major wheelchair sports event, the 19th National Wheelchair Games. More than 400 of this country's finest wheelchair athletes will be competing for national championships at Champaign-Urbana in track and field, fencing, archery, table tennis, swimming and weight lifting. The most outstanding from the National Games will qualify for membership on the U.S. Wheelchair Athletic Team to compete this summer in the International Wheelchair Games at Stoke-Mandeville, England, and the Pan-American Wheelchair Games in Mexico City, Mexico. Since 1960, international wheelchair athletic competition known as the Paralympics has been a regular part of the Olympic Games. Today 56 nations participate in international competition.

The popularity of wheelchair athletic competition has given impetus to the recognition that recreation and sports activities are an essential and integral part of the rehabilitation process. Wheelchair sports have made enormous contributions to the rehabilitation of the severely disabled in all countries throughout the world. The severely disabled individual, most often a young man who has sustained a spinal cord injury, suffers catastrophic injury to his body. In one stroke, he may have to face the prospect of never walking, never moving his arms, never having normal bowel, bladder, and sexual function. Worse, he may feel that he has lost his manhood, his freedom and his place as an adult. Medical technology and rehabilitation medicine now allow the severely disabled individual survival and a nearly normal life span, but they cannot restore physical normality or emotional well-being. Wheelchair sports give the severely disabled the opportunity to rise above humiliating dependency and retrieve their self-esteem and selfhood, proving that ability, not disability, counts.

In recognition and honor of these courageous men and women who are testimonials to the strength of human perseverance, fortitude and ability, I call upon my colleagues to join me in proclaiming the period of June 8–15, 1975, as National Wheelchair Athletes' Week.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 123

At the request of Mr. INOUYE, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 123, a bill to amend title XVIII of the Social Security Act to provide for the coverage of certain clinical psychologists' services under the supplementary medical insurance benefits program established by part B of such title.

S. 181

At the request of Mr. CASE, the Senator from Maine (Mr. MUSKIE) was added as a cosponsor of S. 181, a bill to promote public confidence in the legislative, executive, and judicial branches of the Government of the United States.

S. 199

At the request of Mr. WEICKER, the Senator from Maryland (Mr. BEALL) was added as a cosponsor of S. 199, a bill to amend the Internal Revenue Code of 1954 to restrict the authority for inspection of tax returns and the disclosure of information contained therein, and for other purposes.

S. 462

At the request of Mr. RANDOLPH, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of the bill (S. 462) the Developmentally Disabled Assistance and Bill of Rights Act.

S. 549

At the request of Mr. MCGOVERN, the Senator from South Dakota (Mr. ABOUREZK) was added as a cosponsor of S. 549, a bill cited as the Food and Agriculture Act of 1975.

S. 625—WITHDRAWAL

At his own request, the Senator from Maine (Mr. HATHAWAY) withdrew his name as a cosponsor of S. 625, a bill to establish an Emergency Health Benefits Program for the Unemployed.

S. 660

At the request of Mr. MONDALE, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of S. 660, the Home Owners' Loan Act of 1975.

S. 660

At the request of Mr. MONDALE, the Senator from Iowa (Mr. CULVER) was added as a cosponsor of the Home Owners' Loan Act of 1975.

S. 811

At the request of Mr. TUNNEY, the Senator from Minnesota (Mr. HUMPHREY), the Senator from Utah (Mr. MOSS), and the Senator from Connecticut (Mr. RIBICOFF) were added as cosponsors of S. 811, a bill to amend the Horse Protection Act of 1970 to better effectuate its purposes.

S. 858

At the request of Mr. HANSEN, the Senator from Idaho (Mr. MCCLURE) was added as a cosponsor of S. 858, a bill to amend title 38, United States Code to authorize a program of assistance to States for the establishment, expansion, improvement, and maintenance of cemeteries for veterans.

S. 917

At the request of Mr. PEARSON, the Senator from Iowa (Mr. CULVER) was added as a cosponsor of S. 917, authorizing the ICC to grant temporary operating authority to a carrier by railroad pending final determination by the Commission.

S. 933

At the request of Mr. INOUYE, the Senator from Montana (Mr. METCALF) was added as a cosponsor of S. 933, the Energy Trust Fund Reserve legislation.

S. 935

At the request of Mr. Kennedy, the Senator from California (Mr. Cranston) was added as a cosponsor of S. 935, to terminate embargo against trade between the United States and Cuba.

S. 962

At the request of Mr. Kennedy, the Senator from Indiana (Mr. Bayh), the Senator from Texas (Mr. Bentsen), the Senator from Massachusetts (Mr. Brooke), the Senator from Nevada (Mr. Cannon), the Senator from Iowa (Mr. Clark), the Senator from Michigan (Mr. Philip A. Hart), the Senator from Maine (Mr. Hathaway), the Senator from New Hampshire (Mr. McIntyre), the Senator from Illinois (Mr. Stevenson), and the Senator from New Jersey (Mr. Williams) were added as cosponsors of S. 962, the Older Americans Community Service Employment Amendments of 1975.

S. 1167

At the request of Mr. Abourezk, the Senator from Minnesota (Mr. Mondale) was added as a cosponsor of S. 1167, the Uniform Mail Delivery Act.

S. 1216

At the request of Mr. Talmadge, the Senator from Wyoming (Mr. Hansen) was added as a cosponsor of S. 1216, a bill to amend the Federal Water Pollution Control Act.

S. 1222

At the request of Mr. Bayh, the Senator from Maryland (Mr. Mathias) was added as a cosponsor of S. 1222, a bill to authorize a national policy and program with respect to wild predatory mammals; to prohibit the poisoning of mammals and birds on the public lands of the United States; to regulate the manufacture, sale, and possession of certain chemical toxicants.

S. 1223

At the request of Mr. Bayh, the Senator from Maryland (Mr. Mathias) was added as a cosponsor of S. 1223, a bill to discourage the use of painful devices in the trapping of wild and domestic mammals and birds.

SENATE JOINT RESOLUTION 39

At the request of Mr. Dole, the Senator from Maryland (Mr. Beall) was added as a cosponsor of Senate Joint Resolution 39, to designate the week of March 17–23, 1975 as National Lead Poisoning Prevention Week.

SENATE CONCURRENT RESOLUTION 11

At the request of Mr. Randolph, the Senator from New Mexico (Mr. Domenici), the Senator from Montana (Mr. Metcalf), the Senator from California (Mr. Tunney), the Senator from North Dakota (Mr. Burdick), the Senator from Oklahoma (Mr. Bartlett), and the Senator from Pennsylvania (Mr. Schweiker) were added as cosponsors of the concurrent resolution (S. Con. Res. 11) to express as a national policy that all citizens have the right to live and work in a barrier-free environment.

AMENDMENTS SUBMITTED FOR PRINTING

MILITARY ASSISTANCE FOR CAMBODIA—S. 663

AMENDMENT NO. 173

(Ordered to be printed and to lie on the table.)

Mr. BIDEN submitted an amendment intended to be proposed by him to the bill (S. 663) to provide additional military assistance authorizations for Cambodia for the fiscal year 1975, and for other purposes.

AMENDMENT NO. 261

(Ordered to be printed and to lie on the table.)

(Mr. FORD (for himself, Mr. Bumpers, Mr. Glenn, Mr. Gary W. Hart, Mr. Laxalt, and Mr. Leahy) submitted an amendment intended to be proposed by them jointly to the bill (S. 663), supra.

MILITARY PROCUREMENT AUTHORIZATION—S. 920

AMENDMENT NO. 220

(Ordered to be printed and referred to the Committee on Armed Services.)

AMENDMENT TO END THE B-1

Mr. McGOVERN. Mr. President, I submit for appropriate reference an amendment to S. 920, the military procurement authorization bill, and I ask that it be printed.

This amendment would strike out the $945 million requested for the B-1 bomber in fiscal 1976 and the three-month transition period from July through September of next year. It would also authorize the appropriation of such sums as may be necessary to terminate as quickly as possible all contractual obligations of the Government in connection with this program.

For several years I have questioned whether we should spend more tax dollars on a project which, as we come closer and closer to the production decision, we can all see is less and less likely to be built.

But now we are getting into the big money.

The first B-1 prototype took off in December of last year. This year it is the Air Force funding request that is taking off. The planned program calls for a jump of some 60 percent in B-1 spending in fiscal 1976, and then an increase to nearly $1.7 billion in fiscal 1977 as full scale production gets underway.

These are installments on a program that will involve $18.6 billion for procurement of the aircraft alone, plus additional tens of billions for weaponry, operations and maintenance, tanker support, and associated costs.

Just a few years ago, when it was still called the "advanced manned strategic aircraft," the estimated price of each plane was $25 to $30 million. Now, although the capabilities have been dwindling, the cost has climbed to somewhere between $80 and $100 million for each B-1.

There is no question that these funds will buy an impressive aircraft. The B-1 is smaller than the B-52, yet it can carry a much larger payload. It can fly lower, higher, and faster than any intercontinental bomber ever built.

Yet there is also no question that the intercontinental bomber has long since been supplanted in its primary deterrent role, first by intercontinental ballistic missiles and then by submarine-launched missiles. The bomber's utility is now secondary at best. And spending these gigantic sums is little different from investing millions of dollars in an improved saddle for the horse cavalry. It might be nice, but it is simply not worth the cost.

I suggest that the Air Force itself must soon recognize that reality. They will shortly release an unclassified version of a new cost-effectiveness study of various strategic bomber options. Of course I do not expect the Air Force to conclude that the B-1 is not the best choice, any more than I would expect Mother Nature to come out against trees. But I believe this study will show that the B-1 is cost-effective only if we hypothesize threats which are virtually beyond the realm of possibility, and which are so far away in time that we would have an abundant chance to respond even if they did come about.

Presumably this study, like every other study in the past, will also start from the untenable premise that the intercontinental bomber is the mainstay of our nuclear deterrent, instead of a backup system for remote contingencies or for exotic theories of nuclear war. Under hypotheses like that we could justify any weapon. It falls to the Congress to exercise the restraint of plain commonsense. That is our job.

And it is being done. Based on the history of this program, I am pleased to note that the distinguished chairman of the Committee on Armed Services, Mr. Stennis, has called upon the Air Force to provide information on one less costly alternative, a stretched version of the FB-111. I know that the distinguished chairman of the Research and Development Subcommittee, Mr. McIntyre, has been examining the entire strategic bomber issue in meticulous detail.

There are several options which deserve this careful study, with due consideration to the limited role of the intercontinental bomber and to the ways that role could be fulfilled with smaller numbers of less sophisticated aircraft.

For my own part, I am far from concluding that we could or should do without any strategic bomber force. But I concluded some time ago that this country cannot afford to underwrite a grandiose manned bomber mystique which has no real relevance to our legitimate security needs.

I will have more to say on this issue in the weeks ahead. For the moment it is most important to underscore the precise issue I am presenting to the Senate.

This is not a proposal to eliminate our strategic bomber forces. We have 21 squadrons of late model B-52's and FB-111's that can remain operational into the 1990's. Indeed, the B-52G's and H's are the most advanced truly inter-

continental bomber in the inventory or on the drawing boards of any country in the world. Under the Air Force timetable the B–1 would not replace those bombers; rather it would represent an enormous addition of some 50 percent in our strategic bomber capacity.

But this amendment is an assertion to the Congress that if we are not going to build the B–1 bomber, the time to make and implement that decision is now—this year—before we spend any more.

There are no technological breakthroughs associated with the B–1—as there were, for example, with the B–70—which would make it worthwhile to continue the research and development program in the absence of a decision to buy. The prototype has flown. We have gained all the technical expertise we can from this program.

And it makes no sense to stretch this program out in an attempt to postpone the decision for another year or two or more. Certainly we have the time to do that. But I think the supporters of the B–1 will agree that such an approach would only result in a dramatic increase in the costs, without any benefit in return. We know as much now as we will know a few years hence about this aircraft. We can guess as much now as we will be able to guess then about the threat and the overall strategic balance that may prevail 15 years in the future.

So I urge that we spare ourselves from the embarrassing need to come back here next year and explain why we authorized nearly $1 billion more for a system we will not build.

I urge that we spare the taxpayers from the cost and the country from the economic drain of another year's spending on a wasteful and unnecessary B–1.

Mr. President, I ask unanimous consent that the text of my amendment be printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT No. 220

On page 3, line 21, strike out "$3,903,200,000" and insert in lieu thereof "$2,958,200,000".

On page 16, between lines 10 and 11, insert the following:

SEC. 805. (a) None of the funds authorized by this or any other Act may be obligated or expended for the purpose of continuing any research, development, testing, evaluation, or procurement in connection with the B–1 bomber aircraft program.

(b) There are authorized to be appropriated such sums as may be necessary to terminate, at the earliest practicable date, all contractual obligations of the United States in connection with such program.

(c) The Secretary of the Air Force is authorized to conduct a study of reasonable and effective national defense alternatives to the B–1 bomber aircraft program and to submit the results of such study to the Congress together with such recommendations as he deems appropriate.

AMENDMENT NO. 257

(Ordered to be printed and referred to the Committee on Armed Services.)

Mr. MATHIAS. Mr. President, the reports of the continuing war in Indochina, now in its fifth decade, and the rate of casualties which now total over 150,000 since the Paris cease-fire agreements of January 27, 1973, require us to take a fresh look at the underlying principles and wisdom of further military aid to Indochina. In particular, we must examine the purpose of providing further military aid, and then ask two questions about such a purpose: First, is it right? And second, is it achievable?

I fear that in the current climate and debate over our Indochina policy, we are not addressing these basic questions. Slogans and abstractions on both sides of the debate seem to have so clouded our dialog that we run the risk of losing our way—as all of us sincerely search and grope for some reasonable and humane path away from the tortuous course of war that has gripped Indochina over the past 30 years. And in the process, the search for truth and national policy appear as much the casualties of our distress as are the bodies and spirits and lives of the Vietnamese and Cambodian victims of the war we debate here today.

The Congress has a solemn responsibility under the Constitution, and one which we dare not shirk if we are to be true to our oaths as well as to the American concept of human ethic or morality. It is embodied in several congressional powers, in the power of the purse, to assure that our common resources are wisely spent and in concert with our most basic and widely shared principles and social values. It is also embodied in the power to raise and regulate armies and in our coordinate power in making foreign policy. As the direct representatives of our constituents, and as men and women possessed each of our own judgment and conscience, we in Congress have an institutional obligation to ask the most searching questions as to the purpose, morality, and feasibility of each of the programs we approve.

And yet in recent years, as we have considered the gravest matters affecting life and suffering and death, we have almost become the prisoners of abstractions which have been so often inveighed and repeated that they have long since lost any content suggesting human life or values: terms like "commitment" and "aggression" and "credibility" and "national security." Even the terms "peace" and "honor" seem to have been separated from human reality.

As a young marine wrote me from Cambodia in 1970:

> I am writing in support of your continued opposition to the expansion of the war into Cambodia and of your efforts to end the tragic conflict in Vietnam. The death and destruction are horrible. . . . But the damage being inflicted goes far beyond the mutilation and death that have become a daily, acceptable occurrence. Mr. Daniel Lang, in his book *The Casualties of War*, gives a powerful illustration of the further tragic mutilation that is happening to the minds of those who are not wounded or killed. With so much killing and brutal insensitivity, men are accepting slaughter without thought or question. Death, and with it life, are losing significance and value.
>
> I have heard my men describe with excitement and pleasure the killing of a young woman with a 50-calibre machine gun, detailing how they laughed when the woman was knocked thirty feet by the impact. To many Americans, Vietnamese have long ceased to be people. In this war we are killing our own humanity, and with its death I worry greatly over the future of the United States. As we deaden ourselves, from what source will the solutions come to our crying domestic problems?
>
> The arguments offered by the administration in support of the Cambodian invasion have an all too haunting ring. Again the United States widens a war to end it, and with the rhetoric of disengagements expands a war accepted as a tragic period in our history. The young, and the nation, were promised a speedy end to this war. A failure on this pledge will further fracture the weakened faith that so many have in our political system. In addressing the House of Lords over the 1832 Reform Act, Lord Melbourne stated "... That there must come a time when both the legislative and executive powers must yield to the popular voice or be annihilated."
>
> In the interests of humanity, and for the preservation of America's people and her institutions, I strongly encourage your actions in opposing the Cambodian intervention and in ending this tragic war.

This is not to say that each or any of us have grown numb to the reality of human suffering. I believe that all of us in Congress and in the executive and the vast majority of American citizens share the inescapable sorrow and despair that must greet our daily reminders of the horror that is the continuing war in both Cambodia and Vietnam. It is rather when we turn in search for a response or solution that I fear that we have lost our way. For it is then that we seem to be paralyzed by our abstractions, and continue down a path that no one really wants to follow. We do so, invariably, because we can not think of a better path to follow. We do so, sometimes, because we have lost track of our most basic questions and concerns.

The immediate issue at hand is the provision of additional military aid to governments in two war-torn lands: South Vietnam and Cambodia. The people of Vietnam are no strangers to war, having somehow survived centuries of periodic strife with their neighbors to the north, the Chinese, and more recently, more than a generation of intense warfare among factions within its borders, with major power sponsorship from without. The people of Cambodia, on the other hand, had until recently managed to avoid direct involvement in the warfare of Vietnam, although the past 5 years have visited great suffering on them as part of the tragic spillover from Vietnam.

In the conflicts in both these nations, there is no question that the United States has sought to play a decisive role.

Nevertheless, the basic question we must now begin by asking is: What is the true purpose of providing additional military aid to the two governments we have supported to date? And it is here that I fear we begin to miss the issue.

On its face, of course, the literal purpose of additional aid is to enable our side of these conflicts to continue the fighting. But why should we do so? We are given many reasons. We are told that the purpose is to avoid the possibility of a bloodbath which might take place if we do not—in spite of the certainty of a continual, daily bloodbath if the fighting continues.

We are told that we must avoid the possible loss of Cambodia and South Vietnam—although the people of these countries and the nations themselves will be no more lost if the regimes we support are altered or replaced, than if the war continues at its current pace.

We are told that the purpose is to avoid the sense of shame that would result if we abandon our commitment to provide arms to any government willing to struggle for its own freedom. And yet if we have made such a commitment, it is a dangerous one indeed, for it represents a commitment to warfare rather than to peace. It says, "as long as you want to fight, we will back you." We should be saying, "as long as you seek peace, we will back you—with economic aid and humanitarian aid." Is not there also shame in barratry, in supporting continuing civil war?

Most troubling of all, we are told that we must provide further military aid in order to avoid losing credibility with our allies around the world. But, would it not be more useful to demonstrate to our allies that we are capable of making rational distinctions, that we offer no blank checks to continue warfare indefinitely? As a test of strength, our endeavors in Southeast Asia have already proved wanting; but as a test of reason, we may yet be able to demonstrate something useful to the world and to ourselves.

Second, the credibility argument is most distressing because it misses the point—dangerously. If our goal in sending military aid to Indochina cannot be justified first and foremost in terms of the welfare and best interests of the American people as well as the Vietnamese and Cambodian people, then it would represent the height of cynicism and hypocrisy to pursue our course primarily to protect our credibility with other allies, over the broken bodies and shredded landscape of that war-torn part of the world.

Each of these asserted purposes for sending more war materiel to Indochina focuses on the fear of what might happen if we do not. In the process, we are constantly tempted to overlook, or excuse, or blame on someone else, the certainty of what is happening now and will continue to happen if we maintain our present course unchecked. No plausible scenario for a good outcome is offered—only the fear of a possible bad outcome. Little attention is given to the question of how such an additional infusion of weapons and ammunition will actually bring peace.

In truth, therefore, it would appear that our primary purpose in supplying this military aid would be to stall for time, in order to search for a better alternative, in order to postpone a difficult decision, in order to save face; perhaps merely in order to stave off the inevitable. And the question then must be: Is this right? And is it realistic?

The danger of this line of thinking is that it discourages us from looking at the basic issue, and allows us to maintain the status quo indefinitely without ever facing the choice as to whether that is the way we want things to be. For more than a decade, we have been told, "Give us more time; a little more time may buy us a solution." And in the course of that decade, we witnessed a steady drumfire of warfare which continues today, and has already left more than 1 million Vietnamese dead, 2 million wounded, and 11 million homeless. And in Cambodia, whose people had somehow escaped the ravages of combat until 1970, we have seen fully one-tenth of its population lost in war in the past 5 years alone. It may be said that all that, of course, is behind the United States, but in fact the hounds of war that were unleashed are still hunting. Neither the granting nor denying the interim military aid sought will undo past history.

But as long as we view our decisions as interim choices designed to gain time, without looking down the road to ask where we are going and how to get there, we risk more of the same. For while we carry on, treading water, stalling for time, maintaining the status quo—which appears to require no fresh decision or accounting—we lose sight of the necessary result that the relentless, almost mindless momentum of war continues.

The mere fact that American soldiers are no longer being killed can not be allowed to numb us to the fact that the Vietnamese people are still involved in the daily horror of war, which has brought death to 75,000 Vietnamese in each of the 2 years since the signing of the peace accords and cease-fire agreement, and suffering to countless millions more.

It seems to me that it is neither right nor realistic for us to provide further weapons of war to the governments in Cambodia or South Vietnam, in the absence of a clear showing—not merely a hopeful assertion—that providing these weapons of war will encourage the possibility of peaceful lives rather than violent deaths for the citizens of those nations.

We have stalled for time long enough; in fact, far too long. We have postponed our difficult choice almost to the breaking point, and indeed, well past the breaking point of too many Vietnamese and Cambodian bodies and lives.

As I have said before, we cannot put off even for a month what must be done. The past may haunt us, but the future crowds us.

No Member of the Senate wishes more fervently than I that this choice would not be before us, that the problem might somehow resolve itself, that the delicate tinkering of diplomacy could yield true peace under the firm shield of our aid. But there appears to be little hope of that outcome, if our experience is to be any guide.

In the choices we must make now, I believe we must opt for peace; and if we have learned anything from these tragic years, it is that the way to peace is demonstrably not through more war. Even the approval by Congress of a level of military aid far more modest and incremental than that requested by the administration for the balance of this fiscal year would risk putting Congress on record as agreeing in principle that military assistance can achieve a useful purpose in Indochina, that more weapons can help bring peace, that we have some stake or commitment to the regimes we aid; and leaves us dickering only over the price as to how much is enough to achieve our aims. But the question is: What are our aims? And how can they be achieved through further war?

In order to provide a focus for this question, I am today joining the Senator from Illinois (Mr. STEVENSON) in introducing a measure which we intend to offer as an amendment to the next bill which comes before the Senate authorizing or appropriating any further military assistance to the Government of South Vietnam. It does not address itself to the situation in Cambodia where the considerations are significantly different than in other parts of Indochina. But as to South Vietnam, there is no question that we will have to face the question not only of the supplemental request for military aid this fiscal year, but also whether and how to extend this aid beyond this fiscal year.

Our amendment would have the effect of terminating all military assistance to the Government of South Vietnam on July 1, 1975, with the proviso that the President could suspend this termination for a stated period of not more than 120 days, if he certifies to Congress that such a suspension would further a peaceful solution of the Vietnam conflict in accordance with the Paris accords. At the end of that 120-day period, military aid would be halted, unless and until Congress granted any further extension.

Our amendment would in no way curtail economic or humanitarian aid directly to the Vietnamese people, which I believe constitutes our best hope of alleviating the suffering in Vietnam. It would instead focus attention on the key issue so often overlooked in our debate about dominoes and commitments.

For as long as our military assistance flows uninterruptedly to the current Government of South Vietnam, with the understanding that we will automatically extend it as long as a state of war exists, we offer very little incentive for a negotiated settlement. Indeed, the recipient of such assurances of aid will have almost irresistible incentives to continue fighting in the hopes of having a stronger negotiating position at some future date.

This is not to say that the only obstacle to a negotiated peace in South Vietnam is General Thieu's intransigence. Neither side has shown much demonstrable enthusiasm for the prospect in recent months. But it is to say that this is one obstacle which our current policy encourages, as was so aptly pointed out by my colleague from Oregon, Senator HATFIELD, in a recent article of his which I inserted in the CONGRESSIONAL RECORD on February 19, 1975.

The question of who-struck-first in terms of breaching the Paris accords or the cease-fire agreement has a distressingly familiar ring. Indeed, it was one of the first arguments advanced as long ago as 1955, when our assertion that the Communists were violating the Geneva accords was the basis for our own stepped-up military involvement in Vietnam. We are already using this same logic to justify our resumption of reconnaissance flights over North Vietnam and insurgent-held territory in the South, in violation of the Paris accords. It is only a matter of time before one of the flights is attacked, perhaps producing a new generation of POW's and MIA's, at a time when we have still not received a full accounting of those missing in action during our last direct involvement in the fighting. Where will it end?

As an alternative, our amendment offers us an opportunity to make it clear to both sides in Vietnam that our greatest stake is in a negotiated peace, not in further war. If the incidents cited by Senator HATFIELD are any indication, this would constitute a most useful signal to President Thieu.

But, most important, the adoption of our amendment would place the burden of proof where it belongs. I am sure that some will want to know how we can justify withholding our military aid; and yet, I suspect that the proper question is quite the reverse. Our military assistance is not and cannot be considered an endless flow which is automatic, an entitlement program for the current Government of South Vietnam, to be withheld only if we can justify such a curtailment.

To the contrary, it seems to me that such a grave decision as the infusion of hundreds of millions of dollars worth of war materiel must itself be justified in the strongest possible terms—both of our own national interest and the interests of the people on whose shoulders the war falls: the Vietnamese themselves.

So the heart of the question remains: What affirmative good will be achieved by our further stoking the furnace of warfare in South Vietnam?

Some in the administration have recently expressed an interest in reaching an agreement with Congress to phase out aid to South Vietnam over a fixed period of years—perhaps 3—in exchange for enough interim aid to carry the current government through the next few years. On its face, this may appear to be a plausible way of at least limiting the longrange fiscal implications of our currently open-ended policy. But I fear it begs the basic moral question.

In the absence of any persuasive showing that 2 or 3 years more of warfare will bring the two sides any closer to peace, I am inclined to think that this approach would only allow the combatants to delay for 2 or 3 more years the task of sitting down to negotiate seriously. And in the meantime, our policy and our guns would permit that warfare to continue. In all likelihood, after 3 more years, 150,000 to 200,000 more Vietnamese dead and up to $2 billion more expenditure, we would face the same choice in Vietnam as we do today. Therefore, why not make the right decision now?

I can not predict with certainty what all the consequences of adoption of our amendment would be. It could produce good faith negotiations between the existing parties, although this may not be likely in view of the current mutual distaste and distrust between President Thieu and the PRG. It could yield productive implementation of the political agreements of the Paris accords. It is also possible that it might induce the other side to harden its position and seek to take military advantage against the existing Saigon government and test the independent judgment of the Vietnamese people.

In any case, I am prepared to accept the consequences of the adoption of this amendment. Are we similarly prepared to accept the inevitable and predictable consequences of the death and suffering which accompany the continuation of the war? It should be of little solace to be able to assure ourselves that the other side is also responsible for carrying it on.

I shall offer this proposal as an amendment to the measure we next consider to extend military aid to South Vietnam beyond this fiscal year.

If the complete legislative process is followed in connection with this grave issue, my amendment would be most relevant during Senate consideration of S. 920, the military procurement authorization bill for fiscal year 1976, which already includes the administration's full $1.3 billion budget request for Vietnam military aid next year. Consequently, the measure we are introducing today has been drafted in the form of an amendment to S. 920.

On the other hand, if the military procurement authorization bill has not come before the Senate prior to the start of the new fiscal year, as has often been the case, or if for any other reason it has not been enacted into law by that time, the next extension of Vietnam military aid would come before the Senate in the form of the continuing resolution which we enact annually to keep funding for all Government programs flowing until such time as Congress enacts the pertinent authorizing and appropriations legislation for the new fiscal year. At that time, if the continuing resolution is deemed to include an extension of Vietnam military aid into the next fiscal year, I will also seek to attach my amendment to the continuing resolution achieving substantially the same limitations as the one we are introducing today.

In this way, during consideration of either the military procurement authorization bill for fiscal year 1976 or the continuing resolution for the period following July 1, 1975, the Congress will clearly reach the next fork in the road, forcing us to decide, once again, whether to approve a routine extension of current policy and current levels of weaponry for Vietnam, or to assert and accept, once and for all, the solemn responsibility that is ours.

I think there can be no question but that the vast majority of the American people have long since lost patience with a policy which squanders billions of our treasure with no end to the suffering and killing in Indochina in sight. Let us instead use what resources we have left, and can afford, for humanitarian aid, to relieve the suffering and starvation rather than supporting more war.

Mr. STEVENSON. Mr. President, it is now 10 years since American troops first landed in South Vietnam and over 2 years since the signing of the Paris Peace accord. And yet the United States still remains involved in the Vietnam war. The administration says the United States has a commitment to South Vietnam, and surely it does. But the time has come once again—and, I would hope, for the last time—to ask ourselves just exactly what in Vietnam we have a commitment to. Is our commitment to the Vietnamese people and to peace, or is it to the continuation of this bloody 15-year-old stalemate and the regime of Nguyen Van Thieu?

The Thieu regime in South Vietnam is losing its capacity to govern. In the past 2 months it has suffered severe military setbacks: it has lost seven provincial capitals; it has lost control of the Central Highlands; and it has lost perhaps 40 percent of the ground it once held in the Delta. Its central cities—Hue, Danang, and Saigon—are increasingly isolated, cut off from the countryside that provides the essential supplies of rice and recruits. Hue may fall soon.

At the same time the Thieu regime is losing its political battle. It has been attacked by virtually all the non-Communist political groups in the South, including all the religious communities—the Catholics, the Buddhists, the Hoa Hao, and the Cao Dai. In the present situation there are ominous similarities to the situation of the Saigon government in 1964, just before American Forces were committed to Vietnam. If the present course continues, the United States may well be faced by a decision similar to that it faced in 1965: whether to commit our forces to the battle or to sit by while the regime in Saigon goes down to military defeat. The choice will be similar because our policy remains the same: We are supporting a corrupt military dictatorship that cannot make peace and cannot win the war, however much money we supply to it.

Ambassador Graham Martin and others have said that the Saigon regime will become self-sufficient if only we give it a much higher level of aid over the next few years. The President says 3 years. I do not believe it is possible. In the 2 years since the peace accord was signed we have given the Saigon government $4.4 billion in aid—most of that military aid. The Thieu regime's troops outfire, outgun, and outman all the North Vietnamese and PRG troops in the country—and still they are losing on the battlefield. The estimate prepared by the CIA and the Defense Intelligence Agency this month shows that the North Vietnamese are receiving from China and the Soviet Union just over half the military aid that the United States is sending to Saigon. To be more specific, the North Vietnamese received $400 million in military aid for calendar year 1974, whereas Saigon receives $700 million for fiscal year 1975. So there is no point in talking about "stabilizing the situation" by achieving a parity of aid levels. The Saigon troops are losing because they do not want to fight. The provincial capital of Phuoc Binh fell because the Saigon troops fled after their aircraft had bombed their own positions. Ban Me Thuot fell before an attack that was joined by the local people, the Montagnard tribesmen who had once fought for Saigon. This loss of morale is hardly surprising given the nature of the Saigon regime.

It is no secret that the Thieu regime is corrupt. But, there are two kinds of corruption in this world. The first is the limited sort we find in many countries; it is the rancid oil that greases the wheels of rusty machines. In a few countries, however, corruption is not just the oil in the machine—it is the machine's entire product; it is the reason why the machine exists. The corruption of the Sagion regime is of this second variety. It is a corruption not only of money but of power, and it profits none except the few at the top.

When I was in South Vietnam just before the presidential elections of 1971 and during the assembly elections, I saw this corruption of power at work. President Thieu intimidated the opposition in the assembly elections and then used the power of his million-man army and his 125,000-man police force to assure that the presidential elections would have but a single candidacy—his own. After that election he rammed a bill through the national assembly giving himself the power to rule by decree, abolished local elections and transferred from civilian to military authorities the whole range of police powers and jurisdiction. Seventy-five thousand, a hundred thousand, or more—we do not really know how many political prisoners Thieu now holds in his jails.

But we know that Thieu has used his powers to repress all opposition groups, including religious communities that once formed a part of his constituency. The practice of torture is routine in Thieu's jails; there is no such thing as habeas corpus, and there are no checks on the military or on the secret police. Recently Thieu has closed down the last of the independent newspapers and has imprisoned a number of journalists without trial and without specific charges. In the countryside he is holding hundreds of thousands of people as virtual prisoners in the refugee camps because he does not want them to return to the land—their land—outside the control of his soldiers. The list of these tyrannical and inhumane practices is much longer than time allows me to enumerate. Suffice it to say that the Thieu regime represents the very opposite of what the United States claims to stand for in this world—and the very opposite of the aspirations of the Vietnamese people.

In recent months a number of legislators from the National Assembly in Saigon have written to the Congress asking that the United States end its support for the Thieu regime. They appeal to us because it is the United States that is keeping Thieu in power. Our billions of dollars in aid to Saigon have always represented over 85 percent of the budget of that regime. With so much money and, more important, so great a proportion of the national resources at his disposal, Thieu does not depend on his own people; he is, indeed, almost invulnerable to them. And it is no mere coincidence that Thieu's government is a military government when by far the largest proportion of our aid is military. The United States has created the Thieu regime with its aid; what is more, it has given Thieu no incentive to make peace, for to retain his power base Thieu depends on the continuation of U.S. military aid and therefore on the continuation of the war. The non-Communist Vietnamese know this very well, and they are scared. They are scared because they see that the Thieu regime is losing the war and that, like an automaton, it will continue to do so even while it destroys their chances for political survival in a peace settlement. It forces them to join the Communist opposition.

There is a way out of this infernal machine—this machinery for destruction of U.S. interests as well as Saigon's. The way lies through the Paris peace agreement, and it lies in the application of those articles that propose a political compromise to end the war. With regard to South Vietnam those articles were always the heart of the agreement, for in a guerrilla war there is—logically speaking—no way to obtain a cease-fire without a political settlement. Those articles provide for the creation of a National Council of Reconciliation and Concord, the establishment of democratic liberties, including liberty of speech, assembly and the press, and for a national election in which all southern parties can participate. Thieu claims to have attempted to negotiate the terms of these articles with the PRG, but he insists that the entire process, including the election, should take no more than 3 months. The timetable is far too short for the PRG or the independent, non-Communist Vietnamese to accept because it would allow Thieu to use his army to rig the election the way he has always rigged elections. But Thieu has refused to modify this timetable, and he has resisted all demands that a third force—that of the voice in the Council of National Reconciliation. His obduracy gives the North Vietnamese and the PRG little real choice but to continue the war.

Up to now the American policy has been to support Thieu in his refusal to negotiate. It has been to support Thieu in his attempt to destroy democratic liberties and to repress his non-Communist opposition. In the past 2 years the Congress has been unwilling to grant the vast sums of money the administration has requested for this purpose. This year attempts to strike a compromise with the administration could present us with proposals that would make the situation more ambiguous, and therefore more risky, than before. How much longer do we want to support this terrible bloody war? Two years? Three years? And how much are we willing to pay for a continued stalemate? The calculations are immoral from any perspective. I say that it is time to end these ambiguities and to end the war itself by cutting off all military aid to the Thieu regime.

In the bill Senator MATHIAS and I have proposed, military aid will not be cut off over night, leaving Saigon without ammunition for the coming months. The final cut-off would come 120 days after July 1—that is, just after the presidential elections within the Republic of Vietnam. What the cut-off would do, first of all, is to permit the South Vietnamese within the RVN zones to hold a free election. By cutting off military aid, the United States would signal, unmistakably, an end to its alliance with the Thieu regime. Its power, derived from the United States, to repress its opposition and rig elections would be ended. The people of South Vietnam would then, for the first time, have it within their power to elect a popular government that could make peace. The 120-day period will, in other words, give the non-Communist Vietnamese the time to put their house in order before making a settlement with the PRG.

The objection to a military aid cutoff has always been that the North Vietnamese and the PRG will forget the peace agreement and seize the opportunity to overwhelm Saigon by military force. Many non-Communist Vietnamese do not believe this. In the first place, as they point out, it was the North Vietnamese and the PRG who wrote the political articles into the Paris accord over the objection of Thieu. Now—as is consistent with their policy since 1960—their stated aim is to gain for the PRG a right to participate in the political life of South Vietnam. It is in their interests to do that. The PRG has lost a good deal in this war, and they are weary of it. A military victory might be possible against a corrupt, demoralized government, such as that of Nguyen Van Thieu. But the overthrow of a government dedicated to peace and to the expression of the interests of the non-Communist Vietnamese that form the majority would be difficult. Not only would the PRG have the South Vietnamese people against it, but it would face a shift of international opinion away from it and the threat of renewed foreign intervention.

It should be stressed that our purpose is not to write off the American investment of blood and dollars in Vietnam but to redeem it at long last by permitting the people of South Vietnam to determine their own future. Our purpose is not to abandon the South Vietnamese but to aid them. If peace is achieved by a political settlement, the Congress would have good reason to continue economic aid to South Vietnam. In Indochina we have an example of a peaceful political settlement, and that is in Laos, where with U.S. support a coalition government has come to power and has ended the war. To promote a peaceful settlement in Vietnam may be more difficult, but our present policy is leading only toward a tragedy similar to that which is taking place in Cambodia. The international repercussions of a military defeat in South Vietnam would be enormous. Time is running out. We must make our decision and take our chance by cutting all military aid to Thieu. There are no guarantees, but it is the only chance we have. Now, before the presidential elections in October, is the best moment to take that chance. It may also be the last one. A continuation of military assistance for the Thieu regime assures more war and ultimately a Communist takeover.

The cut off of military aid for the Thieu regime could lead to self-determination for the people of South Vietnam and a popular government. Such a government, unlike the Thieu regime, could sustain itself to a greater extent without U.S. aid, and make peace. If the South Vietnamese failed to create such a government, the United States would be relieved of any further obligation to pursue self-determination. If the North Vietnamese took military advantage of efforts to elect a popular government in South Vietnam, the Congress could reconsider its cessation of military assistance.

This proposal is the last chance for the United States to salvage freedom and independence for the people of South Vietnam. Time has run out.

TAX REDUCTION ACT OF 1975—H.R. 2166

AMENDMENT NO. 221

(Ordered to be printed and to lie on the table.)

Mr. CRANSTON submitted an amendment intended to be proposed by him to the bill (H.R. 2166), to amend the Internal Revenue Code of 1954 to provide for a refund of 1974 individual income taxes, to increase the low-income allowance and the percentage standard deduction, to provide a credit for certain earned income, to increase the investment credit and the surtax exemption, and for other purposes.

AMENDMENT NO. 222

(Ordered to be printed and to lie on the table.)

Mr. MANSFIELD submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NO. 223 AND NO. 224

(Ordered to be printed and to lie on the table.)

Mr. PHILIP A. HART submitted two amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NO. 225 THROUGH NO. 235

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS (for himself, Mr. Kennedy, and Mr. Magnuson) submitted 11 amendments intended to be proposed by them, jointly, to the bill (H.R. 2166), supra.

AMENDMENTS NO. 236 AND NO. 237

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS (for himself, Mr. Haskell, Mr. Kennedy, and Mr. Magnuson) submitted two amendments intended to be proposed by them, jointly, to the bill (H.R. 2166), supra.

AMENDMENT NO. 238

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 239

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS (for himself and Mr. Gary W. Hart) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 2166), supra.

AMENDMENT NO. 240

(Ordered to be printed and to lie on the table.)

Mr. BUMPERS (for himself, Mr. Biden, and Mr. Stone) submitted an amendment intended to be proposed by them, jointly, to the bill (H.R. 2166), supra.

AMENDMENT NO. 241

(Ordered to be printed and to lie on the table.)

Mr. PASTORE (for himself, Mr. Magnuson, Mr. Jackson, Mr. Ribicoff, Mr. Pell, Mr. Williams, Mr. Cannon, Mr. Gravel, Mr. Hartke, Mr. Humphrey, and Mr. Bayh) submitted an amendment intended to be proposed by them, jointly to the bill (H.R. 2166), supra.

AMENDMENT NO. 242

(Ordered to be printed and to lie on the table.)

Mr. ROTH submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 243

(Ordered to be printed and to lie on the table.)

Mr. DOLE submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 244 AND 245

(Ordered to be printed and to lie on the table.)

Mr. HUMPHREY submitted 2 amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 246 THROUGH 256

(Ordered to be printed and to lie on the table.)

Mr. BARTLETT submitted 11 amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 258

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 259

(Ordered to be printed and to lie on the table.)

Mr. BROOKE (for himself, Mr. Cranston, Mr. Mathias, and Mr. Ribicoff) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

Mr. BROOKE. Mr. President, the fundamental purpose of the bill we are now considering is to stimulate the economy by increasing spending power of individuals and families. Evidence shows that low-income families are those most likely to spend, rather than save, money gained from the tax credit. Yet it is exactly those families who will be denied additional money under the bill.

Title II of H.R. 2166, as presently written, will deny any additional income to working families who receive AFDC or SSI payments because those payments will be reduced by the amount of the credit received. Approximately 1.3 million heads of families receiving AFDC will be thus affected by section 203(c) of the present bill.

Under section 402(a)(7) of the Social Security Act, in determining eligibility for aid to families with dependent children, the State agency must take into consideration any other income which, unless specifically excluded, would include any tax credit received.

Under section 1611(a) of the Social Security Act, in determining eligibility for supplemental security income payments—aid to aged, blind, and disabled—the State agency must take into consideration all earned and unearned income except that specifically excluded in section 1612(b). That tax rebates or credits are to be considered as income unless specifically exempted can be concluded from section 1612(b)(5) which specifically does exempt refunds of taxes paid on real property or on food.

Section 203(c) of the Senate version of H.R. 2166 specifically states that the tax credit must be counted as income for the purposes of determining eligibility for aid to families with dependent children. However, it is clear that, even without the specific language of section 203(c), the tax credit would be counted as income for both AFDC and SSI recipients and, therefore, result in a reduction of their grants.

It has been argued that this will result in a savings to the States. In fact, States will realize little if any gains since the administrative burden of recomputing welfare grants in the month that the credit is received will be costly to the States in terms of staff and time.

The effect of H.R. 2166 on the welfare system will be to add just one more disincentive to work, in a system which already has little in it to encourage employment.

The net effect of the bill may be more than just a dollar-for-dollar reduction in benefits. In fact, the credit, considered as income, may end eligibility for any cash assistance, which in turn would end eligibility for medicaid and, in some States, for food stamps. Further, since HEW currently allows States to consider as income any resources available to the recipient, the State may reduce or terminate the welfare grant, whether or not the recipient applies for the tax credit.

Section 203(c) should be stricken from the Senate bill. In its place, the amendment which I am offering contains specific language making clear that any payments made by reason of section 43 shall not be taken into account as income, receipts, or resources for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

In conclusion I would emphasize that this amendment adds nothing to the cost of this bill. It simply strikes a section which would discourage our poor from working.

AMENDMENT NO. 260

(Ordered to be printed and to lie on the table.)

Mr. NELSON (for himself and Mr. Brock) submitted an amendment intended to be proposed by them jointly to the bill (H.R. 2166), supra.

AMENDMENT NO. 262

(Ordered to be printed and to lie on the table.)

Mr. PHILIP A. HART (for himself, Mr. Griffin, Mr. Roth, and Mr. Percy) submitted an amendment intended to be proposed by them to the bill (H.R. 2166), supra.

AMENDMENT NO. 263

(Ordered to be printed and to lie on the table.)

Mr. STAFFORD submitted an amendment intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 264 AND 265

(Ordered to be printed and to lie on the table.)

Mr. **HOLLINGS** submitted two amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 266, 267, AND 268

(Ordered to be printed and to lie on the table.)

Mr. KENNEDY submitted three amendments intended to be proposed by him to the bill (H.R. 2166), supra.

AMENDMENT NO. 269

(Ordered to be printed and to lie on the table.)

Mr. PHILIP A. HART (for himself, Mr. GRIFFIN, Mr. ROTH, and Mr. PERCY) submitted an amendment intended to be proposed by them to the bill (H.R. 2166), supra.

AMENDMENT NO. 270

(Ordered to be printed and to lie on the table.)

Mr. BIDEN (for Mr. BUMPERS) (for himself and Mr. GARY W. HART) submitted an amendment intended to be proposed by them to the bill (H.R. 2166), supra.

AMENDMENT NO. 271

(Ordered to be printed and to lie on the table.)

Mr. BIDEN (for himself, Mr. BUMPERS, Mr. MANSFIELD, Mr. STEVENSON, Mr. WEICKER, Mr. GARN, and Mr. NUNN) submitted an amendment intended to be proposed by them to the bill (H.R. 2166), supra.

AMENDMENTS NOS. 273 AND 274

(Ordered to be printed and to lie on the table.)

Mr. PERCY submitted two amendments intended to be proposed by him to the bill (H.R. 2166), supra.

NATURAL GAS PRODUCTION AND CONSERVATION ACT OF 1975

AMENDMENT NO. 272

(Ordered to be printed and referred to the Committee on Commerce.)

Mr. STEVENS. Mr. President, the Subcommittee on Oil and Gas Production and Distribution has reported S. 692, the Natural Gas Production and Conservation Act of 1975, to the full Commerce Committee. The full committee has met in several markup sessions on this bill. It is anticipated that the bill will be reported out of committee prior to the upcoming recess.

After the subcommittee finished markup, we held 2 days of hearings to have the benefit of expert testimony on the effects of the proposed bill. The testimony overwhelmingly supported the concept of deregulation of new natural gas if we are to increase supplies and decrease wasteful consumption of this resource.

The Commerce Committee has rejected the substitute I offered which would deregulate new natural gas. I intend to bring this bill up again when the natural gas legislation comes to the floor. In the event that the Senate does not agree to deregulation, then I intend to offer the amendment in the nature of a substitute which I am introducing today.

This bill was drafted after the committee heard testimony of the Federal Power Commission on March 18. While the FPC strongly endorses deregulation, their second option is a phased deregulation of new natural gas. I have had this amendment drawn up to meet that objective.

It is imperative that we act soon on the question of what changes are needed in the natural gas laws. I would urge all of my colleagues to carefully study the options available so that we may reach a reasonable decision on what action will best serve the interests of the Nation.

Mr. President, I ask that the text of my amendment be printed in the RECORD following my remarks.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 272

Strike all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Natural Gas Act Amendments of 1975."

SEC. 2. The Natural Gas Act (15 U.S.C. 717 et seq) is amended by (1) striking out section 24 thereof (15 U.S.C. 717w); (2) redesignating sections 1 through 23 thereof (15 U.S.C. 717–717v) as sections 2 through 24 thereof; and (3) inserting therein the following new section 1:

"SHORT TITLE"

"SECTION 1. This Act may be cited as the 'Natural Gas Act'."

SEC. 3. Section 2(b) of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717b), is amended (1) by deleting "The" at the beginning thereof and by inserting in lieu thereof immediately after "(b)" the following: "(1) Except as provided in paragraph (2) of this subsection, the"; and (2) by inserting at the end thereof the following new paragraph:

"(2) Subsequent to the establishment by the Commission of a national ceiling for rates and charges for the sale or transfer to natural gas companies of new natural gas, pursuant to section 25 of this Act, the authority of the Commission to prescribe or determine rates and charges for the sale of natural gas to a natural gas company for resale in interstate commerce pursuant to sections 4, 5, 6 and 8 of this Act, shall cease to exist with respect to, and shall not apply to, new natural gas. Nothing contained in the Natural Gas Act Amendments of 1975 shall modify or affect the Commission's authority in effect prior to the date of enactment of such Act to regulate the transportation or sale in interstate commerce for resale of old natural gas.".

SEC. 4. (a) Section 3 of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717a) is amended by redesignating paragraphs (7)–(9) as paragraphs (10)–(12), and by inserting the following new paragraphs:

"(7) 'New natural gas' means natural gas sold or delivered by a producer in interstate commerce (i) which is dedicated to interstate commerce for the first time on or after January 1, 1975, (ii) which is continued in interstate commerce after the expiration of a contract and by its own terms (and not through the exercise of any power to terminate or renegotiate contained therein) for the sale or delivery of such natural gas existing as of such date, or (iii) which is produced from wells commenced after such date;

"(8) 'Old natural gas' means natural gas other than new natural gas.

"(9) 'Affiliate' means any person directly or indirectly controlling, controlled by, or under common control or ownership with any other person, as determined by the Commission through its rulemaking authority.".

SEC. 5. (a) Section 5(a) of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717c(a)), is amended by adding at the end thereof the following new sentence: "The rates and charges made, demanded, or received by natural gas companies for or in connection with a contract for the sale of new natural gas shall be deemed just and reasonable, if they do not exceed the applicable national ceiling in effect at the time when such new natural gas is either first sold or transferred under such contract to a natural gas company pursuant to regulations of the Commission issued under section 25 of this Act: *Provided, however,* That rates and charges in excess of such applicable national ceiling may be authorized by the Commission to provide special relief to meet extraordinary expenses that could not be anticipated at the time the applicable national ceiling was established.".

(b) Section 5(e) of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717c(e)), is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing the Commission shall have no power (1) to deny, in whole or in part, any rates and charges made, demanded, or received by any natural gas company for or in connection with the sale of new natural gas, or that portion of the rates and charges of such company which relate to such sale, except to the extent that such rates or charges, or such portion thereof, exceed the applicable national ceiling established by regulation of the Commission pursuant to section 25 of this Act, or exceed the rates and charges, or such portion thereof, made, demanded, or received by any person who is not affiliated with such natural gas company; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of old natural gas by a natural gas company if such rate or charge shall have been previously determined or deemed to be just and reasonable pursuant to this Act.".

SEC. 6. Section 6 of the Natural Gas Act, as redesignated by this Act (15 U.S.C. 717d), is amended by inserting at the end thereof the following new subsection:

"(c) In any case where a natural gas company purchases natural gas from an affiliate, the Commission may disallow, in whole or in part, rates or charges made, demanded, or received by such natural gas company for or in connection with the purchase of new natural gas, to the extent that the rates or charges made, demanded, or received by such affiliate exceed rates or charges for new natural gas which are made, demanded, or received by persons not affiliated with such natural gas company.".

SEC. 7. The Natural Gas Act, as amended by this Act, is further amended by adding at the end thereof the following new section:

"National Ceiling Rates and Charges

"SEC. 25. (a) The Commission shall, within 180 days of the passage of this legislation and pursuant to rulemaking procedures under (5 U.S.C. Sec. 553 et seq.), by regulation establish a national ceiling for rates and charges for the sale or transfer of new natural gas to natural gas companies for sales or transfers of new natural gas made from January 1, 1975 through December 31, 1978. In establishing a just and reasonable national ceiling the Commission shall consider the following factors, and only those factors:

(1) the prospective costs attributable to the exploration, development, production, gathering, and sale of natural gas;

(2) the rates and charges necessary to encourage the optimum level of exploration, development, production, gathering, and maintenance of proved reserves of natural gas;

(3) the promotion of sound conservation practices in natural gas consumption necessary to contribute to the maintenance of a supply of energy resources at reasonable prices to the consumer; and

(4) the rates and charges that will protect consumers of natural gas from price increases that would, in the absence of a national ceiling during periods of actual or anticipated shortages, exceed the rates and charges necessary to achieve the objectives

of paragraphs (1) through (3) of this subsection.

"(b)(1) From the date of enactment of this title through December 31, 1976, the price as determined by the Commission shall be not less than 50 cents per Mcf and not more than 90 cents per Mcf.

"(2) From January 1, 1977, through December 31, 1978, the price as determined by the Commission shall not be less than 70 cents per Mcf and not more than $1.35 per Mcf.

"(3) The Commission shall monitor the national ceiling for rates and charges for the sale or transfer to natural gas companies of new natural gas and shall report thereon to the Congress no later than December 31, 1976, and each year thereafter.

ADDITIONAL COSPONSOR OF AN AMENDMENT

AMENDMENT NO. 149

At the request of Mr. Hathaway, the Senator from Washington (Mr. Jackson) was added as a cosponsor of amendment No. 149, proposed to the bill (H.R. 2166), the Tax Reduction Act of 1975.

NOTICE OF HEARINGS

Mr. ABOUREZK. Mr. President, I wish to announce to the Members of the Senate two hearings scheduled before the Subcommittee on Indian Affairs as follows:

April 18: S. 876, to authorize appropriations for the Indian Claims Commission for fiscal year 1976.

April 25: S. 209, for the relief of Willard H. Allen, Jr., and Nicole J. Allen.

S. 217, to repeal the act of May 10, 1926 (44 Stat. 498), relating to the condemnation of certain lands of the Pueblo Indians in the State of New Mexico.

S. 557, to declare that certain land of the United States is held by the United States is held by the United States in trust for the Laguna Pueblo.

The hearings on these measures will be held in room 3110, Dirksen Senate Building and will commence at 9:30 a.m. Both hearings are open to the general public.

ADDITIONAL STATEMENTS

SALVAGE OF RUSSIAN SUBMARINE BY THE CENTRAL INTELLIGENCE AGENCY

Mr. STENNIS. Mr. President, there has been considerable comment and discussion in the media regarding the efforts of the Central Intelligence Agency in salvaging the sunken Russian submarine in the Pacific Ocean. I knew about, gave surveillance, and fully supported this project from its beginning. It was a highly valuable undertaking and of the highest interest. It invaded no one's rights.

Although this effort was not a total success, it was nevertheless a partial success and the results that were obtained have proven to be of value in our intelligence knowledge. Rather than being criticized, the Central Intelligence Agency should be highly commended for this undertaking. This is the type of job for the security of the United States for which the Agency was created.

A New York Times editorial of March 20 comments on the value of this undertaking.

It is highly unfortunate that intelligence, by its very nature, must be secret to be successful. It, therefore, cannot be published and thereby made available to potential foreign enemies. I would emphasize that there is nothing about this project for which any apology is needed.

President Ford, as well as all Presidents, must have intelligence sources and gather it through his agents and other technical means. I regret the severity of the attacks which are due in part to lack of information. However, highly sensitive intelligence cannot be shared too broadly.

THE CIA AND PROJECT JENNIFER

Mr. THURMOND. Mr. President, the controversy that has arisen over the efforts of the Central Intelligence Agency to recover a Soviet submarine from the floor of the Pacific Ocean is surprising and disturbing. There is no reason to question the propriety of this action. In attempting to obtain the useful information that was known or suspected to be amid the wreckage of the vessel, the CIA was only performing the intelligence-gathering functions for which it was created. Apparently, there are some people in this country so hostile to the CIA that they will seize any opportunity, however inappropriate, to discredit it. I can only deplore this attitude.

It would be pleasant to believe that the nations of the world were so trusting and peaceable that secret intelligence was unnecessary. It would also be wrong—dangerously wrong. Other nations, especially Communist ones, are constantly spying on us, hoping to gain insights into our Government and military operations that might be useful in war or diplomacy. A simple regard for survival requires us to engage in the same activities. It is a matter of self-defense. In recognition of this fundamental reality of world affairs, the CIA was founded after World War II. Now, as then, it deserves our support. We all have a tremendous stake in the successful fulfillment of its mission.

That mission clearly includes such projects as the raising of the Soviet submarine—code named Project Jennifer. Although this enterprise was only partially successful, it yielded a significant amount of valuable information. Much more might have been gained. Indeed, it still may be. Instead of condemning Project Jennifer, we should be praising it. It represents not only an impressive technological achievement, but a timely reassurance of the vigilance and initiative of the American intelligence community.

Mr. President, a thoughtful editorial on the subject of Project Jennifer appeared today in the New York Times. I ask unanimous consent that it be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Project Jennifer

The Central Intelligence Agency's assignment is to further the security of the United States by learning as much as it can about the capabilities and intentions of potential foreign foes, the most powerful of which is the Soviet Union. It has been common knowledge for many years now—at least since an American U–2 plane was shot down over Siberia fifteen years ago—that both sides use the latest technological achievements to spy on each other.

Soviet and American intelligence satellites course through the skies daily taking incredibly sharp pictures of earth 100 miles or more below. The late Premier Khrushchev once even publicly offered to exchange Soviet spy satellite pictures for corresponding American photographs taken from space. The most effective modern intelligence agents are much more likely to be electronic engineers than Mata Haris.

It is against this background that the tale of the Glomar Explorer—the C.I.A. ship that masqueraded as the property of Howard Hughes—must be judged. The basic idea behind Project Jennifer—the code name used—was certainly imaginative: to locate and raise from the ocean bottom three miles deep a Soviet submarine that had sunk in 1968. After much behind-the-scenes debate, the decision to go ahead was taken; the Glomar Explorer was built and a specialized new technology was created; and then last year the attempt was made.

This really brilliant effort unfortunately fell short of full success, though it is still a major technological feat that a substantial portion of the sunken Soviet submarine was brought to the surface. If the full submarine could have been recovered (and it still may be), it would have been a master intelligence accomplishment.

This complex and fascinating technological adventure demonstrates that, once again, American technology has brought a hitherto inaccessible environment into the ambit of man's future activity. It also underlines the need for a body of appropriate international law, so that economic activity—such as the deep sea mining the Glomar Explorer was allegedly engaged in—can be carried out in this new environment and future clashes of rival national interests and power can be avoided.

The story is, furthermore, a useful reminder of how essential good intelligence is for the national security in a world of nuclear weapons, nuclear submarines and hydrogen bomb-tipped intercontinental missiles. The C.I.A. is only to be commended for this extraordinary effort to carry out its essential mission.

NEBRASKA SCULPTURES ON THE INTERSTATE

Mr. HRUSKA. Mr. President, the administrator of the American Revolution Bicentennial Administration, Mr. John Warner, was recently in my home State of Nebraska to officially recognize a unique artistic endeavor—the Nebraska sculptures on the interstate program.

This project will feature 12 specially commissioned scuptures displayed at rest stops along Interstate 80, which runs through Nebraska. In an address in Lincoln on March 6, Mr. Warner described the project this way:

> It has freed art from its traditional confine—the museum, and relocated it in a rest stop setting where residents of Nebraska and more than six million annual visitors can relax and enjoy both the natural beauty of the area and the creativity of the artist. This program is a landmark in the arts for it will provide many citizens who may not have access to cultural centers the opportunity to experience some of the finest art in a convenient setting. It accomplishes another goal of the Bicentennial in the arts

which is to bring them to the maximum number of people.

In a press conference earlier in the day, Mr. Warner paid tributes to the Bicentennial plans rank among the best in the country.

I would like to add now what I have said many times before: The spirit, patriotism, and enthusiasm embodied in the celebration of our Nation's 200th birthday are second to none in Nebraska. I am proud and gratified that the people of Nebraska have grasped the significance of this observance. They are to be commended. Mr. Warner is also to be praised for his efforts in behalf of the Bicentennial Celebration. His dedication, hard work, and enthusiasm are examples for us all. He has contributed greatly to his country.

Mr. President, I ask unanimous consent that a copy of Mr. Warner's remarks at Lincoln, Nebr., on March 6, 1975, and a copy of an Omaha World-Herald article of the same date, entitled, "Bicentennial Director Praises State's Plan," be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Good afternoon Governor and Mrs. Exon, distinguished guests, ladies and gentlemen. It is a great honor to take part in this ceremony which recognizes such a constructively unique and creative aspect of our country's Bicentennial.

I had the pleasure of meeting some of you last week at our National Bicentennial Conference in Washington, D.C. After working with you and other representatives of the State Commissions, I am even more positive and enthusiastic about the Bicentennial then I was before. I am now certain that most Americans have heard of the Bicentennial, and I am confident that they want to participate actively in this memorable event.

The National Bicentennial Conference was much more to me and all members of the ARBA staff than a Bicentennial pep rally. It was a learning experience for all. It was an opportunity to witness the diversity of the people involved in the Bicentennial and the variety of programs they are creating.

Perhaps more vividly than any other media, the arts reflect the diversity of the American people. The arts are integral to the Bicentennial. They reflect our past, lend special joy to our celebration, and provide insight into our future. The major goal established for the arts in the Bicentennial is to extend the creative experience into the daily lives of all of our people and to point to new directions between the American arts and the American community.

The Nebraska Sculptures on the Interstate Program is directed at accomplishing this goal. It has freed art from its traditional confine—the museum, and relocated it in a rest stop setting where residents of Nebraska and more than six million annual visitors can relax and enjoy both the natural beauty of the area and the creativity of the artist. This program is a landmark in the arts for it will provide many citizens who may not have access to cultural centers the opportunity to experience some of the finest art in a convenient setting. It accomplishes another goal of the Bicentennial in the arts which is to bring them to the maximum number of people.

Vital to the effort to extend the creative experience into the daily lives of our people is the involvement of people in their own communities. The Interstate-80 Program goes directly to the people in the communities. As you know, the plan calls for the commissioning of twelve artists in residence who will live in communities along the Interstate during the creation of their work. The learning experience will be two-fold: (1) a first-hand education in art for the people of those communities from a professional sculptor; (2) a daily education for the sculptor about the people, the community, and the state of Nebraska.

The Interstate-80 Program is an experiment in the arts in that it attempts to break away from stereotypes and find better ways to take the arts to the people. The essential elements of this experiment are the artists, the citizens, the businesses, city and State government agencies, and the academic and professional communities of Nebraska. Motivated by the belief that the arts belong to the people, each of these groups has contributed their ingenuity, their time, and their enthusiam for the arts to this program. The I–80 Program has already attracted responses from over 100 artists, contributions from the business community, and the involvement of various civic and state organizations.

This Nebraska project embodies the most important aspects of our Bicentennial:

It is indigenous and appropriate to this great plains country.

It brings all parts of the communities together in a common striving toward a common goal.

In its contribution to contemporary American sculpture and in the works of art which will be produced, it leaves a residual benefit to each community and to the State and its people long after the Bicentennial has passed into history.

I would like to give my personal, and official thanks to the members of the Nebraska Bicentennial Commission, the Nebraska Arts Council, the University of Nebraska, and the corporations and civic groups who have had the foresight, the generosity, and the patriotism to makethe Interstate-80 Sculpture Program a reality.

It is my very real pleasure, Mr. Varner, to present to you this Certificate of Recognition and this Bicentennial flag, and I wish you and all associated with the Interstate-80 Program success in your experiment to bring the arts to the people during the Bicentennial and long after.

Bicentennial Director Praises State's Plan

(By Titus Fisher)

The administrator of the American Revolution Bicentennial Administration said in Omaha Wednesday that participation in the United States' 200th anniversary celebration has been "quite impressive" and that Nebraska's plans rank among the best.

"There are 7,000 Bicentennial events under way through the country," said John W. Warner of Washington, D.C., "and the Nebraska Interstate 80 sculpture project is among the finest to be found in America."

The Nebraska project will feature 12 specially commissioned sculptures displayed at rest stops along the highway system.

OMAHA BIRTHPLACES

Warner also cited the Omaha-Douglas County Bicentennial Commission for plans to dedicate the Omaha birthplaces of President Ford and Malcolm X, the late black civil rights leader.

Warner, a former secretary of the Navy, commented during a press conference at Eppley Airfield. Attending the conference were Mayor Zorinsky, County Commissioner George Buglewicz, Frank Harrington of Kansas City, the Bicentennial regional director, and Eugene Leahy, Omaha-Douglas County Bicentennial chairman.

Both Warner and Zorinsky took issue with doubts that the Bicentennial can be successful in a troubled economy.

CITY PROJECTS

"Look around our city," said Zorinsky. "There are many projects going on in 1975," he said, mentioning among others the construction of a new downtown library. "We (in Omaha) don't have our heads in the sand."

Warner said Bicentennial projects will decrease unemployment. "Millions of people are working in the Bicentennial, and these are quick jobs."

"If you're involved, you tend to pay attention, read history and learn about this country," he said, "We've overcome greater problems in the past.

"The people of the United States want more than parades out of the Bicentennial, and there are 1,000 new projects getting underway each month."

FUNDS APPROPRIATED

Warner said $18.8 million was appropriated by Congress for Bicentennial projects throughout the country and another $4 million has been raised by the government through the sale of Bicentennial artifacts.

He said the money was divided evenly among the 50 states. But he said the Bicentennial would be conducted mainly "by the volunteer spirit of the people."

Douglas County and the City of Omaha have appropriated a total of $25,000 to be matched by local businessmen for financing local projects through 1976, Leahy said. The program, divided into three broad areas, includes 83 recommended projects.

Robert Handy, executive director of the local commission, said the programs will be discussed at a public meeting March 15 at the Milo Bail Center of the University of Nebraska at Omaha.

RESOLUTIONS FROM THE GEORGIA HOUSE OF REPRESENTATIVES AND THE GEORGIA SENATE

Mr. TALMADGE. Mr. President, the Georgia House of Representatives and the Georgia Senate have each passed a number of resolutions pertaining to various matters of local, State, and national concern. On behalf of my distinguished colleague from Georgia (Mr. Nunn) and myself, I ask unanimous consent that several of those resolutions be printed in the Record.

There being no objection, the resolutions were ordered to be printed in the Record, as follows:

H.R. No. 340

A resolution pertaining to the Federal Environmental Pesticide Control Act of 1972; and for other purposes

Whereas, the Federal Environmental Pesticide Control Act of 1972 provides for the regulation of pesticides based upon the categories of "general use" and "restricted use"; and

Whereas, the Act requires certification of "restricted use" pesticide applicators prior to purchase or application of any such pesticide; and

Whereas, it appears as though most pesticides will be included within the "restricted use" category, even though the definition of that category in the Federal Act justly and fairly applies to only a relatively small number of extremely hazardous products; and

Whereas, the effect of this inclusion is to require most farmers in this State to be certified, even though the greater number of these farmers would be required to undergo unnecessary training in order to meet Environmental Protection Agency standards of competency; and

Whereas, such training would be extremely costly and the procedures and programs necessary to implement this training would place tremendous administrative and economic burdens on this State; and

Whereas, pesticide use history in Georgia does not warrant the placing of such burdens upon this State; and

Whereas, all State legislatures will be forced in their next sessions either to pass enabling legislation to implement the Federal Act or to take some alternative course of action to secure changes in the Federal Law.

Now, therefore, be it resolved by the House of Representatives that this Body recognizes the need for regulation of commercial pesticide applicators but totally rejects the need or requirement for private applicator certification.

Be it further resolved that this Body seeks the support of legislatures of all our sister states in securing the necessary changes in legislation from Congress which would eliminate the provisions for private applicator certification in the Federal Environmental Pesticide Control Act of 1972 or exempt our farmers from these provisions.

Be it further resolved that this House requests the earliest possible consideration of this problem by our sister states and that an immediate formal response be forwarded to this General Assembly.

Be it further resolved that the Clerk of the House of Representatives is hereby authorized and directed to transmit appropriate copies of this resolution to the Chairmen of Agriculture Committees of the legislatures of the several states; the Commissioners of Agriculture of the several states; and to the members of the Georgia Congressional delegation.

H.R. No. 287

A resolution commending the United Service Organizations, Inc., (USO) and expressing support of its work; and for other purposes

Whereas, since 1941, USO has demonstrated the concern of the civilian community for the sons and daughters of Georgia and of all America who serve in the nation's armed forces; and

Whereas, USO serves the social welfare, educational, recreational, religious and spiritual needs of all servicemen and women, in times of war and peace; and

Whereas, the military is today, as ever, a transient society in which the majority of its members seldom have strong personal roots in civilian communities; and

Whereas, USO maintains the essential military-civilian link by providing a bridge of communication and interaction; offers assistance, friendship and counseling at more than 130 centers, airport lounges, information desks and fleet centers in the United States and around the world; provides a retreat during off-duty hours for service personnel and their families; acts as a link and a catalyst enabling active military personnel to participate in meaningful civilian community programs for the public good; and fulfills a multitude of human needs; and

Whereas, the services provided by USO are vital to the morale and welfare of the men and women of the armed forces, and are offered by no other civilian agency; and

Whereas, USO deserve the full support of the American public in carrying out its important services and programs.

Now, therefore, be it resolved by the General Assembly of Georgia that the members of this Body do hereby commend USO and go on record as strongly supporting its work as a voluntary expression of the enduring concern of the American people for those serving in the armed forces.

Be it further resolved that the moral and energetic support of this Body is firmly committed to the continuance of the work of the USO.

Be it further resolved that the Clerk of the House of Representatives, is hereby authorized and directed to transmit appropriate copies of this Resolution to each member of the Georgia Congressional Delegation; the National USO; each USO organization in Georgia; and each United Fund and United Way organization in Georgia.

H.R. No. 295

A resolution urging the Administrator of Veterans Affairs to acquire acreage at Fort Gillem for the purpose of establishing a national cemetery; and for other purposes

Whereas, Public Law 93-43, approved June 18, 1973, authorizes the Administrator of Veterans Affairs to acquire additional land for the establishment of national cemeteries; and

Whereas, the Marietta National Cemetery in Marietta, Georgia, has been closed for interments since October 1970; and

Whereas, Andersonville National Cemetery is the only other national cemetery in Georgia, and it is located in a remote area in Middle Georgia; and

Whereas, the State of Georgia has approximately 600,000 resident veterans who would, if burial space were available, take advantage of this benefit to be buried in a national cemetery; and

Whereas, the Atlanta area is more centrally located in the Southeastern United States and near the geographic center of Standard Federal Region IV; and

Whereas, Fort Gillem consists of approximately 1,600 acres located between State Routes 42 and 54 in the City of Forest Park; and

Whereas, the release of 200 to 500 acres on the west side of Fort Gillem would not materially affect the permanent structures or the operations at Fort Gillem.

Now, therefore, be it resolved by the House of Representatives that the Administrator of Veterans Affairs is hereby urged to initiate a request to the Department of Defense seeking the release of 200 to 500 acres of land on the west side of Fort Gillem for the purpose of establishing a national cemetery in the metropolitan Atlanta area.

Be it further resolved that the Clerk of the House of Representatives is hereby authorized and directed to transmit an appropriate copy of this Resolution to the Administrator of Veterans Affairs; the Secretary of the Army, Howard H. "Bo" Callaway; and to each member of the Georgia Congressional Delegation.

H.R. No. 296

A resolution urging the Government of the United States to do nothing to compromise the freedom or security of the Republic of China; and for other purposes

Whereas, the United Nations has expelled, the representatives of the Republic of China from membership and seated in their place a delegation from the Communist government which occupies mainland China; and

Whereas, the United States government has in recent years established contact with the leaders of said Communist government; and

Whereas, the Republic of China was a founding member of the United Nations and has always been a law abiding member of the community of nations; and

Whereas, the people of the Republic of China have built a successful, prosperous, free economy out of the ashes of a half century of revolution, invasion and civil war and now serve as an important trading partner of the American people; and

Whereas, the Republic of China is of great strategic importance in the defense of East Asia and the Pacific and has always utilized its military power in the interests of the free world; and

Whereas, the people of the Republic of China have been among the most trusted friends and allies of the people of the United States since the founding of the Chinese Republic sixty-two years ago.

Now, therefore, be it resolved by the House of Representatives that the government of the United States of America is hereby strongly urged to do nothing which would compromise the freedom or security of the Republic of China or its people.

Be it further resolved that a copy of this resolution shall be sent to the President and the Secretary of State of the United States of America, the members of Congress from the State of Georgia and the Ambassador of the Republic of China to the United States.

SENATE RESOLUTION 23

A resolution relative to the "Love Bug" infestation in Georgia; and for other purposes

Whereas, the "Love Bug", scientfically known as Plecia Nearctica, has infested Georgia to the degree of causing a hazard to motorists and a nuisance to residents in affected areas; and

Whereas, such bugs are damaging the exterior of motor vehicles; and

Whereas, such insects are detrimental to the tourist business in Georgia and surrounding States.

Now, therefore, be it resolved by the Senate that the members of this Body do hereby urge the Federal Government to work toward implementing a research program to find a pesticide that will eradicate the "Love Bug" and at the same time not have a detrimental ecological effect on our State.

Be it further resolved that the Secretary of the Senate is hereby authorized and directed to transmit an appropriate copy of this resolution to each member of the Georgia Congressional Delegation.

SENATE RESOLUTION 76

A resolution encouraging continuation of responsible programs for the eradication of fire ants; and for other purposes

Whereas, Mirex has been proven to be an effective pesticide in the elimination of fire ants; and

Whereas, fire ants are detrimental to human life, livestock, field crops, pastures and wildlife, and have been known to kill newborn animals and birds which nest on the ground; and

Whereas, in those sections of the State of Georgia in which Mirex has been used there is no evidence which indicates that wildlife has been damaged by the use of this pesticide; and

Whereas, this Nation cannot grow adequate food and fiber for our Nation's needs without the use of pesticide; and

Whereas, the United States Environmental Protection Agency and various clubs and other organizations have taken actions to hinder the use of Mirex without an adequate understanding of the serious nature of the fire ant problem in the State of Georgia; and

Whereas, the State of Georgia can eradicate fire ants from the State if the State is allowed to pursue its Mirex spraying program without interruption.

Now, therefore, be it resolved by the Senate that this Body urges and encourages the Federal Government, and particularly the Department of Agriculture, to take every action possible to allow continuation of responsible programs for the eradication of fire ants.

Be it further resolved that a copy of this Resolution be transmitted to the United States Environmental Protection Agency, the Secretary of the United States Department of Agriculture, the Commissioner of the Georgia Department of Agriculture and the members of the Georgia Congressional Delegation.

SENATE RESOLUTION 98

A resolution expressing opposition to the President's proposal relative to the school lunch program; and for other purposes

Whereas, the Georgia Senate believes that school lunches are important for all children and an essential part of the child's education; and

Whereas, the Senate's concern has led to State support which has helped keep the sale price within the reach of Georgia children; and

Whereas, the President of the United States through his 1976 Budget Message has proposed the repeal of legislation that makes federal assistance available for lunches for paying children, and ctus back assistance for poor children; and

Whereas, the proposal, if implemented, would have disastrous effects on the school lunch program and the middle income family budget would be further depressed by having to pay thirty cents more per lunch.

Now, therefore, be it resolved by the Senate that the members of this Body express their total opposition to the President's proposal to use this means of cutting the budget and reject any curtailment of the school lunch program.

Be it further resolved that the members of the Georgia Congressional Delegation are hereby urged to vigorously oppose and work for the defeat of any measure to reduce the child nutrition program and to seek to sustain and strengthen the child nutrition program for the children of America.

Be it further resolved that the Secretary of the Senate is hereby authorized and directed to transmit an appropriate copy of this Resolution to each member of the Georgia Congressional Delegation.

SENATE RESOLUTION 138

A resolution urging the Administrator of Veterans Affairs to acquire acreage at Fort Gillem for the purpose of establishing a national cemetery; and for other purposes

Whereas, Public Law 93–43, approved June 18, 1973, authorizes the Administrator of Veterans Affairs to acquire additional land for the establishment of national cemeteries; and

Whereas, the Marietta National Cemetery in Marietta, Georgia, has been closed for interments since October 1970; and

Whereas, Andersonville National Cemetery is the only other national cemetery in Georgia, and it is located in a remote area in Middle Georgia; and

Whereas, the State of Georgia has approximately 600,000 resident veterans who would, if burial space were available, take advantage of this benefit to be buried in a national cemetery; and

Whereas, the Atlanta area is more centrally located in the Southeastern United States and near the geographic center of Standard Federal Region IV; and

Whereas, Fort Gillem consists of approximately 1,600 acres located between State Routes 42 and 54 in the City of Forest Park; and

Whereas the release of 200 to 500 acres on the west side of Fort Gillem would not materially affect the permanent structures or the operations at Fort Gillem.

Now, therefore, be it resolved by the Senate that the Administrator of Veterans Affairs is hereby urged to intiate a request to the Department of Defense seeking the release of 200 to 500 acres of land on the west side of Fort Gillem for the purpose of establishing a national cemetery in the metropolitan Atlanta area.

Be it further resolved that the Secretary of the Senate is hereby authorized and directed to transmit an appropriate copy of this Resolution to the Administrator of Veterans Affairs; the Secretary of the Army, Howard H. "Bo" Callaway; and to each member of the Georgia Congressional Delegation.

THE U.S. INFORMATION AGENCY

Mr. BROOKE. Mr. President, on March 11, 1975, the Georgetown University Center for Strategic and International Studies issued the report of its private Panel on International Information, Education and Cultural Relations, headed by Dr. Frank Stanton. In essence the report recommends that the U.S. Information Agency be dismantled and its functions and staff distributed among three separate agencies. This report was not unanimous. A strong dissent has been entered by one of the Panel's members, Edmund A. Gullion, a Foreign Service Officer and Career Minister, retired, and now dean of the Fletcher School of Law and Diplomacy in Medford, Mass. Another Panel member, Leonard Marks, a former director of USIA and now Chairman of the U.S. Advisory Commission on International Educational and Cultural Affairs, refused to associate himself with the final report.

The question of how our public diplomacy should be structured to support our national interests most effectively is not a new one; it has been debated for years. It has been the subject of numerous studies and reviews over the past 20 years, and even now is being studied by the Murphy Commission on the Organization of the Government for the Conduct of Foreign Policy and by the Congressional Research Service.

These studies do not question the fact that the ability to communicate effectively with foreign people, to explain our Nation, its institutions and its policies is an essential element in the conduct of our foreign policy. They do not question the fact that we must engage in a sustained dialog with both friends and adversaries if we are to achieve collective action to meet our common problems. What is in question is how these information and cultural activities should be organized, where they should be located and who should conduct them. It is this question which is addressed in Dean Gullion's dissenting views.

I have known and admired Dean Gullion for many years. Few people can speak with the depth of knowledge and experience that he brings to foreign affairs. Few have had more firsthand knowledge of the practice, problems and requirements of American diplomacy. His distinguished career in the Foreign Service spanned more than 35 years, with assignments on four continents. He is now dean of one of our country's outstanding graduate schools in international law and diplomacy, and was instrumental in establishing the Edward E. Murrow Center of Public Diplomacy at the Fletcher School. Over the years, I have developed a deep respect for Dean Gullion's opinions, and I therefore read his closely reasoned dissent with careful attention.

Since the issues raised by the Stanton report bear upon vital aspects of our public diplomacy, I commend Dean Gullion's views to the Senate and ask unanimous consent that his letter be printed in the RECORD.

There being no objection the letter was ordered to be printed in the RECORD, as follows:

FLETCHER SCHOOL OF LAW
AND DIPLOMACY,
Medford, Mass., March 7, 1975.

DR. FRANK STANTON,
Chairman, Panel on International Information, Education and Cultural Relations, The Center for Strategic and International Studies, Washington, D.C.

DEAR DR. STANTON: While I believe the Panel you have directed with characteristic vigor, competence and conscience has performed a true public service in its examination of the United States overseas information effort, I must dissent from some of the main tendencies of its review.

I do not subscribe to the parcelling out of the *corpus* of the United States Information Agency to different sectors of the Department of State.

I do not believe this would be in the best interest of the effective conduct of foreign relations nor of what can be termed the function of "public diplomacy."

Nor do I think the time is ripe for it no matter how much the move might superficially appear to commend itself in response to a perceived change in the international scene or, less fundamentally, to a desire for administrative compactness, regularity and economy.

Granted the never-quite-satisfied need for better coordination of policy and information, I yet believe there are good reasons for preserving a more fundamental distinction between the information function and the diplomatic and policy development function, at home and in the field, than such a merger would permit.

It is necessary to recognize a clear line between traditional government-to-government diplomacy and those forms of people-to-people diplomacy which increasingly characterize international and intercultural relations. The former is in my view still the core of the conduct of foreign relations. It involves precision, confidentiality, political and economic expertise, negotiation and reporting, and the exercise of such influence as we can still wield, unless we have completely mistaken détente for disengagement.

The conduct of public diplomacy, on the other hand, is addressed to groups outside government who play roles of varying levels of importance in the affairs of their countries and whose contacts with similar groups in other countries are knotted increasingly within the tightening web of communications.

Some people are good for one thing, some for another. I need not in this space catalogue the differences in vocation and aptitude, but may it suffice to say that the information or cultural officer is more typically engaged with a broader audience and is less closely identified withthe policy of his government. He deals with different kinds of people and the mode of discourse and the techniques for effective communication differ greatly from those of government-to-government diplomacy.

Working at some small remove from the Embassy and the formal apparatus of advocacy and representation gives the public diplomatist more latitude, flexibility and occasionally more acceptability; at the same time, as Harold Nicholson pointed out and as some of us with field experience can testify, the Chief of Mission and his political section can sometimes use some space between them and the press and information officers.

Abroad, both concerns come together and can be concerted in the "Country Team." Presumably a coordination as effective as is sometimes achieved in this field group is what the Panel aims at for Washington. But if you move the USIA into the Department, I fear some other things will happen:

(a) The difference in function which I claim to be a good thing will be lost or blurred.

(b) If I know the *ethos* of the Department there will develop a hierarchy of function with the political and economic taking precedence over informational. Your best informational officers will aim for the political cone, conforming themselves over time to its concepts and mores. The political cone will undertake to ingest information; how they will put it out is a different speculation. Your propagandist, if that is not a pejorative term, will take on the coloration of the careerist.

(c) Paradoxically, while the thrust of the report is toward centralization of agencies, you also move to fragment function. The fields of 'information," "culture" and "education" are not separable and mutually exclusive. All are part of public diplomacy and need to draw upon one another to be most effective and appealing. The Panel would appear to put them on separate tracks subject to separate direction. Those thematic programs which USIA has done with particular skill utilizing radio, films, press articles, exhibits, and lectures would come off least well in the divided system.

(d) Again paradoxically, the role of information in support of foreign policy objectives could be weakened and not strengthened after a move into State. The Bureau of Educational and Cultural Affairs in the Department has done a perceptive and imaginative job in deffusing abroad the merits and opportunities of our culture and our educational system. But is it geared to grappling with contentious issues and to defending our system? Or is it thought that this was never the function of information or that it is so no longer?

I believe we have been most effective when we have presented our case objectively but have nonetheless presented a case. Why else is USIA in the business?

And I believe the need for that presentation is as great if not greater than it ever was. We are already losing ground.

There is nothing I see either in the assumptions or the progress of "détente" which would warrant the dismantling of one of our key foreign affairs agencies. The Soviet Union and those states which follow that model have not relaxed but rather tightened their control in the information they allow to reach their own peoples. Soviet citizens like Sakharov and Solzhenitzyn have testified to their dependence on foreign sources, a phenomenon replicated in numerous other instances on several continents.

What détente has done along with the good is to multiply the opportunities the Soviet Union and others have to carry their own informational efforts to more peoples. Moreover, in the world of emerging and developing countries, newly politicized masses are choosing the systems under which they will live. Of course they are free to choose but they should be aware of the choices.

To many of these our system already seems less attractive than it did, our commitment to our own ideals less sure, our will and our arm less strong. This is not the time to relax our informational effort nor to lose it in the arcane recesses of the Department. Members of the Panel would doubtless say this is not the intention. But I believe that it will be so perceived and that that will be the effect.

Much of the foregoing analysis applies equally to the future of the Voice of America. If it is moved into closer relation to the Department of State, I believe both it and the Department would suffer. It would be harder for VOA to preserve its aura of objectivity and detachment while the difficulties that might arise in trying to reconcile fast moving news coverage with Department clearances boggle the mind.

As for the Department, our "ministry of external affairs," I doubt that it really wants to be hitched to a broadcast station.

The proposal which would place VOA under an "independent" board would, I think, go too far in the opposite direction. True, it would become "less political" but it very probably would have to abandon its function of providing commentary in support of United States foreign policy, and with it, its most important rationale for support by the American taxpayer.

It would contribute to the fragmentation, rather than the consolidation, of American public diplomacy. The present structure, while imperfect, permits one VOA function, namely furnishing support for American foreign policy, to coexist with another, equally important, the providing of factual news to millions who otherwise would be deprived.

Finally, and without trying here to embark on a separate series of recommendations, I would seek to conserve an organization to which you yourself have contributed so much over many years, which has pioneered a new kind of diplomacy and deployed it for peace, and which has known how to adapt itself to change. I would move to give that agency what it has not known in its lifetime—some kind of tenure—and then I would try to define and perfect its relations to the purposes of our people and the departments and agencies of our government.

Sincerely yours,

EDMUND A. GULLION,

Foreign Service Officer and Career Minister (Retired) Dean.

COST OVERRUNS IN PERSPECTIVE

Mr. STENNIS. Mr. President, the budget request for the 1976 fiscal year is now before Congress and, as we are all too well aware, it is of record size. The appropriate committees, including the Senate Armed Services Committee, are deep into hearings and investigations of their respective parts of the budget request. In time, full debate on the contents and size of this budget will take place in the committees and here on the Senate floor.

In the case of the military procurement authorization bill, which includes portions of the budget within the purview of the Senate Armed Services Committee, I am sure that the debate—in committee and on the floor—will include complaints about cost overruns on major weapons systems. This is both natural and proper. It has been the case ever since our Armed Services Preparedness Investigating Subcommittee first requested a compilation of cost overruns data in 1969.

Before we really get into our annual floor debate on the weapons authorization bill, I would like to put the cost overrun situation into a more proper perspective for all areas of the national budget. I would hope there could be a full appreciation of the fact that cost overruns are not a property of the military weapons program alone, but they infect all segments of the economy.

Late last month the General Accounting Office issued its first annual report on the financial status of major civil acquisitions. This report indicates that the cost overruns for 269 major civilian projects, in various agencies of the Government, amounted to about $57 billion on a total cost of these now estimated at about $133 billion. This means that these projects have had significant cost increases over the original program cost estimates. Some of these programs reflected cost increases of over 800 percent above the originally estimated cost. It is interesting to note that the GAO made a special effort over a period of several months for the agencies to accumulate this cost data, since there are no quarterly reports on the progress of these programs as there are for the major weapon programs.

The GAO report covers a variety of nondefense projects all over the country, including flood control, rivers and harbors and so forth, as well as reclamation, and many others. For example:

The extension of the Dirksen Senate Office Building, originally planned in January 1974 at a cost of $68.8 million is estimated—November 1974—at $85.1 million—an overrun of 24 percent.

The "Metro" Subway system here in Washington, planned in February 1969, at a cost of $2.5 billion is estimated—November 1974—at $4.5 billion—an overrun of 80 percent.

The Interstate Highway System, planned in 1958 at a cost of $37.6 billion was most recently estimated, in 1972, to cost $76.3 billion—an overrun of about 103 percent.

Now I have repeatedly stated, and do so again, that I do not condone the cost increases on the military weapon programs. However, I do believe that in this period of inflation-driven rising costs some of the reasons given for some of the cost growth on these weapon programs may be valid. I am also of the opinion that these cost overruns are not limited or peculiar to the military weapon programs.

Over the years, the Senate Armed Services Committee has continued its close surveillance of the weapons cost overruns and its anaylsis of the reasons for each of them. I believe this process has made it possible to focus on cost increases which were not readily explainable and which suggested inefficiency and poor management.

This new information on cost overruns on civil projects, Mr. President, is not pleasant news for the taxpayer, but it should underscore the sober reality that the cost problem is not a unique disease of the military weapon programs. I would not try to pass judgment on any of the individual civil projects without developing more cost data on them.

However, I do compliment the Comptroller General on this useful addition to annually reported statistics, and I commend this report, dated February 24, 1975, to the attention of Members of the Senate.

With respect to the current hearings of the Armed Services Committee, I can report that we are making headway, both in the full committee and in our subcommittees. I am confident that we will be able to send the Senate a military procurement authorization bill, with a comprehensive committee report, by May 15, as required by the new budget act.

THE HARD FACTS ARE EVADED

Mr. BROCK. Mr. President, in an article recently published in the Sarasota, Fla., Herald-Tribune, Waldo Proffitt calls for more decisive leadership from both the President and Congress against what he terms the evils of the energy crunch. I ask unanimous consent that Mr. Proffitt's article be printed in the RECORD.

There being no objection, the article

was ordered to be printed in the Record, as follows:

The Hard Facts Are Evaded

(By Waldo Proffitt, Jr.)

With respect to the energy components of President Ford's State of the Union message, it can be fairly said that they add up to gibberish. They bear no relationship to the facts of life on this planet and in the nation.

Consider some specifics.

His program envisions within the next ten years 200 major nuclear power plants. Nuclear power has its place in our energy arsenal, and we shall use more of it. But, in the present state of the art, it is a stop-gap measure. Until and unless we perfect breeder reactors or harness the process of nuclear fusion, it is clear that the world's uranium supplies are not going to last very much longer than oil supplies. As of now, there is no assurance that we will bring either breeders or fusion on line.

The President's program calls for 250 major new coal mines and 150 new major coal-fired power plants. Coal we have. Coal we will doubtless mine and burn in more and more power plants. But unless we insist on stringent air pollution controls—which are now feasible—we will sentence tens of thousands of people to untimely death each year.

That's what dirty air means—shorter lives. The President gave only brief mention to clean air. He advanced no proposals for enforcing pollution controls on coal burning plants, nor did he provide any guidance on how we go about deciding how many years of life we should give up in order to sustain the gross national product.

He said he envisions 30 major new oil refineries in the next ten years. Thirty refineries could process between three and four billion barrels of oil a year. That would represent about a fifty per cent increase in oil consumption. Where is it coming from?

The President said we will have to open up naval reserves in Alaska and step up exploration on the outer continental shelf and drill many thousands of new oil wells. And we will. But we will be fortunate if new oil discoveries just enables us to maintain present levels of domestic production.

All the oil remaining under the United States—Alaska, continental shelf and all—is estimated to amount to about 100 billion barrels. Much of that remains to be discovered and pumped up. If our exploration is successful, we can find and use up all that oil in 15 to 20 years. But domestic production is declining. Large new discoveries will be required to maintain present production rates.

Where do we get the oil for the new refineries the President envisions? From abroad? How does that square with his proposal to cut imports by two million barrels a day? It does not compute.

The most sensible proposal made by the President was to place a tariff of three dollars a barrel on imported crude and match it with an equal tax on domesic crude. Unfortunately, it has already come under fire from Congress, whose reluctance to face facts may exceed that of the President.

Nowhere in the President's message is there recognition of the fact that we are facing, not an energy crisis, but an energy shortage, that we are running out of cheap energy, and that we are going to have to readjust our lives and our lifestyles or we will not survive.

The President failed to come to grips with the real problem, or even to recognize it. He did mention the need to conserve energy and advanced some programs which would help reduce energy demand. He proposed some others which would move us in the wrong direction. The net result is a mishmash.

It leaves us drifting along on our energy binge, with no plans for making the painful sacrifices necessary to bring consumption of energy in line with renewable energy resources.

President Ford said rightly that the State of the Union "is not good."

Unless he provides firmer leadership than we saw last week, it is not going to get any better.

FINANCIAL INSTITUTIONS ACT OF 1975

Mr. McINTYRE. Mr. President, I welcome the sense of priority which the distinguished chairman of the Banking Committee, Mr. Proxmire, has attached to the Financial Institutions Act of 1975.

The Subcommittee on Financial Institutions of which I am chairman, spent a great deal of time in the 93d Congress trying to focus on where the public interest lies with respect to legislative proposals for financial restructuring. The work of the subcommittee, as the chairman notes, will provide a solid foundation for going forward now with this legislation.

It is my hope and expectation that the subcommittee will complete its deliberations on this legislation as rapidly as is consistent with legislating responsibly in an area of such fundamental importance. At that point, I look forward to a thoroughgoing discussion of the issues presented with the members of the full Banking Committee.

I welcome reports that the distinguished chairman of the House Banking and Housing Committee, Mr. Reuss, and the distinguished chairman of the House Subcommittee on Financial Institutions Supervision, Regulation and Insurance, Mr. St Germain, intend to similarly attach priority to financial restructuring in the process of establishing a Study Commission, comprised of members of the House of Representatives, to consider key areas of general legislative concern in the financial area.

The cooperation of the respective banking and tax-writing committees will guarantee a thorough inquiry into the merits of these proposals and a legislative result which I firmly expect will promote the public interest.

LEAA ADMINISTRATOR REPORTS ON AGENCY'S PROGRESS

Mr. HRUSKA. Mr. President, on two previous occasions, I have had printed in the Record progress reports issued by Richard W. Velde, Administrator of the Law Enforcement Assistance Administration.

Mr. Velde is to be commended for this periodic accounting of his stewardship of this important agency.

Those Senators who are members of the Judiciary and Appropriations Committees, and particularly the Criminal Laws and State, Justice, and Commerce Subcommittees thereof, are well aware of LEAA's significant contribution to the Nation's effort to combat crime and delinquency. Other Senators, however, will find Mr. Velde's most recent report highly informative.

In this connection, Mr. President, the Senate should take note of the policy position adopted by the National Governors' Conference at its recent winter meeting here in Washington. That statement said, in part:

> The National Governors' Conference considers the block grant program of the Law Enforcement Assistance Administration essential to state and local programs for the reduction of crime and delinquency.

The policy statement went on to reaffirm the Governors' confidence in the programs of the LEAA and urge the Congress to continue appropriations at least at current levels.

I ask unanimous consent, Mr. President, to have printed in the Record the text of Mr. Velde's statement of March 17.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement

(By Richard W. Velde, Administrator, Law Enforcement Assistance Administration)

Last September and again last December I reported to you about my priorities for increasing the Law Enforcement Assistance Administration's efforts to help state and local governments improve their criminal justice activities and the progress LEAA has made in achieving those goals. Today is the third such report.

This press conference is being held primarily to stimulate your interest in the Agency and its activities. What is important is that I make myself available to you regularly to tell you what LEAA is doing and planning and to answer your questions on these and related matters.

As I have in the past, I would now like to list the 16 priority matters that I set forth last September and describe LEAA's progress in meeting these goals:

1—The block grant mandate. LEAA is revising the basic guidelines for planning and block action grants to allow for the publication of the fiscal year 1976 guidelines by March 14, 1975. This will facilitate the submission of 1976 state plans by September 30, 1975. LEAA will accelerate the guidelines and plan submission process so that the fiscal year 1977 plans can be submitted by October 1, 1976, the first day of the fiscal year. LEAA has approved all 55 state and territorial planning grant applications and 46 of the 51 comprehensive state and territorial criminal justice improvement plans that have thus far been submitted.

Last month I convened a civil rights policy development seminar, and I am now reviewing the numerous worthwhile recommendations that were proposed. I am confident that many of the suggestions will be incorporated into LEAA's civil rights compliance program. The seminar proposals will be presented to the National Conference of State Criminal Justice Planning Administrators Guidelines Committee.

Not long after the new Attorney General assumed office, he and I met with a number of black leaders who are interested in the administration of justice in America. And I expect to meet soon again with an ad hoc group selected by those who attended this conference. LEAA also is initiating a broad review of compliance with LEAA's requirement that the recipients of Agency funds formulate and implement equal opportunity programs.

LEAA has submitted to the Department of Justice proposed legislation that would continue the Agency's authorization beyond its 1976 expiration date.

2—Corrections. LEAA is developing a Corrections Education Network, which will provide expanded programs for inmates and the staffs of institutions that will use new technology. A joint LEAA-Department of Labor program is achieving systemwide corrections improvements in a number of states that have asked to be involved. Guidelines for juvenile corrections programs are being written. Four corrections specialists for LEAA's regional offices have been hired.

3—Juvenile delinquency. As you know, the Juvenile Justice and Delinquency Prevention Act of 1974 established a new program within LEAA. In my last report I announced that I had established a task force to coordinate all prior juvenile justice and to plan the office's activities and priorities for the next two years.

Progress is being made toward implementing the program, which emphasizes removing status offenders from institutions. Status offenders are youths who have been caught up in the juvenile justice system for acts—such as truancy, incorrigibility, and running away—that are not crimes when done by adults.

The Task Group is mailing more than 3,000 announcements to individuals and organizations that are interested in juvenile problems to solicit ideas on how best to remove young people from institutional environments. You will find an announcement on this in the press kits that have been handed out today.

LEAA continues to meet with the Department of Health, Education, and Welfare to insure an orderly transfer of its juvenile program activities and to explore ways by which the substantial resources of HEW, as well as other Federal agencies, can best be applied to youth development. The Agency's Office of General Counsel has published a 440-page legislative history of the Act.

4—Courts. LEAA has awarded two grants totalling $2.5 million to the National Center for State Courts. Training for as many as 7,000 judges and court administrators will be provided by one of the grants. The other one will support research projects to reduce criminal court delay and improve the functioning of court systems. The Center also will provide direct assistance to a number of local courts. In response to judicial concern over Federal support to the judicial components of state court systems, LEAA commissioned a study of the planning and allocation processes utilized under the authority of its legislation. I have recently received this report and a long list of recommendations for improvement of those processes. The report calls for a new national policy to assist the state courts in their planning and modernization efforts, and we are now planning for fiscal year 1976 an LEAA courts program that will better answer court needs.

In January, an LEAA-funded national conference on appellate justice was held, and more than 250 Federal and state court leaders, attorneys and legal scholars from across the country attended. The recent findings on appellate reform and possible new methods for improving the criminal appeals process were discussed. The conference is just the beginning of a joint LEAA-state judiciary effort to solve the problems plaguing appellate courts, including the fundamental problem of delay.

At the President's request LEAA has developed a program that focuses attention and resources on the repeat offender. The experience and intuition of many criminal justice professionals and a number of studies indicate that a small number of repeat offenders are responsible for a disproportionate amount of crime. The goal of the program is to speed the prosecution of individuals whose criminal histories indicate frequent involvement in homicides, forceable sexual offenses, aggravated assaults, robberies or burglaries. The program will concentrate on career offenders who are likely to commit crimes again while on bail or awaiting trial. As the program focuses criminal justice resources on the cases of individuals who are committing a significant portion of crime, we expect the program to have an eventual impact on crime rates. LEAA has set aside $4 million in discretionary funds for this program. Funds will be awarded to approximately eight cities. The program guideline has been issued and grant applications are currently being reviewed. All awards will be made by the end of April and two have been announced today. You will find that information in the press kits we have provided.

5—Law Enforcement. LEAA has earmarked $2.5 million for its program to improve police patrol cars. We began the program last month and expect the first pilot vehicle will be available by the end of this year. The goal is to apply currently available technology to enhance officers' safety and capabilities and to improve the economy, safety, and utility of the cars. Among the improvements for officers are the use of an updated storage/digital communications system giving ready access to data on stolen property, vehicles, etc., and driver aids, such as better braking and warning systems. This program is particularly important. Although the demand for police services has increased dramatically in recent years, no parallel emphasis has been placed on applying new technology to the heart of police operations: patrol.

6—Organized crime. A review of the organized crime components of state plans has resulted in the development of evaluation criteria. A National Organized Crime Conference is being planned for next October. LEAA has recently awarded 19 anti-organized crime grants totalling about $6.7 million.

7—Research and development. LEAA has received applications from 34 states and regional planning units in response to the Agency's Model Evaluation Program. The applications are being evaluated at this time, and the awards to operate the selected proposals will be announced this spring. LEAA's National Institute for Law Enforcement and Criminal Justice is operating an evaluation clearinghouse. It will soon systematize the collection of national, state, and local evaluation reports and disseminate them. A conference was held January 17 to discuss the need for new and improved criminal justice system performance measures. Eight National Evaluation Program grants have been awarded. These projects will provide relatively rapid answers to questions about the benefits, problems, and costs of a number of widely used crime prevention efforts. The Institute is preparing a publication that will review all Institute evaluation projects. The Agency's equipment standardization program has published a standard for passive, first generation night vision devices and a standard for X-ray systems for bomb disarmament. The National Criminal Justice Reference Service, which was established in 1972, now serves almost 300,000 users. Since September 1974, police users have increased by 16 percent, corrections users by 50 percent, and courts users by 25 percent. The dissemination of LEAA research publications has increased by 22 percent during the last six months, and some 222,000 documents were disseminated during the period September 1974 through February 1975.

8—Standards and goals. A new force, Private Security, has been added to the four task forces announced in December (Juvenile Delinquency, Organized Crime, Civil Disorders and Terrorism, Research and Development). Chairmen for all of the task forces have been selected.

They are: Juvenile Delinquency—Allen Breed, Director, California Youth Authority; Civil Disorders and Terrorism—Jerry Wilson, former Police Chief, Washington, D.C.; Organized Crime—John F. Kehoe, Jr., Commissioner of Public Safety, Commonwealth of Massachusetts; Private Security—Arthur J. Bilek, Vice President, Corporate Development, Pinkerton's Inc., Chicago, Illinois; and Research and Development—Peter Lejins, Director, Institute of Criminal Justice and Criminology, University of Maryland.

There will be an oversight review committee, the National Advisory Committee on Criminal Justice Standards and Goals. The task forces are subordinate to the Committee. Membership on the Committee will consist of the five task force chairmen plus six other state and local officials, with the chairman to be selected. Charles R. Work, Deputy Administrator for Administration, will be an ex officio member of the committee. LEAA has continued its dissemination of the six reports of the National Advisory Commission on Criminal Justice Standards and Goals.

To date, almost 30,000 volumes of the Police report have been distributed and an average of more than 21,000 of each of the five other volumes—Courts, Corrections, Community Crime Prevention, Criminal Justice System, and the National Strategy to reduce Crime. In addition, the Government Printing Office has sold approximately 10,000 copies of each report. We have also prepared and distributed more than 10,000 copies of an Executive Summary, and a private publisher has recently published a pocket version of the Commission's work that should add significantly to the public's awareness of the Commission's recommendations. We are augmenting this effort with the preparation and distribution of supportive materials.

During the past three months we developed and distributed an analysis of the Commission's standards and goals and their relation to crime reduction and a "how to" manual that examines differing approaches in developing standards and goals. Our technical assistance effort to the states has been particularly successful. To date we have provided on-site assistance to 22 states, aiding them in their standards and goals planning activities, development efforts, and implementation strategies. We have continued our financial assistance to the states aimed primarily at helping them analyze their current criminal justice systems, develop appropriate standards and goals for their states, and begin planning for implementation. During fiscal year 1975 LEAA provided more than $7.2 million to 22 states for these efforts.

9—Systems development and statistics. Interviewing for LEAA's Crime Victim Survey was begun in January 1975 in the nation's five largest cities to collect 1974 data. The National Law Enforcement Communications System (NALECOM) configuration study has been completed by Jet Propulsion Laboratories and is available for distribution. The National Law Enforcement System's (NLETS) users guide has been updated and high-speed data exchange capabilities have been provided to 28 states. LEAA is exploring an expanded use of NLETS to increase the benefits to the criminal justice community. NLETS is being considered as the link for computer-aided legal research and for limited access to the Interstate Organized Crime Index. Automation and full implementation of IOCI must await the resolution of security and privacy issues, but an interim system of telephonic inquiry to the central index at the California Department of Justice is being maintained, and work on detailed system design specifications is continuing .Thirty-six states now have approved action plans for comprehenisve data systems programs. The five components that comprise the Comprehensive Data System—State Statistical Analysis Centers, Uniform Crime Reporting Systems, CCH-Offender Based Tracking Systems, Management and Administrative Statistics and State Technical assistance capabilities—will provide states with reliable data for state planning, implementation, and evaluation of its criminal justice programs. In recognition of the importance of security and privacy issues in criminal justice information systems, LEAA will shortly fund a study of current and prospective uses and needs for computerized criminal history information by various agencies within the criminal justice system. This study will provide information about security and privacy requirements and procedures that can be utilized by both individual states and the Federal Government.

LEAA has been collecting state laws concerning data in state and local criminal justice information systems, and the Office of General Counsel is analyzing these laws and will prepare a compendium.

10—Civil disorder and terrorism. The Committee on the Prevention of Terroristic Crimes of the Private Security Advisory Council to LEAA is developing a bibliography of information sources to assist institutions and corporations. In addition, the Committee will develop specific recommendations for precautionary measures and improved communication with law enforcement agencies.

11—Law Enforcement Education Program. A proposal to establish an Office of Criminal Justice Education and Training has been submitted to the Department of Justice. The office would be responsible for providing national leadership and policy direction to LEAA's education and training programs. A national search for an outstanding individual to head the office will be started as soon as the organizational proposal is approved. A national survey to determine existing and future personnel needs of the criminal justice system is in full operation. Survey staff have been conducting field research throughout the nation. An advisory board to the survey composed of distinguished educators, administrators, and researchers has been appointed to assess the survey's progress.

12—International authority. LEAA has employed a coordinator for LEAA international matters. He will be on board soon. We are presently beginning a two-year plan concerning anti-skyjacking, terrorism, and narcotic interdiction. Terrorism has developed as a priority concern. Discussions on this subject have been undertaken with the various Federal agencies which have responsibility in this area. A $30,000 commitment has been made to the State Department to conduct research on terrorism. Twenty-five thousand dollars in additional funding has been provided for the FAA anti-skyjacking program in Oklahoma City.

13—Fiscal integrity and public accountability. The Office of Inspector General has completed two basic auditor training courses in which 69 auditors were trained for the LEAA program. In addition, four advanced auditor training classes have been held and were attended by 91 auditors. A one-day program on fraud and other criminal activities at the Pennsylvania State Planning Agency was held, and a one-day auditor training seminar for SPA auditors in LEAA's Boston region was also presented. The Office of Inspector General has issued 150 audit reports, 10 Regional Office inspection reports, and I headquarters inspection report and has closed 39 investigations to date this fiscal year. Also during the fiscal year, the Office of Inspector General has prepared responses to nine GAO audit reports (4 in Jan. and Feb.).

14—Internal administration. Management Briefs, a monthly report of key LEAA financial and administrative activity, has been published each month since July. Monthly management reviews started in October. They discuss the Agency's management-by-objectives progress. Bimonthly management-by-objectives reports are being submitted to the Department of Justice. A two-year plan has been completed in draft form. LEAA's Grants Management Information System has been expanded to include state comprehensive plans and discriminatory grant monitoring. A centralized grant processing and administration function has been established to ensure the expeditious processing of grant applications.

15—Employee relations and development. Periodic training bulletins are now being issued to inform employees of upcoming training opportunities, the required training for special positions. The Health Unit is issuing bulletins on a variety of health topics of interest to employees, i.e., flu immunization, physical examinations, etc. The Training Division is developing an orientation program for new employees that will include input from a random sample of Headquarters employees. Approximately 30 employees will view and critique the proposed program before the final script is prepared. An LEAA employee grievance procedure has been established. Seven instructions concerning various Personnel programs are currently being written. They will provide significant information employees and supervisors regarding rights and responsibilities so that they may more effectively deal with each other. A Standards of Conduct code has been issued to all employees. The instruction includes specific employee restrictions and guidelines on the acceptance of fees, honorariums, and expenses for speaking engagements, writing, consulting, and teaching.

LEAA is implementing the requirements of the new Freedom of Information Act, with which it intends to comply fully. The Office of General Counsel has called to the attention of all LEAA managers the Act's provisions, and Agency personnel are receiving training in how the Act is to be administered.

A videotape presentation to train all LEAA employees in the Agency's standards of conduct provisions is being prepared.

An LEAA Arts and Crafts Exhibit was held from February 24 through February 28, 1975. The competition was open to all LEAA employees and their dependents. There were separate categories for professionals, amateurs and for adults, juniors and children in painting, photography, hand materials, ceramics and miscellaneous crafts. Four hundred and seventy five people attended the exhibit. The LEAA Arts and Crafts Exhibit will be held annually.

16—Relationships with the Congress. I have been preparing testimony and other reports for the Congress, a number of whose committees is expected to conduct hearings into various aspects of LEAA operations during the current session. I have already visited with the new Members of the Judiciary and Appropriations Committees of both Houses. I have forwarded to the President, the President of the Senate, and the Speaker of the House as well as to the Senate and House Judiciary Committees advance copies of LEAA's Sixth Annual Report, which will soon go on sale at the Government Printing Office, and copies of the National Institute's First Annual Report, which is available for public distribution.

COMBATING MENTAL ILLNESS

Mr. ABOUREZK. Mr. President, mental illness is one of the most crippling of diseases, yet it carries such a stigma that, because of pride and embarrassment, we hesitate to discuss it openly. We tend to bury our heads in the sand and try to ignore mental illness; and while we do, our communities, our friends and too often our own families are torn apart by its devastation.

It is a foregone conclusion, Mr. President, that if we are to effectively combat mental illness, we must discuss it openly and we must meet it headon. This is why I am pleased to share with my colleagues a recent newspaper article which appeared in the New York Times on March 13, 1975, and which tells of a new project, a new television series called "The Thin Edge." It is a production by the Public Broadcasting Service and its goal is to "attempt to break down the barriers that keep millions of Americans from seeking needed treatment for mental illness." I hope that by reading this article, we are all prompted to watch this new series. I, therefore, ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

TV Series Is Set on Mental Ills

(By Jane E. Brody)

A collaborative effort between public television and a voluntary health agency will attempt to break down the barriers that keep millions of Americans from seeking needed treatment for mental illnesses.

The effort was inspired by a forthcoming Public Broadcasting Service series on mental health called "The Thin Edge," which will deal in five programs with depression, aggression, guilt, anxiety and sexuality.

The goal of the programs, which will be run here on alternate Mondays starting March 31, is to help viewers understand their emotions, learn to deal with them effectively and know when to seek help if they need it.

After the network telecasts, local public television stations in 136 cities will conduct follow-up programs to answer viewers' questions and direct them to the local services they need.

Working with the National Association for Mental Health, the stations will present interview programs and panel discussions with local mental health experts and operate a telephone referral service manned by professional volunteers.

Brian O'Connell, executive director of the association, told a news conference here yesterday that an estimated total of 20 million-Americans need help for mental illnesses but are not getting it.

GOAL OF 200,000

"Our hope is to get help to a minimum of 200,000 of those people," he said.

By reducing the stigma of mental illness and getting rid of the myths and misconceptions, Mr. O'Connell said, the programs will aim to get people relaxed enough to seek help, "especially when they realize that help is only a phone call or a few blocks away."

If the programs are successful, they will create a severe strain on existing mental health services.

Only 500 of the proposed 1,500 community mental health centers have been established under a Federal program that had been severely curtailed under the Nixon Administration. Many of the existing centers already have long waiting lists.

Mr. O'Connell said that this fact had been considered when planning the television programs, but he added that he thought the demand they would create could be satisfied and would also help to spur the establishment of further services.

David Prowitt, executive producer of the network series, which was made possible by a $850,000 grant from the Bristol-Myers Company, said he viewed the responsibility of public television as providing needed information even if it might "stress the system" that must provide follow-up care.

AN ASSESSMENT OF HUMANITARIAN NEEDS AND RELIEF EFFORTS

Mr. CASE. Mr. President, the Office of the Inspector General of Foreign Assistance has prepared a report on Cambodia entitled "An Assessment of Humanitarian Needs and Relief Efforts." It is a timely report and it corresponds to findings made by the congressional delegation that recently visited Cambodia and by reports of our own staff members.

Because we may soon be considering the Cambodian relief legislation on the Senate floor I am sure that the analysis of the Inspector General's Office will be of interest to all Members of the Senate.

I ask unanimous consent that the report be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

CAMBODIA: AN ASSESSMENT OF HUMANITARIAN NEEDS AND RELIEF EFFORTS

SUMMARY

The primary objectives of our inspection were to determine the degree to which humanitarian needs and relief efforts in Cambodia were meeting the minimum vital nutritional and health requirements of the Khmer people and whether there had been a deterioration in their health and nutrition.

The general level of health of almost the entire Cambodian population—the refugees, the poor, families of military servicemen, and particularly the children—has deteriorated rapidly. Malnutrition, including the advanced stages of kwashiorkor and marasmus, has increased dramatically over the last several months. Measles, malaria, tuberculosis and other respiratory diseases also were increasing in incidence, often with fatal prognosis. Resistance to diseases has lowered causing the effects of these diseases to be more pronounced and requiring longer recuperating periods in overburdened health facilities.

Dispensaries, clinics, hospitals and nutrition centers, limited in number were forced to refuse treatment to gravely ill because of the lack of facilities and shortage of doctors. Overworked medical personnel were unable to cope with the numbers of people that presented themselves for treatment. The facilities were not only overcrowded, for the most part they were crude and unsanitary. There was an acute shortage of medicines and drugs. Death frequently resulted from infection and lack of proper care, medication was not being administered to patients suffering severed limbs or gross traumatic abdominal wounds. Little or inadequate antibiotics therapy were being given to patients in need of such therapy.

In spite of the valiant efforts and the selfless and dedicated help of the Khmer Government, the international community, American aid and the voluntary agencies, assistance has not reached the vast majority of the war victims. Roughly, three million of the five million Cambodians under the control of the central government are war victims. Yet, resources provided to relieve the plight of these desperate people reach only about one of every three. Most tragic of all, the segment of the population most adversely affected are the children. The refugees living in established camps are in many ways better off than those who are forced to live in towns and cities. These camp dwellers have shelter and are given regular, albeit limited, rations. Also, they are usually provided medical care on a more or less regular basis from clinics established in most camps.

The dire plight of the great majority of war victims is now being brought into its proper focus and receiving increased attention. Unless humanitarian and relief efforts are expanded to assist those victims who are not presently being helped, health and nutrition of the Cambodians will deteriorate at an ever-increasing rate.

BACKGROUND

In an effort to alleviate the suffering of the war victims in Cambodia, the USAID has made grant contributions to American and international voluntary relief agencies (volags). This effort supports the supplying of emergency necessities such as food, shelter and medical care; improvement of water supplies and sanitary conditions in refugee sites; construction of clinics, hospitals and schools; and to the extent possible, returning refugees to a self-supporting life. To perform these functions USAID has contracted with the following voluntary agencies in the support of these programs: Catholic Relief Services (CRS); CARE: World Vision Relief Organization (WVRO); Lutheran World Relief (LWR); International Committee of the Red Cross (ICRC); and the United Nations Children's Fund (UNICEF).

CRS concentrates on emergency food relief distributions, emergency kitchens and housing. CARE concentrates on housing, distribution of relief food, clothing and household items, and assisting refugees to return to a self-supporting life, including grants of farm tools and household kits. WVRO, although heavily weighted toward providing medical care, also includes elements of each of the other volags. The medical staff of WVRO has increased from 4 to 104 during the past 18 months.

The ICRC fields and maintains medical/surgical teams; provides relief supplies and emergency shelter materials; and improves water supplies and sanitary conditions in the refugee camps. UNICEF has established a medical supply system supporting Cambodia's hospitals and clinics with pharmaceuticals and assists in refurbishing nutrition centers and supplying special protein-rich foods.

The LWR, presently in its organizational phase, will direct its efforts to public health, health education, and logistic support of medical care facilities.

Total AID funding support for these programs follows:

Fiscal year	U.S. dollars	Local currency (dollar equivalent)
1973	$1, 175, 000	----------------
1974	2, 325, 000	$10, 850, 000
1975 (planned)	10, 000, 000	23, 400, 000

During the last half of CY 1974, the volags distributed 1,400 MT of rice a month to an average of 342,000 refugees. In addition, emergency necessities, such as clothing, household items and farm tools, were given to an average of 45,000 people; emergency shelter was constructed for about 17,000 people; medical teams were treating an average of 47,000 patients a month; and food supplements were being given to an average of 60,000 children. These figures have increased since the upsurge in fighting in January 1975.

SCOPE OF INSPECTION

The inspection was undertaken in view of the growing seriousness of the refugee problem in Cambodia.

In preparation for the inspection, we consulted with appropriate State Department and AID officials. We also met with responsible officials and directors of Cambodian operations in the headquarters of each of the following American and international voluntary agencies: CRS, CARE, LWR, WVRO and UNICEF. All available data on the status of refugees and other war victims was collected from each of these organizations.

In Phnom Penh, we consulted with the directors of each of the above voluntary agencies and with the ICRC and the World Health Organization (WHO). We discussed the health and nutritional status of the various categories of war victims with not only the directors of these agencies but also with the doctors and nurses who were personally involved in supplying health and nutritional services and supplies. We also had extended discussions with the Minister of Refugee Affairs and their representatives and with the Deputy Director of the Ministry of Public Health. Our inspections included field trips to Kompong Speu, Kompong Thom, Neak Luong and Takeo as well as many refugee camps, hospitals, clinics and nutrition centers in and around Phnom Penh.

To state that the refugees, their children and other war victims are worse off now than previously is to seek out statistical information where none existed except in a most raw form. Moreover, to compare the plight of the hungry urban poor in Phnom Penh and the undernourished dependents of the Cambodian military is vain. Medical personnel were far too busy with the task of saving lives in the midst of wartime trauma to attend to such administrative tasks.

In order to satisfy our requirements, we collected all previous nutritional survey data available to us in Phnom Penh to determine if the nutritional status of children had deteriorated over the last several months. This limited data included (1) a pre-war (1970) survey of weight-for-age data prepared by the Cambodian National Nutritional Service; (2) the weight-for-age data prepared by WVRO from clinic cards extracted in August and September 1974; (3) a study we made from clinic records of 2,000 children for a period beginning January 5, 1975; and (4) the preliminary results of a study being conducted by the Ministry of Refugee Affairs in conjunction with CARE covering the children of 112 families, not necessarily refugees, from two poor subdivisions of Phnom Penh.

CONDITIONS

1. Refugees and war victims

The war in Cambodia, now in its fifth year, has over the past few months reached a new peak creating a massive increase in refugees and war victims. Of a total country population of seven million, about five million are under the control of the central government. Roughly three million of the five million have become refugees under the general rubric of war victims. Of the three million, about 1.2 million are registered refugees. The balance is made up of displaced persons and unregistered refugees. Registered refugees are those who have been substantiated by the Ministry of Refugee Affairs as having been forced to flee their homes and have been issued official refugee identification cards that entitle them to receive rice and other refugee assistance. Unregistered refugees are those who have fled their homes but have not been determined to be refugees. The term unregistered is also used to represent the number of people who need but are not receiving refugee relief assistance.

In Phnom Penh, there are between one and two million refugees in a city that had a pre-war total population of about 375,000. The added hundreds of thousands of destitute victims has proven a burden with which relief programs cannot cope. Needy refugees increasingly must depend on relief provided by the USAID Mission through the voluntary agencies to survive.

Registered refugees live in organized camps that vary in size from several hundred to over 10,000. There are about 56,000 refugees living in contemporary camps scattered around the perimeter of Phnom Penh and the various provincial capitals. In addition, refugees live in school buildings, pagodas, an unfinished hotel complex, in the Phnom Penh sports arena, in unused railway wagons; any place that affords shelter.

The results of the preliminary portion of a Ministry of Refugee Affairs survey of the 112 families showed the average income per person was 9116 riels per month ($5.52). The average expenditures on food for a family of three is 7576 riels ($4.59) per person per month. The study also showed 60.7% of households have budgets in deficit and 17% of families are selling some of their belongings to subsidize the family budget. Where larger families are concerned 31.25% of families of eight persons and 42.9% of those of ten persons sell their belongings to live.

In addition to refugees, the plight of military dependents are frequently obliged of necessity to follow the units to which their heads of family are attached. Their only source of assistance is that accorded the soldier at his unit. This takes the form of pay and food.

Present military requirements are for frequent movements of troops, especially those on the perimeter of Phnom Penh. This causes the dependents to rely entirely on the meager salary of the soldiers, when it is paid, rather than permitting them to augment their salary by the planting of small gardens. The families follow the soldier because there is no allotment system under which the dependents could receive financial or food support. A complex military pay scale bases a soldier's total salary on the number of his dependents. The following chart shows the pay of a soldier with a family of five children and includes his base pay and allowances.

The two types of troops charted are intervention or combat troops and non-intervention or support troops. The pay scale of the lowest grade soldier varies only slightly from that of the highest grade non-commissioned officer, 15,802 to 22,271 riels—$9.58 to $13.50 per month. Family allowances are almost identical for all soldiers. Officers receive only a few dollars more per month than do enlisted men. The highest ranking general receives the equivalent of $28.00 per month.

The plight of the urban poor, while not being refugees, has also been exacerbated by the severe inflation and restrictions on salary increases. Salaries of most government employees and the average civilian services employee are roughly parallel those of the military. Estimates made by World Health Organization in mid-May of 1974 were that the average head of a family then was making just enough money to purchase his minimal requirements of rice. This presented the necessity for his wife and children to work to be able to purchase meat, fish or vegetables. Since that study the monthly salaries have approximately doubled. Rice prices, however, have increased three fold at official prices and almost four fold at the unofficial price. Furthermore, unless rice is purchased in 100 lb. bags, even at the unofficial price, the resale price increases on the order of 20 percent for smaller amounts. Food is still available in the market in Phnom Penh but the prices are so inflated that the very poor cannot buy enough to feed their families adequately.

Almost the totality of those refugees entering Phnom Penh and the provincial capitals for protection were farmers from the neighboring countryside. The impact of this influx of farmers into urban areas and away from the productive farm areas had great economic impact, reducing the agricultural production of the country to the point where instead of being a substantial exporter of rice, fruit, fish and livestock Cambodia has become a massive importer of rice.

One volag doctor told the inspectors that the higher incidence of vitamin B deficiency was probably due in part to the fact that the city's poor could no longer supplement their diets with fruit or fish. Those in volag-operated refugee camps are in relatively better nutritional condition because some of them receive high-protein food supplements as well as limited quantities of rice. The urban poor refugees living outside the camps, and the families of the military receive no such food supplements.

2. Health and nutrition

The general level of health of almost the entire Cambodian population—the refugees, the poor, families of military servicemen, and particularly the children—has deteriorated rapidly. Malnutrition, including the advanced stages of kwashiorkor and marasmus, has increased dramatically over the last several months. Measles, malaria, tuberculosis and other respiratory diseases also are increasing in incidence, often with fatal prognosis. Resistance to diseases has lowered causing the effects of these diseases to be more pronounced and requiring longer recuperating periods in overburdened health facilities.

Weight-for-age and age-for-arm circumference measurements of children is generally accepted as a valuable guide to their nutritional status or condition. These measurements can be compared to established norms for healthy children or compared with measurements made of statistically similar groups taken at different times. Although Cambodian children in normal times may be expected to vary somewhat from the International (WHO-Jelliffe) Standards of weight-for-age and age-for-arm circumference, the International Standards provide an important bench mark for comparison. In the case of weight-for-age relationships, pre-1970 statistics for children in Phnom Penh were available from the Cambodian National Nutrition Service.

When the IGA inspectors arrived in Cambodia on February 3, 1975, there had been no current survey done to assess the children's nutritional status nor had any comparisons been made to determine if there was a deterioration in the nutritional status over the last several months. Based on available data from the records and surveys of the voluntary agencies and the Cambodian Ministry of Refugee Affairs, the inspectors were able to quantify, tabulate, assess, and compare this information with similar data compiled by the WVRO in August and September 1974.

Specifically, data recorded for 2,000 children brought in for treatment at the Cambodiana clinic during January 1975 was extracted for weight-for-age and age-for-arm circumference information. These data were averaged, plotted and compared with similar data compiled by the WVRO in August-September 1974 for 2,000 children also treated at the Cambodian clinic.

The majority of the patients sampled for both periods were refugee children who came from the Cambodian camp, the pagodas around the Royal Palace and American Embassy, from the streets of Phnom Penh, around the A.K.S. hospital, the area around the Chinese Embassy, the Olympic Stadium, the environs of the Bassac Buildings and the Bassac River, and some from the Takhmau. Of the August–September 1974 sampling, 25% were 13 years and over, 75% under 13 years, and 57% under 6 years. The January sample consisted of 1.4% 13 years and over, 98.56% under 13 years, and 78% under 6 years.

Arm circumference data from both samples of 2,000 children each were plotted against each other and against the norms for children of the same age group from the International Standards for arm-circumference-age ratios.

The data for both samples (although of necessity of different patients) were accumulated by the same doctors and health personnel in the same way and with the same attention to obtaining accurate measurements of arm circumference and weight.

In addition, at our request, CARE provided us with a sampling they had made with the Cambodian Ministry of Refugee Affairs of children of 112 families, not necessarily refugees, in poor sections of Phnom Penh. CARE and Ministry of Refugee Affairs representatives cautioned us that their data were not statistically significant and were valuable only as an indication since their survey was not completed. They gave us the data on families they had surveyed to date from two poor sub-divisions in Phnom Penh. We also obtained the results of pre-1970 (pre-war) survey of weight-for-age data available from the Cambodian National Nutritional Service.

Plotting all of this data on graphs and comparing them with accepted norms for age-weight and age-arm circumference relationships, it is readily apparent, as shown on the following charts, that there has been a marked decline in the nutritional status of the children.

The change between the pre-1970 survey and the limited CARE data was dramatic yet the sharp drop-off of the September 1974 measurements and still further decline of the January 1975 data, falling at the lowest mean level, clearly illustrates the tragedy of the children.

For example, a healthy two-year-old child by International Standards should weigh 12.4 kilograms. A sampling of Cambodian two year olds weighed in January 1975 averaged 7.85 kilograms. Just four months previous, two year olds from the same statistical group weighed on the average 8.74 kilograms. The January 1975 two year olds in the sample weighed on the average 0.89 kilograms less than the children weighed in September 1974, and 2.90 kilograms less than Cambodian children before the war.

Arm circumferences measured for Cambodian two year olds drawn from the same sample in September 1974 averaged 12.5cm. Children of the same statistical group measured 11.96cm. in January 1975, four months later. The norm for healthy children of this age is 16.3cm. The data shows a decline of 0.54cm. over a 4-month period and a negative variance of 4.3cm. from the norm for healthy children.

No children in the sample reached the International Standards weight-for-age or age-for-arm circumference. Although prepared under adverse field conditions, the comparisons shown on the preceding charts confirm the universal medical impression given us by those involved in Cambodian health and nutrition that children are starving to death.

The nutritional deterioration of the children and the plight of the poor is reflected by Dr. Tek To, the Cambodian Assistant Director General of Health who stated that "Cambodian children have diminished in stature and weight in comparison with the International norms. The principal cause being that the Cambodian child is malnourished and lacks nutrients, especially calories, protein, mineral salts, and vitamins. While infant nutrition remains deficient, pharmaceutical products for children, especially vitamins and mineral salts, their price is so high the population cannot afford them . . . the poorer and middle class people therefore almost never use pharmaceutical nutritive products for their children."

Doctors treating Cambodian children reported an increase in malnutrition and nutrition-related diseases. They found that children were slipping fast into serious undernourishment and that the state of their health was such that ordinarily simple childhood maladies were often fatal. Children were dying of complications brought about by enteritises, flu, measles, and respiratory diseases. Their resistance to disease was also low and the aseptic conditions under which they were forced to live were conducive to epidemics.

Doctors from the International Red Cross reported that "Malnutrition now exists on a large scale . . . complications are stronger now in malnourished children . . . it is getting worse—in our [refugee] camps it is getting worse. Thousands and thousands [of children] may be tipping over. Kwashiorkor, usually a disease in age 2 to 4 years, is occurring in 10-year olds. There is no hope for the future. TB is increasing. Cholera and typhoid have started in January [1975]." (Dr. Beat Richner and Dr. John Roper, I.C.R.C.)

Medical officials attached to the Save the Children Fund also reported on the plight of the Cambodian children. Nurse Yvonne McDonna told us "The children are on the border: if they get sick—pick up a bug or dysentery—then they fall very sick because of their general state of health."

Similar observations about the children were made by all of the medical and health personnel we spoke to in Cambodia. Dr. Dean Kroh, Medical Director of Christian and Missionary Alliance (CAMA), an experienced doctor and specialist in family medicine with many years behind him working in the Congo (now Zaire), reported: "As time went on we realized we could not cope with the numerous cases of malnutrition that came for care . . . We have seen in the last 6 months the following trend in the poor of the city [Phnom Penh] who are not receiving regular food supplements as many in the camps do. There is considerable increase in both number and severity of cases of malnutrition in the children under 5 years of age. There is also an increase in older children with malnutrition, up to 14 years of age; in pregnant and post-partum mothers, and in people over 50 years of age. Each clinic session will include up to 5 older people suffering from moderate to severe forms of vitamin B deficiencies with varying degrees of heart failure. We were not seeing this many older people so affected, even one year ago. Another gage of malnutrition can be the degree of anemia. The average hemoglobin we find in children is 6 to 7 gms. This is about 50% of what it should be. The main cause is low protein intake plus other diseases, as hookworm, malaria and tuberculosis. We also find that there is an increasing amount of tuberculosis among the children. Poor nutrition again plays a definite part in this disease's appearance.

"Of 121 children seen, there were: 21 respiratory infections (asthma, URI, bronchitis, pneumonitis, pulmonary tuberculosis); 28 enteritis; 20 eye and ear infections (14 chonic otitis media); 10 skin infections; and 43 moderately severe malnutrition (16 kwashiorkor).

"These figures could be duplicated in any given week and represent only about 15% of the children going through this particular clinic each week. The condition of these children is definitely worse than those in the camps.

"Two young doctors have joined us on a short-term basis for three months. Their comment is very graphic, but not surprising. 'We have seen more pathology in one week than in two years at the hospitals of Minneapolis.' One of them had a small child, badly malnourished, die in his arms while examining him. They are not in the city hospitals, but treating patients in various refugee centers on the 'outskirts' of town."

The monthly statistics from the Tuol Kuak nutrition center for December 1974 and January 1975 report on the condition of the children that were admitted, which follows, contained the following comments:

"It seems impossible to think that the children can arrive at this center any sicker than now or that the families can be in any more desperate circumstances. Of the 130 children admitted only 10 had uncomplicated nutritional problems. All the others had serious associated medical conditions. Eighty percent of the children had fathers serving now or at [time of their] death in the army. In 20 percent of the children the father was dead. 128 out of 130 mothers or grandmothers were moderately or severely anaemic."

MONTHLY SUMMARIES FROM CHILD NUTRITION CENTER AT TUOL KAUK FOR DECEMBER 1974 AND JANUARY 1975

	December 1974	January 1975
Admissions	130	137
Discharges	113	87
Deaths	26	49
Remaining in hospital	85	84
Transrer to hospital		2
Average weekly bed number	88	83
Percentage of deaths to admissions	20	36

DIAGNOSIS ON ADMISSION

December 1974

Marasmic with dehydration	24
Marasmic with pneumonia	26
Kwashiorkor with pneumonia	27
Kwashiorkor with dehydration	6
Abandoned children	3
Marasmus	4
Kwashiorkor	6
Premature Infant	2
Marasmic with cardiac failure	3
Gastroenteritis	1
Measles with pneumonia	2
Emplypeara	1
Kwashiorkor with cardiac failure	2

January 1975

Marasmic with dehydration	32
Marasmic with pneumonia	49
Kwashiorkor with pneumonia	40
Kwashiorkor with dehydration	5
Abandoned children	2
Dysentery	5
T.B.	2
Kwashiorkor in CCF	1
Meningitis	1

CAUSE OF DEATHS

	December 1974	January 1975
Marasmus with pneumonia	13	13
Kwashiorkor in cardiac failure	3	
Septicaemia	1	1
Marasmus with dehydration	9	
Kwashiorkor with pneumonia		5
Dehydration		5
Electrolyte Imbalance		20
Cardiac Failure		3
Dysentery		1
Cholera		1
Deaths within 24 hours of admission	4	18
Deaths within 12 hours of admission	8	
Deaths within 2 hours of admission		6
Concurrent illnesses (percent):		
Anaemia	100	100
Malaria	16	12
T.B	25	30
Dysentery	22	15
Respiratory infection	82	94

The following report is a universal statement of the present Cambodian condition:

"Increasing numbers of children are presenting daily at all our clinics with severe malnutrition states. The numbers of children who are unable to be found hospital beds increases and more of these children are dying in their homes because of lack of care. . . . There has been a serious measles epidemic in the city, with a specially high mortality in the 0–5-year age group, due to the poor nutritional state. Cholera has been reported during the last two weeks and some six cases have been diagnosed and treated by our team. . . ."

Impure water and contaminated water supplies are causing enteritises and present the potential for the spread of epidemics of cholera and typhoid fever. Incidents of cholera have been reported in clinically significant numbers. Water must be trucked into many refugee resettlement areas and some refugee camps have been built in areas where there is an inadequate supply of water.

Unsanitary living conditions in Phnom Penh caused by crowding and the influx of refugees into the city create a health hazard and present the danger of epidemic.

Dr. Gay Alexander, Medical Director of Catholic Relief Services in Cambodia, reported that "In Phnom Penh diseases related to bad water, malnutrition, overcrowding, eye problems, hookworms, and enteritises are on the increase. There were 20 deaths at Neak Long from cholera. . . . [The children] are on the brink—they can slip down very easily."

Our observations illustrated the urgent need for swift action in both the refugee camps and urban areas of Phnom Penh to avert a potentially disastrous situation.

Doctors reported increasing numbers of cases of beri beri. Beri beri is a vitamin B1 deficiency caused by eating polished rice. Rice that comes from the United States is of this polished variety and where the poor cannot supplement their basic diet of rice, it can be expected that incidence of beri beri will increase.

Vitamin deficiencies are appearing in young and old alike. Physicians repeatedly reported to us the clinical increase in debilitating vitamin deficiencies brought about my improper diet. Malaria is on the rise with higher incidence being reported in Phnom Penh. Debilitated by malnutrition, malaria is often fatal.

3. Health facilities

Dispensaries, clinics, hospitals and nutrition centers, limited in number, were forced to refuse treatment to gravely ill because of the lack of facilities and shortage of doctors. Overworked medical personnel were unable to cope with the numbers of people that presented themselves for treatment. The facilities were not only overcrowded, for the most part they were crude and unsanitary. There was an acute shortage of medicines and drugs. Death frequently resulted from infection and lack of proper care, medication was not being administered to patients suffering severed limbs or gross traumatic abdominal wounds. Little or inadequate antibiotics therapy was being given to patients in need of such therapy.

One voluntary agency operates a child nutrition center in an old converted private house on the outskirts of Phnom Penh. This center was established to receive referral cases of undernourished children diagnosed in the clinics and to treat and feed them. The center was designed and staffed for 60 cribs. Their average weekly number of patients is usually in the high 80's. Children brought in to this center are so gravely undernourished that for many of them, death is certain. In January 1975 alone, 49 of these little children died out of 137 admitted. Aggravated cases of Kwashiorkor (Hypo-protein anaemia) and Marasmus are prevalent among the patients. The Medical Director sadly recounted that there are never enough beds to take care of all of the children, that they must turn thousands needing hospitalization away, and without admission here, their fate is almost certain death.

Visibly distraught over the critical situation and other the plight of the children she was seeing daily, the medical director of this voluntary agency operating this nutrition center told us:

"Over the past 2½ to 3 months, evidence of malnourishment was increased and you see it with complications like TB. This center is for the worst malnourished. 75 percent of the families are military here, last month

82 percent. The kids [are] coming in because the father died. This morning at our clinic there were a thousand patients waiting. We numbered 200[1] this morning. This afternoon we'll see another 200. All those people are sick. 75 percent are children. We saw only the worst cases. 50 children should have been admitted this morning. I took six kids. We only had six beds. We're now seeing older children, 10–11–12 years, with kwashiorkor. Now the protein level shows a decline on the whole population. . . . TB is on the increase. . . . We have 60 beds [in this Child Nutrition Center] our average number of children is 83. We admitted 140." (Dr. Penelope Key, World Vision Relief Organization.)

In desperation, in an attempt to quantify the plight of the children, the doctor began keeping track of negative statistics so she could tell people how many children they were forced to turn away.

The grim facts listed in tabular form:

Period	Number requiring admission	Number admitted	Number turned away
Dec. 8, 1974-Jan. 19, 1975	1, 242	141	1, 101
Jan. 20-25, 1975	252	36	216
Jan. 27,-Feb. 1, 1975	245	28	217
Feb. 3-8, 1975	254	30	224

It requires little imagination to picture these wretchedly frail and sickly little bodies, borne away in their weak mothers' arms, carried to a shanty hovel, a concrete stadium bench or a dirty alley somewhere, to die; certain to suffer, then to die, untreated, unhospitalized, unfed.

Rising to the emergency of war and the urgent requirement for hospital beds, Cambodia has hastily converted many schools, athletic stadiums, sporting centers, private houses and public buildings into "hospitals." The physical facility is always inadequate to the burden put upon it by immediate overcrowding, demands for water and sanitary facilities, electric power and light. Sporadic and frequent failure of electricity in Phnom Penh and the shortage of gasoline for generators in the provinces (where generators are available at all), often limits the use of critical medical equipment, including sterilizers, operating room lights and X-rays.

Bathroom and sanitary blocks, where available, became clogged, overflowed and were left uncleaned. Lack of water at our visit (during the dry season) also presented a serious problem. The hospital at Takeo for example was entirely without water. Its well dried up.

Patients were crowded into small rooms, often without beds, lying on mats, as many as 30 in a room no bigger than could comfortably accommodate two or three people. Patients suffering the most critical of wounds, having come from abdominal surgery, were left laying on stretchers in crowded hallways, or put into rooms already crowded with patients. Families of the sick milled about all over with children sleeping in the patient's bed necessitating the invalid to be squeezed up at one end.

Hospitals we inspected were overcrowded. Patients overflowed the wards and were laying on mats or stretchers in the halls and corridors, their unattended wounds exposed to the dirt and filth of aseptic conditions; the stink of pus and infection mingled with the foul odor from clogged, flooded toilets. Critically wounded waited long hours for treatment; there were not nearly enough doctors to go around.

Clinics and dispensaries varied from permanent buildings taken over by voluntary agencies (for example the Cambodiana Clinic established in one outbuilding of an unfinished hotel along the river), to tarpaulin-covered mats, set under a tree in the environs of Phnom Penh or in the provinces.

There are about 300 doctors in Cambodia, 65 of those are expatriates working for voluntary agencies and 62 are in military service. The overwhelming majority of private doctors are located in Phnom Penh. Doctors are forced to seek second or third jobs in order to support themselves. The volags have solved this problem by paying Cambodian doctors on their staffs a wage of about $300 to $400 a month. In contrast, a skilled Cambodian doctor, with board qualifications in internal medicine, a military officer holding the rank of Colonel in the Medical Corps with 23 years' service, and the director of a large hospital, was paid the equivalent of US$18.00 a month.

The average number of persons per doctor in Cambodia is 1:16,710. By contrast in the United States in 1971 the doctor to patient ratio was 1:600. The problem of inadequate numbers of doctors is compounded by the large numbers of daily casualties caused to both the civilian and military population because of the war and rocket attacks. The traumatic nature of these casualties takes a large proportion of the doctors and surgeons' time. Military casualties alone between the 1st and 20th of February 1975 were 11,812 (including 1,857 dead).

The gravity of the condition of these wounded is reflected by the statistics given us by one military hospital we visited in Phnom Penh that 30 percent of the seriously wounded die. This hospital although military, accepts civilian wounded as well, and the mortality figure includes civilians.

Another factor weighing on the already overburdened hospitals is that the average hospital stay is measured in months, not days, because "everything infects".

The doctors at one military hospital, deeply touched by the inadequacy of the facilities (they treat and admit civilians as well as military), implored us to report the fact that the allotment they had to feed patients was 400 riels (less than 25¢) a day per patient for 400 patients. They then had more than 650 patients in the hospital that they must feed, making the per patient daily allotment only 18¢. As a result of the system of life in Cambodia, the patients' food must be shared with relatives. One meal served patients consisted of a portion of rice, a few string beans, and a little soup served in a shallow metal tray—no meat or fish.

In other hospitals, no food is provided the patients who must depend on their families to not only obtain the food but prepare it for them. This added burden, in a situation where the family must also try and care for other members at home, causes great hardship on the poor. The entire family must, at times, literally move into the hospital with the sick or wounded.

Major surgery is performed in crude circumstances, often with insufficient drugs and without whole blood or serums. We observed patients with traumatic blast injuries writhing in pain because of an inadequate supply of pain killing drugs.

Hospital operating rooms were crudely furnished, unclean and totally without sterile precautions. Provincial hospital operating rooms often consisted of a single room in a dilapidated building, furnished with a blood-stained wooden table and a few surgical instruments. Bloody remnants of previous surgical cases were left on the floor and, although apparently mopped, the room was still dirty and unsterile.

Doctors often reported to us that they were not receiving an adequate supply of medicine. At one provincial hospital, where 300 patients were treated daily, the doctor told us that his monthly requirement was for 3,000 ampoules of penicillin per month. He received 1,000. The same was true for morphine and pain killing drugs; he receives one-third of his requirements.

THE MILITARY BUDGET

Mr. McGOVERN. Mr. President, the Long Island, N.Y., daily newspaper Newsday recently carried an excellent editorial summarizing the issues involved in this year's military budget.

The editorial questions a number of the specific weapons systems in the Pentagon program, including new tanks, surface to air missiles, continued spending on the antiballistic missile system which was ruled out in the SALT I agreement, and several more. On the B–1, Newsday notes that—

> The role of manned bombers is dubious at best in the missile age; Russia has long since given up making them.

And it also asks:

> With Russia now down to 150 bombers of B–52 vintage—and building no equivalent of the B–1—is it necessary to spend $6.7 billion on a new surface-to-air missile designed to knock down bombers?

I would quarrel with that analysis in just one respect. Soviet bombers, the Badger and the Bear, come off a very poor second to the B–52. They are closer to the B–47 and the B–36, both of which we have long since retired. In effect the Russians have recognized what we have not—that missiles have supplanted bombers as the primary element in our nuclear deterrent.

The Newsday editorial concludes on a point which I think we must treat most seriously this year:

> What is necessary is for Congress to recognize that over the short term the major threat to the U.S. is not overseas but within our own borders. The top priority must be to get the economy going again, and that will be difficult enough without squandering our limited resources on exotic new weapons of questionable value.

Mr. President, I ask unanimous consent that this fine editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Long Island Newsday, Feb. 20, 1975]

WEAPONS TO FIGHT THE DEFENSE BUDGET

To give the $93-billion defense budget some perspective:

It took New York City's highly successful off-track betting operation four years to net $79,000,000. That's the approximate price tag for a single B–1 bomber, and the Pentagon wants to build 244 of them.

The Pentagon also wants to spend $4 billion—more than four times Nassau County's record annual budget—to build a fleet of radar planes, although it isn't too sure just what their mission would be.

And the Pentagon wants to begin replacing the old but reliable M–60 tank with a new armored hot-rod that would cost five times as much as its predecessor.

Despite their enormous cost, none of these weapons would contribute much to the security of the United States. The role of manned bombers is dubious at best in the missile age; Russia has long since given up making them. The last Mideast war suggested that tanks are sitting ducks for foot soldiers armed with hand-held weapons. The radar planes originally were designed to serve as seeing-eyes for attack bombers, but now the Pentagon admits that the Russians could easily jam their equipment.

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[1] Doctors were obliged to walk among the sick, selecting only the worst cases. They would then mark the patients' arms with a marking pen and after counting off 200, would turn away the rest, unable to treat them.

Defense Secretary James Schlesinger argues that these weapons, plus 41 other major systems with a total price tag of $150 billion, must be acquired to keep the U.S. ahead of the Russians in arms deployment. (China, Schlesinger concedes, has all but dropped out of the arms race, apparently because the Chinese "are making a major reassessment of national priorities in favor of economic development.") While inflation has eroded the purchasing power of the Pentagon, says Schlesinger, the Russians are increasing their defense spending in real terms of two to five per cent this year.

But this year, as it happens, the U.S. position is more analogous to the Chinese than to the Russian one. Faced with the deepest recession in 40 years, this nation too must reorder its priorities in favor of economic development. Indeed, it can be argued that instead of protecting the country, Congress will be endangering U.S. economic security if it fails to make deep cuts in the defense budget.

In the words of Senator John Stennis, certainly no enemy of the military, this is the year when Congress is being asked to "go over the cliff" by commiting production dollars to several enormously expensive new weapons systems, including the B–1 bomber. If Congress gives the Defense Department everything it wants this year, it will be guaranteeing the first $100-billion defense budget next year and a $140-billion defense budget four years from now. President Ford often warns that the cost of new social programs start slowly but quickly mushroom; exactly the same thing can happen with defense programs.

In our view, the defense budget should be "held" to no more than $85 billion this year, which is not exactly asking the Pentagon to get by on a shoestring. The B–1 bomber, the so-called radar plane and the XM–1 tank are obvious targets for Congress. And doubtless it can find others.

Why, for instance, is the nation still spending $200,000,000 to improve an anti-ballistic missile system that can't be deployed under the terms of the SALT agreement? Wouldn't one new Trident submarine suffice this year instead of the two that the Pentagon wants to build? And with Russia now down to 150 bombers of B–52 vintage—and building no equivalent of the B–1—is it necessary to spend $6.7 billion on a new surface-to-air missile designed to knock down bombers?

What *is* necessary is for Congress to recognize that over the short term the major threat to the U.S. is not overseas but within our own borders. The top priority must be to get the economy going again, and that will be difficult enough without squandering our limited resources on exotic new weapons of questionable value.

COPING WITH UNEMPLOYMENT

Mr. BROCK. Mr. President, daily our economic situation continues to flounder, and Congress moves very slowly. But, I wonder if we are moving, even at our current snail's pace, in the proper direction. An editorial in the Wall Street Journal addresses this point, and I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

COPING WITH UNEMPLOYMENT

Congress is reacting to the latest sharp jump in unemployment in a predictable fashion, railing at outrageous fortune without accepting any of the responsibility for government policies that have led us to this present state.

That worries us a great deal because a body that will not learn from past mistakes is apt to repeat them. And it will not take many more turns of the inflation-recession cycle before both become unmanageable. Even one more would be highly dangerous. This is a time that requires calm appraisal and a few simple measures—not the use of every stimulative pep pill ever devised by macroeconomics.

No one would deny that at 8.2% unemployment there is substantial hardship around the land. But in this country today, unemployment does not mean destitution. There are state unemployment insurance benefits, supplemental benefits paid by some employers and food stamps. There also has been a rise in parttime employment, suggesting that some workers find small jobs to tide them over their difficulties.

But unemployment does lower living standards in most cases (although, interestingly enough, not every case). It disturbs hopes and ambitions and plans for the future. It often erodes savings and, for some, jeopardizes personal liquidity and credit standing.

It is altogether proper that government should give priority to putting working people back on their jobs. But let us re-emphasize that its policies should be directed not at redistributing income, fighting over who gets what portion of a shrinking economic pie. Policy should be directed at putting people back to work, expanding the pie itself so there is more for everyone to share.

This calls for making some distinctions and setting some priorities. That, in turn, calls for leadership. Rather, we hear a hundred different nostrums as if each was of equal merit. We hear of vast programs for "public service employment," which implies that there is merit in taking solid, productive working people, who know how to build cars or make steel, and turning them into cogs in a new government bureaucracy. Or we hear about turning the credit markets over to Henry Reuss so he can direct bank loans to his favorite industry.

The first priority should be the restoration of the industry whose unraveling has caused unemployment to soar, namely, autos. Congress had a great deal to do with that unraveling by inflicting direct costs and inflationary pressures that sent the cost of a car up $1,000 in a single year. Now, it can try to hasten the workdown of auto inventories through an immediate cut in taxes, not just for the poor, but for middle class working people who buy cars. That should have number one priority.

Second, it can do as the auto industry asks and forego any further mandated costs in the production of automobiles. The present product has acceptable safety and exhaust emissions features by any reasonable standard. So it is time to stop inflating the cost of American transportation unnecessarily.

The same tack can be taken on some other fronts. Energy is part of the cost of every product. It is time to call a halt as well to unreasonable environmental standards for power companies and other energy producers.

These simple steps could hasten recovery. Inventories probably have peaked out. Prices are no longer rising as rapidly as they were last year. Interest rates are beginning to fall. The housing surplus seems to have peaked out and mortgage money appears to be available at banks again. All that is needed are some steps that will move these natural forces along and avoid the very serious risk of institutionalizing unemployment.

That is a very serious risk indeed. It would be worsened by public service employment; by stepped up income transfers to the poor which at this juncture can only rob needed capital from the task of getting the productive sector back to work to the benefit of rich and poor alike; and by credit allocations, which will abort the adjustments the credit markets now are beginning to make to restore a sounder capital base for banks and corporations.

Politicians seem to be fond of FDR's "We have nothing to fear but fear itself," slogan these days. These are not the 1930s. We have a big powerful economy with enormous powers of recuperation. In reality, the only thing we have to fear are the people who have an infinite capacity to muck it up.

THE DEPARTMENT OF DEFENSE ENERGY CONSERVATION PROGRAM

Mr. STENNIS. Mr. President, some time ago I asked the General Accounting Office to look into the Department of Defense energy conservation program. I want to compliment Mr. Elmer Staats and his fine GAO staff for their timely and complete report which I have just received. It is with considerable pleasure that I can report that the Defense program for fuel conservation has been outstanding.

It should be understood that, contrary to some statements which have been made, the Defense Department does not account for a great deal of the fuel used in the United States. During the fiscal year 1974, the Defense Department used about 3 percent of the national consumption of petroleum fuels and the projected portion for the current year is 3.4 percent.

Nevertheless, savings by the Defense Department point the way to savings elsewhere in Government and ease the pressure on the rest of the fuel users in the country.

In the Defense Department there was a reduction of more than 76 million barrels of petroleum consumed in fiscal year 1974 in comparison with the amount consumed in the 1973 fiscal year—the baseline year employed by the Federal Government for energy conservation measurement. Overall the DOD reduced its total energy consumption by 29 percent during fiscal year 1974, to lead the way with the largest energy savings of all Federal agencies.

Statistics for the first quarter of fiscal year 1975 indicate that the Department of Defense is maintaining, and even slightly improving, this cut in 1973 petroleum consumption.

In June 1973, the President set a Government-wide goal of reducing energy consumption for fiscal 1974 by 7 percent over 1973. Pentagon authorities estimated that cessation of combat activities in Vietnam would account for a 7-percent reduction and set the Defense Department goal at 15 percent. For petroleum consumption, as I have noted, that goal was nearly doubled.

Initiatives such as reducing flying hours, ship steaming hours, and even such actions as marching troops instead of busing them to the training areas, all contributed to the Defense conservation effort. In fiscal year 1974 flying time was reduced by over 2 million hours—a reduction of approximately 30 percent, and steaming time was reduced 373,000 hours—a reduction of 25 percent. Pilots and crew do more concurrent training and more emphasis is placed on critical maneuvers such as landing on the deck of an aircraft carrier at night in a choppy sea to keep the forces in a ready state with a minimum amount of fuel consumption. The Navy is doing more training in port where the energy supply is provided by more efficient shore-based sources rather than the less efficient ship's powerplant. Other methods to save energy include maximized use of flight simulators and shore simulators for ship exercises, conducting formalized training in energy management, driver retraining schools, and an educational awareness program through the use of all available media.

The GAO report describes, in addition, a number of management steps designed to further the energy conservation effort. The DOD has developed a defense energy information system which will help them better manage their programs in future years. They have also established an R. & D. effort to take advantage of and apply longer term research and development efforts by other agencies—for example, several projects utilizing solar energy in heating and cooling are contained in the current military construction program.

As noted in the report, a number of outside factors contributed to the reductions in Defense Department petroleum consumption—supply and the oil embargo, base closings, a warm 1973–74 winter and so forth. Nevertheless, it appears that the Department has conceived and executed an effective program, and we should compliment the Department on it.

Unfortunately, from the point of view of the taxpayer, an outside influence—soaring oil prices—has tended to obscure this and other conservation efforts. Despite the 29-percent cut in petroleum consumption, Defense Department petroleum costs increased from fiscal 1973 to 1974 by about $496 million—more than 50 percent. The value of the conservation effort is suggested, however, by the fact that if use of petroleum in fiscal 1974 had been at 1973 levels the Department's fuel bill would have increased, according to GAO, by more than $1 billion.

One final point: in our hearing in the Senate Armed Services Committee, on the Defense Department requests for fiscal year 1976, we have inquired about the effects of these oil conservation measures on force readiness. We have been assured that better training methods, wider use of simulators, and other steps of this sort have avoided adverse effects.

We believe that these conservation measures have been instituted and can continue to go forward, without adverse impact on readiness and national security. That may be the most important plus of this entire effort.

I intend to continue to watch this program closely, but I did want these encouraging findings brought to the attention of this body. The American people have the right to expect, and do expect all savings and conservation of fuel that is reasonably possible by the Department of Defense and all the services. I trust that this all-out effort will continue, and that all departments of the Government will do likewise. I commend the Department of Defense and the services for what they have done again, I highly commend, as well as thank, the General Accounting Office, Mr. Staats and his staff, for their excellent work.

THE CAPE VERDE ISLANDS

Mr. BROOKE. Mr. President, yesterday in my remarks on the foreign assistance appropriations bill I provided the Senate with some background information on the situation in the Cape Verde Islands. Certain of the information that I had gleaned from various sources spoke of the possibility that the islands would possibly form some sort of political union with Guinea-Bissau in the future. Moreover, it also spoke of the influence of the PAIGC, the party which predominates in Guinea-Bissau, in the Cape Verde Islands. This information was provided solely for descriptive purposes. It does not reflect my position regarding the future of the Cape Verde Islands.

Let there be no mistake about my own views. The Cape Verde Islands will attain independence on July 5, 1975. The peoples of the islands have every right to chart their own political and economic future. It should be their decision as to what relationships exist between themselves, the people of Guinea-Bissau and the other soon-to-be-independent territories. I believe that it is in the interests of the United States, and indeed, in the interests of the international community to do everything necessary to insure that freedom of choice will be granted to the Cape Verdeans.

ECONOMISTS EVALUATE THE PRESIDENT'S ECONOMIC PROPOSALS

Mr. HUMPHREY. Mr. President, on February 28, the Joint Economic Committee received the testimony of three distinguished economists on the President's economic proposals and heard their own suggestions for economic policy. Their testimony was part of the committee's annual hearings on the economy.

Each of these individuals emphasized the gravity of the economic situation now confronting us, and painted a very bleak picture of the outlook for the coming year, if drastic and far-reaching action is not taken by the Congress. They did not find the President's economic proposals to be an effective program for recovery and urged much stronger measures to reduce unemployment and stimulate production.

Philip Klutznick, chairman of the Research and Policy Committee of the Committee for Economic Development, thought that the President's proposals "generally move in the right direction," but saw in them an implicit acceptance of a long period of stagnation as a precondition for reducing inflation. He said:

> It is not correct to assume that severe recession or prolonged stagnation is the only way to beat inflation. On the contrary, such a course is more likely to exacerbate the inflationary problem in the longer run, by throttling the incentives for needed long-term investment and by depriving the economy of the productivity gains that come with adequate capacity utilization and sound economic growth.

Mr. Klutznick did not wish to share in this pessimistic attitude, and urged aggressive steps to achieve "a more rapid economic revival in the near-term future—when the economy will still be far below capacity levels and inflationary risks from rising demand will be relatively small—and then to aim for more moderate expansion rates once the economy moves closer to full employment."

Arthur Okun and Robert Nathan concurred with Mr. Klutznick's assessment of the desired goals of economic policy, and the specific recommendations of all three of these distinguished witnesses showed a remarkable degree of agreement on how these goals can be achieved.

They called for tax reductions amounting to approximately $25 billion in 1975, with some permanent reductions that would extend into the following year. The reduction would take the form of a rebate on 1974 personal income taxes, a permanent reduction in personal taxes and an increase in the investment tax credit. The intensity of the present recession minimizes the danger of a resurgence of inflation as a result of these measures.

The opinions of these witnesses regarding expenditure programs are accurately summed up in the testimony of Mr. Klutznick: "In general," Mr. Klutznick said, "antirecessionary expenditure programs should involve activities that will automatically and/or can be readily terminated—once the recession has run its course." Public employment programs could be "triggered to start or terminate when unemployment rates attain specified levels." Mr. Okun said that programs that cannot be easily terminated "would stimulate the economy for too long and contribute to another round of inflation toward the end of the decade."

There was a consensus among these witnesses on the continued need for some effective form of wage and price controls. Mr. Nathan said:

> If ever there were a time when we ought to get rid of inflation and restore reasonable price stability, it is now when the economy is soft; and it ought to be done without keeping the economy soft for several years . . . We do not need across-the-board price and wage controls but we do need enough intervention to eliminate inflation expectations and to intervene when increases are excessive or unwarranted.

Mr. Klutznick believed that such controls should "continue to rely essentially on voluntary cooperation." On monetary policy also there was a unanimous belief that, in the words of Mr. Okun, the Federal Reserve "should shift from gradualism to decisiveness in bringing down the interest rate on Federal funds and the discount rate."

Mr. Okun summarized his testimony in terms which I think accurately assess the task facing this Congress. He said:

> The decisions now pending before the Congress will determine whether we prevent a depression that could emerge from moderate consumer purchasing power . . . The significance of these decisions extends beyond their impact on real GNP, the inflation rate, and the unemployment rate, for they are major tests of the responsiveness, soundness and rationality of our political and economic institutions.

This testimony has contributed greatly to the thinking of the committee members and I think my colleagues in Congress would equally benefit from giving it careful study. I therefore ask unanimous consent that the testimony of Mr. Nathan, Mr. Klutznick, and Mr. Okun be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Statement of Robert R. Nathan

Mr. Chairman and members of the Joint Economic Committee:

I am especially grateful for this opportunity to discuss economic conditions and prospects because the Committee's review of the Economic Report of the President comes at a time when our economy is so gravely challenged.

It is certainly not essential to cite many statistics to dramatize the severity of the present economic crisis. The data included in the President's Economic Report and in his Budget amply serve that purpose. But what is essential is to recognize what policies got us into this economic chaos. The hardships increasingly imposed on the unemployed and the mounting wastes of manpower and capital resources attest to the disastrous economic policies which have been pursued in recent years and which continue to be proposed and pursued by the Administration.

President Ford and some of his associates deserve to be commended for telling the story as it really is, but the prescriptions do not fit the diagnosis. We are in deep trouble but all the Administration is prescribing is patience any puny correctives for ailments that daily grow more serious.

Mr. Chairman, the President's economic program should be evaluated in relation to what you yourself stated in September 1974 at the final session of the President's Economic Summit meeting when you called attention to the fact that the Employment Act of 1946 is still the law of the land. I then shared with you the conviction that the principles and purposes and practices required under that law were being largely ignored, if not negated. In effect, the policymakers are still breaking that law.

The Administration's proposed program is not truly designed to restore or maintain high levels of production, employment and purchasing power. The fact that the program will not contribute significantly to these goals is forthrightly revealed in the table on page 41 of the Budget, showing the "projections consistent with moving gradually toward relatively stable prices and maximum feasible employment."

These projections reveal a level of unemployment averaging near 8 percent in 1976, well above 7 percent in 1977 and barely below 7 percent in 1978. Unemployment is projected at 5.5 percent even in 1980. Despite all that unemployment, consumer prices are assumed to rise at a rate of more than 5 percent through 1978. The gross national product, in 1974 prices, would fall some *trillion* and a half below potential in these depressed intervening years.

Two important messages can be read into the President's program and into these figures. One is the abdication of the responsibility of the government to achieve and maintain high levels of production and employment. The second is the exclusive reliance on a depressed economy as the principal means of fighting inflation. That fight is projected to be a long and costly and only partly successful battle.

We need to break that inflation spiral now and to do it quickly and effectively and we should resort to all feasible efforts. We need to fight the recession vigorously and to get recovery underway promptly. The Administration is not prepared to conduct the war on inflation and the war on recession at the same time. As a matter of fact, in his State of the Union message the President said, "The emphasis of our economic efforts must now shift from inflation to jobs."

If ever there were a time when we ought to be able to get rid of inflation and restore reasonable price stability, it is now when the economy is soft; and it ought to be done without keeping the economy soft for several years as called for in the "sick" game plan offered in the Economic Report.

We do not need across-the-board price and wage controls, but we do need enough intervention to eliminate inflation expectations and to intervene when increases are excessive or unwarranted, and no explosive cumulative forces will be built under foreseeable demand-supply relations. The tragedy is that the horrible mismanagement of wage and price controls during Phase III and IV and the lack of evenhandedness between wage and price restraints have led to a feeling that (a) nothing can be done through government intervention to move more rapidly toward price stability, and (b) any intervention will be inequitable. I disagree completely with these conclusions. We can have firm and fair and effective intervention on an equitable basis, and we should not give up the battle on inflation nor conduct the fight only through the means of massive and wasteful unemployment and other idle resources. Also, I should emphasize that a deep and prolonged recession and continued, though declining, inflation will cause more distortions and hardships and waste than even across-the-board controls.

When netted out, the President's economic program is not a recovery program. The two-phased rebate of $12 billion in personal income taxes plus the $4 billion reduction in corporate taxes in the form of a larger investment credit are in themselves expansionist measures and steps in the right direction. However, these steps are largely if not more than fully negated by reductions in expenditures plus the net contractionist fiscal impact of the President's proposed energy program. The President's energy fees and taxes would take much more money from the private community than it would put back into private hands to spend. Thus the fiscal and energy programs proposed by the President add up to a "no recovery" policy.

This tendency to give with one hand and take it back with the other also applies to the inflationary aspects of the energy program. The President seeks to fight inflation with a recession. Yet at the same time his energy program seeks to solve the energy problem largely by raising prices. Higher prices of fuel and energy are pursued by design as a way to achieve fuel and energy conservation. Continuation of the "either inflation or recession" approach will bring a deeper recession to fight the aggravated inflation resulting from the energy measures. The program adds up to a strange economic wonderland.

What we need, Mr. Chairman, is a big recovery program instead of the "no recovery" program the President has proposed. We need a combined individual income tax rebate, individual income tax reductions, increased investment credit allowances, and special tax relief for small business, aggregating some $30 billion in calendar 1975 or at the latest in fiscal 1976, with the rebate being a one-time repayment and initiated at the earliest possible date. Some payments should be made to those with incomes below the income taxation level. The tax cuts ought to become effective no later than July 1st, and preferably earlier.

In addition to tax cuts, some stimulative direct or indirect spending programs should be undertaken. The Congress must not go along with the President in cutting the buying power of social security beneficiaries and others who have been victims of the inflation or the recession or both. It is wholly insensitive to propose tax rebates as high as $1,000 and at the same time reduce the purchasing power of many of our citizens in greatest need.

Also, Mr. Chairman, I strongly believe that when our gross national product is operating at $200 billion below potential and when the percent of time lost by the labor force is rapidly approaching 10 percent, the government should provide attractive financial incentives to use these idle resources for needed purposes. We should support aggressive resource and development programs to solve our energy problems. We should expand the supplies of equipment needed to drill for oil and gas and to mine and transport coal. We need to increase industrial capacities and to overcome shortages likely to emerge early in the recovery period. We need to stimulate further expansion in industries especially hurt by inflation and recession such as the housing industry and public utilities. It is irrational to have vast idle resources and not pursue a flow of credit for home construction and home ownership which will put idle resources back to work and help meet the needs of our population.

President Ford's unbalanced program favors private spending and attacks public spending indiscriminately. The purpose of the tax cuts is to increase private spending. At the same time the President exhorts us to avoid any additional public spending and even to reduce committed public expenditures. Our people need both public and private goods and services. Our states and localities need more funds to provide essential services. The programs I have suggested above plus counter-cyclical revenue-sharing measures would put us on the road to recovery and to limiting the horrible waste of industrial capacity and of manpower now imposing hardships on our people.

I was recently abroad and I feel compelled to tell this Committee that the United States is exporting its recession. Many countries around the world continue to be severely hurt by having to pay sharply higher prices for oil, which have cut deeply into scarce resources needed for development. To pay for the needed oil, they have had to intensify efforts to increase exports. Enlarged trade has been made much more difficult by the fact that we have resorted to a planned recession as the only means of fighting inflation. The present inventory liquidation means that we are importing even less of imported materials than are being used in producing the goods being sold to consumers. Many of those countries which like to regard us as friends are badly hurting. We cannot make and influence friends by exporting our recession. It is high time we recognized what we are doing to our posture and image around the world by these designed recessions to which we resort in the pursuit of price stability.

Mr. Chairman and members of the Committee, let me conclude by expressing the view that implementing the Employment Act of 1946 now imposes grave responsibilities on this Committee. I hope that in reviewing what President Ford has proposed and in formulating new programs you fight to preserve the integrity and influence of this important legislation under which this very Committee was created and given authority.

Statement by Philip M. Klutznick

Mr. Chairman, Members of the Committee, and fellow panelists:

My name is Philip M. Klutznick. I am pleased to appear before your Committee today to discuss the President's Economic Report and other economic messages on behalf of CED's Research and Policy Committee. Our Committee has presented testimony on the Economic Report since these annual reviews were initiated. At no time during this period has our country faced a more difficult or complex economic situation than at present.

The momentum of the economic decline has been extraordinarily rapid. National unemployment has reached the shocking level of 8.2 percent, the highest since 1941, and further declines in employment are in prospect. Price increases, though showing some slowdown, remain in the double-digit range. The energy problem confronts the nation with extremely difficult choices, none of which are palatable. Our financial system is plagued by serious distortions. There is danger that the need for long-term capital investment in key sectors of our economy—both private and public—may not be adequately met.

In commenting on this situation, and on the remedies proposed in the President's Economic Report and Budget, I shall mainly be guided by the positions that our Research and Policy Committee has taken in its published policy statements. In some instances where CED positions have not yet developed, I shall present my personal views. However, the main thrust of my remarks will be in the broad tradition of CED's policy statements as they have evolved over a period of more than thirty years, supplemented by work now in process.

Because of its relevance, I will take a moment to comment on the essence of that tradition. It began in 1942, when CED was founded by a group of far-sighted and public-spirited businessmen—men like Paul Hoffman, Beardsley Ruml, Marion Folsom, William Benton and Ralph Flanders. The United States was at war and there was no immediate problem of rising unemployment. But then, as now, widespread fears existed that the country—and, indeed the world—faced a period of years when economic stagnation and large scale unemployment would be the rule. Moreover, then, as now, there were many who believed that little could be done to avert such an outcome.

What united the founders of CED was a profound conviction that this gloomy prospect was neither inevitable nor acceptable—a conviction that proved to be justified in the light of subsequent events. These men had an abiding faith that a proper blend of private initiative and enlightened public policies could indeed succeed in creating a healthy economy characterized by high employment and sound economic development. They acted on this faith and exerted extraordinary efforts to make these goals come true. Thus, the Committee played a leading role in the development of the Employment Act of 1946 and in the forging of major initiatives for postwar international cooperation, including the Marshall Plan.

In more recent years, the principal economic challenge has been not only to achieve high employment but to fight unemployment and inflation simultaneously. Here again, our Committee has refused to accept the widespread notion that this is a battle which cannot be won. In a series of policy statements—most recently the 1972 statement on *High Employment Without Inflation*—it has outlined a wide range of steps for a comprehensive attack on *both* the recession and the inflation problems. Some months back we launched a new study in this area. While I have high hopes it will break new ground, I believe that most of our earlier recommendations will still be relevant.

GOALS AND STRATEGY OF ECONOMIC POLICY

With this background, let me first turn to the basic diagnosis and strategy outlined in the President's Economic Report and Budget, leaving aside for the moment the special problem of energy policy. These documents are commendably frank in assessing the seriousness of the current economic situation and in presenting the economic assumptions underlying the President's proposals. Moreover, the policies that are proposed—and in particular the recommendations for personal and business tax cuts—generally move in the right direction.

The key issue, however, is not merely the direction of current policy. The prime question is whether the goals of policy are adequate and appropriate to the country's needs and potentials. Having determined this then it is necessary to consider whether the proposed program of action is capable of achieving such goals. On both counts, the strategy outlined in the President's economic messages seems grossly deficient.

The basic economic assumptions underlying the Administration's program are vividly expressed in the table appearing on page 41 of the budget document. This table, *after* taking account of the likely effects of the President's proposed action program, envisages a slack U.S. economy for the remainder of the decade, with inflation continuing at relatively high, though diminishing rates. The table forecasts average unemployment rates of about 8 percent in 1975 and 1976 and projects only a gradual tapering off to about 7 percent by 1978 and 5½ percent by 1980. These averages, of course, imply that various industries, regions, and groups in the economy—and especially minority groups—would for years continue to experience far higher unemployment rates, creating serious risks of sharply intensified social unrest. The table also assumes that the rate of increase in GNP deflator will still be around 6½ percent in 1977 and will not reach 4 percent until 1979–80.

Mr. Chairman, the scenario depicted by these figures is neither inevitable nor tolerable. It virtually accepts stagnation as the basis for policy planning. While the numbers cited are merely labelled as "forecasts" or "projections" in the budget document, it is difficult to avoid the conclusion that they are in fact also being viewed as provisional goals on which to base programs. Thus, the Budget describes the figures for 1977-80 as "projections consistent with moving gradually toward relatively stable prices and maximum feasible employment." Moreover, there is nothing in either the Budget or Economic Report to indicate that the prospects depicted by the projections are viewed as simply unacceptable or that they give rise to a determined and comprehensive effort to make certain they will not come true.

I am in no way trying to minimize the importance of overcoming the corrosive forces of inflation. But I question several of the premises that apparently underlie the Council's analysis and that seem to have led it to the view that a very long period of high unemployment must be endured if inflation is to be brought under control.

First, it is not correct to assume that severe recession or prolonged stagnation is the only way to beat inflation. On the contrary, such a course is more likely to exacerbate the inflationary problem in the longer run, by throttling the incentives for needed long-term investment and by depriving the economy of the productivity gains that come with adequate capacity utilization and sound economic growth.

Second, there is no reason to rely on a narrow range of anti-inflationary weapons as the Council's Report seems to contemplate. An important share of our current inflation problems stems from cost-push and supply-related factors and cannot be cured by fiscal and monetary measures alone. To deal with such problems, numerous other policy approaches must be brought into play. These include, in particular, the continuing use of voluntary wage-price policies—a subject which is virtually ignored in the Council's Report.

Third, it is difficult to agree with the Administration's apparent premise that the preferred pattern of economic revival should be one of relatively slow growth in real economic activity over the next two years (averaging around 5 percent), with an accelerated rate of expansion later in the decade. It would make much more sense to encourage a more rapid economic revival in the near-term future—when the economy will still be far below capacity levels and inflationary risks from rising demand will be relatively small—and then to aim for more moderate expansion rates once the economy moves closer to high employment.

In sum, the policy strategy that is needed currently calls for stronger stimulative action than the President has proposed, coupled with a much more forceful and comprehensive program to deal with inflation than is suggested in the Council's Report.

POLICIES FOR ECONOMIC REVIVAL

Let me now turn in more detail to the policies needed to halt the recession and stimulate a healthy economic revival.

Tax Reduction. In a speech before CED's Research and Policy Committee which I delivered on January 9, I called for net fiscal stimulus of about $25 billion. This amount of stimulus seemed justified in light of the fact that the high employment surplus had been rising rapidly since mid-1973 and was, according to the Council's estimates, running at about $30 billion in late 1974 despite the sharp decline in economic activity. As you know, our studies over the years have convinced us that a large high employment surplus, especially one that is rising, acts as a depressing influence on the economy.

I recommended that about $20 billion of the total stimulus should be devoted to a personal income tax cut. The proposal was geared to give principal assistance to low and middle-income wage earners. More specifically, I called for a 3 percent tax credit against the first $15,000 of earnings. I also had in mind a significant rise in the investment tax credit, involving a revenue loss of $3 to $4 billion.

While the emphasis on tax reduction as the primary anti-recession weapon was very much in line with CED's tradition, this was not true of the form of the proposed tax cut. We have normally advocated that tax reductions made for cyclical reasons should involve equal percentage cuts for different income groups. In the present situation, however, there is ample justification for giving larger percentage tax cuts to persons in the middle and lower-income groups. In a sense, this procedure merely compensates for the uneven impact of inflation. These are the groups that have been especially hard hit by the type of inflation we have recently experienced and by the tendency of inflation to push these taxpayers into higher income tax brackets while their income buys less.

Since January 9th when I made these

proposals, the economy has deteriorated even more rapidly than anticipated. Quite frankly, the risk of a continuing cumulative downslide can no longer be discounted. At the same time, the need for speedy action to cut taxes and channel additional purchasing power into the hands of consumers is even more urgent. I would therefore support tax cut proposals that differ from my own if they stand a better chance of quick adoption, provided they serve similar objectives. In particular, there is merit in making part of the personal income tax reduction a prompt and one-time rebate against 1974 incomes. This approach would recognize that the total tax reduction under current conditions may have to be larger than a permanent tax cut that the economy can afford in the longer run. In addition, a rebate may provide a special boost to durable goods and other large ticket purchases. But, I feel strongly that a significant part of the tax reduction package should be of a continuing character and take the form of lower withholdings from current incomes.

Permit me to make one further observation on this subject. Given the rapid changes in the current economic situation, there is a distinct chance that the magnitude of any tax cut on which the Congress may agree after completion of the necessary legislative procedures will appear inadequate not long after the tax cut has been enacted. In light of this possibility, it may be appropriate for the Congress to enact not merely a basic tax reduction package but also a contingency tax cut which could be promptly activated at a later date if unemployment rates exceeded specified levels or, preferably, upon passage of a joint Congressional resolution affirming the need for such a cut. While it is unwise to be panicked by the gravity of the course of decline, it is equally unwise not to be prepared if the tendency continues downward.

Expenditures. As the President's messages emphasize, the need for fiscal stimulus must not become a license for relaxing needed disciplines over current federal expenditures or for jeopardizing longer term prospects for keeping federal spending under control. Waste should be exorcised wherever possible. But, given the deteriorating economic situation, some net increase in budgetary outlays over the proposals in the budget would seem necessary.

In general, anti-recessionary expenditure programs should involve activities that will automatically end — or can be readily terminated — once the recession has run its course. This is a built-in defense against future demand inflation. In this connection, our Committee strongly supports the use of anti-cyclical public service employment programs that are triggered to start or terminate when unemployment rates attain specified levels. At the same time, it needs to be emphasized that the administration of these programs should be very carefully monitored to insure that they do not exacerbate the existing inflationary cost-push pressures in the public sector. Moreover, the program must be carried out in ways that do not interfere with urgently needed efforts to improve productivity in regular governmental services.

If unemployment rises further, additional federal funding for public service employment should be considered. However, there is something to be said for providing at least part of such extra funding in the form of emergency "recession grants" to cities with high unemployment rates and unusually large shortfalls in revenues from normal levels. This would keep such cities from having to dismiss policemen, firemen, and other regular employees whose jobs could not be legally financed under the existing public service employment programs. Strong safeguards would have to be provided to assure that recession grants are automatically terminated when the economy recovers and municipal revenues return to more normal levels. This suggestion merely recognizes that all cities are not similarly affected by the current economic stringency.

For a sound economic revival, some reordering in the proposed budget priorities also seems desirable. There is a strong case, for example, for providing additional funds for subsidized housing programs; for enlarging scheduled expenditures in areas of critical importance for the nation's long term needs, notably mass transportation; and for rescission of scheduled cuts in food stamp programs and social security benefits that hit excessively at those groups in our society who are least able to defend themselves against the impact of inflation. Indeed, there need be no blanket rule against new budget initiatives provided the Congress, with the aid of its new budget committees and procedures, acts effectively to keep the overall budget on target.

Monetary Policy and Emergency Sources of Liquidity. A shift to a clearly stimulative monetary policy is an essential ingredient of the strategy for economic revival. Indeed, unless monetary policy is sufficiently accommodative to encourage a strong recovery and permit the financing of prospective federal deficits at reasonable interest rates, the beneficial effects of stimulative fiscal policies will be aborted. This means that the monetary authorities must permit much larger increases in money supply growth than have been experienced for many years.

It is also imperative that there be adequate provisions for emergency sources of liquidity that can be made available to avoid liquidity crises involving companies in essential industries and to avert any cumulative distress conditions in financial markets. The granting of such emergency funds should be placed on a systematic basis; should not depend on successive special actions by the Congress; and should be carried out by an institution especially established for the purpose.

DEFENSES AGAINST INFLATION

As indicated earlier, a vigorous attack on the recession problem should be paralleled by an equally vigorous effort to construct strong defenses against inflation.

In the *demand management* area, as already noted, this calls for built-in procedures to assure that expansionary policies do not overshoot their mark—for example, reliance on expenditure programs that are self-limiting and inclusion of temporary elements in the overall tax relief package. In the monetary field, it means readiness by the Federal Reserve to shift gears promptly when the need for renewed restraint becomes apparent. In addition—and this is my personal view—the monetary authorities should be given substantially increased authority to impose selective restraints on credit expansion in place of restraints that arise by default.

A second key area for anti-inflationary action involves the use of voluntary *wage-price policies*. At the present time, a major element of cost-push pressure stems from the understandable efforts of labor to secure wage increases that will fully compensate workers for past (or even anticipated) losses in real earning power due to inflation. However, the gains from the recent inflation have to a considerable extent gone to the OPEC countries and other commodity producers rather than to the firms now faced with rising wage demands. Hence, in many areas attempts to meet such demands can lead only to still higher prices. At the same time, business firms have in many cases added unduly to their prices—or are failing to cut them sufficiently—because of the expectation of rising costs and fear of reimposition of compulsory price controls.

Enactment of a major tax cut geared toward lower and middle income groups provides an excellent opportunity for breaking out of this vicious circle. While the kind of tax reduction here proposed would not make up for the full loss in workers' real incomes over the past several years, it would more than compensate them for the net drop of nearly 3 percent in their real earnings in 1974. It is thus not unreasonable to ask for significant moderation in current wage demands.

I believe that any legislation authorizing the tax cut should include an explicit declaration, clearly backed by the President as well as by the Congress, which states that the reduction is being made as a part of a social compact among business, labor and government to restrain future inflation. For labor, the compact might call for limiting wage increases to an additional 4 to 5 percent. This would be in line with the proposals that the President has already made with respect to Federal employees.

Business should do no less on prices. Sellers large and small should dehydrate their prices. Business should remove from prices the water that has been pumped in to flood the next round of price control. But these steps should be taken in exchange for an understanding that wage and price controls will not be reimposed.

To reinforce these measures, I favor a stengthening of the Council on Wage and Price Stability. The Council should be given more adequate funding and staff as well as greater powers to obtain necessary information. It should, however, continue to rely essentially on voluntary cooperation.

There are numerous other ways for stepping up the war against inflation. I can cite these only briefly.

We need far more active and effective *policies to deal with imbalances in supply*. Much stronger machinery must be created for anticipating and overcoming supply bottlenecks. To render the economy less vulnerable to sharp inflationary pressures from sudden reductions in the supply of agricultural commodities or energy, greater emphasis must be placed on the creation of reserve stocks and reserve production capacity, as stressed in our recent policy statements on *A New U.S. Farm Policy for Changing World Food Needs* and *Achieving Energy Independence*.

The attack on inflation can be reinforced by appropriate *measures in the international area*. Worldwide cooperation in dealing with problems of supply scarcities can help to avoid inflationary scrambles for raw materials. Judicious interventions in foreign exchange markets that strengthen the value of the dollar can assist in reducing prices on imported goods. Trade policy can anticipate tariff negotiations by a unilateral reduction of tariffs to ease their inflationary impact. The occasional use of selective export restraints, carried out in accordance with internationally agreed-upon criteria, can moderate food and commodity price increases.

As discussed in detail in *High Employment Without Inflation*, a far more concentrated effort is required to *strengthen competitive forces in the economy*, eliminate restrictive practices in both product and labor markets, and stimulate productivity. In this connection, there is urgent need for speeding up the work of the National Commission on Regulatory Reform.

Much more should be done to *reduce the inflationary pressures than can stem from the government's own operations*. We welcome the President's initiative in requiring executive agencies to prepare inflation impact statements, a procedure that our Committee first proposed in 1970. Such statements should be actively used as an early warning system against the potential inflationary consequences of important governmental actions. Furthermore, there is scope for much more imaginative and **systematic** efforts to *improve productivity in government* at all levels, a subject to which one of our subcommittees is currently devoting intensive study.

Finally, we need to take a wide range of steps to assure that this country will be able to *meet its enormous needs for physical and financial capital in coming years*. In my view, this will among other things call for new or changed institutions, most importantly the revival of something like the old RFC. This, too, is a subject which we are now studying in depth.

ENERGY POLICY

My final comments relate to the President's energy program. We applaud the President's emphasis on the need for a forceful, comprehensive and multipronged national effort to deal with energy. We strongly urged such an approach in the policy statement, *Achieving Energy Independence* issued in December 1974. We welcome the fact that many elements of the President's program largely conform with our recommendations. The long-term goals of the President's energy program are quite similar to our recommended target of reducing oil imports to no more than 10 percent of total energy consumption by 1985 and to limiting the average annual growth rate in energy demand during 1972–1985 to slightly less than 3 percent. We are in general accord with numerous other recommendations in the President's program, including the deregulation of the wellhead price of natural gas and the removal of price controls on old oil. Such deregulation will permit dismantling of the allocation apparatus now administering a two-price system. If a windfall profits tax is imposed in connection with the lifting of oil price controls, it should apply to profits on old oil only and should be rebated if such profits are invested in new energy production capacity.

We are also in general agreement with the desirability of initiating a wide range of special measures to encourage more efficient energy use, including labelling of the energy-usage of appliances and limited reliance on tax credits to encourage better insulation of homes; with substantially enlarged Federal support for energy research and for the development of synthetic fuels; and with prompt action to minimize the country's vulnerability to another oil embargo, including passage of standby emergency authority to curtail demand in such a crisis and development of a practical energy storage system.

But I have serious reservations about the President's proposals to achieve a sharp near-term cutback in energy consumption and imports through the sudden imposition of stiff import fees and excises that would be piled on top of the price increases associated with oil and gas price decontrols. Whatever else one might say about these proposals—and the related recommendations for offsetting tax relief—they are highly complex and their effects on the economy are quite uncertain. For one thing, there is a risk that the price impact of the package will be substantially greater than the Administration has estimated. If one takes into account of indirect "ripple" effects of the program on wages and other costs of doing business, the program could well add 3 to 4 percentage points to the consumer price index rather than the two percent the Administration has estimated. If the energy program is to be kept from putting an extra damper on total spending, this could also mean that offsetting tax cuts would have to be much greater than the President has proposed. There is the additional risk that energy consumers will feel the sharp pinch of higher energy taxes and prices well before they can benefit from the relief of a tax cut.

Mr. Chairman, in the midst of a badly deteriorating economic situation, the nation can ill afford to experiment with a program that runs the risk of adding excessively to both inflation and recession. This emphatically does not mean that we can afford to ignore the energy problem until the economy recovers. What it does call for, in my view, is a publicly announced policy and program for decontrol of old oil and deregulation of natural gas. I would also attach considerable importance to the development of a consistent national policy for applying a higher tax to higher-fuel-consumption motor vehicles.

The important thing is that such a program be clearly announced and agreed upon so that both business and the public can adapt their plans to the reality of higher energy prices in future years. Our economy is resilient enough to support major changes, such as these, over a reasonable period of time. If these and related devices do not result in a sufficient energy cutback and an emergency arises, I believe they should be temporarily supplemented by more quantitative methods, including gasoline rationing. I understand the fear of some that the use of rationing is a difficult task. But, in an emergency, it seems to me that the government has no choice but to use powers which it can commend, if only temporarily, even if it is at some risk.

At the same time, we must make sure that higher energy prices will in fact stimulate increased output. This means that in addition to price decontrol, various other steps need to be taken to reduce the uncertainty that now impedes production. These should include establishment of more efficient environmental controls; streamlining procedures for leasing federal oil, coal, shale, and natural gas resources and for siting energy facilities; and leasing environmentally acceptable sites for extraction of oil, gas, coal, and oil shale as rapidly as exploitation can be undertaken. We also believe that if private commitments to build adequate synthetic fuel facilities are not made very soon, the government should encourage investment by contracting to buy a substantial quantity of synthetic fuels.

CONCLUSION

In all this there exists a key ingredient. In any program for bolstering our sagging and inflation-ridden economy, the basic need is confidence. Like my predecessors in CED over thirty years ago, I have faith that confidence can and will be restored if the goals for policy are set high enough to win our battle and there is prompt and vigorous action to achieve these goals. Half-hearted or partial action which accepts high levels of unemployment and inflation for too long can become self-fulfilling prophecies which could tear apart the fabric of our free system. What is required is convincing evidence that the President, the Congress and the public are united in an all-out simultaneous and fully credible attack on the triple problem of restoring prosperity, ending inflation and achieving energy independence.

STATEMENT BY ARTHUR M. OKUN, SENIOR FELLOW, BROOKINGS INSTITUTION [1]

A year ago, on February 21, 1974, I told this Committee that we were in our sixth postwar recession and need fiscal stimulus "to contain the damage in output and employment." On March 20, I urged the Senate Finance Committee to cut income taxes in order to "alleviate the pinch on consumer purchasing power," supply "a landing net for our recessionary economy," and ensure against "a prolonged and sharp slide in employment and output." During the Summit in September, I advanced a number of alternative measures of selective tax reductions to support the economy and reduce inflation. On October 16th, testifying again before this Committee, I reported that the economic outlook had deteriorated faster and farther in the previous few months than at any time in my professional career. On December 11, before the Senate Committee on the Budget, I characterized this deterioration as "frightening." On January 28, I urged the Committee on Ways and Means "to recognize the present situation as a national economic emergency," and to enact effective "anti-depression insurance."

After a year of playing this unaccustomed role of Jeremiah, I have run out of slogans and epithets. I have to resist the temptation to raise my voice in frustration and the inclination to throw up my hands in despair.

It is incredible and deplorable that, to date, no significant action whatsoever has been taken to rescue the economy. The recent experience is the saddest episode in economic policymaking since the passage of the Employment Act of 1946. It stands not only as a blemish on the records of the Administration, the Congress, and the Federal Reserve; but, more seriously, as a questionmark on the adequacy of the policymaking processes of our democracy.

The nation's rate of production is currently running some $175 billion below the levels that would be generated by an average prosperity with a 5 percent unemployment rate. That is the present toll of idle men and idle machines, and it keeps growing with the end nowhere in sight. It becomes ever more likely that the history books will record this episode as a depression rather than a recession. It would take a miracle to stop unemployment below 9 percent, and it is close to an even bet that it will reach 10 percent.

Although homebuilding and auto sales may be close to hitting bottom, an inventory correction of major proportions and a slashing cutback in plant and equipment spending are clearly in prospect; these will pull the economy down to even lower depths in the months ahead. History offers no guidance as to when and how the economy would pull out of its tailspin, if left alone. The present experience is unprecedented, and the forecasters are operating off the charts.

The main causes of the recession have been: 1) The shrinkage of consumer real disposable income resulting from higher food and fuel costs and from strongly restrictive budgetary policies; and 2) the impact of astronomical interest rates on homebuilding and other credit-financed expenditures. These are diseases that economists know how to diagnose and how to cure. And the prescriptions for the cure are right in the hands of the policymakers.

TAX CUTS

The Administration made a constructive initiative to boost consumer income in recommending a $12 billion rebate on personal income tax bills from 1974. But it makes no sense to dilute that tonic by administering it in two doses split between May and September. The Congress is responding to that request, but it is acting as though this were just another tax bill instead of a declaration of war against recession. It ought to separate the rebate from all other tax issues and enact it *immediately* at a level *at least* matching the $12 billion proposed by the President. And it ought to order the Interna' Revenue Service to gear up to pay the rebate checks on a 24-hour day, 7-day a week basis. That rebate will do us more good in the next six months than any other stimulative measure.

With consumers hanging on to their standards of living by their fingertips, they will use any support that comes their way through tax reduction. It will bolster their spending on goods and services, and thereby help end the plunge in sales, production, and employment that has gripped our entire economy. And the proposed rise of $4 billion in the investment tax credit for 1975 would help to bolster business spending and contain the slashes in capital budgets.

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[1] The views expressed are my own and are not necessarily those of the officers, trustees, or other staff members of the Brookings Institution.

But even a $12 billion one-shot tax cut for consumers does not provide enough anti-depression insurance. It should be followed by a further tax cut working through the withholding system that provides $10 billion during the second half of 1975 and another $10 billion in 1976. The increase in the investment tax credit should also be extended through 1976. All in all, I am urging a total tax reduction of $26 billion in 1975 and about half that amount in 1976.

EXPENDITURE POLICY

At a time when purchasing power is so urgently needed, it would be an economic, as well as a social, atrocity to cut the purchasing power of the poor, the elderly, and federal employees by changing the established rules of the game for determining social insurance benefits, federal pay, and food stamp costs. An overwhelming bipartisan majority of the Congress showed its wisdom in rejecting the Administration's proposal for raising the cost of food stamps. I trust the Congress to display equal wisdom in rejecting emphatically the Administration's proposals on federal pay and social security benefits.

On the other hand, the recession must not create an open session for the expenditure side of the budget. The recession cannot be fought with public works projects. Through five post-war recessions, we have made efforts to gear up anti-recessionary public works; but they have yielded only pennies of added expenditures during the recession and dollars of added expenditures during the next period of prosperity when the economy least needed them.[2] Similarly, the evidence of five years of experimentation with public employment programs suggests that they can play only a limited role because they too take time to be geared up. I do not see how states and cities could conceivably add one million nonprofessional workers to their payrolls in a year (as some suggest), when that is three or four times their average annual increase.

Thus, I see only limited possibilities for supplementing tax cuts as the basic anti-recessionary cure. One appealing possibility has been advanced by my colleague, Charles Schultze. He has suggested a temporary cyclical increase in general revenue-sharing based on the level of the national unemployment rate and so constructed that it would phase out automatically when prosperity is restored. If the Congress is convinced that such an added flow to states and cities would prevent recession-induced slashes in expenditures and increases in taxes (rather than merely have Uncle Sam do the borrowing for the other governments), it should enact this proposal.

In general, I am pointing to two key tests of a valid anti-recessionary proposal: Does it really stimulate production and jobs *during* the recession? Does it *stop* stimulating the economy during the recovery as prosperity is regained? Although it is hard to imagine an excessive fiscal stimulus during 1975, it is easy to imagine mistaken efforts that would stimulate the economy for too long and contribute to another round of rising inflation toward the end of the decade.

Big deficits in fiscal years 1975 and 1976 are the only route back to prosperity and to appropriate anti-inflationary budget balancing in subsequent years. We should learn from 1972 and 1973 the lesson that pumping the fiscal gas when the economy is roaring ahead can worsen inflation problems. But the lesson of 1974 should remind us that efforts to balance the budget in a recession can produce a severe plunge in the economy and a massive deficit in the budget. The architects of the so-called horrifying deficits we face today are the people who fought for and nearly succeeded in balancing the budget during the recession last year. The failure to take a stitch in time left the economy in tatters.[3] Every cent of the $52 billion deficit in the Administration's budget stems from the impact of the recession in eroding federal revenues and expanding federal expenditures. As private incomes have contracted, so have the tax bills of individuals and corporations, while the federal bills for unemployment benefits and similar antirecessionary transfers have soared.

All in all, if I abstract from the energy program and compare my other recommendations with the President's Budget, I am recommending roughly $10 billion more tax reduction and roughly $12 to $15 billion more federal expenditure in fiscal 1976. The resulting deficit would be about $80 billion. In view of the mistakes of the past that have plunged this big economy into a deep recession, there is no cut-rate recovery program.

I am confident that our debt managers can finance this huge deficit without encountering serious problems. Indeed, I wish we had no economic problems more serious than financing the deficit. One of the most salient characteristics of recent months is the collapse in private credit-financed expenditures for homes, automobiles, other consumer durables, inventories, plant, and business equipment. Indeed, the abrupt weakening of private credit demands is the Federal Reserve's explanation for the failure of the money stock to grow significantly since the middle of 1974. There is ample room in both private and Federal Reserve portfolios for good, safe, short Treasury securities. Any problems posed to the Federal Reserve in preventing temporary money market congestion due to Treasury financing should not even be comparable to those it handled so adeptly last year when it temporarily extended several billion dollars worth of credit in connection with the crisis of the Franklin National Bank.

MONETARY POLICY

I am suggesting that, since the middle of 1974, the Federal Reserve merely permitted a recession-induced collapse of private credit demands to be reflected in gradually declining interest rates. It worked to make that descent of interest rates gradual rather than to promote it. Put simply and bluntly, monetary policy has not been fighting the recession.

The Federal Reserve has operated very differently in the past eight months than in the first half of 1974. In the earlier period, pursuing a vigorously restrictive policy, the Federal Reserve refused to accommodate demands for credit that tended to make the money stock grow more rapidly than 6 percent, even though its refusal led to an abrupt rise in interest rates to stratospheric levels. Since midyear, however, the Federal Reserve has virtually ignored the money stock (and allowed it to stagnate) in order to avoid an abrupt decline of interest rates. Neither of these strategies has served the nation well. The greatest damage to the economy came from the policy of the first half which singlemindedly pursued money targets and ignored the impacts of soaring interest rates and fiscal restraint. But the excessive focus on stabilizing the decline of interest rates since mid-1974 is also imposing a growing burden on the nation. What borrowers have to pay for credit is the *level* (and not the recent change) of interest rates, and that level continues to be too high for an economy in a tailspin. More active Federal Reserve policy can help to hasten and promote the recovery in homebuilding and to contain the extent and duration of the inventory liquidation.

I know of no formula for the money stock, interest rates, or any other monetary indicator that would tell the Federal Reserve just how to improve its performance in the months ahead. It should shift from gradualism to decisiveness in bringing down the interest rate on federal funds and the discount rate. And it should keep those rates down until the money stock recovers from its large recent shortfall. That shortfall since mid-1974 of "uncreated money" is nearly $10 billion compared with a normal average trend and even larger compared with an appropriate anti-recessionary trend.

Finally, I see absolutely no need in the foreseeable future for credit allocation devices. The general monetary situation ought to be sufficiently relaxed to permit any borrower with a legal use of funds to exercise his demand in the marketplace.

INFLATION

By no stretch of the imagination would the fiscal and monetary policies that I am recommending create a danger of demand inflation. Even with this program, we would have to be extremely lucky for the unemployment rate to get down to 7 percent sometime in 1976. And that means the economy will be operating between $100 and $200 billion below average prosperity levels. Outside of energy, every industry and every sector will continue to have more labor and capital than they can use, and their only shortages will remain shortages of jobs and customers.

Nonetheless, inflation remains a serious problem for the American people. The weakening of markets has made a difference; it is lowering the prices of farm products and of other raw materials that are traded in auction markets and promptly reflect changes in supply and demand; it is also slowing down significantly the advance of nonunion wages. We may already be out of double-digit inflation.

But that is not a satisfactory rate of improvement for so weak an economy. When demand was stronger than supply, prices went up; now that it is weaker than supply, production schedules and payrolls go down. The same business firms that raised their prices in response to strong demand during 1973 and 1974 ought to be lowering them in response to weak demand today. The Budget presented one five-year scenario with prolonged and severe unemployment through the rest of the decade, supposedly required to get the inflation rate down. For the whole period of 1974–80, that scenario involved a loss of production of nearly $1 trillion compared with a normal prosperity path. That scenario may be too pessimistic. But if that is close to the price of old-time religion, the American people should be looking for a less expensive and more humane way to end inflation—and I suggest that that route must involve greater efforts to curb increases in prices and wages in those areas that are not responding to the weakness of markets today.

ENERGY

I agree with the President on the need for a program to curtail oil imports, and I regard his target for the cutback—1 million barrels a day by the end of the year—as feasible, although perhaps a bit overambitious and not at all sacred. Failure to adopt some significant cutback would be short-sighted. To be sure, over any short period, the least costly policy for the United States is the line of least resistance: just pay the inflated monopoly price set by the oil cartel. But over the long run, that passive policy is very costly: it accepts a drain on U.S. purchasing power; it commits us to offer financial assistance to weaker oil-consuming countries in order to preserve international monetary order; it encourages a proliferation of cartels in other products; it prolongs U.S. trade deficits and budgetary deficits; it emboldens the cartel to raise its prices further; and, most of all, it enhances the political power of OPEC at the expense of our own national security.[4]

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[2] See the record of the 1962 accelerated public works program detailed by Nancy Teeters in *Brookings Papers on Economic Activity* (*1: 1971*), pp. 232–33.

[3] The $35 billion swing toward restraint in the Federal budget from 1973–I to 1974–III is ably documented by the Council of Economic Advisers in its *Annual Report,* 1975, pp. 63–65.

If, in concert with other oil consuming countries, the United States curbs its oil imports from OPEC, it will help to bring about the only happy ending for this saga—the elimination of the cartel as a potent monopoly force. Some critics of the Administration's cutback program sound like the proverbial fat man who is ready to diet but insists on starting tomorrow rather than today. The recession offers no excuse for delay—it is, in reality, an easier time to start the diet than a period of recovery or of prosperity.

Although I approve of the President's objectives, I regard his program for achieving them as sorely defective in several ways.

First, it assumes, but does not ensure, that cutbacks in U.S. consumption of petroleum will reduce imports on a one for one basis. For many large oil companies, a cut in their U.S. marketing needs may lead them to work less hard to pump oil domestically while maintaining their normal procurement from foreign sources. Those companies have to bargain with oil-producing *countries*, and they cannot hold their own at the bargaining table. Hence, I believe that the most urgent step in national petroleum policy is to achieve federal control over oil imports through a quota system.

Second, the Administration's effort to cut imports ignores many opportunities for stepping up domestic production rather than restricting consumption. We need an energy production authority. And more generally, we need to develop a set of rules of the game for the domestic energy industries, with incentives and disincentives that encourage them to produce as much as possible, as rapidly as possible, and as competitively as possible. That will require domestic energy capability to be one of the most profitable areas in which to invest capital, develop technology, and commit human talent for the decade ahead. But it will also require disincentives to investment in OPEC and in non-energy mergers and disincentives to holding back production.

If we take strong measures to expand domestic supply, we will not need to cut our consumption deeply in order to achieve a reasonable target of cutting imports. But some curtailment of consumption will be necessary, and some increases in prices of energy will, in turn, be necessary to achieve that. But the Administration program seeks to achieve the cut in consumption in ways that are seriously inflationary, and that is its third error on my scorecard. We can have higher energy taxes—on crude oil or gasoline or anything else—and avoid inflationary effects, if we recycle the revenues from those taxes into reductions of price-raising taxes in other products. The best option I see for that lies in a novel, but nonetheless feasible, special revenue-sharing program. Suppose a $20 billion energy-tax program is enacted and that simultaneously $100 per capita is offered to states and cities that reduce equivalently their sales taxes or other taxes that enter directly into consumer prices. (The few states that now obtain less than $100 per capita from price-raising taxes would collect the full $100 by bringing them down to zero.) With this plan, the consumer price index would not be pushed up, and no inflationary ripples into wages or other costs should be expected.

While the anti-recession program has an urgency of hours and days, the development of an energy program should take a few months. It is complex and novel and requires study. Congress must resist Administration efforts to confront it with a fait accompli and must rebuff unreasonable demands for quick rubber-stamping. And it should emphatically resist the Administration's gamble with depression in order to pry loose an energy bill. A $3 tariff combined with decontrol of "old" oil (prior to the enactment of offsets) would be an economically ruinous program. But Congress should act on energy with all deliberate speed and should resist the temptation to use the recession as an excuse for avoiding tough and controversial decisions.

The decisions now pending before the Congress will determine whether we prevent a depression that could emerge from inadequate consumer purchasing power and a prolonged economic and political drain that could emerge from excessive oil-producer power. The significance of these decisions extends beyond their impact on real GNP, the inflation rate, and the unemployment rate, for they are major tests of the responsiveness, soundness, and rationality of our political and economic institutions. The economic policymaking of 1975 must improve on the unfortunate record of 1974.

RELEVANT FACTS ON CAMBODIA

Mr. McGOVERN. Mr. President, the growing hysteria of the administration's posture on Cambodia seems to me to reflect a determined refusal to consider what the fall of the existing government in Phnom Penh would actually mean. In their case for emergency aid, proponents have deliberately buried some of the most important factors.

In testimony before the Senate Foreign Relations Subcommittee on Foreign Assistance, Mr. Gareth Porter, codirector of the Indochina Resource Center has underscored the essential points which the administration has ignored. Mr. Porter's well documented and researched statement sharply refutes some of the impressions fostered by administration rhetoric.

As Mr. Porter points out, the failure of Lon Nol is not due to any lack of weaponry and war material, but to the lack of popular support due to the weaknesses of his regime.

Mr. Porter further explains why we cannot expect a compromise no matter how long we press on. The futility of any attempt to effect a coalition government through a negotiated settlement also strengthens the arguments against further aid.

Finally, we should be able to see that the kind of government which would succeed Lon Nol's forces would most likely be a government independent of outside forces. It would be, as Mr. Porter points out, run by some of the best educated, most able intellectuals in Cambodia—unlike the members of the present government who are considered corrupt and self-serving.

I believe that Mr. Porter's testimony contains some crucial and enlightening information. I ask unanimous consent that his statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY GARETH PORTER, MARCH 6, 1975

I would like to address myself to three questions which are relevant to the consideration of the administration's request for additional military aid to the Lon Nol government: first, How and why have the insurgent forces, the National United Front of Kampuchea, or FUNK, according to the French acronym, managed to threaten the survival of the Lon Nol regime despite five years of heavy US military and economic support? Second, why is there no possibility of a negotiated solution between the two sides in Cambodia? And finally, what kind of government will replace the present Phnom Penh government when it does fall?

THE RISE OF THE "KHMER ROUGE"

A core of several thousand "Khmer Rouge" insurgents was already established in base areas in the countryside when the coup against Sihanouk and the subsequent moves against North Vietnamese and PLAF sanctuaries in Cambodia by Saigon's forces triggered a Vietnamese Communist move Westward toward the Cambodian population. The Vietnamese linked up with local Cambodian revolutionaries, recruited new political and military cadres, and provided them with arms. According to US intelligence, probably only about 5,000 to 6,000 North Vietnamese troops were engaged against the Lon Nol army at any one time to permit the development of the fledgling revolutionary Cambodian army. US intelligence and Cambodian eye-witnesses in the insurgent zone agree that the administration and political organization were entirely Cambodian.

From an estimated 5,000 to 10,000 men in May 1970, the insurgent force increased to 72,000 by the time the Paris Agreement was signed in January 1973, according to Prince Sihanouk. In August 1974, US intelligence conceded 70,000 regular troops to the FUNK. In less than two years, the FUNK had become strong enough to take on Lon Nol's army. In late 1971, after defeating the last offensive effort by the Lon Nol forces, Vietnamese Communist troops undertook no more major fighting in Cambodia. In the spring of 1972, an estimated 64,000 North Vietnamese and PLAF troops left Cambodia to fight in the nation-wide offensive in South Vietnam, leaving their Cambodian allies to fight their own war. In August 1972, the army of FUNK launched its first major offensive on its own.

In January and February 1973, the last North Vietnamese combat troops were withdrawn from the Cambodian battlefield, and the FUNK launched a new offensive which US officials feared would bring the collapse of Lon Nol's army. In each of the dry seasons which have followed, the Front has gained in strength, while the Lon Nol regime has lost territory and manpower, and its morale has continued to disintegrate. All this has happened while the US was increasing its military aid to Phnom Penh from $140 million in FY 1972 to $196 million in FY 1973 to $350 million in FY 1974.

The virtual defeat of the Lon Nol regime appears to have been accomplished by the FUNK on a shoestring. The Front has never received sophisticated weapons from its allies, nor has it received sufficient supplies of weapons and ammunition to permit the capture of the cities remaining under Lon Nol's control. The FUNK has obtained a large proportion of its supplies by capture from the FANK and by purchase from corrupt officers, who are known to have made large profits on the sale of weapons and ammunition to their foes. Between January and October 1973, for example, the FUNK claimed the capture of 38,000 weapons and 4,575 tons of war materiel. By contrast, the best U.S. intelligence estimate on the average tonnage of military assistance to the Front as the end of 1972 was just 300 tons a month, or 3,600 tons per year.

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[4] See the detailed discussion of these costs in my testimony of February 5, 1975 before the Subcommittee on Multinational Corporations of the Committee on Foreign Relations, United States Senate.

The only heavy artillery pieces which the Front appears to have are American 105mm cannons, captured in the attack on Taing Kauk in August 1973. According to Gen. Daniel O. Graham, Director of the Defense Intelligence Agency, the FUNK has only 10 to 15 artillery pieces in all, compared with the 326 pieces deployed by the Lon Nol Army (FANK)—a disadvantage of 26 to 1. (The 107mm Chinese-made rockets now being employed against the airport and the city of Phnom Penh are relatively primitive weapons, notoriously inaccurate and far inferior to the medium and long-range artillery deployed around the city by FANK.)

As for the mines which have been referred to by Gen. Howard M. Fish before this subcommittee as part of a "larger build-up of sophisticated weaponry from the enemy side," none have yet been recovered for analysis by U.S. intelligence, but it is the opinion of one of the most experienced analysts of Cambodian communist military capabilities that they are probably quite primitive weapons detonated by someone from the river bank—devices which can be easily and cheaply manufactured.

The disparity between the weaponry and war materiel supplied from outside to the two sides in the war is so striking that it is clear the main reason for the military failure of the Lon Nol regime lies in its lack of morale and popular support, and not in any lack of weapons and ammunition.

WHY NO COMPROMISE SOLUTION IN CAMBODIA?

Ironically, the U.S. government finds itself the champion of a negotiated compromise leading to a coalition government in Cambodia—a solution which it resisted for more than a decade in Vietnam. It must be emphasized that the conditions which made such a solution possible in Vietnam are absent in Cambodia. The GRUNK has never believed that the war would end in a negotiated compromise but has repeatedly stated that it would assume the leadership of the country once the U.S. ends its intervention in Cambodia. In the first place, the Royal Government of Prince Sihanouk regards itself as having full constitutional authority as the legal government of Cambodia. In his capacity as chief of state, Sihanouk immediately dismissed the Lon Nol cabinet and the parliament after the move to depose him, and proceeded to name a new cabinet of 20 portfolios. The Khmer revolutionaries have retained the title of Royal Government precisely in order to preserve this claim to uncontested legitimacy. This is quite different from the Vietnamese situation, in which the revolutionaries have never demanded more than a legitimate political role for itself and the recognition that the existing regime does not represent the wishes of the South Vietnamese people.

Moreover, there has been no reason whatever for the GRUNK to make any political concessions to a regime which has no political or military strength of its own with which to bargain. In order to compel a negotiated settlement with an adversary, there must be at least a rough balance of forces which has led to a military stalemate. But in Cambodia, there has never been anything like a balance of forces. Even if Phnom Penh should somehow stave off its final collapse until the next rainy season, it would only postpone the final reckoning.

The refusal of the GRUNK to compromise with the Phnom Penh government has not been due to any lack of pressure from outside for such a solution. At one time or another, the Soviet Union, China and North Vietnam have all urged a negotiated settlement on the GRUNK. The GRUNK Ambassador to Hanoi, with whom we talked in January, complained that, "Everybody puts pressure on us to coexist with Lon Nol, including China and the Soviet Union." The North Vietnamese, who are the key factor in transporting Chinese arms to Cambodia, were concerned that a military victory by the FUNK might provoke President Nixon to resume the bombing of North Vietnam, which he was then threatening explicitly in connection with the threat to Lon Nol's survival. Although Hanoi refused to commit its Cambodian allies to a ceasefire, there is convincing evidence that it sharply reduced the already limited supply of Chinese weapons and ammunition to the FUNK in 1973. Sihanouk complained to a journalist in September 1973, "Our North Vietnamese friends are no longer willing to help us by transporting supplies from the Chinese to the borders of Cambodia," and that they wished his government to reach a political settlement with Lon Nol. This shortage of military supplies appears to have been confirmed when the FUNK failed to hold the city of Kampong Cham after initially occupying it. Sihanouk later reported that he wired his Vice-Premier, Khieu Samphan in the interior of Cambodia to ask what went wrong. The response was that their forces "lacked sufficient ammunition."

If there was ever a time when Kissinger's efforts to arrange a compromise settlement in Cambodia had a chance to succeed, therefore, it was in 1973. But the result of the pressures on the GRUNK was simply that it resigned itself to a longer struggle. Sihanouk still refused to negotiate with Phnom Penh, and the revolutionary forces pursued a strategy of strangling the capital rather than assaulting it militarily. This was a formula for resisting pressures for negotiated compromise, since it could be carried out with a much lower rate of expenditure of ammunition. The GRUNK Ambassador in Hanoi confessed to us that the FUNK was still not in a position to capture Phnom Penh directly because of the lack of ammunition and sophisticated weapons in comparison to Lon Nol's troops. But it is now apparent that the FUNK strategy can defeat the Phnom Penh regime and do so in a relatively short time, due to the inherent social, political and economic weakness of that regime.

THE GRUNK: WHAT KIND OF GOVERNMENT?

If the most likely prospect at present is the establishment of Sihanouk's Royal Government of National Union (GRUNK) in Phnom Penh, it is worthwhole to summarize what we know about the men who lead it and the kind of government they will form. Below are a few of the characteristics of the government which may be expected to succeed Lon Nol.

1. *It will be a Revolutionary Government.* The leaders of the new government will be Marxists and members of the Communist *Pracheachon*, or People's Party. They will be dedicated to restructing Cambodian society along socialist lines. It will include Prince Sihanouk and some of his leading followers in ministerial posts for some time, but it does not seem likely that Cambodia will become the world's first "Communist monarchy". The transition from monarchy to republic may be anticipated at some future point.

2. *It will be intensely nationalistic and will resist the influence of both China and North Vietnam.* Contrary to the view propounded by the administration, there is no evidence to support the notion that the new Cambodian government will be manipulated by or beholden to any other government. Its leaders have already shown their resistance to the urging of larger allies when it did not seem in their interest to follow their advice. There is, on the other hand, abundant evidence that the Cambodian revolutionaries remain protective of their sovereignty and independence.

All of the Cambodian Communist leaders participated in the struggle for independence from the French, and like the Vietnamese Communist leaders, their motivation for turning to Marxism was in part to find a way to build a strong, independent country from a society and economy which they inherited from colonialism and foreign intervention. Khieu Samphan, the present Vice-Premier and Minister of National Defense, was well known during the Sihanouk period for his insistence on introducing Cambodian language into the high schools, which still used French as the primary language of instruction. He is also known as an expert in Cambodian linguistics, and insists on making all of his speeches in Cambodian, whether in Cambodia or abroad.

Again, contrary to the ruling mythology about the Cambodian Communist leadership, there is no reason to believe that there are "pro-Hanoi" and "pro-Peking" factions within the GRUNK or the party. The fact that some Cambodian leaders, such as Ieng Sary and Salot Sar, were once in Hanoi after fleeing from Phnom Penh, is no more an indication that they would follow Hanoi's cues in the future than the presence of Ho Chi Minh in China for so many years meant he would follow China's lead. While accepting some of the principles of Vietnamese—or Chinese—Communist Parties and governments, the GRUNK has already made it clear that it is seeking its own unique approach to both "People's War" as well as to the construction of socialism.

3. *It will include some of the best-educated, most able intellectuals in Cambodia.* Far from being ignorant, provincial, or party bureaucrats, the leadership of the present GRUNK and of the Communist movement in Cambodia are distinguished by their high level of education and in some cases, by the brilliance of their writing. Khieu Samphan, 45, received his doctorate in economic sciences from Paris, writing his doctoral dissertation on the agricultural economy of Cambodia. His analysis was so devastating politically—and so persuasive—that Sihanouk ordered it banned from Cambodia. Nevertheless Sihanouk later recognized Samphan's abilities by inviting him to be his Minister of Economy.

Hou Youn, 47, the GRUNK's present Minister of Interior, Rural Reforms and Cooperatives, has a doctorate in economic sciences from Paris as well, and his dissertation is considered by foreign specialists to be a classic study of the Cambodian rural economy. He, too, was a leading critic of the economic policies of the government in the late 1950's and early 1960's as a National Assembly deputy, but became Sihanouk's Secretary of State for Planning.

Hu Nim, 46, the GRUNK's Minister of Information, has a doctorate in law from Paris; Ieng Sary, 48, the FUNK's chief of liaison with Sihanouk, was a professor of Phnom Penh before slipping into the maquis in 1962. His wife Ieng Thirith, who is also highly placed in the Cambodian Communist leadership, is known as the first Cambodian to receive a degree in English language. Son Sen, a former professor, Tiv Ol, a former college headmaster, Thioun Mum, a polytechnician, and Samlot Sar, a former professor who became Secretary General of the *Pracheachon*, complete the inner circle of Cambodian government and party leaders.

4. *It will be a government which attracts non-Marxist intellectuals and civil servants who have become disillusioned with the Lon Nol regime.* Since 1972, there has been a steady flow of writers, professors, students and civil servants from Phnom Penh into the GRUNK zone. In October 1973, for example, an agriculture expert at the UN, the Dean of the Phnom Penh faculty of Sciences, the inspector at the Department of Public Works, a professor at the faculty of Pedagogy, and

the Director of the Agricultural Department all joined the FUNK. In January 1974, a high official of Lon Nol's Justice Department went over to GRUNK, to be followed in March by a former minister of public works under Sihanouk, a former high-ranking official in the Ministry of Commerce, and an official of the government's oil refinery and distribution complex.

In 1972 and 1973 many authors and other intellectuals left Phnom Penh in protest over the policies of the Lon Nol government. The last major exodus took place in March 1973, when two students and a professor were killed by soldiers from the brigade under the control of Non Nol's notorious brother Lon Non. That incident was followed by multiple house arrests of well-known artists and writers, but many of them had already slipped out of the city either for Paris or the GRUNK zone. The new government will be able to call on the talents of these non-Marxist intellectuals, as well as student leaders who have opposed the Lon Nol regime.

5. *Its leaders will be respected for their integrity and remembered as popularly-elected officials under Sihanouk.* In contrast to the ministers and generals assembled by Lon Nol, who are universally considered to be corrupt and without any commitment to the future of Cambodia, the new government will be led by men with reputations for incorruptibility and wide popular followings. Khieu Samphan is remembered for his refusal to take bribes when he was Minister of Economy under Sihanouk—and for the fact that he remained so poor that his mother sold fried bananas in the streets of Phnom Penh. Khieu Samphan, Hou Youn and Hun Nim were all elected as deputies in Sihanouk's National Assembly by impressive majorities in 1966, in spite of the fact the government by that time was overtly hostile toward them, thus proving their ability to generate popular support. The leadership of the Lon Nol government, by contrast, has tended to depend on foreign patronage—first the French and later the Americans—to maintain power.

AUTOMOBILE EMISSIONS

Mr. TUNNEY. Mr. President, I have been extremely concerned about the emission of sulfuric acid mists from the catalytic converter. In 1973 I released an internal EPA memorandum which indicated the serious potentiality of this matter.

Then, in February of this year, I was informed of another EPA study which gave further evidence on the potential dangers imposed on the public from the emission of sulfuric acid from the catalyst. It was not until after EPA found out that I had gained access to this information that it released its findings on the sulfate issue. At a quickly called press conference, EPA Administrator Russell Train acknowledged that the sulfuric acid emissions from the catalytic converter could outweigh the benefits gained in controlling hydrocarbons and carbon monoxide by 1978, perhaps even sooner in California.

Unfortunately, EPA has used its disclosure as a means to undercut the Clean Air Act. EPA's decision to postpone the imposition of stricter automobile emission standards on the basis of the sulfuric acid being emitted from the catalysts ignores a very important matter: hydrocarbons and carbon monoxide, as well as oxides of nitrogen, continue to be dangerous to public health. While I agree that it is necessary to control sulfuric acid emissions, there are other alternatives which would accomplish this goal without delaying the attainment of automobile emission standards. These include blending of low-sulfur and high-sulfur fuels, allocation of low-sulfur fuel and desulfurization.

The State of California and the city of Los Angeles have made their positions on EPA's proposal to relax automobile emissions known. Testifying March 18, before the House Interstate and Foreign Commerce Committee, representatives for Mayor Bradley and Governor Brown made it clear that they were opposed to EPA's proposal.

Inasmuch as Los Angeles is, perhaps, the most automobile-dependent city in the country, I thought the Members of this body would find their comments, as well as those from the Governor, most interesting. I request unanimous consent that the testimony of Mr. Norman Emerson and Mr. William H. Lewis be printed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

TESTIMONY OF NORMAN H. EMERSON

Mr. Chairman, members of the Subcommittee, my name is Norman H. Emerson, Executive Assistant to Mayor Bradley. Unfortunately, the Mayor was not able to travel to Washington and present testimony on the important issue facing the Committee. Therefore, I will be speaking on his behalf this morning.

As you know, Los Angeles is no stranger to air pollution—we have been coping with it longer, and possibly with more concerted efforts, than any other area of the Nation.

For years, we in Southern California have been growing increasingly aware that our air pollution was steadily worsening. At the same time, as our anxiety rose, there seemed no way that we could participate in a solution to the problem—it was everywhere, and yet it was regarded as a highly specialized, technological problem. First, incinerators were banned, then industry brought under stronger control, and then finally we discovered that we, ourselves, in our automobiles, represented the largest single part of this problem.

It was the automobile which gave Los Angeles its mobility, its spread out pattern of growth, and its unique quality of freedom. Now it seemed that the automobile was going to blight this good life. And we had no way of dealing as a community, with this vehicle we had become dependent upon. It had made each of us individually free and now it threatened all of us together.

This spirit of freedom in Southern California is reflected in the fierce independence of its sovereign incorporated cities—78 of them in Los Angeles County alone. And yet it is possible to drive through 15 cities in 30 minutes on a freeway. In light of the "balkanization" of individual local jurisdictions, control of moving sources was shifted to the State government in 1967, and we here in the troubled area were further isolated from the power to improve our situation to help ourselves.

Then, in 1970, the major initiative moved to the federal government, with passage of the Clean Air Act Amendments of 1970. In the four years and two months this law has been in effect, we have finally:

1. Measured the true extent of the air pollution problem for the first time. The Environmental Protection Agency's 82% gas rationing proposal for Los Angeles was greeted with shock and scorn, but the point had been made—no longer could we confine our efforts to carburetor and ignition adjustments, and a partial control of stationary sources.

2. Citizens suits have forced the EPA to look the problem in the face, and to utter previously unthinkable strategies involving control of existing transportation, and projected land uses. Today the question is not whether such controls are realistic, but who should administer them.

The practical effect of the EPA's efforts to devise strategies to meet these enormous challenges has been to awaken state and local governments to their responsibility to implement programs which will be effective, on the greater scale which has emerged, while preserving the social and economic well-being of their constituents as well. I would like to illustrate how this has occurred:

In 1973, the EPA issued a Tranportation Control Plan containing measures which were clearly untenable in Los Angeles because of our extreme dependence on the automobile. The obvious necessity of finding and providing realistic alternatives lit an unprecedented spark of cooperation among local jurisdictions in our part of the Nation.

A local agencies task force was formed, and in a very short period, a plan of transportation controls was developed and submitted by the joint members of the task force to the Environmental Protection Agency.

Subsequently, the EPA included many of the task force's recommendations in a revised Transportation Control Plan, and added parking surcharge, parking management, and gasoline rationing measures to bring a massive reduction in vehicle miles travelled (VMT), in order to achieve the National Ambient Air Quality Standards by 1977. At the time of this announcement, the Acting Administrator acknowledged that the gas limitation provision could not be enforced without catastrophic results, and that eventual amendment of the Clean Air Act would be necessary.

Nevertheless, a dialogue had been opened between federal and local governments, and a basis for local initiative had been established.

Subsequently, following promulgation in August 1974 by the Environmental Protection Agency of its parking management regulations, we reconvened the task force to prepare an appropriate response. In an effort to demonstrate a good faith effort, we are transmitting to EPA a program for developing a local parking management plan. Attached is an outline of the program which we intend to finalize by Summer of 1975. (See Attachent I) The program is part of a region-wide effort being jointly sponsored by the Urban Mass Transportation Administration and the Environmental Protection Agency.

During the last year a number of other actions have been taken in Southern California, to reduce auto use and vehicle miles traveled. It is important to note that many of these actions have dual objectives: improving air quality and conserving energy resources. These actions include:

Adoption by the Southern California Association of Governments, (SCAG) the metropolitan planning organization for the region, of a Short Range Regional Transportation Plan, with a goal of reducing VMT by 20%, with specific elements for:

Preferential Treatment for High-Occupancy Vehicles;
Traffic Control Improvements;
Carpool Action Programs;
Bus-related Improvements;
Commuter Rail Service, and
Bicycle Related Improvements.
(See Attachments II & III.)

Implementation by the Southern California Rapid Transit District of a bus service improvements program with the following components:

A 25¢ flat fare, which has increased ridership by more than 100,000 riders per workday;

Increased bus fleet by more than 400 buses, with 300 more buses planned by this Summer;

Park and ride lots in 15 different locations;

Implementation of two major grid bus systems; and

Completion of the El Monte Busway (similar to the Shirley Expressway Virginia/Washington, D.C.), stimulating a 300% increase in ridership from suburban Los Angeles County to the Los Angeles Central Business District (CBD). (See Attachment IV.)

The City of Los Angeles has taken similar steps, for example:

Establishment of one lane of a major downtown street for use as a contra-flow bus lane to speed commuters from the El Monte Busway through the Los Angeles CBD.

Implementation of a $700,000 regional computer car pool matching program.

An arrangement with the Rapid Transit District for implementation of a subscription bus program for City employees.

Development of a dial-a-ride community transit program.

Expansion of a mini-bus program in downtown Los Angeles.

We believe these actions to be positive and we will continue to work for implementation of meaningful programs to reduce auto use and vehicle miles traveled. But the air pollution problem in Southern California is still a severe health problem. For example, recent studies have shown that air quality in the South Coast Air Basin deteriorated during 1974, almost equaling levels not reached since 1971. In particular, levels of oxidant, the principal constituent of smog, escalated noticeably. Within Los Angeles County, the days on which State standards for total oxidant (a 1-hour average of .10 ppm) was equaled or exceeded rose from 185 in 1973 to 215 in 1974, almost equalling the 1971 total of 218 days. Additionally, research over the last three years by scientists shows that pollutants generated in Los Angeles and Orange Counties reached inland communities by mid to late afternoon and can hit rural areas more than 100 miles away. It has been estimated that emission in the amount that comes from Los Angeles County could cause Federal ozone standards of .08 parts per million (ppm) to be exceeded at least as far as 160 miles away.

Mayor Bradley is deeply concerned with recent Administration proposals to amend the Clean Air Act to reduce the current momentum we possess in Southern California. In a recent letter to Russell Train the Mayor stated:

"At a time when the public and local officials are working to reduce auto use it would be unwise and counter-productive to grant a delay in direct source auto emission standards."

It may be instructive to point out that last year before a Senate Subcommittee, Mr. Train testified that:

"If we were to postpone the requirements for auto emissions for a year, the nation's overall momentum in achieving health-related air quality standards would suffer. . . . A postponement would require that some transportation control plans would have to be made more stringent."

Mayor Bradley holds the strong position that we should not waver from a basic commitment to the integrity of the Clean Air Act. The health of the American people must be protected against environmental hazards. We must beware of attempts to "balance environmental concerns with energy requirements". This position may be shortsighted, for it assumes environmental standards are a "commodity" that can be bartered. Yet, as you know, many elements of implementation plans have been deleted, administratively or by Congress, on a piece-meal basis.

In view of the Mayor's basic position I would like to make the following specific proposals regarding amendment of the Clean Air Act:

Federal Preemption—We strongly support continuation of a "California Waiver" in the Act which would permit the setting of stricter (than the National) standards to meet the state's more severe air quality problem.

Since 1969, the state has utilized the existing waiver and has achieved greater progress in reducing individual automobile emissions than any other state in the Nation. To maintain and build upon this momentum, California must have the authority to advance its own air polluion program at a pace ahead of other less smog-impacted areas.

Auto Emission Control Standards—We oppose any delay in the scheduled implementation of stricter Federal automobile control emission standards.

California will be maintaining the 1977 standards. We have not seen convincing evidence to justify a delay for California or the rest of the Country. The potential sulfate problem must be dealt with directly—employing every available option in mitigating and averting any potential problem before it reaches significant proportions. Such a strategy should include the setting of a 1977 sulfate standard.

Ambient Air Quality Standards—We support the existing federal primary ambient air quality standards, which relate to the protection of public health and recommend that ambient standards, as minimum standards, continue to be uniform nationwide. Such standards should be subject to future review whenever new evidence emerges concerning their validity. An immediate comprehensive study to improve knowledge of health effects of oxidants and sulfates would be beneficial.

In the absence of sufficient evidence challenging the standards, we believe it prudent and responsible to support the National Academy of Sciences' conclusion that "in general, the evidence that has accumulated since the promulgation of the Federal ambient air quality standards by the EPA Administrator on April 30, 1971, supports those standards."

Extension of 1977 Statutory Deadlines—We support amendments to the Act which would permit the EPA Administrator to extend the 1977 air quality achievement deadlines, following a case review by the EPA Administrator, (1) for air basins where all reasonable control efforts are now in effect, and (2) if a compliance or implementation schedule is established by agreement of EPA, the Governor, and the appropriate comprehensive regional and local planning agencies requiring specific increments of progress toward achievement and maintenance of the national ambient air quality standards. After such an approvable schedule has been developed, time limits related to specific measurable steps toward achievement would substitute for the existing statutory deadlines.

An open-ended or unconditional extension is unwarranted because it could offer "relief" from the Act to regions which can achieve the federal standards using reasonable efforts in the very near future. On the other hand, a compliance and implementation schedule for "long term achievers" in critical air basins would provide state and local officials with a specific timetable and a series of milestones in air quality progress which would be helpful in developing a sense of urgency, in sustaining a coordinated intergovernmental response to the air quality problem, and in providing a measure of effort and progress against which the individual citizen could evaluate achievement.

Land Use and Transportation Planning to Achieve Air Quality Standards. We acknowledge that in the absence of an almost totally clean engine, which is not yet on the horizon, auto emission control devices alone will not permit most of California's urban areas to achieve and maintain federal air quality standards. Land use and transportation planning measures in some form will be necessary, together with strict enforcement of controls on primary sources, to achieve healthy air quality in the foreseeable future.

Much confusion and doubt has been generated about the effectiveness of certain transportation control measures designed to reduce vehicle emissions, such as an indirect or complex source review. Whether or not any single land use or transportation strategy is valid, however, does not diminish recognition of the eventual need in the critical air basins to reduce vehicle emissions by supplementing strict controls on primary or direct sources with air quality planning for indirect sources.

Comprehensive Areawide Planning Agency to Implement Land Use and Transportation Planning. We support incentives in the Clean Air Act that land use and transportation measures to achieve air quality be undertaken by a basinwide, comprehensive planning agency composed of at least half locally elected officials which also has jurisdiction over region-wide transportation, water-related and land use planning programs.

Although an areawide planning agency with such responsibilities as described above is desperately needed in California, such an agency which has the authority to enforce its planning decisions has not yet been established. Encouragement through the provisions of the Clean Air Act would be welcome. However, air quality-related land use and transportation planning should still be coordinated with competing regional or state land use and transportation priorities. Local agencies acting individually, or a comprehensive areawide planning agency, in cooperation with the Governor or the State Air Resources Board, should retain the legal ability and indeed obligation to weigh air quality objectives against other social, economic or environmental objectives, particularly if the achievement of air quality objectives would result in unreasonable disruption or prevent the achievement of programs to cure serious economic and social problems. The procedures and criteria for balancing air quality-related land use and transportation plans against competing considerations would be elements of the implementation or compliance plan.

Improve Fuel Efficiency—We urge that a mandatory fuel efficiency program, establishing a minimum average fuel improvement of 40%, be incorporated into the Clean Air Act.

Our experience with auto pollution control shows that a voluntary fuel efficiency improvement program will not work. There is convincing evidence that we don't need to sacrifice auto emission standards to achieve increased fuel efficiency. A recent joint EPA/DOT report documented that a 40% increase in gas mileage can be reached by 1980 without altering the Act's requirements. The report also stated that fuel efficiency improvements by 60% would be reached by 1985. Additionally a report by the Committee on Motor Vehicle Emissions of the NAS came to a similar conclusion.

Assured Availability of Mass Transit Vehicles and Assistance—We recommend that the Congress and Administration take specific action to assure that bus manufacturers produce buses in adequate quantities and in time for effective utilization in air pollution impacted regions. State and local revenue sources need to be supplemented by major and long-term commitment of priority federal funding.

The effectiveness of land use and transportation planning and control programs depends largely upon the availability of attractive, convenient, and efficient alternatives to low-occupancy auto use. Buses would appear to play the biggest role in these efforts to reduce vehicle miles traveled. But bus availability is a severe problem to the Nation's cities. In Southern California it takes approximately nine to ten months from order to delivery to receive full supply of buses ordered.

In a recent report the Southern California Rapid Transit District (SCRTD) noted:

"Although the District had placed orders early in 1974 for 300 full-sized buses, the large backlog of orders made it impossible to receive delivery until December (1974), when General Motors units arrived."

A recent order by the SCRTD placed with Rohr Inc., of San Diego has been delayed for 4 to 6 weeks because of backlog problems, including a six-month backlog in wheel deliveries. Rohr bus production capability has decreased from 15 buses per day in 1970 to 8 a day in 1975. The President of Rohr, which produces about 35% of the municipal buses built in the U.S., recently stated that it is now turning down business because it can't get the money it needs to increase its production capacity.

The Congress has an urgent responsibility to generate expanded bus production in this Country. Such expansion may come about only if the Congress legislates appropriate controls and incentives. The Mayor believes that the Congress must act to require the auto industry to produce more energy efficient vehicles including smaller autos and more buses. Lastly, it should be pointed out that the bus production situation may be symptomatic of a larger issue, as the Mayor noted one year ago before the Senate Subcommittee on Antitrust and Monopoly:

"Congress has a responsibility to examine the auto industry which may be going through a major transitional stage, affording the nation an opportunity to redirect the priorities of the three major corporations which have such an enormous impact on the nation. If the Congress is reluctant to act, we may be faced with massive unemployment and economic stagnation, and subsequent calls for spending of billions of dollars to bail out the auto industry, as was the case recently with aerospace companies."

In closing Mr. Chairman, let me say that Mayor Bradley stands ready to work with the Congress to develop constructive amendments to the Clean Air Act. In this regard, such legislation must acknowledge the fact that California, and particularly Southern California, has severe health-related air quality problems. We will pursue our responsibility to institute transportation controls and other measures to minimize our air pollution generating activity. In return, new federal legislation must also maintain California's ability to deal directly with the auto industry and the need to develop new and more effective emission control systems, or better yet, basic new engines which will not require new add-on devices. The Mayor holds the position that a wholehearted retreat from the integrity of the Clean Air Act is not in the best interest of the Nation, especially California. It is his hope that the Congress will seek a positive and forthright course to protect the public health in the Nation's urban areas.

Thank you.

Testimony of William H. Lewis

I am Bill Lewis, representing the administration of Governor Edmund G. Brown, Jr. of California and the California Air Resources Board. The issue before you—amendment of the Clean Air Act—is of vital concern to the State of California. Governor Brown has repeatedly indicated that cleaning up the quality of the air in Southern California is one of his highest priorities. As you know, the air basins in which Los Angeles and the state's other major metropolitan areas are located are among the nation's most polluted.

We strongly support the purposes and goals embodied in the Clean Air Act. Therefore, except for possible modifications permitting extensions of the 1977 deadline for regions which cannot achieve compliance with the standards by 1977, we recommend that you not adopt any amendments to the Act which would weaken in any way our nation's commitment to have clean air. In addition, we urge that you do not adopt any amendment which would preclude the use of any available control strategy which could be used to clean up our air.

We believe that the deadline for attaining clean air throughout the country should continue to be 1977. We recognize however that some regions may require additional time to meet the air standards if they are to avoid the serious disruptive economic effects which would result from the transportation control measures necessary to achieve compliance by 1977. Therefore, we recommend that the Act be amended to permit the granting of extensions administratively pursuant to compliance schedules which will assure attainment. The development of a compliance schedule would require the various trade-offs necessary to be made to be addressed and would permit the flexibility necessary to design control strategies which would not have disastrous economic consequences.

It is clear that one of the most cost effective and significant ways to reduce photochemical smog is by decreasing the pollutants emitted by automobiles. Governor Brown and the California Air Resources Board are particularly concerned about the recent decision of EPA Administrator Russell Train to extend the statutory vehicle emission standards for 1977 and to recommend substantially less stringent standards for the years 1977 through 1981 than now are required under the Act. Mr. Train apparently favors this substantial relaxation of the standards because of an unproved possible danger to health which might result from sulfuric acid emissions from automobiles utilizing catalytic converters, even though there exist several feasible control strategies—such as the use of three-way catalytic converters or stratified charge engines or the desulfurization of gasoline—which would minimize the possibility of any adverse effects on public health from sulfuric acid emissions.

The California Air Resources Board has concluded that following the lead of the EPA is not in the best interests of the citizens of California. Accordingly, yesterday the Board established automobile emission standards for 1977 which are more stringent than the current California standards and more stringent than the standards proposed by EPA for any year prior to 1982. These standards are .41 g./mi. for hydrocarbons, 9.0 g./mi. for carbon monoxide and 1.5 g./mi. for oxides of nitrogen. The Board is concerned about the possible health effects of sulfuric acid emissions even though it feels the potential danger has been overstated by EPA. Therefore, the Board plans to establish sulfate standards for 1977 and 1978 at its April meeting which will be designed to eliminate the possibility that sulfuric acid emissions from automobiles will pose a public health problem in California.

The Board is convinced that the technology will be available and in production quickly enough to permit the 1977 and any subsequent standards to be met without unreasonable economic consequences to the automobile manufacturers or to California automobile purchasers. On the other hand, the adverse consequences to the state's effort to clean up its air by relaxing automobile emission standards would be devastating. It must be remembered that the effects of greater emissions of pollutants from automobiles will be felt for the life of the vehicles—generally estimated to be at least 10 years on the average. To relax the standards for one year would mean, for example, at least a 10-year postponement in cleaning up the air in Los Angeles. Subjecting the people of Los Angeles to this future is not a satisfactory alternative.

In summary, Governor Brown and the California Air Resources Board urge you to remain vigilant in your efforts to keep the Clean Air Act from being emasculated. We think the Act should allow extensions to be granted administratively to those regions which may need additional time to meet the basic national air standards so long as those regions formulate and implement acceptable compliance schedules. But we urge that no amendments to the Act be adopted which would change the basic national 1977 deadline for attaining clean air or preclude the use of any available control strategy which could be used to clean up our air.

THE FISCAL YEAR 1976 DEFICIT: ELBOWING OUT PRIVATE BORROWING OR FILLING A VOID?

Mr. HUMPHREY. Mr. President, the great recession continues to worsen. Real output has fallen for five consecutive quarters. Real unemployment is rising and is now close to 11 percent, if we include discouraged workers, unemployed workers, and those part-time workers seeking but unable to find full employment. Almost daily, we read of yet another new record-low economic indicator. In fact, the only reasonable period of comparison with today's economy is the Great Depression of the 1930's.

The solution to our recession is clear and has proven itself in the past. It is a temporary, sharp increase in Federal Government spending to take up the slack of our idle capacity now totaling almost $200 billion. This spending creates a budget deficit as well as demand; and that demand creates production, jobs and profits. These in turn create tax revenues, reduce tax outlays for unemployment assistance—and eventually eliminate budget deficits.

There is some controversy regarding the impact that the necessary Government deficit will have on our capital markets this year. Will the Federal borrowings to finance the deficit elbow private borrowers out of these markets? Or will the borrowings just utilize capital which would rest idle otherwise? I am convinced the latter case shall prevail while the administration disagrees.

Dr. Walter Heller has specifically addressed these questions, and I direct the attention of President Ford—and especially his economists—to an article by Dr. Heller entitled "Deficit: Where Is Thy Sting?" which appeared in the Wall Street Journal March 7, 1975.

Mr. President, I ask unanimous consent that this article be printed in the Record.

Deficit: Where Is Thy Sting?

(By Walter W. Heller)

As the Senate tackles tax cuts to fight recession and the Congress considers budget relief to succor the victims of inflation and unemployment, the legislators are being bombarded with dire warnings that the resulting deficits will crowd out private borrowing, push up interest rates and rekindle inflation. Lest they be unduly inhibited or even intimidated by this barrage of scare-talk about unmanageable and inflationary deficits, let them bear in mind four central facts.

First, the very forces of rampant recession that make tax and budgetary stimulus so imperative are the forces that open up a yawning financial gap for the deficit to fill. The deeper the plunge of the economy, the greater the shrinkage of private outlets for savings in the form of corporate borrowing, mortgages and consumer installment debts. In an economy running $175 billion below its potential, the deficit will help fill the void, not elbow out private borrowing.

Second, for clear thinking, the Congress and the country should divide budget deficits into two parts:

Type A, the passive deficits generated by the negative effects of recession and slack on the budget.

Type B, the active deficits generated by positive fiscal actions—tax cuts and budget boosts—to combat recession and take up economic slack.

The President's budget is referring to Type A deficits when it says, "If the economy were to be as fully employed in 1976 as it was in 1974, we would have $40 billion in additional tax receipts, assuming no change in tax rates, and $12.7 billion less in aid to the unemployed." This $53 billion is the mirror image of the deficit in output and jobs.

The quickest way to shrink and eventually end such Type A deficits is to incur Type B deficits via swift and bold tax cuts and budget hikes that will get the economy expanding again. Indeed, while such fiscal stimulus will temporarily enlarge the deficit—to perhaps $70 billion in fiscal 1976—it will also pay such large dividends in rapidly rising revenues that it will produce a smaller aggregate deficit for the '70s than would a more timid program.

Third, Congress can and should look to the Federal Reserve to accommodate the large deficit just as it has in past economic slumps. The White House clearly does so, as this passage from the President's Economic Report makes clear.

"One way of preventing significant displacement of private investment in a substantially underemployed economy would be to increase the rate of money supply growth to reduce federal financing pressures. Under such conditions, an increase in monetary growth need not be inflationary in the short run, especially if there is a large unsatisfied demand for liquidity."

In other words, in an economy that has fallen so far from the grace of full employment, the Fed can safely generate the bank reserves and expanding money supply required to ward off rising interest rates and crowding out of private borrowers. And having provided liquidity for today's dehydrated economy, it will have plenty of time to sop up any excess funds before the economy again nears the inflationary danger zone of full employment.

A REMOTE THREAT

Fourth, just as the swift slide into deep recession makes the return to high-pressure prosperity a distant prospect, so the rapidly dwindling price pressures make a resurgence of inflation a remote threat. In the face of a $175 billion shortfall of aggregate demand, falling commodity prices and the massive unemployment that is defusing a feared wage explosion, the hot blasts of inflation are turning into a warm breeze. Early in the year, under the prodding of my colleague George Perry of Brookings, I ventured the far-out forecast that inflation would ebb to a 5% rate before the end of 1975. But now our position at the end of the limb has been preempted by the economists of the First National City Bank who assert that "it is not unrealistic to expect inflation to fall back into the 3% to 4% range by the second half of this year."

Since the burden of proof that the fiscal problem is manageable has strongly been shifted by the creators of the problem to their critics, let me elaborate on each of the foregoing points.

On the first, namely that the recession is drying up credit demands in the private sector and thus freeing funds to finance the Treasury deficit, one quickly finds supporting evidence in both the global and sectoral flow-of-funds figures. For example, the most recent Salomon Brothers' analysis shows total net demand for credit shrinking from $185 billion in 1973 to $163 billion in 1975, even with a jump of $31 billion in federal (including agency) borrowing. Total business and household credit demands are estimated to shrink from $150 billion in 1973 to $95 billion in 1975. Bearing in mind that a fully functioning economy in 1975 could have produced a $200 billion supply of credit, one may conclude that a federal deficit considerably larger than $50 billion could be accommodated without unbearable strains in 1975.

The Morgan Guaranty Survey for February, after carefully matching shrunken private credit demand and expanded Treasury needs (even if these run to $60 billion in calendar 1975) concludes that "the interplay of steep declines in economic activity and easing monetary policy affords latitude for an orderly matching of the supply and demand for credit during 1975. As this process unfolds, the near-hysterical whoops in some quarters of an impending financial crunch should subside." Amen!

Turning, second, to the salubrious effect of economic expansion on the federal deficit, one should bear in mind the following numbers:

Under present tax rates and transfer programs, the federal revenues at full employment would run about $20 billion to $25 billion ahead of expenditures in 1975.

For every $10 billion narrowing of the $175 billion GNP gap, federal revenues rise by about $3 billion and transfer payments shrink by about $1 billion—a handsome return on the investment in expansionary fiscal policy.

The $12 billion tax cut in 1964 (which translates into a $25 billion tax cut today) more than paid for itself by 1965, and, indeed, had produced enough economic expansion to generate a surplus in the federal budget by mid-1965 prior to the Vietnam escalation.

On the third point relating not just to the Federal Reserve's unquestioned ability but to its willingness to accommodate a vigorous attack on recession, one can truly say that the Fed has hardly begun to fight. True, the plummeting demand for credit has pulled short-term rates down dramatically. But its efforts to inject funds into the economy and help stem the tide of recession have been too feeble to register on the M–1 seismograph in recent months. The most optimistic reading of this failure is to assume that the Fed will practice "percentage averaging" and allow itself at least a spell of the 8% to 10% growth rate in money supply that ought to be standard procedure in an economy cursed by the deepest and longest recession since the Great Depression and blessed by waning inflation.

Just a word to those who feel that all our policy instruments are tilted in an inflationary direction: Rest assured that the Federal Reserve, with its chronic allergy to inflation reinforced by searing memories of its untimely expansiveness in 1968 and 1972, will be a trigger-happy guardian at the gates of inflationary hell as economic recovery takes hold. One is reminded of Justice Holmes' dictum that "the power to tax is the power to destroy" and Justice Brandeis' rejoinder, "Yes, but not while this court sits." As the Federal Reserve gingerly shifts from the brake to the accelerator, apprehensive of the inflationary legacy it might leave, it would do well to bear in mind that "the power to expand the money supply may be the power to destroy price stability—but not (necessarily) while the Federal Reserve Board sits."

AN HISTORICAL NOTE

On the fourth point, the evidence that the inflationary tide is going out is mounting month by month. As an historical note, one should mention that the Ford energy program would have reversed that tide by tacking three percentage points onto the inflation rate. But the Congress will not let that happen.

In a rather curious switch, White House spokesmen are more pessimistic on inflation forecasts than most private forecasters. Yet with sensitive commodity prices off nearly 30% in the past three months, with food prices destined to drop if crops are normal, with woefully weak labor markets holding average earnings increases below double-digit levels, and with the Consumer Price Index already easing from a record rise (at annual rates) of 14% last summer to about 7% in January, it is hard to see what will keep inflation from dropping to 5% or below in the second half of 1975.

As an added starter, let me bring in a fifth point in the form of a question: Wherein lies monetary prudence and fiscal responsibility? Was it prudent and responsible (a) to press monetary tightness and fiscal toughness to the point of plunging the economy into a near depression, and (b) brush aside those of us who sounded recessionary alarms with soothing reassurances that the economic slide was a mere "energy spasm" or "phantom recession," or "sideways waffling"?

The same disciples of "prudence" and "responsibility" who overstayed tightness and overdid toughness are now counselling caution and urging the Congress to think small on tax and budget policy lest it plunge us into financial perdition and inflationary ruin. But the country would pay a heavy price in prolonged stagnation and stubborn deficits if Congress made the mistake of identifying prudence with timidity and fiscal discipline with niggardly tax cuts and budget parsimony.

In short, the Congress can prudently proceed with a strong program to reverse the recession and revive the economy. No fears of unmanageable deficits or imminent inflation need stay its hand. This is not to say that financing the deficit will be simple nor that it will be accomplished without a pinch here and a bind there. But sources ranging from impeccable to unimpeachable seem to agree that, with a responsive Federal Reserve, the huge deficit can be managed at low interest rates, with little displacement of private investment and without rekindling inflation.

GROWING OPIUM IN THE UNITED STATES

Mr. MONDALE. Mr. President, yesterday the Washington Post reported that the United States is once again considering growing opium. In addition, the administration is studying the possibility of importing a large quantity of opium from Turkey. Reportedly, these steps are being considered because the United States suddenly faces a great shortage of opiates.

I have serious questions about the nature of this so-called shortage and grave reservations about the policy options apparently under consideration by the administration.

At a recent conference of the American Medical Association, it was estimated that America's annual medical use of opium derivatives has doubled in the past 6 years. Administration spokesmen claim that the reason for this is the steady growth in the number of persons covered by Government and other health plans.

But only a few months ago, the New York Times reported that it was the Drug Enforcement Administration's view that the drastic increase in the use of opiates was largely due to increased consumption of cough medicines. And the Drug Enforcement Administration expressed grave concern that these cough medicines were being used more and more by America's young people. In other words, the illegal diversion of legal medicines into the hands of our young people was considered only a few months ago to be the main reason for the dramatic increase in the consumption of opiates in the United States. The administration now wants to find ways to better feed this habit.

It is not clear that this shortage is indeed a crisis. And, it is even less clear that the United States must take the step of growing opium domestically, with all of its dangers—potential for corruption and diversion—let alone reward the Turkish Government for taking a step that we so long urged them not to do, which is to resume the growth of opium poppies.

Now we are told that the Turkish Government has purportedly adopted a new process which will help insure against diversion. However, the fact is that we do not know whether this process is going to be effective in keeping heroin made from opium grown in Turkey off the streets of American cities. The Drug Enforcement Administration officials are very careful to say that they are still worried about Turkish resumption of poppy growth, even though they are hopeful that reasonable controls can be established.

I also hope reasonable controls can be established. And, if after careful scrutinizing it turns out that we do indeed need to purchase opium abroad I hope that our policies will encourage the responsible growth of opium poppies. I do not believe that we should buy opium from countries who do not have effective controls barring illegal diversion.

Mr. President, the President of the United States has the authority, at the present time, to permit the growing of opium in this country and to allow importation of opiates from Turkey. However, as I have just indicated, these are grave steps to take. The Congress should inform itself as to whether it is, in fact, and desirable necessary to meet the skyrocketing demand for opiates in this country and, if it is, what kinds of policies and conditions should be associated with either importing opiates from Turkey or taking the unprecedented step of growing opium here in the United States. I believe there should be a thorough investigation of this issue, and I intend to pursue it through the relevant committees.

Mr. President, I ask unanimous consent that the following article from yesterday's Washington Post be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Opium-Short U.S. Turns to Turkey

(By Victor Cohn)

Faced with a critically short opium supply, American makers of pain-killing drugs are bidding—with federal approval—for the opium that Turkey is once more growing despite U.S. protests.

A Federal Opium Policy Task Force is also considering the growing of opium poppies in this country, a special assistant to the director of the Office of Management and Budget disclosed yesterday.

Though the government has announced no official change in its opposition to Turkish opium production, federal officials agreed yesterday that increased imports, including imports from Turkey, are urgently needed to make the codeine and morphine that a growing number of American patients are using.

They did so at a conference called by the American Medical Association to deal with what it termed an "imminent critical" opium shortage, and what the New England Journal of Medicine has called "a threatening medical crisis."

About 100 government, AMA, industry and university officials and scientists heard testimony that American medicine's annual use of opium derivatives to relieve pain has nearly doubled in the past six years—from 22,000 kilograms in 1969 to 38,000 in 1974 and an estimated 41,000 in 1975.

"The apparent reason is a steady growth in the number of persons covered by government and other health plans. In short, more people are getting medical care," said Donald Miller, chief counsel of the Justice Department's Drug Enforcement Administration.

"This means American firms are going to be importing opium from anyplace they can get it," Edward E. Johnson, special assistant to the director of OMB, said in an interview. "This includes Turkey."

In fact, he said, drug firms now have only a three-month opium supply "in the pipeline," and "we are thinking this year we will import" concentrate representing from a fifth to a third of an estimated 16,000-ton Turkish crop.

Last year some members of Congress threatened to cut off all forms of aid to Turkey if that nation resumed the poppy growing it halted in 1973 at American urging. Opium poppies produce a gum from which morphine and its even more powerful derivative, heroin, as well as codeine can be made.

"We are still worried" over Turkey's resumption this year of poppy growth, Miller said, "but we are less worried" because of new Turkish government rules. It has forbidden farmers to extract crude opium—or opium gum—from the pods of the poppy plants, he explained.

Instead, Turkey will seek to ship only "opium straw"—the baled pods themselves, or their husks, a far bulkier product much easier to detect and harder to hide and divert into illegal channels.

The straw must be processed into a concentrate in one of several countries, and U.S. firms then must import it, since none has straw processing facilities yet.

Dr. Malcolm Todd, AMA president, wrote President Ford last October urging that enough poppies be cultivated to make the nation independent of outside sources.

"It is one of our options," Miller said in an interview. "But there is absolutely no plan to do it. We're investigating it."

He had just told the conference, "Our task force is very aware of the need for some decision, and we'd like to make one this summer. If one is made by July or August, there would probably still be time to sow the first crop in the autumn."

The poppy being considered for growth here is a perennial, not the annual grown in most parts of the world, and the first crop could not be ready for two or three years.

"There is still a lot of controversy," said Miller, about how easily criminals might obtain derivatives of this poppy for street drugs.

THE GENOCIDE CONVENTION: A CLARIFICATION OF TERMS

Mr. PROXMIRE. Mr. President, some critics of the Genocide Treaty have raised a question over the phrase defining genocide as "acts committed with intent to destroy in whole or in part, a national, ethnic, racial, or religious group." Their concern arises in the phrase "in whole or in part," the question being: What defines "a part" of a group?

The point is well taken. However, as the section on individual rights of the American Bar Association states:

> In the context of this Convention, there can be no doubt about the distinction between intent to destroy a national, ethnical, or racial group, and intent to destroy some individuals belonging to the group. Nothing in the history of the United States since the early Indian wars quite adds up to Genocide within the meaning of this Convention. If any race riot, lynching or comparable event ever grew to the scale approaching genocide as defined in the Convention, the international obligation would surely add nothing to the determination of our own state and federal authorities to bring the perpetrators to full justice.

The phrase has been included to preclude the argument that destruction of a large part of the group was not genocide on the grounds that not all of the members of the group were killed. The total destruction of an entire group of people is, practically speaking, impossible. When the treaty was first formulated, the U.N. committee regarded the words "in part" a necessity for this reason.

I hope this exploration dispells some of the unfounded anxieties. I urge ratification of a genocide treaty.

THE PLIGHT OF THE CATTLE INDUSTRY

Mr. McGOVERN. Mr. President, I received a copy of a letter from the Honorable Richard F. Kneip, Governor of my home State of South Dakota, to the Honorable Henry Kissinger, Secretary of State.

In his letter, Governor Kneip emphasizes several critical points which are currently having extremely negative effects on our Nation's cattle industry.

As a personal friend of Governor Kneip, I can attest to his familiarity of the cattle industry and his acute sensitivity to the needs of the people of South Dakota. I think his message is clear and his suggestions sound.

For these reasons, Mr. President, I ask unanimous consent that Governor Kneip's letter to Dr. Henry Kissinger be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

MARCH 12, 1975.

Hon. HENRY KISSINGER,
Secretary of State, U.S. State Department, Washington, D.C.

DEAR MR. SECRETARY: I have recently been advised that the U. S. State Department is negotiating with certain meat exporting countries to increase meat shipments to the United States by 100 million pounds. If this is true, I want to protest the proposed action.

At the present time, our meat industry is in one of the worst economic conditions it has ever witnessed. This is especially true with the cattlemen. Equity in the cattle industry in South Dakota is only 44% of what it was just one year ago. That results in a one billion dollar loss in this state alone and that does not reflect the additional loss on those cattle already sold.

I should not have to remind you that it is not only the cattlemen that are being ruined but a tremendous impact is being placed on the economic well-being of the state and the entire nation. It seems inconceivable to me that at a time when conditions such as these exist and when cattlemen all across the nation are asking for reductions in meat imports, our government can be negotiating such an increase. Traditionally, cattlemen have asked for very little government help. Now they are in more trouble than most of them can handle—much of it the result of some ill-advised government intervention. The very least they should have to expect is that the government will not work against their best interest.

I fully realize that Agriculture has a very favorable balance of payments. We in agricultural America appreciate that and are proud of it as it benefits the entire nation. However, the cattle industry has been on the wrong side of this balance for a long time and now needs some relief. It has often been said that we import meat because we do not produce enough of the low-grade meat that is comparative to that shipped in. This is not true today. We have a surplus of cows that need to go to market but are not because of the disastrously low price. Cattlemen in South Dakota have now begun storing cow beef in a "Beef Bank" because of the need to get them out of production. They cannot afford to sell them.

May I suggest to you, Mr. Secretary, that any negotiation for increasing meat imports be stopped and, in contrast, an immediate, complete embargo on all red meat be instituted while negotiations take place to develop a more stringent import quota that will reflect a degree of concern for this very hard-pressed nationwide industry.

Your fullest consideration and cooperation will be appreciated.

Sincerely,

RICHARD F. KNEIP,
Governor.

PRISONERS OF WAR AND MISSING IN ACTION

Mr. TALMADGE. Mr. President, we are all aware that a full and accurate accounting of the Americans missing in Southeast Asia has not been forthcoming, as was promised in the Vietnam cease-fire agreement of 1973.

Our involvement in the wars in Southeast Asia has divided our people more deeply than anything since the war between the States, and a key part to bringing about a healing of wounds is just such an accounting.

As in many other States, there has been an executive proclamation voicing support from our people for efforts to increase awareness of the POW/MIA situation.

I ask that an executive proclamation from the State of Georgia be printed in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

PROCLAMATION BY THE GOVERNOR

Whereas, the Vietnam Cease-Fire Agreement was signed in Paris, France, in January of 1973; and

Whereas, the provisions of that agreement called for the return of American Prisoners of War and an accounting of the Men Missing in Action; and

Whereas, today, almost two years later, the fate of 1,300 of our men who were prisoners or missing in Vietnam, Laos, Cambodia, or China is unknown; and

Whereas, the National League of Families and VIVA (Voices In Vital America) have undertaken the task of focusing attention on the plight of our Prisoners of War and Missing Men; and

Whereas, part of this effort is in the form of a rededication to freedom; now

Therefore, I, Jimmy Carter, Governor of the State of Georgia, on behalf of the citizens of Georgia, do hereby proclaim our support for the many fine endeavors to increase awareness of the plight of our Prisoners of War and those Missing in Action.

TRUTH IN SPENDING ACT

Mr. BEALL. Mr. President, on March 10, 1975, I introduced S. 1116, the "Truth in Spending Act."

Since the measure's introduction, I am pleased to announce that the following Senators have subsequently agreed to cosponsor this measure: Senators CURTIS, DOMENICI, and YOUNG. I ask unanimous consent that they be added as cosponsors.

Also, when I introduced the measure I inserted a cost-per-taxpaying-family chart listing selected authorization and appropriation measures in the previous Congress—see page 5797 of the March 10 RECORD—and one measure which the Senate had passed this year.

I have now upgraded the table for the 94th Congress to include the Surface Mining Control and Reclamation Act which passed last week. I ask unanimous consent that this new table be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

94TH CONGRESS

A. SELECTED AUTHORIZATION MEASURES

Bill	1975		1976		1977		1978		1979		1980		Total	
	Authorization	CPTF	Authorization	CPTF	Authorization	CPTF	Authorization	CPTF	Authorization	CPTF	Authorization	CPTF	Authorization	CPTF
Regional Railroad Reorganization Act (S. 281 as passed by the Senate Feb. 28, 1975)	$347,000,000	4.04											$347,000,000	4.04
Surface Mining Control and Reclamation Act of 1975 (as passed by the Senate Mar. 12, 1975)	10,200,000	.12	$85,300,000	1.03	$85,400,000	1.03	$65,400,000	0.79	$65,400,000	0.79	$65,400,000	0.79	377,100,000	4.55

EVERYBODY—BUT EVERYBODY—EXCEPT THE FORD ADMINISTRATION CALLS FOR EMERGENCY HOUSING LEGISLATION

Mr. PROXMIRE. Mr. President, the record low level of homebuilding activity announced Tuesday by the Department of Commerce further emphasizes the serious crisis facing the homebuilding industry at this time. Housing starts in February were at an annual rate of 977,000 units, the second lowest level since World War II. This is a slight reduction from the 996,000 figure for January and a little better than the December figure of 880,000—the lowest since World War II. Even worse was the building permit figures of 682,000 units in January and 673,000 in February. These latter figures portend a continued depression in homebuilding for some months to come.

The crisis in housing today not only affects the homebuilding industry and related building suppliers, but it means further postponement of meeting our national goal of a decent home for all our people. There is very little, if anything at all, being done at this time to provide housing for our lower-income people.

Furthermore, all of us know how important housing construction is to the economy. Experience with previous recessions demonstrates the important part that housing construction has played to stimulate employment and get our economy back to normal levels.

With unemployment running close to 9 percent, we should make an extraordinary effort to encourage home construction. Most people agree that Government bears a positive responsibility to use its resources to help revive the homebuilding industry which in turn would help solve one of the most serious economic recessions of our Nation since the thirties.

Most responsible people agree that

crises of this sort will not solve themselves, but must be aided by Government intervention. Strangely enough, the Government itself does not agree. Our Committee on Banking, Housing and Urban Affairs is now conducting hearings on emergency housing legislation. Several bills to help solve the housing crisis are pending before us. We have had 4 days of hearings and note the uniformity of opinion among most of the witnesses that there is a housing crisis and that something should be done by Government to help solve the crisis. I say "most" because we do have some who disagree. Who would you guess they are? None other than the representatives of the administration. Mr. James L. Mitchell, the Under Secretary of HUD, and Mr. Thomas Bomar, Chairman of the Federal Home Loan Bank Board, gave the surprising testimony that nothing needed to be done at this time. This is hard to understand in face of the facts on housing activity with which even they could not disagree.

Other witnesses, including representatives from mortgage bankers, homebuilders, labor unions, and the financial institutions, almost unanimously agreed that something must be done now. Most significant to me was the hearing record of today in which all the representatives of the financial institutions—the commercial banks, mutual savings banks, and the savings and loan associations—strongly urged action on the part of the Congress to provide Government assistance to revive the home building industry.

I would like to summarize briefly some of the comments of the witnesses on this issue:

Mr. Rex Morthland, American Bankers Association, said:

> The American Bankers Association favors immediate enactment of a temporary emergency program to stimulate the construction and purchase of homes.

Mr. Morthland provided the committee with guidelines in enacting such legislation which were well-conceived and which will be helpful to us in arriving at a final bill to report to the Senate.

Mr. Tom Scott, U.S. League of Savings Associations, said:

> We applaud the Subcommittee's resolve to explore legislation to stimulate home production and sales.

Mr. Scott went on to say that the most serious impediment to revived homebuilding "is the pervasive lack of consumer confidence." He suggested, however, that any Federal program proposed to help restore homebuilding "be pursued through the existing financial institutions, notably the saving and loan associations."

Apparently Mr. Scott is optimistic that the turnaround has occurred in housing, but realizes that unless additional incentive is provided, homebuilding will not reach the levels needed to affect unemployment and the economy so badly needed in the months ahead.

Mr. Norman Strunk, who accompanied Mr. Scott, referred to the savings gain by savings and loan associations amounting to over $3 billion in each of the last 2 months, and claimed that once again his associates were ready to make mortgage loans. Under questioning, he admitted that the interest rates to be charged for these loans would continue high and would probably not come down in the coming months far enough to attract reluctant buyers into buying homes.

Mr. Saul Klaman, National Association of Mutual Savings Banks, said:

> Mounting inflation and deepening recession have created increased imbalances between housing costs and consumer incomes. The confidence of consumers has been so badly eroded that they are unwilling to make long-term commitments inherent in housing purchases.

Mr. Klaman urged immediate action, but suggested that the committee look hard at existing programs before writing new ones. He said that careful consideration should be given to modifying one or more of the existing programs to accomplish the objectives of the bills.

Mr. President, let me repeat what I said earlier—practically every witness appearing before the committee confirmed the belief that we are in a crisis. Housing construction, with its labor intensive impact, is the best economic activity to put people to work and restore the economy to its normal level. Housing construction cannot be restored, however, without Government intervention. Something must be done, and it should be done now, not later.

I regret that the administration does not see this. I am only hopeful that they will read the proceedings of our hearings and be convinced, as I am, that we must proceed with new legislative authority as soon as possible.

THE ROCK ISLAND RAILROAD

Mr. CLARK. Mr. President, yesterday the Rock Island Railroad filed for bankruptcy. The emergency financial condition of the railroad has serious implications for the Nation's rail system and our sagging economy. A shutdown of the line would be especially disastrous in Iowa because the Rock Island's service is concentrated most heavily in our State.

Fifty-eight trains and 1,960 miles of track—the most of any State—would be abandoned, 2,100 Rock Island employees would lose their jobs, and nearly 40,000 Iowa citizens would be seriously affected. The movement of grain in Iowa and the rest of the Midwest also could be seriously disrupted. The Rock Island moved some $2.5 billion worth of grain in 1974, and it has been estimated that 1,668 grain elevators would be left with no rail service if Rock Island's services were shut down. In summary, a termination in service would result in a nightmare for the whole State: Employees, farmers, consumers, business, and local communities.

The one clear conclusion to emerge from this sudden—and complex—crisis is that it is imperative that the lines continue to operate.

It is my understanding, however, that sufficient remedies exist in the current laws to prevent the complete collapse of the Rock Island's services and keep its employees on the job for perhaps up to 7 or 8 months. Under the section 77 proceedings of the Bankruptcy Act, the court will attempt to reorganize the company in an effort to keep the line running. In addition, as soon as the bankruptcy proceedings were filed, the Rock Island became eligible for $23 million of uncommitted funds under the Emergency Rail Service Act of 1970 which could enable the Rock Island to continue service through the harvest season. The feasibility of making this money available is being explored by the Department of Transportation.

Finally, the Interstate Commerce Commission is preparing to order other railroads to assume the service for a minimum of 60 days and a maximum of 240 days. On Monday, I sent a telegram to the ICC Chairman requesting information regarding when and what steps the ICC is prepared to take under this law. Tuesday, I followed up with a letter to the Chairman urging that rail service to those rural areas and grain elevators which are currently served exclusively by Rock Island be continued and that there be no delay in exercising the ICC's authority after March 31 or whenever a halt in service is threatened. Clearly, these are the paramount concerns in this situation.

On March 10, the Surface Transportation Subcommittee of the Senate Commerce Committee held hearings on the crisis to get all the facts and to examine the available alternatives. At that time, I testified about the impact of a shutdown in Iowa and the folly of any national effort to restore efficient rail service to one part of the country—that is, Penn Central—at the expense of rail systems in other parts of the country. As a result of those hearings, the full Commerce Committee today reported a bill, S. 917, which will enable the ICC to continue service on the Rock Island lines beyond the existing period of 240 days and which contains the authority for the legal protections sought by the affected employees of the Rock Island Railroad. Of course, it is imperative that any permanent solution to this problem also continue the rail service to the rural areas and grain elevators which are currently served exclusively by Rock Island.

Mr. President, Congress takes no delight in confronting imminent railroad shutdowns and the "permanent emergency" situations that have come to characterize the Penn Central. Neither the Federal Government nor the railroads should have to operate from crisis to crisis. But the Rock Island bankruptcy has given us a new emergency with obvious implications for the Nation's farmers and consumers—indeed, for the entire economy. The Rock Island service must be continued until a permanent solution is formulated, and that permanent solution must assure continuation of service to the Rock Island's rural customers who depend on this service for their economic livelihoods.

LAND REFORM IN PHILIPPINES TOO SLOW

Mr. MAGNUSON. Mr. President, I would like to take this opportunity to call to the attention of my colleagues an article that appeared recently in the

Seattle Post-Intelligencer concerning land reform in the Philippines. A critical assessment of the progress of that nation's program is provided by Dr. Roy L. Prosterman, a professor at the University of Washington and one of the Nation's foremost experts on land reform. I have collaborated with Dr. Prosterman on a number of issues in the past and have found his assistance invaluable.

In the article, Dr. Prosterman is cited as warning of the dangers inherent in the fact that the Philippine land reform program is at best only 1-percent completed. The goal of this program is to breakup the large landowners' estates and return them to the small farmers, a step which would raise food production greatly and would provide both a stable income and a sense of security to many poor Filipinos. President Marcos has promised to implement the reform program, but action to date has been limited, a fact which lends encouragement to revolutionary groups within the country. As. Dr. Prosterman points out:

> If President Marcos does not speed up the program—and it takes the man at the top to do that kind of thing—the Philippines may endure a cyclone of revolution in the future.

Mr. President, I ask unanimous consent that this article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Land-Reform Expert Assails Marcos Delay

(By Jack Doughty)

America's leading land-reform expert, and closest foreign adviser to the Philippine government on its land-reform program, yesterday strongly criticized the progress of that nation's program.

"After more than two years, land reform is less than one per cent complete," Professor Roy Prosterman, University of Washington, said.

"If President Marcos does not speed up the program—and it takes the man at the top to do that kind of thing—the Philippines may endure a cyclone of revolution in the future."

Prosterman, an adviser to the Philippines by invitation, made his comments in the face of last week's overwhelming referendum victory by Marcos.

Marcos won 90 per cent support for his martial law rule in the election.

"Even if taken at face value, the most the victory proves is that the Filipino people still believe his promises." Prosterman said. "A major promise was emancipation of the tenant. A 90 per cent victory means Marcos has farther to fall in the future if he doesn't meet the expectations of the people."

Goal of the program is to transfer land to 700,000 sharecropper families who pay 25 to 50 per cent of their crop to landowners.

These landless farm families constitute up to 90 per cent of the population in many villages of central Luzon.

Operating out of that region close to Manila, the communist Hukbalahaps and New People's Army have used rural support to threaten Philippine stability since independence in 1946.

Shortly after his Emancipation of the Tenant decree of Oct. 21, 1972, Marcos told this reporter the land-reform program was a key reform of his administration.

"I cannot overstate the fact that everything, in terms of our overall national reforms, hinges on land reform and bringing satisfaction to the landless," Marcos said.

"We have to keep moving and let our people know we are moving. If at any time the peasants feel we are not going to fulfill our promise to them, they will support any ideology presented to them. The communist New People's Army is lurking in the wings ready to pounce at the first sign of hesitation by us to drive on with our new society."

The process between an Emancipation decree and actual transfer of land is slow and painful at best.

Land and land owners (kicking and screaming all the way to the sale) must be identified, preliminary titles must be printed, the land must be valued, and finally the landlord paid off by the Philippine Land Bank, at which point the landlord stops collecting rent.

To date, Prosterman said, only 75,000 tenants have received preliminary titles, only 17,000 are on land that has been valued, and only 4,403 farm families have been emancipated through actual payments to the landlord.

"And that's less than one per cent," Prosterman said, "an extremely discouraging figure."

Prosterman, who has just concluded his eighth advisory visit to the Philippines, blamed "red tape that should have been cut months ago, and decisions of some key administrators who are very close to the landlords."

"In recent weeks," Prosterman added, "the government has promised a speedup in land valuation and payment. That's fine if it happens. The Filipinos are, of course, totally free to lie down on any program they want. But I don't think they should enjoy a good press in the U.S. on asserted progress when in fact they have achieved so little."

Prosterman said he was speaking to the kinds of facts which were not revealed by Americans "working with Diem on his make-believe land reform program in Vietnam in the late 1950s."

At the same time, Prosterman believes Philippine land reform can be achieved to the same degree as "Japan's, Taiwan's and South Korea's—if there is political will at the top."

Rice production in those three countries, which have gone through successful land reform, is two to three times as great per acre as in the Philippines.

"Ownership of the land" Prosterman emphasized, "coupled with good government support, motivates the individual to that degree."

"The Philippines can definitely muster the administrative talent and call up the financial resources to do the job, if that's really what President Marcos wants."

The U.S. should help with foreign assistance resources if the program commences to move, Prosterman said.

"At the same time we should make it totally clear that the ball is in Marcos' court. If he flubs it, the Philippines may well become Asia's next tragedy. But it will not become America's."

Mr. ROBERT C. BYRD. I suggest the absence of a quorum, and I hope that the Chamber will be cleared shortly.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, there will be no more business tonight except morning business. I wish the Sergeant at Arms would clear the Chamber so that we can have some order.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination reported earlier today by the Committee on Armed Services.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

GOVERNOR OF THE CANAL ZONE

The second assistant legislative clerk read the nomination of Maj. Gen. Harold R. Parfitt to be Governor of the Canal Zone.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the two nominations on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations will be stated.

THE JUDICIARY

The second assistant legislative clerk read the nomination of Anthony M. Kennedy, of California, to be U.S. circuit judge for the ninth circuit.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF JUSTICE

The second assistant legislative clerk read the nomination of Ronald T. Knight, of Georgia, to be U.S. attorney for the middle district of Georgia.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of the nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

TIME-LIMITATION AGREEMENT

Mr. ROBERT C. BYRD. Mr. President, this request has been cleared with the distinguished Republican leader, Mr. Hugh Scott; with the ranking member on the Committee on Agriculture and Forestry, Mr. Dole; with Mr. Curtis, who is a member of that committee; with Mr. Eastland, who is a member of the committee; and with Mr. Talmadge, who is a member of the committee.

I ask unanimous consent that at such time as the farm bill has been called up and made the pending business before the Senate, there be a 2-hour limitation on the debate thereon, the time to be equally divided between Mr. Talmadge and Mr. Dole; that time on any amendment be limited to 30 minutes; that time on any debatable motion or appeal be limited to 20 minutes; and that the agreement be in the usual form.

The PRESIDING OFFICER. Is there objection?

Mr. STENNIS. Mr. President, reserving the right to object—and I do not object—I did not understand when the bill was coming up. Is that tomorrow?

Mr. ROBERT C. BYRD. No; the agreement would just apply when the bill was called up.

Mr. STENNIS. I thank the Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS FROM TOMORROW UNTIL 9 A.M. ON SATURDAY, MARCH 22, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on tomorrow, it stand in recess until 9 a.m. on Saturday.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL 8 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, is the Senate convening tomorrow following an adjournment or following a recess?

The PRESIDING OFFICER. Following an adjournment.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 8 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETING DURING SENATE SESSION TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Subcommittee on Criminal Laws and Procedures of the Committee on the Judiciary be given consent to meet while the Senate is in session tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 8 a.m. tomorrow, following a recess. After the two leaders or their designees have been recognized under the standing order, Mr. Weicker and Mr. Kennedy each will be recognized for not to exceed 15 minutes and in that order.

Upon the disposition of those two orders, the Senate will resume consideration of the Tax Reduction Act of 1975, and the distinguished Senator from Michigan (Mr. Philip A. Hart) will be recognized at that time to offer an amendment, on which there will be a 20-minute limitation. Presumably a rollcall vote would be asked for and would occur.

Upon the disposition of that amendment, the Senator from California (Mr. Tunney) will be recognized for the purpose of calling up an amendment on which there is a 15-minute limitation. Again, a rollcall vote could occur.

Upon the disposition of that amendment, 15 minutes will be allotted to the amendment by Mr. Domenici.

After that amendment is disposed of, Mr. Javits will call upon an amendment on which there is a 10-minute limitation, following which Mr. Helms will call up an amendment on which there is a 10-minute limitation, after which Mr. Percy will call up two amendments on which there is a time limitation of 10 minutes each.

At the conclusion of the action on those two amendments, Mr. Hathaway will call up an amendment on which there is a 10-minute limitation.

Upon the disposition of the Hathaway amendment, the 1 hour will begin to run, under Senate rule XXII, on the motion to invoke cloture.

I ask unanimous consent that the hour be equally divided between Mr. Long and Mr. Curtis.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. What occurs after the vote on cloture will depend upon the outcome of that vote. If that vote carries, then action will continue on the Tax Reduction Act of 1975, to the exclusion of all other business; if the vote on cloture does not carry, I think we are in for about the same thing.

Mr. President, for the protection of all Senators I ask unanimous consent that no rollcall vote occur tomorrow morning prior to 8:50.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 8 A.M. TOMORROW

Mr. MORGAN. Mr. President, I move, in accordance with the previous order, that the Senate stand in recess until 8 o'clock tomorrow morning.

The motion was agreed to; and at 8:07 p.m. the Senate recessed until tomorrow, Friday, March 21, 1975, at 8 a.m.

NOMINATIONS

Executive nominations received by the Senate March 20, 1975:

IN THE AIR FORCE

Maj. Gen. William Lyon, [redacted], U.S. Air Force Reserve, for appointment as Chief of Air Force Reserve under the provisions of section 8019, title 10 of the United States Code.

IN THE NAVY

Adm. Ralph W. Cousins, U.S. Navy, for appointment to the grade of admiral, when retired, pursuant to the provisions of title 10, United States Code, section 5233.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 20, 1975:

DEPARTMENT OF JUSTICE

Ronald T. Knight, of Georgia, to be U.S. attorney for the middle district of Georgia for the term of 4 years.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

THE JUDICIARY

Anthony M. Kennedy, of California, to be U.S. circuit judge for the ninth circuit.

CANAL ZONE GOVERNMENT

Maj. Gen. Harold R. Parfitt, [redacted] U.S. Army, to be Governor of the Canal Zone for a term of 4 years.

EXTENSIONS OF REMARKS

SEVEN CENTURIES OF TYRANNY IN IRELAND

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. ZEFERETTI. Mr. Speaker, St. Patrick's Day has just been celebrated again in our country and everybody has had a wonderful time, as usual. The toasts have been drunk and everybody agrees that the Irish are great poets, marvelous in battle and boon companions. And everyone forgets all about the real story behind the Irish and Ireland for another year. That is a tragedy almost as great as the misery of Ireland today.

Ireland as we know it now has known the conquering sword and boot of Great Britain for approximately 700 years. The Irish never tolerated that rule willingly, struggling against all odds to assert their rights as people and unique individuality.

Periodically, that group feeling expressed itself in violent upheaval, as again and again the Irish people sought to show Britain they considered foreign domination intolerable.

British rule in most of Ireland during these centuries took the most dictatorial forms. In essence, the Roman Catholic Irish had the right to die and pay taxes to absentee landlords who sucked wealth from the land and life from the people. In a country where Roman Catholicism had deep, permanent roots, the Irish people were made to feel strangers in their own land, as a forcefully imposed criminated against them because of their and established Anglican Church disfaith and constant devotion to its tenets.

Ireland groaned under the yoke of such tyranny for centuries, as her young people migrated in their hundreds of thousands, often to help build other lands with their faith, strength, and abilities. America was one such land blessed by their labors.

Those who chose to stay in Ireland often resorted to violent resistance to Britain, paying for their devotion to their national ideal with their lives. There are few corners of Ireland today that cannot bring forth legitimate tales of Irish patriots publicly executed and left to rot as an example to their kinfolk.

Yet still the Irish fought back, making one era after another bloody with their resistance and everlasting determination to at least be masters in their own homeland. More than half a century ago, Great Britain, at last wearying of unending strife and Irish resistance, relinquished her grip over a large portion of Ireland, allowing creation of the free nation of Eire. Yet the northern portion of that land remained under direct British rule. Today that part of Ireland concerns us directly, for it is there that old hatreds and colonialism still thrash about together in deadly embrace with nationalism, patriotism, and determination to prevail on the part of an ancient people.

Approximately half a million Roman Catholic Irish live in what is known as Ulster, or Northern Ireland. Since creation of Eire and separation of Ulster, Catholics of that northern area have been actively reduced, in terms of legal rights, to second-class citizens on a par with blacks in our 19th-century South, and Italian-Americans in America's major cities around the turn of this century.

Discrimination in employment remains the norm. Catholic Irish are still hewers of wood and drawers of water in Ulster, largely as a result of deliberate policies fostered by government. Housing discrimination has crammed them into ghettos reminiscent of Central and Eastern Europe during Hitler's time. Cumulatively, as a result of these programs and policies, the lives of Ulster Catholics have become second class; degraded and devoid of opportunity. Any spirited people would find such an existence intolerable and rebel. It was inevitable, and this in fact did occur.

When Catholics of Northern Ireland sought to obtain their rights peacefully, in the best civilized tradition, authorities responded with organized, institutional violence, utilizing state police powers mercilessly and cruelly. Shortly, the British Army intervened, ostensibly to protect the Catholic minority, but eventually to become an instrument of oppression against them. As a result, many innocent people of both faiths and nationalities have perished.

Hundreds of Catholics have been arrested and interned without charge or hope of trial by the British Army, an inexcusable situation in this day and age. One would think Lord North and General Gage were at work in London and colonial Boston, rather than the modern British Government and armed forces.

Amnesty International has concluded that Catholic prisoners in Belfast are subject to torture. Representatives of the Catholic minority have withdrawn themselves from government. An atmosphere of hatred is an almost palpable force in that unhappy land.

In Britain itself, questioning of government policy and methods employed by the army have given rise to the most vigorous internal criticism.

Britain knows this policy is wrong. Nor are temporary truces any substitute for elementary justice. The British Army should leave forthwith. If they have not won Irish hearts in 700 years, they cannot conquer in seven more centuries.

The days of depriving a major element of a nation's population of its rights by deliberate government policy are as dead as those who believed in and practiced such a policy. A century ago, most of Europe battled to win national rights and identity. Germany had its revolution of 1848. France overthrew her king. Italy produced a risorgimento complete with Garibaldi, Mazzini, and Cavour. All sought and won self-expression, full national life, and political rights for their people. In Europe, our beloved old country, only Northern Ireland stands alone as the place where such inevitable triumph of peoplehood has been denied.

The Roman Catholics of Ireland have as much right to religious and civil rights and freedoms as anyone else. Britain, by seeking to push back the ocean of history, now at full tide, cuts a futile figure, to say the least.

Without our tacit support, Great Britain would not dare perpetrate such atrocities upon these people. If Congress serves notice on Britain that our special relationship, now largely one way, is in some jeopardy, Britain will change her policy and end these centuries of sterile torment.

If Britain ends internment, withdraws her troops and holds a free election, the matter will be settled in a matter of weeks. If there are Orangemen who cannot or will not live in a united Ireland, they can be compensated. Certainly it cannot cost more than the present horror of terror and civil war. Those non-Catholics, Protestant and Jew alike, who have chosen to live in Eire, know not any persecution or discrimination at the hands of its Roman Catholic majority.

Thomas Jefferson, a man with Ireland's blood in him, used these words when resisting British tyranny more than 200 years ago:

> The God who gave us life, gave us liberty at the same time.

What Jefferson said then is as true today as when he first uttered those noble words. They applied then to Ireland as well as to America. They still do. Let England read them now, two centuries later, and just once, understand that nobility lies in admitting error and freeing people, not in defending yesterday's mistakes and persisting in trying to enslave them.

AID COMPROMISE ON VIETNAM

HON. JOHN B. ANDERSON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. ANDERSON of Illinois. Mr. Speaker, this morning's Washington Post carried an excellent editorial entitled, "A Firm and Final Decision on Vietnam Aid." The editorial proposes that the Congress and President negotiate on the President's offer to terminate aid to Saigon in 3 years. The President recently termed this, "a reasonable solution." He went on to say:

> I am told that the South Vietnamese in a three-year period with our military and economic aid would be able to handle the situation.

The editorial notes that such a period would give President Thieu "enough time to decide whether to seek a comprehensive settlement—or province-by-province accommodation—with Hanoi while the United States was still around, or whether to plan on going it alone afterward. Hanoi would have to make its own calculations."

The editorial concludes:

> We had previously urged the administration to offer Congress "a partnership of policy" on Vietnam. We now commend Mr. Ford for making the offer and call on him to show that he means it by putting forth the specific and realistic substantiating details.

At this point in the RECORD, I include the full editorial from today's Post and commend it to the reading of my colleagues. The editorial follows:

[From the Washington Post, Mar. 19, 1975]

"A FIRM AND FINAL DECISION" ON VIETNAM AID

North Vietnam, which took its first South Vietnamese province in January, has gained control of three more—all in the long-contested sparsely populated Central Highlands alongside the Cambodian supply roads. Although that leaves 40 provinces still pretty much subject to Saigon's authority, elsewhere in South Vietnam heavily-armed North Vietnamese troops are ignoring the Paris accords and pressing a major seasonal offensive. Saigon is severely embarrassed. But, for all that some Americans mistakenly compare its fix to that of Phnom Penh, it is far from disabled. Its recent losses should enable it to defend better the areas it still controls, and these include 90 per cent of the population and arable land. President Thieu's critics in Saigon and Washington may think his regime is not worth fighting for. But his army's heavy casualties indicate some willingness on the part of at least some South Vietnamese to fight on.

But for how long? President Thieu's difficult military situation in the Central Highlands and his difficult political situation on Capitol Hill increase the urgency, we believe, of another "final" effort at a Vietnam settlement. Just as it cannot be in the American interest to prolong the war, it cannot be in the American interest to end the war by panicking at the spectacle of local Communist advances and by arbitrarily and impetuously cutting off the aid that sustains Saigon. Abroad that would unnerve other nations which depend on the United States (some more, some less), and at home it would cause a degree of guilt and recrimination no less worrisome for not being subject to precise measurement in advance. Some middle way must be found, one that is politically feasible, strategically adequate and morally defensible as well.

The answer, we think, was suggested in passing the other day by President Ford at his Hollywood, Fla., news conference. "I'm willing to negotiate with the Congress," he declared. "If the Congress would join with me, we would make a firm and final decision on a three-year basis to permit South Vietnam to get over the current crisis that they face. I think that would be a reasonable solution. I am told that the South Vietnamese in a three-year period with our military and economic aid would be able to handle the situation"

That's it: a "firm and final decision" to help Saigon for three more years and then to accept the results, whatever they may be. The President ought now to conduct three-cornered negotiations with Saigon and the Congress to put the pieces in place.

No doubt some in Saigon would prefer an open-ended American commitment. But surely President Thieu is shrewd enough to see the advantages in terms of national pride and political realism of a final three-year aid commitment. That would give him enough time to decide whether to seek a comprehensive settlement (or province-by-province accommodation) with Hanoi while the United States was still around, or whether to plan on going it alone afterward. Hanoi would have to make its own calculations. Its need for a respite from decades of struggle, for reconciliation with South Vietnam, and for good relations eventually with Washington and with international aid institutions of which the United States is a member, would counsel against an attempt at a bloody kill. But if Hanoi did decide on a bloody kill, Saigon would have three years to learn once and for all what it has to do if it is going to provide for its own security. One should not underestimate the potential effect of a flat and final deadline on Saigon's will and resourcefulness.

The Congress, we surmise, might welcome a three-year aid "treaty" with the Executive, unless, of course, the administration were so devious and insensitive as to think that it could stretch the deadline, in effect, by demanding huge increases in annual aid over the next three years. Such a "treaty" would likely satisfy the congressional consensus, which, as we read it, is to avoid either dumping President Thieu or carrying him indefinitely. It would also shrink, mercifully, what remains one of the single most debilitating items of controversy in American public life in this century. We had previously urged the administration to offer Congress "a partnership of policy" on Vietnam. We now commend Mr. Ford for making the offer and call on him to show that he means it by putting forth the specific and realistic substantiating details.

CLOSING SOME MORE TAX LOOPHOLES

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 19, 1975

Mr. ZEFERETTI. Mr. Speaker, the House of Representatives acted appropriately by voting to end the oil and gas depletion allowance, despite strong oil industry opposition. This was a fine start on the road to the goal of readjusting our tax system to extend fewer benefits to the very rich and more equity to the average wage earner and taxpayer. But that is all this was; a beginning. We still have a vast distance to cover before the accumulated tax preferences of many years past are in any way removed. And most of the remaining accumulated tax preferences at small taxpayer expense are still to be found in the oil industry.

Legislation is required to deny percentage depletion in the case of foreign oil and gas wells and to deny any deduction for intangible drilling and development costs in the case of such wells. Most important of all, however, is the need on the part of Congress to put an end to the "golden gimmick"; the foreign tax credit for taxes paid to foreign countries attributable to foreign oil related income.

In effect, this series of preferences, especially the foreign tax credit, favors foreign over domestic oil production. By making it far more lucrative to invest abroad in oil and gas, we automatically guarantee that major oil companies will concentrate their drilling investment anywhere but in the United States. This is what happened, and cumulatively it has helped create our own shortages, while pouring greater gains into the pockets of major oil companies able to take adventage of the "gimmick."

For example, the foreign tax credit allowed our oil industry to reduce its total 1973 tax liability from $2,305,854,000 to $613,327,000. In the case of the Aramco consortium alone, the four U.S. companies holding this Saudi Arabian concession were able to reduce their U.S. tax liability of $1,539,920,000 by $1,392,714,000 because of foreign tax credits. No other industry or individual taxpayer is allowed such privilege.

Oil companies operating only in the United States can treat State and local taxes plus royalties paid as deductible expenses only, reducing before tax income and saving 48 cents in Federal tax for each dollar of taxes on royalties. For foreign operations, involving only the few largest oil companies, royalties have been classified as income taxes, and may be credited dollar for dollar against U.S. income tax. Oil companies engaged in foreign operations may then include these amounts in gross income in order to compute percentage depletion. So what we have is treatment of royalties as taxes for domestic tax purposes, and what major industrial giants such as the oil companies do not pay the U.S. Treasury, the average taxpayer must pay to make up the imbalance.

From 1968 to 1972, five of the seven major oil companies paid between 1.3 and 5.5 percent of their net income in U.S. income taxes. In 1972, the pretax net income of the seven companies was $10.2 billion, yet they paid only $450 million of this in U.S. income taxes, proportionately lower than most average citizens paid. So they have things both ways. What is paid foreign governments in royalties is termed taxes, and the American consumer picks up the tab. How? Because these tax liabilities are passed along to him, while at the same time they are used to lower the companies' tax liabilities.

That is why our oil industry invests its cash overseas, where its foreign investment rose by 22 percent in 1973. That industry's foreign investment in that year reached $19.4 billion, while its investment in the United States stood at $10.6 billion. I am, therefore, joining in sponsorship of a bill to take away these tax privileges from the oil industry, because they have proven themselves to be detrimental to the American consumer, offering huge gains only to the few major companies. It is a luxury we can no longer afford. Let us invest those dollars at home, guaranteeing a more adequate energy supply.

FBI IS "PLAYING CATCHUP" COUNTERESPIONAGE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. McDONALD of Georgia. Mr. Speaker, one of the side benefits the United States is receiving as a result of détente and expanded East-West trade is a bumper crop of KGB agents roaming the United States. This has resulted in an enormous problem for the Federal Bureau of Investigation. In years past, most Soviet agents were confined to Washington, D.C., or attached to that great training school for espionage, the United Nations in New York. Now, however, they are traipsing by the thousands around the United States. The scope and background of the problem is vividly described in the following article by Mr. Orr Kelly in the Washington Star-News of February 20, 1975. The item follows:

FBI IS "PLAYING CATCHUP" COUNTERESPIONAGE

(By Orr Kelly)

The FBI plans to shift more than 100 agents into counterespionage assignments to keep an eye on spies believed to be among the increasing number of persons from Communist nations visiting or living in the United States.

Ironically, the bureau's planned increase is a direct result of improved relations between the United States and Communist nations, bureau officials say.

W. Raymond Wannall, the bureau's assistant director in charge of the intelligence division, said the shift back toward the agency's old spy-catching role would help make up for the possible increase in the number of spies in this country in recent years.

"It's not an increase in emphasis—it's a matter of playing catchup," Wannall said in an interview. "We have not kept pace with the increase in size on the other side."

Eugene W. Walsh, assistant director in charge of the administrative division, which prepares the bureau's budget, said the increased emphasis on spy-watching would be done without decreasing the bureau's effort in other important areas. The shift has been made possible, he said, by the reduction in the number of draft and desertion cases brought about by the end of the draft and the cut in auto theft cases caused by a change in department policy.

Walsh said he expects there to be a continuing need to shift manpower to the counterespionage job as long as relations between the United States and the Communist nations continue to improve.

But he said he could not predict whether the increased emphasis in that area could be taken care of, as it is in the proposed 1976 budget, by shifting manpower from other areas or whether an actual increase in the bureau's some 8,500 agents would be required in the future.

"We will be asking for increases roughly parallel to those on the other side—but not man-for-man." Walsh said.

Wannall and William A. Branigan, the chief of section who deals with spies from the Soviet Union, said it is estimated that 70 to 80 percent of the Soviet officials assigned to this country—in the embassy here, in the consulate in San Francisco and at the United Nations in New York and employed by Tass, Pravda and Aeroflot—have some intelligence assignment. The number of Soviet officials to those offices has jumped from 556 in 1968, they said, to 1,078 at the first of this year.

In addition, they said, the number of commercial visitors had increased from 1,299 in 1973 to 1,500 in 1974 and the number in cultural groups has increased from 2,024 in 1973 to 2,683 in 1974.

"There is nothing wrong with these groups, but each offers an opportunity to insert someone in the group," Branigan said.

The improvement in trade relations with Communist nations has also brought other visitors to new parts of the country, they said. In Pittsburgh, for example, Branigan said, the Swindell-Dressler Co. has a contract to build a truck-tractor plant for the Soviet Union and will be bringing a number of Soviet citizens here for training.

The increased number of possible Soviet agents traveling through or living in widely scattered parts of the country has increased the bureau's problems in keeping track of them, Branigan and Wannall said. Agents traveling with cultural or business groups can provide money or equipment to agents—probably "illegals" who have no outward connection with the Soviets—who normally have difficulty keeping in touch with the rest of the espionage apparatus.

The goal of the FBI, Branigan and Wannall said, is to "neutralize" the Soviet agents.

Prosecution is very effective but it is difficult because of the problem of proving the crime of espionage. Agents are also sometimes declared persona non grata and sent home. But the FBI's favorite technique, apparently, is to overload the Soviet spies with double agents.

"We believe in the double agent," Wannall said. "He is a man ostensibly recruited by the hostile service but who really works for what we like to call the friendly service. Through the double agent, we can supply the Soviet agent with information—or even misinformation."

"Even very basic things have to be cleared in Moscow. We can tie down a Soviet agent by increasing his paper work."

A spy can normally handle or control four or five other agents, Wannall explained. By proposing meetings at odd times and places, by changing plans at the last minute, a double agent can effectively neutralize the Soviet spy, he said.

THE OLDER AMERICANS ACT AMENDMENTS

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. RHODES. Mr. Speaker, I have just received this afternoon letters from the Secretary of Health, Education, and Welfare and the Secretary of Labor expressing opposition to H.R. 3922, the Older Americans Act amendments. At the request of the Secretaries, I am inserting the letters in the RECORD for the benefit of the Members of the House. The letters follow:

THE SECRETARY OF HEALTH
EDUCATION, AND WELFARE,
Washington, D.C., March 20, 1975.

Hon. JOHN J. RHODES,
Minority Leader of the House of Representatives, Washington, D.C.

DEAR MR. RHODES: This letter outlines a number of serious concerns that the Department of Health, Education, and Welfare has regarding certain provisions of H.R. 3922, a bill to amend the Older Americans Act of 1965, reported by the House Committee on Education and Labor on March 14 and requests your support for a number of amendments to the bill.

As you know, on January 30 the Administration transmitted to the Congress a draft Older Americans Act extension bill, under which:

1. Authorizations for most titles of the Act would be extended for two years, to June 30, 1977, making them coterminous with Title VII, the food and nutrition program;

2. Title V and Section 309—authorizing grants for purchase, renovation and initial staffing of senior citizen centers and grants for transportation projects—would have been permitted to expire on the ground that they are duplicative of existing authorities available to the Departments of Housing and Urban Development and Transportation and had never been funded;

3. Parts A and C of Title IV—dealing with training programs in the aging field and establishment of gerontology centers—would also be permitted to expire since the Administration is not requesting funds for these parts;

4. The statutory preference for low income, minority and limited English-speaking persons now given in the Title VII nutrition programs would be extended to those benefiting from State and Community Programs on Aging funded under Title III; and,

5. Authorization would be granted for a reasonable extension of the deadline for submission to the Congress of two major studies now being conducted by the Federal Council on Aging—an extension which we had sought in the 93rd Congress.

Following are the Department's specific concerns with respect to H.R. 3922 as reported, along with our suggestions for necessary amendments.

1. *Authorizations*: We believe it would be irresponsible to authorize $2.5 billion in new monies over and above current levels for programs authorized under the Older Americans Act and related laws at a time when all Americans are looking to the Congress to help curb the inflation eroding their wages, pensions and savings. We urge that the Congress authorize no more than requested in the Department's proposed bill.

2. *Extension*: We urge that the extension of those titles of the Act expiring on June 30 of this year be limited to two years, to June 30, 1977, making them coterminous with the Title VII nutrition authorization. We are particularly concerned over the proposed four-year extension of the Title III grants for State and Community Programs on Aging and the Title VII nutrition program, both of which are now in only their second year of operation. We believe the Congress should await the availability of definitive data on the efficacy of these massive programs rather than act to extend them as currently structured for another four years.

3. *New Title VIII:* The Committee bill establishes a new range of programs (homemaker and other home services; legal and other counseling services and assistance; residential repairs and renovations; and transportation), each duplicative of services which can be funded under other existing statutes. Moreover, under the Committee bill, States would be forced to expend on these specific programs no less than 20 percent of the funds now available under Section 303 of Title III of the Act for aging programs to meet priorities the States establish. Thus, if enacted, the Committee bill would violate the spirit and intent of the 1973 Title III Amendments, which gave the States long-sought authority to marshall available Federal, State, local and voluntary funds and resources to mount programs specifically designed to meet locally-established priorities. To tie the States' hands in this manner, after less than two years' experience under the 1973 Amendments, would be a major step backward.

4. *Direct Funding for Indians:* The Committee bill would authorize direct funding of Indian tribes' aging programs and would set aside a portion of funds available under Title III equivalent to the proportion of Indians aged 60 or over to the total U.S. population of that age and specify the amount of such funds available for Indian tribes within each State. We urge that this provision be deleted and that the Congress rely upon existing enforcement authority to ensure that Indians receive their proper share of services under the Act.

5. *Age Discrimination Act:* This Committee proposal would bar discrimination based on age in any program or activity receiving Federal assistance except where age is "reasonably" taken into account or where "reasonable" factors other than age are taken into account in limiting participation in any such program. While we fully agree that the issue of age discrimination should be resolved once and for all with respect to all programs operated under the aegis of Federal law, the Committee bill as written raises certain questions which we believe should be examined before it is formally considered. We have not had opportunity to address this issue before the Committee beyond providing an answer to a general question posed during Committee hearings on H.R. 3922. Nor have we had sufficient time to explore the potential ramifications of the Committee's Age Discrimination Act since it was reported on March 12. However, after preliminary review, we believe that the Committee's proposal, if enacted, would raise administrative issues and questions similar to those raised by the sex discrimination provisions of Title IX of the Education Amendments of 1972. We urge that the Congress not act precipitously but instead authorize the Federal Council on Aging to examine this most serious issue and report back to the Congress, within a reasonable time, with recommendations for appropriate legislation.

6. *Extension of Study Deadlines:* The Committee bill fails to extend the deadlines to January 1, 1976 for two major studies now being conducted by the Federal Council on Aging. For the Council to address these studies thoroughly—on the Interrelationship of Federal, State and Local Benefit Programs on the Elderly and the Impact of All Taxes on the Elderly—is patently impossibly without this reasonable extension of time.

7. *Special Training:* The Committee bill would amend Title IV of the Act to authorize grants to train lawyers, lay advocates and paraprofessionals to provide legal counseling and services to the aged. This proposal, if enacted, would run directly counter to our goal to end the proliferation of programs designed to grant institutions specific funds to train specific types of personnel. As in the case of the existing training program referred to above, we believe this approach is inflexible and inequitable and should be addressed through the higher education student aid proposals which the Department is making to the Congress.

8. *Amendments to the Other Acts:* We similarly object to the Committee's proposal that at least one third of certain funds available under the Vocational Education Act of 1965 be expended on programs affecting the elderly. Not only does this proposal involve yet another unwarranted earmarking of Federal funds, but it also purports to make a significant amendment to the Vocational

Education Act at a time when extension of that Act is now under active consideration in the Congress.

On two other major Committee amendments—one affecting the operation and funding levels of programs under the Older American Community Service Employment Act and one requiring the spending of $18 million over two years for high protein and other foods for use in Title VII nutrition programs—we defer to the Departments of Labor and Agriculture respectively.

We applaud the Committee's decision to reject a Subcommittee proposal that the National Older Americans Service Programs be transferred to this Department from ACTION. The Congress authorized the transfer in the opposite direction just four years ago.

We are advised by the Office of Management and Budget that there is no objection to the submission of this communication from the standpoint of the Administration's program, and that enactment of H.R. 3922 as reported by the House Education and Labor Committee would not be consistent with the Administration's objectives.

Sincerely,

CASPAR W. WEINBERGER,
Secretary.

U.S. DEPARTMENT OF LABOR,
OFFICE OF THE UNDER SECRETARY,
Washington, D.C., March 20, 1975.

Honorable JOHN J. RHODES,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN RHODES: This letter states a serious concern of the Department of Labor regarding a provision of H.R. 3922, a bill to amend the Older Americans Act of 1965, reported by the House Committee on Education and Labor on March 14.

This provision would extend the Older American Community Service Employment Act for 4 years with authorizations totaling $700 million. This program was enacted over the Administration's objections and no funding has ever been requested. The Administration has proposed a rescission of the $12 million appropriated for Fiscal Year 1975 for the Older American Community Service Employment Act and opposes extensions of the authorization. Authority and adequate funding for this type of activity are available under the Comprehensive Employment and Training Act (CETA).

As long as the Congress continues to fund a narrow-purpose, categorical program for older workers, State and local officials will be able to ignore older workers when they allocate the major block of resources available under CETA. Therefore, contrary to the goals of H.R. 3922, the needs of older Americans will not receive the recognition they deserve.

We would like you to make these views known to your colleagues in the Congress and to support elimination of this provision from the bill.

The Office of Management and Budget advises that there is no objection to the submission of this letter and that enactment of H.R. 3922, as reported by the House Committee on Education and Labor, would not be consistent with the Administration's objectives.

Sincerely,

RICHARD F. SCHUBERT,
Under Secretary of Labor.

WHY BAD MANAGEMENT?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. MICHEL. Mr. Speaker, as we seek to analyze the causes of our current economic problems, some of us have focused in on the shortcomings of Government. Others have pointed to labor, and still others have laid the responsibility at the doorstep of corporate management.

Surely, there is plenty of blame to go around and, indeed, even among those of us who are not constitutionally predisposed to be harsh on management, there has from time to time come the nagging feeling that perhaps today's managers are just not quite up to par.

A recent editorial in my hometown newspaper, the Peoria Journal Star, however, has presented an extremely insightful and provocative analysis of the underlying causes of the shortcomings of modern business management.

Editor C. L. Dancey's argument is, I think, profound, and I would like to share it with my colleagues by having it printed in the RECORD at this point:

WHY BAD MANAGEMENT?

When any institution gets in a bind, it is traditional for the worker representatives and many workers to blame "poor management," and they are always very glib in the specific "proofs."

It's an easy combination of part of the facts and total prejudice.

So it is with the Rock Island today, no doubt.

However, much of the slanted worker view may be right.

In many institutions these days, management "ain't what it used to be."

Size, circumstance, government and the unions themselves have all contributed to that condition, and the "cures" available seem to be such as would guarantee nothing but worse management, still.

What's wrong with management? Well, the common complaint is that "they don't know what's going on," or they don't really understand how "this works." From there it romanticizes off into the usual folkloric suspicion that there is some sort of trick "rip-off" involved in the maneuvers.

That's because, behind it all, there lurks still the traditional suspicion that management is really very very shrewd. I'm not so sure that many of them are, any more.

When Henry Ford built his first car with his own hands and then built the company pretty much the same way, step by step, inventing the assembly line along the way (and the first industrial "high wages" as a market wisdom, too), you had better believe that he had an intimacy and understanding with the basic details of every part of the operation.

Such is the extreme and classic example of management that really knows its business inside and out.

As time went on, while there are still new businesses with much the same kind of "grown up with it" management, older institutions become ritualized instead.

For a long time, even long established business and industry was characteristically run, chiefly, by people who either "came up through the ranks" or "grew up with the business" or, at least, showed early promise and thus worked progressively in all different parts of the operation gaining broad experience and intimacy.

That's not too common any more.

What we call "management" today with dozens of governmental regulatory agencies, the complex tax structures, the established and ever more nit-picking union contracts, etc., is often thought of as special skills that are a mixture of legalese, accounting, public relations and paper methodology—which passes right by operations as a skill altogether.

We have saturated management with non-operating demands of ever increasing complexity, and often with no consideration in those demands for operational needs or efficiency at all.

At the same time, we have put a number of obstacles in the way of anybody "working his way to the top" or "growing up with the business" and gaining broad working experience throughout the industry.

We have reduced the ability to hire "potential future managers" in the first place by requiring a higher priority for "fair hiring" according to current social notions—in which it is "unfair" to consider the future overall needs of the operation and you must limit your requirements to the immediate job.

We have reduced the ability for an exceptionally quick and willing worker to move from job to job and learn the combinations necessary to managerial decisions. We have reduced upward mobility as well by seniority rules of preference in some institutions.

We have hemmed in the whole operation with so many rules, restrictions, rituals, and practices that no bright young person can live long enough to move through the ranks anymore. The process has been made too ponderous.

The flexibility has been buried under an avalanche of fixed practices, legal company, union, and regulatory.

You can't get there (the top) from here (the opening job) anymore.

Neither can a starting workman with promise get the kind of broad experience required in various parts of the institution. It isn't "fair" for anybody to have that opportunity.

What results is something that is equally unfair and much more damaging.

We are getting managers who know "management" but very little, often, about what it is they are managing.

They simply haven't had the chance to know operations with intimacy and understanding.

So, when things go to pot in terms of actual efficient and successful operations, what is the remedy?

Workers figure "It's not My fault! It's management's fault," and if they can't cut it—okay, let the government take over.

Fine! What does the government do?

It provides managers with even less operational experience and knowledge plus less incentive.

It doesn't solve the problem. It compounds the real problem.

So on we go with our other hangups while poor management becomes an increasing problem, and we are making it poor because good management needs preparation that we are making impossible. We won't look past the end of our nose.

ENERGY CONSERVATION

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. MINETA. Mr. Speaker, during the past few weeks, much time and effort has been directed at legislative remedies to the energy crisis. Most Members of Congress, no matter what their committee assignments are concerned about devising an approach which is effective and equitable. Sharing this concern, earlier this week I submitted to the House Ways and Means Committee, a statement in which I attempted to outline concepts and proposals which I feel ought to constitute the basic foundation of any energy legislation ultimately adopted. At this time I would like to insert this statement in the Record for consideration by our colleagues:

Statement by the Honorable Norman Y. Mineta

INTRODUCTION

The political and governmental leadership of America faces one of the most critical issues in the history of our Republic. We have a basic choice to make: Do we respond on the basis of short-range personal political expediency? Or, do we respond to the challenge, looking toward a responsible long-range plan which may cause unpleasant political consequences to some of us?

I am referring, of course, to the ever-worsening energy crisis.

President Ford has presented to Congress a set of proposals which he feels will, if enacted into law, resolve our critical energy needs without causing further economic depression. Unfortunately, the President has not presented a package which truly meets the crisis in either the short or long range. The failure is compounded by the fact that his proposals do not make economic sense. Leaders of Congress have joined outstanding economists in declaring, rightfully I believe, that the Administration's approach ranges from inadequate to disastrous.

In response to the President's moves in this area, a Democratic Task Force was created to present alternative proposals. Its report was issued recently under the title *The Congressional Program of Economic Recovery and Energy Sufficiency*. The Task Force, under the chairmanship of Jim Wright, deserves our gratitude for endeavoring to develop a rational alternative to the Administration's package. However, it is my considered opinion that the Task Force's recommendations fall short of that goal in many respects.

Meanwhile, under the leadership of Chairman Ullman, the House Committee on Ways and Means undertook an exhaustive study of the energy problem and after careful examination of its proposals, I have concluded that it appears to be the most effective program offered thus far; but it too presents problems to me which I would like to see corrected before I am asked to vote "yea" or "nay" on the floor of the House.

The President apparently wants us once again to endorse the "policy by crisis" which has characterized this administration. Yet, sadly, the Democratic majority in Congress has yet to present a complete alternative program, a program which mandates long-range national planning, a program which demands a response from all segments of American life.

Democrats, I am convinced, have the opportunity, and the obligation, to force a general recognition of the fact that we can no longer tolerate a "throwaway" society, a culture of indecent indulgence.

We have an obligation of equal magnitude to make sure that our nation's first priority is economic recovery. Whatever immediate steps we take to cut energy consumption must be designed to have minimum adverse economic effects. Similarly, I believe we can institute programs which will spur the development of new energy sources and move us toward full employment and economic stability.

Before I outline my proposals for consideration in any energy package, allow me first to list those general principles and convictions upon which the specific items are based:

The downward spiral toward catastrophic economic depression must be stopped and recovery from the recession begun at once.

Conservation of energy-producing natural resources is essential. We cannot continue present use patterns without crippling the ability of our children and future generations to enjoy healthy, pleasant, and productive lives.

Development of, and/or conversion to, alternative methods of energy production must take into consideration immediate and future environmental consequences.

The American people, starting with the political leadership, must recognize that life styles will have to change, that there will never be a return to "cheap" energy, and that wasting natural resources is to commit unconscionable crimes against future generations.

Future national security depends upon our ability to achieve energy independence.

IMPORT QUOTAS

It is generally accepted that President Ford's proposal to impose a tariff on all oil imports would be disastrous for our nation at this time. The resulting across-the-board increase in petroleum prices would cause rising prices on most goods and services, further fueling inflation and delaying recovery from recession. There are no guarantees that consumption will then be reduced.

I believe a better vehicle aimed at reducing energy consumption would be the imposition of quotas on U.S. oil imports. One agency, whether it be the Federal Energy Administration or an agency established independently for overseeing just such an operation, should be given sole authority to purchase foreign oil through sealed bids received from exporting countries. This method could conceivably result in lower oil prices, since it would create competition among OPEC nations. The quota system should be imposed gradually by lowering the amount of oil imported each year, thus softening the burden of adjustment to the consumer.

Coupled with the quota system should be an extension of the allocation system established by the FEA in 1973. I think it is important to remember that no one system will achieve our desired goals of energy independence nor provide overnight results. However, through utilization of each one, a pattern for energy reduction will be set in action.

The Committee on Ways and Means has proposed that consideration be given to the creation of an oil stockpile to insure an adequate supply of petroleum for several months in the event of another embargo. It is also suggested that purchase of foreign oil at favorable prices could be achieved outside the quota system, for the purpose of creating this stockpile.

After careful consideration of this question, I have come to a conclusion of three parts. First of all, a stockpile is not only desirable; it is essential. Secondly, to allow for any exception to the quota system is in direct conflict with the aim of such a system and therefore should not be permitted. Third, I propose that our oil reserve be created via production from the Elk Hills Naval Reserve and the Alaska Naval Reserve.

ENERGY CONSERVATION MEASURES

Legislation should be enacted granting the President authority to impose emergency conservation measures, should the normal supply of petroleum be interrupted. Among those measures would be the following:

A ceiling on wholesale and retail petroleum prices.

A six-day week for retail gasoline sales (not necessarily Sunday closing).

The closing of all retail stores on Sundays.

Alternative day of the week purchase of gasoline on an "odd-even" basis.

Gasoline rationing.

Presidential authority in this area should be limited by inclusion of a provision whereby Congress could nullify executive action by a majority vote in both Houses within thirty (30) days of the action.

MINIMUM MILEAGE STANDARDS

Some interesting statistics noted in the Democratic Task Force Proposals on Energy reveal what I believe to be a key to reduction of U.S. fuel consumption. The Task Force found that if one-fourth of American drivers operated automobiles whose mileage standards were improved by 2 mpg, the resulting saving would be approximately 230,000 barrels of oil a day. If one-third of American drivers were using cars yielding better efficiency by an additional 3 miles per gallon, the added saving would be 470,000 barrels a day. Given the obvious fact that cutting auto gas consumption would provide a dramatic reduction in our total petroleum usage, I am firmly convinced that measures requiring minimum mileage standards on all automobiles sold within the U.S. ought to be an item of first priority in any energy program.

Perhaps the best means of implementing mileage standards, again, is on a gradual basis. Rather than mandating that all cars meet a mileage standard of, say, 20 mpg by 1980 or some other arbitrary date, the standards should be increased gradually by 1 or 2 miles each year; leveling off within 10 years at about 30 mpg. This will prevent auto manufacturers from declaring their financial inability to meet such standards as we are now experiencing on the question of emission controls. In this same area, perhaps it would be wise to employ a gradual stiffening of auto emissions standards rather than the five-year moratorium currently being suggested.

An escalating tax on fuel-inefficient automobiles should also be incorporated into an energy program. Discouraging purchase of such automobiles will get them off the road sooner, thereby contributing to conservation.

One immediate inducement to fuel savings can be accomplished by offering a tax rebate to purchasers of fuel-efficient automobiles. Efficiency standards for cars eligible under the rebate plan would be raised yearly, resulting in their eventual phase-out once we achieve satisfactory mileage standards.

GAS TAX

As politically unpopular as a gasoline tax may be, based on information available thus far, it appears that such a tax is inevitable and probably, ultimately, desirable. However, I do not believe that the economic situation warrants the imposition of this tax immediately. As I stated earlier, our prime concern at this time should be combating recession and warding off further inflation; imposition of a gas tax right now would accomplish neither goal. I do feel it would be desirable to impose an excise tax on gasoline once the recession has been eased.

Quotas and allocations will force, by definition, a reduction in supply. Conservation measures will result in some reduction in demand. I doubt, however, that a sufficient reduction in demand can be achieved voluntarily. The eventual imposition of a tax on gasoline will have the effect of mandating further reduced demand.

Therefore, I suggest for the Committee's consideration a gasoline tax to become effective some time in the future, perhaps July 1, 1976, or January 1, 1977.

The tax should be imposed gradually, starting at 5 cents per gallon and increasing in annual increments for four years, until it reaches 20 cents a gallon. The obvious attraction of incremental imposition is twofold: (1) it minimizes adverse economic impact, and (2) it allows people the chance to prepare for the eventuality of more expensive gasoline and to make necessary adjustments in life style.

I am in accord with suggestions made that the gasoline tax be imposed on a modified "two tier" system. Under such a system, every car owner would have a basic amount of gasoline upon which a tax is paid, but which also results in an annual income tax rebate or which is compensated for through a reduction in income tax withholding rates. Above that basic allotment, no rebate would be generated (except perhaps for low and certain middle income persons). I suggest that the annual allotment to each automobile owner should be at least 500 gallons (which figures out to be 9.72 gallons per week).

Consideration should be given to a limitation of two cars per family for purpose of gas allotments and tax rebates. This will insure a more equitable system and will place a greater burden upon those more capable of bearing it.

Unlike the President's proposal to place a tariff on all imported oil, which would result in higher prices for all petroleum products, a gasoline tax would only affect the automobile, which is the chief culprit in terms of energy waste.

TAXES, TAX INCENTIVES, AND OTHER PROGRAMS TO REDUCE ENERGY CONSUMPTION

The Ways and Means Committee Report on Alternatives for Consideration in an Energy Program lists some taxes, tax incentives and other programs which would, if enacted, encourage energy conservation. Along this line, I wish to strongly support consideration of the following measures:

Excise tax on auto air conditioners (perhaps this should be extended to all air conditioners).

Repeal tax on radial tires.

Tax on engines of motort boats and snowmobiles (perhaps a special excise tax ought to be placed on all non-essential gasoline-consuming vehicles).

Tax credits for residential energy improvements (I assume this includes insulation, weather stripping, etc.).

Tax on non-returnable glass and metal beverage containers.

Suspension of financial assistance for highway construction to those states which do not enforce the 55 mph limit.

Low or no interest Federally guaranteed loans for energy efficiency improvements for homes and small businesses.

Require energy efficient building regulations for Federally generated mortgages.

Require energy conservation reports to Congress annually from all Federal agencies.

UTILITY RATE STRUCTURE

Legislation should be considered which would prohibit utility rate structures which reward the high-use consumer.

Currently, per unit costs of electrical energy decline as consumption increases. This structure encourages energy use at a time when every effort must be made to discourage consumption.

CONSTRUCTION AND CONVERSION OF UTILITY PLANTS

Legislation should be considered which would prohibit the construction of any new electrical power generating plants which use as their source of energy either natural gas or petroleum. In addition, utility companies should be encouraged or mandated to begin converting from oil and gas to coal. This conversion should be on a carefully selective basis, however. We need to avoid, if at all possible, a massive conversion of power-generating plants from oil to coal.

It is difficult to pinpoint the exact total of our coal reserves. However, according to information provided by the Library of Congress, at the current rate of usage, our coal reserves will be exhausted within 300–400 years (this estimate does not allow for the amount of coal which cannot be recovered, so it is a rather optimistic figure). In view of the impending need to increase our use of coal, the projected growth rate for electrical consumption of coal is 3% yearly. At that accelerated rate, coal reserves will be exhausted within 100–150 years. I believe this brings home very dramatically the urgency for developing sound conservation habits along with alternative energy resources development. To squander our coal reserves will compound the tragedy we see already in that petroleum supplies are being exhausted. We have utilized fossil-based fuels for energy production when they could have been more useful and valuable as chemicals in manufacturing and agriculture.

Coal usage also raises serious environmental concerns, both in mining and burning. Environmental standards must be maintained and strictly enforced if we convert some of our electrical utility plants to coal. We can force utility companies to hasten the process of meeting environmental standards by taxing them 15 cents for every pound of sulfur emitted.

Environmentalists who have devoted much research to the subject assure us that coal can be cleaned sufficiently to meet safe standards. It is merely a matter of committing utility companies to pay for the installation of such purifying mechanisms. One such method which has been tested widely is the use of scrubbers (devices attached to furnaces which cleanse the coal of its sulfur content).

Coal gasification and coal liquification are processes which cleanse coal of its sulfur content before it is burned. The utility companies contend that this process, over the long run, is more desirable than the use of scrubbers and have delayed in implementing any measures. A tax on sulfur emissions will force utility companies to come to grips with the environmental hazards of burning coal.

We must recognize, however, that expanded use of coal as fuel is an easy escape from the more serious questions of energy conservation and adjusting life styles. It also enables the Federal government to delay dealing with the inevitable need to develop alternative energy resources. I feel that we need to weigh heavily the consequences of expanding coal usage against desired energy alternatives. Clearly, we must consider our future as well as our immediate needs.

RESEARCH AND DEVELOPMENT

The Federal government must begin immediately to provide monies for a massive program to identify and develop new sources of energy and to devise more efficient energy-consuming equipment and products. I believe our effort in this regard must be at least as ambitious as was our effort in the "space race"; probably more so.

We should, in addition to making direct Federal outlays, provide bonus tax credits to industries which convert to the production of energy-saving products, or to develop new sources of energy.

Related to this is the matter of nuclear energy. I believe the Federal government must expand its commitment into researching the environmental and safety aspects of nuclear plant operations and nuclear waste disposal.

Expansion of our nuclear energy capacity is desirable in the short run. To accomplish this, we should reduce interest rates on construction loans, provide tax credits to utility companies for construction of nuclear plants, and cut the lead time which now means a ten-year delay from decision to construct a plant to the time energy is produced by that plant.

In proposing this approach, I am not suggesting that we should relax safety or environmental standards. On the contrary, such standards must be strict and unequivocal. What I am really interested in is streamlining the process and cutting out *unnecessary* bureaucratic red tape and duplication.

I mentioned that expanded nuclear energy capacity is desirable in the "short run." However, I am equally convinced that we must not see it as the answer to our long-range energy needs. The thought of uncontrolled proliferation of nuclear plants, with the resultant production of massive amounts of poisonous plutonium, is terrifying to me and to anyone else who cares about those future generations who will inherit the planet after we are gone. Plutonium exists as a toxic material for 200,000 years, or roughly eight thousand (8,000) generations!

Our thrust, therefore, must be in the direction of producing energy from safe sources, such as solar, geo-thermal, tidal, etc. I realize that these sources are potentially very expensive, but the survival of mankind and modern civilization means, quite simply, that we will have to pay whatever price is necessary.

ENERGY TRUST FUND

If monies generated by the gas tax and other taxes go into an "energy trust fund," as I think would be appropriate, we must insure that it is not used as a means to subsidize the oil industry as a "plow back" program.

CONCLUSION

The entire energy production and conservation issue is complex and difficult to manage. It is fraught with political hazards and uncertainties. Nevertheless, I believe Congress has an obligation to present a complete package, a package which does not avoid the difficult choices. It is time that elected leaders and representatives present to the American people the complete story, both the "good news and the bad news." To do less than would be a tremendous disservice, one which would have tragic long-range ramifications.

OUR NATION SALUTES THE LADIES AUXILIARY OF THE FIREMEN OF THE STATE OF NEW JERSEY

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. ROE. Mr. Speaker, on April 5, 1975, the Ladies Auxiliary of the Firemen of the State of New Jersey will be holding their spring conference in my hometown of Wayne, N.J., and it is indeed my privilege and pleasure to call to the attention of you and our colleagues here in the Congress the outstanding work that they continue to perform as a supportive force for our Nation's firefighting public safety officers. I know you will want to join with me in extending our best wishes for the success of their spring conference to Chairman Marion Impsen of the Pequannock Ladies Auxiliary, the distinguished host of this year's seminar.

One of the highlights of the conference agenda will be a review of action taken at all levels of government during this past year on behalf of our firemen and in response to their inquiry to me on measures I have sponsored here in the Congress, I submit the following legislative report:

During the 93d Congress we were successful in having enacted into law the most comprehensive Federal Fire Prevention and Control Act of 1974—my bill No. H.R. 11989—which was a culmination of public hearings held by our Science and Astronautics Committee. It included many of the individual legislative proposals I had sponsored on behalf of our Nation's firefighters for fire safety and prevention, research, education, and training as well as Presidential awards of honor in recognition of outstanding and distinguished service by our firemen.

There were several significant measures, however, that were lost in the conference committees' deliberations of Senate-passed and House-passed legislation; notably, my bills to provide financial assistance to local fire departments for the purchase of advanced firefighting equipment, firefighting suits and self-contained breathing apparatus as well as the public safety officers survivors benefits legislation.

The major provisions of the Federal Fire Prevention and Control Act of 1974, which was signed into Public Law 93–498 on October 29, 1974, are as follows:

Establishes a National Fire Prevention and Control Administration in the Department of Commerce to serve as the focus for a strengthened program of fire prevention, fire training and education, public education, fire technology development, and related activities.

The Fire Administration includes a National Academy for Fire Prevention and Control which will provide specialized, short-term courses for members of our Nation's fire prevention and control forces and will be authorized to assist and support new and existing fire training programs operated by State and local governments. It is also important to note that in addition to technical assistance, the Administrator is also authorized to provide some financial assistance "to State and local fire service training programs through grants, contracts, or otherwise."

Also included in the Fire Administration is a National Fire Data Center which will collect information and develop statistics on the detailed nature of our Nation's fire problems. The fire technology program will apply modern science and technology to improve the methods and equipment used to prevent, detect, and fight fires.

Authorizes a maximum of eight master plan demonstration projects aimed at showing the feasibility of community and regional master plans for fire protection.

Provides that the fire research program now located in the National Bureau of Standards be continued and be given firm statutory basis.

Establishes a burn research and treatment center within the National Institute of Health to strengthen the ability to provide treatment of burns suffered in fires.

Establishes the President's Award for Outstanding Public Safety Service and the Secretary's Award for Distinguished Public Safety Service. The President's awards will be presented by the President of the United States to public safety officers "for extraordinary valor in the line of duty for outstanding contribution to public safety"—not in excess of 12 in any 1 calendar year. The Secretary's award will be presented by the Secretary of Commerce, the Secretary of Defense, or by the Attorney General to public safety officers "for distinguished service in the field of public safety." No limitation on number of Secretary's Awards. Public Safety Officer is defined as "a person serving a public agency, with or without compensation, as: First, a firefighter; second, a law enforcement officer, including a corrections or court officer; or third, a civil defense officer.

Authorizes $23.5 million for fiscal year 1975 and $33 million for fiscal year 1976. The master plan demonstration projects are funded separately at $2.5 million.

Mr. Speaker, it is important to point out, for example, that the Presidential awards of honor in recognition of outstanding and distinguished service by our firemen authorized by the foregoing law is a program for which the ladies auxiliaries of the firefighting public safety officers of America may well be an appropriate board of review for organizing and implementing recommendations or nominations for recipients of this distinguished national award of merit.

Since returning to the 94th Congress, I have reintroduced the following legislative proposals:

H.R. 369, tax free compensation for firefighting and rescue volunteers: to amend the Internal Revenue Code of 1954 to exclude from gross income certain amounts received by members of certain firefighting and rescue units.

H.R. 2010, additional personal tax exemption for volunteer firemen: to amend the Internal Revenue Code of 1954 to provide an additional personal tax exemption of $750 for certain volunteer firemen.

H.R. 2249, Federal grants-in-aid for local fire departments: to provide financial aid to local fire departments in the purchase of advanced firefighting equipment.

H.R. 2250, Federal grants-in-aid for local fire departments: to provide financial aid for local fire departments in the purchase of firefighting suits and self-contained breathing apparatus.

H.R. 3479, public safety officers survivors benefits: to amend the Omnibus Crime Control and Safe Streets Act of 1968, as amended, to provide benefits to survivors of certain public safety officers including policemen, firemen, volunteer firemen and members of volunteer ambulance teams or rescue squads who die in the performance of duty.

H.R. 4705, Federal surplus property for rescue squads: to amend the Federal Property and Administrative Services Act of 1949 to permit rescue squads to obtain surplus property.

H.R. 4706, inclusion of interior construction materials used in homes, offices, et cetera, under the Flammable Fabrics Act: to amend the Flammable Fabrics Act to extend the provisions of that act to construction materials used in the places of assembly or accommodation, and to authorize the establishment of toxicity standards.

H.R. 4707, Policemen and Firemen Safety Act: to provide a penalty for unlawful assault upon policemen, firemen, and other law enforcement personnel while engaged in the performance of their duties.

H.R. 4708, tax-free pensions for retired policemen, firemen, or their dependents: to amend the Internal Revenue Code of 1954 to provide that pensions paid to retired policemen or firemen or their dependents, or the widows or other survivors of deceased policemen or firemen, shall not be subject to the Federal income tax.

Mr. Speaker, thank you for the opportunity to present this legislative report to our people and participate in a congressional salute to the ladies auxiliary of the firemen of the State of New Jersey. To our firemen, who daily risk their lives to protect the lives and property of our people, let the RECORD also show that we extend our Nation's deep appreciation and gratitude for their unselfish, dedicated public safety endeavors in safeguarding our people and property against the perils of fire.

OPEN SEAS MUST PREVAIL

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. BOB WILSON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

[From the San Diego Union, Mar. 16, 1975]

OPEN SEAS MUST PREVAIL

The 10-week Law of the Sea Conference in Caracas last year was notable for the amount of inconclusive rhetoric it generated, but it did accomplish one thing. It removed any illusions that it will be easy to lay down a new international charter protecting freedom of the seas while still providing for more orderly use and development of ocean resources.

The conference reconvenes tomorrow at Geneva, starting now on the task of reconciling the different points of view revealed at Caracas. The recent flare-up of the "tuna war" off the South American coast has served as a sober reminder of why the eventual success of this conference is so important. We can only anticipate more of the same as long as the aspirations of different nations toward harvesting the riches of the sea are not subjected to a treaty which embodies reasonable restraints.

The United States of America is going into the Geneva meeting with a position typical of industrialized nations with maritime and naval concerns. We have agreed to go along with extension of the territorial sovereignty of coastal nations to 12 miles, and recognition of an "economic zone" extending another 188 miles to sea, only if this would not open the way for any nation to impede traffic over vital waterways traditionally viewed as the free and open "high seas."

The "if" is of key importance. A 12-mile territorial limit would overlap more than 100 straits around the world whose width measures between six and 24 miles. These are areas that cannot properly be subject to any nation's political control.

A 200-mile limit for economic interests poses as great a problem because it would bring fully one-third of the world's "blue water" under a form of limited national control. Countless adjustments would have to be made where these vast zones would overlap, and intricate economic arrangements would be necessary to assure that fishing and other exploitation of ocean resources can continue in a climate of fairness and mutual benefit to all concerned.

The problem of embodying these concepts in a formal document is so great that the Geneva meeting, which will last until May, is given little hope of drafting a treaty. Some diplomats believe it will be 1980 before the 145 nations iron out a full set of agreements. It will be a dismal prospect if nations like Ecuador persist in the meantime in trying to enforce claims over fishing rights 200 miles off their shore, and other nations raise similar issues over development of ocean resources which the world screly needs.

It is for this reason that the United States should insist that the principle of open seas and waterways as it exists now must prevail as the Law of the Sea Conference proceeds.

To do otherwise would eliminate the limited leverage that we have to bring the conference to an agreement.

TALCOTT PRAISES LOCAL EFFORT AGAINST DRUG TRAFFIC

HON. BURT L. TALCOTT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. TALCOTT. Mr. Speaker, recent news reports have highlighted the fact that narcotics addiction is increasing again. I am greatly concerned about this problem, especially because its degrading effects are being felt in my area.

The problem of drug addiction can, perhaps, never be completely solved. It is to some extent a reflection of our human imperfection. However, a combination of adequate resources and dedicated personnel can make a difference, and can definitely eliminate hard-core drug pushers.

An effort in this direction is now being made in Santa Cruz County, Calif., which I represent. I place the story of their efforts in the RECORD so that others may benefit by their experience:

UNENDING WAR AGAINST DRUG TRAFFIC

(By Bob Smith)

Narcotics—the business of selling them and also of suppressing—is big today in Santa Cruz County.

It would be difficult to compile a completely factual account of the total volume of illicit drugs and marijuana sold in the county each year. But sales range in the hundreds of thousands of dollars annually.

The bill for the suppression of the trade is a little easier to compile.

But regardless of the efforts of all enforcement agencies, some authorities believe it may be too late to stamp out the business in the United States.

Sheriff's Lt. Marvin Gangloff concurs, saying the best that law enforcement may be able to achieve is to bring the practice within manageable limits.

"The one good thing about the program is that we are getting some of the suppliers off the street," the lieutenant feels.

"But we'll never solve the drug problem by ourselves—but with the help of other agencies, we might get it down to a manageable size."

Gangloff commands the Santa Cruz Narcotics Bureau, a federally-financed task force set up by the sheriff's office with the cooperation of the other four local law agencies, with the goal of finding and prosecuting the wholesalers in the narcotics trade.

With the one exception of cultivation of marijuana, the Narcotics Bureau leaves the pushers and users to the patrolman.

A MOST SUCCESSFUL OPERATION

And except for the programs run by the state and federal governments, Gangloff's seven-man squad is the most expensive and successful operation in the county.

Formed in May, 1973 after receipt of a federal and state grant from the California Office of Criminal Justice Planning, it is now in the second year of the three-year program, with third year funding already approved. The bureau is staffed with two sergeants, four patrolmen and a secretary—all sheriff's department employees.

Liaison officers in each of the city police departments meet regularly with the squad and funnel information to them.

While most of the media publicity goes to the routine "busts" of the small user or pusher, Gangloff said his squad is after the wholesaler, the man handling large quantities of illicit drugs and marijuana, funnelling sale and use.

Although the concept is new in Santa Cruz County, it's not a new idea in the state, with several counties and cities, notably in Southern California, reporting good success with the idea.

Narcotics have increasingly become a major item in police statistics. In 1966, there were only 66 drug arrests in the entire county. In 1972, there were 816.

During the first 12 months of operation, the narcotics unit reported more than 1,000 arrests in the county.

The bureau has a budget of more than $180,000 this year. The federal government contributes $99,938 with the state and county coming up with the rest.

Next year, mainly because of increased personnel costs, the program budget will rise to more than $200,000. Its future after the grant expires is still uncertain.

WHO'S IN THE DRUG SCENE?

Who's involved in the drug scene today? All types, responds Gangloff. "It's not confined to the hippies, students or any political group," he adds. "There's a good economic cross-section."

Cocaine is a newcomer to the scene long ruled by heroin, but the undercover deputies are starting to hear more and more talk about it on the streets.

As Capitola police officers were told recently by Carillo College police science instructor Jim Marston, they'll be liable to encounter a mixed bag of drugs, ranging from common marijuana to hashish, amphetamines, barbiturates, hallucinogenics, and cocaine and heroin, as well as other opium derivatives.

Among the popular ones such prescription items as Tuinol, selling for $25 a gallon jar; Secobarbital, "Reds," five for a dollar; Nembutal, Darvon, and powdered peyote in clear gelatin capsules. Peyote, legal for members of Native American church and grown under license for research purposes, is a powerful hallucinogenic. In natural form, it is small "button" cactus.

Also available are single doses of LSD.

Prices for the drugs vary immensely. Heroin—in the three-five per cent street sale strength—sells for about $600 to $800 an ounce, Gangloff said.

Cocaine, or "snow", which many users inhale instead of injecting, goes for $1,000 to $1,400 an ounce.

Getting down into the bargain basement categories, amphetamines are retailing for $15 per 100 and average grade marijuana is available for $150–200 a pound, with prices ranging, in Gangloff's experience, to as low as $85 a pound in quantity and $225–250 a pound for the deluxe grade known as Acapulco Gold.

Gangloff discounts reports that Santa Cruz County is a wholesale distribution point for this part of the state.

JOHN A. DERR

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 20, 1975

Mr. BYRON. Mr. Speaker, last Friday Maryland lost a friend—a hard-working, unselfish public servant of the highest order.

John A. Derr had faithfully served the citizens of Frederick County and the State for over 25 years as deputy clerk of the circuit court, mayor, member of the House of Delegates, State senator, and county commissioner. He also gave of his time generously in numerous civic endeavors and community service projects, including chairmanship of both the Red Cross and United Givers Fund campaigns.

John Derr was a dynamic personality whose energetic leadership and concern for community betterment have left a permanent mark on his county and his State. He will not be forgotten.